PARK UNION
BUSINESS IMPROVEMENT DISTRICT
El Paso County, Colorado

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEAR ENDED DECEMBER 31, 2024

PARK UNION BUSINESS IMPROVEMENT DISTRICT
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BiggsKofford

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Park Union Business Improvement District
El Paso County, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Park Union Business Improvement District ("District") as of and for the year ended December 31, 2024, 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 financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of December 31, 2024, the respective changes in financial position, and the budgetary comparison for the general fund and 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of the 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 twelve 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 auditing standards generally accepted in the United States of America 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 auditing standards generally accepted in the United States of America, 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.

Other Matters

Required Supplementary Information

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

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 supplementary information, as identified in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. 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. 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.

Other Information

Management is responsible for the other information, as identified in the table of contents. The other information does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or provide any assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

BiggsKofford, P.C.
Colorado Springs, Colorado
May 15, 2025

BASIC FINANCIAL STATEMENTS

PARK UNION BUSINESS IMPROVEMENT DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2024

	Governmental Activities
ASSETS	
Cash and Investments	$ 238,130
Cash and Investments - Restricted	523,313
Due from Park Union Metro District No. 1	5,344
Receivable from County Treasurer	692
Accounts Receivable	9,380
PIF Receivable	6,505
Prepaid Insurance	33,333
Property Tax Receivable	86,199
Capital Assets, Not Being Depreciated:	
Construction in Progress	1,713,928
Capital Assets, Net	16,414,713
Total Assets	19,031,537
LIABILITIES	
Accounts Payable	37,690
Damage Deposit	2,000
Noncurrent Liabilities:	
Due in More Than One Year	38,974,299
Total Liabilities	39,013,989
DEFERRED INFLOWS OF RESOURCES	
Deferred Property Tax	86,199
Total Deferred Inflows of Resources	86,199
NET POSITION	
Net Investment in Capital Assets	(3,031,409)
Restricted for:	
Emergency Reserve	14,300
Debt Service	1,461
Unrestricted	(17,053,003)
Total Net Position	$ (20,068,651)

See accompanying Notes to Basic Financial Statements.

PARK UNION BUSINESS IMPROVEMENT DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2024

FUNCTIONS/PROGRAMS	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net Revenues (Expenses) and Changes in Net Position: Governmental Activities
Primary Government:					
Governmental Activities:					
General Government	$ 1,487,199	$ 341,514	$ 126,878	$ -	$ (1,018,807)
Interest on Long-Term Debt and Related Costs	3,039,039	-	-	-	(3,039,039)
Total Governmental Activities	$ 4,526,238	$ 341,514	$ 126,878	$ -	(4,057,846)
GENERAL REVENUES					
Property Taxes					86,449
Specific Ownership Taxes					8,455
Interest Income					41,399
Other Revenue					1,361
PIF Revenue					59,384
Total General Revenues and Transfers					197,048
CHANGES IN NET POSITION					(3,860,798)
Net Position - Beginning of Year					(16,207,853)
NET POSITION - END OF YEAR					$ (20,068,651)

See accompanying Notes to Basic Financial Statements.

PARK UNION BUSINESS IMPROVEMENT DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2024

	General	Debt Service	Capital Projects	Total Governmental Funds
ASSETS				
Cash and Investments	$ 238,130	$ -	$ -	$ 238,130
Cash and Investments - Restricted	14,300	13	509,000	523,313
Due from Park Union Metro District No. 1	3,157	2,187	-	5,344
Receivable from County Treasurer	231	461	-	692
Accounts Receivable	9,380	-	-	9,380
PIF Receivable	6,505	-	-	6,505
Due from Other Funds	1,200	-	-	1,200
Prepaid Insurance	33,333	-	-	33,333
Property Tax Receivable	28,732	57,467	-	86,199
Total Assets	$ 334,968	$ 60,128	$ 509,000	$ 904,096
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts Payable	$ 37,690	$ -	$ -	$ 37,690
Damage Deposit	2,000	-	-	2,000
Due to Other Funds	-	1,200	-	1,200
Total Liabilities	39,690	1,200	-	40,890
DEFERRED INFLOWS OF RESOURCES				
Deferred Property Tax	28,732	57,467	-	86,199
Total Deferred Inflows of Resources	28,732	57,467	-	86,199
FUND BALANCES				
Nonspendable:				
Prepaid Expense	33,333	-	-	33,333
Restricted for:				
Emergency Reserves	14,300	-	-	14,300
Debt Service	-	1,461	-	1,461
Capital Projects	-	-	509,000	509,000
Unassigned	218,913	-	-	218,913
Total Fund Balances	266,546	1,461	509,000	777,007
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 334,968	$ 60,128	$ 509,000	

Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Capital Assets, Not Being Depreciated	1,713,928
Capital Assets, Being Depreciated, Net	16,414,713
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	
Bonds Payable	(26,500,000)
Accrued Bond Interest	(9,968,261)
Developer Advance Payable	(1,685,556)
Accrued Developer Advance Interest	(820,482)
Net Position of Governmental Activities	$ (20,068,651)

See accompanying Notes to Basic Financial Statements.

