

**FIRST & MAIN BUSINESS  
IMPROVEMENT DISTRICT  
El Paso County, Colorado**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEAR ENDED DECEMBER 31, 2021**

**FIRST & MAIN BUSINESS IMPROVEMENT DISTRICT  
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**BiggsKofford**  
CERTIFIED PUBLIC ACCOUNTANTS

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## INDEPENDENT AUDITOR'S REPORT

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Board of Directors  
**First & Main Business Improvement District**  
Colorado Springs, Colorado

### Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of First & Main Business Improvement District ("District"), as of and for the year ended December 31, 2021, 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, 2021, and the respective changes in financial position, and the budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### 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 opinion.

### 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 within one year after the date that the financial statements are available to be issued.

## **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.

The supplementary 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*

The other information, as identified in the table of contents, has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

*BiggsKofford, P.C.*

Colorado Springs, Colorado

March 7, 2022

## **BASIC FINANCIAL STATEMENTS**

**FIRST & MAIN BUSINESS IMPROVEMENT DISTRICT  
STATEMENT OF NET POSITION  
DECEMBER 31, 2021**

	Governmental Activities
<b>ASSETS</b>	
Cash and Investments - Restricted	\$ 174,056
Accounts Receivable - County Treasurer	1,596
Property Taxes Receivable	158,606
Capital Assets, Net	923,982
Total Assets	1,258,240
<b>LIABILITIES</b>	
Accounts Payable - Intergovernmental	1,596
Accrued Interest Payable	9,385
Noncurrent Liabilities:	
Due Within One Year	40,000
Due in More Than One Year	1,285,000
Total Liabilities	1,335,981
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Property Tax Revenue	158,606
Total Deferred Inflows of Resources	158,606
<b>NET POSITION</b>	
Net Investment in Capital Assets	(401,018)
Restricted For:	
Debt Service	164,671
Total Net Position	\$ (236,347)

See accompanying Notes to Basic Financial Statements.



**FIRST & MAIN BUSINESS IMPROVEMENT DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2021**

	General	Debt Service	Total Governmental Funds
<b>ASSETS</b>			
Cash and Investments - Restricted	\$ -	\$ 174,056	\$ 174,056
Accounts Receivable - County Treasurer	1,596	-	1,596
Property Taxes Receivable	3,110	155,496	158,606
Total Assets	<u>\$ 4,706</u>	<u>\$ 329,552</u>	<u>\$ 334,258</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts Payable - Intergovernmental	\$ 1,596	\$ -	\$ 1,596
Total Liabilities	1,596	-	1,596
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Property Tax Revenue	3,110	155,496	158,606
Total Deferred Inflows of Resources	3,110	155,496	158,606
<b>FUND BALANCES</b>			
Restricted For:			
Debt Service	-	174,056	174,056
Total Fund Balances	-	174,056	174,056
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 4,706</u>	<u>\$ 329,552</u>	

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 as assets in the funds.  
Capital Assets, Net

923,982

Long-term liabilities, including Developer advance payable, are not due and payable in the current period and, therefore, are not reported in the funds.

Bonds Payable

(1,325,000)

Accrued Interest Payable - Bonds

(9,385)

Net Position of Governmental Activities

\$ (236,347)

See accompanying Notes to Basic Financial Statements.

**FIRST & MAIN BUSINESS IMPROVEMENT DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED DECEMBER 31, 2021**

	General	Debt Service	Total Governmental Funds
<b>REVENUES</b>			
Property Taxes	\$ 3,376	\$ 168,849	\$ 172,225
Specific Ownership Taxes	20,224	-	20,224
Net Investment Income	-	130	130
Total Revenues	<u>23,600</u>	<u>168,979</u>	<u>192,579</u>
<b>EXPENDITURES</b>			
Current			
County Treasurer's Fees	51	2,533	2,584
Intergovernmental Expenditure	23,549	-	23,549
Debt Service			
Interest - Bonds	-	115,600	115,600
Principal - Bonds	-	35,000	35,000
Total Expenditures	<u>23,600</u>	<u>153,133</u>	<u>176,733</u>
<b>NET CHANGE IN FUND BALANCES</b>	-	15,846	15,846
Fund Balances - Beginning of Year	<u>-</u>	<u>158,210</u>	<u>158,210</u>
<b>FUND BALANCES - END OF YEAR</b>	<u><u>\$ -</u></u>	<u><u>\$ 174,056</u></u>	<u><u>\$ 174,056</u></u>

See accompanying Notes to Basic Financial Statements.

