

Pueblo Urban Renewal Authority is pleased to present its annual financial report for the year ending December 31, 2022 in .pdf format.

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Pueblo Urban Renewal Authority

**Financial Statements and Report
of
Independent Certified Public Accountants
December 31, 2022**

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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, 2022. The analysis should be read in conjunction with the Authority’s financial statements that begin on page 4.

FINANCIAL HIGHLIGHTS

- The Authority’s governmental activities net position decreased by \$15.2 million for the year ended December 31, 2022. The decrease is primarily due to current year economic development expenditures related to the Evraz project area of \$14.7 million and the St. Charles district of \$2.5 million. The business-type activities net position increased by \$2.3 million. The increase was primarily due to transfers related to capital activity. The combined primary government net position decreased by \$12.9 million.
- During 2022, the Authority’s revenues totaled \$16.73 million of which \$14.25 million was for governmental activities. The revenue in governmental activities is primarily derived from property tax increment in the amount of \$5.20 million, state sales tax increment to fund the RTA Project in the amount of \$5.38 million, and vendors’ fees in the amount of \$3.08 million. Business-type activities generated \$2.39 million in revenues from charges for services.
- During 2022, the governmental activities transferred \$5.57 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 2022, the Authority’s expenses totaled \$29.68 million, of which \$23.92 million was for governmental activities and \$5.76 million was for business-type activities.
- The Authority had total bonds, bank notes payable and capital leases of \$137,816,744 at December 31, 2022, which is an increase of \$12.80 million from 2021. 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 \$4.250 million with an interest rate of 1.60% and maturing in December, 2029. The balance on the Refunding Memorial Hall Series 2020 bond is \$8.825 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 \$2.851 million with and interest rate ranging from 2-4% and maturing in December, 2038. The balance of the Regional Tourism Act Revenue bond is \$7.875 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 \$2.040 million with interest rate of 2.95% and maturing in December, 2032. The balance on the North Pueblo Series 2020 bond is \$2.840 million with an interest rate of 2.75% and maturing December, 2030. The balance of the St. Charles TIF Series 2022 is \$17.020 million with an interest rate of 4.53%. and maturing December 2034. The balance of the Pueblo Convention Center Capital Leases is \$172,236 with an interest rate ranging from 4.25-4.54% and maturing in 2026 and 2027.

In 2022, the Authority also received contributions from the City of Pueblo for debt service obligations. The City contributed \$308,752 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 4-5) 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 6. 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 4. The Statement of Net Position and the Statement of Activities report information about the Authority and its activities as a whole. These statements include all assets, deferred outflows of resources, liabilities and deferred inflows of resources using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies.

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

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

- Governmental activities – The Authority's basic services are reported here. The Authority derives its primary source of revenue from Tax Increment Financing (TIF), which is then used to help stimulate development by using a wide variety of techniques. The Authority currently participates in a multitude of projects, either by offering direct incentives to private developers, utilizing public/private partnerships, or by directly investing in public improvements. The Authority may only operate in City Council approved "project areas" and TIF may only be spent in the project area in which it was collected. Current Authority project areas include: the Expanded 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 6 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 Oakview Group 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 2022 by \$12.953 million. The combined decrease came from a decrease of \$15.241 million in governmental activities and an increase of \$2.288 million 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>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Current and other assets	\$ 9,338,196	\$ 8,896,462	\$ 2,101,340	\$ 1,204,892	\$ 11,439,536	\$ 10,101,354
Restricted assets	36,521,976	42,057,321	2,916,426	2,861,612	39,438,402	44,918,933
Capital assets, net	12,260,704	11,589,226	33,969,785	34,807,070	46,230,489	46,396,296
Total assets	58,120,876	62,543,009	38,987,551	38,873,574	97,108,427	101,416,583
Deferred outflows of resources	834,987	975,535	491,760	555,323	1,326,747	1,530,858
Current liabilities	226,591	5,405,137	762,120	577,112	988,711	5,982,249
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	126,913,964	111,662,095	10,902,780	13,349,657	137,816,744	125,011,752
Total liabilities	129,024,862	118,951,539	23,864,900	26,126,769	152,889,762	145,078,308
Deferred inflows of resources	7,220,598	6,615,816	24,509	-	7,245,107	6,615,816
Net investment in capital assets	8,145,976	6,938,821	11,395,839	9,812,736	19,541,815	16,751,557
Restricted for Debt Svc and district projects	245,469	516,076	-	-	245,469	516,076
Unrestricted	(85,681,042)	(69,503,708)	4,194,063	3,489,392	(81,486,979)	(66,014,316)
Total Net Assets	\$ (77,289,597)	\$ (62,048,811)	\$ 15,589,902	\$ 13,302,128	\$ (61,699,695)	\$ (48,746,683)

