

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

**FINANCIAL STATEMENTS
December 31, 2017**

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June 19, 2018

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities and each major fund of Fountain Urban Renewal Authority ("Authority"), as of December 31, 2017, and for the year then ended, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Authority as of December 31, 2017, the respective changes in financial position and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The supplementary information, as identified in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

BiggsKofford, P.C.

Colorado Springs, Colorado
June 12, 2018

BASIC FINANCIAL STATEMENTS

FOUNTAIN URBAN RENEWAL AUTHORITY
STATEMENT OF NET POSITION
December 31, 2017

	Governmental Activities
ASSETS	
Cash and investments	\$ 304,469
Cash and investments - Restricted	13,445,398
Accounts receivable	250
Receivable from County Treasurer	9
Public improvement fee receivable	42,876
Public improvement admin fee receivable	1,326
Incremental sales taxes receivable	390,581
Transportation sales taxes receivable	113,704
Sales tax admin receivable	15,239
Use tax receivable	648
Incremental property taxes receivable	124,963
Capital assets, not being depreciated	184,248
Capital assets, net	844,806
Total assets	15,468,517
 DEFERRED OUTFLOWS OF RESOURCES	
Bond discount	394,872
Total deferred outflows of resources	394,872
 LIABILITIES	
Accounts payable	12,108
Rental deposit	1,600
Escrow - Property taxes	5,140
Accrued interest payable - Bonds	994,341
Noncurrent liabilities	
Due in more than one year	50,297,486
Total liabilities	51,310,675
 DEFERRED INFLOWS OF RESOURCES	
Incremental property tax revenue	124,963
Total deferred inflows of resources	124,963
 NET POSITION	
Net investment in capital assets	141,568
Restricted for:	
South Academy Highlands Administration Funds	116,941
Debt Service	245,382
Capital projects	8,433,430
Unrestricted	(44,509,570)
Total net position	\$ (35,572,249)

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

FOUNTAIN URBAN RENEWAL AUTHORITY
STATEMENT OF ACTIVITIES
Year Ended December 31, 2017

<u>Functions/Programs</u>	<u>Program Revenues</u>			<u>Net (Expenses)</u>	
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Revenues and Changes in Net Position</u>
					<u>Governmental Activities</u>
Primary government:					
Government activities:					
General government	\$ 274,454	\$ -	\$ 85,850	\$ -	\$ (188,604)
Interest and related costs on long-term debt	2,794,600	-	-	-	(2,794,600)
Dedication of capital assets to other entities	321,899	-	-	-	(321,899)
	<u>\$ 3,390,953</u>	<u>\$ -</u>	<u>\$ 85,850</u>	<u>\$ -</u>	<u>(3,305,103)</u>
General revenues:					
Incremental property taxes					94,899
Incremental sales taxes					1,922,685
Sales tax admin revenue					74,528
Use taxes					8,707
Public improvement fee					367,853
Public improvement fee admin revenue					11,377
Transportation sales taxes					580,231
Net investment income					121,284
Other revenue					4,875
Total general revenues					<u>3,186,439</u>
Change in net position					(118,664)
Net position - Beginning					<u>(35,453,585)</u>
Net position - Ending					<u>\$ (35,572,249)</u>

