

COLORADO SPRINGS URBAN RENEWAL AUTHORITY

El Paso County, Colorado

FINANCIAL STATEMENTS

December 31, 2017

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Dazzio & Associates, PC

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Colorado Springs Urban Renewal Authority, a component unit of the City of Colorado Springs, Colorado, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Authority'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.

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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, each major fund, and the aggregate remaining fund information of the Colorado Springs Urban Renewal Authority, as of December 31, 2017, and the respective changes in financial position and the budgetary comparison for the General Fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

Dagisio & Associates, P.C.

March 13, 2018

**Colorado Springs Urban Renewal Authority
Management's Discussion and Analysis
For the Year Ended December 31, 2017**

As management of the Colorado Springs Urban Renewal Authority, we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended December 31, 2017.

Financial Highlights

- Liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$49,355,416 at the close of the fiscal year. This is primarily due to the Authority being responsible for the repayment of bonds issued for public improvements which have been conveyed to other governmental entities and which costs have been removed from the Authority's financial records.
- As of the close of the current fiscal year, the Authority governmental funds reported combined ending fund balances of \$49,629,034.
- Total cash and investments increased by \$40,620,189 as compared to the prior year, mainly resulting from the incremental sales tax received by the Authority dedicated to the City for Champions project and the issuance of Series 2017 bonds.
- Incremental property taxes increased by \$612,319 as compared to the prior year with the majority related to the increased assessed valuation at North Nevada, Gold Hill Mesa and Copper Ridge project areas.
- Incremental sales taxes increased by \$1,287,152 as compared to the prior year with the majority related to City for Champions project.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$257,770, or 89% of total general fund expenditures.
- Total debt increased by \$35,602,822 during the current fiscal year, mainly resulting from issuing Series 2017 bonds.

Overview of the Financial Statements

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

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

The statement of net position presents information on all of the Authority's assets and liabilities, with the difference between the two reported as net position.

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

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

**Colorado Springs Urban Renewal Authority
Management's Discussion and Analysis
For the Year Ended December 31, 2017**

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

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

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

The Authority maintains six major governmental funds and five nonmajor governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for each of the major funds - General Fund, North Nevada Debt Service Fund, Ivywild Neighborhood Debt Service Fund, Gold Hill Mesa Capital Projects Fund, Copper Ridge Capital Projects Fund, City of Champions Capital Projects Funds (comprised of separate funds for the seven project elements: Administrative, U.S. Olympic Museum and Hall of Fame, Colorado Sports and Event Complex, UCCS Sports Medicine and Performance, U.S. Air Force Academy Visitors Center, Southwest Infrastructure, Flexible Sub-Account) and the nonmajor funds – Vineyards Capital Projects Fund, City Auditorium Capital Projects Fund, City Gate Capital Projects Fund, Southwest Downtown Capital Projects Fund, and South Nevada Projects Fund.

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

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

Notes to financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to financial statements can be found on pages 7-29 of this report.

Supplementary and Other information. The report includes individual fund schedules. Budgetary comparison schedules have been provided in this section for the debt service funds and the capital projects funds to demonstrate compliance with these budgets. The budget schedules are found after the basic financial statements on pages 30-54 of this report.

**Colorado Springs Urban Renewal Authority
Management's Discussion and Analysis
For the Year Ended December 31, 2017**

Government-wide Financial Analysis

Net Position

	2017	2016
Current assets	\$ 59,985,837	\$ 17,218,953
Other assets	1,654,075	1,522,750
Total assets	61,639,912	18,741,703
 Deferred outflows of resources	 5,605,981	 6,388,064
Current liabilities	5,073,856	238,405
Long-term obligations	104,011,405	68,408,583
Total liabilities	109,085,261	68,646,988
 Deferred inflows of resources	 7,516,048	 5,521,671
Restricted for:		
Debt Service	631,641	1,126,578
Capital projects	44,640,752	8,079,808
Unrestricted	(94,627,809)	(58,245,278)
Total net position	\$ (49,355,416)	\$ (49,038,892)

As noted earlier, net position may serve as a useful indicator for the Authority's financial position. In the Authority's case, 2017 and 2016 ended with total assets valued at \$61,639,912 and \$18,741,703, respectively, with outstanding liabilities of \$109,085,261 and \$68,646,988, respectively. The Authority's assets consist primarily of cash and investments, current receivables, and prepaid expenses.

Current assets increased by \$42,766,884 resulting from incremental sales tax received by the Authority dedicated to the City for Champions project and the result of the issuance of Series 2017 Bonds. Long-term obligations increased by \$35,602,822 mainly resulting from the bond issuance.

The Authority had public improvements which were constructed by other government entities where the Authority is a contributing entity. The Authority is responsible for the repayment of bonds issued to construct these improvements. Consequently, a deficit balance is reflected on the Authority's statement of net position.

**Colorado Springs Urban Renewal Authority
Management's Discussion and Analysis
For the Year Ended December 31, 2017**

Change in Net Position

	2017	2016
Revenues		
Program revenues		
Charges for services	\$ 277,825	\$ 529,044
Operating grants and contributions	14,069	87,104
Capital grants and contributions	7,312,421	-
General revenues:		
Incremental property taxes	3,964,415	3,352,096
Incremental sales taxes	8,545,911	7,258,759
Net investment income	456,375	35,933
Total revenues	20,571,016	11,262,936
Expenses		
General government	(1,593,442)	(1,767,558)
Interest and related costs on long-term debt	(5,168,142)	(2,977,178)
Dedication of capital assets to other entities	(14,125,956)	-
Total expenses	(20,887,540)	(4,744,736)
Change in net position	(316,524)	6,518,200
Net position - Beginning	(49,038,892)	(55,557,092)
Net position - Ending	\$ (49,355,416)	\$ (49,038,892)

The Authority's total revenue increased by \$9,308,080. Incremental property taxes increased \$612,319 mainly resulting from increased assessed valuation in the North Nevada, Gold Hill Mesa and Copper Ridge project areas. Incremental sales taxes increased by \$1,287,152 with the majority related to the City for Champions project.

The Authority's net position decreased \$316,524 mainly due to the increase in incremental property taxes related to the North Nevada, Gold Hill Mesa and Copper Ridge project areas, the result of the issuance of Series 2017 bonds and the principal reduction on Series 2016A Senior Loan and Series 2016B Subordinate Bonds.

Financial Analysis of the Government's Funds

As noted earlier, the Authority uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

**Colorado Springs Urban Renewal Authority
Management's Discussion and Analysis
For the Year Ended December 31, 2017**

As of the end of the current fiscal year, the Authority's governmental funds reported combined ending fund balances of \$49,629,034. Of this balance, \$10,845 is nonspendable due to a prepaid amount recorded at year end, \$4,542,019 is restricted for North Nevada Neighborhood debt service and \$18,648 is restricted for Ivywild Neighborhood debt service, \$44,640,752 is being restricted for the use of the specific Urban Renewal Plan project and Regional Tourism Act areas, \$159,000 is assigned by the Board for operating reserves, and \$257,770 constitutes the unassigned fund balance, which is available for spending at the government's discretion within the parameters established for the General Fund.

The General Fund is the operating fund of the Authority. At the end of the current fiscal year, unassigned fund balance of the general fund was \$257,770 out of a total fund balance of \$427,615.

The North Nevada Debt Service Fund has a total fund balance of \$4,542,019 all of which is restricted for the repayment of bond indebtedness.

The Ivywild Neighborhood Debt Service Fund has a total fund balance of \$18,648 all of which is restricted for the repayment of loan and annual administration fees.

The Gold Hill Mesa Capital Projects Fund has a total fund balance of \$6,017, all of which is restricted for TIF reimbursement.

The Copper Ridge Capital Projects Fund has a total fund balance of \$2,418,322 all of which is restricted for future capital improvements.

The City for Champions Capital projects Fund has a total fund balance of \$42,071,616 all of which is restricted for certified costs related to the seven project elements: Administrative, U.S. Olympic Museum and Hall of Fame, Colorado Sports and Event Complex, UCCS Sports Medicine and Performance, U.S. Air Force Academy Visitors Center, Southwest Infrastructure, and Flexible Sub-Account.

The Vineyards Capital Projects Fund has a total fund balance of \$68,641 all of which is restricted for the repayment of the advance made by the Developer on the first payment of annual administration fees.

The City Gate Capital Projects Fund has a total fund balance of \$3,023 all of which is restricted for the use of the specific Urban Renewal Plan.

The Southwest Downtown Capital Projects Fund has a total fund balance of \$22,778 all of which is restricted for the use of the specific Urban Renewal Plan.

The South Nevada Capital Projects Fund has a total fund balance of \$50,355 all of which is restricted for use of the specific Urban Renewal Plan.

General Fund Budgetary Highlights

The Authority's total expenditures for 2017 are below the budgeted amount by \$51,410. The difference between the original budgeted revenue of \$417,716 and the actual revenue of \$291,894 was \$125,822. This favorable variance was primarily attributable to the receipts of administration fees and reimbursed expenditures on the different capital project areas.

**Colorado Springs Urban Renewal Authority
Management's Discussion and Analysis
For the Year Ended December 31, 2017**

Long-Term Debt

At the end of the current fiscal year, the Authority had total outstanding senior loan and subordinate bond indebtedness of \$94,497,000. The Authority's Series 2016A Senior Loan matures December 1, 2030 and pays interest on a variable rate monthly (see Note 5). The actual amounts of payments to be made in future years will depend on future revenues and cannot be predicted with certainty. The Authority's Series 2016B Subordinate Bonds bear interest at 6.75%, payable annually on December 15, and interest and principal are being paid based on the availability of funds from Pledged Revenue. The Authority's Series 2017 Tax Increment Revenue Bonds mature on September 1, 2038 and pay interest at the rate of 3.33% each March 1 and September 1, commencing September 1, 2017. Principal is payable annually on September 1, beginning on September 1, 2019. The Authority also has the following loans under long-term debt:

- University of Colorado, Colorado Springs, Loan in the principal amount of \$3,394,803. The loan has an interest rate of 5.45%, compounded semi-annually.
- Memorandum of Understanding – City of Colorado Springs – Sales Tax in the principal amount of \$158,474 with an interest rate of 5.00% compounding annually until paid in full. The actual amounts of principal payments to be made in the future will depend on future pledged revenues and cannot be predicted with certainty.
- The Culebra Properties Limited Liability Company, Ivywild Neighborhood Loan in the principal amount of \$778,000. The loan maturing June 30, 2028 bears an interest rate of 7.00% per annum until paid in full, payable quarterly on March 31, June 30, September 30 and December 31 of each calendar year.
- The University Village Developers LLC, Advanced Funds Note in the principal amount of \$2,500,000. The note has an interest rate of 6.50% per annum until paid in full.

Additional information on the Authority's long-term debt can be found in Note 5.

Next Year's Budgets

The Authority has appropriated \$56,262,992 in all funds for spending in the 2018 fiscal year budget and anticipates that beginning fund balances, administration fees, incremental property taxes, incremental sales taxes, debt issuance proceeds, and reimbursed expenditures will be sufficient to cover these expenditures.

Requests for Information

This financial report is designed to provide a general overview of the Colorado Springs Urban Renewal Authority finances for all those with an interest in the Authority's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: Colorado Springs Urban Renewal Authority, 111 S. Tejon St., Unit 705, Colorado Springs, CO 80903.

