FIRST & MAIN BUSINESS IMPROVEMENT DISTRICT
El Paso County, Colorado

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEAR ENDED DECEMBER 31, 2025

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
First & Main Business Improvement District
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 ("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 20, 2026

BASIC FINANCIAL STATEMENTS

FIRST & MAIN BUSINESS IMPROVEMENT DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2025

	Governmental Activities
ASSETS	
Cash and Investments	$ 1,534
Cash and Investments - Restricted	203,398
Receivable from County Treasurer	1,543
Property Tax Receivable	243,840
Capital Assets:	
Capital Assets Net of Depreciation	707,514
Total Assets	1,157,829
LIABILITIES	
Due to Other Districts	3,077
Accrued Interest	27,338
Noncurrent Liabilities:	
Due Within One Year	50,000
Due in More Than One Year	4,390,000
Total Liabilities	4,470,415
DEFERRED INFLOWS OF RESOURCES	
Property Tax Revenue	243,840
Total Deferred Inflows of Resources	243,840
NET POSITION	
Net Investment in Capital Assets	(442,486)
Restricted for:	
Debt Service	176,060
Unrestricted	(3,290,000)
Total Net Position	$ (3,556,426)

See accompanying Notes to Basic Financial Statements.

FIRST & MAIN BUSINESS IMPROVEMENT DISTRICT
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	$ 3,292,487	$ -	$ -	$ -	$ (3,292,487)
Interest on Long-Term Debt and Related Costs	326,414	-	-	-	(326,414)
Total Governmental Activities	$ 3,618,901	$ -	$ -	$ -	(3,618,901)
	GENERAL REVENUES				
	Property Taxes				178,266
	Specific Ownership Taxes				19,365
	Interest Income				18,642
	Other Revenue				316
	Total General Revenues and Transfers				216,589
	CHANGES IN NET POSITION				(3,402,312)
	Net Position - Beginning of Year				(154,114)
	NET POSITION - END OF YEAR				$ (3,556,426)

See accompanying Notes to Basic Financial Statements.

FIRST & MAIN BUSINESS IMPROVEMENT DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2025

	General	Debt Service	Capital Projects	Total Governmental Funds
ASSETS				
Cash and Investments	$ 1,534	$ -	$ -	$ 1,534
Cash and Investments - Restricted	-	203,398	-	203,398
Receivable from County Treasurer	1,543	-	-	1,543
Property Tax Receivable	4,781	239,059	-	243,840
Total Assets	$ 7,858	$ 442,457	$ -	$ 450,315
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Due to Other Districts	$ 3,077	$ -	$ -	$ 3,077
Total Liabilities	3,077	-	-	3,077
DEFERRED INFLOWS OF RESOURCES				
Deferred Property Tax	4,781	239,059	-	243,840
Total Deferred Inflows of Resources	4,781	239,059	-	243,840
FUND BALANCES				
Restricted for:				
Debt Service	-	203,398	-	203,398
Total Fund Balances	-	203,398	-	203,398
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 7,858	$ 442,457	$ -	
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.				707,514
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				(27,338)
Bonds Payable				(4,440,000)
Net Position of Governmental Activities				$ (3,556,426)

See accompanying Notes to Basic Financial Statements.

FIRST & MAIN BUSINESS IMPROVEMENT DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2025

	General	Debt Service	Capital Projects	Total Governmental Funds
REVENUES				
Property Taxes	$ 3,494	$ 174,772	$ -	$ 178,266
Specific Ownership Taxes	19,365	-	-	19,365
Interest Income	195	18,447	-	18,642
Other Revenue	316	-	-	316
Total Revenues	23,370	193,219	-	216,589
EXPENDITURES				
Current:				
County Treasurer's Fee	59	2,971	-	3,030
Intergovernmental Expenditures	23,266	-	3,215,000	3,238,266
Interest - Property Tax Abatements	45	2,219	-	2,264
Debt Service:				
Bond Interest	-	227,386	-	227,386
Bond Principal	-	50,000	-	50,000
Bond Issue Costs	-	-	75,000	75,000
Total Expenditures	23,370	282,576	3,290,000	3,595,946
EXCESS OF REVENUES UNDER EXPENDITURES	-	(89,357)	(3,290,000)	(3,379,357)
OTHER FINANCING SOURCES (USES)				
Bond Issuance Proceeds	-	-	3,290,000	3,290,000
Total Other Financing Sources	-	-	3,290,000	3,290,000
NET CHANGE IN FUND BALANCES	-	(89,357)	-	(89,357)
Fund Balances - Beginning of Year	-	292,755	-	292,755
FUND BALANCES - END OF YEAR	$ -	$ 203,398	$ -	$ 203,398

See accompanying Notes to Basic Financial Statements.

FIRST & MAIN BUSINESS IMPROVEMENT DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2025

Net Change in Fund Balances - Total Governmental Funds	$	(89,357)
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		(54,117)
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.		
Loan Issuance		(3,290,000)
Bond Principal Payment		50,000
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		(18,838)
Changes in Net Position of Governmental Activities	$	(3,402,312)

See accompanying Notes to Basic Financial Statements.

FIRST & MAIN BUSINESS IMPROVEMENT DISTRICT
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2025

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property Taxes	$ 3,960	$ 3,494	$ (466)
Specific Ownership Taxes	20,203	19,365	(838)
Interest Income	-	195	195
Other Revenue	1,200	316	(884)
Total Revenues	25,363	23,370	(1,993)
EXPENDITURES			
County Treasurer's Fee	59	59	-
Intergovernmental Expenditures	24,564	23,266	1,298
Interest - Property Tax Abatements	-	45	(45)
Contingency	740	-	740
Total Expenditures	25,363	23,370	1,993
NET CHANGE IN FUND BALANCE	-	-	-
Fund Balance - Beginning of Year	-	-	-
FUND BALANCE - END OF YEAR	$ -	$ -	$ -

See accompanying Notes to Basic Financial Statements.

NOTE 1 DEFINITION OF REPORTING ENTITY

First & Main Business Improvement District (the District), a quasi-municipal corporation, was organized by ordinance of the City of Colorado Springs (the City) on March 11, 2003, and is governed pursuant to provisions of the Colorado Business Improvement Act (Title 31). The District's service area is located entirely within the City in El Paso County, Colorado. The District was organized to provide the financing, acquisition, construction, completion, installation, replacement and/or operation and maintenance of all of the services, and public improvements allowed under Colorado law for business improvement districts. Specific improvements and services provided by the District include parking facilities, roadways, lighting, driveways, public utilities, and landscaping.

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

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Government-Wide and Fund Financial Statements

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

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

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. 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.

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.

Pooled Cash and Investments

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

Property Taxes

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

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

Capital Assets

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

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

Streets	30 Years

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	$	1,534
Cash and Investments - Restricted		203,398
Total Cash and Investments	$	204,932

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

Investments	$	204,932
Total Cash and Investments	$	204,932

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

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 had no deposits with financial institutions.

Investments

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

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

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

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

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

* Local government investment pools

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Investments (Continued)

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

Investment	Maturity
Colorado Local Government Liquid Asset Trust (COLOTRUST)	Weighted-Average Under 60 Days

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.

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.

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.

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	$ 1,623,500	$ -	$ -	$ 1,623,500
Less Accumulated Depreciation for:				
Streets	(861,869)	(54,117)	-	(915,986)
Total Capital Assets, Being Depreciated, Net	$ 761,631	$ (54,117)	$ -	$ 707,514

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

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

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	$ 1,200,000	$ -	$ 50,000	$ 1,150,000	$ 50,000
Series 2025 G. O. Bonds	-	3,290,000	-	3,290,000	-
Total Bonds Payable	$ 1,200,000	$ 3,290,000	$ 50,000	$ 4,440,000	$ 50,000

<u>$1,650,000 Limited Tax General Obligation Bonds, Series 2009</u>

On January 28, 2009, as amended on December 2, 2009, the District issued $1,650,000 in Limited Tax General Obligation Bonds dated January 28, 2009, for street improvements. The bonds bear interest at a rate of 8.5% due December 1, 2038. Bond interest and principal payments are payable annually on December 1.

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

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

$1,650,000 Limited Tax General Obligation Bonds, Series 2009 (Continued)

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 50.000 for debt service. For collection year 2026, the District levied 53.703 mills for debt service.

$3,290,000 Limited Tax General Obligation Bonds, Series 2025

On May 15, 2025, the District issued $3,290,000 in Limited Tax General Obligation Bonds for street improvements. The bonds bear interest at a rate of 7.0% due December 1, 2055. 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 50.000 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.

