

# **Pueblo Urban Renewal Authority**

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**Financial Statements and Report  
of  
Independent Certified Public Accountants  
December 31, 2017 and 2016**



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## **PUEBLO URBAN RENEWAL AUTHORITY MANAGEMENT'S DISCUSSION AND ANALYSIS**

The following discussion and analysis of the Pueblo Urban Renewal Authority's financial performance gives an overview of the Authority's financial activities for the year ended December 31, 2017. The analysis should be read in conjunction with the Authority's financial statements that begin on page 3.

### **FINANCIAL HIGHLIGHTS**

- The Authority's governmental activities net position increased by \$4,638,438 for the year ended December 31, 2017. The increase is primarily due to the reclassification of the Regional Tourism Act Project as a Governmental Fund. The business-type activities net position increased by \$311,499. The increase was primarily due to additional revenue generated. The combined primary government net position increased by \$4,949,937.
- During 2017, the Authority's revenues totaled \$14.9 million, of which \$13.3 million was for governmental activities. The revenue in governmental activities is primarily derived from property tax increment in the amount of \$4.2 million, state sales tax increment to fund the RTA Project in the amount of \$1.5 million, vendors' fees in the amount of \$2.03 million, and gain on asset exchange of \$6.5 million. Business-type activities generated \$1.6 million in revenues from charges for services, and interest earnings.
- During 2017, the governmental activities transferred \$1.4 million to the convention center business activity for operations and maintenance of the facility and debt service. The funds were generated by vendors' fees.
- During 2017, the Authority's expenses totaled \$9.9 million, of which \$7.2 million was for governmental activities and \$2.7 million was for business-type activities.
- The Authority had total bonds and bank notes payable of \$43,168,752 at December 31, 2017, which is an increase of \$15,839,551 from 2016. The balance on the Main Street Parking Garage is \$6.937 million with interest rates ranging from 4.698% to 4.937% and maturing in September, 2029. The balance on the Memorial Hall bonds is \$9.705 million with interest ranging from 2.25% to 5.25% and maturing in December, 2038. The balance on the Pueblo Convention Center bond B is \$3.63 million with interest ranging from 2.25% to 5.5% and maturing in December, 2028. The balance of the RTA Revenue Bonds is \$17.03 million ranging from 2.25% to 5% and maturing in December 2036. The principal on the Lake Avenue bank note is \$2.42 million at 4.5% and maturing in December 2029. The principal on the Dillon Flyover bank note is \$2.9 million at 3.95% and maturing December, 2030. The principal on the 115 E. Riverwalk office condominium is \$173,350 at a current rate of 4.004% and ballooning in January, 2022.
- In 2017 the Authority also received contributions from the City of Pueblo for debt service obligations. The City contributed \$428,389 or 40% of the annual bond payment and operations on the Main Street Garage. The City also contributed \$178,778 for the annual loan payment on the Dillon Flyover bank loan. The contributions were made under the terms of cooperation agreements in place between the City and the Authority.

- The Authority reported state sales tax increment revenues for the Regional Tourism Project in the amount of \$1.599 million and project related expenditures of \$1.6 million.

## **USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 3-4) provide information about activities of the Authority as a whole and present a longer-term view of the Authority's finances (also known as government-wide statements). Fund financial statements start on page 5. For governmental activities, these statements (known as fund financial statements) tell how these services were financed in the short term, as well as what remains for future spending. Fund financial statements also report the Authority's operations in more detail than the government-wide statements by providing information about the Authority's most significant funds.

### **Reporting the Authority as a Whole**

#### **The Statement of Net Position and the Statement of Activities**

The analysis of the Authority as a whole begins on page 3. The Statement of Net Position and the Statement of Activities report information about the Authority and its activities as a whole. These statements include all assets, deferred outflows of resources, liabilities and deferred inflows of resources using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies.

These two statements report the Authority's net position and year over year changes. You can think of the Authority's net position – the difference between assets, deferred outflows of resources and liabilities and deferred inflows of resources – as one way to measure the Authority's financial health, or financial position. The net position is reported on one day in time, typically the last day of the year. Over time, increases or decreases in the Authority's net position are one indicator of whether its financial health is improving or deteriorating.

In the Statement of Net Position and the Statement of Activities, the Authority is divided into two kinds of activities:

- **Governmental activities** - The Authority's basic services are reported here. The Authority derives its primary source of revenue from Tax Increment Financing (TIF), which is then used to help stimulate development by using a wide variety of techniques. The Authority currently participates in a multitude of projects, either by offering direct incentives to private developers, utilizing public/private partnerships, or by directly investing in public improvements. The Authority may only operate in City Council approved "project areas" and TIF may only be spent in the project area in which it was collected. Current Authority project areas include: the Expanded Phase 1 Project Area, the Lake Minnequa Project Area, the North Pueblo Project Area, South Santa Fe Project Area, Thunder Village Project Area, Saint Charles Project Area, Fountain Creek (East Side) Project Area, Union Avenue Project Area, Lower West Side Project Area, Regional Tourism Act Project and the Memorial Hall.
- **Business-type activities** – The Pueblo Convention Center operations are reported here and include transfers in from the Memorial Hall capital projects fund to subsidize operations and debt service of the Convention Center and Memorial Hall.

## Reporting the Authority's Most Significant Funds

### Fund Financial Statements

The fund financial statements begin on page 5 and provide detailed information about the most significant funds – not the Authority as a whole. The Authority's two kinds of funds – governmental and proprietary – use different types of accounting approaches.

#### Governmental Funds

The Authority reports the following major governmental funds:

- The general fund is the primary operating fund of the Authority and is always classified as a major fund. The general fund is used to account for all financial resources of the Authority except those resources, if any, that are required to be accounted for in a separate fund. Major revenue sources include property taxes and investment earnings. Primary expenditures include general government, economic development and interest on long-term debt. Other major funds of the Authority include the Expanded Downtown District, St. Charles District, Lake Minnequa District, Regional Tourism, Memorial Hall Capital Project Fund, and the Debt Service Fund. All other funds, not considered major, are reported in Other Governmental Funds.

#### Proprietary Fund

The following is a description of the major proprietary fund of the Authority:

- The proprietary fund accounts for the operation of the Authority's Convention Center activities. Activities of the fund include operation and maintenance of the Convention Center, along with accumulation of resources for the payment of principal and interest on the revenue bonds outstanding. The Convention Center is managed by Spectra Management under a management agreement with the Authority. All costs of the Convention Center are financed through charges to users, along with transfers of vendor fee revenues from the Memorial Hall Fund to subsidize operations and debt service payments.

## The Authority as a Whole

The Authority's combined net position increased in 2017 by \$4,949,937. The combined increase came from an increase of \$4,638,438 in governmental activities and an increase of \$311,499 in business-type activities. The table below reports a summary of the Statement of Net Position.

|                                               | <u>Governmental Activities</u> |                       | <u>Business Type Activities</u> |                     | <u>Total</u>        |                     |
|-----------------------------------------------|--------------------------------|-----------------------|---------------------------------|---------------------|---------------------|---------------------|
|                                               | <u>2017</u>                    | <u>2016</u>           | <u>2017</u>                     | <u>2016</u>         | <u>2017</u>         | <u>2016</u>         |
| Current and other assets                      | \$7,999,883                    | \$12,155,567          | \$945,019                       | \$5,073,690         | \$8,944,902         | \$17,229,267        |
| Restricted assets                             | \$21,473,194                   | \$3,151,118           | \$0                             | \$0                 | \$21,473,194        | \$3,151,118         |
| Capital assets, net                           | \$12,494,028                   | \$1,276,294           | \$7,444,943                     | \$7,265,558         | \$19,938,971        | \$8,541,852         |
| Total assets                                  | <u>\$41,967,105</u>            | <u>\$16,582,979</u>   | <u>\$8,389,962</u>              | <u>\$12,339,248</u> | <u>\$50,357,067</u> | <u>\$28,922,227</u> |
| Deferred outflows of resources                | \$327,845                      | \$197,840             | \$735,462                       | \$735,462           | \$1,063,307         | \$933,302           |
| Current liabilities                           | \$2,369,429                    | \$1,751,585           | \$423,268                       | \$275,040           | \$2,792,697         | \$2,026,625         |
| Revenue bonds and notes                       | \$39,286,230                   | \$23,169,177          | \$3,882,522                     | \$4,160,024         | \$43,168,752        | \$27,329,201        |
| Total liabilities                             | <u>\$41,655,659</u>            | <u>\$24,920,762</u>   | <u>\$4,305,790</u>              | <u>\$4,435,064</u>  | <u>\$45,961,449</u> | <u>\$29,355,826</u> |
| Deferred inflows of resources                 | \$4,346,966                    | \$4,276,692           | \$0                             | \$60,989            | \$4,346,966         | \$4,337,681         |
| Net assets:                                   |                                |                       |                                 |                     |                     |                     |
| Net investment in capital assets              | \$12,494,028                   | \$1,276,294           | \$3,704,623                     | \$3,177,562         | \$16,198,651        | \$4,453,856         |
| Restricted for Debt Svc and district projects | \$24,773,853                   | \$4,043,185           | \$0                             | \$0                 | \$24,773,853        | \$4,043,185         |
| Restricted for regional tourism project       | \$0                            | \$0                   | \$0                             | \$4,080,136         | \$0                 | \$4,080,136         |
| Unrestricted                                  | \$(40,975,556)                 | \$(17,736,114)        | \$1,115,011                     | \$1,320,959         | \$(39,860,545)      | \$(16,415,155)      |
| Total Net Assets                              | <u>\$(3,707,675)</u>           | <u>\$(12,416,635)</u> | <u>\$4,819,634</u>              | <u>\$8,578,657</u>  | <u>\$1,111,959</u>  | <u>\$3,837,978</u>  |

The following table is a brief summary of the reported changes in net position:

|                                    | <u>Governmental Activities</u> |                    | <u>Business-type Activities</u> |                    | <u>Total</u>        |                     |
|------------------------------------|--------------------------------|--------------------|---------------------------------|--------------------|---------------------|---------------------|
|                                    | <u>2017</u>                    | <u>2016</u>        | <u>2017</u>                     | <u>2016</u>        | <u>2017</u>         | <u>2016</u>         |
| <b>Revenues</b>                    |                                |                    |                                 |                    |                     |                     |
| Program revenues:                  |                                |                    |                                 |                    |                     |                     |
| Charges for services               | \$155,269                      | \$140,456          | \$1,214,124                     | \$1,343,178        | \$1,369,393         | \$1,483,634         |
| Operating grants and contribs.     | \$0                            | \$0                | \$0                             | \$0                | \$0                 | \$0                 |
| Capital grants and contribs        | \$607,167                      | \$636,536          | \$372,000                       | \$0                | \$979,167           | \$636,536           |
| General revenues                   |                                |                    |                                 |                    |                     |                     |
| Property taxes                     | \$4,248,234                    | \$4,468,420        | \$0                             | \$0                | \$4,248,234         | \$4,468,420         |
| Sales tax increment                | \$1,598,772                    | \$0                | \$0                             | \$2,123,175        | \$1,598,772         | \$2,123,175         |
| Vendors' fee                       | \$2,032,222                    | \$1,932,198        | \$0                             | \$0                | \$2,032,222         | \$1,932,198         |
| Gain on Asset Exchange             | \$4,477,346                    | \$0                | \$0                             | \$0                | \$4,477,346         | \$0                 |
| Interest earnings                  | \$76,662                       | \$96,516           | \$0                             | \$0                | \$76,662            | \$96,516            |
| Miscellaneous                      | \$118,966                      | \$6,756            | \$0                             | \$0                | \$118,966           | \$6,756             |
| <b>Total Revenues:</b>             | <b>\$13,314,638</b>            | <b>\$7,280,882</b> | <b>\$1,586,124</b>              | <b>\$3,466,353</b> | <b>\$14,900,762</b> | <b>\$10,747,235</b> |
| <b>Expenses</b>                    |                                |                    |                                 |                    |                     |                     |
| General Government                 | \$1,178,410                    | \$512,846          | \$0                             | \$0                | \$1,178,410         | \$512,846           |
| Economic Development               | \$4,452,715                    | \$6,478,193        | \$0                             | \$0                | \$4,452,715         | \$6,478,193         |
| Interest on long term debt         | \$1,617,932                    | \$1,191,256        | \$0                             | \$0                | \$1,617,932         | \$1,191,256         |
| Convention Center                  | \$0                            | \$0                | \$2,701,768                     | \$2,625,239        | \$2,701,768         | \$2,625,239         |
| <b>Total Expenses:</b>             | <b>\$7,249,057</b>             | <b>\$8,182,295</b> | <b>\$2,701,768</b>              | <b>\$2,625,239</b> | <b>\$9,950,825</b>  | <b>\$10,807,504</b> |
| Increase(decrease) in net position | \$6,065,581                    | \$(901,383)        | \$(1,115,644)                   | \$841,114          | \$4,949,937         | \$(60,269)          |
| Transfers in/(out)                 | \$(1,427,143)                  | \$(907,567)        | \$1,427,143                     | \$907,567          | \$0                 | \$0                 |
| Changes in net position            | \$4,638,438                    | \$(1,808,950)      | \$311,499                       | \$1,748,681        | \$4,949,937         | \$(60,269)          |
| Net position, January 1            | \$(8,346,113)                  | \$(10,607,685)     | \$4,508,135                     | \$6,829,976        | \$(3,837,978)       | \$(3,777,709)       |
| Net position, December 31          | \$(3,707,675)                  | \$(12,416,635)     | \$4,819,634                     | \$8,578,657        | \$1,111,959         | \$(3,837,978)       |

### **Governmental Activities-Change in Net Position**

The Authority's governmental activities program revenue for 2017 was \$762,436 and the general revenue was \$12,552,202. Expenses totaled \$7,249,057. The resulting change in net position, after transfers, for governmental activities was an increase of \$4,638,438. The following factors contributed to the increase for the Authority as a whole. Reclassification of the Regional Tourism Fund to a Governmental Fund.

The governmental activities primary revenue source is from vendors' fees and tax increment financing (TIF). TIF is the difference between property and/or sales taxes after a development is completed and before a development is started. The Authority anticipates future TIF and vendors' fee revenues will be adequate to cover project expenses and debt service.

### Business-Type Activities-Change in Net Position

Program revenues from the Authority's business-type activities which include the Pueblo Convention Center totaled \$1,586,124. Expenses totaled \$2,701,768. The resulting change in net position, after transfers, for business-type activities was an increase of \$311,499. The increase is primarily due to additional revenues in charges for services and the transfer in of \$372,000 from Vendor Fee.

### The Authority's Funds

The governmental funds consist of the general fund, four (4) major special revenue funds, one (2) major capital projects fund, one (1) Regional Tourism Fund, one (1) debt service fund, and three (3) non-major special revenue funds. South Santa Fe and Union Avenue district have been included with the general fund because they no longer meet the criteria of special revenue fund under generally accepted accounting principles. Revenues and expenditures of the TIF project areas and the Memorial Hall project are included in these funds. The fund balances are reported as non-spendable, restricted, committed, assigned or unassigned.

### Capital Assets

At the end of 2017, the Authority had \$19.9 million invested in capital assets. The amount represents a increase of \$11,398,119 from 2016. These capital assets include land, buildings, improvements, along with furniture and fixtures. The Authority strives to maintain its assets in good working condition. The increase in capital assets during 2017 is due primarily to the addition of the Main Street Parking Garage as a building owned by PURA..

|                         | <u>Governmental Activities</u> |             | <u>Business-type Activities</u> |             | <u>Total</u> |             |
|-------------------------|--------------------------------|-------------|---------------------------------|-------------|--------------|-------------|
|                         | <u>2017</u>                    | <u>2016</u> | <u>2017</u>                     | <u>2016</u> | <u>2017</u>  | <u>2016</u> |
| Non-depreciable assets- |                                |             |                                 |             |              |             |
| Land                    | \$918,435                      | \$918,285   | \$326,094                       | \$326,094   | \$1,244,529  | \$1,244,379 |
| Medal of Honor Memorial | \$0                            | \$0         | \$295,097                       | \$295,097   | \$295,097    | \$295,097   |
| Depreciable assets-     |                                |             |                                 |             |              |             |
| Buildings               | \$11,574,910                   | \$357,132   | \$5,762,392                     | \$5,954,055 | \$17,337,301 | \$6,311,187 |
| Improvements            | \$0                            | \$0         | \$702,015                       | \$482,964   | \$702,015    | \$482,964   |
| Fixtures                | \$683                          | \$877       | \$359,345                       | \$207,348   | \$360,026    | \$208,225   |
| Totals:                 | \$12,494,028                   | \$1,276,294 | \$7,444,943                     | \$7,265,558 | \$19,938,971 | \$8,540,852 |

## Debt Administration

### Bonds Payable

The Authority has outstanding bonds payable of \$37,307,900 which is an increase of \$16,429,900 from 2016.

|   | Issue Date | Maturity Date | Purpose                | Issue Amount  | Interest Rate                    | 12/31/2017 Balance |
|---|------------|---------------|------------------------|---------------|----------------------------------|--------------------|
| a | 2011       | 2038          | Historic Memorial Hall | \$ 10,000,000 | 2.25% to 5.25%<br>(tax exempt)   | \$ 9,705,000       |
| b | 2011       | 2028          | Convention Center      | \$ 3,890,000  | 2.25% to 5.5%<br>(tax exempt)    | \$ 3,635,000       |
| c | 2017       | 2029          | Parking Garage         | \$ 7,363,000  | 4.698% to 4.937%<br>(tax exempt) | \$ 6,937,900       |
| D | 2017       | 2036          | RTA Project            | \$ 17,030,000 | 2.25% to 5.00%<br>(tax exempt)   | \$ 17,030,000      |

- a. In 2011, Series 2011B improvement revenue bonds in the amount of \$10 million were issued for the purpose of providing funds for the remodeling and restoring of the historic Memorial Hall which is within the expanded downtown project area. 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.
- b. In conjunction with the issuance of the Series 2011B bonds for the Memorial Hall project, the Series 2005 convention center bonds were refunded. The new bonds consist of Series 2011A taxable revenue refunding bonds in the amount of \$1,590,000, which was paid off in 2016, and Series 2011B tax-exempt refunding bonds in the amount of \$3,890,000. 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 that is reported as revenue in the Memorial Hall fund and subsequently transferred to the convention center fund for debt service.
- c. In 2006, revenue bonds of \$9,500,000 were issued to assist in the financing and construction of a parking garage. The incremental property tax collected from 2007 to 2030 from the expanded project area is pledged to repay the 2006 series bonds. In addition, the Authority has entered into a cooperation agreement with the City to share the debt service and other expenses incurred related to the 2006 bonds in the ratio of 40% to be paid by the City and 60% to be paid by the Authority. In 2008, the Authority converted these bonds to tax-exempt bonds resulting in interest savings of \$2.7 million over the remaining 20 years. The expanded project area TIF is pledged to repay the series 2008 bonds. Any excess TIF that is generated by the expanded project area that is above and beyond the annual debt service payment and reserve requirements is returned to the Authority. In 2017 a Revenue refunding took place for a total of \$7,363,000 principle with and interest rate of 3.95% to mature in 2029.
- d. In 2017, revenue bonds of \$17,030,000 were issued to assist in the financing and construction of the Regional Tourism Act Projects phase 1 and component parts of 2 and 3 consisting of the Expansion of the Pueblo Convention Center and the Professional Bull Riders Sports Performance Institute. The interest on the bonds range from 2.25% to 5.00% and will mature June 2036.