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>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Revenues						
<u>Program Revenues</u>						
Charges for services	\$ 265,763	\$ 227,501	\$ 2,386,388	\$ 1,300,047	\$ 2,652,151	\$ 1,527,548
Grants and contributions	420,820	477,131	38,000	-	458,820	477,131
<u>General revenues</u>						
Property Taxes	5,204,936	5,131,816	-	-	5,204,936	5,131,816
Sales tax increment	5,381,189	4,863,887	-	-	5,381,189	4,863,887
Vendors' fee	3,075,796	2,955,560	-	-	3,075,796	2,955,560
Interest earnings (loss)	(115,018)	(47,980)	59,382	805	(55,636)	(47,175)
Miscellaneous	11,989	8,871	-	(28,885)	11,989	(20,014)
Total Revenues	14,245,475	13,616,786	2,483,770	1,271,967	16,729,245	14,888,753
Expenses						
General Government	1,497,880	1,383,739	-	-	1,497,880	1,383,739
Economic Development	17,678,767	59,401,986	-	-	17,678,767	59,401,986
Interest on long term debt	4,743,048	3,681,351	-	-	4,743,048	3,681,351
Convention Center	-	-	5,762,562	4,573,613	5,762,562	4,573,613
Total Expenses	23,919,695	64,467,076	5,762,562	4,573,613	29,682,257	69,040,689
Increase(decrease) in net position	(9,674,220)	(50,850,290)	(3,278,792)	(3,301,646)	(12,953,012)	(54,151,936)
Transfers in/(out)	(5,566,566)	(4,118,161)	5,566,566	4,118,161	-	-
Changes in net position	(15,240,786)	(54,968,451)	2,287,774	816,515	(12,953,012)	(54,151,936)
Net position, January 1	(62,048,811)	(7,080,360)	13,302,128	12,485,613	(48,746,683)	5,405,253
Net position, December 31	<u>\$(77,289,597)</u>	<u>\$(62,048,811)</u>	<u>\$15,589,902</u>	<u>\$13,302,128</u>	<u>\$(61,699,695)</u>	<u>\$(48,746,683)</u>

Governmental Activities-Change in Net Position

The Authority’s governmental activities program revenue for 2022 was \$686,583 and the general revenue including a loss incurred on investments was \$13.559 million. Expenses totaled \$23.920 million. The resulting change in net position, after transfers, for governmental activities was a decrease of \$15.241 million. The decrease was due to large economic development expenses related to the Evraz area project and St. Charles district funded by debt proceeds. The related debt will be repaid by future TIF taxes assessed on Evraz and St. Charles 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 \$2.424 million. Expenses totaled \$5.763 million. The resulting change in net position, after transfers, for business-type activities was an increase of \$2.288 million. 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 2022, the Authority’s had \$46.230 million invested in capital assets. The amount represents a decrease of \$166 thousand from 2021. These capital assets include land, buildings, improvements, along with furniture and fixtures. The Authority strives to maintain its assets in good working condition.

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Non-depreciable assets:						
Land	\$ 953,553	\$ 953,553	\$ 326,094	\$ 326,094	\$ 1,279,647	\$ 1,279,647
Medal of Honor Memorial	-	-	295,097	295,097	295,097	295,097
Depreciable assets:						
Buildings	11,307,151	10,635,673	31,807,436	32,583,938	43,114,587	43,219,611
Improvements	-	-	801,725	904,071	801,725	904,071
Fixtures	-	-	739,433	697,870	739,433	697,870
Totals:	\$12,260,704	\$11,589,226	\$33,969,785	\$34,807,070	\$46,230,489	\$46,396,296

Debt Administration
Bonds Payable

The Authority has outstanding bonds payable of \$136.860 million which is an increase of \$13.090 million from 2021.

