



Comprehensive Annual Financial Report

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2016



CITY OF PUEBLO, COLORADO
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2016

TABLE OF CONTENTS

INTRODUCTORY SECTION

Letter of Transmittal	i
GFOA Certificate of Achievement for Excellence in Financial Reporting	vii
Organization Chart	viii
Elected officials	ix

FINANCIAL SECTION

Independent Auditor's Report	1
Management's Discussion and Analysis	4

BASIC FINANCIAL STATEMENTS

Government-Wide Financial Statements

Statement of Net Position	18
Statement of Activities	19-20

Fund Financial Statements

Governmental Funds

Balance Sheet	21
Reconciliation of the Governmental Funds Balance Sheet with the Government-wide to Statement of Net Position	22
Statement of Revenues, Expenditures and Changes in Fund Balances	23
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	24

Proprietary Funds

Statement of Net Position	25
Statement of Revenues, Expenses and Changes in Net Position	26
Statement of Cash Flows	27

Fiduciary Funds

Statement of Fiduciary Net Position	28
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<u>Notes To Financial Statements</u>	29
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TABLE OF CONTENTS (Cont'd.)

REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary Comparison Schedule - General Fund	101
Reconciliation of the Budgetary Basis of Accounting to GAAP	
Basis of Accounting - General Fund	102
Budgetary Comparison Schedule - Economic Development	
1/2 Cent Tax Fund	103
Reconciliation of the Budgetary Basis of Accounting to GAAP	
Basis of Accounting - Economic Development 1/2 Cent Tax Fund	104
Budgetary Comparison Schedule - HUD Grants Fund	105
Reconciliation of the Budgetary Basis of Accounting to GAAP	
Basis of Accounting - HUD Grants Fund	106
Notes to Required Supplementary Information	107
Schedule of Funding Progress - Fire Other Post-Employment	
Benefit Plan	108
Schedule of Funding Progress - Police Other Post-Employment Benefit	
Plan	109
Schedule of the City's Proportionate Share of the Net Positions Liability-	
PERA LGDTF	110
Schedule of the City's Contributions – PERA LGDTF	111
Schedule of the City's Proportionate Share of the Net Pension Asset –	
FPPA – New Hire Fire and Police Fund	112
Schedule of the City's Contributions FPPA – New Hire Fire and Police	
Pension Fund	113
Schedule of Changes in the City's Net Position Liability and Related	
Ratios - Pueblo Old Hire Police Pension Plan	114
Schedule of City's Contributions - Pueblo Old Hire Police Pension Fund	115
Schedule of Changes in the City's Net Pension Liability and Related	
Ratios – Pueblo Old Hire Fire Pension Fund	116
Schedule of City's Contributions - Pueblo Old Hire Fire Pension Fund	117
SUPPLEMENTARY INFORMATION	
EXPLANATION OF FUNDS	118
Combining, Individual Fund Financial Statements and Schedules -	
Nonmajor Governmental Funds:	
Combining Balance Sheet	121
Combining Statement of Revenues, Expenditures and Changes in	
Fund Balances	123
SPECIAL REVENUE FUNDS	
Schedule of Revenues, Expenditures and Changes in Fund Balances –	
Budget and Actual:	
Intergovernmental Fund	125
Special Charges Fund	126
Stimulus Grants Fund	127
Southpointe Special District Fund	128
Bandera Blvd. Special District Fund	129
North Gateway BID Fund	130
North Gateway PIF Fund	131
Other Special Revenue Fund	132

SUPPLEMENTAL INFORMATION (Cont'd.)

CAPITAL PROJECTS FUNDS

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual:

Public Improvement Fund	133
Police Building Fund	134

DEBT SERVICE FUND

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual:

Debt Service Fund	135
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ENTERPRISE FUNDS

Combining Statement of Net Position	136
Combining Statement of Revenues, Expenses and Changes in Net Position	137
Combining Statement of Cash Flows	138
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual:	
Memorial Hall Fund	139
Golf Course Enterprise Fund	140
Sewer User Fund	141
Stormwater Utility Fund	142
Memorial Airport Fund	143
Honor Farm Fund	144
Transportation Services Fund	145
Parking Facilities Fund	146

INTERNAL SERVICE FUNDS

Combining Statement of Net Position	147
Combining Statement of Revenues, Expenses and Changes in Net Position	148
Combining Statement of Cash Flows	149
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual - Internal Service Fund	150

AGENCY FUND

Agency Fund:	
Statement of Changes in Fiduciary Assets and Liabilities	151

OTHER SCHEDULES

Schedule of Passenger Facility Charge Collected and Expended	152
Local Highway Finance Report	153

TABLE OF CONTENTS (Cont'd.)

STATISTICAL SECTION

Net Position by Component	155
Changes in Net Position	156
Fund Balances, Governmental Funds	159
Changes in Fund Balances, Governmental Funds	160
General Government Tax Revenue by Source	161
Taxable Sales by Category	162
Property Tax Levies and Collections	163
Assessed Value and Estimated Actual Value of Taxable Property	164
Property Tax Rates of Direct and Overlapping Governments	165
Principal Property Taxpayers	166
Principal Sales Taxpayers	167
Ratios of Outstanding Debt by Type	168
Ratios of General Obligation Debt Outstanding	169
Computation of Direct and Overlapping Governmental Activities Debt	170
Legal Debt Margin Information	171
Pledged Revenue Coverage	172
Demographic and Economic Statistics	173
Principal Employers	174
Full Time Equivalent Employees by Function/Program	175
Operating Indicators by Function/Program	176
Capital Asset Statistics by Function/Program	177

Introductory Section



August 31, 2017

To the Citizens, Honorable City Council President and Members of the City Council of the City of Pueblo, Colorado:

The Comprehensive Annual Financial Report (CAFR) of the City of Pueblo, Colorado (the City) for the fiscal year ended December 31, 2016, is hereby submitted fulfilling all legal and mandatory requirements.

Prepared by the Finance Department, this report consists of management's representations concerning the finances of the City of Pueblo.

The CAFR is published to present our citizens, City Council, City Staff, and other interested parties with detailed information concerning financial position and activities of the City. The City management assumes full responsibility for the completeness, accuracy and reliability of the information contained in this report based upon a comprehensive framework of internal control that has been established for this purpose.

We believe the data presented and the enclosed report is accurate in all material respects and is organized in a manner designed to fairly present the financial position and results of the operation of the City as measured by the financial activity of its various funds. The accompanying disclosures are necessary to enable the reader to gain the maximum understanding of the City's financial affairs.

An independent certified public accounting firm audits the basic financial statements. The purpose of the audit is to ensure that the financial statements present fairly, in all material respects, the financial position and the results of operations of the City.

The organization, form and contents of this report in addition to the accompanying financial statements and statistical tables and charts are prepared in accordance with generally accepted accounting principles (GAAP) and as prescribed by the Governmental Accounting Standards Board (GASB). This means that the statements have been prepared using guidelines that would allow the user to make a meaningful comparison to the financial statements of other similar entities. All disclosures necessary to enable the reader to gain an understanding of the City of Pueblo's activities have been included.

Accounting principles generally accepted in the United States require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Pueblo's MD&A can be found immediately following the report of the independent auditors.

The City of Pueblo is required to undergo an annual single audit in conformity with the provisions of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements (Uniform Guidance). The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also the government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the City of Pueblo's separately issued Single Audit Report.

The comprehensive annual financial report for the City of Pueblo includes the activities of the primary government (City of Pueblo) and the component units. A component unit is a legally separate organization or entity for which the elected officials of the primary government are financially accountable. Component units, although they are legally separate entities, are in substance part of the primary government's operations and therefore included for financial reporting purposes. The component units included within the City of Pueblo's financial statements are the Pueblo Urban Renewal Authority, the Pueblo Main Street Garage Corporation created in 2006 to accommodate the construction and financing of a 700 car parking structure, and the Pueblo Municipal Rail Corporation formed in 2013 to build a new rail spur as part of an economic development agreement. Separate financial statements for these component units have also been issued. The City of Pueblo also has several blended component units including Pueblo Transit, Pueblo Municipal Property Corporation (PMPC), Pueblo Municipal Building Corporation (PMBC), Bandera Boulevard Special Improvement Maintenance District, North Gateway #1 Business Improvement District (BID), North Gateway #1 Public Improvement Corporation (PIF), and the Southpointe Special Improvement Maintenance District. Although they are legally separate entities, the activity of these units are integral to the City of Pueblo primary government function and are contained in the primary government reports.

City Profile and Government Structure

The City of Pueblo was incorporated on April 18, 1886. It adopted its current home rule charter on April 6, 1954. Pueblo is located on Interstate 25 in Pueblo County approximately 115 miles south of Denver, and 45 miles south of Colorado Springs, Colorado. The City of Pueblo encompasses 54 square miles and is made up of residential, commercial, and industrial properties, as well as several areas of open space. The City maintains 127 parks covering a total of 835 acres. In addition, the City possesses a 600-acre Pueblo Mountain Park located in the foothills just to the southwest of the city.

The population for the City of Pueblo reported by the U.S. Census Bureau was estimated to be 110, 291 as of July 1, 2016.

The City of Pueblo operates under the Council-Manager form of government. Policymaking and legislative authority are vested with the City Council. The Council is made up of a seven-member board consisting of four district representatives and three at-large members. All Council positions are elected to four-year staggered terms. The Council is responsible for, among other things, setting City policy, adopting ordinances and resolutions, adopting the budget, and appointing committee members. The City Council also appoints the City Manager and the Municipal Court Judge. The City Manager is responsible for carrying out the policies and ordinances of the City Council, as well as overseeing the day-to-day operations of the City. The City Manager appoints the City's Department Directors and the City Attorney.

Commissions and committees play an integral role in the governmental structure of Pueblo. Advisory commissions and committees provide many opportunities for citizens to participate in the affairs of the City of Pueblo. Although final decisions must be made by the City Council, several advisory committees and commissions review issues and make recommendations to the City Council on various matters.

Economic Condition and the Local Economy

The City of Pueblo is the center of trade and services for south-central Colorado. With land area of 54 square miles and population of approximately 110,000, Pueblo is currently the 10th largest city in the State of Colorado in addition to being the most critical hub of health care, transportation, post-secondary education, retail, arts and entertainment and manufacturing activities in southern Colorado. The City's population grew by nearly 1,000 persons from 2014 to 2015 and although the City's population growth rate has been slow, other areas such as Pueblo West, a Special Metro District, just west of the City limits experienced a greater population growth. With north-south access from Interstate 25 and east-west access from Highways 50 the City of Pueblo located on a vital national transportation corridor. The Colorado State University – Pueblo and Pueblo Community College have facilities located within the City providing excellent higher education opportunities.

The consumer spending supports nearly 70 percent of all economic activities in Pueblo. Correspondingly, retail sales tax revenue, a key indicator of the area consumer spending, is the primary source of income for the City. Pueblo's sales tax is generated from a balanced variety of business categories including auto sales, department stores, misc. retail sales, restaurants and utilities. Sales tax is generated directly from the City's own applied tax rate. Since the start of the great recession, the sales tax revenue for the City of Pueblo has been gradually recovering and indeed surpassing what it was prior to the great recession. At the start of the great recession, the 2009 sales and use tax revenue decreased by 1.8 percent compared to 2008. On-going regional and local economic slump caused another drop of nearly 2.0 percent in tax revenue collection in 2010 compared to 2009. In 2011, the sales tax

revenue improved slightly and increased by 0.3 percent compared to 2010. In 2012, sales and use tax revenue finally began moving up at healthier pace and the increase over the previous year reached 2.3 percent. During 2013, the sales and use tax revenue increased by 2.0 percent compared to 2012. In 2014, the sales and use tax followed a similar trend and was up 2.2 percent compared to 2013. We expected an improved trend from this point forward. The sales and use tax revenue in fact exceeded our expectation and jumped 7.4 percent in 2015 compared to 2014 and another 7.4 percent leap in 2016.

The City, once dependent on steel manufacturing, has diversified somewhat since it experienced large-scale layoffs in the early 1980's. The City benefits from a stable and relatively diversified economic base now and is being touted as a desirable place to work and live. Consequently, the number of unemployed workers has decreased in recent times. The unemployment rate in Pueblo dropped to a seven-year low of 4.5 percent in 2016.

In addition, several critical developments have occurred and a few more are on the horizon, which should provide a positive impact on Pueblo's economic growth over the next few years, including several international firms opening manufacturing operations in the City in 2015 and 2016.

The City of Pueblo, by way of its economic development incentive and other opportunities, promote several areas of the City for mixed use office, retail, residential and commercial districts as well as manufacturing and industrial areas. These efforts are to provide diverse development opportunities and remain on-going priorities for the future of the City of Pueblo.

Budgetary Controls

The City adopts both an operating budget and a capital budget. The provisions of these budgets are directly posted into the City's general ledger accounting system to help ensure compliance with the appropriations made by the City Council.

Activities of the general fund, special revenue funds, and certain capital project funds are adopted in the operating budget. Amounts appropriated for each year in the operating budget lapse at the end of each fiscal year. The City Council also adopts amounts in the operating budget for the proprietary and internal service funds to provide a level of fiscal control.

Although many capital projects are multi-year, amounts unspent at the end of each fiscal year are closed out and re-budgeted in the next fiscal year. Once a project is complete, any unspent funds are returned to their original funding source and may be used for other projects as approved by the City Council.

General Government Functions

The City directly provides many essential services for the betterment of the Pueblo community. These include fire protection, police services, infrastructure maintenance, planning, culture, recreation (80 parks plus numerous recreational activities), housing programs, and administrative services.

All of the above functions are accounted for in expenditure categories consisting of General Government, Public Safety, Public Works, Culture and Community Welfare, Parks and Recreation, and Economic Development.

Proprietary Operations

The City's financial statements include the enterprise fund operations of the City sewer fund, the stormwater fund, airport operations, transit operations, parking facilities, Pueblo Motor sports Park (PMP) and two golf courses.

Debt Administration

The City of Pueblo's debt, which consists primarily of general obligation bond issues, long term notes payable, certificates of participation, and capital lease purchases are administered by the Finance Department with overview by the City Manager's office, the City Attorney, and City Council. Bond trustee statements are reconciled in a timely manner and debt service reserve accounts are maintained in accordance with prescribed requirements in the related bond trust indentures. The City utilizes an independent outside Financial Advisor for debt structuring and restructuring purposes and guidance in the related decision processes.

Independent Audit

Each year the City has an audit performed by an independent certified public accounting firm. This year the firm of Anton Collins Mitchell LLP of Denver, Colorado performed the audit. The auditors also conducted a "single audit" designed to meet the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements (Uniform Guidance). The auditor's report on the basic financial statements can be found in the financial section of this report. The auditor's report on internal controls and compliance with applicable laws and regulations can be found in a separately issued single audit report.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Pueblo for its comprehensive annual financial report for the year ended December 31, 2015. This was the 27th consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another

certificate.

Acknowledgments

The preparation of this comprehensive annual financial report could not have been accomplished without the efficient and dedicated services of the entire finance staff throughout the fiscal year. We would like to express our appreciation to all of those individuals who assisted and contributed to the preparation of this report. We take this opportunity to extend our gratitude to all City employees throughout the organization who have the responsibility of maintaining daily financial records. Appreciation and recognition is also extended to the accounting firm of Anton Collins Mitchell LLP for the assistance and advice they provided during this audit and throughout the year.

We express gratitude to the City Council Members for their interest and continued support in planning and directing the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,



Sam Azad,
City Manager



Roni Kimbrel,
Director of Finance



Government Finance Officers Association

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

Presented to

**City of Pueblo
Colorado**

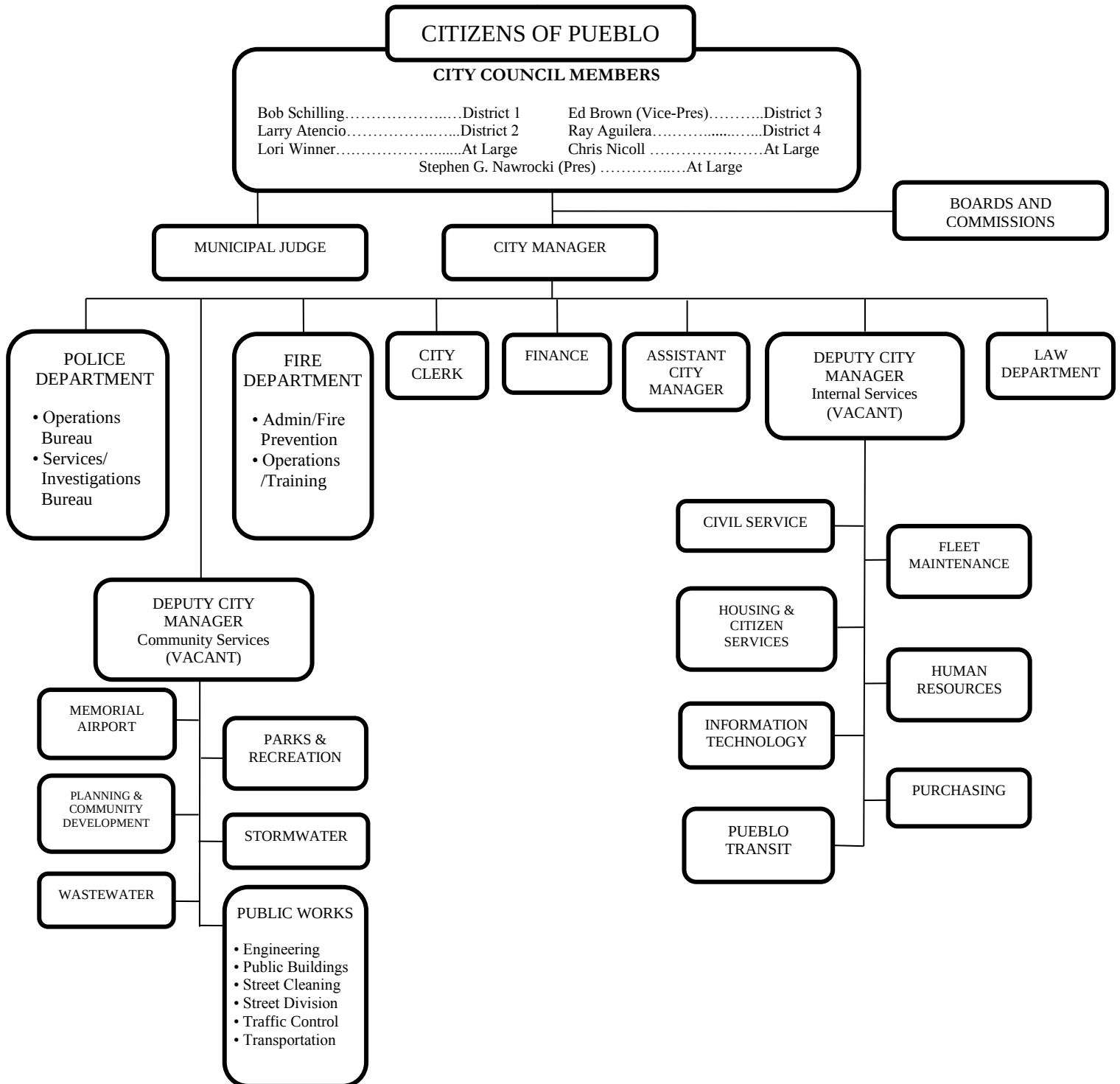
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2015



Executive Director/CEO

ORGANIZATIONAL CHART





**CITY OF PUEBLO
COLORADO**

**2016
COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

COUNCIL PRESIDENT

Stephen G. Nawrocki

COUNCIL MEMBERS

Ray Aguilera
Lawrence Atencio
Ed Brown
Chris Nicoll
Bob Schilling
Lori Winner

CITY MANAGER

Sam Azad

Financial Section



Independent Auditor's Report

City Council
City of Pueblo, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Pueblo, Colorado (the "City"), as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Pueblo Urban Renewal Authority (the "Authority"). Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Authority, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 auditor's 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 entity's 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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



Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Pueblo, Colorado, as of December 31, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 17 and the budgetary comparison schedules, and required pension schedules on pages 101 through 117 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 required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements and schedules, the local highway finance report, and the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules and the local highway finance report are the responsibility of management and were derived from and relates 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 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 combining and individual nonmajor fund financial statements and schedules and the local highway finance report are 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 it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Governmental Auditing Standards*, we have also issued our report dated August 31, 2017 on our consideration of the City of Pueblo'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 City of Pueblo's internal control over financial reporting and compliance.

Anton Collins Mitchell LLP

Greeley, Colorado
August 31, 2017



CITY OF PUEBLO, COLORADO MANAGEMENT'S DISCUSSION AND ANALYSIS

Management of the City of Pueblo, Colorado (the City) offers the readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2016. Readers are encouraged to consider the information presented here in conjunction with additional information that is furnished in the letter of transmittal found in the introductory section of this annual report.

FINANCIAL HIGHLIGHTS

On the Government-wide financial statements, the City's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at December 31, 2016 by \$592.6 million (net position), \$410.7 million in governmental activities and \$181.8 million in business-type activities. The City's net position increased by \$29.3 million or 5.2% as a result of current year activity.

The General Fund, the City's primary operating fund, ended 2016 with a \$28.4 million fund balance, an increase of \$6.3 million. Of this amount, \$7.9 million or 10% of expenditures and transfers-out is committed by City Council as a minimum reserve for major unanticipated emergencies.

General fund revenues including transfers in increased \$5.2 million and expenditures including transfers out increased by \$2.7 million in 2016. The increase in revenue was largely due to a \$3.0 million or 6.9% increase in sales tax collected.

The City's total long-term debt decreased by \$2.7 million during the current year. The City issued two new capital leases in 2016 – a \$1.5 million capital lease for fire equipment and telephone system upgrades, and another \$1.3 million capital lease for police vehicles. Additionally, during the year the City is issued \$16.4 million of certificates of participation to advance refund \$15.8 of the 2008 certificates of participation

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended as an introduction to the City's basic financial statements. The basic financial statements consist of the following three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. In addition to the basic financial statements, also provided are required and other supplementary information.

Information contained within the financial statements includes not only that of the City of Pueblo, the *primary government*, but also information regarding the discretely presented *component units* of the City of Pueblo. The Pueblo Urban Renewal Authority, The Pueblo Main Street Garage Corporation and the Pueblo Municipal Rail Corporation are considered discretely presented component units of the City of Pueblo.

Government-Wide Financial Statements. The government-wide financial statements are designed to provide the reader with a broad overview of the City's finances, in a manner similar to a private sector business. Information contained within the government-wide statements includes the entire City government (except fiduciary funds) and the City's discretely presented component units. These statements use the accrual basis of accounting with the measurement focus on that of economic resources.

The *Statement of Net Position* presents information on all of the City's assets, liabilities, and deferred inflows/outflows of resources, with the difference 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 is improving or deteriorating.

The *Statement of Activities* presents information reflecting how the City's net position has changed during the fiscal year just ended. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are 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).

The government-wide financial statements distinguish functions of the City of Pueblo that are primarily 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 Pueblo include general government, public safety, public works, culture and community welfare, parks and recreation, economic development, and interest on long-term debt. The business-type activities of the City of Pueblo include the golf courses, sewer user utility, stormwater utility, the airport, transportation services, the Honor Farm, parking facilities and Memorial Hall.

Fund Financial Statements. A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds are used to account for essentially the same functions as governmental activities in the government-wide financial statements. Governmental fund financial statements focus on near-term inflows and outflows of spendable

resources, as well as the balance of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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 on financial resources that can be spent in the near future to finance the City's programs. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains several individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund which is considered to be a major fund, Economic Development $\frac{1}{2}$ Cent Tax Fund, the HUD Grants Fund, and the Public Improvements Fund which are all considered to be major funds. Data from the other governmental funds are combined into a single aggregated presentation. Individual fund data for these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

Proprietary funds. The City maintains two different types of proprietary funds: enterprise funds and internal service funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its golf courses, sewer user utility, stormwater utility, the airport, transportation services, parking facilities, the Honor Farm and Memorial Hall. The City uses internal service funds to account for its fleet of vehicles, workers' compensation and liability self-insurance, telephone technology, and labor services for public transportation. The internal service funds provide services which predominantly benefit governmental rather than business-type functions. They have been included within governmental activities and, where necessary, business-type activities, with an adjustment to reflect the consolidation for internal service fund activities related to the enterprise funds in the government-wide financial statements.

Proprietary funds financial statements provide the same information as the government-wide financial statements, only in more detail. Golf Course, Sewer User, Stormwater Utility and Memorial Airport enterprise funds are considered to be major enterprise funds and therefore are presented separately within the proprietary fund financial statements. Data for the other four enterprise funds are combined into a single aggregated presentation. Individual fund data for these non-major enterprise funds is provided in the form of combining statements elsewhere in this report.

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 statements 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. The basic fiduciary fund financial statements are presented later in this report.

Notes to the financial statements. The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required supplementary information. Required supplementary information is included in addition to the basic financial statements and accompanying notes. The required supplementary information includes budgetary comparisons for the designated major funds.

The combining statements referred to earlier in connection with non-major governmental funds and internal service funds are presented immediately following the required supplementary information portion of the financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position. As noted earlier, net position may serve over time as a useful indicator of a government's financial position. For the City of Pueblo, total assets and deferred outflows of resources exceeded total liabilities and deferred inflows of resources by \$592.6 million at December 31, 2016. By far, the largest portion of the City's net position (81.9%) reflects its investment of \$485 million in capital assets (e.g., land, buildings, machinery and equipment, and infrastructure including streets and underground drainage systems), less any related outstanding debt 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.

An additional portion of the City's net position, \$95 million (16%) represents resources that are subject to restrictions as to how they may be used. The unrestricted net position as a whole shows a surplus of \$12 million, however it is important to note that the governmental activities unrestricted fund balance shows a deficit of \$6.3 million, and the \$18.7 million unrestricted net position in the city's business-type activities may not be used to fund governmental activities.

The following table reflects the condensed Statement of Net Position as of December 31, 2016 and 2015:

City of Pueblo Summarized Statement of Net Position						
	Governmental Activities		Business-type Activities		Totals Primary Government	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 161,824,195	\$ 153,863,806	\$ 32,216,283	\$ 25,601,236	\$ 194,040,478	\$ 179,465,042
Capital assets	345,158,377	330,179,271	191,112,244	192,027,389	536,270,621	522,206,660
Total assets	506,982,572	484,043,077	223,328,527	217,628,625	730,311,099	701,671,702
Deferred outflows of resources	22,497,036	7,958,559	2,927,228	1,254,313	25,424,264	9,212,872
Current and other liabilities	8,817,231	50,420,557	3,761,807	12,423,616	12,579,038	62,844,173
Long-term liabilities outstanding	94,874,054	38,815,814	40,248,744	31,748,868	135,122,798	70,564,682
Total liabilities	103,691,285	89,236,371	44,010,551	44,172,484	147,701,836	133,408,855
Deferred inflows of resources	15,045,413	14,002,873	415,954	192,778	15,461,367	14,195,651
Net position						
Net investment in capital assets	322,263,921	307,415,524	163,146,725	162,247,604	485,410,646	469,663,128
Restricted	94,730,416	97,683,789	-	-	94,730,416	97,683,789
Unrestricted	(6,251,427)	(16,336,921)	18,682,525	12,270,072	12,431,098	(4,066,849)
Total net position	\$ 410,742,910	\$ 388,762,392	\$ 181,829,250	\$ 174,517,676	\$ 592,572,160	\$ 563,280,068

The City's total net position increased by \$29.3 million in 2016. Unrestricted net position increased \$16.5 million. Both due to a decrease in resources used to support core operations, maintain infrastructure and invest in critical capital needs, as well as an increase in program and general revenues. Additional details of capital asset activity can be seen in an additional chart further on in this report.

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Changes in net position. The following table reflects the City's changes in net position for the years ended December 31, 2016 and 2015:

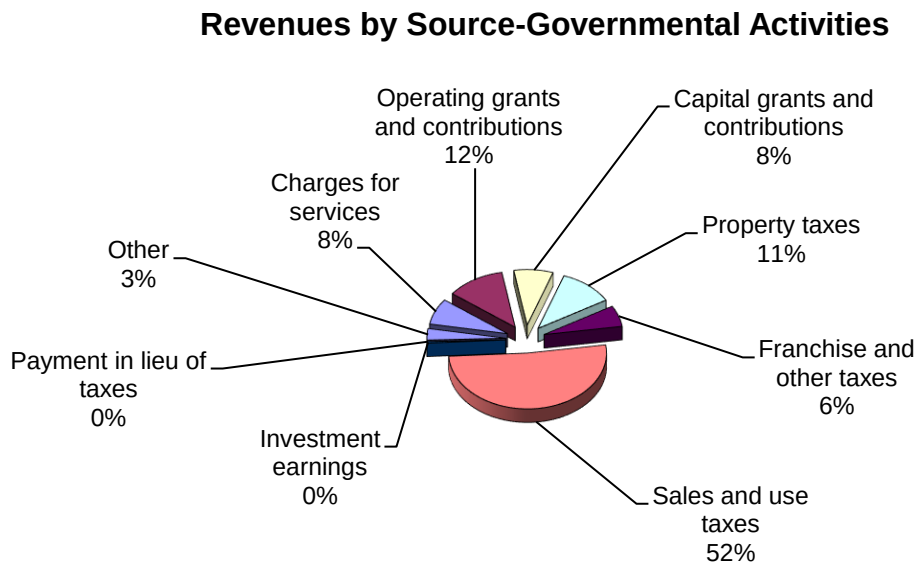
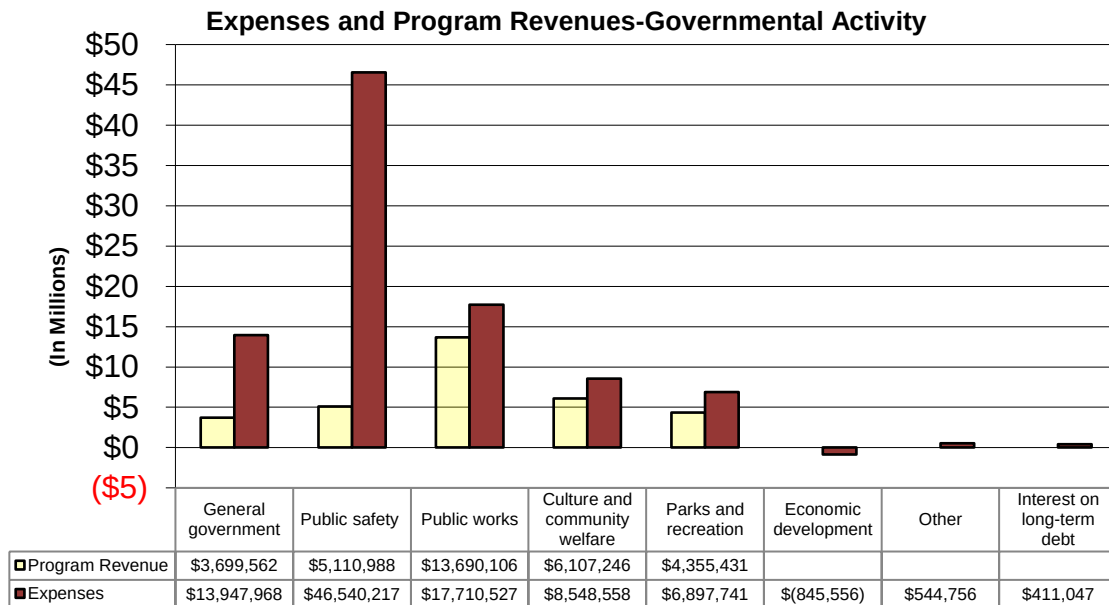
City of Pueblo Summarized Statement of Changes in Net Position							
	Governmental Activities		Business-type Activities		Totals Primary Government		
	2016	2015	2016	2015	2016	2015	
Revenue:							
Program revenues:							
Charges for services	\$ 9,013,759	\$ 8,522,595	\$ 30,651,696	\$ 27,210,381	\$ 39,665,455	\$ 35,732,976	
Operating grants and contributions	14,328,624	10,428,895	7,037,900	2,008,817	21,366,524	12,437,712	
Capital grants and contributions	9,620,950	8,159,967	747,707	2,908,184	10,368,657	11,068,151	
General revenues:					-	-	
Property taxes	13,363,615	12,774,572			13,363,615	12,774,572	
Special property taxes	40,115	37,414			40,115	37,414	
Franchise and other taxes	7,315,083	7,210,741			7,315,083	7,210,741	
Sales and use taxes	61,553,748	56,203,150			61,553,748	56,203,150	
Payment in lieu of taxes	9,859	9,859			9,859	9,859	
Investment earnings	452,532	545,820	980,331	960,271	1,432,863	1,506,091	
Other	3,962,782	2,841,209	189,461	28,062	4,152,243	2,869,271	
Total revenues	119,661,067	106,734,222	39,607,095	33,115,715	159,268,162	139,849,937	
Expenses:							
General government	13,947,968	12,471,787			13,947,968	12,471,787	
Public safety	46,540,217	44,662,761			46,540,217	44,662,761	
Public works	17,710,527	20,780,039			17,710,527	20,780,039	
Culture and community welfare	8,548,558	8,055,195			8,548,558	8,055,195	
Parks and recreation	6,897,741	5,828,170			6,897,741	5,828,170	
Economic development	(845,556)	4,906,360			(845,556)	4,906,360	
Other	544,756				544,756		
Interest on long-term debt	411,047	1,142,197			411,047	1,142,197	
Golf enterprise			3,100,949	2,966,262	3,100,949	2,966,262	
Sewer user			12,038,544	16,540,331	12,038,544	16,540,331	
Stormwater utility			7,314,843	2,896,523	7,314,843	2,896,523	
Memorial airport			3,351,658	3,029,617	3,351,658	3,029,617	
Honor Farm			92,849	101,772	92,849	101,772	
Transportation Services			5,459,221	5,379,096	5,459,221	5,379,096	
Parking Facilities			622,435	850,036	622,435	850,036	
Memorial Hall			1,687,794	1,198,802	1,687,794	1,198,802	
Pueblo Transit			2,552,522	2,549,273	2,552,522	2,549,273	
Total expenses	93,755,258	97,846,509	36,220,815	35,511,712	129,976,073	133,358,221	
Increase in net position before transfers	25,905,809	8,887,713	3,386,280	(2,395,997)	29,292,089	6,491,716	
Transfers, net	(3,925,294)	(3,503,555)	3,925,294	3,503,555	-	-	
Increase in net position	21,980,515	5,384,158	7,311,574	1,107,558	29,292,089	6,491,716	
Net position beginning of year, (as restated)	388,762,395	383,378,234	174,517,676	173,410,118	563,280,071	556,788,352	
Net position end of year	\$ 410,742,910	\$ 388,762,392	\$ 181,829,250	\$ 174,517,676	\$ 592,572,160	\$ 563,280,068	

Governmental activities increased the City's net position by nearly \$22 million, accounting for 75% of the City's \$29.3 million overall increase in net position. Key elements of the increase are as follows:

Property tax and sales and use taxes totaled 63% of all governmental activities' revenues. Property taxes increased \$592 thousand in 2016, while sales and use taxes, as reported on this statement, increased \$5.3 million.

Operating grants and contributions were \$3.9 million more in 2016 than in 2015. Capital grants and contributions increased by \$1.5 million.

Total expenses also decreased by \$4.1 million, driven by the completion of the completion of the Dillon Flyover project.



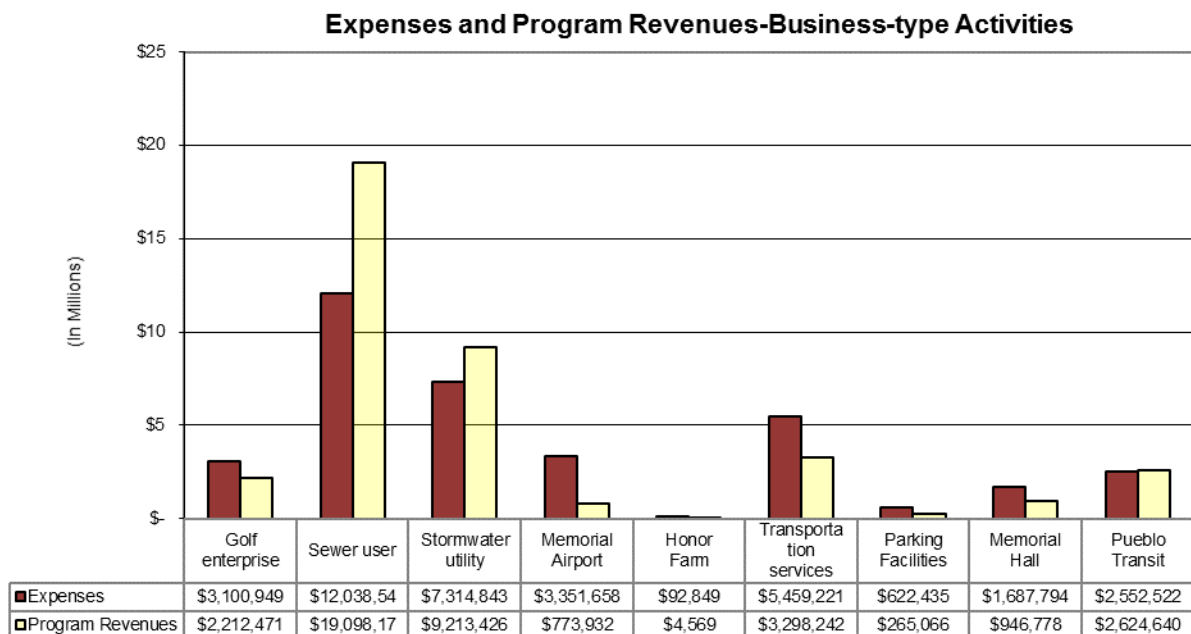
Business-type activities increased the City's net position by \$7.3 million, accounting for 25% of the City's \$29.3 million overall increase in net position. Key elements of the increase are as follows:

Total revenues were \$39.6 million, \$6.5 million more than in 2015. Capital grants and contributions decreased by \$2.1 million, offset by an increase of \$3.4 million in charges for services, and an increase in operating grants and contributions of \$5.0 million.

Charges for services in the Sewer User fund increased \$2.1 million due to a 13% rate increase.

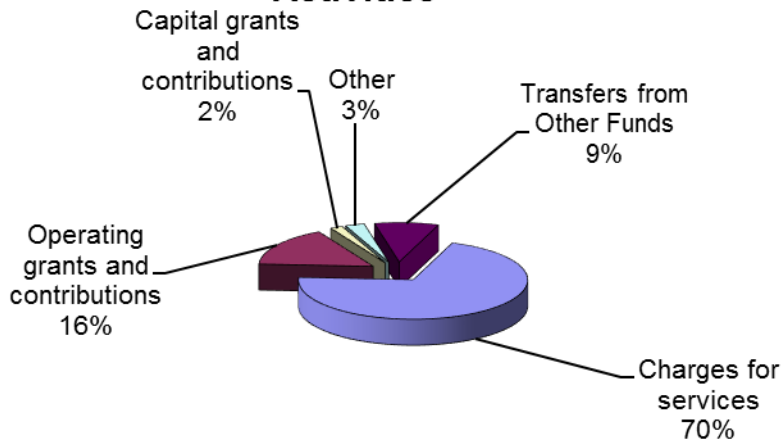
Operating grants and contributions in the Stormwater Utility fund increased by \$4.6 million, while expenses increased \$4.4 million, both attributed to the Fountain Creek Dredging Project.

Total business-type expenses totaled \$36.2 million in 2016, an increase of just over \$700 thousand more than the prior year. Sewer user expenses decreased 4.5 million, near the levels seen in prior years. Other variances from prior year were relatively small.



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Revenue by Source - Business-type Activities



GOVERNMENT FUNDS FINANCIAL ANALYSIS

As noted earlier, the City 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 balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At December 31, 2016, the total Governmental fund balances were \$127.5 million, an increase of nearly \$13 million from the prior year. Approximately 74% or \$94.7 million of the total fund balance is special revenue funds that are restricted for particular purposes which includes \$2.9 million for the TABOR emergency reserve. All of the \$75.9 million in the Economic Development Fund is restricted due to voter constraints. The City Council has committed \$7.9 million of fund balance as a minimum reserve for unanticipated emergencies. The unassigned fund balance was \$5.2 million as of year-end. Additional information is contained in the notes to the financial statements, **Note III-J**.

The General Fund is the City's chief operating fund of the City. As of December 31, 2016, the total fund balance was \$28.4 million. The fund balance committed to be used for specific purposes by formal action by City Council was \$7.9 million and the

fund balance assigned intended for specific purposes was \$10.1 million. There was \$5.5 million of unassigned fund balance as of December 31, 2016. The General Fund increased by \$6.3 million in 2016 as sales tax revenues increased over the prior year.

Total General Fund revenues, including transfers in of \$4.0 million, increased by \$5.2 million or 6.5%. Property Taxes increased \$589 thousand and Sales and Miscellaneous Taxes increased by \$4.8 million. Charges for services increased \$295 thousand.

Total General Fund expenditures, including transfers out, increased by \$2.7 million or 3.5%. Overall, general fund expenditures held relatively steady as the departments held down costs primarily through personnel vacancies.

The Economic Development Fund is a major fund of the City. As of December 31, 2016, the total fund balance was \$75.9 million and increased by \$2.2 million from 2015. Total expenditures increased by \$1.9 million from the prior year.

The HUD Grants Fund is another major fund of the City. As of December 31, 2016 the total fund balance was \$4.6 million and increased by \$312 thousand from 2015.

In 2015, The Public Improvements Fund and Capital Improvement Fund were presented separately as Major Capital Projects Funds. In 2016, the Public Improvements Fund and Capital Improvement Fund were combined and presented as the Public Improvements Fund. As of December 31, 2016 the total fund balance was \$9.9 million and increased \$4.1 million from the prior year combination of the Public Improvements Fund and the Capital Improvement Fund. This fund has large changes from year to year in fund balance as the revenue stream depends on intergovernmental grants received for capital projects. In 2016, expenditures decreased by \$3.4 million from 2015. The major project accounted for in this fund is the Dillon Flyover project. The fund activity included revenue of \$12.9 million, an increase of \$6.2 million over 2015. \$4.1 million dollars in grant dollars were earned in 2016 for the construction of the Dillon Flyover project. Current year expenditures totaled \$14.1 million.

Proprietary Funds

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The Sewer User Fund's revenues increased by \$2.1 million in 2016 due to a rate increase to support ongoing improvements at the wastewater treatment facility.

Other significant factors concerning the finances of the enterprise funds can be found in the discussion of the City's business-type activities.

The Stormwater Utility Fund saw a \$5.6 million increase in revenues in 2016, mostly due to over \$4 million in intergovernmental contributions to the Fountain Creek Dredging project.

GENERAL FUND BUDGETARY HIGHLIGHTS

Original budget compared to final budget. The final budget appropriations were \$1.1 million higher than the original budget appropriations. The General Fund required additional funding of \$165,000 for overtime costs in the Police Department, \$200,000 in worker's compensation expense and \$300,000 for blighted housing demolition, and increased transfers out to the Memorial Airport fund of \$60,000 for airport utilities and \$320,000 to cover unanticipated costs associated with a major airport improvement project.

Final budget compared to actual. Total revenues were \$4.5 million more than estimated. Sales tax revenues alone were \$4.4 million more than estimated due to a recovering economy in the Pueblo area.

