

**COLORADO SPRINGS DOWNTOWN
DEVELOPMENT AUTHORITY
El Paso County, Colorado**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEARS ENDED DECEMBER 31, 2023 AND 2022

**COLORADO SPRINGS DOWNTOWN DEVELOPMENT AUTHORITY
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Colorado Springs Downtown Development Authority
Colorado Springs, Colorado

Opinion

We have audited the financial statements of the governmental activities and each major fund of the Colorado Springs Downtown Development Authority (Authority), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

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 Authority, as of December 31, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

INDEPENDENT AUDITORS' REPORT - CONTINUED

February 29, 2024

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Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit 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 Authority's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

INDEPENDENT AUDITORS' REPORT - CONTINUED

February 29, 2024

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opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The Summary of Assessed Valuation, Mill Levy, and Property Taxes Collected and the Summary of Incremental Assessed Valuation, Mill Levy, and Incremental Property Taxes Collected (supplementary information) are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such 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. The 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 State 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.

Erickson, Brown & Kloster, LLC

Colorado Springs, Colorado

February 29, 2024

**COLORADO SPRINGS DOWNTOWN DEVELOPMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED DECEMBER 31, 2023 AND 2022**

The management of Colorado Springs Downtown Development Authority (the Authority) offers the readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the year ended December 31, 2023.

Financial Highlights

- Net position increased \$633,832 in 2023 (16.3%).
- Change in net position went from \$479,348 in 2022 to \$633,832 in 2023.
- Total revenues decreased \$71,738 in 2023 (2.3%).
- Total expenses decreased \$226,222 from \$2,588,275 to \$2,362,053 in 2023, a decrease of 8.7%.
- The Authority capitalized \$546,951 with the finalization of the AdAmAn Alley project.

Overview of the Financial Statements

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

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

The statement of net position presents information on all of the Authority's assets, deferred outflows of resources and liabilities and deferred inflows of resources, with the difference reported as net position.

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

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

**COLORADO SPRINGS DOWNTOWN DEVELOPMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED DECEMBER 31, 2023 AND 2022**

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

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

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

The Authority maintains one major governmental fund (general fund). Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for this fund.

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

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

Notes to financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to financial statements can be found on pages 7-23 of this report.

Supplementary and Other information. Information on taxes levied and collected can be found on pages 25 and 26 of the report.

**COLORADO SPRINGS DOWNTOWN DEVELOPMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED DECEMBER 31, 2023 AND 2022**

	December 31,	
	2023	2022
ASSETS		
Current Assets	\$ 3,681,955	\$ 3,221,946
Other Assets	3,416,356	2,551,337
Capital Assets, Net	881,039	749,750
Total Assets	7,979,350	6,523,033
DEFERRED OUTFLOWS OF RESOURCES		
Grants	-	66,667
Total Deferred Outflows of Resources	-	66,667
LIABILITIES		
Current Liabilities	35,809	78,343
Grant Payable	-	66,667
Total Liabilities	35,809	145,010
DEFERRED INFLOWS OF RESOURCES		
Property Tax Revenue	1,103,233	951,166
Increment Revenue	2,313,123	1,600,171
Total Deferred Inflows of Resources	3,416,356	2,551,337
NET POSITION		
Net Investment in Capital Assets	881,039	346,785
Restricted for:		
TIF	1,616,914	1,110,245
Emergency Reserve	89,900	87,600
Unrestricted	1,939,332	2,348,723
Total Net Position	\$ 4,527,185	\$ 3,893,353

Net position may serve as a useful indicator for the Authority's financial position. In the Authority's case, 2023 and 2022 ended with total assets valued at \$7,979,350 and \$6,523,033, respectively, with outstanding liabilities of \$35,809 and \$145,010, respectively. The Authority's assets consist primarily of cash and investments, current receivables, and fixed assets.

Other assets increased by \$865,019 due to increases in property taxes receivable and incremental tax receivable.

Net capital assets increased by \$534,254 due to the construction and capitalization of AdAmAn Alleyway.

Liabilities decreased by \$109,201 due to the decrease in grant payables and accounts payables.

**COLORADO SPRINGS DOWNTOWN DEVELOPMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED DECEMBER 31, 2023 AND 2022**

	December 31,	
	2023	2022
REVENUES		
General Revenues:		
Property Taxes	\$ 940,661	\$ 910,294
Incremental Property Taxes	1,582,961	1,369,045
Specific Ownership Taxes	113,434	107,996
Miscellaneous Income	12,726	32,098
Capital Grants and Contributions	138,111	404,975
Gain on Sale	-	140,009
Advertising	9,860	4,900
Rent Income	-	21,450
Interest Income	198,132	76,856
Total Revenues	2,995,885	3,067,623
EXPENSES		
General Government	2,362,053	2,196,127
Forgiveness of Loan Receivable	-	392,148
Total Expenses	2,362,053	2,588,275
CHANGES IN NET POSITION	633,832	479,348
Net Position - Beginning of Year	3,893,353	3,414,005
NET POSITION - END OF YEAR	\$ 4,527,185	\$ 3,893,353

The Authority's total revenue decreased by \$71,738 due primarily to a decrease in Capital Contributions and gain on sales, offset by an increase in property taxes and interest.