**FIRST & MAIN BUSINESS IMPROVEMENT DISTRICT  
RECONCILIATION OF THE STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2021**

Net Change in Fund Balances - Governmental Funds	\$	15,846
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>Governmental funds report capital outlays as expenditures. In the statement of activities, capital outlay is not reported as an expenditure. However, the statement of activities will report as depreciation expense, the allocation of the cost of any depreciable asset over the estimated useful life of the asset. Capital outlay, the conveyance of capital assets to other governments and depreciation expense in the current period are as follows:</p>		
Depreciation Expense		(54,117)
<p>The issuance of long-term debt (e.g., issuance of bonds, the receipt of Developer advances) provides current financial resources to governmental funds, while the repayment of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.</p>		
Bonds Principal Payment		35,000
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>		
Accrued Interest on Bonds - Change in Liability		248
Change in Net Position of Governmental Activities	<u>\$</u>	(3,023)

See accompanying Notes to Basic Financial Statements.

**FIRST & MAIN BUSINESS IMPROVEMENT DISTRICT  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2021**

	Budgets		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Property Taxes	\$ 3,377	\$ 3,376	\$ 3,376	\$ -
Specific Ownership Taxes	17,222	20,224	20,224	-
Other Revenue	1,401	-	-	-
Total Revenues	<u>22,000</u>	<u>23,600</u>	<u>23,600</u>	<u>-</u>
<b>EXPENDITURES</b>				
Current:				
County Treasurer's Fees	51	51	51	-
Intergovernmental Expenditure	20,548	23,549	23,549	-
Contingency	1,401	-	-	-
Total Expenditures	<u>22,000</u>	<u>23,600</u>	<u>23,600</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	-	-	-	-
Fund Balance - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying Notes to Basic Financial Statements.

**FIRST & MAIN BUSINESS IMPROVEMENT DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 1 DEFINITION OF REPORTING ENTITY**

First & Main Business Improvement District (the District), a quasi-municipal corporation, was organized by ordinance of the city of Colorado Springs (the City) on March 11, 2003 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 parking facilities, roadways, lighting, driveways, public utilities, and landscaping.

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.

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.

**FIRST & MAIN BUSINESS IMPROVEMENT DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**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.

**FIRST & MAIN BUSINESS IMPROVEMENT DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**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 has amended its annual budget for the year ended December 31, 2021.

**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.

**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 infrastructure (e.g. streets), are reported in the applicable governmental activities column 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.

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.

**FIRST & MAIN BUSINESS IMPROVEMENT DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Capital Assets (Continued)**

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable. Depreciation expense has been computed using the straight-line method over the estimated economic useful lives:

Streets	30 Years
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**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.

*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.

**FIRST & MAIN BUSINESS IMPROVEMENT DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Equity (Continued)**

**Fund Balance (Continued)**

*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.

**NOTE 3 CASH AND INVESTMENTS**

Cash and investments as of December 31, 2021, are classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash and Investments - Restricted	\$ 174,056
Total Cash and Investments	<u>\$ 174,056</u>

Cash and investments as of December 31, 2021, consist of the following:

Investments	174,056
Total Cash and Investments	<u>\$ 174,056</u>

**Deposits with Financial Institutions**

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

**FIRST & MAIN BUSINESS IMPROVEMENT DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 3 CASH AND INVESTMENTS (CONTINUED)**

**Deposits with Financial Institutions (Continued)**

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, 2021, the District had no deposits with financial institutions.