PARK UNION BUSINESS IMPROVEMENT DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2024

	General	Debt Service	Capital Projects	Total Governmental Funds
REVENUES				
Property Taxes	$ 28,814	$ 57,635	$ -	$ 86,449
Specific Ownership Taxes	2,818	5,637	-	8,455
Other Revenue	1,361	-	-	1,361
Interest Income	7,382	1,747	32,270	41,399
Event Revenue	1,000	-	-	1,000
Parking Revenue	323,714	-	-	323,714
Parking Charge - USOPM	16,800	-	-	16,800
PIF Revenue	59,384	-	-	59,384
Intergovernmental Revenue - Park Union MD No. 1	32,784	94,094	-	126,878
Total Revenues	474,057	159,113	32,270	665,440
EXPENDITURES				
General and Administrative:				
Accounting	39,570	-	-	39,570
Auditing	4,750	-	-	4,750
Banking Fees	565	-	-	565
Consulting Services	202,610	-	-	202,610
County Treasurer's Fee	428	870	-	1,298
District Management	16,413	-	-	16,413
Dues and Membership	1,506	-	-	1,506
Insurance	34,448	-	-	34,448
Legal	8,822	-	-	8,822
Miscellaneous	1,903	-	-	1,903
PIF Collection Fees	4,649	-	-	4,649
Operations and Maintenance:				
Elevator Maintenance	12,878	-	-	12,878
Equipment	322	-	-	322
Fence and Sign Maintenance	500	-	-	500
Internet	3,758	-	-	3,758
Landscaping	56,030	-	-	56,030
Lease Expense	22,728	-	-	22,728
Parking Admin Expense	80,444	-	-	80,444
Repairs And Maintenance	9,613	-	-	9,613
Security	12,676	-	-	12,676
Snow Removal	48,597	-	-	48,597
Street Repair and Maintenance	13,054	-	-	13,054
Trash Collection	3,312	-	-	3,312
Utilities	41,679	-	-	41,679
Debt Service:				
Bond Interest	-	154,889	-	154,889
Paying Agent Fees	-	4,000	-	4,000
Administration Fees	-	191,041	-	191,041
Capital Projects:				
District Projects	-	-	(9,212)	(9,212)
Total Expenditures	621,255	350,800	(9,212)	962,843
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(147,198)	(191,687)	41,482	(297,403)
OTHER FINANCING SOURCES (USES)				
Developer Advance	239,846	-	-	239,846
Transfers In/(Out)	-	191,041	(191,041)	-
Total Other Financing Sources (Uses)	239,846	191,041	(191,041)	239,846
NET CHANGE IN FUND BALANCES	92,648	(646)	(149,559)	(57,557)
Fund Balances - Beginning of Year	173,898	2,107	658,559	834,564
FUND BALANCES - END OF YEAR	$ 266,546	$ 1,461	$ 509,000	$ 777,007

See accompanying Notes to Basic Financial Statements.

PARK UNION BUSINESS IMPROVEMENT DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2024

Net Change in Fund Balances - Total Governmental Funds	$ (57,557)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. In the statement of activities capital outlay is not reported as an expenditure. However, the statement of activities will report as depreciation expense the allocation of the cost of any depreciable asset over the estimated useful life of the asset. Therefore, this is the amount of capital outlay, depreciation and dedication of capital assets to other governments, in the current period.	
Capital Outlay	(9,212)
Depreciation Expense	(865,944)
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of government funds. Neither transaction, however, has any effect on net position.	
Developer Advance	(239,846)
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 Payable - Change in Liability	(2,601,496)
Accrued Interest Payable Developer Advance - Change in Liability	(86,743)
Changes in Net Position of Governmental Activities	$ (3,860,798)

See accompanying Notes to Basic Financial Statements.

PARK UNION BUSINESS IMPROVEMENT DISTRICT
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2024

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property Taxes	$ 27,658	$ 28,814	$ 1,156
Specific Ownership Taxes	3,302	2,818	(484)
Interest Income	300	7,382	7,082
Other Revenue	1,531	1,361	(170)
Event Revenue	3,000	1,000	(2,000)
Parking Revenue	260,000	323,714	63,714
Parking Charge - USOPM	14,000	16,800	2,800
PIF Revenue	40,000	59,384	19,384
Intergovernmental Revenue - Park Union MD No. 1	32,909	32,784	(125)
Total Revenues	382,700	474,057	91,357
EXPENDITURES			
Accounting	65,000	39,570	25,430
Auditing	4,500	4,750	(250)
Banking Fees	-	565	(565)
Consulting Services	265,000	202,610	62,390
County Treasurer's Fee	415	428	(13)
Dues and Membership	1,800	1,506	294
Insurance	35,000	34,448	552
District Management	40,000	16,413	23,587
Legal	35,000	8,822	26,178
Miscellaneous	5,000	1,903	3,097
PIF Collection Fees	3,000	4,649	(1,649)
Elevator Maintenance	15,000	12,878	2,122
Equipment	7,000	322	6,678
Equipment - Maintenance	15,000	-	15,000
Fence And Sign Maintenance	20,000	500	19,500
Internet	3,300	3,758	(458)
Landscaping	70,000	56,030	13,970
Lease Expense	45,000	22,728	22,272
Parking Admin Expense	91,000	80,444	10,556
Repairs and Maintenance	-	9,613	(9,613)
Security	55,000	12,676	42,324
Snow Removal	30,000	48,597	(18,597)
Street Repair and Maintenance	347,000	13,054	333,946
Trash Collection	5,000	3,312	1,688
Utilities	51,000	41,679	9,321
Contingency	10,985	-	10,985
Total Expenditures	1,220,000	621,255	598,745
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(837,300)	(147,198)	690,102
OTHER FINANCING SOURCES (USES)			
Developer Advance	765,300	239,846	(525,454)
Total Other Financing Sources (Uses)	765,300	239,846	(525,454)
NET CHANGE IN FUND BALANCE	(72,000)	92,648	164,648
Fund Balance - Beginning of Year	109,520	173,898	64,378
FUND BALANCE - END OF YEAR	$ 37,520	$ 266,546	$ 229,026

