



# **City of Fountain, Colorado**

## **Comprehensive Annual Financial Report**

### **Year ended December 31, 2018**

#### **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, 2018**

**Prepared by:**

**Finance Department**

# City of Fountain, Colorado

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## **Introductory Section**



**City of Fountain**  
116 South Main Street  
Fountain, CO 80817  
Voice (719) 322-2020  
Fax (719)-322-2002

## TRANSMITTAL LETTER

June 30, 2019

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, 2018, 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 Hinkle & Company, a licensed certified public accounting firm. The goal of the independent audit is to provide reasonable assurance that the City's financial statements for the fiscal year ended December 31, 2018 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, 2018 are presented fairly and in conformity with Generally Accepted Accounting Principles. The independent auditors' report is presented on the first page of the financial section of this report.

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

### *City Profile*

The City of Fountain, Colorado, incorporated in 1903, is located on Colorado's Rocky Mountain Front Range, 10 miles south of Colorado Springs. The City occupies 22.08 square miles and serves a population of over 30,000.

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

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

### *Local Economy*

The largest employer in the Fountain area is Fort Carson with 31,000 military, civilian employees and contractors. The City continues to grow its business commercial base with a diversification among prime employer industries:

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

The unemployment rate in the Fountain area has historically been less than the national average due, in part to a growing State economy and its large military presence. Fountain has been close to full employment levels for the past few years. The unemployment rate for 2018 was 3.9%, equaling the national average of 3.9% and with a Cost-of-Living index that grew 2.7% over the last year.

Construction of new housing and commercial starts in 2018 totaled 268 which is a 54% increase over the 2017 total of 174. For the first five months of 2019 there have been 47 housing and commercial starts. For the first three months of 2019, year over year sales tax revenue, which is received two months in arrears, is 9.8% higher than 2018.



### *Long-term Financial Planning*

In 2008, the City Council embarked on the process of developing the City's first Strategic Plan. The purpose of the endeavor was to help develop a focused vision and mission for the City organization that would be achievable through specific goals and actions of the City Departments. In 2018, the City embarked on a new, updated Strategic Planning process designed to narrow the focus of the City to four (4) Strategic Priorities, and develop appropriate goals and objectives tied directly to those priorities. The developed Strategic Priorities are as follows:

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

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

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

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

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

### *Major Initiatives*

**High Speed Broadband.** In 2018, the City began exploring the possibility of bringing high speed, 1-gigabit, Internet service to all City of Fountain residents and businesses. An initial assessment was completed and the City Council authorized continuing forward with a feasibility study to be completed in 2019. This high speed broadband service will mirror the services provided by several other cities in the State, such as Fort Morgan and

Longmont. If it is determined to be feasible, construction will likely begin in the latter portion of 2019.

**Industrial Railyard.** The City continues to work with Colorado Springs Utilities, El Paso County, Levy Companies, and the Colorado Springs Chamber of Commerce to develop an Industrial Railyard in the vicinity of the Nixon power plant south of town. This railyard will encompass several hundred acres and is envisioned to be developed as a dry land port authority that will host several private industrial users. Work continues by the partners to determine the feasibility of this effort.

**Recreation Facility.** In 2017, the City of Fountain, in conjunction with School District #8, Widefield Recreation, the Fountain Valley Senior Center, El Paso County, and the YMCA initiated a feasibility study regarding the possibility of bringing a Recreation Facility to the Fountain Valley Area. OLC completed the study in 2018 and a Recreation Facility Committee was formed to effectuate the plan. Current partners are Fountain, Widefield Recreation, and the Senior Center. It is anticipated that a ballot measure will be brought to voters in 2020 to ask for a mill levy to support a facility.

#### *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, 2017. 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 Hinkle & Company for the assistance and guidance they provided in the preparation of the CAFR and for the professional manner in which they conducted the audit.

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

Respectfully submitted,



Scott Trainor  
City Manager



John Lewis  
Finance Director

## CITY COUNCIL



**Gabriel Ortega, Mayor**

Ward: At Large  
Term Expires: 11/2021



**Sam Gieck, Council Member**

Ward: #3  
Term Expires: 11/2021



**Sharon Thompson, Council Member**

Ward: #1  
Term Expires: 11/2021



**Greg Lauer, Council Member**

Ward: At Large  
Term Expires: 11/2021



**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

Troy Johnson

IT Director

Lisa Kudryck-Godwin

Court Administrator

Yanira Cruz-pagan

Planning Director

Todd Evans

Deputy City Manager

Todd Evans

Utilities Director

Curtis Mitchell

Economic Dev. Director

Kimberly Bailey

Finance Director

John Lewis

Public Safety Director/  
Police Chief

Chris Heberer

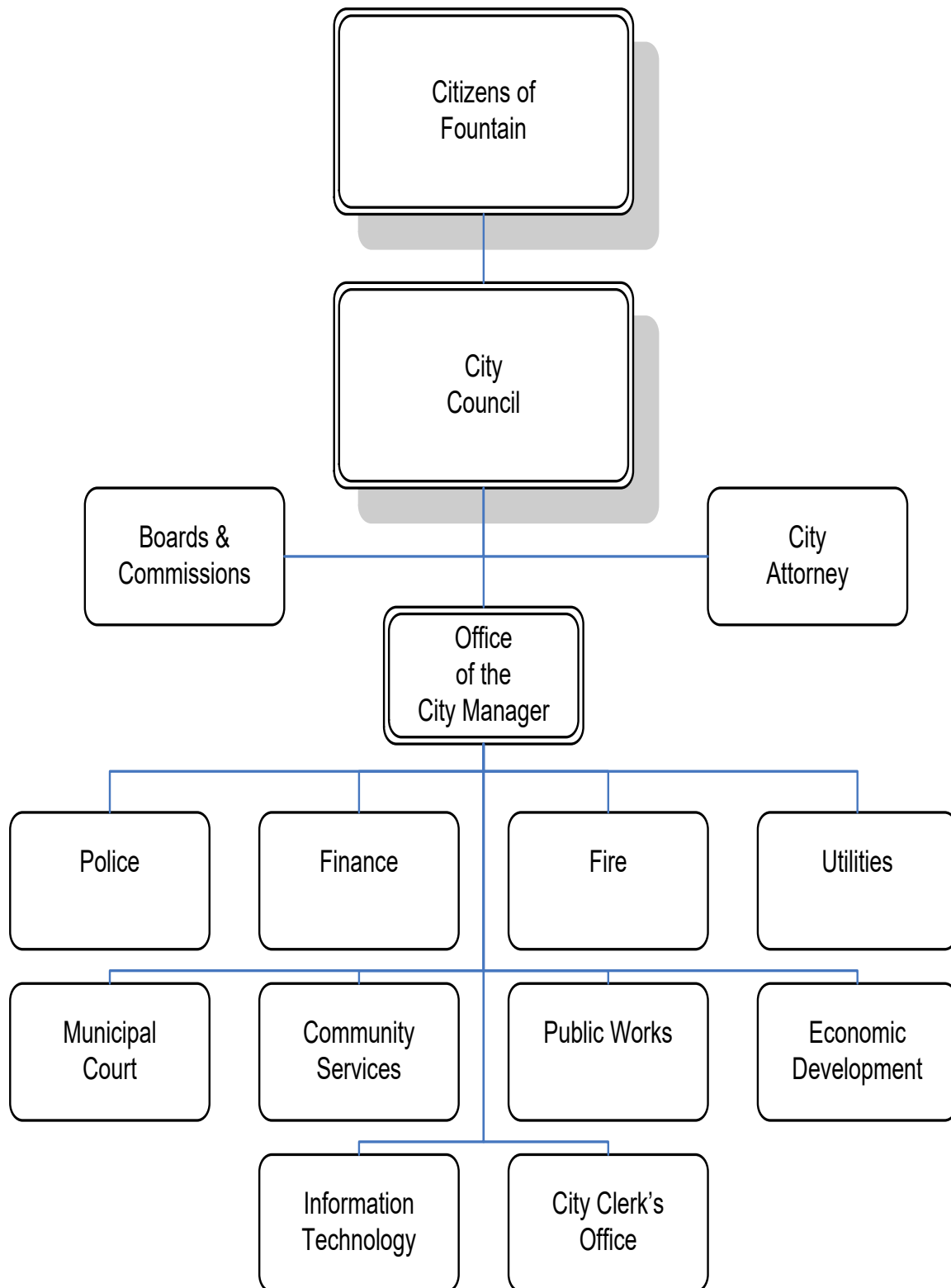
Fire Chief

James Maxon

Cmnty. Eng. Manager

John Trylch

## City Organizational Chart





Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**City of Fountain  
Colorado**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**December 31, 2017**

*Christopher P. Morill*

Executive Director/CEO

## **Financial Section**



## Independent Auditors' Report

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

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, 2018, 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, 2018, 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.

### **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 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.

*Hick & Company, PC*

Greenwood Village, Colorado  
June 30, 2019





# 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, 2018. 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 2018 by \$183 million (net position). Of this amount, \$18.2 million (unrestricted net position) may be used to pay the City's obligations to citizens and creditors.
- At December 31, 2018, the City of Fountain's governmental funds reported combined ending fund balance for restricted and unrestricted of \$13.6 million, a decrease of approximately \$50,000 in comparison with the prior year. This decrease was primarily due to the cost of damages from two major hail storms in 2018. \$8.8 million of the unrestricted net position is available for spending at the government's discretion.
- The unrestricted, unassigned fund balance for the General Fund was \$5.3 million, or 24.2% of the total General Fund expenditures, compared to \$5.2 million or 26% for fiscal year 2017. An additional \$717,000 of fund balance in the General Fund is restricted by the State of Colorado for emergencies.
- Sales Tax, the City's largest source of General Fund revenue, was \$10.8 million for 2018 as compared to \$10.3 million for the prior year, an increase of 4.9%.
- Use tax revenue increased by \$2 million to \$3.8 million in 2018 due to construction materials purchased to repair hail damaged buildings in Fountain. The hail damage also resulted in \$2.4 million of insurance proceeds, partially offsetting the City's public works costs resulting from the hail damage.
- Deferred outflows declined by \$48,720 or 3.2% due to amortization of debt refunding and deferred inflows increased by \$157,043 or 6.7% primarily due to increases in property taxes revenues from higher assessed values.
- No new long-term debt was acquired by the City in 2018. Payments on debt, net of increases in compensated absences, post-employment and early retirement benefits resulted in a net decrease of debt in the amount of \$1.8 million in 2018.

## Using this Annual Report

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

### Government-wide Financial Statements

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

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

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

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

### **Fund Financial Statements**

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

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

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

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

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

### **Notes to Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 15-45 of this report.

### **Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information*. This supplementary information can be found on pages 46-51 of this report. The City of Fountain's progress in funding its obligation to provide pension benefits to volunteer fire fighters is located on page 46 of this report. The Schedule of Funding Progress Postemployment Benefit Plan is located on page 49. The Budgetary Comparison Schedule for the General Fund and the notes to the required supplementary information can be found on pages 52-53.

Supplementary information, including the combining statements, referred to earlier in connection with non-major Governmental Funds and Enterprise Funds, are presented immediately following the required supplementary information on pensions and the General Fund. Combining and individual fund statements and schedules can be found on pages 54-72.

## 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 \$183 million at the close of 2018, a change of \$5 million from the end of 2017.

	Governmental Activities		Business-type Activities		Total	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Current and other assets	\$21,664	\$19,735	\$15,725	\$16,581	\$37,389	\$36,316
Capital assets	76,314	74,385	135,926	133,184	212,240	207,569
Total assets	97,978	94,120	151,651	149,765	249,629	243,885
Deferred outflows of resources	674	541	919	967	1,593	1,508
Long-term liabilities outstanding	6,693	7,010	46,739	48,262	53,432	55,272
Other liabilities	5,992	3,651	6,247	6,125	12,239	9,776
Total liabilities	12,685	10,661	52,986	54,387	65,671	65,048
Deferred inflows of resources	2,589	2,347	0	0	2,589	2,347
Net position:						
Net investment in capital assets	69,746	67,964	89,901	85,595	159,647	153,559
Restricted	4,853	7,907	217	217	5,070	8,124
Unrestricted	8,779	5,782	9,465	10,533	17,244	16,315
Total net position	83,378	81,653	99,583	96,345	182,961	177,998

The largest portion of the City of Fountain's net position (87.3%) 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 (2.8%) represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position (\$18.2 million) may be used to meet the City's ongoing obligations to citizens and creditors.

## Changes in Net Position (in thousands)

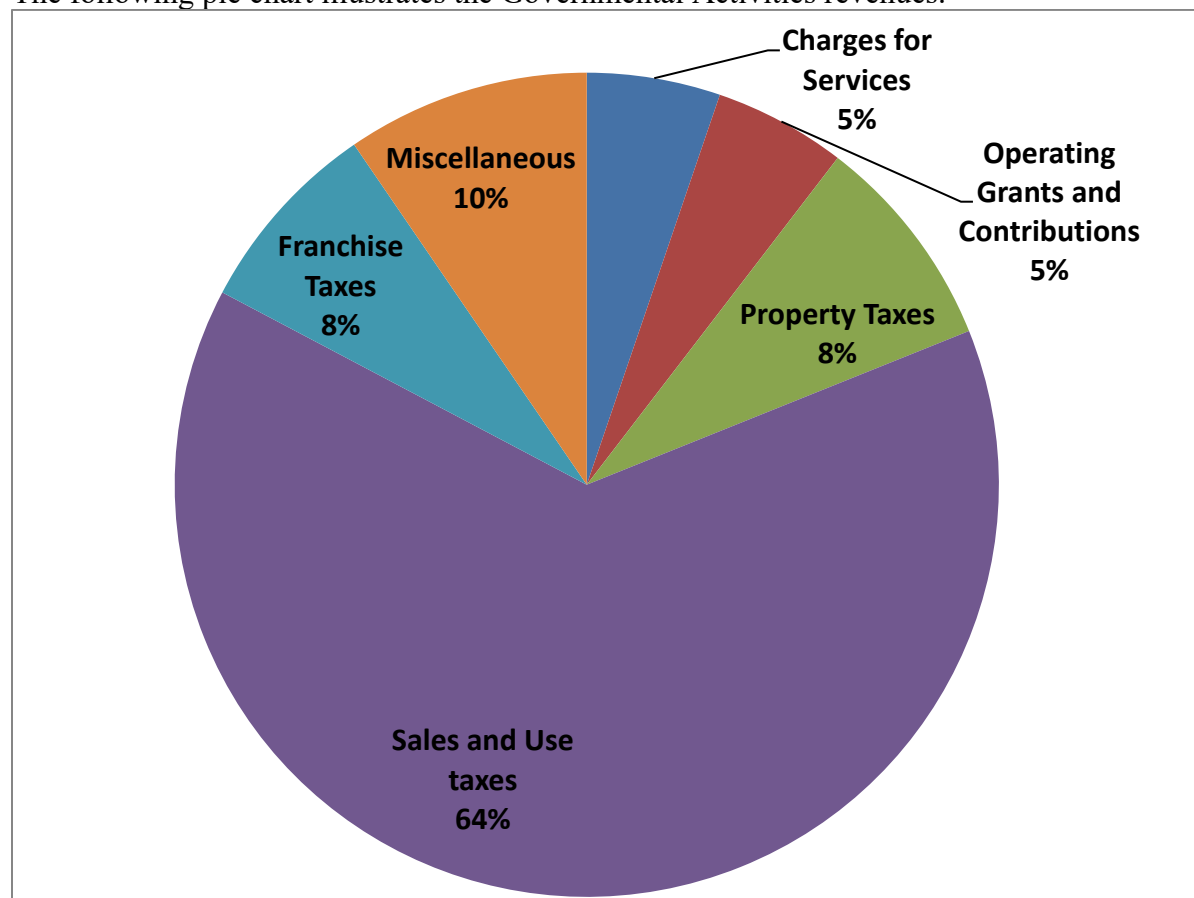
	Governmental Activities		Business-type Activities		Total	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Revenues:						
Program Revenues:						
Charges for services	\$1,421	\$1,135	\$35,466	\$32,743	\$36,887	\$33,878
Operating grants and contributions	1,407	1,291	174	-	1,497	1,291
Capital grants and Contributions	-	-	1,926	2,172	1,926	2,172
General Revenues:						
Property taxes	2,304	2,153	-	-	2,304	2,153
Sales and use taxes	17,314	14,686	-	-	17,314	14,686
Spec. Own. taxes	298	298	-	-	298	298
Intergovernmental	-	-	-	-	-	-
Franchise taxes	2,095	1,976	-	-	2,095	1,976
Other revenues	2,591	288	4	-	2,595	288
Investment earnings	141	78	151	126	292	204
Total revenues	27,571	21,905	37,547	35,041	65,208	56,946
Program expenses:						
General government	8,695	4,693	-	-	8,695	4,693
Public Safety	10,995	10,949	-	-	10,995	10,949
Public Works	4,002	3,476	-	-	4,002	3,476
Health and welfare	398	382	-	-	398	382
Culture and recreation	1,071	1,273	-	-	1,071	1,273
Interest expense	270	130	-	-	270	130
Water utility	-	-	8,547	8,071	8,547	8,071
Electric utility	-	-	24,952	22,448	24,952	22,448
Ambulance	-	-	1,226	1,118	1,226	1,118
Drainage	-	-	-	-	-	-
Total expenses	25,431	20,903	34,725	31,637	60,156	52,540
Excess/Deficiency Before transfers	2,140	1,002	2,822	3,404	4,962	4,406
Transfers In (Out)	-416	-235	416	235	-	-
Increase/(Decrease in net position)	1,724	767	3,238	3,639	4,962	4,406
Net position, beginning	81,653	80,886	96,346	92,707	177,999	173,593
Net position, ending	\$83,377	\$81,653	\$99,584	\$96,346	\$182,961	\$177,999

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

## Governmental Activities

Governmental activities net position for 2018 increased by \$1,724,000. This is attributed to the increase in combined sales and use tax revenues.

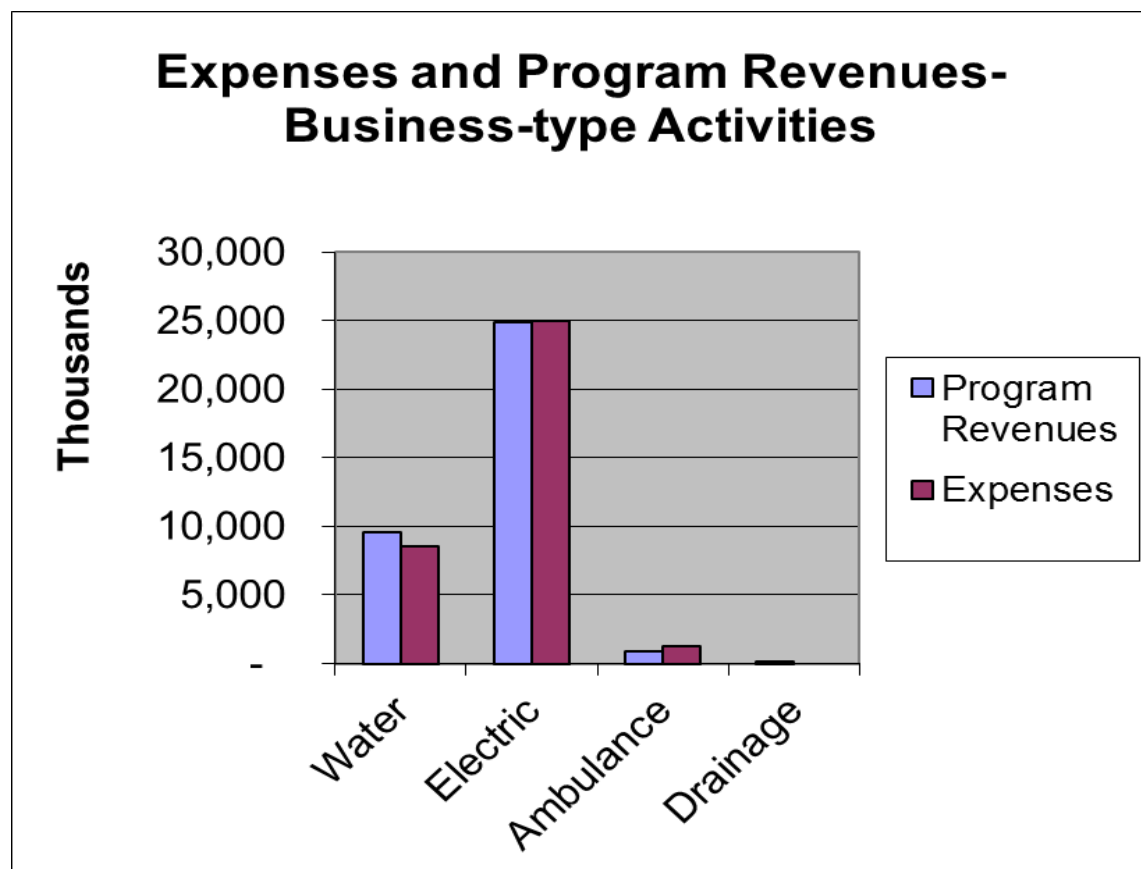
The following pie chart illustrates the Governmental Activities revenues.



- Revenue from general fund sales tax of \$10.822 million increased \$371 thousand or 3.6% over 2017 due to several new businesses and continued growth in the South Academy Highlands annexation.
- Revenue from the voter approved .75% Public Transportation sales tax, which was effective January 1, 2010, generated \$901,844 for public transit; \$541,106 for street resurfacing; and \$1,262,580 for street improvements or a total of \$2.71 million and a 4.8% increase over 2017.
- Revenue from use tax is \$3.8 million and approximately \$2.1 million more than 2017, primarily due to construction materials purchased to repair hail damaged buildings after two very destructive hail storms in the summer of 2018.
- Miscellaneous revenue increased by \$2.3 million, primarily from insurance proceeds for damages to City property caused by the two hail storms in 2018.

## Business-type Activities

The City of Fountain 2018 business-type activities net position increased by \$3.2 million. The following chart illustrates the business-type activities program revenues and expenses.



- Combined 2018 revenue of \$37.5 million was approximately \$2.5 million greater than 2017 total revenue.
  - Water charges for services of \$9.6 million increased approximately \$1.1 million from 2017
  - Electric charges for services increased by approximately \$1.5 million over 2017
  - Capital grants and contributions in water and electric decreased by \$250,000 from 2017
- Program expense of \$34.7 million was approximately \$3.1 million more than 2017.
  - Water increased by \$476,000 due to increases in operating expenses.
  - Electric increased by approximately \$2.5 million due to increased capital infrastructure expenses.