	Issue Date	Maturity Date	Purpose	Issue Amount	Interest Rate	12/31/2022 Balance
A	2017	2036	RTA Project	\$17,030,000	2.25% to 5.00% (tax exempt)	7,875,000
B	2020	2029	Parking Garage	\$5,945,000	1.60% (tax exempt)	4,250,000
C	2020	2030	North Pueblo	\$3,825,000	2.75% (tax exempt)	2,840,000
D	2020	2032	Lake Minnequa District	\$2,545,000	2.95% (tax exempt)	2,040,000
E	2020	2038	Historic Memorial Hall	\$9,640,937	2.00% to 4.00% (taxable)	8,824,613
F	2020	2038	Convention Center	\$3,114,063	2.00% to 4.00% (taxable)	2,850,387
G	2021	2045	Evraz Project Area	\$91,160,033	4.75% to 5.00% (tax exempt)	91,160,033
H	2022	2032	St. Charles	\$17,020,000	4.53% (tax exempt)	17,020,000
Total outstanding bonds						\$ 136,860,033

- 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 2022.
- 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.

- H. In 2022, The \$17,020,000 Tax Increment Revenue Bonds Series 2022 were issued by the Authority for the purpose of providing funds for a portion of certain public improvements including projects selected by Pueblo County, Pueblo City Schools and District 70 School District. These include improvements to a regional sports facility, Pueblo West High School and a new County roadway extension. Interest and principal on this note are payable from these entities’ pledged portions of incremental property taxes generated within the St. Charles 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	
	2022	2021
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 2022, the City of Pueblo contributed \$252,752 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, 2022 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, 2022, the District has approximately \$6,422,115 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 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, 2022, the Authority recognized sales tax increment revenues of \$5,381,189.

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 2022 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

1221 W. Mineral Avenue, Suite 202
Littleton, CO 80120

303-734-4800

303-795-3356

www.HaynieCPAs.com

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, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the 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, 2022, 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

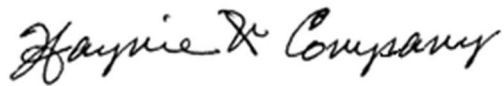
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and pension schedule as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility 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 March 22, 2023 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

March 22, 2023

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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, 2022

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Cash and cash equivalents	\$ 1,796,853	\$ 1,790,527	\$ 3,587,380
Restricted cash and cash equivalents	190,878	-	190,878
Receivables	7,453,875	300,710	7,754,585
Internal balances	20,833	(20,833)	-
Inventory and prepaid items	7,708	30,936	38,644
Net pension asset	58,927	-	58,927
Restricted assets under debt obligations:			
Cash and cash equivalents	22,775,090	-	22,775,090
Investments	13,556,008	2,916,426	16,472,434
Capital assets, net of accumulated depreciation:			
Land and non-depreciable assets	953,553	621,191	1,574,744
Buildings	10,400,863	31,807,436	42,208,299
Improvements	906,288	801,725	1,708,013
Furniture and fixtures	-	739,433	739,433
Total capital assets, net	12,260,704	33,969,785	46,230,489
TOTAL ASSETS	58,120,876	38,987,551	97,108,427
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amounts on refunding	682,045	491,760	1,173,805
Deferred outflows related to pension	133,518	-	133,518
Deferred outflows related to OPEB	19,424	-	19,424
TOTAL DEFERRED OUTFLOWS OF RESOURCES	834,987	491,760	1,326,747
LIABILITIES			
Accounts payable and accrued expenses	226,591	587,819	814,410
Advances from others	-	174,301	174,301
Due to primary government	1,884,307	12,200,000	14,084,307
Long-term liabilities:			
Due within one year	3,142,201	243,906	3,386,107
Due in more than one year	123,771,763	10,658,874	134,430,637
TOTAL LIABILITIES	129,024,862	23,864,900	152,889,762
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pension	510,715	-	510,715
Deferred inflows related to OPEB	16,315	-	16,315
Deferred inflows related to leases	-	24,509	24,509
Property taxes	6,693,568	-	6,693,568
TOTAL DEFERRED INFLOW OF RESOURCES	7,220,598	24,509	7,245,107
NET POSITION			
Net investment in capital assets	8,145,976	11,395,839	19,541,815
Restricted district projects	245,469	-	245,469
Unrestricted	(85,681,042)	4,194,063	(81,486,979)
TOTAL NET POSITION	\$ (77,289,597)	\$ 15,589,902	\$ (61,699,695)

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, 2022

FUNCTIONS / PROGRAMS	EXPENSES	PROGRAM REVENUES		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
Governmental Activities:				
General government	\$ 1,497,880	\$ 265,763	\$ 306,752	\$ -
Economic development	17,678,767	-	-	114,068
Interest and related costs	4,743,048	-	-	-
Total Governmental Activ	<u>23,919,695</u>	<u>265,763</u>	<u>306,752</u>	<u>114,068</u>
Business-Type Activities:				
Convention Center	5,762,562	2,386,388	-	38,000
Total Business-Type Activ	<u>5,762,562</u>	<u>2,386,388</u>	<u>-</u>	<u>38,000</u>
TOTAL	<u>\$ 29,682,257</u>	<u>\$ 2,652,151</u>	<u>\$ 306,752</u>	<u>\$ 152,068</u>