See accompanying Notes to Basic Financial Statements.

NOTE 1 DEFINITION OF REPORTING ENTITY

Park Union Business Improvement District (the District), formerly known as SW Downtown Business Improvement District, a quasi-municipal corporation, was organized by ordinance of the City of Colorado Springs (the City) on October 12, 2017, and is governed pursuant to provisions of the Colorado Business Improvement Act (Title 31). The District's service area is located entirely within the City in El Paso County, Colorado. The District was organized to provide the financing, acquisition, construction, completion, installation, replacement, and/or operation and maintenance of all of the services and public improvements allowed under Colorado law for business improvement districts. Specific improvements and services provided by the District include water service, safety protection devices, sanitation services, street improvements, curbs, gutters, culverts, drainage facilities, sidewalks, parking facilities, paving, lighting, grading, landscaping, storm and wastewater management facilities, associated land acquisition, and remediation.

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

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Government-Wide and Fund Financial Statements

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

The statement of net position reports all financial and capital resources of the District. The difference between the assets, deferred outflow of resources, liabilities, and deferred inflow of resources of the District is reported as net position.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements (Continued)

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are property taxes. All other revenue items are considered to be measurable and available only when cash is received by the District. The District has determined that Developer advances are not considered as revenue susceptible to accrual. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation due.

The District reports the following major governmental funds:

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

The Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of the governmental funds.

The Capital Projects Fund is used to account for financial resources to be used for the acquisition and construction of capital equipment and facilities.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets

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

The District amended its annual budget for the year ended December 31, 2024.

Pooled Cash and Investments

The District 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 District reports interfund balances that are representative of lending/borrowing arrangements between funds in the fund financial statements as due to/from other funds. The interfund balances have been eliminated in the government-wide statements.

Property Taxes

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

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

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the District 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.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

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.

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.

Depreciation expense has been computed using the straight-line method over the following estimated economic useful lives:

Street Improvements	25 Years
Parking Improvements	10 Years
Bridges	20 Years
Equipment	5 Years

Deferred Inflows of Resources

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.

Equity

Net Position

For government-wide presentation purposes when both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first, then unrestricted resources as they are needed.

Fund Balance

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

Nonspendable Fund Balance – The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts or inventory) or legally or contractually required to be maintained intact.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity (Continued)

Fund Balance (Continued)

Restricted Fund Balance – The portion of fund balance that is constrained to being used for a specific purpose by external parties (such as bondholders), constitutional provisions, or enabling legislation.

Committed Fund Balance – The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the Board of Directors. The constraint may be removed or changed only through formal action of the Board of Directors.

Assigned Fund Balance – The portion of fund balance that is constrained by the government's intent to be used for specific purposes, but is neither restricted nor committed. Intent is expressed by the Board of Directors to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.

Unassigned Fund Balance – The residual portion of fund balance that does not meet any of the criteria described above.

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

The Urban Renewal Plan

The Colorado Springs Urban Renewal Authority (the Authority) was formed by the Colorado Springs City Council (the City Council) on February 24, 1970. On December 11, 2018, the City Council adopted the Museum & Park Urban Renewal Plan (the Urban Renewal Plan), which established the Museum & Park Urban Renewal Area (the Urban Renewal Area). The Authority currently oversees thirteen urban renewal plans in various parts of the City, including the Urban Renewal Plan. The Urban Renewal Plan authorizes the implementation of tax increment financing for the Urban Renewal Area for 25 years (until December 11, 2043) for the purpose of facilitating an urban renewal project. Pursuant to a Development Agreement, the Authority has agreed to remit tax increment revenues generated within the Urban Renewal Area to the District, less the Authority's administrative fee.

Incremental Property Tax

The District receives incremental property tax revenues from the Urban Renewal Area. Incremental property tax revenues are the property tax revenues in excess of an amount equal to the ad valorem property taxes produced by the levy at the rates fixed for such year by or for the governing bodies of the various taxing jurisdictions within or overlapping the 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.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Incremental Property Tax (Continued)

Property taxes are levied by the various taxing entities 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.

The Authority has entered into property tax sharing agreements with the following entities:

- City of Colorado Springs;
- El Paso County;
- Colorado Springs Downtown Development Authority (CSDDA) (60% of CSDDA's mill levy less 3% administrative fee);
- Colorado Springs School District 11;
- Pikes Peak Library District; and
- Southeastern Colorado Water Conservancy District.

