

2017 OPERATING PLAN AND BUDGET
BARNES & POWERS
SOUTH BUSINESS
IMPROVEMENT
DISTRICT

City of Colorado Springs, El Paso County, Colorado

TABLE OF CONTENTS

1. PURPOSE AND SCOPE OF THIS DISTRICT 1
 A. Requirement for this Operating Plan 1
 B. What Must Be Included in the Operating Plan? 1
 C. Purposes..... 1
 D. Ownership of Property or Major Assets..... 1
 E. Contracts and Agreement..... 1
2. ORGANIZATION AND COMPOSITION OF THE BOARD OF DIRECTORS..... 2
3. BOUNDARIES, INCLUSIONS AND EXCLUSIONS..... 2
4. PUBLIC IMPROVEMENTS..... 2
5. ADMINISTRATION, OPERATIONS, SERVICES AND MAINTENANCE 3
6. FINANCIAL PLAN AND BUDGET 3
7. MUNICIPAL OVERSIGHT OF DISTRICT ACTIVITIES..... 5
8. 2017 ACTIVITIES, PROJECTS AND CHANGES 6
 A. Activities 6
 B. Projects and Public Improvements..... 6
 C. Summary of 2017 Activities and Changes from Prior Year..... 6
9. DISSOLUTION..... 6
10. CONCLUSION 6

EXHIBIT A - Director and Other Contact Information

EXHIBIT B - BID Budget 2017

 General Fund

 Debt Service Fund

 Capital Projects Fund

EXHIBIT C – District Boundary Map

**2017
OPERATING PLAN FOR THE
BARNES & POWERS SOUTH BUSINESS IMPROVEMENT DISTRICT**

1. PURPOSE AND SCOPE OF THIS DISTRICT

A. *Requirement for this Operating Plan.*

The Business Improvement District Act, specifically Section 31-25-1211, C.R.S., requires that the Barnes & Powers South Business Improvement District (the “District”) file an operating plan and budget with the City Clerk no later than September 30 of each year.

Under the statute, the City is to approve the operating plan and budget within 30 days of the submittal of all required information.

The District operates under the authorities and powers allowed under the Business Improvement District Act, Section 31-25-1201, et seq., Colorado Revised Statutes, as amended, as further described and limited by this Operating Plan.

B. *What Must Be Included in the Operating Plan?*

Pursuant to the provisions of the Business Improvement District Act, Section 31-25-1201, et seq., Colorado Revised Statutes, as amended, this Operating Plan specifically identifies (1) the composition of the Board of Directors, (2) the services and improvements to be provided by the District, (3) the taxes, fees, and assessments to be imposed by the District, (4) the estimated principal amount of the bonds to be issued by the District, and (5) such other information as the City may require.

The District’s original 2005, and subsequent Operating Plans, previously approved by the City, are incorporated herein by reference, and shall remain in full force and effect except as specifically or necessarily modified hereby.

C. *Purposes.*

As may be further articulated in prior years’ Operating Plans, the ongoing and/or contemplated purposes of this District for 2017 include 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 parking facilities, roadways, lighting, driveways, public utilities and landscaping consistent with prior years’ activities.

D. *Ownership of Property or Major Assets.*

The District does not own or expect to own any fee simple property or major physical assets, particularly within the 2017 budget year.

E. *Contracts and Agreement.*

Pursuant to an Intergovernmental Agreement, dated November 30, 2011, with Barnes & Powers North Business Improvement District, the intergovernmental expenditures

represents transfers to Barnes & Powers North to provide joint funding for the overall administrative and operating costs for the District and payment of capital infrastructure.

2. ORGANIZATION AND COMPOSITION OF THE BOARD OF DIRECTORS

A. *Organization.*

The Barnes & Powers South Business Improvement District was organized by the City of Colorado Springs, Colorado by Ordinance No. 04-50 on April 27, 2004.

B. *Governance.*

The District is governed by an elected board of directors.

C. *Current Board.*

The persons who currently serve as the Board of Directors are:

Ralph A. Braden, President
Christopher S. Jenkins, Vice-President
David D. Jenkins, Secretary
Frederick A. Veitch, Treasurer
Delroy L. Johnson, Assistant Secretary

Director and other pertinent contact information are provided in Exhibit A.

