



City of Fountain, Colorado

Comprehensive Annual Financial Report

Year ended December 31, 2013

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, 2013

PREPARED BY:

Finance Department

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INTRODUCTORY SECTION



TRANSMITTAL LETTER

July 23, 2014

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

The Comprehensive Annual Financial Report of the City of Fountain, Colorado, for the fiscal year ended December 31, 2013, is hereby transmitted. Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon 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 with thirty days of completion.

The City's financial statements have been audited by Swanhorst & Company LLC, a licensed certified public accounting firm. The goal of the independent audit is to provide reasonable assurance that the City's financial statements for the fiscal year ended December 31, 2013 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, 2013 are presented fairly and in conformity with Generally Accepted Accounting Principles. The independent auditors' report is presented on the first page of the financial section of this report.

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

City Profile

The City of Fountain, Colorado, incorporated in 1903, is located on Colorado's Rocky Mountain Front Range, 10 miles south of Colorado Springs. The City occupies 17.9 square miles and serves a population of approximately 27,000.

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 and fire protection, street and drainage maintenance, and water and electric services. The Fountain Urban Renewal Authority is a separate legal entity but is reported in the City's financial statement as a component unit.

Local Economy

The largest employer in the Fountain area is Fort Carson with 32,300 military, civilian employees and contractors. The City also has several private sector primary employers, including:

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

The unemployment rate in the Fountain area has historically been less than the national average due, in part, to the large military presence. The unemployment rate for 2013 is 6.7% which is lower than the national average.

Construction of new housing and commercial starts in 2013 totaled 165 which was lower than 2012 but still positive. For the first 6 months of 2014, year over year sales tax revenue and use tax from vehicle sales show increases over 2013 and are in-line with 2014 budgeted projections.

Long-term financial planning

In 2008, the City Council embarked on the process of developing the City's first Strategic Plan. The purpose of the endeavor was to help develop a focused vision and mission for the City organization that would be achievable through specific goals and actions of the City Departments.

Through a process that consisted of a thorough review of past planning forums, citizen input tools, and several community meetings, the Council ultimately developed a Strategic Plan that was adopted in March of 2009. The intent is for the plan to be a

changing document that will be adjusted periodically as the needs and desires of the City change.

The Strategic Plan serves as a guide for allocating financial resources in the preparation of the biennial budget document. With the biennium beginning January 1, 2011, the City embarked on preparing biennial budgets; however, the City still adopts an annual operating budget of revenues and expenditures for the following year in accordance with State Statute and the City Charter. Included as a part of the City's budget process, the City prepares a 5 year financial plan for the major funds. The plan encompasses both revenue projections and operating and capital expenditures.

Major initiatives

During 2013 the \$3 million project to construct a replacement Fire Station #1 and the remodel of the existing shared Fire/Police Station into a stand-alone Police Station was completed.

The City of Fountain collaborated with the City of Fort Collins and received a \$2.1 million grant award, as a sub recipient, through the Department of Energy Smart Grid Investment Grant. The project was started in 2010 and completed in 2013. The matching grant installed smart meters and the infrastructure to transmit hourly data, to our data center, for integration with Fountain's billing and customer information systems. The project provided a web portal for customers who would like to view their hourly data and will give them access to other tools for managing their energy and water consumption. The project funded two electric distribution switches that can be operated remotely through our electric control system. The project added a number of technologies to modernize the electric system and to enhance electric delivery and reliability.

The water utility borrowed an additional \$11.6 million in 2013 through the Colorado Water Resources and Power Development Authority loan program to continue the financing, engineering, design, permitting, and construction of the Southern Delivery System (SDS). The City of Fountain is a partner, along with the City of Colorado Springs, Security Water and Sanitation District, and Pueblo West Metropolitan District in this regional project, which is designed to deliver water through a 53 mile pipeline from Pueblo Reservoir to Upper Williams Creek Reservoir and the SDS Water Treatment plant located east of Colorado Springs. Fountain expects this project to be completed in 2016. The City's share of the project cost through 2013 is \$25 million. The City will capitalize its share of ownership in this project.

Awards and Acknowledgements

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

The Government Finance Officers Association (GFOA) awarded the Certificate of Achievement for Excellence in Financial Reporting to the City of Fountain for the Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2012. The Certificate of Achievement is the highest form of recognition in governmental accounting and financial reporting, and its attainment represents a significant accomplishment by a government and its management.

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

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

Respectfully submitted,



Scott Trainor
City Manager



Donald Yucuis
Finance Director

CITY COUNCIL



Gabriel Ortega, Mayor

Ward: At Large
Term Expires: 11/2017



Sam Gieck, Council Member

Ward: #3
Term Expires: 11/2017



Sharon Thompson, Council Member

Ward: #1
Term Expires: 11/2017



Greg Lauer, Council Member

Ward: At Large
Term Expires: 11/2017



Phil Thomas, Council Member

Ward: #2
Term Expires: 11/2015



Patricia St. Louis, Council Member

Ward: At Large
Term Expires: 11/2015



Jim Coke, Mayor Pro-Tem

Ward: At Large
Term Expires: 11/2015

CITY STAFF

City Manager

Scott Trainor

City Clerk

Silvia Mascarenas

HR Manager

Janette Arellano

City Attorney

Patrick J. McDivitt

IT Director

Paul Lavelle

Court Administrator

Teresa Frank

Planning Director

Dave Smedsrud

Deputy City Manager

Dave Smedsrud

Police Chief

Todd Evans

Economic Dev. Director

Lisa Cochrun

Public Works Director

Duane Greenwood

Finance Director

Donald Yucuis

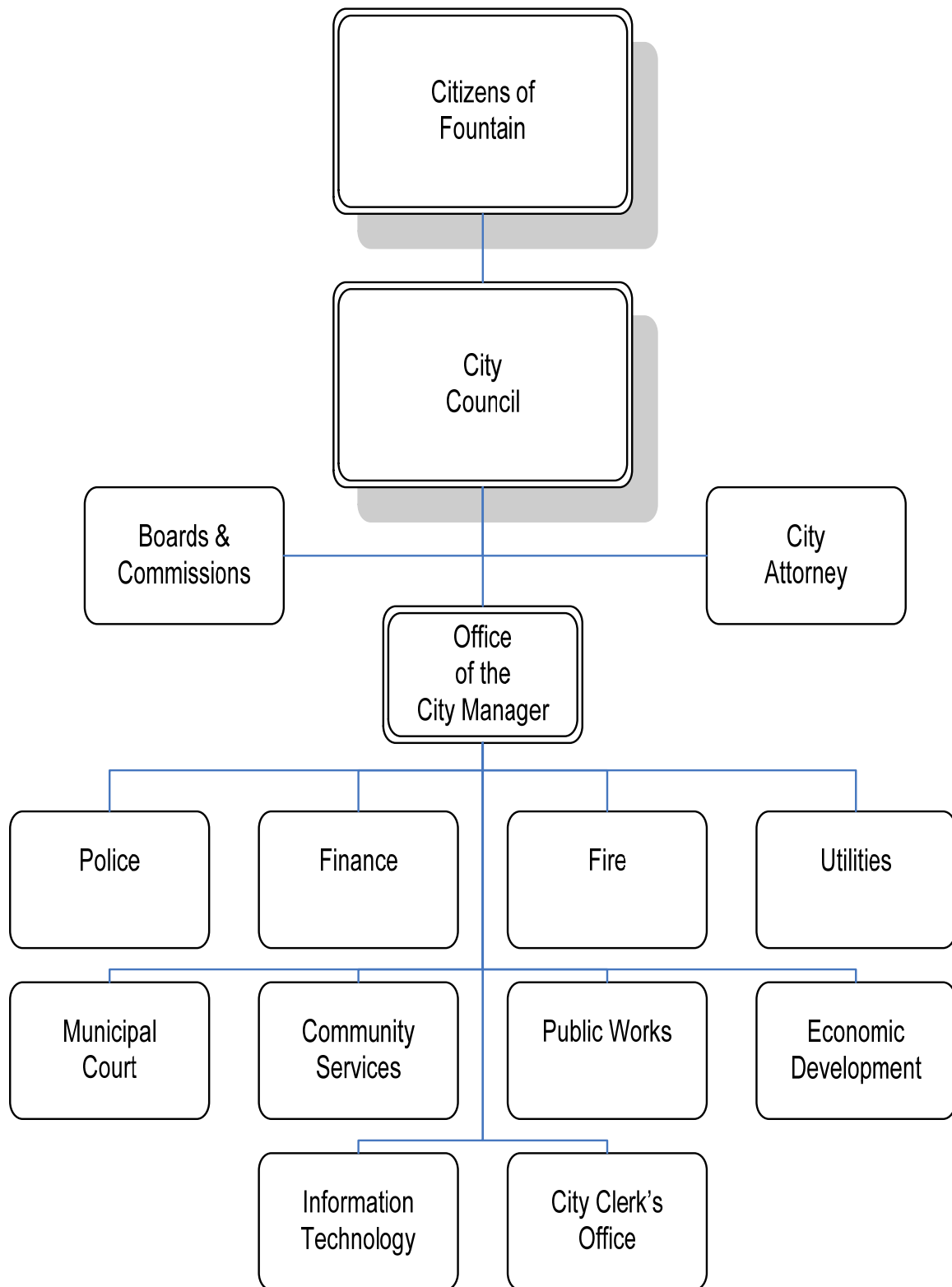
Utilities Director

Curtis Mitchell

Fire Chief

Darin Anstine

City Organizational Chart





Government Finance Officers Association

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

Presented to

**City of Fountain
Colorado**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2012

Executive Director/CEO

FINANCIAL SECTION



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

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component unit and remaining fund information of the City of Fountain as of and for the year ended December 31, 2013, 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 conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component unit and remaining fund information of the City of Fountain as of December 31, 2013, and the respective changes in financial position and cash flows, where applicable, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 13 to the financial statements, in the year ended December 31, 2013, the City of Fountain adopted new accounting guidance as required by Governmental Accounting Standards Board Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

Other Matters (Required Supplementary Information)

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

Other Matters (Other Information)

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Fountain's basic financial statements. The introductory section, combining and individual fund statements and schedules, 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 combining and individual fund statements and schedules 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 23, 2014, on our consideration of the City of Fountain's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Fountain's internal control over financial reporting and compliance.



July 23, 2014

MANAGEMENT'S DISCUSSION & ANALYSIS

This discussion and analysis of the City of Fountain's financial performance provides an overview of the City's financial activities for the fiscal year ended December 31, 2013. 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 2013 by \$161.0 million (net position). Of this amount, \$12.3 million (unrestricted net position) may be used to pay the City's obligations to citizens and creditors.
- At December 31, 2013, the City of Fountain's governmental funds reported combined ending fund balances of \$5.4 million, a decrease of \$1.0 million in comparison with the prior year. \$.6 million of this total amount is available for spending at the government's discretion (unrestricted, unassigned).
- The unrestricted, unassigned fund balance for the General Fund was \$.6 million, or 3.8% of the total General Fund expenditures.
- Sales Tax, the City's largest source of General Fund revenue, was \$5.8 million for 2013 as compared to \$5.6 million for the prior year, an increase of 3.8%.
- Recovery from the economic downturn, in the area of new housing construction, continued in 2013 with 161 new housing starts in Fountain. Commercial starts fell slightly in 2013 to 4.

Using this Annual Report

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

Government-wide Financial Statements

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

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

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

Both of the government-wide financial statements distinguish functions of the City of Fountain that are principally supported by taxes and intergovernmental revenues (*Governmental Activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*Business-type Activities*). The Governmental Activities of the City of Fountain include General Government, Public Safety, Public Works, Health and Welfare, Culture

and Recreation and Interest Expense. The Business-type Activities of the City of Fountain include Water, Electric, Ambulance, and Drainage.

Fund Financial Statements

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

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

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

Proprietary funds – The *enterprise fund* type of proprietary funds is used to report the same functions presented as business-type activities in the government-wide financial statements, but provide more detail and additional information, such as cash flow. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities.

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

Notes to Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 12-36 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City of Fountain's progress in funding its obligation to provide pension benefits to volunteer fire fighters. This supplementary information can be found on page 37 of this report. The Schedule of Funding Progress Postemployment Benefit Plan is located on page 38. The Budgetary Comparison Schedule for the General Fund and the notes to the required supplementary information can be found on pages 39-41.

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 42-58.

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 \$161.0 million at the close of 2013, a change of \$2.6 million from the end of 2012.

Net Position (in thousands)

	Governmental Activities		Business-type Activities		Total	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>Restated 2012</u>	<u>2013</u>	<u>2012</u>
Current and other assets	\$8,960	\$10,135	\$27,536	\$22,396	\$36,495	\$32,531
Capital assets	77,840	77,350	101,332	89,364	179,173	166,714
Total assets	86,800	87,485	128,868	111,760	215,668	199,245
Long-term liabilities outstanding	4,878	4,164	36,413	24,849	41,291	29,013
Other liabilities	2,405	2,667	9,194	7,433	11,599	10,100
Total liabilities	7,283	6,831	45,607	32,282	52,890	39,113
Deferred inflows of resources	1,758	1,709	-	-	1,758	1,709
Net position:						
Net investment in capital assets	74,221	76,211	70,249	65,484	144,470	141,695
Restricted	3,626	2,545	577	577	4,203	3,122
Unrestricted	-88	189	12,434	13,418	12,346	13,607
Total net position	77,759	78,945	83,260	79,479	161,019	158,424

The largest portion of the City of Fountain's net position (89.7%) is reflected in 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 (2.6%) represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position (\$12.3 million) may be used to meet the City's ongoing obligations to citizens and creditors.

Changes in Net Position (in thousands)

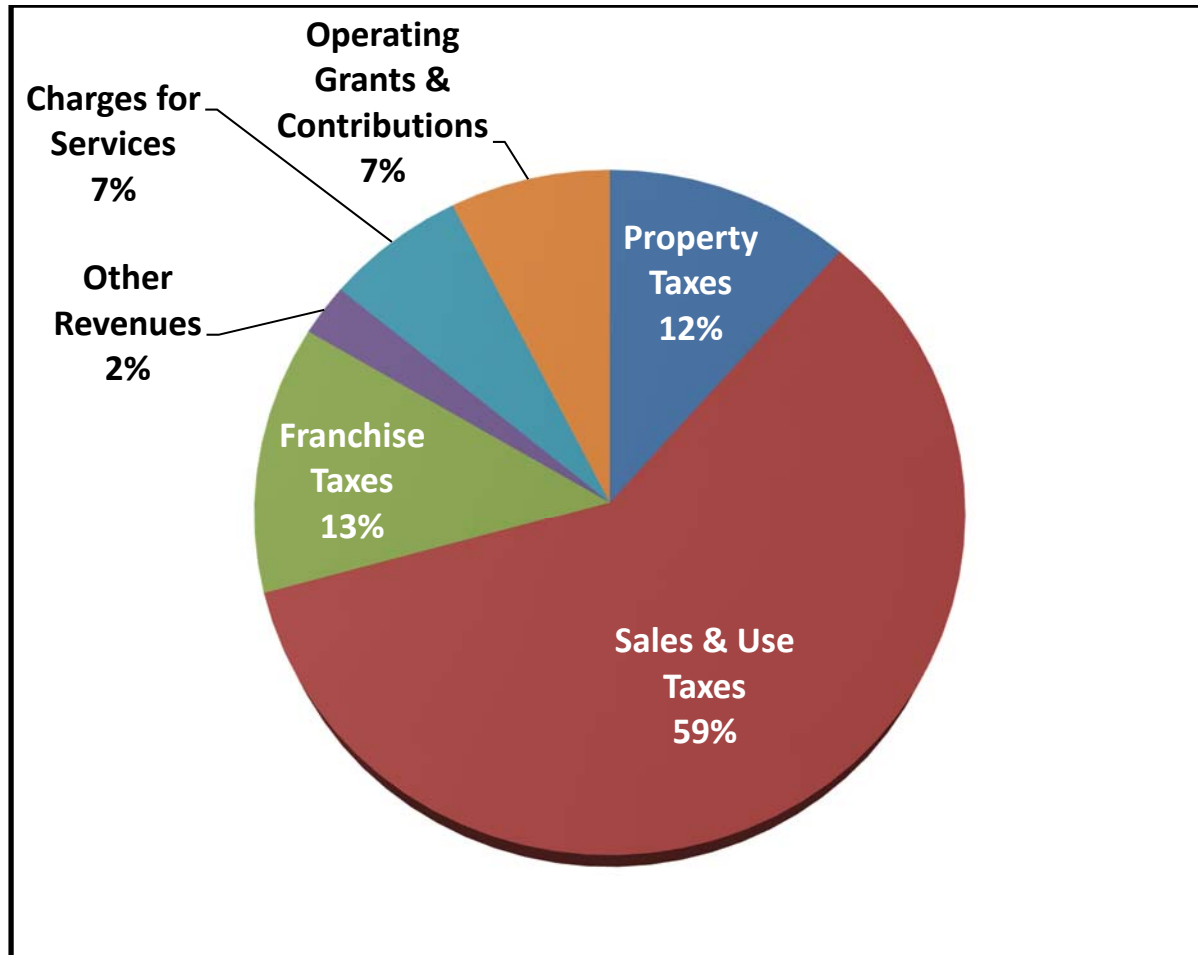
	Governmental		Business-type		Total	
	Activities		Activities			
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>Restated 2012</u>	<u>2013</u>	<u>2012</u>
Revenues:						
Program Revenues:						
Charges for services	\$ 961	\$ 892	\$31,037	\$30,263	\$31,998	\$31,155
Operating grants and contributions	1,104	1,373	-	-	1,104	1,373
Capital grants and Contributions	-	450	3,751	2,875	3,751	3,325
General Revenues:						
Property taxes	1,692	1,663	-	-	1,692	1,663
Sales and use taxes	8,679	8,528	-	-	8,679	8,528
Spec. Own. taxes	172	160	-	-	172	160
Franchise taxes	1,861	1,781	-	-	1,861	1,781
Other revenues	135	72	-	-	135	72
Insurance Proceeds	-	290	-	-	-	290
Investment earnings	-22	29	144	239	122	268
Total revenues	14,582	15,238	34,932	33,377	49,514	48,615
Program expenses:						
General government	3,088	2,938	-	-	3,088	2,939
Public Safety	8,167	7,967	-	-	8,167	7,967
Public Works	3,403	2,757	-	-	3,403	2,757
Health and welfare	276	256	-	-	276	256
Culture and recreation	778	772	-	-	778	772
Interest expense	133	20			133	20
Water utility	-	-	7,221	6,486	7,221	6,486
Electric utility	-	-	23,026	21,428	23,026	21,428
Ambulance	-	-	826	850	826	850
Drainage	-	-	-	129	-	129
Total expenses	15,845	14,710	31,073	28,894	46,918	43,604
Excess/Deficiency Before transfers	(1,263)	528	3,859	4,483	2,596	5,010
Transfers In (Out)	77	146	(77)	(146)	-	-
Increase/(Decrease in net position)	-1,186	674	3,782	4,336	2,596	5,010
Net position, beginning	78,945	78,271	79,477	75,143	158,423	153,413
Net position, ending	\$ 77,759	\$ 78,945	\$ 83,260	\$ 79,479	\$161,019	\$158,423

The City's overall net position increased \$2.6 million during 2013 and the Governmental and Business-type major changes are described in the next two sections.

Governmental Activities

Governmental activities net position for 2013 decreased by \$1.2 million. This is attributed to \$719,000 less in program revenue from grants and contributions, \$1.1 million more in program expenses comprised of \$150,000 in general government, \$200,000 in public safety, and \$650,000 in public works, a one-time insurance reimbursement in 2012, \$128,000 less in interest income and net transfers and offset by \$404,000 more in general revenue and charges for services.

