FIRST & MAIN BUSINESS IMPROVEMENT DISTRICT NO. 2
El Paso County, Colorado

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEAR ENDED DECEMBER 31, 2025

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BiggsKofford

INDEPENDENT AUDITOR'S REPORT

Board of Directors
First & Main Business Improvement District No. 2
El Paso County, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of First & Main Business Improvement District No. 2 ("District"), as of and for the year ended December 31, 2025, 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, 2025, 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 LLP

Colorado Springs, Colorado
March 25, 2026

BASIC FINANCIAL STATEMENTS

FIRST & MAIN BUSINESS IMPROVEMENT DISTRICT NO. 2
STATEMENT OF NET POSITION
DECEMBER 31, 2025

	Governmental Activities
ASSETS	
Cash and Investments	$ 194,644
Cash and Investments - Restricted	2,716,482
PIF Receivable	98,570
Prepaid Insurance	6,774
Due from Other Districts	7,030
Receivable from County Treasurer	5,936
Property Tax Receivable	918,352
Capital Assets:	
Capital Assets Net of Depreciation	10,445,243
Total Assets	14,393,031
LIABILITIES	
Accounts Payable	30,936
Due to Barnes & Powers North BID	19,497
Accrued Interest	103,365
Noncurrent Liabilities:	
Due Within One Year	265,000
Due in More Than One Year	23,024,415
Total Liabilities	23,443,213
DEFERRED INFLOWS OF RESOURCES	
Property Tax Revenue	918,352
Total Deferred Inflows of Resources	918,352
NET POSITION	
Net Investment in Capital Assets	(4,207,663)
Restricted for:	
Emergency Reserve	4,400
Debt Service	2,687,790
Unrestricted	(8,453,061)
Total Net Position	$ (9,968,534)

See accompanying Notes to Basic Financial Statements.

FIRST & MAIN BUSINESS IMPROVEMENT DISTRICT NO. 2
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2025

		Program Revenues			Net Revenues (Expenses) and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
FUNCTIONS/PROGRAMS					
Primary Government:					
Governmental Activities:					
General Government	$ 823,531	$ -	$ 42,111	$ 3,215,000	$ 2,433,580
Interest on Long-Term Debt and Related Costs	1,308,236	-	-	-	(1,308,236)
Total Governmental Activities	$ 2,131,767	$ -	$ 42,111	$ 3,215,000	1,125,344
GENERAL REVENUES					
Property Taxes					777,421
Specific Ownership Taxes					74,486
PIF Revenue					901,682
Interest Income					154,786
Other Revenue					5,690
Total General Revenues and Transfers					1,914,065
CHANGES IN NET POSITION					3,039,409
Net Position - Beginning of Year					(13,007,943)
NET POSITION - END OF YEAR					$ (9,968,534)

See accompanying Notes to Basic Financial Statements.

FIRST & MAIN BUSINESS IMPROVEMENT DISTRICT NO. 2
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2025

	General	Debt Service	Capital Projects	Total Governmental Funds
ASSETS				
Cash and Investments	$ 194,644	$ -	$ -	$ 194,644
Cash and Investments - Restricted	4,400	2,712,082	-	2,716,482
Receivable from County Treasurer	5,936	-	-	5,936
PIF Receivable	-	98,570	-	98,570
Due from Other Districts	7,030	-	-	7,030
Prepaid Insurance	6,774	-	-	6,774
Property Tax Receivable	18,006	900,346	-	918,352
Total Assets	$ 236,790	$ 3,710,998	$ -	$ 3,947,788
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts Payable	$ 30,936	$ -	$ -	$ 30,936
Due to Barnes & Powers North BID	-	19,497	-	19,497
Total Liabilities	30,936	19,497	-	50,433
DEFERRED INFLOWS OF RESOURCES				
Deferred Property Tax	18,006	900,346	-	918,352
Total Deferred Inflows of Resources	18,006	900,346	-	918,352
FUND BALANCES				
Nonspendable:				
Prepaid Expense	6,774	-	-	6,774
Restricted for:				
Emergency Reserves	4,400	-	-	4,400
Debt Service	-	2,791,155	-	2,791,155
Unassigned	176,674	-	-	176,674
Total Fund Balances	187,848	2,791,155	-	2,979,003
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 236,790	$ 3,710,998	$ -	

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.	10,445,243
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	(103,365)
Bonds Payable	(17,931,000)
Developer Advance Payable	(5,358,415)
Net Position of Governmental Activities	$ (9,968,534)

See accompanying Notes to Basic Financial Statements.

FIRST & MAIN BUSINESS IMPROVEMENT DISTRICT NO. 2
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2025

	General	Debt Service	Capital Projects	Total Governmental Funds
REVENUES				
Property Taxes	$ 15,237	$ 762,184	$ -	$ 777,421
Specific Ownership Taxes	74,486	-	-	74,486
Interest Income	8,103	146,683	-	154,786
Other Revenue	5,690	-	-	5,690
Intergovernmental Revenues	-	-	3,215,000	3,215,000
Intergovernmental Revenues - F&MN	18,845	-	-	18,845
Intergovernmental Revenues - F&M	23,266	-	-	23,266
PIF Revenue	-	901,682	-	901,682
Total Revenues	145,627	1,810,549	3,215,000	5,171,176
EXPENDITURES				
Current:				
Accounting	95,495	-	-	95,495
Auditing	16,315	-	-	16,315
Banking Fees	92	-	-	92
PIF Services	21,880	-	-	21,880
County Treasurer's Fee	229	11,438	-	11,667
District Management	18,181	-	-	18,181
Dues And Membership	926	-	-	926
Election	10,893	-	-	10,893
Insurance	7,727	-	-	7,727
Intergovernmental Expenditure - B&PN	-	44,578	-	44,578
Legal	27,374	-	-	27,374
Ground Lease	200	-	-	200
Website	3,774	-	-	3,774
Debt Service:				
Bond Interest - Series 2009	-	154,700	-	154,700
Bond Interest - Series 2011 PIF	-	115,175	-	115,175
Bond Interest - Series 2015 GO	-	100,238	-	100,238
Bond Interest - Series 2015 PIF	-	93,825	-	93,825
Bond Principal - Series 2009	-	70,000	-	70,000
Bond Principal - Series 2011 PIF	-	80,000	-	80,000
Bond Principal - Series 2015 GO	-	35,000	-	35,000
Bond Principal - Series 2015 PIF	-	55,000	-	55,000
Bond Interest - Series 2022 GO	-	256,165	-	256,165
Bond Interest - Series 2025 GO	-	56,404	-	56,404
Bond Interest - Series 2022 PIF	-	435,500	-	435,500
Capital Projects:				
Cost Of Issuance	-	-	77,726	77,726
Total Expenditures	203,086	1,508,023	77,726	1,788,835
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(57,459)	302,526	3,137,274	3,382,341
OTHER FINANCING SOURCES (USES)				
Bond Issuance Proceeds	-	-	1,480,000	1,480,000
Repay Developer Advance - Capital	-	-	(4,620,000)	(4,620,000)
Transfers From (To) Other Funds	(5,845)	-	5,845	-
Total Other Financing Uses	(5,845)	-	(3,134,155)	(3,140,000)
NET CHANGE IN FUND BALANCES	(63,304)	302,526	3,119	242,341
Fund Balances - Beginning of Year	251,152	2,488,629	(3,119)	2,736,662
FUND BALANCES - END OF YEAR	$ 187,848	$ 2,791,155	$ -	$ 2,979,003

See accompanying Notes to Basic Financial Statements.

FIRST & MAIN BUSINESS IMPROVEMENT DISTRICT NO. 2
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, 2025

Net Change in Fund Balances - Total Governmental Funds	$ 242,341
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.	
Depreciation Expense	(575,867)
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.	
Bond Issuance	(1,480,000)
Bond Principal	240,000
Repay Developer Advance	4,620,000
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	(7,065)
Changes in Net Position of Governmental Activities	$ 3,039,409

See accompanying Notes to Basic Financial Statements.

FIRST & MAIN BUSINESS IMPROVEMENT DISTRICT NO. 2
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2025

	Budget		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES				
Property Taxes	$ 15,229	$ 15,283	$ 15,237	$ (46)
Specific Ownership Taxes	77,711	77,711	74,486	(3,225)
Interest Income	13,500	8,676	8,103	(573)
Other Revenue	-	-	5,690	5,690
Intergovernmental Revenues - F&MN	18,309	17,916	18,845	929
Intergovernmental Revenues - F&M	24,564	23,668	23,266	(402)
Total Revenues	149,313	143,254	145,627	2,373
EXPENDITURES				
Accounting	61,898	80,000	95,495	(15,495)
Auditing	14,850	16,315	16,315	-
Banking Fees	-	-	92	(92)
PIF Services	26,250	27,482	21,880	5,602
County Treasurer's Fee	228	228	229	(1)
District Management	19,635	19,614	18,181	1,433
Dues And Membership	1,000	926	926	-
Election	4,000	4,000	10,893	(6,893)
Insurance	6,500	7,396	7,727	(331)
Legal	23,100	19,000	27,374	(8,374)
Ground Lease	200	200	200	-
Website	-	960	3,774	(2,814)
Contingency	6,340	38,879	-	38,879
Total Expenditures	164,001	215,000	203,086	11,914
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(14,688)	(71,746)	(57,459)	14,287
OTHER FINANCING SOURCES (USES)				
Transfers To Other Fund	-	(5,794)	(5,845)	(51)
Total Other Financing Uses	-	(5,794)	(5,845)	(51)
NET CHANGE IN FUND BALANCE	(14,688)	(77,540)	(63,304)	14,236
Fund Balance - Beginning of Year	262,485	251,152	251,152	-
FUND BALANCE - END OF YEAR	$ 247,797	$ 173,612	$ 187,848	$ 14,236

See accompanying Notes to Basic Financial Statements.

NOTE 1 DEFINITION OF REPORTING ENTITY

First & Main Business Improvement District No. 2 (the District), a quasi-municipal corporation, was organized by ordinance of the City of Colorado Springs (the City) on September 23, 2008, and is governed pursuant to provisions of the Colorado Business Improvement Act (Title 31). The District's service area is located entirely within the City in El Paso County, Colorado. The District was organized to provide the financing, acquisition, construction, completion, installation, replacement and/or operation and maintenance of all of the services and public improvements allowed under Colorado law for business improvement districts. Specific improvements and services provided by the District include parking facilities, roadways, lighting, driveways, public utilities, and landscaping.

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

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Government-Wide and Fund Financial Statements

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements (Continued)

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

The District reports the following major governmental funds:

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

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets

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

The District amended its annual budget for the year ended December 31, 2025.

Pooled Cash and Investments

The District follows the practice of pooling cash and investments of all funds to maximize investment earnings. Except when required by trust or other agreements, all cash is deposited to and disbursed from a single bank account. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility. Investment earnings are allocated periodically to the participating funds based upon each fund's average equity balance in the total cash and investments.

Property Taxes

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

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

Capital Assets

Capital assets, which include infrastructure (e.g., streets), are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than $5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

Capital assets which are anticipated to be conveyed to other governmental entities are recorded as construction in progress, and are not included in the calculation of net investment in capital assets.

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

Streets	30 Years
Water Fountain	20 Years
Landscape Improvements	30 Years

Deferred Inflows of Resources

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources,* represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category. Accordingly, the item, *deferred property tax revenue,* is deferred and recognized as an inflow of resources in the period that the amount becomes available.

Equity

Net Position

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

Fund Balance

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

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

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.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity (Continued)

Fund Balance (Continued)

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

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

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

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

Certain Risk Disclosures

In December 2023, the GASB issued Statement No. 102, *Certain Risk Disclosures (Statement 102)*. Statement 102 requires note disclosure when (a) a concentration or constraint is known prior to issuance of the financial statements, (b) it makes the reporting unit vulnerable to the risk of a substantial impact, and (c) an event associated with the concentration or constraint has occurred, has begun to occur, or is more likely than not to begin to occur within 12 months of issuance. Management performed the analysis required under Statement 102 and did not identify any concentrations or constraints that require disclosure.

NOTE 3 CASH AND INVESTMENTS

Cash and investments as of December 31, 2025 are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and Investments	$ 194,644
Cash and Investments - Restricted	2,716,482
Total Cash and Investments	$ 2,911,126

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Cash and investments as of December 31, 2025 consist of the following:

Deposits with Financial Institutions	$	25,185
Investments		2,885,941
Total Cash and Investments	$	2,911,126

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, 2025, the District’s cash deposits had a bank and carrying balance of $25,185.

Investments

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

The District generally limits its concentration of investments to those noted with an asterisk (*) below, which are believed to have minimal credit risk, minimal interest rate risk, and no foreign currency risk. Additionally, the District is not subject to concentration risk or investment custodial risk disclosure requirements for investments that are in the possession of another party.

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

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Investments (Continued)

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

- Obligations of the United States, certain U.S. government agency securities, and securities of the World Bank
- General obligation and revenue bonds of U.S. local government entities
- Certain certificates of participation
- Certain securities lending agreements
- Bankers' acceptances of certain banks
- Commercial paper
- Written repurchase agreements and certain reverse repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts

* Local government investment pools

As of December 31, 2025, the District had the following investments:

Investment	Maturity	Amount
Colorado Local Government Liquid Asset Trust (COLOTRUST)	Weighted-Average Under 60 Days	$ 2,885,941
		$ 2,885,941

COLOTRUST

The District invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST) (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust currently offers three portfolios – COLOTRUST PRIME, COLOTRUST PLUS+, and COLOTRUST EDGE.

COLOTRUST PRIME and COLOTRUST PLUS+, which operate similarly to a money market fund and each share is equal in value to $1.00, offer daily liquidity. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper, and any security allowed under CRS 24-75-601.

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

COLOTRUST (Continued)

A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. COLOTRUST PRIME and COLOTRUST PLUS+ are rated AAAm by Standard & Poor's. COLOTRUST EDGE is rated AAAf/S1 by FitchRatings. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST at net asset value as determined by fair value. There are no unfunded commitments, the redemption frequency is daily or weekly, and there is no redemption notice period.

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

NOTE 4 CAPITAL ASSETS

An analysis of the changes in capital assets for the year ended December 31, 2025 follows:

	Balance at December 31, 2024	Increases	Decreases	Balance at December 31, 2025
Capital Assets, Being Depreciated:				
Streets	$ 11,974,954	$ -	$ -	$ 11,974,954
Landscape Improvements	4,534,082	-	-	4,534,082
Water Fountains	511,317	-	-	511,317
Total Capital Assets, Being Depreciated	17,020,353	-	-	17,020,353
Less Accumulated Depreciation for:				
Accumulated Depreciation - Streets	(4,536,755)	(399,165)	-	(4,935,920)
Accumulated Depreciation - Landscape Improvements	(1,360,224)	(151,136)	-	(1,511,360)
Accumulated Depreciation - Water Fountains	(102,264)	(25,566)	-	(127,830)
Total Accumulated Depreciation	(5,999,243)	(575,867)	-	(6,575,110)
Total Capital Assets, Being Depreciated, Net	$ 11,021,110	$ (575,867)	$ -	$ 10,445,243

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

Governmental Activities:	
General Government	$ (575,867)
Total Depreciation Expense - Governmental Activities	$ (575,867)

NOTE 5 LONG-TERM OBLIGATIONS

The following is an analysis of changes in the District's long-term obligations for the year ended December 31, 2025:

	Balance at December 31, 2024	Additions	Reductions	Balance at December 31, 2025	Due Within One Year
Bonds Payable:					
Series 2009 G.O. Bonds	$ 1,820,000	$ -	$ 70,000	$ 1,750,000	$ 80,000
Series 2010 PIF Revenue Bonds	1,355,000	-	80,000	1,275,000	85,000
Series 2015 G.O. Bonds	1,485,000	-	35,000	1,450,000	40,000
Series 2015 PIF Revenue Bonds	1,390,000	-	55,000	1,335,000	60,000
Series 2022 G.O. Bonds	3,941,000	-	-	3,941,000	-
Series 2022 PIF Revenue Bonds	6,700,000	-	-	6,700,000	-
Series 2025 G.O. Bonds	-	1,480,000	-	1,480,000	-
Subtotal Bonds Payable	16,691,000	1,480,000	240,000	17,931,000	265,000
Notes/Loans/Bonds from Direct Borrowings and Direct Placements:					
Interest on Developer Advances	9,978,415	-	4,620,000	5,358,415	-
Subtotal Notes/Loans/Bonds from Direct Borrowings and Direct Placements	9,978,415	-	4,620,000	5,358,415	-
Total Long-Term Obligations	$ 26,669,415	$ 1,480,000	$ 4,860,000	$ 23,289,415	$ 265,000

$2,400,000 Limited Tax General Obligation Bonds, Series 2009

On January 28, 2009, and amended on December 2, 2009, the District issued $2,400,000 in Limited Tax General Obligation Bonds dated January 28, 2009, for street improvements. The bonds bear interest at a rate of 8.5% and are due December 1, 2038. Bond interest and principal payments are payable annually on December 1. Any accrued and unpaid interest will compound on December 1 of each year. The bonds are subject to redemption prior to maturity, at the option of the District, without redemption premium.

The bonds are secured by and payable from the Pledged Revenue consisting of monies derived by the District from the following sources, net of any collection costs: (1) the Required Mill Levy, and (2) any other legally available monies which the District determines to be treated as Pledged Revenue. Required Mill Levy means an ad valorem mill levy imposed upon all taxable property of the District each year in an amount sufficient to pay the principal, premium if any, and interest on the bonds as the same become due and payable. The maximum Required Mill Levy is 50.000 mills, adjusted for changes in the ratio of actual value to assessed value of property within the District. As of December 31, 2025, the adjusted maximum mill levy is 52.480 for debt service. For collection year 2026, the District levied 53.703 mills for debt service.

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

$2,000,000 Public Improvement Fee Revenue Bonds, Series 2010

On September 20, 2010, and amended on February 22, 2017, the District issued $2,000,000 in Public Improvement Fee Revenue Bonds dated January 12, 2011, for street improvements. The bonds bear an interest rate of 8.5% and are due December 1, 2035. Bond interest and principal payments are payable annually on December 1. Any accrued and unpaid interest will compound on December 1 of each year. The bonds are subject to redemption prior to maturity on or after December 1, 2011, without redemption premium. The bonds will be repaid by pledged revenues consisting of (1) public improvement fee revenues payable to the District pursuant to the Public Improvement Fee Covenant, and (2) any other legally available monies which the District determines to be treated as pledged revenue.

$1,750,000 Limited Tax General Obligation Bonds, Series 2015

On April 22, 2015, the District issued $1,750,000 in Limited Tax General Obligation Bonds (Series 2015 GO Bonds). The Series 2015 GO Bonds are due December 1, 2044, and bear an interest rate of 6.75% paid annually on December 1, in addition to mandatory sinking fund redemptions. The Series 2015 GO Bonds are subject to redemption prior to maturity on or after December 1, 2024. The proceeds from the Series 2015 GO Bonds were used to reimburse the Developer for capital infrastructure costs and to pay bond issuance costs.

The Series 2015 GO Bonds are secured by and payable from the Pledged Revenue consisting of monies derived by the District from the following sources, net of any collection costs: (1) the Required Mill Levy, and (2) any other legally available monies which the District determines to be treated as Pledged Revenue. Required Mill Levy means an ad valorem mill levy imposed upon all taxable property of the District each year in an amount sufficient to pay the principal, premium if any, and interest on the bonds as the same become due and payable. The maximum Required Mill Levy is 50.000 mills, adjusted for changes in the ratio of actual value to assessed value of property within the District. As of December 31, 2025, the adjusted maximum mill levy is 52.480 for debt service. For collection year 2026, the District levied 53.703 mills for debt service.

$1,725,000 Public Improvement Fee Revenue Bonds, Series 2015

On April 22, 2015, and amended on February 22, 2017, the District issued $1,725,000 in Public Improvement Fee Revenue Bonds (Series 2015 PIF Bonds). The Series 2015 PIF Bonds are due December 1, 2039, and bear an interest rate of 6.75% paid annually on December 1. The Series 2015 PIF Bonds will be repaid by pledged revenues consisting of (1) public improvement fee revenues and payable to the District pursuant to the Public Improvement Fee Covenant, and (2) any other legally available monies which the District determines to be treated as pledged revenue. The proceeds from the Series 2015 PIF Bonds were used to reimburse the Developer for capital infrastructure costs and to pay bond issuance costs. The Series 2015 PIF Bonds are subject to redemption prior to maturity on or after December 1, 2024.

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

$3,941,000 Limited Tax General Obligation Bonds, Series 2022

On November 17, 2022, the District issued $3,941,000 in Limited Tax General Obligation Bonds (Series 2022 GO Bonds). The Series 2022 GO Bonds are due December 1, 2051, and bear an interest rate of 6.50% paid annually on December 1, in addition to mandatory sinking fund redemptions. The Series 2022 GO Bonds are subject to redemption prior to maturity on or after November 17, 2027. The proceeds from the Series 2022 GO Bonds were used to reimburse the Developer for capital infrastructure costs and to pay bond issuance costs.

The Series 2022 GO Bonds are secured by and payable from the Pledged Revenue consisting of monies derived by the District from the following sources, net of any collection costs: (1) the Required Mill Levy, and (2) any other legally available monies which the District determines to be treated as Pledged Revenue. Required Mill Levy means an ad valorem mill levy imposed upon all taxable property of the District each year in an amount sufficient to pay the principal, premium if any, and interest on the bonds as the same become due and payable. The maximum Required Mill Levy is 50.000 mills, adjusted for changes in the ratio of actual value to assessed value of property within the District. As of December 31, 2025, the adjusted maximum mill levy is 52.480 for debt service. For collection year 2026, the District levied 53.703 mills for debt service.

$6,700,000 Public Improvement Fee Revenue Bonds, Series 2022

On November 17, 2022, the District issued $6,700,000 in Public Improvement Fee Revenue Bonds (Series 2022 PIF Bonds). The Series 2022 PIF Bonds are due December 1, 2051, and bear an interest rate of 6.50% paid annually on December 1. The Series 2022 PIF Bonds are subject to redemption prior to maturity on or after November 17, 2027. The Series 2022 PIF Bonds will be repaid by pledged revenues consisting of public improvement fee revenues and payable to the District pursuant to the Public Improvement Fee Covenant. The proceeds from the Series 2022 PIF Bonds were used to reimburse the Developer for capital infrastructure costs and to pay bond issuance costs.

$1,480,000 Limited Tax General Obligation Bonds, Series 2025

On May 15, 2025, the District issued $1,480,000 in Limited Tax General Obligation Bonds (Series 2025 GO Bonds). The Series 2025 GO Bonds are due December 1, 2055, and bear an interest rate of 7.00% paid semiannually on June 1 and December 1, in addition to mandatory sinking fund redemptions. The Series 2025 GO Bonds are subject to redemption prior to maturity on or after December 1, 2035. The proceeds from the Series 2025 GO Bonds were used to reimburse the Developer for capital infrastructure costs and to pay bond issuance costs.

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

$1,480,000 Limited Tax General Obligation Bonds, Series 2025 (Continued)

The Series 2025 GO Bonds are secured by and payable from the Pledged Revenue consisting of monies derived by the District from the following sources, net of any collection costs: (1) the Required Mill Levy, and (2) any other legally available monies which the District determines to be treated as Pledged Revenue. Required Mill Levy means an ad valorem mill levy imposed upon all taxable property of the District each year in an amount sufficient to pay the principal, premium if any, and interest on the bonds as the same become due and payable. The maximum Required Mill Levy is 50.000 mills, adjusted for changes in the ratio of actual value to assessed value of property within the District. As of December 31, 2025, the adjusted maximum mill levy is 52.480 for debt service. For collection year 2026, the District levied 53.703 mills for debt service.

Events of Default for the Bonds

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

i. The District fails or refuses to impose the required mill levy or to apply the pledged revenue as provided in the bond resolution;

ii. the District defaults in the performance of any other of its material covenants in this Bond Resolution, and such default continues for sixty (60) days after written notice specifying such default and requiring the same to be remedied is given to the District by the Owners;

iii. The District files a petition under the federal bankruptcy laws or other applicable bankruptcy laws seeking to adjust the obligation represented by the bonds.

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

Remedies on Occurrence of Event of Default for the Revenue Bonds

Upon the occurrence and continuance of an Event of Default:

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

No Acceleration

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

As of December 31, 2025, the District was not in default.

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

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

Year Ending December 31,	Principal	Interest	Total
2026	$ 265,000	$ 1,240,378	$ 1,505,378
2027	290,000	1,219,603	1,509,603
2028	305,000	1,196,878	1,501,878
2029	335,000	1,172,965	1,507,965
2030	355,000	1,146,678	1,501,678
2031-2035	2,265,000	5,262,615	7,527,615
2036-2040	2,540,000	4,342,914	6,882,914
2041-2045	3,536,000	3,381,103	6,917,103
2046-2050	5,250,000	2,020,150	7,270,150
2051-2055	2,790,000	456,500	3,246,500
Total	$ 17,931,000	$ 21,439,784	$ 39,370,784

Authorized Debt

On November 4, 2008, a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed $55,000,000 at an interest rate not to exceed 18% per annum. At December 31, 2025, the District has authorized but unissued indebtedness in the amount of $35,004,000.

As set forth in the District's 2009 Operating Plan, the City has limited the amount of debt to be issued by the District to a total of $20,000,000 without further approval by the City. At December 31, 2025, the District had $4,000 in debt authorization remaining under its Operating Plan.

Developer Advances

Effective February 22, 2017, the District entered into a Facilities Funding and Reimbursement Agreement (the Agreement) with the Developer (see Note 7). The District agrees to repay the Developer, along with accrued interest, at a rate of 8% on the first day of the following year in which the advances were made. The Agreement does not constitute a multiple-fiscal year obligation. During 2009, the District's engineer certified $19,631,082 of public improvements constructed by the Developer on behalf of the District. A portion of these improvements were recorded by the District as bonds were issued. During 2017, the remainder of the public improvements were recognized and recorded by the District, along with accrued interest since 2010.

As of December 31, 2025, outstanding Developer advances totaled an accumulated accrued interest amount of $5,358,415.

