



City of Fountain, Colorado

Comprehensive Annual Financial Report

Year ended December 31, 2015

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, 2015

PREPARED BY:

Finance Department

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INTRODUCTORY SECTION



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TRANSMITTAL LETTER

June 27, 2016

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, 2015, 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, 2015 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, 2015 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 28,750.

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 30,000 military, civilian employees and contractors. The City also has several private sector primary employers, including:

- RMB Products-plastics molding manufacturer wholesale
- Krogers/Advanced Logistics wholesale distribution
- Adesa Colorado Springs-auto distribution
- SCOTTs Company, Growing Media materials
- Pavestone-decorative concrete 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 2015 is 4.6.0% which is slightly lower than the national average.

Construction of new housing and commercial starts in 2015 totaled 116 which is equal to 2014. For the first four months of 2016, 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 five year summary 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 \$3.85 million in 2015 as a City of Fountain issue to continue the financing, engineering, design, permitting, and construction of the Southern Delivery System (SDS) as well as water rights, several water main projects, and the start of a new Administrative Water facility. 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. This project is operational and water is flowing as of May 1, 2016. The City's share of the \$863.1 million project cost is approximately \$40 million. The City will capitalize its share of ownership in this project.

Two big box stores totaling 272,000 square feet within the South Academy Highlands development, Walmart and Sam's, opened in late summer 2015 as well as several outlying stores. As such, additional retail included Chick-fil-A opening within the Mesa Ridge corridor.

Fountain Gateway Improvement Project, a \$96k CDBG funded project through El Paso County, was completed by December 30, 2015. The project included better drainage, landscape beautification, and pedestrian enhancements for the surrounding neighborhood. In addition, CDOT completed repaving of US85 and a pedestrian guard-rail was installed along the Fountain Creek Bridge.

In coordination with El Paso County, the city expanded its Enterprise Zone district boundary to include Olde Town and Mesa Ridge areas through a re-districting process with State EDC to aid with business development activity in those areas.

The City of Fountain, Fountain Urban Renewal Authority, and Pike Peak Regional Building Authority coordinated efforts to demolish three blight dwellings in the city; 700

N Santa Fe, 430 Royalty Place, 506 Windsor Lane; which equated to 74,480 square feet of dwellings cleared and resulted in three acres of shovel ready land for new development.

The Fountain Urban Renewal Authority completed the refinancing of a \$54M bond issuance, which generated \$10M in revenue fundraising for the city to aid in the completion of Venetucci Road, and equally raised \$6.5M as a retail incentive placement in relation to the South Academy Highlands development.

Awards and Acknowledgements

The GFOA awarded the Certificate of Achievement for Excellence in Financial Reporting (CAFR) to the City of Fountain for the fiscal year ended December 31, 2014. 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: 11/2019



Richard Applegate, Council Member

Ward: At Large Term Expires: 11/2019



Jim Coke, Mayor Pro-Tem

Ward: At Large
Term Expires: 11/2019

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

Todd Evans

Deputy City Manager

Todd Evans

Public Works Director

Duane Greenwood

Economic Dev. Director

Kimberly Bailey

Utilities Director

Curtis Mitchell

Public Safety Director/
Police Chief

Chris Heberer

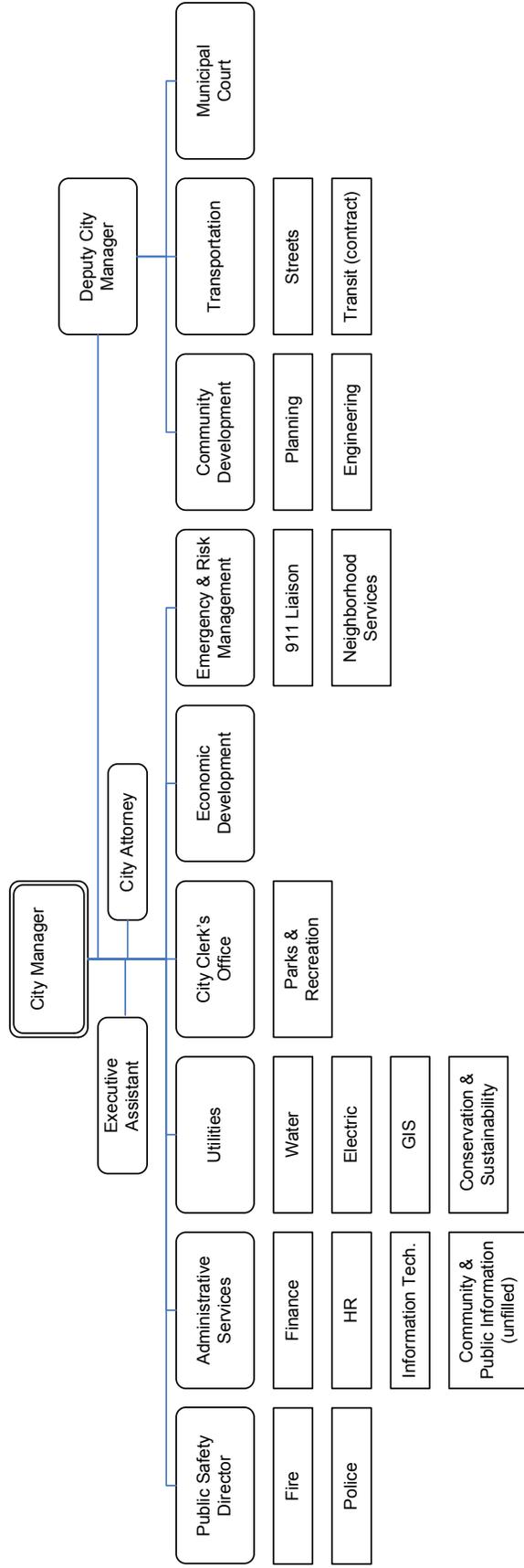
Finance Director

Donald Yucuis

Fire Chief

Darin Anstine

City Overview





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, 2014

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, 2015, 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, 2015, 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 12 to the financial statements, in the year ended December 31, 2015, the City of Fountain adopted new accounting guidance as required by Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*. 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.



June 27, 2016

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, 2015. 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 2015 by \$173.0 million (net position). Of this amount, \$18.8 million (unrestricted net position) may be used to pay the City's obligations to citizens and creditors.
- At December 31, 2015, the City of Fountain's governmental funds reported combined ending fund balances of \$11.7 million, an increase of \$2.3 million in comparison with the prior year. \$2.0 million of the fund balance is available for spending at the government's discretion (unrestricted, unassigned).
- The unrestricted, unassigned fund balance for the General Fund was \$2.0 million, or 14.1% of the total General Fund expenditures.
- Sales Tax, the City's largest source of General Fund revenue, was \$7.2 million for 2015 as compared to \$6.3 million for the prior year, an increase of 14.2%.
- New housing construction in Fountain in 2015 included 116 new housing starts and four new Commercial starts which is the same as 2014.
- The City participates in the Statewide Defined Benefit Plan, a cost-sharing multiple-employer defined benefit pension plan, and the Statewide Hybrid Plan, a cost-sharing multiple-employer combination defined benefit pension and money purchase plan. The plans are administered by the Fire & Police Pension Association of Colorado (FPPA). In addition, the City maintains a single-employer defined benefit pension plan for volunteer firefighters. At December 31, 2015, the City reported a net pension asset of \$798,534, representing its proportionate share of the net pension asset of the plans. This pension asset is being reported for the first time for the City in the 2015 financial statements. For more information, please refer to Note 8 of the financial statements.

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 12-41 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 pages 42-44 of this report. The Schedule of Funding Progress Postemployment Benefit Plan is located on page 45. The Budgetary Comparison Schedule for the General Fund and the notes to the required supplementary information can be found on pages 46-47.

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 50-66.

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 \$173.0 million at the close of 2015, a change of \$6.2 million from the end of 2014.

Net Position (in thousands)

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$17,315	\$13,783	\$21,135	\$27,406	\$38,450	\$41,189
Capital assets	75,095	75,647	124,540	115,319	199,635	190,966
Total assets	92,410	89,430	145,675	142,725	238,085	232,155
Deferred outflows of resources	152	-	217	228	369	228
Long-term liabilities outstanding	4,600	4,953	49,834	47,117	54,434	52,070
Other liabilities	3,015	2,991	5,981	9,657	8,996	12,648
Total liabilities	7,615	7,944	55,815	56,774	63,430	64,718
					0	
Deferred inflows of resources	2,088	1,846	-	-	2,088	1,846
Net position:						
Net investment in capital assets	71,588	71,701	76,235	73,772	147,823	145,473
Restricted	5,526	4,538	794	577	6,320	5,115
Unrestricted	5,745	3,400	13,048	11,830	18,793	15,230
Total net position	82,859	79,639	90,077	86,179	172,936	165,818

Net position of governmental activities at December 31, 2014 was restated. However, certain balances of deferred outflows of resources and deferred inflows of resources related to pensions at December 31, 2014 were not available and thus, not reported in the 2014 financial statements.

The largest portion of the City of Fountain's net position (85.5%) 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 (3.6%) represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position (\$18.8 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			
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Revenues:						
Program Revenues:						
Charges for services	\$1,077	\$966	\$33,134	\$32,518	\$34,211	\$33,484
Operating grants and contributions	1,472	1,593	-	-	1,472	1,593
Capital grants and Contributions	2,318	-	1,887	2,436	4,205	2,436
General Revenues:						
Property taxes	1,816	1,716	-	-	1,816	1,716
Sales and use taxes	10,543	9,340	-	-	10,543	9,340
Spec. Own. taxes	211	188	-	-	211	188
Intergovernmental	200	2,500	-	-	200	2,500
Franchise taxes	1,997	1,994	-	-	1,997	1,994
Other revenues	138	285	-	-	138	285
Investment earnings	45	55	175	162	220	217
Total revenues	19,817	18,637	35,196	35,116	55,013	53,753
Program expenses:						
General government	2,130	2,699	-	-	2,130	2,699
Public Safety	9,029	8,486	-	-	9,029	8,486
Public Works	4,591	4,488	-	-	4,591	4,488
Health and welfare	283	297	-	-	283	297
Culture and recreation	1,143	799	-	-	1,143	799
Interest expense	130	136	-	-	130	136
Water utility	-	-	7,557	6,912	7,557	6,912
Electric utility	-	-	22,373	24,279	22,373	24,279
Ambulance	-	-	845	859	845	859
Drainage	-	-	678	-	678	-
Total expenses	17,306	16,905	31,453	32,050	48,759	48,955

Changes in Net Position (in thousands) (continued)

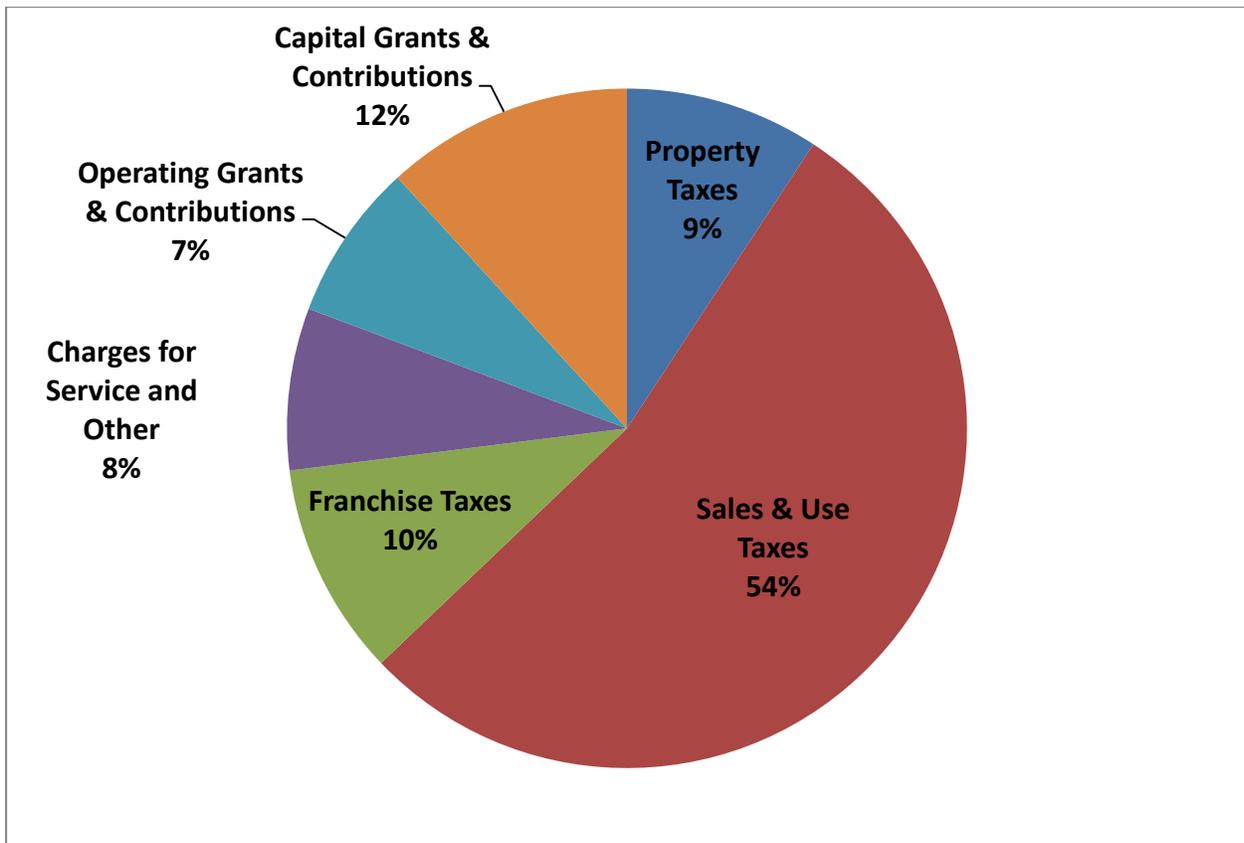
	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Excess/Deficiency Before transfers	2,511	1,732	3,743	3,066	6,254	4,798
Transfers In (Out)	-155	148	155	-148	-	-
Increase/(Decrease in net position	2,356	1,880	3,898	2,918	6,254	4,798
Net position, beginning	80,503	77,759	86,179	83,260	166,681	161,019
Restated FY 2014 (see note 12)	-	864	-	-	-	864
Net position, ending	\$82,859	\$80,503	\$90,077	\$86,178	\$172,936	\$166,681

The City's overall net position increased \$6.2 million during 2015 and the Governmental and Business-type major changes are described in the next two sections.

Governmental Activities

Governmental activities net position for 2015 increased by \$2.3 million. This is attributed to \$2.3 million more in program revenue from grants and contributions from developers for streets, curb, gutter and \$1.1 million less in general revenues; program expense increased by \$401,000 and is comprised of \$569,000 less in general government, \$543,000 more in public safety, \$103,000 more in public works, and \$324,000 more in culture and recreation/ health and welfare and interest expense; and net transfers decreased by \$303,000.

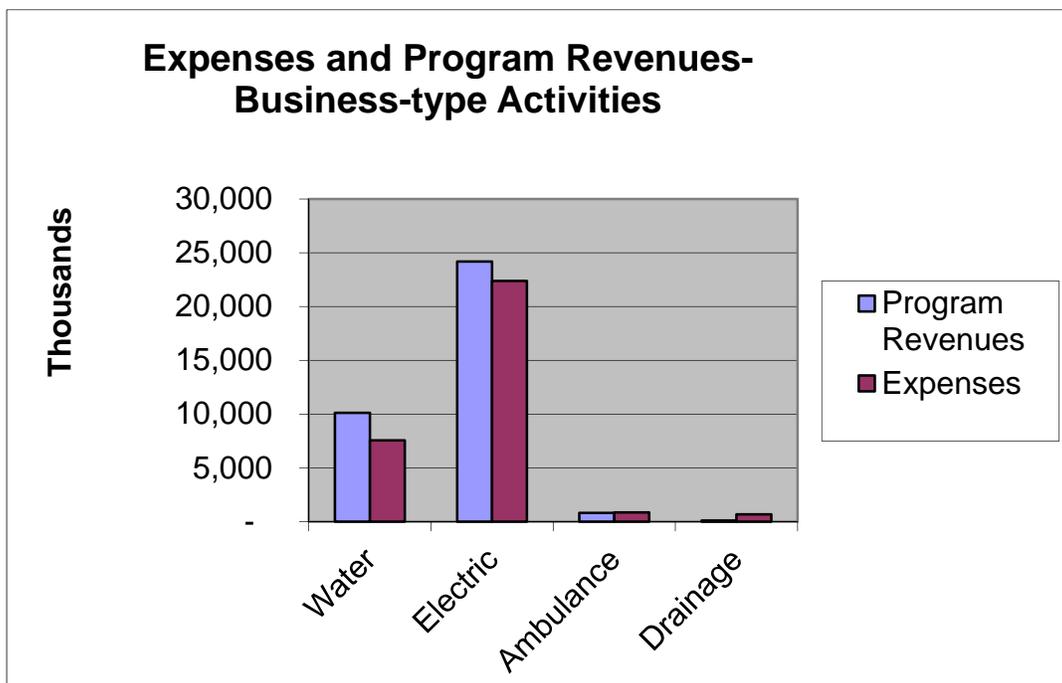
The following pie chart illustrates the Governmental Activities revenues.



- Revenue from general sales tax increased \$893,000 or 14.2% compared to 2014 mainly due to South Academy Highlands and a few other new businesses.
- Revenue from the voter approved .75% Public Transportation sales tax, which was effective January 1, 2010, generated \$596,074 for public transit; \$357,644 for street resurfacing; and \$834,504 for street improvements or a total of \$1.8 million and a 14.2% increase from FY 2014.
- Revenue from use tax is \$1.6 million and approximately \$87,000 more than 2014.
- Revenue from Fines and Court Costs increased \$36,000 due to more tickets issued in 2015 vs. 2014.
- Revenue from franchise fees of \$1,997,000 was approximately the same as 2014.
- Revenue from Intergovernmental of \$1.4 million is approximately the same as FY 2014 after backing out the \$2.5 million in FY 2014 from Fountain Urban Renewal Authority.

Business-type Activities

The City of Fountain 2015 business-type activities net position increased by \$3.9 million. The following chart illustrates the business-type activities program revenues and expenses.



- Combined 2015 revenue of \$35.1 million was approximately the same as 2014.
 - water charges for services increased by \$1.1 million due to a one-time payment from Widefield Water related to H2O Ranch water rights.
 - electric charges for services decreased by \$630,000 due to the new reduced power supply contract that automatically reduces a customer’s bill.
 - capital grants and contributions in water was less by \$813,000 and electric was \$187,000 more due to a reduction in new home development.
- Program expense of \$31.5 million was approximately \$500,000 less than 2014.
 - Overall, water increased by \$644,000 due to decreases in operating expenses.

