FOUNTAIN URBAN RENEWAL AUTHORITY
El Paso County, Colorado

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEAR ENDED DECEMBER 31, 2022

FOUNTAIN URBAN RENEWAL AUTHORITY
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YEAR ENDED DECEMBER 31, 2022

BiggsKofford
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Fountain Urban Renewal Authority
Fountain, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Fountain Urban Renewal Authority ("Authority"), a component unit of the City of Fountain, Colorado, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Authority as of December 31, 2022, the respective changes in financial position, and the budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of the report. We are required to be independent of the Authority and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that

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includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with auditing standards generally accepted in the United States of America, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

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

Other Matters

Required Supplementary Information

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

Supplementary Information

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

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

Other Information

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

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

BiggsKofford, P.C.

Colorado Springs, Colorado
May 30, 2023

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BASIC FINANCIAL STATEMENTS

FOUNTAIN URBAN RENEWAL AUTHORITY
STATEMENT OF NET POSITION
DECEMBER 31, 2022

	Governmental Activities
ASSETS	
Cash and Investments	$ 1,149,101
Cash and Investments - Restricted	8,364,186
Due from Other Governments	720
Public Improvement Fee Receivable	205,709
Public Improvement Admin Fee Receivable	6,360
Incremental Sales Taxes Receivable	563,844
Sales Tax Admin Receivable	25,620
Use Tax Receivable	23,296
Incremental Property Taxes Receivable	360,178
Architect Retainer	5,000
Prepaid Expense	3,678
Capital Assets, Not Being Depreciated	2,086,059
Capital Assets, Being Depreciated, Net	911,595
Total Assets	13,705,346
DEFERRED OUTFLOWS OF RESOURCES	
Bond Discount	187,016
Total Deferred Outflows of Resources	187,016
LIABILITIES	
Accounts Payable	240,611
Rental Deposit	1,557
Accrued Interest Payable - Bonds	1,029,916
Accrued Interest Payable - Loan	3,200
Noncurrent Liabilities:	
Due Within One Year	80,000
Due in More Than One Year	47,704,511
Total Liabilities	49,059,795
DEFERRED INFLOWS OF RESOURCES	
Incremental Property Tax Revenue	360,178
Total Deferred Inflows of Resources	360,178
NET POSITION	
Net Investment in Capital Assets	2,678,143
Restricted For:	
South Academy Highlands Administration Funds	179,287
Debt Service	914,006
Unrestricted	(39,299,047)
Total Net Position	$ (35,527,611)

See accompanying Notes to Basic Financial Statements.

FOUNTAIN URBAN RENEWAL AUTHORITY
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022

		Program Revenues			Net Revenues (Expenses) and Change in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
FUNCTIONS/PROGRAMS					
Primary Government:					
Governmental Activities:					
General Government	$ 252,064	$ -	$ 44,130	$ -	$ (207,934)
Interest and Related Costs on Long-Term Debt	2,731,372	-	-	-	(2,731,372)
Total Governmental Activities	$ 2,983,436	$ -	$ 44,130	$ -	(2,939,306)
GENERAL REVENUES					
Incremental Property Taxes					251,313
Incremental Sales Taxes					2,681,299
Sales Tax Admin Revenue					91,182
Use Taxes					36,663
Public Improvement Fee					527,944
Public Improvement Fee Admin Revenue					16,328
Transportation Sales Taxes					406,651
Other Revenue					10,620
Net Investment Income					144,601
Gain on Sale					91,233
Total General Revenues					4,257,834
CHANGE IN NET POSITION					1,318,528
Net Position - Beginning of Year					(36,846,139)
NET POSITION - END OF YEAR					$ (35,527,611)

See accompanying Notes to Basic Financial Statements.