The Authority's net position increased \$633,832 due primarily to increased tax revenue and decrease in total expenses.

Financial Analysis of the Government's Funds

The Authority uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

At the end of the current fiscal year, the Authority's governmental fund reported ending fund balances of \$3,646,146. Of this balance, \$23,943 was nonspendable due to a prepaid amount recorded at year-end, \$1,616,914 was restricted to be used with TIF projects, and \$89,900 was restricted for emergencies (TABOR).

**COLORADO SPRINGS DOWNTOWN DEVELOPMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED DECEMBER 31, 2023 AND 2022**

General Fund Budgetary Highlights

Total expenditures of 2023 are below the budgeted amount by \$2,022,370. The difference between the budgeted revenue of \$2,721,404, and the actual revenue of \$2,995,885 was \$274,481.

Request for Information

This report is designed to provide a general overview of the Authority's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

Colorado Springs Downtown Development Authority
111 S. Tejon Street, Suite 703
Colorado Springs, CO 80903

BASIC FINANCIAL STATEMENTS

**COLORADO SPRINGS DOWNTOWN DEVELOPMENT AUTHORITY
STATEMENT OF NET POSITION
DECEMBER 31, 2023**

	Governmental Activities
ASSETS	
Cash and Investments	\$ 1,922,357
Cash and Investments - Restricted	1,706,814
Accounts Receivable - County Treasurer	10,648
Miscellaneous Accounts Receivable	1,000
Short-Term Loan Receivable - Net of Allowance for Doubtful Accounts	17,193
Prepaid Expenses	23,943
Property Taxes Receivable	1,103,233
Incremental Tax Receivable	2,313,123
Capital Assets, Net	881,039
Total Assets	7,979,350
LIABILITIES	
Accounts Payable	35,809
Total Liabilities	35,809
DEFERRED INFLOWS OF RESOURCES	
Deferred Property Tax Revenue	1,103,233
Deferred Incremental Property Tax Revenue	2,313,123
Total Deferred Inflows of Resources	3,416,356
NET POSITION	
Net Investment in Capital Assets	881,039
Restricted for:	
Emergency Reserve	89,900
TIF	1,616,914
Unrestricted	1,939,332
Total Net Position	\$ 4,527,185

See accompanying Notes to Basic Financial Statements.

**COLORADO SPRINGS DOWNTOWN DEVELOPMENT AUTHORITY
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023**

		Program Revenues			Net Revenues (Expenses) and Change in Net Position
FUNCTIONS/PROGRAMS	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Primary Government:					
Governmental Activities:					
General Government	\$ 2,362,053	\$ -	\$ 1,582,961	\$ 138,111	\$ (640,981)
Total Governmental Activities	\$ 2,362,053	\$ -	\$ 1,582,961	\$ 138,111	(640,981)
GENERAL REVENUES					
Property Taxes					940,661
Specific Ownership Taxes					113,434
Miscellaneous Income					12,726
Advertising					9,860
Interest Income					198,132
Total General Revenues					1,274,813
CHANGE IN NET POSITION					633,832
Net Position - Beginning of Year - Restated					3,893,353
NET POSITION - END OF YEAR					\$ 4,527,185

See accompanying Notes to Basic Financial Statements.

**COLORADO SPRINGS DOWNTOWN DEVELOPMENT AUTHORITY
BALANCE SHEET GOVERNMENTAL FUND
YEAR ENDED DECEMBER 31, 2023**

	<u>General Fund</u>
ASSETS	
Cash and Investments	\$ 1,922,357
Cash and Investments - Restricted	1,706,814
Miscellaneous Accounts Receivable	1,000
Accounts Receivable - County Treasurer	10,648
Property Taxes Receivable	1,103,233
Incremental Property Tax Receivable	2,313,123
Short-Term Loan Receivable - Net of Allowance for Doubtful Accounts	17,193
Prepaid Expenses	<u>23,943</u>
Total Assets	<u><u>\$ 7,098,311</u></u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	
LIABILITIES	
Accounts Payable	<u>\$ 35,809</u>
Total Liabilities	35,809
DEFERRED INFLOWS OF RESOURCES	
Property Tax Revenue	1,103,233
Tax Increment Revenue	<u>2,313,123</u>
Total Deferred Inflows of Resources	3,416,356
FUND BALANCES	
Nonspendable:	
Prepaid Expenses	23,943
Restricted For:	
Emergencies (TABOR)	89,900
TIF	1,616,914
Assigned for:	
Board Designated Projects	1,682,501
Unassigned	<u>232,888</u>
Total Fund Balances	<u><u>3,646,146</u></u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u><u>\$ 7,098,311</u></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 in the funds.	
Capital Assets, Net	<u>\$ 881,039</u>
Net Position of Governmental Activities	<u><u>\$ 4,527,185</u></u>

See accompanying Notes to Basic Financial Statements.

