

FINANCIAL STATEMENTS



CITY OF COLORADO SPRINGS
**MARKETPLACE AT
AUSTIN BLUFFS**
GENERAL IMPROVEMENT DISTRICT

2022



A COMPONENT UNIT OF THE CITY OF COLORADO SPRINGS, COLORADO

FOR YEAR ENDED DECEMBER 31, 2022

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Independent Auditor's Report

Honorable Mayor and Members
of City Council and City Auditor
City of Colorado Springs
Colorado Springs, Colorado

Opinions

We have audited the financial statements of the governmental activities and the major fund, of the City of Colorado Springs Marketplace at Austin Bluffs General Improvement District (the District), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and the major fund of the District, as of December 31, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Honorable Mayor and Members
of City Council and City Auditor
City of Colorado Springs
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Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Debt Service Fund is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Debt Service Fund is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

FORVIS,LLP

Colorado Springs, Colorado
June 9, 2023

City of Colorado Springs Marketplace at Austin Bluffs
 General Improvement District
 STATEMENT OF NET POSITION
 December 31, 2022

	Governmental Activities
ASSETS	
Due from other governments	\$ 239,909
Accounts receivable	2,324
Taxes receivable	276,318
Total assets	518,551
LIABILITIES	
Accounts payable	250
Accrued interest payable	8,613
Noncurrent liabilities:	
Due within one year	115,000
Due in more than one year	1,475,000
Total liabilities	1,598,863
DEFERRED INFLOWS OF RESOURCES	
Property taxes	276,318
Total deferred inflows of resources	276,318
NET POSITION	
Unrestricted (deficit)	(1,356,630)
Total net position (deficit)	\$ (1,356,630)

The accompanying notes are an integral part of this statement.

City of Colorado Springs Marketplace at Austin Bluffs
 General Improvement District
 STATEMENT OF ACTIVITIES
 For the year ended December 31, 2022

Function/Programs	Expenses	Net (Expense) Revenue and Changes in Net Position Governmental Activities
Governmental activities		
General government	\$ 5,070	
Interest on long-term debt	116,242	\$ (121,312)
General revenues:		
Property taxes		293,631
Investment earnings		2,765
Total general revenues		296,396
Change in net position		175,084
Net position (deficit) - beginning of year		(1,531,714)
Net position (deficit) - end of year		\$ (1,356,630)

The accompanying notes are an integral part of this statement.

City of Colorado Springs Marketplace at Austin Bluffs
 General Improvement District
 GOVERNMENTAL FUND BALANCE SHEET
 December 31, 2022

	Debt Service Fund
ASSETS	
Due from other governments	\$ 239,909
Accounts receivable	2,324
Taxes receivable	276,318
Total assets	\$ 518,551
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	
Liabilities	
Accounts payable	250
Total liabilities	250
Deferred inflows of resources	
Unavailable revenue - property taxes	276,318
Total deferred inflows of resources	276,318
Fund balance	
Restricted for debt service	241,983
Total fund balance	241,983
Total liabilities, deferred inflows of resources and fund balance	\$ 518,551

The accompanying notes are an integral part of this statement.

City of Colorado Springs Marketplace at Austin Bluffs
General Improvement District
RECONCILIATION OF THE GOVERNMENTAL
FUND BALANCE SHEET TO THE
STATEMENT OF NET POSITION
December 31, 2022

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

Fund balance - governmental fund	\$ 241,983
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. The details of this difference are as follows:	
Bonds payable	(1,590,000)
Accrued interest payable	<u>(8,613)</u>
Net position (deficit) - governmental activities	<u>\$ (1,356,630)</u>

The accompanying notes are an integral part of this statement.

City of Colorado Springs Marketplace at Austin Bluffs
 General Improvement District
 GOVERNMENTAL FUND STATEMENT OF REVENUES,
 EXPENDITURES AND CHANGE IN FUND BALANCE
 For the year ended December 31, 2022

	Debt Service Fund
Revenues	
Property taxes	\$ 293,631
Investment earnings	2,765
	296,396
Expenditures	
Current:	
General government	5,070
Debt service:	
Principal	210,000
Interest	117,379
	332,449
Net change in fund balance	(36,053)
Fund balance - beginning of year	278,036
	241,983
Fund balance - end of year	\$ 241,983

The accompanying notes are an integral part of this statement.

City of Colorado Springs Marketplace at Austin Bluffs
 General Improvement District
 RECONCILIATION OF THE GOVERNMENTAL
 FUND STATEMENT OF REVENUES,
 EXPENDITURES AND CHANGE IN FUND BALANCE
 TO THE STATEMENT OF ACTIVITIES
 For the year ended December 31, 2022

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

Net change in fund balance - governmental fund	\$	(36,053)
<p>Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. The detail of this difference is as follows:</p>		
Principal payment		210,000
<p>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. The detail of this difference is as follows:</p>		
Change in accrued interest payable		1,137
Change in net position - governmental activities	\$	175,084

The accompanying notes are an integral part of this statement.

City of Colorado Springs Marketplace at Austin Bluffs General Improvement District
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies applied in the preparation of the accompanying financial statements follows:

1. *Reporting entity*

The Colorado Springs Marketplace at Austin Bluffs General Improvement District (District) is a quasi-municipal political subdivision and body corporate of the State of Colorado established pursuant to Title 31, Article 25, Part 6, of the Colorado Revised Statutes, as amended. The District, located in central Colorado Springs, is governed by a Board of Directors comprised of the members of the City Council of the City of Colorado Springs, Colorado (City), and was established to provide for the redevelopment of a retail center formerly known as Shops at the Bluffs. Improvements include new public storm water detention conduits, ponds, pipe and all associated facilities; new water, sanitary sewer, fire protection systems; and improvements to public streets entering the property, including new curb/gutters, landscaping and acceleration/deceleration lanes. Completed improvements were conveyed to other governmental entities. As this District was formed to issue debt to fund infrastructure improvements, after the outstanding bonds are retired, the District will be dissolved. Under accounting principles generally accepted in the United States of America (US GAAP), the District is considered to be a component unit of the City. Accordingly, the District's financial data is included in the City's financial statements.

The financial statements of the District consist only of the funds of the District. There are no legally separate organizations for which the governing officials of the District are financially accountable or for which the nature and significance of their relationship with the District are such that exclusion of their financial data would cause the District's financial statements to be misleading or incomplete.

2. *Government-wide and fund financial statements*

The government-wide financial statements (i.e., the statement of net position (deficit) and the statement of activities) report information on all of the activities of the District. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The District only has *governmental activities*.

The statement of activities demonstrates the degree to which the direct 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. Indirect expenses have not been allocated. *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*. The District only has *general revenues*.

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

City of Colorado Springs Marketplace at Austin Bluffs General Improvement District
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

3. *Measurement focus, basis of accounting and financial statement presentation*

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Property taxes are recognized as revenues in the year for which the property taxes were levied as an enforceable lien on property. All other revenue items are considered to be measurable and available only when cash is received by the District.

The District reports the following major governmental funds:

The *debt service fund* accounts for the servicing of long-term debt.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

4. *Assets, liabilities, deferred inflows of resources and fund balance*

Deposits and investments

The City of Colorado Springs holds all cash and cash equivalents for the District. The amount held by the City on behalf of the District is included in due from other governments on the governmental fund balance sheet/statement of net position in the amount of \$239,909.

Property taxes

The El Paso County Assessor certifies property valuations to the District on November 25 of each year. By December 15, the District sets and certifies its mill levy rate with El Paso County, which then bills and collects the property taxes due. These property taxes attach as an enforceable lien on January 1. The taxes are payable in two installments on February 28 and June 15, or in one installment due April 30. Revenue is recorded in the year for which the property tax was levied as an enforceable legal claim at this time.

City of Colorado Springs Marketplace at Austin Bluffs General Improvement District
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

Deferred inflows of resources

Property tax revenues are levied and recorded as an asset in the current year but attached as an enforceable lien on the property in the immediately subsequent year. As such, these revenues are reported as a deferred inflow of resources.

Long-term obligations

For long-term obligations, only that portion financed from expendable available financial resources is reported as a fund liability. The current and non-current portions are recorded in the government-wide financial statements.

Fund balance/Net position

In the fund financial statements, the governmental fund reports the following classification of fund balances:

Restricted fund balances indicate amounts subject to externally enforceable legal restrictions. Such restrictions are typically imposed by parties altogether outside the District such as creditors, grantors, contributors or other governments. The restricted amount noted in the financial statements is for debt service.

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net position is reported as restricted when there are limitations imposed on its use, either through enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, laws, or regulations of other governments. The District has a deficit in unrestricted net position. This deficit amount is a result of the District being responsible for the repayment of debt issued for public improvements which have been conveyed to other governmental entities.

NOTE B - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

1. Budgetary information

Annual budgets are adopted on a basis consistent with US GAAP for the debt service fund. All annual appropriations lapse at fiscal year-end.

A budget is required by state law. The Board of Directors holds public hearings and adopts a budget resolution to legally enact the budget. Any revisions that alter total expenditures of the debt service fund must be approved by the Board of Directors.

City of Colorado Springs Marketplace at Austin Bluffs General Improvement District
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2022

NOTE C - DETAILED NOTES

1. *Long-term debt*

In November 2008, the District issued \$2,790,000 limited tax general obligation bonds. The bonds carry interest at 6.5%. Remaining annual maturities range from \$20,000 to \$205,000 with the final payment due in 2033. As of December 31, 2022, the principal amount of \$1,590,000 was outstanding. The proceeds from the sale of the 2008 bonds were used to construct and/or acquire street and water improvements. The 2008 bonds are a general obligation of the District and are not an obligation of the City. There is no obligation for the City to levy taxes with respect to the bonds.

The following schedule reflects the debt service requirements to maturity of the District's general obligation refunding bonds as of December 31, 2022:

Year ending December 31,	Principal	Interest	Total
2023	\$ 115,000	\$ 103,350	\$ 218,350
2024	125,000	95,875	220,875
2025	130,000	87,750	217,750
2026	140,000	79,300	219,300
2027	150,000	70,200	220,200
2028-2032	910,000	191,425	1,101,425
2033	20,000	1,300	21,300
	<u>\$ 1,590,000</u>	<u>\$ 629,200</u>	<u>\$ 2,219,200</u>

The changes in long-term debt for the year ended December 31, 2021 were as follows:

	Balance January 1, 2022	Additions	Reductions	Balance December 31, 2022	Amounts due within one year
Series 2008 refunding general obligation bonds	\$1,800,000	\$ —	\$ 210,000	\$ 1,590,000	\$ 115,000

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City of Colorado Springs Marketplace at Austin Bluffs General Improvement District
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE D - OTHER INFORMATION

1. *TABOR*

In November 1992, the voters of Colorado approved Amendment 1, commonly known as the Taxpayer's Bill of Rights (TABOR) which added a new Section 20 to Article X of the Colorado Constitution. TABOR contains tax, spending, revenue and debt limitations that apply to the State of Colorado and all local governments.

The District's financial activity for 1992 provides the basis for calculation of future limitations adjusted for allowable increases tied to inflation and local growth. Subsequent to 1992, revenue in excess of the District's "spending limit" must be refunded, unless voters approve the retainage of such excess revenue. TABOR generally requires voter approval for any new tax, tax increases and new debt.

TABOR is complex and subject to interpretation. Ultimate interpretation may depend upon litigation and legislative guidance. The District does not believe it is subject to the provisions of TABOR because of the nature of its operations; however, it believes it has complied with all aspects of the TABOR amendment.

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SUPPLEMENTARY INFORMATION

City of Colorado Springs Marketplace at Austin Bluffs
 General Improvement District
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN
 FUND BALANCE - BUDGET AND ACTUAL - DEBT SERVICE FUND
 For the year ended December 31, 2022

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property taxes	\$ 296,500	\$ 296,500	\$ 293,631	\$ (2,869)
Investment earnings	2,200	2,200	2,765	565
Total revenues	<u>298,700</u>	<u>298,700</u>	<u>296,396</u>	<u>(2,304)</u>
Expenditures				
Current				
General government	6,500	6,500	5,070	1,430
Debt service				
Principal	210,000	210,000	210,000	—
Interest	117,000	117,000	117,379	(379)
Total expenditures	<u>333,500</u>	<u>333,500</u>	<u>332,449</u>	<u>1,051</u>
Net change in fund balance	<u>\$ (34,800)</u>	<u>\$ (34,800)</u>	(36,053)	<u>\$ (1,253)</u>
Fund balance - beginning of year			<u>278,036</u>	
Fund balance - end of year			<u>\$ 241,983</u>	