

**FOUNTAIN URBAN RENEWAL AUTHORITY
El Paso County, Colorado**

**FINANCIAL STATEMENTS
December 31, 2016**

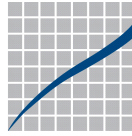


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BiggsKofford

CERTIFIED PUBLIC ACCOUNTANTS
BUSINESS SPECIALISTS

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities and each major fund of Fountain Urban Renewal Authority ("Authority"), as of December 31, 2016, and for the year then ended, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Authority as of December 31, 2016, the respective changes in financial position and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

Other 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 is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

BiggsKofford, P.C.

Colorado Springs, Colorado
June 29, 2017

BASIC FINANCIAL STATEMENTS

FOUNTAIN URBAN RENEWAL AUTHORITY
STATEMENT OF NET POSITION
December 31, 2016

	<u>Governmental Activities</u>
ASSETS	
Cash and investments	\$ 430,741
Cash and investments - Restricted	13,438,202
Receivable from County Treasurer	48
Public improvement fee receivable	35,980
Public improvement admin fee receivable	1,113
Incremental sales taxes receivable	584,323
Sales tax admin receivable	14,878
Use tax receivable	2,690
Incremental property taxes receivable	96,223
Capital assets, not being depreciated	439,268
Capital assets, net	17,900
Total assets	<u>15,061,366</u>
DEFERRED OUTFLOWS OF RESOURCES	
Bond discount	442,273
Total deferred outflows of resources	<u>442,273</u>
LIABILITIES	
Accounts payable	7,796
Rental deposit	500
Accrued interest payable - Bonds	992,650
Accrued interest payable - Loan	55
Noncurrent liabilities	
Due within one year	235,000
Due in more than one year	49,625,000
Total liabilities	<u>50,861,001</u>
DEFERRED INFLOWS OF RESOURCES	
Incremental property tax revenue	96,223
Total deferred inflows of resources	<u>96,223</u>
NET POSITION	
Net investment in capital assets	222,168
Restricted for:	
South Academy Highlands Administration Funds	180,385
Debt Service	316,100
Capital projects	8,751,171
Unrestricted	(44,923,409)
Total net position	<u>\$ (35,453,585)</u>

These financial statements should be read only in connection with
the accompanying notes to financial statements.

**FOUNTAIN URBAN RENEWAL AUTHORITY
STATEMENT OF ACTIVITIES
Year Ended December 31, 2016**

<u>Functions/Programs</u>	<u>Program Revenues</u>			<u>Net (Expenses) Revenues and Changes in Net Position</u>	
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>
Primary government:					
Government activities:					
General government	\$ 140,659	\$ -	\$ 5,976	\$ -	\$ (134,683)
Interest and related costs on long-term debt	2,149,067	-	-	-	(2,149,067)
Dedication of capital assets to other entities	1,753,321	-	-	-	(1,753,321)
	<u>\$ 4,043,047</u>	<u>\$ -</u>	<u>\$ 5,976</u>	<u>\$ -</u>	<u>(4,037,071)</u>
General revenues:					
Incremental property taxes					107,369
Incremental sales taxes					2,313,071
Sales tax admin revenue					68,345
Use taxes					11,695
Public improvement fee					322,453
Public improvement fee admin revenue					14,044
Rental income					102
Net investment income					63,463
Total general revenues					<u>2,900,542</u>
Change in net position					(1,136,529)
Net position - Beginning					<u>(34,317,056)</u>
Net position - Ending					<u>\$ (35,453,585)</u>

These financial statements should be read only in connection with the accompanying notes to financial statements.

