

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

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEAR ENDED DECEMBER 31, 2023**

**FOUNTAIN URBAN RENEWAL AUTHORITY  
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**BiggsKofford**

CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITOR'S REPORT

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

### Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Fountain Urban Renewal Authority ("Authority"), a component unit of the City of Fountain, Colorado, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Authority'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 and each major fund of the Authority as of December 31, 2023, the respective changes in financial position, and the budgetary comparison for the general fund 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of the report. We are required to be independent of the Authority 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 opinions.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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 Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### 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 opinions. 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 auditing standards generally accepted in the United States of America 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 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 auditing standards generally accepted in the United States of America, 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 Authority'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 Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

## **Other Matters**

### *Required Supplementary Information*

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

### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The supplementary information, as identified in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial

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

#### *Other Information*

Management is responsible for the other information, as identified in the table of contents. The other information does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or provide any assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

*BiggsKofford, P.C.*

Colorado Springs, Colorado  
August 24, 2024

## **BASIC FINANCIAL STATEMENTS**

**FOUNTAIN URBAN RENEWAL AUTHORITY  
STATEMENT OF NET POSITION  
DECEMBER 31, 2023**

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and Investments	\$ 1,092,504
Cash and Investments - Restricted	7,834,614
Accounts Receivable	1,103
Incremental Property Taxes Receivable	413,980
Incremental Sales Taxes Receivable	433,639
Public Improvement Fee Receivable	84,820
Use Tax Receivable	569
Public Improvement Admin Fee Receivable	2,623
Sales Tax Admin Receivable	19,583
Architect Retainer	5,000
Prepaid Expense	4,412
Capital Assets, Not Being Depreciated	1,437,232
Capital Assets, Being Depreciated, Net	<u>866,076</u>
Total Assets	<u>12,196,155</u>
<b>LIABILITIES</b>	
Accounts Payable	247,824
Rental Deposit	1,556
Accrued Interest Payable - Bonds	892,212
Long-Term Obligations	
Due Within One Year	1,424,732
Due in More Than One Year	<u>44,848,826</u>
Total Liabilities	<u>47,415,150</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Incremental Property Tax Revenue	<u>413,980</u>
Total Deferred Inflows of Resources	<u>413,980</u>
<b>NET POSITION</b>	
Net Investment in Capital Assets	1,510,260
Restricted For:	
South Academy Highlands Administration Funds	167,410
Debt Service	437,239
Unrestricted	<u>(37,747,884)</u>
Total Net Position	<u><u>\$ (35,632,975)</u></u>

See accompanying Notes to Basic Financial Statements.



**FOUNTAIN URBAN RENEWAL AUTHORITY  
BALANCE SHEET –  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2023**

	General	Debt Service	Capital Projects	Total Governmental Funds
<b>ASSETS</b>				
Cash and Investments	\$ 1,092,504	\$ -	\$ -	\$ 1,092,504
Cash and Investments - Restricted	167,410	4,579,353	3,087,851	7,834,614
Accounts Receivable	1,103	-	-	1,103
Public Improvement Fee Receivable	-	84,820	-	84,820
Public Improvement Admin Fee Receivable	2,623	-	-	2,623
Incremental Sales Taxes Receivable	32,236	401,403	-	433,639
Sales Tax Admin Receivable	19,583	-	-	19,583
Use Tax Receivable	569	-	-	569
Incremental Property Taxes Receivable	413,980	-	-	413,980
Architect Retainer	5,000	-	-	5,000
Prepaid Expense	4,412	-	-	4,412
Total Assets	<u>\$ 1,739,420</u>	<u>\$ 5,065,576</u>	<u>\$ 3,087,851</u>	<u>\$ 9,892,847</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts Payable	\$ 247,824	\$ -	\$ -	\$ 247,824
Rental Deposit	1,556	-	-	1,556
Total Liabilities	<u>249,380</u>	<u>-</u>	<u>-</u>	<u>249,380</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Incremental Property Tax Revenue	413,980	-	-	413,980
Total Deferred Inflows of Resources	<u>413,980</u>	<u>-</u>	<u>-</u>	<u>413,980</u>
<b>FUND BALANCES</b>				
Nonspendable:				
Prepaid Expense	4,412	-	-	4,412
Restricted:				
Debt Service	-	5,065,576	-	5,065,576
Capital Projects	-	-	3,087,851	3,087,851
South Academy Highlands Administration Funds	167,410	-	-	167,410
Assigned:				
Old Town Funds	4,352	-	-	4,352
Unassigned:				
General Government	899,886	-	-	899,886
Total Fund Balances	<u>1,076,060</u>	<u>5,065,576</u>	<u>3,087,851</u>	<u>9,229,487</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 1,739,420</u>	<u>\$ 5,065,576</u>	<u>\$ 3,087,851</u>	<u>\$ 9,892,847</u>

See accompanying Notes to Basic Financial Statements.