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

**FOUNTAIN URBAN RENEWAL AUTHORITY
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2017**

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and investments	\$ 304,469	\$ -	\$ -	\$ 304,469
Cash and investments - Restricted	569,795	4,442,173	8,433,430	13,445,398
Accounts receivable	250	-	-	250
Receivable from County Treasurer	9	-	-	9
Public improvement fee receivable	-	42,876	-	42,876
Public improvement admin fee receivable	1,326	-	-	1,326
Incremental sales taxes receivable	11,568	379,013	-	390,581
Transportation sales taxes receivable	-	113,704	-	113,704
Sales tax admin receivable	15,239	-	-	15,239
Use tax receivable	648	-	-	648
Incremental property taxes receivable	124,963	-	-	124,963
TOTAL ASSETS	<u>\$1,028,267</u>	<u>\$ 4,977,766</u>	<u>\$ 8,433,430</u>	<u>\$ 14,439,463</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 12,108	\$ -	\$ -	\$ 12,108
Escrow - Property taxes	5,140	-	-	5,140
Rental deposit	1,600	-	-	1,600
Total liabilities	<u>18,848</u>	<u>-</u>	<u>-</u>	<u>18,848</u>
DEFERRED INFLOWS OF RESOURCES				
Incremental property tax revenue	124,963	-	-	124,963
Total deferred inflows of resources	<u>124,963</u>	<u>-</u>	<u>-</u>	<u>124,963</u>
FUND BALANCES				
Restricted for:				
Debt service	-	4,977,766	-	4,977,766
Capital projects	-	-	8,433,430	8,433,430
South Academy Highlands Administration Funds	116,941	-	-	116,941
Assigned:				
Old Town Funds	313,086	-	-	313,086
Property Funds	454,429	-	-	454,429
Total fund balances	<u>884,456</u>	<u>4,977,766</u>	<u>8,433,430</u>	<u>14,295,652</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$1,028,267</u>	<u>\$ 4,977,766</u>	<u>\$ 8,433,430</u>	
Reconciliation of Balance Sheet - Governmental Funds to Statement of Net Position				
Capital assets are reported as assets on the Statement of Net Position				
but are recorded as expenditures in the funds				
Capital assets, net				1,029,054
Other long-term assets are not available to pay for current period expenditures				
and, therefore, are deferred in the funds.				
Bond discount				394,872
Long-term liabilities, including bonds payable, are not due and payable in the current period				
and, therefore, are not reported in the funds.				
Bonds payable				(49,410,000)
Northstar Bank - Line of credit				(353,811)
CO4F Financing Fund Loan				(533,675)
Accrued interest payable - Bonds				(994,341)
Net position of governmental activities				<u>\$ (35,572,249)</u>

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

FOUNTAIN URBAN RENEWAL AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended December 31, 2017

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
REVENUES				
Incremental property taxes	\$ 94,899	\$ -	\$ -	\$ 94,899
Incremental sales taxes	93,073	1,829,612	-	1,922,685
Sales tax admin revenue	74,528	-	-	74,528
Use taxes	8,707	-	-	8,707
Public improvement fee admin revenue	11,377	-	-	11,377
Sale of Blast Park	235,000	-	-	235,000
Rental income	27,034	-	-	27,034
Other revenue	4,875	-	-	4,875
Pubic improvement fee	-	367,853	-	367,853
Transportation sales taxes	-	580,231	-	580,231
Net investment income	3,286	41,483	76,515	121,284
Total revenues	<u>552,779</u>	<u>2,819,179</u>	<u>76,515</u>	<u>3,448,473</u>
EXPENDITURES				
Current				
Accounting	65,733	-	-	65,733
Auditing	7,350	-	-	7,350
Bank fees	701	-	-	701
County Treasurer's fees	1,441	-	-	1,441
Legal	16,180	-	-	16,180
Miscellaneous	110	-	-	110
Other professional fees	20,845	-	-	20,845
Best & Brightest expense	12,252	-	-	12,252
PIF collections	6,935	-	-	6,935
Trustee fees	13,500	-	-	13,500
Repay Old Town Loan	235,000	-	-	235,000
RFQ/Gateway	59,105	-	-	59,105
Adams Hwy 85 acquisition	166,442	-	-	166,442
Chinese Restaurant acquisition	453,705	-	-	453,705
Ransom Hwy 85 acquisition	151,298	-	-	151,298
Closing and other costs of acquisitions	6,491	-	-	6,491
Line of credit interest	8,876	-	-	8,876
Line of credit principal	674	-	-	674
Line of credit issue costs	1,125	-	-	1,125
Loan issue costs	623	-	-	623
Property repairs and maintenance	5,563	-	-	5,563
Demolition/construction costs	8,070	-	-	8,070
Adams Illinois - parking lease	3,019	-	-	3,019
C4F interest	1,779	-	-	1,779
Utilities	4,937	-	-	4,937
Excell Fountain	8,960	-	-	8,960
Debt service				
Bond interest - series 2014C	-	253,575	-	253,575
Bond interest - series 2015A	-	2,140,938	-	2,140,938
Bond interest - series 2015B	-	351,050	-	351,050
Bond principal - series 2015A	-	215,000	-	215,000
Capital projects				
Road improvements	-	-	321,899	321,899
Total expenditures	<u>1,260,714</u>	<u>2,960,563</u>	<u>321,899</u>	<u>4,543,176</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(707,935)</u>	<u>(141,384)</u>	<u>(245,384)</u>	<u>(1,094,703)</u>
OTHER FINANCING SOURCES (USES)				
Line of credit	354,485	-	-	354,485
CO4F Program funding	533,675	-	-	533,675
Utility reimbursement	2,516	-	-	2,516
Transfers from other funds	-	72,357	-	72,357
Transfers to other funds	-	-	(72,357)	(72,357)
Total other financing sources (uses)	<u>890,676</u>	<u>72,357</u>	<u>(72,357)</u>	<u>890,676</u>
NET CHANGE IN FUND BALANCES	<u>182,741</u>	<u>(69,027)</u>	<u>(317,741)</u>	<u>(204,027)</u>
FUND BALANCES - BEGINNING OF YEAR	<u>701,715</u>	<u>5,046,793</u>	<u>8,751,171</u>	<u>14,499,679</u>
FUND BALANCES - END OF YEAR	<u>\$ 884,456</u>	<u>\$ 4,977,766</u>	<u>\$ 8,433,430</u>	<u>\$ 14,295,652</u>

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

**FOUNTAIN URBAN RENEWAL AUTHORITY
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended December 31, 2017**

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

Net change in fund balances - Total governmental funds \$ (204,027)

Governmental funds report capital outlays as expenditures. In the statement of activities capital outlay is not reported as an expenditure. However, the statement of activities will report as depreciation expense the allocation of the cost of any depreciable asset over the estimated useful life of the asset.

Capital outlay	771,445
Sale of capital asset	(178,700)
Depreciation	(20,859)

Long-term debt (e.g., issuance of bonds, loans and the receipt of Developer advances) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.

Bonds principal payment - Series 2015A	215,000
Loan - City of Fountain	235,000
Northstar Bank - Line of credit	(353,811)
CO4F Program Funding Loan	(533,675)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Accrued interest on bonds payable - Change in liability	(1,691)
Accrued interest on loan payable	55
Amortization of bond discount	(47,401)
Changes in net position of governmental activities	\$ (118,664)

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

**FOUNTAIN URBAN RENEWAL AUTHORITY
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
Year Ended December 31, 2017**

	<u>Original and Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Incremental property taxes	\$ 97,160	\$ 94,899	\$ (2,261)
Incremental sales taxes	65,000	93,073	28,073
Sales tax admin revenue	103,895	74,528	(29,367)
Public improvement fee admin revenue	17,159	11,377	(5,782)
Use taxes	100,000	8,707	(91,293)
Sale of Blast Park	243,000	235,000	(8,000)
Rental/lease income	43,165	27,034	(16,131)
Sale of Land	275,000	-	(275,000)
Other revenue	-	4,875	4,875
Net investment income	500	3,286	2,786
Total revenues	<u>944,879</u>	<u>552,779</u>	<u>(392,100)</u>
EXPENDITURES			
Accounting	57,375	65,733	(8,358)
Auditing	7,500	7,350	150
Bank fees	1,000	701	299
Contingency	142,073	-	142,073
County Treasurer's fees	1,457	1,441	16
Legal	34,000	16,180	17,820
Miscellaneous	200	110	90
Other professional fees	22,000	20,845	1,155
Best & Brightest expense	10,620	12,252	(1,632)
PIF collections	15,000	6,935	8,065
Trustee fees	13,500	13,500	-
Old Town Art programs	4,351	-	4,351
Repay Old Town Loan	243,000	235,000	8,000
RFQ/Gateway	50,000	59,105	(9,105)
Adams Hwy 85 acquisition	165,000	166,442	(1,442)
Adams Ohio/Main acquisition	450,000	-	450,000
Chinese Restaurant acquisition	455,000	453,705	1,295
Ransom Hwy 85 acquisition	-	151,298	(151,298)
Closing and other costs of acquisitions	6,300	6,491	(191)
Line of credit interest	12,000	8,876	3,124
Line of credit principal	275,000	674	274,326
Line of credit issue costs	1,500	1,125	375
Loan issue costs	-	623	(623)
Property repairs and maintenance	15,500	5,563	9,937
Demolition/construction costs	45,000	8,070	36,930
Adams Illinois - parking lease	-	3,019	(3,019)
C4F interest	-	1,779	(1,779)
Utilities	-	4,937	(4,937)
Excell Fountain	10,000	8,960	1,040
Total expenditures	<u>2,037,376</u>	<u>1,260,714</u>	<u>776,662</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,092,497)</u>	<u>(707,935)</u>	<u>384,562</u>
OTHER FINANCING SOURCES (USES)			
Line of credit	725,000	354,485	(370,515)
CO4F Program funding	665,000	533,675	(131,325)
Utility reimbursement	-	2,516	2,516
Total other financing sources (uses)	<u>1,390,000</u>	<u>890,676</u>	<u>(499,324)</u>
NET CHANGE IN FUND BALANCES	297,503	182,741	(114,762)
FUND BALANCES - BEGINNING OF YEAR	<u>651,468</u>	<u>701,715</u>	<u>50,247</u>
FUND BALANCES - END OF YEAR	<u>\$ 948,971</u>	<u>\$ 884,456</u>	<u>\$ (64,515)</u>

