City of Fountain, Colorado

Comprehensive Annual Financial Report

Year ended December 31, 2016

Vision Statement:

"The City of Fountain will honor its small town America heritage, promote a high quality of life for its citizens and provide managed community growth in a safe, secure and stable manner"

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CITY OF FOUNTAIN, COLORADO

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Year Ended December 31, 2016

PREPARED BY:

Finance Department

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INTRODUCTORY SECTION

City of Fountain
116 South Main Street
Fountain, CO 80817
Voice (719) 322-2020
Fax (719-322-2002

TRANSMITTAL LETTER

July 26, 2017

To the Honorable Mayor, Members of the City Council, and Citizens of the City of Fountain:

The Comprehensive Annual Financial Report (CAFR) of the City of Fountain, Colorado, for the fiscal year ended December 31, 2016, is hereby transmitted. Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal controls should not outweigh the benefits, the City's internal controls have been designed to provide reasonable assurance that the financial statements will be free from material misstatements.

The City is required by Colorado law to have an annual audit conducted in accordance with generally accepted auditing standards by an independent certified public accountant licensed to practice in Colorado. The City must then submit the audit report to the Office of the State Auditor.

The City's financial statements have been audited by Swanhorst & Company LLC, a licensed certified public accounting firm. The goal of the independent audit is to provide reasonable assurance that the City's financial statements for the fiscal year ended December 31, 2016 are free from material misstatements. The independent audit involves examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City's financial statements for the fiscal year ended December 31, 2016 are presented fairly and in conformity with Generally Accepted Accounting Principles. The independent auditors' report is presented on the first page of the financial section of this report.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditors' report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD &A complements this letter of transmittal and should be read in conjunction with it.

City Profile

The City of Fountain, Colorado, incorporated in 1903, is located on Colorado's Rocky Mountain Front Range, 10 miles south of Colorado Springs. The City occupies 17.9 square miles and serves a population of approximately 29,375.

The City is, by Charter, a Home Rule City with a Council-Manager form of government. Policy-making and legislative authority are vested in the City Council consisting of the mayor and six other members who are elected by and answer to the citizens of Fountain. A City Manager is appointed by the City Council to run the day-to-day operations of the City.

The City of Fountain provides a full range of services including police and fire protection, street and drainage maintenance, and water and electric services. The Fountain Urban Renewal Authority is a separate legal entity but is reported in the City's financial statement as a component unit.

Local Economy

The largest employer in the Fountain area is Fort Carson with 30,303 military, civilian employees and contractors. The City continues to grow its business commercial base with a diversification among prime employer industries:

- Manufacturing
- Transportation & Logistics
- Motorsports
- Homeland Security
- Renewable Energy

The unemployment rate in the Fountain area has historically been less than the national average due, in part to a growing State economy and its large military presence. The unemployment rate for 2016 was 3.5%; lower than the national average and near full-term employment levels with a Cost-of-Living index of 3.9%.

Construction of new housing and commercial starts in 2016 totaled 114 which are 6 less than 2015, year over year sales tax and use tax revenue from vehicle sales are slightly higher than the same time period as 2015 and more than 2016 budgeted projections.

Long-term Financial Planning

In 2008, the City Council embarked on the process of developing the City's first Strategic Plan. The purpose of the endeavor was to help develop a focused vision and mission for

the City organization that would be achievable through specific goals and actions of the City Departments.

Through a process that consisted of a thorough review of past planning forums, citizen input tools, and several community meetings, the Council ultimately developed a Strategic Plan that was adopted in March of 2009. The intent is for the plan to be a changing document that will be adjusted periodically as the needs and desires of the City change.

The Strategic Plan serves as a guide for allocating financial resources in the preparation of the biennial budget document. With the biennium beginning January 1, 2011, the City embarked on preparing biennial budgets; however, the City still adopts an annual operating budget of revenues and expenditures for the following year in accordance with State Statute and the City Charter. Included as a part of the City's budget process, the City prepares a five year summary financial plan for the major funds. The plan encompasses both revenue projections and operating and capital expenditures.

Major Initiatives

The City of Fountain is a partner, along with the City of Colorado Springs, Security Water and Sanitation District, and Pueblo West Metropolitan District in a regional project, which is designed to deliver water through a 53 mile pipeline from Pueblo Reservoir to Upper Williams Creek Reservoir and the SDS Water Treatment plant located east of Colorado Springs. This project became operational and above ground water started flowing as of May 1, 2016. The City's share of the $753 million project cost is $41.0 million including capitalized interest. Once final capital costs are complete in FY 2017 the City will capitalize its share of ownership in this project.

As of the conclusion of 2016, the City's US85 corridor realized a gain of 6x its property valuation since the 2008 URA designation. The South Academy Highlands retail project opened an additional 35,250 SF of new space. The tired 8-acre Fountain Valley Shopping Center ushered in new ownership partners with a visioning of new retail construction reconfiguration to-be known as the River-Bend Crossing center.

For 2016, the heightened commercial development within the city, included: TranWest RV (Gateway); Les Schwab (Mesa Ridge); Windish SW Regional Service Center and KOA Campground (Bandley); and Sue's Floral (Olde Town).

The Fountain Urban Renewal Authority launched its website www.FURACO.org to better communicate projects. The Downtown Arts Association presented $4,351 to FURA as seed funding for an arts program within Olde Town. Lastly, FURA embarked upon a land assembly mission to derive a Fresh Grocer, Sense of Place Activity Center, Open Space and Historic Preservation within Olde Town which is earmarked at more than $1.6M value.

Awards and Acknowledgements

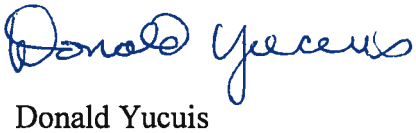
The GFOA awarded the Certificate of Achievement for Excellence in Financial Reporting (CAFR) to the City of Fountain for the fiscal year ended December 31, 2015. The Certificate of Achievement is the highest form of recognition in governmental accounting and financial reporting, and its attainment represents a significant accomplishment by a government and its management.

The preparation of this CAFR is made possible by the dedicated service of the entire staff of the Finance Department. Additionally, we thank Swanhorst & Company LLC for the assistance and guidance they provided in the preparation of the CAFR and for the professional manner in which they conducted the audit.

We would also like to recognize the Mayor and City Council for their support and continued desire to ensure the highest standards of professionalism in the management of the City's financial affairs.

Respectfully submitted,

Scott Trainor
City Manager



Donald Yucuis
Finance Director

CITY COUNCIL

Gabriel Ortega, Mayor
Ward: At Large
Term Expires: 11/2017

Sam Gieck, Council Member
Ward: #3
Term Expires: 11/2017

Sharon Thompson, Council Member
Ward: #1
Term Expires: 11/2017

Greg Lauer, Council Member
Ward: At Large
Term Expires: 11/2017

Phil Thomas, Council Member
Ward: #2
Term Expires: 11/2019

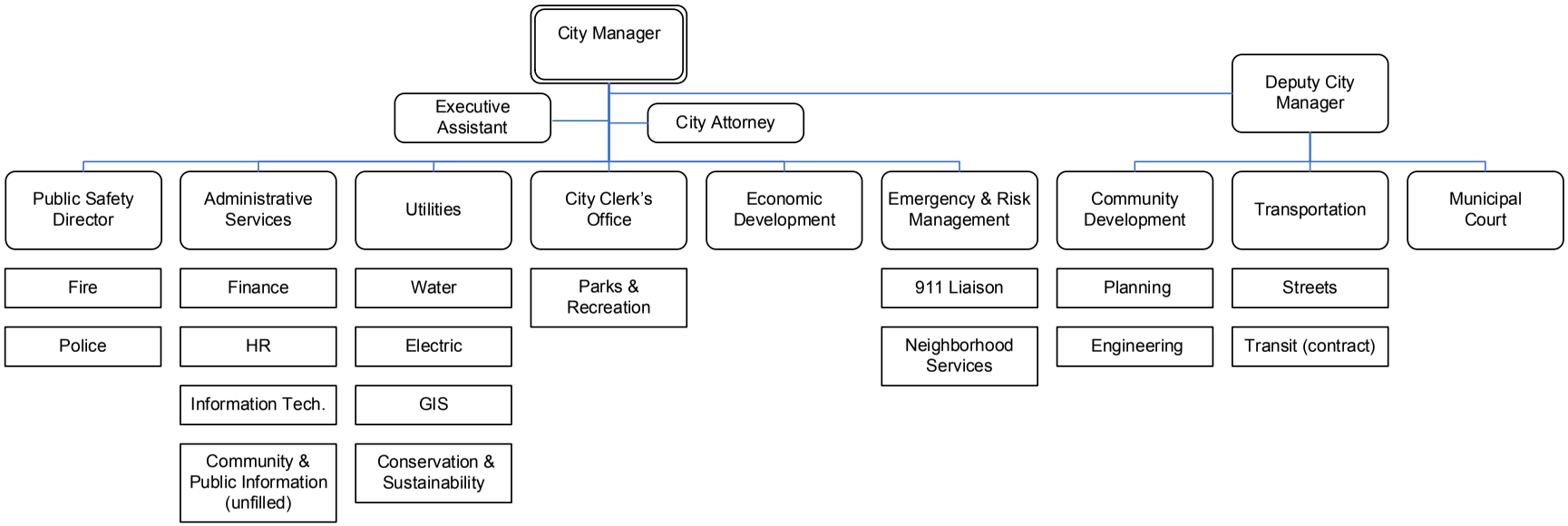
Richard Applegate, Council Member
Ward: At Large Term Expires: 11/2019

Jim Coke, Mayor Pro-Tem
Ward: At Large
Term Expires: 11/2019

CITY STAFF

		City Manager	Scott Trainor
City Clerk	Silvia Huffman	*HR Manager*	Janette Arellano
City Attorney	Troy Johnson	*IT Director*	Paul Lavelle
Court Administrator	Sylvia Simpson	*Planning Director*	Todd Evans
Deputy City Manager	Todd Evans	*Utilities Director*	Curtis Mitchell
Economic Dev. Director	Kimberly Bailey	*Finance Director*	Donald Yucuis
Public Safety Director/ Police Chief	*Chris Heberer*	*Fire Chief*	Darin Anstine

City Overview



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

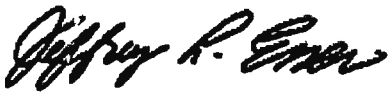
Presented to

City of Fountain

Colorado

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2015



Executive Director/CEO

FINANCIAL SECTION

S&C Swanhorst & Company LLC
Certified Public Accountants

Honorable Mayor and Members of the City Council
City of Fountain
Fountain, Colorado

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Fountain as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the basic financial statements of the City of Fountain, 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.

Auditors' Responsibility
Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Fountain Urban Renewal Authority, a discretely presented component unit. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Fountain Urban Renewal Authority, is based solely on the report of the other auditors. 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 auditors' 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 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 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, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Fountain as of December 31, 2016, and the respective changes in financial position and cash flows, where applicable, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters (Required Supplementary Information)
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Matters (Other Information)
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Fountain's basic financial statements. The introductory section, supplementary information, statistical section, and local highway finance report listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information and the local highway finance report are the responsibility of management and were derived from and relate 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 the 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

July 26, 2017

MANAGEMENT'S DISCUSSION & ANALYSIS

This discussion and analysis of the City of Fountain's (the City) financial performance provides an overview of the City's financial activities for the fiscal year ended December 31, 2016. Please read it in conjunction with the City's financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Financial Highlights

- The assets of the City of Fountain exceeded its liabilities at the close of 2016 by $173.6 million (net position). Of this amount, $15.0 million (unrestricted net position) may be used to pay the City's obligations to citizens and creditors.
- At December 31, 2016, the City of Fountain's governmental funds reported combined ending fund balances of $11.4 million, an decrease of $245,500 in comparison with the prior year. $3 million of the fund balance is available for spending at the government's discretion.
- The unrestricted, unassigned fund balance for the General Fund was $3.0 million, or 16.3% of the total General Fund expenditures plus $624,000 restricted for emergencies by the State of Colorado.
- Sales Tax, the City's largest source of General Fund revenue, was $8.9 million for 2016 as compared to $7.1 million for the prior year, an increase of 25.3%.
- New housing construction in Fountain in 2016 included 109 new housing starts and 5 new Commercial starts which is slightly lower 2015.

Using this Annual Report

This discussion and analysis is intended to serve as an introduction to the City of Fountain's basic financial statements. The City of Fountain's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

Government-wide Financial Statements
The government-wide financial statements are designed to provide readers with a broad overview of the City of Fountain's finances, in a manner similar to a private-sector business.

The ***statement of net position*** presents information on all of the City of Fountain's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Fountain is improving or deteriorating.

The ***statement of activities*** presents information showing how the City of Fountain's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses reported in this statement for some items will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Fountain that are principally supported by taxes and intergovernmental revenues (*Governmental Activities)* from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*Business-type Activities).* The Governmental Activities of the City of Fountain include General Government, Public Safety, Public Works, Health and Welfare, Culture

and Recreation and Interest Expense. The Business-type Activities of the City of Fountain include Water, Electric, Ambulance, and Drainage.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Fountain, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the City's funds can be divided into three categories: Governmental Funds, Proprietary Funds, and Fiduciary Funds.

Governmental funds – Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. The funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental funds statements provide a detailed short-term view of cash, the governmental fund operations and the basic services it provides.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Proprietary funds – The *enterprise fund* type of proprietary funds is used to report the same functions presented as business-type activities in the government-wide financial statements, but provide more detail and additional information, such as cash flow. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities.

Fiduciary funds-Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 13-43 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information.* This supplementary information can be found on pages 44-51 of this report. The City of Fountain's progress in funding its obligation to provide pension benefits to volunteer fire fighters is located on pages 44-46 of this report. The Schedule of Funding Progress Postemployment Benefit Plan is located on page 47. The Budgetary Comparison Schedule for the General Fund and the notes to the required supplementary information can be found on pages 48-51.

Supplementary information, including the combining statements, referred to earlier in connection with non-major Governmental Funds and Enterprise Funds, are presented immediately following the required supplementary information on pensions and the General Fund. Combining and individual fund statements and schedules can be found on pages 52-68.

Financial Analysis of the City as a Whole

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Fountain, assets exceeded liabilities by $173.5 million at the close of 2016, a change of $0.6 million from the end of 2015.

Net Position (in thousands)

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Current and other assets	$ 17,561	$17,315	$ 16,517	$21,135	$34,078	$38,450
Capital assets	72,932	75,095	129,588	124,540	202,520	199,635
Total assets	90,493	92,410	146,105	145,675	236,898	238,085
Deferred outflows of resources	479	152	1,016	217	1,495	369
Long-term liabilities outstanding	4,510	4,600	48,783	49,834	53,293	54,434
Other liabilities	3,385	3,015	5,632	5,981	9,017	8,996
Total liabilities	7,895	7,615	54,415	55,815	62,310	63,430
Deferred inflows of resources	2,191	2,088	-	-	2,191	2,088
Net position:						
Net investment in capital assets	69,521	71,588	82,159	76,235	151,680	147,823
Restricted	6,698	5,526	217	794	6,915	6,320
Unrestricted	4,667	5,745	10,330	13,048	14,997	18,793
Total net position	80,886	82,859	92,706	90,077	173,592	172,936

The largest portion of the City of Fountain's net position (87.3%) is reflected in the net investment in capital assets (e.g. land, buildings, infrastructure, vehicles, equipment, etc.), less any related debt still outstanding (current and long-term), that was used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Unrestricted net position may be used to meet the City's ongoing obligations to citizens and creditors.

A small portion of the City of Fountain's net position (4.0%) represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position ($15.0 million) may be used to meet the City's ongoing obligations to citizens and creditors.

Changes in Net Position (in thousands)

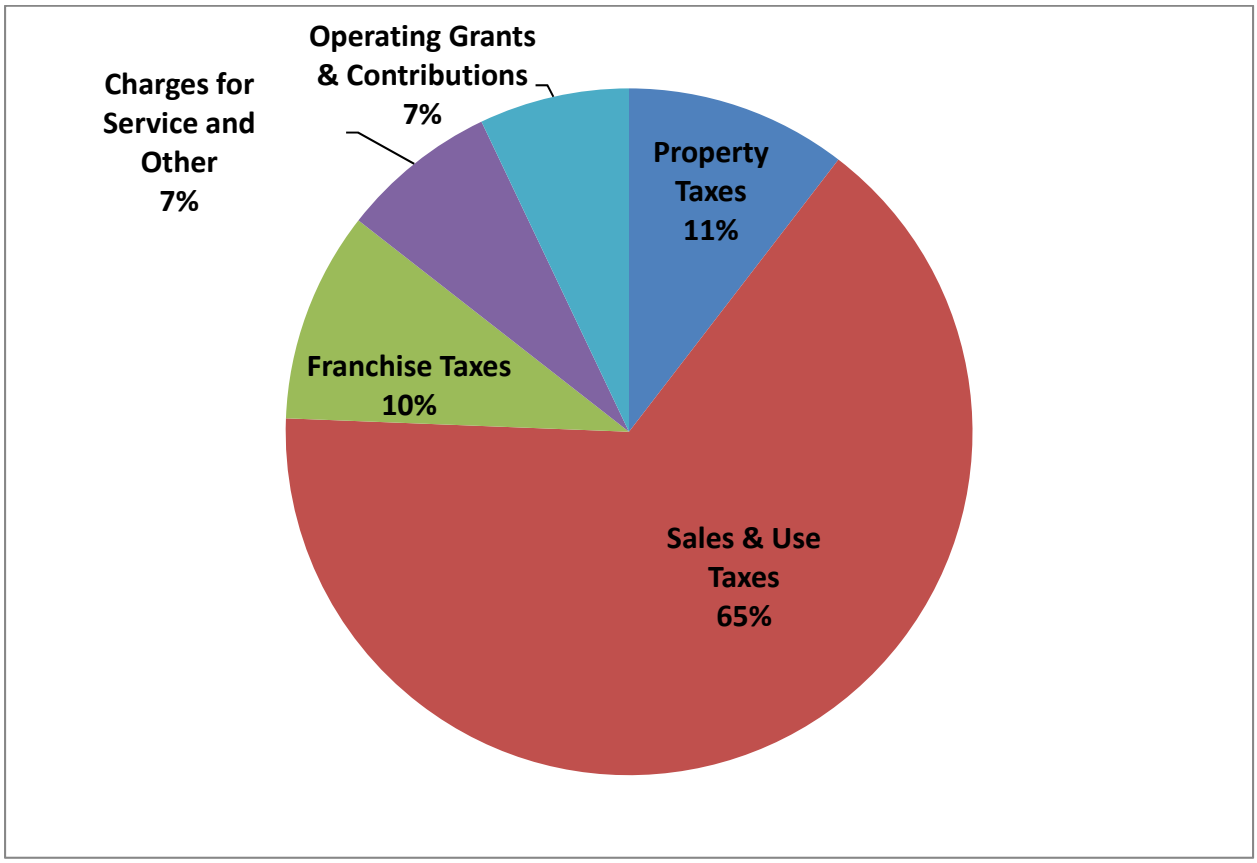
	Governmental Activities		Business-type Activities		Total	
	2016	**2015**	**2016**	**2015**	**2016**	**2015**
Revenues:						
Program Revenues:						
Charges for services	$1,127	$1,077	$31,379	$33,134	$32,506	$34,211
Operating grants and contributions	1,376	1,472	-	-	1,376	1,472
Capital grants and Contributions	-	2,318	1,430	1,887	1,430	4,205
General Revenues:						
Property taxes	2,031	1,816	-	-	2,031	1,816
Sales and use taxes	12,686	10,543	-	-	12,686	10,543
Spec. Own. taxes	241	211	-	-	241	211
Intergovernmental	-	200	-	-	-	200
Franchise taxes	1,932	1,997	-	-	1,932	1,997
Other revenues	332	138	-	-	332	138
Investment earnings	34	45	129	175	163	220
Total revenues	19,759	19,817	32,938	35,196	52,697	55,013
Program expenses:						
General government	4,044	2,130	-	-	4,044	2,130
Public Safety	10,270	9,029	-	-	10,270	9,029
Public Works	5,529	4,591	-	-	5,529	4,591
Health and welfare	340	283	-	-	340	283
Culture and recreation	1,114	1,143	-	-	1,114	1,143
Interest expense	137	130			137	130
Water utility	-	-	7,829	7,557	7,829	7,557
Electric utility	-	-	21,780	22,373	21,780	22,373
Ambulance	-	-	962	845	962	845
Drainage	-	-	35	678	35	678
Total expenses	21,434	17,306	30,606	31,453	52,040	48,759
Excess/Deficiency Before transfers	-1,675	2,511	2,332	3,743	657	6,254
Transfers In (Out)	-297	-155	297	155	-	-
Increase/(Decrease in net position	-1,972	2,356	2,629	3,898	657	6,254
Net position, beginning	82,859	80,503	90,077	86,179	172,936	166,682
Net position, ending	$80,887	$82,859	$92,706	$90,077	$173,593	$172,936

The major changes to the City's Governmental Activities and Business-type funds are described in the next two sections.

Governmental Activities

Governmental activities net position for 2015 decreased by $2.0 million. This is attributed to program expense increasing by $4.1. This is comprised of $1.9 million more in general government with $1.4 million due to sales tax payment commitments to Fountain Urban Renewal from the South Academy Highlands area and additional staffing for one new planner and two new engineers; $1.2 million more in public safety due in part to an approved increase in Police Patrol staffing, consolidating and contracting for E-911 services through El Paso County Sheriff's Office, and more capital purchases in 2016 than 2015; $1.0 million more in public works due to facilities upgrades to the Lorraine Center and net transfers increased by $142,000.

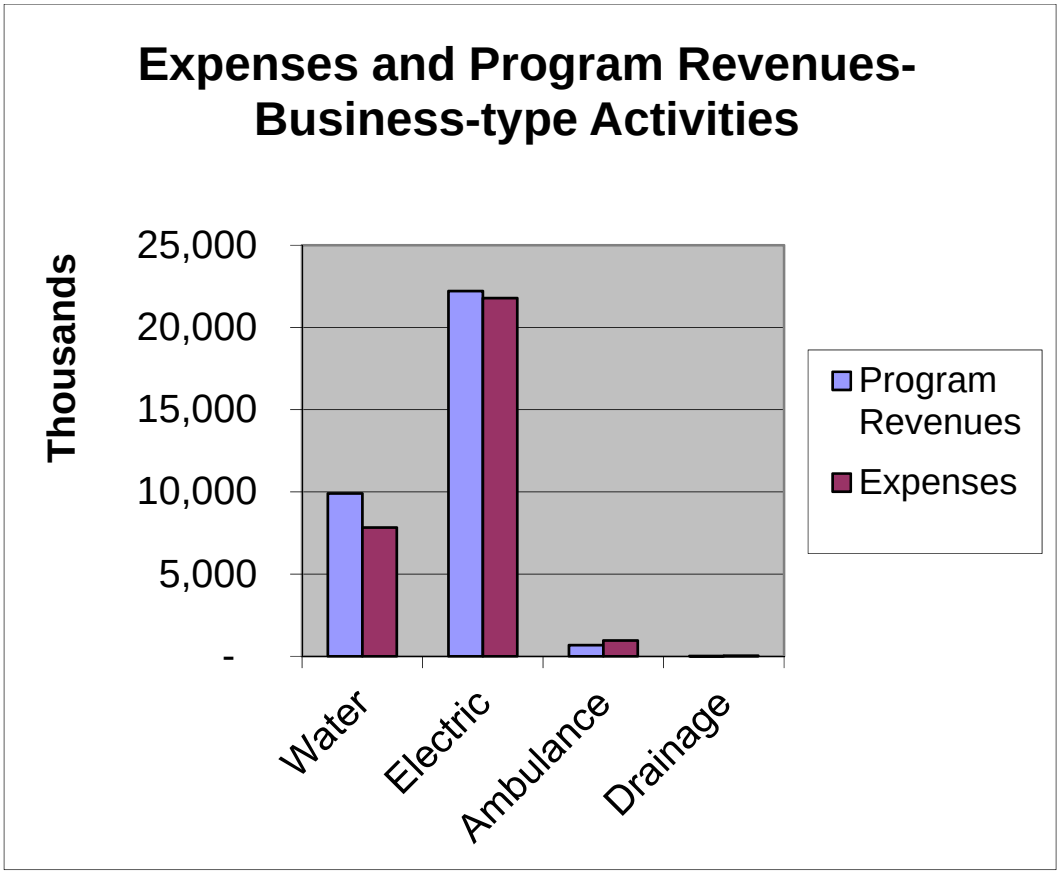
The following pie chart illustrates the Governmental Activities revenues.



- Revenue from general fund sales tax of $8.9 million increased $1.8 million or 24.0% compared to 2015 mainly due to South Academy Highlands plus several new businesses.
- Revenue from the voter approved .75% Public Transportation sales tax, which was effective January 1, 2010, generated $745,000 for public transit; $447,000 for street resurfacing; and $1,043,000 for street improvements or a total of $2.2 million and a 24.0% increase from FY 2015.
- Revenue from use tax is $1.5 million and approximately $87,000 less than 2015.
- Revenue from Fines and Court Costs increased $63,000 due to more tickets issued in 2016 vs. 2015.
- Revenue from franchise fees of $1,932,000 were approximately the same as 2015.
- Revenue from Intergovernmental of $1.1 million is $340,000 less than FY 2015 due to less State and Federal grants..

