

**CREEKWALK MARKETPLACE  
BUSINESS IMPROVEMENT DISTRICT**

**El Paso County, Colorado**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEAR ENDED DECEMBER 31, 2024**

**CREEKWALK MARKETPLACE BUSINESS IMPROVEMENT DISTRICT  
TABLE OF CONTENTS  
YEAR ENDED DECEMBER 31, 2024**

<b>INDEPENDENT AUDITOR’S REPORT</b>	<b>I</b>
<b>BASIC FINANCIAL STATEMENTS</b>	
<b>GOVERNMENT-WIDE FINANCIAL STATEMENTS</b>	
<b>STATEMENT OF NET POSITION</b>	<b>1</b>
<b>STATEMENT OF ACTIVITIES</b>	<b>2</b>
<b>FUND FINANCIAL STATEMENTS</b>	
<b>BALANCE SHEET – GOVERNMENTAL FUNDS</b>	<b>3</b>
<b>STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN         FUND BALANCES – GOVERNMENTAL FUNDS</b>	<b>4</b>
<b>RECONCILIATION OF THE STATEMENT OF REVENUES,         EXPENDITURES, AND CHANGES IN FUND BALANCES OF THE         GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES</b>	<b>5</b>
<b>GENERAL FUND – STATEMENT OF REVENUES, EXPENDITURES, AND         CHANGES IN FUND BALANCE – BUDGET AND ACTUAL</b>	<b>6</b>
<b>NOTES TO BASIC FINANCIAL STATEMENTS</b>	<b>7</b>
<b>SUPPLEMENTARY INFORMATION</b>	
<b>DEBT SERVICE FUND – SCHEDULE OF REVENUES, EXPENDITURES,     AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL</b>	<b>33</b>
<b>CAPITAL PROJECTS FUND – SCHEDULE OF REVENUES,     EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND     ACTUAL</b>	<b>34</b>
<b>OTHER INFORMATION</b>	
<b>SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY</b>	<b>36</b>
<b>SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY     TAXES COLLECTED</b>	<b>37</b>



**BiggsKofford**

CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITOR'S REPORT

---

Board of Directors  
**Creekwalk Marketplace Business Improvement District**  
El Paso County, Colorado

### Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Creekwalk Marketplace 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 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  
June 25, 2025

## **BASIC FINANCIAL STATEMENTS**

**CREEKWALK MARKETPLACE BUSINESS IMPROVEMENT DISTRICT  
STATEMENT OF NET POSITION  
DECEMBER 31, 2024**

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and Investments	\$ 47,508
Cash and Investments - Restricted	9,736,564
Receivable from County Treasurer	1,974
TIF Receivable	192,369
Due from Creekwalk Metro District	779
Accrued Interest Receivable	133,990
Due from Developer	400,223
PIF Receivable	74,620
Sales Tax Receivable	87,099
Prepaid Insurance	9,451
North Sign Deposit	38,800
South Sign Deposit	50,000
Property Tax Receivable	197,753
Capital Assets:	
Capital Assets Not Being Depreciated	41,337,636
Capital Assets Net of Depreciation	467,406
Total Assets	<u>52,776,172</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred Loss on Refunding	1,191,750
Total Deferred Outflows of Resources	<u>1,191,750</u>
<b>LIABILITIES</b>	
Accounts Payable	102,902
Accrued Bond Interest	95,000
Noncurrent Liabilities:	
Due in More Than One Year	67,071,275
Total Liabilities	<u>67,269,177</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Property Tax Revenue	197,753
Total Deferred Inflows of Resources	<u>197,753</u>
<b>NET POSITION</b>	
Net Investment in Capital Assets	(1,157,172)
Restricted for:	
Emergency Reserve	6,500
Debt Service	950,320
Unrestricted	<u>(13,298,656)</u>
Total Net Position	<u><u>\$ (13,499,008)</u></u>

See accompanying Notes to Basic Financial Statements.

**CREEKWALK MARKETPLACE BUSINESS IMPROVEMENT DISTRICT  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2024**

	Program Revenues			
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net Revenues (Expenses) and Changes in Net Position
<b>FUNCTIONS/PROGRAMS</b>				
Primary Government:				
Governmental Activities:				
General Government	\$ 176,634	\$ -	\$ 277,000	\$ (504,136)
Interest on Long-Term Debt and Related Costs	-	-	-	(4,091,363)
Total Governmental Activities	\$ 176,634	\$ -	\$ 277,000	(4,595,499)
<b>GENERAL REVENUES</b>				
Property Taxes				193,297
Specific Ownership Taxes				24,133
Interest Income				217,910
Intergovernmental Revenues - Creekwalk Metro District				779
Sales Tax Revenue				93,432
TIF Revenue				206,358
PIF Revenue				671,948
Other Revenue				1,192
Total General Revenues and Transfers				1,409,049
<b>CHANGES IN NET POSITION</b>				(3,186,450)
Net Position - Beginning of Year				(10,312,558)
<b>NET POSITION - END OF YEAR</b>				\$ (13,499,008)

See accompanying Notes to Basic Financial Statements.

**CREEKWALK MARKETPLACE BUSINESS IMPROVEMENT DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2024**

	General	Debt Service	Capital Projects	Total Governmental Funds
<b>ASSETS</b>				
Cash and Investments	\$ 47,508	\$ -	\$ -	\$ 47,508
Cash and Investments - Restricted	6,500	9,679,241	50,823	9,736,564
Receivable from County Treasurer	329	1,645	-	1,974
TIF Receivable	-	192,369	-	192,369
Due from Creekwalk Metro District	779	-	-	779
PIF Receivable	-	74,620	-	74,620
Sales Tax Receivable	-	87,099	-	87,099
Prepaid Insurance	9,451	-	-	9,451
North Sign Deposit	-	-	38,800	38,800
South Sign Deposit	-	-	50,000	50,000
Property Tax Receivable	32,959	164,794	-	197,753
	<u>\$ 97,526</u>	<u>\$ 10,199,768</u>	<u>\$ 139,623</u>	<u>\$ 10,436,917</u>
<b>Total Assets</b>				
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts Payable	\$ 69,607	\$ -	\$ 33,295	\$ 102,902
Total Liabilities	69,607	-	33,295	102,902
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred Property Tax	32,959	164,794	-	197,753
Total Deferred Inflows of Resources	32,959	164,794	-	197,753
<b>FUND BALANCES</b>				
Nonspendable:				
Prepaid Expense	9,451	-	-	9,451
Sign Deposits	-	-	88,800	88,800
Restricted for:				
Emergency Reserves	6,500	-	-	6,500
Debt Service	-	10,034,974	-	10,034,974
Capital Projects	-	-	17,528	17,528
Unassigned	(20,991)	-	-	(20,991)
Total Fund Balances	<u>(5,040)</u>	<u>10,034,974</u>	<u>106,328</u>	<u>10,136,262</u>
	<u>\$ 97,526</u>	<u>\$ 10,199,768</u>	<u>\$ 139,623</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 in the funds. 41,805,042

Other long-term assets are not available to pay for current period expenditures and, therefore, are not reported in the funds.

Accrued Interest Receivable 133,990

Due from Developer 400,223

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

Accrued Interest (135,000)

Bonds Payable - 2024A (50,000,000)

Bonds Payable - 2024B (15,000,000)

Lease Payable - North Sign (315,856)

Lease Payable - South Sign (224,381)

Deferred Loss on Refunding 1,191,750

Developer Advance Payable (1,491,038)

Net Position of Governmental Activities \$ (13,499,008)

See accompanying Notes to Basic Financial Statements.

**CREEKWALK MARKETPLACE 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
<b>REVENUES</b>				
Property Taxes	\$ 32,214	\$ 161,083	\$ -	\$ 193,297
Specific Ownership Taxes	4,022	20,111	-	24,133
Chargepoint Revenue	3,663	-	-	3,663
Interest Income	916	82,686	93	83,695
CAM Revenue	172,971	-	-	172,971
Other Revenue	1,192	-	-	1,192
Intergovernmental Revenues - Creekwalk Metro District	779	-	-	779
Sales Tax Revenue	-	93,432	-	93,432
TIF Revenue	-	206,358	-	206,358
PIF Revenue	-	671,948	-	671,948
Grant Revenue	-	-	277,000	277,000
Total Revenues	<u>215,757</u>	<u>1,235,618</u>	<u>277,093</u>	<u>1,728,468</u>
<b>EXPENDITURES</b>				
Current:				
Accounting	60,927	-	-	60,927
Administration Fees	-	20,322	-	20,322
Auditing	4,750	-	-	4,750
Banking Fees	170	-	-	170
County Treasurer's Fee	503	2,517	-	3,020
Directors' Fees	6,400	-	-	6,400
Dues And Membership	7,957	-	-	7,957
Engineering	-	-	3,146	3,146
Insurance	6,462	-	-	6,462
Legal	65,202	-	-	65,202
Miscellaneous	29,492	-	-	29,492
Payroll Taxes	490	-	-	490
PIF Collection Fees	10,692	-	-	10,692
Repairs And Maintenance	89,684	-	1,800	91,484
Security	47,946	-	-	47,946
Snow Removal	132,055	-	-	132,055
Lease Payments	-	-	173,486	173,486
Utilities	30,967	-	-	30,967
Debt Service:				
Bond Interest - 2019 Bonds	-	1,402,838	-	1,402,838
Bond Interest - 2021 Bonds	-	649,858	-	649,858
Bond Interest - 2019B Bonds	-	1,286,883	-	1,286,883
Bond Interest - 2021B Bonds	-	646,891	-	646,891
Bond Principal - 2019 Bonds	-	23,985,000	-	23,985,000
Bond Principal - 2021 Bonds	-	11,040,000	-	11,040,000
Bond Principal - 2019B Bonds	-	2,500,000	-	2,500,000
Bond Principal - 2021B Bonds	-	2,500,000	-	2,500,000
Bond Issue Costs	-	-	1,408,328	1,408,328
Paying Agent Fees	-	6,000	-	6,000
Capital Projects:				
Capital Outlay	-	-	3,378,740	3,378,740
Total Expenditures	<u>493,697</u>	<u>44,040,309</u>	<u>4,965,500</u>	<u>49,499,506</u>
<b>EXCESS OF REVENUES UNDER EXPENDITURES</b>	(277,940)	(42,804,691)	(4,688,407)	(47,771,038)
<b>OTHER FINANCING SOURCES (USES)</b>				
Bond Issuance Proceeds	-	-	65,000,000	65,000,000
Call Premium - 2019A	-	(710,550)	-	(710,550)
Call Premium - 2019B	-	(75,000)	-	(75,000)
Call Premium - 2021A	-	(331,200)	-	(331,200)
Call Premium - 2021B	-	(75,000)	-	(75,000)
Developer Advance	354,406	-	3,535,711	3,890,117
Repay Developer Advance	-	-	(11,905,790)	(11,905,790)
Transfers In (Out)	(69,727)	51,997,210	(51,927,483)	-
Total Other Financing Sources	<u>284,679</u>	<u>50,805,460</u>	<u>4,702,438</u>	<u>55,792,577</u>
<b>NET CHANGE IN FUND BALANCES</b>	6,739	8,000,769	14,031	8,021,539
Fund Balances - Beginning of Year	<u>(11,779)</u>	<u>2,034,205</u>	<u>92,297</u>	<u>2,114,723</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ (5,040)</u>	<u>\$ 10,034,974</u>	<u>\$ 106,328</u>	<u>\$ 10,136,262</u>

See accompanying Notes to Basic Financial Statements.

**CREEKWALK MARKETPLACE 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 \$ 8,021,539

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	3,378,740
Depreciation Expense	(155,802)

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.

Series 2024 Bond Issuance	(65,000,000)
Series 2019A Bond Principal	23,985,000
Series 2019B Bond Principal	2,500,000
Series 2021A Bond Principal	11,040,000
Series 2021B Bond Principal	2,500,000
North Sign Lease Principal	78,781
Accrued Interest Receivable	(225)
Due from Developer	(124,333)
South Sign Lease Principal	68,728
Call Premiums	1,191,750
Developer Advance	(3,890,118)
Repay Developer Advance	11,017,442

Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the fund financial statements.

Interest Income on Amount Owed from Developer	134,215
---	---------

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	1,465,238
Accrued Interest Payable Developer Advance - Change in Liability	602,595

Changes in Net Position of Governmental Activities	<u>\$ (3,186,450)</u>
--	-----------------------

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

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Property Taxes	\$ 33,027	\$ 32,214	\$ 32,214	\$ -
Specific Ownership Taxes	3,303	4,022	4,022	-
Interest Income	300	500	916	416
Chargepoint Revenue	1,500	3,500	3,663	163
Other Revenue	-	1,192	1,192	-
Intergovernmental Revenues - Creekwalk Metro District	-	500	779	279
CAM Revenue	153,000	153,000	172,971	19,971
Total Revenues	<u>191,130</u>	<u>194,928</u>	<u>215,757</u>	<u>20,829</u>
<b>EXPENDITURES</b>				
Accounting	68,200	68,200	60,927	7,273
Auditing	4,025	4,750	4,750	-
Banking Fees	480	300	170	130
Insurance	9,000	7,000	6,462	538
Legal	42,000	65,000	65,202	(202)
Payroll Taxes	230	500	490	10
PIF Collection Fees	5,000	12,000	10,692	1,308
County Treasurer's Fee	495	483	503	(20)
CORA Expense	2,000	-	-	-
Directors' Fees	3,000	6,500	6,400	100
Dues And Membership	3,500	8,000	7,957	43
General & Administrative	100,979	-	-	-
Security	-	50,000	47,946	2,054
Repairs And Maintenance	7,306	90,000	89,684	316
Exterior Expense And Maintenance	121,274	-	-	-
Snow Removal	45,441	150,000	132,055	17,945
Utilities	-	31,000	30,967	33
Miscellaneous	2,070	6,267	29,492	(23,225)
Total Expenditures	<u>415,000</u>	<u>500,000</u>	<u>493,697</u>	<u>6,303</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(223,870)	(305,072)	(277,940)	27,132
<b>OTHER FINANCING SOURCES (USES)</b>				
Developer Advance	223,270	392,851	354,406	(38,445)
Transfers To Other Fund	-	(70,000)	(69,727)	273
Total Other Financing Sources (Uses)	<u>223,270</u>	<u>322,851</u>	<u>284,679</u>	<u>(38,172)</u>
<b>NET CHANGE IN FUND BALANCE</b>	(600)	17,779	6,739	(11,040)
Fund Balance - Beginning of Year	<u>1,800</u>	<u>(11,779)</u>	<u>(11,779)</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 1,200</u>	<u>\$ 6,000</u>	<u>\$ (5,040)</u>	<u>\$ (11,040)</u>

See accompanying Notes to Basic Financial Statements.

**CREEKWALK MARKETPLACE BUSINESS IMPROVEMENT DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

**NOTE 1 DEFINITION OF REPORTING ENTITY**

Creekwalk Marketplace Business Improvement District (the District), a quasi-municipal corporation, was organized by ordinance of the City of Colorado Springs (the City) on February 23, 2016, 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 services, traffic and safety protection, sanitation services, street improvements, parks and recreation, transportation, television relay and translation, mosquito control, security, fire protection, and emergency medical.

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 sum of assets and deferred outflows and the sum of liabilities and deferred inflows is reported as net position.

**CREEKWALK MARKETPLACE BUSINESS IMPROVEMENT DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

**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 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 is 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 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.

**CREEKWALK MARKETPLACE BUSINESS IMPROVEMENT DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

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

**Leases**

The District determines if an arrangement is a lease at inception. Leases are included as right-to-use assets in capital assets and as leases payable in noncurrent liabilities in the statement of net position.

Lease assets represent the District's control of the right to use an underlying asset for the lease term, as specified in the contract, in an exchange or exchange-like transaction. Lease assets are recognized at the commencement date based on the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. Lease assets are amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

Lease liabilities represent the District's obligation to make lease payments arising from the lease. Lease liabilities are recognized at the commencement date based on the present value of expected lease payments over the lease term, less any lease incentives. Interest expense is recognized ratably over the contract term.

The lease term may include options to extend or terminate the lease when it is reasonably certain that the District will exercise that option.

The District has elected to recognize payments for short-term leases with a lease term of 12 months or less as expenses as incurred, and these leases are not included as lease liabilities or right-to-use lease assets on the statements of net position. For individual lease contracts where information about the discount rate implicit in the lease is not included, the District has elected to use the incremental borrowing rate to calculate the present value of expected lease payments.

**CREEKWALK MARKETPLACE BUSINESS IMPROVEMENT DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

**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.

**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 inflows 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.

**CREEKWALK MARKETPLACE BUSINESS IMPROVEMENT DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

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

**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 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.

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.

Capital assets include Capital Assets Not Certified which represent amounts the District is in process of certifying with an engineer and represent capital assets of the District.

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 following estimated economic useful lives:

Signs	5 Years
-------	---------

**Deferred Loss on Refunding**

In the government-wide financial statements, the deferred cost of bond refunding is being amortized using the interest method over the life of the new bonds. The amortization amount is a component of interest and the unamortized deferred cost is reflected as a deferred outflow of resources.

**Deferred Outflow of Resources**

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The District has one item that qualifies for reporting in this category. Accordingly, the item, Deferred Loss on Refunding, is deferred and recognized as an outflow of resources as described in the Deferred Loss on Refunding.

**Deferred Inflow 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.

**CREEKWALK MARKETPLACE BUSINESS IMPROVEMENT DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

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

**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.

*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.

**CREEKWALK MARKETPLACE BUSINESS IMPROVEMENT DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

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

**Deficits**

The General Fund reported a deficit in the fund financial statements as of December 31, 2024. The deficit will be eliminated with receipt of funds advanced by the Developers in 2025.

**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	\$ 47,508
Cash and Investments - Restricted	<u>9,736,564</u>
Total Cash and Investments	<u><u>\$ 9,784,072</u></u>

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

Deposits with Financial Institutions	\$ 9,143,516
Investments	<u>640,556</u>
Total Cash and Investments	<u><u>\$ 9,784,072</u></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.

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 had cash deposits and a bank and carrying balance of \$9,143,516.

**Investments**

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

**CREEKWALK MARKETPLACE BUSINESS IMPROVEMENT DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

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

**Investments (Continued)**

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, 2024, the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Colorado Surplus Asset Fund Trust (CSAFE)	Weighted-Average Under 60 Days	\$ 640,556
		<u>\$ 640,556</u>

**CSAFE**

The District invested in the Colorado Surplus Asset Fund Trust (CSAFE) (the Trust), which is an investment vehicle established by state statute for local government entities to pool surplus assets. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust currently offers two portfolios – CSAFE CASH FUND and CSAFE CORE.

CSAFE CASH FUND operations similar to a money market fund, with each share valued at \$1.00. CSAFE may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain money market funds and highest rated commercial paper, any security allowed under Section 24-75-601.1, C.R.S.

**CREEKWALK MARKETPLACE BUSINESS IMPROVEMENT DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

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

**CSAFE (Continued)**

CSAFE CORE, a variable Net Asset Value (NAV) Local Government Investment Pool, offers weekly liquidity and is managed to approximate a \$2.00 transactional share price. CSAFE CORE may invest in securities authorized by Section 24-75-601.1, C.R.S., including U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies, and highest rated commercial paper.

A designated custodial bank serves as custodian for CSAFE's portfolio pursuant to a custodian agreement. The custodian acts as safekeeping agent for CSAFE's investment portfolio and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by CSAFE. CSAFE CASH FUND is rated AAmmf and CSAFE CORE is rated AAAf/S1 by Fitch Ratings. CSAFE records its investments at amortized cost and the District records its investments in CSAFE using the amortized cost method. 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, 2024 follows:

	Balance at December 31, 2023	Increases	Decreases	Balance at December 31, 2024
<b>Governmental Activities:</b>				
Capital Assets, Not Being Depreciated:				
Construction in Progress	\$ 38,483,452	\$ 3,378,740	\$ 1,470,630	\$ 40,391,562
Construction in Progress Not Certified	-	946,074	-	946,074
Total Capital Assets, Not Being Depreciated	38,483,452	4,324,814	1,470,630	41,337,636
Capital Assets, Being Depreciated:				
North Sign	420,000	-	-	420,000
South Sign	359,010	-	-	359,010
Total Capital Assets, Being Depreciated	779,010	-	-	779,010
Less Accumulated Depreciation for:				
Accumulated Depreciation - North Sign	84,000	84,000	-	168,000
Accumulated Depreciation - South Sign	71,802	71,802	-	143,604
Total Accumulated Depreciation	155,802	155,802	-	311,604
Total Capital Assets, Being Depreciated, Net	623,208	(155,802)	-	467,406
Governmental Activities Capital Assets, Net	<u>\$ 39,106,660</u>	<u>\$ 4,169,012</u>	<u>\$ 1,470,630</u>	<u>\$ 41,805,042</u>

Depreciation expense of \$155,802 was charged to the general government activities of the District for the year ended December 31, 2024.

**CREEKWALK MARKETPLACE BUSINESS IMPROVEMENT DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

**NOTE 5 LONG-TERM OBLIGATIONS**

The following is an analysis of the 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
<b>Bonds Payable:</b>					
Limited Tax Supported and Special Revenue Bonds:					
Series 2019A	\$ 23,985,000	\$ -	\$ 23,985,000	\$ -	\$ -
Series 2021A	11,040,000	-	11,040,000	-	-
Series 2024A	-	50,000,000	-	50,000,000	-
Subordinate Limited Tax Supported and Special Revenue Bonds:					
Series 2019B	2,500,000	-	2,500,000	-	-
Series 2021B	2,500,000	-	2,500,000	-	-
Series 2024B	-	15,000,000	-	15,000,000	-
Accrued Interest					
Series 2019B	1,015,715	271,168	1,286,883	-	-
Series 2021B	421,551	225,340	646,891	-	-
Series 2024B	-	40,000	-	40,000	-
Subtotal Bonds Payable	<u>41,462,266</u>	<u>65,536,508</u>	<u>41,958,774</u>	<u>65,040,000</u>	<u>-</u>
Notes/Loans/Bonds from Direct Borrowings and Direct Placements:					
North Sign	394,637	-	78,781	315,856	-
South Sign	293,109	-	68,728	224,381	-
Subtotal Notes/Loans/Bonds from Direct Borrowings and Direct Placements	<u>687,746</u>	<u>-</u>	<u>147,509</u>	<u>540,237</u>	<u>-</u>
Other Debts:					
Developer Advance - Operating	559,945	203,684	-	763,629	-
Developer Advance - CAM	293,597	150,723	-	444,320	-
Developer Advance - Capital	7,481,731	3,535,711	11,017,442	-	-
Accrued Interest on:					
Developer Advance - Operating	182,958	65,554	-	248,512	-
Developer Advance - CAM	10,268	24,309	-	34,577	-
Developer Advance - Capital	692,458	320,448	1,012,906	-	-
Subtotal Other Debts	<u>9,220,957</u>	<u>4,300,429</u>	<u>12,030,348</u>	<u>1,491,038</u>	<u>-</u>
Total Long-Term Obligations	<u>\$ 51,370,969</u>	<u>\$ 69,836,937</u>	<u>\$ 54,136,631</u>	<u>\$ 67,071,275</u>	<u>\$ -</u>

**CREEKWALK MARKETPLACE BUSINESS IMPROVEMENT DISTRICT  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 DECEMBER 31, 2024**

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

**Limited Tax Supported and Special Revenue Refunding and Improvement Senior Bonds, Series 2024A (the Senior Bonds) and its Limited Tax Supported and Special Revenue Refunding and Improvement Subordinate Bonds, Series 2024B, (the Subordinate Bonds and together, with the Senior Bonds, the Bonds)**

The District issued the Senior and Subordinate Bonds on December 19, 2024, in the amounts of \$50,000,000 and \$15,000,000, respectively.

Proceeds of the Bonds

Proceeds from the sale of the Senior Bonds were used to (a) refund the Prior Senior Bonds; (b) fund the Senior Reserve Fund; (c) fund capitalized interest to come due on the Senior Bonds; and (d) pay the costs of issuing the Series 2024 Bonds.

Proceeds from the sale of the Subordinate Bonds will be used to (a) finance certain Public Improvements related to the Development; (b) refund the Prior Subordinate Bonds, and (c) pay the costs of issuing the Series 2024 Subordinate Bonds.

Details of the Senior Bonds

The Senior Bonds bear interest at the rate of 6.00%, payable semi-annually to the extent of Senior Pledged Revenue available on June 1 and December 1 (the Interest Payment Date), beginning on June 1, 2025. Annual mandatory sinking fund principal payments are due on December 1, beginning on December 1, 2029. The Bonds mature on December 1, 2054.

Optional Redemption

The Bonds are subject to redemption prior to maturity, at the option of the District, on December 1, 2029, and on any date thereafter, upon payment of par, accrued interest, and a redemption premium equal to a percentage of the principal amount so redeemed as follows:

<u>Date of Redemption</u>	<u>Redemption Premium</u>
December 1, 2029, to November 30, 2030	3.00%
December 1, 2030, to November 30, 2031	2.00
December 1, 2031, to November 30, 2032	1.00
December 1, 2032, and thereafter	0.00

**CREEKWALK MARKETPLACE BUSINESS IMPROVEMENT DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

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

**Limited Tax Supported and Special Revenue Refunding and Improvement Senior Bonds, Series 2024A (the Senior Bonds) and its Limited Tax Supported and Special Revenue Refunding and Improvement Subordinate Bonds, Series 2024B, (the Subordinate Bonds and together, with the Senior Bonds, the Bonds) (Continued)**

**Senior Pledged Revenue**

The Senior Bonds are secured by and payable solely from Pledged Revenue, consisting of the moneys derived by the District from the following sources:

- (a) Pledged Tax Increment Revenues,
- (b) Pledged Assignment Agreement Revenues,
- (c) Senior Required Mill Levy Revenues,
- (d) Metropolitan District Senior Required Mill Levy Revenues,
- (e) Specific Ownership Tax Revenues collected as a result of the imposition of the Senior Required Mill Levy,
- (f) the PIF Revenues, and
- (g) any other legally available amounts that the District may designate by resolution of the Board, to be paid to the Trustee for deposit into the Revenue Fund, or otherwise held under the Senior Indenture and all income or other gain, if any, from any investment of the foregoing.

**Pledged Tax Increment Revenues**

The Pledged Tax Increment Revenues generally consists of (a) the Pledged Property Tax TIF Revenues which are generated from the incremental increase in value of property within the boundaries of the District, and (b) the Pledged Sales Tax TIF Revenues generated solely from the incremental increase in municipal sales taxes within the boundaries of the District.

**Pledged Assignment Agreement Revenues**

SNA Development, LLC (The Developer), Ivywild Core Development, Inc., a Colorado corporation (Ivywild) and the Colorado Springs Urban Renewal Authority (Authority) entered into an Assignment and Assumption Agreement, pursuant to which Ivywild assigned to the Developer all of its right, title, and interest as described in the Amended and Restated Urban Renewal Agreement for Development of the South Nevada Avenue Area Urban Renewal Plan Area between the Authority and Ivywild, dated as of June 21, 2018 (the Ivywild Agreement), regarding certain property that is now included within the Metropolitan District's boundaries, and any and all rights to receive any and all property tax TIF and sales tax TIF attributed to and collected from such property and owed to Ivywild pursuant to the Ivywild Agreement (the Assignment Agreement Revenues) upon the refinancing of the Authority's bonds that currently encumber such property.

Once the Developer is entitled to receive the Assignment Agreement Revenues pursuant to the terms of the Assignment Agreement, the Assignment Agreement Revenues shall be added to and included in the Pledged Revenue as defined in the SNA Development Agreement and subject to the Cooperation Agreement and used to assist in the payment of principal of, premium, if any, and interest on the Senior Bonds.

**CREEKWALK MARKETPLACE BUSINESS IMPROVEMENT DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

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

**Limited Tax Supported and Special Revenue Refunding and Improvement Senior Bonds, Series 2024A (the Senior Bonds) and its Limited Tax Supported and Special Revenue Refunding and Improvement Subordinate Bonds, Series 2024B, (the Subordinate Bonds and together, with the Senior Bonds, the Bonds) (Continued)**

Projected Revenue

The Senior Indenture defines “Projected Revenue” as Pledged Tax Increment Revenues, Pledged Assignment Agreement Revenues and PIF Revenue expected to be received in the ensuing calendar year, determined using: (i) the most recent Final Assessed Valuation of the District; (ii) the most recent applicable Property Tax Base Amount; and (iii) the most recent municipal sales tax rate imposed by the City upon taxable sales or rentals and services within the boundaries of the District.

Senior Required Mill Levy

The Senior Indenture generally defines “Senior Required Mill Levy” as an ad valorem mill levy imposed upon all property subject to taxation each year in an amount which, when combined with the Projected Revenue, and Metropolitan District Senior Required Mill Levy Revenues is sufficient to fund the Senior Bond Fund for the relevant Bond Year and pay the Bonds as they come due and, if necessary an amount sufficient to replenish the Senior Reserve Fund to the amount of the Senior Reserve Requirement, and, if the Surplus Fund has not been closed in accordance with this Indenture, an amount sufficient to fund the Surplus Fund to the Maximum Surplus Fund Amount, but in no event greater than fifty (50) mills, subject to the Mill Levy Adjustment.

In no event may the Senior Required Mill Levy be established at a mill levy amount which would cause the District to derive tax revenue in any year in excess of the maximum tax increases permitted by its electoral authorization, and if the Senior Required Mill Levy as calculated pursuant to the foregoing would cause the amount of taxes collected in any year to exceed the maximum tax increase permitted by the District’s electoral authorization, the Senior Required Mill Levy shall be reduced to the point that such maximum tax increase is not exceeded.

Creekwalk Metropolitan District Senior Required Mill Levy

The Senior Indenture generally defines the “Metropolitan District Senior Required Mill Levy” as an ad valorem mill levy imposed by the Creekwalk Metropolitan District (Metropolitan District) upon all property subject to taxation by the Metropolitan District each year in an amount which, when combined with the Projected Revenue, and Senior Required Mill Levy Revenues is sufficient to fund the Senior Bond Fund for the relevant Bond Year and pay the Bonds as they come due and, if necessary an amount sufficient to replenish the Senior Reserve Fund to the amount of the Senior Reserve Requirement, and, if the Surplus Fund has not been closed in accordance with this Indenture, an amount sufficient to fund the Surplus Fund to the Maximum Surplus Fund Amount, but in no event greater than fifty (50) mills, subject to the Mill Levy Adjustment, provided, however, notwithstanding anything herein to the contrary, in no event may the Metropolitan District Senior Required Mill Levy be established at a mill levy amount

**CREEKWALK MARKETPLACE BUSINESS IMPROVEMENT DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

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

**Limited Tax Supported and Special Revenue Refunding and Improvement Senior Bonds, Series 2024A (the Senior Bonds) and its Limited Tax Supported and Special Revenue Refunding and Improvement Subordinate Bonds, Series 2024B, (the Subordinate Bonds and together, with the Senior Bonds, the Bonds) (Continued)**

**Metropolitan District Senior Required Mill Levy (Continued)**

which would cause the Metropolitan District to derive tax revenue in any year in excess of the maximum tax increases permitted by its electoral authorization, and if the Metropolitan District Senior Required Mill Levy as calculated pursuant to the foregoing would cause the amount of taxes collected in any year to exceed the maximum tax increase permitted by the Metropolitan District's electoral authorization, the Metropolitan District Senior Required Mill Levy shall be reduced to the point that such maximum tax increase is not exceeded.

**PIF Revenues**

PIF Revenue means, generally, the revenue derived from the imposition of a public improvement fee in the amount of two and fifty-one-hundredths percent (2.50%) imposed on PIF Sales and five percent (5%) on Lodging Sales within a portion of the District, pursuant to the PIF Covenant (defined below), net of the costs of collection. The PIF Covenant is currently recorded against Retail Buildings A-E Creekwalk North and the Interstate Exit 140 Development Site parcels. The Developer also recorded the PIF Covenant against the Creekwalk Apartments parcel.

The Developer currently expects that the PIF Covenant will be recorded against the South Nevada Redevelopment Parcels and the National Bank Redevelopment Site shortly after the Developer's acquisition of those properties.

**Senior Surplus Fund**

The Senior Bonds are secured by the Senior Surplus Fund which is required to be funded with available Senior Pledged Revenue, if any, up to the Maximum Surplus Amount of \$3,479,740. The District has acknowledged that State Law places certain restrictions on the use of bond proceeds and debt service mill levies which may be credited to the Senior Surplus Fund.

**Additional Security for the Senior Bonds**

The Senior Bonds are additionally secured by capitalized interest which will be funded from proceeds of the Senior Bonds in the amount of \$4,350,000, and by the Reserve Fund which will be funded from proceeds of the Senior Bonds in an amount equal to the Reserve Fund Requirement of \$4,639,654, and by amounts, if any, in the Surplus Fund which will not be funded by proceeds of the Senior Bonds.

**CREEKWALK MARKETPLACE BUSINESS IMPROVEMENT DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

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

**Limited Tax Supported and Special Revenue Refunding and Improvement Senior Bonds, Series 2024A (the Senior Bonds) and its Limited Tax Supported and Special Revenue Refunding and Improvement Subordinate Bonds, Series 2024B, (the Subordinate Bonds and together, with the Senior Bonds, the Bonds) (Continued)**

Events of Default

An Event of Default under the Senior Indenture occurs if the District fails to impose the Senior Required Mill Levy, fails to collect or apply revenues as required for more than 45 days after notice, or breaches any other covenant for more than 60 days without actively remedying the issue. Additionally, bankruptcy or insolvency proceedings initiated by or against the District or the Metropolitan District, or failure by the Metropolitan District to impose its required mill levy or comply with the Pledge Agreement, also constitute defaults. Notably, failure to pay principal or interest on time does not itself trigger an Event of Default, provided the District is otherwise in compliance. In the event of default, the Trustee may enforce rights through legal action, including mandamus or injunctions, but cannot accelerate the bonds. Bondholders cannot pursue remedies independently unless the Trustee has been notified of the default, requested to act by a majority of bondholders, provided with indemnity, and failed to act within a reasonable time.

Details of the Subordinate Bonds

The Subordinate Bonds will bear interest at the rate of 8.000% per annum payable annually on December 15, beginning December 15, 2025, only to the extent of Subordinate Bonds Pledged Revenues. The Subordinate Bonds are structured as cash flow bonds meaning that there are no regularly scheduled payments of principal or interest prior to their maturity date. The stated maturity date of the Subordinate Bonds is December 15, 2054.

To the extent principal of any Subordinate Bond is not paid when due, such principal shall remain outstanding until the earlier of (a) its payment or defeasance, or (b) December 15, 2064 (the Subordinate Termination Date). To the extent interest on any Subordinate Bond is not paid when due, such interest shall compound annually on each December 15, at the rate then borne by the Subordinate Bond.

All of the Bonds and interest thereon shall be deemed to be paid, satisfied, and discharged on the Subordinate Termination Date, regardless of the amount of principal and interest paid prior to the Subordinate Termination Date.

**CREEKWALK MARKETPLACE BUSINESS IMPROVEMENT DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

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

**Limited Tax Supported and Special Revenue Refunding and Improvement Senior Bonds, Series 2024A (the Senior Bonds) and its Limited Tax Supported and Special Revenue Refunding and Improvement Subordinate Bonds, Series 2024B, (the Subordinate Bonds and together, with the Senior Bonds, the Bonds) (Continued)**

**Subordinate Pledged Revenue and Required Mill Levies**

The Series 2024B Subordinate Bonds are secured solely by Subordinate Pledged Revenues, which include revenues derived from several sources: (a) the Subordinate Required Mill Levy Revenue, (b) Subordinate Assignment Agreement Revenues, (c) Metropolitan District Subordinate Required Mill Levy Revenues, (d) Subordinate Specific Ownership Taxes, (e) Subordinate Pledged Public Improvement Fee (PIF) Revenues, (f) Subordinate Pledged Tax Increment Revenues, and (g) any other legally available amounts the District may choose to transfer to the Trustee. The Subordinate Required Mill Levy is an ad valorem property tax imposed annually by the District on all taxable property, set at 50 mills (subject to adjustment), reduced by the amount of the Senior Required Mill Levy. If the Senior Bond Mill Levy equals or exceeds 50 mills in any year, the Subordinate Required Mill Levy will be zero. This structure ensures that the subordinate bonds are only paid after senior obligations are met, and the District is not obligated to impose a levy that would exceed its electoral authorization.

**Optional Redemption for the Subordinate Bonds**

The Series 2024B Bonds are subject to optional redemption by the District beginning December 15, 2029. The redemption price includes accrued interest and a premium that decreases over time: 103% if redeemed between December 15, 2029 and December 14, 2030; 102% between December 15, 2030 and December 14, 2031; 101% between December 15, 2031 and December 14, 2032; and 100% thereafter. Additionally, the bonds are subject to two forms of special mandatory redemption. First, if any funds remain in the Subordinate Project Fund three years after issuance or after all project costs have been paid, those funds must be used to redeem bonds. Second, on each December 15, the bonds are subject to mandatory redemption from any available funds in the Subordinate Bond Fund, applied in integral multiples of \$1,000.

**Events of Default and Remedies for the Subordinate Bonds**

Events of default under the Subordinate Indenture include the District's failure to impose the Subordinate Required Mill Levy, failure to apply Subordinate Pledged Revenues as required, or failure to comply with other covenants after notice and a cure period. Bankruptcy or insolvency proceedings involving the District or the Metropolitan District, or failure by the Metropolitan District to impose its required mill levy or comply with the Pledge Agreement, also constitute defaults. Notably, failure to pay principal or interest on time does not itself constitute an event of default, provided the District is otherwise in compliance. Remedies for default do not include acceleration of the bonds. Instead, the Trustee may pursue legal action, including mandamus or injunctions, to enforce compliance. However, bondholders cannot act independently unless the Trustee has been notified, requested to act by a majority of bondholders, provided with indemnity, and failed to act within a reasonable time.

**CREEKWALK MARKETPLACE BUSINESS IMPROVEMENT DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

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

**Authorized Debt**

On May 3, 2016, a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed \$650,000,000 at an interest rate not to exceed 18% per annum. At December 31, 2024, the District has authorized but unissued indebtedness in the following amounts allocated for the following purposes:

	Amount Authorized on May 3, 2016	Authorization Used			Authorized But Unused
		Series 2019 Bonds	Series 2021 Bonds	Series 2024 Bonds	
Street Improvements	\$ 50,000,000	\$ -	\$ -	\$ 22,052,442	\$ 27,947,558
Water Supply Improvements	50,000,000	-	-	-	50,000,000
Sanitary Sewer	50,000,000	-	-	-	50,000,000
Traffic and Safety	50,000,000	-	-	-	50,000,000
Parks and Recreation	50,000,000	-	-	-	50,000,000
Transportation	50,000,000	-	-	-	50,000,000
Television Relay and Translation	50,000,000	-	-	-	50,000,000
Mosquito Control	50,000,000	-	-	-	50,000,000
Security	50,000,000	-	-	-	50,000,000
Fire Protection and Emergency Medical	50,000,000	-	-	-	50,000,000
Reimbursement Agreements	50,000,000	-	-	-	50,000,000
Operating Plan Debt	50,000,000	26,730,000	13,540,000	-	9,730,000
Debt Refunding	50,000,000	-	-	42,947,558	7,052,442
<b>Total</b>	<b>\$ 650,000,000</b>	<b>\$ 26,730,000</b>	<b>\$ 13,540,000</b>	<b>\$ 65,000,000</b>	<b>\$ 544,730,000</b>

**Authorized Debt (continued)**

As set forth in the District’s 2024 Amended Operating Plan, the City has limited the amount of debt to be issued by the District to a total of \$65,000,000 without future approval by the City. Upon the issuance of the Series 2024 Bonds, the District issued a total of \$65,000,000 of debt under the Operating Plan. The City’s special district and BID policy states that in the event of a refinancing of previously issued debt that results in an increase in the principal amount directly necessary to refinance such debt, only the original principal amount of such debt may be counted of the purpose of determining a district’s total debt issuance limitation.

The District may levy up to 50.00 mills, subject to adjustment, for debt service and up to 10.00 mills, subject to adjustment, for general operations and administrative expenses due to the ongoing operations and maintenance to be undertaken by the District.

**Developer Advances**

**Operations Reimbursement Agreement**

On March 14, 2018, the District entered into an Operations Reimbursement Agreement with SNA Development LLC. The advances made to the District accrue interest from the date of the advance to the date of repayment at a rate of 8.00% compounding annually from the date of the advance. The total operations advances made by the Developer to the District totaled \$763,629 with accrued interest of \$248,512 as of December 31, 2024. The total operations advances related to CAM made by the Developer to the District totaled \$444,320 with accrued interest of \$34,577 as of December 31, 2024.

**CREEKWALK MARKETPLACE BUSINESS IMPROVEMENT DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

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

**Developer Advances (Continued)**

**Facilities Funding and Reimbursement Agreement**

The District entered into a Facilities Funding and Reimbursement Agreement (Agreement) on October 12, 2017, Amended and Restated on August 10, 2022 with SNA Development, LLC (the Developer) whereby the District agrees to reimburse the Developer for the costs related to the public improvements within the District. The District agrees to repay the Developer along with accrued interest at a rate of 6.0% from the date of expenditure by the District through the date of repayment.

The parties agree that no payment shall be required of the District for public improvements acquired under the terms of the Agreement unless and until the District issues debt or has other legally available revenue to repay for the purpose as in an amount sufficient to acquire all or a portion of the completed public improvements. The Parties agree that the Developer shall be reimbursed up to \$85,000 as a first priority payment from the proceeds of any debt issued by the District, subject to compliance by the Developer with the requirements of this Agreement.

There was a partial assignment of this agreement to Key Business Funding, Inc. d/b/a Key Business Strategies, Inc. on November 18, 2024.

As of December 31, 2024, the District has no outstanding obligations under this agreement. Amounts due from the Developer represent net capital costs of \$400,223 owed from the Developer to the District, and related accrued interest receivable of \$133,900, as of December 31, 2024. Amounts due from the Developer included accrued interest at a rate of 6% from the date of expenditure by the District through the date the Developer repays the District.

The term of this Agreement shall extend from the date hereof through and including December 31, 2046, unless terminated earlier by the mutual written agreement of the Parties.

**Financing Purchase**

The District entered into a financing lease agreement with MidCountry Equipment Finance for District signage. The total financing lease is payable in 60 monthly installments of \$6,645 including principal and interest, at an implied interest rate of 4.21%. The lease matures December 2027.

The District entered into a financing lease agreement with Yesco Financial Solutions for District signage. The total financing lease is payable in 60 monthly installments of \$7,767 including principal and interest, at an implied interest rate of 4.17%. The lease matures August 2028.

**CREEKWALK MARKETPLACE BUSINESS IMPROVEMENT DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

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

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

Year Ending December 31,	Senior Bonded Debt		Notes from Direct Borrowings and Direct Placements		Total
	Principal	Interest	Principal	Interest	
2025	\$ -	\$ 2,850,000	\$ 153,805	\$ 19,681	\$ 3,023,486
2026	-	3,000,000	160,370	13,116	3,173,486
2027	-	3,000,000	167,215	6,271	3,173,486
2028	-	3,000,000	58,847	891	3,059,738
2029	90,000	3,000,000	-	-	3,090,000
2030-2034	5,260,000	14,456,700	-	-	19,716,700
2035-2039	10,280,000	12,277,800	-	-	22,557,800
2040-2044	8,725,000	9,006,300	-	-	17,731,300
2045-2049	8,335,000	6,781,200	-	-	15,116,200
2050-2054	17,310,000	3,794,100	-	-	21,104,100
Total	<u>\$ 50,000,000</u>	<u>\$ 61,166,100</u>	<u>\$ 540,237</u>	<u>\$ 39,959</u>	<u>\$ 111,746,296</u>

**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's net investment in capital assets is calculated as follows:

Net Investment in Capital Assets:	
Capital Assets, Net	\$ 8,538
Less:	
Outstanding Bond Principal	(1,187,482)
Plus:	
Unamortized balance of Deferred Outflows	21,772
Net Investment in Capital Assets	<u>\$ (1,157,172)</u>

The restricted component of 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.

**CREEKWALK MARKETPLACE BUSINESS IMPROVEMENT DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

**NOTE 6 NET POSITION (CONTINUED)**

The District had restricted net position as of December 31, 2024, as follows:

Restricted Net Position:	
Emergencies	\$ 6,500
Debt Service Reserve	<u>950,320</u>
Total Restricted Net Position	<u><u>\$ 956,820</u></u>

The District has a deficit in unrestricted net position. The deficit was a result of the District being responsible for the repayment of bonds issued for public improvements which will be conveyed to other governmental entities when the improvements have been completed. The costs incurred to date are presented in the District's financial records as construction in progress.

**NOTE 7 RELATED PARTIES**

The Developers of the property which constitutes the District are SNA Development LLC, Creekwalk, LLC, Creekwalk North, LLC, 1609 South Nevada, LLC, SNA Equities LLC and Ivywild Core Development, Inc. The members of the Board of Directors are officers of, employees of, or associated with the Developers and may have conflicts of interest in dealing with the District.

**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 Developers.

**CREEKWALK MARKETPLACE BUSINESS IMPROVEMENT DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

**NOTE 9 AGREEMENTS**

**Cooperation Agreement**

The District entered into a Cooperation Agreement with the Colorado Springs Urban Renewal Authority (CSURA) on June 3, 2019 in which the District will receive tax increment revenue (TIF) generated from the District's projects to be used toward the repayment of the District's bonds.

The First Amendment to the Cooperation Agreement, effective November 23, 2021, revises the definition of "Pledged Tax Increment Revenues" to include revenues from newly added parcels within the District boundaries as of the amendment date, unless otherwise agreed by CSURA. This change supports the District's issuance of Series 2021A and 2021B Bonds, which are governed by supplemental indentures dated November 1, 2021. Additionally, the amendment requires the District to deposit \$1,060,000 into the Authority Restricted Account of the Project Fund, to be disbursed according to the Senior Indenture. All other terms of the original agreement remain in effect, with this amendment ensuring alignment with the updated bond structure and expanded District boundaries.

The Second Amendment to the Cooperation Agreement, effective November 18, 2024, updates the definition of "Pledged Tax Increment Revenues" to include revenues from newly added parcels (Inclusion Parcels) and retain revenues from parcels being excluded (Exclusion Parcels), as well as any future additions to the District or the Creekwalk Metropolitan District unless otherwise agreed by CSURA. This amendment supports the District's issuance of Series 2024A and 2024B Bonds, which refund prior bond series from 2019 and 2021, and aligns with a new Capital Pledge Agreement involving the Metropolitan District. The amendment also updates references in the original agreement to reflect the new bond series and ensures that prior pledges on certain parcels remain in effect unless formally released.

**Intergovernmental Agreement for Street Maintenance**

The District entered into an intergovernmental agreement for Street Maintenance (the Agreement) with the City of Colorado Springs (the City) on June 6, 2019 in which the district agreed to accept control maintenance responsibilities for the streets and rights of way identified in the Agreement. The Agreement may be terminated by either party upon giving written notice within 30 days.

**CREEKWALK MARKETPLACE BUSINESS IMPROVEMENT DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

**NOTE 9 AGREEMENTS (CONTINUED)**

**Intergovernmental District Facilities Construction and Service Agreement**

On November 18, 2024, the Creekwalk Marketplace Business Improvement District (Operating District) and the Creekwalk Metropolitan District (Financing District). This agreement outlines the rights and obligations of both districts in funding, constructing, operating, and maintaining public improvements. The Operating District is responsible for constructing the public improvements, while the Financing District will contribute to the construction costs. The agreement also includes provisions for issuing general obligation bonds to fund the public improvements. The Operating District will own, operate, and maintain these improvements on behalf of both districts. Additionally, the Financing District will impose and collect a debt service mill levy and an operations and maintenance mill levy to fund the public improvements and related costs. The agreement will remain in effect for forty-five years from the date the initial debt is issued, unless extended by a majority of the Boards of Directors of the Districts. The Operating District has the option to terminate its engagement as the operator of the public improvements and/or district administrator upon 180 days prior written notice to the Financing District. Upon termination, the Operating District will convey legal title of all district-owned improvements within the boundaries of the Financing District to the Financing District and assign all related contracts.

**Colorado Springs Urban Renewal Authority**

The Colorado Springs Urban Renewal Authority (the Authority) was formed by the City Council on February 24, 1970. On November 24, 2015, the City Council adopted the South Nevada Avenue Area Urban Renewal Plan (the Urban Renewal Plan), which established the South Nevada Avenue Area Urban Renewal Area (the Urban Renewal Area). The Urban Renewal Area consists of approximately 151 acres of property located in the southern portion of the City, of which approximately 99 acres are developable and approximately 52 acres of which consist of interstate highway right-of-way, street right-of-way, and other non-developable uses. The Urban Renewal Area currently contains commercial property, residential property and vacant property planned for redevelopment. The Authority currently oversees twelve urban renewal plans in various parts of the City, including the Urban Renewal Plan. In addition, the Authority serves as the financing entity to the City for the "City for Champions" project, which is operated pursuant to the Colorado Regional Tourism Act.

**CREEKWALK MARKETPLACE BUSINESS IMPROVEMENT DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

**NOTE 9 AGREEMENTS (CONTINUED)**

**Colorado Springs Urban Renewal Authority (continued)**

The Urban Renewal Area has been partitioned into four areas, or silos, referred to herein as Silos 1-4. The Development is located within a portion of Silo 3 and Silo 4.

The Urban Renewal Plan authorizes the implementation of tax increment financing for the Urban Renewal Area for the purpose of facilitating an urban renewal project more particularly described therein. As a result, until the 25th anniversary of the Urban Renewal Plan (i.e. November 24, 2040), all ad valorem property taxes and, as of November 23, 2021, all of the City's 2.0% general fund sales taxes, each in excess of the Base Amount collected within the Urban Renewal Area are to be remitted to the Authority.

The Authority and the Developer have entered into an Urban Renewal Agreement for Redevelopment of the South Nevada Avenue Area Urban Renewal Plan dated as of December 16, 2015, as amended by that certain First Amendment to Urban Renewal Agreement of the South Nevada Avenue Urban Renewal Plan Area dated as of December 12, 2018 and by that certain Second Amendment to Urban Renewal Agreement of the South Nevada Avenue Urban Renewal Plan Area dated as of April 28, 2021 and by that certain Third Amendment to Urban Renewal Plan Area effective as of September 25, 2024, and supplemented by that certain Policy Regarding Allocation of Tax Increment Revenue Among Redevelopment Areas in the South Nevada Avenue Area Urban Renewal Plan Area (collectively, as the same may be amended from time to time, the Redevelopment Agreement). The Authority and the District have entered into a Cooperation Agreement dated June 3, 2019, as amended by a First Amendment to Cooperation Agreement dated as of November 23, 2021 and a Second Amendment to Cooperation Agreement dated November 18, 2024 (collectively, the Cooperation Agreement), consented thereto by the Developer which assigns certain rights under the Redevelopment Agreement to the District.

**Capital Pledge Agreement with Creekwalk Metropolitan District**

The Capital Pledge Agreement (Agreement) was entered into on December 1, 2024, by and among Creekwalk Marketplace Business Improvement District (the "District"), Creekwalk Metropolitan District (the "Metropolitan District"), and UMB Bank, N.A. (the "Trustee"). The Agreement facilitates the issuance of the Series 2024 Bonds, which include \$50,000,000 in Limited Tax Supported and Special Revenue Refunding and Improvement Senior Bonds (Series 2024A) and \$15,000,000 in Limited Tax Supported and Special Revenue Refunding and Improvement Subordinate Bonds (Series 2024B). The Metropolitan District agrees to impose ad valorem property taxes and pledge certain revenues to the Trustee to provide for the payment of debt service on the Series 2024 Bonds. The Agreement includes provisions for the imposition of the Metropolitan District Senior Required Mill Levy and the Metropolitan District Subordinate Required Mill Levy. The Agreement will remain in effect until all Debt Obligations permitted to be issued by the District have been defeased pursuant to the terms of the Bond Documents. The entire Payment Obligation with respect to the Metropolitan District will be deemed defeased on the Termination Date.

**CREEKWALK MARKETPLACE BUSINESS IMPROVEMENT DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

**NOTE 9 AGREEMENTS (CONTINUED)**

**Capital Pledge Agreement with Creekwalk Metropolitan District (Continued)**

An "Event of Non-Compliance" under the agreement occurs if the Metropolitan District fails or refuses to impose the required mill levies or to remit pledged revenues as stipulated. It also includes instances where any representation or warranty made in the agreement is found to be materially untrue or incomplete, or if any party fails to perform its covenants and does not remedy the failure within 60 days of written notice. Additional events include the commencement of dissolution or consolidation proceedings by the Metropolitan District or the Issuer, or if either party initiates or is subject to bankruptcy, insolvency, or similar proceedings, or admits in writing its inability to pay debts as they become due. If any of these events occur and continue, the non-breaching party may seek enforcement through legal or equitable means such as mandamus or specific performance in a court of competent jurisdiction. The prevailing party in such proceedings is entitled to recover reasonable attorneys' fees and costs

**NOTE 10 INTERFUND TRANSFERS**

The transfer from the General Fund to the Debt Service Fund was to meet the December 1 interest payment on the 2019 Senior Bonds prior to refunding. The transfer from the Capital Projects Fund to the Debt Service Fund was to fund the Reserves and Capitalized Interest accounts for the 2024 Bond Issuance. The transfer from the General Fund to the Capital Projects fund was to cover soft costs.

**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 and workers' compensation 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.

**CREEKWALK MARKETPLACE BUSINESS IMPROVEMENT DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

**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.

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 May 3, 2016, the voters also 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, and other expenses and an annual increase in taxes of up to \$25,000,000 at a mill levy rate without limitation or with such limitations as determined by the Board for the purpose of the District's capital expenditures. 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**

**CREEKWALK MARKETPLACE 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 Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Property Taxes	\$ 165,147	\$ 161,083	\$ 161,083	\$ -
Specific Ownership Taxes	16,515	20,111	20,111	-
Interest Income	166,680	100,000	82,686	(17,314)
TIF Revenue	95,784	200,000	206,358	6,358
PIF Revenue	360,000	650,000	671,948	21,948
Sales Tax Revenue	-	95,000	93,432	(1,568)
Total Revenues	<u>804,126</u>	<u>1,226,194</u>	<u>1,235,618</u>	<u>9,424</u>
<b>EXPENDITURES</b>				
County Treasurer's Fee	2,477	2,500	2,517	(17)
Administration Fees	-	-	20,322	(20,322)
Paying Agent Fees	7,000	7,000	6,000	1,000
Bond Interest - 2019 Bonds	959,911	668,375	1,402,838	(734,463)
Bond Interest - 2021 Bonds	618,913	618,913	649,858	(30,945)
Bond Interest - 2019B Bonds	-	-	1,286,883	(1,286,883)
Bond Interest - 2021B Bonds	-	-	646,891	(646,891)
Bond Principal - 2019 Bonds	-	-	23,985,000	(23,985,000)
Bond Principal - 2021 Bonds	-	-	11,040,000	(11,040,000)
Bond Principal - 2019B Bonds	-	-	2,500,000	(2,500,000)
Bond Principal - 2021B Bonds	-	-	2,500,000	(2,500,000)
Refunding Escrow	-	48,000,000	-	48,000,000
Miscellaneous	929	703,212	-	703,212
Total Expenditures	<u>1,589,230</u>	<u>50,000,000</u>	<u>44,040,309</u>	<u>5,959,691</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(785,104)	(48,773,806)	(42,804,691)	5,969,115
<b>OTHER FINANCING SOURCES (USES)</b>				
Call Premium - 2019A	-	-	(710,550)	(710,550)
Call Premium - 2019B	-	-	(75,000)	(75,000)
Call Premium - 2021A	-	-	(331,200)	(331,200)
Call Premium - 2021B	-	-	(75,000)	(75,000)
Transfers From Other Funds	-	52,000,000	51,997,210	(2,790)
Total Other Financing Sources (Uses)	<u>-</u>	<u>52,000,000</u>	<u>50,805,460</u>	<u>(1,194,540)</u>
<b>NET CHANGE IN FUND BALANCE</b>	(785,104)	3,226,194	8,000,769	4,774,575
Fund Balance - Beginning of Year	<u>1,668,848</u>	<u>2,034,205</u>	<u>2,034,205</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 883,744</u>	<u>\$ 5,260,399</u>	<u>\$ 10,034,974</u>	<u>\$ 4,774,575</u>

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

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Interest Income	\$ 10,000	\$ 200	\$ 93	\$ (107)
Grant Revenue	-	277,000	277,000	-
Total Revenues	<u>10,000</u>	<u>277,200</u>	<u>277,093</u>	<u>(107)</u>
<b>EXPENDITURES</b>				
Accounting	2,000	-	-	-
Engineering	15,000	5,000	3,146	1,854
Lease Payments	79,743	173,486	173,486	-
Capital Outlay	2,000,000	4,500,000	3,378,740	1,121,260
Repairs And Maintenance	-	1,800	1,800	-
Miscellaneous	-	319,714	-	319,714
Bond Issue Costs	-	1,500,000	1,408,328	91,672
Total Expenditures	<u>2,096,743</u>	<u>6,500,000</u>	<u>4,965,500</u>	<u>1,534,500</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(2,086,743)	(6,222,800)	(4,688,407)	1,534,393
<b>OTHER FINANCING SOURCES (USES)</b>				
Bond Issuance Proceeds	-	65,000,000	65,000,000	-
Developer Advance	2,086,743	4,000,000	3,535,711	(464,289)
Repay Developer Advance	-	(10,500,000)	(11,905,790)	(1,405,790)
Transfers From Other Funds	-	10,000	9,727	(273)
Transfers To Other Fund	-	(52,000,000)	(51,937,210)	62,790
Total Other Financing Sources (Uses)	<u>2,086,743</u>	<u>6,510,000</u>	<u>4,702,438</u>	<u>(1,807,562)</u>
<b>NET CHANGE IN FUND BALANCE</b>	-	287,200	14,031	(273,169)
Fund Balance - Beginning of Year	-	92,297	92,297	-
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ -</u>	<u>\$ 379,497</u>	<u>\$ 106,328</u>	<u>\$ (273,169)</u>

## OTHER INFORMATION

**CREEKWALK MARKETPLACE BUSINESS IMPROVEMENT DISTRICT  
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY  
YEAR ENDED DECEMBER 31, 2024**

	\$50,000,000 Limited Tax Supported and Special Revenue Refunding Senior Bonds Series 2024A Interest Rate Fixed 6.000% Interest Payable June 1 and December 1 Principal Payable December 1		
Bonds/Loans and Interest Maturing in the Year Ending <u>December 31,</u>	Principal	Interest	Total
2025	\$ -	\$ 2,850,000	\$ 2,850,000
2026	-	3,000,000	3,000,000
2027	-	3,000,000	3,000,000
2028	-	3,000,000	3,000,000
2029	90,000	3,000,000	3,090,000
2030	680,000	2,994,600	3,674,600
2031	900,000	2,953,800	3,853,800
2032	1,020,000	2,899,800	3,919,800
2033	1,145,000	2,838,600	3,983,600
2034	1,515,000	2,769,900	4,284,900
2035	1,680,000	2,679,000	4,359,000
2036	1,855,000	2,578,200	4,433,200
2037	2,045,000	2,466,900	4,511,900
2038	2,245,000	2,344,200	4,589,200
2039	2,455,000	2,209,500	4,664,500
2040	2,685,000	2,062,200	4,747,200
2041	2,595,000	1,901,100	4,496,100
2042	1,040,000	1,745,400	2,785,400
2043	1,140,000	1,683,000	2,823,000
2044	1,265,000	1,614,600	2,879,600
2045	1,380,000	1,538,700	2,918,700
2046	1,520,000	1,455,900	2,975,900
2047	1,655,000	1,364,700	3,019,700
2048	1,815,000	1,265,400	3,080,400
2049	1,965,000	1,156,500	3,121,500
2050	2,145,000	1,038,600	3,183,600
2051	2,320,000	909,900	3,229,900
2052	2,525,000	770,700	3,295,700
2053	2,725,000	619,200	3,344,200
2054	7,595,000	455,700	8,050,700
<b>Total</b>	<b>\$ 50,000,000</b>	<b>\$ 61,166,100</b>	<b>\$ 111,166,100</b>

**CREEKWALK MARKETPLACE BUSINESS IMPROVEMENT DISTRICT  
SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED  
DECEMBER 31, 2024**

Year Ended <u>December 31,</u>	Net Assessed Valuation	Percent Change	Total Mills Levied		Total Property Taxes		Percent Collected to Levied
			General Operations	Debt Service	Levied	Collected	
2019/2020	\$ 1,050,580	7.5%	1.000	50.000	\$ 53,580	\$ 54,190	101.14 %
2020/2021	839,790	-20.1%	1.000	50.000	42,676	42,704	100.07 %
2021/2022	1,140,570	35.8%	1.000	50.000	58,169	58,565	100.68 %
2022/2023	1,981,510	73.7%	10.000	50.000	118,891	119,676	100.66 %
2023/2024	3,119,620	57.4%	10.587	52.938	198,174	193,297	97.54 %
Estimated for Year Ending December 31, 2025	\$ 3,239,190	3.8%	10.175	50.875	\$ 197,753		

**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 Assessor and Treasurer.