**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.

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, 2021, the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Colorado Local Government Liquid Asset Trust (COLOTRUST)	Weighted-Average Under 60 Days	<u>\$ 174,056</u>

**FIRST & MAIN BUSINESS IMPROVEMENT DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 3 CASH AND INVESTMENTS (CONTINUED)**

**COLOTRUST**

The District invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST) (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all state statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to \$1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and any security allowed under CRS 24-75-601. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. COLOTRUST is rated AAAM by Standard & Poor's. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST at net asset value as determined by fair value. There are no unfunded commitments, the redemption frequency is daily, 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, 2021 follows:

	Balance - December 31, 2020	Increases	Decreases	Balance - December 31, 2021
Capital Assets, Being Depreciated:				
Streets	\$ 1,623,500	\$ -	\$ -	\$ 1,623,500
Less Accumulated Depreciation For:				
Streets	(645,401)	(54,117)	-	(699,518)
Total Capital Assets, Being Depreciated, Net	\$ 978,099	\$ (54,117)	\$ -	\$ 923,982

Depreciation expense was charged to functions/programs of the District as follows:

Governmental Activities:	
General Government	\$ 54,117
Total Depreciation Expense - Governmental Activities	\$ 54,117

**FIRST & MAIN BUSINESS IMPROVEMENT DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**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, 2021:

	Balance - December 31, 2020	Additions	Retirements	Balance - December 31, 2021	Due Within One Year
Series 2009 G.O. Bonds	\$ 1,360,000	-	\$ 35,000	\$ 1,325,000	\$ 40,000

**\$1,650,000 Limited Tax General Obligation Bonds, Series 2009**

On January 28, 2009, the District issued \$1,650,000 in Limited Tax General Obligation Bonds dated January 28, 2009, for street improvements. The bonds bear interest at a rate of 8.5% due December 1, 2038. Bond interest and principal payments are payable annually on December 1.

Any accrued and unpaid interest will compound on December 1 of each year. The bonds are subject to redemption prior to maturity, at the option of the District, without redemption premium.

The bonds are secured by and payable from the Pledged Revenue consisting of monies derived by the District from the following sources, net of any collection costs: 1) the Required Mill Levy, and 2) any other legally available monies which the District determines to be treated as Pledged Revenue. Required Mill Levy means an ad valorem mill levy imposed upon all taxable property of the District each year in an amount sufficient to pay the principal, premium if any, and interest on the bonds as the same become due and payable. The maximum Required Mill Levy is 50.000 mills, adjusted for changes in the ratio of actual value to assessed value of property within the District. As of December 31, 2021, the adjusted maximum mill levy is 50.000 for debt service. For collection year 2021, the District levied 50.000 mills for debt service.

**Events of Default for the Bonds**

The occurrence of any one or more of the following events or the existence of any one or more of the following conditions shall constitute an event of default under the Indenture:

- i. The District fails or refuses to impose the required mill levy or to apply the pledged revenue as provided in the bond resolution;
- ii. the District defaults in the performance of any other of its material covenants in this Bond Resolution, and such default continues for sixty (60) days after written notice specifying such default and requiring the same to be remedied is given to the District by the Owners.
- iii. The District files a petition under the federal bankruptcy laws or other applicable bankruptcy laws seeking to adjust the obligation represented by the bonds.

**FIRST & MAIN BUSINESS IMPROVEMENT DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)**

**Events of Default for the Bonds (Continued)**

It is acknowledged that due to the limited nature of the pledged revenue, the failure to pay the principal of or interest on the Bonds when due shall not, of itself, constitute an event of Default.

**Remedies on Occurrence of Event of Default for the Revenue Bonds**

Upon the occurrence and continuance of an Event of Default:

- i. Upon the occurrence and continuance of an Event of Default, the Owner may proceed to protect and enforce the rights of the Owner under this Resolution by mandamus or such other suit, action or special proceedings in equity or at law, in any court of competent jurisdiction.

