FOUNTAIN URBAN RENEWAL AUTHORITY
El Paso County, Colorado

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEAR ENDED DECEMBER 31, 2025

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Independent Auditor's Report

Board of Commissioners
Fountain Urban Renewal Authority
El Paso County, Colorado

Opinions

We have audited the financial statements of Fountain Urban Renewal Authority (the Authority), a component unit of the City of Fountain, Colorado as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the governmental activities and each major fund of the Authority as of December 31, 2025, and the 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* (GAS), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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 Authority's ability to continue as a going concern for twelve months beyond the financial statement issuance date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and GAS 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 GAAS and GAS, 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 Authority'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 Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Required Supplementary Information

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America requires 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 Authority's basic financial statements. The supplementary information, as identified in the table of contents, is presented for purposes of additional analysis and are 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. The 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 24, 2026 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

HBME, LLC

July 24, 2026
Bountiful, Utah

BASIC FINANCIAL STATEMENTS

FOUNTAIN URBAN RENEWAL AUTHORITY
STATEMENT OF NET POSITION
DECEMBER 31, 2025

	Governmental Activities
ASSETS	
Cash and Investments	$ 1,539,062
Cash and Investments - Restricted	8,117,234
Accounts Receivable	24,535
Incremental Property Taxes Receivable	1,015,061
Incremental Sales Taxes Receivable	547,720
Public Improvement Admin Fee Receivable	1,577
Public Improvement Fee Receivable	50,988
Receivable from County Treasurer	48
Sales Tax Admin Receivable	24,241
Transportation Sales Taxes Receivable	75,253
Use Tax Receivable	1,119
Lease Receivable	69,251
Architect Retainer	5,000
Prepaid Expense	4,037
Capital Assets, Not Being Depreciated	228,465
Capital Assets, Being Depreciated, Net	2,917,610
Total Assets	14,621,201
LIABILITIES	
Accounts Payable	70,441
Security Deposits	8,621
Accrued Interest Payable	1,036,604
Long-Term Obligations	
Due Within One Year	35,898
Due in More Than One Year	44,650,867
Total Liabilities	45,802,431
DEFERRED INFLOWS OF RESOURCES	
Incremental Property Tax Revenue	1,015,061
Deferred Leases	68,483
Total Deferred Inflows of Resources	1,083,544
NET POSITION	
Net Investment in Capital Assets	2,014,629
Restricted For:	
South Academy Highlands Administration Funds	157,978
Enterprise Zone - Woodman Hall	5,905
Debt Service Reserve	542,966
Unrestricted	(34,986,252)
Total Net Position	$ (32,264,774)

See accompanying Notes to Basic Financial Statements.

FOUNTAIN URBAN RENEWAL AUTHORITY
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2025

		Program Revenues			Net Revenues (Expenses) and Change 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	$ 510,963	$ -	$ 27,980	$ -	$ (482,983)
Interest	2,646,419	-	-	-	(2,646,419)
Total Governmental Activities	$ 3,157,382	$ -	$ 27,980	$ -	(3,129,402)
GENERAL REVENUES					
Incremental Property Taxes					561,801
Incremental Sales Taxes					2,767,472
Public Improvement Fee					479,286
Transportation Sales Taxes					401,536
Use Taxes					288,752
Sales Tax Admin Revenue					90,035
Public Improvement Fee Admin Revenue					14,823
Net Investment Income					348,058
Other Revenue					66,542
Total General Revenues					5,018,305
CHANGE IN NET POSITION					1,888,903
Net Position - Beginning of Year					(34,153,677)
NET POSITION - END OF YEAR					$ (32,264,774)

See accompanying Notes to Basic Financial Statements.

FOUNTAIN URBAN RENEWAL AUTHORITY
BALANCE SHEET – GOVERNMENTAL FUNDS
DECEMBER 31, 2025

	General	Special Revenue	Debt Service	Capital Projects	Total Governmental Funds
ASSETS					
Cash and Investments	$ 1,539,062	$ -	$ -	$ -	$ 1,539,062
Cash and Investments - Restricted	157,978	5,905	4,715,405	3,237,946	8,117,234
Accounts Receivable	24,535	-	-	-	24,535
Receivable from County Treasurer	48	-	-	-	48
Public Improvement Admin Fee Receivable	1,577	-	-	-	1,577
Public Improvement Fee Receivable	-	-	50,988	-	50,988
Incremental Sales Taxes Receivable	77,391	-	470,329	-	547,720
Transportation Sales Taxes Receivable	-	-	75,253	-	75,253
Sales Tax Admin Receivable	24,241	-	-	-	24,241
Use Tax Receivable	1,119	-	-	-	1,119
Incremental Property Taxes Receivable	1,015,061	-	-	-	1,015,061
Lease Receivable	69,251	-	-	-	69,251
Architect Retainer	5,000	-	-	-	5,000
Prepaid Expense	4,037	-	-	-	4,037
Total Assets	$ 2,919,300	$ 5,905	$ 5,311,975	$ 3,237,946	$ 11,475,126
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts Payable	$ 70,441	$ -	$ -	$ -	$ 70,441
Security Deposits	8,621	-	-	-	8,621
Total Liabilities	79,062	-	-	-	79,062
DEFERRED INFLOWS OF RESOURCES					
Incremental Property Tax Revenue	1,015,061	-	-	-	1,015,061
Deferred Leases	68,483	-	-	-	68,483
Total Deferred Inflows of Resources	1,083,544	-	-	-	1,083,544
FUND BALANCES					
Nonspendable:					
Prepaid Expense	4,037	-	-	-	4,037
Restricted:					
South Academy Highlands Administration	157,978	-	-	-	157,978
Enterprise Zone - Woodman Hall	-	5,905	-	-	5,905
Debt Service	-	-	5,311,975	-	5,311,975
Capital Projects	-	-	-	3,237,946	3,237,946
Unassigned:					
General Government	1,594,679	-	-	-	1,594,679
Total Fund Balances	1,756,694	5,905	5,311,975	3,237,946	10,312,520
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 2,919,300	$ 5,905	$ 5,311,975	$ 3,237,946	$ 11,475,126

See accompanying Notes to Basic Financial Statements.

FOUNTAIN URBAN RENEWAL AUTHORITY
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE NET POSITION OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2025

Fund Balances - Total Governmental Funds	$ 10,312,520
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets are reported as assets on the statement of net position but are recorded as expenditures in the funds.	
Capital Assets, Net	3,146,075
Governmental funds report the effect of discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.	
Bond Discounts	92,681
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	
Bonds Payable	(43,648,000)
Loans Payable	(1,131,446)
Accrued Interest Payable	(1,036,604)
Net Position of Governmental Activities	$ (32,264,774)

See accompanying Notes to Basic Financial Statements.

FOUNTAIN URBAN RENEWAL AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2025

	General	Special Revenue	Debt Service	Capital Projects	Total Governmental Funds
REVENUES					
Incremental Property Taxes	$ 561,801	$ -	$ -	$ -	$ 561,801
Incremental Sales Taxes	257,874	-	2,509,598	-	2,767,472
Transportation Sales Taxes	-	-	401,536	-	401,536
Sales Tax Admin Revenue	90,035	-	-	-	90,035
Use Taxes	288,752	-	-	-	288,752
Rental/Lease Income	27,980	-	-	-	27,980
Public Improvement Fee Revenues	-	-	479,286	-	479,286
Public Improvement Fee Admin Revenue	14,823	-	-	-	14,823
City Reimbursement	54,342	-	-	-	54,342
Enterprise Zone Contributions	-	12,200	-	-	12,200
Net Investment Income	20,798	-	200,870	126,390	348,058
Total Revenues	1,316,405	12,200	3,591,290	126,390	5,046,285
EXPENDITURES					
Current:					
Accounting	88,396	-	-	-	88,396
Administrative Fees	-	6,295	-	-	6,295
Auditing	10,340	-	-	-	10,340
Bank Fees	190	-	-	267	457
Contingency	-	-	1	-	1
County Treasurer's Fees	8,459	-	-	-	8,459
Insurance and Bonds	4,332	-	-	-	4,332
Lease Commission Expense	35,286	-	-	-	35,286
Legal	13,163	-	-	-	13,163
Loan Interest	75,001	-	-	-	75,001
Loan Issue Costs	350	-	-	-	350
Loan Principal	8,826	-	-	-	8,826
Miscellaneous	12,005	-	-	-	12,005
Other Professional Fees	55,432	-	-	-	55,432
PIF Collections	13,238	-	-	-	13,238
Property Repairs and Maintenance	27,190	-	-	-	27,190
Public Infrastructure Improvements	-	-	-	51,070	51,070
Trustee Fees	13,500	-	-	-	13,500
Use Tax Rebates	355	-	-	-	355
Utilities	7,568	-	-	-	7,568
Woodman Hall Renovations 1st Floor	2,966	-	-	-	2,966
Woodman Hall Renovations Other	14,130				14,130
Debt Service:					
Bond Interest - Series 2014C	-	-	193,320	-	193,320
Bond Interest - Series 2015A	-	-	1,945,413	-	1,945,413
Bond Interest - Series 2015B	-	-	331,450	-	331,450
Bond Principal - Series 2014C	-	-	300,000	-	300,000
Bond Principal - Series 2015A	-	-	750,000	-	750,000
Bond Principal - Series 2015B	-	-	95,000	-	95,000
Capital Projects					
Capital Projects - Phase II	-	-	-	11,676	11,676
Total Expenditures	390,727	6,295	3,615,184	63,013	4,075,219
NET CHANGE IN FUND BALANCES	925,678	5,905	(23,894)	63,377	971,066
Fund Balances - Beginning of Year	831,016	-	5,335,869	3,174,569	9,341,454
FUND BALANCES - END OF YEAR	$ 1,756,694	$ 5,905	$ 5,311,975	$ 3,237,946	$ 10,312,520

See accompanying Notes to Basic Financial Statements.

FOUNTAIN URBAN RENEWAL AUTHORITY
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 - Governmental Funds	$ 971,066
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.	
Depreciation	(135,105)
Long-term debt (e.g., issuance of bonds, loans, and the receipt of Developer advances) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.	
Bonds Principal Payment - Series 2015A	750,000
Bonds Principal Payment - Series 2015B	95,000
Bonds Principal Payment - Series 2014C	300,000
Loan 5417 Principal Payment	8,826
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 on Bonds Payable - Change in Liability	(68,887)
Accrued Interest on Loans Payable - Change in Liability	(3,720)
Amortization of Bond Discounts	(28,277)
Change in Net Position of Governmental Activities	$ 1,888,903

See accompanying Notes to Basic Financial Statements.

FOUNTAIN URBAN RENEWAL AUTHORITY
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			
Incremental Property Taxes	$ 513,219	$ 561,801	$ 48,582
Incremental Sales Taxes	235,000	257,874	22,874
Use Taxes	114,300	288,752	174,452
Sales Tax Admin Revenue	83,370	90,035	6,665
Public Improvement Fee Admin Revenue	15,177	14,823	(354)
Rental/Lease Income	61,500	27,980	(33,520)
City Reimbursement	-	54,342	54,342
Net Investment Income	17,500	20,798	3,298
Total Revenues	1,040,066	1,316,405	276,339
EXPENDITURES			
Accounting	95,650	88,396	7,254
Auditing	11,500	10,340	1,160
Bank Fees	1,000	190	810
Contingency	53,500	-	53,500
County Treasurer's Fees	7,608	8,459	(851)
Insurance and Bonds	5,765	4,332	1,433
Intern/Staffing	33,526	-	33,526
Lease Commission Expense	-	35,286	(35,286)
Legal	30,100	13,163	16,937
Loan Interest	36,000	75,001	(39,001)
Loan Issue Costs	-	350	(350)
Loan Principal	1,038	8,826	(7,788)
Miscellaneous	11,500	12,005	(505)
Other Professional Fees	25,000	55,432	(30,432)
PIF Collections	11,800	13,238	(1,438)
Placemaking	10,000	-	10,000
Property Repairs and Maintenance	20,000	27,190	(7,190)
Trustee Fees	13,500	13,500	-
Use Tax Rebates	-	355	(355)
Utilities	8,500	7,568	932
Woodman Hall Renovations 1st Floor	-	2,966	(2,966)
Woodman Hall Renovations Other	185,000	14,130	170,870
Total Expenditures	560,987	390,727	170,260
OTHER FINANCING SOURCES (USES)			
Transfers from Other Funds	75,200	-	(75,200)
Total Other Financing Sources (Uses)	75,200	-	(75,200)
NET CHANGE IN FUND BALANCE	554,279	925,678	371,399
Fund Balance - Beginning of Year	851,206	831,016	(20,190)
FUND BALANCE - END OF YEAR	$ 1,405,485	$ 1,756,694	$ 351,209

See accompanying Notes to Basic Financial Statements.