## **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.

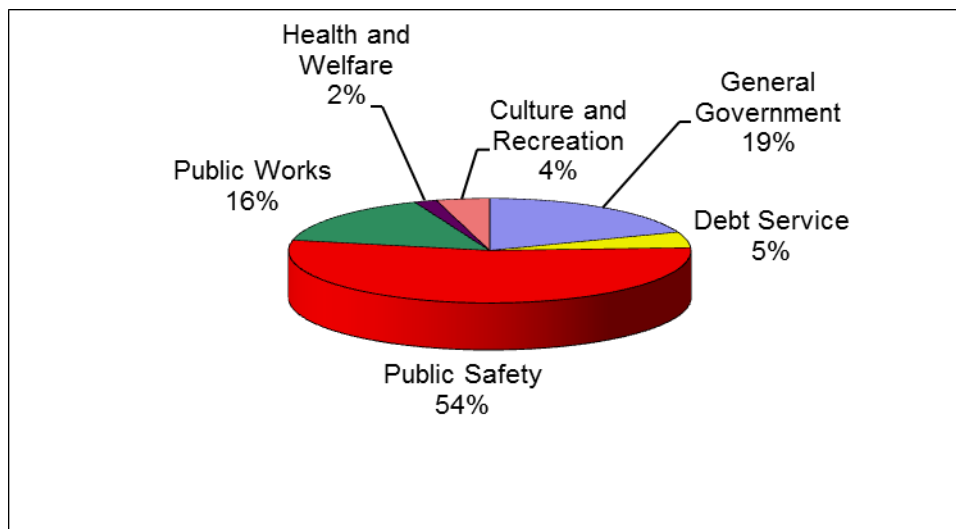
The City's General Fund reported a 2018 ending fund balance of \$8.7 million, an increase of \$1.6million in comparison with the previous year. Unrestricted, unassigned fund balance, which is available for spending at the City's discretion, totaled \$5.3 million or 61.7% of the total general fund balance. The remainder of the fund balance is restricted for emergencies (\$717,000), commitments for park improvements, school zone improvements, and traffic signals (\$1,212,347 combined), and assigned to public safety capital improvements (\$1,384,981).

## **Proprietary Funds**

The City's proprietary funds provide the same type of information found in the government-wide financial statement, but in more detail. Unrestricted net position of the water and electric utilities were (\$3.8) million and \$11 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 \$21.2 million. There



were no budget amendments presented to, or approved by, the City Council for 2018. The original and the final budgets were, therefore, the same for 2018.

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

- General government variance was \$882 thousand under budget primarily due to inter-fund transfers decreasing general government share of information technology expenditures.
- Public Safety variance was \$844 thousand over budget due primarily to; severance costs and vacation payouts for long-term employees, and costs of damages to vehicles and equipment from the hail storms.
- Public Works variance was \$1.4 million over budget due to the severe damages caused to our entire fleet of vehicles and trucks by the two large 2018 hail storms.
- All other departments within the general fund were under budget.
- Positive variances in general fund revenues more than offset the negative variances in expenditures for 2018.

## **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, 2018 totaled \$211.1 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 \$4.2 million during 2018; governmental activities increased by \$1.5 million while business-type activities increased by \$2.7 million.

Major capital events for 2018 included the following items:

- The general fund expended almost \$460,000 on buildings and improvements, including retrofitting the City buildings for energy efficiency and another \$837, 000 on vehicles and equipment that had been destroyed in the two hail storms previously mentioned.
- The major capital events for the water utility included \$990,000 of system improvements and infrastructure attributable to water mains, and tap saddle and meter replacements.
- The electric utility expended \$986,000 on system and infrastructure improvements, primarily for new service installation and overhead and underground system upgrades.
- The ambulance fund purchased two new ambulances for approximately \$362,000.
- The transportation fund purchased two new buses for almost \$141,000.

Note 4 on pages 23-25 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 decreased by \$1.8 million from \$55.2 million to \$53.4 million during the year ended 2018.

The City's long-term debt related to governmental activities decreased by \$585,768.

Compensated absences increased by \$214,173, post-employment benefits increased by \$65,651, and the early retirement program decreased by \$116,000.

The City's long-term debt related to business-type activities decreased by \$1.4 million to \$48.6 million during 2018. Compensated absences and early retirement increased by \$133,847 net of additions. All other business-type activities debt was reduced by payments of \$1,612,687 and no new debt was acquired.

Note 5 on pages 26-31 of the financial statements provide a detailed summary on the City's long-term debt.

## **Economic Factors and Next Year's Budget and Rates**

The average unemployment rate for 2018 for the Colorado Springs area was 3.9%, equaling the national rate of 3.9%. Although this was up from 2017, which was 2.9%, employment growth is strong. Employment growth in 2018 was 4.9% in the Colorado Springs area and this outpaced the average state of Colorado growth rate of 2.9%. Additionally, the prices of homes in 2018 rose almost 12% in the Colorado Springs area, versus 9.5% in the State of Colorado.

Sales tax revenue continued to increase in 2018 due to the South Academy Highlands Sam's and Walmart developments, along with several new businesses in other sections of the City. Sales taxes were forecast to continue growing in 2019 due those increases and particularly those involved with internet sales that did not previously remit sales taxes.

New construction in Fountain in 2018 included 143 new housing starts, 120 new apartments and 5 new commercial buildings, which together constitute a 54% increase over 2017. Several large developments are in the early planning stages.

A water rate increase of 4.3% for the average residential customer using 6,000 gallons was effective May 1, 2018. Another 4% water rate increase was implemented beginning June 10, 2019 and an additional 4% increase is scheduled for 2020. Electric utility rates were increased 3.1% effective January, 2019.

## **Requests for Information**

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

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

## **Basic Financial Statements**

**City of Fountain, Colorado**  
**Statement of Net Position**  
**December 31, 2018**

	Primary Government			Component Unit
	Governmental	Business-Type		Urban Renewal
	Activities	Activities	Total	Authority
<b>Assets</b>				
Cash and Investments	\$ 16,469,335	\$ 5,314,016	\$ 21,783,351	\$ 304,469
Committed Cash and Investments	-	1,072,906	1,072,906	-
Restricted Cash and Investments	292,759	930,580	1,223,339	13,445,398
Accounts Receivable	3,037,861	4,341,024	7,378,885	564,633
Grants Receivable	478,140		478,140	
Taxes Receivable	2,406,957	-	2,406,957	124,963
Inventories	-	2,656,144	2,656,144	-
Prepaid Expenses	-	389,256	389,256	-
Internal Balances	(1,021,030)	1,021,030	-	-
Capital Assets, Not Being Depreciated	6,268,082	80,302,489	86,570,571	184,248
Capital Assets, Net of Accumulated Depreciation	68,923,721	55,623,388	124,547,109	844,806
Net Pension Asset	1,121,905	-	1,121,905	-
<b>Total Assets</b>	<b>97,977,730</b>	<b>151,650,833</b>	<b>249,628,563</b>	<b>15,468,517</b>
<b>Deferred Outflows of Resources</b>				
Loss on Debt Refunding, Net of Accumulated Amortization	-	918,562	918,562	-
Pensions, Net of Accumulated Amortization	673,625	-	673,625	-
<b>Total Deferred Outflows of Resources</b>	<b>673,625</b>	<b>918,562</b>	<b>1,592,187</b>	<b>-</b>
<b>Liabilities</b>				
Accounts Payable	2,121,966	2,620,494	4,742,460	12,108
Accrued Liabilities	315,906	224,507	540,413	5,140
Deposits	2,082,493	901,973	2,984,466	1,600
Accrued Interest Payable	-	660,555	660,555	994,341
Unearned Revenues	-	119	119	-
Insurance Claims Payable	190,944	-	190,944	-
Advances from Other Funds	-	-	-	-
Noncurrent Liabilities				
Due Within One Year	1,280,661	1,839,505	3,120,166	-
Due in More Than One Year	6,692,983	46,738,537	53,431,520	49,902,614
Net Pension Liability	-	-	-	-
<b>Total Liabilities</b>	<b>12,684,953</b>	<b>52,985,690</b>	<b>65,670,643</b>	<b>50,915,803</b>
<b>Deferred Inflows of Resources</b>				
Property Taxes	2,406,957	-	2,406,957	124,963
Pensions, Net of Accumulated Amortization	181,776	-	181,776	-
<b>Total Deferred Inflows of Resources</b>	<b>2,588,733</b>	<b>-</b>	<b>2,588,733</b>	<b>124,963</b>
<b>Net Position</b>				
Net Investment in Capital Assets	69,746,246	89,901,060	159,647,306	141,568
Restricted for:				
Parks	294,537	-	294,537	-
District Repairs and Maintenance	922,414	-	922,414	-
Transportation	1,297,901	-	1,297,901	-
Street Repairs and Maintenance	180,746	-	180,746	-
Street Improvements	1,440,123	-	1,440,123	-
Debt Service	-	217,500	217,500	245,382
Capital Projects	-	-	-	8,550,371
Emergencies	717,000	-	717,000	-
Unrestricted	8,778,702	9,465,145	18,243,847	(44,509,570)
<b>Total Net Position</b>	<b>\$ 83,377,669</b>	<b>\$ 99,583,705</b>	<b>\$ 182,961,374</b>	<b>\$ (35,572,249)</b>

See Notes to Financial Statements.

**City of Fountain, Colorado**  
**Statement of Activities**  
For the Year Ended December 31, 2018

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government</b>				
<i>Governmental Activities</i>				
General Government	\$ 8,695,463	\$ 311,399	\$ -	\$ -
Public Safety	10,994,529	965,888	-	-
Public Works	4,001,851	85,428	1,111,564	-
Health and Welfare	398,085	12,676	45,469	-
Culture and Recreation	1,070,721	45,225	249,990	-
Interest Expense	270,449	-	-	-
Total Governmental Activities	<u>25,431,098</u>	<u>1,420,616</u>	<u>1,407,023</u>	<u>-</u>
<i>Business-Type Activities</i>				
Water	8,546,595	9,555,175	-	1,632,700
Electric	24,952,506	24,910,405	-	119,125
Ambulance	1,225,967	846,008	-	173,787
Drainage	0	154,637	-	-
Total Business-Type Activities	<u>34,725,068</u>	<u>35,466,225</u>	<u>-</u>	<u>1,925,612</u>
Total Primary Government	<u>\$ 60,156,166</u>	<u>\$ 36,886,841</u>	<u>\$ 1,407,023</u>	<u>\$ 1,925,612</u>
<b>Component Unit</b>				
Urban Renewal Authority	<u>\$ 3,390,953</u>	<u>\$ -</u>	<u>\$ 85,850</u>	<u>\$ -</u>

(Continued)

**City of Fountain, Colorado**  
**Statement of Activities**  
For the Year Ended December 31, 2018  
*(Continued)*

Functions/Programs	Net (Expense) Revenue and Change in Net Position			
	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Urban Renewal Authority
<b>Primary Government</b>				
<i>Governmental Activities</i>				
General Government	\$ (8,384,064)	\$ -	\$ (8,384,064)	\$ -
Public Safety	(10,028,641)	-	(10,028,641)	-
Public Works	(2,804,859)	-	(2,804,859)	-
Health and Welfare	(339,940)	-	(339,940)	-
Culture and Recreation	(775,506)	-	(775,506)	-
Interest Expense	(270,449)	-	(270,449)	-
 Total Governmental Activities	 (22,603,459)	 -	 (22,603,459)	 -
 <i>Business-Type Activities</i>				
Water	-	2,641,280	2,641,280	-
Electric	-	77,024	77,024	-
Ambulance	-	(206,172)	(206,172)	-
Drainage	-	154,637	154,637	-
 Total Business-Type Activities	 -	 2,666,769	 2,666,769	 -
Total Primary Government	(22,603,459)	2,666,769	(19,936,690)	-
<b>Component Unit</b>				
Urban Renewal Authority	-	-	-	(3,305,103)
 <b>General Revenues</b>				
Property Taxes	2,304,048	-	2,304,048	94,899
Sales and Use Taxes	17,314,141	-	17,314,141	-
Specific Ownership Taxes	297,889	-	297,889	-
Franchise Taxes	2,095,707	-	2,095,707	-
Intergovernmental Revenues not Restricted to Specific Programs	-	-	-	2,965,381
Investment Income	141,379	150,887	292,266	121,284
Miscellaneous	2,590,872	4,320	2,595,192	4,875
<b>Transfers</b>	(416,275)	416,275	-	-
 Total General Revenues and Transfers	 24,327,761	 571,482	 24,899,243	 3,186,439
 <b>Change in Net Position</b>	 1,724,302	 3,238,251	 4,962,553	 (118,664)
 <b>Net Position, Beginning of year</b>	 81,653,367	 96,345,454	 177,998,821	 (35,453,585)
 <b>Net Position, End of year</b>	 \$ 83,377,669	 \$ 99,583,705	 \$ 182,961,374	 \$ (35,572,249)

**City of Fountain, Colorado**  
Balance Sheet  
Governmental Funds  
December 31, 2018

	General	Nonmajor Governmental Funds	Total
<b>Assets</b>			
Cash and Investments	\$ 8,960,238	\$ 4,730,924	\$ 13,691,162
Restricted Cash and Investments	292,759	-	292,759
Accounts Receivable	2,966,946	493,552	3,460,498
Taxes Receivable	<u>2,136,860</u>	<u>270,097</u>	<u>2,406,957</u>
<b>Total Assets</b>	<u>\$ 14,356,803</u>	<u>\$ 5,494,573</u>	<u>\$ 19,851,376</u>
<b>Liabilities</b>			
Accounts Payable	\$ 1,185,302	\$ 925,829	\$ 2,111,131
Accrued Liabilities	294,564	7,324	301,888
Deposits	<u>2,082,493</u>	<u>-</u>	<u>2,082,493</u>
Total Liabilities	<u>3,562,359</u>	<u>933,153</u>	<u>4,495,512</u>
<b>Deferred Inflows of Resources</b>			
Property Taxes	<u>2,136,860</u>	<u>270,097</u>	<u>2,406,957</u>
<b>Fund Balances</b>			
Restricted for:			
Parks	-	294,537	294,537
District Repairs and Maintenance	-	922,414	922,414
Transportation	-	1,297,901	1,297,901
Street Repairs and Maintenance	-	180,746	180,746
Street Improvements	-	1,440,123	1,440,123
Emergencies	717,000	-	717,000
Committed to:			
Park Improvements	925,294	-	925,294
School Zone	79,053	-	79,053
Traffic Signal	208,000	-	208,000
Volunteer Fire Activities	-	155,602	155,602
Assigned to Public Safety Capital Improvements	1,384,981	-	1,384,981
Unrestricted, Unassigned	<u>5,343,256</u>	<u>-</u>	<u>5,343,256</u>
Total Fund Balances	<u>8,657,584</u>	<u>4,291,323</u>	<u>12,948,907</u>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balance</b>	<u>\$ 14,356,803</u>	<u>\$ 5,494,573</u>	<u>\$ 19,851,376</u>

**City of Fountain, Colorado**  
Reconciliation of the Balance Sheet of Governmental Funds  
to the Statement of Net Position  
For the Year Ended December 31, 2018

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

Total Fund Balances of Governmental Funds	\$ 12,948,907
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in governmental funds.	75,191,803
Net pension assets and liabilities and the related deferred inflows and outflows are not current financial resources and, therefore, are not reported in governmental funds:	
Net Pension Asset	1,121,905
Net Pension Liability	-
Pension-related Deferred Outflows	673,625
Pension-related Deferred Inflows	(181,776)
Long-term liabilities are not due and payable in the current year and, therefore, are not reported in governmental funds.	(7,973,644)
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>1,596,849</u>
Total Net Position of Governmental Activities	<u><u>\$ 83,377,669</u></u>



**City of Fountain, Colorado**  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Year Ended December 31, 2018

	General	Nonmajor Governmental Funds	Total
<b>Revenues</b>			
Taxes	\$ 19,038,490	\$ 2,973,295	\$ 22,011,785
Licenses and Permits	164,955	-	164,955
Charges for Services	776,359	84,196	860,555
Fines and Forfeitures	395,106	-	395,106
Intergovernmental	1,157,033	249,990	1,407,023
Investment Income	70,301	71,078	141,379
Miscellaneous	2,547,256	43,616	2,590,872
<b>Total Revenues</b>	<u>24,149,500</u>	<u>3,422,175</u>	<u>27,571,675</u>
<b>Expenditures</b>			
Current			
General Government	4,251,187	663,918	4,915,105
Public Safety	11,928,000	95,231	12,023,231
Public Works	3,476,407	5,377,585	8,853,992
Health and Welfare	398,085	-	398,085
Culture and Recreation	947,245	212,959	1,160,204
Debt Service			
Principal	983,518	77,542	1,061,060
Interest	99,815	-	99,815
<b>Total Expenditures</b>	<u>22,084,257</u>	<u>6,427,235</u>	<u>28,511,492</u>
<b>Excess Revenues Over (Under) Expenditures</b>	<u>2,065,243</u>	<u>(3,005,060)</u>	<u>(939,817)</u>
<b>Other Financing Sources (Uses)</b>			
Capital Leases	-	-	-
Transfers Out	(450,721)	-	(450,721)
<b>Total Other Financing Sources (Uses)</b>	<u>(450,721)</u>	<u>-</u>	<u>(450,721)</u>
<b>Net Change in Fund Balances</b>	1,614,522	(3,005,060)	(1,390,538)
<b>Fund Balances, Beginning of year</b>	<u>7,043,062</u>	<u>7,296,383</u>	<u>14,339,445</u>
<b>Fund Balances, End of year</b>	<u>\$ 8,657,584</u>	<u>\$ 4,291,323</u>	<u>\$ 12,948,907</u>

**City of Fountain, Colorado**  
Reconciliation of the Statement of Revenues, Expenditures and Changes in  
Fund Balances of Governmental Funds to the Statement of Activities  
Governmental Funds  
For the Year Ended December 31, 2018

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

Net Change in Fund Balances of Governmental Funds	\$ (1,390,538)
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.	
Depreciation Expense	(4,196,369)
Capital Outlays	5,647,588
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.	890,426
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position and does not affect the statement of activities. This amount represents capital leases issued in the current year.	(140,834)
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 changes in the following:	
Accrued Compensated Absences	(214,173)
Postemployment Benefits	(65,651)
Early Retirement	116,000
Net Pension Asset (Liability)	(574,149)
Pension-related Deferred Outflows of Resources	(132,398)
Pension-related Deferred Inflows of Resources	171,300
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.	542,606
Change in Net Position of Governmental Activities	<u>\$ 653,808</u>

**City of Fountain, Colorado**  
**Statement of Net Position**  
**Proprietary Funds**  
**December 31, 2018**

	Business-Type Activities				Governmental Activities Internal Service Fund
	Water	Electric	Nonmajor Funds	Total	
<b>Assets</b>					
<i>Current Assets</i>					
Cash and Investments	\$ -	\$ 4,064,990	\$ 1,249,026	\$ 5,314,016	\$ 2,778,173
Committed Cash and Investments	-	1,072,906	-	1,072,906	-
Restricted Cash and Investments	217,500	713,080	-	930,580	-
Accounts Receivable	1,292,670	3,029,540	18,814	4,341,024	55,503
Inventories	454,787	2,201,357	-	2,656,144	-
Prepaid Expenses	389,256	-	-	389,256	-
Interfund Receivables	46,411	3,511,463	-	3,557,874	-
Total Current Assets	<u>2,400,624</u>	<u>14,593,336</u>	<u>1,267,840</u>	<u>18,261,800</u>	<u>2,833,676</u>
<i>Noncurrent Assets</i>					
Advances to Other Funds	-	596,870	-	596,870	-
Capital Assets, <i>Not Being Depreciated</i>	78,403,712	1,898,777	-	80,302,489	-
Capital Assets, <i>Net of Accumulated Depreciation</i>	24,367,112	30,837,962	418,314	55,623,388	-
Total Noncurrent Assets	<u>102,770,824</u>	<u>33,333,609</u>	<u>418,314</u>	<u>136,522,747</u>	<u>-</u>
Total Assets	<u>105,171,448</u>	<u>47,926,945</u>	<u>1,686,154</u>	<u>154,784,547</u>	<u>2,833,676</u>
<b>Deferred Outflows of Resources</b>					
Loss on Debt Refunding, <i>Net of Accumulated Amortization</i>	<u>918,562</u>	<u>-</u>	<u>-</u>	<u>918,562</u>	<u>-</u>
<b>Liabilities</b>					
<i>Current Liabilities</i>					
Accounts Payable	715,843	1,901,663	2,988	2,620,494	10,835
Accrued Liabilities	61,154	136,645	26,708	224,507	14,018
Customer Deposits	123,125	778,848	-	901,973	-
Accrued Interest Payable	660,186	369	-	660,555	-
Unearned Revenues	-	119	-	119	-
Interfund Payables	3,557,874	-	-	3,557,874	-
Current Portion of Long-Term Debt					
Insurance Claims Payable	-	-	-	-	190,944
Compensated Absences Payable	121,515	250,953	36,851	409,319	-
Early Retirement Payable	11,600	16,400	-	28,000	-
Capital Leases Payable	2,569	145,502	14,115	162,186	-
Bonds and Loans Payable	1,240,000	-	-	1,240,000	-
Total Current Liabilities	<u>6,493,866</u>	<u>3,230,499</u>	<u>80,662</u>	<u>9,805,027</u>	<u>215,797</u>
<i>Long-Term Liabilities</i>					
Advances from Other Funds	596,870	-	-	596,870	-
Compensated Absences Payable	61,571	305,747	36,146	403,464	-
Early Retirement Payable	31,200	49,600	-	80,800	-
Capital Leases Payable	80,553	577,780	23,015	681,348	-
Bonds and Loans Payable	45,572,925	-	-	45,572,925	-
Total Long-Term Liabilities	<u>46,343,119</u>	<u>933,127</u>	<u>59,161</u>	<u>47,335,407</u>	<u>-</u>
Total Liabilities	<u>52,836,985</u>	<u>4,163,626</u>	<u>139,823</u>	<u>57,140,434</u>	<u>215,797</u>
<b>Net Position</b>					
Net Investment in Capital Assets	56,793,339	32,726,537	381,184	89,901,060	-
Restricted for Debt Service	217,500	-	-	217,500	-
Unrestricted	<u>(3,757,814)</u>	<u>11,036,782</u>	<u>1,165,147</u>	<u>8,444,115</u>	<u>2,617,879</u>
Total Net Position	<u>\$ 53,253,025</u>	<u>\$ 43,763,319</u>	<u>\$ 1,546,331</u>	<u>\$ 98,562,675</u>	<u>\$ 2,617,879</u>

See Notes to Financial Statements.

**City of Fountain, Colorado**  
Reconciliation of the Statement of Net Position  
of Enterprise Funds to the Business-Type Activities  
For the Year Ended December 31, 2018

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

Total Net Position of Enterprise Funds	\$ 98,562,675
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.	<u>1,021,030</u>
Total Net Position of Business-Type Activities	\$ <u><u>99,583,705</u></u>

**City of Fountain, Colorado**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**Proprietary Funds**  
**For the Year Ended December 31, 2018**

	Business-Type Activities				Governmental Activities
	Water	Electric	Nonmajor Funds	Total	Internal Service Fund
<b>Operating Revenues</b>					
Charges for Services	\$ 9,300,677	\$ 23,351,805	\$ 1,000,645	\$ 33,653,127	\$ 3,841,922
Grant Revenue	-	-	173,787	173,787	-
Miscellaneous	254,498	1,558,600	-	1,813,098	-
Total Operating Revenues	9,555,175	24,910,405	1,174,432	35,640,012	3,841,922
<b>Operating Expenses</b>					
Source of Supply	2,283,049	14,380,726	-	16,663,775	-
Operations and Maintenance	2,074,078	4,232,967	1,171,884	7,478,929	-
Customer Accounts and Collection	608,965	1,568,836	-	2,177,801	-
Administration and General	2,087,345	3,441,803	-	5,529,148	59,790
Insurance Premiums	-	-	-	-	832,491
Insurance Claims	-	-	-	-	2,086,140
Depreciation	1,283,462	1,581,114	60,004	2,924,580	-
Total Operating Expenses	8,336,899	25,205,446	1,231,888	34,774,233	2,978,421
<b>Operating Income (Loss)</b>	1,218,276	(295,041)	(57,456)	865,779	863,501
<b>Nonoperating Revenues (Expenses)</b>					
Investment Income	-	138,569	12,318	150,887	26,017
Interest Expense	(286,017)	(10,713)	(1,017)	(297,747)	-
Gain on Sale of Assets	4,320	-	-	-	-
Debt Issuance Costs	-	-	-	-	-
Total Nonoperating Revenues (Expenses)	(281,697)	127,856	11,301	(146,860)	26,017
<b>Net Income (Loss) Before Transfer and Capital Contributions</b>	936,579	(167,185)	(46,155)	723,239	889,518
Transfers In	-	-	450,722	450,722	-
Transfers Out	-	(34,447)	-	(34,447)	-
System Development Fees	1,632,700	119,125	-	1,751,825	-
<b>Change in Net Position</b>	2,569,279	(82,507)	404,567	2,891,339	889,518
<b>Net Position, Beginning of year</b>	50,683,746	43,845,826	1,141,764	95,671,336	1,728,361
<b>Net Position, End of year</b>	<u>\$ 53,253,025</u>	<u>\$ 43,763,319</u>	<u>\$ 1,546,331</u>	<u>\$ 98,562,675</u>	<u>\$ 2,617,879</u>

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

Change in Net Position of Enterprise Funds	\$ 2,891,339
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.	346,912
Change in Net Position of Business-Type Activities	<u>\$ 3,238,251</u>

**City of Fountain, Colorado**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended December 31, 2018**

	Business-Type Activities				Governmental Activities
	Water	Electric	Nonmajor Funds	Total	Internal Service Fund
<b>Cash Flows from Operating Activities</b>					
Cash Received from Customers	\$ 9,140,799	\$ 25,168,949	\$ 1,083,178	\$ 35,392,926	\$ 3,804,902
Cash Payment from Other	-	-	173,787	173,787	-
Cash Payments to Employees	58,070	85,651	22,749	166,470	-
Cash Payments to Suppliers	(7,059,849)	(23,535,913)	(1,200,084)	(31,795,846)	(3,046,897)
Net Cash Provided (Used) by Operating Activities	2,139,020	1,718,687	79,630	3,937,337	758,005
<b>Cash Flows from Nonoperating Capital</b>					
<b>Financing Activities</b>					
Payments from Other Funds	(2,621,925)	-	450,722	(2,171,203)	-
Payments to Other Funds	-	2,621,925	-	2,621,925	-
Other	4,320	-	-	4,320	-
Net Cash Provided (Used) by Noncapital Financing Activities	(2,617,605)	2,621,925	450,722	455,042	-
<b>Cash Flows from Capital and Related Financing Activities</b>					
Acquisition and Construction of Capital Assets	(2,700,088)	(2,472,247)	(361,542)	(5,533,877)	-
Debt Proceeds	(53,436)	(228,797)	-	(282,233)	-
System Development Fees Received	1,632,700	84,678	-	1,717,378	-
Payments from Other Funds	-	397,576	-	397,576	-
Payments to Other Funds	(397,576)	-	-	(397,576)	-
Debt Principal Payments	(1,210,000)	-	(13,797)	(1,223,797)	-
Debt Interest and Fiscal Charges Paid	(350,889)	(10,344)	(1,017)	(362,250)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(3,079,289)	(2,229,134)	(376,356)	(5,684,779)	-
<b>Cash Flow from Investing Activities</b>					
Interest Received	-	138,569	12,318	150,887	26,017
<b>Net Change in Cash and Cash Equivalents</b>	(3,557,874)	2,250,047	166,314	(1,141,513)	784,022
<b>Cash and Cash Equivalents, Beginning of year</b>	217,500	7,158,803	1,082,712	8,459,015	1,994,151
<b>Cash and Cash Equivalents, End of year</b>	\$ (3,340,374)	\$ 9,408,850	\$ 1,249,026	\$ 7,317,502	\$ 2,778,173

(Continued)

**City of Fountain, Colorado**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended December 31, 2018**  
**(Continued)**

	Business-Type Activities				Governmental Activities
	Water	Electric	Nonmajor Funds	Total	Internal Service Fund
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>					
Operating Income (Loss)	\$ 1,218,276	\$ (295,041)	\$ (57,456)	\$ 865,779	\$ 863,501
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities					
Depreciation	1,283,462	1,581,114	60,004	2,924,580	-
Changes in Assets and Liabilities				-	
Accounts Receivable	(415,806)	452,283	82,533	119,010	(37,020)
Inventories	(45,051)	(12,273)	-	(57,324)	-
Prepaid Expenses	-	-	-	-	-
Accounts Payable	38,639	100,692	(28,200)	111,131	(5,790)
Accrued Liabilities	12,821	18,656	1,146	32,623	-
Customer Deposits	1,430	72,353	-	73,783	-
Unearned Revenues	-	(266,092)	-	(266,092)	-
Insurance Claims Payable	-	-	-	-	(62,686)
Compensated Absences Payable	56,849	83,395	21,603	161,847	-
Early Retirement Payable	(11,600)	(16,400)	-	(28,000)	-
Net Cash Provided (Used) by Operating Activities	<u>\$ 2,139,020</u>	<u>\$ 1,718,687</u>	<u>\$ 79,630</u>	<u>\$ 3,937,337</u>	<u>\$ 758,005</u>

**City of Fountain, Colorado**  
Statement of Fiduciary Net Position  
Pension Trust Fund  
December 31, 2018

	Volunteer Firefighters'
<b>Assets</b>	
Cash	\$ 1,052
Investments	
Local Government Investment Pools	470,794
Money Market Funds	<u>237,160</u>
Total Assets	\$ <u><u>709,006</u></u>
<b>Net Position</b>	
Restricted for Pension Benefits	\$ <u><u>709,006</u></u>



**City of Fountain, Colorado**  
Statement of Changes in Net Position  
Pension Trust Fund  
For the Year Ended December 31, 2018

	Volunteer Firefighters'
<b>Additions</b>	
Investment Income	\$ 9,812
Total Additions	<u>9,812</u>
<b>Deductions</b>	
Administration	4,975
Benefit Payments	<u>3,518</u>
Total Deductions	<u>8,493</u>
<b>Change in Net Position</b>	1,319
<b>Net Position, Beginning of year</b>	<u>707,687</u>
<b>Net Position, End of year</b>	<u><u>\$ 709,006</u></u>

**City of Fountain, Colorado**  
Notes to Financial Statements  
December 31, 2018

**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, Fountain, Colorado 80817.

# City of Fountain, Colorado

## Notes to Financial Statements

December 31, 2018

### Note 1: Summary of Significant Accounting Policies (Continued)

#### **Government-wide and Fund Financial Statements**

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

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

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

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

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

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

# City of Fountain, Colorado

## Notes to Financial Statements

December 31, 2018

### **Note 1: Summary of Significant Accounting Policies (Continued)**

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

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.

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

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

The City also reports the following major enterprise funds:

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

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

Additionally, the City reports the following fund types:

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

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

#### **Assets, Liabilities and Net Position/Fund Balances**

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

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

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

# City of Fountain, Colorado

## Notes to Financial Statements

December 31, 2018

### Note 1: Summary of Significant Accounting Policies (Continued)

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

*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*.

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

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

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

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

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

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

**City of Fountain, Colorado**  
Notes to Financial Statements  
December 31, 2018

**Note 1: Summary of Significant Accounting Policies (Continued)**

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

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

*Postemployment Benefits* - An employee with at least 20 years of service with the City, and who has reached at least 55 years of age at retirement, is eligible to receive health and life insurance coverage after retirement. This benefit expires when the retiree reaches the age of 65, thereby making the maximum eligibility period 10 years. A long-term liability is reported in the government-wide financial statements as the postemployment benefits are earned.

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

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

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

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

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

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

# City of Fountain, Colorado

## Notes to Financial Statements

December 31, 2018

### Note 1: Summary of Significant Accounting Policies (Continued)

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

*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).

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, 2018, follows:

Petty Cash	\$ 3,498
Deposits	9,323,306
Investments	<u>15,461,798</u>
Total	\$ <u>24,788,602</u>

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

Cash and Investments	\$ 21,783,351
Committed Cash and Investments	1,072,906
Restricted Cash and Investments	1,223,339
Pension Trust Fund Cash and Investments	<u>709,006</u>
	\$ <u>24,788,602</u>

# City of Fountain, Colorado

## Notes to Financial Statements

December 31, 2018

### Note 2: Cash and Investments (Continued)

#### Deposits

The Colorado Public Deposit Protection Act (PDPA) requires all local government entities to deposit cash in eligible public depositories. Eligibility is determined by State regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. The PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. At December 31, 2018, the City had bank deposits of \$7,074,264 collateralized with securities held by the financial institutions' agents but not in the City's name.

#### Investments

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

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

At December 31, 2018, the City had the following investments:

Investment Type	S&P Rating	Investment Maturities in Years		
		Less Than 1	1 to 5 Years	Total
Local Government Investment Pools	AAAm	\$ 482,486	\$ -	\$ 482,486
Money Market Funds	AAAm	599,609	-	599,609
Money Market Funds	Not Rated	817,380	-	817,380
U.S. Agency Securities	AA+	-	10,274,009	10,274,009
Municipal Securities	A+	-	1,171,815	1,171,815
Corporate Securities	AA-	-	2,116,499	2,116,499
Total		\$ 1,899,475	\$ 13,562,323	\$ 15,461,798



## City of Fountain, Colorado

### Notes to Financial Statements

December 31, 2018

#### **Note 2: Cash and Investments (Continued)**

##### **Investments** (Continued)

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

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

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

*Concentration of Credit Risk* - State statutes do not limit the amount the City may invest in a single issuer of U.S. Agency or municipal securities. Corporate securities are limited to fifty percent of the total investment portfolio and five percent for a single issuer. At December 31, 2018, the City's investments in the Federal Farm Credit Banks Funding Corporation, Federal Home Loan Bank, Federal Home Loan Mortgage Corporation, Federal National Mortgage Association, Exxon Mobil Corporation, Colorado State Board Governors University Enterprise System, and Toyota Motor Credit Corporation represented 17%, 19%, 21%, 10%, 10%, 7%, and 3%, respectively, of the City's total investments.

*Custodial Credit Risk* - At December 31, 2018, the City's investments in U.S. Agency, municipal, and corporate securities, and certain money market funds were held by the counterparty (broker), but not in the City's name.

*Local Government Investment Pools* - At December 31, 2018, the City had \$5,136 and \$482,486 invested in the Colorado Local Government Liquid Asset Trust (Colotrust) and the Colorado Surplus Asset Fund Trust (CSAFE), respectively. The Trusts are investment vehicles established for local government entities in Colorado to pool surplus funds. The Colorado Division of Securities administers and enforces the requirements of creating and operating the Trusts. The Trusts operate in conformity with the Securities and Exchange Commission's Rule 2a-7, with each share valued at \$1. Both Trusts are rated AAAM by Standard and Poor's. Investments of the Trusts are limited to those allowed by State statutes. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. The custodian's internal records identify the investments owned by the participating governments.

## City of Fountain, Colorado

### Notes to Financial Statements

December 31, 2018

#### **Note 2: Cash and Investments (Continued)**

##### **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, 2018, of \$1,072,906 were reported as committed cash and investments in the Electric Fund.

##### **Restricted Cash and Investments**

Lease proceeds of \$292,759 and \$713,080 are restricted in the General and Electric Funds, respectively, for capital projects. Loan proceeds of \$217,500 are restricted in the Water Fund for debt reserves

#### **Note 3: Interfund Balances and Transactions**

##### **Interfund Balances**

At December 31, 2018, the Electric Fund had temporarily subsidized the negative cash balance of the Water Fund in the amount of \$3,557,874.

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, 2018, was \$354,998.

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, 2018, was \$241,872.

##### **Interfund Transfers**

During the year ended December 31, 2018, the General Fund transferred \$450,722 to the Ambulance Fund. The General Fund routinely subsidizes the operations of the Ambulance Fund.

**City of Fountain, Colorado**  
Notes to Financial Statements  
December 31, 2018

**Note 4: Capital Assets**

Capital assets activity for the year ended December 31, 2018, is summarized below:

	Balance 12/31/17	Additions	Deletions	Balance 12/31/18
<b>Governmental Activities</b>				
Capital Assets, <i>not being depreciated</i>				
Land and Easements	\$ 1,874,166	\$ -	\$ -	\$ 1,874,166
Constructions in Progress	373,535	4,039,548	(19,167)	4,393,916
Total Capital Assets, <i>not being depreciated</i>	2,247,701	4,039,548	(19,167)	6,268,082
Capital Assets, being depreciated				
Buildings and Improvements	10,450,204	502,810	-	10,953,014
Infrastructure	114,485,387	-	-	114,485,387
Computers and Software	1,123,487	47,151	-	1,170,638
Machinery and Equipment	4,908,963	286,046	-	5,195,009
Vehicles	7,797,997	791,200	-	8,589,197
Total Capital Assets, being depreciated	138,766,038	1,627,207	-	140,393,245
Less Accumulated Depreciation				
Buildings and Improvements	(3,472,811)	(417,661)	-	(3,890,472)
Infrastructure	(54,035,289)	(2,862,134)	-	(56,897,423)
Computers and Software	(661,793)	(148,143)	-	(809,936)
Machinery and Equipment	(4,054,345)	(217,274)	-	(4,271,619)
Vehicles	(5,048,917)	(551,157)	-	(5,600,074)
Total Accumulated Depreciation	(67,273,155)	(4,196,369)	-	(71,469,524)
Capital Assets, <i>being depreciated</i> , Net	71,492,883	(2,569,162)	-	68,923,721
Governmental Activities Capital Assets, Net	\$ 73,740,584	\$ 1,470,386	\$ (19,167)	\$ 75,191,803

**City of Fountain, Colorado**  
Notes to Financial Statements  
December 31, 2018

**Note 4: Capital Assets (Continued)**

	Balance 12/31/17	Additions	Deletions	Balance 12/31/18
<b>Business-Type Activities</b>				
Capital Assets, <i>not being depreciated</i>				
Land and Easements	\$ 7,058,325	\$ -	\$ -	\$ 7,058,325
Water and Storage Rights	22,437,512	-	-	22,437,512
Constructions in Progress	50,462,125	3,480,147	(3,135,620)	50,806,652
Total Capital Assets, <i>not being depreciated</i>	79,957,962	3,480,147	(3,135,620)	80,302,489
Capital Assets, <i>being depreciated</i>				
Buildings and Improvements	9,469,203	33,661	-	9,502,864
Infrastructure	70,067,387	4,840,174	-	74,907,561
Computers and Software	2,077,424	64,348	-	2,141,772
Machinery and Equipment	4,259,636	56,695	-	4,316,331
Vehicles	3,238,698	361,542	(34,446)	3,565,794
Total Capital Assets, <i>being depreciated</i>	89,112,348	5,356,420	(34,446)	94,434,322
Less Accumulated Depreciation				
Buildings and Improvements	(2,799,404)	(370,164)	-	(3,169,568)
Infrastructure	(26,662,481)	(1,852,541)	-	(28,515,022)
Computers and Software	(1,281,673)	(218,811)	-	(1,500,484)
Machinery and Equipment	(2,901,776)	(225,742)	-	(3,127,518)
Vehicles	(2,241,020)	(257,322)	-	(2,498,342)
Total Accumulated Depreciation	(35,886,354)	(2,924,580)	-	(38,810,934)
Capital Assets, <i>being depreciated</i> , Net	53,225,994	2,431,840	(34,446)	55,623,388
Governmental Activities Capital Assets, Net	\$ 133,183,956	\$ 5,911,987	\$ (3,170,066)	\$ 135,925,877

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

Governmental Activities	
General Government	\$ 101,313
Public Safety	763,410
Public Works	3,166,150
Health and Welfare	328
Culture and Recreation	165,168
Total	\$ 4,196,369

**City of Fountain, Colorado**  
Notes to Financial Statements  
December 31, 2018

**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, 2018.

	Balance 12/31/17	Additions	Reductions	Balance 12/31/18	Due Within One Year
Capital Leases	\$ 6,487,908	\$ 140,834	\$ (890,426)	\$ 5,738,316	\$ 676,736
Compensated Absences	1,098,368	745,106	(530,933)	1,312,541	523,925
Postemployment Benefits	653,136	82,955	(17,304)	718,787	-
Early Retirement	320,000		(116,000)	204,000	80,000
Total	<u>\$ 8,559,412</u>	<u>\$ 968,895</u>	<u>\$ (1,554,663)</u>	<u>\$ 7,973,644</u>	<u>\$ 1,280,661</u>

During 2012, the City entered into a lease purchase agreement for \$3,000,000 to build a new fire station and remodel the police building. During 2013, an additional \$218,000 was borrowed under the agreement to complete the projects. Interest payments are due semi-annually on March 1 and September 1, with interest accruing at 3.95% per annum. Principal payments are due annually on September 1, through September, 2032. At December 31, 2018, capital assets of \$2,249,668, 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 \$211,387 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 \$376,815 are reported under this lease.

During 2016, the City entered into a lease agreement for \$354,819 to purchase vehicles and related equipment to be used by governmental and enterprise funds. Monthly payments of \$6,167 are due under the lease agreement through August, 2021. Interest accrues on the outstanding balance at 1.663% per annum. Capital assets of \$354,819 less accumulated depreciation of \$120,178 are reported under this lease. Lease payments totaling \$307,261 and \$3,904 will be made by the General and Public Transportation Funds, respectively. The remaining payments will be made by the Water and Electric Funds, in the amounts of \$12,777 and \$30,877, respectively.

During 2017, the City entered into a lease agreement for \$138,900 to purchase buses. Annual payments of \$36,340 are due under the lease agreement through August, 2020. Interest accrues on the outstanding balance at 3.11% per annum. Capital assets of \$138,900 less accumulated depreciation of \$31,418 are reported under this lease.

**City of Fountain, Colorado**  
Notes to Financial Statements  
December 31, 2018

**Note 5: Long-Term Debt (Continued)**

**Governmental Activities** (Continued)

During 2017, the City entered into a lease agreement for \$104,300 to purchase a police vehicle. Monthly payments of \$995 are due under the lease agreement beginning in January, 2018, through December, 2027. Interest accrues on the outstanding balance at 2.74% per annum. Capital assets of \$104,300 less accumulated depreciation of \$10,060 are reported under this lease.

During 2017, the City entered into a lease agreement for \$809,770 to purchase vehicles. Monthly payments of \$14,218 are due under the lease agreement through August, 2027. Interest accrues on the outstanding balance at 2.07% per annum. Capital assets of \$809,770 less accumulated depreciation of \$164,947 are reported under this lease.

During 2017, the City entered into a lease agreement for \$482,518 to purchase a fire vehicle. Monthly payments of \$4,552 are due under the lease agreement through August, 2027. Interest accrues on the outstanding balance at 2.52% per annum. Capital assets of \$482,518 less accumulated depreciation of \$42,891 are reported under this lease.

During 2017, the City used capital lease proceeds in the amount of \$1,000,000 and other City resources to finance improvements to the Lorraine Center. Principal is due annually beginning in September, 2017, through 2032. Interest accrues on the outstanding balance at 3.15% per annum and is payable semi-annually in March and September. Capital assets of \$1,147,753 less accumulated depreciation of \$57,388 are reported as a result of this transaction.

During 2017, the City entered into a lease agreement for \$1,004,165 to improve the City buildings' energy performance. Principal and interest are due quarterly beginning in March, 2018, through December, 2032. Interest accrues on the outstanding balance at 2.72% per annum. Capital assets of \$458,587 less accumulated depreciation of \$7,643 are reported as a result of this transaction.

During 2017, the City entered into a lease agreement for \$451,200 to purchase information technology equipment. Annual payments of \$97,306 are due under the lease agreement with an initial payment due in January, 2018, and annual payments thereafter beginning in September, 2018, through 2021. Interest accrues on the outstanding balance at 3.92% per annum. Capital assets of \$324,024 less accumulated depreciation of \$77,523 are reported under this lease. Lease payments totaling \$69,768 will be made by the General Fund. The remaining payments will be made by the Water and Electric Funds, in the amounts of \$82,321 and \$139,829, respectively.

**City of Fountain, Colorado**  
Notes to Financial Statements  
December 31, 2018

**Note 5: Long-Term Debt (Continued)**

**Governmental Activities** (Continued)

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

<u>Year Ended December 31,</u>	
2019	\$ 854,914
2020	785,505
2021	733,395
2022	593,071
2023	455,433
2024 - 2028	2,127,098
2029 - 2032	<u>1,431,717</u>
Total Minimum Lease Payments	6,981,133
Less: Interest Portion	<u>(1,242,817)</u>
Present Value of Future Minimum Lease Payments	<u>\$ 5,738,316</u>

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, 2018.

	Balance 12/31/17	Additions	Reductions	Balance 12/31/18	Due Within One Year
2011 CWRPDA Loan	\$ 8,425,000	\$ -	\$ (200,000)	\$ 8,225,000	\$ 210,000
2013 CWRPDA Loan	10,685,000	-	(250,000)	10,435,000	255,000
Premium	472,295	-	(18,766)	453,529	-
2014 CWRPDA Loan	16,000,000	-	(440,000)	15,560,000	450,000
Premium	1,189,889	-	(44,207)	1,145,682	-
2015 Water Revenue Bonds	3,800,000	-	(85,000)	3,715,000	90,000
Premium	55,715	-	(1,990)	53,725	-
2016 Water Revenue Bonds	6,640,000	-	(235,000)	6,405,000	235,000
Premium	861,683	-	(41,694)	819,989	-
Capital Leases	1,139,564	-	(296,030)	843,534	162,186
Compensated Absences	650,936	636,153	(474,306)	812,783	409,319
Early Retirement	<u>136,800</u>	<u>-</u>	<u>(28,000)</u>	<u>108,800</u>	<u>28,000</u>
Total	<u>\$ 50,056,882</u>	<u>\$ 636,153</u>	<u>\$ (2,114,993)</u>	<u>\$ 48,578,042</u>	<u>\$ 1,839,505</u>

**City of Fountain, Colorado**  
Notes to Financial Statements  
December 31, 2018

**Note 5: Long-Term Debt** (Continued)

**Business-Type Activities** (Continued)

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

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

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

During 2015, the City issued \$3,965,000 Water Revenue Bonds, Series 2015. Bond proceeds were 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 on December 1, through 2045. Interest accrues at rates ranging from 3% to 3.625% per annum.

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

The Water Fund loans and bonds are payable solely from revenues of the City's utility system, which includes the Water and Electric Funds, after deduction of operating and maintenance costs, provided that revenues are limited to 50% of tap fee revenues. During the year ended December 31, 2018, net revenues of \$5,410,430 were available to pay annual debt service of approximately \$3,100,000.



**City of Fountain, Colorado**  
Notes to Financial Statements  
December 31, 2018

**Note 5: Long-Term Debt (Continued)**

**Business-Type Activities** (Continued)

Future debt service requirements for the outstanding bonds and loans at December 31, 2018, were as follows.

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 1,240,000	\$ 1,848,309	\$ 3,088,309
2020	1,285,000	1,806,859	3,091,859
2021	1,335,000	1,763,809	3,098,809
2022	1,365,000	1,719,009	3,084,009
2023	1,420,000	1,664,721	3,084,721
2024 - 2028	8,045,000	7,407,605	15,452,605
2029 - 2033	9,795,000	5,656,516	15,451,516
2034 - 2038	10,530,000	3,524,417	14,054,417
2039 - 2042	8,295,000	1,294,443	9,589,443
2043 - 2044	<u>1,030,000</u>	<u>53,362</u>	<u>1,083,362</u>
Present Value of Future Minimum Lease Payments	\$ <u>44,340,000</u>	\$ <u>26,739,050</u>	\$ <u>71,079,050</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 \$58,237 are reported under this lease.

During 2017, the City entered into a lease agreement for \$713,080 to purchase computer equipment, software and a vehicle. Monthly payments of \$12,594 are due under the lease agreement beginning in January, 2018, through December, 2022. Interest accrues on the outstanding balance at 2.3% per annum. No capital assets have been acquired under this lease at December 31, 2018.

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

<u>Year Ended December 31,</u>	
2019	\$ 175,052
2020	249,064
2021	239,856
2022	<u>225,146</u>
Total Minimum Lease Payments	889,118
Less: Interest Portion	<u>(45,584)</u>
Present Value of Future Minimum Lease Payments	\$ <u>843,534</u>

## City of Fountain, Colorado

### Notes to Financial Statements

December 31, 2018

#### **Note 5: Long-Term Debt** (Continued)

##### **Business-Type Activities** (Continued)

##### **Defeased Debt**

During 2016, the City deposited bonds proceeds and other available resources in an irrevocable trust with an escrow agent to provide for all future debt service requirements for \$7,650,000 of the 2009 CWRPDA loan. As a result, the debt is considered defeased and the liability has been removed from the financial statements. The outstanding balance of the defeased debt at December 31, 2018, was \$7,460,000. The debt was called and paid in full on December 1, 2018.

#### **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, 2018, 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.

##### **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).

**City of Fountain, Colorado**  
Notes to Financial Statements  
December 31, 2018

**Note 7: Risk Management** (Continued)

**Public Entity Risk Pool** (Continued)

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.

**Insurance Fund**

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

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

Changes in claims payable were as follows:

	2018	2017
Claims Payable, <i>Beginning of Year</i>	\$ 253,630	\$ 267,726
Claims and Changes in Provisions	2,086,140	2,758,068
Claims Payments	<u>(2,148,826)</u>	<u>(2,772,164)</u>
Claims Payable, <i>End of Year</i>	<u>\$ 190,944</u>	<u>\$ 253,630</u>

**City of Fountain, Colorado**  
Notes to Financial Statements  
December 31, 2018

**Note 8: Defined Benefit Retirement Plans**

**Volunteer Firefighters' Pension Plan**

As of the time of issuance of the financial statements, the Volunteer Firefighters' Pension Plan had not completed the annual actuarial valuation. Therefore, the financial information reported in the 2018 financial statements, and herein, have not been updated from the information reported in the 2017 financial statement and footnotes. Management believes that any effect on the financial statements, and herein, is not significant.

**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, 2018, plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	3
Inactive plan members entitled to but not yet receiving benefits	15
Active plan members	<u>10</u>
Total	<u><u>28</u></u>

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

*Contributions* - As established by State statutes, the plan may receive contributions from the City in an amount not to exceed one-half mill of property tax revenue. The State of Colorado contributes 90% of the City's contribution. Plan members are not required to contribute to the plan. The contributions are not actuarially determined. The actuarial valuation as of January 1, 2018, 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, 2018.

# City of Fountain, Colorado

## Notes to Financial Statements

December 31, 2018

### Note 8: Defined Benefit Retirement Plans (Continued)

#### Volunteer Firefighters' Pension Plan (Continued)

##### 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, 2018, the annual money-weighted rate of return on plan investments, net of investment expense, was .70%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

##### Net Pension Asset

At December 31, 2018, the City reported a net pension asset of \$587,936. The net pension asset was measured at December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2017.

*Actuarial Assumptions* - The total pension liability was determined by an actuarial valuation as of January 1, 2018, using the following actuarial assumptions, applied to all periods included in the measurement.

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

Mortality - 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

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, 2018, 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>
Domestic Equity	8.74%
International Equity	7.82%
Fixed Income	3.36%
Cash	2.28%

**City of Fountain, Colorado**  
Notes to Financial Statements  
December 31, 2018

**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, 2018, changes in the net pension asset of the City were as follows.

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Asset (a) - (b)
Balances at December 31, 2016	\$ 243,498	\$ 710,958	\$ 710,958
Changes for the year:			
Service Cost	13,751	-	(13,751)
Interest	11,460	-	(11,460)
Differences Between Expected and Actual Experience	(144,009)	-	144,009
Net Investment Income	-	4,948	4,948
Benefit Payments	(4,800)	(4,800)	-
Administrative Expenses	-	(3,270)	(3,270)
Balances at December 31, 2017	\$ <u>119,900</u>	\$ <u>707,836</u>	\$ <u>587,936</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, 2018, 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:

	1% Decrease (3.5%)	Current Discount Rate (4.5%)	1% Increase (5.5%)
City's Net Pension Asset	\$ <u>563,774</u>	\$ <u>587,936</u>	\$ <u>606,400</u>

## City of Fountain, Colorado

### Notes to Financial Statements

December 31, 2018

#### **Note 8: Defined Benefit Retirement Plans (Continued)**

##### **Volunteer Firefighters' Pension Plan** (Continued)

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

For the year ended December 31, 2018, the City recognized pension expense of \$120,476. The differences in projected and actual earnings on investments, differences between expected and actual experience, and the effect of changes in assumptions were recorded in pension expense. Because the differences were not significant, they will not be recognized as pension expense over multiple years.

##### **Firefighters' Pension Plans**

##### **Plan Description**

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

##### **Benefits Provided**

*SWDB Plan* - A SWDB Plan member is eligible for a normal retirement pension once the member has completed twenty-five years of credited service and has attained the age of 55. The annual normal retirement benefit is 2% of the average of the member's highest three years' base salary for each year of credited service up to 10 years, plus 2.5% for each year of service thereafter. 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.

**City of Fountain, Colorado**  
Notes to Financial Statements  
December 31, 2018

**Note 8: Defined Benefit Retirement Plans** (Continued)

**Firefighters' Pension Plans** (Continued)

**Benefits Provided**

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 years 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%.

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 plans' net position.



**City of Fountain, Colorado**  
Notes to Financial Statements  
December 31, 2018

**Note 8: Defined Benefit Retirement Plans** (Continued)

**Firefighters' Pension Plans** (Continued)

Contributions

*SWDB Plan Contributions* - The City and eligible employees are required to contribute to the SWDB Plan at rates established by State statutes. Employer contribution rates can only be amended by the State Legislature. Employee contribution rates can be amended by the State Legislature or by election of the membership. The City and eligible employees contributed 8% and 9.5% of base salary, respectively, for the year ended December 31, 2018. SWDB Plan members elected to increase the employee contribution rate 0.5% 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 reentering the SWDB Plan are established by resolution of the FPPA Board of Directors. The reentry 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. In accordance with the aforementioned election, the reentry 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, 2018, were \$263,995, equal to the required contributions.

*SWH Plan Contributions* - The City and eligible employees are required to contribute to the SWH Plan at rates established by City Council. However, the amount allocated to the defined benefit component is set annually by the FPPA Board of Directors, which currently must be at least 8% of 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, 2016, through June 30, 2018, was 13.5%, and thereafter was 14.8%. For the year ended December 31, 2018, City Council established the contribution rate split at 9.5% of base salary for both the City and the employees.

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

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

The City's contributions to the SWH Plan for the year ended December 31, 2018, were \$10,281, equal to the required contributions.

**City of Fountain, Colorado**  
Notes to Financial Statements  
December 31, 2018

**Note 8: Defined Benefit Retirement Plans (Continued)**

**Firefighters' Pension Plans** (Continued)

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

At December 31, 2018, the City reported a net pension asset (liability) of (\$96,829) and \$56,649, representing its proportionate share of the net pension asset (liability) of the SWDB and SWH Plans, respectively. The net pension asset (liability) was measured at December 31, 2016, and the total pension liability used to calculate the net pension asset (liability) was determined by an actuarial valuation as of January 1, 2018. The City's proportion of the net pension asset (liability) was based on a projection of the City's contributions to the plans for the calendar year ended December 31, 2016, relative to the projected contributions of all participating employers.

At December 31, 2016, the City's proportion of the SWDB Plan was 0.28760751%, which was an increase of 0.00364440% from its proportion measured at December 31, 2015. The City's proportion of the SWH Plan was 0.52041609%, which was an increase of 0.04391644% from its proportion measured at December 31, 2015.

For the year ended December 31, 2018, the City recognized pension expense for the SWDB Plan and SWH Plan of \$192,757 and (\$6,587), respectively. At December 31, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
<b>Statewide Defined Benefit Plan</b>		
Differences between expected and actual experience	\$ 279,829	\$ 4,143
Net difference between projected and actual earnings on plan investments	-	155,240
Changes of assumptions and other inputs	57,264	-
Changes of proportion	24,101	11,289
Contributions subsequent to the measurement date	263,995	-
Subtotal	<u>625,189</u>	<u>170,672</u>
<b>Statewide Hybrid Plan</b>		
Differences between expected and actual experience	34,919	-
Net difference between projected and actual earnings on plan investments	-	6,570
Changes of assumptions and other inputs	1,596	-
Changes of proportion	1,640	4,534
Contributions subsequent to the measurement date	10,281	-
Subtotal	<u>48,436</u>	<u>11,104</u>
Total	<u>\$ 673,625</u>	<u>\$ 181,776</u>

**City of Fountain, Colorado**  
Notes to Financial Statements  
December 31, 2018

**Note 8: Defined Benefit Retirement Plans (Continued)**

**Firefighters' Pension Plans** (Continued)

City contributions to the SWDB and SWH Plans subsequent to the measurement date of \$143,538 and \$7,247, respectively, will be recognized as an increase or decrease to the net pension asset (liability) in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows.

<u>Year ended December 31,</u>	<u>SWDB</u>	<u>SWH</u>
2019	\$ 47,960	\$ 6,717
2020	(15,726)	4,274
2021	(39,344)	3,354
2022	49,377	6,972
2023	49,377	5,677
Thereafter	<u>98,877</u>	<u>57</u>
Total	\$ <u>190,521</u>	\$ <u>27,051</u>

**Actuarial Assumptions** - The actuarial valuations as of January 1, 2018, determined the total pension liability using the following actuarial assumptions and other inputs.

Investment rate of return, compounded annually, net of plan	
investment expenses, including inflation	7.5%
Inflation	2.5%
Projected salary increases	4.0% - 14.0%
Cost of living adjustments (COLA)	0.0%

Mortality rates for active members were based on the RP-2014 Mortality Tables for Blue Collar Employees projected with Scale BB, using a 55% multiplier for off-duty mortality. The RP-2014 Mortality Tables for Blue Collar Employees were used in the projection of post-retirement benefits for members under age 55. For post-retirement members ages 65 and older, the RP-2014 Mortality Tables for Blue Collar Healthy Annuitants were used. For post-retirement members ages 55 through 64, a blend of the previous tables was used. All tables were projected with Scale BB.

The current actuarial methods and assumptions were adopted by the FPPA Board of Directors for first use in the actuarial valuation as of January 1, 2016, based upon the actuary's analysis and recommendations from the 2015 Experience Study.

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

**City of Fountain, Colorado**  
Notes to Financial Statements  
December 31, 2018

**Note 8: Defined Benefit Retirement Plans** (Continued)

**Firefighters' Pension Plans** (Continued)

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of December 31, 2016, are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Rate of Return
Global Equity	37%	8.33%
Equity Long/Short	9%	7.15%
Illiquid Alternatives	24%	9.70%
Fixed Income	15%	3.00%
Absolute Return	9%	6.46%
Managed Future	4%	6.85%
Cash	2%	2.26%
	<u>100%</u>	

**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. The discount rate at the prior measurement date was 7.5%.

**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:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
City's proportionate share of the SWDB Net Pension Asset (Liability)	\$ <u>(480,441)</u>	\$ <u>441,297</u>	\$ <u>1,206,682</u>
City's proportionate share of the SWH Net Pension Asset (Liability)	\$ <u>65,540</u>	\$ <u>92,672</u>	\$ <u>115,507</u>

## City of Fountain, Colorado

### Notes to Financial Statements

December 31, 2018

#### **Note 8: Defined Benefit Retirement Plans (Continued)**

##### **Firefighters' Pension Plans** (Continued)

*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](http://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 9.5% of each participating employee's compensation, and each employee must contribute a matching amount. The Plan provisions and contribution requirements are established and may be amended by the City Council. Employees are eligible to participate in the Plan as of the first day of work as an employee, and become fully vested after five years of service.

For the year ended December 31, 2018, the City contributed \$220,892 to the Plan, equal to the required contributions. All of the Plan investments at December 31, 2018, are managed by Empower Retirement Company, an outside administrator.

##### **General Employee Money Purchase Pension Plan**

The City contributes to a single-employer defined contribution money purchase pension plan on behalf of non-police and firefighter employees. The City is required to contribute 4.5% of each participating employee's compensation, and each employee must contribute a matching amount. The Plan provisions and contribution requirements are established and may be amended by the City Council. Employees are eligible to participate in the Plan after six months of employment. Participants become fully vested after five years of service.

For the year ended December 31, 2018, the City contributed \$361,324 to the Plan, equal to the required contributions. All of the Plan investments at December 31, 2018, are managed by the Colorado County Officials and Employees Retirement Association (CCOERA), an outside administrator.

## City of Fountain, Colorado

### Notes to Financial Statements

December 31, 2018

#### Note 10: Postemployment Benefits other than Pensions

An actuarial report for the year ended December 31, 2018 was not available at the time the financial statements were issued. Management believes that any change in the Net OPEB Obligation would be small and insignificant to the City's financial position or its financial statements. The information below, is based on Management's estimate. Because the information below is estimated, Management has not recorded the change in Net OPEB Obligation in the accompanying financial statements.

*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, 2018, the City paid premiums for retirees totaling \$55,354.

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

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

Annual Required Contribution	\$ 94,000
Interest on Net OPEB Obligation	22,000
Adjustment to Annual Required Contribution	<u>(32,000)</u>
Annual OPEB Cost	84,000
Excess Premiums Paid	<u>(55,354)</u>
Increase in Net OPEB Obligation	28,646
Net OPEB Obligation, <i>Beginning of year</i>	<u>653,136</u>
Net OPEB Obligation, <i>End of year</i>	<u><u>681,782</u></u>

## City of Fountain, Colorado

### Notes to Financial Statements

December 31, 2018

#### **Note 10: Postemployment Benefits other than Pensions (Continued)**

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, 2018, 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>
12/31/2018	\$ 84,000	58.9%	\$ 681,782
12/31/2017	82,955	20.9%	653,136
12/31/2016	77,266	9.7%	587,485
12/31/2015	\$ 83,628	0.0%	\$ 517,746

*Funded Status and Funding Progress* - At January 1, 2016, the most recent actuarial valuation date, the actuarial accrued liability (AAL) was \$468,530, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$12.1 million, and the ratio of the unfunded actuarial accrued liability (UAAL) to the covered payroll was 3.86%.

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

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

Significant methods and assumptions included the following:

- Actuarial Valuation Date - January 1, 2016
- 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 - 7.3% for 2016; decreasing 35% each year until 4.5%; in 2020 an average 1% is added for cadillac tax, then continues to decrease .35% each year until 5% in year 2024 and after.

**City of Fountain, Colorado**  
Notes to Financial Statements  
December 31, 2018

**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, 2018, the emergency reserve was reported as restricted fund balance in the General Fund, in the amount of \$717,000.

**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, 2018, significant amounts of grant expenses have not been audited but management believes that subsequent audits will not have a material effect on the overall financial position of the City.

**Southern Delivery System**

The City, along with the City of Colorado Springs, Security Water and Sanitation District, and Pueblo West Metropolitan District, are partners in the Southern Delivery System project. This project will convey raw water from Pueblo Reservoir through a 66" diameter, 53-mile pipeline to Upper Williams Creek Reservoir and Universal Water Treatment Plant located east of Colorado Springs. The City's participation in the conveyance capacity is 2,500 acre-feet per year and 5.625 million gallons per day (mgd) in the water treatment plant. The project was online in 2016, however, final completion of all construction is not expected until late 2018 or early 2019.

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, 2018, the City reported capital assets, with no depreciation, of \$44,958,816 for this project.



**City of Fountain, Colorado**  
Notes to Financial Statements  
December 31, 2018

**Note 11: Commitments and Contingencies (Continued)**

**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:

<u>Year Ended December 31,</u>	
2019	\$ 371,198
2020	371,198
2021	371,198
2022	<u>371,198</u>
Present Value of Future Minimum Lease Payments	\$ <u>1,484,792</u>

**Litigation**

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

**Concentration of Risk**

A substantial amount of the City's sales tax revenues is received from four taxpayers. A reduction in this revenue, if it were to occur, may have a significant 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, 2018, the City paid \$37,298 under these agreements.

## **Required Supplementary Information**

# City of Fountain, Colorado

## Schedule of Changes in Net Pension Liability and Related Ratios and Investment Returns Volunteer Firefighters' Pension Plan December 31, 2018

	2017	2016	2015	2014
<b>Total Pension Liability</b>				
Service Cost	\$ 13,751	\$ -	\$ -	\$ -
Interest	11,460	14,655	14,188	13,765
Differences Between Expected and Actual Experience	(144,009)	-	-	-
Changes of Assumptions	-	(94,965)	-	-
Benefit Payments	(4,800)	(4,000)	(3,600)	(4,800)
<b>Net Change in Total Pension Liability</b>	(123,598)	(84,310)	10,588	8,965
<b>Total Pension Liability, Beginning of year</b>	243,498	327,808	317,220	308,255
<b>Total Pension Liability, End of year</b>	<u>\$ 119,900</u>	<u>\$ 243,498</u>	<u>\$ 327,808</u>	<u>\$ 317,220</u>
<b>Plan Fiduciary Net Position</b>				
Net Investment Income	\$ 4,948	\$ 3,029	\$ 2,732	\$ 2,191
Benefit Payments	(4,800)	(4,000)	(3,600)	(4,800)
Administrative Expenses	(3,270)	(2,850)	(10,539)	(150)
<b>Net Change in Plan Fiduciary Net Position</b>	(3,122)	(3,821)	(11,407)	(2,759)
<b>Plan Fiduciary Net Position, Beginning of year</b>	710,958	714,779	726,186	728,945
<b>Plan Fiduciary Net Position, End of year</b>	<u>\$ 707,836</u>	<u>\$ 710,958</u>	<u>\$ 714,779</u>	<u>\$ 726,186</u>
<b>City's Net Pension Asset, End of year</b>	<u>\$ 587,936</u>	<u>\$ 467,460</u>	<u>\$ 386,971</u>	<u>\$ 408,966</u>
 Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	 590%	 292%	 218%	 229%
<b>Investment Returns</b>				
Annual Money-Weighted Rate of Return, Net of Investment Expense	0.70%	0.43%	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.

## City of Fountain, Colorado

### Schedule of Proportionate Share of the Net Pension Asset (Liability) and Contributions Fire and Police Pension Association of Colorado Statewide Defined Benefit Plan December 31, 2018

	<u>12/31/16</u>	<u>12/31/15</u>	<u>12/31/14</u>	<u>12/31/13</u>
<b>Proportionate Share of the Net Pension Asset (Liability)</b>				
City's Proportion of the Net Pension Asset (Liability)	0.28760751%	0.28396312%	0.31188443%	0.32238512%
City's Proportionate Share of the Net Pension Asset (Liability)	\$ (96,829)	\$ 5,006	\$ 351,985	\$ 288,272
City's Covered Payroll	\$ 1,331,905	\$ 1,224,894	\$ 1,227,432	\$ 1,202,066
City's Proportionate Share of the Net Pension Asset (Liability) as a Percentage of Covered Payroll	-7.3%	0.4%	29%	24%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	98%	100.1%	107%	106%
	<u>12/31/17</u>	<u>12/31/16</u>	<u>12/31/15</u>	<u>12/31/14</u>
<b>City Contributions</b>				
Statutorily Required Contribution	\$ 143,538	\$ 117,754	\$ 110,127	\$ 112,204
Contributions in Relation to the Statutorily Required Contribution	<u>(143,538)</u>	<u>(117,754)</u>	<u>(110,127)</u>	<u>(112,204)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's Covered Payroll	\$ 1,638,955	\$ 1,331,905	\$ 1,224,894	\$ 1,227,432
Contributions as a Percentage of Covered Payroll	8.76%	8.84%	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.

**City of Fountain, Colorado**  
**Schedule of Proportionate Share of the Net Pension Asset and Contributions**  
**Fire and Police Pension Association of Colorado Statewide Hybrid Plan**  
**December 31, 2018**

	<u>12/31/16</u>	<u>12/31/15</u>	<u>12/31/14</u>	<u>12/31/13</u>
<b>Proportionate Share of the Net Pension Asset</b>				
City's Proportion of the Net Pension Asset	0.52041609%	0.47649964%	0.50235952%	0.46745219%
City's Proportionate Share of the Net Pension Asset	\$ 56,649	\$ 50,189	\$ 59,578	\$ 47,680
City's Covered Payroll	\$ 70,847	\$ 66,053	\$ 65,458	\$ 63,658
City's Proportionate Share of the Net Pension Asset as a Percentage of Covered Payroll	80%	76%	91%	75%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	126%	129%	141%	139%
	<u>12/31/17</u>	<u>12/31/16</u>	<u>12/31/15</u>	<u>12/31/14</u>
<b>City Contributions</b>				
Statutorily Required Contribution	\$ 7,247	\$ 6,730	\$ 6,275	\$ 6,218
Contributions in Relation to the Statutorily Required Contribution	<u>(7,247)</u>	<u>(6,730)</u>	<u>(6,275)</u>	<u>(6,218)</u>
Contribution Deficiency (Excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
City's Covered Payroll	\$ 76,282	\$ 70,847	\$ 66,053	\$ 65,458
Contributions as a Percentage of Covered Payroll	9.50%	9.50%	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.

**City of Fountain, Colorado**  
Schedule of Funding Progress  
Postemployment Benefit Plan  
December 31, 2017

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
1/1/2008	\$ -	\$ 322,073	\$ 322,073	-	\$ 9,168,765	3.51%
1/1/2011	\$ -	\$ 367,674	\$ 367,674	-	\$ 9,890,941	3.72%
1/1/2014	\$ -	\$ 488,743	\$ 488,743	-	\$ 10,152,334	4.81%
1/1/2016	\$ -	\$ 468,530	\$ 468,530	-	\$ 12,140,898	3.86%

**City of Fountain, Colorado**  
 Budgetary Comparison Schedule  
 General Fund  
 For the Year Ended December 31, 2018

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>			
Taxes			
Property Taxes	\$ 2,136,750	\$ 2,066,694	\$ (70,056)
Sales Taxes	11,000,000	10,822,136	(177,864)
Use Taxes	1,560,000	3,786,475	2,226,475
Specific Ownership Taxes	230,000	267,478	37,478
Franchise Taxes	2,015,000	2,095,707	80,707
Total Taxes	<u>16,941,750</u>	<u>19,038,490</u>	<u>2,096,740</u>
Licenses and Permits			
Business Licenses	49,000	56,434	7,434
Telecommunications	35,000	76,314	41,314
Liquor Licenses	9,000	8,788	(212)
Street and Curb Permits	9,000	23,419	14,419
Total Licenses and Permits	<u>102,000</u>	<u>164,955</u>	<u>62,955</u>
Charges for Services			
Developer Fees	85,000	110,826	25,826
Impact Fees	30,000	61,935	31,935
Park Fees	100,000	45,225	(54,775)
School District Juvenile Program	310,000	469,889	159,889
Off Duty Police Program	29,000	29,006	6
Cemetery	-	12,750	12,750
Miscellaneous	65,200	46,728	(18,472)
Total Charges for Services	<u>619,200</u>	<u>776,359</u>	<u>157,159</u>
Fines and Forfeitures	<u>425,000</u>	<u>395,106</u>	<u>(29,894)</u>
Intergovernmental			
Highway Users Tax	705,900	907,847	201,947
Road and Bridge Fund	30,900	33,501	2,601
Motor Vehicle Registration	86,500	90,610	4,110
Cigarette Taxes	34,400	45,469	11,069
State and Local Grants	75,000	73,733	(1,267)
Federal Grants	10,000	5,873	(4,127)
Total Intergovernmental	<u>942,700</u>	<u>1,157,033</u>	<u>214,333</u>
Investment Income	<u>25,000</u>	<u>70,301</u>	<u>45,301</u>
Miscellaneous			
Rents	3,800	3,195	(605)
Other	95,390	2,544,061	2,448,671
Total Miscellaneous	<u>99,190</u>	<u>2,547,256</u>	<u>2,448,066</u>
Total Revenues	<u>\$ 19,154,840</u>	<u>\$ 24,149,500</u>	<u>\$ 4,994,660</u>

(Continued)

**City of Fountain, Colorado**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Year Ended December 31, 2018**  
*(Continued)*

	Original and Final Budget	Actual	Variance <i>Positive</i> <i>(Negative)</i>
<b>Expenditures</b>			
General Government			
Legislative	\$ 60,440	\$ 50,342	\$ 10,098
Judicial	279,770	230,742	49,028
Economic Development	2,222,550	2,282,599	(60,049)
Information Technology	1,229,640	304,031	925,609
Planning and Engineering	611,070	561,948	49,122
Administration	729,370	821,525	(92,155)
Total General Government	<u>5,132,840</u>	<u>4,251,187</u>	<u>881,653</u>
Public Safety			
Police	7,385,320	7,623,041	(237,721)
Communications	570,610	573,257	(2,647)
Fire	3,128,020	3,731,702	(603,682)
Total Public Safety	<u>11,083,950</u>	<u>11,928,000</u>	<u>(844,050)</u>
Public Works			
Highway and Streets	1,732,790	1,777,544	(44,754)
Facilities Maintenance	329,140	1,698,863	(1,369,723)
Total Public Works	<u>2,061,930</u>	<u>3,476,407</u>	<u>(1,414,477)</u>
Health and Welfare			
Code Enforcement	374,250	361,552	12,698
Cemetery	36,000	36,533	(533)
Total Health and Welfare	<u>410,250</u>	<u>398,085</u>	<u>12,165</u>
Culture and Recreation			
Parks	696,600	699,105	(2,505)
Community Building	309,060	248,140	60,920
Total Culture and Recreation	<u>1,005,660</u>	<u>947,245</u>	<u>58,415</u>
Debt Service	1,106,990	1,083,333	23,657
Total Expenditures	<u>20,801,620</u>	<u>22,084,257</u>	<u>(1,282,637)</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	<u>(1,646,780)</u>	<u>2,065,243</u>	<u>3,712,023</u>
<b>Other Financing Sources (Uses)</b>			
Capital Leases	892,350	-	(892,350)
Transfers In	874,100	1	(874,099)
Transfers Out	(430,000)	(450,722)	(20,722)
Total Other Financing Sources (Uses)	<u>1,336,450</u>	<u>(450,721)</u>	<u>(1,787,171)</u>
<b>Net Change in Fund Balance</b>	(310,330)	1,614,522	1,924,852
<b>Fund Balance, Beginning of year</b>	<u>4,260,767</u>	<u>7,043,062</u>	<u>2,782,295</u>
<b>Fund Balance, End of year</b>	<u>\$ 3,950,437</u>	<u>\$ 8,657,584</u>	<u>\$ 4,707,147</u>

See the accompanying Independent Auditors' Report.



**City of Fountain, Colorado**  
Notes to Required Supplementary Information  
December 31, 2018

**Note 1: Volunteer Firefighters' Pension Plan**

**Contributions**

The City made no contributions to the Volunteer Firefighters' Pension Plan during the year ended December 31, 2018. 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, 2018
Actuarial Cost Method	Entry age
Amortization Method	Level amount, open
Remaining Amortization Period	20 years
Asset Valuation Method	Fair value
Interest Rate	4.5% per annum, compounded annually, net of operating expenses
Inflation Rate	2.74%
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 to establish the budgetary information reflected in the financial statements:

- In September, management submits to the City Council a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted to obtain taxpayer comments.
- Prior to December 31, the budget is legally adopted through passage of an ordinance.
- Management is authorized to transfer budgeted amounts between departments within any fund. However, any revisions that alter the total expenditures of any fund must be approved by the City Council. State statutes stipulate that expenditures may not exceed budgeted appropriations at the fund level.

**City of Fountain, Colorado**  
Notes to Required Supplementary Information  
December 31, 2018

**Note 2: Stewardship, Compliance and Accountability (Continued)**

**Budgetary Accounting** (Continued)

- Budgets are legally adopted for all funds of the City. Fiduciary fund budgets have not been presented in the financial statements. Budgets for the governmental funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgetary comparisons for the proprietary funds are presented on a non-GAAP budgetary basis. Debt principal is recognized as an expenditure for budgetary purposes. Capital outlay is budgeted as an expenditure, and depreciation and amortization are not budgeted.
- All appropriations lapse at year end.

**Legal Compliance**

For the year ended December 31, 2018, expenditures of the Volunteer Fire, Street Resurfacing and Street Improvement Funds exceeded the budgeted amounts by \$56,056, \$15,638, and \$583,074, respectively. These may be violations of State statutes.

## **Supplementary Information**

**City of Fountain, Colorado**  
Combining Balance Sheet  
Nonmajor Governmental Funds  
December 31, 2018

	Conservation Trust	Heritage Maintenance District	General Improvement Districts	Volunteer Fire
<b>Assets</b>				
Cash and Investments	\$ 295,958	\$ 413,611	\$ 504,489	\$ 162,336
Accounts Receivable	551	1,540	2,774	566
Taxes Receivable	-	65,744	204,353	-
<b>Total Assets</b>	<u>\$ 296,509</u>	<u>\$ 480,895</u>	<u>\$ 711,616</u>	<u>\$ 162,902</u>
<b>Liabilities</b>				
Accounts Payable	\$ 812	\$ -	\$ -	\$ 7,300
Accrued Liabilities	1,160	-	-	-
<b>Total Liabilities</b>	<u>1,972</u>	<u>-</u>	<u>-</u>	<u>7,300</u>
<b>Deferred Inflows of Resources</b>				
Property Taxes	-	65,744	204,353	-
<b>Fund Balances</b>				
Restricted for:				
Parks	294,537	-	-	-
District Repairs and Maintenance	-	415,151	507,263	-
Transportation	-	-	-	-
Street Repairs and Maintenance	-	-	-	-
Street Improvements	-	-	-	-
Committed to Volunteer Fire Activities	-	-	-	155,602
<b>Total Fund Balances</b>	<u>294,537</u>	<u>415,151</u>	<u>507,263</u>	<u>155,602</u>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balance</b>	<u>\$ 296,509</u>	<u>\$ 480,895</u>	<u>\$ 711,616</u>	<u>\$ 162,902</u>

(Continued)

**City of Fountain, Colorado**  
Combining Balance Sheet  
Nonmajor Governmental Funds  
December 31, 2018  
(Continued)

	Public Transportation	Street Resurfacing	Street Improvement	Total
<b>Assets</b>				
Cash and Investments	\$ 1,151,601	\$ 84,866	\$ 2,118,063	\$ 4,730,924
Accounts Receivable	162,198	95,880	230,043	493,552
Taxes Receivable	-	-	-	270,097
<b>Total Assets</b>	<b>\$ 1,313,799</b>	<b>\$ 180,746</b>	<b>\$ 2,348,106</b>	<b>\$ 5,494,573</b>
<b>Liabilities</b>				
Accounts Payable	\$ 9,734	\$ -	\$ 907,983	\$ 925,829
Accrued Liabilities	6,164	-	-	7,324
<b>Total Liabilities</b>	<b>15,898</b>	<b>-</b>	<b>907,983</b>	<b>933,153</b>
<b>Deferred Inflows of Resources</b>				
Property Taxes	-	-	-	270,097
<b>Fund Balances</b>				
Restricted for:				
Parks	-	-	-	294,537
District Repairs and Maintenance	-	-	-	922,414
Transportation	1,297,901	-	-	1,297,901
Street Repairs and Maintenance	-	180,746	-	180,746
Street Improvements	-	-	1,440,123	1,440,123
Committed to Volunteer Fire Activities	-	-	-	155,602
<b>Total Fund Balances</b>	<b>1,297,901</b>	<b>180,746</b>	<b>1,440,123</b>	<b>4,291,323</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balance</b>	<b>\$ 1,313,799</b>	<b>\$ 180,746</b>	<b>\$ 2,348,106</b>	<b>\$ 5,494,573</b>

**City of Fountain, Colorado**  
Combining Statement of Revenues, Expenditures, and Changes in the Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended December 31, 2018

	Conservation Trust	Heritage Maintenance District	General Improvement Districts	Volunteer Fire
<b>Revenues</b>				
Taxes	\$ -	\$ 72,282	\$ 195,483	\$ -
Charges for Services	-	-	-	84,196
Intergovernmental	249,990	-	-	-
Investment Income	2,676	4,356	4,937	1,448
Miscellaneous	-	-	1,200	11,505
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Revenues	252,666	76,638	201,620	97,149
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Expenditures</b>				
Current				
General Government	-	-	-	-
Public Safety	-	-	-	95,231
Public Works	-	46,873	-	-
Culture and Recreation	212,959	-	-	-
Debt Service				
Principal	-	-	-	-
Interest	-	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Expenditures	212,959	46,873	-	95,231
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Excess Revenues Over (Under) Expenditures</b>	39,707	29,765	201,620	1,918
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Other Financing Sources</b>				
Capital Leases	-	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Net Change in Fund Balances</b>	39,707	29,765	201,620	1,918
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Fund Balances, Beginning of year</b>	254,830	385,386	305,643	153,684
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Fund Balances, End of year</b>	\$ 294,537	\$ 415,151	\$ 507,263	\$ 155,602
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

(Continued)

**City of Fountain, Colorado**  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended December 31, 2018  
*(Continued)*

	Public Transportation	Street Resurfacing	Street Improvement	Total
<b>Revenues</b>				
Taxes	\$ 901,844	\$ 541,106	\$ 1,262,580	\$ 2,973,295
Charges for Services	-	-	-	84,196
Intergovernmental	-	-	-	249,990
Investment Income	11,141	2,124	44,396	71,078
Miscellaneous	30,911	-	-	43,616
	<u>943,896</u>	<u>543,230</u>	<u>1,306,976</u>	<u>3,422,175</u>
<b>Total Revenues</b>				
<b>Expenditures</b>				
Current				
General Government	663,918	-	-	663,918
Public Safety	-	-	-	95,231
Public Works	-	610,638	4,720,074	5,377,585
Culture and Recreation	-	-	-	212,959
Debt Service				
Principal	77,542	-	-	77,542
Interest	-	-	-	-
	<u>741,460</u>	<u>610,638</u>	<u>4,720,074</u>	<u>6,427,235</u>
<b>Total Expenditures</b>				
<b>Excess Revenues Over (Under) Expenditures</b>	202,436	(67,408)	(3,413,098)	(3,005,060)
<b>Other Financing Sources</b>				
Capital Leases	-	-	-	-
<b>Net Change in Fund Balances</b>	202,436	(67,408)	(3,413,098)	(3,005,060)
<b>Fund Balances, Beginning of year</b>	1,095,465	248,154	4,853,221	7,296,383
<b>Fund Balances, End of year</b>	<u>\$ 1,297,901</u>	<u>\$ 180,746</u>	<u>\$ 1,440,123</u>	<u>\$ 4,291,323</u>

**City of Fountain, Colorado**  
 Budgetary Comparison Schedule  
 Conservation Trust Fund  
 For the Year Ended December 31, 2018

	Original and Final Budget	Actual	Variance <i>Positive</i> <i>(Negative)</i>
<b>Revenues</b>			
Lottery Proceeds	\$ 265,000	\$ 249,990	\$ (15,010)
Investment Income	<u>700</u>	<u>2,676</u>	<u>1,976</u>
Total Revenues	<u>265,700</u>	<u>252,666</u>	<u>(13,034)</u>
<b>Expenditures</b>			
Culture and Recreation	<u>292,800</u>	<u>212,959</u>	<u>79,841</u>
<b>Net Change in Fund Balance</b>	<u>\$ (27,100)</u>	39,707	<u>\$ 66,807</u>
<b>Fund Balance, Beginning of year</b>		<u>254,830</u>	
<b>Fund Balance, End of year</b>		<u>\$ 294,537</u>	



**City of Fountain, Colorado**  
 Budgetary Comparison Schedule  
 Heritage Maintenance District Fund  
 For the Year Ended December 31, 2018

	Original and Final Budget	Actual	Variance <i>Positive</i> <i>(Negative)</i>
<b>Revenues</b>			
Property Taxes	\$ 64,000	\$ 64,068	\$ 68
Specific Ownership Taxes	7,000	8,214	1,214
Investment Income	<u>1,500</u>	<u>4,356</u>	<u>2,856</u>
Total Revenues	<u>72,500</u>	<u>76,638</u>	<u>4,138</u>
<b>Expenditures</b>			
Public Works	<u>64,000</u>	<u>46,873</u>	<u>17,127</u>
<b>Net Change in Fund Balance</b>	<u>\$ 8,500</u>	29,765	<u>\$ 21,265</u>
<b>Fund Balance, Beginning of year</b>		<u>385,386</u>	
<b>Fund Balance, end of year</b>		<u>\$ 415,151</u>	

**City of Fountain, Colorado**  
 Budgetary Comparison Schedule  
 General Improvement Districts Fund  
 For the Year Ended December 31, 2018

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>				
Property Taxes	\$ 140,200	\$ 140,200	\$ 173,286	\$ 33,086
Specific Ownership Taxes	9,300	9,300	22,197	12,897
Investment Income	786	786	4,937	4,151
Miscellaneous	-	-	1,200	1,200
	<u>150,286</u>	<u>150,286</u>	<u>201,620</u>	<u>51,334</u>
Total Revenues	<u>150,286</u>	<u>150,286</u>	<u>201,620</u>	<u>51,334</u>
<b>Net Change in Fund Balance</b>	<u>\$ 150,286</u>	<u>\$ 150,286</u>	201,620	<u>\$ 51,334</u>
<b>Fund Balance, Beginning of year</b>			<u>305,643</u>	
<b>Fund Balance, End of year</b>			<u>\$ 507,263</u>	

**City of Fountain, Colorado**  
 Budgetary Comparison Schedule  
 Volunteer Fire Fund  
 For the Year Ended December 31, 2018

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>				
Charges for Services	\$ -	\$ -	\$ 84,196	\$ 84,196
Intergovernmental	-	-	0	-
Investment Income	3,900	3,900	1,448	(2,452)
Miscellaneous	9,500	9,500	11,505	2,005
Total Revenues	13,400	13,400	97,149	83,749
<b>Expenditures</b>				
Public Safety	39,175	39,175	95,231	(56,056)
<b>Net Change in Fund Balance</b>	<u>\$ (25,775)</u>	<u>\$ (25,775)</u>	1,918	<u>\$ 27,693</u>
<b>Fund Balance, Beginning of year</b>			153,684	
<b>Fund Balance, End of year</b>			<u>\$ 155,602</u>	

**City of Fountain, Colorado**  
**Budgetary Comparison Schedule**  
**Public Transportation Fund**  
**For the Year Ended December 31, 2018**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>				
Sales Taxes	\$ 893,000	\$ 893,000	\$ 901,844	\$ 8,844
Intergovernmental	120,000	120,000	0	(120,000)
Investment Income	3,000	3,000	11,141	8,141
Miscellaneous	-	-	30,911	30,911
Total Revenues	<u>1,016,000</u>	<u>1,016,000</u>	<u>943,896</u>	<u>(72,104)</u>
<b>Expenditures</b>				
Current				
General Government	926,350	926,350	663,918	262,432
Debt Service				
Principal	-	-	77,542	(77,542)
Interest	-	-	-	-
Total Expenditures	<u>926,350</u>	<u>926,350</u>	<u>741,460</u>	<u>184,890</u>
<b>Excess Revenues Over (Under) Expenditures</b>	89,650	89,650	202,436	112,786
<b>Other Financing Sources</b>				
Capital Leases	-	-	-	-
<b>Net Change in Fund Balance</b>	<u>\$ 89,650</u>	<u>\$ 89,650</u>	202,436	<u>\$ 112,786</u>
<b>Fund Balance, Beginning of year</b>			<u>1,095,465</u>	
<b>Fund Balance, Ending of year</b>			<u>\$ 1,297,901</u>	

See the accompanying Independent Auditors' Report.

**City of Fountain, Colorado**  
 Budgetary Comparison Schedule  
 Street Resurfacing Fund  
 For the Year Ended December 31, 2018

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>				
Sales Taxes	\$ 485,300	\$ 485,300	\$ 541,106	\$ 55,806
Investment Income	500	500	2,124	1,624
Total Revenues	485,800	485,800	543,230	57,430
<b>Expenditures</b>				
Public Works	595,000	595,000	610,638	(15,638)
<b>Excess Revenues Over (Under) Expenditures</b>	(109,200)	(109,200)	(67,408)	41,792
<b>Other Financing Sources (Uses)</b>				
Transfers Out	(15,000)	(15,000)	-	15,000
<b>Net Change in Fund Balance</b>	\$ <u>(124,200)</u>	\$ <u>(124,200)</u>	(67,408)	\$ <u>56,792</u>
<b>Fund Balance, Beginning of year</b>			248,154	
<b>Fund Balance, End of year</b>			\$ <u>180,746</u>	

**City of Fountain, Colorado**  
 Budgetary Comparison Schedule  
 Street Improvement Fund  
 For the Year Ended December 31, 2018

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>				
Sales Taxes	\$ 1,251,000	\$ 1,251,000	\$ 1,262,580	\$ 11,580
Intergovernmental	800,000	800,000	-	(800,000)
Investment Income	10,000	10,000	44,396	34,396
Total Revenues	<u>2,061,000</u>	<u>2,061,000</u>	<u>1,306,976</u>	<u>(754,024)</u>
<b>Expenditures</b>				
Public Works	<u>4,137,000</u>	<u>4,137,000</u>	<u>4,720,074</u>	<u>(583,074)</u>
<b>Net Change in Fund Balance</b>	<u>\$ (2,076,000)</u>	<u>\$ (2,076,000)</u>	(3,413,098)	<u>\$ (1,337,098)</u>
<b>Fund Balance, Beginning of year</b>			<u>4,853,221</u>	
<b>Fund Balance, End of year</b>			<u>\$ 1,440,123</u>	

**City of Fountain, Colorado**  
Combining Statement of Net Position  
Nonmajor Enterprise Funds  
December 31, 2018

	Ambulance	Drainage	Total
<b>Assets</b>			
<i>Current Assets</i>			
Cash and Investments	\$ -	\$ 1,249,026	\$ 1,249,026
Accounts Receivable	16,432	2,382	18,814
	<u>16,432</u>	<u>2,382</u>	<u>18,814</u>
Total Current Assets	16,432	1,251,408	1,267,840
<i>Noncurrent Assets</i>			
Capital Assets, <i>Net of Accumulated Depreciation</i>	418,314	-	418,314
	<u>418,314</u>	<u>-</u>	<u>418,314</u>
Total Assets	434,746	1,251,408	1,686,154
	<u>434,746</u>	<u>1,251,408</u>	<u>1,686,154</u>
<b>Liabilities</b>			
<i>Current Liabilities</i>			
Accounts Payable	2,988	-	2,988
Accrued Liabilities	26,708	-	26,708
Current Portion of Long-Term Debt			
Compensated Absences Payable	36,851	-	36,851
Capital Leases Payable	14,115	-	14,115
	<u>80,662</u>	<u>-</u>	<u>80,662</u>
Total Current Liabilities	80,662	-	80,662
<i>Long-Term Liabilities</i>			
Compensated Absences Payable	36,146	-	36,146
Capital Leases Payable	23,015	-	23,015
	<u>59,161</u>	<u>-</u>	<u>59,161</u>
Total Long-Term Liabilities	59,161	-	59,161
Total Liabilities	139,823	-	139,823
	<u>139,823</u>	<u>-</u>	<u>139,823</u>
<b>Net Position</b>			
Net Investment in Capital Assets	381,184	-	381,184
Unrestricted	(86,261)	1,251,408	1,165,147
	<u>(86,261)</u>	<u>1,251,408</u>	<u>1,165,147</u>
Total Net Position	\$ 294,923	\$ 1,251,408	\$ 1,546,331
	<u>\$ 294,923</u>	<u>\$ 1,251,408</u>	<u>\$ 1,546,331</u>

**City of Fountain, Colorado**  
Combining Statement of Revenues, Expenses, and Changes in Net Position  
Nonmajor Enterprise Funds  
For the Year Ended December 31, 2018

	Ambulance	Drainage	Total
<b>Operating Revenues</b>			
Charges for Services	\$ 846,008	\$ 154,637	\$ 1,000,645
Grant Revenue	173,787	-	173,787
	<u>1,019,795</u>	<u>154,637</u>	<u>1,174,432</u>
<b>Operating Expenses</b>			
Public Safety	31,070	-	31,070
Operations and Maintenance	1,140,814	-	1,140,814
Depreciation	60,004	-	60,004
	<u>1,231,888</u>	<u>-</u>	<u>1,231,888</u>
<b>Operating Income (Loss)</b>	<u>(212,093)</u>	<u>154,637</u>	<u>(57,456)</u>
<b>Nonoperating Revenues (Expense)</b>			
Investment Income	-	12,318	12,318
Interest Expense	(1,017)	-	(1,017)
	<u>(1,017)</u>	<u>12,318</u>	<u>11,301</u>
<b>Total Nonoperating Revenues (Expenses)</b>	<u>(1,017)</u>	<u>12,318</u>	<u>11,301</u>
<b>Net Income (Loss) Before Transfers</b>	<u>(213,110)</u>	<u>166,955</u>	<u>(46,155)</u>
Transfers In	450,722	-	450,722
<b>Change in Net Position</b>	<u>237,612</u>	<u>166,955</u>	<u>404,567</u>
<b>Net Position, Beginning of year</b>	<u>57,311</u>	<u>1,084,453</u>	<u>1,141,764</u>
<b>Net Position, End of year</b>	<u><u>\$ 294,923</u></u>	<u><u>\$ 1,251,408</u></u>	<u><u>\$ 1,546,331</u></u>



**City of Fountain, Colorado**  
Combining Statement of Cash Flows  
Nonmajor Enterprise Funds  
Increase (Decrease) In Cash and in Cash Equivalents  
For the Year Ended December 31, 2018

	Ambulance	Drainage	Total
<b>Cash Flows From Operating Activities</b>			
Cash Received from Customers	\$ 929,182	\$ 153,996	\$ 1,083,178
Cash Received from Others	173,787	-	173,787
Cash Payments to Employees	22,749	-	22,749
Cash Payments to Suppliers	(1,200,084)	-	(1,200,084)
Net Cash Provided (Used) by Operating Activities	(74,366)	153,996	79,630
<b>Cash Flows From Noncapital Financing Activities</b>			
Payments from Other Funds	450,722	-	450,722
<b>Cash Flows From Capital And Related Financing Activities</b>			
Acquisition and Construction of Capital Assets	(361,542)	-	(361,542)
Debt Principal Payments	(13,797)	-	(13,797)
Debt Interest and Fiscal Charges Paid	(1,017)	-	(1,017)
Net Cash Provided (Used) by Capital and Related Financing Activities	(376,356)	-	(376,356)
<b>Cash Flows From Investing Activities</b>			
Interest Received	-	12,318	12,318
<b>Net Change In Cash And Cash Equivalents</b>	-	166,314	166,314
<b>Cash and Cash Equivalents, <i>Beginning of year</i></b>	-	1,082,712	1,082,712
<b>Cash and Cash Equivalents, <i>End of year</i></b>	\$ -	\$ 1,249,026	\$ 1,249,026
<b>Reconciliation of Operating Income (Loss) To Net Cash Provided (Used) By Operating Activities</b>			
Operating Income (Loss)	\$ (212,093)	\$ 154,637	\$ (57,456)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Depreciation	60,004	-	60,004
Changes in Assets and Liabilities			
Accounts Receivable	83,174	(641)	82,533
Accounts Payable	(28,200)	-	(28,200)
Accrued Liabilities	1,146	-	1,146
Compensated Absences Payable	21,603	-	21,603
Net Cash Provided (Used) by Operating Activities	\$ (74,366)	\$ 153,996	\$ 79,630

See the accompanying Independent Auditors' Report.

**City of Fountain, Colorado**  
**Budgetary Comparison Schedule**  
**Water Fund**  
**For the Year Ended December 31, 2018**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>				
Charges for Services	\$ 8,351,900	\$ 8,351,900	\$ 9,300,677	\$ 948,777
Miscellaneous	129,780	129,780	258,818	129,038
Investment Income	10,000	10,000	0	(10,000)
System Development Fees	1,090,000	1,090,000	1,632,700	542,700
Debt Proceeds	4,000,000	4,000,000	127,085	(3,872,915)
Total Revenues	13,581,680	13,581,680	11,319,280	(2,262,400)
<b>Expenditures</b>				
Source of Supply	2,362,200	2,418,700	2,283,049	135,651
Operations and Maintenance	6,271,260	1,644,970	2,074,078	(429,108)
Customer Accounts and Collection	805,680	604,830	608,965	(4,135)
Administration and General	4,345,110	2,129,020	2,087,345	41,675
GIS	17,400			
Capital Outlay		5,232,975	3,062,485	2,170,490
Debt Principal		1,995,094	1,210,000	785,094
Interest Expense		1,955,850	286,017	1,669,833
Total Expenditures	13,801,650	15,981,439	11,611,939	4,369,500
<b>Change in Net Position, Budgetary Basis</b>	<b>\$ (219,970)</b>	<b>\$ (2,399,759)</b>	<b>(292,659)</b>	<b>\$ 2,107,100</b>
<b>Adjustments to GAAP Basis</b>				
Debt Proceeds			(127,085)	
Capital Outlay, including Capitalized Interest			3,062,485	
Depreciation Expense			(1,283,462)	
Debt Principal			1,210,000	
Debt Issuance Costs			-	
<b>Change in Net Position, GAAP Basis</b>			<b>\$ 2,569,279</b>	

**City of Fountain, Colorado**  
**Budgetary Comparison Schedule**  
**Electric Fund**  
**For the Year Ended December 31, 2018**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>				
Charges for Services	\$ 22,942,350	\$ 22,780,943	\$ 23,351,805	\$ 570,862
Miscellaneous	468,400	575,900	764,675	188,775
Investment Income	35,000	150,000	138,569	(11,431)
System Development Fees	96,500	60,000	119,125	59,125
New Service Installation		47,860	793,925	746,065
Debt Proceeds	12,000,000	2,000,000	929,187	(1,070,813)
Transfers In	467,000	459,000	(34,447)	(493,447)
Total Revenues	<u>36,009,250</u>	<u>26,073,703</u>	<u>26,062,839</u>	<u>(10,864)</u>
<b>Expenditures</b>				
Source of Supply	12,836,690	13,701,595	14,380,726	(679,131)
Operations and Maintenance	18,510,970	4,915,760	4,232,967	682,793
Customer Accounts and Collection	2,031,618	1,545,700	1,568,836	(23,136)
Administration and General	3,310,925	2,727,460	3,441,803	(714,343)
Capital Outlay	-	7,160,861	2,899,133	4,261,728
Debt Principal	-	-	-	-
Interest Expense	-	-	10,713	(10,713)
Total Expenditures	<u>36,690,203</u>	<u>30,051,376</u>	<u>26,534,178</u>	<u>3,517,198</u>
<b>Change in Net Position, Budgetary Basis</b>	<u>\$ (680,953)</u>	<u>\$ (3,977,673)</u>	(471,339)	<u>\$ 3,506,334</u>
<b>Adjustments to GAAP Basis</b>				
Debt Proceeds			(929,187)	
Capital Outlay			2,899,133	
Depreciation Expense			(1,581,114)	
Debt Principal			-	
<b>Change in Net Position, GAAP Basis</b>			<u>\$ (82,507)</u>	

**City of Fountain, Colorado**  
 Budgetary Comparison Schedule  
 Ambulance Fund  
 For the Year Ended December 31, 2018

	Original and Final Budget	Actual	Variance <i>Positive</i> <i>(Negative)</i>
<b>Revenues</b>			
Charges for Services	\$ 1,000,000	\$ 846,008	\$ (153,992)
Transfers In	60,000	450,722	390,722
Lease Proceeds	176,200	-	(176,200)
Grant	176,200	173,787	(2,413)
Total Revenues	<u>1,412,400</u>	<u>1,470,517</u>	<u>58,117</u>
<b>Expenditures</b>			
Public Safety		31,070	
Operations and Maintenance	1,380,400	1,140,814	239,586
Debt Principal	-	13,797	(13,797)
Interest Expense	-	1,017	(1,017)
Transfers Out	31,070	-	31,070
Total Expenditures	<u>1,411,470</u>	<u>1,186,698</u>	<u>255,842</u>
<b>Change in Net Position, Budgetary Basis</b>	<u>\$ 930</u>	283,819	<u>\$ 282,889</u>
<b>Adjustments to GAAP Basis</b>			
Depreciation Expense		(60,004)	
Debt Principal		13,797	
<b>Change in Net Position, GAAP Basis</b>		<u>\$ 237,612</u>	

**City of Fountain, Colorado**  
 Budgetary Comparison Schedule  
 Drainage Fund  
 For the Year Ended December 31, 2018

	Original and Final Budget	Actual	Variance <i>Positive</i> <i>(Negative)</i>
<b>Revenues</b>			
Charges for Services	\$ 16,350	\$ 154,637	\$ 138,287
Investment Income	<u>4,000</u>	<u>12,318</u>	<u>8,318</u>
Total Revenues	<u>20,350</u>	<u>166,955</u>	<u>146,605</u>
<b>Expenditures</b>			
Operations and Maintenance	<u>200,000</u>	<u>-</u>	<u>200,000</u>
Total Expenditures	<u>200,000</u>	<u>-</u>	<u>200,000</u>
<b>Change in Net Position, Budgetary Basis</b>	<u>\$ (179,650)</u>	166,955	<u>\$ 346,605</u>
<b>Net Position, Beginning of year</b>		<u>1,084,453</u>	
<b>Net Position, End of year</b>		<u>\$ 1,251,408</u>	

**City of Fountain, Colorado**  
 Budgetary Comparison Schedule  
 Insurance Fund  
 Year Ended December 31, 2017

	Original and Final Budget	Actual	Variance <i>Positive</i> <i>(Negative)</i>
<b>Revenues</b>			
Charges for Services	\$ 7,700	\$ 3,841,922	\$ 3,834,222
Investment Income	<u>3,655,704</u>	<u>26,017</u>	<u>(3,629,687)</u>
Total Revenues	<u>3,663,404</u>	<u>3,867,939</u>	<u>204,535</u>
<b>Expenditures</b>			
Administration and General	210,000	59,790	150,210
Insurance Premiums	600,000	832,491	(232,491)
Insurance Claims	<u>2,666,550</u>	<u>2,086,140</u>	<u>580,410</u>
Total Expenditures	<u>3,476,550</u>	<u>2,978,421</u>	<u>498,129</u>
<b>Change in Net Position, Budgetary Basis</b>	<u>\$ 186,854</u>	889,518	<u>\$ 702,664</u>
<b>Net Position, Beginning of year</b>		<u>1,728,361</u>	
<b>Net Position, End of year</b>		<u>\$ 2,617,879</u>	

## **Statistical Section**

# CITY OF FOUNTAIN, COLORADO

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## STATISTICAL SECTION

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<u>Contents</u>	<u>Page</u>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	<b>74-79</b>
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the City's most significant local revenue sources.	<b>80-88</b>
<b>Debt Capacity</b> 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.	<b>89-91</b>
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	<b>92-93</b>
<b>Operating Information</b> 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.	<b>94-95</b>



# CITY OF FOUNTAIN, COLORADO

## NET POSITION BY COMPONENT LAST TEN FISCAL YEARS (Unaudited)

TABLE 1

(accrual basis of accounting)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Governmental Activities</b>										
Net Investment in Capital Assets	\$ 79,168,395	\$ 76,610,623	\$ 76,127,122	\$ 76,210,836	\$ 74,221,505	\$ 71,700,844	\$ 71,587,864	\$ 69,520,813	\$ 67,964,354	\$ 69,746,246
Restricted for Parks	251,049	171,785	159,446	150,841	200,199	265,398	230,569	304,912	254,830	294,537
Restricted for District Repairs and Maintenance		-	260,397	300,346	335,202	377,522	438,171	525,899	691,029	922,414
Restricted for Transportation		77,407	160,658	-	323,923	486,290	717,664	912,062	1,095,465	1,297,901
Restricted for Street Repairs and Maintenance		75,110	46,277	49,317	114,524	81,645	78,649	203,892	248,154	180,746
Restricted for Street Improvements		492,788	1,026,814	1,651,516	2,273,777	2,913,693	3,507,196	4,127,544	4,853,221	1,440,123
Restricted for Emergencies	348,500	351,000	355,000	393,000	378,000	414,000	553,000	624,000	764,000	717,000
Unrestricted	1,055,370	952,123	135,074	189,013	(88,331)	3,400,191	5,745,378	4,666,972	5,194,378	8,778,702
Total governmental activities net position	80,823,314	78,730,836	78,270,788	78,944,869	77,758,799	79,639,583	82,858,491	80,886,094	81,065,431	83,377,669
<b>Business-type activities</b>										
Net Investment in Capital Assets	58,293,086	60,771,506	63,517,686	65,483,598	70,249,254	73,772,083	76,235,438	82,159,345	84,882,092	89,901,060
Restricted for Debt Service		-	576,900	576,900	576,900	576,900	794,400	217,500	217,500	217,500
Unrestricted	16,362,533	14,381,159	11,415,974	13,418,176	12,434,106	11,829,636	13,047,583	10,329,549	11,245,862	9,465,145
Total business-type activities net position	74,655,619	75,152,665	75,510,560	79,478,674	83,260,260	86,178,619	90,077,421	92,706,394	96,345,454	99,583,705
<b>Primary government</b>										
Net Investment in Capital Assets	137,461,481	137,382,129	139,644,808	141,694,434	144,470,759	145,472,927	147,823,302	151,680,158	152,846,446	159,647,306
Restricted for Parks	251,049	171,785	159,446	150,841	200,199	265,398	230,569	304,912	254,830	294,537
Restricted for District Repairs and Maintenance		-	260,397	300,346	335,202	377,522	438,171	525,899	691,029	922,414
Restricted for Transportation		77,407	160,658	-	323,923	486,290	717,664	912,062	1,095,465	1,297,901
Restricted for Street Repairs and Maintenance		75,110	46,277	49,317	114,524	81,645	78,649	203,892	248,154	180,746
Restricted for Street Improvements		492,788	1,026,814	1,651,516	2,273,777	2,913,693	3,507,196	4,127,544	4,853,221	1,440,123
Restricted for Debt Service		-	576,900	576,900	576,900	576,900	794,400	217,500	217,500	217,500
Restricted for Emergencies	348,500	351,000	355,000	393,000	378,000	414,000	553,000	624,000	764,000	717,000
Unrestricted	17,417,903	15,333,282	11,551,048	13,607,189	12,345,775	15,229,827	18,792,961	14,996,521	16,440,240	18,243,847
Total primary government net position	\$ 155,478,933	\$ 153,883,501	\$ 153,781,348	\$ 158,423,543	\$ 161,019,059	\$ 165,818,202	\$ 172,935,912	\$ 173,592,488	\$ 177,410,885	\$ 182,961,374

Source: City of Fountain, Colorado, audited financial statements, 2009-2018

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)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Expenses</b>										
Governmental Activities										
General Government	\$ 2,483,390	\$ 3,020,265	\$ 2,949,011	\$ 2,937,922	\$ 3,088,640	\$ 2,699,475	\$ 2,130,308	\$ 4,044,229	\$ 4,693,192	\$ 8,695,463
Public Safety	6,989,181	7,182,513	7,446,750	7,966,886	8,166,704	8,485,869	9,028,509	10,270,018	11,537,346	10,994,529
Public Works	3,881,335	4,235,181	2,071,681	2,756,803	3,402,850	4,488,188	4,590,601	5,529,468	3,476,418	4,001,851
Health and Welfare	193,459	166,141	211,294	255,525	276,146	296,720	282,840	339,505	382,291	398,085
Culture and Recreation	966,366	790,333	858,049	772,212	778,062	798,755	1,143,271	1,114,420	1,272,541	1,070,721
Interest Expense	39,917	27,846	28,812	20,123	133,048	136,046	130,542	136,878	129,487	270,449
Total Governmental Activities Expenses	14,553,648	15,422,279	13,565,597	14,709,471	15,845,450	16,905,053	17,306,071	21,434,518	21,491,275	25,431,098
Business-type Activities										
Water Utility	6,175,434	6,425,441	6,702,091	6,486,441	7,220,673	6,912,357	7,556,775	7,828,769	8,070,689	8,546,595
Electric Utility	18,178,620	19,363,478	20,739,214	21,428,400	23,025,897	24,279,421	22,372,569	21,780,237	22,447,508	24,952,506
Ambulance	680,909	689,230	782,788	850,134	826,633	858,779	845,194	962,046	1,117,680	1,225,967
Drainage	332,103	62,103	49,530	129,444	179	-	678,202	34,783	810	-
Total Business-type Activities Expenses	25,367,066	26,540,252	28,273,623	28,894,419	31,073,382	32,050,557	31,452,740	30,605,835	31,636,687	34,725,068
Total Primary Government Expenses	\$ 39,920,714	\$ 41,962,531	\$ 41,839,220	\$ 43,603,890	\$ 46,918,832	\$ 48,955,610	\$ 48,758,811	\$ 52,040,353	\$ 53,127,962	\$ 60,156,166
<b>Program Revenues</b>										
Governmental Activities:										
Charges for Services:										
General Government	\$ 154,258	\$ 117,196	\$ 137,678	\$ 190,390	\$ 337,441	\$ 292,864	\$ 272,233	\$ 250,000	\$ 213,334	\$ 311,399
Public Safety	466,151	297,793	394,179	510,392	439,352	382,940	487,191	682,158	676,895	965,888
Public Works	25,258	20,350	7,736	16,461	12,437	37,455	127,292	74,205	155,208	85,428
Health and Welfare	16,209	23,122	12,781	20,112	38,000	14,777	21,773	12,000	6,965	12,676
Culture and Recreation	125,772	49,667	39,536	154,698	133,831	238,348	168,346	109,090	83,464	45,225
Operating Grants and Contributions	913,581	1,323,439	1,241,485	1,373,031	1,104,640	1,593,090	1,472,444	1,375,632	1,291,305	1,407,023
Capital Grants and Contributions	57,463	66,000	10,760	449,604	-	-	2,318,192	-	-	-
Total Governmental Activities Program Revenues	1,758,692	1,897,567	1,844,155	2,714,688	2,065,701	2,559,474	4,867,471	2,503,085	2,427,171	2,827,639
Business-type Activities										
Charges for Services:										
Water Utility	4,574,734	5,420,523	5,975,973	6,988,153	6,596,466	7,499,994	8,641,160	8,538,462	8,427,151	9,555,175
Electric Utility	18,875,288	19,795,797	20,626,280	22,469,395	23,757,241	24,304,148	23,673,596	22,148,619	22,951,368	24,910,405
Ambulance	656,075	585,801	659,662	681,356	603,636	678,983	725,652	675,385	875,963	846,008
Drainage	19,268	16,866	18,875	123,885	79,928	35,309	93,739	16,822	22,352	154,637
Capital Grants and Contributions	1,598,372	1,128,501	1,226,149	2,874,944	3,751,283	2,436,029	1,887,206	1,429,735	2,637,238	1,925,612
Total Business-type Activities Program Revenues	25,723,737	26,947,488	28,506,939	33,137,733	34,788,554	34,954,463	35,021,353	32,809,023	34,914,072	37,391,837
Total Primary Government Revenues	\$ 27,482,429	\$ 28,845,055	\$ 30,351,094	\$ 35,852,421	\$ 36,854,255	\$ 37,513,937	\$ 39,888,824	\$ 35,312,108	\$ 37,341,243	\$ 40,219,476
<b>Net (Expense)/Revenue</b>										
Governmental Activities	\$ (12,794,956)	\$ (13,524,712)	\$ (11,721,442)	\$ (11,994,783)	\$ (13,779,749)	\$ (14,345,579)	\$ (12,438,600)	\$ (18,931,433)	\$ (19,064,104)	\$ (22,603,459)
Business-type Activities	356,671	407,236	233,316	4,243,314	3,715,172	2,903,906	3,568,613	2,203,188	3,277,385	2,666,769
Total Primary Government Net Revenue (Expense)	\$ (12,438,285)	\$ (13,117,476)	\$ (11,488,126)	\$ (7,751,469)	\$ (10,064,577)	\$ (11,441,673)	\$ (8,869,987)	\$ (16,728,245)	\$ (15,786,719)	\$ (19,936,690)