D. *Term Limits.*

The District's director election in May, 2012, included a ballot question to eliminate term limits pursuant to Article 18, Section 11 of the Colorado Constitution. The question passed.

E. *Advisory Board.*

The Board of Directors may appoint one or more advisory boards to assist the Board of Directors on such matters as the Board of Directors desires assistance. The Board of Directors shall, upon the appointment of an advisory board, set forth its duties, duration, and membership. The Board of Directors may provide rules of procedure for the advisory board or may delegate to the advisory board the authority to provide such rules. No advisory boards have yet been appointed to date.

3. BOUNDARIES, INCLUSIONS AND EXCLUSIONS

The District map is depicted in **Exhibit C**. The District does not anticipate inclusion or exclusion requests in the coming year.

4. PUBLIC IMPROVEMENTS

The District does not presently anticipate funding the design, installation, or acquisition of additional public improvements during 2017. If the District acts to fund additional improvements during calendar year 2017, an amendment to this Operating Plan will be sought in accordance with the provisions of Section 31-25-1211, C.R.S.

The District does not anticipate the construction or acquisition of any public improvements in 2017.

5. ADMINISTRATION, OPERATIONS, SERVICES AND MAINTENANCE

No changes to the improvements and services to be furnished by the District as listed in all of the previous Operating Plans are proposed for 2017. Therefore, all of the previous Operating Plans, including all limitations found in *Section 3 Description of Public Improvements and Services*, *Section 4 Administration, Operation and Maintenance*, *Section 5 Financial Plan and Budget* (with the exceptions noted below and the budget which is attached hereto as **Exhibit B**) are unchanged and incorporated herein by reference.

- A.** The District issued its \$835,000 Limited Tax General Obligation Bonds, Series 2007 to acquire capital improvements in place that were built by the developer as contemplated in the 2007 Operating Plan. The City approved the 2007 bond issue by Resolution No. 68-07.
- B.** Following the issue of its Series 2007 bonds, the District has remaining debt authorization. However, the majority of the real property within the boundaries of the District has been conveyed to Costco Wholesale Corporation (“Costco”).
- C.** In 2011, in order to complete the acquisition, development, construction and installation of certain storm sewer, street, and street safety related improvements approved in the 2004 Election and repay certain costs advanced by the developer for the organization of the District and administration of construction and bond requirements, the District issued its Taxable Subordinate Limited Tax General Obligation Bond, Series 2011, in the initial aggregate amount of \$73,549 (the “2011 Bonds”). As required by the District’s 2011 Operating Plan, the issuance of the 2011 bonds was approved by Resolution 108-11 of the City Council.;

The mill levy limitations in the Original Operating Plan (being 50 mills for debt service and one (1) mill for general operations and administrative expenses) remain unchanged.

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

6. FINANCIAL PLAN AND BUDGET

1. 2017 Budget.

The 2017 Budget for the District is attached as Exhibit B.

2. Authorized Indebtedness.

At an election held on May 4, 2004, the voters approved general obligation indebtedness of \$3,000,000 for street improvements, \$2,500,000 for parking facilities, and \$6,500,000 for refinancing of District debt. On November 1, 2005, the District’s electors authorized additional indebtedness of \$400,000 for water and \$125,000 for sanitary sewer and storm drainage. The voters also approved an annual increase in taxes of \$11,000, at a mill levy rate not to exceed one mill for general operation and maintenance. 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. As set forth in the District's 2004 operating plan, the City has limited the amount of debt to be issued to a total of \$2,200,000 in the authorized voted categories, without future approval by the City. No additional debt authorizations are contemplated in 2017.

3. *Property Tax and Mill Levy Caps.*

The mill levy limitations in the Original Operating Plan (being 50 mills for debt service and one (1) mill for general operations and administrative expenses) remain unchanged.

4. *District Revenues.*

See 2017 budget attached hereto as **Exhibit B**.

5. *Existing Debt Obligations.*

The District issued \$835,000 Limited Tax General Obligation Bonds, Series 2007 to acquire capital improvements in place that were built by the developer as contemplated in the 2007 Operating Plan. The City approved the 2007 bond issue by Resolution No. 68-07. Following the issuance of its Series 2007 bonds, the District has remaining debt authorization. However, the majority of the real property within the boundaries of the District has been conveyed to Costco Wholesale Corporation ("Costco").