Incremental Sales and Use Tax

On December 11, 2018, the Authority entered into a Cooperation Agreement with the City allowing the Authority to receive incremental sales and use tax generated within the Urban Renewal Area from (i) the City Sales Tax TIF produced by taxable sales within the Urban Renewal Area and (ii) City Use Tax TIF paid solely on construction materials used within the Urban Renewal Area. The specified portion of the increment of the 2.0% general fund municipal sales tax which is in excess of the base amount, which constitutes the "City Sales Tax TIF", is 87.5% of the 2.0% general fund municipal sales tax (i.e., 1.75%). The specified portion of the increment of the 2.0% general fund municipal use tax which is in excess of the base amount, which constitutes the "City Use Tax TIF", is 50% of the 2.0% general fund municipal use tax (i.e., 1.00%).

On November 15, 2018, the Authority entered into a Tax Increment Revenue Agreement with the County allowing the Authority to receive 100% of the County Sales Tax TIF. County Sales Tax TIF are the revenues received from the County Sales Tax within the boundaries of the Urban Renewal Area which are in excess of that portion of the County Sales Tax collected within the boundaries of the Urban Renewal Area in the 12-month period ending on the last day of the month prior to the effective date of approval of the Urban Renewal Plan. The County imposes a sales tax of 1.0% on all nonexempt retail transactions and the furnishing of certain services within the County.

NOTE 3 CASH AND INVESTMENTS

Cash and investments as of December 31, 2024, are classified in the accompanying financial statements as follows:

Statement of Net Position:		
Cash and Investments	$	238,130
Cash and Investments - Restricted		523,313
Total Cash and Investments	$	761,443

Cash and investments as of December 31, 2024, consist of the following:

Deposits with Financial Institutions	$	88,519
Investments		672,924
Total Cash and Investments	$	761,443

Deposits with Financial Institutions

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

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

At December 31, 2024, the District's cash deposits had a bank balance of $88,519 and a carrying balance of $88,519.

Investments

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

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

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Investments (Continued)

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, 2024, the District had the following investments:

Investment	Maturity	Amount
Colorado Local Government Liquid Asset Trust (COLOTRUST)	Weighted-Average Under 60 Days	$ 672,924
		$ 672,924

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 currently offers three portfolios – COLOTRUST PRIME, COLOTRUST PLUS+, and COLOTRUST EDGE.

COLOTRUST PRIME and COLOTRUST PLUS+, which operate similarly to a money market fund and each share is equal in value to $1.00, offer daily liquidity. 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.

COLOTRUST EDGE, a variable Net Asset Value (NAV) Local Government Investment Pool, offers weekly liquidity and is managed to approximate a $10.00 transactional share price. COLOTRUST EDGE may invest in securities authorized by CRS 24-75-601, including U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies, highest rated commercial paper, and any security allowed under CRS 24-75-601.

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

COLOTRUST (Continued)

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 PRIME and COLOTRUST PLUS+ are rated AAAm by Standard & Poor's. COLOTRUST EDGE is rated AAAf/S1 by FitchRatings. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST at net asset value as determined by fair value. There are no unfunded commitments, the redemption frequency is daily or weekly, and there is no redemption notice period.

NOTE 4 CAPITAL ASSETS

An analysis of the changes in capital assets for the year ended December 31, 2024 follows:

	Balance at December 31, 2023	Increases	Decreases	Balance at December 31, 2024
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Construction in Progress	$ 1,713,928	$ -	$ -	$ 1,713,928
Total Capital Assets, Not Being Depreciated	1,713,928	-	-	1,713,928
Capital Assets, Being Depreciated:				
Street Improvements	12,052,899	-	9,212	12,043,687
Parking Improvements	183,402	-	-	183,402
Bridges	7,166,208	-	-	7,166,208
Equipment	50,096	-	-	50,096
Total Capital Assets, Being Depreciated	19,452,605	-	9,212	19,443,393
Less Accumulated Depreciation for:				
Street Improvements	1,205,280	482,112	-	1,687,392
Parking Improvements	45,840	18,336	-	64,176
Bridges	895,770	358,308	-	1,254,078
Equipment	15,846	7,188	-	23,034
Total Accumulated Depreciation	2,162,736	865,944	-	3,028,680
Total Capital Assets, Being Depreciated, Net	17,289,869	(865,944)	9,212	16,414,713
Governmental Activities Capital Assets, Net	$ 19,003,797	$ (865,944)	$ 9,212	$ 18,128,641

Depreciation expense in the amount of $865,944 was charged to general government.