**COLORADO SPRINGS DOWNTOWN DEVELOPMENT AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND
YEAR ENDED DECEMBER 31, 2023**

REVENUES

Property Taxes	\$ 940,661
Incremental Property Taxes	1,582,961
Specific Ownership Taxes	113,434
Advertising	9,860
Miscellaneous Income	12,726
Net Investment Income	198,132
Contributed Capital	138,111
Total Revenues	2,995,885

EXPENDITURES

Administrative	75,916
Board Support	3,618
Professional Services	30,563
Other Administrative	2,963
Program	1,177,434
Artspace	1,635
Gateway	10,465
TIF	1,190,748
Total Expenditures	2,493,342

**EXCESS OF REVENUES OVER (UNDER)
EXPENDITURES**

502,543

NET CHANGES IN FUND BALANCE

502,543

Fund Balance - Beginning of Year

3,143,603

FUND BALANCE - END OF YEAR

\$ 3,646,146

See accompanying Notes to Basic Financial Statements.

**COLORADO SPRINGS DOWNTOWN DEVELOPMENT AUTHORITY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE OF THE GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023**

Net Change in Fund Balances - Governmental Funds	\$ 502,543
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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	143,986
Depreciation Expense	<u>(12,697)</u>

Change in Net Position of Governmental Activities	<u>\$ 633,832</u>
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**COLORADO SPRINGS DOWNTOWN DEVELOPMENT AUTHORITY
GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE – BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2023**

	Original and Final Budget	Actual	Variance with Budget Positive (Negative)
REVENUES			
Property Taxes	\$ 945,352	\$ 940,661	\$ (4,691)
Incremental Property Taxes	1,613,317	1,582,961	(30,356)
Specific Ownership Taxes	94,535	113,434	18,899
Advertising	7,000	9,860	2,860
Miscellaneous Income	14,000	12,726	(1,274)
Net Investment Income	47,200	198,132	150,932
Contributed Capital	-	138,111	138,111
Total Revenues	2,721,404	2,995,885	274,481
EXPENDITURES			
Administrative:			
Contract for Services/Admin	60,790	60,790	-
Treasurer's Collection Fee/Mill	14,180	14,166	14
Legal Notices	100	52	48
Bank Service Charges	1,000	908	92
Board Support:			
Board Development	500	-	500
Board Meeting Expenses	250	47	203
Insurance - Directors and Officers	3,554	3,571	(17)
Professional Services:			
Accounting/Audit	13,500	20,700	(7,200)
Accounting/Services	8,000	8,943	(943)
Legal Fees	20,000	920	19,080
Other Administrative:			
Community Relations	1,000	-	1,000
Membership & Subscriptions	1,230	1,849	(619)
Travel	1,000	1,114	(114)
Program:			
Contract for Srvc's Prgrm Adm	584,210	584,210	-
Grants	35,000	35,000	-
Research/Market Reports	25,500	27,751	(2,251)
Marketing/Branding	200,000	182,786	17,214
Miscellaneous	1,000	1,758	(758)
Projects	150,000	150,000	-
Job Retention	20,000	20,000	-
Business Development	400,000	175,929	224,071
Artspace:			
Miscellaneous	-	1,635	(1,635)
Gateways and Alleyways:			
Commercial Liability Insurance	3,788	2,905	883
Repairs and Maintenance	6,100	2,510	3,590
Utilities	6,000	5,050	950
TIF:			
TIF SD11 IGA	184,810	180,696	4,114
TIF Reimbursements	400,000	397,249	2,751
Treasurers Collection Fee/TIF	24,200	23,830	370
Project - TIF	2,000,000	89,305	1,910,695
Job Incentives	50,000	-	50,000
Grants - TIF	300,000	499,668	(199,668)
Total Expenditures	4,515,712	2,493,342	2,022,370
EXCESS REVENUES OVER (UNDER) EXPENDITURES	(1,794,308)	502,543	2,296,851
NET CHANGE IN FUND BALANCE	(1,794,308)	502,543	2,296,851
Fund Balance - Beginning of Year	2,658,877	3,143,603	484,726
FUND BALANCE - END OF YEAR	\$ 864,569	\$ 3,646,146	\$ 2,781,577

See accompanying Notes to Basic Financial Statements.

COLORADO SPRINGS DOWNTOWN DEVELOPMENT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1 DEFINITION OF REPORTING ENTITY

Colorado Springs Downtown Development Authority (Authority), was established in January 2007 by the City Council of Colorado Springs, Colorado (the City). The Authority was organized for the public health, safety, prosperity, security, and welfare of Downtown in order to halt or prevent deterioration of property values or structures within the central business district, to assist in the planning, development, and redevelopment of this district. Operations are financed primarily by tax revenues collected on real and personal property located within the central business district.

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

The Authority is not financially accountable for any other organization.

An 11-member Board of Directors, as provided by the City, Ordinance 07-15, governs the Authority.

The Authority has no employees, and all operations and administrative functions are contracted. The Authority normally enters into a short-term Contract to Services Agreement with the Downtown Partnership of Colorado Springs (Partnership), a non-profit corporation. Under this service agreement, the Partnership agrees to manage and administer the Authority in accordance with the Authority's Budget and Scope of Work.

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Government-Wide and Fund Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These financial statements include all of the activities of the Authority.

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

**COLORADO SPRINGS DOWNTOWN DEVELOPMENT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

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 operation 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.

Government fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Authority considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are property tax and incremental property tax. All other revenue items are considered to be measurable and available only when cash is received by the Authority. Expenditures, other than long-term obligations, are recorded when the liability is incurred or the long-term obligation is due.

