

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

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2019

**FOUNTAIN URBAN RENEWAL AUTHORITY
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2019**

INDEPENDENT AUDITOR’S REPORT	1
BASIC FINANCIAL STATEMENTS	
GOVERNMENT-WIDE FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION	1
STATEMENT OF ACTIVITIES	2
FUND FINANCIAL STATEMENTS	
BALANCE SHEET – GOVERNMENTAL FUNDS	3
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE NET POSITION OF GOVERNMENTAL ACTIVITIES	4
STATEMENT OF REVENUES EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS	5
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	6
GENERAL FUND – STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL	7
NOTES TO BASIC FINANCIAL STATEMENTS	8
SUPPLEMENTARY INFORMATION	
DEBT SERVICE FUND – SERIES 2014C – SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL	27
DEBT SERVICE FUND – SERIES 2015A – SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL	28
DEBT SERVICE FUND – SERIES 2015B – SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL	29
CAPITAL PROJECTS FUND – SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL	30
SUMMARY OF INCREMENTAL ASSESSED VALUATION, MILL LEVY, AND INCREMENTAL PROPERTY TAXES COLLECTED	31



INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
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 (“District”), a component unit of the City of Fountain, Colorado, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the District’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 District as of December 31, 2019, and 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 District'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 28, 2020

BASIC FINANCIAL STATEMENTS

**FOUNTAIN URBAN RENEWAL AUTHORITY
STATEMENT OF NET POSITION
DECEMBER 31, 2019**

	Governmental Activities
ASSETS	
Cash and Investments	\$ 290,686
Cash and Investments - Restricted	11,858,148
Public Improvement Fee Receivable	79,401
Public Improvement Admin Fee Receivable	2,456
Incremental Sales Taxes Receivable	352,926
Transportation Sales Taxes Receivable	105,878
Sales Tax Admin Receivable	14,190
Use Tax Receivable	1,487
Incremental Property Taxes Receivable	140,229
Prepaid Expense	7,610
Capital Assets, Not Being Depreciated	1,582,612
Capital Assets, Net	1,388,577
Total Assets	15,824,200
DEFERRED OUTFLOWS OF RESOURCES	
Bond Discount	305,176
Total Deferred Outflows of Resources	305,176
LIABILITIES	
Accounts Payable	22,188
Rental Deposit	1,350
Deferred Revenue - Prepaid Rent	950
Accrued Interest Payable - Bonds	1,305,632
Accrued Interest Payable - Loan	2,133
Noncurrent Liabilities:	
Due in More Than One Year	49,693,996
Total Liabilities	51,026,249
DEFERRED INFLOWS OF RESOURCES	
Incremental Property Tax Revenue	140,229
Total Deferred Inflows of Resources	140,229
NET POSITION	
Net Investment in Capital Assets	1,642,193
Restricted For:	
South Academy Highlands Administration Funds	141,591
Debt Service	143,957
Capital Projects	6,609,589
Unrestricted	(43,574,432)
Total Net Position	\$ (35,037,102)

See accompanying Notes to Basic Financial Statements.

**FOUNTAIN URBAN RENEWAL AUTHORITY
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2019**

	Program Revenues			Net Revenues (Expenses) and Change in Net Position
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
FUNCTIONS/PROGRAMS				
Primary Government:				
Governmental Activities:				
General Government	\$ 245,828	\$ -	\$ 29,639	\$ -
Interest and Related Costs on Long-Term Debt	3,021,868	-	-	-
Dedication of Capital Assets to Other Governments	501,138	-	-	-
Total Governmental Activities	\$ 3,768,834	\$ -	\$ 29,639	\$ -
GENERAL REVENUES				
Incremental Property Taxes				126,214
Incremental Sales Taxes				2,158,825
Sales Tax Admin Revenue				84,834
Use Taxes				88,838
Public Improvement Fee				419,750
Public Improvement Fee Admin Revenue				12,982
Transportation Sales Taxes				632,994
Other Revenue				36,459
Net Investment Income				244,130
Total General Revenues				3,805,026
CHANGE IN NET POSITION				65,831
Net Position - Beginning of Year				(35,102,933)
NET POSITION - END OF YEAR				\$ (35,037,102)

See accompanying Notes to Basic Financial Statements.

**FOUNTAIN URBAN RENEWAL AUTHORITY
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2019**

	General	Debt Service	Capital Projects	Total Governmental Funds
ASSETS				
Cash and Investments	\$ 290,686	\$ -	\$ -	\$ 290,686
Cash and Investments - Restricted	601,050	4,647,509	6,609,589	11,858,148
Public Improvement Fee Receivable	-	79,401	-	79,401
Public Improvement Admin Fee Receivable	2,456	-	-	2,456
Incremental Sales Taxes Receivable	-	352,926	-	352,926
Transportation Sales Taxes Receivable	-	105,878	-	105,878
Sales Tax Admin Receivable	14,190	-	-	14,190
Use Tax Receivable	1,487	-	-	1,487
Incremental Property Taxes Receivable	140,229	-	-	140,229
Prepaid Expense	7,610	-	-	7,610
	\$ 1,057,708	\$ 5,185,714	\$ 6,609,589	\$ 12,853,011
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 22,188	\$ -	\$ -	\$ 22,188
Deferred Revenue - Prepaid Rent	950	-	-	950
Rental Deposit	1,350	-	-	1,350
Total Liabilities	24,488	-	-	24,488
DEFERRED INFLOWS OF RESOURCES				
Incremental Property Tax Revenue	140,229	-	-	140,229
Total Deferred Inflows of Resources	140,229	-	-	140,229
FUND BALANCES				
Nonspendable:				
Prepaid Expense	7,610	-	-	7,610
Restricted:				
Debt Service	-	5,185,714	-	5,185,714
Capital Projects	-	-	6,609,589	6,609,589
South Academy Highlands				
Administration Funds	141,591	-	-	141,591
Assigned:				
Old Town Funds	4,352	-	-	4,352
Property Funds	474,358	-	-	474,358
Unassigned:				
General Government	265,080	-	-	265,080
Total Fund Balances	892,991	5,185,714	6,609,589	12,688,294
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 1,057,708	\$ 5,185,714	\$ 6,609,589	\$ 12,853,011

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, 2019**

Fund Balances - Total Governmental Funds	\$ 12,688,294
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	2,971,189
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	
Bond Discount	305,176
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	(48,365,000)
Northstar Bank - Line of Credit	(449,811)
CO4F Financing Fund Loan	(533,675)
RBD Loan	(80,000)
Woodman Hall Loan	(265,510)
Accrued Interest Payable - Bonds	(1,305,632)
Accrued Interest Payable - Loan	<u>(2,133)</u>
Net Position of Governmental Activities	<u><u>\$ (35,037,102)</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, 2019

	General	Debt Service	Capital Projects	Total Governmental Funds
REVENUES				
Incremental Property Taxes	\$ 126,214	\$ -	\$ -	\$ 126,214
Incremental Sales Taxes	48,845	2,109,980	-	2,158,825
Transportation Sales Taxes	-	632,994	-	632,994
Use Taxes	88,838	-	-	88,838
Sales Tax Admin Revenue	84,834	-	-	84,834
Public Improvement Fee Admin Revenue	12,982	-	-	12,982
Rental/Lease Income	29,639	-	-	29,639
Public Improvement Fee	-	419,750	-	419,750
Other Revenue	36,459	-	-	36,459
Net Investment Income	4,589	97,599	141,942	244,130
Total Revenues	<u>432,400</u>	<u>3,260,323</u>	<u>141,942</u>	<u>3,834,665</u>
EXPENDITURES				
Current:				
Accounting	71,252	-	-	71,252
Auditing	7,500	-	-	7,500
County Treasurer's Fees	1,894	-	-	1,894
Insurance and Bonds	5,315	-	-	5,315
Legal	18,970	-	10,000	28,970
Miscellaneous	507	-	-	507
Other Professional Fees	431	-	-	431
Bank Fees	238	-	-	238
PIF Collections	9,835	-	-	9,835
Trustee Fees	13,500	-	-	13,500
Intern/Staffing	10,812	-	-	10,812
Property Repairs and Maintenance - Woodman Hall	2,199	-	-	2,199
Property Repairs and Maintenance - Illinois	163,670	-	-	163,670
Line of Credit Interest	12,001	-	-	12,001
Woodman Hall Loan Interest	16,348	-	-	16,348
Woodman Hall Loan Principal	6,882	-	-	6,882
C4F Interest	16,210	-	-	16,210
BNSF/City - Parking Lease	4,276	-	-	4,276
Property Management - Woodman Hall	1,985	-	-	1,985
Woodman Hall EDA Renovation	12,514	-	-	12,514
Utilities	13,865	-	-	13,865
Contingency	1,276	-	-	1,276
Debt Service:				
Bond Interest - Series 2014C	-	238,100	-	238,100
Bond Interest - Series 2015A	-	2,116,638	-	2,116,638
Bond Interest - Series 2015B	-	351,050	-	351,050
Bond Principal - series 2015A	-	800,000	-	800,000
Capital Outlay				
Road Improvements	-	-	501,138	501,138
Capital Projects - Phase II	-	-	885,264	885,264
Architectural - Curling	-	-	18,425	18,425
Financial Consultant - FURA	-	-	646	646
Total Expenditures	<u>391,480</u>	<u>3,505,788</u>	<u>1,415,473</u>	<u>5,312,741</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	40,920	(245,465)	(1,273,531)	(1,478,076)
OTHER FINANCING SOURCES (USES)				
Transfers from Other Funds	-	144,575	30,446	175,021
Transfers to Other Funds	(30,446)	-	(144,575)	(175,021)
Total Other Financing Sources (Uses)	<u>(30,446)</u>	<u>144,575</u>	<u>(114,129)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	10,474	(100,890)	(1,387,660)	(1,478,076)
Fund Balances - Beginning of Year	<u>882,517</u>	<u>5,286,604</u>	<u>7,997,249</u>	<u>14,166,370</u>
FUND BALANCES - END OF YEAR	<u>\$ 892,991</u>	<u>\$ 5,185,714</u>	<u>\$ 6,609,589</u>	<u>\$ 12,688,294</u>

See accompanying Notes to Basic Financial Statements.

**FOUNTAIN URBAN RENEWAL AUTHORITY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2019**

Net Change in Fund Balances - Governmental Funds \$ (1,478,076)

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	1,578,732
Depreciation	(57,047)
Dedication of Capital Assets to Other Governments	(501,138)

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	800,000
Woodman Hall Loan	6,882

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	(237,509)
Accrued Interest on Loan Payable	(2,133)
Amortization of Bond Discount	(43,880)
	(43,880)

Change in Net Position of Governmental Activities \$ 65,831

**FOUNTAIN URBAN RENEWAL AUTHORITY
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2019**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Incremental Property Taxes	\$ 125,274	\$ 126,214	\$ 940
Incremental Sales Taxes	80,000	48,845	(31,155)
Use Taxes	150,000	88,838	(61,162)
Net Investment Income	3,300	4,589	1,289
Sales Tax Admin Revenue	63,390	84,834	21,444
Public Improvement Fee Admin Revenue	12,600	12,982	382
Other Revenue	15,000	36,459	21,459
Rental/Lease Income	102,000	29,639	(72,361)
Event Rental Income	15,000	-	(15,000)
Total Revenues	<u>566,564</u>	<u>432,400</u>	<u>(134,164)</u>
EXPENDITURES			
Accounting	85,000	71,252	13,748
Auditing	7,500	7,500	-
County Treasurer's Fees	1,879	1,894	(15)
Insurance and Bonds	4,000	5,315	(1,315)
Legal	82,000	18,970	63,030
Miscellaneous	500	507	(7)
Other Professional Fees	25,000	431	24,569
Bank Fees	1,000	238	762
PIF Collections	9,835	9,835	-
Trustee Fees	13,500	13,500	-
Intern/Staffing	17,000	10,812	6,188
Property Repairs and Maintenance - Woodman Hall	10,000	2,199	7,801
Property Repairs and Maintenance - Illinois	35,000	163,670	(128,670)
Line of Credit Interest	13,000	12,001	999
Loan Issue Costs	5,000	-	5,000
Woodman Hall Loan Interest	14,500	16,348	(1,848)
Woodman Hall Loan Principal	8,500	6,882	1,618
Excell Fountain	9,000	-	9,000
RBD Loan Interest	3,200	-	3,200
C4F Interest	16,800	16,210	590
Construction Loan Interest	42,000	-	42,000
Construction Costs - Grocer Site	2,500,000	-	2,500,000
BNSF/City - Parking Lease	3,200	4,276	(1,076)
Property Management - Woodman Hall	26,160	1,985	24,175
Woodman Hall EDA Renovation	55,000	12,514	42,486
Utilities	10,000	13,865	(3,865)
Contingency	15,000	1,276	13,724
Total Expenditures	<u>3,013,574</u>	<u>391,480</u>	<u>2,622,094</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(2,447,010)	40,920	2,487,930
OTHER FINANCING SOURCES (USES)			
Construction Loan Issuance	2,500,000	-	(2,500,000)
Transfers to Other Funds	-	(30,446)	(30,446)
Total Other Financing Sources (Uses)	<u>2,500,000</u>	<u>(30,446)</u>	<u>(2,530,446)</u>
NET CHANGE IN FUND BALANCE	52,990	10,474	(42,516)
Fund Balance - Beginning of Year	<u>961,963</u>	<u>882,517</u>	<u>(79,446)</u>
FUND BALANCE - END OF YEAR	<u>\$ 1,014,953</u>	<u>\$ 892,991</u>	<u>\$ (121,962)</u>

See accompanying Notes to Basic Financial Statements.

**FOUNTAIN URBAN RENEWAL AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

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, 2019**

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, 2019**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets

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

The District has amended its annual budget for the year ended December 31, 2019.

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, 2019**

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 1.25%
- 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, 2019**

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
Property Improvements	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, 2019**

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, 2019, are classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash and Investments	\$ 290,686
Cash and Investments - Restricted	11,858,148
Total Cash and Investments	<u>\$ 12,148,834</u>

**FOUNTAIN URBAN RENEWAL AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Cash and investments as of December 31, 2019, consist of the following:

Deposits with Financial Institutions	\$ 2,671,170
Investments	<u>9,477,664</u>
Total Cash and Investments	<u><u>\$ 12,148,834</u></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, 2019, the Authority's cash deposits had a bank balance of \$2,671,665 and a carrying balance of \$2,671,170.

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, 2019**

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, 2019, 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	\$ 9,425,030
Colorado Local Government Liquid Asset Trust (COLOTRUST)	Weighted Average Under 60 Days	52,634
Total		<u>\$ 9,477,664</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, 2019**

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, 2019**

NOTE 4 CAPITAL ASSETS

An analysis of the changes in capital assets for the year ended December 31, 2019 follows:

	Balance at December 31, 2018	Increases	Decreases	Balance at December 31, 2019
<u>Governmental Activities:</u>				
Capital Assets, Not Being Depreciated:				
Construction in Progress	\$ 367,865	\$ 1,417,987	\$ 501,138	\$ 1,284,714
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	665,763	1,417,987	501,138	1,582,612
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
Impr - 212 West Illinois Ave	-	160,745	-	160,745
Total Capital Assets, Being Depreciated	1,345,815	160,745	-	1,506,560
Less Accumulated Depreciation for:				
Bldg - 212 West Illinois Ave	(16,627)	(8,313)	-	(24,940)
Bldg - 217 Santa Fe Ave	(10,629)	(5,798)	-	(16,427)
Bldg - 221 Santa Fe Ave	(22,355)	(16,766)	-	(39,121)
Bldg - Ransom Hwy 85	(4,627)	(3,701)	-	(8,328)
Bldg - 213 S Santa Fe Ave	(2,591)	(2,827)	-	(5,418)
Bldg - 102 N Main St	(4,107)	(16,427)	-	(20,534)
Impr - 212 West Illinois Ave	-	(3,215)	-	(3,215)
Total Accumulated Depreciation	(60,936)	(57,047)	-	(117,983)
Total Capital Assets, Being Depreciated, Net	1,284,879	103,698	-	1,388,577
Governmental Activities Capital Assets, Net	<u>\$ 1,950,642</u>	<u>\$ 1,521,685</u>	<u>\$ 501,138</u>	<u>\$ 2,971,189</u>

During 2019, 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, 2019**

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, 2019:

	Balance December 31, 2018	Additions	Deletions	Balance December 31, 2019	Due Within One Year
Bonds Payable:					
Tax Increment Revenue Refunding and Improvement Bonds - Series 2015A	\$ 41,295,000	\$ -	\$ 800,000	\$ 40,495,000	\$ -
Taxable Public Improvement Fee Refunding Bonds - Series 2015B	5,015,000	-	-	5,015,000	-
Subtotal of Bonds Payable	46,310,000	-	800,000	45,510,000	-
Bonds/Notes/Loans From Direct					
Borrowings and Direct Placements:					
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	-
Northstar Bank - Line of Credit	449,811	-	-	449,811	-
CO4F Financing Fund Loan	533,675	-	-	533,675	-
Pikes Peak Regional Building Department Loan	80,000	-	-	80,000	-
Independence Bank - Woodman Hall Loan	272,392	-	6,882	265,510	-
Subtotal of Bonds/Notes/Loans From Direct					
Borrowings and Direct Placements	4,190,878	-	6,882	4,183,996	-
Total Long-Term Obligations	\$ 50,500,878	\$ -	\$ 806,882	\$ 49,693,996	\$ -

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

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

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

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.

**FOUNTAIN URBAN RENEWAL AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

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

The 2015A Bonds 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.

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

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

**FOUNTAIN URBAN RENEWAL AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

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

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.

Events of Default

Upon the occurrence of any of the following Events of Default, the Trustee may pursue any available remedy at law or in equity to enforce the payment of the principal of and interest on the outstanding bonds; provided that acceleration shall not be a remedy available to enforce such payment:

- 1) Failure to pay when due the interest on any of the bonds;
- 2) Failure to deposit with Trustee all pledged revenues or apply the same as required by the Indenture;
- 3) A material default of performance or observance by the Authority of any other of the covenants or agreements on the part of the Authority set forth in the Indenture;
- 4) A material default in the performance or observance by the Authority of any of the covenants or agreements on the part of the Authority contained in the Cooperation Agreement or the PIF Collection Agreement;
- 5) Failure of the Authority to cooperate in the enforcement of the Cooperation Agreement upon a material default by the City thereunder, if such material default could result in impairing or diminishing the collection or amount of the Outparcel Sales Tax TIF Revenues;
- 6) Failure of the Authority to cooperate in the enforcement of the PIF Covenant and/or the PIF Collection Agreement upon failure of the party obligated thereunder, respectively, to pay the Outparcel Add-On PIF Revenues to the Authority (or the Trustee on behalf of the Authority);
- 7) Event of bankruptcy has occurred with respect to the Authority.

The Trustee may, with the consent of the Owners, waive any Event of Default and its consequences; provided, however, that there shall not be waived any Event of Default in the payment of the principal of or interest on any outstanding bonds unless prior to such waiver, all arrears of principal and interest, and all expenses of the Trustee in connection with such Event of Default shall have been paid or provided for.

**FOUNTAIN URBAN RENEWAL AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

**Tax Increment and Public Improvement Fee Taxable Revenue Bonds, Series 2014C
and Public Improvement Fee Taxable Revenue Bonds, Series 2014D (Continued)**

Events of Default (Continued)

No waiver of an Event of Default hereunder, whether by the Trustee or by the Owners, shall extend to or shall affect any subsequent Event of Default or shall impair any rights or remedies consequent thereon.

Northstar Bank – Line of Credit

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, 2021. As of December 31, 2019, the outstanding balance owed by the Authority is \$449,811.

An Assignment of Deposit Account was executed between the Authority and Northstar Bank (Lender). Pursuant to the agreement, the Authority assigns and grants to the Lender a security interest and the collateral, including without limitation the 12-month Certificate of Deposit (CD or Collateral), to secure the indebtedness and agrees that the Lender shall have the rights stated in the agreement with respect to the Collateral, in addition to all the rights which the Lender may have by law.

Events of Default

Upon the occurrence of any one of the following Events of Default, the Lender may exercise its rights and remedies indicated in the agreement, in addition to any rights or remedies that may be available at law, in equity, or otherwise:

- 1) Failure to make any payment when due;
- 2) Failure to comply with or to perform any other term, obligation, covenant or condition contained in the agreement with the Lender;
- 3) Authority defaults under any loan, extension of credit, security agreement, purchase or sales agreement, or any other agreement, in favor of any other creditor or person that may materially affect any of the Authority's property or ability to perform its obligations under the agreement;
- 4) Any warranty, representation or statement made or furnished by the Authority to the Lender is false or misleading in any material respect, either now or at the time made or furnished or becomes false or misleading at any time thereafter;
- 5) Agreement between Authority and the Lender ceases to be in full force and effect (including failure of any collateral document to create a valid and perfected security interest or lien) at any time and for any reason;
- 6) Insolvency of Authority, the appointment of a receiver for any part of the Authority's property, any assignment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against the Authority.
- 7) Commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of the Authority or by any government agency against any collateral securing the indebtedness. This includes a garnishment of any of the Authority's accounts, including the CD, with the lender. However, this Event of Default shall not apply if

**FOUNTAIN URBAN RENEWAL AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Northstar Bank – Line of Credit (Continued)

Events of Default (Continued)

- there is a good faith dispute by the Authority as to the validity or reasonableness of the claim which is the basis of the creditor or the forfeiture proceeding and if the Authority gives the Lender written notice of the creditor or forfeiture proceeding and deposits with the Lender monies or a surety bond for the creditor or forfeiture proceeding, in an amount determined by the Lender, in its sole discretion, as being an adequate reserve or bond for the dispute;
- 8) Any of the preceding events occurs with respect to any guarantor, endorser, surety, or accommodation party of any of the indebtedness or guarantor, endorser, surety, or accommodation party dies or becomes incompetent or revokes or disputes the validity of, or liability under, any guaranty of the indebtedness;
 - 9) A material adverse change occurs in the Authority's financial condition, or the Lender believes the prospect of payment or performance of the indebtedness is impaired;
 - 10) If any default, other than a default in payment, is curable and if the Authority has not been given a notice of a breach of the agreement within the preceding 12 months, it may be cured if the Authority, after the Lender sends written notice to the Authority demanding sure of such default: (a) cures the default within 20 days; or (b) if the cure requires for than 20 days, immediately initiates steps which the Lender deems in its sole discretion to the sufficient to cure the default and thereafter continues and completes all reasonable and necessary steps sufficient to produce compliance as on as reasonably practical.

Colorado Fresh Food Financing Fund (CO4F) Loan

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, 2019**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Independence Bank – Woodman 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 (Woodman 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 Woodman 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. As of December 31, 2019, the Authority had sufficient funds to cover the required Debt Service Coverage in the amount of \$331,888.

Events of Default

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

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, 2019, the Authority had net investment in capital assets calculated as follows:

Net Investment in Capital Assets:	
Capital Assets, Net	\$ 2,971,189
Less: Capital Related Debt	
Long-Term Portion of Obligations	(1,328,996)
Net Investment in Capital Assets	<u>\$ 1,642,193</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, 2019, as follows:

Restricted Net Position:	
South Academy Highlands Administration Funds	\$ 141,591
Debt Service	143,957
Capital Projects Fund Reserve	6,609,589
Total Restricted Net Position	<u>\$ 6,895,137</u>

**FOUNTAIN URBAN RENEWAL AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 6 NET POSITION (CONTINUED)

The Authority's unrestricted net position as of December 31, 2019 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.

NOTE 7 INTERFUND TRANSFERS

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

NOTE 8 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.

NOTE 9 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.

**FOUNTAIN URBAN RENEWAL AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 10 SUBSEQUENT EVENTS

Subsequent to year end, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the Authority, the impact of COVID-19 could be a potential decline or reduction in sales tax increment and public improvement fee revenues in 2020. Sales tax increment and public improvement fee revenues are pledged to pay debt service on the Series 2014C, Series 2014D, Series 2015A and Series 2015B Bonds, and fund the General Fund. This financial impact is not reflected in the financial statements as of and for the year ended December 31, 2019 as these events occurred subsequent to year end. Management believes the Authority is taking appropriate actions to mitigate this negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events occurred subsequent to year end and are still developing.

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, 2019**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Incremental Sales Taxes	\$ 200,000	\$ 221,781	\$ 21,781
Public Improvement Fee	44,000	54,258	10,258
Net Investment Income	1,400	1,438	38
Total Revenues	<u>245,400</u>	<u>277,477</u>	<u>32,077</u>
EXPENDITURES			
Bond Interest - Series 2014C	<u>245,000</u>	<u>238,100</u>	<u>6,900</u>
Total Expenditures	<u>245,000</u>	<u>238,100</u>	<u>6,900</u>
NET CHANGE IN FUND BALANCE	400	39,377	38,977
Fund Balance - Beginning of Year	<u>79,597</u>	<u>90,462</u>	<u>10,865</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 79,997</u></u>	<u><u>\$ 129,839</u></u>	<u><u>\$ 49,842</u></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, 2019**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Incremental Sales Taxes	\$ 1,913,000	\$ 1,888,199	\$ 1,888,199	\$ -
Transportation Sales Taxes	649,000	632,994	632,994	-
Net Investment Income	70,000	87,508	84,146	(3,362)
Total Revenues	<u>2,632,000</u>	<u>2,608,701</u>	<u>2,605,339</u>	<u>(3,362)</u>
EXPENDITURES				
Bond Interest - Series 2015A	2,104,825	2,116,638	2,116,638	-
Bond Principal - Series 2015A	495,000	800,000	800,000	-
Contingency	4,175	3,362	-	3,362
Total Expenditures	<u>2,604,000</u>	<u>2,920,000</u>	<u>2,916,638</u>	<u>3,362</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES				
	28,000	(311,299)	(311,299)	-
OTHER FINANCING SOURCES (USES)				
Transfers from Other Funds	140,000	144,575	144,575	-
Total Other Financing Sources (Uses)	<u>140,000</u>	<u>144,575</u>	<u>144,575</u>	<u>-</u>
NET CHANGE IN FUND BALANCE				
	168,000	(166,724)	(166,724)	-
Fund Balance - Beginning of Year	<u>4,589,036</u>	<u>4,569,748</u>	<u>4,569,748</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 4,757,036</u></u>	<u><u>\$ 4,403,024</u></u>	<u><u>\$ 4,403,024</u></u>	<u><u>\$ -</u></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, 2019**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Public Improvement Fee	\$ 376,000	\$ 365,492	\$ (10,508)
Net Investment Income	10,000	12,015	2,015
Total Revenues	<u>386,000</u>	<u>377,507</u>	<u>(8,493)</u>
EXPENDITURES			
Bond Interest - Series 2015B	350,000	351,050	(1,050)
Bond Principal - Series 2015B	30,000	-	30,000
Contingency	5,000	-	5,000
Total Expenditures	<u>385,000</u>	<u>351,050</u>	<u>33,950</u>
NET CHANGE IN FUND BALANCE	1,000	26,457	25,457
Fund Balance - Beginning of Year	<u>613,395</u>	<u>626,394</u>	<u>12,999</u>
FUND BALANCE - END OF YEAR	<u>\$ 614,395</u>	<u>\$ 652,851</u>	<u>\$ 38,456</u>

**FOUNTAIN URBAN RENEWAL AUTHORITY
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2019**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Net Investment Income	\$ 140,000	\$ 141,942	\$ 1,942
Total Revenues	<u>140,000</u>	<u>141,942</u>	<u>1,942</u>
EXPENDITURES			
Legal Service	8,000	10,000	(2,000)
Road Improvements	3,500,000	501,138	2,998,862
Curling Facility - Construction Costs	2,300,000	-	2,300,000
Developer Fee	300,000	-	300,000
Architectural - Curling	-	18,425	(18,425)
Floor and Refrigeration - Curling	4,575	-	4,575
Operating Pro-foma - Curling	2,000	-	2,000
Financial Consultant - FURA	15,400	646	14,754
Contingency	188,910	-	188,910
Capital Projects - Phase II	1,258,000	885,264	372,736
Total Expenditures	<u>7,576,885</u>	<u>1,415,473</u>	<u>6,161,412</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(7,436,885)	(1,273,531)	6,163,354
OTHER FINANCING SOURCES (USES)			
Transfers to Other Funds	(140,000)	(144,575)	(4,575)
Transfers from Other Funds	-	30,446	30,446
Total Other Financing Sources (Uses)	<u>(140,000)</u>	<u>(114,129)</u>	<u>25,871</u>
NET CHANGE IN FUND BALANCE	(7,576,885)	(1,387,660)	6,189,225
Fund Balance - Beginning of Year	<u>7,576,885</u>	<u>7,997,249</u>	<u>420,364</u>
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ 6,609,589</u>	<u>\$ 6,609,589</u>

**FOUNTAIN URBAN RENEWAL AUTHORITY
SUMMARY OF INCREMENTAL ASSESSED VALUATION, MILL LEVY, AND
INCREMENTAL PROPERTY TAXES COLLECTED
DECEMBER 31, 2019**

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	
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
2019	21,073,130	18,994,760	2,078,370	60.657	126,068	126,214	100.12
Estimated for the year ending December 31, 2020	\$ 23,419,640	\$ 21,058,207	\$ 2,361,433	59.383	\$ 140,229		

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.