

Pueblo Urban Renewal Authority is pleased to present its annual financial report for the year ending December 31, 2021 in .pdf format.

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Pueblo Urban Renewal Authority

**Financial Statements and Report
of
Independent Certified Public Accountants**

December 31, 2021

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PUEBLO URBAN RENEWAL AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion and analysis of the Pueblo Urban Renewal Authority's financial performance gives an overview of the Authority's financial activities for the year ended December 31, 2021. The analysis should be read in conjunction with the Authority's financial statements that begin on page 3.

FINANCIAL HIGHLIGHTS

- The Authority's governmental activities net position decreased by \$55.0 million for the year ended December 31, 2021. The decrease is primarily due to current year economic development expenditures related to the Evraz project area of \$56.3 million. The business-type activities net position increased by \$816,515. The increase was primarily due to transfers in related to capital activity. The combined primary government net position decreased by \$54.4 million.
- During 2021, the Authority's revenues totaled \$14.96 million of which \$13.66 million was for governmental activities. The revenue in governmental activities is primarily derived from property tax increment in the amount of \$5.132 million, state sales tax increment to fund the RTA Project in the amount of \$4.864 million, and vendors' fees in the amount of \$2.956 million. Business-type activities generated \$1.300 million in revenues from charges for services.
- During 2021, the governmental activities transferred \$4.118 million to the Convention Center business activity for operations and maintenance of the facility, debt service, and capital assets. The funds were generated by vendors' fees, sales tax increment, bond proceeds and loan proceeds.
- During 2021, the Authority's expenses totaled \$69.041 million, of which \$64.467 million was for governmental activities and \$4.574 million was for business-type activities.
- The Authority had total bonds, bank notes payable and capital leases of \$123,981,264 at December 31, 2021, which is an increase of \$87.280 million from 2020. The balance of the Evraz Series 2021A and B is \$91.160 million with an interest rate of 4.75% to 5% and maturing December, 2045. The balance on the Refunding Downtown Expanded Series 2020 bond is \$4.805 million with an interest rate of 1.60% and maturing in December, 2029. The balance on the Refunding Memorial Hall Series 2020 bond is \$9.267 million with an interest rate ranging from 2-4% and maturing in December, 2038. The balance on the Refunding Pueblo Convention Center Series 2020 bond is \$2.993 million with and interest rate ranging from 2-4% and maturing in December, 2038. The balance of the Regional Tourism Act Revenue bond is \$10.180 million with interest ranging from 2.25% to 5% and maturing in June 2036. The balance on the Refunding Lake Minnequa Series 2020 bond is \$2.210 million with interest rate of 2.95% and maturing in December, 2032. The balance on the North Pueblo Series 2020 bond is \$3.155 million with an interest rate of 2.75% and maturing December, 2030. The balance of the Pueblo Convention Center Capital Leases is \$211,231 with an interest rate ranging from 4.25-4.54% and maturing in 2026 and 2027.

In 2021 the Authority also received contributions from the City of Pueblo for debt service obligations. The City contributed \$328,131 or 40% of the annual bond payment and operations on the Main Street Parking Garage. The contributions were made under the terms of cooperation agreements in place between the City and the Authority.

USING THIS ANNUAL REPORT

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

Reporting the Authority as a Whole

The Statement of Net Position and the Statement of Activities

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

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

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

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

Reporting the Authority's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

The Authority reports the following major governmental funds:

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

Proprietary Fund

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

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

The Authority as a Whole

The Authority's combined net position decreased in 2021 by \$54.152 million. The combined decrease came from a decrease of \$54.968 million in governmental activities and an increase of \$817 thousand in business-type activities. The table below reports a summary of the Statement of Net Position.

	<u>Governmental Activities</u>		<u>Business Type Activities</u>		<u>Total</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Current and other assets	\$ 8,896,462	\$ 6,572,321	\$ 1,204,892	\$ 1,107,779	\$ 10,101,354	\$ 7,680,100
Restricted assets	42,057,321	2,517,070	2,861,612	3,195,220	44,918,933	5,712,290
Capital assets, net	11,589,226	11,824,034	34,807,070	36,149,609	46,396,296	47,973,643
Total assets	62,543,009	20,913,425	38,873,574	40,452,608	101,416,583	61,366,033
Deferred outflows of resources	975,535	928,554	555,323	618,886	1,530,858	1,547,440
Current liabilities	5,405,137	47,730	577,112	482,335	5,982,249	530,065
Due to primary government	1,884,307	1,884,307	12,200,000	12,200,000	14,084,307	14,084,307
Long-term debt	111,662,095	21,607,142	13,349,657	15,903,546	125,011,752	37,510,688
Total liabilities	118,951,539	23,539,179	26,126,769	28,585,881	145,078,308	52,125,060
Deferred inflows of resources	6,615,816	5,383,160	-	-	6,615,816	5,383,160
Net investment in capital assets	6,938,821	7,263,073	9,812,736	8,664,949	16,751,557	15,928,022
Restricted for Debt Svc and district projects	516,076	1,243,010	-	3,195,220	516,076	4,438,230
Unrestricted	(69,503,708)	(15,586,443)	3,489,392	625,444	(66,014,316)	(14,960,999)
Total Net Assets	\$(62,048,811)	\$(7,080,360)	\$13,302,128	\$12,485,613	\$(48,746,683)	\$ 5,405,253

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

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Revenues						
<u>Program Revenues</u>						
Charges for services	\$ 227,501	\$ 345,809	\$ 1,300,047	\$ 490,112	\$ 1,527,548	\$ 835,921
Grants and contributions	477,131	377,512	-	-	477,131	377,512
<u>General revenues</u>						
Property Taxes	5,131,816	5,041,847	-	-	5,131,816	5,041,847
Sales tax increment	4,863,887	2,797,293	-	-	4,863,887	2,797,293
Vendors' fee	2,955,560	2,315,058	-	-	2,955,560	2,315,058
Interest earnings (loss)	(47,980)	7,431	805	13,045	(47,175)	20,476
Miscellaneous	8,871	-	(28,885)	-	(20,014)	-
Total Revenues	13,616,786	10,884,950	1,271,967	503,157	14,888,753	11,388,107
Expenses						
General Government	1,383,739	1,565,359	-	-	1,383,739	1,565,359
Economic Development	59,401,986	3,910,119	-	-	59,401,986	3,910,119
Interest on long term debt	3,681,351	651,865	-	-	3,681,351	651,865
Convention Center	-	-	4,573,613	3,874,934	4,573,613	3,874,934
Total Expenses	64,467,076	6,127,343	4,573,613	3,874,934	69,040,689	10,002,277
Increase(decrease) in net position	(50,850,290)	4,757,607	(3,301,646)	(3,371,777)	(54,151,936)	1,385,830
Transfers in/(out)	(4,118,161)	(4,421,952)	4,118,161	4,421,952	-	-
Changes in net position	(54,968,451)	335,655	816,515	1,050,175	(54,151,936)	1,385,830
Net position, January 1	(7,080,360)	(7,416,015)	12,485,613	11,435,438	5,405,253	4,019,423
Net position, December 31	\$(62,048,811)	\$ (7,080,360)	\$13,302,128	\$12,485,613	\$(48,746,683)	\$ 5,405,253

Governmental Activities-Change in Net Position

The Authority's governmental activities program revenue for 2021 was \$704,632 and the general revenue including a loss incurred on investments was \$12.912 million. Expenses totaled \$64.467 million. The resulting change in net position, after transfers, for governmental activities was a decrease of \$54.968 million. The decrease was due to large economic development expenses related to the Evraz area project funded by debt proceeds. The related debt will be repaid by future TIF taxes assessed on Evraz project area improvements.

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

Business-Type Activities- Change in Net Position

Program revenues from the Authority's business-type activities which include the Pueblo Convention Center totaled \$1,300,047. Expenses totaled \$4.574 million. The resulting change in net position, after transfers, for business-type activities was an increase of \$817 thousand. The increase is primarily due to transfer of TIF and vendor fee revenues into this fund that was used to pay down debt.

The Authority's Funds

The governmental funds consist of the general fund, seven (7) major special revenue funds, one (1) debt service fund, and three (3) non-major special revenue funds. South Santa Fe and Union Avenue have been included with the general fund because they no longer meet the criteria of special revenue funds under generally accepted accounting principles. Revenues and expenditures of the TIF project areas and the Vendor Fee (Memorial Hall) project are included in these funds. The fund balances are reported as non-spendable, restricted, committed, assigned or unassigned.

Capital Assets

At the end of 2021, the Authority's had \$46.396 million invested in capital assets. The amount represents a decrease of \$1.577 million from 2020. These capital assets include land, buildings, improvements, along with furniture and fixtures. The Authority strives to maintain its assets in good working condition.

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Non-depreciable assets:						
Land	\$ 953,553	\$ 953,552	\$ 326,094	\$ 326,094	\$ 1,279,647	\$ 1,279,646
Medal of Honor Memorial	-	-	295,097	295,097	295,097	295,097
Depreciable assets:						
Buildings	10,635,673	10,870,482	32,583,938	33,658,145	43,219,611	44,528,627
Improvements	-	-	904,071	1,042,954	904,071	1,042,954
Fixtures	-	-	697,870	827,319	697,870	827,319
Totals:	<u>\$11,589,226</u>	<u>\$11,824,034</u>	<u>\$34,807,070</u>	<u>\$36,149,609</u>	<u>\$46,396,296</u>	<u>\$47,973,643</u>

Debt Administration Bonds Payable

The Authority has outstanding bonds payable of \$123.770 million which is an increase of \$87.280 million from 2020.

	Issue Date	Maturity Date	Purpose	Issue Amount	Interest Rate	12/31/2021 Balance
A	2017	2036	RTA Project	\$17,030,000	2.25% to 5.00% (tax exempt)	10,180,000
B	2020	2029	Parking Garage	\$5,945,000	1.60% (tax exempt)	4,805,000
C	2020	2030	North Pueblo	\$3,825,000	2.75% (tax exempt)	3,155,000
D	2020	2032	Lake Minnequa District	\$2,545,000	2.95% (tax exempt)	2,210,000
E	2020	2038	Historic Memorial Hall	\$9,640,937	2.00% to 4.00% (taxable)	9,266,788
F	2020	2038	Convention Center	\$3,114,063	2.00% to 4.00% (taxable)	2,993,212
G	2021	2045	Evraz Project Area	\$91,160,033	4.75% to 5.00% (tax exempt)	91,160,033
Total outstanding bonds						<u>\$ 123,770,033</u>

- A. In 2017, revenue bonds of \$17.030 million were issued to assist in the financing and construction of the Regional Tourism Act Projects phase 1 and component parts of 2 and 3 consisting of the Expansion of the Pueblo Convention Center and the Professional Bull Riders Sports Performance Center. The interest on the bonds range from 2.25% to 5% and will mature June 2036.
- B. In 2006, revenue bonds of \$9.5 million were issued to assist in the financing and construction of a parking garage. The incremental property tax collected from 2007 to 2030 from the Downtown Expanded Project Area is pledged to repay the 2006 series bonds. In addition, the Authority has entered into a cooperation agreement with the City to share the debt service and other expenses incurred related to the 2006 bonds in the ratio of 40% to be paid by the City and 60% to be paid by the Authority. In 2008, the Authority converted these bonds to tax-exempt bonds resulting in interest savings of \$2.7 million over the remaining term. In 2017, a Revenue refunding took place for a total of \$7,363,000 principal with an interest rate of 3.95% to mature in 2029. In 2020, an advance refunding took place for a total of \$7,193,000 principal with an interest rate of 1.60% to mature in 2029. The Downtown Expanded Project Area TIF is pledged to repay these bonds. Any excess TIF that is generated by the project area above and beyond the annual debt service payment and reserve requirements is returned to the Authority.
- C. In December 2013, a \$4 million multi-draw term bank note was executed to fund the North Pueblo Dillon Flyover Project. The interest rate was 3.95% due in annual installments of \$327,942. In 2020, a Revenue refunding took place for a total of \$2,476,110 outstanding balance of the bank note, and \$1,509,744 note payable to the City from past shortfalls, with an interest rate of 2.75% maturing in 2030. The Authority maintains a cooperation agreement with the City of Pueblo, whereby, the City agreed to contribute an amount equal to the debt service payment shortfall until the project area can generate revenues to satisfy the debt service payment. The Authority has agreed to repay the City contributions with simple interest at 5%. The City did not pay any debt service shortfalls in 2021.
- D. The \$2,420,000 series 2018 revenue refunding bonds were issued by the Authority to advance refund \$2,420,000 of outstanding series 2011 revenue bonds with an interest rate of 3.95% maturing in 2032, which were issued to provide funds for the construction of certain infrastructure and other improvements in the Lake Minnequa district. Interest and principal on this note are payable from the pledged incremental property taxes generated within the Lake Minnequa district. In 2020, an advance refunding took place when \$2,545,000 of 2020 TIF revenue bonds were issued with a total of \$2,172,594 remaining outstanding balance, and \$500,000 for additional district infrastructure improvements, with an interest rate of 2.95% maturing 2032.
- E. In 2020, the Authority entered a partial refunding of the Memorial Hall Series 2011B bonds. The Memorial Hall Series 2020 bond attributed \$9,640,937 to governmental activities (Memorial Hall). Interest and principal are payable from the proceeds of the pledged revenue which consists of 3.3% of the City of Pueblo's sales and use tax collections known as Vendors' Fees.
- F. In conjunction with the partial refunding of the Memorial Hall Series 2011B bonds the Pueblo Convention Center 2011B bonds were also partially refunded. The Pueblo Convention Center Series 2020 bond attributed \$3,114,063 to business type activities (Pueblo Convention Center). Interest and principal are payable from the proceeds of the pledged revenue which consists of 3.3% of the City of Pueblo's sales and use tax collections known as Vendors' Fees that are reported as revenue in the Memorial Hall fund and subsequently transferred to the Convention Center fund for debt service.
- G. The \$88,095,000 Tax Increment Revenue Bonds Series 2021A and the \$3,065,033 Tax Increment Revenue Bonds Series 2021B bonds were issued by the Authority for the purpose of providing funds for a portion of certain public improvements of the long-rail mill to be constructed in the EVRAZ Rail Urban Renewal Area. These public improvements are primarily of environmental in nature and are all certified as public improvements necessary for the project. Interest and principal on this note are payable from the pledged incremental property taxes generated within the EVRAZ Rail Urban Renewal Area.

Due From/To Primary Government

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

	Governmental Activities	
	2021	2020
Due to City of Pueblo for, Gateway Plaza	\$ 1,884,307	\$ 1,884,307
Convention Center note	12,200,000	12,200,000
Total Due to Primary Government	<u>\$14,084,307</u>	<u>\$14,084,307</u>

- The parking garage expenses result from a letter of understanding between the City and the Authority whereby the Authority and City share the net costs of the parking facility. The Authority owns the building and the City owns the ground. The City is responsible for 40% of the net costs and the Authority is responsible for 60% of net costs. During 2021, the City of Pueblo contributed \$250,455 to the Authority for their portion of the annual debt service on the Downtown Expanded Series 2020 Bond.
- During 2013, the Authority entered into a construction and maintenance agreement with the City of Pueblo for the Lake Avenue Streetscape project. As a part of the agreement, the City agreed to pay for drainage, storm water and sanitary sewer upgrades in the area. The City has fully reimbursed the Authority. In addition, the Agreement assigns the responsibility for maintenance of the improvements to the Authority for the next 20 years ending in 2031.
- During 2017, the Authority entered into two promissory notes totaling \$14.4 million with the City of Pueblo for the Regional Tourism Act Projects consisting of the expansion to the Pueblo Convention Center, Professional Bull Riders Sports Center and Gateway Plaza. The total drawn and outstanding on these notes at December 31, 2021 is \$14,084,307.