FOUNTAIN URBAN RENEWAL AUTHORITY
BALANCE SHEET –
GOVERNMENTAL FUNDS
DECEMBER 31, 2022

	General	Debt Service	Capital Projects	Total Governmental Funds
ASSETS				
Cash and Investments	$ 1,149,101	$ -	$ -	$ 1,149,101
Cash and Investments - Restricted	179,287	5,011,162	3,173,737	8,364,186
Due from Other Governments	720	-	-	720
Public Improvement Fee Receivable	-	205,709	-	205,709
Public Improvement Admin Fee Receivable	6,360	-	-	6,360
Incremental Sales Taxes Receivable	22,240	541,604	-	563,844
Sales Tax Admin Receivable	25,620	-	-	25,620
Use Tax Receivable	23,296	-	-	23,296
Incremental Property Taxes Receivable	360,178	-	-	360,178
Architect Retainer	5,000	-	-	5,000
Prepaid Expense	3,678	-	-	3,678
Due from Other Funds	78,428	-	-	78,428
Total Assets	$ 1,853,908	$ 5,758,475	$ 3,173,737	$ 10,786,120
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts Payable	$ 240,611	$ -	$ -	$ 240,611
Due to Other Funds	-	78,428	-	78,428
Rental Deposit	1,557	-	-	1,557
Total Liabilities	242,168	78,428	-	320,596
DEFERRED INFLOWS OF RESOURCES				
Incremental Property Tax Revenue	360,178	-	-	360,178
Total Deferred Inflows of Resources	360,178	-	-	360,178
FUND BALANCES				
Nonspendable:				
Prepaid Expense	3,678	-	-	3,678
Restricted:				
Debt Service	-	5,680,047	-	5,680,047
Capital Projects	-	-	3,173,737	3,173,737
South Academy Highlands Administration Funds	179,287	-	-	179,287
Assigned:				
Old Town Funds	4,352	-	-	4,352
Subsequent Year	275,148	-	-	275,148
Unassigned:				
General Government	789,097	-	-	789,097
Total Fund Balances	1,251,562	5,680,047	3,173,737	10,105,346
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 1,853,908	$ 5,758,475	$ 3,173,737	$ 10,786,120

See accompanying Notes to Basic Financial Statements.

FOUNTAIN URBAN RENEWAL AUTHORITY
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE NET POSITION OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2022

Fund Balances - Total Governmental Funds	$ 10,105,346
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets are reported as assets on the statement of net position but are recorded as expenditures in the funds.	
Capital Assets, Net	2,997,654
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	
Bond Discount	187,016
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	
Bonds Payable	(46,915,000)
5Star Bank Loan	(550,000)
RBD Loan	(80,000)
Woodmen Hall Loan	(239,511)
Accrued Interest Payable - Bonds	(1,029,916)
Accrued Interest Payable - Loan	(3,200)
Net Position of Governmental Activities	$ (35,527,611)

See accompanying Notes to Basic Financial Statements.

FOUNTAIN URBAN RENEWAL AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2022