## Bank Note Issue and Other Notes Payable

- e. A bank note of \$3,000,000 was issued in March 2011 to provide funds for the construction of certain infrastructure and other improvements in the Lake Minnequa project area. Interest and principal on this note is payable from the pledged incremental property taxes generated in the Lake Minnequa project area. The interest rate is 4.5% and the balance at December 31, 2017 was \$2,420,000.
- f. In 2011, the Authority also executed a note in the amount of \$256,000 to finance new office space at 115 E. Riverwalk, Unit 401, Pueblo, Colorado. The interest rate is 3.276% and the balance at December 31, 2015 was \$217,415. This note remained outstanding at December 31, 2016 with a balance of \$207,851. The note was refinanced on February 6, 2017 in the amount of \$206,188. The interest rate is 4.004%. The balance at December 31, 2017 was \$173,350 and will mature January 2022.
- g. In December, 2013 a \$4,000,000 multi-draw term bank note was executed to fund the North Pueblo Dillon Flyover project. The interest rate is 3.95% due in annual installments of \$327,942. The principal balance at year end 2017 was \$2,909,001. The North Pueblo project area currently does not generate adequate property tax increment to cover the annual loan payment. The Authority executed a cooperation agreement with the City of Pueblo, whereby, the City agreed to contribute an amount equal to the debt service payment shortfall until the project area is able to generate revenues to satisfy the debt service payment. The Authority has agreed to repay the City contributions with simple interest at 5% as revenues in the project area grow.

## Due From/To Primary Government

The Authority has several agreements with the City of Pueblo for various projects and activities as follows:

|                                                             | <u>Governmental Activities</u> |                    |
|-------------------------------------------------------------|--------------------------------|--------------------|
|                                                             | <u>2017</u>                    | <u>2016</u>        |
| Governmental activities                                     |                                |                    |
| Due from City of Pueblo for, Lake Ave. infrastructure costs | \$0                            | \$(16,651)         |
| Due to City of Pueblo for,                                  |                                |                    |
| Payments on Dillon Flyover loan                             | \$824,336                      | \$615,680          |
| Accounts payable for 1601 study-North Pueblo                | \$496,333                      | \$496,333          |
| Convention Center Note                                      | 218,000                        | 0                  |
|                                                             | <u>\$1,538,669</u>             | <u>\$1,112,013</u> |

- The parking garage expenses result from a letter of understanding between the City and the Authority whereby the Authority and City share the net costs of the parking facility that is owned by the Main Street Parking Garage Corporation. The City is responsible for 40% of the net costs and the Authority is responsible for 60% of net costs. During 2017, the City of Pueblo contributed \$428,389 to the Authority to cover the annual debt service on the Main Street Parking Garage. In accordance with a cooperation agreement signed in December 2006, the amount represents the City's 40% cost sharing obligation for debt service and operations.
- The Authority has committed to providing 20% of the total 1601 study costs to the City of Pueblo for planning the Dillon Drive flyover and split diamond exchange in the North Pueblo project area. The agreement with the City provides that the tax increment

revenues generated by the North side TIF are pledged for repayment of this obligation. In 2017, the Authority reimbursed the City of Pueblo \$0 for the 1601 study.

- During 2014, the Authority entered into a construction and maintenance agreement with the City of Pueblo for the Lake Avenue Streetscape project. As a part of the agreement, the City agreed to pay for drainage, storm water and sanitary sewer upgrades in the area. The Authority paid for these improvements and the “Due from City of Pueblo” represents those costs which the City has agreed to pay the Authority. The City has fully reimbursed the Authority. In addition, the Agreement assigns the responsibility for maintenance of the improvements to the Authority for the next 20 years ending in 2031.
- During 2017, the Authority entered into two promissory notes totaling \$14.4 million with the City of Pueblo for the RTA Projects consisting of the expansion to the Pueblo Convention Center and Professional Bull Riders Sports Performance Institute. The total drawn and outstanding on this note at December 31, 2017 is \$218,000.

### **Contingencies and Commitments**

The following commitments are not reflected on the Authority's financial statements. They are, however, included in the footnotes of the audit report. The Authority will record the liabilities for these commitments when TIF dollars are collected and expended by the Authority.

- Thunder Village Metropolitan District (TVMD): The Authority has entered into an agreement with TVMD which provides that the Authority will reimburse TVMD for the costs of certain public improvements. As of December 31, 2011, the Authority received \$7.05 million in reimbursement requests from TVMD. The Authority will repay the district using future TIF revenues generated in the taxing area until 2032. In 2017 the Authority reimbursed TVMD \$2,823.
- Vestas: The Authority entered into a reimbursement agreement with Vestas Towers America, Inc. (Vestas). This agreement provides the Authority will reimburse Vestas for its costs incurred for certain public improvements up to \$12.5 million plus 4.5% interest per annum subject to the collection of the tax increment revenues. The Authority will also pay 50% of the County personal property taxes assessed for a period of 10 years beginning in 2012. In conjunction with the Vestas reimbursement agreement, the Authority also approved a cooperation agreement with the City whereby the Authority will remit to the City of Pueblo an amount equal to the City's proportion of the total mill levy. In addition the Authority has committed to pay \$7,568,732 to the County of Pueblo and the Board of Water Works of Pueblo after Vestas has been paid in full. On November 11, 2010, Vestas submitted a formal reimbursement request in the amount of \$12,500,000. In 2017, the Authority reimbursed Vestas \$1,218,486 in principal, \$65,667 in interest, \$953,181 in county personal property tax credits for a total of \$2,237,334, \$23,535 in Pueblo County Reimbursement, and \$18,828 in Board of Water Works Reimbursement. At December 31, 2017, the principal amount payable to Vestas was paid in Full. . Pueblo County reimbursement balance was \$4,098,464, and the Board of Water Works reimbursement balance was \$3,427,903.
- In connection with the North Pueblo Dillon Flyover loan, the Authority entered into an agreement with the City of Pueblo, which allows for 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 district eventually provides the Authority with a surplus of incremental property taxes, the Authority will repay the shortfall

payments made by the City, along with 5% of simple interest. During 2017, the City paid \$178,778 in debt service shortfall.

## **Budgetary Highlights**

The Authority adopts budgets for all funds and each fund uses the current financial resources measurement and the modified accrual basis of accounting in preparing the budgets. Expenditure estimates in the annual budgets are enacted into law through the passage of a resolution. The board of commissioners may amend the original adopted budget during the year by passing a new resolution to reflect current needs. The level of budgetary control for all funds is at the total fund level which means that total uses cannot exceed total appropriations for that fund. Detailed budget comparison schedules for each fund can be found in the supplementary information section of the audited financial statements.

## **Requests for Information**

This financial report is designed to provide a general overview of the Authority's finances for all interested parties. Questions concerning any of the information provided in this report or request for additional information should be addressed to the Chairman of the Pueblo Urban Renewal Authority Board, 115 E. Riverwalk, Unit 410, Pueblo, CO 81003



**Haynie &  
Company**

**Certified Public Accountants** (a professional corporation)

1221 West Mineral Ave, Ste. 202 Littleton, Colorado 80120-4544 (303) 734-4800 Fax (303) 795-3356

## INDEPENDENT AUDITOR'S REPORT

Board of Commissioners  
Pueblo Urban Renewal Authority  
Pueblo, Colorado

We have audited the accompanying financial statements of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of Pueblo Urban Renewal Authority (the Authority) as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Authority'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.

### **Auditors' Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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.



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**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Pueblo Urban Renewal Authority as of December 31, 2017, 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*

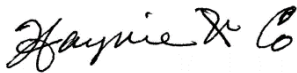
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the 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 Authority's basic financial statements. The combining and individual nonmajor fund financial statements and other schedules as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and other schedules as listed in the table of contents 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 other schedules as listed in the table of contents are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated \_\_\_\_\_, 2018, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.



Littleton, Colorado

June 29, 2018

## **BASIC FINANCIAL STATEMENTS**

**Pueblo Urban Renewal Authority**  
(a component unit of the City of Pueblo, Colorado)  
**Statement of Net Position**  
**December 31, 2017**

|                                                   | <b>GOVERNMENTAL<br/>ACTIVITIES</b> | <b>BUSINESS-TYPE<br/>ACTIVITIES</b> | <b>TOTAL</b> |
|---------------------------------------------------|------------------------------------|-------------------------------------|--------------|
| <b>ASSETS</b>                                     |                                    |                                     |              |
| Cash and Cash Equivalents                         | \$ 955,059                         | \$ 570,461                          | \$ 1,525,520 |
| Restricted cash and cash equivalents              | 1,279,560                          | -                                   | 1,279,560    |
| Receivables                                       | 5,877,065                          | 90,035                              | 5,967,100    |
| Internal balances                                 | (142,202)                          | 142,202                             | -            |
| Inventory and prepaid items                       | 30,401                             | 142,321                             | 172,722      |
| Restricted assets under debt obligations:         |                                    |                                     |              |
| Cash and cash equivalents                         | 749,271                            | -                                   | 749,271      |
| Investments                                       | 20,723,923                         | -                                   | 20,723,923   |
| Capital assets, net of accumulated depreciation:  |                                    |                                     |              |
| Land and non-depreciable assets                   | 918,435                            | 621,191                             | 1,539,626    |
| Buildings                                         | 11,574,912                         | 5,762,392                           | 17,337,304   |
| Improvements                                      | -                                  | 702,015                             | 702,015      |
| Furniture and fixtures                            | 681                                | 359,345                             | 360,026      |
| Total capital assets, net                         | 12,494,028                         | 7,444,943                           | 19,938,971   |
| <b>TOTAL ASSETS</b>                               | 41,967,105                         | 8,389,962                           | 50,357,067   |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>             |                                    |                                     |              |
| Deferred amounts on refunding                     | 239,000                            | 735,462                             | 974,462      |
| Deferred outflows related to pension              | 88,845                             | -                                   | 88,845       |
| <b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>       | 327,845                            | 735,462                             | 1,063,307    |
| <b>LIABILITIES</b>                                |                                    |                                     |              |
| Accounts payable and accrued expenses             | 297,405                            | 423,268                             | 720,673      |
| Due to primary government                         | 1,538,669                          | -                                   | 1,538,669    |
| Net pension liability                             | 533,355                            | -                                   | 533,355      |
| Long-term liabilities:                            |                                    |                                     |              |
| Due within one year                               | 2,320,393                          | 252,498                             | 2,572,891    |
| Due in more than one year                         | 36,965,837                         | 3,630,024                           | 40,595,861   |
| <b>TOTAL LIABILITIES</b>                          | 41,655,659                         | 4,305,790                           | 45,961,449   |
| <b>DEFERRED INFLOWS OF RESOURCES</b>              |                                    |                                     |              |
| Property taxes                                    | 4,346,966                          | -                                   | 4,346,966    |
| <b>TOTAL DEFERRED INFLOW OF RESOURCES</b>         | 4,346,966                          | -                                   | 4,346,966    |
| <b>NET POSITION</b>                               |                                    |                                     |              |
| Net investment in capital assets                  | 12,494,028                         | 3,704,623                           | 16,198,651   |
| Restricted for debt service and district projects | 24,773,853                         | -                                   | 24,773,853   |
| Unrestricted                                      | (40,975,556)                       | 1,115,011                           | (39,860,545) |
| <b>TOTAL NET POSITION</b>                         | \$ (3,707,675)                     | \$ 4,819,634                        | \$ 1,111,959 |

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

**Pueblo Urban Renewal Authority**  
(a component unit of the City of Pueblo, Colorado)  
**Statement of Activities**  
For the Year Ended December 31, 2017

| FUNCTIONS / PROGRAMS                  | EXPENSES            | PROGRAM REVENUES     |                                                    |                                  | NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION |                          |                       |
|---------------------------------------|---------------------|----------------------|----------------------------------------------------|----------------------------------|---------------------------------------------------|--------------------------|-----------------------|
|                                       |                     | CHARGES FOR SERVICES | OPERATING GRANTS AND CONTRIBUTIONS                 | CAPITAL GRANTS AND CONTRIBUTIONS | GOVERNMENTAL ACTIVITIES                           | BUSINESS-TYPE ACTIVITIES | TOTAL                 |
| <b>Governmental activities:</b>       |                     |                      |                                                    |                                  |                                                   |                          |                       |
| General Government                    | \$ 1,178,410        | \$ 155,269           | \$ -                                               | \$ -                             | \$ (1,023,141)                                    | \$ -                     | \$ (1,023,141)        |
| Economic development                  | 4,452,715           | -                    | -                                                  | 607,167                          | (3,845,548)                                       | -                        | (3,845,548)           |
| Interest and Related Costs            | 1,617,932           | -                    | -                                                  | -                                | (1,617,932)                                       | -                        | (1,617,932)           |
| <b>Total Governmental Activities</b>  | <u>7,249,057</u>    | <u>155,269</u>       | <u>-</u>                                           | <u>607,167</u>                   | <u>(6,486,621)</u>                                | <u>-</u>                 | <u>(6,486,621)</u>    |
| <b>Business-Type Activities:</b>      |                     |                      |                                                    |                                  |                                                   |                          |                       |
| Convention center                     | 2,701,768           | 1,214,124            | -                                                  | 372,000                          | -                                                 | (1,115,644)              | (1,115,644)           |
| <b>Total Business-Type Activities</b> | <u>2,701,768</u>    | <u>1,214,124</u>     | <u>-</u>                                           | <u>372,000</u>                   | <u>-</u>                                          | <u>(1,115,644)</u>       | <u>(1,115,644)</u>    |
| <b>TOTAL</b>                          | <u>\$ 9,950,825</u> | <u>\$ 1,369,393</u>  | <u>\$ -</u>                                        | <u>\$ 979,167</u>                | <u>\$ (6,486,621)</u>                             | <u>\$ (1,115,644)</u>    | <u>\$ (7,602,265)</u> |
|                                       |                     |                      | Taxes:                                             |                                  |                                                   |                          |                       |
|                                       |                     |                      | Property taxes levied for general purposes         |                                  | \$ 43,899                                         | \$ -                     | \$ 43,899             |
|                                       |                     |                      | Property taxes levied for debt service             |                                  | 1,315,022                                         | -                        | 1,315,022             |
|                                       |                     |                      | Property taxes levied for reimbursement agreements |                                  | 2,889,313                                         | -                        | 2,889,313             |
|                                       |                     |                      | Sales tax increment                                |                                  | 1,598,772                                         | -                        | 1,598,772             |
|                                       |                     |                      | Vendor's fee                                       |                                  | 2,032,222                                         | -                        | 2,032,222             |
|                                       |                     |                      | Gain/(loss) on asset exchange                      |                                  | 4,477,346                                         | -                        | 4,477,346             |
|                                       |                     |                      | Interest earnings                                  |                                  | 76,662                                            | -                        | 76,662                |
|                                       |                     |                      | Other                                              |                                  | 118,966                                           | -                        | 118,966               |
|                                       |                     |                      | Transfers                                          |                                  | (1,427,143)                                       | 1,427,143                | -                     |
|                                       |                     |                      | Total general revenues and transfers               |                                  | 11,125,059                                        | 1,427,143                | 12,552,202            |
|                                       |                     |                      | Change in net position                             |                                  | 4,638,438                                         | 311,499                  | 4,949,937             |
|                                       |                     |                      | <b>NET POSITION, BEGINNING</b>                     |                                  | <u>(8,346,113)</u>                                | <u>4,508,135</u>         | <u>(3,837,978)</u>    |
|                                       |                     |                      | <b>NET POSITION, ENDING</b>                        |                                  | <u>\$ (3,707,675)</u>                             | <u>\$ 4,819,634</u>      | <u>\$ 1,111,959</u>   |

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

**Pueblo Urban Renewal Authority**  
(a component unit of the City of Pueblo, Colorado)

**Balance Sheet**  
**Governmental Funds**  
**December 31, 2017**

|                                                                           | GENERAL<br>FUND   | REGIONAL<br>TOURISM  | MEMORIAL<br>HALL    | DEBT<br>SERVICE<br>FUND | EXPANDED<br>DOWNTOWN<br>DISTRICT | ST. CHARLES<br>DISTRICT | SPECIAL<br>REVENUE FUNDS     |                             |                                | TOTAL<br>GOVERNMENTAL<br>FUNDS |
|---------------------------------------------------------------------------|-------------------|----------------------|---------------------|-------------------------|----------------------------------|-------------------------|------------------------------|-----------------------------|--------------------------------|--------------------------------|
|                                                                           |                   |                      |                     |                         |                                  |                         | LAKE<br>MINNEQUA<br>DISTRICT | NORTH<br>PUEBLO<br>DISTRICT | OTHER<br>GOVERNMENTAL<br>FUNDS |                                |
| <b>ASSETS</b>                                                             |                   |                      |                     |                         |                                  |                         |                              |                             |                                |                                |
| Cash and cash equivalents                                                 | 132,422           | \$ -                 | \$ -                | \$ -                    | \$ 578,665                       | \$ 6,369                | \$ 226,945                   | \$ -                        | \$ 10,658                      | \$ 955,059                     |
| Restricted cash and cash equivalents                                      | -                 | 1,279,560            | -                   | -                       | -                                | -                       | 420,417                      | 328,854                     | -                              | 2,028,831                      |
| Restricted investments                                                    | -                 | 18,569,283           | 1,777,062           | -                       | 377,578                          | -                       | -                            | -                           | -                              | 20,723,923                     |
| Accounts and other receivables                                            | 48,453            | 1,282,268            | 157,167             | -                       | 4,430                            | -                       | -                            | -                           | -                              | 1,492,318                      |
| Property taxes receivable                                                 | 425               | -                    | -                   | -                       | 640,683                          | 2,839,625               | 602,184                      | 252,156                     | 11,893                         | 4,346,966                      |
| Notes receivable                                                          | 37,781            | -                    | -                   | -                       | -                                | -                       | -                            | -                           | -                              | 37,781                         |
| Prepaid expenses                                                          | 30,401            | -                    | -                   | -                       | -                                | -                       | -                            | -                           | -                              | 30,401                         |
| Advance to other funds                                                    | 77,605            | -                    | -                   | -                       | -                                | -                       | -                            | -                           | -                              | 77,605                         |
| <b>TOTAL ASSETS</b>                                                       | <u>\$ 327,087</u> | <u>\$ 21,131,111</u> | <u>\$ 1,934,229</u> | <u>\$ -</u>             | <u>\$ 1,601,356</u>              | <u>\$ 2,845,994</u>     | <u>\$ 1,249,546</u>          | <u>\$ 581,010</u>           | <u>\$ 22,551</u>               | <u>\$ 29,692,884</u>           |
| <b>LIABILITIES, DEFERRED INFLOW OF RESOURCES AND FUND BALANCES</b>        |                   |                      |                     |                         |                                  |                         |                              |                             |                                |                                |
| <b>LIABILITIES</b>                                                        |                   |                      |                     |                         |                                  |                         |                              |                             |                                |                                |
| Accounts payable                                                          | \$ 6,592          | \$ 20,240            | \$ 2,500            | \$ -                    | \$ 4,089                         | \$ -                    | \$ -                         | \$ -                        | \$ 49                          | \$ 33,470                      |
| Accrued liabilities                                                       | 79,858            | -                    | -                   | -                       | -                                | -                       | -                            | -                           | -                              | 79,858                         |
| Advance from other funds                                                  | 1,282             | -                    | 142,202             | -                       | -                                | -                       | 76,127                       | -                           | 196                            | 219,807                        |
| <b>TOTAL LIABILITIES</b>                                                  | <u>87,732</u>     | <u>20,240</u>        | <u>144,702</u>      | <u>-</u>                | <u>4,089</u>                     | <u>-</u>                | <u>76,127</u>                | <u>-</u>                    | <u>245</u>                     | <u>333,135</u>                 |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                      |                   |                      |                     |                         |                                  |                         |                              |                             |                                |                                |
| Property taxes                                                            | 425               | -                    | -                   | -                       | 640,683                          | 2,839,625               | 602,184                      | 252,156                     | 11,893                         | 4,346,966                      |
| <b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>                                | <u>425</u>        | <u>-</u>             | <u>-</u>            | <u>-</u>                | <u>640,683</u>                   | <u>2,839,625</u>        | <u>602,184</u>               | <u>252,156</u>              | <u>11,893</u>                  | <u>4,346,966</u>               |
| <b>FUND BALANCES</b>                                                      |                   |                      |                     |                         |                                  |                         |                              |                             |                                |                                |
| Nonspendable                                                              | \$ 30,401         | \$ -                 | \$ -                | \$ -                    | \$ -                             | \$ -                    | \$ -                         | \$ -                        | \$ -                           | \$ 30,401                      |
| Restricted                                                                | -                 | 21,110,871           | 1,789,527           | -                       | 956,584                          | 6,369                   | 571,235                      | 328,854                     | 10,413                         | 24,773,853                     |
| Unassigned                                                                | 208,529           | -                    | -                   | -                       | -                                | -                       | -                            | -                           | -                              | 208,529                        |
| <b>TOTAL FUND BALANCES</b>                                                | <u>238,930</u>    | <u>21,110,871</u>    | <u>1,789,527</u>    | <u>-</u>                | <u>956,584</u>                   | <u>6,369</u>            | <u>571,235</u>               | <u>328,854</u>              | <u>10,413</u>                  | <u>25,012,783</u>              |
| <b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b> | <u>\$ 327,087</u> | <u>\$ 21,131,111</u> | <u>\$ 1,934,229</u> | <u>\$ -</u>             | <u>\$ 1,601,356</u>              | <u>\$ 2,845,994</u>     | <u>\$ 1,249,546</u>          | <u>\$ 581,010</u>           | <u>\$ 22,551</u>               | <u>\$ 29,692,884</u>           |

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

**Pueblo Urban Renewal Authority**  
(a component unit of the City of Pueblo, Colorado)  
**Reconciliation of the Governmental Funds Balance Sheet  
to the Statement of Net Position**  
**For the Year Ended December 31, 2017**

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

Total fund balance - governmental funds \$ 25,012,783

The deferred outflows below are not current assets or financial resources; and the deferred inflows are not due and payable in the current period and therefore are not reported in the Governmental Funds.

|                                      |         |
|--------------------------------------|---------|
| Deferred amounts on refunding        | 239,000 |
| Deferred outflows related to pension | 88,845  |

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds:

|                          |            |
|--------------------------|------------|
| Capital assets           | 12,695,667 |
| Accumulated depreciation | (201,639)  |
| Net capital assets       | 12,494,028 |

Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds balance sheet. Long-term liabilities at year end consist of:

|                                              |              |
|----------------------------------------------|--------------|
| Revenue bonds payable                        | (6,937,900)  |
| Revenue improvement bonds payable            | (9,705,000)  |
| Premium on revenue improvement bonds payable | (208,467)    |
| Sales tax increment bonds                    | (17,030,000) |
| Discount on sales tax increment bonds        | 132,748      |
| Bank notes payable                           | (5,502,351)  |
| Due to primary government                    | (1,538,669)  |
| Net pension liability                        | (533,355)    |
| Accrued interest payable                     | (184,077)    |
| Compensated absences                         | (35,260)     |
| Total long-term liabilities                  | (41,542,331) |

**Total net position - governmental activities** **\$ (3,707,675)**

**Pueblo Urban Renewal Authority**  
(a component unit of the City of Pueblo, Colorado)  
**Governmental Funds**  
**Combined Statement of Revenues, Expenditures**  
**and Changes in Fund Balances**  
**For the Year Ended December 31, 2017**

|                                                             | GENERAL<br>FUND   | REGIONAL<br>TOURISM  | MEMORIAL<br>HALL    | DEBT<br>SERVICE<br>FUND | SPECIAL<br>REVENUE FUNDS         |                         |                              |                             |                                | TOTAL<br>GOVERNMENTAL<br>FUNDS |
|-------------------------------------------------------------|-------------------|----------------------|---------------------|-------------------------|----------------------------------|-------------------------|------------------------------|-----------------------------|--------------------------------|--------------------------------|
|                                                             |                   |                      |                     |                         | EXPANDED<br>DOWNTOWN<br>DISTRICT | ST. CHARLES<br>DISTRICT | LAKE<br>MINNEQUA<br>DISTRICT | NORTH<br>PUEBLO<br>DISTRICT | OTHER<br>GOVERNMENTAL<br>FUNDS |                                |
| <b>REVENUES:</b>                                            |                   |                      |                     |                         |                                  |                         |                              |                             |                                |                                |
| Property taxes                                              | \$ 43,899         | \$ -                 | \$ -                | \$ -                    | \$ 606,957                       | \$ 2,877,543            | \$ 532,833                   | \$ 174,872                  | \$ 12,130                      | \$ 4,248,234                   |
| Intergovernmental                                           | -                 | 1,598,772            | -                   | -                       | 428,389                          | -                       | -                            | 178,778                     | -                              | 2,205,939                      |
| Charges for Services                                        | 145,999           | -                    | -                   | -                       | 9,270                            | -                       | -                            | -                           | -                              | 155,269                        |
| Vendor fees                                                 | -                 | -                    | 2,032,222           | -                       | -                                | -                       | -                            | -                           | -                              | 2,032,222                      |
| Interest                                                    | 211               | 67,475               | 4,646               | -                       | 74                               | 3,160                   | 288                          | 749                         | 59                             | 76,662                         |
| Miscellaneous                                               | 31,088            | 23,994               | -                   | -                       | 63,884                           | -                       | -                            | -                           | -                              | 118,966                        |
| <b>TOTAL REVENUES</b>                                       | <u>221,197</u>    | <u>1,690,241</u>     | <u>2,036,868</u>    | <u>-</u>                | <u>1,108,574</u>                 | <u>2,880,703</u>        | <u>533,121</u>               | <u>354,399</u>              | <u>12,189</u>                  | <u>8,837,292</u>               |
| <b>EXPENDITURES:</b>                                        |                   |                      |                     |                         |                                  |                         |                              |                             |                                |                                |
| Current:                                                    |                   |                      |                     |                         |                                  |                         |                              |                             |                                |                                |
| General government                                          | 709,247           | 149,951              | -                   | -                       | 106,619                          | -                       | -                            | -                           | -                              | 965,817                        |
| Economic development                                        | 40,916            | 28,286               | 423,285             | -                       | 69,061                           | 2,769,446               | 30,090                       | 243                         | 577                            | 3,361,904                      |
| Debt Service:                                               |                   |                      |                     |                         |                                  |                         |                              |                             |                                |                                |
| Principal                                                   | 240,689           | -                    | -                   | 863,399                 | 7,193,000                        | -                       | -                            | -                           | -                              | 8,297,088                      |
| Interest                                                    | 12,910            | 231,047              | -                   | 1,084,481               | -                                | -                       | -                            | 196                         | -                              | 1,328,634                      |
| Cost of Issuance                                            | -                 | 296,972              | -                   | -                       | 118,735                          | -                       | -                            | -                           | -                              | 415,707                        |
| Capital outlay                                              | -                 | 912,033              | -                   | -                       | -                                | -                       | -                            | -                           | -                              | 912,033                        |
| <b>TOTAL EXPENDITURES</b>                                   | <u>1,003,762</u>  | <u>1,618,289</u>     | <u>423,285</u>      | <u>1,947,880</u>        | <u>7,487,415</u>                 | <u>2,769,446</u>        | <u>30,090</u>                | <u>439</u>                  | <u>577</u>                     | <u>15,281,183</u>              |
| <b>EXCESS OF REVENUES<br/>OVER (UNDER)<br/>EXPENDITURES</b> | (782,565)         | 71,952               | 1,613,583           | (1,947,880)             | (6,378,841)                      | 111,257                 | 503,031                      | 353,960                     | 11,612                         | (6,443,891)                    |
| <b>OTHER FINANCING<br/>SOURCES (USES)</b>                   |                   |                      |                     |                         |                                  |                         |                              |                             |                                |                                |
| Loan proceeds                                               | 206,188           | 17,248,000           | -                   | -                       | 7,363,000                        | -                       | -                            | -                           | -                              | 24,817,188                     |
| Bond discount                                               | -                 | (132,748)            | -                   | -                       | -                                | -                       | -                            | -                           | -                              | (132,748)                      |
| Transfers in                                                | 886,235           | -                    | -                   | 1,947,880               | -                                | -                       | -                            | -                           | -                              | 2,834,115                      |
| Transfers out                                               | (156,598)         | (146,855)            | (2,011,193)         | -                       | (852,000)                        | (140,717)               | (578,504)                    | (354,175)                   | (21,216)                       | (4,261,258)                    |
| <b>NET CHANGE IN FUND BALANCE</b>                           | 153,260           | 17,040,349           | (397,610)           | -                       | 132,159                          | (29,460)                | (75,473)                     | (215)                       | (9,604)                        | 16,813,406                     |
| <b>FUND BALANCES, BEGINNING</b>                             | 85,670            | 4,070,522            | 2,187,137           | -                       | 824,425                          | 35,829                  | 646,708                      | 329,069                     | 20,017                         | 8,199,377                      |
| <b>FUND BALANCES, ENDING</b>                                | <u>\$ 238,930</u> | <u>\$ 21,110,871</u> | <u>\$ 1,789,527</u> | <u>\$ -</u>             | <u>\$ 956,584</u>                | <u>\$ 6,369</u>         | <u>\$ 571,235</u>            | <u>\$ 328,854</u>           | <u>\$ 10,413</u>               | <u>\$ 25,012,783</u>           |

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

**Pueblo Urban Renewal Authority**  
(a component unit of the 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, 2017**

Net change in fund balances - total governmental funds \$ 16,813,406

Capital outlays are reported in the governmental funds as an expenditure; however, for governmental activities, these costs are shown in the statement of net position and allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeds capital outlay.

|                      |                  |
|----------------------|------------------|
| Depreciation expense | (121,612)        |
| Net amount           | <u>(121,612)</u> |

The governmental funds report the proceeds from the issuance of notes payable and other obligations as other financing sources and the repayments of principal on these notes and other obligations as expenditures. Interest expense is recognized as an expenditure in the governmental funds when it is due, while interest expense is recognized when incurred in the statement of activities. In addition, interest expense reported in the statement of activities includes amortization of bond issuance premiums and deferred amounts on refunding which are recognized in the governmental funds in the period incurred. The net effect of these differences in the treatment of notes payable and other liabilities is as follows:

|                                                                                     |                     |
|-------------------------------------------------------------------------------------|---------------------|
| Amortization of interest-related costs                                              | (9,239)             |
| Amortization of bond premium                                                        | 77,862              |
| Bond premium                                                                        | 102,065             |
| Issuance of obligation to primary government                                        | (178,778)           |
| Interest expense on bonds and balance due to primary government - change in accrual | (44,279)            |
| Loan proceeds                                                                       | (24,817,188)        |
| Bond discount                                                                       | 132,748             |
| Principal payments on debt obligations                                              | <u>8,297,088</u>    |
| Net amount                                                                          | <u>(16,439,721)</u> |

In the statement of activities, gains and losses related to the exchange or sale of assets are measured by the amount earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount paid.

|                                                                          |                |
|--------------------------------------------------------------------------|----------------|
| Gain related to exchange of parking garage in payment of Note Receivable | 4,477,196      |
| Gain related to conveyance of property                                   | 3,710          |
| Loss related to conveyance of property                                   | <u>(3,560)</u> |
|                                                                          | 4,477,346      |

In the statement of activities, certain operating expenses are measured by the amount earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount paid.

|                                                                              |                 |
|------------------------------------------------------------------------------|-----------------|
| Compensated absences paid (\$13,955) was less than amounts earned (\$39,518) | (25,563)        |
| Pension expense paid (\$41,806) was less than amount earned (\$107,224)      | <u>(65,418)</u> |

Change in net position - governmental activities \$ 4,638,438

**Pueblo Urban Renewal Authority**  
(a component unit of the City of Pueblo, Colorado)  
**Proprietary Fund**  
**Statement of Net Position**  
**December 31, 2017**

|                                           | <b>Business-Type<br/>Activity</b> |
|-------------------------------------------|-----------------------------------|
|                                           | <b><u>Enterprise Fund</u></b>     |
|                                           | <b><u>Convention Center</u></b>   |
| <b>ASSETS</b>                             |                                   |
| <b>Current Assets:</b>                    |                                   |
| Cash and cash equivalents                 | \$ 570,461                        |
| Accounts receivable                       | 90,035                            |
| Inventories                               | 18,171                            |
| Prepaid Expenses                          | <u>124,150</u>                    |
| <b>Total Current Assets</b>               | <u>802,817</u>                    |
| <b>Non-Current Assets:</b>                |                                   |
| Capital assets:                           |                                   |
| Land                                      | 326,094                           |
| Medal of honor                            | 295,097                           |
| Buildings                                 | 9,594,391                         |
| Improvements                              | 1,708,507                         |
| Furniture & fixtures                      | 1,494,333                         |
| Accumulated depreciation                  | <u>(5,973,479)</u>                |
| Total capital assets                      | 7,444,943                         |
| Other assets:                             |                                   |
| Advance to other funds                    | <u>142,202</u>                    |
| <b>Total Non-Current Assets</b>           | <u>7,587,145</u>                  |
| <b>TOTAL ASSETS</b>                       | <u>8,389,962</u>                  |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>     |                                   |
| Deferred amount on refunding              | <u>735,462</u>                    |
| <b>LIABILITIES</b>                        |                                   |
| <b>Current Liabilities:</b>               |                                   |
| Accounts payable                          | 110,988                           |
| Accrued expenses                          | 293,722                           |
| Accrued interest payable                  | 18,558                            |
| Current portion of bonds payable          | <u>252,498</u>                    |
| <b>Total Current Liabilities</b>          | <u>675,766</u>                    |
| <b>Non-Current Liabilities:</b>           |                                   |
| Bonds payable, net of unamortized premium | <u>3,630,024</u>                  |
| <b>Total Non-Current Liabilities</b>      | <u>3,630,024</u>                  |
| <b>TOTAL LIABILITIES</b>                  | <u>4,305,790</u>                  |
| <b>NET POSITION</b>                       |                                   |
| Net investment in capital assets          | 3,704,623                         |
| Unrestricted                              | <u>1,115,011</u>                  |
| <b>TOTAL NET POSITION</b>                 | <u><u>\$ 4,819,634</u></u>        |

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

**Pueblo Urban Renewal Authority**  
(a component unit of the City of Pueblo, Colorado)  
**Proprietary Fund**  
**Statement of Revenues, Expenditures**  
**and Changes in Fund Net Position**  
**For the Year Ended December 31, 2017**

|                                                         | <u>Business-Type<br/>Activity<br/>Enterprise Fund<br/>Convention Center</u> |
|---------------------------------------------------------|-----------------------------------------------------------------------------|
| <b>OPERATING REVENUES</b>                               |                                                                             |
| Charges for services                                    | \$ 1,214,124                                                                |
| <b>TOTAL OPERATING REVENUES</b>                         | <u>1,214,124</u>                                                            |
| <b>OPERATING EXPENSES</b>                               |                                                                             |
| Contractual expenses                                    | 1,993,913                                                                   |
| General administration                                  | 169,456                                                                     |
| Depreciation                                            | <u>360,201</u>                                                              |
| <b>TOTAL OPERATING EXPENSES</b>                         | <u>2,523,570</u>                                                            |
| <b>OPERATING INCOME (LOSS)</b>                          | <u>(1,309,446)</u>                                                          |
| <b>NON-OPERATING REVENUES (EXPENSES)</b>                |                                                                             |
| Intergovernmental transfer                              | 372,000                                                                     |
| Interest expense                                        | <u>(178,198)</u>                                                            |
| <b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>          | <u>193,802</u>                                                              |
| <b>INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS</b> | (1,115,644)                                                                 |
| Transfers in                                            | <u>1,427,143</u>                                                            |
| <b>CHANGE IN NET POSITION</b>                           | <u>311,499</u>                                                              |
| <b>NET POSITION, BEGINNING OF YEAR</b>                  | <u>4,508,135</u>                                                            |
| <b>NET POSITION, END OF YEAR</b>                        | <u>\$ 4,819,634</u>                                                         |

**Pueblo Urban Renewal Authority**  
(a component unit of the City of Pueblo, Colorado)  
**Proprietary Fund**  
**Statement of Cash Flows**  
For the Year Ended December 31, 2017

|                                                                                            | <u>Business-Type<br/>Activity<br/>Enterprise Fund<br/>Convention Center</u> |
|--------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                                                |                                                                             |
| Cash received from customers                                                               | \$ 1,284,404                                                                |
| Cash paid for goods and services                                                           | <u>(2,132,204)</u>                                                          |
| <b>NET CASH FROM OPERATING ACTIVITIES</b>                                                  | <u>(847,800)</u>                                                            |
| <b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>                                    |                                                                             |
| Transfers in                                                                               | 1,427,143                                                                   |
| Transfers out                                                                              | -                                                                           |
| Payments made to other funds                                                               | (10,795)                                                                    |
| Payments made on fund advance                                                              | <u>(70,174)</u>                                                             |
| <b>NET CASH FROM NON-CAPITAL FINANCING ACTIVITIES</b>                                      | <u>1,346,174</u>                                                            |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>                            |                                                                             |
| Intergovernmental funds received                                                           | 372,000                                                                     |
| Capital expenditures                                                                       | (539,587)                                                                   |
| Interest paid on bonds                                                                     | (200,700)                                                                   |
| Principal paid on bonds                                                                    | <u>(255,000)</u>                                                            |
| <b>NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>                              | <u>(623,287)</u>                                                            |
| <b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>                                             | (124,913)                                                                   |
| <b>CASH AND CASH EQUIVALENTS</b>                                                           |                                                                             |
| <b>Beginning of Year</b>                                                                   | <u>695,374</u>                                                              |
| <b>End of Year</b>                                                                         | <u>\$ 570,461</u>                                                           |
| <b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET<br/>CASH FROM OPERATING ACTIVITIES</b> |                                                                             |
| Operating income (loss)                                                                    | \$(1,309,446)                                                               |
| Depreciation                                                                               | 360,200                                                                     |
| Change in accounts receivable, net                                                         | 70,280                                                                      |
| Change in inventory                                                                        | 209                                                                         |
| Change in prepaids                                                                         | (65,896)                                                                    |
| Change in accounts payable and accrued expenses                                            | <u>96,853</u>                                                               |
| <b>NET CASH FROM OPERATING ACTIVITIES</b>                                                  | <u>\$ (847,800)</u>                                                         |
| <b>NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>                                |                                                                             |
| Contribution of capital assets                                                             | \$ -                                                                        |

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

**PUEBLO URBAN RENEWAL AUTHORITY**  
**(A COMPONENT UNIT OF THE CITY OF PUEBLO, COLORADO)**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

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**1. Summary of Significant Accounting Policies**

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The financial statements of Pueblo Urban Renewal Authority (the Authority) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and reporting principles. The significant accounting principles and policies utilized by the Authority are described below:

**Reporting Entity**

The Authority was created in 1959 under the provisions of Colorado law. The Authority was virtually inactive until 1986, at which time the City of Pueblo, Colorado (the primary government) and the Authority entered into a cooperation agreement whereby the Authority acquired certain properties from the City of Pueblo, Colorado (the City) in order to facilitate the building of a convention center on a portion of the property and sell the remaining portion to a developer for the purpose of building a hotel. Since that time, the Authority, with the approval of the City, has established numerous tax increment financing (TIF) districts. The Authority is financially accountable to the City inasmuch as the governing body of the Authority is appointed by City Council and the City has the ability to modify the decisions of the Authority's governing body. In accordance with generally accepted accounting principles, the Authority is a component unit of the City.

As required by GAAP, management has considered all potential component units in defining its reporting entity. Based on the criteria established by GAAP, the Authority has no component units.

**Government-Wide and Fund Financial Statements**

The basic financial statements include both government-wide (based on the Authority 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 the activities of the Authority. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes, are reported separately from business-type activities, which rely to a significant extent on fees and charges for services.

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 property taxes or other unrestricted revenues.

**PUEBLO URBAN RENEWAL AUTHORITY**  
**(A COMPONENT UNIT OF THE CITY OF PUEBLO, COLORADO)**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**DECEMBER 31, 2017**

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**1. Summary of Significant Accounting Policies (continued)**

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Separate fund financial statements are provided for the governmental funds and the proprietary fund. Major individual governmental funds and the major individual enterprise fund are reported in 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 government-wide focus is more on the sustainability of the Authority as a whole 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. Each presentation provides valuable information that can be analyzed and compared to enhance the usefulness of the information.

**Measurement Focus and 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 fund financial statements for the proprietary fund. 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.

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 to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Authority considers revenue to be available if collected within 60 days of the end of the fiscal year. Expenditures generally are recorded when a liability is incurred as is the case with accrual accounting. However, debt service expenditures are recorded only when the liability has matured and payment is due. General capital asset acquisitions are reported as expenditures in the governmental funds, while issuance of long-term debt is reported as other financing sources.

Property taxes, interest, grants and charges for services are considered susceptible to accrual, while other revenues are recorded when received in cash because they are generally not measurable until received in cash.

Governmental activities, business-type activities and the proprietary fund are accounted for using the flow of economic resources measurement focus. With this measurement focus, all assets, deferred outflows of resources, liabilities and deferred inflows of resources associated with the operation of these activities are included on the statements of net position. The proprietary fund-type operating statement distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary funds' principal ongoing operation.

**PUEBLO URBAN RENEWAL AUTHORITY**  
**(A COMPONENT UNIT OF THE CITY OF PUEBLO, COLORADO)**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**DECEMBER 31, 2017**

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**1. Summary of Significant Accounting Policies (continued)**

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The principal operating revenues of the Authority's convention center are charges to customers for sales and services. Operating expenses for the enterprise fund include 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 Authority reports the following major governmental funds:

- The general fund is the primary operating fund of the Authority and is always classified as a major fund. The general fund is used to account for all financial resources of the Authority except those resources, if any, that are required to be accounted for in a separate fund.
- The regional tourism fund is a fund created to fund a regional tourism plan to attract new, out-of-state visitors to downtown Pueblo. Funds are provided by the State of Colorado's RTA grant and expenditures consist of economic development, mainly in relation to the expansion of the Pueblo Convention Center.
- The expanded downtown district fund is a special revenue fund used to account for activities within this district's boundaries. Funds are provided by property taxes and intergovernmental revenues and expenditures include economic development and transfers.
- The St. Charles district fund is a special revenue fund used to account for an economic development agreement with a business entity. Funds are provided by property taxes and expenditures consist of economic development payments to the business and other entities.
- The Lake Minnequa district is a special revenue fund used to account for infrastructure improvements in an area in and around Lake Minnequa on behalf of the City. Funds are provided by property taxes and expenditures consist of economic development and transfers.
- Memorial Hall is a capital projects fund used to account for improvements and upgrades to the City's Memorial Hall. The electorate of the City of Pueblo, Colorado approved the issuance of \$10,000,000 of bonds to finance the project. Voter approval included the continuation of the collection of 3.3% of the City's sales and use tax revenues which will provide the on-going revenues to service the bonded debt. Expenditures include economic development and transfers.
- The debt service fund is used to account for and report financial resources that are restricted, committed or assigned to expenditure for principal and interest on certain of the Authority's debt obligations. The primary revenue sources are transfers from other funds.
- The North Pueblo district fund is a special revenue fund used to account for the Authority's commitment to assist in the funding of the Dillon Flyover project. The primary revenue sources are from taxes and primary government funding, with expenditures being dedicated to the project.

**PUEBLO URBAN RENEWAL AUTHORITY**  
**(A COMPONENT UNIT OF THE CITY OF PUEBLO, COLORADO)**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**DECEMBER 31, 2017**

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**1. Summary of Significant Accounting Policies (continued)**

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- Other governmental funds are a summarization of all other governmental funds.

**Proprietary Fund**

The following is a description of the major proprietary fund of the Authority:

Pueblo Convention Center accounts for the operations of the Authority's convention center. Activities of the fund include operation and maintenance of the convention center. The convention center is managed by Global Spectrum LP under a management agreement with the Authority. All costs of the convention center are financed through charges to users, along with an allocation of the City's sales and use tax revenues collected through a transfer from the Memorial Hall fund.

**Other Fund Types**

The Authority reports the following fund types:

Special revenue funds are used to account for specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The other special revenue funds besides the funds characterized as major are:

- Thunder Village District
- Fountain Creek District
- Lower Westside District

The previously reported special revenue funds (South Santa Fe district and Union Avenue district) have been included with the general fund because they no longer meet the criteria to be reported as special revenue funds under generally accepted accounting principles.

**Cash and Cash Equivalents and Investments**

Cash and cash equivalents, including restricted cash and cash equivalents, includes cash on hand and demand deposits. Restricted investments consist of money market funds held at bank trust departments that are classified as short-term money market investments that mature within one year of acquisition date and are reported at cost as allowed under generally accepted accounting principles.

**Cash Equivalents**

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

**Receivables**

Receivables include amounts due from customers for services provided and are reported, if necessary, net of an allowance for uncollectible accounts. Receivables also include vendor's fees and property taxes assessed and collected within the Authority's boundaries along with other notes receivable issued in conjunction with an on-going program of the Authority.

**PUEBLO URBAN RENEWAL AUTHORITY**  
 (A COMPONENT UNIT OF THE CITY OF PUEBLO, COLORADO)  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**DECEMBER 31, 2017**

**1. Summary of Significant Accounting Policies (continued)**

**Inventories and Prepaid Items**

Inventories consist principally of food and drink products that are valued at the lower of cost (first-in, first-out basis) or market. Prepaid items represent payments made for expenditures/expenses to be charged to a future accounting period.

**Capital Assets**

Capital assets, which include land, buildings, improvements, and furniture and fixtures, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. A capitalization level of \$1,500 has been established and the criterion for capitalization also includes: (1) increasing the capacity or operating efficiency, or (2) extending the useful life of the asset. Capital assets are defined as assets with an estimated useful life of 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.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Net interest incurred, if any, during the construction phase of business-type and proprietary fund 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, 2017.

Capital assets of the Authority are depreciated using the straight-line method over the following estimated useful lives:

|                        | Governmental      | Business-Type     |
|------------------------|-------------------|-------------------|
|                        | <u>Activities</u> | <u>Activities</u> |
| Buildings              | 40 years          | 7-50 years        |
| Improvements           | 5-10 years        | 10-40 years       |
| Furniture and fixtures | 5-10 years        | 5-20 years        |

**Long-Term Obligations**

In the government-wide financial statements and the fund financial statements for the proprietary fund, long-term debt is reported as liabilities in the applicable statement of net position. Bond premiums and, when applicable, deferred amounts on refunding are amortized over the life of the obligation using the interest method and are reflected as a component of interest expense. Deferred amounts on refunding are reported as deferred outflows of resources in accordance with generally accepted accounting principles.

In the governmental fund financial statements, bond premiums and bond issue costs are recognized during the current period. The face amount of the debt issue, along with the related premium, is

**PUEBLO URBAN RENEWAL AUTHORITY**  
(A COMPONENT UNIT OF THE CITY OF PUEBLO, COLORADO)  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**DECEMBER 31, 2017**

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**1. Summary of Significant Accounting Policies (continued)**

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reported as other financing sources, while debt issue costs are reported as debt service expenditures.

**Fund Equity**

Governmental funds report fund balance in classifications based primarily on the extent to which the Authority is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. Fund balance for the Authority's governmental funds consists 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 and long-term notes receivable.
- Restricted – includes amounts that are restricted for specific purposes stipulated by external resource providers constitutionally or through enabling legislation.
- Committed – includes amounts that can only be used for the specific purposes determined by the passage of a resolution of the Authority's board of commissioners. Commitments may be modified or changed only by the Authority's board of commissioners approving a new resolution.
- Assigned – includes amounts intended to be used by the Authority for specific purposes that are neither restricted nor committed. Intent is expressed by the Authority's executive director to which the assigned amounts are to be used for specific purposes. Assigned amounts include appropriations of existing fund balance to eliminate a projected budgetary deficit in the subsequent year's budget.
- Unassigned – this is the residual classification for the general fund and negative fund balances in other governmental 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, net position is classified in the following categories:

Net investment in capital assets – this classification consists of capital assets net of accumulated depreciation and reduced by outstanding related debt that is attributed to the acquisition, construction or improvement of capital assets.

Restricted net position – this classification consists of restrictions created by external creditors, grantors, contributors, laws or regulations of other governments, enabling legislation and constitutional provisions.

Unrestricted net position – this classification represents the remainder of net position that does not meet the definition of “net investment in capital assets” or “restricted net position”.

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(A COMPONENT UNIT OF THE CITY OF PUEBLO, COLORADO)  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
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**1. Summary of Significant Accounting Policies (continued)**

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

**Property Taxes**

Property taxes are assessed on property located within the Authority's boundaries in accordance with Colorado law. The taxes are assessed, allocated and collected by the Pueblo County Treasurer. Taxes assessed in the current year are generally collected in the following year and thus, the property tax receivable is offset by deferred inflows of resources.

**Interfund Transactions**

Interfund transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursement to a fund for expenditures/expenses 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.

**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.

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**2. Stewardship, Compliance and Accountability**

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The Authority adheres to the following procedures in establishing its budgets. Prior to November 1 of each year, the executive director submits to the board of commissioners 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 the board of commissioners to obtain comments. The Authority adopts budgets for all funds and the budget for each fund generally is adopted using generally accepted accounting principles, based on the fund type. In addition, appropriations lapse at the end of the year.

Expenditure estimates in the annual budgets are enacted into law through the passage of an appropriation resolution. The board of commissioners may amend the original adopted budget during the year by passing a new resolution. The 2017 budget was amended for additional expenditures.

The legal level of budgetary control for all funds is at the total fund level, which means that total expenditures and other financing uses that exceed budgeted appropriations may be in violation of State statutes.

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**NOTES TO FINANCIAL STATEMENTS (continued)**  
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**3. Cash, Cash Equivalents and Investments**

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Cash and cash equivalents and investments are summarized as follows:

|                                                   |                             |
|---------------------------------------------------|-----------------------------|
| Cash on hand                                      | \$ 3,750                    |
| Demand deposits                                   | 3,550,601                   |
| Total cash and cash equivalents                   | <u>\$ 3,554,351</u>         |
| Money market funds held at bank trust departments | <u>\$ 20,723,923</u>        |
| Total investments                                 | <u><u>\$ 20,723,923</u></u> |

Reported in the financial statements as follows:

|                                                                | Governmental<br><u>Activities</u> | Business-Type<br><u>Activities</u> | <u>Total</u>         |
|----------------------------------------------------------------|-----------------------------------|------------------------------------|----------------------|
| Cash and cash equivalents                                      | \$ 955,059                        | \$ 570,461                         | \$ 1,525,520         |
| Restricted cash and cash equivalents                           | 1,279,560                         | -                                  | 1,279,560            |
| Restricted cash and cash equivalents under<br>debt obligations | <u>749,271</u>                    | <u>-</u>                           | <u>749,271</u>       |
|                                                                | <u>\$ 2,983,890</u>               | <u>\$ 570,461</u>                  | <u>\$ 3,554,351</u>  |
| Restricted investments under debt obligations                  | <u>\$ 20,723,923</u>              | <u>\$ -</u>                        | <u>\$ 20,723,923</u> |

**Deposits**

December 31, 2017, the carrying amount of the Authority's deposits was \$3,554,351 and the bank balance was \$3,421,195. Of the bank balance, \$750,000 was covered by federal depository insurance and \$2,199,513 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 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, 2017, deposits with a bank balance of \$471,682 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 Authority's name.

**Investments**

The Authority is subject to the provisions of Colorado Revised Statutes 24-75-601 which are entitled "Concerning Investment in Securities by Public Entities". This law, among other things,

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**NOTES TO FINANCIAL STATEMENTS (continued)**  
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**3. Cash, Cash Equivalents and Investments (continued)**

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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, 2017, the Authority had the following investments and maturities:

|                    | <u>Fair Value</u>    | Investment maturity less than <u>one year</u> |
|--------------------|----------------------|-----------------------------------------------|
| Money market funds | <u>\$ 20,723.923</u> | <u>\$ 20,723,923</u>                          |
|                    | <u>\$ 20,723,923</u> | <u>\$ 20,723,923</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.

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. As of December 31, 2017, the Authority’s investment in money market funds is rated AAAM by Standard and Poor’s.

Fair Value Measurement and Application – The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. All of the District’s investments are measured at fair value using Level 1 inputs.

**PUEBLO URBAN RENEWAL AUTHORITY**  
(A COMPONENT UNIT OF THE CITY OF PUEBLO, COLORADO)  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**DECEMBER 31, 2017**

**4. Receivables**

Receivables held by Governmental Funds at December 31, 2017 consist of the following:

|                | Governmental Activities |                             |                                           |                                |                                   |
|----------------|-------------------------|-----------------------------|-------------------------------------------|--------------------------------|-----------------------------------|
|                | <u>General Fund</u>     | <u>Regional<br/>Tourism</u> | <u>Expanded<br/>Downtown<br/>District</u> | <u>St Charles<br/>District</u> | <u>Lake Minnequa<br/>District</u> |
| Accounts       | \$ 48,453               | \$ 1,282,268                | \$ 1,854                                  | \$ -                           | \$ -                              |
| Notes          | 37,781                  | -                           | -                                         | -                              | -                                 |
| Vendors Fee    | -                       | -                           | -                                         | -                              | -                                 |
| Property taxes | 425                     | -                           | 640,683                                   | 2,839,625                      | 602,184                           |
| Interest       | -                       | -                           | 2,576                                     | -                              | -                                 |
|                | <u>\$ 86,659</u>        | <u>\$ 1,282,268</u>         | <u>\$ 645,113</u>                         | <u>\$ 2,839,625</u>            | <u>\$ 602,184</u>                 |

|                | Governmental Activities |                      |                                         |  | <u>Total</u>        |
|----------------|-------------------------|----------------------|-----------------------------------------|--|---------------------|
|                | <u>North Pueblo</u>     | <u>Memorial Hall</u> | <u>Other<br/>Governmental<br/>Funds</u> |  |                     |
| Accounts       | \$ -                    | \$ -                 | \$ -                                    |  | \$ 1,332,575        |
| Notes          | -                       | -                    | -                                       |  | 37,781              |
| Vendors Fee    | -                       | 157,167              | -                                       |  | 157,167             |
| Property taxes | 252,156                 | -                    | 11,893                                  |  | 4,346,966           |
| Interest       | -                       | -                    | -                                       |  | 2,576               |
|                | <u>\$ 252,156</u>       | <u>\$ 157,167</u>    | <u>\$ 11,893</u>                        |  | <u>\$ 5,877,065</u> |

A note receivable obligation from Main Street Parking Garage, totaling \$6,862,000, and included in the expanded downtown district fund in the prior year, was fulfilled in 2017 through the conveyance of land and improvements to the Authority. The land and improvements are reflected on the Authority's Statement of Net Position at the historical cost of \$11,339,196, resulting in a gain from the exchange of \$4,477,196. See Note 7.

**PUEBLO URBAN RENEWAL AUTHORITY**  
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**NOTES TO FINANCIAL STATEMENTS (continued)**  
**DECEMBER 31, 2017**

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**5. Advance to/from Other Funds and Transfers**

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The following table summarizes advances to/from other funds at December 31, 2017:

|                                       | <u>Advances to<br/>Other Funds</u> | <u>Advances from<br/>Other Funds</u> |
|---------------------------------------|------------------------------------|--------------------------------------|
| Major governmental funds -            |                                    |                                      |
| Advance due General Fund              | \$ 76,030                          | \$ -                                 |
| Advance due Property Improvement Fund | 1,575                              | -                                    |
| Advance from Lake Minnequa District   | -                                  | 76,127                               |
| Advance from Memorial Hall            | -                                  | 142,202                              |
| Advance from General Fund             | -                                  | 1,282                                |
| Nonmajor governmental funds -         |                                    |                                      |
| Advance from Fountain Creek District  | -                                  | 196                                  |
| Major enterprise fund -               |                                    |                                      |
| Advance due Memorial Hall             | <u>142,202</u>                     | <u>-</u>                             |
|                                       | <u>\$ 219,807</u>                  | <u>\$ 219,807</u>                    |

The advances to other funds were provided to assist with activities in the recipient funds.

**PUEBLO URBAN RENEWAL AUTHORITY**  
 (A COMPONENT UNIT OF THE CITY OF PUEBLO, COLORADO)  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**DECEMBER 31, 2017**

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**5. Advance to/from Other Funds and Transfers (continued)**

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Transfers for the year ended December 31, 2017 are as follows:

|                            | Transfers in        | Transfers out         |
|----------------------------|---------------------|-----------------------|
| Governmental funds -       |                     |                       |
| General Fund               | \$ 886,235          | \$ (156,598)          |
| Regional Tourism           | -                   | (146,855)             |
| Expanded Downtown District | -                   | (852,000)             |
| St. Charles District       | -                   | (140,717)             |
| Lake Minnequa District     | -                   | (578,504)             |
| Memorial Hall              | -                   | (2,011,193)           |
| Debt Service               | 1,947,880           | -                     |
| North Pueblo District      | -                   | (354,175)             |
| Other governmental funds   | -                   | (21,216)              |
| Total governmental funds   | <u>\$ 2,834,115</u> | <u>\$ (4,261,258)</u> |
| Enterprise fund -          |                     |                       |
| Pueblo Convention Center   | <u>1,427,143</u>    | <u>-</u>              |
| Total enterprise fund      | <u>1,427,143</u>    | <u>-</u>              |
|                            | <u>\$ 4,261,258</u> | <u>\$ (4,261,258)</u> |

The transfers to the general fund from the major and nonmajor governmental funds were generally for administrative functions. The transfer to the debt service fund was for principal and interest on debt obligations. The transfer to the Pueblo Convention Center enterprise fund was for debt service and operations and maintenance expenses.

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**NOTES TO FINANCIAL STATEMENTS (continued)**  
**DECEMBER 31, 2017**

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**6. Due from/to Primary Government**

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The amounts due to the primary government (City of Pueblo, Colorado), are summarized as follows

|                                       |                     |
|---------------------------------------|---------------------|
| Due to City of Pueblo, Colorado for - |                     |
| Payments on Dillon Flyover Loan       | \$ 824,336          |
| 1601 Study                            | 496,333             |
| Convention Center Expansion Loan      | 218,000             |
|                                       | <u>\$ 1,538,669</u> |

The obligation to the City of Pueblo, Colorado for the 1601 study is serviced by the debt service fund.

|                                  | Balance<br>January 1,<br>2017 | Additions         | Payments/<br>Reductions | Balance<br>December<br>31, 2017 | Due<br>Within<br>One Year |
|----------------------------------|-------------------------------|-------------------|-------------------------|---------------------------------|---------------------------|
| Governmental activities:         |                               |                   |                         |                                 |                           |
| Accounts payable (receivable)    |                               |                   |                         |                                 |                           |
| for:                             |                               |                   |                         |                                 |                           |
| Parking garage expenses          | \$ (16,651)                   | \$ (63,884)       | \$ 80,535               | \$ -                            | \$ -                      |
| Total receivable                 | <u>(16,651)</u>               | <u>(63,884)</u>   | <u>80,535</u>           | <u>-</u>                        | <u>-</u>                  |
| Dillon Loan payments             | \$ 615,680                    | \$ 208,656        | \$ -                    | \$ 824,336                      | \$ -                      |
| 1601 study                       | 496,333                       | -                 | -                       | 496,333                         | -                         |
| Convention Center expansion note | -                             | 218,000           | -                       | 218,000                         | -                         |
| Total payable                    | <u>\$ 1,112,013</u>           | <u>\$ 426,656</u> | <u>\$ -</u>             | <u>\$ 1,538,669</u>             | <u>\$ -</u>               |

The above reported obligation that relates to the parking garage is the result of a letter of understanding between the Authority and the City whereby the Authority and the City share the net costs of the parking facility that is owned by Pueblo Main Street Garage Corporation (a component unit of the City). The obligation was fulfilled in 2017 and there was a \$0 balance related to this agreement at December 31, 2017.

**Convention Center Expansion Loan – City of Pueblo**

The City of Pueblo issued two promissory notes on March 14, 2017.

The principal amount of the first note is \$12,200,000 with a maturity date of December 31, 2027, with the right to extend the maturity date to December 31, 2037. Principal is due on or before the maturity date, together with interest on draws related to eligible costs until December 31, 2022, at the rate of 2% per annum; commencing January 1, 2023 until the maturity date at the rate of 3% per annum on the unpaid balance until paid. Accrued interest will be paid semi-annually on June

**PUEBLO URBAN RENEWAL AUTHORITY**  
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**NOTES TO FINANCIAL STATEMENTS (continued)**  
**DECEMBER 31, 2017**

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**6. Due from/to Primary Government (continued)**

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1 and December 1 or each year until maturity. Such monies are to be used by the Authority to finance the design, construction and improvement of an expansion to the Pueblo Convention Center Exhibition Hall and attached facility on the real property.

The principal amount of the second note is \$2,200,000 with a maturity date of December 31, 2027, with the right to extend the maturity date to December 31, 2037. The entire principal balance shall be due and payable upon maturity. This note is also for eligible costs related to the expansion to the Pueblo Convention Center Exhibition Hall and attached facility.

As of December 31, 2017, \$218,000 of eligible costs had been drawn from this loan and are reflected in the amount payable to the City of Pueblo.

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**7. Capital Assets**

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Capital assets for the year ended December 31, 2017 were as follows:

|                                     | <b>Balance<br/>January 1,<br/>2017</b> | <b>Additions</b>     | <b>Conveyances<br/>or<br/>Retirements</b> | <b>Balance<br/>December 31,<br/>2017</b> |
|-------------------------------------|----------------------------------------|----------------------|-------------------------------------------|------------------------------------------|
| Governmental activities:            |                                        |                      |                                           |                                          |
| Non-depreciable assets:             |                                        |                      |                                           |                                          |
| Land                                | \$ 918,285                             | \$ 3,710             | \$ (3,560)                                | \$ 918,435                               |
| Total non-depreciable assets        | <u>918,285</u>                         | <u>3,710</u>         | <u>(3,560)</u>                            | <u>918,435</u>                           |
| Depreciable assets:                 |                                        |                      |                                           |                                          |
| Buildings                           | 401,272                                | 11,339,196           | -                                         | 11,740,468                               |
| Furniture and fixtures              | <u>36,764</u>                          | <u>-</u>             | <u>-</u>                                  | <u>36,764</u>                            |
| Total depreciable assets            | <u>438,036</u>                         | <u>11,339,196</u>    | <u>-</u>                                  | <u>11,777,232</u>                        |
| Less Accumulated depreciation for:  |                                        |                      |                                           |                                          |
| Buildings                           | (44,140)                               | (121,418)            | -                                         | (165,558)                                |
| Furniture and fixtures              | <u>(35,887)</u>                        | <u>(194)</u>         | <u>-</u>                                  | <u>(36,081)</u>                          |
| Total accumulated depreciation      | <u>(80,027)</u>                        | <u>(121,612)</u>     | <u>-</u>                                  | <u>(201,639)</u>                         |
| Depreciable assets, net             | <u>358,009</u>                         | <u>11,217,584</u>    | <u>-</u>                                  | <u>11,575,593</u>                        |
| Governmental activities assets, net | <u>\$ 1,276,294</u>                    | <u>\$ 11,221,294</u> | <u>\$ (3,560)</u>                         | <u>\$ 12,494,028</u>                     |

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**NOTES TO FINANCIAL STATEMENTS (continued)**  
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**7. Capital Assets (continued)**

|                                      | Balance<br>January 1,<br>2017 | Additions         | Conveyances<br>or<br>Retirements | Balance<br>December 31,<br>2017 |
|--------------------------------------|-------------------------------|-------------------|----------------------------------|---------------------------------|
| Business-type activities:            |                               |                   |                                  |                                 |
| Non-depreciable assets:              |                               |                   |                                  |                                 |
| Land                                 | \$ 326,094                    | \$ -              | \$ -                             | \$ 326,094                      |
| Medal of honor memorial              | 295,097                       | -                 | -                                | 295,097                         |
| Total non-depreciable assets         | <u>621,191</u>                | <u>-</u>          | <u>-</u>                         | <u>621,191</u>                  |
| Depreciable assets:                  |                               |                   |                                  |                                 |
| Buildings                            | 9,594,391                     | -                 | -                                | 9,594,391                       |
| Improvements                         | 1,381,334                     | 327,174           | -                                | 1,708,508                       |
| Furniture and fixtures               | 1,288,819                     | 212,413           | (6,900)                          | 1,494,332                       |
| Total depreciable assets             | <u>12,264,544</u>             | <u>539,587</u>    | <u>(6,900)</u>                   | <u>12,797,231</u>               |
| Less Accumulated depreciation for:   |                               |                   |                                  |                                 |
| Buildings                            | (3,640,336)                   | (191,663)         | -                                | (3,831,999)                     |
| Improvements                         | (898,370)                     | (108,123)         | -                                | (1,006,493)                     |
| Furniture and fixtures               | (1,081,471)                   | (60,416)          | 6,900                            | (1,134,987)                     |
| Total accumulated depreciation       | <u>(5,620,177)</u>            | <u>(360,202)</u>  | <u>6,900</u>                     | <u>(5,973,479)</u>              |
| Depreciable assets, net              | <u>6,644,367</u>              | <u>179,385</u>    | <u>-</u>                         | <u>6,823,752</u>                |
| Business-type activities assets, net | <u>\$ 7,265,558</u>           | <u>\$ 179,385</u> | <u>\$ -</u>                      | <u>\$ 7,444,943</u>             |

Depreciation expense was charged to functions/programs as follows:

|                                                       |                   |
|-------------------------------------------------------|-------------------|
| Governmental activities –                             |                   |
| General government                                    | \$ 121,612        |
| Total depreciation expense – governmental activities  | <u>\$ 121,612</u> |
| Business-type activities –                            |                   |
| Pueblo Convention Center                              | \$ 360,202        |
| Total depreciation expense – business-type activities | <u>360,202</u>    |

A note receivable, totaling \$6,862,000, issued by Pueblo Main Street Parking Garage Corporation (a component unit of the City of Pueblo, Colorado) and held by the Authority, was due June 21, 2017. On October 27, 2017, Pueblo Main Street Garage Corporation resolved their payment obligations under the loan documents by conveying land and improvements to the Authority and assigning their leasehold interests and all personal property to the Authority. The land, improvements, and personal property conveyed are included in current year capital additions of the Authority at historical cost as fair market value was not readily determinable.

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**NOTES TO FINANCIAL STATEMENTS (continued)**  
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**8. Long-Term Liabilities**

Following is a summary of changes in long-term liabilities in the government-wide financial statements for the year ended December 31, 2017:

|                               | Balance<br>January 1,<br>2017 | Additions            | Payments/<br>Reductions | Balance<br>December 31,<br>2017 | Due Within<br>One Year |
|-------------------------------|-------------------------------|----------------------|-------------------------|---------------------------------|------------------------|
| Governmental activities:      |                               |                      |                         |                                 |                        |
| Revenue bonds, Series 2006    | \$ 7,193,000                  | \$ -                 | \$ (7,193,000)          | \$ -                            | \$ -                   |
| Unamortized premium           | 67,935                        | -                    | (67,935)                | -                               | -                      |
|                               | <u>7,260,935</u>              | <u>-</u>             | <u>(7,260,935)</u>      | <u>-</u>                        | <u>-</u>               |
| Improvement revenue bonds,    |                               |                      |                         |                                 |                        |
| Series 2011B                  | 9,795,000                     | -                    | (90,000)                | 9,705,000                       | 90,000                 |
| Unamortized premium           | 218,394                       | -                    | (9,927)                 | 208,467                         | 9,927                  |
|                               | <u>10,013,394</u>             | <u>-</u>             | <u>(99,927)</u>         | <u>9,913,467</u>                | <u>99,927</u>          |
| Revenue refunding bonds,      |                               |                      |                         |                                 |                        |
| Series 2017                   | -                             | 7,363,000            | (425,100)               | 6,937,900                       | 445,100                |
|                               | <u>-</u>                      | <u>7,363,000</u>     | <u>(425,100)</u>        | <u>6,937,900</u>                | <u>445,100</u>         |
| Sales tax increment bonds,    |                               |                      |                         |                                 |                        |
| Series 2017                   | -                             | 17,030,000           | -                       | 17,030,000                      | 1,350,000              |
| Unamortized discount          | -                             | (132,748)            | -                       | (132,748)                       | (6,987)                |
|                               | <u>-</u>                      | <u>16,897,252</u>    | <u>-</u>                | <u>16,897,252</u>               | <u>1,343,013</u>       |
| Bank note - Lake Ave          | 2,565,000                     | -                    | (145,000)               | 2,420,000                       | 150,000                |
| Bank note - Office Condo      | 207,851                       | 206,188              | (240,689)               | 173,350                         | 39,937                 |
| Bank note - Dillon Flyover    | 3,112,300                     | -                    | (203,299)               | 2,909,001                       | 213,036                |
| Compensated absences          | 9,697                         | 39,518               | (13,955)                | 35,260                          | 35,260                 |
| Total governmental activities | <u>\$ 23,169,177</u>          | <u>\$ 24,505,958</u> | <u>\$ (8,388,905)</u>   | <u>\$ 39,286,230</u>            | <u>\$ 2,326,273</u>    |

All of the above obligations, with the exception of the bank note with an outstanding balance of \$173,350 at December 31, 2017 and the compensated absences liability, are serviced by the debt service fund. The bank note and the compensated absences liability are serviced by the general fund.

|                                                     | Balance<br>January 1,<br>2017 | Additions | Payments/<br>Reductions | Balance<br>December 31,<br>2017 | Due Within<br>One Year |
|-----------------------------------------------------|-------------------------------|-----------|-------------------------|---------------------------------|------------------------|
| Business-type activities:                           |                               |           |                         |                                 |                        |
| Tax-exempt refunding revenue<br>bonds, Series 2011B | \$ 3,890,000                  | \$ -      | \$ (255,000)            | \$ 3,635,000                    | \$ 275,000             |
| Unamortized premium                                 | 270,024                       | -         | (22,502)                | 247,522                         | (22,502)               |
| Total business-type activities                      | <u>4,160,024</u>              | <u>-</u>  | <u>(277,502)</u>        | <u>3,882,522</u>                | <u>252,498</u>         |

**PUEBLO URBAN RENEWAL AUTHORITY**  
**(A COMPONENT UNIT OF THE CITY OF PUEBLO, COLORADO)**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**DECEMBER 31, 2017**

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**8. Long-Term Liabilities (continued)**

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

**Revenue Bonds, Series 2006**

The original of the Series 2006 bonds was \$9,500,000 to be used in the expanded urban renewal project area, specifically to assist in the financing and construction of a parking garage. The bonds have interest rates ranging from 4.698% to 4.937%. Payments are due in annual installments ranging from \$754,202 to \$755,611, including interest, through September 2029.

The actual construction of the parking garage was undertaken by Pueblo Main Street Garage Corporation (a not-for-profit corporation and a 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.

**Refunding**

On June 15, 2017, the Authority refunded \$7,193,000 of Revenue Bonds dated 2006, with interest rates ranging from 4.698% to 4.937% by the issuance of \$7,363,000 Revenue Refunding Bonds with a 3.95% fixed interest rate. The Authority refunded the 2006 Series bonds to fix the authority's interest rate at 3.95% from a variable rate. The difference between the present values of the debt service payments on the old and new debt was \$157,062.

**Revenue Refunding Bonds, Series 2017**

On June 15, 2017, The Authority issued \$7,363,000 Revenue Refunding Bonds, maturing September 1, 2029. The bonds bear interest at a per annum rate of 3.95% and payments are due in annual installments ranging from \$755,686 to \$762,148, including interest, through September 2029.

**Improvement Revenue Bonds, Series 2011B**

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. Interest on the bonds range from 2.50% to 5.25%, and payments are due in annual installments ranging from \$600,676 to \$1,068,688, including interest, through December 2038. 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.

**PUEBLO URBAN RENEWAL AUTHORITY**  
**(A COMPONENT UNIT OF THE CITY OF PUEBLO, COLORADO)**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**DECEMBER 31, 2017**

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**8. Long-Term Liabilities (continued)**

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**State Sales Tax Increment Revenue Bonds, Series 2017**

The series 2017 improvement revenue bond issue totaling \$17,030,000 was consummated in July, 2017 for the purpose of providing funds for the design, construction, equipping and improvement of Phase 1, and component parts of Phases 2 and 3 of the RTA Project consisting of the expansion of the Pueblo Convention Center. Interest on the bonds range from 2.25% to 5.00%, and payments are due in semi-annual installments ranging from \$91,250 to \$3,741,250, including interest, through June 2036.

As mentioned below in Note 15, the Authority, in conjunction with the Colorado Economic Development Commission (the "Commission"), approved a resolution dedicating specified sales tax increment revenue for approved regional tourism projects. This agreement specifies a percentage of sales tax increment revenue will be dedicated to the Project in the amount of 24.7% of state sales tax revenue collected within the Regional Tourism Zone in excess of the Base Year Revenue (calculated as state sales tax revenue collected by the State from taxable transactions occurring within the Regional Tourism Zone during the twelve-month period from May 1, 2011 and ending on April 30, 2012) until April 30, 2022. Thereafter 3.3% of state sales tax revenue collected within the Regional Tourism Zone in excess of the Base Year Revenue will be dedicated to the Project until the earlier of either the date on which \$35.7 million in state sales tax increment revenue has been paid or payment in full has been made on the bonds associated with financing the project, provided no single bond shall have a maturity date of 30 years. There is an option, with written notification to the Commission to extend the financing term to a date not to exceed 50 years. The funds received for the states sales tax increment revenue are being used to pay debt service on the State Sales Tax Increment Revenue Bonds.

**Bank Note – Lake Avenue**

The bank note issue of \$3,000,000 (series 2011 bonds) was issued in March 2011 to provide funds for the construction of certain infrastructure and other improvements in the Lake Minnequa District. The note carries an interest rate of 4.5%, and payments are due in annual installments of principal and interest ranging from \$258,900 to \$271,700, through December 2029. Interest and principal on this note is payable from the pledged incremental property taxes generated within the Lake Minnequa district.

**Bank Note – Office Condo**

The bank note of \$256,000 bank note for purchase of office space carries an interest rate indexed at 2 points over 5 year LIBOR/swap rate, and was payable in monthly installments of \$1,462 through December 2016.

The note was refinanced on February 6, 2017 in the amount of \$206,188. The interest rate on the note is set at 2 points over the 5 year LIBOR/swap rate, and is payable in monthly installments of \$1,531 through January 15, 2022. Upon maturity, the note is due in full, which is estimated at \$152,362. The balance of the note at December 31, 2017 is \$173,350. The note is secured by real estate with a carrying value of \$349,107 at December 31, 2017.

**PUEBLO URBAN RENEWAL AUTHORITY**  
(A COMPONENT UNIT OF THE CITY OF PUEBLO, COLORADO)  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**DECEMBER 31, 2017**

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**8. Long-Term Liabilities (continued)**

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**Bank Note – Dillon Flyover**

The multi-draw term bank note of \$4,000,000 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. The note carries an interest rate of 3.95% and is due in annual installments of \$327,942 in principal and interest. Interest and principal on this note is payable from the pledged incremental property taxes generated within the North Pueblo district.

In connection with this note, the Authority entered into an agreement with the City of Pueblo, which allows for 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 district eventually provides the Authority with a surplus of incremental property taxes, the Authority will repay the shortfall payments made by the City, along with 5% of simple interest. During 2017, the City paid \$178,778 in debt service shortfall and \$29,878 in accrued interest was recognized.

The debt service requirements for the governmental activities revenue bonds and notes payable are as follows:

|           | <b>Revenue Bonds</b> |                      | <b>Notes Payable</b> |                     |
|-----------|----------------------|----------------------|----------------------|---------------------|
|           | <b>Principal</b>     | <b>Interest</b>      | <b>Principal</b>     | <b>Interest</b>     |
| 2018      | \$ 1,885,100         | \$ 1,411,115         | \$ 402,974           | \$ 230,019          |
| 2019      | 2,141,100            | 811,431              | 423,018              | 213,225             |
| 2020      | 2,377,100            | 785,873              | 443,460              | 195,583             |
| 2021      | 2,765,100            | 757,025              | 459,317              | 177,075             |
| 2022      | 2,959,100            | 727,602              | 437,303              | 158,636             |
| 2023-2027 | 4,352,500            | 3,146,880            | 2,474,094            | 503,868             |
| 2028-2032 | 6,212,900            | 2,063,186            | 862,185              | 50,247              |
| 2033-2037 | 9,970,000            | 975,452              | -                    | -                   |
| 2038      | 1,010,000            | 53,026               | -                    | -                   |
|           | <u>\$ 33,672,900</u> | <u>\$ 10,731,590</u> | <u>\$ 5,502,351</u>  | <u>\$ 1,528,653</u> |

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

**Tax-Exempt Refunding Bonds, Series 2011B**

The total amount issued under the tax-exempt refunding bonds series 2011B was \$3,890,000, with interest rates ranging from 2.50% to 5.5%. The bonds are payable in annual installments ranging from \$221,026 to \$465,125, including principal and interest through December 2028.

**PUEBLO URBAN RENEWAL AUTHORITY**  
 (A COMPONENT UNIT OF THE CITY OF PUEBLO, COLORADO)  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**DECEMBER 31, 2017**

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**8. Long-Term Liabilities (continued)**

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The debt service requirements for the business-type activity bonds are as follows:

|           | <b>Principal</b>    | <b>Interest</b>     |
|-----------|---------------------|---------------------|
| 2018      | \$ 275,000          | \$ 187,950          |
| 2019      | 285,000             | 174,200             |
| 2020      | 290,000             | 159,950             |
| 2021      | 305,000             | 145,450             |
| 2022      | 325,000             | 130,200             |
| 2023-2027 | 1,945,000           | 371,964             |
| 2028-2032 | 210,000             | 11,026              |
|           | <b>\$ 3,635,000</b> | <b>\$ 1,180,740</b> |

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**9. Net Position**

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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 on regulations of other governments, or (2) imposed by law through constitutional provisions or enabling legislations. Restricted net position for governmental and business-type activities is summarized as follows:

|                                    |                            |
|------------------------------------|----------------------------|
| Debt service and district projects | <u><u>\$24,773,853</u></u> |
|------------------------------------|----------------------------|

**PUEBLO URBAN RENEWAL AUTHORITY**  
(A COMPONENT UNIT OF THE CITY OF PUEBLO, COLORADO)  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**DECEMBER 31, 2017**

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**10. Fund Balances**

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As previously reported, the South Santa Fe district fund and the Union Avenue district fund no longer meet the criteria to be classified as special revenue funds and, therefore, the activities of these two funds have been included with the general fund in accordance with generally accepted accounting principles as follows:

|                                             | <u>General</u><br><u>Fund</u> | <u>South</u><br><u>Santa Fe</u><br><u>District</u> | <u>Union</u><br><u>Avenue</u><br><u>District</u> | <u>Combined</u><br><u>General</u><br><u>Fund</u> |
|---------------------------------------------|-------------------------------|----------------------------------------------------|--------------------------------------------------|--------------------------------------------------|
| Fund balance, January 1, 2017               | \$ 171,817                    | \$ -                                               | \$ (86,147)                                      | \$ 85,670                                        |
| Revenues and other financing sources:       |                               |                                                    |                                                  |                                                  |
| Property taxes                              | 42,950                        | -                                                  | 949                                              | 43,899                                           |
| Charges for services                        | 145,999                       | -                                                  | -                                                | 145,999                                          |
| Interest                                    | 211                           | -                                                  | -                                                | 211                                              |
| Other                                       | 30,944                        | -                                                  | 144                                              | 31,088                                           |
| Loan proceeds                               | 206,188                       | -                                                  | -                                                | 206,188                                          |
| Transfers in                                | <u>753,331</u>                | <u>-</u>                                           | <u>108,941</u>                                   | <u>862,272</u>                                   |
| Total revenues and other financing sources  | <u>\$1,179,623</u>            | <u>\$ -</u>                                        | <u>\$ 110,034</u>                                | <u>\$ 1,289,657</u>                              |
| Expenditures and other financing uses:      |                               |                                                    |                                                  |                                                  |
| General government                          | 709,247                       | -                                                  | -                                                | 709,247                                          |
| Economic development                        | 40,916                        | -                                                  | -                                                | 40,916                                           |
| Principal                                   | 240,689                       | -                                                  | -                                                | 240,689                                          |
| Interest                                    | 12,910                        | -                                                  | -                                                | 12,910                                           |
| Capital outlay                              | -                             | -                                                  | -                                                | -                                                |
| Transfer out                                | <u>108,941</u>                | <u>-</u>                                           | <u>23,694</u>                                    | <u>132,635</u>                                   |
| Total expenditures and other financing uses | <u>1,112,703</u>              | <u>-</u>                                           | <u>23,694</u>                                    | <u>1,136,397</u>                                 |
| Fund balance, December 31, 2017             | <u>\$ 238,737</u>             | <u>\$ -</u>                                        | <u>\$ 193</u>                                    | <u>\$ 238,930</u>                                |

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**11. Risk Management**

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The Authority is exposed to various risks of loss related to torts, property and casualty, errors and omissions, injuries to employees and health claims. All of these risks of loss are covered by commercial insurance. Settled claims from the commercial policies have not exceeded insurance coverage in any of the past three years.

**PUEBLO URBAN RENEWAL AUTHORITY**  
**(A COMPONENT UNIT OF THE CITY OF PUEBLO, COLORADO)**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**DECEMBER 31, 2017**

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**12. Retirement Plan**

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**Plan Description and Contributions**

The Authority contributes to the Local Government Division Trust Fund (LGDTF), a cost-sharing, multiple-employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado (PERA). The LGDTF provides retirement and disability, post-retirement annual increases, and death benefits for members or their beneficiaries. All employees of the Authority are members of LGDTF. Title 24, article 51 of the Colorado Revised Statutes (CRS), as amended, assigns the authority to establish benefit provisions to the state legislature. PERA issues a publicly available annual financial report that includes financial statements and required supplementary information for the LGDTF. That report may be obtained online at [www.copera.org](http://www.copera.org) or by writing to Colorado PERA, 1300 Logan Street, Denver, Colorado 80203, or by calling PERA at 303-832-9550 or 1-800-759-PERA (7372).

The Authority is required to contribute member and employer contributions to PERA at a rate set by statute. The contribution requirements of plan members and the Authority are established under Title 24, article 51, part 4 of the CRS, as amended. The contribution rate for members is 8.0% and for the Authority it is 10.0% of covered salary. A portion of the Authority's contribution (1.02% of covered salary) is allocated to the Health Care Trust Fund. The Authority is also required to pay an amortization equalization disbursement (AED) equal to 2.20% of total payroll for the calendar year 2017. Additionally, the Authority is required to pay a supplemental amortization equalization disbursement (SAED) equal to 1.50% of total payroll for the calendar year 2017. If the Authority rehires a PERA retiree as an employee or under any other work arrangement, the Authority is required to report and pay the employer contribution rate, the AED and the SAED on the amounts paid for the retiree; however, no member contributions are required. For the year ended December 31, 2017, the Authority's employer contributions to the LGDTF were \$41,806, and total covered payroll was \$308,342.

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

At December 31, 2016, the Authority reported a liability of \$533,355 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015, using standard roll-forward techniques to determine the liability as of December 31, 2016. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At December 31, 2016, the Authority's proportion was approximately 0.04 percent.

**PUEBLO URBAN RENEWAL AUTHORITY**  
 (A COMPONENT UNIT OF THE CITY OF PUEBLO, COLORADO)  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**DECEMBER 31, 2017**

**12. Retirement Plan (continued)**

For the year ended December 31, 2017, the Authority recognized pension expense of \$107,224. At December 31, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|                                                              | <b>Deferred<br/>Outflows of<br/>Resources</b> | <b>Deferred<br/>Inflows of<br/>Resources</b> |
|--------------------------------------------------------------|-----------------------------------------------|----------------------------------------------|
| Differences between expected and actual results              | \$ 1,088                                      | \$ -                                         |
| Change in assumptions or other inputs                        | 4,646                                         |                                              |
| Differences between projected and actual investment earnings | 41,305                                        | -                                            |
| Authority contributions subsequent to the measurement date   | 41,806                                        | -                                            |
| Total                                                        | \$ 88,845                                     | \$ -                                         |

The \$41,806 of deferred outflows of resources resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

| <b>Year ending<br/>December 31,</b> |           |
|-------------------------------------|-----------|
| 2018                                | \$ 28,482 |
| 2019                                | 17,948    |
| 2020                                | 609       |

**Actuarial Assumptions**

The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

|                           |                                                                   |
|---------------------------|-------------------------------------------------------------------|
| Inflation                 | 2.80 percent                                                      |
| Salary increases          | 3.50 – 10.45 percent, including inflation                         |
| Investment rate of return | 7.25 percent, net of Plan investment expense, including inflation |

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

**PUEBLO URBAN RENEWAL AUTHORITY**  
(A COMPONENT UNIT OF THE CITY OF PUEBLO, COLORADO)  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**DECEMBER 31, 2017**

**12. Retirement Plan (continued)**

The actuarial assumptions used in the December 31, 2015 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.

The 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 returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

| <b>Asset Class</b>                | <b>Target Allocation</b> | <b>10 Year Expected Geometric Real Rate of Return</b> |
|-----------------------------------|--------------------------|-------------------------------------------------------|
| US Equity – Large Cap             | 21.20%                   | 4.30%                                                 |
| US Equity – Small Cap             | 7.42%                    | 4.80%                                                 |
| Non US Equity – Developed         | 18.55%                   | 5.20%                                                 |
| Non US Equity – Emerging          | 5.83%                    | 5.40%                                                 |
| Core Fixed Income                 | 19.32%                   | 1.20%                                                 |
| High Yield                        | 1.38%                    | 4.30%                                                 |
| Non U.S. Fixed Income - Developed | 1.84%                    | 0.60%                                                 |
| Emerging Market Debt              | 0.46%                    | 3.90%                                                 |
| Core Real Estate                  | 8.50%                    | 4.90%                                                 |
| Opportunity Fund                  | 6.00%                    | 3.80%                                                 |
| Private Equity                    | 8.50%                    | 6.60%                                                 |
| Cash                              | 1.00%                    | 0.20%                                                 |
| Total                             | <u>100.00%</u>           |                                                       |

**Discount Rate**

The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that contributions from employers will be made at fixed statutory rates specified by law, including current and 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. Based on those assumptions, 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. The discount rate changed from the prior measurement date discount rate of 7.50 percent..

**PUEBLO URBAN RENEWAL AUTHORITY**  
 (A COMPONENT UNIT OF THE CITY OF PUEBLO, COLORADO)  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**DECEMBER 31, 2017**

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**12. Retirement Plan (continued)**

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**Sensitivity of the Authority’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate**

The following presents the Authority’s proportionate share of the net pension liability calculated using the discount rate of 7.25 percent, as well as what the Authority’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

|                       | <b>Discount rate</b> | <b>Authority’s proportionate share of net pension liability</b> |
|-----------------------|----------------------|-----------------------------------------------------------------|
| 1% decrease           | 6.25%                | \$ 786,408                                                      |
| Current discount rate | 7.25%                | \$ 533,355                                                      |
| 1% increase           | 8.25%                | \$ 323,800                                                      |

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**13. Post-Employment Benefits**

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The Authority contributes to the Health Care Trust Fund (HCTF), a cost-sharing, multiple-employer health care trust 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 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 online at [www.copera.org](http://www.copera.org) or by writing to Colorado PERA, 1300 Logan Street, Denver, Colorado 80203, or by calling PERA at 393-832-9550 or 1-800-759-PERA (7372).

The Authority is required to contribute at a rate of 1.02 percent of covered salary for all PERA members as set by statute and no member contributions are required. The contribution requirements for the Authority 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 year ended December 31, 2017, the Authority’s employer contribution to the HCTF was \$3,145, equal to their required contributions for each year.

**PUEBLO URBAN RENEWAL AUTHORITY**  
**(A COMPONENT UNIT OF THE CITY OF PUEBLO, COLORADO)**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**DECEMBER 31, 2017**

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**14. Related Party Transactions**

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On a monthly basis, the Authority remits 3.3% of its sales and use tax collections to the trustee for debt service on the series 2011B refunding and improvement bonds. A portion of these monthly collections is allocated by the trustee for operations and maintenance and debt service of the Authority's convention center. The revenue recognized from these transactions totaled \$2,032,222 for the year ended December 31, 2017 and is reported in the caption "vendor's fee" in the accompanying financial statements.

**15. Commitments and Contingencies**

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The Authority entered into an agreement with Thunder Village Metropolitan District (the District) which provides that the Authority will reimburse the District for the costs of certain public improvements. As of December 31, 2017, the District has submitted approximately \$7,050,000 of reimbursement requests to the Authority. The Authority's obligation, however, is limited to the amount of actual tax increment revenues generated within the project taxing area until 2032.

The Authority has also entered into a reimbursement agreement with Vestas Towers America, Inc. in conjunction with the creation of the St. Charles district urban renewal project area. This agreement provides that the Authority will reimburse Vestas Towers America, Inc. for its costs incurred for certain public improvements. The Authority is obligated to reimburse Vestas Towers America, Inc. up to \$12,500,000 plus 4.5% interest per annum subject to the collection of the related tax increment revenues. This agreement also provides that the Authority will pay 50% of the personal property taxes assessed for a period of 10 years beginning in 2012. In conjunction with the reimbursement agreement described above, the Authority also approved a cooperation agreement with the Authority whereby the Authority will pay to Vestas Towers America, Inc. an amount equal to the Authority's proportion of the total mill levy. In addition, the Authority committed to pay \$6,826,000 to the County of Pueblo and the Board of Water Works of Pueblo after Vestas Towers America, Inc. which has been paid in full.

In 2012, the Authority, in conjunction with the Colorado Economic Development Commission, approved a resolution dedicating specified sales tax increment revenue for approved regional tourism projects (See Note 8). As required by the resolution and agreement, the Authority has established a special fund to receive these funds. For the year ended December 31, 2017, the Authority recognized sales tax increment revenues of \$1,598,772.

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 Authority believes it is in compliance with the requirements of the amendment. The Authority believes it is exempt from the provisions of the amendment because it is not a taxing body, nor does it have the power to hold elections.

**REQUIRED SUPPLEMENTARY INFORMATION**

**Pueblo Urban Renewal Authority**  
(a component unit of the City of Pueblo, Colorado)  
**General Fund**  
**Schedule of Revenues, Expenditures**  
**and Changes in Fund Balances—Budget and Actual**  
**For the Year Ended December 31, 2017**

|                                                   | <b>BUDGETED AMOUNTS</b> |                | <b>ACTUAL</b>     | <b>VARIANCE WITH<br/>FINAL BUDGET<br/>POSITIVE<br/>(NEGATIVE)</b> |
|---------------------------------------------------|-------------------------|----------------|-------------------|-------------------------------------------------------------------|
|                                                   | <b>ORIGINAL</b>         | <b>FINAL</b>   |                   | <b>(NEGATIVE)</b>                                                 |
| <b>REVENUES</b>                                   |                         |                |                   |                                                                   |
| Property taxes                                    | \$ 19,487               | \$ -           | \$ 42,950         | \$ 42,950                                                         |
| Charges for services                              | 145,998                 | 145,999        | 145,999           | -                                                                 |
| Interest                                          | 100                     | 243            | 211               | (32)                                                              |
| Other                                             | -                       | 30,842         | 30,945            | 103                                                               |
| <b>TOTAL REVENUES</b>                             | <b>165,585</b>          | <b>177,084</b> | <b>220,105</b>    | <b>43,021</b>                                                     |
| <b>EXPENDITURES</b>                               |                         |                |                   |                                                                   |
| Current:                                          |                         |                |                   |                                                                   |
| General Government                                | 637,370                 | 667,398        | 709,247           | (41,849)                                                          |
| Economic development                              | 67,500                  | 205,370        | 40,916            | 164,454                                                           |
| Debt service                                      | 25,123                  | 44,418         | 253,599           | (209,181)                                                         |
| Capital outlay                                    | 140,377                 | 13,289         | -                 | 13,289                                                            |
| <b>TOTAL EXPENDITURES</b>                         | <b>870,370</b>          | <b>930,475</b> | <b>1,003,762</b>  | <b>(73,287)</b>                                                   |
| <b>OTHER FINANCING SOURCES AND USES</b>           |                         |                |                   |                                                                   |
| Loan proceeds                                     | -                       | -              | 206,188           | 206,188                                                           |
| Transfers in                                      | 704,785                 | 753,391        | 777,294           | 23,903                                                            |
| Transfers out                                     | -                       | -              | (132,904)         | 132,904                                                           |
| <b>TOTAL OTHER FINANCING<br/>SOURCES AND USES</b> | <b>704,785</b>          | <b>753,391</b> | <b>850,578</b>    | <b>362,995</b>                                                    |
| <b>NET CHANGE IN FUND BALANCE</b>                 | <b>\$ -</b>             | <b>\$ -</b>    | <b>66,921</b>     | <b>\$ 66,921</b>                                                  |
| <b>FUND BALANCES, BEGINNING OF YEAR</b>           |                         |                | <b>171,817</b>    |                                                                   |
| <b>FUND BALANCES, END OF YEAR</b>                 |                         |                | <b>\$ 238,738</b> |                                                                   |
| <b>GAAP ADJUSTMENTS</b>                           |                         |                |                   |                                                                   |
| Consolidation of the Union Avenue District Fund   |                         |                | <b>192</b>        |                                                                   |
| <b>FUND BALANCE - GAAP BASIS</b>                  |                         |                | <b>\$ 238,930</b> |                                                                   |

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

**Pueblo Urban Renewal Authority**  
**(a component unit of the City of Pueblo, Colorado)**  
**Reconciliation of the Budgetary Basis of Accounting**  
**to GAAP Basis of Accounting**  
**General Fund**  
**For the Year Ended December 31, 2017**

**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 | <u>\$ 1,203,587</u> |
|-----------------------------------------------------------------------------------------------------------------|---------------------|

**Differences - budget to GAAP**

|                                                                                                                                                  |                |
|--------------------------------------------------------------------------------------------------------------------------------------------------|----------------|
| Revenues and other financing sources from the Union Avenue District fund which is consolidated with the general fund for GAAP reporting purposes | <u>110,034</u> |
|--------------------------------------------------------------------------------------------------------------------------------------------------|----------------|

|                                                        |                            |
|--------------------------------------------------------|----------------------------|
| <b>GAAP basis revenues and other financing sources</b> | <u><u>\$ 1,313,621</u></u> |
|--------------------------------------------------------|----------------------------|

**EXPENDITURES AND OTHER FINANCING USES**

|                                                                                                                  |                  |
|------------------------------------------------------------------------------------------------------------------|------------------|
| Actual amounts (budgetary basis) of expenditures and other financing uses from the budgetary comparison schedule | <u>1,136,666</u> |
|------------------------------------------------------------------------------------------------------------------|------------------|

**Differences - budget to GAAP**

|                                                                                                                                                   |               |
|---------------------------------------------------------------------------------------------------------------------------------------------------|---------------|
| Expenditures and other financing uses from the Union Avenue District fund which is consolidated with the general fund for GAAP reporting purposes | <u>23,694</u> |
|---------------------------------------------------------------------------------------------------------------------------------------------------|---------------|

|                                                         |                            |
|---------------------------------------------------------|----------------------------|
| <b>GAAP basis expenditures and other financing uses</b> | <u><u>\$ 1,160,360</u></u> |
|---------------------------------------------------------|----------------------------|

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

**Pueblo Urban Renewal Authority**  
(a component unit of the City of Pueblo, Colorado)  
**Regional Tourism Fund**  
**Schedule of Revenues, Expenditures**  
**And Changes in Fund Balance—Budget and Actual**  
**For the Year Ended December 31, 2017**

|                                               | <u>BUDGETED AMOUNTS</u> |                   | <u>ACTUAL</u>        | <u>VARIANCE WITH</u> |
|-----------------------------------------------|-------------------------|-------------------|----------------------|----------------------|
|                                               | <u>ORIGINAL</u>         | <u>FINAL</u>      |                      | <u>FINAL BUDGET</u>  |
|                                               |                         |                   |                      | <u>POSITIVE</u>      |
|                                               |                         |                   |                      | <u>(NEGATIVE)</u>    |
| <b>REVENUES</b>                               |                         |                   |                      |                      |
| Sales tax increment                           | \$ 1,825,988            | \$ 1,881,267      | \$ 1,598,772         | \$ (282,495)         |
| Interest                                      | -                       | -                 | 67,475               | 67,475               |
| Miscellaneous                                 | -                       | -                 | 23,994               | 23,994               |
| <b>TOTAL REVENUES</b>                         | <u>1,825,988</u>        | <u>1,881,267</u>  | <u>1,690,241</u>     | <u>(191,026)</u>     |
| <b>EXPENDITURES</b>                           |                         |                   |                      |                      |
| Current:                                      |                         |                   |                      |                      |
| General government                            | -                       | 260,000           | 149,951              | 110,049              |
| Economic development                          | 118,842                 | 118,842           | 28,286               | 90,556               |
| Debt service                                  | -                       | 1,814,675         | 528,019              | 1,286,656            |
| Capital outlay                                | <u>1,707,146</u>        | <u>30,687,750</u> | <u>912,033</u>       | <u>29,775,717</u>    |
| <b>TOTAL EXPENDITURES</b>                     | <u>1,825,988</u>        | <u>32,881,267</u> | <u>1,618,289</u>     | <u>31,262,978</u>    |
| <b>OTHER FINANCING SOURCES AND USES</b>       |                         |                   |                      |                      |
| Transfers out                                 | -                       | -                 | (146,855)            | (146,855)            |
| Loan proceeds                                 | -                       | 31,000,000        | 17,248,000           | (13,752,000)         |
| Bond discount                                 | -                       | -                 | (132,748)            | (132,748)            |
| <b>TOTAL OTHER FINANCING SOURCES AND USES</b> | <u>-</u>                | <u>31,000,000</u> | <u>16,968,397</u>    | <u>(14,031,603)</u>  |
| <b>NET CHANGE IN FUND BALANCE</b>             | <u>\$ -</u>             | <u>\$ -</u>       | <u>\$ 17,040,349</u> | <u>\$ 17,040,349</u> |
| <b>FUND BALANCE, BEGINNING OF YEAR</b>        |                         |                   | <u>4,070,522</u>     |                      |
| <b>FUND BALANCE, END OF YEAR</b>              |                         |                   | <u>\$ 21,110,871</u> |                      |

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

**Pueblo Urban Renewal Authority**  
(a component unit of the City of Pueblo, Colorado)  
**Expanded Downtown District**  
**Schedule of Revenues, Expenditures**  
**and Changes in Fund Balances—Budget and Actual**  
**For the Year Ended December 31, 2017**

|                                         | BUDGETED AMOUNTS |            | ACTUAL     | VARIANCE WITH                          |
|-----------------------------------------|------------------|------------|------------|----------------------------------------|
|                                         | ORIGINAL         | FINAL      |            | FINAL BUDGET<br>POSITIVE<br>(NEGATIVE) |
| <b>REVENUES</b>                         |                  |            |            |                                        |
| Property taxes                          | \$ 593,830       | \$ 606,957 | \$ 606,957 | \$ -                                   |
| Intergovernmental                       | 300,750          | 300,600    | 428,389    | 127,789                                |
| Charges for services                    | 7,416            | -          | 9,270      | 9,270                                  |
| Interest                                | 94,000           | 137,133    | 74         | (137,059)                              |
| Miscellaneous                           | 5,413            | 63,884     | 63,884     | -                                      |
| <b>TOTAL REVENUES</b>                   | 1,001,409        | 1,108,574  | 1,108,574  | -                                      |
| <b>EXPENDITURES</b>                     |                  |            |            |                                        |
| Current:                                |                  |            |            |                                        |
| General government                      | 4,000            | 65,164     | 106,619    | (41,455)                               |
| Economic development                    | -                | -          | 69,061     | (69,061)                               |
| Cost of issuance                        | -                | -          | 118,735    | (118,735)                              |
| Capital outlay                          | 170,819          | 219,083    | -          | 219,083                                |
| Debt service                            | 755,330          | 751,499    | 7,193,000  | (6,441,501)                            |
| <b>TOTAL EXPENDITURES</b>               | 930,149          | 1,035,746  | 7,487,415  | (6,451,669)                            |
| <b>FINANCING SOURCES AND USES</b>       |                  |            |            |                                        |
| Loan funds received                     | -                | -          | 7,363,000  | 7,363,000                              |
| Transfers out                           | (71,260)         | (72,828)   | (852,000)  | (779,172)                              |
| <b>TOTAL FINANCING SOURCES AND USES</b> | (71,260)         | (72,828)   | 6,511,000  | 6,583,828                              |
| <b>NET CHANGE IN FUND BALANCE</b>       | \$ -             | \$ -       | 132,159    | \$ 132,159                             |
| <b>FUND BALANCE, BEGINNING OF YEAR</b>  |                  |            | 824,425    |                                        |
| <b>FUND BALANCE, END OF YEAR</b>        |                  |            | \$ 956,584 |                                        |

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

**Pueblo Urban Renewal Authority**  
(a component unit of the City of Pueblo, Colorado)  
**St. Charles District**  
**Schedule of Revenues, Expenditures**  
**And Changes in Fund Balances—Budget and Actual**  
**For the Year Ended December 31, 2017**

|                                               | <u>BUDGETED AMOUNTS</u> |                  | <u>ACTUAL</u>    | <b>VARIANCE WITH</b> |
|-----------------------------------------------|-------------------------|------------------|------------------|----------------------|
|                                               | <u>ORIGINAL</u>         | <u>FINAL</u>     |                  | <b>FINAL BUDGET</b>  |
|                                               |                         |                  |                  | <b>POSITIVE</b>      |
|                                               |                         |                  |                  | <b>(NEGATIVE)</b>    |
| <b>REVENUES:</b>                              |                         |                  |                  |                      |
| Property taxes                                | \$ 2,898,576            | \$ 2,880,649     | \$ 2,877,543     | \$ (3,106)           |
| Prior year carryover                          | -                       | 8,887            | -                | (8,887)              |
| Interest                                      | -                       | -                | 3,160            | 3,160                |
| <b>TOTAL REVENUES</b>                         | <u>2,898,576</u>        | <u>2,889,536</u> | <u>2,880,703</u> | <u>(8,833)</u>       |
| <b>EXPENDITURES</b>                           |                         |                  |                  |                      |
| Current:                                      |                         |                  |                  |                      |
| Economic development                          | 2,784,668               | 2,770,921        | 2,769,446        | 1,475                |
| Capital Outlay                                | -                       | 4,707            | -                | 4,707                |
| <b>TOTAL EXPENDITURES</b>                     | <u>2,784,668</u>        | <u>2,775,628</u> | <u>2,769,446</u> | <u>1,475</u>         |
| <b>OTHER FINANCING SOURCES AND USES</b>       |                         |                  |                  |                      |
| Transfers out                                 | <u>(113,908)</u>        | <u>(113,908)</u> | <u>(140,717)</u> | <u>(26,809)</u>      |
| <b>TOTAL OTHER FINANCING SOURCES AND USES</b> | <u>(113,908)</u>        | <u>(113,908)</u> | <u>(140,717)</u> | <u>(26,809)</u>      |
| <b>NET CHANGE IN FUND BALANCE</b>             | <u>\$ -</u>             | <u>\$ -</u>      | (29,460)         | <u>\$ (29,460)</u>   |
| <b>FUND BALANCE, BEGINNING OF YEAR</b>        |                         |                  | <u>35,829</u>    |                      |
| <b>FUND BALANCE, END OF YEAR</b>              |                         |                  | <u>\$ 6,369</u>  |                      |

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

**Pueblo Urban Renewal Authority**  
(a component unit of the City of Pueblo, Colorado)  
**Lake Minnequa District**  
**Schedule of Revenues, Expenditures**  
**And Changes in Fund Balances - Budget and Actual**  
**For the Year Ended December 31, 2017**

|                                               | <u>BUDGETED AMOUNTS</u> |                  | <u>ACTUAL</u>     | <b>VARIANCE WITH</b> |
|-----------------------------------------------|-------------------------|------------------|-------------------|----------------------|
|                                               | <u>ORIGINAL</u>         | <u>FINAL</u>     |                   | <b>FINAL BUDGET</b>  |
|                                               |                         |                  |                   | <b>POSITIVE</b>      |
|                                               |                         |                  |                   | <b>(NEGATIVE)</b>    |
| <b>REVENUES</b>                               |                         |                  |                   |                      |
| Property taxes                                | \$ 546,547              | \$ 547,759       | \$ 532,833        | \$ (14,926)          |
| Interest                                      | -                       | -                | 288               | 288                  |
| <b>TOTAL REVENUES</b>                         | <u>546,547</u>          | <u>547,759</u>   | <u>533,121</u>    | <u>(14,638)</u>      |
| <b>EXPENDITURES</b>                           |                         |                  |                   |                      |
| Current:                                      |                         |                  |                   |                      |
| Economic development                          | -                       | -                | 30,090            | (30,090)             |
| Debt service                                  | 260,425                 | 260,425          | 231,226           | 29,199               |
| Capital outlay                                | <u>18,848</u>           | <u>19,454</u>    | -                 | <u>19,454</u>        |
| <b>TOTAL EXPENDITURES</b>                     | <u>279,273</u>          | <u>279,879</u>   | <u>261,316</u>    | <u>18,563</u>        |
| <b>OTHER FINANCING SOURCES AND USES</b>       |                         |                  |                   |                      |
| Transfers out                                 | (273,274)               | (273,880)        | (347,278)         | (73,398)             |
| Transfers in                                  | <u>6,000</u>            | <u>6,000</u>     | -                 | <u>(6,000)</u>       |
| <b>TOTAL OTHER FINANCING SOURCES AND USES</b> | <u>(267,274)</u>        | <u>(267,880)</u> | <u>(347,278)</u>  | <u>(79,398)</u>      |
| <b>NET CHANGE IN FUND BALANCE</b>             | <u>\$ -</u>             | <u>\$ -</u>      | (75,473)          | <u>\$ (75,473)</u>   |
| <b>FUND BALANCE, BEGINNING OF YEAR</b>        |                         |                  | <u>646,708</u>    |                      |
| <b>FUND BALANCE, END OF YEAR</b>              |                         |                  | <u>\$ 571,235</u> |                      |

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

**Pueblo Urban Renewal Authority**  
(a component unit of the City of Pueblo, Colorado)  
**Retirement Plan Supplementary Information**  
For the Year Ended December 31, 2017

**Schedule of Proportionate Share of the Net Pension Liability and Related Ratios**

| <u>Year Ending*</u> | <u>Proportion of<br/>the Net Pension<br/>Liability</u> | <u>Proportionate<br/>Share of the Net<br/>Pension Liability</u> | <u>Actual<br/>Covered<br/>Member<br/>Payroll</u> | <u>Net Pension Liability<br/>as a Percentage<br/>of Covered Payroll</u> | <u>Fiduciary Net Position<br/>as a Percentage of<br/>Total Pension Liability</u> |
|---------------------|--------------------------------------------------------|-----------------------------------------------------------------|--------------------------------------------------|-------------------------------------------------------------------------|----------------------------------------------------------------------------------|
| 12/31/2015          | 0.038%                                                 | \$ 546,620                                                      | \$ 221,290                                       | 247.02%                                                                 | 80.72%                                                                           |
| 12/31/2016          | 0.038%                                                 | \$ 429,236                                                      | \$ 239,406                                       | 179.29%                                                                 | 76.90%                                                                           |
| 12/31/2017          | 0.039%                                                 | \$ 533,355                                                      | \$ 308,342                                       | 172.98%                                                                 | 73.65%                                                                           |

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

\* The data provided in this schedule is based as of the measurement date of the Authority's net pension liability, which is as of the beginning of the year.

**Schedule of Employer Contributions**

| <u>Year Ending</u> | <u>Statutorily<br/>Required<br/>Contributions</u> | <u>Actual<br/>Employer<br/>Contributions</u> | <u>Contribution<br/>Excess/(Deficiency)</u> | <u>Actual<br/>Covered<br/>Member<br/>Payroll</u> | <u>Contributions as a<br/>Percentage of<br/>Covered Payroll</u> |
|--------------------|---------------------------------------------------|----------------------------------------------|---------------------------------------------|--------------------------------------------------|-----------------------------------------------------------------|
| 12/31/2008         | -                                                 | 5,509                                        | 5,509                                       | 46,294                                           | 11.9%                                                           |
| 12/31/2009         | 14,649                                            | 16,832                                       | 2,183                                       | 131,496                                          | 12.8%                                                           |
| 12/31/2010         | 15,237                                            | 16,957                                       | 1,720                                       | 123,775                                          | 13.7%                                                           |
| 12/31/2011         | 14,692                                            | 22,414                                       | 7,722                                       | 163,604                                          | 13.7%                                                           |
| 12/31/2012         | 17,975                                            | 25,154                                       | 7,179                                       | 183,607                                          | 13.7%                                                           |
| 12/31/2013         | 21,077                                            | 27,200                                       | 6,123                                       | 198,464                                          | 13.7%                                                           |
| 12/31/2014         | 24,534                                            | 28,533                                       | 3,999                                       | 208,269                                          | 13.7%                                                           |
| 12/31/2015         | 24,199                                            | 30,459                                       | 6,260                                       | 221,290                                          | 13.8%                                                           |
| 12/31/2016         | 30,357                                            | 32,799                                       | 2,442                                       | 239,406                                          | 13.7%                                                           |
| 12/31/2017         | 39,098                                            | 41,806                                       | 2,708                                       | 308,342                                          | 13.6%                                                           |

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

**PUEBLO URBAN RENEWAL AUTHORITY**  
**(A COMPONENT UNIT OF THE CITY OF PUEBLO, COLORADO)**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**DECEMBER 31, 2017**

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**Budgetary Information**

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

Prior to November 1 of each year, the executive director submits to the board of commissioners 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 the board of commissioners to obtain comments. The Authority adopts budgets for all funds and each fund uses 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.

Expenditure estimates in the annual budgets are enacted into law through the passage of an appropriation resolution. The board of commissioners may amend the original adopted budget during the year by passing a new resolution to reflect current needs. The 2017 budget was amended for additional expenditures.

The legal level of budgetary control for all funds is at the total fund level which means that total expenditures and other financing uses cannot legally exceed total appropriations for that fund.

**OTHER SUPPLEMENTARY INFORMATION**

**Pueblo Urban Renewal Authority**  
(a component unit of the City of Pueblo, Colorado)  
**Combining Balance Sheet**  
**Other Governmental Funds**  
**December 31, 2017**

|                                                                               | <b>SPECIAL REVENUE FUNDS</b>            |                                        |                                        | <b>TOTALS</b>    |
|-------------------------------------------------------------------------------|-----------------------------------------|----------------------------------------|----------------------------------------|------------------|
|                                                                               | <b>THUNDER<br/>VILLAGE<br/>DISTRICT</b> | <b>FOUNTAIN<br/>CREEK<br/>DISTRICT</b> | <b>LOWER<br/>WESTSIDE<br/>DISTRICT</b> |                  |
| <b>ASSETS</b>                                                                 |                                         |                                        |                                        |                  |
| Cash and cash equivalents                                                     | \$ 160                                  | \$ 5,243                               | \$ 5,255                               | \$ 10,658        |
| Property taxes receivable                                                     | <u>5,645</u>                            | <u>425</u>                             | <u>5,823</u>                           | <u>11,893</u>    |
| <b>TOTAL ASSETS</b>                                                           | <u>5,805</u>                            | <u>5,668</u>                           | <u>11,078</u>                          | <u>22,551</u>    |
| <b>LIABILITIES, DEFERRED INFLOWS OF<br/>RESOURCES AND FUND BALANCES</b>       |                                         |                                        |                                        |                  |
| <b>LIABILITIES</b>                                                            |                                         |                                        |                                        |                  |
| Accounts payable                                                              | 49                                      | -                                      | -                                      | 49               |
| Advance from other funds                                                      | <u>-</u>                                | <u>196</u>                             | <u>-</u>                               | <u>196</u>       |
| <b>TOTAL LIABILITIES</b>                                                      | <u>49</u>                               | <u>196</u>                             | <u>-</u>                               | <u>245</u>       |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                          |                                         |                                        |                                        |                  |
| Property taxes                                                                | <u>5,645</u>                            | <u>425</u>                             | <u>5,823</u>                           | <u>11,893</u>    |
| <b>TOTAL LIABILITIES AND DEFERRED<br/>INFLOWS OF RESOURCES</b>                | <u>5,694</u>                            | <u>621</u>                             | <u>5,823</u>                           | <u>12,138</u>    |
| <b>FUND BALANCES</b>                                                          |                                         |                                        |                                        |                  |
| Restricted                                                                    | <u>111</u>                              | <u>5,047</u>                           | <u>5,255</u>                           | <u>10,413</u>    |
| <b>TOTAL FUND BALANCES</b>                                                    | <u>111</u>                              | <u>5,047</u>                           | <u>5,255</u>                           | <u>10,413</u>    |
| <b>TOTAL LIABILITIES, DEFERRED INFLOWS<br/>OF RESOURCES AND FUND BALANCES</b> | <u>\$ 5,805</u>                         | <u>\$ 5,668</u>                        | <u>\$ 11,078</u>                       | <u>\$ 22,551</u> |

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

**Pueblo Urban Renewal Authority**  
(a component unit of the City of Pueblo, Colorado)  
**Other Governmental Funds**  
**Combining Statement of Revenues, Expenditures**  
**And Changes in Fund Balance**  
**For the Year Ended December 31, 2017**

|                                                              | <b>SPECIAL REVENUE FUNDS</b>            |                                        |                                        | <b>TOTALS</b>    |
|--------------------------------------------------------------|-----------------------------------------|----------------------------------------|----------------------------------------|------------------|
|                                                              | <b>THUNDER<br/>VILLAGE<br/>DISTRICT</b> | <b>FOUNTAIN<br/>CREEK<br/>DISTRICT</b> | <b>LOWER<br/>WESTSIDE<br/>DISTRICT</b> |                  |
| <b>REVENUES</b>                                              |                                         |                                        |                                        |                  |
| Property taxes                                               | \$ 5,515                                | \$ 360                                 | \$ 6,255                               | \$ 12,130        |
| Interest                                                     | -                                       | 59                                     | -                                      | 59               |
| <b>TOTAL REVENUES</b>                                        | <u>5,515</u>                            | <u>419</u>                             | <u>6,255</u>                           | <u>12,189</u>    |
| <b>EXPENDITURES</b>                                          |                                         |                                        |                                        |                  |
| Current:                                                     |                                         |                                        |                                        |                  |
| Economic development                                         | (423)                                   | -                                      | 1,000                                  | 577              |
| <b>TOTAL EXPENDITURES</b>                                    | <u>(423)</u>                            | <u>-</u>                               | <u>1,000</u>                           | <u>577</u>       |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER EXPENDITURES</b> | <u>5,938</u>                            | <u>419</u>                             | <u>5,255</u>                           | <u>11,612</u>    |
| <b>OTHER FINANCING SOURCES (USES)</b>                        |                                         |                                        |                                        |                  |
| Transfers out                                                | (2,832)                                 | (18,384)                               | -                                      | (21,216)         |
| <b>TOTAL OTHER FINANCING<br/>SOURCES (USES)</b>              | <u>(2,832)</u>                          | <u>(18,384)</u>                        | <u>-</u>                               | <u>(21,216)</u>  |
| <b>NET CHANGE IN FUND BALANCE</b>                            | <u>3,106</u>                            | <u>(17,965)</u>                        | <u>5,255</u>                           | <u>(9,604)</u>   |
| <b>FUND BALANCE, BEGINNING OF YEAR</b>                       | <u>(2,995)</u>                          | <u>23,012</u>                          | <u>-</u>                               | <u>20,017</u>    |
| <b>FUND BALANCE, END OF YEAR</b>                             | <u>\$ 111</u>                           | <u>\$ 5,047</u>                        | <u>\$ 5,255</u>                        | <u>\$ 10,413</u> |

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

**Pueblo Urban Renewal Authority**  
(a component unit of the City of Pueblo, Colorado)  
**South Santa Fe District**  
**Schedule of Revenues, Expenditures**  
**And Changes in Fund Balance—Budget and Actual**  
**For the Year Ended December 31, 2017**

|                                        | <u>BUDGETED AMOUNTS</u> |              | <u>ACTUAL</u> | <b>VARIANCE WITH<br/>FINAL BUDGET<br/>POSITIVE<br/>(NEGATIVE)</b> |
|----------------------------------------|-------------------------|--------------|---------------|-------------------------------------------------------------------|
|                                        | <u>ORIGINAL</u>         | <u>FINAL</u> |               | <u>(NEGATIVE)</u>                                                 |
| <b>REVENUES</b>                        |                         |              |               |                                                                   |
| Property taxes                         | \$ -                    | \$ -         | \$ -          | \$ -                                                              |
| Prior year carryover                   | -                       | -            | -             | -                                                                 |
| <b>TOTAL REVENUES</b>                  | <u>-</u>                | <u>-</u>     | <u>-</u>      | <u>-</u>                                                          |
| <b>EXPENDITURES</b>                    |                         |              |               |                                                                   |
| Miscellaneous expenses                 | -                       | -            | -             | -                                                                 |
| <b>TOTAL EXPENDITURES</b>              | <u>-</u>                | <u>-</u>     | <u>-</u>      | <u>-</u>                                                          |
| <b>NET CHANGE IN FUND BALANCE</b>      | <u>\$ -</u>             | <u>\$ -</u>  | <u>\$ -</u>   | <u>\$ -</u>                                                       |
| <b>FUND BALANCE, BEGINNING OF YEAR</b> |                         |              | <u>-</u>      |                                                                   |
| <b>FUND BALANCE, END OF YEAR</b>       |                         |              | <u>\$ -</u>   |                                                                   |

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

**Pueblo Urban Renewal Authority**  
(a component unit of the City of Pueblo, Colorado)  
**North Pueblo District**  
**Schedule of Revenues, Expenditures**  
**And Changes in Fund Balance—Budget and Actual**  
**For the Year Ended December 31, 2017**

|                                         | <u>BUDGETED AMOUNTS</u> |                 | <u>ACTUAL</u>     | <b>VARIANCE WITH<br/>FINAL BUDGET<br/>POSITIVE<br/>(NEGATIVE)</b> |
|-----------------------------------------|-------------------------|-----------------|-------------------|-------------------------------------------------------------------|
|                                         | <u>ORIGINAL</u>         | <u>FINAL</u>    |                   | <u>(NEGATIVE)</u>                                                 |
| <b>REVENUES</b>                         |                         |                 |                   |                                                                   |
| Property taxes                          | \$ 170,727              | \$ 177,423      | \$ 174,872        | \$ (2,551)                                                        |
| Intergovernmental                       | 182,824                 | 177,133         | 178,778           | 1,645                                                             |
| Interest                                | -                       | -               | 749               | 749                                                               |
| <b>TOTAL REVENUES</b>                   | <u>353,551</u>          | <u>354,556</u>  | <u>354,399</u>    | <u>(157)</u>                                                      |
| <b>EXPENDITURES</b>                     |                         |                 |                   |                                                                   |
| Economic development                    | -                       | -               | 243               | (243)                                                             |
| Debt service                            | <u>327,942</u>          | <u>327,942</u>  | <u>328,139</u>    | <u>(197)</u>                                                      |
| <b>TOTAL EXPENDITURES</b>               | <u>327,942</u>          | <u>327,942</u>  | <u>328,382</u>    | <u>(440)</u>                                                      |
| <b>TOTAL FINANCING SOURCES AND USES</b> |                         |                 |                   |                                                                   |
| Transfers out                           | <u>(25,609)</u>         | <u>(26,614)</u> | <u>(26,232)</u>   | <u>382</u>                                                        |
| <b>TOTAL FINANCING SOURCES AND USES</b> | <u>(25,609)</u>         | <u>(26,614)</u> | <u>(26,232)</u>   | <u>382</u>                                                        |
| <b>NET CHANGE IN FUND BALANCE</b>       | <u>\$ -</u>             | <u>\$ -</u>     | <u>\$ (215)</u>   | <u>\$ (215)</u>                                                   |
| <b>FUND BALANCE, BEGINNING OF YEAR</b>  |                         |                 | <u>329,069</u>    |                                                                   |
| <b>FUND BALANCE, END OF YEAR</b>        |                         |                 | <u>\$ 328,854</u> |                                                                   |

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

**Pueblo Urban Renewal Authority**  
(a component unit of the City of Pueblo, Colorado)  
**Thunder Village District**  
**Schedule of Revenues, Expenditures**  
**And Changes in Fund Balance—Budget and Actual**  
**For the Year Ended December 31, 2017**

|                                         | <u>BUDGETED AMOUNTS</u> |                | <u>ACTUAL</u>   | <b>VARIANCE WITH</b> |
|-----------------------------------------|-------------------------|----------------|-----------------|----------------------|
|                                         | <u>ORIGINAL</u>         | <u>FINAL</u>   |                 | <b>FINAL BUDGET</b>  |
|                                         |                         |                |                 | <b>POSITIVE</b>      |
|                                         |                         |                |                 | <b>(NEGATIVE)</b>    |
| <b>REVENUES</b>                         |                         |                |                 |                      |
| Property taxes                          | \$ 3,786                | \$ 5,847       | \$ 5,515        | \$ (332)             |
| <b>TOTAL REVENUES</b>                   | <u>3,786</u>            | <u>5,847</u>   | <u>5,515</u>    | <u>(332)</u>         |
| <b>EXPENDITURES</b>                     |                         |                |                 |                      |
| Current:                                |                         |                |                 |                      |
| Economic development                    | 1,893                   | 2,923          | (423)           | 3,346                |
| <b>TOTAL EXPENDITURES</b>               | <u>1,893</u>            | <u>2,923</u>   | <u>(423)</u>    | <u>3,346</u>         |
| <b>FINANCING SOURCES AND USES</b>       |                         |                |                 |                      |
| Transfers out                           | (1,893)                 | (2,924)        | (2,832)         | (92)                 |
| <b>TOTAL FINANCING SOURCES AND USES</b> | <u>(1,893)</u>          | <u>(2,924)</u> | <u>(2,832)</u>  | <u>(92)</u>          |
| <b>NET CHANGE IN FUND BALANCE</b>       | <u>\$ -</u>             | <u>\$ -</u>    | <u>\$ 3,106</u> | <u>\$ 3,106</u>      |
| <b>FUND BALANCE, BEGINNING OF YEAR</b>  |                         |                | <u>(2,995)</u>  |                      |
| <b>FUND BALANCE, END OF YEAR</b>        |                         |                | <u>\$ 111</u>   |                      |

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

**Pueblo Urban Renewal Authority**  
(a component unit of the City of Pueblo, Colorado)  
**Fountain Creek District**  
**Schedule of Revenues, Expenditures**  
**And Changes in Fund Balance—Budget and Actual**  
**For the Year Ended December 31, 2017**

|                                         | <u>BUDGETED AMOUNTS</u> |                 | <u>ACTUAL</u>      | <b>VARIANCE WITH<br/>FINAL BUDGET<br/>POSITIVE<br/>(NEGATIVE)</b> |
|-----------------------------------------|-------------------------|-----------------|--------------------|-------------------------------------------------------------------|
|                                         | <u>ORIGINAL</u>         | <u>FINAL</u>    |                    | <u>(NEGATIVE)</u>                                                 |
| <b>REVENUES</b>                         |                         |                 |                    |                                                                   |
| Property taxes                          | \$ 726                  | \$ 361          | \$ 360             | \$ (1)                                                            |
| Interest                                | -                       | -               | 59                 | 59                                                                |
| Other                                   | -                       | 59              | -                  | (59)                                                              |
| Prior year carryover                    | -                       | 17,964          | -                  | (17,964)                                                          |
| <b>TOTAL REVENUES</b>                   | <u>726</u>              | <u>18,384</u>   | <u>419</u>         | <u>(17,965)</u>                                                   |
| <b>EXPENDITURES</b>                     |                         |                 |                    |                                                                   |
| Current:                                |                         |                 |                    |                                                                   |
| Capital expenditures                    | <u>726</u>              | <u>-</u>        | <u>-</u>           | <u>-</u>                                                          |
| <b>TOTAL EXPENDITURES</b>               | <u>726</u>              | <u>-</u>        | <u>-</u>           | <u>-</u>                                                          |
| <b>FINANCING SOURCES AND USES</b>       |                         |                 |                    |                                                                   |
| Transfers out                           | <u>-</u>                | <u>(18,384)</u> | <u>(18,384)</u>    | <u>-</u>                                                          |
| <b>TOTAL FINANCING SOURCES AND USES</b> | <u>-</u>                | <u>(18,384)</u> | <u>(18,384)</u>    | <u>-</u>                                                          |
| <b>NET CHANGE IN FUND BALANCE</b>       | <u>\$ -</u>             | <u>\$ -</u>     | <u>\$ (17,965)</u> | <u>\$ (17,965)</u>                                                |
| <b>FUND BALANCE, BEGINNING OF YEAR</b>  |                         |                 | <u>23,012</u>      |                                                                   |
| <b>FUND BALANCE, END OF YEAR</b>        |                         |                 | <u>\$ 5,047</u>    |                                                                   |

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

**Pueblo Urban Renewal Authority**  
(a component unit of the City of Pueblo, Colorado)  
**Lower West Side**  
**Schedule of Revenues, Expenditures**  
**And Changes in Fund Balance—Budget and Actual**  
**For the Year Ended December 31, 2017**

|                                        | <u>BUDGETED AMOUNTS</u> |              | <u>ACTUAL</u>   | <b>VARIANCE WITH</b> |
|----------------------------------------|-------------------------|--------------|-----------------|----------------------|
|                                        | <u>ORIGINAL</u>         | <u>FINAL</u> |                 | <b>FINAL BUDGET</b>  |
|                                        |                         |              |                 | <b>POSITIVE</b>      |
|                                        |                         |              |                 | <b>(NEGATIVE)</b>    |
| <b>REVENUES</b>                        |                         |              |                 |                      |
| Property taxes                         | \$ 6,469                | \$ 6,371     | \$ 6,255        | \$ (116)             |
| <b>TOTAL REVENUES</b>                  | <u>6,469</u>            | <u>6,371</u> | <u>6,255</u>    | <u>(116)</u>         |
| <b>EXPENDITURES</b>                    |                         |              |                 |                      |
| Current:                               |                         |              |                 |                      |
| Economic development                   | -                       | -            | 1,000           | (1,000)              |
| Capital expenditures                   | <u>6,469</u>            | <u>6,371</u> | <u>-</u>        | <u>6,371</u>         |
| <b>TOTAL EXPENDITURES</b>              | <u>6,469</u>            | <u>6,371</u> | <u>1,000</u>    | <u>5,371</u>         |
| <b>NET CHANGE IN FUND BALANCE</b>      | <u>\$ -</u>             | <u>\$ -</u>  | <u>\$ 5,255</u> | <u>\$ 5,255</u>      |
| <b>FUND BALANCE, BEGINNING OF YEAR</b> |                         |              | <u>-</u>        |                      |
| <b>FUND BALANCE, END OF YEAR</b>       |                         |              | <u>\$ 5,255</u> |                      |

**Pueblo Urban Renewal Authority**  
(a component unit of the City of Pueblo, Colorado)  
**Union Avenue District**  
**Schedule of Revenues, Expenditures**  
**And Changes in Fund Balance—Budget and Actual**  
**For the Year Ended December 31, 2017**

|                                               | <u>BUDGETED AMOUNTS</u> |                | <u>ACTUAL</u>    | <b>VARIANCE WITH</b> |
|-----------------------------------------------|-------------------------|----------------|------------------|----------------------|
|                                               | <u>ORIGINAL</u>         | <u>FINAL</u>   |                  | <b>FINAL BUDGET</b>  |
|                                               |                         |                |                  | <b>POSITIVE</b>      |
|                                               |                         |                |                  | <b>(NEGATIVE)</b>    |
| <b>REVENUES</b>                               |                         |                |                  |                      |
| Property Tax Increment                        | \$ 1,167                | \$ 949         | \$ 949           | \$ -                 |
| Other                                         | -                       | 144            | 144              | -                    |
| <b>TOTAL REVENUES</b>                         | <u>1,167</u>            | <u>1,093</u>   | <u>1,093</u>     | <u>-</u>             |
| <b>EXPENDITURES</b>                           |                         |                |                  |                      |
| Current:                                      |                         |                |                  |                      |
| Capital outlay                                | 1,167                   | 110,034        | -                | 110,034              |
| <b>TOTAL EXPENDITURES</b>                     | <u>1,167</u>            | <u>110,034</u> | <u>-</u>         | <u>110,034</u>       |
| <b>OTHER FINANCING SOURCES AND USES</b>       |                         |                |                  |                      |
| Transfers in                                  | -                       | 108,941        | 108,941          | -                    |
| Transfers out                                 | -                       | -              | (23,694)         | 23,694               |
| <b>TOTAL OTHER FINANCING SOURCES AND USES</b> | <u>-</u>                | <u>108,941</u> | <u>85,247</u>    | <u>23,694</u>        |
| <b>NET CHANGE IN FUND BALANCE</b>             | <u>\$ -</u>             | <u>\$ -</u>    | <u>\$ 86,340</u> | <u>\$ 110,034</u>    |
| <b>FUND BALANCE, BEGINNING OF YEAR</b>        |                         |                | <u>(86,148)</u>  |                      |
| <b>FUND BALANCE, END OF YEAR</b>              |                         |                | <u>\$ 192</u>    |                      |

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

**Pueblo Urban Renewal Authority**  
(a component unit of the City of Pueblo, Colorado)  
**Memorial Hall**  
**Schedule of Revenues, Expenditures**  
**And Changes in Fund Balance—Budget and Actual**  
**For the Year Ended December 31, 2017**

|                                        | <u>BUDGETED AMOUNTS</u> |                  | <u>ACTUAL</u>       | <b>VARIANCE WITH<br/>FINAL BUDGET<br/>POSITIVE<br/>(NEGATIVE)</b> |
|----------------------------------------|-------------------------|------------------|---------------------|-------------------------------------------------------------------|
|                                        | <u>ORIGINAL</u>         | <u>FINAL</u>     |                     | <u>(NEGATIVE)</u>                                                 |
| <b>REVENUES</b>                        |                         |                  |                     |                                                                   |
| Vendors fees                           | \$ 2,050,000            | \$ 2,050,000     | \$ 2,032,222        | \$ (17,778)                                                       |
| Interest                               | -                       | -                | 4,646               | 4,646                                                             |
| Miscellaneous                          | <u>606,000</u>          | <u>606,000</u>   | <u>-</u>            | <u>(606,000)</u>                                                  |
| <b>TOTAL REVENUES</b>                  | <u>2,656,000</u>        | <u>2,656,000</u> | <u>2,036,868</u>    | <u>(619,132)</u>                                                  |
| <b>EXPENDITURES</b>                    |                         |                  |                     |                                                                   |
| Current:                               |                         |                  |                     |                                                                   |
| Economic development                   | 941,383                 | 675,383          | 423,285             | 252,098                                                           |
| Trustee fees                           | 3,000                   | 3,000            | -                   | 3,000                                                             |
| Debt service                           | <u>1,711,617</u>        | <u>1,977,617</u> | <u>2,011,193</u>    | <u>(33,576)</u>                                                   |
| <b>TOTAL EXPENDITURES</b>              | <u>2,656,000</u>        | <u>2,656,000</u> | <u>2,434,478</u>    | <u>221,522</u>                                                    |
| <b>NET CHANGE IN FUND BALANCE</b>      | <u>\$ -</u>             | <u>\$ -</u>      | <u>\$ (397,610)</u> | <u>\$ (397,610)</u>                                               |
| <b>FUND BALANCE, BEGINNING OF YEAR</b> |                         |                  | <u>2,187,137</u>    |                                                                   |
| <b>FUND BALANCE, END OF YEAR</b>       |                         |                  | <u>\$ 1,789,527</u> |                                                                   |

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

**Pueblo Urban Renewal Authority**  
(a component unit of the City of Pueblo, Colorado)  
**Debt Service Fund**  
**Schedule of Revenues, Expenditures**  
**And Changes in Fund Balance—Budget and Actual**  
**For the Year Ended December 31, 2017**

|                                               | <u>BUDGETED AMOUNTS</u> |                  | <u>ACTUAL</u>    | <b>VARIANCE WITH</b> |
|-----------------------------------------------|-------------------------|------------------|------------------|----------------------|
|                                               | <u>ORIGINAL</u>         | <u>FINAL</u>     |                  | <b>FINAL BUDGET</b>  |
|                                               |                         |                  |                  | <b>(NEGATIVE)</b>    |
| <b>REVENUES</b>                               |                         |                  |                  |                      |
| Revenues                                      | \$ -                    | \$ -             | \$ -             | \$ -                 |
| <b>TOTAL REVENUES</b>                         | <u>-</u>                | <u>-</u>         | <u>-</u>         | <u>-</u>             |
| <b>EXPENDITURES</b>                           |                         |                  |                  |                      |
| Debt service:                                 |                         |                  |                  |                      |
| Principal                                     | 863,399                 | 863,399          | 863,399          | -                    |
| Interest                                      | 1,087,602               | 815,077          | 1,084,481        | (269,404)            |
| <b>TOTAL EXPENDITURES</b>                     | <u>1,951,001</u>        | <u>1,678,476</u> | <u>1,947,880</u> | <u>(269,404)</u>     |
| <b>OTHER FINANCING SOURCES AND USES</b>       |                         |                  |                  |                      |
| Transfers in                                  | <u>1,951,001</u>        | <u>1,678,476</u> | <u>1,947,880</u> | <u>269,404</u>       |
| <b>TOTAL OTHER FINANCING SOURCES AND USES</b> | <u>1,951,001</u>        | <u>1,678,476</u> | <u>1,947,880</u> | <u>269,404</u>       |
| <b>NET CHANGE IN FUND BALANCE</b>             | <u>\$ -</u>             | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>          |
| <b>FUND BALANCE, BEGINNING OF YEAR</b>        |                         |                  | <u>-</u>         |                      |
| <b>FUND BALANCE, END OF YEAR</b>              |                         |                  | <u>\$ -</u>      |                      |

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

**Pueblo Urban Renewal Authority**  
(a component unit of the City of Pueblo, Colorado)  
**Pueblo Convention Center Enterprise Fund**  
**Schedule of Revenues, Expenditures**  
**And Changes in Fund Balance—Budget and Actual**  
**For the Year Ended December 31, 2017**

|                                                                                                               | <u>BUDGETED AMOUNTS</u> |                     | <u>ACTUAL</u>       | <u>VARIANCE WITH</u> |
|---------------------------------------------------------------------------------------------------------------|-------------------------|---------------------|---------------------|----------------------|
|                                                                                                               | <u>ORIGINAL</u>         | <u>FINAL</u>        |                     | <u>FINAL BUDGET</u>  |
|                                                                                                               |                         |                     |                     | <u>POSITIVE</u>      |
|                                                                                                               |                         |                     |                     | <u>(NEGATIVE)</u>    |
| <b>REVENUES</b>                                                                                               |                         |                     |                     |                      |
| Charges for services                                                                                          | \$ 1,767,804            | \$ 1,767,804        | \$ 1,214,124        | \$ (553,680)         |
| Other                                                                                                         | <u>15,700</u>           | <u>15,700</u>       | <u>372,000</u>      | <u>356,300</u>       |
| <b>TOTAL REVENUES</b>                                                                                         | <u>1,783,504</u>        | <u>1,783,504</u>    | <u>1,586,124</u>    | <u>(197,380)</u>     |
| <b>EXPENDITURES</b>                                                                                           |                         |                     |                     |                      |
| Current:                                                                                                      |                         |                     |                     |                      |
| Contractual expenditures                                                                                      | 1,639,458               | 1,639,458           | 1,993,913           | (354,455)            |
| General administration                                                                                        | 169,456                 | 169,456             | 169,456             | -                    |
| Debt service                                                                                                  | 455,700                 | 455,700             | 455,700             | -                    |
| Capital outlay                                                                                                | <u>250,000</u>          | <u>250,000</u>      | <u>539,587</u>      | <u>(289,587)</u>     |
| <b>TOTAL EXPENDITURES</b>                                                                                     | <u>2,514,614</u>        | <u>2,514,614</u>    | <u>3,158,656</u>    | <u>(644,042)</u>     |
| <b>OTHER FINANCING SOURCES AND USES</b>                                                                       |                         |                     |                     |                      |
| Transfers in                                                                                                  | <u>-</u>                | <u>-</u>            | <u>1,427,143</u>    | <u>1,427,143</u>     |
| <b>TOTAL OTHER FINANCING SOURCES AND USES</b>                                                                 | <u>-</u>                | <u>-</u>            | <u>1,427,143</u>    | <u>1,427,143</u>     |
| <b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b> | <u>\$ (731,110)</u>     | <u>\$ (731,110)</u> | <u>\$ (145,389)</u> | <u>\$ 585,721</u>    |
| <b>ADJUSTMENTS FROM BUDGETARY BASIS TO GAAP BASIS</b>                                                         |                         |                     |                     |                      |
| Capital outlay                                                                                                |                         |                     | 539,587             |                      |
| Depreciation expense                                                                                          |                         |                     | (360,201)           |                      |
| Principal payment on debt and amortization of premium                                                         |                         |                     | <u>277,502</u>      |                      |
| <b>CHANGE IN NET POSITION - GAAP BASIS</b>                                                                    |                         |                     | <u>\$ 311,499</u>   |                      |

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



**Haynie &  
Company**

**Certified Public Accountants** (a professional corporation)

1221 West Mineral Ave, Ste. 202 Littleton, Colorado 80120-4544 (303) 734-4800 Fax (303) 795-3356

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

To the Board of Commissioners  
Pueblo Urban Renewal Authority  
Pueblo, Colorado

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Pueblo Urban Renewal Authority (the Authority), as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated June 29, 2018.

**Internal Control over Financial Reporting**

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

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



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Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies and therefore, material weaknesses may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses or significant deficiencies.

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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



Littleton, Colorado  
June 29, 2018

**PUEBLO URBAN RENEWAL AUTHORITY**  
**(A COMPONENT UNIT OF THE CITY OF PUEBLO, COLORADO)**  
**Schedule of Findings and Questioned Costs**  
**DECEMBER 31, 2017**

**1. Summary of Auditor's Results**

|                                                                                                                |                   |
|----------------------------------------------------------------------------------------------------------------|-------------------|
| Type of report issued on the financial statements:                                                             | <b>Unmodified</b> |
| Material weaknesses in financial reporting internal control noted:                                             | <b>None</b>       |
| Significant deficiency(s) identified that are not considered to be material weaknesses in financial reporting: | <b>None</b>       |
| Material noncompliance noted:                                                                                  | <b>None</b>       |

**2. Summary Schedule of Prior Audit Findings**

**Finding No. 2017-01**

*Statement of Condition:* Accounts were not fully reconciled and several year-end closing entries not properly recorded; many of which were from transactions with related entities.

*Recommendation:* Financial statement close procedures should be fully implemented, performed, and reviewed on a timely basis.

*Current Status:* Improvements were made in the current year with most year-end closing entries properly recorded.