Contingencies and Commitments

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

- The Authority entered into an agreement with Thunder Village Metropolitan District (the District) which provides that the Authority will reimburse the District for the costs of certain public improvements. As of December 31, 2021, the District has approximately \$6,466,059 of unreimbursed expenses. The Authority's obligation, however, is limited to the amount of actual tax increment revenues generated within the project taxing area until 2032.
- The Authority has also entered into a reimbursement agreement with Vestas Towers America, Inc. in conjunction with the creation of the St. Charles district urban renewal project area. This agreement provides that the Authority will reimburse Vestas Towers America, Inc. for its costs incurred for certain public improvements. The Authority is obligated to reimburse Vestas Towers America, Inc. up to \$12,500,000 plus 4.5% interest per annum subject to the collection of the related tax increment revenues. This agreement also provides that the Authority will pay 50% of the personal property taxes assessed for a period of 10 years beginning in 2012. In conjunction with the reimbursement agreement described above, the Authority also approved a cooperation agreement with the Authority whereby the Authority will pay to Vestas Towers America, Inc. an amount equal to the Authority's proportion of the total mill levy. In addition, the Authority committed to pay \$6,826,000 to the County of Pueblo and the Board of Water Works of Pueblo after Vestas Towers America, Inc. which has been paid in full. In 2021, the Authority reimbursed Vestas \$583,333 in county personal property tax credits, \$972,206 in Pueblo County Reimbursement, and \$648,137 in Board of Water Works Reimbursement. The principal amount payable to Vestas was paid in full in 2019. Pueblo County reimbursement balance was \$677,703, and the Board of Water Works reimbursement balance was \$1,147,396.

- In 2012, the Authority, in conjunction with the Colorado Economic Development Commission, approved a resolution dedicating specified sales tax increment revenue for approved regional tourism projects (See Note 8). As required by the resolution and agreement, the Authority has established a special fund to receive these funds. For the year ended December 31, 2021, the Authority recognized sales tax increment revenues of \$4,863,887.

Budgetary Highlights

The Authority adopts budgets for all funds and each fund uses the current financial resources measurement and the modified accrual basis of accounting in preparing the budgets. Expenditure estimates in the annual budgets are enacted into law through the passage of a resolution. The board of commissioners may amend the original adopted budget during the year by passing a new resolution to reflect current needs. The level of budgetary control for all funds is at the total fund level which means that total uses cannot exceed total appropriations for that fund. Detailed budget comparison schedules for each fund can be found in the supplementary information section of the audited financial statements. The 2021 budget was amended for additional expenditures.


Request for Information

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



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Independent Auditor's Report

Board of Commissioners
Pueblo Urban Renewal Authority
Pueblo, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of Pueblo Urban Renewal Authority (the Authority) as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of Pueblo Urban Renewal Authority as of December 31, 2021, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to the financial audits contained in Government Auditing Standards (GAS), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Pueblo Urban Renewal Authority and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Pueblo Urban Renewal Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and GAS, will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and GAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Pueblo Urban Renewal Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Pueblo Urban Renewal Authority's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

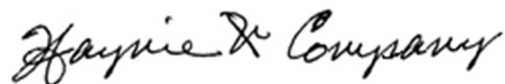
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and pension schedule as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The combining and individual nonmajor fund financial statements and other schedules as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and other schedules as listed in the table of contents are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 12, 2022 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.



Littleton, Colorado
April 12, 2022

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BASIC FINANCIAL STATEMENTS

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PUEBLO URBAN RENEWAL AUTHORITY

(a component unit of the City of Pueblo, Colorado)

Statement of Net Position

December 31, 2021

	<u>GOVERNMENTAL</u> <u>ACTIVITIES</u>	<u>BUSINESS-TYPE</u> <u>ACTIVITIES</u>	<u>TOTAL</u>
ASSETS			
Cash and cash equivalents	\$ 1,302,847	\$ 816,697	\$ 2,119,544
Restricted cash and cash equivalents	270,000	-	270,000
Receivables	7,591,620	115,902	7,707,522
Internal balances	(211,713)	211,713	-
Inventory and prepaid items	213,708	60,580	274,288
Restricted assets under debt obligations:			
Cash and cash equivalents	3,571,369	-	3,571,369
Investments	38,215,952	2,861,612	41,077,564
Capital assets, net of accumulated depreciation:			
Land and non-depreciable assets	953,553	621,191	1,574,744
Buildings	10,635,673	32,583,938	43,219,611
Improvements	-	904,071	904,071
Furniture and fixtures	-	697,870	697,870
Total capital assets, net	<u>11,589,226</u>	<u>34,807,070</u>	<u>46,396,296</u>
TOTAL ASSETS	<u>62,543,009</u>	<u>38,873,574</u>	<u>101,416,583</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amounts on refunding	735,542	555,323	1,290,865
Deferred outflows related to pension	222,799	-	222,799
Deferred outflows related to OPEB	17,194	-	17,194
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>975,535</u>	<u>555,323</u>	<u>1,530,858</u>
LIABILITIES			
Accounts payable and accrued expenses	5,405,137	412,332	5,817,469
Advances from others	-	164,780	164,780
Due to primary government	1,884,307	12,200,000	14,084,307
Long-term liabilities:			
Due within one year	1,937,927	2,483,951	4,421,878
Due in more than one year	109,724,168	10,865,706	120,589,874
TOTAL LIABILITIES	<u>118,951,539</u>	<u>26,126,769</u>	<u>145,078,308</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pension	376,014	-	376,014
Deferred inflows related to OPEB	15,599	-	15,599
Property taxes	6,224,203	-	6,224,203
TOTAL DEFERRED INFLOW OF RESOURCES	<u>6,615,816</u>	<u>-</u>	<u>6,615,816</u>
NET POSITION			
Net investment in capital assets	6,938,821	9,812,736	16,751,557
Restricted district projects	516,076	-	516,076
Unrestricted	(69,503,708)	3,489,392	(66,014,316)
TOTAL NET POSITION	<u>\$ (62,048,811)</u>	<u>\$ 13,302,128</u>	<u>\$ (48,746,683)</u>

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

PUEBLO URBAN RENEWAL AUTHORITY

(a component unit of the City of Pueblo, Colorado)

Statement of Activities

For the Year Ended December 31, 2021

FUNCTIONS / PROGRAMS	EXPENSES	PROGRAM REVENUES		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
Governmental Activities:				
General government	\$ 1,383,739	\$ 227,501	\$ 328,131	\$ -
Economic development	59,401,986	-	-	149,000
Interest and related costs	3,681,351	-	-	-
Total Governmental Activities	64,467,076	227,501	328,131	149,000
Business-Type Activities:				
Convention Center	4,573,613	1,300,047	-	-
Total Business-Type Activities	4,573,613	1,300,047	-	-
TOTAL	\$ 69,040,689	\$ 1,527,548	\$ 328,131	\$ 149,000

Taxes:

- Property taxes levied for general purposes
- Property taxes levied for debt service
- Property taxes levied for reimbursement agreements
- Sales tax increment

Vendor's fee

Gain/(loss) on asset exchange

Investment earnings (loss)

Miscellaneous

Transfers

Total general revenues and transfers

Change in net position

NET POSITION, BEGINNING

NET POSITION, ENDING

NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION

GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
\$ (828,107)	\$ -	\$ (828,107)
(59,252,986)	-	(59,252,986)
<u>(3,681,351)</u>	<u>-</u>	<u>(3,681,351)</u>
<u>(63,762,444)</u>	<u>-</u>	<u>(63,762,444)</u>
-	(3,273,566)	(3,273,566)
-	(3,273,566)	(3,273,566)
<u>\$ (63,762,444)</u>	<u>\$ (3,273,566)</u>	<u>\$ (67,036,010)</u>
\$ 6,633	\$ -	\$ 6,633
2,202,794	-	2,202,794
2,922,389	-	2,922,389
4,863,887	-	4,863,887
2,955,560	-	2,955,560
-	(28,885)	(28,885)
(47,980)	805	(47,175)
8,871	-	8,871
<u>(4,118,161)</u>	<u>4,118,161</u>	<u>-</u>
<u>8,793,993</u>	<u>4,090,081</u>	<u>12,884,074</u>
<u>(54,968,451)</u>	<u>816,515</u>	<u>(54,151,936)</u>
<u>(7,080,360)</u>	<u>12,485,613</u>	<u>5,405,253</u>
<u>\$ (62,048,811)</u>	<u>\$ 13,302,128</u>	<u>\$ (48,746,683)</u>

PUEBLO URBAN RENEWAL AUTHORITY

(a component unit of the City of Pueblo, Colorado)

Balance Sheet Governmental Funds December 31, 2021

	SPECIAL REVENUE FUNDS			
	GENERAL FUND	REGIONAL TOURISM	VENDOR FEE	EXPANDED DOWNTOWN DISTRICT
ASSETS				
Cash and cash equivalents	\$ 1,133,814	\$ -	\$ -	\$ 7,003
Restricted cash and cash equivalents	270,000	1,733,874	-	687,783
Restricted investments	-	-	1,880,430	-
Accounts and other receivables	-	740,824	543,202	75,892
Property taxes receivable	6,942	-	-	715,203
Notes receivable	7,499	-	-	-
Prepaid expenses	212,208	-	-	-
Advance to other funds	27,765	-	-	-
TOTAL ASSETS	\$ 1,658,228	\$ 2,474,698	\$ 2,423,632	\$ 1,485,881
LIABILITIES, DEFERRED INFLOW OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 8,102	\$ -	\$ -	\$ -
Accrued liabilities	22,129	-	-	-
Advance from other funds	-	142,333	94,266	2,849
TOTAL LIABILITIES	30,231	142,333	94,266	2,849
DEFERRED INFLOWS OF RESOURCES				
Property taxes	6,942	-	-	715,203
TOTAL DEFERRED INFLOWS OF RESOURCES	6,942	-	-	715,203
FUND BALANCES				
Nonspendable	212,208	-	-	-
Restricted	347,043	2,332,365	2,329,366	767,829
Unassigned	1,061,804	-	-	-
TOTAL FUND BALANCES	1,621,055	2,332,365	2,329,366	767,829
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 1,658,228	\$ 2,474,698	\$ 2,423,632	\$ 1,485,881

**SPECIAL
REVENUE FUNDS**

ST. CHARLES DISTRICT	LAKE MINNEQUA DISTRICT	NORTH PUEBLO DISTRICT	EVRAZ DISTRICT	OTHER GOVERNMENTAL FUNDS	DEBT SERVICE FUND	TOTAL GOVERNMENTAL FUNDS
\$ 80,529	\$ 50,126	\$ -	\$ -	\$ 31,375	\$ -	\$ 1,302,847
-	263,683	521,029	365,000	-	-	3,841,369
-	-	-	36,335,522	-	-	38,215,952
-	-	-	-	-	-	1,359,918
3,004,094	1,689,087	700,541	1,440	106,896	-	6,224,203
-	-	-	-	-	-	7,499
-	1,500	-	-	-	-	213,708
-	-	2,063	-	-	-	29,828
<u>\$ 3,084,623</u>	<u>\$ 2,004,396</u>	<u>\$ 1,223,633</u>	<u>\$ 36,701,962</u>	<u>\$ 138,271</u>	<u>\$ -</u>	<u>\$ 51,195,324</u>
\$ -	\$ 210	\$ -	\$ 5,374,696	\$ -	\$ -	\$ 5,383,008
-	-	-	-	-	-	22,129
-	2,063	-	30	-	-	241,541
-	<u>2,273</u>	-	<u>5,374,726</u>	-	-	<u>5,646,678</u>
3,004,094	1,689,087	700,541	1,440	106,896	-	6,224,203
<u>3,004,094</u>	<u>1,689,087</u>	<u>700,541</u>	<u>1,440</u>	<u>106,896</u>	<u>-</u>	<u>6,224,203</u>
-	1,500	-	-	-	-	213,708
80,529	311,536	523,092	31,325,796	31,375	-	38,048,931
-	-	-	-	-	-	1,061,804
<u>80,529</u>	<u>313,036</u>	<u>523,092</u>	<u>31,325,796</u>	<u>31,375</u>	<u>-</u>	<u>39,324,443</u>
<u>\$ 3,084,623</u>	<u>\$ 2,004,396</u>	<u>\$ 1,223,633</u>	<u>\$ 36,701,962</u>	<u>\$ 138,271</u>	<u>\$ -</u>	<u>\$ 51,195,324</u>

PUEBLO URBAN RENEWAL AUTHORITY

(a component unit of the City of Pueblo, Colorado)

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position

For the Year Ended December 31, 2021

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

Total fund balance - governmental funds \$ 39,324,443

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

Deferred amounts on refunding	735,542
Deferred outflows related to pension	222,799
Deferred outflows related to OPEB	17,194
Deferred inflows related to pension	(376,014)
Deferred inflows related to OPEB	(15,599)

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

Capital assets	12,694,022
Accumulated depreciation	<u>(1,104,796)</u>
Net capital assets	11,589,226

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

Revenue bonds payable	(110,596,821)
Premium on revenue bonds payable	(216,758)
Due to primary government	(1,884,307)
Net pension liability	(347,696)
Net OPEB liability	(48,338)
Accrued interest payable	(386,768)
Compensated absences	<u>(65,714)</u>
Total long-term liabilities	(113,546,402)

Total net position - governmental activities \$ (62,048,811)

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

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PUEBLO URBAN RENEWAL AUTHORITY

(a component unit of the City of Pueblo, Colorado)

Governmental Funds

Combined Statement of Revenues, Expenditures
and Changes in Fund Balances

December 31, 2021

	SPECIAL REVENUE FUNDS			
	GENERAL FUND	REGIONAL TOURISM	VENDOR FEE	EXPANDED DOWNTOWN DISTRICT
REVENUES:				
Property taxes	\$ 6,633	\$ -	\$ -	\$ 715,690
Intergovernmental	36,000	4,863,887	-	328,131
Charges for services	191,501	-	-	-
Vendor fees	-	-	2,955,560	-
Investment earnings (loss)	67	-	499	52
Contributions	149,000	-	-	-
Miscellaneous	144	8,727	-	-
	<u>383,345</u>	<u>4,872,614</u>	<u>2,956,059</u>	<u>1,043,873</u>
TOTAL REVENUES				
EXPENDITURES:				
Current:				
General government	1,074,478	3,000	-	43,184
Economic development	146,206	-	-	138,575
Debt Service:				
Principal	-	-	-	-
Interest	-	-	337	-
	<u>1,220,684</u>	<u>3,000</u>	<u>337</u>	<u>181,759</u>
TOTAL EXPENDITURES				
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(837,339)	4,869,614	2,955,722	862,114
OTHER FINANCING SOURCES (USES)				
Issuance of bonds	-	-	-	-
Transfers in	1,392,636	-	-	-
Transfers out	-	(2,868,012)	(1,838,519)	(716,278)
	<u>1,392,636</u>	<u>(2,868,012)</u>	<u>(1,838,519)</u>	<u>(716,278)</u>
TOTAL OTHER FINANCING SOURCES (USES)				
NET CHANGE IN FUND BALANCE	555,297	2,001,602	1,117,203	145,836
FUND BALANCES, BEGINNING	<u>1,065,758</u>	<u>330,763</u>	<u>1,212,163</u>	<u>621,993</u>
FUND BALANCES, ENDING	<u>\$ 1,621,055</u>	<u>\$ 2,332,365</u>	<u>\$ 2,329,366</u>	<u>\$ 767,829</u>

**SPECIAL
REVENUE FUNDS**

ST. CHARLES DISTRICT	LAKE MINNEQUA DISTRICT	NORTH PUEBLO DISTRICT	EVRAZ DISTRICT	OTHER GOVERNMENTAL FUNDS	DEBT SERVICE FUND	TOTAL GOVERNMENTAL FUNDS
\$ 2,814,129	\$ 787,777	\$ 698,733	\$ -	\$ 108,854	\$ -	\$ 5,131,816
-	-	-	-	-	-	5,228,018
-	-	-	-	-	-	191,501
-	-	-	-	-	-	2,955,560
50	-	71	(48,721)	2	-	(47,980)
-	-	-	-	-	-	149,000
-	-	-	-	-	-	8,871
<u>2,814,179</u>	<u>787,777</u>	<u>698,804</u>	<u>(48,721)</u>	<u>108,856</u>	-	<u>13,616,786</u>
-	-	-	-	-	-	1,120,662
2,682,078	35,891	12	56,348,188	50,699	-	59,401,649
-	-	-	-	-	1,360,536	1,360,536
-	-	-	-	-	3,294,946	3,295,283
<u>2,682,078</u>	<u>35,891</u>	<u>12</u>	<u>56,348,188</u>	<u>50,699</u>	<u>4,655,482</u>	<u>65,178,130</u>
132,101	751,886	698,792	(56,396,909)	58,157	(4,655,482)	(51,561,344)
-	-	-	91,160,033	-	-	91,160,033
-	-	-	-	-	4,655,482	6,048,118
<u>(132,051)</u>	<u>(668,341)</u>	<u>(455,150)</u>	<u>(3,437,328)</u>	<u>(50,600)</u>	-	<u>(10,166,279)</u>
<u>(132,051)</u>	<u>(668,341)</u>	<u>(455,150)</u>	<u>87,722,705</u>	<u>(50,600)</u>	<u>4,655,482</u>	<u>87,041,872</u>
50	83,545	243,642	31,325,796	7,557	-	35,480,528
<u>80,479</u>	<u>229,491</u>	<u>279,450</u>	<u>-</u>	<u>23,818</u>	<u>-</u>	<u>3,843,915</u>
<u>\$ 80,529</u>	<u>\$ 313,036</u>	<u>\$ 523,092</u>	<u>\$ 31,325,796</u>	<u>\$ 31,375</u>	<u>\$ -</u>	<u>\$ 39,324,443</u>

PUEBLO URBAN RENEWAL AUTHORITY

(a component unit of the City of Pueblo, Colorado) Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities

For the Year Ended December 31, 2021

Net change in fund balances - total governmental funds \$ 35,480,528

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

Depreciation expense (234,809)

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

Amortization of interest-related costs	(53,497)
Amortization of bond premium	12,750
Interest expense on bonds, notes and balance due to primary government - change in accrual	(345,658)
Issuance of debt	(91,160,033)
Principal payments on debt obligations	<u>1,360,536</u>
Net amount	(90,185,902)

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

Compensated absences paid (\$56,234) was less than amounts earned (\$63,672) (7,437)

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 using the economic resources measurement focus and the accrual basis of accounting are not current financial resources and, therefore, are not reported in the governmental funds. (22,072)

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 using the economic resources measurement focus and the accrual basis of accounting are not current financial resources and, therefore, are not reported in the governmental funds. 1,241

Change in net position - governmental activities \$ (54,968,451)

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

PUEBLO URBAN RENEWAL AUTHORITY

(a component unit of the City of Pueblo, Colorado)

Proprietary Fund Statement of Net Position December 31, 2021

	Business-Type Activity Enterprise Fund Convention Center
ASSETS	
Current Assets:	
Cash and cash equivalents	\$ 816,697
Accounts receivable	115,902
Inventories	26,740
Due from other funds	211,713
Prepaid expenses	33,840
Restricted investments	<u>2,861,612</u>
Total Current Assets	<u>4,066,504</u>
Non-Current Assets:	
Capital assets:	
Land	326,094
Medal of honor	295,097
Buildings	39,786,044
Improvements	1,918,806
Furniture & fixtures	1,639,115
Accumulated depreciation	<u>(9,158,086)</u>
Total capital assets	<u>34,807,070</u>
Total Non-Current Assets	<u>34,807,070</u>
TOTAL ASSETS	<u>38,873,574</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred amount on refunding	<u>555,323</u>
LIABILITIES	
Current Liabilities:	
Accounts payable	57,312
Accrued expenses	168,882
Advances from others	164,780
Accrued interest payable	186,138
Current portion of capital lease payable	38,995
Current portion of bonds payable	<u>2,444,956</u>
Total Current Liabilities	<u>3,061,063</u>
Non-Current Liabilities:	
Capital lease payable	172,236
Due to primary government	12,200,000
Bonds payable	<u>10,693,470</u>
Total Non-Current Liabilities	<u>23,065,706</u>
TOTAL LIABILITIES	<u>26,126,769</u>
NET POSITION	
Net investment in capital assets	9,812,736
Unrestricted	<u>3,489,392</u>
TOTAL NET POSITION	<u>\$ 13,302,128</u>

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

PUEBLO URBAN RENEWAL AUTHORITY

(a component unit of the City of Pueblo, Colorado)

Proprietary Fund

Statement of Revenues, Expenditures and Changes in Fund Net Position

For the Year Ended December 31, 2021

	Business-Type Activity Enterprise Fund Convention Center
OPERATING REVENUES	
Charges for services	\$ 1,300,047
TOTAL OPERATING REVENUES	<u>1,300,047</u>
OPERATING EXPENSES	
Contractual expenses	2,132,059
General administration	184,084
Depreciation	<u>1,367,717</u>
TOTAL OPERATING EXPENSES	<u>3,683,860</u>
OPERATING INCOME (LOSS)	<u>(2,383,813)</u>
NON-OPERATING REVENUES (EXPENSES)	
Loss on disposal	(28,885)
Interest income	805
Interest expense	<u>(889,753)</u>
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>(917,833)</u>
INCOME (LOSS) BEFORE TRANSFERS	(3,301,646)
Transfers in	<u>4,118,161</u>
CHANGE IN NET POSITION	<u>816,515</u>
NET POSITION, BEGINNING OF YEAR	<u>12,485,613</u>
NET POSITION, END OF YEAR	<u>\$ 13,302,128</u>

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

PUEBLO URBAN RENEWAL AUTHORITY

(a component unit of the City of Pueblo, Colorado)

Proprietary Fund

Statement of Cash Flows

For the Year Ended December 31, 2021

	Business-Type Activity <u>Enterprise Fund</u> <u>Convention Center</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 1,234,236
Cash paid for goods and services	(2,036,842)
Cash paid for interfund services	(223,136)
NET CASH FROM OPERATING ACTIVITIES	<u>(1,025,742)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment income	805
Sale of investments	3,349,659
Purchase of investments	(3,016,051)
NET CASH FROM INVESTING ACTIVITIES	<u>334,413</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Transfers in	1,111,653
Payments received on advances to other funds	19,207
NET CASH FROM NON-CAPITAL FINANCING ACTIVITIES	<u>1,130,860</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital-related transfers in	3,108,208
Capital expenditures	(54,063)
Interest paid on capital-related debt	(830,197)
Principal paid on capital-related debt	(2,556,758)
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(332,810)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	106,721
CASH AND CASH EQUIVALENTS	
Beginning of Year	<u>709,976</u>
End of Year	<u>\$ 816,697</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES	
Operating income (loss)	\$ (2,383,813)
Depreciation	1,367,717
Change in accounts receivable, net	(90,341)
Change in inventory	(5,358)
Change in prepaids	23,452
Change in accounts payable and accrued expenses	77,123
Change in amounts due for interfund services	(39,052)
Change in deposits	24,530
NET CASH FROM OPERATING ACTIVITIES	<u>\$ (1,025,742)</u>
SCHEDULE OF NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES	
Loss on disposal	<u>\$ (28,885)</u>

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

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NOTES TO THE FINANCIAL STATEMENTS

PUEBLO URBAN RENEWAL AUTHORITY
(A COMPONENT UNIT OF THE CITY OF PUEBLO, COLORADO)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

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

Government-Wide and Fund Financial Statements

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

The government-wide statement of activities demonstrates the degree to which the direct expenses of a functional category or activity are offset by program revenues. Direct expenses are those that are clearly identifiable with a function or activity. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or activity; (2) grants and contributions that are restricted to meeting the operational requirements of a particular function or activity; and (3) grants and contributions that are restricted to meeting the capital requirements of a particular function or activity. Taxes and other items not properly included among program revenues are reported instead as general revenues. The net cost by function or business-type activity is normally covered by property taxes or other unrestricted revenues.

PUEBLO URBAN RENEWAL AUTHORITY
(A COMPONENT UNIT OF THE CITY OF PUEBLO, COLORADO)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Separate fund financial statements are provided for the governmental funds and the proprietary fund. Major individual governmental funds and the major individual enterprise fund are reported in separate columns. The nonmajor funds are combined in a column in the fund financial statements and are detailed in the combining section of the report.

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

Measurement Focus and Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fund financial statements for the proprietary fund. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied.

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

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

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

PUEBLO URBAN RENEWAL AUTHORITY
(A COMPONENT UNIT OF THE CITY OF PUEBLO, COLORADO)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

The principal operating revenues of the Authority's convention center are charges to customers for sales and services. Operating expenses for the enterprise fund include cost of sales and services, administrative expenses and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Governmental Funds

The Authority reports the following major governmental funds:

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

PUEBLO URBAN RENEWAL AUTHORITY
(A COMPONENT UNIT OF THE CITY OF PUEBLO, COLORADO)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

- The Evraz district fund is a special revenue fund used to account for the Authority’s commitment to assist in the funding of the construction and financing of a new long-rail mill at the Evraz steel plant. The primary revenue sources are from taxes, with expenditures being dedicated to the project.
- The debt service fund is used to account for and report financial resources that are restricted, committed or assigned to expenditure for principal and interest on certain of the Authority’s debt obligations. The primary revenue sources are transfers from other funds.
- Other governmental funds are a summarization of all other governmental special revenue funds.

Proprietary Fund

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

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

Other Fund Types

The Authority reports the following fund types:

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

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

The previously reported special revenue funds (South Santa Fe district and Union Avenue district) have been included with the general fund because they no longer meet the criteria to be reported as special revenue funds under generally accepted accounting principles. South Santa Fe district had no fund balance or activity in 2021.

Cash and Cash Equivalents and Investments

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

PUEBLO URBAN RENEWAL AUTHORITY
 (A COMPONENT UNIT OF THE CITY OF PUEBLO, COLORADO)
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Cash Equivalents

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

Receivables

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

Inventories and Prepaid Items

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

Capital Assets

Capital assets, which include land, buildings, improvements, and furniture and fixtures, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. A capitalization level of \$1,500 has been established and the criterion for capitalization also includes: (1) increasing the capacity or operating efficiency, or (2) extending the useful life of the asset. Capital assets are defined as assets with an estimated useful life of greater than one year. Capital assets are recorded at cost or estimated historical cost if purchased or constructed. Contributed capital assets are recorded at estimated fair value at the time received. Normal maintenance and repairs that do not add to the value of the asset or materially extend the useful life of the asset are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets for business-type activities is not included as part of the capitalized value of assets constructed when material.

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

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

PUEBLO URBAN RENEWAL AUTHORITY
(A COMPONENT UNIT OF THE CITY OF PUEBLO, COLORADO)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Long-Term Obligations

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

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

Retirement Plan

The Authority participates in the Local Government Division Trust Fund (LGDTF), a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado ("PERA"). The 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. 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.

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*. The bill was signed into law by Governor Hickenlooper on June 4, 2018. SB 18-200 makes changes to certain benefit provisions.

Post-Employment Benefits (OPEB)

The Authority participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit OPEB fund administered by the Public Employees' Retirement Association of Colorado ("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. 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.

Fund Equity

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

PUEBLO URBAN RENEWAL AUTHORITY
(A COMPONENT UNIT OF THE CITY OF PUEBLO, COLORADO)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

- Nonspendable – includes amounts that are (a) not in spendable form or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash such as inventories, prepaid items and long-term notes receivable.
- Restricted – includes amounts that are restricted for specific purposes stipulated by external resource providers constitutionally or through enabling legislation.
- Committed – includes amounts that can only be used for the specific purposes determined by the passage of a resolution of the Authority’s board of commissioners. Commitments may be modified or changed only by the Authority’s board of commissioners approving a new resolution.
- Assigned – includes amounts intended to be used by the Authority for specific purposes that are neither restricted nor committed. Intent is expressed by the Authority’s executive director to which the assigned amounts are to be used for specific purposes. Assigned amounts include appropriations of existing fund balance to eliminate a projected budgetary deficit in the subsequent year’s budget.
- Unassigned – this is the residual classification for the general fund and negative fund balances in other governmental funds.

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

In the government-wide financial statements, net position is classified in the following categories:

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

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

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

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

PUEBLO URBAN RENEWAL AUTHORITY
(A COMPONENT UNIT OF THE CITY OF PUEBLO, COLORADO)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Property Taxes

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

Interfund Transactions

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

Estimates

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

New Accounting Pronouncements

The GASB issued Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance in May 2020. The objective of GASB 95 is to postpone effective dates to provide temporary relief in light of the COVID-19 pandemic. The effective dates of the following pronouncement is postponed by 18 months: Statement No. 87, Leases.

The Authority has elected to delay implementation of this standard as applicable to the Authority in accordance with Standard No. 95.

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

The Authority adheres to the following procedures in establishing its budgets. Prior to November 1 of each year, the executive director submits to the board of commissioners a proposed budget for the fiscal year commencing the following January 1. The budget includes proposed expenditures and the means of financing them. Public hearings are conducted by the board of commissioners to obtain comments. The Authority adopts budgets for all funds and the budget for each fund generally is adopted using generally accepted accounting principles, based on the fund type. In addition, appropriations lapse at the end of the year.

Expenditure estimates in the annual budgets are enacted into law through the passage of an appropriation resolution. The board of commissioners may amend the original adopted budget during the year by passing a new resolution. The 2021 budget was amended for additional expenditures. The legal level of budgetary control for all funds is at the total fund level, which means that total expenditures and other financing uses that exceed budgeted appropriations may be in violation of State statutes.

PUEBLO URBAN RENEWAL AUTHORITY
(A COMPONENT UNIT OF THE CITY OF PUEBLO, COLORADO)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 3 – CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash and cash equivalents and investments are summarized as follows:

Cash on hand	\$ 3,750
Demand deposits	5,957,163
Total cash and cash equivalents	\$ 5,960,913
Money market funds held at bank trust departments	2,107,385
ColoTrust	26,590,191
US Agency securities	7,381,895
Commercial Paper	2,998,033
Municipal bonds	2,000,060
Total investments	\$ 41,077,564

Reported in the financial statements as follows:

	Governmental Activities	Business-Type Activity	Total
Cash and cash equivalents	\$ 1,302,847	\$ 816,697	\$ 2,119,544
Restricted cash and cash equivalents	270,000	-	270,000
Restricted cash and cash equivalents under debt obligations	3,571,369	-	3,571,369
	\$ 5,144,216	\$ 816,697	\$ 5,960,913
Restricted investments under debt obligations	\$ 38,215,952	\$ 2,861,612	\$ 41,077,564

PUEBLO URBAN RENEWAL AUTHORITY
(A COMPONENT UNIT OF THE CITY OF PUEBLO, COLORADO)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 3 – CASH, CASH EQUIVALENTS AND INVESTMENTS, Continued

Deposits

As of December 31, 2021, the carrying amount of the Authority’s deposits was \$5,957,163 and the bank balance was \$5,960,992. Of the bank balance, \$750,000 was covered by federal depository insurance and \$5,210,992 was collateralized in single financial institution collateral pools maintained by the individual financial institutions that hold these deposits. Colorado law requires that depository institutions must apply for and be designated as an eligible public depository before the institution can accept public monies. The depository institution must pledge eligible collateral as security for all public deposits held by that institution that are not insured by depository insurance. The market value of the collateral that each institution pledges as security must equal at least 102% of the total uninsured deposits held by that institution. Generally, the eligible collateral in the collateral pools is held by the depository institution or its agent in the name of the depository institution.