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

FOUNTAIN URBAN RENEWAL AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 1 - DEFINITION OF REPORTING ENTITY

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

The Authority follows the Governmental Accounting Standards Board (GASB) accounting pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The more significant accounting policies of the Authority are described as follows:

Government-wide and Fund Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These financial statements include all of the activities of the Authority. The effect of interfund activity has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues.

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

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

FOUNTAIN URBAN RENEWAL AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Separate financial statements are provided for the governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Authority considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are incremental property tax, incremental sales and use taxes and Public Improvement fees. All other revenue items are considered to be measurable and available only when cash is received by the Authority. Expenditures, other than long-term obligations, are recorded when the liability is incurred or the long-term obligation is due.

The Authority reports the following major governmental funds:

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

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

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

Budgets

In accordance with the State Budget Law, the Authority's Board of Commissioners holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures and other financing uses level and lapses at year-end. The Authority's Board of Commissioners can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated.

FOUNTAIN URBAN RENEWAL AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pooled Cash and Investments

The Authority follows the practice of pooling cash and investments of all funds to maximize investment earnings. Except when required by trust or other agreements, all cash is deposited to and disbursed from a single bank account. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility. Investment earnings are allocated periodically to the participating funds based upon each fund's average equity balance in the total cash and investments.

Incremental Property Taxes

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

Property taxes are levied by various taxing entities in each of the project areas by certification to the County Commissioners. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. Taxes are payable by April or if in equal installments, at the taxpayer's election, in February and June. Delinquent taxpayers are notified in August and generally sales of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the incremental taxes collected monthly to the Authority.

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

Incremental Sales Tax

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

- U.S. Highway 85 Corridor project area – sales tax shared at 0.25%
- South Academy Highlands project area – sales tax shared at 2.50%

Use Tax

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

FOUNTAIN URBAN RENEWAL AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Transportation Sales Tax Revenue

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

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

Capital Assets

Capital assets, which include property, equipment and infrastructure assets (e.g. roads, sidewalks and similar items), are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the Authority as assets with an initial, individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

Capital assets which are anticipated to be conveyed to other governmental entities are recorded as construction in progress, and are not included in the calculation of net investment in capital assets component of the Authority's net position.

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable. Depreciation expense has been computed using the straight-line method over the estimated economic useful life:

Fence	15 years
Buildings	25 years

Amortization

Original Issue Discount

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

FOUNTAIN URBAN RENEWAL AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Deferred Inflow/Outflow of Resources

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

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category. Accordingly, the item, *deferred property tax revenue*, is deferred and recognized as an inflow of resources in the period that the amount becomes available.

Equity

Net Position

For government-wide presentation purposes when both restricted and unrestricted resources are available for use, it is the Authority's practice to use restricted resources first, then unrestricted resources as they are needed.

Fund Balance

Fund balance for governmental funds should be reported in classifications that comprise a hierarchy based on the extent to which the government is bound to honor constraints on the specific purposes for which spending can occur. Governmental funds report up to five classifications of fund balance: nonspendable, restricted, committed, assigned, and unassigned.

Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications describe the relative strength of the spending constraints:

- *Nonspendable fund balance* - The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts or inventory) or legally or contractually required to be maintained intact.
- *Restricted fund balance* - The portion of fund balance that is constrained to being used for a specific purpose by external parties (such as bondholders), constitutional provisions, or enabling legislation.

**FOUNTAIN URBAN RENEWAL AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2017**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- *Committed fund balance* - The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the Board of Commissioners. The constraint may be removed or changed only through formal action of the Board of Commissioners.
- *Assigned fund balance* - The portion of fund balance that is constrained by the government's intent to be used for specific purposes, but is neither restricted nor committed. Intent is expressed by the Board of Commissioners to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.
- *Unassigned fund balance* - The residual portion of fund balance that does not meet any of the criteria described above.

If more than one classification of fund balance is available for use when an expenditure is incurred, it is the Authority's practice to use the most restrictive classification first.

NOTE 3 - CASH AND INVESTMENTS

Cash and investments as of December 31, 2017, are classified in the accompanying financial statements as follows:

Statement of net position:

Cash and investments	\$ 304,469
Cash and investments - Restricted	<u>13,445,398</u>
Total cash and investments	<u>\$ 13,749,867</u>

Cash and investments as of December 31, 2017, consist of the following:

Deposits with financial institutions	\$ 849,900
Investments	<u>12,899,967</u>
Total cash and investments	<u>\$ 13,749,867</u>

Deposits with Financial Institutions

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least 102% of the aggregate uninsured deposits.

**FOUNTAIN URBAN RENEWAL AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2017**

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

The State Commissioners for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

As of December 31, 2017, the Authority's cash deposits had a bank balance of \$854,699 and a carrying balance of \$849,900.

Investments

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

The Authority generally limits its concentration of investments to those noted with an asterisk (*) below, which are believed to have minimal credit risk, minimal interest rate risk and no foreign currency risk. Additionally, the Authority is not subject to concentration risk or investment custodial risk disclosure requirements for investments that are in the possession of another party.

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Commissioners. Such actions are generally associated with a debt service reserve or sinking fund requirements.

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

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

As of December 31, 2017, the Authority had the following investments:

Investment	Maturity	Amount
Colorado Surplus Asset Trust Fund (CSAFE)	Weighted average under 60 days	\$ 12,875,603
Colorado Local Government Liquid Asset Trust (COLOTRUST)	Weighted average under 60 days	24,364
		<u>\$ 12,899,967</u>

FOUNTAIN URBAN RENEWAL AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

CSAFE

The District invested in the Colorado Surplus Asset Fund Trust (CSAFE) (the Trust), which is an investment vehicle established by state statute for local government entities to pool surplus assets. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust is similar to a money market fund, with each share valued at \$1.00. CSAFE may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain money market funds and highest rated commercial paper. A designated custodial bank serves as custodian for CSAFE's portfolio pursuant to a custodian agreement. The custodian acts as safekeeping agent for CSAFE's investment portfolio and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by CSAFE. CSAFE is rated AAAM by Standard & Poor's. CSAFE records its investments at amortized cost and the District records its investments in CSAFE using the amortized cost method. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

COLOTRUST

The District invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST) (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to \$1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and any security allowed under CRS 24-75-601. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. COLOTRUST is rated AAAM by Standard & Poor's. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST using the net asset value method. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

FOUNTAIN URBAN RENEWAL AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 4 - CAPITAL ASSETS

An analysis of the changes in capital assets for the year ended December 31, 2017, follows:

	<u>Balance at December 31, 2016</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance at December 31, 2017</u>
Governmental activities				
Capital assets, not being depreciated				
Land - Blast Park	\$ 162,000	\$ -	\$ 162,000	\$ -
Land - 212 West Illinois Avenue	69,433	-	-	69,433
Land - 217 Santa Fe Avenue	-	21,503	-	21,503
Land - 221 Santa Fe Avenue	-	34,549	-	34,549
Land - Ransom Hwy 85	-	58,763	-	58,763
Total capital assets, not being depreciated	<u>231,433</u>	<u>114,815</u>	<u>162,000</u>	<u>184,248</u>
Capital assets, being depreciated				
Building - 212 West Illinois Avenue	207,835	-	-	207,835
Building - 217 Santa Fe Avenue	-	144,939	-	144,939
Building - 221 Santa Fe Avenue	-	419,156	-	419,156
Building - Ransom Hwy 85	-	92,535	-	92,535
Fence	18,000	-	18,000	-
Total capital assets, being depreciated	<u>225,835</u>	<u>656,630</u>	<u>18,000</u>	<u>864,465</u>
Less accumulated depreciation for:				
Building - 212 West Illinois Avenue	-	(8,314)	-	(8,314)
Building - 217 Santa Fe Avenue	-	(4,831)	-	(4,831)
Building - 221 Santa Fe Avenue	-	(5,589)	-	(5,589)
Building - Ransom Hwy 85	-	(925)	-	(925)
Fence	(100)	(1,200)	(1,300)	-
Total accumulated depreciation	<u>(100)</u>	<u>(20,859)</u>	<u>(1,300)</u>	<u>(19,659)</u>
Total capital assets, being depreciated, net	<u>225,735</u>	<u>635,771</u>	<u>16,700</u>	<u>844,806</u>
Governmental activities capital assets, net	<u>\$ 457,168</u>	<u>\$ 750,586</u>	<u>\$ 178,700</u>	<u>\$ 1,029,054</u>

During 2017, the capital assets constructed or acquired by the Authority, except for land and building purchases, were conveyed to the City of Fountain. The costs of the construction of capital assets transferred to other governmental entities were removed from the Authority's financial records.

FOUNTAIN URBAN RENEWAL AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 5 - LONG-TERM OBLIGATIONS

The following is an analysis of changes in Authority's long-term obligations for the year ended December 31, 2017:

	Balance at December 31, 2016	Additions	Retirements	Balance at December 31, 2017	Due Within One Year
Tax Increment and Public Improvement Fee Taxable Revenue Bonds - Series 2014C	\$ 2,500,000	\$ -	\$ -	\$ 2,500,000	\$ -
Public Improvement Fee Taxable Revenue Bonds - Series 2014D	355,000	-	-	355,000	-
Tax Increment Revenue Refunding and Improvement Bonds - Series 2015A	41,755,000	-	215,000	41,540,000	-
Taxable Public Improvement Fee Refunding Bonds - Series 2015B	5,015,000	-	-	5,015,000	-
Loan - City of Fountain	235,000	-	235,000	-	-
Northstar Bank - Line of credit	-	354,485	674	353,811	-
CO4F Financing Fund Loan	-	533,675	-	533,675	-
	<u>\$ 49,860,000</u>	<u>\$ 888,160</u>	<u>\$ 450,674</u>	<u>\$ 50,297,486</u>	<u>\$ -</u>

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

South Academy Highlands Project Bonds, Series 2014A – D

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

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

The 2014C Bonds are secured and payable from the Pledged Revenue, consisting of monies derived by: (1) the Outparcel Incremental Sales Tax Revenues; (2) the Outparcel Add-On PIF Revenues; and (3) all income from the investment and reinvestment of the Series 2104C Trust Funds.

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

FOUNTAIN URBAN RENEWAL AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 5 - LONG-TERM OBLIGATIONS (CONTINUED)

The 2014D Bonds are secured and payable from the Pledged Revenue, consisting of monies derived by: (1) the remaining Outparcel Add-On PIF Revenues; and (2) all income from the investment and reinvestment of the Series 2104D Trust Funds.

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

South Academy Highlands Project Bonds, Series 2015A – B

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

The 2015A Bonds bear interest at 4.5% to 5.5%, payable semi-annually on May 1 and November 1, beginning on May 1, 2016. Annual mandatory sinking fund principal payments are due on November 1, beginning on November 1, 2016. The 2015B Bonds mature on November 1, 2044.

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

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

The 2015B Bonds are secured and payable from the Pledged Revenue, consisting of monies derived by: (1) the Anchor Sites Add-On PIF Revenues; (2) the remaining Anchor Sites Incremental Sales Tax Revenues (if any); (3) the remaining Outparcel Incremental Sales Tax Revenues (if any); (4) the remaining Outparcel Add-On PIF Revenues (if any); and (5) all income from the investment and reinvestment of the Series 2105B Trust Funds.

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

**FOUNTAIN URBAN RENEWAL AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2017**

NOTE 5 - LONG-TERM OBLIGATIONS (CONTINUED)

City of Fountain Loan

On October 7, 2016, the Authority entered into a Loan Agreement with the City of Fountain. Pursuant to the agreement, the Authority received \$235,000 from the City, which to be used solely for improvement measures within the Olde Town district of the City of Fountain. The Authority is required to repay the loan by November 1, 2017. The loan will accrue interest at the rate of .10% annually. As of December 31, 2017, the loan was paid in full.

Northstar Bank Line of Credit Loan

On January 17, 2017, the Authority entered into a Non-disclosable Revolving Line of Credit with Northstar Bank in the amount of \$450,000 to primarily purchase properties. This Line of Credit is at a fixed rate of 2.85% due on January 17, 2019. As of December 31, 2017, the outstanding balance owed by the Authority is \$353,811.

Colorado Fresh Food Financing Fund (CO4F)

On April 18, 2017, the Authority entered into a Loan Commitment with the Colorado Fresh Food Financing Fund ("CO4F") by and through the Colorado Housing and Finance Authority for a loan in the amount of \$533,675 to finance the costs of the acquisition of real estate and the demolition of the improvements located thereon at 217-221 South Santa Fe Avenue, Fountain, CO 80817. The loan is at an interest rate of 3% for 5 years. Interest is only due quarterly for the Loan Term. All principal and accrued interest due at loan maturity.

NOTE 6 - NET POSITION

The Authority has net position consisting of three components – net investment in capital assets, restricted and unrestricted.

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances of bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. As of December 31, 2017, the Authority had net investment in capital assets calculated as follows:

	Governmental Activities
Net investment in capital assets:	
Capital assets, net	\$ 1,029,054
Less: capital related debt	
Long-term portion of obligations	(887,486)
Net investment in capital assets	\$ 141,568

**FOUNTAIN URBAN RENEWAL AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2017**

NOTE 6 - NET POSITION (CONTINUED)

The restricted net position include assets that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The Authority had restricted net position as of December 31, 2017, as follows:

	Governmental Activities
Restricted net position:	
South Academy Highlands Administration Funds	\$ 116,941
Debt service	245,382
Capital Projects Fund reserve	8,433,430
Total restricted net position	\$ 8,795,753

The Authority has a deficit in unrestricted net position. This deficit amount is a result of the Authority being responsible for the repayment of bonds issued for public improvements, which have been conveyed to other governmental entities.

NOTE 7 - INTERGOVERNMENTAL AGREEMENTS

Redevelopment and Reimbursement Agreement

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

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

NOTE 8 – INTERFUND TRANSFERS

The transfer from the Capital Projects Fund to the Debt Service Fund was for interest income earned on the two capital project accounts.

FOUNTAIN URBAN RENEWAL AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 9 - RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees; or acts of God. The Authority maintains commercial insurance for all risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

NOTE 10 - TAX, SPENDING AND DEBT LIMITATIONS

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

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

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

SUPPLEMENTARY INFORMATION

**FOUNTAIN URBAN RENEWAL AUTHORITY
DEBT SERVICE FUND
SERIES 2014C
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
Year Ended December 31, 2017**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Net investment income	\$ 30	\$ 625	\$ 595
Incremental sales taxes	250,000	131,018	(118,982)
Public improvement fee	22,000	32,627	10,627
Total revenues	<u>272,030</u>	<u>164,270</u>	<u>(107,760)</u>
EXPENDITURES			
Bond interest - Series 2014C	<u>272,030</u>	<u>253,575</u>	<u>18,455</u>
Total expenditures	<u>272,030</u>	<u>253,575</u>	<u>18,455</u>
NET CHANGE IN FUND BALANCES	<u>-</u>	<u>(89,305)</u>	<u>(89,305)</u>
FUND BALANCES - BEGINNING OF YEAR	<u>5,020</u>	<u>116,952</u>	<u>111,932</u>
FUND BALANCES - END OF YEAR	<u>\$ 5,020</u>	<u>\$ 27,647</u>	<u>\$ 22,627</u>

**FOUNTAIN URBAN RENEWAL AUTHORITY
DEBT SERVICE FUND
SERIES 2014D
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
Year Ended December 31, 2017**

	<u>Original and Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Public improvement fee	\$ 10,000	\$ -	\$ (10,000)
Total revenues	<u>10,000</u>	<u>-</u>	<u>(10,000)</u>
EXPENDITURES			
Bond interest - Series 2014D	10,000	-	10,000
Total expenditures	<u>10,000</u>	<u>-</u>	<u>10,000</u>
NET CHANGE IN FUND BALANCES	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES - BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**FOUNTAIN URBAN RENEWAL AUTHORITY
DEBT SERVICE FUND
SERIES 2015A
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
Year Ended December 31, 2017**

	<u>Original and Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Net investment income	\$ 18,000	\$ 35,401	\$ 17,401
Incremental sales taxes	3,213,153	1,698,594	(1,514,559)
Transportation sales taxes	-	580,231	580,231
Total revenues	<u>3,231,153</u>	<u>2,314,226</u>	<u>(916,927)</u>
EXPENDITURES			
Contingency	4,154	-	4,154
Bond interest - series 2015A	2,129,846	2,140,938	(11,092)
Bond principal - series 2015A	1,101,000	215,000	886,000
Total expenditures	<u>3,235,000</u>	<u>2,355,938</u>	<u>879,062</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(3,847)</u>	<u>(41,712)</u>	<u>(37,865)</u>
OTHER FINANCING SOURCES (USES)			
Transfers from other funds	-	72,357	72,357
Total other financing sources (uses)	<u>-</u>	<u>72,357</u>	<u>72,357</u>
NET CHANGE IN FUND BALANCES	(3,847)	30,645	34,492
FUND BALANCES - BEGINNING OF YEAR	<u>4,326,095</u>	<u>4,308,029</u>	<u>(18,066)</u>
FUND BALANCES - END OF YEAR	<u>\$ 4,322,248</u>	<u>\$ 4,338,674</u>	<u>\$ 16,426</u>

**FOUNTAIN URBAN RENEWAL AUTHORITY
DEBT SERVICE FUND
SERIES 2015B
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
Year Ended December 31, 2017**

	<u>Original and Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Net investment income	\$ 2,500	\$ 5,457	\$ 2,957
Pubic improvement fee	532,793	335,226	(197,567)
Total revenues	<u>535,293</u>	<u>340,683</u>	<u>(194,610)</u>
EXPENDITURES			
Bond interest - series 2015B	347,830	351,050	(3,220)
Bond principal - series 2015B	187,000	-	187,000
Contingency	5,170	-	5,170
Total expenditures	<u>540,000</u>	<u>351,050</u>	<u>188,950</u>
NET CHANGE IN FUND BALANCES	(4,707)	(10,367)	(5,660)
FUND BALANCES - BEGINNING OF YEAR	<u>594,515</u>	<u>621,812</u>	<u>27,297</u>
FUND BALANCES - END OF YEAR	<u>\$ 589,808</u>	<u>\$ 611,445</u>	<u>\$ 21,637</u>

**FOUNTAIN URBAN RENEWAL AUTHORITY
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
Year Ended December 31, 2017**

	<u>Original and Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Net investment income	\$ 20,000	\$ 76,515	\$ 56,515
Total revenues	<u>20,000</u>	<u>76,515</u>	<u>56,515</u>
EXPENDITURES			
Road improvements	-	321,899	(321,899)
Phase II	6,500,000	-	6,500,000
UTW costs	16,621	-	16,621
Total expenditures	<u>6,516,621</u>	<u>321,899</u>	<u>6,194,722</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(6,496,621)</u>	<u>(245,384)</u>	<u>6,251,237</u>
OTHER FINANCING SOURCES (USES)			
Transfers to other funds	-	(72,357)	(72,357)
Total other financing sources (uses)	<u>-</u>	<u>(72,357)</u>	<u>(72,357)</u>
NET CHANGE IN FUND BALANCES	(6,496,621)	(317,741)	6,178,880
FUND BALANCES - BEGINNING OF YEAR	<u>6,496,621</u>	<u>8,751,171</u>	<u>2,254,550</u>
FUND BALANCES - END OF YEAR	<u>\$ -</u>	<u>\$ 8,433,430</u>	<u>\$ 8,433,430</u>

**FOUNTAIN URBAN RENEWAL AUTHORITY
SUMMARY OF INCREMENTAL ASSESSED VALUATION,
MILL LEVY AND INCREMENTAL PROPERTY TAXES COLLECTED
December 31, 2017**

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Property Tax Levy			Combined Mills Levied	Total Incremental Property Taxes		Percentage Collected to Levied
	Total Assessed Valuation	Less: Base Valuation	Net Increment Valuation		Levied	Collected	
2013	\$ 19,216,390	\$ 17,653,050	\$ 1,563,340	55.455	\$ 86,695	\$ 86,695	100.00%
2014	\$ 19,158,940	\$ 17,508,320	\$ 1,650,620	56.281	\$ 92,899	\$ 92,490	99.56%
2015	\$ 19,142,030	\$ 17,466,821	\$ 1,675,209	56.621	\$ 94,852	\$ 94,867	100.02%
2016	\$ 19,702,130	\$ 17,812,696	\$ 1,889,434	57.010	\$ 107,717	\$ 107,369	99.68%
2017	\$ 19,499,250	\$ 17,803,249	\$ 1,696,001	56.735	\$ 96,223	\$ 94,899	98.62%
Estimated for the year ending December 31, 2018	\$ 21,515,670	\$ 19,432,912	\$ 2,082,758	59.999	\$ 124,963		

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