Source: City of Fountain, Colorado, audited financial statements, 2009-2018

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)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>General Revenues and Other Changes in Net Position</b>										
Governmental Activities:										
Property Taxes	\$ 1,742,023	\$ 1,814,141	\$ 1,808,353	\$ 1,662,856	\$ 1,691,850	\$ 1,715,894	\$ 1,816,545	\$ 2,031,189	\$ 2,152,814	\$ 2,304,048
Sales and Use Taxes	5,943,879	7,404,402	7,437,672	8,528,383	8,678,945	9,340,449	10,542,516	12,686,263	14,686,272	17,314,141
Specific Ownership Taxes	171,897	165,271	159,210	159,616	171,785	187,619	210,581	241,426	298,083	297,889
Franchise Taxes	1,448,683	1,566,986	1,645,916	1,780,553	1,861,009	1,993,771	1,996,793	1,932,297	1,975,688	2,095,707
Investment Income	92,918	31,623	25,234	29,244	(22,321)	55,200	44,801	33,620	77,724	141,379
Intergovernmental revenues	-	-	-	-	-	2,500,000	200,000	-	-	-
Other Revenues	49,020	262,831	59,875	71,914	134,994	285,505	137,918	331,378	288,308	2,590,872
Insurance Proceeds	-	-	-	290,000	-	-	-	-	-	-
Transfers	244,837	186,980	125,134	146,298	77,417	147,925	(154,987)	(297,137)	(235,448)	(416,275)
Total Governmental Activities	9,693,257	11,432,234	11,261,394	12,668,864	12,593,679	16,226,363	14,794,167	16,959,036	19,243,441	24,327,761
Business-type Activities:										
Other Revenues										
Investment Earnings	307,717	276,790	249,713	238,857	143,831	162,378	175,202	128,648	126,227	155,207
Transfers	(244,837)	(186,980)	(125,134)	(146,298)	(77,417)	(147,925)	154,987	297,137	235,448	416,275
Total Business-type Activities	62,880	89,810	124,579	92,559	66,414	14,453	330,189	425,785	361,675	571,482
Total Primary Government	\$ 9,756,137	\$ 11,522,044	\$ 11,385,973	\$ 12,761,423	\$ 12,660,093	\$ 16,240,816	\$ 15,124,356	\$ 17,384,821	\$ 19,605,116	\$ 24,899,243
<b>Change in Net Position</b>										
Government Activities	\$ (3,101,699)	\$ (2,092,478)	\$ (460,048)	\$ 674,081	\$ (1,186,070)	\$ 1,880,784	\$ 2,355,567	\$ (1,972,397)	\$ 179,337	\$ 1,724,302
Business-type Activities	419,551	497,046	357,895	4,335,873	3,781,586	2,918,359	3,898,802	2,628,973	3,639,060	3,238,251
Total Primary Government	\$ (2,682,148)	\$ (1,595,432)	\$ (102,153)	\$ 5,009,954	\$ 2,595,516	\$ 4,799,143	\$ 6,254,369	\$ 656,576	\$ 3,818,397	\$ 4,962,553

Source: City of Fountain, Colorado, audited financial statements, 2009-2018

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)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund										
Reserved	\$ 348,500	\$ 351,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	1,800,583	2,051,307	-	-	-	-	-	-	-	-
Nonspendable Note Receivable			-	100,000	25,663	-	-	-	-	-
Restricted for Emergencies			355,000	393,000	378,000	414,000	553,000	624,000	764,000	717,000
Restricted for Fire Sta./Police Sta. Renovation			-	2,499,423	121,934	-	-	-	-	-
Committed to Park Improvements			161,212	311,804	283,566	512,486	662,405	742,637	848,069	925,294
Committed to School Zone			30,996	50,725	58,066	72,859	88,804	65,516	74,896	79,053
Committed to Traffic Signal			-	208,000	208,000	208,000	208,000	208,000	208,000	208,000
Assigned to Public Safety Capital Improvements			-	110,169	443,783	259,430	382,505	621,558	1,001,762	1,384,981
Unrestricted, Unassigned			1,607,759	577,192	589,591	3,683,805	4,671,273	2,969,618	4,146,335	5,343,256
Total general fund	\$ 2,149,083	\$ 2,402,307	\$ 2,154,967	\$ 4,250,313	\$ 2,108,603	\$ 5,150,580	\$ 6,565,987	\$ 5,231,329	\$ 7,043,062	\$ 8,657,585
All Other Governmental Funds										
Reserved	\$ 251,049	\$ 817,090	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	302,962	281,991	-	-	-	-	-	-	-	-
Restricted for Parks			159,446	150,841	200,199	265,398	230,569	304,912	254,830	294,537
Restricted for District Repairs & Maintenance			260,397	300,346	335,202	377,522	438,171	525,899	691,029	922,414
Restricted for Transportation			160,658	-	323,923	486,290	717,664	912,062	1,095,465	1,297,901
Restricted for Street Repairs & Maintenance			46,277	49,317	114,524	81,645	78,649	203,892	248,154	180,746
Restricted for Street Improvements			1,026,814	1,651,516	2,273,777	2,913,693	3,507,196	4,127,544	4,853,221	1,440,123
Committed to Volunteer Fire Activities			42,980		104,881	129,951	155,036	142,081	153,684	155,602
Assigned to Volunteer Fire Activities			-	92,126	-	-	-	-	-	-
Unrestricted, Unassigned			-	(95,642)	-	-	-	-	-	-
Total all other governmental funds	\$ 554,011	\$ 1,099,081	\$ 1,696,572	\$ 2,148,504	\$ 3,352,506	\$ 4,254,499	\$ 5,127,285	\$ 6,216,390	\$ 7,296,383	\$ 4,291,323

Source: City of Fountain Colorado, audited financial statements, 2009-2018

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)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Revenues:</b>										
Taxes	\$ 9,306,482	\$ 10,950,800	\$ 11,051,151	\$ 12,131,408	\$ 12,403,589	\$ 13,237,733	\$ 14,566,435	\$ 16,891,175	\$ 16,296,671	\$ 19,038,490
Licenses and Permits	66,223	79,151	67,875	87,815	128,163	114,018	110,887	106,779	94,105	164,955
Intergovernmental	947,189	1,356,418	1,215,566	1,481,485	1,368,640	4,093,090	1,672,444	1,375,632	1,051,693	1,157,033
Charges for Services	319,603	174,588	142,104	330,165	489,192	544,141	621,266	613,660	648,170	776,359
Fines and Forfeitures	369,709	231,679	376,861	469,968	343,706	308,225	344,682	407,014	302,091	395,106
Investment Income	49,020	31,623	25,234	29,244	(19,782)	47,729	39,835	29,412	28,556	70,301
Other Revenues	148,886	318,562	101,624	153,169	134,994	285,505	137,918	331,378	274,610	2,547,256
Total Revenues	11,207,112	13,142,821	12,980,415	14,683,254	14,848,502	18,630,441	17,493,467	19,755,050	18,695,896	24,149,500
<b>Expenditures:</b>										
General Government	2,346,209	2,834,491	2,619,801	3,211,865	2,716,674	3,034,927	2,485,007	4,447,557	4,100,864	4,251,187
Public Safety	6,722,349	6,867,610	7,465,807	9,173,376	10,262,612	8,637,059	8,650,779	10,084,025	11,338,763	11,928,000
Public Works	1,192,431	1,615,195	1,780,686	2,066,730	1,677,957	2,077,441	2,110,811	3,396,987	2,444,648	3,476,407
Health and Welfare	185,429	185,744	203,847	253,336	275,818	296,392	282,512	339,177	381,963	398,085
Culture and Recreation	1,514,532	743,197	738,067	921,696	899,644	858,192	1,167,182	1,187,270	1,234,121	947,245
Debt Service										
Principal	288,355	257,424	189,628	222,333	372,445	403,639	423,454	422,737	528,426	983,518
Interest	39,917	27,846	28,812	20,123	133,048	136,046	130,542	136,878	128,691	99,815
Total Expenditures	12,289,222	12,531,507	13,026,648	15,869,459	16,338,198	15,443,696	15,250,287	20,014,631	20,157,476	22,084,257
Excess of Revenues over (under) Expenditures	(1,082,110)	611,314	(46,233)	(1,186,205)	(1,489,696)	3,186,745	2,243,180	(259,581)	(1,461,580)	2,065,243
<b>Other Financing Sources (Uses)</b>										
Debt Issued	-	-	271,250	3,297,185	474,571	609,300	-	311,165	3,508,761	-
Insurance Proceeds	-	-	-	290,000	-	-	-	-	-	-
Transfers In	745,579	661,526	591,084	646,299	675,270	675,270	200,000	-	-	-
Transfers Out	(500,742)	(474,546)	(465,950)	(500,001)	(597,853)	(527,345)	(154,987)	(297,137)	(235,448)	(450,721)
Total Other Financing Sources (Uses)	244,837	186,980	396,384	3,733,483	551,988	757,225	45,013	14,028	3,273,313	(450,721)
Net Change in Fund Balances	\$ (837,273)	\$ 798,294	\$ 350,151	\$ 2,547,278	\$ (937,708)	\$ 3,943,970	\$ 2,288,193	\$ (245,553)	\$ 1,811,733	\$ 1,614,522
Debt Service as a percentage of noncapital Expenditures	2.7%	2.3%	2.1%	2.0%	4.1%	3.8%	4.6%	3.1%	4.3%	5.2%

Source: City of Fountain, Colorado, audited financial statements, 2009-2018

# CITY OF FOUNTAIN, COLORADO

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

TABLE 5

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
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%
2016	8,020,780	117,748,510	56,831,240	6,772,650	235,230	596,610	19,454,530	4,560,710	214,220,260	10.239	1,821,386,400	11.76%
2017	8,109,610	121,463,590	64,122,210	7,841,530	235,250	475,200	20,013,310	4,501,710	226,762,410	10.239	1,923,033,314	11.79%
2018	7,555,730	125,051,630	65,041,150	7,796,200	234,590	359,390	20,439,420	4,737,690	231,215,800	10.239	1,972,699,676	11.72%

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 2009-2018 assessment years. Tax rates are per \$1,000 of assessed value.

# CITY OF FOUNTAIN, COLORADO

## DIRECT AND OVERLAPPING PROPERTY TAX RATES - LAST TEN YEARS

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

(Unaudited)

TABLE 6

Taxing Authority	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Direct</b>										
City of Fountain (a)	10.239	10.239	10.239	10.239	10.239	10.239	10.239	10.239	10.239	10.239
<b>Total Direct Rate</b>	10.239	10.239	10.239	10.239	10.239	10.239	10.239	10.239	10.239	10.239
<b>Overlapping Governments</b>										
El Paso County	7.531	7.717	7.597	7.663	7.714	7.791	7.869	7.919	7.965	8.068
<b>School Districts</b>										
Widefield #3	47.692	48.96	49.854	49.307	48.025	47.004	47.527	45.657	61.320	60.294
Fountain/Fort Carson #8	24.716	24.69	24.723	24.703	24.726	24.775	25.195	24.748	24.731	24.776
<b>Sanitation Districts</b>										
Fountain Sanitation	4.5	4.654	5.334	5.534	5.755	6.101	6.604	6.248	6.328	6.637
<b>Water Districts</b>										
S.E. Water Conservancy	0.94	0.94	0.947	0.944	0.940	0.940	0.941	0.940	0.939	0.944
<b>Special Districts</b>										
Fountain GID #1	12.000	12.000	12.000	12.000	12.000	12.000	12.000	12.000	12.000	12.000
Fountain GID #2	-	-	-	-	10.000	10.000	10.000	10.000	10.000	10.000
Heritage Improv. Maint.	4.940	4.940	4.940	4.940	4.940	4.940	4.940	4.940	4.940	4.940
<b>Metropolitan Districts</b>										
Countryside South	30.000	30.000	30.000	30.000	30.000	30.000	30.000	30.000	33.166	33.166
Crescent Canyon	35.000	35.000	35.000	35.000	35.000	35.000	35.000	35.000	35.197	35.052
Cross Creek	10.727	10.727	10.727	10.727	10.727	10.727	10.727	10.727	11.859	11.859
Cumberland Green	40.000	40.000	50.000	50.000	50.000	50.000	50.000	50.000	50.000	50.000
Mesa Ridge #2	37.000	37.000	37.000	37.000	37.000	43.000	50.000	50.000	55.278	55.167
Remuda Ridge	40.000	40.000	40.000	-	-	-	-	-	50.000	50.000
Ventana	7.000	-	-	-	40.000	40.000	40.000	40.000	51.332	51.332
<b>Miscellaneous Districts</b>										
Pikes Peak Library	3.468	3.556	3.999	4.000	4.000	4.000	3.857	3.857	3.812	4.000

Source - El Paso County Assessor's Office, Abstract of Assessment 2009-2018.

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	2018			2009		
	Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Assessed Valuation	Rank	Percentage of Total Assessed Valuation
WalMart Real Estate	\$ 6,691,070	1	22.82%	\$ 2,793,330	2	12.75%
Dillon Real Estate Co Inc	\$ 4,908,040	2	16.74%	\$ 4,939,280	1	22.55%
Sam's Real Est Business Trust	\$ 3,513,940	3	11.98%			
Pavestone, LLC	\$ 2,342,010	4	7.99%	\$ 1,454,320	6	6.64%
Lowes HIW, Inc	\$ 2,318,550	5	7.91%	\$ 2,399,800	4	
Raceway 200 LLC	\$ 2,041,150	6	6.96%	\$ 2,154,970	5	9.84%
Mesa Ridge NO 1, LLP	\$ 1,885,020	7	6.43%			0.00%
WalMart Stores Inc.	\$ 1,661,640	8	5.67%			
GEP Investments Inc	\$ 1,521,920	9	5.19%			
Fountain Business Park LLC	\$ 1,355,180	10	4.62%	\$ 2,531,190	3	11.56%
Adesa Colorado				\$ 1,310,450	8	5.98%
Safeway Stores 46 Inc				\$ 1,192,940	9	5.45%
Markets at Mesa Ridge, LLC						
SCI Plant NO 22, LLC						
Astar FRR FL1, LLC				\$ 1,342,840	7	6.13%
GHC Merchandise Distribution				\$ 1,082,370	10	4.94%
Total Assessed Valuation City of Fountain			\$ 29,323,860			\$ 21,901,220

Source: El Paso County Assessor's Office



# CITY OF FOUNTAIN, COLORADO

## GENERAL FUND REVENUES-TAXES BY CATEGORY LAST TEN FISCAL YEARS

**TABLE 8**

**(Unaudited)**

(modified accrual basis of accounting)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Sales Tax	\$ 5,051,851	\$ 5,167,168	\$ 5,239,962	\$ 5,633,146	\$ 5,848,928	\$ 6,260,780	\$ 7,152,889	\$ 8,937,330	\$ 10,341,676	\$ 10,822,136
General Property Tax	1,664,587	1,731,928	1,732,669	1,594,662	1,624,450	1,647,136	1,733,965	1,915,374	1,956,656	2,066,694
Use Tax	892,028	945,696	887,719	1,487,007	1,367,789	1,514,474	1,601,405	1,514,601	1,759,190	3,786,475
Specific Ownership Tax	171,897	165,271	153,425	154,403	165,432	180,249	201,176	227,899	270,180	267,478
Franchise Taxes:										
Cablevision/ Telephone	147,554	163,742	165,479	193,753	218,759	233,678	275,348	318,949	318,177	304,307
Electricity (1)	916,377	961,895	1,012,430	1,094,835	1,156,498	1,190,744	1,165,277	1,064,519	1,093,440	1,173,240
Gas	200,470	173,462	174,394	148,293	162,078	190,269	183,666	150,570	152,373	163,345
Water (2)	184,282	267,887	293,613	343,672	323,674	379,080	372,503	398,259	411,698	454,815
Total	\$ 9,229,046	\$ 9,577,049	\$ 9,659,691	\$ 10,649,771	\$ 10,867,608	\$ 11,596,410	\$ 12,686,228	\$ 14,527,501	\$ 16,303,390	\$ 19,038,489

Source: City of Fountain, Colorado, audited financial statements, 2009-2018

Notes: (1) The franchise fee for the City owned electric utility was a flat amount set by the City Council until 2009 when it changed to 5% of gross revenues.

(2) The franchise fee for the City owned water utility was increase from 3% to 4% in 2009 and increased to 5% in 2010.

# CITY OF FOUNTAIN, COLORADO

## SALES TAX BY CATEGORY

TABLE 9

### LAST TEN FISCAL YEARS

(Unaudited)

(modified accrual basis of accounting)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Auto Repair and Parts Supply	\$ 198,555	\$ 255,356	\$ 320,889	\$ 386,846	\$ 397,747	\$ 458,682	\$ 457,840	\$ 562,237	\$ 514,709	\$ 585,363
Auto Sales	76,552	93,026	118,774	125,070	110,604	161,058	164,354	190,353	297,330	328,020
Communications/Utilities	475,441	617,272	609,244	606,479	608,767	692,136	675,480	642,511	776,721	769,871
Convenience Stores	91,809	134,520	161,237	174,003	163,293	216,237	207,209	252,111	240,119	253,806
Entertainment	75,362	84,155	51,962	43,887	42,875	45,421	49,025	50,127	47,042	27,207
Hotel/Motel/RV Parks	34,051	42,610	42,374	42,006	38,018	53,912	58,493	65,368	69,033	76,343
Liquor Stores	118,900	131,939	139,820	146,097	201,905	243,093	284,607	309,087	309,841	319,827
Restaurants	778,998	1,035,896	1,138,697	1,239,641	1,390,407	1,607,930	1,878,716	2,116,482	2,344,155	2,695,191
Retail	2,757,411	3,407,245	3,415,716	3,226,384	3,514,312	3,555,432	4,831,279	6,566,477	7,799,112	7,691,028
Services - Misc	444,772	656,686	523,445	961,918	838,416	777,470	333,213	415,101	527,897	780,994
Total	\$ 5,051,851	\$ 6,458,705	\$ 6,522,158	\$ 6,952,331	\$ 7,306,344	\$ 7,811,371	\$ 8,940,216	\$ 11,169,854	\$ 12,925,958	\$ 13,527,648
City Direct Sales Tax Rate	3.00%	3.75%	3.75%	3.75%	3.75%	3.75%	3.75%	3.75%	3.75%	3.75%

Source: City of Fountain, Colorado audited financial statements, 2009-2018 and Sales Tax Sub Records, 2009-2018

# CITY OF FOUNTAIN, COLORADO

## DIRECT AND OVERLAPPING SALES TAX RATES DECEMBER 31, 2018 (Unaudited)

TABLE 10

<u>Fiscal Year</u>		<u>City of Fountain</u>	<u>El Paso County</u>	<u>State of Colorado</u>	<u>PPRTA</u>
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%	
	All but South				
2016	Academy Highlands	3.75%	1.23%	2.9%	
	South Academy				
2016	Highlands	3.75%	1.23%	2.9%	1.0%
	All but South				
2017	Academy Highlands	3.75%	1.23%	2.9%	
	South Academy				
2017	Highlands	3.75%	1.23%	2.9%	1.0%
	All but South				
2018	Academy Highlands	3.75%	1.23%	2.9%	
	South Academy				
2018	Highlands	3.75%	1.23%	2.9%	1.0%

PPRTA-Pikes Peak Rural Transportation Authority

# CITY OF FOUNTAIN, COLORADO

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

TABLE 11

Year Assessed	Gross Tax Levy	Current Collections		Collections in Subsequent Years (1)	Total Collections to Date	
		Amount	Percentage of Levy		Total Net Taxes Collected	Total Tax Percentage of Levy
2009	1,749,000	1,714,999	98.06%	16,929	1,731,928	99.02%
2010	1,748,162	1,717,381	98.24%	15,288	1,732,669	99.11%
2011	1,612,426	1,577,023	97.80%	17,639	1,594,662	98.90%
2012	1,640,950	1,608,133	98.00%	16,317	1,624,450	98.99%
2013	1,690,240	1,603,986	94.90%	43,042	1,647,027	97.44%
2014	1,763,057	1,705,043	96.71%	28,921	1,733,965	98.35%
2015	1,961,172	1,869,797	96.71%	45,577	1,915,374	97.66%
2016	1,976,808	1,936,777	95.34%	19,879	1,956,656	98.98%
2017	2,095,580	2,039,304	97.97%	27,390	2,066,694	98.62%
2018	2,136,860	N/A			N/A	

Source: El Paso County Treasurer's Office and the City of Fountain, Colorado  
audited financial statements, 2009-2018

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

# CITY OF FOUNTAIN, COLORADO

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

TABLE 12

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Water Revenues:</b>										
Charges for Services:										
<b>Metered Water Sales by Type of Customer:</b>										
Residential	\$ 3,427,099	\$ 3,921,835	\$ 4,237,665	\$ 4,856,803	\$ 4,612,252	\$ 5,269,638	\$ 5,370,315	\$ 5,869,792	\$ 5,966,982	\$ 6,975,508
Commercial	990,843	1,307,278	1,442,851	1,862,917	1,705,902	1,973,358	1,894,487	2,002,129	2,206,966	2,325,169
<b>Total Charges for Services</b>	<b>4,417,942</b>	<b>5,229,113</b>	<b>5,680,516</b>	<b>6,719,720</b>	<b>6,318,154</b>	<b>7,242,996</b>	<b>7,264,802</b>	<b>7,871,921</b>	<b>8,173,948</b>	<b>9,300,677</b>
Miscellaneous	156,792	191,410	295,457	268,443	278,312	256,998	1,376,358	666,541	253,203	254,498
<b>Total Operating Revenues</b>	<b>4,574,734</b>	<b>5,420,523</b>	<b>5,975,973</b>	<b>6,988,163</b>	<b>6,596,466</b>	<b>7,499,994</b>	<b>8,641,160</b>	<b>8,538,462</b>	<b>8,427,151</b>	<b>9,555,175</b>
Investment Income	48,871	25,333	4,704	18,192	30,597	8,454	14,204	24,380	4,862	4,320
<b>Total Water Revenues</b>	<b>\$ 4,623,605</b>	<b>\$ 5,445,856</b>	<b>\$ 5,980,677</b>	<b>\$ 7,006,355</b>	<b>\$ 6,627,063</b>	<b>\$ 7,508,448</b>	<b>\$ 8,655,364</b>	<b>\$ 8,562,842</b>	<b>\$ 8,432,013</b>	<b>\$ 9,559,495</b>
<b>Water Gallons Sold by Type of Customer</b>										
Residential	587,021,724	664,565,674	661,927,352	694,655,326	580,491,828	581,525,339	542,361,514	579,887,854	555,059,383	575,508,997
Commercial	158,099,835	207,155,885	206,016,010	239,390,805	192,229,910	201,572,170	186,637,670	178,402,965	178,760,968	189,259,178
<b>Total Water Gallons Sold by Type of Customer</b>	<b>745,121,559</b>	<b>871,721,559</b>	<b>867,943,362</b>	<b>934,046,131</b>	<b>772,721,738</b>	<b>783,097,509</b>	<b>728,999,184</b>	<b>758,290,819</b>	<b>733,820,351</b>	<b>764,768,175</b>

Source: City of Fountain, Colorado, audited financial statements, 2009-2018 and Utility Billing Records, 2008-2017

# CITY OF FOUNTAIN, COLORADO

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

TABLE 13

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Electric Revenues:</b>										
Charges for Services:										
Metered Electric Sales by Type of Customer:										
Residential-inside city limits	\$ 6,466,803	\$ 7,304,774	\$ 7,723,760	\$ 8,340,921	\$ 9,064,892	\$ 9,522,120	\$ 9,124,562	\$ 8,785,711	\$ 8,592,953	\$ 9,107,204
Residential-outside city limits	5,684,460	5,766,927	6,029,776	6,488,210	6,740,561	6,836,575	6,475,483	6,102,628	5,728,635	6,304,987
Commercial-inside city limits	5,026,456	4,998,003	5,243,284	5,894,940	6,043,262	6,071,818	6,196,410	5,426,906	6,609,964	6,772,023
Commercial-outside city limits	1,180,428	1,153,385	1,169,656	1,259,752	1,394,599	1,263,326	1,272,037	1,073,402	1,101,661	1,167,590
Total Charges for Services	18,358,147	19,223,089	20,166,476	21,983,823	23,243,314	23,693,839	23,068,492	21,388,647	22,033,212	23,351,805
Miscellaneous	517,141	572,708	459,804	485,572	513,927	610,309	958,176	759,972	918,156	1,558,600
Total Operating Revenues	18,875,288	19,795,797	20,626,280	22,469,395	23,757,241	24,304,148	24,026,668	22,148,619	22,951,368	24,910,405
Investment Income	230,850	235,314	232,406	209,225	118,468	143,013	154,942	101,576	115,371	138,569
<b>Total Electric Revenues</b>	<b>\$ 19,106,138</b>	<b>\$ 20,031,111</b>	<b>\$ 20,858,686</b>	<b>\$ 22,678,620</b>	<b>\$ 23,875,709</b>	<b>\$ 24,447,161</b>	<b>\$ 24,181,610</b>	<b>\$ 22,250,195</b>	<b>\$ 23,066,739</b>	<b>\$ 25,048,974</b>
<b>Electric kWh Sold by Type of Customer</b>										
Residential-inside city limits	66,107,603	71,327,642	73,363,908	74,304,463	76,930,528	75,808,661	80,256,002	84,490,361	84,357,290	90,106,520
Residential-outside city limits	55,293,692	58,505,848	58,749,490	58,870,222	58,012,143	55,831,697	57,063,034	57,998,087	57,132,259	60,797,181
Commercial-inside city limits	56,902,288	56,818,302	58,274,334	60,105,657	61,833,071	62,074,818	63,289,307	63,723,036	64,932,845	66,671,035
Commercial-outside city limits	13,960,723	13,006,567	13,055,589	13,206,462	13,030,685	12,696,182	12,641,542	12,123,616	11,693,218	11,760,264
<b>Total Electric kWh Sold by Type of Customer</b>	<b>192,264,306</b>	<b>199,658,359</b>	<b>203,443,321</b>	<b>206,486,804</b>	<b>209,806,427</b>	<b>206,411,358</b>	<b>213,249,885</b>	<b>218,335,100</b>	<b>218,115,612</b>	<b>229,335,000</b>

Source: City of Fountain, Colorado, audited financial statements, 2009-2018 and Utility Billing Records, 2008-2017.

# CITY OF FOUNTAIN, COLORADO

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

TABLE 14

	Governmental															
	Activities	Business-Type Activities														
Fiscal Year	Capital Leases	Capital Leases	2005 Loan Payable CWRPDA	2003 Water Rights Loan	2005 Water Rights Agreement	2007 Water Rights Loan	2008 Water Rights Loan	2009 Loan Payable CWRPDA	2011 Loan Payable CWRPDA	2013 Loan Payable CWRPDA	2014 Loan Payable CWRPDA	2015 Bond Payable Fountain	2016 Bond Payable Fountain	Total Primary Government	Per Capita (a)	Percentage of Personal Income (b)
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	12,162,361				41,504,233	1,522	3.72%
2014	3,946,540		200,000	145,400		78,100	1,165,641	7,835,000	8,995,000	11,918,594	18,222,508			52,506,783	1,844	4.40%
2015	3,523,086	77,595	-	72,700		39,050	-	7,650,000	8,810,000	11,669,827	18,113,302	4,024,695		53,980,255	1,884	4.47%
2016	3,411,514	105,268	-	-		-	-	-	8,620,000	11,416,061	17,659,096	3,942,705	7,773,376	52,928,020	1,802	4.15%
2017	6,487,908	1,056,272	-	-		-	-	-	8,425,000	11,157,295	17,189,889	3,855,715	7,501,683	55,673,762	1,868	4.21%
2018	5,738,316	843,534	0	-		-	-	-	8,225,000	10,888,529	16,705,682	3,768,725	7,224,989	53,394,775	1,795	3.86%

**Note:** Details regarding the City's outstanding debt including premium by issue 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

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

TABLE 15

### WATER FUND

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Water Fund Debt Outstanding										
2003 Water Rights Loan	\$ 508,900	\$ 436,200	\$ 363,500	\$ 290,800	\$ 218,100	\$ 145,400	\$ 72,700	\$ -	\$ -	\$ -
2005 Loan Payable CWRPDA	7,555,000	7,390,000	7,215,000	7,035,000	6,850,000	200,000	-	-	-	-
2005 Water Rights Agreement										
2007 Water Rights Loan	273,350	234,300	195,250	156,200	117,150	78,100	39,050	-	-	-
2008 Water Rights Loan	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	8,990,000	8,620,000	8,425,000	8,225,000
2013 Loan Payable CWRPDA					12,162,361	11,918,594	11,669,827	11,416,061	11,157,295	10,888,529
2014 Loan Payable CWRPDA						18,222,508	18,113,302	17,659,096	17,189,889	16,705,682
2015 City of Fountain Revenue Bond							4,024,695	3,942,705	3,855,715	3,768,725
2016 City of Fountain Revenue Bond								7,773,376	7,501,683	7,224,989
2016 Capital Lease								11,958	9,473	8,681
2017 Capital Lease									127,085	99,788
Total Water Fund Debt Outstanding	\$ 18,430,523	\$ 17,953,312	\$ 26,807,815	\$ 26,298,793	\$ 37,763,354	\$ 48,560,243	\$ 50,559,574	\$ 49,423,196	\$ 48,266,140	\$ 46,921,394
Number of Active Water Service Connections	7,092	7,219	7,514	7,695	7,695	7,844	7,988	8,050	8,200	8,344
Water Fund Debt per Active Water Service Connection	\$ 2,599	\$ 2,487	\$ 3,568	\$ 3,418	\$ 4,908	\$ 6,191	\$ 6,329	\$ 6,140	\$ 5,886	\$ 5,623

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

Source: City of Fountain, Colorado, audited financial statements, 2009-2018 and Utility Billing Records, 2009-2018



# CITY OF FOUNTAIN, COLORADO

## DIRECT AND OVERLAPPING DEBT DECEMBER 31, 2018 (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	\$ 13,110,000	100.00%	\$ 13,110,000
El Paso County	125,926,362	2.70%	\$ 3,399,813
Widefield School District #3	63,293,750	10.77%	\$ 6,817,255
Cumberland Green Metro District (c)	5,700,000	100.00%	\$ 5,700,000
Total Overlapping Debt	208,030,112		29,027,068
City of Fountain Direct Debt	5,738,316	100.0%	5,738,316
Total Direct and Overlapping Debt	\$ 213,768,428		\$ 34,765,384

### 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	2018	
	Employees	Percentage of Total County Employment (a)
Fort Carson	32,411	10.01%
Widefield School District #3	1,719	0.53%
Fountain/Fort Carson School District #8	1,075	0.33%
Wal-mart	780	0.24%
Dillon/GHC	535	0.17%
City of Fountain	301	0.09%
Total	36,821	11.37%

**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.

Largest employers from nine years ago is not available.

(a) 2018 El Paso County employment 323,816

# 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)
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	1,207,733	42,155	4.6
2016	29,375	29,262,206	1,274,434	43,385	3.5
2017	29,804	30,565,961	1,323,566	44,409	3.4
2018	29,747	32,522,267	1,383,563	46,511	3.9

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

# CITY OF FOUNTAIN, COLORADO

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

TABLE 19

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>General Government</b>										
City Clerk	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Municipal Court	2.00	2.00	2.00	2.00	2.00	2.00	1.00	1.75	2.00	2.00
City Administration	5.00	5.00	5.00	5.00	4.00	5.00	5.00	6.00	7.00	6.50
Finance	3.00	3.00	4.00	4.00	4.00	4.00	4.00	4.45	4.45	4.45
Human Resource	2.00	2.00	2.00	2.00	2.00	2.00	2.00	3.00	3.00	3.00
Facilities	3.00	2.00	2.00	1.00	1.00	2.00	2.00	1.00	2.00	2.00
Planning & Zoning	3.30	3.30	3.40	3.25	2.85	3.00	4.00	4.00	4.00	4.00
Engineering	2.50	2.50	2.50	2.50	2.50	2.00	2.00	4.00	4.00	4.00
Economic Development	1.00	1.00	1.00	1.00	1.00	1.00	2.00	2.00	2.00	2.00
Information Technology	4.00	4.00	4.00	4.00	5.00	5.00	5.00	5.75	5.75	8.75
<b>Public Safety</b>										
<b>Police</b>										
Patrol	25.00	26.00	27.00	29.00	29.00	30.25	33.25	32.00	37.00	37.00
K-9 Patrol	1.00	1.00	1.00	0.25	0.50	2.00	2.00	2.00	1.00	1.00
Administration	3.00	3.00	4.00	4.00	4.00	5.00	5.00	6.75	5.00	5.00
Support Services	18.00	17.00	17.65	18.00	18.00	16.00	16.00	5.00	5.75	5.75
Investigations	5.00	5.00	5.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
School Resource/DARE Program	2.00	2.00	2.00	3.00	3.00	3.00	3.65	7.05	7.75	9.00
Drug Task Force	1.00	1.00	2.00	2.00	2.00	2.00	2.00	2.00	1.00	1.00
<b>Fire</b>										
Administration	2.00	2.00	2.00	2.00	2.00	2.00	2.00	3.00	3.00	3.00
Emergency Services	18.00	19.00	19.75	20.35	20.75	20.65	21.35	25.65	29.75	31.65
Prevention Services	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
<b>Ambulance</b>										
Emergency Medical Services	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00
<b>Public Works</b>										
Street & Drainage Maintenance	9.30	9.30	8.00	8.50	8.45	7.80	7.35	8.30	9.00	9.00
<b>Bus Transportation</b>										
Bus Drivers				6.00	4.50	4.50	4.50	4.75	5.00	5.00
<b>Health and Welfare</b>										
Code Enforcement	2.00	2.00	2.00	2.00	2.00	2.00	2.00	3.50	3.50	3.50
<b>Cultural &amp; Recreation</b>										
Parks Maintenance	6.60	6.60	4.50	4.65	6.40	5.80	6.20	7.75	7.50	7.00
Recreation Programs							1.85	3.00	3.55	4.25
<b>Water Utility</b>										
Administration	2.50	2.50	2.50	2.50	2.50	1.50	1.50	1.50	1.50	1.50
Water Resource	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Water Conservation	1.00	0.50	0.00	0.00	0.00	0.50	0.50	0.50	0.00	0.00
Water Operations	10.75	10.75	10.90	11.00	11.00	11.00	11.00	11.00	13.00	10.00
<b>Electric Utility</b>										
Administration	3.50	3.50	4.45	4.55	4.50	4.00	4.20	4.25	4.25	4.25
Engineering/Planning	8.00	5.00	5.00	5.00	5.00	5.00	3.45	4.00	2.00	2.00
Electric Distribution	20.25	20.50	19.20	19.20	19.20	19.15	19.90	19.90	19.50	20.50
Electric Conservation	0.00	0.00	0.00	0.00	0.00	0.50	0.50	0.50	0.00	0.00
Inventory Control	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
<b>Customer Service - Utilities</b>										
Administration	4.00	4.00	4.00	3.00	3.00	3.00	3.00	3.00	4.00	4.00
Conservation Program	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.00	1.00
Customer Service	9.00	10.00	10.00	10.00	10.00	10.00	8.00	6.00	6.00	6.00
Customer Billing	3.00	3.00	3.00	3.00	5.00	5.00	4.00	6.00	8.00	8.00
Field Service	0.00	3.00	3.00	2.00	2.00	2.00	3.00	2.00	4.00	5.00
<b>Fleet Services</b>										
Fleet Maintenance	5.00	5.00	5.00	5.00	5.00	5.00	5.00	7.00	7.00	7.00
<b>Total</b>	<b>199.70</b>	<b>200.45</b>	<b>201.85</b>	<b>207.75</b>	<b>210.15</b>	<b>211.65</b>	<b>216.20</b>	<b>226.35</b>	<b>241.25</b>	<b>246.10</b>

Source: City of Fountain Finance Department

# CITY OF FOUNTAIN, COLORADO

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

TABLE 20

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Function/Program</b>										
<b>Public Safety</b>										
<b>Fire Department</b>										
Fire career staff	30	30	33	33	33	39	39	47	55	55
Volunteers	49	60	65	50	40	30	40	26	26	20
Fire Insurance Rating	5	5	5	5	5	3	3	3	3	3
Fire emergency responses	3,513	3,445	3,556	3,736	3,747	3,785	4,314	4,406	5,007	5,186
Fire hydrants	1,175	1,175	1,175	1,205	1,205	1,205	1,210	1,210	1,210	1,215
Number of fire stations	3	3	3	3	3	3	3	3	3	3
Number of fire trucks/implements	11	11	11	11	11	12	12	12	12	12
<b>Police Department</b>										
Number of police stations	1	1	1	1	1	1	1	1	1	1
Sworn officers	40	40	39	41	41	41	46	50	55	58
Reserve officers	5	4	3	3	3	3	3	3	2	1
Calls for service	31,239	30,107	38,987	41,353	40,873	42,862	40,672	46,529	42,110	39,856
Homicides	1	1	1	0	0	0	1	1	1	3
Sexual assaults	80	44	82	61	59	43	32	18	50	73
Robbery	5	10	13	16	9	15	9	20	9	14
Assault	71	104	92	89	77	53	158	100	126	30
Larceny-thefts	493	516	551	531	580	383	687	899	335	283
Traffic citations	2,781	1,877	3,185	3,397	3,333	3,264	3,265	3,894	2,945	3,866
Adult arrests	1,334	974	1,388	922	1,080	500	1,279	2,740	2,257	1,094
Juvenile arrests	409	243	211	112	251	195	249	406	377	221
Domestic violence cases	369	374	688	198	144	376	625	712	691	81
Military custodial arrests	59	68	67	38	40	26	441	274	23	0*
<b>Public Works</b>										
Miles of paved street	99.1	99.1	99.0	99.0	100.6	100.6	102.7	102.7	104.4	104.4
Miles of gravel road	3.4	3.4	3.5	3.5	3.5	3.5	3.4	3.4	3.4	3.4
Traffic signals	2	2	2	2	2	2	2	2	3	4
Pedestrian cross walks	75	75	75	75	75	75	85	85	130	133
<b>Cemetery</b>										
City owned Cemeteries	1	1	1	1	1	1	1	1	1	1
<b>Cultural &amp; Recreation</b>										
Developed parks	7	7	8	8	8	9	10	10	12	12
Open space acres	288.5	288.5	288.5	288.5	288.5	288.5	326.5	326.5	330	330
Miles of trails	6	6	6	6	6	6	10	10	10	10
Number of pavilions	6	6	6	6	6	6	6	6	13	13
Number of gazebos	2	2	2	2	2	2	2	2	2	2
Number of splash pads	1	1	1	1	1	1	1	1	1	1
Number of baseball/softball fields	6	6	6	6	6	6	5	5	5	5
Number of dog park areas	1	1	1	1	1	1	1	1	1	1
Number of concession stands	0	0	0	1	1	1	2	2	2	2
<b>Water Utility</b>										
Number of accounts	7,092	7,218	7,267	7,420	7,453	7,583	7,674	7,779	7,942	8,344
Average daily consumption (gallons)	2,041,428	2,388,278	2,377,927	2,546,523	2,117,046	2,145,473	1,997,258	2,070,185	1,086,355	2,098,586
Annual consumption (gallons)	745,121,559	871,721,559	867,943,362	929,481,186	772,721,738	783,097,509	728,999,184	755,617,619	735,663,943	765,984,075
Distribution system (miles) (a)	114	122	122	129	123	123	123	123	128	129
Number of wells	5	5	5	5	5	5	5	5	6	6
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	7,880,000	8,250,000
<b>Electric Utility</b>										
Number of accounts	15,467	15,687	15,812	16,008	16,585	16,920	17,028	17,144	17,364	17,370
Peak demand (megawatts)										
Summer-July	42	44	48	52	50	50	51	53	56	59
Winter-December	40	37	38	39	41	40	39	41	42	41
Average daily consumption (kwh)	526,751	547,009	557,379	565,717	574,812	565,510	584,246	598,184	597,577	619,031
Annual consumption	192,264,306	199,658,359	203,443,321	206,486,804	209,806,427	206,411,358	213,249,885	218,337,233	218,115,612	225,946,310
Distribution system (miles)	550	550	550	550	565	565	596	596	621	626
Number of substations	2	2	2	2	2	2	2	2	2	2
Miles of transmission lines	2	2	2	2	2	2	2	2	2	3
Number of street lights (b)	2,554	2,314	2,946	2,920	2,930	2,930	2,997	2,664	2,911	2,826

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

\*Military Custodial Arrests not tracked in 2018

## **Compliance Section**

## **State Compliance**

<b>LOCAL HIGHWAY FINANCE REPORT</b>		City or County: <b>FOUNTAIN</b>	
		YEAR ENDING : December 2018	
This Information From The Records Of City of Fountain		Prepared By: Julie Santiago/Shawna IDail Phone:	

I. DISPOSITION OF HIGHWAY-USER REVENUES AVAILABLE FOR LOCAL GOVERNMENT EXPENDITURE				
ITEM	A. Local Motor-Fuel Taxes	B. Local Motor-Vehicle Taxes	C. Receipts from State Highway-User Taxes	D. Receipts from Federal Highway Administration
1. Total receipts available				
2. Minus amount used for collection expenses				
3. Minus amount used for nonhighway purposes				
4. Minus amount used for mass transit				
5. Remainder used for highway purposes				

II. RECEIPTS FOR ROAD AND STREET PURPOSES		III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES	
ITEM	AMOUNT	ITEM	AMOUNT
<b>A. Receipts from local sources:</b>		<b>A. Local highway disbursements:</b>	
1. Local highway-user taxes		1. Capital outlay (from page 2)	511,579
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	748,024
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	11,357
2. General fund appropriations	1,574,126	b. Snow and ice removal	20,401
3. Other local imposts (from page 2)	300,979	c. Other	
4. Miscellaneous local receipts (from page 2)	336,549	d. Total (a. through c.)	31,758
5. Transfers from toll facilities		4. General administration & miscellaneous	347,878
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	1,570,873
a. Bonds - Original Issues		6. Total (1 through 5)	3,210,111
b. Bonds - Refunding Issues		<b>B. Debt service on local obligations:</b>	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	
7. Total (1 through 6)	2,211,654	b. Redemption	
<b>B. Private Contributions</b>		c. Total (a. + b.)	0
<b>C. Receipts from State government (from page 2)</b>	998,458	2. Notes:	
<b>D. Receipts from Federal Government (from page 2)</b>	0	a. Interest	
<b>E. Total receipts (A.7 + B + C + D)</b>	3,210,111	b. Redemption	
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	0
		<b>C. Payments to State for highways</b>	
		<b>D. Payments to toll facilities</b>	
		<b>E. Total disbursements (A.6 + B.3 + C + D)</b>	3,210,111

IV. LOCAL HIGHWAY DEBT STATUS (Show all entries at par)				
	Opening Debt	Amount Issued	Redemptions	Closing Debt
<b>A. Bonds (Total)</b>				0
1. Bonds (Refunding Portion)				
<b>B. Notes (Total)</b>				0

V. LOCAL ROAD AND STREET FUND BALANCE					
	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
		3,210,111	3,210,111		0

**Notes and Comments:**



<b>LOCAL HIGHWAY FINANCE REPORT</b>		STATE: Colorado YEAR ENDrNG (mm/yy):12/18	
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II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL			
ITEM	AMOUNT	ITEM	AMOUNT
<b>A.3. Other local imposts:</b>		<b>A.4. Miscellaneous local receipts:</b>	
a. Property Taxes and Assessments		a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	313,056
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	300,979	g. Other Misc. Receipts	23,493
6. Total (1. through 5.)	300,979	h. Other	
c. Total (a. + b.)	300,979	i. Total (a. through h.)	336,549
(Carry forward to page 1)		(Carry forward to page 1)	

ITEM	AMOUNT	ITEM	AMOUNT
<b>C. Receipts from State Government</b>		<b>D. Receipts from Federal Government</b>	
1. Highway-user taxes	907,847	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	90,610	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.)	90,610	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	998,458	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)
<b>A.1. Capital outlay:</b>			
a. Right-Of-Way Costs			0
b. Engineering Costs		27,425	27,425
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation		484,154	484,154
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)	0	484,154	484,154
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	511,579	511,579
		(Carry forward to page 1)	

**Notes and Comments:**