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Accountant's Compilation Report

Board of Directors
USAFA Visitor's Center Business Improvement District
El Paso County, Colorado

Management is responsible for the accompanying budget of revenues, expenditures, and fund balances of USAFA Visitor's Center Business Improvement District for the year ending December 31, 2020, including the estimate of comparative information for the year ending December 31, 2019, and the actual comparative information for the year ended December 31, 2018, in the format prescribed by Colorado Revised Statutes (C.R.S.) 29-1-105 and the related summary of significant assumptions in accordance with guidelines for the presentation of a budget established by the American Institute of Certified Public Accountants (AICPA). We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the budget nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on the accompanying budget.

The budgeted results may not be achieved as there will usually be differences between the budgeted and actual results, because events and circumstances frequently do not occur as expected, and these differences may be material. We assume no responsibility to update this report for events and circumstances occurring after the date of this report.

We draw attention to the summary of significant assumptions which describe that the budget is presented in accordance with the requirements of C.R.S. 29-1-105, and is not intended to be a presentation in accordance with accounting principles generally accepted in the United States of America.

We are not independent with respect to USAFA Visitor's Center Business Improvement District.

Colorado Springs, Colorado
January 30, 2020

**USAFA VISITOR'S CENTER BUSINESS IMPROVEMENT DISTRICT
SUMMARY**

2020 BUDGET

**WITH 2018 ACTUAL AND 2019 ESTIMATED
For the Years Ended and Ending December 31,**

1/30/20

	ACTUAL 2018	ESTIMATED 2019	BUDGET 2020
BEGINNING FUND BALANCES	\$ -	\$ -	\$ -
REVENUES			
Interest income	-	-	475,000
Developer advance	-	17,500	170,000
Bond issuance	-	-	73,685,000
RTA contribution	-	-	1,572,000
RTA funding	-	-	462,107
LART grant	-	-	1,000,000
Total revenues	-	17,500	77,364,107
TRANSFERS IN	-	-	16,690,793
Total funds available	-	17,500	94,054,900
EXPENDITURES			
General Fund	-	17,500	170,000
Debt Service Fund	-	-	3,832,506
Capital Projects Fund	-	-	18,159,453
Total expenditures	-	17,500	22,161,959
TRANSFERS OUT	-	-	16,690,793
Total expenditures and transfers out requiring appropriation	-	17,500	38,852,752
ENDING FUND BALANCES	\$ -	\$ -	\$ 55,202,148
EMERGENCY RESERVE	\$ -	\$ -	\$ -
DEBT SERVICE RESERVE	-	-	6,124,588
CAPITALIZE INTEREST	-	-	6,743,699
TOTAL RESERVE	\$ -	\$ -	\$ 54,633,041

This financial information should be read only in connection with the accompanying accountant's compilation report and summary of significant assumptions.

**USAFA VISITOR'S CENTER BUSINESS IMPROVEMENT DISTRICT
PROPERTY TAX SUMMARY INFORMATION**

2020 BUDGET

**WITH 2018 ACTUAL AND 2019 ESTIMATED
For the Years Ended and Ending December 31,**

1/30/20

	ACTUAL 2018	ESTIMATED 2019	BUDGET 2020
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ASSESSED VALUATION			
Commercial	\$ -	\$ -	\$ -
Industrial	-	-	-
Vacant land	-	-	-
Adjustments	-	-	-
Certified Assessed Value	\$ -	\$ -	\$ -

MILL LEVY			
General	0.000	0.000	0.000
Debt Service	0.000	0.000	0.000
Total mill levy	<u>0.000</u>	<u>0.000</u>	<u>0.000</u>

PROPERTY TAXES			
General	\$ -	\$ -	\$ -
Debt Service	-	-	-
Budgeted property taxes	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

BUDGETED PROPERTY TAXES			
General	\$ -	\$ -	\$ -
Debt Service	-	-	-
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

This financial information should be read only in connection with the accompanying accountant's compilation report and summary of significant assumptions.