NOTE 5 LONG-TERM OBLIGATIONS

The following is an analysis of changes in the District's long-term obligations for the year ended December 31, 2024:

	Balance at December 31, 2023	Additions	Reductions	Balance at December 31, 2024	Due Within One Year
Bonds Payable					
Special Revenue Bonds Series 2020A	$ 26,500,000	$ -	$ -	$ 26,500,000	$ -
Accrued Interest - Special Revenue Bonds Series 2020A	7,366,765	2,756,385	154,889	9,968,261	-
Subtotal Bonds Payable	33,866,765	2,756,385	154,889	36,468,261	-
Other Debts					
Developer Advance - Operating	1,445,710	239,846	-	1,685,556	-
Accrued Interest on:					
Developer Advance - Operating	162,859	86,743	-	249,602	-
Developer Advance - Capital	570,880	-	-	570,880	-
Subtotal Other Debts	2,179,449	326,589	-	2,506,038	-
Total Long-Term Obligations	$ 36,046,214	$ 3,082,974	$ 154,889	$ 38,974,299	$ -

$30,500,000 Limited Tax Supported and Special Revenue Senior Bonds, Series 2020A

The Supplemental Indenture authorized the District to issue the Bonds in the par amount of $30,500,000. The Bonds will be issued on a "drawdown" basis, so that advances of the purchase price of the Bonds will be made by the Bond Purchaser to the Trustee in multiple installments in accordance with the terms and provisions of the Supplemental Indenture. The initial drawdown amount on the closing date of June 30, 2020 was $15,500,000. The second drawdown on October 30, 2020 was $11,000,000. The minimum drawdown amount is $1,000,000, except for the last drawdown. The Bonds were issued for the purposes of: (a) financing certain Public Improvements related to the Development and (b) paying the costs of issuing the Bonds.

The Bonds bear interest at the rate of 8.0% per annum and are structured as "cash flow" bonds, meaning that no regularly scheduled payments of principal are due on the Bonds prior to their maturity date of December 1, 2049. Instead, interest is payable on June 1 and December 1 (Interest Payment Date) and principal is payable on each December 1 pursuant to a mandatory redemption from available Pledged Revenue, if any. To the extent principal of any Bond is not paid when due, such principal shall remain outstanding until paid. To the extent interest on any Senior Bond is not paid when due, such interest shall compound on each Interest Payment Date at the rate then borne by the Bonds. In the event that any amount of principal of or interest on any Series of Bonds remains unpaid after the application of all Pledged Revenue available therefor on the date which is forty years after the date of issuance, the Bonds and the lien securing payment thereof shall be deemed discharged, the estate and rights hereby granted shall cease, terminate, and be void, and thereupon the Trustee shall cancel and discharge the lien of the indenture with respect to the Bonds.

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

$30,500,000 Limited Tax Supported and Special Revenue Senior Bonds, Series 2020A (Continued)

The Bonds are subject to redemption prior to maturity, at the option of the District, on any business day on and after June 30, 2020, at a redemption price equal to the principal amount of the Bonds called for redemption plus accrued interest to such date.

Pledged Revenue

The Bonds are secured by and payable solely from and to the extent of the Pledged Revenues, generally consisting of: (a) all revenues from the imposition of the District Debt Service Mill Levy and the Metropolitan District Required Mill Levy, net of the costs of collection; (b) all Pledged TIF Revenues; (c) the Specific Ownership Tax Revenue; (d) any investment earnings from investment of moneys in certain of the Funds which is credited to the Revenue Fund as provided in the Master Indenture; (e) any moneys received from any other Person with the direction that they be applied as Pledged Revenues; and (f) any other legally available amounts that the District may designate by resolution of the Board, to be paid to the Trustee for deposit in to the Revenue Fund, or otherwise held under the Master Indenture.

District Debt Service Mill Levy

Pursuant to the Master Indenture and except as otherwise provided in a Supplemental Indenture, the District has covenanted to impose an ad valorem mill levy upon all taxable property of the District each year in the amount of 50 mills (subject to adjustment for changes in the method of calculating assessed valuation or any constitutionally mandated tax credit, cut or abatement on or after January 1, 2006), net of the costs of collection and any tax refunds or abatements authorized by or on behalf of the County to pay the principal of, premium, if any, and interest on the Bonds.

Metropolitan District Debt Service Mill Levy

Pursuant to the Master Indenture, the District has covenanted to require Park Union Metropolitan District Nos. 1 and 2 (the Metropolitan Districts) to impose an ad valorem mill levy upon all taxable property of each Metropolitan District in the amount of the Metropolitan District Required Mill Levy, but in no event in excess of 30 mills.

The Master Indenture defines “Metropolitan District Required Mill Levy” as an ad valorem mill levy imposed by each Metropolitan District upon all taxable property of such Metropolitan District which is assessed as residential by the County each year at a rate equal to 30 mills (net of the costs of collection and any tax refunds or abatements authorized by or on behalf of the County and subject to adjustment for changes in the method of calculating assessed valuation or any constitutionally mandated tax credit, cut or abatement after January 1, 2006) to pay the principal of, premium, if any, and interest on the Bonds.

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Pledged Revenue (Continued)

Pledged TIF Revenues

Urban Renewal Law limits the availability of the incremental tax revenue to the Authority to 25 years from the effective date of the Urban Renewal Plan. The Urban Renewal Plan was adopted on December 11, 2018. Accordingly, the Pledged TIF Revenues will not be available as a revenue source after December 11, 2043. The final maturity of the Bonds is December 1, 2049. After December 11, 2043, debt service on the Bonds must be paid by sources of the Pledged Revenues other than the Pledged TIF Revenues.