The Authority reports the following major governmental funds:

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

Budgets

In accordance with the State Budget Law, the Authority'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 level and lapses at year-end. The Authority'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.

**COLORADO SPRINGS DOWNTOWN DEVELOPMENT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pooled Cash and Investments

The Authority follows the practice of pooling cash and investments of all programs 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 programs based upon each program's average equity balance in the total cash and investments.

Property Taxes

Property taxes are levied by the Authority'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 Authority.

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.

Incremental Property Taxes

The Authority receives incremental property tax revenue for the Downtown Development area. Incremental property tax revenues are the property tax revenues in excess of an amount equal to the ad valorem property taxes produced by the levy at the rates fixed for such year by or for the governing bodies of the various taxing jurisdictions within or overlapping the Downtown Development area upon a valuation for assessment equal to the property tax base amount. The property tax base amount is certified by the County Assessor as the valuation for assessment of all taxable property within the Downtown Development area last certified by the County Assessor prior to the adoption of the Downtown Development plan. The base amount may be proportionately adjusted for general reassessments in accordance with Colorado law.

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

**COLORADO SPRINGS DOWNTOWN DEVELOPMENT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Incremental Property Taxes (Continued)

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

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 Authority as assets with an initial, individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at 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 investment in capital assets.

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 following estimated economic useful lives:

Buildings and Improvements	40 Years
Monument Signs	30 Years

Grants

The Authority recognizes long term grants payable in the statement of net position and as an expense in the statement of activities when all applicable eligibility requirements, including the time requirements, are met. If all applicable eligibility requirements except a time requirement are met, the grants are recognized as a long term liability and a deferred outflow of resources in the statement of net position.

Deferred Inflow/Outflow of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The Authority as one item that qualifies for reporting in this category. Accordingly, the item, Grants, is deferred and recognized as an outflow of resources in the period that the amount is incurred.

COLORADO SPRINGS DOWNTOWN DEVELOPMENT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Inflow/Outflow of Resources (Continued)

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 Authority has two items that qualify for reporting in this category. Accordingly, the item, *deferred property tax revenue and deferred incremental property tax*, are 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 Authority's practice to use restricted resources first, then unrestricted resources as they are needed.

Fund Balance

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

- *Nonspendable Fund Balance* – The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts or inventory) or legally or contractually required to be maintained intact.
- *Restricted Fund Balance* – The portion of fund balance that is constrained to being used for a specific purpose by external parties (such as bondholders), constitutional provisions, or enabling legislation.
- *Committed Fund Balance* – The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the Board of 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.

**COLORADO SPRINGS DOWNTOWN DEVELOPMENT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 CASH AND INVESTMENTS

Cash and investments as of December 31, 2023 are classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash and Investments	\$ 1,922,357
Cash and Investments - Restricted	1,706,814
Total Cash and Investments	\$ 3,629,171

Cash and investments as of December 31, 2023 consist of the following:

Deposits with Financial Institutions	\$ 45,198
Investments	3,583,973
Total Cash and Investments	\$ 3,629,171

Deposits with Financial Institutions

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least 102% of the aggregate uninsured deposits.

The State Commissioners for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

At December 31, 2023, the Authority’s cash deposits had a bank balance of \$62,818 and a carrying balance of \$45,198.

Restricted cash included Emergency Reserves as required by Article X, Section 20 of the Constitution of the state of Colorado (see Note 12) of \$89,900 at December 31, 2023.

Investments

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

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

**COLORADO SPRINGS DOWNTOWN DEVELOPMENT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Investments (Continued)

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, 2023, the Authority had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Colorado Local Government Liquid Asset Trust (COLOTRUST)	Weighted-Average Under 60 Days	<u>\$ 3,583,973</u>

COLOTRUST

The Authority 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 that the Authority 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.

**COLORADO SPRINGS DOWNTOWN DEVELOPMENT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 4 CAPITAL ASSETS

An analysis of the changes in capital assets for the year ended December 31, 2023 follows:

	Balance at December 31, 2022	Increases	Decreases	Balance at December 31, 2023
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Construction in Progress	\$ 402,965		\$ 402,965	\$ -
Total Capital Assets, Not Being Depreciated	\$ 402,965	\$ -	\$ 402,965	\$ -
Capital Assets, Being Depreciated:				
AdAmAn Alleyway	\$ -	\$ 546,951	\$ -	\$ 546,951
Monument Signs	380,924	-	-	380,924
Total Capital Assets, Being Depreciated	380,924	546,951	-	927,875
Less Accumulated Depreciation for:				
Monument Signs	(34,139)	(12,697)	-	(46,836)
Total Accumulated Depreciation	(34,139)	(12,697)	-	(46,836)
Total Capital Assets Being Depreciated, Net	\$ 346,785	\$ 534,254	\$ -	\$ 881,039

Depreciation expense was charged to functions/programs of the District as follows:

Governmental Activities:	
General Government	\$ 12,697
Total Depreciation Expense - Governmental Activities	\$ 12,697

**COLORADO SPRINGS DOWNTOWN DEVELOPMENT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 5 NET POSITION

The Authority has net position consisting of three components – 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 balance of bonds that are attributable to the acquisition, construction, or improvement of those assets. As of December 31, 2023, the Authority had net investment in capital assets calculated as follows:

Net Investment in Capital Assets:	
Capital Assets, Net	\$ 881,039
Net Investment in Capital Assets	<u>\$ 881,039</u>

Restricted assets include net position that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The Authority had restricted net position as of December 31, 2023 as follows:

Restricted Net Position:	
TIF	\$ 1,616,914
Emergencies	89,900
Total Restricted Net Position	<u>\$ 1,706,814</u>

The Authority’s unrestricted net position as of December 31, 2023 is \$1,939,332.

