

**USAFA VISITOR'S CENTER BUSINESS
IMPROVEMENT DISTRICT
El Paso County, Colorado**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2019

**USAFA VISITOR'S CENTER BUSINESS IMPROVEMENT DISTRICT
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2019**

INDEPENDENT AUDITOR'S REPORT	1
BASIC FINANCIAL STATEMENTS	
GOVERNMENT-WIDE FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION	1
STATEMENT OF ACTIVITIES	2
FUND FINANCIAL STATEMENTS	
BALANCE SHEET – GOVERNMENTAL FUNDS	3
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS	4
RECONCILIATION OF THE STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	5
GENERAL FUND – STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL	6
NOTES TO BASIC FINANCIAL STATEMENTS	7
SUPPLEMENTARY INFORMATION	
CAPITAL PROJECT FUND – SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL	16



INDEPENDENT AUDITOR'S REPORT

Board of Directors
USAFA Visitor's Center 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 USAFA Visitor's Center 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 7, 2020

BASIC FINANCIAL STATEMENTS

**USAFA VISITOR'S CENTER BUSINESS IMPROVEMENT DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2019**

	Governmental Activities
LIABILITIES	
Accounts Payable	\$ 19,054
Noncurrent Liabilities:	
Due in More Than One Year	78,991
Total Liabilities	98,045
 NET POSITION	
Unrestricted	(98,045)
 Total Net Position	\$ (98,045)

See accompanying Notes to Basic Financial Statements.

**USAFA VISITOR'S CENTER BUSINESS IMPROVEMENT DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2019**

		Program Revenues			Net Revenues (Expenses) and Change in Net Position
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
FUNCTIONS/PROGRAMS					
Primary Government:					
Governmental Activities:					
General Government	\$ 96,416	\$ -	\$ -	\$ -	
Interest and Related Costs on Long-Term Debt	1,629	-	-	-	
Total Governmental Activities	\$ 98,045	\$ -	\$ -	\$ -	
				(98,045)	
				CHANGE IN NET POSITION	
				(98,045)	
				Net Position - Beginning of Year	
				-	
				NET POSITION - END OF YEAR	
				\$ (98,045)	

See accompanying Notes to Basic Financial Statements.

**USAFA VISITOR'S CENTER BUSINESS IMPROVEMENT DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2019**

LIABILITIES AND FUND BALANCES	<u>General</u>
LIABILITIES	
Accounts Payable	\$ 19,054
Total Liabilities	<u>19,054</u>
FUND BALANCES	
Unassigned	<u>(19,054)</u>
Total Fund Balances	(19,054)
 Amounts reported for governmental activities in the statement of net position are different because:	
 Long-term liabilities, including Developer advances payable are not due and payable in the current period and, therefore, are not reported in the funds.	
Developer Advance Payable	(77,362)
Accrued Interest Payable - Developer Advance	<u>(1,629)</u>
Net Position of Governmental Activities	<u><u>\$ (98,045)</u></u>

See accompanying Notes to Basic Financial Statements.

**USAFA VISITOR'S CENTER BUSINESS IMPROVEMENT DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2019**

	General
EXPENDITURES	
Current:	
Accounting	\$ 4,206
Legal	<u>92,210</u>
Total Expenditures	<u>96,416</u>
 EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	 (96,416)
 OTHER FINANCING SOURCES (USES)	
Developer Advance	<u>77,362</u>
Total Other Financing Sources (Uses)	<u>77,362</u>
 NET CHANGE IN FUND BALANCES	 (19,054)
 Fund Balances - Beginning of Year	 <u>-</u>
 FUND BALANCES - END OF YEAR	 <u><u>\$ (19,054)</u></u>

See accompanying Notes to Basic Financial Statements.

**USAFA VISITOR'S CENTER BUSINESS IMPROVEMENT DISTRICT
RECONCILIATION OF THE STATEMENTS 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 - Governmental Funds	\$ (19,054)
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Amounts reported for governmental activities in the statement of activities are different because:

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

Developer Advance Receipts	(77,362)
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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	<u>(1,629)</u>
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Change in Net Position of Governmental Activities	<u>\$ (98,045)</u>
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**USAFA VISITOR'S CENTER BUSINESS IMPROVEMENT DISTRICT
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
DECEMBER 31, 2019**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
EXPENDITURES			
Current:			
Accounting	\$ 10,000	\$ 4,206	\$ 5,794
District Management/Consultants	175,000	-	175,000
Dues and Membership	1,000	-	1,000
Insurance	4,000	-	4,000
Legal	50,000	92,210	(42,210)
Miscellaneous	5,000	-	5,000
Total Expenditures	<u>245,000</u>	<u>96,416</u>	<u>148,584</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(245,000)	(96,416)	148,584
OTHER FINANCING SOURCES (USES)			
Developer Advance	250,000	77,362	(172,638)
Total Other Financing Sources (Uses)	<u>250,000</u>	<u>77,362</u>	<u>(172,638)</u>
NET CHANGE IN FUND BALANCE	5,000	(19,054)	(24,054)
Fund Balance - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 5,000</u>	<u>\$ (19,054)</u>	<u>\$ (24,054)</u>

See accompanying Notes to Basic Financial Statements.

**USAFA VISITOR'S CENTER BUSINESS IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 1 DEFINITION OF REPORTING ENTITY

USAFA Visitor's Center Business Improvement District (the District), a quasi-municipal corporation, was organized by ordinance of the City of Colorado Springs (the City) on August 14, 2018 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, including, without limitation, the following types of improvements: water, safety protection, sanitation, dry utilities, streets, curbs, gutters, culverts, drainage facilities, sidewalks, parking facilities, paving, lighting, grading, parks, landscaping and storm and wastewater management facilities and associated land acquisition and remediation. District's service area is located in the designated commercial area within the City of Colorado Springs, El Paso County, Colorado.

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 and intergovernmental revenues.

**USAFA VISITOR'S CENTER 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 net position reports all financial and capital resources of the District. The difference between the assets, deferred outflow of resources, liabilities, and deferred inflow of resources of the District is reported as net position.

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as 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 has 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 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 Capital Projects Fund is used to account for financial resources to be used for the acquisition and construction of capital equipment and facilities.

USAFA VISITOR'S CENTER 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.

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.

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.

**USAFA VISITOR'S CENTER BUSINESS IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity (Continued)

Fund Balance (Continued)

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 the receipt of funds advanced by the Developer in 2020.

NOTE 3 LONG-TERM OBLIGATIONS

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

	Balance - December 31, 2018	Additions	Retirements	Balance - December 31, 2019	Due Within One Year
Developer Advances - Operations	\$ -	\$ 77,362	\$ -	\$ 77,362	\$ -
Accrued Interest: Developer Advances - Operations	-	1,629	-	1,629	-
Total	<u>\$ -</u>	<u>\$ 78,991</u>	<u>\$ -</u>	<u>\$ 78,991</u>	<u>\$ -</u>

**USAFA VISITOR'S CENTER BUSINESS IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 3 LONG-TERM OBLIGATIONS (CONTINUED)

Authorized Debt

At an election held on November 6, 2018, the eligible electors of the District voting at such Election authorized the issuance of a total of \$565,000,000 of indebtedness for various categories of capital expenditures and services, plus additional authorization in the amount of \$150,000,000 for refunding purposes, as more fully set forth below.

	Authorized November 7, 2017 Election	Remaining at December 31, 2019
Revenue Debt	\$ 50,000,000	\$ 50,000,000
Water	50,000,000	50,000,000
Sanitation	50,000,000	50,000,000
Streets	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
Dry Utilities	50,000,000	50,000,000
Mosquito	5,000,000	5,000,000
Security Services and Improvements	50,000,000	50,000,000
Business Recruitment	50,000,000	50,000,000
Operations and maintenance	10,000,000	10,000,000
Refunding	150,000,000	150,000,000
Reimbursement agreements	50,000,000	50,000,000
Total	\$ 715,000,000	\$ 715,000,000

As set forth in the District's 2019 Operating Plan, the City has limited the amount of debt to be issued by the District to a total of \$80,000,000 without further approval by the City.

The District anticipates issuing \$73,685,000 in general obligation debt in the year ending December 31, 2020 as set forth in the budget for the year ending December 31, 2020.

Developer Advances

The District has entered into Funding and Reimbursement Agreements with the Developer as follows:

Operations and Administrative Reimbursement Agreement

On December 19, 2018, the District entered into an Operations and Administrative Reimbursement Agreement to repay advances made by the Developer for operations and maintenance (O&M) and administrative costs. The District agreed to repay the Developer for such advances plus accrued interest at the rate of 7.00% beginning on the date of the advance to the date of repayment. As of December 31, 2019, outstanding Developer advances under the agreement totaled \$77,362 and accrued interest totaled \$1,629.

**USAFA VISITOR'S CENTER BUSINESS IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 3 LONG-TERM OBLIGATIONS (CONTINUED)

Developer Advances (Continued)

Facilities Funding and Acquisition Agreement

On December 19, 2018, the District entered into a Facilities Funding and Acquisition Agreement to repay advances or costs incurred by the Developer for capital infrastructure costs. The District has agreed to repay the Developer for such advances or improvements plus accrued interest at the rate of 8.00% from the date of the expenditure through the date of repayment. The repayment is anticipated to come from future bond issuances of the District. This agreement terminates on December 31, 2048, unless terminated earlier by the mutual written agreement of the parties. Any amount of principal and accrued interest outstanding at such time shall be deemed to be forever discharged and satisfied in full. As of December 31, 2019, no outstanding Developer advances due under this agreement.

NOTE 4 NET POSITION

The District has net position consisting of one component - unrestricted.

The District's unrestricted net position as of December 31, 2019 is \$(98,045). This deficit amount is a result of the District being responsible for the repayment of developer advances received for operations.

NOTE 5 RELATED PARTIES

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

NOTE 6 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.

**USAFA VISITOR'S CENTER BUSINESS IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 7 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 (the 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, property and public officials' liability 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 8 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.

At an election held on November 6, 2018, the voters approved an annual increase in taxes of up to \$10,000,000 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. The election also allows the District to retain all revenues without regard to the limitations contained in Article X, Section 20 of the Colorado constitution.

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.

**USAFA VISITOR'S CENTER BUSINESS IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 9 SUBSEQUENT EVENTS

Redevelopment Agreement

During 2020, the District anticipates to entering into an Urban Renewal Agreement for Redevelopment of the area defined in the Urban Renewal Plan (Agreement) with the Developer and Colorado Springs Urban Renewal Authority (Authority). The purposes of this agreement are to renew and improve the environment, enhance the current sales tax base and property tax base, effectively use undeveloped land and promote improved traffic, public transportation, public utilities, and community facilities within the Project Area. In order to facilitate the funding by the District, the Authority agrees to remit, on a monthly basis, all District Property Tax Increment Revenues, to the extent the Authority receives the same from the County. The District agrees to use all District Property Tax Increment Revenues to fund costs related to the redevelopment of the Project Area, as described in further detail in the Cooperation Agreement.

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

Pledge Agreement

On February 12, 2020, the District and the Authority have entered into a Pledge Agreement (Pledge Agreement) whereby the Authority agreed to remit to the District, or as otherwise directed by the District, all revenues comprising the Authority Pledged Revenues (as defined in the Pledge Agreement). Such Authority Pledged Revenues include, but are not limited to, the Pledged Revenues described in this Agreement. To the extent conflict may exist between the Pledge Agreement and this Agreement relative to the District and the Pledged Revenues, the Pledge Agreement shall control.

District Sublease

During 2020, the District entered into a District Sublease with the Developer, pursuant to which the District will construct the Visitors Center, among other things. The District agrees to construct the Visitor's Center in accordance with the requirements of the Resolution and the District Sublease. The Parties acknowledge that the District Sublease requires, among other things, that upon substantial completion of the construction of the Visitor's Center, the District is obligated to transfer the Visitor's Center to the Lessor and that upon such transfer the District Sublease will terminate.

SUPPLEMENTARY INFORMATION

**USAFA VISITOR'S CENTER BUSINESS IMPROVEMENT DISTRICT
CAPITAL PROJECT 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)
OTHER FINANCING SOURCES (USES)			
Developer Advance	\$ 250,000	\$ -	\$ (250,000)
Total Other Financing Sources (Uses)	<u>250,000</u>	<u>-</u>	<u>(250,000)</u>
NET CHANGE IN FUND BALANCE	250,000	-	(250,000)
Fund Balance - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 250,000</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (250,000)</u></u>