**USAFA VISITOR'S CENTER BUSINESS IMPROVEMENT DISTRICT
GENERAL FUND**

2020 BUDGET

WITH 2018 ACTUAL AND 2019 ESTIMATED

For the Years Ended and Ending December 31,

1/30/20

	ACTUAL 2018	ESTIMATED 2019	BUDGET 2020
BEGINNING FUND BALANCE	\$ -	\$ -	\$ -
REVENUES			
Developer advance	-	17,500	170,000
Total revenues	-	17,500	170,000
Total funds available	-	17,500	170,000
EXPENDITURES			
General and administrative			
Accounting	-	5,000	50,000
Audit	-	-	5,000
Dues and subscription	-	-	1,000
Insurance	-	-	4,000
District management	-	3,000	50,000
Legal Services	-	7,500	50,000
Election expense	-	-	1,500
Contingency	-	2,000	8,500
Total expenditures	-	17,500	170,000
Total expenditures and transfers out requiring appropriation	-	17,500	170,000
ENDING FUND BALANCE	\$ -	\$ -	\$ -
EMERGENCY RESERVE	\$ -	\$ -	\$ -
TOTAL RESERVE	\$ -	\$ -	\$ -

This financial information should be read only in connection with the accompanying accountant's compilation report and summary of significant assumptions.

**USAFA VISITOR'S CENTER BUSINESS IMPROVEMENT DISTRICT
DEBT SERVICE FUND
2020 BUDGET**

**WITH 2018 ACTUAL AND 2019 ESTIMATED
For the Years Ended and Ending December 31,**

1/30/20

	ACTUAL 2018	ESTIMATED 2019	BUDGET 2020
BEGINNING FUND BALANCE	\$ -	\$ -	\$ -
REVENUES			
206802 RTA funding	-	-	462,107
206360 Interest income	-	-	117,000
Total revenues	-	-	579,107
306507			
TRANSFERS IN			
206900 CAPITAL PROJECT FUND	-	-	16,690,793
Total funds available	-	-	17,269,900
EXPENDITURES			
General and administrative			
207001 URA collection fee	-	-	60,000
207591 Paying agent fees	-	-	5,000
207890 Contingency	-	-	5,000
Debt Service			
207825 Bond interest	-	-	3,762,506
Total expenditures	-	-	3,832,506
Total expenditures and transfers out requiring appropriation	-	-	3,832,506
ENDING FUND BALANCE	\$ -	\$ -	\$ 13,437,394
DEBT SERVICE RESERVE	\$ -	\$ -	\$ 6,124,588
CAPITALIZE INTEREST	-	-	6,743,699
TOTAL RESERVE	\$ -	\$ -	\$ 12,868,287

This financial information should be read only in connection with the accompanying accountant's compilation report and summary of significant assumptions.

**USAFA VISITOR'S CENTER BUSINESS IMPROVEMENT DISTRICT
CAPITAL PROJECTS FUND**

2020 BUDGET

WITH 2018 ACTUAL AND 2019 ESTIMATED

For the Years Ended and Ending December 31,

1/30/20

	ACTUAL 2018	ESTIMATED 2019	BUDGET 2020
BEGINNING FUND BALANCE	\$ -	\$ -	\$ -
REVENUES			
Interest income	-	-	358,000
Bond issuance	-	-	73,685,000
RTA contribution	-	-	1,572,000
LART grant	-	-	1,000,000
Total revenues	-	-	76,615,000
Total funds available	-	-	76,615,000
EXPENDITURES			
Capital Projects			
Bond issue costs	-	-	2,484,453
Organizational costs	-	-	175,000
Capital outlay	-	-	15,500,000
Total expenditures	-	-	18,159,453
TRANSFERS OUT			
DEBT SERVICE FUND	-	-	16,690,793
Total expenditures and transfers out requiring appropriation	-	-	34,850,246
ENDING FUND BALANCE	\$ -	\$ -	\$ 41,764,754
CAPITAL PROJECTS RESERVE	\$ -	\$ -	\$ 41,764,754
TOTAL RESERVE	\$ -	\$ -	\$ 41,764,754

This financial information should be read only in connection with the accompanying accountant's compilation report and summary of significant assumptions.