- Electric decreased by \$1.9 million due to a new source of supply contract.

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.

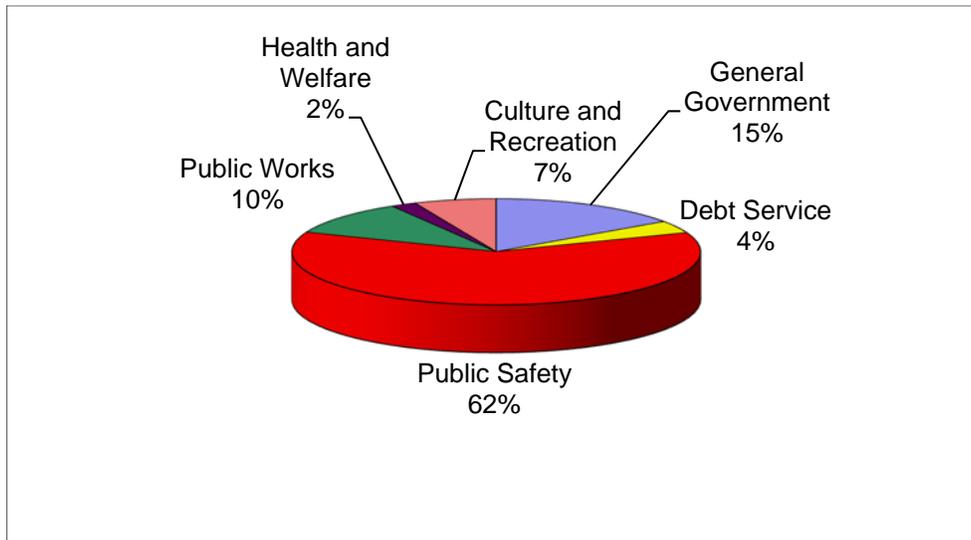
The City's General Fund reported a 2015 ending fund balance of \$6.5 million, an increase of \$1.4 million in comparison with the previous year due to a \$200,000 contribution from the Fountain Urban Renewal Authority, and revenues greater than expenses and transfers out of \$1.2 million. Unrestricted, unassigned fund balance, which is available for spending at the City's discretion totaled \$2.0 million or 30% of the total. The remainder of the fund balance is restricted for emergencies (\$553,000), commitments for park improvements, school zone improvements, and traffic signals (\$959,000), assigned to public safety capital improvements (\$382,000), and committed to South Academy Highlands (\$2.7 million) for police, public works and planning services

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 (\$1.0) million and \$12.5 million, respectively.

General Fund Budgetary Highlights

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



Line item budget transfers are allowed within a fund with the approval of the City Manager. Increases in the expenditure budget for any fund must be approved by the City Council. The General Fund original budgeted expenditures (including transfers out) were \$14.8 million. During the year, the City Council approved numerous budget amendments totaling \$1.8 million for a final budget of \$16.6 million.

These budget amendments included \$349,400 in carryovers from the 2014 budget to complete projects that were started in 2014. Additionally, the budget was amended for expenditures relating to the following items:

- \$150 thousand for used street equipment
- \$139 thousand for Police Department for salaries and Benefits, body armor, building improvements and K-9 expenses.
- \$ 45 thousand for IT conversion of historical records management data..
- \$891 thousand for Economic Development for Fountain Urban Renewal Use Tax Sharing and South Academy Highlands 2.5% of 3% sales tax.
- \$ 82 thousand for Administration for Façade Grant and other miscellaneous expenses.
- \$ 27 thousand for Planning for a new Planner position and associated costs.
- \$ 17 thousand for Fire Assistance Grant expenses.
- \$ 22 thousand for Customer Service Building Repairs.
- \$ 10 thousand for Code Enforcement abatement.
- \$ 7 thousand for improvements to Metcalfe Park.
- \$ 40 thousand for a change from a part-time Recreation Supervisor to full-time.
- \$ 20 thousand for additional costs for the Police and Fire Building lease.

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

- General government variance was \$1.9 million under budget mainly due to the following: delaying information technology purchases (\$1.1 million), Economic Development (\$578,000)-payments Fountain Urban Renewal Authority related to sales tax at South Academy Highlands, new Sam's and Walmart, and Planning and Engineering (\$168,000) due to not staffing the three new positions until late in the year and professional /engineering services and other expenses.

- Public Safety variance was \$145,000 under budget mainly due to salary and benefit savings in Fire and Communications.
- Public Works variance was \$143,000 under budget and mainly due to building repairs.

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, 2015 totaled \$199.6 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 \$8.7 million during 2015; governmental activities decreased by \$553,000 while business-type activities increased by \$9.2 million.

Major capital events for 2015 included the following items:

- The water utility expended \$5.1 million during 2015 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.
- The water utility expended \$1.4 million on system improvements.
- The electric utility expended \$2.6 million on system improvements.
- The utilities expended \$442,500 on computers and software, vehicles, and equipment.
- A new ambulance totaling \$163,000 was added.

Note 4 on pages 20-21 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 \$1.4 million from \$55.7 million to \$57.1 million during the year ended 2015.

The City's long-term debt related to governmental activities decreased by \$371,000. Capital lease obligations decreased by approximately \$423,000, compensated absences increased by \$72,000, post-employment benefits increased by \$84,000, and the early retirement program decreased by \$104,000.

The City's long-term debt related to business-type activities increased by \$1.77 million to \$51.4 million during 2015. In October 2015, the Utility Enterprise issued \$4 million of bonds 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 building improvements. Existing utilities debt decreased by \$2.2 million. Compensated absences increased by \$5,400, the early retirement program decreased by \$135,200 and a net lease of \$76,000 for the Ambulance was added.

Note 5 on pages 22-26 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 2015 for the Colorado Springs area was 4.6% versus the national rate of 6.0%.

Sales tax increased due to the South Academy Highlands Sam's and Walmart development and Use tax revenue remains flat through April 2016 on a cash basis over the same timeframe in 2015. Housing (13) and commercial (1) starts through March 2016 are half of what they were in the first quarter of 2015 and should pick up as the year goes on but may not equal the 2015 starts of 116 for housing and 4 for commercial.

A water rate increase of 5% or \$6.72 per month for the average residential customer using 9,000 gallons is effective May 1, 2016 and a rate study will be conducted in late 2016 to determine if there is a need for another water rate increase. There will be no electric rate increase for 2016.

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, 2015

	PRIMARY GOVERNMENT			COMPONENT UNIT URBAN RENEWAL AUTHORITY
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	
ASSETS				
Cash and Investments	\$ 12,544,961	\$ 9,584,683	\$ 22,129,644	\$ 473,204
Committed Cash and Investments	-	878,494	878,494	-
Restricted Cash and Investments	16,370	3,233,051	3,249,421	15,972,168
Accounts Receivable	2,337,284	4,039,978	6,377,262	622,546
Taxes Receivable	2,078,737	-	2,078,737	107,717
Inventories	-	2,349,279	2,349,279	-
Prepaid Expenses	-	589,308	589,308	-
Internal Balances	(460,113)	460,113	-	-
Capital Assets, Not Being Depreciated	1,748,185	72,129,828	73,878,013	-
Capital Assets, Net of Accumulated Depreciation	73,346,395	52,410,719	125,757,114	-
Net Pension Asset	798,534	-	798,534	-
TOTAL ASSETS	92,410,353	145,675,453	238,085,806	17,175,635
DEFERRED OUTFLOWS OF RESOURCES				
Loss on Debt Refunding, Net of Accumulated Amortization	-	216,690	216,690	-
Pensions, Net of Accumulated Amortization	151,697	-	151,697	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	151,697	216,690	368,387	-
LIABILITIES				
Accounts Payable	609,603	2,412,523	3,022,126	5,954
Accrued Liabilities	157,997	109,032	267,029	-
Deposits	905,181	749,664	1,654,845	-
Accrued Interest Payable	-	754,425	754,425	1,981,845
Unearned Revenues	-	318,874	318,874	-
Insurance Claims Payable	352,933	-	352,933	-
Noncurrent Liabilities				
Due Within One Year	989,536	1,636,255	2,625,791	1,150,000
Due in More Than One Year	4,600,261	49,833,949	54,434,210	48,247,175
TOTAL LIABILITIES	7,615,511	55,814,722	63,430,233	51,384,974
DEFERRED INFLOWS OF RESOURCES				
Property Taxes	2,078,737	-	2,078,737	107,717
Pensions, Net of Accumulated Amortization	9,311	-	9,311	-
TOTAL DEFERRED INFLOWS OF RESOURCES	2,088,048	-	2,088,048	107,717
NET POSITION				
Net Investment in Capital Assets	71,587,864	76,235,438	147,823,302	-
Restricted for Parks	230,569	-	230,569	-
Restricted for District Repairs and Maintenance	438,171	-	438,171	-
Restricted for Transportation	717,664	-	717,664	-
Restricted for Street Repairs and Maintenance	78,649	-	78,649	-
Restricted for Street Improvements	3,507,196	-	3,507,196	-
Restricted for Debt Service	-	794,400	794,400	5,785,645
Restricted for Capital Projects	-	-	-	10,705,851
Restricted for Emergencies	553,000	-	553,000	6,700
Unrestricted	5,745,378	13,047,583	18,792,961	(50,815,252)
TOTAL NET POSITION	\$ 82,858,491	\$ 90,077,421	\$ 172,935,912	\$ (34,317,056)

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

CITY OF FOUNTAIN, COLORADO

STATEMENT OF ACTIVITIES

Year Ended December 31, 2015

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
PRIMARY GOVERNMENT				
Governmental Activities				
General Government	\$ 2,130,308	\$ 272,233	\$ -	\$ -
Public Safety	9,028,509	487,191	283,107	-
Public Works	4,590,601	127,292	930,151	2,318,192
Health and Welfare	282,840	21,773	34,417	-
Culture and Recreation	1,143,271	168,346	224,769	-
Interest Expense	130,542	-	-	-
Total Governmental Activities	17,306,071	1,076,835	1,472,444	2,318,192
Business-Type Activities				
Water	7,556,775	8,641,160	-	1,457,058
Electric	22,372,569	23,673,596	-	353,072
Ambulance	845,194	725,652	-	77,076
Drainage	678,202	93,739	-	-
Total Business-Type Activities	31,452,740	33,134,147	-	1,887,206
TOTAL PRIMARY GOVERNMENT	\$ 48,758,811	\$ 34,210,982	\$ 1,472,444	\$ 4,205,398
Component Unit				
Urban Renewal Authority	\$ 33,809,682	\$ -	\$ 94,373	\$ -

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 URBAN RENEWAL AUTHORITY
GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	
\$ (1,858,075)	\$ -	\$ (1,858,075)	\$ -
(8,258,211)	-	(8,258,211)	-
(1,214,966)	-	(1,214,966)	-
(226,650)	-	(226,650)	-
(750,156)	-	(750,156)	-
(130,542)	-	(130,542)	-
<u>(12,438,600)</u>	<u>-</u>	<u>(12,438,600)</u>	<u>-</u>
-	2,541,443	2,541,443	-
-	1,654,099	1,654,099	-
-	(42,466)	(42,466)	-
-	(584,463)	(584,463)	-
<u>-</u>	<u>3,568,613</u>	<u>3,568,613</u>	<u>-</u>
<u>(12,438,600)</u>	<u>3,568,613</u>	<u>(8,869,987)</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>(33,715,309)</u>
1,816,545	-	1,816,545	94,867
10,542,516	-	10,542,516	-
210,581	-	210,581	-
1,996,793	-	1,996,793	-
200,000	-	200,000	1,038,307
44,801	175,202	220,003	14,565
137,918	-	137,918	-
(154,987)	154,987	-	-
<u>14,794,167</u>	<u>330,189</u>	<u>15,124,356</u>	<u>1,147,739</u>
2,355,567	3,898,802	6,254,369	(32,567,570)
<u>80,502,924</u>	<u>86,178,619</u>	<u>166,681,543</u>	<u>(1,749,486)</u>
<u>\$ 82,858,491</u>	<u>\$ 90,077,421</u>	<u>\$ 172,935,912</u>	<u>\$ (34,317,056)</u>

CITY OF FOUNTAIN, COLORADO

BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2015

	<u>GENERAL</u>	<u>NONMAJOR GOVERNMENTAL FUNDS</u>	<u>TOTAL</u>
ASSETS			
Cash and Investments	\$ 6,141,903	\$ 4,923,482	\$ 11,065,385
Restricted Cash and Investments	16,370	-	16,370
Accounts Receivable	1,910,939	363,336	2,274,275
Taxes Receivable	1,961,172	117,565	2,078,737
TOTAL ASSETS	<u>\$ 10,030,384</u>	<u>\$ 5,404,383</u>	<u>\$ 15,434,767</u>
LIABILITIES			
Accounts Payable	\$ 443,306	\$ 156,274	\$ 599,580
Accrued Liabilities	154,738	3,259	157,997
Deposits	905,181	-	905,181
TOTAL LIABILITIES	<u>1,503,225</u>	<u>159,533</u>	<u>1,662,758</u>
DEFERRED INFLOWS OF RESOURCES			
Property Taxes	1,961,172	117,565	2,078,737
FUND BALANCES			
Restricted for Parks	-	230,569	230,569
Restricted for District Repairs and Maintenance	-	438,171	438,171
Restricted for Transportation	-	717,664	717,664
Restricted for Street Repairs and Maintenance	-	78,649	78,649
Restricted for Street Improvements	-	3,507,196	3,507,196
Restricted for Emergencies	553,000	-	553,000
Committed to Park Improvements	662,405	-	662,405
Committed to School Zone	88,804	-	88,804
Committed to Traffic Signal	208,000	-	208,000
Committed to South Academy Highlands Project	2,700,000	-	2,700,000
Committed to Volunteer Fire Activities	-	155,036	155,036
Assigned to Public Safety Capital Improvements	382,505	-	382,505
Unrestricted, Unassigned	1,971,273	-	1,971,273
TOTAL FUND BALANCES	<u>6,565,987</u>	<u>5,127,285</u>	<u>11,693,272</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 10,030,384</u>	<u>\$ 5,404,383</u>	<u>\$ 15,434,767</u>

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, 2015

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

Total Fund Balances of Governmental Funds	\$ 11,693,272
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in governmental funds.	75,094,580
Net pension asset \$798,534, pension-related deferred outflows of resources \$151,697, and pension-related deferred inflows of resources (\$9,311) are not current financial resources and, therefore, are not reported in governmental funds.	940,920
Long-term liabilities are not due and payable in the current year and, therefore, are not reported in governmental funds.	(5,589,797)
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>719,516</u>
Total Net Position of Governmental Activities	\$ <u><u>82,858,491</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, 2015

	GENERAL	NONMAJOR GOVERNMENTAL FUNDS	TOTAL
REVENUES			
Taxes	\$ 12,686,228	\$ 1,880,207	\$ 14,566,435
Licenses and Permits	110,887	-	110,887
Charges for Services	579,151	42,115	621,266
Fines and Forfeitures	344,682	-	344,682
Intergovernmental	1,447,675	224,769	1,672,444
Investment Income	22,733	17,102	39,835
Miscellaneous	133,610	4,308	137,918
TOTAL REVENUES	15,324,966	2,168,501	17,493,467
EXPENDITURES			
Current			
General Government	2,141,477	343,530	2,485,007
Public Safety	8,628,943	21,836	8,650,779
Public Works	1,463,915	646,896	2,110,811
Health and Welfare	282,512	-	282,512
Culture and Recreation	906,793	260,389	1,167,182
Debt Service			
Principal	401,340	22,114	423,454
Interest	129,592	950	130,542
TOTAL EXPENDITURES	13,954,572	1,295,715	15,250,287
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,370,394	872,786	2,243,180
OTHER FINANCING SOURCES (USES)			
Transfers In	200,000	-	200,000
Transfers Out	(154,987)	-	(154,987)
TOTAL OTHER FINANCING SOURCES (USES)	45,013	-	45,013
NET CHANGE IN FUND BALANCES	1,415,407	872,786	2,288,193
FUND BALANCES, Beginning	5,150,580	4,254,499	9,405,079
FUND BALANCES, Ending	<u>\$ 6,565,987</u>	<u>\$ 5,127,285</u>	<u>\$ 11,693,272</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, 2015

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

Net Change in Fund Balances of Governmental Funds	\$ 2,288,193
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 (\$3,777,538) exceeded capital outlay \$906,542 and contributed capital assets \$2,318,192 in the current year.	(552,804)
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.	423,454
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 (\$72,273), postemployment benefits (\$83,628), early retirement \$104,000, and the change in net pension asset \$53,616, pension-related deferred outflows of resources \$33,274, and pension-related deferred inflows of resources (\$9,311).	25,678
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>171,046</u>
Change in Net Position of Governmental Activities	<u>\$ 2,355,567</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, 2015