The variance between actual expenditures and the final budget amounted to \$3.3 million in unspent appropriations. The decreased expenditures were due in primarily to a large number of personnel vacancies across all departments. There were also significant spending reductions in all departments due to budget constraints and the economic challenges facing the City.

The City ended the 2016 year not having to use fund balance reserves for operations in the current fiscal year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. The City of Pueblo's investment in capital assets for its governmental and business-type activities at December 31, 2016, net of accumulated depreciation, totaled \$536 million, a net increase of \$14 million from 2015.

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**City of Pueblo
Capital Assets**

	Governmental Activities		Business-type Activities		Totals Primary Government	
	2016	2015	2016	2015	2016	2015
Land and nondepreciable assets	\$ 94,774,094	\$ 93,698,998	\$ 4,423,232	\$ 4,391,064	\$ 99,197,326	\$ 98,090,062
Land improvements	51,364,404	48,993,328	51,113,777	48,726,209	102,478,181	97,719,537
Infrastructure	177,917,087	175,993,205	99,613,887	97,930,052	277,530,974	273,923,257
Buildings	79,663,504	67,674,642	77,056,338	71,231,730	156,719,842	138,906,372
Machinery and equipment	42,148,524	39,071,179	19,322,672	18,480,919	61,471,196	57,552,098
Other improvements	-	-	26,398,937	26,398,937	26,398,937	26,398,937
Construction in progress	10,146,807	10,063,287	1,417,257	8,176,003	11,564,064	18,239,290
Accumulated depreciation	(110,856,043)	(105,315,368)	(88,233,856)	(83,307,525)	(199,089,899)	(188,622,893)
	<u>\$ 345,158,377</u>	<u>\$ 330,179,271</u>	<u>\$ 191,112,244</u>	<u>\$ 192,027,389</u>	<u>\$ 536,270,621</u>	<u>\$ 522,206,660</u>

Major changes to capital assets during the 2016 fiscal year included the following:

Governmental Activities:

Additions to land improvements – Wheel Park - \$1.8 million
Additions to infrastructure – Accepted subdivisions - \$1.6 million
Additions to buildings –
 Construction of shell buildings held for resale in the Economic Development Fund – \$9.3 million
 City Hall remodel - \$2.2 million
Additions to machinery and equipment –
 Police vehicles – \$1.1 million
 Fire pumpers - \$911 thousand
Additions to construction in progress in the governmental activities include:
 Dillon Flyover - \$1.8 million
 Lime Road - \$1.7 million
Less: Capitalization of Wheel Park, Fountain Creek Trail, City Hall Remodel (\$5.5 million)

Business-type Activities:

Airport Taxiway D Rehab - \$2.3 million
Wastewater plant buildings - \$5.5 million
Wastewater Plan Nutrients Management Control - \$1.1 million
Equipment/vehicles - \$966 thousand
Less: Capitalization of Wastewater Plant (\$5.4 million) and
Airport Taxiway D Rehab – (\$2.3 million)

Additional information on the City's capital assets can be found in **Note III-E** in the notes to the financial statements.

Long-term debt. At December 31, 2016, the City had total debt outstanding of \$68 million, a decrease of \$2.6 million over 2015.

**City of Pueblo
Outstanding Debt**

	Governmental Activities		Business-type Activities		Totals Primary Government	
	2016	2015	2016	2015	2016	2015
General obligation bonds	\$ -	\$ 955,000	\$ -	\$ -	\$ -	\$ 955,000
Compensated absences	6,304,589	7,845,624	826,007	998,965	7,130,596	8,844,589
Notes payable	-	-	27,030,037	28,923,053	27,030,037	28,923,053
Capital lease obligations	4,556,837	3,113,841	1,427,643	1,826,850	5,984,480	4,940,691
Accrued interest payable	80,343	424,839	-	-	80,343	424,839
Certificates of participation	19,798,176	19,496,000	-	-	19,798,176	19,496,000
Claims and judgements	1,759,564	2,159,539	-	-	1,759,564	2,159,539
Net post employment benefit obligation	6,529,265	5,245,810	-	-	6,529,265	5,245,810
Total	\$ 39,028,774	\$ 39,240,653	\$ 29,283,687	\$ 31,748,868	\$ 68,312,461	\$ 70,989,521

General obligation bonds, notes payable and certificates of participation note balances decreased due to debt service payments throughout the year. Net post-employment benefit obligations increased by \$1.3 million due to the actuarially determined annual contribution necessary to fund the police and fire retirement plans. The remainder of the outstanding long-term debt obligations are in the form of actuarial claims pending on self-insured claims, net pension benefit obligations and compensated absences.

Additional information on the City's long-term debt can be found in **Note III-H** in the notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Fiscal year 2017 budget. The 2017 budget was prepared again during a slowly improving economic environment. The budget was prepared with the highest priority of protecting the City's core services and priorities and doing so in the most efficient and effective ways possible.

Sales and use tax revenue continues to be the principal source of income for the City's operating and capital budgets. The 2017 budget assumes a modest increase, 1% in sales and use tax, over the estimated actual amount for 2016. Estimated property tax revenue was 3.5% more than actual 2016 revenues.

The 2017 General Fund appropriation for expenditures (excluding transfers-out) is \$2.8 million more than the 2016 revised budget. Measures were taken to keep expenditures in line with anticipated revenues.

The City of Pueblo will continue to monitor the fiscal health of the City and make

necessary changes and adjustments to ensure that the City remains fiscally sound and continue to focus on efficiency in all areas of operations.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the City of Pueblo's finances for all interested parties. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the City of Pueblo, Director of Finance, PO Box 1427, Pueblo, CO, 81002.

Basic Financial Statements

City of Pueblo, Colorado
Statement of Net Position
December 31, 2016

	Governmental Activities	Business-Type Activities	Total	Discretely-Presented Component Units			
				Pueblo Urban Renewal Authority	Pueblo Main Street Garage Corporation	Pueblo Municipal Rail Corporation	
Assets							
Cash and cash equivalents	\$ 9,527,291	\$ 118,741	\$ 9,646,032	\$ 1,443,696	\$ 36	\$ -	
Restricted cash and cash equivalents	1,412,076	492,162	1,904,238	3,200,050	-	-	
Investments	78,642,575	30,898,945	109,541,520	-	-	-	
Restricted investments	24,844	-	24,844	2,466,440	-	-	
Receivables, net	53,389,494	6,087,198	59,476,692	13,162,315	-	-	
Internal balances	8,308,644	(8,308,644)	-	-	-	-	
Due from other governmental agencies	8,667,573	2,318,016	10,985,589	16,651	-	-	
Inventories	856,465	543,462	1,399,927	91,223	-	-	
Net pension asset	73,352	-	73,352	-	-	-	
Other assets	921,881	66,403	988,284	-	-	-	
Capital assets							
Land, improvements, intangibles, and construction in progress	104,920,901	5,840,489	110,761,390	1,539,476	-	529,620	
Other capital assets, net of accum. depreciation	240,237,476	185,271,755	425,509,231	7,002,376	9,298,567	2,961,080	
Total capital assets	345,158,377	191,112,244	536,270,621	8,541,852	9,298,567	3,490,700	
Total assets	506,982,572	223,328,527	730,311,099	28,922,227	9,298,603	3,490,700	
Deferred outflows of resources							
Deferred amounts on refunding	1,358,146	-	1,358,146	881,636	-	-	
Pension-related	21,138,890	2,927,228	24,066,118	51,666	-	-	
Total deferred outflows of resources	22,497,036	2,927,228	25,424,264	933,302	-	-	
Liabilities							
Accounts payable and accrued expenses	8,556,528	3,565,990	12,122,518	485,376	2,611	85,104	
Advances from others	260,703	195,817	456,520	1,112,013	-	-	
Long-term liabilities							
Due within one year	6,252,908	2,233,783	8,486,691	1,557,428	6,862,000	340,290	
Due in more than one year	32,695,523	27,049,904	59,745,427	25,771,773	-	1,984,914	
Net pension liability	55,925,623	10,965,057	66,890,680	429,236	-	-	
Total liabilities	103,691,285	44,010,551	147,701,836	29,355,826	6,864,611	2,410,308	
Deferred inflows of resources							
Deferred revenue	13,970,826	-	13,970,826	4,336,159	-	-	
Pension-related	1,074,587	415,954	1,490,541	1,522	-	-	
Total deferred inflows of resources	15,045,413	415,954	15,461,367	4,337,681	-	-	
Net position							
Net investment in capital assets	322,263,921	163,146,725	485,410,646	4,453,856	2,436,567	1,165,496	
Restricted for							
Pension	73,352	-	73,352	-	-	-	
Tabor	2,900,000	-	2,900,000	-	-	-	
Economic development	75,859,694	-	75,859,694	4,080,136	-	-	
Debt service and district projects	-	-	-	4,043,185	-	-	
Capital projects	3,928,644	-	3,928,644	-	-	-	
Public safety	1,380,209	-	1,380,209	-	-	-	
Public works	4,471,058	-	4,471,058	-	-	-	
Parks and recreation	1,167,524	-	1,167,524	-	-	-	
Culture and community welfare	4,949,935	-	4,949,935	-	-	-	
Unrestricted	(6,251,427)	18,682,525	12,431,098	(16,415,155)	(2,575)	(85,104)	
Total net position	\$ 410,742,910	\$ 181,829,250	\$ 592,572,160	\$ (3,837,978)	\$ 2,433,992	\$ 1,080,392	

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

City of Pueblo, Colorado
Statement of Activities
For the Year Ended December 31, 2016

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental activities				
General government	\$ 13,947,968	\$ 3,699,562	\$ -	\$ -
Public safety	46,540,217	3,902,691	1,046,898	161,399
Public works	17,710,527	465,353	6,146,158	7,078,595
Culture and community welfare	8,548,558	297,828	5,809,418	-
Parks and recreation	6,897,741	648,325	1,326,150	2,380,956
Economic development	(845,556)	-	-	-
Other	544,756	-	-	-
Interest on long-term debt	411,047	-	-	-
Total governmental activities	93,755,258	9,013,759	14,328,624	9,620,950
Business-type activities				
Golf enterprise	3,100,949	2,212,471	-	-
Sewer user	12,038,544	18,564,168	-	534,011
Stormwater utility	7,314,843	4,568,531	4,644,895	-
Memorial airport	3,351,658	560,427	-	213,505
Honor farm	92,849	4,569	-	-
Transportation services	5,459,221	905,046	2,393,005	191
Parking facilities	622,435	265,066	-	-
Memorial Hall	1,687,794	946,778	-	-
Pueblo Transit	2,552,522	2,624,640	-	-
Total business-type activities	36,220,815	30,651,696	7,037,900	747,707
Total primary government	\$ 129,976,073	\$ 39,665,455	\$ 21,366,524	\$ 10,368,657
Component Units				
Pueblo Urban Renewal Authority	\$ 10,807,504	\$ 1,483,634	\$ -	\$ 636,536
Pueblo Main Street Garage Corporation	320,804	94,010	-	-
Pueblo Municipal Rail Corporation	121,824	-	-	-
Total component units	\$ 11,250,132	\$ 1,577,644	\$ -	\$ 636,536
General revenues				
Taxes				
Property taxes, levied for general purposes				
Property taxes, levied for specific purposes				
Franchise and other taxes				
Sales and use taxes				
Payment in lieu of taxes				
Unrestricted investment earnings				
Miscellaneous				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position, January 1				
Net position, December 31				

Net (Expense) Revenue and Change in Net Position			Discretely-Presented Component Units		
Governmental Activities	Business-Type Activities	Total	Pueblo Urban Renewal Authority	Pueblo Main Street Garage Corporation	Pueblo Municipal Rail Corporation
\$ (10,248,406)	\$ -	\$ (10,248,406)			
(41,429,229)	-	(41,429,229)			
(4,020,421)	-	(4,020,421)			
(2,441,312)	-	(2,441,312)			
(2,542,310)	-	(2,542,310)			
845,556	-	845,556			
(544,756)	-	(544,756)			
(411,047)	-	(411,047)			
(60,791,925)	-	(60,791,925)			
-	(888,478)	(888,478)			
-	7,059,635	7,059,635			
-	1,898,583	1,898,583			
-	(2,577,726)	(2,577,726)			
-	(88,280)	(88,280)			
-	(2,160,979)	(2,160,979)			
-	(357,369)	(357,369)			
-	(741,016)	(741,016)			
-	72,118	72,118			
-	2,216,488	2,216,488			
(60,791,925)	2,216,488	(58,575,437)			
			\$ (8,687,334)	\$ -	\$ -
			-	(226,794)	-
			-	-	(121,824)
			<u>\$ (8,687,334)</u>	<u>\$ (226,794)</u>	<u>\$ (121,824)</u>
13,363,615	-	13,363,615	1,162,376	-	-
40,115	-	40,115	3,306,044	-	-
7,315,083	-	7,315,083	-	-	-
61,553,748	-	61,553,748	4,055,373	-	-
9,859	-	9,859	-	-	-
452,532	980,331	1,432,863	96,516	-	-
3,962,782	189,461	4,152,243	6,756	-	-
(3,925,294)	3,925,294	-	-	-	-
82,772,440	5,095,086	87,867,526	8,627,065	-	-
21,980,515	7,311,574	29,292,089	(60,269)	(226,794)	(121,824)
388,762,395	174,517,676	563,280,071	(3,777,709)	2,660,786	1,202,216
\$ 410,742,910	\$ 181,829,250	\$ 592,572,160	\$ (3,837,978)	\$ 2,433,992	\$ 1,080,392

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

City of Pueblo, Colorado
Balance Sheet
Governmental Funds
December 31, 2016

		<u>Major Special Revenue Funds</u>				
	General	Economic	HUD	Public	Total	Total
	Fund	Development	Grants	Improvements	Nonmajor	Governmental
		1/2 Cent Tax		Funds	Funds	Funds
Assets						
Cash and cash equivalents	\$ 9,452,105	\$ -	\$ -	\$ 74,886	\$ -	\$ 9,526,991
Restricted cash and cash equivalents	-	311,471	-	725,581	296,222	1,333,274
Investments	20,052,790	50,659,000	-	-	7,930,785	78,642,575
Restricted investments	-	-	-	-	24,844	24,844
Taxes receivable, net	19,858,981	1,001,628	-	-	41,506	20,902,115
Due from other funds	11,864,368	208,092	-	7,265,969	1,618,235	20,956,664
Receivable from other governments	-	-	1,939,400	6,058,933	669,240	8,667,573
Notes and loans receivable, net	650,000	24,935,403	3,453,195	-	-	29,038,598
Advance to other funds	1,426,518	-	-	747,000	-	2,173,518
Other receivables	2,441,839	130,844	299,848	-	552,513	3,425,044
Inventories	28,826	-	307,127	-	305,445	641,398
Prepaid items	459,087	-	-	-	-	459,087
Total assets	\$ 66,234,514	\$ 77,246,438	\$ 5,999,570	\$ 14,872,369	\$ 11,438,790	\$ 175,791,681
Liabilities						
Accounts payable and accrued expenses	\$ 5,331,319	\$ 1,386,744	\$ 380,256	\$ 236,642	\$ 1,056,213	\$ 8,391,174
Due to other funds	16,206,305	-	439,960	3,478,663	968,430	21,093,358
Advances from others	260,703	-	-	-	-	260,703
Total liabilities	21,798,327	1,386,744	820,216	3,715,305	2,024,643	29,745,235
Deferred inflows of resources	16,038,252	-	567,128	1,257,922	658,177	18,521,479
Fund balances						
Nonspendable	1,914,431	-	307,127	747,000	305,445	3,274,003
Restricted	2,900,000	75,859,694	4,305,099	3,335,981	8,256,290	94,657,064
Committed	7,927,638	-	-	467,154	-	8,394,792
Assigned	10,116,595	-	-	5,349,007	199,335	15,664,937
Unassigned	5,539,271	-	-	-	(5,100)	5,534,171
Total fund balances	28,397,935	75,859,694	4,612,226	9,899,142	8,755,970	127,524,967
Total liabilities, deferred inflows of resources, and fund balances	\$ 66,234,514	\$ 77,246,438	\$ 5,999,570	\$ 14,872,369	\$ 11,438,790	\$ 175,791,681

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

City of Pueblo, Colorado
Reconciliation of the Governmental Funds
Balance Sheet with the Government-wide Statement of Net Position

December 31, 2016

Amounts reported for governmental activities in the statement of net position are different because:

Fund balances of governmental funds		\$ 127,524,967
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Capital assets used in governmental activities are not current financial resources, and therefore, are not reported in the governmental fund financial statements.

Capital assets	\$ 453,000,018		
Less: accumulated depreciation	(108,964,023)		344,035,995

Pension assets, liabilities and related deferred inflows and deferred outflows of resources are not current financial resources and, therefore, are not reported in the fund financial statements

Pension asset	\$ 73,352		
Pension liability	(55,026,937)		
Deferred outflows of resources relating to pensions	20,898,977		
Deferred inflows of resources relating to pensions	(1,040,496)		(35,095,104)

Internal service funds are collapsed into governmental activities		5,081,393
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Long-term liabilities are not due and payable from current financial resources, and therefore, are not reported as liabilities on the fund financial statements. Long-term liabilities consist of:

Certificates of participation	\$ (19,798,176)		
Unamortized loss on refunding	1,358,146		
Capital leases payable	(4,103,178)		
Compensated absences payable	(6,202,178)		
Net post-employment benefit obligation	(6,529,265)		
Accrued interest payable	(80,343)		(35,354,994)

Certain revenue was earned and accrued in the statement of net position, but has been deferred in the governmental funds balance sheet.

Notes receivable issued upon sale of assets	\$ 650,000		
Other deferred inflows of resources (unavailable revenue)	3,900,653		4,550,653
Total net position of governmental activities			\$ 410,742,910

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

City of Pueblo, Colorado
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2016

		Major Special Revenue Funds				
	General Fund	Economic Development 1/2 Cent Tax	HUD Grants	Public Improvements Funds	Total Nonmajor Funds	Total Governmental Funds
Revenues						
Property taxes	\$ 13,363,615	\$ -	\$ -	\$ -	\$ 40,115	\$ 13,403,730
Sales and miscellaneous taxes	58,659,597	8,274,361	-	-	1,979,986	68,913,944
Payment in lieu of taxes	9,859	-	-	-	-	9,859
Fees and fines	1,741,259	-	-	-	-	1,741,259
Licenses and permits	652,734	-	-	-	-	652,734
Intergovernmental	2,125,562	-	2,301,595	12,906,726	5,147,328	22,481,211
Charges for services	4,477,092	819,288	-	-	1,271,189	6,567,569
Investment earnings	116,404	236,805	-	26	38,680	391,915
Miscellaneous	388,899	-	82,601	75,959	603,106	1,150,565
Total revenues	81,535,021	9,330,454	2,384,196	12,982,711	9,080,404	115,312,786
Expenditures						
Current						
General government	9,399,169	-	-	927,475	-	10,326,644
Public safety	43,074,758	-	-	667,875	39,648	43,782,281
Public works	6,633,021	-	-	6,436,694	1,463,526	14,533,241
Parks and recreation	4,862,533	-	-	-	160,130	5,022,663
Economic development	-	(945,264)	-	-	-	(945,264)
Culture and community welfare	4,397,461	-	1,305,935	191,785	2,119,149	8,014,330
Other	542,327	-	-	2,429	-	544,756
Debt service						
Principal	-	-	-	-	3,570,506	3,570,506
Interest and other charges	-	-	-	115,067	959,300	1,074,367
Capital outlay	416,818	7,665,514	570,234	5,827,581	517,556	14,997,703
Total expenditures	69,326,087	6,720,250	1,876,169	14,168,906	8,829,815	100,921,227
Excess (deficiency) of revenues over expenditures						
	12,208,934	2,610,204	508,027	(1,186,195)	250,589	14,391,559
Other financing sources (uses)						
Insurance recovery	-	-	-	961,954	-	961,954
Bonds issued	-	-	-	19,267,465	-	19,267,465
Payment of refunded bonds	-	-	-	(16,264,933)	-	(16,264,933)
Transfers in	4,019,871	-	-	1,588,833	4,586,706	10,195,410
Transfers out	(9,950,294)	(373,097)	(195,830)	(231,221)	(4,802,262)	(15,552,704)
Total other financing sources (uses)	(5,930,423)	(373,097)	(195,830)	5,322,098	(215,556)	(1,392,808)
Net change in fund balance	6,278,511	2,237,107	312,197	4,135,903	35,033	12,998,751
Fund balances at beginning of year	22,119,424	73,622,587	4,300,029	5,763,239	8,720,937	114,526,216
Fund balances at end of year	\$ 28,397,935	\$ 75,859,694	\$ 4,612,226	\$ 9,899,142	\$ 8,755,970	\$ 127,524,967

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

City of Pueblo, Colorado
Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2016

Amounts reported for governmental activities in the statement of activities are different because:

Total fund balances - governmental funds.	\$	12,998,751
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Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are capitalized in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities.

Capital outlay	\$	20,713,430	
Depreciation expense		(6,088,596)	
Net book value of capital asset disposals		(87,435)	14,537,399

An internal service fund is used by the City's management to charge the cost of risk management to individual departments, to charge the cost of fleet management activities to individual departments, and to charge the cost of the city-wide telephone system to individual departments. The assets, deferred outflows of resources, liabilities and deferred inflows of resources of the internal service fund is included with governmental activities in the statement of net position.

Change in net position of governmental internal service fund	\$	822,070	
Net operating loss attributed to business-type-type activities		232,068	1,054,138

Recognition and measurement of the changes in the net pension asset and/or liability, together with pension-related deferred outflows of resources and deferred inflows of resources in the financial statements prepared using the economic resources measurement focus and the accrual basis of accounting are not current financial resources and, therefore, are not reported in governmental funds.

(5,357,281)

Proceeds from the issuance of long-term debt are reported as other financing sources, and principal repayments of long-term debt are reported as expenditures in governmental fund financial statements, while these are reported as increases or decreases in long-term debt in the government-wide financial statements. Also, changes in other long-term liabilities and related accounts (i.e. accrued interest, deferred loss on refunding, accrued compensated absences and other post-employment benefits) are not reported in the governmental financial statements.

Principal payments on certificates of participation	\$	3,475,454	
Proceeds from the issuance of certificates of participation		(18,718,754)	
Deposit with escrow agent		16,264,933	
Change in accrued interest		344,496	
Change in debt insurance costs		(134,142)	
Change in other post-employment benefits		(1,283,455)	
Decrease in compensated absences payable		1,499,392	1,447,924

Certain revenue was earned and accrued in the statement of net position, but has been deferred in the governmental funds balance sheet.

(2,700,416)

Change in net position of governmental activities	\$	21,980,515	
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The accompanying notes are an integral part of these financial statements.

City of Pueblo, Colorado
Statement of Net Position
Proprietary Funds
December 31, 2016

Business-type Activities							
	Golf Course Enterprise	Sewer User Fund	Stormwater Utility	Memorial Airport	Other Enterprise Funds	Total	Internal Service Fund
Assets							
Current assets							
Cash and cash equivalents	\$ -	\$ 675	\$ 100	\$ 400	\$ 117,566	\$ 118,741	\$ 300
Restricted cash and cash equivalents	-	492,162	-	-	-	492,162	78,802
Investments	-	26,407,000	4,258,500	233,445	-	30,898,945	-
Accounts receivable, net	81,840	3,054,794	2,656,436	138,927	96,500	6,028,497	23,738
Due from other funds	-	133,641	17,960	497,715	-	649,316	4,247,495
Due from other governments	-	-	-	-	2,318,016	2,318,016	-
Other receivables	-	50,167	8,090	444	-	58,701	-
Prepaid expenses	-	-	3,139	-	63,264	66,403	462,794
Inventories	-	320,343	-	-	223,119	543,462	215,067
Total current assets	81,840	30,458,782	6,944,225	870,931	2,818,465	41,174,243	5,028,196
Noncurrent assets							
Capital assets							
Land	56,086	185,461	622,458	56,889	3,453,085	4,373,979	-
Land improvements Infrastructure	4,632,220	27,690	8,646,234	35,566,262	2,241,371	51,113,777	-
Infrastructure	-	53,634,678	45,259,538	719,671	-	99,613,887	-
Other improvements	4,172,816	-	-	22,016,104	210,017	26,398,937	-
Buildings	1,504,076	47,381,814	-	10,200,792	17,969,656	77,056,338	1,036,366
Machinery and equipment	1,913,843	5,150,958	2,344,196	2,686,003	7,227,672	19,322,672	1,978,036
Less accumulated depreciation	(6,329,526)	(23,642,842)	(14,147,453)	(33,208,678)	(10,905,357)	(88,233,856)	(1,892,020)
Intangibles	-	8,160	35,703	3,912	1,478	49,253	-
Construction in progress	-	1,140,623	174,511	102,123	-	1,417,257	-
Total capital assets	5,949,515	83,886,542	42,935,187	38,143,078	20,197,922	191,112,244	1,122,382
Total noncurrent assets	5,949,515	83,886,542	42,935,187	38,143,078	20,197,922	191,112,244	1,122,382
Total assets	6,031,355	114,345,324	49,879,412	39,014,009	23,016,387	232,286,487	6,150,578
Deferred outflows of resources							
Pension-related	32,579	1,350,851	421,475	290,670	32,658	2,128,233	1,038,908
Liabilities							
Current liabilities							
Accounts payable	57,707	546,348	2,047,447	54,879	377,549	3,083,930	85,011
Accrued expenses	-	-	-	-	130,140	130,140	-
Accrued interest payable	52,830	296,533	1,962	-	595	351,920	-
Due to other funds	1,091,951	-	-	-	3,668,166	4,760,117	-
Advances from others	37,960	-	-	-	157,857	195,817	-
Compensated absences	-	36,087	7,032	13,957	25,525	82,601	10,241
Capital lease obligation	331,575	-	43,410	-	35,370	410,355	87,489
Claims and judgments	-	-	-	-	-	-	1,564,000
Bonds, notes and loans payable	-	1,740,827	-	-	-	1,740,827	-
Total current liabilities	1,572,023	2,619,795	2,099,851	68,836	4,395,202	10,755,707	1,746,741
Noncurrent liabilities							
Compensated absences	-	324,779	63,291	125,615	229,721	743,406	92,170
Capital lease obligation	972,821	-	44,467	-	-	1,017,288	366,170
Claims and judgments	-	-	-	-	-	-	195,564
Bonds payable, net	-	25,289,210	-	-	-	25,289,210	-
Advance from other funds	1,335,709	-	90,810	-	747,000	2,173,519	-
Net pension liability	122,037	5,060,132	1,578,797	1,088,817	122,331	7,972,114	3,891,629
Total noncurrent liabilities	2,430,567	30,674,121	1,777,365	1,214,432	1,099,052	37,195,537	4,545,533
Total liabilities	4,002,590	33,293,916	3,877,216	1,283,268	5,494,254	47,951,244	6,292,274
Deferred inflows of resources							
Pension-related	4,629	191,953	59,891	41,304	4,641	302,418	147,627
Net position							
Net investment in capital assets	4,645,119	57,348,667	42,847,310	38,143,078	20,162,551	163,146,725	668,723
Unrestricted	(2,588,404)	24,861,639	3,516,470	(162,971)	(2,612,401)	23,014,333	80,862
Total net position	\$ 2,056,715	\$ 82,210,306	\$ 46,363,780	\$ 37,980,107	\$ 17,550,150	186,161,058	\$ 749,585

Adjustment to report the cumulative internal balance for the net effect of the activity between the internal service funds and the enterprise funds over time

(4,331,808)

Net position of business-type activities

\$ 181,829,250

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

City of Pueblo, Colorado
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2016

	Business-type Activities						Governmental Activities
	Golf Course Enterprise	Sewer User Fund	Stormwater Utility	Memorial Airport	Other Enterprise Funds	Total	Internal Service Fund
Operating revenues							
Charges for services	\$ 2,212,321	\$ 18,554,351	\$ 4,565,790	\$ 596,736	\$ 1,977,795	\$ 27,906,993	\$ 6,462,005
Miscellaneous	150	9,817	2,741	(36,309)	143,664	120,063	455,609
Total operating revenues	2,212,471	18,564,168	4,568,531	560,427	2,121,459	28,027,056	6,917,614
Operating expenses							
Personnel services	76,168	3,842,184	1,353,192	947,443	103,950	6,322,937	3,296,994
Contractual services	883,071	1,628,968	755,465	227,229	4,964,895	8,459,628	41,401
Utilities	442,775	927,150	63,834	354,824	436,454	2,225,037	54,882
Repairs and maintenance	170,900	307,166	75,879	189,364	389,220	1,132,529	24,204
Other supplies and expenses	135,209	2,955,369	4,317,998	200,163	778,647	8,387,386	1,201,367
Insurance claims expense	-	-	-	-	-	-	2,794,879
Depreciation	437,289	1,621,567	709,467	1,410,608	1,030,043	5,208,974	115,966
Total operating expenses	2,145,412	11,282,404	7,275,835	3,329,631	7,703,209	31,736,491	7,529,693
Operating income (loss)	67,059	7,281,764	(2,707,304)	(2,769,204)	(5,581,750)	(3,709,435)	(612,079)
Nonoperating revenues (expenses)							
Interest and investment revenue	828,518	129,561	22,116	1,106	(970)	980,331	(2,988)
Miscellaneous revenue	-	-	-	10,000	-	10,000	-
Operating grants and contributions	-	-	4,644,895	-	2,393,005	7,037,900	-
Interest expense	(954,488)	(670,129)	(2,296)	-	(703)	(1,627,616)	(693)
Gain (loss) on disposal of fixed assets	-	1,855	153,667	10,705	13,234	179,461	-
Total nonoperating revenues (expenses)	(125,970)	(538,713)	4,818,382	21,811	2,404,566	6,580,076	(3,681)
Income (loss) before contributions	(58,911)	6,743,051	2,111,078	(2,747,393)	(3,177,184)	2,870,641	(615,760)
Capital contributions	-	534,011	-	213,505	191	747,707	5,830
Transfers in	-	-	-	1,551,084	2,436,210	3,987,294	1,432,000
Transfers out	-	(50,000)	(12,000)	-	-	(62,000)	-
Changes in net position	(58,911)	7,227,062	2,099,078	(982,804)	(740,783)	7,543,642	822,070
Net position at beginning of year	2,115,626	74,983,244	44,264,702	38,962,911	18,290,933		(72,485)
Net position at end of year	\$ 2,056,715	\$ 82,210,306	\$ 46,363,780	\$ 37,980,107	\$ 17,550,150		\$ 749,585

Adjustment for the net effect of the current year activity between the internal service fund and the enterprise funds

(232,068)

Change in net position

\$ 7,311,574

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

City of Pueblo, Colorado
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2016

	Business-type Activities						Governmental
	Enterprise Funds						Activities
	Golf Course Enterprise	Sewer User Fund	Stormwater Utility	Memorial Airport	Other Enterprise Funds	Total	Internal Service Fund
Cash flows from operating activities							
Cash received from customers	\$ 2,210,741	\$ 18,694,416	\$ 2,549,632	\$ 2,029,374	\$ 496,784	\$ 25,980,947	\$ 6,925,039
Cash payments to suppliers	(1,664,715)	(6,616,482)	(3,299,882)	(1,132,600)	(6,472,039)	(19,185,718)	(6,965,543)
Cash payments to employees	(72,077)	(4,379,918)	(1,297,076)	(872,797)	(77,163)	(6,699,031)	(893,190)
Receipts for interfund services	63,606	37,621	3,177	-	1,996,075	2,100,479	-
Payments for interfund services	-	-	-	(1,615,315)	(1,070,988)	(2,686,303)	(2,740,295)
Net cash flows from operating activities	537,555	7,735,637	(2,044,149)	(1,591,338)	(5,127,331)	(489,626)	(3,673,989)
Cash flows from non-capital financing activities							
Transfers in	-	-	-	1,551,084	2,436,210	3,987,294	1,432,000
Transfers out	-	(50,000)	(12,000)	-	-	(62,000)	-
Payments made on fund advance	-	-	(100,000)	-	-	(100,000)	-
Receipts from fund advance	-	-	-	-	38,689	38,689	-
Miscellaneous revenue	-	-	-	10,000	-	10,000	-
Operating grants and contributions	-	-	4,644,895	-	2,393,005	7,037,900	-
Net cash flows from non-capital financing activity	-	(50,000)	4,532,895	1,561,084	4,867,904	10,911,883	1,432,000
Cash flows from capital and related financing activities							
Proceeds from the sale of capital assets	-	1,855	153,667	10,705	13,234	179,461	-
Acquisitions of capital assets	(81,501)	(2,622,314)	(940,950)	(193,062)	(456,002)	(4,293,829)	(557,673)
Capital contributions received	-	534,011	-	213,505	191	747,707	5,830
Proceeds from issuance of debt	-	-	-	-	-	-	548,711
Principal paid on long-term debt	(322,102)	(1,782,091)	(153,303)	-	(34,727)	(2,292,223)	(95,052)
Interest paid on long-term debt	(962,670)	(687,615)	(3,276)	-	(1,287)	(1,654,848)	(693)
Net cash flows from capital and related financing activities	(1,366,273)	(4,556,154)	(943,862)	31,148	(478,591)	(7,313,732)	(98,877)
Cash flows from investing activities							
Interest earnings received	828,518	129,561	22,116	1,106	(970)	980,331	(2,988)
Maturity of investments	-	-	-	-	765,000	765,000	-
Acquisition of investments	-	(3,737,000)	(1,567,000)	(2,000)	-	(5,306,000)	2,357,500
Net cash flows from investing activities	828,518	(3,607,439)	(1,544,884)	(894)	764,030	(3,560,669)	2,354,512
Net increase (decrease) in cash and cash equivalents	(200)	(477,956)	-	-	26,012	(452,144)	13,646
Cash and cash equivalents at beginning of year	200	970,793	100	400	91,554	1,063,047	65,456
Cash and cash equivalents at end of year	\$ -	\$ 492,837	\$ 100	\$ 400	\$ 117,566	\$ 610,903	\$ 79,102
Reported in the accompanying statement of net assets as follows:							
Cash and cash equivalents	\$ -	\$ 675	\$ 100	\$ 400	\$ 117,566	\$ 118,741	\$ 300
Restricted cash and cash equivalents	-	492,162	-	-	-	492,162	78,802
	\$ -	\$ 492,837	\$ 100	\$ 400	\$ 117,566	\$ 610,903	\$ 79,102
Reconciliation of operating income (loss) to net cash flows from operating activities							
Operating income (loss)	\$ 67,059	\$ 7,281,764	\$ (2,707,304)	\$ (2,769,204)	\$ (5,581,750)	\$ (3,709,435)	\$ (612,079)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:							
Depreciation	437,289	1,621,567	709,467	1,410,608	1,030,043	5,208,974	115,966
(Increase) decrease in operating assets :							
Accounts receivable	(1,730)	130,248	(2,018,899)	1,468,947	(1,624,675)	(2,046,109)	7,425
Due from other funds	-	37,621	3,177	(497,715)	(920,574)	(1,377,491)	(2,740,295)
Prepaid items	-	-	(3,139)	-	(61,358)	(64,497)	(4,520)
Inventories	-	(16,159)	-	-	33,278	17,119	35,795
Increase (decrease) in operating liabilities:							
Accounts payable and accrued expenses	19,435	(1,301,296)	1,892,400	(117,283)	125,257	618,513	(424,990)
Due to other funds	(52,195)	-	-	(1,117,600)	1,845,661	675,866	-
Advances from others	63,606	-	-	-	-	63,606	-
Net pension liability and related deferred inflows and outflows of resources	4,091	(18,108)	80,149	30,909	26,787	123,828	(51,291)
Net cash flows from operating activities	\$ 537,555	\$ 7,735,637	\$ (2,044,149)	\$ (1,591,338)	\$ (5,127,331)	\$ (489,626)	\$ (3,673,989)
Schedule of noncash investing, capital and financing activities							
Unrealized loss on investments	\$ -	\$ (46,399)	\$ (7,482)	\$ -	\$ -	\$ (53,881)	\$ -

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

City of Pueblo, Colorado
Agency Fund
Fiduciary Statement of Net Position
For the Year Ended December 31, 2016

	Agency Fund
Assets	
Cash and cash equivalents	\$ 269,655
Accounts receivable	1,855,904
Total assets	\$ 2,125,559
 Liabilities	
Accounts payable	\$ 1,000
Deposits	2,124,559
Total liabilities	\$ 2,125,559

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

Notes to Financial Statements

City of Pueblo, Colorado
Notes to Financial Statements
December 31, 2016

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Pueblo, Colorado (the City) is incorporated as a home rule city under the Constitution of the State of Colorado. The City operates under a council-manager form of government and provides the following services as authorized by its charter: public safety (police and fire), public works (highways, streets, sanitation and transportation), culture-recreation, public improvements, planning and zoning and general administrative services.

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting standards and financial reporting principles. The more significant accounting and reporting principles and practices used by the City are described below.

A. REPORTING ENTITY

As required by GAAP, the accompanying financial statements present the City of Pueblo, Colorado (the primary government) and its component units, which are entities for which the primary government is considered to be financially accountable. Blended component units, although legally separate entities, are in substance part of the government's operations and, consequently, data from these units are combined with data of the primary government. The discretely-presented component units, however, are reported separately in the government-wide financial statements to emphasize that they each are legally separate from the government. Each blended and discretely presented component unit has a December 31 year end.

The financial statements of the following component units have been "blended" with those of the City because (1) their governing bodies are substantially the same as the governing body of the City and there is a financial benefit or burden relationship between the City and the component unit or management of the City has operational responsibility for the component unit. Other criteria that are considered for "blending" component units include (2) whether the component unit provides services entirely, or almost entirely, to the City, and (3) whether the component unit's total debt outstanding, including leases, is expected to be repaid entirely, or almost entirely, with resources of the City.

Pueblo Transit – Pueblo Transit is a legally separate not-for-profit corporation that was formed January 1, 1998 as an agency and instrumentality of the City of Pueblo. Pueblo Transit provides labor services on a cost-reimbursement basis to the transportation services fund (a nonmajor enterprise fund of the City), which accounts for all the activities, including capital assets and grants and contributions related to public bus services. City Council appoints the governing body and management of Pueblo Transit. The rates for user charges are determined by City Council, and Pueblo Transit is reported as an internal service fund. Pueblo Transit is included as a blended component unit because it provides labor services exclusively to the City.

City of Pueblo, Colorado
Notes to Financial Statements
December 31, 2016

Pueblo Municipal Building Corporation (PMBC) – PMBC is a financing vehicle created by City Council to periodically acquire and construct various properties and facilities. PMBC is a nonprofit public benefit corporation which generally issues certificates of participation that provide the funding for construction of the project and in turn, PMBC leases the project/facility to the City which provides the funds to service the certificates of participation debt obligation. PMBC is included as a blended component unit because City Council serves as the governing body of PMBC and management of the City has operational responsibility for PMBC.

In 2014, PMBC issued certificates of participation to install approximately 8,725 light emitting diode (LED) streetlight fixtures throughout the City. The installation of the replacement streetlights did not begin until 2015 and, as part of the adopting ordinances, City Council approved entering into a site lease with PMBC, together with a lease purchase agreement between the City and PMBC. The lease payments made by the City to PMBC will be used to retire the certificates of participation. Upon retirement of the certificates of participation, title will pass to the City.

Previously, PMBC issued certificates of participation to construct a new police complex facility which was completed in 2010. Upon completion, PMBC provided all its services (leasing the police complex facility) to the City under an annually-renewable lease-purchase agreement. The lease payments made by the City to PMBC are used to retire the certificates of participation. Upon retirement of the certificates of participation, title will pass to the City.

Southpointe Special Improvement Maintenance District – Southpointe special improvement maintenance district (Southpointe District) was created by City Council and authorized by taxpayers of the Southpointe District to maintain the area within the Southpointe District's boundaries. The Southpointe District is considered a blended component unit because City Council members are the governing body of the Southpointe District and management of the City has operational responsibility for the Southpointe District. Property taxes are established by the Southpointe District's taxpayers and the Southpointe District is reported as a nonmajor governmental fund.

Bandera Blvd. Special Improvement Maintenance District – Bandera Blvd. special improvement maintenance district (Bandera Blvd. District) was created by City Council and authorized by taxpayers of the Bandera Blvd. District to maintain the area within the Bandera Blvd. District's boundaries. The Bandera Blvd. District is considered a blended component unit because City Council members are the governing body of the Bandera Blvd. District and management of the City has operational responsibilities for Bandera Blvd. District. Property taxes are established by the Bandera Blvd. District's taxpayers and the Bandera Blvd. District is reported as a nonmajor governmental fund.

City of Pueblo, Colorado
Notes to Financial Statements
December 31, 2016

North Gateway Number 1 Business Improvement District – North Gateway Number 1 business improvement district (North Gateway BID No. 1) was organized by City Council under Colorado Revised Statute, section 31-25-1201, et. seq. to provide a mechanism which allows the City to construct certain infrastructure based on new revenue generated by proposed commercial development within the North Gateway BID No. 1 boundaries. The North Gateway BID No. 1 District is considered a blended component unit because City Council members are the governing body of the District and management of the City has operational responsibilities for North Gateway BID No. 1. The North Gateway BID No. 1 is reported as a nonmajor governmental fund.

North Gateway Number 1 Public Improvement Corporation – North Gateway Number 1 public improvement corporation (North Gateway PIC No. 1) was organized by City Council as a 63-20 nonprofit corporation to fund extraordinary public improvements within the boundaries of the North Gateway Number 1 public improvement district. The property owners within the boundaries of the North Gateway PIC No. 1 district impose a public improvement fee on sales that occur within these boundaries. The public improvement corporation is a blended component unit because City Council members are the governing body of the corporation and management of the City has operational responsibilities for North Gateway PIC No. 1. The North Gateway PIC No. 1 is reported as a nonmajor governmental fund.

Separately-issued financial statements of each blended component unit are not available.

The financial statements of the following component units have been “discretely presented” in the accompanying report because they do not meet the previously described criteria for reporting as blended component units even though they are generally considered financially accountable.

Pueblo Urban Renewal Authority – The Pueblo Urban Renewal Authority (the Authority) was created in 1959 under provisions of Colorado law. The Authority was virtually inactive until 1986, at which time the City and the Authority entered into a cooperation agreement whereby the Authority acquired certain properties from the City in order to facilitate the building of a convention center and parking structure on a portion of the property and sell the remaining portion to a developer for the purpose of building a hotel. In November 1993, the voters within the City approved the issuance of tax-increment revenue bonds of the Authority for the purpose of constructing a civic center and hotel complex within the Authority’s boundaries. During 2011, the Authority and the City initiated certain additional projects involving infrastructure construction and renovation of the City’s Memorial Hall. The Authority is included as a discretely-presented component unit because the City Council appoints a voting majority of the Authority’s governing body and is able to modify the decisions of the Authority’s governing body and there exist specific financial benefits and specific financial burdens on the City. Separately-issued financial statements of the Authority can be obtained from the Authority at 115 E. Riverwalk, Pueblo, Colorado, 81003.