In 2011, in order to complete the acquisition, development, construction and installation of certain storm sewer, street safety related improvements approved in the 2004 Election and repay certain costs advanced by the developer for the organization of the District and administration of construction and bond requirements, the District issued its Taxable Subordinate Limited Tax General Obligation Bond, Series 2011, in the initial aggregate amount of \$73,549 (the "2011 Bonds"). As required by the District's 2011 Operating Plan, the issuance of the 2011 bonds was approved by Resolution 108-11 of the City Council.

6. *Future Debt Obligations.*

In accordance with the City's Special District Policy this District shall request and obtain approval of City Council prior to issuance of any debt in accordance with the financing plan for the district as previously approved. The standards for City approval shall generally be consistency with the City's Special District Policy as it may be amended along with the most recently approved operating plan and budget and any requirements or limitations contained therein to the extent that they are consistent with the financing plans for the district.

7. *Other Financial Obligations.*

No other financial obligations of the District are anticipated in the coming year.

8. *City Charter Limitations.*

In accordance with 7-100 of the City Charter, the District shall not issue any debt instrument for any purpose other than construction of capital improvements with a public purpose necessary for development. As set forth in 7-100 of the City Charter, the total debt of any proposed District shall not exceed 10 percent of the total assessed valuation of the taxable property within the District unless approved by at least a two-thirds vote of the entire City Council.

9. Non-Default Provisions.

Limited tax general obligation bonds issued by the District shall be structured and/or credit enhancements provided such that the bonds cannot default as long as the District is imposing the required maximum allowed mill levy.

10. Privately Placed Debt.

Prior to the issuance of any privately placed debt for capital related costs, the District shall obtain the certification of an External Financial Advisor regarding the fairness and feasibility of the interest rate and the structure of the debt.

11. The debt of the District will not constitute a debt or obligation of the City in any manner. The faith and credit of the City will not be pledged for the repayment of the debt of the District. This will be clearly stated on all offering circulars, prospectus, or disclosure statements associated with any securities issued by the District

7. MUNICIPAL OVERSIGHT OF DISTRICT ACTIVITIES

(a) Audit.

The District agrees to submit an annual audit to the City Finance Department no later than March 1st of each year which is performed by an independent certified public accounting firm. Even if the state grants an audit exemption, the District must submit an annual audit as specified above.

(b) SID Formation.

The District affirms that it will provide an Amended Operating Plan and seek prior approval of City Council prior to formation of any Special Improvement District within its boundaries in the future.

(c) City Authorization Prior to Debt Issuance.

In accordance with the City's Special District Policy, and notwithstanding any statements of intent in the Budget and Operating Plan, this District shall request and obtain approval of City Council prior to issuance of any debt in accordance with the financing plan for the District as previously approved. The standards for City approval shall generally be consistency with the City's Special District Policy as it may be amended along with the most recently approved operating plan and budget and any requirements or limitations contained therein to the extent that they are consistent with the financing plans for the District.

(d) Public Improvement Fees.

This District will not utilize any revenues from a new, increased or expanded public improvement fee (PIF) unless specifically authorized in a subsequent operating plan and budget, or separately approved by City Council. The imposition of a PIF and any provisions for adjustment of a PIF that have been previously approved by City Council shall not be subject to this restriction.

(e) Condemnation.

The Colorado Revised Statutes do not authorize BIDs to use powers of eminent domain. The exercise of eminent domain authority by any City-authorized district is also specifically prohibited without express prior City Council approval.

8. 2017 ACTIVITIES, PROJECTS AND CHANGES

1. *Activities.*

The District does not anticipate additional infrastructure work for commercial development in 2017, and has no specific plan at this time.

2. *Projects and Public Improvements.*

The District does not presently anticipate funding the design, installation or acquisition of additional public improvements during 2017. If the District acts to fund additional improvements during calendar year 2017, an amendment to this Operating Plan will be sought in accordance with the provisions of Section 31-25-1211, C.R.S.

3. *Summary of 2017 Activities and Changes from Prior Year.*

The District's activities will focus on district administration and payment of its bonds.

Boundary changes: Not anticipated for the upcoming year.

Changes to board or governance structure: Not anticipated for the upcoming year.

Mill levy changes: Mill levies remain the same for the upcoming year.

New, refinanced or fully discharged debt: Not anticipated for the upcoming year.

Elections: Not anticipated for the upcoming year.

