

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

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2019

**CREEKWALK MARKETPLACE BUSINESS IMPROVEMENT DISTRICT
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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Creekwalk Marketplace Business Improvement District (“District”), a component unit of the City of Colorado Springs, Colorado, as of and for the year ended December 31, 2019, 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.

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 District as of December 31, 2019, and the changes in its financial position and the respective 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 management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

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 supplementary information, as identified in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

BiggsKofford, P.C.

Colorado Springs, Colorado
May 26, 2020

BASIC FINANCIAL STATEMENTS

**CREEKWALK MARKETPLACE BUSINESS IMPROVEMENT DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2019**

	Governmental Activities
ASSETS	
Cash and Investments	\$ 7,272
Cash and Investments - Restricted	11,365,203
Accounts Receivable	435
Receivable from County Treasurer	566
Property Taxes Receivable	53,580
Capital Assets, Not Being Depreciated	14,437,063
Total Assets	25,864,119
LIABILITIES	
Accounts Payable	24,740
Accrued Interest Payable - Senior Bonds	134,711
Noncurrent Liabilities	
Due in More Than One Year	27,257,809
Total Liabilities	27,417,260
DEFERRED INFLOWS OF RESOURCES	
Property Tax Revenue	53,580
Total Deferred Inflows of Resources	53,580
NET POSITION	
Restricted For:	
Emergency Reserves	600
Debt Service	103,872
Unrestricted	(1,711,193)
Total Net Position	\$ (1,606,721)

See accompanying Notes to Basic Financial Statements.

**CREEKWALK MARKETPLACE BUSINESS IMPROVEMENT DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2019**

	General	Debt Service	Capital Projects	Total Governmental Funds
ASSETS				
Cash and Investments	\$ 7,272	\$ -	\$ -	\$ 7,272
Cash and Investments - Restricted	600	4,632,246	6,732,357	11,365,203
Accounts Receivable	-	435	-	435
Accounts Receivable - County Treasurer	11	555	-	566
Property Taxes Receivable	1,051	52,529	-	53,580
	<u>\$ 8,934</u>	<u>\$ 4,685,765</u>	<u>\$ 6,732,357</u>	<u>\$ 11,427,056</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 14,840	\$ -	\$ 9,900	\$ 24,740
Total Liabilities	14,840	-	9,900	24,740
DEFERRED INFLOWS OF RESOURCES				
Deferred Property Tax Revenue	1,051	52,529	-	53,580
Total Deferred Inflows of Resources	1,051	52,529	-	53,580
FUND BALANCES				
Restricted For:				
Emergencies (TABOR)	600	-	-	600
Debt Service	-	4,633,236	-	4,633,236
Unassigned	(7,557)	-	6,722,457	6,714,900
Total Fund Balances	(6,957)	4,633,236	6,722,457	11,348,736
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 8,934</u>	<u>\$ 4,685,765</u>	<u>\$ 6,732,357</u>	
Amounts reported for governmental activities in the statement of net position are different because:				
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the funds.				
Capital Assets - Not Being Depreciated				14,437,063
Long-term liabilities, including Developer advance payable, are not due and payable in the current period and, therefore, are not reported in the funds.				
Bonds Payable				(26,730,000)
Accrued Interest Payable - Bonds				(134,711)
Developer Advance Payable				(495,776)
Accrued Interest Payable - Developer Advances				(32,033)
Net Position of Governmental Activities				<u>\$ (1,606,721)</u>

See accompanying Notes to Basic Financial Statements.