Incremental property taxes received by the Authority are restricted by the City of Colorado Springs to be used to support the plan of development – currently the Experience Downtown Plan.

NOTE 6 COMMITMENTS AND CONTINGENCIES

Job Retention Agreement

On May 21, 2013, the Authority entered into an agreement with a significant downtown employer for the purpose of job retention. The agreement provides for 20 annual payments of \$20,000 beginning April 1, 2014. The payments are contingent upon the employer having entered into a 20-year lease extension, not defaulting on the terms of the lease, remaining in the leased property through March 31, 2034, maintaining its corporate headquarters at the leased facility, maintaining at least 200 employees at the Colorado Square location, and annual appropriation by the Authority’s Board of Directors.

During 2009 and again in 2013, the corporation entered into an agreement with the Authority to maintain its headquarters in the downtown area of Colorado Springs, beginning April 1, 2010 and ending March 31, 2034. The Authority’s goal is to promote economic strength, vitality and increase the number of workers in the downtown area, as well as indirectly support regional and local workers.

**COLORADO SPRINGS DOWNTOWN DEVELOPMENT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 6 COMMITMENTS AND CONTINGENCIES (CONTINUED)

Job Retention Agreement (Continued)

The terms stipulate the Authority will make annual payments of \$20,000, to the corporation, for a period not to exceed 20 years. As of December 31, 2023, both parties have complied with the aforementioned agreement, and assuming both parties comply with the terms in the future, the Authority will make eleven additional payments to the corporation.

BombBomb Agreement

On November 6, 2019, the Authority entered into an agreement with BombBomb, Inc. (BombBomb) for the purpose of job retention. The agreement provided for five annual payments, beginning March 30, 2020, not to exceed \$250,000 in total, nor \$50,000 for any grant year. The payments are contingent upon BombBomb meeting hiring performance requirements in each grant year. During 2021, payments under this agreement were mutually waived to allow for more resources for the DDA Small Business Relief Grant Fund. During 2022 and 2023, no payments were made under the agreement.

BlueStaq Agreement

In 2019, the Authority entered into an agreement with the BlueStaq, LLC., for the purpose of promoting job growth in the Colorado Springs Downtown area. The agreement provides \$10,000 in total grant money. As of 2023, \$6,300 was paid under this agreement, reducing the remaining grant funds available to \$-0-.

USOPM

In December 2021, the Authority approved a grant to the US Olympic and Paralympic Museum in the amount of \$200,000, to be paid in three annual installments. During 2022, the Authority agreed to accelerate the installment payments to be paid in two years. As of December 31, 2023, \$200,000 was paid under this agreement.

Marriott Hotel Agreement

On January 11, 2022, the Authority entered into an agreement with the Marriott Hotel for the purposes of Energy Efficiency Elements. The agreement provides for \$50,000 in total grant money. In 2023, \$50,000 of payments were made under this agreement.

122 North Tejon St. Agreement

On September 13, 2022, the Authority entered into an agreement with Munchies for the purpose of a Building Enhancement Grant. The agreement provides for \$30,000 in total grant money. In 2023, \$4,500 payments were made under this agreement, reducing the remaining grant funds available to \$-0-.

21 South Wahsatch Ave. Agreement

On October 11, 2022, the Authority entered into an agreement with Partners in Housing for the purpose of an Exterior Enhancement Grant. The agreement provides for \$40,085 in total grant money. In 2023, \$40,085 of payments were made under this agreement.

**COLORADO SPRINGS DOWNTOWN DEVELOPMENT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 6 COMMITMENTS AND CONTINGENCIES (CONTINUED)

220 East Cimarron Agreement

On October 11, 2022, the Authority entered into an agreement with Travelers Uptown Motel/Modern Motel for the purpose of an Exterior Enhancement Grant. The agreement provides for \$50,000 in total grant money. In 2023, \$39,500 in payments were made under this agreement, reducing the remaining grant funds available to \$-0-.

111 East Pikes Peak Ave. Agreement

On December 13, 2022, the Authority entered into an agreement with Lemon Lodge Ski Bar for the purpose of a Retail Incentive Grant. The agreement provides for an amount not to exceed \$25,000 in total grant money, assuming the conditions of the Grant are met. In 2023, \$25,000 in payments were made under this agreement.

ICONS Agreement

On December 13, 2022, the Authority entered into an agreement with ICONS for the purpose of a Safety Enhancement Grant. The agreement provides for \$100,000 in total grant money. In 2023, \$100,000 in payments were made under this agreement.