	<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	\$ 407,258	\$ 8,030,622	\$ 1,146,803	\$ 9,584,683	\$ 1,479,576
Committed Cash and Investments	-	878,494	-	878,494	-
Restricted Cash and Investments	3,233,051	-	-	3,233,051	-
Accounts Receivable	734,114	3,244,615	61,249	4,039,978	63,009
Inventories	244,331	2,104,948	-	2,349,279	-
Prepaid Expenses	589,308	-	-	589,308	-
Total Current Assets	<u>5,208,062</u>	<u>14,258,679</u>	<u>1,208,052</u>	<u>20,674,793</u>	<u>1,542,585</u>
Noncurrent Assets					
Advances to Other Funds	-	1,738,975	-	1,738,975	-
Capital Assets, Not Being Depreciated	69,774,650	2,355,178	-	72,129,828	-
Capital Assets, Net of Accumulated Depreciation	24,975,640	27,283,663	151,416	52,410,719	-
Total Noncurrent Assets	<u>94,750,290</u>	<u>31,377,816</u>	<u>151,416</u>	<u>126,279,522</u>	<u>-</u>
TOTAL ASSETS	<u>99,958,352</u>	<u>45,636,495</u>	<u>1,359,468</u>	<u>146,954,315</u>	<u>1,542,585</u>
DEFERRED OUTFLOWS OF RESOURCES					
Loss on Debt Refunding, Net of Accumulated Amortization	216,690	-	-	216,690	-
LIABILITIES					
Current Liabilities					
Accounts Payable	635,548	1,692,813	84,162	2,412,523	10,023
Accrued Liabilities	29,181	70,337	9,514	109,032	-
Customer Deposits	122,254	627,410	-	749,664	-
Accrued Interest Payable	754,425	-	-	754,425	-
Unearned Revenues	-	318,874	-	318,874	-
Insurance Claims Payable, Current Portion	-	-	-	-	352,933
Compensated Absences Payable, Current Portion	113,276	229,648	35,399	378,323	-
Early Retirement Payable, Current Portion	11,600	16,400	-	28,000	-
Capital Lease Payable, Current Portion	-	-	13,182	13,182	-
Bonds and Loans Payable, Current Portion	1,216,750	-	-	1,216,750	-
Total Current Liabilities	<u>2,883,034</u>	<u>2,955,482</u>	<u>142,257</u>	<u>5,980,773</u>	<u>362,956</u>
Long-Term Liabilities					
Advances from Other Funds	1,738,975	-	-	1,738,975	-
Compensated Absences Payable	29,379	389,305	23,228	441,912	-
Early Retirement Payable	66,000	98,800	-	164,800	-
Capital Lease Payable	-	-	64,413	64,413	-
Bonds and Loans Payable	49,162,824	-	-	49,162,824	-
Total Long-Term Liabilities	<u>50,997,178</u>	<u>488,105</u>	<u>87,641</u>	<u>51,572,924</u>	<u>-</u>
TOTAL LIABILITIES	<u>53,880,212</u>	<u>3,443,587</u>	<u>229,898</u>	<u>57,553,697</u>	<u>362,956</u>
NET POSITION					
Net Investment in Capital Assets	46,522,776	29,638,841	73,821	76,235,438	-
Restricted for Debt Service	794,400	-	-	794,400	-
Unrestricted	(1,022,346)	12,554,067	1,055,749	12,587,470	1,179,629
TOTAL NET POSITION	<u>\$ 46,294,830</u>	<u>\$ 42,192,908</u>	<u>\$ 1,129,570</u>	<u>89,617,308</u>	<u>\$ 1,179,629</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

460,113
\$ 90,077,421

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, 2015

	<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	\$ 7,264,802	\$ 23,068,492	\$ 819,391	\$ 31,152,685	\$ 3,421,103
Miscellaneous	1,376,358	605,104	-	1,981,462	-
TOTAL OPERATING REVENUES	<u>8,641,160</u>	<u>23,673,596</u>	<u>819,391</u>	<u>33,134,147</u>	<u>3,421,103</u>
OPERATING EXPENSES					
Source of Supply	1,916,597	13,886,612	-	15,803,209	-
Operations and Maintenance	1,419,678	2,976,275	1,512,939	5,908,892	-
Customer Accounts and Collection	537,912	1,288,194	-	1,826,106	-
Administration and General	1,750,386	2,983,602	-	4,733,988	249,934
Insurance Premiums	-	-	-	-	431,632
Insurance Claims	-	-	-	-	2,275,563
Depreciation	1,215,753	1,312,286	11,647	2,539,686	-
TOTAL OPERATING EXPENSES	<u>6,840,326</u>	<u>22,446,969</u>	<u>1,524,586</u>	<u>30,811,881</u>	<u>2,957,129</u>
OPERATING INCOME (LOSS)	<u>1,800,834</u>	<u>1,226,627</u>	<u>(705,195)</u>	<u>2,322,266</u>	<u>463,974</u>
NONOPERATING REVENUES (EXPENSES)					
Investment Income	14,204	154,942	6,056	175,202	4,966
Interest Expense	(573,465)	-	(768)	(574,233)	-
Debt Issuance Costs	(164,520)	-	-	(164,520)	-
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(723,781)</u>	<u>154,942</u>	<u>5,288</u>	<u>(563,551)</u>	<u>4,966</u>
NET INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS	<u>1,077,053</u>	<u>1,381,569</u>	<u>(699,907)</u>	<u>1,758,715</u>	<u>468,940</u>
Transfers In	-	-	154,987	154,987	-
Transfers Out	-	-	-	-	(200,000)
System Development Fees	1,457,058	353,072	-	1,810,130	-
Grants	-	-	77,076	77,076	-
CHANGE IN NET POSITION	<u>2,534,111</u>	<u>1,734,641</u>	<u>(467,844)</u>	<u>3,800,908</u>	<u>268,940</u>
NET POSITION, Beginning	<u>43,760,719</u>	<u>40,458,267</u>	<u>1,597,414</u>	<u>85,816,400</u>	<u>910,689</u>
NET POSITION, Ending	<u>\$ 46,294,830</u>	<u>\$ 42,192,908</u>	<u>\$ 1,129,570</u>	<u>\$ 89,617,308</u>	<u>\$ 1,179,629</u>

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

Change in Net Position of Proprietary Funds \$ 3,800,908

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.

97,894

Change in Net Position of Business-Type Activities \$ 3,898,802

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, 2015

	WATER	ELECTRIC	NONMAJOR PROPRIETARY FUNDS	TOTAL	GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUND
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash Received from Customers	\$ 8,656,649	\$ 23,607,148	\$ 812,934	\$ 33,076,731	\$ 3,386,653
Cash Payments to Employees	(1,703,712)	(3,360,336)	(466,539)	(5,530,587)	-
Cash Payments to Suppliers	(4,338,502)	(18,361,781)	(1,000,990)	(23,701,273)	(2,912,044)
Net Cash Provided (Used) by Operating Activities	<u>2,614,435</u>	<u>1,885,031</u>	<u>(654,595)</u>	<u>3,844,871</u>	<u>474,609</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers from Other Funds	-	-	154,987	154,987	-
Transfers to Other Funds	-	-	-	-	(200,000)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>-</u>	<u>-</u>	<u>154,987</u>	<u>154,987</u>	<u>(200,000)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition and Construction of Capital Assets	(8,699,812)	(3,368,494)	(80,063)	(12,148,369)	-
Debt Proceeds	4,024,695	-	-	4,024,695	-
System Development Fees Received	1,457,058	353,072	-	1,810,130	-
Grants Received	-	-	77,076	77,076	-
Payments from Other Funds	-	348,393	-	348,393	-
Payments to Other Funds	(348,393)	-	-	(348,393)	-
Debt Principal Payments	(2,142,391)	-	(5,405)	(2,147,796)	-
Debt Interest Payments	(488,026)	-	(768)	(488,794)	-
Debt Interest Paid and Capitalized	(1,481,922)	-	-	(1,481,922)	-
Debt Issuance Costs Paid	(164,520)	-	-	(164,520)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(7,843,311)</u>	<u>(2,667,029)</u>	<u>(9,160)</u>	<u>(10,519,500)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest Received	<u>14,204</u>	<u>156,352</u>	<u>6,324</u>	<u>176,880</u>	<u>4,802</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(5,214,672)	(625,646)	(502,444)	(6,342,762)	279,411
CASH AND CASH EQUIVALENTS, Beginning	<u>8,854,981</u>	<u>9,534,762</u>	<u>1,649,247</u>	<u>20,038,990</u>	<u>1,200,165</u>
CASH AND CASH EQUIVALENTS, Ending	<u>\$ 3,640,309</u>	<u>\$ 8,909,116</u>	<u>\$ 1,146,803</u>	<u>\$ 13,696,228</u>	<u>\$ 1,479,576</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Operating Income (Loss)	\$ 1,800,834	\$ 1,226,627	\$ (705,195)	\$ 2,322,266	\$ 463,974
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities					
Depreciation	1,215,753	1,312,286	11,647	2,539,686	-
Bad Debt Expense	(7,701)	(30,802)	-	(38,503)	-
Changes in Assets and Liabilities					
Accounts Receivable	45,311	237,951	(6,457)	276,805	(34,450)
Inventories	8,163	(7,481)	-	682	-
Prepaid Expenses	(214,333)	-	-	(214,333)	-
Accounts Payable	(106,991)	(365,366)	74,499	(397,858)	2,281
Accrued Liabilities	(56,728)	(141,215)	(20,409)	(218,352)	777
Customer Deposits	(22,121)	(592,471)	-	(614,592)	-
Unearned Revenues	-	318,874	-	318,874	-
Insurance Claims Payable	-	-	-	-	42,027
Compensated Absences Payable	(4,552)	18,628	(8,680)	5,396	-
Early Retirement Payable	(43,200)	(92,000)	-	(135,200)	-
Net Cash Provided (Used) by Operating Activities	<u>\$ 2,614,435</u>	<u>\$ 1,885,031</u>	<u>\$ (654,595)</u>	<u>\$ 3,844,871</u>	<u>\$ 474,609</u>
NONCASH FINANCING ACTIVITIES					
Capital Assets Purchased with Capital Lease	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 83,000</u>	<u>\$ 83,000</u>	<u>\$ -</u>

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

CITY OF FOUNTAIN, COLORADO

STATEMENT OF FIDUCIARY NET POSITION
PENSION TRUST FUND

December 31, 2015

	<u>VOLUNTEER FIREFIGHTERS</u>
ASSETS	
Cash	\$ 74,112
Investments	
Local Government Investment Pools	474,151
U.S. Agency Securities	<u>166,516</u>
 TOTAL ASSETS	 \$ <u><u>714,779</u></u>
NET POSITION	
Restricted for Pension Benefits	\$ <u><u>714,779</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, 2015

	<u>VOLUNTEER FIREFIGHTERS</u>
ADDITIONS	
Investment Income	\$ <u>2,732</u>
TOTAL ADDITIONS	<u>2,732</u>
DEDUCTIONS	
Administration	10,539
Benefit Payments	<u>3,600</u>
TOTAL DEDUCTIONS	<u>14,139</u>
CHANGE IN NET POSITION	(11,407)
NET POSITION, Beginning	<u>726,186</u>
NET POSITION, Ending	\$ <u><u>714,779</u></u>

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

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

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

The *Fountain Urban Renewal Authority* (the “Authority”) was created to redevelop or rehabilitate certain blighted areas within the City. The Authority has a separate governing board with members appointed by the City Council. Although the Authority is legally separate from the City, the Authority’s primary revenue source, tax increment financing, can only be established by the City. The Authority is discretely presented in the City’s financial statements. Separate financial statements for the Authority are available at City Hall, 116 South Main Street, 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, 2015

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.

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.

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

The City also reports the following major 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.

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*.

CITY OF FOUNTAIN, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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.

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.

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

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

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

The City Council has established the ideal target reserves at 40% of the current operating budget of the General Fund. The reserves should not be allowed to fall below 20% of the current operating budget, including the emergency reserve required by the Tabor Amendment (See Note 11).

CITY OF FOUNTAIN, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Property Taxes

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

NOTE 2: CASH AND INVESTMENTS

A summary of cash and investments as of December 31, 2015, follows:

Petty Cash	\$ 2,997
Deposits	4,592,368
Investments	<u>22,376,973</u>
 Total	 <u>\$ 26,972,338</u>

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

Cash and Investments	\$ 22,129,644
Committed Cash and Investments	878,494
Restricted Cash and Investments	3,249,421
Pension Trust Fund	<u>714,779</u>
 Total	 <u>\$ 26,972,338</u>

Deposits

The Colorado Public Deposit Protection Act (PDPA) requires all local government entities to deposit cash in eligible public depositories. Eligibility is determined by State regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. The PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. At December 31, 2015, the City had bank deposits of \$4,716,991 collateralized with securities held by the financial institutions' agents but not in the City's name.

CITY OF FOUNTAIN, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

NOTE 2: CASH AND INVESTMENTS (Continued)

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, 2015, 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	\$ 7,317,740	\$ -	\$ 7,317,740
Money Market Funds	AAAm	745,182	-	745,182
Money Market Funds	Not Rated	696	-	696
U.S. Treasury Notes	NA	2,953,996	499,785	3,453,781
U.S. Agency Securities	AA+	3,361,418	5,096,031	8,457,449
Corporate Securities	AA+	499,825	-	499,825
Corporate Securities	AA	907,770	496,000	1,403,770
Corporate Securities	AA-	-	498,530	498,530
Total		<u>\$ 15,786,627</u>	<u>\$ 6,590,346</u>	<u>\$ 22,376,973</u>

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.

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 one or more NRSROs.

Concentration of Credit Risk - State statutes do not limit the amount the City may invest in a single issuer of U.S. Agency securities. Corporate securities are limited to fifty percent of the total investment portfolio and five percent for a single issuer. At December 31, 2015, the City's investments in the Federal National Mortgage Association, the Federal Home Loan Bank, the Federal Home Loan Mortgage Corporation, and the Federal Farm Credit Bank represented 15%, 10%, 8% and 5%, respectively, of the City's total investments.

CITY OF FOUNTAIN, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

NOTE 2: CASH AND INVESTMENTS (Continued)

Investments (Continued)

Local Government Investment Pool - At December 31, 2015, the City had \$4,147,096 and \$3,170,644 invested in the Colorado Local Government Liquid Asset Trust (Colotrust) and the Colorado Surplus Asset Fund Trust (CSAFE), respectively. The Trusts are investment vehicles established for local government entities in Colorado to pool surplus funds. The Colorado Division of Securities administers and enforces the requirements of creating and operating the Trusts. The Trusts operate in conformity with the Securities and Exchange Commission's Rule 2a-7 as promulgated under the Investment Company Act of 1940, as amended. Accordingly, the Trusts qualify as 2a-7-like pools and are reported at the net asset value per share, which approximates fair value. Both Trusts are rated AAAM by Standard and Poor's. Investments of the Trusts are limited to those allowed by State statutes. A designated custodial bank provides safekeeping and depository services to the Trusts 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, 2015, of \$878,494 were reported as committed cash and investments in the Electric Fund.

Restricted Cash and Investments

Lease proceeds of \$16,370 are restricted in the General Fund for capital projects. Loan proceeds of \$2,438,651 and \$794,400 are restricted in the Water Fund for capital projects and debt reserves, respectively.

NOTE 3: INTERFUND BALANCES AND TRANSACTIONS

Interfund Balances

In August, 2010, the Electric Fund advanced \$1,500,000 to the Water Fund to purchase water rights. The Water Fund is required to repay the advance through annual payments of \$189,568, including interest accruing at 4.5% per annum, through 2020. The outstanding balance of the advance at December 31, 2015, was \$832,200.

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, 2015, was \$906,775.

CITY OF FOUNTAIN, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

NOTE 3: INTERFUND BALANCES AND TRANSACTIONS (Continued)

Interfund Transfers

Interfund transfers for the year ended December 31, 2015, consisted of the following:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
General	Insurance	\$ 200,000
Ambulance	General	<u>154,987</u>
Total		<u>\$ 354,987</u>

During the year ended December 31, 2015, the Insurance Fund transferred excess reserves to the General Fund. The General Fund routinely subsidizes the operations of the Ambulance Fund.

NOTE 4: CAPITAL ASSETS

Capital assets activity for the year ended December 31, 2015, is summarized below:

	<u>Balances</u> 12/31/14	<u>Additions</u>	<u>Deletions</u>	<u>Balances</u> 12/31/15
Governmental Activities				
Capital Assets, Not Being Depreciated				
Land and Easements	\$ 1,639,166	\$ -	\$ -	\$ 1,639,166
Construction in Progress	<u>73,224</u>	<u>35,795</u>	<u>-</u>	<u>109,019</u>
Total Capital Assets, Not Being Depreciated	<u>1,712,390</u>	<u>35,795</u>	<u>-</u>	<u>1,748,185</u>
Capital Assets, Being Depreciated				
Buildings and Improvements	8,983,374	11,555	-	8,994,929
Infrastructure	109,895,518	2,561,300	-	112,456,818
Computers and Software	618,418	98,820	-	717,238
Machinery and Equipment	4,123,207	374,730	-	4,497,937
Vehicles	<u>5,984,138</u>	<u>142,534</u>	<u>-</u>	<u>6,126,672</u>
Total Capital Assets, Being Depreciated	<u>129,604,655</u>	<u>3,188,939</u>	<u>-</u>	<u>132,793,594</u>
Less Accumulated Depreciation				
Buildings and Improvements	2,449,780	327,325	-	2,777,105
Infrastructure	45,533,617	2,810,085	-	48,343,702
Computers and Software	324,397	99,872	-	424,269
Machinery and Equipment	3,472,252	165,965	-	3,638,217
Vehicles	<u>3,889,615</u>	<u>374,291</u>	<u>-</u>	<u>4,263,906</u>
Total Accumulated Depreciation	<u>55,669,661</u>	<u>3,777,538</u>	<u>-</u>	<u>59,447,199</u>
Total Capital Assets, Being Depreciated, Net	<u>73,934,994</u>	<u>(588,599)</u>	<u>-</u>	<u>73,346,395</u>
Governmental Activities Capital Assets, Net	<u>\$ 75,647,384</u>	<u>\$ (552,804)</u>	<u>\$ -</u>	<u>\$ 75,094,580</u>

CITY OF FOUNTAIN, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

NOTE 4: CAPITAL ASSETS (Continued)

	Balances 12/31/14	Additions	Deletions	Balances 12/31/15
Business-Type Activities				
Capital Assets, Not Being Depreciated				
Land and Easements	\$ 6,975,275	\$ -	\$ -	\$ 6,975,275
Water and Storage Rights	22,304,538	10,499	-	22,315,037
Construction in Progress	<u>32,993,528</u>	<u>9,860,298</u>	<u>14,310</u>	<u>42,839,516</u>
Total Capital Assets, Not Being Depreciated	<u>62,273,341</u>	<u>9,870,797</u>	<u>14,310</u>	<u>72,129,828</u>
Capital Assets, Being Depreciated				
Buildings and Improvements	8,762,828	-	-	8,762,828
Infrastructure	64,789,055	1,398,321	-	66,187,376
Computers and Software	1,296,706	47,697	-	1,344,403
Machinery and Equipment	3,710,690	172,357	-	3,883,047
Vehicles	<u>2,381,171</u>	<u>286,752</u>	<u>-</u>	<u>2,667,923</u>
Total Capital Assets, Being Depreciated	<u>80,940,450</u>	<u>1,905,127</u>	<u>-</u>	<u>82,845,577</u>
Less Accumulated Depreciation				
Buildings and Improvements	1,856,413	284,203	-	2,140,616
Infrastructure	21,396,294	1,705,140	-	23,101,434
Computers and Software	679,774	184,924	-	864,698
Machinery and Equipment	2,210,297	227,131	-	2,437,428
Vehicles	<u>1,752,394</u>	<u>138,288</u>	<u>-</u>	<u>1,890,682</u>
Total Accumulated Depreciation	<u>27,895,172</u>	<u>2,539,686</u>	<u>-</u>	<u>30,434,858</u>
Total Capital Assets, Being Depreciated, Net	<u>53,045,278</u>	<u>(634,559)</u>	<u>-</u>	<u>52,410,719</u>
Business-Type Activities Capital Assets, Net	<u>\$ 115,318,619</u>	<u>\$ 9,236,238</u>	<u>\$ 14,310</u>	<u>\$ 124,540,547</u>

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

Governmental Activities	
General Government	\$ 3,944
Public Safety	650,033
Public Works	2,999,340
Health and Welfare	328
Culture and Recreation	<u>123,893</u>
Total	<u>\$ 3,777,538</u>

CITY OF FOUNTAIN, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

NOTE 5: LONG-TERM DEBT

Governmental Activities

Following is a summary of long-term debt transactions for the governmental activities for the year ended December 31, 2015.