Major changes in development activity or valuation: Not anticipated for the upcoming year.

Ability to meet current financial obligations: See 2017 Budget attached as **Exhibit B**.

9. DISSOLUTION

The District may be dissolved under the conditions of Section 31-25-1225, C.R.S. Perpetual existence is not contemplated at this time.

10. CONCLUSION

It is submitted that this Operating Plan and Budget for the District meets the requirements of the Business Improvement District Act and further meets applicable requirements of the Colorado Constitution and other law. It is further submitted that the types of services and improvements to be provided by the District are those services and improvements which satisfy the purposes of Part 12 of Article 25 of Title 31, C.R.S.

EXHIBIT A

Director and Other Contact Information
BARNES & POWERS SOUTH BUSINESS IMPROVEMENT DISTRICT

BOARD OF DIRECTORS:

NAME & ADDRESS	POSITION	TERM(S)	PHONE #/E-MAIL
Ralph A. Braden Nor'wood Development Group 111 South Tejon, Suite 222 Colorado Springs, CO 80903	President	2012-2016; 2016-2020	(w) 719-593-2600 (f) 719-633-0545 rbraden@nor-wood.com
Christopher S. Jenkins Nor'wood Development Group 111 South Tejon, Suite 222 Colorado Springs, CO 80903	Vice President	2012-2016; 2016-2020	w) 719-593-2600 (f) 719-633-0545 chrisjenkins@nor-wood.com
David D. Jenkins Nor'wood Development Group 111 South Tejon, Suite 222 Colorado Springs, CO 80903	Secretary	2012-2016; 2016-2020	(w) 719-593-2600 (f) 719-633-0545 ddj@nor-wood.com
Frederick A. Veitch Nor'wood Development Group 111 South Tejon, Suite 222 Colorado Springs, CO 80903	Treasurer	2010-2014; 2014-2018	(w) 719-593-2600 (f) 719-633-0545 fveitch@nor-wood.com
Delroy L. Johnson Nor'wood Development Group 111 South Tejon, Suite 222 Colorado Springs, CO 80903	Assistant Secretary	2013-2014; 2014-2018	(w) 719-593-2600 (f) 719-633-0545 djohnson@nor-wood.com

DISTRICT CONTACT:

DISTRICT MANAGER:

Delroy L. Johnson, Assistant Secretary Nor'wood Development Group 111 South Tejon, Suite 222 Colorado Springs, CO 80903 (w) 719-593-2600 (f) 719-633-0545 djohnson@nor-wood.com	Cynthia Beyer CliftonLarsonAllen LLP 8390 East Crescent Parkway, Suite 600 Greenwood Village, CO 80111 (w) 303-779-5710 (f) 303-779-0348 Cynthia.Beyer@claconnect.com
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ACCOUNTANT:

AUDITOR:

Carrie Bartow, CPA CliftonLarsonAllen LLP 102 South Tejon, Suite 350 Colorado Springs, CO 80903 (w) 719-635-0300 x 77839 (f) 719-473-3630 carrie.bartow@claconnect.com	BiggsKofford, PC 630 Southpointe Court, Suite 200 Colorado Springs, CO 80906 719-579-9090 (f) 719-576-0126
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INSURANCE AND BONDS:

STAFF:

T. Charles Wilson Insurance Service 384 Inverness Parkway Centennial, CO 80112 303-368-5757	N/A
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EXHIBIT B

2017 BID Budget

General Fund

Capital Projects Fund

Debt Service Fund

(including taxes, fees, assessments and estimated principal amount of bonds)



CliftonLarsonAllen

CliftonLarsonAllen LLP
CLAconnect.com

Accountant's Compilation Report

Board of Directors
Barnes & Powers South Business Improvement District
El Paso County, Colorado

Management is responsible for the accompanying budget of revenues expenditures and fund balances of Barnes & Powers South Business Improvement District for the year ending December 31, 2017, including the estimate of comparative information for the year ending December 31, 2016, and the actual comparative information for the year ending December 31, 2015. 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. A compilation is limited to presenting, in the form prescribed by CRS 29-1-105, information that is the representation of management. 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.

We draw attention to the Summary of Significant Assumptions which describe that the budget is presented in accordance with the requirements of Colorado Revised Statutes 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 Barnes & Powers South Business Improvement District.

Colorado Springs, Colorado
_____, 2016



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PRELIMINARY DRAFT – SUBJECT TO REVISION

**BARNES & POWERS SOUTH BUSINESS IMPROVEMENT DISTRICT
SUMMARY
2017 BUDGET AS PROPOSED
WITH 2015 ACTUAL AND 2016 ESTIMATED
For the Years Ended and Ending December 31,**

9/13/2016

	ACTUAL 2015	BUDGET 2016	ACTUAL 6/30/2016	ESTIMATED 2016	PROPOSED 2017
BEGINNING FUND BALANCES	\$ 79,369	\$ 83,526	\$ 83,602	\$ 83,602	\$ 91,870
REVENUES					
1 Property taxes	92,379	93,640	93,640	93,640	92,509
2 Specific ownership taxes	10,439	10,300	4,268	10,300	10,180
3 Net investment income	174	160	215	410	470
4 Other income	-	1,000	-	-	1,000
Total revenues	<u>102,992</u>	<u>105,100</u>	<u>98,123</u>	<u>104,350</u>	<u>104,159</u>
Total funds available	<u>182,361</u>	<u>188,626</u>	<u>181,725</u>	<u>187,952</u>	<u>196,029</u>
EXPENDITURES					
5 General and administration					
6 Contingency	-	2,687	-	-	2,303
7 County Treasurer's fees	1,386	1,405	1,405	1,405	1,388
8 Intergovernmental expenditures	14,407	14,232	8,527	14,497	14,529
9 Miscellaneous	391	500	139	205	-
10 Debt service					
11 Bond interest Series 2007	42,575	39,975	19,988	39,975	37,375
12 Bond principal Series 2007	40,000	40,000	-	40,000	45,000
Total expenditures	<u>98,759</u>	<u>98,799</u>	<u>30,059</u>	<u>96,082</u>	<u>100,595</u>
Total expenditures and transfers out requiring appropriation	<u>98,759</u>	<u>98,799</u>	<u>30,059</u>	<u>96,082</u>	<u>100,595</u>
ENDING FUND BALANCES	<u>\$ 83,602</u>	<u>\$ 89,827</u>	<u>\$ 151,666</u>	<u>\$ 91,870</u>	<u>\$ 95,434</u>

PRELIMINARY DRAFT - SUBJECT TO REVISION

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

**BARNES & POWERS SOUTH BUSINESS IMPROVEMENT DISTRICT
PROPERTY TAX SUMMARY INFORMATION
For the Years Ended and Ending December 31,**

9/13/2016

	ACTUAL 2015	BUDGET 2016	ACTUAL 6/30/2016	ESTIMATED 2016	PROPOSED 2017
ASSESSED VALUATION - EL PASO					
Commercial	\$ 4,399,000	\$ 4,459,030	\$ 4,459,030	\$ 4,459,030	\$ 4,405,190
Certified Assessed Value	<u>\$ 4,399,000</u>	<u>\$ 4,459,030</u>	<u>\$ 4,459,030</u>	<u>\$ 4,459,030</u>	<u>\$ 4,405,190</u>
MILL LEVY					
GENERAL FUND	1.000	1.000	1.000	1.000	1.000
DEBT SERVICE FUND	20.000	20.000	20.000	20.000	20.000
Total Mill Levy	<u>21.000</u>	<u>21.000</u>	<u>21.000</u>	<u>21.000</u>	<u>21.000</u>
PROPERTY TAXES					
GENERAL FUND	\$ 4,399	\$ 4,459	\$ 4,459	\$ 4,459	\$ 4,405
DEBT SERVICE FUND	87,980	89,181	89,181	89,181	88,104
Budgeted Property Taxes	<u>\$ 92,379</u>	<u>\$ 93,640</u>	<u>\$ 93,640</u>	<u>\$ 93,640</u>	<u>\$ 92,509</u>
BUDGETED PROPERTY TAXES					
GENERAL FUND	\$ 4,399	\$ 4,459	\$ 4,459	\$ 4,459	\$ 4,405
DEBT SERVICE FUND	87,980	89,181	89,181	89,181	88,104
	<u>\$ 92,379</u>	<u>\$ 93,640</u>	<u>\$ 93,640</u>	<u>\$ 93,640</u>	<u>\$ 92,509</u>

