

**BRIARGATE CENTER BUSINESS
IMPROVEMENT DISTRICT**
(A COMPONENT UNIT OF THE CITY OF COLORADO SPRINGS)
Financial Statements
December 31, 2018

**BRIARGATE CENTER BUSINESS IMPROVEMENT DISTRICT
(A COMPONENT UNIT OF THE CITY OF COLORADO SPRINGS)**

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Dazzo & Associates, PC

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Briargate Center Business Improvement District
City of Colorado Springs, Colorado

We have audited the accompanying financial statements of the governmental activities and each major fund of the Briargate Center Business Improvement District (the District), a component unit of the City of Colorado Springs, Colorado, as of and for the year December 31, 2018, 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 and each major fund of the Briargate Center Business Improvement District, as of December 31, 2018, 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

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The budget to actual schedules for the debt service and capital projects funds (the Supplementary Information) and the schedule of debt service requirements to maturity and the summary of assessed valuation, mill levy and property taxes collected (the Other Information) are presented for purposes of additional analysis and are 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 budget to actual schedules for the debt service and capital projects funds are 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.

Dassio & Associates, P.C.

February 19, 2019

BASIC FINANCIAL STATEMENTS

**BRIARGATE CENTER BUSINESS IMPROVEMENT DISTRICT
(A COMPONENT UNIT OF THE CITY OF COLORADO SPRINGS)**

**STATEMENT OF NET POSITION
December 31, 2018**

Assets	
Cash and Investments - Unrestricted	\$ 497,322
Investments - Restricted	184,674
Investments - Restricted - Held by Trustee	
Special Assessment Refunding Bond Reserve	558,945
Special Assessment Refunding Bond Fund	48,719
Loan Reserve Fund	80,000
Loan Payment Fund	40,161
Cost of Issuance Fund	74
Cash with County Treasurer	5,246
Property Taxes Receivable	476,102
Assessments Receivable - Current	369,898
Assessments Receivable - Long-Term	3,683,694
Prepaid Bond Insurance	187,698
Capital Assets, Net	5,776,660
	<hr/>
Total Assets	11,909,193
Liabilities	
Accounts Payable	26,052
Accounts Payable from Restricted Assets	1,075
Accrued Interest Payable	29,406
Noncurrent Liabilities	
Due Within One Year	530,000
Due In More Than One Year	6,724,500
	<hr/>
Total Liabilities	7,311,033
Deferred Inflows of Resources	
Unavailable Revenue - Property Taxes	476,102
	<hr/>
Net Position	
Net Investment in Capital Assets	(651,197)
Restricted	
Debt Service	4,296,739
Labor Emergencies	5,830
Unrestricted	470,686
	<hr/>
Total Net Position	\$ 4,122,058
	<hr/> <hr/>

The notes to the financial statements are an integral part of this statement.

**BRIARGATE CENTER BUSINESS IMPROVEMENT DISTRICT
(A COMPONENT UNIT OF THE CITY OF COLORADO SPRINGS)**

**STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2018**

<u>Function/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Government Activities:					
General Government	\$ 145,005	\$ -	\$ -	\$ -	\$ (145,005)
Interest and Related Charges on Long-term Debt	677,336	-	-	219,374	(457,962)
Unallocated Depreciation	235,686	-	-	-	(235,686)
Total	\$ 1,058,027	\$ -	\$ -	\$ 219,374	(838,653)

General Revenues:	
Property Taxes - Operating	120,353
Property Taxes - Debt Service	349,044
Specific Ownership Taxes	59,766
Net Investment Income	25,624
Total General Revenues	554,787
Change in Net Position	(283,866)
Net Position - Beginning	4,405,924
Net Position - Ending	\$ 4,122,058

The notes to the financial statements are an integral part of this statement.

**BRIARGATE CENTER BUSINESS IMPROVEMENT DISTRICT
(A COMPONENT UNIT OF THE CITY OF COLORADO SPRINGS)**

**BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2018**

	<u>General</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
Assets			
Cash and Investments - Unrestricted	\$ 497,322	\$ -	\$ 497,322
Investments - Restricted	-	184,674	184,674
Investments - Restricted - Held by Trustee			
Special Assessment Refunding Bond Reserve	-	558,945	558,945
Special Assessment Refunding Bond Fund	-	48,719	48,719
Loan Reserve Fund	-	80,000	80,000
Loan Payment Fund	-	40,161	40,161
Cost of Issuance Fund	-	74	74
Cash with County Treasurer	5,246	-	5,246
Property Taxes Receivable	48,831	427,271	476,102
Assessments Receivable	-	4,053,592	4,053,592
Total Assets	<u>\$ 551,399</u>	<u>\$ 5,393,436</u>	<u>\$ 5,944,835</u>
Liabilities			
Accounts Payable	\$ 26,052	\$ -	\$ 26,052
Accounts Payable from Restricted Assets	-	1,075	1,075
Total Liabilities	<u>26,052</u>	<u>1,075</u>	<u>27,127</u>
Deferred Inflows of Resources			
Unavailable Revenue - Property Taxes	48,831	427,271	476,102
Unavailable Revenue - Special Assessments	-	4,053,592	4,053,592
Total Deferred Inflows of Resources	<u>48,831</u>	<u>4,480,863</u>	<u>4,529,694</u>
Fund Balances			
Restricted			
Debt Service	-	911,498	911,498
TABOR Emergencies	5,830	-	5,830
Assigned			
Subsequent Year's Expenditures	450,810	-	450,810
Unassigned	<u>19,876</u>	<u>-</u>	<u>19,876</u>
Total Fund Balances	<u>476,516</u>	<u>911,498</u>	<u>1,388,014</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 551,399</u>	<u>\$ 5,393,436</u>	<u>\$ 5,944,835</u>

The notes to the financial statements are an integral part of this statement.

**BRIARGATE CENTER BUSINESS IMPROVEMENT DISTRICT
(A COMPONENT UNIT OF THE CITY OF COLORADO SPRINGS)**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
December 31, 2018**

Total Fund Balances - Governmental Funds	\$ 1,388,014
Total net position reported for governmental activities in the statement of net position is different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund.	
Those assets consist of:	
Infrastructure, net	5,716,340
Landscaping improvements, net	60,320
Prepaid Bond insurance costs are not financial resources and, therefore, are not reported in the funds	187,698
Long-term liabilities applicable to the District's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities - both current and long-term - are reported in the statement of net position.	
Balances at year-end are:	
Special Assessment Bonds Payable	(3,875,000)
Loan Payable	(3,379,500)
Interest on long-term debt is not accrued in the funds, but rather is recognized as an expenditure when due	(29,406)
Special assessments are long-term assets and are not available to pay for current period expenditures and, therefore, are deferred in the funds.	<u>4,053,592</u>
Total Net Position - Governmental Activities	<u><u>\$ 4,122,058</u></u>

The notes to the financial statements are an integral part of this statement.

**BRIARGATE CENTER BUSINESS IMPROVEMENT DISTRICT
(A COMPONENT UNIT OF THE CITY OF COLORADO SPRINGS)**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS**

For the Year Ended December 31, 2018

	<u>General</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
Revenues			
Property Taxes	\$ 120,353	\$ 349,044	\$ 469,397
Specific Ownership Tax	59,766	-	59,766
Special Assessment Fees	-	352,787	352,787
Interest on Special Assessments	-	219,374	219,374
Net Investment Income	14,372	11,252	25,624
Total Revenues	<u>194,491</u>	<u>932,457</u>	<u>1,126,948</u>
Expenditures			
Current			
Accounting and Auditing	7,018	-	7,018
County Treasurer's Fees	1,805	5,236	7,041
Legal Fees	21,694	-	21,694
Insurance	12,637	-	12,637
Marketing	5,506	-	5,506
Miscellaneous	206	-	206
Security Services	90,903	-	90,903
Debt service			
Principal - Special Assessment Bond	-	345,000	345,000
Interest - Special Assessment Bond	-	206,780	206,780
Interest - 2012 Limited Tax Note	-	138,648	138,648
Termination of Interest Rate Cap	-	229,000	229,000
Paying Agent / Trustee Fees	-	4,570	4,570
Loan Issue Costs	-	76,926	76,926
Total Expenditures	<u>139,769</u>	<u>1,006,160</u>	<u>1,145,929</u>
Excess of Revenues Over (Under) Expenditures	<u>54,722</u>	<u>(73,703)</u>	<u>(18,981)</u>
Other Financing Sources (Uses)			
Refunding Loan Issued	-	3,379,500	3,379,500
Payment to Refunded Bond Escrow Agent	-	(3,544,500)	(3,544,500)
Total Other Financing Sources (Uses)	<u>-</u>	<u>(165,000)</u>	<u>(165,000)</u>
Net Change in Fund Balances	54,722	(238,703)	(183,981)
Fund Balances - Beginning	421,794	1,150,201	1,571,995
Fund Balances - Ending	<u>\$ 476,516</u>	<u>\$ 911,498</u>	<u>\$ 1,388,014</u>

The notes to the financial statements are an integral part of this statement.

**BRIARGATE CENTER BUSINESS IMPROVEMENT DISTRICT
(A COMPONENT UNIT OF THE CITY OF COLORADO SPRINGS)**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2018**

Net Change in Fund Balances - Governmental Funds	\$ (183,981)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Depreciation Expense	(235,686)
Governmental funds report special assessments as revenues in the period they are received. In the statement of activities, however, they are recorded as revenues in the year they are assessed.	
	(352,787)
Long-term debt (e.g., issuance of bonds, loans) provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.	
Refunding Loan Issued	(3,379,500)
Principal Payments:	
Special Assessment Bonds	\$ 345,000
2012 Loan	3,544,500
	3,889,500
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.	
Bond Insurance Expense	(20,855)
Interest expense in the statement of activities differs from the amount reported in governmental funds because of the change in accrued interest.	
Change in accrued interest on long-term obligations	(557)
	(557)
Change in Net Position - Governmental Activities	\$ (283,866)

The notes to the financial statements are an integral part of this statement.

**BRIARGATE CENTER BUSINESS IMPROVEMENT DISTRICT
(A COMPONENT UNIT OF THE CITY OF COLORADO SPRINGS)**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND**

For the Year Ended December 31, 2018

(With Comparative Totals for the Year Ended December 31, 2017)

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)	2017
Revenues				
Property Taxes	\$ 121,284	\$ 120,353	\$ (931)	\$ 112,130
Specific Ownership Tax	35,000	59,766	24,766	59,344
Net Investment Income	800	14,372	13,572	4,338
Total Revenues	157,084	194,491	37,407	175,812
Expenditures				
Current				
Accounting and Auditing	7,800	7,018	782	6,210
County Treasurer's Fees	2,700	1,805	895	1,682
Legal Fees	14,000	21,694	(7,694)	11,583
Insurance	13,000	12,637	363	12,215
Marketing	-	5,506	(5,506)	-
Miscellaneous	7,300	206	7,094	373
Landscape Maintenance	100,000	-	100,000	3,200
Security Services	-	90,903	(90,903)	-
Contingency	12,128	-	12,128	-
Total Expenditures	156,928	139,769	17,159	35,263
Net Change in Fund Balance	156	54,722	54,566	140,549
Fund Balance - Beginning	277,055	421,794	144,739	281,245
Fund Balance - Ending	\$ 277,211	\$ 476,516	\$ 199,305	\$ 421,794

The notes to the financial statements are an integral part of this statement.

**BRIARGATE CENTER BUSINESS IMPROVEMENT DISTRICT
(A COMPONENT UNIT OF THE CITY OF COLORADO SPRINGS)**

**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018**

Note 1 – Reporting Entity

The Briargate Center Business Improvement District (the District) was formed by the City of Colorado Springs, Colorado (the City) through Ordinance No. 02-24 adopted on February 12, 2002, pursuant to Section 31-25-1201, et seq., C.R.S., for the purpose of financing the public improvements and services needed to promote the continued vitality of the commercial businesses within the District. By way of explanation and not limitation, the District's initial Operating Plan and Budget provides for the District to construct, install or acquire street improvements, including curbs, gutters, traffic safety devices, paved parking areas, sidewalks, pedestrian malls, streetlights, drainage, water and sewer facilities, and landscaping of common areas. The District is governed by an elected five-member Board of Directors.

The District created Special Improvement District No. 02-1 (the SID); however, it is not an independent governmental entity. The SID is a geographical division of the District created for the purpose of financing the costs of certain improvements and assessing such costs against certain property specially benefiting from those improvements. The Board created the SID, upon petition of the owners of one hundred percent of the property included in the SID, by resolution adopted July 11, 2002. The boundaries of the SID are coterminous with those of the District.

The SID contains a total of approximately 29.166 acres of land wholly within the City that has been developed as an open-air shopping center known as The Promenade Shops at Briargate by the specialty retail developer Poag & McEwen Lifestyle Centers, LLC. In August 2013, the shops were sold to IMI Colorado Springs, LLC (IMI). There is no residential property in the SID.

In accordance with state statute, the District submits an operating plan and budget each year for approval to the City.

The District has no employees and all operations and administrative functions are contracted. Pursuant to a Public Improvements Maintenance Agreement, the current owner of the Shops at Briargate is responsible for maintaining the public improvements.

The District follows the Governmental Accounting Standards Board (GASB) accounting pronouncements, which provide guidance for determining which governmental activities, organizations, and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to

**BRIARGATE CENTER BUSINESS IMPROVEMENT DISTRICT
(A COMPONENT UNIT OF THE CITY OF COLORADO SPRINGS)**

**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018**

impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

The District is not financially accountable for any other District organization. The District is considered a governmental fund type component unit of the City of Colorado Springs, Colorado.

Note 2 – Summary of Significant Accounting Policies

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

Government-wide and Fund Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These financial statements include all of the activities of the District. Governmental activities are normally supported by taxes and special assessment fees.

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

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 governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

**BRIARGATE CENTER BUSINESS IMPROVEMENT DISTRICT
(A COMPONENT UNIT OF THE CITY OF COLORADO SPRINGS)**

**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018**

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. Property taxes are recognized as revenues in the year for which they are levied. Other items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met. Depreciation is computed and recorded as an operating expense. Expenditures for capital assets are shown as increases in assets and redemption of bonds and notes are recorded as a reduction in liabilities.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days after year-end. The major sources of revenue susceptible to accrual are property taxes. All other revenue items are considered to be measurable and available only when cash is received by the District. Expenditures are recorded when the related fund liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

The District reports the following major governmental funds:

The *General Fund* is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Debt Service Fund* accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of the governmental funds.

The *Capital Projects Fund* accounts for financial resources to be used for the acquisition, construction and replacement of capital equipment and facilities.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

**BRIARGATE CENTER BUSINESS IMPROVEMENT DISTRICT
(A COMPONENT UNIT OF THE CITY OF COLORADO SPRINGS)**

**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018**

Annual Operating Plan and Budgets

The District provides an annual operating plan and budget to the City of Colorado Springs City Council for its review and approval on or before September 30 of each year. The annual operating plan and budget includes a description of its proposed activities for the upcoming budget year and include a report of the District's activities for the past year. The City approves or disapproves the operating plan and budget within thirty days after receipt of the operating plan and budget, but not later than December 5. The operating plan and the budget may, from time to time, be amended by the District with the approval of the City.

The District has amended its annual budget for the year ended December 31, 2018.

Pooled Cash and Investments

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

Cash and Investments

Colorado Revised Statutes specify investment instruments meeting defined rating and risk criteria in which the District may invest which include: obligations of the United States and certain U.S. government agency securities, general obligation and revenue bonds of U.S. local government entities, bankers acceptances of certain banks, commercial paper, written repurchase agreements collateralized by certain authorized securities, certain money market funds, guaranteed investment contracts, and local government investment pools.