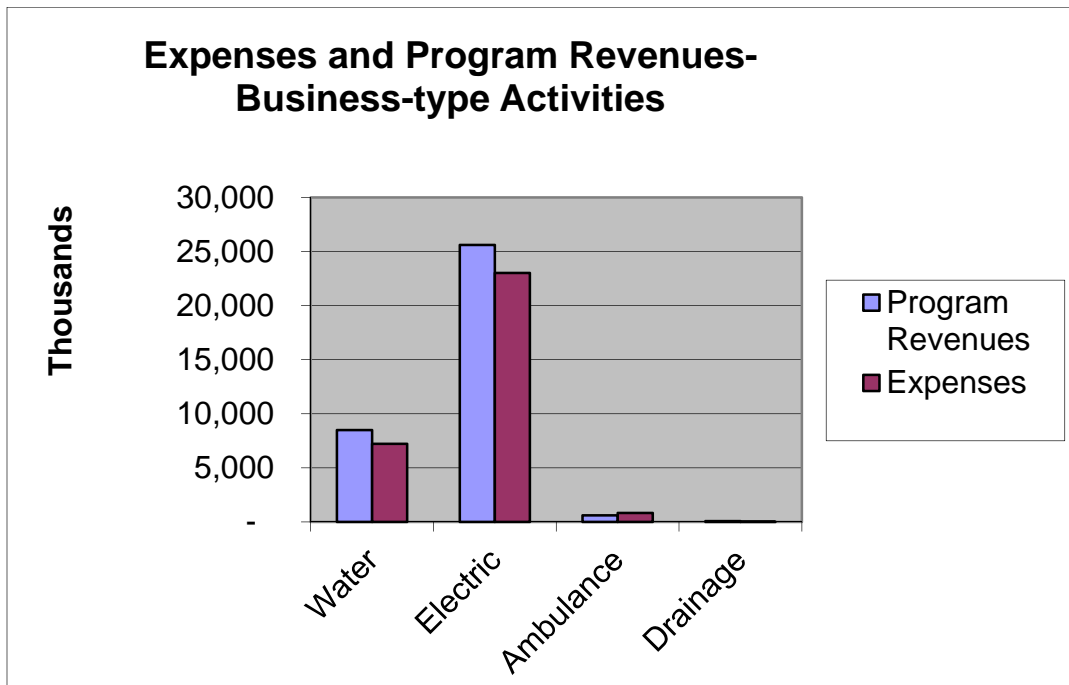
The following pie chart illustrates the Governmental Activities revenues.



- Revenue from general sales tax increased \$214,000 or 3.8% compared to 2012.
- Revenue from the voter approved .75% Public Transportation sales tax, which was effective January 1, 2010, generated \$487,000 for public transit; \$292,000 for street resurfacing; and \$682,000 for street improvements.
- Revenue from use tax is \$1.4 million and approximately the same as 2012.
- Revenue from Fines and Court Costs decreased \$126,000 due to less tickets issued in 2013 vs. 2012.
- Revenue from franchise fees increased \$81,000 compared to 2012 due to increase in water rates.

Business-type Activities

The City of Fountain 2013 business-type activities net position increased by \$3.8 million. The following chart illustrates the business-type activities program revenues and expenses.



- Combined 2013 revenue of \$34.9 million was approximately \$1.6 million more than 2012.
 - water charges for services decreased by \$392,000 due to lower customer usage.
 - electric charges for services increased by \$1.3 million due to a rate increase.
 - capital grants and contributions in water was less by \$170,000 and electric was \$1.0 million more than 2012.
- Program expense of \$31.0 million was approximately \$2.1 million more than 2012.
 - overall water increased by \$720,000 due to increases in operating expenses.
 - Electric increased by \$1.6 million with \$1.0 million of that due to an increase in source of supply costs.

Fiduciary Activities

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

Financial Analysis of the City's Funds

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

Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balance of spendable resources. Such information is useful in assessing the City's financing requirements. For the year ended December 31, 2011, the City of Fountain adopted the standards of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

Fund balance reflects assets minus liabilities and is shown only in governmental fund statements. GASB 54 requires the City to classify fund balance based on the extent to which the City is bound to honor constraints on how the funds can be spent. Fund balances may be categorized as non-spendable, restricted, committed, assigned, or unassigned.

Non-spendable Fund Balance cannot be spent because it is either in non-spendable form or is or contractually required to be maintained intact. Examples include items not expected to be converted to cash such as inventories and prepaid assets.

Restricted Fund Balance is restricted for specific purposes based on constraints externally imposed by creditors, grantors, contributors, laws, or regulations of other governments, or imposed through constitutional provisions or enabling legislation.

Committed Fund Balance is constrained for a specific purpose by ordinance adopted by the City Council, and can be rescinded only through the same type of formal action used to establish the original commitment.

Assigned Fund Balance is constrained for specified purposes by the City Council through informal action.

Unassigned Fund Balance is unconstrained and comprised of residual uncategorized fund balance amounts.

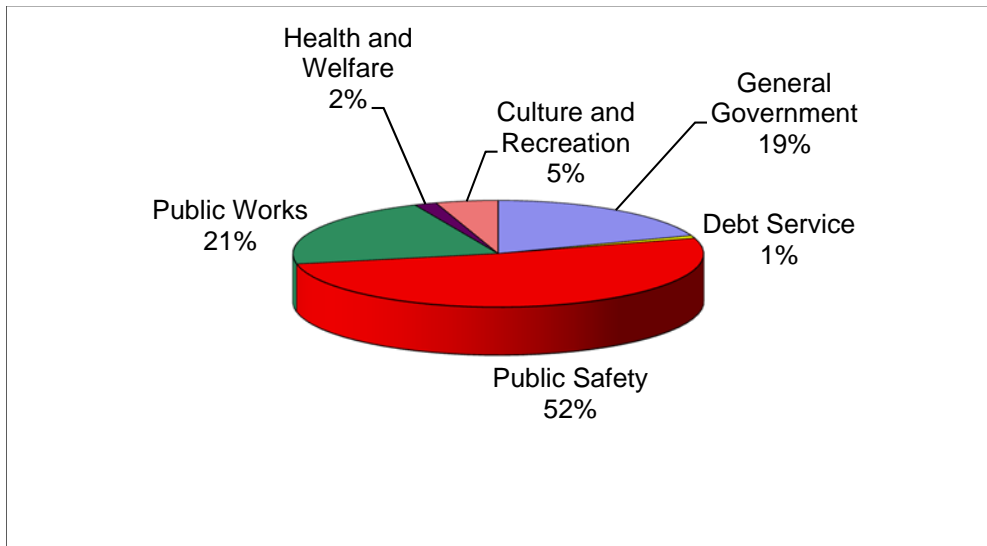
The City's General Fund reported a 2013 ending fund balance of \$2.1 million, a decrease of \$2.1 million in comparison with the previous year due to use of almost all of the restricted capital lease proceeds received for the Fire Station Construction and Police Station Remodel projects (\$2.4 million). \$589,591 or 28% of this total represents unrestricted, unassigned fund balance, which is available for spending at the City's discretion. The remainder of the fund balance is restricted for emergencies (\$378,000), commitments for park improvements, school zone improvements, and traffic signals (\$541,000) and for public safety remodel and capital improvements (\$56,000). The City also reports non-spendable note receivable (26,000).

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 (\$2.7) million and \$13.4 million, respectively.

General Fund Budgetary Highlights

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



Line item budget transfers are allowed within a fund with the approval of the City Manager. Increases in the expenditure budget for any fund must be approved by the City Council. The General Fund original budgeted expenditures (including transfers out) were \$13.5 million. During the year, the City Council approved numerous budget amendments totaling \$2.2 million for a final budget of \$15.7 million.

These budget amendments included \$1.8 million in carryovers from the 2012 budget to complete projects that were started in 2012. Additionally, the budget was amended for expenditures relating to the following items:

- \$45 thousand from various state, local, and federal grants for various public safety equipment and programs, and public works projects.
- \$248 thousand for the purchase of 6 police vehicles and related equipment through capital lease financing.
- \$107 thousand for miscellaneous items.

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

- General government saved \$365 thousand by delaying information technology purchases.
- The construction of the new fire station and remodel of the existing police department building were completed in 2013.

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, 2013 totaled \$179.1 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 \$12.5 million during 2013; governmental activities increased by \$490 thousand while business-type activities increased by \$11.9 million.

Major capital events for 2013 included the following items:

- The water utility expended \$6.1 million during 2013 related to the financing, engineering, design, permitting, and construction of the Southern Delivery System. The City of Fountain is a partner, along with the City of Colorado Springs, Security Water and Sanitation District, and Pueblo West Metropolitan District in this regional project, which is designed to deliver water through a 53 mile pipeline from Pueblo Reservoir to Upper Williams Creek Reservoir and the Universal Water Treatment plant located east of Colorado Springs. Fountain expects this project to be completed in 2016. The City will capitalize its share of ownership in this project.
- The police department replaced six vehicles at a cost of \$248 thousand during 2013.
- The police department building remodel was completed in 2013.

Note 6 of the financial statements provide a detailed summary of the City's capital assets.

Long-term Debt

The City of Fountain's total long-term debt increased from \$32.2 million to \$44.9 million, an increase of \$12.7 million during the year ended 2013.

The City's long-term debt related to governmental activities increased during 2013 by \$830,000. Capital lease obligations increased by approximately \$100,000, compensated absences decreased by \$18,000, post-employment benefits increased by \$62,000, and the new early retirement program increased long-term debt by \$688,000.

The City's long-term debt related to business-type activities increased by \$12 million to \$39 million during 2013. In May 2013, the Utility Enterprise entered into an \$11.6 million loan agreement with the Colorado Water Resources and Power Development Authority (CWRPDA) for the Utility's continued portion of the construction of the Southern Delivery System and renovations to the future Customer Service facility. Compensated absences increased by \$14,000 thousand. The new early retirement program increased long-term debt by \$368,000.

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

Economic Factors and Next Year's Budget and Rates

The seasonally adjusted unemployment rate for December 2013 for the State of Colorado was 6.1% which is lower than the national rate of 6.6%.

Sales tax revenue remains flat through April 2014 on a cash basis over the same timeframe in 2013. With 49 housing and commercial starts through May 2014, the City is on track to meet or exceed the number of housing and commercial starts completed in 2013. Use tax from vehicle sales is higher than projected with an increase of 10.8% through April.

A water rate increase of 9% or \$6.22 per month for the average residential customer using 9,000 gallons will take effect May 1, 2014. There will be no electric rate increase for 2014.

Requests for Information

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

City of Fountain
116 South Main Street
Fountain, CO 80817
719-322-2000

BASIC FINANCIAL STATEMENTS

CITY OF FOUNTAIN, COLORADO

STATEMENT OF NET POSITION

December 31, 2013

	PRIMARY GOVERNMENT			COMPONENT UNIT URBAN RENEWAL AUTHORITY
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	
ASSETS				
Cash and Investments	\$ 5,568,065	\$ 11,101,134	\$ 16,669,199	\$ 191,435
Committed Cash and Investments	-	750,964	750,964	-
Restricted Cash and Investments	121,934	7,323,242	7,445,176	-
Accounts Receivable	1,699,503	4,331,866	6,031,369	7,275
Accrued Interest Receivable	10,714	48,868	59,582	-
Grants Receivable	-	1,323,302	1,323,302	-
Taxes Receivable	1,758,268	-	1,758,268	92,899
Inventories	-	2,006,422	2,006,422	-
Prepaid Expenses	-	371,198	371,198	-
Internal Balances	(224,604)	224,604	-	-
Due from Component Unit	-	53,771	53,771	-
Notes Receivable	25,663	-	25,663	-
Capital Assets, Not Being Depreciated	1,587,733	57,324,413	58,912,146	-
Capital Assets, Net of Accumulated Depreciation	76,252,717	44,007,756	120,260,473	-
TOTAL ASSETS	<u>86,799,993</u>	<u>128,867,540</u>	<u>215,667,533</u>	<u>291,609</u>
LIABILITIES				
Accounts Payable	507,797	4,441,565	4,949,362	-
Accrued Liabilities	194,138	310,920	505,058	-
Deposits	550,760	1,319,085	1,869,845	-
Accrued Interest Payable	-	520,034	520,034	7,828
Insurance Claims Payable	175,341	-	175,341	-
Due to Primary Government	-	-	-	53,771
Noncurrent Liabilities				
Due Within One Year	977,221	2,602,325	3,579,546	-
Due in More Than One Year	4,877,669	36,413,351	41,291,020	-
TOTAL LIABILITIES	<u>7,282,926</u>	<u>45,607,280</u>	<u>52,890,206</u>	<u>61,599</u>
DEFERRED INFLOWS OF RESOURCES				
Property Taxes	1,758,268	-	1,758,268	92,899
NET POSITION				
Net Investment in Capital Assets	74,221,505	70,249,254	144,470,759	-
Restricted for Parks	200,199	-	200,199	-
Restricted for District Repairs and Maintenance	335,202	-	335,202	-
Restricted for Transportation	323,923	-	323,923	-
Restricted for Street Repairs and Maintenance	114,524	-	114,524	-
Restricted for Street Improvements	2,273,777	-	2,273,777	-
Restricted for Debt Service	-	576,900	576,900	-
Restricted for Emergencies	378,000	-	378,000	-
Unrestricted	(88,331)	12,434,106	12,345,775	137,111
TOTAL NET POSITION	<u>\$ 77,758,799</u>	<u>\$ 83,260,260</u>	<u>\$ 161,019,059</u>	<u>\$ 137,111</u>

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

CITY OF FOUNTAIN, COLORADO

STATEMENT OF ACTIVITIES

Year Ended December 31, 2013

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
PRIMARY GOVERNMENT				
Governmental Activities				
General Government	\$ 3,088,640	\$ 337,441	\$ -	\$ -
Public Safety	8,166,704	439,352	51,364	-
Public Works	3,402,850	12,437	773,582	-
Health and Welfare	276,146	38,000	34,855	-
Culture and Recreation	778,062	133,831	244,839	-
Interest Expense	133,048	-	-	-
Total Governmental Activities	<u>15,845,450</u>	<u>961,061</u>	<u>1,104,640</u>	<u>-</u>
Business-Type Activities				
Water	7,220,673	6,596,466	-	1,900,250
Electric	23,025,897	23,757,241	-	1,851,033
Ambulance	826,633	603,636	-	-
Drainage	179	79,928	-	-
Total Business-Type Activities	<u>31,073,382</u>	<u>31,037,271</u>	<u>-</u>	<u>3,751,283</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 46,918,832</u>	<u>\$ 31,998,332</u>	<u>\$ 1,104,640</u>	<u>\$ 3,751,283</u>
Component Unit				
Urban Renewal Authority	\$ <u>13,197</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>

GENERAL REVENUES

Property Taxes
 Sales and Use Taxes
 Specific Ownership Taxes
 Franchise Taxes
 Investment Income
 Miscellaneous

TRANSFERS

TOTAL GENERAL REVENUES AND TRANSFERS

CHANGE IN NET POSITION

NET POSITION, Beginning

NET POSITION, Ending

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

NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION

PRIMARY GOVERNMENT			COMPONENT UNIT
GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	URBAN RENEWAL AUTHORITY
\$ (2,751,199)	\$ -	\$ (2,751,199)	\$ -
(7,675,988)	-	(7,675,988)	-
(2,616,831)	-	(2,616,831)	-
(203,291)	-	(203,291)	-
(399,392)	-	(399,392)	-
(133,048)	-	(133,048)	-
<u>(13,779,749)</u>	<u>-</u>	<u>(13,779,749)</u>	<u>-</u>
-	1,276,043	1,276,043	-
-	2,582,377	2,582,377	-
-	(222,997)	(222,997)	-
<u>-</u>	<u>79,749</u>	<u>79,749</u>	<u>-</u>
-	3,715,172	3,715,172	-
<u>(13,779,749)</u>	<u>3,715,172</u>	<u>(10,064,577)</u>	<u>-</u>
-	-	-	(13,197)
1,691,850	-	1,691,850	86,695
8,678,945	-	8,678,945	27,957
171,785	-	171,785	-
1,861,009	-	1,861,009	-
(22,321)	143,831	121,510	88
134,994	-	134,994	-
77,417	(77,417)	-	-
<u>12,593,679</u>	<u>66,414</u>	<u>12,660,093</u>	<u>114,740</u>
(1,186,070)	3,781,586	2,595,516	101,543
<u>78,944,869</u>	<u>79,478,674</u>	<u>158,423,543</u>	<u>35,568</u>
<u>\$ 77,758,799</u>	<u>\$ 83,260,260</u>	<u>\$ 161,019,059</u>	<u>\$ 137,111</u>

CITY OF FOUNTAIN, COLORADO

BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2013

	<u>GENERAL</u>	NONMAJOR <u>GOVERNMENTAL</u> <u>FUNDS</u>	<u>TOTAL</u>
ASSETS			
Cash and Investments	\$ 1,753,465	\$ 3,104,525	\$ 4,857,990
Restricted Cash and Investments	121,934	-	121,934
Accounts Receivable	1,427,049	261,495	1,688,544
Accrued Interest Receivable	3,612	5,803	9,415
Taxes Receivable	1,690,240	68,028	1,758,268
Notes Receivable	<u>25,663</u>	<u>-</u>	<u>25,663</u>
 TOTAL ASSETS	 <u>\$ 5,021,963</u>	 <u>\$ 3,439,851</u>	 <u>\$ 8,461,814</u>
LIABILITIES			
Accounts Payable	\$ 484,429	\$ 13,110	\$ 497,539
Accrued Liabilities	187,931	6,207	194,138
Deposits	<u>550,760</u>	<u>-</u>	<u>550,760</u>
 TOTAL LIABILITIES	 <u>1,223,120</u>	 <u>19,317</u>	 <u>1,242,437</u>
DEFERRED INFLOWS OF RESOURCES			
Property Taxes	<u>1,690,240</u>	<u>68,028</u>	<u>1,758,268</u>
FUND BALANCES			
Nonspendable Notes Receivable	25,663	-	25,663
Restricted for Parks	-	200,199	200,199
Restricted for District Repairs and Maintenance	-	335,202	335,202
Restricted for Transportation	-	323,923	323,923
Restricted for Street Repairs and Maintenance	-	114,524	114,524
Restricted for Street Improvements	-	2,273,777	2,273,777
Restricted for Fire Station Construction and Police Station Remodel	121,934	-	121,934
Restricted for Emergencies	378,000	-	378,000
Committed to Park Improvements	283,566	-	283,566
Committed to School Zone	58,066	-	58,066
Committed to Traffic Signal	208,000	-	208,000
Committed to Volunteer Fire Activities	-	104,881	104,881
Assigned to Public Safety Capital Improvements	443,783	-	443,783
Unrestricted, Unassigned	<u>589,591</u>	<u>-</u>	<u>589,591</u>
 TOTAL FUND BALANCES	 <u>2,108,603</u>	 <u>3,352,506</u>	 <u>5,461,109</u>
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	 <u>\$ 5,021,963</u>	 <u>\$ 3,439,851</u>	 <u>\$ 8,461,814</u>

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

CITY OF FOUNTAIN, COLORADO

RECONCILIATION OF THE BALANCE SHEET
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
December 31, 2013

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

Total Fund Balances of Governmental Funds	\$ 5,461,109
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.	77,840,450
Long-term liabilities are not due and payable in the current year and, therefore, are not reported in governmental funds.	(5,854,890)
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>312,130</u>
Total Net Position of Governmental Activities	\$ <u><u>77,758,799</u></u>

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

CITY OF FOUNTAIN, COLORADO

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
 Year Ended December 31, 2013

	<u>GENERAL</u>	<u>NONMAJOR GOVERNMENTAL FUNDS</u>	<u>TOTAL</u>
REVENUES			
Taxes	\$ 10,867,608	\$ 1,535,981	\$ 12,403,589
Licenses and Permits	128,163	-	128,163
Charges for Services	446,192	43,000	489,192
Fines and Forfeitures	343,706	-	343,706
Intergovernmental	827,352	541,288	1,368,640
Investment Income	(7,861)	(11,921)	(19,782)
Miscellaneous	112,313	22,681	134,994
	<u>12,717,473</u>	<u>2,131,029</u>	<u>14,848,502</u>
TOTAL REVENUES			
EXPENDITURES			
Current			
General Government	2,405,973	310,701	2,716,674
Public Safety	10,180,952	81,660	10,262,612
Public Works	1,361,243	316,714	1,677,957
Health and Welfare	275,818	-	275,818
Culture and Recreation	704,756	194,888	899,644
Debt Service			
Principal	351,345	21,100	372,445
Interest	131,084	1,964	133,048
	<u>15,411,171</u>	<u>927,027</u>	<u>16,338,198</u>
TOTAL EXPENDITURES			
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(2,693,698)</u>	<u>1,204,002</u>	<u>(1,489,696)</u>
OTHER FINANCING SOURCES (USES)			
Debt Issued	474,571	-	474,571
Transfers In	675,270	-	675,270
Transfers Out	(597,853)	-	(597,853)
	<u>551,988</u>	<u>-</u>	<u>551,988</u>
TOTAL OTHER FINANCING SOURCES (USES)			
NET CHANGE IN FUND BALANCES	(2,141,710)	1,204,002	(937,708)
FUND BALANCES, Beginning	<u>4,250,313</u>	<u>2,148,504</u>	<u>6,398,817</u>
FUND BALANCES, Ending	<u>\$ 2,108,603</u>	<u>\$ 3,352,506</u>	<u>\$ 5,461,109</u>

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

CITY OF FOUNTAIN, COLORADO

RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES

Year Ended December 31, 2013

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

Net Change in Fund Balances of Governmental Funds	\$	(937,708)
Capital outlays to purchase or construct capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are capitalized in the statement of net position and are allocated over their estimated useful lives as annual depreciation expense in the statement of activities. This is the amount by which capital outlay \$3,943,998 exceeded depreciation expense (\$3,453,714) in the current year.		490,284
Revenues that do not provide current financial resources are deferred in the governmental fund financial statements but are recognized in the government-wide financial statements. This amount represents grants not available as current financial resources in the prior fiscal year.		(264,000)
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.		372,445
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 debt issued in the current year.		(474,571)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This includes the change in accrued compensated absences \$18,147, postemployment benefits (\$61,724), and early retirement (\$688,000).		(731,577)
An internal service fund is used by management to charge the costs of health insurance to individual funds. A portion of the net income of the internal service fund is included in governmental activities in the statement of activities.		<u>359,057</u>
Change in Net Position of Governmental Activities	\$	<u><u>(1,186,070)</u></u>

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

CITY OF FOUNTAIN, COLORADO

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2013

	<u>WATER</u>	<u>ELECTRIC</u>	<u>NONMAJOR PROPRIETARY FUNDS</u>	<u>TOTAL</u>	<u>GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUND</u>
ASSETS					
Current Assets					
Cash and Investments	\$ 2,290,719	\$ 7,209,049	\$ 1,601,366	\$ 11,101,134	\$ 710,075
Committed Cash and Investments	-	750,964	-	750,964	-
Restricted Cash and Investments	7,323,242	-	-	7,323,242	-
Accounts Receivable	701,382	3,583,036	47,448	4,331,866	10,959
Accrued Interest Receivable	-	45,792	3,076	48,868	1,299
Grants Receivable	-	1,323,302	-	1,323,302	-
Inventories	131,607	1,874,815	-	2,006,422	-
Prepaid Expenses	371,198	-	-	371,198	-
Total Current Assets	<u>10,818,148</u>	<u>14,786,958</u>	<u>1,651,890</u>	<u>27,256,996</u>	<u>722,333</u>
Noncurrent Assets					
Advances to Other Funds	-	2,420,760	-	2,420,760	-
Notes Receivable	-	53,771	-	53,771	-
Capital Assets, Not Being Depreciated	52,804,523	4,519,890	-	57,324,413	-
Capital Assets, Net of Accumulated Depreciation	21,719,997	22,287,759	-	44,007,756	-
Total Noncurrent Assets	<u>74,524,520</u>	<u>29,282,180</u>	<u>-</u>	<u>103,806,700</u>	<u>-</u>
TOTAL ASSETS	<u>85,342,668</u>	<u>44,069,138</u>	<u>1,651,890</u>	<u>131,063,696</u>	<u>722,333</u>
LIABILITIES					
Current Liabilities					
Accounts Payable	2,738,716	1,697,174	5,675	4,441,565	10,258
Accrued Liabilities	81,509	203,726	25,685	310,920	-
Customer Deposits	141,995	1,177,090	-	1,319,085	-
Accrued Interest Payable	520,034	-	-	520,034	-
Insurance Claims Payable, Current Portion	-	-	-	-	175,341
Compensated Absences Payable, Current Portion	130,815	273,009	41,008	444,832	-
Early Retirement Payable, Current Portion	15,200	24,800	-	40,000	-
Loans Payable, Current Portion	2,117,493	-	-	2,117,493	-
Total Current Liabilities	<u>5,745,762</u>	<u>3,375,799</u>	<u>72,368</u>	<u>9,193,929</u>	<u>185,599</u>
Long-Term Liabilities					
Advances from Other Funds	2,420,760	-	-	2,420,760	-
Compensated Absences Payable	35,871	322,891	14,825	373,587	-
Early Retirement Payable	120,800	207,200	-	328,000	-
Loans Payable	35,711,764	-	-	35,711,764	-
Total Long-Term Liabilities	<u>38,289,195</u>	<u>530,091</u>	<u>14,825</u>	<u>38,834,111</u>	<u>-</u>
TOTAL LIABILITIES	<u>44,034,957</u>	<u>3,905,890</u>	<u>87,193</u>	<u>48,028,040</u>	<u>185,599</u>
NET POSITION					
Net Investment in Capital Assets	43,441,605	26,807,649	-	70,249,254	-
Restricted for Debt Service	576,900	-	-	576,900	-
Unrestricted	(2,710,794)	13,355,599	1,564,697	12,209,502	536,734
TOTAL NET POSITION	<u>\$ 41,307,711</u>	<u>\$ 40,163,248</u>	<u>\$ 1,564,697</u>	<u>\$ 83,035,656</u>	<u>\$ 536,734</u>

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

Total Net Position of Proprietary Funds \$ 83,035,656

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

Total Net Position of Business-Type Activities

224,604
\$ 83,260,260

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

CITY OF FOUNTAIN, COLORADO

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

Year Ended December 31, 2013

	WATER	ELECTRIC	NONMAJOR PROPRIETARY FUNDS	TOTAL	GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUND
OPERATING REVENUES					
Charges for Services	\$ 6,318,154	\$ 23,243,314	\$ 683,564	\$ 30,245,032	\$ 3,265,188
Miscellaneous	278,312	513,927	-	792,239	-
TOTAL OPERATING REVENUES	6,596,466	23,757,241	683,564	31,037,271	3,265,188
OPERATING EXPENSES					
Source of Supply	1,714,985	14,342,259	-	16,057,244	-
Operations and Maintenance	1,781,849	3,508,038	831,925	6,121,812	-
Customer Accounts and Collection	549,779	1,483,062	-	2,032,841	-
Administration and General	1,304,885	2,870,258	-	4,175,143	189,826
Insurance Premiums	-	-	-	-	358,903
Insurance Claims	-	-	-	-	2,093,573
Depreciation	941,305	1,015,896	1,836	1,959,037	-
TOTAL OPERATING EXPENSES	6,292,803	23,219,513	833,761	30,346,077	2,642,302
OPERATING INCOME (LOSS)	303,663	537,728	(150,197)	691,194	622,886
NONOPERATING REVENUES (EXPENSES)					
Investment Income	30,597	118,468	(5,234)	143,831	(2,539)
Interest Expense	(988,595)	-	-	(988,595)	-
TOTAL NONOPERATING REVENUES (EXPENSES)	(957,998)	118,468	(5,234)	(844,764)	(2,539)
NET INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS	(654,335)	656,196	(155,431)	(153,570)	620,347
Transfers In	-	411,140	268,603	679,743	-
Transfers Out	(383,480)	(344,630)	(29,050)	(757,160)	-
System Development Fees	1,900,250	163,428	-	2,063,678	-
Grants	-	1,687,605	-	1,687,605	-
CHANGE IN NET POSITION	862,435	2,573,739	84,122	3,520,296	620,347
NET POSITION, Beginning	40,445,276	37,589,509	1,480,575	79,515,360	(83,613)
NET POSITION, Ending	\$ 41,307,711	\$ 40,163,248	\$ 1,564,697	\$ 83,035,656	\$ 536,734

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

Change in Net Position of Proprietary Funds	\$ 3,520,296
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.	261,290
Change in Net Position of Business-Type Activities	\$ 3,781,586

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

CITY OF FOUNTAIN, COLORADO

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Increase (Decrease) in Cash and Cash Equivalents
Year Ended December 31, 2013

	<u>WATER</u>	<u>ELECTRIC</u>	<u>NONMAJOR PROPRIETARY FUNDS</u>	<u>TOTAL</u>	<u>GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUND</u>
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash Received from Customers	\$ 6,518,218	\$ 23,363,961	\$ 747,734	\$ 30,629,913	\$ 3,270,553
Cash Payments to Employees	(1,414,275)	(3,110,164)	(716,261)	(5,240,700)	-
Cash Payments to Suppliers	(3,809,226)	(18,641,904)	(193,917)	(22,645,047)	(2,658,335)
Net Cash Provided (Used) by Operating Activities	<u>1,294,717</u>	<u>1,611,893</u>	<u>(162,444)</u>	<u>2,744,166</u>	<u>612,218</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers from Other Funds	-	411,140	268,603	679,743	-
Transfers to Other Funds	(383,480)	(344,630)	(29,050)	(757,160)	-
Payments from Other Funds	-	-	-	-	-
Payments to Other Funds	-	-	-	-	-
Payments from Component Unit	-	28,341	-	28,341	-
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(383,480)</u>	<u>94,851</u>	<u>239,553</u>	<u>(49,076)</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition and Construction of Capital Assets	(7,476,773)	(5,266,026)	-	(12,742,799)	-
Loan Proceeds	12,178,000	-	-	12,178,000	-
System Development Fees Received	1,900,250	163,428	-	2,063,678	-
Grants Received	-	522,768	-	522,768	-
Payments from Other Funds	-	331,002	-	331,002	-
Payments to Other Funds	(319,036)	-	-	(319,036)	-
Debt Principal Payments	(697,800)	-	-	(697,800)	-
Debt Interest Payments	(826,519)	-	-	(826,519)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>4,758,122</u>	<u>(4,248,828)</u>	<u>-</u>	<u>509,294</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest Received	31,776	132,898	(4,959)	159,715	(3,730)
NET CHANGE IN CASH AND CASH EQUIVALENTS	5,701,135	(2,409,186)	72,150	3,364,099	608,488
CASH AND CASH EQUIVALENTS, Beginning	<u>3,912,826</u>	<u>10,369,199</u>	<u>1,529,216</u>	<u>15,811,241</u>	<u>101,587</u>
CASH AND CASH EQUIVALENTS, Ending	<u>\$ 9,613,961</u>	<u>\$ 7,960,013</u>	<u>\$ 1,601,366</u>	<u>\$ 19,175,340</u>	<u>\$ 710,075</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Operating Income (Loss)	\$ 303,663	\$ 537,728	\$ (150,197)	\$ 691,194	\$ 622,886
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities					
Depreciation and Amortization	941,305	1,015,896	1,836	1,959,037	-
Bad Debt Expense	3,864	15,455	-	19,319	-
Changes in Assets and Liabilities					
Accounts Receivable	(88,232)	(420,817)	64,170	(444,879)	5,365
Inventories	(16,277)	36,942	-	20,665	-
Prepaid Expenses	(2)	-	-	(2)	-
Accounts Payable	(22,338)	156,069	(74,819)	58,912	(20,542)
Accrued Liabilities	12,886	25,330	1,478	39,694	11,653
Customer Deposits	6,120	12,082	-	18,202	-
Insurance Claims Payable	-	-	-	-	(7,144)
Compensated Absences Payable	17,728	1,208	(4,912)	14,024	-
Early Retirement Payable	136,000	232,000	-	368,000	-
Net Cash Provided (Used) by Operating Activities	<u>\$ 1,294,717</u>	<u>\$ 1,611,893</u>	<u>\$ (162,444)</u>	<u>\$ 2,744,166</u>	<u>\$ 612,218</u>

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

CITY OF FOUNTAIN, COLORADO

STATEMENT OF NET POSITION
PENSION TRUST FUND

December 31, 2013

	<u>VOLUNTEER FIREFIGHTERS</u>
ASSETS	
Cash	\$ 5,929
Investments	
Local Government Investment Pools	489,752
U.S. Agency Securities	<u>233,264</u>
 TOTAL ASSETS	 \$ <u><u>728,945</u></u>
NET POSITION	
Restricted for Pension Benefits	\$ <u><u>728,945</u></u>

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

CITY OF FOUNTAIN, COLORADO

STATEMENT OF CHANGES IN NET POSITION
PENSION TRUST FUND
Year Ended December 31, 2013

	<u>VOLUNTEER FIREFIGHTERS</u>
ADDITIONS	
Investment Income	\$ <u>1,075</u>
TOTAL ADDITIONS	<u>1,075</u>
DEDUCTIONS	
Administration	355
Benefit Payments	<u>4,800</u>
TOTAL DEDUCTIONS	<u>5,155</u>
CHANGE IN NET POSITION	(4,080)
NET POSITION, Beginning	<u>733,025</u>
NET POSITION, Ending	\$ <u><u>728,945</u></u>

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

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

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 provides benefits to, or imposes 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, and 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 City Council serves as the governing board for these entities. 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 does not issue separate financial statements and is discretely presented in the City’s financial statements.

Government-wide and Fund Financial Statements

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

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-wide and Fund Financial Statements (Continued)

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

CITY OF FOUNTAIN, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

The City also reports the following major proprietary funds:

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

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

Additionally, the City reports the following fund types:

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

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

Assets, Liabilities and Net Position/Fund Balances

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

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

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

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

CITY OF FOUNTAIN, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

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

These compensated absences are recognized as current salary costs when earned in the proprietary funds and when due in the governmental funds. A long-term liability has been reported in the government-wide financial statements for the accrued compensated absences.

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Early Retirement - During the year ended December 31, 2013, the City offered early retirement benefits to qualified employees. In lieu of receiving postemployment health and life insurance coverage after retirement, the employees will receive annual payments of \$12,000 for nine years or until the employee reaches age 65. 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 and discounts 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 actual debt proceeds received, are reported as current expenses or expenditures.

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

The City Council has established the ideal target reserves at 40% of the current operating budget of the General Fund. The reserves should not be allowed to fall below 20% of the current operating budget, including the emergency reserve required by the Tabor Amendment (See Note 12).

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

CITY OF FOUNTAIN, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property Taxes

Property taxes attach as an enforceable lien on property on January 1 and are levied the following December for collection in the subsequent 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 December 31.

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Accountability

At December 31, 2013, the Ambulance Fund had a deficit net position of \$39,745, which management expects to be eliminated with future charges for services and General Fund subsidies.

NOTE 3: CASH AND INVESTMENTS

A summary of cash and investments as of December 31, 2013, follows:

Petty Cash	\$ 2,718
Deposits	518,598
Investments	<u>25,264,403</u>
Total	<u>\$ 25,785,719</u>

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

Cash and Investments	\$ 16,669,199
Committed Cash and Investments	750,964
Restricted Cash and Investments	7,445,176
Pension Trust Fund	728,945
Component Unit	<u>191,435</u>
Total	<u>\$ 25,785,719</u>

CITY OF FOUNTAIN, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

NOTE 3: CASH AND INVESTMENTS (Continued)

Deposits

The Colorado Public Deposit Protection Act (PDPA) requires all local government entities to deposit cash in eligible public depositories. Eligibility is determined by State regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. The PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. At December 31, 2013, the City had bank deposits of \$1,466,923 collateralized with securities held by the financial institution's 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, 2013, the City had the following investments:

Investment Type	S&P Rating	Investment Maturities (in Years)		
		Less Than 1	1 - 5	Fair Value
Local Government Investment Pools	AAAm	\$ 13,601,945	\$ -	\$ 13,601,945
Money Market Funds	AAAm	779,645	-	779,645
Money Market Funds	Not Rated	233,264	-	233,264
U.S. Treasury Notes	NA	-	551,719	551,719
U.S. Agency Securities	AA+	4,346,463	3,857,002	8,203,465
Corporate Securities	AA+	510,114	1,011,688	1,521,802
Corporate Securities	AA-	372,563	-	372,563
Total		\$ 19,843,994	\$ 5,420,409	\$ 25,264,403

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

CITY OF FOUNTAIN, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

NOTE 3: CASH AND INVESTMENTS (Continued)

Investments (Continued)

Credit Risk - State statutes limit investments in corporate securities to those with certain ratings established by nationally recognized statistical rating organizations (NRSROs). State statutes also limit investments in money market funds to those that maintain a constant share price, with a maximum remaining maturity in accordance with the Securities and Exchange Commission's Rule 2a-7, and either have assets of one billion dollars or the highest rating issued by a NRSRO.

Concentration of Credit Risk - State statutes do not limit the amount the City may invest in a single issuer of U.S. Agency securities. Corporate securities are limited to fifty percent of the total investment portfolio and five percent for a single issuer. At December 31, 2013, the City's investments in the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation and the Federal Farm Credit Bank represented 15%, 7% and 6%, respectively, of the City's total investments.

Local Government Investment Pool - At December 31, 2013, the City had \$13,596,952 and \$4,993 invested in the Colorado Surplus Asset Fund Trust (CSAFE) and the Colorado Local Government Liquid Asset Trust (Colotrust), respectively. The pools are investment vehicles established for local government entities in Colorado to pool surplus funds. The Colorado Division of Securities administers and enforces the requirements of creating and operating the pools. The pools operate in conformity with the Securities and Exchange Commission's Rule 2a-7 as promulgated under the Investment Company Act of 1940, as amended. Both pools are rated AAAM by Standard and Poor's. Investments of the pools are limited to those allowed by State statutes. A designated custodial bank provides safekeeping and depository services to the pools in connection with the direct investment and withdrawal functions. The custodian's internal records identify the investments owned by the participating governments.

Committed Cash and Investments

Beginning January 1, 2006, the City committed to use system development fees and water acquisition fees received by the Water Fund exclusively for growth-related capital improvements and purchases of water rights. In addition, system development fees collected by the Electric Fund are committed for the construction of a new substation. The remaining cash and investments at December 31, 2013, of \$750,964 were reported as committed cash and investments in the Electric Fund.

Restricted Cash and Investments

Lease proceeds of \$121,934 are restricted in the General Fund for fire station construction and police station remodeling. Additionally, loan proceeds of \$6,746,342 and \$576,900 are restricted in the Water Fund for capital projects and debt reserves, respectively.

CITY OF FOUNTAIN, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

NOTE 4: INTERFUND BALANCES AND TRANSACTIONS

Interfund Balances

In August, 2010, the Electric Fund advanced \$1,500,000 to the Water Fund to purchase water rights. The Water Fund is required to repay the advance through annual payments of \$189,568, including interest accruing at 4.5% per annum, through 2020. The outstanding balance of the advance at December 31, 2013, was \$1,117,068.

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, 2013, was \$1,303,692.

During 2002, the Electric Fund advanced \$100,000 to the Ambulance Fund for the purchase of an ambulance. During 2004, this advance was assigned to the General Fund. The General Fund was required to repay the advance through annual payments of \$12,564, including interest accruing at 5% per annum, through 2013. During the year ended December 31, 2013, the advance was paid in full.

Interfund Transfers

Interfund transfers for the year ended December 31, 2013, consisted of the following:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
General	Water	\$ 328,350
General	Electric	344,630
General	Ambulance	2,290
Electric	General	329,250
Electric	Water	55,130
Electric	Ambulance	26,760
Ambulance	General	<u>268,603</u>
Total		<u>\$ 1,355,013</u>

During the year ended December 31, 2013, the Water, Electric, and Ambulance Funds reimbursed the General Fund for information technology services and purchases, and facility maintenance costs. The General, Water, and Ambulance Funds reimbursed the Electric Fund for fleet maintenance costs. The General Fund routinely subsidizes the operations of the Ambulance Fund.

CITY OF FOUNTAIN, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

NOTE 5: NOTES RECEIVABLE

In June, 2012, the City loaned \$100,000 to a retailer as part of an economic development incentive agreement. The loan is non-interest bearing and all unpaid principal is due on June 29, 2017. Sales tax revenues generated by the retailer shall reduce the principal balance of the loan on a dollar for dollar basis. The outstanding balance of the loan at December 31, 2013, was \$25,663.

In September, 2008, the City, through the Electric Fund, loaned \$134,750 to the Fountain Urban Renewal Authority to assist with operations, administration, and other costs incurred by the Authority. Annual payments of \$32,076 are required under the loan agreement, including interest accruing at 4.5% per annum, beginning in September, 2012, through September, 2016. The outstanding balance of the loan at December 31, 2013, was \$53,771.

NOTE 6: CAPITAL ASSETS

Capital assets activity for the year ended December 31, 2013, is summarized below:

	Balances 12/31/12	Additions	Deletions	Balances 12/31/13
Governmental Activities				
Capital Assets, Not Being Depreciated				
Land and Easements	\$ 1,414,719	\$ 162,069	\$ -	\$ 1,576,788
Construction in Progress	1,269,792	-	1,258,847	10,945
Total Capital Assets, Not Being Depreciated	<u>2,684,511</u>	<u>162,069</u>	<u>1,258,847</u>	<u>1,587,733</u>
Capital Assets, Being Depreciated				
Buildings and Improvements	5,151,345	3,419,720	-	8,571,065
Infrastructure	108,744,080	1,151,438	-	109,895,518
Computers and Software	341,630	95,747	-	437,377
Machinery and Equipment	3,815,141	124,988	-	3,940,129
Vehicles	5,216,840	248,883	-	5,465,723
Total Capital Assets, Being Depreciated	<u>123,269,036</u>	<u>5,040,776</u>	<u>-</u>	<u>128,309,812</u>
Less Accumulated Depreciation				
Buildings and Improvements	1,936,925	195,727	-	2,132,652
Infrastructure	40,037,503	2,747,388	-	42,784,891
Computers and Software	201,151	50,615	-	251,766
Machinery and Equipment	3,198,734	134,651	-	3,333,385
Vehicles	3,229,068	325,333	-	3,554,401
Total Accumulated Depreciation	<u>48,603,381</u>	<u>3,453,714</u>	<u>-</u>	<u>52,057,095</u>
Total Capital Assets, Being Depreciated, Net	<u>74,665,655</u>	<u>1,587,062</u>	<u>-</u>	<u>76,252,717</u>
Governmental Activities Capital Assets, Net	<u>\$ 77,350,166</u>	<u>\$ 1,749,131</u>	<u>\$ 1,258,847</u>	<u>\$ 77,840,450</u>

CITY OF FOUNTAIN, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

NOTE 6: CAPITAL ASSETS (Continued)

	Balances 12/31/12	Additions	Deletions	Balances 12/31/13
Business-Type Activities				
Capital Assets, Not Being Depreciated				
Land and Easements	\$ 6,975,275	\$ -	\$ -	\$ 6,975,275
Water and Storage Rights	22,299,556	4,982	-	22,304,538
Construction in Progress	<u>16,642,333</u>	<u>11,448,140</u>	<u>45,873</u>	<u>28,044,600</u>
Total Capital Assets, Not Being Depreciated	<u>45,917,164</u>	<u>11,453,122</u>	<u>45,873</u>	<u>57,324,413</u>
Capital Assets, Being Depreciated				
Buildings and Improvements	5,316,229	5,200	-	5,321,429
Infrastructure	56,097,556	2,216,850	-	58,314,406
Computers and Software	790,392	46,053	-	836,445
Machinery and Equipment	3,214,254	84,592	-	3,298,846
Vehicles	<u>1,895,370</u>	<u>167,075</u>	<u>-</u>	<u>2,062,445</u>
Total Capital Assets, Being Depreciated	<u>67,313,801</u>	<u>2,519,770</u>	<u>-</u>	<u>69,833,571</u>
Less Accumulated Depreciation				
Buildings and Improvements	1,543,440	147,025	-	1,690,465
Infrastructure	18,357,890	1,487,775	-	19,845,665
Computers and Software	606,748	64,887	-	671,635
Machinery and Equipment	1,786,917	180,591	-	1,967,507
Vehicles	<u>1,571,783</u>	<u>78,759</u>	<u>-</u>	<u>1,650,543</u>
Total Accumulated Depreciation	<u>23,866,778</u>	<u>1,959,037</u>	<u>-</u>	<u>25,825,815</u>
Total Capital Assets, Being Depreciated, Net	<u>43,447,023</u>	<u>560,733</u>	<u>-</u>	<u>44,007,756</u>
Business-Type Activities Capital Assets, Net	<u>\$ 89,364,187</u>	<u>\$ 12,013,855</u>	<u>\$ 45,873</u>	<u>\$ 101,332,169</u>

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

Governmental Activities	
General Government	\$ 1,985
Public Safety	429,398
Public Works	2,907,837
Health and Welfare	328
Culture and Recreation	<u>114,166</u>
Total	<u>\$ 3,453,714</u>
Business-Type Activities	
Water	\$ 941,305
Electric	1,015,896
Ambulance	<u>1,836</u>
Total	<u>\$ 1,959,037</u>

CITY OF FOUNTAIN, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

NOTE 7: LONG-TERM DEBT

Governmental Activities

Following is a summary of long-term debt transactions for the governmental activities for the year ended December 31, 2013.

	<u>Balances</u> <u>12/31/12</u>	<u>Additions</u>	<u>Payments</u>	<u>Balances</u> <u>12/31/13</u>	<u>Due Within</u> <u>One Year</u>
Capital Leases	\$ 3,638,753	\$ 474,571	\$ 372,445	\$ 3,740,879	\$ 373,547
Compensated Absences	1,093,668	614,616	632,763	1,075,521	511,674
Postemployment Benefits	288,766	61,724	-	350,490	-
Early Retirement	-	764,000	76,000	688,000	92,000
Total	<u>\$ 5,021,187</u>	<u>\$ 1,914,911</u>	<u>\$ 1,081,208</u>	<u>\$ 5,854,890</u>	<u>\$ 977,221</u>

During 2007, the City entered into a lease agreement for \$685,000 to purchase police vehicles, a street sweeper, dispatch consoles, and a pumper truck. Monthly payments of \$12,183 are due through May, 2014. Interest accrues on the outstanding balance at 3.975% per annum. Capital assets of \$685,000 less accumulated depreciation of \$387,356 are reported under this lease.

During 2007, the City paid cash of \$500,000 and entered into a lease agreement for \$315,000 to purchase a ladder truck. Annual payments of \$53,104 are due under the lease agreement through July, 2014. Interest accrues on the outstanding balance at 4.32% per annum. Capital assets totaling \$815,000 less accumulated depreciation of \$261,357 are reported in the financial statements as a result of this transaction.

During 2008, the City entered into a lease agreement for \$49,020 to purchase a backhoe. Monthly payments of \$906 were due under the lease agreement through April, 2013. Interest accrued on the outstanding balance at 4.31% per annum. Capital assets of \$49,020 less accumulated depreciation of \$29,835 are reported under this lease. During the year ended December 31, 2013, the lease was paid in full.

During 2011, the City entered into a lease agreement for \$271,250 to purchase police vehicles. Monthly payments of \$4,781 are due under the lease agreement through June, 2016. Interest accrues on the outstanding balance at 2.225% per annum. Capital assets of \$271,250 less accumulated depreciation of \$95,294 are reported under this lease.

During 2012, the City entered into a lease agreement for \$188,485 to purchase police vehicles. Monthly payments of \$3,333 are due under the lease agreement through June, 2017. Interest accrues on the outstanding balance at 2.35% per annum. Capital assets of \$188,485 less accumulated depreciation of \$32,352 are reported under this lease.

CITY OF FOUNTAIN, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

NOTE 7: LONG-TERM DEBT (Continued)

Governmental Activities (Continued)

During 2012, the City entered into a lease agreement for \$108,700 to purchase buses. Monthly payments of \$1,922 are due under the lease agreement through March, 2017. Interest accrues on the outstanding balance at 2.35% per annum. Capital assets of \$108,700 less accumulated depreciation of \$27,175 are reported under this lease. Payments are reported in the Public Transportation Fund.

During 2012, the City entered into a lease purchase agreement for \$3,000,000 to build a new fire station and remodel the police building. During 2013, an additional \$218,000 was borrowed under the agreement to complete the projects. Interest payments are due semi-annually on March 1 and September 1, with interest accruing at 3.95% per annum. Principal payments are due annually on September 1, through September, 2032.

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 \$20,183 are reported under this lease.

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

Year Ended December 31,

2014	\$ 507,999
2015	428,401
2016	396,984
2017	328,224
2018	277,369
2019 - 2023	1,186,478
2024 - 2028	1,106,713
2029 - 2032	<u>822,467</u>
Total Minimum Lease Payments	5,054,635
Less: Interest Portion	<u>(1,313,756)</u>
Present Value of Future Minimum Lease Payments	<u>\$ 3,740,879</u>

Compensated absences, postemployment benefits, and early retirement are expected to be liquidated primarily with General Fund revenues.

CITY OF FOUNTAIN, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

NOTE 7: LONG-TERM DEBT (Continued)

Business-Type Activities

Following is a summary of long-term debt transactions for the business-type activities for the year ended December 31, 2013.

	Balances <u>12/31/12</u>	<u>Additions</u>	<u>Payments</u>	Balances <u>12/31/13</u>	Due Within <u>One Year</u>
2003 Water Rights Loan	\$ 290,800	\$ -	\$ 72,700	\$ 218,100	\$ 72,700
2005 CWRPDA Loan	7,035,000	-	185,000	6,850,000	195,000
Loan Premium	68,980	-	3,077	65,903	-
2007 Water Rights Loan	156,200	-	39,050	117,150	39,050
2008 Water Rights Loan	1,281,793	-	56,050	1,225,743	1,225,743
2009 CWRPDA Loan	8,185,000	-	170,000	8,015,000	180,000
2011 CWRPDA Loan	9,350,000	-	175,000	9,175,000	180,000
2013 CWRPDA Loan	-	11,615,000	-	11,615,000	225,000
Loan Premium	-	563,000	15,639	547,361	-
Compensated Absences	804,395	530,119	516,095	818,419	444,832
Early Retirement	-	376,000	8,000	368,000	40,000
Total	<u>\$ 27,172,168</u>	<u>\$ 13,084,119</u>	<u>\$ 1,240,611</u>	<u>\$ 39,015,676</u>	<u>\$ 2,602,325</u>

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

During 2005, the City entered into a loan agreement with the Colorado Water Resources and Power Development Authority (CWRPDA). Authorized uses of the loan proceeds include land acquisition for future water storage, purchase of water rights and various other water projects. Payments of principal and interest are due semi-annually on May 1 and November 1, through November, 2035. Interest accrues at 4.56% per annum.

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

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

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

CITY OF FOUNTAIN, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

NOTE 7: LONG-TERM DEBT (Continued)

Business-Type Activities (Continued)

During 2011, the City entered into a loan agreement with the CWRPDA. Loan proceeds will be used for construction of the Southern Delivery System (See Note 12) and phase I of the remodel of the future utilities customer service center. Interest payments are due semi-annually on February 1 and August 1. Principal payments are due annually beginning on August 1, 2013, through 2041. Interest accrues at rates ranging from 2% to 5.4% per annum.

During 2013, the City entered into a loan agreement with the CWRPDA. Loan proceeds will be used for construction of the Southern Delivery System (See Note 12) and for additional costs to remodel of the future utilities customer service center. Interest payments are due semi-annually on March 1 and September 1. Principal payments are due annually beginning on September 1, 2014, through 2043. Interest accrues at rates ranging from 2% to 5% per annum.

The CWRPDA loans are payable solely from revenues of the City's utility system, which includes the Water and Electric Funds, after deduction of operating and maintenance costs, provided that revenues are limited to 50% of tap fee revenues. During the year ended December 31, 2013, net revenues of \$4,390,636 were available to pay annual debt service of \$2,034,897. Remaining debt service at December 31, 2013, was \$63,056,577.

Future debt service requirements for the outstanding loans at December 31, 2013, were as follows.

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 2,117,493	\$ 1,677,844	\$ 3,795,337
2015	911,750	1,585,329	2,497,079
2016	931,750	1,554,434	2,486,184
2017	850,000	1,523,091	2,373,091
2018	885,000	1,490,465	2,375,465
2019 - 2023	4,955,000	6,917,314	11,872,314
2024 - 2028	6,110,000	5,761,080	11,871,080
2029 - 2033	7,665,000	4,203,160	11,868,160
2034 - 2038	8,110,000	2,234,531	10,344,531
2039 - 2043	<u>4,680,000</u>	<u>544,656</u>	<u>5,224,656</u>
Total	<u>\$ 37,215,993</u>	<u>\$ 27,491,904</u>	<u>\$ 64,707,897</u>

Component Unit

Following is a summary of long-term debt transactions for the component unit for the year ended December 31, 2013.

	<u>Balances</u> <u>12/31/12</u>	<u>Additions</u>	<u>Payments</u>	<u>Balances</u> <u>12/31/13</u>	<u>Due Within</u> <u>One Year</u>
Loan	<u>\$ 82,112</u>	<u>\$ -</u>	<u>\$ 28,341</u>	<u>\$ 53,771</u>	<u>\$ 29,616</u>

CITY OF FOUNTAIN, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

NOTE 7: LONG-TERM DEBT (Continued)

Component Unit (Continued)

In September, 2008, the Authority obtained a loan from the City to finance start-up costs. In September, 2011, the loan agreement was modified to require annual payments of \$32,076, including interest accruing at 4.5% per annum, beginning in September, 2012.

Future debt service requirements are as follows.

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 29,616	\$ 2,460	\$ 32,076
2015	<u>24,155</u>	<u>1,127</u>	<u>25,282</u>
Total	<u>\$ 53,771</u>	<u>\$ 3,587</u>	<u>\$ 57,358</u>

NOTE 8: JOINT VENTURE

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

The City's share of available capacity for the year ended December 31, 2013, was 2,000 acre feet of project water, representing an ownership percentage of participation of 9.95%.

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

NOTE 9: RISK MANAGEMENT

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

Public Entity Risk Pool

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

CITY OF FOUNTAIN, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

NOTE 9: 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.

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

Insurance Fund

Effective October 1, 2009, the City established a partially self-insured program for employee health, dental and short-term disability benefits. Transactions of the self-insurance program are reported in the Insurance Fund, an internal service fund. The City has purchased excess insurance policies to cover individual claims in excess of \$50,000, and aggregate annual claims in excess of approximately \$2,538,000, 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:

	<u>12/31/13</u>	<u>12/31/12</u>
Claims Payable, Beginning	\$ 182,485	\$ 239,077
Claims and Changes in Provisions	2,093,573	1,842,674
Claims Payments	<u>(2,100,717)</u>	<u>(1,899,266)</u>
Claims Payable, Ending	<u>\$ 175,341</u>	<u>\$ 182,485</u>

NOTE 10: RETIREMENT COMMITMENTS

Volunteer Firefighters' Pension Plan

Plan Description - The City has established a single-employer defined benefit pension plan for volunteer firefighters as authorized by State of Colorado statute. The Plan is administered by a Board of Trustees composed of City Council members and firefighters. This Board also establishes and is allowed to amend contribution requirements of the City. Any firefighter who has both attained the age of fifty and completed twenty years of active service shall be eligible for a monthly pension. 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. The Plan does not publish a separate stand-alone report, but is reported in the financial statements as a Pension Trust Fund.

Funding Policy - The Volunteer Firefighters' Pension Plan may receive contributions from the City in an amount not to exceed one-half mill of property tax revenue. As established by the legislature, the State of Colorado contributes ninety percent of the City's contribution. The contributions are not actuarially determined. An actuary is used to determine the adequacy of contributions. The actuarial study as of January 1, 2012, indicated that the current level of contributions to the fund are adequate to support on an actuarially sound basis the prospective benefits for the present Plan.

Annual Pension Cost - For the year ended December 31, 2013, the City and State did not make contributions to the Plan. The required contribution was determined as part of the January 1, 2012, actuarial valuation using the entry age actuarial cost method. Actuarial assumptions included the following:

Actuarial Cost Method - Entry Age
Interest Rate - 4.5% per annum, compounded annually
Retirement - Age 50 and 20 years of service
Disability - Graduated rates for all disabilities
Mortality - Projected 15 years from the valuation date
Separation - Graduated rates for all withdrawals
Marital Status - 90% married
Age Difference - Males assumed to be 3 years older
Asset Valuation - Market value
Inflation Rate - 3.5%

Based on an amortization period of twenty years using the level dollar method on an open basis, the Plan's expected contributions exceed the amount recommended to maintain the overfunded actuarial accrued liability.

CITY OF FOUNTAIN, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

NOTE 10: RETIREMENT COMMITMENTS (Continued)

Volunteer Firefighters' Pension Plan (Continued)

Trend information of the Plan follows:

<u>Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/13	\$ -	NA	\$ -
12/31/12	-	NA	-
12/31/11	-	NA	-

Funded Status and Funding Progress - At January 1, 2012, the most recent actuarial valuation date, the Plan's funded status was as follows. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about the funded status of the Plan.

<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded (Overfunded) AAL</u>	<u>Funded Ratio</u>
\$ 732,704	\$ 201,696	\$ (531,008)	363%

Police and Firefighter Money Purchase Pension Plan

The City contributes to a single-employer defined contribution money purchase pension plan on behalf of police officers and paid firefighters. The City is required to contribute 8.5% of each participating employee's compensation, and each employee must contribute a matching amount. The Plan provisions and contribution requirements are established and may be amended by the City Council.

Employees are eligible to participate in the Plan as of the first day of work as an employee, and become fully vested after five years of service.

For the year ended December 31, 2013, the City contributed \$229,057 to the Plan, equal to the required contributions. All of the Plan investments at December 31, 2013, are managed by Great West Life & Annuity Insurance Company, an outside administrator.

Firefighter Pension Plan

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

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

NOTE 10: RETIREMENT COMMITMENTS (Continued)

Firefighter Pension Plan (Continued)

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

Funding Policy - Plan members and the City are required to contribute to the Statewide Defined Benefit Plan and the Statewide Hybrid Plan at rates established under Title 31, Article 31, of the CRS, as amended. For the years ended December 31, 2011, 2012 and 2013, the contribution rate was 8% of base salary for both members of the Statewide Defined Benefit Plan and the City. However, firefighters that transferred from the money purchase pension plan were required to contribute a total of 20% of base salary. The split of contributions was determined by the City Council at 10.5% of base salary for employees and 9.5% for the City. Each employee participating in the Statewide Hybrid Plan must contribute 9.5% of base salary and the City contributes a matching amount. Total contributions in excess of those required by the CRS (11.3% from September 1 to December 31, 2011, 12.9% from January 1 through June 30, 2012, 13% from July 1, 2012 through June 30, 2013, and 12.6% thereafter) are deposited into the money purchase component of the State Hybrid Plan. These excess contribution amounts are established and may be amended by the City Council. City contributions are fully vested after 5 years of service. The City's contributions to the plan for the years ended December 31, 2013, 2012 and 2011, were \$122,633, \$119,889 and \$40,943, respectively, equal to the required contributions.

General Employee Money Purchase Pension Plan

The City contributes to a single-employer defined contribution money purchase pension plan on behalf of non-police and firefighter employees. The City is required to contribute 3.5% of each participating employee's compensation, and each employee must contribute a matching amount. The Plan provisions and contribution requirements are established and may be amended by the City Council.

Employees are eligible to participate in the Plan after six months of employment. Participants become fully vested after five years of service.

For the year ended December 31, 2013, the City contributed \$295,941 to the Plan, equal to the required contributions. All of the Plan investments at December 31, 2013, 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, 2013

NOTE 10: RETIREMENT COMMITMENTS (Continued)

Deferred Compensation Plan

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

NOTE 11: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

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

Funding Policy - The contribution requirements of plan members and the City are established and may be amended by the City Council. The required contribution is based on projected pay-as-you-go financing requirements. The City pays the entire monthly insurance premium. Plan members are not required to contribute to the plan. For the year ended December 31, 2013, there were no contributions to the plan.

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

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

Annual required contribution	\$ 64,247
Interest on net OPEB obligation	7,312
Adjustment to annual required contribution	<u>(9,835)</u>
Annual OPEB cost	61,724
Contributions made	<u>-</u>
Increase in net OPEB obligation	61,724
Net OPEB Obligation, Beginning	<u>288,766</u>
Net OPEB Obligation, Ending	<u>\$ 350,490</u>

CITY OF FOUNTAIN, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

NOTE 11: 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, 2013, 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>
12/31/13	\$ 61,724	0.0%	\$ 350,490
12/31/12	61,724	1.7%	288,766
12/31/11	61,724	9.1%	228,113

Funded Status and Funding Progress - At January 1, 2011, the most recent actuarial valuation date, the actuarial accrued liability (AAL) was \$367,674, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$9.9 million, and the ratio of the unfunded actuarial accrued liability (UAAL) to the covered payroll was 3.72%.

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, 2011

Actuarial Cost Method - Entry Age

Amortization Method - Level Percentage of Pay, Open

Remaining Amortization Period - 30 years

Asset Valuation Method - Fair Value

Investment Rate of Return - 4.25%, with inflation at 3.5%

Healthcare Cost Trend Rate and Premium Increase - 9.4% for 2011, decreasing .6% each year until 6.1% in 2017 and after

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

NOTE 12: COMMITMENTS AND CONTINGENCIES

Tabor Amendment

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

The City has established an emergency reserve, representing 3% of qualifying expenditures, as required by the Amendment. At December 31, 2013, the emergency reserve of \$378,000 was reported as restricted fund balance in the General Fund.

Litigation

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

Claims and Judgements

The City participates in a number of federal, state, and local programs that are fully or partially funded by grants received from other governmental entities. Expenses financed by grants are subject to audit by the appropriate grantor government. If expenses are disallowed due to noncompliance with grant program regulations, the City may be required to reimburse the grantor government. At December 31, 2013, significant amounts of grant expenses have not been audited but management believes that subsequent audits will not have a material effect on the overall financial position of the City.

Southern Delivery System

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

Under the terms of the project agreement, the City's participation is reported in the financial statements as an undivided interest, whereby the City reports its assets, liabilities, revenues and expenses associated with the joint project. At December 31, 2013, the City reported capital assets, with no depreciation, of \$19,328,475 for this project.

CITY OF FOUNTAIN, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

NOTE 12: 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:

Year Ended December 31,

2014	\$ 371,198
2015	371,198
2016	371,198
2017	371,198
2018	371,198
2019 - 2023	<u>1,763,441</u>
Total	<u>\$ 3,619,431</u>

Conduit Debt Obligations

During 2007, the City issued Development Revenue Bonds (Cheyenne Mountain Zoological Society Project) Series 2007 and Series 2007B, to provide financing for the construction, renovation and equipping of improvements to the Cheyenne Mountain Zoo. The City is not obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as a liability in the accompanying financial statements. Outstanding bonds at December 31, 2013, totaled \$1,371,692.

Concentration of Risk

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

NOTE 13: CHANGE IN ACCOUNTING PRINCIPLE

For the year ended December 31, 2013, the City adopted the standards of Governmental Accounting Standards Board Statement No. 65, *Items Previously Reported as Assets and Liabilities*.

CITY OF FOUNTAIN, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

NOTE 13: CHANGE IN ACCOUNTING PRINCIPLE (Continued)

As a result, net position at December 31, 2012, was restated to remove debt issuance costs capitalized in previous years, as follows.

	<u>Water Fund</u>	<u>Business-Type Activities</u>
Net Position, December 31, 2012, as Originally Stated	\$ 40,799,980	\$ 79,833,378
Debt Issuance Costs, Net of Accumulated Amortization	<u>(354,704)</u>	<u>(354,704)</u>
Net Position, December 31, 2012, as Restated	<u>\$ 40,445,276</u>	<u>\$ 79,478,674</u>

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF FOUNTAIN, COLORADO

SCHEDULE OF FUNDING PROGRESS
VOLUNTEER FIREFIGHTERS' PENSION PLAN

December 31, 2013

(Unaudited)

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((b-a)/c)</u>
1/1/01	\$ 584,195	\$ 154,016	\$ (430,179)	379%	NA	NA
1/1/06	\$ 629,290	\$ 250,938	\$ (378,352)	251%	NA	NA
1/1/09	\$ 697,470	\$ 144,213	\$ (553,257)	484%	NA	NA
1/1/12	\$ 732,704	\$ 201,696	\$ (531,008)	363%	NA	NA

See the accompanying Independent Auditors' Report.

CITY OF FOUNTAIN, COLORADO

SCHEDULE OF FUNDING PROGRESS
POSTEMPLOYMENT BENEFIT PLAN

December 31, 2013
(Unaudited)

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

See the accompanying Independent Auditors' Report.

CITY OF FOUNTAIN, COLORADO

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

Year Ended December 31, 2013

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE Positive (Negative)</u>
REVENUES				
Taxes				
Property Taxes	\$ 1,628,400	\$ 1,628,400	\$ 1,624,450	\$ (3,950)
Sales Taxes	5,789,790	5,789,790	5,848,928	59,138
Use Taxes	1,189,650	1,189,650	1,367,789	178,139
Specific Ownership Taxes	158,030	158,030	165,432	7,402
Franchise Taxes	1,823,700	1,823,700	1,861,009	37,309
Total Taxes	<u>10,589,570</u>	<u>10,589,570</u>	<u>10,867,608</u>	<u>278,038</u>
Licenses and Permits				
Business Licenses	36,780	36,780	59,132	22,352
Telecommunications	31,280	31,280	46,822	15,542
Liquor Licenses	6,500	6,500	8,235	1,735
Street and Curb Permits	11,100	11,100	13,974	2,874
Total Licenses and Permits	<u>85,660</u>	<u>85,660</u>	<u>128,163</u>	<u>42,503</u>
Charges for Services				
Developer Fees	107,100	107,100	178,092	70,992
Park Fees	125,000	125,000	133,831	8,831
School District Juvenile Program	115,780	115,780	80,778	(35,002)
Off Duty Police Program	13,770	13,770	15,464	1,694
Cemetery	17,400	17,400	38,000	20,600
Miscellaneous	8,160	8,160	27	(8,133)
Total Charges for Services	<u>387,210</u>	<u>387,210</u>	<u>446,192</u>	<u>58,982</u>
Fines and Forfeitures	<u>493,550</u>	<u>493,550</u>	<u>343,706</u>	<u>(149,844)</u>
Intergovernmental				
Highway Users Tax	636,460	636,460	645,464	9,004
Road and Bridge Fund	26,700	26,700	26,190	(510)
Motor Vehicle Registration	73,680	73,680	75,704	2,024
Cigarette Taxes	38,500	38,500	34,855	(3,645)
State and Local Grants	-	-	17,415	17,415
Federal Grants	140,000	140,000	27,724	(112,276)
Total Intergovernmental	<u>915,340</u>	<u>915,340</u>	<u>827,352</u>	<u>(87,988)</u>
Investment Income	<u>14,250</u>	<u>14,250</u>	<u>(7,861)</u>	<u>(22,111)</u>
Miscellaneous				
Rents	5,100	5,100	4,720	(380)
Other	37,000	37,000	107,593	70,593
Total Miscellaneous	<u>42,100</u>	<u>42,100</u>	<u>112,313</u>	<u>70,213</u>
TOTAL REVENUES	<u>12,527,680</u>	<u>12,527,680</u>	<u>12,717,473</u>	<u>189,793</u>

(Continued)

See the accompanying Independent Auditors' Report.

CITY OF FOUNTAIN, COLORADO

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

Year Ended December 31, 2013

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE Positive (Negative)</u>
EXPENDITURES				
General Government				
Legislative	38,840	38,840	34,462	4,378
Judicial	254,840	254,840	245,153	9,687
Economic Development	263,900	273,900	259,849	14,051
Election	10,000	10,000	19,357	(9,357)
Information Technology	902,950	1,048,495	681,863	366,632
Planning and Engineering	475,085	486,110	445,749	40,361
Administration	696,190	703,190	719,540	(16,350)
Total General Government	<u>2,641,805</u>	<u>2,815,375</u>	<u>2,405,973</u>	<u>409,402</u>
Public Safety				
Police	4,344,503	5,096,715	5,304,728	(208,013)
Communications	1,063,440	1,036,140	962,951	73,189
Fire	2,363,430	3,643,635	3,913,273	(269,638)
Total Public Safety	<u>7,771,373</u>	<u>9,776,490</u>	<u>10,180,952</u>	<u>(404,462)</u>
Public Works				
Highway and Streets	1,255,700	1,264,940	1,154,522	110,418
Facilities Maintenance	234,210	227,210	206,721	20,489
Total Public Works	<u>1,489,910</u>	<u>1,492,150</u>	<u>1,361,243</u>	<u>130,907</u>
Health and Welfare				
Code Enforcement	259,760	259,760	252,473	7,287
Cemetery	5,000	5,000	23,345	(18,345)
Total Health and Welfare	<u>264,760</u>	<u>264,760</u>	<u>275,818</u>	<u>(11,058)</u>
Culture and Recreation				
Parks	427,500	427,500	636,281	(208,781)
Community Building	78,300	78,300	68,475	9,825
Total Culture and Recreation	<u>505,800</u>	<u>505,800</u>	<u>704,756</u>	<u>(198,956)</u>
Debt Service	469,010	469,010	482,429	(13,419)
TOTAL EXPENDITURES	<u>13,142,658</u>	<u>15,323,585</u>	<u>15,411,171</u>	<u>(87,586)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(614,978)</u>	<u>(2,795,905)</u>	<u>(2,693,698)</u>	<u>102,207</u>
OTHER FINANCING SOURCES (USES)				
Debt Issued	272,000	272,000	474,571	202,571
Transfers In	675,270	675,270	675,270	-
Transfers Out	(351,827)	(351,827)	(597,853)	(246,026)
TOTAL OTHER FINANCING SOURCES (USES)	<u>595,443</u>	<u>595,443</u>	<u>551,988</u>	<u>(43,455)</u>
NET CHANGE IN FUND BALANCE	(19,535)	(2,200,462)	(2,141,710)	58,752
FUND BALANCE, Beginning	<u>1,942,315</u>	<u>3,742,785</u>	<u>4,250,313</u>	<u>507,528</u>
FUND BALANCE, Ending	<u>\$ 1,922,780</u>	<u>\$ 1,542,323</u>	<u>\$ 2,108,603</u>	<u>\$ 566,280</u>

See the accompanying Independent Auditors' Report.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2013

NOTE 1: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Accounting

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

- In September, management submits to the City Council a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted to obtain taxpayer comments.
- Prior to December 31, the budget is legally enacted through passage of an ordinance.
- Management is authorized to transfer budgeted amounts between departments within any fund. However, any revisions that alter the total expenditures of any fund must be approved by the City Council. State statutes stipulate that expenditures may not exceed budgeted appropriations at the fund level.
- Budgets are legally adopted for all funds of the City. Fiduciary fund budgets are not required and 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, 2013, the General, Volunteer Fire, and Ambulance Fund expenditures and transfers out exceeded the amounts budgeted by \$333,612, \$52,960, and \$8,833, respectively. In addition, the budget adopted for the Ambulance Fund allowed for expenditures in excess of the resources available. These may be violations of State statutes.

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

CITY OF FOUNTAIN, COLORADO

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

December 31, 2013

	<u>CONSERVATION TRUST</u>	<u>HERITAGE MAINTENANCE DISTRICT</u>	<u>GENERAL IMPROVEMENT DISTRICT</u>	<u>VOLUNTEER FIRE</u>
ASSETS				
Cash and Investments	\$ 201,172	\$ 288,428	\$ 45,913	\$ 106,452
Accounts Receivable	-	571	76	-
Accrued Interest Receivable	331	554	88	199
Taxes Receivable	-	59,193	8,835	-
TOTAL ASSETS	\$ <u>201,503</u>	\$ <u>348,746</u>	\$ <u>54,912</u>	\$ <u>106,651</u>
LIABILITIES				
Accounts Payable	\$ 1,304	\$ 428	\$ -	\$ 1,770
Accrued Liabilities	-	-	-	-
TOTAL LIABILITIES	<u>1,304</u>	<u>428</u>	<u>-</u>	<u>1,770</u>
DEFERRED INFLOWS OF RESOURCES				
Property Taxes	-	59,193	8,835	-
FUND BALANCES				
Restricted for Parks	200,199	-	-	-
Restricted for District Repairs and Maintenance	-	289,125	46,077	-
Restricted for Transportation	-	-	-	-
Restricted for Street Repairs and Maintenance	-	-	-	-
Restricted for Street Improvements	-	-	-	-
Committed to Volunteer Fire Activities	-	-	-	104,881
TOTAL FUND BALANCES	<u>200,199</u>	<u>289,125</u>	<u>46,077</u>	<u>104,881</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ <u>201,503</u>	\$ <u>348,746</u>	\$ <u>54,912</u>	\$ <u>106,651</u>

See the accompanying Independent Auditors' Report.

<u>PUBLIC TRANSPORTATION</u>	<u>STREET RESURFACING</u>	<u>STREET IMPROVEMENT</u>	<u>TOTAL</u>
\$ 249,216	\$ 62,489	\$ 2,150,855	\$ 3,104,525
87,732	51,935	121,181	261,495
450	100	4,081	5,803
-	-	-	68,028
<u>\$ 337,398</u>	<u>\$ 114,524</u>	<u>\$ 2,276,117</u>	<u>\$ 3,439,851</u>
\$ 7,268	\$ -	\$ 2,340	\$ 13,110
6,207	-	-	6,207
<u>13,475</u>	<u>-</u>	<u>2,340</u>	<u>19,317</u>
-	-	-	68,028
-	-	-	200,199
-	-	-	335,202
323,923	-	-	323,923
-	114,524	-	114,524
-	-	2,273,777	2,273,777
-	-	-	104,881
<u>323,923</u>	<u>114,524</u>	<u>2,273,777</u>	<u>3,352,506</u>
<u>\$ 337,398</u>	<u>\$ 114,524</u>	<u>\$ 2,276,117</u>	<u>\$ 3,439,851</u>

CITY OF FOUNTAIN, COLORADO

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
 Year Ended December 31, 2013

	<u>CONSERVATION TRUST</u>	<u>HERITAGE MAINTENANCE DISTRICT</u>	<u>GENERAL IMPROVEMENT DISTRICT</u>	<u>VOLUNTEER FIRE</u>
REVENUES				
Taxes	\$ -	\$ 65,092	\$ 8,661	\$ -
Charges for Services	-	-	-	43,000
Intergovernmental	244,839	-	-	32,449
Investment Income	(593)	(880)	(146)	(315)
Miscellaneous	-	-	-	19,281
TOTAL REVENUES	<u>244,246</u>	<u>64,212</u>	<u>8,515</u>	<u>94,415</u>
EXPENDITURES				
Current				
General Government	-	-	-	-
Public Safety	-	-	-	81,660
Public Works	-	37,871	-	-
Culture and Recreation	194,888	-	-	-
Debt Service				
Principal	-	-	-	-
Interest	-	-	-	-
TOTAL EXPENDITURES	<u>194,888</u>	<u>37,871</u>	<u>-</u>	<u>81,660</u>
NET CHANGE IN FUND BALANCES	49,358	26,341	8,515	12,755
FUND BALANCES, Beginning	<u>150,841</u>	<u>262,784</u>	<u>37,562</u>	<u>92,126</u>
FUND BALANCES, Ending	<u>\$ 200,199</u>	<u>\$ 289,125</u>	<u>\$ 46,077</u>	<u>\$ 104,881</u>

See the accompanying Independent Auditors' Report.

<u>PUBLIC TRANSPORTATION</u>	<u>STREET RESURFACING</u>	<u>STREET IMPROVEMENT</u>	<u>TOTAL</u>
\$ 487,409	\$ 292,446	\$ 682,373	\$ 1,535,981
-	-	-	43,000
264,000	-	-	541,288
(1,479)	(471)	(8,037)	(11,921)
<u>3,400</u>	<u>-</u>	<u>-</u>	<u>22,681</u>
<u>753,330</u>	<u>291,975</u>	<u>674,336</u>	<u>2,131,029</u>
310,701	-	-	310,701
-	-	-	81,660
-	226,768	52,075	316,714
-	-	-	194,888
21,100	-	-	21,100
<u>1,964</u>	<u>-</u>	<u>-</u>	<u>1,964</u>
<u>333,765</u>	<u>226,768</u>	<u>52,075</u>	<u>927,027</u>
419,565	65,207	622,261	1,204,002
<u>(95,642)</u>	<u>49,317</u>	<u>1,651,516</u>	<u>2,148,504</u>
<u>\$ 323,923</u>	<u>\$ 114,524</u>	<u>\$ 2,273,777</u>	<u>\$ 3,352,506</u>

CITY OF FOUNTAIN, COLORADO

BUDGETARY COMPARISON SCHEDULE

CONSERVATION TRUST FUND

Year Ended December 31, 2013

	<u>ORIGINAL AND FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE Positive (Negative)</u>
REVENUES			
Lottery Proceeds	\$ 200,730	\$ 244,839	\$ 44,109
Investment Income	720	(593)	(1,313)
TOTAL REVENUES	<u>201,450</u>	<u>244,246</u>	<u>42,796</u>
EXPENDITURES			
Culture and Recreation	<u>216,000</u>	<u>194,888</u>	<u>21,112</u>
NET CHANGE IN FUND BALANCE	(14,550)	49,358	63,908
FUND BALANCE, Beginning	<u>66,546</u>	<u>150,841</u>	<u>84,295</u>
FUND BALANCE, Ending	<u>\$ 51,996</u>	<u>\$ 200,199</u>	<u>\$ 148,203</u>

See the accompanying Independent Auditors' Report.

CITY OF FOUNTAIN, COLORADO

BUDGETARY COMPARISON SCHEDULE
HERITAGE MAINTENANCE DISTRICT FUND
 Year Ended December 31, 2013

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES			
Property Taxes	\$ 54,440	\$ 59,538	\$ 5,098
Specific Ownership Taxes	5,520	5,554	34
Investment Income	1,380	(880)	(2,260)
	<u>61,340</u>	<u>64,212</u>	<u>2,872</u>
TOTAL REVENUES			
EXPENDITURES			
Public Works	64,000	37,871	26,129
	<u>64,000</u>	<u>37,871</u>	<u>26,129</u>
NET CHANGE IN FUND BALANCE	(2,660)	26,341	29,001
FUND BALANCE, Beginning	188,569	262,784	74,215
FUND BALANCE, Ending	<u>\$ 185,909</u>	<u>\$ 289,125</u>	<u>\$ 103,216</u>

See the accompanying Independent Auditors' Report.

CITY OF FOUNTAIN, COLORADO

BUDGETARY COMPARISON SCHEDULE
GENERAL IMPROVEMENT DISTRICT FUND

Year Ended December 31, 2013

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES			
Property Taxes	\$ 8,025	\$ 7,862	\$ (163)
Specific Ownership Taxes	-	799	799
Investment Income	<u>275</u>	<u>(146)</u>	<u>(421)</u>
 TOTAL REVENUES	 <u>8,300</u>	 <u>8,515</u>	 <u>215</u>
 NET CHANGE IN FUND BALANCE	 8,300	 8,515	 215
 FUND BALANCE, Beginning	 <u>36,848</u>	 <u>37,562</u>	 <u>714</u>
 FUND BALANCE, Ending	 <u>\$ 45,148</u>	 <u>\$ 46,077</u>	 <u>\$ 929</u>

See the accompanying Independent Auditors' Report.

CITY OF FOUNTAIN, COLORADO

BUDGETARY COMPARISON SCHEDULE

VOLUNTEER FIRE FUND

Year Ended December 31, 2013

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES			
Charges for Services	\$ -	\$ 43,000	\$ 43,000
Intergovernmental	-	32,449	32,449
Investment Income	-	(315)	(315)
Miscellaneous	<u>30,000</u>	<u>19,281</u>	<u>(10,719)</u>
 TOTAL REVENUES	 <u>30,000</u>	 <u>94,415</u>	 <u>64,415</u>
EXPENDITURES			
Public Safety	<u>28,700</u>	<u>81,660</u>	<u>(52,960)</u>
 NET CHANGE IN FUND BALANCE	 1,300	 12,755	 11,455
FUND BALANCE, Beginning	<u>44,280</u>	<u>92,126</u>	<u>47,846</u>
FUND BALANCE, Ending	\$ <u><u>45,580</u></u>	\$ <u><u>104,881</u></u>	\$ <u><u>59,301</u></u>

See the accompanying Independent Auditors' Report.

CITY OF FOUNTAIN, COLORADO

BUDGETARY COMPARISON SCHEDULE
PUBLIC TRANSPORTATION FUND
 Year Ended December 31, 2013

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE Positive (Negative)</u>
REVENUES				
Sales Taxes	\$ 482,488	\$ 482,488	\$ 487,409	\$ 4,921
Intergovernmental	-	-	264,000	264,000
Investment Income	-	-	(1,479)	(1,479)
Miscellaneous	-	-	3,400	3,400
TOTAL REVENUES	<u>482,488</u>	<u>482,488</u>	<u>753,330</u>	<u>270,842</u>
EXPENDITURES				
Current				
General Government	528,621	530,968	310,701	220,267
Debt Service				
Principal	23,064	23,064	21,100	1,964
Interest	-	-	1,964	(1,964)
TOTAL EXPENDITURES	<u>551,685</u>	<u>554,032</u>	<u>333,765</u>	<u>220,267</u>
NET CHANGE IN FUND BALANCE	<u>(69,197)</u>	<u>(71,544)</u>	<u>419,565</u>	<u>491,109</u>
FUND BALANCE, Beginning	<u>97,163</u>	<u>97,163</u>	<u>(95,642)</u>	<u>(192,805)</u>
FUND BALANCE, Ending	\$ <u><u>27,966</u></u>	\$ <u><u>25,619</u></u>	\$ <u><u>323,923</u></u>	\$ <u><u>298,304</u></u>

See the accompanying Independent Auditors' Report.

CITY OF FOUNTAIN, COLORADO

BUDGETARY COMPARISON SCHEDULE

STREET RESURFACING FUND

Year Ended December 31, 2013

	<u>ORIGINAL AND FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE Positive (Negative)</u>
REVENUES			
Sales Taxes	\$ 289,497	\$ 292,446	\$ 2,949
Investment Income	1,140	(471)	(1,611)
TOTAL REVENUES	<u>290,637</u>	<u>291,975</u>	<u>1,338</u>
EXPENDITURES			
Public Works	<u>275,000</u>	<u>226,768</u>	<u>48,232</u>
NET CHANGE IN FUND BALANCE	15,637	65,207	49,570
FUND BALANCE, Beginning	<u>24,277</u>	<u>49,317</u>	<u>25,040</u>
FUND BALANCE, Ending	<u>\$ 39,914</u>	<u>\$ 114,524</u>	<u>\$ 74,610</u>

See the accompanying Independent Auditors' Report.

CITY OF FOUNTAIN, COLORADO

BUDGETARY COMPARISON SCHEDULE
STREET IMPROVEMENT FUND
 Year Ended December 31, 2013

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	VARIANCE Positive (Negative)
REVENUES				
Sales Taxes	\$ 675,480	\$ 675,480	\$ 682,373	\$ 6,893
Investment Income	<u>3,660</u>	<u>3,660</u>	<u>(8,037)</u>	<u>(11,697)</u>
TOTAL REVENUES	<u>679,140</u>	<u>679,140</u>	<u>674,336</u>	<u>(4,804)</u>
EXPENDITURES				
Public Works	<u>670,000</u>	<u>671,503</u>	<u>52,075</u>	<u>619,428</u>
NET CHANGE IN FUND BALANCE	9,140	7,637	622,261	614,624
FUND BALANCE, Beginning	<u>1,515,225</u>	<u>1,516,728</u>	<u>1,651,516</u>	<u>134,788</u>
FUND BALANCE, Ending	<u>\$ 1,524,365</u>	<u>\$ 1,524,365</u>	<u>\$ 2,273,777</u>	<u>\$ 749,412</u>

See the accompanying Independent Auditors' Report.

CITY OF FOUNTAIN, COLORADO

COMBINING STATEMENT OF NET POSITION
NONMAJOR PROPRIETARY FUNDS
 December 31, 2013

	<u>AMBULANCE</u>	<u>DRAINAGE</u>	<u>TOTAL</u>
ASSETS			
Current Assets			
Cash and Investments	\$ -	\$ 1,601,366	\$ 1,601,366
Accounts Receivable	47,448	-	47,448
Accrued Interest Receivable	-	3,076	3,076
	<u>47,448</u>	<u>1,604,442</u>	<u>1,651,890</u>
LIABILITIES			
Current Liabilities			
Accounts Payable	5,675	-	5,675
Accrued Liabilities	25,685	-	25,685
Compensated Absences Payable, Current Portion	41,008	-	41,008
	<u>72,368</u>	<u>-</u>	<u>72,368</u>
Long-Term Liabilities			
Compensated Absences Payable	14,825	-	14,825
	<u>87,193</u>	<u>-</u>	<u>87,193</u>
NET POSITION			
Unrestricted	<u>(39,745)</u>	<u>1,604,442</u>	<u>1,564,697</u>
TOTAL NET POSITION	<u>\$ (39,745)</u>	<u>\$ 1,604,442</u>	<u>\$ 1,564,697</u>

See the accompanying Independent Auditors' Report.

CITY OF FOUNTAIN, COLORADO

COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
NONMAJOR PROPRIETARY FUNDS
 Year Ended December 31, 2013

	<u>AMBULANCE</u>	<u>DRAINAGE</u>	<u>TOTAL</u>
OPERATING REVENUES			
Charges for Services	\$ 603,636	\$ 79,928	\$ 683,564
 TOTAL OPERATING REVENUES	 <u>603,636</u>	 <u>79,928</u>	 <u>683,564</u>
OPERATING EXPENSES			
Operations and Maintenance	831,746	179	831,925
Depreciation	<u>1,836</u>	<u>-</u>	<u>1,836</u>
 TOTAL OPERATING EXPENSES	 <u>833,582</u>	 <u>179</u>	 <u>833,761</u>
 OPERATING INCOME (LOSS)	 (229,946)	 79,749	 (150,197)
NONOPERATING REVENUES			
Investment Income	<u>-</u>	<u>(5,234)</u>	<u>(5,234)</u>
 NET INCOME (LOSS) BEFORE TRANSFERS	 (229,946)	 74,515	 (155,431)
Transfers In	268,603	-	268,603
Transfers Out	<u>(29,050)</u>	<u>-</u>	<u>(29,050)</u>
 CHANGE IN NET POSITION	 9,607	 74,515	 84,122
NET POSITION, Beginning	<u>(49,352)</u>	<u>1,529,927</u>	<u>1,480,575</u>
NET POSITION, Ending	<u>\$ (39,745)</u>	<u>\$ 1,604,442</u>	<u>\$ 1,564,697</u>

See the accompanying Independent Auditors' Report.

CITY OF FOUNTAIN, COLORADO

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
 Increase (Decrease) in Cash and Cash Equivalents
 Year Ended December 31, 2013

	<u>AMBULANCE</u>	<u>DRAINAGE</u>	<u>TOTAL</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Customers	\$ 607,702	\$ 140,032	\$ 747,734
Cash Payments to Employees	(716,261)	-	(716,261)
Cash Payments to Suppliers	(130,994)	(62,923)	(193,917)
Net Cash Provided (Used) by Operating Activities	<u>(239,553)</u>	<u>77,109</u>	<u>(162,444)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers from Other Funds	268,603	-	268,603
Transfers to Other Funds	(29,050)	-	(29,050)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>239,553</u>	<u>-</u>	<u>239,553</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest Received	-	(4,959)	(4,959)
NET CHANGE IN CASH AND CASH EQUIVALENTS	-	72,150	72,150
CASH AND CASH EQUIVALENTS, Beginning	<u>-</u>	<u>1,529,216</u>	<u>1,529,216</u>
CASH AND CASH EQUIVALENTS, Ending	<u>\$ -</u>	<u>\$ 1,601,366</u>	<u>\$ 1,601,366</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating Income (Loss)	\$ (229,946)	\$ 79,749	\$ (150,197)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Depreciation	1,836	-	1,836
Changes in Assets and Liabilities			
Accounts Receivable	4,066	60,104	64,170
Accounts Payable	(12,075)	(62,744)	(74,819)
Accrued Liabilities	1,478	-	1,478
Compensated Absences Payable	(4,912)	-	(4,912)
Net Cash Provided (Used) by Operating Activities	<u>\$ (239,553)</u>	<u>\$ 77,109</u>	<u>\$ (162,444)</u>

See the accompanying Independent Auditors' Report.

CITY OF FOUNTAIN, COLORADO

BUDGETARY COMPARISON SCHEDULE

WATER FUND

Year Ended December 31, 2013

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE Positive (Negative)</u>
REVENUES				
Charges for Services	\$ 6,978,350	\$ 6,978,350	\$ 6,318,154	\$ (660,196)
Miscellaneous	259,240	259,240	278,312	19,072
Investment Income	10,390	10,390	30,597	20,207
System Development Fees	1,288,872	1,288,872	1,307,224	18,352
Water Acquisition Fees	585,090	585,090	593,026	7,936
Loan Proceeds	12,178,000	12,178,000	12,178,000	-
TOTAL REVENUES	<u>21,299,942</u>	<u>21,299,942</u>	<u>20,705,313</u>	<u>(594,629)</u>
EXPENDITURES				
Source of Supply	2,209,605	2,214,105	1,714,985	499,120
Operations and Maintenance	1,802,680	1,937,680	1,781,849	155,831
Customer Accounts and Collection	536,990	536,990	549,779	(12,789)
Administration and General	1,430,900	1,430,900	1,304,885	126,015
Capital Outlay	11,027,476	12,585,519	8,706,175	3,879,344
Debt Principal	-	-	697,800	(697,800)
Interest Expense	1,697,326	1,697,326	988,595	708,731
Transfers Out	383,480	383,480	383,480	-
TOTAL EXPENDITURES	<u>19,088,457</u>	<u>20,786,000</u>	<u>16,127,548</u>	<u>4,658,452</u>
CHANGE IN NET POSITION, Budgetary Basis	<u>\$ 2,211,485</u>	<u>\$ 513,942</u>	4,577,765	<u>\$ 4,063,823</u>
ADJUSTMENTS TO GAAP BASIS				
Loan Proceeds			(12,178,000)	
Capital Outlay			8,706,175	
Depreciation Expense			(941,305)	
Debt Principal			697,800	
CHANGE IN NET POSITION, GAAP Basis			862,435	
NET POSITION, Beginning			<u>40,445,276</u>	
NET POSITION, Ending			<u>\$ 41,307,711</u>	

See the accompanying Independent Auditors' Report.

CITY OF FOUNTAIN, COLORADO

BUDGETARY COMPARISON SCHEDULE

ELECTRIC FUND

Year Ended December 31, 2013

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	VARIANCE Positive (Negative)
REVENUES				
Charges for Services	\$ 22,935,530	\$ 22,935,530	\$ 23,243,314	\$ 307,784
Miscellaneous	446,233	446,233	513,927	67,694
Investment Income	206,090	206,090	118,468	(87,622)
New Service Installation	1,329,527	1,329,527	163,428	(1,166,099)
System Development Fees	142,950	142,950	-	(142,950)
Grants	758,440	758,440	1,687,605	929,165
Transfers In	411,140	411,140	411,140	-
TOTAL REVENUES	<u>26,229,910</u>	<u>26,229,910</u>	<u>26,137,882</u>	<u>(92,028)</u>
EXPENDITURES				
Source of Supply	13,695,162	13,695,162	14,342,259	(647,097)
Operations and Maintenance	4,641,155	4,641,155	3,508,038	1,133,117
Customer Accounts and Collection	1,622,380	1,622,380	1,483,062	139,318
Administration and General	2,933,330	2,933,330	2,870,258	63,072
Capital Outlay	4,171,336	6,927,644	5,220,844	1,706,800
Transfers Out	344,630	344,630	344,630	-
TOTAL EXPENDITURES	<u>27,407,993</u>	<u>30,164,301</u>	<u>27,769,091</u>	<u>2,395,210</u>
CHANGE IN NET POSITION, Budgetary Basis	<u>\$ (1,178,083)</u>	<u>\$ (3,934,391)</u>	(1,631,209)	<u>\$ 2,303,182</u>
ADJUSTMENTS TO GAAP BASIS				
Capital Outlay			5,220,844	
Depreciation Expense			<u>(1,015,896)</u>	
CHANGE IN NET POSITION, GAAP Basis			2,573,739	
NET POSITION, Beginning			<u>37,589,509</u>	
NET POSITION, Ending			<u>\$ 40,163,248</u>	

See the accompanying Independent Auditors' Report.

CITY OF FOUNTAIN, COLORADO

BUDGETARY COMPARISON SCHEDULE

AMBULANCE FUND

Year Ended December 31, 2013

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	VARIANCE Positive (Negative)
REVENUES				
Charges for Services	\$ 573,157	\$ 573,157	\$ 603,636	\$ 30,479
Transfers In	<u>268,603</u>	<u>268,603</u>	<u>268,603</u>	<u>-</u>
TOTAL REVENUES	<u>841,760</u>	<u>841,760</u>	<u>872,239</u>	<u>30,479</u>
EXPENDITURES				
Operations and Maintenance	812,710	822,913	831,746	(8,833)
Transfers Out	<u>29,050</u>	<u>29,050</u>	<u>29,050</u>	<u>-</u>
TOTAL EXPENDITURES	<u>841,760</u>	<u>851,963</u>	<u>860,796</u>	<u>(8,833)</u>
CHANGE IN NET POSITION, Budgetary Basis	<u>\$ -</u>	<u>\$ (10,203)</u>	11,443	<u>\$ 21,646</u>
ADJUSTMENTS TO GAAP BASIS				
Depreciation Expense			<u>(1,836)</u>	
CHANGE IN NET POSITION, GAAP Basis			9,607	
NET POSITION, Beginning			<u>(49,352)</u>	
NET POSITION, Ending			<u>\$ (39,745)</u>	

See the accompanying Independent Auditors' Report.

CITY OF FOUNTAIN, COLORADO

BUDGETARY COMPARISON SCHEDULE

DRAINAGE FUND

Year Ended December 31, 2013

	<u>ORIGINAL AND FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE Positive (Negative)</u>
REVENUES			
Charges for Services	\$ 70,000	\$ 79,928	\$ 9,928
Investment Income	<u>11,250</u>	<u>(5,234)</u>	<u>(16,484)</u>
TOTAL REVENUES	<u>81,250</u>	<u>74,694</u>	<u>(6,556)</u>
EXPENDITURES			
Operations and Maintenance	<u>200,000</u>	<u>179</u>	<u>199,821</u>
TOTAL EXPENDITURES	<u>200,000</u>	<u>179</u>	<u>199,821</u>
CHANGE IN NET POSITION, Budgetary Basis	\$ <u>(118,750)</u>	74,515	\$ <u>193,265</u>
NET POSITION, Beginning		<u>1,529,927</u>	
NET POSITION, Ending		\$ <u>1,604,442</u>	

See the accompanying Independent Auditors' Report.

CITY OF FOUNTAIN, COLORADO

BUDGETARY COMPARISON SCHEDULE

INSURANCE FUND

Year Ended December 31, 2013

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES			
Charges for Services	\$ 3,074,380	\$ 3,265,188	\$ 190,808
Investment Income	-	(2,539)	(2,539)
	<u>3,074,380</u>	<u>3,262,649</u>	<u>188,269</u>
TOTAL REVENUES			
EXPENDITURES			
Administration and General	217,538	189,826	(27,712)
Insurance Premiums	299,117	358,903	59,786
Insurance Claims	<u>2,407,725</u>	<u>2,093,573</u>	<u>314,152</u>
	<u>2,924,380</u>	<u>2,642,302</u>	<u>282,078</u>
TOTAL EXPENDITURES			
CHANGE IN NET POSITION, Budgetary Basis	\$ <u>150,000</u>	620,347	\$ <u>470,347</u>
NET POSITION, Beginning		<u>(83,613)</u>	
NET POSITION, Ending		<u>\$ 536,734</u>	

See the accompanying Independent Auditors' Report.

CITY OF FOUNTAIN, COLORADO

BALANCE SHEET
COMPONENT UNIT
 December 31, 2013

	<u>FOUNTAIN URBAN RENEWAL AUTHORITY</u>
ASSETS	
Cash and Investments	\$ 191,435
Accounts Receivable	7,275
Taxes Receivable	<u>92,899</u>
TOTAL ASSETS	\$ <u>291,609</u>
DEFERRED INFLOWS OF RESOURCES	
Property Taxes	<u>\$ 92,899</u>
FUND BALANCE	
Unrestricted, Unassigned	<u>198,710</u>
TOTAL FUND BALANCE	<u>198,710</u>
TOTAL DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	\$ <u>291,609</u>
 Amounts Reported for the Component Unit in the Statement of Net Position are Different Because:	
Total Fund Balance of the Component Unit	\$ 198,710
Long-term liabilities are not due and payable in the current year and, therefore, are not reported in governmental funds. This amount includes a loan (\$53,771) and accrued interest payable (\$7,828).	<u>(61,599)</u>
Total Net Position of the Component Unit	\$ <u>137,111</u>

See the accompanying Independent Auditors' Report.

CITY OF FOUNTAIN, COLORADO

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
COMPONENT UNIT

Year Ended December 31, 2013

	<u>FOUNTAIN URBAN RENEWAL AUTHORITY</u>
REVENUES	
Property Tax Increment	\$ 86,695
Sales Tax Increment	27,957
Investment Income	<u>88</u>
TOTAL REVENUES	<u>114,740</u>
EXPENDITURES	
Current	
General Government	9,661
Debt Service	
Principal	28,341
Interest	<u>3,735</u>
TOTAL EXPENDITURES	<u>41,737</u>
NET CHANGE IN FUND BALANCE	73,003
FUND BALANCE, Beginning	<u>125,707</u>
FUND BALANCE, Ending	\$ <u><u>198,710</u></u>
Amounts Reported for the Component Unit in the Statement of Activities are Different Because:	
Net Change in Fund Balance of the Component Unit	\$ 73,003
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 loan payments.	28,341
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 represents the change in accrued interest payable.	<u>199</u>
Change in Net Position of the Component Unit	\$ <u><u>101,543</u></u>

See the accompanying Independent Auditors' Report.

CITY OF FOUNTAIN, COLORADO

STATISTICAL SECTION

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Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	62-66
Revenue Capacity These schedules contain information to help th reader assess the City's most significant local revenue sources.	67-75
Debt Capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	76-78
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	79-80
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	81-83

CITY OF FOUNTAIN, COLORADO

NET POSITION BY COMPONENT LAST TEN FISCAL YEARS (Unaudited)

TABLE 1

(accrual basis of accounting)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental Activities										
Net Investment in Capital Assets	\$ 61,937,636	\$ 63,295,005	\$ 73,828,899	\$ 76,850,378	\$ 81,403,558	\$ 79,168,395	\$ 76,610,623	\$ 76,127,122	\$ 76,210,836	\$ 74,221,505
Restricted for Parks					171,785	251,049	171,785	159,446	150,841	200,199
Restricted for District Repairs and Maintenance								260,397	300,346	335,202
Restricted for Transportation					77,407		77,407	160,658	-	323,923
Restricted for Street Repairs and Maintenance					75,110		75,110	46,277	49,317	114,524
Restricted for Street Improvements					492,788		492,788	1,026,814	1,651,516	2,273,777
Restricted for Emergencies	253,356	305,970	341,350	356,669	352,000	348,500	351,000	355,000	393,000	378,000
Unrestricted	2,929,808	3,508,330	4,146,131	3,756,185	2,169,455	1,055,370	952,123	135,074	189,013	(88,331)
Total governmental activities net position	65,120,800	67,109,305	78,316,380	80,963,232	83,923,013	80,823,314	78,730,836	78,270,788	78,944,869	77,758,799
Business-type activities										
Net Investment in Capital Assets	35,377,377	38,842,905	38,780,143	47,852,415	57,171,450	58,293,086	60,771,506	63,517,686	65,483,598	70,249,254
Restricted for Debt Service								576,900	576,900	576,900
Unrestricted	9,060,179	14,948,306	25,377,760	24,207,739	17,064,618	16,362,533	14,381,159	11,415,974	13,418,176	12,434,106
Total business-type activities net position	44,437,556	53,791,211	64,157,903	72,060,154	74,236,068	74,655,619	75,152,665	75,510,560	79,478,674	83,260,260
Primary government										
Net Investment in Capital Assets	97,315,013	102,137,910	112,609,042	124,702,793	138,575,008	137,461,481	137,382,129	139,644,808	141,694,434	144,470,759
Restricted for Parks					171,785	251,049	171,785	159,446	150,841	200,199
Restricted for District Repairs and Maintenance								260,397	300,346	335,202
Restricted for Transportation					77,407		77,407	160,658	-	323,923
Restricted for Street Repairs and Maintenance					75,110		75,110	46,277	49,317	114,524
Restricted for Street Improvements					492,788		492,788	1,026,814	1,651,516	2,273,777
Restricted for Debt Service								576,900	576,900	576,900
Restricted for Emergencies	253,356	305,970	341,350	356,669	352,000	348,500	351,000	355,000	393,000	378,000
Unrestricted	11,989,987	18,456,636	29,523,891	27,963,924	19,234,073	17,417,903	15,333,282	11,551,048	13,607,189	12,345,775
Total primary government net position	\$ 109,558,356	\$ 120,900,516	\$ 142,474,283	\$ 153,023,386	\$ 158,161,081	\$ 155,478,933	\$ 153,883,501	\$ 153,781,348	\$ 158,423,543	\$ 161,019,059

Source: City of Fountain, Colorado, audited financial statements, 2004-2013

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

Amounts for 2012 have been restated.

CITY OF FOUNTAIN, COLORADO

CHANGES IN NET POSITION LAST TEN FISCAL YEARS (Unaudited)

TABLE 2

(accrual basis of accounting)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Expenses										
Governmental Activities										
General Government	\$ 1,446,121	\$ 1,769,133	\$ 1,931,863	\$ 2,436,516	\$ 2,801,721	\$ 2,483,390	\$ 3,020,265	\$ 2,949,011	\$ 2,937,922	\$ 3,088,640
Public Safety	4,775,186	5,143,434	5,554,234	6,330,794	6,487,537	6,989,181	7,182,513	7,446,750	7,966,886	8,166,704
Public Works	2,920,839	3,575,604	3,988,615	4,062,454	4,370,731	3,881,335	4,235,181	2,071,681	2,756,803	3,402,850
Health and Welfare	166,569	179,895	192,126	229,291	236,958	193,459	166,141	211,294	255,525	276,146
Culture and Recreation	475,830	539,826	710,243	642,930	779,830	966,366	790,333	858,049	772,212	778,062
Interest Expense			42,189		51,071	39,917	27,846	28,812	20,123	133,048
Total Governmental Activities Expenses	9,784,545	11,207,892	12,377,081	13,744,174	14,727,848	14,553,648	15,422,279	13,565,597	14,709,471	15,845,450
Business-type Activities										
Water Utility	3,616,800	4,157,429	4,854,507	5,797,432	5,898,155	6,175,434	6,425,441	6,702,091	6,486,441	7,220,673
Electric Utility	13,705,491	15,429,052	17,184,918	17,750,594	18,031,553	18,178,620	19,363,478	20,739,214	21,428,400	23,025,897
Ambulance	563,138	597,421	623,433	690,328	722,708	680,909	689,230	782,788	850,134	826,633
Drainage	2,171	31	-	-	18,604	332,103	62,103	49,530	129,444	179
Total Business-type Activities Expenses	17,887,600	20,183,933	22,662,858	24,238,354	24,671,020	25,367,066	26,540,252	28,273,623	28,894,419	31,073,382
Total Primary Government Expenses	\$ 27,671,945	\$ 31,391,825	\$ 35,039,939	\$ 37,982,528	\$ 39,398,868	\$ 39,920,714	\$ 41,962,531	\$ 41,839,220	\$ 43,603,890	\$ 46,918,832
Program Revenues										
Governmental Activities:										
Charges for Services:										
General Government	\$ 99,772	\$ 103,193	\$ 205,965	\$ 267,321	\$ 160,968	\$ 154,258	\$ 117,196	\$ 137,678	\$ 190,390	\$ 337,441
Public Safety	55,571	27,000	452,439	499,966	687,339	466,151	297,793	394,179	510,392	439,352
Public Works	37,334	32,288	28,169	80,502	25,211	25,258	20,350	7,736	16,461	12,437
Health and Welfare	19,623	29,933	26,167	11,994	15,496	16,209	23,122	12,781	20,112	38,000
Culture and Recreation	214,219	366,343	400,355	331,007	143,381	125,772	49,667	39,536	154,698	133,831
Operating Grants and Contributions	847,855	1,011,542	1,018,610	912,644	956,900	913,581	1,323,439	1,241,485	1,373,031	1,104,640
Capital Grants and Contributions	2,935,402	3,714,296	12,794,795	4,930,875	6,512,188	57,463	66,000	107,600	449,604	-
Total Governmental Activities Program Revenues	4,209,776	5,284,595	14,926,500	7,034,309	8,501,483	1,758,692	1,897,567	1,844,155	2,714,688	2,065,701
Business-type Activities:										
Charges for Services:										
Water Utility	2,594,189	4,620,893	3,744,464	4,208,050	4,544,279	4,574,734	5,420,523	5,975,973	6,988,153	6,596,466
Electric Utility	13,439,211	16,093,112	18,180,158	18,460,945	18,467,209	18,875,288	19,795,797	20,626,280	22,469,395	23,757,241
Ambulance	537,661	517,770	528,076	668,680	714,921	656,075	585,801	659,662	681,356	603,636
Drainage	568,303	234,727	325,212	110,762	93,891	19,268	16,866	18,875	123,885	79,928
Capital Grants and Contributions	7,414,101	7,327,535	8,696,871	6,969,441	1,832,494	1,598,372	1,128,501	1,226,149	2,874,944	3,751,283
Total Business-type Activities Program Revenues	24,553,465	28,794,037	31,474,781	30,417,878	25,652,794	25,723,737	26,947,488	28,506,939	33,137,733	34,788,554
Total Primary Government Revenues	\$ 28,763,241	\$ 34,078,632	\$ 46,401,281	\$ 37,452,187	\$ 34,154,277	\$ 27,482,429	\$ 28,845,055	\$ 30,351,094	\$ 35,852,421	\$ 36,854,255
Net (Expense)/Revenue										
Governmental Activities	\$ (5,574,569)	\$ (5,933,297)	\$ 2,549,419	\$ (6,709,865)	\$ (6,226,365)	\$ (12,794,956)	\$ (13,524,712)	\$ (11,721,442)	\$ (11,994,783)	\$ (13,779,749)
Business-type Activities	6,665,865	8,610,104	8,811,923	6,179,524	981,774	356,671	407,236	233,316	4,243,314	3,715,172
Total Primary Government Net Revenue (Expense)	\$ 1,091,296	\$ 2,686,807	\$ 11,361,342	\$ (530,341)	\$ (5,244,591)	\$ (12,438,285)	\$ (13,117,476)	\$ (11,488,126)	\$ (7,751,469)	\$ (10,064,577)

Source: City of Fountain, Colorado, audited financial statements, 2004-2013
 Note: The City of Fountain, Colorado adopted GASB Statement 65 for the year ended December 31, 2013.
 Amounts for 2012 have been restated.

TABLE 2
(continued)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes	\$ 1,126,858	\$ 1,129,812	\$ 1,294,876	\$ 1,424,293	\$ 1,674,629	\$ 1,742,023	\$ 1,814,141	\$ 1,808,353	\$ 1,662,856	\$ 1,691,850
Sales and Use Taxes	4,617,999	5,400,967	5,879,743	6,174,301	5,911,624	5,943,879	7,404,402	7,437,672	8,528,383	8,678,945
Specific Ownership Taxes	158,538	160,634	168,389	186,485	184,974	171,897	165,271	159,210	159,616	171,785
Franchise Taxes	878,787	1,039,493	1,104,699	1,097,936	1,065,600	1,448,683	1,566,986	1,645,916	1,780,553	1,861,009
Investment Income	153,372	339,168	261,858	333,918	271,405	92,918	31,623	25,234	29,244	(22,321)
Other Revenues	53,909	136,373	367,955	251,668	175,764	49,020	262,831	59,875	71,914	134,994
Insurance Proceeds									290,000	-
Transfers	(566,002)	(294,643)	(419,864)	(111,884)	(95,850)	244,837	186,980	125,134	146,298	77,417
Total Governmental Activities	6,423,461	7,911,804	8,657,656	9,356,717	9,188,146	9,693,257	11,432,234	11,261,394	12,668,864	12,593,679
Business-type Activities:										
Other Revenues										
Investment Earnings	139,111	448,904	1,134,905	1,610,843	1,098,290	307,717	276,790	249,713	238,857	143,831
Transfers	566,002	294,643	419,864	111,884	95,850	(244,837)	(186,980)	(125,134)	(146,298)	(77,417)
Total Business-type Activities	705,113	743,547	1,554,769	1,722,727	1,194,140	62,880	89,810	124,579	92,559	66,414
Total Primary Government	\$ 7,128,574	\$ 8,655,351	\$ 10,212,425	\$ 11,079,444	\$ 10,382,286	\$ 9,756,137	\$ 11,522,044	\$ 11,385,973	\$ 12,761,423	\$ 12,660,093
Change in Net Position										
Government Activities	\$ 848,892	\$ 1,988,507	\$ 11,207,075	\$ 2,646,852	\$ 2,961,781	\$ (3,101,699)	\$ (2,092,478)	\$ (460,048)	\$ 674,081	\$ (1,186,070)
Business-type Activities	7,370,978	9,353,651	10,366,692	7,902,251	2,175,914	419,551	497,046	357,895	4,335,873	3,781,586
Total Primary Government	\$ 8,219,870	\$ 11,342,158	\$ 21,573,767	\$ 10,549,103	\$ 5,137,695	\$ (2,682,148)	\$ (1,595,432)	\$ (102,153)	\$ 5,009,954	\$ 2,595,516

Source: City of Fountain, Colorado, audited financial statements, 2004-2013
Note: The City of Fountain, Colorado adopted GASB Statement 65 for the year ended December 31, 2013.
Amounts for 2012 have been restated.

CITY OF FOUNTAIN, COLORADO

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

TABLE 3

(modified accrual basis of accounting)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Fund										
Reserved	\$ 253,356	\$ 305,970	\$ 341,350	\$ 356,669	\$ 352,000	\$ 348,500	\$ 351,000	\$ -	\$ -	\$ -
Unreserved	3,008,273	3,652,593	4,024,768	3,853,966	2,589,546	1,800,583	2,051,307	-	-	-
Nonspendable Note Receivable								355,000	100,000	25,663
Restricted for Emergencies									393,000	378,000
Restricted for Fire Sta./Police Sta. Renovation									2,499,423	121,934
Committed to Park Improvements								161,212	311,804	283,566
Committed to School Zone								30,996	50,725	58,066
Committed to Traffic Signal									208,000	208,000
Assigned to Public Safety Capital Improvements									110,169	443,783
Unrestricted, Unassigned								1,607,759	577,192	589,591
Total general fund	\$ 3,261,629	\$ 3,958,563	\$ 4,366,118	\$ 4,210,635	\$ 2,941,546	\$ 2,149,083	\$ 2,402,307	\$ 2,154,967	\$ 4,250,313	\$ 2,108,603
All Other Governmental Funds										
Reserved	\$ 119,442	\$ 101,662	\$ 179,949	\$ 231,020	\$ 314,757	\$ 251,049	\$ 817,090	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds		762,858	676,963	514,883	598,821	302,962	281,991	-	-	-
Restricted for Parks	741,544							159,446	150,841	200,199
Restricted for District Repairs & Maintenance								260,397	300,346	335,202
Restricted for Transportation								160,658	-	323,923
Restricted for Street Repairs & Maintenance								46,277	49,317	114,524
Restricted for Street Improvements								1,026,814	1,651,516	2,273,777
Committed to Volunteer Fire Activities								42,980	-	104,881
Assigned to Volunteer Fire Activities								-	92,126	-
Unrestricted, Unassigned								-	(95,642)	-
Total all other governmental funds	\$ 860,986	\$ 864,520	\$ 856,912	\$ 745,903	\$ 913,578	\$ 554,011	\$ 1,099,081	\$ 1,696,572	\$ 2,148,504	\$ 3,352,506

Source: City of Fountain Colorado, audited financial statements, 2004-2013

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)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Revenues:										
Taxes	\$ 7,242,289	\$ 8,188,717	\$ 8,447,707	\$ 8,883,015	\$ 8,836,827	\$ 9,306,482	\$ 10,950,800	\$ 11,051,151	\$ 12,131,408	\$ 12,403,589
Licenses and Permits	71,851	69,823	66,981	80,787	62,147	66,223	79,151	67,875	87,815	128,163
Intergovernmental	529,982	527,165	1,018,610	894,249	1,249,650	947,189	1,356,418	1,215,566	1,481,485	1,368,640
Charges for Services	337,913	553,801	705,361	692,339	337,265	319,603	174,588	142,104	330,165	489,192
Fines and Forfeitures	221,914	237,048	322,799	382,844	607,886	369,709	231,679	376,861	469,968	343,706
Investment Income	53,912	136,373	261,858	333,918	271,405	49,020	31,623	25,234	29,244	(19,782)
Other Revenues	280,609	433,078	385,909	304,883	200,861	148,886	318,562	101,624	153,169	134,994
Total Revenues	8,738,470	10,146,005	11,209,225	11,572,035	11,566,041	11,207,112	13,142,821	12,980,415	14,683,254	14,848,502
Expenditures:										
General Government	1,409,604	1,932,676	1,849,503	2,445,952	2,732,994	2,346,209	2,834,491	2,619,801	3,211,865	2,716,674
Public Safety	4,525,712	4,809,944	5,675,360	7,072,006	6,686,289	6,722,349	6,867,610	7,465,807	9,173,376	10,562,612
Public Works	985,851	1,271,131	1,760,698	1,770,931	1,738,221	1,192,431	1,615,195	1,780,686	2,066,730	1,677,957
Health and Welfare	158,854	166,946	191,098	221,395	196,969	185,429	185,744	203,847	253,336	275,818
Culture and Recreation	379,212	432,436	841,343	819,096	1,101,240	1,514,532	743,197	738,067	921,696	899,644
Capital Outlay (1)	302,605	611,543								
Debt Service (2)	285,498	300,015								
Principal			304,023	355,074	428,598	288,355	257,424	189,628	222,333	372,445
Interest			42,183	42,189	51,071	39,917	27,846	28,812	20,123	133,048
Total Expenditures	8,047,336	9,524,691	10,664,208	12,726,643	12,935,382	12,289,222	12,531,507	13,026,648	15,869,459	16,338,198
Excess of Revenues over (under) Expenditures	691,134	621,314	545,017	(1,154,608)	(1,369,341)	(1,082,110)	611,314	(46,233)	(1,186,205)	(1,489,696)
Other Financing Sources (Uses)										
Debt Issued	110,417	373,795	356,000	1,000,000	49,020	-	-	271,250	3,297,185	474,571
Insurance Proceeds									290,000	-
Transfers In	333,726	665,723	667,410	944,540	738,951	745,579	661,526	591,084	646,299	675,270
Transfers Out	(899,728)	(960,366)	(1,087,274)	(1,056,424)	(834,801)	(500,742)	(474,546)	(465,950)	(500,001)	(597,853)
Total Other Financing Sources (Uses)	(455,585)	79,152	(63,864)	888,116	(46,830)	244,837	186,980	396,384	3,733,483	551,988
Net Change in Fund Balances	\$ 235,549	\$ 700,466	\$ 481,153	\$ (266,492)	\$ (1,416,171)	\$ (837,273)	\$ 798,294	\$ 350,151	\$ 2,547,278	\$ (937,708)
Debt Service as a percentage of noncapital Expenditures	3.5%	3.1%	3.2%	3.1%	3.7%	2.7%	2.3%	2.1%	2.0%	4.1%

Source: City of Fountain, Colorado audited financial statements, 2004-2013

Notes:

- (1) Capital Outlay was reported separately rather than by function in the 2004 and 2005 financial statements.
- (2) Debt Service was reported with principal and interest combined in the 2004 and 2005 financial statements.

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
2004	5,658,890	55,639,190	29,410,350	11,844,410	158,630	1,322,960	10,161,490	1,487,670	115,683,590	10.239	906,454,706	12.76%
2005	9,831,850	66,690,760	30,527,580	10,374,360	179,390	1,305,110	9,451,280	2,020,150	130,380,480	10.239	1,065,563,472	12.24%
2006	9,141,100	76,825,890	34,547,480	10,547,860	302,080	1,215,770	9,559,730	2,032,590	144,172,500	10.239	1,205,452,074	11.96%
2007	12,848,060	93,739,720	38,075,420	10,529,730	251,850	889,310	11,217,430	2,315,390	169,866,910	10.239	1,449,303,066	11.72%
2008	10,639,200	100,134,510	40,714,210	8,715,920	237,760	1,003,400	11,594,510	2,733,440	175,772,950	10.239	1,527,971,489	11.50%
2009	11,380,190	103,700,670	43,137,630	8,427,690	256,120	1,280,300	12,107,100	2,889,850	183,179,550	10.239	1,585,645,908	11.55%
2010	10,532,270	105,695,460	43,245,410	7,687,430	257,990	760,060	14,410,640	2,848,390	185,437,650	10.239	1,611,593,379	11.51%
2011	8,291,480	96,490,080	42,563,100	7,258,870	286,710	748,740	14,298,740	3,113,590	173,051,310	10.239	1,484,739,631	11.66%
2012	8,633,870	97,538,460	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%

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 2004-2013 assessment years. Tax rates are per \$1,000 of assessed value.

CITY OF FOUNTAIN, COLORADO

TABLE 6

DIRECT AND OVERLAPPING PROPERTY TAX RATES - LAST TEN YEARS (rate per \$1,000 of assessed value) (Unaudited)

Taxing Authority	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Direct										
City of Fountain (a)	10.239	10.239	10.239	10.239	10.239	10.239	10.239	10.239	10.239	10.239
Overlapping Governments										
El Paso County	8.012	7.673	7.710	7.514	7.583	7.531	7.717	7.597	7.663	7.714
School Districts										
Widefield #3	53.196	49.881	49.881	48.923	47.683	47.692	48.96	49.854	49.307	48.025
Fountain/Fort Carson #8	21.568	20.096	19.699	19.715	24.301	24.716	24.690	24.723	24.703	24.726
Sanitation Districts										
Fountain Sanitation	3.714	3.759	4.134	4.500	4.501	4.500	4.654	5.334	5.534	5.755
Water Districts										
S.E. Water Conservancy	0.947	0.943	0.941	0.915	0.943	0.940	0.940	0.947	0.944	0.940
Special Districts										
Fountain GID #1					12.000	12.000	12.000	12.000	12.000	12.000
Fountain GID #2					0.000	0.000	0.000	0.000	0.000	0.000
Heritage Improv. Maint.	4.940	4.940	4.940	4.940	4.940	4.940	4.940	4.940	4.940	4.940
Metropolitan Districts										
Countryside South				30.000	30.000	30.000	30.000	30.000	30.000	30.000
Crescent Canyon				35.000	35.000	35.000	35.000	35.000	35.000	35.000
Cross Creek	10.000	10.000	10.727	10.727	10.727	10.727	10.727	10.727	10.727	10.727
Cumberland Green				40.000	40.000	40.000	40.000	50.000	50.000	50.000
Mesa Ridge #2		37.000	37.000	37.000	37.000	37.000	37.000	37.000	37.000	37.000
Remuda Ridge					40.000	40.000	40.000	40.000	0.000	0.000
Ventana			7.000	7.000	7.000	7.000	0.000	0.000	0.000	40.000
Miscellaneous Districts										
Pikes Peak Library	3.495	3.296	3.515	3.325	3.540	3.468	3.556	3.999	4.000	4.000

Source - El Paso County Assessor's Office, Abstract of Assessment 2004-2013.

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

Table 7

PRINCIPAL PROPERTY TAXPAYERS CURRENT YEAR AND NINE YEARS AGO (Unaudited)

Taxpayer	2013			2004		
	Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Dillon Real Estate Co. Inc.	\$ 4,598,640	1	2.51%	\$ 4,672,080	1	4.04%
Wal-Mart Real Estate	\$ 2,513,990	2	1.37%	\$ 2,428,980	2	2.10%
SCI Plant No. 22 LLC	\$ 2,438,440	3	1.33%	\$ 3,395,680	3	2.94%
Lowes HIW Inc.	\$ 2,159,820	4	1.18%			
Raceway 200 LLC	\$ 1,885,010	5	1.03%	\$ 2,124,800	4	1.84%
Tranwest/GEP Investments	\$ 1,126,790	6	0.61%			
GHC Merchandise Inc.	\$ 1,088,340	7	0.59%			
Safeway Stores 46 Inc.	\$ 969,540	8	0.53%	\$ 1,192,940	5	1.03%
R A G Properties LLC	\$ 962,200	9	0.52%	\$ 889,430	6	0.77%
RMB Products Inc	\$ 950,860	10	0.52%			
Baetis Properties				\$ 1,158,550	7	1.00%
				\$ 694,700	8	0.60%
				\$ 493,650	9	0.43%
				\$ 491,360	10	0.42%
Total Assessed Valuation City of Fountain			\$ 183,524,200			\$ 115,683,590

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)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Sales Tax	\$ 3,383,304	\$ 3,748,011	\$ 4,381,368	\$ 4,902,542	\$ 4,907,051	\$ 5,051,851	\$ 5,167,168	\$ 5,239,962	\$ 5,633,146	\$ 5,848,928
General Property Tax	1,018,400	1,070,225	1,226,635	1,360,197	1,603,196	1,664,587	1,731,928	1,732,669	1,594,662	1,624,450
Use Tax	1,234,695	1,652,956	1,498,375	1,271,759	1,004,573	892,028	945,696	887,719	1,487,007	1,367,789
Specific Ownership Tax	158,538	160,634	168,389	186,485	184,974	171,897	165,271	153,425	154,403	165,432
Franchise Taxes:										
Cablevision	92,978	91,342	99,643	91,986	98,819	134,220	150,408	152,145	180,419	195,181
Electricity (1)	554,828	657,000	654,981	654,983	656,015	916,377	961,895	1,012,430	1,094,835	1,156,498
Gas	137,540	173,476	222,158	190,011	159,752	200,470	173,462	174,394	148,293	162,078
Telephone	13,334	13,334	13,334	13,334	13,334	13,334	13,334	13,334	13,334	23,578
Water (2)	80,107	103,641	114,584	147,622	137,680	184,282	267,887	293,613	343,672	323,674
Total	\$ 6,673,724	\$ 7,670,619	\$ 8,379,467	\$ 8,818,919	\$ 8,765,394	\$ 9,229,046	\$ 9,577,049	\$ 9,659,691	\$ 10,649,771	\$ 10,867,608

Source: City of Fountain, Colorado, audited financial statements, 2004-2013

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 increased from 3% to 4% in 2009 and increased to 5% in 2010.

CITY OF FOUNTAIN, COLORADO

**SALES TAX BY CATEGORY
LAST NINE FISCAL YEARS
(Unaudited)**

(modified accrual basis of accounting)

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

City Direct Sales Tax Rate	3.00%	3.00%	3.00%	3.00%	3.00%	3.75%	3.75%	3.75%	3.75%
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Source: City of Fountain, Colorado audited financial statements, 2005-2013 and Sales Tax Subsidiary Records, 2005-2013

Note: Ten years of sales tax information is not available

CITY OF FOUNTAIN, COLORADO

**DIRECT AND OVERLAPPING SALES TAX RATES
DECEMBER 31, 2013
(Unaudited)**

TABLE 10

<u>Fiscal Year</u>	<u>City of Fountain</u>	<u>El Paso County</u>	<u>State of Colorado</u>
2001	3.00%	1.0%	2.9%
2003	3.00%	1.0%	2.9%
2004	3.00%	1.00%	2.9%
2005	3.00%	1.00%	2.9%
2006	3.00%	1.00%	2.9%
2007	3.00%	1.00%	2.9%
2008	3.00%	1.00%	2.9%
2009	3.00%	1.00%	2.9%
2010	3.75%	1.00%	2.9%
2011	3.75%	1.00%	2.9%
2012	3.75%	1.00%	2.9%
2013	3.75%	1.23%	2.9%

CITY OF FOUNTAIN, COLORADO

PROPERTY TAX LEVIES AND COLLECTIONS LAST TEN YEARS (Unaudited)

TABLE 11

Year Assessed	Gross Tax Levy	Current Collections		Collections in Subsequent Years (1)	Total Collections to Date	
		Amount	Percentage of Levy		Total Net Taxes Collected	Total Tax Percentage of Levy
2004	1,080,439	1,060,011	98.11%	10,214	1,070,225	99.05%
2005	1,238,194	1,215,076	98.13%	11,559	1,226,635	99.07%
2006	1,374,300	1,346,157	97.95%	14,040	1,360,197	98.97%
2007	1,624,416	1,582,085	97.39%	21,111	1,603,196	98.69%
2008	1,680,824	1,648,541	98.08%	16,046	1,664,587	99.03%
2009	1,749,000	1,715,536	98.09%	16,392	1,731,928	99.02%
2010	1,748,162	1,717,983	98.27%	14,686	1,732,669	99.11%
2011	1,612,426	1,578,198	97.88%	16,464	1,594,662	98.90%
2012	1,640,950	1,609,621	98.09%	14,828	1,624,450	98.99%
2013	1,690,240	N/A			N/A	

Source: El Paso County Treasurer's Office and the City of Fountain, Colorado audited financial statements, 2004-2013

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

CITY OF FOUNTAIN, COLORADO

TABLE 12

WATER REVENUES LAST NINE FISCAL YEARS (Unaudited)

(accrual basis of accounting)

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

Source: City of Fountain, Colorado, audited financial statements, 2005-2012 and Utility Billing Records, 2005-2013

Note: Data not available for ten year period.

CITY OF FOUNTAIN, COLORADO

TABLE 13

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

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

Source: City of Fountain, Colorado, audited financial statements, 2005-2012 and Utility Billing Records, 2005-2013.

Notes: Ten years of data is not available

CITY OF FOUNTAIN, COLORADO

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

TABLE 14

Fiscal Year	Governmental Activities	Business-Type Activities										Total Primary Government	Per Capita (a)	Percentage of Personal Income (b)				
		2002		2003		2005		2007		2008					2009		2011	
		Capital Leases	Interim Loan Payable CWRPDA	2005 Loan Payable CWRPDA	2003 Water Rights Loan	2005 Water Rights Agreement	2007 Water Rights Loan	2008 Water Rights Loan	2007 Water Rights Loan	2008 Water Rights Loan	2009 CWRPDA	2009 Loan Payable CWRPDA	2011 Loan Payable CWRPDA	2011 Loan Payable CWRPDA	2013 Loan Payable CWRPDA	Government	Capita (a)	Percentage of Personal Income (b)
2004		599,311			727,000										1,326,311	72	0.22%	
2005		710,733		8,170,000	727,000	6,000,000									15,607,733	801	2.34%	
2006		762,710		8,020,000	727,000	3,000,000									12,509,710	599	1.68%	
2007		1,407,636		7,870,000	654,300		351,450								10,283,386	466	1.25%	
2008		1,028,058		7,715,000	581,600		312,400	1,470,669							11,107,727	475	1.24%	
2009		739,703		7,555,000	508,900		273,350	1,428,273							19,170,226	821	2.15%	
2010		482,279		7,390,000	436,200		234,300	1,382,812							18,435,591	713	1.86%	
2011		563,901		7,215,000	363,500		195,250	1,334,065							27,371,716	1,034	2.59%	
2012		3,638,753		7,035,000	290,800		156,200	1,281,793							29,937,546	1,114	2.72%	
2013		3,740,879		6,850,000	218,100		117,150	1,225,743							40,956,872	1,502	3.67%	

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

(a) population Data is from Table 18

(b) personal income data is from Table 18

CITY OF FOUNTAIN, COLORADO

TABLE 15

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

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

Number of Active Water Service Connections 5,664 5,745 6,709 6,985 7,092 7,219 7,267 7,420 7,582

Water Fund Debt per Active Water Service Connection \$ 2,630 \$ 2,045 \$ 1,323 \$ 1,443 \$ 2,599 \$ 2,487 \$ 3,689 \$ 3,544 \$ 4,908

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

Source: City of Fountain, Colorado, audited financial statements, 2005-2013 and Utility Billing Records, 2005-2013.

Notes: Ten years of data is not available

CITY OF FOUNTAIN, COLORADO

DIRECT AND OVERLAPPING DEBT DECEMBER 31, 2013 (Unaudited)

TABLE 16

Government Entity	Debt Outstanding	Estimated Percentage Applicable (b)	Estimated Share of Overlapping (a) Debt
Fountain/Fort Carson School District #8	\$ 7,900,000	100.00%	\$ 7,900,000
El Paso County	166,481,345	2.63%	\$ 4,379,393
Widefield School District #3	12,165,000	10.79%	\$ 1,312,470
Cumberland Green Metro District (c)	3,210,000	100.00%	\$ 3,210,000
Total Overlapping Debt	189,756,345		16,801,863
City of Fountain Direct Debt	3,740,879	100.0%	3,740,879
Total Direct and Overlapping Debt	\$ 193,497,224		\$ 20,542,742

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	2013	
	Employees	Percentage of Total County Employment (a)
Fort Carson	32,300	11.63%
Widefield School District #3	1,082	0.39%
Fountain/Fort Carson School District #8	1,024	0.37%
Dillon/GHC	515	0.19%
Wal-mart	384	0.14%
Lowes	145	0.05%
Total	35,450	12.76%

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

(a) 2013 El Paso County employment 277,783

Note: Information from nine years ago is not available.

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)
2004	18,350	18,174,330	596,944	32,531	5.8
2005	19,489	19,389,338	666,329	34,190	5.4
2006	20,885	20,676,693	744,905	35,667	4.7
2007	22,078	21,867,969	824,569	37,348	4.4
2008	23,409	22,698,715	892,492	38,126	5.7
2009	23,351	23,133,425	893,549	38,266	8.3
2010	25,846	24,035,091	990,522	38,324	9.7
2011	26,475	25,420,872	1,056,591	39,909	9.2
2012	26,885	26,374,299	1,099,408	40,893	9.3
2013	27,265	26,374,299	1,114,948	40,893	6.7

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 is from the US Census Bureau. 2013 population estimate is from US Census Bureau.
- (b) The data reported for Personal Income and Per Capita Personal Income is for El Paso County and has been updated per Bureau of Economic Analysis' statistics. 2013 data not available.
- (c) Personal Income for Fountain is calculated by multiplying Fountain population by Per Capita Personal Income.
- (d) Unemployment rate is for Colorado Springs Metro Area not seasonally adjusted per the Bureau of Labor Statistics

CITY OF FOUNTAIN, COLORADO

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

TABLE 19

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

Source: City of Fountain Finance Department

Note: Public Safety-Police and Fire were reorganized in 2009 to divisions

Support Services 2005-2008 included only Communications Officers

Support Services 2009 include Communications Officers, Patrol Officers and Records Management

Customer Service-Utilities 2008 Field Service moved to Electric Utility Engineering/Planning

Support Services for 2011 include Communications Officers, Records Management Techs, and new position of PD Training Coordinator

Parks Division in 2011 did not employ any seasonal workers as in previous years

Finance added new Accounting Technician position in 2011

Bus Transportation was added to the City in March 2012.

Police transferred K9 position to part-time/on call

Police added new FT SRO Officer in 2012

Management Analyst Position in City Administration eliminated in 2013

IT added new Helpdesk/Public Safety position in 2013

Transit Operators are 3/4 time employees

Parks added seasonal fire mitigation employees for summer only in 2013

Utilities Customer Service added a second Utility Analyst Position in 2013

Utilities Customer Service added a second Accountant Position in 2013

CITY OF FOUNTAIN, COLORADO

OPERATING INDICATORS BY FUNCTION/PROGRAM LAST NINE FISCAL YEARS (Unaudited)

TABLE 20

Function/Program	2005	2006	2007	2008	2009	2010	2011	2012	2013
Public Safety									
Fire Department									
Fire career staff	24	27	30	30	30	30	33	33	33
Vounteers	56	46	60	60	49	60	65	50	40
Fire Insurance Rating	5	5	5	5	5	5	5	5	5
Fire emergency responses	3,013	3,085	3,248	3,440	3,513	3,445	3,556	3,736	3,747
Police Department									
Sworn officers	36	38	40	40	40	40	39	41	41
Reserve officers	2	2	3	4	5	4	3	3	3
Calls for service	18,936	24,221	32,874	33,096	31,239	30,107	38,987	41,353	40,873
Homicides	-	1	0	1	1	1	1	0	0
Sexual assaults	75	72	70	70	80	44	82	61	59
Robbery	10	12	19	9	5	10	13	16	9
Assault	123	133	105	124	71	104	92	89	77
Larceny-thefts	631	542	537	477	493	516	551	531	580
Traffic citations	2,202	2,957	3,808	5,024	2,781	1,877	3,185	3,397	3,333
Adult arrests	926	1,107	1,263	1,404	1,334	974	1,388	922	1,080
Juvenile arrests	390	426	525	456	409	243	211	112	251
Domestic violence cases	344	358	304	326	369	374	688	198	144
Military custodial arrests	9	72	41	57	59	68	67	38	40
Public Works									
Miles of paved street	73.0	85.8	89.0	99.1	99.1	99.1	99.0	99.0	99.0
Miles of gravel road	1.6	3.2	3.4	3.4	3.4	3.4	3.5	3.5	3.5
Traffic signals	0	1	1	2	2	2	2	2	2
Pedestrian cross walks	73	73	77	79	75	75	75	75	75
Cultural & Recreation									
Developed parks	7	7	7	7	7	7	8	8	8
Open space acres (a)		191.5	255.0	288.5	288.5	288.5	288.5	288.5	288.5
Miles of trails (a)		6	6.0	6.0	6.0	6.0	6.3	6.3	10.3
Water Utility									
Number of accounts	5,664	5,745	6,709	6,985	7,092	7,218	7,267	7,420	7,582
Average daily consumption (gallons)	2,171,430	2,174,436	2,283,895	2,280,775	2,041,428	2,388,278	2,377,927	2,546,523	2,117,046
Annual consumption (gallons)	792,572,620	793,669,381	833,622,008	832,483,193	745,121,559	871,721,559	867,943,362	929,481,186	772,721,738
Distribution system (miles) (b)				110	114	122	122	129	123
Electric Utility									
Number of accounts	14,187	14,796	15,180	15,407	15,467	15,687	15,812	16,008	16,585
Peak demand (megawatts)									
Summer-July	41	43	44	44	42	44	48	52	50
Winter-December	39	39	38	39	40	37	38	39	41
Average daily consumption (kwh)	537,286	557,108	566,482	536,268	526,751	547,009	557,379	565,717	574,812
Annual consumption	196,109,714	203,344,425	206,766,245	195,738,180	192,264,306	199,658,359	203,443,321	206,486,804	209,806,427
Distribution systmen (miles)	528	533	540	546	550	550	550	550	565
Number of street lights (c)	2,196	2,343	2,440	2,508	2,554	2,314	2,946	2,920	2,930

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

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

(b) information is not available for 2005-2007

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

CITY OF FOUNTAIN, COLORADO

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM LAST EIGHT FISCAL YEARS (Unaudited)

TABLE 21

<u>Function/Program</u>	2006	2007	2008	2009	2010	2011	2012	2013
Public Safety								
Fire Department								
Fire hydrants	679	1,175	1,175	1,175	1,175	1,175	1,205	1,205
Number of fire stations	3	3	3	3	3	3	3	3
Number of fire trucks/implements	9	10	11	11	11	11	11	11
Police Department								
Number of police stations	1	1	1	1	1	1	1	1
Public Works								
Miles of paved street (miles)	85.80	89.00	99.10	99.10	99.1	99.0	99.0	100.6
Cemetery								
City owned Cemeteries	1	1	1	1	1	1	1	1
Cultural & Recreation								
Developed parks	7	7	7	7	7	8	8	8
Open space acres (a)	191.5	255.0	288.5	288.5	288.5	288.5	288.5	288.5
Miles of trails (a)	6	6	6	6	6	6	6	6
Number of pavillions	5	5	5	6	6	6	6	6
Number of gazebos	2	2	2	2	2	2	2	2
Number of splash pads	0	0	0	1	1	1	1	1
Number of baseball/softball fields	6	6	6	6	6	6	6	6
Number of dog park areas	0	0	1	1	1	1	1	1
Number of concession stands	0	0	0	0	0	0	1	1
Water Fund								
Number of customers	5,745	6,709	6,985	7,092	7,218	7,267	7,420	7,582
Number of wells	5	5	5	5	5	5	5	5
Potable Storage Tank Capacity (in gallons)	8,375,000	8,375,000	8,375,000	8,375,000	8,375,000	8,375,000	8,375,000	8,375,000
Electric Fund Fund								
Number of customers	14,796	15,180	15,407	15,467	15,687	15,812	16,008	16,585
Number of substations	5	5	5	5	5	5	5	5
Miles of distribution lines	533	540	546	550	550	550	550	565
Miles of transmission lines	2	2	2	2	2	2	2	2

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

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

COMPLIANCE SECTION

SINGLE AUDIT



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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component unit and remaining fund information of the City of Fountain as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the basic financial statements of the City of Fountain, and have issued our report thereon dated July 23, 2014.

Internal Control Over Financial Reporting

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

Our consideration of the City of Fountain's internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City of Fountain's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as 2013-1 to be material weaknesses.

City of Fountain's Response to Findings

The City of Fountain's response to the findings identified in our audit is described in the accompanying corrective action plan. The City of Fountain's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion it.

Compliance and Other Matters

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

Purpose of this Report

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



July 23, 2014



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

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH
MAJOR FEDERAL PROGRAM, INTERNAL CONTROL OVER COMPLIANCE,
AND THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
REQUIRED BY OMB CIRCULAR A-133**

Report on Compliance for Each Major Federal Program

We have audited the compliance of the City of Fountain with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City of Fountain's major federal programs for the year ended December 31, 2013. The City of Fountain's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Fountain's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Fountain's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the City of Fountain complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2013.

Report on Internal Control Over Compliance

Management of the City of Fountain is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Fountain's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstance for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Fountain's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component unit and remaining fund information of the City of Fountain as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the basic financial statements of the City of Fountain. We issued our report thereon dated July 23, 2014, which contained unmodified opinions on those financial statements. 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 accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Swainson & Company LLC

July 23, 2014

CITY OF FOUNTAIN, COLORADO

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended December 31, 2013

Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: unmodified

Internal control over financial reporting:

- Material weaknesses identified? yes no
- Significant deficiencies identified that are not considered to be material weaknesses? yes none reported

Noncompliance material to financial statements noted?

yes no

Federal Awards

Internal control over major programs:

- Material weaknesses identified? yes no
- Significant deficiencies identified that are not considered to be material weaknesses? yes none reported

Type of auditors' report issued on compliance for major programs: unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133?

yes no

Identification of major program:

81.122 Electricity Delivery and Energy Reliability, Research and Development and Analysis

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee?

yes no

Federal Awards Findings and Questioned Costs

The audit of federal awards did not disclose significant deficiencies in internal control that would be considered material weaknesses, and did not disclose instances of noncompliance or abuse that were material to those federal awards.

(Continued)

CITY OF FOUNTAIN, COLORADO

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended December 31, 2013

Financial Statement Findings

2013-1 Financial Reporting

Criteria	The City is responsible to implement internal controls designed to ensure that financial information is accurate and timely.
Condition	City personnel were unaware that two funds maintained on the accounting system were not in balance. In addition, significant reconciling items identified in the bank reconciliation were not resolved.
Context	The City was not consistently and timely reconciling bank statements to the accounting system. For example, the November, 2013, bank reconciliations were prepared in March, 2014. Once prepared, the reconciliations identified significant reconciling items. City personnel believe the reconciling items occurred because of a system malfunction in November of 2013. However, City personnel failed to detect the errors in a timely manner and were unable to correct the errors primarily because of a lack of experience.
Effect	The City's risk of misstatements in the financial statements is significantly increased when internal controls are inadequate, and key personnel lack the appropriate skills, knowledge and experience to accurately maintain the accounting records.
Cause	The City experienced significant personnel turnover in its finance department in the past year. Key positions were not filled for long periods of time.
Recommendation	We recommend that the City implement timely and ongoing procedures to detect and correct errors in financial reporting. The City should seek out personnel with the appropriate skills, knowledge and experience to achieve this goal.

Views of Responsible Officials and Planned Corrective Actions

See the accompanying Corrective Action Plan.

CITY OF FOUNTAIN, COLORADO

CORRECTIVE ACTION PLAN

Year Ended December 31, 2013

2013-1 Financial Reporting

The City agrees with the recommendation that the City implement timely and ongoing procedures to detect and correct errors in financial reporting and to seek out personnel with the appropriate skills, knowledge and experience to achieve this goal.

This starts with doing monthly bank reconciliations in a timely manner which would have detected the errors in the financial system. This will be implemented going forward.

The City has sought out personnel with the appropriate skills, knowledge and experience to achieve this goal. The City is fully staffed with qualified personnel to achieve this goal.

CITY OF FOUNTAIN, COLORADO

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended December 31, 2013

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Disbursements
U.S. Department of Housing and Urban Development		
Passed through El Paso County		
Community Development Block Grant	14.218	\$ 26,224
U.S. Department of Justice		
Bulletproof Vest Partnership Program	16.607	1,500
U.S. Department of Energy		
Passed through City of Fort Collins		
Electricity Delivery and Energy Reliability, Research, Development and Analysis	81.122	<u>1,687,605</u>
TOTAL FEDERAL FINANCIAL ASSISTANCE		<u>\$ 1,715,329</u>

See the accompanying Independent Auditors' Report.

CITY OF FOUNTAIN, COLORADO

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

December 31, 2013

NOTE 1: BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, using the accrual basis of accounting. Therefore, some amounts presented in this schedule may differ from amounts presented in the financial statements.

STATE COMPLIANCE

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

LOCAL HIGHWAY FINANCE REPORT	City or County: FOUNTAIN
	YEAR ENDING : December 2013
This Information From The Records Of (example - City of _ or County of) CITY OF FOUNTAIN	Prepared By: SHAWNA DAIL Phone: (719) 393-4924

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

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT	ITEM	AMOUNT
A. Receipts from local sources:		A. Local highway disbursements:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	148,510
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	631,536
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	26,970
2. General fund appropriations	1,043,675	b. Snow and ice removal	38,094
3. Other local imposts (from page 2)	191,622	c. Other	
4. Miscellaneous local receipts (from page 2)	291,125	d. Total (a. through c.)	65,064
5. Transfers from toll facilities		4. General administration & miscellaneous	299,617
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	1,102,861
a. Bonds - Original Issues		6. Total (1 through 5)	2,247,588
b. Bonds - Refunding Issues		B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	
7. Total (1 through 6)	1,526,421	b. Redemption	
B. Private Contributions		c. Total (a. + b.)	0
C. Receipts from State government (from page 2)	721,166	2. Notes:	
D. Receipts from Federal Government (from page 2)	0	a. Interest	
E. Total receipts (A.7 + B + C + D)	2,247,588	b. Redemption	
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	0
		C. Payments to State for highways	
		D. Payments to toll facilities	
		E. Total disbursements (A.6 + B.3 + C + D)	2,247,588

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

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

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
		2,247,588	2,247,588		0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT

STATE:
Colorado
YEAR ENDING (mm/yy):
December 2013

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments		a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	277,150
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	191,622	g. Other Misc. Receipts/Permits	13,975
6. Total (1. through 5.)	191,622	h. Other	
c. Total (a. + b.)	191,622	i. Total (a. through h.)	291,125
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	645,463	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	75,704	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.)	75,704	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	721,166	3. Total (1. + 2.g)	
			(Carry forward to page 1)

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL

	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs			0
b. Engineering Costs		24,867	24,867
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation		123,643	123,643
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)	0	123,643	123,643
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	148,510	148,510
			(Carry forward to page 1)

Notes and Comments: