

ALAMEDA CORRIDOR BUSINESS IMPROVEMENT DISTRICT

FINANCIAL STATEMENTS
December 31, 2025

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Green & Associates LLC

Certified Public Accountants & Business Consultants

INDEPENDENT AUDITOR'S REPORT

Board of Directors
The Alameda Corridor Business Improvement District

Opinions

We have audited the accompanying financial statements of the governmental activities and the major fund of The Alameda Corridor Business Improvement District as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise The Alameda Corridor Business Improvement 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 the major fund of The Alameda Corridor Business Improvement District as of December 31, 2025, and the respective changes in financial position and the respective 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 our report. We are required to be independent of The Alameda Corridor Business Improvement District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 Alameda Corridor Business Improvement 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 opinion. 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 generally accepted auditing standards 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, including omissions, 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 generally accepted auditing standards, 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 of 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 Alameda Corridor Business Improvement 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 Alameda Corridor Business Improvement 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.

Required Supplementary Information

Management has omitted the 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, who 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.



Fort Collins, Colorado
August 3, 2026

Basic Financial Statements

Alameda Corridor Business Improvement District
Statement of Net Position
December 31, 2025

Assets

Current Assets

Cash and cash equivalents	\$ 82,778
Due from county treasurer	3,524
Investments	96,122
Prepaid expenses and deposits	23,380
Accrued interest receivable	913
Property taxes receivable	662,136
Total Current Assets	<u>868,853</u>

Noncurrent Assets

Right to use lease asset net of amortization	27,248
Equipment and Furniture	3,742
Street Improvements and Artwork	824,617
Less: Accumulated depreciation	<u>(649,720)</u>
Total Noncurrent Assets	<u>205,887</u>

Total Assets	<u>1,074,740</u>
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Liabilities

Current Liabilities

Accounts payable	2,726
Current portion of lease liability	11,418
Total Current Liabilities	<u>14,144</u>

Long-Term Liabilities

Lease liability	16,259
Total Long-Term Liabilities	<u>16,259</u>

Deferred Inflows of Resources

Deferred property tax revenue	662,136
Total Deferred Inflows of Resources	<u>662,136</u>

Net Position

Net investment in capital assets	178,210
Restricted for emergencies	23,678
Unrestricted	<u>180,313</u>
Total Net Position	<u>\$ 382,201</u>

The accompanying notes are an integral part of these financial statements

Alameda Corridor Business Improvement District
Statement of Activities
For the Year Ended December 31, 2025

		Program Revenues		Net (Expenses) Revenue and Changes in Net Position
		Charges for Service	Operating Grants and Contributions	Governmental Activities
Governmental Activities	Expenses			
Community development and improvement	\$ 912,960	\$ -	\$ -	\$ (912,960)
Total Governmental Activities	<u>\$ 912,960</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(912,960)</u>
General Revenues				
	Property taxes			675,972
	Specific ownership taxes			43,307
	Lakewood Reinvestment Authority tax sharing			11,297
	Earnings on investments			1,780
	Miscellaneous			5,893
	Insurance recoveries			51,013
	Total Revenues			<u>789,262</u>
	Change in Net Position			(123,698)
	Net Position - Beginning of Year			505,899
	Net Position - End of Year			<u>\$ 382,201</u>

Fund Financial Statements

Alameda Corridor Business Improvement District
Balance Sheet
Governmental Funds
December 31, 2025

	Total Governmental Funds
Assets	
Current Assets	
Cash and cash equivalents	\$ 82,778
Due from county treasurer	3,524
Investments	96,122
Prepaid expenses and deposits	23,380
Accrued interest receivable	913
Property taxes receivable	662,136
Total Assets	\$ 868,853
Liabilities	
Current Liabilities	
Accounts payable	\$ 2,726
Total Liabilities	2,726
Deferred Inflows of Resources	
Deferred property tax revenue	662,136
Total Deferred Inflows of Resources	662,136
Equity	
Fund Balance	
Nonspendable	23,380
Restricted	23,678
Unassigned	156,933
Total Fund Balance	203,991
Total Liabilities, Equity and Deferred Inflows of Resources	\$ 868,853

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position

Total Fund Balance	\$ 203,991
Amounts reported for governmental funds in the Statement of Net Position are different because:	
Capital Assets net of liabilities used in governmental activities are not current financial resources and therefore are not reported in the funds.	178,639
Right to use lease asset and the related liability are not current financial resources and therefore are not reported in the funds.	(429)
Total Net Position	\$ 382,201

The accompanying notes are an integral part of these financial statements

Alameda Corridor Business Improvement District
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Year Ended December 31, 2025

	<u>General Fund</u>
Revenues	
Property taxes	\$ 675,972
Specific ownership taxes	43,307
Lakewood Reinvestment Authority tax sharing	11,297
Investment income	1,780
Insurance recoveries	51,013
Miscellaneous	5,893
Total Revenue	<u>789,262</u>
Expenditures	
Programs and initiatives	146,738
Legal, accounting and professional services	8,803
Office expenses	18,428
Landscaping	138,656
Insurance	11,015
Rent	13,457
Services contract	245,200
Tax sharing agreements	198,598
Grants	67,500
Treasurer's fees	10,136
Total Expenditures	<u>858,531</u>
Net change in fund balance	(69,269)
Fund Balance, beginning of year	<u>273,260</u>
Fund Balance, end of year	<u><u>\$ 203,991</u></u>
 Total Change in Fund Balance Governmental Fund	 \$ (69,269)
Depreciation and amortization expense reported in the Statement of Activities does not require the use of current financial resources therefore is excluded from the fund statements.	(72,486)
Repayment of lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of Net Position	<u>18,057</u>
Change in Net Position of Governmental Activities	<u><u>\$ (123,698)</u></u>

The accompanying notes are an integral part of these financial statements

Alameda Corridor Business Improvement District
Statement of Revenue and Expenditures and Change in Fund Balance
Budget and Actual - General Fund
For the Year Ended December 31, 2025

	Original & Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Property taxes	\$ 725,000	\$ 675,972	\$ (49,028)
Specific ownership taxes	40,000	43,307	3,307
Lakewood Reinvestment Authority tax sharing	-	11,297	11,297
Investment income	5,075	1,780	(3,295)
Insurance recoveries	-	51,013	51,013
Miscellaneous income	62,500	5,893	(56,607)
Total Revenue	<u>832,575</u>	<u>789,262</u>	<u>(43,313)</u>
Expenditures			
Programs and initiatives	222,500	146,738	75,762
Legal, accounting and professional services	9,200	8,803	397
Office and other expenses	18,060	18,428	(368)
Landscaping	160,000	138,656	21,344
Insurance	12,000	11,015	985
Rent	16,292	13,457	2,835
Services contract	240,000	245,200	(5,200)
Tax sharing agreements	121,000	198,598	(77,598)
Grants	-	67,500	(67,500)
Treasurer's fees	4,725	10,136	(5,411)
Total Expenditures	<u>803,777</u>	<u>858,531</u>	<u>(54,754)</u>
Revenue Over (Under) Expenditures	<u>28,798</u>	<u>(69,269)</u>	<u>(98,067)</u>
Beginning Fund Balance	<u>296,202</u>	<u>273,260</u>	<u>(22,942)</u>
Ending Fund Balance	<u>\$ 325,000</u>	<u>\$ 203,991</u>	<u>\$ (121,009)</u>

The accompanying notes are an integral part of these financial statements

Alameda Corridor Business Improvement District
Notes to Financial Statements
December 31, 2025

Note 1 Summary of Significant Accounting Policies

The Alameda Corridor Business Improvement District (ACBID), a quasi-municipal corporation, is governed pursuant to provisions of the Colorado Special District Act. The District was established on July 28, 2003 primarily to serve the public purposes of promoting the health, safety, prosperity, security, and general welfare of the people in the ACBID service area as well as the surrounding community. The District has no employees and all operations and administrative functions are contracted.

Financial Reporting Entity

In accordance with governmental accounting standards, the District has considered the possibility of inclusion of additional entities in its financial statements. The definition of the reporting entity is based primarily on financial accountability.

The District is not financially accountable for any other entity, nor is the District a component unit of any other governmental entity; therefore, no other entities are included in the District's financial statements.

Basis of Presentation

The District's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of information.

Government-wide Financial Statements

The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government.

The statement of net position presents the financial position of the governmental activities at the end of the year. The statement of activities presents a comparison between program expenses and the program revenue for each program or function of the District's governmental activities. Program expenses are those that are specifically associated with a service, program or department; and therefore, clearly identifiable to a particular function. Program revenue includes charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenue are presented as general revenue of the District. The comparison of program expenses with program revenue identifies the extent to which each governmental function is self-financing or draws from the general revenue of the District.

Fund Accounting

During the year the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of governmental fund financial statements is on major funds. Fund types used by the District are described below.

Alameda Corridor Business Improvement District
Notes to Financial Statements (Continued)
December 31, 2025

Note 1 Summary of Significant Accounting Policies (Continued)

Governmental Fund Type

General Fund –is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

Measurement Focus

Government-wide Financial Statement

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. All assets and liabilities associated with the operation of the District are included in the statement of net position.

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet and only revenues that are available within 60 days are recorded in the Statement of Revenues, Expenditures and Changes in Fund Balance.

The Statement of Revenues, Expenditures, and Changes in Fund Balance reports on the sources (revenue and other financing sources) and uses (expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

The District follows the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34 *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments* as amended by Statement No. 61 *The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34* and Statement No. 63 *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. These statements establish standards for external financial reporting for all state and local governmental entities which includes a management’s discussion and analysis section; a statement of net position; a statement of revenues, expenses, and changes in net position; and a statement of cash flows. It requires the classification of net position into three components: net investment in capital assets; restricted; and unrestricted.

Alameda Corridor Business Improvement District
Notes to Financial Statements (Continued)
December 31, 2025

Note 1 Summary of Significant Accounting Policies (Continued)

Basis of Accounting (continued)

Revenue

Revenue resulting from exchange transactions, in which each party gives and receives essentially the same value, is recorded on the accrual basis, when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are both measurable and available to finance expenditures of the fiscal period, which is typically within sixty days of realization.

Non-exchange transactions, in which the District receives value without directly giving value in return, include property taxes, grants, entitlements and donations. Revenue from property tax is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized. Program revenues consist of revenues that are associated with the reimbursements for the upkeep of the district.

Property Taxes

The County Treasurer collects and remits property taxes to the District monthly. Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied for the current year prior to December 31 and are payable in full on April 30 of the subsequent year, or in two installments on February 28 and June 15. Property taxes are recorded as receivables and deferred revenue when levied. As taxes are collected, the receivable and deferral are reduced and income is recognized.

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the fund liability is incurred, if measurable. Allocations of costs, such as depreciation and amortization, are not recognized in governmental funds.

Assets and Liabilities

Cash and cash equivalents- The District's cash and cash equivalents are considered to be cash on hand, demand deposits and short term investments with maturities of 90 days or less at the date of their acquisition.

Investments – investments are recorded at fair value, which approximates cost.

Receivables – all receivables are reported at their book value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Capital assets – All capital assets are stated at cost or estimated cost. The capitalization threshold for fixed assets is \$5,000. Depreciation of the estimated useful lives of the assets is computed using the straight-line method. Estimated useful lives range from 3-20 years for capital assets. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

Alameda Corridor Business Improvement District
Notes to Financial Statements (Continued)
December 31, 2025

Note 1 Summary of Significant Accounting Policies (Continued)

Basis of Accounting (continued)

Accrued Liabilities and long-Term Obligation

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds.

Deferred Inflows of Resources and Deferred Outflows of Resources

The District implemented the provisions of GASB No. 65 *Items Previously Reported as Assets and Liabilities* (GASB 65). As a result in addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources and deferred inflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period (deferred outflow) or the acquisition of net position that applies to future periods (deferred inflows).

Net Position

Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets – consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – consists of net position with constraints placed on the use either by (1) external groups, such as creditors, grantors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. The District utilizes restricted net position before utilizing unrestricted net position when an expense is incurred for both purposes.
- c. Unrestricted net position – all other net position that do not meet the definition of “restricted” or “net investment in capital assets.” The net position is available for future operations or distributions.

Fund Balance

Nonspendable- consists of amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The nonspendable fund balance was \$23,380 as of December 31, 2025.

Restricted - General Fund - Article X, Section 20 of the Constitution of the State of Colorado (TABOR) requires the District to establish Emergency reserves (see Note 4). A reservation of \$23,678 of the General Fund balance has been made in compliance with this requirement.

Alameda Corridor Business Improvement District
Notes to Financial Statements (Continued)
December 31, 2025

Note 1 Summary of Significant Accounting Policies (Continued)

Basis of Accounting (continued)

Committed- General Fund - Committed fund balance includes those items which can be used for specific purposes pursuant to constraints imposed by formal action of the Board of Directors. Those committed amounts cannot be used for any other purpose unless the Board of Directors formally removes or changes the specified uses. The District had a committed fund balance of \$0 as of December 31, 2025.

Assigned – Includes all amounts that are constrained by the District's intent to be used for a specific purpose but are neither committed nor restricted. The assignment of these balances must occur through a formal action of the Board of Directors. As of December 31, 2025, the assigned fund balance was \$0.

Unassigned- consists of the residual classification for each fund. This represents amounts that have not been assigned to other funds and that has not been restricted, committed, or assigned for specific purposes.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Budgets and Budgetary Accounting

Budgets are adopted on a cash basis except for accrual of current vendor invoices. Annual appropriated budgets are adopted for the fund. All annual appropriations lapse at fiscal year-end.

The District adheres to the following procedures in establishing the budgetary data reflected in the financial statements:

- Budgets are required by state law for all funds. The budget includes proposed expenditures and the means of financing them. All budgets lapse at year-end.
- Prior to December 31, the budget is adopted by formal resolution.
- Budgets are required to be filed with the State of Colorado within thirty days after the beginning of the fiscal year.
- Expenditures may not legally exceed appropriations at the fund level.
- The District Board must approve revisions that alter the total expenditures of any fund.
- Budgeted amounts reported in the accompanying financial statements are as originally adopted by the District Board or revised by the District Board.

Actual expenditures exceeded budgeted appropriations, which may be a violation of state budget law.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Alameda Corridor Business Improvement District
Notes to Financial Statements (Continued)
December 31, 2025

Note 2 Cash and Investments

Cash Deposits

As of December 31, 2025, the District's cash deposits had a carrying balance of \$82,778 with a corresponding bank balance of \$82,168, all of which is federally insured.

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 regulations. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is specified under 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 equal to 102% of the uninsured deposits. The District had \$0 collateralized under PDPA.

The Colorado Divisions of Banking 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.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of December 31, 2025, none of the District's bank deposits were exposed to custodial credit risk.

Investments

Colorado statutes and the District's investment policy specify in which investment instruments the units of local government may invest. It is the policy of the District to invest public funds in a manner which will provide preservation of capital, meet the daily liquidity needs of the District, diversify the District's investments, conform to all state statutes governing the investments of public funds, and generate market rates of return.

- Obligations of the United States and certain United States government agency securities.
- Certain international agency securities.
- General obligation and revenue bonds of United States local government entities.
- Bankers' acceptances of certain banks.
- Commercial paper.
- Local government investment pools.
- Written repurchase agreements collateralized by certain authorized securities.
- Certain money market funds.
- Guaranteed investment contracts.

Alameda Corridor Business Improvement District
Notes to Financial Statements (Continued)
December 31, 2025

Note 2 Cash and Investments (Continued)

At December 31, 2025 the District had \$96,122 invested in certificates of deposit with First Bank. The certificates had varying lengths of maturity from 91 – 365 days with interest rates of 3.40%-3.60%. The certificates of deposit were not rated.

Note 3 Capital Assets

A summary of changes to capital assets for 2025 is as follows:

	Balance at 12/31/2024	Additions	Deletions	Balance at 12/31/2025
Depreciable				
Equipment	\$ 3,742	\$ -	\$ -	\$ 3,742
Street improvements and artwork	824,617	-	-	824,617
Total Depreciable	<u>828,359</u>	<u>-</u>	<u>-</u>	<u>828,359</u>
Less Accumulated Depreciation				
Equipment	(3,742)	-	-	(3,742)
Street improvements and artwork	(591,846)	(54,132)	-	(645,978)
Total Accumulated Depreciation	<u>(595,588)</u>	<u>(54,132)</u>	<u>-</u>	<u>(649,720)</u>
Net Capital Assets	<u>\$ 232,771</u>	<u>\$ (54,132)</u>	<u>\$ -</u>	<u>\$ 178,639</u>

Depreciation expense for the year was charged to community development and improvement expense.

Note 4 Leases

The District has entered into a 36-month lease agreement for office space through April 30, 2028. The lease was recorded at net present value of \$35,033 with an imputed interest rate of 3.00% as a right to use lease asset and lease liability. As of December 31, 2025, the right to use lease asset had accumulated amortization of \$7,785. The following is a schedule of future anticipated lease payments at December 31, 2025

Year Ending December 31,	Principal	Imputed Interest	Total
2026	\$ 11,418	\$ 675	\$ 12,093
2027	12,092	323	12,415
2028	4,167	26	4,193
Total	<u>\$ 27,677</u>	<u>\$ 1,024</u>	<u>\$ 28,701</u>

Note 5 Tax, Spending, and Debt Limitation

Article X, Section 20 of the Colorado Constitution, The Taxpayer's Bill of Rights (TABOR), contains several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments. TABOR is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of TABOR.

Alameda Corridor Business Improvement District
Notes to Financial Statements (Continued)
December 31, 2025

Note 5 Tax, Spending, and Debt Limitation (Continued)

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, which 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. This District has established an emergency reserve under this statute as of December 31, 2025.

Note 6 Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disaster. The District is a participant in the Colorado Special District Association Property and Liability Pool. The Pool was formed by an agreement by member special districts of the Special District Association as a separate and independent governmental and legal entity pursuant to the provisions of Article XIV, Section 18(2) of the Colorado Constitution and Sections 29-1-201 et. seq., 8-44-101(1)(c) and (3), 8-44-204, 24-10-115.5, and 29-13-102, C.R.S, as amended. Membership is restricted to Colorado special districts which are members of the Special District Association.

The purpose of the Pool is to provide defined property, liability, workers' compensation and associated coverages, and claims and risk management services related thereto, for member special districts through a self-insurance pool. The Pool has contracted with other third parties to operate, administer and manage the Pool. In the event aggregated losses incurred by the Pool exceed amounts recoverable from the reinsurance contracts and capital and surplus accumulated by the Pool, additional contributions may be required from the Pool members. Settled claims have not exceeded the District's commercial coverage in the last three years.

Note 7 Commitments and Contingencies

As of December 31, 2025, the District has several contracts for services provided to the District. The District has contracts for water and landscape maintenance with various local vendors in which payments are determined by the amount of the services provided.