PRELIMINARY DRAFT - SUBJECT TO REVISION

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

**BARNES & POWERS SOUTH BUSINESS IMPROVEMENT DISTRICT
GENERAL FUND
2017 BUDGET AS PROPOSED
WITH 2015 ACTUAL AND 2016 ESTIMATED
For the Years Ended and Ending December 31,**

9/13/2016

	ACTUAL 2015	BUDGET 2016	ACTUAL 6/30/2016	ESTIMATED 2016	PROPOSED 2017
BEGINNING FUND BALANCES	\$ 18	\$ -	\$ -	\$ -	\$ -
REVENUES					
1 Property taxes	4,399	4,459	4,459	4,459	4,405
2 Specific ownership taxes	10,439	10,300	4,268	10,300	10,180
3 Net investment income	8	40	6	10	10
4 Other income	-	1,000	-	-	1,000
Total revenues	<u>14,846</u>	<u>15,799</u>	<u>8,733</u>	<u>14,769</u>	<u>15,595</u>
Total funds available	<u>14,864</u>	<u>15,799</u>	<u>8,733</u>	<u>14,769</u>	<u>15,595</u>
EXPENDITURES					
General and administration					
5 Contingency	-	1,000	-	-	1,000
6 County Treasurer's fees	66	67	67	67	66
7 Intergovernmental expenditures	14,407	14,232	8,527	14,497	14,529
8 Miscellaneous	391	500	139	205	-
Total expenditures	<u>14,864</u>	<u>15,799</u>	<u>8,733</u>	<u>14,769</u>	<u>15,595</u>
Total expenditures and transfers out requiring appropriation	<u>14,864</u>	<u>15,799</u>	<u>8,733</u>	<u>14,769</u>	<u>15,595</u>
ENDING FUND BALANCES	\$ -	\$ -	\$ -	\$ -	\$ -

PRELIMINARY DRAFT - SUBJECT TO REVISION

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

BARNES & POWERS SOUTH BUSINESS IMPROVEMENT DISTRICT
DEBT SERVICE FUND
2017 BUDGET AS PROPOSED
WITH 2015 ACTUAL AND 2016 ESTIMATED
For the Years Ended and Ending December 31,

9/13/2016

	ACTUAL 2015	BUDGET 2016	ACTUAL 6/30/2016	ESTIMATED 2016	PROPOSED 2017
BEGINNING FUND BALANCES	\$ 79,351	\$ 83,526	\$ 83,602	\$ 83,602	\$ 91,870
REVENUES					
1 Property taxes	87,980	89,181	89,181	89,181	88,104
2 Net investment income	166	120	209	400	460
Total revenues	88,146	89,301	89,390	89,581	88,564
Total funds available	167,497	172,827	172,992	173,183	180,434
EXPENDITURES					
General and administration					
3 Contingency	-	1,687	-	-	1,303
4 County Treasurer's fees	1,320	1,338	1,338	1,338	1,322
Debt service					
5 Bond interest Series 2007	42,575	39,975	19,988	39,975	37,375
6 Bond principal Series 2007	40,000	40,000	-	40,000	45,000
Total expenditures	83,895	83,000	21,326	81,313	85,000
Total expenditures and transfers out requiring appropriation	83,895	83,000	21,326	81,313	85,000
ENDING FUND BALANCES	\$ 83,602	\$ 89,827	\$ 151,666	\$ 91,870	\$ 95,434

PRELIMINARY DRAFT - SUBJECT TO REVISION

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

**BARNES & POWERS SOUTH BUSINESS IMPROVEMENT DISTRICT
 CAPITAL PROJECTS FUND
 2017 BUDGET AS PROPOSED
 WITH 2015 ACTUAL AND 2016 ESTIMATED
 For the Years Ended and Ending December 31,**

9/13/2016

	ACTUAL 2015	BUDGET 2016	ACTUAL 6/30/2016	ESTIMATED 2016	PROPOSED 2017
BEGINNING FUND BALANCES	\$ -	\$ -	\$ -	\$ -	\$ -
REVENUES					
Total revenues	-	-	-	-	-
Total funds available	-	-	-	-	-
EXPENDITURES					
Total expenditures	-	-	-	-	-
Total expenditures and transfers out requiring appropriation	-	-	-	-	-
ENDING FUND BALANCES	\$ -	\$ -	\$ -	\$ -	\$ -

PRELIMINARY DRAFT - SUBJECT TO REVISION

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

**BARNES & POWERS SOUTH BUSINESS IMPROVEMENT DISTRICT
2017 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 include parking facilities, roadways, lighting, driveways, public utilities and landscaping. The District's service area is located entirely within the City of Colorado Springs, El Paso County, Colorado.