**FOUNTAIN URBAN RENEWAL AUTHORITY
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2016**

	General	Debt Service	Capital Projects	Total Governmental Funds
ASSETS				
Cash and investments	\$ 430,741	\$ -	\$ -	\$ 430,741
Cash and investments - Restricted	157,284	4,529,747	8,751,171	13,438,202
Receivable from County Treasurer	48	-	-	48
Public improvement fee receivable	-	35,980	-	35,980
Public improvement admin fee receivable	1,113	-	-	1,113
Incremental sales taxes receivable	103,257	481,066	-	584,323
Sales tax admin receivable	14,878	-	-	14,878
Use tax receivable	2,690	-	-	2,690
Incremental property taxes receivable	96,223	-	-	96,223
TOTAL ASSETS	\$ 806,234	\$5,046,793	\$ 8,751,171	\$ 14,604,198
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 7,796	\$ -	\$ -	\$ 7,796
Rental deposit	500	-	-	500
Total liabilities	8,296	-	-	8,296
DEFERRED INFLOWS OF RESOURCES				
Incremental property tax revenue	96,223	-	-	96,223
Total deferred inflows of resources	96,223	-	-	96,223
FUND BALANCES				
Restricted for:				
Debt service	-	5,046,793	-	5,046,793
Capital projects	-	-	8,751,171	8,751,171
South Academy Highlands Administration Funds	180,385	-	-	180,385
Assigned:				
Old Town Funds	175,960	-	-	175,960
Investment Funds	345,370	-	-	345,370
Total fund balances	701,715	5,046,793	8,751,171	14,499,679
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 806,234	\$5,046,793	\$ 8,751,171	
Reconciliation of Balance Sheet - Governmental Funds to Statement of Net Position				
Capital assets are reported as assets on the Statement of Net Position				
but are recorded as expenditures in the funds				
Capital assets, net				457,168
Other long-term assets are not available to pay for current period expenditures				
and, therefore, are deferred in the funds.				
Bond discount				442,273
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				(49,625,000)
Loan payable				(235,000)
Bond interest payable				(992,650)
Loan interest payable				(55)
Net position of governmental activities				\$ (35,453,585)

These financial statements should be read only in connection with
the accompanying notes to financial statements.

FOUNTAIN URBAN RENEWAL AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended December 31, 2016

	General	Debt Service	Capital Projects	Total Governmental Funds
REVENUES				
Incremental property taxes	\$ 107,369	\$ -	\$ -	\$ 107,369
Incremental sales taxes	103,257	2,209,814	-	2,313,071
Sales tax admin revenue	68,345	-	-	68,345
Use taxes	11,695	-	-	11,695
Public improvement fee admin revenue	14,044	-	-	14,044
RBD loan	1,625	-	-	1,625
Old Town Arts program funding	4,351	-	-	4,351
Rental income	102	-	-	102
Pubic improvement fee	-	322,453	-	322,453
Net investment income	284	21,772	41,407	63,463
Total revenues	<u>311,072</u>	<u>2,554,039</u>	<u>41,407</u>	<u>2,906,518</u>
EXPENDITURES				
Current				
Accounting	49,787	-	-	49,787
Auditing	7,100	-	-	7,100
Bank fees	1,000	-	-	1,000
Contingency	204	-	-	204
County Treasurer's fees	1,611	-	-	1,611
Legal	13,000	-	-	13,000
Miscellaneous	143	-	-	143
Other professional fees	14,300	-	-	14,300
Best & Brightest expense	11,196	-	-	11,196
PIF collections	13,989	-	-	13,989
Redevelopment expenses	8,633	-	-	8,633
BNSF land purchase	162,000	-	-	162,000
Trustee fees	13,500	-	-	13,500
RBD loan repayment	52,667	-	-	52,667
Blast Park	24,041	-	-	24,041
Property purchase	277,268	-	-	277,268
Debt service				
Bond interest - series 2014C	-	11,000	-	11,000
Bond interest - series 2015A	-	2,627,201	-	2,627,201
Bond interest - series 2015B	-	431,842	-	431,842
Bond principal - series 2015A	-	175,000	-	175,000
Bond principal - series 2015B	-	55,000	-	55,000
Capital projects				
Road improvements	-	-	1,753,321	1,753,321
Total expenditures	<u>650,439</u>	<u>3,300,043</u>	<u>1,753,321</u>	<u>5,703,803</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(339,367)</u>	<u>(746,004)</u>	<u>(1,711,914)</u>	<u>(2,797,285)</u>
OTHER FINANCING SOURCES (USES)				
Loan - City of Fountain	235,000	-	-	235,000
Transfers from other funds	31,582	38,734	-	70,316
Transfers to other funds	-	(31,582)	(38,734)	(70,316)
Total other financing sources (uses)	<u>266,582</u>	<u>7,152</u>	<u>(38,734)</u>	<u>235,000</u>
NET CHANGE IN FUND BALANCES	<u>(72,785)</u>	<u>(738,852)</u>	<u>(1,750,648)</u>	<u>(2,562,285)</u>
FUND BALANCES - BEGINNING OF YEAR	<u>774,500</u>	<u>5,785,645</u>	<u>10,501,819</u>	<u>17,061,964</u>
FUND BALANCES - END OF YEAR	<u>\$ 701,715</u>	<u>\$ 5,046,793</u>	<u>\$ 8,751,171</u>	<u>\$ 14,499,679</u>