Pledged TIF Revenues include the Property Tax TIF and the Sales Tax TIF, each generated solely from the incremental increase in the respective taxes within the boundaries of the entities that share revenues, less the Authority Administrative fee. Commencing in calendar year 2020, an administrative fee (the Authority Administrative Fee) in the amount of $60,000, escalating at a rate of 2% annually in each subsequent year, will be retained and collected annually by the Authority from the total TIF Revenue initially deposited in the Special Fund, the proceeds of which shall be used, among other things, to defray the Authority's costs of administering the Urban Renewal Plan, including, but not limited to, overhead, administration, accounting and reporting of the collection and disbursement of Pledged TIF Revenues.

Specific Ownership Tax Revenue

Only the portion of the Specific Ownership Taxes which are collected as a result of the imposition of the District Debt Service Mill Levy by the District and the Metropolitan District Required Mill Levy by the Metropolitan Districts and remitted to the District is pledged to the payment of the Bonds as Specific Ownership Tax Revenues.

Bonds Debt Service

The outstanding principal and interest due on the Bonds are not currently determinable since the Bonds are paid from cash flows when drawn down.

Events of Default

Events of default occur if the District fails to impose the Capital Levy or to transfer or cause the transfer of the Pledged Revenues to the Custodian, and do not comply with other customary terms and conditions consistent with normal municipal financing as described in the loan agreement. There shall be no rights of acceleration with respect to the Bonds.

Events of default occur if the District does not impose the Required Debt Service Mill Levy, fails to apply the Pledged Revenue as required by the Indenture, defaults its obligation under the Development Agreement, or fails to observe or perform any covenant or agreement under the Indenture.

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Authorized Debt

On November 7, 2017, a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed $5,720,000,000 at an interest rate not to exceed 18% per annum. At December 31, 2024, the District had authorized but unissued indebtedness in the following amounts allocated for the following purposes:

	Authorized November 7, 2017 Election	Authorization Used for 2020 Bonds	Remaining at December 31, 2024
Water	$ 440,000,000	$ -	$ 440,000,000
Sanitation	440,000,000	-	440,000,000
Streets	440,000,000	26,500,000	413,500,000
Traffic and Safety	440,000,000	-	440,000,000
Parks and Recreation	440,000,000	-	440,000,000
Public Transportation	440,000,000	-	440,000,000
Television Relay/Translation	440,000,000	-	440,000,000
Mosquito Control	440,000,000	-	440,000,000
Security	440,000,000	-	440,000,000
Fire Protection/Medical	440,000,000	-	440,000,000
Operations/Maintenance	440,000,000	-	440,000,000
Debt Refunding	440,000,000	-	440,000,000
Reimbursement Agreements	440,000,000	-	440,000,000
Total	$ 5,720,000,000	$ 26,500,000	$ 5,693,500,000

As set forth in the District's 2017 Operating Plan, the City has limited the amount of debt to be issued by the District to a total of $105,000,000 without further approval by the City. The District may levy up to 50 mills for debt service and up to 10 mills for general operations and administrative expenses due to the on-going operations and maintenance to be undertaken by the District within its boundaries. The mill levy caps may be subject to upward or downward adjustments addressing any Mill Levy Adjustment or any abatement occurring after, but not before January 1, 2006.

Developer Advances

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

Operations Reimbursement Agreement

On December 14, 2017, and as amended on December 31, 2018, the District entered into an Operations Reimbursement Agreement to repay advances made by the Developer for operations and maintenance (O&M) costs. The District agreed to repay the Developer for such advances plus accrued interest at the rate of 6% beginning on the date of the advance to the date of repayment. Per the amendment on December 31, 2018, the agreement will automatically renew for additional one year terms unless a written notice of termination is provided by the District or the Developer. As of December 31, 2024, outstanding Developer advances under the agreement totaled $1,685,556 and accrued interest totaled $249,602.

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Developer Advances (Continued)

Facilities Funding and Acquisition Agreement

On December 14, 2017, the District entered into a Facilities Funding and Acquisition Agreement to repay advances or costs incurred by the Developer for capital infrastructure costs. The District has agreed to repay the Developer for such advances or improvements plus accrued interest at the rate of 8% from the date of the expenditure through the date of repayment. This agreement terminates on December 31, 2047, unless terminated earlier by the mutual written agreement of the parties. Any amount of principal and accrued interest outstanding at such time shall be deemed to be forever discharged and satisfied in full. On July 6, 2020, the District paid the outstanding Developer advances principal with the proceeds of 2020A Series bonds issued on June 30, 2020. As of December 31, 2024, there are no outstanding Developer advances under the agreement and accrued interest totaled $570,880.

NOTE 6 NET POSITION

The District has net position consisting of three components – net investment in capital assets, restricted and unrestricted.

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. As of December 31, 2024, the District had net investment in capital assets calculated as follows:

	Governmental Activities
Net Investment in Capital Assets:	
Capital Assets, Net	$ 18,128,641
Cash Remaining in Capital Project Fund	509,000
Noncurrent Portion of Long-Term Obligations	(21,669,050)
Net Investment in Capital Assets	$ (3,031,409)

Restricted net position consists of 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 District had a restricted net position as of December 31, 2024, as follows:

	Governmental Activities
Restricted Net Position:	
Emergencies	$ 14,300
Debt Service Reserve	1,461
Total Restricted Net Position	$ 15,761

NOTE 6 NET POSITION (CONTINUED)

The District has a deficit in unrestricted net position as of December 31, 2024. This deficit amount is a result of the District being responsible for the repayment of developer advances received for operations and capital projects and bonds that were issued to finance public improvements that were partially conveyed to another governmental entity.

NOTE 7 RELATED PARTIES

The Developer of the property which constitutes the District is Nor'wood Development Group. Certain members of the Board of Directors are officers of, employees of, or associated with the Developer and may have conflicts of interest in dealing with the District.

Nor'wood Development Group acts as agent for the Owners: CSJ No. 1, LLC, CSJ No. 2, LLC, CSJ No. 7, LLC, Interurban Development Company, LLC, Nor'wood Limited, Inc., Urban Enterprises, LLC, Urban Properties, LLC, Urban Properties No. 4, LLC, SRPC, LLC.

NOTE 8 ECONOMIC DEPENDENCY

The District has not yet established a revenue base sufficient to pay operational expenditures. Until an independent revenue base is established, continuation of operations in the District will be dependent upon funding by the Developer.

NOTE 9 AGREEMENTS AND COMMITMENTS

Intergovernmental Agreement

On November 28, 2018, the District entered into an Intergovernmental Agreement for Operational Cost Sharing (IGA) with Park Union Metropolitan District No. 1 and Park Union Metropolitan District No. 2. The Operational and Maintenance Costs are cooperatively funded by the Districts pursuant to this IGA. Pursuant to the IGA, the general operational costs of the Districts include accounting, legal, management and other consultant or administrative costs. Operational and maintenance costs do not include infrastructure construction costs, costs of issuance or bond repayment obligations of the individual Districts.

NOTE 9 AGREEMENTS AND COMMITMENTS (CONTINUED)

Urban Renewal Agreement

On June 1, 2020, the District entered into an Urban Renewal Agreement for Development of the Museum and Park Urban Renewal Area with the Colorado Springs Urban Renewal Authority (the Authority) and Interurban Development Company, LLC (Developer). The agreement allocates incremental tax revenues to the Authority for the purposes to encourage and protect existing development on the property, renew and improve the character and environment of the Area, enhance the current sales tax base and property tax base of the Area, provide incentives necessary to induce private development and redevelopment of the Area, demolish and remove blighted structures from the Area, effectively use undeveloped land within the Area, encourage financially successful projects within the Property, stabilize and upgrade property values within the Area, accommodate and provide for the voluntary environmental cleanup of the Area, promote improved traffic, public transportation, public utilities, recreational and community facilities within the Area and promote the participation of existing owners in the revitalization and development of the Property.

Cooperation Agreement

On February 11, 2020, the District entered into the cooperation agreement with the City of Colorado Springs, Colorado Springs Utilities, the Colorado Springs Urban Renewal Authority and Interurban Development Company, LLC for redevelopment of portions of the southwest downtown area of the City of Colorado Springs. The District is responsible for design, construction, operation and maintenance of certain facilities pursuant to the terms and conditions of the agreement. The District projects are funded from the bond proceeds issued by the District in 2020.

Consultant Agreement

On July 7, 2020, the District entered into the consultant agreement with Nor'wood Limited, Inc. (the Consultant). Per the agreement, the Consultant shall provide the Chief Engineering Services and the District Management Services by furnishing the necessary qualified personnel. Compensation for the services rendered will be made in accordance with the rates set forth in the agreement. Both parties have the right to terminate the agreement with 30 days' notice to the other in writing. During 2024, the District recorded $202,610 in consultant expense.

Lease Agreement

On August 1, 2020, the District entered into the lease agreement as "Tenant" with CSJ No. 7, LLC, a Colorado limited liability company, Urban Enterprises, LLC and Carolyn Sue Jenkins, Owners, collectively as "Landlord" to lease the demised premises for office use, storage, and parking. The Tenant agrees to pay for the premises a sum equal to $100 per year and additional rent costs, such as property tax, insurance, utilities, and maintenance and repair costs. The lease term shall continue through July 31, 2022 and be automatically renewed for up to 15 additional one year terms. Both Tenant and Landlord have the right to terminate the lease with 30 days' notice to the other. Accordingly, the agreement is a short term lease and lease payments are recognized as outflows of resources based on the payment provision of the lease contract. During 2024, the District recorded $22,728 in lease expense.

NOTE 9 AGREEMENTS AND COMMITMENTS (CONTINUED)

Management Agreement

On August 1, 2020, amended on August 1, 2021, the District entered into the management agreement with SP Plus Corporation. SP Plus Corporation acts as operator, to operate and manage the parking facility controlled by the District. The District grants to operator and Operator accepts the exclusive right and obligation of administering, managing, and operating parking operations at the District's parking facility. The agreement is automatically renewed in one-year terms until either party gives written notice of non-renewal, unless otherwise terminated.

Memorandum of Understanding with Greater Downtown Colorado Springs BID

On June 28, 2021, the District entered into a Memorandum of Understanding (MOU) with Greater Downtown Colorado Springs Business Improvement District (the Greater Downtown BID). The MOU memorializes the arrangement and responsibilities between the Parties. The Greater Downtown BID will agree to allow the District to utilize its security guards on an as-needed basis.