4 South Wahsatch Ave. Agreement

On February 14, 2023, the Authority entered into an agreement with Provision Bread & Bakery for the purpose of a Retail Incentive Grant. The agreement provides for \$50,000 in total grant money. In 2023, \$50,000 in payments were made under this agreement.

10 North Wahsatch Ave. Agreement

On November 30, 2023, the Authority entered into an agreement with Clay Venues, LLC for the purpose of a Building Enhancement Grant. The agreement provides for \$8,000 in total grant money. In 2023, no payments were made under this agreement.

116-120 Pueblo Ave. Agreement

On May 9, 2023, the Authority entered into an agreement with 106 PA, LLC for the purpose of a Building Enhancement Grant. The agreement provides for \$25,000 in total grant money. In 2023, no payments were made under this agreement.

323-327 North Tejon Street Agreement

On March 14, 2023, the Authority entered into an agreement with Agora, LLC for the purpose of a Building Enhancement Grant. The agreement provides for \$25,000 in total grant money. In 2023, \$25,000 in payments were made under this agreement.

111 West Cimarron Street Agreement

On May 15, 2023, the Authority entered into an agreement with Exponential Impact for the purpose of Tenant Improvements. The agreement provides for \$50,000 in total grant money. In 2023, no payments were made under this agreement.

**COLORADO SPRINGS DOWNTOWN DEVELOPMENT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 6 COMMITMENTS AND CONTINGENCIES (CONTINUED)

Colorado Springs Pioneers Museum Agreement

On August 11, 2023, the Authority entered into an agreement with the Colorado Springs Pioneers Museum for the purpose of a Building Enhancement Grant. The agreement provides for \$25,000 in total grant money. In 2023, \$25,000 in payments were made under this agreement.

NOTE 7 CONTRACT FOR SERVICES

The Authority entered into a Contract for Service Agreement with the Downtown Partnership of Colorado Springs (Partnership) for a 12-month period ending December 31, 2023. Terms of the agreement specify that the partnership would manage and administer the Authority in accordance with the 2023 budget and operating plan. The Partnership's compensation under the agreement was \$645,000.

Effective January 1, 2024, the Authority entered into an agreement, similar to the above, for 2023 services. The Partnership's total compensation under this agreement is \$710,000.

NOTE 8 TIF REIMBURSEMENT AGREEMENTS

Blue Dot Place

In November 2014, the Authority entered into an agreement with a developer to allocate under Colorado Revised Statutes tax increment financing to assist in the construction of downtown apartments. Under this agreement, the Authority will back the developer with 100% of the net tax increment generated by and attributable to the residential portion of the property for the TIF period (property tax increment rebate). The TIF allocation is calculated by subtracting the property taxes generated annually based on the valuation of the property for each year following the effective date. The total allocation is then reduced by the increment due to a local school district, and 0.5% annual administration fee paid to the Authority. The developer shall only be eligible to receive a rebate of taxes in the actual amount paid. Construction was completed and the apartments were available for occupancy as of January 29, 2016. In 2023, \$26,858 was paid under this agreement.

117-119 East Bijou LLC and 117-121 Bijou LLC

August 25, 2016, the Authority entered into an agreement with property owners to allocate under Colorado Revised Statutes tax increment financing to assist in the construction of downtown condos. Under this agreement, the Authority will back the owners with 100% of the net tax increment generated by and attributable to the residential portion of the property for the TIF period (property tax increment rebate). The TIF allocation is calculated by subtracting the property taxes generated annually based on the valuation of the property for each year following the effective date. The total allocation is then reduced by the increment due to a local school district, and 0.5% annual administration fee paid to the Authority. The owners shall only be eligible to receive a rebate of taxes in the actual amount paid. In 2023, \$14,579 was paid under this agreement.

**COLORADO SPRINGS DOWNTOWN DEVELOPMENT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 8 TIF REIMBURSEMENT AGREEMENTS (CONTINUED)

333 ECO, LLC

On March 24, 2017, the Authority entered into an agreement with a property owner to allocate under Colorado Revised Statutes tax increment financing to assist in the construction of downtown apartments. Under this agreement, the Authority will back the owner with 100% of the net tax increment generated by and attributable to the residential portion of the property for the TIF period (property tax increment rebate). The TIF allocation is calculated by subtracting the property taxes generated annually based on the valuation of the property for each year following the effective date. The total allocation is then reduced by the increment due to a local school district, and 0.5% annual administration fee paid to the Authority. The owner shall only be eligible to receive a rebate of taxes in the actual amount paid. In 2023, \$129,038 was paid under this agreement.

609 S Cascade, LLC

On April 11, 2017, the Authority entered into an agreement with a property owner to allocate under Colorado Revised Statutes tax increment financing to assist in the construction of downtown apartments. Under this agreement, the Authority will back the owner with 100% of the net tax increment generated by and attributable to the residential portion of the property for the TIF period (property tax increment rebate). The TIF allocation is calculated by subtracting the property taxes generated annually based on the valuation of the property for each year following the effective date. The total allocation is then reduced by the increment due to a local school district, and 0.5% annual administration fee paid to the Authority. The owner shall only be eligible to receive a rebate of taxes in the actual amount paid. In 2023, \$148,741 was paid under this agreement.