**No Acceleration**

Notwithstanding the foregoing or anything else herein to the contrary, acceleration shall not be an available remedy for an Event of Default.

As of December 31, 2021, the District was not in default.

The District's long-term obligations will mature as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 40,000	\$ 112,625	\$ 152,625
2023	40,000	109,225	149,225
2024	45,000	105,825	150,825
2025	50,000	102,000	152,000
2026	50,000	97,750	147,750
2027-2031	330,000	416,500	746,500
2032-2036	505,000	249,050	754,050
2037-2038	265,000	34,425	299,425
Total	<u>\$ 1,325,000</u>	<u>\$ 1,227,400</u>	<u>\$ 2,552,400</u>

**FIRST & MAIN BUSINESS IMPROVEMENT DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)**

**Authorized Debt**

On November 1, 2005, a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed \$2,500,000 at an interest rate not to exceed 12% per annum. On November 7, 2006, the District's electors authorized additional indebtedness of \$44,250,000 at an interest rate not to exceed 12% per annum. At December 31, 2021, the District has authorized but unissued indebtedness in the following amounts allocated for the following purposes:

	Authorized November 1, 2005 Election	Authorized November 7, 2006 Election	Authorization Used Series 2009 Bonds	Authorization Used Series 2011 Bonds	Remaining at December 31, 2021
Water	\$ 2,000,000	\$ -	\$ -	\$ -	\$ 2,000,000
Storm Drainage	500,000	-	-	-	500,000
Streets	-	19,000,000	1,650,000	-	17,350,000
Parks and Recreation	-	3,000,000	-	-	3,000,000
Operations and Maintenance	-	250,000	-	55,816	194,184
Refunding	-	22,000,000	-	-	22,000,000
Total	<u>\$ 2,500,000</u>	<u>\$ 44,250,000</u>	<u>\$ 1,650,000</u>	<u>\$ 55,816</u>	<u>\$ 45,044,184</u>

As set forth in the District's 2005 Operating Plan, the City has limited the amount of debt to be issued by the District to a total of \$22,000,000 without future approval by the City.

The District's 2010 Operating Plan amended the total amount of debt authorized by the City to \$5,000,000.

**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 balance of bonds that are attributable to the acquisition, construction, or improvement of those assets. As of December 31, 2021, the District had net investment in capital assets calculated as follows:

Net Investment in Capital Assets:	
Capital Assets, Net	\$ 923,982
Current Portion of Long-Term Obligations	(40,000)
Noncurrent Portion of Long-Term Obligations	(1,285,000)
Net Investment in Capital Assets	<u>\$ (401,018)</u>

**FIRST & MAIN BUSINESS IMPROVEMENT DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 6 NET POSITION (CONTINUED)**

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, 2021, as follows:

Restricted Net Position:	
Debt Service	\$ 164,671
Total Restricted Net Position	<u>\$ 164,671</u>

As of December 31, 2021, the District has an unrestricted net position of \$-0-.

**NOTE 7 RELATED PARTIES**

The Developer of the property which constitutes the District is Nor'wood Development Group. The 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.

**NOTE 8 AGREEMENTS AND COMMITMENTS**

**Ground Lease**

On January 28, 2009, the District entered into a lease agreement with First and Main, LLC to lease an area within the First & Main Town Center, for the purpose of public parking, traffic and pedestrian circulation areas, landscaping, utilities, signage, drainage, sidewalks, pedestrian ways, public art, shelters, bus stops, ramps and curbs, and other similar facilities and for public events, festivals, recreation, concerts, and other public uses and services. This agreement does not represent a multi-fiscal year obligation and renews annually at the option of the District at the rate of \$100 per year upon appropriation in the District's annual budget. The lease agreement will expire on December 31, 2049.

**Agreement for Operational Cost Sharing**

During 2014, the District entered into an intergovernmental agreement for operational cost sharing (IGA) with the First & Main Business Improvement District No. 2 (BID No. 2). The IGA is effective as of January 1, 2014. Under the IGA, all operation and maintenance costs of the District are to be paid by BID No. 2. The District shall transfer the total amount of its operations mill levy receipts to BID No. 2.

**FIRST & MAIN BUSINESS IMPROVEMENT DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 9 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 10 TAX, SPENDING, AND DEBT LIMITATIONS**

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

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. Pursuant to the Intergovernmental Agreement with BID No. 2, the District transfers all available General Fund revenue to BID No. 2. Therefore, no Emergency Reserve related to its revenue stream is captured in the District.

**FIRST & MAIN BUSINESS IMPROVEMENT DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 10 TAX, SPENDING, AND DEBT LIMITATIONS (CONTINUED)**

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.

On November 7, 2006, the District's voters authorized the District to increase property taxes \$25,000 annually at a mill levy rate not to exceed one mill for general operations and maintenance. The election also allows the District to collect, spend and retain all revenues without regard to the limitations contained within Article X, Section 20 of the Colorado constitution.

## **SUPPLEMENTARY INFORMATION**

**FIRST & MAIN BUSINESS IMPROVEMENT DISTRICT  
DEBT SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2021**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Property Taxes	\$ 168,841	\$ 168,849	\$ 8
Net Investment Income	800	130	(670)
Total Revenues	<u>169,641</u>	<u>168,979</u>	<u>(662)</u>
<b>EXPENDITURES</b>			
County Treasurer's Fees	2,533	2,533	-
Interest - Bonds	115,600	115,600	-
Principal - Bonds	35,000	35,000	-
Contingency	1,867	-	1,867
Total Expenditures	<u>155,000</u>	<u>153,133</u>	<u>1,867</u>
<b>NET CHANGE IN FUND BALANCE</b>	14,641	15,846	1,205
Fund Balance - Beginning of Year	<u>159,459</u>	<u>158,210</u>	<u>(1,249)</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 174,100</u>	<u>\$ 174,056</u>	<u>\$ (44)</u>

## **OTHER INFORMATION**

**FIRST & MAIN BUSINESS IMPROVEMENT DISTRICT  
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY  
DECEMBER 31, 2021**

\$1,650,000 General Obligation Bonds  
Series 2009

Dated January 28, 2009

Principal and Interest Due December 1

Interest Rate 8.5% Payable

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 40,000	\$ 112,625	\$ 152,625
2023	40,000	109,225	149,225
2024	45,000	105,825	150,825
2025	50,000	102,000	152,000
2026	50,000	97,750	147,750
2027	55,000	93,500	148,500
2028	60,000	88,825	148,825
2029	65,000	83,725	148,725
2030	70,000	78,200	148,200
2031	80,000	72,250	152,250
2032	85,000	65,450	150,450
2033	90,000	58,225	148,225
2034	100,000	50,575	150,575
2035	110,000	42,075	152,075
2036	120,000	32,725	152,725
2037	125,000	22,525	147,525
2038	140,000	11,900	151,900
Total	<u>\$ 1,325,000</u>	<u>\$ 1,227,400</u>	<u>\$ 2,552,400</u>

**FIRST & MAIN BUSINESS IMPROVEMENT DISTRICT  
 SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED  
 DECEMBER 31, 2021**

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Tax Levy	Mills Levied	Total Property Taxes		Percent Collected to Levied
			Levied	Collected	
2017	\$ 3,237,640	51.000	\$ 165,120	\$ 165,120	100.00%
2018	3,338,610	51.000	170,269	170,139	99.92
2019	3,381,780	51.000	172,470	171,476	99.42
2020	3,466,800	51.000	176,807	175,832	99.45
2021	3,376,820	51.000	172,218	172,225	100.00
Estimated for the Year Ending December 31, 2022	\$ 3,109,930	51.000	\$ 158,606		

NOTE: Property taxes shown as collected in any one year include collection of delinquent property taxes or abatements of property taxes assessed in prior years. This presentation does not attempt to identify specific years of assessments.