Business-type Activities

The City of Fountain 2016 business-type activities net position decreased by $1.3 million. The following chart illustrates the business-type activities program revenues and expenses.



- Combined 2016 revenue of $33.0 million was approximately $2.2 million less than 2015.
  - water charges for services of $8.5 million were approximately the same as 2015
  - electric charges for services decreased by $1.5 million due to the new reduced power supply contract that automatically reduces a customer's bill.
  - capital grants and contributions in water was less by $90,000 and electric was $290,000 less due to a reduction in new home development.

- Program expense of $30.6 million was approximately $847,000 less than 2015.
  - Overall, water increased by $272,000 due to increases in operating expenses.
  - Electric decreased by $592,000 due to the new source of supply contract.

Fiduciary Activities

The City of Fountain maintains a fiduciary fund to account for money designated to pay benefits under the City's Volunteer Fire Pension Plan.

Financial Analysis of the City's Funds

The City of Fountain uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balance of spendable resources. Such information is useful in assessing the City's financing requirements.

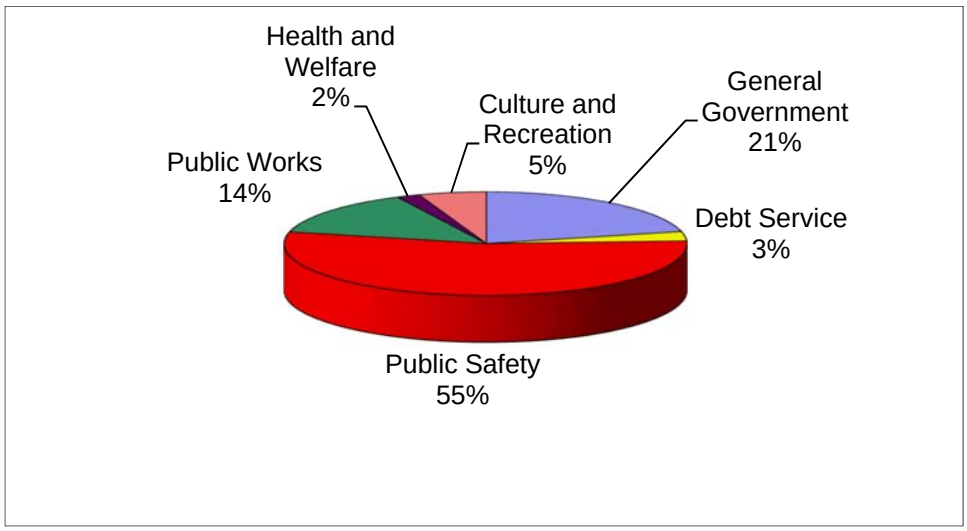
The City's General Fund reported a 2016 ending fund balance of $5.2 million, a decrease of $1.3 million in comparison with the previous year mainly to due to planned $1.0 million lease that didn't close until mid 2017. Unrestricted, unassigned fund balance, which is available for spending at the City's discretion totaled $3.0 million or 56% of the total. The remainder of the fund balance is restricted for emergencies ($624,000), commitments for park improvements, school zone improvements, and traffic signals ($1,016,000), and assigned to public safety capital improvements ($621,000).

Proprietary Funds

The City's proprietary funds provide the same type of information found in the government-wide financial statement, but in more detail. Unrestricted net position of the water and electric utilities were ($3.3) million and $12.0 million, respectively.

General Fund Budgetary Highlights

The General Fund accounts for all of the general government services provided by the City of Fountain including: City Council, Municipal Court, Economic Development, Election, Administration, Planning & Engineering, Recreation, and Information Technology. The following pie chart illustrates the General Fund expenditures by type.



Line item budget transfers are allowed within a fund with the approval of the City Manager. Increases in the expenditure budget for any fund must be approved by the City Council. The General Fund original budgeted expenditures (including transfers out) were $19.7 million. During the year, the City Council approved numerous budget amendments totaling $1.5 million for a final budget of $21.2 million.

These budget amendments included $277,000 in carryovers to the 2016 budget to complete projects that were started in 2015. Additionally, the budget was amended for expenditures relating to the following items:

- $1.1 million related to renovating Lorraine Center
- $94 thousand for a new Fire Battalion Chief positon and operating expenses

Variances from the final budget to actual expenditures worth noting include the following:

- General government variance was $1.9 million under budget mainly due to the following: delaying information technology purchases ($1.0 million), Economic Development ($997,000)-payments to Fountain Urban Renewal Authority for bond escrow related to sales tax at South Academy Highlands were overestimated.
- Public Safety variance was $297,000 under budget mainly due to salary and benefit saving.
- Culture and recreation variance was $87,000 under budget and mainly due to less than expected building maintenance.

Capital Assets and Debt Administration

Capital Assets

The City of Fountain's investment in capital assets for its governmental and business- type activities as of December 31, 2016 totaled $202.5 million (net of accumulated depreciation). This investment in capital assets includes land and easements, water and storage rights, buildings and improvements, infrastructure, machinery and equipment, computers and software, and vehicles. The City's investment in capital assets increased by $3.5 million during 2016; governmental activities decreased by $2 million while business-type activities increased by $5.0 million.

Major capital events for 2015 included the following items:

- The water utility expended $5.3 million during 2016 related to the financing, engineering, design, permitting, and construction of the Southern Delivery System. The City of Fountain is a partner, along with the City of Colorado Springs, Security Water and Sanitation District, and Pueblo West Metropolitan District in this regional project, which is designed to deliver water through a 53 mile pipeline from Pueblo Reservoir to Upper Williams Creek Reservoir and the Universal Water Treatment plant located east of Colorado Springs. Fountain expects this project to be fully completed in 2017. The City will capitalize its share of ownership in this project.
- The utilities expended $2.0 million on system and building improvements.
- The utilities expended $706,000 on computers and software, vehicles, and equipment.

Note 4 on pages 21-22 of the financial statements provide a detailed summary of the City's capital assets.

Long-term Debt

The City of Fountain's total long-term debt increased by $1.1 million from $57.1 million to $56.0 million during the year ended 2016.

The City's long-term debt related to governmental activities decreased by $54,000. Capital lease obligations decreased by approximately $112,000, compensated absences increased by $92,000, post-employment benefits increased by $70,000, and the early retirement program decreased by $104,000.

The City's long-term debt related to business-type activities decreased by $1.0 million to $50.4 million during 2016. In 2016, the Utility Enterprise issued $7.1 million of bonds for the Utility's to refund the balance of the 2009 Colorado Water Resources and Power Development Authority loan. Existing utilities debt decreased by $ Compensated absences decreased by $60,000, the early retirement program decreased by $164,500 and a new lease was added to the existing Ambulance lease with a net increase of 29,000.

Note 5 on pages 23-28 of the financial statements provide a detailed summary on the City's long-term debt.

Economic Factors and Next Year's Budget and Rates

The unemployment rate for 2016 for the Colorado Springs area was 3.5% versus the national rate of 5.1%.

Sales tax increased due to the South Academy Highlands Sam's and Walmart development several new businesses in other sections of the City, Use tax revenue remains flat through April 2017 on a cash basis over the same timeframe in 2016. Housing (12) and commercial (0) starts through March 2017 are approximately the same as 2016 and should pick up as the year goes on but may not equal the 2016 starts of 109 for housing and 5 for commercial.

A water rate increase of 5% or $7.02 per month for the average residential customer using 9,000 gallons is effective May 1, 2017 and a rate study will be conducted in early 2018 to determine if there is a need for another water rate increase. There will be no electric rate increase for 2017.

Requests for Information

This financial report is designed to provide a general overview of the City of Fountain's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or additional financial information should be addressed to the Finance Director:

City of Fountain
116 South Main Street
Fountain, CO 80817
719-322-2033

BASIC FINANCIAL STATEMENTS

CITY OF FOUNTAIN, COLORADO

STATEMENT OF NET POSITION
December 31, 2016

	PRIMARY GOVERNMENT			COMPONENT UNIT
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	URBAN RENEWAL AUTHORITY
ASSETS				
Cash and Investments	$ 12,830,337	$ 6,529,964	$ 19,360,301	$ 430,741
Committed Cash and Investments	-	878,494	878,494	-
Restricted Cash and Investments	-	1,288,389	1,288,389	13,438,202
Accounts Receivable	2,694,646	4,240,397	6,935,043	638,984
Taxes Receivable	2,182,760	-	2,182,760	96,271
Inventories	-	2,258,498	2,258,498	-
Prepaid Expenses	-	416,191	416,191	-
Internal Balances	(669,968)	669,968	-	-
Due from Component Unit	-	235,000	235,000	-
Capital Assets, Not Being Depreciated	1,822,780	77,084,154	78,906,934	439,268
Capital Assets, Net of Accumulated Depreciation	71,109,547	52,504,806	123,614,353	17,900
Net Pension Asset	522,655	-	522,655	-
TOTAL ASSETS	90,492,757	146,105,861	236,598,618	15,061,366
DEFERRED OUTFLOWS OF RESOURCES				
Loss on Debt Refunding, Net of Accumulated Amortization	-	1,016,002	1,016,002	-
Pensions, Net of Accumulated Amortization	479,070	-	479,070	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	479,070	1,016,002	1,495,072	-
LIABILITIES				
Accounts Payable	921,159	1,993,421	2,914,580	7,796
Accrued Liabilities	248,295	184,648	432,943	-
Deposits	922,364	810,688	1,733,052	500
Accrued Interest Payable	-	683,575	683,575	992,705
Unearned Revenues	-	301,245	301,245	-
Insurance Claims Payable	267,726	-	267,726	-
Due to Primary Government	-	-	-	235,000
Noncurrent Liabilities				
Due Within One Year	1,025,744	1,658,561	2,684,305	-
Due in More Than One Year	4,509,507	48,783,331	53,292,838	49,182,727
TOTAL LIABILITIES	7,894,795	54,415,469	62,310,264	50,418,728
DEFERRED INFLOWS OF RESOURCES				
Property Taxes	2,182,760	-	2,182,760	96,223
Pensions, Net of Accumulated Amortization	8,178	-	8,178	-
TOTAL DEFERRED INFLOWS OF RESOURCES	2,190,938	-	2,190,938	96,223
NET POSITION				
Net Investment in Capital Assets	69,520,813	82,159,345	151,680,158	222,168
Restricted for Parks	304,912	-	304,912	-
Restricted for District Repairs and Maintenance	525,899	-	525,899	-
Restricted for Transportation	912,062	-	912,062	-
Restricted for Street Repairs and Maintenance	203,892	-	203,892	-
Restricted for Street Improvements	4,127,544	-	4,127,544	-
Restricted for Debt Service	-	217,500	217,500	316,100
Restricted for Capital Projects	-	-	-	8,931,556
Restricted for Emergencies	624,000	-	624,000	-
Unrestricted	4,666,972	10,329,549	14,996,521	(44,923,409)
TOTAL NET POSITION	$ 80,886,094	$ 92,706,394	$ 173,592,488	$ (35,453,585)

The accompanying notes are an integral part of the financial statements.

CITY OF FOUNTAIN, COLORADO

STATEMENT OF ACTIVITIES
Year Ended December 31, 2016

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES: CHARGES FOR SERVICES	PROGRAM REVENUES: OPERATING GRANTS AND CONTRIBUTIONS	PROGRAM REVENUES: CAPITAL GRANTS AND CONTRIBUTIONS
PRIMARY GOVERNMENT				
Governmental Activities				
General Government	$ 4,044,229	$ 250,000	$ -	$ -
Public Safety	10,270,018	682,158	149,527	-
Public Works	5,529,468	74,205	925,082	-
Health and Welfare	339,505	12,000	35,905	-
Culture and Recreation	1,114,420	109,090	265,118	-
Interest Expense	136,878	-	-	-
Total Governmental Activities	21,434,518	1,127,453	1,375,632	-
Business-Type Activities				
Water	7,828,769	8,538,462	-	1,363,164
Electric	21,780,237	22,148,619	-	66,571
Ambulance	962,046	675,385	-	-
Drainage	34,783	16,822	-	-
Total Business-Type Activities	30,605,835	31,379,288	-	1,429,735
TOTAL PRIMARY GOVERNMENT	$ 52,040,353	$ 32,506,741	$ 1,375,632	$ 1,429,735
Component Unit				
Urban Renewal Authority	$ 4,043,047	$ -	$ 5,976	$ -

GENERAL REVENUES
Property Taxes
Sales and Use Taxes
Specific Ownership Taxes
Franchise Taxes
Intergovernmental Revenues not Restricted to Specific Programs
Investment Income
Miscellaneous
TRANSFERS

TOTAL GENERAL REVENUES AND TRANSFERS

CHANGE IN NET POSITION

NET POSITION, Beginning

NET POSITION, Ending

The accompanying notes are an integral part of the financial statements.

NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION			
PRIMARY GOVERNMENT			COMPONENT UNIT
GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	URBAN RENEWAL AUTHORITY
$ (3,794,229)	$ -	$ (3,794,229)	$ -
(9,438,333)	-	(9,438,333)	-
(4,530,181)	-	(4,530,181)	-
(291,600)	-	(291,600)	-
(740,212)	-	(740,212)	-
(136,878)	-	(136,878)	-
(18,931,433)	-	(18,931,433)	-
-	2,072,857	2,072,857	-
-	434,953	434,953	-
-	(286,661)	(286,661)	-
-	(17,961)	(17,961)	-
-	2,203,188	2,203,188	-
(18,931,433)	2,203,188	(16,728,245)	-
-	-	-	(4,037,071)
2,031,189	-	2,031,189	107,369
12,686,263	-	12,686,263	-
241,426	-	241,426	-
1,932,297	-	1,932,297	-
-	-	-	2,729,710
33,620	128,648	162,268	63,463
331,378	-	331,378	-
(297,137)	297,137	-	-
16,959,036	425,785	17,384,821	2,900,542
(1,972,397)	2,628,973	656,576	(1,136,529)
82,858,491	90,077,421	172,935,912	(34,317,056)
$ 80,886,094	$ 92,706,394	$ 173,592,488	$ (35,453,585)

CITY OF FOUNTAIN, COLORADO

BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2016

	GENERAL	NONMAJOR GOVERNMENTAL FUNDS	TOTAL
ASSETS			
Cash and Investments	$ 4,868,408	$ 6,005,818	$ 10,874,226
Accounts Receivable	2,189,694	460,961	2,650,655
Taxes Receivable	1,976,808	205,952	2,182,760
TOTAL ASSETS	$ 9,034,910	$ 6,672,731	$ 15,707,641
LIABILITIES			
Accounts Payable	$ 660,526	$ 245,977	$ 906,503
Accrued Liabilities	243,883	4,412	248,295
Deposits	922,364	-	922,364
TOTAL LIABILITIES	1,826,773	250,389	2,077,162
DEFERRED INFLOWS OF RESOURCES			
Property Taxes	1,976,808	205,952	2,182,760
FUND BALANCES			
Restricted for Parks	-	304,912	304,912
Restricted for District Repairs and Maintenance	-	525,899	525,899
Restricted for Transportation	-	912,062	912,062
Restricted for Street Repairs and Maintenance	-	203,892	203,892
Restricted for Street Improvements	-	4,127,544	4,127,544
Restricted for Emergencies	624,000	-	624,000
Committed to Park Improvements	742,637	-	742,637
Committed to School Zone	65,516	-	65,516
Committed to Traffic Signal	208,000	-	208,000
Committed to Volunteer Fire Activities	-	142,081	142,081
Assigned to Public Safety Capital Improvements	621,558	-	621,558
Unrestricted, Unassigned	2,969,618	-	2,969,618
TOTAL FUND BALANCES	5,231,329	6,216,390	11,447,719
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 9,034,910	$ 6,672,731	$ 15,707,641

The accompanying notes are an integral part of the financial statements.

CITY OF FOUNTAIN, COLORADO

RECONCILIATION OF THE BALANCE SHEET
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
December 31, 2016

Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:		
Total Fund Balances of Governmental Funds	$	11,447,719
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in governmental funds.		72,932,327
Net pension asset $522,655, pension-related deferred outflows of resources $479,070, and pension-related deferred inflows of resources ($8,178) are not current financial resources and, therefore, are not reported in governmental funds.		993,547
Long-term liabilities are not due and payable in the curent year and, therefore, are not reported in governmental funds.		(5,535,251)
An internal service fund is used by management to charge the costs of health insurance to individual funds. A portion of the assets and liabilities of the internal service fund is included in governmental activities in the statement of net position.		1,047,752
Total Net Position of Governmental Activities	$	80,886,094

The accompanying notes are an integral part of the financial statements.

CITY OF FOUNTAIN, COLORADO

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

	GENERAL	NONMAJOR GOVERNMENTAL FUNDS	TOTAL
REVENUES			
Taxes	$ 14,527,501	$ 2,363,674	$ 16,891,175
Licenses and Permits	106,779	-	106,779
Charges for Services	565,827	47,833	613,660
Fines and Forfeitures	407,014	-	407,014
Intergovernmental	1,110,514	265,118	1,375,632
Investment Income	14,736	14,676	29,412
Miscellaneous	320,970	10,408	331,378
TOTAL REVENUES	17,053,341	2,701,709	19,755,050
EXPENDITURES			
Current			
General Government	3,914,446	533,111	4,447,557
Public Safety	10,012,444	71,581	10,084,025
Public Works	2,599,695	797,292	3,396,987
Health and Welfare	339,177	-	339,177
Culture and Recreation	995,810	191,460	1,187,270
Debt Service			
Principal	400,119	22,618	422,737
Interest	136,432	446	136,878
TOTAL EXPENDITURES	18,398,123	1,616,508	20,014,631
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,344,782)	1,085,201	(259,581)
OTHER FINANCING SOURCES (USES)			
Capital Lease	307,261	3,904	311,165
Transfers Out	(297,137)	-	(297,137)
TOTAL OTHER FINANCING SOURCES (USES)	10,124	3,904	14,028
NET CHANGE IN FUND BALANCES	(1,334,658)	1,089,105	(245,553)
FUND BALANCES, Beginning	6,565,987	5,127,285	11,693,272
FUND BALANCES, Ending	$ 5,231,329	$ 6,216,390	$ 11,447,719

The accompanying notes are an integral part of the financial statements.

CITY OF FOUNTAIN, COLORADO

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 of Governmental Funds	$	(245,553)
Capital outlays to purchase or construct capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are capitalized in the statement of net position and are allocated over their estimated useful lives as annual depreciation expense in the statement of activities. This is the amount by which depreciation expense ($3,862,821) exceeded capital outlay $1,700,568 in the current year.		(2,162,253)
Payments of long-term debt principal are expenditures in governmental funds, but the payments reduce long-term liabilities in the statement of net position and does not affect the statement of activities. This amount represents capital lease payments.		422,737
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position and does not affect the statement of activities. This amount represents a capital lease issued in the current year.		(311,165)
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. This includes the change in accrued compensated absences ($91,287), postemployment benefits ($69,739), early retirement $104,000, and the change in net pension asset ($275,879), pension-related deferred outflows of resources $327,373, and pension-related deferred inflows of resources $1,133.		(4,399)
An internal service fund is used by management to charge the costs of health insurance to individual funds. A portion of the net income of the internal service fund is included in governmental activities in the statement of activities.		328,236
Change in Net Position of Governmental Activities	$	(1,972,397)

The accompanying notes are an integral part of the financial statements.

CITY OF FOUNTAIN, COLORADO

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2016

	BUSINESS-TYPE ACTIVITIES				GOVERNMENTAL ACTIVITIES
	WATER	ELECTRIC	NONMAJOR FUNDS	TOTAL	INTERNAL SERVICE FUND
ASSETS					
Current Assets					
Cash and Investments	$ -	$ 5,473,686	$ 1,056,278	$ 6,529,964	$ 1,956,111
Committed Cash and Investments	-	878,494	-	878,494	-
Restricted Cash and Investments	1,288,389	-	-	1,288,389	-
Accounts Receivable	811,743	3,341,803	86,851	4,240,397	43,991
Inventories	309,620	1,948,878	-	2,258,498	-
Prepaid Expenses	416,191	-	-	416,191	-
Interfund Receivables	-	2,173,395	-	2,173,395	-
Total Current Assets	2,825,943	13,816,256	1,143,129	17,785,328	2,000,102
Noncurrent Assets					
Advances to Other Funds	-	1,374,902	-	1,374,902	-
Loan Receivable	-	235,000	-	235,000	-
Capital Assets, Not Being Depreciated	74,026,311	3,057,843	-	77,084,154	-
Capital Assets, Net of Accumulated Depreciation	24,770,414	27,592,045	142,347	52,504,806	-
Total Noncurrent Assets	98,796,725	32,259,790	142,347	131,198,862	-
TOTAL ASSETS	101,622,668	46,076,046	1,285,476	148,984,190	2,000,102
DEFERRED OUTFLOWS OF RESOURCES					
Loss on Debt Refunding, Net of Accumulated Amortization	1,016,002	-	-	1,016,002	-
LIABILITIES					
Current Liabilities					
Accounts Payable	230,156	1,758,213	5,052	1,993,421	14,656
Accrued Liabilities	51,289	110,928	22,431	184,648	-
Customer Deposits	134,185	676,503	-	810,688	-
Accrued Interest Payable	683,575	-	-	683,575	-
Unearned Revenues	-	301,245	-	301,245	-
Interfund Payables	2,173,395	-	-	2,173,395	-
Insurance Claims Payable, Current Portion	-	-	-	-	267,726
Compensated Absences Payable, Current Portion	126,502	268,966	38,117	433,585	-
Early Retirement Payable, Current Portion	11,600	16,400	-	28,000	-
Capital Lease Payable, Current Portion	2,485	6,005	13,486	21,976	-
Bonds and Loans Payable, Current Portion	1,175,000	-	-	1,175,000	-
Total Current Liabilities	4,588,187	3,138,260	79,086	7,805,533	282,382
Long-Term Liabilities					
Advances from Other Funds	1,374,902	-	-	1,374,902	-
Compensated Absences Payable	29,571	262,547	34,883	327,001	-
Early Retirement Payable	54,400	82,400	-	136,800	-
Capital Lease Payable	9,473	22,892	50,927	83,292	-
Bonds and Loans Payable	48,236,238	-	-	48,236,238	-
Total Long-Term Liabilities	49,704,584	367,839	85,810	50,158,233	-
TOTAL LIABILITIES	54,292,771	3,506,099	164,896	57,963,766	282,382
NET POSITION					
Net Investment in Capital Assets	51,460,420	30,620,991	77,934	82,159,345	-
Restricted for Debt Service	217,500	-	-	217,500	-
Unrestricted	(3,332,021)	11,948,956	1,042,646	9,659,581	1,717,720
TOTAL NET POSITION	$ 48,345,899	$ 42,569,947	$ 1,120,580	$ 92,036,426	$ 1,717,720

The accompanying notes are an integral part of the financial statements.

CITY OF FOUNTAIN, COLORADO

RECONCILIATION OF THE STATEMENT OF NET POSITION
OF ENTERPRISE FUNDS TO THE BUSINESS-TYPE ACTIVITIES
December 31, 2016

Amounts Reported for Business-Type Activities in the Statement of Net Position are Different Because:		
Total Net Position of Enterprise Funds	$	92,036,426
An internal service fund is used by management to charge the costs of health insurance to individual funds. A portion of the assets and liabilities of the internal service fund is included in business-type activities in the statement of net position.		669,968
Total Net Position of Business-Type Activities	$	92,706,394

The accompanying notes are an integral part of the financial statements.

CITY OF FOUNTAIN, COLORADO

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
Year Ended December 31, 2016

	BUSINESS-TYPE ACTIVITIES				GOVERNMENTAL ACTIVITIES
	WATER	ELECTRIC	NONMAJOR FUNDS	TOTAL	INTERNAL SERVICE FUND
OPERATING REVENUES					
Charges for Services	$ 7,871,921	$ 21,388,647	$ 692,207	$ 29,952,775	$ 3,668,848
Miscellaneous	666,541	759,972	-	1,426,513	-
TOTAL OPERATING REVENUES	8,538,462	22,148,619	692,207	31,379,288	3,668,848
OPERATING EXPENSES					
Source of Supply	2,234,225	12,683,236	-	14,917,461	-
Operations and Maintenance	1,509,563	3,568,689	974,392	6,052,644	-
Customer Accounts and Collection	473,787	1,225,050	-	1,698,837	-
Administration and General	1,935,431	3,083,529	-	5,018,960	171,282
Insurance Premiums	-	-	-	-	601,026
Insurance Claims	-	-	-	-	2,362,657
Depreciation	1,248,656	1,378,783	25,002	2,652,441	-
TOTAL OPERATING EXPENSES	7,401,662	21,939,287	999,394	30,340,343	3,134,965
OPERATING INCOME (LOSS)	1,136,800	209,332	(307,187)	1,038,945	533,883
NONOPERATING REVENUES (EXPENSES)					
Investment Income	24,380	101,576	2,692	128,648	4,208
Interest Expense	(308,213)	(440)	(1,632)	(310,285)	-
Debt Issuance Costs	(165,062)	-	-	(165,062)	-
TOTAL NONOPERATING REVENUES (EXPENSES)	(448,895)	101,136	1,060	(346,699)	4,208
NET INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS	687,905	310,468	(306,127)	692,246	538,091
Transfers In	-	-	297,137	297,137	-
System Development Fees	1,363,164	66,571	-	1,429,735	-
CHANGE IN NET POSITION	2,051,069	377,039	(8,990)	2,419,118	538,091
NET POSITION, Beginning	46,294,830	42,192,908	1,129,570	89,617,308	1,179,629
NET POSITION, Ending	$ 48,345,899	$ 42,569,947	$ 1,120,580	$ 92,036,426	$ 1,717,720

Amounts Reported for Business-Type Activities in the Statement of Activities are Different Because:

Change in Net Position of Enterprise Funds	$ 2,419,118
An internal service fund is used by management to charge the costs of health insurance to individual funds. A portion of the net income of the internal service fund is included in business-type activities in the statement of activities.	209,855
Change in Net Position of Business-Type Activities	$ 2,628,973

The accompanying notes are an integral part of the financial statements.

CITY OF FOUNTAIN, COLORADO

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Increase (Decrease) in Cash and Cash Equivalents
Year Ended December 31, 2016

	BUSINESS-TYPE ACTIVITIES				GOVERNMENTAL ACTIVITIES
	WATER	ELECTRIC	NONMAJOR FUNDS	TOTAL	INTERNAL SERVICE FUND
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash Received from Customers	$ 8,472,764	$ 22,089,664	$ 666,097	$ 31,228,525	$ 3,687,866
Cash Payments to Employees	(1,707,275)	(3,555,715)	(516,308)	(5,779,298)	-
Cash Payments to Suppliers	(4,216,088)	(16,903,455)	(509,904)	(21,629,447)	(3,215,539)
Net Cash Provided (Used) by Operating Activities	2,549,401	1,630,494	(360,115)	3,819,780	472,327
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Payments from Other Funds	2,173,395	-	297,137	2,470,532	-
Payments to Other Funds	-	(2,173,395)	-	(2,173,395)	-
Loan to Component Unit	-	(235,000)	-	(235,000)	-
Net Cash Provided (Used) by Noncapital Financing Activities	2,173,395	(2,408,395)	297,137	62,137	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition and Construction of Capital Assets	(4,174,295)	(2,310,919)	(15,933)	(6,501,147)	-
Debt Proceeds	8,067,274	-	-	8,067,274	-
System Development Fees Received	1,363,164	66,571	-	1,429,735	-
Payments from Other Funds	-	364,073	-	364,073	-
Payments to Other Funds	(364,073)	-	-	(364,073)	-
Payment to Escrow Agent	(8,462,228)	-	-	(8,462,228)	-
Debt Principal Payments	(1,307,569)	(1,980)	(13,182)	(1,322,731)	-
Debt Interest and Fiscal Charges Paid	(445,007)	(440)	(1,632)	(447,079)	-
Debt Interest Paid and Capitalized	(1,611,300)	-	-	(1,611,300)	-
Debt Issuance Costs Paid	(165,062)	-	-	(165,062)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(7,099,096)	(1,882,695)	(30,747)	(9,012,538)	-
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest Received	24,380	103,660	3,200	131,240	4,208
NET CHANGE IN CASH AND CASH EQUIVALENTS	(2,351,920)	(2,556,936)	(90,525)	(4,999,381)	476,535
CASH AND CASH EQUIVALENTS, Beginning	3,640,309	8,909,116	1,146,803	13,696,228	1,479,576
CASH AND CASH EQUIVALENTS, Ending	$ 1,288,389	$ 6,352,180	$ 1,056,278	$ 8,696,847	$ 1,956,111
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Operating Income (Loss)	$ 1,136,800	$ 209,332	$ (307,187)	$ 1,038,945	$ 533,883
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities					
Depreciation	1,248,656	1,378,783	25,002	2,652,441	-
Bad Debt Expense	(2,271)	(9,085)	-	(11,356)	-
Changes in Assets and Liabilities					
Accounts Receivable	(75,358)	(90,187)	(26,110)	(191,655)	19,018
Inventories	(65,289)	156,070	-	90,781	-
Prepaid Expenses	173,117	-	-	173,117	-
Accounts Payable	97,889	8,513	(79,110)	27,292	859
Accrued Liabilities	22,108	40,591	12,917	75,616	3,774
Customer Deposits	11,931	57,946	-	69,877	-
Unearned Revenues	-	(17,629)	-	(17,629)	-
Insurance Claims Payable	-	-	-	-	(85,207)
Compensated Absences Payable	13,418	(87,440)	14,373	(59,649)	-
Early Retirement Payable	(11,600)	(16,400)	-	(28,000)	-
Net Cash Provided (Used) by Operating Activities	$ 2,549,401	$ 1,630,494	$ (360,115)	$ 3,819,780	$ 472,327
NONCASH FINANCING ACTIVITIES					
Capital Assets Purchased with Capital Lease	$ 12,777	$ 30,877	$ -	$ 43,654	$ -

The accompanying notes are an integral part of the financial statements.

CITY OF FOUNTAIN, COLORADO

STATEMENT OF FIDUCIARY NET POSITION
PENSION TRUST FUND
December 31, 2016

	VOLUNTEER FIREFIGHTERS
ASSETS	
Cash	$ 243,878
Investments	
Local Government Investment Pools	466,747
Money Market Funds	333
TOTAL ASSETS	$ 710,958
NET POSITION	
Restricted for Pension Benefits	$ 710,958

The accompanying notes are an integral part of the financial statements.

CITY OF FOUNTAIN, COLORADO

STATEMENT OF CHANGES IN NET POSITION
PENSION TRUST FUND
Year Ended December 31, 2016

	VOLUNTEER FIREFIGHTERS
ADDITIONS	
Investment Income	$ 3,029
TOTAL ADDITIONS	3,029
DEDUCTIONS	
Administration	2,850
Benefit Payments	4,000
TOTAL DEDUCTIONS	6,850
CHANGE IN NET POSITION	(3,821)
NET POSITION, Beginning	714,779
NET POSITION, Ending	$ 710,958

The accompanying notes are an integral part of the financial statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the City of Fountain (the "City") conform to generally accepted accounting principles as applicable to government entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Following is a summary of the more significant policies.

Reporting Entity

The financial reporting entity consists of the City, organizations for which the City is financially accountable, and organizations that raise and hold economic resources for the direct benefit of the City. All funds, organizations, institutions, agencies, departments and offices that are not legally separate are part of the City. Legally separate organizations for which the City is financially accountable are considered part of the reporting entity. Financial accountability exists if the City appoints a voting majority of the organization's governing board and is able to impose its will on the organization, or if the organization has the potential to provide benefits to, or impose financial burdens on, the City. Based on the application of these criteria, the City includes the following entities in its reporting entity.

The *Heritage Maintenance District* was established to maintain landscaping, fencing, drainage facilities, and other improvements within its boundaries. The *General Improvement District No. 1* was created to provide for the construction of a fire station, and after funding the fire station, for capital improvements including life safety improvements, park and recreational improvements, regional street improvements, and regional civic and cultural improvements. The *General Improvement District No. 2* was created to provide an alternate method of funding the construction, re-construction, and maintenance of certain public improvements within its boundaries. The City Council serves as the governing board for these districts and City management has operational responsibility for the districts. Therefore, their financial activity is blended into the City's financial statements. Separate financial statements are not issued.

The *Fountain Urban Renewal Authority* (the "Authority") was created to redevelop or rehabilitate certain blighted areas within the City. The Authority has a separate governing board with members appointed by the City Council. Although the Authority is legally separate from the City, the Authority's primary revenue source, tax increment financing, can only be established by the City. The Authority is discretely presented in the City's financial statements. Separate financial statements for the Authority are available at City Hall, 116 South Main Street, Second Floor, Fountain, Colorado 80817.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all nonfiduciary activities of the City and its component units. For the most part, the effect of interfund activity has been removed from these statements. Exceptions to this general rule are charges for interfund services that are reasonably equivalent to the services provided. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The *primary government* is reported separately from the legally separate *component unit* for which the City is financially accountable.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-wide and Fund Financial Statements (Continued)

The statement of activities demonstrates the degree to which the direct expenses of the 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 governmental funds, proprietary funds, and the fiduciary fund, even though the latter is excluded from the government-wide financial statements. Major individual governmental and enterprise 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*, as are the proprietary fund and pension trust fund financial statements. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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 collected within the current year or soon enough thereafter to pay liabilities of the current year. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current year. Taxes, intergovernmental revenues, and interest associated with the current year are considered to be susceptible to accrual and so have been recognized as revenues of the current year. All other revenues are considered to be measurable and available only when cash is received by the City. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the fund's principal ongoing operations. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for a specific use, it is the City's practice to use restricted resources first, then unrestricted resources as they are needed.

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

In the fund financial statements, the City reports the following major governmental fund:

General Fund - The General Fund is the general operating fund of the City. It is used to account for all financial resources except those accounted for in another fund.

The City also reports the following major enterprise funds:

Water Utility - This fund accounts for all activities necessary for the provision of water services to the City residents.

Electric Utility - This fund accounts for all activities necessary to provide electric power to the City residents.

Additionally, the City reports the following fund types:

Internal Service Fund - The Insurance Fund accounts for the activities related to employee health benefits, which are partially self-insured by the City.

Pension Trust Fund - The Pension Trust Fund is used to account for assets held by the City in a trustee capacity for the City's volunteer firefighters pension plan.

Assets, Liabilities and Net Position/Fund Balances

Cash and Investments - Cash equivalents include investments with original maturities of three months or less. Investments in pooled cash are considered cash equivalents.

Receivables - Receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Inventories - Inventories of the proprietary funds are valued using the average cost method, and are reported as expenses when consumed. Materials and supplies purchased by the governmental funds are charged to operations when purchased.

Prepaid Expenses - Payments to vendors for services that will benefit subsequent years are reported as prepaid expenses.

Interfund Receivables and Payables - During the course of operations, certain transactions occur between individual funds. The resulting receivables and payables are classified in the fund financial statements as *interfund receivables* and *interfund payables* when they are short-term in nature. Noncurrent portions of interfund receivables and payables are reported as *advances from other funds* and *advances to other funds*. Any residual balances outstanding between governmental and business-type activities are reported in the government-wide financial statements as *internal balances*.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Position/Fund Balances (Continued)

Capital Assets - Capital assets, which include land, buildings, equipment, and all infrastructure assets owned by the City, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and the proprietary funds in the fund financial statements. Capital assets are defined by the City as assets with an initial, individual cost of $5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value on the date of donation. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the asset lives are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives.

Buildings and Improvements	10 - 40 years
Infrastructure	25 - 40 years
Computers and Software	3 - 7 years
Machinery and Equipment	5 - 10 years
Vehicles	5 - 7 years

Unearned Revenues - Unearned revenues in the Electric Fund represent donations from customers that may be used to assist other customers with their utility bills.

Deferred Inflows of Resources - Deferred inflows of resources include property taxes earned but levied for a subsequent year.

Compensated Absences - Employees of the City are allowed to accumulate unused vacation and sick time. Upon termination of employment from the City, an employee will be compensated for all accrued vacation time up to 320 hours at their current pay rate, and for unused sick time, depending on years of service, up to 720 hours at a percentage of their current rate of pay. Employees hired after March 1, 2006, will be paid for all accrued vacation time up to 240 hours and for unused sick time, depending on years of service, up to 360 hours at a percentage of their current rate of pay.

These compensated absences are expensed when earned in the proprietary funds and when paid in the governmental funds. A long-term liability has been reported in the government-wide financial statements for the accrued compensated absences.

Postemployment Benefits - An employee with at least 20 years of service with the City, and who has reached at least 55 years of age at retirement, is eligible to receive health and life insurance coverage after retirement. This benefit expires when the retiree reaches the age of 65, thereby making the maximum eligibility period 10 years. A long-term liability is reported in the government-wide financial statements as the postemployment benefits are earned.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Position/Fund Balances (Continued)

Early Retirement - During the year ended December 31, 2013, the City offered early retirement benefits to qualified employees. In lieu of receiving postemployment health and life insurance coverage after retirement, the employees will receive annual payments of $12,000 for nine years or until the employee reaches age 65. At December 31, 2014, this offer was closed to further participation. A long-term liability is reported in the government-wide financial statements and the proprietary funds in the fund financial statements when the early retirement benefits are accepted by the employee and approved by the City.

Long-Term Debt - In the government-wide financial statements and the proprietary funds in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net position. Debt premiums, discounts, and refunding losses are deferred and amortized over the life of the debt using the straight-line method.

In the fund financial statements, governmental funds recognize the face amount of debt issued as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

Issuance costs, whether or not withheld from the debt proceeds, are reported as current expenses or expenditures.

Pensions - The City participates in the Statewide Defined Benefit Plan, a cost-sharing multiple-employer defined benefit pension plan, and the Statewide Hybrid Plan, a cost-sharing multiple-employer combination defined benefit and money purchase pension plan. The plans are administered by the Fire & Police Pension Association of Colorado (FPPA). In addition, the City maintains a single-employer defined benefit pension plan for volunteer firefighters.

The net pension asset (liability), deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position, and additions to and deductions from each plan's fiduciary net position have been determined using the accrual basis of accounting, the same basis of accounting used by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Net Position/Fund Balances - In the government-wide and fund financial statements, net position and fund balances are restricted when constraints placed on the use of resources are externally imposed. As reported in the governmental fund financial statements, the City Council establishes a fund balance commitment through passage of an ordinance, and is authorized to informally assign amounts to a specific purpose.

The City Council has established the ideal target reserves at 40% of the current operating budget of the General Fund. The reserves should not be allowed to fall below 20% of the current operating budget, including the emergency reserve required by the Tabor Amendment (See Note 11).

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Position/Fund Balances (Continued)

The City has not established a formal policy for its use of restricted and unrestricted fund balances. However, if both restricted and unrestricted fund balances are available for a specific purpose, the City uses restricted fund balances first, followed by committed, assigned, and unassigned balances.

Property Taxes

Property taxes attach as an enforceable lien on property on January 1 and are levied the following December for collection in the subsequent calendar year. Taxes are payable in full on April 30 or in two installments on February 28 and June 15. The County Treasurer's Office collects property taxes and remits to the City on a monthly basis. Since property tax revenues are collected in arrears during the succeeding year, receivables and corresponding deferred inflows of resources are reported at year end.

NOTE 2: CASH AND INVESTMENTS

A summary of cash and investments as of December 31, 2016, follows:

Petty Cash	$ 3,497
Deposits	5,475,010
Investments	16,759,635
Total	**$ 22,238,142**

Cash and investments are reported in the financial statements as follows:

Cash and Investments	$ 19,360,301
Committed Cash and Investments	878,494
Restricted Cash and Investments	1,288,389
Pension Trust Fund Cash and Investments	710,958
Total	**$ 22,238,142**

Deposits

The Colorado Public Deposit Protection Act (PDPA) requires all local government entities to deposit cash in eligible public depositories. Eligibility is determined by State regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. The PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. At December 31, 2016, the City had bank deposits of $5,310,404 collateralized with securities held by the financial institutions' agents but not in the City's name.

NOTE 2: CASH AND INVESTMENTS (Continued)

Investments

The City is required to comply with State statutes which specify investments meeting defined rating, maturity, and concentration risk criteria in which local governments may invest, which include the following. State statutes do not address custodial risk. The City's investment policy does not further limit these investment choices.

- Obligations of the United States and certain U.S. Agency securities
- General obligation and revenue bonds of U.S. local government entities
- Certain corporate or bank securities
- Commercial paper
- Local government investment pools
- Repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts (GICs)

At December 31, 2016, the City had the following investments:

Investment Type	S&P Rating	Investment Maturities (in Years) Less Than 1	1 - 5	Total
Local Government Investment Pools	AAAm	$ 1,951,478	$ -	$ 1,951,478
Money Market Fund	Not Rated	1,304,669	-	1,304,669
U.S. Treasury Notes	NA	500,570	-	500,570
U.S. Agency Securities	AA+	3,638,992	8,364,481	12,003,473
Corporate Securities	AA -	499,935	499,510	999,445
Total		**$ 7,895,644**	**$ 8,863,991**	**$ 16,759,635**

Fair Value Measurements - The City reports its investments using the fair value measurements established by generally accepted accounting principles. As such, a fair value hierarchy categorizes the inputs used to measure the fair value of the investments into three levels. Level 1 inputs are quoted prices in active markets for identical investments; Level 2 inputs include quoted prices in active markets for similar investments, or other observable inputs; and Level 3 inputs are unobservable inputs. At December 31, 2016, the City's investment in Colotrust was reported at the net asset value per share, measured utilizing quoted prices in active markets for similar investments (Level 2 inputs). CSAFE and the money market fund were reported at the net asset value per share, measured using amortized cost. The U.S. Treasury, U.S. Agency, and corporate securities were measured utilizing quoted prices in active markets for similar investments (Level 2 inputs).

Interest Rate Risk - State statutes limit investments in U.S. Treasury and Agency securities to an original maturity of five years, and corporate securities to an original maturity of three years, unless the governing board authorizes the investment for a period in excess of these limits.

NOTE 2: CASH AND INVESTMENTS (Continued)

Investments (Continued)

Credit Risk - State statutes limit investments in commercial paper and corporate securities to those with at least two ratings not below A-1 or AA-, respectively, by nationally recognized statistical rating organizations (NRSROs). State statutes also limit investments in money market funds to those that maintain a constant share price, with a maximum remaining maturity in accordance with the Securities and Exchange Commission's Rule 2a-7, and either have assets of one billion dollars or the highest rating issued by one or more NRSROs.

Concentration of Credit Risk - State statutes do not limit the amount the City may invest in a single issuer of U.S. Agency securities. Corporate securities are limited to fifty percent of the total investment portfolio and five percent for a single issuer. At December 31, 2016, the City's investments in the Federal National Mortgage Association, the Federal Home Loan Bank, the Federal Home Loan Mortgage Corporation, and the Federal Farm Credit Bank represented 18%, 16%, 20% and 17%, respectively, of the City's total investments.

Local Government Investment Pools - At December 31, 2016, the City had $5,008 and $1,946,470 invested in the Colorado Local Government Liquid Asset Trust (Colotrust) and the Colorado Surplus Asset Fund Trust (CSAFE), respectively. The Trusts are investment vehicles established for local government entities in Colorado to pool surplus funds. The Colorado Division of Securities administers and enforces the requirements of creating and operating the Trusts. The Trusts operate in conformity with the Securities and Exchange Commission's Rule 2a-7, with each share valued at $1. Both Trusts are rated AAAm by Standard and Poor's. Investments of the Trusts are limited to those allowed by State statutes. A designated custodial bank provides safekeeping and depository services to the Trusts in connection with the direct investment and withdrawal functions. The custodian's internal records identify the investments owned by the participating governments.

Committed Cash and Investments

Beginning January 1, 2006, the City committed to use system development fees and water acquisition fees received by the Water Fund exclusively for growth-related capital improvements and purchases of water rights. In addition, system development fees collected by the Electric Fund are committed for the construction of a new substation. The remaining cash and investments at December 31, 2016, of $878,494 were reported as committed cash and investments in the Electric Fund.

Restricted Cash and Investments

Loan proceeds of $1,070,889 and $217,500 are restricted in the Water Fund for capital projects and debt reserves, respectively.

NOTE 3: INTERFUND BALANCES AND TRANSACTIONS

Interfund Balances

At December 31, 2016, the Electric Fund had temporarily subsidized the negative cash balance of the Water Fund in the amount of $2,173,395.

In August, 2010, the Electric Fund advanced $1,500,000 to the Water Fund to purchase water rights. The Water Fund is required to repay the advance through annual payments of $189,568, including interest accruing at 4.5% per annum, through 2020. The outstanding balance of the advance at December 31, 2016, was $680,080.

In October, 2009, the Electric Fund advanced $2,000,000 to the Water Fund to purchase water rights. The Water Fund is required to repay the advance through annual payments of $252,758, including interest accruing at 4.5% per annum, through 2019. The outstanding balance of the advance at December 31, 2016, was $694,822.

Interfund Transfers

During the year ended December 31, 2016, the General Fund transferred $297,137 to the Ambulance Fund. The General Fund routinely subsidizes the operations of the Ambulance Fund.

Component Unit

On September 9, 2016, the Electric Fund loaned the Fountain Urban Renewal Authority $235,000 for improvements in the Olde Town district of the City. The loan is due in full on November 1, 2017, including interest accruing at 0.1% per annum.

NOTE 4: CAPITAL ASSETS

Capital assets activity for the year ended December 31, 2016, is summarized below:

	Balances 12/31/15	Additions	Deletions	Balances 12/31/16
Governmental Activities				
Capital Assets, Not Being Depreciated				
Land and Easements	$ 1,639,166	$ -	$ -	$ 1,639,166
Construction in Progress	109,019	106,690	32,095	183,614
Total Capital Assets, Not Being Depreciated	1,748,185	106,690	32,095	1,822,780
Capital Assets, Being Depreciated				
Buildings and Improvements	8,994,929	237,672	-	9,232,601
Infrastructure	112,456,818	667,818	-	113,124,636
Computers and Software	717,238	150,391	-	867,629
Machinery and Equipment	4,497,937	226,757	-	4,724,694
Vehicles	6,126,672	343,335	-	6,470,007
Total Capital Assets, Being Depreciated	132,793,594	1,625,973	-	134,419,567

NOTE 4: CAPITAL ASSETS (Continued)

	Balances 12/31/15	Additions	Deletions	Balances 12/31/16
Governmental Activities (Continued)				
Less Accumulated Depreciation				
Buildings and Improvements	2,777,105	331,711	-	3,108,816
Infrastructure	48,343,702	2,828,115	-	51,171,817
Computers and Software	424,269	120,081	-	544,350
Machinery and Equipment	3,638,217	196,295	-	3,834,512
Vehicles	4,263,906	386,619	-	4,650,525
Total Accumulated Depreciation	59,447,199	3,862,821	-	63,310,020
Total Capital Assets, Being Depreciated, Net	73,346,395	(2,236,848)	-	71,109,547
Governmental Activities Capital Assets, Net	**$ 75,094,580**	**$ (2,130,158)**	**$ 32,095**	**$ 72,932,327**
Business-Type Activities				
Capital Assets, Not Being Depreciated				
Land and Easements	$ 6,975,275	$ 83,050	$ -	$ 7,058,325
Water and Storage Rights	22,315,037	122,475	-	22,437,512
Construction in Progress	42,839,516	5,206,689	457,888	47,588,317
Total Capital Assets, Not Being Depreciated	72,129,828	5,412,214	457,888	77,084,154
Capital Assets, Being Depreciated				
Buildings and Improvements	8,762,828	684,163	-	9,446,991
Infrastructure	66,187,376	1,355,990	-	67,543,366
Computers and Software	1,344,403	253,042	-	1,597,445
Machinery and Equipment	3,883,047	277,242	-	4,160,289
Vehicles	2,667,923	176,091	-	2,844,014
Total Capital Assets, Being Depreciated	82,845,577	2,746,528	-	85,592,105
Less Accumulated Depreciation				
Buildings and Improvements	2,140,616	295,900	-	2,436,516
Infrastructure	23,101,434	1,762,243	-	24,863,677
Computers and Software	864,698	192,501	-	1,057,199
Machinery and Equipment	2,437,428	236,951	-	2,674,379
Vehicles	1,890,682	164,846	-	2,055,528
Total Accumulated Depreciation	30,434,858	2,652,441	-	33,087,299
Total Capital Assets, Being Depreciated, Net	52,410,719	94,087	-	52,504,806
Business-Type Activities Capital Assets, Net	**$ 124,540,547**	**$ 5,506,301**	**$ 457,888**	**$ 129,588,960**

Depreciation expense was charged to programs of the City as follows:

Governmental Activities	
General Government	$ 13,226
Public Safety	688,032
Public Works	3,018,859
Health and Welfare	328
Culture and Recreation	142,376
Total	**$ 3,862,821**

NOTE 5: LONG-TERM DEBT

Governmental Activities

Following is a summary of long-term debt transactions for the governmental activities for the year ended December 31, 2016.

	Balances 12/31/15	Additions	Payments	Balances 12/31/16	Due Within One Year
Capital Leases	$ 3,523,086	$ 311,165	$ 422,737	$ 3,411,514	$ 404,301
Compensated Absences	1,020,965	584,399	493,112	1,112,252	517,443
Postemployment Benefits	517,746	77,266	7,527	587,485	-
Early Retirement	528,000	-	104,000	424,000	104,000
Total	**$ 5,589,797**	**$ 972,830**	**$ 1,027,376**	**$ 5,535,251**	**$ 1,025,744**

During 2011, the City entered into a lease agreement for $271,250 to purchase police vehicles. Monthly payments of $4,781 were due under the lease agreement through June, 2016. Interest accrued on the outstanding balance at 2.225% per annum. During the year ended December 31, 2016, the lease was paid in full.

During 2012, the City entered into a lease agreement for $188,485 to purchase police vehicles. Monthly payments of $3,333 are due under the lease agreement through June, 2017. Interest accrues on the outstanding balance at 2.35% per annum. Capital assets of $188,485 less accumulated depreciation of $100,861 are reported under this lease.

During 2012, the City entered into a lease agreement for $108,700 to purchase buses. Monthly payments of $1,922 are due under the lease agreement through March, 2017. Interest accrues on the outstanding balance at 2.35% per annum. Capital assets of $108,700 less accumulated depreciation of $73,761 are reported under this lease. Payments are reported in the Public Transportation Fund.

During 2012, the City entered into a lease purchase agreement for $3,000,000 to build a new fire station and remodel the police building. During 2013, an additional $218,000 was borrowed under the agreement to complete the projects. Interest payments are due semi-annually on March 1 and September 1, with interest accruing at 3.95% per annum. Principal payments are due annually on September 1, through September, 2032. At December 31, 2016, capital assets of $2,477,484, net of accumulated depreciation, were reported under this lease.

During 2013, the City entered into a lease agreement for $256,571 to purchase police vehicles. Monthly payments of $4,452 are due under the lease agreement through July, 2018. Interest accrues on the outstanding balance at 1.6% per annum. Capital assets of $256,571 less accumulated depreciation of $143,307 are reported under this lease.

During 2014, the City entered into a lease agreement for $609,300 to purchase vehicles and information technology equipment for the police department. Monthly payments of $10,562 are due under the lease agreement through September, 2019. Interest accrues on the outstanding balance at 1.61% per annum. Capital assets of $482,882 less accumulated depreciation of $210,761 are reported under this lease.

NOTE 5: LONG-TERM DEBT (Continued)

Governmental Activities (Continued)

During 2016, the City entered into a lease agreement for $354,819 to purchase vehicles and related equipment to be used by governmental and enterprise funds. Monthly payments of $6,167 are due under the lease agreement through August, 2021. Interest accrues on the outstanding balance at 1.663% per annum. Capital assets of $354,819 less accumulated depreciation of $26,023 are reported under this lease. Lease payments totaling $307,261 and $3,904 will be made by the General and Public Transportation Funds, respectively. The remaining payments will be made by the Water and Electric Funds, in the amounts of $12,777 and $30,877, respectively.

Following is a schedule of the future minimum lease payments required under the governmental activities capital lease obligations.

Year Ended December 31,	
2017	$ 520,480
2018	491,744
2019	403,592
2020	305,442
2021	280,660
2022 - 2026	1,139,556
2027 - 2031	1,054,977
2032	200,097
Total Minimum Lease Payments	4,396,548
Less: Interest Portion	(985,034)
Present Value of Future Minimum Lease Payments	**$ 3,411,514**

The liabilities for compensated absences, postemployment benefits, and early retirement are expected to be liquidated primarily with General Fund revenues.

NOTE 5: LONG-TERM DEBT (Continued)

Business-Type Activities

Following is a summary of long-term debt transactions for the business-type activities for the year ended December 31, 2016.

	Balances 12/31/15	Additions	Payments	Balances 12/31/16	Due Within One Year
2003 Water Rights Loan	$ 72,700	$ -	$ 72,700	$ -	$ -
2007 Water Rights Loan	39,050	-	39,050	-	-
2009 CWRPDA Loan	7,650,000	-	7,650,000	-	-
2011 CWRPDA Loan	8,810,000	-	190,000	8,620,000	195,000
2013 CWRPDA Loan	11,160,000	-	235,000	10,925,000	240,000
Premium	509,827	-	18,766	491,061	-
2014 CWRPDA Loan	16,835,000	-	410,000	16,425,000	425,000
Premium	1,278,302	-	44,206	1,234,096	-
2015 Water Revenue Bonds	3,965,000	-	80,000	3,885,000	85,000
Premium	59,695	-	1,990	57,705	-
2016 Water Refunding Bonds	-	7,150,000	280,000	6,870,000	230,000
Premium	-	917,274	13,898	903,376	-
2015 Capital Lease	77,595	-	13,182	64,413	13,486
2016 Capital Lease	-	43,654	2,799	40,855	8,490
Compensated Absences	820,235	448,654	508,303	760,586	433,585
Early Retirement	192,800	-	28,000	164,800	28,000
Total	**$ 51,470,204**	**$ 8,559,582**	**$ 9,587,894**	**$ 50,441,892**	**$ 1,658,561**

During 2003, the City obtained a loan from a private individual for the purchase of water rights. Annual principal payments of $72,700 were due through 2016. Interest accrued at 5% per annum and was paid semi-annually. During the year ended December 31, 2016, the loan was paid in full.

During 2007, the City obtained a loan from a private individual to purchase water rights. Annual principal payments of $39,050 were due through 2016. Interest accrued at 5% per annum and was paid semi-annually. During the year ended December 31, 2016, the loan was paid in full.

During 2009, the City entered into a loan agreement with the Colorado Water Resources and Power Development Authority (CWRPDA). Loan proceeds were used for future water storage sites, and the acquisition of a customer service building. Interest payments were due semi-annually on May 1 and November 1. Principal payments were due annually on November 1, through 2038. Interest accrued at rates ranging from 3% to 5.25% per annum. During the year ended December 31, 2016, this loan was paid in full with proceeds of the Water Revenue Refunding Bonds, Series 2016.

During 2011, the City entered into a loan agreement for $9,350,000 with the CWRPDA. Loan proceeds were used for construction of the Southern Delivery System (See Note 11) and phase I of the remodel of the future utilities customer service center. Interest payments are due semi-annually on February 1 and August 1. Principal payments are due annually beginning on August 1, 2013, through 2041. Interest accrues at rates ranging from 2% to 5.4% per annum.

NOTE 5: **LONG-TERM DEBT** (Continued)

Business-Type Activities (Continued)

During 2013, the City entered into a loan agreement for $12,640,000 with the CWRPDA. Loan proceeds were used for construction of the Southern Delivery System (See Note 11) and for additional costs to remodel the utilities customer service center. Interest payments are due semi-annually on March 1 and September 1. Principal payments are due annually beginning on September 1, 2014, through 2043. Interest accrues at rates ranging from 2% to 5% per annum.

During 2014, the City entered into a loan agreement for $16,900,000 with the CWRPDA. Loan proceeds will be used for construction of the Southern Delivery System (See Note 11), purchase of water rights, replacement of old water mains, installation of a supervisory control and data acquisition system (SCADA), and to refund a portion of the 2005 CWRPDA loan. Interest payments are due semi-annually on March 1 and September 1. Principal payments are due annually beginning on September 1, 2015, through 2044. Interest accrues at rates ranging from 2% to 5% per annum.

During 2015, the City issued $3,965,000 Water Revenue Bonds, Series 2015. Bond proceeds will be used for construction of the Southern Delivery System (See Note 11). Interest payments are due semi-annually on June 1 and December 1. Principal payments are due annually beginning on December 1, 2016, through 2045. Interest accrues at rates ranging from 3% to 3.625% per annum.

During 2016, the City issued $7,150,000 Water Revenue Refunding Bonds, Series 2016. Bond proceeds were used to repay the balance of the 2009 CWRPDA Loan, originally issued for future water storage sites, and the acquisition of a customer service building. Interest accrues on the bonds at rates ranging from 2% to 4% per annum. Interest payments are due semi-annually on June 1 and December 1. Principal payments are due annually on December 1, from 2016 through 2038.

The Water Fund loans and bonds are payable solely from revenues of the City's utility system, which includes the Water and Electric Funds, after deduction of operating and maintenance costs, provided that revenues are limited to 50% of tap fee revenues. During the year ended December 31, 2016, net revenues of $4,814,394 were available to pay annual debt service of $3,277,463.

NOTE 5: LONG-TERM DEBT (Continued)

Business-Type Activities (Continued)

Future debt service requirements for the outstanding bonds and loans at December 31, 2016, were as follows.

Year Ended December 31,	Principal	Interest	Total
2017	$ 1,175,000	$ 1,918,184	$ 3,093,184
2018	1,210,000	1,884,259	3,094,259
2019	1,240,000	1,848,309	3,088,309
2020	1,285,000	1,806,859	3,091,859
2021	1,335,000	1,763,809	3,098,809
2022 - 2026	7,425,000	8,019,227	15,444,227
2027 - 2031	9,065,000	6,394,320	15,459,320
2032 - 2036	10,550,000	4,426,515	14,976,515
2037 - 2041	9,585,000	2,148,743	11,733,743
2042 - 2045	3,855,000	331,268	4,186,268
Total	**$ 46,725,000**	**$ 30,541,493**	**$ 77,266,493**

Proceeds of the Water Revenue Refunding Bonds, Series 2016, and other available resources in the amount of $8,462,228 were deposited in an irrevocable trust with an escrow agent to refund the 2009 CWRPDA loan. The loan is considered defeased and the liability has been removed from the financial statements. The refunding resulted in an accounting loss of $819,875, a decrease in aggregate debt service payments of $2,439,070, and an economic gain (difference between the present values of the old and new debt service payments) of approximately $1,369,580.

During 2015, the City entered into a lease agreement for $83,000 to purchase an ambulance. Monthly payments of $1,235 are due under the lease agreement through July, 2021. Interest accrues on the outstanding balance at 2.28% per annum. Capital assets of $83,000 less accumulated depreciation of $34,942 are reported under this lease.

NOTE 5: LONG-TERM DEBT (Continued)

Business-Type Activities (Continued)

Following is a schedule of the future minimum lease payments required under the business-type activities capital lease obligations, including the equipment lease to be paid partially by the governmental activities.

Year Ended December 31,	
2017	$ 23,919
2018	23,919
2019	23,919
2020	23,919
2021	14,712
Total Minimum Lease Payments	110,388
Less: Interest Portion	(5,120)
Present Value of Future Minimum Lease Payments	**$ 105,268**

NOTE 6: JOINT VENTURE

The City is a participant in the Fountain Valley Authority which was formed to construct and operate a water treatment plant. Participants in the Authority are the Cities of Fountain and Colorado Springs, Security Water District, Stratmoor Hills Water District and Widefield Water and Sanitation District. The City is represented on the Authority's Board of Directors by one member. The Board of Directors has the responsibility for all operations of the Authority.

The City's share of available capacity for the year ended December 31, 2016, was 2,000 acre feet of project water, representing an ownership percentage of participation of 9.95%.

The City's share of the Authority is not included in the financial statements since the Authority is a component unit of the City of Colorado Springs. Financial information about the Fountain Valley Authority can be obtained in a separate report available at City Hall.

NOTE 7: RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; natural disasters; and health and dental claims of its employees. The City accounts for and finances its risk activities in the General Fund and the Insurance Internal Service Fund.

NOTE 7: RISK MANAGEMENT (Continued)

Public Entity Risk Pool

For property, liability and workers compensation risks of loss, the City is a member of the Colorado Intergovernmental Risk Sharing Agency (CIRSA), a separate and independent governmental and legal entity formed by intergovernmental agreement by member municipalities pursuant to the provisions of 24-10-115.5, Colorado Revised Statutes (1982 Replacement Volume) and the Colorado Constitution, Article XIV, Section 18(2).

The purposes of CIRSA are to provide members defined liability, property, and workers compensation coverages and to assist members to prevent and reduce losses and injuries to municipal property and to persons or property which might result in claims being made against members of CIRSA, their employees or officers.

It is the intent of the members of CIRSA to create an entity in perpetuity which will administer and use funds contributed by the members to defend and indemnify, in accordance with the bylaws, any member of CIRSA against stated liability of loss, to the limit of the financial resources of CIRSA. It is also the intent of the members to have CIRSA provide continuing stability and availability of needed coverages at reasonable costs. All income and assets of CIRSA shall be at all times dedicated to the exclusive benefit of its members.

Insurance Fund

Effective October 1, 2009, the City established a partially self-insured program for employee health, dental and short-term disability benefits. Transactions of the self-insurance program are reported in the Insurance Fund, an internal service fund. The City has purchased excess insurance policies to cover individual claims in excess of $50,000, and aggregate annual claims in excess of approximately $3,093,189, depending on enrollment counts. Premiums are paid by the General, Water, Electric, and Ambulance Funds.

Claims liabilities, including estimated incurred but not reported claims (IBNR), are reported in the government-wide financial statements and the internal service fund if information available prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Other than current amounts, the City believes the estimated claims liability is not fully measurable, and the City could incur additional costs related to IBNR claims.

Changes in claims payable were as follows:

	12/31/16	12/31/15
Claims Payable, Beginning	$ 352,933	$ 310,906
Claims and Changes in Provisions	2,362,657	2,275,563
Claims Payments	(2,447,864)	(2,233,536)
Claims Payable, Ending	**$ 267,726**	**$ 352,933**

NOTE 8: DEFINED BENEFIT RETIREMENT PLANS

Volunteer Firefighters' Pension Plan

General Information

Plan Description - The City has established the Volunteer Firefighters' Pension Plan, a single-employer defined benefit pension plan for volunteer firefighters as authorized by State of Colorado statutes. The plan is administered by a Board of Trustees composed of City Council members and firefighters. The Board of Trustees also establishes and is allowed to amend contribution and benefit requirements. The plan does not publish a separate stand-alone report, but is reported in the financial statements as a Pension Trust Fund.

Plan Membership - At December 31, 2016, plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	3
Inactive plan members entitled to but not yet receiving benefits	12
Active plan members	18
Total	33

Benefits Provided - Any firefighter who has both attained the age of fifty and completed twenty years of active service shall be eligible for a monthly pension benefit of $200. A firefighter who is disabled in the line of duty and whose disability is of such character and magnitude as to deprive the firefighter of earning capacity and extends beyond one year shall be compensated in an amount determined by the Board of Trustees, currently $200 each month. Monthly survivor benefits are $200 unless the firefighter was disabled, in which case the survivor benefit is $100 each month.

Contributions - As established by State statutes, the plan may receive contributions from the City in an amount not to exceed one-half mill of property tax revenue. The State of Colorado contributes 90% of the City's contribution. Plan members are not required to contribute to the plan. The contributions are not actuarially determined. The actuarial valuation as of January 1, 2015, indicated that the current level of contributions is adequate to support on an actuarially sound basis the prospective benefits of the present plan. No contributions were made to the plan during the year ended December 31, 2016.

Investments

Investment Policy - The Board of Trustees has the authority to establish an investment policy for the plan, but has not done so. City management currently makes all investment decisions.

Rate of Return - For the year ended December 31, 2016, the annual money-weighted rate of return on plan investments, net of investment expense, was .43%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

NOTE 8: DEFINED BENEFIT RETIREMENT PLANS (Continued)

Volunteer Firefighters' Pension Plan (Continued)

Net Pension Asset

Actuarial Assumptions - The total pension liability was determined by an actuarial valuation as of January 1, 2015, using the following actuarial assumptions, applied to all periods included in the measurement. Standard update procedures were used to roll forward the total pension liability to December 31, 2016.

Interest Rate - 4.5% per annum, compounded annually, net of operating expenses
Mortality - RP-2000 Healthy Employees Mortality Table projected 15 years from the valuation date for active members and 7 years for retired members using Scale AA (annual rate per 1,000 members)
Retirement - Age 50 and 20 years of service
Probability of achieving 20 years total service for inactive members who had served between five and ten years of service starting after June 3, 1977 - 25%

For the year ended December 31, 2016, the Present Value of Benefits measurement was changed to the Actuarial Accrued Liability measurement, resulting in a decrease in the total pension liability.

The long-term expected rate of return on plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return and by adding expected inflation. Best estimates of rates of return for each major asset class included in the plan's target asset allocation at January 1, 2015, are summarized in the following table (note that the rates shown below include the inflation component):

Asset Class	Long-Term Expected Rate of Return
Domestic Equity	8.82%
International Equity	7.79%
Fixed Income	3.67%
Cash	3.12%

Discount Rate - The discount rate used to measure the total pension liability was 4.5%. The projection of cash flows used to determine the discount rate assumed that contributions will continue to follow the current funding policy. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments of 4.5% was applied to all periods of projected benefit payments to determine the total pension liability.

NOTE 8: DEFINED BENEFIT RETIREMENT PLANS (Continued)

Volunteer Firefighters' Pension Plan (Continued)

For the year ended December 31, 2016, changes in the net pension asset of the City were as follows.

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Asset (a) - (b)
Balances at December 31, 2015	$ 327,808	$ 714,779	$ 386,971
Changes for the year:			
Interest	14,655	-	(14,655)
Changes of Assumptions	(94,965)	-	94,965
Net Investment Income	-	3,029	3,029
Benefit Payments	(4,000)	(4,000)	-
Administrative Expenses	-	(2,850)	(2,850)
Balances at December 31, 2016	**$ 243,498**	**$ 710,958**	**$ 467,460**

Sensitivity of the Net Pension Asset to Changes in the Discount Rate - The following table presents the net pension asset of the City at December 31, 2016, calculated using the discount rate of 4.5%, as well as what the City's net pension asset would be if it were calculated using a discount rate that is one percentage point lower (3.5%) or one percentage point higher (5.5%) than the current rate, as follows:

	1% Decrease (3.5%)	Current Discount Rate (4.5%)	1% Increase (5.5%)
City's Net Pension Asset	**$ 424,654**	**$ 467,460**	**$ 500,425**

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

For the year ended December 31, 2016, the City recognized pension expense of $80,489. The differences in projected and actual earnings on investments and the effect of changes in assumptions were recorded in pension expense. Because the differences were not significant, they will not be recognized as pension expense over multiple years.

NOTE 8: DEFINED BENEFIT RETIREMENT PLANS (Continued)

Firefighter Pension Plans

Plan Description

The City contributes to the Statewide Defined Benefit Plan (the "SWDB Plan"), a cost-sharing multiple-employer defined benefit pension plan, and the Statewide Hybrid Plan (the "SWH Plan"), a cost-sharing multiple-employer combination defined benefit and money purchase pension plan. The plans are administered by the Fire & Police Pension Association of Colorado (FPPA). Effective September 1, 2011, paid firefighters had the option to remain in the City's existing pension plan or choose to participate in the SWH plan. Firefighters hired after September 1, 2011, are required to participate in the SWDB on the first day of employment. Title 31, Article 31 of the Colorado Revised Statutes (CRS) grants the authority to establish and amend benefit terms to the FPPA Board of Directors. FPPA issues a publicly available financial report that includes information on the plans. That report may be obtained at www.fppaco.org.

Benefits Provided

SWDB Plan - A SWDB Plan member is eligible for a normal retirement pension once the member has completed twenty-five of credited service and has attained the age of 55. The annual normal retirement benefit is 2% of the average of the member's highest three years' base salary for each year of credited service up to 10 years, plus 2.5% for each year of service thereafter. Benefits paid to retirees are evaluated and may be re-determined every October 1. The amount of any increase is based on the FPPA Board of Director's discretion and can range from zero to the higher of 3% or the Consumer Price Index.

A member is eligible for an early retirement at age 50 or after 30 years of service. The early retirement benefit equals the normal retirement benefit reduced on an actuarially equivalent basis. Upon termination, an employee may elect to have member contributions, along with 5% interest, returned as a lump sum distribution. Alternatively, a member with at least five years of accredited service may leave contributions with the SWDB Plan and remain eligible for a retirement pension at age 55 equal to 2% of the member's average highest three years' base salary for each year of credited service up to ten years, plus 2.5% for each year of service thereafter.

SWH Plan - A SWH Plan member is eligible for a normal retirement pension at any time after age 55, if the member has at least twenty-five of service. The annual normal retirement benefit of the defined benefit component is 1.5% of the average of the member's highest three years' base salary for each year of credited service. Benefits paid to retirees of the defined benefit component are evaluated and may be re-determined annually on October 1. The amount of any increase is based on the FPPA Board of Director's discretion and can range from zero to 3%.

NOTE 8: DEFINED BENEFIT RETIREMENT PLANS (Continued)

Firefighter Pension Plans (Continued)

A member is eligible for an early retirement at age 50 or after 30 years of service. The early retirement benefit equals the normal retirement benefit reduced on an actuarially equivalent basis. Upon termination, an employee may elect to have member contributions, along with 5% interest, returned as a lump sum distribution from the defined benefit component. Alternatively, a member with at least five years of accredited service may leave contributions with the defined benefit component and remain eligible for a retirement pension at age 55 equal to 1.5% of the member's average highest three years' base salary for each year of credited service. In addition, upon termination the vested account balance in the money purchase component becomes available to the member.

Plan members may elect to participate in the deferred retirement option plan (DROP) after reaching eligibility for normal retirement, early retirement, or vested retirement and age 55. A member can continue to work while participating in the DROP, but must terminate employment within five years of entry into the DROP. The member's percentage of retirement benefits is determined at the time of entry into the DROP. The monthly payments that begin at entry into the DROP are accumulated in a DROP account until the member terminates service, at which time the DROP accumulated benefits can be paid as periodic installments, a lump sum, or if desired, a member may elect to convert the DROP to a lifetime monthly benefit with survivor benefits. While participating in the DROP, the member continues to make pension contributions that are credited to the DROP. Each member shall self-direct the investments in their DROP account, which are held by a custodian and not included in the SWDB Plan's net position.

Contributions

SWDB Plan Contributions - The City and eligible employees are required to contribute to the SWDB Plan at rates established by State statute. Employer contribution rates can only be amended by the State Legislature. Employee contribution rates can be amended by the State Legislature or by election of the membership. The City and eligible employees each contributed 8% of base salary through December 31, 2014. SWDB Plan members elected to increase the employee contribution rate thereafter. As such, the employee contribution rate will increase 0.5% percent annually from 2015 through 2022, to a total of 12% of base salary. Employer contributions will remain at 8% of base salary.

Contributions from employees and employers re-entering the SWDB Plan are established by resolution of the FPPA Board of Directors. The re-entry group had a combined contribution rate of 20% of base salary through December 31, 2014. The split of contributions between employees and the City is determined by the City Council. The re-entry group contributions will increase 0.5% percent annually from 2015 through 2022, to a total of 24% of base salary.

The City's contributions to the SWDB Plan for the year ended December 31, 2016, were $117,754, equal to the required contributions.

NOTE 8: DEFINED BENEFIT RETIREMENT PLANS (Continued)

Firefighter Pension Plans (Continued)

SWH Plan Contributions - The City and eligible employees are required to contribute to the SWH Plan at rates established by City Council. However, the amount allocated to the defined benefit component is set annually by the FPPA Board of Directors, which currently must be at least 8% of base salary for the employee and the employer. Excess contributions are deposited to the money purchase component of the SWH Plan. The defined benefit component allocation from July 1, 2015, through June 30, 2016, was 12.6%, and thereafter was 13.5%. For the year ended December 31, 2016, City Council established the contribution rate split at 9.5% of base salary for both the City and the employees.

Within the money purchase component, members are always fully vested in their own contributions, as well as the earnings on those contributions. Vesting in the City's contributions within the money purchase component and earnings on those contributions is 20% per year after the first year of service, with 100% vesting after five years of service. Unvested City contributions and earnings thereon are forfeited upon termination of employment. Such forfeitures are used to cover a portion of the SWH Plan's administrative expenses. Any administrative expenses not covered by forfeitures are charged directly to member accounts.

An employee may elect to make voluntary after-tax contributions to the money purchase component of the SWH Plan. All contributions to the money purchase component are invested at the discretion of the member.

The City's contributions to the SWH Plan for the year ended December 31, 2016, were $6,730, equal to the required contributions.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2016, the City reported a net pension asset of $5,006 and $50,189, representing its proportionate share of the net pension asset of the SWDB and SWH Plans, respectively. The net pension asset was measured at December 31, 2015, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of January 1, 2016. The City's proportion of the net pension asset was based on a projection of the City's contributions to the Plans for the calendar year ended December 31, 2015, relative to the projected contributions of all participating employers.

At December 31, 2015, the City's proportion of the SWDB Plan was 0.28396312%, which was a decrease of 0.02792131% from its proportion measured at December 31, 2014. The City's proportion of the SWH Plan was 0.47649964%, which was a decrease of 0.02585988% from its proportion measured at December 31, 2014.

NOTE 8: DEFINED BENEFIT RETIREMENT PLANS (Continued)

Firefighter Pension Plans (Continued)

For the year ended December 31, 2016, the City recognized pension expense for the SWDB Plan and SWH Plan of $155,791 and ($7,727), respectively. At December 31, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 49,215	$ 5,731
Net difference between projected and actual earnings on plan investments	198,572	-
Changes in assumptions and other inputs	72,390	-
Changes in proportion	34,409	2,447
Contributions subsequent to the measurement date	124,484	-
Total	**$ 479,070**	**$ 8,178**

City contributions to the SWDB Plan and SWH Plan subsequent to the measurement date of $117,754 and $6,730, respectively, will be recognized as an increase to the net pension asset in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows.

Year Ended December 31,	
2017	$ 87,055
2018	87,055
2019	79,886
2020	18,475
2021	18,475
Thereafter	55,462
Total	**$ 346,408**

NOTE 8: DEFINED BENEFIT RETIREMENT PLANS (Continued)

Firefighter Pension Plans (Continued)

Actuarial Assumptions - The actuarial valuation as of January 1, 2016, determined the total pension liability using the following actuarial assumptions and other inputs, applied to all periods included in the measurement:

Investment rate of return, compounded annually, net of plan investment expenses, including inflation	7.5%
Inflation	2.5%
Projected salary increases	4% - 14%
Cost of living adjustment	0%

Mortality rates were based on the RP-2014 Mortality Tables for Blue Collar Employees, projected with Scale BB, 55 percent multiplier for off-duty mortality is used in the valuation for off-duty mortality of active members. On-duty related mortality is assumed to be 0.00020 per year for all members. The RP-2014 Mortality Table for Blue Collar Employees, projected with Scale BB, is used in the projection of post-retirement benefits for members under age 55. For post-retirement members ages 65 and older, the RP-2014 Mortality Tables for Blue Collar Healthy Annuitants, projected with Scale BB are used. For post-retirement members ages 55 through 64, a blend of the previous tables is used.

In July 2015, the FPPA Board of Directors reviewed and approved recommended changes to the actuarial assumptions. The assumption changes were effective for actuarial valuations beginning January 1, 2016. The actuarial assumptions impacted actuarial factors for benefit purposes such as purchases of service credit and other benefits where actuarial factors are used. The date the new actuarial assumptions were effective for benefit purposes was October 1, 2016.

The primary actuarial factor changes effective January 1, 2016, were as follows:

- Reduce the inflation assumption from 3% to 2.5%.
- Revise the base mortality tables and the explicit assumption for increasing longevity in the future to reflect current mortality studies.
- Increase the expected incidence of total disability for plan members.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of December 31, 2015, are summarized in the following table:

NOTE 8: DEFINED BENEFIT RETIREMENT PLANS (Continued)

Firefighter Pension Plans (Continued)

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Global Equity	37%	6.5%
Equity Long/Short	10%	4.7%
Illiquid Alternatives	20%	8.0%
Fixed Income	16%	1.5%
Absolute Return	11%	4.1%
Managed Futures	4%	3.0%
Cash	2%	0.0%
Total	**100%**	

Discount Rate - The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates in the FPPA Board of Director's funding policy, which establishes the contractually required rates under State statutes. Based on those assumptions, the Plans' fiduciary net position was projected to be available to make all projected future benefit payments to current members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Asset (Liability) to Changes in the Discount Rate - The following presents the City's proportionate share of the net pension asset (liability) calculated using the discount rate of 7.5%, as well as the City's proportionate share of the net pension asset (liability) if it were calculated using a discount that is one percentage point lower (6.5%) or one percentage point higher (8.5%) than the current rate, as follows:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
City's proportionate share of the SWDB net pension asset (liability)	**$ (701,246)**	**$ 5,006**	**$ 590,817**
City's proportionate share of the SWH net pension asset	**$ 29,065**	**$ 50,189**	**$ 67,849**

Pension Plan Fiduciary Net Position - Detailed information about the Plans' fiduciary net position is available in FPPA's separately issued financial report, which may be obtained at www.fppaco.org.

NOTE 9: RETIREMENT COMMITMENTS

Police and Firefighter Money Purchase Pension Plan

The City contributes to a single-employer defined contribution money purchase pension plan on behalf of police officers and paid firefighters that did not elect to participate in the FPPA Plans. The City is required to contribute 8.5% of each participating employee's compensation, and each employee must contribute a matching amount. The Plan provisions and contribution requirements are established and may be amended by the City Council. Employees are eligible to participate in the Plan as of the first day of work as an employee, and become fully vested after five years of service.

For the year ended December 31, 2016, the City contributed $326,662 to the Plan, equal to the required contributions. All of the Plan investments at December 31, 2016, are managed by Great West Life & Annuity Insurance Company, an outside administrator.

General Employee Money Purchase Pension Plan

The City contributes to a single-employer defined contribution money purchase pension plan on behalf of non-police and firefighter employees. The City is required to contribute 3.5% of each participating employee's compensation, and each employee must contribute a matching amount. The Plan provisions and contribution requirements are established and may be amended by the City Council. Employees are eligible to participate in the Plan after six months of employment. Participants become fully vested after five years of service.

For the year ended December 31, 2016, the City contributed $304,392 to the Plan, equal to the required contributions. All of the Plan investments at December 31, 2016, are managed by the Colorado County Officials and Employees Retirement Association (CCOERA), an outside administrator.

NOTE 10: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description - The City has established a single-employer defined benefit postemployment healthcare plan. Employees with at least 20 years of service with the City, and who have reached at least 55 years of age, are eligible to receive health insurance benefits after retirement. These benefits expire when the retiree reaches the age of 65. The authority to establish and amend benefit provisions rests with the City Council. The City does not issue a stand-alone financial report for the plan.

Funding Policy - The contribution requirements of plan members and the City are established and may be amended by the City Council. The required contribution is based on projected pay-as-you-go financing requirements. The City pays the entire monthly insurance premium. Plan members are not required to contribute to the plan. For the year ended December 31, 2016, the City paid premiums for retirees totaling $7,527.

NOTE 10: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Annual OPEB Cost and Net OPEB Obligation - The City's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period of thirty years.

The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation to the plan.

Annual required contribution	$ 86,890
Interest on net OPEB obligation	19,415
Adjustment to annual required contribution	(29,039)
Annual OPEB cost	77,266
Excess premiums paid	(7,527)
Increase in net OPEB obligation	69,739
Net OPEB Obligation, Beginning	517,746
Net OPEB Obligation, Ending	**$ 587,485**

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ended December 31, 2016, and the two preceding years follows.

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/16	$ 77,266	9.7%	$ 587,485
12/31/15	83,628	0.0%	517,746
12/31/14	83,628	0.0%	434,118

Funded Status and Funding Progress - At January 1, 2016, the most recent actuarial valuation date, the actuarial accrued liability (AAL) was $468,530, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was $12.1 million, and the ratio of the unfunded actuarial accrued liability (UAAL) to the covered payroll was 3.86%.

NOTE 10: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. These assumptions include among others, annual rates of payroll increases, healthcare cost trends, and mortality rates. Amounts determined regarding the funded status of the plan and the annual required contributions of the City are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents trend information about the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions - Projections of benefits for financial reporting purposes are based on the substantive plan as understood by the City and plan members, and are based on the types of benefits provided at the time of each valuation and the historical pattern of sharing of the benefit costs between the City and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Significant methods and assumptions included the following:

Actuarial Valuation Date - January 1, 2016
Actuarial Cost Method - Entry Age
Amortization Method - Level Dollar, Open
Remaining Amortization Period - 30 years
Asset Valuation Method - Fair Value
Investment Rate of Return - 3%, including inflation at 2%
Healthcare Cost Trend Rate and Premium Increase - 7.3% for 2016; decreasing .35% each year until 4.5%; in 2020 an average 1% is added for cadillac tax, then continues to decrease .35% each year until 5% in year 2024 and after.

NOTE 11: COMMITMENTS AND CONTINGENCIES

Tabor Amendment

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments. The Amendment is complex and subject to judicial interpretation. The City believes it is in compliance with the requirements of the Amendment. However, the City has made certain interpretations of the Amendment's language in order to determine compliance.

The City has established an emergency reserve, representing 3% of qualifying expenditures, as required by the Amendment. At December 31, 2016, the emergency reserve was reported as restricted fund balance in the General Fund, in the amount of $624,000.

NOTE 11: COMMITMENTS AND CONTINGENCIES (Continued)

Claims and Judgements

The City participates in a number of federal, state, and local programs that are fully or partially funded by grants received from other governmental entities. Expenses financed by grants are subject to audit by the appropriate grantor government. If expenses are disallowed due to noncompliance with grant program regulations, the City may be required to reimburse the grantor government. At December 31, 2016, significant amounts of grant expenses have not been audited but management believes that subsequent audits will not have a material effect on the overall financial position of the City.

Southern Delivery System

The City, along with the City of Colorado Springs, Security Water and Sanitation District, and Pueblo West Metropolitan District, are partners in the Southern Delivery System project. This project will convey raw water from Pueblo Reservoir through a 66" diameter, 53-mile pipeline to Upper Williams Creek Reservoir and Universal Water Treatment Plant located east of Colorado Springs. The City's participation in the conveyance capacity is 2,500 acre-feet per year and 5.625 million gallons per day (mgd) in the water treatment plant. The City estimates that the project will be online in 2017.

Under the terms of the project agreement, the City's participation is reported in the financial statements as an undivided interest, whereby the City reports its assets, liabilities, revenues and expenses associated with the joint project. At December 31, 2016, the City reported capital assets, with no depreciation, of $40,950,036 for this project.

Conveyance Service Contract

The City, as a participant in the Fountain Valley Authority, receives raw water through the Fountain Valley Conduit (the "Conduit") pursuant to a conveyance service contract with the Southeastern Colorado Water Conservancy District. Under the terms of the contract, the participants are assessed a service charge for the costs of constructing the Conduit. The City's future service charges are as follows:

Year Ended December 31,	
2017	$ 371,198
2018	371,198
2019	371,198
2020	371,198
2021	371,198
2022 - 2023	649,847
Total	**$ 2,505,837**

NOTE 11: COMMITMENTS AND CONTINGENCIES (Continued)

Conduit Debt Obligations

During 2007, the City issued Development Revenue Bonds (Cheyenne Mountain Zoological Society Project) Series 2007 and Series 2007B, to provide financing for the construction, renovation and equipping of improvements to the Cheyenne Mountain Zoo. The City is not obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as a liability in the accompanying financial statements. Outstanding bonds at December 31, 2016, totaled $456,337.

Litigation

The City is involved in various pending or threatened litigation. The outcome of this litigation cannot be determined at this time.

Concentration of Risk

A substantial amount of the City's sales tax revenues are received from four taxpayers. A reduction in this revenue, if it were to occur, may have a significant affect on the City's programs and activities.

Economic Development Tax Incentive Agreements

The City has approved several agreements to rebate certain property, sales and use taxes generated by new businesses. During the year ended December 31, 2016, the City paid $151,626 under these agreements.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF FOUNTAIN, COLORADO

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
AND INVESTMENT RETURNS
VOLUNTEER FIREFIGHTERS' PENSION PLAN
December 31, 2016
(Unaudited)

	2016	2015	2014
Total Pension Liability			
Interest	$ 14,655	$ 14,188	$ 13,765
Changes of Assumptions	(94,965)	-	-
Benefit Payments	(4,000)	(3,600)	(4,800)
Net Change in Total Pension Liability	(84,310)	10,588	8,965
Total Pension Liability, Beginning	327,808	317,220	308,255
Total Pension Liability, Ending	$ 243,498	$ 327,808	$ 317,220
Plan Fiduciary Net Position			
Net Investment Income	$ 3,029	$ 2,732	$ 2,191
Benefit Payments	(4,000)	(3,600)	(4,800)
Administrative Expenses	(2,850)	(10,539)	(150)
Net Change in Plan Fiduciary Net Position	(3,821)	(11,407)	(2,759)
Plan Fiduciary Net Position, Beginning	714,779	726,186	728,945
Plan Fiduciary Net Position, Ending	$ 710,958	$ 714,779	$ 726,186
City's Net Pension Asset, Ending	$ 467,460	$ 386,971	$ 408,966
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	292%	218%	229%
Investment Returns			
Annual Money-Weighted Rate of Return, Net of Investment Expense	0.43%	0.38%	0.28%

This schedule is presented to show information for 10 years. Until information for the full 10-year period is available, information will be presented for the years it is available.

See the accompanying Independent Auditors' Report.

CITY OF FOUNTAIN, COLORADO

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION ASSET
AND CONTRIBUTIONS
FIRE & POLICE PENSION ASSOCIATION OF COLORADO STATEWIDE DEFINED BENEFIT PLAN
December 31, 2016

	12/31/15	12/31/14	12/31/13
PROPORTIONATE SHARE OF THE NET PENSION ASSET			
City's Proportion of the Net Pension Asset	0.28396312%	0.31188443%	0.32238512%
City's Proportionate Share of the Net Pension Asset	$ 5,006	$ 351,985	$ 288,272
City's Covered Payroll	$ 1,224,894	$ 1,227,432	$ 1,202,066
City's Proportionate Share of the Net Pension Asset as a Percentage of Covered Payroll	0.4%	29%	24%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	100.1%	107%	106%

	12/31/16	12/31/15	12/31/14
CITY CONTRIBUTIONS			
Statutorily Required Contribution	$ 117,754	$ 110,127	$ 112,204
Contributions in Relation to the Statutorily Required Contribution	(117,754)	(110,127)	(112,204)
Contribution Deficiency (Excess)	$ -	$ -	$ -
City's Covered Payroll	$ 1,331,905	$ 1,224,894	$ 1,227,432
Contributions as a Percentage of Covered Payroll	8.84%	8.99%	9.14%

This schedule is presented to show information for 10 years. Until information for the full 10-year period is available, information will be presented for the years it is available.

See the accompanying Independent Auditors' Report.

CITY OF FOUNTAIN, COLORADO

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION ASSET
AND CONTRIBUTIONS
FIRE & POLICE PENSION ASSOCIATION OF COLORADO STATEWIDE HYBRID PLAN
Year Ended December 31, 2016

	12/31/15	12/31/14	12/31/13
PROPORTIONATE SHARE OF THE NET PENSION ASSET			
City's Proportion of the Net Pension Asset	0.47649964%	0.50235952%	0.46745219%
City's Proportionate Share of the Net Pension Asset	$ 50,189	$ 59,578	$ 47,680
City's Covered Payroll	$ 66,053	$ 65,458	$ 63,658
City's Proportionate Share of the Net Pension Asset as a Percentage of Covered Payroll	76%	91%	75%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	129%	141%	139%

	12/31/16	12/31/15	12/31/14
CITY CONTRIBUTIONS			
Statutorily Required Contribution	$ 6,730	$ 6,275	$ 6,218
Contributions in Relation to the Statutorily Required Contribution	(6,730)	(6,275)	(6,218)
Contribution Deficiency (Excess)	$ -	$ -	$ -
City's Covered Payroll	$ 70,847	$ 66,053	$ 65,458
Contributions as a Percentage of Covered Payroll	9.50%	9.50%	9.50%

This schedule is presented to show information for 10 years. Until information for the full 10-year period is available, information will be presented for the years it is available.

See the accompanying Independent Auditors' Report.

CITY OF FOUNTAIN, COLORADO

SCHEDULE OF FUNDING PROGRESS
POSTEMPLOYMENT BENEFIT PLAN
December 31, 2016
(Unaudited)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
1/1/08	$ -	$ 322,073	$ 322,073	-	$ 9,168,765	3.51%
1/1/11	$ -	$ 367,674	$ 367,674	-	$ 9,890,941	3.72%
1/1/14	$ -	$ 488,743	$ 488,743	-	$ 10,152,334	4.81%
1/1/16	$ -	$ 468,530	$ 468,530	-	$ 12,140,898	3.86%

See the accompanying Independent Auditors' Report.

CITY OF FOUNTAIN, COLORADO

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
Year Ended December 31, 2016

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES				
Taxes				
Property Taxes	$ 1,850,000	$ 1,850,000	$ 1,915,374	$ 65,374
Sales Taxes	9,614,800	9,614,800	8,937,330	(677,470)
Use Taxes	1,465,000	1,465,000	1,514,601	49,601
Specific Ownership Taxes	165,000	165,000	227,899	62,899
Franchise Taxes	1,885,790	1,885,790	1,932,297	46,507
Total Taxes	14,980,590	14,980,590	14,527,501	(453,089)
Licenses and Permits				
Business Licenses	47,250	47,250	53,070	5,820
Telecommunications	46,000	46,000	37,199	(8,801)
Liquor Licenses	6,500	6,500	5,311	(1,189)
Street and Curb Permits	11,000	11,000	11,199	199
Total Licenses and Permits	110,750	110,750	106,779	(3,971)
Charges for Services				
Developer Fees	75,000	75,000	86,584	11,584
Impact Fees	47,000	47,000	4,033	(42,967)
Park Fees	150,000	150,000	109,090	(40,910)
School District Juvenile Program	159,320	159,320	265,896	106,576
Off Duty Police Program	13,500	13,500	28,952	15,452
Cemetery	17,500	17,500	11,900	(5,600)
Miscellaneous	72,800	72,800	59,372	(13,428)
Total Charges for Services	535,120	535,120	565,827	30,707
Fines and Forfeitures	358,700	358,700	407,014	48,314
Intergovernmental				
Highway Users Tax	656,960	656,960	702,765	45,805
Road and Bridge Fund	27,500	27,500	30,535	3,035
Motor Vehicle Registration	76,000	76,000	86,304	10,304
Cigarette Taxes	35,000	35,000	35,905	905
State and Local Grants	213,200	213,200	248,115	34,915
Federal Grants	10,000	10,000	6,890	(3,110)
Total Intergovernmental	1,018,660	1,018,660	1,110,514	91,854
Investment Income	22,600	22,600	14,736	(7,864)
Miscellaneous				
Rents	-	-	4,708	4,708
Other	55,300	155,300	316,262	160,962
Total Miscellaneous	55,300	155,300	320,970	165,670
TOTAL REVENUES	17,081,720	17,181,720	17,053,341	(128,379)

See the accompanying Independent Auditors' Report.

CITY OF FOUNTAIN, COLORADO

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
Year Ended December 31, 2016

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
EXPENDITURES				
General Government				
Legislative	38,840	38,840	32,838	6,002
Judicial	187,090	187,090	207,019	(19,929)
Economic Development	3,008,630	3,045,630	2,048,480	997,150
Election	25,000	25,000	-	25,000
Information Technology	1,065,645	1,316,085	329,132	986,953
Planning and Engineering	571,290	571,290	594,646	(23,356)
Administration	625,780	625,780	702,331	(76,551)
Total General Government	5,522,275	5,809,715	3,914,446	1,895,269
Public Safety				
Police	6,600,300	6,686,950	6,584,751	102,199
Communications	947,445	947,445	779,132	168,313
Fire	2,672,920	2,675,150	2,648,561	26,589
Total Public Safety	10,220,665	10,309,545	10,012,444	297,101
Public Works				
Highway and Streets	1,152,380	1,174,280	1,298,615	(124,335)
Facilities Maintenance	287,340	1,387,340	1,301,080	86,260
Total Public Works	1,439,720	2,561,620	2,599,695	(38,075)
Health and Welfare				
Code Enforcement	299,660	299,660	309,007	(9,347)
Cemetery	37,500	38,500	30,170	8,330
Total Health and Welfare	337,160	338,160	339,177	(1,017)
Culture and Recreation				
Parks	783,820	782,820	776,543	6,277
Community Building	300,599	300,599	219,267	81,332
Total Culture and Recreation	1,084,419	1,083,419	995,810	87,609
Debt Service	595,990	595,990	536,551	59,439
TOTAL EXPENDITURES	19,200,229	20,698,449	18,398,123	2,300,326
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(2,118,509)	(3,516,729)	(1,344,782)	2,171,947
OTHER FINANCING SOURCES (USES)				
Capital Lease	775,000	1,775,000	307,261	(1,467,739)
Transfers In	899,344	899,344	-	(899,344)
Transfers Out	(510,380)	(510,380)	(297,137)	213,243
TOTAL OTHER FINANCING SOURCES (USES)	1,163,964	2,163,964	10,124	(2,153,840)
NET CHANGE IN FUND BALANCE	$ (954,545)	$ (1,352,765)	(1,334,658)	$ 18,107
FUND BALANCE, Beginning			6,565,987	
FUND BALANCE, Ending			$ 5,231,329	

See the accompanying Independent Auditors' Report.

NOTE 1: VOLUNTEER FIREFIGHTERS' PENSION PLAN

Contributions

The City made no contributions to the Volunteer Firefighters' Pension Plan during the year ended December 31, 2016. In addition, the plan members consist only of volunteer firefighters and no employee payroll information is applicable.

Actuarial Assumptions

Significant actuarial methods and assumptions used to determine the contribution rates for the Volunteer Firefighters' Pension Plan are as follows:

Valuation Date	January 1, 2015
Actuarial Cost Method	Entry age
Amortization Method	Level amount, open
Remaining Amortization Period	20 years
Asset Valuation Method	Fair value
Interest Rate	4.5% per annum, compounded annually, net of operating expenses
Inflation Rate	2.74%
Retirement Age	Age 50 and 20 years of service
Mortality	Projected 15 years from the valuation date

NOTE 2: SCHEDULES OF PROPORTIONATE SHARE OF THE NET PENSION ASSET AND CONTRIBUTIONS

The City's net pension asset at December 31, 2016, was measured as of December 31, 2015, based on an actuarial valuation of the Statewide Defined Benefit Plan and the Statewide Hybrid Plan at January 1, 2016.

Changes of Assumptions - In July 2015, the FPPA Board of Directors reviewed and approved recommended changes to the actuarial assumptions. The assumption changes were effective for actuarial valuations beginning January 1, 2016. The actuarial assumptions impacted actuarial factors for benefit purposes such as purchases of service credit and other benefits where actuarial factors are used. The date the new actuarial assumptions were effective for benefit purposes was October 1, 2016.

The primary actuarial factor changes effective January 1, 2016 were as follows:

- Reduce the inflation assumption from 3% to 2.5%.
- Revise the base mortality tables and the explicit assumption for increasing longevity in the future to reflect current mortality studies.
- Increase the expected incidence of total disability for plan members.

NOTE 3: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Accounting

The City follows these procedures to establish the budgetary information reflected in the financial statements:

- In September, management submits to the City Council a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted to obtain taxpayer comments.
- Prior to December 31, the budget is legally adopted through passage of an ordinance.
- Management is authorized to transfer budgeted amounts between departments within any fund. However, any revisions that alter the total expenditures of any fund must be approved by the City Council. State statutes stipulate that expenditures may not exceed budgeted appropriations at the fund level.
- Budgets are legally adopted for all funds of the City. Fiduciary fund budgets have not been presented in the financial statements. Budgets for the governmental funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgetary comparisons for the proprietary funds are presented on a non-GAAP budgetary basis. Debt principal is recognized as an expenditure for budgetary purposes. Capital outlay is budgeted as an expenditure, and depreciation and amortization are not budgeted.
- All appropriations lapse at year end.

Legal Compliance

For the year ended December 31, 2016, expenditures of the Insurance Internal Service Fund exceeded the amounts budgeted by $14,965. This may be a violation of State statutes.

SUPPLEMENTARY INFORMATION

CITY OF FOUNTAIN, COLORADO

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2016

	CONSERVATION TRUST	HERITAGE MAINTENANCE DISTRICT	GENERAL IMPROVEMENT DISTRICTS	VOLUNTEER FIRE
ASSETS				
Cash and Investments	$ 307,044	$ 381,905	$ 144,194	$ 110,164
Accounts Receivable	156	636	625	43,116
Taxes Receivable	-	63,803	142,149	-
TOTAL ASSETS	$ 307,200	$ 446,344	$ 286,968	$ 153,280
LIABILITIES				
Accounts Payable	$ 2,288	$ 1,461	$ -	$ 11,199
Accrued Liabilities	-	-	-	-
TOTAL LIABILITIES	2,288	1,461	-	11,199
DEFERRED INFLOWS OF RESOURCES				
Property Taxes	-	63,803	142,149	-
FUND BALANCES				
Restricted for Parks	304,912	-	-	-
Restricted for District Repairs and Maintenance	-	381,080	144,819	-
Restricted for Transportation	-	-	-	-
Restricted for Street Repairs and Maintenance	-	-	-	-
Restricted for Street Improvements	-	-	-	-
Committed to Volunteer Fire Activities	-	-	-	142,081
TOTAL FUND BALANCES	304,912	381,080	144,819	142,081
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 307,200	$ 446,344	$ 286,968	$ 153,280

See the accompanying Independent Auditors' Report.

PUBLIC TRANSPORTATION	STREET RESURFACING	STREET IMPROVEMENT	TOTAL
$ 785,510	$ 340,716	$ 3,936,285	$ 6,005,818
138,647	82,764	195,017	460,961
-	-	-	205,952
$ 924,157	$ 423,480	$ 4,131,302	$ 6,672,731
$ 7,683	$ 219,588	$ 3,758	$ 245,977
4,412	-	-	4,412
12,095	219,588	3,758	250,389
-	-	-	205,952
-	-	-	304,912
-	-	-	525,899
912,062	-	-	912,062
-	203,892	-	203,892
-	-	4,127,544	4,127,544
-	-	-	142,081
912,062	203,892	4,127,544	6,216,390
$ 924,157	$ 423,480	$ 4,131,302	$ 6,672,731

CITY OF FOUNTAIN, COLORADO

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year Ended December 31, 2016

	CONSERVATION TRUST	HERITAGE MAINTENANCE DISTRICT	GENERAL IMPROVEMENT DISTRICTS	VOLUNTEER FIRE
REVENUES				
Taxes	$ -	$ 70,092	$ 59,250	$ -
Charges for Services	-	-	-	47,833
Intergovernmental	265,118	-	-	-
Investment Income	685	854	399	385
Miscellaneous	-	-	-	10,408
TOTAL REVENUES	265,803	70,946	59,649	58,626
EXPENDITURES				
Current				
General Government	-	-	-	-
Public Safety	-	-	-	71,581
Public Works	-	42,867	-	-
Culture and Recreation	191,460	-	-	-
Debt Service				
Principal	-	-	-	-
Interest	-	-	-	-
TOTAL EXPENDITURES	191,460	42,867	-	71,581
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	74,343	28,079	59,649	(12,955)
OTHER FINANCING SOURCES				
Capital Lease	-	-	-	-
NET CHANGE IN FUND BALANCE	74,343	28,079	59,649	(12,955)
FUND BALANCES, Beginning	230,569	353,001	85,170	155,036
FUND BALANCES, Ending	$ 304,912	$ 381,080	$ 144,819	$ 142,081

See the accompanying Independent Auditors' Report.

PUBLIC TRANSPORTATION	STREET RESURFACING	STREET IMPROVEMENT	TOTAL
$ 744,777	$ 446,867	$ 1,042,688	$ 2,363,674
-	-	-	47,833
-	-	-	265,118
1,892	377	10,084	14,676
-	-	-	10,408
746,669	447,244	1,052,772	2,701,709
533,111	-	-	533,111
-	-	-	71,581
-	322,001	432,424	797,292
-	-	-	191,460
22,618	-	-	22,618
446	-	-	446
556,175	322,001	432,424	1,616,508
190,494	125,243	620,348	1,085,201
3,904	-	-	3,904
194,398	125,243	620,348	1,089,105
717,664	78,649	3,507,196	5,127,285
$ 912,062	$ 203,892	$ 4,127,544	$ 6,216,390

CITY OF FOUNTAIN, COLORADO

CONSERVATION TRUST FUND
Year Ended December 31, 2016

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES			
Lottery Proceeds	$ 230,000	$ 265,118	$ 35,118
Investment Income	700	685	(15)
TOTAL REVENUES	230,700	265,803	35,103
EXPENDITURES			
Culture and Recreation	234,300	191,460	42,840
NET CHANGE IN FUND BALANCE	$ (3,600)	74,343	$ 77,943
FUND BALANCE, Beginning		230,569	
FUND BALANCE, Ending		$ 304,912	

See the accompanying Independent Auditors' Report.

CITY OF FOUNTAIN, COLORADO

HERITAGE MAINTENANCE DISTRICT FUND
Year Ended December 31, 2016

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES			
Property Taxes	$ 62,000	$ 62,764	$ 764
Specific Ownership Taxes	3,100	7,328	4,228
Investment Income	800	854	54
TOTAL REVENUES	65,900	70,946	5,046
EXPENDITURES			
Public Works	64,000	42,867	21,133
NET CHANGE IN FUND BALANCE	$ 1,900	28,079	$ 26,179
FUND BALANCE, Beginning		353,001	
FUND BALANCE, Ending		$ 381,080	

See the accompanying Independent Auditors' Report.

CITY OF FOUNTAIN, COLORADO

BUDGETARY COMPARISON SCHEDULE
GENERAL IMPROVEMENT DISTRICTS FUND
Year Ended December 31, 2016

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES				
Property Taxes	$ 51,000	$ 51,000	$ 53,051	$ 2,051
Specific Ownership Taxes	2,300	2,300	6,199	3,899
Investment Income	580	580	399	(181)
TOTAL REVENUES	53,880	53,880	59,649	5,769
NET CHANGE IN FUND BALANCE	$ 53,880	$ 53,880	59,649	$ 5,769
FUND BALANCE, Beginning			85,170	
FUND BALANCE, Ending			$ 144,819	

See the accompanying Independent Auditors' Report.

CITY OF FOUNTAIN, COLORADO

BUDGETARY COMPARISON SCHEDULE
VOLUNTEER FIRE FUND
Year Ended December 31, 2016

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES				
Charges for Services	$ 32,000	$ 32,000	$ 47,833	$ 15,833
Intergovernmental	16,600	16,600	-	(16,600)
Investment Income	400	400	385	(15)
Miscellaneous	7,000	7,000	10,408	3,408
TOTAL REVENUES	56,000	56,000	58,626	2,626
EXPENDITURES				
Public Safety	54,700	74,700	71,581	3,119
NET CHANGE IN FUND BALANCE	$ 1,300	$ (18,700)	(12,955)	$ 5,745
FUND BALANCE, Beginning			155,036	
FUND BALANCE, Ending			$ 142,081	

See the accompanying Independent Auditors' Report.

CITY OF FOUNTAIN, COLORADO

BUDGETARY COMPARISON SCHEDULE
PUBLIC TRANSPORTATION FUND
Year Ended December 31, 2016

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES				
Sales Taxes	$ 777,000	$ 777,000	$ 744,777	$ (32,223)
Intergovernmental	-	120,000	-	(120,000)
Investment Income	800	800	1,892	1,092
TOTAL REVENUES	777,800	897,800	746,669	(151,131)
EXPENDITURES				
Current				
General Government	697,870	862,870	533,111	329,759
Debt Service				
Principal	23,065	23,065	22,618	447
Interest	-	-	446	(446)
TOTAL EXPENDITURES	720,935	885,935	556,175	329,760
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	56,865	11,865	190,494	178,629
OTHER FINANCING SOURCES				
Capital Lease	-	-	3,904	3,904
NET CHANGE IN FUND BALANCE	$ 56,865	$ 11,865	194,398	$ 182,533
FUND BALANCE, Beginning			717,664	
FUND BALANCE, Ending			$ 912,062	

See the accompanying Independent Auditors' Report.

CITY OF FOUNTAIN, COLORADO

BUDGETARY COMPARISON SCHEDULE
STREET RESURFACING FUND
Year Ended December 31, 2016

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES				
Sales Taxes	$ 494,000	$ 494,000	$ 446,867	$ (47,133)
Investment Income	1,000	1,000	377	(623)
TOTAL REVENUES	495,000	495,000	447,244	(47,756)
EXPENDITURES				
Public Works	438,700	447,800	322,001	125,799
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	56,300	47,200	125,243	78,043
OTHER FINANCING SOURCES (USES)				
Transfers Out	(15,000)	(15,000)	-	15,000
NET CHANGE IN FUND BALANCE	$ 41,300	$ 32,200	125,243	$ 93,043
FUND BALANCE, Beginning			78,649	
FUND BALANCE, Ending			$ 203,892	

See the accompanying Independent Auditors' Report.

CITY OF FOUNTAIN, COLORADO

BUDGETARY COMPARISON SCHEDULE
STREET IMPROVEMENT FUND
Year Ended December 31, 2016

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES				
Sales Taxes	$ 1,085,000	$ 1,085,000	$ 1,042,688	$ (42,312)
Investment Income	6,000	6,000	10,084	4,084
Miscellaneous	400,000	400,000	-	(400,000)
TOTAL REVENUES	1,491,000	1,491,000	1,052,772	(438,228)
EXPENDITURES				
Public Works	2,615,400	2,616,400	432,424	2,183,976
NET CHANGE IN FUND BALANCE	$ (1,124,400)	$ (1,125,400)	620,348	$ 1,745,748
FUND BALANCE, Beginning			3,507,196	
FUND BALANCE, Ending			$ 4,127,544	

See the accompanying Independent Auditors' Report.

CITY OF FOUNTAIN, COLORADO

COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
December 31, 2016

	AMBULANCE	DRAINAGE	TOTAL
ASSETS			
Current Assets			
Cash and Investments	$ -	$ 1,056,278	$ 1,056,278
Accounts Receivable	86,212	639	86,851
Total Current Assets	86,212	1,056,917	1,143,129
Noncurrent Assets			
Capital Assets, Net of Accumulated Depreciation	142,347	-	142,347
TOTAL ASSETS	228,559	1,056,917	1,285,476
LIABILITIES			
Current Liabilities			
Accounts Payable	5,052	-	5,052
Accrued Liabilities	22,431	-	22,431
Compensated Absences Payable, Current Portion	38,117	-	38,117
Capital Lease Payable, Current Portion	13,486	-	13,486
Total Current Liabilities	79,086	-	79,086
Long-Term Liabilities			
Compensated Absences Payable	34,883	-	34,883
Capital Lease Payable	50,927	-	50,927
Total Long-Term Liabilities	85,810	-	85,810
TOTAL LIABILITIES	164,896	-	164,896
NET POSITION			
Net Investment in Capital Assets	77,934	-	77,934
Unrestricted	(14,271)	1,056,917	1,042,646
TOTAL NET POSITION	$ 63,663	$ 1,056,917	$ 1,120,580

See the accompanying Independent Auditors' Report.

CITY OF FOUNTAIN, COLORADO

COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
NONMAJOR ENTERPRISE FUNDS
Year Ended December 31, 2016

	AMBULANCE	DRAINAGE	TOTAL
OPERATING REVENUES			
Charges for Services	$ 675,385	$ 16,822	$ 692,207
TOTAL OPERATING REVENUES	675,385	16,822	692,207
OPERATING EXPENSES			
Operations and Maintenance	939,609	34,783	974,392
Depreciation	25,002	-	25,002
TOTAL OPERATING EXPENSES	964,611	34,783	999,394
OPERATING INCOME (LOSS)	(289,226)	(17,961)	(307,187)
NONOPERATING REVENUES			
Investment Income	-	2,692	2,692
Interest Expense	(1,632)	-	(1,632)
TOTAL NONOPERATING REVENUES (EXPENSES)	(1,632)	2,692	1,060
NET INCOME (LOSS) BEFORE TRANSFERS	(290,858)	(15,269)	(306,127)
Transfers In	297,137	-	297,137
CHANGE IN NET POSITION	6,279	(15,269)	(8,990)
NET POSITION, Beginning	57,384	1,072,186	1,129,570
NET POSITION, Ending	$ 63,663	$ 1,056,917	$ 1,120,580

See the accompanying Independent Auditors' Report.

CITY OF FOUNTAIN, COLORADO

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
Increase (Decrease) in Cash and Cash Equivalents
Year Ended December 31, 2016

	AMBULANCE	DRAINAGE	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Customers	$ 649,275	$ 16,822	$ 666,097
Cash Payments to Employees	(516,308)	-	(516,308)
Cash Payments to Suppliers	(399,357)	(110,547)	(509,904)
Net Cash Provided (Used) by Operating Activities	(266,390)	(93,725)	(360,115)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers from Other Funds	297,137	-	297,137
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of Capital Assets	(15,933)	-	(15,933)
Debt Principal Payments	(13,182)	-	(13,182)
Debt Interest Paid	(1,632)	-	(1,632)
Net Cash Provided (Used) by Capital and Related Financing Activities	(30,747)	-	(30,747)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest Received	-	3,200	3,200
NET CHANGE IN CASH AND CASH EQUIVALENTS	-	(90,525)	(90,525)
CASH AND CASH EQUIVALENTS, Beginning	-	1,146,803	1,146,803
CASH AND CASH EQUIVALENTS, Ending	$ -	$ 1,056,278	$ 1,056,278
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating Income (Loss)	$ (289,226)	$ (17,961)	$ (307,187)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Depreciation	25,002	-	25,002
Changes in Assets and Liabilities			
Accounts Receivable	(26,110)	-	(26,110)
Accounts Payable	(3,346)	(75,764)	(79,110)
Accrued Liabilities	12,917	-	12,917
Compensated Absences Payable	14,373	-	14,373
Net Cash Provided (Used) by Operating Activities	$ (266,390)	$ (93,725)	$ (360,115)

See the accompanying Independent Auditors' Report.

CITY OF FOUNTAIN, COLORADO

BUDGETARY COMPARISON SCHEDULE
WATER FUND
Year Ended December 31, 2016

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES				
Charges for Services	$ 7,952,204	$ 7,952,204	$ 7,871,921	$ (80,283)
Miscellaneous	257,695	257,695	666,541	408,846
Investment Income	10,390	10,390	24,380	13,990
System Development Fees	1,024,000	1,024,000	1,076,646	52,646
Water Acquisition Fees	300,000	300,000	286,518	(13,482)
Debt Proceeds	4,045,511	4,045,511	8,067,274	4,021,763
TOTAL REVENUES	13,589,800	13,589,800	17,993,280	4,403,480
EXPENDITURES				
Source of Supply	1,973,978	1,973,978	2,234,225	(260,247)
Operations and Maintenance	2,048,300	2,048,300	1,509,563	538,737
Customer Accounts and Collection	875,518	881,518	473,787	407,731
Administration and General	1,671,552	1,683,552	1,935,431	(251,879)
Capital Outlay	4,620,540	5,651,745	3,683,791	1,967,954
Debt Principal	-	-	1,307,569	(1,307,569)
Interest Expense	2,082,813	2,082,813	1,919,513	163,300
Transfers Out	397,714	397,714	-	397,714
TOTAL EXPENDITURES	13,670,415	14,719,620	13,063,879	1,655,741
CHANGE IN NET POSITION, Budgetary Basis	$ (80,615)	$ (1,129,820)	4,929,401	$ 6,059,221
ADJUSTMENTS TO GAAP BASIS				
Debt Proceeds			(8,067,274)	
Capital Outlay, including Capitalized Interest			5,295,091	
Depreciation Expense			(1,248,656)	
Debt Principal			1,307,569	
Debt Issuance Costs			(165,062)	
CHANGE IN NET POSITION, GAAP Basis			$ 2,051,069	

See the accompanying Independent Auditors' Report.

CITY OF FOUNTAIN, COLORADO

BUDGETARY COMPARISON SCHEDULE
ELECTRIC FUND
Year Ended December 31, 2016

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES				
Charges for Services	$ 22,182,188	$ 22,182,188	$ 21,388,647	$ (793,541)
Miscellaneous	508,855	508,855	759,972	251,117
Investment Income	110,000	110,000	101,576	(8,424)
System Development Fees	42,000	42,000	-	(42,000)
New Service Installation	500,000	500,000	66,571	(433,429)
Transfers In	455,246	455,246	-	(455,246)
TOTAL REVENUES	23,798,289	23,798,289	22,316,766	(1,481,523)
EXPENDITURES				
Source of Supply	12,100,000	12,100,000	12,683,236	(583,236)
Operations and Maintenance	4,996,860	5,515,160	3,568,689	1,946,471
Customer Accounts and Collection	1,641,490	1,655,490	1,225,050	430,440
Administration and General	3,109,660	3,137,660	3,083,529	54,131
Capital Outlay	2,737,500	4,802,300	2,389,830	2,412,470
Debt Principal	-	-	1,980	(1,980)
Interest Expense	1,060	1,060	440	620
Transfers Out	545,435	545,435	-	545,435
TOTAL EXPENDITURES	25,132,005	27,757,105	22,952,754	4,260,276
CHANGE IN NET POSITION, Budgetary Basis	$ (1,333,716)	$ (3,958,816)	(635,988)	$ 2,778,753
ADJUSTMENTS TO GAAP BASIS				
Capital Outlay			2,389,830	
Depreciation Expense			(1,378,783)	
Debt Principal			1,980	
CHANGE IN NET POSITION, GAAP Basis			$ 377,039	

See the accompanying Independent Auditors' Report.

CITY OF FOUNTAIN, COLORADO

BUDGETARY COMPARISON SCHEDULE
AMBULANCE FUND
Year Ended December 31, 2016

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES			
Charges for Services	$ 875,861	$ 675,385	$ (200,476)
Transfers In	150,000	297,137	147,137
TOTAL REVENUES	1,025,861	972,522	(53,339)
EXPENDITURES			
Operations and Maintenance	931,800	939,609	(7,809)
Capital Outlay	-	15,933	(15,933)
Debt Principal	13,000	13,182	(182)
Interest Expense	-	1,632	(1,632)
Transfers Out	31,061	-	31,061
TOTAL EXPENDITURES	975,861	970,356	5,505
CHANGE IN NET POSITION, Budgetary Basis	$ 50,000	2,166	$ (47,834)
ADJUSTMENTS TO GAAP BASIS			
Capital Outlay		15,933	
Depreciation Expense		(25,002)	
Debt Principal		13,182	
CHANGE IN NET POSITION, GAAP Basis		$ 6,279	

See the accompanying Independent Auditors' Report.

CITY OF FOUNTAIN, COLORADO

BUDGETARY COMPARISON SCHEDULE
DRAINAGE FUND
Year Ended December 31, 2016

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES			
Charges for Services	$ 27,451	$ 16,822	$ (10,629)
Investment Income	3,843	2,692	(1,151)
TOTAL REVENUES	31,294	19,514	(11,780)
EXPENDITURES			
Operations and Maintenance	200,000	34,783	165,217
TOTAL EXPENDITURES	200,000	34,783	165,217
CHANGE IN NET POSITION, Budgetary Basis	$ (168,706)	(15,269)	$ 153,437
NET POSITION, Beginning		1,072,186	
NET POSITION, Ending		$ 1,056,917	

See the accompanying Independent Auditors' Report.

CITY OF FOUNTAIN, COLORADO

BUDGETARY COMPARISON SCHEDULE
INSURANCE FUND
Year Ended December 31, 2016

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES			
Charges for Services	$ 3,515,100	$ 3,668,848	$ 153,748
Investment Income	-	4,208	4,208
TOTAL REVENUES	3,515,100	3,673,056	157,956
EXPENDITURES			
Administration and General	244,000	171,282	72,718
Insurance Premiums	445,500	601,026	(155,526)
Insurance Claims	2,430,500	2,362,657	67,843
TOTAL EXPENDITURES	3,120,000	3,134,965	(14,965)
CHANGE IN NET POSITION, Budgetary Basis	$ 395,100	538,091	$ 142,991
NET POSITION, Beginning		1,179,629	
NET POSITION, Ending		$ 1,717,720	

See the accompanying Independent Auditors' Report.

STATISTICAL SECTION

CITY OF FOUNTAIN, COLORADO

STATISTICAL SECTION

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Financial Trends **70-73**

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity **74-83**

These schedules contain information to help the reader assess the City's most significant local revenue sources.

Debt Capacity **84-86**

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information **87-88**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information **89-90**

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

CITY OF FOUNTAIN, COLORADO

NET POSITION BY COMPONENT **TABLE 1**
LAST TEN FISCAL YEARS
(Unaudited)

(accrual basis of accounting)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental Activities										
Net Investment in Capital Assets	$ 76,850,378	$ 81,403,558	$ 79,168,395	$ 76,610,623	$ 76,127,122	$ 76,210,836	$ 74,221,505	$ 71,700,844	$ 71,587,864	$ 69,520,813
Restricted for Parks			251,049	171,785	159,446	150,841	200,199	265,398	230,569	304,912
Restricted for District Repairs and Maintenance				-	260,397	300,346	335,202	377,522	438,171	525,899
Restricted for Transportation				77,407	160,658	-	323,923	486,290	717,664	912,062
Restricted for Street Repairs and Maintenance				75,110	46,277	49,317	114,524	81,645	78,649	203,892
Restricted for Street Improvements				492,788	1,026,814	1,651,516	2,273,777	2,913,693	3,507,196	4,127,544
Restricted for Emergencies	356,669	352,000	348,500	351,000	355,000	393,000	378,000	414,000	553,000	624,000
Unrestricted	3,756,185	2,169,455	1,055,370	952,123	135,074	189,013	(88,331)	3,400,191	5,745,378	4,666,972
Total governmmental activities net position	80,963,232	83,925,013	80,823,314	78,730,836	78,270,788	78,944,869	77,758,799	79,639,583	82,858,491	80,886,094
Business-type activities										
Net Investment in Capital Assets	47,852,415	57,171,450	58,293,086	60,771,506	63,517,686	65,483,598	70,249,254	73,772,083	76,235,438	82,159,345
Restricted for Debt Service				-	576,900	576,900	576,900	576,900	794,400	217,500
Unrestricted	24,207,739	17,064,618	16,362,533	14,381,159	11,415,974	13,418,176	12,434,106	11,829,636	13,047,583	10,329,549
Total business-type activities net position	72,060,154	74,236,068	74,655,619	75,152,665	75,510,560	79,478,674	83,260,260	86,178,619	90,077,421	92,706,394
Primary government										
Net Investment in Capital Assets	124,702,793	138,575,008	137,461,481	137,382,129	139,644,808	141,694,434	144,470,759	145,472,927	147,823,302	151,680,158
Restricted for Parks			251,049	171,785	159,446	150,841	200,199	265,398	230,569	304,912
Restricted for District Repairs and Maintenance				-	260,397	300,346	335,202	377,522	438,171	525,899
Restricted for Transportation				77,407	160,658	-	323,923	486,290	717,664	912,062
Restricted for Street Repairs and Maintenance				75,110	46,277	49,317	114,524	81,645	78,649	203,892
Restricted for Street Improvements				492,788	1,026,814	1,651,516	2,273,777	2,913,693	3,507,196	4,127,544
Restricted for Debt Service				-	576,900	576,900	576,900	576,900	794,400	217,500
Restricted for Emergencies	356,669	352,000	348,500	351,000	355,000	393,000	378,000	414,000	553,000	624,000
Unrestricted	27,963,924	19,234,073	17,417,903	15,333,282	11,551,048	13,607,189	12,345,775	15,229,827	18,792,961	14,996,521
Total primary government net position	$ 153,023,386	$ 158,161,081	$ 155,478,933	$ 153,883,501	$ 153,781,348	$ 158,423,543	$ 161,019,059	$ 165,818,202	$ 172,935,912	$ 173,592,488

Source: City of Fountain, Colorado, audited financial statements, 2007-2016

Note: The City of Fountain, Colorado adopted GASB Statement 65 for the year ended December 31, 2013. Amounts for 2012 have been restated.

The City of Fountain, Colorado adopted GASB Statement 68 for the year ended December 31, 2015. Amounts for 2014 have not been restated.

CITY OF FOUNTAIN, COLORADO

CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Unaudited)

TABLE 2

(accrual basis of accounting)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses										
Governmental Activities										
General Government	$ 2,436,516	$ 2,801,721	$ 2,483,390	$ 3,020,265	$ 2,949,011	$ 2,937,922	$ 3,088,640	$ 2,699,475	$ 2,130,308	$ 4,044,229
Public Safety	6,330,794	6,487,537	6,989,181	7,182,513	7,446,750	7,966,886	8,166,704	8,485,869	9,028,509	10,270,018
Public Works	4,062,454	4,370,731	3,881,335	4,235,181	2,071,681	2,756,803	3,402,850	4,488,188	4,590,601	5,529,468
Health and Welfare	229,291	236,958	193,459	166,141	211,294	255,525	276,146	296,720	282,840	339,505
Culture and Recreation	642,930	779,830	966,366	790,333	858,049	772,212	778,062	798,755	1,143,271	1,114,420
Interest Expense	42,189	51,071	39,917	27,846	28,812	20,123	133,048	136,046	130,542	136,878
Total Governmmental Activities Expenses	13,744,174	14,727,848	14,553,648	15,422,279	13,565,597	14,709,471	15,845,450	16,905,053	17,306,071	21,434,518
Business-type Activities										
Water Uiltiy	5,797,432	5,898,155	6,175,434	6,425,441	6,702,091	6,486,441	7,220,673	6,912,357	7,556,775	7,828,769
Electric Utility	17,750,594	18,031,553	18,178,620	19,363,478	20,739,214	21,428,400	23,025,897	24,279,421	22,372,569	21,780,237
Ambulance	690,328	722,708	680,909	689,230	782,788	850,134	826,633	858,779	845,194	962,046
Drainage	-	18,604	332,103	62,103	49,530	129,444	179	-	678,202	34,783
Total Business-type Activities Expenses	24,238,354	24,671,020	25,367,066	26,540,252	28,273,623	28,894,419	31,073,382	32,050,557	31,452,740	30,605,835
Total Primary Government Expenses	$ 37,982,528	$ 39,398,868	$ 39,920,714	$ 41,962,531	$ 41,839,220	$ 43,603,890	$ 46,918,832	$ 48,955,610	$ 48,758,811	$ 52,040,353
Program Revenues										
Governmental Activities:										
Charges for Services:										
General Government	$ 267,321	$ 160,968	$ 154,258	$ 117,196	$ 137,678	$ 190,390	$ 337,441	$ 292,864	$ 272,233	$ 250,000
Public Safety	499,966	687,339	466,151	297,793	394,179	510,392	439,352	382,940	487,191	682,158
Public Works	80,502	25,211	25,258	20,350	7,736	16,461	12,437	37,455	127,292	74,205
Health and Welfare	11,994	15,496	16,209	23,122	12,781	20,112	38,000	14,777	21,773	12,000
Culture and Recreation	331,007	143,381	125,772	49,667	39,536	154,698	133,831	238,348	168,346	109,090
Operating Grants and Contributions	912,644	956,900	913,581	1,323,439	1,241,485	1,373,031	1,104,640	1,593,090	1,472,444	1,375,632
Capital Grants and Contributions	4,930,875	6,512,188	57,463	66,000	10,760	449,604	-	-	2,318,192	-
Total Governmental Activities Program Revenues	7,034,309	8,501,483	1,758,692	1,897,567	1,844,155	2,714,688	2,065,701	2,559,474	4,867,471	2,503,085
Business-type Activities										
Charges for Services:										
Water Utility	4,208,050	4,544,279	4,574,734	5,420,523	5,975,973	6,988,153	6,596,466	7,499,994	8,641,160	8,538,462
Electric Utility	18,460,945	18,467,209	18,875,288	19,795,797	20,626,280	22,469,395	23,757,241	24,304,148	23,673,596	22,148,619
Ambulance	668,680	714,921	656,075	585,801	659,662	681,356	603,636	678,983	725,652	675,385
Drainage	110,762	93,891	19,268	16,866	18,875	123,885	79,928	35,309	93,739	16,822
Capital Grants and Contributions	6,969,441	1,832,494	1,598,372	1,128,501	1,226,149	2,874,944	3,751,283	2,436,029	1,887,206	1,429,735
Total Business-type Activities Program Revenues	30,417,878	25,652,794	25,723,737	26,947,488	28,506,939	33,137,733	34,788,554	34,954,463	35,021,353	32,809,023
Total Primary Government Revenues	$ 37,452,187	$ 34,154,277	$ 27,482,429	$ 28,845,055	$ 30,351,094	$ 35,852,421	$ 36,854,255	$ 37,513,937	$ 39,888,824	$ 35,312,108
Net (Expense)/Revenue										
Governmental Activities	$ (6,709,865)	$ (6,226,365)	$ (12,794,956)	$ (13,524,712)	$ (11,721,442)	$ (11,994,783)	$ (13,779,749)	$ (14,345,579)	$ (12,438,600)	$ (18,931,433)
Business-type Activities	6,179,524	981,774	356,671	407,236	233,316	4,243,314	3,715,172	2,903,906	3,568,613	2,203,188
Total Primary Government Net Revenue (Expense)	$ (530,341)	$ (5,244,591)	$ (12,438,285)	$ (13,117,476)	$ (11,488,126)	$ (7,751,469)	$ (10,064,577)	$ (11,441,673)	$ (8,869,987)	$ (16,728,245)

Source: City of Fountain, Colorado, audited financial statements, 2007-2016

Note: The City of Fountain, Colorado adopted GASB Statement 65 for the year ended December 31, 2013. Amounts for 2012 have been restated.

The City of Fountain, Colorado adopted GASB Statement 68 for the year ended December 31, 2015. Amounts for 2014 have not been restated.

TABLE 2
(continued)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes	$ 1,424,293	$ 1,674,629	$ 1,742,023	$ 1,814,141	$ 1,808,353	$ 1,662,856	$ 1,691,850	$ 1,715,894	$ 1,816,545	$ 2,031,189
Sales and Use Taxes	6,174,301	5,911,624	5,943,879	7,404,402	7,437,672	8,528,383	8,678,945	9,340,449	10,542,516	12,686,263
Specific Ownership Taxes	186,485	184,974	171,897	165,271	159,210	159,616	171,785	187,619	210,581	241,426
Franchise Taxes	1,097,936	1,065,600	1,448,683	1,566,986	1,645,916	1,780,553	1,861,009	1,993,771	1,996,793	1,932,297
Investment Income	333,918	271,405	92,918	31,623	25,234	29,244	(22,321)	55,200	44,801	33,620
Intergovernemental revenues	-	-	-	-	-	-	-	2,500,000	200,000	-
Other Revenues	251,668	175,764	49,020	262,831	59,875	71,914	134,994	285,505	137,918	331,378
Insurance Proceeds	-	-	-	-	-	290,000	-	-	-	-
Transfers	(111,884)	(95,850)	244,837	186,980	125,134	146,298	77,417	147,925	(154,987)	(297,137)
Total Governmental Activities	9,356,717	9,188,146	9,693,257	11,432,234	11,261,394	12,668,864	12,593,679	16,226,363	14,794,167	16,959,036
Business-type Activities:										
Other Revenues										
Investment Earnings	1,610,843	1,098,290	307,717	276,790	249,713	238,857	143,831	162,378	175,202	128,648
Transfers	111,884	95,850	(244,837)	(186,980)	(125,134)	(146,298)	(77,417)	(147,925)	154,987	297,137
Total Business-type Activities	1,722,727	1,194,140	62,880	89,810	124,579	92,559	66,414	14,453	330,189	425,785
Total Primary Government	$ 11,079,444	$ 10,382,286	$ 9,756,137	$ 11,522,044	$ 11,385,973	$ 12,761,423	$ 12,660,093	$ 16,240,816	$ 15,124,356	$ 17,384,821
Change in Net Position										
Government Activities	$ 2,646,852	$ 2,961,781	$ (3,101,699)	$ (2,092,478)	$ (460,048)	$ 674,081	$ (1,186,070)	$ 1,880,784	$ 2,355,567	$ (1,972,397)
Business-type Activities	7,902,251	2,175,914	419,551	497,046	357,895	4,335,873	3,781,586	2,918,359	3,898,802	2,628,973
Total Primary Government	$ 10,549,103	$ 5,137,695	$ (2,682,148)	$ (1,595,432)	$ (102,153)	$ 5,009,954	$ 2,595,516	$ 4,799,143	$ 6,254,369	$ 656,576

Source: City of Fountain, Colorado, audited financial statements, 2007-2016

Note: The City of Fountain, Colorado adopted GASB Statement 65 for the year ended December 31, 2013. Amounts for 2012 have been restated.

The City of Fountain, Colorado adopted GASB Statement 68 for the year ended December 31, 2015. Amounts for 2014 have not been restated.

CITY OF FOUNTAIN, COLORADO

FUND BALANCES-GOVERNMENTAL FUNDS **TABLE 3**
LAST TEN FISCAL YEARS
(Unaudited)

(modified accrual basis of accounting)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2015
General Fund										
Reserved	$ 356,669	$ 352,000	$ 348,500	$ 351,000	$ -	$ -	$ -	$ -	$ -	$ -
Unreserved	3,853,966	2,589,546	1,800,583	2,051,307	-	-	-	-	-	-
Nonspendable Note Receivable					-	100,000	25,663	-	-	-
Restricted for Emergencies					355,000	393,000	378,000	414,000	553,000	624,000
Restricted for Fire Sta./Police Sta. Renovation					-	2,499,423	121,934	-	-	
Committed to Park Improvements					161,212	311,804	283,566	512,486	662,405	742,637
Committed to School Zone					30,996	50,725	58,066	72,859	88,804	65,516
Committed to Traffic Signal					-	208,000	208,000	208,000	208,000	208,000
Assigned to Public Safety Capital Improvements					-	110,169	443,783	259,430	382,505	621,558
Unrestricted, Unassigned					1,607,759	577,192	589,591	3,683,805	4,671,273	2,969,618
Total general fund	$ 4,210,635	$ 2,941,546	$ 2,149,083	$ 2,402,307	$ 2,154,967	$ 4,250,313	$ 2,108,603	$ 5,150,580	$ 6,565,987	$ 5,231,329
All Other Governmental Funds										
Reserved	$ 231,020	$ 314,757	$ 251,049	$ 817,090	$ -	$ -	$ -	$ -	$ -	$ -
Unreserved, reported in:										
Special revenue funds	514,883	598,821	302,962	281,991	-	-	-	-	-	-
Restricted for Parks					159,446	150,841	200,199	265,398	230,569	304,912
Restricted for District Repairs & Maintenance					260,397	300,346	335,202	377,522	438,171	525,899
Restricted for Transportation					160,658	-	323,923	486,290	717,664	912,062
Restricted for Street Repairs & Maintenance					46,277	49,317	114,524	81,645	78,649	203,892
Restricted for Street Improvements					1,026,814	1,651,516	2,273,777	2,913,693	3,507,196	4,127,544
Committed to Volunteer Fire Activities					42,980		104,881	129,951	155,036	142,081
Assigned to Volunteer Fire Activities					-	92,126	-	-	-	-
Unrestricted, Unassigned					-	(95,642)	-	-	-	-
Total all other governmental funds	$ 745,903	$ 913,578	$ 554,011	$ 1,099,081	$ 1,696,572	$ 2,148,504	$ 3,352,506	$ 4,254,499	$ 5,127,285	$ 6,216,390

Source: City of Fountain Colorado, audited financial statements, 2007-2016
Note: Implemented GASB Statement 54 in 2011

CITY OF FOUNTAIN, COLORADO

CHANGES IN FUND BALANCES **TABLE 4**
GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Unaudited)

(modified accrual basis of accounting)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues:										
Taxes	$ 8,883,015	$ 8,836,827	$ 9,306,482	$ 10,950,800	$ 11,051,151	$ 12,131,408	$ 12,403,589	$ 13,237,733	$ 14,566,435	$ 16,891,175
Licenses and Permits	80,787	62,147	66,223	79,151	67,875	87,815	128,163	114,018	110,887	106,779
Intergovernmental	894,249	1,249,650	947,189	1,356,418	1,215,566	1,481,485	1,368,640	4,093,090	1,672,444	1,375,632
Charges for Services	692,339	337,265	319,603	174,588	142,104	330,165	489,192	544,141	621,266	613,660
Fines and Forfeitures	382,844	607,886	369,709	231,679	376,861	469,968	343,706	308,225	344,682	407,014
Investment Income	333,918	271,405	49,020	31,623	25,234	29,244	(19,782)	47,729	39,835	29,412
Other Revenues	304,883	200,861	148,886	318,562	101,624	153,169	134,994	285,505	137,918	331,378
Total Revenues	11,572,035	11,566,041	11,207,112	13,142,821	12,980,415	14,683,254	14,848,502	18,630,441	17,493,467	19,755,050
Expenditures:										
General Government	2,445,952	2,732,994	2,346,209	2,834,491	2,619,801	3,211,865	2,716,674	3,034,927	2,485,007	4,447,557
Public Safety	7,072,006	6,686,289	6,722,349	6,867,610	7,465,807	9,173,376	10,262,612	8,637,059	8,650,779	10,084,025
Public Works	1,770,931	1,738,221	1,192,431	1,615,195	1,780,686	2,066,730	1,677,957	2,077,441	2,110,811	3,396,987
Health and Welfare	221,395	196,969	185,429	185,744	203,847	253,336	275,818	296,392	282,512	339,177
Culture and Recreation	819,096	1,101,240	1,514,532	743,197	738,067	921,696	899,644	858,192	1,167,182	1,187,270
Debt Service										
Principal	355,074	428,598	288,355	257,424	189,628	222,333	372,445	403,639	423,454	422,737
Interest	42,189	51,071	39,917	27,846	28,812	20,123	133,048	136,046	130,542	136,878
Total Expenditures	12,726,643	12,935,382	12,289,222	12,531,507	13,026,648	15,869,459	16,338,198	15,443,696	15,250,287	20,014,631
Excess of Revenues over (under) Expenditures	(1,154,608)	(1,369,341)	(1,082,110)	611,314	(46,233)	(1,186,205)	(1,489,696)	3,186,745	2,243,180	(259,581)
Other Financing Sources (Uses)										
Debt Issued	1,000,000	49,020	-	-	271,250	3,297,185	474,571	609,300	-	311,165
Insurance Proceeds	-	-	-	-	-	290,000	-	-	-	-
Transfers In	944,540	738,951	745,579	661,526	591,084	646,299	675,270	675,270	200,000	-
Transfers Out	(1,056,424)	(834,801)	(500,742)	(474,546)	(465,950)	(500,001)	(597,853)	(527,345)	(154,987)	(297,137)
Total Other Financing Sources (Uses)	888,116	(46,830)	244,837	186,980	396,384	3,733,483	551,988	757,225	45,013	14,028
Net Change in Fund Balances	$ (266,492)	$ (1,416,171)	$ (837,273)	$ 798,294	$ 350,151	$ 2,547,278	$ (937,708)	$ 3,943,970	$ 2,288,193	$ (245,553)
Debt Service as a percentage of noncapital Expenditures	3.1%	3.7%	2.7%	2.3%	2.1%	2.0%	4.1%	3.8%	4.6%	3.1%

Source: City of Fountain, Colorado audited financial statements, 2007-2016

CITY OF FOUNTAIN, COLORADO

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN YEARS
(Unaudited)

TABLE 5

Year	Vacant Land	Residential Property	Commercial Property	Industrial Property	Agricultural Property	Natural Resources	Exempt	State Assessed	Total Assessed Value	Direct Tax Rate	Estimated Actual Value	Assessed Value as a Percentage of Actual Value
2007	12,848,060	93,739,720	38,075,420	10,529,730	251,850	889,310	11,217,430	2,315,390	169,866,910	10.239	1,449,303,066	11.72%
2008	10,639,200	100,134,510	40,714,210	8,715,920	237,760	1,003,400	11,594,510	2,733,440	175,772,950	10.239	1,527,971,489	11.50%
2009	11,380,190	103,700,670	43,137,630	8,427,690	256,120	1,280,300	12,107,100	2,889,850	183,179,550	10.239	1,585,645,908	11.55%
2010	10,532,270	105,695,460	43,245,410	7,687,430	257,990	760,060	14,410,640	2,848,390	185,437,650	10.239	1,611,593,379	11.51%
2011	8,291,480	96,490,080	42,563,100	7,258,870	286,710	748,740	14,298,740	3,113,590	173,051,310	10.239	1,484,739,631	11.66%
2012	8,633,870	97,558,460	43,705,300	7,158,160	285,860	817,870	14,405,950	3,663,740	176,229,210	10.239	1,505,322,647	11.71%
2013	8,269,790	99,606,600	45,769,110	8,238,250	231,130	778,540	16,800,190	3,830,590	183,524,200	10.239	1,549,862,261	11.84%
2014	8,050,330	105,533,830	47,079,980	7,464,150	231,300	724,310	17,202,920	4,785,520	191,072,340	10.239	1,629,983,349	11.72%
2015	8,086,610	115,369,090	52,517,480	6,953,150	240,700	617,700	19,456,510	9,647,830	212,889,070	10.239	1,795,063,326	11.86%
2016	8,020,780	117,748,510	56,831,240	6,772,650	235,230	596,610	19,454,530	4,560,710	214,220,260	10.239	1,821,386,400	11.76%

Source - State of Colorado Annual Report and El Paso County Assessor

Note: Property in El Paso County is revalued every odd numbered year. The assessment rate is 29 percent of actual value for all properties except residential and producing natural resource properties. The residential assessment rate is established by the State legislature every odd-numbered year in order to maintain the tax burden balance between residential properties and other properties. The residential assessment rate is 7.96 percent for the 2007-2016 assessment years. Tax rates are per $1,000 of assessed value.

CITY OF FOUNTAIN, COLORADO

DIRECT AND OVERLAPPING **TABLE 6**
PROPERTY TAX RATES - LAST TEN YEARS
(rate per $1,000 of assessed value)
(Unaudited)

Taxing Authority	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Direct										
City of Fountain (a)	10.239	10.239	10.239	10.239	10.239	10.239	10.239	10.239	10.239	10.239
Overlapping Governments										
El Paso County	7.514	7.583	7.531	7.717	7.597	7.663	7.714	7.791	7.869	7.919
School Districts										
Widefield #3	48.923	47.683	47.692	48.96	49.854	49.307	48.025	47.004	47.527	45.657
Fountain/Fort Carson #8	19.715	24.301	24.716	24.69	24.723	24.703	24.726	24.775	25.195	24.748
Sanitation Districts										
Fountain Sanitation	4.500	4.501	4.5	4.654	5.334	5.534	5.755	6.101	0.604	6.248
Water Districts										
S.E. Water Conservancy	0.915	0.943	0.94	0.94	0.947	0.944	0.940	0.940	0.941	0.940
Special Districts										
Fountain GID #1		12.000	12.000	12.000	12.000	12.000	12.000	12.000	12.000	12.000
Fountain GID #2		-	-	-	-	-	10.000	10.000	10.000	10.000
Heritage Improv. Maint.	4.940	4.940	4.940	4.940	4.940	4.940	4.940	4.940	4.940	4.940
Metropolitan Districts										
Countryside South	30.000	30.000	30.000	30.000	30.000	30.000	30.000	30.000	30.000	30.000
Crescent Canyon	35.000	35.000	35.000	35.000	35.000	35.000	35.000	35.000	35.000	35.000
Cross Creek	10.727	10.727	10.727	10.727	10.727	10.727	10.727	10.727	10.727	10.727
Cumberland Green	40.000	40.000	40.000	40.000	50.000	50.000	50.000	50.000	50.000	50.000
Mesa Ridge #2	37.000	37.000	37.000	37.000	37.000	37.000	37.000	43.000	50.000	50.000
Remuda Ridge		40.000	40.000	40.000	40.000	-	-	-	-	-
Ventana	7.000	7.000	7.000	-	-	-	40.000	40.000	40.000	40.000
Miscellaneous Districts										
Pikes Peak Library	3.325	3.540	3.468	3.556	3.999	4.000	4.000	4.000	3.857	3.857

Source - El Paso County Assessor's Office, Abstract of Assessment 2007-2016.

Notes: (a) Overlapping rates are those of county governments and various types of districts that apply to property owners in the City of Fountain

CITY OF FOUNTAIN, COLORADO

PRINCIPAL PROPERTY TAX PAYERS
current year and ten years ago
(Unaudited)

Table 7

	2016			2007		
Taxpayer	**Assessed Valuation**	**Rank**	**Percentage of Total Assessed Valuation**	**Assessed Valuation**	**Rank**	**Percentage of Total Assessed Valuation**
WalMart Real Estate	$ 6,043,500	1	2.82%	$ 2,793,330	2	1.64%
Dillon Real Estate Co Inc	$ 4,844,130	2	2.26%	$ 4,938,900	1	2.91%
Sam's Real Est Business Trust	$ 3,173,880	3	1.48%			
Lowes HIW Inc	$ 2,159,820	4	1.01%	$ 2,135,210	4	1.26%
Mesa Ridge No 1 LLP	$ 1,901,030	5	0.89%			
Raceway 200 LLC	$ 1,900,640	6	0.89%	$ 2,124,850	5	1.25%
Pavestone, LLC	$ 1,569,830	7	0.73%	$ 974,400	10	0.57%
WalMart Stores Inc.	$ 1,448,940	8	0.68%			
GEP Investments Inc	$ 1,334,870	9	0.62%			
Fountain Business Park LLC	$ 1,181,750	10	0.55%	$ 2,784,160	3	1.64%
Adesa Colorado				$ 1,310,450	6	0.77%
Safeway Stores 46 Inc				$ 1,192,940	7	0.70%
Peytons G H C				$ 1,159,070	8	0.68%
R A G Properties LLC				$ 982,910	9	0.58%
Total Assessed Valuation City of Fountain			$ 214,220,260			$ 169,866,910

Source: El Paso County Assessor's Office

CITY OF FOUNTAIN, COLORADO

GENERAL FUND REVENUES-TAXES BY CATEGORY **TABLE 8**
LAST TEN FISCAL YEARS
(Unaudited)
(modified accrual basis of accounting)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Sales Tax	$ 4,902,542	$ 4,907,051	$ 5,051,851	$ 5,167,168	$ 5,239,962	$ 5,633,146	$ 5,848,928	$ 6,260,780	$ 7,152,889	$ 8,937,330
General Property Tax	1,360,197	1,603,196	1,664,587	1,731,928	1,732,669	1,594,662	1,624,450	1,647,136	1,733,965	1,915,374
Use Tax	1,271,759	1,004,573	892,028	945,696	887,719	1,487,007	1,367,789	1,514,474	1,601,405	1,514,601
Specific Ownership Tax	186,485	184,974	171,897	165,271	153,425	154,403	165,432	180,249	201,176	227,899
Franchise Taxes:										
Cablevision/ Telephone	105,320	112,153	147,554	163,742	165,479	193,753	218,759	233,678	275,348	318,949
Electricity (1)	654,983	656,015	916,377	961,895	1,012,430	1,094,835	1,156,498	1,190,744	1,165,277	1,064,519
Gas	190,011	159,752	200,470	173,462	174,394	148,293	162,078	190,269	183,666	150,570
Water (2)	147,622	137,680	184,282	267,887	293,613	343,672	323,674	379,080	372,503	398,259
Total	$ 8,818,919	$ 8,765,394	$ 9,229,046	$ 9,577,049	$ 9,659,691	$ 10,649,771	$ 10,867,608	$ 11,596,410	$ 12,686,228	$ 14,527,501

Source: City of Fountain, Colorado, audited financial statements, 2007-2016

Notes: (1) The franchise fee for the City owned electric utility was a flat amount set by the City Council until 2009 when it changed to 5% of gross revenues.
(2) The franchise fee for the City owned water utility was increase from 3% to 4% in 2009 and increased to 5% in 2010.

CITY OF FOUNTAIN, COLORADO

SALES TAX BY CATEGORY **TABLE 9**
LAST TEN FISCAL YEARS
(Unaudited)
(modified accrual basis of accounting)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Auto Repair and Parts Supply	$ 186,259	$ 187,066	$ 198,555	$ 255,356	$ 320,889	$ 386,846	$ 397,747	$ 458,682	$ 457,840	$ 562,237
Auto Sales	122,933	96,775	76,552	93,026	118,774	125,070	110,604	161,058	164,354	190,353
Communications/Utilities	421,066	466,343	475,441	617,272	609,244	606,479	608,767	692,136	675,480	642,511
Convenience Stores	69,823	89,744	91,809	134,520	161,237	174,003	163,293	216,237	207,209	252,111
Entertainment	76,700	76,102	75,362	84,155	51,962	43,887	42,875	45,421	49,025	50,127
Hotel/Motel/RV Parks	38,247	33,151	34,051	42,610	42,374	42,006	38,018	53,912	58,493	65,368
Liquor Stores	99,525	107,285	118,900	131,939	139,820	146,097	201,905	243,093	284,607	309,087
Restaurants	650,824	705,850	778,998	1,035,896	1,138,697	1,239,641	1,390,407	1,607,930	1,878,716	2,116,482
Retail	2,677,120	2,738,270	2,757,411	3,407,245	3,415,716	3,226,384	3,514,312	3,555,432	4,831,279	6,566,477
Services - Misc	560,045	408,465	444,772	656,686	523,445	961,918	838,416	777,470	333,213	415,101
Total	$ 4,902,542	$ 4,909,051	$ 5,051,851	$ 6,458,705	$ 6,522,158	$ 6,952,331	$ 7,306,344	$ 7,811,371	$ 8,940,216	$ 11,169,854
City Direct Sales Tax Rate	3.00%	3.00%	3.00%	3.75%	3.75%	3.75%	3.75%	3.75%	3.75%	3.75%

Source: City of Fountain, Colorado audited financial statements, 2007-2016 and Sales Tax Subsidiary Records, 2007-2016

CITY OF FOUNTAIN, COLORADO

DIRECT AND OVERLAPPING SALES TAX RATES **TABLE 10**
DECEMBER 31, 2016
(Unaudited)

Fiscal Year		City of Fountain	El Paso County	State of Colorado	PPRTA
2007		3.00%	1.00%	2.9%	
2008		3.00%	1.00%	2.9%	
2009		3.00%	1.00%	2.9%	
2010		3.75%	1.00%	2.9%	
2011		3.75%	1.00%	2.9%	
2012		3.75%	1.00%	2.9%	
2013		3.75%	1.23%	2.9%	
2014		3.75%	1.23%	2.9%	
2015		3.75%	1.23%	2.9%	
2016	All but South Academy Highlands	3.75%	1.23%	2.9%	
2016	South Academy Highlands	3.75%	1.23%	2.9%	1.0%

PPRTA-Pikes Peak Rural Transportation Authority

CITY OF FOUNTAIN, COLORADO

GENERAL FUND PROPERTY TAX LEVIES AND COLLECTIONS — TABLE 11
LAST TEN YEARS
(Unaudited)

		Current Collections			Total Collections to Date	
Year Assessed	Gross Tax Levy	Amount	Percentage of Levy	Collections in Subsequent Years (1)	Total Net Taxes Collected	Total Tax Percentage of Levy
2007	1,624,416	1,582,047	97.39%	21,149	1,603,196	98.69%
2008	1,680,824	1,648,421	98.07%	16,166	1,664,587	99.03%
2009	1,749,000	1,714,999	98.06%	16,929	1,731,928	99.02%
2010	1,748,162	1,717,393	98.24%	15,276	1,732,669	99.11%
2011	1,612,426	1,577,045	97.81%	17,617	1,594,662	98.90%
2012	1,640,950	1,608,185	98.00%	16,265	1,624,450	98.99%
2013	1,690,240	1,604,020	94.90%	43,007	1,647,027	97.44%
2014	1,763,057	1,705,465	96.73%	28,500	1,733,965	98.35%
2015	1,961,172	1,871,328	96.73%	44,046	1,915,374	97.66%
2016	1,976,808	N/A			N/A	

Source: El Paso County Treasurer's Office and the City of Fountain, Colorado audited financial statements, 2007-2016

Note: (1) Property taxes are collected in the calendar year following the year levied.

CITY OF FOUNTAIN, COLORADO

WATER REVENUES **TABLE 12**
LAST TEN FISCAL YEARS
(Unaudited)
(accrual basis of accounting)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Water Revenues:										
Charges for Services:										
Metered Water Sales by Type of Customer:										
Residential	$ 3,028,960	$ 3,258,213	$ 3,427,099	$ 3,921,835	$ 4,237,665	$ 4,856,803	$ 4,612,252	$ 5,269,638	$ 5,370,315	$ 5,869,792
Commercial	1,025,873	1,121,105	990,843	1,307,278	1,442,851	1,862,917	1,705,902	1,973,358	1,894,487	2,002,129
Total Charges for Services	4,054,833	4,379,318	4,417,942	5,229,113	5,680,516	6,719,720	6,318,154	7,242,996	7,264,802	7,871,921
Miscellaneous	153,217	164,961	156,792	191,410	295,457	268,443	278,312	256,998	1,376,358	666,541
Total Operating Revenues	4,208,050	4,544,279	4,574,734	5,420,523	5,975,973	6,988,163	6,596,466	7,499,994	8,641,160	8,538,462
Investment Income	879,040	247,872	48,871	25,333	4,704	18,192	30,597	8,454	14,204	24,380
Total Water Revenues	$ 5,087,090	$ 4,792,151	$ 4,623,605	$ 5,445,856	$ 5,980,677	$ 7,006,355	$ 6,627,063	$ 7,508,448	$ 8,655,364	$ 8,562,842
Water Gallons Sold by Type of Customer										
Residential	632,390,221	656,925,007	587,021,724	664,565,674	661,927,352	694,655,326	580,491,828	581,525,339	542,361,514	579,887,854
Commercial	201,231,787	175,558,186	158,099,835	207,155,885	206,016,010	239,390,805	192,229,910	201,572,170	186,637,670	178,402,965
Total Water Gallons Sold by Type of Customer	833,622,008	832,483,193	745,121,559	871,721,559	867,943,362	934,046,131	772,721,738	783,097,509	728,999,184	758,290,819

Source: City of Fountain, Colorado, audited financial statements, 2007-2016 and Utility Billing Records, 2007-2016

CITY OF FOUNTAIN, COLORADO

ELECTRIC REVENUES **TABLE 13**
LAST TEN FISCAL YEARS
(Unaudited)
(accrual basis of accounting)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Electric Revenues:										
Charges for Services:										
Metered Electric Sales by Type of Customer:										
Residential-inside city limits	$ 5,861,835	$ 5,989,629	$ 6,466,803	$ 7,304,774	$ 7,723,760	$ 8,340,921	$ 9,064,892	$ 9,522,120	$ 9,124,562	$ 8,785,711
Residential-outside city limits	5,362,020	5,554,095	5,684,460	5,766,927	6,029,776	6,488,210	6,740,561	6,836,575	6,475,483	6,102,628
Commercial-inside city limits	5,870,304	5,201,895	5,026,456	4,998,003	5,243,284	5,894,940	6,043,262	6,071,818	6,196,410	5,426,906
Commercial-outside city limits	983,225	1,145,414	1,180,428	1,153,385	1,169,656	1,259,752	1,394,599	1,263,326	1,272,037	1,073,402
Total Charges for Services	18,077,384	17,891,033	18,358,147	19,223,089	20,166,476	21,983,823	23,243,314	23,693,839	23,068,492	21,388,647
Miscellaneous	383,561	576,176	517,141	572,708	459,804	485,572	513,927	610,309	958,176	759,972
Total Operating Revenues	18,460,945	18,467,209	18,875,288	19,795,797	20,626,280	22,469,395	23,757,241	24,304,148	24,026,668	22,148,619
Investment Income	622,622	731,105	230,850	235,314	232,406	209,225	118,468	143,013	154,942	101,576
Total Electric Revenues	$ 19,083,567	$ 19,198,314	$ 19,106,138	$ 20,031,111	$ 20,858,686	$ 22,678,620	$ 23,875,709	$ 24,447,161	$ 24,181,610	$ 22,250,195
Electric kWh Sold by Type of Customer										
Residential-inside city limits	62,504,754	64,730,907	66,107,603	71,327,642	73,363,908	74,304,463	76,930,528	75,808,661	80,256,002	84,490,361
Residential-outside city limits	56,577,676	56,191,569	55,293,692	58,505,848	58,749,490	58,870,222	58,012,143	55,831,697	57,063,034	57,998,087
Commercial-inside city limits	74,130,987	61,215,231	56,902,288	56,818,302	58,274,334	60,105,657	61,833,071	62,074,818	63,289,307	63,723,036
Commercial-outside city limits	13,552,828	13,600,473	13,960,723	13,006,567	13,055,589	13,206,462	13,030,685	12,696,182	12,641,542	12,123,616
Total Electric kWh Sold by Type of Customer	206,766,245	195,738,180	192,264,306	199,658,359	203,443,321	206,486,804	209,806,427	206,411,358	213,249,885	218,335,100

Source: City of Fountain, Colorado, audited financial statements, 2007-2016 and Utility Billing Records, 2007-2016.

CITY OF FOUNTAIN, COLORADO

RATIOS OF OUTSTANDING DEBT BY TYPE **TABLE 14**
LAST TEN FISCAL YEARS
(Unaudited)

	Governmental Activities	Business-Type Activities												
Fiscal Year	Capital Leases	Capital Leases	2005 Loan Payable CWRPDA	2003 Water Rights Loan	2005 Water Rights Agreement	2007 Water Rights Loan	2008 Water Rights Loan	2009 Loan Payable CWRPDA	2011 Loan Payable CWRPDA	2013 Loan Payable CWRPDA	2014 Loan Payable CWRPDA	2015 Bond Payable Fountain	2016 Bond Payable Fountain	Total Primary Government	Per Capita (a)
2007	1,407,636		7,870,000	654,300		351,450								10,283,386	466
2008	1,028,058		7,715,000	581,600		312,400	1,470,669							11,107,727	475
2009	739,703		7,555,000	508,900		273,350	1,428,273	8,665,000						19,170,226	821
2010	482,279		7,390,000	436,200		234,300	1,382,812	8,510,000						18,435,591	713
2011	563,901		7,215,000	363,500		195,250	1,334,065	8,350,000	9,350,000					27,371,716	1,034
2012	3,638,753		7,035,000	290,800		156,200	1,281,793	8,185,000	9,350,000					29,937,546	1,114
2013	3,740,879		6,850,000	218,100		117,150	1,225,743	8,015,000	9,175,000	12,162,361				41,504,233	1,522
2014	3,946,540		200,000	145,400		78,100	1,165,641	7,835,000	8,995,000	11,918,594	18,222,508			52,506,783	1,844
2015	3,523,086	77,595	-	72,700		39,050	-	7,650,000	8,810,000	11,669,827	18,113,302	4,024,695		53,980,255	1,896
2016	3,411,514	105,268	-	-		-	-	-	8,620,000	11,416,061	17,659,096	3,942,705	7,773,376	52,928,020	1,847

Note: Details regarding the City's outstanding debt including premium by issue can be found in Note 7 to the financial statements.

(a) population Data is from Table 18

(b) personal income data is from Table 18

CITY OF FOUNTAIN, COLORADO

RATIOS OF WATER FUND DEBT OUTSTANDING
LAST TEN FISCAL YEARS
(Unaudited)

TABLE 15

WATER FUND

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Water Fund Debt Outstanding										
2003 Water Rights Loan	$ 654,300	$ 581,600	$ 508,900	$ 436,200	$ 363,500	$ 290,800	$ 218,100	$ 145,400	$ 72,700	$ -
2005 Loan Payable CWRPDA	7,870,000	7,715,000	7,555,000	7,390,000	7,215,000	7,035,000	6,850,000	200,000	-	-
2005 Water Rights Agreement										
2007 Water Rights Loan	351,450	312,400	273,350	234,300	195,250	156,200	117,150	78,100	39,050	-
2008 Water Rights Loan		1,470,669	1,428,273	1,382,812	1,334,065	1,281,793	1,225,743	1,165,641	-	-
2009 Loan Payable CWRPDA			8,665,000	8,510,000	8,350,000	8,185,000	8,015,000	7,835,000	7,650,000	-
2011 Loan Payable CWRPDA					9,350,000	9,350,000	9,175,000	8,995,000	8,990,000	8,620,000
2013 Loan Payable CWRPDA							12,162,361	11,918,594	11,669,827	11,416,061
2014 Loan Payable CWRPDA								18,222,508	18,113,302	17,659,096
2015 City of Fountain Revenue Bond									4,024,695	3,942,705
2015 Capital Lease									77,595	64,413
2016 City of Fountain Revenue Bond										7,773,376
2016 Capital Lease										40,855
Total Water Fund Debt Outstanding	$ 8,875,750	$ 10,079,669	$ 18,430,523	$ 17,953,312	$ 26,807,815	$ 26,298,793	$ 37,763,354	$ 48,560,243	$ 50,637,169	$ 49,516,506
Number of Active Water Service Connections	6,709	6,985	7,092	7,219	7,514	7,695	7,695	7,844	7,988	8,050
Water Fund Debt per Active Water Service Connection	$ 1,323	$ 1,443	$ 2,599	$ 2,487	$ 3,568	$ 3,418	$ 4,908	$ 6,191	$ 6,339	$ 6,151

Note: Details regarding the City's outstanding debt including premium by issue can be found in Note 7 to the financial statements.

Source: City of Fountain, Colorado, audited financial statements, 2007-2016 and Utility Billing Records, 2007-2016

CITY OF FOUNTAIN, COLORADO

DIRECT AND OVERLAPPING DEBT — TABLE 16
DECEMBER 31, 2016
(Unaudited)

Government Entity	Debt Outstanding	Estimated Percentage Applicable (b)	Estimated Share of Overlapping (a) Debt
Fountain/Fort Carson School District #8	$ 3,640,786	100.00%	$ 3,640,786
El Paso County	149,218,059	2.70%	$ 4,028,652
Widefield School District #3	12,937,253	10.77%	$ 1,393,448
Cumberland Green Metro District (c)	5,700,000	100.00%	$ 5,700,000
Total Overlapping Debt	171,496,098		14,762,886
City of Fountain Direct Debt	3,411,514	100.0%	3,411,514
Total Direct and Overlapping Debt	$ 174,907,612		$ 18,174,400

Notes:

(a) Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Fountain. This process recognizes that, when considering the City of Fountain's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt of each overlapping government.

(b) For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the City's boundaries and dividing it by each unit's total taxable assessed value.

(c) Debt for Cumberland Green Metro District is general obligation debt.

CITY OF FOUNTAIN, COLORADO

LARGEST EMPLOYERS — TABLE 17
LAST YEAR
(Unaudited)

Employer	2016 Employees	2016 Percentage of Total County Employment (a)
Fort Carson	31,000	10.23%
Widefield School District #3	1,636	0.54%
Fountain/Fort Carson School District #8	1,050	0.35%
Wal-mart	775	0.26%
Dillon/GHC	535	0.18%
City of Fountain	297	0.10%
Total	35,293	11.65%

Source: Fort Carson and school district websites, Wal-Mart, & Dillon. Total El Paso County employment information used to calculate the percentage of total county employment from the Colorado Department of labor and Employment.
Largest employers from nine years ago is not available.
(a) 2016 El Paso County employment 302,948

CITY OF FOUNTAIN, COLORADO

DEMOGRAPHIC AND ECONOMIC STATISTICS — TABLE 18
LAST TEN YEARS
(Unaudited)

Year	Fountain Population (a)	Personal Income El Paso County (thousands of dollars) (b)	Personal Income Fountain (thousands of dollars) (c)	Per Capita Personal Income (b)	Unemployment Rate (d)
2007	22,078	21,867,969	824,569	37,348	4.4
2008	23,409	22,698,715	892,492	38,126	5.7
2009	23,351	23,133,425	893,549	38,266	8.3
2010	25,846	24,035,091	991,530	38,363	9.7
2011	26,475	25,420,872	1,056,591	39,942	9.1
2012	26,885	26,374,299	1,099,408	40,611	8.8
2013	27,265	26,374,299	1,114,948	40,541	7.8
2014	28,470	26,940,874	1,194,174	41,945	6.0
2015	28,650	27,210,283	1,207,733	42,155	4.6
2016	29,375	29,262,206	1,274,434	43,385	3.5

Source: Department of Local Affairs-Demography Section, U.S. Department of Labor-Bureau of Labor Statistics and Bureau of Economic Analysis-an agency of the U.S. Department of Commerce.

(a) 2004-2011 per Colorado State Demographer's Office statistics, 2012 to 2014 is from the US Census Bureau. 2014 population estimate is from US Census Bureau. 2015 and 2016 per City Planning Department.

(b) The data reported for Personal Income and Per Capita Personal Income is for El Paso County and has been updated per Bureau of Economic Analysis and Colorado Division of Local Governments, Demographics Section.

(c) Personal Income for Fountain is calculated by multiplying Fountain population by Per Capita Personal Income.

(d) Unemployment rate is for Colorado Springs Metro Area not seasonally adjusted per the Bureau of Labor Statistics and State of Colordao, Division of Employment and Training

CITY OF FOUNTAIN, COLORADO

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM LAST TEN FISCAL YEARS **TABLE 19**

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Government										
City Clerk	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Municipal Court	1.75	2.00	2.00	2.00	2.00	2.00	2.00	2.00	1.00	1.75
City Administration	4.40	5.00	5.00	5.00	5.00	5.00	4.00	5.00	5.00	6.00
Finance	3.00	3.00	3.00	3.00	4.00	4.00	4.00	4.00	4.00	4.45
Human Resource	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	3.00
Facilities	3.00	3.00	3.00	2.00	2.00	1.00	1.00	2.00	2.00	1.00
Planning & Zoning	3.70	3.10	3.30	3.30	3.40	3.25	2.85	3.00	4.00	4.00
Engineering	2.70	2.20	2.50	2.50	2.50	2.50	2.50	2.00	2.00	4.00
Economic Development	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	2.00	2.00
Information Technology	3.00	3.00	4.00	4.00	4.00	4.00	5.00	5.00	5.00	5.75
Public Safety										
Police										
Patrol	25.00	29.00	25.00	26.00	27.00	29.00	29.00	30.25	33.25	32.00
K-9 Patrol	1.00	1.00	1.00	1.00	1.00	0.25	0.50	2.00	2.00	2.00
Administration	10.00	6.50	3.00	3.00	4.00	4.00	4.00	5.00	5.00	6.75
Support Services	9.50	9.50	18.00	17.00	17.65	18.00	18.00	16.00	16.00	5.00
Investigations	5.00	5.00	5.00	5.00	5.00	4.00	4.00	4.00	4.00	4.00
School Resource/DARE Program	2.00	2.00	2.00	2.00	2.00	3.00	3.00	3.00	3.65	7.05
Drug Task Force	1.00	1.00	1.00	1.00	2.00	2.00	2.00	2.00	2.00	2.00
Fire										
Administration			2.00	2.00	2.00	2.00	2.00	2.00	2.00	3.00
Emergency Services	21.00	21.00	18.00	19.00	19.75	20.35	20.75	20.65	21.35	25.65
Prevention Services			1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Ambulance										
Emergency Medical Services	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00
Public Works										
Street & Drainage Maintenance	9.30	9.30	9.30	9.30	8.00	8.50	8.45	7.80	7.35	8.30
Bus Transportation										
Bus Drivers						6.00	4.50	4.50	4.50	4.75
Health and Welfare										
Code Enforcement	2.50	2.50	2.00	2.00	2.00	2.00	2.00	2.00	2.00	3.50
Cultural & Recreation										
Parks Maintenance	6.60	6.60	6.60	6.60	4.50	4.65	6.40	5.80	6.20	7.75
Recreation Programs									1.85	3.00
Water Utility										
Administration	2.50	2.50	2.50	2.50	2.50	2.50	2.50	1.50	1.50	1.50
Water Resource	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Water Conservation	0.00	1.00	1.00	0.50	0.00	0.00	0.00	0.50	0.50	0.50
Water Operations	10.25	9.75	10.75	10.75	10.90	11.00	11.00	11.00	11.00	11.00
Electric Utility										
Administration	2.50	2.50	3.50	3.50	4.45	4.55	4.50	4.00	4.20	4.25
Engineering/Planning	4.50	8.00	8.00	5.00	5.00	5.00	5.00	5.00	3.45	4.00
Electric Distribution	23.25	20.25	20.25	20.50	19.20	19.20	19.20	19.15	19.90	19.90
Electric Conservation	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.50	0.50	0.50
Inventory Control	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Customer Service - Utilities										
Administration	2.25	4.00	4.00	4.00	4.00	3.00	3.00	3.00	3.00	3.00
Customer Service	5.00	5.50	9.00	10.00	10.00	10.00	10.00	10.00	8.00	6.00
Customer Billing	3.00	3.00	3.00	3.00	3.00	3.00	5.00	5.00	4.00	6.00
Field Service	2.00	0.00	0.00	3.00	3.00	2.00	2.00	2.00	3.00	2.00
Fleet Services										
Fleet Maintenance	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	7.00
Total	**190.70**	**192.20**	**199.70**	**200.45**	**201.85**	**207.75**	**210.15**	**211.65**	**216.20**	**226.35**

Source: City of Fountain Finance Department

CITY OF FOUNTAIN, COLORADO

CAPITAL AND OPERATING INDICATORS BY FUNCTION/PROGRAM **TABLE 20**
LAST TEN FISCAL YEARS
(Unaudited)

Function/Program	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Public Safety										
Fire Department										
Fire career staff	30	30	30	30	33	33	33	39	39	47
Vounteers	60	60	49	60	65	50	40	30	40	26
Fire Insurance Rating	5	5	5	5	5	5	5	3	3	3
Fire emergency responses	3,248	3,440	3,513	3,445	3,556	3,736	3,747	3,785	4,314	4,406
Fire hydrants	1,175	1,175	1,175	1,175	1,175	1,205	1,205	1,205	1,210	1,210
Number of fire stations	3	3	3	3	3	3	3	3	3	3
Number of fire trucks/implements	10	11	11	11	11	11	11	12	12	12
Police Department										
Number of police stations	1	1	1	1	1	1	1	1	1	1
Sworn officers	40	40	40	40	39	41	41	41	46	50
Reserve officers	3	4	5	4	3	3	3	3	3	3
Calls for service	32,874	33,096	31,239	30,107	38,987	41,353	40,873	42,862	40,672	46,529
Homicides	0	1	1	1	1	0	0	0	1	1
Sexual assaults	70	70	80	44	82	61	59	43	32	18
Robbery	19	9	5	10	13	16	9	15	9	20
Assault	105	124	71	104	92	89	77	53	158	100
Larceny-thefts	537	477	493	516	551	531	580	383	687	899
Traffic citations	3,808	5,024	2,781	1,877	3,185	3,397	3,333	3,264	3,265	3,894
Adult arrests	1,263	1,404	1,334	974	1,388	922	1,080	500	1,279	2,740
Juvenile arrests	525	456	409	243	211	112	251	195	249	406
Domestic violence cases	304	326	369	374	688	198	144	376	625	712
Military custodial arrests	41	57	59	68	67	38	40	26	441	274
Public Works										
Miles of paved street	89.0	99.1	99.1	99.1	99.0	99.0	100.6	100.6	102.7	102.7
Miles of gravel road	3.4	3.4	3.4	3.4	3.5	3.5	3.5	3.5	3.4	3.4
Traffic signals	1	2	2	2	2	2	2	2	2	2
Pedestrian cross walks	77	79	75	75	75	75	75	75	85	85
Cemetery										
City owned Cemeteries	1	1	1	1	1	1	1	1	1	1
Cultural & Recreation										
Developed parks	7	7	7	7	8	8	8	9	10	10
Open space acres	255.0	288.5	288.5	288.5	288.5	288.5	288.5	288.5	326.5	326.5
Miles of trails	6	6	6	6	6	6	6	6	10	10
Number of pavillions	5	5	6	6	6	6	6	6	6	6
Number of gazebos	2	2	2	2	2	2	2	2	2	2
Number of splash pads	0	0	1	1	1	1	1	1	1	1
Number of baseball/softball fields	6	6	6	6	6	6	6	6	5	5
Number of dog park areas	0	1	1	1	1	1	1	1	1	1
Number of concession stands	0	0	0	0	0	1	1	1	2	2
Water Utility										
Number of accounts	6,709	6,985	7,092	7,218	7,267	7,420	7,453	7,583	7,674	7,779
Average daily consumption (gallons)	2,283,895	2,280,775	2,041,428	2,388,278	2,377,927	2,546,523	2,117,046	2,145,473	1,997,258	2,070,185
Annual consumption (gallons)	833,622,008	832,483,193	745,121,559	871,721,559	867,943,362	929,481,186	772,721,738	783,097,509	728,999,184	755,617,619
Distribution system (miles) (a)		110	114	122	122	129	123	123	123	123
Number of wells	5	5	5	5	5	5	5	5	5	5
Potable Storage Tank Capacity (in gallons)	8,375,000	8,375,000	8,375,000	8,375,000	8,375,000	8,375,000	8,375,000	8,375,000	8,375,000	8,375,000
Electric Utility										
Number of accounts	15,180	15,407	15,467	15,687	15,812	16,008	16,585	16,920	17,028	17,144
Peak demand (megawatts)										
Summer-July	44	44	42	44	48	52	50	50	51	53
Winter-December	38	39	40	37	38	39	41	40	39	41
Average daily consumtion (kwh)	566,482	536,268	526,751	547,009	557,379	565,717	574,812	565,510	584,246	598,184
Annual comsumption	206,766,245	195,738,180	192,264,306	199,658,359	203,443,321	206,486,804	209,806,427	206,411,358	213,249,885	218,337,233
Distribution system (miles)	540	546	550	550	550	550	565	565	596	596
Number of substations	2	2	2	2	2	2	2	2	2	2
Miles of transmission lines	2	2	2	2	2	2	2	2	2	2
Number of street lights (b)	2,440	2,508	2,554	2,314	2,946	2,920	2,930	2,930	2,997	2,664

Source: City of Fountain Fire, Police, Public Works, Parks, Water and Electric departments.

Note: (a) information is not available for 2006-2007.
(b) actual inventory done in 2010, previous numbers likely inaccurate

COMPLIANCE SECTION

STATE COMPLIANCE

The public report burden for this information collection is estimated to average 380 hours annually. Form # 350-050-36

LOCAL HIGHWAY FINANCE REPORT	City or County:
	YEAR ENDING : December 2016
This Information From The Records Of City of Fountain	Prepared By: Phone:

I. DISPOSITION OF HIGHWAY-USER REVENUES AVAILABLE FOR LOCAL GOVERNMENT EXPENDITURE

ITEM	A. Local Motor-Fuel Taxes	B. Local Motor-Vehicle Taxes	C. Receipts from State Highway-User Taxes	D. Receipts from Federal Highway Administration
1. Total receipts available				
2. Minus amount used for collection expenses				
3. Minus amount used for nonhighway purposes				
4. Minus amount used for mass transit				
5. Remainder used for highway purposes				

II. RECEIPTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Receipts from local sources:	
1. Local highway-user taxes	
a. Motor Fuel (from Item I.A.5.)	
b. Motor Vehicle (from Item I.B.5.)	
c. Total (a.+b.)	
2. General fund appropriations	1,136,826
3. Other local imposts (from page 2)	258,434
4. Miscellaneous local receipts (from page 2)	323,709
5. Transfers from toll facilities	
6. Proceeds of sale of bonds and notes:	
a. Bonds - Original Issues	
b. Bonds - Refunding Issues	
c. Notes	
d. Total (a. + b. + c.)	0
7. Total (1 through 6)	1,718,969
B. Private Contributions	
C. Receipts from State government (from page 2)	789,068
D. Receipts from Federal Government (from page 2)	0
E. Total receipts (A.7 + B + C + D)	2,508,037

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Local highway disbursements:	
1. Capital outlay (from page 2)	179,375
2. Maintenance:	595,270
3. Road and street services:	
a. Traffic control operations	21,742
b. Snow and ice removal	39,040
c. Other	
d. Total (a. through c.)	60,782
4. General administration & miscellaneous	329,064
5. Highway law enforcement and safety	1,343,546
6. Total (1 through 5)	2,508,037
B. Debt service on local obligations:	
1. Bonds:	
a. Interest	
b. Redemption	
c. Total (a. + b.)	0
2. Notes:	
a. Interest	
b. Redemption	
c. Total (a. + b.)	0
3. Total (1.c + 2.c)	0
C. Payments to State for highways	
D. Payments to toll facilities	
E. Total disbursements (A.6 + B.3 + C + D)	2,508,037

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

	Opening Debt	Amount Issued	Redemptions	Closing Debt
A. Bonds (Total)				0
1. Bonds (Refunding Portion)				
B. Notes (Total)				0

V. LOCAL ROAD AND STREET FUND BALANCE

A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	2,508,037	2,508,037		0

Notes and Comments:

FORM FHWA-536 (Rev. 1-05) PREVIOUS EDITIONS OBSOLETE (Next Page)

1

LOCAL HIGHWAY FINANCE REPORT	STATE: Colorado
	YEAR ENDING (mm/yy): December 2016

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		**A.4. Miscellaneous local receipts:**	
a. Property Taxes and Assessments		a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalities	312,510
1. Sales Taxes		c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other	258,434	g. Other Misc. Receipts	11,199
6. Total (1. through 5.)	258,434	h. Other	
c. Total (a. + b.)	258,434	i. Total (a. through h.)	323,709
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		**D. Receipts from Federal Government**	
1. Highway-user taxes	702,765	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	86,304	d. Federal Transit Admin	
d. Other (Specify) - DOLA Grant		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	86,304	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	789,068	3. Total (1. + 2.g)	
			(Carry forward to page 1)

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL

	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs			0
b. Engineering Costs		38,556	38,556
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation		140,819	140,819
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)	0	140,819	140,819
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	179,375	179,375
			(Carry forward to page 1)

Notes and Comments:

FORM FHWA-536 (Rev.1-05) PREVIOUS EDITIONS OBSOLETE