

City of Pueblo, Colorado is pleased to present its comprehensive annual financial report for the year ending December 31, 2018 in .pdf format.

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CITY OF PUEBLO, COLORADO



Comprehensive Annual Financial Report For the fiscal year ending December 31, 2018



Pictures courtesy of the Pueblo Historical Society

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CITY OF PUEBLO, COLORADO
COMPREHENSIVE
ANNUAL FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2018

Prepared by:

Department of Finance

CITY OF PUEBLO, COLORADO
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2018

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Introductory Section

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June 26, 2019

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

The Comprehensive Annual Financial Report (CAFR) of the City of Pueblo, Colorado for the fiscal year ended December 31, 2018, is hereby submitted fulfilling all legal and mandatory requirements.

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

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

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

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

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

Accounting principles generally accepted in the United States require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of

transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Pueblo's MD&A can be found immediately following the report of the independent auditors.

The City of Pueblo is required to undergo an annual single audit in conformity with the provisions of the Revised Single Audit Act of 1996 and the *Government Auditing Standards and Uniform Guidance Reports*. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are included in a section of this report titled *Government Auditing Standards and Uniform Guidance Reports*.

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

City Profile and Government Structure

The City of Pueblo was incorporated in 1870. It adopted its current home rule charter on April 6, 1954. Pueblo is located on Interstate 25 in Pueblo County approximately 115 miles south of Denver, and 45 miles south of Colorado Springs, Colorado. The City of Pueblo encompasses 54 square miles and is made up of residential, commercial, and industrial properties, as well as several areas of open space. The City maintains 81 parks covering a total of 608 acres. In addition, the City possesses a 600-acre Nature and Wildlife Discovery Center located in the foothills just to the southwest of the city.

The estimated population for the City of Pueblo reported by the U.S. Census Bureau was 111,127 in 2018.

In November 2017, the citizens of the City of Pueblo voted to change the structure of local governance from Council/Manager to Mayor/Council becoming effective in 2018. On January 22, 2019, the first Mayor was elected to serve a five-year initial term with all following election terms to last four years. This change in government created the executive branch of City government which is controlled and directed by the Mayor.

The City of Pueblo now operates under the Mayor/Council form of government. The Mayor is responsible for supervision and control over all executive and administrative departments and agencies created by the City Council, appoints the City's Department Directors, City Attorney and Municipal Court Judge, subject to Council confirmation. The Mayor is also responsible for preparing the annual budget for submission to City Council, preparing an annual State of the City report and advising City Council of the financial condition and future needs of the City and making the necessary recommendations. The Mayor is responsible for enforcement of all terms and conditions of any contract or franchise agreement, and appointing members of City boards and commissions. The Mayor will recommend measures and ordinances deemed necessary concerning the affairs of the City, participate in discussions of the City Council in an advisory capacity, oversee the day-to-day operations of the City and carry out other duties as prescribed by the City Charter.

Policymaking and legislative authority are vested with the City Council. The Council is made up of a seven-member board consisting of four district representatives and three at-large members. All Council positions are elected to four-year staggered terms. The Council is responsible for, among other things, setting City policy, adopting ordinances and resolutions, and adopting the annual budget.

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

Economic Condition and the Local Economy

The City of Pueblo is the center of trade and services for south-central Colorado. With land area of 54 square miles and population of approximately 111,127, Pueblo is currently the 9th largest city in the State of Colorado in addition to being the most critical hub of health care, transportation, post-secondary education, retail, arts and entertainment and manufacturing activities in southern Colorado. The City's population growth rate has been slow, other areas such as Pueblo West, a Special Metro District, just west of the City limits experiences greater population growth. With north-south access from Interstate 25 and east-west access from Highways 50 the City of Pueblo is located on a vital national transportation corridor. Colorado State University – Pueblo and Pueblo Community College have facilities located within the City providing excellent higher education opportunities.

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

compared to 2008. On-going regional and local economic slump caused another drop of nearly 2.0 percent in tax revenue collection in 2010 compared to 2009. In 2011, the sales tax revenue improved slightly and increased by 0.3 percent compared to 2010. In 2012, sales and use tax revenue finally began moving up at healthier pace and the increase over the previous year reached 2.3 percent. During 2013, the sales and use tax revenue increased by 2.0 percent compared to 2012. In 2014, the sales and use tax followed a similar trend and was up 2.2 percent compared to 2013. We expected an improved trend from this point forward. The sales and use tax revenue in fact exceeded our expectation and jumped 7.4 percent in 2015 compared to 2014 and another 7.4 percent leap in 2016. The pace of growth in sales and use tax slowed in 2017. The City's sales and use tax revenue grew 1.3 percent in 2017 compared to the previous year. In 2018, the City's sales and use tax revenue grew a mere 0.5 percent.

The City, once dependent on steel manufacturing, has diversified its economic base since it experienced large-scale layoffs in the early 1980's. The City now benefits from a stable and relatively diversified economic foundation and is being touted as desirable place to work and live. Consequently, the number of unemployed workers has decreased in recent times. The unemployment rate in Pueblo, an important indicator of local economic health, was 5.8 percent in December 2018.

Several critical economic development projects have occurred, and more are on the horizon which should provide a positive impact on Pueblo's economic growth over the next few years. Pueblo has a bright future. The recently completed expansion of the Pueblo Convention Center and the opening of the PBR Sport Performance Center will increase economic activity in Pueblo.

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

Budgetary Controls

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

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

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

General Government Functions

The City directly provides many essential services for the betterment of the Pueblo community. These include fire protection, police services, infrastructure maintenance, planning, culture, recreation (81 parks plus numerous recreational activities), housing programs, and administrative services.

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

Proprietary Operations

The City's financial statements include the enterprise fund operations of the City wastewater utility, the stormwater fund, airport operations, transit operations, parking facilities, Honor Farm including the Pueblo Motor sports Park (PMP), two golf courses and the recently implemented Street Repair Utility Fund.

Debt Administration

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

Independent Audit

Each year the City has an audit performed by an independent certified public accounting firm. This year the firm of ACM LLP of Denver, Colorado performed the audit. The auditors also conducted a "single audit" designed to meet the requirements of the federal Revised Single Audit Act of 1996 and the related *Government Auditing Standards and Uniform Guidance Reports*. The auditors' report on the basic financial statements can be found in the financial section of this report. The auditors' report on internal controls and compliance with applicable laws and regulations can be found in the *Government Auditing Standards and Uniform Guidance Reports*.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Pueblo for its comprehensive annual financial report for the year ending December 31, 2017. This was the 41st year that the City has received this prestigious award. In order to be awarded a

Certificate of Achievement, the City must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

Acknowledgments

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

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

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "Nicholas A. Gradisar". The signature is fluid and cursive, with the first name "Nicholas" being more prominent.

Nicholas A. Gradisar
Mayor



Government Finance Officers Association

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

Presented to

**City of Pueblo
Colorado**

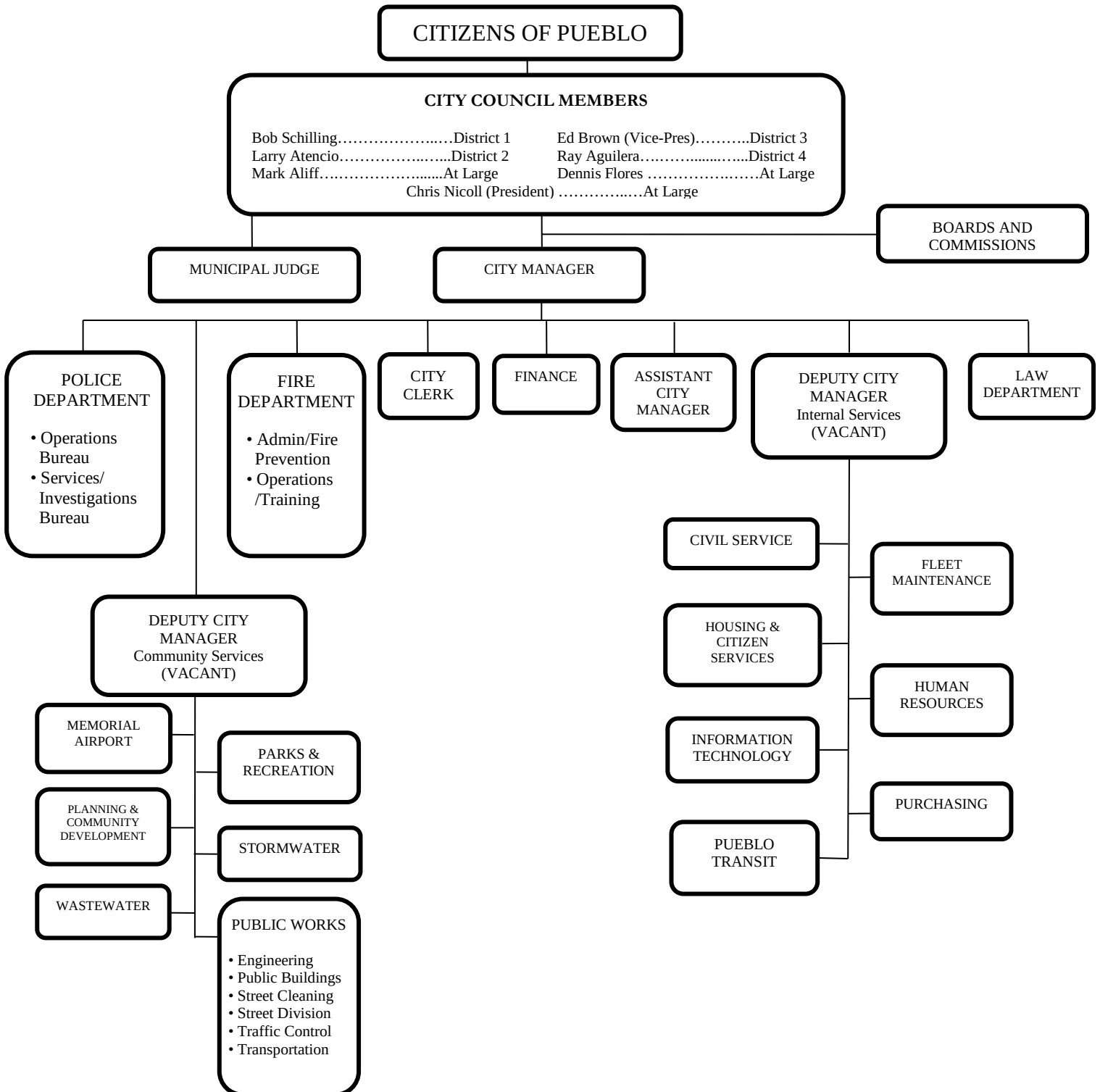
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2017

Christopher P. Morill

Executive Director/CEO

ORGANIZATIONAL CHART





**CITY OF PUEBLO
COLORADO**

**2018
COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

COUNCIL PRESIDENT

Chris Nicoll

COUNCIL MEMBERS

Ray Aguilera

Mark Aliff

Lawrence Atencio

Ed Brown

Dennis Flores

Bob Schilling

CITY MANAGER

Sam Azad

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Financial Section

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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Pueblo, Colorado (the "City"), as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements.

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Pueblo Urban Renewal Authority (the "Authority"). Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Authority, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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



Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Pueblo, Colorado, as of December 31, 2018, 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.

Emphasis of Matter

As discussed in Note I subsection M to the basic financial statements, the City has changed its method for accounting and reporting for post-employment benefits other than pensions during 2018 due to the adoption of Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions*. The adoption of the standard required retrospective application resulting in a reduction of previously reported net position as disclosed in Note III subsection J. Additionally, the City had a prior period adjustment for capital contributions transferred in error between governmental activities and business-type activities disclosed in Note III subsection J. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 17 and the budgetary comparison schedules, and required pension schedules on pages 117 through 134 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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



The combining and individual nonmajor fund financial statements and schedules and the local highway finance report are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules and the local highway finance report are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Governmental Auditing Standards*, we have also issued our report dated June 26, 2019 on our consideration of the City of Pueblo's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Pueblo's internal control over financial reporting and compliance.

ACM LLP

Greeley, Colorado
June 26, 2019

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CITY OF PUEBLO, COLORADO MANAGEMENT'S DISCUSSION AND ANALYSIS

Management of the City of Pueblo, Colorado (the City) offers the readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2018. Readers are encouraged to consider the information presented here in conjunction with additional information that is furnished in the letter of transmittal found in the introductory section of this annual report.

FINANCIAL HIGHLIGHTS

In 2018, the City implemented GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. This implementation resulted in the restatement of net position for 2017. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB).

The Government-wide financial statements shows that the City's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at December 31, 2018 by \$628.7 million (net position), \$425.4 million in governmental activities and \$203.3 million in business-type activities. The City's net position increased by \$27.8 million or 4.6% as a result of current year activity.

The General Fund, the City's primary operating fund, ended 2018 with a \$31.9 million fund balance, an increase of \$285 thousand. Of this amount, \$11.5 million or 13% of expenditures and transfers-out is committed by City Council as a minimum reserve for major unanticipated emergencies.

General fund revenues including transfers in increased \$541 thousand and expenditures including transfers out increased by \$3.5 million in 2018. The increase in expenditures was largely due to an increase in the number of Public Safety staff.

The City's total long-term debt increased by \$4.2 million during the current year.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

also provided are required and other supplementary information.

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

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

The *Statement of Net Position* presents information on all of the City's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

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

The government-wide financial statements distinguish functions of the City of Pueblo that are primarily supported by taxes and intergovernmental revenues (*governmental activities*), from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of Pueblo include general government, public safety, public works, parks and recreation, economic development, culture and community welfare, and interest on long-term debt. The business-type activities of the City of Pueblo include the golf courses, sewer user utility, stormwater utility, the airport, street repair utility, transportation services, the Honor Farm, parking facilities and Memorial Hall.

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

Governmental funds are used to account for essentially the same functions as governmental activities in the government-wide financial statements. Governmental

fund financial statements focus on near-term inflows and outflows of spendable resources, as well as the balance of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

The City maintains several individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund which is considered to be a major fund, Economic Development ½ Cent Tax Fund, the HUD Grants Fund, and the Public Improvements Fund which are all considered to be major funds. Data from the other governmental funds are combined into a single aggregated presentation. Individual fund data for these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

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

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

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position. As noted earlier, net position may serve over time as a useful indicator of a government's financial position. For the City of Pueblo, total assets and deferred outflows of resources exceeded total liabilities and deferred inflows of resources by \$628.7 million at December 31, 2018. By far, the largest portion of the City's net position (78.6%) reflects its investment of \$494.8 million in capital assets (e.g., land, buildings, machinery and equipment, and infrastructure including streets and underground drainage systems), less any related outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position, \$120.3 million (19.1%) represents resources that are subject to restrictions as to how they may be used. The unrestricted net position as a whole shows a surplus of \$13.7 million, however it is important to note that the governmental activities unrestricted fund balance shows a deficit of \$16.9 million, and the \$30.6 million unrestricted net position in the city's business-type activities may not be used to fund governmental activities.

The following table reflects the condensed Statement of Net Position as of December 31, 2018 and 2017:

City of Pueblo Summarized Statement of Net Position						
	Governmental Activities		Business-type Activities		Totals Primary Government	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 192,242,415	\$ 167,219,097	\$ 46,961,500	\$ 35,891,667	\$ 239,203,915	\$ 203,110,764
Capital assets	340,753,808	346,584,456	204,687,106	195,030,718	545,440,914	541,615,174
Total assets	532,996,223	513,803,553	251,648,606	230,922,385	784,644,829	744,725,938
Deferred outflows of resources	18,810,312	25,599,657	1,789,659	3,396,314	20,599,971	28,995,971
Current and other liabilities	6,165,463	7,582,892	3,359,663	1,809,735	9,525,126	9,392,627
Long-term liabilities outstanding	92,559,869	105,312,015	44,636,402	41,623,650	137,196,271	146,935,665
Total liabilities	98,725,332	112,894,907	47,996,065	43,433,385	146,721,397	156,328,292
Deferred inflows of resources	27,651,440	16,192,732	2,098,221	258,362	29,749,661	16,451,094
Net position, as restated						
Net investment in capital assets	322,043,078	327,352,383	172,737,172	167,925,273	494,780,250	495,277,656
Restricted	120,270,177	100,958,399	-	-	120,270,177	100,958,399
Unrestricted	(16,883,492)	(17,995,211)	30,606,807	22,701,679	13,723,315	4,706,468
Total net position	\$ 425,429,763	\$ 410,315,571	\$ 203,343,979	\$ 190,626,952	\$ 628,773,742	\$ 600,942,523

The City's total net position increased by \$27.8 million in 2018. Charges for services increased as did operating grants and contributions. Details of capital asset activity can be seen in an additional chart further on in this report. Unrestricted net position increased \$9.0 million.

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Changes in net position. The following table reflects the City's changes in net position for the years ended December 31, 2018 and 2017:

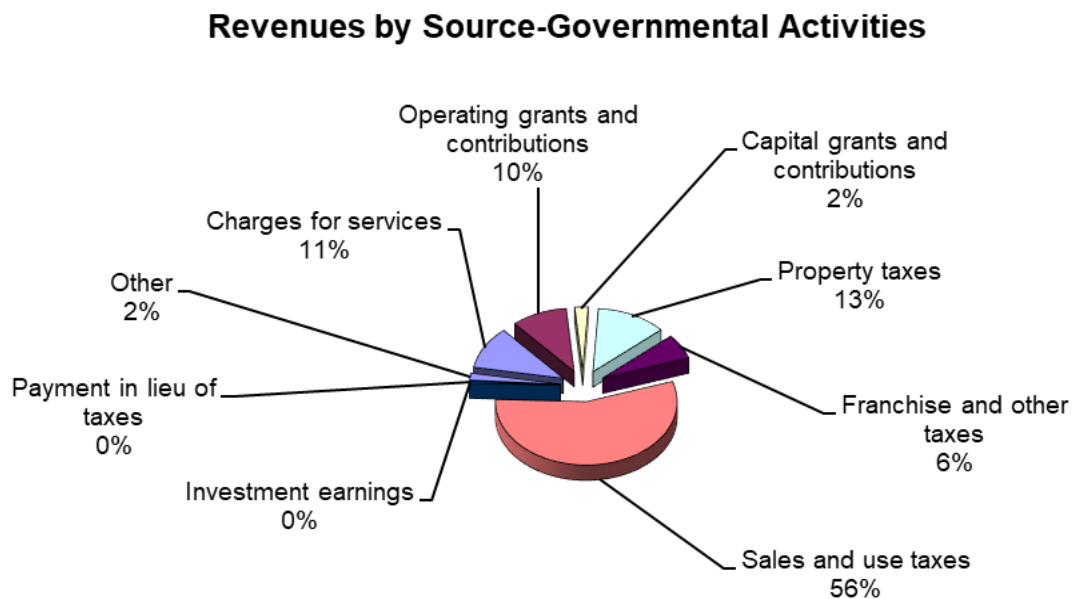
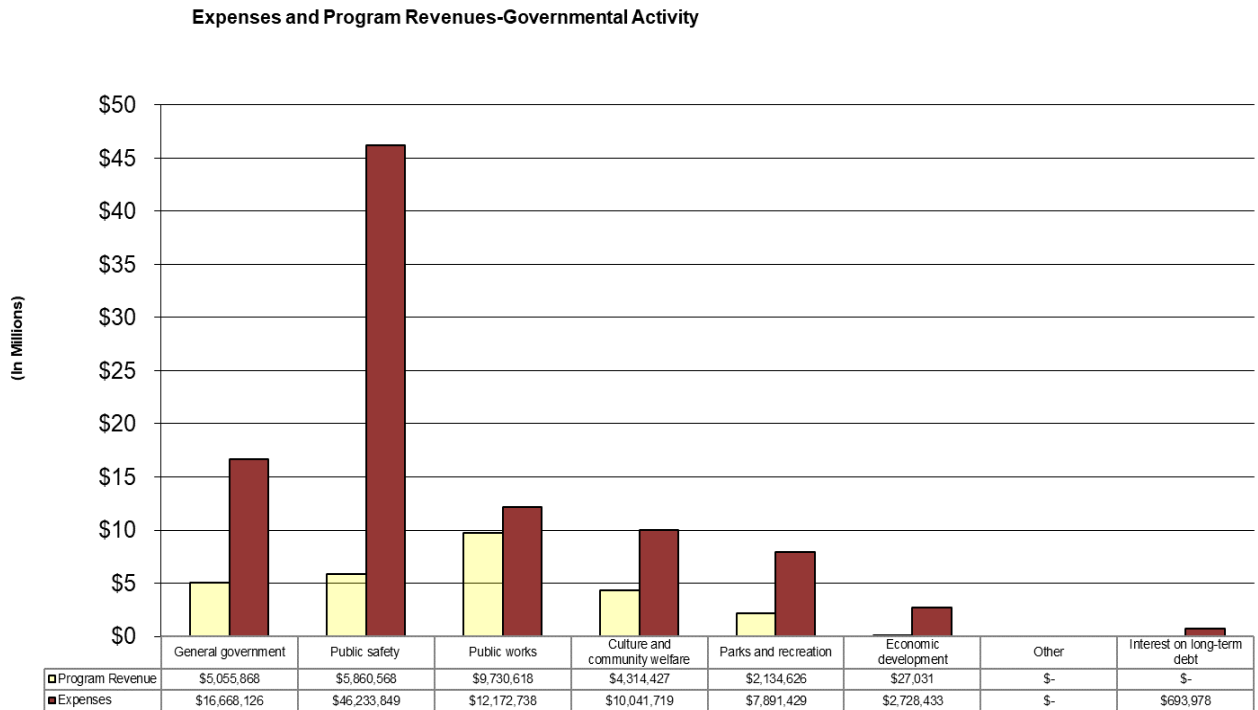
City of Pueblo Summarized Statement of Changes in Net Position							
	Governmental Activities		Business-type Activities		Totals Primary Government		
	2018	2017	2018	2017	2018	2017	
Revenue:							
Program revenues:							
Charges for services	\$ 12,706,154	\$ 9,901,942	\$ 35,201,322	\$ 32,058,716	\$ 47,907,476	\$ 41,960,658	
Operating grants and contributions	11,645,011	9,345,632	9,555,991	2,732,228	21,201,002	12,077,860	
Capital grants and contributions	2,771,973	6,974,583	1,430,478	61,883	4,202,451	7,036,466	
General revenues:							
Property taxes	14,584,121	13,111,640	-	-	14,584,121	13,111,640	
Special property taxes	43,765	41,669	-	-	43,765	41,669	
Franchise and other taxes	7,416,964	7,483,814	-	-	7,416,964	7,483,814	
Sales and use taxes	65,199,382	61,604,922	-	-	65,199,382	61,604,922	
Payment in lieu of taxes	9,859	9,859	-	-	9,859	9,859	
Investment earnings	2,006,556	734,768	845,163	264,471	2,851,719	999,239	
Other	4,395,676	4,024,976	108,443	594,208	4,504,119	4,619,184	
Total revenues	120,779,461	113,233,805	47,141,397	35,711,506	167,920,858	148,945,311	
Expenses:							
General government	16,688,106	14,107,658	-	-	16,688,106	14,107,658	
Public safety	47,306,291	54,966,327	-	-	47,306,291	54,966,327	
Public works	12,218,856	12,169,413	-	-	12,218,856	12,169,413	
Culture and community welfare	10,041,719	7,911,436	-	-	10,041,719	7,911,436	
Parks and recreation	8,002,623	7,908,578	-	-	8,002,623	7,908,578	
Economic development	6,339,297	5,539,464	-	-	6,339,297	5,539,464	
Other	-	806,173	-	-	-	806,173	
Interest on long-term debt	666,492	712,937	-	-	666,492	712,937	
Golf enterprise	-	-	2,566,495	2,343,451	2,566,495	2,343,451	
Sewer user	-	-	17,968,821	15,032,710	17,968,821	15,032,710	
Stormwater utility	-	-	3,817,259	4,841,897	3,817,259	4,841,897	
Memorial airport	-	-	3,460,967	3,398,475	3,460,967	3,398,475	
Street repair	-	-	775,700	-	775,700	-	
Honor Farm	-	-	132,373	119,706	132,373	119,706	
Transportation Services	-	-	5,191,350	5,021,307	5,191,350	5,021,307	
Parking Facilities	-	-	711,374	814,176	711,374	814,176	
Memorial Hall	-	-	1,539,383	1,751,773	1,539,383	1,751,773	
Pueblo Transit	-	-	2,662,533	3,129,467	2,662,533	3,129,467	
Total expenses	101,263,384	104,121,986	38,826,255	36,452,962	140,089,639	140,574,948	
Increase in net position before transfers	19,516,077	9,111,819	8,315,142	(741,456)	27,831,219	8,370,363	
Transfers out, net	(4,401,885)	(9,539,158)	4,401,885	9,539,158	-	-	
Increase in net position	15,114,192	(427,339)	12,717,027	8,797,702	27,831,219	8,370,363	
Net position beginning of year, as restated	410,315,571	410,742,910	190,626,952	181,829,250	600,942,523	592,572,160	
Net position end of year	\$ 425,429,763	\$ 410,315,571	\$ 203,343,979	\$ 190,626,952	\$ 628,773,742	\$ 600,942,523	

Governmental activities increased the City's net position by \$15.1 million, accounting for 54% of the City's \$27.8 million overall increase in net position. Key elements of the increase are as follows:

Property tax and sales and use taxes totaled 75.2% of all governmental activities' revenues. Property taxes increased \$1.5 in 2018, while sales and use taxes, as reported on this statement, increased \$3.6 million.

Operating grants and contributions increased \$2.3 in 2018, while capital grants and contributions decreased by \$4.2 million.

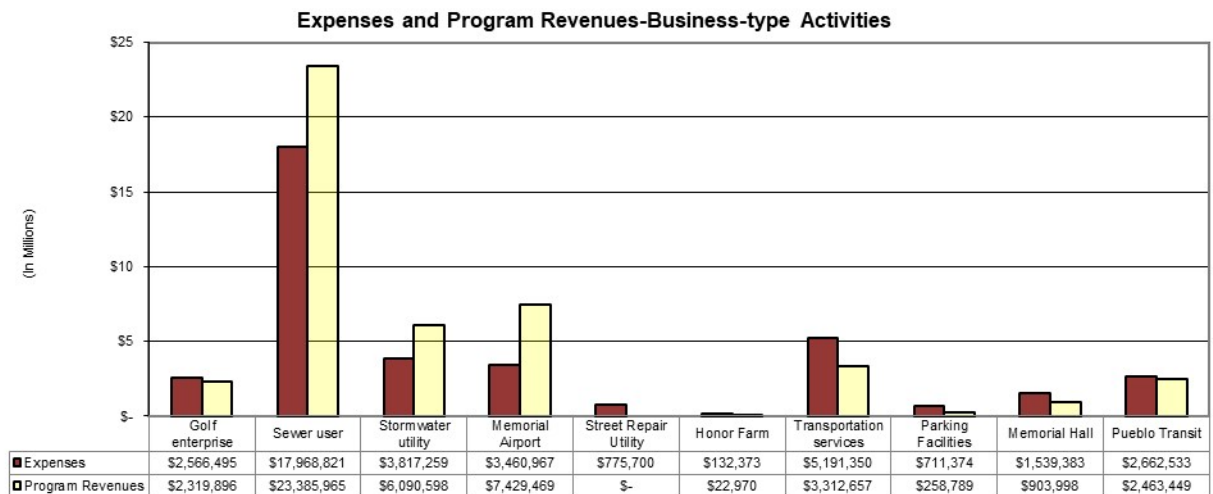
Total expenses decreased by approximately \$7.7 million.



Business-type activities increased the City's net position by \$12.7 million, accounting for 46% of the City's \$27.8 million overall increase in net position. Key elements of the increase are as follows:

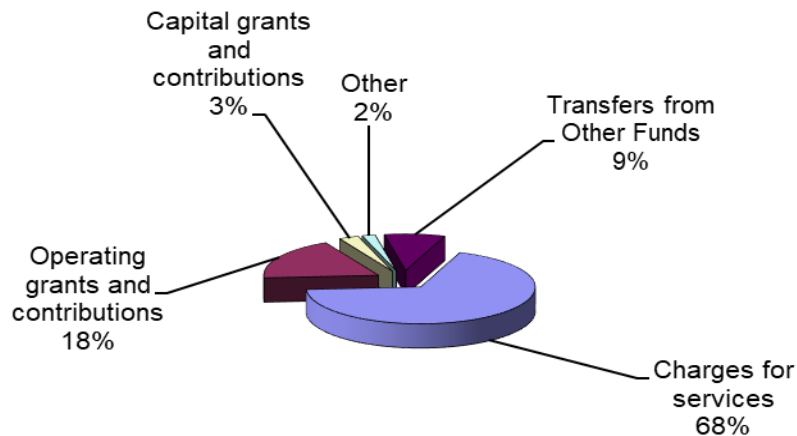
Total revenues were \$47.1 million, \$11.4 million more than in 2017. Operating grants and contributions increased by \$6.8, capital grants and contributions increased by \$1.4 million, while charges for services saw an increase of \$3.1 million.

Total business-type expenses totaled \$38.8 million in 2018, an increase of \$2.4 million as compared to the prior year. Sewer user expenses increased \$2.9 million, while Stormwater Utility expenses decreased by \$1.0 million. A Street Repair Utility Fund was added in 2018. This fund reported expenses of \$776 thousand. Other variances from prior year were relatively small.



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Revenue by Source - Business-type Activities



GOVERNMENT FUNDS FINANCIAL ANALYSIS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At December 31, 2018, the total Governmental fund balances were \$151.2 million, an increase of \$19.1 million from the prior year. Approximately 78.9% or \$119.2 million of the total fund balance is special revenue funds that are restricted for particular purposes which includes \$2.7 million for the TABOR emergency reserve. All of the \$94.5 million in the Economic Development Fund is restricted due to voter constraints. The City Council has committed \$11.6 million of fund balance as a minimum reserve for unanticipated emergencies. The unassigned fund balance was \$2.9 million as of year-end. Additional information is contained in the notes to the financial statements, **Note III-J**.

The General Fund is the City's chief operating fund of the City. As of December 31, 2018, the total fund balance was \$31.9 million. The fund balance committed to be used for specific purposes by formal action by City Council was \$11.6 million and

the fund balance assigned intended for specific purposes was \$11.6 million. There was \$2.9 million of unassigned fund balance as of December 31, 2018. The General Fund increased by \$285 thousand in 2018.

Total General Fund revenues, including transfers in of \$4.1 million, increased by \$541 thousand or .61%. Property Taxes increased \$1.0 million, Sales and Miscellaneous Taxes increased by \$372 thousand while Intergovernmental Charges increased \$1.1 million and Charges for services increased \$425 thousand.

Total General Fund expenditures, including transfers out, increased by \$3.5 million or 4.1%.

The Economic Development Fund is a major fund of the City. As of December 31, 2018, the total fund balance was \$94.5 million and increased by \$11.9 million from 2017. Total revenue increased \$8.2 million from the previous year. Total expenditures increased by \$3.0 million from the prior year.

The HUD Grants Fund is another major fund of the City. As of December 31, 2018, the total fund balance was \$5.6 million and increased by \$252 thousand from 2017.

The Public Improvements Fund, as of December 31, 2018, had a total fund balance of \$7.4 million, which increased nearly \$4 million from the prior year. This fund has large changes from year to year in fund balance as the revenue stream depends on intergovernmental grants received for capital projects. In 2018, expenditures decreased by \$7.5 million from the previous year. The fund activity included revenue of \$2.9 million, a decrease of \$1.7 million from 2017. Current year expenditures totaled \$7.8 million.

Proprietary Funds

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

The Sewer User Fund's revenues increased by \$3.1 million in 2018 due to a rate increase to support ongoing improvements at the wastewater treatment facility. Other significant factors concerning the finances of the enterprise funds can be found in the discussion of the City's business-type activities.

The Stormwater Utility Fund saw a modest \$292 thousand increase in revenues in 2018.

GENERAL FUND BUDGETARY HIGHLIGHTS

Original budget compared to final budget. The final budget appropriations were \$2.9 million higher than the original budget appropriations. The General Fund required additional funding of \$1.0 million to establish the Street Repair Utility Fund, \$190 thousand for demolition of the old police annex building, \$800 thousand for streetscape of various areas throughout the city and a transit relocation study, \$288 thousand for the Gateway Plaza design, \$250 thousand for a homeless warming shelter and \$225 thousand for the remodel of bathrooms at the fire stations.

Final budget compared to actual. Total revenues were \$1.2 million more than estimated. Sales tax revenue was approximately \$920 thousand less than estimated but Intergovernmental, Charges for services, Fines and forfeits and other revenue were \$2.1 million more than estimated.

The variance between actual expenditures and the final budget was \$5 million in unspent appropriations. The decreased expenditures were primarily due to a large number of personnel vacancies across all departments and overall reduced spending.

The final General Fund budget projected that \$6.5 million in reserves would be used to balance the 2018 budget. The actual amount used from the general fund was \$329 thousand.

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CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. The City of Pueblo's investment in capital assets for its governmental and business-type activities at December 31, 2018, net of accumulated depreciation, totaled \$495 million, no increase from 2017.

City of Pueblo Capital Assets

	Governmental Activities		Business-type Activities		Totals Primary Government	
	2018	2017	2018	2017	2018	2017
Land and nondepreciable assets	\$ 96,618,904	\$ 95,760,594	\$ 4,514,774	\$ 4,488,472	\$ 101,133,678	\$ 100,249,066
Land improvements	51,983,667	51,686,210	51,121,603	51,113,777	103,105,270	102,799,987
Infrastructure	186,364,941	184,293,663	104,731,091	102,965,241	291,096,032	287,258,904
Buildings	74,056,031	77,939,704	82,172,592	77,056,338	156,228,623	154,996,042
Machinery and equipment	45,496,090	42,370,192	21,129,417	20,197,081	66,625,507	62,567,273
Other improvements	-	-	26,398,937	26,398,937	26,398,937	26,398,937
Construction in progress	7,618,818	11,228,538	11,582,979	5,745,586	19,201,797	16,974,124
Accumulated depreciation	(121,384,643)	(116,694,445)	(96,964,287)	(92,934,714)	(218,348,930)	(209,629,159)
	<u>\$ 340,753,808</u>	<u>\$ 346,584,456</u>	<u>\$ 204,687,106</u>	<u>\$ 195,030,718</u>	<u>\$ 545,440,914</u>	<u>\$ 541,615,174</u>

Major changes to capital assets during the 2018 fiscal year included the following:

Governmental Activities:

Additions to buildings –

350 Keeler Parkway held for resale in the Economic Development Fund
- \$2.9 million

Less: Sale of 1 McDonnell Douglas held for resale in the Economic Development Fund - (\$5 million)

Sale of 1 Mars Place held for resale in the Economic Development Fund - (\$2.8 million)

Additions to construction in progress in the governmental activities include:

Several small projects totaling - \$777 thousand

Less: Outlook and Wills Boulevard - (\$2.2 million)

Roof replacements of several held for resale buildings - (\$1.3 million)

Business-type Activities:

Additions to Infrastructure –

Wills and Outlook Blvd Stormwater System - \$1.5 million

Additions to construction in progress in the business-type activities include:

Airport Runway rehab and Aircraft Apron - \$6.9 million

Wastewater Process improvements - \$3.4 million

Less: Wastewater Nutrients Control – (\$1.1 million)

Roof replacements of several Airport buildings - (\$3 million)

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

Long-term debt. At December 31, 2018, the City had total debt outstanding of \$137.2 million, a decrease of \$10 million over 2017.

**City of Pueblo
Outstanding Debt**

	Governmental Activities		Business-type Activities		Totals Primary Government	
	2018	2017	2018	2017	2018	2017
General obligation bonds					\$ -	\$ -
Notes payable	-	-	30,428,428	25,218,973	30,428,428	25,218,973
Capital lease obligations	5,186,741	3,176,780	1,521,508	1,886,471	6,708,249	5,063,251
Certificates of participation	14,494,093	17,119,784	-	-	14,494,093	17,119,784
Total	<u>\$ 19,680,834</u>	<u>\$ 20,296,564</u>	<u>\$ 31,949,936</u>	<u>\$ 27,105,444</u>	<u>\$ 51,630,770</u>	<u>\$ 47,402,008</u>

Notes payable balances increased due to the need to finance several large capital improvements to the City's stormwater utility system. Capital lease obligations increased due to the acquisition of new Police vehicles. Certificates of participation note balances decreased due to debt service payments throughout the year.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Fiscal year 2019 budget. The 2019 budget was prepared during a more stable local environment. The budget was prepared with the commitment to provide the highest quality services to the community in the most cost-effective manner while maintaining the City's financial viability.

Sales and use tax revenue continues to be the principal source of income for the City's operating and capital budgets. The 2019 budget assumes a small increase in sales and use tax, over the estimated actual amount for 2018. Estimated property tax revenue was projected to remain flat in 2019.

The 2019 General Fund appropriation for expenditures (excluding transfers-out) is \$360 thousand more than the 2018 revised budget. Measures were taken to keep expenditures in line with anticipated revenues.

The City of Pueblo will continue to monitor the fiscal health of the City and make necessary changes and adjustments to ensure that the City remains fiscally sound and continue to focus on efficiency in all areas of operations.