BASIC FINANCIAL STATEMENTS

COLORADO SPRINGS URBAN RENEWAL AUTHORITY
STATEMENT OF NET POSITION
December 31, 2017

	<u>Governmental Activities</u>
ASSETS	
Cash and investments	\$ 492,167
Cash and investments - Restricted	52,627,985
Incremental property tax receivable	5,861,973
Incremental sales tax receivable	992,867
Interest rate SWAP	1,654,075
Prepaid expenses	10,845
Total assets	<u>61,639,912</u>
DEFERRED OUTFLOWS OF RESOURCES	
Loss on refunding	<u>5,605,981</u>
Total deferred outflows of resources	<u>5,605,981</u>
LIABILITIES	
Accounts payable	4,456,552
Project escrows	38,278
Accrued interest payable	579,026
Noncurrent liabilities	
Due in more than one year	<u>104,011,405</u>
Total liabilities	<u>109,085,261</u>
DEFERRED INFLOWS OF RESOURCES	
Incremental property tax revenue	5,861,973
Accumulated increase in the fair value of hedging derivative	<u>1,654,075</u>
Total deferred inflows of resources	<u>7,516,048</u>
NET POSITION	
Restricted for:	
Debt Service	631,641
Capital projects	44,640,752
Unrestricted	<u>(94,627,809)</u>
Total net position	<u><u>\$ (49,355,416)</u></u>

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

COLORADO SPRINGS URBAN RENEWAL AUTHORITY
STATEMENT OF ACTIVITIES
Year Ended December 31, 2017

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expenses)</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Revenues and Changes in Net Position</u>
					<u>Governmental Activities</u>
Primary government:					
Government activities:					
General government	\$ 1,593,442	\$ 277,825	\$ 14,069	\$ 7,312,421	\$ 6,010,873
Interest and related costs on long-term debt	5,168,142	-	-	-	(5,168,142)
Dedication of capital assets to other entities	14,125,956	-	-	-	(14,125,956)
	<u>\$ 20,887,540</u>	<u>\$ 277,825</u>	<u>\$ 14,069</u>	<u>\$ 7,312,421</u>	<u>(13,283,225)</u>
General revenues:					
Incremental property taxes					3,964,415
Incremental sales taxes					8,545,911
Net investment income					456,375
Total general revenues					<u>12,966,701</u>
Change in net position					(316,524)
Net position - Beginning					<u>(49,038,892)</u>
Net position - Ending					<u>\$ (49,355,416)</u>

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

**COLORADO SPRINGS URBAN RENEWAL AUTHORITY
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2017**

	General	North Nevada Debt Service	Ivywild Neighborhood Debt Service	Gold Hill Mesa Capital Projects	Copper Ridge Capital Projects	City for Champions Funds	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS								
Cash and investments	492,167	-	-	-	-	-	-	492,167
Cash and investments - Restricted	-	3,746,834	-	6,017	2,239,288	46,481,790	154,056	52,627,985
Prepaid expenses	10,845	-	-	-	-	-	-	10,845
Due from City for Champions Funds	5,698	-	-	-	-	-	-	5,698
Incremental property taxes receivable	-	2,235,715	124,007	1,002,656	2,331,208	-	168,387	5,861,973
Incremental sales taxes receivable	-	795,185	18,648	-	179,034	-	-	992,867
TOTAL ASSETS	<u>508,710</u>	<u>6,777,734</u>	<u>142,655</u>	<u>1,008,673</u>	<u>4,749,530</u>	<u>46,481,790</u>	<u>322,443</u>	<u>59,991,535</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES								
LIABILITIES								
Accounts payable	52,076	-	-	-	-	4,404,476	-	4,456,552
Due to General Fund	-	-	-	-	-	5,698	-	5,698
Escrow - Southwest Downtown	-	-	-	-	-	-	9,259	9,259
Escrow - Springhill	29,019	-	-	-	-	-	-	29,019
Total liabilities	<u>81,095</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,410,174</u>	<u>9,259</u>	<u>4,500,528</u>
DEFERRED INFLOWS OF RESOURCES								
Incremental property tax revenue	-	2,235,715	124,007	1,002,656	2,331,208	-	168,387	5,861,973
Total deferred inflows of resources	<u>-</u>	<u>2,235,715</u>	<u>124,007</u>	<u>1,002,656</u>	<u>2,331,208</u>	<u>-</u>	<u>168,387</u>	<u>5,861,973</u>
FUND BALANCES								
Nonspendable	10,845	-	-	-	-	-	-	10,845
Restricted	-	4,542,019	18,648	6,017	2,418,322	42,071,616	144,797	49,201,419
Assigned	159,000	-	-	-	-	-	-	159,000
Unassigned	257,770	-	-	-	-	-	-	257,770
Total fund balances	<u>427,615</u>	<u>4,542,019</u>	<u>18,648</u>	<u>6,017</u>	<u>2,418,322</u>	<u>42,071,616</u>	<u>144,797</u>	<u>49,629,034</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>508,710</u>	<u>6,777,734</u>	<u>142,655</u>	<u>1,008,673</u>	<u>4,749,530</u>	<u>46,481,790</u>	<u>322,443</u>	

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

Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.

Loss on refunding

5,605,981

Long-term liabilities are not due and payable in the current period and, therefore, are not in the funds:

Ivywild Neighborhood loan

(778,000)

Note payable - City of Colorado Springs - Sales tax

(158,474)

Note payable - University of Colorado - Foundation loan

(3,394,803)

Note payable - University Village Developers - Advanced Funds Note

(2,500,000)

Accrued interest payable - Ivywild Neighborhood loan

(16,375)

Accrued interest payable - City of Colorado Springs - Sales tax

(91,446)

Accrued interest payable - University of Colorado - Foundation loan

(1,473,334)

Accrued interest payable - University Village Developers - Advanced Funds Note

(1,101,973)

Loan payable - Series 2016A

(50,334,000)

Bonds payable - Series 2016B

(5,163,000)

Bonds payable - Series 2017

(39,000,000)

Bond interest payable

(579,026)

Net position of governmental activities

(49,355,416)

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

COLORADO SPRINGS URBAN RENEWAL AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended December 31, 2017

	General	North Nevada Debt Service	Ivywild Neighborhood Debt Service	Gold Hill Mesa Capital Projects	Copper Ridge Capital Projects	City for Champions Funds	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES								
Administration fees	\$ 269,011	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 269,011
City for Champions - 15% administration fee	8,804	-	-	-	-	-	-	8,804
Net investment income	-	91,892	1,664	1,763	1,985	359,038	33	456,375
Incremental property taxes	-	1,475,234	91,842	717,519	1,556,993	-	122,827	3,964,415
Incremental sales taxes	-	4,201,002	54,849	-	605,186	3,634,359	50,515	8,545,911
USOM contribution	-	-	-	-	-	7,312,421	-	7,312,421
Other income	10	-	-	-	-	-	-	10
Reimbursed expenditures	14,069	-	-	-	-	-	-	14,069
Total revenues	<u>291,894</u>	<u>5,768,128</u>	<u>148,355</u>	<u>719,282</u>	<u>2,164,164</u>	<u>11,305,818</u>	<u>173,375</u>	<u>20,571,016</u>
EXPENDITURES								
Current								
Accounting	83,798	-	-	-	-	47,151	-	130,949
Administrative expenditures	-	-	-	-	-	8,804	-	8,804
Audit	5,500	-	-	-	-	2,231	-	7,731
Contracted services	18,058	-	-	-	-	-	-	18,058
CSURA payroll benefits	96,479	-	-	-	-	-	-	96,479
Dues and memberships	2,935	-	-	-	-	-	-	2,935
Insurance	9,551	-	-	-	-	-	-	9,551
Legal	49,892	-	-	-	-	28,909	-	78,801
Meetings	5,349	-	-	-	-	-	-	5,349
Miscellaneous	6,872	-	-	-	-	-	-	6,872
Office expense	2,146	-	-	-	-	-	-	2,146
Project management	-	-	-	-	-	3,589	-	3,589
Services - General	5,903	-	-	-	-	-	-	5,903
Telephone/cell phone	776	-	-	-	-	-	-	776
Website revisions	2,261	-	-	-	-	-	-	2,261
Debt service								
County Treasurer's fees	-	22,193	1,403	-	-	-	-	23,596
Loan interest - Series 2016A	-	1,643,736	-	-	-	-	-	1,643,736
Loan principal - Series 2016A	-	1,700,000	-	-	-	-	-	1,700,000
Loan principal (early redemption) - Series 2016A	-	1,306,000	-	-	-	-	-	1,306,000
Bond interest - Series 2016B	-	396,833	-	-	-	-	-	396,833
Bond principal - Series 2016B	-	716,000	-	-	-	-	-	716,000
Loan interest - Ivywild	-	-	138,938	-	-	-	-	138,938
Bond interest - Series 2017 USOM	-	-	-	-	-	501,443	-	501,443
Cost of issuance	-	-	-	-	-	874,599	-	874,599
Administration fees	-	50,000	-	-	-	-	-	50,000
Paying agent fees	-	5,500	-	-	-	-	-	5,500
Sales tax collection fee	-	1,886	105	-	615	-	160	2,766
Capital projects								
County Treasurer's fees	-	-	-	10,793	23,385	-	1,844	36,022
Administration fees	-	-	5,000	50,000	60,000	-	92,011	207,011
TIF reimbursements	-	-	-	614,000	317,408	-	-	931,408
TIF reimbursement - School District 11	-	-	-	38,797	-	-	-	38,797
Capital outlay	-	-	-	-	1,785,006	12,340,950	-	14,125,956
Total expenditures	<u>289,520</u>	<u>5,842,148</u>	<u>145,446</u>	<u>713,590</u>	<u>2,186,414</u>	<u>13,807,676</u>	<u>94,015</u>	<u>23,078,809</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>2,374</u>	<u>(74,020)</u>	<u>2,909</u>	<u>5,692</u>	<u>(22,250)</u>	<u>(2,501,858)</u>	<u>79,360</u>	<u>(2,507,793)</u>
OTHER FINANCING SOURCES (USES)								
Loan issuance	-	-	-	-	-	39,000,000	-	39,000,000
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>39,000,000</u>	<u>-</u>	<u>39,000,000</u>
NET CHANGE IN FUND BALANCES	<u>2,374</u>	<u>(74,020)</u>	<u>2,909</u>	<u>5,692</u>	<u>(22,250)</u>	<u>36,498,142</u>	<u>79,360</u>	<u>36,492,207</u>
FUND BALANCES - BEGINNING OF YEAR	<u>425,241</u>	<u>4,616,039</u>	<u>15,739</u>	<u>325</u>	<u>2,440,572</u>	<u>5,573,474</u>	<u>65,437</u>	<u>13,136,827</u>
FUND BALANCES - END OF YEAR	<u>\$ 427,615</u>	<u>\$ 4,542,019</u>	<u>\$ 18,648</u>	<u>\$ 6,017</u>	<u>\$ 2,418,322</u>	<u>\$ 42,071,616</u>	<u>\$ 144,797</u>	<u>\$ 49,629,034</u>

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

**COLORADO SPRINGS URBAN RENEWAL AUTHORITY
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended December 31, 2017**

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

Net change in fund balances - Total governmental funds	\$ 36,492,207
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	14,125,956
Dedication of capital assets to other entities	(14,125,956)
Long-term debt (e.g., issuance of bonds, the receipt of Developer advances) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.	
Principal payment - Series 2016A	3,006,000
Principal payment - Series 2016B	716,000
Ivywild Neighborhood loan - interest payment	138,938
Bond issuance - Series 2017	(39,000,000)
Amortization of cost on bond refunding	(782,083)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:	
Accrued interest on Ivywild Neighborhood loan	(60,760)
Accrued interest on notes payable - City of Colorado Springs - Change in liability	(11,901)
Accrued interest on notes payable - University of Colorado - Change in liability	(254,849)
Accrued interest on notes payable - University Village Developers - Change in liability	(136,250)
Accrued interest on bonds payable - Change in liability	<u>(423,826)</u>
Changes in net position of governmental activities	<u><u>\$ (316,524)</u></u>

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

COLORADO SPRINGS URBAN RENEWAL AUTHORITY
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
Year Ended December 31, 2017

	<u>Original and Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Administration fees	\$ 376,942	\$ 269,011	\$ (107,931)
City for Champions - 15% administration fee	9,774	8,804	(970)
Other income	1,000	10	(990)
Reimbursed expenditures	30,000	14,069	(15,931)
Total revenues	<u>417,716</u>	<u>291,894</u>	<u>(125,822)</u>
EXPENDITURES			
Accounting	75,000	83,798	(8,798)
Audit	5,500	5,500	-
Contracted services	48,000	18,058	29,942
CSURA payroll benefits	120,000	96,479	23,521
Dues and memberships	1,000	2,935	(1,935)
Insurance	9,880	9,551	329
Legal	28,750	49,892	(21,142)
Meetings	4,000	5,349	(1,349)
Miscellaneous	5,000	6,872	(1,872)
Office expense	2,000	2,146	(146)
Services - General	30,000	5,903	24,097
Telephone/cell phone	1,800	776	1,024
Website revisions	10,000	2,261	7,739
Total expenditures	<u>340,930</u>	<u>289,520</u>	<u>51,410</u>
NET CHANGE IN FUND BALANCES	<u>76,786</u>	<u>2,374</u>	<u>(74,412)</u>
FUND BALANCES - BEGINNING OF YEAR	<u>460,699</u>	<u>425,241</u>	<u>(35,458)</u>
FUND BALANCES - END OF YEAR	<u>\$ 537,485</u>	<u>\$ 427,615</u>	<u>\$ (109,870)</u>

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

COLORADO SPRINGS URBAN RENEWAL AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 1 - DEFINITION OF REPORTING ENTITY

The Colorado Springs Urban Renewal Authority (Authority) was formed by resolution passed February 24, 1970, by the City Council of the City of Colorado Springs, Colorado (the City) pursuant to the Colorado Urban Renewal Law, Colorado Revised Statutes. The purpose of the Authority is to acquire and develop certain blighted areas in the City to maintain the public welfare.