City of Pueblo, Colorado
Notes to Financial Statements
December 31, 2016

Pueblo Main Street Garage Corporation – Pueblo Main Street Garage Corporation (the Corporation) was formed in 2006 as a not-for-profit corporation under Colorado law to construct a parking facility. The governing body of the Corporation consists of three members of which one is appointed by the City, one is appointed by the Pueblo Urban Renewal Authority, and one is jointly appointed by the City and the Authority. The Corporation is reported as a discretely-presented component unit because it is fiscally dependent on the City since the City can set rates or charges and rent space in the facility to third parties without the consent of the Corporation. Separately issued financial statements of the Corporation are not available.

Pueblo Municipal Rail Corporation – Pueblo Municipal Rail Corporation (the Rail Corporation) was formed by City Council in 2012 as a not-for-profit corporation under Colorado law to construct railroad lead track and switches as part of an economic development agreement. The governing body of the Rail Corporation consists of three City employees. The Rail Corporation is included as a discretely-presented component unit because City employees serve as the governing body and the City is able to impose its will on the Rail Corporation and there is a potential for the Rail Corporation to provide specific financial benefits or specific financial burdens on the City. Separately-issued financial statements of the Rail Corporation are not available.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The basic financial statements include both government-wide (based on the City as a whole) and fund financial statements. The government-wide financial statements, which include the statement of net position and the statement of activities, report information on all of the non-fiduciary activities of the City and its component units. For the most part, the effect of interfund activity has been removed from these statements. 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. Likewise, the City is reported separately from its legally separate component units for which the City is financially accountable.

The government-wide statement of activities demonstrates the degree to which the direct expenses of a functional category or activity are offset by program revenues. Direct expenses are those that are clearly identifiable with a function or activity. 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 activity; (2) grants and contributions that are restricted to meeting the operational requirements of a particular function or activity; and (3) grants and contributions that are restricted to meeting the capital requirements of a particular function or activity. Taxes and other items not properly included among program revenues are reported instead as general revenues. The net cost by function or business-type activity is normally covered by general revenue such as property taxes, sales and use taxes, franchise and other taxes, or other unrestricted revenues.

City of Pueblo, Colorado
Notes to Financial Statements
December 31, 2016

Separate fund financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns. The nonmajor funds are combined in a column in the fund financial statements and are detailed in the combining section of the report.

The internal service fund, which traditionally provides services primarily to other funds of the government, is presented in summary form as part of the proprietary fund financial statements. Because the principal users of the internal services are the City's governmental activities, the majority of the assets, liabilities, deferred inflows and outflows of resources and net position of the internal service fund are consolidated into the governmental activities column in the government-wide financial statements. To the extent possible, the cost of these services is reflected in the appropriate functional activity. As previously noted, Pueblo Transit is also reported as an internal service fund that provides labor services exclusively to the City's transportation services enterprise fund.

The City's fiduciary fund is presented in the fund financial statements by type. Since by definition these assets are being held for the benefit of a third party and cannot be used to assist the activities or obligations of the government, these funds are not incorporated into the government-wide statements.

The government-wide focus is more on the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. The focus of the fund financial statements is on the major individual funds of the governmental and business-type categories, as well as the fiduciary fund. Each presentation provides valuable information that can be analyzed and compared to enhance the usefulness of the information.

C. 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 financial statements. The fiduciary fund, which consists only of an agency fund, has no measurement focus and uses the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied, while grants and similar items are recognized as revenue when all eligibility requirements are met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Revenues are considered available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenue to be available if collected within 60 days of the end of the fiscal year except the availability period is considered 120 days for the City's government-mandated non-exchange transactions that are generally classified as expenditure-driven grants. Expenditures generally are recorded when a liability is incurred as is the case with accrual accounting. However, debt service expenditures, as well as expenditures related to

City of Pueblo, Colorado
Notes to Financial Statements
December 31, 2016

compensated absences and claims and judgments, are recorded only when the liability has matured and payment is due. General capital asset acquisitions are reported as expenditures in governmental funds, while issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales and use taxes, franchise taxes, grant and entitlement revenues, interest and charges for services are considered revenues susceptible to accrual. Licenses and permits, fines and fees, contributions and miscellaneous revenue are recorded as revenues when received because they are not generally measurable until received. In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. Expenditure-driven grants recognize revenue when the qualifying expenditures have been incurred and other grant requirements have been met. Entitlements and shared revenues are recorded at the time of receipt or earlier if the accrual criteria are met.

Business-type activities and all proprietary funds are accounted for using the flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation of these funds are included on the statement of net position. Proprietary fund-type operating statements present increases (revenues) and decreases (expenses) in net position. 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 a proprietary funds' principal ongoing operation. The principal operating revenues of the City's golf courses and the sewer and storm water utilities and airport are charges to customers for sales and services. Operating expenses for the enterprise funds and the internal service fund include the cost of sales and services, administrative expenses and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

GOVERNMENTAL FUNDS

The City reports the following major governmental funds:

- The general fund is the primary operating fund of the City and is always classified as a major fund. The general fund is used to account for all financial resources of the City except those required to be accounted for in a separate fund. Major revenue sources include sales and use taxes, property taxes, franchise and other taxes, and intergovernmental revenue. Primary expenditures include general government, public safety (fire and police), public works, parks and recreation, and culture and community welfare.
- The economic development ½ cent tax fund is a special revenue fund used to promote economic development within and around the City. Funds are provided by a ½ cent sales tax and expenditures generally consist of loans made to private businesses.

City of Pueblo, Colorado
Notes to Financial Statements
December 31, 2016

- The HUD grants fund is a special revenue fund used to implement the federally-funded community development block grant and HOME grant. Funds are used for current programs benefiting low and moderate income individuals and families.
- The public improvements funds combine the public improvements fund, which is a fund used to implement various federal and state grants awarded to the City, and the capital improvement fund, which is a capital projects fund used primarily for the City's capital improvement program. Funds are used for numerous current activities including general government, public safety, public works, parks and recreation, transportation and transportation planning, and capital outlay.
- Other governmental funds are a summarization of all other nonmajor governmental funds.

PROPRIETARY FUNDS

The following is a description of the major proprietary funds of the City:

- The Golf Course Enterprise Fund combines the operations of the city-owned Elmwood golf course and Walking Stick golf course funds. Activities of the funds include operation and maintenance of the golf courses, along with the accumulation of resources for the payment of principal and interest on the capital leases outstanding. All costs are financed through charges to users with rates reviewed regularly and adjusted as necessary.
- The Sewer user fund accounts for the operations of the City's sewer utility. Activities of the fund include administration, operation and maintenance of the sewer system, along with accumulation of resources for the payment of principal and interest on long-term debt. All costs are financed through charges to utility customers with rates reviewed regularly and adjusted if necessary.
- The Storm water utility fund accounts for the operations of the City's storm water utility. Activities of the fund include administration, operation, and maintenance of the storm water system, along with accumulation of resources for the payment of principal and interest on capital leases, notes payable and fund advances. All costs are financed through charges to customers.
- The Memorial airport fund accounts for the operations of the airport that is located approximately eight miles east of the City. Activities include administration, operation and maintenance of the airport. Costs are financed through charges to customers, transfers from other funds and capital grants.

City of Pueblo, Colorado
Notes to Financial Statements
December 31, 2016

- Other enterprise funds is a summarization of all other nonmajor enterprise funds.
- The internal service funds are used to account for the financing of goods or services provided by one department or agency of the City to other departments or agencies of the City, generally on a cost reimbursement basis. The internal service funds of the City provide risk management, fleet maintenance and communication services to these other City departments and agencies. The Pueblo Transit internal service fund provides labor services to the City's transportation services enterprise fund.
- The agency fund is used to account for assets held by the City in an agency capacity generally for subdivision infrastructure.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Another exception to this rule is the administrative charge imposed on the enterprise funds by the general fund. Elimination of these charges would distort the direct costs and program revenues reported for the functions affected.

D. CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash and cash equivalents include cash on hand, along with interest and non-interest bearing bank deposits. Restricted cash and cash equivalents represents bank deposits held in compliance with economic development agreements, funds held by the trustee of the 2014 issue of certificates of participation of PMBC as previously described, and funds held by the lender (Colorado Water Resources and Power Development Authority) in conjunction with a project in the City's sewer utility fund.

In accordance with generally accepted accounting principles, the City records certain investments at fair value with any unrealized gain or loss being included as part of investment earnings.

E. CASH EQUIVALENTS

For purposes of the statement of cash flows, the City considers cash and cash equivalents to be cash on hand, demand deposits and, if any held, all highly liquid investments with original maturities of three months or less when acquired.

F. PROPERTY TAXES

Property taxes were levied on November 23, 2015 based on the assessed value of property as certified by the County Assessor by the previous October 10. Assessed values are a percentage of actual values. Reevaluation of all property must be made every two years and the last reevaluation date was January 1, 2016 for the 2014 base year as specified by state law.

City of Pueblo, Colorado
Notes to Financial Statements
December 31, 2016

The taxes levied on November 30, 2016 reflect 2016 taxes that will be collected in 2017. The taxes are collected by the County Treasurer and are remitted to the City on a monthly basis. These taxes are due and considered earned on January 2, 2017 and may be paid in two installments (the last day of February and June 15) or they may be paid in full on or before April 30. Taxes not paid in accordance with this schedule accrue interest and penalty charges and are subject to liens if not paid by November 2017.

G. INTERFUND RECEIVABLES/PAYABLES

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as “due from other funds” and “due to other funds” in the fund financial statements.

H. INVENTORIES AND PREPAID ITEMS

Inventories are reported at cost and cost is determined using the first-in, first-out method. Inventories consist of consumable supplies held for consumption, along with land and property held for sale. Inventories are capitalized under the consumption method, whereby expenditures are capitalized as inventory until used or sold. Prepaid items represent payments made for expenditures to be charged to a future accounting period and are capitalized under the consumption method.

I. CAPITAL ASSETS

Capital assets, which include land, land improvements, buildings, infrastructure, other improvements, machinery and equipment, intangible assets and construction-in-progress are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The capitalization levels were established at \$2,500 for machinery and equipment; \$25,000 for land improvements, buildings, building improvements and computer software. No capitalization threshold was established for land, intangible assets, artworks, and historical treasures. Infrastructure is capitalized only if the outlay meets the criteria established for capitalization. The criteria for capitalization include (1) increasing the capacity or operating efficiency or (2) extending the useful life of the asset. These levels were set so as to maintain a balance between accountability and managing the costs of recording and tracking these assets. Capital assets are defined as assets with an initial individual cost or estimated cost that equals or exceeds the limits identified above and have a useful life greater than one year. Capital assets are recorded at cost or estimated historical cost if purchased or constructed. Contributed capital assets are recorded at estimated fair value at the time received. Normal maintenance and repairs that do not add to the value of the asset or materially extend the useful life of the asset are not capitalized.

City of Pueblo, Colorado
Notes to Financial Statements
December 31, 2016

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed when material. No interest was capitalized during the year ended December 31, 2016.

Capital assets of the City, as well as the capital assets of the discretely-presented component units, are depreciated using the straight-line method over the following estimated useful lives:

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Pueblo Urban Renewal Authority Component Unit</u>	<u>Pueblo Main Street Garage Corporation Component Unit</u>	<u>Pueblo Municipal Rail Corporation Component Unit</u>
Land improvements	25-100	20-100	-	-	-
Infrastructure –					
Roads	100	-	-	-	-
Bridges	100	-	-	-	-
Signal lights	40	-	-	-	-
Sewer system	-	100	-	-	-
Storm water system	-	100	-	-	-
Airport and other rail spurs	-	100	-	-	100
Buildings	10-50	20-100	7-50	50	-
Machinery equipment	3-15	3-10	5-20	-	-
Other improvements	-	10-50	5-40	-	-

J. COMPENSATED ABSENCES

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Employees are allowed to accumulate vacation benefits up to predetermined maximums and are compensated for these accumulated vacation benefits either through paid time off or at termination or retirement. Employees are also allowed to accumulate sick pay benefits up to predetermined maximums; however, payment of these benefits is limited to lesser maximums depending on whether the employee resigns or retires.

Accumulated vacation and sick leave is accrued when earned in the government-wide and the proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured; for example, as a result of employee resignations and retirements.

City of Pueblo, Colorado
Notes to Financial Statements
December 31, 2016

K. LONG-TERM LIABILITIES

In the government-wide financial statements and the fund financial statements for the proprietary funds, long-term debt and other similar long-term obligations are reported as liabilities in the applicable statement of net position. Bond premiums and discounts, as well as bond insurance costs, if any, are deferred and amortized over the life of the obligation using the interest method.

In the governmental fund financial statements, bond premium and discounts, as well as bond issue costs, are recognized during the current period. The face amount of the debt issue, along with the related discount or premium, if any, is reported as other financing sources while debt issue costs are reported as debt service expenditures.

L. PENSION PLANS

The GASB issued Statement 68, Accounting and Financial Reporting for Pensions and GASB Statement 71, Pension Transition for Contributions Made Subsequent to the Measurement Date, to improve accounting and financial reporting by state and local governments for pensions. These two statements are effective for years beginning after June 15, 2014. These statements were the result of a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity and creating additional transparency.

The City adopted the provisions of these statements as of and for the year ended December 31, 2015 for all the plans in which the City participates. The City and two of its component units (Pueblo Transit Authority and Pueblo Urban Renewal Authority) participate in the Public Employees' Retirement Association Plan (PERA) which is a cost-sharing, multiple-employer defined benefit pension plan administered by PERA. The City also participates in the new hire fire and police pension plan which is a statewide, cost sharing, multiple-employer defined benefit pension plan administered by the Colorado Fire and Police Pension Association (FPPA). In addition, the City also participates in the Old Hire Fire Plan and the Old Hire Police Plan that are agent, multiple-employer defined benefit pension plans administered by FPPA.

Public Employee Retirement Association (PERA)

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

City of Pueblo, Colorado
Notes to Financial Statements
December 31, 2016

New Hire Fire and Police Plan

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the New Hire Fire and Police Plan have been determined on the same basis as they are reported by FPPA. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Old Hire Police Plan

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the Old Hire Police Plan have been determined on the same basis as they are reported by FPPA. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Old Hire Fire Plan

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the Old Hire Fire Plan have been determined on the same basis as they are reported by FPPA. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

M. FUND EQUITY

Governmental funds report fund balances in classifications based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. Fund balances for the City's governmental funds consist of the following:

- Nonspendable – includes amounts that are (a) not in spendable form or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash such as inventories, prepaid items, long-term notes receivable and fund advances.
- Restricted – includes amounts that are restricted for specific purposes stipulated by external resource providers constitutionally or through enabling legislation.

City of Pueblo, Colorado
Notes to Financial Statements
December 31, 2016

- Committed – includes amounts that can only be used for the specific purposes determined by the passage of an ordinance of City Council. Commitments may be modified or changed only by City Council approving a new ordinance.
- Assigned – includes amounts intended to be used by the City for specific purposes that are neither restricted nor committed. Intent is expressed by the City Manager and Director of Finance as outlined by City Council’s passage of an ordinance to which the assigned amounts are to be used for specific purposes.
- Unassigned – includes amounts that do not meet any of the above criteria. The City may report positive unassigned fund balance only in the general fund and negative unassigned fund balances may be reported in all funds.

In circumstances where an expenditure is incurred for a purpose for which amounts are available in multiple fund balance classifications, fund balance is reduced in the order of restricted, committed, assigned and unassigned.

In the government-wide financial statements and proprietary fund financial statements, equity is classified as net position and displayed in the following categories:

- Net investment in capital assets – consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
- Restricted net position – consists of net position with constraints placed on the use either by (a) external groups, such as creditors, grantors, contributors, or laws or regulations of other governments; or (b) law through constitutional provisions or enabling legislation.
- Unrestricted net position – all other net position that does not meet the definition of “restricted” or “net investment in capital assets”.

When both restricted and unrestricted resources are available for net position use, it is the City’s policy to use restricted resources first and then use unrestricted resources as they are needed.

N. INTERFUND TRANSACTIONS

Interfund transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as a reduction of expenditures/expenses in the fund that is reimbursed. All other interfund transactions are reported as transfers.

City of Pueblo, Colorado
Notes to Financial Statements
December 31, 2016

O. ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. BUDGETARY PRINCIPLES

The City adheres to the following procedures in establishing its budgets.

On or before the first City Council meeting in October, the city manager submits to City Council a proposed budget for the fiscal year commencing the following January 1. The budget includes proposed expenditures and the means of financing them. Public hearings are conducted by City Council to obtain taxpayer comments. The City generally adopts budgets for all funds except the agency fund. All funds, including proprietary funds, use the current financial resources measurement focus and the modified accrual basis of accounting in preparing the budgets. In addition, appropriations lapse at the end of the year and expenditures for on-going projects are appropriated in the following year.

Expenditure estimates in the annual budgets are enacted into law through the passage of an appropriation ordinance. The city manager may at any time transfer any unencumbered appropriation balance or portion thereof from one classification of expenditures to another within the same department, office or agency. The Council may, by resolution, transfer any unencumbered appropriation balance or portion thereof from one department, office or agency to another. City Council may amend the original adopted budget during the year by passing a new ordinance to reflect current needs. During 2016, the expenditure estimates were amended. These amendments were made in accordance with the City Charter.

B. LEGAL COMPLIANCE – BUDGETS

The City did not adopt budgets for the police building fund (a nonmajor capital projects fund), the Historic Arkansas River Project fund (a nonmajor capital projects fund), and Pueblo Transit (a blended component unit/internal service fund). As such, the City may be in violation of Colorado budget law.

City of Pueblo, Colorado
Notes to Financial Statements
December 31, 2016

III. DETAILED NOTES FOR ALL FUNDS

A. CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash, cash equivalents and investments are summarized as follows:

Cash on hand	\$ 31,183
Demand deposits	10,570,999
Restricted deposits (held by trustee)	492,162
Restricted deposits (held by lender)	<u>725,581</u>
	<u>\$ 11,819,925</u>

Investments –

U.S. agency securities	\$ 78,172,553
U.S. treasury securities	9,538,284
Money market funds	21,830,683
Money market funds held by others (restricted)	<u>24,844</u>
	<u>\$ 109,566,364</u>

	<u>Cash and Cash</u> <u>Equivalents</u>	<u>Investments</u>
Reported in the financial statements as follows:		
Government-wide statement of net position	\$ 11,550,270	\$ 109,566,364
Statement of fiduciary assets and liabilities	<u>269,655</u>	<u>-</u>
	<u>\$ 11,819,925</u>	<u>\$ 109,566,364</u>

DEPOSITS

At December 31, 2016, the carrying amount of the City's deposits was \$10,570,999 and the bank balance was \$13,543,469. Of the bank balance, \$872,666 was covered by federal depository insurance and \$12,670,803 was collateralized in single financial institution collateral pools maintained by the individual financial institutions that hold these deposits. Colorado law requires that depository institutions must apply for and be designated as an eligible public depository before the institution can accept public fund monies. The depository institution must pledge eligible collateral as security for all public deposits held by that institution that are not insured by depository insurance. The market value of the collateral that each institution pledges as security must equal at least 102% of the total uninsured deposits held by that institution. Generally, the eligible collateral in the collateral pools is held by the depository institution or its agent in the name of the depository institution.

Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits may not be returned to it. The City's policy for custodial credit risk parallels Colorado statutes as described above. As of December 31, 2016, deposits with a bank balance of \$12,670,803 are uninsured but are not exposed to custodial credit risk because they are collateralized with securities held by the pledging financial institution's agent in the City's name.

City of Pueblo, Colorado
Notes to Financial Statements
December 31, 2016

INVESTMENTS

The City has adopted, by resolution, the provisions of Colorado Revised Statutes 24-75-601 which are entitled “Concerning Investment in Securities by Public Entities”. This law, among other things, outlines the types of securities that public entities in Colorado may acquire and hold as investments. These include U.S. government and agency securities, certain bonds of political subdivisions, bankers acceptances, commercial paper, local government investment pools, repurchase agreements, money market funds, guaranteed insurance contracts and U.S. dollar-denominated corporate or bank debt. The statute also includes a provision limiting any investment to a five-year maturity unless the governing body authorizes a longer period.

The City categorizes its fair value measurement within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in the active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

At December 31, 2016, the City had the following investments and maturities:

Investment Type	Level 1	Level 2	Level 3	Total	Concentration	Investment Maturities (in years)	
						Less Than One Year	1 - 5 Years
U.S. agencies	\$ -	\$ 78,172,553	\$ -	\$ 78,172,553	71.3%	\$ 14,482,859	\$ 63,689,694
U.S. treasuries	-	9,538,284	-	9,538,284	8.7%	2,748,205	6,790,079
Money market funds	5,165,834	-	-	5,165,834	4.7%	5,165,834	-
ColoTrust	9,400,123	-	-	9,400,123	8.6%	9,400,123	-
	<u>\$ 14,565,957</u>	<u>\$ 87,710,837</u>	<u>\$ -</u>	<u>\$ 102,276,794</u>		<u>\$ 31,797,021</u>	<u>\$ 70,479,773</u>
<u>Investments measured at net asset value (NAV):</u>							
CSAFE				<u>7,289,570</u>	6.7%		
				<u>\$ 109,566,364</u>			

Custodial credit risk – Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City’s investment policy does not limit the holding of securities by counterparties.

City of Pueblo, Colorado
Notes to Financial Statements
December 31, 2016

Interest rate risk – The City’s policy of limiting investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates parallels Colorado statutes. Specifically, all securities are limited to a maximum maturity of five years from the date of purchase unless City Council authorizes a longer period.

Credit risk – The City’s investment policy relative to investment choices provides that the City may invest in U.S. treasury and agency securities, commercial paper, bankers’ acceptances, local government investment pools, money market funds, repurchase agreements and corporate notes and bonds. As of December 31, 2016, the City’s investment in money market funds generally were rated Aaa-mf by Moody’s and AAAm by Standard and Poor’s. The City’s investment in U.S. agency securities includes bonds issued by Federal Farm Credit Banks, Federal Home Loan Bank, Federal Home Loan Mortgage Corporation, Federal National Mortgage Association, and Federal Agriculture Mortgage Corporations. At December 31, 2016, the City’s investment in these U.S. agency securities were generally rated AAA by Moody’s and AA+ by Standard and Poor’s.

Money market funds totaling \$21,830,683 as noted above include \$16,689,693 of funds held in the Colo Trust investment pool and the C-Safe investment pool. Both Colo Trust and C-Safe are external investment pools that are not registered with the SEC as investment companies but both entities have policies that include provisions that they will operate in a manner consistent with the SEC’s rule 2a7 of the Investment Company Act of 1940. The regulatory oversight for both pools rests with the Colorado Securities Commission and the fair value of the City’s investments in these two pools is the same as the value of the pool shares. The City’s investment in these two external investment pools were generally rated AAAm by Moody’s and Standard and Poor’s.

DISCRETELY PRESENTED COMPONENT UNITS

Cash and cash equivalents and investments for the discretely presented component units are summarized as follows:

	Pueblo Urban Renewal <u>Authority</u>	Pueblo Main Street Garage <u>Corporation</u>
Cash on hand	\$ 3,750	\$ -
Demand deposits	<u>4,639,996</u>	<u>36</u>
Total cash and cash equivalents	<u>\$ 4,643,746</u>	<u>\$ -</u>
Money market funds held at bank trust departments	<u>\$ 2,466,440</u>	<u>\$ -</u>
Reported in the financial statements as follows:		
Cash and cash equivalents	\$ 1,443,696	\$ 36
Restricted cash and cash equivalents	2,515,372	-
Restricted cash and cash equivalents under debt obligation	<u>684,678</u>	<u>-</u>
	<u>\$ 4,643,746</u>	<u>\$ 36</u>
Restricted investments	<u>\$ 2,466,440</u>	<u>\$ -</u>

City of Pueblo, Colorado
Notes to Financial Statements
December 31, 2016

DEPOSITS

At December 31, 2016, the carrying amount of the Pueblo Urban Renewal Authority's (the Authority) deposits was \$4,639,996 and the bank balance was \$3,843,602. Of the bank balance, \$750,000 was covered by federal depository insurance and \$3,093,602 was collateralized in single financial institution collateral pools maintained by the individual financial institutions that hold the deposits. Colorado law requires that depository institutions must apply for and be designated as an eligible public depository before the institution can accept public monies. The depository institution must pledge eligible collateral as security for all public deposits held by that institution that are not insured by depository insurance. The market value of the collateral that each institution pledges as security must equal at least 102% of the total uninsured deposits held by that institution. Generally, the eligible collateral in the collateral pools is held by the depository institution or its agent in the name of the depository institution.

Custodial credit risk is the risk that, in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority does not have a policy for custodial credit risk. As of December 31, 2016, deposits with a bank balance of \$3,093,602 are uninsured but are not exposed to custodial credit risk because they are collateralized with securities held by the pledging financial institution's agent in the name of the discretely-presented component unit.

INVESTMENTS

The Authority is subject to the provisions of Colorado Revised Statutes 24-75-601 which is entitled "Concerning Investment in Securities by Public Entities". This law, among other things, outlines the types of securities that public entities in Colorado may acquire and hold as investments. These include U.S. government and agency securities, certain bonds of political subdivisions, bankers acceptances, commercial paper, local government investment pools, repurchase agreements, money market funds, guaranteed investment contracts and U.S. dollar-denominated corporate or bank debt. The statute also includes a provision limiting any investment to a five-year maturity unless the governing body authorizes a longer period.

As of December 31, 2016, the Authority had the following investments and maturities:

	<u>Fair Value</u>	<u>Investment Maturity (in years) less than 1</u>
Money market funds held at bank trust departments	\$ 2,466,440	\$ 2,466,440
	<u>\$ 2,466,440</u>	<u>\$ 2,466,440</u>

Interest rate risk – The Authority does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

City of Pueblo, Colorado
Notes to Financial Statements
December 31, 2016

Credit risk – State law limits investments in money market funds to funds that are registered as an investment company; the fund investment policies must seek to maintain a constant price and no sales or bond fee can be added to the purchase or redemption price. The Authority has no investment policy that would further limit its investment choices. The Authority's investment in money market funds is rated AAAM by Standard and Poor's.

B. RECEIVABLES

Receivables at December 31, 2016 consist of the following:

	<u>Governmental Activities</u>			
	<u>General</u>	<u>Economic</u>	<u>HUD</u>	<u>Public</u>
	<u>Fund</u>	<u>Development</u>	<u>Grants</u>	<u>Improvements</u>
		<u>½ Cent</u>	<u>Fund</u>	<u>Fund</u>
		<u>Tax Fund</u>		
Taxes –				
Property	\$ 13,052,471	\$ -	\$ -	\$ -
Sales and use	6,047,467	1,001,628	-	-
Franchise	759,043	-	-	-
Notes and loans	650,000	34,498,596	3,453,195	-
Accounts	1,853,486	34,604	-	-
Interest	38,083	96,240	-	-
Other	<u>562,006</u>	<u>-</u>	<u>299,848</u>	<u>-</u>
	22,962,556	35,631,068	3,753,043	-
Less: allowance for uncollectible accounts	<u>(11,736)</u>	<u>(9,563,193)</u>	<u>-</u>	<u>-</u>
	<u>\$ 22,950,820</u>	<u>\$ 26,067,875</u>	<u>\$ 3,753,043</u>	<u>\$ -</u>
Amounts not scheduled for collection during the subsequent year	<u>\$ 650,000</u>	<u>\$ 30,175,789</u>	<u>\$ 2,536,396</u>	<u>\$ -</u>

	<u>Governmental Activities</u>		
	<u>Total</u>	<u>Internal</u>	
	<u>Nonmajor</u>	<u>Service</u>	<u>Total</u>
	<u>Funds</u>	<u>Fund</u>	
Taxes –			
Property	\$ 41,506	\$ -	\$ 13,093,977
Sales and use	-	-	7,049,095
Franchise	-	23,738	782,781
Notes and loans	-	-	38,601,791
Accounts	-	-	1,888,090
Interest	-	-	134,323
Other	<u>552,513</u>	<u>-</u>	<u>1,414,367</u>
	594,019	23,738	62,964,424
Less: allowance for uncollectible accounts	<u>-</u>	<u>-</u>	<u>(9,574,929)</u>

City of Pueblo, Colorado
Notes to Financial Statements
December 31, 2016

Amounts not scheduled for collection

During the subsequent year	<u>\$ 594,019</u>	<u>\$ 23,738</u>	<u>\$ 53,389,495</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Included in accounts receivable is \$1,112,013 of receivables that are due from the Authority under agreements between the City and the Authority.

	<u>Business-Type Activities</u>					
	<u>Golf Enterprise</u>	<u>Storm- Sewer User</u>	<u>water Utility</u>	<u>Memorial Airport</u>	<u>Other Enterprise Funds</u>	<u>Total</u>
Accounts	\$ 81,840	\$3,054,794	\$2,656,436	\$240,223	\$ 96,500	\$6,129,793
Interest	<u>-</u>	<u>50,167</u>	<u>8,090</u>	<u>444</u>	<u>-</u>	<u>58,701</u>
Less allowance for uncollectible accounts	81,840	3,104,961	2,664,526	240,667	96,500	6,188,494
	<u>-</u>	<u>-</u>	<u>-</u>	<u>(101,296)</u>	<u>-</u>	<u>(101,296)</u>
	<u>\$ 81,840</u>	<u>\$ 3,104,961</u>	<u>\$2,664,526</u>	<u>\$139,371</u>	<u>\$ 96,500</u>	<u>\$6,087,198</u>

DISCRETELY PRESENTED COMPONENT UNITS

Receivables at December 31, 2016 are summarized as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total Pueblo Urban Renewal Authority</u>
Property tax	\$ 4,275,170	\$ -	\$ 4,275,170
Vendor fees	139,614	-	139,614
Accounts	112,200	106,086	218,286
Notes	6,907,677	-	6,907,677
Interest	2,576	-	2,576
State of Colorado Regional Tourism Act	-	1,564,764	1,564,764
Tax increment funding (TIF)	<u>-</u>	<u>54,228</u>	<u>54,228</u>
	11,437,237	1,725, 078	13,162,315
Less: allowance for uncollectible accounts	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$13,162,315</u>

Amounts not scheduled for collection during the subsequent year \$ 45,677

City of Pueblo, Colorado
Notes to Financial Statements
December 31, 2016

Included in notes receivable reported above is a note receivable totaling \$6,862,000 that originated in conjunction with the issuance of the revenue bonds, series 2006 and represents the Authority's note to Pueblo Garage Investment Fund LLC. The note carried an interest rate of 1.00% and was due February 14, 2014. Interest only payments were due and paid annually on December 21st of each year beginning in 2007. The note was collateralized by a security agreement-pledge wherein Pueblo Garage Investment Fund LLC assigned and pledged its membership interest in NDC New Markets XIX, L.P. On February 14, 2013, this loan was assigned to NDC New Markets Investments XIX, L.P. and this note was paid on February 14, 2014 via a replacement note totaling \$6,862,000 issued by Pueblo Main Street Garage Corporation (a component unit of the City of Pueblo, Colorado). This note is due June 21, 2017 and carries an interest rate of 1.37% with annual interest payments due each December 21st until the due date. The note is collateralized by a deed of trust on the parking garage structure.

C. INTERFUND RECEIVABLES/PAYABLES/TRANSFERS

The following interfund receivables and payables are included in the fund financial statements at December 31, 2016:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Governmental funds –		
General fund	\$ 11,864,368	\$ 16,206,305
Economic development ½ cent tax	208,092	-
HUD grants	-	439,960
Public improvements funds	7,265,969	3,478,663
Nonmajor governmental	<u>1,618,235</u>	<u>968,430</u>
Total governmental funds	<u>20,956,664</u>	<u>21,093,358</u>
Enterprise funds –		
Golf enterprise	-	1,091,951
Sewer user	133,641	-
Storm water utility	17,960	-
Memorial airport	497,715	-
Nonmajor enterprise funds	<u>-</u>	<u>3,668,166</u>
Total enterprise funds	<u>649,316</u>	<u>4,760,117</u>
Internal service fund	<u>4,247,495</u>	-
	<u>\$ 25,853,475</u>	<u>\$ 25,853,475</u>

City of Pueblo, Colorado
Notes to Financial Statements
December 31, 2016

The amounts reported as due from other funds and due to other funds are reflective of the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. All amounts reflected as due from other funds are expected to be collected in the subsequent year.

The following table summarizes advances to/from other funds at December 31, 2016:

	<u>Advances to Other Funds</u>	<u>Advances from Other Funds</u>
Major governmental funds –		
Advance due general fund from stormwater utility major enterprise fund	\$ 90,810	-
Advance due general fund from Walking Stick golf course major enterprise fund	1,335,709	-
Advance due public improvement fund from honor farm nonmajor enterprise fund	747,000	-
Major enterprise funds –		
Advance due to general fund from Walking Stick golf course	-	1,335,709
Advance due to general fund from stormwater utility fund	-	90,810
Nonmajor enterprise fund –		
Advance due to public improvement fund from honor farm fund	<u>-</u>	<u>747,000</u>
	<u>\$ 2,173,519</u>	<u>\$ 2,173,519</u>

The advance from the general fund to the stormwater utility fund was provided for start-up costs associated with the operation of the storm water utility. The advance from the capital improvement fund to the honor farm fund was provided for capital improvements. It is expected that these advances will be paid in more than one year.

The advance from the general fund to Walking Stick golf course reflects an advance for debt service and capital improvements. It is presently anticipated that the repayment of this advance will begin in the near future since the certificates of participation were paid off in 2008.

City of Pueblo, Colorado
Notes to Financial Statements
December 31, 2016

Transfers for the year ended December 31, 2016 are as follows:

	<u>Transfers in</u>	<u>Transfers out</u>
Governmental funds –		
General fund	\$ 4,019,871	\$ 9,950,294
Economic development ½ cent tax	-	373,097
HUD grants	-	195,830
Public improvements fund	1,588,833	231,221
Nonmajor governmental funds	<u>4,586,706</u>	<u>4,802,262</u>
Total governmental funds	<u>10,195,410</u>	<u>15,552,704</u>
Enterprise funds –		
Sewer user	-	50,000
Storm water utility	-	12,000
Memorial airport	1,551,084	-
Other enterprise funds	<u>2,436,210</u>	<u>-</u>
Total enterprise funds	<u>3,987,294</u>	<u>62,000</u>
Internal service fund	<u>1,432,000</u>	<u>-</u>
	<u>\$ 15,614,704</u>	<u>\$ 15,614,704</u>

The transfers to the enterprise funds represent, for the most part, operating subsidies. Other transfers reflect the allocation of general fund revenues to the fund legally required to spend the identified monies, along with grant-matching amounts.

D. DUE FROM OTHER GOVERNMENTAL AGENCIES

The amounts reflected as due from other governmental agencies on the government-wide statement of net position consist of state and federal grants receivable for both the governmental activities and the business-type activities.

City of Pueblo, Colorado
Notes to Financial Statements
December 31, 2016

E. CAPITAL ASSETS

Capital assets activity for the year ended December 31, 2016 was as follows:

	Balance January 1, 2016	Additions	Deletions/ Inventory Adjustments/ Transfers	Balance December 31, 2016
Governmental activities -				
Nondepreciable assets -				
Land	\$ 16,742,955	\$ 705,083	\$ (6,780)	17,441,258
Land - infrastructure	74,940,187	344,461	-	75,284,648
Art works	882,813	10,424	-	893,237
Intangibles	1,133,043	21,908	-	1,154,951
Construction in progress	10,063,287	5,486,755	(5,403,235)	10,146,807
Total capital assets not being depreciated	103,762,285	6,568,631	(5,410,015)	104,920,901
Depreciable assets -				
Land improvements	48,993,328	2,437,244	(66,168)	51,364,404
Infrastructure	175,993,205	1,984,656	(60,774)	177,917,087
Buildings	67,674,642	11,988,862	-	79,663,504
Machinery and equipment	39,071,179	3,694,945	(617,600)	42,148,524
Total capital assets being depreciated	331,732,354	20,105,707	(744,542)	351,093,519
Less: accumulated depreciation for -				
Land improvements	(10,503,565)	(643,191)	-	(11,146,756)
Infrastructure	(51,346,284)	(1,891,207)	50,985	(53,186,506)
Buildings	(13,878,222)	(1,584,098)	-	(15,462,320)
Machinery and equipment	(29,587,297)	(2,086,066)	612,902	(31,060,461)
Total accumulated depreciation	(105,315,368)	(6,204,562)	663,887	(110,856,043)
Capital assets being depreciated, net	226,416,986	13,901,145	(80,655)	240,237,476
Total governmental activities capital assets, net	\$ 330,179,271	\$ 20,469,776	\$ (5,490,670)	\$ 345,158,377

City of Pueblo, Colorado
Notes to Financial Statements
December 31, 2016

	Balance January 1, 2016	Additions	Deletions/ Inventory Adjustments/ Transfers	Balance December 31, 2016
Business-type activities -				
Nondepreciable assets -				
Land	\$ 4,371,139	\$ 2,840	\$ -	\$ 4,373,979
Intangibles	19,925	29,328	-	49,253
Construction in progress	8,176,003	1,213,426	(7,972,172)	1,417,257
Total capital assets not being depreciated	12,567,067	1,245,594	(7,972,172)	5,840,489
Depreciable assets -				
Land improvements	48,726,209	2,387,568	-	51,113,777
Infrastructure	97,930,052	1,683,835	-	99,613,887
Buildings	71,231,730	5,824,608	-	77,056,338
Machinery and equipment	18,480,919	1,124,396	(282,643)	19,322,672
Other improvements	26,398,937	-	-	26,398,937
Total capital assets being depreciated	262,767,847	11,020,407	(282,643)	273,505,611
Less: accumulated depreciation for -				
Land improvements	(9,244,223)	(1,316,263)	-	(10,560,486)
Infrastructure	(22,202,527)	(996,058)	6,544	(23,192,041)
Buildings	(12,918,887)	(1,485,605)	-	(14,404,492)
Machinery and equipment	(14,735,785)	(1,296,055)	276,099	(15,755,741)
Other improvements	(24,206,103)	(114,993)	-	(24,321,096)
Total accumulated depreciation	(83,307,525)	(5,208,974)	282,643	(88,233,856)
Capital assets being depreciated, net	179,460,322	5,811,433	-	185,271,755
Total business-type activities capital assets, net	\$ 192,027,389	\$ 7,057,027	\$ (7,972,172)	\$ 191,112,244

City of Pueblo, Colorado
Notes to Financial Statements
December 31, 2016

	Balance January 1, 2016	Additions	Deletions/ Inventory Adjustments/ Transfers	Balance December 31, 2016
Pueblo Urban Renewal Authority				
discretely-presented component unit				
Nondepreciable assets -				
Land	\$ 1,244,380	\$ -	\$ -	\$ 1,244,380
Memorial	295,097	-	(1)	295,096
Total capital assets not being depreciated	1,539,477	-	(1)	1,539,476
Depreciable assets -				
Buildings	9,995,666	-	-	9,995,666
Machinery and equipment	1,226,668	108,915	(10,000)	1,325,583
Other improvements	1,347,498	33,835	-	1,381,333
Total capital assets being depreciated	12,569,832	142,750	(10,000)	12,702,582
Less: accumulated depreciation for -				
Buildings	(3,484,789)	(199,687)	-	(3,684,476)
Machinery and equipment	(1,083,606)	(43,752)	9,998	(1,117,360)
Other improvements	(805,003)	(93,367)	-	(898,370)
Total accumulated depreciation	(5,373,398)	(336,806)	9,998	(5,700,206)
Capital assets being depreciated, net	7,196,434	(194,056)	(2)	7,002,380
Total Pueblo Urban Renewal Authority capital assets, net	\$ 8,735,911	\$ (194,056)	\$ (3)	\$ 8,541,852
Pueblo Main Street Garage Corporation				
discretely-presented component unit				
Depreciable assets -				
Buildings	\$ 11,339,196	\$ -	\$ -	\$ 11,339,196
Total capital assets being depreciated	11,339,196	-	-	11,339,196
Less: accumulated depreciation for -				
Buildings	(1,813,835)	(226,794)	-	(2,040,629)
Total accumulated depreciation	(1,813,835)	(226,794)	-	(2,040,629)
Capital assets being depreciated, net	9,525,361	(226,794)	-	9,298,567
Total Pueblo Main Street Garage Corporation capital assets, net	\$ 9,525,361	\$ (226,794)	\$ -	\$ 9,298,567

City of Pueblo, Colorado
Notes to Financial Statements
December 31, 2016

	Balance January 1, 2016	Additions	Deletions/ Inventory Adjustments/ Transfers	Balance December 31, 2016
Pueblo Municipal Rail Corporation discretely-presented component unit				
Nondepreciable assets -				
Land	\$ 529,620	\$ -	\$ -	\$ 529,620
Total capital assets not being depreciated	529,620	-	-	529,620
Depreciable assets -				
Infrastructure	3,071,960	-	-	3,071,960
Total capital assets being depreciated	3,071,960	-	-	3,071,960
Less: accumulated depreciation for -				
Infrastructure	(74,160)	(36,720)	-	(110,880)
Total accumulated depreciation	(74,160)	(36,720)	-	(110,880)
Capital assets being depreciated, net	2,997,800	(36,720)	-	2,961,080
Total Pueblo Municipal Rail Corporations capital assets, net	\$ 3,527,420	\$ (36,720)	\$ -	\$ 3,490,700

Depreciation expense was charged to functions/programs as follows:

Governmental activities -	
General government	\$ 696,367
Public safety	1,882,868
Public works	2,068,073
Culture and community welfare	534,228
Parks and recreation	923,318
Economic development	99,708
Total depreciation expense - governmental activities	<u>\$ 6,204,562</u>
Business-type activities	
Golf course enterprise fund	\$ 437,289
Sewer user	1,621,567
Stormwater utility	709,467
Memorial airport	1,410,608
Other enterprise funds	1,030,043
Total depreciation expense - business-type activities	<u>\$ 5,208,974</u>

City of Pueblo, Colorado
Notes to Financial Statements
December 31, 2016

Discretely-presented component units	
Pueblo Urban Renewal Authority	\$ 336,806
Pueblo Main Street Garage Corporation	226,794
Pueblo Municipal Rail Corporation	<u>36,720</u>
 Total depreciation expense - discretely-presented component units	 <u><u>\$ 600,320</u></u>

At December 31, 2016, the City had in progress various construction projects for both governmental activities and business-type activities. Costs to date and total estimated costs are summarized below:

	Costs to December 31, 2016	Total Estimated Costs
Governmental activities -		
City park bathhouse	\$ 746,137	\$ 818,000
Other parks and recreation projects	47,478	635,136
Dillon flyover	4,996,855	6,216,598
Lime road	1,817,517	3,109,450
West 11th street bridge replacement	1,324,034	1,324,034
Other public works projects	<u>1,214,786</u>	<u>2,262,996</u>
	<u><u>\$ 10,146,807</u></u>	<u><u>\$ 14,366,214</u></u>
Business-type activities -		
Sewer user	\$ 1,140,623	\$ 2,087,709
Stormwater utility	174,511	651,411
Memorial airport	<u>102,123</u>	<u>2,901,886</u>
	<u><u>\$ 1,417,257</u></u>	<u><u>\$ 5,641,006</u></u>

City of Pueblo, Colorado
Notes to Financial Statements
December 31, 2016

F. DEFERRED INFLOWS OF RESOURCES (NON-PENSION RELATED)

Deferred inflows of resources (non-pension related) at December 31, 2016 are summarized as follows:

	Governmental Activities					
	General	HUD	Public	Other		Pueblo Urban
	<u>Fund</u>	<u>Grants</u>	<u>Improvements</u>	<u>Governmental</u>	<u>Total</u>	<u>Renewal</u>
			<u>Fund</u>	<u>Funds</u>		<u>Authority</u>
Property taxes	\$ 13,029,240	\$ -	\$ -	\$ 41,506	\$ 13,070,746	\$ 4,275,170
Notes and loans	650,000	210,882	-	-	860,882	-
Other receivables	1,853,564	299,149	-	-	2,152,713	-
Other unavailable						
Revenue	<u>505,448</u>	<u>57,097</u>	<u>1,257,922</u>	<u>616,671</u>	<u>2,437,138</u>	<u>60,989</u>
	16,038,252	567,128	1,257,922	658,177	18,521,479	4,336,159
Less: amounts						
recognized as						
revenue in the						
government-wide						
statements	<u>(2,446,996)</u>	<u>(356,246)</u>	<u>(1,130,740)</u>	<u>(616,671)</u>	<u>(4,550,653)</u>	<u>-</u>
	<u>\$ 13,591,256</u>	<u>\$ 210,882</u>	<u>\$ 127,182</u>	<u>\$ 41,506</u>	<u>\$ 13,970,826</u>	<u>\$ 4,336,159</u>

The notes and loans reported above have been included in deferred inflows of resources since the issuance of the notes did not require the disbursement of cash.

G. PENSIONS

Public Employees Retirement Association (PERA)

General Information about the Pension Plan

Plan description. Eligible employees of the City of Pueblo and the Pueblo Urban Renewal Authority are provided with pensions through the Local Government Division Trust Fund (LGDTF) – a cost-sharing multiple-employer defined benefit pension plan as defined in GASB Statement No. 67 and administered by Colorado Public Employees’ Retirement Association (PERA). Plan benefits are specified in Title 24, Article 51 of the Colorado Revised Statutes (C.R.S.), administrative rules set forth at C.C.R. 1502-1, and applicable provisions of the federal Internal Revenue Code. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report that can be obtained at www.copera.org/investments/pera-financial-reports.

Benefits provided. PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S § 24-51-602, 604, 1713, and 1714.

City of Pueblo, Colorado
Notes to Financial Statements
December 31, 2016

The lifetime retirement benefit for all eligible retiring employees under the PERA Benefit Structure is the greater of the:

- Highest average salary multiplied by 2.5 percent and then multiplied by years of service credit
- The value of the retiring employee's member contribution account plus a 100 percent match on eligible amounts as of the retirement date. This amount is then annualized into a monthly benefit based on life expectancy and other actuarial factors.

In all cases the service retirement benefit is limited to 100 percent of highest average salary and also cannot exceed the maximum benefit allowed by federal Internal Revenue Code.

Members may elect to withdraw their member contribution accounts upon termination of employment with all PERA employers; waiving rights to any lifetime retirement benefits earned. If eligible, the member may receive a match of either 50 percent or 100 percent on eligible amounts depending on when contributions were remitted to PERA, the date employment was terminated, whether 5 years of service credit has been obtained and the benefit structure under which contributions were made.

Benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments (COLAs), referred to as annual increases in the C.R.S. Benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007 and all benefit recipients of the DPS benefit structure receive an annual increase of 2 percent, unless PERA has a negative investment year, in which case the annual increase for the next three years is the lesser of 2 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the prior calendar year. Benefit recipients under the PERA benefit structure who began employment after January 1, 2007 receive an annual increase of the lesser of 2 percent or the average CPI-W for the prior calendar year, not to exceed 10 percent of PERA's Annual Increase Reserve (AIR) for the LGDTF.

Disability benefits are available for eligible employees once they reach five years of earned service credit and are determined to meet the definition of disability. The disability benefit amount is based on the retirement benefit formula shown above considering a minimum 20 years of service credit, if deemed disabled.

Survivor benefits are determined by several factors, which include the amount of earned service credit, highest average salary of the deceased, the benefit structure(s) under which service credit was obtained, and the qualified survivor(s) who will receive the benefits.

Contributions. Eligible employees and The City of Pueblo and PURA are required to contribute to the LGDTF at a rate set by Colorado statute. The contribution requirements are established under C.R. S. § 24-51-401, *et seq.* Eligible employees are required to contribute 8 percent of their PERA-includable salary. The employer contribution requirements are summarized in the table below (Rates are expressed as a percentage of salary as defined in C.R.S § 24-51-101(42)):

City of Pueblo, Colorado
Notes to Financial Statements
December 31, 2016

	<u>Rate</u>
Employer Contribution Rate	10.00%
Amount of Employer Contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f)	<u>(1.02)%</u>
Amount Apportioned to the LGDTF	8.98%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	2.20%
Supplemental Amortization Equalization Disbursement (SAED) As specified in C.R.S. § 24-51-411	<u>1.50%</u>
Total Employer Contribution Rate to the LGDTF	<u>12.68%</u>

Employer contributions are recognized by the LGDTF in the period in which the compensation becomes payable to the member and The City of Pueblo is statutorily committed to pay the contributions to the LGDTF. Employer contributions recognized by the LGDTF from the City of Pueblo and PURA were \$2,447,392 for the year ended December 31, 2016.

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

At December 31, 2016, the City of Pueblo and PURA reported a liability of \$37,046,169 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014. Standard update procedures were used to roll forward the total pension liability to December 31, 2015. The City of Pueblo's and PURA proportion of the net pension liability was based on the City of Pueblo's and PURA's contributions to the LGDTF for the calendar year 2015 relative to the total contributions of participating employers to the LGDTF.

At December 31, 2015, the City of Pueblo's and PURA's proportion was 3.363 percent, which was a decrease of 0.126 percent from its proportion measured as of December 31, 2014.

For the year ended December 31, 2016, the City of Pueblo and PURA recognized pension expense of \$3,244,646. At December 31, 2016, the City of Pueblo and PURA reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 277,952	\$ 1,278
Changes of assumptions or other inputs	-	678,552
Net difference between projected and actual earnings on pension plan investments	7,131,645	-
Changes in proportionate share	-	725,495
Differences between contributions recognized and proportionate share of contributions	32,845	-
Contributions subsequent to the measurement date	<u>2,447,392</u>	<u>-</u>
Total	<u>\$ 9,889,834</u>	<u>\$ 1,405,325</u>

City of Pueblo, Colorado
Notes to Financial Statements
December 31, 2016

The \$2,447,392 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended	
2017	\$ 976,806
2018	1,698,858
2019	1,885,096
2020	<u>1,476,357</u>
	<u>\$ 6,037,117</u>

Actuarial assumptions. The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.80 percent
Real wage growth	1.10 percent
Wage inflation	3.90 percent
Salary increases, including wage inflation	3.90 – 10.85 percent
Long-term investment Rate of Return, net of pension plan investment expenses, including price inflation	7.50 percent
Future post-retirement benefit increases:	
PERA Benefit Structure hired prior to 1/1/07; and DPS Benefit Structure (automatic)	2.00 percent
PERA Benefit Structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve

Mortality rates were based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on a projection of Scale AA to 2020 with Males set back 1 year, and Females set back 2 years.

The actuarial assumptions used in the December 31, 2014 valuation were based on the results of an actuarial experience study for the period January 1, 2008 through December 31, 2011, adopted by PERA's Board on November 13, 2012, and an economic assumption study, adopted by PERA's Board on November 15, 2013 and January 17, 2014.

Changes to assumptions or other inputs since the December 31, 2013 actuarial valuation are as follows:

- The following programming changes were made:
 - Valuation of the full survivor benefit without any reduction for possible remarriage.
 - Reflection of the employer match on separation benefits for all eligible years.
 - Reflection of one year of service eligibility for survivor annuity benefit.
 - Refinement of the 18 month annual increase timing.
 - Refinements to directly value certain and life, modified cash refund and pop-up benefits forms.

City of Pueblo, Colorado
Notes to Financial Statements
December 31, 2016

- The following methodology changes were made:
 - Recognition of merit salary increases in the first projection year.
 - Elimination of the assumption that 35% of future disabled members elect to receive a refund.
 - Removal of the negative value adjustment for liabilities associated with refunds of future terminating members.
 - Adjustments to the timing of the normal cost and unfunded actuarial accrued liability payment calculation to reflect contributions throughout the year.

The LGDTF's long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

As of November 15, 2013 adoption of the current long-term expected rate of return by the PERA Board, the target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>10 Year Expected Geometric Real Rate of Return</u>
U.S. Equity – Large Cap	26.76%	5.00%
U.S. Equity – Small Cap	4.40%	5.19%
Non U.S. Equity – Developed	22.06%	5.29%
Non U.S. Equity – Emerging	6.24%	6.76%
Core Fixed Income	24.05%	0.98%
High Yield	1.53%	2.64%
Long Duration Gov't/Credit	0.53%	1.57%
Emerging Market Bonds	0.43%	3.04%
Real Estate	7.00%	5.09%
Private Equity	7.00%	7.15%
Total	<u>100.00%</u>	

In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected rate of return assumption of 7.50%.

Discount rate. The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

City of Pueblo, Colorado
Notes to Financial Statements
December 31, 2016

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.90 percent.
- Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law, including current and estimated future AED and SAED, until the Actuarial Value Funding Ratio reaches 103 percent, at which point, the AED and SAED will each drop 0.50 percent every year until they are zero. Additionally, estimated employer contributions included reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. As the ad hoc post-retirement benefit increases financed by the AIR are defined to have a present value at the long-term expected rate of return on plan investments equal to the amount transferred for their future payment, AIR transfers to the fiduciary net position and the subsequent AIR benefit payments have no impact on the Single Equivalent Interest Rate (SEIR) determination process when the timing of AIR cash flows is not a factor (i.e., the plan's fiduciary net position is not projected to be depleted). When AIR cash flow timing is a factor in the SEIR determination process (i.e., the plan's fiduciary net position is projected to be depleted), AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the end of the month. Based on the above assumptions and methods, the LGDTF's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination does not use the Municipal Bond Index Rate. There was no change in the discount rate from the prior measurement date.

Sensitivity of the City of Pueblo's proportionate share of the net pension liability to changes in the discount rate. The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what the proportionate share of the net pension liability would be if

City of Pueblo, Colorado
Notes to Financial Statements
December 31, 2016

it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

	1% Decrease <u>(6.50%)</u>	Current Discount <u>Rate (7.50%)</u>	1% Increase <u>(8.50%)</u>
Proportionate share of the net pension liability	\$ 56,795,555	\$ 37,046,169	\$ 20,666,005

Pension plan fiduciary net position. Detailed information about the LGDTF's fiduciary net position is available in PERA's comprehensive annual financial report which can be obtained at www.copera.org/investments/pera-financial-reports.

New Hire Fire and Police Association (FPPA)

General Information about the Pension Plan

Plan description. The Statewide Defined Benefit Plan (SWDB) is a cost-sharing multiple-employer defined benefit pension plan. The Plan is administered by the Fire & Police Pension Association of Colorado (FPPA). FPPA issues a publicly available comprehensive annual financial report that can be obtained on FPPA's website at <http://www.fppaco.org>.

Benefits provided. A member is eligible for a normal retirement pension once the member has completed twenty-five years of credited service and has attained the age of 55.

The annual normal retirement benefit is 2 percent of the average of the member's highest three years' base salary for each year of credited service up to ten years, plus 2.5 percent for each year of service thereafter. The benefit earned prior to January 1, 2007 for members of affiliated Social Security employers will be reduced by the amount of Social Security income payable to the member annually. Effective January 1, 2007, members currently covered under Social Security will receive half the benefit when compared to the Statewide Defined Benefit Plan. Benefits paid to retired members are evaluated and may be re-determined every October 1. The amount of any increase is based on the Board's discretion and can range from 0 to the higher of 3 percent or the Consumer Price Index.

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

City of Pueblo, Colorado
Notes to Financial Statements
December 31, 2016

Contributions. The Plan sets contribution rates at a level that enables all benefits to be fully funded at the retirement date of all members. Contribution rates for the SWDB plan are set by state statute. Employer contribution rates can only be amended by state statute. Member contribution rates can be amended by state statute or election of the membership.

Members of the SWDB plan and their employers are contributing at the rate of 8.5 percent and 8 percent, respectively, of base salary for a total contribution rate of 16.5 percent in 2015. In 2014, the members elected to increase the member contribution rate to the SWDB plan beginning in 2015. Member contribution rates will increase 0.5 percent annually through 2022 to a total of 12 percent of base salary. Employer contributions will remain at 8 percent resulting in a combined contribution rate of 20 percent in 2022.

Contributions from members and employers of departments re-entering the system are established by resolution and approved by the FPPA Board of Directors. The re-entry group has a combined contribution rate of 20.5 percent of base salary in 2015. It is a local decision as to whether the member or employer pays the additional 4 percent contribution. Per the 2014 member election, the re-entry group will also have their required member contribution rate increase 0.5 percent annually beginning in 2015 through 2022 for a total combined member and employer contribution of 24 percent in 2022.

The contribution rate for members and employers of affiliated social security employers is 4.25 percent and 4 percent, respectively, of base salary for a total contribution rate of 8.25 percent in 2015. Per the 2014 member election, members of the affiliate social security group will have their required contribution rate increase 0.25 percent annually beginning in 2015 through 2022 to a total of 6 percent of base salary. Employer contributions will remain at 4 percent resulting in a combined contribution rate of 10 percent in 2022.

Contributions to the pension plan from the City of Pueblo were \$1,633,306 for the year ended December 31, 2016.

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

At December 31, 2016, the City of Pueblo reported an asset of \$73,352 for its proportionate share of the net pension asset. The net pension liability (asset) was measured as of December 31, 2015, and the total pension liability (asset) used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2016. The City of Pueblo's proportion of the net pension liability (asset) was based on the City of Pueblo's contributions to the SWDB for the calendar year 2015 relative to the total contributions of participating employers to the SWDB.

City of Pueblo, Colorado
Notes to Financial Statements
December 31, 2016

At December 31, 2015, the City of Pueblo's proportion was 4.161 percent, which was a decrease of 0.234 percent from its proportion measured as of December 31, 2014.

For the year ended December 31, 2016, the City of Pueblo recognized pension expense of \$1,157,185. At December 31, 2016, the City of Pueblo reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Difference between expected and actual experience	\$ 593,249	\$ 86,602
Net difference between projected and actual earnings on pension plan investments	3,733,283	-
Changes in assumptions or other inputs	1,152,157	-
Changes in proportionate share	345,564	-
Differences between contributions recognized and proportionate share of contributions	-	136
Contributions subsequent to the measurement date	<u>1,633,306</u>	<u>-</u>
Total	<u>\$ 7,457,559</u>	<u>\$ 86,738</u>

The \$1,633,306 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended	
2017	\$ 1,174,184
2018	1,174,184
2019	1,174,184
2020	1,081,619
2021	217,722
Thereafter	<u>915,622</u>
Total	<u>\$ 5,737,515</u>

Actuarial assumptions. The actuarial valuations for the SWDB were used to determine the total pension liability and actuarially determined contributions for the fiscal year ending December 31, 2015. The valuations used the following actuarial assumption and other inputs:

City of Pueblo, Colorado
Notes to Financial Statements
December 31, 2016

	Total Pension Liability	Actuarially Determined Contributions
Actuarial Valuation Date	January 1, 2016	January 1, 2015
Actuarial Method	Entry Age Normal	Entry Age Normal
Amortization Method	Level % of Payroll, Open	Level % of Payroll, Open
Amortization Period	30 years	30 years
Long-term Investment		
Rate of Return *	7.50 percent	7.50 percent
Projected Salary Increases *	4.0 – 14.0 percent	4.0 – 14.0 percent
Cost of Living		
Adjustments (COLA)	0.00 percent	0.00 percent
* Includes inflation at	2.5 percent	3.0 percent

For determining the total pension liability, the RP-2014 Mortality Tables for Blue Collar Employees, projected with Scale BB, 55 percent multiplier for off-duty mortality is used in the valuation for off-duty mortality of active members. On-duty related mortality is assumed to be 0.00020 per year for all members. The RP-2014 Mortality Tables for Blue Collar Employees, projected with Scale BB is used in the projection of post-retirement benefits for members under age 55. For post-retirement members ages 65 and older, the RP-2014 Mortality Tables for Blue Collar Healthy Annuitants, projected with Scale BB are used. For post-retirement members ages 55 through 64, a blend of the previous tables is used.

For determining the actuarially determined contributions, the RP-2000 Combined Mortality Table with Blue Collar Adjustment, projected with Scale AA, 40 percent multiplier for off-duty mortality is used in the valuation for off-duty mortality of active members. On-duty related mortality is assumed to be 0.00020 per year for all members. The RP-2000 Combined Mortality Table with Blue Collar Adjustment, projected with Scale AA is used in the projection of post-retirement benefits.

At least every five years the FPPA's Board of Directors, in accordance with best practices, reviews its economic and demographic actuarial assumptions. At its July 2015 meeting, the Board of Directors reviewed and approved recommended changes to the actuarial assumptions. The recommendations were made by the FPAA's actuaries, Gabriel, Roeder, Smith & Co., based upon their analysis of past experience and expectations of the future. The assumption changes were effective for actuarial valuations beginning January 1, 2016 and were used in the rollforward calculation of total pension liability as of December 31, 2015. Actuarial assumptions effective for actuarial valuations prior to January 1, 2016 were used in the determination of the actuarially determined contributions as of December 31, 2015. The actuarial assumptions impact actuarial factors for benefit purposes such as purchases of service credit and other benefits where actuarial factors are used.

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

City of Pueblo, Colorado
Notes to Financial Statements
December 31, 2016

each major asset class included in the Fund's target asset allocation as of December 31, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>10 Year Expected Geometric Real Rate of Return</u>
Global Equity	37.0%	6.5%
Equity Long/Short	10.0%	4.7%
Illiquid Alternatives	20.0%	8.0%
Fixed Income	16.0%	1.5%
Absolute Return	11.0%	4.1%
Managed Futures	4.0%	3.0%
Cash	<u>2.0%</u>	0.0% *
Total	<u>100.00%</u>	

* While the expected inflation exceeds the expected rate of return for cash, a 0.0 percent real rate of return is utilized.

The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the Board's funding policy, which established the contractually required rates under Colorado statutes. Based on those assumptions, the SWDB plan fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Discount rate. Projected benefit payments are required to be discounted to their actuarial present values using a Single Discount Rate that reflects (1) a long-term expected rate of return on pension plan investments (to the extent that the plan's fiduciary net position is projected to be sufficient to pay benefits) and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the plan's projected fiduciary net position is not sufficient to pay benefits).

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.50%; the municipal bond rate is 3.57% (based on the weekly rate closest to but not later than the measurement date of the "state & local bonds" rate from Federal Reserve statistical release (H.15)); and the resulting Single Discount Rate is 7.50%.

Sensitivity of the City of Pueblo's proportionate share of the net pension liability to changes in the discount rate. Regarding the sensitivity of the net pension liability to changes in the Single Discount Rate, the following presents the plan's net pension liability, calculated using a Single Discount Rate of 7.50%, as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is one percent lower and one percent higher:

City of Pueblo, Colorado
Notes to Financial Statements
December 31, 2016

plan's net pension liability would be if it were calculated using a Single Discount Rate that is one percent lower and one percent higher:

Single Discount

	1% Decrease (6.50%)	Rate Assumption (7.50%)	1% Increase (8.50%)
Proportionate share of the net pension liability (asset)	\$ 10,275,576	\$ (73,352)	\$ (8,657,433)

Pension plan fiduciary net position. Detailed information about the SWDB's fiduciary net position is available in FPPA's comprehensive annual financial report which can be obtained at <http://www.fppaco.org>.

Payable to the pension plan

At December 31, 2016, the City reported a payable of \$140,203 for the outstanding amount of contributions to the pension plan required for the year ended December 31, 2016.

Fire and Police Pension Association Old-Hire Police Plan
(Old Hire Police Plan)

General Information About the Pension Plan

Plan description. FPPA administers an agent multiple-employer Public Employee Retirement System (PERS). The PERS represents the assets of numerous separate plans that have been pooled for investment purposes. The pension plans have elected to affiliate with FPPA for plan administration and investment only. FPPA issues a publicly available comprehensive annual financial report that can be obtained on FPPA's website at http://www.fppaco.org/pdfs/annual_audit_actuarial_reports/annual%20reports/2014%20cafr.pdf.

Benefits provided. Members included are active employees hired prior to April 8, 1978, electing to remain covered under the provisions of the City's current plan. The Normal Retirement Date of a member shall be the date on which he attains age 55 and has completed 20 years of service, or has completed 25 years of service. Any Police Officer who elects to retire on or after his Normal Retirement Date shall be eligible for a monthly pension equal to 2.5% of his highest annual compensation times years of service, but the total monthly pension shall not be greater than 85% of his highest annual compensation.

A Police Officer who terminated employment with 20 years of service before attaining age 55 shall be eligible for a monthly pension, starting at age 55, calculated in the same manner as the normal retirement benefit. Employee contributions without interest are refunded to Police Officers who terminate employment prior to completion of 20 years of service.

There are no death and disability benefits but members may elect one of the actuarially equivalent joint and survivor options at the time of retirement.

City of Pueblo, Colorado
Notes to Financial Statements
December 31, 2016

Cost-of-living Adjustment (COLA) benefits are increased in proportion to pay for rank at retirement. The current law has limited the increase to 3% for benefits earned after January 1, 1980. A side fund has been established to provide for full rank escalation.

Employees covered by benefit terms. At December 31, 2015, the following employees were covered by the benefit terms:

Retirees and Beneficiaries	117
Inactive, Nonretired Members	0
Active Members	<u>0</u>
Total	<u><u>117</u></u>

Contributions. Members of this fund are currently contributing at the rate of 10% of base salary. For the year ended December 31, 2016, there were no active members in the plan. The City's actuarially determined contribution rates are calculated as of January 1 of even numbered years. The contribution rates have a one-year lag, so the actuarial valuation as of January 1, 2014, determines the contribution amounts for 2015 and 2016. Contributions to the pension plan from the City of Pueblo were \$1,226,430 for the year ended December 31, 2016.

Net Pension Liability

The City of Pueblo's net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2016.

Actuarial assumptions. The total pension liability in the January 1, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar, Open*
Remaining Amortization Period	15 years *
Asset Valuation Method	5-Year smoothed fair value
Inflation	3.00 percent
Salary Increases	N/A
Investment Rate of Return	7.50 percent
Retirement Age	Any remaining actives are assumed to retire immediately

* Plan is heavily weighted with retiree liabilities and uses an amortization period based on the expected remaining lifetime of the participants.

City of Pueblo, Colorado
Notes to Financial Statements
December 31, 2016

Mortality rates were based on the RP-2000 Combined Mortality Table, with Blue Collar Adjustment for post-retirement participants and RP-2000 Disabled Mortality Table for disabled participants, with adjustments for mortality improvements based on Scale AA.

Assumption Changes. The assumptions shown above pertain to the actuarial valuation as of January 1, 2014 and the associated Actuarially Determined Contribution for the year ending December 31, 2015. Following a regularly scheduled experience study in 2015, the Board adopted a new assumption set for first use in the January 1, 2016 valuations. Those assumption changes are incorporated into the Total Pension Liability as of December 31, 2015, since it is based on the actuarial valuation as of January 1, 2016. The assumption changes will be observed in the Actuarially Determined Contribution for the year ending December 31, 2017.

The complete assumption set can be found in the actuarial valuation report as of January 1, 2016. The primary changes as compared to the assumptions shown are as follows:

Inflation 2.50 percent

Mortality: Post-retirement For ages less than 55, RP-2014
Mortality Tables for Blue Collar Employees. For ages 65 and older, RP-2014 Mortality Tables for Blue Collar Healthy Annuitants. For 55 through 64, a blend of the previous tables. All tables are projected with Scale BB.
Mortality: Disabled (pre-1980) RP-2014 Disabled Generational
Mortality Table generationally projected with Scale BB with a minimum 3% rate for males and 2% rate for females.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Fund's target asset allocation as of December 31, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>10 Year Expected Geometric Real Rate of Return</u>
Global Equity	37.0%	6.5%
Equity Long/Short	10.0%	4.7%
Illiquid Alternatives	20.0%	8.0%
Fixed Income	16.0%	1.5%
Absolute Return	11.0%	4.1%
Managed Futures	4.0%	3.0%
Cash	2.0%	0.0% *
Total	<u>100.00%</u>	

City of Pueblo, Colorado
Notes to Financial Statements
December 31, 2016

* While expected inflation exceeds that expected rate of return for cash, a 0.0% real rate of return is utilized.

Discount rate. Projected benefit payments are required to be discounted to their actuarial present values using a Single Discount Rate that reflects (1) a long-term expected rate of return on pension plan investments (to the extent that the plan's fiduciary net position is projected to be sufficient to pay benefits) and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the plan's projected fiduciary net position is not sufficient to pay benefits).

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.50%; the municipal bond rate is 3.65% (based on the weekly rate closest to but not later than the measurement date of the "state & local bonds" rate from Federal Reserve statistical release (H.15)); and the resulting Single Discount Rate is 7.50%.

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) – (b)
Balances at 12/31/2015	\$ 63,670,773	\$ 52,816,005	\$ 10,854,768
Changes for the year:			
Service cost	-	-	-
Interest	4,564,633	-	4,564,633
Differences between expected and actual experience	(1,429,499)	-	(1,429,499)
Changes in assumptions	4,313,589	-	4,313,589
Contributions – employer	-	1,272,351	(1,272,351)
Contributions – employee	-	-	-
Net investment income	-	955,007	(955,007)
Benefit payments	(5,721,421)	(5,721,421)	-
Administrative expense	-	(73,229)	73,229
Net changes	<u>1,727,302</u>	<u>(3,567,292)</u>	<u>5,294,594</u>
Balances at 12/31/2016	<u>\$ 65,398,075</u>	<u>\$ 49,248,713</u>	<u>\$ 16,149,362</u>

Sensitivity of the City of Pueblo's proportionate share of the net pension liability to changes in the discount rate. Regarding the sensitivity of the net pension liability to changes in the Single Discount Rate, the following presents the plan's net pension liability, calculated using a Single Discount Rate of 7.50%, as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is one percent lower and one percent higher:

City of Pueblo, Colorado
Notes to Financial Statements
December 31, 2016

	1% Decrease <u>(6.50%)</u>	Single Discount Rate Assumption <u>(7.50%)</u>	1% Increase <u>(8.50%)</u>
City's net pension liability	\$ 22,069,545	\$ 16,149,362	\$ 11,047,013

Pension plan fiduciary net position. Detailed information about the PERS's fiduciary net position is available in FPPA's comprehensive annual financial report which can be obtained at <http://www.fppaco.org>.

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

For the year ended December 31, 2016, the City of Pueblo recognized pension expense of \$4,361,876. At December 31, 2016, the City of Pueblo reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ -
Net difference between projected and actual earnings on pension plan investments	2,471,743	-
Contributions subsequent to the measurement date	<u>1,226,430</u>	<u>-</u>
Total	<u>\$ 3,698,173</u>	<u>\$ -</u>

The \$1,226,430 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended	
2017	\$ 634,604
2018	634,604
2019	634,602
2020	<u>567,933</u>
	<u>\$ 2,471,743</u>

Payable to the pension plan

At December 31, 2016, the City reported a payable of \$102,203 for the outstanding amount of contributions to the pension plan required for the year ended December 31, 2016.

City of Pueblo, Colorado
Notes to Financial Statements
December 31, 2016

Fire and Police Pension Association Old Hire Fire Plan
(Old Hire Fire Plan)

General Information about the Pension Plan

Plan description. The FPPA administers an agent multiple-employer PERS. The PERS represents the assets of numerous separate plans that have been pooled for investment purposes. The pension plans have elected to affiliate with FPPA for plan administration and investment only. FPPS issues a publicly available comprehensive annual financial report that can be obtained on FPPA's website at http://www.fppaco.org/pdfs/annual_audit_actuarial_reports/annual%20reports/2014%20cafr.pdf.

Benefits provided. Members included are active employees hired prior to April 8, 1978, electing to remain covered under the provisions of the City's current plan. The Normal Retirement Date of a member shall be the date on which he attains age 50 and has completed at least 20 years of credited service. Any Firefighter who elects to retire on or after his Normal Retirement Date shall be eligible for a monthly pension equal to one-half of his basic monthly salary at the date of his retirement, plus an additional 3% of monthly salary for each additional full year worked after reaching eligibility for normal retirement and after January 1, 1994. In addition, for each full month of service after reaching eligibility for normal retirement the monthly pension shall be increased by 0.25% of monthly salary. In no case shall the total benefit exceed 80% of monthly salary.

Active members who die with less than 20 years of service and 50 years of age are covered by the provisions of the Statewide Death and Disability fund. The spouses of active members who die after attaining eligibility for retirement benefits receive a benefit from the plan payable as a 50% joint and survivor benefit. Disability benefits are payable from the Statewide Death and Disability fund.

At the death of a retired member, the member's beneficiary shall receive until death or remarriage, a monthly pension equal to one-third of the salary of the highest paid Firefighter at the time of retirement, but not less than \$750 per month. Prior to retirement, the Firefighter can also choose an actuarially equivalent joint and survivor option as specified in section 2-2-18 of the city code of Ordinances.

Cost-of-living Adjustment (COLA) benefits are increased in proportion to pay for rank at retirement. The current law has limited the increase to 3% for benefits earned after January 1, 1980. Survivor benefits equal to one-third of the salary of a first-grade Firefighter at the time of retirement, but not less than \$750 per month, are not eligible for rank escalation increases. Survivor benefits based on the actuarially equivalent Option A or Option B are eligible for rank escalation increases.

A member may elect to participate in the Deferred Retirement Option Plan (DROP) after reaching eligibility for Normal Retirement. A member can continue to work while participating in the DROP, but must terminate employment within 5 years of entry into the DROP. The member's percentage of retirement benefit is frozen at the time of entry into the DROP. The monthly payments that begin at entry into the DROP are accumulated until the member terminates service, at which time the DROP accumulated benefits can be paid as a lump sum, if desired. The member continues contributing 8% of pay which is credited to the DROP.

City of Pueblo, Colorado
Notes to Financial Statements
December 31, 2016

Employees covered by benefit terms. At December 31, 2016, the following employees were covered by the benefit terms:

Retirees and Beneficiaries	133
Inactive, Nonretired Members	0
Active Members	<u>0</u>
Total	<u><u>133</u></u>

Contributions. Members of this fund are currently contributing at the rate of 8% of base salary. For the year ended December 31, 2016, there were no active members in the plan. The City is contributing \$1,324,595 annually.

Contributions to the pension plan from the City of Pueblo were \$1,324,595 for the year ended December 31, 2016.

Net Pension Liability

The City of Pueblo's net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2016.

Actuarial assumptions. The total pension liability in the January 1, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar, Open*
Remaining Amortization Period	13 years *
Asset Valuation Method	5-Year smoothed fair value
Inflation	3.00 percent
Salary Increases	N/A
Investment Rate of Return	7.50 percent
Retirement Age	Any remaining actives are assumed to retire immediately

* Plan is heavily weighted with retiree liabilities and uses an amortization period based on the expected remaining lifetime of the participants.

Mortality rates were based on the RP-2000 Combined Mortality Table, with Blue Collar Adjustment for post-retirement participants and RP-2000 Disabled Mortality Table for disabled participants, with adjustments for mortality improvements based on Scale AA.

Assumption Changes. The assumptions shown above pertain to the actuarial valuation as of January 1, 2014 and the associated Actuarially Determined Contribution for the year ending December 31, 2015. Following a regularly scheduled experience study in 2015, the Board adopted a new assumption set for first use in the January 1, 2016 valuations. Those assumption changes are incorporated into the Total Pension Liability as of December 31, 2015, since it is based on the actuarial valuation as of January 1, 2016. The

City of Pueblo, Colorado
Notes to Financial Statements
December 31, 2016

assumption changes will be observed in the Actuarially Determined Contribution for the year ending December 31, 2017.

The complete assumption set can be found in the actuarial valuation report as of January 1, 2016. The primary changes as compared to the assumptions shown are as follows:

Inflation 2.50 percent

Mortality: Post-retirement For ages less than 55, RP-2014
Mortality Tables for Blue Collar Employees. For ages 65 and older, RP-2014 Mortality Tables for Blue Collar Healthy Annuitants. For 55 through 64, a blend of the previous tables. All tables are projected with Scale BB.
Mortality: Disabled (pre-1980) RP-2014 Disabled Generational
Mortality Table generationally projected with Scale BB with a minimum 3% rate for males and 2% rate for females.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Fund's target asset allocation as of December 31, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity	37.0%	6.5%
Equity Long/Short	10.0%	4.7%
Illiquid Alternatives	20.0%	8.0%
Fixed Income	16.0%	1.5%
Absolute Return	11.0%	4.1%
Managed Futures	4.0%	3.0%
Cash	2.0%	0.0% *
Total	<u>100.00%</u>	

* While expected inflation exceeds that expected rate of return for cash, a 0.0% real rate of return is utilized.

Discount rate. Projected benefit payments are required to be discounted to their actuarial present values using a Single Discount Rate that reflects (1) a long-term expected rate of return on pension plan investments (to the extent that the plan's fiduciary net position is projected to be sufficient to pay benefits) and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the plan's projected fiduciary net position is not sufficient to pay benefits).

City of Pueblo, Colorado
Notes to Financial Statements
December 31, 2016

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.50%; the municipal bond rate is 3.65% (based on the weekly rate closest to but not later than the measurement date of the “state & local bonds” rate from Federal Reserve statistical release (H.15)); and the resulting Single Discount Rate is 7.50%.

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) – (b)
Balances at 12/31/2015	\$ 48,029,454	\$ 37,353,001	\$ 10,676,453
Changes for the year:			
Service cost	-	-	-
Interest	3,434,587	-	3,434,587
Differences between expected and actual experience	(1,302,712)	-	(1,302,712)
Changes in assumptions	3,235,013	-	3,235,013
Contributions – employer	-	1,299,942	(1,299,942)
Contributions – employee	-	-	-
Net investment income	-	674,555	(674,555)
Benefit payments	(4,552,205)	(4,552,205)	-
Administrative expense	-	(55,541)	55,541
Net changes	<u>814,683</u>	<u>(2,633,249)</u>	<u>3,447,932</u>
Balances at 12/31/2016	<u>\$ 48,844,137</u>	<u>\$ 34,719,752</u>	<u>\$ 14,124,385</u>

Sensitivity of the City of Pueblo’s proportionate share of the net pension liability to changes in the discount rate. Regarding the sensitivity of the net pension liability to changes in the Single Discount Rate, the following presents the plan’s net pension liability, calculated using a Single Discount Rate of 7.50%, as well as what the plan’s net pension liability would be if it were calculated using a Single Discount Rate that is one percent lower and one percent higher:

	1% Decrease (6.50%)	Single Discount Rate Assumption (7.50%)	1% Increase (8.50%)
City’s net pension liability	<u>\$ 18,303,785</u>	<u>\$ 14,124,385</u>	<u>\$ 10,500,529</u>

Pension plan fiduciary net position. Detailed information about the PERS’s fiduciary net position is available in FPPA’s comprehensive annual financial report which can be obtained at <http://www.fppaco.org>.

City of Pueblo, Colorado
Notes to Financial Statements
December 31, 2016

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

For the year ended December 31, 2016, the City of Pueblo recognized pension expense of \$3,191,621. At December 31, 2016, the City of Pueblo reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Difference between expected and actual experience	\$ -	\$ -
Net difference between projected and actual earnings on pension plan investments	1,747,623	-
Contributions subsequent to the measurement date	<u>1,324,595</u>	<u>-</u>
Total	<u>\$ 3,072,218</u>	<u>\$ -</u>

The \$1,324,595 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended	
2017	\$ 448,867
2018	448,867
2019	448,865
2020	<u>401,024</u>
	<u>\$ 1,747,623</u>

Payable to the pension plan

At December 31, 2016, the City reported a payable of \$110,383 for the outstanding amount of contributions to the pension plan required for the year ended December 31, 2016

City of Pueblo, Colorado
Notes to Financial Statements
December 31, 2016

H. LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities in the government-wide financial statements for the year ended December 31, 2016:

	Balance January 1, <u>2016</u>	<u>Increases</u>	<u>Decreases</u>	Balance December 31, <u>2016</u>	Due Within <u>One Year</u>
Governmental activities					
General obligation bonds –					
Historic Arkansas River refunding, series 2005	\$ 955,000	\$ -	\$ (955,000)	\$ -	\$ -
Certificates of participation –					
Police complex, series 2008	15,775,000	-	(15,775,000)	-	-
Unamortized discount LED street lights, series 2014	(78,213)	-	78,213	-	-
Police complex, refunded 2016	3,799,213	-	(381,037)	3,418,176	390,716
	<u>-</u>	<u>16,380,000</u>	<u>-</u>	<u>16,380,000</u>	<u>2,287,676</u>
	<u>19,496,000</u>	<u>16,380,000</u>	<u>(16,077,824)</u>	<u>19,798,176</u>	<u>2,678,392</u>
Capital leases –					
Radio equipment	900,013	-	(440,955)	459,058	459,058
Fire equipment	164,312	-	(53,252)	111,060	54,757
Parks equipment	421,258	-	(208,666)	212,592	212,592
Police laptops	70,265	-	(70,265)	-	-
Tyler ERP system	1,557,993	-	(182,270)	1,375,723	185,838
Fire pumper/Phone upgrade	-	1,541,618	(267,051)	1,274,567	245,802
Police vehicles	-	1,345,847	(222,010)	1,123,837	222,010
	<u>3,113,841</u>	<u>2,887,465</u>	<u>(1,444,469)</u>	<u>4,556,837</u>	<u>1,380,057</u>
Accrued interest payable	<u>424,839</u>	<u>80,343</u>	<u>(424,839)</u>	<u>80,343</u>	<u>80,343</u>
Compensated absences	<u>7,845,624</u>	<u>4,410,684</u>	<u>(5,951,719)</u>	<u>6,304,589</u>	<u>630,459</u>
Claims and judgments	<u>2,159,539</u>	<u>1,600,529</u>	<u>(2,000,504)</u>	<u>1,759,564</u>	<u>1,564,000</u>
Net post-employment benefit obligation	<u>5,245,810</u>	<u>1,577,037</u>	<u>(293,582)</u>	<u>6,529,265</u>	<u>-</u>
Total governmental activities	<u>\$ 39,240,653</u>	<u>\$ 26,936,058</u>	<u>\$ (27,147,937)</u>	<u>\$ 39,028,774</u>	<u>\$ 6,333,251</u>

City of Pueblo, Colorado
Notes to Financial Statements
December 31, 2016

Payments on the general obligation bonds and certificates of participation are recorded in the debt service fund, along with the capital lease payments. The payments for compensated absences are also recorded in the general fund, while claims and judgments are recognized in the internal service fund. Payments on the net post-employment benefit obligation are also recorded in the general fund.

The cost and accumulated depreciation applicable to the assets that are the subject of the capital leases is as follows:

	Costs	Accumulated Depreciation to December 31, 2016
Radio equipment	\$ 3,900,000	\$ 1,820,000
Fire equipment	1,354,979	404,770
Parks equipment	1,024,394	740,919
Police equipment	1,121,137	87,179
Street sweeper	164,852	94,201
Tyler ERP system	1,924,275	513,140
	<u>\$ 9,489,637</u>	<u>\$ 3,660,209</u>

	Balance January 1, 2016	Increases	Decreases	Balance December 31, 2016	Due Within One Year
Business-type activities:					
Capital leases –					
Elmwood golf course	\$ 198,750	\$ -	\$ (98,601)	\$ 100,149	\$ 100,149
Walking Stick golf course	1,427,748	-	(223,501)	1,204,247	231,426
Storm water utility	130,255	-	(42,378)	87,877	43,410
Honor farm nonmajor enterprise fund	70,097	-	(34,727)	35,370	35,370
Total	<u>1,826,850</u>	<u>-</u>	<u>(399,207)</u>	<u>1,427,643</u>	<u>410,355</u>
Notes payable – sewer user fund					
2003 issue	3,956,760	-	(401,172)	3,555,588	406,667
2009 issue	1,087,500	-	(75,000)	1,012,500	75,000
2010 issue	18,578,866	-	(1,052,964)	17,525,902	1,074,130
Unamortized premium	1,024,278	-	(70,235)	954,043	-
2014 issue	4,164,724	-	(182,720)	3,982,004	185,030
	<u>28,812,128</u>	<u>-</u>	<u>(1,782,091)</u>	<u>27,030,037</u>	<u>1,740,827</u>
Note payable – storm water utility	110,925	-	(110,925)	-	-
Compensated absences	998,965	522,966	(695,925)	826,007	82,601
Total business-type activities	<u>\$31,748,868</u>	<u>\$ 522,966</u>	<u>\$ (2,988,148)</u>	<u>\$ 29,283,687</u>	<u>\$ 2,233,783</u>

City of Pueblo, Colorado
Notes to Financial Statements
December 31, 2016

All of the above obligations for the City's business-type activities are serviced by the respective fund where the liability is recorded.

The cost and accumulated depreciation applicable to the assets that are the subject of the capital leases is as follows:

	Cost	Accumulated Depreciation to December 31, 2016
Elmwood golf course equipment	\$ 491,267	\$ 280,724
Walking stick golf course equipment	2,173,861	607,882
Stormwater utility equipment	294,284	252,243
Honor farm nonmajor enterprise fund	171,328	113,155
	<u>\$ 3,130,740</u>	<u>\$ 1,254,004</u>

	Balance January 1, 2016	Increases	Decreases	Balance December 31, 2016	Due Within One Year
Pueblo Urban Renewal Authority discretely-presented component unit:					
Revenue bonds, series 2006	\$ 7,586,000	\$ -	\$ (393,000)	\$ 7,193,000	\$ 412,000
Unamortized premium	<u>73,334</u>	<u>-</u>	<u>(5,399)</u>	<u>67,935</u>	<u>5,399</u>
	<u>7,659,334</u>	<u>-</u>	<u>(398,399)</u>	<u>7,260,935</u>	<u>417,399</u>
Improvement revenue bond, series 2011B	10,000,000	-	(205,000)	9,795,000	90,000
Unamortized premium	<u>228,321</u>	<u>-</u>	<u>(9,927)</u>	<u>218,394</u>	<u>9,927</u>
	<u>10,228,321</u>	<u>-</u>	<u>(214,927)</u>	<u>10,013,394</u>	<u>99,927</u>
Taxable refunding revenue bonds, series 2011A	125,000	-	(125,000)	-	-
Tax-exempt refunding revenue bonds, series 2011B	3,890,000	-	-	3,890,000	255,000
Unamortized premium	<u>292,526</u>	<u>-</u>	<u>(22,502)</u>	<u>270,024</u>	<u>22,502</u>
	<u>4,307,526</u>	<u>-</u>	<u>(147,502)</u>	<u>4,160,024</u>	<u>277,502</u>
Bank notes	<u>3,285,321</u>	<u>3,002,623</u>	<u>(402,793)</u>	<u>5,885,151</u>	<u>350,006</u>
Compensated absences	<u>1,569</u>	<u>24,923</u>	<u>(16,795)</u>	<u>9,697</u>	<u>9,697</u>
Total Pueblo Urban Renewal Authority discretely-presented component unit activities	<u>\$ 25,482,071</u>	<u>\$ 3,027,546</u>	<u>\$ (1,180,416)</u>	<u>\$ 27,329,201</u>	<u>\$ 1,557,428</u>

City of Pueblo, Colorado
Notes to Financial Statements
December 31, 2016

	Balance January 1, 2016	Increases	Decreases	Balance December 31, 2016	Due Within One Year
Pueblo Main Street Garage Corporation discretely-presented component unit:					
Note payable	\$ 6,862,000	\$ -	\$ -	\$ 6,862,000	\$ 6,862,000
Total Pueblo Main Street Garage Corporation discretely-presented component unit activities	\$ 6,862,000	\$ -	\$ -	\$ 6,862,000	\$ 6,862,000
Pueblo Municipal Rail Corporation discretely-presented component unit:					
Note payable	\$ 2,325,204	\$ -	\$ -	\$ 2,325,204	\$ 340,290
Total Pueblo Municipal Rail Corporation discretely-presented component unit activities	\$ 2,325,204	\$ -	\$ -	\$ 2,325,204	\$ 340,290

The following is a description of each individual issue for the governmental activities:

General Obligation

\$8,220,000 2005 series general obligation refunding bonds; interest rate of 4.5%; final payment was made in June 2016; debt was serviced by the debt service fund \$ -

Certificates of Participation

\$16,380,000 certificates of participation issued by the City; interest rate of 2.16%; due in annual installments, including interest, of \$2,529,445 through August 15 2023 ;debt is serviced by the debt service fund, and is subject to annual appropriation by City Council 16,380,000

\$20,625,000 certificates of participation issue of Pueblo Municipal Building Corporation; interest rate ranges from 4.375% to 5.50%; due in annual installments including interest ranging from \$1,641,082 to \$2,637,850 through August 2023; This was refunded by the issuance of the 2016 COPS in December 2016. -

\$4,200,000 certificates of participation issue of Pueblo Municipal Building Corporation; interest rate of 2.54%; due in annual installments of \$477,537 including interest through August 2024; debt is serviced by debt service fund and is subject to annual appropriation by City Council 3,418,176
19,798,176

City of Pueblo, Colorado
Notes to Financial Statements
December 31, 2016

Obligations under capital lease

\$3,900,000 obligation under capital lease; interest rate of 4.06%; payable in semi-annual installments of \$236,548 including interest through August 2017; debt is serviced by the debt service fund and is subject to annual appropriation by City Council	459,058
\$363,503 obligation under capital lease; interest rate of 2.825%; payable in annual installments of \$57,894 including interest through January 2018; debt is serviced by the debt service fund and is subject to annual appropriation by City Council	111,060
\$1,068,171 obligation under capital lease; interest rate of 1.835%; payable in annual installments of \$262,145 including interest through February 2017; debt is serviced by the debt service fund and is subject to annual appropriation by City Council	212,592
\$278,740 obligation under capital lease; interest rate of 1.32%; payable in an annual installment of \$71,192 including interest in the June 2016 final payment;	-
\$1,924,275 obligation under capital lease; interest rate of 1.87%; payable in annual installments of \$211,551 including interest through January 2023; debt is serviced by the debt service fund and is subject to annual appropriation by City Council	1,375,723
\$1,541,618 obligation under capital lease; interest rate of 1.82%; payable in annual installments of \$173,253, including interest through January 2021; debt is serviced by the debt service fund and is subject to annual appropriation by City Council	1,274,567
\$1,345,847 obligation under capital lease; interest rate of 1.45%; payable in annual installment of \$233,688, including interest through January 2021; debt is serviced by the debt service fund and is subject to annual appropriation by City Council	<u>1,123,837</u>
	<u>4,556,837</u>

City of Pueblo, Colorado
Notes to Financial Statements
December 31, 2016

Other Obligations

Accrued interest payable	80,343
Compensated absences	6,304,589
Self-insured claims and judgments	1,759,564
Net post-employment benefit obligation	<u>6,529,265</u>
	<u>14,673,761</u>
 Total governmental activities	 <u>\$ 39,028,774</u>

The debt service requirements for the governmental activities certificates of participation are as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 2,678,392	\$ 328,590	\$ 3,006,982
2018	2,625,691	381,292	3,006,983
2019	2,683,928	323,054	3,006,982
2020	2,743,462	263,520	3,006,982
2021	2,804,322	202,661	3,006,983
2022-2024	<u>6,262,381</u>	<u>229,121</u>	<u>6,491,502</u>
	<u>\$ 19,798,176</u>	<u>\$ 1,728,238</u>	<u>\$ 21,526,414</u>

The debt service requirements for the governmental activities capital leases are as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 1,380,057	\$ 73,307	\$ 1,453,364
2018	716,379	49,089	765,468
2019	671,385	37,810	709,195
2020	682,891	27,955	710,846
2021	694,659	17,867	712,526
2022-2023	<u>411,466</u>	<u>11,636</u>	<u>423,102</u>
	<u>\$ 4,556,837</u>	<u>\$ 217,664</u>	<u>\$ 4,774,501</u>

On December 9, 2016, the City issued \$16,380,000 in Certificates of Participation (2016 COPS), Series 2016 with an interest rate of 2.16 percent to advance refund \$14,985,000 of outstanding Certificates of Participation (2008 COPS), Series 2008 with an average interest rate of 5.45 percent. The net proceeds of \$16,264,933 (after payment of \$115,067 in underwriting fees and other issuance costs) were used to purchase U.S. government securities. Those securities were deposited into an irrevocable trust with an escrow agent to provide for all future debt service payments on the COPS Series 2008. As a result, the Certificates of Participation, Series 2008 are considered to be defeased and the liability for those COPS has been removed from the government-wide statement of net position.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$1,358,146. This difference, reported in the accompanying statement of net

City of Pueblo, Colorado
Notes to Financial Statements
December 31, 2016

position as a deferred outflow of resources, is being charged to operations through the year 2023 using the effective-interest method. The City completed the advance refunding to reduce its total debt service payments over the next seven years by \$682,427 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$639,498.

The \$4,200,000 LED street lights, series 2014 certificates of participation issued by PMBC represent assignments of proportionate interests in rights to receive payments pursuant to an annually renewable lease purchase agreement and site lease agreement dated October 1, 2014. The principal and interest on the certificates is payable solely from annually appropriated base rentals paid by the City to PMBC. The certificates shall never constitute or give rise to a general obligation of the City within the meaning of any constitutional, statutory or other charter limitation. All the payment obligations of the City are subject to annual appropriation by City Council.

The following is a description of each individual issue for the business-type activities:

Obligations Under Capital Leases

\$491,111 obligation under capital lease; interest rate of 1.64%; due in annual installments of \$101,721 including principal and interest through April 2017; debt is serviced by the Elmwood golf course major enterprise fund and is subject to annual appropriation by City Council	\$ 100,149
\$1,700,000 obligation under capital lease; interest rate of 4.97%; due in annual installments of \$191,479 including principal and interest through January 2023; debt is serviced by the Walking Stick golf course major enterprise fund and is subject to annual appropriation by City Council	1,109,174
\$466,220 obligation under capital lease; interest rate of 1.64%; due in annual installments of \$96,566 including principal and interest through April 2017; debt is serviced by the Walking Stick golf course major enterprise fund and is subject to annual appropriation by City Council	95,073
\$294,284 obligation under capital lease; interest rate of 2.44%; due in annual installments of \$45,550 including principal and interest through February 2018; debt is serviced by the storm water utility major enterprise fund and is subject to annual appropriation by City Council	87,877
\$210,043 obligation under capital lease; interest rate of 1.835%; due in annual installments of \$36,014 including principal and interest through February 2017; debt is serviced by the honor farm nonmajor enterprise fund and is subject to annual appropriation by City Council	<u>35,370</u>
	<u>1,427,643</u>

City of Pueblo, Colorado
Notes to Financial Statements
December 31, 2016

Notes payable

\$8,402,620 note payable to Colorado Water Resources and Power Development Authority; interest rate of 3.25%; due in semiannual installments ranging from \$258,725 to \$269,194 including principal, interest and administrative fees through August 2024; debt is serviced by the sewer user major enterprise fund	3,555,588
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\$1,500,000 note payable to Colorado Water Resources and Power Development Authority; non-interest bearing; due in semi-annual installments of \$37,500 through February 2030; debt is serviced by the sewer user major enterprise fund	1,012,500
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\$23,595,277 note payable to Colorado Water Resources and Power Development Authority; interest rate of 2.5%; due in semi-annual installments including principal, interest and administrative fees ranging from \$793,437 to \$798,366 through August 2030; debt is serviced by the sewer user major enterprise fund	17,525,902
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\$4,179,047 note payable to Colorado Water Resources and Power Development Authority; interest rate of 1.13%; due in semi-annual installments including principal, interest and administrative fees ranging from \$257,582 to \$266,240 through August, 2035; debt is serviced by sewer user major enterprise fund	3,982,004
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	26,075,994
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Other obligations

Compensated absences	826,007
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Total business-type activities	\$ 28,329,644
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City of Pueblo, Colorado
Notes to Financial Statements
December 31, 2016

The debt service requirements for the business-type activities capital leases are as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 410,355	\$ 60,980	\$ 471,335
2018	187,597	49,432	237,029
2019	150,243	41,236	191,479
2020	157,710	33,769	191,479
2021	165,549	25,930	191,479
2022-2023	<u>356,189</u>	<u>26,769</u>	<u>382,958</u>
	<u>\$ 1,427,643</u>	<u>\$ 238,116</u>	<u>\$ 1,665,759</u>

The debt service requirements for the business-type activities notes payable are as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 1,740,827	\$ 429,523	\$ 2,170,350
2018	1,769,919	400,502	2,170,421
2019	1,803,923	369,896	2,173,819
2020	1,836,971	326,807	2,163,778
2021	1,881,096	286,140	2,167,236
2022-2035	<u>17,043,258</u>	<u>1,213,517</u>	<u>18,256,775</u>
	<u>\$ 26,075,994</u>	<u>\$ 3,026,385</u>	<u>\$ 29,102,381</u>

The notes payable with the Colorado Water Resources and Power Development Authority provided funds for various projects associated with the City's wastewater system. The loan agreements provide that the net revenue of the sewer user major enterprise fund is pledged as the repayment source for these notes.

The following is a description of each individual issue for the Pueblo Urban Renewal Authority:

Revenue Bonds

\$9,500,000 revenue bonds (expanded urban renewal project area), series 2006;
interest rate ranging from 4.698% to 4.937%; due in annual installments ranging
from \$754,202 to \$755,611 including interest through September 2029 \$ 7,193,000

\$10,000,000 improvement revenue bonds, series 2011B; interest rate ranging
from 2.50% to 5.25%; due in annual installments ranging from \$600,676 to
\$1,068,688, including interest through December 2038 9,795,000

City of Pueblo, Colorado
Notes to Financial Statements
December 31, 2016

\$1,590,000 taxable revenue refunding bonds series 2011A; interest rate of 5.00%; due in an annual installment of \$131,250 including principal and interest in December 2016, paid in full as of December 31, 2016

\$10,000,000 tax-exempt revenue refunding bonds series 2011B; interest rate ranging from 2.50% to 5.5%; due in annual installments ranging from \$221,026 to \$465,125, including principal and interest through December 2028 3,890,000

20,878,000

Notes Payable

\$3,000,000 bank note; interest rate of 4.5%; due in semi-annual installments of interest and principal ranging from \$258,900 to \$271,706 through December 2029 2,565,000

\$256,000 bank note; interest rate indexed at 2 points over 5 year LIBOR/swap rate; current rate is 3.276%; due in monthly installments of \$1,462 through December 2016 upon maturity, at which time the note is due in full which is estimated at \$217,416; secured by real estate with a carrying value of \$365,157 at December 31, 2016 207,851

\$4,000,000 multi-draw term bank note; interest rate of 3.95%; due in an annual installment of \$327,942 plus accrued interest on due date. 3,112,300

5,885,151

Total Pueblo Urban Renewal Authority discretely-presented component unit activities \$ 26,763,151

The debt service requirements for the Pueblo Urban Renewal Authority discretely-presented component unit are as follows:

<u>Year Ending</u> <u>December 31</u>	<u>Revenue Bonds</u>		<u>Notes Payable</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2017	\$ 757,000	\$ 1,061,333	\$ 350,006	\$ 238,362
2018	797,000	1,024,459	363,104	223,738
2019	833,000	985,631	381,521	208,571
2020	874,000	945,823	400,272	192,620
2021	917,000	902,475	414,367	175,875
2022-2026	5,322,000	3,784,318	2,371,356	602,732
2027-2031	5,263,000	2,345,502	1,396,674	109,283
2032-2036	4,140,000	1,192,802	-	-
2037-2038	<u>1,975,000</u>	<u>156,714</u>	<u>-</u>	<u>-</u>
	<u>\$ 20,878,000</u>	<u>\$ 12,399,057</u>	<u>\$ 5,677,300</u>	<u>\$ 1,751,181</u>

City of Pueblo, Colorado
Notes to Financial Statements
December 31, 2016

The series 2006 revenue bonds (expanded urban renewal project) were issued to assist in the financing and construction of a parking garage. The actual construction of the parking garage was undertaken by Pueblo Main Street Garage Corporation (a not-for-profit corporation and a discretely-presented component unit of the City). As security for the series 2006 revenue bonds (expanded urban renewal project), the Authority has pledged the incremental property tax collected from 2006 through 2030 from within the expanded project area but not including revenues of any kind derived from sources related to the area included in the phase one project area which is part of the expanded urban renewal project area. In addition, the Authority has entered into a cooperation agreement (series 2006) and a letter of understanding with the City to share the debt service and other expenses incurred related to the bonds in the ratio of 40% to be paid by the City and 60% to be paid by the Authority. The obligation of the City to fund its 40% share of the costs is contingent upon annual appropriation by City Council.

The series 2011B improvement revenue bond issue totaling \$10,000,000 was consummated in June 2011 for the purpose of providing funds for the remodeling and restoring of the historic Memorial Hall which is within the expanded downtown district. The series 2011B improvement revenue bonds are special limited obligations of the Authority. Interest and principal are payable from the proceeds of the pledged revenue which consists of 3.3% of the City of Pueblo's sales and use tax collections.

The bank note issue of \$3,000,000 (series 2011 bonds) was consummated in March 2011 to provide funds for the construction of certain infrastructure and other improvements in the Lake Minnequa district. Interest and principal on this note is payable from the pledged incremental property taxes generated within the Lake Minnequa district.

The multi-draw term bank note was issued in December 2013 to provide assistance for the construction of the Dillon flyover infrastructure project, together with other improvements in the North Pueblo district. Interest and principal on this note is payable from the pledged incremental property taxes generated within the North Pueblo district. In addition, the Authority and the City entered into an agreement in December 2013 which allows the City, at its discretion, to fund any shortfalls in the Authority's ability to make debt service payments from pledged incremental property taxes. The agreement provides that, if the North Pueblo tax increment financing district eventually provides the Authority with a surplus of incremental property taxes, the Authority will repay the shortfall amounts paid by the City, together with 5% simple interest. At December 31, 2016, the Authority owes the City \$593,365 based on the terms of the agreement.

City of Pueblo, Colorado
Notes to Financial Statements
December 31, 2016

The following is a description of each individual issue for the Pueblo Main Street Garage Corporation discretely-presented component unit:

Notes Payable

\$6,862,000 recourse promissory note in favor of Pueblo Urban Renewal Authority; interest rate of 1.37%; due in annual interest only payments of \$94,010 through June 2017, at which time the note is due in its entirety; collateralized by a first deed of trust on the parking garage \$ 6,862,000

The debt service requirements for the Pueblo Main Street Garage Corporation discretely-presented component unit are as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ <u>6,862,000</u>	\$ <u>47,005</u>	\$ <u>6,909,005</u>
	\$ <u>6,862,000</u>	\$ <u>47,005</u>	\$ <u>6,909,005</u>

The following is a description of each individual issue for the Pueblo Municipal Rail Corporation discretely-presented component unit:

Note Payable

\$2,200,000 promissory note in favor of the City of Pueblo, Colorado; interest at prime; present anticipated due date is April 2023; collateralized by land with a carrying value of \$529,620 \$ 2,325,204

The debt service requirements for the Pueblo Municipal Rail Corporation discretely-presented component unit are as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 132,450	\$ 77,069	\$ 209,519
2018	308,887	73,872	382,759
2019	273,488	65,092	338,580
2020	77,337	56,251	133,588
2021	115,387	46,808	162,195
2022-2023	<u>1,417,655</u>	<u>242,511</u>	<u>1,660,166</u>
	\$ <u>2,325,204</u>	\$ <u>561,603</u>	\$ <u>2,886,807</u>

City of Pueblo, Colorado
Notes to Financial Statements
December 31, 2016

I. NET POSITION

Restricted net position represents net position whose uses are subject to constraints that are either (1) legally imposed by creditors (such as debt covenants), grantors, or laws or regulations of other governments, or (2) imposed by law through constitutional provisions or enabling legislation. Restricted net position at December 31, 2016 is as follows:

	Governmental <u>Activities</u>	Pueblo Urban Renewal <u>Authority</u>
Pension	\$ 73,352	\$ -
TABOR	2,900,000	-
Economic development	75,859,694	4,080,136
Debt service and district projects	-	4,043,185
Capital projects	3,928,644	-
Public safety	1,380,209	-
Public works	4,471,058	-
Parks and recreation	1,167,524	-
Culture and community welfare	4,949,935	-
	<u>\$ 94,730,416</u>	<u>\$ 8,123,321</u>

Restricted for pension – This represents the City’s proportionate share of the net pension asset of the new hire fire and police pension plan.

Restricted for TABOR – This represents approximately 3% of the City’s 2016 fiscal year spending as that term is defined in the Colorado constitution. Under these provisions of the constitution, this portion of the City’s net position can be used for declared emergencies only and the City must maintain 3% or more of its fiscal year spending in this restricted account. The City does not believe this restriction meets the definition of a stabilization arrangement under generally accepted accounting principles.

Restricted for economic development – For governmental activities, this amount represents the fund balance of the major special revenue economic development ½ cent tax fund. The provisions of the enabling ordinance as approved by the voters of the City provide that the funds available in this fund are limited to expenditures incurred for the creation of primary jobs within the City to include the area around the airport.

All other governmental activities restrictions – The remaining governmental activities restricted captions (capital projects, public safety, public works, parks and recreation, and culture and community development) represent the fund balances of the major HUD grants fund, the major public improvements fund, the major capital improvement fund, and other governmental funds.

City of Pueblo, Colorado
Notes to Financial Statements
December 31, 2016

The Pueblo Urban Renewal Authority discretely-presented component unit reports \$4,043,185 of net position restricted for debt service and capital projects. These restrictions generally arise from bond and debt covenants, along with specific restrictions imposed on individual tax increment financing districts created by the Authority. In addition, the Authority reports \$4,080,136 as restricted for economic development which represents limitations on net position as a result of an agreement with the state of Colorado as it relates to regional tourism projects.

J. FUND BALANCES

At December 31, 2016, fund balances for governmental funds consist of the following:

	Governmental Activities					Total
	General Fund	Economic Development ½ Cent Tax Fund	HUD Grants Fund	Public Improvements Funds	Other Governmental Funds	
Fund Balances –						
Nonspendable –						
Inventories	\$ 28,826	\$ -	\$ 307,127	\$ -	\$ 305,445	\$ 641,398
Prepaid items	459,087	-	-	-	-	459,087
Long-term fund advances	1,426,518	-	-	747,000	-	2,173,518
Restricted –Tabor	2,900,000	-	-	-	-	2,900,000
Economic development incentives	-	75,859,694	-	-	-	75,859,694
Low and moderate income assistance	-	-	4,305,099	-	24,529	4,329,628
Streets, highways and bridges	-	-	-	-	2,038,121	2,038,121
Police and fire assistance	-	-	-	-	1,380,209	1,380,209
Parks and recreation projects	-	-	-	-	1,167,524	1,167,524
Waste and other disposal	-	-	-	-	2,432,937	2,432,937
District maintenance	-	-	-	-	172,800	172,800
Cemetery maintenance	-	-	-	-	447,507	447,507
Capital projects	-	-	-	3,335,981	592,663	3,928,644
Committed –						
Minimum reserve	7,927,638	-	-	-	-	7,927,638
Capital projects	-	-	-	467,154	-	467,154
Assigned -						
Subsequent years’ expenditures	4,069,128	-	-	-	-	4,069,128
Year-end sales and use tax receivable	6,047,467	-	-	-	-	6,047,467
Capital projects	-	-	-	5,349,007	-	5,349,007
Parks and recreation projects	-	-	-	-	55,091	55,091
Donor specified projects	-	-	-	-	144,244	144,244
Unassigned	<u>5,539,271</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,100)</u>	<u>5,534,171</u>
TOTAL FUND BALANCES	<u>\$28,397,935</u>	<u>\$75,859,694</u>	<u>\$ 4,612,226</u>	<u>\$ 9,899,142</u>	<u>\$ 8,755,970</u>	<u>\$ 127,524,967</u>

City of Pueblo, Colorado
Notes to Financial Statements
December 31, 2016

City Council has committed 10% of total general fund expenditures and transfers as a minimum reserve for major unanticipated emergencies.

IV. OTHER NOTE DISCLOSURES

A. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts, property and casualty, errors and omissions, injuries to employees and health claims. Risks of loss from torts, errors and omissions, and property and casualty are covered by the City's participation in the property and casualty pool of the Colorado Intergovernmental Risk Sharing Agency (CIRSA) which is a separate and independent governmental public entity risk pool formed through intergovernmental agreement by member municipalities to provide defined liability and property coverage. The membership agreement provides that the pool be self-sustaining through member premiums and reinsure with commercial companies for claims in excess of \$250,000 per occurrence for property and \$1,000,000 per occurrence for casualty.

The City has elected to self-insure for workmen's compensation with a specific retention risk of \$550,000 in 2016. Claims and insurance costs are recognized as expenses in the internal service fund and totaled \$2,794,879 for the year ended December 31, 2016. At December 31, 2016, the actuarially determined loss reserve for self-insured workmen's compensation claims totaled \$1,759,564 which represents the discounted present value of expected losses using a discount rate assumption of 3% and includes claims incurred but not yet reported. Changes in this claims liability for the years ended December 31, 2016 and 2015 are as follows:

	<u>Year Ended December 31</u>	
	<u>2016</u>	<u>2015</u>
Estimated claims liability, January 1	\$ 2,159,539	\$ 2,323,153
Current year claims and changes in estimates	1,600,529	2,148,261
Current year payments	<u>(2,000,504)</u>	<u>(2,311,875)</u>
Estimated claims liability, December 31	<u>\$ 1,759,564</u>	<u>\$ 2,159,539</u>

Employee health claims are covered by commercial insurance. The City's share of the cost is charged to each general fund department or fund, as applicable. In addition, settlement claims for each of the last three years did not exceed insurance coverage amounts in areas where commercial insurance is used to cover the risk of loss.

City of Pueblo, Colorado
Notes to Financial Statements
December 31, 2016

B. OTHER POST-EMPLOYMENT BENEFITS (OPEB)

POLICE OFFICERS' AND FIREMENS' PLANS

Description of Plans – The City provides post-employment health, dental care and vision benefits to uniformed police officers, firemen and their covered eligible dependents under single-employer, defined benefit plans. All post-employment benefits are based on contractual agreements with employee groups and eligibility is based on years of service and/or minimum age.

Funding Policy – The annual required contribution (ARC) is based on projected pay-as-you-go financing requirements that reflect implicit rate subsidies. For the year ended December 31, 2016, the City contributed \$102,683 to the plan maintained for firemen and \$190,899 to the plan maintained for police officers.

Annual OPEB Cost and Net OPEB Obligation – the City's OPEB cost (expense) is calculated based on annual required contributions (ARC) which is an amount determined on an actuarially determined basis in accordance with the parameters outlined by generally accepted accounting principles. The ARC represents a level funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table reports the components of the City's OPEB costs for the year ended December 31, 2016, the amounts actually contributed to the plan and the changes in the City's net OPEB obligation:

	<u>Police Officers'</u> <u>Plan</u>	<u>Firemen's</u> <u>Plan</u>
Annual required contribution	\$ 986,606	\$ 692,049
Interest on net OPEB obligation	103,933	79,670
Adjustment to annual required contribution	<u>(161,457)</u>	<u>(123,764)</u>
Annual OPEB cost (expense)	929,082	647,955
Contributions made	<u>(190,899)</u>	<u>(102,683)</u>
Increase in net OPEB obligation	738,183	545,272
Net OPEB obligation, beginning of year	<u>2,969,528</u>	<u>2,276,282</u>
Net OPEB obligation, end of year	<u><u>\$ 3,707,711</u></u>	<u><u>\$ 2,821,554</u></u>

Three-Year Trend Information

	<u>Year Ending</u>	<u>Annual</u> <u>OPEB Cost</u>	<u>Percentage</u> <u>of ARC</u> <u>Contributed</u>	<u>Net OPEB</u> <u>(Obligation)</u>
Police Officers' Plan	December 31, 2014	990,493	21.53%	(2,173,811)
	December 31, 2015	1,039,172	23.43%	(2,969,528)
	December 31, 2016	929,082	20.55%	(3,707,711)
Firemen's Plan	December 31, 2014	691,490	22.20%	(1,711,858)
	December 31, 2015	724,847	22.13%	(2,276,282)
	December 31, 2016	647,955	15.85%	(2,821,544)

City of Pueblo, Colorado
Notes to Financial Statements
December 31, 2016

Funded Status and Funding Progress – The funded status of the plans as of January 1, 2016 is as follows:

	(a)	(b)	(a) – (b) = (c)	(a) ÷ (b)	(d)	(c) ÷ (d) Unfunded Actuarial Liability as a Percentage of Covered Payroll
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Liability	Funded Ratio	Annual Covered Payroll	
<u>Police Officers' Plan</u>						
1/1/16	\$ -	\$ 7,972,992	\$ 7,972,992	0.00%	\$ 11,910,563	66.94%
<u>Firemen's Plan</u>						
1/1/16	\$ -	\$ 5,755,514	\$ 5,755,514	0.00%	\$ 9,041,480	63.66%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of events occurring far into the future. Examples include assumptions about future employment, mortality and health cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedules of funding progress that are presented as required supplementary information following the notes to the financial statements present multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial liabilities for benefits.

Actuarial Methods and Assumptions – Projections of benefits for financial reporting purposes are based on the substantive plans (the plans as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer 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 calculation.

City of Pueblo, Colorado
Notes to Financial Statements
December 31, 2016

The data presented in the schedules of funding progress were determined as part of the actuarial valuation at the date indicated. Additional information for all plans as of the latest valuation date is as follows:

	<u>Police Officers Plan</u>	<u>Firemen's Plan</u>
Valuation date	January 1, 2016	January 1, 2016
Actuarial cost method	Projected unit credit	Projected unit credit
Amortization method	Level dollar open	Level dollar open
Remaining amortization period	30 years	30 years
Asset valuation method	Fair value	Fair value
Investment rate of return	3.50%	3.50%
Healthcare inflation rate		
Initial (medical)	8.50%	8.50%
Ultimate (medical)	5.0%	5.0%
Initial (dental)	5.0%	Benefit not available
Ultimate (dental)	5.0%	Benefit not available

The healthcare cost inflation rates reported above include a 3.0% general inflation rate assumption.

NEW HIRE FIRE AND POLICE DEATH AND DISABILITY

The City of Pueblo contributes to the statewide, cost-sharing, multiple-employer death and disability plan administered by the Colorado Fire and Police Pension Association (FPPA). The statewide plan provides death and disability benefits for those new hires employed after January 1, 1997 and their beneficiaries. Title 31, Article 30 of the Colorado Revised Statutes (CRS), as amended, assigns the authority to establish benefit provisions to the state legislature. FPPA issues a publicly available financial report that includes the statewide death and disability plan. That report may be obtained by writing to FPPA of Colorado, 5290 DTC Parkway, Suite 100, Englewood, Colorado, 80111, or by calling FPPA at 770-3772 in the Denver metro area or 1-800-332-3772 from outside the metro area.

Plan members and the City of Pueblo are required to contribute at a rate set by statute. The contribution requirements of plan members and the City of Pueblo are established under Title 31, Article 30, part 10 of the CRS, as amended. The contribution rate for new-hire police members is 0.00% of covered salary and for the City of Pueblo the contribution rate is 2.60% of covered salary. The contribution rate for new-hire fire members is .10% of covered salary and for the City of Pueblo the contribution rate is 2.50% of covered salary. The City of Pueblo's contributions to the statewide death and disability plan for the years ended December 31, 2016, 2015, and 2014 were \$416,280, \$399,093, and \$377,140, equal to their required contributions for each year.

City of Pueblo, Colorado
Notes to Financial Statements
December 31, 2016

GENERAL SERVICE EMPLOYEES

The City contributes to the Health Care Trust Fund (HCTF), a cost-sharing, multiple-employer postemployment healthcare plan administered by PERA. The HCTF provides a health care premium subsidy to PERA-participating benefit recipients and their eligible beneficiaries. Title 24, Article 51, part 12 of the Colorado Revised Statutes (CRS), as amended, assigns the authority to establish the HCTF benefit provisions to the state legislature. PERA issues a publicly available annual financial report that includes financial statements and required supplementary information for the HCTF. That report may be obtained at www.copera.org or by writing to PERA of Colorado, 1301 Pennsylvania Street, Denver, Colorado, 80203, or by calling PERA at 1-800-759-7372.

The City is required to contribute at a rate of 1.02% of covered salary for all PERA members as set by statute and no member contributions are required. The contribution requirements for the City are established under Title 24, Article 51, part 4 of the CRS, as amended. The apportionment of the contribution to the HCTF is established under Title 24, Article 51, section 208 of the CRS, as amended. For the years ended December 31, 2016, 2015, and 2014, the City's employer contributions to the HCTF were \$195,067, \$207,732, and \$226,674, equal to their required contributions for each year.

C. OTHER REPORTING ENTITY DISCLOSURES

JOINT VENTURES

PUEBLO REGIONAL BUILDING DEPARTMENT

The City is a participant with the County of Pueblo, Colorado (the County) in a joint venture known as the Pueblo Regional Building Department. The Department's purpose is to enforce building codes and license contractors throughout the city and county. The governing body is composed of nine members, three of which are appointed by the City, three are appointed by the County, and one member is jointly appointed. The remaining two members consist of a City Council person and a County Commissioner. The Department is required to submit monthly reports of revenues and expenditures to the City and County and their annual budget is subject to the approval of the City and County. In addition, the agreement stipulates that if allocated expenses exceed revenues for either the City or County, the Department can assess the City or County for the deficit. Complete financial statements for the Department can be obtained from the Department's administrative office at 830 N. Main St., Pueblo, Colorado.

PUEBLO CITY-COUNTY HEALTH DEPARTMENT

The Pueblo City-County Health Department is also a joint venture between the City of Pueblo and the County of Pueblo. The Department was created in 1952 for the purpose of providing public health care services to the residents of the city and county. A portion of the Department's revenues are composed of subsidies from the City of Pueblo and County of Pueblo, with the City's totaling \$299,785 for 2016. The governing body of the Department is composed of five members, two of which are appointed by the City of Pueblo, two are appointed by the County of Pueblo, and one member is jointly appointed.

City of Pueblo, Colorado
Notes to Financial Statements
December 31, 2016

The governing body of the Department appoints the administrator and the administrator appoints all other personnel. The joint venture agreement requires that the governing body of the Department submit a proposed annual operating budget to the City and County for their approval. Based upon the proposed budget, the City and County individually determine the amount of their respective annual subsidies for the Department. The joint venture agreement also stipulates that the participants shall endeavor to appropriate funds to the Department that are reasonable, fair and equitable to all parties. Complete financial statements for the City-County Health Department can be obtained from their administrative office located at 101 W. 9th Street, Pueblo, Colorado.

HISTORIC ARKANSAS RIVERWALK AUTHORITY

The City is a participant with the County of Pueblo (the County), the Pueblo Urban Renewal Authority (PURA), the Pueblo Conservancy District (the District) and the Board of Water Works (the Board) in a joint venture known as the Historic Arkansas Riverwalk Authority (the Authority). The Authority's purpose is to promote, manage, supervise, operate, develop and maintain the Historic Arkansas Riverwalk Project (HARP). The governing body is composed of seven members, two of which are appointed by the City, while each of the other participants appoints one member and one member is appointed by the majority vote of an appointment committee composed of five persons who are appointed by each of the governing bodies of the parties. A portion of the Authority's revenues are composed of subsidies from the City of Pueblo and the County of Pueblo, with the City's totaling \$95,703 for 2016.

The Authority is required to submit an annual budget to each of the participants, except the Board. The budget is to include a specific line item for each participant's subsidy, except the Board's. The governing body of each participant, in its sole discretion, shall approve such budgeted specific line item for appropriation to the Authority in an amount equal to, greater or lesser than the amount contained in the annual plan and budget. Complete financial statements for the Authority can be obtained from their administrative office located at 125 Riverwalk Place, Pueblo, Colorado.

JOINTLY GOVERNED ORGANIZATION

PUEBLO AREA COUNCIL OF GOVERNMENTS (PACOG)

PACOG was formed in 1971 to serve as an interlocal advisory board through which local government entities may be aided in dealing with issues of common interest that transcend geographic borders to include a comprehensive regional planning process. PACOG's governing body is composed of 15 members, of which 7 are City Council members. The City's accountability is limited to making these appointments. During 2016, the City appropriated \$63,802 to PACOG.

City of Pueblo, Colorado
Notes to Financial Statements
December 31, 2016

RELATED ORGANIZATION

PUEBLO HOUSING AUTHORITY

The governing body of the Pueblo Housing Authority is composed of five members, all of whom are appointed by City Council. The City's accountability for the Housing Authority does not extend beyond making these appointments.

D. COMMITMENTS AND CONTINGENCIES

LEASING ARRANGEMENTS

The City previously entered into an operating lease agreement for energy-saving equipment and other items. The estimated total cost of the equipment and miscellaneous items totaled \$1,528,955 and the following table presents a schedule of minimum lease payments due that are subject to annual appropriation by City Council:

Year Ending December 31,

2017	\$ 124,000
2018	116,000
2019	120,000
2020	123,500
2021	127,000
2022-2026	<u>699,702</u>
	<u>\$ 1,310,202</u>

During 2015, the City modified an existing operating lease to acquire equipment and professional services for certain public safety activities totaling approximately \$974,426. The following table presents a schedule of minimum lease and other payments due that are subject to annual appropriation by City Council:

Year Ending December 31,

2017	\$ 193,548
2018	193,548
2019	<u>193,548</u>
	<u>\$ 580,644</u>

City of Pueblo, Colorado
Notes to Financial Statements
December 31, 2016

OTHER COMMITMENTS

As part of an agreement with the Young Men's Christian Association (YMCA), the City committed to contribute to the YMCA a total of \$2,000,000 payable in equal installments of \$200,000 per year for 10 years beginning in 2008. This contribution was made to the YMCA as part of their capital campaign and the yearly payment is subject to annual appropriation by City Council. The City's 2016 installment was reduced to \$50,000 but no modification to the original commitment has been authorized by City Council.

Encumbrances are commitments related to unperformed (executory) contracts for goods and services. Encumbrances outstanding at December 31, 2016 are not accounted for as expenditures and liabilities but are included in fund balance. Encumbrances outstanding at December 31, 2016 for governmental funds are as follows:

General fund	\$ 129,229
Economic development ½ cent tax fund	504,019
HUD grants fund	231,623
Capital projects fund	1,508,147
Other governmental funds	<u>193,652</u>
	<u>\$ 2,566,670</u>

During 2013, City Council, by resolution, authorized the City to accept ownership and maintenance of certain state of Colorado roadways. This authorization was in conjunction with the submission of applications for approximately 62.4 million dollars in state and federal funding for highway construction and improvements. The City Council also committed a cash contribution of 1.2 million dollars over a period of four years as part of this effort.

ARBITRAGE LIABILITY

The City has not determined its arbitrage liability, if any; however, the City believes any resulting liability is not material to its financial position as reflected in the government-wide statement of net position or the proprietary funds' statement of net position, as applicable.

GRANTS AND OTHER

The City participates in a number of federal and state-assisted grant programs. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audit could become a liability of the City. In the opinion of management, however, any such disallowed claims would not have a material effect on the financial statements as of and for the year ended December 31, 2016.

City of Pueblo, Colorado
Notes to Financial Statements
December 31, 2016

LEGAL DEBT MARGIN

The amount of general obligation long-term debt that can be incurred by the City is limited by the charter. General obligation debt can't exceed 10% of assessed valuation. At December 31, 2016, the debt limit was \$105,874,148 and the debt margin was \$105,874,148.

TAX ABATEMENTS

The City of Pueblo offers individual business incentive packages to attract new businesses to the City, to grow the local economy and to provide quality job opportunities for City residents. Incentive agreements are entirely discretionary and are considered on a case-by-case basis by the City Council. A written agreement is required and no agreement is final without formal action by City Council.

All incentive agreements are subject to annual appropriations by City Council as required in the Colorado Constitution and the City Charter. Some of the agreements have provisions for recapturing the incentives awarded if specific performance measures are not maintained. As of December 31, 2016, the City has two active incentive agreements in place. In 2016, the City's expenditures include \$2,255,548 in tax abatements.

OTHER ITEMS

Tax Spending and Debt Limitations

Colorado voters passed an amendment to the state constitution in November 1992 which contains several limitations, including revenue raising, spending abilities and other specific requirements affecting state and local governments. The amendment, commonly known as the TABOR Amendment, is complex and subject to judicial interpretation; however, the City believes it is in compliance with the requirements of the amendment. The City has made certain interpretations of the amendment's language in order to determine its compliance.

Litigation

The City is a defendant in numerous lawsuits and claims arising in the normal course of operations. The City is vigorously defending all such claims and believes the outcome of any such negative claims and litigation will not have a material adverse effect on the financial position of the City.

Required Supplementary Information

City of Pueblo, Colorado
Budgetary Comparison Schedule
General Fund
Year Ended December 31, 2016

	Budgeted Amounts		Actual	Variance With
	Original	Final	Budget	Final Budget
			Basis	Positive
				(Negative)
REVENUES AND OTHER				
FINANCING SOURCES				
Taxes	\$ 65,755,968	\$ 66,530,968	\$ 70,930,573	\$ 4,399,605
Licenses and permits	580,500	580,500	652,734	72,234
Intergovernmental	2,081,433	2,081,433	2,125,562	44,129
Charges for services	4,075,912	4,075,912	4,477,092	401,180
Fines and forfeits	2,103,600	2,103,600	1,741,259	(362,341)
Other revenue	528,780	528,780	505,303	(23,477)
Transfers in	4,195,074	4,195,074	4,119,871	(75,203)
TOTAL REVENUES AND				
OTHER FINANCING SOURCES	<u>79,321,267</u>	<u>80,096,267</u>	<u>84,552,394</u>	<u>4,456,127</u>
EXPENDITURES AND OTHER				
FINANCING USES				
Current -				
General government	10,396,273	10,396,273	9,430,395	965,878
Public safety -				
Police	27,677,815	27,677,815	26,706,307	971,508
Fire	16,285,917	16,450,917	16,438,386	12,531
Public works	7,762,008	7,662,008	6,939,403	722,605
Parks and recreation	4,993,485	4,993,485	4,871,809	121,676
Nondepartmental	5,015,896	5,029,896	4,939,788	90,108
Transfers out	9,427,548	10,443,548	9,950,293	493,255
TOTAL EXPENDITURES AND				
OTHER FINANCING USES	<u>81,558,942</u>	<u>82,653,942</u>	<u>79,276,381</u>	<u>3,377,561</u>
EXCESS (DEFICIENCY) OF REVENUES				
AND OTHER FINANCING SOURCES				
OVER EXPENDITURES AND OTHER				
FINANCING USES				
	(2,237,675)	(2,557,675)	5,276,013	7,833,688
FUND BALANCE, January 1	<u>2,237,675</u>	<u>2,557,675</u>	<u>15,352,206</u>	<u>12,794,531</u>
FUND BALANCE, December 31	<u>\$ -</u>	<u>\$ -</u>	20,628,219	<u>\$ 20,628,219</u>
Adjustment from budgetary basis to				
generally accepted accounting principles				
Accrued sales tax and franchise tax			6,806,510	
Unrealized loss on investments			14,502	
Advance to other fund			<u>948,704</u>	
Fund balance - generally accepted				
accounting principles			<u>\$ 28,397,935</u>	

See accompanying Independent Auditor's Report.

City of Pueblo, Colorado
Reconciliation of the Budgetary Basis of Accounting
To GAAP Basis of Accounting
General Fund
Year Ended December 31, 2016

BUDGETARY BASIS

Explanation of differences between budgetary revenues and other financing sources and GAAP revenues and other financing sources

REVENUES AND OTHER FINANCING SOURCES	\$ 84,552,394
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Actual amounts (budgetary basis) of revenues and other financing sources from the budgetary comparison schedule

Differences - budget to GAAP

Accrued sales tax and franchise tax, beginning of year	(5,704,012)
Accrued sales tax and franchise tax, end of year	6,806,510
Transfer treated as reduction of fund advance	<u>(100,000)</u>

GAAP BASIS REVENUES AND OTHER FINANCING SOURCES	<u>\$ 85,554,892</u>
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See accompanying Independent Auditor's Report.

City of Pueblo, Colorado
Budgetary Comparison Schedule
Economic Development 1/2 Cent Tax Fund
Year Ended December 31, 2016

	Budgeted Amounts		Actual	Variance With
	Original	Final	Budget	Final Budget
			Basis	Positive
				(Negative)
REVENUES				
Interest earnings	\$ 50,000	\$ 50,000	\$ 236,658	\$ 186,658
Rents and other revenue	350,000	350,000	869,349	519,349
Sales and use taxes	7,500,000	7,500,000	8,274,361	774,361
Transfer in	-	-	-	-
TOTAL REVENUES AND				
OTHER FINANCING SOURCES	<u>7,900,000</u>	<u>7,900,000</u>	<u>9,380,368</u>	<u>1,480,368</u>
EXPENDITURES AND OTHER				
FINANCING USES				
Current -				
Professional services	300,000	300,000	270,665	29,335
Programs/projects	7,226,904	49,667,151	4,271,923	45,395,228
Capital outlay	-	5,814,701	7,665,514	(1,850,813)
Transfers out	<u>373,096</u>	<u>373,096</u>	<u>373,097</u>	<u>(1)</u>
TOTAL EXPENDITURES AND				
OTHER FINANCING USES	<u>7,900,000</u>	<u>56,154,948</u>	<u>12,581,199</u>	<u>43,573,749</u>
NET CHANGE IN FUND BALANCE	-	(48,254,948)	(3,200,831)	45,054,117
FUND BALANCE, January 1	<u>-</u>	<u>48,254,948</u>	<u>54,125,122</u>	<u>5,870,174</u>
FUND BALANCE, December 31	<u>\$ -</u>	<u>\$ -</u>	50,924,291	<u>\$ 50,924,291</u>
Adjustment from budgetary basis to generally accepted accounting principles				
Notes and loans receivable, net			<u>24,935,403</u>	
Fund balance - generally accepted accounting principles			<u>\$ 75,859,694</u>	

See accompanying Independent Auditor's Report

City of Pueblo, Colorado
Reconciliation of the Budgetary Basis of Accounting
To GAAP Basis of Accounting
Economic Development 1/2 Cent Tax Fund
Year Ended December 31, 2016

BUDGETARY BASIS

Explanation of differences between budgetary revenues and other financing sources and GAAP revenues and other financing sources, together with budgetary expenditures and other financing uses and GAAP expenditures and other financing uses

REVENUES AND OTHER FINANCING SOURCES

Actual amounts (budgetary basis) of revenues from the budgetary comparison schedule	\$ 9,380,368
Differences - budget to GAAP	
Loan payments received	<u>(49,914)</u>

GAAP BASIS REVENUES AND OTHER FINANCING SOURCES	<u>\$ 9,330,454</u>
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EXPENDITURES AND OTHER FINANCING USES

Actual amounts (budgetary basis) of expenditures and other financing uses from the budgetary comparison schedule	\$ 12,581,199
Differences - Budget to GAAP	
Loans made during the year	(9,095,434)
Change in the allowance for uncollectible loans	(454,052)
Credits awarded to loan recipients for meeting established employment targets	<u>4,061,634</u>

GAAP BASIS EXPENDITURES AND OTHER FINANCING USES	<u>\$ 7,093,347</u>
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See accompanying Independent Auditor's Report.

City of Pueblo, Colorado
Budgetary Comparison Schedule
HUD Grants Fund
Year Ended December 31, 2016

	Budgeted Amounts		Actual	Variance With
	Original	Final	Budget	Final Budget
			Basis	Positive
				(Negative)
REVENUES AND OTHER				
FINANCING SOURCES				
Intergovernmental	\$ 1,903,433	\$ 1,887,745	\$ 1,977,570	\$ 89,825
Loan payments	80,000	10,000	63,089	53,089
Other	-	127,282	82,601	(44,681)
Transfers in	102,567	119,588	-	(119,588)
TOTAL REVENUES AND				
OTHER FINANCING SOURCES	2,086,000	2,144,615	2,123,260	(21,355)
EXPENDITURES AND OTHER				
FINANCING USES				
Current -				
Programs/projects	2,226,791	6,262,819	1,330,309	4,932,510
Capital outlay	-	468,209	570,234	(102,025)
Transfers out	267,209	315,418	195,830	119,588
TOTAL EXPENDITURES AND	2,494,000	7,046,446	2,096,373	4,950,073
OTHER FINANCING USES				
NET CHANGE IN FUND BALANCE	(408,000)	(4,901,831)	26,887	4,928,718
FUND BALANCE, January 1	408,000	4,901,831	872,150	(4,029,681)
FUND BALANCE, December 31	\$ -	\$ -	899,037	\$ 899,037
Adjustment from budgetary basis to				
generally accepted accounting principles				
Loans and other receivables			3,638,240	
Inventory of land held for resale			307,127	
Deferred inflow of resources related to grants			(232,178)	
Fund balance - generally accepted				
accounting principles			\$ 4,612,226	

See accompanying Independent Auditor's Report.

City of Pueblo, Colorado
Reconciliation of the Budgetary Basis of Accounting
To GAAP Basis of Accounting
HUD Grants Fund
Year Ended December 31, 2016

BUDGETARY BASIS

Explanation of differences between budgetary revenues and other financing sources and GAAP revenues and other financing sources, together with budgetary expenditures and other financing uses and GAAP expenditures and other financing uses

REVENUES AND OTHER FINANCING SOURCES

Actual amounts (budgetary basis) of revenues and other financing sources from the budgetary comparison schedule	\$	2,123,260
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Differences - budget to GAAP

Loan payments and other revenue received		(63,089)
Deferred inflows of resources related to grants		<u>324,025</u>

GAAP BASIS REVENUES AND OTHER FINANCING SOURCES	\$	<u><u>2,384,196</u></u>
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EXPENDITURES AND OTHER FINANCING USES

Actual amounts (budgetary basis) of expenditures and other financing uses from the budgetary comparison schedule	\$	2,096,373
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Differences - budget to GAAP

Inventory and other expenditures		<u>(24,374)</u>
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GAAP BASIS EXPENDITURES AND OTHER FINANCING USES	\$	<u><u>2,071,999</u></u>
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See accompanying Independent Auditor's Report

City of Pueblo, Colorado
Notes to Required Supplementary Information
Year Ended December 31, 2016

BUDGETARY INFORMATION

The City adheres to the following procedures in establishing the budgetary data reflected in the budgetary comparison schedules.

A proposed budget for the fiscal year commencing the following January 1 is submitted to City Council by the City Manager on or before October 15th. The budget includes proposed expenditures and the means of financing them. Public hearings are conducted by City Council to obtain taxpayer comments. The City adopted budgets for all funds except the Historic Arkansas River Project capital projects fund, the Police building capital projects fund, the Pueblo Transit internal service fund and the agency fund. All funds, including proprietary funds, use the current financial resources measurement focus and the modified accrual basis of accounting in preparing the budgets. In addition, appropriations lapse at the end of the year and expenditures for on-going projects are appropriated in the following year.

Expenditure estimates in the annual budgets are enacted into law through the passage of an appropriation ordinance. The City Manager may at any time transfer any unencumbered appropriated balance or portion thereof from one classification of expenditure to another within the same department, office or agency. The Council may, by resolution, transfer any unencumbered appropriated balance or portion thereof from one department, office or agency to another. City Council may amend the original adopted budget during the year by passing a new ordinance to reflect current needs. During 2016, the expenditure estimates were amended. These amendments were made in accordance with the City Charter.

The legal level of budgetary control exists at the department level for the general fund, while the legal level of budgetary control for all other funds is at the total fund level. That is to say, total expenditures for each department in the general fund or the total expenditures in all other funds cannot legally exceed appropriations for that department or fund.

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to preserve that portion of the applicable appropriation is employed as an extension of the formal budgetary integration in all funds.

See accompanying Independent Auditor's Report.

City of Pueblo, Colorado
Schedule of Funding Progress
Fire Other Post Employment Benefit Plan
Year Ended December 31, 2016

Actuarial Valuation <u>Date</u>	(a) Actuarial Value of <u>Assets</u>	(b) Actuarial Accrued Liability <u>(AAL)</u>	(a)÷(b) <u>Funded Ratio</u>	(b)-(a) Unfunded AAL <u>(UAAL)</u>	(c) Covered <u>Payroll</u>	(a)-(b)÷(c) UAAL as a Percentage of Covered <u>Payroll</u>
1/1/16	\$ -	\$ 5,755,514	0.00%	\$ 5,755,514	\$ 9,041,480	63.66%
1/1/15	\$ -	\$ 6,601,592	0.00%	\$ 6,601,592	\$ 9,958,182	66.29%
1/1/14	\$ -	\$ 6,151,397	0.00%	\$ 6,151,397	\$ 9,668,138	63.63%
1/1/13	\$ -	\$ 3,208,999	0.00%	\$ 3,208,999	\$ 9,939,984	32.27%
1/1/12	\$ -	\$ 3,008,092	0.00%	\$ 3,008,092	\$ 9,650,470	31.17%
1/1/11	\$ -	\$ 2,214,369	0.00%	\$ 2,214,369	\$ 8,928,236	24.80%
1/1/10	\$ -	\$ 2,084,953	0.00%	\$ 2,084,953	\$ 8,491,751	24.55%
1/1/08	\$ -	\$ 2,489,537	0.00%	\$ 2,489,537	\$ 8,068,723	30.85%

See accompanying Independent Auditor's Report.

City of Pueblo, Colorado
Schedule of Funding Progress
Police Other Post Employment Benefit Plan
Year Ended December 31, 2016

Actuarial Valuation <u>Date</u>	(a) Actuarial Value of <u>Assets</u>	(b) Actuarial Accrued Liability <u>(AAL)</u>	(a)÷(b) <u>Funded Ratio</u>	(b)-(a) Unfunded AAL <u>(UAAL)</u>	(c) Covered <u>Payroll</u>	(a)-(b)÷(c) UAAL as a Percentage of Covered <u>Payroll</u>
1/1/16	\$ -	\$ 7,972,992	0.00%	\$ 7,972,992	\$ 11,910,563	66.94%
1/1/15	\$ -	\$ 9,137,219	0.00%	\$ 9,137,219	\$ 14,604,058	62.57%
1/1/14	\$ -	\$ 8,484,684	0.00%	\$ 8,484,684	\$ 14,178,697	59.84%
1/1/13	\$ -	\$ 3,923,597	0.00%	\$ 3,923,597	\$ 14,261,159	27.51%
1/1/12	\$ -	\$ 3,694,314	0.00%	\$ 3,694,314	\$ 13,845,785	26.68%
1/1/11	\$ -	\$ 2,660,509	0.00%	\$ 2,660,509	\$ 13,527,475	19.67%
1/1/10	\$ -	\$ 2,523,158	0.00%	\$ 2,523,158	\$ 14,072,581	17.93%
1/1/08	\$ -	\$ 3,222,952	0.00%	\$ 3,222,952	\$ 12,280,662	26.24%

See accompanying Independent Auditor's Report.

City of Pueblo, Colorado
Schedule of the City's Proportionate Share of the Net Pension Liability
Public Employees' Retirement Association
Local Government Division Trust Fund

	<u>2016</u>	<u>2015</u>	<u>2014</u>
City's proportion of the net pension liability	3.363%	3.489%	3.626%
City's proportionate share of the net pension liability	37,046,169	31,272,221	29,839,115
City's covered-employee payroll	19,115,117	19,119,848	19,348,785
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	193.806%	163.559%	154.217%
Plan fiduciary net position as a percentage of the total pension liability	76.900%	88.783%	91.876%

Note: This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available

See accompanying Independent Auditor's Report.

City of Pueblo, Colorado
Schedule of the City's Contributions
Public Employees' Retirement Association
Local Government Division Trust Fund
Year Ended December 31, 2016

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 2,421,672	\$ 2,424,221	\$ 2,452,914
Contributions in relation to the contractually required contribution	<u>2,421,672</u>	<u>2,424,221</u>	<u>2,452,914</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 19,115,117	\$ 19,119,848	\$ 19,348,785
Contributions as a percentage of covered-employee payroll	12.67%	12.68%	12.68%

Note: This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available

See accompanying Independent Auditor's Report.

City of Pueblo, Colorado
Schedule of the City's Proportionate Share of the Net Pension Asset
Fire and Police Pension Association
New Hire Fire and Police Pension Fund
Year Ended December 31, 2016

	<u>2016</u>	<u>2015</u>	<u>2014</u>
City's proportion of the net pension liability (asset)	(4.161%)	(4.395%)	(4.524%)
City's proportionate share of the net pension liability (asset)	(73,352)	(4,960,089)	(4,045,301)
City's covered-employee payroll	20,150,739	19,763,175	19,650,362
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	(0.364%)	(25.098%)	(20.586%)
Plan fiduciary net position as a percentage of the total pension liability	100.100%	106.800%	105.800%

Note: This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available

See accompanying Independent Auditor's Report.

City of Pueblo, Colorado
Schedule of the City's Contributions
Fire and Police Pension Association
New Hire Fire and Police Pension Fund
Year Ended December 31, 2016

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 1,633,306	\$ 1,581,054	\$ 1,572,029
Contributions in relation to the contractually required contribution	<u>1,633,306</u>	<u>1,581,054</u>	<u>1,572,029</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 20,150,739	\$ 19,763,175	\$ 19,650,362
Contributions as a percentage of covered-employee payroll	8.10%	8.00%	8.00%

Note: This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available

See accompanying Independent Auditor's Report.

City of Pueblo, Colorado
Schedule of Changes in the City's Net Pension Liability and Related Ratios
Pueblo Old Hire Police Pension Fund
Year Ended December 31, 2016

Measurement Period Ended December 31,	2015	2014
Total pension liability -		
Service cost	\$ -	\$ -
Interest	4,564,633	4,647,773
Changes in benefit terms	-	-
Differences between expected and actual experience	(1,429,499)	-
Changes in assumptions	4,313,589	-
Benefit payments, including refunds of employee contributions	(5,721,421)	(5,789,929)
Net change in total pension liability	1,727,302	(1,142,156)
Total pension liability - beginning	63,670,773	64,812,929
Total pension liability - ending (a)	<u>\$ 65,398,075</u>	<u>\$ 63,670,773</u>
Plan fiduciary net position -		
Contributions - employer	\$ 1,272,351	\$ 1,710,695
Contributions - employee	-	2,821
Net investment income	955,007	3,522,694
Benefit payments, including refunds of employee contributions	(5,721,421)	(5,789,929)
Administrative expense	(73,229)	(89,300)
Net change in plan fiduciary net position	(3,567,292)	(643,019)
Plan fiduciary net position - beginning	52,816,005	53,459,024
Plan fiduciary net position - ending (b)	<u>\$ 49,248,713</u>	<u>\$ 52,816,005</u>
City's net pension liability - ending (a) - (b)	\$ 16,149,362	\$ 10,854,768
Plan fiduciary net position as a percentage of the total pension liability	75.31%	82.95%
Covered-employee payroll	N/A	\$ 99,053
City of Pueblo's net pension liability as a percentage of covered-employee payroll	N/A	10,958.55%

Note: This schedule is intended to show information for ten years. Additional years' information will be displayed as becomes available

See accompanying Independent Auditor's Report.

City of Pueblo, Colorado
Schedule of the City's Contributions
Pueblo Old Hire Police Pension Fund
Year Ended December 31, 2016

	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 1,226,430	\$ 1,718,438
Contributions in relation to the actuarially required contribution	<u>1,272,351</u>	<u>1,710,695</u>
Contribution deficiency (excess) (1)	<u>\$ (45,921)</u>	<u>\$ 7,743</u>
City's covered-employee payroll	N/A	\$ 99,053
Contributions as a percentage of covered-employee payroll	N/A	1,727.05%

(1) The contribution deficiency (excess) is the result of accrual differences between years.

Note: This schedule is intended to show information for ten years. Additional years' information will be displayed it becomes available

See accompanying Independent Auditor's Report.

City of Pueblo, Colorado
Schedule of Changes in the City's Net Pension Liability and Related Ratios
Pueblo Old Hire Fire Pension Fund
Year Ended December 31, 2016

Measurement Period Ended December 31,	2015	2014
Total pension liability -		
Service cost	\$ -	\$ -
Interest	3,434,587	3,512,883
Changes in benefit terms	-	-
Differences between expected and actual experience	(1,302,712)	-
Changes in assumptions	3,235,013	-
Benefit payments, including refunds of employee contributions	<u>(4,552,205)</u>	<u>(4,561,272)</u>
Net change in total pension liability	814,683	(1,048,389)
Total pension liability - beginning	<u>48,029,454</u>	<u>49,077,843</u>
Total pension liability - ending (a)	<u>\$ 48,844,137</u>	<u>\$ 48,029,454</u>
Plan fiduciary net position -		
Contributions - employer	\$ 1,299,942	\$ 1,028,768
Contributions - employee	-	2,092
Net investment income	674,555	2,511,258
Benefit payments, including refunds of employee contributions	(4,552,205)	(4,561,272)
Administrative expense	<u>(55,541)</u>	<u>(66,952)</u>
Net change in plan fiduciary net position	(2,633,249)	(1,086,106)
Plan fiduciary net position - beginning	<u>37,353,001</u>	<u>38,439,107</u>
Plan fiduciary net position - ending (b)	<u>\$ 34,719,752</u>	<u>\$ 37,353,001</u>
City's net pension liability - ending (a) - (b)	\$ 14,124,385	\$ 10,676,453
Plan fiduciary net position as a percentage of the total pension liability	71.08%	77.77%
Covered-employee payroll	N/A	\$ 78,448
City of Pueblo's net pension liability as a percentage of covered-employee payroll	N/A	13,609.59%

Note: This schedule is intended to show information for ten years. Additional years' information will be displayed as becomes available

See accompanying Independent Auditor's Report.

City of Pueblo, Colorado
Schedule of the City's Contributions
Pueblo Old Hire Fire Pension Fund
Year Ended December 31, 2016

	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 1,299,942	\$ 1,028,768
Contributions in relation to the actuarially required contribution	<u>1,299,942</u>	<u>1,028,768</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	N/A	\$ 78,448
Contributions as a percentage of covered-employee payroll	N/A	1311.40%

Note: This schedule is intended to show information for ten years. Additional years' information will be displayed it becomes available

See accompanying Independent Auditor's Report.

Supplementary Information

City of Pueblo, Colorado
Explanation of Funds
December 31, 2016

Nonmajor Governmental Funds

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are restricted or committed to expenditure for particular purposes.

Intergovernmental – This fund is used to account for the collection and disbursement of revenues received from other governmental agencies to be used for specific purposes. Revenues received in this fund include: Highway User's Tax Fund (HUTF) monies which may only be used for the construction, improvement, or maintenance of the streets and roadways within the City; Conservation Trust Funds (CTF) are received from the Colorado state lottery and are restricted for parks and open space related projects; property seized from persons convicted of certain crimes is received from law enforcement agencies and must be used only for specific law enforcement purposes; proceeds from property seized in federal narcotic law enforcement activities pursuant to a federal revenue sharing agreement which are restricted to law enforcement purposes.

Special Charges – This fund is used to account for the collection and disbursement of revenues received from special fees and charges to be used for specific purposes. Revenues include: E-911 telephone charges assessed against telephone lines to be used to purchase and maintain enhanced 911 equipment and related activities; a special tipping fee assessed at the Southside landfill for the purpose of monitoring environmental conditions and future remediation, if necessary; a solid waste surcharge on tipping fees at all solid waste disposal sites to be used for solid waste management purposes; and a sales tax collection fee which is restricted to the debt service of the Memorial Hall series 2011A and series 2011B bonds issued by Pueblo Urban Renewal Authority (PURA) in 2011, along with the operations and debt service of the convention center operated by PURA.

Stimulus Grants – This fund is used to account for the collection of specific federal revenues received for particular low and moderate income housing projects.

Southpointe Special District – This fund is used to account for the collection of revenues from a mill levy on property within the district. The revenues are restricted for the maintenance of certain public improvements of general benefit to the residents of the district and may include open space, trails, paths, landscaping, fencing, pillars, street medians, entry islands, utility rights of way, irrigation facilities, water system improvements, a theme area, and signage.

Bandera Blvd. Special District – This fund is used to account for the collection of revenues from a mill levy on property within the district. The revenues are restricted for the maintenance of certain public improvements of general benefit to the residents of the district and may include open space, trails, paths, landscaping, fencing, pillars, street medians, entry islands, utility rights of way, irrigation facilities, water system improvements, a theme area, and signage.

City of Pueblo, Colorado
Explanation of Funds (Cont'd.)
December 31, 2016

North Gateway BID – This fund is used to account for the collection of new sales taxes generated by the commercial development within the business improvement district. The revenues are to be used for the construction of certain infrastructure within the district.

North Gateway PIF – This fund is used to account for collection of revenues generated from the imposition of a public improvement fee by the property owners on all sales that occur within the boundaries of North Gateway BID. Revenues collected from this fee are restricted for the construction of certain additional public improvements within the North Gateway BID.

Other Special Revenue – This fund is used to account for the collection and disbursement of miscellaneous special revenues which are restricted to expenditure for specific purposes. The fund includes revenues received from the Mountain View Cemetery Endowment to be used for the purpose of gravesite maintenance at the City-owned cemetery; miscellaneous contributions and donations to be expended in accordance with donor wishes; revenues and interest earnings on the Pueblo Beautiful Endowment to be used for the beautification of the City; and proceeds from the sale of lots located on the Historic Arkansas Riverwalk of Pueblo to be used solely for the commercial development of the Riverwalk.

CAPITAL PROJECTS FUNDS

Capital projects funds are used to account for and report financial resources that are restricted, committed or assigned for capital outlays, including the acquisition and construction of capital facilities and other capital assets but excludes those types of capital-related outflows financed by proprietary funds.

Historic Arkansas River Project – This fund accounts for revenues and expenditures relating to the construction and development of the Historic Arkansas Riverwalk. The initial phases of this project were financed through the issuance of limited tax general obligation bonds, with later phases financed through private donations and various grants.

Police Building – This fund accounts for the construction and equipping of a new police building headquarters, along with other public safety facilities. The revenue for this fund originated in 2006 as a payment in lieu of taxes received from Xcel Energy as an economic development incentive. In 2008, Pueblo Municipal Building Corporation (PMBC) issued certificates of participation totaling \$20,625,000 which were reported in this fund.

DEBT SERVICE FUND

The debt service fund accounts for and reports financial resources that are restricted, committed or assigned to expenditure for principal and interest on general obligation debt, certificates of participation and capital leases of governmental funds.

Proprietary Funds

Nonmajor Enterprise Funds

Enterprise funds account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses including depreciation), of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Honor farm – This fund is used to account for the recreational activities that are conducted at the facility known as the “Honor farm”. All activities necessary to provide such services are accounted for in this fund.

Transportation Services – This fund is used to account for the provision of public bus service to the residents of the City. All activities necessary to provide such services are accounted for in this fund.

Parking Facilities – This fund is used to account for the operation of public parking facilities located throughout the City. All activities necessary to provide such services are accounted for in this fund.

Memorial Hall – This fund is used to account for the activities that are held at Memorial Hall. The facility is managed by a third party as part of an agreement with the City. All activities necessary to provide such services are accounted for in this fund except debt service because the bonds that were issued to improve and upgrade the facility were issued by Pueblo Urban Renewal Authority.

INTERNAL SERVICE FUND

The internal service funds are used to account for the financing of goods and services provided by one department or agency to other departments or agencies of the government and to other entities on a cost reimbursement basis.

Internal Service Fund – This fund accounts for the costs of the City’s self-insured workmen’s compensation plan, together with the City’s property and casualty risk management activities which is accounted for through the City’s membership in the Colorado Intergovernmental Risk Sharing Agency (CIRSA). This fund also is used to account for the repair of motor vehicles and other related costs of all vehicles owned by the City. The vehicles and equipment maintained are acquired by the various user departments which are responsible for the financing of replacement vehicles as necessary. The fund also accounts for costs of the City’s telephone system with departments of the City being charged a proportionate share of the costs.

Pueblo Transit – This fund accounts for the provision of labor services to the City’s transportation services enterprise fund in operating the public bus system. These services are provided by employees of a separate, not-for-profit corporation known as Pueblo Transit.

City of Pueblo, Colorado
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2016

	Special Revenue Funds				
	Inter- governmental	Special Charges	Stimulus Grants	Southpointe Special District	Bandera Blvd. Special District
Assets					
Restricted cash and cash equivalents	\$ 296,222	\$ -	\$ -	\$ -	\$ -
Investments	4,254,000	2,636,715	-	95,220	74,250
Restricted investments	-	-	-	-	-
Taxes receivable, net	-	-	-	19,000	22,506
Due from other funds	12,536	850,979	2,957	847	787
Receivable from other governments	599,392	-	69,848	-	-
Other receivables	29,064	457,542	-	298	279
Inventories	-	-	305,445	-	-
Total assets	\$ 5,191,214	\$ 3,945,236	\$ 378,250	\$ 115,365	\$ 97,822
Liabilities					
Accounts payable	\$ 523,783	\$ 395,707	\$ 24,970	\$ 354	\$ 144
Due to other funds	604,804	-	-	-	-
Total liabilities	1,128,587	395,707	24,970	354	144
Deferred inflows of resources	593,365	-	23,306	19,000	22,506
Fund balances					
Nonspendable	-	-	305,445	-	-
Restricted	3,469,262	3,549,529	24,529	96,011	75,172
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances	3,469,262	3,549,529	329,974	96,011	75,172
Total liabilities, deferred inflows of resources and fund balances	\$ 5,191,214	\$ 3,945,236	\$ 378,250	\$ 115,365	\$ 97,822

			Capital Projects Funds			Total Nonmajor Governmental Funds
North Gateway BID	North Gateway PIF	Other Special Revenue	Historic Arkansas River Project	Police Building	Debt Service	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 296,222
-	-	870,600	-	-	-	7,930,785
-	-	-	-	24,844	-	24,844
-	-	-	-	-	-	41,506
20,930	19,689	141,691	169,544	398,275	-	1,618,235
-	-	-	-	-	-	669,240
32,327	32,889	114	-	-	-	552,513
-	-	-	-	-	-	305,445
<u>\$ 53,257</u>	<u>\$ 52,578</u>	<u>\$ 1,012,405</u>	<u>\$ 169,544</u>	<u>\$ 423,119</u>	<u>\$ -</u>	<u>\$ 11,438,790</u>
\$ 51,640	\$ 52,578	\$ 1,937	\$ -	\$ -	\$ 5,100	\$ 1,056,213
-	-	363,626	-	-	-	968,430
<u>51,640</u>	<u>52,578</u>	<u>365,563</u>	<u>-</u>	<u>-</u>	<u>5,100</u>	<u>2,024,643</u>
-	-	-	-	-	-	658,177
-	-	-	-	-	-	305,445
1,617	-	447,507	169,544	423,119	-	8,256,290
-	-	199,335	-	-	-	199,335
-	-	-	-	-	(5,100)	(5,100)
<u>1,617</u>	<u>-</u>	<u>646,842</u>	<u>169,544</u>	<u>423,119</u>	<u>(5,100)</u>	<u>8,755,970</u>
\$ 53,257	\$ 52,578	\$ 1,012,405	\$ 169,544	\$ 423,119	\$ -	\$ 11,438,790

See accompanying Independent Auditor's Report.

City of Pueblo, Colorado
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2016

	Special Revenue Funds				
	Inter- governmental	Special Charges	Stimulus Grants	Southpointe Special District	Bandera Blvd. Special District
Revenues					
Property taxes	\$ -	\$ -	\$ -	\$ 18,397	\$ 21,718
Sales and miscellaneous taxes	-	1,976,605	-	1,552	1,829
Intergovernmental	5,147,328	-	-	-	-
Charges for services	-	1,271,189	-	-	-
Investment earnings	21,679	12,697	-	455	351
Miscellaneous	24,043	-	46,542	-	-
Total revenues	5,193,050	3,260,491	46,542	20,404	23,898
Expenditures					
Current					
Public safety	16,469	23,179	-	-	-
Public works	856,145	-	-	-	-
Parks and recreation	120,066	-	-	16,438	23,626
Culture and community welfare	-	1,993,982	125,167	-	-
Debt service					
Principal	-	-	-	-	-
Interest and other charges	-	-	-	-	-
Capital outlay	514,867	-	-	-	-
Total expenditures	1,507,547	2,017,161	125,167	16,438	23,626
Excess (deficiency) of revenues over (under) expenditures	3,685,503	1,243,330	(78,625)	3,966	272
Other financing sources (uses)					
Proceeds from refunding debt	-	-	-	-	-
Proceeds from capital leases	-	-	-	-	-
Proceeds used to pay refunded debt	-	-	-	-	-
Transfers in	62,000	-	-	-	-
Transfers out	(3,803,086)	(977,000)	-	-	-
Total other financing sources (uses)	(3,741,086)	(977,000)	-	-	-
Change in fund balances	(55,583)	266,330	(78,625)	3,966	272
Fund balance at beginning of year	3,524,845	3,283,199	408,599	92,045	74,900
Fund balance at end of year	\$ 3,469,262	\$ 3,549,529	\$ 329,974	\$ 96,011	\$ 75,172

			Capital Projects Funds			Total Nonmajor Governmental Funds
North Gateway BID	North Gateway PIF	Other Special Revenue	Historic Arkansas River Project	Police Building	Debt Service	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 40,115
-	-	-	-	-	-	1,979,986
-	-	-	-	-	-	5,147,328
-	-	-	-	-	-	1,271,189
-	-	3,489	-	9	-	38,680
214,688	228,978	88,855	-	-	-	603,106
214,688	228,978	92,344	-	9	-	9,080,404
-	-	-	-	-	-	39,648
203,953	217,529	185,899	-	-	-	1,463,526
-	-	-	-	-	-	160,130
-	-	-	-	-	-	2,119,149
-	-	-	-	-	3,570,506	3,570,506
-	-	-	-	-	959,300	959,300
-	-	2,689	-	-	-	517,556
203,953	217,529	188,588	-	-	4,529,806	8,829,815
10,735	11,449	(96,244)	-	9	(4,529,806)	250,589
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	4,524,706	4,586,706
(10,727)	(11,449)	-	-	-	-	(4,802,262)
(10,727)	(11,449)	-	-	-	4,524,706	(215,556)
8	-	(96,244)	-	9	(5,100)	35,033
1,609	-	743,086	169,544	423,110	-	8,720,937
\$ 1,617	\$ -	\$ 646,842	\$ 169,544	\$ 423,119	\$ (5,100)	\$ 8,755,970

See accompanying Independent Auditor's Report.

Special Revenue Funds

City of Pueblo, Colorado
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Intergovernmental Fund
Year Ended December 31, 2016

	Original	Budgeted Amounts Final	Actual Budget Basis	Variance With Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ 5,035,417	\$ 5,035,417	\$ 5,551,497	\$ 516,080
Interest earnings	15,000	15,000	21,679	6,679
Disposal of assets		-	24,043	24,043
Transfers in	62,000	62,000	62,000	-
TOTAL REVENUES	<u>5,112,417</u>	<u>5,112,417</u>	<u>5,659,219</u>	<u>546,802</u>
EXPENDITURES AND OTHER				
FINANCING USES				
Current -				
Programs/projects	1,961,420	3,613,349	1,507,548	2,105,801
Transfers out	3,150,997	3,809,333	3,803,086	6,247
TOTAL EXPENDITURES AND				
 OTHER FINANCING USES	<u>5,112,417</u>	<u>7,422,682</u>	<u>5,310,634</u>	<u>2,112,048</u>
NET CHANGE IN FUND BALANCE	-	(2,310,265)	348,585	2,658,850
FUND BALANCE, January 1	<u>-</u>	<u>2,310,265</u>	<u>3,120,677</u>	<u>810,412</u>
FUND BALANCE, December 31	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 3,469,262</u></u>	<u><u>\$ 3,469,262</u></u>

See accompanying Independent Auditor's Report.

City of Pueblo, Colorado
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Special Charges Fund
Year Ended December 31, 2016

	Budgeted Amounts Final	Actual Budget Basis	Variance With Final Budget Positive (Negative)
REVENUES			
Charges for services	\$ 1,101,865	\$ 1,271,189	\$ 169,324
Vendor's fees	1,975,000	1,976,605	1,605
Interest earnings	4,000	12,697	8,697
TOTAL REVENUES	<u>3,080,865</u>	<u>3,260,491</u>	<u>179,626</u>
EXPENDITURES AND OTHER			
FINANCING USES			
Current -			
Programs/projects	2,153,865	2,017,161	136,704
Transfers out	<u>977,000</u>	<u>977,000</u>	<u>-</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>3,130,865</u>	<u>2,994,161</u>	<u>136,704</u>
NET CHANGE IN FUND BALANCE	(50,000)	266,330	316,330
FUND BALANCE, January 1	<u>50,000</u>	<u>3,283,199</u>	<u>3,233,199</u>
FUND BALANCE, December 31	<u>\$ -</u>	<u>\$ 3,549,529</u>	<u>\$ 3,549,529</u>

See accompanying Independent Auditor's Report.

City of Pueblo, Colorado
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Stimulus Grants
Year Ended December 31, 2016

	Budgeted Amounts Final	Actual Budget Basis	Variance With Final Budget Positive (Negative)
REVENUES			
Intergovernmental	\$ -	\$ -	\$ -
Other	-	46,542	46,542
TOTAL REVENUES	-	46,542	46,542
EXPENDITURES AND OTHER FINANCING USES			
Current -			
Programs/projects	35,123	33,831	1,292
Transfers out	-	-	-
TOTAL EXPENDITURES AND OTHER FINANCING USES	35,123	33,831	1,292
NET CHANGE IN FUND BALANCE	(35,123)	12,711	47,834
FUND BALANCE, January 1	35,123	35,123	-
FUND BALANCE, December 31	<u>\$ -</u>	<u>\$ 47,834</u>	<u>\$ 47,834</u>
Adjustment from budgetary basis to generally accepted accounting principles			
Inventory		305,445	
Deferred inflows of resources related to grants		<u>(23,305)</u>	
Fund balance - generally accepted accounting principles		<u>\$ 329,974</u>	

See accompanying Independent Auditor's Report.

City of Pueblo, Colorado
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
SouthPointe Special District
Year Ended December 31, 2016

	Budgeted Amounts Final	Actual Budget Basis	Variance With Final Budget Positive (Negative)
REVENUES			
Property and other taxes	\$ 18,672	\$ 19,949	\$ 1,277
Interest earnings	-	455	455
TOTAL REVENUES	<u>18,672</u>	<u>20,404</u>	<u>1,732</u>
EXPENDITURES AND OTHER FINANCING USES			
Current -			
Programs/projects	<u>30,300</u>	<u>16,438</u>	<u>13,862</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>30,300</u>	<u>16,438</u>	<u>13,862</u>
NET CHANGE IN FUND BALANCE	(11,628)	3,966	15,594
FUND BALANCE, January 1	<u>11,628</u>	<u>92,045</u>	<u>80,417</u>
FUND BALANCE, December 31	<u>\$ -</u>	<u>\$ 96,011</u>	<u>\$ 96,011</u>

See accompanying independent auditor's report.

City of Pueblo, Colorado
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Bandera Blvd. Special District
Year Ended December 31, 2016

	Budgeted Amounts Final	Actual Budget Basis	Variance With Final Budget Positive (Negative)
REVENUES			
Property and other taxes	\$ 22,006	\$ 23,547	\$ 1,541
Interest earnings	-	351	351
TOTAL REVENUES	<u>22,006</u>	<u>23,898</u>	<u>1,892</u>
EXPENDITURES AND OTHER			
FINANCING USES			
Current -			
Programs/projects	87,991	23,626	64,365
Transfers out	<u>1,675</u>	<u>-</u>	<u>1,675</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>89,666</u>	<u>23,626</u>	<u>66,040</u>
NET CHANGE IN FUND BALANCE	(67,660)	272	67,932
FUND BALANCE, January 1	<u>67,660</u>	<u>74,900</u>	<u>7,240</u>
FUND BALANCE, December 31	<u>\$ -</u>	<u>\$ 75,172</u>	<u>\$ 75,172</u>

See accompanying Independent Auditor's Report.

City of Pueblo, Colorado
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
North Gateway BID
Year Ended December 31, 2016

	Budgeted Amounts Final	Actual Budget Basis	Variance With Final Budget Positive (Negative)
REVENUES			
Sales and use taxes	\$ 260,000	\$ 214,688	\$ (45,312)
TOTAL REVENUES	<u>260,000</u>	<u>214,688</u>	<u>(45,312)</u>
EXPENDITURES AND OTHER			
FINANCING USES			
Current -			
Programs/projects	247,000	203,953	43,047
Transfers out	<u>13,000</u>	<u>10,727</u>	<u>2,273</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>260,000</u>	<u>214,680</u>	<u>45,320</u>
NET CHANGE IN FUND BALANCE	-	8	8
FUND BALANCE, January 1	<u>-</u>	<u>1,609</u>	<u>1,609</u>
FUND BALANCE, December 31	<u>\$ -</u>	<u>\$ 1,617</u>	<u>\$ 1,617</u>

See accompanying Independent Auditor's Report.

City of Pueblo, Colorado
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
North Gateway PIF
Year Ended December 31, 2016

	Budgeted Amounts Final	Actual Budget Basis	Variance With Final Budget Positive (Negative)
REVENUES			
Sales and use taxes	\$ 260,000	\$ 228,978	\$ (31,022)
TOTAL REVENUES	<u>260,000</u>	<u>228,978</u>	<u>(31,022)</u>
EXPENDITURES AND OTHER			
FINANCING USES			
Current -			
Programs/projects	247,000	217,529	29,471
Transfers out	<u>13,000</u>	<u>11,449</u>	<u>1,551</u>
TOTAL EXPENDITURES AND			
OTHER FINANCING USES	<u>260,000</u>	<u>228,978</u>	<u>31,022</u>
NET CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE, January 1	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, December 31	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying Independent Auditor's Report.

City of Pueblo, Colorado
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Other Special Revenue Fund
Year Ended December 31, 2016

	Budgeted Amounts Final	Actual Budget Basis	Variance With Final Budget Positive (Negative)
REVENUES			
Contributions/donations	\$ 126,555	\$ 88,855	\$ (37,700)
Interest earnings	600	3,489	2,889
TOTAL REVENUES	<u>127,155</u>	<u>92,344</u>	<u>(34,811)</u>
EXPENDITURES AND OTHER			
FINANCING USES			
Current -			
Programs/projects	298,155	185,899	112,256
Capital outlay	<u>-</u>	<u>2,689</u>	<u>(2,689)</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>298,155</u>	<u>188,588</u>	<u>109,567</u>
NET CHANGE IN FUND BALANCE	(171,000)	(96,244)	74,756
FUND BALANCE, January 1	<u>171,000</u>	<u>743,086</u>	<u>572,086</u>
FUND BALANCE, December 31	<u>\$ -</u>	<u>\$ 646,842</u>	<u>\$ 646,842</u>

See accompanying Independent Auditor's Report.

Capital Projects Funds

City of Pueblo, Colorado
Budgetary Comparison Schedule
Public Improvements Fund
Year Ended December 31, 2016

	Budgeted Amounts		Actual	Variance With
	Original	Final	Budget	Final Budget
			Basis	Positive
				(Negative)
REVENUES AND OTHER				
FINANCING SOURCES				
Intergovernmental	\$ 915,242	\$ 4,858,352	\$ 10,030,179	\$ 5,171,827
Proceeds from capital lease		1,123,837	2,661,324	1,537,487
Interest earnings	-	277	(2,403)	(2,680)
Other	-	2,844,348	1,042,168	(1,802,180)
Transfer in	515,376	1,626,964	1,583,836	(43,128)
TOTAL REVENUES AND				
OTHER FINANCING SOURCES	1,430,618	10,453,778	15,315,104	4,861,326
EXPENDITURES AND OTHER				
FINANCING USES				
Current -				
Programs/projects	1,430,618	27,893,267	7,572,231	20,321,036
Capital outlay	-	4,830,378	6,484,259	(1,653,881)
Transfers out	-	-	(741)	741
TOTAL EXPENDITURES AND				
OTHER FINANCING USES	1,430,618	32,723,645	14,055,749	18,667,896
NET CHANGE IN FUND BALANCE	-	(22,269,867)	1,259,355	13,806,570
FUND BALANCE, January 1	-	22,269,867	5,763,239	(13,806,570)
FUND BALANCE, December 31	\$ -	\$ -	\$ 7,022,594	\$ -
Adjustment from budgetary basis to generally accepted accounting principles				
Deferred inflows of resources related to grants			2,876,548	
Fund balance - generally accepted accounting principles			\$ 9,899,142	

See accompanying Independent Auditor's Report.

City of Pueblo, Colorado
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Police Building Fund
Year Ended December 31, 2016

	Budgeted Amounts Final	Actual Budget Basis	Variance With Final Budget Positive (Negative)
REVENUES			
Interest earnings	\$ -	\$ 9	\$ 9
TOTAL REVENUES	-	9	9
EXPENDITURES AND OTHER FINANCING USES			
Capital outlay	-	-	-
Transfers out	-	-	-
TOTAL EXPENDITURES AND OTHER FINANCING USES	-	-	-
NET CHANGE IN FUND BALANCE	-	9	9
FUND BALANCE, January 1	-	423,110	423,110
FUND BALANCE, December 31	\$ -	\$ 423,119	\$ 423,119

See accompanying Independent Auditor's Report.

Debt Service Fund

City of Pueblo, Colorado
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Debt Service Fund
Year Ended December 31, 2016

	Budgeted Amounts Final	Actual Budget Basis	Variance With Final Budget Positive (Negative)
REVENUES			
Transfers in	\$ 4,316,365	\$ 4,298,565	\$ (17,800)
TOTAL REVENUES	<u>4,316,365</u>	<u>4,298,565</u>	<u>(17,800)</u>
EXPENDITURES AND OTHER			
FINANCING USES			
Debt service -			
Principal	3,240,835	3,253,445	(12,610)
Interest and fiscal charges	<u>1,075,530</u>	<u>1,050,220</u>	<u>25,310</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>4,316,365</u>	<u>4,303,665</u>	<u>12,700</u>
NET CHANGE IN FUND BALANCE	-	(5,100)	(5,100)
FUND BALANCE, January 1	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, December 31	<u>\$ -</u>	<u>\$ (5,100)</u>	<u>\$ (5,100)</u>

See accompanying Independent Auditor's Report.

Enterprise Funds

City of Pueblo, Colorado
Combining Statement of Net Position
Nonmajor Proprietary Funds
December 31, 2016

Business-type Activities - Enterprise Funds					
	Honor Farm	Transportation Services	Parking Facilities	Memorial Hall	Total
Assets					
Current assets					
Cash and cash equivalents	\$ -	\$ 800	\$ -	\$ 116,766	\$ 117,566
Accounts receivable, net	-	30,904	17,626	47,970	96,500
Due from other funds	-	-	920,574	-	920,574
Due from other governments	-	2,318,016	-	-	2,318,016
Prepaid expenses	-	1,906	-	61,358	63,264
Inventories	-	218,376	-	4,743	223,119
Total current assets	-	2,570,002	938,200	230,837	3,739,039
Noncurrent assets					
Capital assets					
Land	1,364,618	633,837	1,454,630	-	3,453,085
Land improvements	915,486	25,628	1,300,257	-	2,241,371
Other improvements	-	210,017	-	-	210,017
Buildings	357,047	3,061,787	3,189,960	11,360,862	17,969,656
Machinery and equipment	181,848	6,940,013	105,811	-	7,227,672
Less accumulated depreciation	(357,164)	(8,106,606)	(1,559,347)	(882,240)	(10,905,357)
Intangibles	-	1,478	-	-	1,478
Total capital assets	2,461,835	2,766,154	4,491,311	10,478,622	20,197,922
Total noncurrent assets	2,461,835	2,766,154	4,491,311	10,478,622	20,197,922
Total assets	2,461,835	5,336,156	5,429,511	10,709,459	23,936,961
Deferred outflows of resources					
Pension-related	-	-	32,658	-	32,658
Liabilities					
Current liabilities					
Accounts payable	42,371	99,114	116,045	120,019	377,549
Accrued expenses	-	130,140	-	-	130,140
Accrued interest payable	595	-	-	-	595
Due to other funds	1,036,960	2,652,228	-	899,552	4,588,740
Advances from others	-	28,252	-	129,605	157,857
Compensated absences	-	25,525	-	-	25,525
Capital lease obligation	35,370	-	-	-	35,370
Total current liabilities	1,115,296	2,935,259	116,045	1,149,176	5,315,776
Noncurrent liabilities					
Compensated absences	-	229,721	-	-	229,721
Advance from other funds	747,000	-	-	-	747,000
Net pension liability	-	-	122,331	-	122,331
Total noncurrent liabilities	747,000	229,721	122,331	-	1,099,052
Total liabilities	1,862,296	3,164,980	238,376	1,149,176	6,414,828
Deferred inflows of resources					
Pension-related	-	-	4,641	-	4,641
Net position					
Net investment in capital assets	2,426,465	2,766,153	4,491,311	10,478,622	20,162,551
Unrestricted	(1,826,926)	(594,977)	727,841	(918,339)	(2,612,401)
Total net position	\$ 599,539	\$ 2,171,176	\$ 5,219,152	\$ 9,560,283	\$ 17,550,150

See accompanying Independent Auditor's Report.