REQUEST FOR INFORMATION

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

Basic Financial Statements

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City of Pueblo, Colorado
Statement of Net Position
December 31, 2018

				Discretely-Presented	Component
				Units	
	Governmental	Business-Type	Total	Pueblo Urban	Pueblo
	Activities	Activities		Renewal	Municipal Rail
				Authority	Corporation
Assets					
Cash and cash equivalents	\$ 6,024,795	\$ 157,688	\$ 6,182,483	\$ 2,109,926	\$ -
Restricted cash and cash equivalents	1,198,816	-	1,198,816	2,120,457	-
Investments	89,945,582	39,167,913	129,113,495	-	-
Restricted investments	-	-	-	8,357,358	-
Receivables, net	75,419,460	14,164,890	89,584,350	6,737,992	-
Internal balances	9,488,168	(9,488,168)	-	-	-
Due from other governmental agencies	2,879,125	2,175,561	5,054,686	-	-
Inventories	659,782	756,333	1,416,115	88,060	-
Net pension asset	5,282,751	-	5,282,751	-	-
Prepaid items	1,343,936	27,283	1,371,219	-	-
Capital assets					
Land, improvements, intangibles, and construction in progress	104,237,722	16,097,753	120,335,475	27,404,487	529,620
Other capital assets, net of accum. depreciation	236,516,086	188,589,353	425,105,439	17,830,058	2,899,640
Total capital assets	340,753,808	204,687,106	545,440,914	45,234,545	3,429,260
Total assets	532,996,223	251,648,606	784,644,829	64,648,338	3,429,260
Deferred outflows of resources					
Deferred amounts on refunding	970,104	-	970,104	750,759	-
Pension-related	17,614,690	1,695,464	19,310,154	90,254	-
OPEB-related	225,518	94,195	319,713	5,015	-
Total deferred outflows of resources	18,810,312	1,789,659	20,599,971	846,028	-
Liabilities					
Accounts payable and accrued expenses	6,165,463	3,196,633	9,362,096	3,388,129	-
Advances from others	-	163,030	163,030	11,169,912	-
Long-term liabilities					
Due within one year	6,390,363	2,903,325	9,293,688	2,792,715	865,966
Due in more than one year	86,169,506	41,733,077	127,902,583	38,437,907	1,707,510
Total liabilities	98,725,332	47,996,065	146,721,397	55,788,663	2,573,476
Deferred inflows of resources					
Property taxes	14,457,728	-	14,457,728	4,765,111	-
Other	1,318,563	-	1,318,563	-	-
Pension-related	11,267,576	2,082,044	13,349,620	110,832	-
OPEB-related	607,573	16,177	623,750	862	-
Total deferred inflows of resources	27,651,440	2,098,221	29,749,661	4,876,805	-
Net position					
Net investment in capital assets	322,043,078	172,737,172	494,780,250	2,737,540	1,104,056
Restricted for					
Pension	5,282,751	-	5,282,751	-	-
Tabor	2,700,000	-	2,700,000	-	-
Economic development	94,546,709	-	94,546,709	-	-
Debt service and district projects	-	-	-	10,190,756	-
Capital projects	2,942,363	-	2,942,363	-	-
Public safety	3,201,113	-	3,201,113	-	-
Public works	5,969,951	-	5,969,951	-	-
Parks and recreation	1,478,762	-	1,478,762	-	-
Culture and community welfare	6,435,368	-	6,435,368	-	-
Unrestricted	(19,170,332)	30,606,807	11,436,475	(8,099,398)	(248,272)
Total net position	\$ 425,429,763	\$ 203,343,979	\$ 628,773,742	\$ 4,828,898	\$ 855,784

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

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

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental activities				
General government	\$ 16,688,106	\$ 4,689,123	\$ 150,592	\$ 216,153
Public safety	47,306,291	4,417,499	1,235,752	207,317
Public works	12,218,856	2,574,745	6,176,043	979,830
Culture and community welfare	10,041,719	248,563	4,065,864	-
Parks and recreation	8,002,623	749,193	16,760	1,368,673
Economic development	6,339,297	27,031	-	-
Interest on long-term debt	666,492	-	-	-
Total governmental activities	101,263,384	12,706,154	11,645,011	2,771,973
Business-type activities				
Golf enterprise	2,566,495	2,319,896	-	-
Sewer user	17,968,821	23,339,793	46,172	-
Stormwater utility	3,817,259	4,486,414	230,274	1,373,910
Memorial airport	3,460,967	652,042	6,720,859	56,568
Street repair	775,700	-	-	-
Honor farm	132,373	22,970	-	-
Transportation services	5,191,350	753,971	2,558,686	-
Parking facilities	711,374	258,789	-	-
Memorial Hall	1,539,383	903,998	-	-
Pueblo Transit	2,662,533	2,463,449	-	-
Total business-type activities	38,826,255	35,201,322	9,555,991	1,430,478
Total primary government	\$ 140,089,639	\$ 47,907,476	\$ 21,201,002	\$ 4,202,451
Component Units				
Pueblo Urban Renewal Authority	\$ 9,118,819	\$ 1,460,212	\$ -	\$ 783,849
Pueblo Municipal Rail Corporation	127,854	-	-	-
Total component units	\$ 9,246,673	\$ 1,460,212	\$ -	\$ 783,849
General revenues				
Taxes				
Property taxes, levied for general purposes				
Property taxes, levied for specific purposes				
Franchise and other taxes				
Sales and use taxes				
Payment in lieu of taxes				
Unrestricted investment earnings				
Gain/(loss) on asset exchange				
Miscellaneous				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position, January 1 - restated				
Net position, December 31				

Net (Expense) Revenue and Change in Net Position			Discretely-Presented Component Units	
Governmental Activities	Business-Type Activities	Total	Pueblo Urban Renewal Authority	Pueblo Municipal Rail Corporation
\$ (11,632,238)	\$ -	\$ (11,632,238)		
(41,445,723)	-	(41,445,723)		
(2,488,238)	-	(2,488,238)		
(5,727,292)	-	(5,727,292)		
(5,867,997)	-	(5,867,997)		
(6,312,266)	-	(6,312,266)		
(666,492)	-	(666,492)		
(74,140,246)	-	(74,140,246)		
-	(246,599)	(246,599)		
-	5,417,144	5,417,144		
-	2,273,339	2,273,339		
-	3,968,502	3,968,502		
-	(775,700)	(775,700)		
-	(109,403)	(109,403)		
-	(1,878,693)	(1,878,693)		
-	(452,585)	(452,585)		
-	(635,385)	(635,385)		
-	(199,084)	(199,084)		
-	7,361,536	7,361,536		
(74,140,246)	7,361,536	(66,778,710)		
			\$ (6,874,758)	\$ -
			-	(127,854)
			\$ (6,874,758)	\$ (127,854)
14,584,121	-	14,584,121	-	-
43,765	-	43,765	4,272,375	-
7,416,964	-	7,416,964	-	-
65,199,382	-	65,199,382	5,286,348	-
9,859	-	9,859	-	-
2,006,556	675,044	2,681,600	278,802	-
2,346,695	170,119	2,516,814	(14,842)	-
2,048,981	108,443	2,157,424	71,672	-
(4,401,885)	4,401,885	-	-	-
89,254,438	5,355,491	94,609,929	9,894,355	-
15,114,192	12,717,027	27,831,219	3,019,597	(127,854)
410,315,571	190,626,952	600,942,523	1,809,301	983,638
\$ 425,429,763	\$ 203,343,979	\$ 628,773,742	\$ 4,828,898	\$ 855,784

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

City of Pueblo, Colorado

Balance Sheet

Governmental Funds

December 31, 2018

		<u>Major Special Revenue Funds</u>				
	General Fund	Economic Development 1/2 Cent Tax	HUD Grants	Public Improvements Funds	Total Nonmajor Funds	Total Governmental Funds
Assets						
Cash and cash equivalents	\$ 6,024,495	\$ -	\$ -	\$ -	\$ -	\$ 6,024,495
Restricted cash and cash equivalents	-	100,000	-	733,261	283,298	1,116,559
Investments	32,164,547	49,341,240	-	-	8,439,795	89,945,582
Taxes receivable, net	20,183,441	824,738	-	-	39,628	21,047,807
Due from other funds	14,075,210	263,719	990,986	6,179,632	3,016,890	24,526,437
Receivable from other governments	-	-	965,477	934,155	979,493	2,879,125
Notes and loans receivable, net	650,000	44,813,552	4,603,443	-	-	50,066,995
Advance to other funds	2,472,618	-	-	747,000	-	3,219,618
Other receivables	2,854,490	258,995	304,848	-	823,058	4,241,391
Inventories	26,091	-	116,968	-	305,444	448,503
Prepaid items	631,588	-	375,000	6,827	-	1,013,415
Total assets	\$ 79,082,480	\$ 95,602,244	\$ 7,356,722	\$ 8,600,875	\$ 13,887,606	\$ 204,529,927
Liabilities						
Accounts payable and accrued expenses	\$ 3,617,956	\$ 987,894	\$ 164,679	\$ 534,330	\$ 654,264	\$ 5,959,123
Due to other funds	25,204,912	-	285,998	127,473	586,096	26,204,479
Total liabilities	28,822,868	987,894	450,677	661,803	1,240,360	32,163,602
 Deferred inflows of resources	 18,344,048	 67,641	 1,264,626	 531,080	 994,212	 21,201,607
Fund balances						
Nonspendable	3,130,297	-	375,000	6,827	-	3,512,124
Restricted	2,700,000	94,546,709	5,266,419	2,772,819	11,613,319	116,899,266
Committed	11,556,425	-	-	104,831	-	11,661,256
Assigned	11,557,152	-	-	4,523,515	39,710	16,120,377
Unassigned	2,971,690	-	-	-	5	2,971,695
Total fund balances	31,915,564	94,546,709	5,641,419	7,407,992	11,653,034	151,164,718
 Total liabilities, deferred inflows of resources, and fund balances	 \$ 79,082,480	 \$ 95,602,244	 \$ 7,356,722	 \$ 8,600,875	 \$ 13,887,606	 \$ 204,529,927

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

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

December 31, 2018

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

Fund balances of governmental funds		\$ 151,164,718
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Capital assets used in governmental activities are not current financial resources, and therefore, are not reported in the governmental fund financial statements.

Capital assets	\$ 461,171,424	
Less: accumulated depreciation	<u>(121,384,643)</u>	339,786,781

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

Pension asset	\$ 5,282,751	
Pension liability	(47,479,788)	
Deferred outflows of resources relating to pensions	17,480,138	
Deferred inflows of resources relating to pensions	<u>(11,102,345)</u>	(35,819,244)

Other post-employment benefit (OPEB) liabilities and related deferred inflows and deferred outflows of resources are not current financial resources and, therefore, are not reported in the fund financial statements

OPEB liability	\$ (15,896,856)	
Deferred outflows of resources relating to OPEB	218,043	
Deferred inflows of resources relating to OPEB	<u>(606,289)</u>	(16,285,102)

Internal service funds are collapsed into governmental activities		6,163,805
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Long-term liabilities are not due and payable from current financial resources, and therefore, are not reported as liabilities on the fund financial statements. Long-term liabilities consist of:

Certificates of participation	\$ (14,494,093)	
Unamortized loss on refunding	970,104	
Capital leases payable	(4,909,652)	
Compensated absences payable	(6,358,393)	
Accrued interest payable	<u>(214,475)</u>	(25,006,509)

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

Notes receivable issued upon sale of assets	\$ 650,000	
Other deferred inflows of resources (unavailable revenue)	<u>4,775,314</u>	5,425,314

Total net position of governmental activities		<u>\$ 425,429,763</u>
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The accompanying notes are an integral part of these financial statements.

City of Pueblo, Colorado
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds

For the Year Ended December 31, 2018

		Major Special Revenue Funds				
	General Fund	Economic Development 1/2 Cent Tax	HUD Grants	Public Improvements Funds	Total Nonmajor Funds	Total Governmental Funds
Revenues						
Property taxes	\$ 14,584,121	\$ -	\$ -	\$ -	\$ 43,765	\$ 14,627,886
Sales and miscellaneous taxes	58,555,318	8,423,035	-	-	5,725,035	72,703,388
Payment in lieu of taxes	9,859	-	-	-	-	9,859
Fees and fines	2,170,102	-	-	-	-	2,170,102
Licenses and permits	896,954	-	-	-	-	896,954
Intergovernmental	3,385,606	-	1,972,255	2,662,707	6,633,324	14,653,892
Charges for services	4,745,551	808,386	226,337	-	1,532,367	7,312,641
Investment earnings	575,154	1,159,762	-	72	133,803	1,868,791
Other revenues	199,868	10,849,702	22,226	233,718	212,110	11,517,624
Total revenues	85,122,533	21,240,885	2,220,818	2,896,497	14,280,404	125,761,137
Expenditures						
Current						
General government	11,276,598	-	-	1,488,565	-	12,765,163
Public safety	46,719,963	-	-	249,828	1,947,384	48,917,175
Public works	6,566,965	-	-	327,522	2,282,255	9,176,742
Parks and recreation	5,541,646	-	-	-	586,104	6,127,750
Economic development	-	6,154,815	-	-	-	6,154,815
Culture and community welfare	5,168,991	-	1,448,615	805,729	2,127,100	9,550,435
Debt service						
Principal	-	-	-	-	3,482,760	3,482,760
Interest and other charges	-	-	-	35,000	415,180	450,180
Capital outlay	285,807	2,995,911	390,349	4,927,757	867,664	9,467,488
Total expenditures	75,559,970	9,150,726	1,838,964	7,834,401	11,708,447	106,092,508
Excess (deficiency) of revenues over expenditures						
	9,562,563	12,090,159	381,854	(4,937,904)	2,571,957	19,668,629
Other financing sources (uses)						
Insurance recovery	-	-	-	1,845,650	-	1,845,650
Proceeds from debt issue	-	-	-	2,956,111	-	2,956,111
Transfers in	4,057,610	-	156,862	4,355,436	3,913,748	12,483,656
Transfers out	(13,335,608)	(200,000)	(286,571)	(238,598)	(3,861,764)	(17,922,541)
Total other financing sources (uses)	(9,277,998)	(200,000)	(129,709)	8,918,599	51,984	(637,124)
Net change in fund balance	284,565	11,890,159	252,145	3,980,695	2,623,941	19,031,505
Fund balances at beginning of year	31,630,999	82,656,550	5,389,274	3,427,297	9,029,093	132,133,213
Fund balances at end of year	\$ 31,915,564	\$ 94,546,709	\$ 5,641,419	\$ 7,407,992	\$ 11,653,034	\$ 151,164,718

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

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

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

Total change in fund balances - governmental funds.	\$	19,031,505
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Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are capitalized in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities.

Capital outlay	\$	9,443,800	
Depreciation expense		(6,679,599)	
Net book value of capital asset disposals		(8,534,037)	(5,769,836)

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

Change in net position of governmental internal service fund	\$	(841,653)	
Net operating loss attributed to business-type activities		692,522	(149,131)

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

3,123,079

Recognition and measurement of the changes in the net other post-employment benefit (OPEB) liability, together with OPEB-related deferred outflows of resources and deferred inflows of resources in the financial statements prepared using the economic resources measurement focus and the accrual basis of accounting are not current financial resources and, therefore, are not reported in governmental funds.

(1,537,775)

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

Principal payments on certificates of participation	\$	2,625,691	
Principal payments on capital leases		857,069	
Proceeds from the issuance of capital leases		(2,956,111)	
Change in accrued interest		(17,113)	
Change in debt insurance costs		(194,021)	
Change in compensated absences payable		(527,712)	(212,197)

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

628,547

Change in net position of governmental activities	\$	15,114,192
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The accompanying notes are an integral part of these financial statements.

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

	Business-type Activities							
	Golf Course Enterprise	Sewer User Fund	Stormwater Utility	Memorial Airport	Other Enterprise Funds	Total	Internal Service Fund	
Assets								
Current assets								
Cash and cash equivalents	\$ -	\$ 675	\$ 100	\$ 400	\$ 156,513	\$ 157,688	\$ 300	
Restricted cash and cash equivalents	-	-	-	-	-	-	82,257	
Investments	-	33,427,337	5,510,059	230,517	-	39,167,913	-	
Accounts receivable, net	61,291	3,990,239	7,921,833	1,635,843	371,942	13,981,148	63,267	
Due from other funds	32,129	180,161	49,812	740,113	1,240,937	2,243,152	5,460,925	
Due from other governments	-	-	-	-	2,175,561	2,175,561	-	
Other receivables	-	132,943	49,882	917	-	183,742	-	
Prepaid expenses	-	-	3,096	-	24,187	27,283	330,521	
Inventories	-	479,242	-	-	277,091	756,333	211,278	
Total current assets	93,420	38,210,597	13,534,782	2,607,790	4,246,231	58,692,820	6,148,548	
Noncurrent assets								
Capital assets								
Land	56,086	185,461	648,760	56,889	3,453,085	4,400,281	-	
Land improvements Infrastructure	4,640,046	27,690	8,646,234	35,566,262	2,241,371	51,121,603	-	
Infrastructure	-	54,301,599	49,709,821	719,671	-	104,731,091	-	
Other improvements	4,172,816	-	-	22,016,104	210,017	26,398,937	-	
Buildings	1,504,076	49,547,453	-	13,151,407	17,969,656	82,172,592	1,036,366	
Machinery and equipment	2,529,836	5,706,452	2,883,524	2,787,679	7,221,926	21,129,417	1,528,630	
Less accumulated depreciation	(7,075,600)	(26,909,869)	(15,530,377)	(36,087,108)	(11,361,333)	(96,964,287)	(1,597,969)	
Artworks	44,370	-	-	3,912	8,823	57,105	-	
Intangibles	-	20,105	35,805	-	1,478	57,388	-	
Construction in progress	-	4,081,195	80,476	7,421,308	-	11,582,979	-	
Total capital assets	5,871,630	86,960,086	46,474,243	45,636,124	19,745,023	204,687,106	967,027	
Total noncurrent assets	5,871,630	86,960,086	46,474,243	45,636,124	19,745,023	204,687,106	967,027	
Total assets	5,965,050	125,170,683	60,009,025	48,243,914	23,991,254	263,379,926	7,115,575	
Deferred outflows of resources								
OPEB-related	1,084	45,209	15,072	8,632	1,055	71,052	30,618	
Pension-related	19,511	813,793	271,300	155,389	18,990	1,278,983	551,033	
Total deferred outflows of resources	20,595	859,002	286,372	164,021	20,045	1,350,035	581,651	
Liabilities								
Current liabilities								
Accounts payable	70,783	1,278,162	178,932	1,218,909	331,186	3,077,972	206,340	
Accrued expenses	-	-	-	4,000	114,661	118,661	-	
Accrued interest payable	58,218	275,959	8,372	-	-	342,549	4,623	
Due to other funds	1,012,597	-	-	96,700	4,916,737	6,026,034	-	
Advances from others	42,090	-	-	-	120,940	163,030	-	
Compensated absences	-	35,517	9,617	12,355	24,089	81,578	10,910	
Capital lease obligation	315,089	-	-	-	-	315,089	90,702	
Claims and judgments	-	-	-	-	-	-	1,615,789	
Bonds, notes and loans payable	-	1,874,159	289,950	-	-	2,164,109	-	
Total current liabilities	1,498,777	3,463,797	486,871	1,331,964	5,507,613	12,289,022	1,928,364	
Noncurrent liabilities								
Compensated absences	-	319,654	86,552	111,191	216,797	734,194	98,192	
Capital lease obligation	1,206,419	-	-	-	-	1,206,419	186,387	
Claims and judgments	-	-	-	-	-	-	285,139	
Bonds payable, net	-	21,504,660	6,759,657	-	-	28,264,317	-	
Advance from other funds	1,472,618	-	-	-	1,747,000	3,219,618	-	
Net OPEB liability	11,018	459,569	153,210	87,752	10,725	722,274	311,239	
Net pension liability	121,645	5,073,706	1,691,460	968,798	118,398	7,974,007	3,435,495	
Total noncurrent liabilities	2,811,700	27,357,589	8,690,879	1,167,741	2,092,920	42,120,829	4,316,452	
Total liabilities	4,310,477	30,821,386	9,177,750	2,499,705	7,600,533	54,409,851	6,244,816	
Deferred inflows of resources								
OPEB-related	186	7,764	2,589	1,483	181	12,203	5,258	
Pension-related	23,960	999,344	333,159	190,819	23,320	1,570,602	676,673	
Total deferred inflows of resources	24,146	1,007,108	335,748	192,302	23,501	1,582,805	681,931	
Net position								
Net investment in capital assets	4,350,122	63,581,267	39,424,636	45,636,124	19,745,023	172,737,172	689,938	
Unrestricted	(2,699,100)	30,619,924	11,357,263	79,804	(3,357,758)	36,000,133	80,541	
Total net position	\$ 1,651,022	\$ 94,201,191	\$ 50,781,899	\$ 45,715,928	\$ 16,387,265	\$ 208,737,305	\$ 770,479	

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

(5,393,326)

Net position of business-type activities

\$ 203,343,979

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

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

	Business-type Activities						Governmental Activities
	Golf Course Enterprise	Sewer User Fund	Stormwater Utility	Memorial Airport	Other Enterprise Funds	Total	Internal Service Fund
Operating revenues							
Charges for services	\$ 2,319,896	\$ 23,339,793	\$ 4,486,414	\$ 652,042	\$ 1,939,728	\$ 32,737,873	\$ 6,760,926
Miscellaneous	632	8,626	3,693	8,630	86,862	108,443	1,065,477
Total operating revenues	2,320,528	23,348,419	4,490,107	660,672	2,026,590	32,846,316	7,826,403
Operating expenses							
Personnel services	107,651	5,341,551	1,832,820	959,740	97,455	8,339,217	3,573,256
Contractual services	939,796	1,590,793	737,646	231,111	4,876,534	8,375,880	31,155
Utilities	434,775	802,225	65,183	376,361	550,873	2,229,417	63,214
Repairs and maintenance	130,791	6,843,198	221,400	193,803	1,142,415	8,531,607	51,648
Other supplies and expenses	295,769	839,684	124,356	111,236	855,518	2,226,563	1,430,939
Insurance claims expense	-	-	-	-	-	-	4,465,794
Depreciation	520,455	1,808,972	749,392	1,543,378	596,775	5,218,972	83,872
Total operating expenses	2,429,237	17,226,423	3,730,797	3,415,629	8,119,570	34,921,656	9,699,878
Operating income (loss)	(108,709)	6,121,996	759,310	(2,754,957)	(6,092,980)	(2,075,340)	(1,873,475)
Nonoperating revenues (expenses)							
Interest and investment revenue	3,430	547,328	120,523	3,763	-	675,044	(5,178)
Operating grants and contributions	-	46,172	230,274	6,720,859	2,558,686	9,555,991	-
Interest expense	(135,561)	(601,658)	(8,462)	(2,947)	-	(748,628)	-
Gain (loss) on disposal of fixed assets	-	1,613	30,762	20,362	117,382	170,119	-
Total nonoperating revenues (expenses)	(132,131)	(6,545)	373,097	6,742,037	2,676,068	9,652,526	(5,178)
Income (loss) before contributions and transfers	(240,840)	6,115,451	1,132,407	3,987,080	(3,416,912)	7,577,186	(1,878,653)
Capital contributions	-	-	1,373,910	56,568	-	1,430,478	-
Transfers in	-	-	-	1,591,855	2,822,030	4,413,885	1,067,000
Transfers out	-	-	(12,000)	-	-	(12,000)	(30,000)
Changes in net position	(240,840)	6,115,451	2,494,317	5,635,503	(594,882)	13,409,549	(841,653)
Net position at beginning of year - restated	1,891,862	88,085,740	48,287,582	40,080,425	16,982,147		1,612,132
Net position at end of year	\$ 1,651,022	\$ 94,201,191	\$ 50,781,899	\$ 45,715,928	\$ 16,387,265		\$ 770,479
Adjustment for the net effect of the current year activity between the internal service fund and the enterprise funds						(692,522)	
Change in net position						\$ 12,717,027	

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

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

	Business-type Activities						Governmental
	Enterprise Funds						Activities
	Golf Course Enterprise	Sewer User Fund	Stormwater Utility	Memorial Airport	Other Enterprise Funds	Total	Internal Service Fund
Cash flows from operating activities							
Cash received from customers	\$ 2,351,141	\$ 22,928,131	\$ (1,744,281)	\$ (384,399)	\$ 1,760,905	\$ 24,911,497	\$ 5,318,606
Cash payments to suppliers	(1,762,694)	(9,534,804)	(1,049,396)	219,297	(7,449,525)	(19,577,122)	(4,714,173)
Cash payments to employees	(85,122)	(4,514,411)	(1,526,954)	(872,344)	(233,022)	(7,231,853)	(798,732)
Receipts for interfund services	-	-	-	-	476,448	476,448	-
Payments for interfund services	(458,156)	(30,076)	(49,812)	(404,982)	(358,413)	(1,301,439)	(741,640)
Net cash flows from operating activities	45,169	8,848,840	(4,370,443)	(1,442,428)	(5,803,607)	(2,722,469)	(935,939)
Cash flows from non-capital financing activities							
Transfers in	-	-	-	1,591,855	3,822,030	5,413,885	1,037,000
Transfers out	-	-	(93,072)	-	-	(93,072)	-
Payments made on fund advance	-	-	-	-	-	-	-
Receipts from fund advance	-	-	-	-	(64,806)	(64,806)	-
Operating grants and contributions	-	46,172	230,274	6,720,859	2,558,686	9,555,991	-
Net cash flows from non-capital financing activity	-	46,172	137,202	8,312,714	6,315,910	14,811,998	1,037,000
Cash flows from capital and related financing activities							
Proceeds from the sale of capital assets	-	1,500	30,762	20,362	116,545	169,169	-
Acquisitions of capital assets	(468,452)	(4,834,554)	(601,741)	(6,945,080)	(650,673)	(13,500,500)	(23,059)
Capital contributions received	-	-	-	56,568	-	56,568	-
Proceeds from issuance of debt	-	-	7,049,607	-	-	7,049,607	-
Principal paid on long-term debt	(320,495)	(1,840,155)	(44,467)	-	-	(2,205,117)	(89,081)
Interest paid on long-term debt	(128,835)	(616,494)	(1,083)	(2,947)	-	(749,359)	(6,664)
Net cash flows from capital and related financing activities	(917,782)	(7,289,703)	6,433,078	(6,871,097)	(534,128)	(9,179,632)	(118,804)
Cash flows from investing activities							
Interest earnings received	3,430	547,328	120,523	3,763	-	675,044	-
Maturity of investments	-	10,041,068	2,255,131	81,297	-	12,377,496	-
Acquisition of investments	-	(12,193,705)	(4,575,491)	(84,249)	-	(16,853,445)	-
Net cash flows from investing activities	3,430	(1,605,309)	(2,199,837)	811	-	(3,800,905)	-
Net increase (decrease) in cash and cash equivalents	(869,183)	-	-	-	(21,825)	(891,008)	(17,743)
Cash and cash equivalents at beginning of year	869,183	675	100	400	178,338	1,048,696	100,300
Cash and cash equivalents at end of year	\$ -	\$ 675	\$ 100	\$ 400	\$ 156,513	\$ 157,688	\$ 82,557
Reported in the accompanying statement of net assets as follows:							
Cash and cash equivalents	\$ -	\$ 675	\$ 100	\$ 400	\$ 156,513	\$ 157,688	\$ 300
Restricted cash and cash equivalents	-	-	-	-	-	-	82,257
	\$ -	\$ 675	\$ 100	\$ 400	\$ 156,513	\$ 157,688	\$ 82,557
Reconciliation of operating income (loss) to net cash flows from operating activities							
Operating income (loss)	\$ (108,709)	\$ 6,121,996	\$ 759,310	\$ (2,754,957)	\$ (6,092,980)	\$ (2,075,340)	\$ (1,674,391)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:							
Depreciation	520,455	1,808,972	749,392	1,543,378	596,775	5,218,972	83,872
(Increase) decrease in operating assets :							
Accounts receivable	30,613	(420,288)	(6,234,388)	(547,356)	(265,685)	(7,437,104)	(44,348)
Due from other funds	(32,129)	(30,076)	(49,812)	(497,715)	(134,113)	(743,845)	(741,640)
Prepaid items	-	-	(28)	-	(12,027)	(12,055)	122,035
Inventories	-	(118,179)	-	-	967	(117,212)	12,583
Increase (decrease) in operating liabilities:							
Accounts payable and accrued expenses	38,437	667,587	111,192	1,138,017	14,004	1,969,237	1,205,333
Due to other funds	(496,151)	-	-	(404,982)	252,148	(648,985)	-
Advances from others	70,124	-	-	-	-	70,124	-
Net OPEB liability and related deferred inflows and outflows of resources	595	14,706	6,655	(3,490)	(299)	18,167	(482)
Net pension liability and related deferred inflows and outflows of resources	21,934	804,122	287,236	84,677	(162,397)	1,035,572	101,099
Net cash flows from operating activities	\$ 45,169	\$ 8,848,840	\$ (4,370,443)	\$ (1,442,428)	\$ (5,803,607)	\$ (2,722,469)	\$ (935,939)
Schedule of noncash investing, capital and financing activities							
Capital assets contributed from governmental activities	\$ -	\$ -	\$ 1,373,910	\$ -	\$ -	\$ 1,373,910	\$ -
Book value of trade-ins	85,266	-	-	-	-	85,266	-
Unrealized gain (loss) on investments	-	(4,119)	4,830	(40)	-	671	-

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

City of Pueblo, Colorado
Agency Fund
Fiduciary Statement of Net Position
December 31, 2018

	Agency Fund
Assets	
Cash and cash equivalents	\$ 299,693
Accounts receivable	2,235,299
Total assets	\$ 2,534,992
 Liabilities	
Accounts payable	\$ 57,830
Deposits	2,477,162
Total liabilities	\$ 2,534,992

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

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Notes to Financial Statements

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City of Pueblo, Colorado
Notes to Financial Statements
December 31, 2018

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. REPORTING ENTITY

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

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

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

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

City of Pueblo, Colorado
Notes to Financial Statements
December 31, 2018

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

A. REPORTING ENTITY, Continued

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

Previously, PMBC issued certificates of participation to construct a new police complex facility which was completed in 2010. Upon completion, PMBC provided all its services (leasing the police complex facility) to the City under an annually-renewable lease-purchase agreement. The lease payments made by the City to PMBC are used to retire the certificates of participation. In 2016, the original certificates of participation were refunded. Upon retirement of the certificates of participation, title will pass to the City.

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

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

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

North Gateway Number 1 Public Improvement Corporation – North Gateway Number 1 Public Improvement Corporation (North Gateway PIC No. 1) was organized by City Council as a 63-20 nonprofit corporation to fund extraordinary public improvements within the boundaries of the North Gateway Number 1 public improvement district. The property owners within the boundaries of the North Gateway PIC No. 1 district

City of Pueblo, Colorado
Notes to Financial Statements
December 31, 2018

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

A. REPORTING ENTITY, Continued

impose a public improvement fee on sales that occur within these boundaries. The public improvement corporation is a blended component unit because City Council members are the governing body of the corporation and management of the City has operational responsibilities for North Gateway PIC No. 1. The North Gateway PIC No. 1 is reported as a nonmajor governmental fund.

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

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

Pueblo Urban Renewal Authority – The Pueblo Urban Renewal Authority (the Authority) was created in 1959 under provisions of Colorado law. The Authority was virtually inactive until 1986, at which time the City and the Authority entered into a cooperation agreement whereby the Authority acquired certain properties from the City in order to facilitate the building of a convention center and parking structure on a portion of the property and sell the remaining portion to a developer for the purpose of building a hotel. Since that time, the Authority, with the approval of the City, has established numerous tax increment financing (TIF) districts. The Authority is included as a discretely-presented component unit because the City Council appoints a voting majority of the Authority’s governing body and is able to modify the decisions of the Authority’s governing body and there exist specific financial benefits and specific financial burdens on the City. Separately-issued financial statements of the Authority can be obtained from the Authority at 115 E. Riverwalk, Pueblo, Colorado, 81003.

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

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The basic financial statements include both government-wide (based on the City as a whole) and fund financial statements. The government-wide financial statements, which include the statement of net position and the statement of activities, report information on all of the non-fiduciary activities of the City and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the City is reported separately from its legally separate component units for which the City is financially accountable.

City of Pueblo, Colorado
Notes to Financial Statements
December 31, 2018

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS, Continued

The government-wide statement of activities demonstrates the degree to which the direct expenses of a functional category or activity are offset by program revenues. Direct expenses are those that are clearly identifiable with a function or activity. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or activity; (2) grants and contributions that are restricted to meeting the operational requirements of a particular function or activity; and (3) grants and contributions that are restricted to meeting the capital requirements of a

particular function or activity. Taxes and other items not properly included among program revenues are reported instead as general revenues. The net cost by function or business-type activity is normally covered by general revenue such as property taxes, sales and use taxes, franchise and other taxes, or other unrestricted revenues.

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

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

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

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

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. The fiduciary fund, which consists only of an agency fund, has no measurement focus and uses the accrual basis of accounting.

City of Pueblo, Colorado
Notes to Financial Statements
December 31, 2018

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION, Continued

Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied, while grants and similar items are recognized as revenue when all eligibility requirements are met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Revenues are considered available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenue to be available if collected within 60 days of the end of the fiscal year except the availability period is considered 90 days for the City's government-mandated non-exchange transactions that are generally classified as expenditure-driven grants. Expenditures generally are recorded when a liability is incurred as is the case with accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when the liability has matured and payment is due. General capital asset acquisitions are reported as expenditures in governmental funds, while issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

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

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

City of Pueblo, Colorado
Notes to Financial Statements
December 31, 2018

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION, Continued

GOVERNMENTAL FUNDS

The City reports the following major governmental funds:

- The General Fund is the primary operating fund of the City and is always classified as a major fund. The General Fund is used to account for all financial resources of the City except those required to be accounted for in a separate fund. Major revenue sources include sales and use taxes, property taxes, franchise and other taxes, and intergovernmental revenue. Primary expenditures include general government, public safety (fire and police), public works, parks and recreation, and culture and community welfare.
- The Economic Development ½-Cent Tax Fund is a special revenue fund used to promote economic development within and around the City. Funds are provided by a ½-cent sales tax and expenditures generally consist of loans made to private businesses.
- The HUD Grants Fund is a special revenue fund used to implement the federally-funded community development block grant and HOME grant. Funds are used for current programs benefiting low- and moderate-income individuals and families.
- The Public Improvements Fund combines the Public Improvements Fund, which is a fund used to implement various federal and state grants awarded to the City, and the Capital Improvements Fund, which is a capital projects fund used primarily for the City's capital improvement program. Funds are used for numerous current activities including general government, public safety, public works, parks and recreation, transportation and transportation planning, and capital outlay.
- Other governmental funds are a summarization of all other nonmajor governmental funds.

PROPRIETARY FUNDS

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

- The Golf Course Enterprise Fund combines the operations of the city-owned Elmwood Golf Course and Walking Stick Golf Course funds. Activities of the funds include operation and maintenance of the golf courses, along with the accumulation of resources for the payment of principal and interest on the capital leases outstanding. All costs are financed through charges to users with rates reviewed regularly and adjusted as necessary.
- The Sewer User Fund accounts for the operations of the City's sewer utility. Activities of the fund include administration, operation and maintenance of the sewer system, along with accumulation of resources for the payment of principal and interest on long-term debt. All costs are financed through charges to utility customers with rates reviewed regularly and adjusted if necessary.

City of Pueblo, Colorado
Notes to Financial Statements
December 31, 2018

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION, Continued

- The Stormwater Utility Fund accounts for the operations of the City's storm water utility. Activities of the fund include administration, operation, and maintenance of the storm water system, along with accumulation of resources for the payment of principal and interest on capital leases, notes payable and fund advances. All costs are financed through charges to customers.
- The Memorial Airport Fund accounts for the operations of the airport that is located approximately eight miles east of the City. Activities include administration, operation and maintenance of the airport. Costs are financed through charges to customers, transfers from other funds and capital grants.
- Other Enterprise Funds is a summarization of all other nonmajor enterprise funds.

INTERNAL SERVICE FUNDS

- The Internal Service Fund is used to account for the financing of goods or services provided by one department or agency of the City to other departments or agencies of the City, generally on a cost reimbursement basis. The internal service funds of the City provide risk management, fleet maintenance and communication services to these other City departments and agencies. The Pueblo Transit internal service fund provides labor services to the City's transportation services enterprise fund.

AGENCY FUNDS

- The Agency Fund is used to account for assets held by the City in an agency capacity generally for subdivision infrastructure.

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

D. CASH, CASH EQUIVALENTS AND INVESTMENTS

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

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

City of Pueblo, Colorado
Notes to Financial Statements
December 31, 2018

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

E. CASH EQUIVALENTS

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

F. PROPERTY TAXES

Property taxes were levied on December 18, 2018, based on the assessed value of property as certified by the County Assessor by the previous December 15, and attach as an enforceable lien on January 1 of the following year. Assessed values are a percentage of actual values. A reappraisal of all property must be made every two years. The last reevaluation date was January 1, 2019 for the collection period of January 1, 2017 through June 30, 2018 as specified by state law.

The taxes levied on December 18, 2018 reflect 2018 taxes that will be collected in 2019. The taxes are collected by the County Treasurer and are remitted to the City on a monthly basis. These taxes are due and considered earned on January 2 following the year levied and may be paid in two installments (February 28 and June 15) or they may be paid in full on or before April 30. Taxes not paid in accordance with this schedule accrue interest and penalty charges and are subject to liens if not paid by November.

G. INTERFUND RECEIVABLES/PAYABLES

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

H. INVENTORIES AND PREPAID ITEMS

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

I. CAPITAL ASSETS

Capital assets, which include land, land improvements, buildings, infrastructure, other improvements, machinery and equipment, intangible assets and construction-in-progress are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The capitalization levels were established at \$2,500 for machinery and equipment; \$25,000 for land improvements, buildings, building improvements and computer software. No capitalization threshold was established for land, intangible assets, artworks, and historical treasures. Infrastructure is capitalized only if the outlay meets the criteria established for capitalization. The criteria for capitalization include (1) increasing the capacity or operating efficiency or (2) extending the useful life of the asset. These levels were set so as to maintain a balance between accountability and managing the costs of recording and tracking these assets.

City of Pueblo, Colorado
Notes to Financial Statements
December 31, 2018

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

I. CAPITAL ASSETS, Continued

Capital assets are defined as assets with an initial individual cost or estimated cost that equals or exceeds the limits identified above and have a useful life greater than one year. Capital assets are recorded at cost or estimated historical cost if purchased or constructed. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are recorded at acquisition value on the date 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. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed when material. No interest was capitalized during the year ended December 31, 2018.

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

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

J. COMPENSATED ABSENCES

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

City of Pueblo, Colorado
Notes to Financial Statements
December 31, 2018

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

J. COMPENSATED ABSENCES, Continued

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

K. LONG-TERM LIABILITIES

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

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

L. PENSION PLANS

The City follows the provisions of GASB Statement 68, *Accounting and Financial Reporting for Pensions* and GASB Statement 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* for all the plans in which the City participates. The City and two of its component units (Pueblo Transit Authority and Pueblo Urban Renewal Authority) participate in the Public Employees' Retirement Association Plan (PERA) which is a cost-sharing, multiple-employer defined benefit pension plan administered by PERA. The City also participates in the New Hire Fire and Police Plan which is a statewide, cost sharing, multiple-employer defined benefit pension plan administered by the Colorado Fire and Police Pension Association (FPPA). In addition, the City also participates in the Old Hire Fire Plan and the Old Hire Police Plan that are agent, multiple-employer defined benefit pension plans administered by FPPA.

Public Employee Retirement Association (PERA)

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

During the 2018 legislative session, the Colorado General Assembly passed significant pension reform through Senate Bill (SB) 18-200: *Concerning Modifications To the Public Employees' Retirement Association Hybrid Defined Benefit Plan Necessary to Eliminate with a High Probability the Unfunded Liability of the Plan Within the Next Thirty Years*. Governmental accounting standards require the net pension liability and related amounts of the LGDTF for financial reporting purposes be measured using the plan

City of Pueblo, Colorado
Notes to Financial Statements
December 31, 2018

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

L. PENSION PLANS, Continued

provisions in effect as of the LGDTF's measurement date of December 31, 2017. As such, the following disclosures do not include the changes to plan provisions required by SB 18-200 with the exception of the section titled *Changes between the measurement date of the net pension liability and December 31, 2018*.

New Hire Fire and Police Plan

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

Old Hire Police Plan

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

Old Hire Fire Plan

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

M. OTHER POST-EMPLOYMENT BENEFITS (OPEB)

The GASB issued Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pension*, to replace Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions* and Statement 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. This statement was to improve accounting and financial reporting by state and local governments for OPEB. This statement is effective for years beginning after June 15, 2017. These statements were the result of a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for OPEB with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity and creating additional transparency.

The City adopted the provisions of this statement as of and for the year ended December 31, 2018 for all the plans in which the City participates. The City and two of its component units (Pueblo Transit Authority and Pueblo Urban Renewal Authority) participate in the Public Employees' Retirement Association Plan (PERA)

City of Pueblo, Colorado
Notes to Financial Statements
December 31, 2018

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

M. OTHER POST-EMPLOYMENT BENEFITS (OPEB), Continued

which is a cost-sharing, multiple-employer defined benefit OPEB fund administered by PERA. The City also participates in the Police Unit Other Postemployment Benefits (OPEB) plan and Fire Unit Other Postemployment Benefits (OPEB) plan, which are a single employer, defined benefit plan, provided by the City of Pueblo.

Public Employee Retirement Association (PERA)

The net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the HCTF have been determined using the economic resources measurement focus and the accrual basis of accounting, the same basis as they are reported by PERA. For this purpose, benefits paid on behalf of health care participants are recognized when due and/or payable in accordance with the benefit terms. Investments are reported at fair value.

Fire Unit and Police Unit

The net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense have been determined using the economic resources measurement focus and the accrual basis of accounting. Benefit payments are funded on a pay-as-you go basis.

N. FUND EQUITY

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

- Nonspendable – includes amounts that are (a) not in spendable form or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash such as inventories, prepaid items, long-term notes receivable and fund advances.
- Restricted – includes amounts that are restricted for specific purposes stipulated by external resource providers constitutionally or through enabling legislation.
- Committed – includes amounts that can only be used for the specific purposes determined by the passage of an ordinance of City Council. Commitments may be modified or changed only by City Council approving a new ordinance.
- Assigned – includes amounts intended to be used by the City for specific purposes that are neither restricted nor committed. Intent is expressed by the City Manager and Director of Finance as outlined by City Council's passage of an ordinance to which the assigned amounts are to be used for specific purposes.

City of Pueblo, Colorado
Notes to Financial Statements
December 31, 2018

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

N. FUND EQUITY, Continued

- Unassigned – includes amounts that do not meet any of the above criteria. The City may report positive unassigned fund balance only in the general fund and negative unassigned fund balances may be reported in all funds.

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

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

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

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

O. INTERFUND TRANSACTIONS

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

P. 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.

City of Pueblo, Colorado
Notes to Financial Statements
December 31, 2018

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. BUDGETARY PRINCIPLES

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

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

Expenditure estimates in the annual budgets are enacted into law through the passage of an appropriation ordinance. The city manager may at any time transfer any unencumbered appropriation balance or portion thereof from one classification of expenditures to another within the same department, office or agency. The Council may, by resolution, transfer any unencumbered appropriation balance or portion thereof from one department, office or agency to another. City Council may amend the original adopted budget during the year by passing a new ordinance to reflect current needs. During 2018, the expenditure estimates were amended. These amendments were made in accordance with the City Charter.

III. DETAILED NOTES FOR ALL FUNDS

A. CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash, cash equivalents and investments are summarized as follows:

Cash on hand	\$ 31,716
Demand deposits	6,998,500
Restricted deposits (held by lender)	650,776
	<u>\$ 7,680,992</u>
Investments –	
U.S. agency securities	\$ 100,693,697
U.S. treasury securities	10,673,285
Money market funds	13,663,361
Local government investments pools (ColoTrust and CSAFE)	4,083,152
	<u>\$ 129,113,495</u>

	Cash and Cash Equivalents	Investments
Reported in the financial statements as follows:		
Government-wide statement of net position	\$ 7,381,299	\$ 129,113,495
Statement of fiduciary assets and liabilities	299,693	-
	<u>\$ 7,680,992</u>	<u>\$ 129,113,495</u>

City of Pueblo, Colorado
Notes to Financial Statements
December 31, 2018

III. DETAILED NOTES FOR ALL FUNDS, Continued

A. CASH, CASH EQUIVALENTS AND INVESTMENTS, Continued

DEPOSITS

At December 31, 2018, the carrying amount of the City's deposits was \$6,998,500 and the bank balance was \$10,225,219. Of the bank balance, \$718,635 was covered by federal depository insurance and \$9,506,584 was collateralized in single financial institution collateral pools maintained by the individual financial institutions that hold these deposits. Colorado law requires that depository institutions must apply for and be designated as an eligible public depository before the institution can accept public fund monies. The depository institution must pledge eligible collateral as security for all public deposits held by that institution that are not insured by depository insurance. The fair value of the collateral that each institution pledges as security must equal at least 102% of the total uninsured deposits held by that institution. Generally, the eligible collateral in the collateral pools is held by the depository institution or its agent in the name of the depository institution.

Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits may not be returned to it. The City's policy for custodial credit risk parallels Colorado statutes as described above. As of December 31, 2018, deposits with a bank balance of \$9,506,584 are uninsured but are not exposed to custodial credit risk because they are collateralized with securities held by the pledging financial institution's agent in the City's name.

INVESTMENTS

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

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

City of Pueblo, Colorado
Notes to Financial Statements
December 31, 2018

III. DETAILED NOTES FOR ALL FUNDS, Continued

A. CASH, CASH EQUIVALENTS AND INVESTMENTS, Continued

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

<u>Investment Type</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>	<u>Concentration</u>	<u>Investment Maturities (in years)</u>	
						<u>Less Than One Year</u>	<u>1 - 5 Years</u>
U.S. agencies	\$ -	\$ 100,693,697	\$ -	\$ 100,693,697	78.0%	\$ 34,022,130	\$ 66,671,567
U.S. treasuries	-	10,673,285	-	10,673,285	8.2%	6,716,475	3,956,810
Money market funds	<u>13,663,361</u>	<u>-</u>	<u>-</u>	<u>13,663,361</u>	10.6%	<u>13,663,361</u>	<u>-</u>
	<u>\$ 13,663,361</u>	<u>\$ 111,366,982</u>	<u>\$ -</u>	<u>\$ 125,030,343</u>		<u>\$ 54,401,966</u>	<u>\$ 70,628,377</u>
<u>Investments measured at net asset value (NAV):</u>							
ColoTrust				2,042,800	1.6%		
<u>Investments measured at amortized cost:</u>							
CSAFE				<u>2,040,352</u>	1.6%		
				<u>\$ 129,113,495</u>			

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

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

Credit risk – The City’s investment policy relative to investment choices provides that the City may invest in U.S. treasury and agency securities, commercial paper, bankers’ acceptances, local government investment pools, money market funds, repurchase agreements and corporate notes and bonds. As of December 31, 2018, the City’s investment in money market funds generally were rated AAAm by Standard and Poor’s. The City’s investment in U.S. agency securities includes bonds issued by Federal Farm Credit Banks, Federal Home Loan Bank, Federal Home Loan Mortgage Corporation, Federal National Mortgage Association, and Federal Agriculture Mortgage Corporations. At December 31, 2018, the City’s investment in these U.S. agency securities were generally rated Aaa by Moody’s and AA+ by Standard and Poor’s.

Investments noted above include \$4,083,152 of funds held in the ColoTrust investment pool and the C-Safe investment pool. ColoTrust is an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commission administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to \$1. The Trust offers shares in two portfolios, ColoTrust Prime and ColoTrust Plus+. ColoTrust Prime invests only in

City of Pueblo, Colorado
Notes to Financial Statements
December 31, 2018

III. DETAILED NOTES FOR ALL FUNDS, Continued

A. CASH, CASH EQUIVALENTS AND INVESTMENTS, Continued

U.S. Treasury and government agencies. ColoTrust Plus+ can invest in U.S. Treasury, government agencies, and in the highest-rate commercial paper. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as a safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. The Trust is rated AAAm by Standard and Poor's and is measured at net asset value. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period. C-Safe, an investment vehicle established for local government entities in Colorado to pool surplus funds for investment purposes. C-Safe is a highly liquid fund operating similarly to a money market fund and each share is equal in value to \$1. C-Safe measures all of its investments at amortized cost in accordance with GASB Statement No. 79, Certain External Investment Pools and Pool Participants. C-Safe invests primarily in U.S. Treasury, government agencies, primary dealer repurchase agreements, highly rated commercial paper, AAAm rated money market funds, highly rated corporate bonds, and Colorado depositories. The weighted average maturity of the portfolio shall not exceed 60 days and the weighted average life of the portfolio shall not exceed 120 days. C-Safe is rated AAAm by Standard and Poor's and is measured at amortized cost.

DISCRETELY PRESENTED COMPONENT UNITS

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

	Pueblo Urban Renewal Authority
Cash on hand	\$ 100
Demand deposits	4,230,283
Total cash and cash equivalents	<u>\$ 4,230,383</u>
Money market funds held at bank trust departments	<u>\$ 8,357,358</u>
Reported in the financial statements as follows:	
Cash and cash equivalents	\$ 2,109,926
Restricted cash and cash equivalents	1,791,566
Restricted cash and cash equivalents under debt obligation	328,891
	<u>\$ 4,230,383</u>
Restricted investments	<u>\$ 8,357,358</u>

City of Pueblo, Colorado
Notes to Financial Statements
December 31, 2018

III. DETAILED NOTES FOR ALL FUNDS, Continued

A. CASH, CASH EQUIVALENTS AND INVESTMENTS, Continued

DEPOSITS

At December 31, 2018, the carrying amount of the Pueblo Urban Renewal Authority's (the Authority) deposits was \$4,230,383 and the bank balance was \$4,179,839. Of the bank balance, \$750,000 was covered by federal depository insurance and \$3,075,584 was collateralized in single financial institution collateral pools maintained by the individual financial institutions that hold the deposits. Colorado law requires that depository institutions must apply for and be designated as an eligible public depository before the institution can accept public monies. The depository institution must pledge eligible collateral as security for all public deposits held by that institution that are not insured by depository insurance. The fair 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.

INVESTMENTS

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

As of December 31, 2018, the Authority had the following investments and maturities:

	Fair value	Investment Maturity (in years) less than 1
Money market funds held at bank trust departments	\$ 8,357,358	\$ 8,357,358

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

City of Pueblo, Colorado
Notes to Financial Statements
December 31, 2018

III. DETAILED NOTES FOR ALL FUNDS, Continued

A. CASH, CASH EQUIVALENTS AND INVESTMENTS, Continued

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, 2018, the Authority's investment in money market funds is rated AAAm by Standard and Poor's.

Fair Value Measurement and Application – The Authority categorized 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 Authority's investments are measured at fair value using Level 1 inputs.

City of Pueblo, Colorado
Notes to Financial Statements
December 31, 2018

III. DETAILED NOTES FOR ALL FUNDS, Continued

B. RECEIVABLES

Receivables at December 31, 2018 consist of the following:

	Governmental Activities			
	General Fund	Economic Development 1/2 Cent Tax Fund	HUD Grants Fund	Public Improvements Fund
Taxes –				
Property	\$ 14,473,387	\$ -	\$ -	\$ -
Sales and use	4,989,364	824,738	-	-
Franchise	720,690	-	-	-
Notes and loans	650,000	54,305,888	4,603,443	-
Accounts	2,357,462	62,641	-	-
Interest	97,242	119	-	-
Other	432,491	196,235	304,848	-
	<u>23,720,636</u>	<u>55,389,621</u>	<u>4,908,291</u>	<u>-</u>
Less: allowance for uncollectible accounts	<u>(32,705)</u>	<u>(9,492,336)</u>	<u>-</u>	<u>-</u>
	<u>\$ 23,687,931</u>	<u>\$ 45,897,285</u>	<u>\$ 4,908,291</u>	<u>\$ -</u>
Amounts not scheduled for collection during the subsequent year	<u>\$ 650,000</u>	<u>\$ 41,882,059</u>	<u>\$ 2,332,306</u>	<u>\$ -</u>

	Governmental Activities		
	Total Nonmajor Funds	Internal Service Fund	Total
Taxes –			
Property	\$ 39,628	\$ -	\$ 14,513,015
Sales and use	-	-	5,814,102
Franchise	-	-	720,690
Notes and loans	-	-	59,559,331
Accounts	-	63,267	2,483,370
Interest	-	-	97,361
Other	823,058	-	1,756,632
	<u>862,686</u>	<u>63,267</u>	<u>84,944,501</u>
Less: allowance for uncollectible accounts	<u>-</u>	<u>-</u>	<u>(9,525,041)</u>
	<u>\$ 862,686</u>	<u>\$ 63,267</u>	<u>\$ 75,419,460</u>
Amounts not scheduled for collection during the subsequent year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 44,864,365</u>

Included in accounts receivable is \$11,341,937 of receivables that are due from the Authority under agreements between the City and the Authority.

City of Pueblo, Colorado
Notes to Financial Statements
December 31, 2018

III. DETAILED NOTES FOR ALL FUNDS, Continued

B. RECEIVABLES, Continued

	Business-Type Activities					Total
	Golf Enterprise	Sewer User	Stormwater Utility	Memorial Airport	Other Enterprise Funds	
Accounts	\$ 61,291	\$ 3,990,239	\$ 7,921,833	\$ 1,805,004	\$ 371,942	\$ 14,150,309
Interest	-	132,943	49,882	917	-	183,742
	61,291	4,123,182	7,971,715	1,805,921	371,942	14,334,051
Less: allowance for uncollectible accounts	-	-	-	(169,161)	-	(169,161)
	<u>\$ 61,291</u>	<u>\$ 4,123,182</u>	<u>\$ 7,971,715</u>	<u>\$ 1,636,760</u>	<u>\$ 371,942</u>	<u>\$ 14,164,890</u>

DISCRETELY PRESENTED COMPONENT UNITS

Receivables at December 31, 2018 are summarized as follows:

	Governmental Activities	Business-type Activities	Total Pueblo Urban Renewal Authority
Accounts	\$ 1,623,970	\$ -	\$ 1,623,970
Notes	29,784	107,826	137,610
Vendors fee	208,274	-	208,274
Property taxes	4,765,562	-	4,765,562
Interest	2,576	-	2,576
	<u>\$ 6,630,166</u>	<u>\$ 107,826</u>	<u>\$ 6,737,992</u>

	Governmental Activities				
	General Fund	Regional Tourism	Expanded Downtown District	St. Charles District	Lake Minnequa District
Accounts	\$ 5,380	\$ 1,573,264	\$ 45,326	\$ -	\$ -
Notes	29,784	-	-	-	-
Vendors Fee	-	-	-	-	-
Property taxes	6,338	-	634,377	2,882,870	614,549
Interest	-	-	2,576	-	-
	<u>\$ 41,502</u>	<u>\$ 1,573,264</u>	<u>\$ 682,279</u>	<u>\$ 2,882,870</u>	<u>\$ 614,549</u>

	Governmental Activities			
	North Pueblo	Memorial Hall	Other Governmental	Total
Accounts	\$ -	\$ -	\$ -	\$ 1,623,970
Notes	-	-	-	29,784
Vendors Fee	-	208,274	-	208,274
Property taxes	580,388	-	47,040	4,765,562
Interest	-	-	-	2,576
	<u>\$ 580,388</u>	<u>\$ 208,274</u>	<u>\$ 47,040</u>	<u>\$ 6,630,166</u>

City of Pueblo, Colorado
Notes to Financial Statements
December 31, 2018

III. DETAILED NOTES FOR ALL FUNDS, Continued

C. INTERFUND RECEIVABLES/PAYABLES/TRANSFERS

The following interfund receivables and payables are included in the fund financial statements at December 31, 2018:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Governmental Funds -		
General fund	\$ 14,075,210	\$ 25,204,912
Economic development 1/2 cent tax	263,719	-
HUD grants	990,986	285,998
Public improvements funds	6,179,632	127,473
Nonmajor governmental	<u>3,016,890</u>	<u>586,096</u>
Total governmental funds	<u>24,526,437</u>	<u>26,204,479</u>
Enterprise Funds -		
Golf enterprise	32,129	1,012,598
Sewer user	180,161	-
Storm water utility	49,812	-
Memorial airport	740,113	96,700
Nonmajor enterprise funds	<u>1,240,937</u>	<u>4,916,737</u>
Total enterprise funds	<u>2,243,152</u>	<u>6,026,035</u>
Internal service fund	<u>5,460,925</u>	<u>-</u>
	<u>\$ 32,230,514</u>	<u>\$ 32,230,514</u>

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

City of Pueblo, Colorado
Notes to Financial Statements
December 31, 2018

III. DETAILED NOTES FOR ALL FUNDS, Continued

C. INTERFUND RECEIVABLES/PAYABLES/TRANSFERS, Continued

The following table summarizes advances to/from other funds at December 31, 2018:

	<u>Advances to Other Funds</u>	<u>Advances from Other Funds</u>
Major governmental funds -		
Advance due general fund from Walking Stick golf course major enterprise fund	\$ 1,472,618	\$ -
Advance due general fund from Street Repair nonmajor enterprise fund	1,000,000	-
Advance due public improvement fund from honor farm nonmajor enterprise fund	747,000	-
Major enterprise funds -		
Advance due to general fund from Walking Stick golf course	-	1,472,618
Nonmajor enterprise funds -		
Advance due to public improvement fund from honor farm fund	-	747,000
Advance due to general fund from Street Repair	-	1,000,000
	<u>\$ 3,219,618</u>	<u>\$ 3,219,618</u>

The advance from the capital improvement fund to the honor farm fund was provided for capital improvements. It is expected that these advances will be paid in more than one year.

The advance from the general fund to Walking Stick golf course reflects an advance for debt service and capital improvements. It is expected that these advances will be paid in more than one year.

The advance from the general fund to Street Repair fund reflects an advance for cash flow purposes until the street repair assessments are billed and collected. Billings and collections are scheduled to begin in 2019 so it is expected that this advance will be paid in in one or two years.

City of Pueblo, Colorado
Notes to Financial Statements
December 31, 2018

III. DETAILED NOTES FOR ALL FUNDS, Continued

C. INTERFUND RECEIVABLES/PAYABLES/TRANSFERS, Continued

Transfers for the year ended December 31, 2018 are as follows:

	Transfers in	Transfers out
Governmental Funds -		
General fund	\$ 4,057,610	\$ 13,335,608
Economic development 1/2 cent tax	-	200,000
HUD grants	156,862	286,571
Public improvements funds	4,355,436	238,598
Nonmajor governmental	3,913,748	3,861,764
Total governmental funds	<u>12,483,656</u>	<u>17,922,541</u>
Enterprise Funds -		
Sewer user	-	-
Stormwater utility	-	12,000
Memorial airport	1,591,855	-
Nonmajor enterprise funds	2,822,030	-
Total enterprise funds	<u>4,413,885</u>	<u>12,000</u>
Internal service fund	<u>1,067,000</u>	<u>30,000</u>
	<u>\$ 17,964,541</u>	<u>\$ 17,964,541</u>

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

D. DUE FROM OTHER GOVERNMENTAL AGENCIES

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

City of Pueblo, Colorado
Notes to Financial Statements
December 31, 2018

III. DETAILED NOTES FOR ALL FUNDS, Continued

E. CAPITAL ASSETS

Capital assets activity for the year ended December 31, 2018 was as follows:

	Balance January 1, 2018	Additions	Deletions/ Inventory Adjustments/ Transfers	Balance December 31, 2018
Governmental activities -				
Nondepreciable assets -				
Land	\$ 17,428,375	\$ 432,320	\$ (265,985)	\$ 17,594,710
Land - infrastructure	76,196,624	589,567	(30,553)	76,755,638
Art works	973,237	95,000	-	1,068,237
Intangibles	1,162,358	37,961	-	1,200,319
Construction in progress	11,228,538	776,719	(4,386,439)	7,618,818
Total capital assets not being depreciated	<u>106,989,132</u>	<u>1,931,567</u>	<u>(4,682,977)</u>	<u>104,237,722</u>
Depreciable assets -				
Land improvements	51,686,210	321,764	(24,307)	51,983,667
Infrastructure	184,293,663	2,081,571	(10,293)	186,364,941
Buildings	77,939,704	4,728,262	(8,611,935)	74,056,031
Machinery and equipment	42,370,192	4,791,926	(1,666,028)	45,496,090
Total capital assets being depreciated	<u>356,289,769</u>	<u>11,923,523</u>	<u>(10,312,563)</u>	<u>357,900,729</u>
Less: accumulated depreciation for -				
Land improvements	(11,779,787)	(611,485)	24,307	(12,366,965)
Infrastructure	(55,111,088)	(1,958,596)	10,293	(57,059,391)
Buildings	(17,134,389)	(1,692,881)	450,424	(18,376,846)
Machinery and equipment	<u>(32,669,181)</u>	<u>(2,500,509)</u>	<u>1,588,249</u>	<u>(33,581,441)</u>
Total accumulated depreciation	<u>(116,694,445)</u>	<u>(6,763,471)</u>	<u>2,073,273</u>	<u>(121,384,643)</u>
Capital assets being depreciated, net	<u>239,595,324</u>	<u>5,160,052</u>	<u>(8,239,290)</u>	<u>236,516,086</u>
Total governmental activities capital assets, net	<u>\$ 346,584,456</u>	<u>\$ 7,091,619</u>	<u>\$ (12,922,267)</u>	<u>\$ 340,753,808</u>

City of Pueblo, Colorado
Notes to Financial Statements
December 31, 2018

III. DETAILED NOTES FOR ALL FUNDS, Continued

E. CAPITAL ASSETS, Continued

	Balance January 1, 2018	Additions	Deletions/ Inventory Adjustments/ Transfers	Balance December 31, 2018
Business-type activities -				
Nondepreciable assets -				
Land	\$ 4,373,979	\$ 26,302	\$ -	\$ 4,400,281
Art works	57,105	-	-	57,105
Intangibles	57,388	-	-	57,388
Construction in progress	<u>5,745,588</u>	<u>10,293,547</u>	<u>(4,456,156)</u>	<u>11,582,979</u>
Total capital assets not being depreciated	<u>10,234,060</u>	<u>10,319,849</u>	<u>(4,456,156)</u>	<u>16,097,753</u>
Depreciable assets -				
Land improvements	51,113,777	7,826	-	51,121,603
Infrastructure	102,965,241	1,765,850	-	104,731,091
Buildings	77,056,338	5,116,254	-	82,172,592
Machinery and equipment	20,197,079	2,210,001	(1,277,663)	21,129,417
Other improvements	<u>26,398,937</u>	<u>-</u>	<u>-</u>	<u>26,398,937</u>
Total capital assets being depreciated	<u>277,731,372</u>	<u>9,099,931</u>	<u>(1,277,663)</u>	<u>285,553,640</u>
Less: accumulated depreciation for -				
Land improvements	(11,891,819)	(1,329,778)	-	(13,221,597)
Infrastructure	(24,210,270)	(1,037,291)	-	(25,247,561)
Buildings	(15,973,066)	(1,691,534)	-	(17,664,600)
Machinery and equipment	(16,429,564)	(1,051,474)	1,189,402	(16,291,636)
Other improvements	<u>(24,429,995)</u>	<u>(108,898)</u>	<u>-</u>	<u>(24,538,893)</u>
Total accumulated depreciation	<u>(92,934,714)</u>	<u>(5,218,975)</u>	<u>1,189,402</u>	<u>(96,964,287)</u>
Capital assets being depreciated, net	<u>184,796,658</u>	<u>3,880,956</u>	<u>(88,261)</u>	<u>188,589,353</u>
Total business-type activities capital assets, net	<u>\$ 195,030,718</u>	<u>\$ 14,200,805</u>	<u>\$ (4,544,417)</u>	<u>\$ 204,687,106</u>

City of Pueblo, Colorado
Notes to Financial Statements
December 31, 2018

III. DETAILED NOTES FOR ALL FUNDS, Continued

E. CAPITAL ASSETS, Continued

	Balance January 1, 2018	Additions	Deletions/ Inventory Adjustments/ Transfers	Balance December 31, 2018
Pueblo Urban Renewal Authority discretely-presented component unit				
Nondepreciable assets -				
Land	\$ 1,244,529	\$ -	\$ -	\$ 1,244,529
Construction in progress	946,360	24,918,501	-	25,864,861
Memorial	295,097	-	-	295,097
Total capital assets not being depreciated	<u>2,485,986</u>	<u>24,918,501</u>	<u>-</u>	<u>27,404,487</u>
Depreciable assets -				
Buildings	21,334,859	-	-	21,334,859
Machinery and equipment	1,531,096	40,960	-	1,572,056
Other improvements	1,708,508	14,774	(113,188)	1,610,094
Total capital assets being depreciated	<u>24,574,463</u>	<u>55,734</u>	<u>(113,188)</u>	<u>24,517,009</u>
Less: accumulated depreciation for -				
Buildings	(3,997,557)	(426,472)	-	(4,424,029)
Machinery and equipment	(1,171,068)	(71,895)	-	(1,242,963)
Other improvements	(1,006,493)	(111,812)	98,346	(1,019,959)
Total accumulated depreciation	<u>(6,175,118)</u>	<u>(610,179)</u>	<u>98,346</u>	<u>(6,686,951)</u>
Capital assets being depreciated, net	<u>18,399,345</u>	<u>(554,445)</u>	<u>(14,842)</u>	<u>17,830,058</u>
Total Pueblo Urban Renewal Authority capital assets, net	<u>\$ 20,885,331</u>	<u>\$ 24,364,056</u>	<u>\$ (14,842)</u>	<u>\$ 45,234,545</u>

City of Pueblo, Colorado
Notes to Financial Statements
December 31, 2018

III. DETAILED NOTES FOR ALL FUNDS, Continued

E. CAPITAL ASSETS, Continued

	Balance January 1, 2018	Additions	Deletions/ Inventory Adjustments/ Transfers	Balance December 31, 2018
Pueblo Municipal Rail Corporation discretely-presented component unit				
Nondepreciable assets -				
Land	\$ 529,620	\$ -	\$ -	\$ 529,620
Total capital assets not being depreciated	529,620	-	-	529,620
Depreciable assets -				
Infrastructure	3,071,960	-	-	3,071,960
Total capital assets being depreciated	3,071,960	-	-	3,071,960
Less: accumulated depreciation for -				
Infrastructure	(141,600)	(30,720)	-	(172,320)
Total accumulated depreciation	(141,600)	(30,720)	-	(172,320)
Capital assets being depreciated, net	2,930,360	(30,720)	-	2,899,640
Total Pueblo Municipal Rail Corporations capital assets, net	<u>\$ 3,459,980</u>	<u>\$ (30,720)</u>	<u>\$ -</u>	<u>\$ 3,429,260</u>

Depreciation expense was charged to functions/programs as follows:

Governmental activities -	
General government	\$ 708,376
Public safety	2,196,904
Public works	2,217,038
Culture and community welfare	491,284
Parks and recreation	964,816
Economic development	185,053
Total depreciation expenses - governmental activities	<u>\$ 6,763,471</u>
Business-type activities -	
Golf course enterprise fund	\$ 520,455
Sewer user	1,808,972
Stormwater utility	749,392
Memorial airport	1,543,378
Other enterprise funds	596,775
Total depreciation expense - business-type activities	<u>\$ 5,218,972</u>
Discretely-presented component units -	
Pueblo Urban Renewal Authority	\$ 610,179
Pueblo Municipal Rail Corporation	30,720
Total depreciation expense - discretely-presented component units	<u>\$ 640,899</u>

City of Pueblo, Colorado
Notes to Financial Statements
December 31, 2018

III. DETAILED NOTES FOR ALL FUNDS, Continued

E. CAPITAL ASSETS, Continued

At December 31, 2018, the City had in progress various construction projects for both governmental activities and business-type activities. Costs to date and total estimated costs are summarized below:

	Costs to December 31, 2018	Total Estimated Costs
Governmental activities -		
Parks and recreation projects	\$ 1,647	\$ 200,000
West 11th street bridge replacement	5,363,532	5,489,673
Other public works projects	1,823,926	4,157,096
Other projects	429,713	537,919
	<u>\$ 7,618,818</u>	<u>\$ 10,384,688</u>
Business-type activities -		
Sewer User	\$ 4,081,195	\$ 6,621,458
Stormwater Utility	80,476	475,923
Memorial Airport	7,421,308	8,094,651
	<u>\$ 11,582,979</u>	<u>\$ 15,192,032</u>

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

Deferred inflows of resources (non-pension related) at December 31, 2018 are summarized as follows:

	Governmental Activities					
	Economic Development		Public Improvements	Other Governmental		
	General Fund	1/2 Cent Tax	HUD Grants	Fund	Funds	Total
Property taxes	\$ 14,457,728	\$ -	\$ -	\$ -	\$ 39,628	\$ 14,497,356
Notes and loans	650,000	-	177,257	-	-	827,257
Other receivables	2,723,922	67,641	299,149	-	-	3,090,712
Other unavailable revenue	512,398	-	788,220	531,080	954,584	2,786,282
	18,344,048	67,641	1,264,626	531,080	994,212	21,201,607
Less: amounts recognized as revenue in government-wide statements	(3,086,910)	(67,641)	(1,087,369)	(228,812)	(954,584)	(5,425,316)
	<u>\$ 15,257,138</u>	<u>\$ -</u>	<u>\$ 177,257</u>	<u>\$ 302,268</u>	<u>\$ 39,628</u>	<u>\$ 15,776,291</u>

City of Pueblo, Colorado
Notes to Financial Statements
December 31, 2018

III. DETAILED NOTES FOR ALL FUNDS, Continued

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

	Pueblo Urban Renewal Authority
Property taxes	<u>\$ 4,765,111</u>
Less: amounts recognized as revenue in government-wide statements	-
	<u>\$ 4,765,111</u>

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

G. PENSIONS

Public Employees Retirement Association (PERA)

General Information about the Pension Plan

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

Benefits provided as of December 31, 2017. PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S § 24-51-602, 604, 1713, and 1714.

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

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

City of Pueblo, Colorado
Notes to Financial Statements
December 31, 2018

III. DETAILED NOTES FOR ALL FUNDS, Continued

G. PENSIONS, Continued

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

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

As of December 31, 2017, benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments (COLAs), referred to as annual increases in the C.R.S. Benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007 and all benefit recipients of the DPS benefit structure receive an annual increase of 2 percent, unless PERA has a negative investment year, in which case the annual increase for the next three years is the lesser of 2 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the prior calendar year. Benefit recipients under the PERA benefit structure who began employment after January 1, 2007 receive an annual increase of the lesser of 2 percent or the average CPI-W for the prior calendar year, not to exceed 10 percent of PERA's Annual Increase Reserve (AIR) for the LGDTF.

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

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

Contributions provisions as of December 31, 2018. Eligible employees, the City of Pueblo, and PURA are required to contribute to the LGDTF at a rate set by Colorado statute. The contribution requirements are established under C.R. S. § 24-51-401, *et seq.* Eligible employees are required to contribute 8 percent of their PERA-includable salary. The employer contribution requirements are summarized in the table below (Rates are expressed as a percentage of salary as defined in C.R.S § 24-51-101(42)):

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

City of Pueblo, Colorado
Notes to Financial Statements
December 31, 2018

III. DETAILED NOTES FOR ALL FUNDS, Continued

G. PENSIONS, Continued

Employer contributions are recognized by the LGDTF in the period in which the compensation becomes payable to the member and The City of Pueblo is statutorily committed to pay the contributions to the LGDTF. Employer contributions recognized by the LGDTF from the City of Pueblo and PURA were \$2,722,968 and \$42,704, respectively, for the year ended December 31, 2018.

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

At December 31, 2018, the City of Pueblo and PURA reported a liability of \$35,879,864 and \$562,700, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016. Standard update procedures were used to roll forward the total pension liability to December 31, 2017. The City of Pueblo's and PURA's proportion of the net pension liability was based on the City of Pueblo's and PURA's contributions to the LGDTF for the calendar year 2016 relative to the total contributions of participating employers to the LGDTF.

At December 31, 2017, the City of Pueblo's and PURA's proportion was 3.273 percent, which was an increase of 0.070 percent from its proportion measured as of December 31, 2016.

City of Pueblo, Colorado
Notes to Financial Statements
December 31, 2018

III. DETAILED NOTES FOR ALL FUNDS, Continued

G. PENSIONS, Continued

For the year ended December 31, 2018, the City of Pueblo and PURA recognized pension expense of \$7,779,631 and \$187,583, respectively. At December 31, 2018, the City of Pueblo and PURA reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
<u>City of Pueblo</u>		
Difference between expected and actual experience	\$ 2,244,606	\$ -
Changes of assumptions or other inputs	379,026	-
Net difference between projected and actual earnings on pension plans investments	-	6,974,183
Changes in proportionate share	397,245	92,902
Differences between contributions recognized and proportionate share of contributions	11,074	-
Contributions subsequent to the measurement date	2,722,968	-
City of Pueblo Total	<u>5,754,919</u>	<u>7,067,085</u>
<u>PURA</u>		
Difference between expected and actual experience	35,202	-
Changes of assumptions or other inputs	5,944	-
Net difference between projected and actual earnings on pension plans investments	-	109,375
Changes in proportionate share	6,230	1,457
Differences between contributions recognized and proportionate share of contributions	174	-
Contributions subsequent to the measurement date	42,704	-
PURA Total	<u>90,254</u>	<u>110,832</u>
Total	<u>\$ 5,845,173</u>	<u>\$ 7,177,917</u>

\$2,765,672 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended	
2019	\$ 1,924,216
2020	(819,937)
2021	(2,576,113)
2022	(2,626,582)
	<u>\$ (4,098,416)</u>

City of Pueblo, Colorado
Notes to Financial Statements
December 31, 2018

III. DETAILED NOTES FOR ALL FUNDS, Continued

G. PENSIONS, Continued

Actuarial assumptions. The December 31, 2016 actuarial valuation used the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.40 percent
Real wage growth	1.10 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation	3.50 – 10.45 percent
Long-term investment Rate of Return, net of pension plan investment expenses, including price inflation	7.25 percent
Discount rate	7.25 percent
Post-retirement benefit increases:	
PERA Benefit Structure hired prior to 1/1/07; and DPS Benefit Structure (automatic)	2.00 percent
PERA Benefit Structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve

The actuarial assumptions used in the December 31, 2016 valuation were based on the results of the 2016 experience analysis for the periods January 1, 2012 through December 31, 2015, as well as, the October 28, 2016 actuarial assumptions workshop and were adopted by PERA's Board during the November 18, 2016 Board meeting.

Healthy mortality assumptions for active members reflect the RP-2014 White Collar Employee Mortality Table, a table specifically developed for actively working people. To allow for an appropriate margin of improved mortality prospectively, the mortality rates incorporate a 70 percent factor applied to male rates and a 55 percent factor applied to female rates.

Healthy, post-retirement mortality assumptions reflect the RP-2014 Healthy Annuitant Mortality Table, adjusted as follows:

- **Males:** Mortality improvement projected to 2018 using the MP-2015 projection scale, a 73 percent applied to rates for ages less than 80, a 108 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.
- **Females:** Mortality improvement projected to 2020 using the MP-2015 projection scale, a 78 percent factor applied to rates for ages less than 80, a 109 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

The mortality assumption for disabled retirees was based on 90 percent of the RP-2014 Disabled Retiree Mortality Table.

City of Pueblo, Colorado
Notes to Financial Statements
December 31, 2018

III. DETAILED NOTES FOR ALL FUNDS, Continued

G. PENSIONS, Continued

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in presentations to PERA's Board on October 28, 2016.

Several factors were considered in evaluating the long-term rate of return assumption for the LGDTF, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

As of November 18, 2016 adoption of the current long-term expected rate of return by the PERA Board, the target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>30 Year Expected Geometric Real Rate of Return</u>
U.S. Equity – Large Cap	21.20%	4.30%
U.S. Equity – Small Cap	7.42%	4.80%
Non U.S. Equity – Developed	18.55%	5.20%
Non U.S. 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>	

In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected rate of return assumption of 7.25 percent.

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 applied the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

City of Pueblo, Colorado
Notes to Financial Statements
December 31, 2018

III. DETAILED NOTES FOR ALL FUNDS, Continued

G. PENSIONS, Continued

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50 percent.
- Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date, including current and estimated future AED and SAED, until the Actuarial Value Funding Ratio reaches 103 percent, at which point, the AED and SAED will each drop 0.50 percent every year until they are zero. Additionally, estimated employer contributions included reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. As the ad hoc post-retirement benefit increases financed by the AIR are defined to have a present value at the long-term expected rate of return on plan investments equal to the amount transferred for their future payment, AIR transfers to the fiduciary net position and the subsequent AIR benefit payments have no impact on the Single Equivalent Interest Rate (SEIR) determination process when the timing of AIR cash flows is not a factor (i.e., the plan's fiduciary net position is not projected to be depleted). When AIR cash flow timing is a factor in the SEIR determination process (i.e., the plan's fiduciary net position is projected to be depleted), AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the end of the month.

Based on the above assumptions and methods, the LGDTF's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent 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, and therefore, the discount rate is 7.25 percent. There was no change in the discount rate from the prior measurement date.

City of Pueblo, Colorado
Notes to Financial Statements
December 31, 2018

III. DETAILED NOTES FOR ALL FUNDS, Continued

G. PENSIONS, Continued

Sensitivity of the City of Pueblo's proportionate share of the net pension liability to changes in the discount rate. The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.25 percent as of the measurement date, as well as 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):

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1 % Increase (8.25%)
Proportionate share of the net pension liability	\$ 58,041,189	\$ 36,442,564	\$ 18,437,005

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

Subsequent Events

During the 2018 legislative session, the Colorado General Assembly passed significant pension reform through SB 18-200: *Concerning Modifications to the Public Employees' Retirement Association Hybrid Defined Benefit Plan Necessary to Eliminate with a High Probability the Unfunded Liability of the Plan Within the Next Thirty Years*. The bill was signed into law by Governor Hickenlooper on June 4, 2018. SB 18-200 makes changes to the plans administered by PERA with the goal of eliminating the unfunded actuarial accrued liability of the Division Trust Funds and thereby reach a 100 percent funded ratio for each division within the next 30 years.

A summary of the bill's main provisions are as follows:

Benefit Changes

- Increase the number of years used in the HAS calculation from three to five years for members, except judges, who do not have five years of service credit on December 31, 2019, and for new members hired on or after January 1, 2020.
- Redefine PERA-includable salary for all members to include payouts of unused sick leave.
- Redefine PERA-includable salary for members hired on or after July 1, 2019, to include contributions to IRC Section 125 and 132 plans.
- For members hired on or after January 1, 2020, age and service for full service retirement is met at:
 - Any age with 35 years.
 - Age 64 with 30 years.
 - Age 65 with 5 years.
- For members hired on or after January 1, 2020, age and service for reduced service retirement is met at:
 - Age 55 with 25 years.
 - Age 60 with 5 years.
- Temporary suspension of AI for years 2018 and 2019.

City of Pueblo, Colorado
Notes to Financial Statements
December 31, 2018

III. DETAILED NOTES FOR ALL FUNDS, Continued

G. PENSIONS, Continued

- Sets the AI cap at 1.5 percent and extends the AI waiting period from one to three years.

Contribution Changes

- Incrementally increases the member contribution percentage a total of 2 percent as follows:
 - 0.75 percent on July 1, 2019.
 - 0.75 percent on July 1, 2020.
 - 0.50 percent on July 1, 2021.
- Beginning January 1, 2021, and every year thereafter, employer contribution rates for the Local Government and State Divisions will be adjusted to include a defined contribution supplement. The defined contribution supplement for these two divisions will be the employer contribution amount paid to defined contribution plan participant accounts that would have otherwise gone to the defined benefit trusts to pay down the unfunded liability plus any defined benefit investment earnings thereon, expressed as a percentage of salary on which employer contributions have been made.

Other Provisions

- Beginning July 1, 2020, and then each year thereafter, member contributions, employer contributions, the direct distribution from the State, and the AI will be adjusted based on certain statutory parameters to keep PERA on path to full funding in 30 years.
- Expands PERAChoice for new members hired on or after January 1, 2019.
- Increases the cost to disaffiliate for Local Government Division employers.
- Expands the existing Fire and Police Pension Reform Commission to include oversight of PERA and creates a new Subcommittee exclusively focused on PERA.
- PERA may share private equity and real estate investment information in an executive session of the legislative members of the Pension Review Commission unless confidentiality provision of contracts prohibit such disclosure.

At December 31, 2018, the City of Pueblo reported a liability of \$36,442,564 for its proportionate share of the net pension liability which was measured using the plan provisions in effect as of the pension plan's year-end based on a discount rate of 7.25%. For comparative purposes, the following schedule presents an estimate of what the City of Pueblo proportionate share of the net pension liability and associated discount rate would have been had the provisions of SB 18-200, applicable to the LGDTF, become law on December 31, 2017. This pro forma information was prepared using the fiduciary net position of the LGDTF as of December 31, 2017. Future net pension liabilities reported could be materially different based on changes in investment markets, actuarial assumptions, plan experience and other factors.

Estimated Discount Rate Calculated Using Plan Provisions Required by SB 18-200 (pro forma)	Proportionate Share of the Estimated Net Pension Liability Calculated Using Plan Provisions Required by SB 18-200 (pro forma)
7.25%	\$25,776,446

City of Pueblo, Colorado
Notes to Financial Statements
December 31, 2018

III. DETAILED NOTES FOR ALL FUNDS, Continued

G. PENSIONS, Continued

New Hire Fire and Police Association (FPPA)

General Information about the Pension Plan

Plan description. The Statewide Defined Benefit Plan (SWDB) is a cost-sharing multiple-employer defined benefit pension plan covering substantially all full-time employees of participating fire or police departments in Colorado hired on or after April 8, 1978 (New Hires), provided that they are not already covered by a statutorily exempt plan. As of August 5, 2003, the Plan may include clerical and other personnel from fire districts whose services are auxiliary to fire protection. The Plan became effective January 1, 1980.

The Plan assets are included in the Firs & Police Members' Benefit Investment Fund and the Fire & Police Members' Self-Directed Investment Fund (for Deferred Retirement Option Plan (DROP) assets and Separate Retirement Account assets from eligible retired members).

The Plan is administered by the Fire & Police Pension Association of Colorado (FPPA). FPPA issues a publicly available comprehensive annual financial report that can be obtained on FPPA's website at <http://www.fppaco.org>.

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

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

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

Contributions. Contribution rates for the SWDB plan are set by state statute. Employer contribution rates can only be amended by state statute. Member contribution rates can be amended by state statute or election of the membership.

City of Pueblo, Colorado
Notes to Financial Statements
December 31, 2018

III. DETAILED NOTES FOR ALL FUNDS, Continued

G. PENSIONS, Continued

Members of the SWDB plan and their employers are contributing at the rate of 10.0 percent and 8 percent, respectively, of base salary for a total contribution rate of 18.0 percent in 2018. In 2014, the members elected to increase the member contribution rate to the SWDB plan beginning in 2015. Member contribution rates will increase 0.5 percent annually through 2022 to a total of 12 percent of base salary. Employer contributions will remain at 8 percent resulting in a combined contribution rate of 20 percent in 2022.

Contributions from members and employers of departments re-entering the system are established by resolution and approved by the FPPA Board of Directors. The re-entry group has a combined contribution rate of 22.0 percent of base salary in 2018. It is a local decision as to whether the member or employer pays the additional 4 percent contribution. Per the 2014 member election, the re-entry group will also have their required member contribution rate increase 0.5 percent annually beginning in 2015 through 2022 for a total combined member and employer contribution of 24 percent in 2022.

The contribution rate for members and employers of affiliated social security employers is 5.00 percent and 4 percent, respectively, of base salary for a total contribution rate of 9.00 percent in 2018. Per the 2014 member election, members of the affiliate social security group will have their required contribution rate increase 0.25 percent annually beginning in 2015 through 2022 to a total of 6 percent of base salary. Employer contributions will remain at 4 percent resulting in a combined contribution rate of 10 percent in 2022.

Contributions to the pension plan from the City of Pueblo were \$1,841,067 for the year ended December 31, 2018.

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

At December 31, 2018, the City of Pueblo reported an asset of \$5,282,751 for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2017, and the total pension liability (asset) used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2018. The City of Pueblo's proportion of the net pension liability (asset) was based on the City of Pueblo's contributions to the SWDB for the calendar year 2017 relative to the total contributions of participating employers to the SWDB.

At December 31, 2017, the City of Pueblo's proportion was 3.672 percent, which was a decrease of 0.317 percent from its proportion measured as of December 31, 2016.

City of Pueblo, Colorado
Notes to Financial Statements
December 31, 2018

III. DETAILED NOTES FOR ALL FUNDS, Continued

G. PENSIONS, Continued

For the year ended December 31, 2018, the City of Pueblo recognized pension income of \$2,019,717. At December 31, 2018, the City of Pueblo reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 3,809,620	\$ 58,538
Net difference between projected and actual earnings on pension plan investments	-	1,793,675
Changes in assumptions	795,921	-
Changes in proportionate share	779,436	-
Differences between contributions recognized and proportionate share of contributions	80,190	-
Contributions subsequent to the measurement date	1,841,067	-
Total	<u>\$ 7,306,234</u>	<u>\$ 1,852,213</u>

\$1,841,067 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension asset in the year ended December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended	
2019	\$ 735,212
2020	653,526
2021	(108,846)
2022	(391,577)
2023	670,498
Thereafter	2,054,141
Total	<u>\$ 3,612,954</u>

Actuarial assumptions. The actuarial valuations for the SWDB were used to determine the total pension liability and actuarially determined contributions for the fiscal year ending December 31, 2017. The valuations used the following actuarial assumption and other inputs:

Actuarial Method	Entry Age Normal
Amortization Method	Level % of Payroll, Open
Amortization Period	30 years
Long-term Investment Rate of Return *	7.50 percent
Projected Salary Increases *	4.0 – 14.0 percent
Cost of Living Adjustments (COLA)	0.00 percent
* Includes inflation at	2.5 percent

City of Pueblo, Colorado
Notes to Financial Statements
December 31, 2018

III. DETAILED NOTES FOR ALL FUNDS, Continued

G. PENSIONS, Continued

Effective January 1, 2016, the post-retirement mortality tables for non-disabled retirees is a blend of the Annuitant and Employee RP-2014 generational mortality tables with blue collar adjustment projected with Scale BB. The occupationally disabled post-retirement mortality assumption uses the same table as used for healthy annuitants, except there is a three year set-forward, meaning a disabled member age 70 will be valued as if they were a 73 year old healthy retiree. The totally disabled post-retirement mortality assumption uses the RP-2014 generational mortality tables for disabled annuitants, except an additional provision to apply a minimum 3% mortality probability to males and 2% mortality probability for females is included to reflect substantial impairment for this population. The pre-retirement off-duty mortality tables are adjusted to 55% of the RP-2014 mortality tables for active employees. The on-duty mortality rate is 0.00020.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Fund's target asset allocation as of December 31, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity	37.0%	8.33%
Equity Long/Short	9.0%	7.15%
Illiquid Alternatives	24.0%	9.70%
Fixed Income	15.0%	3.00%
Absolute Return	9.0%	6.46%
Managed Futures	4.0%	6.85%
Cash	2.0%	2.26%
Total	<u>100.00%</u>	

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

City of Pueblo, Colorado
Notes to Financial Statements
December 31, 2018

III. DETAILED NOTES FOR ALL FUNDS, Continued

G. PENSIONS, Continued

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

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.50%; the municipal bond rate is 3.31% (based on the weekly rate closest to but not later than the measurement date of the "state & local bonds" rate from Federal Reserve statistical release (H.15)); and the resulting Single Discount Rate is 7.50%.

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

	1% Decrease (6.50%)	Rate Assumption (7.50%)	1 % Increase (8.50%)
Proportionate share of the net pension liability (asset)	\$ 5,751,342	\$ (5,282,751)	\$ (14,445,150)

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

Payable to the pension plan

At December 31, 2018, the City reported a payable of \$157,294 for the outstanding amount of contributions to the pension plan required for the year ended December 31, 2018.

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

General Information about the Pension Plan

Plan description. The Fire & Police Pension Association (FPPA) administers an agent multiple-employer Public Employee Retirement System (PERS). The PERS represents the assets of numerous separate plans that have been pooled for investment purposes. The pension plans have elected to affiliate with FPPA for

City of Pueblo, Colorado
Notes to Financial Statements
December 31, 2018

III. DETAILED NOTES FOR ALL FUNDS, Continued

G. PENSIONS, Continued

plan administration and investment only. FPPS issues a publicly available comprehensive annual financial report that can be obtained on FPPA's website at http://www.fppaco.org/pdfs/annual_audit_actuarial_reports/annual%20reports/2014%20cafr.pdf.

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

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

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

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

Employees covered by benefit terms. At December 31, 2017, the following employees were covered by the benefit terms:

Retirees and Beneficiaries	111
Inactive, Nonretired Members	0
Active Members	0
Total	<u>111</u>

Contributions. Members of this fund are currently contributing at the rate of 10% of base salary. For the year ended December 31, 2018, there were no active members in the plan. The City's actuarially determined contribution rates are calculated as of January 1 of even numbered years. The contribution rates have a one-year lag, so the actuarial valuation as of January 1, 2016, determines the contribution amounts for 2017 and 2018. Contributions to the pension plan from the City of Pueblo were \$1,571,421 for the year ended December 31, 2018.

Net Pension Liability

The City of Pueblo's net pension liability was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2016.

City of Pueblo, Colorado
Notes to Financial Statements
December 31, 2018

III. DETAILED NOTES FOR ALL FUNDS, Continued

G. PENSIONS, Continued

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

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar, Open*
Remaining Amortization Period	16 years *
Asset Valuation Method	5-Year smoothed fair value
Inflation 2.50 percent	
Salary Increases	N/A
Investment Rate of Return	7.50 percent
Retirement Age	Any remaining actives are assumed to retire immediately

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

Mortality: Post-retirement For ages less than 55, RP-2014
Mortality Tables for Blue Collar Employees. For ages 65 and older, RP-2014 Mortality Tables for Blue Collar Healthy Annuitants. For 55 through 64, a blend of the previous tables. All tables are projected with Scale BB.

Mortality: Disabled (pre-1980) RP-2014 Disabled Generational
Mortality Table generationally projected with Scale BB with a minimum 3% rate for males and 2% rate for females.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Fund's target asset allocation as of December 31, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>10 Year Expected Geometric Real Rate of Return</u>
Cash	2.0%	2.26%
Fixed Income	15.0%	3.00%
Managed Futures	4.0%	6.85%
Absolute Return	9.0%	6.46%
Long Short	9.0%	7.15%
Global Public Equity	37.0%	8.33%
Private Capital	24.0%	9.70%
Total	<u>100.00%</u>	

City of Pueblo, Colorado
Notes to Financial Statements
December 31, 2018

III. DETAILED NOTES FOR ALL FUNDS, Continued

G. PENSIONS, Continued

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

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.50%; the municipal bond rate is 3.31% (based on the weekly rate closest to but not later than the measurement date of the "state & local bonds" rate from Federal Reserve statistical release (H.15)); and the resulting Single Discount Rate is 7.50%.

Changes in the Net Pension Liability

	Increase (Decrease)		
	Plan Fiduciary		
	Total Pension	Net Position	Net Pension
	Liability (a)	(b)	Liability (a) - (b)
Balances at 12/31/2017	\$ 64,526,509	\$ 47,321,283	\$ 17,205,226
Changes for the year:			
Service cost	-	-	-
Interest	4,635,366	-	4,635,366
Differences between expected and actual experience	(2,388,914)	-	(2,388,914)
Changes in assumptions	-	-	-
Contributions - employer	-	1,542,672	(1,542,672)
Contributions - employee	-	-	-
Net investment income	-	6,655,302	(6,655,302)
Benefit payments	(5,543,482)	(5,543,482)	-
Administrative expense	-	(21,358)	21,358
Net changes	(3,297,030)	2,633,134	(5,930,164)
Balances at 12/31/2018	\$ 61,229,479	\$ 49,954,417	\$ 11,275,062

City of Pueblo, Colorado
Notes to Financial Statements
December 31, 2018

III. DETAILED NOTES FOR ALL FUNDS, Continued

G. PENSIONS, Continued

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

	1% Decrease (6.50%)	Single Discount Rate Assumption (7.50%)	1 % Increase (8.50%)
City's net pension liability	\$ 16,526,914	\$ 11,275,062	\$ 6,719,134

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

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

For the year ended December 31, 2018, the City of Pueblo recognized pension income of \$942,412. At December 31, 2018, the City of Pueblo reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ -
Net difference between projected and actual earnings on pension plan investments	1,823,617	2,603,448
Contributions subsequent to the measurement date	1,571,421	-
Total	\$ 3,395,038	\$ 2,603,448

\$1,571,421 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended	
2019	\$ 190,768
2020	124,099
2021	(443,836)
2022	(650,862)
	<u>\$ (779,831)</u>

City of Pueblo, Colorado
Notes to Financial Statements
December 31, 2018

III. DETAILED NOTES FOR ALL FUNDS, Continued

G. PENSIONS, Continued

Payable to the pension plan

At December 31, 2018, the City reported a payable of \$130,952 for the outstanding amount of contributions to the pension plan required for the year ended December 31, 2018.

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

General Information about the Pension Plan

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

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

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

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

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

City of Pueblo, Colorado
Notes to Financial Statements
December 31, 2018

III. DETAILED NOTES FOR ALL FUNDS, Continued

G. PENSIONS, Continued

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

Employees covered by benefit terms. At December 31, 2018, the following employees were covered by the benefit terms:

Retirees and Beneficiaries	127
Inactive, Nonretired Members	0
Active Members	0
Total	<u>127</u>

Contributions. Members of this fund are currently contributing at the rate of 8% of base salary. For the year ended December 31, 2018, there were no active members in the plan. The City's actuarially determined contribution rates are calculated as of January 1 of even numbered years. The contribution rates have a one-year lag, so the actuarial valuation as of January 1, 2016, determines the contribution amounts for 2017 and 2018. Contributions to the pension plan from the City of Pueblo were \$1,565,925 for the year ended December 31, 2018.

Net Pension Liability

The City of Pueblo's net pension liability was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2016.

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

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar, Open*
Remaining Amortization Period	13 years *
Asset Valuation Method	5-Year smoothed fair value
Inflation 2.50 percent	
Salary Increases	N/A
Investment Rate of Return	7.50 percent
Retirement Age	Any remaining actives are assumed to retire immediately

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

City of Pueblo, Colorado
Notes to Financial Statements
December 31, 2018

III. DETAILED NOTES FOR ALL FUNDS, Continued

G. PENSIONS, Continued

Mortality: Post-retirement For ages less than 55, RP-2014
Mortality Tables for Blue Collar Employees. For ages 65 and older, RP-2014 Mortality Tables for Blue Collar Healthy Annuitants. For 55 through 64, a blend of the previous tables. All tables are projected with Scale BB.

Mortality: Disabled (pre-1980) RP-2014 Disabled Generational
Mortality Table generationally projected with Scale BB with a minimum 3% rate for males and 2% rate for females.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Fund's target asset allocation as of December 31, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	2.0%	2.26%
Fixed Income	15.0%	3.00%
Managed Futures	4.0%	6.85%
Absolute Return	9.0%	6.46%
Long Short	9.0%	7.15%
Global Public Equity	37.0%	8.33%
Private Capital	24.0%	9.70%
Total	<u>100.00%</u>	

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

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.50%; the municipal bond rate is 3.31% (based on the weekly rate closest to but not later than the measurement date of the "state & local bonds" rate from Federal Reserve statistical release (H.15)); and the resulting Single Discount Rate is 7.50%.

City of Pueblo, Colorado
Notes to Financial Statements
December 31, 2018

III. DETAILED NOTES FOR ALL FUNDS, Continued

G. PENSIONS, Continued

Changes in the Net Pension Liability

	Increase (Decrease)		
	Plan Fiduciary		
	Total Pension	Net Position	Net Pension
	Liability (a)	(b)	Liability (a) - (b)
Balances at 12/31/2017	\$ 47,878,406	\$ 33,277,756	\$ 14,600,650
Changes for the year:			
Service cost	-	-	-
Interest	3,426,964	-	3,426,964
Differences between expected and actual experience	(102,157)	-	(102,157)
Changes in assumptions	-	-	-
Contributions - employer	-	1,545,814	(1,545,814)
Contributions - employee	-	-	-
Net investment income	-	4,671,464	(4,671,464)
Benefit payments	(4,451,570)	(4,451,570)	-
Administrative expense	-	(26,185)	26,185
Net changes	(1,126,763)	1,739,523	(2,866,286)
Balances at 12/31/2018	\$ 46,751,643	\$ 35,017,279	\$ 11,734,364

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

	Single Discount Rate		
	1% Decrease	Assumption	1 % Increase
	(6.50%)	(7.50%)	(8.50%)
City's net pension liability	\$ 15,524,985	\$ 11,734,364	\$ 8,427,918

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

City of Pueblo, Colorado
Notes to Financial Statements
December 31, 2018

III. DETAILED NOTES FOR ALL FUNDS, Continued

G. PENSIONS, Continued

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

For the year ended December 31, 2018, the City of Pueblo recognized pension expense of \$1,101,319. At December 31, 2018, the City of Pueblo reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ -
Net difference between projected and actual earnings on pension plan investments	1,288,038	1,826,874
Contributions subsequent to the measurement date	1,565,925	-
Total	<u>\$ 2,853,963</u>	<u>\$ 1,826,874</u>

\$1,565,925 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended	
2019	\$ 138,197
2020	90,356
2021	(310,669)
2022	(456,720)
	<u>\$ (538,836)</u>

Payable to the pension plan

At December 31, 2018, the City reported a payable of \$130,494 for the outstanding amount of contributions to the pension plan required for the year ended December 31, 2018.

City of Pueblo, Colorado
Notes to Financial Statements
December 31, 2018

III. DETAILED NOTES FOR ALL FUNDS, Continued

G. PENSIONS, Continued

SUMMARY OF ALL PENSION PLANS

	Pension <u>Liability</u>	Pension <u>Assets</u>	Deferred Outflows <u>of Resources</u>	Deferred Inflows <u>of Resources</u>	Pension <u>Expense</u>
City of Pueblo					
PERA	\$ 35,879,864	\$ -	\$ 5,754,919	\$ 7,067,085	\$ 7,779,631
FPPA New Hire Fire and Police	-	5,282,751	7,306,234	1,852,213	(2,019,717)
FPPA Old Hire Fire	11,734,364	-	2,853,963	1,826,874	1,101,319
FPPA Old Hire Police	<u>11,275,062</u>	<u>-</u>	<u>3,395,038</u>	<u>2,603,448</u>	<u>(942,412)</u>
City of Pueblo Total	<u>58,889,290</u>	<u>5,282,751</u>	<u>19,310,154</u>	<u>13,349,620</u>	<u>5,918,821</u>
PURA					
PERA	<u>562,700</u>	<u>-</u>	<u>90,254</u>	<u>110,832</u>	<u>187,583</u>
PURA Total	<u>562,700</u>	<u>-</u>	<u>90,254</u>	<u>110,832</u>	<u>187,583</u>
Total	<u>\$ 59,451,990</u>	<u>\$ 5,282,751</u>	<u>\$ 19,400,408</u>	<u>\$ 13,460,452</u>	<u>\$ 6,106,404</u>

H. OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Public Employees Retirement Association (PERA)

General Information about the OPEB Plan

Plan description. Eligible employees of the City of Pueblo and Pueblo Urban Renewal Authority (PURA) are provided with OPEB through the HCTF—a cost-sharing multiple-employer defined benefit OPEB plan administered by PERA. The HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (C.R.S.), as amended. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. Title 24, Article 51, Part 12 of the C.R.S., as amended, sets forth a framework that grants authority to the PERA Board to contract, self-insure, and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of the premium subsidies. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report that can be obtained at www.copera.org/investments/pera-financial-reports.

Benefits provided. The HCTF provides a health care premium subsidy to eligible participating PERA benefit recipients and retirees who choose to enroll in one of the PERA health care plans, however, the subsidy is not available if only enrolled in the dental and/or vision plan(s). The health care premium subsidy is based upon the benefit structure under which the member retires and the member's years of service credit. For members who retire having service credit with employers in the Denver Public Schools (DPS) Division and one or more of the other four Divisions (State, School, Local Government and Judicial), the premium subsidy is allocated between the HCTF and the Denver Public Schools Health Care Trust Fund (DPS

City of Pueblo, Colorado
Notes to Financial Statements
December 31, 2018

III. DETAILED NOTES FOR ALL FUNDS, Continued

H. OTHER POST-EMPLOYMENT BENEFITS (OPEB), Continued

HCTF). The basis for the amount of the premium subsidy funded by each trust fund is the percentage of the member contribution account balance from each division as it relates to the total member contribution account balance from which the retirement benefit is paid.

C.R.S. § 24-51-1202 et seq. specifies the eligibility for enrollment in the health care plans offered by PERA and the amount of the premium subsidy. The law governing a benefit recipient's eligibility for the subsidy and the amount of the subsidy differs slightly depending under which benefit structure the benefits are calculated. All benefit recipients under the PERA benefit structure and all retirees under the DPS benefit structure are eligible for a premium subsidy, if enrolled in a health care plan under PERACare. Upon the death of a DPS benefit structure retiree, no further subsidy is paid.

Enrollment in the PERACare is voluntary and is available to benefit recipients and their eligible dependents, certain surviving spouses, and divorced spouses and guardians, among others. Eligible benefit recipients may enroll into the program upon retirement, upon the occurrence of certain life events, or on an annual basis during an open enrollment period.

PERA Benefit Structure

The maximum service-based premium subsidy is \$230 per month for benefit recipients who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is \$115 per month for benefit recipients who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The basis for the maximum service-based subsidy, in each case, is for benefit recipients with retirement benefits based on 20 or more years of service credit. There is a 5 percent reduction in the subsidy for each year less than 20. The benefit recipient pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

For benefit recipients who have not participated in Social Security and who are not otherwise eligible for premium-free Medicare Part A for hospital-related services, C.R.S. § 24-51-1206(4) provides an additional subsidy. According to the statute, PERA cannot charge premiums to benefit recipients without Medicare Part A that are greater than premiums charged to benefit recipients with Part A for the same plan option, coverage level, and service credit. Currently, for each individual PERACare enrollee, the total premium for Medicare coverage is determined assuming plan participants have both Medicare Part A and Part B and the difference in premium cost is paid by the HCTF or the DPS HCTF on behalf of benefit recipients not covered by Medicare Part A.

DPS Benefit Structure

The maximum service-based premium subsidy is \$230 per month for retirees who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is \$115 per month for retirees who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The basis for the maximum subsidy, in each case, is for retirees with retirement benefits based on 20 or more years of service credit. There is a 5 percent reduction in the subsidy for each year less than 20. The retiree pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

City of Pueblo, Colorado
Notes to Financial Statements
December 31, 2018

III. DETAILED NOTES FOR ALL FUNDS, Continued

H. OTHER POST-EMPLOYMENT BENEFITS (OPEB), Continued

For retirees who have not participated in Social Security and who are not otherwise eligible for premium-free Medicare Part A for hospital-related services, the HCTF or the DPS HCTF pays an alternate service-based premium subsidy. Each individual retiree meeting these conditions receives the maximum \$230 per month subsidy reduced appropriately for service less than 20 years, as described above. Retirees who do not have Medicare Part A pay the difference between the total premium and the monthly subsidy.

Contributions. Pursuant to Title 24, Article 51, Section 208(1)(f) of the C.R.S., as amended, certain contributions are apportioned to the HCTF. PERA-affiliated employers of the State, School, Local Government, and Judicial Divisions are required to contribute at a rate of 1.02 percent of PERA-includable salary into the HCTF.

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the City of Pueblo is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the City of Pueblo and PURA were \$218,992 and \$3,435, respectively, for the year ended December 31, 2018.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At December 31, 2018, the City of Pueblo and PURA reported a liability of \$3,250,004 and \$50,980, respectively, for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2016. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2017. The City of Pueblo's and PURA's proportion of the net OPEB liability was based on the City of Pueblo's and PURA's contributions to the HCTF for the calendar year 2017 relative to the total contributions of participating employers to the HCTF.

At December 31, 2017, the City of Pueblo and PURA's proportion was 0.254 percent, which was an increase of 0.008 percent from its proportion measured as of December 31, 2016.

City of Pueblo, Colorado
Notes to Financial Statements
December 31, 2018

III. DETAILED NOTES FOR ALL FUNDS, Continued

H. OTHER POST-EMPLOYMENT BENEFITS (OPEB), Continued

For the year ended December 31, 2018, the City of Pueblo and PURA recognized OPEB expense of \$271,330 and \$4,256, respectively. At December 31, 2018, the City of Pueblo and PURA reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
<u>City of Pueblo</u>		
Difference between expected and actual experience	\$ 15,370	\$ -
Net difference between projected and actual earnings on OPEB plan investments	-	54,372
Changes in proportionate share	85,351	-
Differences between contributions recognized and proportionate share of contributions	-	534
Contributions subsequent to the measurement date	218,992	-
City of Pueblo Total	<u>319,713</u>	<u>54,906</u>
<u>PURA</u>		
Difference between expected and actual experience	241	-
Net difference between projected and actual earnings on OPEB plan investments	-	853
Changes in proportionate share	1,339	-
Differences between contributions recognized and proportionate share of contributions	-	9
Contributions subsequent to the measurement date	3,435	-
PURA Total	<u>5,015</u>	<u>862</u>
Total	<u>\$ 324,728</u>	<u>\$ 55,768</u>

\$222,427 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended	
2019	\$ 6,186
2020	6,186
2021	6,186
2022	6,189
2023	19,993
Thereafter	1,793
	<u>\$ 46,533</u>

City of Pueblo, Colorado
Notes to Financial Statements
December 31, 2018

III. DETAILED NOTES FOR ALL FUNDS, Continued

H. OTHER POST-EMPLOYMENT BENEFITS (OPEB), Continued

Actuarial assumptions. The total OPEB liability in the December 31, 2016 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.40 percent
Real wage growth	1.10 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation	3.50 percent in aggregate
Long-term investment Rate of Return, net of OPEB	
plan investment expenses, including price inflation	7.25 percent
Discount rate	7.25 percent
Health care cost trend rates	
PERA benefit structure:	
Service-based premium subsidy	0.00 percent
PERACare Medicare plans	5.00 percent
Medicare Part A premiums	3.00 percent for 2017, gradually rising to 4.25 percent in 2023
DPS benefit structure:	
Service-based premium subsidy	0.00 percent
PERACare Medicare plans	N/A
Medicare Part A premiums	N/A

Calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each actuarial valuation and on the pattern of sharing of costs between employers of each fund to that point.

Health care cost trend rates reflect the change in per capita health costs over time due to factors such as medical inflation, utilization, plan design, and technology improvements. For the PERA benefit structure, health care cost trend rates are needed to project the future costs associated with providing benefits to those PERACare enrollees not eligible for premium-free Medicare Part A.

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and heuristics developed by health plan actuaries and administrators, and projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services. Effective December 31, 2016, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

City of Pueblo, Colorado
Notes to Financial Statements
December 31, 2018

III. DETAILED NOTES FOR ALL FUNDS, Continued

H. OTHER POST-EMPLOYMENT BENEFITS (OPEB), Continued

The PERA benefit structure health care cost trend rates that were used to measure the total OPEB liability are summarized in the table below:

Year	PERACare Medicare Plans	Medicare Part A Premiums
2017	5.00%	3.00%
2018	5.00%	3.25%
2019	5.00%	3.50%
2020	5.00%	3.75%
2021	5.00%	4.00%
2022	5.00%	4.00%
2023	5.00%	4.25%
2024+	5.00%	4.25%

Mortality assumptions for the determination of the total OPEB liability for each of the Division Trust Funds as shown below are applied, as applicable, in the determination of the total OPEB liability for the HCTF. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

Healthy mortality assumptions for active members were based on the RP-2014 White Collar Employee Mortality Table, a table specifically developed for actively working people. To allow for an appropriate margin of improved mortality prospectively, the mortality rates incorporate a 70 percent factor applied to male rates and a 55 percent factor applied to female rates.

Healthy, post-retirement mortality assumptions for the State and Local Government Divisions were based on the RP-2014 Healthy Annuitant Mortality Table, adjusted as follows:

- **Males:** Mortality improvement projected to 2018 using the MP-2015 projection scale, a 73 percent factor applied to rates for ages less than 80, a 108 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.
- **Females:** Mortality improvement projected to 2020 using the MP-2015 projection scale, a 78 percent factor applied to rates for ages less than 80, a 109 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

Healthy, post-retirement mortality assumptions for the School and Judicial Divisions were based on the RP-2014 White Collar Healthy Annuitant Mortality Table, adjusted as follows:

- **Males:** Mortality improvement projected to 2018 using the MP-2015 projection scale, a 93 percent factor applied to rates for ages less than 80, a 113 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

City of Pueblo, Colorado
Notes to Financial Statements
December 31, 2018

III. DETAILED NOTES FOR ALL FUNDS, Continued

H. OTHER POST-EMPLOYMENT BENEFITS (OPEB), Continued

- Females: Mortality improvement projected to 2020 using the MP-2015 projection scale, a 68 percent factor applied to rates for ages less than 80, a 106 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

For disabled retirees, the mortality assumption was based on 90 percent of the RP-2014 Disabled Retiree Mortality Table.

The following economic and demographic assumptions were specifically developed for, and used in, the measurement of the obligations for the HCTF:

- The assumed rates of PERACare participation were revised to reflect more closely actual experience.
- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2017 plan year.
- The percentages of PERACare enrollees who will attain age 65 and older ages and are assumed to not qualify for premium-free Medicare Part A coverage were revised to more closely reflect actual experience.
- The percentage of disabled PERACare enrollees who are assumed to not qualify for premium-free Medicare Part A coverage were revised to reflect more closely actual experience.
- Assumed election rates for the PERACare coverage options that would be available to future PERACare enrollees who will qualify for the “No Part A Subsidy” when they retire were revised to more closely reflect actual experience.
- Assumed election rates for the PERACare coverage options that will be available to those current PERACare enrollees, who qualify for the “No Part A Subsidy” but have not reached age 65, were revised to more closely reflect actual experience.
- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then-current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.
- The rates of PERACare coverage election for spouses of eligible inactive members and future retirees were revised to more closely reflect actual experience.
- The assumed age differences between future retirees and their participating spouses were revised to reflect more closely actual experience.

City of Pueblo, Colorado
Notes to Financial Statements
December 31, 2018

III. DETAILED NOTES FOR ALL FUNDS, Continued

H. OTHER POST-EMPLOYMENT BENEFITS (OPEB), Continued

The actuarial assumptions used in the December 31, 2016, valuations were based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, as well as, the October 28, 2016, actuarial assumptions workshop and were adopted by the PERA Board during the November 18, 2016, Board meeting. In addition, certain actuarial assumptions pertaining to per capita health care costs and their related trends are analyzed and reviewed by PERA's actuary, as needed.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in presentations to PERA's Board on October 28, 2016.

Several factors were considered in evaluating the long-term rate of return assumption for the HCTF, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>30 Year Expected Geometric Real Rate of Return</u>
U.S. Equity – Large Cap	21.20%	4.30%
U.S. Equity – Small Cap	7.42%	4.80%
Non U.S. Equity – Developed	18.55%	5.20%
Non U.S. 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>	

In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected rate of return assumption of 7.25 percent.

City of Pueblo, Colorado
Notes to Financial Statements
December 31, 2018

III. DETAILED NOTES FOR ALL FUNDS, Continued

H. OTHER POST-EMPLOYMENT BENEFITS (OPEB), Continued

Sensitivity of the City of Pueblo proportionate share of the net OPEB liability to changes in the Health Care Cost Trend Rates. The following presents the net OPEB liability using the current health care cost trend rates applicable to the PERA benefit structure, as well as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rates:

	1% Decrease in Trend Rates	Current Trend Rates	1 % Increase in Trend Rates
PERA Care Medicare trend rate	4.00%	5.00%	6.00%
Initial Medicare Part A trend rate	2.00%	3.00%	4.00%
Ultimate Medicare Part A trend rate	3.25%	4.25%	5.25%
Proportionate share of the net OPEB liability	<u>\$ 3,210,161</u>	<u>\$ 3,300,984</u>	<u>\$ 3,410,374</u>

Discount rate. The discount rate used to measure the total OPEB liability was 7.25 percent. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2017, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50%.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date. For future plan members, employer contributions were reduced by the estimated amount of total service costs for future plan members.
- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Transfers of a portion of purchase service agreements intended to cover the costs associated with OPEB benefits were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the end of the month.

Based on the above assumptions and methods, the projection test indicates the HCTF's fiduciary net position was projected to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25 percent.

City of Pueblo, Colorado
Notes to Financial Statements
December 31, 2018

III. DETAILED NOTES FOR ALL FUNDS, Continued

H. OTHER POST-EMPLOYMENT BENEFITS (OPEB), Continued

Sensitivity of the City of Pueblo proportionate share of the net OPEB liability to changes in the discount rate. The following presents the proportionate share of the net OPEB liability calculated using the discount rate of 7.25 percent, as well as what the proportionate share of the net OPEB 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:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1 % Increase (8.25%)
Proportionate share of the net OPEB liability	\$ 3,711,344	\$ 3,300,984	\$ 2,950,731

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

POLICE UNIT

General Information about the OPEB Plan

Plan description. The plan allows eligible participants to enroll in postretirement medical and dental plans but does not provide any explicit subsidy.

Eligibility. Active members are eligible for normal retirement with at least 55 years of age and 25 years of service. Active members may retire early if they are age 50 and have 30 years of service. Active members who become disabled may meet criteria for disability retirement eligibility prior to normal retirement. Any person employed by the City of Pueblo Police Unit on a permanent, full-time basis are included.

Plan Membership. At December 31, 2018, the following employees were covered by the benefit terms:

Active Members	207
Retirees, Surviving Spouses, and Covered Spouses	<u>3</u>
Total	<u>210</u>

Benefits provided. The City of Pueblo allows eligible participants to enroll in medical and dental plans upon retirement. The premiums for these plans are paid entirely by the plan participants. Thus, the City is only responsible for the implicit subsidy.

The implicit subsidy can be defined as the difference between the true cost of healthcare coverage and the insurance premiums charged for retirees and older workers. Healthcare utilization and costs increase with age, yet when insurance premiums are set, they are often established as singular amounts without regard to

City of Pueblo, Colorado
Notes to Financial Statements
December 31, 2018

III. DETAILED NOTES FOR ALL FUNDS, Continued

H. OTHER POST-EMPLOYMENT BENEFITS (OPEB), Continued

age. A portion of the singular premium paid by younger workers subsidizes the higher costs for retirees and older workers. This subsidy is reallocated to the OPEB plan when determining the true costs under GASB 75.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The plan operates on a pay-as-you-go basis and thus, has no assets. At December 31, 2018, the City of Pueblo reported a net OPEB liability of \$7,310,610. The net OPEB liability for the Police Unit was measured as of December 31, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2018.

For the year ended December 31, 2018, the City of Pueblo recognized OPEB expense of \$933,060. At December 31, 2018, the City of Pueblo reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ -
Difference in changes of assumptions	-	329,952
Total	<u>\$ -</u>	<u>\$ 329,952</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended	
2019	\$ (28,153)
2020	(28,153)
2021	(28,153)
2022	(28,153)
2023	(28,153)
Thereafter	(189,187)
	<u>\$ (329,952)</u>

City of Pueblo, Colorado
Notes to Financial Statements
December 31, 2018

III. DETAILED NOTES FOR ALL FUNDS, Continued

H. OTHER POST-EMPLOYMENT BENEFITS (OPEB), Continued

Actuarial assumptions. The total OPEB liability in the December 31, 2018 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	Entry age normal, Level percent of salary
Asset valuation	N/A
Discount rate	3.64%
Future salary increase	Varies by year of service 15 years or more – 4.25% up to 2 years or less - 11.25%
Consumer price index	2.50%

The mortality assumption has been updated to the RP-2014 Mortality Tables, scaled back to 2006, and projected on a fully generational basis using mortality scale MP-2018. MP-2018 was released by the Society of Actuaries (SOA) in October 2018. The disabled mortality assumption has been updated to RP-2014 Disabled Mortality Tables, scaled back to 2006, and projected on a fully generational basis using mortality scale MP-2018.

Covered health care and prescription drug expenses were assumed to increase by the percentages shown in the following table.

Year	Trend Rate
2019	7.75%
2020	7.50%
2021	7.25%
2022	7.00%
2023	6.75%
2024	6.50%
2025	6.25%
2026	6.00%
2027	5.75%
2028	5.50%
2029	5.25%
2030	5.00%

City of Pueblo, Colorado
Notes to Financial Statements
December 31, 2018

III. DETAILED NOTES FOR ALL FUNDS, Continued

H. OTHER POST-EMPLOYMENT BENEFITS (OPEB), Continued

Sensitivity of the City of Pueblo's net OPEB liability to changes in the Health Care Cost Trend Rates. The following tables depict the sensitivity of the net OPEB liability due to changes in health care cost trend rates which are required under GASB No. 75.

	<u>1% Decrease in Trend Rates</u>	<u>Current Trend Rates</u>	<u>1 % Increase in Trend Rates</u>
Net OPEB liability	\$ 6,065,064	\$ 7,310,610	\$ 8,850,986

Discount rate. The discount rate at the measurement date is 3.64%. Benefit payments are funded on a pay-as-you go basis. The discount rate is based on the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2018. The discount rate at the previous measurement date is 3.16% based on the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2017.

Sensitivity of the City of Pueblo's net OPEB liability to changes in the discount rate. The following presents the proportionate share of the net OPEB liability calculated using the discount rate of 7.25 percent, as well as what the proportionate share of the net OPEB 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:

	<u>1% Decrease (6.25%)</u>	<u>Current Discount Rate (7.25%)</u>	<u>1 % Increase (8.25%)</u>
Net OPEB liability	\$ 8,072,203	\$ 7,310,610	\$ 6,608,983

FIRE UNIT

General Information about the OPEB Plan

Plan description. The plan allows eligible participants to enroll in postretirement medical plans but does not provide any explicit subsidy.

Eligibility. Active members are eligible for normal retirement with at least 55 years of age and 25 years of service. Active members may retire early if they are age 50 and have 30 years of service. Active members who become disabled may meet criteria for disability retirement eligibility prior to normal retirement. Any person employed by the City of Pueblo Fire Unit on a permanent, full-time basis are included.

Plan Membership. At December 31, 2018, the following employees were covered by the benefit terms:

Active Members	138
Retirees, Surviving Spouses, and Covered Spouses	9
Total	<u>147</u>

City of Pueblo, Colorado
Notes to Financial Statements
December 31, 2018

III. DETAILED NOTES FOR ALL FUNDS, Continued

H. OTHER POST-EMPLOYMENT BENEFITS (OPEB), Continued

Benefits provided. The City of Pueblo allows eligible participants to enroll in medical plans upon retirement. The premiums for these plans are paid entirely by the plan participants. Thus, the City is only responsible for the implicit subsidy.

The implicit subsidy can be defined as the difference between the true cost of healthcare coverage and the insurance premiums charged for retirees and older workers. Healthcare utilization and costs increase with age, yet when insurance premiums are set, they are often established as singular amounts without regard to age. A portion of the singular premium paid by younger workers subsidizes the higher costs for retirees and older workers. This subsidy is reallocated to the OPEB plan when determining the true costs under GASB 75.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The plan operates on a pay-as-you-go basis and thus, has no assets. At December 31, 2018, the City of Pueblo reported a net OPEB liability of \$6,369,755. The net OPEB liability for the Fire Unit was measured as of December 31, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2018.

For the year ended December 31, 2018, the City of Pueblo recognized OPEB expense of \$565,099. At December 31, 2018, the City of Pueblo reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ -
Difference in changes of assumptions	-	238,892
Total	<u>\$ -</u>	<u>\$ 238,892</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended	
2019	\$ (26,166)
2020	(26,166)
2021	(26,166)
2022	(26,166)
2023	(26,166)
Thereafter	(108,062)
	<u>\$ (238,892)</u>

City of Pueblo, Colorado
Notes to Financial Statements
December 31, 2018

III. DETAILED NOTES FOR ALL FUNDS, Continued

H. OTHER POST-EMPLOYMENT BENEFITS (OPEB), Continued

Actuarial assumptions. The total OPEB liability in the December 31, 2018 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	Entry age normal, Level percent of salary
Asset valuation	N/A
Discount rate	3.64%
Future salary increase	Varies by year of service 15 years or more – 4.25% up to 2 years or less - 11.25%
Consumer price index	2.50%

The mortality assumption has been updated to the RP-2014 Mortality Tables, scaled back to 2006, and projected on a fully generational basis using mortality scale MP-2018. MP-2018 was released by the Society of Actuaries (SOA) in October 2018. The disabled mortality assumption has been updated to RP-2014 Disabled Mortality Tables, scaled back to 2006, and projected on a fully generational basis using mortality scale MP-2018.

Covered health care and prescription drug expenses were assumed to increase by the percentages shown in the following table.

Year	Trend Rate
2019	7.75%
2020	7.50%
2021	7.25%
2022	7.00%
2023	6.75%
2024	6.50%
2025	6.25%
2026	6.00%
2027	5.75%
2028	5.50%
2029	5.25%
2030	5.00%

City of Pueblo, Colorado
Notes to Financial Statements
December 31, 2018

III. DETAILED NOTES FOR ALL FUNDS, Continued

H. OTHER POST-EMPLOYMENT BENEFITS (OPEB), Continued

Sensitivity of the City of Pueblo's net OPEB liability to changes in the Health Care Cost Trend Rates. The following tables depict the sensitivity of the net OPEB liability due to changes in health care cost trend rates which are required under GASB No. 75.

	<u>1% Decrease in Trend Rates</u>	<u>Current Trend Rates</u>	<u>1 % Increase in Trend Rates</u>
Net OPEB liability	\$ 5,483,019	\$ 6,369,755	\$ 7,457,303

Discount rate. The discount rate at the measurement date is 3.64%. Benefit payments are funded on a pay-as-you go basis. The discount rate is based on the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2018. The discount rate at the previous measurement date is 3.16% based on the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2017.

Sensitivity of the City of Pueblo's net OPEB liability to changes in the discount rate. The following presents the proportionate share of the net OPEB liability calculated using the discount rate of 7.25 percent, as well as what the proportionate share of the net OPEB 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:

	<u>1% Decrease (6.25%)</u>	<u>Current Discount Rate (7.25%)</u>	<u>1 % Increase (8.25%)</u>
Net OPEB liability	\$ 6,932,522	\$ 6,369,755	\$ 5,847,827

SUMMARY OF ALL OPEB PLANS

	<u>OPEB Liability</u>	<u>OPEB Assets</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>OPEB Expense</u>
City of Pueblo					
PERA	\$ 3,250,004	\$ -	\$ 319,713	\$ 54,906	\$ 271,330
Police Unit	7,310,610	-	-	329,952	933,060
Fire Unit	6,369,755	-	-	238,892	565,099
City of Pueblo Total	<u>16,930,369</u>	<u>-</u>	<u>319,713</u>	<u>623,750</u>	<u>1,769,489</u>
PURA					
PERA	50,980	-	5,015	862	4,256
PURA Total	<u>50,980</u>	<u>-</u>	<u>5,015</u>	<u>862</u>	<u>4,256</u>
Total	<u>\$ 16,981,349</u>	<u>\$ -</u>	<u>\$ 324,728</u>	<u>\$ 624,612</u>	<u>\$ 1,773,745</u>

City of Pueblo, Colorado
Notes to Financial Statements
December 31, 2018

III. DETAILED NOTES FOR ALL FUNDS, Continued

I. LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities in the government-wide financial statements for the year ended December 31, 2018:

	Balance January 1, 2018	Increases	Decreases	Balance December 31, 2018	Due Within One Year
Governmental activities					
Certificates of participation -					
LED street lights, series 2014	\$ 3,027,460	\$ -	\$ (400,640)	\$ 2,626,820	\$ 410,816
Police complex, refunded 2016	14,092,324	-	(2,225,051)	11,867,273	2,273,112
	<u>17,119,784</u>	<u>-</u>	<u>(2,625,691)</u>	<u>14,494,093</u>	<u>2,683,928</u>
Capital leases -					
Fire equipment	56,303	-	(56,303)	-	-
Tyler ERP system	1,189,885	-	(216,675)	973,210	193,187
Fire pumper/Phone upgrade	1,028,765	-	(250,275)	778,490	254,830
Police vehicles	901,827	-	(220,612)	681,215	223,811
Fire equipment	-	488,950	-	488,950	76,054
Police mobile equipment	-	960,230	(202,285)	757,945	180,710
Police vehicles	-	1,506,931	-	1,506,931	296,207
	<u>3,176,780</u>	<u>2,956,111</u>	<u>(946,150)</u>	<u>5,186,741</u>	<u>1,224,799</u>
Accrued interest payable	<u>197,362</u>	<u>219,098</u>	<u>(197,362)</u>	<u>219,098</u>	<u>219,098</u>
Compensated absences	<u>5,928,409</u>	<u>5,667,212</u>	<u>(5,128,126)</u>	<u>6,467,495</u>	<u>646,749</u>
Claims and judgments	<u>748,596</u>	<u>2,701,067</u>	<u>(1,548,735)</u>	<u>1,900,928</u>	<u>1,615,789</u>
Net pension liability	<u>63,177,371</u>	<u>-</u>	<u>(14,858,698)</u>	<u>48,318,673</u>	<u>-</u>
Net post-employment benefit obligation	<u>14,963,710</u>	<u>1,009,131</u>	<u>-</u>	<u>15,972,841</u>	<u>-</u>
Total governmental activities	<u>\$ 105,312,012</u>	<u>\$ 12,552,619</u>	<u>\$ (25,304,762)</u>	<u>\$ 92,559,869</u>	<u>\$ 6,390,363</u>

Payments on the certificates of participation, capital leases, and accrued interest payable are recorded in the debt service fund. The payments for compensated absences are recorded in the general fund, while claims and judgments are recognized in the internal service fund. Payments on the net pension liability and the net post-employment benefit obligation are also recorded in the general fund.

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

	Costs	Accumulated Depreciation to December 31, 2018
Fire equipment	\$ 363,503	\$ 363,503
Tyler ERP system	1,924,275	769,710
Fire pumper/Phone upgrade	1,541,587	538,212
Police vehicles	1,121,137	902,210
Police mobile equipment	928,697	51,560
Police vehicles	<u>1,379,280</u>	<u>51,245</u>
	<u>\$ 7,258,479</u>	<u>\$ 2,676,440</u>

City of Pueblo, Colorado
Notes to Financial Statements
December 31, 2018

III. DETAILED NOTES FOR ALL FUNDS, Continued

I. LONG-TERM LIABILITIES, Continued

	Balance January 1, 2018	Increases	Decreases	Balance December 31, 2018	Due Within One Year
Business-type activities:					
Capital leases -					
Elmwood golf course	\$ 381,185	\$ -	\$ (77,785)	\$ 303,400	\$ 72,294
Walking Stick golf course	1,460,819	-	(242,711)	1,218,108	242,795
Storm water utility	44,467	-	(44,467)	-	-
Honor farm nonmajor enterprise fund	-	-	-	-	-
Total	<u>1,886,471</u>	<u>-</u>	<u>(364,963)</u>	<u>1,521,508</u>	<u>315,089</u>
Notes payable - sewer user fund					
2003 issue	3,148,921	-	(412,162)	2,736,759	423,153
2009 issue	937,500	-	(75,000)	862,500	75,000
2010 issue	16,451,772	-	(1,095,877)	15,355,895	1,117,045
Unamortized premium	883,805	-	(70,236)	813,569	70,236
2014 issue	<u>3,796,975</u>	<u>-</u>	<u>(186,877)</u>	<u>3,610,098</u>	<u>188,725</u>
	<u>25,218,973</u>	<u>-</u>	<u>(1,840,152)</u>	<u>23,378,821</u>	<u>1,874,159</u>
Notes payable - stormwater fund					
2018 issue	-	6,846,524	-	6,846,524	278,004
Unamortized premium	<u>-</u>	<u>203,083</u>	<u>-</u>	<u>203,083</u>	<u>11,946</u>
	<u>-</u>	<u>7,049,607</u>	<u>-</u>	<u>7,049,607</u>	<u>289,950</u>
Accrued interest payable	<u>343,279</u>	<u>342,549</u>	<u>(343,279)</u>	<u>342,549</u>	<u>342,549</u>
Compensated absences	<u>762,144</u>	<u>695,164</u>	<u>(641,536)</u>	<u>815,772</u>	<u>81,578</u>
Net pension liability	<u>12,787,951</u>	<u>-</u>	<u>(2,217,334)</u>	<u>10,570,617</u>	<u>-</u>
Net post-employment benefit obligation	<u>933,885</u>	<u>23,643</u>	<u>-</u>	<u>957,528</u>	<u>-</u>
Total business-type activities	<u>\$ 41,932,703</u>	<u>\$ 8,110,963</u>	<u>\$ (5,407,264)</u>	<u>\$ 44,636,402</u>	<u>\$ 2,903,325</u>

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

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

	Costs	Accumulated Depreciation to December 31, 2018
Elmwood golf course equipment	\$ 403,453	\$ 60,014
Walking stick golf course equipment	2,218,337	557,310
Stormwater utility equipment	<u>294,284</u>	<u>294,284</u>
	<u>\$ 2,916,074</u>	<u>\$ 911,608</u>

City of Pueblo, Colorado
Notes to Financial Statements
December 31, 2018

III. DETAILED NOTES FOR ALL FUNDS, Continued

I. LONG-TERM LIABILITIES, Continued

	Balance January 1, 2018	Increases	Decreases	Balance December 31, 2018	Due Within One Year
Pueblo Urban Renewal Authority discretely-presented component unit					
Improvement revenue bonds, series 2011B	\$ 9,705,000	\$ -	\$ (90,000)	\$ 9,615,000	\$ 85,000
Unamortized premium	208,467	-	(9,927)	198,540	9,927
	<u>9,913,467</u>	<u>-</u>	<u>(99,927)</u>	<u>9,813,540</u>	<u>94,927</u>
Revenue refunding bonds, series 2017	6,937,900	-	(445,100)	6,492,800	466,100
	<u>6,937,900</u>	<u>-</u>	<u>(445,100)</u>	<u>6,492,800</u>	<u>466,100</u>
Sales tax increment bonds, series 2017	17,030,000		(1,350,000)	15,680,000	1,580,000
Unamortized discount	(132,748)	-	6,987	(125,761)	(6,987)
	<u>16,897,252</u>	<u>-</u>	<u>(1,343,013)</u>	<u>15,554,239</u>	<u>1,573,013</u>
Tax-exempt refunding revenue bonds, series 2011B	\$ 3,635,000	\$ -	\$ (275,000)	\$ 3,360,000	\$ 285,000
Unamortized premium	247,522	-	(22,502)	225,020	22,502
	<u>3,882,522</u>	<u>-</u>	<u>(297,502)</u>	<u>3,585,020</u>	<u>307,502</u>
Bank notes	5,502,351	2,420,000	(2,792,598)	5,129,753	351,173
Compensated absences	35,260	40,602	(34,272)	41,590	-
Net pension liability	533,355	29,345	-	562,700	-
Net post-employment benefit obligation	42,929	8,051	-	50,980	-
Total Pueblo Urban Renewal Authority discretely-presented component unit activities	<u>\$ 43,745,036</u>	<u>\$ 2,497,998</u>	<u>\$ (5,012,412)</u>	<u>\$ 41,230,622</u>	<u>\$ 2,792,715</u>

	Balance January 1, 2018	Increases	Decreases	Balance December 31, 2018	Due Within One Year
Pueblo Municipal Rail Corporation discretely-presented component unit					
Note payable	\$ 2,325,204	\$ -	\$ -	\$ 2,325,204	\$ 865,966
Accrued interest payable	151,138	97,134	-	248,272	-
Total Pueblo Municipal Rail Corporation discretely-presented component unit activities	<u>\$ 2,476,342</u>	<u>\$ 97,134</u>	<u>\$ -</u>	<u>\$ 2,573,476</u>	<u>\$ 865,966</u>

City of Pueblo, Colorado
Notes to Financial Statements
December 31, 2018

III. DETAILED NOTES FOR ALL FUNDS, Continued

I. LONG-TERM LIABILITIES, Continued

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

Certificates of Participation

\$16,380,000 certificates of participation issued by the City; interest rate of 2.16%; due in annual installments, including interest, of \$2,529,445 through August 2023; debt is serviced by the debt service fund, and is subject to annual appropriation by City Council	\$ 11,867,273
\$4,200,000 certificates of participation issue of Pueblo Municipal Building Corporation; interest rate of 2.54%; due in annual installments of \$477,537 including interest through August 2024; debt is serviced by debt service fund and is subject to annual appropriation by City Council	<u>2,626,820</u> <u>14,494,093</u>

Obligations under capital lease

\$1,924,275 obligation under capital lease; interest rate of 1.87%; payable in annual installments of \$211,551 including interest through January 2023; debt is serviced by the debt service fund and is subject to annual appropriation by City Council	973,210
\$1,541,618 obligation under capital lease; interest rate of 1.82%; payable in annual installments of \$173,253, including interest through January 2021; debt is serviced by the debt service fund and is subject to annual appropriation by City Council	778,490
\$1,345,847 obligation under capital lease; interest rate of 1.45%; payable in annual installment of \$233,688, including interest through January 2021; debt is serviced by the debt service fund and is subject to annual appropriation by City Council	681,215
\$488,950 obligation under capital lease; interest rate of 3.37%; payable in annual installments of \$91,112, including interest through February 2024; debt is serviced by the debt service fund and is subject to annual appropriation by City Council	488,950
\$960,230 obligation under capital lease; interest rate of 3.17%; payable in annual installments of \$204,737, including interest through April 2022; debt is serviced by the debt service fund and is subject to annual appropriation by City Council	757,945

City of Pueblo, Colorado
Notes to Financial Statements
December 31, 2018

III. DETAILED NOTES FOR ALL FUNDS, Continued

I. LONG-TERM LIABILITIES, Continued

\$1,506,931 obligation under capital lease; interest rate of 3.00%; payable in annual installments of \$325,717, including interest through January 2023; debt is serviced by the debt service fund and is subject to annual appropriation by City Council

1,506,931
5,186,741

Other Obligations

Accrued interest payable	219,098
Compensated absences	6,467,495
Self-insured claims and judgments	1,900,928
Net pension liability	48,318,673
Net post-employment benefit obligation	<u>15,972,841</u>
	<u>72,879,035</u>

Total governmental activities	<u>\$ 92,559,869</u>
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The debt service requirements for the governmental activities certificates of participation are as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 2,683,928	\$ 323,054	\$ 3,006,982
2020	2,743,462	263,520	3,006,982
2021	2,804,322	202,661	3,006,983
2022	2,866,536	140,446	3,006,982
2023	2,930,137	76,846	3,006,983
2024	465,708	11,829	477,537
	<u>\$ 14,494,093</u>	<u>\$ 1,018,356</u>	<u>\$ 15,512,449</u>

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

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 1,224,799	\$ 111,006	\$ 1,335,805
2020	1,236,529	99,276	1,335,805
2021	1,265,419	70,387	1,335,806
2022	792,359	40,759	833,118
2023	579,493	18,402	597,895
2024	88,142	2,970	91,112
	<u>\$ 5,186,741</u>	<u>\$ 342,800</u>	<u>\$ 5,529,541</u>

On December 9, 2016, the City issued \$16,380,000 in Certificates of Participation (2016 COPS), Series 2016 with an interest rate of 2.16 percent to advance refund \$14,985,000 of outstanding Certificates of Participation, Series 2008 with an average interest rate of 5.45 percent. The net proceeds of \$16,264,933 (after payment of \$115,067 in underwriting fees and other issuance costs) were used to purchase U.S. government securities. Those securities were deposited into an irrevocable trust with an escrow agent to

City of Pueblo, Colorado
Notes to Financial Statements
December 31, 2018

III. DETAILED NOTES FOR ALL FUNDS, Continued

I. LONG-TERM LIABILITIES, Continued

provide for all future debt service payments on the COPS Series 2008. As a result, the Certificates of Participation, Series 2008 are considered to be defeased and the liability for those COPS has been removed from the government-wide statement of net position.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$1,358,146. This difference, reported in the accompanying statement of net position as a deferred outflow of resources, is being charged to operations through the year 2023 using the effective-interest method. The City completed the advance refunding to reduce its total debt service payments over the next seven years by \$682,427 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$639,498. The deferred amounts of refunding as of December 31, 2018 is \$970,104.

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

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

Obligations Under Capital Leases

\$1,700,000 obligation under capital lease; interest rate of 4.97%; due in annual installments of \$191,479 including principal and interest through January 2023; debt is serviced by the Walking Stick golf course major enterprise fund and is subject to annual appropriation by City Council	\$ 829,691
\$381,185 obligation under capital lease; interest rate of 3.21%; due in annual installments of \$82,033 including principal and interest through February 2022; debt is serviced by the Elmwood golf course major enterprise fund and is subject to annual appropriation by City Council	303,400
\$487,998 obligation under capital lease; interest rate of 3.21%; due in annual installments of \$105,020 including principal and interest through February 2022; debt is serviced by the Walking Stick golf course major enterprise fund and is subject to annual appropriation by City Council	<u>388,417</u>
	<u>1,521,508</u>

City of Pueblo, Colorado
Notes to Financial Statements
December 31, 2018

III. DETAILED NOTES FOR ALL FUNDS, Continued

I. LONG-TERM LIABILITIES, Continued

Notes payable

\$8,402,620 note payable to Colorado Water Resources and Power Development Authority; interest rate of 3.25%; due in semi-annual installments ranging from \$258,725 to \$269,194 including principal, interest and administrative fees through August 2024; debt is serviced by the sewer user major enterprise fund	2,736,759
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\$1,500,000 note payable to Colorado Water Resources and Power Development Authority; non-interest bearing; due in semi-annual installments of \$37,500 through February 2030; debt is serviced by the sewer user major enterprise fund	862,500
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\$23,595,277 note payable to Colorado Water Resources and Power Development Authority; interest rate of 2.5%; due in semi-annual installments including principal, interest and administrative fees ranging from \$793,437 to \$798,366 through August 2030; debt is serviced by the sewer user major enterprise fund	15,355,895
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\$4,179,047 note payable to Colorado Water Resources and Power Development Authority; interest rate of 2.21%; due in semi-annual installments including principal, interest and administrative fees ranging from \$257,582 to \$266,240 through August 2035; debt is serviced by sewer user major enterprise fund	3,610,098
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\$6,846,524 note payable to Colorado Water Resources and Power Development Authority; interest rate of 3.26%; due in semi-annual installments including principal, interest and administrative fees ranging from \$189,236 to \$223,215 through August 2038; debt is serviced by stormwater major enterprise fund	6,846,524
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	29,411,776
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Other obligations

Accrued interest payable	342,549
Compensated absences	815,772
Net pension liability	10,570,617
Net post-employment benefit obligation	957,528
	12,686,466

Total business-type activities	\$ 43,619,750
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City of Pueblo, Colorado
Notes to Financial Statements
December 31, 2018

III. DETAILED NOTES FOR ALL FUNDS, Continued

I. LONG-TERM LIABILITIES, Continued

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

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 315,089	\$ 63,443	\$ 378,532
2020	327,848	50,685	378,533
2021	341,147	37,384	378,531
2022	355,012	23,520	378,532
2023	182,412	9,066	191,478
	<u>\$ 1,521,508</u>	<u>\$ 184,098</u>	<u>\$ 1,705,606</u>

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

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 2,081,927	\$ 793,510	\$ 2,875,437
2020	2,118,778	777,535	2,896,313
2021	2,170,200	729,867	2,900,067
2022	2,210,617	674,579	2,885,196
2023	2,291,902	602,992	2,894,894
2024-2035	18,538,352	3,407,710	21,946,062
	<u>\$ 29,411,776</u>	<u>\$ 6,986,193</u>	<u>\$ 36,397,969</u>

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

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

Revenue Bonds

\$7,363,000 revenue refunding bonds, series 2017; interest rate of 3.95%; due in annual installments ranging from \$754,202 to \$755,611, including interest through September 2029 \$ 6,492,800

\$10,000,000 improvement revenue bonds, series 2011B; interest rate ranging from 2.50% to 5.25%; due in annual installments ranging from \$600,676 to \$1,068,688, including interest through December 2038 9,615,000

\$17,030,000 sales tax increment bonds, series 2017; interest rate ranging from 2.25% to 5.00%; due in semi-annual installments ranging from \$91,250 to \$3,741,250 including interest through June 2036 15,680,000

City of Pueblo, Colorado
Notes to Financial Statements
December 31, 2018

III. DETAILED NOTES FOR ALL FUNDS, Continued

I. LONG-TERM LIABILITIES, Continued

\$3,890,000 tax-exempt refunding revenue bonds series 2011B; interest rate ranging from 2.50% to 5.5%; due in annual installments ranging from \$221,026 to \$465,125, including principal and interest through December 2028 3,360,000

35,147,800

Notes Payable

\$3,000,000 bank note; interest rate of 3.95%; due in annual installments of interest and principal ranging from \$202,824 to \$216,897 through December 2032 2,298,693

\$206,188 bank note; interest rate indexed at 2 points over 5 year LIBOR/swap rate; due in monthly installments of \$1,531 through January 2022. Upon maturity, at which time the note is due in full which is estimated at \$152,362; secured by real estate with a carrying value of \$349,107 at December 31, 2018 133,499

\$4,000,000 multi-draw term bank note; interest rate of 3.95%; due in an annual installment of \$327,942 plus accrued interest on due date. 2,697,561
5,129,753

Other obligations

Compensated absences	41,590
Net pension liability	562,700
Net post-employment benefit obligation	<u>50,980</u>
	<u>655,270</u>

Total Pueblo Urban Renewal Authority discretely-presented component unit activities \$ 40,932,823

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

Year Ending December 31	Revenue Bonds		Notes Payable	
	Principal	Interest	Principal	Interest
2019	\$ 2,131,100	\$ 811,431	\$ 351,173	\$ 201,873
2020	2,377,100	785,873	404,540	186,451
2021	2,765,100	757,025	420,574	170,415
2022	2,959,100	727,602	394,029	154,468
2023	693,100	696,486	405,803	139,035
2023-2028	5,059,500	2,970,185	2,282,498	123,006
2029-2033	6,032,800	1,825,321	871,136	85,151
2034-2038	9,770,000	746,552	-	-
	<u>\$ 31,787,800</u>	<u>\$ 9,320,475</u>	<u>\$ 5,129,753</u>	<u>\$ 1,060,399</u>

City of Pueblo, Colorado
Notes to Financial Statements
December 31, 2018

III. DETAILED NOTES FOR ALL FUNDS, Continued

I. LONG-TERM LIABILITIES, Continued

<u>Year Ending December 31</u>	<u>Principal</u>	<u>Interest</u>
2019	\$ 285,000	\$ 174,200
2020	290,000	159,950
2021	305,000	145,450
2022	325,000	130,200
2023	350,000	113,138
2024-2028	1,805,000	269,852
	<u>\$ 3,360,000</u>	<u>\$ 992,790</u>

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

Note Payable

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

\$ 2,325,204

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

<u>Year Ending December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 865,966	\$ 284,659	\$ 1,150,625
2020	306,753	94,888	401,641
2021	320,792	94,888	415,680
2022	231,693	71,166	302,859
2023	600,000	146,250	746,250
	<u>\$ 2,325,204</u>	<u>\$ 691,851</u>	<u>\$ 3,017,055</u>

City of Pueblo, Colorado
Notes to Financial Statements
December 31, 2018

III. DETAILED NOTES FOR ALL FUNDS, Continued

J. NET POSITION

Restricted net position represents net position whose uses are subject to constraints that are either (1) legally imposed by creditors (such as debt covenants), grantors, or laws or regulations of other governments, or (2) imposed by law through constitutional provisions or enabling legislation. Restricted net position at December 31, 2018 is as follows:

	Governmental Activities	Pueblo Urban Renewal Authority
Pension	\$ 5,282,751	\$ -
Tabor	2,700,000	
Economic development	94,546,709	-
Debt service and district projects	-	10,190,756
Capital projects	2,942,363	-
Public safety	3,201,113	-
Public works	5,969,951	-
Parks and recreation	1,478,762	-
Culture and community welfare	6,435,368	-
	<u>\$ 122,557,017</u>	<u>\$ 10,190,756</u>

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

Restricted for TABOR – This represents approximately 3% of the City’s 2018 fiscal year spending as that term is defined in the Colorado constitution. Under these provisions of the constitution, this portion of the City’s net position can be used for declared emergencies only and the City must maintain 3% or more of its fiscal year spending in this restricted account. The City does not believe this restriction meets the definition of a stabilization arrangement under generally accepted accounting principles.

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

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

Pueblo Urban Renewal Authority Net Position – Restricted net position represents net position whose uses are subject to constraints that are either (1) legally imposed by creditors (such as debt covenants), grantors, or laws or regulations of other governments, or (2) imposed by law through constitutional provisions or enabling legislation.

City of Pueblo, Colorado
Notes to Financial Statements
December 31, 2018

III. DETAILED NOTES FOR ALL FUNDS, Continued

J. NET POSITION, Continued

PRIOR PERIOD ADJUSTMENTS

Net position at January 1, 2018 for governmental activities, business-type activities, enterprise funds and the internal service fund have been restated from amounts previously reported as follows:

	Governmental Activities	Business- Type Activities
Net position at January 1, 2018, as previously reported	\$ 415,957,579	\$ 192,870,864
Prior period adjustment to eliminate net post-employment benefit obligation previously reported due to the implementation of new OPEB reporting standards	7,803,907	-
Prior period adjustment to implement GASB Statement 75 for OPEB reporting	(14,817,606)	(872,221)
Prior period adjustment for capital contributions transferred in error between governmental activities and business-type activities	<u>1,371,691</u>	<u>(1,371,691)</u>
Net position at January 1, 2018, as restated	<u><u>\$ 410,315,571</u></u>	<u><u>\$ 190,626,952</u></u>

	Business-Type Activities					
	Golf Course Enterprise	Sewer User Fund	Stormwater Utility	Memorial Airport	Other Enterprise Funds	Total
Net position at January 1, 2018, as previously reported	\$ 1,901,385	\$ 88,493,161	\$ 48,421,655	\$ 41,536,210	\$ 16,992,297	\$ 197,344,708
Prior period adjustment to implement GASB Statement 75 for OPEB reporting	(9,523)	(407,421)	(134,073)	(84,094)	(10,150)	(645,261)
Prior period adjustment for capital contributions transferred in error between governmental activities and business-type activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,371,691)</u>	<u>-</u>	<u>(1,371,691)</u>
Net position at January 1, 2018, as restated	<u><u>\$ 1,891,862</u></u>	<u><u>\$ 88,085,740</u></u>	<u><u>\$ 48,287,582</u></u>	<u><u>\$ 40,080,425</u></u>	<u><u>\$ 16,982,147</u></u>	<u><u>\$ 195,327,756</u></u>

City of Pueblo, Colorado
Notes to Financial Statements
December 31, 2018

III. DETAILED NOTES FOR ALL FUNDS, Continued

J. NET POSITION, Continued

	<u>Internal Service Fund</u>
Net position at January 1, 2018, as previously reported	\$ 1,909,369
Prior period adjustment to implement GASB Statement 75 for OPEB reporting	<u>(297,237)</u>
Net position at January 1, 2018, as restated	<u>\$ 1,612,132</u>

Net position at January 1, 2018 for Pueblo Urban Renewal Authority, discretely-presented component unit, has been restated from amounts previously reported as follows:

	<u>Pueblo Urban Renewal Authority</u>
Net position at January 1, 2018, as previously reported	\$ 1,111,959
Construction in progress not reported	946,360
Amortization of deferred amount of refunding	(157,659)
Prior period adjustment to implement GASB Statement 75 for OPEB reporting	<u>(91,359)</u>
Net position at January 1, 2018, as restated	<u>\$ 1,809,301</u>

City of Pueblo, Colorado
Notes to Financial Statements
December 31, 2018

III. DETAILED NOTES FOR ALL FUNDS, Continued

K. FUND BALANCES

At December 31, 2018, fund balances for governmental funds consist of the following:

	Governmental Activities					Total
	General Fund	Economic Development 1/2 Cent Tax Fund	HUD Grants Fund	Public Improvements Funds	Other Governmental Funds	
Fund Balances -						
Nonspendable -						
Inventories	\$ 26,091	\$ -	\$ -	\$ -	\$ -	\$ 26,091
Prepaid items	631,588	-	375,000	6,827	-	1,013,415
Long-term fund advances	2,472,618	-	-	-	-	2,472,618
Restricted - Tabor	2,700,000	-	-	-	-	2,700,000
Economic development incentives	-	94,546,709	-	-	-	94,546,709
Low and moderate income assistance	-	-	5,266,419	-	355,159	5,621,578
Streets, highways and bridges	-	-	-	-	3,282,610	3,282,610
Police and fire assistance	-	-	-	-	3,201,113	3,201,113
Parks and recreation projects	-	-	-	-	1,478,762	1,478,762
Waste and other disposal	-	-	-	-	2,687,341	2,687,341
District maintenance	-	-	-	-	198,277	198,277
Cemetery maintenance	-	-	-	-	240,513	240,513
Capital projects	-	-	-	2,772,819	169,544	2,942,363
Committed -						
Minimum reserve	11,556,425	-	-	-	-	11,556,425
Capital projects	-	-	-	104,831	-	104,831
Assigned -						
Subsequent years' expenditures	5,847,098	-	-	-	-	5,847,098
Year-end sales and use tax receivable	5,710,054	-	-	-	-	5,710,054
Capital projects	-	-	-	3,776,515	-	3,776,515
Long-term fund advances	-	-	-	747,000	-	747,000
Parks and recreation projects	-	-	-	-	56,451	56,451
Donor specified projects	-	-	-	-	(16,741)	(16,741)
Unassigned	2,971,690	-	-	-	5	2,971,695
	<u>\$ 31,915,564</u>	<u>\$ 94,546,709</u>	<u>\$ 5,641,419</u>	<u>\$ 7,407,992</u>	<u>\$ 11,653,034</u>	<u>\$ 151,164,718</u>

City Council has committed 13% of total general fund expenditures and transfers as a minimum reserve for major unanticipated emergencies.

City of Pueblo, Colorado
Notes to Financial Statements
December 31, 2018

IV. OTHER NOTE DISCLOSURES

A. RISK MANAGEMENT

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

The City has elected to self-insure for workmen's compensation with a specific retention risk of \$550,000 in 2018. Claims and insurance costs are recognized as expenses in the internal service fund and totaled \$4,465,794 for the year ended December 31, 2018. At December 31, 2018, the actuarially determined loss reserve for self-insured workmen's compensation claims totaled \$1,900,928 which represents the discounted present value of expected losses using a discount rate assumption of 3% and includes claims incurred but not yet reported. Changes in this claims liability for the years ended December 31, 2018 and 2017 are as follows:

	<u>Year Ended December 31</u>	
	<u>2018</u>	<u>2017</u>
Estimated claims liability, January 1	\$ 748,596	\$ 1,759,564
Current year claims and changes in estimates	2,701,067	397,366
Current year payments	(1,548,735)	(1,408,334)
Estimated claims liability, December 31	<u>\$ 1,900,928</u>	<u>\$ 748,596</u>

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

NEW HIRE FIRE AND POLICE DEATH AND DISABILITY

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

City of Pueblo, Colorado
Notes to Financial Statements
December 31, 2018

IV. OTHER NOTE DISCLOSURES, Continued

A. RISK MANAGEMENT, Continued

Plan members and the City of Pueblo are required to contribute at a rate set by statute. The contribution requirements of plan members and the City of Pueblo are established under Title 31, Article 30, part 10 of the CRS, as amended. The contribution rate for new-hire police members is 0.10% of covered salary and for the City of Pueblo the contribution rate is 2.60% of covered salary. The contribution rate for new-hire fire members is .20% of covered salary and for the City of Pueblo the contribution rate is 2.50% of covered salary. The City of Pueblo's contributions to the statewide death and disability plan for the years ended December 31, 2018, 2017, 2016, and 2015 were \$501,804, \$449,375, \$416,280, and \$399,093, equal to their required contributions for each year.

B. OTHER REPORTING ENTITY DISCLOSURES

JOINT VENTURES

PUEBLO REGIONAL BUILDING DEPARTMENT

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

PUEBLO CITY-COUNTY HEALTH DEPARTMENT

The Pueblo City-County Health Department is also a joint venture between the City of Pueblo and the County of Pueblo. The Department was created in 1952 for the purpose of providing public health care services to the residents of the city and county. A portion of the Department's revenues are composed of subsidies from the City of Pueblo and County of Pueblo, with the City's totaling \$719,483 for 2018. The governing body of the Department is composed of five members, two of which are appointed by the City of Pueblo, two are appointed by the County of Pueblo, and one member is jointly appointed.

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

City of Pueblo, Colorado
Notes to Financial Statements
December 31, 2018

IV. OTHER NOTE DISCLOSURES, Continued

B. OTHER REPORTING ENTITY DISCLOSURES, Continued

HISTORIC ARKANSAS RIVERWALK AUTHORITY

The City is a participant with the County of Pueblo (the County), the Pueblo Urban Renewal Authority (PURA), the Pueblo Conservancy District (the District) and the Board of Water Works (the Board) in a joint venture known as the Historic Arkansas Riverwalk Authority (the Authority). The Authority's purpose is to promote, manage, supervise, operate, develop and maintain the Historic Arkansas Riverwalk Project (HARP). The governing body is composed of seven members, two of which are appointed by the City, while each of the other participants appoints one member and one member is appointed by the majority vote of an appointment committee composed of five persons who are appointed by each of the governing bodies of the parties. A portion of the Authority's revenues are composed of subsidies from the City of Pueblo and the County of Pueblo, with the City's totaling \$241,172 for 2018.

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

JOINTLY GOVERNED ORGANIZATION

PUEBLO AREA COUNCIL OF GOVERNMENTS (PACOG)

PACOG was formed in 1971 to serve as an interlocal advisory board through which local government entities may be aided in dealing with issues of common interest that transcend geographic borders to include a comprehensive regional planning process. PACOG's governing body is composed of 15 members, of which 7 are City Council members. The City's accountability is limited to making these appointments. During 2018, the City appropriated \$63,802 to PACOG.

RELATED ORGANIZATION

PUEBLO HOUSING AUTHORITY

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

City of Pueblo, Colorado
Notes to Financial Statements
December 31, 2018

IV. OTHER NOTE DISCLOSURES, Continued

C. COMMITMENTS AND CONTINGENCIES

LEASING ARRANGEMENTS

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

<u>Year Ending December 31,</u>	
2019	\$ 120,000
2020	123,500
2021	123,500
2022	131,600
2023	135,800
2024-2026	<u>435,803</u>
	<u>\$ 1,070,203</u>

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

<u>Year Ending December 31,</u>	
2019	<u>\$ 193,548</u>

OTHER COMMITMENTS

As part of an agreement with the Young Men's Christian Association (YMCA), the City committed to contribute to the YMCA a total of \$2,000,000 payable in equal installments of \$200,000 per year for 10 years beginning in 2008. This contribution was made to the YMCA as part of their capital campaign and the yearly payment is subject to annual appropriation by City Council. The City's 2018 installment was reduced to \$150,000 but no modification to the original commitment has been authorized by City Council.

Encumbrances are commitments related to unperformed (executory) contracts for goods and services. Encumbrances outstanding at December 31, 2018 are not accounted for as expenditures and liabilities but are included in fund balance. Encumbrances outstanding at December 31, 2018 for governmental funds are as follows:

General fund	\$ 45,033
Economic development ½ cent tax fund	2,075,415
HUD grants fund	418,228
Capital projects fund	244,585
Other governmental funds	<u>1,200,294</u>
	<u>\$ 3,983,555</u>

City of Pueblo, Colorado
Notes to Financial Statements
December 31, 2018

IV. OTHER NOTE DISCLOSURES, Continued

C. COMMITMENTS AND CONTINGENCIES, Continued

ARBITRAGE LIABILITY

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

GRANTS AND OTHER

The City participates in a number of federal and state-assisted grant programs. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audit could become a liability of the City. In the opinion of management, however, any such disallowed claims would not have a material effect on the financial statements as of and for the year ended December 31, 2018.

LEGAL DEBT MARGIN

The amount of general obligation long-term debt that can be incurred by the City is limited by the charter. General obligation debt can't exceed 10% of assessed valuation. At December 31, 2018, the debt limit was \$109,630,816 and the debt margin was \$109,630,816.

TAX ABATEMENTS

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

All incentive agreements are subject to annual appropriations by City Council as required in the Colorado Constitution and the City Charter. Some of the agreements have provisions for recapturing the incentives awarded if specific performance measures are not maintained. As of December 31, 2018, the City has three active incentive agreements in place. In 2018, the City's expenditures include \$2,011,029 in tax abatements.

OTHER ITEMS

Tax Spending and Debt Limitations

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

City of Pueblo, Colorado
Notes to Financial Statements
December 31, 2018

IV. OTHER NOTE DISCLOSURES, Continued

C. COMMITMENTS AND CONTINGENCIES, Continued

Litigation

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

Subsequent Events

Management of the City has evaluated subsequent events through June 26, 2019, the date that the financial statements were available to be issued. No transactions or events that would require adjustment to or disclosures in the financial statements were identified.

Required Supplementary Information

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City of Pueblo, Colorado
Budgetary Comparison Schedule
General Fund
Year Ended December 31, 2018

	Budgeted Amounts		Actual	Variance With
	Original	Final	Budget	Final Budget
			Basis	Positive
				(Negative)
REVENUES AND OTHER				
FINANCING SOURCES				
Taxes	\$ 74,443,077	\$ 74,443,077	\$ 73,529,751	\$ (913,326)
Licenses and permits	899,000	899,000	896,954	(2,046)
Intergovernmental	2,713,820	2,779,738	3,385,606	605,868
Charges for services	4,293,368	4,293,368	4,745,551	452,183
Fines and forfeits	1,439,000	1,439,000	2,170,102	731,102
Other revenue	406,000	406,000	780,895	374,895
Transfers in	4,084,572	4,084,572	4,057,610	(26,962)
TOTAL REVENUES AND				
OTHER FINANCING SOURCES	88,278,837	88,344,755	89,566,469	1,221,714
EXPENDITURES AND OTHER				
FINANCING USES				
Current -				
General government	12,488,033	12,142,115	11,171,544	970,571
Public safety -				
Police	30,283,394	30,173,652	28,648,810	1,524,842
Fire	18,385,058	18,385,058	17,908,183	476,875
Public works	8,070,307	7,957,439	6,555,522	1,401,917
Parks and recreation	5,643,584	5,646,885	5,541,255	105,630
Culture and community welfare	5,220,528	5,273,528	5,168,991	104,537
Nondepartmental	521,000	434,700	279,858	154,842
Capital outlay	-	292,146	285,807	6,339
Transfers out	11,413,359	14,631,657	14,335,608	296,049
TOTAL EXPENDITURES AND				
OTHER FINANCING USES	92,025,263	94,937,180	89,895,578	5,041,602
EXCESS (DEFICIENCY) OF REVENUES				
AND OTHER FINANCING SOURCES				
OVER EXPENDITURES AND OTHER				
FINANCING USES	(3,746,426)	(6,592,425)	(329,109)	6,263,316
FUND BALANCE, January 1	3,746,426	6,592,425	25,534,619	18,942,194
FUND BALANCE, December 31	\$ -	\$ -	25,205,510	\$ 25,205,510
Adjustment from budgetary basis to				
generally accepted accounting principles				
Accrued sales tax and franchise tax			5,710,054	
Advance to other fund			1,000,000	
Fund balance - generally accepted				
accounting principles			\$ 31,915,564	

See accompanying Independent Auditor's Report.

City of Pueblo, Colorado
Reconciliation of the Budgetary Basis of Accounting
To GAAP Basis of Accounting
General Fund
Year Ended December 31, 2018

BUDGETARY BASIS

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

REVENUES AND OTHER FINANCING SOURCES	\$	89,566,469
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Actual amounts (budgetary basis) of revenues and other financing sources from the budgetary comparison schedule

Differences - budget to GAAP

Accrued sales tax and franchise tax, beginning of year		(6,090,507)
Accrued sales tax and franchise tax, end of year		5,710,054
Change in unrealized gain (loss)		(14,502)
Change in the allowance for uncollectible accounts		8,629

GAAP BASIS REVENUES AND OTHER FINANCING SOURCES	\$	<u>89,180,143</u>
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EXPENDITURES AND OTHER FINANCING USES

Actual amounts (budgetary basis) of expenditures and other financing uses from the budgetary comparison schedule	\$	89,895,578
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Differences - Budget to GAAP

Advance to other fund		<u>(1,000,000)</u>
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GAAP BASIS EXPENDITURES AND OTHER FINANCING USES	\$	<u>88,895,578</u>
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See accompanying Independent Auditor's Report.

City of Pueblo, Colorado
Budgetary Comparison Schedule
Economic Development 1/2 Cent Tax Fund
Year Ended December 31, 2018

	Budgeted Amounts		Actual	Variance With
	Original	Final	Budget	Final Budget
			Basis	Positive
				(Negative)
REVENUES				
Interest earnings	\$ 200,000	\$ 200,000	\$ 1,159,762	\$ 959,762
Rents and other revenue	525,000	518,414	1,043,414	525,000
Sales and use taxes	8,608,645	8,608,645	8,423,035	(185,610)
Disposal of assets	-	-	10,812,250	10,812,250
TOTAL REVENUES AND				
OTHER FINANCING SOURCES	9,333,645	9,327,059	21,438,461	12,111,402
EXPENDITURES AND OTHER				
FINANCING USES				
Current -				
Professional services	350,000	350,000	394,898	(44,898)
Programs/projects	8,783,645	45,027,228	22,375,838	22,651,390
Capital outlay	-	-	2,995,911	(2,995,911)
Transfers out	200,000	200,000	200,000	-
TOTAL EXPENDITURES AND				
OTHER FINANCING USES	9,333,645	45,577,228	25,966,647	19,610,581
NET CHANGE IN FUND BALANCE	-	(36,250,169)	(4,528,186)	31,721,983
FUND BALANCE, January 1	-	36,250,169	54,261,343	18,011,174
FUND BALANCE, December 31	\$ -	\$ -	49,733,157	\$ 49,733,157
Adjustment from budgetary basis to generally accepted accounting principles				
Notes and loans receivable, net			44,813,552	
Fund balance - generally accepted accounting principles			\$ 94,546,709	

See accompanying Independent Auditor's Report.

City of Pueblo, Colorado
Reconciliation of the Budgetary Basis of Accounting
To GAAP Basis of Accounting
Economic Development 1/2 Cent Tax Fund
Year Ended December 31, 2018

BUDGETARY BASIS

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

REVENUES AND OTHER FINANCING SOURCES

Actual amounts (budgetary basis) of revenues from the budgetary comparison schedule	\$ 21,438,461
Differences - budget to GAAP	
Loan payments received	(197,576)
Sale of assets	<u>(3,270,820)</u>

GAAP BASIS REVENUES AND OTHER FINANCING SOURCES	<u>\$ 17,970,065</u>
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EXPENDITURES AND OTHER FINANCING USES

Actual amounts (budgetary basis) of expenditures and other financing uses from the budgetary comparison schedule	\$ 25,966,647
Differences - Budget to GAAP	
Loans made during the year	(20,873,791)
Credits awarded to loan recipients for meeting established employment targets	<u>987,050</u>

GAAP BASIS EXPENDITURES AND OTHER FINANCING USES	<u>\$ 6,079,906</u>
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See accompanying Independent Auditor's Report.

City of Pueblo, Colorado
Budgetary Comparison Schedule
HUD Grants Fund
Year Ended December 31, 2018

	Budgeted Amounts		Actual	Variance With
	Original	Final	Budget	Final Budget
			Basis	Positive
				(Negative)
REVENUES AND OTHER				
FINANCING SOURCES				
Intergovernmental	\$ 1,867,996	\$ 2,287,408	\$ 2,743,150	\$ 455,742
Loan payments	27,500	2,500	50,292	47,792
Other	15,000	-	248,563	248,563
Transfers in	117,810	156,862	156,862	-
TOTAL REVENUES AND				
OTHER FINANCING SOURCES	2,028,306	2,446,770	3,198,867	752,097
EXPENDITURES AND OTHER				
FINANCING USES				
Current -				
Programs/projects	2,055,203	5,827,099	1,996,402	3,830,697
Capital outlay	-	447,918	390,349	57,569
Transfers out	313,103	366,930	286,571	80,359
TOTAL EXPENDITURES AND	2,368,306	6,641,947	2,673,322	3,968,625
OTHER FINANCING USES				
NET CHANGE IN FUND BALANCE	(340,000)	(4,195,177)	525,545	4,720,722
FUND BALANCE, January 1	340,000	4,195,177	1,183,683	(3,011,494)
FUND BALANCE, December 31	\$ -	\$ -	1,709,228	\$ 1,709,228
Adjustment from budgetary basis to				
generally accepted accounting principles				
Loans receivable			4,603,443	
Inventory of land held for resale			116,968	
Deferred inflow of resources related to grants			(788,220)	
Fund balance - generally accepted				
accounting principles			\$ 5,641,419	

See accompanying Independent Auditor's Report.

City of Pueblo, Colorado
Reconciliation of the Budgetary Basis of Accounting
To GAAP Basis of Accounting
HUD Grants Fund
Year Ended December 31, 2018

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	\$ 3,198,867
Differences - budget to GAAP	
Loan payments and other revenue received	(50,292)
Deferred inflows of resources related to grants	<u>(770,895)</u>

GAAP BASIS REVENUES AND OTHER FINANCING SOURCES	<u>\$ 2,377,680</u>
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EXPENDITURES AND OTHER FINANCING USES

Actual amounts (budgetary basis) of expenditures and other financing uses from the budgetary comparison schedule	\$ 2,673,322
Differences - budget to GAAP	
Inventory and other expenditures	<u>(547,787)</u>

GAAP BASIS EXPENDITURES AND OTHER FINANCING USES	<u>\$ 2,125,535</u>
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See accompanying Independent Auditor's Report.

City of Pueblo, Colorado
Notes to Required Supplementary Information
Year Ended December 31, 2018

BUDGETARY INFORMATION

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

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

Expenditure estimates in the annual budgets are enacted into law through the passage of an appropriation ordinance. The City Manager may at any time transfer any unencumbered appropriated balance or portion thereof from one classification of expenditure to another within the same department, office or agency. The Council may, by resolution, transfer any unencumbered appropriated balance or portion thereof from one department, office or agency to another. City Council may amend the original adopted budget during the year by passing a new ordinance to reflect current needs. During 2018, the expenditure estimates were amended. These amendments were made in accordance with the City Charter.

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

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

See accompanying Independent Auditor's Report.

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

	2017	2016	2015	2014	2013
City's proportion of the net pension liability	3.273%	3.203%	3.363%	3.489%	3.626%
City's proportionate share of the net pension liability	36,442,564	43,251,422	37,046,169	31,272,221	29,839,115
City's covered payroll	20,653,640	19,420,370	19,115,117	19,119,848	19,348,785
City's proportionate share of the net pension liability as a percentage of its covered payroll	176.446%	222.712%	193.806%	163.559%	154.217%
Plan fiduciary net position as a percentage of the total pension liability	79.370%	73.600%	76.900%	88.783%	91.876%

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

See accompanying Independent Auditor's Report.

City of Pueblo, Colorado
Schedule of the City's Contributions
Public Employees' Retirement Association
Local Government Division Trust Fund
Year Ended December 31, 2018

	2018	2017	2016	2015	2014	2013
Contractually required contribution	\$ 2,765,672	\$ 2,618,370	\$ 2,461,991	\$ 2,421,672	\$ 2,424,221	\$ 2,452,914
Contributions in relation to the contractually required contribution	<u>2,765,672</u>	<u>2,618,370</u>	<u>2,461,991</u>	<u>2,421,672</u>	<u>2,424,221</u>	<u>2,452,914</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 21,812,282	\$ 20,653,640	\$ 19,420,370	\$ 19,115,117	\$ 19,119,848	\$ 19,348,785
Contributions as a percentage of covered payroll	12.68%	12.68%	12.68%	12.67%	12.68%	12.68%

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

See accompanying Independent Auditor's Report.

City of Pueblo, Colorado
Schedule of the City's Proportionate Share of the Net Pension (Asset)/Liability
Fire and Police Pension Association
New Hire Fire and Police Pension Fund
Year Ended December 31, 2018

	2017	2016	2015	2014	2013
City's proportion of the net pension liability (asset)	3.672%	3.989%	4.161%	4.395%	4.524%
City's proportionate share of the net pension liability (asset)	(5,282,751)	1,441,379	(73,352)	(4,960,089)	(4,045,301)
City's covered payroll	21,476,338	20,416,199	20,150,739	19,763,175	19,650,362
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	-24.598%	7.060%	(0.364%)	(25.098%)	(20.586%)
Plan fiduciary net position as a percentage of the total pension liability	106.300%	98.210%	100.100%	106.800%	105.800%

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

See accompanying Independent Auditor's Report.

City of Pueblo, Colorado
Schedule of the City's Contributions
Fire and Police Pension Association
New Hire Fire and Police Pension Fund
Year Ended December 31, 2018

	2018	2017	2016	2015	2014	2013
Contractually required contribution	\$ 1,841,067	\$ 1,718,110	\$ 1,633,306	\$ 1,613,793	\$ 1,581,054	\$ 1,572,029
Contributions in relation to the contractually required contribution	<u>1,841,067</u>	<u>1,718,110</u>	<u>1,633,306</u>	<u>1,613,793</u>	<u>1,581,054</u>	<u>1,572,029</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 23,013,364	\$ 21,476,338	\$ 20,416,199	\$ 20,150,739	\$ 19,763,175	\$ 19,650,362
Contributions as a percentage of covered payroll	8.00%	8.00%	8.00%	8.01%	8.00%	8.00%

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

See accompanying Independent Auditor's Report.

City of Pueblo, Colorado
Schedule of Changes in the City's Net Pension Liability and Related Ratios
Pueblo Old Hire Police Pension Fund
Year Ended December 31, 2018

Measurement Period Ended December 31,	2017	2016	2015	2014
Total pension liability -				
Service cost	\$ -	\$ -	\$ -	\$ -
Interest	4,635,366	4,699,710	4,564,633	4,647,773
Changes in benefit terms	-	-	-	-
Differences between expected and actual experience	(2,388,914)	-	(1,429,499)	-
Changes in assumptions	-	-	4,313,589	-
Benefit payments, including refunds of employee contributions	(5,543,482)	(5,571,276)	(5,721,421)	(5,789,929)
Net change in total pension liability	(3,297,030)	(871,566)	1,727,302	(1,142,156)
Total pension liability - beginning	64,526,509	65,398,075	63,670,773	64,812,929
Total pension liability - ending (a)	<u>\$ 61,229,479</u>	<u>\$ 64,526,509</u>	<u>\$ 65,398,075</u>	<u>\$ 63,670,773</u>
Plan fiduciary net position -				
Contributions - employer	\$ 1,542,672	\$ 1,226,430	\$ 1,272,351	\$ 1,710,695
Contributions - employee	-	-	-	2,821
Net investment income	6,655,302	2,495,649	955,007	3,522,694
Benefit payments, including refunds of employee contributions	(5,543,482)	(5,571,276)	(5,721,421)	(5,789,929)
Administrative expense	(21,358)	(78,233)	(73,229)	(89,300)
Net change in plan fiduciary net position	2,633,134	(1,927,430)	(3,567,292)	(643,019)
Plan fiduciary net position - beginning	47,321,283	49,248,713	52,816,005	53,459,024
Plan fiduciary net position - ending (b)	<u>\$ 49,954,417</u>	<u>\$ 47,321,283</u>	<u>\$ 49,248,713</u>	<u>\$ 52,816,005</u>
City's net pension liability - ending (a) - (b)	\$ 11,275,062	\$ 17,205,226	\$ 16,149,362	\$ 10,854,768
Plan fiduciary net position as a percentage of the total pension liability	81.59%	73.34%	75.31%	82.95%
Covered-employee payroll	N/A	N/A	N/A	\$ 99,053
City of Pueblo's net pension liability as a percentage of covered-employee payroll	N/A	N/A	N/A	10,958.55%

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

See accompanying Independent Auditor's Report.

City of Pueblo, Colorado
Schedule of the City's Contributions
Pueblo Old Hire Police Pension Fund
Year Ended December 31, 2018

	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 1,571,421	\$ 1,542,672	\$ 1,226,430	\$ 1,226,430	\$ 1,718,438
Contributions in relation to the actuarially required contribution	<u>1,571,421</u>	<u>1,542,672</u>	<u>1,226,430</u>	<u>1,272,351</u>	<u>1,710,695</u>
Contribution deficiency (excess) (1)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (45,921)</u>	<u>\$ 7,743</u>
City's covered-employee payroll	N/A	N/A	N/A	N/A	\$ 99,053
Contributions as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A	1,727.05%

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

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

See accompanying Independent Auditor's Report.

City of Pueblo, Colorado
Schedule of Changes in the City's Net Pension Liability and Related Ratios
Pueblo Old Hire Fire Pension Fund
Year Ended December 31, 2018

Measurement Period Ended December 31,	2017	2016	2015	2014
Total pension liability -				
Service cost	\$ -	\$ -	\$ -	\$ -
Interest	3,426,964	3,498,913	3,434,587	3,512,883
Changes in benefit terms	-	-	-	-
Differences between expected and actual experience	(102,157)	-	(1,302,712)	-
Changes in assumptions	-	-	3,235,013	-
Benefit payments, including refunds of employee contributions	(4,451,570)	(4,464,644)	(4,552,205)	(4,561,272)
Net change in total pension liability	(1,126,763)	(965,731)	814,683	(1,048,389)
Total pension liability - beginning	47,878,406	48,844,137	48,029,454	49,077,843
Total pension liability - ending (a)	<u>\$ 46,751,643</u>	<u>\$ 47,878,406</u>	<u>\$ 48,844,137</u>	<u>\$ 48,029,454</u>
Plan fiduciary net position -				
Contributions - employer	\$ 1,545,814	\$ 1,324,595	\$ 1,299,942	\$ 1,028,768
Contributions - employee	-	-	-	2,092
Net investment income	4,671,464	1,755,976	674,555	2,511,258
Benefit payments, including refunds of employee contributions	(4,451,570)	(4,464,644)	(4,552,205)	(4,561,272)
Administrative expense	(26,185)	(57,923)	(55,541)	(66,952)
Net change in plan fiduciary net position	1,739,523	(1,441,996)	(2,633,249)	(1,086,106)
Plan fiduciary net position - beginning	33,277,756	34,719,752	37,353,001	38,439,107
Plan fiduciary net position - ending (b)	<u>\$ 35,017,279</u>	<u>\$ 33,277,756</u>	<u>\$ 34,719,752</u>	<u>\$ 37,353,001</u>
City's net pension liability - ending (a) - (b)	\$ 11,734,364	\$ 14,600,650	\$ 14,124,385	\$ 10,676,453
Plan fiduciary net position as a percentage of the total pension liability	74.90%	69.50%	71.08%	77.77%
Covered-employee payroll	N/A	N/A	N/A	\$ 78,448
City of Pueblo's net pension liability as a percentage of covered-employee payroll	N/A	N/A	N/A	13,609.59%

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

See accompanying Independent Auditor's Report.

City of Pueblo, Colorado
Schedule of the City's Contributions
Pueblo Old Hire Fire Pension Fund
Year Ended December 31, 2018

	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 1,565,925	\$ 1,545,814	\$ 1,324,595	\$ 1,299,942	\$ 1,028,768
Contributions in relation to the actuarially required contribution	<u>1,565,925</u>	<u>1,545,814</u>	<u>1,324,595</u>	<u>1,299,942</u>	<u>1,028,768</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	N/A	N/A	N/A	N/A	\$ 78,448
Contributions as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A	1311.40%

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

See accompanying Independent Auditor's Report.

City of Pueblo, Colorado
Schedule of the City's Proportionate Share
of the Other Post-Employment Benefit Amounts
Public Employees' Retirement Association
Local Government Division Trust Fund
Year Ended December 31, 2018

	2017	2016
City's proportion of the net OPEB liability	0.254%	0.246%
City's proportionate share of the net OPEB liability	3,300,984	3,189,474
City's covered payroll	20,647,940	19,414,670
City's proportionate share of the net OPEB liability as a percentage of its covered payroll	15.987%	16.428%
Plan fiduciary net position as a percentage of the total OPEB liability	17.529%	16.716%

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

See accompanying Independent Auditor's Report.

City of Pueblo, Colorado
Schedule of the City's Other Post-Employment Benefit Contributions
Public Employees' Retirement Association
Local Government Division Trust Fund
Year Ended December 31, 2018

	2018	2017	2016
Contractually required contribution	\$ 222,427	\$ 210,609	\$ 198,030
Contributions in relation to the contractually required contribution	<u>222,427</u>	<u>210,609</u>	<u>198,030</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 21,806,582	\$ 20,647,940	\$ 19,414,670
Contributions as a percentage of covered payroll	1.02%	1.02%	1.02%

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

See accompanying Independent Auditor's Report.

City of Pueblo, Colorado
Schedule of Changes in the City's Net Other
Post-Employment Benefit Liability and Related Ratios
Pueblo Police Unit
Year Ended December 31, 2018

Measurement Period Ended December 31,	<u>2018</u>
Total OPEB liability -	
Service cost	\$ 759,482
Interest	235,428
Changes in benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions	(358,105)
Benefit payments, including refunds of employee contributions	<u>(33,697)</u>
Net change in total OPEB liability	603,108
Total OPEB liability - beginning	<u>6,707,502</u>
Total OPEB liability - ending	<u>\$ 7,310,610</u>
 Covered-employee payroll	 N/A
 City of Pueblo's net OPEB liability as a percentage of covered-employee payroll	 N/A

Note: This schedule is intended to show information for ten years. Additional years' information will become available

See accompanying Independent Auditor's Report.

City of Pueblo, Colorado
Schedule of Changes in the City's Net Other
Post-Employment Benefit Liability and Related Ratios
Pueblo Fire Unit
Year Ended December 31, 2018

Measurement Period Ended December 31,	<u>2018</u>
Total OPEB liability -	
Service cost	\$ 484,285
Interest	204,747
Changes in benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions	(265,058)
Benefit payments, including refunds of employee contributions	<u>(97,767)</u>
Net change in total OPEB liability	326,207
Total OPEB liability - beginning	<u>6,043,548</u>
Total OPEB liability - ending	<u>\$ 6,369,755</u>
Covered-employee payroll	N/A
City of Pueblo's net OPEB liability as a percentage of covered-employee payroll	N/A

Note: This schedule is intended to show information for ten years. Additional years' information will become available

See accompanying Independent Auditor's Report.

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Supplementary Information

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City of Pueblo, Colorado
Explanation of Funds
December 31, 2018

Nonmajor Governmental Funds

SPECIAL REVENUE FUNDS

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

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

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

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

Police Safety Tax – This fund is used to account for the collection of a 0.2% sales tax. The revenue is used for operating expenses and personnel cost within the Police department.

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

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

City of Pueblo, Colorado
Explanation of Funds (Cont'd.)
December 31, 2018

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

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

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

CAPITAL PROJECTS FUNDS

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

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

DEBT SERVICE FUND

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

City of Pueblo, Colorado
Explanation of Funds (Cont'd.)
December 31, 2018

Proprietary Funds

NONMAJOR ENTERPRISE FUNDS

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

Street Repair – This fund accounts for the operations of the Street Repair utility. Activities of the fund include design, construction, management, and repair of the street and road systems located with the City. All costs are financed through monthly charges to utility customers with fees set by City Council.

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

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

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

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

INTERNAL SERVICE FUND

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

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

City of Pueblo, Colorado
Explanation of Funds (Cont'd.)
December 31, 2018

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

Nonmajor Governmental Funds

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

	Special Revenue Funds				
	Inter- governmental	Special Charges	Stimulus Grants	Police Safety Tax	Southpointe Special District
Assets					
Restricted cash and cash equivalents	\$ 283,298	\$ -	\$ -	\$ -	\$ -
Investments	4,717,610	2,632,148	-	-	117,544
Taxes receivable, net	-	-	-	-	19,814
Due from other funds	42,565	954,936	49,715	1,727,296	629
Receivable from other governments	979,493	-	-	-	-
Other receivables	18,762	400,301	-	329,895	636
Inventories	-	-	305,444	-	-
Total assets	\$ 6,041,728	\$ 3,987,385	\$ 355,159	\$ 2,057,191	\$ 138,623
Liabilities					
Accounts payable	\$ 95,581	\$ 385,972	\$ -	\$ 341	\$ 84
Due to other funds	-	-	-	-	-
Total liabilities	95,581	385,972	-	341	84
 Deferred inflows of resources	 954,584	 -	 -	 -	 19,814
Fund balances					
Restricted	4,991,563	3,601,413	355,159	2,056,850	118,725
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances	4,991,563	3,601,413	355,159	2,056,850	118,725
Total liabilities, deferred inflows of resources and fund balances	\$ 6,041,728	\$ 3,987,385	\$ 355,159	\$ 2,057,191	\$ 138,623

				Capital Projects Fund		
Bandera Blvd. Special District	North Gateway BID	North Gateway PIF	Other Special Revenue	Historic Arkansas River Project	Debt Service	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 283,298
77,145	-	-	895,348	-	-	8,439,795
19,814	-	-	-	-	-	39,628
413	23,572	25,785	22,430	169,544	5	3,016,890
-	-	-	-	-	-	979,493
492	30,769	40,508	1,695	-	-	823,058
-	-	-	-	-	-	305,444
<u>\$ 97,864</u>	<u>\$ 54,341</u>	<u>\$ 66,293</u>	<u>\$ 919,473</u>	<u>\$ 169,544</u>	<u>\$ 5</u>	<u>\$ 13,887,606</u>
\$ 114	\$ 52,725	\$ 66,293	\$ 53,154	\$ -	\$ -	\$ 654,264
-	-	-	586,096	-	-	586,096
114	52,725	66,293	639,250	-	-	1,240,360
19,814	-	-	-	-	-	994,212
77,936	1,616	-	240,513	169,544	-	11,613,319
-	-	-	39,710	-	-	39,710
-	-	-	-	-	5	5
<u>77,936</u>	<u>1,616</u>	<u>-</u>	<u>280,223</u>	<u>169,544</u>	<u>5</u>	<u>11,653,034</u>
<u>\$ 97,864</u>	<u>\$ 54,341</u>	<u>\$ 66,293</u>	<u>\$ 919,473</u>	<u>\$ 169,544</u>	<u>\$ 5</u>	<u>\$ 13,887,606</u>

See accompanying Independent Auditor's Report.

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

	Special Revenue Funds				
	Inter- governmental	Special Charges	Stimulus Grants	Police Safety Tax	Southpointe Special District
Revenues					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ 20,696
Sales and miscellaneous taxes	-	2,127,100	-	3,369,214	2,035
Intergovernmental	6,633,108	-	216	-	-
Charges for services	-	1,245,403	-	-	-
Investment earnings	70,560	42,480	-	-	1,988
Miscellaneous	52,225	-	-	-	-
Total revenues	6,755,893	3,414,983	216	3,369,214	24,719
Expenditures					
Current					
Public safety	48,703	586,457	-	1,312,224	-
Public works	1,796,409	-	-	-	-
Parks and recreation	156,617	-	-	-	10,927
Culture and community welfare	-	2,127,100	-	-	-
Debt service					
Principal	-	-	-	-	-
Interest and other charges	-	-	-	-	-
Capital outlay	861,380	3,285	-	140	-
Total expenditures	2,863,109	2,716,842	-	1,312,364	10,927
Excess (deficiency) of revenues over (under) expenditures	3,892,784	698,141	216	2,056,850	13,792
Other financing sources (uses)					
Transfers in	12,000	-	-	-	-
Transfers out	(3,094,193)	(742,000)	-	-	-
Total other financing sources (uses)	(3,082,193)	(742,000)	-	-	-
Change in fund balances	810,591	(43,859)	216	2,056,850	13,792
Fund balance at beginning of year	4,180,972	3,645,272	354,943	-	104,933
Fund balance at end of year	\$ 4,991,563	\$ 3,601,413	\$ 355,159	\$ 2,056,850	\$ 118,725

				Capital Projects Fund		Total Nonmajor Governmental Funds
Bandera Blvd. Special District	North Gateway BID	North Gateway PIF	Other Special Revenue	Historic Arkansas River Project	Debt Service	
\$ 23,069	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 43,765
2,234	224,452	-	-	-	-	5,725,035
-	-	-	-	-	-	6,633,324
-	-	286,964	-	-	-	1,532,367
1,336	-	-	17,234	-	205	133,803
-	-	-	159,885	-	-	212,110
26,639	224,452	286,964	177,119	-	205	14,280,404
-	-	-	-	-	-	1,947,384
-	213,230	272,616	-	-	-	2,282,255
19,572	-	-	398,988	-	-	586,104
-	-	-	-	-	-	2,127,100
-	-	-	-	-	3,482,760	3,482,760
-	-	-	-	-	415,180	415,180
-	-	-	2,859	-	-	867,664
19,572	213,230	272,616	401,847	-	3,897,940	11,708,447
7,067	11,222	14,348	(224,728)	-	(3,897,735)	2,571,957
-	-	-	-	-	3,901,748	3,913,748
-	(11,223)	(14,348)	-	-	-	(3,861,764)
-	(11,223)	(14,348)	-	-	3,901,748	51,984
7,067	(1)	-	(224,728)	-	4,013	2,623,941
70,869	1,617	-	504,951	169,544	(4,008)	9,029,093
\$ 77,936	\$ 1,616	\$ -	\$ 280,223	\$ 169,544	\$ 5	\$ 11,653,034

See accompanying Independent Auditor's Report.

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Special Revenue Funds

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City of Pueblo, Colorado
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Intergovernmental Fund
Year Ended December 31, 2018

	Budgeted Amounts Final	Actual Budget Basis	Variance With Final Budget Positive (Negative)
REVENUES			
Intergovernmental	\$ 5,319,594	\$ 6,629,328	\$ 1,309,734
Interest earnings	15,000	70,560	55,560
Miscellaneous revenues	-	52,225	52,225
Transfers in	12,000	12,000	-
TOTAL REVENUES	<u>5,346,594</u>	<u>6,764,113</u>	<u>1,417,519</u>
EXPENDITURES AND OTHER FINANCING USES			
Current -			
Programs/projects	5,044,962	2,863,109	2,181,853
Transfers out	<u>3,105,193</u>	<u>3,094,193</u>	<u>11,000</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>8,150,155</u>	<u>5,957,302</u>	<u>2,192,853</u>
NET CHANGE IN FUND BALANCE	(2,803,561)	806,811	3,610,372
FUND BALANCE, January 1	<u>2,803,561</u>	<u>4,184,752</u>	<u>1,381,191</u>
FUND BALANCE, December 31	<u>\$ -</u>	<u>\$ 4,991,563</u>	<u>\$ 4,991,563</u>

See accompanying Independent Auditor's Report.

City of Pueblo, Colorado
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Special Charges Fund
Year Ended December 31, 2018

	Budgeted Amounts Final	Actual Budget Basis	Variance With Final Budget Positive (Negative)
REVENUES			
Charges for services	\$ 1,125,000	\$ 1,245,403	\$ 120,403
Vendor's fees	2,056,460	2,127,100	70,640
Interest earnings	12,000	42,480	30,480
TOTAL REVENUES	<u>3,193,460</u>	<u>3,414,983</u>	<u>221,523</u>
EXPENDITURES AND OTHER FINANCING USES			
Current -			
Programs/projects	3,061,707	2,716,842	344,865
Transfers out	<u>742,000</u>	<u>742,000</u>	<u>-</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>3,803,707</u>	<u>3,458,842</u>	<u>344,865</u>
NET CHANGE IN FUND BALANCE	(610,247)	(43,859)	566,388
FUND BALANCE, January 1	<u>610,247</u>	<u>3,645,272</u>	<u>3,035,025</u>
FUND BALANCE, December 31	<u><u>\$ -</u></u>	<u><u>\$ 3,601,413</u></u>	<u><u>\$ 3,601,413</u></u>

See accompanying Independent Auditor's Report.

City of Pueblo, Colorado
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Stimulus Grants
Year Ended December 31, 2018

	Budgeted Amounts Final	Actual Budget Basis	Variance With Final Budget Positive (Negative)
REVENUES			
Intergovernmental	\$ -	\$ 216	\$ 216
TOTAL REVENUES	-	216	216
EXPENDITURES AND OTHER FINANCING USES			
Current -			
Programs/projects	-	-	-
TOTAL EXPENDITURES AND OTHER FINANCING USES	-	-	-
NET CHANGE IN FUND BALANCE	-	216	216
FUND BALANCE, January 1	-	49,499	49,499
FUND BALANCE, December 31	<u>\$ -</u>	<u>\$ 49,715</u>	<u>\$ 49,715</u>
Adjustment from budgetary basis to generally accepted accounting principles			
Inventory		<u>305,444</u>	
Fund balance - generally accepted accounting principles		<u>\$ 355,159</u>	

See accompanying Independent Auditor's Report.

City of Pueblo, Colorado
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Police Safety Tax
Year Ended December 31, 2018

	Budgeted Amounts Final	Actual Budget Basis	Variance With Final Budget Positive (Negative)
REVENUES			
Sales and use taxes	\$ 3,600,000	\$ 3,369,214	\$ (230,786)
TOTAL REVENUES	<u>3,600,000</u>	<u>3,369,214</u>	<u>(230,786)</u>
EXPENDITURES AND OTHER FINANCING USES			
Current -			
Programs/projects	3,209,700	1,312,224	1,897,476
Capital outlay	<u>390,300</u>	<u>140</u>	<u>390,160</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>3,600,000</u>	<u>1,312,364</u>	<u>2,287,636</u>
NET CHANGE IN FUND BALANCE	-	2,056,850	2,056,850
FUND BALANCE, January 1	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, December 31	<u><u>\$ -</u></u>	<u><u>\$ 2,056,850</u></u>	<u><u>\$ 2,056,850</u></u>

See accompanying Independent Auditor's Report.

City of Pueblo, Colorado
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
SouthPointe Special District
Year Ended December 31, 2018

	Budgeted Amounts Final	Actual Budget Basis	Variance With Final Budget Positive (Negative)
REVENUES			
Property and other taxes	\$ 21,281	\$ 22,731	\$ 1,450
Interest earnings	-	1,988	1,988
TOTAL REVENUES	<u>21,281</u>	<u>24,719</u>	<u>3,438</u>
EXPENDITURES AND OTHER FINANCING USES			
Current -			
Programs/projects	<u>30,400</u>	<u>10,927</u>	<u>19,473</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>30,400</u>	<u>10,927</u>	<u>19,473</u>
NET CHANGE IN FUND BALANCE	(9,119)	13,792	22,911
FUND BALANCE, January 1	<u>9,119</u>	<u>104,933</u>	<u>95,814</u>
FUND BALANCE, December 31	<u>\$ -</u>	<u>\$ 118,725</u>	<u>\$ 118,725</u>

See accompanying independent auditor's report.

City of Pueblo, Colorado
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Bandera Blvd. Special District
Year Ended December 31, 2018

	Budgeted Amounts Final	Actual Budget Basis	Variance With Final Budget Positive (Negative)
REVENUES			
Property and other taxes	\$ 23,366	\$ 25,303	\$ 1,937
Interest earnings	-	1,336	(1,336)
TOTAL REVENUES	<u>23,366</u>	<u>26,639</u>	<u>601</u>
EXPENDITURES AND OTHER FINANCING USES			
Current -			
Programs/projects	<u>92,060</u>	<u>19,572</u>	<u>72,488</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>92,060</u>	<u>19,572</u>	<u>72,488</u>
NET CHANGE IN FUND BALANCE	(68,694)	7,067	73,089
FUND BALANCE, January 1	<u>68,694</u>	<u>70,869</u>	<u>2,175</u>
FUND BALANCE, December 31	<u>\$ -</u>	<u>\$ 77,936</u>	<u>\$ 75,264</u>

See accompanying Independent Auditor's Report.

City of Pueblo, Colorado
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
North Gateway BID
Year Ended December 31, 2018

	Budgeted Amounts Final	Actual Budget Basis	Variance With Final Budget Positive (Negative)
REVENUES			
Sales and use taxes	\$ 260,000	\$ 224,452	\$ (35,548)
TOTAL REVENUES	<u>260,000</u>	<u>224,452</u>	<u>(35,548)</u>
EXPENDITURES AND OTHER FINANCING USES			
Current -			
Programs/projects	247,000	213,230	33,770
Transfers out	<u>13,000</u>	<u>11,223</u>	<u>1,777</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>260,000</u>	<u>224,453</u>	<u>35,547</u>
NET CHANGE IN FUND BALANCE	-	(1)	(1)
FUND BALANCE, January 1	<u>-</u>	<u>1,617</u>	<u>1,617</u>
FUND BALANCE, December 31	<u>\$ -</u>	<u>\$ 1,616</u>	<u>\$ 1,616</u>

See accompanying Independent Auditor's Report.

City of Pueblo, Colorado
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
North Gateway PIF
Year Ended December 31, 2018

	Budgeted Amounts Final	Actual Budget Basis	Variance With Final Budget Positive (Negative)
REVENUES			
Sales and use taxes	\$ 286,965	\$ 286,964	\$ (1)
TOTAL REVENUES	<u>286,965</u>	<u>286,964</u>	<u>(1)</u>
EXPENDITURES AND OTHER			
FINANCING USES			
Current -			
Programs/projects	247,000	272,616	(25,616)
Transfers out	<u>39,965</u>	<u>14,348</u>	<u>25,617</u>
TOTAL EXPENDITURES AND			
OTHER FINANCING USES	<u>286,965</u>	<u>286,964</u>	<u>1</u>
NET CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE, January 1	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, December 31	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

See accompanying Independent Auditor's Report.

City of Pueblo, Colorado
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Other Special Revenue Fund
Year Ended December 31, 2018

	Budgeted Amounts Final	Actual Budget Basis	Variance With Final Budget Positive (Negative)
REVENUES			
Contributions/donations	\$ 155,500	\$ 159,885	\$ 4,385
Interest earnings	<u>3,600</u>	<u>17,234</u>	<u>13,634</u>
TOTAL REVENUES	<u>159,100</u>	<u>177,119</u>	<u>18,019</u>
EXPENDITURES AND OTHER FINANCING USES			
Current -			
Programs/projects	463,180	398,988	64,192
Capital outlay	<u>-</u>	<u>2,859</u>	<u>(2,859)</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>463,180</u>	<u>401,847</u>	<u>61,333</u>
NET CHANGE IN FUND BALANCE	(304,080)	(224,728)	79,352
FUND BALANCE, January 1	<u>304,080</u>	<u>504,951</u>	<u>200,871</u>
FUND BALANCE, December 31	<u>\$ -</u>	<u>\$ 280,223</u>	<u>\$ 280,223</u>

See accompanying Independent Auditor's Report.

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Capital Projects Funds

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City of Pueblo, Colorado
Budgetary Comparison Schedule
Public Improvements Fund
Year Ended December 31, 2018

	Budgeted Amounts		Actual	Variance With
	Original	Final	Budget	Final Budget
			Basis	Positive
				(Negative)
REVENUES AND OTHER				
FINANCING SOURCES				
Intergovernmental	\$ 357,400	\$ 2,050,699	\$ 2,660,246	\$ 609,547
Proceeds from capital lease	-	2,974,180	2,956,111	(18,069)
Interest earnings	-	174	72	(102)
Other	-	305,000	2,079,362	1,774,362
Transfer in	<u>1,861,017</u>	<u>4,373,687</u>	<u>4,355,436</u>	<u>(18,251)</u>
TOTAL REVENUES AND				
OTHER FINANCING SOURCES	<u>2,218,417</u>	<u>9,703,740</u>	<u>12,051,227</u>	<u>2,347,487</u>
EXPENDITURES AND OTHER				
FINANCING USES				
Current -				
Programs/projects	2,218,417	13,843,031	2,906,644	10,936,387
Capital outlay	-	5,968,624	4,927,757	1,040,867
Transfers out	<u>-</u>	<u>245,754</u>	<u>238,598</u>	<u>7,156</u>
TOTAL EXPENDITURES AND				
OTHER FINANCING USES	<u>2,218,417</u>	<u>20,057,409</u>	<u>8,072,999</u>	<u>11,984,410</u>
NET CHANGE IN FUND BALANCE	-	(10,353,669)	3,978,228	9,636,923
FUND BALANCE, January 1	<u>-</u>	<u>10,353,669</u>	<u>2,898,684</u>	<u>(9,636,923)</u>
FUND BALANCE, December 31	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,876,912</u>	<u>\$ -</u>
Adjustment from budgetary basis to generally accepted accounting principles				
Deferred inflows of resources related to grants			<u>531,080</u>	
Fund balance - generally accepted accounting principles			<u>\$ 7,407,992</u>	

See accompanying Independent Auditor's Report.

City of Pueblo, Colorado
Reconciliation of the Budgetary Basis of Accounting
To GAAP Basis of Accounting
Public Improvements Fund
Year Ended December 31, 2018

BUDGETARY BASIS

Explanation of differences between budgetary revenues and other financing sources,
and GAAP 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	\$ 12,051,227
Differences - budget to GAAP	
Deferred inflows of resources related to grants	<u>2,467</u>
GAAP BASIS REVENUES AND OTHER FINANCING SOURCES	<u>\$ 12,053,694</u>

See accompanying Independent Auditor's Report.

Debt Service Fund

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City of Pueblo, Colorado
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Debt Service Fund
Year Ended December 31, 2018

	Budgeted Amounts Final	Actual Budget Basis	Variance With Final Budget Positive (Negative)
REVENUES			
Investment earnings	\$ -	\$ 205	\$ 205
Transfers in	<u>3,938,369</u>	<u>3,901,748</u>	<u>(36,621)</u>
TOTAL REVENUES	<u>3,938,369</u>	<u>3,901,953</u>	<u>(36,416)</u>
EXPENDITURES AND OTHER FINANCING USES			
Debt service -			
Principal	3,502,989	3,482,760	20,229
Interest and fiscal charges	<u>435,380</u>	<u>415,180</u>	<u>20,200</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>3,938,369</u>	<u>3,897,940</u>	<u>40,429</u>
NET CHANGE IN FUND BALANCE	-	4,013	4,013
FUND BALANCE, January 1	<u>-</u>	<u>(4,008)</u>	<u>(4,008)</u>
FUND BALANCE, December 31	<u>\$ -</u>	<u>\$ 5</u>	<u>\$ 5</u>

See accompanying Independent Auditor's Report.

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Enterprise Funds

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City of Pueblo, Colorado
Combining Statement of Net Position
Nonmajor Proprietary Funds
December 31, 2018

Business-type Activities - Enterprise Funds

	Street Repair	Honor Farm	Transportation Services	Parking Facilities	Memorial Hall	Total
Assets						
Current assets						
Cash and cash equivalents	\$ -	\$ -	\$ 800	\$ -	\$ 155,713	\$ 156,513
Accounts receivable, net	-	20,000	332,366	257	19,319	371,942
Due from other funds	224,300	-	-	1,016,637	-	1,240,937
Due from other governments	-	-	2,175,561	-	-	2,175,561
Prepaid expenses	-	-	-	-	24,187	24,187
Inventories	-	-	277,091	-	-	277,091
Total current assets	224,300	20,000	2,785,818	1,016,894	199,219	4,246,231
Noncurrent assets						
Capital assets						
Land	-	1,364,618	633,837	1,454,630	-	3,453,085
Land improvements	-	915,486	25,628	1,300,257	-	2,241,371
Other improvements	-	-	210,017	-	-	210,017
Buildings	-	357,047	3,061,787	3,189,960	11,360,862	17,969,656
Machinery and equipment	-	181,848	6,846,117	193,961	-	7,221,926
Less accumulated depreciation	-	(474,671)	(7,813,780)	(1,743,360)	(1,329,522)	(11,361,333)
Intangibles	-	-	1,478	-	-	1,478
Artworks	-	-	8,823	-	-	8,823
Total capital assets	-	2,344,328	2,973,907	4,395,448	10,031,340	19,745,023
Total noncurrent assets	-	2,344,328	2,973,907	4,395,448	10,031,340	19,745,023
Total assets	224,300	2,364,328	5,759,725	5,412,342	10,230,559	23,991,254
Deferred outflows of resources						
OPEB-related	-	-	-	1,055	-	1,055
Pension-related	-	-	-	18,990	-	18,990
Total deferred outflows of resources	-	-	-	20,045	-	20,045
Liabilities						
Current liabilities						
Accounts payable	-	5,417	151,260	49,408	125,101	331,186
Accrued expenses	-	-	97,506	17,155	-	114,661
Due to other funds	-	1,045,170	2,951,044	-	920,523	4,916,737
Advances from others	-	-	-	-	120,940	120,940
Compensated absences	-	-	24,089	-	-	24,089
Total current liabilities	-	1,050,587	3,223,899	66,563	1,166,564	5,507,613
Noncurrent liabilities						
Compensated absences	-	-	216,797	-	-	216,797
Advance from other funds	1,000,000	747,000	-	-	-	1,747,000
Net OPEB liability	-	-	-	10,725	-	10,725
Net pension liability	-	-	-	118,398	-	118,398
Total noncurrent liabilities	1,000,000	747,000	216,797	129,123	-	2,092,920
Total liabilities	1,000,000	1,797,587	3,440,696	195,686	1,166,564	7,600,533
Deferred inflows of resources						
OPEB-related	-	-	-	181	-	181
Pension-related	-	-	-	23,320	-	23,320
Total deferred inflows of resources	-	-	-	23,501	-	23,501
Net position						
Net investment in capital assets	-	2,344,328	2,973,907	4,395,448	10,031,340	19,745,023
Unrestricted	(775,700)	(1,777,587)	(654,878)	817,752	(967,345)	(3,357,758)
Total net position	\$ (775,700)	\$ 566,741	\$ 2,319,029	\$ 5,213,200	\$ 9,063,995	\$ 16,387,265

See accompanying Independent Auditor's Report.

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

Business-type Activities - Enterprise Funds						
	Street Repair	Honor Farm	Transportation Services	Parking Facilities	Memorial Hall	Total
Operating revenues						
Charges for services	\$ -	\$ 22,970	\$ 753,971	\$ 258,789	\$ 903,998	\$ 1,939,728
Miscellaneous	-	-	86,652	210	-	86,862
Total operating revenues	-	22,970	840,623	258,999	903,998	2,026,590
Operating expenses						
Personnel services	-	-	-	97,455	-	97,455
Contractual services	-	5,711	3,745,989	125,179	999,655	4,876,534
Utilities	-	6,750	379,631	38,250	126,242	550,873
Repairs and maintenance	775,700	54,785	285,078	13,359	13,493	1,142,415
Other supplies and expenses	-	4,678	339,416	335,072	176,352	855,518
Depreciation	-	58,753	217,409	96,972	223,641	596,775
Total operating expenses	775,700	130,677	4,967,523	706,287	1,539,383	8,119,570
Operating loss	(775,700)	(107,707)	(4,126,900)	(447,288)	(635,385)	(6,092,980)
Nonoperating revenues (expenses)						
Nonoperating grants and contributions	-	-	2,558,686	-	-	2,558,686
Gain on disposal of fixed assets	-	-	117,382	-	-	117,382
Total nonoperating revenues (expenses)	-	-	2,676,068	-	-	2,676,068
Loss before contributions	(775,700)	(107,707)	(1,450,832)	(447,288)	(635,385)	(3,416,912)
Transfers in	-	84,730	1,883,646	493,354	360,300	2,822,030
Changes in net position	(775,700)	(22,977)	432,814	46,066	(275,085)	(594,882)
Net position at beginning of year	-	589,718	1,886,215	5,167,134	9,339,080	16,982,147
Net position at end of year	\$ (775,700)	\$ 566,741	\$ 2,319,029	\$ 5,213,200	\$ 9,063,995	\$ 16,387,265

See accompanying Independent Auditor's Report.

City of Pueblo, Colorado
Combining Statement of Cash Flows
Nonmajor Proprietary Funds
For the Year-Ended December 31, 2018

	Street Repair	Business-type Activities - Enterprise Funds Honor Farm	Transportation Services	Parking Facilities	Memorial Hall	Total
Cash flows from operating activities						
Cash received from customers	\$ -	\$ 2,970	\$ 573,483	\$ 274,772	\$ 909,680	\$ 1,760,905
Cash payments to suppliers	(775,700)	(114,503)	(4,778,226)	(459,841)	(1,321,255)	(7,449,525)
Cash payments to employees	-	-	(147,000)	(86,022)	-	(233,022)
Receipts for interfund services	-	26,803	355,389	-	94,256	476,448
Payments for interfund services	(224,300)	-	-	(134,113)	-	(358,413)
Net cash flows from operating activities	(1,000,000)	(84,730)	(3,996,354)	(405,204)	(317,319)	(5,803,607)
Cash flows from non-capital financing activities						
Transfers in	1,000,000	84,730	1,883,646	493,354	360,300	3,822,030
Receipts from fund advance	-	-	-	-	(64,806)	(64,806)
Operating grants received	-	-	2,558,686	-	-	2,558,686
Net cash flows from non-capital financing activities	1,000,000	84,730	4,442,332	493,354	295,494	6,315,910
Cash flows from capital and related financing activities						
Proceeds from the sale of capital assets	-	-	116,545	-	-	116,545
Acquisitions of capital assets	-	-	(562,523)	(88,150)	-	(650,673)
Net cash flows from capital and related financing activities	-	-	(445,978)	(88,150)	-	(534,128)
Net increase (decrease) in cash and cash equivalents	-	-	-	-	(21,825)	(21,825)
Cash and cash equivalents at beginning of year	-	-	800	-	177,538	178,338
Cash and cash equivalents at end of year	\$ -	\$ -	\$ 800	\$ -	\$ 155,713	\$ 156,513
Reconciliation of operating loss to net cash flows from operating activities						
Operating loss	\$ (775,700)	\$ (107,707)	\$ (4,126,900)	\$ (447,288)	\$ (635,385)	\$ (6,092,980)
Adjustments to reconcile operating loss to net cash flows from operating activities:						
Depreciation	-	58,753	217,409	96,972	223,641	596,775
(Increase) decrease in operating assets:						
Accounts receivable	-	(20,000)	(267,140)	15,773	5,682	(265,685)
Due from other funds	-	-	-	(134,113)	-	(134,113)
Prepaid items	-	-	-	-	(12,027)	(12,027)
Inventories	-	-	967	-	-	967
Increase (decrease) in operating liabilities:						
Accounts payable and accrued expenses	-	(42,579)	(1,950)	52,019	6,514	14,004
Due to other funds	(224,300)	26,803	355,389	-	94,256	252,148
Advances from others	-	-	-	-	-	-
Net OPEB liability and related deferred inflows and outflows of resources	-	-	-	(299)	-	(299)
Net pension liability and related deferred inflows and outflows of resources	-	-	(174,129)	11,732	-	(162,397)
Net cash flows from operating activities	\$ (1,000,000)	\$ (84,730)	\$ (3,996,354)	\$ (405,204)	\$ (317,319)	(5,803,607)

See accompanying Independent Auditor's Report.

City of Pueblo, Colorado
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Golf Course Enterprise
Year Ended December 31, 2018

	Budgeted Amounts Final	Actual Budget Basis	Variance With Final Budget Positive (Negative)
REVENUES			
Charges for services	\$ 2,259,100	\$ 2,319,896	\$ 60,796
Interest and investment revenue	-	3,430	3,430
Miscellaneous revenue	-	632	632
Proceeds from debt	869,183	869,183	-
	<u>3,128,283</u>	<u>3,193,141</u>	<u>64,858</u>
TOTAL REVENUES			
EXPENDITURES AND OTHER			
FINANCING USES			
Current -			
Personnel services	83,552	85,122	(1,570)
Contractual services	909,405	939,796	(30,391)
Utilities	388,000	432,664	(44,664)
Repairs and maintenance	200,675	130,791	69,884
Other supplies and expenses	296,316	295,769	547
Capital outlay	901,504	468,452	433,052
Debt Service -			-
Principal	345,240	322,605	22,635
Interest and fees	64,355	128,835	(64,480)
	<u>3,189,047</u>	<u>2,804,034</u>	<u>385,013</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES			
NET CHANGE IN FUND BALANCE	<u>\$ (60,764)</u>	<u>\$ 389,107</u>	<u>\$ 449,871</u>

See accompanying Independent Auditor's Report.

City of Pueblo, Colorado
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Sewer User
Year Ended December 31, 2018

	Budgeted Amounts Final	Actual Budget Basis	Variance With Final Budget Positive (Negative)
REVENUES			
Charges for services and other operating revenue	\$ 21,722,197	\$ 23,346,773	\$ 1,624,576
Interest	169,171	547,328	378,157
TOTAL REVENUES	21,891,368	23,894,101	2,002,733
EXPENDITURES AND OTHER FINANCING USES			
Current -			
Personnel services	4,804,012	4,514,411	289,601
Contractual services	2,138,572	1,590,793	547,779
Utilities	1,010,820	798,268	212,552
Repairs and maintenance	32,713,199	6,843,198	25,870,001
Other supplies and expenses	1,273,491	839,684	433,807
Capital outlay	2,401,395	4,788,496	(2,387,101)
Debt Service -			
Principal	1,773,878	1,773,876	2
Interest and fees	692,045	686,730	5,315
Transfers out	25,645	-	25,645
TOTAL EXPENDITURES AND OTHER FINANCING USES	46,833,057	21,835,456	24,997,601
NET CHANGE IN FUND BALANCE	\$ (24,941,689)	\$ 2,058,645	\$ 27,000,334

See accompanying independent auditor's report.

City of Pueblo, Colorado
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Stormwater Utility
Year Ended December 31, 2018

	Budgeted Amounts Final	Actual Budget Basis	Variance With Final Budget Positive (Negative)
REVENUES			
Charges for services and other operating revenue	\$ 11,332,870	\$ 5,720,381	\$ (5,612,489)
Interest	20,000	120,523	100,523
TOTAL REVENUES	<u>11,352,870</u>	<u>5,840,904</u>	<u>(5,511,966)</u>
EXPENDITURES AND OTHER			
FINANCING USES			
Current -			
Personnel services	1,703,211	1,526,954	176,257
Contractual services	870,904	737,646	133,258
Utilities	98,000	65,183	32,817
Repairs and maintenance	794,042	171,085	622,957
Other supplies and expenses	1,177,769	124,356	1,053,413
Capital outlay	7,571,582	652,057	6,919,525
Debt Service -			-
Principal	44,467	44,467	-
Interest and fees	1,083	1,082	1
Transfers out	12,000	12,000	-
TOTAL EXPENDITURES AND			
OTHER FINANCING USES	<u>12,273,058</u>	<u>3,334,830</u>	<u>8,938,228</u>
NET CHANGE IN FUND BALANCE	<u>\$ (920,188)</u>	<u>\$ 2,506,074</u>	<u>\$ 3,426,262</u>

See accompanying Independent Auditor's Report.

City of Pueblo, Colorado
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Memorial Hall Fund
Year Ended December 31, 2018

	Budgeted Amounts Final	Actual Budget Basis	Variance With Final Budget Positive (Negative)
REVENUES			
Charges for services and other operating revenue	\$ 1,026,263	\$ 903,998	\$ (122,265)
Transfers in	<u>360,300</u>	<u>360,300</u>	<u>-</u>
TOTAL REVENUES	<u>1,386,563</u>	<u>1,264,298</u>	<u>(122,265)</u>
EXPENDITURES AND OTHER			
FINANCING USES			
Current -			
Contractual services	1,386,563	999,655	386,908
Utilities	-	126,242	(126,242)
Repairs and maintenance	-	13,493	(13,493)
Other supplies and expenses	<u>-</u>	<u>176,352</u>	<u>(176,352)</u>
TOTAL EXPENDITURES AND			
OTHER FINANCING USES	<u>1,386,563</u>	<u>1,315,742</u>	<u>70,821</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ (51,444)</u>	<u>\$ (51,444)</u>

See accompanying Independent Auditor's Report.

City of Pueblo, Colorado
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Memorial Airport Fund
Year Ended December 31, 2018

	Budgeted Amounts Final	Actual Budget Basis	Variance With Final Budget Positive (Negative)
REVENUES			
Charges for services and other operating revenue	\$ 607,471	\$ 699,454	\$ 91,983
Intergovernmental	3,965,538	6,777,427	2,811,889
Interest and other	-	3,763	3,763
Transfers in	1,703,040	1,703,041	1
TOTAL REVENUES	<u>6,276,049</u>	<u>9,183,685</u>	<u>2,907,636</u>
EXPENDITURES AND OTHER			
FINANCING USES			
Current -			
Personnel services	1,002,343	872,344	129,999
Contractual services	231,550	231,111	439
Utilities	361,282	367,127	(5,845)
Repairs and maintenance	386,680	147,630	239,050
Other supplies and expenses	133,957	123,417	10,540
Capital outlay	7,748,535	6,991,252	757,283
Transfers out	111,186	111,186	-
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>9,975,533</u>	<u>8,844,067</u>	<u>1,131,466</u>
NET CHANGE IN FUND BALANCE	<u>\$ (3,699,484)</u>	<u>\$ 339,618</u>	<u>\$ 4,039,102</u>

See accompanying Independent Auditor's Report.

City of Pueblo, Colorado
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Street Repair Fund
Year Ended December 31, 2018

	Budgeted Amounts Final	Actual Budget Basis	Variance With Final Budget Positive (Negative)
REVENUES			
Charges for services and other operating revenue	\$ -	\$ -	\$ -
Transfers in	1,000,000	1,000,000	-
TOTAL REVENUES	1,000,000	1,000,000	-
EXPENDITURES AND OTHER FINANCING USES			
Current -			
Personnel services	-	-	-
Contractual services	-	-	-
Utilities	-	-	-
Repairs and maintenance	835,897	775,700	60,197
Other supplies and expenses	164,103	-	164,103
Capital outlay	-	-	-
Transfers out	-	-	-
TOTAL EXPENDITURES AND OTHER FINANCING USES	1,000,000	775,700	224,300
NET CHANGE IN FUND BALANCE	\$ -	\$ 224,300	\$ 224,300

See accompanying Independent Auditor's Report.

City of Pueblo, Colorado
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Honor Farm Fund
Year Ended December 31, 2018

	Budgeted Amounts Final	Actual Budget Basis	Variance With Final Budget Positive (Negative)
REVENUES			
Charges for services and other operating revenue	\$ 26,078	\$ 22,970	\$ (3,108)
Transfers in	84,730	84,730	-
TOTAL REVENUES	<u>110,808</u>	<u>107,700</u>	<u>(3,108)</u>
EXPENDITURES AND OTHER FINANCING USES			
Current -			
Contractual services	5,711	5,711	-
Utilities	3,300	6,750	(3,450)
Repairs and maintenance	61,100	54,785	6,315
Other supplies and expenses	40,697	4,678	36,019
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>110,808</u>	<u>71,924</u>	<u>38,884</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ 35,776</u>	<u>\$ 35,776</u>

See accompanying Independent Auditor's Report.

City of Pueblo, Colorado
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Transportation Services Fund
Year Ended December 31, 2018

	Budgeted Amounts Final	Actual Budget Basis	Variance With Final Budget Positive (Negative)
REVENUES			
Charges for services and other operating revenue	\$ 877,000	\$ 835,749	\$ (41,251)
Intergovernmental	3,109,296	2,558,686	(550,610)
Transfers in	2,142,979	1,883,646	(259,333)
TOTAL REVENUES	<u>6,129,275</u>	<u>5,278,081</u>	<u>(851,194)</u>
EXPENDITURES AND OTHER			
FINANCING USES			
Current -			
Personnel services	2,692,917	2,610,449	82,468
Contractual services	1,288,096	1,282,540	5,556
Utilities	421,246	378,576	42,670
Repairs and maintenance	362,693	285,078	77,615
Other supplies and expenses	727,736	340,471	387,265
Capital outlay	1,462,197	566,361	895,836
TOTAL EXPENDITURES AND			
OTHER FINANCING USES	<u>6,954,885</u>	<u>5,463,475</u>	<u>1,491,410</u>
NET CHANGE IN FUND BALANCE	<u>\$ (825,610)</u>	<u>\$ (185,394)</u>	<u>\$ 640,216</u>

See accompanying Independent Auditor's Report.

City of Pueblo, Colorado
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Parking Facilities Fund
Year Ended December 31, 2018

	Budgeted Amounts Final	Actual Budget Basis	Variance With Final Budget Positive (Negative)
REVENUES			
Charges for services and other operating revenue	\$ 260,000	\$ 253,457	\$ (6,543)
Transfers in	493,354	493,354	-
TOTAL REVENUES	<u>753,354</u>	<u>746,811</u>	<u>(6,543)</u>
EXPENDITURES AND OTHER FINANCING USES			
Current -			
Personnel services	105,548	86,022	19,526
Contractual services	156,991	129,136	27,855
Utilities	50,914	34,293	16,621
Repairs and maintenance	155,486	13,359	142,127
Other supplies and expenses	399,630	335,072	64,558
Capital outlay	186,672	88,150	98,522
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>1,055,241</u>	<u>686,032</u>	<u>369,209</u>
NET CHANGE IN FUND BALANCE	<u>\$ (301,887)</u>	<u>\$ 60,779</u>	<u>\$ 362,666</u>

See accompanying Independent Auditor's Report.

Internal Service Funds

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City of Pueblo, Colorado
Combining Statement of Net Position
Internal Service Funds
December 31, 2018

	Total Internal Service Funds	Pueblo Transit	Total
Assets			
Current Assets			
Cash and cash equivalents	\$ 300	\$ -	\$ 300
Restricted cash and cash equivalents	82,257	-	82,257
Accounts receivable, net	63,267	-	63,267
Due from other funds	5,460,925	-	5,460,925
Inventories	211,278	-	211,278
Prepaid items	330,521	-	330,521
Total current assets	6,148,548	-	6,148,548
Noncurrent Assets			
Capital Assets			
Buildings	1,036,366	-	1,036,366
Machinery and equipment	1,528,630	-	1,528,630
Less accumulated depreciation	(1,597,969)	-	(1,597,969)
Total noncurrent assets	967,027	-	967,027
Total assets	7,115,575	-	7,115,575
Deferred outflows of resources			
OPEB-related	7,475	23,143	30,618
Pension-related	134,552	416,481	551,033
Total deferred outflows of resources	142,027	439,624	581,651
Liabilities			
Current liabilities			
Accounts payable	206,340	-	206,340
Accrued interest payable	4,623	-	4,623
Compensated absences	10,910	-	10,910
Capital lease obligation	90,702	-	90,702
Claims and judgments	1,615,789	-	1,615,789
Total current liabilities	1,928,364	-	1,928,364
Noncurrent liabilities			
Compensated absences	98,192	-	98,192
Capital lease obligation	186,387	-	186,387
Claims and judgments	285,139	-	285,139
Net OPEB liability	75,985	235,254	311,239
Net pension liability	838,885	2,596,610	3,435,495
Total noncurrent liabilities	1,484,588	2,831,864	4,316,452
Total liabilities	3,412,952	2,831,864	6,244,816
Deferred inflows of resources			
OPEB-related	1,284	3,974	5,258
Pension-related	165,231	511,442	676,673
Total deferred inflows of resources	166,515	515,416	681,931
Net position			
Net investment in capital assets	689,938	-	689,938
Unrestricted	2,988,197	(2,907,656)	80,541
Total net position	\$ 3,678,135	\$ (2,907,656)	\$ 770,479

See accompanying Independent Auditor's Report.

City of Pueblo, Colorado
Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
For the Year Ended December 31, 2018

	Total Internal Service Funds	Pueblo Transit	Total
Operating revenues			
Charges for services	\$ 4,297,477	\$ 2,463,449	\$ 6,760,926
Other operating revenues	1,065,477	-	1,065,477
Total operating revenues	5,362,954	2,463,449	7,826,403
Operating expenses			
Personnel services	910,723	2,662,533	3,573,256
Contractual services	31,155	-	31,155
Utilities	63,214	-	63,214
Repairs and maintenance	51,648	-	51,648
Other supplies and expenses	1,430,939	-	1,430,939
Insurance claims expenses	4,465,794	-	4,465,794
Depreciation	83,872	-	83,872
Total operating expenses	7,037,345	2,662,533	9,699,878
Operating income (loss)	(1,674,391)	(199,084)	(1,873,475)
Nonoperating expense			
Interest expense	(5,178)	-	(5,178)
Net income (loss) before contributions and transfers	(1,679,569)	(199,084)	(1,878,653)
Transfers in	1,067,000	-	1,067,000
Transfers out	(30,000)	-	(30,000)
Change in net position	(642,569)	(199,084)	(841,653)
Net position at beginning of year	4,320,704	(2,708,572)	1,612,132
Net position at end of year	\$ 3,678,135	\$ (2,907,656)	\$ 770,479

See accompanying Independent Auditor's Report.

City of Pueblo
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2018

	Internal Service Fund	Pueblo Transit	Total
Cash flows from operating activities			
Cash received from customers	\$ 5,318,606	\$ 2,463,449	\$ 7,782,055
Cash payments to suppliers	(4,714,173)	-	(4,714,173)
Cash payments to employees	(798,732)	(2,463,449)	(3,262,181)
Payments for interfund services	(741,640)	-	(741,640)
Net cash flows from operating activities	(935,939)	-	(935,939)
Cash flows from non-capital financing activities			
Transfers in	1,037,000	-	1,037,000
Net cash flows from non-capital financing activities	1,037,000	-	1,037,000
Cash flows from capital and related financing activities			
Acquisitions of capital assets	(23,059)	-	(23,059)
Principal paid on long-term debt	(89,081)	-	(89,081)
Interest paid on long-term debt	(6,664)	-	(6,664)
Net cash flows from capital and related financing activities	(118,804)	-	(118,804)
Net increase (decrease) in cash and cash equivalents	(17,743)	-	(17,743)
Cash and cash equivalents at beginning of year	100,300	-	100,300
Cash and cash equivalents at end of year	82,557	-	82,557
Reported in the accompanying statement of net position as follows:			
Cash and cash equivalents	\$ 300	\$ -	\$ 300
Restricted cash and cash equivalents	82,257	-	82,257
	\$ 82,557	\$ -	\$ 82,557

**Reconciliation of operating income (loss) to net cash flows
from operating activities**

Operating income (loss)	\$ (1,674,391)	\$ (199,084)	\$ (1,873,475)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:			
Depreciation	83,872	-	83,872
(Increase) decrease in operating assets:			
Accounts receivable	(44,348)	-	(44,348)
Due from other funds	(741,640)	-	(741,640)
Prepaid items	122,035	-	122,035
Inventories	12,583	-	12,583
Increase (decrease) in operating liabilities:			
Accounts payable and accrued expenses	1,205,333	-	1,205,333
Due to other funds	-	-	-
Advances from others	-	-	-
Net OPEB liability and related deferred inflows and outflows of resources	(482)	-	(482)
Net pension liability and related deferred inflows and outflows of resources	101,099	199,084	300,183
Net cash flows from operating activities	\$ (935,939)	\$ -	(935,939)

See accompanying Independent Auditor's Report.

City of Pueblo, Colorado
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Internal Service Fund
Year Ended December 31, 2018

	Budgeted Amounts Final	Actual Budget Basis	Variance With Final Budget Positive (Negative)
REVENUES			
Charges for services and other operating revenue	\$ 4,818,269	\$ 5,341,687	\$ 523,418
Transfers in	<u>1,067,000</u>	<u>1,067,000</u>	<u>-</u>
TOTAL REVENUES	<u>5,885,269</u>	<u>6,408,687</u>	<u>523,418</u>
EXPENDITURES AND OTHER			
FINANCING USES			
Current -			
Personnel services	814,276	798,732	15,544
Contractual services	44,000	31,155	12,845
Utilities	85,800	57,498	28,302
Repairs and maintenance	68,400	51,648	16,752
Other supplies and expenses	1,883,008	1,431,133	451,875
Insurance claims expense	2,883,223	3,313,462	(430,239)
Capital outlay	5,100	3,584	1,516
Debt Service -			
Principal	94,797	94,797	-
Interest and fees	6,665	6,664	1
Transfers out	<u>30,000</u>	<u>30,000</u>	<u>-</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>5,915,269</u>	<u>5,818,673</u>	<u>96,596</u>
NET CHANGE IN FUND BALANCE	<u>\$ (30,000)</u>	<u>\$ 590,014</u>	<u>\$ 620,014</u>

See accompanying Independent Auditor's Report.

Agency Fund

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City of Pueblo, Colorado
Agency Fund
Statement of Changes in Fiduciary Assets and Liabilities
For the Year Ended December 31, 2018

	Balance January 1, 2018	Additions	Deductions	Balance December 31, 2018
Assets				
Cash and cash equivalents	\$ 293,936	\$ 5,757	\$ -	\$ 299,693
Accounts receivable	2,076,728	501,539	342,968	2,235,299
Total assets	\$ 2,370,664	\$ 507,296	\$ 342,968	\$ 2,534,992
Liabilities				
Accounts payable	\$ 3,247	\$ 393,549	\$ 338,966	\$ 57,830
Deposits	2,367,417	479,571	369,826	2,477,162
Total liabilities	\$ 2,370,664	\$ 873,120	\$ 708,792	\$ 2,534,992

See accompanying Independent Auditor's Report.

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Other Schedules

City of Pueblo
Pueblo Memorial Airport
Schedule of Passenger Facility Charge Collected and Expended
For the Year Ended December 31, 2018

	Unliquidated Passenger Facility Charge Revenue Account December 31, 2017	Passenger Facility Charge Collections	Interest Earned	Current Year Expenditures	Unliquidated Passenger Facility Charge Revenue Account December 31, 2018
Extend taxiway K, Phase II	\$ 114,979	\$ 47,354	\$ -	\$ -	\$ 162,333
Total assets	\$ 114,979	\$ 47,354	\$ -	\$ -	\$ 162,333

See accompanying Independent Auditor's Report.

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

LOCAL HIGHWAY FINANCE REPORT	City or County: Pueblo YEAR ENDING : December 2018
This Information From The Records Of - City of Pueblo	Prepared By: Annamarie Elliss Phone: (719) 553-2638

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

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Receipts from local sources:	
1. Local highway-user taxes	
a. Motor Fuel (from Item I.A.5.)	
b. Motor Vehicle (from Item I.B.5.)	
c. Total (a.+b.)	
2. General fund appropriations	522,060
3. Other local imposts (from page 2)	2,236,139
4. Miscellaneous local receipts (from page 2)	2,282,808
5. Transfers from toll facilities	
6. Proceeds of sale of bonds and notes:	
a. Bonds - Original Issues	
b. Bonds - Refunding Issues	
c. Notes	
d. Total (a. + b. + c.)	0
7. Total (1 through 6)	5,041,007
B. Private Contributions	601,589
C. Receipts from State government (from page 2)	4,680,123
D. Receipts from Federal Government (from page 2)	545,258
E. Total receipts (A.7 + B + C + D)	10,867,977

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Local highway disbursements:	
1. Capital outlay (from page 2)	4,079,476
2. Maintenance:	1,908,179
3. Road and street services:	
a. Traffic control operations	1,599,467
b. Snow and ice removal	173,689
c. Other	791,351
d. Total (a. through c.)	2,564,507
4. General administration & miscellaneous	319,522
5. Highway law enforcement and safety	1,325,184
6. Total (1 through 5)	10,196,868
B. Debt service on local obligations:	
1. Bonds:	
a. Interest	
b. Redemption	
c. Total (a. + b.)	0
2. Notes:	
a. Interest	
b. Redemption	
c. Total (a. + b.)	0
3. Total (1.c + 2.c)	0
C. Payments to State for highways	
D. Payments to toll facilities	
E. Total disbursements (A.6 + B.3 + C + D)	10,196,868

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

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

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	2,611,501	10,867,977	10,196,868	3,282,610	(0)

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT		STATE: Colorado	
		YEAR ENDING (mm/yy): December 2018	

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL			
ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments	491,630	a. Interest on investments	47,286
b. Other local imposts:		b. Traffic Fines & Penalties	1,041,858
1. Sales Taxes		c. Parking Garage Fees	
2. Infrastructure & Impact Fees	117,003	d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other	1,627,507	g. Other Misc. Receipts	1,193,664
6. Total (1. through 5.)	1,744,509	h. Other	
c. Total (a. + b.)	2,236,139	i. Total (a. through h.)	2,282,808
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	4,320,653	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	359,470	d. Federal Transit Admin	
d. Other (Specify) - DOLA Grant		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	545,258
f. Total (a. through e.)	359,470	g. Total (a. through f.)	545,258
4. Total (1. + 2. + 3.f)	4,680,123	3. Total (1. + 2.g)	
			(Carry forward to page 1)

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL			
	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs		589,567	589,567
b. Engineering Costs		246,775	246,775
c. Construction:			
(1). New Facilities		313,051	313,051
(2). Capacity Improvements		36,744	36,744
(3). System Preservation		2,885,339	2,885,339
(4). System Enhancement & Operation		8,000	8,000
(5). Total Construction (1) + (2) + (3) + (4)	0	3,243,134	3,243,134
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	4,079,476	4,079,476
			(Carry forward to page 1)

Notes and Comments:

Statistical Section

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STATISTICAL SECTION

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

<u>Contents</u>	<u>Pages</u>
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	176
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue sources, sales tax and property tax.	182
Debt Capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	189
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	195
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and activities it performs.	198

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

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental activities										
Net investment in capital assets	\$ 270,972,634	\$ 275,400,749	\$ 282,143,652	\$ 300,421,948	\$ 304,720,914	\$ 310,952,995	\$ 307,415,524	\$ 322,263,921	\$ 327,352,383	\$ 322,043,078
Restricted	69,256,542	65,864,287	93,697,144	88,835,861	88,385,298	98,744,705	97,683,789	95,030,761	100,958,399	122,557,017
Unrestricted	28,408,089	38,589,640	19,596,982	11,816,144	20,453,939	(26,319,466)	(16,336,921)	(6,551,772)	(17,995,211)	(19,170,332)
Total governmental activities net position	<u>\$ 368,637,265</u>	<u>\$ 379,854,676</u>	<u>\$ 395,437,778</u>	<u>\$ 401,073,953</u>	<u>\$ 413,560,151</u>	<u>\$ 383,378,234</u>	<u>\$ 388,762,392</u>	<u>\$ 410,742,910</u>	<u>\$ 410,315,571</u>	<u>\$ 425,429,763</u>
Business-type activities										
Net investment in capital assets	\$ 115,961,714	\$ 123,736,794	\$ 134,281,593	\$ 138,568,644	\$ 157,831,233	\$ 160,736,818	\$ 162,247,604	\$ 163,146,725	\$ 167,925,273	\$ 172,737,172
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	14,180,545	17,522,178	18,277,323	19,267,977	19,818,953	12,673,300	12,270,072	18,682,525	22,701,679	30,606,807
Total business-type activities net position	<u>\$ 130,142,259</u>	<u>\$ 141,258,972</u>	<u>\$ 152,558,916</u>	<u>\$ 157,836,621</u>	<u>\$ 177,650,186</u>	<u>\$ 173,410,118</u>	<u>\$ 174,517,676</u>	<u>\$ 181,829,250</u>	<u>\$ 190,626,952</u>	<u>\$ 203,343,979</u>
Primary government										
Net investment in capital assets	\$ 386,934,348	\$ 399,137,543	\$ 416,425,245	\$ 438,990,592	\$ 462,552,147	\$ 471,689,813	\$ 469,663,128	\$ 485,410,646	\$ 495,277,656	\$ 494,780,250
Restricted	69,256,542	65,864,287	93,697,144	88,835,861	88,385,298	98,744,705	97,683,789	95,030,761	100,958,399	122,557,017
Unrestricted	42,588,634	56,111,818	37,874,305	31,084,121	40,272,892	(13,646,166)	(4,066,849)	12,130,753	4,706,468	11,436,475
Total primary government net position	<u>\$ 498,779,524</u>	<u>\$ 521,113,648</u>	<u>\$ 547,996,694</u>	<u>\$ 558,910,574</u>	<u>\$ 591,210,337</u>	<u>\$ 556,788,352</u>	<u>\$ 563,280,068</u>	<u>\$ 592,572,160</u>	<u>\$ 600,942,523</u>	<u>\$ 628,773,742</u>

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses										
Governmental activities										
General government	\$ 11,256,849	\$ 11,126,432	\$ 11,663,415	\$ 11,063,544	\$ 13,800,967	\$ 9,410,359	\$ 12,471,787	\$ 13,947,968	\$ 13,327,614	\$ 16,688,106
Public safety	42,232,017	45,180,523	46,320,164	47,846,439	46,616,804	48,485,290	44,662,761	46,540,217	49,623,376	47,306,291
Public works	12,056,802	14,682,821	10,982,420	11,944,466	11,618,176	11,682,330	20,780,039	17,710,527	11,746,051	12,218,856
Culture and community welfare	7,713,219	8,880,083	9,841,081	13,253,542	11,504,623	7,905,331	8,055,195	8,548,558	7,911,436	10,041,719
Parks and recreation	4,668,002	5,213,738	5,361,632	6,372,059	5,722,667	5,719,300	5,828,170	6,897,741	7,511,512	8,002,623
Economic development	2,197,779	3,608,000	2,003,481	3,380,770	4,931,043	4,985,902	4,906,360	(845,556)	5,539,464	6,339,297
Other	-	-	-	-	-	-	-	544,756	735,897	-
Interest on long-term debt	<u>1,555,782</u>	<u>1,451,423</u>	<u>1,380,077</u>	<u>1,264,491</u>	<u>1,138,164</u>	<u>1,297,305</u>	<u>1,142,197</u>	<u>411,047</u>	<u>712,937</u>	<u>666,492</u>
Total governmental activities	<u>81,680,450</u>	<u>90,143,020</u>	<u>87,552,270</u>	<u>95,125,311</u>	<u>95,332,444</u>	<u>89,485,817</u>	<u>97,846,509</u>	<u>93,755,258</u>	<u>97,108,287</u>	<u>101,263,384</u>
Business-type activities										
Golf enterprise	\$ 2,666,857	\$ 2,597,293	\$ 2,632,292	\$ 2,750,495	\$ 2,861,233	\$ 2,911,244	\$ 2,966,262	\$ 3,100,949	\$ 2,333,926	\$ 2,566,495
Sewer user	8,653,027	8,537,456	9,124,088	11,009,307	12,506,548	12,674,302	16,540,331	12,038,544	14,625,289	17,968,821
Stormwater utility	2,617,256	2,637,540	2,730,534	3,125,968	2,896,741	2,861,912	2,896,523	7,314,843	4,707,825	3,817,259
Other business-type activities	<u>11,096,719</u>	<u>10,797,701</u>	<u>11,936,935</u>	<u>12,240,953</u>	<u>12,617,167</u>	<u>13,413,164</u>	<u>13,108,596</u>	<u>13,766,479</u>	<u>13,913,701</u>	<u>14,473,680</u>
Total business-type activities	<u>25,033,859</u>	<u>24,569,990</u>	<u>26,423,849</u>	<u>29,126,723</u>	<u>30,881,689</u>	<u>31,860,622</u>	<u>35,511,712</u>	<u>36,220,815</u>	<u>35,580,741</u>	<u>38,826,255</u>
Total primary government expenses	<u>\$ 106,714,309</u>	<u>\$ 114,713,010</u>	<u>\$ 113,976,119</u>	<u>\$ 124,252,034</u>	<u>\$ 126,214,133</u>	<u>\$ 121,346,439</u>	<u>\$ 133,358,221</u>	<u>\$ 129,976,073</u>	<u>\$ 132,689,028</u>	<u>\$ 140,089,639</u>

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Program revenue										
Governmental activities										
Permits, fees, fines and charges for services										
General government	\$ 2,075,228	\$ 1,642,290	\$ 1,851,960	\$ 1,998,698	\$ 2,036,502	\$ 2,091,671	\$ 3,537,728	\$ 3,699,562	\$ 3,915,422	\$ 4,689,123
Public safety	5,201,273	5,325,642	5,354,057	5,406,875	4,436,306	4,335,834	3,630,834	3,902,691	4,731,960	4,417,499
Public works	450,217	489,761	487,854	495,989	539,532	710,835	353,921	465,353	246,015	2,574,745
Culture and community welfare	49,210	364,384	276,516	299,675	414,365	293,731	368,223	297,828	292,396	248,563
Parks and recreation	372,275	531,839	592,114	685,329	634,639	639,218	631,889	648,325	716,149	749,193
Economic development	-	-	-	-	-	-	-	-	-	27,031
Operating grants and contributions	10,385,132	12,193,129	13,493,320	13,616,953	22,104,201	9,134,469	10,428,895	14,328,624	9,345,632	11,645,011
Capital grants and contributions	7,944,326	7,489,339	8,212,014	9,128,467	6,944,859	7,488,040	8,159,967	9,620,950	6,974,583	2,771,973
Total governmental activities program revenue	<u>26,477,661</u>	<u>28,036,384</u>	<u>30,267,835</u>	<u>31,631,986</u>	<u>37,110,404</u>	<u>24,693,798</u>	<u>27,111,457</u>	<u>32,963,333</u>	<u>26,222,157</u>	<u>27,123,138</u>
Business-type activities										
Charges for services										
Golf	\$ 2,254,076	\$ 2,160,142	\$ 2,118,331	\$ 2,163,333	\$ 2,140,132	\$ 2,114,228	\$ 2,227,398	\$ 2,212,471	\$ 2,178,770	\$ 2,319,896
Sewer	12,392,418	13,673,319	13,454,038	13,805,921	14,355,943	15,256,778	16,422,771	18,564,168	20,199,200	23,339,793
Stormwater	2,771,994	2,757,602	2,754,867	2,791,898	3,253,081	3,369,638	3,579,194	4,568,531	4,198,016	4,486,414
Other	4,678,642	4,282,123	5,055,394	4,756,160	4,486,419	4,929,973	4,981,018	5,306,526	5,482,730	5,055,219
Operating grants and contributions	1,676,299	1,793,282	2,033,900	2,220,825	2,050,457	2,037,268	2,008,817	7,037,900	2,732,228	9,555,991
Capital grants and contributions	10,341,094	7,622,792	8,291,358	4,811,702	20,762,845	3,828,080	2,908,184	747,707	61,883	1,430,478
Total business-type activities program revenue	<u>34,114,523</u>	<u>32,289,260</u>	<u>33,707,888</u>	<u>30,549,839</u>	<u>47,048,877</u>	<u>31,535,965</u>	<u>32,127,382</u>	<u>38,437,303</u>	<u>34,852,827</u>	<u>46,187,791</u>
Total primary government program revenue	<u>\$ 60,592,184</u>	<u>\$ 60,325,644</u>	<u>\$ 63,975,723</u>	<u>\$ 62,181,825</u>	<u>\$ 84,159,281</u>	<u>\$ 56,229,763</u>	<u>\$ 59,238,839</u>	<u>\$ 71,400,636</u>	<u>\$ 61,074,984</u>	<u>\$ 73,310,929</u>
Net (expense) revenue										
Governmental activities	\$ (55,202,789)	\$ (62,106,636)	\$ (57,284,435)	\$ (63,493,325)	\$ (58,222,040)	\$ (64,792,019)	\$ (70,735,052)	\$ (60,791,925)	\$ (70,886,130)	\$ (74,140,246)
Business-type activities	9,080,664	7,719,270	7,284,039	1,423,116	16,167,188	(324,657)	(3,384,330)	2,216,488	(727,914)	7,361,536
Total primary government net (expense) revenue	<u>\$ (46,122,125)</u>	<u>\$ (54,387,366)</u>	<u>\$ (50,000,396)</u>	<u>\$ (62,070,209)</u>	<u>\$ (42,054,852)</u>	<u>\$ (65,116,676)</u>	<u>\$ (74,119,382)</u>	<u>\$ (58,575,437)</u>	<u>\$ (71,614,044)</u>	<u>\$ (66,778,710)</u>

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General revenue and other changes in net position										
Governmental activities										
Property taxes	\$ 10,997,706	\$ 11,270,663	\$ 11,444,707	\$ 11,908,875	\$ 12,905,041	\$ 12,719,414	\$ 12,811,986	\$ 13,403,730	\$ 13,153,309	\$ 14,627,886
Franchise and other taxes	5,704,383	5,750,053	6,178,164	6,651,168	6,557,472	7,020,223	7,210,741	7,315,083	7,483,814	7,416,964
Sales and use taxes	53,922,799	48,902,489	55,014,310	50,471,792	51,947,998	51,351,232	56,203,150	61,553,748	61,604,922	65,199,382
Payment in lieu of taxes	-	7,509,859	9,859	9,859	9,859	9,859	9,859	9,859	9,859	9,859
Unrestricted investment earnings	981,250	563,205	973,281	526,792	(99,169)	618,324	545,820	452,532	734,768	2,006,556
Miscellaneous	2,190,302	2,087,171	2,384,645	2,509,676	2,287,852	2,066,165	2,841,209	3,962,782	4,024,976	2,346,695
Gain on disposition of assets	-	-	-	-	-	-	-	-	-	2,048,981
Transfers	(2,371,946)	(2,759,393)	(3,137,429)	(2,948,662)	(3,018,863)	(3,464,599)	(3,503,555)	(3,925,294)	(10,910,849)	(4,401,885)
Total governmental activities	<u>71,424,494</u>	<u>73,324,047</u>	<u>72,867,537</u>	<u>69,129,500</u>	<u>70,590,190</u>	<u>70,320,618</u>	<u>76,119,210</u>	<u>82,772,440</u>	<u>76,100,799</u>	<u>89,254,438</u>
Business-type activities										
Unrestricted investment earnings	\$ 824,620	\$ 631,776	\$ 843,959	\$ 795,501	\$ 626,139	\$ 916,154	\$ 960,271	\$ 980,331	\$ 264,471	\$ 675,044
Miscellaneous	13,844	6,274	34,517	110,426	1,375	138	28,062	189,461	515,991	108,443
Gain on disposition of assets	-	-	-	-	-	-	-	-	78,217	170,119
Loss on defeasance	-	-	-	-	-	-	-	-	-	-
Transfers	2,371,946	2,759,393	3,137,429	2,948,662	3,018,863	3,464,599	3,503,555	3,925,294	10,910,849	4,401,885
Total business-type activities	<u>3,210,410</u>	<u>3,397,443</u>	<u>4,015,905</u>	<u>3,854,589</u>	<u>3,646,377</u>	<u>4,380,891</u>	<u>4,491,888</u>	<u>5,095,086</u>	<u>11,769,528</u>	<u>5,355,491</u>
Total primary government	<u>\$ 74,634,904</u>	<u>\$ 76,721,490</u>	<u>\$ 76,883,442</u>	<u>\$ 72,984,089</u>	<u>\$ 74,236,567</u>	<u>\$ 74,701,509</u>	<u>\$ 80,611,098</u>	<u>\$ 87,867,526</u>	<u>\$ 87,870,327</u>	<u>\$ 94,609,929</u>
Change in net position										
Governmental activities	\$ 16,221,705	\$ 11,217,411	\$ 15,583,102	\$ 5,636,175	\$ 12,368,150	\$ 5,528,599	\$ 5,384,158	\$ 21,980,515	\$ 5,214,669	\$ 15,114,192
Business-type activities	12,291,074	11,116,713	11,299,944	5,277,705	19,813,565	4,056,234	1,107,558	7,311,574	11,041,614	12,717,027
Total primary government change in net position	<u>\$ 28,512,779</u>	<u>\$ 22,334,124</u>	<u>\$ 26,883,046</u>	<u>\$ 10,913,880</u>	<u>\$ 32,181,715</u>	<u>\$ 9,584,833</u>	<u>\$ 6,491,716</u>	<u>\$ 29,292,089</u>	<u>\$ 16,256,283</u>	<u>\$ 27,831,219</u>

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General fund										
Reserved	\$ 6,792,406	\$ 6,422,263								
Unreserved	<u>16,024,783</u>	<u>17,469,357</u>								
Total general fund	<u>\$ 22,817,189</u>	<u>\$ 23,891,620</u>								
All other governmental funds										
Reserved	\$ 74,504,669	\$ 72,333,940								
Unreserved, reported in:										
Special revenue funds	3,458,533	5,045,912								
Debt service funds	-	-								
Capital project funds	<u>7,384,735</u>	<u>10,153,988</u>								
Total all other governmental funds	<u>\$ 85,347,937</u>	<u>\$ 87,533,840</u>								
General Fund										
Nonspendable			\$ 1,806,325	\$ 1,819,164	\$ 1,739,939	\$ 1,730,596	\$ 2,028,732	\$ 1,914,431	\$ 1,823,188	\$ 3,130,297
Restricted			2,600,000	2,600,000	2,600,000	2,600,000	2,900,000	2,900,000	2,700,000	2,700,000
Committed			7,669,649	7,705,629	7,689,824	7,486,408	7,657,428	7,927,638	8,540,589	11,556,425
Assigned			10,496,794	7,486,269	5,494,282	5,554,298	7,941,687	10,116,595	10,851,933	11,557,152
Unassigned			<u>422,402</u>	<u>-</u>	<u>37,138</u>	<u>1,040,371</u>	<u>1,591,577</u>	<u>5,539,271</u>	<u>7,715,290</u>	<u>2,971,690</u>
Total general fund			<u>\$ 22,995,170</u>	<u>\$ 19,611,062</u>	<u>\$ 17,561,183</u>	<u>\$ 18,411,673</u>	<u>\$ 22,119,424</u>	<u>\$ 28,397,935</u>	<u>\$ 31,631,000</u>	<u>\$ 31,915,564</u>
All other governmental funds										
Nonspendable			\$ 747,000	\$ 747,000	\$ -	\$ -	\$ -	\$ 1,359,572	\$ 747,000	\$ 381,827
Restricted			91,097,144	86,235,861	85,785,298	92,099,404	89,823,700	92,057,409	98,258,399	114,199,266
Committed			223,081	223,080	104,831	1,548,817	-	467,154	104,831	104,831
Assigned			5,391,471	3,025,298	3,700,909	2,814,032	4,319,768	5,548,342	1,395,994	4,563,225
Unassigned			<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,736,679)</u>	<u>(305,445)</u>	<u>(4,008)</u>	<u>5</u>
Total all other governmental funds			<u>\$ 97,458,696</u>	<u>\$ 90,231,239</u>	<u>\$ 89,591,038</u>	<u>\$ 96,462,253</u>	<u>\$ 92,406,789</u>	<u>\$ 99,127,032</u>	<u>\$ 100,502,216</u>	<u>\$ 119,249,154</u>

Notes:

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

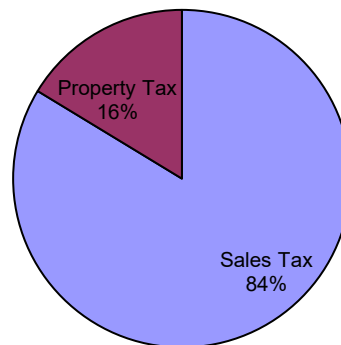
CITY OF PUEBLO, COLORADO
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(Modified accrual basis of accounting)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues										
Taxes	\$ 65,939,451	\$ 70,590,717	\$ 71,397,662	\$ 68,749,023	\$ 70,430,187	\$ 71,910,738	\$ 76,138,538	\$ 82,317,674	\$ 81,944,382	\$ 87,331,274
Payment in lieu of taxes	4,600,000	2,909,859	9,859	9,859	9,859	9,859	9,859	9,859	9,859	9,859
Fees and fines	2,136,887	2,276,641	2,355,108	2,090,603	1,849,081	1,611,630	1,798,138	1,741,259	1,986,461	2,170,102
Licenses and permits	558,257	600,523	561,141	574,360	603,249	576,283	591,466	652,734	832,065	896,954
Intergovernmental	14,549,354	18,073,674	19,678,700	16,170,914	23,188,363	11,871,960	15,964,015	22,481,211	15,082,105	14,653,892
Charges for services	4,445,802	4,538,144	4,706,111	5,723,274	5,216,546	5,534,195	6,351,180	6,567,569	6,367,387	7,312,641
Investment earnings	915,059	509,745	894,162	454,207	(95,480)	540,404	477,251	391,915	682,348	1,868,791
Miscellaneous	1,553,276	3,306,444	1,877,391	1,011,170	1,503,609	860,354	1,062,995	1,150,565	3,406,114	11,517,624
Total revenues	<u>94,698,086</u>	<u>102,805,747</u>	<u>101,480,134</u>	<u>94,783,410</u>	<u>102,705,414</u>	<u>92,915,423</u>	<u>102,393,442</u>	<u>115,312,786</u>	<u>110,310,721</u>	<u>125,761,137</u>
Expenditures										
Current										
General government	8,906,351	9,446,931	9,906,695	9,757,420	9,324,677	8,775,946	9,274,465	10,326,645	15,317,582	12,765,163
Public safety	38,880,698	40,797,229	41,840,926	42,581,744	53,423,916	42,129,729	42,633,784	43,782,281	44,423,822	48,917,175
Public works	9,673,957	12,584,529	9,150,113	9,749,975	9,298,026	9,464,524	18,521,210	14,533,241	9,237,437	9,176,742
Parks and recreation	4,036,880	4,460,129	4,752,890	5,382,385	4,790,964	4,743,862	4,714,260	5,022,663	5,757,114	6,127,750
Economic development	2,196,510	3,606,731	1,720,757	3,123,621	4,698,157	5,027,462	4,659,769	(945,264)	2,344,041	6,154,815
Culture and community welfare	7,070,616	8,324,329	9,223,504	12,664,949	11,117,958	7,356,405	7,622,393	8,014,330	7,376,916	9,550,435
Other	1,252,382	615,174	479,457	521,614	402,110	485,078	601,143	544,756	735,897	-
Debt service										
Principal	2,099,407	1,925,287	1,998,559	2,117,410	2,536,229	2,772,040	3,206,097	3,253,445	3,970,960	3,482,760
Interest and other charges	1,242,553	1,414,334	1,333,949	1,267,515	1,204,852	1,270,723	1,138,466	1,165,287	401,897	450,180
Capital outlay	31,511,351	12,211,347	8,154,482	16,076,440	8,422,405	3,306,401	6,965,445	14,997,703	11,284,170	9,467,488
Total expenditures	<u>106,870,705</u>	<u>95,386,020</u>	<u>88,561,332</u>	<u>103,243,073</u>	<u>105,219,294</u>	<u>85,332,170</u>	<u>99,337,032</u>	<u>100,695,087</u>	<u>100,849,836</u>	<u>106,092,508</u>
Excess revenues over (under) expenditures	<u>(12,172,619)</u>	<u>7,419,727</u>	<u>12,918,802</u>	<u>(8,459,663)</u>	<u>(2,513,880)</u>	<u>7,583,253</u>	<u>3,056,410</u>	<u>14,617,699</u>	<u>9,460,885</u>	<u>19,668,629</u>
Other financing sources (uses)										
Proceeds from borrowing	-	-	363,503	1,173,612	2,367,868	4,200,000	-	2,776,391	1,400	-
Discount on bonds issued	-	-	-	-	-	-	-	-	-	-
Insurance recoveries	-	-	-	-	-	-	1,939,932	961,954	512,536	1,845,650
Payment to refunded debt escrow agent	-	-	-	-	-	-	-	-	-	2,956,111
Sales of Capital Assets	-	-	-	-	912,533	154,692	109,500	-	-	-
Transfers in	18,317,883	14,744,489	13,256,748	10,980,219	10,267,116	9,139,517	11,082,730	9,969,269	12,926,287	12,483,656
Transfers out	<u>(21,766,829)</u>	<u>(18,903,882)</u>	<u>(17,362,999)</u>	<u>(14,453,381)</u>	<u>(13,605,669)</u>	<u>(13,473,805)</u>	<u>(16,536,285)</u>	<u>(15,326,562)</u>	<u>(18,292,859)</u>	<u>(17,922,541)</u>
Total other financing sources (uses)	<u>(3,448,946)</u>	<u>(4,159,393)</u>	<u>(3,742,748)</u>	<u>(2,299,550)</u>	<u>(58,152)</u>	<u>20,404</u>	<u>(3,404,123)</u>	<u>(1,618,948)</u>	<u>(4,852,636)</u>	<u>(637,124)</u>
Net changes in fund balances	<u>(15,621,565)</u>	<u>3,260,334</u>	<u>9,176,054</u>	<u>(10,759,213)</u>	<u>(2,572,032)</u>	<u>7,603,657</u>	<u>(347,713)</u>	<u>12,998,751</u>	<u>4,608,249</u>	<u>19,031,505</u>
Fund balances - beginning	<u>123,786,691</u>	<u>108,165,126</u>	<u>111,425,460</u>	<u>120,601,514</u>	<u>109,842,301</u>	<u>107,270,269</u>	<u>114,873,926</u>	<u>114,526,213</u>	<u>127,524,964</u>	<u>132,133,213</u>
Fund balances - ending	<u>\$ 108,165,126</u>	<u>\$ 111,425,460</u>	<u>\$ 120,601,514</u>	<u>\$ 109,842,301</u>	<u>\$ 107,270,269</u>	<u>\$ 114,873,926</u>	<u>\$ 114,526,213</u>	<u>\$ 127,524,964</u>	<u>\$ 132,133,213</u>	<u>\$ 151,164,718</u>
Debt service as a percentage of non-capital expenditures	4.4%	4.0%	4.1%	3.9%	3.9%	4.9%	4.7%	-1.2%	4.9%	4.2%

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

Fiscal Year	Sales and Miscellaneous Taxes	Rate	Property Tax	Rate	Total
2009	54,998,393	3.50%	10,941,058	15.633%	65,939,451
2010	59,320,054	3.50%	11,270,663	15.633%	70,590,717
2011	59,952,955	3.50%	11,444,707	15.633%	71,397,662
2012	56,840,148	3.50%	11,908,875	15.633%	68,749,023
2013	57,527,855	3.50%	12,902,332	15.633%	70,430,187
2014	59,191,323	3.50%	12,719,415	15.633%	71,910,738
2015	63,326,552	3.50%	12,811,986	15.633%	76,138,538
2016	68,913,944	3.50%	13,403,730	15.633%	82,317,674
2017	68,791,073	3.50%	13,153,309	15.633%	81,944,382
2018	72,703,388	3.70%	14,627,886	15.633%	87,331,274

General Government Tax Revenue by Source



The sales and use tax rate (3.7%) consists of 3.0% general tax, 0.5% tax specifically for use in economic development, and 0.2% tax specifically for use in police operations and personnel. Sales tax is levied on all retail sales, leases, and rentals of tangible personal property on the basis of the purchase or rental price. Food purchased for preparation and consumption at home is exempt from sales tax. Prescription medications are also exempt from sales tax. Use tax is collected on purchases of items which are used in Pueblo and on which the 3.7% local sales tax has not been paid to another jurisdiction.

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

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	% of Total
Apparel stores	\$ 20,665,388	\$ 22,587,643	\$ 22,726,167	\$ 21,078,355	\$ 21,712,161	\$ 21,711,110	\$ 20,634,443	\$ 20,272,604	\$ 19,849,447	\$ 20,199,683	1.1%
General merchandise	271,065,537	273,664,541	269,866,690	271,614,426	269,825,995	262,641,258	268,291,882	274,049,873	276,157,293	280,947,691	15.7%
Food/drug/liquor stores	59,518,359	61,428,357	63,799,469	64,577,531	66,970,357	66,864,169	70,252,481	75,941,336	75,188,781	75,722,009	4.2%
Eating and drinking establishments	175,986,153	178,342,206	181,007,675	188,975,381	194,976,983	199,340,110	215,135,731	226,031,722	231,388,342	238,290,989	13.3%
Home furnishings and appliances	33,464,768	27,775,023	26,675,919	26,589,441	27,822,264	28,221,714	27,883,465	24,558,569	22,961,790	24,021,522	1.3%
Building materials and farm tools	161,330,267	156,992,265	128,552,869	128,914,149	138,523,216	142,638,333	166,576,091	197,116,069	206,519,526	206,330,219	11.5%
Auto dealers and supplies	138,337,249	119,665,344	121,521,485	137,163,808	145,887,947	156,434,840	184,178,841	191,997,840	192,863,562	194,916,009	10.9%
Other retail stores	199,686,795	222,591,059	215,867,314	205,612,974	210,573,040	231,554,778	242,005,604	249,292,166	306,870,709	304,706,148	17.0%
Utilities	185,146,431	186,111,405	209,678,211	233,629,333	215,875,798	225,969,757	216,905,819	232,977,413	226,557,799	205,193,579	11.4%
All other outlets	<u>204,417,996</u>	<u>186,202,664</u>	<u>197,478,109</u>	<u>178,453,889</u>	<u>181,937,413</u>	<u>189,488,275</u>	<u>204,278,923</u>	<u>219,327,119</u>	<u>250,337,933</u>	<u>242,588,251</u>	13.5%
Total	<u>\$ 1,449,618,943</u>	<u>\$ 1,435,360,507</u>	<u>\$ 1,437,173,908</u>	<u>\$ 1,456,609,287</u>	<u>\$ 1,474,105,174</u>	<u>\$ 1,524,864,344</u>	<u>\$ 1,616,143,280</u>	<u>\$ 1,711,564,711</u>	<u>\$ 1,808,695,182</u>	<u>\$ 1,792,916,100</u>	<u>100.0%</u>
City direct sales tax rate	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.70%	

CITY OF PUEBLO, COLORADO
PRINCIPAL SALES TAXPAYERS
December 31, 2016 and Nine Years Prior

Sales and Use Tax is the City's largest revenue source, producing 73.4% of the revenues for the Governmental Activities. We are prohibited by ordinance from releasing sales tax information on individual taxpayers. We are providing the following as the next best available option:

Percentage of Sales & Use Tax by Industry Code

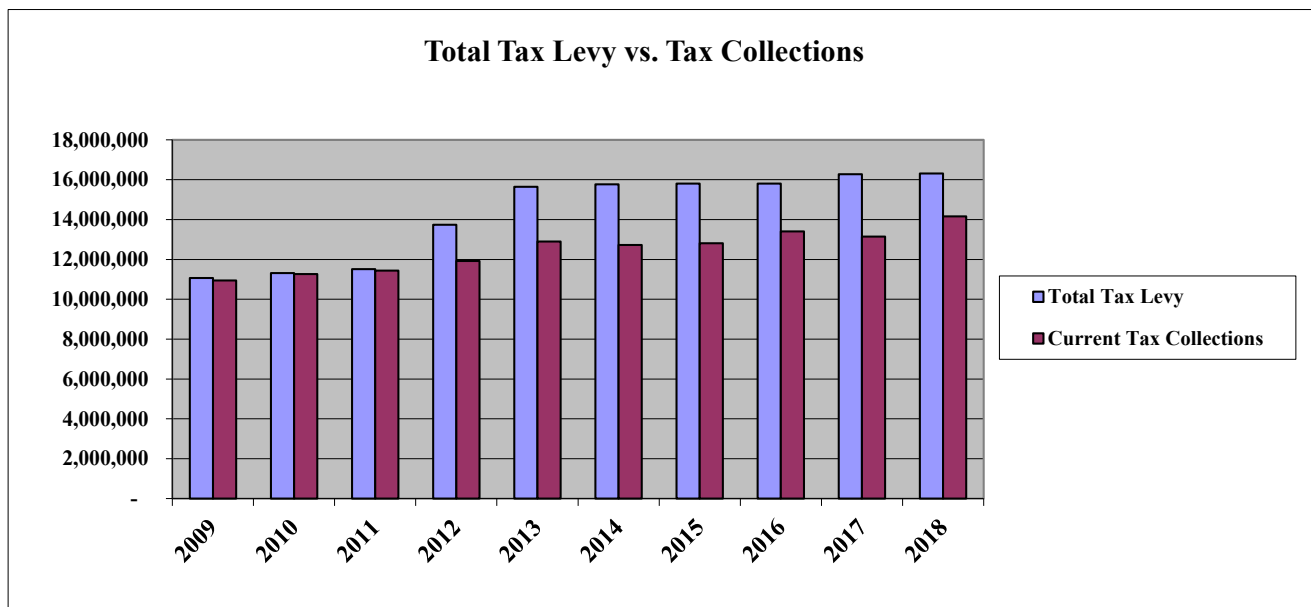
	<u>2018</u>	<u>2009</u>
General Merchandise Stores	16%	19%
Utilities	11%	13%
Restaurants	13%	12%
Auto Sales	11%	10%
All other	49%	46%
	100%	100%

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

Fiscal Year	(1) Total Tax Levy	(2) Current Tax Collections	Percentage of Current Taxes Collected	Delinquent Tax Collections	Total Tax Collections	Ratio of Total Tax Collections to Total Tax Levy	Outstanding Accumulated Delinquent Taxes	Ratio of Delinquent Taxes to Total Tax Levy
2009	11,068,364	10,940,836	98.8%	222	10,941,058	98.8%	586,104	5.3%
2010	11,318,452	11,262,805	99.5%	7,858	11,270,663	99.6%	633,893	5.6%
2011	11,507,693	11,437,371	99.4%	7,336	11,444,707	99.5%	696,879	6.1%
2012	13,736,996	11,915,905	86.7%	(7,030)	11,908,875	86.7%	2,525,000	18.4%
2013	15,638,844	12,897,509	82.5%	4,823	12,902,332	82.5%	5,261,512	33.6%
2014	15,764,500	12,719,454	80.7%	(39)	12,719,415	80.7%	8,306,597	52.7%
2015	15,797,889	12,805,555	81.1%	6,431	12,811,986	81.1%	11,292,500	71.5%
2016	15,808,017	13,402,890	84.8%	840	13,403,730	84.8%	13,696,787	86.6%
2017	16,274,147	13,148,137	80.8%	5,172	13,153,309	80.8%	16,817,625	103.3%
2018	16,315,462	14,159,994	86.8%	10,616	14,170,610	86.9%	18,962,477	116.2%

(1) For consistency in computing ratios, total tax is shown net of the one percent County Treasurer's fee.

(2) Real and Property Taxes are assessed as of January 1. Taxes are due in full on April 30, or in installments with the first half due February 28 and the second half due June 15.



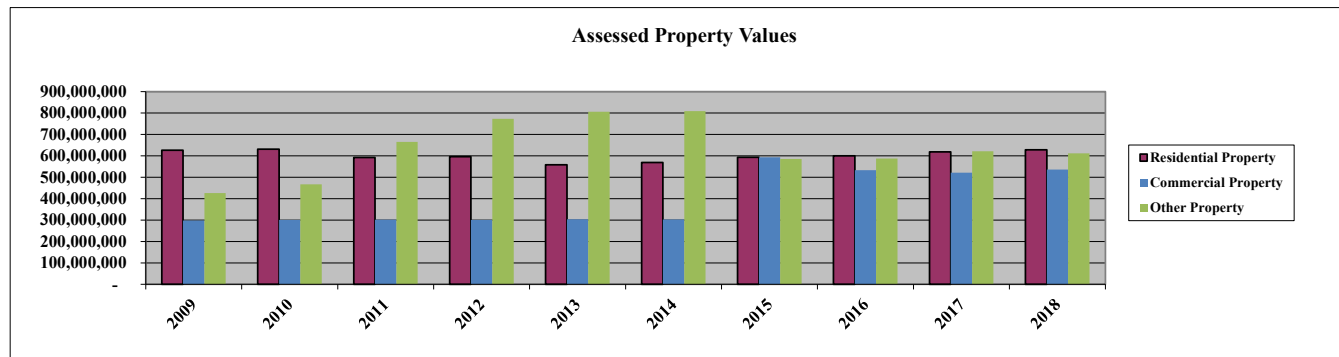
CITY OF PUEBLO, COLORADO
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
Last Ten Fiscal Years

Fiscal Year	(1) Assessed Property Values					Total Direct Tax Rate	(2) Estimated Actual Property Value	(2) Assessed Value as a Percentage of Actual Value
	Residential Property	Commercial Property	Other Property	Less: Tax Exempt Property	Total Taxable Assessed Value			
2009	626,001,880	298,026,320	426,264,430	(626,270,159)	724,022,471	15.633%	9,836,666,261	7.360%
2010	631,211,662	300,395,819	467,214,669	(616,860,250)	781,961,900	15.633%	10,024,831,899	7.800%
2011	592,630,631	301,583,023	664,907,749	(608,178,821)	950,942,582	15.633%	9,594,209,379	9.912%
2012	596,086,787	300,801,415	772,929,417	(608,060,262)	1,061,757,357	15.633%	9,571,359,504	11.093%
2013	558,332,627	303,331,362	806,240,212	(611,072,756)	1,056,831,445	15.633%	9,125,979,829	11.580%
2014	569,105,609	303,057,840	809,070,316	(624,842,447)	1,056,391,318	15.633%	9,196,208,127	11.487%
2015	593,217,974	593,217,974	585,647,170	(703,560,824)	1,068,522,294	15.633%	11,349,016,092	9.415%
2016	600,068,689	533,129,108	587,015,330	(661,471,649)	1,058,741,478	15.633%	11,401,118,396	9.286%
2017	618,206,460	521,701,306	621,071,702	(672,114,147)	1,088,865,321	15.633%	12,526,797,412	8.692%
2018	628,203,734	536,307,075	611,334,895	(679,537,549)	1,096,308,155	15.633%	12,682,441,752	8.644%

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

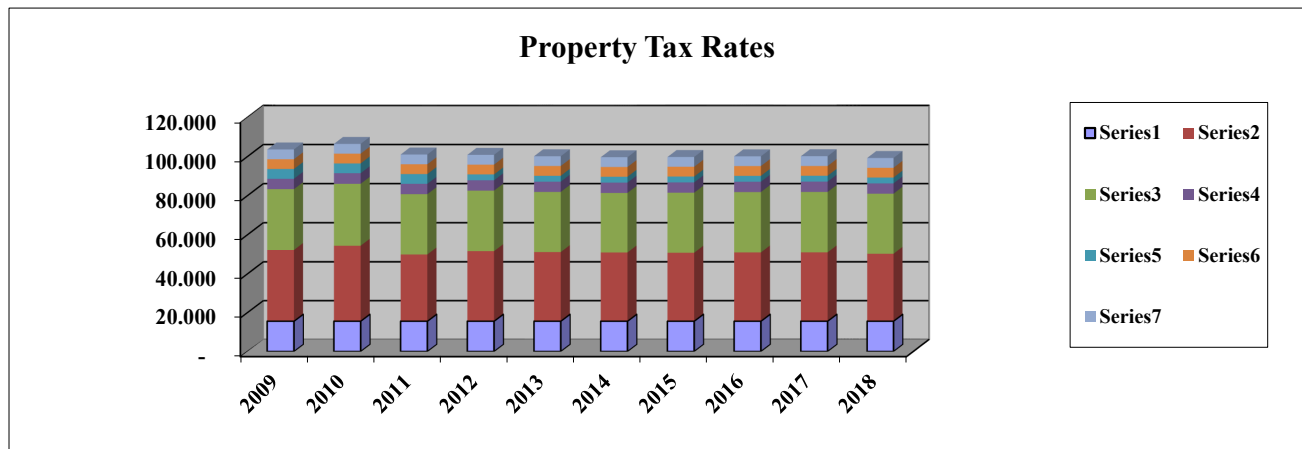
(2) Actual Property Value is the base from which assessed value is derived. Excludes State Assessed and Exempt properties.

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



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

Fiscal Year	City Direct Rate	Overlapping Rates *					
	General Operating Expenditures	School District #60	Pueblo County	Pueblo Regional Library	Bandera Blvd. Special Improvement District	Southpointe Special Improvement District	Thunder Village Metropolitan District
2009	15.633	36.629	31.118	5.302	5.000	5.000	5.000
2010	15.633	38.811	31.677	5.413	5.000	5.000	5.000
2011	15.633	34.324	30.872	5.268	5.000	5.000	5.000
2012	15.633	36.032	30.959	5.293	3.000	5.000	5.000
2013	15.633	35.573	30.750	5.258	3.000	5.000	5.000
2014	15.633	35.347	30.469	5.262	3.000	5.000	5.000
2015	15.633	35.234	30.710	5.255	3.000	5.000	5.000
2016	15.633	35.392	30.867	5.282	3.000	5.000	5.000
2017	15.633	35.418	30.887	5.288	3.000	5.000	5.000
2018	15.633	34.690	30.722	5.271	3.000	5.000	5.000



Source: Pueblo County, Colorado Abstract of Assessment

Notes: The City's basic property tax rate may be increased only by a vote of the City's residents. The City's direct rate's sole purpose is general operating expenses. No mill levy has been approved for debt service or other purposes.

* Overlapping rates are those of local and county governments that apply to property owners within the City of Pueblo. Not all overlapping rates apply to all City of Pueblo property owners; for example, although the county property tax rates apply to all City property owners, the Southpointe Special Improvement District rates apply only to the City property owners whose property is located within that district's geographic boundaries.

CITY OF PUEBLO, COLORADO
PRINCIPAL PROPERTY TAXPAYERS
December 31, 2018 and Nine Years Prior

Current Year					Nine Years Prior		
Rank	Taxpayer	Type of Business	2018 Assessed Valuation	Percentage of Total Assessed Valuation	Rank	2009 Assessed Valuation	
1	Public Service Co. of Colorado	Natural gas utility	\$ 231,227,363	21.1%	1	\$ 59,680,780	
2	Black Hills Colorado Electric	Electric utility	57,561,938	5.3%			
3	Intermountain Rural Electric	Electric utility	48,561,900	4.4%			
4	Black Hills Colorado IPP LLC	Electric utility	40,415,500	3.7%			
5	Vesta Towers of America Inc	Manufacturing	16,555,602	1.5%			
6	Holy Cross Electric Assn Inc	Electric utility	15,510,600	1.4%			
7	Vesta Towers America Inc.	Manufacturing	15,038,167	1.4%			
8	Qwest Corporation	Communications	10,985,300	1.0%	2	15,760,300	
9	Parkview Medical Center Inc	Medical	6,867,958	0.6%	4	5,909,080	
10	Comcast of Colorado IV LLC	Communications	6,614,848	0.6%			
	Cellco Partnership FKA Verizon	Communications			5	3,910,830	
	Black Hills Corporation	Electric utility			3	8,111,590	
	Renaissance Partners I LLC	Sports/entertainment			6	3,777,330	
	Sam's Real Estate Business	Retail			8	2,490,940	
	Walmart Real Estate Business	Retail			10	2,346,000	
	Catholic Health Initiative	Medical			7	2,847,850	
	Lowes HIW Inc	Retail			9	2,381,300	
	Total 2018 property tax valuation for City of Pueblo		1,096,308,155				

Note: Ranking based upon 2018 collections of tax amounts due calculated on 2017 assessed valuation

Source: Property tax valuation amounts provided by Pueblo County Assessor's Office

CITY OF PUEBLO, COLORADO
RATIOS OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years

Fiscal Year	Governmental Activities					Business-Type Activities				Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Capital Improvement Revenue Bonds	Certificates of Participation	Capital Leases	Notes Payable	Revenue Bonds	Certificates of Participation	Capital Leases	Notes Payable			
2009	5,947,186	-	19,800,325	4,146,905	24,255	-	457,540	365,314	7,726,402	38,467,927	0.87%	368
2010	5,186,821	-	19,139,642	3,657,658	12,158	-	234,512	220,684	32,291,438	60,742,913	1.26%	570
2011	4,401,456	-	18,450,359	3,512,242	-	-	-	2,064,742	30,799,208	59,228,007	1.20%	552
2012	3,653,433	-	17,805,716	4,043,444	-	-	-	3,011,827	29,301,395	57,815,815	1.07%	535
2013	2,785,621	-	17,131,073	5,441,191	-	-	-	2,593,373	28,412,296	56,363,554	1.01%	522
2014	1,887,809	-	20,621,430	4,269,151	-	-	-	2,215,303	30,768,525	59,762,218	1.07%	551
2015	955,000	-	19,496,000	3,113,841	-	-	-	1,826,850	28,812,128	54,203,819	0.99%	495
2016	-	-	19,798,176	4,103,178	-	-	-	1,427,643	27,030,037	52,359,034	0.92%	484
2017	-	-	17,119,784	3,176,780	-	-	-	1,886,471	25,218,973	47,402,008	0.83%	439
2018	-	-	14,494,093	5,186,741	-	-	-	1,521,508	23,378,821	44,581,163	0.72%	401

Note: Details regarding the City's outstanding debt can be found in the Notes to Financial Statements.

CITY OF PUEBLO, COLORADO
RATIOS OF NET GENERAL OBLIGATION DEBT OUTSTANDING
Last Ten Fiscal Years

General Bonded Debt Outstanding							
Fiscal Year	General Obligation Bonds	Capital Improvement Revenue Bonds	Gross Bonded Debt	Less Debt Service Fund	Net Bonded Debt	Ratio of Net Bonded Debt to Actual Property Value	Per Capita
2009	5,947,186	-	5,947,186	-	5,947,186	0.06%	56.16
2010	5,186,821	-	5,186,821	-	5,186,821	0.05%	48.66
2011	4,401,456	-	4,401,456	-	4,401,456	0.05%	41.02
2012	3,653,433	-	3,653,433	-	3,653,433	0.04%	33.83
2013	2,785,621	-	2,785,621	-	2,785,621	0.03%	25.78
2014	1,887,809	-	1,887,809	-	1,887,809	0.02%	17.41
2015	955,000	-	955,000	-	955,000	0.01%	8.73
2016	-	-	-	-	-	0.00%	-
2017	-	-	-	-	-	0.00%	-
2018	-	-	-	-	-	0.00%	-

Note 1: Details regarding the City's outstanding debt can be found in the Notes to Financial Statements.

Note 2: Population information can be found on the schedule of Demographic and Economic Statistics.

Note 3: Estimated actual property values can be found on the schedule of Assessed and Actual Property Values and New Construction.

CITY OF PUEBLO, COLORADO
COMPUTATION OF DIRECT AND OVERLAPPING GOVERNMENTAL
ACTIVITIES DEBT
December 31, 2018

Jurisdiction	Net Debt Outstanding	Percentage Applicable to City of Pueblo	Amount Applicable to City of Pueblo
Direct debt	\$ 19,680,834	100%	\$ 19,680,834
Total direct debt	<u>\$ 19,680,834</u>		<u>\$ 19,680,834</u>
Overlapping entities:			
Board of Water Works	32,800,000	0.0%	\$ -
Pueblo County Debt	\$ 87,374,285	0.0%	\$ -
School District #60 Debt	53,938,303	0.0%	-
Total overlapping debt	<u>\$ 174,112,588</u>		<u>\$ -</u>
Total direct and overlapping debt	<u>\$ 193,793,422</u>		<u>\$ 19,680,834</u>

Sources: Assessed property value data provided by the Pueblo County Assessor used to estimate applicable percentages. Debt outstanding data provided by each government entity.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Pueblo. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore is responsible for repaying the debt of each overlapping government.

CITY OF PUEBLO, COLORADO
LEGAL DEBT MARGIN INFORMATION
Last Ten Fiscal Years

		<u>Legal Debt Margin Calculation for Fiscal Year 2018</u>
Assessed value - 2017 for 2018 taxes		\$ 1,096,308,155
Debt limitation - Ten percent of total assessed value		109,630,816
Total applicable debt	\$ -	
Less amount available for repayment of general obligation bonds	-	
Total net debt applicable to limitation		-
Legal debt margin		<u><u>\$ 109,630,816</u></u>

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Debt limit	\$ 72,402,247	\$ 78,196,190	\$ 95,094,258	\$ 106,175,736	\$ 105,683,145	\$ 105,639,132	\$ 106,852,229	\$ 105,874,148	\$ 108,886,532	109,630,816
Total net debt applicable to limit	<u>5,975,000</u>	<u>5,210,000</u>	<u>4,420,000</u>	<u>3,600,000</u>	<u>2,750,000</u>	<u>1,870,000</u>	<u>955,000</u>	-	-	-
Legal debt margin	<u>\$ 66,427,247</u>	<u>\$ 72,986,190</u>	<u>\$ 90,674,258</u>	<u>\$ 102,575,736</u>	<u>\$ 102,933,145</u>	<u>\$ 103,769,132</u>	<u>\$ 105,897,229</u>	<u>\$ 105,874,148</u>	<u>\$ 108,886,532</u>	<u>\$ 109,630,816</u>
Total net debt applicable to the limit as a percentage of debt limit	8.25%	6.66%	4.65%	3.39%	2.60%	1.77%	0.89%	0.00%	0.00%	0.00%

Detailed information regarding the long-term debt of the City can be found in the Notes to Financial Statements.

Future debt issuance may be subject to the Taxpayer's Bill of Rights (TABOR).

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CITY OF PUEBLO, COLORADO
PLEDGED-REVENUE COVERAGE
Last Ten Fiscal Years

Wastewater Revenue Bonds/Note Payable						
Fiscal Year	Wastewater Enterprise Operating Revenue	Less: Operating Expenses	Net Available Revenue	Debt Service		
				Principal	Interest	Coverage
2009	12,392,418	8,339,188	4,053,230	362,703	182,803	7.43
2010	13,673,319	7,953,954	5,719,365	405,699	403,219	7.07
2011	13,454,038	8,490,428	4,963,610	1,421,994	767,306	2.27
2012	13,805,921	10,295,374	3,510,547	1,427,577	783,180	1.59
2013	14,355,943	11,841,284	2,514,659	1,459,821	743,771	1.14
2014	15,256,778	11,933,996	3,322,782	1,488,061	738,217	1.49
2015	16,422,771	15,749,124	673,647	1,509,723	766,065	0.30
2016	18,564,168	11,282,404	7,281,764	1,782,091	687,615	2.95
2017	20,199,200	13,982,956	6,216,244	1,740,826	718,050	2.53
2018	23,348,419	17,226,423	6,121,996	1,840,155	616,494	2.49

- (1) Wastewater Revenue Bonds were retired early. The debt was refunded by a note payable to the Colorado Water Resources and Power Development Authority Water Pollution Control Revolving Fund (WPRF) Loan Program.

CITY OF PUEBLO, COLORADO
PLEDGED-REVENUE COVERAGE
Last Ten Fiscal Years

Stormwater Note Payable						
Fiscal Year	Stormwater Enterprise Operating Revenue	Less: Operating Expenses	Net Available Revenue	Debt Service		
				Principal	Interest	Coverage
2009	-	-	-	-	-	-
2010	-	-	-	-	-	-
2011	-	-	-	-	-	-
2012	-	-	-	-	-	-
2013	-	-	-	-	-	-
2014	-	-	-	-	-	-
2015	-	-	-	-	-	-
2016	-	-	-	-	-	-
2017	-	-	-	-	-	-
2018	4,490,107	3,730,797	759,310	44,467	1,083	16.67

- (1) The debt is a note payable to the Colorado Water Resources and Power Development Authority Water Pollution Control Revolving Fund (WPRF) Loan Program.

CITY OF PUEBLO, COLORADO
DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Calendar Years

Fiscal Year	(1) Population	(2) Personal Income (in thousands)	(3) Per Capita Income	(4) Median Age	(5) Percentage of High School Graduates	(6) School Enrollment	(7) Unemployment Rate
2009	105,898	4,687,244	29,695	37.4	84.2	18,304	10.2%
2010	106,595	4,815,084	30,194	37.5	84.9	18,420	11.7%
2011	107,297	4,946,411	30,701	37.6	85.6	17,877	11.2%
2012	107,994	5,380,177	33,288	37.7	86.2	18,296	11.6%
2013	108,073	5,554,502	34,423	38.0	84.7	18,564	10.5%
2014	108,423	5,566,811	34,037	37.4	85.7	18,518	8.1%
2015	109,412	5,449,642	33,666	37.7	85.5	17,665	5.0%
2016	108,073	5,698,107	34,831	37.4	85.3	17,299	4.2%
2017	108,385	5,968,790	36,148	37.3	85.7	16,910	4.8%
2018	111,127	6,198,065	37,231	37.5	86.1	16,900	5.8%

Sources:

- (1) 2009: Colorado State Demography Office
2010: U.S. Census Bureau
2011: Colorado State Demography Office
2012: Extrapolation of 2010-2011 growth trend. 2012 estimates from Colorado State Demography Office not available.
2018: U.S. Census Bureau, estimates are interpolation and extrapolation of 2000 and 2010 Census data.
- (2) U. S. Bureau of Economic Analysis: Pueblo County (City of Pueblo only not available)
2012 is estimate, based on 2010-2011 growth rate
- (3) U.S. Bureau of Economic Analysis: Pueblo County (City of Pueblo only not available)
2012 is estimate, based on 2010-2011 growth rate
- (4) Estimates are interpolation and extrapolation of 2000 and 2010 Census data.
- (5) Estimates are interpolation and extrapolation of 2000 Census data and 2010 American Community Survey data.
- (6) Colorado Dept. of Education (derived from annual census of School District No. 60 schools)
http://www.cde.state.co.us/index_stats.htm
- (7) U. S. Department of Labor, Bureau of Labor Statistics

CITY OF PUEBLO, COLORADO
PRINCIPAL EMPLOYERS
Current Year and Nine Years Ago

Employer	2018			2009		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Parkview Hospital Medical Center	3,100	1	4.1%	2,143	2	3.8%
Pueblo City Schools (School District No. 60)	1,766	2	2.4%	2,600	1	4.7%
Pueblo County	1,099	3	1.5%	1,112	6	2.0%
Wal Mart**	1,040	4	1.4%	1,200	4	2.2%
School District No. 70	1,026	5	1.4%	1,200	3	2.2%
Evrast Inc. (Rocky Mountain Steel)	979	6	1.3%	1,001	8	1.8%
Vestas Tower America	863	7	1.2%			
City of Pueblo	767	8	1.0%			
Convergys	700	9	0.9%			
Target Corp	700	10	0.9%			
RMS				700	9	1.3%
St. Mary Corwin Hospital				1,080	7	1.9%
Trane Commercial Systems				696	10	1.2%
Colorado Mental Health Institute				1,200	5	2.2%
Total	<u>12,040</u>		<u>16.0%</u>	<u>12,932</u>		<u>23.2%</u>
Pueblo County resident employment	75,027			55,681		

*Includes all stores and management in Pueblo County

*Includes Wal-Mart located in Pueblo West

SOURCE: Pueblo County; Pueblo Economic Development Corporation (PEDCO); U.S. Bureau of Labor Statistics for resident city total employment.

CITY OF PUEBLO, COLORADO
FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION/PROGRAM
Last Ten Years

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental activities:										
City manager's office	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	4.00
Municipal court	9.00	9.00	9.00	9.00	9.00	10.00	10.00	10.00	10.00	11.00
City clerk's office	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Human resources	6.00	6.00	6.00	7.00	7.00	7.00	6.00	6.00	6.00	6.00
Finance	18.00	18.00	18.00	18.00	18.00	18.00	20.00	20.00	22.00	22.00
Civil service	3.00	3.00	3.00	3.00	3.00	3.00	6.00	5.00	2.00	2.00
Law	2.00	6.00	6.00	6.00	6.00	6.00	7.00	7.00	8.00	8.00
Information technology	14.75	15.75	15.75	15.75	15.75	15.75	16.00	18.00	18.00	19.00
Planning/comm dev	16.00	16.00	16.00	16.00	12.00	12.00	14.00	14.00	14.00	14.00
Land use	-	-	-	-	-	-	-	-	-	-
Purchasing	3.00	2.00	2.00	2.00	2.00	3.00	3.00	3.00	3.00	3.00
Housing/comm svcs	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Fleet maintenance	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00
Police	264.00	266.00	266.00	268.00	271.00	271.00	273.00	274.00	299.50	299.50
Fire	137.00	143.00	143.00	143.00	140.00	140.00	140.00	140.00	145.00	145.00
Public works	78.00	75.00	75.00	74.00	74.00	74.00	74.00	74.00	72.00	72.00
Parks and recreation	38.75	37.75	37.75	38.00	38.00	38.00	38.00	39.00	39.50	39.00
Business-type activities:										
Wastewater utility	48.50	49.50	50.50	51.50	52.50	52.50	56.50	57.50	56.50	59.50
Stormwater utility	17.50	17.50	18.50	18.50	19.50	19.50	19.50	19.50	19.50	20.00
Memorial airport	11.00	11.00	11.00	11.00	12.00	12.00	12.00	12.00	12.00	12.00
Parking facilities	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Honor Farm properties	1.00	1.00	1.00	2.00	1.00	1.00	1.00	-	-	-
Total	<u>694.50</u>	<u>703.50</u>	<u>705.50</u>	<u>709.75</u>	<u>707.75</u>	<u>709.75</u>	<u>723.00</u>	<u>726.00</u>	<u>754.00</u>	<u>757.00</u>

Note 1: Includes permanent full and part-time positions only; temporary and seasonal employees are excluded.

CITY OF PUEBLO, COLORADO
OPERATING INDICATORS BY FUNCTION/PROGRAM
Last Ten Years

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Police										
Number of arrests	4,328	3,833	3,739	3,671	3,758	3,981	4,257	4,530	4,656	4,544
Number of traffic violations	4,904	8,405	5,832	7,102	7,498	6,798	5,200	6,085	6,982	7,124
Number of parking violations	9,498	11,527	10,015	9,576	8,545	7,804	7,113	7,576	9,200	9,377
Fire										
Number of fire calls answered	5,434	4,667	4,698	4,797	5,246	5,708	6,651	7,183	2,265	578
Number of medical responses	9,236	10,790	11,656	11,894	12,921	14,113	15,367	16,596	14,765	14,890
Number of inspections	3,550	3,433	2,716	3,924	2,869	1,540	1,534	2,066	2,302	1,352
Parks and recreation										
Aquatics participants	- *	51,630	54,013	45,449	34,381	40,093	42,808	37,075	46,445	52,278
Adult athletics participants	828	1,070	725	1,290	825	735	630	540	690	815
Youth athletics participants	3,568	2,411	2,047	1,764	1,581	1,883	1,941	1,627	1,487	1,601
Playground/Open gym participants	11,298	6,345	500	639	116	139	215	42	-	-
Tennis participants	3,170	2,958	3,095	152	1,025	892	296	381	295	372
Elmwood golf course										
Golf rounds played	64,664	62,476	64,059	64,398	26,898	25,078	26,701	59,952	59,347	60,602
Walkingstick golf course										
Golf rounds played	32,403	30,997	28,040	30,798	27,714	25,388	27,423	27,558	26,775	25,815
Wastewater utility										
Number of sanitary sewer service connections	37,537	37,537	37,976	37,595	37,595	37,524	37,819	37,958	37,976	37,976
Daily average wastewater treatment in gallons	10,600,000	10,600,000	10,200,000	10,136,000	10,136,000	10,136,000	11,740,000	11,640,000	11,360,000	10,300,000
Maximum daily wastewater treatment capacity in gallons	19,000,000	19,000,000	19,000,000	17,320,000	17,320,000	17,320,000	13,290,000	13,776,000	16,568,000	12,240,000
Memorial airport										
Enplanements	5,114	9,973	21,197	9,417	6,182	6,386	3,114	2,298	3,697	10,512
Air traffic control tower operations	159,923	182,119	156,466	165,876	146,807	142,524	170,865	168,563	176,595	196,269
Pueblo Transit										
Ridership	904,626	951,080	1,046,480	1,094,391	995,589	1,009,852	993,404	903,046	877,227	861,728
Number of days service operated	307	307	307	307	307	307	307	308	299	307
Parking facilities										
Parking permits sold	6,040	5,545	5,561	5,498	5,020	4,317	3,355	4,756	3,814	3,240

* Aquatics programs for 2009 were managed by a contracted entity

Sources: Various city departments.

Note: Indicators are not available for the general government function.

CITY OF PUEBLO, COLORADO
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
Last Ten Years

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Police										
Number of stations	1	1	1	1	1	1	1	1	1	1
Number of patrol units	97	91	98	97	102	73	68	64	62	78
Number of other police vehicles	123	111	106	106	96	125	125	140	148	163
Fire										
Number of stations	10	11	11	11	12	10	10	10	10	10
Public Works										
Miles of paved streets maintained	479	479	479	479	491	492	486	496	498	498
Miles of gravel streets maintained	6	6	6	6	6	6	6	6	6	6
Miles of alleys maintained	102	102	102	102	102	102	102	102	102	103
Parks and recreation										
Number of parks	56	56	127	127	127	127	127	127	127	127
Number of acres of parks	550	550	835	3,950	3,406	3,406	3,406	3,950	4,434	4,425
Number of playgrounds	46	46	46	47	47	47	47	47	47	42
Number of acres of playgrounds	24	24	24	24	24	24	24	24	24	24
Number of swimming pools	4	4	4	4	4	4	4	4	4	4
Number of tennis courts	21	21	21	27	27	27	27	27	27	27
Elmwood golf course										
Golf courses - 18 hole	1	1	1	1	1	1	1	1	1	1
Golf courses - 9 hole	1	1	1	1	1	1	1	1	1	1
Walkingstick golf course										
Golf courses - 18 hole	1	1	1	1	1	1	1	1	1	1
Wastewater utility										
Miles of sanitary sewers	472	468	466	467	467	468	468	464	464	464
Number of treatment plants	1	1	1	1	1	1	1	1	1	1
Stormwater utility										
Miles of storm sewers	115	116	116	117	118	118	118	118	119	168
Pueblo Transit										
Vehicles used in maximum service:										
Fixed Route	12	14	14	14	14	14	14	13	13	13
Citi-Lift	11	11	11	11	11	11	11	11	11	12

Sources: Various city departments.

Note: Indicators are not available for the general government function.

***Government Auditing Standards and
Uniform Guidance Reports***

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City of Pueblo, Colorado

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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*

City Council
City of 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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Pueblo, Colorado (the "City"), as of and for the year ended December 31, 2018, and the related notes to financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 26, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City'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 City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City'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. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be material weaknesses. 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.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City'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.

ACM LLP

Greeley, Colorado
June 26, 2019



Independent Auditor's Report on Compliance For Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance

City Council
City of Pueblo, Colorado

Report on Compliance for Each Major Federal Program

We have audited the City of Pueblo, Colorado's (the "City") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2018. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2018.



Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2018-001. Our opinion on each major federal program is not modified with respect to this matter.

The City's response to the noncompliance finding identified in our audit are described in the accompanying schedule of findings and questioned costs and corrective action plan. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

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

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2018-001 to be a significant deficiency.



The City's response to the internal control over compliance finding identified in our audit are described in the accompanying schedule of findings and questioned costs and corrective action plan. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

ACM LLP

Greeley, Colorado
June 26, 2019

CITY OF PUEBLO, COLORADO

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED DECEMBER 31, 2018

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Contract Number	Expenditures	Amount Provided to Subrecipients
U.S. DEPARTMENT OF JUSTICE				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2015-DJ-BX-0523; 2016-DJ-BX-0558	\$ 45,496	\$ 24,071
Equitable Sharing Program	16.922		409,562	-
Public Safety Partnership and Community Policing Grants	16.710	2016UMWX0152	292,000	-
Total Non-Clustered			747,058	24,071
TOTAL U.S. DEPARTMENT OF JUSTICE			747,058	24,071
U.S. DEPARTMENT OF HOMELAND SECURITY				
FEMA -				
Staffing for Adequate Fire and Emergency Response	97.083	EMW-2016-FH-00508	511,059	-
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	DR-4229-CO	230,274	-
Total Non-Clustered			741,333	-
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			741,333	-

CITY OF PUEBLO, COLORADO

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED DECEMBER 31, 2018

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Contract Number	Expenditures	Amount Provided to Subrecipients
U.S. DEPARTMENT OF TRANSPORTATION				
Highway Planning and Constuction Cluster Colorado Department of Transportation - Highway Planning and Construction	20.205			
		STE M086-059 (18353)	258,523	-
		TAP M086-077 (21985)	138,459	-
		BRO M086-074 (20648)	197,130	-
		STE M086-067 (19287)	6,400	-
			<u>600,512</u>	<u>-</u>
Colorado Parks and Recreation - Recreational Trails Program	20.219	17-TRLG-98515	<u>99,000</u>	<u>-</u>
Total Highway Planning and Construction Cluster			<u>699,512</u>	<u>-</u>
Highway Safety Cluster				
Passed Through Colorado Department of Transportation: Colorado Department of Transportation - State and Community Highway Safety	20.600	411014657/411017345	<u>35,279</u>	<u>-</u>
Total Highway Safety Cluster			<u>35,279</u>	<u>-</u>
Urban Transportation Planning Cluster				
Pueblo Area Council of Governments- Metropolitan Transportation Planning & State & Non-Metro Planning Research	20.505	2018-2019	315,724	-
Highway Research & Development Program	20.200	411014078/411017480	<u>3,797</u>	<u>-</u>
Total Urban Transportation Planning Cluster			<u>319,522</u>	<u>-</u>

CITY OF PUEBLO, COLORADO

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED DECEMBER 31, 2018

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Contract Number	Expenditures	Amount Provided to Subrecipients
Airport Improvement Program	20.106			
		3-08-0046-035-2017	3,472,613	-
		3-08-0046-036-2018	3,074,170	-
Total Airport Improvement Program Cluster			6,546,783	-
Operating & Capital Assistance Cluster				
Federal Transit Formula Grant	20.507		2,515,877	-
Total Operating & Capital Assistance Cluster			2,515,877	-
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			10,116,972	-
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Community Development Block Grants/Entitlement Grants	14.218		1,098,751	99,373
Home Investments Partnership Program	14.239		1,534,385	395,316
Total Non-Clustered			2,633,136	494,689
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			2,633,136	494,689
U.S. DEPARTMENT OF COMMERCE				
Investments for Public Works and Economic Development Facilities	11.300	05-01-05793	45,242	-
Total Non-Clustered			45,242	-
TOTAL U.S. DEPARTMENT OF COMMERCE			45,242	-
TOTAL EXPENDITURES OF FEDERAL AWARDS		Grand Total:	\$ 14,283,741	\$ 518,760

City of Pueblo, Colorado
Notes to the Schedule of Expenditures of Federal Awards
Year Ended December 31, 2018

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the City of Pueblo, Colorado (the "City") under programs of the federal government for the year ended December 31, 2018. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles contained in The Office of Management and Budget Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, or the cost principles Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allocable or are limited as to reimbursement.

3. Indirect Cost Rate

The City has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

City of Pueblo, Colorado
Schedule of Findings and Questioned Costs
Year Ended December 31, 2018

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiency(ies) identified? ☐ Yes ☒ None reported
- Noncompliance material to financial statements noted? ☐ Yes ☒ No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiency(ies) identified? ☒ Yes ☐ None reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) ☐ Yes ☒ No

Identification of major programs:

CFDA/Contract Number

20.106
14.239
14.218

Name of Federal Program or Cluster

Airport Improvement Program
Home Investments Partnerships Program
Community Development Block
Grants/Entitlement Grants

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? ☐ Yes ☒ No

City of Pueblo, Colorado
Schedule of Findings and Questioned Costs
Year Ended December 31, 2018

Section II - Financial Statement Findings

None.

Section III - Federal Award Findings and Questioned Costs

Finding 2018-001- Reporting

Federal Agency: U.S. Department of Transportation

Federal Program Title: Airport Improvement Program

CFDA number: 20.106

Type of finding: Significant Deficiency in Internal Control Over Compliance & Other Matters

Criteria: Sponsors of commercial service airports are required to submit the forms FAA Form 5100-127, *Operating and Financial Summary* (OMB No. 2120-0569) and FAA Form 5100-126, *Financial Government Payment Report* (OMB No. 2120-0569) no later than 120 days after fiscal year end (May 1, 2019).

Condition: The City of Pueblo did not submit the FAA forms 5100-127 or 5100-126 by the May 1, 2019 deadline.

Questioned costs: None.

Context: As part of our audit procedures, we reviewed the Certification Activity Tracking System (CATS) to verify the date the FAA Forms 5100-127 and 5100-126 were filed and noted they were not filed during fieldwork, which occurred after May 1, 2019.

Effect: The City's internal controls over report filing are not operating as designed by internal policies and procedures.

Cause: During the transition of the Assistant City Manager and Finance Director being replaced after year-end, it was not readily made known that the new Finance Director was responsible for the filing of these reports.

Identification as a Repeat Finding: Not applicable.

Recommendation: We recommend the City evaluate their policies and procedures regarding FAA report filing to ensure the timely submission of all compliance reports.

Views of Responsible Officials: We agree with the finding. The City is reviewing their policies and procedures to ensure the individuals responsible for report submissions are aware of their responsibilities and associated deadlines.

City of Pueblo, Colorado
Summary Schedule of Prior Year Findings
Year Ended December 31, 2018

2017-001 - Cash Management

Federal Agency: U.S. Department of Housing and Urban Development

Federal Program Title: HOME Investment Partnership Program

CFDA Number: 14.239

Type of Finding: Material Weakness in Compliance and Internal Control over Compliance

Condition: During our testing of cash management for the grant, we noted that the spreadsheet used by the City to calculate federal funds available to draw down contained an error where an invoice was improperly included twice in the amounts of funds to draw.

Status: This finding has been corrected in the current year.

2017-002 - Allowable Costs

Federal Agency: U.S. Department of Housing and Urban Development

Federal Program Title: HOME Investment Partnership Program

CFDA Number: 14.239

Type of Finding: Significant Deficiency in Compliance and Internal Control over Compliance

Condition: During testing, we noted that the allocation percentage used to allocate administrative personnel costs between the two HUD grants at the City was based on a time study from 2013 when there were more grants being administered by the Pueblo HUD office.

Status: This finding has been corrected in the current year.

2017-003 - Special Tests and Provisions

Federal Agency: U.S. Department of Housing and Urban Development

Federal Program Title: HOME Investment Partnership Program

CFDA Number: 14.239

Type of finding: Significant Deficiency in Compliance

Condition: During testing of monitoring, we noted that three properties requiring annual monitoring did not have on-site monitoring performed during the year ended December 31, 2017.

Status: This finding has been corrected in the current year.

Department of Finance

Corrective Action Plan – (CAP)

June 26, 2019

U.S. Department of Transportation
Office of Inspector General
City Crescent Building
National Single Audit Coordinator
10 South Howard Street, Suite 4500
Baltimore, Maryland 21201

Audit Period	December 31, 2018
Audit Finding Number	2018-001
Audit Finding Title	Reporting
Specific Steps to be Taken	FAA forms 5100-126 and 5100-127 have been assigned to be completed by the Grants Analyst. In addition, they have been added to a checklist to ensure that this report is always filed by the May 1 st deadline. This checklist is available to all employees to ensure that there are no missed reporting deadlines in the case of future personnel changes.
Anticipated Completion Date	June 30, 2019
Name and Title of Contact Person responsible for Corrective Action	Charles B. Hernandez, Finance Director

Sincerely,



Charles B. Hernandez
Finance Director
(719) 553-2620
chernandez@pueblo.us