The Authority currently has fourteen outstanding project plans; they are identified as follows:

- 1) Southwest Downtown - The project area was approved in 2001 and will end in 2026.
- 2) North Nevada Corridor - The project area was approved in 2004 and will end in 2029. This is primarily a retail redevelopment and is currently in an active redevelopment stage.
- 3) Gold Hill Mesa - The project area was approved in 2005 and will end in 2030. This is a mixed use redevelopment and is currently in an active stage.
- 4) City Auditorium - The project area was approved in 2006 and will end in 2031. There is currently no redevelopment activity.
- 5) City Gate - The project area was approved in 2007. There is currently no redevelopment activity.
- 6) Copper Ridge - The project area was approved in 2010. This is primarily an upscale retail redevelopment. It is currently in an active redevelopment stage related to the retail development.
- 7) Ivywild Neighborhood - The project area was approved in 2011. It is currently in an active redevelopment stage.
- 8) Vineyards - The project area was approved in 2011. There is currently infrastructure under construction.
- 9) City for Champions - The project elements include:
 - a) US Olympic Museum and Hall of Fame - The project area receives 42% of the City for Champions increment.
 - b) Colorado Sports and Event Complex - The project area receives 23% of the City for Champions increment.
 - c) UCCS Sports Medicine and Performance - The project area receives 14% of the City for Champions increment.
 - d) US Air Force Academy Visitors Center - The project area receives 5% of the City for Champions increment.
 - e) Southwest Infrastructure - The project area receives 10% of the City for Champions Increment.
 - f) Flexible Sub-Account - The sub-account receives 6% of the City for Champions increment.
- 10) Gold Hill Mesa Commercial - The project area was approved in December 2015.
- 11) South Nevada Avenue - The project area was approved in December 2015. There is currently infrastructure under construction.

COLORADO SPRINGS URBAN RENEWAL AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 1 - DEFINITION OF REPORTING ENTITY (CONTINUED)

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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Authority is considered a component unit of the City since the Authority's tax increment financing indicates financial accountability with the City, due to the benefits redevelopment will provide the City. The Mayor appoints the Authority board members and the City Council approves the appointment. City Council reviews the Urban Renewal Plans and any changes thereto. Legal counsel is in the opinion that under state statutes, the City is not liable with respect to the bonds issued by the Authority.

The Authority has no employees and all administrative functions are contracted.

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

Government-wide and Fund Financial Statements

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

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

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

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

COLORADO SPRINGS URBAN RENEWAL AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 Authority considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are or will be incremental property tax and incremental sales and use taxes. All other revenue items are considered to be measurable and available only when cash is received by the Authority. Expenditures, other than long-term obligations, are recorded when the liability is incurred or the long-term obligation is due.

The Authority reports the following major governmental funds:

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

The North Nevada Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of the North Nevada urban renewal project area.

The Ivywild Neighborhood Debt Service Fund accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt of the Ivywild Neighborhood urban renewal project area.

The Gold Hill Mesa Capital Projects Fund is used to account for financial resources to be used for the reimbursement of public infrastructure in the Gold Hill Mesa urban renewal project area.

The Copper Ridge Capital Projects Fund is used to account for financial resources to be used for the reimbursement, acquisition and construction of public infrastructure in the Copper Ridge urban renewal project area.

The City for Champions Capital Projects Fund is used to account for financial resources to be used for the reimbursement of costs related to the five project elements: U.S. Olympic Museum and Hall of Fame, Colorado Sports and Event Complex, U.C.C.S. Sports Medicine and Performance Center, U.S. Air Force Academy Visitors Center and Flexible Sub-Account.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the Authority's administrative function and various other functions of the Authority. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

COLORADO SPRINGS URBAN RENEWAL AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenue. Likewise, general revenues include all incremental taxes received by the Authority.

Budgets

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

The Authority has amended its annual budget for the year ended December 31, 2017.

Pooled Cash and Investments

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

Interfund Balances

The Authority reports interfund balances that are representative of lending/borrowing arrangements between funds in the fund financial statements as due to/from other funds (current portion of interfund loans) or advances to/from other funds (long-term portion of interfund loans). The interfund balances have been eliminated in the government-wide statement except for the residual balances between the governmental activities and business-type activities, which are reported as internal balances.

Incremental Property Taxes

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

COLORADO SPRINGS URBAN RENEWAL AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Incremental Sales Tax

On June 12, 2007, the Authority entered into a Cooperation Agreement with the City, allowing the Authority to receive incremental sales tax generated from the North Nevada project area which is received by the Authority from the City's general sales tax of 2%, in excess of the sales tax base amount of \$375,603. The base calculation period used by the City is calculated from December through November of each year. The term of the agreement is for 23 years and the aggregate incremental sales tax revenues available to the Authority shall not exceed \$98,800,000.

On January 24, 2012, the Authority entered into a Cooperation Agreement with the City, allowing the Authority to receive incremental sales tax generated from the Ivywild Neighborhood project area which is received by the Authority from the City's general sales tax of 2%, in excess of the sales tax base amount of \$62,693. The term of the agreement is from January 24, 2012 through June 28, 2036.

On October 22, 2013, the Authority entered into a Cooperation Agreement with the City and Copper Ridge Metropolitan District, allowing the Authority to receive incremental sales tax generated from the Copper Ridge project area for a period of up to 25 years. Pursuant to the agreement, the Authority will receive from the City's general sales tax of 1%, in excess of the sales tax base amount of \$30,272.

On December 16, 2015, the Authority entered into a Cooperation Agreement with the City, allowing the Authority to receive incremental sales tax generated from the South Nevada project area which is received by the Authority from the City's general sales tax of 1.75% for the first five years after approval of the South Nevada Area Urban Renewal Project Plan (the "Plan") and 1.5% for the remaining 20 years after approval of the Plan, in excess of the sales tax base amount of \$934,475.

COLORADO SPRINGS URBAN RENEWAL AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pursuant to the Resolution by the Colorado Economic Development Commission Concerning the Allocation of State Sales Tax Increment Revenue for the Colorado Springs City for Champions Project, executed on November 25, 2013, the Authority is receiving a percentage of the state sales tax increment revenue that is dedicated to the City for Champions Project, subject to an aggregate cap of \$120,500,000. The portion of state sales tax revenue collected within the boundaries of the regional tourism zone in excess of the base year revenue multiplied by 13.08% is dedicated to the Authority. The base year revenue of \$169,503,178, is identified by the state sales tax revenue collected from taxable transactions occurring within the regional tourism zone during the twelve-month period beginning on December 1, 2012 and ended on November 30, 2013.

Capital Assets

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

Capital assets which are anticipated to be conveyed to other governmental entities are recorded as construction in progress, and are not included in the calculation of net investment in capital assets component of the Authority's net position.

It is the policy of the City to accept maintenance responsibility for all major public infrastructure within the City upon the Authority's completion and conveyance of such improvements provided they meet the City's specifications.

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

Amortization

In the government-wide financial statements, the loss on bond refunding is being amortized using the interest method over the life of the refunded bonds. The amortization amount is a component of interest expense and the unamortized deferred loss is reflected as a deferred inflow of resources.

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 District has one item that qualifies for reporting in this category. Accordingly, the item, loss on refunding, is deferred and recognized as an outflow of resources in the period that the amount is incurred.

COLORADO SPRINGS URBAN RENEWAL AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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 District has one item that qualifies for reporting in this category. Accordingly, the item, *deferred property tax revenue*, is deferred and recognized as an inflow of resources in the period that the amount becomes available.

Fund 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 Commissioners. The constraint may be removed or changed only through formal action of the Board of Commissioners.
- *Assigned fund balance* - The portion of fund balance that is constrained by the government's intent to be used for specific purposes, but is neither restricted nor committed. Intent is expressed by the Board of Commissioners to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.)
- *Unassigned fund balance* - The residual portion of fund balance that does not meet any of the criteria described above.

**COLORADO SPRINGS URBAN RENEWAL AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2017**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

NOTE 3 - CASH AND INVESTMENTS

Cash and investments as of December 31, 2017, are classified in the accompanying financial statements as follows:

Statement of net position:

Cash and investments	\$ 492,167
Cash and investments - Restricted	<u>52,627,985</u>
Total cash and investments	<u>\$ 53,120,152</u>

Cash and investments as of December 31, 2017, consist of the following:

Deposits with financial institutions	\$ 5,627,441
Investments	<u>47,492,711</u>
Total cash and investments	<u>\$ 53,120,152</u>

Deposits with Financial Institutions

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

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

As of December 31, 2017, the Authority's cash deposits had a bank balance and a carrying balance of \$5,627,441.

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 District is not subject to concentration risk or investment custodial risk disclosure requirements for investments that are in the possession of another party.

**COLORADO SPRINGS URBAN RENEWAL AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2017**

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

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

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

- . Obligations of the United States, certain U.S. government agency securities and securities of the World Bank
- . General obligation and revenue bonds of U.S. local government entities
- . Certain certificates of participation
- . Certain securities lending agreements
- . Bankers' acceptances of certain banks
- . Commercial paper
- . 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, 2017, the Authority had the following investments:

Investment	Maturity	Amount
Colorado Local Government Liquid Asset Trust (COLOTRUST)	Weighted average under 60 days	<u>\$ 47,492,711</u>

COLOTRUST

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

COLORADO SPRINGS URBAN RENEWAL AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 4 – CAPITAL ASSETS

An analysis of the changes in capital assets for the year ended December 31, 2017 follows:

	<u>Balance at December 31, 2016</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance at December 31, 2017</u>
Governmental Activities:				
Capital assets, not being depreciated:				
Construction in progress	\$ -	\$14,125,956	\$ 14,125,956	\$ -
Total capital assets, not being depreciated	-	14,125,956	14,125,956	-
Governmental activities capital assets, net	<u>\$ -</u>	<u>\$14,125,956</u>	<u>\$ 14,125,956</u>	<u>\$ -</u>

During 2017, the capital assets were constructed by other governmental entities where the Authority is a contributing entity. The costs of the construction of capital assets transferred to other governmental entities were removed from the Authority's financial records.

NOTE 5 - LONG-TERM OBLIGATIONS

The following is an analysis of changes in Authority's long-term obligations for the year ended December 31, 2017:

	<u>Balance at December 31, 2016</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance at December 31, 2017</u>	<u>Due Within One Year</u>
Series 2016A Senior Loan	\$53,340,000	\$ -	\$ 3,006,000	\$ 50,334,000	\$ -
Series 2016B Subordinate Bonds	5,879,000	-	716,000	5,163,000	-
Series 2017A Tax Increment Revenue Bonds	-	15,000,000	-	15,000,000	-
Series 2017B Tax Increment Revenue Bonds	-	14,000,000	-	14,000,000	-
Series 2017C Tax Increment Revenue Bonds	-	10,000,000	-	10,000,000	-
Ivywild Loan	778,000	-	-	778,000	-
Memorandum of understanding - City of Colorado Springs - Sales tax	158,474	-	-	158,474	-
Note payable - University of Colorado - Colorado Springs - Loan	3,394,803	-	-	3,394,803	-
Note payable - University Village Developers - Advanced Funds Note	2,500,000	-	-	2,500,000	-
Accrued interest - Ivywild Loan	94,553	60,760	138,938	16,375	-
Accrued interest - City of Colorado Springs - Sales tax	79,545	11,901	-	91,446	-
Accrued interest - University of Colorado Colorado Springs - Loan	1,218,485	254,849	-	1,473,334	-
Accrued interest - University Village Developers - Advanced Funds Note	965,723	136,250	-	1,101,973	-
	<u>\$68,408,583</u>	<u>\$39,463,760</u>	<u>\$ 3,860,938</u>	<u>\$ 104,011,405</u>	<u>\$ -</u>

COLORADO SPRINGS URBAN RENEWAL AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 5 - LONG-TERM OBLIGATIONS (CONTINUED)

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

Advanced Funds Note

An Advanced Funds Note in the amount of \$15,997,000 was issued on February 1, 2008, between the Authority and University Village Developers, LLC (Note Holder). The Note shall be payable in full on or before December 31, 2010. The Authority made a partial payment of \$13,497,000 from the initial draw on the proceeds of the Senior Bonds. The note bore no interest until maturity on December 31, 2010, and after that date interest began to accrue at the rate of 6.50% per annum on the unpaid balance. As of December 31, 2017, the outstanding principal and accrued interest on the Note are \$2,500,000 and \$1,101,973, respectively.

University of Colorado, Colorado Springs, Loan

On March 20, 2008, the Authority entered into a loan with the University of Colorado, Colorado Springs, in the principal amount of \$3,400,000 to construct pedestrian underpass under North Nevada Avenue and to place electrical lines underground along the same avenue.

The loan will bear an interest rate of 4.50% compounded semi-annually. Repayment is due five years from the date of the first draw down payment and expected to come from the proceeds of a future bond issuance by the Authority. On November 10, 2016, the loan agreement was amended for up to an additional five (5) year period, effective beginning upon the April 1, 2014, expiration of the repayment term. The loan was amended for the second time on August 24, 2016. Pursuant to the Second Loan Agreement Amendment, the interest rate applicable to amounts outstanding shall be changed to 5.45% per annum effective on the second amendment date. In addition, the parties agree to extend the loan agreement to December 31, 2030. As of December 31, 2017, the total amount of funds advanced under this agreement was \$3,394,803.

Memorandum of Understanding - City of Colorado Springs - Sales Tax

On January 15, 2009, the Authority entered into a Memorandum of Understanding with the City of Colorado Springs (the City) with regard to the sales tax base amount as it relates to the 2008 Bond issuance. The amount originally certified by the City to be the base amount was \$421,682 and since agreed that the base amount should be \$375,603.

The Authority agrees that the City had previously overpaid the Authority with respect to the sales tax increment in the North Nevada Project Area and has agreed to repay the City \$158,474. Such payment shall be made to the extent the Authority receives amounts free and clear of the Indenture pursuant to Section 5.01(m) of the Indenture from time to time. The parties have agreed that the amount shall bear interest at the rate of 5.00% compounding annually until paid in full.

As of December 31, 2017, no payments have been made to the City under this agreement. The actual amounts of principal payments to be made in the future will depend on future pledged revenues and cannot be predicted with certainty.

COLORADO SPRINGS URBAN RENEWAL AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 5 - LONG-TERM OBLIGATIONS (CONTINUED)

The Culebra Properties Limited Liability Company, Ivywild Neighborhood Loan

On March 21, 2012, the Authority entered into a loan agreement with the Culebra Properties Limited Liability Company (Lender) in the amount of \$778,000. The Loan, maturing June 30, 2028, bears an interest rate of 7% per annum until the Loan is paid in full, payable quarterly March 31, June 30, September 30 and December 31 of each calendar year, commencing March 31, 2013. The Loan was issued to (i) provide financing for the Ivywild Neighborhood Urban Renewal Project (Project), and (ii) paying costs of issuance of the Loan.

The Loan is secured and payable from the Pledged Revenue, consisting of monies derived by (1) the Incremental Property Tax Revenues, (2) the Incremental Sales Tax Revenues, (3) all amounts held in the Loan Payment Fund together with investment earnings thereon; and (4) all other legally available monies which the Authority determines, in its sole discretion, to deposit in the Loan Payment Fund. The Authority shall credit all amounts comprising Pledged Revenue to the Loan Payment Fund. The monies in the Loan Repayment Fund will be used to pay interest and principal due on the loan. Any interest not paid when due shall continue to accrue until paid in full, and shall compound annually beginning on June 30, 2014. Repayment of the loan principal shall be due and payable on each payment date, to the extent of Pledged Revenue available. The full amount of the Loan shall become due and payable on the maturity date.

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

Senior Loan, Series 2016A and Subordinate Bonds, Series 2016B

On August 24, 2016, the Authority entered into the Senior Loan Agreement with U.S. Bank (Lender) and issuing the Subordinate Bonds in the amounts of \$56,000,000 and \$5,879,000, respectively. The proceeds from the Senior Loan and Subordinate Bonds are used to: (i) refund the Authority's outstanding Tax Increment Revenue Bonds (University Village Colorado Project), Series 2008A Senior and Tax Increment Revenue Bonds (University Village Colorado Project), Series 2008B Subordinate (Convertible to Senior); (ii) provide a deposit to the Senior Loan Debt Service Reserve Fund; and, (iii) pay the costs of issuance of the Senior Loan and Subordinate Bonds.

The Senior Loan bears interest at a variable rate per annum equal to: (a) prior to the Maturity Date, the sum of (i) 70% of the One Month LIBOR Rate and (ii) the Applicable Margin (as further described in the Senior Loan Agreement); and (b) from and after the Maturity Date, to the extent that any principal amounts remain due with respect to the Senior Loan, the sum of (i) the Daily Reset LIBOR Rate and (ii) 5.0% per annum. Interest is due on the first day of each calendar month, which date shall be subject to adjustment in accordance with the Modified Following Business Day Convention, commencing October 1, 2016, and including the Maturity Date of August 24, 2026. Principal is due annually on December 1 beginning December 1, 2016, through the Maturity Date.

The Authority and Lender agree that all Senior Loan payment obligations payable during a fiscal year are limited to the amount of the Annual Senior Payment Cap for such fiscal year and that the Authority is not obligated, nor permitted by the Custodial Agreement, to pay any Senior Payment Obligation in excess of such Annual Senior Payment Cap for such fiscal year.

COLORADO SPRINGS URBAN RENEWAL AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 5 - LONG-TERM OBLIGATIONS (CONTINUED)

Senior Pledged Revenue as defined in the Senior Loan Agreement means: (a) the Incremental Tax Revenue; (b) any Counterparty Net Regularly Scheduled Swap Payments; (c) any Termination Payments paid by the 2016 Senior Swap Counterparty; and (d) any other legally available moneys which the Authority determines to credit to the Senior Pledged Revenue Fund; provided that with respect to any Fiscal Year, if the amount of Senior Payment Obligations paid during such Fiscal Year shall equal the Annual Senior Payment Cap for such Fiscal Year, all Incremental Tax Revenues received during such Fiscal Year not applied to the payment of such Senior Payment Obligations up to the amount of such Annual Senior Payment Cap shall cease to be Senior Pledged Revenue and shall thereafter be Subordinate Pledged Revenue and used as provided in the Subordinate Indenture. Incremental Tax Revenue means (a) Incremental Property Tax Revenue in excess of the Authority's Retained Operating Revenue of \$50,000 per Fiscal Year; and (b) Incremental Sales Tax Revenue.

The Senior Loan is further secured by a Reserve Fund to be funded from proceeds of the Senior Loan in the amount of the Reserve Fund Requirement of \$3,350,000.

The Subordinate Bonds were issued at the rate of 6.75% per annum and payable annually from Subordinate Pledged Revenue on December 15, beginning on December 15, 2016. Unpaid interest on the Subordinate Bonds compounds annually on each December 15. The Subordinate Bonds mature on December 15, 2030, and are subject to optional redemption prior to maturity.

The Subordinate Bonds are special and limited revenue obligations of the Authority, payable solely from the Trust Estate, which is pledged and assigned pursuant to the Subordinate Indenture for the payment of the principal of and interest on the Subordinate Bonds. The Trust Estate consists of Subordinate Pledged Revenue, the Subordinate Bond Fund and all other moneys, securities, revenues, receipts, and funds from time to time held by the Trustee under the terms of the Subordinate Indenture, other than the Costs of Issuance Fund. Subordinate Pledged Revenue means (a) the Incremental Tax Revenue in any Fiscal Year in excess of the Annual Senior Payment Cap; and (b) any other legally available moneys which the Authority determines to credit to the Subordinate Bond Fund. If the Incremental Tax Revenue does not exceed the Annual Senior Payment Cap, then it is not anticipated that there will be Subordinate Pledged Revenue available to pay debt service on the Subordinate Bonds.

The Authority's debt maturities for the Senior Loan and Subordinate Bonds cannot be determined as payments are based on the availability of funds.

Series 2017 RTA Tax Increment Financing – Bank Direct Placement

On April 12, 2017, the Authority issued the Tax Increment Revenue Bonds in the total amount of \$39,000,000, consisting of \$15,000,000 with UMB Bank (Series 2017A), \$14,000,000 with First Bank (Series 2017B) and \$10,000,000 with Academy Bank (Series 2017C). The Bonds were issued at the rate of 3.33% and are payable annually on September 1, beginning on September 1, 2019, through September 1, 2027. Interest payments are due on each March 1 and September 1, commencing September 1, 2017. Installments of principal of the Bonds are redeemable at the option of the Authority on any date at a redemption price equal to 100% of the installments of the principal amount of the Bonds redeemed plus accrued interest.

COLORADO SPRINGS URBAN RENEWAL AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 5 - LONG-TERM OBLIGATIONS (CONTINUED)

The Bonds were issued to finance a portion of the costs of the Hall of fame Project and the Southwest Infrastructure Project, to fund a portion of a reserve fund for the Bonds and to pay the expenses incurred in connection with the issuance of the Bonds. The Bonds are secured by 52% of State Sales Tax Increment Revenue, which includes the Olympic Museum and Hall of Fame, one of the Project Elements of the City for Champions project (42%), plus 10% of Dedicated Revenue from the Flexible Sub-Account, provided that in no event shall the total cumulative dollar amount exceed \$62,660,000. If any principal or interest is not paid when due, interest on the unpaid amount shall be accrued and be payable on the unpaid amount at the interest rate borne by the Bonds plus (i) in the case of the first missed payment, 2% per annum, (ii) in the case of the second missed payment, 3% per annum, (iii) in the case of the third missed payment, 5% per annum and (iv) in the case of the fourth and any further missed payments, 7% per annum.

Series 2017A outstanding principal and interest will mature as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ -	\$ 499,500	\$ 499,500
2019	100,000	499,500	599,500
2020	200,000	496,170	696,170
2021	300,000	489,510	789,510
2022	400,000	479,520	879,520
2023-2027	14,000,000	2,131,200	16,131,200
	<u>\$ 15,000,000</u>	<u>\$ 4,595,400</u>	<u>\$ 19,595,400</u>

Series 2017B outstanding principal and interest will mature as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ -	\$ 466,200	\$ 466,200
2019	100,000	466,200	566,200
2020	200,000	462,870	662,870
2021	300,000	456,210	756,210
2022	300,000	446,220	746,220
2023-2027	13,100,000	1,981,350	15,081,350
	<u>\$ 14,000,000</u>	<u>\$ 4,279,050</u>	<u>\$ 18,279,050</u>

COLORADO SPRINGS URBAN RENEWAL AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 5 - LONG-TERM OBLIGATIONS (CONTINUED)

Series 2017C outstanding principal and interest will mature as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ -	\$ 333,000	\$ 333,000
2019	100,000	333,000	433,000
2020	100,000	329,670	429,670
2021	200,000	326,340	526,340
2022	300,000	319,680	619,680
2023-2027	9,300,000	1,401,930	10,701,930
	<u>\$ 10,000,000</u>	<u>\$ 3,043,620</u>	<u>\$ 13,043,620</u>

Derivatives

Swap Agreement

On August 24, 2016 the Authority entered into an interest rate swap transaction (hedging derivative instrument) (the Swap) with U.S. Bank National Association (the Bank) in order to hedge interest rates and protect against rising interest rates. The Swap is associated with the Series 2016A Senior Loan, and used the debt service maturity schedule of the Series 2016A Senior Loan as the notional amount of the Swap. An International Swaps and Derivatives Association (ISDA) Master Agreement was used to develop the Swap which is set to terminate on December 1, 2030 (Terminate Date).

From the effective date of the agreement through Terminate Date, the Authority is the fixed rate payer under the Swap, paying a rate of 1.1045%, on the 1st day of each month, based on a 30/360 day count. The Bank is the floating rate payer, paying the current 70% of a 1-month LIBOR rate based on an actual/360 day count.

COLORADO SPRINGS URBAN RENEWAL AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 5 - LONG-TERM OBLIGATIONS (CONTINUED)

The following is the projected payments based on the interest rate Swap transaction as of December 31, 2017:

	Swap Notional Amount	Net Interest Rate Swap Payments	Bank Interest Payments	Total
December 31, 2018	\$ 3,140,000	\$ 305,747	\$ 1,199,067	\$ 4,644,814
December 31, 2019	3,290,000	286,678	1,124,281	4,700,959
December 31, 2020	3,440,000	266,698	1,045,924	4,752,622
December 31, 2021	3,600,000	245,806	963,993	4,809,799
December 31, 2022	3,760,000	223,943	878,252	4,862,195
December 31, 2023	3,925,000	201,109	788,700	4,914,809
December 31, 2024	4,095,000	177,272	695,218	4,967,490
December 31, 2025	4,275,000	152,403	597,688	5,025,091
December 31, 2026	4,275,000	126,441	495,870	4,897,311
December 31, 2027	4,105,000	100,478	394,052	4,599,530
December 31, 2028	4,410,000	75,549	296,283	4,781,832
December 31, 2029	5,095,000	48,767	191,251	5,335,018
December 31, 2030	2,935,000	17,824	69,903	3,022,727
	<u>\$ 50,345,000</u>	<u>\$ 2,228,715</u>	<u>\$ 8,740,482</u>	<u>\$ 61,314,197</u>

Payments on the 2016 Senior Loan and the Swap are calculated using interest rates in effect on December 31, 2017.

The following is a summary of the effective interest rate calculation on the Authority's Swap Agreement for the year ended December 31, 2017:

	<u>Counterparty Swap Payment</u>			<u>Interest Payments to Bank</u>	<u>Total Payments</u>	<u>Actual Synthetic Rate</u>
	<u>To</u>	<u>From</u>	<u>Net</u>			
December 31, 2017	\$ 586,434	\$ 405,162	\$ 181,272	\$ 1,454,647	\$ 1,635,919	3.2494%
Total	<u>\$ 586,434</u>	<u>\$ 405,162</u>	<u>\$ 181,272</u>	<u>\$ 1,454,647</u>	<u>\$ 1,635,919</u>	

**COLORADO SPRINGS URBAN RENEWAL AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2017**

NOTE 5 - LONG-TERM OBLIGATIONS (CONTINUED)

The following is a summary of the Authority's derivative for the year ended December 31, 2017:

	<u>Net Change in Fair Value</u>		<u>Fair Value at December 31, 2017</u>	
	<u>Classification</u>	<u>Amount</u>	<u>Classification</u>	<u>Amount</u>
Governmental Activities:	Deferred inflow	\$ 1,654,075	Asset	\$ 1,654,075

The basic terms and parties to the Swap are listed below:

Counterparty	Trade Date	Effective Date	Original Notional Amount	Termination Date	Optional Termination Date	Associated Debt Series	Payable Swap Rate	Variable Receivable Swap Rate	Fair Value at December 31, 2017
US Bank National Assoc.	8/24/2016	8/24/2016	\$ 56,000,000	12/1/2030	8/24/2026	2016 Senior Loan	1.1045%	70% 1-month LIBOR	\$ 1,654,075

The year-end fair values were calculated using the mid-market LIBOR valuations as of December 31, 2017. As of this date, the 70% of 1-month LIBOR Index rate was 0.95248%. Fair values represent the difference between the present value of the fixed payments and the present value of the floating payments, at forward floating rates as of December 31, 2017.

When the present value of payments to be made by the Authority exceeds the present value of payments to be received, the Swap has a negative value to the Authority. When the present value of payments to be received by the Authority exceeds that of payments to be made, the Swap has a positive value to the Authority.

The following risks are generally associated with the Swap:

Credit Risk

The Swap relies upon the performance of the Swap counterparty. The Authority is exposed to the risk of this counterparty being unable to fulfill its financial obligation to the Authority. The Authority measures the extent of this risk based upon the credit ratings of the counterparty and the fair value of the Swap. As of December 31, 2017, there was no risk of loss as the fair value of the Swap was positive. The ratings of the counterparty as of December 31, 2017, are as follows:

Ratings of Counterparty

Counterparty

Moody's

US Bank National Association

Aa2

COLORADO SPRINGS URBAN RENEWAL AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 5 - LONG-TERM OBLIGATIONS (CONTINUED)

Termination Risk

Either party to the Swap may terminate the Swap if the other party fails to perform under the terms of the agreement. Further, certain credit or tax events can lead to a termination event under the Swap. If the Swap has a negative fair value at the time of the termination, the Authority could be liable to the counterparty for a payment equal to the Swap's fair value. If the Swap is terminated the associated variable rate loan would no longer be hedged with a synthetic fixed interest rate. The Authority is not aware of any existing event that would lead to a termination with respect to the Swap.

Refunding

In addition to the above bond and loan issues, other bonds previously issued by the Authority have been defeased (debt legally satisfied) by the issuance of the refunding 2016 Senior Loan and the 2016 Subordinate Bonds. The balance of the Authority's defeased bonds outstanding at December 31, 2017 was \$0.

On August 24, 2016, the Authority advance refunded and defeased (debt legally satisfied) \$42,075,000 of Series 2008A Senior Special Revenue Bonds with an interest rate of 7.0% and \$7,435,000 of Series 2008B Subordinate Special Revenue Bonds with an interest rate of 7.5% by the issuance of \$56,000,000 Senior Loan, Series 2016A dated August 24, 2016 with a variable interest rate Swap agreement and the \$5,879,000 Subordinate Tax Increment Revenue Bonds, Series 2016B with an average interest rate of 6.75%. The Authority advance refunded the 2008 Series Bonds to reduce its total debt service payments over the next 14.33 years by almost \$2,039,463 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt of \$5,896,567. Restrictions on the monies restricted for interest payments and the reserve accounting pertaining to the defeased bonds were removed under the new refunding. The defeased bonds are not considered a liability of the Authority since sufficient funds in the amount of \$56,725,131 were deposited with a trustee and invested in U.S. Government securities for the purpose of paying the principal and interest of the defeased bonds until the call date, at which point the bonds will be repaid in their entirety from the remaining funds in the escrow account. The bonds were redeemed on December 1, 2017.

In the government-wide statements, the District incurred a cost on bond refunding in the amount of \$6,388,064, which has been deferred and is being amortized over the life of the new debt.

COLORADO SPRINGS URBAN RENEWAL AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 6 - NET POSITION

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

Restricted net position include assets that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The Authority had restricted net position as of December 31, 2017, as follows:

	Governmental Activities
Restricted net position:	
Debt service	\$ 631,641
Capital Projects Fund reserve	<u>44,640,752</u>
Total restricted net position	<u><u>\$ 45,272,393</u></u>

The Authority has a deficit in unrestricted net position. This deficit amount is a result of the Authority being responsible for the repayment of bonds issued for public improvements, which have been conveyed to other governmental entities.

COLORADO SPRINGS URBAN RENEWAL AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 7 - FUND BALANCES

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

	<u>General Fund</u>	<u>Debt Service Funds</u>	<u>Capital Projects Funds</u>	<u>Total</u>
Fund balances				
Nonspendable:				
Prepaid amounts	\$ 10,845	\$ -	\$ -	\$ 10,845
Restricted for:				
North Nevada Debt Service	-	4,542,019	-	4,542,019
Ivywild Neighborhood Debt Service	-	18,648	-	18,648
Vineyards Project Area	-	-	68,641	68,641
Gold Hill Mesa Project Area	-	-	6,017	6,017
City Gate Project Area	-	-	3,023	3,023
Copper Ridge Project Area	-	-	2,418,322	2,418,322
Southwest Downtown Project Area	-	-	22,778	22,778
South Nevada	-	-	50,355	50,355
City for Champions - Admin	-	-	61,243	61,243
US Olympic Museum and Hall of Fame	-	-	28,800,277	28,800,277
Colorado Sports and Event Complex	-	-	2,102,676	2,102,676
UCCS Sports Medicine and Performance	-	-	1,279,890	1,279,890
US Air Force Academy Visitors Center	-	-	457,104	457,104
Southwest Infrastructure	-	-	8,823,854	8,823,854
Champions Flexible Sub-Account	-	-	546,572	546,572
	<u>-</u>	<u>4,560,667</u>	<u>44,640,752</u>	<u>49,201,419</u>
Assigned to:				
Operating reserves	159,000	-	-	159,000
	<u>159,000</u>	<u>-</u>	<u>-</u>	<u>159,000</u>
Unassigned:				
General government	257,770	-	-	257,770
Total fund balances	<u>\$ 427,615</u>	<u>\$ 4,560,667</u>	<u>\$ 44,640,752</u>	<u>\$ 49,629,034</u>

COLORADO SPRINGS URBAN RENEWAL AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 8 - INTERGOVERNMENTAL AGREEMENTS

Copper Ridge Redevelopment Agreement

On September 25, 2013, the Authority entered into an Urban Renewal Agreement for Redevelopment of Copper Ridge at Northgate Property (Agreement) with Copper Ridge Development, Inc. (Developer) and Copper Ridge Metropolitan District (District). The purposes of this agreement are to renew and improve the environment, enhance the current sales tax base and property tax base, effectively use undeveloped land and promote improved traffic, public transportation, public utilities and community facilities within the Project Area. In order to facilitate the funding by the District, the Authority agrees to remit, on a monthly basis, all District Property Tax Increment Revenues, to the extent the Authority receives the same from the County. The District agrees to use all District Property Tax Increment Revenues to fund costs related to the redevelopment of the Project Area, as described in further detail in the Cooperation Agreement.

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

Copper Ridge Cooperation Agreement

On October 22, 2013, the Authority entered into a Cooperation Agreement with the City of Colorado Springs (City) and Copper Ridge Metropolitan District (District). The Authority and the City understand that the District will issue Bonds to fund for costs related to the extension of north Powers Blvd. from Highway 83 to Interstate 25. Pursuant to the agreement, the Authority agrees to pledge Property Tax Increment Revenues and City Sales Tax Increment Revenues (Pledged Revenues) to the District, subject to funding of annual administrative fee as described in the Redevelopment Agreement. The District Bonds shall not constitute a debt, liability or obligation of any nature of the City or the Authority but shall be payable solely from Pledged Revenues.