	<u>Balances</u> <u>12/31/14</u>	<u>Additions</u>	<u>Payments</u>	<u>Balances</u> <u>12/31/15</u>	<u>Due Within</u> <u>One Year</u>
Capital Leases	\$ 3,946,540	\$ -	\$ 423,454	\$ 3,523,086	\$ 402,788
Compensated Absences	948,692	517,199	444,926	1,020,965	482,748
Postemployment Benefits	434,118	83,628	-	517,746	-
Early Retirement	<u>632,000</u>	<u>-</u>	<u>104,000</u>	<u>528,000</u>	<u>104,000</u>
Total	<u>\$ 5,961,350</u>	<u>\$ 600,827</u>	<u>\$ 972,380</u>	<u>\$ 5,589,797</u>	<u>\$ 989,536</u>

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 \$169,070 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 \$78,025 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 \$58,231 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 \$2,591,391, 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 \$106,264 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 \$115,785 are reported under this lease.

CITY OF FOUNTAIN, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

NOTE 5: 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,

2016	\$ 523,727
2017	454,966
2018	426,372
2019	338,365
2020	240,362
2021 - 2025	1,155,506
2026 - 2030	1,072,559
2031 - 2032	<u>403,921</u>
Total Minimum Lease Payments	4,615,778
Less: Interest Portion	<u>(1,092,692)</u>

Present Value of Future Minimum Lease Payments **\$ 3,523,086**

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

Business-Type Activities

Following is a summary of long-term debt transactions for the business-type activities for the year ended December 31, 2015.

	Balances <u>12/31/14</u>	Additions	Payments	Balances <u>12/31/15</u>	Due Within <u>One Year</u>
2003 Water Rights Loan	\$ 145,400	\$ -	\$ 72,700	\$ 72,700	\$ 72,700
2005 CWRPDA Loan	200,000	-	200,000	-	-
2007 Water Rights Loan	78,100	-	39,050	39,050	39,050
2008 Water Rights Loan	1,165,641	-	1,165,641	-	-
2009 CWRPDA Loan	7,835,000	-	185,000	7,650,000	190,000
2011 CWRPDA Loan	8,995,000	-	185,000	8,810,000	190,000
2013 CWRPDA Loan	11,390,000	-	230,000	11,160,000	235,000
Premium	528,594	-	18,767	509,827	-
2014 CWRPDA Loan	16,900,000	-	65,000	16,835,000	410,000
Premium	1,322,508	-	44,206	1,278,302	-
2015 Water Revenue Bonds	-	3,965,000	-	3,965,000	80,000
Premium	-	59,695	-	59,695	-
2015 Capital Lease	-	83,000	5,405	77,595	13,182
Compensated Absences	814,839	499,075	493,679	820,235	378,323
Early Retirement	<u>328,000</u>	<u>-</u>	<u>135,200</u>	<u>192,800</u>	<u>28,000</u>
Total	<u>\$ 49,703,082</u>	<u>\$ 4,606,770</u>	<u>\$ 2,839,648</u>	<u>\$ 51,470,204</u>	<u>\$ 1,636,255</u>

CITY OF FOUNTAIN, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

NOTE 5: 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, and all remaining principal was due and paid in full 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 a loan agreement with a private individual to purchase water rights. The agreement required 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 accrued at 7% per annum. During the year ended December 31, 2015, the loan was paid in full.

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 11) and phase I of the remodel of the future utilities customer service center. Interest payments are due semi-annually on February 1 and August 1. Principal payments are due annually 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 11) and for additional costs to remodel the utilities customer service center. Interest payments are due semi-annually on March 1 and September 1. Principal payments are due annually 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 11), purchase of water rights, replacement of old water mains, installation of a supervisory control and data acquisition system (SCADA), and to refund a portion of the 2005 CWRPDA loan. Interest payments are due semi-annually on March 1 and September 1. Principal payments are due annually 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, 2015

NOTE 5: LONG-TERM DEBT (Continued)

Business-Type Activities (Continued)

During 2015, the City issued \$3,965,000 Water Revenue Bonds, Series 2015. Bond proceeds will be used for construction of the Southern Delivery System (See Note 11). Interest payments are due semi-annually on June 1 and December 1. Principal payments are due annually beginning on December 1, 2016, through 2045. Interest accrues at rates ranging from 3% to 3.625% per annum.

The CWRPDA loans and the Water Revenue Bonds are payable solely from revenues of the City's utility system, which includes the Water and Electric Funds, after deduction of operating and maintenance costs, provided that revenues are limited to 50% of tap fee revenues. During the year ended December 31, 2015, net revenues of \$6,629,711 were available to pay annual debt service of \$2,799,230. Future debt service requirements for the outstanding bonds and loans at December 31, 2015, were as follows.

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 1,216,750	\$ 2,093,775	\$ 3,310,525
2017	1,145,000	2,056,303	3,201,303
2018	1,185,000	2,016,978	3,201,978
2019	1,220,000	1,977,328	3,197,328
2020	1,270,000	1,931,978	3,201,978
2021 - 2025	7,155,000	8,843,144	15,998,144
2026 - 2030	8,835,000	7,161,472	15,996,472
2031 - 2035	10,870,000	5,125,946	15,995,946
2036 - 2040	9,875,000	2,657,350	12,532,350
2041 - 2045	<u>5,760,000</u>	<u>587,874</u>	<u>6,347,874</u>
Total	<u>\$ 48,531,750</u>	<u>\$ 34,452,148</u>	<u>\$ 82,983,898</u>

During 2015, the City entered into a lease agreement for \$83,000 to purchase an ambulance. Monthly payments of \$1,235 are due under the lease agreement through July, 2021. Interest accrues on the outstanding balance at 2.28% per annum. Capital assets of \$83,000 less accumulated depreciation of \$11,647 are reported under this lease.

CITY OF FOUNTAIN, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

NOTE 5: LONG-TERM DEBT (Continued)

Business-Type Activities (Continued)

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

Year Ended December 31,

2016	\$ 14,814
2017	14,814
2018	14,814
2019	14,814
2020	14,814
2021	<u>8,642</u>
Total Minimum Lease Payments	82,712
Less: Interest Portion	<u>(5,117)</u>
Present Value of Future Minimum Lease Payments	<u><u>\$ 77,595</u></u>

Defeased Debt - In November, 2014, the City deposited loan proceeds in an irrevocable trust with an escrow agent to advance refund \$6,455,000 of the 2005 CWRPDA loan. As a result, the refunded debt is considered defeased and the liability has been removed from the financial statements. The refunded debt was called and paid in full in December, 2015.

NOTE 6: JOINT VENTURE

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

The City's share of available capacity for the year ended December 31, 2015, 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 7: RISK MANAGEMENT

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

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

NOTE 7: RISK MANAGEMENT (Continued)

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 \$2,869,261, depending on enrollment counts. Premiums are paid by the General, Water, Electric, and Ambulance Funds.

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

CITY OF FOUNTAIN, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

NOTE 7: RISK MANAGEMENT (Continued)

Insurance Fund (Continued)

Changes in claims payable were as follows:

	<u>12/31/15</u>	<u>12/31/14</u>
Claims Payable, Beginning	\$ 310,906	\$ 175,341
Claims and Changes in Provisions	2,275,563	2,381,292
Claims Payments	<u>(2,233,536)</u>	<u>(2,245,727)</u>
Claims Payable, Ending	<u>\$ 352,933</u>	<u>\$ 310,906</u>

NOTE 8: DEFINED BENEFIT RETIREMENT PLANS

Volunteer Firefighters' Pension Plan

General Information

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

Plan Membership - At December 31, 2015, 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>33</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.

CITY OF FOUNTAIN, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

NOTE 8: DEFINED BENEFIT RETIREMENT PLANS (Continued)

Volunteer Firefighters' Pension Plan (Continued)

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, 2015, 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, 2015.

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, 2015, the annual money-weighted rate of return on plan investments, net of investment expense, was .38%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Asset

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. Standard update procedures were used to roll forward the total pension liability to December 31, 2015.

Interest Rate - 4.5% per annum, compounded annually, net of operating expenses

Mortality - RP-2000 Healthy Employees Mortality Table projected 15 years from the valuation date for active members and 7 years for retired members 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%

CITY OF FOUNTAIN, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

NOTE 8: DEFINED BENEFIT RETIREMENT PLANS (Continued)

Volunteer Firefighters' Pension Plan (Continued)

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.

For the year ended December 31, 2015, changes in the net pension asset of the City were as follows.

	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net Pension Asset (a) - (b)</u>
Balances at December 31, 2014	\$ 317,220	\$ 726,186	\$ 408,966
Changes for the year:			
Interest Cost	14,188	-	(14,188)
Net Investment Income	-	2,732	2,732
Benefit Payments	(3,600)	(3,600)	-
Administrative Expenses	-	(10,539)	(10,539)
Balances at December 31, 2015	<u>\$ 327,808</u>	<u>\$ 714,779</u>	<u>\$ 386,971</u>

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, 2015, 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 one percentage point lower (3.5%) or one percentage point higher (5.5%) than the current rate, as follows:

	<u>1% Decrease (3.5%)</u>	<u>Current Discount Rate (4.5%)</u>	<u>1% Increase (5.5%)</u>
City's Net Pension Asset	<u>\$ 303,178</u>	<u>\$ 386,971</u>	<u>\$ 448,143</u>

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

For the year ended December 31, 2015, the City recognized pension expense of \$21,995. The differences in expected and actual experience and in projected and actual earnings on investments were recorded in pension expense. Because the differences were not significant, they will not be recognized as pension expense over multiple years.

NOTE 8: DEFINED BENEFIT RETIREMENT PLANS (Continued)

Firefighter Pension Plans

Plan Description

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

Benefits Provided

SWDB Plan - A SWDB Plan member is eligible for a normal retirement pension once the member has completed twenty-five of credited service and has attained the age of 55. The annual normal retirement benefit is 2% of the average of the member’s highest three years’ base salary for each year of credited service up to 10 years, plus 2.5% for each year of service thereafter. Benefits paid to retirees are evaluated and may be re-determined every October 1. The amount of any increase is based on the FPPA Board of Director’s discretion and can range from zero to the higher of 3% or the Consumer Price Index.

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

SWH Plan - A SWH Plan member is eligible for a normal retirement pension at any time after age 55, if the member has at least twenty-five of service. The annual normal retirement benefit of the defined benefit component is 1.5% of the average of the member’s highest three years’ base salary for each year of credited service. Benefits paid to retirees of the defined benefit component are evaluated and may be re-determined annually on October 1. The amount of any increase is based on the FPPA Board of Director’s discretion and can range from zero to 3%.

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

NOTE 8: DEFINED BENEFIT RETIREMENT PLANS (Continued)

Firefighter Pension Plans (Continued)

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

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

Contributions

SWDB Plan Contributions - The City and eligible employees are required to contribute to the SWDB Plan at rates established by State statute. Employer contribution rates can only be amended by the State Legislature. Employee contribution rates can be amended by the State Legislature or by election of the membership. The City and eligible employees each contributed 8% of base salary through December 31, 2014. SWDB Plan members elected to increase the employee contribution rate thereafter. As such, the employee contribution rate will increase 0.5% percent annually from 2015 through 2022, to a total of 12% of base salary. Employer contributions will remain at 8% of base salary.

Contributions from employees and employers re-entering the SWDB Plan are established by resolution of the FPPA Board of Directors. The re-entry group had a combined contribution rate of 20% of base salary through December 31, 2014. The split of contributions between employees and the City is determined by the City Council. The re-entry group contributions will increase 0.5% percent annually from 2015 through 2022, to a total of 24% of base salary.

The City's contributions to the SWDB Plan for the year ended December 31, 2015, were \$114,408, equal to the required contributions.

CITY OF FOUNTAIN, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

NOTE 8: DEFINED BENEFIT RETIREMENT PLANS (Continued)

Firefighter Pension Plans (Continued)

SWH Plan Contributions - The City and eligible employees are required to contribute to the SWH Plan at rates established by City Council. However, the amount allocated to the defined benefit component is set annually by the FPPA Board of Directors, which currently must be at least 8% of base salary for the employee and the employer. Excess contributions are deposited to the money purchase component of the SWH Plan. The defined benefit component allocation from July 1, 2014, through June 30, 2015, was 12.5%, and thereafter was 12.6%. For the year ended December 31, 2015, City Council established the contribution rate split at 9.5% of base salary for both the City and the employees.

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

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

The City's contributions to the SWH Plan for the year ended December 31, 2015, were \$10,952, equal to the required contributions.

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

At December 31, 2015, the City reported a net pension asset of \$351,985 and \$59,578, representing its proportionate share of the net pension asset of the SWDB and SWH Plans, respectively. The net pension asset was measured at December 31, 2014, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation at January 1, 2015. The City's proportion of the net pension asset was based on a projection of the City's contributions to the Plans for the calendar year ended December 31, 2014, relative to the projected contributions of all participating employers.

At December 31, 2014, the City's proportion of the SWDB Plan was 0.31188443%, which was a decrease of 0.01050069% from its proportion measured at December 31, 2013. The City's proportion of the SWH Plan was 0.50235952%, which was an increase of 0.03490733% from its proportion measured at December 31, 2013.

CITY OF FOUNTAIN, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

NOTE 8: DEFINED BENEFIT RETIREMENT PLANS (Continued)

Firefighter Pension Plans (Continued)

For the year ended December 31, 2015, the City recognized pension expense for the SWDB Plan and SWH Plan of \$26,559 and \$12,707, respectively. At December 31, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,896	\$ 6,492
Net difference between projected and actual earnings on plan investments	21,508	-
Change in proportion	7,610	2,819
Contributions subsequent to the measurement date	<u>120,683</u>	<u>-</u>
Total	<u>\$ 151,697</u>	<u>\$ 9,311</u>

City contributions to the SWDB Plan and SWH Plan subsequent to the measurement date of \$114,408 and \$6,275, respectively, will be recognized as an increase to the net pension asset in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows.

Year Ended December 31,

2016	\$ 7,178
2017	7,178
2018	7,178
2019	9
2020	9
Thereafter	<u>151</u>
Total	<u>\$ 21,703</u>

CITY OF FOUNTAIN, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

NOTE 8: DEFINED BENEFIT RETIREMENT PLANS (Continued)

Firefighter Pension Plans (Continued)

Actuarial Assumptions - The actuarial valuation at January 1, 2015, determined the total pension liability using the following actuarial assumptions and other inputs, applied to all periods included in the measurement:

Investment rate of return, compounded annually, net of plan investment expenses, including inflation	7.5%
Inflation	3%
Projected salary increases (SWDB Plan)	4% - 14%
Projected salary increases (SWH Plan)	4% - 16%
Cost of living adjustment	0%

Mortality rates were based on the RP-2000 Combined Mortality Table with Blue Collar Adjustment projected with Scale AA, 40 percent multiplier for off-duty mortality of active members. On-duty related mortality is assumed to be 0.0002 per year for all members. The RP-2000 Combined Mortality Table with Blue Collar Adjustment projected with Scale AA is used in the projection of post-retirement benefits.

The actuarial assumptions used in the January 1, 2015, valuation were based on the results of an actuarial experience study conducted for the period January 1, 2007 to December 31, 2011.

A five-year smoothing methodology is used in the determination of the actuarial value of assets. The long-term expected rate of return on the plans' investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation are summarized as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return</u>
Global Equity	40%	8.9%
Equity Long/Short	10%	7.5%
Illiquid Alternatives	18%	10.5%
Fixed Income	15%	4.6%
Absolute Return	12%	6.5%
Managed Futures	4%	5.5%
Cash	1%	2.5%
Total	<u>100%</u>	

CITY OF FOUNTAIN, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

NOTE 8: DEFINED BENEFIT RETIREMENT PLANS (Continued)

Firefighter Pension Plans (Continued)

Discount Rate - The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates in the FPPA Board of Director's funding policy, which establishes the contractually required rates under State statutes. Based on those assumptions, the Plans' fiduciary net position was projected to be available to make all projected future benefit payments to current members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Asset (Liability) to Changes in the Discount Rate - The following presents the City's proportionate share of the net pension asset (liability) calculated using the discount rate of 7.5%, as well as the City's proportionate share of the net pension asset (liability) if it were calculated using a discount that is one percentage point lower (6.5%) or one percentage point higher (8.5%) than the current rate, as follows:

	<u>1% Decrease (6.5%)</u>	<u>Current Discount Rate (7.5%)</u>	<u>1% Increase (8.5%)</u>
City's proportionate share of the SWDB net pension asset (liability)	<u>\$ (331,855)</u>	<u>\$ 351,985</u>	<u>\$ 922,398</u>
City's proportionate share of the SWH net pension asset	<u>\$ 42,071</u>	<u>\$ 59,578</u>	<u>\$ 75,138</u>

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

NOTE 9: RETIREMENT COMMITMENTS

Police and Firefighter Money Purchase Pension Plan

The City contributes to a single-employer defined contribution money purchase pension plan on behalf of police officers and paid firefighters that did not elect to participate in the FPPA Plans. The City is required to contribute 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, 2015, the City contributed \$328,977 to the Plan, equal to the required contributions. All of the Plan investments at December 31, 2015, are managed by Great West Life & Annuity Insurance Company, an outside administrator.

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

NOTE 9: RETIREMENT COMMITMENTS (Continued)

General Employee Money Purchase Pension Plan

The City contributes to a single-employer defined contribution money purchase pension plan on behalf of non-police and firefighter employees. The City is required to contribute 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, 2015, the City contributed \$319,735 to the Plan, equal to the required contributions. All of the Plan investments at December 31, 2015, are managed by the Colorado County Officials and Employees Retirement Association (CCOERA), an outside administrator.

NOTE 10: 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, 2015, 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.

CITY OF FOUNTAIN, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

NOTE 10: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

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>434,118</u>
 Net OPEB Obligation, Ending	 <u>\$ 517,746</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, 2015, 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>
12/31/15	\$ 83,628	0.0%	\$ 517,746
12/31/14	83,628	0.0%	434,118
12/31/13	61,724	0.0%	350,490

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.