	General	Debt Service	Capital Projects	Total Governmental Funds
REVENUES				
Incremental Property Taxes	$ 251,313	$ -	$ -	$ 251,313
Incremental Sales Taxes	139,727	2,541,572	-	2,681,299
Transportation Sales Taxes	-	406,651	-	406,651
Use Taxes	36,663	-	-	36,663
Sales Tax Admin Revenue	91,182	-	-	91,182
Public Improvement Fee Admin Revenue	16,328	-	-	16,328
Rental/Lease Income	44,130	-	-	44,130
Public Improvement Fee	-	527,944	-	527,944
Sale of Illinois Property	459,319			459,319
Other Revenue	10,620	-	-	10,620
Net Investment Income	4,235	79,075	61,291	144,601
Total Revenues	1,053,517	3,555,242	61,291	4,670,050
EXPENDITURES				
Current:				
Accounting	50,707	-	-	50,707
Auditing	8,350	-	-	8,350
County Treasurer's Fees	3,816	-	-	3,816
Insurance and Bonds	4,561	-	-	4,561
Legal	36,482	-	-	36,482
Miscellaneous	3,810	-	-	3,810
Other Professional Fees	165	-	-	165
Bank Fees	513	-	-	513
PIF Collections	10,395	-	-	10,395
Trustee Fees	13,500	-	-	13,500
Property Repairs and Maintenance	31,769	-	-	31,769
Line of Credit Interest	6,092	-	-	6,092
Line of Credit Principal	449,811	-	-	449,811
Loan Issue Costs	3,784	-	-	3,784
Woodmen Hall Loan Interest	13,780	-	-	13,780
Woodmen Hall Loan Principal	9,069	-	-	9,069
Loan Repayment - CHFA Loan	533,675			533,675
RBD Loan Interest	5,333	-	-	5,333
C4F Interest	14,854	-	-	14,854
Loan Interest 5Star	6,577	-	-	6,577
Property Management - Woodmen Hall	174	-	-	174
Woodmen Hall EDA Renovation	332,383	-	-	332,383
Utilities	8,231	-	-	8,231
Debt Service:				
Bond Interest - Series 2014C	-	441,330	-	441,330
Bond Interest - Series 2015A	-	2,044,300	-	2,044,300
Bond Interest - Series 2015B	-	346,150	-	346,150
Bond Principal - Series 2015A	-	540,000	-	540,000
Bond Principal - Series 2015B	-	20,000	-	20,000
Capital Outlay				
Public Infrastructure Improvements	-	-	1,275,000	1,275,000
Contingency	-	-	41	41
Total Expenditures	1,547,831	3,391,780	1,275,041	6,214,652
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(494,314)	163,462	(1,213,750)	(1,544,602)
OTHER FINANCING SOURCES (USES)				
Loan Issuance	550,000	-	-	550,000
Transfers from Other Funds	-	58,429	-	58,429
Transfers to Other Funds	-	-	(58,429)	(58,429)
Total Other Financing Sources (Uses)	550,000	58,429	(58,429)	550,000
NET CHANGE IN FUND BALANCES	55,686	221,891	(1,272,179)	(994,602)
Fund Balances - Beginning of Year	1,195,876	5,458,156	4,445,916	11,099,948
FUND BALANCES - END OF YEAR	$ 1,251,562	$ 5,680,047	$ 3,173,737	$ 10,105,346

See accompanying Notes to Basic Financial Statements.

FOUNTAIN URBAN RENEWAL AUTHORITY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022

Net Change in Fund Balances - Governmental Funds	$ (994,602)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. In the statement of activities, capital outlay is not reported as an expenditure. However, the statement of activities will report as depreciation expense the allocation of the cost of any depreciable asset over the estimated useful life of the asset.	
Capital Outlay	1,607,424
Depreciation	(57,805)
Gain on Sale	(368,086)
Long-term debt (e.g., issuance of bonds, loans, and the receipt of Developer advances) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.	
Loan Issuance	(550,000)
Bonds Principal Payment - Series 2015A	540,000
Bonds Principal Payment - Series 2015B	20,000
Loan Repayment	533,675
Line of Credit Principal Payment	449,811
Woodmen Hall Loan	9,069
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Accrued Interest on Bonds Payable - Change in Liability	164,013
Accrued Interest on Loan Payable - Change in Liability	2,133
Amortization of Bond Discount	(37,104)
Change in Net Position of Governmental Activities	$ 1,318,528

See accompanying Notes to Basic Financial Statements.