Custodial credit risk is the risk that, in the event of a bank failure, the Authority’s deposits may not be returned to it. The Authority does not have a policy for custodial credit risk. As of December 31, 2021, deposits with a bank balance of \$5,210,992 are uninsured but are not exposed to custodial credit risk because they are collateralized with securities held by the pledging financial institution’s agent in the Authority’s name.

Investments

The Authority is subject to the provisions of Colorado Revised Statutes 24-75-601 which are entitled “Concerning Investment in Securities by Public Entities”. This law, among other things, 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, banker’s 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, 2021, the Authority had the following investments and maturities:

	Fair Value	Investment Maturities (in years)	
		Less Than 1	1 - 5
ColoTrust	\$ 26,590,191	\$ 26,590,191	\$ -
Money market funds	2,107,385	2,107,385	-
US Agency securities	7,381,895	-	7,381,895
Commercial Paper	2,998,033	2,998,033	-
Municipal bonds	2,000,060	2,000,060	-
	<u>\$ 41,077,564</u>	<u>\$ 33,695,669</u>	<u>\$ 7,381,895</u>

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

PUEBLO URBAN RENEWAL AUTHORITY
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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 3 – 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.

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

The following shows the various investment types held by the District as of December 31, 2021 and the associated rating and fair value input level:

	Fair Value Input Level	Moody's Rating	S&P Rating
ColoTrust Plus	Level 1	N/A	AAAm
Money market funds	Level 1	Aaa	AAA
US Agency securities	Level 2	Aaa	AA+
Commercial Paper	Level 2	P-1	A-1
Municipal bonds	Level 2	Aa2	AA+

PUEBLO URBAN RENEWAL AUTHORITY
(A COMPONENT UNIT OF THE CITY OF PUEBLO, COLORADO)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 4 – RECEIVABLES

Receivables held by Governmental Funds at December 31, 2021 consist of the following:

	Governmental Funds				
	General Fund	Regional Tourism	Vendor Fee	Expanded Downtown District	St Charles District
Due from					
Primary					
Government	\$ -	\$ -	\$ -	\$ 75,892	\$ -
Notes	7,499	-	-	-	-
Vendors Fee	-	-	543,202	-	-
Sales Tax					
Increment	-	740,824	-	-	-
Property Taxes	6,942	-	-	715,203	3,004,094
	<u>\$ 14,441</u>	<u>\$ 740,824</u>	<u>\$543,202</u>	<u>\$ 791,095</u>	<u>\$ 3,004,094</u>

	Governmental Funds				
	Lake Minnequa District	North Pueblo District	Evraz District	Other Governmental Funds	Total
Due from					
Primary					
Government	\$ -	\$ -	\$ -	\$ -	\$ 75,892
Notes	-	-	-	-	7,499
Vendors Fee	-	-	-	-	543,202
Sales Tax					
Increment	-	-	-	-	740,824
Property Taxes	1,689,087	700,541	1,440	106,896	6,224,203
	<u>\$ 1,689,087</u>	<u>\$ 700,541</u>	<u>\$ 1,440</u>	<u>\$ 106,896</u>	<u>\$ 7,591,620</u>

PUEBLO URBAN RENEWAL AUTHORITY
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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 5 – ADVANCES TO/FROM OTHER FUNDS AND TRANSFERS

The following table summarizes advances to/from other funds at December 31, 2021:

	<u>Advances to Other Funds</u>	<u>Advances from Other Funds</u>
Major governmental funds -		
Advance due General Fund	\$ 27,765	\$ -
Advance due North Pueblo District	2,063	-
Advance due from Regional Tourism Fund	-	142,333
Advance due from Vendor Fee	-	94,266
Advance due from Lake Minnequa	-	2,063
Advance due from Expanded Downtown	-	2,849
Advance due from Evraz District	-	30
Major enterprise fund -		
Advance due to General Fund	-	24,886
Advance due from Regional Tourism Fund	142,333	-
Advance due from Vendor Fee	94,266	-
	<u>\$ 266,427</u>	<u>\$ 266,427</u>

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

Transfers for the year ended December 31, 2021 are as follows:

	<u>Transfers in</u>	<u>Transfers out</u>
Governmental funds -		
General Fund	\$ 1,392,636	\$ -
Regional Tourism	-	(2,868,012)
Expanded Downtown District	-	(716,278)
St. Charles District	-	(132,051)
Lake Minnequa District	-	(668,341)
Vendor Fee	-	(1,838,519)
Debt Service	4,655,482	-
North Pueblo District	-	(455,150)
Evraz District	-	(3,437,328)
Other governmental funds	-	(50,600)
Total governmental funds	<u>\$ 6,048,118</u>	<u>\$ (10,166,279)</u>
Enterprise fund -		
Pueblo Convention Center	<u>4,118,161</u>	<u>-</u>
Total enterprise fund	<u>4,118,161</u>	<u>-</u>
	<u>\$ 10,166,279</u>	<u>\$ (10,166,279)</u>

PUEBLO URBAN RENEWAL AUTHORITY
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NOTE 5 – ADVANCES TO/FROM OTHER FUNDS AND TRANSFERS, Continued

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

NOTE 6 – DUE FROM/TO PRIMARY GOVERNMENTS

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

Due to City of Pueblo, Colorado for -	
Gateway Plaza project note	\$ 1,884,307
Convention Center Expansion Loan	12,200,000
Total due to City of Pueblo, Colorado	<u>\$ 14,084,307</u>

The activities associated with the amounts owing the City are as follows:

	Balance January 1, 2021	Additions	Payments/ Reductions	Balance December 31, 2021	Due Within One Year
Governmental activities:					
Gateway Plaza project note	\$ 1,884,307	\$ -	\$ -	\$ 1,884,307	\$ -
Total governmental activities	<u>\$ 1,884,307</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,884,307</u>	<u>\$ -</u>
Business-type activities:					
Convention Center expansion note	\$ 12,200,000	\$ -	\$ -	\$ 12,200,000	\$ -
Total business-type activities	<u>\$ 12,200,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,200,000</u>	<u>\$ -</u>

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NOTE 6 – DUE FROM/TO PRIMARY GOVERNMENTS, Continued

Convention Center Expansion Loan – City of Pueblo

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

The principal amount of the first note is \$12,200,000 with a maturity date of December 31, 2027, with the right to extend the maturity date to December 31, 2037. Principal is due on or before the maturity date, together with interest on draws related to eligible costs until December 31, 2022, at the rate of 2% per annum; commencing January 1, 2023 until the maturity date at the rate of 3% per annum on the unpaid balance until paid. Accrued interest will be paid semi-annually on June 1 and December 1 or each year until maturity. Such monies are to be used by the Authority to finance the design, construction and improvement of an expansion to the Pueblo Convention Center Exhibition Hall and attached facility on the real property. As of December 31, 2021, \$12,200,000 of eligible costs had been drawn from this loan and are reflected in the amount payable to the City of Pueblo. The Authority has pledged the convention center land, buildings and improvements to the City of Pueblo as collateral on this note. The net carrying amount of these assets is \$33,814,099.

The principal amount of the second note is \$2,200,000 with a maturity date of December 31, 2027, with the right to extend the maturity date to December 31, 2037. This note bears no interest. The entire principal balance shall be due and payable upon maturity. This note is for eligible costs related to the expansion to the Gateway Plaza project. In 2018 the Authority amended the Regional Tourism Act Project Cooperation Agreement with the City of Pueblo. This amendment states that the Authority will reimburse the City of Pueblo for Gateway Plaza design costs up to \$258,954 if any remaining monies from the \$2.2 million loan are available after the project is complete. As of December 31, 2021, the City of Pueblo has incurred \$258,871.

The Authority executed an additional promissory note for \$112,800 with the City of Pueblo on March 5, 2019. However, this amount has not been recorded due to uncertainty about repayment.

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NOTE 7 – CAPITAL ASSETS

Capital assets for the year ended December 31, 2021 were as follows:

	Balance January 1, 2021	Additions	Conveyances or Retirements	Balance December 31, 2021
Governmental activities:				
Non-depreciable assets:				
Land	\$ 953,553	\$ -	\$ -	\$ 953,553
Total non-depreciable assets	<u>953,553</u>	<u>-</u>	<u>-</u>	<u>953,553</u>
Depreciable assets:				
Buildings	11,740,468	-	-	11,740,468
Total depreciable assets	<u>11,740,468</u>	<u>-</u>	<u>-</u>	<u>11,740,468</u>
Less Accumulated depreciation for:				
Buildings	(869,986)	(234,809)	-	(1,104,795)
Total accumulated depreciation	<u>(869,986)</u>	<u>(234,809)</u>	<u>-</u>	<u>(1,104,795)</u>
Depreciable assets, net	<u>10,870,482</u>	<u>(234,809)</u>	<u>-</u>	<u>10,635,673</u>
Governmental activities assets, net	<u>\$ 11,824,035</u>	<u>\$ (234,809)</u>	<u>\$ -</u>	<u>\$ 11,589,226</u>
				Less outstanding capital debt
				\$ (4,805,000)
				Plus deferred amount on refunding
				154,595
				<u>Net investment in capital assets</u>
				<u>\$ 6,938,821</u>

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NOTE 7 – CAPITAL ASSETS, Continued

Depreciation expense was charged to functions/programs as follows:

Governmental activities –	
General government	\$ 234,809
Total depreciation expense – governmental activities	<u>\$ 234,809</u>
Business-type activities –	
Pueblo Convention Center	\$ 1,367,717
Total depreciation expense – business-type activities	<u>\$ 1,367,717</u>

	Balance January 1, 2021	Additions	Conveyances or Retirements	Balance December 31, 2021
Business-type activities:				
Non-depreciable assets:				
Land	\$ 326,094	\$ -	\$ -	\$ 326,094
Medal of honor memorial	295,097	-	-	295,097
Total non-depreciable assets	<u>621,191</u>	<u>-</u>	<u>-</u>	<u>621,191</u>
Depreciable assets:				
Buildings	39,738,438	47,608	-	39,786,046
Improvements	2,294,088	-	(375,282)	1,918,806
Furniture and fixtures	2,048,195	6,455	(415,536)	1,639,114
Total depreciable assets	<u>44,080,721</u>	<u>54,063</u>	<u>(790,818)</u>	<u>43,343,966</u>
Less accumulated depreciation for:				
Buildings	(6,080,293)	(1,121,813)	-	(7,202,106)
Improvements	(1,251,134)	(109,999)	346,397	(1,014,736)
Furniture and fixtures	(1,220,876)	(135,905)	415,536	(941,245)
Total accumulated depreciation	<u>(8,552,303)</u>	<u>(1,367,717)</u>	<u>761,933</u>	<u>(9,158,087)</u>
Depreciable assets, net	<u>35,528,418</u>	<u>(1,313,654)</u>	<u>(28,885)</u>	<u>34,185,879</u>
Business-type activities assets, net	<u>\$ 36,149,609</u>	<u>\$ (1,313,654)</u>	<u>\$ (28,885)</u>	<u>\$ 34,807,070</u>
				Less outstanding capital debt
				\$ (25,584,443)
				Plus net of unamortized discounts and premiums
				34,786
				Plus deferred amount on refunding
				555,323
				<u>Net investment in capital assets</u>
				<u>\$ 9,812,736</u>

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NOTE 8 – LONG-TERM LIABILITIES

Following is a summary of changes in long-term liabilities in the government-wide financial statements for the year ended December 31, 2021:

	Balance January 1, 2021	Additions	Payments/ Reductions	Balance December 31, 2021	Due Within One Year
<u>Governmental activities:</u>					
Revenue bonds					
Memorial Hall improvement					
bonds, Series 2011B	\$ 115,000	\$ -	\$ (115,000)	\$ -	\$ -
Expanded Downtown					
refunding Series 2020	5,350,000	-	(545,000)	4,805,000	555,000
Lake Minnequa TIF					
refunding, Series 2020	2,375,000	-	(165,000)	2,210,000	170,000
North Pueblo TIF					
refunding Series 2020	3,460,000	-	(305,000)	3,155,000	315,000
Memorial Hall taxable					
refunding Series 2020	9,497,324	-	(230,536)	9,266,788	442,175
Unamortized premium	229,508	-	(12,750)	216,758	12,750
Evraz TIF Series 2021A	-	88,095,000	-	88,095,000	-
Evraz TIF Series 2021B	-	3,065,033	-	3,065,033	-
Total revenue bonds	<u>21,026,832</u>	<u>91,160,033</u>	<u>(1,373,286)</u>	<u>110,813,579</u>	<u>1,494,925</u>
Other obligations					
Accrued interest payable	41,110	3,681,350	(3,335,692)	386,768	386,768
Compensated absences	58,276	63,672	(56,234)	65,714	56,234
Net pension liability	430,277	(21,391)	(61,190)	347,696	-
Net OPEB liability	50,647	103	(2,412)	48,338	-
Total other obligations	<u>580,310</u>	<u>3,723,734</u>	<u>(3,455,528)</u>	<u>848,516</u>	<u>443,002</u>
Total governmental activities	<u>\$ 21,607,142</u>	<u>\$ 94,883,767</u>	<u>\$ (4,828,814)</u>	<u>\$ 111,662,095</u>	<u>\$ 1,937,927</u>

PUEBLO URBAN RENEWAL AUTHORITY
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DECEMBER 31, 2021

NOTE 8 – LONG-TERM LIABILITIES, Continued

	Balance January 1, 2021	Additions	Payments/ Reductions	Balance December 31, 2021	Due Within One Year
<u>Business-type activity:</u>					
Revenue bonds					
Convention Center tax-exempt refunding Series 2011B	\$ 305,000	\$ -	\$ (305,000)	\$ -	\$ -
Convention Center sales tax increment Series 2017	12,320,000	-	(2,140,000)	10,180,000	2,305,000
Unamortized discount	(111,786)	-	6,987	(104,799)	(6,987)
Convention Center taxable refunding Series 2020	3,067,676	-	(74,464)	2,993,212	142,825
Unamortized premium	74,131	-	(4,118)	70,013	4,118
Total revenue bonds	<u>15,655,021</u>	<u>-</u>	<u>(2,516,595)</u>	<u>13,138,426</u>	<u>2,444,956</u>
Obligation under capital leases	248,525	-	(37,294)	211,231	38,995
Accrued interest payable	193,012	830,195	(837,069)	186,138	186,138
Total business-type activities	<u>\$ 16,096,558</u>	<u>\$ 830,195</u>	<u>\$ (3,390,958)</u>	<u>\$ 13,535,795</u>	<u>\$ 2,670,089</u>

All of the above governmental activity obligations, with the exception of the compensated absences liability, are serviced by the debt service fund. The compensated absences liability is serviced by the general fund.

Line of Credit

The Authority has available a \$100,000 revocable line of credit with US Bank, NA. The interest rate is the current prime rate, which was 3.25% as of March, 16, 2021. As of December 31, 2021, no borrowings were outstanding under this line of credit agreement. This line of credit does not have an expiration date.

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

Revenue Bonds

Expanded Downtown Revenue Refunding Bonds, Series 2020

\$5,945,000, series 2020 revenue refunding bonds; interest rate 1.60%; due in semi-annual installments, including annual interest ranging from \$627,499 to \$660,400 through December 2029;

\$ 4,805,000

Lake Minnequa Tax Increment Revenue Refunding Bonds, Series 2020

\$2,545,000, series 2020 tax increment revenue refunding bonds; interest rate 2.95%; due in semi-annual installments, including annual interest, ranging from \$196,903 to \$240,180 through December 2032;

2,210,000

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NOTE 8 – LONG-TERM LIABILITIES, Continued

North Pueblo Tax Increment Revenue Refunding Bonds, Series 2020
 \$3,825,000, series 2020 tax increment revenue refunding bonds; interest rate 2.75%; due in semi-annual installments, including annual interest, ranging from \$398,100 to \$402,692 through December 2030; 3,155,000

Evraz Project Tax Increment Revenue Bonds, Series 2021A
 \$88,095,000, series 2021 tax increment revenue bonds; interest rate 4.75%; due in semi-annual installments, including annual interest, ranging from \$2,092,256 to \$6,763,606 through December 2045; 88,095,000

Evraz Project Tax Increment Revenue Capital Appreciation Bonds, Series 2021B
 \$3,065,033, series 2021 tax increment revenue bonds; interest rate 5.00%; due in one installment, including interest of \$3,860,000 in December 2025; 3,065,033

Memorial Hall Taxable Revenue Refunding Bonds, Series 2020
 \$9,640,937, series 2020 taxable revenue refunding bonds; interest rate ranges from 2.00% to 4.00%; due in semi-annual installments, including annual interest, ranging from \$236,022 to \$677,445 through December 2038; 9,266,788
110,596,821

Other Obligations

Accrued interest payable	386,768
Compensated absences	65,714
Net pension liability	347,696
Net OPEB liability	<u>48,338</u>
Total other obligations	<u>848,516</u>
Total Governmental Activities	<u>\$ 111,445,337</u>

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NOTE 8 – LONG-TERM LIABILITIES, Continued

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

Year Ending December 31,	Governmental Activities	
	Revenue Bonds	
	Principal	Interest
2022	\$ 1,482,175	\$ 4,641,213
2023	1,526,072	4,600,968
2024	1,574,968	4,559,375
2025	5,757,560	5,320,931
2026	6,318,865	4,440,438
2027-2031	28,396,833	18,479,210
2032-2036	21,361,615	13,146,965
2037-2041	22,673,733	8,314,042
2042-2045	21,505,000	2,617,727
	\$ 110,596,821	\$ 66,120,869

Expanded Downtown Revenue Refunding Bonds, Series 2020

The \$7,363,000 series 2017 revenue refunding bonds were issued by the Authority to advance refund \$7,193,000 of outstanding series 2006 revenue bonds. The bonds were refunded in July 2020.

The \$5,945,000 series 2020 revenue refunding bonds were issued by the Authority to refund \$6,026,700 of outstanding series 2017 revenue refunding bonds, which were issued to be used in the expanded urban renewal project area, specifically to assist in the financing and construction of a parking garage. Interest and principal on this note are payable from the pledged incremental property taxes generated within the Expanded Downtown district. Supplemental funding comes from the City of Pueblo, Colorado, based on the agreement that the City will pay 40% of the net revenues received less expenditures paid. The District completed the refunding in 2020 to reduce its total debt service payments over the next nine years by \$649,312 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$652,167.

Lake Minnequa Tax Increment Revenue Refunding Bonds, Series 2020

The \$2,420,000 series 2018 revenue refunding bonds were issued by the Authority to advance refund \$2,420,000 of outstanding series 2011 revenue bonds. The bonds were refunded in July 2020.

The \$2,545,000 series 2020 tax increment revenue refunding bonds were issued by the Authority to refund \$2,172,594 of outstanding series 2018 revenue refunding bonds, which were issued to provide funds for the construction of certain infrastructure and other improvements in the Lake Minnequa district. An additional \$500,000 was borrowed as part of the refunding for additional

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NOTE 8 – LONG-TERM LIABILITIES, Continued

district infrastructure improvements. Interest and principal on this note are payable from the pledged incremental property taxes generated within the Lake Minnequa district. The District completed the refunding in 2020 to reduce its total debt service payments over the next 12 years by \$69,983 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$95,014.

North Pueblo Tax Increment Revenue Refunding Bonds, Series 2020

The \$4,000,000 multi-draw term bank note was issued to provide assistance for the construction of the Dillon flyover infrastructure project together with other improvements in the North Pueblo district. Interest and principal on this note are payable from the pledged incremental property taxes generated within the North Pueblo district. In connection with this note, the Authority entered into an agreement with the City of Pueblo, which allows for the City, at its discretion, to fund any shortfalls in the Authority's ability to make debt service payments from pledged incremental property taxes. The agreement provides that if the North Pueblo district eventually provides the Authority with a surplus of incremental property taxes, the Authority will repay the shortfall payments made by the City, along with 5% of simple interest. During 2021, the City did not pay any debt service shortfall.

The \$3,825,000 series 2020 tax increment revenue refunding bonds were issued by the Authority to refund \$2,476,110 outstanding balance of the 2013 multi-draw term bank note, and \$1,509,744 notes payable the City of Pueblo, Colorado. The bank note and notes due to the City of Pueblo, Colorado were issued to provide assistance for the construction of the Dillon flyover infrastructure project together with other improvements in the North Pueblo district. Interest and principal on these bonds are payable from the pledged incremental property taxes generated within the North Pueblo district. The District completed the refunding in 2020 to reduce its total debt service payments over the next 10 years by \$190,586 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$177,241.

Memorial Hall and Convention Center Taxable Revenue Refunding Bonds, Series 2020

The \$10,000,000 series 2011B improvement revenue bonds were issued by the Authority for the purpose of providing funds for the remodeling and restoring of the historic Memorial Hall which is within the expanded downtown district. The bonds were partially refunded in July 2020. The remaining \$225,000 bonds mature annually beginning in 2020 with final payment in 2021.

In July 2020, the Authority entered into a refunding transaction whereby the series 2020 taxable revenue refunding bonds were issued to partially refund \$12,595,000 the Authority's series 2011B refunding and improvement revenue bonds in both governmental activities and business-type activities. The series 2020 bonds were issued in the amount of \$12,755,000. The net proceeds of \$12,680,848 (after payment of \$561,144 in underwriting fees and other issuance costs) were used to purchase U.S. government securities. Those securities were deposited into an irrevocable trust with an escrow agent to provide for future debt payments on the series 2011B refunding and improvement bonds beginning with bonds maturing in 2022. The total amount deposited with the escrow agent was \$12,680,848, which included the \$11,775,000 refunded bonds, \$73,205 in current interest, and deferred amounts on refunding of \$832,643. As a result of this transaction,

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NOTE 8 – LONG-TERM LIABILITIES, Continued

the series 2011B refunding and improvement bonds maturing in 2022 through 2038 are considered to be defeased in-substance and the liability for those bonds has been removed from the government-wide and proprietary fund statements of net position. The Authority completed the advance refunding in 2020 to reduce its total debt service payments over the next 18 years by \$2,865,550 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$2,345,592.

Of the total series 2020 bonds issued, \$9,640,937 was attributed to governmental activities. Underwriting fees of \$306,835, issuance costs of \$117,309, and the deferred amounts on refunding of \$629,358 were similarly allocated to governmental activities in 2020. Debt service savings of \$2,165,942 and an economic gain of \$1,772,928 was attributed to governmental activities.

Interest and principal on these bonds are payable from the proceeds of the pledged revenue which consists of 3.3% of the City of Pueblo's sales and use tax collections. On a monthly basis, the City of Pueblo remits 3.3% of its sales and use tax collections to the trustee for debt service on the series 2011B refunding and improvement bonds (through 2021) and the series 2020 taxable revenue refunding bonds on behalf of the Authority. A portion of these monthly collections is allocated by the trustee for operations and maintenance and debt service of the Authority's convention center. The revenue recognized from these transactions totaled \$2,955,560 for the year ended December 31, 2021 and is reported in the caption "vendor's fee" in the accompanying financial statements.

Evraz Tax Increment Revenue Bonds, Series 2021A and 2021B

The \$88,095,000 Tax Increment Revenue Bonds Series 2021A and the \$3,065,033 Tax Increment Revenue Bonds Series 2021B bonds were issued by the Authority for the purpose of providing funds for a portion of certain public improvements of the long-rail mill to be constructed in the EVRAZ Rail Urban Renewal Area. These public improvements are primarily environmental in nature and are all certified as public improvements necessary for the project. Interest and principal on this note are payable from the pledged incremental property taxes generated within the EVRAZ Rail Urban Renewal Area. A capitalized interest fund of \$11,170,324 was created as part of these combined issuances that will fund debt service payments from 2021 through 2023 until the anticipated property tax collections are sufficient to fund the annual debt service requirements.

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NOTE 8 – LONG-TERM LIABILITIES, Continued

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

Revenue Bonds

Convention Center Sales Tax Increment Revenue Bonds, Series 2017

\$17,030,000, series 2017 sales tax increment revenue bonds; interest rate ranges from 2.25% to 5.00%; due in semi-annual installments, including annual interest, ranging from \$396,575 to \$3,741,250 through June 2036;

\$ 10,180,000

Convention Center Taxable Revenue Refunding Bonds, Series 2020

\$3,114,063, series 2020 taxable revenue refunding bonds; interest rate ranges from 2.00% to 4.00%; due in semi-annual installments, including annual interest, ranging from \$76,236 to \$218,818 through December 2038;

2,993,212
13,173,212

Obligation under Capital Leases

\$91,000 of obligation under capital lease; interest rate of 4.25%; due in monthly installments including interest of \$1,257 through August 2026;

63,658

\$193,498 of obligation under capital lease; interest rate of 4.54%; due in monthly installments including interest of \$2,714 through February 2027;

147,573
211,231

Total Business-Type Activities

\$ 13,384,443

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

Year Ending December 31,	Business-type Activity			
	Revenue Bonds		Capital Leases	
	Principal	Interest	Principal	Interest
2022	\$ 2,447,825	\$ 488,056	\$ 38,995	\$ 8,654
2023	168,928	444,462	40,773	6,849
2024	230,032	436,486	42,632	5,017
2025	292,473	428,924	44,576	3,073
2026	341,135	419,081	41,553	1,067
2027-2031	2,338,167	1,874,087	2,702	9
2032-2036	6,938,385	1,220,672	-	-
2037-2038	416,267	17,221	-	-
	<u>\$ 13,173,212</u>	<u>\$ 5,328,989</u>	<u>\$ 211,231</u>	<u>\$ 24,669</u>

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NOTE 8 – LONG-TERM LIABILITIES, Continued

Convention Center Sales Tax Increment Revenue Bonds, Series 2017

The \$17,030,000 series 2017 sales tax increment revenue bonds were issued by the Authority for the purpose of providing funds for the design, construction, equipping and improvement of Phase 1, and component parts of Phases 2 and 3 of the RTA Project consisting of the expansion of the Pueblo Convention Center. Interest and principal on this note are payable from the pledged incremental state sales taxes generated within the established 2012 boundaries of the City of Pueblo. As mentioned below in Note 15, the Authority, in conjunction with the Colorado Economic Development Commission (the “Commission”), approved a resolution dedicating specified sales tax increment revenue for approved regional tourism projects. This agreement specifies a percentage of sales tax increment revenue will be dedicated to the Project in the amount of 24.7% of state sales tax revenue collected within the Regional Tourism Zone in excess of the Base Year Revenue (calculated as state sales tax revenue collected by the State from taxable transactions occurring within the Regional Tourism Zone during the twelve-month period from May 1, 2011 and ending on April 30, 2012) until April 30, 2022. Thereafter 3.3% of state sales tax revenue collected within the Regional Tourism Zone in excess of the Base Year Revenue will be dedicated to the Project until the earlier of either the date on which \$35.7 million in state sales tax increment revenue has been paid or payment in full has been made on the bonds associated with financing the project, provided no single bond shall have a maturity date of 30 years. There is an option, with written notification to the Commission to extend the financing term to a date not to exceed 50 years. The funds received for the states sales tax increment revenue are being used to pay debt service on the Convention Center State Sales Tax Increment Revenue Bonds.

Memorial Hall and Convention Center Taxable Revenue Refunding Bonds, Series 2020

The \$3,890,000 series 2011B tax-exempt revenue refunding bonds were issued by the Authority to advance refund \$2,420,000 of outstanding series 2011 revenue bonds, which were issued to provide funds for the construction of certain infrastructure and other improvements in the original downtown district. The bonds were partially refunded in July 2020 and the remaining \$305,000 bonds matured in 2020 with final payment in 2021.

In July 2020, the Authority entered into a refunding transaction whereby the series 2020 taxable revenue refunding bonds were issued to partially refund \$12,595,000 the Authority’s series 2011B refunding and improvement revenue bonds in both governmental activities and business-type activities. The series 2020 bonds were issued in the amount of \$12,755,000. The net proceeds of \$12,680,848 (after payment of \$561,144 in underwriting fees and other issuance costs) were used to purchase U.S. government securities. Those securities were deposited into an irrevocable trust with an escrow agent to provide for future debt payments on the series 2011B refunding and improvement bonds beginning with bonds maturing in 2022. The total amount deposited with the escrow agent was \$12,680,848, which included the \$11,775,000 refunded bonds, \$73,205 in current interest, and deferred amounts on refunding of \$832,643. As a result of this transaction, the series 2011B refunding and improvement bonds maturing in 2022 through 2038 are considered to be defeased in-substance and the liability for those bonds has been removed from the government-wide and proprietary fund statements of net position. The Authority completed the advance refunding in 2020 to reduce its total debt service payments over the next 18 years by \$2,865,550 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$2,345,592.

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NOTE 8 – LONG-TERM LIABILITIES, Continued

Of the total series 2020 bonds issued, \$3,114,063 was attributed to the business-type activity. Underwriting fees of \$99,109, issuance costs of \$37,891 and the deferred amounts on refunding of \$203,285 were similarly allocated to the business-type activity in 2020. Debt service savings of \$699,608 and an economic gain of \$572,663 are attributed to business-type activities.

Interest and principal on these bonds are payable from the proceeds of the pledged revenue which consists of 3.3% of the City of Pueblo’s sales and use tax collections. On a monthly basis, the City of Pueblo remits 3.3% of its sales and use tax collections to the trustee for debt service on the series 2011B refunding and improvement bonds (through 2021) and the series 2020 taxable revenue refunding bonds on behalf of the Authority. A portion of these monthly collections is allocated by the trustee for operations and maintenance and debt service of the Authority’s convention center. The revenue recognized from these transactions totaled \$2,716,552 for the year ended December 31, 2021 and is reported in the caption “vendor’s fee” in the accompanying financial statements.

NOTE 9 – DEFEASED DEBT

In 2020, the Authority defeased certain revenue bonds by placing the proceeds of new bonds in escrow to provide for all future debt service payments on the old bonds. Accordingly, the escrow account assets and liability for the defeased bonds are not included in the Authority’s financial statements. These defeased bonds were fully paid off in 2021 from the remaining proceeds in the escrow account established for that purpose.

NOTE 10 – 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 legislations. Restricted net position for governmental and business-type activities is summarized as follows:

District projects	<u>\$ 516,076</u>
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NOTE 11 – FUND BALANCES

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

	General Fund	Union Avenue District	Eliminations	Combined General Fund
Fund balance, January 1, 2021	\$ 1,059,903	\$ 5,855	\$ -	\$ 1,065,758
Revenues and other financing sources:				
Property taxes	-	6,633	-	6,633
Intergovernmental	36,000	-	-	36,000
Charges for services	191,501	-	-	191,501
Interest	67	-	-	67
Contributions	149,000	-	-	149,000
Other	144	-	-	144
Transfers in	1,392,636	-	-	1,392,636
Total revenues and other financing sources	1,769,348	6,633	-	1,775,981
Expenditures and other financing uses:				
General government	1,074,478	-	-	1,074,478
Economic development	146,206	-	-	146,206
Total expenditures and other financing uses	1,220,684	-	-	1,220,684
Fund balance, December 31, 2021	\$ 1,608,567	\$ 12,488	\$ -	\$ 1,621,055

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NOTE 12 – RISKS AND UNCERTAINTIES

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

As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which are likely to negatively impact operations of the Authority, including receipt of property tax revenues and cancellation of events at the Convention Center. While this situation is expected to be temporary, the related financial impact and duration cannot be reasonably estimated at this time.

Evraz Project Area - Certain international events and actions have occurred subsequent to December 31, 2021, that appear to have negatively impacted major shareholders of Evraz, PLC, Evraz North America's parent corporation. PURA management is not aware of any specific impacts to Evraz North America or to the rail mill project as a result of these events or actions. However, the international situation continues to develop and any future impacts are unknown at this time.

NOTE 13 – RETIREMENT PLAN

Plan Description and Benefit Provisions

Eligible employees of the Authority are provided with pensions through the Local Government Division Trust Fund (LGDTF), a cost-sharing, multiple-employer defined benefit pension plan administered by Public Employees' Retirement Association of Colorado (PERA). Plan benefits are specified in Title 24, Article 51 of the Colorado Revised Statutes (C.R.S.), administrative rules set forth at 8 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, 2020

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.

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.

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NOTE 13 – RETIREMENT PLAN, Continued

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, 2020, benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S., once certain criteria are met. Pursuant to SB 18-200, the annual increase for 2019 was 0.00 percent for all benefit recipients. Thereafter, benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007, and all benefit recipients of the DPS benefit structure will receive an annual increase of 1.25 percent unless adjusted by the automatic adjustment provisions (AAP) pursuant to C.R.S. § 24-51-413. Benefit recipients under the PERA benefit structure who began eligible employment after January 1, 2007, will receive the lesser of an annual increase of 1.5 percent or the average Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed 10 percent of PERA’s Annual Increase Reserve (AIR) for the LFDTF. The AAP may raise or lower the aforementioned annual increase by up to 0.25 percent based on the parameters specified in C.R.S. § 24-51-413.

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 lifetime retirement benefit formula(s) 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 benefits.

Contributions Provisions as of December 31, 2021

The Authority is required to contribute member and employer contributions to LGDTF at a rate set by Colorado statute. The contribution requirements are established under C.R.S. § 24-51-401, et seq. and § 24-51-413. Employer contribution rates for the period of January 1, 2020 through December 31, 2021 are summarized on the table below:

	01/01/2020 through <u>6/30/2020</u>	07/01/2020 through <u>12/31/2021</u>
Employee contribution rate	8.00%	8.50%

Contribution rates for the LGDTF are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42).

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NOTE 13 – RETIREMENT PLAN, Continued

The employer contribution requirements for all employees are summarized in the table below:

	01/01/2020 through 06/30/2020	07/01/2020 through 12/31/2020	01/01/2021 through 06/30/2021	07/01/2021 through 12/31/2021
Employer contribution rate	10.00%	10.50%	10.50%	10.50%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f)	-1.02%	-1.02%	-1.02%	-1.02%
Amount apportioned to the LGDTF	8.98%	9.48%	9.48%	9.48%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	2.20%	2.20%	2.20%	2.20%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	1.50%	1.50%	1.50%	1.50%
Defined Contribution Supplement as specified in C.R.S. § 24-51-415	N/A	N/A	0.02%	0.02%
Total Employer contribution rate to the LGDTF	12.68%	13.18%	13.20%	13.20%

Contribution rates for the LGDTF are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42).

Employer contributions are recognized by the LGDTF in the period in which the compensation becomes payable to the member and the Authority is statutorily committed to pay the contributions to the LGDTF. Employer contributions recognized by the LGDTF from the Authority were \$69,062 for the year ended December 31, 2021.

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

At December 31, 2021, the Authority reported a liability of \$347,696 for its proportionate share of the net pension liability. The net pension liability for the LGDTF was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. Standard update procedures were used to roll-forward the total pension liability as of December 31, 2020. The Authority's proportion of the net pension liability was based on the Authority's contributions to the LGDTF for the calendar year 2020 relative to the total contributions of participating employers to the LGDTF.

At December 31, 2020, the Authority's proportion was approximately 0.067 percent, which was an increase of .008 percent from its proportion measured as of December 31, 2019.

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NOTE 13 – RETIREMENT PLAN, Continued

For the year ended December 31, 2021, the Authority recognized pension expense of \$91,134. At December 31, 2021, the Authority 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	\$ 16,811	\$ -
Net difference between projected and actual earnings on pension plans investments	-	376,014
Changes in assumptions or other inputs	84,024	
Changes in proportionate share	52,180	
Differences between contributions recognized and proportionate share of contributions	722	-
Contributions subsequent to the measurement date	69,062	-
Total	\$ 222,799	\$ 376,014

The \$69,062 of deferred outflows of resources related to pensions, resulting from the Authority's contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense (income) as follows:

Year ended	
2022	\$ (79)
2023	(35,393)
2024	(127,462)
2025	(59,343)
	\$ (222,277)

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NOTE 13 – RETIREMENT PLAN, Continued

Actuarial Assumptions

The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method	Entry age
Price inflation	2.40%
Real wage growth	1.10%
Wage inflation	3.50%
Salary increases, including wage inflation	3.50% – 10.45%
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07 and DPS benefit structure (automatic)	1.25% compounded annually
PERA benefit structure hired after 12/31/06 ¹	Financed by the Annual Increase Reserve (AIR)

¹ Post-retirement benefit increases are provided by the AIR, accounted separately within each Division Trust Fund, and subject to moneys being available; therefore, liabilities related to increases for members of these benefit tiers can never exceed available assets.

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.

Post-retirement non-disabled mortality assumptions 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 percent, 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.

The actuarial assumptions used in the December 31, 2019, 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 the PERA Board during the November 18, 2016, Board meeting.

Based on the 2020 experience analysis, dated October 28, 2020, for the period January 1, 2016, through December 31, 2019, revised economic and demographic assumptions were adopted by

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NOTE 13 – RETIREMENT PLAN, Continued

PERA’s Board on November 20, 2020, and were effective as of December 31, 2020. The assumptions shown below were reflected in the roll forward calculation of the total pension liability from December 31, 2019, to December 31, 2020.

Actuarial cost method	Entry age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation	3.20% – 11.30%
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07 and DPS benefit structure (automatic)	1.25% compounded annually Financed by the Annual Increase Reserve (AIR)
PERA benefit structure hired after 12/31/06 ²	

² Post-retirement benefit increases are provided by the AIR, accounted separately within each Division Trust Fund, and subject to moneys being available; therefore, liabilities related to increases for members of these benefit tiers can never exceed available assets.

Salary scale assumptions were revised to align with revised economic assumptions and to more closely reflect actual experience.

Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.

Pre-retirement mortality assumptions were based upon the PubG-2010 Employee Table with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions were based on the PubG-2010 Healthy Retiree Table, adjusted as follows:

- Males: 94 percent of the rates prior to age 80 and 90 percent of the rates for 80 and older, with generational projection using scale MP-2019.
- Females: 87 percent of the rates prior to age 80 and 107 percent of the rates for 80 and older, with generational projection using scale MP-2019.

Post-retirement non-disabled beneficiary mortality assumptions were based on the Pub-2010 Contingent Survivor Table, adjusted as follows:

- Males: 97 percent of the rates for all ages, with generational projection using scale MP-2019.
- Females: 105 percent of the rates for all ages, with generational projection using scale MP-2019.

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NOTE 13 – RETIREMENT PLAN, Continued

Disabled mortality assumptions were based upon the PubNS-2010 Disabled Retiree Table using 99 percent of the rates for all ages with generational projection using scale MP-2019.

The mortality tables described above are generational mortality tables on a benefit-weighted basis.

The long-term expected rate of 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 the Experience Study report dated October 28, 2020. As a result of the November 20, 2020, PERA Board meeting, the following economic assumptions were changed, effective December 31, 2020:

- Price inflation assumption decreased from 2.40 percent per year to 2.30 percent per year.
- Real rate of investment return assumption increased from 4.85 percent per year, net of investment expenses to 4.95 percent per year, net of investment expenses.
- Wage inflation assumption decreased from 3.50 percent per year to 3.00 percent per year.

Several factors were considered in evaluating the long-term rate of return assumption, 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 returns, 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.

The PERA Board first adopted the 7.25 percent long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the Board’s November 15, 2019, meeting, to be effective January 1, 2020. As of the most recent reaffirmation of the long-term expected rate of return, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
Global Equity	54.00%	5.60%
Fixed Income	23.00%	1.30%
Private Equity	8.50%	7.10%
Real Estate	8.50%	4.40%
Alternatives ¹	6.00%	4.70%
Total	100.00%	%

¹The Opportunity Fund’s name changed to Alternatives, effective January 1, 2020.

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.

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NOTE 13 – RETIREMENT PLAN, Continued

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:

- 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 3.00 percent.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increase in SB 18-200. 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 for each year, including the scheduled increase in SB 18-200. Employer contributions also include 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 reflect 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 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. 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 middle of the year.

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 of 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.

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NOTE 13 – RETIREMENT PLAN, Continued

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

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1 % Increase (8.25%)
Proportionate share of the net pension liability	\$ 800,953	\$ 347,696	\$ (30,715)

NOTE 14 – POST-EMPLOYMENT BENEFITS

OPEB Plan Description and Benefit Provisions

Eligible employees of the Authority 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 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

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NOTE 14 – POST-EMPLOYMENT BENEFITS, Continued

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 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.

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 Authority is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from Authority were \$5,191 for the year ended December 31, 2021.

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NOTE 14 – POST-EMPLOYMENT BENEFITS, Continued

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

At December 31, 2021 the Authority reported a liability of \$48,338 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2019. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2020. The Authority’s proportion of the net OPEB liability was based on the Authority's contributions to the HCTF for the calendar year 2020 relative to the total contributions of participating employers to the HCTF.

At December 31, 2020, the Authority’s proportion was 0.0051 percent, which was an increase of 0.0006 percent from its proportion measured as of December 31, 2019.

For the year ended December 31, 2021, the Authority recognized OPEB expense of \$3,950. At December 31, 2021, the Authority 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	\$ 128	\$ 10,627
Net difference between projected and actual earnings on OPEB plan investments	-	1,975
Changes in assumptions	361	2,964
Changes in proportionate share	11,514	-
Differences between contributions recognized and proportionate share of contributions	-	33
Contributions subsequent to the measurement date	5,191	-
PURA Total	\$ 17,194	\$ 15,599

\$5,191 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense (income) as follows:

Year ended	
2022	\$ (973)
2023	(697)
2024	(1,059)
2025	(930)
2026	56
Thereafter	7
	\$ (3,596)

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NOTE 14 – POST-EMPLOYMENT BENEFITS, Continued

Actuarial assumptions. The total OPEB liability in the December 31, 2019 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	8.10 percent in 2020, gradually Decreasing to 4.50 percent in 2029
Medicare Part A premiums	3.50 percent for 2020, gradually increasing to 4.50 percent in 2029

In determining the additional liability for PERACare enrollees who are age sixty-five or older and who are not eligible for premium-free Medicare Part A in the December 31, 2019, valuation, the following monthly costs/premiums are assumed for 2020 for the PERA Benefit Structure:

<u>Medicare Plan</u>	<u>Initial Costs for Members without Medicare Part A</u>		
	<u>Monthly Cost</u>	<u>Monthly Premium</u>	<u>Monthly Cost Adjusted to Age 65</u>
Medicare Advantage/Self-Insured Rx	\$588	\$227	\$550
Kaiser Permanente Medicare Advantage HMO	\$621	\$232	\$586

The 2020 Medicare Part A premium is \$458 (actual dollars) per month.

PUEBLO URBAN RENEWAL AUTHORITY
(A COMPONENT UNIT OF THE CITY OF PUEBLO, COLORADO)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 14 – POST-EMPLOYMENT BENEFITS, Continued

All costs are subject to the health care cost trend rates, as discussed below.

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 industry methods developed by health plan actuaries and administrators. In addition, projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services are referenced in the development of these rates. Effective December 31, 2019, 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.

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

<u>Year</u>	<u>PERACare Medicare Plans</u>	<u>Medicare Part A Premiums</u>
2020	8.10%	3.50%
2021	6.40%	3.75%
2022	6.00%	3.75%
2023	5.70%	3.75%
2024	5.50%	4.00%
2025	5.30%	4.00%
2026	5.10%	4.00%
2027	4.90%	4.25%
2028	4.70%	4.25%
2029+	4.50%	4.50%

PUEBLO URBAN RENEWAL AUTHORITY
(A COMPONENT UNIT OF THE CITY OF PUEBLO, COLORADO)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 14 – POST-EMPLOYMENT BENEFITS, Continued

Mortality assumptions used in the December 31, 2019, valuation for the determination of the total pension 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.

Post-retirement non-disabled 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 106 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 68 percent factor applied to rates for ages less than 80 percent, a 109 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 actuarial assumptions used in the December 31, 2019, valuation were based on the results of the 2016 experience analysis for the period 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.

Based on the 2020 experience analysis, dated October 28, 2020, and November 4, 2020, for the period of January 1, 2016, through December 31, 2019, revised economic and demographic assumptions were adopted by PERA’s Board on November 20, 2020, and were effective as of December 31, 2020. The assumptions shown below were reflected in the roll forward calculation of the total OPEB liability from December 31, 2019, to December 31, 2020.

Actuarial cost method	Entry age
Price inflation	2.30 percent
Real wage growth	0.70 percent
Wage inflation	3.00 percent
Salary increases, including wage inflation	3.20 percent -11.30 percent

The long-term rate of return, net of OPEB plan investment expenses, including price inflation and discount rate assumptions were 7.25 percent.

Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.

PUEBLO URBAN RENEWAL AUTHORITY
(A COMPONENT UNIT OF THE CITY OF PUEBLO, COLORADO)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 14 – POST-EMPLOYMENT BENEFITS, Continued

Mortality assumptions used in the roll forward calculations for the determination of the total OPEB liability for each of the Division Trust Funds as shown below were applied, as applicable, in the roll forward calculation for the HCTF, using a headcount-weighted basis.

Pre-retirement mortality assumptions for the State and Local Government Divisions were based upon the PubG-2010 Employee Table with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for the State and Local Government Divisions were based upon the PubG-2010 Healthy Retiree Table, adjusted as follows:

- Males: 112 percent of the rates prior to age 80 and 94 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
- Females: 83 percent of the rates prior to age 80 and 106 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
- Post-retirement non-disabled beneficiary mortality assumptions were based upon the Pub-2010 Contingent Survivor Table, adjusted as follows:
 - Males: 97 percent of the rates for all ages, with generational projection using scale MP-2019.
 - Females: 105 percent of the rates for all ages, with generational projection using scale MP-2019.

Disabled mortality assumptions were based upon the PubNS-2010 Disabled Retiree Table using 99 percent of the rates for all ages with generational projection using scale MP-2019.

The mortality tables described above are generational mortality tables on a head-count weighted basis.

The following health care costs assumptions were updated and used in the roll forward calculation for the HCTF:

- 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 2020 plan year.
- 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.

Actuarial assumptions pertaining to per capita health care costs and their related trend rates are analyzed and updated annually by the Board's actuary, as discussed above.

PUEBLO URBAN RENEWAL AUTHORITY
(A COMPONENT UNIT OF THE CITY OF PUEBLO, COLORADO)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 14 – POST-EMPLOYMENT BENEFITS, 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 Experience Study report dated October 28, 2020. As a result of the November 20, 2020, PERA Board meeting, the following economic assumptions were changed, effective December 31, 2020:

- Price inflation assumption decreased from 2.40 percent per year to 2.30 percent per year.
- Real rate of investment return assumption increased from 4.85 percent per year, net of investment expenses to 4.95 percent per year, net of investment expense.
- Wage inflation assumption decreased from 3.50 percent per year to 3.00 percent per year.

Several factors were considered in evaluating the long-term rate of return assumption, 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.

The PERA Board first adopted the 7.25 percent long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the Board’s November 15, 2019, meeting, to be effective January 1, 2020. As of the most recent reaffirmation of the long-term rate of return, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
Global Equity	54.00%	5.60%
Fixed Income	23.00%	1.30%
Private Equity	8.50%	7.10%
Real Estate	8.50%	4.40%
Alternatives ¹	6.00%	4.70%
Total	100.00%	

¹ The Opportunity Fund’s name changed to Alternatives, effective January 1, 2020.

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.

Sensitivity of the Authority's 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:

PUEBLO URBAN RENEWAL AUTHORITY
(A COMPONENT UNIT OF THE CITY OF PUEBLO, COLORADO)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 14 – POST-EMPLOYMENT BENEFITS, Continued

	1% Decrease in Trend Rates	Current Trend Rates	1 % Increase in Trend Rates
Initial PERACare Medicare trend rate	7.10%	8.10%	9.10%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	2.50%	3.50%	4.50%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Proportionate share of the net OPEB liability	<u>\$ 47,089</u>	<u>\$ 48,338</u>	<u>\$ 49,792</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, 2020, 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 3.00 percent.
- 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.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Estimated transfers of dollars into the HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.
- Benefit payments and contributions were assumed to be made at the middle of the year.

Based on the above assumptions and methods, 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.

PUEBLO URBAN RENEWAL AUTHORITY
(A COMPONENT UNIT OF THE CITY OF PUEBLO, COLORADO)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 14 – POST-EMPLOYMENT BENEFITS, Continued

Sensitivity of the Authority's 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	<u>\$ 55,372</u>	<u>\$ 48,338</u>	<u>\$ 42,328</u>

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.

NOTE 15 – COMMITMENTS AND CONTINGENCIES

The Authority entered into an agreement with Thunder Village Metropolitan District (the District) which provides that the Authority will reimburse the District for the costs of certain public improvements. As of December 31, 2021, the District has approximately \$6,466,059 of unreimbursed expenses. The Authority's obligation, however, is limited to the amount of actual tax increment revenues generated within the project taxing area until 2032.

The Authority has also entered into a reimbursement agreement with Vestas Towers America, Inc. in conjunction with the creation of the St. Charles district urban renewal project area. This agreement provides that the Authority will reimburse Vestas Towers America, Inc. for its costs incurred for certain public improvements. The Authority is obligated to reimburse Vestas Towers America, Inc. up to \$12,500,000 plus 4.5% interest per annum subject to the collection of the related tax increment revenues. This agreement also provides that the Authority will pay 50% of the personal property taxes assessed for a period of 10 years beginning in 2012. In conjunction with the reimbursement agreement described above, the Authority also approved a cooperation agreement with the Authority whereby the Authority will pay to Vestas Towers America, Inc. an amount equal to the Authority's proportion of the total mill levy. In addition, the Authority committed to pay \$6,826,000 to the County of Pueblo and the Board of Water Works of Pueblo after Vestas Towers America, Inc. which has been paid in full. In 2021, the Authority reimbursed Vestas \$583,333 in county personal property tax credits, \$972,206 in Pueblo County Reimbursement, and \$648,137 in Board of Water Works Reimbursement. The principal amount payable to Vestas was paid in full in 2019. Pueblo County reimbursement balance was \$677,703, and the Board of Water Works reimbursement balance was \$1,147,396.

In 2012, the Authority, in conjunction with the Colorado Economic Development Commission, approved a resolution dedicating specified sales tax increment revenue for approved regional tourism projects (See Note 8). As required by the resolution and agreement, the Authority has established a

PUEBLO URBAN RENEWAL AUTHORITY
(A COMPONENT UNIT OF THE CITY OF PUEBLO, COLORADO)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 15 – COMMITMENTS AND CONTINGENCIES, Continued

special fund to receive these funds. For the year ended December 31, 2021, the Authority recognized sales tax increment revenues of \$4,863,887.

Colorado voters passed an amendment to the state constitution in November, 1992 which contains several limitations, including revenue raising, spending abilities and other specific requirements affecting state and local governments. The amendment, commonly known as the Tabor Amendment, is complex and subject to judicial interpretation; however, the Authority believes it is in compliance with the requirements of the amendment. The Authority believes it is exempt from the provisions of the amendment because it is not a taxing body, nor does it have the power to hold elections.

NOTE 16 – SUBSEQUENT EVENTS

The Authority has evaluated its December 31, 2021 financial statements for subsequent events through the date the financial statements were issued.

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REQUIRED SUPPLEMENTARY INFORMATION

PUEBLO URBAN RENEWAL AUTHORITY

(a component unit of the City of Pueblo, Colorado)

General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances—Budget and Actual For the Year Ended December 31, 2021

	BUDGETED AMOUNTS		ACTUAL BUDGET BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 36,000	\$ 36,000
Contributions	99,200	206,500	149,000	(57,500)
Charges for services	191,500	191,500	191,501	1
Interest	200	200	67	(133)
Other	-	-	144	144
TOTAL REVENUES	290,900	398,200	376,712	(21,488)
EXPENDITURES				
Current:				
General government	1,041,517	1,238,196	1,074,478	163,718
Economic development	3,500	1,018,327	146,206	872,121
Debt service	7,058	-	-	-
TOTAL EXPENDITURES	1,052,075	2,256,523	1,220,684	1,035,839
OTHER FINANCING SOURCES AND (USES)				
Transfers in	761,175	1,416,314	1,392,636	(23,678)
Transfers in fund balance	-	442,009	-	(442,009)
TOTAL OTHER FINANCING SOURCES AND (USES)	761,175	1,858,323	1,392,636	(465,687)
NET CHANGE IN FUND BALANCE	\$ -	\$ -	548,664	\$ 548,664
FUND BALANCES, BEGINNING OF YEAR			1,059,903	
FUND BALANCES, END OF YEAR			1,608,567	
GAAP ADJUSTMENTS				
Consolidation of the Union Avenue District Fund			12,488	
FUND BALANCE - GAAP BASIS			\$ 1,621,055	

PUEBLO URBAN RENEWAL AUTHORITY

(a component unit of the City of Pueblo, Colorado)
Reconciliation of the Budgetary Basis of Accounting
to GAAP Basis of Accounting
General Fund
For the Year Ended December 31, 2021

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 \$ 1,769,348

Differences - budget to GAAP

Revenues and other financing sources from the Union Avenue District fund which is consolidated with the general fund for GAAP reporting purposes 6,633

GAAP basis revenues and other financing sources \$ 1,775,981

EXPENDITURES AND OTHER FINANCING USES

Actual amounts (budgetary basis) of expenditures and other financing uses from the budgetary comparison schedule 1,220,684

Differences - budget to GAAP

Expenditures and other financing uses from the Union Avenue District fund which is consolidated with the general fund for GAAP reporting purposes -

GAAP basis expenditures and other financing uses \$ 1,220,684

PUEBLO URBAN RENEWAL AUTHORITY

(a component unit of the City of Pueblo, Colorado)

Union Avenue District (Included in General Fund)

Schedule of Revenues, Expenditures

and Changes in Fund Balance—Budget and Actual

For the Year Ended December 31, 2021

	<u>BUDGETED AMOUNTS</u>			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>(NEGATIVE)</u>
REVENUES				
Property Tax Increment	\$ 6,752	\$ 6,750	\$ 6,633	\$ (117)
TOTAL REVENUES	<u>6,752</u>	<u>6,750</u>	<u>6,633</u>	<u>(117)</u>
EXPENDITURES				
Current:				
Economic development	5,000	5,000	-	5,000
Capital outlay	<u>1,752</u>	<u>1,750</u>	-	<u>1,750</u>
TOTAL EXPENDITURES	<u>6,752</u>	<u>6,750</u>	<u>-</u>	<u>6,750</u>
OTHER FINANCING SOURCES AND (USES)				
Transfers out	-	-	-	-
Transfers in fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	6,633	<u>\$ 6,633</u>
FUND BALANCE, BEGINNING OF YEAR			<u>5,855</u>	
FUND BALANCE, END OF YEAR			<u>\$ 12,488</u>	

PUEBLO URBAN RENEWAL AUTHORITY

(a component unit of the City of Pueblo, Colorado)

Regional Tourism Fund

**Schedule of Revenues, Expenditures
and Changes in Fund Balance—Budget and Actual
For the Year Ended December 31, 2021**

	BUDGETED AMOUNTS		ACTUAL BUDGET BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Sales tax increment	\$ 2,881,211	\$ 4,123,063	\$ 4,863,887	\$ 740,824
Miscellaneous	-	-	8,727	8,727
TOTAL REVENUES	<u>2,881,211</u>	<u>4,123,063</u>	<u>4,872,614</u>	<u>749,551</u>
EXPENDITURES				
Current:				
General government	-	339,033	3,000	336,033
Economic development	316,624	915,988	-	915,988
TOTAL EXPENDITURES	<u>316,624</u>	<u>1,255,021</u>	<u>3,000</u>	<u>1,252,021</u>
OTHER FINANCING SOURCES AND (USES)				
Transfers out	(2,564,587)	(2,868,042)	(2,868,012)	30
TOTAL OTHER FINANCING SOURCES AND USES	<u>(2,564,587)</u>	<u>(2,868,042)</u>	<u>(2,868,012)</u>	<u>30</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>2,001,602</u>	<u>\$ 2,001,602</u>
FUND BALANCE, BEGINNING OF YEAR			<u>330,763</u>	
FUND BALANCE, END OF YEAR			<u>\$ 2,332,365</u>	

PUEBLO URBAN RENEWAL AUTHORITY

(a component unit of the City of Pueblo, Colorado)

Vendor Fee

Schedule of Revenues, Expenditures
and Changes in Fund Balance—Budget and Actual
For the Year Ended December 31, 2021

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Vendors fees	\$ 2,206,850	\$ 2,206,850	\$ 2,955,560	\$ 748,710
Interest	-	-	499	499
TOTAL REVENUES	<u>2,206,850</u>	<u>2,206,850</u>	<u>2,956,059</u>	<u>749,209</u>
EXPENDITURES				
Current:				
Economic development	180,000	180,000	-	180,000
Debt service	-	-	337	(337)
TOTAL EXPENDITURES	<u>180,000</u>	<u>180,000</u>	<u>337</u>	<u>179,663</u>
OTHER FINANCING SOURCES AND (USES)				
Transfers out	(2,190,850)	(2,190,850)	(1,838,519)	352,331
Transfer in fund balance	164,000	164,000	-	(164,000)
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(2,026,850)</u>	<u>(2,026,850)</u>	<u>(1,838,519)</u>	<u>188,331</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	1,117,203	<u>\$ 1,117,203</u>
FUND BALANCE, BEGINNING OF YEAR			<u>1,212,163</u>	
FUND BALANCE, END OF YEAR			<u>\$ 2,329,366</u>	

PUEBLO URBAN RENEWAL AUTHORITY

(a component unit of the City of Pueblo, Colorado)

Expanded Downtown District

Schedule of Revenues, Expenditures

and Changes in Fund Balances—Budget and Actual

For the Year Ended December 31, 2021

	BUDGETED AMOUNTS		ACTUAL BUDGET BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Property taxes	\$ 744,603	\$ 726,087	\$ 715,690	\$ (10,397)
Intergovernmental	269,360	269,360	328,131	58,771
Interest	3,000	3,000	52	(2,948)
TOTAL REVENUES	<u>1,016,963</u>	<u>998,447</u>	<u>1,043,873</u>	<u>45,426</u>
EXPENDITURES				
Current:				
General government	43,967	43,967	43,184	783
Economic development	<u>253,044</u>	<u>236,750</u>	<u>138,575</u>	<u>98,175</u>
TOTAL EXPENDITURES	<u>297,011</u>	<u>280,717</u>	<u>181,759</u>	<u>98,958</u>
OTHER FINANCING SOURCES AND (USES)				
Transfers out	<u>(719,952)</u>	<u>(717,730)</u>	<u>(716,278)</u>	<u>1,452</u>
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(719,952)</u>	<u>(717,730)</u>	<u>(716,278)</u>	<u>1,452</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	145,836	<u>\$ 145,836</u>
FUND BALANCE, BEGINNING OF YEAR			<u>621,993</u>	
FUND BALANCE, END OF YEAR			<u>\$ 767,829</u>	

PUEBLO URBAN RENEWAL AUTHORITY

(a component unit of the City of Pueblo, Colorado)

St. Charles District

Schedule of Revenues, Expenditures
and Changes in Fund Balances—Budget and Actual
For the Year Ended December 31, 2021

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL BUDGET BASIS</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES:				
Property taxes	\$ 2,946,730	\$ 2,857,014	\$ 2,814,129	\$ (42,885)
Interest	-	-	50	50
TOTAL REVENUES	<u>2,946,730</u>	<u>2,857,014</u>	<u>2,814,179</u>	<u>(42,835)</u>
EXPENDITURES				
Current:				
Economic development	2,814,679	2,724,963	2,682,078	42,885
TOTAL EXPENDITURES	<u>2,814,679</u>	<u>2,724,963</u>	<u>2,682,078</u>	<u>42,885</u>
OTHER FINANCING SOURCES AND (USES)				
Transfers out	(132,051)	(132,051)	(132,051)	-
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(132,051)</u>	<u>(132,051)</u>	<u>(132,051)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	50	<u>\$ 50</u>
FUND BALANCE, BEGINNING OF YEAR			<u>80,479</u>	
FUND BALANCE, END OF YEAR			<u>\$ 80,529</u>	

PUEBLO URBAN RENEWAL AUTHORITY

(a component unit of the City of Pueblo, Colorado)

Lake Minnequa District

Schedule of Revenues, Expenditures
and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2021

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>BUDGET</u>	<u>FINAL BUDGET</u>
			<u>BASIS</u>	<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
REVENUES				
Property taxes	\$ 786,678	\$ 789,043	\$ 787,777	\$ (1,266)
TOTAL REVENUES	<u>786,678</u>	<u>789,043</u>	<u>787,777</u>	<u>(1,266)</u>
EXPENDITURES				
Current:				
Economic development	<u>118,942</u>	<u>120,007</u>	<u>35,891</u>	<u>84,116</u>
TOTAL EXPENDITURES	<u>118,942</u>	<u>120,007</u>	<u>35,891</u>	<u>84,116</u>
OTHER FINANCING SOURCES AND (USES)				
Transfers out	<u>(667,736)</u>	<u>(669,036)</u>	<u>(668,341)</u>	<u>695</u>
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(667,736)</u>	<u>(669,036)</u>	<u>(668,341)</u>	<u>695</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	83,545	<u>\$ 83,545</u>
FUND BALANCE, BEGINNING OF YEAR			<u>229,491</u>	
FUND BALANCE, END OF YEAR			<u>\$ 313,036</u>	

PUEBLO URBAN RENEWAL AUTHORITY

(a component unit of the City of Pueblo, Colorado)

North Pueblo District

**Schedule of Revenues, Expenditures
and Changes in Fund Balance—Budget and Actual
For the Year Ended December 31, 2021**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL BUDGET BASIS</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES				
Property taxes	\$ 732,994	\$ 708,933	\$ 698,733	\$ (10,200)
Interest	500	500	71	(429)
TOTAL REVENUES	<u>733,494</u>	<u>709,433</u>	<u>698,804</u>	<u>(10,629)</u>
EXPENDITURES				
Current:				
Economic development	278,344	254,283	12	254,271
TOTAL EXPENDITURES	<u>278,344</u>	<u>254,283</u>	<u>12</u>	<u>254,271</u>
TOTAL FINANCING SOURCES AND (USES)				
Transfers out	(455,150)	(455,150)	(455,150)	-
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(455,150)</u>	<u>(455,150)</u>	<u>(455,150)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	243,642	<u>\$ 243,642</u>
FUND BALANCE, BEGINNING OF YEAR			<u>279,450</u>	
FUND BALANCE, END OF YEAR			<u>\$ 523,092</u>	

PUEBLO URBAN RENEWAL AUTHORITY

(a component unit of the City of Pueblo, Colorado)

Evraz District

**Schedule of Revenues, Expenditures
and Changes in Fund Balance—Budget and Actual
For the Year Ended December 31, 2021**

	BUDGETED AMOUNTS		ACTUAL BUDGET BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
Interest	-	-	(48,721)	(48,721)
TOTAL REVENUES	-	-	(48,721)	(48,721)
EXPENDITURES				
Current:				
Economic development	-	90,216,333	56,348,188	33,868,145
Debt service	-	292,700	-	292,700
TOTAL EXPENDITURES	-	90,509,033	56,348,188	34,160,845
TOTAL FINANCING SOURCES AND (USES)				
Issuance of bonds	-	91,160,033	91,160,033	-
Transfers out	-	(651,000)	(3,437,328)	(2,786,328)
TOTAL OTHER FINANCING SOURCES AND (USES)	-	90,509,033	87,722,705	(2,786,328)
NET CHANGE IN FUND BALANCE	\$ -	\$ -	31,325,796	\$ 31,325,796
FUND BALANCE, BEGINNING OF YEAR			-	
FUND BALANCE, END OF YEAR			\$ 31,325,796	

PUEBLO URBAN RENEWAL AUTHORITY
(A COMPONENT UNIT OF THE CITY OF PUEBLO, COLORADO)
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2021

BUDGETARY INFORMATION

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

Prior to November 1 of each year, the executive director submits to the board of commissioners a proposed budget for the fiscal year commencing the following January 1. The budget includes proposed expenditures and the means of financing them. Public hearings are conducted by the board of commissioners to obtain comments. The Authority adopts budgets for all funds and each fund uses the current financial resources measurement focus and the modified accrual basis of accounting in preparing the budgets. In addition, appropriations lapse at the end of the year.

Expenditure estimates in the annual budgets are enacted into law through the passage of an appropriation resolution. The board of commissioners may amend the original adopted budget during the year by passing a new resolution to reflect current needs. The 2021 budget was amended for additional expenditures.

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

PUEBLO URBAN RENEWAL AUTHORITY

(a component unit of the City of Pueblo, Colorado)
 Retirement Plan Required Supplementary Information
 For the Year Ended December 31, 2021

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

Colorado PERA - Pension

<u>Year Ending*</u>	<u>Proportion of the Net Pension Liability</u>	<u>Proportionate Share of the Net Pension Liability</u>	<u>Actual Member Payroll</u>	<u>as a Percentage of Covered Payroll</u>	<u>Fiduciary Net Position as a Percentage of Total Pension Liability</u>
12/31/2015	0.038%	\$ 546,620	\$ 221,290	247.02%	80.72%
12/31/2016	0.038%	\$ 429,236	\$ 239,406	179.29%	76.90%
12/31/2017	0.039%	\$ 533,355	\$ 308,342	172.98%	73.65%
12/31/2018	0.051%	\$ 562,700	\$ 336,780	167.08%	79.37%
12/31/2019	0.051%	\$ 645,451	\$ 405,156	159.31%	75.96%
12/31/2020	0.059%	\$ 430,277	\$ 470,419	91.47%	86.26%
12/31/2021	0.067%	\$ 347,696	\$ 508,963	68.31%	90.88%

Colorado PERA - OPEB

<u>Year Ending*</u>	<u>Proportion of the Net OPEB Liability</u>	<u>Proportionate Share of the Net OPEB Liability</u>	<u>Actual Member Payroll</u>	<u>as a Percentage of Covered Payroll</u>	<u>Fiduciary Net Position as a Percentage of Total OPEB Liability</u>
12/31/2018	0.004%	\$ 50,980	\$ 336,780	15.14%	17.50%
12/31/2019	0.004%	\$ 54,211	\$ 405,156	13.38%	17.03%
12/31/2020	0.005%	\$ 50,647	\$ 470,419	10.77%	24.49%
12/31/2021	0.005%	\$ 48,338	\$ 508,963	9.50%	32.78%

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

Schedules of Employer Contributions

Colorado PERA - Pension

<u>Year Ending</u>	<u>Statutorily Required Contributions</u>	<u>Actual Employer Contributions</u>	<u>Contribution Excess/(Deficiency)</u>	<u>Actual Member Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
12/31/2012	\$17,975	\$25,154	7,179	\$183,607	13.7%
12/31/2013	\$21,077	\$27,200	6,123	\$198,464	13.7%
12/31/2014	\$24,534	\$28,533	3,999	\$208,269	13.7%
12/31/2015	\$24,199	\$30,459	6,260	\$221,290	13.8%
12/31/2016	\$30,357	\$32,799	2,442	\$239,406	13.7%
12/31/2017	\$39,098	\$41,806	2,708	\$308,342	13.6%
12/31/2018	\$42,704	\$42,704	-	\$336,780	12.7%
12/31/2019	\$51,374	\$51,374	-	\$405,156	12.7%
12/31/2020	\$60,907	\$60,907	-	\$470,419	12.9%
12/31/2021	\$69,062	\$69,062	-	\$508,963	13.6%

Colorado PERA - OPEB

<u>Year Ending*</u>	<u>Statutorily Required Contributions</u>	<u>Actual Employer Contributions</u>	<u>Contribution Excess/(Deficiency)</u>	<u>Actual Member Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
12/31/2018	\$3,435	\$3,435	-	\$336,780	1.02%
12/31/2019	\$4,133	\$4,133	-	\$405,156	1.02%
12/31/2020	\$4,798	\$4,798	-	\$470,419	1.02%
12/31/2021	\$5,191	\$5,191	-	\$508,963	1.02%

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OTHER SUPPLEMENTARY INFORMATION

PUEBLO URBAN RENEWAL AUTHORITY

(a component unit of the City of Pueblo, Colorado)

Combining Balance Sheet

Other Governmental Funds

December 31, 2021

	SPECIAL REVENUE FUNDS			
	THUNDER VILLAGE DISTRICT	FOUNTAIN CREEK DISTRICT	LOWER WESTSIDE DISTRICT	TOTALS
ASSETS				
Cash and cash equivalents	\$ 12	\$ 4,211	\$ 27,152	\$ 31,375
Property taxes receivable	97,599	751	8,546	106,896
TOTAL ASSETS	97,611	4,962	35,698	138,271
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Advance from other funds	-	-	-	-
TOTAL LIABILITIES	-	-	-	-
 DEFERRED INFLOWS OF RESOURCES				
Property taxes	97,599	751	8,546	106,896
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	97,599	751	8,546	106,896
 FUND BALANCES				
Restricted	12	4,211	27,152	31,375
TOTAL FUND BALANCES	12	4,211	27,152	31,375
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 97,611	\$ 4,962	\$ 35,698	\$ 138,271

PUEBLO URBAN RENEWAL AUTHORITY

(a component unit of the City of Pueblo, Colorado)

Other Governmental Funds

Combining Statement of Revenues, Expenditures
and Changes in Fund Balance

For the Year Ended December 31, 2021

	<u>SPECIAL REVENUE FUNDS</u>			
	<u>THUNDER VILLAGE DISTRICT</u>	<u>FOUNTAIN CREEK DISTRICT</u>	<u>LOWER WESTSIDE DISTRICT</u>	<u>TOTALS</u>
REVENUES				
Property taxes	\$ 101,277	\$ 594	\$ 6,983	\$ 108,854
Interest	<u>2</u>	<u>-</u>	<u>-</u>	<u>2</u>
TOTAL REVENUES	<u>101,279</u>	<u>594</u>	<u>6,983</u>	<u>108,856</u>
EXPENDITURES				
Current:				
Economic development	<u>50,699</u>	<u>-</u>	<u>-</u>	<u>50,699</u>
TOTAL EXPENDITURES	<u>50,699</u>	<u>-</u>	<u>-</u>	<u>50,699</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>50,580</u>	<u>594</u>	<u>6,983</u>	<u>58,157</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(50,600)</u>	<u>-</u>	<u>-</u>	<u>(50,600)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(50,600)</u>	<u>-</u>	<u>-</u>	<u>(50,600)</u>
NET CHANGE IN FUND BALANCE	<u>(20)</u>	<u>594</u>	<u>6,983</u>	<u>7,557</u>
FUND BALANCE, BEGINNING OF YEAR	<u>32</u>	<u>3,617</u>	<u>20,169</u>	<u>23,818</u>
FUND BALANCE, END OF YEAR	<u>\$ 12</u>	<u>\$ 4,211</u>	<u>\$ 27,152</u>	<u>\$ 31,375</u>

PUEBLO URBAN RENEWAL AUTHORITY

(a component unit of the City of Pueblo, Colorado)

Thunder Village District

Schedule of Revenues, Expenditures
and Changes in Fund Balance—Budget and Actual
For the Year Ended December 31, 2021

	BUDGETED AMOUNTS FINAL	ACTUAL BUDGET BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES			
Property taxes	\$ 102,320	\$ 101,277	\$ (1,043)
Interest	-	2	2
TOTAL REVENUES	<u>102,320</u>	<u>101,279</u>	<u>(1,041)</u>
EXPENDITURES			
Current:			
Economic development	<u>51,160</u>	<u>50,699</u>	<u>461</u>
TOTAL EXPENDITURES	<u>51,160</u>	<u>50,699</u>	<u>461</u>
OTHER FINANCING SOURCES AND (USES)			
Transfers out	<u>(51,160)</u>	<u>(50,600)</u>	<u>560</u>
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(51,160)</u>	<u>(50,600)</u>	<u>560</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	(20)	<u>\$ (20)</u>
FUND BALANCE, BEGINNING OF YEAR		<u>32</u>	
FUND BALANCE, END OF YEAR		<u>\$ 12</u>	

PUEBLO URBAN RENEWAL AUTHORITY

(a component unit of the City of Pueblo, Colorado)

Fountain Creek District

Schedule of Revenues, Expenditures
and Changes in Fund Balance—Budget and Actual
For the Year Ended December 31, 2021

	BUDGETED AMOUNTS FINAL	ACTUAL BUDGET BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES			
Property taxes	\$ 588	\$ 594	\$ 6
TOTAL REVENUES	<u>588</u>	<u>594</u>	<u>6</u>
EXPENDITURES			
Current:			
Economic development	588	-	588
TOTAL EXPENDITURES	<u>588</u>	<u>-</u>	<u>588</u>
OTHER FINANCING SOURCES AND (USES)			
Transfers out	-	-	-
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	594	<u>\$ 594</u>
FUND BALANCE, BEGINNING OF YEAR		<u>3,617</u>	
FUND BALANCE, END OF YEAR		<u>\$ 4,211</u>	

PUEBLO URBAN RENEWAL AUTHORITY

(a component unit of the City of Pueblo, Colorado)

Lower West Side

Schedule of Revenues, Expenditures
and Changes in Fund Balance—Budget and Actual
For the Year Ended December 31, 2021

	<u>BUDGETED AMOUNTS FINAL</u>	<u>ACTUAL BUDGET BASIS</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
REVENUES			
Property taxes	\$ 7,059	\$ 6,983	\$ (76)
TOTAL REVENUES	<u>7,059</u>	<u>6,983</u>	<u>(76)</u>
EXPENDITURES			
Current:			
Economic development	<u>7,059</u>	<u>-</u>	<u>7,059</u>
TOTAL EXPENDITURES	<u>7,059</u>	<u>-</u>	<u>7,059</u>
OTHER FINANCING SOURCES AND (USES)			
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	6,983	<u>\$ 6,983</u>
FUND BALANCE, BEGINNING OF YEAR		<u>20,169</u>	
FUND BALANCE, END OF YEAR		<u>\$ 27,152</u>	

PUEBLO URBAN RENEWAL AUTHORITY

(a component unit of the City of Pueblo, Colorado)

Debt Service Fund

Schedule of Revenues, Expenditures
and Changes in Fund Balance—Budget and Actual
For the Year Ended December 31, 2021

	BUDGETED AMOUNTS FINAL	ACTUAL BUDGET BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES			
Revenues	\$ -	\$ -	\$ -
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES			
Debt service:			
Principal	3,890,500	1,360,536	2,529,964
Interest	<u>1,303,017</u>	<u>3,294,946</u>	<u>(1,991,929)</u>
TOTAL EXPENDITURES	<u>5,193,517</u>	<u>4,655,482</u>	<u>538,035</u>
OTHER FINANCING SOURCES AND (USES)			
Transfers in	<u>5,193,517</u>	<u>4,655,482</u>	<u>(538,035)</u>
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>5,193,517</u>	<u>4,655,482</u>	<u>(538,035)</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	-	<u>\$ -</u>
FUND BALANCE, BEGINNING OF YEAR		<u>-</u>	
FUND BALANCE, END OF YEAR		<u>\$ -</u>	

PUEBLO URBAN RENEWAL AUTHORITY

(a component unit of the City of Pueblo, Colorado)

Pueblo Convention Center Enterprise Fund

Schedule of Revenues, Expenditures

and Changes in Net Position—Budget and Actual


For the Year Ended December 31, 2021


	BUDGETED AMOUNTS FINAL	ACTUAL BUDGET BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES			
Charges for services	\$ 775,119	\$ 1,300,047	\$ 524,928
Investment earnings	-	805	805
TOTAL REVENUES	<u>775,119</u>	<u>1,300,852</u>	<u>525,733</u>
EXPENDITURES			
Current:			
Contractual expenditures	1,664,160	2,132,059	(467,899)
General administration	184,083	184,084	(1)
Debt service	2,368,251	3,446,511	(1,078,260)
Capital outlay	<u>1,615,629</u>	<u>54,063</u>	<u>1,561,566</u>
TOTAL EXPENDITURES	<u>5,832,123</u>	<u>5,816,717</u>	<u>15,406</u>
OTHER FINANCING SOURCES AND (USES)			
Transfers in	<u>2,504,670</u>	<u>4,118,161</u>	<u>1,613,491</u>
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>2,504,670</u>	<u>4,118,161</u>	<u>1,613,491</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING SOURCES AND (USES)	<u>\$ (2,552,334)</u>	<u>(397,704)</u>	<u>\$ 2,123,818</u>
ADJUSTMENTS FROM BUDGETARY BASIS TO GAAP BASIS			
Capital outlay		54,063	
Depreciation expense		(1,367,717)	
Loss on disposal		(28,885)	
Principal payment on debt		<u>2,556,758</u>	
CHANGE IN NET POSITION - GAAP BASIS		<u>\$ 816,515</u>	



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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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Pueblo Urban Renewal Authority (the Authority), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated April 12, 2022.

Internal Control over Financial Reporting

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

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

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

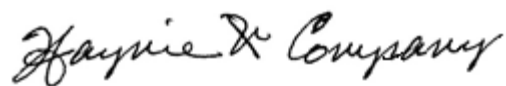
deficiencies in internal control that we consider to be material weaknesses or significant deficiencies.

Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in cursive script that reads "Haynie & Company".

Littleton, Colorado
April 12, 2022

PUEBLO URBAN RENEWAL AUTHORITY
(A COMPONENT UNIT OF THE CITY OF PUEBLO, COLORADO)
Schedule of Findings and Questioned Costs
DECEMBER 31, 2021

1. Summary of Auditor's Results

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

2. Summary Schedule of Prior Audit Findings

None