



City of Fountain, Colorado

Comprehensive Annual Financial Report

Year ended December 31, 2020

Vision Statement:

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

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TRANSMITTAL LETTER

June 30, 2021

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

The Comprehensive Annual Financial Report (CAFR) of the City of Fountain, Colorado, for the fiscal year ended December 31, 2020, is hereby transmitted. Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal controls should not outweigh the benefits, the City's internal controls have been designed to provide reasonable assurance that the financial statements will be free from material misstatements.

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

The City's financial statements have been audited by Haynie & Company, a licensed certified public accounting firm. The goal of the independent audit is to provide reasonable assurance that the City's financial statements for the fiscal year ended December 31, 2020 are free from material misstatements. The independent audit involves examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City's financial statements for the fiscal year ended December 31, 2020 are presented fairly and in conformity with Generally Accepted Accounting Principles. The independent auditors' report is presented on the first page of the financial section of this report.

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

City Profile

The City of Fountain, Colorado, incorporated in 1903, is located on Colorado's Rocky Mountain Front Range, 10 miles south of Colorado Springs. The City occupies 22.08 square miles and serves a population of more than 31,000.

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

The City of Fountain provides a full range of services including police, fire, and emergency medical services, street and drainage maintenance, economic development, water and electric utilities, bus transit, parks & recreation, and general administrative services. The Fountain Urban Renewal Authority is a separate legal entity but is reported in the City's financial statement as a component unit.

Local Economy

The largest employer in the Fountain area is Fort Carson with 34,000 military, civilian employees and contractors. The City continues to grow its business commercial base with a diversification among prime employer industries other than schools and government:

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

The unemployment rate in the Fountain area has historically been less than the national average due, in part to a growing State economy and its large military presence. The unemployment rate for 2020 followed the national and Colorado State trends higher during the pandemic. The unemployment rate is now estimated to be 6.1% and is projected to decline rapidly as more businesses fully open up.

Construction of new housing and commercial starts in 2020 totaled 149 which is a 13.7% increase from the 2019 total of 131. In addition, several large developments are in the early planning stages and similar to other areas along the front range of Colorado, the City of Fountain is anticipating continued, steady growth over the next 10 years.

For the first four months of 2021, year over year sales tax revenue is approximately 17% higher. Both sales and use tax revenues are above 2021 budgeted projections.

Long-term Financial Planning

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

organization that would be achievable through specific goals and actions of the City Departments. In 2018, the City embarked on a new, updated Strategic Planning process designed to narrow the focus of the City to four (4) Strategic Priorities, and develop appropriate goals and objectives tied directly to those priorities. Published in February of 2020, and implemented through 2021, the developed Strategic Priorities are as follows:

Strategic Priority: Improve the conditions of City-wide transportation infrastructure in order to support enhanced road safety, encourage economic development and improve traffic flow, focused principally on major City transportation corridors, then residential areas.

Strategic Priority: The City will take necessary steps to develop, coordinate and implement initiatives and programs that improve citizen access to telecommunications technology and capabilities.

Strategic Priority: The City will re-assess the distribution of public safety resources and develop, coordinate, and implement necessary plans and initiatives to ensure equal access to such services throughout the City's jurisdiction.

Strategic Priority: Complete necessary coordination and initiate plans to improve the availability of venues which support a variety of community activities, to include athletics, recreation, youth programs, and gatherings. Whenever possible, pursue funding for these activities that leverage a variety of resourcing opportunities, minimizing cost to the Community.

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

Major Initiatives

The global COVID-19 Pandemic was the prevailing focus in 2020. The City worked diligently to ensure the safety and security of the community while continuing to provide essential services to residents. Fountain partnered with local health officials to provide important information to the public regarding virus related protective and preventative measures, as well as created and shared opportunities for financial and economic relief for local businesses resulting from COVID-19 related restrictions and mandatory shutdowns. City internal administration and operations were modified to accommodate necessary initiatives such as remote working and staggered shifts, increased sanitation protocols and modifications to customer service procedures. The City initiated a temporary budget freeze, and quickly made emergency investments in technology that facilitated on-line meetings and coordination, to include virtual City Council Meetings. Council members and city staff additionally worked closely with the county health department to facilitate the opening of a new health department location, within the Fountain city

limits, dramatically increasing the local availability of COVID-19 related testing, vaccination opportunities and other health related access for the public.

Despite the challenges presented in 2020 by the COVID-19 Pandemic, the City continued to implement the City Strategic Plan, finishing the second of a three-year implementation cycle and successfully accomplishing 11 of the 21 Strategic Objectives identified in the plan.

In 2020 the City of Fountain Electric and Water utilities completed and occupied the City's Utilities Operations Center, integrating the operational functions of the two utilities within a single facility. The electric utility initiated the construction of the Jimmy Camp Creek electric substation, completed the construction of the duct work to house the transmission conductor from North Substation to Jimmy Camp Creek Substation and started the installation of the transmission conductor. The water utility continued work to prepare the City's wells for connection to the PFOS/PFOA mitigation facility being constructed by the Air Force. The utilities department completed an electric cost of service and rate design study that resulted in new rates needed to support the construction of system improvements. The City also entered into a power purchase agreement with Guzman Energy to be the City's wholesale power provider beginning in 2028.

Additionally during 2020, the City completed the oversight of the Link and Squirrel Creek Road rebuild project. In so doing, the City partnered with the owner of a regional landfill located off of Squirrel Creek Road to complete the \$10.2 million dollar rebuild of 2 major roads and the construction of 2 fully functional and lighted intersections. The City also completed a \$3.5 million dollar road project that included a northern entry point and completed bridge for the South Academy Highlands commercial project. The City also continued to work on improving ADA access ramps, curb and gutter and other quality of life issues.

In 2020, the City of Fountain successfully began implementation of a new Inter-governmental Support Agreement (IGSA) with the Fort Carson Army Garrison., Under this 10 year partnership, the City manages the provision of pest control services on the base, and in return collects reimbursement for overhead expenses and a service fee. In addition to the new revenue stream the City has gained in the General Fund through this agreement, the ISGA also serves to reinforce the strong relationship between the community and Fort Carson, which remains an increasingly important consideration in Department of Defense basing and other civil-military programs decisions. Building on the success of the Pest Control IGSA, the City has also continued in 2020 to negotiate additional agreements with Fort Carson, as well as other local military installations. Fountain anticipates entering a second, much larger agreement for construction related services with the Army post in 2021.

Awards and Acknowledgements

The GFOA awarded the Certificate of Achievement for Excellence in Financial Reporting (CAFR) to the City of Fountain for the fiscal year ended December 31, 2019. The Certificate of Achievement is the highest form of recognition in governmental accounting and financial

reporting, and its attainment represents a significant accomplishment by a government and its management.

The COVID-19 pandemic that has had global impacts since the first part of 2020 has created challenges for us as we worked to complete the audit this year. However, we wish to specifically acknowledge our auditors, Haynie & Company for the assistance and guidance they provided in the preparation of the CAFR and for the professional manner in which they conducted the audit. We would additionally like to acknowledge and thank our entire Finance team and specifically, Shawna Dail, who worked diligently to ensure that we could pull together all the necessary information for a quality audit.

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

Respectfully submitted,


Scott Trainor
City Manager


John Lewis
Finance Director

CITY COUNCIL



Gabriel Ortega, Mayor

Ward: At Large

Term Expires: 11/2021



Sam Gieck, Council Member

Ward: #3

Term Expires: 11/2021



Sharon Thompson, Council Member

Ward: #1

Term Expires: 11/2021



Greg Lauer, Mayor Pro-Tem

Ward: At Large

Term Expires: 11/2021



Tamara Estes, Council Member

Ward: #2

Term Expires: 11/2023



Richard Applegate, Council Member

Ward: At Large Term

Term Expires: 11/2023



Detra Duncan, Council Member

Ward: At Large

Term Expires: 11/2023

CITY STAFF

City Manager

Scott Trainor

City Clerk

Silvia Huffman

HR Manager

Janette Arellano

City Attorney

Troy Johnson

IT Director

Lisa Kudryck-Godwin

Court Administrator

Yanira Cruz-pagan

Planning Director

Todd Evans

Deputy City Manager

Todd Evans

Utilities Director

Dan Blankenship

Economic Dev. Director

Kimberly Bailey

Finance Director

John Lewis

*Public Safety Director/
Police Chief*

Chris Heberer

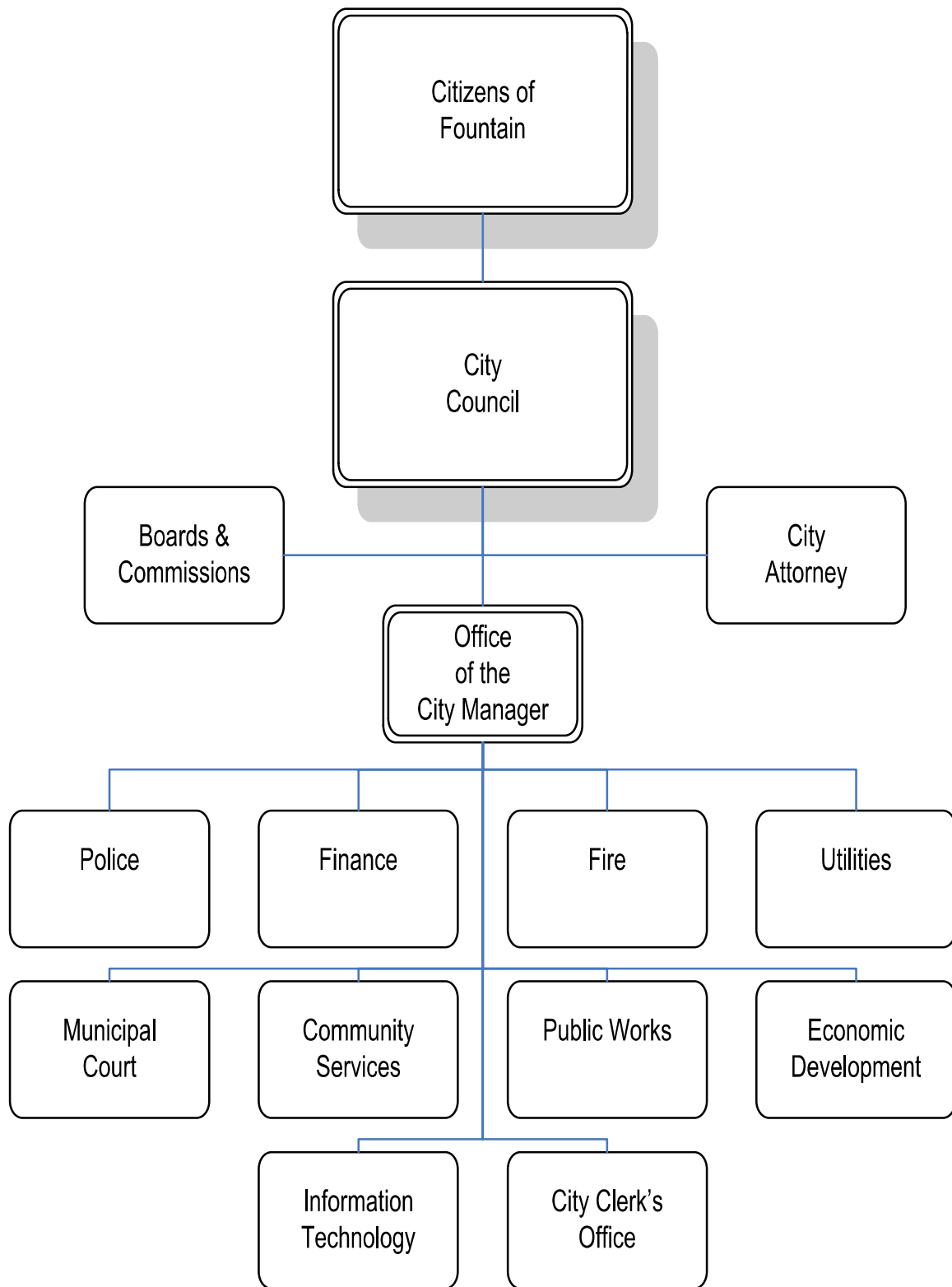
Fire Chief

James Maxon

Cmnty. Eng. Manager

John Trylch

City Organizational Chart





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Fountain
Colorado**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

December 31, 2019


Christopher P. Morrill


Executive Director/CEO



Independent Auditor's Report

1221 W. Mineral Avenue, Suite 202
Littleton, CO 80120

 303-734-4800

 303-795-3356

 www.HaynieCPAs.com

Honorable Mayor and the City Council
City of Fountain, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Fountain, Colorado, as of and for the year ended December 31, 2020 and the related notes to the financial statements, which collectively comprise the City of Fountain, Colorado's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Fountain, Colorado, as of December 31, 2020 and the respective changes in financial position and cash flows, where applicable, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to the financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States (GAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Fountain, Colorado and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Fountain, Colorado's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and GAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and GAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City of Fountain, Colorado's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Fountain, Colorado's ability to continue as a going concern for a reasonable period of time.

Other-Matters

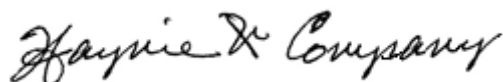
Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Fountain, Colorado's basic financial statements. The budgetary comparison schedules, combining and individual nonmajor fund financial statements listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. This information is the responsibility of management and were 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 financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and other schedules as listed in the table of contents are fairly stated, in all material respects, in relation to the financial statements as a whole.

The introductory section, statistical section and Local Highway Finance Report have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on this report.



Littleton, Colorado
June 29, 2021

**City of Fountain, Colorado
Management's Discussion and Analysis
December 31, 2020**

MANAGEMENT'S DISCUSSION & ANALYSIS

This discussion and analysis of the City of Fountain's (the City) financial performance provides an overview of the City's financial activities for the fiscal year ended December 31, 2020. Please read it in conjunction with the City's financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Financial Highlights

- The assets and deferred outflows of the City of Fountain exceeded its liabilities and deferred inflows at the close of 2020 by \$190 million (net position). Of this amount, \$27 million (unrestricted net position) may be used to pay the City's obligations to citizens and creditors.
- At December 31, 2020, the City of Fountain's governmental funds reported combined ending fund balance for restricted and unrestricted of \$16.1 million, an increase of approximately \$2.5 million in comparison with the prior year. This increase was primarily due to the increases in CARES Act grants related to the pandemic and increased sales tax revenue. Approximately \$9.9 million of the unrestricted net position is available for spending at the government's discretion.
- The unrestricted, unassigned fund balance for the General Fund was \$7.4 million, or 29.2% of the total General Fund expenditures, compared to \$5.1 million or 23.6% for fiscal year 2019. An additional \$738,210 of fund balance in the General Fund is restricted by the State of Colorado for emergencies.
- Sales Tax, the City's largest source of General Fund revenue, was \$15 million for 2020 as compared to \$12 million for the prior year, an increase of 25%.
- Use tax revenue decreased by \$406 thousand to \$1.6 million in 2020 due to the decrease from 2019 in construction materials purchased in 2020 to repair 2018 hail damaged buildings in Fountain and due to the decrease in construction activity overall during the pandemic.
- Deferred outflows for the City of Fountain decreased by \$383 thousand and deferred inflows increased by \$521 thousand, primarily due to changes in pension and OPEB valuations and a small increase in a deferred refunding on a utility bond.
- Other than the refunding of the 2011 Water Loan with a revenue bond, no new long-term debt was acquired by the City in 2020. After payments on debt, long term debt for both governmental and business-type activities decreased by \$1.5 million during 2020.

Using this Annual Report

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

Government-wide Financial Statements

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

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

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

Both of the government-wide financial statements distinguish functions of the City of Fountain that are principally supported by taxes and intergovernmental revenues (*Governmental Activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*Business-type Activities*). The Governmental Activities of the City of Fountain include General Government, Public Safety, Public Works, Health and Welfare, Culture and Recreation and Interest Expense. The Business-type Activities of the City of Fountain include Water, Electric, Ambulance, and Drainage. Also included in the government-wide financial statements is the Fountain Urban Renewal Authority (FURA). FURA is legally separate from the city, however the members of the governing board are appointed by the City Council. FURA is categorized as a discretely presented component unit rather than a part of the primary government. FURA's financial information is, therefore, presented in a separate column in the government-wide financial statements.

Fund Financial Statements

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

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

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

Proprietary funds – The *enterprise fund* type of proprietary funds is used to report the same functions presented as business-type activities in the government-wide financial statements, but provide more detail and additional information, such as cash flow. Fountain's proprietary funds include the water and electric utilities, the ambulance and drainage funds and the insurance fund, which is an internal service fund. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities.

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

Notes to Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 12-49 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information*. This required supplementary information can be found on pages 50-55 of this report. The Budgetary Comparison Schedule for the General Fund can be found on pages 50-51. The City of Fountain's progress in funding its obligations to provide pension benefits to volunteer fire fighters is located on page 52 of this report. The Schedule of Changes in Net OPEB Liability is located on page 53. The Schedules of Proportionate Share of Net Pension Liabilities and Related Ratios for the pension plans is located on page 54 and The Schedule of Employer Contributions for the pension plans is located on pages 55.

Supplementary information, including the combining statements, referred to earlier in connection with non-major Governmental Funds and Enterprise Funds, are presented immediately following the required supplementary information on pensions and the General Fund. Combining and individual fund statements and schedules can be found on pages 56-74.

Financial Analysis of the City as a Whole

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Fountain, assets exceeded liabilities by \$190 million at the close of 2020, an increase of \$4.3 million from the end of 2019.

Statement of Net Position (in thousands)

	Governmental		Business-type		Total	
	Activities		Activities			
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Current and other assets	\$23,916	\$ 20,971	\$ 16,826	\$ 29,825	\$ 40,742	\$ 50,796
Capital assets	75,771	75,101	155,697	143,336	231,468	218,437
Total assets	99,687	96,072	172,523	173,161	272,210	269,233
Deferred outflows of resources	3,141	3,853	1,199	870	4,340	4,723
Long-term liabilities outstanding	6,843	6,718	64,296	65,822	71,139	72,540
Other liabilities	3,435	4,280	7,571	7,535	11,006	11,815
Total liabilities	10,278	10,998	71,867	73,357	82,145	84,355
Deferred inflows of resources	4,396	3,875	-	-	4,396	3,875
Net position:						
Net investment in capital assets	70,175	68,477	86,190	77,346	156,365	145,823
Restricted	6,181	5,214	-	8,358	6,181	13,572
Unrestricted	11,798	11,360	15,664	14,971	27,462	26,331
Total net position	\$88,154	\$ 85,051	\$101,854	\$100,675	\$190,008	\$185,726

The largest portion of the City of Fountain's net position (82%) is reflected in the net investment in capital assets (e.g. land, buildings, infrastructure, vehicles, equipment, etc.), less any related debt still outstanding (current and long-term), that was used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Unrestricted net position may be used to meet the City's ongoing obligations to citizens and creditors.

A small portion of the City of Fountain's net position (3.3%) represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position (\$27 million) may be used to meet the City's ongoing obligations to citizens and creditors.

Changes in Net Position (in thousands)

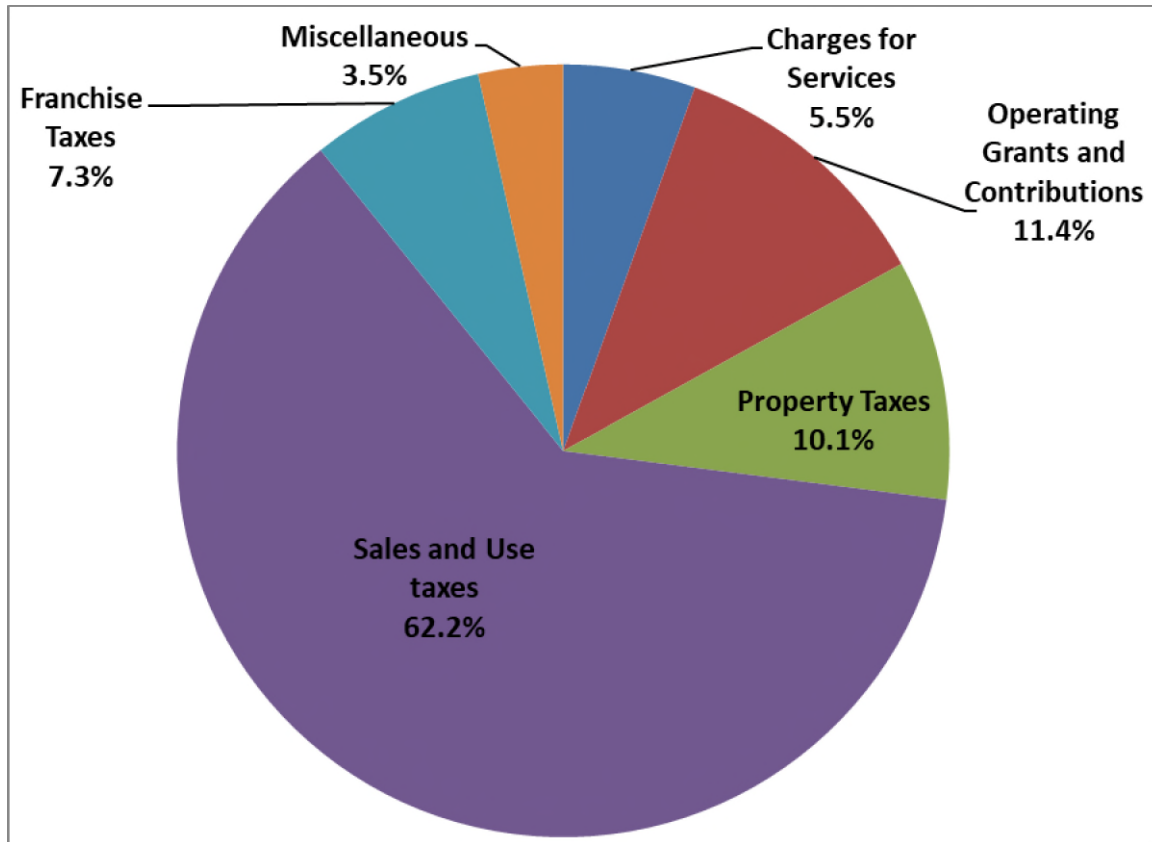
	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program Revenues:						
Charges for services	\$ 1,646	\$ 1,309	\$ 36,417	\$ 34,891	\$ 38,063	\$ 36,200
Operating grants and contributions	3,407	1,529	322	25	3,729	1,554
Capital grants and Contributions	-	-	886	1,168	886	1,168
General Revenues:						
Property taxes	2,696	2,317	-	-	2,696	2,317
Sales and use taxes	18,512	16,940	-	-	18,512	16,940
Spec. Own. taxes	297	295	-	-	297	295
Intergovernmental	-	-	-	-	-	-
Franchise taxes	2,165	2,134	-	-	2,165	2,134
Other revenues	968	923	2,467	1,810	3,435	2,733
Investment earnings	85	254	200	386	285	640
Total revenues	<u>29,776</u>	<u>25,701</u>	<u>40,292</u>	<u>38,280</u>	<u>70,068</u>	<u>63,981</u>
Program expenses:						
General government	6,561	5,762	-	-	6,561	5,762
Public Safety	12,447	11,424	-	-	12,447	11,424
Public Works	5,226	4,572	-	-	5,226	4,572
Health and welfare	492	398	-	-	492	398
Culture and recreation	1,254	1,325	-	-	1,254	1,325
Interest expense	161	126	-	-	161	126
Water utility	-	-	10,861	9,335	10,861	9,335
Electric utility	-	-	27,462	26,605	27,462	26,605
Ambulance	-	-	1,322	1,280	1,322	1,280
Drainage	-	-	-	-	-	-
Total expenses	<u>26,141</u>	<u>23,607</u>	<u>39,645</u>	<u>37,220</u>	<u>65,786</u>	<u>60,827</u>
Excess/(Deficiency) Before transfers	3,635	2,094	647	1,060	4,282	3,154
Transfers In (Out)	<u>(532)</u>	<u>(420)</u>	<u>532</u>	<u>420</u>	<u>-</u>	<u>-</u>
Increase/(Decrease) in net position	3,103	1,674	1,179	1,480	4,282	3,154
Net position, beginning	\$ 85,051	\$ 83,377	\$ 100,675	\$ 99,195	\$ 185,726	\$ 182,572
Net position, ending	\$ 88,154	\$ 85,051	\$ 101,854	\$ 100,675	\$ 190,008	\$ 185,726

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

Governmental Activities

Governmental activities net position for 2020 increased by \$3,103,022. This is primarily attributed to the increase in internet sales tax revenues and to grants, both primarily related to the pandemic.

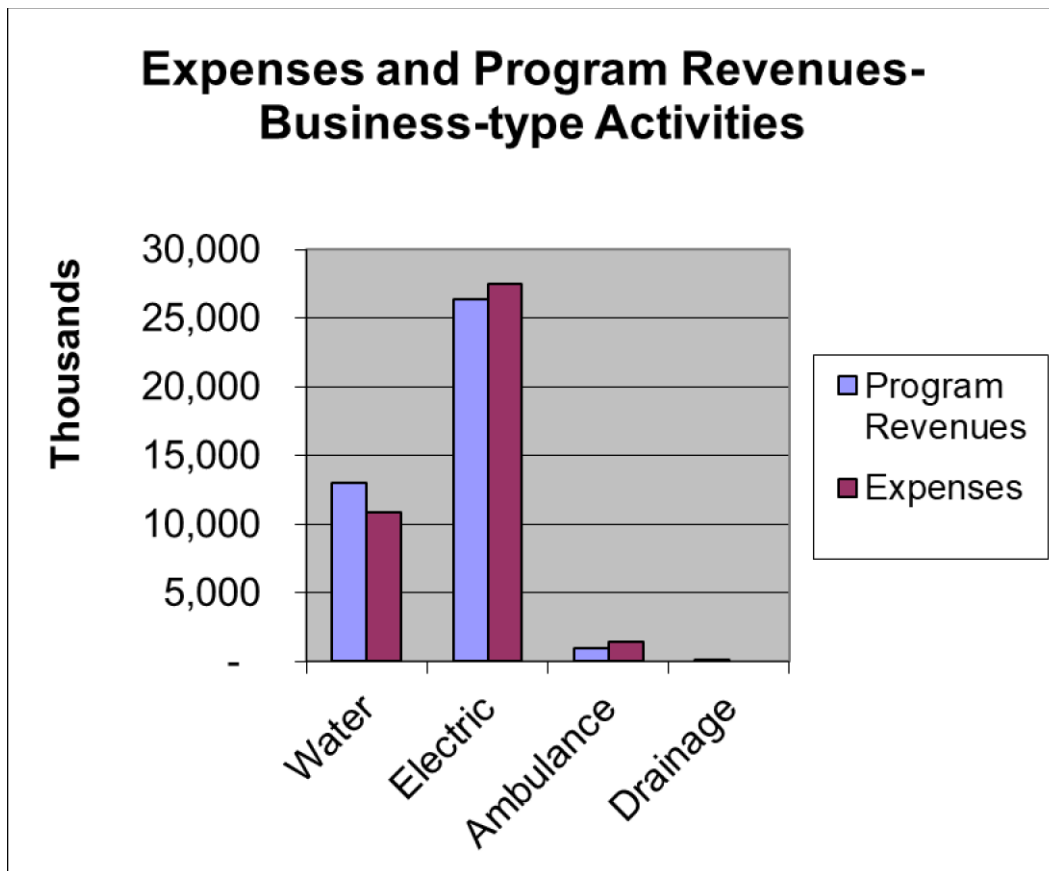
The following pie chart illustrates the Governmental Activities revenues.