CITY OF FOUNTAIN, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

NOTE 10: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

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 11: COMMITMENTS AND CONTINGENCIES

Tabor Amendment

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

The City has established an emergency reserve, representing 3% of qualifying expenditures, as required by the Amendment. At December 31, 2015, the emergency reserve of \$553,000 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, 2015, significant amounts of grant expenses have not been audited but management believes that subsequent audits will not have a material effect on the overall financial position of the City.

CITY OF FOUNTAIN, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

NOTE 11: COMMITMENTS AND CONTINGENCIES (Continued)

Southern Delivery System

The City, along with the City of Colorado Springs, Security Water and Sanitation District, and Pueblo West Metropolitan District, are partners in the Southern Delivery System project. This project will convey raw water from Pueblo Reservoir through a 66" diameter, 53-mile pipeline to Upper Williams Creek Reservoir and Universal Water Treatment Plant located east of Colorado Springs. The City's participation in the conveyance capacity is 2,500 acre-feet per year and 5.625 million gallons per day (mgd) in the water treatment plant. The 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, 2015, the City reported capital assets, with no depreciation, of \$37,303,724 for this project.

Conveyance Service Contract

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

Year Ended December 31,

2016	\$ 371,198
2017	371,198
2018	371,198
2019	371,198
2020	371,198
2021 - 2023	<u>1,021,045</u>
Total	<u>\$ 2,877,035</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, 2015, totaled \$768,963.

CITY OF FOUNTAIN, COLORADO
NOTES TO FINANCIAL STATEMENTS
 December 31, 2015

NOTE 11: COMMITMENTS AND CONTINGENCIES (Continued)

Concentration of Risk

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

Economic Development Tax Incentive Agreements

The City has approved several agreements to rebate certain property, sales and use taxes generated by new businesses. During the year ended December 31, 2015, the City paid \$159,934 under these agreements.

NOTE 12: CHANGE IN ACCOUNTING PRINCIPLE

For the year ended December 31, 2015, the City adopted the standards of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*. As a result, net position of the governmental activities at December 31, 2014, was restated to reflect the cumulative effect of adopting the standards.

Certain balances of deferred outflows of resources and deferred inflows of resources related to pensions at December 31, 2014, were not available and have not been reported in the financial statements.

	<u>Governmental Activities</u>
Net Position, December 31, 2014, as Originally Stated	\$ 79,639,583
Deferred Outflows of Resources	118,423
Net Pension Asset	<u>744,918</u>
Net Position, December 31, 2014, as Restated	<u>\$ 80,502,924</u>

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, 2015
 (Unaudited)

	2015	2014
Total Pension Liability		
Interest	\$ 14,188	\$ 13,765
Benefit Payments	(3,600)	(4,800)
Net Change in Total Pension Liability	10,588	8,965
Total Pension Liability, Beginning	317,220	308,255
Total Pension Liability, Ending	\$ 327,808	\$ 317,220
Plan Fiduciary Net Position		
Net Investment Income	\$ 2,732	\$ 2,191
Benefit Payments	(3,600)	(4,800)
Administrative Expenses	(10,539)	(150)
Net Change in Plan Fiduciary Net Position	(11,407)	(2,759)
Plan Fiduciary Net Position, Beginning	726,186	728,945
Plan Fiduciary Net Position, Ending	\$ 714,779	\$ 726,186
City's Net Pension Asset, Ending	\$ 386,971	\$ 408,966
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	218%	229%
Investment Returns		
Annual Money-Weighted Rate of Return, Net of Investment Expense	0.38%	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

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION ASSET
AND CONTRIBUTIONS
FIRE & POLICE PENSION ASSOCIATION OF COLORADO STATEWIDE DEFINED BENEFIT PLAN
 Year Ended December 31, 2015

	<u>12/31/14</u>	<u>12/31/13</u>
PROPORTIONATE SHARE OF THE NET PENSION ASSET		
City's Proportion of the Net Pension Asset	0.31188443%	0.32238512%
City's Proportionate Share of the Net Pension Asset	\$ 351,985	\$ 288,272
City's Covered Payroll	\$ 1,227,432	\$ 1,202,066
City's Proportionate Share of the Net Pension Asset as a Percentage of Covered Payroll	29%	24%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	107%	106%
	<u>12/31/15</u>	<u>12/31/14</u>
CITY CONTRIBUTIONS		
Statutorily Required Contribution	\$ 110,127	\$ 112,204
Contributions in Relation to the Statutorily Required Contribution	<u>(110,127)</u>	<u>(112,204)</u>
Contribution Deficiency (Excess)	\$ <u>-</u>	\$ <u>-</u>
City's Covered Payroll	\$ 1,224,894	\$ 1,227,433
Contributions as a Percentage of Covered Payroll	8.99%	9.14%

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

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION ASSET
AND CONTRIBUTIONS
FIRE & POLICE PENSION ASSOCIATION OF COLORADO STATEWIDE HYBRID PLAN
 Year Ended December 31, 2015

	<u>12/31/14</u>	<u>12/31/13</u>
PROPORTIONATE SHARE OF THE NET PENSION ASSET		
City's Proportion of the Net Pension Asset	0.50235952%	0.46745219%
City's Proportionate Share of the Net Pension Asset	\$ 59,578	\$ 47,680
City's Covered Payroll	\$ 65,458	\$ 63,658
City's Proportionate Share of the Net Pension Asset as a Percentage of Covered Payroll	91%	75%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	141%	139%
	<u>12/31/15</u>	<u>12/31/14</u>
CITY CONTRIBUTIONS		
Statutorily Required Contribution	\$ 6,275	\$ 6,218
Contributions in Relation to the Statutorily Required Contribution	<u>(6,275)</u>	<u>(6,218)</u>
Contribution Deficiency (Excess)	\$ <u>-</u>	\$ <u>-</u>
City's Covered Payroll	\$ 66,053	\$ 65,458
Contributions as a Percentage of Covered Payroll	9.50%	9.50%

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, 2015

(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, 2015

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	VARIANCE Positive (Negative)
REVENUES				
Taxes				
Property Taxes	\$ 1,720,000	\$ 1,720,000	\$ 1,733,965	\$ 13,965
Sales Taxes	6,100,000	7,130,000	7,152,889	22,889
Use Taxes	1,190,000	1,190,000	1,601,405	411,405
Specific Ownership Taxes	165,000	165,000	201,176	36,176
Franchise Taxes	1,909,700	1,909,700	1,996,793	87,093
Total Taxes	<u>11,084,700</u>	<u>12,114,700</u>	<u>12,686,228</u>	<u>571,528</u>
Licenses and Permits				
Business Licenses	47,250	47,250	52,995	5,745
Telecommunications	46,000	46,000	34,716	(11,284)
Liquor Licenses	6,500	6,500	10,055	3,555
Street and Curb Permits	11,000	11,000	13,121	2,121
Total Licenses and Permits	<u>110,750</u>	<u>110,750</u>	<u>110,887</u>	<u>137</u>
Charges for Services				
Developer Fees	60,000	67,600	108,850	41,250
Impact Fees	47,000	47,000	59,908	12,908
Park Fees	75,000	140,000	168,346	28,346
School District Juvenile Program	116,000	157,000	157,000	-
Off Duty Police Program	13,000	13,000	8,527	(4,473)
Cemetery	17,500	17,500	21,750	4,250
Miscellaneous	66,800	94,200	54,770	(39,430)
Total Charges for Services	<u>395,300</u>	<u>536,300</u>	<u>579,151</u>	<u>42,851</u>
Fines and Forfeitures	<u>407,700</u>	<u>332,700</u>	<u>344,682</u>	<u>11,982</u>
Intergovernmental				
Highway Users Tax	647,500	647,500	692,236	44,736
Road and Bridge Fund	27,000	27,000	27,870	870
Motor Vehicle Registration	75,500	75,500	81,773	6,273
Cigarette Taxes	35,000	35,000	34,417	(583)
State and Local Grants	83,200	323,200	301,982	(21,218)
Federal Grants	75,000	177,000	109,397	(67,603)
Urban Renewal Authority Payment	-	200,000	200,000	-
Total Intergovernmental	<u>943,200</u>	<u>1,485,200</u>	<u>1,447,675</u>	<u>(37,525)</u>
Investment Income	<u>25,000</u>	<u>25,000</u>	<u>22,733</u>	<u>(2,267)</u>
Miscellaneous				
Rents	4,900	4,900	4,445	(455)
Other	46,500	75,700	129,165	53,465
Total Miscellaneous	<u>51,400</u>	<u>80,600</u>	<u>133,610</u>	<u>53,010</u>
TOTAL REVENUES	<u>13,018,050</u>	<u>14,685,250</u>	<u>15,324,966</u>	<u>639,716</u>

(Continued)

See the accompanying Independent Auditors' Report.

CITY OF FOUNTAIN, COLORADO

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

Year Ended December 31, 2015

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	VARIANCE Positive (Negative)
EXPENDITURES				
General Government				
Legislative	38,840	38,840	31,771	7,069
Judicial	255,190	224,030	200,372	23,658
Economic Development	279,360	1,229,860	651,081	578,779
Election	15,000	-	-	-
Information Technology	1,103,595	1,391,095	250,631	1,140,464
Planning and Engineering	425,030	471,530	303,243	168,287
Administration	610,650	713,610	704,379	9,231
Total General Government	<u>2,727,665</u>	<u>4,068,965</u>	<u>2,141,477</u>	<u>1,927,488</u>
Public Safety				
Police	5,157,180	5,431,040	5,435,890	(4,850)
Communications	994,215	860,875	799,951	60,924
Fire	2,443,490	2,482,490	2,393,102	89,388
Total Public Safety	<u>8,594,885</u>	<u>8,774,405</u>	<u>8,628,943</u>	<u>145,462</u>
Public Works				
Highway and Streets	1,169,200	1,335,330	1,330,229	5,101
Facilities Maintenance	248,380	271,390	133,686	137,704
Total Public Works	<u>1,417,580</u>	<u>1,606,720</u>	<u>1,463,915</u>	<u>142,805</u>
Health and Welfare				
Code Enforcement	266,860	278,160	259,710	18,450
Cemetery	27,500	37,500	22,802	14,698
Total Health and Welfare	<u>294,360</u>	<u>315,660</u>	<u>282,512</u>	<u>33,148</u>
Culture and Recreation				
Parks	680,485	794,815	715,790	79,025
Community Building	66,300	56,300	191,003	(134,703)
Total Culture and Recreation	<u>746,785</u>	<u>851,115</u>	<u>906,793</u>	<u>(55,678)</u>
Debt Service				
	<u>514,930</u>	<u>534,930</u>	<u>530,932</u>	<u>3,998</u>
TOTAL EXPENDITURES	<u>14,296,205</u>	<u>16,151,795</u>	<u>13,954,572</u>	<u>2,197,223</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,278,155)</u>	<u>(1,466,545)</u>	<u>1,370,394</u>	<u>2,836,939</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	1,800,124	1,099,344	200,000	(899,344)
Transfers Out	(510,380)	(510,380)	(154,987)	355,393
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,289,744</u>	<u>588,964</u>	<u>45,013</u>	<u>(543,951)</u>
NET CHANGE IN FUND BALANCE	11,589	(877,581)	1,415,407	2,292,988
FUND BALANCE, Beginning	<u>4,507,885</u>	<u>5,150,580</u>	<u>5,150,580</u>	<u>-</u>
FUND BALANCE, Ending	<u>\$ 4,519,474</u>	<u>\$ 4,272,999</u>	<u>\$ 6,565,987</u>	<u>\$ 2,292,988</u>

See the accompanying Independent Auditors' Report.

CITY OF FOUNTAIN, COLORADO

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2015

NOTE 1: VOLUNTEER FIREFIGHTERS' PENSION PLAN

Contributions

The City made no contributions to the Volunteer Firefighters' Pension Plan during the year ended December 31, 2015. 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, 2015
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, 2015

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.

SUPPLEMENTARY INFORMATION

CITY OF FOUNTAIN, COLORADO

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

December 31, 2015

	<u>CONSERVATION TRUST</u>	<u>HERITAGE MAINTENANCE DISTRICT</u>	<u>GENERAL IMPROVEMENT DISTRICTS</u>	<u>VOLUNTEER FIRE</u>
ASSETS				
Cash and Investments	\$ 231,279	\$ 352,152	\$ 84,860	\$ 155,905
Accounts Receivable	169	890	310	132
Taxes Receivable	<u>-</u>	<u>63,685</u>	<u>53,880</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 231,448</u>	<u>\$ 416,727</u>	<u>\$ 139,050</u>	<u>\$ 156,037</u>
LIABILITIES				
Accounts Payable	\$ -	\$ 41	\$ -	\$ 1,001
Accrued Liabilities	<u>879</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES	<u>879</u>	<u>41</u>	<u>-</u>	<u>1,001</u>
DEFERRED INFLOWS OF RESOURCES				
Property Taxes	<u>-</u>	<u>63,685</u>	<u>53,880</u>	<u>-</u>
FUND BALANCES				
Restricted for Parks	230,569	-	-	-
Restricted for District Repairs and Maintenance	-	353,001	85,170	-
Restricted for Transportation	-	-	-	-
Restricted for Street Repairs and Maintenance	-	-	-	-
Restricted for Street Improvements	-	-	-	-
Committed to Volunteer Fire Activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>155,036</u>
TOTAL FUND BALANCES	<u>230,569</u>	<u>353,001</u>	<u>85,170</u>	<u>155,036</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 231,448</u>	<u>\$ 416,727</u>	<u>\$ 139,050</u>	<u>\$ 156,037</u>

See the accompanying Independent Auditors' Report.

<u>PUBLIC TRANSPORTATION</u>	<u>STREET RESURFACING</u>	<u>STREET IMPROVEMENT</u>	<u>TOTAL</u>
\$ 615,512	\$ 125,632	\$ 3,358,142	\$ 4,923,482
120,376	71,653	169,806	363,336
-	-	-	117,565
<u>\$ 735,888</u>	<u>\$ 197,285</u>	<u>\$ 3,527,948</u>	<u>\$ 5,404,383</u>
\$ 15,844	\$ 118,636	\$ 20,752	\$ 156,274
2,380	-	-	3,259
18,224	118,636	20,752	159,533
-	-	-	117,565
-	-	-	230,569
-	-	-	438,171
717,664	-	-	717,664
-	78,649	-	78,649
-	-	3,507,196	3,507,196
-	-	-	155,036
<u>717,664</u>	<u>78,649</u>	<u>3,507,196</u>	<u>5,127,285</u>
<u>\$ 735,888</u>	<u>\$ 197,285</u>	<u>\$ 3,527,948</u>	<u>\$ 5,404,383</u>

CITY OF FOUNTAIN, COLORADO

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
 Year Ended December 31, 2015

	<u>CONSERVATION TRUST</u>	<u>HERITAGE MAINTENANCE DISTRICT</u>	<u>GENERAL IMPROVEMENT DISTRICTS</u>	<u>VOLUNTEER FIRE</u>
REVENUES				
Taxes	\$ -	\$ 65,109	\$ 26,876	\$ -
Charges for Services	-	-	-	42,115
Intergovernmental	224,769	-	-	-
Investment Income	791	1,322	306	498
Miscellaneous	-	-	-	4,308
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL REVENUES	225,560	66,431	27,182	46,921
EXPENDITURES				
Current				
General Government	-	-	-	-
Public Safety	-	-	-	21,836
Public Works	-	32,964	-	-
Culture and Recreation	260,389	-	-	-
Debt Service				
Principal	-	-	-	-
Interest	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL EXPENDITURES	260,389	32,964	-	21,836
NET CHANGE IN FUND BALANCES	(34,829)	33,467	27,182	25,085
FUND BALANCES, Beginning	<hr/> 265,398	<hr/> 319,534	<hr/> 57,988	<hr/> 129,951
FUND BALANCES, Ending	\$ <u>230,569</u>	\$ <u>353,001</u>	\$ <u>85,170</u>	\$ <u>155,036</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>
\$ 596,074	\$ 357,644	\$ 834,504	\$ 1,880,207
-	-	-	42,115
-	-	-	224,769
1,894	491	11,800	17,102
-	-	-	4,308
<u>597,968</u>	<u>358,135</u>	<u>846,304</u>	<u>2,168,501</u>
343,530	-	-	343,530
-	-	-	21,836
-	361,131	252,801	646,896
-	-	-	260,389
22,114	-	-	22,114
950	-	-	950
<u>366,594</u>	<u>361,131</u>	<u>252,801</u>	<u>1,295,715</u>
231,374	(2,996)	593,503	872,786
<u>486,290</u>	<u>81,645</u>	<u>2,913,693</u>	<u>4,254,499</u>
\$ <u><u>717,664</u></u>	\$ <u><u>78,649</u></u>	\$ <u><u>3,507,196</u></u>	\$ <u><u>5,127,285</u></u>

CITY OF FOUNTAIN, COLORADO

BUDGETARY COMPARISON SCHEDULE

CONSERVATION TRUST FUND

Year Ended December 31, 2015

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	VARIANCE Positive (Negative)
REVENUES				
Lottery Proceeds	\$ 230,000	\$ 229,980	\$ 224,769	\$ (5,211)
Investment Income	<u>700</u>	<u>720</u>	<u>791</u>	<u>71</u>
TOTAL REVENUES	<u>230,700</u>	<u>230,700</u>	<u>225,560</u>	<u>(5,140)</u>
EXPENDITURES				
Culture and Recreation	<u>133,500</u>	<u>288,270</u>	<u>260,389</u>	<u>27,881</u>
NET CHANGE IN FUND BALANCE	97,200	(57,570)	(34,829)	22,741
FUND BALANCE, Beginning	<u>170,440</u>	<u>265,398</u>	<u>265,398</u>	<u>-</u>
FUND BALANCE, Ending	<u>\$ 267,640</u>	<u>\$ 207,828</u>	<u>\$ 230,569</u>	<u>\$ 22,741</u>

See the accompanying Independent Auditors' Report.

CITY OF FOUNTAIN, COLORADO

BUDGETARY COMPARISON SCHEDULE
HERITAGE MAINTENANCE DISTRICT FUND
 Year Ended December 31, 2015

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	VARIANCE Positive (Negative)
REVENUES				
Property Taxes	\$ 59,500	\$ 56,500	\$ 58,411	\$ 1,911
Specific Ownership Taxes	3,100	5,520	6,698	1,178
Investment Income	800	1,380	1,322	(58)
 TOTAL REVENUES	 <u>63,400</u>	 <u>63,400</u>	 <u>66,431</u>	 <u>3,031</u>
EXPENDITURES				
Public Works	64,000	64,000	32,964	31,036
 NET CHANGE IN FUND BALANCE	 (600)	 (600)	 33,467	 34,067
FUND BALANCE, Beginning	<u>286,465</u>	<u>319,534</u>	<u>319,534</u>	<u>-</u>
FUND BALANCE, Ending	<u>\$ 285,865</u>	<u>\$ 318,934</u>	<u>\$ 353,001</u>	<u>\$ 34,067</u>

See the accompanying Independent Auditors' Report.