NOTE 10 INTERFUND TRANSFER

The transfer from the Capital Projects Fund to the Debt Service Fund was the related to annual the Authority administrative fees paid to the Colorado Springs Urban Renewal Authority as defined in the Urban Renewal Agreement from June 1, 2020.

NOTE 11 RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees; or acts of God.

The District is a member of the Colorado Special Districts Property and Liability Pool (the Pool). The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials' liability, boiler and machinery, and workers' compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years.

The District pays annual premiums to the Pool for liability, property and public officials' liability coverage. In the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool, the Pool may require additional contributions from the Pool members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula.

NOTE 12 TAX, SPENDING, AND DEBT LIMITATIONS

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights (TABOR), contains tax, spending, revenue, and debt limitations which apply to the state of Colorado and all local governments.

Spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

At an election held on November 7, 2017, the voters approved an annual increase in taxes of up to $5,000,000 at a mill levy rate without limitation or with such limitations as may be determined by the Board for the purpose of the District's operations, maintenance, capital costs, other obligations, and other expenses. The election also allows the District to retain all revenues without regard to the limitations contained in Article X, Section 20 of the Colorado Constitution.

The District's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits will require judicial interpretation.

SUPPLEMENTARY INFORMATION

PARK UNION BUSINESS IMPROVEMENT DISTRICT
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2024

	Budget		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES				
Property Taxes	$ 55,316	$ 59,518	$ 57,635	$ (1,883)
Specific Ownership Taxes	6,605	5,456	5,637	181
TIF Revenue	2,782	2,782	-	(2,782)
Interest Income	1,000	1,000	1,747	747
Other Revenue	870	669	-	(669)
Intergovernmental Revenue - Park Union MD No. 1	98,427	98,427	94,094	(4,333)
Total Revenues	165,000	167,852	159,113	(8,739)
EXPENDITURES				
County Treasurer's Fee	830	894	870	24
Bond Interest	91,043	154,890	154,889	1
Paying Agent Fees	4,000	4,000	4,000	-
Administration Fees	64,945	191,041	191,041	-
Contingency	1,182	1,175	-	1,175
Total Expenditures	162,000	352,000	350,800	1,200
EXCESS OF REVENUES UNDER EXPENDITURES	3,000	(184,148)	(191,687)	(7,539)
OTHER FINANCING SOURCES				
Transfers From Other Funds	-	191,041	191,041	-
Total Other Financing Sources	-	191,041	191,041	-
NET CHANGE IN FUND BALANCE	3,000	6,893	(646)	(7,539)
Fund Balance - Beginning of Year	-	2,107	2,107	-
FUND BALANCE - END OF YEAR	$ 3,000	$ 9,000	$ 1,461	$ (7,539)

PARK UNION BUSINESS IMPROVEMENT DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2024

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Interest Income	$ 10,000	$ 32,270	$ 22,270
Total Revenues	10,000	32,270	22,270
EXPENDITURES			
Accounting	10,000	-	10,000
Legal	15,000	-	15,000
Fence and Sign Maintenance	1,000	-	1,000
Equipment	5,000	-	5,000
District Projects	4,364,000	(9,212)	4,373,212
Total Expenditures	4,395,000	(9,212)	4,404,212
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(4,385,000)	41,482	4,426,482
OTHER FINANCING SOURCES (USES)			
Bond Issuance Proceeds	4,000,000	-	(4,000,000)
Developer Advance	295,791	-	(295,791)
Transfers To Other Fund	-	(191,041)	(191,041)
Total Other Financing Sources (Uses)	4,295,791	(191,041)	(4,486,832)
NET CHANGE IN FUND BALANCE	(89,209)	(149,559)	(60,350)
Fund Balance - Beginning of Year	89,209	658,559	569,350
FUND BALANCE - END OF YEAR	$ -	$ 509,000	$ 509,000

OTHER INFORMATION

PARK UNION BUSINESS IMPROVEMENT DISTRICT
SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED
DECEMBER 31, 2024

Year Ended December 31,	Assessed Valuation	Percent Change	Total Mills Levied			Total Property Taxes		Percent Collected to Levied
			General Operations	Debt Service	Total	Levied	Collected	
2019/2020	$ 2,765,260	60.4%	5.000	20.000	25.000	$ 69,131	$ 68,889	99.65 %
2020/2021	2,590,950	-6.3%	5.000	20.000	25.000	64,774	64,634	99.78 %
2021/2022	2,405,460	-7.2%	5.000	20.000	25.000	60,137	60,136	100.00 %
2022/2023	2,396,820	-0.4%	10.000	20.000	30.000	71,905	68,729	95.58 %
2023/2024	2,765,920	15.4%	10.769	21.538	32.307	89,359	86,449	96.74 %
Estimated for Year Ending December 31, 2025	$ 2,664,810	11.2%	10.782	21.565	32.347	$ 86,199		

Note:
Property taxes collected in any one year include collection of delinquent property taxes levied in prior years. Information received from the Treasurer does not permit identification of specific year of levy.

Source: El Paso County Assessor and Treasurer.