FOUNTAIN URBAN RENEWAL AUTHORITY
GENERAL FUND –
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2022

	Budget		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES				
Incremental Property Taxes	$ 263,109	$ 263,109	$ 251,313	$ (11,796)
Incremental Sales Taxes	75,000	89,340	139,727	50,387
Use Taxes	30,000	11,500	36,663	25,163
Property Loan/Refinance	400,000	-	-	-
Sale of Illinois Property	-	460,000	459,319	(681)
Net Investment Income	225	675	4,235	3,560
Sales Tax Admin Revenue	85,632	72,516	91,182	18,666
Public Improvement Fee Admin Revenue	14,060	13,072	16,328	3,256
Other Revenue	25,000	28,413	10,620	(17,793)
Rental/Lease Income	51,105	48,402	44,130	(4,272)
Total Revenues	944,131	987,027	1,053,517	66,490
EXPENDITURES				
Accounting	85,000	70,000	50,707	19,293
Auditing	7,500	7,500	8,350	(850)
County Treasurer's Fees	3,947	3,947	3,816	131
Insurance and Bonds	4,500	4,561	4,561	-
Legal	85,000	48,500	36,482	12,018
Miscellaneous	3,253	3,024	3,810	(786)
Other Professional Fees	29,000	26,000	165	25,835
Bank Fees	750	860	513	347
PIF Collections	10,747	10,747	10,395	352
Trustee Fees	13,500	13,500	13,500	-
RFQ/Gateway	-	4,352	-	4,352
Intern/Staffing	19,000	40,000	-	40,000
Property Repairs and Maintenance	5,500	4,698	31,769	(27,071)
Line of Credit Interest	11,000	6,973	6,092	881
Line of Credit Principal	-	450,000	449,811	189
Loan Issue Costs	-	-	3,784	(3,784)
Woodmen Hall Loan Interest	35,000	14,000	13,780	220
Woodmen Hall Loan Principal	8,500	8,872	9,069	(197)
Loan Repayment - CHFA Loan	-	533,675	533,675	-
Loan Repayment - 5Star Loan	-	220,000	-	220,000
RBD Loan Interest	3,200	5,333	5,333	-
C4F Interest	16,800	16,800	14,854	1,946
Loan Interest 5Star	-	-	6,577	(6,577)
BNSF/City - Parking Lease	3,200	3,200	-	3,200
Property Management - Woodmen Hall	1,375	174	174	-
Woodmen Hall EDA Renovation	618,330	351,200	332,383	18,817
Utilities	6,000	10,500	8,231	2,269
Contingency	12,303	141,584	-	141,584
Total Expenditures	983,405	2,000,000	1,547,831	452,169
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(39,274)	(1,012,973)	(494,314)	518,659
OTHER FINANCING SOURCES (USES)				
Loan Issuance	-	534,000	550,000	16,000
Total Other Financing Sources (Uses)	-	534,000	550,000	16,000
NET CHANGE IN FUND BALANCE	(39,274)	(478,973)	55,686	534,659
Fund Balance - Beginning of Year	1,029,128	1,032,459	1,195,876	163,417
FUND BALANCE - END OF YEAR	$ 989,854	$ 553,486	$ 1,251,562	$ 698,076

See accompanying Notes to Basic Financial Statements.

NOTE 1 DEFINITION OF REPORTING ENTITY

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

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

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Government-Wide and Fund Financial Statements

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements (Continued)

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

The Authority reports the following major governmental funds:

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

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Adoption of New Accounting Standards

In June 2017, GASB issued GASB Statement No. 87, *Leases* (GASB 87). This standard requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this standard, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The Authority has adopted GASB 87 and does not have any material lease obligations as of December 31, 2022.

Budgets

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

Pooled Cash and Investments

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

Incremental Property Taxes

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Incremental Property Taxes (Continued)

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

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

Incremental Sales Tax

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

- U.S. Highway 85 Corridor project area – sales tax shared at 0.25%
- South Academy Highlands project area – sales tax shared at 2.50%

Use Tax

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

Transportation Sales Tax Revenue

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

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

Capital Assets

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

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

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

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

Fence	15 Years
Buildings	25 Years
Property Improvements	25 Years

Amortization

Original Issue Discount

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

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

Deferred Inflow/Outflow of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources,* represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The Authority has one item that qualifies for reporting in this category. Accordingly, the item, *bond discount,* is deferred and recognized as an outflow of resources in the period that the amount is incurred.

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity

Net Position

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

Fund Balance

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

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

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

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

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

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

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

NOTE 3 CASH AND INVESTMENTS

Cash and investments as of December 31, 2022, are classified in the accompanying financial statements as follows:

Statement of Net Position:		
Cash and Investments	$	1,149,101
Cash and Investments - Restricted		8,364,186
Total Cash and Investments	$	9,513,287

Cash and investments as of December 31, 2022, consist of the following:

Deposits with Financial Institutions	$	1,588,762
Investments		7,924,525
Total Cash and Investments	$	9,513,287

Deposits with Financial Institutions

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

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

At December 31, 2022, the Authority's cash deposits had a bank balance of $1,585,605 and a carrying balance of $1,588,762.

Investments

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

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

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

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Investments (Continued)

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

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

As of December 31, 2022, the Authority had the following investments:

Investment	Maturity	Amount
Colorado Surplus Asset Trust Fund (CSAFE)	Weighted-Average Under 60 Days	$ 7,909,586
Colorado Local Government Liquid Asset Trust (COLOTRUST)	Weighted-Average Under 60 Days	14,939
Total		$ 7,924,525

CSAFE

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

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

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

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

CSAFE (Continued)

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

COLOTRUST

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

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

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

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

NOTE 4 CAPITAL ASSETS

An analysis of the changes in capital assets for the year ended December 31, 2022 follows:

	Balance at December 31, 2021	Increases	Decreases	Balance at December 31, 2022
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Construction in Progress	$ 250,170	$ 1,607,424	$ -	$ 1,857,594
Land - 212 West Illinois Ave	69,433	-	69,433	-
Land - 217 Santa Fe Ave	21,503	-	-	21,503
Land - 221 Santa Fe Ave	34,549	-	-	34,549
Land - Ransom Hwy 85	58,763	-	-	58,763
Land - 213 S Santa Fe Ave	74,337	-	-	74,337
Land - 102 N Main St	39,313	-	-	39,313
Total Capital Assets, Not Being Depreciated	548,068	1,607,424	69,433	2,086,059
Capital Assets, Being Depreciated:				
Bldg - 212 West Illinois Ave	207,835	-	207,835	-
Bldg - 217 Santa Fe Ave	144,939	-	-	144,939
Bldg - 221 Santa Fe Ave	419,156	-	-	419,156
Bldg - Ransom Hwy 85	92,535	-	-	92,535
Bldg - 213 S Santa Fe Ave	70,663	-	-	70,663
Bldg - 102 N Main St	410,687	-	-	410,687
Impr - 212 West Illinois Ave	160,745	-	160,745	-
Total Capital Assets, Being Depreciated	1,506,560	-	368,580	1,137,980
Less Accumulated Depreciation for:				
Bldg - 212 West Illinois Ave	(41,567)	(6,928)	(48,495)	-
Bldg - 217 Santa Fe Ave	(28,022)	(5,798)	-	(33,820)
Bldg - 221 Santa Fe Ave	(72,654)	(16,767)	-	(89,421)
Bldg - Ransom Hwy 85	(15,731)	(3,701)	-	(19,432)
Bldg - 213 S Santa Fe Ave	(11,072)	(2,826)	-	(13,898)
Bldg - 102 N Main St	(53,387)	(16,427)	-	(69,814)
Impr - 212 West Illinois Ave	(16,074)	(5,358)	(21,432)	-
Total Accumulated Depreciation	(238,507)	(57,805)	(69,927)	(226,385)
Total Capital Assets, Being Depreciated, Net	1,268,053	(57,805)	298,653	911,595
Governmental Activities Capital Assets, Net	$ 1,816,121	$ 1,549,619	$ 368,086	$ 2,997,654

NOTE 5 LONG-TERM OBLIGATIONS

The following is an analysis of changes in the Authority's long-term obligations for the year ended December 31, 2022:

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

	Balance December 31, 2021	Additions	Deletions	Balance December 31, 2022	Due Within One Year
Bonds Payable:					
Tax Increment Revenue Refunding and Improvement Bonds - Series 2015A	$ 39,675,000	$ -	$ 540,000	$ 39,135,000	$ -
Taxable Public Improvement Fee Refunding Bonds - Series 2015B	4,945,000	-	20,000	4,925,000	-
Tax Increment and Public Improvement Fee Taxable Revenue Bonds - Series 2014C	2,500,000	-	-	2,500,000	-
Public Improvement Fee Taxable Revenue Bonds - Series 2014D	355,000	-	-	355,000	-
Subtotal of Bonds Payable	47,475,000	-	560,000	46,915,000	-
Bonds/Notes/Loans from Direct Borrowings and Direct Placements:					
Independent Bank Line of Credit	449,811	-	449,811	-	-
CO4F Financing Fund Loan	533,675	-	533,675	-	-
5Star Bank Loan	-	550,000	-	550,000	-
Pikes Peak Regional Building Department Loan	80,000	-	-	80,000	80,000
Independence Bank - Woodmen Hall Loan	248,580	-	9,069	239,511	-
Subtotal Bonds/Notes/Loans from Direct Borrowings and Direct Placements	1,312,066	550,000	992,555	869,511	80,000
Total Long-Term Obligations	$ 48,787,066	$ 550,000	$ 1,552,555	$ 47,784,511	$ 80,000

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

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

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

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

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

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

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

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

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

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

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

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

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

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Tax Increment and Public Improvement Fee Taxable Revenue Bonds, Series 2014C and Public Improvement Fee Taxable Revenue Bonds, Series 2014D (Continued)

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

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

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

Northstar Bank – Line of Credit

On January 17, 2017, the Authority entered into a nondisclosable Revolving Line of Credit with Northstar Bank in the amount of $450,000 to primarily purchase properties. This line of credit is at a fixed rate of 2.85% due on January 1, 2023. As of December 31, 2022, there was no outstanding balance.

An Assignment of Deposit Account was executed between the Authority and Northstar Bank (Lender). Pursuant to the agreement, the Authority assigns and grants to the Lender a security interest and the collateral, including without limitation the 12-month Certificate of Deposit (CD or Collateral), to secure the indebtedness and agrees that the Lender shall have the rights stated in the agreement with respect to the Collateral, in additional to all the rights which the Lender may have by law.

Events of Default

Upon the occurrence of any one of the following Events of Default, the Lender may exercise its rights and remedies indicated in the agreement, in addition to any rights or remedies that may be available at law, in equity, or otherwise:

1) Failure to make any payment when due;
2) Failure to comply with or to perform any other term, obligation, covenant or condition contained in the agreement with the Lender;
3) Authority defaults under any loan, extension of credit, security agreement, purchase or sales agreement, or any other agreement, in favor of any other creditor or person that may materially affect any of the Authority's property or ability to perform its obligations under the agreement;
4) Any warranty, representation or statement made or furnished by the Authority to the Lender is false or misleading in any material respect, either now or at the time made or furnished or becomes false or misleading at any time thereafter;

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Northstar Bank – Line of Credit (Continued)

Events of Default (Continued)

5) Agreement between the Authority and the Lender ceases to be in full force and effect (including failure of any collateral document to create a valid and perfected security interest or lien) at any time and for any reason;
6) Insolvency of the Authority, the appointment of a receiver for any part of the Authority's property, any assignment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against the Authority.
7) Commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of the Authority or by any government agency against any collateral securing the indebtedness. This includes a garnishment of any of the Authority's accounts, including the CD, with the lender. However, this Event of Default shall not apply if there is a good faith dispute by the Authority as to the validity or reasonableness of the claim which is the basis of the creditor or the forfeiture proceeding and if the Authority gives the Lender written notice of the creditor or forfeiture proceeding and deposits with the Lender monies or a surety bond for the creditor or forfeiture proceeding, in an amount determined by the Lender, in its sole discretion, as being an adequate reserve or bond for the dispute;
8) Any of the preceding events occurs with respect to any guarantor, endorser, surety, or accommodation party of any of the indebtedness or guarantor, endorser, surety, or accommodation party dies or becomes incompetent or revokes or disputes the validity of, or liability under, any guaranty of the indebtedness;
9) A material adverse change occurs in the Authority's financial condition, or the Lender believes the prospect of payment or performance of the indebtedness is impaired;
10) If any default, other than a default in payment, is curable and if the Authority has not been given a notice of a breach of the agreement within the preceding 12 months, it may be cured if the Authority, after the Lender sends written notice to the Authority demanding sure of such default: (a) cures the default within 20 days; or (b) if the cure requires for than 20 days, immediately initiates steps which the Lender deems in its sole discretion to the sufficient to cure the default and thereafter continues and completes all reasonable and necessary steps sufficient to produce compliance as on as reasonably practical.

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Colorado Fresh Food Financing Fund (CO4F) Loan

On April 18, 2017, the Authority entered into a Loan Commitment with the Colorado Fresh Food Financing Fund (CO4F) by and through the Colorado Housing and Finance Authority for a loan in the amount of $533,675 to finance the costs of the acquisition of real estate and the demolition of the improvements located thereon at 217-221 S. Santa Fe Ave., Fountain, Colorado 80817. The loan is at an interest rate of 3% for five years. Interest only is due quarterly for the loan term. The loan matured in 2022 and was refinanced (see 5Star Bank Loan).

5Star Bank Loan

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

Events of Default

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

Pikes Peak Regional Building Department Loan

On April 30, 2018, the City entered into a Loan Agreement with the Pikes Peak regional Building Department (PPRBD). Pursuant to the Agreement, PPRBD agreed to loan the City $80,000 for costs of demolition and removing the buildings located at 221 S. Santa Fe, Fountain, Colorado; 217 S. Santa Fe, Fountain, Colorado; 213 S. Santa Fe, Fountain, Colorado; and 306 W. Missouri Avenue, Fountain, Colorado. The City will repay the loan as soon as possible from assessments against the properties or other payments received from property owners. In no case shall the term of the loan exceed five years unless extended by mutual agreement of the parties in writing. There will be no interest on the loan for the first year from the date of the Agreement. Upon the day following the end of the first year, the loan will accrue simple interest at the rate of 4% until repaid in full.

On April 30, 2018, the loan was assigned from the City to the Authority. On July 27, 2018, the Authority received $80,000 on this loan.

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Independence Bank – Woodman Hall Loan

On September 28, 2018, the Authority entered into a Loan Agreement with Independence Bank Mortgage in the amount of $275,000, for the property purchase at 102 Main Street North (Woodman Hall). The loan, which matures on September 28, 2028, is payable monthly at the annual interest rate of 5.5% for the first 60 months, at which time the rate will adjust to *The Wall Street Journal* prime rate plus 0.5% and be fixed at that rate for the remaining 60 months. Monthly payments of principal and interest are based on a 20-year amortization. The loan is collateralized with the first deed of trust and assignment of leases and rents on Woodman Hall. Under the terms of the loan, the Authority is required to maintain continuous insurance on the property. Beginning on December 31, 2019, a Debt Service Coverage of 1.25x is required for the loan. As of December 31, 2022, the Authority had sufficient funds to cover the required Debt Service Coverage in the amount of $310,725.

Events of Default

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

NOTE 6 NET POSITION

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

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. As of December 31, 2022, the Authority had net investment in capital assets calculated as follows:

Net Investment in Capital Assets:	
Capital Assets, Net	$ 2,997,654
Less: Capital Related Debt	
Long-Term Portion of Obligations	(319,511)
Net Investment in Capital Assets	$ 2,678,143

Restricted net position consists of assets that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The Authority had a restricted net position as of December 31, 2022, as follows:

Restricted Net Position:	
South Academy Highlands Administration Funds	$ 179,287
Debt Service	914,006
Total Restricted Net Position	$ 1,093,293

NOTE 6 NET POSITION (CONTINUED)

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

NOTE 7 INTERFUND TRANSFERS

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

NOTE 8 RISK MANAGEMENT

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

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

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

NOTE 9 TAX, SPENDING, AND DEBT LIMITATIONS

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

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

SUPPLEMENTARY INFORMATION

FOUNTAIN URBAN RENEWAL AUTHORITY
DEBT SERVICE FUND –
SERIES 2014C
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2022

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Incremental Sales Taxes	$ 660,500	$ 387,217	$ (273,283)
Public Improvement Fee	66,950	103,808	36,858
Net Investment Income	100	2,436	2,336
Total Revenues	727,550	493,461	(234,089)
EXPENDITURES			
Bond Interest - Series 2014C	760,000	441,330	318,670
Total Expenditures	760,000	441,330	318,670
NET CHANGE IN FUND BALANCE	(32,450)	52,131	84,581
Fund Balance - Beginning of Year	162,528	231,560	69,032
FUND BALANCE - END OF YEAR	$ 130,078	$ 283,691	$ 153,613

FOUNTAIN URBAN RENEWAL AUTHORITY
DEBT SERVICE FUND –
SERIES 2015A
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2022

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Incremental Sales Taxes	$ 2,193,900	$ 2,154,355	$ (39,545)
Transportation Sales Taxes	412,000	406,651	(5,349)
Net Investment Income	2,500	66,206	63,706
Total Revenues	2,608,400	2,627,212	18,812
EXPENDITURES			
Bond Interest - Series 2015A	2,000,000	2,044,300	(44,300)
Bond Principal - Series 2015A	750,000	540,000	210,000
Contingency	5,000	-	5,000
Total Expenditures	2,755,000	2,584,300	170,700
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(146,600)	42,912	189,512
OTHER FINANCING SOURCES (USES)			
Transfers from Other Funds	2,500	58,429	55,929
Total Other Financing Sources (Uses)	2,500	58,429	55,929
NET CHANGE IN FUND BALANCE	(144,100)	101,341	245,441
Fund Balance - Beginning of Year	3,935,755	4,564,319	628,564
FUND BALANCE - END OF YEAR	$ 3,791,655	$ 4,665,660	$ 874,005

FOUNTAIN URBAN RENEWAL AUTHORITY
DEBT SERVICE FUND –
SERIES 2015B
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2022

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Public Improvement Fee	$ 401,700	$ 424,136	$ 22,436
Net Investment Income	500	10,433	9,933
Total Revenues	402,200	434,569	32,369
EXPENDITURES			
Bond Interest - Series 2015B	340,000	346,150	(6,150)
Bond Principal - Series 2015B	125,000	20,000	105,000
Contingency	5,000	-	5,000
Total Expenditures	470,000	366,150	103,850
NET CHANGE IN FUND BALANCE	(67,800)	68,419	136,219
Fund Balance - Beginning of Year	689,035	662,277	(26,758)
FUND BALANCE - END OF YEAR	$ 621,235	$ 730,696	$ 109,461

FOUNTAIN URBAN RENEWAL AUTHORITY
CAPITAL PROJECTS FUND –
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2022

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Net Investment Income	$ 2,500	$ 61,291	$ 58,791
Total Revenues	2,500	61,291	58,791
EXPENDITURES			
Public Infrastructure Improvements	1,200,000	1,275,000	(75,000)
Contingency	3,246,059	41	3,246,018
Total Expenditures	4,446,059	1,275,041	3,171,018
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(4,443,559)	(1,213,750)	3,229,809
OTHER FINANCING SOURCES (USES)			
Transfers to Other Funds	(2,500)	(58,429)	(55,929)
Total Other Financing Sources (Uses)	(2,500)	(58,429)	(55,929)
NET CHANGE IN FUND BALANCE	(4,446,059)	(1,272,179)	3,173,880
Fund Balance - Beginning of Year	4,446,059	4,445,916	(143)
FUND BALANCE - END OF YEAR	$ -	$ 3,173,737	$ 3,173,737

OTHER INFORMATION

FOUNTAIN URBAN RENEWAL AUTHORITY
SUMMARY OF INCREMENTAL ASSESSED VALUATION, MILL LEVY, AND INCREMENTAL PROPERTY TAXES COLLECTED
DECEMBER 31, 2022

	Prior Year Assessed Valuation for Current Year Property Tax Levy						
Year Ended December 31,	Total Assessed Valuation	Less: Base Valuation	Net Increment Valuation	Combined Mills Levied	Total Incremental Property Taxes Levied	Total Incremental Property Taxes Collected	Percentage Collected to Levied
2018	$ 21,515,670	$ 19,432,912	$ 2,082,758	59.999	$ 124,963	$ 120,855	96.71 %
2019	21,073,130	18,994,760	2,078,370	60.657	126,068	126,214	100.12
2020	23,419,640	21,058,207	2,361,433	59.383	140,229	139,678	99.61
2021	22,477,690	20,303,578	2,174,112	59.739	129,879	129,792	99.93
2022	27,688,850	23,273,740	4,415,110	57.970	255,946	251,313	98.19
Estimated for the Year Ending December 31, 2023	$ 28,581,850	$ 23,113,700	$ 5,468,150	65.868	$ 360,178		

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