



City of Fountain, Colorado

Comprehensive Annual Financial Report

Year ended December 31, 2014

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”

CITY OF FOUNTAIN, COLORADO
COMPREHENSIVE ANNUAL FINANCIAL REPORT
Year Ended December 31, 2014

PREPARED BY:

Finance Department

TABLE OF CONTENTS

	<u>PAGE</u>
INTRODUCTORY SECTION	
Letter of Transmittal	i - iv
Directory of City Officials	v
City Organizational Chart	vi
GFOA Certificate of Achievement	vii
FINANCIAL SECTION	
Independent Auditors' Report	viii - ix
Management's Discussion and Analysis	x - xviii
Basic Financial Statements	
Statement of Net Position	1
Statement of Activities	2
Balance Sheet - Governmental Funds	3
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	4
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	5
Reconciliation of the Statement of Revenues, Expenditures and Changes In Fund Balances of Governmental Funds to the Statement of Activities	6
Statement of Net Position - Proprietary Funds	7
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds	8
Statement of Cash Flows - Proprietary Funds	9
Statement of Fiduciary Net Position - Pension Trust Fund	10
Statement of Changes in Fiduciary Net Position - Pension Trust Fund	11
Notes to Financial Statements	12 - 36

TABLE OF CONTENTS
(Continued)

	<u>PAGE</u>
FINANCIAL SECTION (Continued)	
Required Supplementary Information	
Schedule of Changes in Net Pension Liability and Related Ratios and Investment Returns - Volunteer Firefighters' Pension Plan	37
Schedule of Funding Progress - Postemployment Benefit Plan	38
Budgetary Comparison Schedule - General Fund	39 - 40
Notes to Required Supplementary Information	41 - 42
Supplementary Information	
Combining Balance Sheet - Nonmajor Governmental Funds	43
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	44
Budgetary Comparison Schedule - Conservation Trust Fund	45
Budgetary Comparison Schedule - Heritage Maintenance District Fund	46
Budgetary Comparison Schedule - General Improvement Districts Fund	47
Budgetary Comparison Schedule - Volunteer Fire Fund	48
Budgetary Comparison Schedule - Public Transportation Fund	49
Budgetary Comparison Schedule - Street Resurfacing Fund	50
Budgetary Comparison Schedule - Street Improvement Fund	51
Combining Statement of Net Position - Nonmajor Proprietary Funds	52
Combining Statement of Revenues, Expenses and Changes in Net Position - Nonmajor Proprietary Funds	53
Combining Statement of Cash Flows - Nonmajor Proprietary Funds	54
Budgetary Comparison Schedule - Water Fund	55
Budgetary Comparison Schedule - Electric Fund	56

TABLE OF CONTENTS
(Continued)

	<u>PAGE</u>
FINANCIAL SECTION (Continued)	
Supplementary Information (Continued)	
Budgetary Comparison Schedule - Ambulance Fund	57
Budgetary Comparison Schedule - Drainage Fund	58
Budgetary Comparison Schedule - Insurance Fund	59
STATISTICAL SECTION	
Table of Contents	60
Financial Trends	
Net Position by Component	61
Changes in Net Position	62 - 63
Fund Balances - Governmental Funds	64
Changes in Fund Balances - Governmental Funds	65
Revenue Capacity	
Assessed Value and Estimated Actual Value of Taxable Property	66
Direct and Overlapping Property Tax Rates	67
Principal Property Tax Payers	68
General Fund Revenues - Taxes by Category	69
Sales Tax by Category	70
Direct and Overlapping Sales Tax Rates	71
Property Tax Levies and Collections	72
Water Revenues	73
Electric Revenues	74

TABLE OF CONTENTS
(Continued)

	<u>PAGE</u>
STATISTICAL SECTION (Continued)	
Debt Capacity	
Ratios of Outstanding Debt by Type	75
Ratios of Water Fund Debt Outstanding	76
Direct and Overlapping Debt	77
Demographic and Economic Information	
Largest Employers	78
Demographic and Economic Statistics	79
Operating Information	
Full-Time Equivalent City Government Employees by Function/Program	80
Capital and Operating Indicators by Function/Program	81
COMPLIANCE SECTION	
State Compliance	
Local Highway Finance Report	82 - 83

INTRODUCTORY SECTION



TRANSMITTAL LETTER

July 29, 2015

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, 2014, 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 Swanhorst & Company LLC, 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, 2014 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, 2014 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 17.9 square miles and serves a population of approximately 28,470.

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 and fire protection, street and drainage maintenance, and water and electric 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 29,500 military, civilian employees and contractors. The City also has several private sector primary employers, including:

- RMB-plastics molding manufacturer wholesale
- Peyton's Fountain-Krogers wholesale distribution
- Adessa Colorado Springs-auto distribution
- Hyponex Landscape-landscape materials
- Pavestone-decorative landscape manufacturer

The unemployment rate in the Fountain area has historically been less than the national average due, in part, to the large military presence. The unemployment rate for 2014 is 6.0% which is slightly lower than the national average.

Construction of new housing and commercial starts in 2014 totaled 116 which was lower than 2013. For the first four months of 2015, year over year sales tax revenue and use tax from vehicle sales are approximately the same as 2013 and are in-line with 2015 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.

Through a process that consisted of a thorough review of past planning forums, citizen input tools, and several community meetings, the Council ultimately developed a Strategic Plan that was adopted in March of 2009. The intent is for the plan to be a changing document that will be adjusted periodically as the needs and desires of the City change.

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 5 year financial plan for the major funds. The plan encompasses both revenue projections and operating and capital expenditures.

Major Initiatives

The water utility borrowed an additional \$16.9 million in 2014 through the Colorado Water Resources and Power Development Authority (CWRPDA) loan program to continue the financing, engineering, design, permitting, and construction of the Southern Delivery System (SDS). The City of Fountain is a partner, along with the City of Colorado Springs, Security Water and Sanitation District, and Pueblo West Metropolitan District in this regional project, which is designed to deliver water through a 53 mile pipeline from Pueblo Reservoir to Upper Williams Creek Reservoir and the SDS Water Treatment plant located east of Colorado Springs. Fountain expects this project to be completed in 2016. The City's share of the project cost through 2014 is \$25 million. The City will capitalize its share of ownership in this project. \$6.65 million of the 2014 loan was used to refund the 2005 CWRPDA loan.

The 2013 loan from CWRPDA also allowed for completion of the new Utilities Customer Service Building and the South Santa Fe Water Main.

Two big box stores, totaling 272,000 square feet, Walmart and Sam's will open in late summer 2015 and are expected to spur additional retail growth in the South Academy Highlands area.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded the Distinguished Budget Presentation Award to the City of Fountain for its 2013-2014 biennial budget document. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document had to be judged proficient as a policy document, a financial plan, an operations guide, and a communication device.

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, 2013.

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.

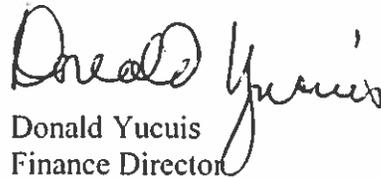
The preparation of this CAFR is made possible by the dedicated service of the entire staff of the Finance Department. Additionally, we thank Swanhorst & Company LLC for the assistance and guidance they provided in the preparation of the CAFR and for the professional manner in which they conducted the audit.

We would 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



Donald Yucuis
Finance Director

CITY COUNCIL



Gabriel Ortega, Mayor

Ward: At Large
Term Expires: 11/2017



Sam Gieck, Council Member

Ward: #3
Term Expires: 11/2017



Sharon Thompson, Council Member

Ward: #1
Term Expires: 11/2017



Greg Lauer, Council Member

Ward: At Large
Term Expires: 11/2017



Phil Thomas, Council Member

Ward: #2
Term Expires: 11/2015



Patricia St. Louis, Council Member

Ward: At Large
Term Expires: 11/2015



Jim Coke, Mayor Pro-Tem

Ward: At Large
Term Expires: 11/2015

CITY STAFF

City Manager

Scott Trainor

City Clerk

Silvia Huffman

HR Manager

Janette Arellano

City Attorney

Patrick J. McDivitt

IT Director

Paul Lavelle

Court Administrator

Sylvia Simpson

Planning Director

Dave Smedsrud

Deputy City Manager

Dave Smedsrud

Police Chief

Chris Heberer

Economic Dev. Director

Kimberly Bailey

Public Works Director

Duane Greenwood

Finance Director

Donald Yucuis

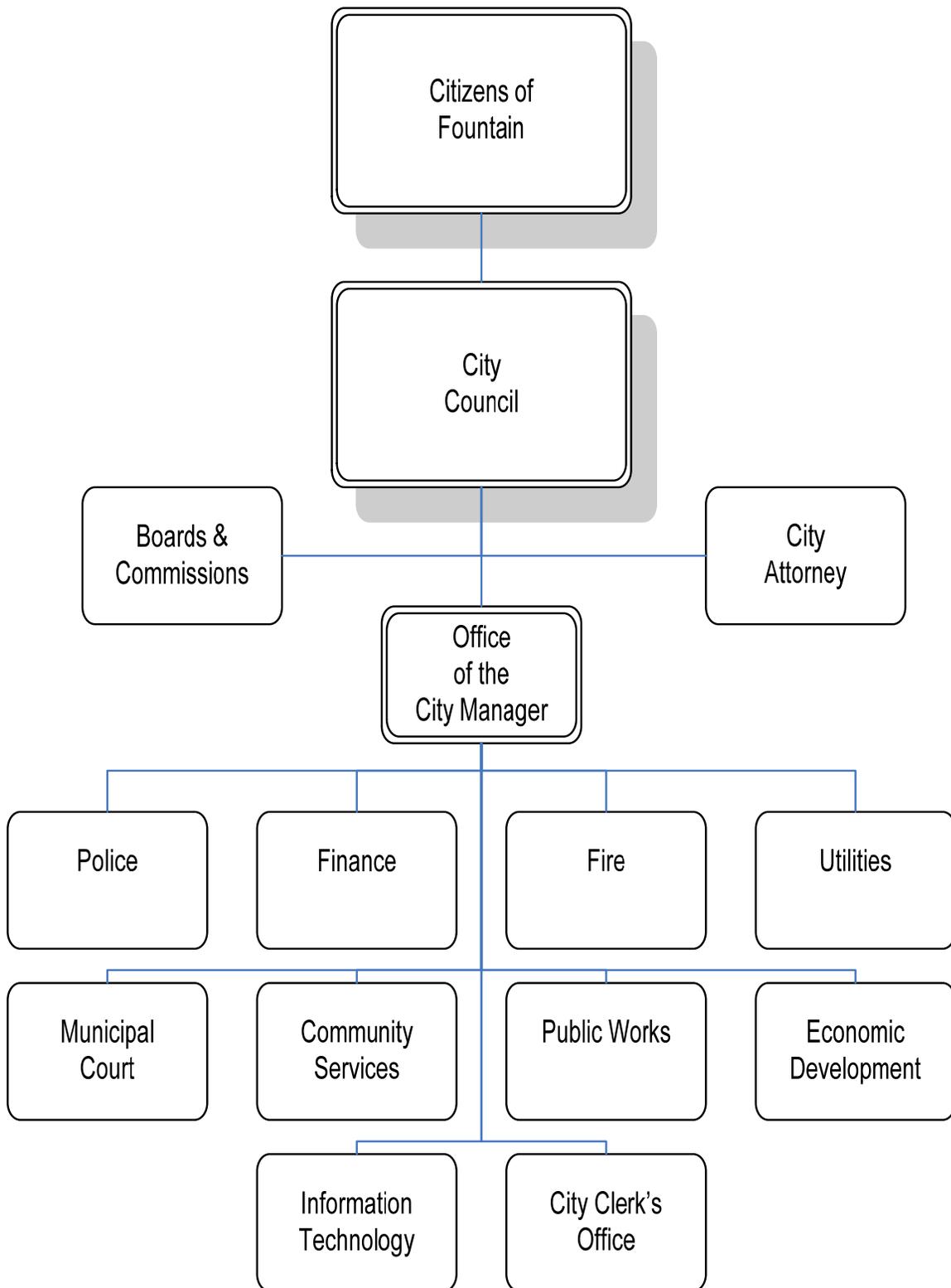
Utilities Director

Curtis Mitchell

Fire Chief

Darin Anstine

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, 2013

Executive Director/CEO

FINANCIAL SECTION



Honorable Mayor and Members of the City Council
City of Fountain
Fountain, Colorado

INDEPENDENT AUDITORS' REPORT

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 as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the basic financial statements of the City of Fountain, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Fountain Urban Renewal Authority, a discretely presented component unit. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Fountain Urban Renewal Authority, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our audit and the report of the other auditors, 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 as of December 31, 2014, 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.

Emphasis of Matter

As discussed in Note 10 to the financial statements, in the year ended December 31, 2014, the City of Fountain adopted new accounting guidance as required by Governmental Accounting Standards Board Statement No. 67, *Financial Reporting for Pension Plans*. Our opinion is not modified with respect to this matter.

Other Matters (Required Supplementary Information)

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information 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 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 Matters (Other Information)

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Fountain's basic financial statements. The introductory section, supplementary information, statistical section, and local highway finance report listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information and the local highway finance report are the responsibility of management and were derived from and relate 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 the 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole. The introductory and statistical sections 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 them.



July 29, 2015

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, 2014. 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 of the City of Fountain exceeded its liabilities at the close of 2014 by \$166.0 million (net position). Of this amount, \$15.2 million (unrestricted net position) may be used to pay the City's obligations to citizens and creditors.
- At December 31, 2014, the City of Fountain's governmental funds reported combined ending fund balances of \$9.4 million, an increase of \$3.9 million in comparison with the prior year. \$1.2 million of this total amount is available for spending at the government's discretion (unrestricted, unassigned).
- The unrestricted, unassigned fund balance for the General Fund was \$1.2 million, or 8.2% of the total General Fund expenditures.
- Sales Tax, the City's largest source of General Fund revenue, was \$6.2 million for 2014 as compared to \$5.8 million for the prior year, an increase of 7.0%.
- Recovery from the economic downturn, in the area of new housing construction, continued in 2014 with 116 new housing starts and four new Commercial starts were the same in 2014 as 2013.

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.

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 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. 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. 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 12-36 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City of Fountain's progress in funding its obligation to provide pension benefits to volunteer fire fighters. This supplementary information can be found on page 37 of this report. The Schedule of Funding Progress Postemployment Benefit Plan is located on page 38. The Budgetary Comparison Schedule for the General Fund and the notes to the required supplementary information can be found on pages 39-42.

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 43-59.

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 \$166.0 million at the close of 2014, a change of \$4.8 million from the end of 2013.

Net Position (in thousands)

	Governmental Activities		Business-type Activities		Total	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Current and other assets	\$13,783	\$8,960	\$27,406	\$27,536	\$41,189	\$36,496
Capital assets	75,647	77,840	115,319	101,332	190,966	179,172
Total assets	89,430	86,800	142,725	128,868	232,155	215,668
Deferred outflows of resources	-	-	228	-	228	-
Long-term liabilities outstanding	4,953	4,878	47,117	36,413	52,070	41,291
Other liabilities	2,991	2,405	9,657	9,194	12,648	11,599
Total liabilities	7,944	7,283	56,774	45,607	64,718	52,890
Deferred inflows of resources	1,846	1,758	-	-	1,846	1,758
Net position:						
Net investment in capital assets	71,701	74,221	73,772	70,249	145,473	144,470
Restricted	4,538	3,626	577	577	5,115	4,203
Unrestricted	3,400	-88	11,830	12,434	15,230	12,346
Total net position	79,639	77,759	86,179	83,260	165,818	161,019

The largest portion of the City of Fountain's net position (87.7%) 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 (3.1%) represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position (\$15.2 million) may be used to meet the City's ongoing obligations to citizens and creditors.

Changes in Net Position (in thousands)

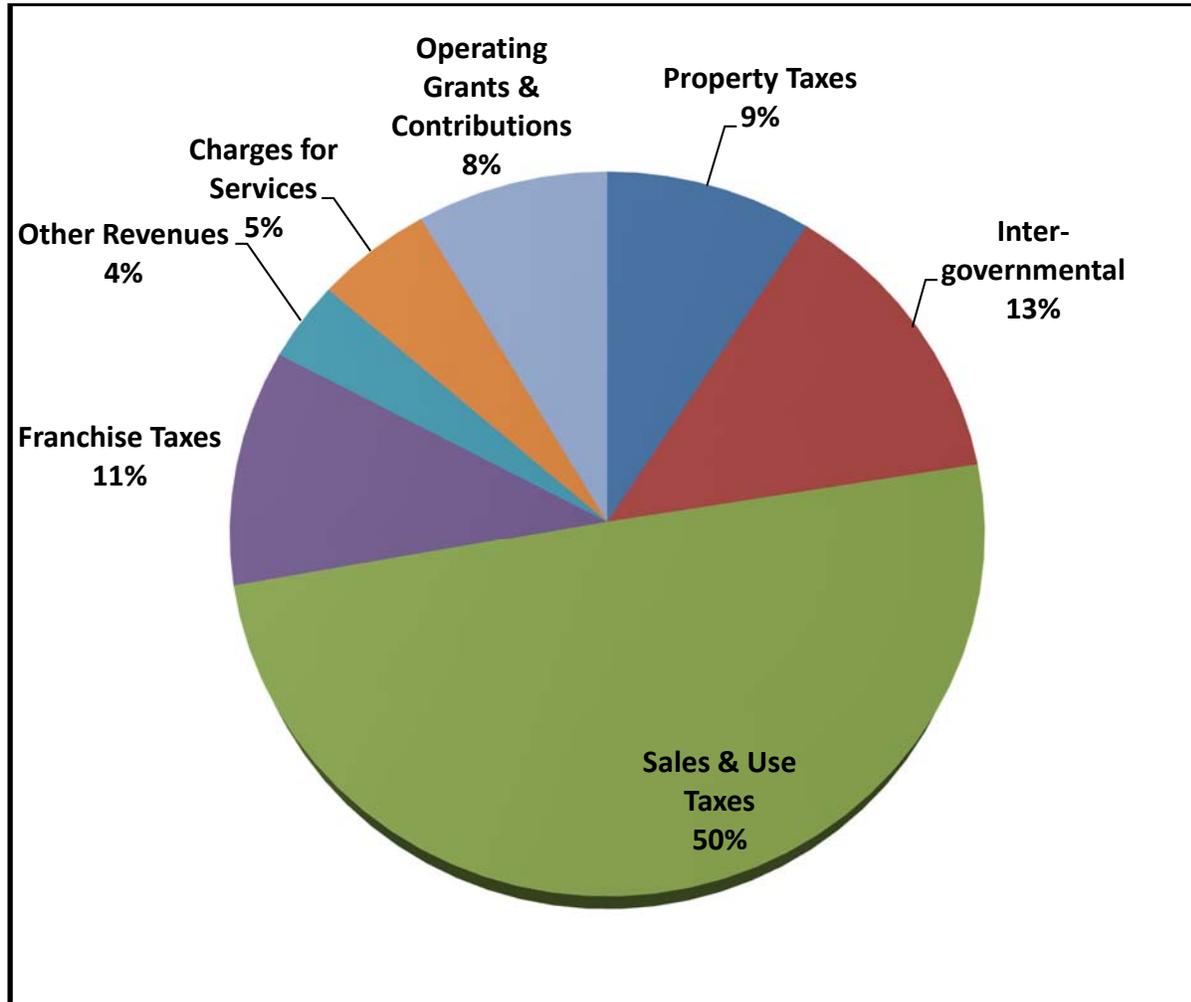
	Governmental		Business-type		Total	
	Activities		Activities			
	2014	2013	2014	2013	2014	2013
Revenues:						
Program Revenues:						
Charges for services	\$966	\$961	\$32,518	\$31,037	\$33,484	\$31,998
Operating grants and contributions	1,593	1,104	-	-	1,593	1,104
Capital grants and Contributions	-	-	2,436	3,751	2,436	3,751
General Revenues:						
Property taxes	1,716	1,692	-	-	1,716	1,692
Sales and use taxes	9,340	8,679	-	-	9,340	8,679
Spec. Own. taxes	188	172	-	-	188	172
Intergovernmental	2,500	-	-	-	2,500	-
Franchise taxes	1,994	1,861	-	-	1,994	1,861
Other revenues	285	135	-	-	285	135
Investment earnings	55	-22	162	144	217	122
Total revenues	18,637	14,582	35,116	34,932	53,753	49,514
Program expenses:						
General government	2,699	3,088	-	-	2,699	3,088
Public Safety	8,486	8,167	-	-	8,486	8,167
Public Works	4,488	3,403	-	-	4,488	3,403
Health and welfare	297	276	-	-	297	276
Culture and recreation	799	778	-	-	799	778
Interest expense	136	133			136	133
Water utility	-	-	6,912	7,221	6,912	7,221
Electric utility	-	-	24,279	23,026	24,279	23,026
Ambulance	-	-	859	826	859	826
Drainage	-	-	-	-	-	-
Total expenses	16,905	15,845	32,050	31,073	48,955	46,918
Excess/Deficiency Before transfers	1,732	-1,263	3,066	3,859	4,798	2,596
Transfers In (Out)	148	77	-148	-77	-	-
Increase/(Decrease in net position)	1,880	-1,186	2,918	3,782	4,798	2,596
Net position, beginning	77,759	78,945	83,260	79,477	161,019	158,423
Net position, ending	\$79,639	\$77,759	\$86,178	\$83,260	\$165,817	\$161,019

The City's overall net position increased \$4.8 million during 2014 and the Governmental and Business-type major changes are described in the next two sections.