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Events of Default for the Bonds (Continued)

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

Remedies on Occurrence of Event of Default for the Revenue Bonds

Upon the occurrence and continuance of an Event of Default:

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

No Acceleration

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

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

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

Year Ending December 31,	Principal	Interest	Total
2026	$ 50,000	$ 328,050	$ 378,050
2027	55,000	323,800	378,800
2028	60,000	319,125	379,125
2029	65,000	314,025	379,025
2030	70,000	308,500	378,500
2031-2035	465,000	1,440,075	1,905,075
2036-2040	605,000	1,211,300	1,816,300
2041-2045	700,000	983,500	1,683,500
2046-2050	985,000	701,050	1,686,050
2051-2055	1,385,000	303,800	1,688,800
Total	$ 4,440,000	$ 6,233,225	$ 10,673,225

Authorized Debt

On November 2, 2004, electors authorized the issuance of indebtedness with a total authorized amount of $22,000,000. On November 1, 2005, a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed $2,500,000 at an interest rate not to exceed 12% per annum. On November 7, 2006, the District's electors authorized additional indebtedness of $44,250,000 at an interest rate not to exceed 12% per annum. As of December 31, 2025, the District has authorized but unissued indebtedness in the amount of $63,754,184.

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Authorized Debt (Continued)

As set forth in the District's 2005 Operating Plan, the City has limited the amount of debt to be issued by the District to a total of $22,000,000 without future approval by the City. The District's 2010 Operating Plan amended the total amount of debt authorized by the City to $5,000,000. As of December 31, 2025, the District has $4,184 remaining in debt authorization under its Operating Plan.

NOTE 6 NET POSITION

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

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	$ 707,514
Current Portion of Long-Term Obligations	(50,000)
Noncurrent Portion of Long-Term Obligations	(1,100,000)
Net Investment in Capital Assets	$ (442,486)

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:	
Debt Service Reserve	$ 176,060
Total Restricted Net Position	$ 176,060

The District has a deficit in unrestricted net position.

NOTE 7 RELATED PARTIES

The Developer of the property which constitutes the District is Nor'wood Development Group and First & Main, LLC. 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 & 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

On January 28, 2009, the District entered into an Intergovernmental Agreement for cost sharing of certain public improvements with First & Main Business Improvement District No. 2 (BID No. 2). The Districts agreed to share in the costs of acquiring certain off-street parking improvements.

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

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 BID No. 2. Under the IGA, BID No. 2 agrees to transfer the amount of $350,000 to the District to repay its Series 2025 Bonds, and to annually contribute funds to the District to help the District pay the debt service on the Series 2025 Bonds to the extent that BID No. 2 has additional revenue to contribute and to the extent that the District needs to make bond payments on the 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.

NOTE 9 RISK MANAGEMENT (CONTINUED)

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

NOTE 10 TAX, SPENDING, AND DEBT LIMITATIONS

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

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

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases. Pursuant to the Intergovernmental Agreement with BID No. 2, the District transfers all available General Fund revenue to BID No. 2. Therefore, no Emergency Reserve related to its revenue stream is captured in the District.

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

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

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
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2025

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property Taxes	$ 198,066	$ 174,772	$ (23,294)
Interest Income	15,000	18,447	3,447
Intergovernmental Revenues	150,000	-	(150,000)
Total Revenues	363,066	193,219	(169,847)
EXPENDITURES			
County Treasurer's Fee	2,971	2,971	-
Interest - Property Tax Abatements	-	2,219	(2,219)
Bond Interest	232,000	227,386	4,614
Bond Principal	70,000	50,000	20,000
Contingency	3,972	-	3,972
Total Expenditures	308,943	282,576	26,367
NET CHANGE IN FUND BALANCE	54,123	(89,357)	(143,480)
Fund Balance - Beginning of Year	288,827	292,755	3,928
FUND BALANCE - END OF YEAR	$ 342,950	$ 203,398	$ (139,552)

FIRST & MAIN BUSINESS IMPROVEMENT DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2025

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Total Revenues	$ -	$ -	$ -
EXPENDITURES			
Intergovernmental Expenditures	3,244,184	3,215,000	29,184
Bond Issue Costs	50,000	75,000	(25,000)
Total Expenditures	3,294,184	3,290,000	4,184
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(3,294,184)	(3,290,000)	4,184
OTHER FINANCING SOURCES (USES)			
Bond Issuance Proceeds	3,294,184	3,290,000	(4,184)
Total Other Financing Sources (Uses)	3,294,184	3,290,000	(4,184)
NET CHANGE IN FUND BALANCE	-	-	-
Fund Balance - Beginning of Year	-	-	-
FUND BALANCE - END OF YEAR	$ -	$ -	$ -

OTHER INFORMATION

FIRST & MAIN BUSINESS IMPROVEMENT DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
DECEMBER 31, 2025

$1,650,000 General Obligation Bonds
Series 2009
Dated January 28, 2009
Principal and Interest Due December 1
Interest Rate 8.5% Payable