City of Pueblo, Colorado
Combining Statement of Revenues, Expenses and Changes in Net Position
Nonmajor Proprietary Funds
For the Year Ended December 31, 2016

Business-type Activities - Enterprise Funds					
	Honor Farm	Transportation Services	Parking Facilities	Memorial Hall	Total
Operating revenues					
Charges for services	\$ 4,569	\$ 761,382	\$ 265,066	\$ 946,778	\$ 1,977,795
Miscellaneous	-	143,664	-	-	143,664
Total operating revenues	4,569	905,046	265,066	946,778	2,121,459
Operating expenses					
Personnel services	-	-	103,950	-	103,950
Contractual services	5,654	3,806,258	117,785	1,035,198	4,964,895
Utilities	7,270	285,646	47,541	95,997	436,454
Repairs and maintenance	14,873	347,787	19,049	7,511	389,220
Other supplies and expenses	4,678	206,589	400,122	167,258	778,647
Depreciation	58,622	657,701	(68,110)	381,830	1,030,043
Total operating expenses	91,097	5,303,981	620,337	1,687,794	7,703,209
Operating loss	(86,528)	(4,398,935)	(355,271)	(741,016)	(5,581,750)
Nonoperating revenues (expenses)					
Interest and investment revenue	-	-	(970)	-	(970)
Nonoperating grants and contributions	-	2,393,005	-	-	2,393,005
Interest expense	(703)	-	-	-	(703)
Gain on disposal of fixed assets	-	13,234	-	-	13,234
Total nonoperating revenues (expenses)	(703)	2,406,239	(970)	-	2,404,566
Loss before contributions	(87,231)	(1,992,696)	(356,241)	(741,016)	(3,177,184)
Capital contributions	-	191	-	-	191
Transfers in	76,168	1,628,438	531,604	200,000	2,436,210
Changes in net position	(11,063)	(364,067)	175,363	(541,016)	(740,783)
Net position at beginning of year	610,602	2,535,243	5,043,789	10,101,299	18,290,933
Net position at end of year	\$ 599,539	\$ 2,171,176	\$ 5,219,152	\$ 9,560,283	\$ 17,550,150

See accompanying Independent Auditor's Report.

City of Pueblo, Colorado
Combining Statement of Cash Flows
Nonmajor Proprietary Funds
For the Year-Ended December 31, 2016

	Business-type Activities - Enterprise Funds				
	Honor Farm	Transportation Services	Parking Facilities	Memorial Hall	Total
Cash flows from operating activities					
Cash received from customers	\$ 5,082	\$ (793,462)	\$ 317,824	\$ 967,340	\$ 496,784
Cash payments to suppliers	6,357	(4,701,133)	(478,150)	(1,299,113)	(6,472,039)
Cash payments to employees	-	-	(77,163)	-	(77,163)
Receipts for interfund services	-	1,848,299	-	147,776	1,996,075
Payments for interfund services	(12,843)	-	(1,058,145)	-	(1,070,988)
Net cash flows from operating activities	(1,404)	(3,646,296)	(1,295,634)	(183,997)	(5,127,331)
Cash flows from non-capital financing activities					
Transfers in	76,168	1,628,438	531,604	200,000	2,436,210
Receipts from fund advance	-	28,180	-	10,509	38,689
Operating grants received	-	2,393,005	-	-	2,393,005
Net cash flows from non-capital financing activities	76,168	4,049,623	531,604	210,509	4,867,904
Cash flows from capital and related financing activities					
Proceeds from the sale of capital assets	-	13,234	-	-	13,234
Acquisitions of capital assets	(38,750)	(417,252)	-	-	(456,002)
Capital contributions received	-	191	-	-	191
Principal paid on long-term debt	(34,727)	-	-	-	(34,727)
Interest paid on long-term debt	(1,287)	-	-	-	(1,287)
Net cash flows from capital and related financing activities	(74,764)	(403,827)	-	-	(478,591)
Cash flows from investing activities					
Interest earnings	-	-	(970)	-	(970)
Maturity of investments	-	-	765,000	-	765,000
Net cash flows from investing activities	-	-	764,030	-	764,030
Net increase (decrease) in cash and cash equivalents	-	(500)	-	26,512	26,012
Cash and cash equivalents at beginning of year	-	1,300	-	90,254	91,554
Cash and cash equivalents at end of year	\$ -	\$ 800	\$ -	\$ 116,766	\$ 117,566
Reconciliation of operating loss to net cash flows from operating activities					
Operating loss	\$ (86,528)	\$ (4,398,935)	\$ (355,271)	\$ (741,016)	\$ (5,581,750)
Adjustments to reconcile operating loss to net cash flows from operating activities:					
Depreciation	58,622	657,701	(68,110)	381,830	1,030,043
(Increase) decrease in operating assets:					
Accounts receivable	513	(1,698,508)	52,758	20,562	(1,624,675)
Due from other funds	-	-	(920,574)	-	(920,574)
Prepaid items	-	-	-	(61,358)	(61,358)
Inventories	-	16,548	-	16,730	33,278
Increase (decrease) in operating liabilities:					
Accounts payable and accrued expenses	38,832	(71,401)	106,347	51,479	125,257
Due to other funds	(12,843)	1,848,299	(137,571)	147,776	1,845,661
Net pension liability and related deferred inflows and outflows of resources	-	-	26,787	-	26,787
Net cash flows from operating activities	\$ (1,404)	\$ (3,646,296)	\$ (1,295,634)	\$ (183,997)	(5,127,331)

See accompanying Independent Auditor's Report.

City of Pueblo, Colorado
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Memorial Hall Fund
Year Ended December 31, 2016

	Budgeted Amounts Final	Actual Budget Basis	Variance With Final Budget Positive (Negative)
REVENUES			
Charges for services and other operating revenue	\$ 1,165,327	\$ 946,778	\$ (218,549)
Transfers in	<u>200,000</u>	<u>200,000</u>	<u>-</u>
TOTAL REVENUES	<u>1,365,327</u>	<u>1,146,778</u>	<u>(218,549)</u>
EXPENDITURES AND OTHER FINANCING USES			
Current -			
Contractual services	1,364,625	1,035,198	329,427
Utilities	-	95,997	(95,997)
Repairs and maintenance	-	7,511	(7,511)
Other supplies and expenses	<u>702</u>	<u>167,259</u>	<u>(166,557)</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>1,365,327</u>	<u>1,305,965</u>	<u>59,362</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ (159,187)</u>	<u>\$ (159,187)</u>

See accompanying Independent Auditor's Report.

City of Pueblo, Colorado
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Golf Course Enterprise
Year Ended December 31, 2016

	Budgeted Amounts Final	Actual Budget Basis	Variance With Final Budget Positive (Negative)
REVENUES			
Charges for services and miscellaneous	\$ 2,257,712	\$ 2,212,322	\$ (45,390)
Disposal of assets	-	150	150
TOTAL REVENUES	2,257,712	2,212,472	(45,240)
EXPENDITURES AND OTHER			
FINANCING USES			
Current -			
Personnel services	74,952	74,632	320
Contractual services	845,528	880,516	(34,988)
Utilities	476,000	442,775	33,225
Repairs and maintenance	165,413	170,900	(5,487)
Other supplies and expenses	231,883	135,209	96,674
Capital outlay	93,321	81,500	11,821
Debt Service -			-
Principal	324,194	324,194	-
Interest and fees	71,455	68,455	3,000
TOTAL EXPENDITURES AND OTHER FINANCING USES	2,282,746	2,178,181	104,565
NET CHANGE IN FUND BALANCE	\$ (25,034)	\$ 34,291	\$ 59,325

See accompanying Independent Auditor's Report.

City of Pueblo, Colorado
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Sewer User
Year Ended December 31, 2016

	Budgeted Amounts Final	Actual Budget Basis	Variance With Final Budget Positive (Negative)
REVENUES			
Charges for services and other operating revenue	\$ 17,029,821	\$ 18,104,010	\$ 1,074,189
Intergovernmental	-	534,011	534,011
Proceeds from debt	3,500,000	477,955	(3,022,045)
Interest	169,171	129,562	(39,609)
TOTAL REVENUES	20,698,992	19,245,538	(1,453,454)
EXPENDITURES AND OTHER			
FINANCING USES			
Current -			
Personnel services	4,630,072	4,058,156	571,916
Contractual services	1,780,676	1,628,968	151,708
Utilities	1,017,320	927,150	90,170
Repairs and maintenance	295,093	307,166	(12,073)
Other supplies and expenses	19,379,425	2,960,459	16,418,966
Capital outlay	3,136,179	2,155,109	981,070
Debt Service -			-
Principal	1,715,777	1,715,777	-
Interest and fees	753,929	753,929	-
Transfers out	50,000	50,000	-
TOTAL EXPENDITURES AND			
OTHER FINANCING USES	32,758,471	14,556,714	18,201,757
NET CHANGE IN FUND BALANCE	\$ (12,059,479)	\$ 4,688,824	\$ 16,748,303

See accompanying independent auditor's report.

City of Pueblo, Colorado
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Stormwater Utility
Year Ended December 31, 2016

	Budgeted Amounts Final	Actual Budget Basis	Variance With Final Budget Positive (Negative)
REVENUES			
Charges for services and other operating revenue	\$ 8,691,777	\$ 8,649,191	\$ (42,586)
Interest	-	22,116	22,116
TOTAL REVENUES	<u>8,691,777</u>	<u>8,671,307</u>	<u>(20,470)</u>
EXPENDITURES AND OTHER			
FINANCING USES			
Current -			
Personnel services	1,511,614	1,274,372	237,242
Contractual services	831,306	755,465	75,841
Utilities	104,000	63,834	40,166
Repairs and maintenance	84,500	75,879	8,621
Other supplies and expenses	6,122,285	4,317,999	1,804,286
Capital outlay	436,700	212,645	224,055
Debt Service -			-
Principal	153,407	153,303	104
Interest and fees	3,276	3,276	-
Transfers out	<u>112,000</u>	<u>112,000</u>	<u>-</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>9,359,088</u>	<u>6,968,773</u>	<u>2,390,315</u>
NET CHANGE IN FUND BALANCE	<u>\$ (667,311)</u>	<u>\$ 1,702,534</u>	<u>\$ 2,369,845</u>

See accompanying Independent Auditor's Report.

City of Pueblo, Colorado
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Memorial Airport Fund
Year Ended December 31, 2016

	Budgeted Amounts Final	Actual Budget Basis	Variance With Final Budget Positive (Negative)
REVENUES			
Charges for services and other operating revenue	\$ 601,566	\$ 560,427	\$ (41,139)
Intergovernmental	16,677	121,380	104,703
Interest and other	-	11,811	11,811
Transfers in	<u>1,243,123</u>	<u>1,551,085</u>	<u>307,962</u>
TOTAL REVENUES	<u>1,861,366</u>	<u>2,244,703</u>	<u>383,337</u>
EXPENDITURES AND OTHER			
FINANCING USES			
Current -			
Personnel services	836,190	886,026	(49,836)
Contractual services	239,277	239,843	(566)
Utilities	394,729	354,824	39,905
Repairs and maintenance	184,273	189,364	(5,091)
Other supplies and expenses	197,764	187,548	10,216
Capital outlay	1,550,932	90,940	1,459,992
Transfers out	<u>2,222</u>	<u>-</u>	<u>2,222</u>
TOTAL EXPENDITURES AND			
OTHER FINANCING USES	<u>3,405,387</u>	<u>1,948,545</u>	<u>1,456,842</u>
NET CHANGE IN FUND BALANCE	<u>\$ (1,544,021)</u>	<u>\$ 296,158</u>	<u>\$ 1,840,179</u>

See accompanying Independent Auditor's Report.

City of Pueblo, Colorado
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Honor Farm Fund
Year Ended December 31, 2016

	Budgeted Amounts Final	Actual Budget Basis	Variance With Final Budget Positive (Negative)
REVENUES			
Charges for services and other operating revenue	\$ 35,100	\$ 4,569	\$ (30,531)
Transfers in	<u>76,168</u>	<u>76,168</u>	<u>-</u>
TOTAL REVENUES	<u>111,268</u>	<u>80,737</u>	<u>(30,531)</u>
EXPENDITURES AND OTHER			
FINANCING USES			
Current -			
Contractual services	42,167	41,667	500
Utilities	1,526	7,270	(5,744)
Repairs and maintenance	21,235	14,873	6,362
Other supplies and expenses	5,590	4,678	912
Capital outlay	40,750	38,750	2,000
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL EXPENDITURES AND			
OTHER FINANCING USES	<u>111,268</u>	<u>107,238</u>	<u>4,030</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ (26,501)</u>	<u>\$ (26,501)</u>

See accompanying Independent Auditor's Report.

City of Pueblo, Colorado
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Transportation Services Fund
Year Ended December 31, 2016

	Budgeted Amounts Final	Actual Budget Basis	Variance With Final Budget Positive (Negative)
REVENUES			
Charges for services and other operating revenue	\$ 917,857	\$ 905,046	\$ (12,811)
Intergovernmental	2,328,136	2,393,005	64,869
Interest and other	22,767	13,234	(9,533)
Transfers in	2,037,950	1,628,438	(409,512)
TOTAL REVENUES	5,306,710	4,939,723	(366,987)
EXPENDITURES AND OTHER			
FINANCING USES			
Current -			
Personnel services	2,769,090	2,628,915	140,175
Contractual services	1,184,045	1,183,060	985
Utilities	285,227	285,646	(419)
Repairs and maintenance	371,139	347,787	23,352
Other supplies and expenses	216,020	205,148	10,872
Capital outlay	1,136,209	427,893	708,316
Transfers out	-	-	-
TOTAL EXPENDITURES AND			
OTHER FINANCING USES	5,961,730	5,078,449	883,281
NET CHANGE IN FUND BALANCE	\$ (655,020)	\$ (138,726)	\$ 516,294

See accompanying Independent Auditor's Report.

City of Pueblo, Colorado
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Parking Facilities Fund
Year Ended December 31, 2016

	Budgeted Amounts Final	Actual Budget Basis	Variance With Final Budget Positive (Negative)
REVENUES			
Charges for services and other operating revenue	\$ 240,000	\$ 265,066	\$ 25,066
Interest earnings	-	(970)	(970)
Transfers in	531,604	531,604	-
TOTAL REVENUES	771,604	795,700	24,096
EXPENDITURES AND OTHER			
FINANCING USES			
Current -			
Personnel services	122,294	77,162	45,132
Contractual services	146,495	123,191	23,304
Utilities	54,888	47,541	7,347
Repairs and maintenance	41,750	19,049	22,701
Other supplies and expenses	419,606	394,717	24,889
Capital outlay	16,400	-	16,400
Transfers out	-	-	-
TOTAL EXPENDITURES AND OTHER FINANCING USES	801,433	661,660	139,773
NET CHANGE IN FUND BALANCE	\$ (29,829)	\$ 134,040	\$ 163,869

See accompanying Independent Auditor's Report.

Internal Service Funds

City of Pueblo, Colorado
Combining Statement of Net Position
Internal Service Funds
December 31, 2016

	Self Insurance	Fleet Maintenance	Technology Parking	Total Internal Service Funds	Pueblo Transit	Total
Assets						
Current Assets						
Cash and cash equivalents	\$ -	\$ 300	\$ -	\$ 300	\$ -	\$ 300
Restricted cash and cash equivalents	78,802	-	-	78,802	-	78,802
Accounts receivable, net	4,583	19,155	-	23,738	-	23,738
Due from other funds	3,894,168	99,655	253,672	4,247,495	-	4,247,495
Inventories	-	215,067	-	215,067	-	215,067
Prepaid items	462,794	-	-	462,794	-	462,794
Total current assets	4,440,347	334,177	253,672	5,028,196	-	5,028,196
Noncurrent Assets						
Capital Assets						
Buildings	-	1,036,366	-	1,036,366	-	1,036,366
Machinery and equipment	-	286,234	1,691,802	1,978,036	-	1,978,036
Less accumulated depreciation	-	(741,477)	(1,150,543)	(1,892,020)	-	(1,892,020)
Total noncurrent assets	-	581,123	541,259	1,122,382	-	1,122,382
Total assets	4,440,347	915,300	794,931	6,150,578	-	6,150,578
Deferred outflows of resources						
Pension-related	-	239,913	-	239,913	798,995	1,038,908
Liabilities						
Current liabilities						
Accounts payable	73,750	2,979	8,282	85,011	-	85,011
Compensated absences	-	10,241	-	10,241	-	10,241
Capital lease obligation	-	-	87,489	87,489	-	87,489
Claims and judgments	1,564,000	-	-	1,564,000	-	1,564,000
Total current liabilities	1,637,750	13,220	95,771	1,746,741	-	1,746,741
Noncurrent liabilities						
Compensated absences	-	92,170	-	92,170	-	92,170
Capital lease obligation	-	-	366,170	366,170	-	366,170
Claims and judgments	195,564	-	-	195,564	-	195,564
Net pension liability	-	898,687	-	898,687	2,992,942	3,891,629
Total noncurrent liabilities	195,564	990,857	366,170	1,552,591	2,992,942	4,545,533
Total liabilities	1,833,314	1,004,077	461,941	3,299,332	2,992,942	6,292,274
Deferred inflows of resources						
Pension-related	-	34,091	-	34,091	113,536	147,627
Net position						
Net investment in capital assets	-	581,123	87,600	668,723	-	668,723
Unrestricted	2,607,033	(464,078)	245,390	2,388,345	(2,307,483)	80,862
Total net position	\$ 2,607,033	\$ 117,045	\$ 332,990	\$ 3,057,068	\$ (2,307,483)	\$ 749,585

See accompanying Independent Auditor's Report.

City of Pueblo, Colorado
Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
For the Year Ended December 31, 2016

	Self Insurance	Fleet Maintenance	Technology Fund	Total Internal Service Funds	Pueblo Transit	Total
Operating revenues						
Charges for services	\$ 1,612,442	\$ 1,991,923	\$ 233,000	\$ 3,837,365	\$ 2,624,640	\$ 6,462,005
Other operating revenues	405,903	49,706	-	455,609	-	455,609
Total operating revenues	2,018,345	2,041,629	233,000	4,292,974	2,624,640	6,917,614
Operating expenses						
Personnel services	-	744,472	-	744,472	2,552,522	3,296,994
Contractual services	-	33,111	8,290	41,401	-	41,401
Utilities	-	31,336	23,546	54,882	-	54,882
Repairs and maintenance	-	8,329	15,875	24,204	-	24,204
Other supplies and expenses	-	1,201,367	-	1,201,367	-	1,201,367
Insurance claims expenses	2,794,879	-	-	2,794,879	-	2,794,879
Depreciation	-	23,447	92,519	115,966	-	115,966
Total operating expenses	2,794,879	2,042,062	140,230	4,977,171	2,552,522	7,529,693
Operating income (loss)	(776,534)	(433)	92,770	(684,197)	72,118	(612,079)
Nonoperating expense						
Interest expense	(2,988)	-	(693)	(3,681)	-	(3,681)
Net income (loss) before contributions and transfers	(779,522)	(433)	92,077	(687,878)	72,118	(615,760)
Capital contributions	-	-	5,830	5,830	-	5,830
Transfers in	1,432,000	-	-	1,432,000	-	1,432,000
Change in net position	652,478	(433)	97,907	749,952	72,118	822,070
Net position at beginning of year	1,954,555	117,478	235,083	2,307,116	(2,379,601)	(72,485)
Net position at end of year	\$ 2,607,033	\$ 117,045	\$ 332,990	\$ 3,057,068	\$ (2,307,483)	\$ 749,585

See accompanying Independent Auditor's Report.

City of Pueblo
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2016

	Internal Service Fund	Pueblo Transit	Total
Cash flows from operating activities			
Cash received from customers	\$ 4,300,399	\$ 2,645,760	\$ 6,946,159
Cash payments to suppliers	(4,468,805)	-	(4,468,805)
Cash payments to employees	(765,288)	(2,645,760)	(3,411,048)
Payments for interfund services	(2,740,295)	-	(2,740,295)
Net cash flows from operating activities	(3,673,989)	-	(3,673,989)
Cash flows from non-capital financing activities			
Transfers in	1,432,000	-	1,432,000
Net cash flows from non-capital financing activities	1,432,000	-	1,432,000
Cash flows from capital and related financing activities			
Acquisitions of capital assets	(557,673)	-	(557,673)
Capital contributions received	5,830	-	5,830
Proceeds from issuance of debt	548,711	-	548,711
Principal paid on long-term debt	(95,052)	-	(95,052)
Interest paid on long-term debt	(693)	-	(693)
Net cash flows from capital and related financing activities	(98,877)	-	(98,877)
Cash flows from investing activities			
Interest earnings received	(2,988)	-	(2,988)
Acquisition of investments	2,357,500	-	2,357,500
Net cash flows from investing activities	2,354,512	-	2,354,512
Net increase (decrease) in cash and cash equivalents	13,646	-	13,646
Cash and cash equivalents at beginning of year	65,456	-	65,456
Cash and cash equivalents at end of year	79,102	-	79,102
Reported in the accompanying statement of net position as follows:			
Cash and cash equivalents	\$ 300	\$ -	\$ 300
Restricted cash and cash equivalents	78,802	-	78,802
	\$ 79,102	\$ -	\$ 79,102
Reconciliation of operating income (loss) to net cash flows from operating activities			
Operating income (loss)	\$ (684,197)	\$ 72,118	\$ (612,079)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:			
Depreciation	115,966	-	115,966
(Increase) decrease in operating assets:			
Accounts receivable	7,425	-	7,425
Due from other funds	(2,740,295)	-	(2,740,295)
Prepaid items	(4,520)	-	(4,520)
Inventories	35,795	-	35,795
Increase (decrease) in operating liabilities:			
Accounts payable and accrued expenses	(424,990)	-	(424,990)
Net pension liability and related deferred inflows and outflows of resources	20,827	(72,118)	(51,291)
Net cash flows from operating activities	\$ (3,673,989)	\$ -	(3,673,989)

See accompanying Independent Auditor's Report.

City of Pueblo, Colorado
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Internal Service Fund
Year Ended December 31, 2016

	Budgeted Amounts Final	Actual Budget Basis	Variance With Final Budget Positive (Negative)
REVENUES			
Charges for services and other operating revenue	\$ 4,863,000	\$ 4,289,987	\$ (573,013)
Transfers in	1,432,000	1,432,000	-
TOTAL REVENUES	<u>6,295,000</u>	<u>5,721,987</u>	<u>(573,013)</u>
EXPENDITURES AND OTHER FINANCING USES			
Current -			
Personnel services	779,762	765,289	14,473
Contractual services	55,050	41,401	13,649
Utilities	76,500	54,882	21,618
Repairs and maintenance	29,500	24,279	5,221
Other supplies and expenses	1,984,379	1,193,484	790,895
Insurance claims expense	3,242,000	2,606,452	635,548
Capital outlay	3,500	3,131	369
Debt Service -			
Principal	122,166	100,718	21,448
Interest and fees	2,143	2,836	(693)
Transfers out	-	-	-
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>6,295,000</u>	<u>4,792,472</u>	<u>1,502,528</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ 929,515</u>	<u>\$ 929,515</u>

See accompanying Independent Auditor's Report.

Agency Fund

City of Pueblo, Colorado
Agency Fund
Statement of Changes in Fiduciary Assets and Liabilities
For the Year Ended December 31, 2016

	Balance January 1, 2016	Additions	Deductions	Balance December 31, 2016
Assets				
Cash and cash equivalents	\$ 215,582	\$ 54,073	\$ -	\$ 269,655
Accounts receivable	1,931,659	267,334	343,089	1,855,904
Total assets	\$ 2,147,241	\$ 321,407	\$ 343,089	\$ 2,125,559
Liabilities				
Accounts payable	\$ 1,075	\$ -	\$ 75	\$ 1,000
Deposits	2,146,166	223,196	244,803	2,124,559
Total liabilities	\$ 2,147,241	\$ 223,196	\$ 244,878	\$ 2,125,559

See accompanying Independent Auditor's Report.

Other Schedules

City of Pueblo
Pueblo Memorial Airport
Schedule of Passenger Facility Charge Collected and Expended
For the Year Ended December 31, 2016

	Unliquidated Passenger Facility Charge Revenue Account December 31, 2015	Passenger Facility Charge Collections	Interest Earned	Current Year Expenditures	Unliquidated Passenger Facility Charge Revenue Account December 31, 2016
Extend taxiway K, Phase II	\$ 190,240	\$ 11,040	\$ -	\$ -	\$ 201,280
Total assets	\$ 190,240	\$ 11,040	\$ -	\$ -	\$ 201,280

See accompanying Independent Auditor's Report.

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

LOCAL HIGHWAY FINANCE REPORT

City or County:

City of Pueblo

YEAR ENDING :

December 2016

This Information From The Records Of City of Pueblo

Prepared By: Lara Keys

Phone: 719-553-2653

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

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Receipts from local sources:	
1. Local highway-user taxes	
a. Motor Fuel (from Item I.A.5.)	
b. Motor Vehicle (from Item I.B.5.)	
c. Total (a.+b.)	
2. General fund appropriations	4,185,268
3. Other local imposts (from page 2)	2,012,627
4. Miscellaneous local receipts (from page 2)	3,842,011
5. Transfers from toll facilities	
6. Proceeds of sale of bonds and notes:	
a. Bonds - Original Issues	
b. Bonds - Refunding Issues	
c. Notes	
d. Total (a. + b. + c.)	0
7. Total (1 through 6)	10,039,906
B. Private Contributions	2,819,619
C. Receipts from State government (from page 2)	3,716,602
D. Receipts from Federal Government (from page 2)	5,733,099
E. Total receipts (A.7 + B + C + D)	22,309,226

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Local highway disbursements:	
1. Capital outlay (from page 2)	13,786,949
2. Maintenance:	2,213,550
3. Road and street services:	
a. Traffic control operations	1,690,566
b. Snow and ice removal	164,243
c. Other-Street Lighting	996,410
d. Total (a. through c.)	2,851,219
4. General administration & miscellaneous	398,619
5. Highway law enforcement and safety	2,403,793
6. Total (1 through 5)	21,654,129
B. Debt service on local obligations:	
1. Bonds:	
a. Interest	
b. Redemption	
c. Total (a. + b.)	0
2. Notes:	
a. Interest	
b. Redemption	
c. Total (a. + b.)	0
3. Total (1.c + 2.c)	0
C. Payments to State for highways	
D. Payments to toll facilities	
E. Total disbursements (A.6 + B.3 + C + D)	21,654,129

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
	3,868,742	22,309,226	21,654,129	4,523,839	0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT		STATE: Colorado	
		YEAR ENDING (mm/yy): December 2016	

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	478,924	a. Interest on investments	16,048
b. Other local imposts:		b. Traffic Fines & Penalties	891,818
1. Sales Taxes		c. Parking Garage Fees	
2. Infrastructure & Impact Fees	145,274	d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other	1,388,429	g. Other Misc. Receipts-Urban Renewal	2,872,145
6. Total (1. through 5.)	1,533,703	h. Other-City Enterprises	62,000
c. Total (a. + b.)	2,012,627	i. Total (a. through h.)	3,842,011
	(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	3,362,969	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	353,633	d. Federal Transit Admin	
d. Other (Specify)		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal-CDOT Passthrough	5,733,099
f. Total (a. through e.)	353,633	g. Total (a. through f.)	5,733,099
4. Total (1. + 2. + 3.f)	3,716,602	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		467,222	467,222
b. Engineering Costs		403,153	403,153
c. Construction:			
(1). New Facilities		11,543,777	11,543,777
(2). Capacity Improvements			0
(3). System Preservation		888,643	888,643
(4). System Enhancement & Operation		484,154	484,154
(5). Total Construction (1) + (2) + (3) + (4)	0	12,916,574	12,916,574
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	13,786,949	13,786,949
			(Carry forward to page 1)
Notes and Comments:			

Statistical Section

Statistical Section

This part of the City's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the City's overall financial health.

Contents

	<u>Pages</u>
Financial Trends	
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	155
Revenue Capacity	
These schedules contain information to help the reader assess the City's most significant local revenue sources, sales tax and property tax.	161
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.	168
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.	173
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 activities it performs.	176

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

CITY OF PUEBLO, COLORADO
NET POSITION BY COMPONENT
Last Ten Fiscal Years
(Accrual basis of accounting)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental activities										
Net investment in capital assets	\$ 242,229,997	\$ 253,371,346	\$ 270,972,634	\$ 275,400,749	\$ 282,143,652	\$ 300,421,948	\$ 304,720,914	\$ 310,952,995	\$ 307,415,524	\$ 321,804,936
Restricted	73,238,734	88,686,068	69,256,542	65,864,287	93,697,144	88,835,861	88,385,298	98,744,705	97,683,789	90,629,010
Unrestricted	25,429,479	9,623,844	28,408,089	38,589,640	19,596,982	11,816,144	20,453,939	(26,319,466)	(16,336,921)	(17,528,731)
Total governmental activities net position	\$ 340,898,210	\$ 351,681,258	\$ 368,637,265	\$ 379,854,676	\$ 395,437,778	\$ 401,073,953	\$ 413,560,151	\$ 383,378,234	\$ 388,762,392	\$ 394,905,215
Business-type activities										
Net investment in capital assets	\$ 101,702,739	\$ 106,505,768	\$ 115,961,714	\$ 123,736,794	\$ 134,281,593	\$ 138,568,644	\$ 157,831,233	\$ 160,736,818	\$ 162,247,604	\$ 163,146,725
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	9,877,471	12,079,718	14,180,545	17,522,178	18,277,323	19,267,977	19,818,953	12,673,300	12,270,072	18,986,710
Total business-type activities net position	\$ 111,580,210	\$ 118,585,486	\$ 130,142,259	\$ 141,258,972	\$ 152,558,916	\$ 157,836,621	\$ 177,650,186	\$ 173,410,118	\$ 174,517,676	\$ 182,133,435
Primary government										
Net investment in capital assets	\$ 343,932,736	\$ 359,877,114	\$ 386,934,348	\$ 399,137,543	\$ 416,425,245	\$ 438,990,592	\$ 462,552,147	\$ 471,689,813	\$ 469,663,128	\$ 484,951,661
Restricted	73,238,734	88,686,068	69,256,542	65,864,287	93,697,144	88,835,861	88,385,298	98,744,705	97,683,789	90,629,010
Unrestricted	35,306,950	21,703,562	42,588,634	56,111,818	37,874,305	31,084,121	40,272,892	(13,646,166)	(4,066,849)	1,457,979
Total primary government net position	\$ 452,478,420	\$ 470,266,744	\$ 498,779,524	\$ 521,113,648	\$ 547,996,694	\$ 558,910,574	\$ 591,210,337	\$ 556,788,352	\$ 563,280,068	\$ 577,038,650

CITY OF PUEBLO, COLORADO
CHANGES IN NET POSITION
Last Ten Fiscal Years
(Accrual basis of accounting)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Program revenue										
Governmental activities										
Permits, fees, fines and charges for services										
General government	\$ 1,963,163	\$ 2,369,917	\$ 2,075,228	\$ 1,642,290	\$ 1,851,960	\$ 1,998,698	\$ 2,036,502	\$ 2,091,671	\$ 3,537,728	\$ 3,699,562
Public safety	4,405,012	5,191,857	5,201,273	5,325,642	5,354,057	5,406,875	4,436,306	4,335,834	3,630,834	3,902,691
Public works	346,087	704,379	450,217	489,761	487,854	495,989	539,532	710,835	353,921	465,353
Culture and community welfare	275,599	100,881	49,210	364,384	276,516	299,675	414,365	293,731	368,223	297,828
Parks and recreation	507,480	301,673	372,275	531,839	592,114	685,329	634,639	639,218	631,889	648,325
Economic development	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions	13,222,843	11,434,429	10,385,132	12,193,129	13,493,320	13,616,953	22,104,201	9,134,469	10,428,895	14,328,624
Capital grants and contributions	6,513,307	7,197,160	7,944,326	7,489,339	8,212,014	9,128,467	6,944,859	7,488,040	8,159,967	9,620,950
Total governmental activities program revenue	<u>27,233,491</u>	<u>27,300,296</u>	<u>26,477,661</u>	<u>28,036,384</u>	<u>30,267,835</u>	<u>31,631,986</u>	<u>37,110,404</u>	<u>24,693,798</u>	<u>27,111,457</u>	<u>32,963,333</u>
Business-type activities										
Charges for services										
Golf	\$ 2,118,218	\$ 2,222,900	\$ 2,254,076	\$ 2,160,142	\$ 2,118,331	\$ 2,163,333	\$ 2,140,132	\$ 2,114,228	\$ 2,227,398	\$ 2,212,321
Sewer	8,890,987	10,911,573	12,392,418	13,673,319	13,454,038	13,805,921	14,355,943	15,256,778	16,422,771	18,554,351
Stormwater	2,705,207	2,731,475	2,771,994	2,757,602	2,754,867	2,791,898	3,253,081	3,369,638	3,579,194	4,565,790
Other	3,747,327	4,209,175	4,678,642	4,282,123	5,055,394	4,756,160	4,486,419	4,929,973	4,981,018	5,199,171
Operating grants and contributions	1,750,879	1,754,736	1,676,299	1,793,282	2,033,900	2,220,825	2,050,457	2,037,268	2,008,817	2,393,005
Capital grants and contributions	5,070,294	3,019,001	10,341,094	7,622,792	8,291,358	4,811,702	20,762,845	3,828,080	2,908,184	747,707
Total business-type activities program revenue	<u>24,282,912</u>	<u>24,848,860</u>	<u>34,114,523</u>	<u>32,289,260</u>	<u>33,707,888</u>	<u>30,549,839</u>	<u>47,048,877</u>	<u>31,535,965</u>	<u>32,127,382</u>	<u>33,672,345</u>
Total primary government program revenue	<u>\$ 51,516,403</u>	<u>\$ 52,149,156</u>	<u>\$ 60,592,184</u>	<u>\$ 60,325,644</u>	<u>\$ 63,975,723</u>	<u>\$ 62,181,825</u>	<u>\$ 84,159,281</u>	<u>\$ 56,229,763</u>	<u>\$ 59,238,839</u>	<u>\$ 66,635,678</u>
Net (expense) revenue										
Governmental activities	\$ (50,343,555)	\$ (58,515,365)	\$ (55,202,789)	\$ (62,106,636)	\$ (57,284,435)	\$ (63,493,325)	\$ (58,222,040)	\$ (64,792,019)	\$ (70,735,052)	\$ (59,262,879)
Business-type activities	3,256,804	3,005,869	9,080,664	7,719,270	7,284,039	1,423,116	16,167,188	(324,657)	(3,384,330)	(2,244,285)
Total primary government net (expense) revenue	<u>\$ (47,086,751)</u>	<u>\$ (55,509,496)</u>	<u>\$ (46,122,125)</u>	<u>\$ (54,387,366)</u>	<u>\$ (50,000,396)</u>	<u>\$ (62,070,209)</u>	<u>\$ (42,054,852)</u>	<u>\$ (65,116,676)</u>	<u>\$ (74,119,382)</u>	<u>\$ (61,507,164)</u>

CITY OF PUEBLO, COLORADO
CHANGES IN NET POSITION
Last Ten Fiscal Years
(Accrual basis of accounting)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses										
Governmental activities										
General government	\$ 8,750,144	\$ 10,266,329	\$ 11,256,849	\$ 11,126,432	\$ 11,663,415	\$ 11,063,544	\$ 13,800,967	\$ 9,410,359	\$ 12,471,787	\$ 11,161,517
Public safety	39,554,852	41,470,395	42,232,017	45,180,523	46,320,164	47,846,439	46,616,804	48,485,290	44,662,761	50,591,944
Public works	12,138,196	11,192,330	12,056,802	14,682,821	10,982,420	11,944,466	11,618,176	11,682,330	20,780,039	16,371,181
Culture and community welfare	7,671,252	9,110,212	7,713,219	8,880,083	9,841,081	13,253,542	11,504,623	7,905,331	8,055,195	8,548,558
Parks and recreation	5,109,138	4,808,532	4,668,002	5,213,738	5,361,632	6,372,059	5,722,667	5,719,300	5,828,170	6,398,568
Economic development	3,966,266	8,321,122	2,197,779	3,608,000	2,003,481	3,380,770	4,931,043	4,985,902	4,906,360	(845,556)
Interest on long-term debt	387,198	646,741	1,555,782	1,451,423	1,380,077	1,264,491	1,138,164	1,297,305	1,142,197	-
Total governmental activities	<u>77,577,046</u>	<u>85,815,661</u>	<u>81,680,450</u>	<u>90,143,020</u>	<u>87,552,270</u>	<u>95,125,311</u>	<u>95,332,444</u>	<u>89,485,817</u>	<u>97,846,509</u>	<u>92,226,212</u>
Business-type activities										
Golf enterprise	\$ 2,651,722	\$ 2,649,688	\$ 2,666,857	\$ 2,597,293	\$ 2,632,292	\$ 2,750,495	\$ 2,861,233	\$ 2,911,244	\$ 2,966,262	\$ 3,099,900
Sewer user	7,249,353	7,587,616	8,653,027	8,537,456	9,124,088	11,009,307	12,506,548	12,674,302	16,540,331	11,952,533
Stormwater utility	2,384,871	2,432,055	2,617,256	2,637,540	2,730,534	3,125,968	2,896,741	2,861,912	2,896,523	7,278,132
Other business-type activities	8,740,162	9,173,632	11,096,719	10,797,701	11,936,935	12,240,953	12,617,167	13,413,164	13,108,596	13,586,065
Total business-type activities	<u>21,026,108</u>	<u>21,842,991</u>	<u>25,033,859</u>	<u>24,569,990</u>	<u>26,423,849</u>	<u>29,126,723</u>	<u>30,881,689</u>	<u>31,860,622</u>	<u>35,511,712</u>	<u>35,916,630</u>
Total primary government expenses	<u>\$ 98,603,154</u>	<u>\$ 107,658,652</u>	<u>\$ 106,714,309</u>	<u>\$ 114,713,010</u>	<u>\$ 113,976,119</u>	<u>\$ 124,252,034</u>	<u>\$ 126,214,133</u>	<u>\$ 121,346,439</u>	<u>\$ 133,358,221</u>	<u>\$ 128,142,842</u>

CITY OF PUEBLO, COLORADO
CHANGES IN NET POSITION
Last Ten Fiscal Years
(Accrual basis of accounting)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General revenue and other changes in net position										
Governmental activities										
Property taxes	\$ 9,952,692	\$ 10,825,444	\$ 10,997,706	\$ 11,270,663	\$ 11,444,707	\$ 11,908,875	\$ 12,905,041	\$ 12,719,414	\$ 12,811,986	\$ 13,403,730
Franchise and other taxes	5,419,403	5,666,015	5,704,383	5,750,053	6,178,164	6,651,168	6,557,472	7,020,223	7,210,741	7,315,083
Sales and use taxes	53,763,904	51,337,779	53,922,799	48,902,489	55,014,310	50,471,792	51,947,998	51,351,232	56,203,150	61,553,748
Payment in lieu of taxes	-	-	-	7,509,859	9,859	9,859	9,859	9,859	9,859	9,859
Unrestricted investment earnings	2,972,190	2,381,232	981,250	563,205	973,281	526,792	(99,169)	618,324	545,820	452,532
Miscellaneous	1,929,265	2,161,617	2,190,302	2,087,171	2,384,645	2,509,676	2,287,852	2,066,165	2,841,209	2,566,048
Gain on disposition of assets	-	-	-	-	-	-	-	-	-	-
Transfers	(1,958,397)	(2,831,378)	(2,371,946)	(2,759,393)	(3,137,429)	(2,948,662)	(3,018,863)	(3,464,599)	(3,503,555)	(3,925,284)
Total governmental activities	<u>72,079,057</u>	<u>69,540,709</u>	<u>71,424,494</u>	<u>73,324,047</u>	<u>72,867,537</u>	<u>69,129,500</u>	<u>70,590,190</u>	<u>70,320,618</u>	<u>76,119,210</u>	<u>81,375,716</u>
Business-type activities										
Unrestricted investment earnings	\$ 1,002,457	\$ 922,792	\$ 824,620	\$ 631,776	\$ 843,959	\$ 795,501	\$ 626,139	\$ 916,154	\$ 960,271	\$ 980,331
Miscellaneous	14,722	2,941	13,844	6,274	34,517	110,426	1,375	138	28,062	4,954,419
Gain on disposition of assets	-	-	-	-	-	-	-	-	-	-
Loss on defeasance	-	-	-	-	-	-	-	-	-	-
Transfers	1,958,397	2,831,378	2,371,946	2,759,393	3,137,429	2,948,662	3,018,863	3,464,599	3,503,555	3,925,294
Total business-type activities	<u>2,975,576</u>	<u>3,757,111</u>	<u>3,210,410</u>	<u>3,397,443</u>	<u>4,015,905</u>	<u>3,854,589</u>	<u>3,646,377</u>	<u>4,380,891</u>	<u>4,491,888</u>	<u>9,860,044</u>
Total primary government	<u>\$ 75,054,633</u>	<u>\$ 73,297,820</u>	<u>\$ 74,634,904</u>	<u>\$ 76,721,490</u>	<u>\$ 76,883,442</u>	<u>\$ 72,984,089</u>	<u>\$ 74,236,567</u>	<u>\$ 74,701,509</u>	<u>\$ 80,611,098</u>	<u>\$ 91,235,760</u>
Change in net position										
Governmental activities	\$ 21,735,502	\$ 11,025,344	\$ 16,221,705	\$ 11,217,411	\$ 15,583,102	\$ 5,636,175	\$ 12,368,150	\$ 5,528,599	\$ 5,384,158	\$ 22,112,837
Business-type activities	<u>6,232,380</u>	<u>6,762,980</u>	<u>12,291,074</u>	<u>11,116,713</u>	<u>11,299,944</u>	<u>5,277,705</u>	<u>19,813,565</u>	<u>4,056,234</u>	<u>1,107,558</u>	<u>7,615,759</u>
Total primary government change in net position	<u>\$ 27,967,882</u>	<u>\$ 17,788,324</u>	<u>\$ 28,512,779</u>	<u>\$ 22,334,124</u>	<u>\$ 26,883,046</u>	<u>\$ 10,913,880</u>	<u>\$ 32,181,715</u>	<u>\$ 9,584,833</u>	<u>\$ 6,491,716</u>	<u>\$ 29,728,596</u>

CITY OF PUEBLO, COLORADO
FUND BALANCES, GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(Modified accrual basis of accounting)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General fund										
Reserved	\$ 4,035,029	\$ 4,820,869	\$ 6,792,406	\$ 6,422,263						
Unreserved	<u>19,873,356</u>	<u>18,893,395</u>	<u>16,024,783</u>	<u>17,469,357</u>						
Total general fund	<u>\$ 23,908,385</u>	<u>\$ 23,714,264</u>	<u>\$ 22,817,189</u>	<u>\$ 23,891,620</u>						
All other governmental funds										
Reserved	\$ 81,796,237	\$ 91,277,899	\$ 74,504,669	\$ 72,333,940						
Unreserved, reported in:										
Special revenue funds	4,463,733	4,385,845	3,458,533	5,045,912						
Debt service funds	-	-	-	-						
Capital project funds	<u>362,224</u>	<u>4,408,683</u>	<u>7,384,735</u>	<u>10,153,988</u>						
Total all other governmental funds	<u>\$ 86,622,194</u>	<u>\$ 100,072,427</u>	<u>\$ 85,347,937</u>	<u>\$ 87,533,840</u>						
General Fund										
Nonspendable					\$ 1,806,325	\$ 1,819,164	\$ 1,739,939	\$ 1,730,596	\$ 2,028,732	\$ 1,914,431
Restricted					2,600,000	2,600,000	2,600,000	2,600,000	2,900,000	2,900,000
Committed					7,669,649	7,705,629	7,689,824	7,486,408	7,657,428	7,927,638
Assigned					10,496,794	7,486,269	5,494,282	5,554,298	7,941,687	10,116,595
Unassigned					<u>422,402</u>	<u>-</u>	<u>37,138</u>	<u>1,040,371</u>	<u>1,591,577</u>	<u>5,539,271</u>
Total general fund					<u>\$ 22,995,170</u>	<u>\$ 19,611,062</u>	<u>\$ 17,561,183</u>	<u>\$ 18,411,673</u>	<u>\$ 22,119,424</u>	<u>\$ 28,397,935</u>
All other governmental funds										
Nonspendable					\$ 747,000	\$ 747,000	\$ -	\$ -	\$ -	\$ 1,359,572
Restricted					91,097,144	86,235,861	85,785,298	92,099,404	89,823,700	92,057,409
Committed					223,081	223,080	104,831	1,548,817	-	467,154
Assigned					5,391,471	3,025,298	3,700,909	2,814,032	4,319,768	5,548,342
Unassigned					<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,736,679)</u>	<u>(305,445)</u>
Total all other governmental funds					<u>\$ 97,458,696</u>	<u>\$ 90,231,239</u>	<u>\$ 89,591,038</u>	<u>\$ 96,462,253</u>	<u>\$ 92,406,789</u>	<u>\$ 99,127,032</u>

Notes:

- (1) In FY 2011 the City implemented GASB Statement No. 54 under which governmental fund balances are reported as nonspendable, restricted, committed, assigned, and unassigned compared to reserved and unreserved.
- (2) The substantial increase or decrease in fund balance restricted, committed, assigned, and unassigned is explained in the Management's Discussion and Analysis (MD&A).

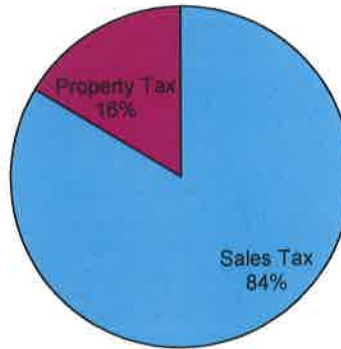
CITY OF PUEBLO, COLORADO
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(Modified accrual basis of accounting)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues										
Taxes	\$ 69,931,206	\$ 67,829,283	\$ 65,939,451	\$ 70,590,717	\$ 71,397,662	\$ 68,749,023	\$ 70,430,187	\$ 71,910,738	\$ 76,138,538	\$ 82,317,674
Payment in lieu of taxes	-	-	4,600,000	2,909,859	9,859	9,859	9,859	9,859	9,859	9,859
Fees and fines	1,814,180	2,637,266	2,136,887	2,276,641	2,355,108	2,090,603	1,849,081	1,611,630	1,798,138	1,741,259
Licenses and permits	608,593	567,319	558,257	600,523	561,141	574,360	603,249	576,283	591,466	652,734
Intergovernmental	15,703,863	13,365,004	14,549,354	18,073,674	19,678,700	16,170,914	23,188,363	11,871,960	15,964,015	22,481,211
Charges for services	4,488,496	4,657,314	4,445,802	4,538,144	4,706,111	5,723,274	5,216,546	5,534,195	6,351,180	6,567,569
Investment earnings	2,875,026	2,328,993	915,059	509,745	894,162	454,207	(95,480)	540,404	477,251	391,915
Miscellaneous	<u>1,478,353</u>	<u>1,413,612</u>	<u>1,553,276</u>	<u>3,306,444</u>	<u>1,877,391</u>	<u>1,011,170</u>	<u>1,503,609</u>	<u>860,354</u>	<u>1,062,995</u>	<u>1,150,565</u>
Total revenues	<u>96,899,717</u>	<u>92,798,791</u>	<u>94,698,086</u>	<u>102,805,747</u>	<u>101,480,134</u>	<u>94,783,410</u>	<u>102,705,414</u>	<u>92,915,423</u>	<u>102,393,442</u>	<u>115,312,786</u>
Expenditures										
Current										
General government	8,323,725	9,309,207	8,906,351	9,446,931	9,906,695	9,757,420	9,324,677	8,775,946	9,274,465	10,326,645
Public safety	37,932,998	39,570,942	38,880,698	40,797,229	41,840,926	42,581,744	53,423,916	42,129,729	42,633,784	43,782,281
Public works	9,476,324	9,999,375	9,673,957	12,584,529	9,150,113	9,749,975	9,298,026	9,464,524	18,521,210	14,533,241
Parks and recreation	4,516,419	4,202,445	4,036,880	4,460,129	4,752,890	5,382,385	4,790,964	4,743,862	4,714,260	5,022,663
Economic development	3,126,520	8,298,423	2,196,510	3,606,731	1,720,757	3,123,621	4,698,157	5,027,462	4,659,769	(945,264)
Culture and community welfare	7,196,287	8,530,074	7,070,616	8,324,329	9,223,504	12,664,949	11,117,958	7,356,405	7,622,393	8,014,330
Other	1,211,588	794,121	1,252,382	615,174	479,457	521,614	402,110	485,078	601,143	544,756
Debt service										
Principal	931,376	1,315,016	2,099,407	1,925,287	1,998,559	2,117,410	2,536,229	2,772,040	3,206,097	3,253,445
Interest and other charges	320,800	870,523	1,242,553	1,414,334	1,333,949	1,267,515	1,204,852	1,270,723	1,138,466	1,165,287
Capital outlay	<u>11,256,938</u>	<u>13,743,802</u>	<u>31,511,351</u>	<u>12,211,347</u>	<u>8,154,482</u>	<u>16,076,440</u>	<u>8,422,405</u>	<u>3,306,401</u>	<u>6,965,445</u>	<u>14,997,703</u>
Total expenditures	<u>84,292,975</u>	<u>96,633,928</u>	<u>106,870,705</u>	<u>95,386,020</u>	<u>88,561,332</u>	<u>103,243,073</u>	<u>105,219,294</u>	<u>85,332,170</u>	<u>99,337,032</u>	<u>100,695,087</u>
Excess revenues over (under) expenditures	<u>12,606,742</u>	<u>(3,835,137)</u>	<u>(12,172,619)</u>	<u>7,419,727</u>	<u>12,918,802</u>	<u>(8,459,663)</u>	<u>(2,513,880)</u>	<u>7,583,253</u>	<u>3,056,410</u>	<u>14,617,699</u>
Other financing sources (uses)										
Proceeds from borrowing	4,977,498	20,625,000	-	-	363,503	1,173,612	2,367,868	4,200,000	-	2,776,391
Discount on bonds issued	-	(152,373)	-	-	-	-	-	-	-	-
Insurance recoveries	-	-	-	-	-	-	-	-	1,939,932	961,954
Payment to refunded debt escrow agent	-	-	-	-	-	-	-	-	-	-
Sales of Capital Assets	-	-	-	-	-	-	912,533	154,692	109,500	-
Transfers in	13,596,597	13,754,387	18,317,883	14,744,489	13,256,748	10,980,219	10,267,116	9,139,517	11,082,730	9,969,269
Transfers out	<u>(16,104,994)</u>	<u>(17,135,766)</u>	<u>(21,766,829)</u>	<u>(18,903,882)</u>	<u>(17,362,999)</u>	<u>(14,453,381)</u>	<u>(13,605,669)</u>	<u>(13,473,805)</u>	<u>(16,536,285)</u>	<u>(15,326,562)</u>
Total other financing sources (uses)	<u>2,469,101</u>	<u>17,091,248</u>	<u>(3,448,946)</u>	<u>(4,159,393)</u>	<u>(3,742,748)</u>	<u>(2,299,550)</u>	<u>(58,152)</u>	<u>20,404</u>	<u>(3,404,123)</u>	<u>(1,618,948)</u>
Net changes in fund balances	<u>15,075,843</u>	<u>13,256,111</u>	<u>(15,621,565)</u>	<u>3,260,334</u>	<u>9,176,054</u>	<u>(10,759,213)</u>	<u>(2,572,032)</u>	<u>7,603,657</u>	<u>(347,713)</u>	<u>12,998,751</u>
Fund balances - beginning	<u>-</u>	<u>15,075,843</u>	<u>28,331,954</u>	<u>12,710,389</u>	<u>15,970,723</u>	<u>25,146,777</u>	<u>14,387,564</u>	<u>11,815,532</u>	<u>19,419,189</u>	<u>114,526,216</u>
Fund balances - ending	<u>\$ 15,075,843</u>	<u>\$ 28,331,954</u>	<u>\$ 12,710,389</u>	<u>\$ 15,970,723</u>	<u>\$ 25,146,777</u>	<u>\$ 14,387,564</u>	<u>\$ 11,815,532</u>	<u>\$ 19,419,189</u>	<u>\$ 19,071,476</u>	<u>\$ 127,524,967</u>
Debt service as a percentage of non-capital expenditures	1.7%	2.6%	4.4%	4.0%	4.1%	3.9%	3.6%	4.5%	4.3%	-1.3%

CITY OF PUEBLO, COLORADO
GENERAL GOVERNMENT TAX REVENUE BY SOURCE
Last Ten Fiscal Years

Fiscal Year	Sales and Miscellaneous Taxes	Rate	Property Tax	Rate	Total
2007	59,978,514	3.50%	9,952,692	15.633%	69,931,206
2008	57,004,125	3.50%	10,825,158	15.633%	67,829,283
2009	54,998,393	3.50%	10,941,058	15.633%	65,939,451
2010	59,320,054	3.50%	11,270,663	15.633%	70,590,717
2011	59,952,955	3.50%	11,444,707	15.633%	71,397,662
2012	56,840,148	3.50%	11,908,875	15.633%	68,749,023
2013	57,527,855	3.50%	12,902,332	15.633%	70,430,187
2014	59,191,323	3.50%	12,719,415	15.633%	71,910,738
2015	63,326,552	3.50%	12,811,986	15.633%	76,138,538
2016	68,913,944	3.50%	13,403,730	15.633%	82,317,674

General Government Tax Revenue by Source



The sales and use tax rate (3.5%) consists of 3.0% general tax and .5% tax specifically for use in economic development. Sales tax is levied on all retail sales, leases, and rentals of tangible personal property on the basis of the purchase or rental price. Food purchased for preparation and consumption at home is exempt from sales tax. Prescription medications are also exempt from sales tax. Use tax is collected on purchases of items which are used in Pueblo and on which the 3.5% local sales tax has not been paid to another jurisdiction.

Property tax is levied against all real property and business-related personal property within the City of Pueblo.

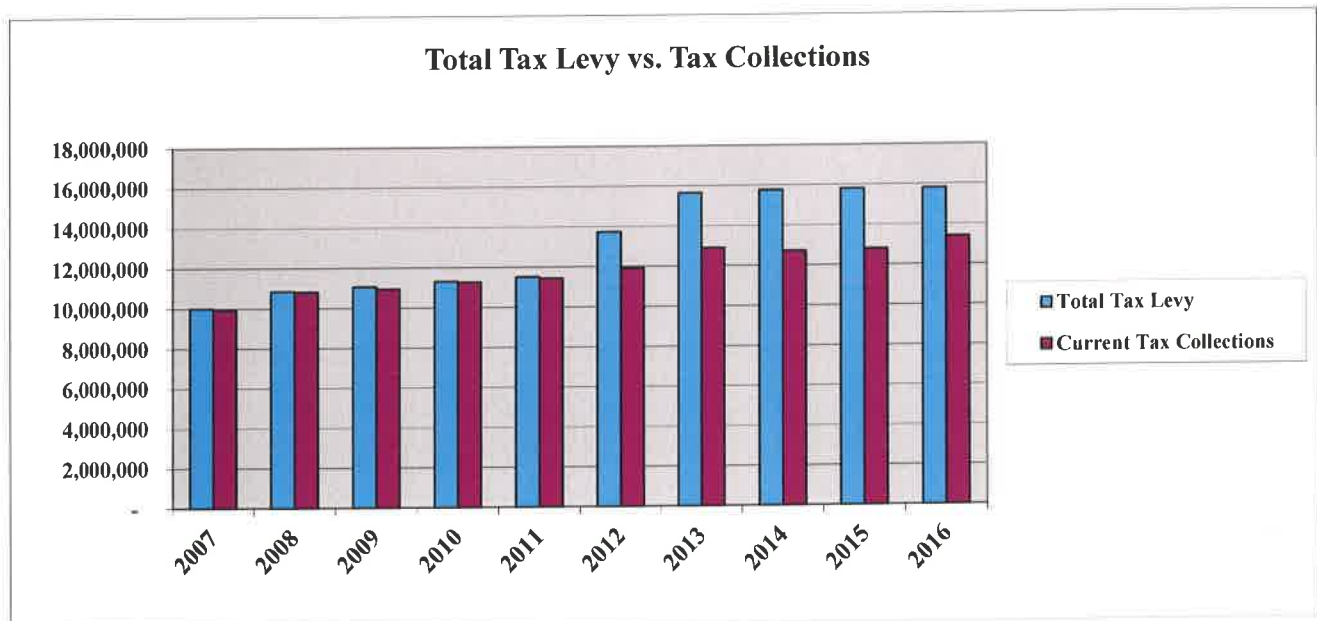
CITY OF PUEBLO, COLORADO
TAXABLE SALES BY CATEGORY
Last Ten Fiscal Years

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	% of Total
Apparel stores	\$ 21,148,600	\$ 21,167,981	\$ 20,665,388	\$ 22,587,643	\$ 22,726,167	\$ 21,078,355	\$ 21,712,161	\$ 21,711,110	\$ 20,634,443	\$ 20,272,604	1.2%
General merchandise	276,329,171	274,889,106	271,065,537	273,664,541	269,866,690	271,614,426	269,825,995	262,641,258	268,291,882	274,049,873	16.0%
Food/drug/liquor stores	54,101,714	57,815,813	59,518,359	61,428,357	63,799,469	64,577,531	66,970,357	66,864,169	70,252,481	75,941,336	4.4%
Eating and drinking establishments	170,084,857	176,341,311	175,986,153	178,342,206	181,007,675	188,975,381	194,976,983	199,340,110	215,135,731	226,031,722	13.2%
Home furnishings and appliances	50,157,486	43,193,441	33,464,768	27,775,023	26,675,919	26,589,441	27,822,264	28,221,714	27,883,465	24,558,569	1.4%
Building materials and farm tools	163,883,343	176,033,910	161,330,267	156,992,265	128,552,869	128,914,149	138,523,216	142,638,333	166,576,091	197,116,069	11.5%
Auto dealers and supplies	151,255,629	138,744,763	138,337,249	119,665,344	121,521,485	137,163,808	145,887,947	156,434,840	184,178,841	191,997,840	11.2%
Other retail stores	179,570,314	200,055,193	199,686,795	222,591,059	215,867,314	205,612,974	210,573,040	231,554,778	242,005,604	249,292,166	14.6%
Utilities	187,935,629	204,728,857	185,146,431	186,111,405	209,678,211	233,629,333	215,875,798	225,969,757	216,905,819	232,977,413	13.6%
All other outlets	197,938,800	199,125,770	204,417,996	186,202,664	197,478,109	178,453,889	181,937,413	189,488,275	204,278,923	219,327,119	12.8%
Total	\$ 1,452,405,543	\$ 1,492,096,145	\$ 1,449,618,943	\$ 1,435,360,507	\$ 1,437,173,908	\$ 1,456,609,287	\$ 1,474,105,174	\$ 1,524,864,344	\$ 1,616,143,280	\$ 1,711,564,711	100.0%
City direct sales tax rate	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	

CITY OF PUEBLO, COLORADO
PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Fiscal Years

Fiscal Year	(1) Total Tax Levy	(2) Current Tax Collections	Percentage of Current Taxes Collected	Delinquent Tax Collections	Total Tax Collections	Ratio of Total Tax Collections to Total Tax Levy	Outstanding Accumulated Delinquent Taxes	Ratio of Delinquent Taxes to Total Tax Levy
2007	9,996,222	9,943,540	99.5%	9,152	9,952,692	99.6%	427,750	4.3%
2008	10,856,206	10,819,644	99.7%	5,514	10,825,158	99.7%	458,798	4.2%
2009	11,068,364	10,940,836	98.8%	222	10,941,058	98.8%	586,104	5.3%
2010	11,318,452	11,262,805	99.5%	7,858	11,270,663	99.6%	633,893	5.6%
2011	11,507,693	11,437,371	99.4%	7,336	11,444,707	99.5%	696,879	6.1%
2012	13,736,996	11,915,905	86.7%	(7,030)	11,908,875	86.7%	2,525,000	18.4%
2013	15,638,844	12,897,509	82.5%	4,823	12,902,332	82.5%	5,261,512	33.6%
2014	15,764,500	12,719,454	80.7%	(39)	12,719,415	80.7%	8,306,597	52.7%
2015	15,797,889	12,805,555	81.1%	6,431	12,811,986	81.1%	11,292,500	71.5%
2016	15,808,017	13,402,890	84.8%	840	13,403,730	84.8%	13,696,787	86.6%

- (1) For consistency in computing ratios, total tax is shown net of the one percent County Treasurer's fee.
(2) Real and Property Taxes are assessed as of January 1. Taxes are due in full on April 30, or in installments with the first half due February 28 and the second half due June 15.



CITY OF PUEBLO, COLORADO
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
Last Ten Fiscal Years

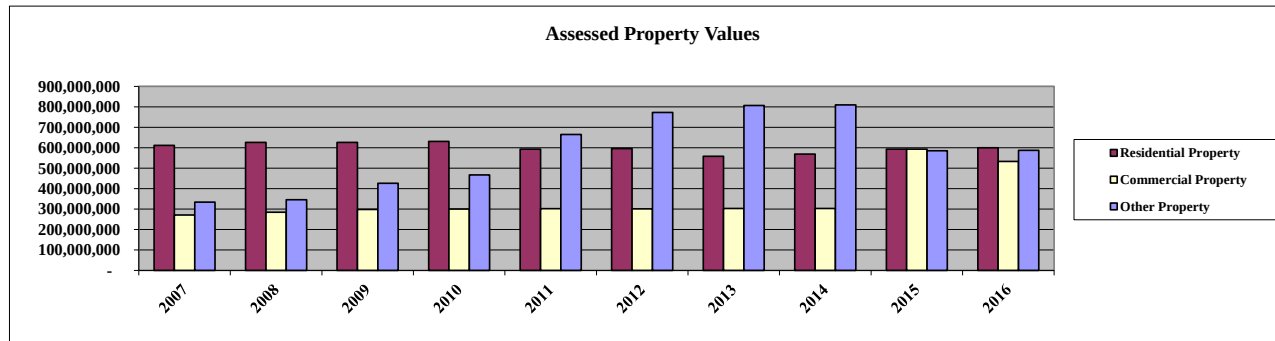
Fiscal Year	(1) Assessed Property Values					Total Direct Tax Rate	(2) Estimated Actual Property Value	(2) Assessed Value as a Percentage of Actual Value
	Residential Property	Commercial Property	Other Property	Less: Tax Exempt Property	Total Taxable Assessed Value			
2007	611,509,850	271,277,600	333,582,960	(516,179,790)	700,190,620	15.633%	9,333,213,472	7.502%
2008	626,503,880	284,855,540	345,441,070	(540,105,000)	716,695,490	15.633%	9,617,015,119	7.452%
2009	626,001,880	298,026,320	426,264,430	(626,270,159)	724,022,471	15.633%	9,836,666,261	7.360%
2010	631,211,662	300,395,819	467,214,669	(616,860,250)	781,961,900	15.633%	10,024,831,899	7.800%
2011	592,630,631	301,583,023	664,907,749	(608,178,821)	950,942,582	15.633%	9,594,209,379	9.912%
2012	596,086,787	300,801,415	772,929,417	(608,060,262)	1,061,757,357	15.633%	9,571,359,504	11.093%
2013	558,332,627	303,331,362	806,240,212	(611,072,756)	1,056,831,445	15.633%	9,125,979,829	11.580%
2014	569,105,609	303,057,840	809,070,316	(624,842,447)	1,056,391,318	15.633%	9,196,208,127	11.487%
2015	593,217,974	593,217,974	585,647,170	(703,560,824)	1,068,522,294	15.633%	11,349,016,092	9.415%
2016	600,068,689	533,129,108	587,015,330	(661,471,649)	1,058,741,478	15.633%	11,401,118,396	9.286%

(1) Assessed value data provided by Pueblo County Assessor's Office for entire county.
NOTE: Residential value decreases are the result of revaluation for taxes.

(2) Actual Property Value is the base from which assessed value is derived. Excludes State Assessed and Exempt properties.

NOTE 1: Property in Pueblo County assesses property at approximately 29 percent of actual value for commercial and industrial property and eight percent for residential property. Tax rates are per \$1,000 of assessed value.

NOTE 2: Subsequent to February 2004, formula used to estimate residential building permit value modified.
Data on permit value subsequent to this data not consistent with prior years.



CITY OF PUEBLO, COLORADO
PROPERTY TAX RATES
OF DIRECT AND OVERLAPPING GOVERNMENTS
Last Ten Fiscal Years

Fiscal Year	City Direct Rate	Overlapping Rates *					
	General Operating Expenditures	School District #60	Pueblo County	Pueblo Regional Library	Bandera Blvd. Special Improvement District	Southpointe Special Improvement District	Thunder Village Metropolitan District
2007	15.633	39.152	31.708	5.250	5.000	5.000	-
2008	15.633	37.966	31.195	5.261	5.000	5.000	-
2009	15.633	36.629	31.118	5.302	5.000	5.000	5.000
2010	15.633	38.811	31.677	5.413	5.000	5.000	5.000
2011	15.633	34.324	30.872	5.268	5.000	5.000	5.000
2012	15.633	36.032	30.959	5.293	3.000	5.000	5.000
2013	15.633	35.573	30.750	5.258	3.000	5.000	5.000
2014	15.633	35.347	30.469	5.262	3.000	5.000	5.000
2015	15.633	35.234	30.710	5.255	3.000	5.000	5.000
2016	15.633	35.392	30.867	5.282	3.000	5.000	5.000



Source: Pueblo County, Colorado Abstract of Assessment

Notes: The City's basic property tax rate may be increased only by a vote of the City's residents. The City's direct rate's sole purpose is general operating expenses. No mil levy has been approved for debt service or other purposes.

* Overlapping rates are those of local and county governments that apply to property owners within the City of Pueblo. Not all overlapping rates apply to all City of Pueblo property owners; for example, although the county property tax rates apply to all City property owners, the Southpointe Special Improvement District rates apply only to the City property owners whose property is located within that district's geographic boundaries.

CITY OF PUEBLO, COLORADO
PRINCIPAL PROPERTY TAXPAYERS
December 31, 2016 and Nine Years Prior

Current Year					Nine Years Prior	
Rank	Taxpayer	Type of Business	2016 Assessed Valuation	Percentage of Total Assessed Valuation	Rank	2007 Assessed Valuation
1	Public Service Co. of Colorado	Natural gas utility	\$ 213,689,749	20.2%	1	\$ 45,407,690
2	Intermountain Rural Electric	Electric utility	48,891,600	4.6%		
3	Black Hills Colorado Electric	Electric utility	47,862,085	4.5%	4	4,305,390
4	Black Hills Colorado IPP, LLC	Electric utility	42,686,800	4.0%		
5	Holy Cross Electric Assn., Inc.	Electric utility	17,230,000	1.6%		
6	Vestas Towers of America, Inc.	Wind tower manufacturer	16,956,349	1.6%		
7	Qwest Corporation	Telecommunications	16,105,200	1.5%	2	16,433,500
8	Vestas Towers America, Inc.	Wind tower manufacturer	15,372,644	1.5%		
9	Parkview Medical Center, Inc.	Hospital	6,983,824	0.7%	3	5,088,950
10	Comcast of Colorado IV, LLC	Communications	6,376,108	0.6%		
	Renaissance Partners I LLC	Sports/entertainment			5	3,923,830
	Sam's Real Estate Business	Retail			6	2,532,660
	Walmart Real Estate Business	Retail			7	2,399,830
	Cole WM Pueblo, LLC	Retail			8	2,311,990
	Colorado Eagle Realty, LLC				9	2,047,450
	Eagle Hardware & Garden, Inc.	Retail			10	1,988,310

Total 2016 property tax valuation for City of Pueblo 1,058,741,478

Note: Ranking based upon 2016 collections of tax amounts due calculated on 2015 assessed valuation

Source: Property tax valuation amounts provided by Pueblo County Assessor's Office

CITY OF PUEBLO, COLORADO
PRINCIPAL SALES TAXPAYERS
December 31, 2016 and Nine Years Prior

Sales and Use Tax is the City's largest revenue source, producing 72.2% of the revenues for the Governmental Activities. We are prohibited by ordinance from releasing sales tax information on individual taxpayers. We are providing the following as the next best available option:

Percentage of Sales & Use Tax by Industry Code

	<u>2016</u>	<u>2007</u>
General Merchandise Stores	16%	19%
Utilities	14%	13%
Restaurants	13%	12%
Auto Sales	11%	10%
All other	46%	46%
	<u>100%</u>	<u>100%</u>

CITY OF PUEBLO, COLORADO
RATIOS OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years

Fiscal Year	Governmental Activities					Business-Type Activities				Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Capital Improvement Revenue Bonds	Certificates of Participation	Capital Leases	Notes Payable	Revenue Bonds	Certificates of Participation	Capital Leases	Notes Payable			
2007	7,382,926	-	277,200	5,335,056	48,449	-	1,966,197	307,084	6,951,808	22,268,720	0.56%	212
2008	6,677,561	-	20,687,109	4,705,961	36,352	-	669,168	476,902	6,589,105	39,842,158	0.96%	382
2009	5,947,186	-	19,800,325	4,146,905	24,255	-	457,540	365,314	7,726,402	38,467,927	0.87%	368
2010	5,186,821	-	19,139,642	3,657,658	12,158	-	234,512	220,684	32,291,438	60,742,913	1.26%	570
2011	4,401,456	-	18,450,359	3,512,242	-	-	-	2,064,742	30,799,208	59,228,007	1.20%	552
2012	3,653,433	-	17,805,716	4,043,444	-	-	-	3,011,827	29,301,395	57,815,815	1.07%	535
2013	2,785,621	-	17,131,073	5,441,191	-	-	-	2,593,373	28,412,296	56,363,554	1.01%	522
2014	1,887,809	-	20,621,430	4,269,151	-	-	-	2,215,303	30,768,525	59,762,218	1.07%	551
2015	955,000	-	19,496,000	3,113,841	-	-	-	1,826,850	28,812,128	54,203,819	0.99%	495
2016	-	-	19,798,176	4,556,837	-	-	-	1,427,643	27,030,037	52,812,693	0.93%	489

Note: Details regarding the City's outstanding debt can be found in the Notes to Financial Statements.

CITY OF PUEBLO, COLORADO
RATIOS OF GENERAL OBLIGATION DEBT OUTSTANDING
Last Ten Fiscal Years

General Bonded Debt Outstanding							
Fiscal Year	General Obligation Bonds	Capital Improvement Revenue Bonds	Gross Bonded Debt	Less Debt Service Fund	Net Bonded Debt	Ratio of Net Bonded Debt to Actual Property Value	Per Capita
2007	7,382,926	-	7,382,926	5	7,382,921	0.08%	70.44
2008	6,677,561	-	6,677,561	-	6,677,561	0.07%	63.39
2009	5,947,186	-	5,947,186	-	5,947,186	0.06%	56.16
2010	5,186,821	-	5,186,821	-	5,186,821	0.05%	48.66
2011	4,401,456	-	4,401,456	-	4,401,456	0.05%	41.02
2012	3,653,433	-	3,653,433	-	3,653,433	0.04%	33.83
2013	2,785,621	-	2,785,621	-	2,785,621	0.03%	25.78
2014	1,887,809	-	1,887,809	-	1,887,809	0.02%	17.41
2015	955,000	-	955,000	-	955,000	0.01%	8.73
2016	-	-	-	-	-	0.00%	-

Note 1: Details regarding the City's outstanding debt can be found in the Notes to Financial Statements.

Note 2: Population information can be found on the schedule of Demographic and Economic Statistics.

Note 3: Estimated actual property values can be found on the schedule of Assessed and Actual Property Values and New Construction.

CITY OF PUEBLO, COLORADO
COMPUTATION OF DIRECT AND OVERLAPPING GOVERNMENTAL
ACTIVITIES DEBT
December 31, 2016

Jurisdiction	Net Debt Outstanding	Percentage Applicable to City of Pueblo	Amount Applicable to City of Pueblo
Direct debt	\$ 23,901,354	100%	\$ 23,901,354
Total direct debt	<u>\$ 23,901,354</u>		<u>\$ 23,901,354</u>
Overlapping entities:			
Pueblo County Debt	\$ 89,639,543	87.1%	\$ 78,076,042
School District #60 Debt	67,916,346	100.0%	67,916,346
Total overlapping debt	<u>\$ 157,555,889</u>		<u>\$ 145,992,388</u>
 Total direct and overlapping debt	 <u>\$ 181,457,243</u>		 <u>\$ 169,893,742</u>

Sources: Assessed property value data provided by the Pueblo County Assessor used to estimate applicable percentages. Debt outstanding data provided by each government entity.

Note: 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 Pueblo. This process recognizes that, when considering the City'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 is responsible for repaying the debt of each overlapping government.

CITY OF PUEBLO, COLORADO
LEGAL DEBT MARGIN INFORMATION
Last Ten Fiscal Years

Legal Debt Margin Calculation for Fiscal Year 2016	
Assessed value - 2015 for 2016 taxes	\$ 1,058,741,478
Debt limitation - Ten percent of total assessed value	105,874,148
Total applicable debt	\$ -
Less amount available for repayment of general obligation bonds	-
Total net debt applicable to limitation	-
Legal debt margin	<u>\$ 105,874,148</u>

	Fiscal Year									
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Debt limit	\$ 70,019,062	\$ 71,669,549	\$ 72,402,247	\$ 78,196,190	\$ 95,094,258	\$ 106,175,736	\$ 105,683,145	\$ 105,639,132	\$ 106,852,229	\$ 105,874,148
Total net debt applicable to limit	<u>7,420,000</u>	<u>6,710,000</u>	<u>5,975,000</u>	<u>5,210,000</u>	<u>4,420,000</u>	<u>3,600,000</u>	<u>2,750,000</u>	<u>1,870,000</u>	<u>955,000</u>	<u>-</u>
Legal debt margin	<u>\$ 56,029,479</u>	<u>\$ 62,599,062</u>	<u>\$ 66,427,247</u>	<u>\$ 72,986,190</u>	<u>\$ 90,674,258</u>	<u>\$ 102,575,736</u>	<u>\$ 102,933,145</u>	<u>\$ 103,769,132</u>	<u>\$ 105,897,229</u>	<u>\$ 105,874,148</u>
Total net debt applicable to the limit as a percentage of debt limit	10.60%	9.36%	8.25%	6.66%	4.65%	3.39%	2.60%	1.77%	0.89%	0.00%

Detailed information regarding the long-term debt of the City can be found in the Notes to Financial Statements.

Future debt issuance may be subject to the Taxpayer's Bill of Rights (TABOR).

CITY OF PUEBLO, COLORADO
PLEDGED-REVENUE COVERAGE
Last Ten Fiscal Years

Wastewater Revenue Bonds/Note Payable						
Fiscal Year	Wastewater Enterprise Operating Revenue	Less: Operating Expenses	Net Available Revenue	Debt Service		
				Principal	Interest	Coverage
2007	8,890,987	7,216,669	1,674,318	362,703	184,901	3.06
2008	10,911,573	7,347,030	3,564,543	362,703	184,676	6.51
2009	12,392,418	8,339,188	4,053,230	362,703	182,803	7.43
2010	13,673,319	7,953,954	5,719,365	405,699	403,219	7.07
2011	13,454,038	8,490,428	4,963,610	1,421,994	767,306	2.27
2012	13,805,921	10,295,374	3,510,547	1,427,577	783,180	1.59
2013	14,355,943	11,841,284	2,514,659	1,459,821	743,771	1.14
2014	15,256,778	11,933,996	3,322,782	1,488,061	738,217	1.49
2015	16,422,771	15,749,124	673,647	1,509,723	766,065	0.30
2016	18,564,168	11,282,404	7,281,764	1,782,091	687,615	2.95

- (1) Wastewater Revenue Bonds were retired early. The debt was refunded by a note payable to the Colorado Water Resources and Power Development Authority Water Pollution Control Revolving Fund (WPRF) Loan Program.

CITY OF PUEBLO, COLORADO
DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Calendar Years

Fiscal Year	(1) Population	(2) Personal Income (in thousands)	(3) Per Capita Income	(4) Median Age	(5) Percentage of High School Graduates	(6) School Enrollment	(7) Unemployment Rate
2007	104,808	4,557,711	29,382	37.2	83.0	18,290	5.4%
2008	105,339	4,634,780	29,568	37.3	83.6	18,504	6.8%
2009	105,898	4,687,244	29,695	37.4	84.2	18,304	10.2%
2010	106,595	4,815,084	30,194	37.5	84.9	18,420	11.7%
2011	107,297	4,946,411	30,701	37.6	85.6	17,877	11.2%
2012	107,994	5,380,177	33,288	37.7	86.2	18,296	11.6%
2013	108,073	5,554,502	34,423	38.0	84.7	18,564	10.5%
2014	108,423	5,566,811	34,037	37.4	85.7	18,518	8.1%
2015	109,412	5,449,642	33,666	37.7	85.5	17,665	5.0%
2016	108,073	5,698,107	34,831	37.4	85.3	17,299	4.2%

Sources:

- (1) 2006-2009: Colorado State Demography Office
2010: U.S. Census Bureau
2011: Colorado State Demography Office
2012: Extrapolation of 2010-2011 growth trend. 2012 estimates from Colorado State Demography Office not available.
- (2) U. S. Bureau of Economic Analysis: Pueblo County (City of Pueblo only not available)
2012 is estimate, based on 2010-2011 growth rate
- (3) U.S. Bureau of Economic Analysis: Pueblo County (City of Pueblo only not available)
2012 is estimate, based on 2010-2011 growth rate
- (4) Estimates are interpolation and extrapolation of 2000 and 2010 Census data.
- (5) Estimates are interpolation and extrapolation of 2000 Census data and 2010 American Community Survey data.
- (6) Colorado Dept. of Education (derived from annual census of School District No. 60 schools)
http://www.cde.state.co.us/index_stats.htm
- (7) U. S. Department of Labor, Bureau of Labor Statistics

CITY OF PUEBLO, COLORADO
PRINCIPAL EMPLOYERS
Current Year and Nine Years Ago

Employer	2016			2007		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Pueblo City Schools (School District No. 60)	3,312	1	5.6%	2,600	1	4.6%
Parkview Hospital Medical Center	2,744	2	4.6%	1,850	2	3.3%
St. Mary Corwin Hospital	1,400	3	2.4%	1,050	6	1.8%
Evrz Inc. (Rocky Mountain Steel)	1,153	4	1.9%	1,003	7	1.8%
Loaf 'N Jug*	1,100	5	1.9%			
Pueblo County	1,058	6	1.8%	1,087	4	1.9%
Convergys	1,000	7	1.7%	1,000	8	1.8%
Wal Mart**	1,000	8	1.7%	1,200	3	2.1%
Trane Commercial Systems	965	9	1.6%			
Colorado Mental Health Institute	953	10	1.6%	1,050	5	1.8%
School District No. 70				900	9	1.6%
RMS				680	10	1.2%
Total	14,685		24.8%	12,420		21.9%
Pueblo County resident employment	59,253			56,803		

*Includes all stores and management in Pueblo County

*Includes Wal-Mart located in Pueblo West

SOURCE: Pueblo County; Pueblo Economic Development Corporation (PEDCO); U.S. Bureau of Labor Statistics for resident city total employment.

CITY OF PUEBLO, COLORADO
FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION/PROGRAM
Last Ten Years

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental activities:										
City manager's office	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00
Municipal court	9.00	9.00	9.00	9.00	9.00	9.00	9.00	10.00	10.00	10.00
City clerk's office	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Human resources	5.75	6.00	6.00	6.00	6.00	7.00	7.00	7.00	6.00	6.00
Finance	18.00	18.00	18.00	18.00	18.00	18.00	18.00	18.00	20.00	20.00
Civil service	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	6.00	5.00
Law			2.00	6.00	6.00	6.00	6.00	6.00	7.00	7.00
Information technology	14.50	14.75	14.75	15.75	15.75	15.75	15.75	15.75	16.00	18.00
Planning/comm dev	11.00	13.00	16.00	16.00	16.00	16.00	12.00	12.00	14.00	14.00
Land use	7.00	3.00	-	-	-	-	-	-	-	-
Purchasing	3.00	3.00	3.00	2.00	2.00	2.00	2.00	3.00	3.00	3.00
Housing/comm svcs	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Fleet maintenance	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00
Police	251.00	264.00	264.00	266.00	266.00	268.00	271.00	271.00	273.00	274.00
Fire	137.00	137.00	137.00	143.00	143.00	143.00	140.00	140.00	140.00	140.00
Public works	76.00	76.00	78.00	75.00	75.00	74.00	74.00	74.00	74.00	74.00
Parks and recreation	35.75	36.75	38.75	37.75	37.75	38.00	38.00	38.00	38.00	39.00
Business-type activities:										
Wastewater utility	47.50	48.50	48.50	49.50	50.50	51.50	52.50	52.50	56.50	57.50
Stormwater utility	17.50	17.50	17.50	17.50	18.50	18.50	19.50	19.50	19.50	19.50
Memorial airport	11.00	11.00	11.00	11.00	11.00	11.00	12.00	12.00	12.00	12.00
Parking facilities	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Honor Farm properties	-	-	1.00	1.00	1.00	2.00	1.00	1.00	1.00	-
Total	<u>674.00</u>	<u>687.50</u>	<u>694.50</u>	<u>703.50</u>	<u>705.50</u>	<u>709.75</u>	<u>707.75</u>	<u>709.75</u>	<u>723.00</u>	<u>726.00</u>

Note 1: Includes permanent full and part-time positions only; temporary and seasonal employees are excluded.

CITY OF PUEBLO, COLORADO
OPERATING INDICATORS BY FUNCTION/PROGRAM
Last Ten Years

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Police										
Number of arrests	8,897	8,682	4,328	3,833	3,739	3,671	3,758	3,981	4,257	4,530
Number of traffic violations	7,304	9,391	4,904	8,405	5,832	7,102	7,498	6,798	5,200	6,085
Number of parking violations	10,094	12,113	9,498	11,527	10,015	9,576	8,545	7,804	7,113	7,576
Fire										
Number of fire calls answered	4,182	4,621	5,434	4,667	4,698	4,797	5,246	5,708	6,651	7,183
Number of medical responses	9,791	9,875	9,236	10,790	11,656	11,894	12,921	14,113	15,367	16,596
Number of inspections	1,310	1,274	3,550	3,433	2,716	3,924	2,869	1,540	1,534	2,066
Parks and recreation										
Aquatics participants	51,916	- *	- *	51,630	54,013	45,449	34,381	40,093	42,808	37,075
Adult athletics participants	1,260	838	828	1,070	725	1,290	825	735	630	540
Youth athletics participants	4,194	3,419	3,568	2,411	2,047	1,764	1,581	1,883	1,941	1,627
Playground/Open gym participants	27,836	26,795	11,298	6,345	500	639	116	139	215	42
Tennis participants	3,328	3,002	3,170	2,958	3,095	152	1,025	892	296	381
Elmwood golf course										
Golf rounds played	65,155	72,643	64,664	62,476	64,059	64,398	26,898	25,078	26,701	59,952
Walkingstick golf course										
Golf rounds played	32,708	32,266	32,403	30,997	28,040	30,798	27,714	25,388	27,423	27,558
Wastewater utility										
Number of sanitary sewer service connections	37,260	37,485	37,537	37,537	37,976	37,595	37,595	37,524	37,819	37,958
Daily average wastewater treatment in gallons	11,796,000	11,300,000	10,600,000	10,600,000	10,200,000	10,136,000	10,136,000	10,136,000	11,740,000	11,640,000
Maximum daily wastewater treatment capacity in gallons	19,000,000	19,000,000	19,000,000	19,000,000	19,000,000	17,320,000	17,320,000	17,320,000	13,290,000	13,776,000
Memorial airport										
Enplanements	4,308	3,964	5,114	9,973	21,197	9,417	6,182	6,386	3,114	2,298
Air traffic control tower operations	154,031	151,332	159,923	182,119	156,466	165,876	146,807	142,524	170,865	168,563
Pueblo Transit										
Ridership	976,042	1,162,352	904,626	951,080	1,046,480	1,094,391	995,589	1,009,852	993,404	903,046
Number of days service operated	307	307	307	307	307	307	307	307	307	308
Parking facilities										
Parking permits sold	6,079	7,433	6,040	5,545	5,561	5,498	5,020	4,317	3,355	4,756

* Aquatics programs for years 2008 and 2009 were managed by a contracted entity

Sources: Various city departments.

Note: Indicators are not available for the general government function.

CITY OF PUEBLO, COLORADO
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
Last Ten Years

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Police										
Number of stations	1	1	1	1	1	1	1	1	1	1
Number of patrol units	97	97	97	91	98	97	102	73	68	64
Number of other police vehicles	123	123	123	111	106	106	96	125	125	140
Fire										
Number of stations	10	10	10	11	11	11	12	10	10	10
Public Works										
Miles of paved streets maintained	477	479	479	479	479	479	491	492	486	496
Miles of gravel streets maintained	6	6	6	6	6	6	6	6	6	6
Miles of alleys maintained	102	102	102	102	102	102	102	102	102	102
Parks and recreation										
Number of parks	84	80	56	56	127	127	127	127	127	127
Number of acres of parks	3,331	3,308	550	550	835	3,950	3,406	3,406	3,406	3,950
Number of playgrounds	43	43	46	46	46	47	47	47	47	47
Number of acres of playgrounds	22	22	24	24	24	24	24	24	24	24
Number of swimming pools	4	4	4	4	4	4	4	4	4	4
Number of tennis courts	38	21	21	21	21	27	27	27	27	27
Elmwood golf course										
Golf courses - 18 hole	1	1	1	1	1	1	1	1	1	1
Golf courses - 9 hole	1	1	1	1	1	1	1	1	1	1
Walkingstick golf course										
Golf courses - 18 hole	1	1	1	1	1	1	1	1	1	1
Wastewater utility										
Miles of sanitary sewers	471	480	472	468	466	467	467	468	468	464
Number of treatment plants	1	1	1	1	1	1	1	1	1	1
Stormwater utility										
Miles of storm sewers	114	114	115	116	116	117	118	118	118	118
Pueblo Transit										
Vehicles used in maximum service:										
Fixed Route	11	12	12	14	14	14	14	14	14	13
Citi-Lift	13	11	11	11	11	11	11	11	11	11

Sources: Various city departments.

Note: Indicators are not available for the general government function.