Governmental Activities

Governmental activities net position for 2014 increased by \$1.9 million. This is attributed to \$489,000 more in program revenue from grants and contributions, \$1.1 million more in program expenses comprised of, \$319,000 in public safety, \$1,085,000 in public works, \$389,000 less in general government, \$70,000 more in net transfers and offset by \$3,567,000 more in general revenue and charges for services.

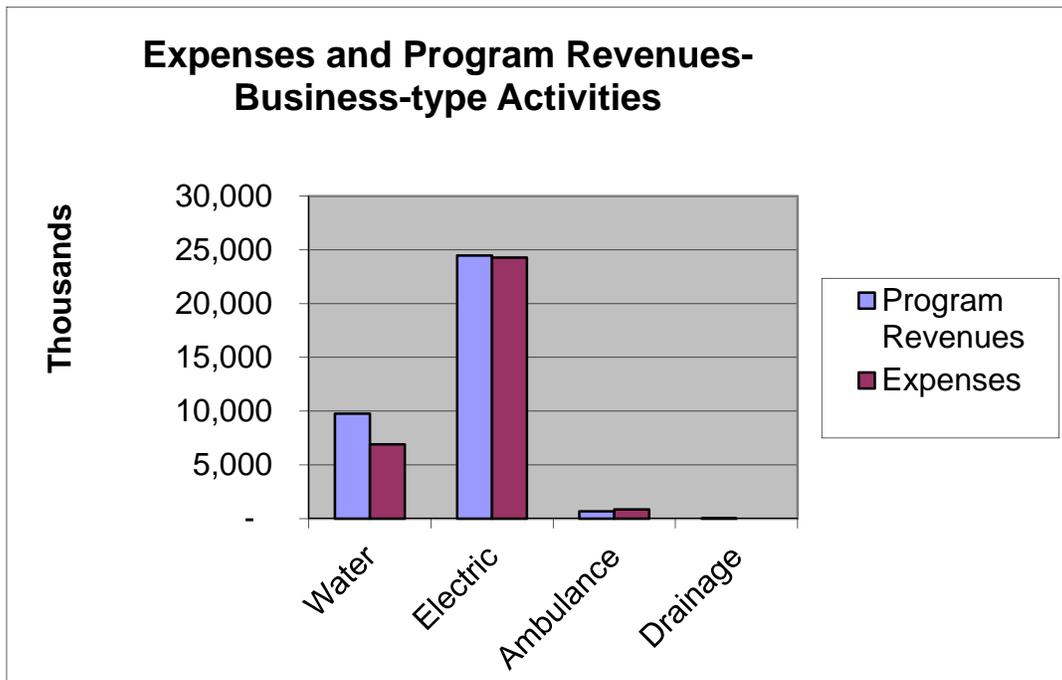
The following pie chart illustrates the Governmental Activities revenues.



- Revenue from general sales tax increased \$411,000 or 6.9% compared to 2013.
- Revenue from the voter approved .75% Public Transportation sales tax, which was effective January 1, 2010, generated \$521,000 for public transit; \$313,000 for street resurfacing; and \$730,000 for street improvements.
- Revenue from use tax is \$1.5 million and approximately \$146,000 more than 2013.
- Revenue from Fines and Court Costs decreased \$35,000 due to less tickets issued in 2014 vs. 2013.
- Revenue from franchise fees of \$1,994,000 increased by \$133,000 compared to 2013 due to an increase in water rates.
- Revenue from Intergovernmental of \$2,500,000 is from the Urban Renewal Authority.

Business-type Activities

The City of Fountain 2014 business-type activities net position increased by \$2.9 million. The following chart illustrates the business-type activities program revenues and expenses.



- Combined 2014 revenue of \$35.1 million was approximately the same as 2013.
 - water charges for services increased by \$903,000 due to a rate increase.
 - electric charges for services increased by \$547 million due to increased usage.
 - capital grants and contributions in water was more by \$370,000 and electric was \$1.7 million less due to a drastic reduction in new home development.
- Program expense of \$32.0 million was approximately \$1.0 million more than 2013.
 - Overall, water decreased by \$308,000 due to decreases in operating expenses.
 - Electric increased by \$1.2 million due to an increase in source of supply 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.

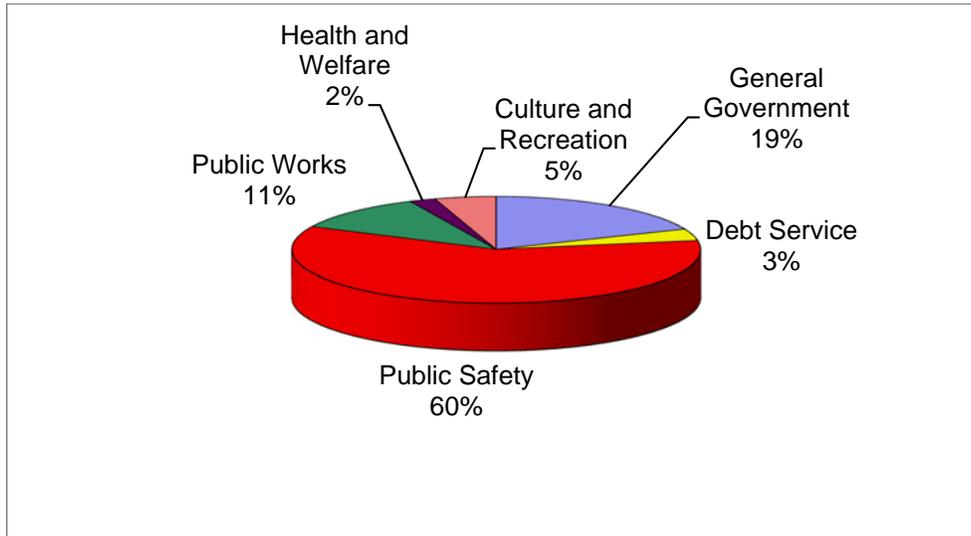
The City's General Fund reported a 2014 ending fund balance of \$5.1 million, an increase of \$3.0 million in comparison with the previous year due to a \$2.5 million intergovernmental revenue from the Fountain Urban Renewal Authority, and revenues greater than expenses and transfers. \$3.7 million or 71% of this total represents unrestricted, unassigned fund balance, which is available for spending at the City's discretion. The remainder of the fund balance is restricted for emergencies (\$414,000), commitments for park improvements, school zone improvements, and traffic signals (\$793,345) and assigned to public safety capital improvements (\$259,430).

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 were (\$3.1) million and \$13.0 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, 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 \$13.8 million. During the year, the City Council approved numerous budget amendments totaling \$1.3 million for a final budget of \$15.1 million.

These budget amendments included \$73,395 in carryovers from the 2013 budget to complete projects that were started in 2013. Additionally, the budget was amended for expenditures relating to the following items:

- \$210 thousand for street improvements at Sneffels
- \$234 thousand for the purchase of 6 police vehicles and related equipment through capital lease financing.
- \$ 82 thousand for Police Department cameras, radios, pistols and tasers.
- \$150 thousand for IT virtualization in the Police Department.

- \$169 thousand for Parks related projects including a new pocket park and master plan.
- \$200 thousand for Ambulance Fund transfer.
- \$100 thousand for a study related to a golf course development.
- \$ 50 thousand to demolish a building.

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

- General government saved \$377 thousand by delaying information technology purchases and savings in all other Departments.
- Public Safety was over by \$233 thousand, with savings in Communications and Fire of \$391 thousand offsetting the overage of \$624 thousand in Police.

Capital Assets and Debt Administration

Capital Assets

The City of Fountain's investment in capital assets for its governmental and business-type activities as of December 31, 2014 totaled \$190.9 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 \$11.8 million during 2014; governmental activities decreased by \$2.2 million while business-type activities increased by \$14.0 million.

Major capital events for 2014 included the following items:

- The water utility expended \$11.5 million during 2014 related to the financing, engineering, design, permitting, and construction of the Southern Delivery System. The City of Fountain is a partner, along with the City of Colorado Springs, Security Water and Sanitation District, and Pueblo West Metropolitan District in this regional project, which is designed to deliver water through a 53 mile pipeline from Pueblo Reservoir to Upper Williams Creek Reservoir and the Universal Water Treatment plant located east of Colorado Springs. Fountain expects this project to be completed in 2016. The City will capitalize its share of ownership in this project.
- Police department replaced thirteen vehicles at a cost of \$518 thousand and utilities replaced several vehicles at a cost of \$318 thousand during 2013.
- Computers and software totaling \$643 thousand.
- Machinery and equipment totaling \$595 thousand.
- Building and Improvements totaled \$3.4 million and mainly comprising the new Customer Service Building.
- Utilities infrastructure additions totaled \$6.5 million.

Note 6 on pages 21-22 of the financial statements provide a detailed summary of the City's capital assets.

Long-term Debt

The City of Fountain's total long-term debt increased by \$10.8 million from \$44.9 million to \$55.7 million during the year ended 2014.

The City's long-term debt related to governmental activities increased by \$106,000. Capital lease obligations increased by approximately \$206,000, compensated absences decreased by \$127,000,

post-employment benefits increased by \$83,000, and the early retirement program decreased by \$56,000.

The City's long-term debt related to business-type activities increased by \$10.7 million to \$49.7 million during 2014. In October 2014, the Utility Enterprise entered into a \$16.9 million loan agreement with the Colorado Water Resources and Power Development Authority (CWRPDA) for the Utility's continued portion of the construction of the Southern Delivery System, water main replacement, water rights, a supervisory control and data acquisition system and renovations and refunding the \$6.4 million of the 2005 CWRPDA loan. Compensated absences decreased by \$4,000 thousand and the early retirement program decreased by \$40,000.

Note 7 of the financial statements provide a detailed summary on the City's long-term debt.

Economic Factors and Next Year's Budget and Rates

The unemployment rate for 2014 for the Colorado Springs area was 6.0% versus the national rate of 6.2%.

Sales tax and Use tax revenue remains flat through April 2015 on a cash basis over the same timeframe in 2014. With 48 housing and commercial starts through May 2015, the City is on track to meet or exceed the number of housing and commercial starts completed in 2014.

A water rate increase of 8% or \$6.72 per month for the average residential customer using 9,000 gallons is effective May 1, 2015. There will be no electric rate increase for 2015.

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
719-322-2000

BASIC FINANCIAL STATEMENTS

CITY OF FOUNTAIN, COLORADO

STATEMENT OF NET POSITION

December 31, 2014

	PRIMARY GOVERNMENT			COMPONENT UNIT URBAN RENEWAL AUTHORITY
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	
ASSETS				
Cash and Investments	\$ 10,402,328	\$ 11,866,648	\$ 22,268,976	\$ 592,454
Committed Cash and Investments	-	809,878	809,878	-
Restricted Cash and Investments	-	7,362,464	7,362,464	3,394,818
Accounts Receivable	1,887,619	4,269,832	6,157,451	46,499
Accrued Interest Receivable	8,622	10,126	18,748	-
Grants Receivable	-	-	-	2,000
Taxes Receivable	1,846,283	-	1,846,283	94,852
Inventories	-	2,349,961	2,349,961	-
Prepaid Expenses	-	374,975	374,975	-
Internal Balances	(362,219)	362,219	-	-
Capital Assets, Not Being Depreciated	1,712,390	62,273,341	63,985,731	28,455,000
Capital Assets, Net of Accumulated Depreciation	73,934,994	53,045,278	126,980,272	-
TOTAL ASSETS	89,430,017	142,724,722	232,154,739	32,585,623
DEFERRED OUTFLOWS OF RESOURCES				
Loss on Debt Refunding, Net of Accumulated Amortization	-	228,143	228,143	-
LIABILITIES				
Accounts Payable	549,364	4,757,996	5,307,360	10,580
Accrued Liabilities	428,878	327,384	756,262	-
Deposits	693,653	1,368,318	2,061,971	-
Accrued Interest Payable	-	617,466	617,466	874,677
Insurance Claims Payable	310,906	-	310,906	-
Noncurrent Liabilities				
Due Within One Year	1,008,215	2,585,579	3,593,794	-
Due in More Than One Year	4,953,135	47,117,503	52,070,638	33,355,000
TOTAL LIABILITIES	7,944,151	56,774,246	64,718,397	34,240,257
DEFERRED INFLOWS OF RESOURCES				
Property Taxes	1,846,283	-	1,846,283	94,852
NET POSITION				
Net Investment in Capital Assets	71,700,844	73,772,083	145,472,927	-
Restricted for Parks	265,398	-	265,398	-
Restricted for District Repairs and Maintenance	377,522	-	377,522	-
Restricted for Transportation	486,290	-	486,290	-
Restricted for Street Repairs and Maintenance	81,645	-	81,645	-
Restricted for Street Improvements	2,913,693	-	2,913,693	-
Restricted for Debt Service	-	576,900	576,900	3,376,495
Restricted for Capital Projects	-	-	-	7,823
Restricted for Emergencies	414,000	-	414,000	10,500
Unrestricted	3,400,191	11,829,636	15,229,827	(5,144,304)
TOTAL NET POSITION	\$ 79,639,583	\$ 86,178,619	\$ 165,818,202	\$ (1,749,486)

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

CITY OF FOUNTAIN, COLORADO

STATEMENT OF ACTIVITIES

Year Ended December 31, 2014

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
PRIMARY GOVERNMENT				
Governmental Activities				
General Government	\$ 2,699,475	\$ 292,864	\$ -	\$ -
Public Safety	8,485,869	382,940	285,552	-
Public Works	4,488,188	37,455	1,049,720	-
Health and Welfare	296,720	14,777	34,448	-
Culture and Recreation	798,755	238,348	223,370	-
Interest Expense	136,046	-	-	-
Total Governmental Activities	16,905,053	966,384	1,593,090	-
Business-Type Activities				
Water	6,912,357	7,499,994	-	2,270,672
Electric	24,279,421	24,304,148	-	165,357
Ambulance	858,779	678,983	-	-
Drainage	-	35,309	-	-
Total Business-Type Activities	32,050,557	32,518,434	-	2,436,029
TOTAL PRIMARY GOVERNMENT	\$ 48,955,610	\$ 33,484,818	\$ 1,593,090	\$ 2,436,029
Component Unit				
Urban Renewal Authority	\$ 2,317,199	\$ -	\$ 2,000	\$ 80,000

GENERAL REVENUES

Property Taxes

Sales and Use Taxes

Specific Ownership Taxes

Franchise Taxes

Intergovernmental Revenues not Restricted
to Specific Programs

Investment Income

Miscellaneous

TRANSFERS

TOTAL GENERAL REVENUES AND TRANSFERS

CHANGE IN NET POSITION

NET POSITION, Beginning

NET POSITION, Ending

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

NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION

PRIMARY GOVERNMENT			COMPONENT UNIT
GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	URBAN RENEWAL AUTHORITY
\$ (2,406,611)	\$ -	\$ (2,406,611)	\$ -
(7,817,377)	-	(7,817,377)	-
(3,401,013)	-	(3,401,013)	-
(247,495)	-	(247,495)	-
(337,037)	-	(337,037)	-
(136,046)	-	(136,046)	-
<u>(14,345,579)</u>	<u>-</u>	<u>(14,345,579)</u>	<u>-</u>
-	2,858,309	2,858,309	-
-	190,084	190,084	-
-	(179,796)	(179,796)	-
<u>-</u>	<u>35,309</u>	<u>35,309</u>	<u>-</u>
<u>-</u>	<u>2,903,906</u>	<u>2,903,906</u>	<u>-</u>
<u>(14,345,579)</u>	<u>2,903,906</u>	<u>(11,441,673)</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,235,199)</u>
1,715,894	-	1,715,894	92,490
9,340,449	-	9,340,449	-
187,619	-	187,619	-
1,993,771	-	1,993,771	-
2,500,000	-	2,500,000	254,559
55,200	162,378	217,578	1,553
285,505	-	285,505	-
147,925	(147,925)	-	-
<u>16,226,363</u>	<u>14,453</u>	<u>16,240,816</u>	<u>348,602</u>
1,880,784	2,918,359	4,799,143	(1,886,597)
<u>77,758,799</u>	<u>83,260,260</u>	<u>161,019,059</u>	<u>137,111</u>
<u>\$ 79,639,583</u>	<u>\$ 86,178,619</u>	<u>\$ 165,818,202</u>	<u>\$ (1,749,486)</u>

CITY OF FOUNTAIN, COLORADO

BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2014

	GENERAL	NONMAJOR GOVERNMENTAL FUNDS	TOTAL
ASSETS			
Cash and Investments	\$ 5,134,347	\$ 4,067,816	\$ 9,202,163
Accounts Receivable	1,589,627	270,646	1,860,273
Accrued Interest Receivable	4,150	3,423	7,573
Taxes Receivable	1,763,057	83,226	1,846,283
TOTAL ASSETS	\$ 8,491,181	\$ 4,425,111	\$ 12,916,292
LIABILITIES			
Accounts Payable	\$ 462,808	\$ 79,591	\$ 542,399
Accrued Liabilities	421,083	7,795	428,878
Deposits	693,653	-	693,653
TOTAL LIABILITIES	1,577,544	87,386	1,664,930
DEFERRED INFLOWS OF RESOURCES			
Property Taxes	1,763,057	83,226	1,846,283
FUND BALANCES			
Restricted for Parks	-	265,398	265,398
Restricted for District Repairs and Maintenance	-	377,522	377,522
Restricted for Transportation	-	486,290	486,290
Restricted for Street Repairs and Maintenance	-	81,645	81,645
Restricted for Street Improvements	-	2,913,693	2,913,693
Restricted for Emergencies	414,000	-	414,000
Committed to Park Improvements	512,486	-	512,486
Committed to School Zone	72,859	-	72,859
Committed to Traffic Signal	208,000	-	208,000
Committed to South Academy Highlands Project	2,500,000	-	2,500,000
Committed to Volunteer Fire Activities	-	129,951	129,951
Assigned to Public Safety Capital Improvements	259,430	-	259,430
Unrestricted, Unassigned	1,183,805	-	1,183,805
TOTAL FUND BALANCES	5,150,580	4,254,499	9,405,079
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 8,491,181	\$ 4,425,111	\$ 12,916,292

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

CITY OF FOUNTAIN, COLORADO

RECONCILIATION OF THE BALANCE SHEET
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
December 31, 2014

Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:

Total Fund Balances of Governmental Funds	\$ 9,405,079
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.	75,647,384
Long-term liabilities are not due and payable in the current year and, therefore, are not reported in governmental funds.	(5,961,350)
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 governmental activities in the statement of net position.	<u>548,470</u>
Total Net Position of Governmental Activities	\$ <u><u>79,639,583</u></u>

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

CITY OF FOUNTAIN, COLORADO

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
 Year Ended December 31, 2014

	<u>GENERAL</u>	<u>NONMAJOR GOVERNMENTAL FUNDS</u>	<u>TOTAL</u>
REVENUES			
Taxes	\$ 11,596,410	\$ 1,641,323	\$ 13,237,733
Licenses and Permits	114,018	-	114,018
Charges for Services	515,188	28,953	544,141
Fines and Forfeitures	308,225	-	308,225
Intergovernmental	3,837,220	255,870	4,093,090
Investment Income	21,222	26,507	47,729
Miscellaneous	276,809	8,696	285,505
	<u>16,669,092</u>	<u>1,961,349</u>	<u>18,630,441</u>
TOTAL REVENUES			
EXPENDITURES			
Current			
General Government	2,696,178	338,749	3,034,927
Public Safety	8,591,184	45,875	8,637,059
Public Works	1,585,840	491,601	2,077,441
Health and Welfare	296,392	-	296,392
Culture and Recreation	698,125	160,067	858,192
Debt Service			
Principal	382,038	21,601	403,639
Interest	134,583	1,463	136,046
	<u>14,384,340</u>	<u>1,059,356</u>	<u>15,443,696</u>
TOTAL EXPENDITURES			
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>2,284,752</u>	<u>901,993</u>	<u>3,186,745</u>
OTHER FINANCING SOURCES (USES)			
Debt Issued	609,300	-	609,300
Transfers In	675,270	-	675,270
Transfers Out	(527,345)	-	(527,345)
	<u>757,225</u>	<u>-</u>	<u>757,225</u>
TOTAL OTHER FINANCING SOURCES (USES)			
NET CHANGE IN FUND BALANCES	3,041,977	901,993	3,943,970
FUND BALANCES, Beginning	<u>2,108,603</u>	<u>3,352,506</u>	<u>5,461,109</u>
FUND BALANCES, Ending	<u>\$ 5,150,580</u>	<u>\$ 4,254,499</u>	<u>\$ 9,405,079</u>

The accompanying notes are an integral part of the 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

Year Ended December 31, 2014

Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:

Net Change in Fund Balances of Governmental Funds	\$ 3,943,970
Capital outlays to purchase or construct capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are capitalized in the statement of net position and are allocated over their estimated useful lives as annual depreciation expense in the statement of activities. This is the amount by which depreciation expense (\$3,612,566) exceeded capital outlay \$1,419,500 in the current year.	(2,193,066)
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 capital lease payments.	403,639
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position and does not affect the statement of activities. This amount represents a capital lease issued in the current year.	(609,300)
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. This includes the change in accrued compensated absences \$126,829, postemployment benefits (\$83,628), and early retirement \$56,000.	99,201
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 governmental activities in the statement of activities.	<u>236,340</u>
Change in Net Position of Governmental Activities	<u>\$ 1,880,784</u>

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

CITY OF FOUNTAIN, COLORADO

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
 Year Ended December 31, 2014

	<u>WATER</u>	<u>ELECTRIC</u>	<u>NONMAJOR PROPRIETARY FUNDS</u>	<u>TOTAL</u>	<u>GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUND</u>
ASSETS					
Current Assets					
Cash and Investments	\$ 1,492,517	\$ 8,724,884	\$ 1,649,247	\$ 11,866,648	\$ 1,200,165
Committed Cash and Investments	-	809,878	-	809,878	-
Restricted Cash and Investments	7,362,464	-	-	7,362,464	-
Accounts Receivable	771,724	3,444,463	53,645	4,269,832	27,346
Accrued Interest Receivable	-	8,711	1,415	10,126	1,049
Inventories	252,494	2,097,467	-	2,349,961	-
Prepaid Expenses	374,975	-	-	374,975	-
Total Current Assets	<u>10,254,174</u>	<u>15,085,403</u>	<u>1,704,307</u>	<u>27,043,884</u>	<u>1,228,560</u>
Noncurrent Assets					
Advances to Other Funds	-	2,087,368	-	2,087,368	-
Capital Assets, Not Being Depreciated	62,078,226	195,115	-	62,273,341	-
Capital Assets, Net of Accumulated Depreciation	25,782,109	27,263,169	-	53,045,278	-
Total Noncurrent Assets	<u>87,860,335</u>	<u>29,545,652</u>	<u>-</u>	<u>117,405,987</u>	<u>-</u>
TOTAL ASSETS	<u>98,114,509</u>	<u>44,631,055</u>	<u>1,704,307</u>	<u>144,449,871</u>	<u>1,228,560</u>
DEFERRED OUTFLOWS OF RESOURCES					
Loss on Debt Refunding, Net of Accumulated Amortization	<u>228,143</u>	<u>-</u>	<u>-</u>	<u>228,143</u>	<u>-</u>
LIABILITIES					
Current Liabilities					
Accounts Payable	2,818,565	1,929,768	9,663	4,757,996	6,965
Accrued Liabilities	85,909	211,552	29,923	327,384	-
Customer Deposits	144,375	1,223,943	-	1,368,318	-
Accrued Interest Payable	617,466	-	-	617,466	-
Insurance Claims Payable, Current Portion	-	-	-	-	310,906
Compensated Absences Payable, Current Portion	118,514	246,366	38,308	403,188	-
Early Retirement Payable, Current Portion	15,200	24,800	-	40,000	-
Loans Payable, Current Portion	2,142,391	-	-	2,142,391	-
Total Current Liabilities	<u>5,942,420</u>	<u>3,636,429</u>	<u>77,894</u>	<u>9,656,743</u>	<u>317,871</u>
Long-Term Liabilities					
Advances from Other Funds	2,087,368	-	-	2,087,368	-
Compensated Absences Payable	28,693	353,959	28,999	411,651	-
Early Retirement Payable	105,600	182,400	-	288,000	-
Loans Payable	46,417,852	-	-	46,417,852	-
Total Long-Term Liabilities	<u>48,639,513</u>	<u>536,359</u>	<u>28,999</u>	<u>49,204,871</u>	<u>-</u>
TOTAL LIABILITIES	<u>54,581,933</u>	<u>4,172,788</u>	<u>106,893</u>	<u>58,861,614</u>	<u>317,871</u>
NET POSITION					
Net Investment in Capital Assets	46,313,799	27,458,284	-	73,772,083	-
Restricted for Debt Service	576,900	-	-	576,900	-
Unrestricted	(3,129,980)	12,999,983	1,597,414	11,467,417	910,689
TOTAL NET POSITION	<u>\$ 43,760,719</u>	<u>\$ 40,458,267</u>	<u>\$ 1,597,414</u>	<u>85,816,400</u>	<u>\$ 910,689</u>

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 of Business-Type Activities

362,219
\$ 86,178,619

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

CITY OF FOUNTAIN, COLORADO

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
PROPRIETARY FUNDS

Year Ended December 31, 2014

	<u>WATER</u>	<u>ELECTRIC</u>	<u>NONMAJOR PROPRIETARY FUNDS</u>	<u>TOTAL</u>	<u>GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUND</u>
OPERATING REVENUES					
Charges for Services	\$ 7,242,996	\$ 23,693,839	\$ 714,292	\$ 31,651,127	\$ 3,337,089
Miscellaneous	256,998	610,309	-	867,307	-
TOTAL OPERATING REVENUES	<u>7,499,994</u>	<u>24,304,148</u>	<u>714,292</u>	<u>32,518,434</u>	<u>3,337,089</u>
OPERATING EXPENSES					
Source of Supply	1,797,377	15,458,718	-	17,256,095	-
Operations and Maintenance	1,263,092	3,483,590	861,531	5,608,213	-
Customer Accounts and Collection	529,770	1,462,229	-	1,991,999	-
Administration and General	1,444,696	2,879,000	-	4,323,696	223,607
Insurance Premiums	-	-	-	-	365,706
Insurance Claims	-	-	-	-	2,381,292
Depreciation	968,885	1,100,472	-	2,069,357	-
TOTAL OPERATING EXPENSES	<u>6,003,820</u>	<u>24,384,009</u>	<u>861,531</u>	<u>31,249,360</u>	<u>2,970,605</u>
OPERATING INCOME (LOSS)	<u>1,496,174</u>	<u>(79,861)</u>	<u>(147,239)</u>	<u>1,269,074</u>	<u>366,484</u>
NONOPERATING REVENUES (EXPENSES)					
Investment Income	8,454	143,013	10,911	162,378	7,471
Interest Expense	(846,666)	-	-	(846,666)	-
Debt Issuance Costs	(92,146)	-	-	(92,146)	-
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(930,358)</u>	<u>143,013</u>	<u>10,911</u>	<u>(776,434)</u>	<u>7,471</u>
NET INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS	<u>565,816</u>	<u>63,152</u>	<u>(136,328)</u>	<u>492,640</u>	<u>373,955</u>
Transfers In	-	411,140	198,095	609,235	-
Transfers Out	(383,480)	(344,630)	(29,050)	(757,160)	-
System Development Fees	2,223,953	108,387	-	2,332,340	-
Grants	46,719	56,970	-	103,689	-
CHANGE IN NET POSITION	<u>2,453,008</u>	<u>295,019</u>	<u>32,717</u>	<u>2,780,744</u>	<u>373,955</u>
NET POSITION, Beginning	<u>41,307,711</u>	<u>40,163,248</u>	<u>1,564,697</u>	<u>83,035,656</u>	<u>536,734</u>
NET POSITION, Ending	<u>\$ 43,760,719</u>	<u>\$ 40,458,267</u>	<u>\$ 1,597,414</u>	<u>\$ 85,816,400</u>	<u>\$ 910,689</u>

Amounts Reported for Business-Type Activities in the Statement of Activities are Different Because:

Change in Net Position of Proprietary Funds \$ 2,780,744

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. 137,615

Change in Net Position of Business-Type Activities \$ 2,918,359

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

CITY OF FOUNTAIN, COLORADO

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

Increase (Decrease) in Cash and Cash Equivalents
Year Ended December 31, 2014

	WATER	ELECTRIC	NONMAJOR PROPRIETARY FUNDS	TOTAL	GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUND
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash Received from Customers	\$ 7,432,032	\$ 24,471,230	\$ 708,095	\$ 32,611,357	\$ 3,320,702
Cash Payments to Employees	(1,528,592)	(3,385,209)	(426,504)	(5,340,305)	-
Cash Payments to Suppliers	(3,662,451)	(20,035,400)	(415,327)	(24,113,178)	(2,838,333)
Net Cash Provided (Used) by Operating Activities	2,240,989	1,050,621	(133,736)	3,157,874	482,369
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers from Other Funds	-	411,140	198,095	609,235	-
Transfers to Other Funds	(383,480)	(344,630)	(29,050)	(757,160)	-
Payments from Component Unit	-	53,771	-	53,771	-
Net Cash Provided (Used) by Noncapital Financing Activities	(383,480)	120,281	169,045	(94,154)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition and Construction of Capital Assets	(13,185,795)	(1,598,298)	-	(14,784,093)	-
Loan Proceeds	18,226,192	-	-	18,226,192	-
System Development Fees Received	2,223,953	108,387	-	2,332,340	-
Grants Received	46,719	1,380,272	-	1,426,991	-
Payments from Other Funds	-	333,392	-	333,392	-
Payments to Other Funds	(333,392)	-	-	(333,392)	-
Payment to Escrow Agent	(6,749,955)	-	-	(6,749,955)	-
Debt Principal Payments	(951,852)	-	-	(951,852)	-
Debt Interest Payments	(1,808,667)	-	-	(1,808,667)	-
Debt Issuance Costs	(92,146)	-	-	(92,146)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(2,624,943)	223,753	-	(2,401,190)	-
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest Received	8,454	180,094	12,572	201,120	7,721
NET CHANGE IN CASH AND CASH EQUIVALENTS	(758,980)	1,574,749	47,881	863,650	490,090
CASH AND CASH EQUIVALENTS, Beginning	9,613,961	7,960,013	1,601,366	19,175,340	710,075
CASH AND CASH EQUIVALENTS, Ending	\$ 8,854,981	\$ 9,534,762	\$ 1,649,247	\$ 20,038,990	\$ 1,200,165
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Operating Income (Loss)	\$ 1,496,174	\$ (79,861)	\$ (147,239)	\$ 1,269,074	\$ 366,484
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities					
Depreciation and Amortization	968,885	1,100,472	-	2,069,357	-
Bad Debt Expense	(7,703)	(30,811)	-	(38,514)	-
Changes in Assets and Liabilities					
Accounts Receivable	(62,639)	169,384	(6,197)	100,548	(16,387)
Inventories	(120,887)	(222,652)	-	(343,539)	-
Prepaid Expenses	(3,777)	-	-	(3,777)	-
Accounts Payable	(1,165)	98,129	3,988	100,952	(11)
Accrued Liabilities	4,400	7,826	4,238	16,464	(3,282)
Customer Deposits	2,380	28,509	-	30,889	-
Insurance Claims Payable	-	-	-	-	135,565
Compensated Absences Payable	(19,479)	4,425	11,474	(3,580)	-
Early Retirement Payable	(15,200)	(24,800)	-	(40,000)	-
Net Cash Provided (Used) by Operating Activities	\$ 2,240,989	\$ 1,050,621	\$ (133,736)	\$ 3,157,874	\$ 482,369

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

CITY OF FOUNTAIN, COLORADO

STATEMENT OF FIDUCIARY NET POSITION
PENSION TRUST FUND
Year Ended December 31, 2014

	<u>VOLUNTEER FIREFIGHTERS</u>
ASSETS	
Cash	\$ 69,365
Investments	
Local Government Investment Pools	490,302
U.S. Agency Securities	<u>166,519</u>
 TOTAL ASSETS	 \$ <u><u>726,186</u></u>
 NET POSITION	
Restricted for Pension Benefits	 \$ <u><u>726,186</u></u>

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

CITY OF FOUNTAIN, COLORADO

STATEMENT OF CHANGES IN NET POSITION
PENSION TRUST FUND
 Year Ended December 31, 2014

	<u>VOLUNTEER FIREFIGHTERS</u>
ADDITIONS	
Investment Income	\$ <u>2,191</u>
TOTAL ADDITIONS	<u>2,191</u>
DEDUCTIONS	
Administration	150
Benefit Payments	<u>4,800</u>
TOTAL DEDUCTIONS	<u>4,950</u>
CHANGE IN NET POSITION	(2,759)
NET POSITION, Beginning	<u>728,945</u>
NET POSITION, Ending	\$ <u><u>726,186</u></u>

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

CITY OF FOUNTAIN, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

NOTE 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* were 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, Second Floor, Fountain, Colorado 80817.

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.

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-wide and Fund Financial Statements (Continued)

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 proprietary 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 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.

CITY OF FOUNTAIN, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

When both restricted and unrestricted resources are available for a specific 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 required to be accounted for in another fund.

The City also reports the following major proprietary 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.

Assets, Liabilities and Net Position/Fund Balances

Cash and Investments - Cash equivalents include investments with original maturities of three months or less. Investments in pooled cash are considered cash equivalents. Investments are reported at fair value.

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.

CITY OF FOUNTAIN, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Position/Fund Balances (Continued)

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 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 estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset life 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

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.

A liability for these compensated absences is reported when earned in the proprietary funds and when due in the governmental funds. A long-term liability has been reported in the government-wide financial statements for the accrued compensated absences.

CITY OF FOUNTAIN, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Position/Fund Balances (Continued)

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 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 is 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.

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 or by approving a contract with a third party, 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 operating budget, including the emergency reserve required by the Tabor Amendment (See Note 12).

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.

CITY OF FOUNTAIN, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Accountability

At December 31, 2014, the Ambulance Fund had a deficit net position of \$53,248, which management expects to be eliminated with future charges for services and General Fund subsidies.

NOTE 3: CASH AND INVESTMENTS

A summary of cash and investments as of December 31, 2014, follows:

Petty Cash	\$ 2,718
Deposits	4,905,875
Investments	<u>26,258,911</u>
Total	<u>\$ 31,167,504</u>

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

Cash and Investments	\$ 22,268,976
Committed Cash and Investments	809,878
Restricted Cash and Investments	7,362,464
Pension Trust Fund	<u>726,186</u>
Total	<u>\$ 31,167,504</u>

CITY OF FOUNTAIN, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

NOTE 3: CASH AND INVESTMENTS (Continued)

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, 2014, the City had bank deposits of \$5,897,296 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.

- Obligations of the United States and certain U.S. Agency securities
- General obligation and revenue bonds of U.S. local government entities
- Certain corporate or bank securities
- Commercial paper
- Local government investment pools
- Repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts (GICs)

At December 31, 2014, the City had the following investments:

<u>Investment Type</u>	<u>S&P Rating</u>	<u>Investment Maturities (in Years)</u>		
		<u>Less Than 1</u>	<u>1 - 5</u>	<u>Fair Value</u>
Local Government Investment Pools	AAAm	\$ 14,635,097	\$ -	\$ 14,635,097
Money Market Funds	AAAm	694,837	-	694,837
Money Market Funds	Not Rated	633	-	633
U.S. Treasury Notes	NA	-	1,867,194	1,867,194
U.S. Agency Securities	AA+	-	7,060,829	7,060,829
Commercial Paper	A-1	999,320	-	999,320
Corporate Securities	AA+	-	499,563	499,563
Corporate Securities	AA	501,438	-	501,438
Total		\$ 16,831,325	\$ 9,427,586	\$ 26,258,911

Interest Rate Risk - State statutes limit investments in U.S. Treasury and Agency securities to an original maturity of five years, and corporate securities to an original maturity of three years, unless the governing board authorizes the investment for a period in excess of these limits.

CITY OF FOUNTAIN, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

NOTE 3: CASH AND INVESTMENTS (Continued)

Investments (Continued)

Credit Risk - State statutes limit investments in commercial paper and corporate securities to those with at least two ratings not below A-1 or AA-, respectively, by nationally recognized statistical rating organizations (NRSROs). 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 a NRSRO.

Concentration of Credit Risk - State statutes do not limit the amount the City may invest in a single issuer of U.S. Agency securities. Corporate securities are limited to fifty percent of the total investment portfolio and five percent for a single issuer. At December 31, 2014, the City's investments in the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation represented 13% and 8%, respectively, of the City's total investments.

Local Government Investment Pool - At December 31, 2014, the City had \$11,390,209 and \$3,244,888 invested in the Colorado Local Government Liquid Asset Trust (Colotrust) and the Colorado Surplus Asset Fund Trust (CSAFE), respectively. The pools 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 pools. The pools operate in conformity with the Securities and Exchange Commission's Rule 2a-7 as promulgated under the Investment Company Act of 1940, as amended. Both pools are rated AAAM by Standard and Poor's. Investments of the pools are limited to those allowed by State statutes. A designated custodial bank provides safekeeping and depository services to the pools 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, 2014, of \$809,878 were reported as committed cash and investments in the Electric Fund.

Restricted Cash and Investments

Loan proceeds of \$6,785,564 and \$576,900 are restricted in the Water Fund for capital projects and debt reserves, respectively.

CITY OF FOUNTAIN, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

NOTE 4: 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 at December 31, 2014, was \$977,768.

In October, 2009, the Electric Fund advanced \$2,000,000 to the Water Fund to purchase water rights. The Water Fund is required to repay the advance through annual payments of \$252,758, including interest accruing at 4.5% per annum, through 2019. The outstanding balance of the advance at December 31, 2014, was \$1,109,600.

Interfund Transfers

Interfund transfers for the year ended December 31, 2014, consisted of the following:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
General	Water	\$ 328,350
General	Electric	344,630
General	Ambulance	2,290
Electric	General	329,250
Electric	Water	55,130
Electric	Ambulance	26,760
Ambulance	General	<u>198,095</u>
Total		<u>\$ 1,284,505</u>

During the year ended December 31, 2014, the Water, Electric, and Ambulance Funds reimbursed the General Fund for information technology services and purchases, and facility maintenance costs. The General, Water, and Ambulance Funds reimbursed the Electric Fund for fleet maintenance costs. The General Fund routinely subsidizes the operations of the Ambulance Fund.

NOTE 5: NOTES RECEIVABLE

In June, 2012, the City loaned \$100,000 to a retailer as part of an economic development incentive agreement. The loan was non-interest bearing and all unpaid principal was due on June 29, 2017. Sales tax revenues generated by the retailer reduced the principal balance of the loan on a dollar for dollar basis. During the year ended December 31, 2014, the loan was paid in full.

In September, 2008, the City, through the Electric Fund, loaned \$134,750 to the Fountain Urban Renewal Authority to assist with operations, administration, and other costs incurred by the Authority. Annual payments of \$32,076 were required under the loan agreement, including interest accruing at 4.5% per annum, beginning in September, 2012, through September, 2016. During the year ended December 31, 2014, the loan was paid in full.

CITY OF FOUNTAIN, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

NOTE 6: CAPITAL ASSETS

Capital assets activity for the year ended December 31, 2014, is summarized below:

	Balances 12/31/13	Additions	Deletions	Balances 12/31/14
Governmental Activities				
Capital Assets, Not Being Depreciated				
Land and Easements	\$ 1,576,788	\$ 62,378	\$ -	\$ 1,639,166
Construction in Progress	10,945	62,279	-	73,224
Total Capital Assets, Not Being Depreciated	1,587,733	124,657	-	1,712,390
Capital Assets, Being Depreciated				
Buildings and Improvements	8,571,065	412,309	-	8,983,374
Infrastructure	109,895,518	-	-	109,895,518
Computers and Software	437,377	181,041	-	618,418
Machinery and Equipment	3,940,129	183,078	-	4,123,207
Vehicles	5,465,723	518,415	-	5,984,138
Total Capital Assets, Being Depreciated	128,309,812	1,294,843	-	129,604,655
Less Accumulated Depreciation				
Buildings and Improvements	2,132,652	317,128	-	2,449,780
Infrastructure	42,784,891	2,748,726	-	45,533,617
Computers and Software	251,766	72,631	-	324,397
Machinery and Equipment	3,333,385	138,867	-	3,472,252
Vehicles	3,554,401	335,214	-	3,889,615
Total Accumulated Depreciation	52,057,095	3,612,566	-	55,669,661
Total Capital Assets, Being Depreciated, Net	76,252,717	(2,317,723)	-	73,934,994
Governmental Activities Capital Assets, Net	<u>\$ 77,840,450</u>	<u>\$ (2,193,066)</u>	<u>\$ -</u>	<u>\$ 75,647,384</u>
Business-Type Activities				
Capital Assets, Not Being Depreciated				
Land and Easements	\$ 6,975,275	\$ -	\$ -	\$ 6,975,275
Water and Storage Rights	22,304,538	-	-	22,304,538
Construction in Progress	28,044,600	11,484,075	6,535,147	32,993,528
Total Capital Assets, Not Being Depreciated	57,324,413	11,484,075	6,535,147	62,273,341
Capital Assets, Being Depreciated				
Buildings and Improvements	5,321,429	3,441,399	-	8,762,828
Infrastructure	58,314,406	6,474,649	-	64,789,055
Computers and Software	836,445	460,261	-	1,296,706
Machinery and Equipment	3,298,846	411,844	-	3,710,690
Vehicles	2,062,445	318,726	-	2,381,171
Total Capital Assets, Being Depreciated	69,833,571	11,106,879	-	80,940,450

CITY OF FOUNTAIN, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

NOTE 6: CAPITAL ASSETS (Continued)

	Balances 12/31/13	Additions	Deletions	Balances 12/31/14
Business-Type Activities (Continued)				
Less Accumulated Depreciation				
Buildings and Improvements	1,690,465	165,948	-	1,856,413
Infrastructure	19,845,665	1,550,629	-	21,396,294
Computers and Software	671,635	8,139	-	679,774
Machinery and Equipment	1,967,507	242,790	-	2,210,297
Vehicles	1,650,543	101,851	-	1,752,394
Total Accumulated Depreciation	<u>25,825,815</u>	<u>2,069,357</u>	-	<u>27,895,172</u>
Total Capital Assets, Being Depreciated, Net	<u>44,007,756</u>	<u>9,037,522</u>	-	<u>53,045,278</u>
Business-Type Activities Capital Assets, Net	<u>\$ 101,332,169</u>	<u>\$ 20,521,597</u>	<u>\$ 6,535,147</u>	<u>\$ 115,318,619</u>

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

Governmental Activities	
General Government	\$ 2,729
Public Safety	578,816
Public Works	2,918,723
Health and Welfare	328
Culture and Recreation	<u>111,970</u>
Total	<u>\$ 3,612,566</u>

NOTE 7: LONG-TERM DEBT

Governmental Activities

Following is a summary of long-term debt transactions for the governmental activities for the year ended December 31, 2014.

	Balances 12/31/13	Additions	Payments	Balances 12/31/14	Due Within One Year
Capital Leases	\$ 3,740,879	\$ 609,300	\$ 403,639	\$ 3,946,540	\$ 423,454
Compensated Absences	1,075,521	302,084	428,913	948,692	480,761
Postemployment Benefits	350,490	83,628	-	434,118	-
Early Retirement	<u>688,000</u>	<u>48,000</u>	<u>104,000</u>	<u>632,000</u>	<u>104,000</u>
Total	<u>\$ 5,854,890</u>	<u>\$ 1,043,012</u>	<u>\$ 936,552</u>	<u>\$ 5,961,350</u>	<u>\$ 1,008,215</u>

During 2007, the City entered into a lease agreement for \$685,000 to purchase police vehicles, a street sweeper, dispatch consoles, and a pumper truck. Monthly payments of \$12,183 were due through May, 2014. Interest accrued on the outstanding balance at 3.975% per annum. During the year ended December 31, 2014, the lease was paid in full.

CITY OF FOUNTAIN, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

NOTE 7: LONG-TERM DEBT (Continued)

Governmental Activities (Continued)

During 2007, the City paid cash of \$500,000 and entered into a lease agreement for \$315,000 to purchase a ladder truck. Annual payments of \$53,104 were due under the lease agreement through July, 2014. Interest accrued on the outstanding balance at 4.32% per annum. During the year ended December 31, 2014, the lease was paid in full.

During 2011, the City entered into a lease agreement for \$271,250 to purchase police vehicles. Monthly payments of \$4,781 are due under the lease agreement through June, 2016. Interest accrues on the outstanding balance at 2.225% per annum. Capital assets of \$271,250 less accumulated depreciation of \$132,182 are reported under this lease.

During 2012, the City entered into a lease agreement for \$188,485 to purchase police vehicles. Monthly payments of \$3,333 are due under the lease agreement through June, 2017. Interest accrues on the outstanding balance at 2.35% per annum. Capital assets of \$188,485 less accumulated depreciation of \$55,189 are reported under this lease.

During 2012, the City entered into a lease agreement for \$108,700 to purchase buses. Monthly payments of \$1,922 are due under the lease agreement through March, 2017. Interest accrues on the outstanding balance at 2.35% per annum. Capital assets of \$108,700 less accumulated depreciation of \$42,703 are reported under this lease. Payments are reported in the Public Transportation Fund.

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, 2014, capital assets of \$2,705,298, net of accumulated depreciation, were reported under this lease.

During 2013, the City entered into a lease agreement for \$256,571 to purchase police vehicles. Monthly payments of \$4,452 are due under the lease agreement through July, 2018. Interest accrues on the outstanding balance at 1.6% per annum. Capital assets of \$256,571 less accumulated depreciation of \$63,223 are reported under this lease.

During 2014, the City entered into a lease agreement for \$609,300 to purchase vehicles and information technology equipment for the police department. Monthly payments of \$10,562 are due under the lease agreement through September, 2019. Interest accrues on the outstanding balance at 1.61% per annum. Capital assets of \$482,882 less accumulated depreciation of \$20,359 are reported under this lease.

CITY OF FOUNTAIN, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

NOTE 7: LONG-TERM DEBT (Continued)

Governmental Activities (Continued)

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

Year Ended December 31,

2015	\$ 555,145
2016	523,727
2017	454,966
2018	426,372
2019	338,365
2020 - 2024	1,171,145
2025 - 2029	1,089,802
2030 - 2032	<u>611,401</u>
Total Minimum Lease Payments	5,170,923
Less: Interest Portion	<u>(1,224,383)</u>
Present Value of Future Minimum Lease Payments	<u>\$ 3,946,540</u>

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, 2014.

	<u>Balances</u> <u>12/31/13</u>	<u>Additions</u>	<u>Payments</u>	<u>Balances</u> <u>12/31/14</u>	<u>Due Within</u> <u>One Year</u>
2003 Water Rights Loan	\$ 218,100	\$ -	\$ 72,700	\$ 145,400	\$ 72,700
2005 CWRPDA Loan	6,850,000	-	6,650,000	200,000	200,000
Loan Premium	65,903	-	65,903	-	-
2007 Water Rights Loan	117,150	-	39,050	78,100	39,050
2008 Water Rights Loan	1,225,743	-	60,102	1,165,641	1,165,641
2009 CWRPDA Loan	8,015,000	-	180,000	7,835,000	185,000
2011 CWRPDA Loan	9,175,000	-	180,000	8,995,000	185,000
2013 CWRPDA Loan	11,615,000	-	225,000	11,390,000	230,000
Loan Premium	547,361	-	18,767	528,594	-
2014 CWRPDA Loan	-	16,900,000	-	16,900,000	65,000
Loan Premium	-	1,326,192	3,684	1,322,508	-
Compensated Absences	818,419	479,743	483,323	814,839	403,188
Early Retirement	<u>368,000</u>	<u>-</u>	<u>40,000</u>	<u>328,000</u>	<u>40,000</u>
Total	<u>\$ 39,015,676</u>	<u>\$ 18,705,935</u>	<u>\$ 8,018,529</u>	<u>\$ 49,703,082</u>	<u>\$ 2,585,579</u>

CITY OF FOUNTAIN, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

NOTE 7: LONG-TERM DEBT (Continued)

Business-Type Activities (Continued)

During 2003, the City obtained a loan from a private individual for the purchase of water rights. Annual principal payments of \$72,700 are due through 2016. Interest accrues at 5% per annum and is paid semi-annually.

During 2005, the City entered into a loan agreement with the Colorado Water Resources and Power Development Authority (CWRPDA). Authorized uses of the loan proceeds include land acquisition for future water storage, purchase of water rights and various other water projects. Payments of principal and interest were due semi-annually on May 1 and November 1, through November, 2035. Interest accrued at 4.56% per annum. During the year ended December 31, 2014, a portion of the loan was refunded. All remaining principal is due on November 1, 2015.

During 2007, the City obtained a loan from a private individual to purchase water rights. Annual principal payments of \$39,050 are due through 2016. Interest accrues at 5% per annum and is paid semi-annually.

During 2008, the City entered into an agreement with a private individual to purchase water rights. The agreement requires monthly principal and interest payments of \$12,000, with a final balloon payment due forty-five days following the final decree issued by the water court. Interest accrues at 7% per annum.

During 2009, the City entered into a loan agreement with the CWRPDA. Loan proceeds were used for future water storage sites, and the acquisition of a customer service building. Interest payments are due semi-annually on May 1 and November 1. Principal payments are due annually on November 1, through 2038. Interest accrues at rates ranging from 3% to 5.25% per annum.

During 2011, the City entered into a loan agreement with the CWRPDA. Loan proceeds were used for construction of the Southern Delivery System (See Note 12) 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 beginning on August 1, 2013, through 2041. Interest accrues at rates ranging from 2% to 5.4% per annum.

During 2013, the City entered into a loan agreement with the CWRPDA. Loan proceeds were used for construction of the Southern Delivery System (See Note 12) 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 beginning on September 1, 2014, through 2043. Interest accrues at rates ranging from 2% to 5% per annum.

During 2014, the City entered into a loan agreement with the CWRPDA. Loan proceeds will be used for construction of the Southern Delivery System (See Note 12), 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 beginning on September 1, 2015, through 2044. Interest accrues at rates ranging from 2% to 5% per annum.

CITY OF FOUNTAIN, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

NOTE 7: LONG-TERM DEBT (Continued)

Business-Type Activities (Continued)

The CWRPDA loans 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, 2014, net revenues of \$4,486,337 were available to pay annual debt service of \$2,506,046. Future debt service requirements for the outstanding loans at December 31, 2014, were as follows.

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 2,142,391	\$ 1,907,348	\$ 4,049,739
2016	1,136,750	1,960,047	3,096,797
2017	1,060,000	1,924,603	2,984,603
2018	1,100,000	1,887,828	2,987,828
2019	1,130,000	1,850,728	2,980,728
2020 - 2024	6,385,000	8,541,512	14,926,512
2025 - 2029	7,915,000	7,009,356	14,924,356
2030 - 2034	9,765,000	5,156,684	14,921,684
2035 - 2039	9,635,000	2,864,300	12,499,300
2040 - 2044	<u>6,440,000</u>	<u>779,337</u>	<u>7,219,337</u>
Total	<u>\$ 46,709,141</u>	<u>\$ 33,881,743</u>	<u>\$ 80,590,884</u>

Deceased Debt - In November, 2014, a portion of the proceeds of the 2014 CWRPDA loan, in the amount of \$6,749,955 were deposited in an irrevocable trust with an escrow agent to advance refund \$6,455,000 of the 2005 CWRPDA loan. The refunding resulted in the recognition of an accounting loss of \$229,052. The City reduced its aggregate debt service payments by approximately \$998,164 and obtained an economic gain (difference between the present values of the old and new debt service payments) of \$662,082. As a result, the refunded debt is considered deceased and the liability has been removed from the financial statements. The refunded debt will be called and paid in full in December, 2015.

NOTE 8: 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.

CITY OF FOUNTAIN, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

NOTE 8: JOINT VENTURE (Continued)

The City's share of available capacity for the year ended December 31, 2014, was 2,000 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.

NOTE 9: 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.

CIRSA is a separate legal entity and the City does not approve budgets nor does it have the ability to significantly affect the operations of CIRSA.

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 \$2,953,699, depending on enrollment counts. Premiums are paid by the General, Water, Electric, and Ambulance Funds.

CITY OF FOUNTAIN, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

NOTE 9: RISK MANAGEMENT (Continued)

Insurance Fund (Continued)

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:

	<u>12/31/14</u>	<u>12/31/13</u>
Claims Payable, Beginning	\$ 175,341	\$ 182,485
Claims and Changes in Provisions	2,381,292	2,093,573
Claims Payments	<u>(2,245,727)</u>	<u>(2,100,717)</u>
Claims Payable, Ending	<u>\$ 310,906</u>	<u>\$ 175,341</u>

NOTE 10: RETIREMENT COMMITMENTS

During the year ended December 31, 2014, the City adopted Governmental Accounting Standards Board Statement No. 67, *Financial Reporting for Pension Plans*.

Volunteer Firefighters' Pension Plan

Summary of Significant Accounting Policies

Investments - Investments are reported at fair value.

Plan Description

Plan Administration - 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.

CITY OF FOUNTAIN, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

NOTE 10: RETIREMENT COMMITMENTS (Continued)

Volunteer Firefighters' Pension Plan (Continued)

Plan Membership - At December 31, 2014, 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	12
Active plan members	<u>18</u>
 Total	 <u><u>33</u></u>

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, 2012, 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, 2014.

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, 2014, the annual money-weighted rate of return on plan investments, net of investment expense, was .28%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Asset of the City

At December 31, 2014, the components of the net pension asset of the City were as follows.

Total Pension Liability	\$ (317,220)
Plan Fiduciary Net Position	<u>726,186</u>
City's Net Pension Asset	<u><u>\$ 408,966</u></u>
 Plan fiduciary net position as a percentage of the total pension liability	 229%

CITY OF FOUNTAIN, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

NOTE 10: RETIREMENT COMMITMENTS (Continued)

Volunteer Firefighters' Pension Plan (Continued)

Actuarial Assumptions - The total pension liability was determined by an actuarial valuation as of January 1, 2015, 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
- Expenses - Investment return assumed net of expenses
- Mortality (Active Members) - RP-2000 Healthy Employees Mortality Table projected 15 years from the valuation date using Scale AA (annual rate per 1,000 members)
- Retirement - Age 50 and 20 years of service
- Probability of achieving 20 years total service for inactive members who had served between five and ten years of service starting after June 3, 1977 - 25%

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 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 and by adding expected inflation. Best estimates of rates of return for each major asset class included in the plan's target asset allocation at January 1, 2015, are summarized in the following table (note that the rates shown below include the inflation component):

<u>Asset Class</u>	<u>Long-Term Expected Rate of Return</u>
Fixed Income	4.61%
Cash	3.50%

Discount Rate - The discount rate used to measure the total pension liability 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. Therefore, the long-term expected rate of return on plan investments of 4.5% was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Asset to Changes in the Discount Rate - The following table presents the net pension asset of the City at December 31, 2014, calculated using the discount rate of 4.5%, as well as what the City's net pension asset would be if it were calculated using a discount rate that is 1 percentage point lower (3.5%) or 1 percentage point higher (5.5%) than the current rate, as follows:

CITY OF FOUNTAIN, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

NOTE 10: RETIREMENT COMMITMENTS (Continued)

Volunteer Firefighters' Pension Plan (Continued)

	1% Decrease <u>(3.5%)</u>	Current Discount Rate <u>(4.5%)</u>	1% Increase <u>(5.5%)</u>
Net Pension Asset	<u>\$ 324,960</u>	<u>\$ 408,966</u>	<u>\$ 469,938</u>

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. The City is required to contribute 8.5% 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, 2014, the City contributed \$299,507 to the Plan, equal to the required contributions. All of the Plan investments at December 31, 2014, are managed by Great West Life & Annuity Insurance Company, an outside administrator.

Firefighter Pension Plan

Effective September 1, 2011, paid firefighters had the option to remain in the existing pension plan or choose to participate in the Defined Benefit System administered by the Fire and Police Pension Association (FPPA) in accordance with Part 3 of Article 31 of Title 31, Colorado Revised Statutes (CRS). Firefighters hired after September 1, 2011, are required to participate in the Statewide Defined Benefit Plan on the first day of employment.

Plan Description - The Defined Benefit System consists of the Statewide Defined Benefit Plan, a multiple-employer defined benefit plan, and the Statewide Hybrid Plan, a cost-sharing multiple-employer combination defined benefit and money purchase plan. The plans provide retirement and disability, annual increases, and death benefits for members or their beneficiaries. Title 31, Article 31, Part 1101, of the CRS, as amended, assigns the authority to establish benefit provisions to the State Legislature. FPPA issues a publicly available annual financial report that includes financial statements and required supplementary information for the plans. That report may be obtained by contacting FPPA of Colorado, 5290 DTC Parkway, Suite 100, Greenwood Village, Colorado 80111.

CITY OF FOUNTAIN, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

NOTE 10: RETIREMENT COMMITMENTS (Continued)

Firefighter Pension Plan (Continued)

Funding Policy - Plan members and the City are required to contribute to the Statewide Defined Benefit Plan and the Statewide Hybrid Plan at rates established under Title 31, Article 31, of the CRS, as amended. For the years ended December 31, 2012, 2013 and 2014, the contribution rate was 8% of base salary for both members of the Statewide Defined Benefit Plan and the City. However, firefighters that transferred from the money purchase pension plan were required to contribute a total of 20% of base salary. The split of contributions was determined by the City Council at 10.5% of base salary for employees and 9.5% for the City. Each employee participating in the Statewide Hybrid Plan must contribute 9.5% of base salary and the City contributes a matching amount. Total contributions in excess of those required by the CRS (12.9% from January 1 through June 30, 2012, 13% from July 1, 2012 through June 30, 2013, 12.6% from July 1, 2013 through June 30, 2014, and 12.5% thereafter) are deposited into the money purchase component of the State Hybrid Plan. These excess contribution amounts are established and may be amended by the City Council. City contributions are fully vested after five years of service. The City's contributions to the plan for the years ended December 31, 2014, 2013 and 2012, were \$123,023, \$122,633 and \$119,889, respectively, equal to the required contributions.

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 3.5% 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.

For the year ended December 31, 2014, the City contributed \$301,697 to the Plan, equal to the required contributions. All of the Plan investments at December 31, 2014, are managed by the Colorado County Officials and Employees Retirement Association (CCOERA), an outside administrator.

Deferred Compensation Plan

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan is available to all City employees and permits them to defer a portion of their salary until future years. No City contributions are required. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. All Plan assets are held in trust for the exclusive benefit of the employees.

CITY OF FOUNTAIN, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

NOTE 11: POSTEMPLOYMENT 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, 2014, there were no contributions to the plan.

Annual OPEB Cost and Net OPEB Obligation - The City's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period of thirty years.

The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation to the plan.

Annual required contribution	\$ 90,474
Interest on net OPEB obligation	10,515
Adjustment to annual required contribution	<u>(17,361)</u>
Annual OPEB cost	83,628
Contributions made	<u>-</u>
Increase in net OPEB obligation	83,628
Net OPEB Obligation, Beginning	<u>350,490</u>
Net OPEB Obligation, Ending	<u>\$ 434,118</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ended December 31, 2014, and the two preceding years follows.

<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
12/31/14	\$ 83,628	0.0%	\$ 434,118
12/31/13	61,724	0.0%	350,490
12/31/12	61,724	1.7%	288,766

CITY OF FOUNTAIN, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

NOTE 11: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Funded Status and Funding Progress - At January 1, 2014, the most recent actuarial valuation date, the actuarial accrued liability (AAL) was \$488,743, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$10.1 million, and the ratio of the unfunded actuarial accrued liability (UAAL) to the covered payroll was 4.81%.

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. These assumptions include among others, annual rates of payroll increases, healthcare cost trends, and mortality rates. Amounts determined regarding the funded status of the plan and the annual required contributions of the City are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents trend information about the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions - Projections of benefits for financial reporting purposes are based on the substantive plan as understood by the City and plan members, and are based on the types of benefits provided at the time of each valuation and the historical pattern of sharing of the benefit costs between the City and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Significant methods and assumptions included the following:

Actuarial Valuation Date - January 1, 2014

Actuarial Cost Method - Entry Age

Amortization Method - Level Dollar, Open

Remaining Amortization Period - 30 years

Asset Valuation Method - Fair Value

Investment Rate of Return - 3%, including inflation at 2%

Healthcare Cost Trend Rate and Premium Increase - 8% for 2014, decreasing .35% each year until 2018 when 1% is added for cadillac tax, then continues to decrease .35% each year until 5.5% in year 2024 and after.

NOTE 12: 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.

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

NOTE 12: COMMITMENTS AND CONTINGENCIES

Tabor Amendment (Continued)

The City has established an emergency reserve, representing 3% of qualifying expenditures, as required by the Amendment. At December 31, 2014, the emergency reserve of \$414,000 was reported as restricted fund balance in the General Fund.

Litigation

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

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, 2014, 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.

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 City estimates that the project will be online in 2016.

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, 2014, the City reported capital assets, with no depreciation, of \$30,432,104 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:

CITY OF FOUNTAIN, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE 12: COMMITMENTS AND CONTINGENCIES

Conveyance Service Contract (Continued)

Year Ended December 31,

2015	\$ 371,198
2016	371,198
2017	371,198
2018	371,198
2019	371,198
2020 - 2023	<u>1,392,243</u>
 Total	 <u><u>\$ 3,248,233</u></u>

Conduit Debt Obligations

During 2007, the City issued Development Revenue Bonds (Cheyenne Mountain Zoological Society Project) Series 2007 and Series 2007B, to provide financing for the construction, renovation and equipping of improvements to the Cheyenne Mountain Zoo. The City is not obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as a liability in the accompanying financial statements. Outstanding bonds at December 31, 2014, totaled \$1,074,036.

Concentration of Risk

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

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF FOUNTAIN, COLORADO

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
AND INVESTMENT RETURNS
VOLUNTEER FIREFIGHTERS' PENSION PLAN
 Year Ended December 31, 2014
 (Unaudited)

	2014
Total Pension Liability	
Interest	\$ 13,765
Benefit Payments	(4,800)
Net Change in Total Pension Liability	8,965
Total Pension Liability, Beginning	308,255
Total Pension Liability, Ending	317,220
Plan Fiduciary Net Position	
Net Investment Income	2,191
Benefit Payments	(4,800)
Administrative Expenses	(150)
Net Change in Plan Fiduciary Net Position	(2,759)
Plan Fiduciary Net Position, Beginning	728,945
Plan Fiduciary Net Position, Ending	726,186
Net Pension Asset, Ending	\$ 408,966
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	229%
Investment Returns	
Annual Money-Weighted Rate of Return, Net of Investment Expense	0.28%

This schedule is presented to show information for 10 years. Until information for the full 10-year period is available, information will be presented for the years it is available.

See the accompanying Independent Auditors' Report.

CITY OF FOUNTAIN, COLORADO

SCHEDULE OF FUNDING PROGRESS
POSTEMPLOYMENT BENEFIT PLAN

December 31, 2014

(Unaudited)

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((b-a)/c)</u>
1/1/08	\$ -	\$ 322,073	\$ 322,073	-	\$ 9,168,765	3.51%
1/1/11	\$ -	\$ 367,674	\$ 367,674	-	\$ 9,890,941	3.72%
1/1/14	\$ -	\$ 488,743	\$ 488,743	-	\$ 10,152,334	4.81%

See the accompanying Independent Auditors' Report.

CITY OF FOUNTAIN, COLORADO

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

Year Ended December 31, 2014

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE Positive (Negative)</u>
REVENUES				
Taxes				
Property Taxes	\$ 1,628,400	\$ 1,737,540	\$ 1,647,136	\$ (90,404)
Sales Taxes	5,789,790	6,021,382	6,260,780	239,398
Use Taxes	1,189,650	1,189,650	1,514,474	324,824
Specific Ownership Taxes	158,030	158,030	180,249	22,219
Franchise Taxes	1,823,700	1,966,928	1,993,771	26,843
Total Taxes	<u>10,589,570</u>	<u>11,073,530</u>	<u>11,596,410</u>	<u>522,880</u>
Licenses and Permits				
Business Licenses	36,780	40,196	52,230	12,034
Telecommunications	31,290	31,290	33,705	2,415
Liquor Licenses	6,500	6,500	6,673	173
Street and Curb Permits	11,100	11,100	21,410	10,310
Total Licenses and Permits	<u>85,670</u>	<u>89,086</u>	<u>114,018</u>	<u>24,932</u>
Charges for Services				
Developer Fees	60,000	60,000	146,163	86,163
Park Fees	125,000	125,000	238,348	113,348
School District Juvenile Program	115,780	115,780	80,778	(35,002)
Off Duty Police Program	13,770	13,770	18,201	4,431
Cemetery	17,400	12,669	14,700	2,031
Miscellaneous	8,160	8,160	16,998	8,838
Total Charges for Services	<u>340,110</u>	<u>335,379</u>	<u>515,188</u>	<u>179,809</u>
Fines and Forfeitures				
	<u>493,550</u>	<u>508,357</u>	<u>308,225</u>	<u>(200,132)</u>
Intergovernmental				
Highway Users Tax	636,460	636,460	662,982	26,522
Road and Bridge Fund	26,700	26,700	26,613	(87)
Motor Vehicle Registration	73,680	73,680	79,287	5,607
Cigarette Taxes	38,500	38,500	34,448	(4,052)
State and Local Grants	-	238,900	255,457	16,557
Federal Grants	140,000	314,760	278,433	(36,327)
Urban Renewal Authority Payment	-	2,500,000	2,500,000	-
Total Intergovernmental	<u>915,340</u>	<u>3,829,000</u>	<u>3,837,220</u>	<u>8,220</u>
Investment Income				
	<u>14,250</u>	<u>6,250</u>	<u>21,222</u>	<u>14,972</u>
Miscellaneous				
Rents	5,100	5,100	4,760	(340)
Other	630,609	240,134	272,049	31,915
Total Miscellaneous	<u>635,709</u>	<u>245,234</u>	<u>276,809</u>	<u>31,575</u>
TOTAL REVENUES	<u>13,074,199</u>	<u>16,086,836</u>	<u>16,669,092</u>	<u>582,256</u>

(Continued)

See the accompanying Independent Auditors' Report.

CITY OF FOUNTAIN, COLORADO

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

Year Ended December 31, 2014

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE Positive (Negative)</u>
EXPENDITURES				
General Government				
Legislative	36,700	36,700	34,901	1,799
Judicial	265,124	265,124	250,405	14,719
Economic Development	280,930	330,930	276,735	54,195
Election	10,000	10,000	9,763	237
Information Technology	907,526	1,110,921	863,547	247,374
Planning and Engineering	494,012	494,012	431,772	62,240
Administration	726,184	826,184	829,055	(2,871)
Total General Government	<u>2,720,476</u>	<u>3,073,871</u>	<u>2,696,178</u>	<u>377,693</u>
Public Safety				
Police	4,530,892	4,827,192	5,451,188	(623,996)
Communications	1,115,742	1,115,742	876,938	238,804
Fire	2,415,261	2,415,261	2,263,058	152,203
Total Public Safety	<u>8,061,895</u>	<u>8,358,195</u>	<u>8,591,184</u>	<u>(232,989)</u>
Public Works				
Highway and Streets	1,206,682	1,436,682	1,348,189	88,493
Facilities Maintenance	225,068	225,068	237,651	(12,583)
Total Public Works	<u>1,431,750</u>	<u>1,661,750</u>	<u>1,585,840</u>	<u>75,910</u>
Health and Welfare				
Code Enforcement	267,548	267,548	255,822	11,726
Cemetery	5,075	5,075	40,570	(35,495)
Total Health and Welfare	<u>272,623</u>	<u>272,623</u>	<u>296,392</u>	<u>(23,769)</u>
Culture and Recreation				
Parks	440,900	610,320	670,564	(60,244)
Community Building	88,300	88,300	27,561	60,739
Total Culture and Recreation	<u>529,200</u>	<u>698,620</u>	<u>698,125</u>	<u>495</u>
Debt Service	500,340	520,340	516,621	3,719
TOTAL EXPENDITURES	<u>13,516,284</u>	<u>14,585,399</u>	<u>14,384,340</u>	<u>201,059</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(442,085)</u>	<u>1,501,437</u>	<u>2,284,752</u>	<u>783,315</u>
OTHER FINANCING SOURCES (USES)				
Debt Issued	272,000	609,300	609,300	-
Transfers In	722,370	830,633	675,270	(155,363)
Transfers Out	(345,077)	(545,077)	(527,345)	17,732
TOTAL OTHER FINANCING SOURCES (USES)	<u>649,293</u>	<u>894,856</u>	<u>757,225</u>	<u>(137,631)</u>
NET CHANGE IN FUND BALANCE	207,208	2,396,293	3,041,977	645,684
FUND BALANCE, Beginning	<u>1,941,542</u>	<u>2,108,689</u>	<u>2,108,603</u>	<u>(86)</u>
FUND BALANCE, Ending	<u>\$ 2,148,750</u>	<u>\$ 4,504,982</u>	<u>\$ 5,150,580</u>	<u>\$ 645,598</u>

See the accompanying Independent Auditors' Report.

CITY OF FOUNTAIN, COLORADO

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2014

NOTE 1: VOLUNTEER FIREFIGHTERS' PENSION PLAN

Contributions

The City made no contributions to the Volunteer Firefighters' Pension Plan during the year ended December 31, 2014. In addition, the plan members consist only of volunteer firefighters and no employee payroll information is applicable.

Actuarial Assumptions

Significant actuarial methods and assumptions used to determine the contribution rates for the Volunteer Firefighters' Pension Plan are as follows:

Valuation Date	January 1, 2012, two years prior to the fiscal year in which the contributions are reported
Actuarial Cost Method	Entry age
Amortization Method	Level amount, open
Remaining Amortization Period	20 years
Asset Valuation Method	Market value
Interest Rate	4.5% per annum, compounded annually, net of operating expenses
Inflation Rate	3.5%
Retirement Age	Age 50 and 20 years of service
Mortality	Projected 15 years from the valuation date

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Accounting

The City follows these procedures in establishing 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.
- Prior to December 31, the budget is legally enacted 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.

CITY OF FOUNTAIN, COLORADO

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2014

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

Budgetary Accounting (Continued)

- 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.

Legal Compliance

For the year ended December 31, 2014, the Street Resurfacing and Ambulance Fund expenditures and transfers out exceeded the amounts budgeted by \$966 and \$10,581, respectively. These may be violations of State statutes.

SUPPLEMENTARY INFORMATION

CITY OF FOUNTAIN, COLORADO

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

December 31, 2014

	<u>CONSERVATION TRUST</u>	<u>HERITAGE MAINTENANCE DISTRICT</u>	<u>GENERAL IMPROVEMENT DISTRICTS</u>	<u>VOLUNTEER FIRE</u>
ASSETS				
Cash and Investments	\$ 326,098	\$ 318,757	\$ 57,842	\$ 133,539
Accounts Receivable	-	542	96	-
Accrued Interest Receivable	247	279	50	112
Taxes Receivable	-	59,273	23,953	-
TOTAL ASSETS	\$ <u>326,345</u>	\$ <u>378,851</u>	\$ <u>81,941</u>	\$ <u>133,651</u>
LIABILITIES				
Accounts Payable	\$ 59,834	\$ 44	\$ -	\$ 3,700
Accrued Liabilities	1,113	-	-	-
TOTAL LIABILITIES	<u>60,947</u>	<u>44</u>	<u>-</u>	<u>3,700</u>
DEFERRED INFLOWS OF RESOURCES				
Property Taxes	-	59,273	23,953	-
FUND BALANCES				
Restricted for Parks	265,398	-	-	-
Restricted for District Repairs and Maintenance	-	319,534	57,988	-
Restricted for Transportation	-	-	-	-
Restricted for Street Repairs and Maintenance	-	-	-	-
Restricted for Street Improvements	-	-	-	-
Committed to Volunteer Fire Activities	-	-	-	129,951
TOTAL FUND BALANCES	<u>265,398</u>	<u>319,534</u>	<u>57,988</u>	<u>129,951</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ <u>326,345</u>	\$ <u>378,851</u>	\$ <u>81,941</u>	\$ <u>133,651</u>

See the accompanying Independent Auditors' Report.

<u>PUBLIC TRANSPORTATION</u>	<u>STREET RESURFACING</u>	<u>STREET IMPROVEMENT</u>	<u>TOTAL</u>
\$ 406,695	\$ 35,027	\$ 2,789,858	\$ 4,067,816
90,786	53,767	125,455	270,646
341	19	2,375	3,423
-	-	-	83,226
<u>\$ 497,822</u>	<u>\$ 88,813</u>	<u>\$ 2,917,688</u>	<u>\$ 4,425,111</u>
\$ 4,850	\$ 7,168	\$ 3,995	\$ 79,591
6,682	-	-	7,795
<u>11,532</u>	<u>7,168</u>	<u>3,995</u>	<u>87,386</u>
-	-	-	83,226
-	-	-	265,398
-	-	-	377,522
486,290	-	-	486,290
-	81,645	-	81,645
-	-	2,913,693	2,913,693
-	-	-	129,951
<u>486,290</u>	<u>81,645</u>	<u>2,913,693</u>	<u>4,254,499</u>
<u>\$ 497,822</u>	<u>\$ 88,813</u>	<u>\$ 2,917,688</u>	<u>\$ 4,425,111</u>

CITY OF FOUNTAIN, COLORADO

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
 Year Ended December 31, 2014

	<u>CONSERVATION TRUST</u>	<u>HERITAGE MAINTENANCE DISTRICT</u>	<u>GENERAL IMPROVEMENT DISTRICTS</u>	<u>VOLUNTEER FIRE</u>
REVENUES				
Taxes	\$ -	\$ 64,587	\$ 11,541	\$ -
Charges for Services	-	-	-	28,953
Intergovernmental	223,370	-	-	32,500
Investment Income	1,896	2,206	370	796
Miscellaneous	-	-	-	8,696
TOTAL REVENUES	<u>225,266</u>	<u>66,793</u>	<u>11,911</u>	<u>70,945</u>
EXPENDITURES				
Current				
General Government	-	-	-	-
Public Safety	-	-	-	45,875
Public Works	-	36,384	-	-
Culture and Recreation	160,067	-	-	-
Debt Service				
Principal	-	-	-	-
Interest	-	-	-	-
TOTAL EXPENDITURES	<u>160,067</u>	<u>36,384</u>	<u>-</u>	<u>45,875</u>
NET CHANGE IN FUND BALANCES	65,199	30,409	11,911	25,070
FUND BALANCES, Beginning	<u>200,199</u>	<u>289,125</u>	<u>46,077</u>	<u>104,881</u>
FUND BALANCES, Ending	<u>\$ 265,398</u>	<u>\$ 319,534</u>	<u>\$ 57,988</u>	<u>\$ 129,951</u>

See the accompanying Independent Auditors' Report.

<u>PUBLIC</u> <u>TRANSPORTATION</u>	<u>STREET</u> <u>RESURFACING</u>	<u>STREET</u> <u>IMPROVEMENT</u>	<u>TOTAL</u>
\$ 521,732	\$ 313,039	\$ 730,424	\$ 1,641,323
-	-	-	28,953
-	-	-	255,870
2,448	1,048	17,743	26,507
-	-	-	8,696
<u>524,180</u>	<u>314,087</u>	<u>748,167</u>	<u>1,961,349</u>
338,749	-	-	338,749
-	-	-	45,875
-	346,966	108,251	491,601
-	-	-	160,067
21,601	-	-	21,601
1,463	-	-	1,463
<u>361,813</u>	<u>346,966</u>	<u>108,251</u>	<u>1,059,356</u>
162,367	(32,879)	639,916	901,993
<u>323,923</u>	<u>114,524</u>	<u>2,273,777</u>	<u>3,352,506</u>
\$ <u><u>486,290</u></u>	\$ <u><u>81,645</u></u>	\$ <u><u>2,913,693</u></u>	\$ <u><u>4,254,499</u></u>

CITY OF FOUNTAIN, COLORADO

BUDGETARY COMPARISON SCHEDULE

CONSERVATION TRUST FUND

Year Ended December 31, 2014

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	VARIANCE Positive (Negative)
REVENUES				
Lottery Proceeds	\$ 209,400	\$ 229,980	\$ 223,370	\$ (6,610)
Investment Income	<u>720</u>	<u>720</u>	<u>1,896</u>	<u>1,176</u>
TOTAL REVENUES	<u>210,120</u>	<u>230,700</u>	<u>225,266</u>	<u>(5,434)</u>
EXPENDITURES				
Culture and Recreation	<u>240,200</u>	<u>250,000</u>	<u>160,067</u>	<u>89,933</u>
NET CHANGE IN FUND BALANCE	(30,080)	(19,300)	65,199	84,499
FUND BALANCE, Beginning	<u>51,996</u>	<u>200,199</u>	<u>200,199</u>	<u>-</u>
FUND BALANCE, Ending	<u>\$ 21,916</u>	<u>\$ 180,899</u>	<u>\$ 265,398</u>	<u>\$ 84,499</u>

See the accompanying Independent Auditors' Report.

CITY OF FOUNTAIN, COLORADO

BUDGETARY COMPARISON SCHEDULE
HERITAGE MAINTENANCE DISTRICT FUND
 Year Ended December 31, 2014

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE Positive (Negative)</u>
REVENUES				
Property Taxes	\$ 58,080	\$ 56,500	\$ 58,337	\$ 1,837
Specific Ownership Taxes	5,520	5,520	6,250	730
Investment Income	1,380	1,380	2,206	826
 TOTAL REVENUES	 <u>64,980</u>	 <u>63,400</u>	 <u>66,793</u>	 <u>3,393</u>
EXPENDITURES				
Public Works	64,000	64,000	36,384	27,616
 NET CHANGE IN FUND BALANCE	 980	 (600)	 30,409	 31,009
FUND BALANCE, Beginning	<u>185,909</u>	<u>289,125</u>	<u>289,125</u>	<u>-</u>
FUND BALANCE, Ending	\$ <u><u>186,889</u></u>	\$ <u><u>288,525</u></u>	\$ <u><u>319,534</u></u>	\$ <u><u>31,009</u></u>

See the accompanying Independent Auditors' Report.

CITY OF FOUNTAIN, COLORADO

BUDGETARY COMPARISON SCHEDULE
GENERAL IMPROVEMENT DISTRICTS FUND

Year Ended December 31, 2014

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	VARIANCE Positive (Negative)
REVENUES				
Property Taxes	\$ 8,739	\$ 10,315	\$ 10,421	\$ 106
Specific Ownership Taxes	-	-	1,120	1,120
Investment Income	<u>275</u>	<u>275</u>	<u>370</u>	<u>95</u>
 TOTAL REVENUES	 <u>9,014</u>	 <u>10,590</u>	 <u>11,911</u>	 <u>1,321</u>
 NET CHANGE IN FUND BALANCE	 9,014	 10,590	 11,911	 1,321
 FUND BALANCE, Beginning	 <u>45,148</u>	 <u>46,077</u>	 <u>46,077</u>	 <u>-</u>
 FUND BALANCE, Ending	 <u>\$ 54,162</u>	 <u>\$ 56,667</u>	 <u>\$ 57,988</u>	 <u>\$ 1,321</u>

See the accompanying Independent Auditors' Report.

CITY OF FOUNTAIN, COLORADO

BUDGETARY COMPARISON SCHEDULE

VOLUNTEER FIRE FUND

Year Ended December 31, 2014

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	VARIANCE Positive (Negative)
REVENUES				
Charges for Services	\$ 12,000	\$ 12,000	\$ 28,953	\$ 16,953
Intergovernmental	-	-	32,500	32,500
Investment Income	-	-	796	796
Miscellaneous	<u>18,000</u>	<u>18,000</u>	<u>8,696</u>	<u>(9,304)</u>
TOTAL REVENUES	<u>30,000</u>	<u>30,000</u>	<u>70,945</u>	<u>40,945</u>
EXPENDITURES				
Public Safety	<u>28,700</u>	<u>54,700</u>	<u>45,875</u>	<u>8,825</u>
NET CHANGE IN FUND BALANCE	1,300	(24,700)	25,070	49,770
FUND BALANCE, Beginning	<u>45,580</u>	<u>104,881</u>	<u>104,881</u>	<u>-</u>
FUND BALANCE, Ending	<u>\$ 46,880</u>	<u>\$ 80,181</u>	<u>\$ 129,951</u>	<u>\$ 49,770</u>

See the accompanying Independent Auditors' Report.

CITY OF FOUNTAIN, COLORADO

BUDGETARY COMPARISON SCHEDULE

PUBLIC TRANSPORTATION FUND

Year Ended December 31, 2014

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	VARIANCE Positive (Negative)
REVENUES				
Sales Taxes	\$ 502,401	\$ 500,000	\$ 521,732	\$ 21,732
Investment Income	-	-	2,448	2,448
 TOTAL REVENUES	<u>502,401</u>	<u>500,000</u>	<u>524,180</u>	<u>24,180</u>
EXPENDITURES				
Current				
General Government	378,621	566,751	338,749	228,002
Debt Service				
Principal	21,601	21,601	21,601	-
Interest	1,463	1,463	1,463	-
 TOTAL EXPENDITURES	<u>401,685</u>	<u>589,815</u>	<u>361,813</u>	<u>228,002</u>
 NET CHANGE IN FUND BALANCE	100,716	(89,815)	162,367	252,182
 FUND BALANCE, Beginning	<u>27,966</u>	<u>323,923</u>	<u>323,923</u>	<u>-</u>
 FUND BALANCE, Ending	<u>\$ 128,682</u>	<u>\$ 234,108</u>	<u>\$ 486,290</u>	<u>\$ 252,182</u>

See the accompanying Independent Auditors' Report.

CITY OF FOUNTAIN, COLORADO

BUDGETARY COMPARISON SCHEDULE

STREET RESURFACING FUND

Year Ended December 31, 2014

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	VARIANCE Positive (Negative)
REVENUES				
Sales Taxes	\$ 296,253	\$ 293,860	\$ 313,039	\$ 19,179
Investment Income	<u>1,140</u>	<u>1,140</u>	<u>1,048</u>	<u>(92)</u>
TOTAL REVENUES	<u>297,393</u>	<u>295,000</u>	<u>314,087</u>	<u>19,087</u>
EXPENDITURES				
Public Works	<u>282,000</u>	<u>346,000</u>	<u>346,966</u>	<u>(966)</u>
NET CHANGE IN FUND BALANCE	15,393	(51,000)	(32,879)	18,121
FUND BALANCE, Beginning	<u>39,914</u>	<u>114,524</u>	<u>114,524</u>	<u>-</u>
FUND BALANCE, Ending	<u>\$ 55,307</u>	<u>\$ 63,524</u>	<u>\$ 81,645</u>	<u>\$ 18,121</u>

See the accompanying Independent Auditors' Report.

CITY OF FOUNTAIN, COLORADO

BUDGETARY COMPARISON SCHEDULE

STREET IMPROVEMENT FUND

Year Ended December 31, 2014

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	VARIANCE Positive (Negative)
REVENUES				
Sales Taxes	\$ 698,835	\$ 682,340	\$ 730,424	\$ 48,084
Investment Income	<u>3,660</u>	<u>3,660</u>	<u>17,743</u>	<u>14,083</u>
TOTAL REVENUES	<u>702,495</u>	<u>686,000</u>	<u>748,167</u>	<u>62,167</u>
EXPENDITURES				
Public Works	<u>1,340,000</u>	<u>400,000</u>	<u>108,251</u>	<u>291,749</u>
NET CHANGE IN FUND BALANCE	(637,505)	286,000	639,916	353,916
FUND BALANCE, Beginning	<u>1,524,365</u>	<u>2,273,777</u>	<u>2,273,777</u>	<u>-</u>
FUND BALANCE, Ending	<u>\$ 886,860</u>	<u>\$ 2,559,777</u>	<u>\$ 2,913,693</u>	<u>\$ 353,916</u>

See the accompanying Independent Auditors' Report.

CITY OF FOUNTAIN, COLORADO

COMBINING STATEMENT OF NET POSITION
NONMAJOR PROPRIETARY FUNDS
 December 31, 2014

	<u>AMBULANCE</u>	<u>DRAINAGE</u>	<u>TOTAL</u>
ASSETS			
Current Assets			
Cash and Investments	\$ -	\$ 1,649,247	\$ 1,649,247
Accounts Receivable	53,645	-	53,645
Accrued Interest Receivable	-	1,415	1,415
	<u>53,645</u>	<u>1,650,662</u>	<u>1,704,307</u>
TOTAL ASSETS			
LIABILITIES			
Current Liabilities			
Accounts Payable	9,663	-	9,663
Accrued Liabilities	29,923	-	29,923
Compensated Absences Payable, Current Portion	38,308	-	38,308
	<u>77,894</u>	<u>-</u>	<u>77,894</u>
Total Current Liabilities			
Long-Term Liabilities			
Compensated Absences Payable	28,999	-	28,999
	<u>106,893</u>	<u>-</u>	<u>106,893</u>
TOTAL LIABILITIES			
NET POSITION			
Unrestricted	<u>(53,248)</u>	<u>1,650,662</u>	<u>1,597,414</u>
TOTAL NET POSITION	<u>\$ (53,248)</u>	<u>\$ 1,650,662</u>	<u>\$ 1,597,414</u>

See the accompanying Independent Auditors' Report.

CITY OF FOUNTAIN, COLORADO

COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
NONMAJOR PROPRIETARY FUNDS
 Year Ended December 31, 2014

	<u>AMBULANCE</u>	<u>DRAINAGE</u>	<u>TOTAL</u>
OPERATING REVENUES			
Charges for Services	\$ <u>678,983</u>	\$ <u>35,309</u>	\$ <u>714,292</u>
TOTAL OPERATING REVENUES	<u>678,983</u>	<u>35,309</u>	<u>714,292</u>
OPERATING EXPENSES			
Operations and Maintenance	<u>861,531</u>	<u>-</u>	<u>861,531</u>
TOTAL OPERATING EXPENSES	<u>861,531</u>	<u>-</u>	<u>861,531</u>
OPERATING INCOME (LOSS)	(182,548)	35,309	(147,239)
NONOPERATING REVENUES			
Investment Income	<u>-</u>	<u>10,911</u>	<u>10,911</u>
NET INCOME (LOSS) BEFORE TRANSFERS	(182,548)	46,220	(136,328)
Transfers In	198,095	-	198,095
Transfers Out	<u>(29,050)</u>	<u>-</u>	<u>(29,050)</u>
CHANGE IN NET POSITION	(13,503)	46,220	32,717
NET POSITION, Beginning	<u>(39,745)</u>	<u>1,604,442</u>	<u>1,564,697</u>
NET POSITION, Ending	\$ <u><u>(53,248)</u></u>	\$ <u><u>1,650,662</u></u>	\$ <u><u>1,597,414</u></u>

See the accompanying Independent Auditors' Report.

CITY OF FOUNTAIN, COLORADO

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
 Increase (Decrease) in Cash and Cash Equivalents
 Year Ended December 31, 2014

	<u>AMBULANCE</u>	<u>DRAINAGE</u>	<u>TOTAL</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Customers	\$ 672,786	\$ 35,309	\$ 708,095
Cash Payments to Employees	(426,504)	-	(426,504)
Cash Payments to Suppliers	(415,327)	-	(415,327)
Net Cash Provided (Used) by Operating Activities	<u>(169,045)</u>	<u>35,309</u>	<u>(133,736)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers from Other Funds	198,095	-	198,095
Transfers to Other Funds	(29,050)	-	(29,050)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>169,045</u>	<u>-</u>	<u>169,045</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest Received	-	12,572	12,572
NET CHANGE IN CASH AND CASH EQUIVALENTS	-	47,881	47,881
CASH AND CASH EQUIVALENTS, Beginning	<u>-</u>	<u>1,601,366</u>	<u>1,601,366</u>
CASH AND CASH EQUIVALENTS, Ending	<u>\$ -</u>	<u>\$ 1,649,247</u>	<u>\$ 1,649,247</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating Income (Loss)	\$ (182,548)	\$ 35,309	\$ (147,239)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Changes in Assets and Liabilities			
Accounts Receivable	(6,197)	-	(6,197)
Accounts Payable	3,988	-	3,988
Accrued Liabilities	4,238	-	4,238
Compensated Absences Payable	11,474	-	11,474
Net Cash Provided (Used) by Operating Activities	<u>\$ (169,045)</u>	<u>\$ 35,309</u>	<u>\$ (133,736)</u>

See the accompanying Independent Auditors' Report.

CITY OF FOUNTAIN, COLORADO

BUDGETARY COMPARISON SCHEDULE

WATER FUND

Year Ended December 31, 2014

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	VARIANCE Positive (Negative)
REVENUES				
Charges for Services	\$ 8,648,826	\$ 7,952,908	\$ 7,242,996	\$ (709,912)
Miscellaneous	259,240	259,240	256,998	(2,242)
Investment Income	10,390	15,130	8,454	(6,676)
System Development Fees	1,288,872	1,780,050	1,442,427	(337,623)
Water Acquisition Fees	585,090	785,090	781,526	(3,564)
Grants	-	-	46,719	46,719
Loan Proceeds	14,510,000	16,900,000	18,226,192	1,326,192
TOTAL REVENUES	<u>25,302,418</u>	<u>27,692,418</u>	<u>28,005,312</u>	<u>312,894</u>
EXPENDITURES				
Source of Supply	2,413,059	2,346,880	1,797,377	549,503
Operations and Maintenance	1,946,700	1,946,700	1,263,092	683,608
Customer Accounts and Collection	537,810	537,810	529,770	8,040
Administration and General	1,409,621	1,524,960	1,444,696	80,264
Capital Outlay	14,632,882	21,402,617	13,266,809	8,135,808
Debt Principal	1,796,420	1,796,420	951,852	844,568
Interest Expense	1,744,470	1,764,570	1,884,557	(119,987)
Transfers Out	398,819	398,819	383,480	(15,339)
TOTAL EXPENDITURES	<u>24,879,781</u>	<u>31,718,776</u>	<u>21,521,633</u>	<u>10,197,143</u>
CHANGE IN NET POSITION, Budgetary Basis	<u>\$ 422,637</u>	<u>\$ (4,026,358)</u>	6,483,679	<u>\$ 10,510,037</u>
ADJUSTMENTS TO GAAP BASIS				
Loan Proceeds			(18,226,192)	
Capital Outlay, including Capitalized Interest			14,304,700	
Depreciation Expense			(968,885)	
Debt Principal			951,852	
Debt Issuance Costs			(92,146)	
CHANGE IN NET POSITION, GAAP Basis			2,453,008	
NET POSITION, Beginning			<u>41,307,711</u>	
NET POSITION, Ending			<u>\$ 43,760,719</u>	

See the accompanying Independent Auditors' Report.

CITY OF FOUNTAIN, COLORADO

BUDGETARY COMPARISON SCHEDULE

ELECTRIC FUND

Year Ended December 31, 2014

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	VARIANCE Positive (Negative)
REVENUES				
Charges for Services	\$ 24,172,787	\$ 24,172,787	\$ 23,693,839	\$ (478,948)
Miscellaneous	446,050	446,050	610,309	164,259
Investment Income	208,870	208,870	143,013	(65,857)
System Development Fees	142,950	142,950	58,914	(84,036)
New Service Installation	1,797,566	1,797,566	49,473	(1,748,093)
Grants	-	-	56,970	56,970
Transfers In	427,586	427,586	411,140	(16,446)
TOTAL REVENUES	<u>27,195,809</u>	<u>27,195,809</u>	<u>25,023,658</u>	<u>(2,172,151)</u>
EXPENDITURES				
Source of Supply	14,830,753	14,830,753	15,458,718	(627,965)
Operations and Maintenance	4,705,235	4,705,235	3,483,590	1,221,645
Customer Accounts and Collection	1,623,540	1,623,540	1,462,229	161,311
Administration and General	2,913,600	2,913,600	2,879,000	34,600
Capital Outlay	1,562,400	3,229,455	1,751,107	1,478,348
Transfers Out	344,630	344,630	344,630	-
TOTAL EXPENDITURES	<u>25,980,158</u>	<u>27,647,213</u>	<u>25,379,274</u>	<u>2,267,939</u>
CHANGE IN NET POSITION, Budgetary Basis	<u>\$ 1,215,651</u>	<u>\$ (451,404)</u>	(355,616)	<u>\$ 95,788</u>
ADJUSTMENTS TO GAAP BASIS				
Capital Outlay			1,751,107	
Depreciation Expense			<u>(1,100,472)</u>	
CHANGE IN NET POSITION, GAAP Basis			295,019	
NET POSITION, Beginning			<u>40,163,248</u>	
NET POSITION, Ending			<u>\$ 40,458,267</u>	

See the accompanying Independent Auditors' Report.

CITY OF FOUNTAIN, COLORADO

BUDGETARY COMPARISON SCHEDULE

AMBULANCE FUND

Year Ended December 31, 2014

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	VARIANCE Positive (Negative)
REVENUES				
Charges for Services	\$ 843,660	\$ 677,420	\$ 678,983	\$ 1,563
Transfers In	<u>22,580</u>	<u>222,580</u>	<u>198,095</u>	<u>(24,485)</u>
TOTAL REVENUES	<u>866,240</u>	<u>900,000</u>	<u>877,078</u>	<u>(22,922)</u>
EXPENDITURES				
Operations and Maintenance	836,950	850,950	861,531	(10,581)
Transfers Out	<u>29,050</u>	<u>29,050</u>	<u>29,050</u>	<u>-</u>
TOTAL EXPENDITURES	<u>866,000</u>	<u>880,000</u>	<u>890,581</u>	<u>(10,581)</u>
CHANGE IN NET POSITION	\$ <u>240</u>	\$ <u>20,000</u>	(13,503)	\$ <u>(33,503)</u>
NET POSITION, Beginning			<u>(39,745)</u>	
NET POSITION, Ending			\$ <u>(53,248)</u>	

See the accompanying Independent Auditors' Report.

CITY OF FOUNTAIN, COLORADO

BUDGETARY COMPARISON SCHEDULE

DRAINAGE FUND

Year Ended December 31, 2014

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE Positive (Negative)</u>
REVENUES				
Charges for Services	\$ 188,750	\$ 380,044	\$ 35,309	\$ (344,735)
Investment Income	<u>11,250</u>	<u>11,250</u>	<u>10,911</u>	<u>(339)</u>
TOTAL REVENUES	<u>200,000</u>	<u>391,294</u>	<u>46,220</u>	<u>(345,074)</u>
EXPENDITURES				
Operations and Maintenance	<u>200,000</u>	<u>100,000</u>	<u>-</u>	<u>100,000</u>
TOTAL EXPENDITURES	<u>200,000</u>	<u>100,000</u>	<u>-</u>	<u>100,000</u>
CHANGE IN NET POSITION, Budgetary Basis	<u>\$ -</u>	<u>\$ 291,294</u>	46,220	<u>\$ (245,074)</u>
NET POSITION, Beginning			<u>1,604,442</u>	
NET POSITION, Ending			<u>\$ 1,650,662</u>	

See the accompanying Independent Auditors' Report.

CITY OF FOUNTAIN, COLORADO

BUDGETARY COMPARISON SCHEDULE

INSURANCE FUND

Year Ended December 31, 2014

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE Positive (Negative)</u>
REVENUES				
Charges for Services	\$ 3,381,818	\$ 3,330,500	\$ 3,337,089	\$ 6,589
Investment Income	-	-	7,471	7,471
TOTAL REVENUES	<u>3,381,818</u>	<u>3,330,500</u>	<u>3,344,560</u>	<u>14,060</u>
EXPENDITURES				
Administration and General	218,440	218,440	223,607	5,167
Insurance Premiums	298,220	298,220	365,706	67,486
Insurance Claims	<u>2,865,158</u>	<u>2,813,840</u>	<u>2,381,292</u>	<u>432,548</u>
TOTAL EXPENDITURES	<u>3,381,818</u>	<u>3,330,500</u>	<u>2,970,605</u>	<u>359,895</u>
CHANGE IN NET POSITION, Budgetary Basis	<u>\$ -</u>	<u>\$ -</u>	373,955	<u>\$ 373,955</u>
NET POSITION, Beginning			<u>536,734</u>	
NET POSITION, Ending			<u>\$ 910,689</u>	

See the accompanying Independent Auditors' Report.

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.	61-65
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue sources.	66-74
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.	75-77
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.	78-79
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.	80-81

CITY OF FOUNTAIN, COLORADO

NET POSITION BY COMPONENT LAST TEN FISCAL YEARS (Unaudited)

TABLE 1

(accrual basis of accounting)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental Activities										
Net Investment in Capital Assets	\$ 63,295,005	\$ 73,828,899	\$ 76,850,378	\$ 81,403,558	\$ 79,168,395	\$ 76,610,623	\$ 76,127,122	\$ 76,210,836	\$ 74,221,505	\$ 71,700,844
Restricted for Parks			251,049			171,785	159,446	150,841	200,199	265,398
Restricted for District Repairs and Maintenance							260,397	300,346	335,202	377,522
Restricted for Transportation						77,407	160,658	-	323,923	486,290
Restricted for Street Repairs and Maintenance						75,110	46,277	49,317	114,524	81,645
Restricted for Street Improvements						492,788	1,026,814	1,651,516	2,273,777	2,913,693
Restricted for Emergencies	305,970	341,350	356,669	352,000	348,500	351,000	355,000	393,000	378,000	414,000
Unrestricted	3,508,330	4,146,131	3,756,185	2,169,455	1,055,370	952,123	135,074	189,013	(88,331)	3,400,191
Total governmental activities net position	67,109,305	78,316,380	80,963,232	83,925,013	80,823,314	78,730,836	78,270,788	78,944,869	77,758,799	79,639,583
Business-type activities										
Net Investment in Capital Assets	38,842,905	38,780,143	47,852,415	57,171,450	58,293,086	60,771,506	63,517,686	65,483,598	70,249,254	73,772,083
Restricted for Debt Service							576,900	576,900	576,900	576,900
Unrestricted	14,948,306	25,377,760	24,207,739	17,064,618	16,362,533	14,381,159	11,415,974	13,418,176	12,434,106	11,829,636
Total business-type activities net position	53,791,211	64,157,903	72,060,154	74,236,068	74,655,619	75,152,665	75,510,560	79,478,674	83,260,260	86,178,619
Primary government										
Net Investment in Capital Assets	102,137,910	112,609,042	124,702,793	138,575,008	137,461,481	137,382,129	139,644,808	141,694,434	144,470,759	145,472,927
Restricted for Parks					251,049	171,785	159,446	150,841	200,199	265,398
Restricted for District Repairs and Maintenance							260,397	300,346	335,202	377,522
Restricted for Transportation						77,407	160,658	-	323,923	486,290
Restricted for Street Repairs and Maintenance						75,110	46,277	49,317	114,524	81,645
Restricted for Street Improvements						492,788	1,026,814	1,651,516	2,273,777	2,913,693
Restricted for Debt Service	305,970	341,350	356,669	352,000	348,500	351,000	355,000	393,000	378,000	414,000
Restricted for Emergencies	18,456,636	29,523,891	27,963,924	19,234,073	17,417,903	15,333,282	11,551,048	13,607,189	12,345,775	15,229,827
Unrestricted	\$ 120,900,516	\$ 142,474,283	\$ 153,023,386	\$ 158,161,081	\$ 155,478,933	\$ 153,883,501	\$ 153,781,348	\$ 158,423,543	\$ 161,019,059	\$ 165,818,202
Total primary government net position										

Source: City of Fountain, Colorado, audited financial statements, 2005-2014

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

Amounts for 2012 have been restated.

CITY OF FOUNTAIN, COLORADO

CHANGES IN NET POSITION LAST TEN FISCAL YEARS (Unaudited)

TABLE 2

(accrual basis of accounting)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Expenses										
Governmental Activities										
General Government	\$ 1,769,133	\$ 1,931,863	\$ 2,456,516	\$ 2,801,721	\$ 2,483,390	\$ 3,020,265	\$ 2,949,011	\$ 2,937,922	\$ 3,088,640	\$ 2,699,475
Public Safety	5,143,434	5,554,234	6,330,794	6,487,537	6,989,181	7,182,513	7,446,750	7,966,886	8,166,704	8,485,869
Public Works	3,988,615	3,988,615	4,062,454	4,370,731	3,881,335	4,235,181	2,071,681	2,796,803	3,402,850	4,488,188
Health and Welfare	179,895	192,126	229,291	236,958	193,459	166,141	211,294	255,525	276,146	296,720
Culture and Recreation	539,826	710,243	642,930	779,830	966,366	790,333	858,049	772,212	778,062	798,755
Interest Expense			42,189	51,071	39,917	27,846	28,812	20,123	133,048	136,046
Total Governmental Activities Expenses	11,207,892	12,377,081	13,744,174	14,727,848	14,553,648	15,422,279	13,565,597	14,709,471	15,845,450	16,905,053
Business-type Activities										
Water Utility	4,157,429	4,854,507	5,797,432	5,898,155	6,175,434	6,425,441	6,702,091	6,486,441	7,220,673	6,912,357
Electric Utility	15,429,052	17,184,918	17,750,594	18,031,553	18,178,620	19,363,478	20,739,214	21,428,400	23,025,897	24,279,421
Ambulance	597,421	623,433	690,328	722,708	689,230	689,230	782,788	850,134	826,633	858,779
Drainage	31	-	-	18,604	332,103	62,103	49,530	129,444	179	-
Total Business-type Activities Expenses	20,183,933	22,662,858	24,238,354	24,671,020	25,367,066	26,540,252	28,273,623	28,894,419	31,073,382	32,050,557
Total Primary Government Expenses	\$ 31,391,825	\$ 35,039,939	\$ 37,982,528	\$ 39,398,868	\$ 39,920,714	\$ 41,962,531	\$ 41,839,220	\$ 43,603,890	\$ 46,918,832	\$ 48,955,610
Program Revenues										
Governmental Activities										
Charges for Services:										
General Government	\$ 103,193	\$ 205,965	\$ 267,321	\$ 160,968	\$ 154,258	\$ 117,196	\$ 137,678	\$ 190,390	\$ 337,441	\$ 292,864
Public Safety	27,000	452,439	499,966	687,339	466,151	297,793	394,179	510,392	439,352	382,940
Public Works	32,288	28,169	80,502	25,211	25,258	20,350	7,736	16,461	12,437	37,455
Health and Welfare	29,933	26,167	11,994	15,496	16,209	23,122	12,781	20,112	38,000	14,777
Culture and Recreation	366,343	400,355	331,007	143,381	125,772	49,667	39,536	154,698	133,831	238,348
Operating Grants and Contributions	1,011,542	1,018,610	912,644	956,900	913,581	1,323,439	1,241,485	1,373,031	1,104,640	1,595,090
Capital Grants and Contributions	3,714,296	12,794,795	4,930,875	6,512,188	57,463	66,000	10,760	449,604	-	-
Total Governmental Activities Program Revenues	5,284,595	14,926,500	7,034,309	8,501,483	1,758,692	1,897,567	1,844,155	2,714,688	2,065,701	2,559,474
Business-type Activities										
Charges for Services:										
Water Utility	4,620,893	3,744,464	4,208,050	4,544,279	4,574,734	5,420,523	5,975,973	6,988,153	6,596,466	7,499,994
Electric Utility	16,093,112	18,180,158	18,460,945	18,467,209	18,875,288	19,795,797	20,626,280	22,469,395	23,757,241	24,304,148
Ambulance	517,770	528,076	668,680	714,921	656,075	585,801	659,662	681,356	603,636	678,983
Drainage	234,727	325,212	110,762	93,891	19,268	16,866	18,875	123,885	79,928	35,309
Capital Grants and Contributions	7,327,535	8,696,871	6,969,441	1,832,494	1,598,372	1,128,501	1,226,149	2,874,944	3,751,283	2,436,029
Total Business-type Activities Program Revenues	28,794,037	31,474,781	30,417,878	25,652,794	25,723,737	26,947,488	28,506,939	33,157,733	34,788,554	34,954,463
Total Primary Government Revenues	\$ 34,078,632	\$ 46,401,281	\$ 37,452,187	\$ 34,154,277	\$ 27,482,429	\$ 28,845,055	\$ 30,551,094	\$ 35,852,421	\$ 36,854,255	\$ 37,513,937
Net (Expense)/Revenue										
Governmental Activities	\$ (5,923,297)	\$ 2,549,419	\$ (6,709,865)	\$ (6,226,365)	\$ (12,794,956)	\$ (13,524,712)	\$ (11,721,442)	\$ (11,994,783)	\$ (13,779,749)	\$ (14,345,579)
Business-type Activities	8,610,104	8,811,923	6,179,524	981,774	356,671	407,236	233,316	4,243,314	3,715,172	2,903,906
Total Primary Government Net Revenue (Expense)	\$ 2,686,807	\$ 11,361,342	\$ (530,341)	\$ (5,244,591)	\$ (12,438,285)	\$ (13,117,476)	\$ (11,488,126)	\$ (7,751,469)	\$ (10,064,577)	\$ (11,441,673)

Source: City of Fountain, Colorado, audited financial statements, 2005-2014
 Note: The City of Fountain, Colorado adopted GASB Statement 65 for the year ended December 31, 2013.
 Amounts for 2012 have been restated.

TABLE 2
(continued)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes	\$ 1,129,812	\$ 1,294,876	\$ 1,424,293	\$ 1,674,629	\$ 1,742,023	\$ 1,814,141	\$ 1,808,353	\$ 1,662,856	\$ 1,691,850	\$ 1,715,894
Sales and Use Taxes	5,400,967	5,879,743	6,174,301	5,911,624	5,943,879	7,404,402	7,437,672	8,528,383	8,678,945	9,340,449
Specific Ownership Taxes	160,634	168,389	186,485	184,974	171,897	165,271	159,210	159,616	171,785	187,619
Franchise Taxes	1,039,493	1,104,699	1,097,936	1,065,600	1,448,683	1,566,986	1,645,916	1,780,553	1,861,009	1,993,771
Investment Income	339,168	261,858	333,918	271,405	92,918	31,623	25,234	29,244	(22,321)	55,200
Intergovernmental revenues	-	-	-	-	-	-	-	-	-	2,500,000
Other Revenues	136,373	367,955	251,668	175,764	49,020	262,831	59,875	71,914	134,994	285,505
Insurance Proceeds	-	-	-	-	-	-	-	290,000	-	-
Transfers	(294,643)	(419,864)	(111,884)	(95,850)	244,837	186,980	125,134	146,298	77,417	147,925
Total Governmental Activities	7,911,804	8,657,656	9,356,717	9,188,146	9,693,257	11,432,234	11,261,394	12,668,864	12,593,679	16,226,363
Business-type Activities:										
Other Revenues	448,904	1,134,905	1,610,843	1,098,290	307,717	276,790	249,713	238,857	143,831	162,378
Investment Earnings	294,643	419,864	111,884	95,850	(244,837)	(186,980)	(125,134)	(146,298)	(77,417)	(147,925)
Transfers	743,547	1,554,769	1,722,727	1,194,140	62,880	89,810	124,579	92,559	66,414	14,453
Total Business-type Activities	\$ 8,655,351	\$ 10,212,425	\$ 11,079,444	\$ 10,382,286	\$ 9,756,137	\$ 11,522,044	\$ 11,385,973	\$ 12,761,423	\$ 12,660,093	\$ 16,240,816
Change in Net Position										
Government Activities	\$ 1,988,507	\$ 11,207,075	\$ 2,646,852	\$ 2,961,781	\$ (3,101,699)	\$ (2,092,478)	\$ (460,048)	\$ 674,081	\$ (1,186,070)	\$ 1,880,784
Business-type Activities	9,353,651	10,366,692	7,902,251	2,175,914	419,551	497,046	357,895	4,335,873	3,781,586	2,918,359
Total Primary Government	\$ 11,342,158	\$ 21,573,767	\$ 10,549,103	\$ 5,137,695	\$ (2,682,148)	\$ (1,595,432)	\$ (102,153)	\$ 5,009,954	\$ 2,595,516	\$ 4,799,143

Source: City of Fountain, Colorado, audited financial statements, 2005-2014
Note: The City of Fountain, Colorado adopted GASB Statement 65 for the year ended December 31, 2013.
Amounts for 2012 have been restated.

CITY OF FOUNTAIN, COLORADO

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

TABLE 3

(modified accrual basis of accounting)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Fund										
Reserved	\$ 305,970	\$ 341,350	\$ 356,669	\$ 352,000	\$ 348,500	\$ 351,000	\$ -	\$ -	\$ -	\$ -
Unreserved	3,652,593	4,024,768	3,853,966	2,589,546	1,800,583	2,051,307	-	-	-	-
Nondisposable Note Receivable							355,000	100,000	25,663	-
Restricted for Emergencies								393,000	378,000	414,000
Restricted for Fire Sta./Police Sta. Renovation								2,499,423	121,934	-
Committed to Park Improvements							161,212	311,804	283,566	512,486
Committed to School Zone							30,996	50,725	58,066	72,859
Committed to Traffic Signal								208,000	208,000	208,000
Committed to South Academy Highlands Project								110,169	443,783	259,430
Assigned to Public Safety Capital Improvements							1,607,759	577,192	589,591	1,183,805
Unrestricted, Unassigned										
Total general fund	\$ 3,958,563	\$ 4,366,118	\$ 4,210,635	\$ 2,941,546	\$ 2,149,083	\$ 2,402,307	\$ 2,154,967	\$ 4,250,313	\$ 2,108,603	\$ 5,150,580
All Other Governmental Funds										
Reserved	\$ 101,662	\$ 179,949	\$ 231,020	\$ 314,757	\$ 251,049	\$ 817,090	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	762,858	676,963	514,883	598,821	302,962	281,991	-	-	-	-
Restricted for Parks							159,446	150,841	200,199	265,398
Restricted for District Repairs & Maintenance							260,397	300,346	335,202	377,522
Restricted for Transportation							160,658	-	323,923	486,290
Restricted for Street Repairs & Maintenance							46,277	49,317	114,524	81,645
Restricted for Street Improvements							1,026,814	1,651,516	2,273,777	2,913,693
Committed to Volunteer Fire Activities							42,980	-	104,881	129,951
Assigned to Volunteer Fire Activities								92,126	-	-
Unrestricted, Unassigned								(95,642)	-	-
Total all other governmental funds	\$ 864,520	\$ 856,912	\$ 745,903	\$ 913,578	\$ 554,011	\$ 1,099,081	\$ 1,696,572	\$ 2,148,504	\$ 3,352,506	\$ 4,254,499

Source: City of Fountain Colorado, audited financial statements, 2005-2014

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)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenues:										
Taxes	\$ 8,188,717	\$ 8,447,707	\$ 8,883,015	\$ 8,836,827	\$ 9,306,482	\$ 10,950,800	\$ 11,051,151	\$ 12,131,408	\$ 12,403,589	\$ 13,237,733
Licenses and Permits	69,823	66,981	80,787	62,147	66,223	79,151	67,875	87,815	128,163	114,018
Intergovernmental	527,165	1,018,610	894,249	1,249,650	947,189	1,356,418	1,215,566	1,481,485	1,368,640	4,093,090
Charges for Services	553,801	705,361	692,339	337,265	319,603	174,588	142,104	330,165	489,192	544,141
Fines and Forfeitures	237,048	322,799	382,844	607,886	369,709	231,679	376,861	469,968	343,706	308,225
Investment Income	136,373	261,858	333,918	271,405	49,020	31,623	25,234	29,244	(19,782)	47,729
Other Revenues	433,078	385,909	304,883	200,861	148,886	318,562	101,624	153,169	134,994	285,505
Total Revenues	10,146,005	11,209,225	11,572,035	11,566,041	11,207,112	13,142,821	12,980,415	14,683,254	14,848,502	18,630,441
Expenditures:										
General Government	1,932,676	1,849,503	2,445,952	2,732,994	2,346,209	2,834,491	2,619,801	3,211,865	2,716,674	3,034,927
Public Safety	4,809,944	5,675,360	7,072,006	6,686,289	6,722,349	6,867,610	7,465,807	9,173,376	10,262,612	8,637,059
Public Works	1,271,131	1,760,698	1,770,931	1,738,221	1,192,431	1,615,195	1,780,686	2,066,730	1,677,957	2,077,441
Health and Welfare	166,946	191,098	221,395	196,969	185,429	185,744	203,847	253,336	275,818	296,392
Culture and Recreation	432,436	841,343	819,096	1,101,240	1,514,532	743,197	738,067	921,696	899,644	858,192
Capital Outlay (1)	611,543									
Debt Service (2)	300,015									
Principal		304,023	355,074	428,598	288,355	257,424	189,628	222,333	372,445	403,639
Interest		42,183	42,189	51,071	39,917	27,846	28,812	20,123	133,048	136,046
Total Expenditures	9,524,691	10,664,208	12,726,643	12,935,382	12,289,222	12,531,507	13,026,648	15,869,459	16,338,198	15,443,696
Excess of Revenues over (under) Expenditures	621,314	545,017	(1,154,608)	(1,369,341)	(1,082,110)	611,314	(46,233)	(1,186,205)	(1,489,696)	3,186,745
Other Financing Sources (Uses)										
Debt Issued	373,795	356,000	1,000,000	49,020	-	-	271,250	3,297,185	474,571	609,300
Insurance Proceeds								290,000	-	
Transfers In	665,723	667,410	944,540	738,951	745,579	661,526	591,084	646,299	675,270	675,270
Transfers Out	(960,366)	(1,087,274)	(1,056,424)	(834,801)	(500,742)	(474,546)	(465,950)	(500,001)	(597,853)	(527,345)
Total Other Financing Sources (Uses)	79,152	(63,864)	888,116	(46,830)	244,837	186,980	396,384	3,733,483	551,988	757,225
Net Change in Fund Balances	\$ 700,466	\$ 481,153	\$ (266,492)	\$ (1,416,171)	\$ (837,273)	\$ 798,294	\$ 350,151	\$ 2,547,278	\$ (937,708)	\$ 3,943,970
Debt Service as a percentage of noncapital Expenditures	3.1%	3.2%	3.1%	3.7%	2.7%	2.3%	2.1%	2.0%	4.1%	3.8%

Source: City of Fountain, Colorado audited financial statements, 2005-2014

Notes:

- (1) Capital Outlay was reported separately rather than by function in the 2005 financial statement.
- (2) Debt Service was reported with principal and interest combined in the 2005 financial statement.

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
2005	9,831,850	66,690,760	30,527,580	10,374,360	179,390	1,305,110	9,451,280	2,020,150	130,380,480	10.239	1,065,563,472	12.24%
2006	9,141,100	76,825,890	34,547,480	10,547,860	302,080	1,215,770	9,559,730	2,032,590	144,172,500	10.239	1,205,452,074	11.96%
2007	12,848,060	93,739,720	38,075,420	10,529,730	251,850	889,310	11,217,430	2,315,390	169,866,910	10.239	1,449,303,066	11.72%
2008	10,639,200	100,134,510	40,714,210	8,715,920	237,760	1,003,400	11,594,510	2,733,440	175,772,950	10.239	1,527,971,489	11.50%
2009	11,380,190	103,700,670	43,137,630	8,427,690	256,120	1,280,300	12,107,100	2,889,850	183,179,550	10.239	1,585,645,908	11.55%
2010	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%
2011	8,291,480	96,490,080	42,563,100	7,258,870	286,710	748,740	14,298,740	3,113,590	173,051,310	10.239	1,484,739,631	11.66%
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%

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 2005-2014 assessment years. 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	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
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
Overlapping Governments										
El Paso County	7.673	7.710	7.514	7.583	7.551	7.717	7.597	7.663	7.714	7.791
School Districts										
Widefield #3	49.881	49.881	48.923	47.683	47.692	48.96	49.854	49.307	48.025	47.004
Fountain/Fort Carson #8	20.096	19.699	19.715	24.301	24.716	24.69	24.723	24.703	24.726	24.775
Sanitation Districts										
Fountain Sanitation	3.759	4.134	4.500	4.501	4.5	4.654	5.334	5.534	5.755	6.101
Water Districts										
S.E. Water Conservancy	0.943	0.941	0.915	0.943	0.94	0.94	0.947	0.944	0.940	0.940
Special Districts										
Fountain GID #1				12.000	12.000	12.000	12.000	12.000	12.000	12.000
Fountain GID #2				-	-	-	-	-	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	30.000	30.000
Crescent Canyon			35.000	35.000	35.000	35.000	35.000	35.000	35.000	35.000
Cross Creek	10.000	10.727	10.727	10.727	10.727	10.727	10.727	10.727	10.727	10.727
Cumberland Green			40.000	40.000	40.000	40.000	50.000	50.000	50.000	50.000
Mesa Ridge #2	37.000	37.000	37.000	37.000	37.000	37.000	37.000	37.000	37.000	43.000
Remuda Ridge				40.000	40.000	40.000	40.000	-	-	-
Ventana		7.000	7.000	7.000	7.000	-	-	-	40.000	40.000
Miscellaneous Districts										
Pikes Peak Library	3.296	3.515	3.325	3.540	3.468	3.556	3.999	4.000	4.000	4.000

Source - El Paso County Assessor's Office, Abstract of Assessment 2005-2014.

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 ten years ago (Unaudited)

Table 7

Taxpayer	2014				2005			
	Assessed	Valuation	Rank	Percentage of Total Assessed	Assessed	Valuation	Rank	Percentage of Total Assessed
				Valuation				Valuation
Dillon Real Estate Co Inc	\$ 4,844,080		1	2.54%	\$ 4,672,080		1	3.58%
WalMart Real Estate	\$ 2,615,800		2	1.37%	\$ 2,428,980		3	1.86%
Lowe's HIW Inc	\$ 2,159,820		3	1.13%				
Mesa Ridge No 1 LLP	\$ 1,907,760		4	1.00%				
Raceway 200 LLC	\$ 1,904,820		5	1.00%	\$ 2,124,840		4	1.63%
Pavestone, LLC	\$ 1,808,930		6	0.95%				
Fountain Business Park LLC	\$ 1,522,500		7	0.80%	\$ 2,910,920		2	2.23%
GEP Investments Inc	\$ 1,334,870		8	0.70%				
Peytons G H C	\$ 1,222,110		9	0.64%	\$ 1,572,970		5	1.21%
Adesa Colorado Inc	\$ 1,092,160		10	0.57%	\$ 1,297,790		6	1.00%
Safeway Stores 46 Inc					\$ 1,192,940		7	0.91%
R A G Properties LLC					\$ 878,150		8	0.67%
R M B Products Inc					\$ 791,220		9	0.61%
Baetis Properties Inc					\$ 694,700		10	0.53%
Total Assessed Valuation City of Fountain				\$ 191,072,340				
					\$ 130,380,480			

Source: El Paso County Assessor's Office

CITY OF FOUNTAIN, COLORADO

GENERAL FUND REVENUES-TAXES BY CATEGORY LAST TEN FISCAL YEARS

TABLE 8

(Unaudited)

(modified accrual basis of accounting)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Sales Tax	\$ 3,748,011	\$ 4,381,368	\$ 4,902,542	\$ 4,907,051	\$ 5,051,851	\$ 5,167,168	\$ 5,239,962	\$ 5,633,146	\$ 5,848,928	\$ 6,260,780
General Property Tax	1,070,225	1,226,635	1,360,197	1,603,196	1,664,587	1,731,928	1,732,669	1,594,662	1,624,450	1,647,136
Use Tax	1,652,956	1,498,375	1,271,759	1,004,573	892,028	945,696	887,719	1,487,007	1,367,789	1,514,474
Specific Ownership Tax	160,634	168,389	186,485	184,974	171,897	165,271	153,425	154,403	165,432	180,249
Franchise Taxes:										
Cablevision/ Telephone	104,676	112,977	105,320	112,153	147,554	163,742	165,479	193,753	218,759	233,678
Electricity (1)	657,000	654,981	654,983	656,015	916,377	961,895	1,012,430	1,094,835	1,156,498	1,190,744
Gas	173,476	222,158	190,011	159,752	200,470	173,462	174,394	148,293	162,078	190,269
Water (2)	103,641	114,584	147,622	137,680	184,282	267,887	293,613	343,672	323,674	379,080
Total	\$ 7,670,619	\$ 8,379,467	\$ 8,818,919	\$ 8,765,394	\$ 9,229,046	\$ 9,577,049	\$ 9,659,691	\$ 10,649,771	\$ 10,867,608	\$ 11,596,410

Source: City of Fountain, Colorado, audited financial statements, 2005-2014

Notes: (1) The franchise fee for the City owned electric utility was a flat amount set by the City Council until 2009 when it changed to 5% of gross revenues.
(2) The franchise fee for the City owned water utility was increase from 3% to 4% in 2009 and increased to 5% in 2010.

CITY OF FOUNTAIN, COLORADO

SALES TAX BY CATEGORY LAST TEN FISCAL YEARS

(Unaudited)

(modified accrual basis of accounting)

TABLE 9

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Auto Repair and Parts Supply	\$ 127,077	\$ 141,109	\$ 186,259	\$ 187,066	\$ 198,555	\$ 255,356	\$ 320,889	\$ 386,846	\$ 397,747	\$ 458,682
Auto Sales	44,487	37,578	122,933	96,775	76,552	93,026	118,774	125,070	110,604	161,058
Communications/Utilities	364,022	348,404	421,066	466,343	475,441	617,272	609,244	606,479	608,767	692,136
Convenience Stores	55,865	56,734	69,823	89,744	91,809	134,520	161,237	174,003	163,293	216,237
Entertainment	100,729	78,427	76,700	76,102	75,362	84,155	51,962	43,887	42,875	45,421
Grocery/Food Stores	102,970	124,757	147,014	145,294	150,983	193,580	205,913	214,886	223,251	238,480
Hotel/Motel/RV Parks	32,239	33,369	38,247	33,151	34,051	42,610	42,374	42,006	38,018	53,912
Liquor Stores	89,522	98,547	99,525	107,285	118,900	131,939	139,820	146,097	201,905	243,093
Lounges/Bars	51,869	21,201	19,621	18,237	18,104	30,991	37,391	45,001	33,467	71,603
Manufacturing/Construction	107,842	76,925	92,363	66,871	48,686	70,096	33,257	182,577	103,136	91,668
Restaurants	494,030	606,353	650,824	705,850	778,998	1,035,896	1,138,697	1,239,641	1,390,407	1,607,930
Retail - Large	1,653,344	2,270,791	2,407,771	2,400,036	2,423,755	2,998,268	2,939,534	2,695,759	2,951,418	2,951,155
Retail - Misc	263,480	251,622	269,349	338,234	333,656	408,977	476,182	530,625	562,894	604,277
Services - Misc	52,026	48,262	48,886	23,820	26,070	59,229	37,765	46,935	61,332	64,850
All Other Outlets	208,509	187,289	252,161	154,243	200,929	302,790	209,119	472,518	417,230	310,869
Total	\$ 3,748,011	\$ 4,381,368	\$ 4,902,542	\$ 4,909,051	\$ 5,051,851	\$ 6,458,705	\$ 6,522,158	\$ 6,952,331	\$ 7,306,344	\$ 7,811,371

City Direct Sales Tax Rate	3.00%	3.00%	3.00%	3.00%	3.00%	3.75%	3.75%	3.75%	3.75%	3.75%
----------------------------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------

Source: City of Fountain, Colorado audited financial statements, 2005-2014 and Sales Tax Subsidiary Records, 2005-2014

CITY OF FOUNTAIN, COLORADO

**DIRECT AND OVERLAPPING SALES TAX RATES
DECEMBER 31, 2014
(Unaudited)**

TABLE 10

<u>Fiscal Year</u>	<u>City of Fountain</u>	<u>El Paso County</u>	<u>State of Colorado</u>
2005	3.00%	1.00%	2.9%
2006	3.00%	1.00%	2.9%
2007	3.00%	1.00%	2.9%
2008	3.00%	1.00%	2.9%
2009	3.00%	1.00%	2.9%
2010	3.75%	1.00%	2.9%
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%

CITY OF FOUNTAIN, COLORADO

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
2005	1,238,194	1,215,076	98.13%	11,559	1,226,635	99.07%
2006	1,374,300	1,346,157	97.95%	14,040	1,360,197	98.97%
2007	1,624,416	1,582,047	97.39%	21,149	1,603,196	98.69%
2008	1,680,824	1,648,421	98.07%	16,166	1,664,587	99.03%
2009	1,749,000	1,714,999	98.06%	16,929	1,731,928	99.02%
2010	1,748,162	1,717,685	98.26%	14,984	1,732,669	99.11%
2011	1,612,426	1,577,088	97.81%	17,574	1,594,662	98.90%
2012	1,640,950	1,608,222	98.01%	16,228	1,624,450	98.99%
2013	1,690,240	1,604,761	94.94%	42,266	1,647,027	97.44%
2014	1,763,057	N/A			N/A	

Source: El Paso County Treasurer's Office and the City of Fountain, Colorado audited financial statements, 2005-2014

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)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Water Revenues:										
Charges for Services:										
Metered Water Sales by Type of Customer:										
Residential	\$ 3,231,584	\$ 2,502,566	\$ 3,028,960	\$ 3,258,213	\$ 3,427,099	\$ 3,921,835	\$ 4,237,665	\$ 4,856,803	\$ 4,612,252	\$ 5,269,638
Commercial	1,378,379	1,067,429	1,025,873	1,121,105	990,843	1,307,278	1,442,851	1,862,917	1,705,902	1,973,358
Total Charges for Services	4,609,963	3,569,995	4,054,833	4,379,318	4,417,942	5,229,113	5,680,516	6,719,720	6,318,154	7,242,996
Miscellaneous	10,930	174,469	153,217	164,961	156,792	191,410	295,457	268,443	278,312	256,998
Total Operating Revenues	4,620,893	3,744,464	4,208,050	4,544,279	4,574,734	5,420,523	5,975,973	6,988,163	6,596,466	7,499,994
Investment Income	298,651	766,253	879,040	247,872	48,871	25,333	4,704	18,192	30,597	8,454
Total Water Revenues	\$ 4,919,544	\$ 4,510,717	\$ 5,087,090	\$ 4,792,151	\$ 4,623,605	\$ 5,445,856	\$ 5,980,677	\$ 7,006,355	\$ 6,627,063	\$ 7,508,448
Water Gallons Sold by Type of Customer										
Residential	569,951,235	583,094,328	632,390,221	656,925,007	587,021,724	664,565,674	661,927,352	694,655,326	580,491,828	581,525,339
Commercial	222,620,787	210,575,053	201,231,787	175,558,186	158,099,835	207,155,885	206,016,010	239,390,805	192,229,910	201,572,170
Total Water Gallons Sold by Type of Customer	792,572,022	793,669,381	833,622,008	832,483,193	745,121,559	871,721,559	867,943,362	934,046,131	772,721,738	783,097,509

Source: City of Fountain, Colorado, audited financial statements, 2005-2014 and Utility Billing Records, 2005-2014

CITY OF FOUNTAIN, COLORADO

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

TABLE 13

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Electric Revenues:										
Charges for Services:										
Metered Electric Sales by Type of Customer:										
Residential-inside city limits	\$ 4,642,609	\$ 5,606,531	\$ 5,861,835	\$ 5,989,629	\$ 6,466,803	\$ 7,304,774	\$ 7,723,760	\$ 8,340,921	\$ 9,064,892	\$ 9,522,120
Residential-outside city limits	4,788,127	5,198,601	5,362,020	5,554,095	5,684,460	5,766,927	6,029,776	6,488,210	6,740,561	6,836,575
Commercial-inside city limits	5,429,654	6,280,951	5,870,304	5,201,895	5,026,456	4,998,003	5,243,284	5,894,940	6,043,262	6,071,818
Commercial-outside city limits	1,077,781	921,619	983,225	1,145,414	1,180,428	1,153,385	1,169,656	1,259,752	1,394,599	1,263,326
Total Charges for Services	15,938,171	18,007,702	18,077,384	17,891,033	18,358,147	19,223,089	20,166,476	21,983,823	23,243,314	23,693,839
Miscellaneous	154,941	172,456	383,561	576,176	517,141	572,708	459,804	485,572	513,927	610,309
Total Operating Revenues	16,093,112	18,180,158	18,460,945	18,467,209	18,875,288	19,795,797	20,626,280	22,469,395	23,757,241	24,304,148
Investment Income	124,327	306,714	622,622	731,105	230,850	235,314	232,406	209,225	118,468	143,013
Total Electric Revenues	\$ 16,217,439	\$ 18,486,872	\$ 19,083,567	\$ 19,198,314	\$ 19,106,138	\$ 20,031,111	\$ 20,858,686	\$ 22,678,620	\$ 23,875,709	\$ 24,447,161
Electric kWh Sold by Type of Customer										
Residential-inside city limits	53,618,259	58,460,414	62,504,754	64,730,907	66,107,603	71,327,642	73,363,908	74,304,463	76,930,528	75,808,661
Residential-outside city limits	56,233,587	56,322,578	56,577,676	56,191,569	55,293,692	58,505,848	58,749,490	58,870,222	58,012,143	55,831,697
Commercial-inside city limits	72,446,933	74,849,307	74,130,987	61,215,231	56,902,288	56,818,302	58,274,334	60,105,657	61,833,071	62,074,818
Commercial-outside city limits	13,810,935	13,712,126	13,552,828	13,600,473	13,960,723	13,006,567	13,055,589	13,206,462	13,030,685	12,696,182
Total Electric kWh Sold by Type of Customer	196,109,714	203,344,425	206,766,245	195,738,180	192,264,306	199,658,359	203,443,321	206,486,804	209,806,427	206,411,358

Source: City of Fountain, Colorado, audited financial statements, 2005-2014 and Utility Billing Records, 2005-2014.

CITY OF FOUNTAIN, COLORADO

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

TABLE 14

Fiscal Year	Governmental Activities		Business-Type Activities										Total Primary Government	Per Capita (a)	Percentage of Personal Income (b)					
	Capital Leases	Loan Payable CWRPDA	2005	2003	2005	2007	2008	2009	2011	2013	2014	2005				2007	2008	2009	2011	2013
2005	710,733	8,170,000		727,000	6,000,000														801	2.34%
2006	762,710	8,020,000		727,000	3,000,000														599	1.68%
2007	1,407,636	7,870,000		654,300		351,450													466	1.25%
2008	1,028,058	7,715,000		581,600		312,400	1,470,669												475	1.24%
2009	739,703	7,555,000		508,900		273,350	1,428,273	8,665,000											821	2.15%
2010	482,279	7,390,000		436,200		234,300	1,382,812	8,510,000											713	1.86%
2011	563,901	7,215,000		363,500		195,250	1,334,065	8,350,000	9,350,000										1,034	2.59%
2012	3,638,753	7,035,000		290,800		156,200	1,281,793	8,185,000	9,350,000										1,114	2.72%
2013	3,740,879	6,850,000		218,100		117,150	1,225,743	8,015,000	9,175,000	11,615,000									1,502	3.67%
2014	3,946,540	200,000		145,400		78,100	1,165,641	7,835,000	8,995,000	16,900,000									1,779	4.33%

Note: Details regarding the City's outstanding debt can be found in Note 7 to the financial statements.

(a) population Data is from Table 18

(b) personal income data is from Table 18

CITY OF FOUNTAIN, COLORADO

TABLE 15

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

WATER FUND	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Water Fund Debt Outstanding										
2003 Water Rights Loan	\$ 727,000	\$ 727,000	\$ 654,300	\$ 581,600	\$ 508,900	\$ 436,200	\$ 363,500	\$ 290,800	\$ 218,100	\$ 145,400
2005 Loan Payable CWRPDA	8,170,000	8,020,000	7,870,000	7,715,000	7,555,000	7,390,000	7,215,000	7,035,000	6,850,000	200,000
2005 Water Rights Agreement	6,000,000	3,000,000								
2007 Water Rights Loan			351,450	312,400	273,350	234,300	195,250	156,200	117,150	78,100
2008 Water Rights Loan				1,470,669	1,428,273	1,382,812	1,334,065	1,281,793	1,225,743	1,165,641
2009 Loan Payable CWRPDA				8,665,000	8,665,000	8,510,000	8,350,000	8,185,000	8,015,000	7,835,000
2011 Loan Payable CWRPDA							9,350,000	9,350,000	9,175,000	8,995,000
2013 Loan Payable CWRPDA									11,615,000	11,390,000
2014 Loan Payable CWRPDA										16,900,000
Total Water Fund Debt Outstanding	\$ 14,897,000	\$ 11,747,000	\$ 8,875,750	\$ 10,079,669	\$ 18,430,523	\$ 17,953,312	\$ 26,807,815	\$ 26,298,793	\$ 37,215,993	\$ 46,709,141

Number of Active Water Service Connections	5,664	5,745	6,709	6,985	7,092	7,219	7,267	7,420	7,453	7,583
Water Fund Debt per Active Water Service Connection	\$ 2,630	\$ 2,045	\$ 1,323	\$ 1,443	\$ 2,599	\$ 2,487	\$ 3,689	\$ 3,544	\$ 4,993	\$ 6,160

Note: Details regarding the City's outstanding debt can be found in the Note 7 in the financial statements.

Source: City of Fountain, Colorado, audited financial statements, 2005-2014 and Utility Billing Records, 2005-2014.

CITY OF FOUNTAIN, COLORADO

DIRECT AND OVERLAPPING DEBT DECEMBER 31, 2014 (Unaudited)

TABLE 16

<u>Government Entity</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable (b)</u>	<u>Estimated Share of Overlapping (a) Debt</u>
Fountain/Fort Carson School District #8	\$ 9,144,350	100.00%	\$ 9,144,350
El Paso County	162,922,822	2.70%	\$ 4,398,658
Widefield School District #3	11,245,000	10.77%	\$ 1,211,179
Cumberland Green Metro District (c)	3,155,000	100.00%	\$ 3,155,000
Total Overlapping Debt	<u>186,467,172</u>		<u>17,909,187</u>
City of Fountain Direct Debt	<u>3,946,540</u>	100.0%	<u>3,946,540</u>
Total Direct and Overlapping Debt	<u>\$ 190,413,712</u>		<u>\$ 21,855,727</u>

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.

CITY OF FOUNTAIN, COLORADO

LARGEST EMPLOYERS LAST YEAR (Unaudited)

TABLE 17

Employer	2014	
	Employees	Percentage of Total County Employment (a)
Fort Carson	29,500	10.62%
Widefield School District #3	1,256	0.45%
Fountain/Fort Carson School District #8	1,047	0.38%
Dillon/GHC	515	0.19%
Wal-mart	384	0.14%
Lowe's	155	0.06%
Total	32,857	11.83%

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

(a) 2014 El Paso County employment 277,783

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)
2005	19,489	19,389,338	666,329	34,190	5.4
2006	20,885	20,676,693	744,905	35,667	4.7
2007	22,078	21,867,969	824,569	37,348	4.4
2008	23,409	22,698,715	892,492	38,126	5.7
2009	23,351	23,133,425	893,549	38,266	8.3
2010	25,846	24,035,091	990,522	38,324	9.7
2011	26,475	25,420,872	1,056,591	39,909	9.2
2012	26,885	26,374,299	1,099,408	40,893	9.3
2013	27,265	26,374,299	1,114,948	40,893	6.7
2014	28,470	26,940,874	1,170,914	41,128	6.0

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) 2004-2011 per Colorado State Demographer's Office statistics, 2012 to 2014 is from the US Census Bureau. 2014 population estimate is from US Census Bureau.
- (b) The data reported for Personal Income and Per Capita Personal Income is for El Paso County and has been updated per Bureau of Economic Analysis' statistics.
- (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

CITY OF FOUNTAIN, COLORADO

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

TABLE 19

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
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	1.75	1.75	1.75	2.00	2.00	2.00	2.00	2.00	2.00	2.00
City Administration	4.00	4.00	4.40	5.00	5.00	5.00	5.00	5.00	4.00	5.00
Finance	3.00	3.00	3.00	3.00	3.00	3.00	4.00	4.00	4.00	4.00
Human Resource	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Facilities	3.00	3.00	3.00	3.00	3.00	2.00	2.00	1.00	1.00	2.00
Planning & Zoning	2.00	2.70	3.70	3.10	3.30	3.30	3.40	3.25	2.85	3.00
Engineering	1.00	1.00	2.70	2.20	2.50	2.50	2.50	2.50	2.50	2.00
Economic Development	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Information Technology	2.00	2.00	3.00	3.00	4.00	4.00	4.00	4.00	5.00	5.00
Public Safety										
Police										
Patrol	29.00	28.00	25.00	29.00	25.00	26.00	27.00	29.00	29.00	30.25
K-9 Patrol	0.00	1.00	1.00	1.00	1.00	1.00	1.00	0.25	0.50	2.00
Administration	7.00	6.00	10.00	6.50	3.00	3.00	4.00	4.00	4.00	5.00
Support Services	9.00	9.50	9.50	9.50	18.00	17.00	17.65	18.00	18.00	16.00
Investigations	3.00	3.00	5.00	5.00	5.00	5.00	5.00	4.00	4.00	4.00
School Resource/DARE Program	2.00	2.00	2.00	2.00	2.00	2.00	2.00	3.00	3.00	3.00
Drug Task Force	1.00	1.00	1.00	1.00	1.00	1.00	2.00	2.00	2.00	2.00
Fire										
Administration					2.00	2.00	2.00	2.00	2.00	2.00
Emergency Services	16.00	16.00	21.00	21.00	18.00	19.00	19.75	20.35	20.75	20.65
Prevention Services					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	9.30	9.30	9.30	9.30	9.30	9.30	8.00	8.50	8.45	7.80
Bus Transportation										
Bus Drivers								6.00	4.50	4.50
Health and Welfare										
Code Enforcement	2.00	2.00	2.50	2.50	2.00	2.00	2.00	2.00	2.00	2.00
Cultural & Recreation										
Parks Maintenance	6.60	6.60	6.60	6.60	6.60	6.60	4.50	4.65	6.40	5.80
Water Utility										
Administration	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	1.50
Water Resource	0.00	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	1.00	1.00	0.50	0.00	0.00	0.00	0.50
Water Operations	8.00	8.25	10.25	9.75	10.75	10.75	10.90	11.00	11.00	11.00
Electric Utility										
Administration	2.50	2.50	2.50	2.50	3.50	3.50	4.45	4.55	4.50	4.00
Engineering/Planning	3.00	3.50	4.50	8.00	8.00	5.00	5.00	5.00	5.00	5.00
Electric Distribution	18.00	19.25	23.25	20.25	20.25	20.50	19.20	19.20	19.20	19.15
Electric Conservation	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.50
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	2.00	2.25	2.25	4.00	4.00	4.00	4.00	3.00	3.00	3.00
Customer Service	4.00	5.00	5.00	5.50	9.00	10.00	10.00	10.00	10.00	10.00
Customer Billing	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	5.00	5.00
Field Service	2.00	2.00	2.00	0.00	0.00	3.00	3.00	2.00	2.00	2.00
Fleet Services										
Fleet Maintenance	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Total	166.65	171.10	190.70	192.20	199.70	200.45	201.85	207.75	210.15	211.65

Source: City of Fountain Finance Department

Note: Public Safety-Police and Fire were reorganized in 2009 to divisions
 Support Services 2005-2008 included only Communications Officers
 Support Services 2009 include Communications Officers, Patrol Officers and Records Management
 Customer Service-Utilities 2008 Field Service moved to Electric Utility Engineering/Planning
 Support Services for 2011 include Communications Officers, Records Management Techs, and new position of PD Training Coordinator
 Parks Division in 2011 did not employ any seasonal workers as in previous years
 Finance added new Accounting Technician position in 2011
 Bus Transportation was added to the City in March 2012.
 Police transferred K9 position to part-time/on call
 Police added new FT SRO Officer in 2012
 Management Analyst Position in City Administration eliminated in 2013
 IT added new Helpdesk/Public Safety position in 2013
 Transit Operators are 3/4 time employees
 Parks added seasonal fire mitigation employees for summer only in 2013
 Utilities Customer Service added a second Utility Analyst Position in 2013
 Utilities Customer Service added a second Accountant Position in 2013

CITY OF FOUNTAIN, COLORADO

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

TABLE 20

Function/Program	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Public Safety										
Fire Department										
Fire career staff	24	27	30	30	30	30	33	33	33	39
Volunteers	56	46	60	60	49	60	65	50	40	30
Fire Insurance Rating	5	5	5	5	5	5	5	5	5	3
Fire emergency responses	3,013	3,085	3,248	3,440	3,513	3,445	3,556	3,736	3,747	3,785
Fire hydrants	679	679	1,175	1,175	1,175	1,175	1,175	1,205	1,205	1,205
Number of fire stations	3	3	3	3	3	3	3	3	3	3
Number of fire trucks/implements	9	9	10	11	11	11	11	11	11	12
Police Department										
Number of police stations	1	1	1	1	1	1	1	1	1	1
Sworn officers	36	38	40	40	40	40	39	41	41	41
Reserve officers	2	2	3	4	5	4	3	3	3	3
Calls for service	18,936	24,221	32,874	33,096	31,239	30,107	38,987	41,353	40,873	42,862
Homicides	-	1	0	1	1	1	1	0	0	0
Sexual assaults	75	72	70	70	80	44	82	61	59	43
Robbery	10	12	19	9	5	10	13	16	9	15
Assault	123	133	105	124	71	104	92	89	77	53
Larceny-thefts	631	542	537	477	493	516	551	531	580	383
Traffic citations	2,202	2,957	3,808	5,024	2,781	1,877	3,185	3,397	3,333	3,264
Adult arrests	926	1,107	1,263	1,404	1,334	974	1,388	922	1,080	500
Juvenile arrests	390	426	525	456	409	243	211	112	251	195
Domestic violence cases	344	358	304	326	369	374	688	198	144	376
Military custodial arrests	9	72	41	57	59	68	67	38	40	26
Public Works										
Miles of paved street	73.0	85.8	89.0	99.1	99.1	99.1	99.0	99.0	100.6	100.6
Miles of gravel road	1.6	3.2	3.4	3.4	3.4	3.4	3.5	3.5	3.5	3.5
Traffic signals	0	1	1	2	2	2	2	2	2	2
Pedestrian cross walks	73	73	77	79	75	75	75	75	75	75
Cemetery										
City owned Cemeteries	1	1	1	1	1	1	1	1	1	1
Cultural & Recreation										
Developed parks	7	7	7	7	7	7	8	8	8	9
Open space acres (a)		191.5	255.0	288.5	288.5	288.5	288.5	288.5	288.5	288.5
Miles of trails (a)		6	6	6	6	6	6	6	6	6
Number of pavillions	5	5	5	5	6	6	6	6	6	6
Number of gazebos	2	2	2	2	2	2	2	2	2	2
Number of splash pads	0	0	0	0	1	1	1	1	1	1
Number of baseball/softball fields	6	6	6	6	6	6	6	6	6	6
Number of dog park areas	0	0	0	1	1	1	1	1	1	1
Number of concession stands		0	0	0	0	0	0	1	1	1
Water Utility										
Number of accounts	5,664	5,745	6,709	6,985	7,092	7,218	7,267	7,420	7,453	7,583
Average daily consumption (gallons)	2,171,430	2,174,436	2,283,895	2,280,775	2,041,428	2,388,278	2,377,927	2,546,523	2,117,046	2,145,473
Annual consumption (gallons)	792,572,620	793,669,381	833,622,008	832,483,193	745,121,559	871,721,559	867,943,362	929,481,186	772,721,738	783,097,509
Distribution system (miles) (b)				110	114	122	122	129	123	123
Number of wells	5	5	5	5	5	5	5	5	5	5
Potable Storage Tank Capacity (in gallons)	8,375,000	8,375,000	8,375,000	8,375,000	8,375,000	8,375,000	8,375,000	8,375,000	8,375,000	8,375,000
Electric Utility										
Number of accounts	14,187	14,796	15,180	15,407	15,467	15,687	15,812	16,008	16,585	16,920
Peak demand (megawatts)										
Summer-July	41	43	44	44	42	44	48	52	50	50
Winter-December	39	39	38	39	40	37	38	39	41	40
Average daily consumption (kwh)	537,286	557,108	566,482	536,268	526,751	547,009	557,379	565,717	574,812	59,968
Annual consumption	196,109,714	203,344,425	206,766,245	195,738,180	192,264,306	199,658,359	203,443,321	206,486,804	209,806,427	206,411,358
Distribution system (miles)	528	533	540	546	550	550	550	550	565	565
Number of substations	5	5	5	5	5	5	5	5	5	5
Miles of transmission lines	2	2	2	2	2	2	2	2	2	2
Number of street lights (c)	2,196	2,343	2,440	2,508	2,554	2,314	2,946	2,920	2,930	2,930

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

Note: (a) information is not available for 2005.

(b) information is not available for 2005-2007

(c) actual inventory done in 2010, previous numbers likely inaccurate

COMPLIANCE SECTION

STATE COMPLIANCE

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

LOCAL HIGHWAY FINANCE REPORT	City or County: FOUNTAIN
	YEAR ENDING : December 2014
This Information From The Records Of (example - City of _ or County of) CITY OF FOUNTAIN	Prepared By: JULIE SANTIAGO/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)	60,588
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	624,222
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	23,982
2. General fund appropriations	1,039,634	b. Snow and ice removal	44,976
3. Other local imposts (from page 2)	206,861	c. Other	
4. Miscellaneous local receipts (from page 2)	256,998	d. Total (a. through c.)	68,958
5. Transfers from toll facilities		4. General administration & miscellaneous	315,933
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	1,176,061
a. Bonds - Original Issues		6. Total (1 through 5)	2,245,762
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)	1,503,493	b. Redemption	
B. Private Contributions		c. Total (a. + b.)	0
C. Receipts from State government (from page 2)	742,269	2. Notes:	
D. Receipts from Federal Government (from page 2)	0	a. Interest	
E. Total receipts (A.7 + B + C + D)	2,245,762	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)	2,245,762

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
		2,245,762	2,245,762		1

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT	STATE: Colorado
	YEAR ENDING (mm/yy): December 2014

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	235,588
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	206,861	g. Other Misc. Receipts	21,410
6. Total (1. through 5.)	206,861	h. Other	
c. Total (a. + b.)	206,861	i. Total (a. through h.)	256,998
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	662,982	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	79,288	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.)	79,288	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	742,269	3. Total (1. + 2.g)	
			(Carry forward to page 1)

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL

	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		25,056	25,056
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation		35,532	35,532
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)	0	35,532	35,532
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	60,588	60,588
			(Carry forward to page 1)

Notes and Comments: