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Accountant's Compilation Report

Board of Directors
First & Main North Business Improvement District
El Paso County, Colorado

Management is responsible for the accompanying budget of revenues, expenditures, and fund balances of First & Main North Business Improvement District for the year ending December 31, 2018, including the estimate of comparative information for the year ending December 31, 2017, and the actual comparative information for the year ending December 31, 2016, in the format prescribed by Colorado Revised Statutes (C.R.S.) 29-1-105. 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 American Institute of Certified Public Accountants. 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.

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 North Business Improvement District.

CliftonLarsonAllen LLP

Colorado Springs, Colorado
December 4, 2017

**FIRST & MAIN NORTH BUSINESS IMPROVEMENT DISTRICT
SUMMARY
2018 BUDGET AS ADOPTED
WITH 2016 ACTUAL AND 2017 ESTIMATED
For the Years Ended and Ending December 31,**

12/4/2017

| | ACTUAL 2016 | ESTIMATED 2017 | ADOPTED 2018 |
|---|------------------|-------------------|-----------------|
| BEGINNING FUND BALANCES | \$ 58,170 | \$ 65,768 | \$ 2,639 |
| REVENUES | | | |
| 1 Property taxes | 163,658 | 161,266 | 202,716 |
| 2 Specific ownership taxes | 18,832 | 21,700 | 26,350 |
| 3 Developer advance | - | 338,405 | - |
| 4 Net investment income | 429 | 1,370 | 950 |
| 5 Other income | - | 1,130 | - |
| Total revenues | <u>182,919</u> | <u>523,871</u> | <u>230,016</u> |
| TRANSFERS IN | <u>-</u> | <u>65,000</u> | <u>45,000</u> |
| Total funds available | <u>241,089</u> | <u>654,639</u> | <u>277,655</u> |
| EXPENDITURES | | | |
| General and administration | | | |
| 6 Accounting | 10,349 | 14,000 | 12,000 |
| 7 Audit | 2,950 | 3,000 | 3,100 |
| 8 Contingency | - | 2,330 | 2,340 |
| 9 County Treasurer's fees | 61 | 60 | 60 |
| 10 District management | 3,157 | 3,500 | 3,500 |
| 11 Dues and membership | - | 263 | 500 |
| 12 Election | 454 | - | 1,000 |
| 13 Insurance | 1,812 | 1,812 | 2,000 |
| 14 Legal | 5,255 | 5,000 | 5,000 |
| 15 Miscellaneous | 656 | 500 | 500 |
| 16 Street repairs | - | 113,535 | - |
| Debt service | | | |
| 17 Bond interest | 101,310 | 98,495 | 95,511 |
| 18 Bond principal | 46,923 | 49,738 | 52,631 |
| 19 Contingency | - | 2,538 | 1,877 |
| 20 County Treasurer's fees | 2,394 | 2,359 | 2,981 |
| Capital projects | | | |
| 22 Repay developer advance | - | 65,000 | 45,000 |
| 23 Streets | - | 224,870 | - |
| Total expenditures | <u>175,321</u> | <u>587,000</u> | <u>228,000</u> |
| TRANSFERS OUT | <u>-</u> | <u>65,000</u> | <u>45,000</u> |
| Total expenditures and transfers out requiring appropriation | <u>175,321</u> | <u>652,000</u> | <u>273,000</u> |
| ENDING FUND BALANCES | <u>\$ 65,768</u> | <u>\$ 2,639</u> | <u>\$ 4,655</u> |
| EMERGENCY RESERVE | <u>\$ 700</u> | <u>\$ 800</u> | <u>\$ 1,000</u> |
| TOTAL RESERVE | <u>\$ 700</u> | <u>\$ 800</u> | <u>\$ 1,000</u> |

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

FIRST & MAIN NORTH BUSINESS IMPROVEMENT DISTRICT
PROPERTY TAX SUMMARY INFORMATION
For the Years Ended and Ending December 31,

12/4/2017

| | ACTUAL 2016 | ESTIMATED 2017 | ADOPTED 2018 |
|-------------------------------------|---------------------|---------------------|---------------------|
| ASSESSED VALUATION - EL PASO | | | |
| Commercial | \$ 4,091,470 | \$ 4,030,890 | \$ 3,974,810 |
| Certified Assessed Value | <u>\$ 4,091,470</u> | <u>\$ 4,030,890</u> | <u>\$ 3,974,810</u> |
| MILL LEVY | | | |
| GENERAL FUND | 1.000 | 1.000 | 1.000 |
| DEBT SERVICE FUND | 39.000 | 39.000 | 50.000 |
| Total Mill Levy | <u>40.000</u> | <u>40.000</u> | <u>51.000</u> |
| PROPERTY TAXES | | | |
| GENERAL FUND | \$ 4,091 | \$ 4,031 | \$ 3,975 |
| DEBT SERVICE FUND | 159,567 | 157,205 | 198,741 |
| Levied property taxes | <u>163,658</u> | <u>161,236</u> | <u>202,716</u> |
| Adjustments to actual/rounding | - | 30 | - |
| Budgeted Property Taxes | <u>\$ 163,658</u> | <u>\$ 161,266</u> | <u>\$ 202,716</u> |
| BUDGETED PROPERTY TAXES | | | |
| GENERAL FUND | \$ 4,091 | \$ 4,032 | \$ 3,975 |
| DEBT SERVICE FUND | 159,567 | 157,234 | 198,741 |
| | <u>\$ 163,658</u> | <u>\$ 161,266</u> | <u>\$ 202,716</u> |

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

**FIRST & MAIN NORTH BUSINESS IMPROVEMENT DISTRICT
GENERAL FUND
2018 BUDGET AS ADOPTED
WITH 2016 ACTUAL AND 2017 ESTIMATED
For the Years Ended and Ending December 31,**

12/4/2017

| | ACTUAL 2016 | ESTIMATED 2017 | ADOPTED 2018 |
|---|----------------|-------------------|-----------------|
| BEGINNING FUND BALANCES | \$ 7,774 | \$ 6,032 | \$ 1,319 |
| REVENUES | | | |
| 1 Property taxes | 4,091 | 4,032 | 3,975 |
| 2 Specific ownership taxes | 18,832 | 21,700 | 26,350 |
| 3 Developer advance | - | 113,535 | - |
| 4 Net investment income | 29 | 20 | 50 |
| Total revenues | 22,952 | 139,287 | 30,375 |
| Total funds available | 30,726 | 145,319 | 31,694 |
| EXPENDITURES | | | |
| General and administration | | | |
| 5 Accounting | 10,349 | 14,000 | 12,000 |
| 6 Audit | 2,950 | 3,000 | 3,100 |
| 7 Contingency | - | 2,330 | 2,340 |
| 8 County Treasurer's fees | 61 | 60 | 60 |
| 9 District management | 3,157 | 3,500 | 3,500 |
| 10 Dues and membership | - | 263 | 500 |
| 11 Election | 454 | - | 1,000 |
| 12 Insurance | 1,812 | 1,812 | 2,000 |
| 13 Legal | 5,255 | 5,000 | 5,000 |
| 14 Miscellaneous | 656 | 500 | 500 |
| 15 Street repairs | - | 113,535 | - |
| Total expenditures | 24,694 | 144,000 | 30,000 |
| Total expenditures and transfers out requiring appropriation | 24,694 | 144,000 | 30,000 |
| ENDING FUND BALANCES | \$ 6,032 | \$ 1,319 | \$ 1,694 |
| EMERGENCY RESERVE | \$ 700 | \$ 800 | \$ 1,000 |
| TOTAL RESERVE | \$ 700 | \$ 800 | \$ 1,000 |

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

FIRST & MAIN NORTH BUSINESS IMPROVEMENT DISTRICT
DEBT SERVICE FUND
2018 BUDGET AS ADOPTED
WITH 2016 ACTUAL AND 2017 ESTIMATED
For the Years Ended and Ending December 31,

12/4/2017

| | ACTUAL 2016 | ESTIMATED 2017 | ADOPTED 2018 |
|---|----------------|-------------------|-----------------|
| BEGINNING FUND BALANCES | \$ 50,396 | \$ 59,736 | \$ 1,320 |
| REVENUES | | | |
| 1 Property taxes | 159,567 | 157,234 | 198,741 |
| 2 Net investment income | 400 | 1,350 | 900 |
| Total revenues | 159,967 | 158,584 | 199,641 |
| Total funds available | 210,363 | 218,320 | 200,961 |
| EXPENDITURES | | | |
| Debt service | | | |
| 3 Bond interest | 101,310 | 98,495 | 95,511 |
| 4 Bond principal | 46,923 | 49,738 | 52,631 |
| 5 Contingency | - | 1,408 | 1,877 |
| 6 County Treasurer's fees | 2,394 | 2,359 | 2,981 |
| Total expenditures | 150,627 | 152,000 | 153,000 |
| TRANSFERS OUT | | | |
| CAPITAL PROJECTS FUND | | | |
| Total transfers out | - | 65,000 | 45,000 |
| Total expenditures and transfers out requiring appropriation | 150,627 | 217,000 | 198,000 |
| ENDING FUND BALANCES | \$ 59,736 | \$ 1,320 | \$ 2,961 |

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

FIRST & MAIN NORTH BUSINESS IMPROVEMENT DISTRICT
CAPITAL PROJECTS FUND
2018 BUDGET AS ADOPTED
WITH 2016 ACTUAL AND 2017 ESTIMATED
For the Years Ended and Ending December 31,

12/4/2017

| | ACTUAL 2016 | ESTIMATED 2017 | ADOPTED 2018 |
|---|----------------|-------------------|-----------------|
| BEGINNING FUND BALANCES | \$ - | \$ - | \$ - |
| REVENUES | | | |
| 1 Developer advance | - | 224,870 | - |
| 2 Other income | - | 1,130 | - |
| Total revenues | - | 226,000 | - |
| TRANSFERS IN | | | |
| DEBT SERVICE FUND | - | 65,000 | 45,000 |
| Total transfers in | - | 65,000 | 45,000 |
| Total funds available | - | 291,000 | 45,000 |
| EXPENDITURES | | | |
| Debt Service | | | |
| 3 Contingency | - | 1,130 | - |
| Capital projects | | | |
| 4 Repay developer advance | - | 65,000 | 45,000 |
| 5 Streets | - | 224,870 | - |
| Total expenditures | - | 291,000 | 45,000 |
| Total expenditures and transfers out requiring appropriation | - | 291,000 | 45,000 |
| ENDING FUND BALANCES | \$ - | \$ - | \$ - |

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

**FIRST & MAIN NORTH BUSINESS IMPROVEMENT DISTRICT
2018 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Services Provided

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, landscaping, water and storm sewer. The District's service area is located entirely within the City of Colorado Springs, El Paso County, Colorado.

The District was organized by Ordinance of the City of Colorado Springs on April 27, 2004.

At an election held on May 4, 2004, the voters approved general obligation indebtedness of \$2,100,000 for street improvements, \$2,000,000 for parking facilities and \$5,000,000 for refinancing of District debt. On November 1, 2005, the District authorized additional indebtedness of \$225,000 for water and \$50,000 for storm drainage. The voters also approved an annual increase in taxes of \$9,154, at a mill levy rate not to exceed one mill, for general operations and maintenance. 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. Pursuant to the District's operating plan filed annually with the City, the maximum debt service mill levy the District can impose is 50.000 mills. The Series 2005 Bond Resolution limits the mill levy to pay those bonds to 44.000 mills in 2005 and 2006, 39.000 mills for the years 2007 through 2015, and 34.000 mills for the years 2016 through 2034. On November 3, 2015, the District's Board of Directors approved keeping the mill levy at 39.000 mills until further notice. As set forth in the District's 2004 operating plan, the City has limited the amount of debt to be issued to a total of \$2,200,000 in the authorized voted categories, without future approval by the City.

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 C.R.S 29-1-105.

Revenues

Property Taxes

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

Specific Ownership Tax

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 13% of the property taxes collected.

Net Investment Income

Interest earned on the District's available funds has been estimated based on an average interest rate of approximately 1%.

**FIRST & MAIN NORTH BUSINESS IMPROVEMENT DISTRICT
2018 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Expenditures

Administrative and Operating Expenditures

Administrative and operating expenditures include the estimated services necessary to maintain the District's administrative viability such as legal, management, accounting, insurance, and other administrative expenses.

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 2018 are provided based on the debt amortization schedule from the Series 2005 General Obligation Bonds.

Developer Advances

In 2016, the District accepted infrastructure improvements from the Developer. During 2017 and 2018, the District anticipates repayment of the advances for these improvements.

Debt and Leases

On March 25, 2005 the District issued \$1,927,000 in General Obligation Limited Tax Bonds dated March 30, 2005 for infrastructure improvements. The bonds bear interest at a rate of 6.00%. Bond interest and principal payments are payable annually on July 1. Any accrued and unpaid interest will compound on July 1 of each year. The bonds are payable as funds are available from property taxes over 30 years with final maturity on March 30, 2035.

The District has no operating or capital leases.

Reserves

Emergency Reserve

The District has provided for an Emergency Reserve fund equal to at least 3% of fiscal year spending for 2018, as defined under TABOR.

This information is an integral part of the accompanying budget.

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

\$1,927,000 General Obligation Bonds

Series 2005

Dated March 30, 2005

Principal and interest due July 1

Interest Rate 6.0% Payable

| <u>Year Ended</u> <u>December 31,</u> | <u>Principal</u> | <u>Interest</u> | <u>Annual Debt</u> <u>Service</u> |
|--|----------------------------|----------------------------|--|
| 2018 | \$ 52,631 | \$ 95,511 | \$ 148,142 |
| 2019 | 55,789 | 92,353 | 148,142 |
| 2020 | 59,048 | 89,005 | 148,053 |
| 2021 | 62,590 | 85,463 | 148,053 |
| 2022 | 66,252 | 81,707 | 147,959 |
| 2023 | 70,227 | 77,732 | 147,959 |
| 2024 | 74,347 | 73,518 | 147,865 |
| 2025 | 78,807 | 69,058 | 147,865 |
| 2026 | 83,438 | 64,329 | 147,767 |
| 2027 | 88,444 | 59,323 | 147,767 |
| 2028 | 93,647 | 54,016 | 147,663 |
| 2029 | 99,266 | 48,397 | 147,663 |
| 2030 | 105,122 | 42,441 | 147,563 |
| 2031 | 111,429 | 36,134 | 147,563 |
| 2032 | 118,015 | 29,448 | 147,463 |
| 2033 | 125,095 | 22,368 | 147,463 |
| 2034 | 132,491 | 14,862 | 147,353 |
| 2035 | 115,206 | 4,877 | 120,083 |
| | <u>\$ 1,591,844</u> | <u>\$ 1,040,542</u> | <u>\$ 2,632,386</u> |

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