**FOUNTAIN URBAN RENEWAL AUTHORITY  
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO  
THE NET POSITION OF GOVERNMENTAL ACTIVITIES  
DECEMBER 31, 2023**

Fund Balances - Total Governmental Funds	\$ 9,229,487
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>	
<p>Capital assets are reported as assets on the statement of net position but are recorded as expenditures in the funds.</p>	
Capital Assets, Net	2,303,308
<p>Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.</p>	
Bond Discount	152,490
<p>Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.</p>	
Bonds Payable	(45,633,000)
5Star Bank Loan 4517	(549,732)
5Star Bank Loan 5455	(243,316)
Accrued Interest Payable - Bonds	(892,212)
Net Position of Governmental Activities	<u>\$ (35,632,975)</u>

See accompanying Notes to Basic Financial Statements.

**FOUNTAIN URBAN RENEWAL AUTHORITY**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED DECEMBER 31, 2023**

	General	Debt Service	Capital Projects	Total Governmental Funds
<b>REVENUES</b>				
Incremental Property Taxes	\$ 357,579	\$ -	\$ -	\$ 357,579
Incremental Sales Taxes	156,637	2,342,379	-	2,499,016
Transportation Sales Taxes	-	374,781	-	374,781
Use Taxes	158,578	-	-	158,578
Sales Tax Admin Revenue	84,036	-	-	84,036
Public Improvement Fee Admin Revenue	14,588	-	-	14,588
Rental/Lease Income	20,231	-	-	20,231
Public Improvement Fee	-	471,685	-	471,685
Net Investment Income	13,619	237,715	141,807	393,141
Total Revenues	<u>805,268</u>	<u>3,426,560</u>	<u>141,807</u>	<u>4,373,635</u>
<b>EXPENDITURES</b>				
Current:				
Accounting	77,023	-	-	77,023
Auditing	8,750	-	-	8,750
Bank Fees	29	-	10	39
County Treasurer's Fees	5,378	-	-	5,378
Insurance and Bonds	4,904	-	-	4,904
Loan Issue Costs	11,950	-	-	11,950
Legal	15,735	-	-	15,735
Miscellaneous	8,910	-	-	8,910
Other Professional Fees	430	-	-	430
PIF Collections	6,481	-	-	6,481
Property Repairs and Maintenance	9,276	-	-	9,276
Use Tax Rebates	70,926	-	-	70,926
Utilities	7,979	-	-	7,979
Closing and Other Costs of Acquisitions	423	-	-	423
Woodmen Hall Loan Interest	11,355	-	-	11,355
Woodmen Hall Loan Principal	239,511	-	-	239,511
Loan Interest	20,777	-	-	20,777
Loan Principal	268	-	-	268
RBD Loan Interest	4,267	-	-	4,267
RBD Loan Principal	80,000	-	-	80,000
Woodmen Hall Renovations 1st Floor	445,220	-	-	445,220
Woodmen Hall Renovations Other	180,994	-	-	180,994
Trustee Fees	13,500	-	-	13,500
Debt Service:				
Bond Interest - Series 2014C	-	511,004	-	511,004
Bond Interest - Series 2015A	-	2,011,675	-	2,011,675
Bond Interest - Series 2015B	-	340,725	-	340,725
Bond Principal - Series 2014C	-	32,000	-	32,000
Bond Principal - Series 2015A	-	1,095,000	-	1,095,000
Bond Principal - Series 2015B	-	155,000	-	155,000
Capital Outlay				
Public Infrastructure Improvements	-	-	123,310	123,310
Total Expenditures	<u>1,224,086</u>	<u>4,145,404</u>	<u>123,320</u>	<u>5,492,810</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(418,818)	(718,844)	18,487	(1,119,175)
<b>OTHER FINANCING SOURCES (USES)</b>				
Property Loan/Refinance	243,316	-	-	243,316
Transfers from Other Funds	-	104,373	-	104,373
Transfers to Other Funds	-	-	(104,373)	(104,373)
Total Other Financing Sources (Uses)	<u>243,316</u>	<u>104,373</u>	<u>(104,373)</u>	<u>243,316</u>
<b>NET CHANGE IN FUND BALANCES</b>	(175,502)	(614,471)	(85,886)	(875,859)
Fund Balances - Beginning of Year	1,251,562	5,680,047	3,173,737	10,105,346
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 1,076,060</u>	<u>\$ 5,065,576</u>	<u>\$ 3,087,851</u>	<u>\$ 9,229,487</u>

See accompanying Notes to Basic Financial Statements.

**FOUNTAIN URBAN RENEWAL AUTHORITY  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2023**

Net Change in Fund Balances - Governmental Funds \$ (875,859)

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

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

Capital Outlay	749,524
Depreciation	(45,519)
Dedication of assets to other governments	(1,398,351)

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

Bonds Principal Payment - Series 2015A	1,095,000
Bonds Principal Payment - Series 2015B	155,000
Bonds Principal Payment - Series 2014C	32,000
5STAR Bank Loan 5417 Principal Payment	268
5STAR Bank Loan 5455 Issuance	(243,316)
Pikes Peak RBD Loan Repayment	80,000
Woodmen Hall Loan Repayment	239,511

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

Accrued Interest on Bonds Payable - Change in Liability	137,704
Accrued Interest on Loan Payable - Change in Liability	3,200
Amortization of Bond Discount	(34,526)

Change in Net Position of Governmental Activities \$ (105,364)

**FOUNTAIN URBAN RENEWAL AUTHORITY  
GENERAL FUND –  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2023**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Incremental Property Taxes	\$ 324,715	\$ 357,579	\$ 32,864
Incremental Sales Taxes	92,020	156,637	64,617
Use Taxes	30,000	158,578	128,578
Property Loan/Refinance	400,000	243,316	(156,684)
Sale of Pad Site	530,000	-	(530,000)
Net Investment Income	5,075	13,619	8,544
Sales Tax Admin Revenue	80,910	84,036	3,126
Public Improvement Fee Admin Revenue	14,730	14,588	(142)
Enterprise Zone Contributions	200,000	-	(200,000)
Rental/Lease Income	21,388	20,231	(1,157)
Total Revenues	1,698,838	1,048,584	(650,254)
<b>EXPENDITURES</b>			
Accounting	85,000	77,023	7,977
Auditing	8,750	8,750	-
Bank Fees	900	29	871
County Treasurer's Fees	4,871	5,378	(507)
Insurance and Bonds	4,500	4,904	(404)
Intern/Staffing	31,000	-	31,000
Legal	130,000	15,735	114,265
Loan Issue Costs	-	11,950	(11,950)
Miscellaneous	1,100	8,910	(7,810)
Other Professional Fees	4,000	430	3,570
PIF Collections	11,069	6,481	4,588
Property Repairs and Maintenance	120,000	9,276	110,724
Use Tax Rebates	-	70,926	(70,926)
Utilities	10,000	7,979	2,021
Closing and Other Costs of Acquisitions	-	423	(423)
Woodmen Hall Loan Interest	40,000	11,355	28,645
Woodmen Hall Loan Principal	9,000	239,511	(230,511)
Loan Interest	-	20,777	(20,777)
Loan Principal	314,000	268	313,732
RBD Loan Interest	1,067	4,267	(3,200)
RBD Loan Principal	80,000	80,000	-
Woodmen Hall Renovations 1st Floor	880,000	445,220	434,780
Woodmen Hall Renovations 2nd Floor	20,000	-	20,000
Woodmen Hall Renovations Other	200,000	180,994	19,006
Trustee Fees	13,500	13,500	-
Contingency	5,229	-	5,229
Total Expenditures	1,973,986	1,224,086	749,900
<b>NET CHANGE IN FUND BALANCE</b>	(275,148)	(175,502)	99,646
Fund Balance - Beginning of Year	857,637	1,251,562	393,925
<b>FUND BALANCE - END OF YEAR</b>	\$ 582,489	\$ 1,076,060	\$ 493,571

See accompanying Notes to Basic Financial Statements.

**FOUNTAIN URBAN RENEWAL AUTHORITY  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 1 DEFINITION OF REPORTING ENTITY**

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

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

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

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

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**Government-Wide and Fund Financial Statements**

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

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

**FOUNTAIN URBAN RENEWAL AUTHORITY  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

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

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

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

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

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

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

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

The Authority reports the following major governmental funds:

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

The Debt Service Funds account for the resources accumulated and payments made for principal and interest on long-term general obligation debt of the governmental funds.

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

**FOUNTAIN URBAN RENEWAL AUTHORITY  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

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

**Budgets**

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

The Authority amended its annual budget for the year ended December 31, 2023.

**Pooled Cash and Investments**

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

**Incremental Property Taxes**

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

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

**FOUNTAIN URBAN RENEWAL AUTHORITY  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

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

**Incremental Property Taxes (Continued)**

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

**Incremental Sales Tax**

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

- U.S. Highway 85 Corridor project area – sales tax shared at 25%.
- South Academy Highlands project area – sales tax shared at 2.50%
- Infill project area – sales tax shared at 25%.

**Use Tax**

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

**Transportation Sales Tax Revenue**

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

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

**Capital Assets**

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

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

**FOUNTAIN URBAN RENEWAL AUTHORITY  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

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

**Capital Assets (Continued)**

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

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

Fence	15 Years
Buildings	25 Years
Property Improvements	25 Years

**Amortization**

**Original Issue Discount**

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

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

**Deferred Inflow of Resources**

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

**FOUNTAIN URBAN RENEWAL AUTHORITY  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

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

**Equity**

Net Position

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

Fund Balance

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

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

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

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

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

*Unassigned Fund Balance* – The residual portion of fund balance that does not meet any of the criteria described above.

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

**FOUNTAIN URBAN RENEWAL AUTHORITY  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 3 CASH AND INVESTMENTS**

Cash and investments as of December 31, 2023, are classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash and Investments	\$ 1,092,504
Cash and Investments - Restricted	<u>7,834,614</u>
Total Cash and Investments	<u><u>\$ 8,927,118</u></u>

Cash and investments as of December 31, 2023, consist of the following:

Deposits with Financial Institutions	\$ 1,062,711
Investments	<u>7,864,407</u>
Total Cash and Investments	<u><u>\$ 8,927,118</u></u>

**Deposits with Financial Institutions**

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

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

At December 31, 2023, the Authority's cash deposits had a bank balance of \$1,286,546 and a carrying balance of \$1,062,711.

**Investments**

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

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

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

**FOUNTAIN URBAN RENEWAL AUTHORITY  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

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

**Investments (Continued)**

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

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

As of December 31, 2023, the Authority had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Colorado Surplus Asset Trust Fund (CSAFE)	Weighted-Average Under 60 Days	\$ 7,511,276
Colorado Local Government Liquid Asset Trust (COLOTRUST)	Weighted-Average Under 60 Days	122,543
5STAR Bank Certificate of Deposit	5 month	230,588
Total		<u>\$ 7,864,407</u>

**CSAFE**

The Authority invested in the Colorado Surplus Asset Fund Trust (CSAFE) (the Trust), which is an investment vehicle established by state statute for local government entities to pool surplus assets. The State Securities Commissioner administers and enforces all state statutes governing the Trust. The Trust currently offers two portfolios – CSAFE CASH FUND and CSAFE CORE.

CSAFE CASH FUND operations similar to a money market fund, with each share valued at \$1.00. CSAFE may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain money market funds and highest rated commercial paper, any security allowed under Section 24-75-601.1, C.R.S.

CSAFE CORE, a variable Net Asset Value (NAV) Local Government Investment Pool, offers weekly liquidity and is managed to approximate a \$2.00 transactional share price. CSAFE CORE may invest in securities authorized by Section 24-75-601.1, C.R.S., including U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies, and highest rated commercial paper.

**FOUNTAIN URBAN RENEWAL AUTHORITY  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

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

**CSAFE (Continued)**

A designated custodial bank serves as custodian for CSAFE's portfolio pursuant to a custodian agreement. The custodian acts as safekeeping agent for CSAFE's investment portfolio and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by CSAFE. CSAFE CASH FUND is rated AAmmf and CSAFE CORE is rated AAf/S1 by Fitch Ratings. CSAFE records its investments at amortized cost and the Authority records its investments in CSAFE using the amortized cost method. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

**COLOTRUST**

The Authority invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST) (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all state statutes governing the Trust. The Trust currently offers three portfolios – COLOTRUST PRIME, COLOTRUST PLUS+, and COLOTRUST EDGE.

COLOTRUST PRIME and COLOTRUST PLUS+, which operate similarly to a money market fund and each share is equal in value to \$1.00, offer daily liquidity. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper, and any security allowed under CRS 24-75-601.

COLOTRUST EDGE, a variable Net Asset Value (NAV) Local Government Investment Pool, offers weekly liquidity and is managed to approximate a \$10.00 transactional share price. COLOTRUST EDGE may invest in securities authorized by Section 24-75-601.1, C.R.S., including U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies, and highest rated commercial paper.

A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. COLOTRUST PRIME and COLOTRUST PLUS+ are rated AAAM by Standard & Poor's. COLOTRUST EDGE is rated AAf/S1 by FitchRatings. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST at net asset value as determined by fair value. There are no unfunded commitments, the redemption frequency is daily or weekly, and there is no redemption notice period.

**5STAR**

The Authority invested in a 5-month Certificate of Deposit with 5STAR Bank.

**FOUNTAIN URBAN RENEWAL AUTHORITY  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 4 CAPITAL ASSETS**

An analysis of the changes in capital assets for the year ended December 31, 2023 follows:

	Balance at December 31, 2022	Increases	Decreases	Balance at December 31, 2023
<u>Governmental Activities:</u>				
Capital Assets, Not Being				
Depreciated:				
Construction in Progress	\$ 1,857,594	\$ 749,524	\$ 1,398,351	\$ 1,208,767
Land - 217 Santa Fe Ave	21,503	-	-	21,503
Land - 221 Santa Fe Ave	34,549	-	-	34,549
Land - Ransom Hwy 85	58,763	-	-	58,763
Land - 213 S Santa Fe Ave	74,337	-	-	74,337
Land - 102 N Main St	39,313	-	-	39,313
Total Capital Assets, Not Being Depreciated	2,086,059	749,524	1,398,351	1,437,232
Capital Assets, Being				
Depreciated:				
Bldg - 217 Santa Fe Ave	144,939	-	-	144,939
Bldg - 221 Santa Fe Ave	419,156	-	-	419,156
Bldg - Ransom Hwy 85	92,535	-	-	92,535
Bldg - 213 S Santa Fe Ave	70,663	-	-	70,663
Bldg - 102 N Main St	410,687	-	-	410,687
Total Capital Assets, Being Depreciated	1,137,980	-	-	1,137,980
Less Accumulated Depreciation:				
Bldg - 217 Santa Fe Ave	(33,820)	(5,798)	-	(39,618)
Bldg - 221 Santa Fe Ave	(89,421)	(16,767)	-	(106,188)
Bldg - Ransom Hwy 85	(19,432)	(3,701)	-	(23,133)
Bldg - 213 S Santa Fe Ave	(13,898)	(2,826)	-	(16,724)
Bldg - 102 N Main St	(69,814)	(16,427)	-	(86,241)
Total Accumulated Depreciation	(226,385)	(45,519)	-	(271,904)
Total Capital Assets, Being Depreciated, Net	911,595	(45,519)	-	866,076
Governmental Activities				
Capital Assets, Net	\$ 2,997,654	\$ 704,005	\$ 1,398,351	\$ 2,303,308

During 2023, a significant portion of the capital assets constructed by the District were conveyed to other governmental entities. The costs of all capital assets transferred to other governmental entities were removed from the District's financial records. There is no warranty period on the capital assets conveyed to the City of Fountain.

Depreciation expense was charged to functions/programs of the District as follows:

Governmental Activities	Amount
General Government	\$ 45,519
Total Depreciation/Amortization Expense - Governmental Activities	\$ 45,519

**FOUNTAIN URBAN RENEWAL AUTHORITY  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 5 LONG-TERM OBLIGATIONS**

The following is an analysis of changes in the Authority's long-term obligations for the year ended December 31, 2023:

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

	Balance December 31, 2022	Additions	Deletions	Balance December 31, 2023	Due Within One Year
Bonds Payable:					
Tax Increment Revenue Refunding and Improvement Bonds - Series 2015A	\$ 39,135,000	\$ -	\$ 1,095,000	\$ 38,040,000	\$ 750,000
Bond Discount Series 2015A	(161,175)	-	(27,219)	(133,956)	-
Taxable Public Improvement Fee Refunding Bonds - Series 2015B	4,925,000	-	155,000	4,770,000	125,000
Bond Discount Series 2015B	(25,841)	-	(7,307)	(18,534)	-
Tax Increment and Public Improvement Fee Taxable Revenue Bonds - Series 2014C	2,500,000	-	32,000	2,468,000	-
Public Improvement Fee Taxable Revenue Bonds - Series 2014D	355,000	-	-	355,000	-
Subtotal of Bonds Payable	46,727,984	-	1,247,474	45,480,510	875,000
Bonds/Notes/Loans from Direct Borrowings and Direct Placements:					
5Star Bank Loan 4517	550,000	-	268	549,732	549,732
5Star Bank Loan 5455	-	243,316	-	243,316	-
Pikes Peak RBD Loan	80,000	-	80,000	-	-
Independence Bank - Woodmen Hall Loan	239,511	-	239,511	-	-
Subtotal of Bonds/Notes/Loans from Direct Borrowings and Direct Placements	869,511	243,316	319,779	793,048	549,732
Total Long-Term Obligations	\$ 47,597,495	\$ 243,316	\$ 1,567,253	\$ 46,273,558	\$ 1,424,732

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

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

**FOUNTAIN URBAN RENEWAL AUTHORITY  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

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

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

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

The 2015A Bonds are secured and payable from the Pledged Revenue, consisting of monies derived by: (1) the Anchor Sites Incremental Sales Tax TIF Revenues (2) the Remaining Outparcel Incremental Sales Tax TIF Revenues (if any); (3) the Net Incremental Transportation Tax TIF Revenues; (4) the Net Transportation Sales Tax Revenue (if any); (5) the Net Appropriated Sum (if any); and (6) all income from the investment and reinvestment of the monies in all of the Trust accounts.

The 2015A Bonds are also secured by the Reserve Fund Requirement per Bond Indenture. The Reserve Fund requirement amount is \$3,229,125. The balance in the 2015A Reserve Fund on December 31, 2023, was \$3,269,471.

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

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

The 2015B Bonds are also secured by the Reserve Fund Requirement per Bond Indenture. The Reserve Fund requirement amount is \$507,000. The balance in the 2015B Reserve Fund on December 31, 2023, was \$513,178.

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

**Optional Redemption of the 2015A and 2015B Bonds**

The 2015A and 2015B Bonds are subject to redemption, at the option of the Authority, in whole or in part, on November 1, 2025, and on any date thereafter, at a redemption price equal to the principal amount so redeemed plus accrued interest thereon to the redemption date, without redemption premium.

**Events of Default for the 2015A and 2015B Bonds**

Events of default occur if the Authority fails or refuses to apply the Pledged Revenue with the trustee as required by the Series 2015A and Series 2015B Indentures and does not comply with other customary terms and conditions consistent with normal municipal financing as described in the Series 2015A and Series 2015B Indentures.

**FOUNTAIN URBAN RENEWAL AUTHORITY  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

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

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

On September 10, 2014, the Authority issued the following bonds (collectively, the Bonds): (1) \$26,425,000 Tax Increment Revenue Bonds, Series 2014A; (2) \$4,075,000 Public Improvement Fee Taxable Revenue Bonds, Series 2014B; (3) \$2,500,000 Tax Increment and Public Improvement Fee Taxable Revenue Bonds, Series 2014C; and (4) \$355,000 Public Improvement Fee Taxable Revenue Bonds, Series 2014D. The Bonds were issued for the purposes of (i) financing a portion of the public improvement costs and other costs associated with the construction of the South Academy Highlands project; (ii) providing capitalized interest; and (iii) paying costs of issuance of the Bonds. On July 29, 2015, the Indentures of the Series 2014C and 2014D Bonds were amended by the First Amendment to Indenture of Trust to remove certain sections from the original respective Indentures. On August 11, 2015, the Series 2014A and 2014B Bonds were refunded.

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

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

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

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

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

**Events of Default for the 2015C and 2015D Bonds**

Events of default occur if the Authority fails to deposit Pledge Revenues with the Trustee, fails in the performance of the covenants and agreements per Indenture, or does not comply with other customary terms and conditions consistent with normal municipal financing as described in the Series 2015C and Series 2015D Indentures.

**FOUNTAIN URBAN RENEWAL AUTHORITY  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

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

**5Star Bank Loan**

On August 24, 2022, the Authority entered into a Loan Agreement with 5Star Bank for a loan in the amount of \$550,000 to refinance the CO4F Loan. The loan matures on August 24, 2024, and is payable monthly at an interest rate of 3.5% for 24 months. Interest payments are due monthly, with the principal balance due at maturity. The loan is collateralized by (a) the deed of trust dated August 26, 2022, for real property located at 213 S. Santa Fe Ave., 217 S. Santa Fe Ave., 221 S. Santa Fe Ave., and 306 W. Missouri Ave., Fountain, Colorado in El Paso County, and (b) a Commercial Pledge Agreement dated August 26, 2022. The Commercial Pledge Agreement requires collateral in the amount of \$225,000 from the proceeds received from the sale of 212 West Illinois Avenue, Fountain, Colorado.

**Events of Default**

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

**Pikes Peak Regional Building Department Loan**

On April 30, 2018, the City entered into a Loan Agreement with the Pikes Peak Regional Building Department (PPRBD). Pursuant to the Agreement, PPRBD agreed to loan the City \$80,000 for costs of demolition and removing the buildings located at 221 S. Santa Fe, Fountain, Colorado; 217 S. Santa Fe, Fountain, Colorado; 213 S. Santa Fe, Fountain, Colorado; and 306 W. Missouri Avenue, Fountain, Colorado. There will be no interest on the loan for the first year from the date of the Agreement. Upon the day following the end of the first year, the loan will accrue simple interest at the rate of 4% until repaid in full. On April 30, 2018, the loan was assigned from the City to the Authority. On July 27, 2018, the Authority received \$80,000 on this loan.

On April 1, 2023, the Authority paid the Pikes Peak Regional Building Department Loan in full.

**Independence Bank – Woodman Hall Loan**

On September 28, 2018, the Authority entered into a Loan Agreement with Independence Bank Mortgage in the amount of \$275,000, for the property purchase at 102 Main Street North (Woodman Hall). The loan, which matures on September 28, 2028, is payable monthly at the annual interest rate of 5.5% for the first 60 months, at which time the rate will adjust to *The Wall Street Journal* prime rate plus 0.5% and be fixed at that rate for the remaining 60 months. Monthly payments of principal and interest are based on a 20-year amortization. The loan is collateralized with the first deed of trust and assignment of leases and rents on Woodman Hall.

On November 3, 2023, the Authority refinanced the Independence Bank Loan (see 5Star Line of Credit).

**FOUNTAIN URBAN RENEWAL AUTHORITY  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

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

**5Star Bank – Line of Credit**

On November 3, 2023, the Authority entered into an agreement for a Line of Credit with 5Star Bank in the amount of \$1,000,000 to Refinance the Independence Bank – Woodman Hall Loan and to further improve to the property. The Line of Credit is secured by the property at 102 North Main Street. This Line of Credit is at 24 monthly consecutive interest payments, beginning December 3, 2023, with interest calculated at 6.25% per annum based on a year of 360 days; 23 monthly consecutive principal and interest payments of \$6,970.47 each, beginning December 3, 2025, with interest calculated at 6.75% per annum based on a year of 360 days; the final payment will be due on November 3, 2207. The first draw from the 5 Star Bank Line of Credit was to refinance the Independence Bank – Woodman Hall Loan and to pay for the costs of refinancing in the amount of \$231,366 and \$11,950 respectively.

As of December 31, 2023, the outstanding balance on the Line of Credit was \$243,316, and available credit of \$756,684 remains.

**Events of Default**

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

**NOTE 6 NET POSITION**

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

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. As of December 31, 2023, the Authority had net investment in capital assets calculated as follows:

Net Investment in Capital Assets:	
Capital Assets, Net	\$ 2,303,308
Less: Capital Related Debt	
Long-Term Portion of Obligations	(793,048)
Net Investment in Capital Assets	<u>\$ 1,510,260</u>

**FOUNTAIN URBAN RENEWAL AUTHORITY  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 6 NET POSITION (CONTINUED)**

Restricted net position consists of assets that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The Authority had a restricted net position as of December 31, 2023, as follows:

Restricted Net Position:	
South Academy Highlands Administration Funds	\$ 167,410
Debt Service	437,239
Total Restricted Net Position	<u>\$ 604,649</u>

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

**NOTE 7 INTERFUND TRANSFERS**

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

**NOTE 8 AGREEMENTS**

TSA INFILL - Redevelopment Agreement

On September 30, 2020, the Authority entered into a TSA INFILL Redevelopment Agreement with Evergreen-Mesa Ridge & Syracuse SWC, LLC., an Arizona corporation (the Owner). The Owner, previously entered into an agreement with the City of Fountain to design and construct certain private improvements on Lots 1, 2, and 4 of the Property, to satisfy the City’s INFILL servitude benefit. Provided the Owner complies with the City’s requirements, the Authority’s sole obligation will be to pay to the Owner 100% of the initial use tax proceeds received from the City from the initial construction of improvements subject to the use tax on Lots 1, 2, and 4, but not more than \$100,000. The Agreement is subject to the Owner having the construction costs certified. On January 17, 2023, the TSA INFILL Redevelopment Agreement was amended solely in regard to the property, to include Lot 3 of the property in addition to the Lots specified in the original agreement.

TSA INFILL 2 - Redevelopment Agreement

On January 17, 2023, the Authority entered into a TSA INFILL 2 Redevelopment Agreement with Evergreen-Mesa Ridge & Syracuse SWC, LLC., an Arizona corporation (the Owner). The Owner, previously entered into an agreement with the City of Fountain to design and construct certain private improvements on Lot 5, Tract And C to satisfy the City’s INFILL servitude benefit. Provided the Owner complies with the City’s requirements, the Authority will contribute certain available use tax revenues to help pay the certified costs of certain gas pipeline utility infrastructure improvements.

**FOUNTAIN URBAN RENEWAL AUTHORITY  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 8 AGREEMENTS (CONTINUED)**

TSA INFILL 2 - Redevelopment Agreement (continued)

The Authority agreed to pay to the Owner 100% of the initial use tax proceeds received from the City from the initial construction of improvements subject to the use tax on the Lot 5, Tract A and C, but not more than \$130,000. Use tax imposition on the property did not commence at the end of year 2023.

TSA INFILL 3 - Redevelopment Agreement 21 AC SEC

On January 25, 2023, the Authority entered into a TSA INFILL 3 Redevelopment Agreement with Evergreen-Mesa Ridge & Syracuse SWC, LLC., an Arizona corporation (the Owner). The Owner owns the 21 AC Property (the Property) and intends to construct certain improvements including approximately 125,000 square feet of new commercial space according to a previously entered into agreement with the City of Fountain (the City). Authority's obligations pursuant to this agreement, are subject to and conditioned upon the fulfillment of the agreement between the Owner and the City (2023 City Agreement, dated January 23, 2023). Upon fulfillment of those conditions, the Authority will reimburse the Owner for the certified costs of \$360,000, which represent 100% of the incremental use tax revenues generated by and attributable to the initial construction of certain private and public improvements subject to the City's use tax on the Property, and up to \$317,440 approved and certified costs (the maximum sales tax reimbursement). The Authority's obligation to pay is only for those years it actually receives use tax and or sales tax revenues levied within the Property. Use tax imposition on the property did not commence at the end of year 2023.

**NOTE 9 RISK MANAGEMENT**

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

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

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

**FOUNTAIN URBAN RENEWAL AUTHORITY  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 10 TAX, SPENDING, AND DEBT LIMITATIONS**

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

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

## **SUPPLEMENTARY INFORMATION**

**FOUNTAIN URBAN RENEWAL AUTHORITY  
DEBT SERVICE FUND –  
SERIES 2014C  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2023**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Incremental Sales Taxes	\$ 590,000	\$ 333,803	\$ (256,197)
Public Improvement Fee	95,000	82,998	(12,002)
Net Investment Income	3,000	7,476	4,476
Total Revenues	<u>688,000</u>	<u>424,277</u>	<u>(263,723)</u>
<b>EXPENDITURES</b>			
Bond Interest - Series 2014C	688,000	511,004	176,996
Bond Principal - Series 2014C	-	32,000	(32,000)
Total Expenditures	<u>688,000</u>	<u>543,004</u>	<u>144,996</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	-	(118,727)	(118,727)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers from Other Funds	-	27,260	27,260
Total Other Financing Sources (Uses)	<u>-</u>	<u>27,260</u>	<u>27,260</u>
<b>NET CHANGE IN FUND BALANCE</b>	-	(91,467)	(91,467)
Fund Balance - Beginning of Year	<u>-</u>	<u>283,691</u>	<u>283,691</u>
<b>FUND BALANCE - END OF YEAR</b>	<u><u>\$ -</u></u>	<u><u>\$ 192,224</u></u>	<u><u>\$ 192,224</u></u>

**FOUNTAIN URBAN RENEWAL AUTHORITY  
DEBT SERVICE FUND –  
SERIES 2015A  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2023**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Incremental Sales Taxes	\$ 2,107,000	\$ 2,008,576	\$ 2,008,576	\$ -
Transportation Sales Taxes	-	374,781	374,781	-
Net Investment Income	70,000	199,490	199,490	-
Total Revenues	<u>2,177,000</u>	<u>2,582,847</u>	<u>2,582,847</u>	<u>-</u>
<b>EXPENDITURES</b>				
Bond Interest - Series 2015A	2,000,000	2,011,675	2,011,675	-
Bond Principal - Series 2015A	750,000	1,095,000	1,095,000	-
Contingency	5,000	-	-	-
Total Expenditures	<u>2,755,000</u>	<u>3,106,675</u>	<u>3,106,675</u>	<u>-</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(578,000)	(523,828)	(523,828)	-
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from Other Funds	40,000	104,373	104,373	-
Total Other Financing Sources (Uses)	<u>40,000</u>	<u>104,373</u>	<u>104,373</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	(538,000)	(419,455)	(419,455)	-
Fund Balance - Beginning of Year	<u>4,016,703</u>	<u>4,665,660</u>	<u>4,665,660</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 3,478,703</u>	<u>\$ 4,246,205</u>	<u>\$ 4,246,205</u>	<u>\$ -</u>

**FOUNTAIN URBAN RENEWAL AUTHORITY  
DEBT SERVICE FUND –  
SERIES 2015B  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2023**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Public Improvement Fee	\$ 396,000	\$ 388,687	\$ 388,687	\$ -
Net Investment Income	43,000	30,749	30,749	-
Total Revenues	<u>439,000</u>	<u>419,436</u>	<u>419,436</u>	<u>-</u>
<b>EXPENDITURES</b>				
Bond Interest - Series 2015B	340,000	340,725	340,725	-
Bond Principal - Series 2015B	125,000	155,000	155,000	-
Contingency	5,000	-	-	-
Total Expenditures	<u>470,000</u>	<u>495,725</u>	<u>495,725</u>	<u>-</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(31,000)	(76,289)	(76,289)	-
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers to Other Funds	-	(27,260)	(27,260)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>(27,260)</u>	<u>(27,260)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	(31,000)	(103,549)	(103,549)	-
Fund Balance - Beginning of Year	<u>584,377</u>	<u>730,696</u>	<u>730,696</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u><u>\$ 553,377</u></u>	<u><u>\$ 627,147</u></u>	<u><u>\$ 627,147</u></u>	<u><u>\$ -</u></u>

**FOUNTAIN URBAN RENEWAL AUTHORITY  
CAPITAL PROJECTS FUND –  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2023**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Net Investment Income	\$ 40,000	\$ 141,807	\$ 101,807
Total Revenues	<u>40,000</u>	<u>141,807</u>	<u>101,807</u>
<b>EXPENDITURES</b>			
Banking Fees	-	10	(10)
Public Infrastructure Improvements	1,200,000	123,310	1,076,690
Contingency	3,245,716	-	3,245,716
Total Expenditures	<u>4,445,716</u>	<u>123,320</u>	<u>4,322,396</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(4,405,716)	18,487	4,424,203
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers to Other Funds	(40,000)	(104,373)	(64,373)
Total Other Financing Sources (Uses)	<u>(40,000)</u>	<u>(104,373)</u>	<u>(64,373)</u>
<b>NET CHANGE IN FUND BALANCE</b>	(4,445,716)	(85,886)	4,359,830
Fund Balance - Beginning of Year	<u>4,445,716</u>	<u>3,173,737</u>	<u>(1,271,979)</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ -</u>	<u>\$ 3,087,851</u>	<u>\$ 3,087,851</u>

## OTHER INFORMATION

**FOUNTAIN URBAN RENEWAL AUTHORITY  
SUMMARY OF INCREMENTAL ASSESSED VALUATION, MILL LEVY, AND  
INCREMENTAL PROPERTY TAXES COLLECTED  
DECEMBER 31, 2023**

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Property Tax Levy			Combined Mills Levied	Total Incremental Property Taxes		Percentage Collected to Levied
	Total Assessed Valuation	Less: Base Valuation	Net Increment Valuation		Levied	Collected	
	2019	\$ 21,073,130	\$ 18,994,760		\$ 2,078,370	60.657	
2020	23,419,640	21,058,207	2,361,433	59.383	140,229	139,678	99.61
2021	22,477,690	20,303,578	2,174,112	59.739	129,879	129,792	99.93
2022	27,688,850	23,273,740	4,415,110	57.970	255,946	251,313	98.19
2023	28,581,850	23,113,700	5,468,150	59.383	324,715	357,579	110.12
Estimated for the Year Ending December 31, 2024	\$ 32,885,680	\$ 25,914,320	\$ 6,971,360	59.383	\$ 413,980		

**NOTE:**

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