NOTE 6 NET POSITION

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

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balance of bonds that are attributable to the acquisition, construction, or improvement of those assets. As of December 31, 2025, the District had net investment in capital assets calculated as follows:

	Governmental Activities
Net Investment in Capital Assets:	
Capital Assets, Net	$ 10,445,243
Current Portion of Long-Term Obligations	(236,036)
Noncurrent Portion of Long-Term Obligations	(14,416,870)
Net Investment in Capital Assets	$ (4,207,663)

Restricted net position consists of assets that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The District had a restricted net position as of December 31, 2025, as follows:

	Governmental Activities
Restricted Net Position:	
Emergencies	$ 4,400
Debt Service Reserve	2,687,790
Total Restricted Net Position	$ 2,692,190

The District has a deficit in unrestricted net position. This deficit amount is a result of the District being responsible for the repayment of developer advances (and accrued interest on those advances) and bonds issued for public improvements, some of which have been transferred to other governmental entities for ownership and maintenance.

NOTE 7 RELATED PARTIES

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

NOTE 8 AGREEMENTS AND COMMITMENTS

Ground Lease

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

Agreement for Operational Cost Sharing - First & Main BID

During 2014, the District entered into an intergovernmental agreement for operational cost sharing (IGA) with the First & Main Business Improvement District (FMBID). The IGA is effective as of January 1, 2014, and was ratified by the District in 2016. Under the IGA, all operation and maintenance costs of FMBID are to be paid by the District. FMBID shall transfer the total amount of its operations mill levy receipts to the District.

Agreement for Operational Cost Sharing - First & Main North BID

On September 15, 2023, the District entered into an Intergovernmental Agreement for Operational Cost Sharing (IGA) with First & Main North Business Improvement District (FMN). The IGA was effective as of January 1, 2024. Under the IGA, all operation and maintenance costs of FMN are to be paid by the District. FMN shall transfer the total amount of its operations mill levy receipts to the District.

Agreement for Public Improvement Fee Revenue – Barnes & Powers North

On September 9, 2024, the District entered into an Intergovernmental Agreement with Barnes & Powers North Business Improvement District related to the PIF collections related to the Barnes & Powers North Business Improvement District PIF properties, whereas the District has agreed to be responsible for collecting PIF revenues under the PIF Covenant on behalf of Barnes & Powers North Business Improvement District.

The districts have mutually agreed that the District will account for all revenue received and will remit the Barnes & Powers North Business Improvement District PIF, less costs for administration of the PIF Covenant and collection. As of December 31, 2025, the amount owed to Barnes & Powers North Business Improvement District is $19,497.

Public Improvement Fee

On January 24, 2007 (and amended on August 5, 2025), the Declaration of Covenants Imposing and Implementing the First and Main Public Improvements Fee (PIF) was made by First and Main, L.L.C. The PIF is imposed on each sale or exchange of goods or services for money that occurs from or within the First and Main PIF Property, upon which a sales tax would be payable to the State pursuant to the provisions of the State Sales Tax Statutes. The PIF is to be in an amount not to exceed 0.75% of the revenue generated by the sale. The District is the PIF Collection Agent. During 2025, the District recorded $901,682 in PIF revenue.

NOTE 8 AGREEMENTS AND COMMITMENTS (CONTINUED)

Agreement for Cost Sharing Pertaining to Public Improvements

On April 10, 2025, the District entered into an intergovernmental agreement for cost sharing pertaining to public improvements (IGA) with First & Main Business Improvement District (F&MBID). Under the IGA, the District agrees to transfer the amount of $350,000 to F&MBID to repay its Series 2025 Bonds, and to annually contribute funds to the F&MBID to help the F&MBID pay the debt service on its Series 2025 Bonds to the extent that the District has additional revenue to contribute and to the extent that the F&MBID needs to make bond payments on its Series 2025 Bonds.

NOTE 9 RISK MANAGEMENT

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

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

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

NOTE 10 TAX, SPENDING, AND DEBT LIMITATIONS

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

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

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

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

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

On November 4, 2008, the District's voters authorized the District to increase property taxes $150,000 annually at a mill levy rate not to exceed one mill for general operations and maintenance. The election also allows the District to collect, spend and retain all revenues without regard to the limitations contained within Article X, Section 20 of the Colorado constitution.

Section 29-1-1702, C.R.S., contains limitations on revenues generated from property tax revenues that apply to certain local governments within the state of Colorado.

On November 4, 2025 the qualified electors of the District approved an election question to waive the 5.25% property tax limit established under Section 29-1-1702, C.R.S. for 2026 and all future budget years.

SUPPLEMENTARY INFORMATION

FIRST & MAIN BUSINESS IMPROVEMENT DISTRICT NO. 2
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2025

	Budget Original	Budget Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Property Taxes	$ 761,876	$ 761,876	$ 762,184	$ 308
Interest Income	136,000	136,000	146,683	10,683
PIF Revenue	775,500	775,500	901,682	126,182
Total Revenues	1,673,376	1,673,376	1,810,549	137,173
EXPENDITURES				
County Treasurer's Fee	11,428	11,428	11,438	(10)
Intergovernmental Expenditure - B&PN	50,000	50,000	44,578	5,422
Intergovernmental Expenditure - F&M	150,000	150,000	-	150,000
Bond Interest - Series 2009	154,700	154,700	154,700	-
Bond Interest - Series 2011 PIF	115,175	115,175	115,175	-
Bond Interest - Series 2015 GO	100,238	100,238	100,238	-
Bond Interest - Series 2015 PIF	93,825	93,825	93,825	-
Bond Principal - Series 2009	70,000	70,000	70,000	-
Bond Principal - Series 2011 PIF	80,000	80,000	80,000	-
Bond Principal - Series 2015 GO	35,000	35,000	35,000	-
Bond Principal - Series 2015 PIF	55,000	55,000	55,000	-
Bond Interest - Series 2022 GO	256,165	256,165	256,165	-
Bond Interest - Series 2025 GO	-	32,519	56,404	(23,885)
Bond Interest - Series 2022 PIF	435,500	435,500	435,500	-
Contingency	-	25,000	-	25,000
Total Expenditures	1,607,031	1,664,550	1,508,023	156,527
NET CHANGE IN FUND BALANCE	66,345	8,826	302,526	293,700
Fund Balance - Beginning of Year	2,585,583	2,585,583	2,488,629	(96,954)
FUND BALANCE - END OF YEAR	$ 2,651,928	$ 2,594,409	$ 2,791,155	$ 196,746

FIRST & MAIN BUSINESS IMPROVEMENT DISTRICT NO. 2
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2025

	Budget		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES				
Intergovernmental Revenues	$ 3,244,184	$ 3,244,184	$ 3,215,000	$ (29,184)
Total Revenues	3,244,184	3,244,184	3,215,000	(29,184)
EXPENDITURES				
Cost Of Issuance	-	65,000	77,726	(12,726)
Total Expenditures	-	65,000	77,726	(12,726)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	3,244,184	3,179,184	3,137,274	(41,910)
OTHER FINANCING SOURCES (USES)				
Bond Issuance Proceeds	-	1,480,000	1,480,000	-
Repay Developer Advance - Capital	(3,244,184)	(4,659,184)	(4,620,000)	39,184
Transfers From Other Funds	-	-	5,845	5,845
Total Other Financing Sources (Uses)	(3,244,184)	(3,179,184)	(3,134,155)	45,029
NET CHANGE IN FUND BALANCE	-	-	3,119	3,119
Fund Balance - Beginning of Year	-	-	(3,119)	(3,119)
FUND BALANCE - END OF YEAR	$ -	$ -	$ -	$ -

OTHER INFORMATION

FIRST & MAIN BUSINESS IMPROVEMENT DISTRICT NO. 2
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
DECEMBER 31, 2025

Bonds and Interest Maturing in the Year Ending December 31,	$2,400,000 General Obligation Bonds Series 2009 Dated January 28, 2009 Interest Rate of 8.5% Interest and Principal Payable December 1		$2,000,000 Public Improvement Fee Revenue Bonds Series 2010 Dated January 12, 2011 Interest Rate of 8.5% Interest and Principal Payable December 1	
	Principal	Interest	Principal	Interest
2026	$ 80,000	$ 148,750	$ 85,000	$ 108,375
2027	85,000	141,950	95,000	101,150
2028	90,000	134,725	100,000	93,075
2029	100,000	127,075	110,000	84,575
2030	110,000	118,575	120,000	75,225
2031	120,000	109,225	130,000	65,025
2032	130,000	99,025	140,000	53,975
2033	140,000	87,975	150,000	42,075
2034	150,000	76,075	165,000	29,325
2035	165,000	63,325	180,000	15,300
2036	180,000	49,300	-	-
2037	190,000	34,000	-	-
2038	210,000	17,850	-	-
2039	-	-	-	-
2040	-	-	-	-
2041	-	-	-	-
2042	-	-	-	-
2043	-	-	-	-
2044	-	-	-	-
2045	-	-	-	-
2046	-	-	-	-
2047	-	-	-	-
2048	-	-	-	-
2049	-	-	-	-
2050	-	-	-	-
2051	-	-	-	-
2052	-	-	-	-
2053	-	-	-	-
2054	-	-	-	-
2055	-	-	-	-
Total	$ 1,750,000	$ 1,207,850	$ 1,275,000	$ 668,100

FIRST & MAIN BUSINESS IMPROVEMENT DISTRICT NO. 2
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY (CONTINUED)
DECEMBER 31, 2025

Bonds and Interest Maturing in the Year Ending December 31,	$1,750,000 Limited Tax General Obligation Bonds Series 2015 Dated April 22, 2015 Interest Rate of 6.75% Interest and Principal Payable December 1		$1,725,000 Public Improvement Fee Revenue Bonds Series 2015 Dated April 22, 2015 Interest Rate of 6.75% Interest and Principal Payable December 1	
	Principal	Interest	Principal	Interest
2026	$ 40,000	$ 97,875	$ 60,000	$ 90,113
2027	45,000	95,175	65,000	86,063
2028	45,000	92,138	70,000	81,675
2029	50,000	89,100	75,000	76,950
2030	50,000	85,725	75,000	71,888
2031	55,000	82,350	85,000	66,825
2032	60,000	78,638	90,000	61,088
2033	65,000	74,588	95,000	55,013
2034	65,000	70,200	100,000	48,600
2035	70,000	65,813	110,000	41,850
2036	75,000	61,088	115,000	34,425
2037	80,000	56,025	125,000	26,663
2038	85,000	50,625	130,000	18,225
2039	95,000	44,888	140,000	9,450
2040	100,000	38,475	-	-
2041	105,000	31,725	-	-
2042	115,000	24,638	-	-
2043	120,000	16,875	-	-
2044	130,000	8,775	-	-
2045	-	-	-	-
2046	-	-	-	-
2047	-	-	-	-
2048	-	-	-	-
2049	-	-	-	-
2050	-	-	-	-
2051	-	-	-	-
2052	-	-	-	-
2053	-	-	-	-
2054	-	-	-	-
2055	-	-	-	-
Total	$ 1,450,000	$ 1,164,716	$ 1,335,000	$ 768,828

FIRST & MAIN BUSINESS IMPROVEMENT DISTRICT NO. 2
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY (CONTINUED)
DECEMBER 31, 2025

Bonds and Interest Maturing in the Year Ending December 31,	$3,941,000 Limited Tax General Obligation Bonds Series 2022 Dated November 17, 2022 Interest Rate of 6.50% Interest and Principal Payable December 1		$6,700,000 Public Improvement Fee Revenue Bonds Series 2022 Dated November 17, 2022 Interest Rate of 6.50% Interest and Principal Payable December 1	
	Principal	Interest	Principal	Interest
2026	$ -	$ 256,165	$ -	$ 435,500
2027	-	256,165	-	435,500
2028	-	256,165	-	435,500
2029	-	256,165	-	435,500
2030	-	256,165	-	435,500
2031	-	256,165	-	435,500
2032	-	256,165	-	435,500
2033	-	256,165	-	435,500
2034	-	256,165	-	435,500
2035	-	256,165	-	435,500
2036	-	256,165	85,000	435,500
2037	-	256,165	100,000	429,975
2038	-	256,165	120,000	423,475
2039	125,000	256,165	140,000	415,675
2040	140,000	248,040	305,000	406,575
2041	151,000	238,940	335,000	386,750
2042	163,000	229,125	370,000	364,975
2043	177,000	218,530	405,000	340,925
2044	192,000	207,025	445,000	314,600
2045	343,000	194,545	485,000	285,675
2046	370,000	172,250	525,000	254,150
2047	394,000	148,200	570,000	220,025
2048	425,000	122,590	620,000	182,975
2049	453,000	94,965	675,000	142,675
2050	488,000	65,520	730,000	98,800
2051	520,000	33,800	790,000	51,350
2052	-	-	-	-
2053	-	-	-	-
2054	-	-	-	-
2055	-	-	-	-
Total	$ 3,941,000	$ 5,559,840	$ 6,700,000	$ 9,109,100

FIRST & MAIN BUSINESS IMPROVEMENT DISTRICT NO. 2
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY (CONTINUED)
DECEMBER 31, 2025

Bonds and Interest Maturing in the Year Ending December 31,	$1,480,000 Limited Tax General Obligation Bonds Series 2025 Dated May 15, 2025 Interest Rate of 7.00% Interest Payable June 1 Interest and Principal Payable December 1		Total		
	Principal	Interest	Principal	Interest	Total
2026	$ -	$ 103,600	$ 265,000	$ 1,240,378	$ 1,505,378
2027	-	103,600	290,000	1,219,603	1,509,603
2028	-	103,600	305,000	1,196,878	1,501,878
2029	-	103,600	335,000	1,172,965	1,507,965
2030	-	103,600	355,000	1,146,678	1,501,678
2031	-	103,600	390,000	1,118,690	1,508,690
2032	-	103,600	420,000	1,087,991	1,507,991
2033	-	103,600	450,000	1,054,916	1,504,916
2034	-	103,600	480,000	1,019,465	1,499,465
2035	-	103,600	525,000	981,553	1,506,553
2036	-	103,600	455,000	940,078	1,395,078
2037	-	103,600	495,000	906,428	1,401,428
2038	-	103,600	545,000	869,940	1,414,940
2039	-	103,600	500,000	829,778	1,329,778
2040	-	103,600	545,000	796,690	1,341,690
2041	-	103,600	591,000	761,015	1,352,015
2042	-	103,600	648,000	722,338	1,370,338
2043	-	103,600	702,000	679,930	1,381,930
2044	-	103,600	767,000	634,000	1,401,000
2045	-	103,600	828,000	583,820	1,411,820
2046	-	103,600	895,000	530,000	1,425,000
2047	-	103,600	964,000	471,825	1,435,825
2048	-	103,600	1,045,000	409,165	1,454,165
2049	-	103,600	1,128,000	341,240	1,469,240
2050	-	103,600	1,218,000	267,920	1,485,920
2051	-	103,600	1,310,000	188,750	1,498,750
2052	335,000	103,600	335,000	103,600	438,600
2053	355,000	80,150	355,000	80,150	435,150
2054	380,000	55,300	380,000	55,300	435,300
2055	410,000	28,700	410,000	28,700	438,700
Total	$ 1,480,000	$ 2,961,350	$ 17,931,000	$ 21,439,784	$ 39,370,784

FIRST & MAIN BUSINESS IMPROVEMENT DISTRICT NO. 2
SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED
DECEMBER 31, 2025

Year Ended December 31,	Assessed Valuation	Percent Change	Mills Levied	Total Property Taxes Levied	Total Property Taxes Collected	Percent Collected to Levied
2021	$ 10,587,200	0.0%	51.000	$ 539,947	$ 487,528	90.29 %
2022	12,788,220	20.8%	51.000	652,199	643,159	98.61 %
2023	13,229,900	3.5%	51.000	674,725	679,295	100.68 %
2024	14,479,000	9.4%	53.531	775,075	771,685	99.56 %
2025	14,517,450	0.3%	53.529	777,105	777,421	100.04 %
Estimated for Year Ending December 31, 2026	$ 16,765,290	15.5%	54.777	$ 918,352		

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.