Cash and investments are presented on the balance sheet in the basic financial statements at fair value.

Property Taxes

Property taxes are levied by the District's Board of Directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April or if in equal

**BRIARGATE CENTER BUSINESS IMPROVEMENT DISTRICT
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**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018**

installments, at the taxpayer's election, in February and June. Delinquent taxpayers are notified in August and generally sales of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the District.

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

Restricted Assets

Certain assets whose use is restricted for bonded debt service by debt indentures are segregated on the government-wide statement of net position and the fund balance sheet.

Capital Assets

Capital assets are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

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. Depreciation expense has been computed using the straight-line method over the estimated economic useful lives:

Infrastructure	40 years
Landscape Improvements	10 years

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and the governmental funds balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position and the governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate

**BRIARGATE CENTER BUSINESS IMPROVEMENT DISTRICT
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**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018**

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 District has two items that qualify for reporting in this category. Accordingly, one item, unavailable revenue – property tax, is reported in both the government-wide statement of net position and the governmental funds balance sheet. The governmental funds also report unavailable revenues from special assessments. These amounts are deferred and recognized as inflow of resources in the period that the amounts become available.

Long-term Obligations

In the government-wide financial statements, debt premiums and discounts are deferred and amortized over the life of the issue using the percentage of current principal payments to total debt issue. Debt issuance costs, except any portion related to prepaid insurance costs, are expensed when incurred.

In the fund financial statements, governmental fund types recognize debt premiums and discounts, as well as debt issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Net Position and Fund Equity

Net Position

The government-wide financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted.

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

Restricted Net Position is subject to restrictions by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provision or enabling legislation

Unrestricted Net Position represents assets that do not have any third-party limitations on their use.

**BRIARGATE CENTER BUSINESS IMPROVEMENT DISTRICT
(A COMPONENT UNIT OF THE CITY OF COLORADO SPRINGS)**

**NOTES TO THE FINANCIAL STATEMENTS
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For government-wide presentation purposes, when both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first, then unrestricted resources as they are needed.

Fund Balances

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.

The District reports the following Restricted Fund Balances:

Restricted for Debt Service

Represents the portion of fund balance that is legally restricted to payment of principal and interest on long-term debt maturing in future years.

Restricted for TABOR Emergencies

Emergency reserves have been provided for as required by Article X, Section 20 of the Constitution of the State of Colorado (see Note 9).

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

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

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

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

Use of Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. An example of such an estimate that has been made by management is depreciation expense.

Note 3 – Cash and Investments

The District’s unrestricted and restricted cash and investments consist of the following on December 31, 2018:

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
Cash	\$ 30,411	\$ -	\$ 30,411
Investments	466,911	912,573	1,379,484
Total	<u>\$ 497,322</u>	<u>\$ 912,573</u>	<u>\$ 1,409,895</u>

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Deposits with Financial Institutions

Custodial credit risk

Custodial risk for deposits is the risk that, in the event of a failure of a depository financial institution, the District will not be able to recover its deposits or will not be able to recover collateral securities that are in possession of an outside party. The Colorado Public Deposit Protection Act (PDPA) governs the investment of public funds. PDPA requires that all units of local government deposit cash in eligible public depositories. State regulators determine eligibility. Amounts on deposit in excess of federal insurance levels (\$250,000) 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 equal to 102% of the aggregate uninsured deposits. The institution's internal records identify the collateral by depositor and as such, these deposits are considered to be uninsured but collateralized. The State Commissioners for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools. At December 31, 2018, the District's bank deposits amounting to \$9,316 were insured by federal depository insurance and consequently were not exposed to custodial credit risk.

Investments

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

The District generally limits its concentration of investments to obligations of the United States, certain U.S. government agency securities and Local Government Investment Pools, which are believed to have minimal credit risk; minimal interest rate risk and no foreign currency risk. Additionally, the District is not subject to concentration risk disclosure requirements or subject to investment custodial credit risk for investments that are in the possession of another party.

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors, such actions are generally associated with a debt service reserve or sinking fund requirements.

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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 US local government entities
- Certain certificates of participation
- Certain securities lending agreements
- Bankers' acceptances of certain banks
- Commercial paper
- Written repurchase agreements and certain reverse repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts
- Local government investment pools

At December 31, 2018, the District had the following investments:

Investment	Maturity	Amount
Morgan Stanley Liquidity Funds Treasury Portfolio	Weighted Average under 60 days	\$ 607,664
First American Government Obligation Fund	Weighted Average under 60 days	120,235
Colorado Local Government Liquid Asset Trust (Colotrust)	Weighted Average under 60 days	651,585
Total		<u>\$ 1,379,484</u>

The Morgan Stanley Institutional Liquidity Funds Treasury Portfolio (MSILF) invests exclusively in US Treasury Obligations and repurchase agreements fully collateralized by US Treasury Obligations. The MSILF records its investments at fair value and the District records its investment in MSILF using the net asset value method. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period. The fund is rated AAAM by Standard and Poor's and AAA-mf by Moody's.

The First American Funds Government Obligations Fund (FAFGO) invests exclusively in US Treasury Obligations and repurchase agreements fully collateralized by US Treasury Obligations. The FAFGO records its investments at fair value and the District records its investment in FAFGO

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using the net asset value method. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period. The fund is rated AAAM by Standard and Poor's and AAA-mf by Moody's.

The District invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST) (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to \$1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and any security allowed under CRS 24-75-601. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. COLOTRUST is rated AAAM by Standard & Poor's. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST using the net asset value method. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

Note 4 – Capital Assets

Capital asset activity for the year ended December 31, 2018 was as follows:

Governmental Activities:	Beginning			Ending
	Balance	Increases	Decreases	Balance
Capital assets being depreciated				
Infrastructure	\$ 8,966,818	\$ -	\$ -	\$ 8,966,818
Landscaping	115,151	-	-	115,151
Total Capital assets being depreciated	<u>9,081,969</u>	<u>-</u>	<u>-</u>	<u>9,081,969</u>
Accumulated depreciation				
Infrastructure	(3,026,307)	(224,171)	-	(3,250,478)
Landscaping	(43,316)	(11,515)	-	(54,831)
Total Accumulated depreciation	<u>(3,069,623)</u>	<u>(235,686)</u>	<u>-</u>	<u>(3,305,309)</u>
Capital Assets, Net	<u>\$ 6,012,346</u>	<u>\$ (235,686)</u>	<u>\$ -</u>	<u>\$ 5,776,660</u>

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Note 5 – Long-term Debt

The following is an analysis of changes in long-term debt for the year ended December 31, 2018.

Governmental activities:	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Special Assessment Refunding Revenue Bonds, Series 2006	\$ 4,220,000	\$ -	\$ 345,000	\$ 3,875,000	\$ 275,000
Loan Payable - U.S. Bank, Series 2012	3,544,500	-	3,544,500	-	-
Refunding Loan Payable - U.S. Bank, Series 2018	-	3,379,500	-	3,379,500	255,000
Total Long-term Debt	<u>\$ 7,764,500</u>	<u>\$ 3,379,500</u>	<u>\$ 3,889,500</u>	<u>\$ 7,254,500</u>	<u>\$ 530,000</u>

Special Assessment Refunding Revenue Bonds

On May 31, 2006, The District issued \$7,360,000 Special Improvement District No. 02-1 Special Assessment Refunding Revenue Bonds, Series 2006 (the Bonds). The Bonds consist of term bonds in the original amounts of \$2,730,000 due on December 1, 2016 with interest at 4.50% and \$4,630,000 due on December 1, 2027 with interest at 4.9%. The bonds were issued to refund Special Assessment Revenue Bonds, Series 2002B. The original 2002 bonds that were refunded by this issue were utilized for construction of public improvements in the District. Commencing June 1, 2011, all of the Series 2006 Bonds are subject to redemption prior to maturity from sources other than Special Assessments, at the option of the District, in whole or in part, on any date, upon payment of par and accrued interest, without redemption premium. Repayment of both principal and interest on the bonds are insured by ACA Financial Guaranty Corporation.

The Bonds constitute special revenue obligations of the District payable solely from and to the extent of the Special Assessment Revenue imposed on property with the District. Under no circumstances shall any of the Bonds be held to be a general obligation of the District or debt, or indebtedness, obligation, or liability of the City, the County or the State. The bonds are also secured by amounts held by the Trustee in the Reserve Fund in the amount of the Reserve Requirement of \$558,945.

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The estimated annual debt service requirements for the bonds are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 275,000	\$ 189,875	\$ 464,875
2020	380,000	176,400	556,400
2021	395,000	157,780	552,780
2022	420,000	138,425	558,425
2023	440,000	117,845	557,845
2024-2027	1,965,000	245,980	2,210,980
	<u>\$ 3,875,000</u>	<u>\$ 1,026,305</u>	<u>\$ 4,901,305</u>

The financial condition of the District is substantially dependent upon the success of the development. Neither Poag & McEwen Lifestyle Centers, LLC, the original developer, or IMI Colorado Springs, LLC a Delaware limited liability company, the current owner of the shopping center, has guaranteed the payment of the special assessments to the owners of the bonds, nor can there be any assurance that the special assessment revenue will be sufficient to pay the principal of the bonds and the interest on the bonds as it becomes due.

Limited Tax General Obligation Note, Series 2012

On July 9, 2012, the District entered into a loan agreement with U.S. Bank National Association (the 2012 Loan), in the original principal amount of \$4,335,000. The proceeds were used to advance refund the remaining Limited Tax General Obligation Bonds, Series 2002, in the principal amount of \$2,725,000 with an interest rate of 7.45% (\$2,826,506); to reimburse the District's developer for unreimbursed public improvement costs (\$1,033,194); to fund a debt service reserve fund (\$80,000); and provide for the payment of issuance costs (\$395,300).

The 2012 Loan is payable in varying amounts beginning December 1, 2012 with an interest rate of 3.89% through its maturity date of July 9, 2019. A balloon payment of \$3,393,000 is due on July 9, 2019. If, on the maturity date, the outstanding principal and interest on the Loan is not repaid in full, the Loan shall bear interest at the Post-Maturity Interest Rate, meaning a fluctuating rate equal to the one-month LIBOR rate plus 6.0% and be payable through December 1, 2037.

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The 2012 Loan is secured by and payable solely from Pledged Revenue, which includes: (i) property taxes derived from the Required Mill Levy net of the cost of collection, (ii) Specific Ownership Taxes attributable to the Required Mill Levy, and (iii) all amounts received by the District pursuant to the Interest Rate Cap Agreement. The required mill levy cannot exceed 50 mills. The bonds are also secured by amounts held by the Trustee in the Reserve Fund in the amount of the Reserve Requirement of \$80,000.

2018 Refunding

On November 29, 2018, the District refunded the remaining principal amount of \$3,379,500 on the 2012 Loan by the issuance of a Limited Tax General Obligation Refunding Loan in the amount of \$3,379,500 dated November 29, 2018, with an interest rate of 4.77%.

The 2012 Loan Agreement provided that if the 2012 Loan is not fully paid at maturity (July 9, 2019), the outstanding amount would bear interest at a variable annual rate of interest equal to the sum of LIBOR plus 6%. To protect against rising interest rates, the District entered into an interest rate cap agreement (the CAP) with U.S. Bank National Association. The CAP has an effective date of July 9, 2019 and a Termination Date of December 1, 2037. Under the CAP, the District would receive payments at the end of each period when the interest rate exceeds the agreed-upon strike rate. Pursuant to the CAP, the interest rate is the one-month LIBOR rate plus 6% and the agreed-upon strike rate is 5.5% (CAP Rate).

Under terms of the agreement, the District paid \$270,000 for the CAP. On November 29, 2018, the CAP was terminated. At such time, the District received \$41,000 representing the fair market value of the CAP at that time. The difference in the amount paid for the CAP and the amount received at termination of \$229,000 is recorded as an expenditure on the Statement of Revenues, Expenditures and Changes in Fund Balance and included in Interest and Related Charges on Long-term Debt on the Statement of Activities.

The District refunded the Note to reduce its total debt service payments over the next 19 years by \$2,592,746 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$1,112,936. The 2012 Note was paid off on November 29, 2018.

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Limited Tax General Obligation Refunding Loan, Series 2018

On November 29, 2018, the District entered into a loan agreement with U.S. Bank National Association (the 2018 Loan), in the original principal amount of \$3,379,500. The proceeds were used to refund the remaining amount due on the 2012 Loan in the principal amount of \$3,379,500, to fund a debt service reserve fund of \$80,000 and provide for the payment of issuance costs. The Loan matures on December 1, 2028, payable in varying amounts beginning December 1, 2019 with an interest rate of 4.77%, payable semiannually on June 1 and December 1.

The Loan is secured by and payable solely from Pledged Revenue, which includes: (i) property taxes derived from the Required Mill Levy net of the cost of collection, (ii) Specific Ownership Taxes attributable to the Required Mill Levy, and (iii) any other legally available monies which the District determines to be treated as Pledged Revenue. The required mill levy cannot exceed 50 mills, which may be adjusted for changes in the assessment ratio. The bonds are also secured by amounts held by the Trustee in the Reserve Fund in the amount of the Reserve Requirement of \$80,000.

The 2018 Loan may be prepaid prior to the maturity date all or any portion of the outstanding principal of the Loan. Upon prepayment the District shall be required to pay to the Bank a prepayment fee (a "Prepayment Fee") equal to the greater of (i) zero or (ii) that amount, calculated on any date of prepayment (a "Prepayment Date"), which is derived by subtracting: (A) the outstanding Loan principal (or the Loan principal to be prepaid on such Prepayment Date if such prepayment is a partial prepayment) from (B) the Net Present Value of the Loan (or that portion of the Loan to be prepaid on such Prepayment Date if such prepayment is a partial prepayment).

Annual debt service requirements for the 2018 Loan follow:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 255,000	\$ 162,098	\$ 417,098
2020	272,500	149,039	421,539
2021	286,000	136,040	422,040
2022	300,000	122,398	422,398
2023	315,000	108,088	423,088
2024-2028	1,951,000	300,271	2,251,271
	<u>\$ 3,379,500</u>	<u>\$ 977,934</u>	<u>\$ 4,357,434</u>

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Authorized Debt

On May 8, 2012, a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed \$39,950,000 at an interest rate not to exceed 18% per annum.

At December 31, 2018, the District had authorized but unissued indebtedness in the following amounts allocated for the following purposes:

	Amount Authorized on May 8, 2012	Authorization Used	Authorized but Unissued
Water	\$ 3,895,000	\$ 232,100 *	\$ 3,662,900
Sanitation	3,895,000	232,100 *	3,662,900
Streets	3,895,000	232,100 *	3,662,900
Park and recreation	3,895,000	232,100 *	3,662,900
Amenities	3,895,000	232,100 *	3,662,900
Operations and maintenance	1,000,000	-	1,000,000
Refundings	19,475,000	3,174,500	16,300,500
	<u>\$ 39,950,000</u>	<u>\$ 4,335,000</u>	<u>\$ 35,615,000</u>

* Approximated

Note 6 – Acquisition and Reimbursement Agreements

On December 23, 2015, the District entered into an Acquisition and Reimbursement Agreement (“2015 ARA”) with IMI. In 2015, IMI installed and constructed public improvements in connection with a partial redevelopment of the Promenade Shops at Briargate, including landscaping and construction of a traffic signal at the entrance to the shops. Pursuant to the 2015 ARA, and subject to the City’s prior approval, it is anticipated that IMI will convey to the District and/or the City the public improvements in consideration of the District’s issuance to IMI a Subordinate Note. The costs of the public improvements completed as of the date of the 2015 ARA amount to \$1,342,142. The costs of any uncompleted or future public improvements, if any, will be subsequently determined based upon actual costs as supported by the project invoices and payment records verified by IMI and acceptable to the District.

Before the District issues to IMI its Subordinate Note in payment of the public improvement costs, IMI shall provide, and if requested shall supplement, a verification of all eligible costs for the public improvements prepared by an independent public accountant, professional engineer,

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construction manager, appraiser or valuation consultant acceptable to the District, substantiating the amount of the costs.

The 2015 ARA does not create a multiple-fiscal year direct or indirect debt or other financial obligation of the District. The Subordinate Note, when issued, shall be a multiple-fiscal year financial obligation of the District and shall be subordinate in all respects to the District's currently outstanding senior debt, bonds or other financial obligations, including ongoing operation and maintenance expense.

On August 14, 2017, the District entered into an Acquisition and Reimbursement Agreement ("2017 ARA") with IMI. Pursuant to the 2017 ARA, IMI constructed parking lot improvements consisting of parking lot light replacement, certain drainage improvement reconstruction and pavement replacement ("Public Improvements"). Upon completion and acceptance of the Public Improvements by the District, the District has agreed, subject to the availability, appropriation and budgeting of funds, to reimburse IMI in an amount not to exceed \$120,000, in exchange for conveyance of the Public Improvements to the District.

Before the District reimburses IMI, IMI, if requested, shall provide a verification of all eligible actual public improvement costs, prepared by an independent public accountant, professional engineer, construction manager, appraiser or evaluation consultant acceptable to the District, substantiating the amount costs.

The 2017 ARA does not create a multiple-fiscal year direct or indirect debt or other financial obligation of the District. The performance of any obligation by the District under the 2017 ARA is absolutely conditional upon the availability and budgeting of funds in calendar year 2017 or subsequent years.

Note 7 – Risk Management

The District is exposed to various risks of losses related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The District carries commercial insurance for these risks of loss. Settled claims have not exceeded this coverage in any of the past three fiscal years.

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December 31, 2018**

Note 8 – Related Party

The members of the Board of Directors are employees of, or otherwise associated with Poag Shopping Centers, LLC, a Delaware limited liability company, the current manager of The Promenade Shops at Briargate. Poag Shopping Centers, LLC manages The Promenade Shops at Briargate pursuant to a written agreement with the current owner of the shopping center, IMI Colorado Springs, LLC.

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.

Spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls or salary or benefit increases.

The District’s management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits, may require judicial interpretation.

On May 7, 2002, the District requested and received the approval of its electorate of a revenue change such that it will not be subject to the fiscal year spending limitations set forth above.

On May 8, 2012, the District’s electors approved the following ballot issue:

Shall Briargate Center Business Improvement District taxes be increased \$1,000,000 annually, or by such lesser annual amount as may be necessary to pay the District's operations, maintenance, and other expenses: such taxes to consist of an ad valorem mill levy imposed on all taxable property of the District without limitation of rate or with such limitations as may be determined

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by the District Board of Directors, and in amounts sufficient to produce the annual increase set forth above or such lesser amount as may be necessary, to be used for the purpose of paying the District's operations, maintenance, and other expenses; and shall the proceeds of such taxes and investment income thereon be collected and spent by the District as a voter-approved revenue change in 2012 and in each year thereafter, without regard to any spending, revenue-raising, or other limitation contained within Article X, Section 20 of the Colorado Constitution, or Section 29-1-301, Colorado Revised Statutes, and without limiting in any year the amount of other revenues that may be collected and spent by the District.

SUPPLEMENTARY INFORMATION

**BRIARGATE CENTER BUSINESS IMPROVEMENT DISTRICT
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**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
DEBT SERVICE FUND**

For the Year Ended December 31, 2018

(With Comparative Totals for the Year Ended December 31, 2017)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>	<u>2017</u>
	<u>Original</u>	<u>Final</u>			
Revenues					
Property Taxes	\$ 351,722	\$ 351,722	\$ 349,044	\$ (2,678)	\$ 325,193
Special Assessment Fees	352,787	352,787	352,787	-	336,469
Interest on Special Assessments	213,709	213,709	219,374	5,665	235,693
Net Investment Income	500	500	11,252	10,752	2,315
Total Revenues	<u>918,718</u>	<u>918,718</u>	<u>932,457</u>	<u>13,739</u>	<u>899,670</u>
Expenditures					
Current					
County Treasurer's Fees	5,300	5,300	5,236	64	4,879
Debt Service					
Principal - Special Assessment Bond	345,000	345,000	345,000	-	300,000
Interest - Special Assessment Bond	210,945	210,945	206,780	4,165	221,480
Principal - 2012 Limited Tax Note	151,500	-	-	-	145,500
Interest - 2012 Limited Tax Note	139,796	140,230	138,648	1,582	145,533
Termination of Interest Rate Cap	-	229,000	229,000	-	-
Interest - 2016 Subordinate Note	65,000	-	-	-	-
Paying Agent / Trustee Fees	4,500	4,500	4,570	(70)	4,350
Loan Issuance Costs	-	75,000	76,926	(1,926)	-
Total Expenditures	<u>922,041</u>	<u>1,009,975</u>	<u>1,006,160</u>	<u>3,815</u>	<u>821,742</u>
Excess of Revenues Over (Under)					
Expenditures	<u>(3,323)</u>	<u>(91,257)</u>	<u>(73,703)</u>	<u>17,554</u>	<u>77,928</u>
Other Financing Sources (Uses)					
Refunding Loan Issued	-	3,600,000	3,379,500	(220,500)	-
Payment to Refunded Bond					
Escrow Agent	-	(3,544,451)	(3,544,500)	(49)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>55,549</u>	<u>(165,000)</u>	<u>(220,549)</u>	<u>-</u>
Net Change in Fund Balance	<u>(3,323)</u>	<u>(35,708)</u>	<u>(238,703)</u>	<u>(202,995)</u>	<u>77,928</u>
Fund Balance - Beginning	<u>1,123,990</u>	<u>1,123,990</u>	<u>1,150,201</u>	<u>26,211</u>	<u>1,072,273</u>
Fund Balance - Ending	<u>\$ 1,120,667</u>	<u>\$ 1,088,282</u>	<u>\$ 911,498</u>	<u>\$ (176,784)</u>	<u>\$ 1,150,201</u>

See the Independent Auditor's Report

**BRIARGATE CENTER BUSINESS IMPROVEMENT DISTRICT
(A COMPONENT UNIT OF THE CITY OF COLORADO SPRINGS)**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
CAPITAL PROJECTS FUND**

For the Year Ended December 31, 2018

(With Comparative Totals for the Year Ended December 31, 2017)

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)	2017
Expenditures				
Capital Outlay	\$ 1,342,142	\$ -	\$ 1,342,142	\$ -
Excess of Revenues Over (Under) Expenditures	(1,342,142)	-	1,342,142	-
Other Financing Sources (Uses)				
Transfers In	1,342,142	-	(1,342,142)	-
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	\$ -	\$ -	\$ -	\$ -

See the Independent Auditor's Report

OTHER INFORMATION

**BRIARGATE CENTER BUSINESS IMPROVEMENT DISTRICT
(A COMPONENT UNIT OF THE CITY OF COLORADO SPRINGS)**

**Schedule of Debt Service Requirements to Maturity
December 31, 2018**

Year	Limited Tax, General Obligation Refunding Loan, Series 2018				Special Assessment Refunding Bonds Series 2006			
	Rate	Principal	Interest	Total	Rate	Principal	Interest	Total
2019	4.77	\$ 255,000	\$ 162,098	\$ 417,098	4.90	\$ 275,000	\$ 189,875	\$ 464,875
2020	4.77	272,500	149,039	421,539	4.90	380,000	176,400	556,400
2021	4.77	286,000	136,040	422,040	4.90	395,000	157,780	552,780
2022	4.77	300,000	122,398	422,398	4.90	420,000	138,425	558,425
2023	4.77	315,000	108,088	423,088	4.90	440,000	117,845	557,845
2024	4.77	329,000	93,063	422,063	4.90	460,000	96,285	556,285
2025	4.77	346,000	77,369	423,369	4.90	480,000	73,745	553,745
2026	4.77	363,000	60,865	423,865	4.90	500,000	50,225	550,225
2027	4.77	380,000	43,550	423,550	4.90	525,000	25,725	550,725
2028	4.77	533,000	25,424	558,424	-	-	-	-
		<u>\$ 3,379,500</u>	<u>\$ 977,934</u>	<u>\$ 4,357,434</u>		<u>\$ 3,875,000</u>	<u>\$ 1,026,305</u>	<u>\$ 4,901,305</u>

**BRIARGATE CENTER BUSINESS IMPROVEMENT DISTRICT
(A COMPONENT UNIT OF THE CITY OF COLORADO SPRINGS)**

**Schedule of Assessed Valuation, Mill Levy and
Property Taxes Collected**

Levy Year	Collection Year	Assessed Valuation	Mill Levy			Total Levy	Current Collection	Collection Rate
			General	Debt	Total			
2010	2011	\$ 9,110,010	0.000	25.000	25.000	\$227,750	\$ 227,313	99.81%
2011	2012	8,102,240	0.000	35.674	35.674	289,039	289,039	100.00%
2012	2013	8,094,160	8.000	37.000	45.000	364,237	364,237	100.00%
2013	2014	8,047,220	8.000	37.000	45.000	362,125	360,570	99.57%
2014	2015	7,909,780	8.000	37.000	45.000	355,940	355,205	99.79%
2015	2016	10,594,010	16.000	29.000	45.000	476,730	471,674	98.94%
2016	2017	11,231,240	10.000	29.000	39.000	438,018	437,323	99.84%
2017	2018	\$12,128,350	10.000	29.000	39.000	473,006	469,397	99.24%

Estimated for
Year Ending
December 31,
2019

\$12,207,740	4.000	35.000	39.000	\$476,102
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Note:

Property taxes collected in any one year include collection of delinquent property taxes levied in prior years. Information received from the County Treasurer does not permit identification of specific year of levy.

Source: El Paso County Assessor and Treasurer.