NOTE 1 DEFINITION OF REPORTING ENTITY

Fountain Urban Renewal Authority (the Authority), was formed by resolution passed by the City Council of the City of Fountain (the City), Colorado, pursuant to the Colorado Urban Renewal Law, Colorado Revised Statutes. The purpose of the Authority is to acquire and develop certain blighted areas in the City to maintain the public welfare.

The Authority 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 Authority is considered a component unit of the City since the Authority’s tax increment financing indicates financial accountability with the City due to the benefits redevelopment will provide the City. The City Council approves appointments to the Authority. The City Council reviews the Urban Renewal Plans and any changes thereto. Legal counsel is of the opinion that, under state statutes, the City is not liable with respect to the bonds issued by the Authority.

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The more significant accounting policies of the Authority 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 Authority. 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 Authority. The difference between the assets, deferred outflow of resources, liabilities, and deferred inflow of resources of the Authority 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 Authority considers revenues to be available if they are collected within 60 days 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 Authority. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred, or the long-term obligation becomes due.

The Authority reports the following major governmental funds:

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

The Debt Service Funds account 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 major capital facilities.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets

In accordance with the State Budget Law, the Authority's Board of Commissioners 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 Authority's Board of Commissioners 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 Authority amended its annual budget for the year ended December 31, 2025.

Pooled Cash and Investments

The Authority 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.

Incremental Property Taxes

The Authority receives incremental property tax revenue for each of the active Urban Renewal areas. Incremental property tax revenues are the property tax revenues in excess of an amount equal to the ad valorem property taxes produced by the levy at the rates fixed for such year by or for the governing bodies of the various taxing jurisdictions within or overlapping the Urban Renewal area upon a valuation for assessment equal to the property tax base amount. The property tax base amount is certified by the County Assessor as the valuation for assessment of all taxable property within the Urban Renewal area last certified by the County Assessor prior to the adoption of the Urban Renewal plan. The base amount may be proportionately adjusted for general reassessments in accordance with Colorado law.

Property taxes are levied by various taxing entities in each of the project areas by certification to the County Commissioners. 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. 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 incremental taxes collected monthly to the Authority.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Incremental Property Taxes (Continued)

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

Incremental Sales Tax

The Authority receives incremental sales tax revenue generated from the following project areas from the City's general sales tax of 3.0%, in excess of a certain sales tax base amount:

- U.S. Highway 85 Corridor project area – sales tax shared at 25%
- South Academy Highlands project area – sales tax shared at 2.50%
- Infill project area – sales tax shared at 25%

Use Tax

The Authority receives incremental use tax revenue generated from each project area from the City's general use tax.

Transportation Sales Tax Revenue

The Authority receives transportation sales tax revenue generated from taxable transactions occurring within Lots 1 through 8, inclusive, South Academy Highlands Filing No. 1 less the Authority Administrative Fee in an amount equal to 3.0% of the gross Transportation Sales Tax Revenues during the Non-TIF Term.

The City's Transportation Tax is imposed at the following rates: (a) for the period preceding the issuance of the Bonds to, but not including January 1, 2020, the rate of 0.75% and (b) for the period commencing on January 1, 2020, through and including June 1, 2044, the rate of 0.40%.

Capital Assets

Capital assets, which include property, equipment and infrastructure assets (e.g., roads, sidewalks, and similar items), are reported in the applicable governmental activities' column in the government-wide financial statements. Capital assets are defined by the Authority 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 component of the Authority's net position.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

It is the policy of the City to accept maintenance responsibility for all major public infrastructure within the City upon the Authority's completion and conveyance of such improvements provided they meet the City's specifications.

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:

Fence	15 Years
Buildings	25 Years
Property Improvements	25 Years

Amortization

Original Issue Discounts

In the government-wide financial statements, bond discounts are deferred and amortized over the life of the bonds using the effective interest method. The unamortized bond discounts are reflected net of the related bond liability.

During the year the bond proceeds are first recorded in the fund financial statements, governmental fund types recognize all bond discounts in the current period. The face amount of debt issued is then reported as an o*ther financing source*. Bond Discounts received on debt issuances are reported as an *other financing use*.

Deferred Inflow of Resources

In addition to liabilities, the Authority reports a separate financial statement element for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and, therefore, will not be recognized as an inflow of resources (revenue) until that time. The Authority's deferred inflows of resources consist of incremental property taxes for the subsequent year, and lease revenue related to lease receivables that are not recognized as revenue in the current period. These amounts will be recognized as revenue in the periods to which they are applicable.

Leases

The Authority determines if an arrangement is a lease at inception. Leases are included in lease receivables and deferred inflows of resources in the statements of net position and fund financial statements.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

Lease receivables represent the Authority's claim to receive lease payments over the lease term, as specified in the contract, in an exchange or exchange-like transaction. Lease receivables are recognized at commencement date based on the present value of expected lease payments over the lease term, reduced by any provision for estimated uncollectible amounts. Interest revenue is recognized ratably over the contract term.

Deferred inflows of resources related to leases are recognized at the commencement date based on the initial measurement of the lease receivable, plus any payments received from the lessee at or before the commencement of the lease term that relates to future periods, less any lease incentives paid to, or on behalf of, the lessee at or before the commencement of the lease term. The deferred inflows related to leases are recognized as lease revenue in a systematic and rational manner over the lease term.

Amounts to be received under residual value guarantees that are not fixed in substance are recognized as a receivable and an inflow of resources if (a) a guaranteed payment is required and (b) the amount can be reasonably estimated. Amounts received for the exercise price of a purchase option or penalty for lease termination are recognized as a receivable and an inflow of resources when those options are exercised.

The Authority has elected to recognize payments received for short-term leases with a lease term of 12 months or less as revenue as the payments are received. These leases are not included as lease receivables or deferred inflows on the statements of net position and fund financial statements.

Significant lease terms are disclosed in Note 4.-

The Authority accounts for contracts containing both lease and non-lease components as separate contracts when possible. In cases where the contract does not provide separate price information for lease and non-lease components, and it is impractical to estimate the price of such components, the Authority treats the components as a single lease unit.

Equity

Net Position

For government-wide presentation purposes when both restricted and unrestricted resources are available for use, it is the Authority'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.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity (Continued)

Fund Balance (continued)

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.

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 Commissioners. The constraint may be removed or changed only through formal action of the Board of Commissioners.

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 Commissioners 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 Authority's practice to use the most restrictive classification first.

Adoption of New Accounting Standards

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.

The Authority adopted the requirements of the guidance effective January 1, 2025, and has elected to apply the provisions of this standard to the beginning of the period of adoption. 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	$	1,539,062
Cash and Investments - Restricted		8,117,234
Total Cash and Investments	$	9,656,296

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

Deposits with Financial Institutions	$	1,326,120
Investments		8,330,176
Total Cash and Investments	$	9,656,296

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.

On December 31, 2025, the Authority's cash deposits had a bank balance of $1,338,594 and a carrying balance of $1,326,120.

Investments

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

The Authority 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 Authority 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 Commissioners. 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 certificates of deposit
. 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 Authority had the following investments:

Investment	Maturity	Amount
Colorado Surplus Asset Trust Fund (CSAFE)	Weighted-Average Under 60 Days	$ 7,874,939
Colorado Local Government Liquid Asset Trust (COLOTRUST)	Weighted-Average Under 60 Days	204,841
5STAR Bank Certificate of Deposit	5 month	250,396
Total		$ 8,330,176

CSAFE

The Authority invested in the Colorado Surplus Asset Fund Trust (CSAFE) (the Trust), which is an investment vehicle established by state statute for local government entities to pool surplus assets. The State Securities Commissioner administers and enforces all state statutes governing the Trust. The Trust currently offers two portfolios – CSAFE CASH FUND and CSAFE CORE.

CSAFE CASH FUND operations are similar to a money market fund, with each share valued at $1.00. CSAFE may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain money market funds and highest rated commercial paper, any security allowed under Section 24-75-601.1, C.R.S.

CSAFE CORE, a variable Net Asset Value (NAV) Local Government Investment Pool, offers weekly liquidity and is managed to approximate a $2.00 transactional share price. CSAFE CORE may invest in securities authorized by Section 24-75-601.1, C.R.S., including U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies, and highest rated commercial paper.

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

CSAFE (Continued)

A designated custodial bank serves as custodian for CSAFE's portfolio pursuant to a custodian agreement. The custodian acts as safekeeping agent for CSAFE's investment portfolio and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by CSAFE. CSAFE CASH FUND is rated AAAmmf and CSAFE CORE is rated AAAf/S1 by Fitch Ratings. CSAFE records its investments at amortized cost and the Authority records its investments in CSAFE using the amortized cost method. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

COLOTRUST

The Authority 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 Section 24-75-601.1, C.R.S., including U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies, and highest rated commercial paper.

A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as a 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 Authority 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.

5STAR

The Authority invested in a 5-month Certificate of Deposit with 5STAR Bank.

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Concentration of credit risk. The concentration of credit risk is the risk of loss that may be caused by the Authority's investment in a single issuer. The Authority's investment policy limits the amount of the portfolio that can be invested in any one investment vehicle to no more than 40% of the portfolio, except for U.S. Treasury securities and obligations.

Fair value of investments. The Authority measures and records its investments using fair value measurement guidelines established by U.S. GAAP. These guidelines recognize a three-tiered fair value hierarchy as follows:

Level 1: Quoted prices for identical investments in active markets;
Level 2: Observable inputs other than those in Level 1; and
Level 3: Unobservable inputs.

All invested securities as of December 31, 2025, are classified as Level 1, and are valued using prices quoted in active markets for those securities.

NOTE 4 LEASES

The Authority entered into a lease agreement for building space to an unrelated party on April 7, 2022, which expired end of March 2025. This lease was amended on July 15, 2022, to include expansion space as defined in the lease agreement. The Lessee and the Authority entered into a renewed lease agreement on April 7, 2025. During the year ending December 31, 2025, the Authority recognized $13,469 in lease revenue related to these agreements.

Total future minimum lease payments to be received under the new lease agreement are as follows:

Year Ending December 31,	Principal	Interest	Total
2026	$ 22,298	$ 2,386	$ 24,684
2027	26,837	1,063	27,900
2028	7,144	32	7,176
Total Minimum Lease Payments	$ 56,279	$ 3,481	$ 59,760

The Authority entered into a lease agreement for building space to an unrelated party on October 15, 2024, with an effective date of January 1, 2025, which will expire in December 2026. During the year ending December 31, 2025, the Authority recognized $11,810 in lease revenue related to this agreement.

NOTE 4 LEASES (CONTINUED)

Total future minimum lease payments to be received under the lease agreement are as follows:

Year Ending December 31,	Principal	Interest	Total
2026	$ 12,204	$ 224	$ 12,428
Total Minimum Lease Payments	$ 12,204	$ 224	$ 12,428

The Authority entered into a lease agreement for building space to an unrelated party on February 1, 2025, which will expire on January 1, 2032. Lease payments will range from $5,648 and $6,354 per month during the term of this agreement. Due to a space reconstruction arrangement, the Authority did not recognize any lease revenue related to this lease agreement. The lease agreement was amended to extend for the period of space reconstruction.

NOTE 5 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
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land - 217 Santa Fe Ave	$ 21,503	$ -	$ -	$ 21,503
Land - 221 Santa Fe Ave	34,549	-	-	34,549
Land - Ransom Hwy 85	58,763	-	-	58,763
Land - 213 S Santa Fe Ave	74,337	-	-	74,337
Land - 102 N Main St	39,313	-	-	39,313
Total Capital Assets, Not Being Depreciated	228,465	-	-	228,465
Capital Assets, Being Depreciated:				
Bldg - 217 Santa Fe Ave	144,939	-	-	144,939
Bldg - 221 Santa Fe Ave	419,156	-	-	419,156
Bldg - Ransom Hwy 85	92,535	-	-	92,535
Bldg - 213 S Santa Fe Ave	70,663	-	-	70,663
Bldg - 102 N Main St	410,687	-	-	410,687
Impr - 102 N Main St	2,239,623	-	-	2,239,623
Total Capital Assets, Being Depreciated	3,377,603	-	-	3,377,603
Less Accumulated Depreciation:				
Bldg - 217 Santa Fe Ave	(45,414)	(5,798)	-	(51,212)
Bldg - 221 Santa Fe Ave	(122,952)	(16,767)	-	(139,719)
Bldg - Ransom Hwy 85	(26,835)	(3,701)	-	(30,536)
Bldg - 213 S Santa Fe Ave	(19,550)	(2,827)	-	(22,377)
Bldg - 102 N Main St	(102,672)	(16,427)	-	(119,099)
Impr - 102 N Main St	(7,465)	(89,585)	-	(97,050)
Total Accumulated Depreciation	(324,888)	(135,105)	-	(459,993)
Total Capital Assets, Being Depreciated, Net	3,052,715	(135,105)	-	2,917,610
Governmental Activities Capital Assets, Net	$ 3,281,180	$ (135,105)	$ -	$ 3,146,075

NOTE 5 CAPITAL ASSETS (CONTINUED)

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

Governmental Activities	Amount
General Government	
Total Depreciation/Amortization Expense - Governmental Activities	$ 135,105

NOTE 6 LONG-TERM OBLIGATIONS

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

The details of the Authority's long-term obligations are as follows:

	Balance December 31, 2024	Additions	Deletions	Balance December 31, 2025	Due Within One Year
Bonds Payable:					
Tax Increment Revenue Refunding and Improvement Bonds - Series 2015A	$ 37,465,000	$ -	$ 750,000	$ 36,715,000	$ -
Bond Discount Series 2015A	(108,693)	-	(23,147)	(85,546)	-
Taxable Public Improvement Fee Refunding Bonds - Series 2015B	4,765,000	-	95,000	4,670,000	-
Bond Discount Series 2015B	(12,265)	-	(5,130)	(7,135)	-
Tax Increment and Public Improvement Fee Taxable Revenue Bonds - Series 2014C	2,208,000	-	300,000	1,908,000	-
Public Improvement Fee Taxable Revenue Bonds - Series 2014D	355,000	-	-	355,000	-
Subtotal of Bonds Payable	44,672,042	-	1,116,723	43,555,319	-
Bonds/Notes/Loans from Direct Borrowings and Direct Placements:					
5Star Bank Loan 4517	546,956	-	8,826	538,130	10,133
5Star Bank Loan 5455	593,316	-	-	593,316	25,765
Subtotal of Bonds/Notes/Loans from Direct Borrowings and Direct Placements	1,140,272	-	8,826	1,131,446	35,898
Total Long-Term Obligations	$ 45,812,314	$ -	$ 1,125,549	$ 44,686,765	$ 35,898

Tax Increment Revenue Refunding and Improvement Bonds, Series 2015A and Taxable Public Improvement Fee Refunding Bonds, Series 2015B

On August 11, 2015, the Authority issued the following bonds (collectively, the Bonds): (1) $41,930,000 Tax Increment Revenue Refunding and Improvement Bonds, Series 2015A and (2) $5,070,000 Taxable Public Improvement Fee Refunding Bonds, Series 2015B. The Bonds were issued for the purposes of: (i) financing a portion of the public improvement costs and other costs associated with the construction of the South Academy Highlands project; (ii) provide capitalized interest; (iii) paying costs of issuance of the Bonds; and (iv) refund the Series 2014A and 2014B Bonds.

NOTE 6 LONG-TERM OBLIGATIONS (CONTINUED)

Tax Increment Revenue Refunding and Improvement Bonds, Series 2015A and Taxable Public Improvement Fee Refunding Bonds, Series 2015B (Continued)

The 2015A Bonds bear interest at 4.5% to 5.5%, payable semi-annually on May 1 and November 1, beginning on May 1, 2016. Annual mandatory sinking fund principal payments are due on November 1, beginning on November 1, 2016. The 2015A Bonds mature on November 1, 2044. The 2015A Bonds are payable from available pledged revenue, therefore an amortization schedule cannot be determined.

The 2015A Bonds are secured and payable from the Pledged Revenue, consisting of monies derived by: (1) the Anchor Sites Incremental Sales Tax TIF Revenues (2) the Remaining Outparcel Incremental Sales Tax TIF Revenues (if any); (3) the Net Incremental Transportation Tax TIF Revenues; (4) the Net Transportation Sales Tax Revenue (if any); (5) the Net Appropriated Sum (if any); and (6) all income from the investment and reinvestment of the monies in all of the Trust accounts.

The 2015A Bonds are also secured by the Reserve Fund Requirement per Bond Indenture. The Reserve Fund requirement amount is $3,229,125. The balance in the 2015A Reserve Fund on December 31, 2025, was $3,311,842.

The 2015B Bonds bear interest at 7.0%, payable semi-annually on May 1 and November 1, beginning on May 1, 2016. Annual mandatory sinking fund principal payments are due on May 1 and November, beginning on May 1, 2016. The 2015B Bonds mature on November 1, 2044.

The 2015B Bonds are secured and payable from the Pledged Revenue, consisting of monies derived by: (1) the Anchor Sites Add-On PIF Revenues; (2) the remaining Anchor Sites Incremental Sales Tax Revenues (if any); (3) the remaining Outparcel Incremental Sales Tax Revenues (if any); (4) the remaining Outparcel Add-On PIF Revenues (if any); and (5) all income from the investment and reinvestment of the Series 20155B Trust Funds.

The 2015B Bonds are also secured by the Reserve Fund Requirement per Bond Indenture. The Reserve Fund requirement amount is $507,000. The balance in the 2015B Reserve Fund on December 31, 2025, was $559,112.

The principal and interest payments are due May 1 and November 1 and will be based on the amount of funds available on the 40th calendar day preceding each interest payment date; therefore, a schedule amortization has not been included.

Optional Redemption of the 2015A and 2015B Bonds

The 2015A and 2015B Bonds are subject to redemption, at the option of the Authority, in whole or in part, on November 1, 2025, and on any date thereafter, at a redemption price equal to the principal amount so redeemed plus accrued interest thereon to the redemption date, without redemption premium.

Events of Default for the 2015A and 2015B Bonds

Events of default occur if the Authority fails or refuses to apply the Pledged Revenue with the trustee as required by the Series 2015A and Series 2015B Indentures and does not comply with other customary terms and conditions consistent with normal municipal financing as described in the Series 2015A and Series 2015B Indentures.

NOTE 6 LONG-TERM OBLIGATIONS (CONTINUED)

Tax Increment and Public Improvement Fee Taxable Revenue Bonds, Series 2014C and Public Improvement Fee Taxable Revenue Bonds, Series 2014D

On September 10, 2014, the Authority issued the following bonds (collectively, the Bonds): (1) $26,425,000 Tax Increment Revenue Bonds, Series 2014A; (2) $4,075,000 Public Improvement Fee Taxable Revenue Bonds, Series 2014B; (3) $2,500,000 Tax Increment and Public Improvement Fee Taxable Revenue Bonds, Series 2014C; and (4) $355,000 Public Improvement Fee Taxable Revenue Bonds, Series 2014D. The Bonds were issued for the purposes of (i) financing a portion of the public improvement costs and other costs associated with the construction of the South Academy Highlands project; (ii) providing capitalized interest; and (iii) paying costs of issuance of the Bonds. On July 29, 2015, the Indentures of the Series 2014C and 2014D Bonds were amended by the First Amendment to Indenture of Trust to remove certain sections from the original respective Indentures. On August 11, 2015, the Series 2014A and 2014B Bonds were refunded.

The 2014C Bonds bear interest at 9.000%, payable semi-annually on May 1 and November 1, beginning on May 1, 2015. Annual mandatory sinking fund principal payments are due on May 1, beginning on May 1, 2016. The 2014C Bonds mature on November 1, 2044.

The 2014C Bonds are secured and payable from the Pledged Revenue, consisting of monies derived by: (1) the Outparcel Incremental Sales Tax Revenues; (2) the Outparcel Add-On PIF Revenues; and (3) all income from the investment and reinvestment of the Series 2014C Trust Funds.

The 2014D Bonds bear interest at 9.000%, payable semi-annually on May 1 and November 1, beginning on May 1, 2015. Annual mandatory sinking fund principal payments are due on May 1, beginning on May 1, 2016. The 2014D Bonds mature on November 1, 2044.

The 2014D Bonds are secured and payable from the Pledged Revenue, consisting of monies derived by: (1) the remaining Outparcel Add-On PIF Revenues; and (2) all income from the investment and reinvestment of the Series 2014D Trust Funds.

A debt service schedule for the Series 2014C and D Bonds cannot be determined as interest and principal are being paid based on the availability of funds from Pledged Revenue of development that is not anticipated during this reporting period.

Events of Default for the 2014C and 2014D Bonds

Events of default occur if the Authority fails to deposit Pledge Revenues with the Trustee, fails in the performance of the covenants and agreements per Indenture, or does not comply with other customary terms and conditions consistent with normal municipal financing as described in the Series 2014C and Series 2014D Indentures.

NOTE 6 LONG-TERM OBLIGATIONS (CONTINUED)

5Star Bank Loan

On August 24, 2022, the Authority entered into a Loan Agreement with 5Star Bank for a loan in the amount of $550,000 to refinance the CO4F Loan. The loan matured on August 24, 2024, and is payable monthly at an interest rate of 3.5% for 24 months. Interest payments are due monthly, with the principal balance due at maturity. The loan is collateralized by (a) the deed of trust dated August 26, 2022, for real property located at 213 S. Santa Fe Ave., 217 S. Santa Fe Ave., 221 S. Santa Fe Ave., and 306 W. Missouri Ave., Fountain, Colorado in El Paso County, and (b) a Commercial Pledge Agreement dated August 26, 2022. The Commercial Pledge Agreement requires collateral in the amount of $225,000 from the proceeds received from the sale of 212 West Illinois Avenue, Fountain, Colorado.

On August 24, 2024, the Loan was renewed for a term of 48 months. The renewed Loan has an interest rate of 6.75% for the first 24 months after which it converts to 7.25% interest rate for the next 24 months. The principal and interest payments on the renewed Loan are based on a 25-year amortization with the balance due at maturity. The Loan maturity date is August 24, 2028.

Events of Default

The loan shall include events of default which are usual and customary for transactions of this nature, including without limitation nonpayment, misrepresentation, breach of collateral agreement, bankruptcy or insolvency, judgments, cross-defaults with other indebtedness and change of control.

The Authority's long-term obligations regarding the Loan will mature as follows:

Year Ending December 31,	Principal	Interest	Total
2026	$ 10,135	$ 36,524	$ 46,659
2027	12,259	35,749	48,008
2028	515,737	23,031	538,767
Total	$ 538,130	$ 95,304	$ 633,434

5Star Bank – Line of Credit

On November 3, 2023, the Authority entered into an agreement for a Line of Credit with 5Star Bank in the amount of $1,000,000 to Refinance the Independence Bank – Woodman Hall Loan and to further improve to the property. The Line of Credit is secured by the property at 102 North Main Street. This Line of Credit is at 24 monthly consecutive interest payments, beginning December 3, 2023, with interest calculated at 6.25% per annum based on a year of 360 days; 23 monthly consecutive principal and interest payments of $6,970.47 each, beginning December 3, 2025, with interest calculated at 6.75% per annum based on a year of 360 days; the final payment will be due on November 3, 2027. The first draw from the 5 Star Bank Line of Credit was to refinance the Independence Bank – Woodman Hall Loan and to pay for the costs of refinancing in the amount of $231,366 and $11,950 respectively. The second draw in the amount of $350,000, on July 17, 2024, was for Woodman Hall Project expenses.

NOTE 6 LONG-TERM OBLIGATIONS (CONTINUED)

5Star Bank – Line of Credit (Continued)

On December 19, 2025, the Loan's interest only period was extended for six more months, and the life of the loan was also extended for six months with all other Loan terms being unchanged. As of December 31, 2025, the outstanding balance on the Line of Credit was $593,316, and available credit of $406,684 remains. The Line of Credit new maturity date is May 3, 2028.

Events of Default

The loan shall include events of default which are usual and customary for transactions of this nature, including without limitation nonpayment, misrepresentation, breach of collateral agreement, bankruptcy or insolvency, judgments, cross-defaults with other indebtedness and change of control.

The Authority's long-term obligations regarding the Line of Credit will mature as follows:

Year Ending December 31,	Principal	Interest	Total
2026	$ 25,765	$ 39,616	$ 65,381
2027	46,772	36,874	83,646
2028	520,779	14,415	535,194
Total	$ 593,316	$ 90,905	$ 684,221

NOTE 7 NET POSITION

The Authority 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 outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. As of December 31, 2025, the Authority had net investment in capital assets calculated as follows:

Net Investment in Capital Assets:	
Capital Assets, Net	$ 3,146,075
Less: Capital Related Debt	
Long-Term Portion of Obligations	(1,131,446)
Net Investment in Capital Assets	$ 2,014,629

NOTE 7 NET POSITION (CONTINUED)

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 Authority had a restricted net position as of December 31, 2025, as follows:

Restricted Net Position:		
South Academy Highlands Administration Funds	$	157,978
Enterprise Zone - Woodman Hall		5,905
Debt Service Reserve		542,966
Total Restricted Net Position	$	706,849

The Authority has a deficit in unrestricted net position. This deficit amount is a result of the Authority being responsible for the repayment of bonds issued for public improvements, of which a significant portion of these improvements was conveyed to other governmental entities and which costs were removed from the Authority's financial records.

NOTE 9 AGREEMENTS

TSA INFILL - Redevelopment Agreement

On September 30, 2020, the Authority entered into a TSA INFILL Redevelopment Agreement with Evergreen-Mesa Ridge & Syracuse SWC, LLC., an Arizona corporation (the Owner). The Owner, previously entered into an agreement with the City of Fountain to design and construct certain private improvements on Lots 1, 2, and 4 of the Property, to satisfy the City's INFILL servitude benefit. Provided the Owner complies with the City's requirements, the Authority's sole obligation will be to pay to the Owner 100% of the initial use tax proceeds received from the City from the initial construction of improvements subject to the use tax on Lots 1, 2, and 4, but not more than $100,000. The Agreement is subject to the Owner having the construction costs certified. On January 17, 2023, the TSA INFILL Redevelopment Agreement was amended solely in regard to the property, to include Lot 3 of the property in addition to the Lots specified in the original agreement.

TSA INFILL 2 - Redevelopment Agreement

On January 17, 2023, the Authority entered into a TSA INFILL 2 Redevelopment Agreement with Evergreen-Mesa Ridge & Syracuse SWC, LLC., an Arizona corporation (the Owner). The Owner, previously entered into an agreement with the City of Fountain to design and construct certain private improvements on Lot 5, Tract And C to satisfy the City's INFILL servitude benefit. Provided the Owner complies with the City's requirements, the Authority will contribute certain available use tax revenues to help pay the certified costs of certain gas pipeline utility infrastructure improvements. The Authority agreed to pay to the Owner 100% of the initial use tax proceeds received from the City from the initial construction of improvements subject to the use tax on Lot 5, Tract A and C, but not more than $130,000.

NOTE 9 AGREEMENTS (CONTINUED)

TSA INFILL 3 - Redevelopment Agreement 21 AC SEC

On January 25, 2023, the Authority entered into a TSA INFILL 3 Redevelopment Agreement with Evergreen-Mesa Ridge & Syracuse SWC, LLC., an Arizona corporation (the Owner). The Owner owns the 21 AC Property (the Property) and intends to construct certain improvements including approximately 125,000 square feet of new commercial space according to a previously entered into agreement with the City of Fountain (the City). The Authority's obligations pursuant to this agreement are subject to and conditioned upon the fulfillment of the agreement between the Owner and the City (2023 City Agreement), dated January 23, 2023. Upon fulfillment of those conditions, the Authority will reimburse the Owner for the certified costs of $360,000, which represent 100% of the incremental use tax revenues generated by and attributable to the initial construction of certain private and public improvements subject to the City's use tax on the Property, and up to $317,440 approved and certified costs (the maximum sales tax reimbursement). The Authority's obligation to pay is only for those years it actually receives use tax and or sales tax revenues levied within the Property.

Pikes Peak Enterprise Zone Memorandum of Understanding

On January 18, 2024, the Authority entered into a Memorandum of Understanding (MOU) with the Pikes Peak Enterprise Zone (the Zone) where the Colorado Economic Development Commission approved the Woodman Hall Adaptive Reuse and Renovation project as an eligible Enterprise Zone Contribution Project. The Memorandum dictates that monetary contributions will be paid to the Zone, and the Authority agrees to use the contributions proceeds pursuant to the MOU until contributions are expended, or the MOU terminated. The Authority will receive 96.5% of each monetary contribution, while the Zone will retain 3.5% of each contribution for administrative support fees. The In-Kind contributions, such as personal property, real estate, stock, or services, may be directly certified to the Authority, which agrees to pay all associated costs and an additional 3.5% administrative fee, and any commission charged in connection with the In-Kind transfer. The maximum contributions allowed are $750,000 and the minimum contributions required to uphold the Enterprise Zone status is $5,000 during the year. The Authority met the annual minimum contribution threshold as of December 31, 2025.

NOTE 10 RISK MANAGEMENT

The Authority 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 Authority maintains commercial insurance for all risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

The Authority 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 10 RISK MANAGEMENT (CONTINUED)

The Authority 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 11 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.

In 2002, the Colorado Court of Appeals determined that TABOR does not apply to urban renewal authorities such as the Authority. The application of TABOR to the City, however, could impact the amount of Sales Tax Revenues received by the Authority, and the application of TABOR to the school districts and other local governments which overlap the Urban Renewal Area could impact the amount of Property Tax Revenues received by the Authority.

NOTE 12 SUBSEQUENT EVENTS

Management evaluated subsequent events through June 30, 2026, the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

FOUNTAIN URBAN RENEWAL AUTHORITY
SPECIAL REVENUE FUND ENTERPRISE ZONE CONTRIBUTIONS
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			
Enterprise Zone Contributions	$ 80,000	$ 12,200	$ (67,800)
Total Revenues	80,000	12,200	(67,800)
EXPENDITURES			
Administration Expenses	4,800	6,295	(1,495)
Total Expenditures	4,800	6,295	(1,495)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	75,200	5,905	(69,295)
OTHER FINANCING SOURCES (USES)			
Transfers to Other Funds	(75,200)	-	75,200
Total Other Financing Sources (Uses)	(75,200)	-	75,200
NET CHANGE IN FUND BALANCES	-	5,905	5,905
Fund Balance - Beginning of Year	-	-	-
FUND BALANCE - END OF YEAR	$ -	$ 5,905	$ 5,905

FOUNTAIN URBAN RENEWAL AUTHORITY
DEBT SERVICE FUND – SERIES 2014C
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			
Incremental Sales Taxes	$ 344,000	$ 421,824	$ 77,824
Public Improvement Fee	112,000	95,226	(16,774)
Net Investment Income	7,700	6,303	(1,397)
Total Revenues	463,700	523,353	59,653
EXPENDITURES			
Bond Interest - Series 2014C	219,000	193,320	25,680
Bond Principal - Series 2014C	330,000	300,000	30,000
Contingency	85,994	1	85,993
Total Expenditures	634,994	493,321	141,673
NET CHANGE IN FUND BALANCE	(171,294)	30,032	201,326
Fund Balance - Beginning of Year	171,294	187,269	15,975
FUND BALANCE - END OF YEAR	$ -	$ 217,301	$ 217,301

FOUNTAIN URBAN RENEWAL AUTHORITY
DEBT SERVICE FUND – SERIES 2015A
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			
Incremental Sales Taxes	$ 2,051,000	$ 2,087,774	$ 36,774
Transportation Sales Taxes	384,000	401,536	17,536
Net Investment Income	280,000	167,656	(112,344)
Total Revenues	2,715,000	2,656,966	(58,034)
EXPENDITURES			
Bond Interest - Series 2015A	1,960,000	1,945,413	14,587
Bond Principal - Series 2015A	750,000	750,000	-
Contingency	5,000	-	5,000
Total Expenditures	2,715,000	2,695,413	19,587
NET CHANGE IN FUND BALANCE	-	(38,447)	(38,447)
Fund Balance - Beginning of Year	4,334,769	4,438,344	103,575
FUND BALANCE - END OF YEAR	$ 4,334,769	$ 4,399,897	$ 65,128

FOUNTAIN URBAN RENEWAL AUTHORITY
DEBT SERVICE FUND – SERIES 2015B
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				
Public Improvement Fee	$ 393,900	$ 384,060	$ 384,060	$ -
Net Investment Income	31,310	26,911	26,911	-
Total Revenues	425,210	410,971	410,971	-
EXPENDITURES				
Bond Interest - Series 2015B	315,210	331,450	331,450	-
Bond Principal - Series 2015B	105,000	95,000	95,000	-
Contingency	5,000	-	-	-
Total Expenditures	425,210	426,450	426,450	-
NET CHANGE IN FUND BALANCE	-	(15,479)	(15,479)	-
Fund Balance - Beginning of Year	709,247	710,256	710,256	-
FUND BALANCE - END OF YEAR	$ 709,247	$ 694,777	$ 694,777	$ -

FOUNTAIN URBAN RENEWAL AUTHORITY
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			
Net Investment Income	$ 140,000	$ 126,390	$ (13,610)
Total Revenues	140,000	126,390	(13,610)
EXPENDITURES			
Banking Fees	1,000	267	(267)
Road Improvements	250,000	-	-
Public Infrastructure Improvements	2,890,562	51,070	2,839,492
Capital Projects - Phase II	-	11,676	(11,676)
Total Expenditures	3,141,562	63,013	3,078,549
NET CHANGE IN FUND BALANCE	(3,001,562)	63,377	3,064,939
Fund Balance - Beginning of Year	3,001,562	3,174,569	173,007
FUND BALANCE - END OF YEAR	$ -	$ 3,237,946	$ 3,237,946

OTHER INFORMATION

FOUNTAIN URBAN RENEWAL AUTHORITY
SUMMARY OF INCREMENTAL ASSESSED VALUATION, MILL LEVY, AND INCREMENTAL PROPERTY TAXES COLLECTED
DECEMBER 31, 2025

	Prior Year Assessed Valuation for Current Year Property Tax Levy				Total Incremental Property Taxes		
Year Ended December 31,	Total Assessed Valuation	Less: Base Valuation	Net Increment Valuation	Combined Mills Levies	Levied	Collected	Percentage Collected to Levied
2021	$ 22,477,690	$ 20,303,578	$ 2,174,112	59.739	$ 129,879	$ 129,792	99.93 %
2022	27,688,850	23,273,740	4,415,110	57.970	255,946	251,313	98.19
2023	28,581,850	23,113,700	5,468,150	59.383	324,715	357,579	110.12
2024	32,885,680	25,914,320	6,971,360	59.383	413,980	442,290	106.84
2025	34,190,550	25,833,980	8,356,570	61.415	513,219	561,801	109.47
Estimated for the Year Ending December 31, 2026	$ 47,568,600	$ 31,343,460	$ 16,225,140	62.561	$ 1,015,061		

NOTE:
Incremental property taxes collected in any one year include collection of delinquent property taxes levied in prior years. Information received from the County Treasurer does not permit identification of specific year of levy.

Source: El Paso County Assessor, CO