**USAFA VISITOR'S CENTER BUSINESS IMPROVEMENT DISTRICT
2020 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Services Provided

The District was organized to provide the financing, acquisition, construction, completion, installation, replacement and/or operation and maintenance of all of the services and public improvements allowed under Colorado law for business improvement districts. Specific improvements and services provided by the District, including, without limitation, the following types of improvements: water, safety protection, sanitation, dry utilities, streets, curbs, gutters, culverts, drainage facilities, sidewalks, parking facilities, paving, lighting, grading, parks, landscaping and storm and wastewater management facilities and associated land acquisition and remediation. District's service area is located in the designated commercial area within the City of Colorado Springs, El Paso County, Colorado.

The District was organized by Ordinance of the City of Colorado Springs on August 14, 2018.

At an election held on November 6, 2018, the voters approved general obligation indebtedness of \$450,000,000 for acquisitions, construction, installation, purchase, and completion of certain public improvements. The election also allows the District to retain all revenues without regard to the limitations contained in Article X, Section 20 of the Colorado constitution. Pursuant to the District's operating plan filed annually with the City, the maximum debt service mill levy the District can impose is 50.000 mills and operations and maintenance mill levy impose is 10.000 mills. As set forth in the District's 2018 operating plan, the City has limited the amount of debt to be issued to a total of \$450,000,000 in the authorized voted categories, without future approval by the City.

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

The District prepares its budget on the modified accrual basis of accounting, in accordance with requirements of Colorado Revised Statutes C.R.S. 29-1-105 using its best estimates as of the date of the budget hearing. These estimates are based on expected conditions and its expected course of actions. The assumptions disclosed herein are those that the District believes are significant to the budget. There will usually be differences between the budget and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material.

Revenues

Developer Advance

The District is in the development stage. As such, the operating and administrative expenditures will be mainly funded by the Developer. A major portion of the capital expenditures are also expected to be funded by the Developer. Developer advances are recorded as revenue for budget purposes with an obligation for future repayment when the District is financially able to reimburse the Developer from bond proceeds and other legally available revenue.

Regional Tourism Act (RTA) Contribution and Funding

The District will receive additional contribution and funding from the RTA for the debt service and capital project funds.

**USFA VISITOR'S CENTER BUSINESS IMPROVEMENT DISTRICT
2020 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Revenues - (continued)

LART Grant

The District is applying for a LART Grant in the amount of \$2,000,000 to assist in funding capital infrastructure costs. If approved the Grant will be paid out to the District over the next four years starting in 2020.

Net Investment Income

Interest earned on the District's available funds has been estimated based on an average interest rate of approximately 1.0%.

Bond Issuance

The District anticipates issuing general obligation bonds. Bond proceeds will be used to pay infrastructure costs, bond issue costs and capitalized interest. Significant terms of the bond issuance will be determined at the time of issuance.

Expenditures

Administrative Expenditures

Administrative and operating expenditures include the estimated services necessary to maintain the District's administrative viability such as legal, management, accounting, insurance, and other administrative expenses.

Debt Service

Principal and interest payments are estimated based on the anticipated Series 2020 Bond issuance.

Capital Outlay

The District anticipates infrastructure improvements as noted in the Capital Projects fund.

Debt and Leases

The District has no capital or operating leases and intends on issuing bonds in 2020.

Reserves

Emergency Reserve

The District has provided for an Emergency Reserve equal to at least 3% of fiscal year spending as defined under TABOR.

This information is an integral part of the accompanying budget.