CITY OF FOUNTAIN, COLORADO

BUDGETARY COMPARISON SCHEDULE
GENERAL IMPROVEMENT DISTRICTS FUND

Year Ended December 31, 2015

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES			
Property Taxes	\$ 10,590	\$ 24,169	\$ 13,579
Specific Ownership Taxes	-	2,707	2,707
Investment Income	-	306	306
	<u>10,590</u>	<u>27,182</u>	<u>16,592</u>
TOTAL REVENUES			
	10,590	27,182	16,592
NET CHANGE IN FUND BALANCE			
	54,377	57,988	3,611
FUND BALANCE, Beginning			
	<u>64,967</u>	<u>85,170</u>	<u>20,203</u>
FUND BALANCE, Ending			

See the accompanying Independent Auditors' Report.

CITY OF FOUNTAIN, COLORADO

BUDGETARY COMPARISON SCHEDULE

VOLUNTEER FIRE FUND

Year Ended December 31, 2015

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	VARIANCE Positive (Negative)
REVENUES				
Charges for Services	\$ 30,000	\$ 30,000	\$ 42,115	\$ 12,115
Intergovernmental	16,600	16,600	-	(16,600)
Investment Income	400	400	498	98
Miscellaneous	<u>9,000</u>	<u>9,000</u>	<u>4,308</u>	<u>(4,692)</u>
TOTAL REVENUES	<u>56,000</u>	<u>56,000</u>	<u>46,921</u>	<u>(9,079)</u>
EXPENDITURES				
Public Safety	<u>54,700</u>	<u>54,700</u>	<u>21,836</u>	<u>32,864</u>
NET CHANGE IN FUND BALANCE	1,300	1,300	25,085	23,785
FUND BALANCE, Beginning	<u>114,986</u>	<u>129,951</u>	<u>129,951</u>	<u>-</u>
FUND BALANCE, Ending	<u>\$ 116,286</u>	<u>\$ 131,251</u>	<u>\$ 155,036</u>	<u>\$ 23,785</u>

See the accompanying Independent Auditors' Report.

CITY OF FOUNTAIN, COLORADO

BUDGETARY COMPARISON SCHEDULE

PUBLIC TRANSPORTATION FUND

Year Ended December 31, 2015

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	VARIANCE Positive (Negative)
REVENUES				
Sales Taxes	\$ 487,000	\$ 606,800	\$ 596,074	\$ (10,726)
Intergovernmental	120,000	120,000	-	(120,000)
Investment Income	<u>800</u>	<u>800</u>	<u>1,894</u>	<u>1,094</u>
 TOTAL REVENUES	 <u>607,800</u>	 <u>727,600</u>	 <u>597,968</u>	 <u>(129,632)</u>
EXPENDITURES				
Current				
General Government	566,751	652,551	343,530	309,021
Debt Service				
Principal	22,114	22,114	22,114	-
Interest	<u>950</u>	<u>950</u>	<u>950</u>	<u>-</u>
 TOTAL EXPENDITURES	 <u>589,815</u>	 <u>675,615</u>	 <u>366,594</u>	 <u>309,021</u>
 NET CHANGE IN FUND BALANCE	 17,985	 51,985	 231,374	 179,389
FUND BALANCE, Beginning	<u>442,288</u>	<u>486,290</u>	<u>486,290</u>	<u>-</u>
FUND BALANCE, Ending	<u>\$ 460,273</u>	<u>\$ 538,275</u>	<u>\$ 717,664</u>	<u>\$ 179,389</u>

See the accompanying Independent Auditors' Report.

CITY OF FOUNTAIN, COLORADO

BUDGETARY COMPARISON SCHEDULE
STREET RESURFACING FUND
 Year Ended December 31, 2015

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	VARIANCE Positive (Negative)
REVENUES				
Sales Taxes	\$ 294,000	\$ 360,500	\$ 357,644	\$ (2,856)
Investment Income	<u>1,000</u>	<u>1,000</u>	<u>491</u>	<u>(509)</u>
TOTAL REVENUES	<u>295,000</u>	<u>361,500</u>	<u>358,135</u>	<u>(3,365)</u>
EXPENDITURES				
Public Works	<u>290,000</u>	<u>397,500</u>	<u>361,131</u>	<u>36,369</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	5,000	(36,000)	(2,996)	33,004
OTHER FINANCING SOURCES (USES)				
Transfers Out	<u>(15,000)</u>	<u>(15,000)</u>	<u>-</u>	<u>15,000</u>
NET CHANGE IN FUND BALANCE	(10,000)	(51,000)	(2,996)	48,004
FUND BALANCE, Beginning	<u>67,524</u>	<u>81,645</u>	<u>81,645</u>	<u>-</u>
FUND BALANCE, Ending	<u>\$ 57,524</u>	<u>\$ 30,645</u>	<u>\$ 78,649</u>	<u>\$ 48,004</u>

See the accompanying Independent Auditors' Report.

CITY OF FOUNTAIN, COLORADO

BUDGETARY COMPARISON SCHEDULE

STREET IMPROVEMENT FUND

Year Ended December 31, 2015

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	VARIANCE Positive (Negative)
REVENUES				
Sales Taxes	\$ 680,000	\$ 850,000	\$ 834,504	\$ (15,496)
Investment Income	6,000	6,000	11,800	5,800
Miscellaneous	400,000	400,000	-	(400,000)
 TOTAL REVENUES	 <u>1,086,000</u>	 <u>1,256,000</u>	 <u>846,304</u>	 <u>(409,696)</u>
EXPENDITURES				
Public Works	2,260,000	2,380,200	252,801	2,127,399
 EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	 (1,174,000)	 (1,124,200)	 593,503	 1,717,703
OTHER FINANCING SOURCES (USES)				
Transfers Out	(35,000)	(35,000)	-	35,000
 NET CHANGE IN FUND BALANCE	 (1,209,000)	 (1,159,200)	 593,503	 1,752,703
FUND BALANCE, Beginning	<u>2,711,777</u>	<u>2,913,693</u>	<u>2,913,693</u>	<u>-</u>
FUND BALANCE, Ending	\$ <u><u>1,502,777</u></u>	\$ <u><u>1,754,493</u></u>	\$ <u><u>3,507,196</u></u>	\$ <u><u>1,752,703</u></u>

See the accompanying Independent Auditors' Report.

CITY OF FOUNTAIN, COLORADO

COMBINING STATEMENT OF NET POSITION
NONMAJOR PROPRIETARY FUNDS
 December 31, 2015

	<u>AMBULANCE</u>	<u>DRAINAGE</u>	<u>TOTAL</u>
ASSETS			
Current Assets			
Cash and Investments	\$ -	\$ 1,146,803	\$ 1,146,803
Accounts Receivable	<u>60,102</u>	<u>1,147</u>	<u>61,249</u>
Total Current Assets	60,102	1,147,950	1,208,052
Noncurrent Assets			
Capital Assets, Net of Accumulated Depreciation	<u>151,416</u>	<u>-</u>	<u>151,416</u>
TOTAL ASSETS	<u>211,518</u>	<u>1,147,950</u>	<u>1,359,468</u>
LIABILITIES			
Current Liabilities			
Accounts Payable	8,398	75,764	84,162
Accrued Liabilities	9,514	-	9,514
Compensated Absences Payable, Current Portion	35,399	-	35,399
Capital Lease Payable, Current Portion	<u>13,182</u>	<u>-</u>	<u>13,182</u>
Total Current Liabilities	<u>66,493</u>	<u>75,764</u>	<u>142,257</u>
Long-Term Liabilities			
Compensated Absences Payable	23,228	-	23,228
Capital Lease Payable	<u>64,413</u>	<u>-</u>	<u>64,413</u>
Total Long-Term Liabilities	<u>87,641</u>	<u>-</u>	<u>87,641</u>
TOTAL LIABILITIES	<u>154,134</u>	<u>75,764</u>	<u>229,898</u>
NET POSITION			
Net Investment in Capital Assets	73,821	-	73,821
Unrestricted	<u>(16,437)</u>	<u>1,072,186</u>	<u>1,055,749</u>
TOTAL NET POSITION	<u>\$ 57,384</u>	<u>\$ 1,072,186</u>	<u>\$ 1,129,570</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, 2015

	<u>AMBULANCE</u>	<u>DRAINAGE</u>	<u>TOTAL</u>
OPERATING REVENUES			
Charges for Services	\$ 725,652	\$ 93,739	\$ 819,391
 TOTAL OPERATING REVENUES	 <u>725,652</u>	 <u>93,739</u>	 <u>819,391</u>
OPERATING EXPENSES			
Operations and Maintenance	834,737	678,202	1,512,939
Depreciation	<u>11,647</u>	<u>-</u>	<u>11,647</u>
 TOTAL OPERATING EXPENSES	 <u>846,384</u>	 <u>678,202</u>	 <u>1,524,586</u>
 OPERATING INCOME (LOSS)	 <u>(120,732)</u>	 <u>(584,463)</u>	 <u>(705,195)</u>
NONOPERATING REVENUES			
Investment Income	69	5,987	6,056
Interest Expense	<u>(768)</u>	<u>-</u>	<u>(768)</u>
 TOTAL NONOPERATING REVENUES (EXPENSES)	 <u>(699)</u>	 <u>5,987</u>	 <u>5,288</u>
 NET INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS	 <u>(121,431)</u>	 <u>(578,476)</u>	 <u>(699,907)</u>
Transfers In	154,987	-	154,987
Grants	<u>77,076</u>	<u>-</u>	<u>77,076</u>
 CHANGE IN NET POSITION	 <u>110,632</u>	 <u>(578,476)</u>	 <u>(467,844)</u>
NET POSITION, Beginning	<u>(53,248)</u>	<u>1,650,662</u>	<u>1,597,414</u>
NET POSITION, Ending	<u>\$ 57,384</u>	<u>\$ 1,072,186</u>	<u>\$ 1,129,570</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, 2015

	<u>AMBULANCE</u>	<u>DRAINAGE</u>	<u>TOTAL</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Customers	\$ 719,195	\$ 93,739	\$ 812,934
Cash Payments to Employees	(466,539)	-	(466,539)
Cash Payments to Suppliers	(398,552)	(602,438)	(1,000,990)
Net Cash Provided (Used) by Operating Activities	<u>(145,896)</u>	<u>(508,699)</u>	<u>(654,595)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers from Other Funds	<u>154,987</u>	<u>-</u>	<u>154,987</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of Capital Assets	(80,063)	-	(80,063)
Grants Received	77,076	-	77,076
Debt Principal Payments	(5,405)	-	(5,405)
Debt Interest Payments	(768)	-	(768)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(9,160)</u>	<u>-</u>	<u>(9,160)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest Received	<u>69</u>	<u>6,255</u>	<u>6,324</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	<u>-</u>	<u>(502,444)</u>	<u>(502,444)</u>
CASH AND CASH EQUIVALENTS, Beginning	<u>-</u>	<u>1,649,247</u>	<u>1,649,247</u>
CASH AND CASH EQUIVALENTS, Ending	<u>\$ -</u>	<u>\$ 1,146,803</u>	<u>\$ 1,146,803</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating Income (Loss)	\$ (120,732)	\$ (584,463)	\$ (705,195)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Depreciation	11,647	-	11,647
Changes in Assets and Liabilities			
Accounts Receivable	(6,457)	-	(6,457)
Accounts Payable	(1,265)	75,764	74,499
Accrued Liabilities	(20,409)	-	(20,409)
Compensated Absences Payable	(8,680)	-	(8,680)
Net Cash Provided (Used) by Operating Activities	<u>\$ (145,896)</u>	<u>\$ (508,699)</u>	<u>\$ (654,595)</u>
NONCASH FINANCING ACTIVITIES			
Capital Assets Purchased with Capital Lease	<u>\$ 83,000</u>	<u>\$ -</u>	<u>\$ 83,000</u>

See the accompanying Independent Auditors' Report.

CITY OF FOUNTAIN, COLORADO

BUDGETARY COMPARISON SCHEDULE

WATER FUND

Year Ended December 31, 2015

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	VARIANCE Positive (Negative)
REVENUES				
Charges for Services	\$ 7,728,500	\$ 7,728,500	\$ 7,264,802	\$ (463,698)
Miscellaneous	257,695	257,695	1,376,358	1,118,663
Investment Income	10,390	10,390	14,204	3,814
System Development Fees	1,624,000	1,624,000	1,163,641	(460,359)
Water Acquisition Fees	975,000	975,000	293,417	(681,583)
Grants	480,000	480,000	-	(480,000)
Debt Proceeds	9,003,005	4,003,005	4,024,695	21,690
TOTAL REVENUES	<u>20,078,590</u>	<u>15,078,590</u>	<u>14,137,117</u>	<u>(941,473)</u>
EXPENDITURES				
Source of Supply	1,968,978	1,974,478	1,916,597	57,881
Operations and Maintenance	1,785,590	1,854,860	1,419,678	435,182
Customer Accounts and Collection	599,840	602,340	537,912	64,428
Administration and General	1,633,420	1,633,420	1,750,386	(116,966)
Capital Outlay	9,555,960	9,956,340	6,623,786	3,332,554
Debt Principal	1,514,080	1,514,080	2,142,391	(628,311)
Interest Expense	2,212,000	2,212,000	2,055,387	156,613
Transfers Out	397,714	397,714	-	397,714
TOTAL EXPENDITURES	<u>19,667,582</u>	<u>20,145,232</u>	<u>16,446,137</u>	<u>3,699,095</u>
CHANGE IN NET POSITION, Budgetary Basis	<u>\$ 411,008</u>	<u>\$ (5,066,642)</u>	<u>(2,309,020)</u>	<u>\$ 2,757,622</u>
ADJUSTMENTS TO GAAP BASIS				
Debt Proceeds			(4,024,695)	
Capital Outlay, including Capitalized Interest			8,105,708	
Depreciation Expense			(1,215,753)	
Debt Principal			2,142,391	
Debt Issuance Costs			(164,520)	
CHANGE IN NET POSITION, GAAP Basis			<u>2,534,111</u>	
NET POSITION, Beginning			<u>43,760,719</u>	
NET POSITION, Ending			<u>\$ 46,294,830</u>	

See the accompanying Independent Auditors' Report.

CITY OF FOUNTAIN, COLORADO

BUDGETARY COMPARISON SCHEDULE

ELECTRIC FUND

Year Ended December 31, 2015

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	VARIANCE Positive (Negative)
REVENUES				
Charges for Services	\$ 23,063,188	\$ 23,253,188	\$ 23,068,492	\$ (184,696)
Miscellaneous	534,356	454,356	605,104	150,748
Investment Income	110,000	110,000	154,942	44,942
System Development Fees	142,000	42,000	68,616	26,616
New Service Installation	1,000,000	500,000	284,456	(215,544)
Debt Proceeds	4,500,000	-	-	-
Transfers In	455,246	455,246	-	(455,246)
TOTAL REVENUES	<u>29,804,790</u>	<u>24,814,790</u>	<u>24,181,610</u>	<u>(633,180)</u>
EXPENDITURES				
Source of Supply	13,500,000	13,500,000	13,886,612	(386,612)
Operations and Maintenance	4,503,820	4,503,820	2,976,275	1,527,545
Customer Accounts and Collection	1,618,180	1,588,180	1,288,194	299,986
Administration and General	2,995,390	2,995,390	2,983,602	11,788
Capital Outlay	5,007,220	5,578,020	3,492,843	2,085,177
Transfers Out	515,435	515,435	-	515,435
TOTAL EXPENDITURES	<u>28,140,045</u>	<u>28,680,845</u>	<u>24,627,526</u>	<u>4,053,319</u>
CHANGE IN NET POSITION, Budgetary Basis	<u>\$ 1,664,745</u>	<u>\$ (3,866,055)</u>	(445,916)	<u>\$ 3,420,139</u>
ADJUSTMENTS TO GAAP BASIS				
Capital Outlay			3,492,843	
Depreciation Expense			<u>(1,312,286)</u>	
CHANGE IN NET POSITION, GAAP Basis			1,734,641	
NET POSITION, Beginning			<u>40,458,267</u>	
NET POSITION, Ending			<u>\$ 42,192,908</u>	

See the accompanying Independent Auditors' Report.

CITY OF FOUNTAIN, COLORADO

BUDGETARY COMPARISON SCHEDULE

AMBULANCE FUND

Year Ended December 31, 2015

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES			
Charges for Services	\$ 811,361	\$ 725,652	\$ (85,709)
Investment Income	-	69	69
Grants	77,070	77,076	6
Debt Proceeds	84,930	83,000	(1,930)
Transfers In	150,000	154,987	4,987
 TOTAL REVENUES	 <u>1,123,361</u>	 <u>1,040,784</u>	 <u>(82,577)</u>
EXPENDITURES			
Operations and Maintenance	923,800	834,737	89,063
Capital Outlay	162,000	163,063	(1,063)
Debt Principal	5,500	5,405	95
Interest Expense	1,000	768	232
Transfers Out	31,061	-	31,061
 TOTAL EXPENDITURES	 <u>1,123,361</u>	 <u>1,003,973</u>	 <u>119,388</u>
 CHANGE IN NET POSITION, Budgetary Basis	 <u>\$ -</u>	 36,811	 <u>\$ 36,811</u>
ADJUSTMENTS TO GAAP BASIS			
Debt Proceeds		(83,000)	
Capital Outlay		163,063	
Depreciation Expense		(11,647)	
Debt Principal		5,405	
 CHANGE IN NET POSITION, GAAP Basis		 110,632	
NET POSITION, Beginning		<u>(53,248)</u>	
NET POSITION, Ending		<u>\$ 57,384</u>	

See the accompanying Independent Auditors' Report.

CITY OF FOUNTAIN, COLORADO

BUDGETARY COMPARISON SCHEDULE

DRAINAGE FUND

Year Ended December 31, 2015

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	VARIANCE Positive (Negative)
REVENUES				
Charges for Services	\$ 27,451	\$ 27,451	\$ 93,739	\$ 66,288
Investment Income	3,843	3,843	5,987	2,144
Miscellaneous	<u>360,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL REVENUES	<u>391,294</u>	<u>31,294</u>	<u>99,726</u>	<u>68,432</u>
EXPENDITURES				
Operations and Maintenance	<u>1,240,000</u>	<u>760,000</u>	<u>678,202</u>	<u>81,798</u>
TOTAL EXPENDITURES	<u>1,240,000</u>	<u>760,000</u>	<u>678,202</u>	<u>81,798</u>
CHANGE IN NET POSITION, Budgetary Basis	\$ <u>(848,706)</u>	\$ <u>(728,706)</u>	(578,476)	\$ <u>150,230</u>
NET POSITION, Beginning			<u>1,650,662</u>	
NET POSITION, Ending			\$ <u>1,072,186</u>	

See the accompanying Independent Auditors' Report.