**CREEKWALK MARKETPLACE BUSINESS IMPROVEMENT DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2019**

	General	Debt Service	Capital Projects	Total Governmental Funds
REVENUES				
Property Taxes	\$ 978	\$ 48,893	\$ -	\$ 49,871
Specific Ownership Taxes	3,578	2,703	-	6,281
Net Investment Income	248	38,615	52,624	91,487
Public Improvement Fees	-	1,763	-	1,763
Other Revenue	15,041	-	-	15,041
Total Revenues	<u>19,845</u>	<u>91,974</u>	<u>52,624</u>	<u>164,443</u>
EXPENDITURES				
Current:				
Accounting	31,760	-	325	32,085
Audit	2,200	-	-	2,200
PIF Collections	1,966	-	-	1,966
County Treasurer's Fees	15	738	-	753
Director's Fees	4,400	-	-	4,400
Payroll Taxes	474	-	-	474
Insurance	1,795	-	-	1,795
Legal	88,900	-	-	88,900
Miscellaneous	15	-	-	15
Debt Service:				
Interest - Bonds	-	453,414	-	453,414
Capital Projects:				
Bond Issue Costs	-	-	846,698	846,698
Capital Outlay	-	-	14,437,063	14,437,063
Total Expenditures	<u>131,525</u>	<u>454,152</u>	<u>15,284,086</u>	<u>15,869,763</u>
EXCESS OF REVENUES OVER EXPENDITURES	(111,680)	(362,178)	(15,231,462)	(15,705,320)
OTHER FINANCING SOURCES				
Developer Advance	117,555	-	14,450,004	14,567,559
Bond Issuance	-	-	26,730,000	26,730,000
Repay Developer Advance	-	-	(14,243,307)	(14,243,307)
Transfer to other Funds	-	-	(4,982,778)	(4,982,778)
Transfer from other Funds	-	4,982,778	-	4,982,778
Total Other Financing Sources	<u>117,555</u>	<u>4,982,778</u>	<u>21,953,919</u>	<u>27,054,252</u>
NET CHANGE IN FUND BALANCES	5,875	4,620,600	6,722,457	11,348,932
Fund Balances - Beginning of Year	<u>(12,832)</u>	<u>12,636</u>	<u>-</u>	<u>(196)</u>
FUND BALANCES - END OF YEAR	<u>\$ (6,957)</u>	<u>\$ 4,633,236</u>	<u>\$ 6,722,457</u>	<u>\$ 11,348,736</u>

See accompanying Notes to Basic Financial Statements.

**CREEKWALK MARKETPLACE BUSINESS IMPROVEMENT DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2019**

Net Change in Fund Balances - Total Governmental Funds \$ 11,348,932

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

Governmental funds report capital outlays as expenditures. In the statement of activities, capital outlay is not reported as an expenditure. However, the statement of activities will report as depreciation expense, the allocation of the cost of any depreciable asset over the estimated useful life of the asset. Capital outlay, the conveyance of capital assets to other governments and depreciation expense in the current period are as follows:

Capital Outlay 14,437,063

The issuance of long-term debt (e.g., bonds, leases, and the receipt of Developer advances) provides current financial resources to governmental funds, while the repayment of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Bond Issuance	(26,730,000)
Developer Advance	(14,567,559)
Repay Developer Advance	14,243,307

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 Developer Advance - Change in Liability	(23,290)
Accrued Interest on Bonds - Change in Liability	(134,711)

Change in Net Position of Governmental Activities \$ (1,426,258)

**CREEKWALK MARKETPLACE BUSINESS IMPROVEMENT DISTRICT
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2019**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property Taxes	\$ 978	\$ 978	\$ 978	\$ -
Specific Ownership Taxes	6,225	3,578	3,578	-
Net Investment Income	-	250	248	(2)
Other Revenue	-	15,041	15,041	-
Total Revenues	<u>7,203</u>	<u>19,847</u>	<u>19,845</u>	<u>(2)</u>
EXPENDITURES				
Current:				
Accounting	20,000	35,000	31,760	3,240
Audit	2,150	2,200	2,200	-
PIF collections	-	-	1,966	(1,966)
County Treasurer's Fees	15	15	15	-
Director's Fees	6,000	6,000	4,400	1,600
Payroll taxes	918	918	474	444
Insurance	1,500	1,800	1,795	5
Legal	40,000	90,000	88,900	1,100
District Management	1,200	1,200	-	1,200
Miscellaneous	3,020	12,567	15	12,552
Dues and Licenses	300	300	-	300
Total Expenditures	<u>75,103</u>	<u>150,000</u>	<u>131,525</u>	<u>18,475</u>
EXCESS OF REVENUES OVER EXPENDITURES	(67,900)	(130,153)	(111,680)	18,473
OTHER FINANCING SOURCES				
Developer Advance	68,000	143,185	117,555	(25,630)
Total Other Financing Sources	<u>68,000</u>	<u>143,185</u>	<u>117,555</u>	<u>(25,630)</u>
NET CHANGE IN FUND BALANCE	100	13,032	5,875	(7,157)
Fund Balance - Beginning of Year	<u>100</u>	<u>(12,832)</u>	<u>(12,832)</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 200</u>	<u>\$ 200</u>	<u>\$ (6,957)</u>	<u>\$ (7,157)</u>

See accompanying Notes to Basic Financial Statements.

**CREEKWALK MARKETPLACE BUSINESS IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 1 DEFINITION OF REPORTING ENTITY

Creekwalk Marketplace Business Improvement District (the District), a quasi-municipal corporation, was organized by ordinance of the City of Colorado Springs (the City) on February 23, 2016, and is governed pursuant to provisions of the Colorado Business Improvement Act (Title 31). The District's service area is located entirely within the City in El Paso County, Colorado. The District was organized to provide the financing, acquisition, construction, completion, installation, replacement, and/or operation and maintenance of all of the services and public improvements allowed under Colorado law for business improvement districts. Specific improvements and services provided by the District include water services, traffic and safety protection, sanitation services, street improvements, parks and recreation, transportation, television relay and translation, mosquito control, security, fire protection and emergency medical.

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

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Government-Wide and Fund Financial Statements

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

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

**CREEKWALK MARKETPLACE BUSINESS IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements (Continued)

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are property taxes. All other revenue items are considered to be measurable and available only when cash is received by the District. The District determined that Developer advances are not considered as revenue susceptible to accrual. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is due.

The District reports the following major governmental funds:

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

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

The Capital Projects Fund is used to account for financial resources to be used for the acquisition and construction of capital equipment and facilities.

**CREEKWALK MARKETPLACE BUSINESS IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets

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

The District amended its annual budget for the year ended December 31, 2019.

Pooled Cash and Investments

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

Property Taxes

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

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

Capital Assets

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

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.

**CREEKWALK MARKETPLACE BUSINESS IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

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

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

Deferred Inflow of Resources

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category. Accordingly, the item, *deferred property tax revenue*, is deferred and recognized as an inflow of resources in the period that the amount becomes available.

Equity

Net Position

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

Fund Balance

Fund balance for governmental funds should be reported in classifications that comprise a hierarchy based on the extent to which the government is bound to honor constraints on the specific purposes for which spending can occur. Governmental funds report up to five classifications of fund balance: nonspendable, restricted, committed, assigned, and unassigned. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications describe the relative strength of the spending constraints:

Nonspendable Fund Balance – The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts or inventory) or legally or contractually required to be maintained intact.

Restricted Fund Balance – The portion of fund balance that is constrained to being used for a specific purpose by external parties (such as bondholders), constitutional provisions, or enabling legislation.

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.

**CREEKWALK MARKETPLACE BUSINESS IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity (Continued)

Fund Balance (Continued)

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

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

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

Deficits

The General Fund reported a deficit in the fund financial statements as of December 31, 2019. The deficit will be eliminated with receipt of funds advanced by Developer in 2020.

NOTE 3 CASH AND INVESTMENTS

Cash and investments as of December 31, 2019, are classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash and Investments	\$ 7,272
Cash and Investments - Restricted	11,365,203
	<u>\$ 11,372,475</u>

Cash and investments as of December 31, 2019, consist of the following:

Deposits with Financial Institutions	\$ 72,211
Investments	11,300,264
Total Cash and Investments	<u>\$ 11,372,475</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.

**CREEKWALK MARKETPLACE BUSINESS IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Deposits with Financial Institutions (Continued)

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, 2019, the District had cash deposits and a bank and carrying balance of \$72,211.

Investments

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

The District generally limits its concentration of investments to those noted with an asterisk (*) below, which are believed to have minimal credit risk, minimal interest rate risk and no foreign currency risk. Additionally, the District is not subject to concentration risk or investment custodial risk disclosure requirements for investments that are in the possession of another party.

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

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

- . Obligations of the United States, certain U.S. government agency securities, and securities of the World Bank
- . General obligation and revenue bonds of U.S. local government entities
- . Certain certificates of participation
- . Certain securities lending agreements
- . Bankers' acceptances of certain banks
- . Commercial paper
- . Written repurchase agreements and certain reverse repurchase agreements collateralized by certain authorized securities
- . Certain money market funds
- . Guaranteed investment contracts
- * Local government investment pools

As of December 31, 2019, the District had the following investments:

Investment	Maturity	Amount
Colorado Local Government Liquid Asset Trust (COLOTRUST)	Weighted average under 60 days	\$ 11,300,264
		\$ 11,300,264

**CREEKWALK MARKETPLACE BUSINESS IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

COLOTRUST

The District invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST) (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all state statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to \$1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST 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 at net asset value as determined by fair value. There are no unfunded commitments, the redemption frequency is daily, and there is no redemption notice period.

NOTE 4 CAPITAL ASSETS

An analysis of the changes in capital assets for the year ended December 31, 2019 follows:

	Balance at December 31, 2018	Additions	Dedication to Other Governments	Balance at December 31, 2019
Capital Assets, Not Being Depreciated:				
Construction in Progress	\$ -	\$ 14,437,063	\$ -	\$ 14,437,063

**CREEKWALK MARKETPLACE BUSINESS IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 5 LONG-TERM OBLIGATIONS

The following is an analysis of the changes in the District's long-term obligations for the year ended December 31, 2019:

	Balance at December 31, 2018	Additions	Retirements	Balance at December 31, 2019	Due Within One Year
G.O. Bonds - Series 2019A	\$ -	\$ 24,230,000	\$ -	\$ 24,230,000	\$ -
G.O. Subordinate Bonds - Series 2019B	-	2,500,000	-	2,500,000	-
Developer Advances					
Operations	153,121	117,555	-	270,676	-
Capital	18,403	14,450,004	14,243,307	225,100	-
Accrued Interest on Developer Advances					
Operations	8,557	16,741	-	25,298	-
Capital	186	6,549	-	6,735	-
	<u>\$ 180,267</u>	<u>\$ 41,320,849</u>	<u>\$ 14,243,307</u>	<u>\$ 27,257,809</u>	<u>\$ -</u>

\$24,230,000 Limited Tax Supported and Special Revenue Senior Bonds, Series 2019A, and \$2,500,000 Limited Tax Supported and Special Revenue Subordinate Bonds, Series 2019B

On July 31, 2019, the District issued \$26,730,000 in Series 2019A Limited Tax Supported and Special Revenue Senior Bonds and Series 2019B Subordinate Bonds. The proceeds from the sale of the Series 2019A Bonds will be used to finance certain public improvements, fund the Senior Reserve Fund, fund capitalized interest to come due on the Series 2019A Bonds, and pay the costs of issuing the Series 2019 Bonds. Proceeds from the sale of the Series 2019B Bonds will be used to finance certain public improvements and pay the costs of issuing the Series 2019 Bonds. The Series 2019A Bonds are secured and payable from pledged tax increment (TIF) revenues in accordance with the Cooperation Agreement, required mill levy revenue not to exceed 50.000 mills, specific ownership tax revenues, and public improvement fees (PIF) payable with respect to certain sales transactions and construction activities occurring within the development. The Series 2019A Bonds are also secured by funds held by the Trustee in the Senior Reserve Fund in the required amount of \$2,119,525 and the Surplus Fund to be funded over time with revenues not to exceed \$1,000,000.

The Series 2019A Bonds, in the amount of \$24,230,000, are term bonds maturing as follows: \$2,730,000 due on December 1, 2029 at an interest rate of 5.000%, \$9,500,000 on December 1, 2039 at 5.500%, and \$12,000,000 on December 1, 2049 at 5.750%. The Series 2019B Subordinate Bonds, in the amount of \$2,500,000, are term bonds due on December 15, 2049 at an interest rate of 8.000%. The Series 2019A and Series 2019B Bonds are subject to redemption prior to maturity beginning in December of 2024 as described in the Indenture.

