

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

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEAR ENDED DECEMBER 31, 2018**

**FOUNTAIN URBAN RENEWAL AUTHORITY  
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## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and each major fund of Fountain Urban Renewal Authority ("Authority"), as of and for the year ended December 31, 2018, and the related notes to the financial statements, 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, 2018, the changes in its 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  
May 2, 2019

## **BASIC FINANCIAL STATEMENTS**

**FOUNTAIN URBAN RENEWAL AUTHORITY  
STATEMENT OF NET POSITION  
DECEMBER 31, 2018**

	Governmental Activities
<b>ASSETS</b>	
Cash and Investments	\$ 268,976
Cash and Investments - Restricted	13,343,151
Accounts Receivable	178
Accounts Receivable - County Treasurer	9
Public Improvement Fee Receivable	43,224
Public Improvement Admin Fee Receivable	1,337
Incremental Sales Taxes Receivable	407,243
Transportation Sales Taxes Receivable	117,418
Sales Tax Admin Receivable	22,185
Use Tax Receivable	5,032
Incremental Property Taxes Receivable	126,068
Prepaid Expense	8,193
Capital Assets, Not Being Depreciated	665,763
Capital Assets, Net	1,284,879
Total Assets	16,293,656
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Bond Discount	349,056
Total Deferred Outflows of Resources	349,056
<b>LIABILITIES</b>	
Accounts Payable	47,866
Rental Deposit	1,600
Escrow - Property Taxes	1,110
Accrued Interest Payable - Bonds	1,068,123
Noncurrent Liabilities:	
Due in More Than One Year	50,500,878
Total Liabilities	51,619,577
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Incremental Property Tax Revenue	126,068
Total Deferred Inflows of Resources	126,068
<b>NET POSITION</b>	
Net Investment in Capital Assets	614,764
Restricted For:	
South Academy Highlands Administration Funds	195,298
Debt Service	482,356
Capital Projects	7,997,249
Unrestricted	(44,392,600)
Total Net Position	\$ (35,102,933)

See accompanying Notes to Basic Financial Statements.

**FOUNTAIN URBAN RENEWAL AUTHORITY  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2018**

		Program Revenues			Net Revenues (Expenses) and Change in Net Position
FUNCTIONS/PROGRAMS	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Primary Government:					
Governmental Activities:					
General Government	\$ 365,878	\$ -	\$ 34,404	\$ -	\$ (331,474)
Interest and Related Costs on Long-Term Debt	2,786,736	-	-	-	(2,786,736)
Dedication of Capital Assets to Other Governments	15,986	-	-	-	(15,986)
Total Governmental Activities	\$ 3,168,600	\$ -	\$ 34,404	\$ -	(3,134,196)
 <b>GENERAL REVENUES</b>					
					120,855
Incremental Property Taxes					2,081,533
Incremental Sales Taxes					80,443
Sales Tax Admin Revenue					77,183
Use Taxes					398,532
Public Improvement Fee					12,326
Public Improvement Fee Admin Revenue					600,228
Transportation Sales Taxes					232,412
Net Investment Income					3,603,512
Total General Revenues					
 <b>CHANGE IN NET POSITION</b>					
					469,316
Net Position - Beginning of Year					(35,572,249)
 <b>NET POSITION - END OF YEAR</b>					
					\$ (35,102,933)

See accompanying Notes to Basic Financial Statements.

**FOUNTAIN URBAN RENEWAL AUTHORITY  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2018**

	General	Debt Service	Capital Projects	Total Governmental Funds
<b>ASSETS</b>				
Cash and Investments	\$ 268,976	\$ -	\$ -	\$ 268,976
Cash and Investments - Restricted	599,958	4,734,569	8,008,624	13,343,151
Accounts Receivable	178	-	-	178
Accounts Receivable - County Treasurer	9	-	-	9
Public Improvement Fee Receivable	-	43,224	-	43,224
Public Improvement Admin Fee Receivable	1,337	-	-	1,337
Incremental Sales Taxes Receivable	15,850	391,393	-	407,243
Transportation Sales Taxes Receivable	-	117,418	-	117,418
Sales Tax Admin Receivable	22,185	-	-	22,185
Use Tax Receivable	5,032	-	-	5,032
Incremental Property Taxes Receivable	126,068	-	-	126,068
Prepaid Expense	8,193	-	-	8,193
	<u>\$ 1,047,786</u>	<u>\$ 5,286,604</u>	<u>\$ 8,008,624</u>	<u>\$ 14,343,014</u>
<b>Total Assets</b>				
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts Payable	\$ 36,491	\$ -	\$ 11,375	\$ 47,866
Escrow - Property Taxes	1,110	-	-	1,110
Rental Deposit	1,600	-	-	1,600
Total Liabilities	<u>39,201</u>	<u>-</u>	<u>11,375</u>	<u>50,576</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Incremental Property Tax Revenue	126,068	-	-	126,068
Total Deferred Inflows of Resources	<u>126,068</u>	<u>-</u>	<u>-</u>	<u>126,068</u>
<b>FUND BALANCES</b>				
Nonspendable:				
Prepaid Expense	8,193	-	-	8,193
Restricted:				
Debt Service	-	5,286,604	-	5,286,604
Capital Projects	-	-	7,997,249	7,997,249
South Academy Highlands				
Administration Funds	195,298	-	-	195,298
Assigned:				
Old Town Funds	4,351	-	-	4,351
Property Funds	450,484	-	-	450,484
Unassigned:				
General Government	224,191	-	-	224,191
Total Fund Balances	<u>882,517</u>	<u>5,286,604</u>	<u>7,997,249</u>	<u>14,166,370</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 1,047,786</u>	<u>\$ 5,286,604</u>	<u>\$ 8,008,624</u>	<u>\$ 14,343,014</u>

See accompanying Notes to Basic Financial Statements.

**FOUNTAIN URBAN RENEWAL AUTHORITY  
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO  
THE NET POSITION OF GOVERNMENTAL ACTIVITIES  
DECEMBER 31, 2018**

Fund Balances - Total Governmental Funds	\$ 14,166,370
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets are reported as assets on the statement of net position but are recorded as expenditures in the funds.	
Capital Assets, Net	1,950,642
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	
Bond Discount	349,056
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	(49,165,000)
Northstar Bank Line of Credit	(449,811)
CO4F Financing Fund Loan	(533,675)
RBD Loan	(80,000)
Woodmen Hall Loan	(272,392)
Accrued Interest Payable - Bonds	<u>(1,068,123)</u>
Net Position of Governmental Activities	<u><u>\$ (35,102,933)</u></u>

See accompanying Notes to Basic Financial Statements.

**FOUNTAIN URBAN RENEWAL AUTHORITY**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED DECEMBER 31, 2018**

	General	Debt Service	Capital Projects	Total Governmental Funds
<b>REVENUES</b>				
Incremental Property Taxes	\$ 120,855	\$ -	\$ -	\$ 120,855
Incremental Sales Taxes	80,774	2,000,759	-	2,081,533
Transportation Sales Taxes	-	600,228	-	600,228
Use Taxes	77,183	-	-	77,183
Sales Tax Admin Revenue	80,443	-	-	80,443
Public Improvement Fee Admin Revenue	12,326	-	-	12,326
Rental/Lease Income	30,244	-	-	30,244
Public Improvement Fee	-	398,532	-	398,532
Utility Reimbursement	4,160	-	-	4,160
Net Investment Income	4,950	84,526	142,936	232,412
Total Revenues	<u>410,935</u>	<u>3,084,045</u>	<u>142,936</u>	<u>3,637,916</u>
<b>EXPENDITURES</b>				
Current:				
Accounting	62,774	-	-	62,774
Auditing	7,450	-	-	7,450
County Treasurer's Fees	1,878	-	-	1,878
Insurance and Bonds	3,890	-	-	3,890
Legal	35,661	-	-	35,661
Miscellaneous	1,132	-	-	1,132
Other Professional Fees	695	-	-	695
Bank Fees	314	-	-	314
PIF Collections	9,550	-	-	9,550
Property Repairs and Maintenance	36,611	-	-	36,611
Trustee Fees	13,500	-	-	13,500
RFQ/Gateway	990	-	-	990
Intern/Staffing	3,065	-	-	3,065
Woodmen Hall	450,000	-	-	450,000
Closing and Other Costs of Acquisitions	4,840	-	-	4,840
Line of Credit Interest	13,615	-	-	13,615
Line of Credit Issue Costs	1,635	-	-	1,635
Loan Issue Costs	10,675	-	-	10,675
213 S. Santa Fe Acquisition	145,000	-	-	145,000
Woodmen Hall Loan Interest	3,104	-	-	3,104
Woodmen Hall Loan Principal	2,608	-	-	2,608
Demolition/Construction Costs	81,292	-	-	81,292
C4F Interest	16,010	-	-	16,010
BNSF/City - Parking Lease	2,492	-	-	2,492
Utilities	5,958	-	-	5,958
Contingency	7,470	-	-	7,470
Debt Service:				
Bond Interest - Series 2014C	-	181,450	-	181,450
Bond Interest - Series 2015A	-	2,134,638	-	2,134,638
Bond Interest - Series 2015B	-	351,050	-	351,050
Bond Principal - series 2015A	-	245,000	-	245,000
Capital Outlay				
SAH Lot 3 Berm Reduction	-	-	350,000	350,000
Road Improvements	-	-	15,986	15,986
Architectural - Curling	-	-	16,300	16,300
Financial Consultant - FURA	-	-	1,565	1,565
Total Expenditures	<u>922,209</u>	<u>2,912,138</u>	<u>383,851</u>	<u>4,218,198</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(511,274)	171,907	(240,915)	(580,282)
<b>OTHER FINANCING SOURCES (USES)</b>				
Line of Credit	96,000	-	-	96,000
RBD Loan Issuance	80,000	-	-	80,000
Woodmen Hall Loan Issuance	275,000	-	-	275,000
Transfers from Other Funds	58,335	136,931	-	195,266
Transfers to Other Funds	-	-	(195,266)	(195,266)
Total Other Financing Sources (Uses)	<u>509,335</u>	<u>136,931</u>	<u>(195,266)</u>	<u>451,000</u>
<b>NET CHANGE IN FUND BALANCES</b>	(1,939)	308,838	(436,181)	(129,282)
Fund Balances - Beginning of Year	<u>884,456</u>	<u>4,977,766</u>	<u>8,433,430</u>	<u>14,295,652</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 882,517</u>	<u>\$ 5,286,604</u>	<u>\$ 7,997,249</u>	<u>\$ 14,166,370</u>

See accompanying Notes to Basic Financial Statements.

**FOUNTAIN URBAN RENEWAL AUTHORITY  
RECONCILIATION OF THE STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2018**

Net Change in Fund Balances - Governmental Funds \$ (129,282)

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

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

Capital Outlay	978,851
Depreciation	(41,277)
Dedication of Capital Assets to Other Governments	(15,986)

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	245,000
Northstar Bank Line of Credit	(96,000)
Pikes Peak RBD Loan	(80,000)
Woodmen Hall Loan	(272,392)

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	(73,782)
Amortization of Bond Discount	(45,816)

Change in Net Position of Governmental Activities	\$ 469,316
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**FOUNTAIN URBAN RENEWAL AUTHORITY  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2018**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Incremental Property Taxes	\$ 118,459	\$ 120,855	\$ 2,396
Incremental Sales Taxes	100,000	80,774	(19,226)
Use Taxes	100,000	77,183	(22,817)
Net Investment Income	2,600	4,950	2,350
Sales Tax Admin Revenue	77,475	80,443	2,968
Public Improvement Fee Admin Revenue	12,021	12,326	305
Rental/Lease Income	115,200	30,244	(84,956)
Utility Reimbursement	4,000	4,160	160
Total Revenues	<u>529,755</u>	<u>410,935</u>	<u>(118,820)</u>
<b>EXPENDITURES</b>			
Accounting	70,000	62,774	7,226
Auditing	7,500	7,450	50
County Treasurer's Fees	1,777	1,878	(101)
Insurance and Bonds	-	3,890	(3,890)
Old Town Art Programs	4,351	-	4,351
Legal	27,000	35,661	(8,661)
Miscellaneous	200	1,132	(932)
Other Professional Fees	25,000	695	24,305
Bank Fees	1,000	314	686
PIF Collections	9,550	9,550	-
Property Repairs and Maintenance	20,000	36,611	(16,611)
Trustee Fees	13,500	13,500	-
RFQ/Gateway	-	990	(990)
Intern/Staffing	-	3,065	(3,065)
Woodmen Hall	450,000	450,000	-
Closing and Other Costs of Acquisitions	2,500	4,840	(2,340)
Line of Credit Interest	10,356	13,615	(3,259)
Line of Credit Issue Costs	-	1,635	(1,635)
Loan Issue Costs	5,000	10,675	(5,675)
213 S. Santa Fe Acquisition	145,000	145,000	-
Woodmen Hall Loan Interest	-	3,104	(3,104)
Woodmen Hall Loan Principal	-	2,608	(2,608)
Demolition/Construction Costs	40,000	81,292	(41,292)
Excell Fountain	9,000	-	9,000
C4F Interest	16,800	16,010	790
Construction Loan Interest	42,000	-	42,000
Construction Costs - Grocer Site	2,300,000	-	2,300,000
BNSF/City - Parking Lease	3,019	2,492	527
Utilities	4,000	5,958	(1,958)
Contingency	15,831	7,470	8,361
Total Expenditures	<u>3,223,384</u>	<u>922,209</u>	<u>2,301,175</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(2,693,629)	(511,274)	2,182,355
<b>OTHER FINANCING SOURCES (USES)</b>			
Line of Credit	145,000	96,000	(49,000)
Loan issuance	368,000	-	(368,000)
Construction Loan issuance	2,300,000	-	(2,300,000)
RBD Loan Issuance	40,000	80,000	40,000
Woodmen Hall Loan Issuance	-	275,000	275,000
Transfers from Other Funds	170,000	58,335	(111,665)
Total Other Financing Sources (Uses)	<u>3,023,000</u>	<u>509,335</u>	<u>(2,513,665)</u>
<b>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	329,371	(1,939)	(331,310)
Fund Balance - Beginning of Year	<u>878,994</u>	<u>884,456</u>	<u>5,462</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 1,208,365</u>	<u>\$ 882,517</u>	<u>\$ (325,848)</u>

See accompanying Notes to Basic Financial Statements.

**FOUNTAIN URBAN RENEWAL AUTHORITY  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**NOTE 1 DEFINITION OF REPORTING ENTITY**

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

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

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

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

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**Government-Wide and Fund Financial Statements**

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

The statement of net position reports all financial and capital resources of the Authority. The difference between the assets, deferred outflow of resources, liabilities, and deferred inflow of resources of the Authority is reported as net position.

**FOUNTAIN URBAN RENEWAL AUTHORITY  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Government-Wide and Fund Financial Statements (Continued)**

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

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

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

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

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

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

**FOUNTAIN URBAN RENEWAL AUTHORITY  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Budgets**

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

**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.

**FOUNTAIN URBAN RENEWAL AUTHORITY  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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.

**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.

**FOUNTAIN URBAN RENEWAL AUTHORITY  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Capital Assets (Continued)**

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

Fence	15 Years
Buildings	25 Years

**Amortization**

**Original Issue Discount**

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

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

**Deferred 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 Authority 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.

**FOUNTAIN URBAN RENEWAL AUTHORITY  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Equity (Continued)**

**Fund Balance**

Fund balance for governmental funds should be reported in classifications that comprise a hierarchy based on the extent to which the government is bound to honor constraints on the specific purposes for which spending can occur. Governmental funds report up to five classifications of fund balance: nonspendable, restricted, committed, assigned, and unassigned. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications describe the relative strength of the spending constraints:

*Nonspendable Fund Balance* – The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts or inventory) or legally or contractually required to be maintained intact.

*Restricted Fund Balance* – The portion of fund balance that is constrained to being used for a specific purpose by external parties (such as bondholders), constitutional provisions, or enabling legislation.

*Committed Fund Balance* – The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the Board of Commissioners. The constraint may be removed or changed only through formal action of the Board of Commissioners.

*Assigned Fund Balance* – The portion of fund balance that is constrained by the government's intent to be used for specific purposes, but is neither restricted nor committed. Intent is expressed by the Board of Commissioners to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.

*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, 2018, are classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash and Investments	\$ 268,976
Cash and Investments - Restricted	13,343,151
Total Cash and Investments	<u>\$ 13,612,127</u>

**FOUNTAIN URBAN RENEWAL AUTHORITY  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**NOTE 3 CASH AND INVESTMENTS (CONTINUED)**

Cash and investments as of December 31, 2018, consist of the following:

Deposits with Financial Institutions	\$ 831,514
Investments	<u>12,780,613</u>
Total Cash and Investments	<u>\$ 13,612,127</u>

**Deposits with Financial Institutions**

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

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

At December 31, 2018, the Authority's cash deposits had a bank balance of \$844,383 and a carrying balance of \$831,514.

**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.

**FOUNTAIN URBAN RENEWAL AUTHORITY  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**NOTE 3 CASH AND INVESTMENTS (CONTINUED)**

**Investments (Continued)**

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

- . Obligations of the United States, certain U.S. government agency securities, and securities of the World Bank
- . General obligation and revenue bonds of U.S. local government entities
- . Certain certificates of participation
- . Certain 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, 2018, the Authority had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Colorado Surplus Asset Trust Fund (CSAFE)	Weighted Average under 60 Days	\$ 12,742,045
Colorado Local Government Liquid Asset Trust (COLOTRUST)	Weighted Average Under 60 Days	38,568
Total		<u>\$ 12,780,613</u>

**CSAFE**

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

**FOUNTAIN URBAN RENEWAL AUTHORITY  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**NOTE 3 CASH AND INVESTMENTS (CONTINUED)**

**COLOTRUST**

The Authority invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST) (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to \$1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and 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 Authority records its investment in COLOTRUST at net asset value as determined by fair value. There are no unfunded commitments, the redemption frequency is daily, and there is no redemption notice period.

**FOUNTAIN URBAN RENEWAL AUTHORITY  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**NOTE 4 CAPITAL ASSETS**

An analysis of the changes in capital assets for the year ended December 31, 2018 follows:

	Balance at December 31, 2017	Increases	Decreases	Balance at December 31, 2018
<b><u>Governmental Activities:</u></b>				
Capital Assets, Not Being Depreciated:				
Construction in Progress	\$ -	\$ 383,851	\$ 15,986	\$ 367,865
Land - 212 West Illinois Ave	69,433	-	-	69,433
Land - 217 Santa Fe Ave	21,503	-	-	21,503
Land - 221 Santa Fe Ave	34,549	-	-	34,549
Land - Ransom Hwy 85	58,763	-	-	58,763
Land - 213 S Santa Fe Ave	-	74,337	-	74,337
Land - 102 N Main St	-	39,313	-	39,313
Total Capital Assets, Not Being Depreciated	184,248	497,501	15,986	665,763
Capital Assets, Being Depreciated:				
Bldg - 212 West Illinois Ave	207,835	-	-	207,835
Bldg - 217 Santa Fe Ave	144,939	-	-	144,939
Bldg - 221 Santa Fe Ave	419,156	-	-	419,156
Bldg - Ransom Hwy 85	92,535	-	-	92,535
Bldg - 213 S Santa Fe Ave	-	70,663	-	70,663
Bldg - 102 N Main St	-	410,687	-	410,687
Total Capital Assets, Being Depreciated	864,465	481,350	-	1,345,815
Less Accumulated Depreciation for:				
Bldg - 212 West Illinois Ave	(8,314)	(8,313)	-	(16,627)
Bldg - 217 Santa Fe Ave	(4,831)	(5,798)	-	(10,629)
Bldg - 221 Santa Fe Ave	(5,589)	(16,766)	-	(22,355)
Bldg - Ransom Hwy 85	(925)	(3,702)	-	(4,627)
Bldg - 213 S Santa Fe Ave	-	(2,591)	-	(2,591)
Bldg - 102 N Main St	-	(4,107)	-	(4,107)
Total Accumulated Depreciation	(19,659)	(41,277)	-	(60,936)
Total Capital Assets, Being Depreciated, Net	844,806	440,073	-	1,284,879
Governmental Activities Capital Assets, Net	<u>\$ 1,029,054</u>	<u>\$ 937,574</u>	<u>\$ 15,986</u>	<u>\$ 1,950,642</u>

During 2018, certain capital assets constructed or acquired by the Authority 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 BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**NOTE 5 LONG-TERM OBLIGATIONS**

The following is an analysis of changes in the Authority's long-term obligations for the year ended December 31, 2018:

	Balance December 31, 2017	Additions	Deletions	Balance December 31, 2018	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	41,540,000	-	245,000	41,295,000	-
Taxable Public Improvement Fee Refunding Bonds - Series 2015B	5,015,000	-	-	5,015,000	-
Northstar Bank Line of Credit	353,811	96,000	-	449,811	-
CO4F Financing Fund Loan	533,675	-	-	533,675	-
Pikes Peak Regional Building Department Loan	-	80,000	-	80,000	-
Independence Bank - Woodmen Hall Loan	-	275,000	2,608	272,392	-
Total	<u>\$ 50,297,486</u>	<u>\$ 451,000</u>	<u>\$ 247,608</u>	<u>\$ 50,500,878</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.

**FOUNTAIN URBAN RENEWAL AUTHORITY  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)**

**South Academy Highlands Project Bonds, Series 2014A – D (Continued)**

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

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

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

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

**South Academy Highlands Project Bonds, Series 2015A – B**

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

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

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

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

**FOUNTAIN URBAN RENEWAL AUTHORITY  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)**

**South Academy Highlands Project Bonds, Series 2015A – B (Continued)**

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 40<sup>th</sup> calendar day preceding each interest payment date; therefore a schedule amortization has not been included.

**Northstar Bank Line of Credit Loan**

On January 17, 2017, the Authority entered into a nondisclosable 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, 2020. As of December 31, 2018, the outstanding balance owed by the Authority is \$449,811.

**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 five years. Interest is only due quarterly for the loan term. All principal and accrued interest is due at loan maturity.

**Pikes Peak Regional Building Department Loan**

On April 30, 2018, the City entered into a Loan Agreement with the Pikes Peak regional Building Department (PPRBD). Pursuant to the Agreement, PPRBD agreed to loan the City \$80,000 for costs of demolition and removing the buildings located at 221 S. Santa Fe, Fountain, Colorado; 217 S. Santa Fe, Fountain, Colorado; 213 S. Santa Fe, Fountain, Colorado; and 306 W. Missouri Avenue, Fountain, Colorado. The City will repay the loan as soon as possible from assessments against the properties or other payments received from property owners. In no case shall the term of the loan exceed 5 years unless extended by mutual agreement of the parties in writing. There will be no interest on the loan for the first year from the date of the Agreement. Upon the day following the end of the first year, the loan will accrue simple interest at the rate of 4% until repaid in full.

On April 30, 2018, the loan was assigned from the City to the Authority. On July 27, 2018, the Authority received \$80,000 on this loan.

**FOUNTAIN URBAN RENEWAL AUTHORITY  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)**

**Independence Bank – Woodmen Hall Loan**

On September 28, 2018, the Authority entered into a Loan Agreement with Independence Bank Mortgage in the amount of \$275,000, for the property purchase at 102 Main Street North (Woodmen Hall). The loan, which matures on September 28, 2028, is payable monthly at the annual interest rate of 5.5% for the first 60 months, at which time the rate will adjust to the WSJ Prime rate plus 0.5% and be fixed at that rate for the remaining 60 months. Monthly payments of principal and interest are based on a 20-year amortization. The Loan is collateralized with the first deed of trust and assignment of leases and rents on Woodmen Hall. Under the terms of the Loan the Authority is required to maintain continuous insurance on the property. Beginning on December 31, 2019, a Debt Service Coverage of 1.25x is required for the Loan.

**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, 2018, the Authority had net investment in capital assets calculated as follows:

Net Investment in Capital Assets:	
Capital Assets, Net	\$ 1,950,642
Less: Capital Related Debt	
Long-Term Portion of Obligations	<u>(1,335,878)</u>
Net Investment in Capital Assets	<u>\$ 614,764</u>

Restricted net position consists of assets that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The Authority had a restricted net position as of December 31, 2018, as follows:

Restricted Net Position:	
South Academy Highlands Administration Funds	\$ 195,298
Debt Service	482,356
Capital Projects Fund Reserve	<u>7,997,249</u>
Total Restricted Net Position	<u>\$ 8,674,903</u>

The Authority's unrestricted net position as of December 31, 2018 is a deficit. This deficit amount is a result of the Authority being responsible for the repayment of bonds issued for public improvements, of which a significant portion of these improvements were conveyed to other governmental entities and which costs were removed from the Authority's financial records.

**FOUNTAIN URBAN RENEWAL AUTHORITY  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**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. The transfer from the Capital Projects Fund to the General Fund was for reimbursement on costs related to the Project.

**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.

The Authority is a member of the Colorado Special Districts Property and Liability Pool (the Pool). The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials' liability, boiler and machinery, and workers' compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years.

The Authority pays annual premiums to the Pool for liability, property and public officials' liability coverage. In the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool, the Pool may require additional contributions from the Pool members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula.

**FOUNTAIN URBAN RENEWAL AUTHORITY  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**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.

## **SUPPLEMENTARY INFORMATION**

**FOUNTAIN URBAN RENEWAL AUTHORITY  
DEBT SERVICE FUND  
SERIES 2014C  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2018**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive – (Negative)
<b>REVENUES</b>			
Incremental Sales Taxes	\$ 203,200	\$ 200,193	\$ (3,007)
Public Improvement Fee	32,200	43,047	10,847
Net Investment Income	750	1,025	275
Total Revenues	<u>236,150</u>	<u>244,265</u>	<u>8,115</u>
<b>EXPENDITURES</b>			
Bond Interest - Series 2014C	<u>236,000</u>	<u>181,450</u>	<u>54,550</u>
Total Expenditures	<u>236,000</u>	<u>181,450</u>	<u>54,550</u>
<b>NET CHANGE IN FUND BALANCES</b>	150	62,815	62,665
Fund Balance - Beginning of Year	<u>78,191</u>	<u>27,647</u>	<u>(50,544)</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 78,341</u>	<u>\$ 90,462</u>	<u>\$ 12,121</u>

**FOUNTAIN URBAN RENEWAL AUTHORITY  
DEBT SERVICE FUND  
SERIES 2015A  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2018**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Incremental Sales Taxes	\$ 2,379,300	\$ 1,800,566	\$ (578,734)
Transportation Sales Taxes	-	600,228	600,228
Net Investment Income	40,000	72,987	32,987
Total Revenues	<u>2,419,300</u>	<u>2,473,781</u>	<u>54,481</u>
<b>EXPENDITURES</b>			
Bond Interest - Series 2015A	2,135,875	2,134,638	1,237
Bond Principal - Series 2015A	335,000	245,000	90,000
Contingency	4,125	-	4,125
Total Expenditures	<u>2,475,000</u>	<u>2,379,638</u>	<u>95,362</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(55,700)	94,143	149,843
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers from Other Funds	40,000	136,931	96,931
Total Other Financing Sources (Uses)	<u>40,000</u>	<u>136,931</u>	<u>96,931</u>
<b>NET CHANGE IN FUND BALANCES</b>	(15,700)	231,074	246,774
Fund Balance - Beginning of Year	<u>4,222,091</u>	<u>4,338,674</u>	<u>116,583</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 4,206,391</u>	<u>\$ 4,569,748</u>	<u>\$ 363,357</u>

**FOUNTAIN URBAN RENEWAL AUTHORITY  
DEBT SERVICE FUND  
SERIES 2015B  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2018**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive – (Negative)
<b>REVENUES</b>			
Public Improvement Fee	\$ 368,500	\$ 355,485	\$ (13,015)
Net Investment Income	6,000	10,514	4,514
Total Revenues	<u>374,500</u>	<u>365,999</u>	<u>(8,501)</u>
<b>EXPENDITURES</b>			
Bond Interest - Series 2015B	373,575	351,050	22,525
Bond Principal - Series 2015B	5,000	-	5,000
Contingency	5,425	-	5,425
Total Expenditures	<u>384,000</u>	<u>351,050</u>	<u>32,950</u>
<b>NET CHANGE IN FUND BALANCES</b>	(9,500)	14,949	24,449
Fund Balance - Beginning of Year	<u>610,987</u>	<u>611,445</u>	<u>458</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 601,487</u>	<u>\$ 626,394</u>	<u>\$ 24,907</u>

**FOUNTAIN URBAN RENEWAL AUTHORITY  
CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2018**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Net Investment Income	\$ 40,000	\$ 142,936	\$ 102,936
Total Revenues	<u>40,000</u>	<u>142,936</u>	<u>102,936</u>
<b>EXPENDITURES</b>			
Legal Service	8,000	-	8,000
SAH Lot 3 Berm Reduction	-	350,000	(350,000)
Road Improvements	2,548,500	15,986	2,532,514
Curling Facility - Construction Costs	2,300,000	-	2,300,000
Developer Fee	300,000	-	300,000
Architectural - Curling	12,925	16,300	(3,375)
Floor and Refrigeration - Curling	17,320	-	17,320
Architectural - F&B	22,500	-	22,500
Operating Pro-foma - Curling	2,000	-	2,000
Financial Consultant - FURA	15,400	1,565	13,835
Contingency	7,815	-	7,815
Capital Projects - Phase II	2,330,090	-	2,330,090
Total Expenditures	<u>7,564,550</u>	<u>383,851</u>	<u>7,180,699</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(7,524,550)	(240,915)	7,283,635
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers to Other Funds	(210,000)	(195,266)	14,734
Total Other Financing Sources (Uses)	<u>(210,000)</u>	<u>(195,266)</u>	<u>14,734</u>
<b>NET CHANGE IN FUND BALANCES</b>	(7,734,550)	(436,181)	7,298,369
Fund Balance - Beginning of Year	<u>8,234,550</u>	<u>8,433,430</u>	<u>198,880</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 500,000</u>	<u>\$ 7,997,249</u>	<u>\$ 7,497,249</u>

**FOUNTAIN URBAN RENEWAL AUTHORITY  
SUMMARY OF INCREMENTAL ASSESSED VALUATION, MILL LEVY, AND  
INCREMENTAL PROPERTY TAXES COLLECTED  
DECEMBER 31, 2018**

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	
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%
2018	21,515,670	19,432,912	2,082,758	59.999	124,963	120,855	96.71%
Estimated for the year ending December 31, 2019	\$ 21,073,130	\$ 18,994,760	\$ 2,078,370	60.657	\$ 126,068		

**NOTE:**

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