CITY OF FOUNTAIN, COLORADO

BUDGETARY COMPARISON SCHEDULE

INSURANCE FUND

Year Ended December 31, 2015

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES			
Charges for Services	\$ 3,388,000	\$ 3,421,103	\$ 33,103
Investment Income	2,000	4,966	2,966
	<u>3,390,000</u>	<u>3,426,069</u>	<u>36,069</u>
TOTAL REVENUES			
EXPENDITURES			
Administration and General	232,000	249,934	(17,934)
Insurance Premiums	350,000	431,632	(81,632)
Insurance Claims	2,548,500	2,275,563	272,937
Transfers Out	200,000	200,000	-
	<u>3,330,500</u>	<u>3,157,129</u>	<u>173,371</u>
TOTAL EXPENDITURES			
CHANGE IN NET POSITION, Budgetary Basis	\$ <u>59,500</u>	268,940	\$ <u>209,440</u>
NET POSITION, Beginning		<u>910,689</u>	
NET POSITION, Ending		<u>\$ 1,179,629</u>	

See the accompanying Independent Auditors' Report.

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.	68-72
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue sources.	73-81
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.	82-84
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.	85-86
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.	87-88

CITY OF FOUNTAIN, COLORADO

NET POSITION BY COMPONENT LAST TEN FISCAL YEARS (Unaudited)

TABLE 1

(accrual basis of accounting)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental Activities										
Net Investment in Capital Assets	\$ 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	\$ 71,587,864
Restricted for Parks				251,049	171,785	159,446	150,841	200,199	265,398	230,569
Restricted for District Repairs and Maintenance				-	-	260,397	300,346	335,202	377,522	438,171
Restricted for Transportation				77,407	77,407	160,658	-	323,923	486,290	717,664
Restricted for Street Repairs and Maintenance				75,110	492,788	46,277	49,317	114,524	81,645	78,649
Restricted for Street Improvements				348,500	351,000	355,000	393,000	378,000	414,000	553,000
Restricted for Emergencies	34,135	356,669	352,000	348,500	351,000	355,000	393,000	378,000	414,000	553,000
Unrestricted	4,146,131	3,756,185	2,169,455	1,055,370	952,123	135,074	189,013	(88,331)	3,400,191	5,745,378
Total governmental activities net position	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	82,858,491
Business-type activities										
Net Investment in Capital Assets	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	76,235,438
Restricted for Debt Service					-	576,900	576,900	576,900	576,900	794,400
Unrestricted	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	13,047,583
Total business-type activities net position	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	90,077,421
Primary government										
Net Investment in Capital Assets	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	147,823,302
Restricted for Parks				251,049	171,785	159,446	150,841	200,199	265,398	230,569
Restricted for District Repairs and Maintenance				-	-	260,397	300,346	335,202	377,522	438,171
Restricted for Transportation				77,407	77,407	160,658	-	323,923	486,290	717,664
Restricted for Street Repairs and Maintenance				75,110	492,788	46,277	49,317	114,524	81,645	78,649
Restricted for Street Improvements				348,500	351,000	355,000	393,000	378,000	414,000	553,000
Restricted for Debt Service				17,417,903	15,333,282	11,551,048	13,607,189	12,345,775	15,229,827	18,792,961
Restricted for Emergencies	34,135	356,669	352,000	348,500	351,000	355,000	393,000	378,000	414,000	553,000
Unrestricted	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	18,792,961
Total primary government net position	\$ 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	\$ 172,935,912

Source: City of Fountain, Colorado, audited financial statements, 2006-2015

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

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

CITY OF FOUNTAIN, COLORADO

CHANGES IN NET POSITION LAST TEN FISCAL YEARS (Unaudited)

TABLE 2

(accrual basis of accounting)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses										
Governmental Activities										
General Government	\$ 1,931,863	\$ 2,436,516	\$ 2,801,721	\$ 2,483,390	\$ 3,020,265	\$ 2,949,011	\$ 2,937,922	\$ 3,088,640	\$ 2,699,475	\$ 2,130,308
Public Safety	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	9,028,509
Public Works	3,988,615	4,062,454	4,370,731	3,881,335	4,235,181	2,071,681	2,756,803	3,402,850	4,488,188	4,590,601
Health and Welfare	192,126	229,291	236,958	193,459	166,141	211,294	255,525	276,146	296,720	282,840
Culture and Recreation	710,243	642,930	779,830	966,366	790,333	858,049	772,212	778,062	798,755	1,143,271
Interest Expense	-	42,189	51,071	39,917	27,846	28,812	20,123	133,048	136,046	130,542
Total Governmental Activities Expenses	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	17,306,071
Business-type Activities										
Water Utility	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	7,566,775
Electric Utility	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	22,372,569
Ambulance	623,433	690,328	722,708	680,909	689,230	782,788	850,134	826,633	858,779	845,194
Drainage	-	-	18,604	332,103	62,103	49,530	129,444	179	-	678,202
Total Business-type Activities Expenses	22,662,858	24,228,354	24,671,020	25,367,066	26,540,252	28,273,623	28,894,419	31,073,382	32,050,557	31,452,740
Total Primary Government Expenses	\$ 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	\$ 48,758,811
Program Revenues										
Governmental Activities										
Charges for Services:										
General Government	\$ 205,965	\$ 267,321	\$ 160,968	\$ 154,258	\$ 117,196	\$ 137,678	\$ 190,390	\$ 337,441	\$ 292,864	\$ 272,233
Public Safety	452,439	499,966	687,339	466,151	297,793	394,179	510,392	439,352	382,940	487,191
Public Works	28,169	80,502	25,211	25,258	20,350	7,736	16,461	12,437	37,455	127,292
Health and Welfare	26,167	11,994	15,496	16,209	23,122	12,781	20,112	38,000	14,777	21,773
Culture and Recreation	400,355	331,007	143,381	125,772	49,667	39,536	154,698	133,831	238,348	168,346
Operating Grants and Contributions	1,018,610	912,644	956,900	913,581	1,323,439	1,241,485	1,373,031	1,104,640	1,593,090	1,472,444
Capital Grants and Contributions	12,794,795	4,930,875	6,512,188	57,463	66,000	10,760	449,604	-	-	2,318,192
Total Governmental Activities Program Revenues	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	4,867,471
Business-type Activities										
Charges for Services:										
Water Utility	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	8,641,160
Electric Utility	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	23,673,596
Ambulance	528,076	668,680	714,921	656,075	585,801	659,662	681,356	603,656	678,983	725,652
Drainage	325,212	110,762	93,891	19,268	16,866	18,875	123,885	79,928	35,309	93,739
Capital Grants and Contributions	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	1,887,206
Total Business-type Activities Program Revenues	31,474,781	30,417,878	25,652,794	25,723,737	26,947,488	28,506,939	33,137,733	34,788,554	34,954,463	35,021,353
Total Primary Government Revenues	\$ 46,401,281	\$ 37,452,187	\$ 34,154,277	\$ 27,482,429	\$ 28,845,055	\$ 30,351,094	\$ 35,852,421	\$ 36,854,255	\$ 37,513,937	\$ 39,888,824
Net (Expense)/Revenue										
Governmental Activities	\$ 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)	\$ (12,438,600)
Business-type Activities	8,811,923	6,179,524	981,774	356,671	407,236	233,316	4,243,314	3,715,172	2,903,906	3,568,613
Total Primary Government Net Revenue (Expense)	\$ 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)	\$ (8,869,987)

Source: City of Fountain, Colorado, audited financial statements, 2006-2015

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

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

TABLE 2
(continued)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes	\$ 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	\$ 1,816,545
Sales and Use Taxes	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	10,542,516
Specific Ownership Taxes	168,389	186,485	184,974	171,897	165,271	159,210	159,616	171,785	187,619	210,581
Franchise Taxes	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	1,996,793
Investment Income	261,858	333,918	271,405	92,918	31,623	25,234	29,244	(22,321)	55,200	44,801
Intergovernmental revenues	-	-	-	-	-	-	-	-	2,500,000	200,000
Other Revenues	367,955	251,668	175,764	49,020	262,831	59,875	71,914	134,994	285,505	137,918
Insurance Proceeds	-	-	(95,850)	-	-	-	290,000	-	-	-
Transfers	(419,864)	(111,884)	-	244,837	186,980	125,134	146,298	77,417	147,925	(154,987)
Total Governmental Activities	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	14,794,167
Business-type Activities:										
Other Revenues										
Investment Earnings	1,134,905	1,610,843	1,098,290	307,717	276,790	249,713	238,857	143,831	162,378	175,202
Transfers	419,864	111,884	95,850	(244,837)	(186,980)	(125,134)	(146,298)	(77,417)	(147,925)	154,987
Total Business-type Activities	1,554,769	1,722,727	1,194,140	62,880	89,810	124,579	92,559	66,414	14,453	330,189
Total Primary Government	\$ 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	\$ 15,124,356
Change in Net Position										
Government Activities	\$ 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	\$ 2,355,567
Business-type Activities	10,366,692	7,902,251	2,175,914	419,551	497,046	357,895	4,335,873	3,781,586	2,918,359	3,898,802
Total Primary Government	\$ 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	\$ 6,254,369

Source: City of Fountain, Colorado, audited financial statements, 2006-2015

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

CITY OF FOUNTAIN, COLORADO

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

TABLE 3

(modified accrual basis of accounting)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund										
Reserved	\$ 341,350	\$ 356,669	\$ 352,000	\$ 348,500	\$ 351,000	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	4,024,768	3,853,966	2,589,546	1,800,583	2,051,307	-	-	-	-	-
Nonspendable Note Receivable						355,000	100,000	25,663		
Restricted for Emergencies						-	393,000	378,000	414,000	553,000
Restricted for Fire Sta./Police Sta. Renovation						-	2,499,423	121,934		
Committed to Park Improvements						161,212	311,804	283,566	512,486	662,405
Committed to School Zone						30,996	50,725	58,066	72,859	88,804
Committed to Traffic Signal						-	208,000	208,000	208,000	208,000
Committed to South Academy Highlands Project						-	110,169	443,783	259,430	382,505
Assigned to Public Safety Capital Improvements						1,607,759	577,192	589,591	1,183,805	1,971,273
Unrestricted, Unassigned										
Total general fund	\$ 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	\$ 6,565,987
All Other Governmental Funds										
Reserved	\$ 179,949	\$ 231,020	\$ 314,757	\$ 251,049	\$ 817,090	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	676,963	514,883	598,821	302,962	281,991	-	-	-	-	-
Restricted for Parks						159,446	150,841	200,199	265,398	230,569
Restricted for District Repairs & Maintenance						260,397	300,346	335,202	377,522	438,171
Restricted for Transportation						160,658	-	323,923	486,290	717,664
Restricted for Street Repairs & Maintenance						46,277	49,317	114,524	81,645	78,649
Restricted for Street Improvements						1,026,814	1,651,516	2,273,777	2,913,693	3,507,196
Committed to Volunteer Fire Activities						42,980	-	104,881	129,951	155,036
Assigned to Volunteer Fire Activities						-	92,126	-	-	-
Unrestricted, Unassigned						-	(95,642)	-	-	-
Total all other governmental funds	\$ 856,912	\$ 745,903	\$ 913,578	\$ 554,011	\$ 1,099,081	\$ 1,696,572	\$ 2,148,504	\$ 3,352,506	\$ 4,254,499	\$ 5,127,285

Source: City of Fountain Colorado, audited financial statements, 2006-2015

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)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues:										
Taxes	\$ 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	\$ 14,566,435
Licenses and Permits	66,981	80,787	62,147	66,223	79,151	67,875	87,815	128,163	114,018	110,887
Intergovernmental	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	1,672,444
Charges for Services	705,361	692,339	337,265	319,603	174,588	142,104	330,165	489,192	544,141	621,266
Fines and Forfeitures	322,799	382,844	607,886	369,709	231,679	376,861	469,968	343,706	308,225	344,682
Investment Income	261,858	333,918	271,405	49,020	31,623	25,234	29,244	(19,782)	47,729	39,835
Other Revenues	385,909	304,883	200,861	148,886	318,562	101,624	153,169	134,994	285,505	137,918
Total Revenues	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	17,493,467
Expenditures:										
General Government	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	2,485,007
Public Safety	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	8,650,779
Public Works	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	2,110,811
Health and Welfare	191,098	221,395	196,969	185,429	185,744	203,847	253,336	275,818	296,392	282,512
Culture and Recreation	841,343	819,096	1,101,240	1,514,532	743,197	738,067	921,696	899,644	858,192	1,167,182
Debt Service										
Principal	304,023	355,074	428,598	288,355	257,424	189,628	222,333	372,445	403,639	423,454
Interest	42,183	42,189	51,071	39,917	27,846	28,812	20,123	133,048	136,046	130,542
Total Expenditures	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	15,250,287
Excess of Revenues over (under) Expenditures	545,017	(1,154,608)	(1,369,341)	(1,082,110)	61,314	(46,233)	(1,186,205)	(1,489,696)	3,186,745	2,243,180
Other Financing Sources (Uses)										
Debt Issued	356,000	1,000,000	49,020	-	-	271,250	3,297,185	474,571	609,300	-
Insurance Proceeds	-	-	-	-	-	-	290,000	-	-	-
Transfers In	667,410	944,540	738,951	745,579	661,526	591,084	646,299	675,270	675,270	200,000
Transfers Out	(1,087,274)	(1,056,424)	(834,801)	(500,742)	(474,546)	(465,950)	(500,001)	(597,853)	(527,345)	(154,987)
Total Other Financing Sources (Uses)	(63,864)	888,116	(46,830)	244,837	186,980	396,384	3,733,483	551,988	757,225	45,013
Net Change in Fund Balances	\$ 481,153	\$ (266,492)	\$ (1,416,171)	\$ (837,273)	\$ 798,294	\$ 350,151	\$ 2,547,278	\$ (937,708)	\$ 3,943,970	\$ 2,288,193
Debt Service as a percentage of noncapital Expenditures	3.2%	3.1%	3.7%	2.7%	2.3%	2.1%	2.0%	4.1%	3.8%	4.6%

Source: City of Fountain, Colorado audited financial statements, 2006-2015

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
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%
2015	8,086,610	115,369,090	52,517,480	6,953,150	240,700	617,700	19,456,510	9,647,830	212,889,070	10.239	1,795,063,326	11.86%

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 2006-2015 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	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
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	7.710	7.514	7.583	7.531	7.717	7.597	7.663	7.714	7.791	7.869
School Districts										
Widefield #3	49.881	48.923	47.683	47.692	48.96	49.854	49.307	48.025	47.004	47.527
Fountain/Fort Carson #8	19.699	19.715	24.301	24.716	24.69	24.723	24.703	24.726	24.775	25.195
Sanitation Districts										
Fountain Sanitation	4.134	4.500	4.501	4.5	4.654	5.334	5.534	5.755	6.101	6.604
Water Districts										
S.E. Water Conservancy	0.941	0.915	0.943	0.94	0.94	0.947	0.944	0.940	0.940	0.941
Special Districts										
Fountain GID #1			12.000	12.000	12.000	12.000	12.000	12.000	12.000	12.000
Fountain GID #2			-	-	-	-	-	10.000	10.000	10.000
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	30.000
Crescent Canyon		35.000	35.000	35.000	35.000	35.000	35.000	35.000	35.000	35.000
Cross Creek	10.727	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	50.000
Mesa Ridge #2	37.000	37.000	37.000	37.000	37.000	37.000	37.000	37.000	43.000	50.000
Remuda Ridge		40.000	40.000	40.000	40.000	40.000	-	-	-	-
Ventana	7.000	7.000	7.000	7.000	-	-	-	40.000	40.000	40.000
Miscellaneous Districts										
Pikes Peak Library	3.515	3.325	3.540	3.468	3.556	3.999	4.000	4.000	4.000	3.857

Source - El Paso County Assessor's Office, Abstract of Assessment 2006-2015.

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	2015				2006			
	Assessed	Valuation	Rank	Percentage of Total Assessed	Assessed	Valuation	Rank	Percentage of Total Assessed
				Valuation				Valuation
Dillon Real Estate Co Inc	\$ 4,844,130		1	2.28%	\$ 4,672,080		1	3.58%
Raceway 200 LLC	\$ 4,048,480		2	1.90%	\$ 2,124,840		4	1.63%
WalMart Real Estate	\$ 3,644,110		3	1.71%	\$ 2,428,980		3	1.86%
Lowes HIW Inc	\$ 2,159,820		4	1.01%				
Starboard Mesa Ridge LLC	\$ 1,954,790		5	0.92%				
Mesa Ridge No 1 LLP	\$ 1,905,360		6	0.90%				
Pavestone, LLC	\$ 1,654,310		7	0.78%				
GEP Investments Inc	\$ 1,334,870		8	0.63%				
Fountain Business Park LLC	\$ 1,181,750		9	0.56%	\$ 2,910,920		2	2.23%
Peytons G H C	\$ 1,149,380		10	0.54%	\$ 1,572,970		5	1.21%
Adesa Colorado					\$ 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				\$ 212,889,070				\$ 130,380,480

Source: El Paso County Assessor's Office

CITY OF FOUNTAIN, COLORADO

GENERAL FUND REVENUES-TAXES BY CATEGORY LAST TEN FISCAL YEARS

(Unaudited)

(modified accrual basis of accounting)

TABLE 8

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Sales Tax	\$ 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	\$ 7,152,889
General Property Tax	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	1,733,965
Use Tax	1,498,375	1,271,759	1,004,573	892,028	945,696	887,719	1,487,007	1,367,789	1,514,474	1,601,405
Specific Ownership Tax	168,389	186,485	184,974	171,897	165,271	153,425	154,403	165,432	180,249	201,176
Franchise Taxes:										
Cablevision/ Telephone	112,977	105,320	112,153	147,554	163,742	165,479	193,753	218,759	233,678	275,348
Electricity (1)	654,981	654,983	656,015	916,377	961,895	1,012,430	1,094,835	1,156,498	1,190,744	1,165,277
Gas	222,158	190,011	159,752	200,470	173,462	174,394	148,293	162,078	190,269	183,666
Water (2)	114,584	147,622	137,680	184,282	267,887	293,613	343,672	323,674	379,080	372,503
Total	\$ 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	\$ 12,686,228

Source: City of Fountain, Colorado, audited financial statements, 2006-2015

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

TABLE 9

**SALES TAX BY CATEGORY
LAST TEN FISCAL YEARS**

(Unaudited)

(modified accrual basis of accounting)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Auto Repair and Parts Supply	\$ 141,109	\$ 186,259	\$ 187,066	\$ 198,555	\$ 255,356	\$ 320,889	\$ 386,846	\$ 397,747	\$ 458,682	\$ 457,840
Auto Sales	37,578	122,933	96,775	76,552	93,026	118,774	125,070	110,604	161,058	164,354
Communications/Utilities	348,404	421,066	466,343	475,441	617,272	609,244	606,479	608,767	692,136	675,480
Convenience Stores	56,734	69,823	89,744	91,809	134,520	161,237	174,003	163,293	216,237	207,209
Entertainment	78,427	76,700	76,102	75,362	84,155	51,962	43,887	42,875	45,421	49,025
Hotel/Motel/RV Parks	33,369	38,247	33,151	34,051	42,610	42,374	42,006	38,018	53,912	58,493
Liquor Stores	98,547	99,525	107,285	118,900	131,939	139,820	146,097	201,905	243,093	284,607
Restaurants	606,353	650,824	705,850	778,998	1,035,896	1,138,697	1,239,641	1,390,407	1,607,930	1,878,716
Retail	2,522,413	2,677,120	2,738,270	2,757,411	3,407,245	3,415,716	3,226,384	3,514,312	3,555,432	4,831,279
Services - Misc	458,434	560,045	408,465	444,772	656,686	523,445	961,918	838,416	777,470	333,213
Total	\$ 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	\$ 8,940,216

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

Source: City of Fountain, Colorado audited financial statements, 2006-2015 and Sales Tax Subsidiary Records, 2006-2015

CITY OF FOUNTAIN, COLORADO

DIRECT AND OVERLAPPING SALES TAX RATES DECEMBER 31, 2015 (Unaudited)

TABLE 10

<u>Fiscal Year</u>	<u>City of Fountain</u>	<u>El Paso County</u>	<u>State of Colorado</u>
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%
2015	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
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	1,717,393	98.24%	15,276	1,732,669	99.11%
2011	1,612,426	1,577,045	97.81%	17,617	1,594,662	98.90%
2012	1,640,950	1,608,185	98.00%	16,265	1,624,450	98.99%
2013	1,690,240	1,604,020	94.90%	43,007	1,647,027	97.44%
2014	1,763,057	1,705,465	96.73%	28,500	1,733,965	98.35%
2015	1,961,172	N/A			N/A	

Source: El Paso County Treasurer's Office and the City of Fountain, Colorado audited financial statements, 2006-2015

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)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Water Revenues:										
Charges for Services:										
Metered Water Sales by Type of Customer:										
Residential	\$ 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	\$ 5,370,315
Commercial	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	1,894,487
Total Charges for Services	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	7,264,802
Miscellaneous	174,469	153,217	164,961	156,792	191,410	295,457	268,443	278,312	256,998	1,376,358
Total Operating Revenues	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	8,641,160
Investment Income	766,253	879,040	247,872	48,871	25,333	4,704	18,192	30,597	8,454	14,204
Total Water Revenues	\$ 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	\$ 8,655,364
Water Gallons Sold by Type of Customer										
Residential	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	542,361,514
Commercial	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	186,637,670
Total Water Gallons Sold by Type of Customer	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	728,999,184

Source: City of Fountain, Colorado, audited financial statements, 2006-2015 and Utility Billing Records, 2006-2015

CITY OF FOUNTAIN, COLORADO

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

TABLE 13

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Electric Revenues:										
Charges for Services:										
Metered Electric Sales by Type of Customer:										
Residential-inside city limits	\$ 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	\$ 9,124,562
Residential-outside city limits	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	6,475,483
Commercial-inside city limits	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	6,196,410
Commercial-outside city limits	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	1,272,037
Total Charges for Services	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	23,068,492
Miscellaneous	172,456	383,561	576,176	517,141	572,708	459,804	485,572	513,927	610,309	958,176
Total Operating Revenues	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	24,026,668
Investment Income	306,714	622,622	731,105	230,850	235,314	232,406	209,225	118,468	143,013	154,942
Total Electric Revenues	\$ 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	\$ 24,181,610
Electric kWh Sold by Type of Customer										
Residential-inside city limits	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	80,256,002
Residential-outside city limits	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	57,063,034
Commercial-inside city limits	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	63,289,307
Commercial-outside city limits	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	12,641,542
Total Electric kWh Sold by Type of Customer	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	213,249,885

Source: City of Fountain, Colorado, audited financial statements, 2006-2015 and Utility Billing Records, 2006-2015.

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 Water Rights Loan	2007 Water Rights Loan	2008 Water Rights Loan	2009 Loan Payable CWRPDA	2011 Loan Payable CWRPDA	2013 Loan Payable CWRPDA	2014 Loan Payable CWRPDA	2015 Bond Payable Fountain					
2006	762,710	8,020,000	727,000	3,000,000										12,509,710	599	1.68%
2007	1,407,636	7,870,000	654,300	351,450										10,283,386	466	1.25%
2008	1,028,058	7,715,000	581,600	312,400	1,470,669									11,107,727	475	1.24%
2009	739,703	7,555,000	508,900	273,350	1,428,273	8,665,000								19,170,226	821	2.15%
2010	482,279	7,390,000	436,200	234,300	1,382,812	8,510,000								18,435,591	713	1.86%
2011	563,901	7,215,000	363,500	195,250	1,334,065	8,350,000	9,350,000							27,371,716	1,034	2.59%
2012	3,638,753	7,035,000	290,800	156,200	1,281,793	8,185,000	9,350,000							29,937,546	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						40,956,872	1,502	3.67%
2014	3,946,540	200,000	145,400	78,100	1,165,641	7,835,000	8,995,000	11,390,000	16,900,000					50,655,681	1,779	4.24%
2015	3,523,086	-	72,700	39,050	-	7,650,000	8,810,000	11,160,000	16,835,000	3,965,000				52,054,836	1,817	4.31%

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	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Water Fund Debt Outstanding										
2003 Water Rights Loan	\$ 727,000	\$ 654,300	\$ 581,600	\$ 508,900	\$ 436,200	\$ 363,500	\$ 290,800	\$ 218,100	\$ 145,400	\$ 72,700
2005 Loan Payable CWRPDA	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	3,000,000									
2007 Water Rights Loan		351,450	312,400	273,350	234,300	195,250	156,200	117,150	78,100	39,050
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	8,510,000	8,350,000	8,185,000	8,015,000	7,835,000	7,650,000
2011 Loan Payable CWRPDA						9,350,000	9,350,000	9,175,000	8,995,000	8,810,000
2013 Loan Payable CWRPDA								11,615,000	11,390,000	11,160,000
2014 Loan Payable CWRPDA									16,900,000	16,835,000
2015 City of Fountain Revenue Bond										3,965,000
Total Water Fund Debt Outstanding	\$ 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	\$ 48,531,750

Number of Active Water Service Connections	5,745	6,709	6,985	7,092	7,219	7,514	7,695	7,695	7,844	7,988
Water Fund Debt per Active Water Service Connection	\$ 2,045	\$ 1,323	\$ 1,443	\$ 2,599	\$ 2,487	\$ 3,568	\$ 3,418	\$ 4,836	\$ 5,955	\$ 6,076

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, 2006-2015 and Utility Billing Records, 2006-2015.

CITY OF FOUNTAIN, COLORADO

DIRECT AND OVERLAPPING DEBT DECEMBER 31, 2015 (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	\$ 6,418,383	100.00%	\$ 6,418,383
El Paso County	154,054,010	2.70%	\$ 4,159,215
Widefield School District #3	11,245,000	10.77%	\$ 1,211,179
Cumberland Green Metro District (c)	5,700,000	100.00%	\$ 5,700,000
Total Overlapping Debt	<u>177,417,393</u>		<u>17,488,776</u>
City of Fountain Direct Debt	<u>3,523,086</u>	100.0%	<u>3,523,086</u>
Total Direct and Overlapping Debt	<u>\$ 180,940,479</u>		<u>\$ 21,011,862</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	2015	
	Employees	Percentage of Total County Employment (a)
Fort Carson	30,000	10.21%
Widefield School District #3	1,184	0.40%
Fountain/Fort Carson School District #8	1,050	0.36%
Wal-mart	751	0.26%
Dillon/GHC	530	0.18%
City of Fountain	282	0.10%
Total	33,797	11.51%

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

(a) 2015 El Paso County employment 293,736

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)
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	991,530	38,363	9.7
2011	26,475	25,420,872	1,056,591	39,942	9.1
2012	26,885	26,374,299	1,099,408	40,611	8.8
2013	27,265	26,374,299	1,114,948	40,541	7.8
2014	28,470	26,940,874	1,194,174	41,945	6.0
2015	28,650	27,210,283 est	1,207,733	42,155	4.6

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 and Colorado Division of Local Governments, Demographics Section.
- (c) Personal Income for Fountain is calculated by multiplying Fountain population by Per Capita Personal Income.
- (d) Unemployment rate is for Colorado Springs Metro Area not seasonally adjusted per the Bureau of Labor Statistics and State of Colorado, Division of Employment and Training

CITY OF FOUNTAIN, COLORADO

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

TABLE 19

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
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	2.00	2.00	2.00	2.00	2.00	2.00	2.00	1.00
City Administration	4.00	4.40	5.00	5.00	5.00	5.00	5.00	4.00	5.00	5.00
Finance	3.00	3.00	3.00	3.00	3.00	4.00	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	2.00	2.00	1.00	1.00	2.00	2.00
Planning & Zoning	2.70	3.70	3.10	3.30	3.30	3.40	3.25	2.85	3.00	4.00
Engineering	1.00	2.70	2.20	2.50	2.50	2.50	2.50	2.50	2.00	2.00
Economic Development	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	2.00
Information Technology	2.00	3.00	3.00	4.00	4.00	4.00	4.00	5.00	5.00	5.00
Public Safety										
Police										
Patrol	28.00	25.00	29.00	25.00	26.00	27.00	29.00	29.00	30.25	33.25
K-9 Patrol	1.00	1.00	1.00	1.00	1.00	1.00	0.25	0.50	2.00	2.00
Administration	6.00	10.00	6.50	3.00	3.00	4.00	4.00	4.00	5.00	5.00
Support Services	9.50	9.50	9.50	18.00	17.00	17.65	18.00	18.00	16.00	16.00
Investigations	3.00	5.00	5.00	5.00	5.00	5.00	4.00	4.00	4.00	4.00
School Resource/DARE Program	2.00	2.00	2.00	2.00	2.00	2.00	3.00	3.00	3.00	3.65
Drug Task Force	1.00	1.00	1.00	1.00	1.00	2.00	2.00	2.00	2.00	2.00
Fire										
Administration				2.00	2.00	2.00	2.00	2.00	2.00	2.00
Emergency Services	16.00	21.00	21.00	18.00	19.00	19.75	20.35	20.75	20.65	21.35
Prevention Services				1.00	1.00	1.00	1.00	1.00	1.00	1.00
Ambulance										
Emergency Medical Services	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00
Public Works										
Street & Drainage Maintenance	9.30	9.30	9.30	9.30	9.30	8.00	8.50	8.45	7.80	7.35
Bus Transportation										
Bus Drivers							6.00	4.50	4.50	4.50
Health and Welfare										
Code Enforcement	2.00	2.50	2.50	2.00	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	4.50	4.65	6.40	5.80	6.20
Recreation Programs										1.85
Water Utility										
Administration	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	1.50	1.50
Water Resource	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Water Conservation	0.00	0.00	1.00	1.00	0.50	0.00	0.00	0.00	0.50	0.50
Water Operations	8.25	10.25	9.75	10.75	10.75	10.90	11.00	11.00	11.00	11.00
Electric Utility										
Administration	2.50	2.50	2.50	3.50	3.50	4.45	4.55	4.50	4.00	4.20
Engineering/Planning	3.50	4.50	8.00	8.00	5.00	5.00	5.00	5.00	5.00	3.45
Electric Distribution	19.25	23.25	20.25	20.25	20.50	19.20	19.20	19.20	19.15	19.90
Electric Conservation	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.50	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	2.25	2.25	4.00	4.00	4.00	4.00	3.00	3.00	3.00	3.00
Customer Service	5.00	5.00	5.50	9.00	10.00	10.00	10.00	10.00	10.00	8.00
Customer Billing	3.00	3.00	3.00	3.00	3.00	3.00	3.00	5.00	5.00	4.00
Field Service	2.00	2.00	0.00	0.00	3.00	3.00	2.00	2.00	2.00	3.00
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	171.10	190.70	192.20	199.70	200.45	201.85	207.75	210.15	211.65	216.20

Source: City of Fountain Finance Department

CITY OF FOUNTAIN, COLORADO

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

TABLE 20

Function/Program	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Public Safety										
Fire Department										
Fire career staff	27	30	30	30	30	33	33	33	39	39
Volunteers	46	60	60	49	60	65	50	40	30	40
Fire Insurance Rating	5	5	5	5	5	5	5	5	3	3
Fire emergency responses	3,085	3,248	3,440	3,513	3,445	3,556	3,736	3,747	3,785	4,314
Fire hydrants	679	1,175	1,175	1,175	1,175	1,175	1,205	1,205	1,205	1,210
Number of fire stations	3	3	3	3	3	3	3	3	3	3
Number of fire trucks/implements	9	10	11	11	11	11	11	11	12	12
Police Department										
Number of police stations	1	1	1	1	1	1	1	1	1	1
Sworn officers	38	40	40	40	40	39	41	41	41	46
Reserve officers	2	3	4	5	4	3	3	3	3	3
Calls for service	24,221	32,874	33,096	31,239	30,107	38,987	41,353	40,873	42,862	40,672
Homicides	1	0	1	1	1	1	0	0	0	1
Sexual assaults	72	70	70	80	44	82	61	59	43	32
Robbery	12	19	9	5	10	13	16	9	15	9
Assault	133	105	124	71	104	92	89	77	53	158
Larceny-thefts	542	537	477	493	516	551	531	580	383	687
Traffic citations	2,957	3,808	5,024	2,781	1,877	3,185	3,397	3,333	3,264	3,265
Adult arrests	1,107	1,263	1,404	1,334	974	1,388	922	1,080	500	1,279
Juvenile arrests	426	525	456	409	243	211	112	251	195	249
Domestic violence cases	358	304	326	369	374	688	198	144	376	625
Military custodial arrests	72	41	57	59	68	67	38	40	26	441
Public Works										
Miles of paved street	85.8	89.0	99.1	99.1	99.1	99.0	99.0	100.6	100.6	102.7
Miles of gravel road	3.2	3.4	3.4	3.4	3.4	3.5	3.5	3.5	3.5	3.4
Traffic signals	1	1	2	2	2	2	2	2	2	2
Pedestrian cross walks	73	77	79	75	75	75	75	75	75	85
Cemetery										
City owned Cemeteries	1	1	1	1	1	1	1	1	1	1
Cultural & Recreation										
Developed parks	7	7	7	7	7	8	8	8	9	10
Open space acres	191.5	255.0	288.5	288.5	288.5	288.5	288.5	288.5	288.5	326.5
Miles of trails	6	6	6	6	6	6	6	6	6	10
Number of pavillions	5	5	5	6	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	1	1	1	1	1	1	1
Number of baseball/softball fields	6	6	6	6	6	6	6	6	6	5
Number of dog park areas	0	0	1	1	1	1	1	1	1	1
Number of concession stands	0	0	0	0	0	0	1	1	1	2
Water Utility										
Number of accounts	5,745	6,709	6,985	7,092	7,218	7,267	7,420	7,453	7,583	7,674
Average daily consumption (gallons)	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	1,997,258
Annual consumption (gallons)	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	728,999,184
Distribution system (miles) (a)			110	114	122	122	129	123	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	14,796	15,180	15,407	15,467	15,687	15,812	16,008	16,585	16,920	17,028
Peak demand (megawatts)										
Summer-July	43	44	44	42	44	48	52	50	50	51
Winter-December	39	38	39	40	37	38	39	41	40	39
Average daily consumption (kwh)	557,108	566,482	536,268	526,751	547,009	557,379	565,717	574,812	565,510	584,246
Annual consumption	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	213,249,885
Distribution system (miles)	533	540	546	550	550	550	550	565	565	596
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 (b)	2,343	2,440	2,508	2,554	2,314	2,946	2,920	2,930	2,930	2,997

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

Note: (a) information is not available for 2006-2007.

(b) 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 2015
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

ITEM	AMOUNT
A. Receipts from local sources:	
1. Local highway-user taxes	
a. Motor Fuel (from Item I.A.5.)	
b. Motor Vehicle (from Item I.B.5.)	
c. Total (a.+b.)	
2. General fund appropriations	1,027,508
3. Other local imposts (from page 2)	229,046
4. Miscellaneous local receipts (from page 2)	272,010
5. Transfers from toll facilities	
6. Proceeds of sale of bonds and notes:	
a. Bonds - Original Issues	
b. Bonds - Refunding Issues	
c. Notes	
d. Total (a. + b. + c.)	0
7. Total (1 through 6)	1,528,564
B. Private Contributions	
C. Receipts from State government (from page 2)	774,009
D. Receipts from Federal Government (from page 2)	0
E. Total receipts (A.7 + B + C + D)	2,302,573

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT	
A. Local highway disbursements:		
1. Capital outlay (from page 2)	249,715	
2. Maintenance:	542,460	
3. Road and street services:		
a. Traffic control operations	9,129	
b. Snow and ice removal	73,501	
c. Other		
d. Total (a. through c.)	82,630	
4. General administration & miscellaneous	312,202	
5. Highway law enforcement and safety	1,115,566	
6. Total (1 through 5)	2,302,573	
B. Debt service on local obligations:		
1. Bonds:		
a. Interest		
b. Redemption		
c. Total (a. + b.)	0	
2. Notes:		
a. Interest		
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)		2,302,573

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
		2,302,573	2,302,573		0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT

STATE:
Colorado
YEAR ENDING (mm/yy):
December 2015

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	258,889
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	229,046	g. Other Misc. Receipts	13,121
6. Total (1. through 5.)	229,046	h. Other	
c. Total (a. + b.)	229,046	i. Total (a. through h.)	272,010
	(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	692,236	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	81,773	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.)	81,773	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	774,009	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		26,261	26,261
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation		223,454	223,454
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)	0	223,454	223,454
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	249,715	249,715
			(Carry forward to page 1)

Notes and Comments: