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Accountant's Compilation Report

Board of Directors
First & Main Business Improvement District

Management is responsible for the accompanying budget of revenues, expenditures, and fund balances of First & Main Business Improvement District for the year ending December 31, 2020, including the estimate of comparative information for the year ended December 31, 2019, and the actual comparative information for the year ended December 31, 2018, in the format prescribed by Colorado Revised Statutes (C.R.S.) 29-1-105 and the related summary of significant assumptions in accordance with guidelines for the presentation of a budget established by the American Institute of Certified Public Accountants (AICPA). We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the budget nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on the accompanying budget.

The budgeted results may not be achieved as there will usually be differences between the budgeted and actual results, because events and circumstances frequently do not occur as expected, and these difference may be material. We assume no responsibility to update this report for events and circumstances occurring after the date of this report.

We draw attention to the summary of significant assumptions which describe that the budget is presented in accordance with the requirements of C.R.S. 29-1-105, and is not intended to be a presentation in accordance with accounting principles generally accepted in the United States of America.

We are not independent with respect to First & Main Business Improvement District.

CliftonLarsonAllen LLP

Colorado Springs, Colorado
January 6, 2020

**FIRST & MAIN BUSINESS IMPROVEMENT DISTRICT
SUMMARY
2020 BUDGET
WITH 2018 ACTUAL AND 2019 ESTIMATED
For the Years Ended and Ending December 31,**

1/6/20

	ACTUAL 2018	ESTIMATED 2019	BUDGET 2020
BEGINNING FUND BALANCES	\$ 92,845	\$ 114,064	\$ 135,417
REVENUES			
Property Taxes	170,139	172,470	176,807
Specific Ownership Tax	21,514	20,698	19,449
Interest Income	4,761	5,680	2,148
Other Revenue	-	-	924
Total Revenues	<u>196,414</u>	<u>198,848</u>	<u>199,328</u>
Total Funds Available	<u>289,259</u>	<u>312,912</u>	<u>334,745</u>
EXPENDITURES			
General Fund	24,868	24,259	23,840
Debt Service Fund	150,327	153,236	152,000
Total Expenditures	<u>175,195</u>	<u>177,495</u>	<u>175,840</u>
Total Expenditures and Transfers Out Requiring Appropriation	<u>175,195</u>	<u>177,495</u>	<u>175,840</u>
ENDING FUND BALANCES	<u>\$ 114,064</u>	<u>\$ 135,417</u>	<u>\$ 158,905</u>

This financial information should be read only in connection with the accompanying accountant's compilation report and summary of significant assumptions.

**FIRST & MAIN BUSINESS IMPROVEMENT DISTRICT
PROPERTY TAX SUMMARY INFORMATION
2020 BUDGET
WITH 2018 ACTUAL AND 2019 ESTIMATED
For the Years Ended and Ending December 31,**

1/6/20

	ACTUAL 2018	ESTIMATED 2019	BUDGET 2020
ASSESSED VALUATION			
Commercial	\$ 3,338,030	\$ 3,381,200	\$ 3,351,190
State assessed	-	-	115,030
Vacant Land	580	580	580
Certified Assessed Value	<u>\$ 3,338,610</u>	<u>\$ 3,381,780</u>	<u>\$ 3,466,800</u>
MILL LEVY			
General	1.000	1.000	1.000
Debt Service	50.000	50.000	50.000
Total mill levy	<u>51.000</u>	<u>51.000</u>	<u>51.000</u>
PROPERTY TAXES			
General	\$ 3,339	\$ 3,381	\$ 3,467
Debt Service	166,931	169,089	173,340
Levied Property Taxes	<u>170,270</u>	<u>172,470</u>	<u>176,807</u>
Adjustments to Actual/Rounding	(131)	-	-
Budgeted Property Taxes	<u>\$ 170,139</u>	<u>\$ 172,470</u>	<u>\$ 176,807</u>
BUDGETED PROPERTY TAXES			
General	\$ 3,335	\$ 3,381	\$ 3,467
Debt Service	166,804	169,089	173,340
	<u>\$ 170,139</u>	<u>\$ 172,470</u>	<u>\$ 176,807</u>

This financial information should be read only in connection with the accompanying accountant's compilation report and summary of significant assumptions.

**FIRST & MAIN BUSINESS IMPROVEMENT DISTRICT
GENERAL FUND
2020 BUDGET
WITH 2018 ACTUAL AND 2019 ESTIMATED
For the Years Ended and Ending December 31,**

1/6/20

	ACTUAL 2018	ESTIMATED 2019	BUDGET 2020
BEGINNING FUND BALANCE	\$ -	\$ -	\$ -
REVENUES			
Property Taxes	3,335	3,381	3,467
Specific Ownership Tax	21,514	20,698	19,449
Interest Income	19	180	-
Other Revenue	-	-	924
Total Revenues	<u>24,868</u>	<u>24,259</u>	<u>23,840</u>
Total Funds Available	<u>24,868</u>	<u>24,259</u>	<u>23,840</u>
EXPENDITURES			
General and administrative			
County Treasurer's Fee	50	51	52
Contingency	-	-	1,525
Intergovernmental - First & Main BID No. 2	24,818	24,208	22,263
Total Expenditures	<u>24,868</u>	<u>24,259</u>	<u>23,840</u>
Total Expenditures and Transfers Out Requiring Appropriation	<u>24,868</u>	<u>24,259</u>	<u>23,840</u>
ENDING FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**FIRST & MAIN BUSINESS IMPROVEMENT DISTRICT
DEBT SERVICE FUND
2020 BUDGET
WITH 2018 ACTUAL AND 2019 ESTIMATED
For the Years Ended and Ending December 31,**

1/6/20

	ACTUAL 2018	ESTIMATED 2019	BUDGET 2020
BEGINNING FUND BALANCE	\$ 92,845	\$ 114,064	\$ 135,417
REVENUES			
Property Taxes	166,804	169,089	173,340
Interest Income	4,742	5,500	2,148
Total Revenues	<u>171,546</u>	<u>174,589</u>	<u>175,488</u>
Total Funds Available	<u>264,391</u>	<u>288,653</u>	<u>310,905</u>
EXPENDITURES			
County Treasurer's Fee	2,502	2,536	2,600
Contingency	-	-	1,250
Bond Interest	122,825	120,700	118,150
Bond Principal	25,000	30,000	30,000
Total Expenditures	<u>150,327</u>	<u>153,236</u>	<u>152,000</u>
Total Expenditures and Transfers Out Requiring Appropriation	<u>150,327</u>	<u>153,236</u>	<u>152,000</u>
ENDING FUND BALANCE	<u>\$ 114,064</u>	<u>\$ 135,417</u>	<u>\$ 158,905</u>

This financial information should be read only in connection with the accompanying accountant's compilation report and summary of significant assumptions.

**FIRST & MAIN BUSINESS IMPROVEMENT DISTRICT
2020 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Services Provided

The District was organized by Ordinance of the City of Colorado Springs on March 11, 2003, 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's service area is located entirely within the City of Colorado Springs, El Paso County, Colorado.

At an election held on November 2, 2004, the District's electors authorized the issuance of indebtedness in an amount of \$50,000 for operations and maintenance, \$19,000,000 for parking facilities, and \$3,000,000 for park and recreation. The election also allows the District to retain all revenues without regard to the limitations contained in Article X, Section 20 of the Colorado constitution. On November 1, 2005, the District's electors authorized the issuance of additional indebtedness in an amount of \$2,000,000 for water and \$500,000 for storm drainage. On November 7, 2006, the District's electors authorized additional indebtedness of \$19,000,000 for streets, \$3,000,000 for park and recreation, \$250,000 for operations and maintenance, and \$22,000,000 for refunding of debt. The voters also approved an annual increase in taxes of \$25,000 annually, at a mill levy rate not to exceed one mill for operations and maintenance. As set forth in the District's Amended 2004 - 2005 Operating Plan, the City has limited the amount of debt to be issued to a total of \$22,000,000 in the authorized voted categories, without future approval by the City. The 2010 Operating Plan submitted to the City amended the total amount of debt authorized by the City to \$5,000,000.

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

The District prepares its budget on the modified accrual basis of accounting in accordance with the requirements of Colorado Revised Statutes C.R.S. 29-1-105 using its best estimates as of the date of the budget hearing. These estimates are based on expected conditions and its expected course of actions. The assumptions disclosed herein are those that the District believes are significant to the budget. There will usually be differences between the budget and actual results, because events and circumstances frequently do not occur as expected, and those difference may be material.

Revenues

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.

The calculation of the taxes levied is displayed on page 3 of the Budget at the total adopted mill levy of 51.000 mills.

**FIRST & MAIN BUSINESS IMPROVEMENT DISTRICT
2020 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Revenues - (continued)

Specific Ownership Taxes

Specific ownership taxes are set by the State and collected by the County Treasurer, primarily on vehicle licensing within the County as a whole. The specific ownership taxes are allocated by the County Treasurer to all taxing entities within the County. The budget assumes that the District's share will be equal to approximately 11% of the property taxes collected.

Interest Income

Interest earned on the District's available funds has been estimated based on an average interest rate of approximately 1.5%.

Expenditures

Intergovernmental expenditures

Pursuant to an Intergovernmental Agreement entered into during 2014 with First & Main Business Improvement District No. 2 (F&M BID No. 2), the intergovernmental expenditures represent transfers to F&M BID No. 2 to provide funding for the overall administrative and operating costs of the District.

County Treasurer's Fees

County Treasurer's collection fees have been computed at 1.5% of property taxes.

Debt Service

Principal and interest payments in 2020 are provided based on the debt amortization schedule from the General Obligation Bonds, Series 2009.

Debt and Leases

On January 28, 2009, the District issued \$1,650,000 in General Obligation Limited Tax Bonds for infrastructure improvements. The bonds bear interest at a rate of 8.5%. 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 District has no capital or operating leases.

Reserves

Emergency Reserve

Pursuant to the Intergovernmental Agreement with F&M BID No. 2, the District transfers all available General Fund revenue to F&M BID No. 2. Therefore, no emergency reserve related to its revenue stream is captured in the District. The Emergency Reserve for the revenue is reflected in F&M BID No. 2.

This information is an integral part of the accompanying budget.

**FIRST & MAIN BUSINESS IMPROVEMENT DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY**

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

Dated January 28, 2009

Principal and interest due December 1

Interest Rate 8.5% Payable

<u>Year Ended</u> <u>December 31,</u>	Principal	Interest	Annual Debt Service
2020	\$ 30,000	\$ 118,150	\$ 148,150
2021	35,000	115,600	150,600
2022	40,000	112,625	152,625
2023	40,000	109,225	149,225
2024	45,000	105,825	150,825
2025	50,000	102,000	152,000
2026	50,000	97,750	147,750
2027	55,000	93,500	148,500
2028	60,000	88,825	148,825
2029	65,000	83,725	148,725
2030	70,000	78,200	148,200
2031	80,000	72,250	152,250
2032	85,000	65,450	150,450
2033	90,000	58,225	148,225
2034	100,000	50,575	150,575
2035	110,000	42,075	152,075
2036	120,000	32,725	152,725
2037	125,000	22,525	147,525
2038	140,000	11,900	151,900
	\$ 1,390,000	\$ 1,461,150	\$ 2,851,150

This financial information should be read only in connection with the accompanying accountant's compilation report and summary of significant assumptions.