The District was organized by Ordinance of the City of Colorado Springs on April 27, 2004.

At an election held on May 4, 2004, the voters approved general obligation indebtedness of \$3,000,000 for street improvements, \$2,500,000 for parking facilities, and \$6,500,000 for refinancing of District debt. On November 1, 2005, the District's electors authorized additional indebtedness of \$400,000 for water and \$125,000 for sanitary sewer and storm drainage. The voters also approved an annual increase in taxes of \$11,000, at a mill levy rate not to exceed one mill, for general operations and maintenance. 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. As set forth in the District's 2004 operating plan, the City has limited the amount of debt to be issued to a total of \$2,200,000 in the authorized voted categories, without future approval by the City.

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

The District prepares its budget on the modified accrual basis of accounting in accordance with the requirements of Colorado Revised Statutes C.R.S. 29-1-105.

Revenues

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.

The calculation of the taxes levied is displayed on page 3 of the Budget at the total adopted mill levy of 21.000 mills.

Specific Ownership Tax

Specific ownership taxes are set by the State and collected by the County Treasurer, primarily on vehicle licensing within the County as a whole. The specific ownership taxes are allocated by the County Treasurer to all taxing entities within the County. The budget assumes that the District's share will be equal to approximately 11% of the property taxes collected.

**BARNES & POWERS SOUTH BUSINESS IMPROVEMENT DISTRICT
2017 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Revenues - (continued)

Net Investment Income

Interest earned on the District's available funds has been estimated based on an average interest rate of approximately 0.50%.

Expenditures

County Treasurer's Fees

County Treasurer's collection fees have been computed at 1.5% of property tax collected.

Intergovernmental expenditures

Pursuant to an Intergovernmental Agreement, dated November 30, 2011, with Barnes and Powers North Business Improvement District, the intergovernmental expenditures represent transfers to Barnes and Powers North to provide funding for the overall administrative and operating costs, as well as capital infrastructure costs for the District.

Debt Service

On June 27, 2007, the District issued \$835,000 in General Obligation Bonds. The Bonds are due December 1, 2026, and bear an interest rate of 6.5% paid semiannually on June 1 and December 1. At the option of the District on any date, the bonds are subject to redemption prior to maturity without redemption premium. The proceeds from the Bonds were used to reimburse the Developer for capital infrastructure costs and to pay bond issuance costs.

Debt and Leases

The District's current debt service schedule is attached. The District has no capital or operating leases.

Reserves

Emergency Reserve

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of fiscal year spending. Since substantially all funds received by the District are transferred to Barnes and Powers North Business Improvement District, which pays for all of the District's operations and maintenance costs, the emergency reserve is reflected in Barnes and Powers North Business Improvement District 2017 Budget.

This information is an integral part of the accompanying budget.

**BARNES & POWERS SOUTH BUSINESS IMPROVEMENT DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
December 31, 2016**

**\$835,000 General Obligation Bonds
Dated June 27, 2007
Interest Rate 6.5%
Principal Due December 1**


<u>Year Ended December 31,</u>	<u>Interest Payable June 1 and December 1</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 45,000	\$ 37,375	\$ 82,375
2018	45,000	34,450	79,450
2019	50,000	31,525	81,525
2020	50,000	28,275	78,275
2021	55,000	25,025	80,025
2022	60,000	21,450	81,450
2023	60,000	17,550	77,550
2024	65,000	13,650	78,650
2025	70,000	9,425	79,425
2026	75,000	4,875	79,875
	<u>\$ 575,000</u>	<u>\$ 223,600</u>	<u>\$ 798,600</u>


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

PRELIMINARY DRAFT - SUBJECT TO REVISION

EXHIBIT C
District Boundary Map

BARNES & POWERS SOUTH BID

 Tax Boundary


1 inch = 270.83 feet

Created 11/23/2015 EPC Assessor's Office
NAD_1983_StatePlane_Colorado_Central_FIPS_0502_Feet
Projection: Lambert_Conformal_Conic

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