These financial statements should be read only in connection with
the accompanying notes to financial statements.

**FOUNTAIN URBAN RENEWAL AUTHORITY
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended December 31, 2016**

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - Total governmental funds	\$ (2,562,285)
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.	
Capital outlay	457,168
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	175,000
Bonds principal payment - Series 2015A	55,000
Pikes Peak Regional Building Department Loan principal payment	43,900
Loan - City of Fountain	(235,000)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:	
Accrued interest on bonds payable - Change in liability	989,195
Accrued interest on loan payable	(55)
Amortization of bond discount	(59,452)
Changes in net position of governmental activities	<u>\$ (1,136,529)</u>

These financial statements should be read only in connection with the accompanying notes to financial statements.

**FOUNTAIN URBAN RENEWAL AUTHORITY
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
Year Ended December 31, 2016**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Incremental property taxes	\$ 106,871	\$ 107,717	\$ 107,369	\$ (348)
Incremental sales taxes	65,000	65,000	103,257	38,257
Sales tax admin revenue	82,517	63,000	68,345	5,345
Public improvement fee admin revenue	-	13,000	14,044	1,044
Use taxes	200,000	50,000	11,695	(38,305)
RBD loan	-	1,625	1,625	-
Old Town Arts program funding	-	4,351	4,351	-
Rental income	-	-	102	102
Net investment income	600	400	284	(116)
Total revenues	<u>454,988</u>	<u>305,093</u>	<u>311,072</u>	<u>5,979</u>
EXPENDITURES				
Accounting	47,375	52,000	49,787	2,213
Auditing	7,500	7,100	7,100	-
Bank fees	600	1,200	1,000	200
Contingency	66,412	15,951	204	15,747
County Treasurer's fees	1,586	1,616	1,611	5
Legal	20,000	16,000	13,000	3,000
Miscellaneous	500	100	143	(43)
Other professional fees	20,000	22,000	14,300	7,700
Best & Brightest expense	17,500	17,500	11,196	6,304
PIF collections	9,000	12,000	13,989	(1,989)
Redevelopment expenses	24,000	8,633	8,633	-
BNSF land purchase	205,000	160,000	162,000	(2,000)
Trustee fees	13,500	13,500	13,500	-
Website	4,000	4,000	-	4,000
RBD loan repayment	-	46,525	52,667	(6,142)
Blast Park	-	18,000	24,041	(6,041)
Property purchase	-	275,000	277,268	(2,268)
Total expenditures	<u>436,973</u>	<u>671,125</u>	<u>650,439</u>	<u>20,686</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES				
	<u>18,015</u>	<u>(366,032)</u>	<u>(339,367)</u>	<u>26,665</u>
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	-	-	31,582	31,582
Loan - City of Fountain	144,000	243,000	235,000	(8,000)
Total other financing sources (uses)	<u>144,000</u>	<u>243,000</u>	<u>266,582</u>	<u>23,582</u>
NET CHANGE IN FUND BALANCE				
	162,015	(123,032)	(72,785)	50,247
FUND BALANCES - BEGINNING OF YEAR				
	<u>846,129</u>	<u>774,500</u>	<u>774,500</u>	<u>-</u>
FUND BALANCES - END OF YEAR				
	<u>\$ 1,008,144</u>	<u>\$ 651,468</u>	<u>\$ 701,715</u>	<u>\$ 50,247</u>

These financial statements should be read only in connection with
the accompanying notes to financial statements.

FOUNTAIN URBAN RENEWAL AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 1 - DEFINITION OF REPORTING ENTITY

The Fountain Urban Renewal Authority (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 taxes and intergovernmental revenues.

The statement of net position reports all financial and capital resources of the Authority. The difference between the sum of assets and deferred outflows and the sum of liabilities and deferred inflows is reported as net position.

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.

FOUNTAIN URBAN RENEWAL AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 end of the current fiscal period. The major sources of revenue susceptible to accrual are incremental property tax, incremental sales and use taxes and Public Improvement fees. All other revenue items are considered to be measurable and available only when cash is received by the Authority. Expenditures, other than long-term obligations, are recorded when the liability is incurred or the long-term obligation is due.

The Authority reports the following major governmental funds:

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

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

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

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 has amended its annual budget for the year ended December 31, 2016.

FOUNTAIN URBAN RENEWAL AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Investments are carried at fair value.

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.

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 0.25%
- South Academy Highlands project area – sales tax shared at 2.50%

Use Tax

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

FOUNTAIN URBAN RENEWAL AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 estimated fair 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.

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 life:

Fence

15 years

Amortization

Original Issue Discount

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 as deferred outflows of resources.

In the fund financial statements, governmental fund types recognize bond discounts during the current period. The face amount of debt issued is reported as other financing sources. Discounts received on debt issuances are reported as other financing uses.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government only has one item that qualifies for reporting in this category. Accordingly, the item, *bond discount*, is deferred and recognized as outflows of resources in the period that the amounts become available.

FOUNTAIN URBAN RENEWAL AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, *incremental deferred property tax revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

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. 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.

**FOUNTAIN URBAN RENEWAL AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2016**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- *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.

NOTE 3 - CASH AND INVESTMENTS

Cash and investments as of December 31, 2016, are classified in the accompanying financial statements as follows:

Statement of net position:

Cash and investments	\$ 430,741
Cash and investments - Restricted	<u>13,438,202</u>
Total cash and investments	<u>\$ 13,868,943</u>

Cash and investments as of December 31, 2016, consist of the following:

Deposits with financial institutions	\$ 575,047
Investments	<u>13,293,896</u>
Total cash and investments	<u>\$ 13,868,943</u>

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.

As of December 31, 2016, the Authority's cash deposits had a bank balance of \$630,189 and a carrying balance of \$575,047.

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

**FOUNTAIN URBAN RENEWAL AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2016**

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

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.

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

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

Fair Value Measurement and Application

The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. Investments not measured at fair value and not categorized include governmental money market funds (PFM Funds Governmental Select series); money market funds (generally held by Bank Trust Departments in their role as paying agent or trustee); and CSAFE which record their investments at amortized cost.

The Authority had invested in COLOTRUST, an external investment pool that records its investments at fair value and measures fair value using Level 2 inputs.

As of December 31, 2016, the Authority had the following investments:

Investment	Maturity	Fair Value
Colorado Surplus Asset Trust Fund (CSAFE)	Weighted average under 60 days	\$ 13,248,435
Colorado Local Government Liquid Asset Trust (COLOTRUST)	Weighted average under 60 days	45,461
		<u>\$13,293,896</u>

FOUNTAIN URBAN RENEWAL AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

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 is 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. 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 is rated AAAM by Standard & Poor's.

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 operates similarly to a money market fund and each share is equal in value to \$1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. 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 repurchase agreements collateralized by certain obligations of the U.S. government agencies. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. COLOTRUST is rated AAAM by Standard & Poor's.

FOUNTAIN URBAN RENEWAL AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 4 - CAPITAL ASSETS

An analysis of the changes in capital assets for the year ended December 31, 2016, follows:

	<u>Balance at December 31, 2015</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance at December 31, 2016</u>
Governmental activities				
Capital assets, not being depreciated				
Construction in progress	\$ -	\$ 1,753,321	\$ 1,753,321	\$ -
Land	-	439,268	-	439,268
Total capital assets, not being depreciated	<u>-</u>	<u>2,192,589</u>	<u>1,753,321</u>	<u>439,268</u>
Capital assets, being depreciated				
Fence	-	18,000	-	18,000
Total capital assets, being depreciated	<u>-</u>	<u>18,000</u>	<u>-</u>	<u>18,000</u>
Less accumulated depreciation for:				
Fence	-	(100)	-	(100)
Total accumulated depreciation	<u>-</u>	<u>(100)</u>	<u>-</u>	<u>(100)</u>
Total capital assets, being depreciated, net	<u>-</u>	<u>17,900</u>	<u>-</u>	<u>17,900</u>
Governmental activities capital assets, net	<u>\$ -</u>	<u>\$ 2,210,489</u>	<u>\$ 1,753,321</u>	<u>\$ 457,168</u>

During 2016, the capital assets constructed or acquired by the Authority, except for land and fence purchase, were conveyed to other governmental entities. The costs of the construction of capital assets transferred to other governmental entities were removed from the Authority's financial records.

FOUNTAIN URBAN RENEWAL AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 5 - LONG-TERM OBLIGATIONS

The following is an analysis of changes in Authority's long-term obligations for the year ended December 31, 2016:

	Balance at December 31, 2015	Additions	Retirements	Balance at December 31, 2016	Due Within One Year
Tax Increment and Public Improvement Fee					
Taxable Revenue Bonds - Series 2014C	\$ 2,500,000	\$ -	\$ -	\$ 2,500,000	\$ -
Public Improvement Fee Taxable					
Revenue Bonds - Series 2014D	355,000	-	-	355,000	-
Tax Increment Revenue Refunding and					
Improvement Bonds - Series 2015A	41,930,000	-	175,000	41,755,000	-
Taxable Public Improvement Fee					
Refunding Bonds - Series 2015B	5,070,000	-	55,000	5,015,000	-
Pikes Peak Regional Building					
Department Loan	43,900	-	43,900	-	-
Loan - City of Fountain	-	235,000	-	235,000	235,000
	<u>\$ 49,898,900</u>	<u>\$ 235,000</u>	<u>\$ 273,900</u>	<u>\$ 49,860,000</u>	<u>\$ 235,000</u>

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

South Academy Highlands Project Bonds, Series 2014A – D

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. The 2014A and 2014B Bonds were refunded on August 11, 2015.

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.

FOUNTAIN URBAN RENEWAL AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 5 - LONG-TERM OBLIGATIONS (CONTINUED)

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 2104C 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 2104D 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.

South Academy Highlands Project Bonds, Series 2015A – B

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.

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 2015B Bonds mature on November 1, 2044.

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

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 2105B Trust Funds.

**FOUNTAIN URBAN RENEWAL AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2016**

NOTE 5 - LONG-TERM OBLIGATIONS (CONTINUED)

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.

Pikes Peak Regional Building Department Loan

On June 11, 2014, the City entered into a Loan Agreement with the Pikes Peak Regional Building Department (PPRBD). Pursuant to the Agreement, PPRBD will loan the City up to \$50,000 for costs of demolition and removing the buildings located within the Authority. The City will repay the loan as soon as possible from assessments against the properties or other payments received from property owners. There will be no interest on the loan for the first year from the date of the Agreement. Upon the day following the end of the first year, the loan will accrue simple interest at the rate of 4% until repaid in full.

On December 29, 2015, the Authority received \$43,900 on this loan. In April 2016, the loan was assigned from the City to the Authority. As of December 31, 2016, the loan was paid in full.

City of Fountain Loan

On October 7, 2016, the Authority entered into a Loan Agreement with the City of Fountain. Pursuant to the agreement, the Authority received \$235,000 from the City, which to be used solely for improvement measures within the Olde Town district of the City of Fountain. The Authority is required to repay the loan by November 1, 2017. The loan will accrue interest at the rate of .10% annually.

NOTE 6 - 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, 2016, the Authority had net investment in capital assets calculated as follows:

	Governmental Activities
Net investment in capital assets:	
Capital assets, net	\$ 457,168
Less: capital related debt	
Current portion of obligations	(235,000)
Net investment in capital assets	\$ 222,168

**FOUNTAIN URBAN RENEWAL AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2016**

NOTE 6 - NET POSITION (CONTINUED)

The restricted net position include 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 restricted net position as of December 31, 2016, as follows:

	Governmental Activities
Restricted net position:	
South Academy Highlands Administration Funds	\$ 180,385
Debt service	316,100
Capital Projects Fund reserve	8,751,171
Total restricted net position	\$ 9,247,656

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, which have been conveyed to other governmental entities.

NOTE 7 - INTERGOVERNMENTAL AGREEMENTS

Redevelopment and Reimbursement Agreement

On December 10, 2012, the Authority entered into a Redevelopment and Reimbursement Agreement with Excell Fountain LLC (Developer). Pursuant to the Agreement, the Developer is responsible for the design and construction of the improvements, as approved by the City. The Authority agrees to pay the Developer 50% of its net Sales Tax TIF Revenue, up to a maximum of \$49,000. In addition, the Authority also agrees to reimburse the Developer 100% of its net municipal Use Tax Revenue allocated, up to a maximum of \$6,000.

The obligation of the Authority to pay the Use Tax Revenue to the Developer shall be from year to year only and shall not constitute a mandatory payment obligation of the Authority in any fiscal year beyond the current year. Each payment to the Developer is a limited obligation of the Authority payable solely from the Sales Tax TIF Revenue and Use Tax Revenue it receives and only to the extent that these revenues are paid to the Authority.

NOTE 8 – INTERFUND TRANSFERS

The transfer from the Debt Service Fund to the General Fund was to reimburse the South Academy Highlands Administration Funds for previous cost of issuance paid. The transfer from the Capital Projects Fund to the Debt Service Fund was for interest income earned on the two capital project accounts.

FOUNTAIN URBAN RENEWAL AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 9 - 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.

NOTE 10 - TAX, SPENDING AND DEBT LIMITATIONS

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

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 District and other local governments which overlap the Urban Renewal Area could impact the amount of Property Tax Revenues received by the Authority.

This information is an integral part of the accompanying financial statements.

SUPPLEMENTARY INFORMATION

**FOUNTAIN URBAN RENEWAL AUTHORITY
DEBT SERVICE FUND
SERIES 2014C
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
Year Ended December 31, 2016**

	<u>Original and Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Net investment income	\$ -	\$ 60	\$ 60
Sales taxes	100,000	110,244	10,244
Public improvement fee	20,000	17,648	(2,352)
Total revenues	<u>120,000</u>	<u>127,952</u>	<u>7,952</u>
EXPENDITURES			
Bond interest - Series 2014C	<u>120,000</u>	<u>11,000</u>	<u>109,000</u>
Total expenditures	<u>120,000</u>	<u>11,000</u>	<u>109,000</u>
NET CHANGE IN FUND BALANCE	<u>-</u>	<u>116,952</u>	<u>116,952</u>
FUND BALANCES - BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ -</u>	<u>\$ 116,952</u>	<u>\$ 116,952</u>

**FOUNTAIN URBAN RENEWAL AUTHORITY
DEBT SERVICE FUND
SERIES 2015A
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
Year Ended December 31, 2016**

	<u>Original and Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Net investment income	\$ 9,000	\$ 18,805	\$ 9,805
Sales taxes	2,650,556	2,099,570	(550,986)
Total revenues	<u>2,659,556</u>	<u>2,118,375</u>	<u>(541,181)</u>
EXPENDITURES			
Contingency	2,311	-	2,311
Bond interest - series 2015A	2,621,689	2,627,201	(5,512)
Bond principal - series 2015A	900,000	175,000	725,000
Total expenditures	<u>3,524,000</u>	<u>2,802,201</u>	<u>721,799</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(864,444)</u>	<u>(683,826)</u>	<u>180,618</u>
OTHER FINANCING SOURCES (USES)			
Transfers to other funds	-	(27,684)	(27,684)
Transfers from other funds	-	38,734	38,734
Total other financing sources (uses)	<u>-</u>	<u>11,050</u>	<u>11,050</u>
NET CHANGE IN FUND BALANCE	(864,444)	(672,776)	191,668
FUND BALANCES - BEGINNING OF YEAR	<u>4,281,984</u>	<u>4,980,805</u>	<u>698,821</u>
FUND BALANCES - END OF YEAR	<u>\$ 3,417,540</u>	<u>\$ 4,308,029</u>	<u>\$ 890,489</u>

**FOUNTAIN URBAN RENEWAL AUTHORITY
DEBT SERVICE FUND
SERIES 2015B
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
Year Ended December 31, 2016**

	<u>Original and Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Net investment income	\$ 2,000	\$ 2,907	\$ 907
Pubic improvement fee	403,163	304,805	(98,358)
Total revenues	<u>405,163</u>	<u>307,712</u>	<u>(97,451)</u>
EXPENDITURES			
Bond interest - series 2015B	432,017	431,842	175
Bond principal - series 2015B	130,000	55,000	75,000
Contingency	983	-	983
Total expenditures	<u>563,000</u>	<u>486,842</u>	<u>76,158</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(157,837)</u>	<u>(179,130)</u>	<u>(21,293)</u>
OTHER FINANCING SOURCES (USES)			
Transfers to other funds	-	(3,898)	(3,898)
Total other financing sources (uses)	<u>-</u>	<u>(3,898)</u>	<u>(3,898)</u>
NET CHANGE IN FUND BALANCE	(157,837)	(183,028)	(25,191)
FUND BALANCES - BEGINNING OF YEAR	<u>923,791</u>	<u>804,840</u>	<u>(118,951)</u>
FUND BALANCES - END OF YEAR	<u>\$ 765,954</u>	<u>\$ 621,812</u>	<u>\$ (144,142)</u>

**FOUNTAIN URBAN RENEWAL AUTHORITY
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
Year Ended December 31, 2016**

	<u>Original and Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Net investment income	\$ 10,000	\$ 41,407	\$ 31,407
Total revenues	<u>10,000</u>	<u>41,407</u>	<u>31,407</u>
EXPENDITURES			
Road improvements	4,000,000	1,753,321	2,246,679
Phase II	6,500,000	-	6,500,000
Contingency	13,395	-	13,395
Total expenditures	<u>10,513,395</u>	<u>1,753,321</u>	<u>8,760,074</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(10,503,395)</u>	<u>(1,711,914)</u>	<u>8,791,481</u>
OTHER FINANCING SOURCES (USES)			
Transfers to other funds	-	(38,734)	(38,734)
Total other financing sources (uses)	<u>-</u>	<u>(38,734)</u>	<u>(38,734)</u>
NET CHANGE IN FUND BALANCE	(10,503,395)	(1,750,648)	8,752,747
FUND BALANCES - BEGINNING OF YEAR	<u>10,503,395</u>	<u>10,501,819</u>	<u>(1,576)</u>
FUND BALANCES - END OF YEAR	<u>\$ -</u>	<u>\$ 8,751,171</u>	<u>\$ 8,751,171</u>

**FOUNTAIN URBAN RENEWAL AUTHORITY
SUMMARY OF INCREMENTAL ASSESSED VALUATION,
MILL LEVY AND INCREMENTAL PROPERTY TAXES COLLECTED
December 31, 2016**

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Property Tax Levy			Combined Mills Levied	Total Incremental Property Taxes		Percentage Collected to Levied
	Total Assessed Valuation	Less: Base Valuation	Net Increment Valuation		Levied	Collected	
2013	\$ 19,216,390	\$ 17,653,050	\$ 1,563,340	55.455	\$ 86,695	\$ 86,695	100.00%
2014	\$ 19,158,940	\$ 17,508,320	\$ 1,650,620	56.281	\$ 92,899	\$ 92,490	99.56%
2015	\$ 19,142,030	\$ 17,466,821	\$ 1,675,209	56.621	\$ 94,852	\$ 94,867	100.02%
2016	\$ 19,702,130	\$ 17,812,696	\$ 1,889,434	57.010	\$ 107,717	\$ 107,369	99.68%
Estimated for the year ending December 31, 2017	\$ 19,499,250	\$ 17,803,249	\$ 1,696,001	56.735	\$ 96,223		

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