**CREEKWALK MARKETPLACE BUSINESS IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

The Series 2019A Senior Bonds obligations will mature as follows:

<u>Year Ending December 31,</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ -	\$ 1,349,000	\$ 1,349,000
2021	-	1,349,000	1,349,000
2022	-	1,349,000	1,349,000
2023	245,000	1,349,000	1,594,000
2024	300,000	1,336,750	1,636,750
2025-2029	2,185,000	6,415,750	8,600,750
2030-2034	3,715,000	5,694,000	9,409,000
2035-2039	5,785,000	4,458,150	10,243,150
2040-2044	4,470,000	2,878,163	7,348,163
2045-2049	7,530,000	1,584,413	9,114,413
Total	<u>\$ 24,230,000</u>	<u>\$ 27,763,225</u>	<u>\$ 51,993,225</u>

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

Authorized Debt

On May 3, 2016, a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed \$600,000,000 at an interest rate not to exceed 18% per annum. At December 31, 2019, the District has authorized but unissued indebtedness in the following amounts allocated for the following purposes:

	Authorized May 3, 2016 Election	Authorization Used Series 2019 Bonds	Authorized But Unissued
Street Improvements	\$ 50,000,000	\$ -	\$ 50,000,000
Water Supply Improvements	50,000,000	-	50,000,000
Sanitary Sewer	50,000,000	-	50,000,000
Traffic and Safety	50,000,000	-	50,000,000
Parks and Recreation	50,000,000	-	50,000,000
Transportation	50,000,000	-	50,000,000
Television Relay and Translation	50,000,000	-	50,000,000
Mosquito Control	50,000,000	-	50,000,000
Security	50,000,000	-	50,000,000
Fire Protection and Emergency Medical	50,000,000	-	50,000,000
Operating Plan Debt	50,000,000	26,730,000	23,270,000
Debt Refunding	50,000,000	-	50,000,000
Total	<u>\$ 600,000,000</u>	<u>\$ 26,730,000</u>	<u>\$ 573,270,000</u>

**CREEKWALK MARKETPLACE BUSINESS IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Authorized Debt (Continued)

As set forth in the District's 2016 Operating Plan, the City has limited the amount of debt to be issued by the District to a total of \$50,000,000 without future approval by the City. Upon the issuance of the Series 2019 Bonds, the District issued a total of \$26,730,000 of debt under the Operating Plan, resulting in remaining authorization under the Operating Plan of \$23,270,000 and \$473,270,000 in authorized, but unissued, general obligation indebtedness for capital purposes.

The District may levy up to 50.000 mills for debt service and up to 10.000 mills for general operations and administrative expenses due to the on-going operations and maintenance to be undertaken by the District.

Developer Advances

On March 14, 2018, the District entered into an Operations Reimbursement Agreement with SNA Development LLC. The advances made to the District will accrue interest from the date of the advance to the date of repayment at a rate of 8.00% compounding annually from the date of the advance. The total operations advances made by the Developer to the District totaled \$270,676 with accrued interest of \$25,298 as of December 31, 2019.

NOTE 6 NET POSITION

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

The restricted component of net position consists of assets that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The District had restricted net position as of December 31, 2019, as follows:

	Governmental Activities
Restricted Net Position:	
Emergency Reserves (see Note 10)	\$ 600
Debt Service (see Note 4)	103,872
Total Restricted Net Position	\$ 94,572

The District has a deficit in unrestricted net position. This deficit amount is a result of the District being responsible for the repayment of Developer advances received for operations.

NOTE 7 RELATED PARTIES

The Developer of the property which constitutes the District is SNA Development LLC. The members of the Board of Directors are officers of, employees of, or associated with the Developer and may have conflicts of interest in dealing with the District.

**CREEKWALK MARKETPLACE BUSINESS IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 8 ECONOMIC DEPENDENCY

The District has not yet established a revenue base sufficient to pay operational expenditures. Until an independent revenue base is established, continuation of operations in the District will be dependent upon funding by the Developer.

NOTE 9 AGREEMENTS

Facilities Funding and Reimbursement Agreement

The District entered into a Facilities Funding and Reimbursement Agreement (Agreement) on October 12, 2017 with 1609 South Nevada Avenue, LLC (the Company) whereby the District agrees to reimburse the Company for the costs related to the public improvements within the District. The District agrees to repay the Company along with accrued interest at a rate of 6.0% from the date of acceptance by the District through the date of repayment. The parties agree that no payment shall be required of the District for public improvements acquired under the terms of the Agreement unless and until the District issues debt or has other legally available revenue to repay for the purpose as in an amount sufficient to acquire all or a portion of the completed public improvements. The Parties agree that the Company shall be reimbursed up to \$85,000 as a first priority payment from the proceeds of any debt issued by the District, subject to compliance by the Company with the requirements of this Agreement. Any remaining reimbursement obligation to the Company shall be paid from excess Public Improvement Fee revenue of the District generated from the property owned by the Company up to a total reimbursement amount of \$150,000 plus any accrued interest thereon. As of December 31, 2019, the District owes \$225,100 in principal and \$6,735 in interest for capital advances.

The term of this Agreement shall extend from the date hereof through and including December 31, 2035, unless terminated earlier by the mutual written agreement of the Parties.

Cooperation Agreement

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

NOTE 10 INTERFUND AND OPERATING TRANSFERS

The transfer from the Capital Project Funds to the Debt Service Funds was to fund capitalized interest and the required debt service reserve from bond proceeds.

**CREEKWALK MARKETPLACE BUSINESS IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 11 RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees, or acts of God.

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

The District pays annual premiums to the Pool for liability and workers compensation coverage. In the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool, the Pool may require additional contributions from the Pool members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula.

NOTE 12 TAX, SPENDING AND DEBT LIMITATIONS

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights (TABOR), contains tax, spending, revenue and debt limitations which apply to the State of Colorado and all local governments.

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

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

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

The voters also approved an annual increase in taxes of up to \$5,000,000 at a mill levy rate without limitation or with such limitations as may be determined by the board for the purpose of the District's operations, maintenance, and other expenses and an annual increase in taxes of up to \$25,000,000 at a mill levy rate without limitation or with such limitations as determined by the board for the purpose of the District's capital expenditures. The election also allows the District to collect, spend and retain all revenues without regard to the limitations contained within Article X, Section 20 of the Colorado constitution.

SUPPLEMENTARY INFORMATION

**CREEKWALK MARKETPLACE BUSINESS IMPROVEMENT DISTRICT
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2019**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property Taxes	\$ 48,877	\$ 48,893	\$ 16
Specific Ownership Taxes	-	2,703	2,703
Net Investment Income	400	38,615	38,215
Public Improvement Fees	24,000	1,763	(22,237)
Total Revenues	<u>73,277</u>	<u>91,974</u>	<u>18,697</u>
EXPENDITURES			
County Treasurer's Fees	734	738	(4)
Interest - Bonds	480,000	453,414	26,586
Paying Agent Fees	3,000	-	3,000
Total Expenditures	<u>483,734</u>	<u>454,152</u>	<u>29,582</u>
EXCESS OF REVENUES OVER EXPENDITURES	(410,457)	(362,178)	48,279
OTHER FINANCING SOURCES (USES)			
Transfer from other fund	1,695,720	4,982,778	3,287,058
Total Other Financing Sources	<u>1,695,720</u>	<u>4,982,778</u>	<u>3,287,058</u>
NET CHANGE IN FUND BALANCE	1,285,263	4,620,600	3,335,337
Fund Balance - Beginning of Year	<u>42,492</u>	<u>12,636</u>	<u>(29,856)</u>
FUND BALANCE - END OF YEAR	<u>\$ 1,327,755</u>	<u>\$ 4,633,236</u>	<u>\$ 3,305,481</u>

**CREEKWALK MARKETPLACE BUSINESS IMPROVEMENT DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2019**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Net Investment Income	\$ -	\$ 52,624	\$ 52,624
Total Revenues	<u>-</u>	<u>52,624</u>	<u>52,624</u>
EXPENDITURES			
Current:			
Accounting	-	325	(325)
Cost of Issuance	516,448	846,698	(330,250)
Capital Projects:			
Capital Outlay	16,300,000	14,437,063	1,862,937
Total Expenditures	<u>16,816,448</u>	<u>15,284,086</u>	<u>1,532,362</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(16,816,448)</u>	<u>(15,231,462)</u>	<u>1,584,986</u>
OTHER FINANCING SOURCES (USES)			
Transfer to other fund	(1,695,720)	(4,982,778)	(3,287,058)
Bond Issuance	18,430,000	26,730,000	8,300,000
Developer Advance	16,300,000	14,450,004	(1,849,996)
Repay Developer Advance	(16,217,832)	(14,243,307)	1,974,525
Total Other Financing Sources (Uses)	<u>16,816,448</u>	<u>21,953,919</u>	<u>5,137,471</u>
NET CHANGE IN FUND BALANCE	-	6,722,457	6,722,457
Fund Balance - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ 6,722,457</u>	<u>\$ 6,722,457</u>

OTHER INFORMATION

**CREEKWALK MARKETPLACE BUSINESS IMPROVEMENT DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
YEAR ENDED DECEMBER 31, 2019**

\$24,230,000 Limited Property Tax Supported Revenue Bonds, Series 2019A Dated July 31, 2019 Interest Rates: 5.000%-5.750% Interest Payable June 1 and December 1 Principal Due December 1			
Bonds and Interest Maturing in the Year Ending December 31,	Principal	Interest	Total
2020	\$ -	\$ 1,349,000	\$ 1,349,000
2021	-	1,349,000	1,349,000
2022	-	1,349,000	1,349,000
2023	245,000	1,349,000	1,594,000
2024	300,000	1,336,750	1,636,750
2025	335,000	1,321,750	1,656,750
2026	390,000	1,305,000	1,695,000
2027	430,000	1,285,500	1,715,500
2028	490,000	1,264,000	1,754,000
2029	540,000	1,239,500	1,779,500
2030	605,000	1,212,500	1,817,500
2031	665,000	1,179,225	1,844,225
2032	740,000	1,142,650	1,882,650
2033	805,000	1,101,950	1,906,950
2034	900,000	1,057,675	1,957,675
2035	965,000	1,008,175	1,973,175
2036	1,060,000	955,100	2,015,100
2037	1,150,000	896,800	2,046,800
2038	1,255,000	833,550	2,088,550
2039	1,355,000	764,525	2,119,525
2040	1,425,000	690,000	2,115,000
2041	665,000	608,063	1,273,063
2042	730,000	569,825	1,299,825
2043	790,000	527,850	1,317,850
2044	860,000	482,425	1,342,425
2045	930,000	432,975	1,362,975
2046	1,010,000	379,500	1,389,500
2047	1,085,000	321,425	1,406,425
2048	1,175,000	259,038	1,434,038
2049	3,330,000	191,475	3,521,475
	\$ 24,230,000	\$ 27,763,225	\$ 51,993,225

**CREEKWALK MARKETPLACE BUSINESS IMPROVEMENT DISTRICT
 SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED
 DECEMBER 31, 2019**

Year Ended <u>December 31.</u>	Prior Year Assessed Valuation for Current Year Tax Levy	Mills Levied	<u>Total Property Taxes</u>		Percent Collected to Levied
			<u>Levied</u>	<u>Collected</u>	
2017	\$ 383,620	51.000	\$ 19,565	\$ 19,565	100.00 %
2018	458,870	51.000	23,402	23,402	100.00 %
2019	977,550	51.000	49,855	49,871	100.03 %
Estimated for the Year Ending December 31, 2020	\$ 1,050,580	51.000	\$ 53,580		

NOTE: Property taxes shown as collected in any one year include collection of delinquent property taxes or abatements of property taxes assessed in prior years. This presentation does not attempt to identify specific years of assessments.