Colorado Springs City for Champions Project

Pursuant to the Resolution by the Colorado Economic Development Commission Concerning the Allocation of State sales Tax increment revenue for the Colorado Springs City for Champions project, executed on November 25, 2013, the Authority is receiving 13.08% of the state sales tax increment revenue that is dedicated to the City for Champions project, subject to an aggregate cap of \$120,500,000. The Authority agrees to pledge the following minimum proportions of the dedicated revenue to each Project Element: (1) U.S. Olympic Museum and Hall of Fame: 42%, (2) Colorado Sports & Event Complex: 23%, (3) U.C.C.S. Sports Medicine and Performance Center: 14%, (4) U.S. Air Force Academy Gateway Visitor Center: 5%, (5) Southwest Infrastructure: 10%, and (6) flexible Sub-Account: 6%. The dedicated revenue shall be deposited in the Special Fund and must be further sub-divided into four Sub-Accounts based on set percentages. Funds from the first four Sub-Accounts must be used only to pay for Eligible

COLORADO SPRINGS URBAN RENEWAL AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 8 - INTERGOVERNMENTAL AGREEMENTS (CONTINUED)

Costs for the Specific Project Element associated with the Sub-Account, and can't be loaned or transferred to other Sub-Accounts. After the commencement of substantial work for the U.S. Olympic Museum and Hall of Fame has occurred, the Authority shall pledge or allocate the funds from the flexible Sub-Account to or among any Project Element, including eligible improvements to the Southwest

Colorado Springs Downtown Infrastructure. However, not more than 6 percent of this 16 percent portion of Dedicated Revenue may be pledged or allocated to the U.S.A.F.A. Gateway Visitors Center.

The Authority shall submit written quarterly reports, detailing the progress on the Project, to the Colorado Economic Development Commission 30 calendar days after the end of each calendar quarter with the first report due January 31, 2015, with the final due date being in September in the year following the completion of the project.

Gold Hill Mesa Commercial Cooperation Agreement

On December 8, 2015, the City approved a Cooperation Agreement between the Authority and the City to promote redevelopment and assist with financing of public improvements for the Gold Hill Mesa Commercial Urban Renewal Project. The Gold Hill Mesa Metropolitan District No. 3 (the District) has been formed for the purposes of assisting with financing of the public improvements. The Authority and the City understand that the District may issue Bonds to fund for costs related to the project.

Pursuant to the agreement, the Authority will work with the District and the Developer to issue financial instruments to finance eligible activities, operations and duties to carry out the plan by means of tax allocation financing utilizing both Property Tax Increment Revenues and the City Sales Tax Increment Revenues (Pledged Revenues). The Pledged Revenues shall be paid to the Authority and may be pledged to the District. The District Bonds shall not constitute a debt, liability or obligation of any nature of the City or the Authority but shall be payable solely from Pledged Revenues.

South Nevada Cooperation Agreement

On December 16, 2015, the City approved a Cooperation Agreement between the Authority and the City to promote redevelopment and assist with financing of public improvements for the South Nevada Area Urban Renewal Project. Pursuant to the agreement, the Authority will work with owners and developers, metropolitan districts and other similar entities to issue financial instruments to finance eligible activities, operations and duties to carry out the plan by means of tax allocation financing utilizing both Property Tax Increment Revenues and the City Sales Tax Increment Revenues (Pledged Revenues). The Pledged Revenues shall be paid to the Authority when collected and may be pledged to any developer or owner or any metropolitan district or other entity.

COLORADO SPRINGS URBAN RENEWAL AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 9 - RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees, or acts of God. The Authority maintains commercial insurance for all risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years, nor have any claims been submitted.

NOTE 10 - 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.

In 2002, the Colorado Court of Appeals determined that TABOR does not apply to urban renewal authorities such as the Authority. The application of TABOR to the City, however, could impact the amount of Sales Tax Revenues received by the Authority, and the application of TABOR to the School District and other local governments which overlap the Urban Renewal Area could impact the amount of Property Tax Revenues received by the Authority.

NOTE 11 - COMMITMENTS AND CONTINGENCIES

Vineyard Repayment Obligation

On September 5, 2012, the Authority entered into a Redevelopment and Reimbursement Agreement with Vineyard LLC (the Developer) to carry out the approved urban renewal plan. This agreement contemplates that the Developer will develop the property by constructing private improvements. Eligible public improvements are to be constructed in phases and reimbursed from TIF revenues. Pursuant to the agreement, the Developer may provide financing for eligible costs on public improvements. Such Developer advances bear interest at the rate of 8% per annum, accruing from the date advanced and compounded annually on the unpaid balance until paid.

Authority shall retain \$60,000 for administrative fee annually from the collection of TIF revenues. The Developer shall advance \$60,000 to the Authority for use as the first annual administrative fee. On November 4, 2013, the Authority received the first annual administrative fee in the amount of \$60,000 from the Developer. As of December 31, 2017, the outstanding principal and accrued interest owed by the Authority are \$60,000 and \$22,649, respectively.

This information is an integral part of the accompanying financial statements.

SUPPLEMENTARY INFORMATION

COLORADO SPRINGS URBAN RENEWAL AUTHORITY
DEBT SERVICE FUND
NORTH NEVADA PROJECT AREA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
Year Ended December 31, 2017

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Incremental property taxes	\$ 1,481,500	\$ 1,487,241	\$ 1,475,234	\$ (12,007)
Incremental sales taxes	4,043,000	4,350,000	4,201,002	(148,998)
Net investment income	30,000	85,000	91,892	6,892
Total revenues	<u>5,554,500</u>	<u>5,922,241</u>	<u>5,768,128</u>	<u>(154,113)</u>
EXPENDITURES				
Cash management fees	1,000	-	-	-
County Treasurer's fees	22,220	22,309	22,193	116
Loan interest - Series 2016A	1,676,820	1,676,820	1,643,736	33,084
Loan principal - Series 2016A	2,975,000	1,700,000	1,700,000	-
Loan principal (early redemption) - Series 2016A	-	1,306,000	1,306,000	-
Bond principal - Series 2016B	-	716,000	716,000	-
Bond interest - Series 2016B	339,593	396,833	396,833	-
Administration fees	50,000	50,000	50,000	-
Paying agent fees	5,500	5,500	5,500	-
Sales tax collection fee	1,800	1,800	1,886	(86)
Contingency	6,067	6,738	-	6,738
Total expenditures	<u>5,078,000</u>	<u>5,882,000</u>	<u>5,842,148</u>	<u>39,852</u>
NET CHANGE IN FUND BALANCES	476,500	40,241	(74,020)	(114,261)
FUND BALANCES - BEGINNING OF YEAR	<u>4,446,047</u>	<u>4,616,039</u>	<u>4,616,039</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ 4,922,547</u>	<u>\$ 4,656,280</u>	<u>\$ 4,542,019</u>	<u>\$ (114,261)</u>

**COLORADO SPRINGS URBAN RENEWAL AUTHORITY
DEBT SERVICE FUND
IVYWILD NEIGHBORHOOD PROJECT AREA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
Year Ended December 31, 2017**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Incremental property taxes	\$ 91,056	\$ 91,842	\$ 91,842	\$ -
Incremental sales taxes	42,000	53,000	54,849	1,849
Net investment income	500	2,000	1,664	(336)
Total revenues	<u>133,556</u>	<u>146,842</u>	<u>148,355</u>	<u>1,513</u>
EXPENDITURES				
County Treasurer's fees	1,370	1,403	1,403	-
Administration fees	5,000	5,000	5,000	-
Loan interest - Ivywild	127,006	156,088	138,938	17,150
Sales tax collection fee	180	90	105	(15)
Total expenditures	<u>133,556</u>	<u>162,581</u>	<u>145,446</u>	<u>17,135</u>
NET CHANGE IN FUND BALANCES	-	(15,739)	2,909	18,648
FUND BALANCES - BEGINNING OF YEAR	<u>-</u>	<u>15,739</u>	<u>15,739</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,648</u>	<u>\$ 18,648</u>

**COLORADO SPRINGS URBAN RENEWAL AUTHORITY
CAPITAL PROJECTS FUND
VINEYARDS PROJECT AREA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
Year Ended December 31, 2017**

	<u>Original and Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Incremental property taxes	\$ 75,729	\$ 76,232	\$ 503
Total revenues	<u>75,729</u>	<u>76,232</u>	<u>503</u>
EXPENDITURES			
General			
County Treasurer's fees	1,140	1,143	(3)
Administration fees	60,000	60,000	-
Contingency	14,589	-	14,589
Total expenditures	<u>75,729</u>	<u>61,143</u>	<u>14,586</u>
NET CHANGE IN FUND BALANCES	-	15,089	15,089
FUND BALANCES - BEGINNING OF YEAR	<u>-</u>	<u>53,552</u>	<u>53,552</u>
FUND BALANCES - END OF YEAR	<u>\$ -</u>	<u>\$ 68,641</u>	<u>\$ 68,641</u>

**COLORADO SPRINGS URBAN RENEWAL AUTHORITY
CAPITAL PROJECTS FUND
GOLD HILL MESA PROJECT AREA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
Year Ended December 31, 2017**

	<u>Original and Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Incremental property taxes	\$ 716,208	\$ 717,519	\$ 1,311
Net investment income	-	1,763	1,763
Total revenues	<u>716,208</u>	<u>719,282</u>	<u>3,074</u>
EXPENDITURES			
General			
County Treasurer's fees	10,740	10,793	(53)
Administration fees	50,000	50,000	-
TIF reimbursement	616,671	614,000	2,671
TIF reimbursement - School District 11	38,797	38,797	-
Total expenditures	<u>716,208</u>	<u>713,590</u>	<u>2,618</u>
NET CHANGE IN FUND BALANCES	-	5,692	5,692
FUND BALANCES - BEGINNING OF YEAR	<u>-</u>	<u>325</u>	<u>325</u>
FUND BALANCES - END OF YEAR	<u>\$ -</u>	<u>\$ 6,017</u>	<u>\$ 6,017</u>

COLORADO SPRINGS URBAN RENEWAL AUTHORITY
CAPITAL PROJECTS FUND
CITY AUDITORIUM PROJECT AREA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
Year Ended December 31, 2017

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Incremental property taxes	\$ 22,272	\$ 22,346	\$ 22,346	\$ -
Total revenues	<u>22,272</u>	<u>22,346</u>	<u>22,346</u>	<u>-</u>
EXPENDITURES				
General				
County Treasurer's fees	330	335	335	-
Administration fees	21,942	22,011	22,011	-
Total expenditures	<u>22,272</u>	<u>22,346</u>	<u>22,346</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES - BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**COLORADO SPRINGS URBAN RENEWAL AUTHORITY
CAPITAL PROJECTS FUND
CITY GATE PROJECT AREA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
Year Ended December 31, 2017**

	<u>Original and Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Incremental property taxes	\$ 13,040	\$ 13,087	\$ 47
Net investment income	-	28	28
Total revenues	<u>13,040</u>	<u>13,115</u>	<u>75</u>
EXPENDITURES			
General			
County Treasurer's fees	200	197	3
Administration fees	<u>10,000</u>	<u>10,000</u>	<u>-</u>
Total expenditures	<u>10,200</u>	<u>10,197</u>	<u>3</u>
NET CHANGE IN FUND BALANCES	2,840	2,918	78
FUND BALANCES - BEGINNING OF YEAR	<u>92</u>	<u>105</u>	<u>13</u>
FUND BALANCES - END OF YEAR	<u><u>\$ 2,932</u></u>	<u><u>\$ 3,023</u></u>	<u><u>\$ 91</u></u>

**COLORADO SPRINGS URBAN RENEWAL AUTHORITY
CAPITAL PROJECTS FUND
COPPER RIDGE PROJECT AREA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
Year Ended December 31, 2017**

	<u>Original and Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Incremental property taxes	\$ 1,576,760	\$ 1,556,993	\$ (19,767)
Incremental sales taxes	448,400	605,186	156,786
Net investment income	3,000	1,985	(1,015)
Total revenues	<u>2,028,160</u>	<u>2,164,164</u>	<u>136,004</u>
EXPENDITURES			
General			
County Treasurer's fees	23,650	23,385	265
Administration fees	60,000	60,000	-
Capital expenditures	800,000	1,785,006	(985,006)
TIF reimbursement	321,879	317,408	4,471
Sales tax collection fee	800	615	185
Contingency	1,000,000	-	1,000,000
Total expenditures	<u>2,206,329</u>	<u>2,186,414</u>	<u>19,915</u>
NET CHANGE IN FUND BALANCES	(178,169)	(22,250)	155,919
FUND BALANCES - BEGINNING OF YEAR	<u>1,932,428</u>	<u>2,440,572</u>	<u>508,144</u>
FUND BALANCES - END OF YEAR	<u>\$ 1,754,259</u>	<u>\$ 2,418,322</u>	<u>\$ 664,063</u>

**COLORADO SPRINGS URBAN RENEWAL AUTHORITY
CAPITAL PROJECTS FUND
SOUTHWEST DOWNTOWN PROJECT AREA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
Year Ended December 31, 2017**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Incremental property taxes	\$ 5,860	\$ 11,244	\$ 11,162	\$ (82)
Interest income	-	5	5	-
Total revenues	<u>5,860</u>	<u>11,249</u>	<u>11,167</u>	<u>(82)</u>
EXPENDITURES				
General				
County Treasurer's fees	<u>90</u>	<u>169</u>	<u>169</u>	<u>-</u>
Total expenditures	<u>90</u>	<u>169</u>	<u>169</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	5,770	11,080	10,998	(82)
FUND BALANCES - BEGINNING OF YEAR	<u>11,792</u>	<u>11,780</u>	<u>11,780</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u><u>\$ 17,562</u></u>	<u><u>\$ 22,860</u></u>	<u><u>\$ 22,778</u></u>	<u><u>\$ (82)</u></u>

**COLORADO SPRINGS URBAN RENEWAL AUTHORITY
CAPITAL PROJECTS FUND
SOUTH NEVADA PROJECT AREA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
Year Ended December 31, 2017**

	<u>Original and Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Incremental sales taxes	\$ 53,000	\$ 50,515	\$ (2,485)
Total revenues	<u>53,000</u>	<u>50,515</u>	<u>(2,485)</u>
EXPENDITURES			
General			
Sales tax collection fee	-	160	(160)
Contingency	<u>53,000</u>	<u>-</u>	<u>53,000</u>
Total expenditures	<u>53,000</u>	<u>160</u>	<u>52,840</u>
NET CHANGE IN FUND BALANCES	-	50,355	50,355
FUND BALANCES - BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ -</u>	<u>\$ 50,355</u>	<u>\$ 50,355</u>

**COLORADO SPRINGS URBAN RENEWAL AUTHORITY
CAPITAL PROJECTS FUND
CITY FOR CHAMPIONS - ADMIN
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
Year Ended December 31, 2017**

	<u>Original and Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Incremental sales taxes	\$ 7,339,469	\$ 3,634,359	\$(3,705,110)
Net investment income	200	-	(200)
Total revenues	<u>7,339,669</u>	<u>3,634,359</u>	<u>(3,705,310)</u>
EXPENDITURES			
General			
Accounting	21,600	23,965	(2,365)
Administrative expenditures	3,240	8,804	(5,564)
Audit	2,500	2,231	269
Insurance	4,300	-	4,300
Legal - projects	11,520	28,909	(17,389)
Project management	28,800	3,589	25,211
Total expenditures	<u>71,960</u>	<u>67,498</u>	<u>4,462</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>7,267,709</u>	<u>3,566,861</u>	<u>(3,700,848)</u>
OTHER FINANCING SOURCES (USES)			
Transfer in from USOM	-	60,000	60,000
Tranfers out - Project elements	(7,267,709)	(3,584,360)	3,683,349
Total other financing sources (uses)	<u>(7,267,709)</u>	<u>(3,524,360)</u>	<u>3,743,349</u>
NET CHANGE IN FUND BALANCES	-	42,501	42,501
FUND BALANCES - BEGINNING OF YEAR	<u>-</u>	<u>18,742</u>	<u>18,742</u>
FUND BALANCES - END OF YEAR	<u>\$ -</u>	<u>\$ 61,243</u>	<u>\$ 61,243</u>

COLORADO SPRINGS URBAN RENEWAL AUTHORITY
CAPITAL PROJECTS - CITY FOR CHAMPIONS FUND
US OLYMPIC MUSEUM AND HALL OF FAME PROJECT AREA - 42%
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
Year Ended December 31, 2017

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Net investment income	\$ -	\$ 282,925	\$ 282,925
USOM contribution	-	7,312,421	7,312,421
Total revenues	<u>-</u>	<u>7,595,346</u>	<u>7,595,346</u>
EXPENDITURES			
General			
Accounting	10,000	23,186	(13,186)
Administrative expenditures	10,000	-	10,000
Bond interest	1,267,500	501,443	766,057
Cost of issuance	500,000	874,599	(374,599)
Legal - projects	10,000	-	10,000
Project management	10,000	-	10,000
Capital outlay	<u>41,692,885</u>	<u>12,340,950</u>	<u>29,351,935</u>
Total expenditures	<u>43,500,385</u>	<u>13,740,178</u>	<u>29,760,207</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(43,500,385)</u>	<u>(6,144,832)</u>	<u>37,355,553</u>
OTHER FINANCING SOURCES (USES)			
Loan issuance	39,000,000	39,000,000	-
Transfer from Flexible Sub-account	-	557,426	557,426
Transfer to C4C Admin	-	(60,000)	(60,000)
Transfer to Southwest Infrastr. Fund	-	(8,749,172)	(8,749,172)
Transfers in - sales tax allocation	<u>3,052,438</u>	<u>1,863,867</u>	<u>(1,188,571)</u>
Total other financing sources (uses)	<u>42,052,438</u>	<u>32,612,121</u>	<u>(9,440,317)</u>
NET CHANGE IN FUND BALANCES	(1,447,947)	26,467,289	27,915,236
FUND BALANCES - BEGINNING OF YEAR	<u>2,970,807</u>	<u>2,332,988</u>	<u>(637,819)</u>
FUND BALANCES - END OF YEAR	<u>\$ 1,522,860</u>	<u>\$28,800,277</u>	<u>\$ 27,277,417</u>

**COLORADO SPRINGS URBAN RENEWAL AUTHORITY
CAPITAL PROJECTS - CITY FOR CHAMPIONS FUND
COLORADO SPORTS AND EVENT COMPLEX PROJECT AREA - 23%
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
Year Ended December 31, 2017**

	<u>Original and Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Net investment income	\$ -	\$ 686	\$ 686
Total revenues	<u>-</u>	<u>686</u>	<u>686</u>
EXPENDITURES			
General			
Administrative expenditures	1,000	-	1,000
Legal - projects	2,000	-	2,000
Project management	1,000	-	1,000
Contingency	100,000	-	100,000
Total expenditures	<u>104,000</u>	<u>-</u>	<u>104,000</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(104,000)</u>	<u>686</u>	<u>104,686</u>
OTHER FINANCING SOURCES (USES)			
Transfers in - sales tax allocation	1,671,573	824,403	(847,170)
Total other financing sources (uses)	<u>1,671,573</u>	<u>824,403</u>	<u>(847,170)</u>
NET CHANGE IN FUND BALANCES	1,567,573	825,089	(742,484)
FUND BALANCES - BEGINNING OF YEAR	<u>1,638,041</u>	<u>1,277,587</u>	<u>(360,454)</u>
FUND BALANCES - END OF YEAR	<u><u>\$ 3,205,614</u></u>	<u><u>\$ 2,102,676</u></u>	<u><u>\$ (1,102,938)</u></u>

**COLORADO SPRINGS URBAN RENEWAL AUTHORITY
CAPITAL PROJECTS - CITY FOR CHAMPIONS FUND
UCCS SPORTS MEDICINE AND PERFORMANCE PROJECT AREA - 14%
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
Year Ended December 31, 2017**

	<u>Original and Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Net investment income	\$ -	\$ 417	\$ 417
Total revenues	<u>-</u>	<u>417</u>	<u>417</u>
EXPENDITURES			
General			
Legal - projects	10,000	-	10,000
Contingency	<u>100,000</u>	<u>-</u>	<u>100,000</u>
Total expenditures	<u>110,000</u>	<u>-</u>	<u>110,000</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(110,000)</u>	<u>417</u>	<u>110,417</u>
OTHER FINANCING SOURCES (USES)			
Transfers in - sales tax allocation	<u>1,017,479</u>	<u>501,810</u>	<u>(515,669)</u>
Total other financing sources (uses)	<u>1,017,479</u>	<u>501,810</u>	<u>(515,669)</u>
NET CHANGE IN FUND BALANCES	907,479	502,227	(405,252)
FUND BALANCES - BEGINNING OF YEAR	<u>992,026</u>	<u>777,663</u>	<u>(214,363)</u>
FUND BALANCES - END OF YEAR	<u>\$ 1,899,505</u>	<u>\$ 1,279,890</u>	<u>\$ (619,615)</u>

**COLORADO SPRINGS URBAN RENEWAL AUTHORITY
CAPITAL PROJECTS - CITY FOR CHAMPIONS FUND
US AIR FORCE ACADEMY VISITORS CENTER PROJECT AREA - 5%
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
Year Ended December 31, 2017**

	<u>Original and Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Net investment income	\$ -	\$ 149	\$ 149
Total revenues	<u>-</u>	<u>149</u>	<u>149</u>
EXPENDITURES			
General			
Administration fees	1,000	-	1,000
Legal - projects	10,000	-	10,000
Project management	1,000	-	1,000
Contingency	100,000	-	100,000
Total expenditures	<u>112,000</u>	<u>-</u>	<u>112,000</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(112,000)</u>	<u>149</u>	<u>112,149</u>
OTHER FINANCING SOURCES (USES)			
Transfers in - sales tax allocation	363,386	179,218	(184,168)
Total other financing sources (uses)	<u>363,386</u>	<u>179,218</u>	<u>(184,168)</u>
NET CHANGE IN FUND BALANCES	251,386	179,367	(72,019)
FUND BALANCES - BEGINNING OF YEAR	<u>353,988</u>	<u>277,737</u>	<u>(76,251)</u>
FUND BALANCES - END OF YEAR	<u><u>\$ 605,374</u></u>	<u><u>\$ 457,104</u></u>	<u><u>\$ (148,270)</u></u>

**COLORADO SPRINGS URBAN RENEWAL AUTHORITY
CAPITAL PROJECTS - CITY FOR CHAMPIONS FUND
SOUTHWEST INFRASTRUCTURE - 10%
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
Year Ended December 31, 2017**

	<u>Original and Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Net investment income	\$ -	\$ 74,682	\$ 74,682
Total revenues	<u>-</u>	<u>74,682</u>	<u>74,682</u>
EXPENDITURES			
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>74,682</u>	<u>74,682</u>
OTHER FINANCING SOURCES (USES)			
Transfer in from USOM	<u>-</u>	<u>8,749,172</u>	<u>8,749,172</u>
Total other financing sources (uses)	<u>-</u>	<u>8,749,172</u>	<u>8,749,172</u>
NET CHANGE IN FUND BALANCES	<u>-</u>	<u>8,823,854</u>	<u>8,823,854</u>
FUND BALANCES - BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u><u>\$ -</u></u>	<u><u>\$ 8,823,854</u></u>	<u><u>\$ 8,823,854</u></u>

**COLORADO SPRINGS URBAN RENEWAL AUTHORITY
CAPITAL PROJECTS - CITY FOR CHAMPIONS FUND
CHAMPIONS FLEXIBLE SUB-ACCOUNT - 6%
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
Year Ended December 31, 2017**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Net investment income	\$ -	\$ 200	\$ 179	\$ (21)
Total revenues	<u>-</u>	<u>200</u>	<u>179</u>	<u>(21)</u>
EXPENDITURES				
General				
Legal - projects	10,000	-	-	-
Contingency	<u>100,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>110,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(110,000)</u>	<u>200</u>	<u>179</u>	<u>(21)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in - sales tax allocation	1,162,833	203,826	215,062	11,236
Transfer to USOM	<u>-</u>	<u>(557,426)</u>	<u>(557,426)</u>	<u>-</u>
Total other financing sources (uses)	<u>1,162,833</u>	<u>(353,600)</u>	<u>(342,364)</u>	<u>11,236</u>
NET CHANGE IN FUND BALANCES	1,052,833	(353,400)	(342,185)	11,215
FUND BALANCES - BEGINNING OF YEAR	<u>1,141,105</u>	<u>888,757</u>	<u>888,757</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ 2,193,938</u>	<u>\$ 535,357</u>	<u>\$ 546,572</u>	<u>\$ 11,215</u>

OTHER INFORMATION

**COLORADO SPRINGS URBAN RENEWAL AUTHORITY
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
December 31, 2017**

<u>Year Ended December 31,</u>	United States Olympic Museum Project \$15,000,000 Tax Increment Revenue Bonds Series 2017A Dated April 12, 2017 Interest Rate 3.33% Principal Due September 1 Interest Payable September 1		United States Olympic Museum Project \$14,000,000 Tax Increment Revenue Bonds Series 2017B Dated April 12, 2017 Interest Rate 3.33% Principal Due September 1 Interest Payable September 1	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
	2018	\$ -	\$ 499,500	\$ -
2019	100,000	499,500	100,000	466,200
2020	200,000	496,170	200,000	462,870
2021	300,000	489,510	300,000	456,210
2022	400,000	479,520	300,000	446,220
2023	500,000	466,200	500,000	436,230
2024	600,000	449,550	600,000	419,580
2025	700,000	429,570	700,000	399,600
2026	800,000	406,260	800,000	376,290
2027	11,400,000	379,620	10,500,000	349,650
	<u>\$ 15,000,000</u>	<u>\$ 4,595,400</u>	<u>\$ 14,000,000</u>	<u>\$ 4,279,050</u>

**COLORADO SPRINGS URBAN RENEWAL AUTHORITY
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
December 31, 2017**

**United States Olympic Museum Project
\$10,000,000 Tax Increment Revenue Bonds
Series 2017C
Dated April 12, 2017
Interest Rate 3.33%**

Principal Due September 1		Total All Bonds		
Principal	Interest	Principal	Interest	Total
\$ -	\$ 333,000	\$ -	\$ 1,298,700	\$ 1,298,700
100,000	333,000	300,000	1,298,700	1,598,700
100,000	329,670	500,000	1,288,710	1,788,710
200,000	326,340	800,000	1,272,060	2,072,060
300,000	319,680	1,000,000	1,245,420	2,245,420
400,000	309,690	1,400,000	1,212,120	2,612,120
400,000	296,370	1,600,000	1,165,500	2,765,500
500,000	283,050	1,900,000	1,112,220	3,012,220
600,000	266,400	2,200,000	1,048,950	3,248,950
7,400,000	246,420	29,300,000	975,690	30,275,690
<u>\$ 10,000,000</u>	<u>\$ 3,043,620</u>	<u>\$ 39,000,000</u>	<u>\$ 11,918,070</u>	<u>\$ 50,918,070</u>

**COLORADO SPRINGS URBAN RENEWAL AUTHORITY
NORTH NEVADA URBAN RENEWAL PROJECT AREA
SUMMARY OF INCREMENTAL ASSESSED VALUATION,
MILL LEVY AND INCREMENTAL PROPERTY TAXES COLLECTED
December 31, 2017**

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Property Tax Levy			Combined Mills Levied	Total Incremental Property Taxes		Percentage Collected to Levied
	Total Assessed Valuation	Less: Base Valuation	Net Increment Valuation		Levied	Collected	
2013	\$ 19,837,900	\$ 5,179,055	\$ 14,658,845	60.331	\$ 884,383	\$ 889,676	100.60%
2014	\$ 21,517,500	\$ 5,197,553	\$ 16,319,947	61.201	\$ 998,798	\$ 983,104	98.43%
2015	\$ 21,443,707	\$ 5,123,760	\$ 16,319,947	63.793	\$ 1,041,098	\$ 1,027,472	98.69%
2016	\$ 26,030,930	\$ 5,184,582	\$ 20,846,348	57.749	\$ 1,203,856	\$ 1,203,224	99.95%
2017	\$ 30,834,817	\$ 5,180,790	\$ 25,654,027	57.973	\$ 1,487,241	\$ 1,475,234	99.19%
Estimated for the year ending December 31, 2018	\$ 37,708,803	\$ 5,537,470	\$ 32,171,333	69.494	\$ 2,235,715		

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

**COLORADO SPRINGS URBAN RENEWAL AUTHORITY
 IVYWILD NEIGHBORHOOD URBAN RENEWAL PROJECT AREA
 SUMMARY OF INCREMENTAL ASSESSED VALUATION,
 MILL LEVY AND INCREMENTAL PROPERTY TAXES COLLECTED
 December 31, 2017**

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Property Tax Levy			Combined Mills Levied	Total Incremental Property Taxes		Percentage Collected to Levied
	Total Assessed Valuation	Less: Base Valuation	Net Increment Valuation		Levied	Collected	
2013	\$ 630,030	\$ 434,753	\$ 195,277	60.340	\$ 11,783	\$ 13,080	111.01%
2014	\$ 803,710	\$ 429,896	\$ 373,814	61.196	\$ 22,876	\$ 22,876	100.00%
2015	\$ 1,636,240	\$ 429,900	\$ 1,206,340	60.174	\$ 72,591	\$ 72,288	99.58%
2016	\$ 1,988,640	\$ 428,815	\$ 1,559,825	57.749	\$ 90,078	\$ 90,074	99.99%
2017	\$ 2,005,569	\$ 428,810	\$ 1,576,759	58.247	\$ 91,842	\$ 91,842	100.00%
Estimated for the year ending December 31, 2018	\$ 2,250,370	\$ 472,300	\$ 1,778,070	69.742	\$ 124,007		

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

**COLORADO SPRINGS URBAN RENEWAL AUTHORITY
 NORTH NEVADA URBAN RENEWAL PROJECT AREA
 SUMMARY OF INCREMENTAL SALES AND USE
 TAXES COLLECTED
 December 31, 2017**

Year Ended December 31,	Sales Tax Collection	Use Tax Collection	Adjustments Amendments Audits	(Less) Base Amount	Incremental Sales and Use Taxes Collected
2013	\$ 3,223,810	\$ 35,149	\$ 41,671	\$ (375,603)	\$ 2,925,027
2014	\$ 3,493,576	\$ 29,387	\$ 42,130	\$ (375,603)	\$ 3,189,490
2015	\$ 4,092,394	\$ 22,144	\$ 43,479	\$ (375,603)	\$ 3,782,414
2016	\$ 4,337,879	\$ 28,691	\$ 23,736	\$ (375,603)	\$ 4,014,703
2017	\$ 4,548,396	\$ 28,209	\$ -	\$ (375,603)	\$ 4,201,002
Estimated for the year ending December 31, 2018	\$ 4,785,000				

Incremental sales and use taxes collected in any one year include collection of delinquent sales and use taxes, returns that may be amended and sales and use tax audits that may relate to prior years. Information received from the City of Colorado Springs does not permit identification of the specific period related to these taxes as they are collected. The base amount resets annually in December.

**COLORADO SPRINGS URBAN RENEWAL AUTHORITY
 IVYWILD NEIGHBORHOOD URBAN RENEWAL PROJECT AREA
 SUMMARY OF INCREMENTAL SALES AND USE
 TAXES COLLECTED
 December 31, 2017**

Year Ended December 31,	Sales Tax Collection	Use Tax Collection	Adjustments Amendments Audits	(Less) Base Amount	Incremental Sales and Use Taxes Collected
2013	\$ 66,535	\$ 204	\$ 282	\$ (62,963)	\$ 4,058
2014	\$ 94,285	\$ 947	\$ 738	\$ (62,963)	\$ 33,007
2015	\$ 93,884	\$ -	\$ 9,615	\$ (62,963)	\$ 40,536
2016	\$ 107,164	\$ 2,596	\$ -	\$ (62,963)	\$ 46,797
2017	\$ 116,620	\$ 1,192	\$ -	\$ (62,963)	\$ 54,849
Estimated for the year ending December 31, 2018	\$ 60,000				

Incremental sales and use taxes collected in any one year include collection of delinquent sales and use taxes, returns that may be amended and sales and use tax audits that may relate to prior years. Information received from the City of Colorado Springs does not permit identification of the specific period related to these taxes as they are collected. The base amount resets annually in May.

**COLORADO SPRINGS URBAN RENEWAL AUTHORITY
COPPER RIDGE URBAN RENEWAL PROJECT AREA
SUMMARY OF INCREMENTAL SALES AND USE
TAXES COLLECTED
December 31, 2017**

Year Ended December 31,	Sales Tax Collection	Use Tax Collection	Adjustments Amendments Audits	(Less) Base Amount	Incremental Sales and Use Taxes Collected
2013	\$ 76,806	\$ -	\$ -	\$ (30,272)	\$ 46,534
2014	\$ 336,095	\$ -	\$ -	\$ (30,272)	\$ 305,823
2015	\$ 403,557	\$ -	\$ -	\$ (30,272)	\$ 373,285
2016	\$ 501,375	\$ -	\$ -	\$ (30,272)	\$ 471,103
2017	\$ 635,458	\$ -	\$ -	\$ (30,272)	\$ 605,186
Estimated for the year ending December 31, 2018	\$ 715,000				

Incremental sales and use taxes collected in any one year include collection of delinquent sales and use taxes, returns that may be amended and sales and use tax audits that may relate to prior years. Information received from the City of Colorado Springs does not permit identification of the specific period related to these taxes as they are collected. The base amount resets annually in September.

**COLORADO SPRINGS URBAN RENEWAL AUTHORITY
SOUTH NEVADA URBAN RENEWAL PROJECT AREA
SUMMARY OF INCREMENTAL SALES AND USE
TAXES COLLECTED
December 31, 2017**

Year Ended December 31,	Sales Tax Collection	Use Tax Collection	Adjustments Amendments Audits	(Less) Base Amount	Incremental Sales and Use Taxes Collected
2016	\$ 248,556	\$ -	\$ -	\$ (934,475)	\$ -
2017	\$ 1,014,452	\$ -	\$ (450)	\$ (934,475)	\$ 50,515
Estimated for the year ending December 31, 2018	\$ 53,000				

Incremental sales and use taxes collected in any one year include collection of delinquent sales and use taxes, returns that may be amended and sales and use tax audits that may relate to prior years. Information received from the City of Colorado Springs does not permit identification of the specific period related to these taxes as they are collected. The base amount resets annually in October.

**COLORADO SPRINGS URBAN RENEWAL AUTHORITY
CITY FOR CHAMPIONS
SUMMARY OF INCREMENTAL SALES AND USE
TAXES COLLECTED
December 31, 2017**

Year Ended December 31,	Sales Tax Collection	Adjustments Amendments Audits	(Less) Base Amount	Incremental Sales and Use Taxes Collected (13.08%)
2014	\$ 175,318,408	\$ -	\$(169,503,178)	\$ 760,632
2015	\$ 186,077,672	\$ -	\$(169,503,178)	\$ 2,167,944
2016	\$ 190,345,348	\$ -	\$(169,503,178)	\$ 2,726,156
2017	\$ 197,288,795	\$ -	\$(169,503,178)	\$ 3,634,359
Estimated for the year ending December 31, 2018	\$ 4,250,000			

Incremental sales and use taxes collected in any one year include collection of delinquent sales and use taxes, returns that may be amended and sales and use tax audits that may relate to prior years. Information received from the State does not permit identification of the specific period related to these taxes as they are collected. The base amount resets annually in December.