- Revenue from general fund sales tax of \$15 million increased \$3 million or 25% over 2019 due to the increase in online sales during the pandemic, and continued growth in the South Academy Highlands annexation.
- Revenue from the voter approved .40% Public Transportation sales tax, which was effective January 1, 2010, generated \$1,270,560 for public transit and \$749,386 for street resurfacing. This represents a decrease from 2019 due to the 2019 sunset of a .35% sales tax for street improvements that was a part of the original Transportation sales tax.
- Revenue from use tax is \$1.6 million and approximately \$406 thousand less than 2019, primarily due to construction materials purchased in 2019 to repair hail damaged buildings after two very destructive hail storms in the summer of 2018.
- Operating grant revenue increased by approximately \$1.9 million, primarily from CARES Act grants related to the pandemic.

Business-type Activities

The City of Fountain 2020 business-type activities net position increased by \$1.2 million. The following chart illustrates the business-type activities program revenues and expenses.



- Combined 2020 revenue of \$40.3 million was approximately \$2.0 million greater than 2019 total revenue.
 - Water charges for services, including system development fees, of \$11.6 million increased approximately \$900 thousand, from 2019 primarily due to an increase in water rates and usage.
 - Electric charges for services of \$25 million including system development fees, increased by approximately \$700 thousand over 2019, primarily due to increased electric rates.
 - Operating grants and contributions and investment income in water and electric decreased by \$211 thousand from 2019 and they increased in ambulance by \$322 thousand from 2019.
- Program expense of \$39.7 million was approximately \$2.5 million more than 2019.
 - Water increased by \$1.5 million due to increases in operating and system maintenance expenses, including depreciation on the newly completed Southern Delivery System pipeline.
 - Electric increased by approximately \$857 thousand, primarily due to increased source of supply and operations and maintenance costs.

Fiduciary Activities

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

Financial Analysis of the City's Funds

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

Governmental Funds

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

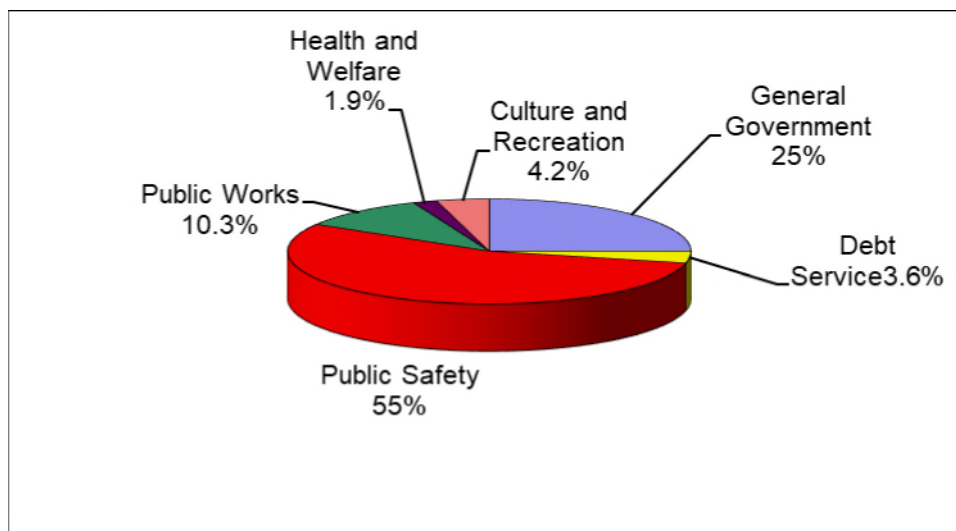
The City's General Fund reported a 2020 ending fund balance of \$10.6 million, an increase of \$1.6 million in comparison with the previous year. Unrestricted, unassigned fund balance, which is available for spending at the City's discretion, totaled \$7.4 million or 70.0% of the total general fund balance. The remainder of the fund balance is restricted for emergencies (\$738,210), committed to park improvements and school zone improvements, (\$1,208,082 combined), and assigned to public safety capital improvements (\$1,224,114).

Proprietary Funds

The City's proprietary funds provide the same type of information found in the government-wide financial statement, but in more detail. Unrestricted net position of the water and electric utilities, the two largest proprietary funds, were \$1.4 million and \$11.9 million, respectively.

General Fund Budgetary Highlights

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



Line item budget transfers are allowed within a fund with the approval of the City Manager. Increases in the expenditure budget for any fund must be approved by the City Council. The General Fund original budgeted expenditures (including transfers out) were \$25.6 million. Budget

amendments presented to, and approved by, the City Council for 2020, totaled approximately \$3.7 million. The final budget was, therefore, \$29.3 million in 2020.

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

- General government variance was \$1.54 million under budget primarily due to information technology capital expenditures that were delayed due to the pandemic.
- Public Safety variance was \$1.36 million under budget due primarily to a delay in the receipt of two new fire trucks.
- Culture and recreation variance was \$351 thousand under budget due to delays of certain capital purchases into 2021.
- The total positive budget variance in expenditures in the General Fund, including transfers out, approximated \$3.5 million.
- Positive variances in general fund revenues totaled \$2.8 million, primarily due to realized sales tax revenue and federal grants that were higher than forecast.

Capital Assets and Debt Administration

Capital Assets

The City of Fountain's investment in capital assets for its governmental and business-type activities, not including pension assets or debt, as of December 31, 2020 totaled \$230.2 million (net of accumulated depreciation). This investment in capital assets includes land and easements, water and storage rights, buildings and improvements, infrastructure, machinery and equipment, computers and software, and vehicles. The City's investment in capital assets increased by \$13 million during 2020; governmental activities increased by \$670 thousand while business-type activities increased by \$12.3 million.

Major capital events for 2020 included the following items:

- The General Fund expended \$137,909 on computer equipment & software upgrades, \$839,491 on machinery & equipment, and \$759,848 on new police vehicles and a tandem dump truck for the streets department.
- The major capital events for the water utility included the finalization of the SDS pipeline project of \$48,507,699, computer equipment & software upgrades of \$43,703 and \$416,666 for new water rights.
- The electric utility expended \$108,568 on computer equipment & software upgrades, \$54,679 for land for a substation, \$236,302 for a new vehicle and \$361,792 for various system improvements.
- The Street Capital Improvement fund expended \$5,016,038 for the Duckwood and Highway 85 intersection
- The Conservation Trust Fund expended \$216,834 in trailhead renovations and new ADA playground equipment.

Note 4 on pages 22-23 of the financial statements provides a detailed summary of the City's capital assets.

Long-term Debt

The City of Fountain's total long-term debt decreased by \$1.5 million from \$74.1 million to \$72.6 million during the year ended 2020.

The City's long-term debt related to governmental activities decreased during 2020 by \$303,130. Compensated absences increased by \$217,647, capital leases decreased by \$452,777, and the early retirement program decreased by \$68,000.

The City's long-term debt related to business-type activities decreased by \$1.2 million to \$67 million during 2020. Capital leases, compensated absences and early retirement increased by \$89,083 net of payments. All other business-type activities debt decreased by \$1.3 million net of the issuance of the new revenue bonds of \$8.3 million, to refinance a water loan with a remaining balance of approximately \$8 million.

Note 5 on pages 24-31 of the financial statements provide a detailed summary on the City's long-term debt.

Economic Factors and Next Year's Budget and Rates

Financial indicators and the impact of COVID-19:

- The unemployment rate for the Colorado Springs area matched the national peak of 14.7% in April, 2020. By December, 2020, the unemployment rate in the Colorado Springs area had decreased to 7.4% and is now estimated to be 6.1%. Employment growth in 2021 continues to increase and the website Wallethub.com indicated that the Colorado Springs area was the 5th best place in the country to find a job.
- The prices of homes rose almost 16% in the City of Fountain according to the 2020 assessment performed by the El Paso County Assessor's Office.
- Sales tax revenue continued to increase in 2020 due to the South Academy Highlands Sam's and Walmart developments, along with several new businesses in other sections of the City and the growth in sales by national online retailers.
- Sales taxes are forecast to continue growing in 2021 due to the above reasons and particularly due to continued increases in sales by online retailers that, prior to 2020, did not previously remit sales taxes. In fact, for the first four months of 2021, sales tax revenues are up 17% over 2020.
- Although the COVID-19 pandemic decreased revenue projections for many municipalities, it did not negatively impact the total revenue of the City of Fountain. This is primarily due to the increases in online sales during the pandemic that resulted in a decrease in the historical "leakage" of sales tax revenues to neighboring municipalities. The business mix within the City of Fountain does not include a large number of the types of businesses that were most negatively impacted by the pandemic.
- New construction in Fountain in 2020 included 148 new housing starts, and 1 new commercial building, which together constitute a 13.7% increase from 2019. In addition, several large developments are in the early planning stages and similar to other areas along the front range of Colorado, the City of Fountain is anticipating continued, steady growth over the next 10 years.

- Property tax revenues are forecast to increase by approximately 12% in 2021 over 2020, primarily due to already announced increased assessment values.
- A water rate increase of 4% for the average residential customer using 6,000 gallons was implemented beginning June 10, 2019 and an additional 4% increase was implemented on March 1, 2020.
- Electric utility rates were increased 3% effective January 1, 2019. Electric utility rates were also increased by 4%, effective January 1, 2021.

All of the above indicators were considered in preparing and adopting the City of Fountain 2021 budget. Budgeted line items were kept mostly flat from 2020 expenditures with the exceptions of capital investment purchases and a 3% merit increase in pay for deserving staff. In the General Fund, the exceptions included certain investments in capital items for technology, fire equipment, street resurfacing and a skate park. In the Water and Electric Funds, large expenditures are planned for final completion of a joint utility building and infrastructure required to match the anticipated growth in the City due to the strong economic factors impacting the region.

Requests for Information

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

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

Basic Financial Statements

City of Fountain, Colorado
Statement of Net Position
December 31, 2020

	PRIMARY GOVERNMENT			COMPONENT UNIT
	GOVERNMENTAL	BUSINESS-TYPE	TOTAL	URBAN RENEWAL
	ACTIVITIES	ACTIVITIES		AUTHORITY
ASSETS				
Cash and cash equivalents	\$ 18,372,406	\$ 2,841,562	\$ 21,213,968	\$ 454,079
Committed cash and investments	-	1,072,906	1,072,906	-
Restricted cash and cash equivalents	188,459	4,896,795	5,085,254	9,846,368
Accounts and other receivables	3,289,939	4,143,571	7,433,510	82,405
Grants receivable	355,091	-	355,091	-
Taxes receivable	2,746,898	-	2,746,898	644,412
Inventories	-	2,834,266	2,834,266	-
Prepaid expenses	-	-	-	7,645
Internal balances	(1,036,643)	1,036,643	-	-
Capital assets, not being depreciated	3,471,048	51,628,250	55,099,298	1,700,936
Capital assets, net of accumulated depreciation	71,080,522	104,068,688	175,149,210	1,328,315
Net pension asset	1,219,409	-	1,219,409	-
TOTAL ASSETS	<u>99,687,129</u>	<u>172,522,681</u>	<u>272,209,810</u>	<u>14,064,160</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred amounts on refunding	-	1,198,494	1,198,494	263,538
Deferred outflows related to pension	3,060,888	-	3,060,888	-
Deferred outflows related to OPEB	80,336	-	80,336	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>3,141,224</u>	<u>1,198,494</u>	<u>4,339,718</u>	<u>263,538</u>
LIABILITIES				
Accounts payable	897,064	2,945,414	3,842,478	40,428
Accrued liabilities	481,592	321,189	802,781	-
Deposits	1,843,108	980,306	2,823,414	2,075
Accrued interest payable	-	628,941	628,941	1,290,989
Insurance claims payable	213,020	-	213,020	-
Long-term liabilities:				
Due within one year	1,201,310	2,694,909	3,896,219	-
Due in more than one year	4,422,180	64,296,280	68,718,460	49,330,827
Net OPEB liability - due in more than one year	1,219,988	-	1,219,988	-
TOTAL LIABILITIES	<u>10,278,262</u>	<u>71,867,039</u>	<u>82,145,301</u>	<u>50,664,319</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pension	1,631,042	-	1,631,042	-
Deferred inflows related to OPEB	17,794	-	17,794	-
Unearned revenues	-	-	-	-
Property taxes	2,746,898	-	2,746,898	129,879
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>4,395,734</u>	<u>-</u>	<u>4,395,734</u>	<u>129,879</u>
NET POSITION				
Net investment in capital assets	70,174,636	86,190,454	156,365,090	1,708,424
Restricted for:				
Parks	398,392	-	398,392	-
District Repairs and Maintenance	1,460,973	-	1,460,973	-
Transportation	2,111,178	-	2,111,178	-
Street Repairs and Maintenance	326,138	-	326,138	-
Street Improvements	1,146,550	-	1,146,550	-
Capital Projects	-	-	-	4,926,551
Emergencies	738,210	-	738,210	-
Unrestricted	11,798,280	15,663,682	27,461,962	(43,101,475)
TOTAL NET POSITION	<u>\$ 88,154,357</u>	<u>\$ 101,854,136</u>	<u>\$ 190,008,493</u>	<u>\$ (36,466,500)</u>

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

City of Fountain, Colorado

Statement of Activities

For the Year Ended December 31, 2020

	PROGRAM REVENUES				NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION					
	FUNCTIONS / PROGRAMS	EXPENSES	OPERATING		Primary Government					
			CHARGES FOR SERVICES	GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	COMPONENT UNIT	
Primary Government										
Governmental activities:										
General Government	\$ 6,560,887	\$ 284,467	\$ -	\$ -	\$ (6,276,420)	-	-	\$ (6,276,420)	\$	(221,600)
Public Safety	12,447,436	1,109,012	-	-	(11,338,424)	-	-	(11,338,424)	-	-
Public Works	5,225,921	66,826	3,084,166	-	(2,074,929)	-	-	(2,074,929)	-	-
Health and Welfare	491,878	16,100	58,970	-	(416,808)	-	-	(416,808)	-	-
Culture and Recreation	1,254,244	169,197	263,946	-	(821,101)	-	-	(821,101)	-	-
Interest and Related Costs	160,772	-	-	-	(160,772)	-	-	(160,772)	-	(2,838,070)
Dedication of Capital Assets to Other Governments	-	-	-	-	-	-	-	-	-	(2,097,194)
Total Governmental Activities	26,141,138	1,645,602	3,407,082	-	(21,088,454)	-	-	(21,088,454)	-	(5,156,864)
Business-Type Activities:										
Water	10,860,952	10,752,779	-	885,464	-	777,291	-	777,291	-	-
Electric	27,461,957	25,011,877	-	-	-	(2,450,080)	-	(2,450,080)	-	-
Ambulance	1,321,738	613,454	321,942	-	-	(386,342)	-	(386,342)	-	-
Drainage	-	39,289	-	-	-	39,289	-	39,289	-	-
Total Business-Type Activities	39,644,647	36,417,399	321,942	885,464	-	(2,019,842)	-	(2,019,842)	-	-
Total Primary Government	\$ 65,785,785	\$ 38,063,001	\$ 3,729,024	\$ 885,464	\$ (21,088,454)	\$ (2,019,842)	\$ (23,108,296)	\$ (23,108,296)	\$ (5,156,864)	\$ (5,156,864)
Component Unit										
Urban Renewal Authority	5,199,520	-	42,656	-	-	-	-	-	-	(5,156,864)
Total Component Unit	\$ 5,199,520	\$ -	\$ 42,656	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (5,156,864)	\$ (5,156,864)
Taxes:										
Property taxes					\$ 2,695,802	-	-	\$ 2,695,802	\$	139,678
Sales and Use Taxes					18,512,330	-	-	18,512,330	-	-
Specific Ownership Taxes					296,766	-	-	296,766	-	-
Franchise taxes					2,165,326	-	-	2,165,326	-	-
Intergovernmental Revenues not Restricted to Specific Programs					-	-	-	-	-	3,471,546
Investment income					85,184	200,242	-	285,426	-	56,314
Miscellaneous					968,485	2,466,751	-	3,435,236	-	59,928
Transfers					(532,417)	532,417	-	-	-	-
Total general revenues and transfers					24,191,476	3,199,410	-	27,390,886	-	3,727,466
Change in net position					3,103,022	1,179,568	-	4,282,590	-	(1,429,398)
NET POSITION, BEGINNING					85,051,335	100,674,568	185,725,903	185,725,903	185,725,903	(35,037,102)
NET POSITION, ENDING					\$ 88,154,357	\$ 101,854,136	\$ 190,008,493	\$ 190,008,493	\$ (36,466,500)	\$ (36,466,500)

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

City of Fountain, Colorado
Balance Sheet
Governmental Funds
December 31, 2020

	<u>GENERAL FUND</u>	<u>TOTAL NONMAJOR FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
ASSETS			
Cash and cash equivalents	\$ 10,276,538	\$ 5,217,044	\$ 15,493,582
Restricted cash and cash equivalents	188,459	-	188,459
Accounts and other receivables	3,257,522	370,402	3,627,924
Property taxes receivable	<u>2,445,359</u>	<u>301,539</u>	<u>2,746,898</u>
TOTAL ASSETS	<u>\$ 16,167,878</u>	<u>\$ 5,888,985</u>	<u>\$ 22,056,863</u>
LIABILITIES, DEFERRED INFLOW OF RESOURCES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 863,481	\$ 29,299	\$ 892,780
Accrued liabilities	452,997	7,881	460,878
Deposits	<u>1,843,108</u>	<u>-</u>	<u>1,843,108</u>
TOTAL LIABILITIES	<u>3,159,586</u>	<u>37,180</u>	<u>3,196,766</u>
DEFERRED INFLOWS OF RESOURCES			
Property taxes	<u>2,445,359</u>	<u>301,539</u>	<u>2,746,898</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>2,445,359</u>	<u>301,539</u>	<u>2,746,898</u>
FUND BALANCES			
Restricted for:			
Parks	-	398,392	398,392
District Repairs and Maintenance	-	1,460,973	1,460,973
Transportation	-	2,111,178	2,111,178
Street Repairs and Maintenance	-	326,138	326,138
Street Improvements	-	1,146,550	1,146,550
Emergencies	738,210	-	738,210
Committed to:			
Park Improvements	1,102,533	-	1,102,533
School Zone	105,549	-	105,549
Volunteer Fire Activities	-	107,035	107,035
Assigned to Public Safety Capital Improvements	1,224,114	-	1,224,114
Unassigned	<u>7,392,527</u>	<u>-</u>	<u>7,392,527</u>
TOTAL FUND BALANCES	<u>10,562,933</u>	<u>5,550,266</u>	<u>16,113,199</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 16,167,878</u>	<u>\$ 5,888,985</u>	<u>\$ 22,056,863</u>

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

City of Fountain, Colorado
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
For the Year Ended December 31, 2020

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

Total fund balance - governmental funds	\$ 16,113,199
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Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds:

Capital assets	151,329,859
Accumulated depreciation	(76,778,289)
Net capital assets	74,551,570

The deferred outflows below are not current assets or financial resources; and the deferred inflows are not due and payable in the current period and therefore are not reported in the Governmental Funds.

Deferred outflows related to pension	3,060,888
Deferred inflows related to pension	(1,631,042)
Deferred outflows related to OPEB	80,336
Deferred inflows related to OPEB	(17,794)

Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds balance sheet. Long-term liabilities at year end consist of:

Capital leases	(4,376,934)
Net pension asset	1,219,409
Net OPEB liability	(1,219,988)
Early retirement	(56,000)
Compensated absences	(1,190,556)
Total long-term liabilities	(5,624,069)

An internal service fund is used by management to charge the costs of health insurance to individual funds. A portion of the assets and liabilities of the internal service fund is included in the governmental activities in the statement of net position.

1,621,269

Total net position - governmental activities

\$ 88,154,357

City of Fountain, Colorado
Governmental Funds
Combined Statement of Revenues, Expenditures
and Changes in Fund Balances
For the Year Ended December 31, 2020

	<u>GENERAL FUND</u>	<u>TOTAL NONMAJOR FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
REVENUES:			
Taxes	\$ 21,367,748	\$ 2,302,476	\$ 23,670,224
Licenses and Permits	146,457	-	146,457
Charges for Services	1,182,274	24,656	1,206,930
Fines and Forfeitures	292,220	-	292,220
Intergovernmental	3,143,136	263,946	3,407,082
Investment Income	50,711	34,473	85,184
Miscellaneous	<u>1,076,160</u>	<u>15,664</u>	<u>1,091,824</u>
TOTAL REVENUES	<u>27,258,706</u>	<u>2,641,215</u>	<u>29,899,921</u>
EXPENDITURES:			
Current:			
General Government	5,930,346	661,264	6,591,610
Public Safety	11,919,038	33,771	11,952,809
Public Works	1,300,607	619,736	1,920,343
Health and Welfare	485,555	-	485,555
Culture and Recreation	1,009,124	83,320	1,092,444
Debt Service:			
Principal	769,445	73,666	843,111
Interest	151,397	1,099	152,496
Capital outlay	<u>3,720,699</u>	<u>270,154</u>	<u>3,990,853</u>
TOTAL EXPENDITURES	<u>25,286,211</u>	<u>1,743,010</u>	<u>27,029,221</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,972,495	898,205	2,870,700
OTHER FINANCING SOURCES (USES)			
Capital leases	174,143	-	174,143
Transfers out	<u>(532,417)</u>	<u>-</u>	<u>(532,417)</u>
NET CHANGE IN FUND BALANCE	1,614,221	898,205	2,512,426
FUND BALANCES, BEGINNING	<u>8,948,712</u>	<u>4,652,061</u>	<u>13,600,773</u>
FUND BALANCES, ENDING	<u>\$ 10,562,933</u>	<u>\$ 5,550,266</u>	<u>\$ 16,113,199</u>

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

City of Fountain, Colorado
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended December 31, 2020

Net change in fund balances - total governmental funds \$ 2,512,426

Capital outlays are reported in the governmental funds as an expenditure; however, for governmental activities, these costs are shown in the statement of net position and allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeds capital outlay.

Depreciation expense	(4,467,049)
Capital outlay	<u>3,990,853</u>
Net amount	(476,196)

Payments of long-term debt principal are expenditures in governmental funds, but the payments reduce long-term liabilities in the statement of net position and do not affect the statement of activities. This amount represents payments on capital leases during the current year 626,920

Some revenues/expenses reported in the statement of activities do not require the receipt/use of current financial resources and, therefore, are not reported as revenues/expenses in the governmental funds.

Gain on disposal of assets	624,381
Capital lease proceeds	(174,143)
Changes in OPEB liability, deferred outflows and deferred inflows	(20,194)
Changes in pension liability/(asset), deferred outflows and deferred inflows	282,813
Accrued compensated absences	(217,647)
Early Retirement	68,000

An internal service fund is used by management to charge the costs of health insurance to individual funds. A portion of the net loss of the internal service fund is included in governmental activities in the statement of activities (123,338)

Change in net position - governmental activities \$ 3,103,022

City of Fountain, Colorado

Proprietary Funds Statement of Net Position December 31, 2020

ASSETS	Business-Type Activities				Governmental Activities
	Water	Electric	Nonmajor	Total	Internal Service Fund
Current Assets:					
Cash and investments	\$ -	\$ 1,367,622	\$ 1,473,940	\$ 2,841,562	\$ 2,878,824
Committed cash and investments	-	1,072,906	-	1,072,906	-
Restricted cash and investments	4,853,618	43,177	-	4,896,795	-
Accounts receivable	1,482,017	2,658,767	2,787	4,143,571	17,106
Inventories	381,489	2,452,777	-	2,834,266	-
Interfund receivables	46,411	8,619,959	-	8,666,370	-
Total Current Assets	6,763,535	16,215,208	1,476,727	24,455,470	2,895,930
Non-Current Assets:					
Capital assets, not being depreciated	39,091,222	12,537,028	-	51,628,250	-
Capital assets, net of accumulated depreciation	72,931,446	30,583,731	553,511	104,068,688	-
Total Non-Current Assets	112,022,668	43,120,759	553,511	155,696,938	-
TOTAL ASSETS	118,786,203	59,335,967	2,030,238	180,152,408	2,895,930
DEFERRED OUTFLOWS OF RESOURCES					
Deferred amount on refunding, net of accumulated amortization	1,198,494	-	-	1,198,494	-
LIABILITIES					
Current Liabilities:					
Accounts payable	323,530	2,524,162	97,722	2,945,414	4,284
Accrued liabilities	87,381	192,154	41,654	321,189	20,714
Customer deposits	125,809	854,497	-	980,306	-
Accrued interest payable	550,616	78,325	-	628,941	-
Interfund payables	8,666,370	-	-	8,666,370	-
Insurance claims payable	-	-	-	-	213,020
Compensated absences payable	161,593	346,979	32,935	541,507	-
Early retirement payable	11,600	16,400	-	28,000	-
Capital leases payable	60,573	230,714	-	291,287	-
Agreement payable	-	-	14,115	14,115	-
Bonds and loans payable	1,580,000	240,000	-	1,820,000	-
Total Current Liabilities	11,567,472	4,483,231	186,426	16,237,129	238,018
Non-Current Liabilities:					
Compensated absences payable	58,210	289,425	7,278	354,913	-
Early retirement payable	8,000	33,200	-	41,200	-
Capital leases payable	104,343	253,605	-	357,948	-
Agreement payable	-	-	23,015	23,015	-
Bonds and loans payable	51,327,449	12,191,755	-	63,519,204	-
Total Non-Current Liabilities	51,498,002	12,767,985	30,293	64,296,280	-
TOTAL LIABILITIES	63,065,474	17,251,216	216,719	80,533,409	238,018
NET POSITION					
Net investment in capital assets	55,512,565	30,161,508	516,381	86,190,454	-
Unrestricted	1,406,658	11,923,243	1,297,138	14,627,039	2,657,912
TOTAL NET POSITION	\$ 56,919,223	\$ 42,084,751	\$ 1,813,519	\$ 100,817,493	\$ 2,657,912

Amounts reported for Business-Type Activities in the Statement of Net Position are different because:

An internal service fund is used by management to charge the costs of health insurance to individual funds. A portion of the assets and liabilities of the internal service fund is included in business-type activities in the statement of net position.

Total Net Position Business-Type Activities

1,036,643
\$ 101,854,136

City of Fountain, Colorado
Proprietary Fund
Statement of Revenues, Expenditures
and Changes in Net Position
For the Year Ended December 31, 2020

	<u>Business-Type Activities</u>				<u>Governmental</u>
	<u>Water</u>	<u>Electric</u>	<u>Nonmajor</u>	<u>Total</u>	<u>Internal Service</u> <u>Fund</u>
OPERATING REVENUES					
Charges for services	\$ 10,752,779	\$ 25,011,877	\$ 652,743	\$ 36,417,399	4,166,827
Grant revenue	-	-	321,942	321,942	-
Miscellaneous	<u>1,311,079</u>	<u>1,222,407</u>	<u>-</u>	<u>2,533,486</u>	<u>-</u>
TOTAL OPERATING REVENUES	<u>\$ 12,063,858</u>	<u>\$ 26,234,284</u>	<u>\$ 974,685</u>	<u>\$ 39,272,827</u>	<u>\$ 4,166,827</u>
OPERATING EXPENSES					
Source of supply	2,119,829	15,452,540	-	17,572,369	-
Operations and maintenance	2,681,288	4,939,266	1,244,518	8,865,072	-
Customer accounts and collection	661,874	1,584,281	-	2,246,155	-
Administration and general	2,452,308	3,410,802	-	5,863,110	80,332
Insurance premiums	-	-	-	-	1,043,610
Insurance claims	-	-	-	-	3,263,520
Depreciation	<u>2,383,581</u>	<u>1,656,806</u>	<u>77,220</u>	<u>4,117,607</u>	<u>-</u>
TOTAL OPERATING EXPENSES	<u>10,298,880</u>	<u>27,043,695</u>	<u>1,321,738</u>	<u>38,664,313</u>	<u>4,387,462</u>
OPERATING INCOME (LOSS)	<u>1,764,978</u>	<u>(809,411)</u>	<u>(347,053)</u>	<u>608,514</u>	<u>(220,635)</u>
NON-OPERATING REVENUES (EXPENSES)					
Investment income	60,660	129,765	9,817	200,242	18,442
Interest expense	(562,072)	(418,262)	-	(980,334)	-
Gain (loss) on sale of assets	<u>12,120</u>	<u>-</u>	<u>-</u>	<u>12,120</u>	<u>-</u>
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>(489,292)</u>	<u>(288,497)</u>	<u>9,817</u>	<u>(767,972)</u>	<u>18,442</u>
INCOME (LOSS)					
BEFORE CONTRIBUTIONS AND TRANSFERS	1,275,686	(1,097,908)	(337,236)	(159,458)	(202,193)
Transfers in	-	-	532,417	532,417	-
System development fees	<u>885,464</u>	<u>-</u>	<u>-</u>	<u>885,464</u>	<u>-</u>
CHANGE IN NET POSITION	2,161,150	(1,097,908)	195,181	1,258,423	(202,193)
NET POSITION, BEGINNING OF YEAR	<u>54,758,073</u>	<u>43,182,659</u>	<u>1,618,338</u>	<u>99,559,070</u>	<u>2,860,105</u>
NET POSITION, END OF YEAR	<u>\$ 56,919,223</u>	<u>\$ 42,084,751</u>	<u>\$ 1,813,519</u>	<u>\$ 100,817,493</u>	<u>\$ 2,657,912</u>
Amounts reported for Business-Type Activities in the Statement of Activities are different because:					
Change in Net Position of Business-Type Activities				1,258,423	
An internal service fund is used by management to charge the costs of health insurance to individual funds. A portion of the net income of the internal service fund is included in business-type activities in the statement of activities.				<u>(78,855)</u>	
Total Change in Net Position of Business-Type Activities				<u>\$ 1,179,568</u>	

City of Fountain, Colorado

Proprietary Fund Statements of Cash Flows

For the Year Ended December 31, 2020

	Business-Type Activities				Governmental Activities
	Water	Electric	Nonmajor Funds	Total	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers	\$ 10,708,653	\$ 25,165,475	\$ 652,126	\$ 36,526,254	\$ 4,295,366
Cash payment from other	1,311,079	1,222,407	321,942	2,855,428	-
Cash paid to employees	(2,217,563)	(2,080,378)	(969,780)	(5,267,721)	(31,869)
Cash paid for goods and services	(6,431,375)	(23,222,160)	(208,396)	(29,861,931)	(4,387,083)
NET CASH FROM OPERATING ACTIVITIES	<u>3,370,794</u>	<u>1,085,344</u>	<u>(204,108)</u>	<u>4,252,030</u>	<u>(123,586)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES					
Transfers in	310,048	-	532,417	842,465	-
Transfers out	-	(310,048)	-	(310,048)	-
NET CASH FROM NON-CAPITAL FINANCING ACTIVITIES	<u>310,048</u>	<u>(310,048)</u>	<u>532,417</u>	<u>532,417</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Proceeds from sale of capital assets	12,120	-	-	12,120	-
Capital expenditures	(6,363,236)	(9,477,075)	(289,637)	(16,129,948)	-
System development fees	885,464	-	-	885,464	-
Interest paid on capital leases and bonds	(529,724)	(485,152)	-	(1,014,876)	-
Principal paid on capital leases and bonds	(1,250,103)	(407,105)	-	(1,657,208)	-
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(7,245,479)</u>	<u>(10,369,332)</u>	<u>(289,637)</u>	<u>(17,904,448)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	60,660	129,765	9,817	200,242	18,442
NET CASH FROM INVESTING ACTIVITIES	<u>60,660</u>	<u>129,765</u>	<u>9,817</u>	<u>200,242</u>	<u>18,442</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	<u>(3,503,977)</u>	<u>(9,464,271)</u>	<u>48,489</u>	<u>(12,919,759)</u>	<u>(105,144)</u>
CASH AND CASH EQUIVALENTS					
Beginning of Year	<u>8,357,595</u>	<u>11,947,976</u>	<u>1,425,451</u>	<u>21,731,022</u>	<u>2,983,968</u>
End of Year	<u>\$ 4,853,618</u>	<u>\$ 2,483,705</u>	<u>\$ 1,473,940</u>	<u>\$ 8,811,263</u>	<u>\$ 2,878,824</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES					
Operating income (loss)	\$ 1,764,978	\$ (809,411)	\$ (347,053)	\$ 608,514	\$ (220,635)
Depreciation	2,383,581	1,656,806	77,220	4,117,607	-
Change in accounts receivable, net	(44,126)	153,598	(617)	108,855	128,539
Change in inventory	164,699	(272,812)	-	(108,113)	-
Change in accounts payable and accrued expenses	(574,582)	286,584	81,391	(206,607)	379
Increase (Decrease) in deposits	(1,627)	29,048	-	27,421	-
Change in deferred outflows	(328,652)	-	-	(328,652)	-
Change in insurance claims payable	-	-	-	-	(31,869)
Change in compensated absences payable	18,123	57,931	(15,049)	61,005	-
Change in early retirement payable	(11,600)	(16,400)	-	(28,000)	-
NET CASH FROM OPERATING ACTIVITIES	<u>\$ 3,370,794</u>	<u>\$ 1,085,344</u>	<u>\$ (204,108)</u>	<u>\$ 4,252,030</u>	<u>\$ (123,586)</u>

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

City of Fountain, Colorado
Statement of Fiduciary Net Position
Pension Trust Fund
December 31, 2020

	<u>TOTAL</u>
ASSETS	
Cash	\$ 1,452
Investments	
Local Government Investment Pools	475,434
Money Market Funds	<u>237,438</u>
TOTAL ASSETS	<u>714,324</u>
NET POSITION	
Restricted for Pension Benefits	<u>714,324</u>
TOTAL NET POSITION	<u>\$ 714,324</u>

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

City of Fountain, Colorado
Statement of Changes in Net Position
Pension Trust Fund
For the Year Ended December 31, 2020

	Total
ADDITIONS	
Investment income	\$ 3,939
TOTAL ADDITIONS	3,939
 DEDUCTIONS	
Administration	4,975
TOTAL DEDUCTIONS	4,975
 CHANGE IN NET POSITION	 (1,036)
 NET POSITION, BEGINNING OF YEAR	 715,360
 NET POSITION, END OF YEAR	 \$ 714,324

City of Fountain, Colorado

Notes to Financial Statements

December 31, 2020

1. Summary of Significant Accounting Policies

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

Reporting Entity

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

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

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

City of Fountain, Colorado
Notes to Financial Statements (continued)
December 31, 2020

1. Summary of Significant Accounting Policies (continued)

Government-wide and Fund Financial Statements

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

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

Separate financial statements are provided for governmental funds, proprietary funds, and the fiduciary fund, even though the latter is excluded from the government-wide financial statements. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and pension trust fund financial statements. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collected within the current year or soon enough thereafter to pay liabilities of the current year. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current year. Taxes, intergovernmental revenues, and interest associated with the current year are considered to be susceptible to accrual and so have been recognized as revenues of the current year. All other revenues are considered to be measurable and available only when cash is received by the City. Expenditures generally are recorded when a liability is incurred, as under accrual

City of Fountain, Colorado

Notes to Financial Statements (continued)

December 31, 2020

1. Summary of Significant Accounting Policies (continued)

accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

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

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

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

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

The City also reports the following major enterprise funds:

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

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

Additionally, the City reports the following fund types:

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

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

Budgetary Accounting

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

- In September, management submits to the City Council a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted to obtain taxpayer comments.

City of Fountain, Colorado
Notes to Financial Statements (continued)
December 31, 2020

1. Summary of Significant Accounting Policies (continued)

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

For the year ended December 31, 2020, expenditures of the Street Resurfacing Fund, Water Fund, Ambulance Fund, and Internal Service Fund, exceeded the budgeted amounts by \$202,584, \$8,149,714, \$75,898, and \$173,662, respectively. Expenditures in the Water Fund exceeded budget due to a bond refunding during the year that was approved by the City Council. Expenditures in the other funds exceeded budget due to costs that were higher than anticipated. These over-expenditures may be violations of State statutes.

Assets, Liabilities and Net Position/Fund Balance

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

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

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

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

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

City of Fountain, Colorado
Notes to Financial Statements (continued)
December 31, 2020

1. Summary of Significant Accounting Policies (continued)

governmental and business-type activities are reported in the government-wide financial statements as *internal balances*.

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

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

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

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

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

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

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

Postemployment Benefits - An employee with at least 20 years of service with the City, and who has reached at least 55 years of age at retirement, is eligible to receive health and life insurance coverage after retirement. This benefit expires when the retiree reaches the age of 65, thereby

City of Fountain, Colorado
Notes to Financial Statements (continued)
December 31, 2020

1. Summary of Significant Accounting Policies (continued)

making the maximum eligibility period 10 years. A long-term liability is reported in the government-wide financial statements as the postemployment benefits are earned.

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

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

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

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

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

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

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

The City Council has established the ideal target reserves at 40% of the current operating budget of the General Fund. The reserves should not be allowed to fall below 20% of the current

City of Fountain, Colorado
Notes to Financial Statements (continued)
December 31, 2020

1. Summary of Significant Accounting Policies (continued)

operating budget, including the emergency reserve required by the Tabor Amendment (See Note 11).

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

Property Taxes

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

Reclassifications

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

2. Cash and Investments

A summary of cash and investments as of December 31, 2020, follows:

Petty Cash	\$ 3,498
Deposits	18,499,759
Investments	<u>8,868,871</u>
Total	<u>\$ 27,372,128</u>

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

Cash and Investments	\$ 21,213,968
Committed Cash and Investments	1,072,906
Restricted Cash and Investments	<u>5,085,254</u>
Total	<u>\$ 27,372,128</u>

Deposits

The Colorado Public Deposit Protection Act (PDPA) requires all local government entities to deposit cash in eligible public depositories. Eligibility is determined by State regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. The PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution or held in trust for all uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. At December 31, 2020, all of the City's bank deposits

City of Fountain, Colorado
Notes to Financial Statements (continued)
December 31, 2020

2. Cash and Investments (continued)

were covered by insured by FDIC or collateralized with securities held by the financial institutions' agents but not in the City's name.

Investments

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

Colorado statutes specify in which instruments the local government may invest, which include:

1. Repurchase agreements in obligations of the United States;
2. Obligations of the United States or obligations unconditionally guaranteed by the United States;
3. General obligation or revenue bonds of any state, District of Columbia, US territory or any of their subdivisions, with certain limitations;
4. Bankers acceptance issued by a state or national bank, with certain limitations;
5. Commercial paper, with certain limitations;
6. Any obligation, certificate of participation or lease/purchase of the investing public entity;
7. Money market funds, with certain limitations, which invest in the types of securities listed above;
8. Guaranteed investment contracts, with other certain limitations;
9. Participation with other local governments in pooled investment funds (trusts). These trusts are supervised by participating governments and must comply with the same restrictions on cash deposits and investments. These trusts are "Colotrust" and "CSAFE".

At December 31, 2020, the District had the following investments reported as cash and cash equivalents:

<u>Investment Type</u>	<u>Rating</u>	<u>Investment Maturities (in Years)</u>		
		<u>Less than 1</u>	<u>1 to Less than 5</u>	<u>Total</u>
Local Government Investment Pools	AAAm	\$ 276,628	\$ -	\$ 276,628
Money Market Funds	Not Rated	2,897,601	-	2,897,601
U.S. Agency Securities	AA+	1,522,020	-	1,522,020

City of Fountain, Colorado
Notes to Financial Statements (continued)
December 31, 2020

2. Cash and Investments (continued)

Municipal Securities	A+	-	514,450	514,450
Corporate Securities	AA-	-	<u>3,658,172</u>	<u>3,658,172</u>
Total			<u>\$ 4,696,249</u>	<u>\$ 8,868,871</u>

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

Interest Rate Risk - State statutes limit investments to an original maturity of five years from the date of purchase unless the governing board authorizes the investment for a period in excess of five years. Corporate securities must mature within three years.

Credit Risk - State statutes limit investments in municipal securities to those with at least two credit ratings at or above A or its equivalent by nationally recognized statistical rating organizations (NRSROs). Corporate securities must have at least two credit ratings from any of the NRSROs at or above AA- or its equivalent. State statutes also limit investments in money market funds to those that maintain a constant share price, with a maximum remaining maturity in accordance with the Securities and Exchange Commission's Rule 2a-7, and either have assets of one billion dollars or the highest rating issued by one or more NRSROs.

Concentration of Credit Risk - State statutes do not limit the amount the City may invest in a single issuer of U.S. Agency or municipal securities. Corporate securities are limited to fifty percent of the total investment portfolio and five percent for a single issuer. At December 31, 2020, the City's investments in the Exxon Mobil Corporation represented 18% of the City's total investments and investments in Wells Fargo Bank represented 17% of the City's total investments.

Custodial Credit Risk - At December 31, 2020, the City's investments in U.S. Agency, municipal, and corporate securities, and certain money market funds were held by the counterparty (broker), but not in the City's name.

Local Government Investment Pools - At December 31, 2020, the City had \$5,268 and \$271,360 invested in the Colorado Local Government Liquid Asset Trust (Colotrust) and the Colorado Surplus Asset Fund Trust (CSAFE), respectively. The Trusts are investment vehicles established for local government entities in Colorado to pool surplus funds. The Colorado Division of Securities administers and enforces the requirements of creating and operating the Trusts. The Trusts operate in conformity with the Securities and Exchange Commission's Rule 2a-7, with each

City of Fountain, Colorado
Notes to Financial Statements (continued)
December 31, 2020

2. Cash and Investments (continued)

share valued at \$1. Both Trusts are rated AAAM by Standard and Poor's. Investments of the Trusts are limited to those allowed by State statutes. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. The custodian's internal records identify the investments owned by the participating governments.

Committed Cash and Investments

Beginning January 1, 2006, the City committed to use system development fees and water acquisition fees received by the Water Fund exclusively for growth-related capital improvements and purchases of water rights. In addition, system development fees collected by the Electric Fund are committed for the construction of a new substation. The remaining cash and investments at December 31, 2020, of \$1,072,906 were reported as committed cash and investments in the Electric Fund.

Restricted Cash and Investments

Lease proceeds of \$188,459 is restricted in the General Fund for capital projects. Loan proceeds of \$4,853,618 and \$43,177 are restricted in the Water and Electric Funds, respectively, for debt reserves.

3. Interfund Balances and Transactions

Interfund Balances

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

Interfund Transfers

During the year ended December 31, 2020, the General Fund transferred \$532,417 to the Ambulance Fund. The General Fund routinely subsidizes the operations of the Ambulance Fund.

City of Fountain, Colorado
Notes to Financial Statements (continued)
December 31, 2020

4. Capital Assets

Capital assets activity for the year ended December 31, 2020 is summarized below:

	Balance December 31, 2019	Transfers/ Additions	Transfers/ Retirements	Balance December 31, 2020
Governmental Activities				
Capital assets, <i>not being depreciated</i> :				
Land and easements	\$ 1,874,166	\$ -	\$ -	\$ 1,874,166
Construction in progress	<u>5,375,984</u>	<u>1,233,574</u>	<u>(5,012,676)</u>	<u>1,596,882</u>
Total capital assets, <i>not being depreciated</i>	<u>7,250,150</u>	<u>1,233,574</u>	<u>(5,012,676)</u>	<u>3,471,048</u>
Capital assets, being depreciated:				
Buildings and improvements	11,319,211	5,427,541	-	16,746,752
Infrastructure	116,625,472	464,176	-	117,089,648
Computers and Software	959,099	145,070	-	1,104,169
Machinery and Equipment	5,386,967	1,003,032	(730,567)	5,659,432
Vehicles	<u>6,528,672</u>	<u>730,136</u>	<u>-</u>	<u>7,258,808</u>
Total capital assets, being depreciated	<u>140,819,421</u>	<u>7,769,955</u>	<u>(730,567)</u>	<u>147,858,809</u>
Less accumulated depreciation:				
Buildings and improvements	(4,321,104)	(607,284)	-	(4,928,388)
Infrastructure	(59,813,059)	(2,927,235)	-	(62,740,294)
Computers and Software	(666,646)	(117,907)	34,901	(749,652)
Machinery and Equipment	(4,498,138)	(223,998)	730,567	(3,991,569)
Vehicles	<u>(4,367,243)</u>	<u>(590,625)</u>	<u>589,484</u>	<u>(4,368,384)</u>
Total Accumulated Depreciation	<u>(73,666,190)</u>	<u>(4,467,049)</u>	<u>1,354,952</u>	<u>(76,778,287)</u>
Total capital assets, <i>being depreciated</i> , net	<u>67,153,231</u>	<u>3,302,906</u>	<u>624,385</u>	<u>71,080,522</u>
Capital assets, net	<u>\$ 74,403,381</u>	<u>\$ 4,536,480</u>	<u>\$ (4,388,291)</u>	<u>\$ 74,551,570</u>

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

Governmental Activities	
General Government	\$ 202,427
Public Safety	814,246
Public Works	3,294,481
Health and Welfare	328
Culture and Recreation	<u>155,567</u>
Total	<u>\$ 4,467,049</u>

City of Fountain, Colorado
Notes to Financial Statements (continued)
December 31, 2020

4. Capital Assets (continued)

	Balance December 31, 2019	Transfers/ Additions	Transfers/ Retirements	Balance December 31, 2020
Business-Type Activities				
Capital assets, <i>not being depreciated</i> :				
Land and easements	\$ 7,058,325	\$ 54,680	\$ -	\$ 7,113,005
Water and Storage Rights	25,366,792	416,667	-	25,783,459
Construction in progress	<u>55,045,650</u>	<u>10,940,977</u>	<u>(47,254,841)</u>	<u>18,731,786</u>
Total capital assets, <i>not being depreciated</i>	<u>87,470,767</u>	<u>11,412,324</u>	<u>(47,254,841)</u>	<u>51,628,250</u>
Capital assets, being depreciated:				
Buildings and improvements	9,799,618	25,376	-	9,824,994
Infrastructure	77,159,562	51,145,553	-	128,305,115
Computers and Software	2,748,151	152,273	-	2,900,424
Machinery and Equipment	4,101,706	471,611	-	4,573,317
Vehicles	<u>2,684,647</u>	<u>525,938</u>	<u>-</u>	<u>3,210,585</u>
Total capital assets, being depreciated	<u>96,493,684</u>	<u>52,320,751</u>	<u>-</u>	<u>148,814,435</u>
Less accumulated depreciation:				
Buildings and improvements	(3,540,854)	(371,680)	-	(3,912,534)
Infrastructure	(30,472,450)	(3,029,423)	-	(33,501,873)
Computers and Software	(1,337,659)	(327,375)	-	(1,665,034)
Machinery and Equipment	(3,344,830)	(206,553)	-	(3,551,383)
Vehicles	<u>(1,932,347)</u>	<u>(182,576)</u>	<u>-</u>	<u>(2,114,923)</u>
Total Accumulated Depreciation	<u>(40,628,140)</u>	<u>(4,117,607)</u>	<u>-</u>	<u>(44,745,747)</u>
Total capital assets, <i>being depreciated</i> , net	<u>55,865,544</u>	<u>48,203,144</u>	<u>-</u>	<u>104,068,688</u>
Capital assets, net	<u>\$ 143,336,311</u>	<u>\$59,615,468</u>	<u>\$ (47,254,841)</u>	<u>\$ 155,696,938</u>

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

Business-Type Activities	
Water	\$ 2,383,581
Electric	1,656,806
Ambulance	<u>77,220</u>
Total	<u>\$ 4,117,607</u>

City of Fountain, Colorado
Notes to Financial Statements (continued)
December 31, 2020

5. Long-Term Debt

Governmental Activities

Following is a summary of long-term debt transactions for the governmental activities for the year ended December 31, 2020.

	Balance at December 31, 2019	Additions	Payments	Balance at December 31, 2020	Due Within One Year
Other Obligations:					
Capital Leases	\$ 4,829,711	\$ 174,143	\$ (626,920)	\$ 4,376,934	\$ 577,190
Compensated Absences	972,909	571,442	(353,795)	1,190,556	560,120
Early Retirement	124,000	-	(68,000)	56,000	64,000
Total	<u>\$ 5,926,620</u>	<u>\$ 745,585</u>	<u>\$ (1,048,715)</u>	<u>\$ 5,623,490</u>	<u>\$ 1,201,310</u>

During 2012, the City entered into a lease purchase agreement for \$3,000,000 to build a new fire station and remodel the police building. During 2013, an additional \$218,000 was borrowed under the agreement to complete the projects. Interest payments are due semi-annually on March 1 and September 1, with interest accruing at 3.95% per annum. Principal payments are due annually on September 1, through September 2032. At December 31, 2020, capital assets of \$2,339,808, net of accumulated depreciation, were reported under this lease.

During 2016, the City entered into a lease agreement for \$354,819 to purchase vehicles and related equipment to be used by governmental and enterprise funds. Monthly payments of \$6,167 are due under the lease agreement through August 2021. Interest accrues on the outstanding balance at 1.663% per annum. Capital assets of \$212,482 less accumulated depreciation of \$157,739 are reported under this lease. Lease payments totaling \$307,261 and \$3,904 will be made by the General and Public Transportation Funds, respectively. The remaining payments will be made by the Water and Electric Funds, in the amounts of \$12,777 and \$30,877, respectively.

During 2017, the City entered into a lease agreement for \$138,900 to purchase buses. Annual payments of \$36,340 are due under the lease agreement through August 2020. Interest accrues on the outstanding balance at 3.11% per annum. Capital assets of \$138,900 less accumulated depreciation of \$71,104 are reported under this lease.

During 2017, the City entered into a lease agreement for \$104,300 to purchase a police vehicle. Monthly payments of \$995 are due under the lease agreement beginning in January 2018, through December 2027. Interest accrues on the outstanding balance at 2.74% per annum. Capital assets of \$84,537 less accumulated depreciation of \$36,230 are reported under this lease.

City of Fountain, Colorado
Notes to Financial Statements (continued)
December 31, 2020

5. Long-Term Debt (continued)

Governmental Activities (continued)

During 2017, the City entered into a lease agreement for \$809,770 to purchase vehicles. Monthly payments of \$14,218 are due under the lease agreement through August 2027. Interest accrues on the outstanding balance at 2.07% per annum. Capital assets of \$797,880 less accumulated depreciation of \$421,796 are reported under this lease.

During 2017, the City entered into a lease agreement for \$482,518 to purchase a fire vehicle. Monthly payments of \$4,552 are due under the lease agreement through August 2027. Interest accrues on the outstanding balance at 2.52% per annum. Capital assets of \$482,518 less accumulated depreciation of \$107,226 are reported under this lease.

During 2017, the City used capital lease proceeds in the amount of \$1,000,000 and other City resources to finance improvements to the Lorraine Center. Principal is due annually beginning in September 2017, through 2032. Interest accrues on the outstanding balance at 3.15% per annum and is payable semi-annually in March and September. Capital assets of \$1,147,753 less accumulated depreciation of \$149,208 are reported as a result of this transaction.

During 2017, the City entered into a lease agreement for \$1,004,165 to improve the City buildings' energy performance. Principal and interest are due quarterly beginning in March 2018, through December 2032. Interest accrues on the outstanding balance at 2.72% per annum. Capital assets of \$458,587 less accumulated depreciation of \$191,078 are reported as a result of this transaction.

During 2017, the City entered into a lease agreement for \$451,200 to purchase information technology equipment. Annual payments of \$97,306 are due under the lease agreement with an initial payment due in January 2018, and annual payments thereafter beginning in September 2018, through 2021. Interest accrues on the outstanding balance at 3.92% per annum. Capital assets of \$324,024 less accumulated depreciation of \$194,415 are reported under this lease. Lease payments totaling \$69,768 will be made by the General Fund. The remaining payments will be made by the Water and Electric Funds, in the amounts of \$82,321 and \$139,829, respectively.

During 2017, the City entered into a lease agreement for \$713,080 to purchase information technology equipment and vehicles. Principal and interest are due quarterly beginning in January 2018, through December 2022. Interest accrues on the outstanding balance at 0.2% per annum. Capital assets of \$34,445 less accumulated depreciation of \$14,762 are reported as a result of this transaction.

During 2020, the City entered into a lease agreement for \$174,143 to purchase information technology equipment. Principal and interest are due annually beginning in September 2020,

City of Fountain, Colorado
Notes to Financial Statements (continued)
December 31, 2020

5. Long-Term Debt (continued)

Governmental Activities (continued)

through September 2024. Interest accrues on the outstanding balance at 4.35% per annum. Capital assets net of accumulated depreciation in the amount of \$174,143 are reported as a result of this transaction.

The following are events of default under the above lease agreements: (i) failure to make any lease payment (or any other payment) as it becomes due in accordance with the terms of the lease when funds have been appropriated sufficient for such purpose; (ii) failure to perform or observe any other covenant, condition, or agreement to be performed or observed by it hereunder and such failure is not cured during a stated time period after written notice thereof by the lessor; (iii) the discovery by lessor that any statement, representation, or warranty made by the City in the lease or in writing delivered by lessee is false, misleading or erroneous in any material respect; (iv) proceedings under any bankruptcy, insolvency, reorganization or similar legislation shall be instituted against or by the lessee, or a receiver or similar officer shall be appointed for lessee or any of its property, and such proceedings or appointments shall not be vacated, or fully stayed, within a certain time period after the institution or occurrence thereof; or (v) an attachment, levy or execution is threatened or levied upon or against the equipment.

In the event of default, the lessors may, at their option: (i) declare all amounts due under the lease; (ii) request the City to discontinue use of the equipment; (iii) sell or lease the equipment; (iv) request the return of the equipment to the lessor; or (v) exercise any other right available under law.

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

<u>Year ending December 31,</u>	
2021	\$ 718,901
2022	591,806
2023	477,670
2024	472,288
2025	429,167
2026-2030	1,878,727
2031-2032	692,741
Total Minimum Lease Payments	<u>5,261,300</u>
Less: Interest Portion	<u>(884,366)</u>
Total Future Principal Payments	<u><u>\$ 4,376,934</u></u>

City of Fountain, Colorado
Notes to Financial Statements (continued)
December 31, 2020

5. Long-Term Debt (continued)

Governmental Activities (continued)

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

Business-Type Activities

Following is a summary of long-term debt transactions for the business-type activities for the year ended December 31, 2020.

	Balance at December 31, 2019	Additions	Payments	Balance at December 31, 2020	Due Within One Year
Notes Payable:					
2011 CWRPDA Loan	\$ 8,015,000	\$ -	\$ (8,015,000)	\$ -	\$ -
2013 CWRPDA Loan	10,180,000	-	(265,000)	9,915,000	275,000
Premium	434,763	-	(18,765)	415,998	-
2014 CWRPDA Loan	15,110,000	-	(470,000)	14,640,000	490,000
Premium	1,101,475	-	(44,206)	1,057,269	-
	<u>34,841,238</u>	<u>-</u>	<u>(8,812,971)</u>	<u>26,028,267</u>	<u>765,000</u>
Bonds Payable:					
2015 Water Revenue Bonds	3,625,000	-	(90,000)	3,535,000	95,000
Premium	51,735	-	(1,990)	49,745	-
2016 Water Revenue Bonds	6,170,000	-	(240,000)	5,930,000	245,000
Premium	778,295	-	(41,694)	736,601	-
2019 Revenue Bonds	19,000,000	-	(300,000)	18,700,000	400,000
Premium	2,128,758	-	(109,167)	2,019,591	-
2020 Revenue Refunding Bonds	-	8,340,000	-	8,340,000	315,000
Agreement payable	37,130	-	-	37,130	14,115
	<u>31,790,918</u>	<u>8,340,000</u>	<u>(782,851)</u>	<u>39,348,067</u>	<u>1,069,115</u>
Other Obligations:					
Capital Leases	593,157	348,286	(292,208)	649,235	291,287
Compensated Absences	835,415	598,020	(537,015)	896,420	541,507
Early Retirement	97,200	-	(28,000)	69,200	28,000
	<u>1,525,772</u>	<u>946,306</u>	<u>(857,223)</u>	<u>1,614,855</u>	<u>860,794</u>
Total	<u>\$ 68,157,928</u>	<u>\$ 9,286,306</u>	<u>\$ (10,453,045)</u>	<u>\$ 66,991,189</u>	<u>\$ 2,694,909</u>

During 2011, the City entered into a loan agreement for \$9,350,000 with the Colorado Water Resources and Power Development Authority (CWRPDA). Loan proceeds were used for construction of the Southern Delivery System (See Note 11) and phase I of the remodel of the future utilities customer service center. Interest payments are due semi-annually on February 1 and August 1. Principal payments are due annually on August 1, through 2041. Interest accrues at rates ranging from 2% to 5.4% per annum. This loan was paid off with the proceeds from the 2020 Revenue Refunding Bonds.

City of Fountain, Colorado
Notes to Financial Statements (continued)
December 31, 2020

5. Long-Term Debt (continued)

Business-Type Activities (continued)

In October 2020, the City entered into a refunding transaction whereby the series 2020 revenue refunding bonds were issued to refund the 2011 CWRPDA Loan. The series 2020 bonds were issued in the amount of \$8,340,000. The net proceeds of \$8,168,306 (after payment of \$171,694 in underwriting fees and other issuance costs) were used to purchase U.S. government securities. Those securities were deposited into an irrevocable trust with an escrow agent to provide for future debt payments on the 2011 CWRPDA loan callable in 2021. The total amount deposited with the escrow agent included the \$7,795,000 loan balance and deferred amounts on refunding. As a result of this transaction, the 2011 CWRPDA Loan is considered to be defeased in-substance and the liability for those bonds has been removed from the proprietary fund statement of net position.

The City completed the advanced refunding to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$ 1,297,977.

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

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

The following are considered to be events of default under all CWRPDA loan agreements:

- (a) failure by the City to pay or cause to be paid any amounts required to be paid when due, which failure shall continue for a period of ten days;
- (b) failure by the City to make or cause to be made any required payments of principal of redemption premium if any and interest on any bonds notes or other obligations for borrowed money, after giving effect to the applicable grace period, the payments of which are secured by pledged property;
- (c) failure by the City to pay or cause to be paid the Administrative Fee or any portion thereof when due or to observe and perform any duty covenant obligation or agreement on its part to be observed or performed under the loan agreement and other than a failure

City of Fountain, Colorado
Notes to Financial Statements (continued)
December 31, 2020

5. Long-Term Debt (continued)

Business-Type Activities (continued)

to comply with the provisions of the loan agreement, which failure shall continue for a period of thirty days after written notice specifying such failure and requesting that it be remedied is given to the City by the Trustee;

- (d) a petition is filed by or against the City under any federal or state bankruptcy or insolvency law or other similar law in effect on the date of the loan agreement or thereafter enacted unless in the case of any such petition filed against the City such petition shall be dismissed within thirty days after such filing and such dismissal shall be final and not subject to appeal or the City shall become insolvent or bankrupt or make an assignment for the benefit of its creditors or a custodian including without limitation a receiver liquidator or trustee of the City or any of its property shall be appointed by court order to take possession of the City or its property or assets if such order remains in effect or such possession continues for more than thirty days.

In the event of default, the lender may initiate legal proceedings to enforce their rights under the loan agreement.

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

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

During 2019, the City issued \$19,000,000 Electric, Water and Wastewater Utility Revenue Bonds, Series 2019. Bond proceeds were used to fund various capital projects. Interest accrues on the bonds at rates ranging from 3% to 5% per annum. Interest payments are due semi-annually on June 1 and December 1. Principal payments are due annually on December 1, through 2039.

The following are considered to be events of default under each of the 2015, 2016, 2019, and 2020 Revenue Refunding Bonds:

- (a) failure to make any payment of principal of, premium, if any, or interest on the Bonds when due

City of Fountain, Colorado
Notes to Financial Statements (continued)
December 31, 2020

5. Long-Term Debt (continued)

Business-Type Activities (continued)

- (b) failure to make, or cause to be made, any required payments of principal of, redemption premium, if any, and interest on any Parity Lien Obligations
- (c) failure by the City to observe and perform any duty, covenant, obligation or agreement on its part to be observed or performed under the Bond Ordinance, other than a failure to comply with the continuing disclosure provisions required pursuant to Rule 15c2-12 which failure continues for a period of 30 days after written notice
- (d) a petition is filed by or against the City under any federal or State bankruptcy or insolvency law or other similar law in effect or the City becomes insolvent or bankrupt or make an assignment for the benefit of its creditors, or a custodian (including, without limitation, a receiver, liquidator or trustee of the City or any of its property) is appointed by court order to take possession of the City or its property or assets if such order remains in effect or such possession continues for more than 30 days.

In the event of default, the Owners of not less than 25% in principal amount of the applicable Bonds then Outstanding have the right to take or to direct the Paying Agent to take any action permitted or required pursuant to the Bond Ordinance and to take whatever other action at law or in equity may appear necessary or desirable to collect the amounts then due and thereafter to become due or to enforce the performance and observance of any duty, covenant, obligation or agreement of the City, including, without limitation, to obtain ex parte the appointment of a receiver of the System.

During 2020, the City entered into a lease agreement for \$348,286 to purchase information technology equipment. Principal and interest are due annually beginning in September 2020, through September 2024. Interest accrues on the outstanding balance at 4.35% per annum. Capital assets net of accumulated depreciation in the amount of \$348,286 are reported as a result of this transaction.

The Water Fund loans and bonds are payable solely from revenues of the City's utility system, which includes the Water and Electric Funds, after deduction of operating and maintenance costs, provided that revenues are limited to 50% of tap fee revenues. During the year ended December 31, 2020, net revenues of \$5,168,853 were available to pay annual debt service of approximately \$1,600,000.

City of Fountain, Colorado
Notes to Financial Statements (continued)
December 31, 2020

5. Long-Term Debt (continued)

Business-Type Activities (continued)

Future debt service requirement of the outstanding bonds and loans at December 31, 2020 were as follows:

<u>Year ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 1,820,000	\$ 2,380,399	\$ 4,200,399
2022	1,965,000	2,308,735	4,273,735
2023	2,130,000	2,241,521	4,371,521
2024	2,205,000	2,164,855	4,369,855
2025	2,290,000	2,084,343	4,374,343
2026-2030	12,825,000	9,029,371	21,854,371
2031-2035	15,560,000	6,298,005	21,858,005
2036-2040	16,570,000	2,978,121	19,548,121
2041-2045	5,695,000	575,147	6,270,147
Total Future Debt Payments	<u>\$ 61,060,000</u>	<u>\$ 30,060,497</u>	<u>\$ 91,120,497</u>

During 2015, the City entered into a lease agreement for \$83,000 to purchase an ambulance. Monthly payments of \$1,235 are due under the lease agreement through July 2021. Interest accrues on the outstanding balance at 2.28% per annum. Capital assets of \$163,063 less accumulated depreciation of \$128,121 are reported under this lease.

During 2017, the City entered into a lease agreement for \$713,080 to purchase computer equipment, software, and a vehicle. Monthly payments of \$12,594 are due under the lease agreement beginning in January 2018, through December 2022. Interest accrues on the outstanding balance at 2% per annum. Capital assets of \$740,062 less accumulated depreciation of \$112,928 are reported as a result of this transaction.

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

<u>Year ended December 31,</u>	
2021	\$ 307,538
2022	226,847
2023	75,715
2024	75,715
Total Minimum Lease payments	685,815
Less: Interest Portion	(36,580)
Present Value of Future Minimum Lease Payments	<u>\$ 649,235</u>

City of Fountain, Colorado

Notes to Financial Statements (continued)

December 31, 2020

6. Joint Venture

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

The City's share of available capacity for the year ended December 31, 2020, was 608 acre feet of project water, representing an ownership percentage of participation of 9.95%.

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

7. Risk Management

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

Public Entity Risk Pool

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

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

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

City of Fountain, Colorado
Notes to Financial Statements (continued)
December 31, 2020

7. Risk Management (continued)

Insurance Fund

Effective October 1, 2009, the City established a partially self-insured program for employee health, dental and short-term disability benefits. Transactions of the self-insurance program are reported in the Insurance Fund, an internal service fund. The City has purchased excess insurance policies to cover individual claims in excess of \$50,000, and aggregate annual claims in excess of approximately \$3,388,169, depending on enrollment counts. Premiums are paid by the General, Water, Electric, and Ambulance Funds.

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

Changes in claims payable were as follows:

	2020	2019
Claims Payable, <i>Beginning of Year</i>	\$ 244,889	\$ 190,944
Claims and Changes in Provisions	2,070,594	2,143,922
Claims Payments	(2,528,503)	(2,579,755)
Claims Payable, <i>End of Year</i>	\$ 213,020	\$ 244,889

8. Defined Benefit Retirement Plans

Volunteer Firefighters' Pension Plan

General Information

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

Plan Membership - At December 31, 2020, plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	3
Inactive plan members entitled to but not yet receiving benefits	15
Active plan members	7
Total	25

City of Fountain, Colorado
Notes to Financial Statements (continued)
December 31, 2020

8. Defined Benefit Retirement Plans (continued)

Volunteer Firefighters' Pension Plan (continued)

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

Contributions - As established by State statutes, the plan may receive contributions from the City in an amount not to exceed one-half mill of property tax revenue. The State of Colorado contributes 90% of the City's contribution. Plan members are not required to contribute to the plan. The contributions are not actuarially determined. The actuarial valuation as of January 1, 2020, indicated that the current level of contributions is adequate to support on an actuarially sound basis the prospective benefits of the present plan. No contributions were made to the plan during the year ended December 31, 2020.

Investments

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

Rate of Return - For the year ended December 31, 2020, the annual money-weighted rate of return on plan investments, net of investment expense, was 0.55%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Asset

At December 31, 2020, the City reported a net pension liability/(asset) of \$(575,734). The net pension liability/(asset) was measured at December 31, 2020, and the total pension liability used to calculate the net pension liability/(asset) was determined by an actuarial valuation as of January 1, 2020.

Actuarial Assumptions - The total pension liability/(asset) was determined by an actuarial valuation as of January 1, 2020, using the following actuarial assumptions, applied to all periods included in the measurement.

Interest Rate - 4.5% per annum, compounded annually, net of operating expenses
Mortality - Pub-2010 mortality table for general employees, projected with generational mortality improvement using Scale MP-2020. Separate annuitant and non-annuitant rate tables were used.

City of Fountain, Colorado
Notes to Financial Statements (continued)
December 31, 2020

8. Defined Benefit Retirement Plans (continued)

Volunteer Firefighters' Pension Plan (continued)

The long-term expected rate of return on plan investments was unable to be determined as the actuary was not provided with details regarding the allocation of invested assets among asset classes as of December 31, 2020 in order to develop the long-term expected rate of return on plan assets.

Discount Rate - The discount rate used to measure the total pension liability/(asset) was 4.5%. The projection of cash flows used to determine the discount rate assumed that contributions will continue to follow the current funding policy. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Had there been a point where assets were projected to be depleted, a rate of 1.93% as of December 31, 2020 would have been used in the development of the blended GASB discount rate after that point. The 1.93% rate is based on the S&P Municipal Bond 20-Year High Grade Rate Index as of December 31, 2020.

For the year ended December 31, 2020, changes in the net pension liability/(asset) of the City were as follows.

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Asset
	(a)	(b)	(a)-(b)
Balances at December 31, 2019	\$ 134,953	\$ 715,560	\$ (580,607)
Changes for the year:			
Service Cost	5,446	-	5,446
Interest	6,197	-	6,197
Differences between expected and actual experience	(2,433)	-	(2,433)
Investment income	-	3,940	(3,940)
Administrative expenses	-	(175)	175
Changes of assumptions	(572)	-	(572)
Benefit Payments	(5,000)	(5,000)	-
Balances at December 31, 2019	\$ 138,591	\$ 714,325	\$ (575,734)

Sensitivity of the Net Pension Asset to Changes in the Discount Rate - The following table presents the net pension liability/(asset) of the City at December 31, 2020, calculated using the discount rate of 4.5%, as well as what the City's net pension liability/(asset) would be if it were

City of Fountain, Colorado
Notes to Financial Statements (continued)
December 31, 2020

8. Defined Benefit Retirement Plans (continued)

Volunteer Firefighters' Pension Plan (continued)

calculated using a discount rate that is one percentage point lower (3.5%) or one percentage point higher (5.5%) than the current rate, as follows:

	1% Decrease (3.5%)	Current Discount Rate (4.5%)	1% Increase (5.5%)
City's Net Pension Asset	\$ (549,547)	\$ (575,734)	\$ (595,888)

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

For the year ended December 31, 2020, the City recognized pension income of \$46,002. At December 31, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to the Volunteer Firefighters' Pension Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Volunteer Firefighters' Pension Plan		
Differences between expected and actual experience	\$ -	\$ 8,594
Net difference between projected and actual earnings on plan investments	48,939	-
Changes of assumptions or other inputs	3,204	14,638
Subtotal	52,143	23,232

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the Volunteer Firefighters' Pension Plan will be recognized as pension expense as follows.

<u>Year ended December 31,</u>	
2021	\$ (831)
2022	14,501
2023	9,613
2024	5,628
Total	\$ 28,911

City of Fountain, Colorado
Notes to Financial Statements (continued)
December 31, 2020

8. Defined Benefit Retirement Plans (continued)

Firefighters' Pension Plans

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

Benefits Provided - SWDB Plan - A SWDB Plan member is eligible for a normal retirement pension once the member has completed twenty-five years of credited service and has attained the age of 55. The annual normal retirement benefit is 2% of the average of the member's highest three years' base salary for each year of credited service up to 10 years, plus 2.5% for each year of service thereafter. The benefit earned prior to January 1, 2007 for members of affiliated Social Security employers will be reduced by the amount of Social Security income payable to the member annually. Effective January 1, 2007, members covered under Statewide Defined Benefit Social Security Component will receive half the benefit when compared to the Statewide Defined Benefit Plan. Benefits paid to retirees are evaluated and may be re-determined every October 1. The amount of any increase is based on the FPPA Board of Director's discretion and can range from zero to the higher of 3% or the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W).

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

SWH Plan - A SWH Plan member is eligible for a normal retirement pension at any time after age 55 if the member has at least 25 years of service. The annual normal pension of the Defined Benefit Component is 1.5% of the average of the member's highest three years' pensionable earnings for each year of credited service. Benefits paid to retired members of the Defined Benefit Component are evaluated and may be re-determined annually on October 1. The amount

City of Fountain, Colorado
Notes to Financial Statements (continued)
December 31, 2020

8. Defined Benefit Retirement Plans (continued)

Firefighters' Pension Plans (continued)

of any increase is based on the FPPA Board of Director's discretion and can range from zero to 3%.

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

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

Contributions

SWDB Plan Contributions - The City and eligible employees are required to contribute to the SWDB Plan at rates established by state statutes. Employer contribution rates can only be amended by state statute. Employee contribution rates can be amended by the state statute or by election of the membership. Effective January 1, 2021, contribution rates for employers and members may be increased equally by the FPPA Board of Directors upon approval through an election by both the employers and members.

The City and eligible employees contributed 8% and 10.5% of pensionable earnings, respectively, for the year ended December 31, 2020. SWDB Plan members elected to increase the employee contribution rate 0.5% annually from 2015 through 2022, to a total of 12% of

City of Fountain, Colorado
Notes to Financial Statements (continued)
December 31, 2020

8. Defined Benefit Retirement Plans (continued)

Firefighters' Pension Plans (continued)

pensionable earnings. Employer contributions will increase 0.5 percent annually beginning in 2021 through 2030 to a total of 13 percent of pensionable earnings.

Contributions from employees and employers reentering the SWDB Plan are established by resolution of the FPPA Board of Directors. The reentry group had a combined contribution rate of 23% of pensionable earnings through December 31, 2020. The split of contributions between employees and the City is determined by the City Council.

Effective January 1, 2021, reentry departments may submit a resolution to the FPPA Board of Directors to reduce the additional 4 percent contribution, to reflect the actual cost of reentry by department, to the plan for reentry contributions. Each reentry department is responsible to remit contributions to the plan in accordance with their most recent FPPA Board of Directors approved resolution.

The City's contributions to the SWDB Plan for the year ended December 31, 2020, were \$481,733, equal to the required contributions.

SWH Plan Contributions - The City and eligible employees are required to contribute to the SWH Plan at rates established by City Council. However, the amount allocated to the defined benefit component is set annually by the FPPA Board of Directors, which currently must be at least 8% of pensionable earnings for the employee and the employer. Excess contributions are deposited to the Money Purchase Component of the SWH Plan. The Defined Benefit Component contribution rate from July 1, 2019 through June 30, 2020 was 13.80 percent. The Defined Benefit Component contribution rate from July 1, 2018 through June 30, 2019 was 13.40 percent. For the year ended December 31, 2020, City Council established the contribution rate split at 9.5% of base salary for both the City and the employees.

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

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

City of Fountain, Colorado
Notes to Financial Statements (continued)
December 31, 2020

8. Defined Benefit Retirement Plans (continued)

Firefighters' Pension Plans (continued)

The City's contributions to the SWH Plan for the year ended December 31, 2020, were \$10,435, equal to the required contributions.

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

At December 31, 2020, the City reported net pension liabilities/(assets) of \$(456,549) and \$(187,126), representing its proportionate shares of the net pension liabilities/(assets) of the SWDB and SWH Plans, respectively. The net pension liabilities/(assets) were measured at December 31, 2019, and the total pension liability used to calculate the net pension liabilities/(assets) were determined by actuarial valuations as of January 1, 2020. The City's proportion of the net pension liabilities/(assets) were based on a projection of the City's contributions to the plans for the calendar year ended December 31, 2019, relative to the projected contributions of all participating employers.

At December 31, 2019, the City's proportion of the SWDB Plan was 0.807247%, which was a decrease of 0.0172663% from its proportion measured at December 31, 2018. The City's proportion of the SWH Plan was 0.960901%, which was an increase of 0.115865% from its proportion measured at December 31, 2018.

For the year ended December 31, 2020, the City recognized pension income for the SWDB Plan and SWH Plan of \$220,704 and \$15,228, respectively. At December 31, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Statewide Defined Benefit Plan		
Differences between expected and actual experience	\$ 1,545,047	\$ 8,937
Net difference between projected and actual earnings on plan investments	-	717,707
Changes of assumptions or other inputs	866,890	-
Changes of proportion	-	766,812
Contributions subsequent to the measurement date	<u>481,733</u>	<u>-</u>
Subtotal	2,893,670	1,493,456

City of Fountain, Colorado
Notes to Financial Statements (continued)
December 31, 2020

8. Defined Benefit Retirement Plans (continued)

Firefighters' Pension Plans (continued)

Statewide Hybrid Plan

Differences between expected and actual experience	\$ 88,779	\$ -
Net difference between projected and actual earnings on plan investments	-	22,962
Changes of assumptions and other inputs	15,861	-
Changes of proportion	-	91,392
Contributions subsequent to the measurement date	<u>10,435</u>	<u>-</u>
Subtotal	<u>115,075</u>	<u>114,354</u>
Total	<u>\$ 3,008,745</u>	<u>\$ 1,607,810</u>

City contributions to the SWDB and SWH Plans subsequent to the measurement date of \$481,733 and \$10,435 respectively, will be recognized as an increase or decrease to the net pension liabilities/(assets) in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year ended December 31,</u>	<u>SWDB</u>	<u>SWH</u>
2020	\$ 179	\$ (993)
2021	(62,586)	(2,859)
2022	170,899	4,476
2023	(131,949)	(8,916)
2024	198,442	1,478
Thereafter	<u>743,496</u>	<u>(2,901)</u>
Total	<u>\$ 918,481</u>	<u>\$ (9,714)</u>

Actuarial Assumptions - The actuarial valuations as of January 1, 2020, determined the total pension (asset) liability using the following actuarial assumptions and other inputs.

Investment rate of return, compounded annually, net of plan	
Investment expenses, including inflation	7.0%
Inflation	2.5%
Projected salary increases	4.25% - 11.25%
Cost of living adjustments (COLA)	0.0%

For determining the total pension liability, the post-retirement mortality tables for non-disabled retirees uses the 2006 central rates from the RP-2014 Annuitant Mortality Tables projected to

City of Fountain, Colorado
Notes to Financial Statements (continued)
December 31, 2020

8. Defined Benefit Retirement Plans (continued)

Firefighters' Pension Plans (continued)

2018 using the MP-2017 projection scales, and the projected prospectively using the ultimate rates of the scale for all years. The pre-retirement off-duty mortality tables are adjusted to 50% of the RP-2014 mortality tables for active employees. The on-duty mortality rate is 0.00015.

The current actuarial methods and assumptions were adopted by the FPPA Board of Directors in July 2018 for first use in the actuarial valuation as of January 1, 2019, based upon the actuary's analysis of past experience and expectations of the future.

The long-term expected rate of return on plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of December 31, 2019, are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Rate of Return
Global Equity	38 %	7.00%
Equity Long/Short	8%	6.00%
Liquid Alternatives	25%	9.20%
Fixed Income	15%	5.20%
Absolute Return	8%	5.50%
Managed Future	4%	5.00%
Cash	<u>2%</u>	2.52%
	<u>100%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates in the FPPA Board of Director's funding policy, which establishes the contractually required rates under State statutes. Based on those assumptions, the plans' fiduciary net position was projected to be available to make all projected future benefit payments to current members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate at the prior measurement date was 7.0%.

City of Fountain, Colorado
Notes to Financial Statements (continued)
December 31, 2020

8. Defined Benefit Retirement Plans (continued)

Firefighters' Pension Plans (continued)

Sensitivity of the Net Pension Asset (Liability) to Changes in the Discount Rate - The following presents the City's proportionate share of the net pension liabilities/(assets) calculated using the discount rate of 7.0%, as well as the City's proportionate share of the net pension asset (liability) if it were calculated using a discount that is one percentage point lower (6.0%) or one percentage point higher (8.0%) than the current rate, as follows:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
City's proportionate share of the SWDB Net Position Liability/(Asset)	<u>\$ 2,768,157</u>	<u>\$ (456,549)</u>	<u>\$ (3,131,047)</u>
City's proportionate share of the SWH Net Position Liability/(Asset)	<u>\$ (113,812)</u>	<u>\$ (187,126)</u>	<u>\$ (248,459)</u>

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

Total pension income recognized for all pension plans during 2020 was \$282,813.

9. Retirement Commitments

Police and Firefighter Money Purchase Pension Plan

The City contributes to a single-employer defined contribution Money Purchase Pension Plan on behalf of police officers and paid firefighters that did not elect to participate in the FPPA Plans. The City is required to contribute 9.5% of each participating employee's compensation, and each employee must contribute a matching amount. The Plan provisions and contribution requirements are established and may be amended by the City Council. Employees are eligible to participate in the Plan as of the first day of work as an employee and become fully vested after five years of service.

For the year ended December 31, 2020, the City contributed \$16,334 to the Plan, equal to the required contributions. All of the Plan investments at December 31, 2020, are managed by Empower Retirement Company, an outside administrator.

City of Fountain, Colorado
Notes to Financial Statements (continued)
December 31, 2020

9. Retirement Commitments (continued)

General Employee Money Purchase Pension Plan

The City contributes to a single-employer defined contribution Money Purchase Pension Plan on behalf of non-police and firefighter employees. The City is required to contribute 4.5% of each participating employee's compensation, and each employee must contribute a matching amount.

The Plan provisions and contribution requirements are established and may be amended by the City Council. Employees are eligible to participate in the Plan after six months of employment.

Participants become fully vested after five years of service or upon reaching the age of 55.

For the year ended December 31, 2020, the City contributed \$420,020 to the Plan, equal to the required contributions. All of the Plan investments at December 31, 2020, are managed by the Colorado County Officials and Employees Retirement Association (CCOERA), an outside administrator.

10. Post-Employment Benefits Other Than Pensions

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

Funding Policy - The contribution requirements of plan members and the City are established and may be amended by the City Council. The required contribution is based on projected pay-as-you-go financing requirements. The City pays the entire monthly insurance premium. Plan members are not required to contribute to the plan. For the year ended December 31, 2020, the City paid premiums for retirees totaling \$57,602.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - At December 31, 2020, the City reported an OPEB liability of \$1,219,988. The net OPEB liability was measured as of December 31, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2019. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2020.

City of Fountain, Colorado
Notes to Financial Statements (continued)
December 31, 2020

10. Post-Employment Benefits Other Than Pensions (continued)

For the year ended December 31, 2020, changes in the net OPEB liability of the City were as follows.

	<u>Total OPEB Liability</u>
Balance at December 31, 2019	\$ 1,135,013
Changes for the year:	
Service Cost	75,208
Interest	37,847
Changes of assumptions	71,241
Benefit Payments	<u>(99,321)</u>
Balances at December 31, 2019	<u>\$ 1,219,988</u>

For the year ended December 31, 2020, the City recognized OPEB expense of \$20,194. At December 31, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions or other inputs	\$ 80,336	\$ 17,794

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year ended December 31,</u>		
2021		\$ 6,240
2022		6,240
2023		6,240
2024		6,240
2025		6,240
Thereafter		<u>30,242</u>
Total		<u>\$ 62,542</u>

Actuarial assumptions. The total OPEB liability in the December 31, 2018 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions, and other inputs:

City of Fountain, Colorado
Notes to Financial Statements (continued)
December 31, 2020

10. Post-Employment Benefits Other Than Pensions (continued)

Actuarial cost method	Entry age normal, level percent of salary
Salary increases, including wage inflation	5.00 percent
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation	N/A
Discount rate	1.93 percent
Health care cost trend rates	7.25% in 2019 decreasing to 4.50% in 2030+

Plan membership as of December 31, 2018 was as follows:

Membership by type	Count
Inactive plan members or beneficiaries currently receiving benefits	6
Inactive plan members entitled to but not yet receiving benefits	-
Active plan members	185
Total	191

Health care cost trend rates were based on census and premium information provided by the City, as well as age and morbidity factors.

Age morbidity factors for pre-Medicare morbidity were developed from “Health Care Costs-From Birth do Death” sponsored by the Society of Actuaries and prepared by Dale H. Yamamoto (May 2013). Table 4 from Mr. Yamamoto’s study formed the basis of Medicare morbidity factors that are gender distinct and assumed a cost allocation of 60% for pharmacy, 20% for inpatient, 10% for outpatient, and 10% for professional services. Adjustments were made to Table 4 factors for inpatient costs at age 70 and below to smooth out what appears to be a spike in utilization for Medicare retirees gaining healthcare for the first time through Medicare.

Healthy mortality assumptions and disabled retiree mortality assumptions for active members were both based on the Pri-2012 Headcount Weighted Total Dataset tables projected generationally using scale MP-2019.

Sensitivity of the City’s proportionate share of the net OPEB liability to changes in the Health Care Cost Trend Rates. The following presents the net OPEB liability using the current health care cost trend rates applicable to the benefit structure, as well as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rates:

	1% Decrease	Current Trend Rate	1% Increase
City’s OPEB Liability	<u>\$ 1,085,355</u>	<u>\$ 1,219,988</u>	<u>\$ 1,380,149</u>

City of Fountain, Colorado
Notes to Financial Statements (continued)
December 31, 2020

10. Post-Employment Benefits Other Than Pensions (continued)

Discount rate. The discount rate used to measure the total OPEB liability was 1.93 percent. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown above.

Benefit payments and contributions were assumed to be made on a pay-as-you-go basis.

Sensitivity of the City’s proportionate share of the net OPEB liability to changes in the discount rate. The following presents the proportionate share of the net OPEB liability calculated using the discount rate of 1.93 percent, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (0.93 percent) or 1-percentage-point higher (2.93 percent) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
City’s OPEB Liability	<u>\$ 1,272,610</u>	<u>\$ 1,219,988</u>	<u>\$ 1,166,910</u>

11. Commitments and Contingencies

TABOR Amendment

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

The City has established an emergency reserve, representing 3% of qualifying expenditures, as required by the Amendment. At December 31, 2020, the emergency reserve was reported as restricted fund balance in the General Fund, in the amount of \$738,210.

Claims and Judgements

The City participates in a number of federal, state, and local programs that are fully or partially funded by grants received from other governmental entities. Expenses financed by grants are subject to audit by the appropriate grantor government. If expenses are disallowed due to noncompliance with grant program regulations, the City may be required to reimburse the grantor government. At December 31, 2020, significant amounts of grant expenses have not been audited but management believes that subsequent audits will not have a material effect on the overall financial position of the City.

City of Fountain, Colorado
Notes to Financial Statements (continued)
December 31, 2020

11. Commitments and Contingencies (continued)

Southern Delivery System

The City, along with the City of Colorado Springs, Security Water and Sanitation District, and Pueblo West Metropolitan District, are partners in the Southern Delivery System project. This project will convey raw water from Pueblo Reservoir through a 66" diameter, 53-mile pipeline to Upper Williams Creek Reservoir and Universal Water Treatment Plant located east of Colorado Springs. The City's participation in the conveyance capacity is 2,500 acre-feet per year and 5.625 million gallons per day (mgd) in the water treatment plant. The project was online in 2016, and all construction was completed in early 2020.

Under the terms of the project agreement, the City's participation is reported in the financial statements as an undivided interest, whereby the City reports its assets, liabilities, revenues, and expenses associated with the joint project. At December 31, 2020, the City reported capital assets, net of depreciation, of \$47,497,122 for this project.

Conveyance Service Contract

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

Year Ended December 31,	
2021	\$ 371,198
2022	<u>371,198</u>
Present Value of Future Minimum Lease Payments	<u>\$ 742,396</u>

Litigation

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

Concentration of Risk

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

City of Fountain, Colorado
Notes to Financial Statements (continued)
December 31, 2020

11. Commitments and Contingencies (continued)

Economic Development Tax Incentive Agreements

The City has approved several agreements to rebate certain property, sales and use taxes generated by new businesses. During the year ended December 31, 2020, the City paid \$2,552,998 under these agreements.

13. Risks and Uncertainties

On March 11, 2020, the World Health Organization declared the outbreak of coronavirus (COVID-19) a pandemic. As a result, economic uncertainties have arisen which may negatively impact operations of the City. Other financial impact could occur, though such potential impact is unknown at this time.

City of Fountain, Colorado

Required Supplementary Information

City of Fountain, Colorado
General Fund
Schedule of Revenues, Expenditures
and Changes in Fund Balances—Budget and Actual
For the Year Ended December 31, 2020

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL BUDGET</u>
				<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
REVENUES				
Taxes				
Property taxes	\$ 2,355,675	\$ 2,355,675	\$ 2,415,776	\$ 60,101
Sales taxes	12,359,600	13,509,600	14,954,300	1,444,700
Use taxes	1,650,000	1,650,000	1,564,124	(85,876)
Specific ownership taxes	240,000	240,000	268,222	28,222
Franchise taxes	<u>2,032,250</u>	<u>2,032,250</u>	<u>2,165,326</u>	<u>133,076</u>
Total Taxes	<u>18,637,525</u>	<u>19,787,525</u>	<u>21,367,748</u>	<u>1,580,223</u>
Licenses and Permits				
Business licenses	<u>104,500</u>	<u>104,500</u>	<u>146,457</u>	<u>41,957</u>
Total Licenses and Permits	<u>104,500</u>	<u>104,500</u>	<u>146,457</u>	<u>41,957</u>
Charges for Services				
Developer fees	88,000	88,000	156,751	68,751
Impact fees	37,500	37,500	40,820	3,320
Park fees	110,000	110,000	148,477	38,477
School district juvenile program	475,000	475,000	677,252	202,252
Off duty police program	35,000	35,000	114,880	79,880
Cemetery	11,000	11,000	16,100	5,100
Miscellaneous	<u>67,350</u>	<u>3,850</u>	<u>27,994</u>	<u>24,144</u>
Total Charges for Services	<u>823,850</u>	<u>760,350</u>	<u>1,182,274</u>	<u>421,924</u>
Fines and Forfeitures	<u>409,300</u>	<u>409,300</u>	<u>292,220</u>	<u>(117,080)</u>
Intergovernmental				
Highway users tax	760,000	760,000	708,033	(51,967)
Road and bridge fund	31,750	-	38,953	38,953
Motor vehicle registration	87,000	-	85,900	85,900
Cigarette taxes	36,000	-	58,970	58,970
State and local grants	70,000	310,602	413,102	102,500
Federal grants	6,500	1,430,000	1,741,398	311,398
Federal grants	<u>18,500</u>	<u>-</u>	<u>96,780</u>	<u>96,780</u>
Total Intergovernmental	<u>1,009,750</u>	<u>2,500,602</u>	<u>3,143,136</u>	<u>642,534</u>
Investment Income	<u>-</u>	<u>-</u>	<u>50,711</u>	<u>50,711</u>
Miscellaneous				
Other	<u>158,275</u>	<u>874,275</u>	<u>1,076,160</u>	<u>201,885</u>
Total Miscellaneous	<u>158,275</u>	<u>874,275</u>	<u>1,076,160</u>	<u>201,885</u>
TOTAL REVENUES	<u>21,143,200</u>	<u>24,436,552</u>	<u>27,258,706</u>	<u>2,822,154</u>

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

City of Fountain, Colorado
General Fund
Schedule of Revenues, Expenditures
and Changes in Fund Balances—Budget and Actual
For the Year Ended December 31, 2020

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		(NEGATIVE)
EXPENDITURES				
General Government				
Legislative	58,270	58,270	34,774	23,496
Judicial	250,553	250,553	263,948	(13,395)
Economic development	2,319,842	2,319,842	2,590,261	(270,419)
Information technology	2,364,166	2,613,466	1,077,025	1,536,441
Planning and engineering	264,380	1,725,582	1,470,271	255,311
Administration	892,930	892,930	882,729	10,201
Total General Government	6,150,141	7,860,643	6,319,008	1,541,635
Public Safety				
Police	8,003,508	8,104,758	8,099,972	4,786
Communications	597,610	597,610	585,389	12,221
Fire	4,847,955	6,557,955	5,210,339	1,347,616
Total Public Safety	13,449,073	15,260,323	13,895,700	1,364,623
Public Works				
Highway and streets	1,977,065	1,985,065	1,933,447	51,618
Facilities and maintenance	623,330	688,330	665,755	22,575
Total Public Works	2,600,395	2,673,395	2,599,202	74,193
Health and Welfare				
Code Enforcement	444,154	444,154	442,654	1,500
Cemetery	34,750	34,750	42,901	(8,151)
Total Health and Welfare	478,904	478,904	485,555	(6,651)
Parks and Recreation				
Parks	1,294,936	1,363,436	1,013,669	349,767
Community Outreach	53,800	53,800	52,235	1,565
Total Parks and Recreation	1,348,736	1,417,236	1,065,904	351,332
Debt Service				
	890,000	890,000	920,842	(30,842)
TOTAL EXPENDITURES	24,917,249	28,580,501	25,286,211	3,294,290
OTHER FINANCING SOURCES AND (USES)				
Capital Leases	957,000	957,000	174,143	(782,857)
Transfers in	1,075,030	1,075,030	-	(1,075,030)
Transfers out	(731,835)	(731,835)	(532,417)	199,418
TOTAL OTHER FINANCING SOURCES AND (USES)	1,300,195	1,300,195	(358,274)	(1,658,469)
NET CHANGE IN FUND BALANCE	\$ (2,473,854)	\$ (2,843,754)	\$ 1,614,221	\$ 4,457,975
FUND BALANCES, BEGINNING OF YEAR	6,075,061		8,948,712	
FUND BALANCES, END OF YEAR	\$ 3,601,207		\$ 10,562,933	

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

Required Supplementary Information
Volunteer Pension Fund
Schedule of Changes in Net Pension Liability and Related Ratios
Last 10 Years

Measurement period ended December 31,	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability							
Service cost	\$ 5,446	\$ 5,313	\$ 6,090	\$ 13,751	\$ -	\$ -	\$ -
Interest	6,197	5,640	5,546	11,460	14,655	14,188	13,765
Difference between expected and actual experience	(2,433)	-	-	(144,009)	-	-	-
Changes of assumptions	(572)	6,118	(3,954)	-	(94,965)	-	-
Benefit Payments	<u>(5,000)</u>	<u>(4,600)</u>	<u>(5,100)</u>	<u>(4,800)</u>	<u>(4,000)</u>	<u>(3,600)</u>	<u>(4,800)</u>
Net change in total pension liability	3,638	12,471	2,582	(123,598)	(84,310)	10,588	8,965
Total pension liability - Beginning	134,953	122,482	119,900	243,498	327,808	317,220	308,255
Total pension liability - Ending (a)	138,591	134,953	122,482	119,900	243,498	327,808	317,220
Plan fiduciary net position							
Employer contributions	-	-	-	-	-	-	-
Net investment income	3,940	11,155	9,962	4,948	3,029	2,732	2,191
Benefit payments	(5,000)	(4,600)	(5,100)	(4,800)	(4,000)	(3,600)	(4,800)
Administrative expense	(175)	-	(3,693)	(3,270)	(2,850)	(10,539)	(150)
State of Colorado supplemental discretionary payment	-	-	-	-	-	-	-
Net change in plan fiduciary net position	<u>(1,235)</u>	<u>6,555</u>	<u>1,169</u>	<u>(3,122)</u>	<u>(3,821)</u>	<u>(11,407)</u>	<u>(2,759)</u>
Plan fiduciary net position - beginning	715,560	709,005	707,836	710,958	714,779	726,186	728,945
Plan fiduciary net position - end (b)	714,325	715,560	709,005	707,836	710,958	714,779	726,186
District's net pension asset - ending (a)-(b)	\$ (575,734)	\$ (580,607)	\$ (586,523)	\$ (587,936)	\$ (467,460)	\$ (386,971)	\$ (408,966)
Plan fiduciary net position as a percentage of the total pension asset	515%	530%	579%	590%	292%	218%	229%

Note: This schedule is intended to show information for ten years. Additional years will be displayed as they become available.
 Note 2: The data provided in this schedule is based as of the measurement date of the District's net pension asset.

City of Fountain, Colorado
Required Supplementary Information
Retiree Health Insurance Plan
Schedule of Changes in Net OPEB Liability
Last 10 Years

Year ending December 31,	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability			
Service cost	\$ 75,208	\$ 68,407	\$ 69,786
Interest	37,847	40,958	36,179
Changes of assumptions	71,241	19,974	(25,189)
Benefit Payments	<u>(99,321)</u>	<u>(101,348)</u>	<u>(96,984)</u>
Net change in total OPEB liability	84,975	27,991	(16,208)
Total OPEB liability - Beginning	1,135,013	1,107,022	1,123,230
Total OPEB liability - Ending	\$ 1,219,988	\$ 1,135,013	\$ 1,107,022

Note: This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

Note 2: The data provided in this schedule is based as of the measurement date of the District's net OPEB liability.

City of Fountain, Colorado
Required Supplementary Information
Schedules of Proportionate Share of the Net Pension Liabilities and Related Ratios

Statewide Defined Benefit Plan

<u>Year Ending</u>	<u>Proportion of the Net Pension Liability/Asset</u>	<u>Proportionate Share of the Net Pension Liability (Asset)</u>	<u>Actual Covered Payroll</u>	<u>Net Pension Liability (Asset) as a Percentage of Covered Payroll</u>	<u>Fiduciary Net Position as a Percentage of Total Pension Liability/Asset</u>
12/31/2020	0.80724702%	\$ (456,549)	\$ 5,264,431	-8.7%	101.9%
12/31/2019	0.82451333%	\$ 1,042,411	\$ 4,909,389	21.2%	95.2%
12/31/2018	0.30674205%	\$ (441,297)	\$ 1,638,955	-26.9%	106.3%
12/31/2017	0.28760751%	\$ (96,829)	\$ 1,331,905	-7.3%	98.0%
12/31/2016	0.28396312%	\$ 5,006	\$ 1,224,894	0.4%	100.1%
12/31/2015	0.31188443%	\$ 351,985	\$ 1,227,432	29.0%	107.0%
12/31/2014	0.32238512%	\$ 288,272	\$ 1,202,066	24.0%	106.0%

Statewide Hybrid Plan

<u>Year Ending</u>	<u>Proportion of the Net Pension Liability</u>	<u>Proportionate Share of the Net Pension Liability (Asset)</u>	<u>Actual Covered Payroll</u>	<u>Net Pension Liability as a Percentage of Covered Payroll</u>	<u>Fiduciary Net Position as a Percentage of Total Pension Liability</u>
12/31/2020	0.96090110%	\$ (187,126)	\$ 161,421	-115.9%	130.1%
12/31/2019	0.84503560%	\$ (116,644)	\$ 141,768	-82.3%	123.5%
12/31/2018	0.47396124%	\$ 92,672	\$ 108,220	85.6%	138.9%
12/31/2017	0.52041609%	\$ 56,649	\$ 76,282	80.0%	126.0%
12/31/2016	0.47649964%	\$ 50,189	\$ 70,847	76.0%	129.0%
12/31/2015	0.50235952%	\$ 59,578	\$ 66,053	91.0%	141.0%
12/31/2014	0.46745219%	\$ 47,680	\$ 65,458	75.0%	139.0%

Note: This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

* The data provided in this schedule is based as of the measurement date of the District's net pension liability, which is as of the beginning of the year.

City of Fountain, Colorado
Required Supplementary Information
Schedules of Employer Contributions
As of Years Ended

Statewide Defined Benefit Plan

<u>Year Ending</u>	<u>Actuarially Required Contributions</u>	<u>Actual Employer Contributions</u>	<u>Contribution Excess/(Deficiency)</u>	<u>Actual Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
12/31/2020	\$ 481,733	\$ 481,733	-	\$ 5,408,779	8.91%
12/31/2019	\$ 475,954	\$ 475,954	-	\$ 5,264,431	9.04%
12/31/2018	\$ 441,845	\$ 441,845	-	\$ 4,909,389	9.00%
12/31/2017	\$ 143,538	\$ 143,538	-	\$ 1,638,955	8.76%
12/31/2016	\$ 117,754	\$ 117,754	-	\$ 1,331,905	8.84%
12/31/2015	\$ 110,127	\$ 110,127	-	\$ 1,224,894	8.99%
12/31/2014	\$ 112,204	\$ 112,204	-	\$ 1,227,432	9.14%

Statewide Hybrid Plan

<u>Year Ending</u>	<u>Actuarially Required Contributions</u>	<u>Actual Employer Contributions</u>	<u>Contribution Excess/(Deficiency)</u>	<u>Actual Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
12/31/2020	\$ 10,435	\$ 10,435	-	\$ 109,841	9.50%
12/31/2019	\$ 15,335	\$ 15,335	-	\$ 161,421	9.50%
12/31/2018	\$ 13,468	\$ 13,468	-	\$ 141,768	9.50%
12/31/2017	\$ 10,281	\$ 10,281	-	\$ 108,220	9.50%
12/31/2016	\$ 7,247	\$ 7,247	-	\$ 76,282	9.50%
12/31/2015	\$ 6,730	\$ 6,730	-	\$ 70,847	9.50%
12/31/2014	\$ 6,275	\$ 6,275	-	\$ 66,053	9.50%

Postemployment Benefit Plan

<u>Year Ending</u>	<u>Actuarially Required Contributions</u>	<u>Actual Employer Contributions</u>	<u>Contribution Excess/(Deficiency)</u>	<u>Actual Covered Payroll</u>	<u>Required Contributions as a Percentage of Covered Payroll</u>
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N/A - funding is pay-as-you-go

Note: This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

* The data in this schedule is based as of the measurement date of the District's net pension liability, which is as of the beginning of the year.

City of Fountain, Colorado

Other Supplementary Information

City of Fountain, Colorado

Combining Balance Sheet Nonmajor Governmental Funds December 31, 2020

	CONSERVATION TRUST	HERITAGE MAINTENANCE DISTRICT	GENERAL IMPROVEMENT DISTRICTS	VOLUNTEER FIRE
ASSETS				
Cash and Investments	\$ 399,818	\$ 516,743	\$ 940,118	\$ 107,045
Accounts Receivable	697	1,671	2,441	3,816
Taxes receivable	-	78,630	222,909	-
TOTAL ASSETS	400,515	597,044	1,165,468	110,861
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 2,123	\$ -	\$ -	\$ 3,826
Accrued liabilities	-	-	-	-
TOTAL LIABILITIES	2,123	-	-	3,826
DEFERRED INFLOWS OF RESOURCES				
Property taxes	-	78,630	222,909	-
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	2,123	78,630	222,909	3,826
FUND BALANCES				
Restricted for:				
Parks	398,392	-	-	-
District Repairs and Maintenance	-	518,414	942,559	-
Transportation	-	-	-	-
Street Repairs and Maintenance	-	-	-	-
Street Improvements	-	-	-	-
Committed to Volunteer Fire Activities	-	-	-	107,035
TOTAL FUND BALANCES	398,392	518,414	942,559	107,035
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 400,515	\$ 597,044	\$ 1,165,468	\$ 110,861

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

City of Fountain, Colorado

Combining Balance Sheet Nonmajor Governmental Funds December 31, 2020

	PUBLIC TRANSPORTATION	STREET RESURFACING	STREET IMPROVEMENT	TOTALS
ASSETS				
Cash and Investments	\$ 1,900,330	\$ 193,444	\$ 1,159,546	\$ 5,217,044
Accounts Receivable	226,099	133,477	2,201	370,402
Taxes receivable	-	-	-	301,539
TOTAL ASSETS	2,126,429	326,921	1,161,747	5,888,985
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 7,370	\$ 783	\$ 15,197	\$ 29,299
Accrued liabilities	7,881	-	-	7,881
TOTAL LIABILITIES	15,251	783	15,197	37,180
DEFERRED INFLOWS OF RESOURCES				
Property taxes	-	-	-	301,539
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	15,251	783	15,197	338,719
FUND BALANCES				
Restricted for:				
Parks	-	-	-	398,392
District Repairs and Maintenance	-	-	-	1,460,973
Transportation	2,111,178	-	-	2,111,178
Street Repairs and Maintenance	-	326,138	-	326,138
Street Improvements	-	-	1,146,550	1,146,550
Committed to Volunteer Fire Activities	-	-	-	107,035
TOTAL FUND BALANCES	2,111,178	326,138	1,146,550	5,550,266
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 2,126,429	\$ 326,921	\$ 1,161,747	\$ 5,888,985

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

City of Fountain, Colorado
Other Governmental Funds
Combining Statement of Revenues, Expenditures
And Changes in Fund Balance
For the Year Ended December 31, 2020

	<u>CONSERVATION TRUST</u>	<u>HERITAGE MAINTENANCE DISTRICT</u>	<u>GENERAL IMPROVEMENT DISTRICTS</u>	<u>VOLUNTEER FIRE</u>
REVENUES				
Taxes	\$ -	\$ 86,031	\$ 222,539	\$ -
Charges for Services	-	-	-	24,656
Intergovernmental	263,946	-	-	-
Investment Income	3,230	3,422	6,126	643
Miscellaneous	-	-	302	2,381
TOTAL REVENUES	<u>267,176</u>	<u>89,453</u>	<u>228,967</u>	<u>27,680</u>
EXPENDITURES				
Current:				
General Government	-	-	-	-
Public Works	-	33,592	-	-
Public Safety	-	-	-	33,771
Culture and Recreation	83,320	-	-	-
Debt Service:				
Principal	-	-	-	-
Capital outlay:	<u>223,250</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL EXPENDITURES	<u>306,570</u>	<u>33,592</u>	<u>-</u>	<u>33,771</u>
NET CHANGE IN FUND BALANCE	<u>(39,394)</u>	<u>55,861</u>	<u>228,967</u>	<u>(6,091)</u>
FUND BALANCE, BEGINNING OF YEAR	<u>437,786</u>	<u>462,553</u>	<u>713,592</u>	<u>113,126</u>
FUND BALANCE, END OF YEAR	<u>\$ 398,392</u>	<u>\$ 518,414</u>	<u>\$ 942,559</u>	<u>\$ 107,035</u>

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

City of Fountain, Colorado
Other Governmental Funds
Combining Statement of Revenues, Expenditures
And Changes in Fund Balance
For the Year Ended December 31, 2020

	<u>PUBLIC TRANSPORTATION</u>	<u>STREET RESURFACING</u>	<u>STREET IMPROVEMENT</u>	<u>TOTALS</u>
REVENUES				
Taxes	\$ 1,246,191	\$ 747,715	\$ -	\$ 2,302,476
Charges for Services	-	-	-	24,656
Intergovernmental	-	-	-	263,946
Investment Income	11,388	1,671	7,993	34,473
Miscellaneous	12,981	-	-	15,664
TOTAL REVENUES	<u>1,270,560</u>	<u>749,386</u>	<u>7,993</u>	<u>2,641,215</u>
EXPENDITURES				
Current:				
General Government	661,264	-	-	661,264
Public Works	-	534,834	51,310	619,736
Public Safety	-	-	-	33,771
Culture and Recreation	-	-	-	83,320
Debt Service:				
Principal	73,666	-	-	73,666
Interest	1,099	-	-	1,099
Capital Outlay:	-	-	46,904	270,154
TOTAL EXPENDITURES	<u>736,029</u>	<u>534,834</u>	<u>98,214</u>	<u>1,743,010</u>
NET CHANGE IN FUND BALANCE	<u>534,531</u>	<u>214,552</u>	<u>(90,221)</u>	<u>898,205</u>
FUND BALANCE, BEGINNING OF YEAR	<u>1,576,647</u>	<u>111,586</u>	<u>1,236,771</u>	<u>4,652,061</u>
FUND BALANCE, END OF YEAR	<u>\$ 2,111,178</u>	<u>\$ 326,138</u>	<u>\$ 1,146,550</u>	<u>\$ 5,550,266</u>

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

City of Fountain, Colorado
Conservation Trust Fund
Schedule of Revenues, Expenditures
And Changes in Fund Balance—Budget and Actual
For the Year Ended December 31, 2020

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES				
Interest income	\$ 1,150	\$ 1,150	\$ 3,230	\$ 2,080
Lottery proceeds	<u>250,000</u>	<u>250,000</u>	<u>263,946</u>	<u>13,946</u>
TOTAL REVENUES	<u>251,150</u>	<u>251,150</u>	<u>267,176</u>	<u>16,026</u>
EXPENDITURES				
Culture and recreation	<u>574,025</u>	<u>574,025</u>	<u>306,570</u>	<u>267,455</u>
TOTAL EXPENDITURES	<u>574,025</u>	<u>574,025</u>	<u>306,570</u>	<u>267,455</u>
NET CHANGE IN FUND BALANCE	<u>\$ (322,875)</u>	<u>\$ (322,875)</u>	<u>\$ (39,394)</u>	<u>\$ 283,481</u>
FUND BALANCE, BEGINNING OF YEAR	<u>304,528</u>		<u>437,786</u>	
FUND BALANCE, END OF YEAR	<u>\$ (18,347)</u>		<u>\$ 398,392</u>	

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

City of Fountain, Colorado
Heritage Maintenance District Fund
Schedule of Revenues, Expenditures
And Changes in Fund Balance—Budget and Actual
For the Year Ended December 31, 2020

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>(NEGATIVE)</u>
REVENUES				
Property taxes	\$ 64,000	\$ 64,000	\$ 77,506	\$ 13,506
Specific ownership taxes	6,500	6,500	8,525	2,025
Investment income	<u>1,500</u>	<u>1,500</u>	<u>3,422</u>	<u>1,922</u>
TOTAL REVENUES	<u>72,000</u>	<u>72,000</u>	<u>89,453</u>	<u>17,453</u>
EXPENDITURES				
Public works	<u>69,000</u>	<u>69,000</u>	<u>33,592</u>	<u>35,408</u>
TOTAL EXPENDITURES	<u>69,000</u>	<u>69,000</u>	<u>33,592</u>	<u>35,408</u>
NET CHANGE IN FUND BALANCE	<u>\$ 3,000</u>	<u>\$ 3,000</u>	<u>\$ 55,861</u>	<u>\$ 52,861</u>
FUND BALANCE, BEGINNING OF YEAR	<u>418,151</u>		<u>462,553</u>	
FUND BALANCE, END OF YEAR	<u>\$ 421,151</u>		<u>\$ 518,414</u>	

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

City of Fountain, Colorado
General Improvement Districts Fund
Schedule of Revenues, Expenditures
And Changes in Fund Balance—Budget and Actual
For the Year Ended December 31, 2020

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>(NEGATIVE)</u>
REVENUES				
Property taxes	\$ 164,000	\$ 164,000	\$ 202,520	\$ 38,520
Specific ownership taxes	11,500	11,500	20,019	8,519
Investment income	1,250	1,250	6,126	4,876
Miscellaneous	-	-	302	302
TOTAL REVENUES	<u>176,750</u>	<u>176,750</u>	<u>228,967</u>	<u>52,217</u>
EXPENDITURES				
Miscellaneous expenses	-	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ 176,750</u>	<u>\$ 176,750</u>	<u>\$ 228,967</u>	<u>\$ 52,217</u>
FUND BALANCE, BEGINNING OF YEAR	<u>100,779</u>		<u>713,592</u>	
FUND BALANCE, END OF YEAR	<u>\$ 277,529</u>		<u>\$ 942,559</u>	

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

City of Fountain, Colorado
Volunteer Fire Fund
Schedule of Revenues, Expenditures
And Changes in Fund Balance—Budget and Actual
For the Year Ended December 31, 2020

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>(NEGATIVE)</u>
REVENUES				
Charges for services	\$ 53,028	\$ 53,028	\$ 24,656	\$ (28,372)
Donations	1,000	1,000	-	(1,000)
Investment income	600	600	643	43
Miscellaneous	<u>4,000</u>	<u>4,000</u>	<u>2,381</u>	<u>(1,619)</u>
TOTAL REVENUES	<u>58,628</u>	<u>58,628</u>	<u>27,680</u>	<u>(30,948)</u>
EXPENDITURES				
Public safety	<u>46,400</u>	<u>46,400</u>	<u>33,771</u>	<u>12,629</u>
TOTAL EXPENDITURES	<u>46,400</u>	<u>46,400</u>	<u>33,771</u>	<u>12,629</u>
NET CHANGE IN FUND BALANCE	<u>\$ 12,228</u>	<u>\$ 12,228</u>	<u>\$ (6,091)</u>	<u>\$ (18,319)</u>
FUND BALANCE, BEGINNING OF YEAR	<u>175,330</u>		<u>113,126</u>	
FUND BALANCE, END OF YEAR	<u>\$ 187,558</u>		<u>\$ 107,035</u>	

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

City of Fountain, Colorado
Public Transportation Fund
Schedule of Revenues, Expenditures
And Changes in Fund Balance—Budget and Actual
For the Year Ended December 31, 2020

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL BUDGET</u>
				<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
REVENUES				
Sales taxes	\$ 880,000	\$ 880,000	\$ 1,246,191	366,191
Investment income	4,000	4,000	11,388	7,388
Miscellaneous	<u>-</u>	<u>-</u>	<u>12,981</u>	<u>12,981</u>
TOTAL REVENUES	<u>884,000</u>	<u>884,000</u>	<u>1,270,560</u>	<u>20,369</u>
EXPENDITURES				
Current				
General government	805,705	805,705	661,264	144,441
Debt Service				
Principal	-	-	73,666	(73,666)
Interest	-	-	1,099	(1,099)
Capital outlay	<u>90,000</u>	<u>90,000</u>	<u>-</u>	<u>90,000</u>
TOTAL EXPENDITURES	<u>895,705</u>	<u>895,705</u>	<u>736,029</u>	<u>159,676</u>
NET CHANGE IN FUND BALANCE	<u>\$ (11,705)</u>	<u>\$ (11,705)</u>	<u>\$ 534,531</u>	<u>\$ 180,045</u>
FUND BALANCE, BEGINNING OF YEAR	<u>1,114,298</u>		<u>1,576,647</u>	
FUND BALANCE, END OF YEAR	<u>\$ 1,102,593</u>		<u>\$ 2,111,178</u>	

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

City of Fountain, Colorado
Street Resurfacing Fund
Schedule of Revenues, Expenditures
And Changes in Fund Balance—Budget and Actual
For the Year Ended December 31, 2020

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES				
Sales taxes	\$ 525,300	\$ 525,300	\$ 747,715	\$ 222,415
Investment income	500	500	1,671	1,171
TOTAL REVENUES	<u>525,800</u>	<u>525,800</u>	<u>749,386</u>	<u>223,586</u>
EXPENDITURES				
Public works	331,250	331,250	534,834	(203,584)
TOTAL EXPENDITURES	<u>331,250</u>	<u>331,250</u>	<u>534,834</u>	<u>(203,584)</u>
NET CHANGE IN FUND BALANCE	<u>\$ 194,550</u>	<u>\$ 194,550</u>	<u>\$ 214,552</u>	<u>\$ 20,002</u>
FUND BALANCE, BEGINNING OF YEAR	<u>171,746</u>		<u>111,586</u>	
FUND BALANCE, END OF YEAR	<u>\$ 366,296</u>		<u>\$ 326,138</u>	

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

City of Fountain, Colorado
Street Improvements Fund
Schedule of Revenues, Expenditures
And Changes in Fund Balance—Budget and Actual
For the Year Ended December 31, 2020

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES				
Sales taxes	\$ -	\$ -	\$ -	\$ -
Investment income	<u>12,000</u>	<u>12,000</u>	<u>7,993</u>	<u>(4,007)</u>
TOTAL REVENUES	<u>12,000</u>	<u>12,000</u>	<u>7,993</u>	<u>(4,007)</u>
EXPENDITURES				
Public works	<u>1,050,000</u>	<u>1,050,000</u>	<u>98,214</u>	<u>951,786</u>
TOTAL EXPENDITURES	<u>1,050,000</u>	<u>1,050,000</u>	<u>98,214</u>	<u>951,786</u>
NET CHANGE IN FUND BALANCE	<u>\$ (1,038,000)</u>	<u>\$ (1,038,000)</u>	<u>\$ (90,221)</u>	<u>\$ 947,779</u>
FUND BALANCE, BEGINNING OF YEAR	<u>732,123</u>		<u>1,236,771</u>	
FUND BALANCE, END OF YEAR	<u>\$ (305,877)</u>		<u>\$ 1,146,550</u>	

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

City of Fountain, Colorado

Combining Statement of Net Position

Proprietary Fund

December 31, 2020

ASSETS	Ambulance	Drainage	Total
Current Assets:			
Cash and investments	\$ -	\$ 1,473,940	\$ 1,473,940
Accounts receivable	-	2,787	2,787
Total Current Assets	-	1,476,727	1,476,727
Non-Current Assets:			
Capital assets, net of accumulated depreciation	553,511	-	553,511
TOTAL ASSETS	553,511	1,476,727	2,030,238
 LIABILITIES			
Current Liabilities:			
Accounts payable	97,722	-	97,722
Accrued liabilities	41,654	-	41,654
Current portion of long-term debt			
Compensated absences payable	32,935	-	32,935
Agreement payable	14,115	-	14,115
Total Current Liabilities	186,426	-	186,426
Non-Current Liabilities:			
Compensated absences payable	7,278	-	7,278
Agreement payable	23,015	-	23,015
Total Non-Current Liabilities	30,293	-	30,293
TOTAL LIABILITIES	216,719	-	216,719
 NET POSITION			
Net investment in capital assets	516,381	-	516,381
Unrestricted	(179,589)	1,476,727	1,297,138
TOTAL NET POSITION	\$ 336,792	\$ 1,476,727	\$ 1,813,519

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

City of Fountain, Colorado
Combining Statement of Revenues, Expenditures
and Changes in Fund Net Position
Nonmajor Enterprise Funds
For the Year Ended December 31, 2020

	<u>Ambulance</u>	<u>Drainage</u>	<u>Total</u>
OPERATING REVENUES			
Charges for services	\$ 613,454	\$ 39,289	\$ 652,743
Grant revenue	<u>321,942</u>	<u>-</u>	<u>321,942</u>
TOTAL OPERATING REVENUES	<u>935,396</u>	<u>39,289</u>	<u>974,685</u>
OPERATING EXPENSES			
Public Safety	83,250	-	83,250
Operations and maintenance	1,161,268	-	1,161,268
Depreciation	<u>77,220</u>	<u>-</u>	<u>77,220</u>
TOTAL OPERATING EXPENSES	<u>1,321,738</u>	<u>-</u>	<u>1,321,738</u>
OPERATING INCOME (LOSS)	<u>(386,342)</u>	<u>39,289</u>	<u>(347,053)</u>
NON-OPERATING REVENUES (EXPENSES)			
Investment income	<u>-</u>	<u>9,817</u>	<u>9,817</u>
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>-</u>	<u>9,817</u>	<u>9,817</u>
INCOME (LOSS) BEFORE TRANSFERS	(386,342)	49,106	(337,236)
Transfers in	<u>532,417</u>	<u>-</u>	<u>532,417</u>
CHANGE IN NET POSITION	146,075	49,106	195,181
NET POSITION, BEGINNING OF YEAR	<u>190,717</u>	<u>1,427,621</u>	<u>1,618,338</u>
NET POSITION, END OF YEAR	<u>\$ 336,792</u>	<u>\$ 1,476,727</u>	<u>\$ 1,813,519</u>

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

City of Fountain, Colorado
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended December 31, 2020

	Ambulance	Drainage	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 613,454	\$ 38,672	\$ 652,126
Cash payment from other	321,942	-	321,942
Cash paid to employees	(969,780)	-	(969,780)
Cash paid for goods and services	(208,396)	-	(208,396)
NET CASH FROM OPERATING ACTIVITIES	(242,780)	38,672	(204,108)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Transfers in	532,417	-	532,417
NET CASH FROM NON-CAPITAL FINANCING ACTIVITIES	532,417	-	532,417
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	-	9,817	9,817
NET CASH FROM INVESTING ACTIVITIES	-	9,817	9,817
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Capital expenditures	(289,637)	-	(289,637)
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES	(289,637)	-	(289,637)
NET CHANGE IN CASH AND CASH EQUIVALENTS	-	48,489	48,489
CASH AND CASH EQUIVALENTS			
Beginning of Year	-	1,425,451	1,425,451
End of Year	\$ -	\$ 1,473,940	\$ 1,473,940
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES			
Operating income (loss)	\$ (386,342)	\$ 39,289	\$ (347,053)
Depreciation	77,220	-	77,220
Change in accounts receivable, net	-	(617)	(617)
Change in accounts payable and accrued expenses	81,391	-	81,391
Change in compensated absences payable	(15,049)	-	(15,049)
NET CASH FROM OPERATING ACTIVITIES	\$ (242,780)	\$ 38,672	\$ (204,108)

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

City of Fountain, Colorado
Water Fund
Schedule of Revenues, Expenditures
And Changes in Fund Balance—Budget and Actual
For the Year Ended December 31, 2020

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL		FINAL BUDGET
				POSITIVE
				(NEGATIVE)
REVENUES				
Charges for services	\$ 10,078,327	\$ 10,078,327	\$ 10,752,779	\$ 674,452
Miscellaneous	36,300	1,237,480	1,323,199	85,719
Investment income	7,500	7,500	60,660	53,160
System development fees	1,210,500	1,210,500	885,464	(325,036)
TOTAL REVENUES	<u>11,332,627</u>	<u>12,533,807</u>	<u>13,022,102</u>	<u>488,295</u>
EXPENDITURES				
Source of supply	2,455,527	2,145,527	2,119,829	25,698
Operations and maintenance	2,705,536	3,546,216	2,681,288	864,928
Customer accounts and collection	765,855	768,455	661,874	106,581
Administration and general	4,496,968	4,496,968	2,452,308	2,044,660
GIS	-	-	-	-
Capital outlay	4,343,067	5,013,567	6,537,378	(1,523,811)
Debt principal	-	-	9,080,000	(9,080,000)
Interest expense	-	-	562,072	(562,072)
TOTAL EXPENDITURES	<u>14,766,953</u>	<u>15,970,733</u>	<u>24,094,749</u>	<u>(8,149,714)</u>
OTHER FINANCING SOURCES AND (USES)				
Bond proceeds	-	-	8,340,000	8,340,000
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>-</u>	<u>-</u>	<u>8,340,000</u>	<u>8,340,000</u>
CHANGE IN NET POSITION, BUDGETARY BASIS	<u>\$ (3,434,326)</u>	<u>\$ (3,436,926)</u>	<u>\$ (2,732,647)</u>	<u>\$ 704,279</u>
ADJUSTMENTS FROM BUDGETARY BASIS TO GAAP BASIS				
Capital outlay, including capitalized interest			6,537,378	
Depreciation expense			(2,383,581)	
Debt principal			9,080,000	
Bond proceeds			<u>(8,340,000)</u>	
CHANGE IN NET POSITION - GAAP BASIS			<u>\$ 2,161,150</u>	

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

City of Fountain, Colorado
Electric Fund
Schedule of Revenues, Expenditures
And Changes in Fund Balance—Budget and Actual
For the Year Ended December 31, 2020

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL		FINAL BUDGET
				POSITIVE
				(NEGATIVE)
REVENUES				
Charges for services	\$ 25,842,725	\$ 25,842,725	\$ 25,011,877	\$ (830,848)
Miscellaneous	475,650	475,650	1,222,407	746,757
Investment income	96,000	96,000	129,765	33,765
System development fees	35,000	35,000	-	(35,000)
TOTAL REVENUES	<u>26,449,375</u>	<u>26,449,375</u>	<u>26,364,049</u>	<u>(85,326)</u>
EXPENDITURES				
Source of supply	14,425,661	14,425,661	15,452,540	(1,026,879)
Operations and maintenance	5,851,246	6,188,506	4,939,266	1,249,240
Customer accounts and collection	1,980,310	1,980,310	1,584,281	396,029
Administration and general	3,442,044	3,515,344	3,410,802	104,542
Capital outlay	14,690,875	18,261,965	9,651,217	8,610,748
Debt principal	-	-	300,000	(300,000)
Interest expense	-	-	418,262	(418,262)
TOTAL EXPENDITURES	<u>40,390,136</u>	<u>44,371,786</u>	<u>35,756,368</u>	<u>9,642,297</u>
OTHER FINANCING SOURCES AND (USES)				
Transfers in	544,009	544,008	-	(544,008)
Transfers out	(655,461)	(655,461)	-	655,461
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(111,452)</u>	<u>(111,453)</u>	<u>-</u>	<u>111,453</u>
CHANGE IN NET POSITION, BUDGETARY BASIS	<u>\$ (14,052,213)</u>	<u>\$ (18,033,864)</u>	<u>\$ (9,392,319)</u>	<u>\$ 8,641,545</u>
ADJUSTMENTS FROM BUDGETARY BASIS TO GAAP BASIS				
Capital outlay			9,651,217	
Depreciation expense			(1,656,806)	
Debt principal			300,000	
CHANGE IN NET POSITION - GAAP BASIS			<u>\$ (1,097,908)</u>	

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

City of Fountain, Colorado
Ambulance Fund
Schedule of Revenues, Expenditures
And Changes in Fund Balance—Budget and Actual
For the Year Ended December 31, 2020

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES				
Charges for services	\$ 925,000	\$ 925,000	\$ 613,454	\$ (311,546)
Miscellaneous	<u>1,500</u>	<u>1,500</u>	<u>321,942</u>	<u>320,442</u>
TOTAL REVENUES	<u>926,500</u>	<u>926,500</u>	<u>935,396</u>	<u>8,896</u>
EXPENDITURES				
Public safety	83,250	83,250	83,250	-
Operations and maintenance	1,025,006	1,025,006	1,161,268	(136,262)
Capital outlay	<u>350,000</u>	<u>350,000</u>	<u>289,636</u>	<u>60,364</u>
TOTAL EXPENDITURES	<u>1,458,256</u>	<u>1,458,256</u>	<u>1,534,154</u>	<u>(75,898)</u>
OTHER FINANCING SOURCES AND USES				
Transfers in	<u>300,000</u>	<u>300,000</u>	<u>532,417</u>	<u>232,417</u>
TOTAL OTHER FINANCING SOURCES AND USES	<u>300,000</u>	<u>300,000</u>	<u>532,417</u>	<u>232,417</u>
CHANGE IN NET POSITION, BUDGETARY BASIS	<u>\$ (231,756)</u>	<u>\$ (231,756)</u>	<u>\$ (66,341)</u>	<u>\$ 317,211</u>
ADJUSTMENTS FROM BUDGETARY BASIS TO GAAP BASIS				
Depreciation expense			(77,220)	
Capital outlay			<u>289,636</u>	
CHANGE IN NET POSITION - GAAP BASIS			<u>\$ 146,075</u>	

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

City of Fountain, Colorado
Drainage Fund
Schedule of Revenues, Expenditures
And Changes in Fund Balance—Budget and Actual
For the Year Ended December 31, 2020

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES				
Charges for services	\$ 27,450	\$ 27,450	\$ 39,289	\$ 11,839
Investment income	<u>3,840</u>	<u>3,840</u>	<u>9,817</u>	<u>5,977</u>
TOTAL REVENUES	<u>31,290</u>	<u>31,290</u>	<u>49,106</u>	<u>17,816</u>
EXPENDITURES				
Operations and maintenance	<u>200,000</u>	<u>200,000</u>	-	<u>200,000</u>
TOTAL EXPENDITURES	<u>200,000</u>	<u>200,000</u>	-	<u>200,000</u>
CHANGE IN NET POSITION, BUDGETARY BASIS	<u>\$ (168,710)</u>	<u>\$ (168,710)</u>	<u>\$ 49,106</u>	<u>\$ 217,816</u>
NET POSITION, BEGINNING OF YEAR			<u>1,427,621</u>	
NET POSITION, END OF YEAR			<u>\$ 1,476,727</u>	

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

City of Fountain, Colorado
Internal Service Fund
Schedule of Revenues, Expenditures
And Changes in Fund Balance—Budget and Actual
For the Year Ended December 31, 2020

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES				
Charges for services	\$ 3,585,400	\$ 3,585,400	\$ 4,166,827	\$ 581,427
Investment income	6,000	6,000	18,442	12,442
TOTAL REVENUES	<u>3,591,400</u>	<u>3,591,400</u>	<u>4,185,269</u>	<u>593,869</u>
EXPENDITURES				
Administration and general	391,300	391,300	80,332	310,968
Insurance premiums	661,500	911,500	1,043,610	(132,110)
Insurance claims	2,661,000	2,911,000	3,263,520	(352,520)
TOTAL EXPENDITURES	<u>3,713,800</u>	<u>4,213,800</u>	<u>4,387,462</u>	<u>(173,662)</u>
CHANGE IN NET POSITION, BUDGETARY BASIS	<u>\$ (122,400)</u>	<u>\$ (622,400)</u>	<u>\$ (202,193)</u>	<u>\$ 420,207</u>
FUND BALANCE, BEGINNING OF YEAR			<u>2,860,105</u>	
FUND BALANCE, END OF YEAR			<u>\$ 2,657,912</u>	

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

City of Fountain, Colorado

Statistical Section

CITY OF FOUNTAIN, COLORADO

STATISTICAL SECTION

<u>Contents</u>	<u>Page</u>
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	76-80
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue sources.	81-89
Debt Capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	90-92
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	93-94
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	95-96

CITY OF FOUNTAIN, COLORADO

NET POSITION BY COMPONENT LAST TEN FISCAL YEARS (Unaudited)

(accrual basis of accounting)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental Activities								(restated)		
Net Investment in Capital Assets	\$ 76,127,122	\$ 76,210,856	\$ 74,221,505	\$ 71,700,844	\$ 71,587,864	\$ 69,520,813	\$ 67,964,354	\$ 69,746,246	\$ 68,476,764	\$ 70,174,636
Restricted for Parks	159,446	150,841	200,199	265,398	230,569	304,912	254,830	294,537	437,786	398,392
Restricted for District Repairs and Maintenance	260,397	300,346	335,202	377,522	438,171	525,899	691,029	922,414	1,176,145	1,460,973
Restricted for Transportation	160,658	-	323,923	486,290	717,664	912,062	1,095,465	1,297,901	1,576,647	2,111,178
Restricted for Street Repairs and Maintenance	46,277	49,317	114,524	81,645	78,649	203,892	248,154	180,746	111,586	326,138
Restricted for Street Improvements	1,026,814	1,651,516	2,273,777	2,913,693	3,507,196	4,127,544	4,853,221	1,440,123	1,236,771	1,146,550
Restricted for Emergencies	355,000	393,000	378,000	414,000	553,000	624,000	764,000	717,000	675,461	738,210
Unrestricted	135,074	189,013	(88,331)	3,400,191	5,745,378	4,666,972	5,194,378	8,778,702	11,360,175	11,798,280
Total governmental activities net position	78,270,788	78,944,869	77,758,799	79,639,583	82,858,491	80,886,094	81,065,431	83,377,669	85,051,335	88,154,357
Business-type activities										
Net Investment in Capital Assets	63,517,686	65,483,598	70,249,254	73,772,083	76,235,438	82,159,345	84,882,092	89,901,060	77,345,853	86,190,454
Restricted for Debt Service	576,900	576,900	576,900	576,900	794,400	217,500	217,500	217,500	-	-
Restricted for Capital Projects	-	-	-	-	-	-	-	-	8,357,595	-
Unrestricted	11,415,974	13,418,176	12,434,106	11,829,636	13,047,583	10,329,549	11,245,862	9,075,989	14,971,120	15,663,682
Total business-type activities net position	75,510,560	79,478,674	83,260,260	86,178,619	90,077,421	92,706,394	96,345,454	99,194,549	100,674,568	101,854,136
Primary government										
Net Investment in Capital Assets	139,644,808	141,694,434	144,470,759	145,472,927	147,823,302	151,680,158	152,846,446	159,647,306	145,822,617	156,365,090
Restricted for Parks	159,446	150,841	200,199	265,398	230,569	304,912	254,830	294,537	437,786	398,392
Restricted for District Repairs and Maintenance	260,397	300,346	335,202	377,522	438,171	525,899	691,029	922,414	1,176,145	1,460,973
Restricted for Transportation	160,658	-	323,923	486,290	717,664	912,062	1,095,465	1,297,901	1,576,647	2,111,178
Restricted for Street Repairs and Maintenance	46,277	49,317	114,524	81,645	78,649	203,892	248,154	180,746	111,586	326,138
Restricted for Street Improvements	1,026,814	1,651,516	2,273,777	2,913,693	3,507,196	4,127,544	4,853,221	1,440,123	1,236,771	1,146,550
Restricted for Debt Service	576,900	576,900	576,900	576,900	794,400	217,500	217,500	217,500	-	-
Restricted for Capital Projects	-	-	-	-	-	-	-	-	8,357,595	-
Restricted for Emergencies	355,000	393,000	378,000	414,000	553,000	624,000	764,000	717,000	675,461	738,210
Unrestricted	11,551,048	13,607,189	12,345,775	15,229,827	18,792,961	14,996,521	16,440,240	17,854,591	26,331,295	27,461,962
Total primary government net position	\$ 153,781,348	\$ 158,423,543	\$ 161,019,059	\$ 165,818,202	\$ 172,935,912	\$ 173,592,488	\$ 177,410,885	\$ 182,572,118	\$ 185,725,903	\$ 190,008,493

Source: City of Fountain, Colorado, audited financial statements, 2011-2020

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

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

The City of Fountain, Colorado adopted GASB Statement 75 for the year ended December 31, 2018. Amounts for 2017 have not been restated.

CITY OF FOUNTAIN, COLORADO

CHANGES IN NET POSITION LAST TEN FISCAL YEARS (Unaudited)

(accrual basis of accounting)

TABLE 2

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses								(restated)		
Governmental Activities										
General Government	\$ 2,949,011	\$ 2,937,922	\$ 3,088,640	\$ 2,699,475	\$ 2,130,308	\$ 4,044,229	\$ 4,693,192	\$ 8,695,463	\$ 5,761,656	\$ 6,500,887
Public Safety	7,446,750	7,966,886	8,166,704	8,485,869	9,028,509	10,270,018	11,537,346	10,994,529	11,423,879	12,447,436
Public Works	2,071,681	2,756,803	3,402,850	4,488,188	4,590,601	5,529,468	3,476,418	4,001,851	4,572,294	5,225,921
Health and Welfare	211,294	255,525	276,146	296,720	282,840	339,505	382,291	398,085	398,325	491,878
Culture and Recreation	858,049	772,212	778,062	798,755	1,143,271	1,114,420	1,272,541	1,070,721	1,324,469	1,254,244
Interest Expense	28,812	20,123	133,048	136,046	130,542	136,878	129,487	270,449	126,337	160,772
Total Governmental Activities Expenses	13,565,597	14,709,471	15,845,450	16,905,053	17,306,071	21,434,518	21,491,275	25,431,098	23,606,960	26,141,138
Business-type Activities										
Water Utility	6,702,091	6,486,441	7,220,673	6,912,357	7,556,775	7,828,769	8,070,689	8,935,851	9,334,892	10,860,952
Electric Utility	20,739,214	21,428,400	23,025,897	24,279,421	22,372,569	21,780,237	22,447,508	24,952,506	26,004,937	27,461,957
Ambulance	782,788	850,134	826,633	858,779	845,194	962,046	1,117,680	1,225,967	1,279,842	1,321,738
Drainage	49,530	129,444	179	-	678,202	34,783	810	-	-	-
Total Business-type Activities Expenses	28,773,623	28,894,419	31,073,382	32,050,557	31,452,740	30,605,835	31,636,687	35,114,324	37,219,671	39,644,647
Total Primary Government Expenses	\$ 41,839,220	\$ 43,603,890	\$ 46,918,832	\$ 48,955,610	\$ 48,758,811	\$ 52,040,353	\$ 53,127,962	\$ 60,545,422	\$ 60,826,631	\$ 65,785,785
Program Revenues										
Governmental Activities:										
Charges for Services:										
General Government	\$ 137,678	\$ 190,390	\$ 337,441	\$ 292,864	\$ 272,233	\$ 250,000	\$ 213,334	\$ 311,399	\$ 179,718	\$ 284,467
Public Safety	394,179	510,392	439,352	382,940	487,191	682,158	676,895	965,888	1,020,470	1,109,012
Public Works	7,736	16,461	12,437	37,455	127,292	74,205	155,208	85,428	22,945	66,826
Health and Welfare	12,781	20,112	38,000	14,777	21,773	12,000	6,965	12,676	9,320	16,100
Culture and Recreation	39,536	154,698	133,831	238,348	168,346	109,090	83,464	45,225	76,634	169,197
Operating Grants and Contributions	1,241,485	1,373,031	1,104,640	1,593,090	1,472,444	1,375,632	1,291,305	1,407,023	1,529,176	3,407,082
Capital Grants and Contributions	10,760	449,604	-	-	2,318,192	-	-	-	-	-
Total Governmental Activities Program Revenues	1,844,155	2,714,688	2,065,701	2,559,474	4,867,471	2,503,085	2,427,171	2,827,639	2,858,263	5,052,684
Business-type Activities										
Charges for Services:										
Water Utility	5,975,973	6,988,153	6,596,466	7,499,994	8,641,160	8,538,462	8,427,151	9,555,175	9,630,665	10,752,779
Electric Utility	20,626,280	22,469,395	23,757,241	24,304,148	23,673,596	22,148,619	22,951,368	24,910,405	24,355,307	25,011,877
Ambulance	659,662	681,356	603,636	678,983	725,652	675,385	875,963	846,008	755,039	613,454
Drainage	1,226,149	18,875	123,885	79,928	35,309	16,822	22,352	154,637	149,685	39,289
Capital & Operating Grants and Contributions	1,226,149	2,874,944	3,751,283	2,436,029	1,887,206	1,429,735	2,637,238	1,925,612	1,192,615	1,207,406
Total Business-type Activities Program Revenues	28,506,939	33,137,733	34,788,554	34,954,463	35,021,353	32,809,023	34,914,072	37,391,837	36,083,311	37,624,805
Total Primary Government Revenues	\$ 30,351,094	\$ 35,852,421	\$ 36,854,255	\$ 37,513,937	\$ 39,888,824	\$ 35,312,108	\$ 37,341,243	\$ 40,219,476	\$ 38,921,574	\$ 42,677,489
Net (Expense)/Revenue										
Governmental Activities	\$ (11,721,442)	\$ (11,994,783)	\$ (13,779,749)	\$ (14,345,579)	\$ (12,438,600)	\$ (18,931,433)	\$ (19,064,104)	\$ (22,603,459)	\$ (20,768,697)	\$ (21,088,454)
Business-type Activities	233,316	4,243,314	3,715,172	2,903,906	3,568,613	2,203,188	3,277,385	2,277,513	(1,136,360)	(2,019,842)
Total Primary Government Net Revenue (Expense)	\$ (11,488,126)	\$ (7,751,469)	\$ (10,064,577)	\$ (11,441,673)	\$ (8,869,987)	\$ (16,728,245)	\$ (15,786,719)	\$ (20,325,946)	\$ (21,905,057)	\$ (23,108,296)

Source: City of Fountain, Colorado, audited financial statements, 2001-2020

Note: The City of Fountain, Colorado adopted GASB Statement 65 for the year ended December 31, 2013. Amounts for 2012 have been restated. The City of Fountain, Colorado adopted GASB Statement 68 for the year ended December 31, 2015. Amounts for 2014 have not been restated. The City of Fountain, Colorado adopted GASB Statement 75 for the year ended December 31, 2018. Amounts for 2017 have not been restated.

TABLE 2
(continued)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
(restated)										
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes	\$ 1,808,353	\$ 1,662,856	\$ 1,691,850	\$ 1,715,894	\$ 1,816,545	\$ 2,031,189	\$ 2,152,814	\$ 2,304,048	\$ 2,316,627	\$ 2,695,802
Sales and Use Taxes	7,437,672	8,528,383	8,678,945	9,340,449	10,542,516	12,686,263	14,686,272	17,314,141	16,940,313	18,512,330
Specific Ownership Taxes	159,210	159,616	171,785	187,619	210,581	241,426	298,083	297,889	295,021	296,766
Franchise Taxes	1,645,916	1,780,553	1,861,009	1,993,771	1,996,793	1,932,297	1,975,688	2,095,707	2,134,383	2,165,326
Investment Income	25,234	29,244	(22,321)	55,200	44,801	33,620	77,724	141,379	254,083	85,184
Intergovernmental revenues	-	-	-	2,500,000	200,000	-	-	-	-	-
Other Revenues	59,875	71,914	134,994	285,505	137,918	331,378	288,308	2,590,872	922,533	968,485
Insurance Proceeds	-	290,000	-	-	-	-	-	-	-	-
Transfers	125,134	146,298	77,417	147,925	(154,987)	(297,137)	(235,448)	(416,275)	(420,597)	(532,417)
Total Governmental Activities	11,261,394	12,668,864	12,593,679	16,226,363	14,794,167	16,959,036	19,243,441	24,327,761	22,442,363	24,191,476
Business-type Activities:										
Other Revenues	-	-	-	-	-	-	-	-	-	1,809,584
Investment Earnings	249,713	238,857	143,831	162,378	175,202	128,648	126,227	155,207	386,298	200,242
Transfers	(125,134)	(146,298)	(77,417)	(147,925)	154,987	297,137	235,448	416,275	420,597	532,417
Total Business-type Activities	124,579	92,559	66,414	14,453	330,189	425,785	361,675	571,482	2,616,479	3,199,410
Total Primary Government	\$ 11,385,973	\$ 12,761,423	\$ 12,660,093	\$ 16,240,816	\$ 15,124,356	\$ 17,384,821	\$ 19,605,116	\$ 24,899,243	\$ 25,058,842	\$ 27,390,886
Change in Net Position										
Government Activities	\$ (460,048)	\$ 674,081	\$ (1,186,070)	\$ 1,880,784	\$ 2,355,567	\$ (1,972,397)	\$ 179,337	\$ 1,724,302	\$ 1,673,666	\$ 3,103,022
Business-type Activities	357,895	4,335,873	3,781,586	2,918,359	3,898,802	2,628,973	3,639,060	3,021,995	1,480,119	1,179,568
Total Primary Government	\$ (102,153)	\$ 5,009,954	\$ 2,595,516	\$ 4,799,143	\$ 6,254,369	\$ 656,576	\$ 3,818,397	\$ 4,746,297	\$ 3,153,785	\$ 4,282,590

Source: City of Fountain, Colorado, audited financial statements, 2011-2020

Note: The City of Fountain, Colorado adopted GASB Statement 65 for the year ended December 31, 2013. Amounts for 2012 have been restated. The City of Fountain, Colorado adopted GASB Statement 68 for the year ended December 31, 2015. Amounts for 2014 have not been restated. The City of Fountain, Colorado adopted GASB Statement 75 for the year ended December 31, 2018. Amounts for 2017 have not been restated.

CITY OF FOUNTAIN, COLORADO

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

TABLE 3

(modified accrual basis of accounting)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Fund										
Nonspendable Note Receivable	\$ -	\$ 100,000	\$ 25,663	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted for Emergencies	355,000	393,000	378,000	414,000	553,000	624,000	764,000	717,000	675,461	738,210
Restricted for Fire Sta./Police Sta. Renovation	-	2,499,423	121,934	-	-	-	-	-	-	-
Committed to Park Improvements	161,212	311,804	283,566	512,486	662,405	742,637	848,069	925,294	966,532	1,102,533
Committed to School Zone	30,996	50,725	58,066	72,859	88,804	65,516	74,896	79,053	89,544	105,549
Committed to Traffic Signal	-	208,000	208,000	208,000	208,000	208,000	208,000	208,000	208,000	-
Assigned to Public Safety Capital Improvements	-	110,169	443,783	259,430	382,505	621,558	1,001,762	1,384,980	1,859,654	1,224,114
Unrestricted, Unassigned	1,607,759	577,192	589,591	3,683,805	4,671,273	2,969,618	4,146,335	5,343,256	5,149,521	7,392,527
Total general fund	\$ 2,154,967	\$ 4,250,313	\$ 2,108,603	\$ 5,150,580	\$ 6,565,987	\$ 5,231,329	\$ 7,043,062	\$ 8,657,584	\$ 8,948,712	\$ 10,562,933
All Other Governmental Funds										
Restricted for Parks	\$ 159,446	\$ 150,841	\$ 200,199	\$ 265,398	\$ 230,569	\$ 304,912	\$ 254,830	\$ 294,537	\$ 437,786	\$ 398,392
Restricted for District Repairs & Maintenance	260,397	300,346	335,202	377,522	438,171	525,899	691,029	922,414	1,176,145	1,460,973
Restricted for Transportation	160,658	-	323,923	486,290	717,664	912,062	1,095,465	1,297,901	1,576,647	2,111,178
Restricted for Street Repairs & Maintenance	46,277	49,317	114,524	81,645	78,649	203,892	248,154	180,746	111,586	326,138
Restricted for Street Improvements	1,026,814	1,651,516	2,273,777	2,913,693	3,507,196	4,127,544	4,853,221	1,440,123	1,236,771	1,146,550
Committed to Volunteer Fire Activities	42,980	-	104,881	129,951	155,036	142,081	153,684	155,602	113,126	107,035
Assigned to Volunteer Fire Activities	-	92,126	-	-	-	-	-	-	-	-
Unrestricted, Unassigned	-	(95,642)	-	-	-	-	-	-	-	-
Total all other governmental funds	\$ 1,696,572	\$ 2,148,504	\$ 3,352,506	\$ 4,254,499	\$ 5,127,285	\$ 6,216,390	\$ 7,296,383	\$ 4,291,323	\$ 4,652,061	\$ 5,550,266
Total all governmental funds	\$ 3,851,539	\$ 6,398,817	\$ 5,461,109	\$ 9,405,079	\$ 11,693,272	\$ 11,447,719	\$ 14,339,445	\$ 12,948,907	\$ 13,600,773	\$ 16,113,199

Source: City of Fountain Colorado, audited financial statements, 2011-2020

Note: Implemented GASB Statement 54 in 2011

CITY OF FOUNTAIN, COLORADO

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

TABLE 4

(modified accrual basis of accounting)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues:										
Taxes	\$ 11,051,151	\$ 12,131,408	\$ 12,403,589	\$ 13,237,733	\$ 14,566,435	\$ 16,891,175	\$ 19,119,576	\$ 22,011,785	\$ 21,686,344	\$ 23,670,224
Licenses and Permits	67,875	87,815	128,163	114,018	110,887	106,779	94,105	164,955	136,114	146,457
Intergovernmental	1,215,566	1,481,485	1,368,640	4,093,090	1,672,444	1,375,632	1,284,586	1,407,023	1,529,176	3,407,082
Charges for Services	142,104	330,165	489,192	544,141	621,266	613,660	739,670	860,555	686,886	1,206,930
Fines and Forfeitures	376,861	469,968	343,706	308,225	344,682	407,014	302,091	395,106	441,367	292,220
Investment Income	25,234	29,244	(19,782)	47,729	39,835	29,412	65,843	141,379	254,083	85,184
Other Revenues	101,624	153,169	134,994	285,505	137,918	331,378	288,308	2,590,872	1,474,894	1,091,824
Total Revenues	12,980,415	14,683,254	14,848,502	18,630,441	17,493,467	19,755,050	21,894,179	27,571,675	26,208,864	29,899,921
Expenditures:										
General Government	2,619,801	3,211,865	2,716,674	3,034,927	2,485,007	4,447,557	4,880,968	4,915,105	5,580,304	6,591,610
Public Safety	7,465,807	9,173,376	10,262,612	8,637,059	8,650,779	10,084,025	11,431,458	12,023,231	11,275,406	11,952,809
Public Works	1,780,686	2,066,730	1,677,957	2,077,441	2,110,811	3,396,987	3,494,141	8,853,992	1,395,910	1,920,343
Health and Welfare	203,847	253,336	275,818	296,392	282,512	339,177	381,963	398,085	419,435	485,555
Culture and Recreation	738,067	921,696	899,644	858,192	1,167,182	1,187,270	1,525,382	1,160,204	1,180,020	1,092,444
Debt Service										
Principal	189,628	222,333	372,445	403,639	423,454	422,737	571,267	1,061,060	724,861	843,111
Interest	28,812	20,123	133,048	136,046	130,542	136,878	129,487	99,815	310,081	152,496
Capital Outlay	-	-	-	-	-	-	-	-	4,250,384	3,990,853
Total Expenditures	13,026,648	15,869,459	16,338,198	15,443,696	15,250,287	20,014,631	22,414,666	28,511,492	25,136,401	27,029,221
Excess of Revenues over (under) Expenditures	(46,233)	(1,186,205)	(1,489,696)	3,186,745	2,243,180	(259,581)	(520,487)	(939,817)	1,072,463	2,870,700
Other Financing Sources (Uses)										
Debt Issued	271,250	3,297,185	474,571	609,300	-	311,165	3,647,661	-	-	174,143
Insurance Proceeds	-	290,000	-	-	-	-	-	-	-	-
Transfers In	591,084	646,299	675,270	675,270	200,000	-	-	-	-	-
Transfers Out	(465,950)	(500,001)	(597,853)	(527,345)	(154,987)	(297,137)	(235,448)	(450,721)	(420,597)	(532,417)
Total Other Financing Sources (Uses)	396,384	3,733,483	551,988	757,225	45,013	14,028	3,412,213	(450,721)	(420,597)	(358,274)
Net Change in Fund Balances	\$ 350,151	\$ 2,547,278	\$ (937,708)	\$ 3,943,970	\$ 2,288,193	\$ (245,553)	\$ 2,891,726	\$ (1,390,538)	\$ 651,866	\$ 2,512,426
Debt Service as a percentage of noncapital Expenditures	1.7%	1.5%	3.1%	3.5%	3.6%	2.8%	3.1%	4.1%	5.0%	4.3%

Source: City of Fountain, Colorado, audited financial statements, 2011-2020

CITY OF FOUNTAIN, COLORADO

TABLE 5

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

Year	Vacant Land	Residential Property	Commercial Property	Industrial Property	Agricultural Property	Natural Resources	Exempt	State Assessed	Total Assessed Value	Direct Tax Rate	Estimated Actual Value	Assessed Value as a Percentage of Actual Value
2011	10,532,270	105,695,460	43,245,410	7,687,430	257,990	760,060	14,410,640	2,848,390	185,437,650	10.239	1,611,593,379	11.51%
2012	8,633,870	97,558,460	43,705,300	7,158,160	285,860	817,870	14,405,950	3,663,740	176,229,210	10.239	1,505,322,647	11.71%
2013	8,269,790	99,606,600	45,769,110	8,238,250	231,130	778,540	16,800,190	3,830,590	183,524,200	10.239	1,549,862,261	11.84%
2014	8,050,330	105,533,830	47,079,980	7,464,150	231,300	724,310	17,202,920	4,785,520	191,072,340	10.239	1,629,983,349	11.72%
2015	8,086,610	115,369,090	52,517,480	6,953,150	240,700	617,700	19,456,510	9,647,830	212,889,070	10.239	1,795,063,326	11.86%
2016	8,020,780	117,748,510	56,831,240	6,772,650	235,230	596,610	19,454,530	4,560,710	214,220,260	10.239	1,821,386,400	11.76%
2017	8,109,610	121,463,590	64,122,210	7,841,530	235,250	475,200	20,013,310	4,501,710	226,762,410	10.239	1,923,033,314	11.79%
2018	7,555,730	125,051,630	65,041,150	7,796,200	234,590	359,390	20,439,420	4,737,690	231,215,800	10.239	1,972,699,676	11.72%
2019	9,422,850	153,363,100	64,975,720	8,261,870	216,370	131,810	21,543,660	4,633,470	262,548,850	10.239	2,534,632,807	10.36%
2020	8,675,550	156,611,190	63,757,090	6,592,970	226,700	5,680	21,811,430	5,132,700	262,813,310	10.239	2,569,923,717	10.23%

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

Note: Property in El Paso County is revalued every odd numbered year. The assessment rate is 29 percent of actual value for all properties except residential and producing natural resource properties. The residential assessment rate is established by the State legislature every odd-numbered year in order to maintain the tax burden balance between residential properties and other properties. The residential assessment rate is 7.96 percent for the 2011-2017 assessment years and 7.15% for the assessment years beginning in 2018 through the current year. Tax rates are per \$1,000 of assessed value.

CITY OF FOUNTAIN, COLORADO

TABLE 6

DIRECT AND OVERLAPPING PROPERTY TAX RATES - LAST TEN YEARS

(rate per \$1,000 of assessed value)

(Unaudited)

Taxing Authority	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Direct										
City of Fountain (a)	10.239	10.239	10.239	10.239	10.239	10.239	10.239	10.239	10.239	10.239
Total Direct Rate	10.239	10.239	10.239	10.239	10.239	10.239	10.239	10.239	10.239	10.239
Overlapping Governments										
El Paso County	7.597	7.663	7.714	7.791	7.869	7.919	7.965	8.068	7.222	7.692
School Districts										
Widefield #3	49.854	49.307	48.025	47.004	47.527	45.657	61.320	60.294	56.396	56.164
Fountain/Fort Carson #8	24.723	24.703	24.726	24.775	25.195	24.748	24.731	24.776	24.845	24.741
Sanitation Districts										
Fountain Sanitation	5.334	5.534	5.755	6.101	6.604	6.248	6.328	6.637	6.030	6.340
Water Districts										
S.E. Water Conservancy	0.947	0.944	0.940	0.940	0.941	0.940	0.939	0.944	0.902	0.942
Special Districts										
Fountain GID #1	12.000	12.000	12.000	12.000	12.000	12.000	12.000	12.000	12.000	12.000
Fountain GID #2	-	-	10.000	10.000	10.000	10.000	10.000	10.000	10.000	10.000
Heritage Improv. Maint.	4.940	4.940	4.940	4.940	4.940	4.940	4.940	4.940	4.940	4.940
Metropolitan Districts										
Countryside South	30.000	30.000	30.000	30.000	30.000	30.000	33.166	33.166	33.477	33.555
Crescent Canyon	35.000	35.000	35.000	35.000	35.000	35.000	35.197	35.052	35.011	35.011
Cross Creek	10.727	10.727	10.727	10.727	10.727	10.727	11.859	11.859	11.898	11.898
Cumberland Green	50.000	50.000	50.000	50.000	50.000	50.000	50.000	50.000	47.000	47.000
Mesa Ridge #2	37.000	37.000	37.000	43.000	50.000	50.000	55.278	55.167	65.441	65.513
Remuda Ridge	40.000	-	-	-	-	-	50.000	50.000	10.000	10.000
Ventana	-	-	40.000	40.000	40.000	40.000	51.332	51.332	51.691	51.691
Miscellaneous Districts										
Pikes Peak Library	3.999	4.000	4.000	4.000	3.857	3.857	3.812	4.000	3.731	3.855

Source - El Paso County Assessor's Office, Abstract of Assessment 2011-2020.

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

CITY OF FOUNTAIN, COLORADO

PRINCIPAL PROPERTY TAX PAYERS

Current year and 2011

(Unaudited)

Table 7

Taxpayer	2020			2011		
	Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Assessed Valuation	Rank	Percentage of Total Assessed Valuation
WalMart Real Estate	\$ 5,725,470	1	2.18%	\$ 2,513,990	2	1.45%
Dillon Real Estate Co Inc	\$ 5,549,150	2	2.11%	\$ 4,598,640	1	2.66%
Lowe's HIW, Inc	\$ 2,318,550	3	0.88%	\$ 2,159,820	4	1.25%
Mesa Ridge NO 1, LLP	\$ 2,142,520	4	0.82%			
Sam's Real Est Business Trust	\$ 1,795,540	5	0.68%			
Raceway 200 LLC	\$ 1,780,250	6	0.68%			
Pavestone, LLC	\$ 1,660,980	7	0.63%	\$ 1,885,010	5	1.09%
GEP Investments Inc	\$ 1,607,530	8	0.61%			
Fountain Business Park LLC	\$ 1,475,340	9	0.56%			
UTW Academy Development LLC	\$ 1,269,800	10	0.48%			
SCI Plant No. 22 LLC				\$ 2,438,440	3	1.41%
Fountain Fort Carson School District				\$ 1,325,850	6	0.77%
Astar FRR FLI LLC				\$ 1,202,340	7	0.69%
GHC Merchandise Inc.				\$ 1,104,880	8	0.64%
Safeway Stores 46 Inc.				\$ 969,540	9	0.56%
RAG Properties				\$ 962,200	10	0.56%

Total Assessed Valuation City of Fountain

\$ 262,813,310

\$ 173,051,310

Source: El Paso County Assessor's Office

CITY OF FOUNTAIN, COLORADO

GENERAL FUND REVENUES-TAXES BY CATEGORY LAST TEN FISCAL YEARS

(Unaudited)

(modified accrual basis of accounting)

TABLE 8

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Sales Tax	\$ 5,239,962	\$ 5,633,146	\$ 5,848,928	\$ 6,260,780	\$ 7,152,889	\$ 8,937,330	\$ 10,341,676	\$ 10,822,136	\$ 11,976,431	\$ 14,954,300
General Property Tax	1,732,669	1,594,662	1,624,450	1,647,136	1,733,965	1,915,374	1,956,656	2,066,694	2,083,613	2,415,776
Use Tax	887,719	1,487,007	1,367,789	1,514,474	1,601,405	1,514,601	1,759,190	3,786,475	1,969,828	1,564,124
Specific Ownership Tax	153,425	154,403	165,432	180,249	201,176	227,899	270,180	267,478	262,321	268,222
Franchise Taxes:										
Cablevision/ Telephone	165,479	193,753	218,759	233,678	275,348	318,949	318,177	304,307	272,476	263,276
Electricity (1)	1,012,430	1,094,835	1,156,498	1,190,744	1,165,277	1,064,519	1,093,440	1,173,240	1,236,747	1,267,148
Gas	174,394	148,293	162,078	190,269	183,666	150,570	152,373	163,345	162,423	113,241
Water (2)	293,613	343,672	323,674	379,080	372,503	398,259	411,698	454,815	462,737	521,661
Total	\$ 9,659,691	\$ 10,649,771	\$ 10,867,608	\$ 11,596,410	\$ 12,686,228	\$ 14,527,501	\$ 16,303,390	\$ 19,038,489	\$ 18,426,576	\$ 21,367,748

Source: City of Fountain, Colorado, audited financial statements, 2011-2020

Notes: (1) The franchise fee for the City owned electric utility is 5% of gross revenues.

(2) The franchise fee for the City owned water utility is 5% of gross revenues.

CITY OF FOUNTAIN, COLORADO

SALES TAX BY CATEGORY LAST TEN FISCAL YEARS

TABLE 9

(Unaudited)

(modified accrual basis of accounting)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Auto Repair and Parts Supply	\$ 320,889	\$ 386,846	\$ 397,747	\$ 458,682	\$ 457,840	\$ 562,237	\$ 514,709	\$ 585,363	\$ 611,649	\$ 644,165
Auto Sales	118,774	125,070	110,604	161,058	164,354	190,353	297,330	328,020	302,120	185,082
Communications/Utilities	609,244	606,479	608,767	692,136	675,480	642,511	776,721	769,871	996,712	611,075
Convenience Stores	161,237	174,003	163,293	216,237	207,209	252,111	240,119	253,806	295,324	330,855
Entertainment	51,962	43,887	42,875	45,421	49,025	50,127	47,042	27,207	25,684	12,903
Hotel/Motel/RV Parks	42,374	42,006	38,018	53,912	58,493	65,368	69,033	76,343	92,584	141,472
Liquor Stores	139,820	146,097	201,905	243,093	284,607	309,087	309,841	319,827	343,827	395,112
Restaurants	1,138,697	1,239,641	1,390,407	1,607,930	1,878,716	2,116,482	2,344,155	2,695,191	2,814,861	2,847,312
Retail	3,415,716	3,226,384	3,514,312	3,555,432	4,831,279	6,566,477	7,799,112	7,691,028	8,493,117	10,388,048
Services - Misc	523,445	961,918	838,416	777,470	333,213	415,101	527,897	780,994	994,387	1,392,182
Total	\$ 6,522,158	\$ 6,952,331	\$ 7,306,344	\$ 7,811,371	\$ 8,940,216	\$ 11,169,854	\$ 12,925,958	\$ 13,527,648	\$ 14,970,265	\$ 16,948,206

City Direct Sales Tax Rate 3.75% 3.75% 3.75% 3.75% 3.75% 3.75% 3.75% 3.75% 3.75% 3.40%

Source: City of Fountain, Colorado audited financial statements, 2011-2020 and Sales Tax Subsidiary Records, 2011-2020

CITY OF FOUNTAIN, COLORADO

DIRECT AND OVERLAPPING SALES TAX RATES DECEMBER 31, 2020 (Unaudited)

TABLE 10

<u>Fiscal Year</u>		<u>City of Fountain</u>	<u>El Paso County</u>	<u>State of Colorado</u>	<u>PPRTA</u>
2011		3.75%	1.00%	2.9%	
2012		3.75%	1.00%	2.9%	
2013		3.75%	1.23%	2.9%	
2014		3.75%	1.23%	2.9%	
2015		3.75%	1.23%	2.9%	
2016	All but South Academy Highlands	3.75%	1.23%	2.9%	
2016	South Academy Highlands	3.75%	1.23%	2.9%	1.0%
2017	All but South Academy Highlands	3.75%	1.23%	2.9%	
2017	South Academy Highlands	3.75%	1.23%	2.9%	1.0%
2018	All but South Academy Highlands	3.75%	1.23%	2.9%	
2018	South Academy Highlands	3.75%	1.23%	2.9%	1.0%
2019	All but South Academy Highlands	3.75%	1.23%	2.9%	
2019	South Academy Highlands	3.75%	1.23%	2.9%	1.0%
2020	All but South Academy Highlands	3.40%	1.23%	2.9%	
2020	South Academy Highlands	3.40%	1.23%	2.9%	1.0%

PPRTA-Pikes Peak Rural Transportation Authority can only charge a 1% tax to the South Academy Highland commercial establishments

Source: State of Colorado Department of Revenue

CITY OF FOUNTAIN, COLORADO

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

TABLE 11

Year Assessed	Gross Tax Levy	Current Collections		Collections in Subsequent Years (1)	Total Collections to Date	
		Amount	Percentage of Levy		Total Net Taxes Collected	Total Tax Percentage of Levy
2011	1,612,426	1,577,023	97.80%	17,639	1,594,662	98.90%
2012	1,640,950	1,608,133	98.00%	16,317	1,624,450	98.99%
2013	1,690,240	1,603,985	94.90%	43,042	1,647,027	97.44%
2014	1,763,057	1,705,044	96.71%	28,921	1,733,965	98.35%
2015	1,961,172	1,869,797	95.34%	45,577	1,915,374	97.66%
2016	1,976,808	1,936,603	97.97%	20,053	1,956,656	98.98%
2017	2,095,580	2,088,384	99.66%	3,539	2,091,923	99.83%
2018	2,136,860	2,130,415	99.70%	2,872	2,133,287	99.83%
2019	2,443,474	2,439,188	99.82%	25,258	2,415,776	98.87%
2020	2,445,359	N/A			N/A	

Source: El Paso County Treasurer's Office and the City of Fountain, Colorado audited financial statements, 2011-2020

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

CITY OF FOUNTAIN, COLORADO

TABLE 12

WATER REVENUES LAST TEN FISCAL YEARS

(Unaudited)

(accrual basis of accounting)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Water Revenues:										
Charges for Services:										
Metered Water Sales by Type of Customer:										
Residential	\$ 4,237,665	\$ 4,856,803	\$ 4,612,252	\$ 5,269,638	\$ 5,370,315	\$ 5,869,792	\$ 5,966,982	\$ 6,975,508	\$ 7,288,222	\$ 8,387,168
Commercial	1,442,851	1,862,917	1,705,902	1,973,358	1,894,487	2,002,129	2,206,966	2,325,169	2,342,443	2,565,611
Total Charges for Services	5,680,516	6,719,720	6,318,154	7,242,996	7,264,802	7,871,921	8,173,948	9,300,677	9,630,665	10,952,779
Miscellaneous	295,457	268,443	278,312	256,998	1,376,358	666,541	253,203	254,498	443,472	1,311,079
Total Operating Revenues	5,975,973	6,988,163	6,596,466	7,499,994	8,641,160	8,538,462	8,427,151	9,555,175	10,074,137	12,063,858
Investment Income	4,704	18,192	30,597	8,454	14,204	24,380	4,862	4,320	77,790	72,780
Total Water Revenues	\$ 5,980,677	\$ 7,006,355	\$ 6,627,063	\$ 7,508,448	\$ 8,655,364	\$ 8,562,842	\$ 8,432,013	\$ 9,559,495	\$ 10,151,927	\$ 12,136,638
Water Gallons Sold by Type of Customer										
Residential	661,927,352	694,655,326	580,491,828	581,525,339	542,361,514	579,887,854	555,059,383	575,508,997	552,120,210	636,913,840
Commercial	206,016,010	239,390,805	192,229,910	201,572,170	186,637,670	178,402,965	178,760,968	189,259,178	190,517,730	177,743,200
Total Water Gallons Sold by Type of Customer	867,943,362	934,046,131	772,721,738	783,097,509	728,999,184	758,290,819	733,820,351	764,768,175	742,637,940	814,657,040

Source: City of Fountain, Colorado, audited financial statements, 2011-2020 and Utility Billing Records, 2011-2020

CITY OF FOUNTAIN, COLORADO

TABLE 13

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Electric Revenues:										
Charges for Services:										
Metered Electric Sales by Type of Customer:										
Residential-inside city limits	\$ 7,723,760	\$ 8,340,921	\$ 9,064,892	\$ 9,522,120	\$ 9,124,562	\$ 8,785,711	\$ 8,592,953	\$ 9,107,204	\$ 10,430,671	\$ 10,254,870
Residential-outside city limits	6,029,776	6,488,210	6,740,561	6,836,575	6,475,483	6,102,628	5,728,635	6,304,987	6,542,323	6,753,207
Commercial-inside city limits	5,243,284	5,894,940	6,043,262	6,071,818	6,196,410	5,426,906	6,609,964	6,772,023	6,179,811	6,753,207
Commercial-outside city limits	1,169,656	1,259,752	1,394,599	1,263,326	1,272,037	1,073,402	1,101,661	1,167,590	1,202,502	1,250,594
Total Charges for Services	20,166,476	21,983,823	23,243,314	23,693,839	23,068,492	21,388,647	22,033,212	23,351,805	24,355,307	25,011,877
Miscellaneous	459,804	485,572	513,927	610,309	958,176	759,972	918,156	1,558,600	1,436,693	1,222,407
Total Operating Revenues	20,626,280	22,469,395	23,757,241	24,304,148	24,026,668	22,148,619	22,951,368	24,910,405	25,792,000	26,234,284
Investment Income	232,406	209,225	118,468	143,013	154,942	101,576	115,371	138,569	281,980	129,765
Total Electric Revenues	\$ 20,858,686	\$ 22,678,620	\$ 23,875,709	\$ 24,447,161	\$ 24,181,610	\$ 22,250,195	\$ 23,066,739	\$ 25,048,974	\$ 26,073,980	\$ 26,364,049
Electric kWh Sold by Type of Customer										
Residential-inside city limits	73,363,908	74,304,463	76,930,528	75,808,661	80,256,002	84,490,361	84,357,290	90,106,520	88,768,099	95,585,364
Residential-outside city limits	58,749,490	58,870,222	58,012,143	55,831,697	57,063,034	57,998,087	57,132,259	60,797,181	59,276,942	61,851,222
Commercial-inside city limits	58,274,334	60,105,657	61,833,071	62,074,818	63,289,307	63,723,036	64,932,845	66,671,035	64,086,355	62,420,690
Commercial-outside city limits	13,055,589	13,206,462	13,030,685	12,696,182	12,641,542	12,123,616	11,693,218	11,760,264	12,417,088	11,999,395
Total Electric kWh Sold by Type of Customer	203,443,321	206,486,804	209,806,427	206,411,358	213,249,885	218,335,100	218,115,612	229,335,000	224,548,484	231,856,671

Source: City of Fountain, Colorado, audited financial statements, 2011-2020 and Utility Billing Records, 2011-2020.

CITY OF FOUNTAIN, COLORADO

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

TABLE 14

Fiscal Year	Governmental Activities		Business-Type Activities		2005 Loan Payable CWRPDA	2007 Water Rights Loan	2008 Water Rights Loan	2009 Loan Payable CWRPDA	2011 Loan Payable CWRPDA	2013 Loan Payable CWRPDA	2014 Loan Payable CWRPDA	2015 Bond Payable Fountain	2016 Bond Payable Fountain	2019 Bond Payable Fountain	2020 Revenue Refunding Bond	Total Primary Government	Per Capita (a)	Percentage of Personal Income (b)
	Capital Leases	Capital Leases	Capital Leases	Capital Leases														
2011	563,901	-	7,215,000	363,500	7,215,000	195,250	1,334,065	8,350,000	9,350,000	-	-	-	-	-	-	27,371,716	1,059	2.76%
2012	3,638,753	-	7,035,000	290,800	7,035,000	156,200	1,281,793	8,185,000	9,350,000	-	-	-	-	-	-	29,937,546	1,131	2.83%
2013	3,740,879	-	6,850,000	218,100	6,850,000	117,150	1,225,743	8,015,000	9,175,000	12,162,361	-	-	-	-	-	41,504,233	1,544	3.78%
2014	3,946,540	-	200,000	145,400	200,000	78,100	1,165,641	7,835,000	8,995,000	11,918,594	18,222,508	-	-	-	-	52,506,783	1,926	4.71%
2015	3,523,086	77,595	-	72,700	-	39,050	-	7,650,000	8,810,000	11,669,827	18,113,302	4,024,695	-	-	-	53,980,255	1,896	4.52%
2016	3,411,514	105,268	-	-	-	-	-	-	8,620,000	11,416,061	17,659,096	3,942,705	7,773,376	-	-	52,928,020	1,847	4.38%
2017	6,487,908	1,056,272	-	-	-	-	-	-	8,425,000	11,157,295	17,189,889	3,855,715	7,501,683	-	-	55,673,762	1,895	4.37%
2018	5,738,316	843,534	-	-	-	-	-	-	8,225,000	10,888,529	16,705,682	3,768,725	7,224,989	-	-	53,394,775	1,792	4.03%
2019	4,829,711	593,157	-	-	-	-	-	-	8,015,000	10,614,763	16,211,475	3,676,735	6,948,295	21,128,758	72,017,894	2,421	5.21%	
2020	4,376,934	649,235	-	-	-	-	-	-	-	10,330,998	15,697,269	3,584,745	6,666,601	20,719,591	8,340,000	70,365,373	2,289	7.08%

Note: Details regarding the City's outstanding debt including premium by issue can be found in Note 5 to the financial statements.

(a) Population data is from Table 18

(b) Personal income data is from Table 18

CITY OF FOUNTAIN, COLORADO

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

TABLE 15

WATER FUND	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Water Fund Debt Outstanding										
2003 Water Rights Loan	\$ 363,500	\$ 290,800	\$ 218,100	\$ 145,400	\$ 72,700	\$ -	\$ -	\$ -	\$ -	\$ -
2005 Loan Payable CWRPDA	7,215,000	7,035,000	6,850,000	200,000	-	-	-	-	-	-
2007 Water Rights Loan	195,250	156,200	117,150	78,100	39,050	-	-	-	-	-
2008 Water Rights Loan	1,334,065	1,281,793	1,225,743	1,165,641	-	-	-	-	-	-
2009 Loan Payable CWRPDA	8,350,000	8,185,000	8,015,000	7,835,000	7,650,000	-	-	-	-	-
2011 Loan Payable CWRPDA	9,350,000	9,350,000	9,175,000	8,995,000	8,990,000	8,620,000	8,425,000	8,225,000	8,015,000	-
2013 Loan Payable CWRPDA			12,162,361	11,918,594	11,669,827	11,416,061	11,157,295	10,888,529	10,614,763	10,330,998
2014 Loan Payable CWRPDA				18,222,508	18,113,302	17,659,096	17,189,889	16,705,682	16,211,475	15,697,269
2015 City of Fountain Revenue Bond					4,024,695	3,942,705	3,855,715	3,768,725	3,676,735	3,584,745
2016 City of Fountain Revenue Bond						7,773,376	7,501,683	7,224,989	6,948,295	6,666,601
2016 Capital Lease						11,958	9,473	8,681	5,211	2,951
2017 Capital Lease							127,085	99,788	72,542	45,297
2019 City of Fountain Revenue Bond									8,451,503	8,287,836
2020 City of Fountain Revenue Refunding Bond										8,340,000
Total Water Fund Debt Outstanding	\$ 26,807,815	\$ 26,298,793	\$ 37,763,354	\$ 48,560,243	\$ 50,559,574	\$ 49,423,196	\$ 48,266,140	\$ 46,921,394	\$ 53,995,525	\$ 52,955,697
Number of Active Water Service Connections	7,514	7,695	7,695	7,844	7,988	8,050	8,200	8,344	8,458	8,599
Water Fund Debt per Active Water Service Connection	\$ 3,568	\$ 3,418	\$ 4,908	\$ 6,191	\$ 6,329	\$ 6,140	\$ 5,886	\$ 5,623	\$ 6,384	\$ 6,158

Note: Details regarding the City's outstanding debt including premium by issue can be found in Note 5 to the financial statements.

Source: City of Fountain, Colorado, audited financial statements, 2011-2020 and Utility Billing Records, 2011-2020

CITY OF FOUNTAIN, COLORADO

DIRECT AND OVERLAPPING DEBT DECEMBER 31, 2020 (Unaudited)

TABLE 16

Government Entity	Debt Outstanding (d)	Estimated Percentage Applicable (b)	Estimated Share of Overlapping (a) Debt
Fountain/Fort Carson School District #8	\$ 11,885,317	100.00%	\$ 11,885,317
El Paso County	99,301,553	2.77%	\$ 2,751,026
Widefield School District #3	57,151,803	10.64%	\$ 6,082,503
Cumberland Green Metro District (c)	5,675,000	100.00%	\$ 5,675,000
Total Overlapping Debt	174,013,673		26,393,845
City of Fountain Direct Debt	4,376,934	100.0%	4,376,934
Total Direct and Overlapping Debt	\$ 178,390,607		\$ 30,770,779

Notes:

(a) Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City.

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

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

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

(d) Source: Individual entity year-end financial statements and footnotes to those statements.

CITY OF FOUNTAIN, COLORADO

LARGEST EMPLOYERS LAST YEAR (Unaudited)

TABLE 17

Employer	2020	
	Employees	Percentage of Total County Employment (a)
Fort Carson	33,943	10.64%
Widefield School District #3	1,703	0.53%
Fountain/Fort Carson School District #8	1,090	0.34%
Walmart	835	0.26%
Dillon/GHC	535	0.17%
City of Fountain	286	0.09%
Total	38,392	12.03%

Source: Fort Carson and school district websites, Wal-Mart, & Dillon. Total El Paso County employment information used to calculate the percentage of total county employment from the Colorado Department of Labor and Employment.

Note: Largest employers from nine years ago is not available.

(a) 2020 El Paso County employment was 319,084

CITY OF FOUNTAIN, COLORADO

DEMOGRAPHIC AND ECONOMIC STATISTICS LAST TEN YEARS (Unaudited)

TABLE 18

Year	Fountain Population (a)	Personal Income El Paso County (thousands of dollars) (b)	Personal Income Fountain (thousands of dollars) (c)	Per Capita Personal Income (b)	Unemployment Rate (d)
2011	26,475	25,420,872	1,056,591	39,942	9.1
2012	26,885	26,374,299	1,099,408	40,611	8.8
2013	27,265	26,374,299	1,114,948	40,541	7.8
2014	28,470	26,940,874	1,194,174	41,945	6.0
2015	28,650	27,210,283	1,207,733	42,155	4.6
2016	29,375	29,262,206	1,274,434	43,385	3.5
2017	29,804	30,565,961	1,323,566	44,409	3.4
2018	29,747	32,522,267	1,383,563	46,511	3.9
2019	30,735	47,066,809	994,216	32,348	3.3
2020	31,017	49,548,598	1,046,141	33,728	7.3

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

- (a) 2011 per Colorado State Demographer's Office statistics, 2012 to 2014 is from the US Census Bureau. 2014-2016 population estimate is from US Census Bureau. 2017-2020 per City Planning Department.
- (b) The data reported for Personal Income and Per Capita Personal Income is for El Paso County and has been updated per State of Colorado Labor and Employment Data Section.
- (c) Personal Income for Fountain is calculated by multiplying Fountain population by Per Capita Personal Income.
- (d) Unemployment rate is for Colorado Springs Metro Area not seasonally adjusted per the Bureau of Labor Statistics and State of Colorado, Division of Employment and Training for 2011-2017. For 2018-2020, unemployment rate is for El Paso County.

CITY OF FOUNTAIN, COLORADO

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

TABLE 19

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Government										
City Clerk	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Municipal Court	2.00	2.00	2.00	2.00	1.00	1.75	2.00	2.00	2.00	2.00
City Administration	5.00	5.00	4.00	5.00	5.00	6.00	7.00	6.50	6.50	6.50
Finance	4.00	4.00	4.00	4.00	4.00	4.45	4.45	4.45	4.50	4.50
Human Resource	2.00	2.00	2.00	2.00	2.00	3.00	3.00	3.00	3.00	3.00
Facilities	2.00	1.00	1.00	2.00	2.00	1.00	2.00	2.00	2.00	2.00
Planning & Zoning	3.40	3.25	2.85	3.00	4.00	4.00	4.00	4.00	4.00	4.00
Engineering	2.50	2.50	2.50	2.00	2.00	4.00	4.00	4.00	4.00	4.00
Economic Development	1.00	1.00	1.00	1.00	2.00	2.00	2.00	2.00	2.00	2.00
Information Technology	4.00	4.00	5.00	5.00	5.00	5.75	5.75	8.75	8.75	9.00
Public Safety										
Police										
Patrol	27.00	29.00	29.00	30.25	33.25	32.00	37.00	37.00	38.00	39.00
K-9 Patrol	1.00	0.25	0.50	2.00	2.00	2.00	1.00	1.00	1.00	1.00
Administration	4.00	4.00	4.00	5.00	5.00	6.75	5.00	5.00	5.00	5.00
Support Services	17.65	18.00	18.00	16.00	16.00	5.00	5.75	5.75	5.75	5.75
Investigations	5.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
School Resource/DARE Program	2.00	3.00	3.00	3.00	3.65	7.05	7.75	9.00	9.00	9.50
Drug Task Force	2.00	2.00	2.00	2.00	2.00	2.00	1.00	1.00	1.00	1.00
Fire										
Administration	2.00	2.00	2.00	2.00	2.00	3.00	3.00	3.00	3.00	3.00
Emergency Services	19.75	20.35	20.75	20.65	21.35	25.65	29.75	31.65	36.00	35.50
Prevention Services	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Ambulance										
Emergency Medical Services	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00
Public Works										
Street & Drainage Maintenance	8.00	8.50	8.45	7.80	7.35	8.30	9.00	9.00	9.00	9.00
Bus Transportation										
Bus Drivers		6.00	4.50	4.50	4.50	4.75	5.00	5.00	5.00	5.00
Health and Welfare										
Code Enforcement	2.00	2.00	2.00	2.00	2.00	3.50	3.50	3.50	3.75	4.50
Cultural & Recreation										
Parks Maintenance	4.50	4.65	6.40	5.80	6.20	7.75	7.50	7.00	7.25	7.00
Recreation Programs					1.85	3.00	3.55	4.25	4.70	4.70
Water Utility										
Administration	2.50	2.50	2.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50
Water Resource	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Water Conservation	0.00	0.00	0.00	0.50	0.50	0.50	0.00	0.00	0.00	0.00
Water Operations	10.90	11.00	11.00	11.00	11.00	11.00	13.00	10.00	12.00	11.00
Electric Utility										
Administration	4.45	4.55	4.50	4.00	4.20	4.25	4.25	4.25	5.25	5.25
Engineering/Planning	5.00	5.00	5.00	5.00	3.45	4.00	2.00	2.00	2.00	2.00
Electric Distribution	19.20	19.20	19.20	19.15	19.90	19.90	19.50	20.50	20.50	20.50
Electric Conservation	0.00	0.00	0.00	0.50	0.50	0.50	0.00	0.00	0.00	0.00
Inventory Control	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Customer Service - Utilities										
Administration	4.00	3.00	3.00	3.00	3.00	3.00	4.00	4.00	4.00	4.00
Conservation Program	0.00	0.00	0.00	0.00	0.00	0.00	1.00	1.00	1.00	1.00
Customer Service	10.00	10.00	10.00	10.00	8.00	6.00	6.00	6.00	6.00	6.00
Customer Billing	3.00	3.00	5.00	5.00	4.00	6.00	8.00	8.00	8.00	8.00
Field Service	3.00	2.00	2.00	2.00	3.00	2.00	4.00	5.00	5.00	5.00
Fleet Services										
Fleet Maintenance	5.00	5.00	5.00	5.00	5.00	7.00	7.00	7.00	7.50	7.50
Total	201.85	207.75	210.15	211.65	216.20	226.35	241.25	246.10	255.95	256.70

Source: City of Fountain Finance Department

CITY OF FOUNTAIN, COLORADO

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

TABLE 20

Function/Program	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Public Safety										
Fire Department										
Fire career staff	33	33	33	39	39	47	55	55	50	57
Volunteers	65	50	40	30	40	26	26	20	20	15
Fire Insurance Rating	5	5	5	3	3	3	3	3	3	3
Fire emergency responses	3,556	3,736	3,747	3,785	4,314	4,406	5,007	5,186	4,820	4,180
Fire hydrants	1,175	1,205	1,205	1,205	1,210	1,210	1,210	1,215	1,300	1,300
Number of fire stations	3	3	3	3	3	3	3	3	3	3
Number of fire trucks/implements	11	11	11	12	12	12	12	12	12	12
Police Department										
Number of police stations	1	1	1	1	1	1	1	1	1	1
Sworn officers	39	41	41	41	46	50	55	58	58	58
Reserve officers	3	3	3	3	3	3	2	1	1	0
Calls for service	38,987	41,353	40,873	42,862	40,672	46,529	42,110	39,856	47,305	38,638
Homicides	1	0	0	0	1	1	1	3	4	2
Sexual assaults	82	61	59	43	32	18	50	73	63	65
Robbery	13	16	9	15	9	20	9	14	18	14
Assault	92	89	77	53	158	100	126	30	70	56
Larceny-thefts	551	531	580	383	687	899	335	283	295	173
Traffic citations	3,185	3,397	3,333	3,264	3,265	3,894	2,945	3,866	4,802	2,724
Adult arrests	1,388	922	1,080	500	1,279	2,740	2,257	1,094	1,222	1,135
Juvenile arrests	211	112	251	195	249	406	377	221	156	88
Domestic violence cases	688	198	144	376	625	712	691	81	179	153
Military custodial arrests	67	38	40	26	441	274	23	0*	0*	0*
Public Works										
Miles of paved street	99.0	99.0	100.6	100.6	102.7	102.7	104.4	104.4	105.6	104.9
Miles of gravel road	3.5	3.5	3.5	3.5	3.4	3.4	3.4	3.4	3.4	3.4
Traffic signals	2	2	2	2	2	2	3	4	5	6
Pedestrian cross walks	75	75	75	75	85	85	130	133	135	157
Cemetery										
City owned Cemeteries	1	1	1	1	1	1	1	1	1	1
Cultural & Recreation										
Developed parks	8	8	8	9	10	10	12	12	11	10
Open space acres	288.5	288.5	288.5	288.5	326.5	326.5	330	330	330	330
Miles of trails	6	6	6	6	10	10	10	10	10	10
Number of pavilions	6	6	6	6	6	6	13	13	13	14
Number of gazebos	2	2	2	2	2	2	2	2	2	2
Number of splash pads	1	1	1	1	1	1	1	1	1	1
Number of baseball/softball fields	6	6	6	6	5	5	5	5	5	5
Number of dog park areas	1	1	1	1	1	1	1	1	1	1
Number of concession stands	0	1	1	1	2	2	2	2	2	2
Water Utility										
Number of accounts	7,267	7,420	7,453	7,583	7,674	7,779	7,942	8,344	8,458	8,599
Average daily consumption (gallons)	2,377,927	2,546,523	2,117,046	2,145,473	1,997,258	2,070,185	1,086,355	2,098,586	1,990,803	2,262,934
Annual consumption (gallons)	867,943,362	929,481,186	772,721,738	783,097,509	728,999,184	755,617,619	735,663,943	765,984,075	726,643,140	814,659,620
Distribution system (miles) (a)	122	129	123	123	123	123	128	129	133	143
Number of wells	5	5	5	5	5	5	6	6	6	4
Potable Storage Tank Capacity (in gallons)	8,375,000	8,375,000	8,375,000	8,375,000	8,375,000	8,375,000	7,880,000	8,250,000	8,250,000	10,250,000
Electric Utility										
Number of accounts	15,812	16,008	16,585	16,920	17,028	17,144	17,364	17,370	18,814	17,868
Peak demand (megawatts)										
Summer-July	48	52	50	50	51	53	56	59	62	63
Winter-December	38	39	41	40	39	41	42	41	40	34
Average daily consumption (kwh)	557,379	565,717	574,812	565,510	584,246	598,184	597,577	619,031	602,206	635,294
Annual consumption	203,443,321	206,486,804	209,806,427	206,411,358	213,249,885	218,337,233	218,115,612	225,946,310	219,805,340	231,882,145
Distribution system (miles)	550	550	565	565	596	596	621	626	627	627
Number of substations	2	2	2	2	2	2	2	2	2	2
Miles of transmission lines	2	2	2	2	2	2	2	3	2	2
Number of street lights (b)	2,946	2,920	2,930	2,930	2,997	2,664	2,911	2,826	2,855	2,855

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

*Military Custodial Arrests not tracked in 2018

City of Fountain, Colorado

Compliance Section

The public report burden for this information collection is estimated to average 380 hours annually.

LOCAL HIGHWAY FINANCE REPORT

City or County:
City of Fountain
YEAR ENDING :
December 2020

This Information From The Records Of : City of Fountain

Prepared By: Shawna Dail
Phone: (719) 393-4924

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

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT	ITEM	AMOUNT
A. Receipts from local sources:		A. Local highway disbursements:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	631,440
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	796,510
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	20,558
2. General fund appropriations	2,209,377	b. Snow and ice removal	25,543
3. Other local imposts (from page 2)	307,174	c. Other	
4. Miscellaneous local receipts (from page 2)	262,284	d. Total (a. through c.)	46,101
5. Transfers from toll facilities		4. General administration & miscellaneous	340,668
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	1,758,048
a. Bonds - Original Issues		6. Total (1 through 5)	3,572,768
b. Bonds - Refunding Issues		B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	
7. Total (1 through 6)	2,778,836	b. Redemption	
B. Private Contributions		c. Total (a. + b.)	0
C. Receipts from State government (from page 2)	793,933	2. Notes:	
D. Receipts from Federal Government (from page 2)	0	a. Interest	
E. Total receipts (A.7 + B + C + D)	3,572,768	b. Redemption	
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	0
		C. Payments to State for highways	
		D. Payments to toll facilities	
		E. Total disbursements (A.6 + B.3 + C + D)	3,572,768

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

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

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
		3,572,768	3,572,768		1

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT		STATE: Colorado	
		YEAR ENDING (mm/yy): December 2020	
II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL			
ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments		a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	236,429
1. Sales Taxes		c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other	307,174	g. Other Misc. Receipts	25,856
6. Total (1. through 5.)	307,174	h. Other	
c. Total (a. + b.)	307,174	i. Total (a. through h.)	262,284
	(Carry forward to page 1)		(Carry forward to page 1)
III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL			
ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	708,033	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	85,900	d. Federal Transit Admin	
d. Other (Specify) - DOLA Grant		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	85,900	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	793,933	3. Total (1. + 2.g)	
			(Carry forward to page 1)
		ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)
		TOTAL (c)	
A.1. Capital outlay:			
a. Right-Of-Way Costs			0
b. Engineering Costs		29,340	29,340
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation		602,100	602,100
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)		0	602,100
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)		0	631,440
			(Carry forward to page 1)
Notes and Comments:			

**INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING
STANDARDS**

To the City Council
City of Fountain, Colorado, Colorado

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Fountain, Colorado, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise City of Fountain, Colorado’s basic financial statements, and have issued our report thereon dated June 29, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Fountain, Colorado’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Fountain, Colorado’s internal control. Accordingly, we do not express an opinion on the effectiveness of City of Fountain, Colorado’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

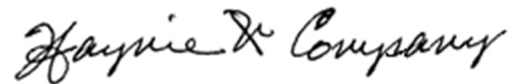
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Fountain, Colorado’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Haynie & Company".

Littleton, Colorado

June 29, 2021

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM
GUIDANCE**

To the City Council
City of Fountain, Colorado

Report on Compliance for Each Major Federal Program

We have audited the City of Fountain, Colorado’s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of City of Fountain, Colorado’s major federal programs for the year ended December 31, 2020. City of Fountain, Colorado’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of City of Fountain, Colorado’s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City of Fountain, Colorado’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of City of Fountain, Colorado’s compliance.

Opinion on Each Major Federal Program

In our opinion, City of Fountain, Colorado, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2020.

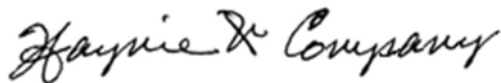
Report on Internal Control over Compliance

Management of City of Fountain, Colorado, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Fountain, Colorado's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City of Fountain, Colorado's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Littleton, CO

June 29, 2021

City of Fountain, Colorado
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2020

Federal Agency/Pass-through Entity/Program	CFDA Number	Grant or Identifying Number	Amount
<i>U.S. Department of the Treasury</i>			
Pass Through: El Paso County			
Coronavirus Relief Fund	21.019		<u>\$ 2,424,381</u>
<i>Total U.S. Department of the Treasury</i>			<u>2,424,381</u>
<i>U.S. Department of Justice</i>			
Equitable Sharing Program	16.034		<u>34,327</u>
<i>Total U.S. Department of Justice</i>			<u>34,327</u>
Total Expenditures of Federal Awards			<u>\$ 2,458,708</u>

City of Fountain, Colorado
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2020

Notes to the Schedule

1. This schedule includes the federal awards activity of City of Fountain, Colorado and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirement of *the Uniform Guidance*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.
2. City of Fountain, Colorado has elected not to use the 10% de minimus indirect cost rate allowed under the Uniform Guidance.

City of Fountain, Colorado

Supplemental Information

Schedule of Findings and Questioned Costs for the Year Ended December 31, 2020

1. Summary of Auditor's Results

Type of report issued on the financial statements:	Unmodified
Material weaknesses in financial reporting internal control noted:	None
Significant deficiency(s) identified that are not considered to be material weaknesses in financial reporting:	None
Material noncompliance noted:	None
Material weaknesses in internal control over major programs:	None
Significant deficiency(s) identified that are not considered to be material weaknesses over major programs:	None
Type of report issued on compliance for major programs:	Unmodified
Audit findings required to be reported:	None
The following programs are considered to be major:	
Coronavirus Relief Fund — CFDA 21.019	
Dollar threshold used to distinguish Type A and Type B programs:	\$750,000
Risk type qualification:	Not low-risk

2. Findings relating to the financial statements which are required to be reported in accordance with *Government Auditing Standards*.

None

3. Findings and questioned costs for Federal Awards

None

4. Summary Schedule of Prior Audit Findings

None