Year Ended December 31,	Principal	Interest	Annual Debt Service
2026	$ 50,000	$ 97,750	$ 147,750
2027	55,000	93,500	148,500
2028	60,000	88,825	148,825
2029	65,000	83,725	148,725
2030	70,000	78,200	148,200
2031	80,000	72,250	152,250
2032	85,000	65,450	150,450
2033	90,000	58,225	148,225
2034	100,000	50,575	150,575
2035	110,000	42,075	152,075
2036	120,000	32,725	152,725
2037	125,000	22,525	147,525
2038	140,000	11,900	151,900
2039	-	-	-
2040	-	-	-
2041	-	-	-
2042	-	-	-
2043	-	-	-
2044	-	-	-
2045	-	-	-
2046	-	-	-
2047	-	-	-
2048	-	-	-
2049	-	-	-
2050	-	-	-
2051	-	-	-
2052	-	-	-
2053	-	-	-
2054	-	-	-
2055	-	-	-
	$ 1,150,000	$ 797,725	$ 1,947,725

FIRST & MAIN BUSINESS IMPROVEMENT DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY (CONTINUED)
DECEMBER 31, 2025

$3,290,000 Limited Tax
General Obligation Bonds, Series 2025
Dated May 15, 2025
Interest Payable June 1
Principal and Interest Due December 1
Interest Rate 7.0% Payable

Year Ended December 31,	Principal	Interest	Annual Debt Service
2026	$ -	$ 230,300	$ 230,300
2027	-	230,300	230,300
2028	-	230,300	230,300
2029	-	230,300	230,300
2030	-	230,300	230,300
2031	-	230,300	230,300
2032	-	230,300	230,300
2033	-	230,300	230,300
2034	-	230,300	230,300
2035	-	230,300	230,300
2036	-	230,300	230,300
2037	-	230,300	230,300
2038	-	230,300	230,300
2039	105,000	230,300	335,300
2040	115,000	222,950	337,950
2041	120,000	214,900	334,900
2042	130,000	206,500	336,500
2043	140,000	197,400	337,400
2044	150,000	187,600	337,600
2045	160,000	177,100	337,100
2046	170,000	165,900	335,900
2047	185,000	154,000	339,000
2048	195,000	141,050	336,050
2049	210,000	127,400	337,400
2050	225,000	112,700	337,700
2051	240,000	96,950	336,950
2052	260,000	80,150	340,150
2053	275,000	61,950	336,950
2054	295,000	42,700	337,700
2055	315,000	22,050	337,050
	$ 3,290,000	$ 5,435,500	$ 8,725,500

FIRST & MAIN BUSINESS IMPROVEMENT DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY (CONTINUED)
DECEMBER 31, 2025

	TOTAL ALL BONDS		
Year Ended December 31,	Principal	Interest	Annual Debt Service
2026	$ 50,000	$ 328,050	$ 378,050
2027	55,000	323,800	378,800
2028	60,000	319,125	379,125
2029	65,000	314,025	379,025
2030	70,000	308,500	378,500
2031	80,000	302,550	382,550
2032	85,000	295,750	380,750
2033	90,000	288,525	378,525
2034	100,000	280,875	380,875
2035	110,000	272,375	382,375
2036	120,000	263,025	383,025
2037	125,000	252,825	377,825
2038	140,000	242,200	382,200
2039	105,000	230,300	335,300
2040	115,000	222,950	337,950
2041	120,000	214,900	334,900
2042	130,000	206,500	336,500
2043	140,000	197,400	337,400
2044	150,000	187,600	337,600
2045	160,000	177,100	337,100
2046	170,000	165,900	335,900
2047	185,000	154,000	339,000
2048	195,000	141,050	336,050
2049	210,000	127,400	337,400
2050	225,000	112,700	337,700
2051	240,000	96,950	336,950
2052	260,000	80,150	340,150
2053	275,000	61,950	336,950
2054	295,000	42,700	337,700
2055	315,000	22,050	337,050
	$ 4,440,000	$ 6,233,225	$ 10,673,225

FIRST & MAIN BUSINESS IMPROVEMENT DISTRICT
SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED
DECEMBER 31, 2025

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Tax Levy	Mills Levied	Total Property Taxes Levied	Total Property Taxes Collected	Percent Collected to Levied
2021	$ 3,376,820	51.000	$ 172,218	$ 172,225	100.00 %
2022	3,109,930	51.000	158,606	151,290	95.39
2023	3,184,710	51.000	162,420	164,374	101.20
2024	4,396,170	53.616	235,705	233,819	99.20
2025	3,760,860	53.718	202,026	178,266	88.24
Estimated for Year Ending December 31, 2026	$ 4,451,510	54.777	$ 243,840		

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

Source: El Paso County Assessor and Treasurer