

COLORADO SPRINGS URBAN RENEWAL AUTHORITY
El Paso County, Colorado

FINANCIAL STATEMENTS
December 31, 2015

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Dazzio & Associates, PC

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Colorado Springs Urban Renewal Authority
El Paso County, Colorado

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Colorado Springs Urban Renewal Authority as of and for the year December 31, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Colorado Springs Urban Renewal Authority, as of December 31, 2015, and the respective changes in financial position and the budgetary comparison for the General Fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages IV - IX be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Colorado Springs Urban Renewal Authority's basic financial statements. The Supplementary Information and the Other Information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Supplementary Information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements

themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplementary Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Other Information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Duggio & Associates, P.C.

March 15, 2016, except for Note 11, as to which date is July 6, 2016.

**Colorado Springs Urban Renewal Authority
Management's Discussion and Analysis
For the Year Ended December 31, 2015**

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, 2015.

Financial Highlights

- Liabilities and deferred inflows of resources exceeded assets by \$55,557,092 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 \$5,293,978.
- Total cash and investments increased by \$3,956,795 as compared to the prior year, mainly resulting from the incremental sales tax received by the Authority dedicated to the City for Champions project.
- Incremental property taxes increased by \$447,091 as compared to the prior year with the majority related to the North Nevada and Copper Ridge project areas.
- Incremental sales taxes increased by \$3,596,491 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 \$122,586, or 35% of total general fund expenditures.
- Total debt decreased by \$1,044,643 during the current fiscal year, mainly resulting from principal payment made on Series 2008A Senior Special Revenue Bonds.

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.

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

**Colorado Springs Urban Renewal Authority
Management's Discussion and Analysis
For the Year Ended December 31, 2015**

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 7-21 of this report.

Supplementary and Other information. The report includes individual fund schedules. A budgetary comparison statement has been provided in this section for the debt service funds and the capital projects funds to demonstrate compliance with these budgets. The budget statements are found after the basic financial statements on pages 23-36 of this report.

**Colorado Springs Urban Renewal Authority
Management's Discussion and Analysis
For the Year Ended December 31, 2015**

Government-wide Financial Analysis

Net Position

| | Restated 2015 | 2014 |
|-------------------------------|--------------------------|-----------------|
| Current assets | \$ 4,874,719 | \$ 917,924 |
| Other assets | 3,849,120 | 3,250,668 |
| Total assets | 8,723,839 | 4,168,592 |
| Current liabilities | 2,574,627 | 2,004,254 |
| Long-term obligations | 58,351,533 | 59,396,176 |
| Total liabilities | 60,926,160 | 61,400,430 |
| Deferred inflows of resources | 3,354,771 | 2,535,686 |
| Restricted for: | | |
| Debt Service | 930,886 | 600,374 |
| Capital projects | 4,240,006 | 853,452 |
| Unrestricted | (60,727,984) | (61,221,350) |
| Total net position | \$ (55,557,092) | \$ (59,767,524) |

As noted earlier, net position may serve as a useful indicator for the Authority's financial position. In the Authority's case, 2015 and 2014 ended with total assets valued at \$8,723,839 and \$4,168,592, respectively, with outstanding liabilities of \$60,926,160 and \$61,400,430, respectively. The Authority's assets consist of cash and investments, current receivables, and prepaid expenses.

Current assets increased by \$3,956,795 resulting from incremental sales tax received by the Authority dedicated to the City for Champions project. Long-term obligations decreased by \$1,044,643 mainly resulting from principal payment made on Series 2008A Senior Special Revenue Bonds.

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.

**Colorado Springs Urban Renewal Authority
Management's Discussion and Analysis
For the Year Ended December 31, 2015**

Change in Net Position

| | Restated 2015 | 2014 |
|--|--------------------------|-----------------|
| Revenues | | |
| Program revenues | | |
| Charges for services | \$ 255,344 | \$ 256,955 |
| Operating grants and contributions | 91,423 | 21,894 |
| General revenues: | | |
| Incremental property taxes | 2,519,495 | 2,072,404 |
| Incremental sales taxes | 7,124,811 | 3,528,320 |
| Loan expiration/termination | - | 846,988 |
| Net investment income | 3,983 | 5,585 |
| Total revenues | 9,995,056 | 6,732,146 |
| Expenses | | |
| General government | (1,738,949) | (963,908) |
| Interest and related costs on long-term debt | (4,045,675) | (3,939,884) |
| Dedication of capital assets to other entities | - | (13,372,852) |
| Total expenses | (5,784,624) | (18,276,644) |
| Change in net position | 4,210,432 | (11,544,498) |
| Net position - Beginning | (59,767,524) | (48,223,026) |
| Net position - Ending | \$ (55,557,092) | \$ (59,767,524) |

The Authority's total revenue increased by \$3,262,910. Incremental property taxes increased \$447,091 mainly resulting from increased assessed valuation in the North Nevada and Copper Ridge project areas. Incremental sales taxes increased \$3,596,491 with the majority related to the City for Champions project. In 2014, the Authority had a loan expiration/termination related to the South Central Downtown project area in the amount of \$846,988 under general revenues. The loan was canceled by the City of Colorado Springs as the Urban Renewal Plan had expired and no further revenues from tax increments are available for repayment of the loan.

The Authority's net position increased \$4,210,432 mainly due to the increase in incremental sales taxes related to the City for Champions project, increase in incremental property taxes related to the North Nevada and Copper Ridge project areas and a principal reduction on Series 2008A Senior Special Revenue Bonds.

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.

**Colorado Springs Urban Renewal Authority
Management's Discussion and Analysis
For the Year Ended December 31, 2015**

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 \$5,293,978. Of this balance, \$500 is nonspendable due to a prepaid amount recorded at year end, \$5,170,892 is being restricted for the use of the specific Urban Renewal Plan project areas, and \$122,586 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 \$122,586 out of a total fund balance of \$123,086.

The North Nevada Debt Service Fund has a total fund balance of \$923,108 all of which is restricted for the repayment of bond indebtedness.

The Ivywild Neighborhood Debt Service Fund has a total fund balance of \$7,778 all of which is restricted for the repayment of loan an annual administration fees.

The Copper Ridge Capital Projects Fund has a total fund balance of \$1,312,930 all of which is restricted for future capital improvements.

The City for Champions Capital projects Fund has a total fund balance of \$2,880,087 all of which is restricted for certified costs related to 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.

The Vineyards Capital Projects Fund has a total fund balance of \$38,959 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 \$3,747 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 \$4,283 all of which is restricted for the use of the specific Urban Renewal Plan.

General Fund Budgetary Highlights

The Authority's total expenditures for 2015 were more than the original budgeted appropriations by \$105,988. Unfavorable variances were related to consulting and legal services related to the different capital project areas. The difference between the original budgeted revenue of \$292,323 and the actual revenue of \$346,767 was \$54,444. This favorable variance was primarily attributable to the receipts of administration fees and reimbursed expenditures on the different capital project areas.

**Colorado Springs Urban Renewal Authority
Management's Discussion and Analysis
For the Year Ended December 31, 2015**

The original budget was amended to reflect the changes in the actual activities in the General Fund.

Long-Term Debt

At the end of the current fiscal year, the Authority had total outstanding special revenue bond indebtedness of \$49,510,000. The Authority's 2008A Series Bonds mature December 1, 2029 and pay interest rate of 7.00% semi-annually on June 1 and December 1. 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 2008B Series Bonds bear interest at 7.50%, 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 \$3,400,000. The loan has an interest rate of 4.50%, 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 15.

Next Year's Budgets

The Authority has appropriated \$37,068,701 in all funds for spending in the 2016 fiscal year budget and anticipates that beginning fund balances, administration fees, incremental property taxes, incremental sales taxes, 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, 2015

| | <u>Governmental Activities</u> |
|--------------------------------------|------------------------------------|
| ASSETS | |
| Cash and investments | \$ 163,190 |
| Cash and investments - Restricted | 4,711,529 |
| Incremental property tax receivable | 3,354,771 |
| Incremental sales tax receivable | 493,849 |
| Prepaid expenses | 500 |
| Total assets | <u>8,723,839</u> |
| LIABILITIES | |
| Accounts payable | 69,609 |
| Escrow - Gold Hill Mesa | 5,302 |
| Escrow - South Nevada | 179 |
| Accrued interest payable | 2,499,537 |
| Noncurrent liabilities | |
| Due within one year | 2,255,000 |
| Due in more than one year | 56,096,533 |
| Total liabilities | <u>60,926,160</u> |
| DEFERRED INFLOWS OF RESOURCES | |
| Incremental property tax revenue | <u>3,354,771</u> |
| Total deferred inflows of resources | <u>3,354,771</u> |
| NET POSITION | |
| Restricted for: | |
| Debt Service | 930,886 |
| Capital projects | 4,240,006 |
| Unrestricted | <u>(60,727,984)</u> |
| Total net position | <u><u>\$ (55,557,092)</u></u> |

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, 2015

| <u>Functions/Programs</u> | <u>Program Revenues</u> | | | <u>Net (Expenses)</u> | |
|---|-------------------------|-------------------------------------|---|---|---|
| | <u>Expenses</u> | <u>Charges for Services</u> | <u>Operating Grants and Contributions</u> | <u>Capital Grants and Contributions</u> | <u>Revenues and Changes in Net Position</u> |
| | | | | | <u>Governmental Activities</u> |
| Primary government: | | | | | |
| Government activities: | | | | | |
| General government | \$ 1,738,949 | \$ 255,344 | \$ 91,423 | \$ - | \$ (1,392,182) |
| Interest and related costs on long-term debt | 4,045,675 | - | - | - | (4,045,675) |
| | <u>\$ 5,784,624</u> | <u>\$ 255,344</u> | <u>\$ 91,423</u> | <u>\$ -</u> | <u>(5,437,857)</u> |
| General revenues: | | | | | |
| Incremental property taxes | | | | | 2,519,495 |
| Incremental sales taxes | | | | | 7,124,811 |
| Net investment income | | | | | 3,983 |
| Total general revenues | | | | | <u>9,648,289</u> |
| Change in net position | | | | | 4,210,432 |
| Net position - Beginning, as restated | | | | | (59,767,524) |
| Net position - Ending | | | | | <u>\$ (55,557,092)</u> |

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

**COLORADO SPRINGS URBAN RENEWAL AUTHORITY
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2015**

| | 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 |
|---|-------------------|------------------------------------|--|--|--|--------------------------------|-----------------------------------|--------------------------------|
| ASSETS | | | | | | | | |
| Cash and investments | \$ 163,190 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 163,190 |
| Cash and investments - Restricted | - | 521,151 | - | 5,302 | 1,229,733 | 2,908,175 | 47,168 | 4,711,529 |
| Prepaid expenses | 500 | - | - | - | - | - | - | 500 |
| Due from City for Champions Funds | 28,088 | - | - | - | - | - | - | 28,088 |
| Incremental property taxes receivable | - | 1,203,856 | 90,078 | 605,369 | 1,346,728 | - | 108,740 | 3,354,771 |
| Incremental sales taxes receivable | - | 402,874 | 7,778 | - | 83,197 | - | - | 493,849 |
| TOTAL ASSETS | \$ 191,778 | \$ 2,127,881 | \$ 97,856 | \$ 610,671 | \$ 2,659,658 | \$ 2,908,175 | \$ 155,908 | \$ 8,751,927 |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | | | | | | | | |
| LIABILITIES | | | | | | | | |
| Accounts payable | \$ 68,692 | \$ 917 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 69,609 |
| Escrow - Gold Hill Mesa | - | - | - | 5,302 | - | - | - | 5,302 |
| Escrow - South Nevada | - | - | - | - | - | - | 179 | 179 |
| Due to General Fund | - | - | - | - | - | 28,088 | - | 28,088 |
| Total liabilities | <u>68,692</u> | <u>917</u> | <u>-</u> | <u>5,302</u> | <u>-</u> | <u>28,088</u> | <u>179</u> | <u>103,178</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | | | | |
| Incremental property tax revenue | - | 1,203,856 | 90,078 | 605,369 | 1,346,728 | - | 108,740 | 3,354,771 |
| Total deferred inflows of resources | <u>-</u> | <u>1,203,856</u> | <u>90,078</u> | <u>605,369</u> | <u>1,346,728</u> | <u>-</u> | <u>108,740</u> | <u>3,354,771</u> |
| FUND BALANCES | | | | | | | | |
| Nonspendable | 500 | - | - | - | - | - | - | 500 |
| Restricted | - | 923,108 | 7,778 | - | 1,312,930 | 2,880,087 | 46,989 | 5,170,892 |
| Unassigned | 122,586 | - | - | - | - | - | - | 122,586 |
| Total fund balances | <u>123,086</u> | <u>923,108</u> | <u>7,778</u> | <u>-</u> | <u>1,312,930</u> | <u>2,880,087</u> | <u>46,989</u> | <u>5,293,978</u> |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | \$ 191,778 | \$ 2,127,881 | \$ 97,856 | \$ 610,671 | \$ 2,659,658 | \$ 2,908,175 | \$ 155,908 | |

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

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 | (127,186) |
| Accrued interest payable - City of Colorado Springs - Sales tax | (68,211) |
| Accrued interest payable - University of Colorado - Foundation loan | (1,002,804) |
| Accrued interest payable - University Village Developers - Advanced Funds Note | (812,055) |
| Bonds payable | (49,510,000) |
| Bond interest payable | (2,499,537) |
| Net position of governmental activities | <u>\$ (55,557,092)</u> |

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

COLORADO SPRINGS URBAN RENEWAL AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended December 31, 2015

| | 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 |
|--|-------------------|------------------------------------|--|--|--|--------------------------------|-----------------------------------|--------------------------------|
| REVENUES | | | | | | | | |
| Administration fees | \$ 255,344 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 255,344 |
| Net investment income | - | 1,410 | 1,622 | 476 | - | 464 | 11 | 3,983 |
| Incremental property taxes | - | 1,027,472 | 72,288 | 500,300 | 809,817 | - | 109,618 | 2,519,495 |
| Incremental sales taxes | - | 3,782,414 | 40,536 | - | 373,285 | 2,928,576 | - | 7,124,811 |
| Reimbursed expenditures | 91,423 | - | - | - | - | - | - | 91,423 |
| Total revenues | <u>346,767</u> | <u>4,811,296</u> | <u>114,446</u> | <u>500,776</u> | <u>1,183,102</u> | <u>2,929,040</u> | <u>109,629</u> | <u>9,995,056</u> |
| EXPENDITURES | | | | | | | | |
| Current | | | | | | | | |
| Audit | 5,500 | - | - | - | - | - | - | 5,500 |
| Consulting services | 131,406 | - | - | - | - | 13,195 | - | 144,601 |
| Contracted services | 133,198 | - | - | - | - | - | - | 133,198 |
| Dues and memberships | 500 | - | - | - | - | - | - | 500 |
| Insurance | 4,380 | - | - | - | - | - | - | 4,380 |
| Legal | 59,246 | - | - | - | - | 17,887 | - | 77,133 |
| Meetings | 1,930 | - | - | - | - | - | - | 1,930 |
| Miscellaneous | 5,261 | - | - | - | - | - | - | 5,261 |
| Office expense | 1,236 | - | - | - | - | - | - | 1,236 |
| Project management | - | - | - | - | - | 11,466 | - | 11,466 |
| Services - General | 2,899 | - | - | - | - | - | - | 2,899 |
| Telephone/cell phone | 1,682 | - | - | - | - | - | - | 1,682 |
| Debt service | | | | | | | | |
| Cash management fees | - | 1,020 | - | - | - | - | - | 1,020 |
| County Treasurer's fees | - | 15,486 | 1,114 | - | - | - | - | 16,600 |
| Bond interest | - | 3,044,300 | - | - | - | - | - | 3,044,300 |
| Bond principal | - | 1,415,000 | - | - | - | - | - | 1,415,000 |
| Loan interest payment | - | - | 56,158 | - | - | - | - | 56,158 |
| Paying agent fees | - | 5,500 | - | - | - | - | - | 5,500 |
| Sales tax collection fee | - | 1,786 | 143 | - | 440 | - | - | 2,369 |
| Capital projects | | | | | | | | |
| County Treasurer's fees | - | - | - | 7,512 | 12,147 | - | 1,655 | 21,314 |
| Administration fees | - | - | 56,158 | 50,000 | 60,000 | 6,405 | 89,186 | 261,749 |
| TIF reimbursements | - | - | - | 417,389 | 165,236 | - | - | 582,625 |
| TIF reimbursement - School District 11 | - | - | - | 25,875 | - | - | - | 25,875 |
| Capital outlay | - | - | - | - | 457,600 | - | - | 457,600 |
| Total expenditures | <u>347,238</u> | <u>4,483,092</u> | <u>113,573</u> | <u>500,776</u> | <u>695,423</u> | <u>48,953</u> | <u>90,841</u> | <u>6,279,896</u> |
| NET CHANGE IN FUND BALANCES | (471) | 328,204 | 873 | - | 487,679 | 2,880,087 | 18,788 | 3,715,160 |
| FUND BALANCES - BEGINNING OF YEAR | 123,557 | 594,904 | 6,905 | - | 825,251 | - | 28,201 | 1,578,818 |
| FUND BALANCES - END OF YEAR | <u>\$ 123,086</u> | <u>\$ 923,108</u> | <u>\$ 7,778</u> | <u>\$ -</u> | <u>\$ 1,312,930</u> | <u>\$ 2,880,087</u> | <u>\$ 46,989</u> | <u>\$ 5,293,978</u> |

These financial statements should be read only in connection with
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, 2015**

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

| | |
|--|--------------|
| Net change in fund balances - Total governmental funds | \$ 3,715,160 |
|--|--------------|

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 2008A | 1,415,000 |
| Ivywild Neighborhood loan - interest payment | 56,158 |

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 | (61,813) |
| Accrued interest on notes payable - City of Colorado Springs - Change in liability | (10,794) |
| Accrued interest on notes payable - University of Colorado - Change in liability | (191,408) |
| Accrued interest on notes payable - University Village Developers - Change in liability | (162,500) |
| Accrued interest on bonds payable - Change in liability | <u>(549,371)</u> |

| | |
|--|---------------------|
| Changes in net position of governmental activities | <u>\$ 4,210,432</u> |
|--|---------------------|

These financial statements should be read only in connection with
the accompanying notes to 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, 2015**

| | <u>Budget amounts</u> | | <u>Actual Amounts</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|---|-----------------------|-------------------|---------------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES | | | | |
| Administration fees | \$ 280,273 | \$ 287,616 | \$ 255,344 | \$ (32,272) |
| Net investment income | 50 | - | - | - |
| Other income | 12,000 | - | - | - |
| Reimbursed expenditures | - | 69,700 | 91,423 | 21,723 |
| Total revenues | <u>292,323</u> | <u>357,316</u> | <u>346,767</u> | <u>(10,549)</u> |
| EXPENDITURES | | | | |
| Audit | 5,500 | 5,500 | 5,500 | - |
| Consulting services | 74,500 | 120,000 | 131,406 | (11,406) |
| Contracted services | 135,000 | 135,000 | 133,198 | 1,802 |
| Dues and memberships | 850 | 500 | 500 | - |
| Insurance | 4,600 | 4,380 | 4,380 | - |
| Legal - General | 8,000 | 30,000 | 25,608 | 4,392 |
| Legal - Capital projects | 3,000 | 50,000 | 33,638 | 16,362 |
| Meetings | 1,500 | 2,000 | 1,930 | 70 |
| Miscellaneous | 2,500 | 6,320 | 5,261 | 1,059 |
| Office expense | 1,500 | 1,500 | 1,236 | 264 |
| Services - General | 2,500 | 3,000 | 2,899 | 101 |
| Telephone/cell phone | 1,800 | 1,800 | 1,682 | 118 |
| Total expenditures | <u>241,250</u> | <u>360,000</u> | <u>347,238</u> | <u>12,762</u> |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | <u>51,073</u> | <u>(2,684)</u> | <u>(471)</u> | <u>2,213</u> |
| FUND BALANCES - BEGINNING OF YEAR | <u>101,451</u> | <u>123,557</u> | <u>123,557</u> | <u>-</u> |
| FUND BALANCES - END OF YEAR | <u>\$ 152,524</u> | <u>\$ 120,873</u> | <u>\$ 123,086</u> | <u>\$ 2,213</u> |

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

COLORADO SPRINGS URBAN RENEWAL AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

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.

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, 2015

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. 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.

COLORADO SPRINGS URBAN RENEWAL AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the 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 as 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, 2015

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, 2015.

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 business-type 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, 2015

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 \$375,603.37. 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. As of December 31, 2015, the sales tax generated from the project area, in excess of the base amount, is \$3,782,414.

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 \$62,693.15. The term of the agreement is from January 24, 2012 through June 28, 2036. As of December 31, 2015, the sales tax generated from the project area, in excess of the base amount, is \$40,536.

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 \$30,271.79. As of December 31, 2015, the sales tax generated from the project area, in excess of the base amount, is \$373,285.

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 ending on November 30, 2013.

COLORADO SPRINGS URBAN RENEWAL AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

As of December 31, 2015, the sales tax received by the Authority and dedicated to City for Champions Project is \$2,928,576.

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.

Deferred Inflows of Resources

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The government has only one item that qualifies for reporting in this category. Accordingly, the item, incremental *property tax revenue*, is 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 government's practice to use restricted resources first, then unrestricted resources as they are needed.

COLORADO SPRINGS URBAN RENEWAL AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

NOTE 3 - CASH AND INVESTMENTS

Cash and investments as of December 31, 2015, are classified in the accompanying financial statements as follows:

Statement of net position:

| | |
|-----------------------------------|---------------------|
| Cash and investments | \$ 163,190 |
| Cash and investments - Restricted | <u>4,711,529</u> |
| Total cash and investments | <u>\$ 4,874,719</u> |

COLORADO SPRINGS URBAN RENEWAL AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

Cash and investments as of December 31, 2015, consist of the following:

| | |
|--------------------------------------|---------------------|
| Deposits with financial institutions | \$ 3,533,435 |
| Investments | <u>1,341,284</u> |
| Total cash and investments | <u>\$ 4,874,719</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, 2015, the Authority's cash deposits had a bank balance of \$3,549,793 and a carrying balance of \$3,533,435.

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 Authority is not subject to concentration 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 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

**COLORADO SPRINGS URBAN RENEWAL AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2015**

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

- . Written repurchase agreements and certain reverse repurchase agreements collateralized by certain authorized securities
- . Certain money market funds
- . Guaranteed investment contracts
- * Local government investment pools

As of December 31, 2015, the Authority had the following investments:

| Investment | Maturity | Fair Value |
|---|-----------------------------------|---------------------|
| Colorado Liquid Asset Trust (Colotrust) | Weighted average under 60 days | <u>\$ 1,341,284</u> |

COLOTRUST

The Authority invested in the Colorado Local Government Liquid Asset Trust (Colotrust), 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 Colotrust. Colotrust operates similarly to a money market fund and each share is equal in value to \$1.00. Colotrust offers two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury securities, certain obligations of agencies of the U.S. government and written purchase agreements collateralized by U.S Treasury securities or certain obligations of U.S government agencies. COLOTRUST PLUS+ may also invest in highest rated commercial paper and any security allowed under CRS 24-75-601. A designated custodial bank serves as a custodian for Colotrust's portfolios pursuant to a custodian agreement.

The custodian acts as a safekeeping agent for Colotrust'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 Colotrust. Colotrust is rated AAAM by Standard & Poor's.

COLORADO SPRINGS URBAN RENEWAL AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 4 - LONG-TERM OBLIGATIONS

The following is an analysis of changes in Authority's long-term obligations for the year ended December 31, 2015:

| | Restated Balance at December 31, 2014 | Additions | Retirements | Balance at December 31, 2015 | Due Within One Year |
|---|--|-------------------|---------------------|---|--------------------------------|
| Series 2008A Senior Special Revenue Bonds | \$43,490,000 | \$ - | \$ 1,415,000 | \$42,075,000 | \$ 2,255,000 |
| Series 2008B Subordinate Special Revenue Bonds | 7,435,000 | - | - | 7,435,000 | - |
| 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 | 121,531 | 61,813 | 56,158 | 127,186 | - |
| Accrued interest - City of Colorado Springs - Sales tax | 57,417 | 10,794 | - | 68,211 | - |
| Accrued interest - University of Colorado Colorado Springs - Loan | 811,396 | 191,408 | - | 1,002,804 | - |
| Accrued interest - University Village Developers - Advanced Funds Note | 649,555 | 162,500 | - | 812,055 | - |
| | <u>\$59,396,176</u> | <u>\$ 426,515</u> | <u>\$ 1,471,158</u> | <u>\$58,351,533</u> | <u>\$ 2,255,000</u> |

The details of the Authority's long-term obligations are as follows:

Special Revenue Bonds

On February 1, 2008, the Authority issued the following bonds (collectively, the Bonds): (1) \$47,125,000 Senior Tax Increment Special Revenue Bonds, Series 2008A and (2) \$7,505,000 Tax Increment Subordinate Special Revenue Bonds, Series 2008B. The Bonds were issued for the purposes of (i) financing a portion of the public improvement costs and other costs associated with the construction of the University Village shopping center; (ii) provide capitalized interest, (iii) provide a reserve fund; and (iv) paying costs of issuance of the Bonds.

The 2008A Bonds bear interest at 7.00%, payable semi-annually on June 1 and December 1, beginning on June 1, 2008. Annual mandatory sinking fund principal payments are due on December 1, beginning on December 1, 2011. The 2008A Bonds mature on December 1, 2029.

The 2008B Bonds bear interest at 7.50%, payable annually on December 15 until the Conversion Date (defined below), beginning December 15, 2008.

COLORADO SPRINGS URBAN RENEWAL AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 4 - LONG-TERM OBLIGATIONS (CONTINUED)

Annual mandatory sinking fund principal payments are due on December 15 of each year (prior to the Conversion Date) or December 1 (after the Conversion Date) beginning on December 15, 2011. The Bonds mature on December 15, 2029, unless they are converted.

The Series 2008B Bonds will be subordinate to the 2008A Bonds, prior to the Conversion Date. The 2008B Bonds will convert to senior bonds when the Coverage Test is satisfied (the Conversion Date). The Coverage Test is defined as: for any fiscal year the Coverage Ratio of pledged revenue divided by the average annual debt service for such fiscal year is equal to or greater than 1.2 times (or 120%). As of December 31, 2015, the coverage ratio is approximately 0.86. Upon conversion to senior bonds, the Series 2008B Bonds will continue to bear interest at a rate of 7.50% per annum, payable semi-annually on June 1 and December 1. After the Conversion Date, principal payments on the Series 2008B Bonds will occur on December 1 of each year with final maturity on December 1, 2029.

A debt service schedule for the Series 2008B Bonds cannot be determined as interest and principal are being paid based on the availability of funds from Pledged Revenue.

The Bonds are secured and payable from the Pledged Revenue, consisting of monies derived by (1) the Incremental Property Tax Revenues, (2) the Incremental Sales Tax Revenues, and (3) all income from the investment and reinvestment of the Trust Funds. The Incremental Property Tax Revenues and the Incremental Sales Tax Revenues will continue to 2029, at which time the urban renewal plan will expire. The Incremental Sales Tax Revenue cannot exceed \$98,000,000 per the Cooperation Agreement with the City. As of December 15, 2013, 2014, 2015 and 2016, the Series 2008B Bonds and as of December 1, 2015 and 2016, the Series 2008A Bonds were unable to be fully funded and therefore an event default pursuant to Section 7.01 of the Trust Indenture occurred.

The Authority's Special Revenue Bonds will mature as follows:

| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-----------|----------------------|----------------------|----------------------|
| 2016 | \$ 2,255,000 | \$ 2,945,250 | \$ 5,200,250 |
| 2017 | 1,720,000 | 2,787,400 | 4,507,400 |
| 2018 | 1,895,000 | 2,667,000 | 4,562,000 |
| 2019 | 2,070,000 | 2,534,350 | 4,604,350 |
| 2020 | 2,270,000 | 2,389,450 | 4,659,450 |
| 2021-2025 | 14,790,000 | 9,256,100 | 24,046,100 |
| 2026-2029 | 17,075,000 | 3,106,250 | 20,181,250 |
| | <u>\$ 42,075,000</u> | <u>\$ 25,685,800</u> | <u>\$ 67,760,800</u> |

The actual amount of payments to be made in future years will depend on future revenues and cannot be predicted with certainty.

COLORADO SPRINGS URBAN RENEWAL AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

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, 2015, 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. As of December 31, 2015, the funds advanced under this agreement were \$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 \$421,682.48 and since agreed that the base amount should be \$375,603.37.

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 \$158,474.41. 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, 2015, 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.

COLORADO SPRINGS URBAN RENEWAL AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 4 - LONG-TERM OBLIGATIONS (CONTINUED)

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 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.

NOTE 5 - NET POSITION

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

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, 2015, as follows:

| | Governmental Activities |
|-------------------------------|------------------------------------|
| Restricted net position: | |
| Debt service | \$ 930,886 |
| Capital Projects Fund reserve | 4,240,006 |
| Total restricted net position | \$ 5,170,892 |

The Authority's unrestricted net position as of December 31, 2015, is \$(60,727,984). This deficit amount was 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.

COLORADO SPRINGS URBAN RENEWAL AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 6 - FUND BALANCES

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

| Fund balances | General Fund | Debt Service Funds | Capital Projects Funds | Total |
|--------------------------------------|-------------------------|-----------------------------------|---------------------------------------|---------------------|
| Nonspendable: | | | | |
| Prepaid amounts | \$ 500 | \$ - | \$ - | \$ 500 |
| Restricted for: | | | | |
| North Nevada Debt Service | - | 923,108 | - | 923,108 |
| Ivywild Neighborhood Debt Service | - | 7,778 | - | 7,778 |
| Vineyards Project Area | - | - | 38,959 | 38,959 |
| City Gate Project Area | - | - | 3,747 | 3,747 |
| Copper Ridge Project Area | - | - | 1,312,930 | 1,312,930 |
| Southwest Downtown Project Area | - | - | 4,283 | 4,283 |
| City for Champions - Admin | - | - | 23,551 | 23,551 |
| US Olympic Museum and Hall of Fame | - | - | 1,198,308 | 1,198,308 |
| Colorado Sports and Event Complex | - | - | 659,775 | 659,775 |
| UCCS Sports Medicine and Performance | - | - | 396,560 | 396,560 |
| US Air Force Academy Visitors Center | - | - | 141,321 | 141,321 |
| Champions Flexible Sub-Account | - | - | 460,572 | 460,572 |
| | - | 930,886 | 4,240,006 | 5,170,892 |
| Unassigned: | | | | |
| General government | 122,586 | - | - | 122,586 |
| Total fund balances | \$ 123,086 | \$ 930,886 | \$ 4,240,006 | \$ 5,293,978 |

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

COLORADO SPRINGS URBAN RENEWAL AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 7 - INTERGOVERNMENTAL AGREEMENTS (CONTINUED)

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

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 Sub-Accounts. 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 Sub-Account to or among any Project Element, including eligible improvements to the Southwest 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.

COLORADO SPRINGS URBAN RENEWAL AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 7 - INTERGOVERNMENTAL AGREEMENTS (CONTINUED)

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 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.

COLORADO SPRINGS URBAN RENEWAL AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 9 - TAX, SPENDING AND DEBT LIMITATIONS (CONTINUED)

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 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, 2015, the outstanding principal and accrued interest owed by the Authority are \$60,000 and \$10,858, respectively.

NOTE 11 - RESTATEMENT

A retroactive adjustment of \$3,149,555 was applied to the December 31, 2014 net position to record the principal and accrued interest amounts of the Advanced Funds Note (see disclosure below). The effect of the restatement is as follows:

| | |
|--|-------------------------------|
| Net position - December 31, 2014, as originally stated | \$ (56,617,969) |
| Restatement to record additional long-term obligations | <u>(3,149,555)</u> |
| Net position - December 31, 2014, as restated | <u><u>\$ (59,767,524)</u></u> |

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, 2015, the outstanding principal and accrued interest on the Note are \$2,500,000 and \$812,055, 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, 2015**

| | <u>Budget Amounts</u> | | <u>Actual Amounts</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|---|-----------------------|-------------------|---------------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES | | | | |
| Incremental property taxes | \$ 1,058,853 | \$ 1,026,000 | \$ 1,027,472 | \$ 1,472 |
| Incremental sales taxes | 3,240,000 | 3,800,000 | 3,782,414 | (17,586) |
| Net investment income | 3,000 | 1,500 | 1,410 | (90) |
| Total revenues | <u>4,301,853</u> | <u>4,827,500</u> | <u>4,811,296</u> | <u>(16,204)</u> |
| EXPENDITURES | | | | |
| Cash management fees | 1,000 | 1,000 | 1,020 | (20) |
| County Treasurer's fees | 15,883 | 15,390 | 15,486 | (96) |
| Bond interest | 2,996,350 | 3,044,300 | 3,044,300 | - |
| Bond principal | 1,270,000 | 1,415,000 | 1,415,000 | - |
| Paying agent fees | 7,000 | 5,500 | 5,500 | - |
| Sales tax collection fee | 2,000 | 2,000 | 1,786 | 214 |
| Contingency | 9,620 | 9,810 | - | 9,810 |
| Total expenditures | <u>4,301,853</u> | <u>4,493,000</u> | <u>4,483,092</u> | <u>9,908</u> |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | - | 334,500 | 328,204 | (6,296) |
| FUND BALANCES - BEGINNING OF YEAR | <u>-</u> | <u>594,904</u> | <u>594,904</u> | <u>-</u> |
| FUND BALANCES - END OF YEAR | <u>\$ -</u> | <u>\$ 929,404</u> | <u>\$ 923,108</u> | <u>\$ (6,296)</u> |

**COLORADO SPRINGS URBAN RENEWAL AUTHORITY
DEBT SERVICE FUND
IVYWILD NEIGHBORHOOD PROJECT AREA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
Year Ended December 31, 2015**

| | <u>Original and Final Budget</u> | <u>Actual Amounts</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|---|--|---------------------------|---|
| REVENUES | | | |
| Incremental property taxes | \$ 73,823 | \$ 72,288 | \$ (1,535) |
| Incremental sales taxes | 49,300 | 40,536 | (8,764) |
| Net investment income | - | 1,622 | 1,622 |
| Total revenues | <u>123,123</u> | <u>114,446</u> | <u>(8,677)</u> |
| EXPENDITURES | | | |
| County Treasurer's fees | 1,107 | 1,114 | (7) |
| Administration fees | 60,808 | 56,158 | 4,650 |
| Loan interest payment | 60,808 | 56,158 | 4,650 |
| Sales tax collection fee | 400 | 143 | 257 |
| Total expenditures | <u>123,123</u> | <u>113,573</u> | <u>9,550</u> |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | - | 873 | 873 |
| FUND BALANCES - BEGINNING OF YEAR | <u>-</u> | <u>6,905</u> | <u>6,905</u> |
| FUND BALANCES - END OF YEAR | <u><u>\$ -</u></u> | <u><u>\$ 7,778</u></u> | <u><u>\$ 7,778</u></u> |

**COLORADO SPRINGS URBAN RENEWAL AUTHORITY
CAPITAL PROJECTS FUND
VINEYARDS PROJECT AREA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
Year Ended December 31, 2015**

| | <u>Original and Final Budget</u> | <u>Actual Amounts</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|---|--|---------------------------|---|
| REVENUES | | | |
| Incremental property taxes | \$ 82,673 | \$ 76,644 | \$ (6,029) |
| Total revenues | <u>82,673</u> | <u>76,644</u> | <u>(6,029)</u> |
| EXPENDITURES | | | |
| General | | | |
| County Treasurer's fees | 1,240 | 1,149 | 91 |
| Administration fees | 60,000 | 60,000 | - |
| Contingency | 21,433 | - | 21,433 |
| Total expenditures | <u>82,673</u> | <u>61,149</u> | <u>21,524</u> |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | - | 15,495 | 15,495 |
| FUND BALANCES - BEGINNING OF YEAR | <u>-</u> | <u>23,464</u> | <u>23,464</u> |
| FUND BALANCES - END OF YEAR | <u>\$ -</u> | <u>\$ 38,959</u> | <u>\$ 38,959</u> |

**COLORADO SPRINGS URBAN RENEWAL AUTHORITY
CAPITAL PROJECTS FUND
GOLD HILL MESA PROJECT AREA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
Year Ended December 31, 2015**

| | <u>Original and Final Budget</u> | <u>Actual Amounts</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|---|--|---------------------------|---|
| REVENUES | | | |
| Incremental property taxes | \$ 505,693 | \$ 500,300 | \$ (5,393) |
| Net investment income | - | 476 | 476 |
| Total revenues | <u>505,693</u> | <u>500,776</u> | <u>(4,917)</u> |
| EXPENDITURES | | | |
| General | | | |
| County Treasurer's fees | 7,585 | 7,512 | 73 |
| Administration fees | 50,000 | 50,000 | - |
| TIF reimbursement | 422,233 | 417,389 | 4,844 |
| TIF reimbursement - School District 11 | 25,875 | 25,875 | - |
| Total expenditures | <u>505,693</u> | <u>500,776</u> | <u>4,917</u> |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | - | - | - |
| FUND BALANCES - BEGINNING OF YEAR | <u>-</u> | <u>-</u> | <u>-</u> |
| FUND BALANCES - END OF YEAR | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

**COLORADO SPRINGS URBAN RENEWAL AUTHORITY
CAPITAL PROJECTS FUND
CITY AUDITORIUM PROJECT AREA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
Year Ended December 31, 2015**

| | <u>Original and Final Budget</u> | <u>Actual Amounts</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|---|--|---------------------------|---|
| REVENUES | | | |
| Incremental property taxes | \$ 19,761 | \$ 19,478 | \$ (283) |
| Total revenues | <u>19,761</u> | <u>19,478</u> | <u>(283)</u> |
| EXPENDITURES | | | |
| General | | | |
| County Treasurer's fees | 296 | 292 | 4 |
| Administration fees | <u>19,465</u> | <u>19,186</u> | <u>279</u> |
| Total expenditures | <u>19,761</u> | <u>19,478</u> | <u>283</u> |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | - | - | - |
| FUND BALANCES - BEGINNING OF YEAR | <u>-</u> | <u>-</u> | <u>-</u> |
| FUND BALANCES - END OF YEAR | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

**COLORADO SPRINGS URBAN RENEWAL AUTHORITY
CAPITAL PROJECTS FUND
CITY GATE PROJECT AREA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
Year Ended December 31, 2015**

| | <u>Original and Final Budget</u> | <u>Actual Amounts</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|---|--|---------------------------|---|
| REVENUES | | | |
| Incremental property taxes | \$ 11,355 | \$ 9,147 | \$ (2,208) |
| Net investment income | - | 11 | 11 |
| Total revenues | <u>11,355</u> | <u>9,158</u> | <u>(2,197)</u> |
| EXPENDITURES | | | |
| General | | | |
| County Treasurer's fees | 170 | 148 | 22 |
| Administration fees | 10,000 | 10,000 | - |
| Total expenditures | <u>10,170</u> | <u>10,148</u> | <u>22</u> |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | 1,185 | (990) | (2,175) |
| FUND BALANCES - BEGINNING OF YEAR | <u>4,749</u> | <u>4,737</u> | <u>(12)</u> |
| FUND BALANCES - END OF YEAR | <u><u>\$ 5,934</u></u> | <u><u>\$ 3,747</u></u> | <u><u>\$ (2,187)</u></u> |

**COLORADO SPRINGS URBAN RENEWAL AUTHORITY
CAPITAL PROJECTS FUND
COPPER RIDGE PROJECT AREA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
Year Ended December 31, 2015**

| | <u>Original and Final Budget</u> | <u>Actual Amounts</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|---|--|----------------------------|---|
| REVENUES | | | |
| Incremental property taxes | \$ 809,342 | \$ 809,817 | \$ 475 |
| Incremental sales taxes | 1,460,858 | 373,285 | (1,087,573) |
| Net investment income | 150 | - | (150) |
| Total revenues | <u>2,270,350</u> | <u>1,183,102</u> | <u>(1,087,248)</u> |
| EXPENDITURES | | | |
| General | | | |
| County Treasurer's fees | 12,140 | 12,147 | (7) |
| Administration fees | 60,000 | 60,000 | - |
| Capital expenditures | - | 457,600 | (457,600) |
| TIF reimbursement | 165,281 | 165,236 | 45 |
| Sales tax collection fee | 5,000 | 440 | 4,560 |
| Contingency | 1,000,000 | - | 1,000,000 |
| Total expenditures | <u>1,242,421</u> | <u>695,423</u> | <u>546,998</u> |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | 1,027,929 | 487,679 | (540,250) |
| FUND BALANCES - BEGINNING OF YEAR | <u>799,309</u> | <u>825,251</u> | <u>25,942</u> |
| FUND BALANCES - END OF YEAR | <u><u>\$ 1,827,238</u></u> | <u><u>\$ 1,312,930</u></u> | <u><u>\$ (514,308)</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, 2015**

| | <u>Budget Amounts</u> | | <u>Actual Amounts</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|---|-----------------------|------------------------|---------------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES | | | | |
| Incremental property taxes | \$ - | \$ 4,349 | \$ 4,349 | \$ - |
| Total revenues | <u>-</u> | <u>4,349</u> | <u>4,349</u> | <u>-</u> |
| EXPENDITURES | | | | |
| General | | | | |
| County Treasurer's fees | - | 66 | 66 | - |
| Total expenditures | <u>-</u> | <u>66</u> | <u>66</u> | <u>-</u> |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | - | 4,283 | 4,283 | - |
| FUND BALANCES - BEGINNING OF YEAR | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| FUND BALANCES - END OF YEAR | <u><u>\$ -</u></u> | <u><u>\$ 4,283</u></u> | <u><u>\$ 4,283</u></u> | <u><u>\$ -</u></u> |

**COLORADO SPRINGS URBAN RENEWAL AUTHORITY
CAPITAL PROJECTS FUND
CITY FOR CHAMPIONS - ADMIN
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
Year Ended December 31, 2015**

| | <u>Budget Amounts</u> | | <u>Actual Amounts</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|--|-----------------------|--------------------|---------------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES | | | | |
| Incremental sales taxes | \$ - | \$ 2,928,576 | \$ 2,928,576 | \$ - |
| Net investment income | - | 300 | 464 | 164 |
| Total revenues | <u>-</u> | <u>2,928,876</u> | <u>2,929,040</u> | <u>164</u> |
| EXPENDITURES | | | | |
| General | | | | |
| Administration fees | - | 5,000 | 4,658 | 342 |
| Consulting services | - | 15,000 | 12,266 | 2,734 |
| Legal - Capital projects | - | 10,000 | 2,185 | 7,815 |
| Project management | - | 5,000 | 7,803 | (2,803) |
| Total expenditures | <u>-</u> | <u>35,000</u> | <u>26,912</u> | <u>8,088</u> |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | <u>-</u> | <u>2,893,876</u> | <u>2,902,128</u> | <u>8,252</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers out | - | (2,878,577) | (2,878,577) | - |
| Total other financing sources (uses) | <u>-</u> | <u>(2,878,577)</u> | <u>(2,878,577)</u> | <u>-</u> |
| EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES) | <u>-</u> | <u>15,299</u> | <u>23,551</u> | <u>8,252</u> |
| FUND BALANCES - BEGINNING OF YEAR | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| FUND BALANCES - END OF YEAR | <u>\$ -</u> | <u>\$ 15,299</u> | <u>\$ 23,551</u> | <u>\$ 8,252</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, 2015**

| | <u>Budget Amounts</u> | | <u>Actual Amounts</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|--|-----------------------|--------------|---------------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES | | | | |
| Total revenues | \$ - | \$ - | \$ - | \$ - |
| EXPENDITURES | | | | |
| General | | | | |
| Administration fees | - | - | 1,337 | (1,337) |
| Consulting services | - | - | 927 | (927) |
| Legal - Capital projects | - | - | 5,769 | (5,769) |
| Project management | - | - | 2,662 | (2,662) |
| Contingency | - | 15,000 | - | 15,000 |
| Total expenditures | - | 15,000 | 10,695 | 4,305 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in - sales tax allocation | - | 1,209,002 | 1,209,003 | 1 |
| Total other financing sources (uses) | - | 1,209,002 | 1,209,003 | 1 |
| EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES) | | | | |
| | - | 1,194,002 | 1,198,308 | 4,306 |
| FUND BALANCES - BEGINNING OF YEAR | | | | |
| | - | - | - | - |
| FUND BALANCES - END OF YEAR | | | | |
| | \$ - | \$ 1,194,002 | \$ 1,198,308 | \$ 4,306 |

**COLORADO SPRINGS URBAN RENEWAL AUTHORITY
CAPITAL PROJECTS - CITY FOR CHAMPIONS FUND
COLORADO SPORTS AND EVENT COMPLEX PROJECT AREA - 23%
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
Year Ended December 31, 2015**

| | <u>Budget Amounts</u> | | <u>Actual Amounts</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|--|-----------------------|--------------|---------------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES | | | | |
| Total revenues | \$ - | \$ - | \$ - | \$ - |
| EXPENDITURES | | | | |
| General | | | | |
| Administration fees | - | - | 205 | (205) |
| Legal - Capital projects | - | - | 1,839 | (1,839) |
| Project management | - | - | 253 | (253) |
| Contingency | - | 10,000 | - | 10,000 |
| Total expenditures | - | 10,000 | 2,297 | 7,703 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in - sales tax allocation | - | 662,073 | 662,072 | (1) |
| Total other financing sources (uses) | - | 662,073 | 662,072 | (1) |
| EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES) | | | | |
| | - | 652,073 | 659,775 | 7,702 |
| FUND BALANCES - BEGINNING OF YEAR | | | | |
| | - | - | - | - |
| FUND BALANCES - END OF YEAR | | | | |
| | \$ - | \$ 652,073 | \$ 659,775 | \$ 7,702 |

**COLORADO SPRINGS URBAN RENEWAL AUTHORITY
CAPITAL PROJECTS - CITY FOR CHAMPIONS FUND
UCCS SPORTS MEDICINE AND PERFORMANCE PROJECT AREA - 14%
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
Year Ended December 31, 2015**

| | <u>Budget Amounts</u> | | <u>Actual Amounts</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|--|-----------------------|--------------|---------------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES | | | | |
| Total revenues | \$ - | \$ - | \$ - | \$ - |
| EXPENDITURES | | | | |
| General | | | | |
| Legal - Capital projects | - | - | 6,441 | (6,441) |
| Contingency | - | 10,000 | - | 10,000 |
| Total expenditures | - | 10,000 | 6,441 | 3,559 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in - sales tax allocation | - | 403,001 | 403,001 | - |
| Total other financing sources (uses) | - | 403,001 | 403,001 | - |
| EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES) | - | 393,001 | 396,560 | 3,559 |
| FUND BALANCES - BEGINNING OF YEAR | - | - | - | - |
| FUND BALANCES - END OF YEAR | \$ - | \$ 393,001 | \$ 396,560 | \$ 3,559 |

**COLORADO SPRINGS URBAN RENEWAL AUTHORITY
CAPITAL PROJECTS - CITY FOR CHAMPIONS FUND
US AIR FORCE ACADEMY VISITORS CENTER PROJECT AREA - 5%
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
Year Ended December 31, 2015**

| | <u>Budget Amounts</u> | | <u>Actual Amounts</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|--|-----------------------|--------------|---------------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES | | | | |
| Total revenues | \$ - | \$ - | \$ - | \$ - |
| EXPENDITURES | | | | |
| General | | | | |
| Administration fees | - | - | 207 | (207) |
| Legal - Capital projects | - | - | 1,653 | (1,653) |
| Project management | - | - | 748 | (748) |
| Contingency | - | 10,000 | - | 10,000 |
| Total expenditures | - | 10,000 | 2,608 | 7,392 |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | - | (10,000) | (2,608) | 7,392 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in - sales tax allocation | - | 143,929 | 143,929 | - |
| Total other financing sources (uses) | - | 143,929 | 143,929 | - |
| EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES) | - | 133,929 | 141,321 | 7,392 |
| FUND BALANCES - BEGINNING OF YEAR | - | - | - | - |
| FUND BALANCES - END OF YEAR | \$ - | \$ 133,929 | \$ 141,321 | \$ 7,392 |

**COLORADO SPRINGS URBAN RENEWAL AUTHORITY
CAPITAL PROJECTS - CITY FOR CHAMPIONS FUND
CHAMPIONS FLEXIBLE SUB-ACCOUNT - 16%
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
Year Ended December 31, 2015**

| | <u>Budget Amounts</u> | | <u>Actual Amounts</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|--|-----------------------|--------------|---------------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES | | | | |
| Total revenues | \$ - | \$ - | \$ - | \$ - |
| EXPENDITURES | | | | |
| Total expenditures | - | - | - | - |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in - sales tax allocation | - | 460,572 | 460,572 | - |
| Total other financing sources (uses) | - | 460,572 | 460,572 | - |
| EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES) | - | 460,572 | 460,572 | - |
| FUND BALANCES - BEGINNING OF YEAR | - | - | - | - |
| FUND BALANCES - END OF YEAR | \$ - | \$ 460,572 | \$ 460,572 | \$ - |

OTHER INFORMATION

**COLORADO SPRINGS URBAN RENEWAL AUTHORITY
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
December 31, 2015**

**\$47,125,000 Special Revenue Bonds
Tax Increment Revenue Bond
Series 2008A Senior
Dated February 1, 2008
Interest Rate 7.0%
Principal Due December 1**

| <u>Year Ended December 31,</u> | <u>Interest Payable June 1 and December 1</u> | | |
|------------------------------------|---|----------------------|----------------------|
| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
| 2016 | \$ 2,255,000 * | \$ 2,945,250 | \$ 5,200,250 |
| 2017 | 1,720,000 | 2,787,400 | 4,507,400 |
| 2018 | 1,895,000 | 2,667,000 | 4,562,000 |
| 2019 | 2,070,000 | 2,534,350 | 4,604,350 |
| 2020 | 2,270,000 | 2,389,450 | 4,659,450 |
| 2021 | 2,475,000 | 2,230,550 | 4,705,550 |
| 2022 | 2,705,000 | 2,057,300 | 4,762,300 |
| 2023 | 2,940,000 | 1,867,950 | 4,807,950 |
| 2024 | 3,200,000 | 1,662,150 | 4,862,150 |
| 2025 | 3,470,000 | 1,438,150 | 4,908,150 |
| 2026 | 3,775,000 | 1,195,250 | 4,970,250 |
| 2027 | 4,085,000 | 931,000 | 5,016,000 |
| 2028 | 4,430,000 | 645,050 | 5,075,050 |
| 2029 | 4,785,000 | 334,950 | 5,119,950 |
| | <u>\$ 42,075,000</u> | <u>\$ 25,685,800</u> | <u>\$ 67,760,800</u> |

* Includes \$685,000 principal from prior shortfalls

Note: The actual amounts of payments to be made in future years will depend on future revenues and cannot be predicted with certainty.

**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, 2015**

| Year Ended December 31, | Prior Year Assessed Valuation for Current Year Property Tax Levy | | | Combined Mills Levied | Total Incremental Property Taxes | | Percentage Collected to Levied |
|--|---|-------------------------------------|--|--------------------------------------|---|------------------|---|
| | Total Assessed Valuation | Less: Base Valuation | Net Increment Valuation | | Levied | Collected | |
| 2011 | \$ 18,398,460 | \$ 5,523,770 | \$ 12,874,690 | 58.401 | \$ 751,895 | \$ 755,926 | 100.54% |
| 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% |
| 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% |
| Estimated for the year ending December 31, 2016 | \$ 26,030,930 | \$ 5,184,582 | \$ 20,846,348 | 57.749 | \$ 1,203,856 | | |

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, 2015**

| Year Ended December 31, | Prior Year Assessed Valuation for Current Year Property Tax Levy | | | Combined Mills Levied | Total Incremental Property Taxes | | Percentage Collected to Levied |
|--|---|-------------------------------------|--|--------------------------------------|---|------------------|---|
| | Total Assessed Valuation | Less: Base Valuation | Net Increment Valuation | | Levied | Collected | |
| 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% |
| Estimated for the year ending December 31, 2016 | \$ 1,988,640 | \$ 428,815 | \$ 1,559,825 | 57.749 | \$ 90,078 | | |

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, 2015**

| Year Ended December 31, | Sales Tax Collection | Use Tax Collection | Adjustments Amendments Audits | (Less) Base Amount | Total Incremental Sales and Use Taxes |
|--|-------------------------------------|-----------------------------------|--|-----------------------------------|--|
| 2011 | \$ 2,342,619 | \$ 8,834 | \$ 23,272 | \$ (375,603) | \$ 1,999,122 |
| 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 |
| Estimated for the year ending December 31, 2016 | \$ 3,518,000 | | | | |

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.

**COLORADO SPRINGS URBAN RENEWAL AUTHORITY
 IVYWILD NEIGHBORHOOD URBAN RENEWAL PROJECT AREA
 SUMMARY OF INCREMENTAL SALES AND USE
 TAXES COLLECTED
 December 31, 2015**

| Year Ended December 31, | Sales Tax Collection | Use Tax Collection | Adjustments Amendments Audits | (Less) Base Amount | Total Incremental Sales and Use Taxes |
|--|-------------------------------------|-----------------------------------|--|-----------------------------------|--|
| 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 |
| Estimated for the year ending December 31, 2016 | \$ 58,050 | | | | |

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.

**COLORADO SPRINGS URBAN RENEWAL AUTHORITY
COPPER RIDGE URBAN RENEWAL PROJECT AREA
SUMMARY OF INCREMENTAL SALES AND USE
TAXES COLLECTED
December 31, 2015**

| Year Ended December 31, | Sales Tax Collection | Use Tax Collection | Adjustments Amendments Audits | (Less) Base Amount | Total Incremental Sales and Use Taxes |
|--|-------------------------------------|-----------------------------------|--|-----------------------------------|--|
| 2013 | \$ 76,806 | \$ - | \$ - | \$ (30,272) | \$ 46,534 |
| 2014 | \$ 336,095 | \$ - | \$ - | \$ (30,272) | \$ 305,823 |
| 2015 | \$ 403,557 | \$ - | \$ - | \$ (30,272) | \$ 373,285 |
| Estimated for the year ending December 31, 2016 | \$ 1,662,996 | | | | |

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.

**COLORADO SPRINGS URBAN RENEWAL AUTHORITY
CITY FOR CHAMPIONS
SUMMARY OF INCREMENTAL SALES AND USE
TAXES COLLECTED
December 31, 2015**

| Year Ended December 31, | Sales Tax Collection | Adjustments Amendments Audits | Total Incremental Sales and Use Taxes |
|--|-------------------------------------|--|--|
| 2015 | \$ 2,928,576 | \$ - | \$ 2,928,576 |
| Estimated for the year ending December 31, 2016 | \$ 4,246,388 | | |