528 South Tejon LLC

On January 25, 2018, the Authority entered into an agreement with a developer to allocate under Colorado Revised Statutes tax increment financing to assist in the redevelopment of a mixed use building. Under this agreement, the Authority will back the developer with 60% of the net tax increment generated by and attributable to the residential portion of the property for the TIF period (property tax increment rebate). The TIF allocation is calculated by subtracting the property taxes generated annually based on the valuation of the property for each year following the effective date. The total allocation is then reduced by the increment due to a local school district, and 0.5% annual administration fee paid to the Authority. The developer shall only be eligible to receive a rebate of taxes in the actual amount paid. In 2023, \$18,769 was paid under this agreement.

**COLORADO SPRINGS DOWNTOWN DEVELOPMENT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 8 TIF REIMBURSEMENT AGREEMENTS (CONTINUED)

418 South Tejon

On May 18, 2018, the Authority entered into an agreement with a developer to allocate under Colorado Revised Statutes tax increment financing to assist in the construction of downtown lofts. Under this agreement, the Authority will back the developer with 100% of the net tax increment generated by and attributable to the residential portion of the property for the TIF period (property tax increment rebate). The TIF allocation is calculated by subtracting the property taxes generated annually based on the valuation of the property for each year following the effective date. The total allocation is then reduced by the increment due to a local school district, and 0.5% annual administration fee paid to the Authority. The developer shall only be eligible to receive a rebate of taxes in the actual amount paid. In 2023, \$25,421 was paid under this agreement.

421 South Nevada

On January 18, 2019, the Authority entered into an agreement with a developer to allocate under Colorado Revised Statutes tax increment financing to assist in the construction of downtown lofts. Under this agreement, the Authority will back the developer with 60% of the net tax increment generated by and attributable to the residential portion of the property for the TIF period (property tax increment rebate). The TIF allocation is calculated by subtracting the property taxes generated annually based on the valuation of the property for each year following the effective date. The total allocation is then reduced by the increment due to a local school district, and 0.5% annual administration fee paid to the Authority. The developer shall only be eligible to receive a rebate of taxes in the actual amount paid. In 2023, \$33,843 was paid under this agreement.

230 S. Wahsatch

In December 2019, the Authority entered into an agreement with a developer to allocate under Colorado Revised Statutes tax increment financing to assist in the construction of a 148-unit apartment complex at 230 S. Wahsatch Ave. Eligible expenses are capped a \$6,552,378. The agreement has not yet been finalized. In 2023, no payments were made under this agreement.

322 Vermijo

On May 18, 2018, the Authority entered into an agreement with a developer to allocate under Colorado Revised Statutes tax increment financing to assist in the construction of downtown lofts. Under this agreement, the Authority will back the developer with 100% of the net tax increment generated by and attributable to the residential portion of the property for the TIF period (property tax increment rebate). The TIF allocation is calculated by subtracting the property taxes generated annually based on the valuation of the property for each year following the effective date. The total allocation is then reduced by the increment due to a local school district, and 0.5% annual administration fee paid to the Authority. The developer shall only be eligible to receive a rebate of taxes in the actual amount paid. In 2023, no payments were made under this agreement.

**COLORADO SPRINGS DOWNTOWN DEVELOPMENT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 8 TIF REIMBURSEMENT AGREEMENTS (CONTINUED)

720 East Pikes Peak Ave

On June 18, 2020, the Authority entered into an agreement with a developer to allocate under Colorado Revised Statutes tax increment financing to assist in the construction of downtown lofts. Under this agreement, the Authority will back the developer with 75% of the net tax increment generated by and attributable to the residential portion of the property for the TIF period (property tax increment rebate). The TIF allocation is calculated by subtracting the property taxes generated annually based on the valuation of the property for each year following the effective date. The total allocation is then reduced by the increment due to a local school district, and 0.5% annual administration fee paid to the Authority. The developer shall only be eligible to receive a rebate of taxes in the actual amount paid. In 2023, no payments were made under this agreement.

400 East Pikes Peak Ave

On December 22, 2020, the Authority entered into an agreement with a developer to allocate under Colorado Revised Statutes tax increment financing to assist in the construction of downtown lofts. Under this agreement, the Authority will back the developer with 75% of the net tax increment generated by and attributable to the residential portion of the property for the TIF period (property tax increment rebate). The TIF allocation is calculated by subtracting the property taxes generated annually based on the valuation of the property for each year following the effective date. The total allocation is then reduced by the increment due to a local school district, and 0.5% annual administration fee paid to the Authority. The developer shall only be eligible to receive a rebate of taxes in the actual amount paid. In 2023, no payments were made under this agreement.

321-329 East Cimarron

On August 31, 2021, the Authority entered into an agreement with a developer to allocate under Colorado Revised Statutes tax increment financing to assist in the construction of downtown lofts. Under this agreement, the Authority will back the developer with 75% of the net tax increment generated by and attributable to the residential portion of the property for the TIF period (property tax increment rebate). The TIF allocation is calculated by subtracting the property taxes generated annually based on the valuation of the property for each year following the effective date. The total allocation is then reduced by the increment due to a local school district, and 0.5% annual administration fee paid to the Authority. The developer shall only be eligible to receive a rebate of taxes in the actual amount paid. In 2023, no payments were made under this agreement.

**COLORADO SPRINGS DOWNTOWN DEVELOPMENT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 8 TIF REIMBURSEMENT AGREEMENTS (CONTINUED)

345 East Rio Grande

On October 1, 2021, the Authority entered into an agreement with a developer to allocate under Colorado Revised Statutes tax increment financing to assist in the construction of downtown lofts. Under this agreement, the Authority will back the developer with 75% of the net tax increment generated by and attributable to the residential portion of the property for the TIF period (property tax increment rebate). The TIF allocation is calculated by subtracting the property taxes generated annually based on the valuation of the property for each year following the effective date. The total allocation is then reduced by the increment due to a local school district, and 0.5% annual administration fee paid to the Authority. The developer shall only be eligible to receive a rebate of taxes in the actual amount paid. In 2023, no payments were made under this agreement.

225 E. Cimarron St.

On June 14, 2022, the Authority entered into an agreement with a developer to allocate under Colorado Revised Statutes tax increment financing to assist in the construction of a 214-unit multi-family property. Under this agreement, the Authority will back the developer with 50% of the net tax increment generated by and attributable to the residential portion of the property for the TIP Period (property tax increment rebate). The TIF allocation is calculated by subtracting the property taxes generated annually based on the valuation of the property for each year following the effective date. The total allocation is then reduced by the increment due to a local school district, the increment due to the DDA, net of County Treasurer's fees and 0.5% annual administration fee paid to the Authority. The developer shall only be eligible to receive a rebate of taxes in the actual amount paid up to \$16.76 million. In 2023, no payments were made under this agreement.

NOTE 9 RELATED PARTY TRANSACTIONS

The Authority has entered into the following redevelopment agreements listed in Note 8, 333 ECO, LLC, 609 S Cascade LLC, 230 S Wasatch, and 528 S Tejon. Certain members of the Board of Directors are affiliated with those Organizations. In 2023, \$296,548 was paid under those agreements.

In 2018, the Authority entered into an agreement with CliftonLarsonAllen LLP (CLA) to provide consulting services. CLA is affiliated with a Board Member of the Authority. In 2023, \$17,442 was paid under this agreement.

In 2022, the Authority entered into an agreement with CS Dual Hotel, LLC to provide a Building Improvement Grant. The LLC is affiliated with a Board Member of the Authority. In 2023, \$50,000 was paid under this agreement.

A member of the Board of Directors is a part owner of one of the buildings in AdAmAn Alley. They participated in some of the project team's monthly meetings. The LLC ownership entity also contributed to the AdAmAn Club's private fundraising campaign for the enhancements to the alley.

COLORADO SPRINGS DOWNTOWN DEVELOPMENT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 10 RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees or acts of God. The Authority maintains commercial insurance for all risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

NOTE 11 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 Authority'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 and Enterprise qualifications will require judicial interpretation.

On November 7, 2006, the Authority's voters authorized the Authority to increase property taxes \$750,000 annually, at a rate not to exceed five mills. The election also allows the Authority to collect, spend, and retain all revenues without regard to the limitations contained within Article X, Section 20 of the Colorado Constitution (TABOR).

SUPPLEMENTARY INFORMATION

**COLORADO SPRINGS DOWNTOWN DEVELOPMENT AUTHORITY
SUMMARY OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED
DECEMBER 31, 2023**

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Tax Levy	Mills Levied	Total Property Taxes		Percentage Collected to Levied
			Levied	Collected	
2019	\$ 153,624,780	5.000	\$ 768,124	\$ 761,566	99.15 %
2020	166,892,610	5.000	834,463	822,406	98.56
2021	164,423,390	5.000	822,116	811,867	98.75
2022	183,264,840	5.000	922,218	940,661	102.00
2023	189,070,420	5.000	951,166	940,715	98.90
Estimated for the Year Ending December 31, 2024	220,646,580	5.000	1,103,233		

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 if delinquent taxes are collected.

**COLORADO SPRINGS DOWNTOWN DEVELOPMENT AUTHORITY
SUMMARY OF INCREMENTAL ASSESSED VALUATION, MILL LEVY,
AND INCREMENTAL PROPERTY TAXES COLLECTED
YEAR ENDED DECEMBER 31, 2023**

Year Ended <u>December 31,</u>	Prior Year Assessed Valuation for Current Year Property Tax Levy			Combined Mills Levied	Total Incremental Property Taxes		Percentage Collected to Levied
	Total Assessed Valuation	Less: Base Valuation	Net Increment Valuation		Levied	Collected	
2019	\$ 162,943,200	\$ 153,624,780	\$ 9,318,420	74.494-79.494	\$ 636,381	\$ 664,137	104.36 %
2020	180,707,700	166,892,610	13,815,090	78.375-83.477	955,646	942,481	98.62
2021	180,707,700	166,892,610	13,815,090	78.375-83.477	1,062,890	1,048,568	98.65
2022	207,729,220	183,264,840	24,464,380	78.375-83.477	1,381,800	1,369,045	99.08
2023	207,129,766	183,264,840	23,864,926	78.375-83.477	1,600,171	1,582,343	98.89
Estimated for the Year Ending December 31, 2024	242,189,400	183,264,840	58,924,560	78.375-83.477	2,313,123		

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 if delinquent taxes are collected.