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
Investment earnings (loss)
Miscellaneous
Transfers
Total general revenues and transfers
Change in net position
NET POSITION, BEGINNING
NET POSITION, ENDING

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

NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION

GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
\$ (925,365)	\$ -	\$ (925,365)
(17,564,699)	-	(17,564,699)
(4,743,048)	-	(4,743,048)
(23,233,112)	-	(23,233,112)
-	(3,338,174)	(3,338,174)
-	(3,338,174)	(3,338,174)
\$ (23,233,112)	\$ (3,338,174)	\$ (26,571,286)
\$ 7,901	\$ -	\$ 7,901
2,220,829	-	2,220,829
2,976,206	-	2,976,206
5,381,189	-	5,381,189
3,075,796	-	3,075,796
(115,018)	59,382	(55,636)
11,989	-	11,989
(5,566,566)	5,566,566	-
7,992,326	5,625,948	13,618,274
(15,240,786)	2,287,774	(12,953,012)
(62,048,811)	13,302,128	(48,746,683)
\$ (77,289,597)	\$ 15,589,902	\$ (61,699,695)

The accompanying notes are an integral part of these financial statements

PUEBLO URBAN RENEWAL AUTHORITY

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

Balance Sheet
Governmental Funds
December 31, 2022

		SPECIAL		
		REVENUE FUNDS		
	GENERAL	REGIONAL	VENDOR	EXPANDED
	FUND	TOURISM	FEE	DOWNTOWN
ASSETS				DISTRICT
Cash and cash equivalents	\$ 1,584,018	\$ -	\$ -	\$ -
Restricted cash and cash equivalents	190,878	4,265,492	-	799,150
Restricted investments	-	-	1,671,852	-
Accounts and other receivables	1,855	177,968	529,764	44,884
Property taxes receivable	7,030	-	-	732,227
Notes receivable	5,836	-	-	-
Prepaid expenses	6,208	-	-	-
Advance to other funds	20,833	-	-	-
TOTAL ASSETS	\$ 1,816,658	\$ 4,443,460	\$ 2,201,616	\$ 1,576,261
LIABILITIES, DEFERRED INFLOW OF RESOURCES				
AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 126,751	\$ 42,682	\$ -	\$ -
Accrued liabilities	39,732	-	-	-
Advance from other funds	-	-	-	-
TOTAL LIABILITIES	166,483	42,682	-	-
DEFERRED INFLOWS OF RESOURCES				
Property taxes	7,030	-	-	732,227
TOTAL DEFERRED INFLOWS OF RESOURCES	7,030	-	-	732,227
FUND BALANCES				
Nonspendable	6,208	-	-	-
Restricted	32,634	4,400,778	2,201,616	844,034
Unassigned	1,604,303	-	-	-
TOTAL FUND BALANCES	1,643,145	4,400,778	2,201,616	844,034
TOTAL LIABILITIES, DEFERRED INFLOWS				
OF RESOURCES AND FUND BALANCES				
	\$ 1,816,658	\$ 4,443,460	\$ 2,201,616	\$ 1,576,261

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

SPECIAL REVENUE FUNDS						
ST. CHARLES DISTRICT	LAKE MINNEQUA DISTRICT	NORTH PUEBLO DISTRICT	EVRAZ DISTRICT	OTHER GOVERNMENTAL FUNDS	DEBT SERVICE FUND	TOTAL GOVERNMENTAL FUNDS
\$ 172,209	\$ -	\$ -	\$ -	\$ 40,626	\$ -	\$ 1,796,853
16,859,655	338,283	347,111	165,399	-	-	22,965,968
-	-	-	11,884,156	-	-	13,556,008
-	-	-	-	-	-	754,471
2,730,976	829,267	708,937	1,571,307	113,824	-	6,693,568
-	-	-	-	-	-	5,836
-	1,500	-	-	-	-	7,708
-	-	4,126	-	-	-	24,959
<u>\$ 19,762,840</u>	<u>\$ 1,169,050</u>	<u>\$ 1,060,174</u>	<u>\$ 13,620,862</u>	<u>\$ 154,450</u>	<u>\$ -</u>	<u>\$ 45,805,371</u>

\$ 17,266	\$ 160	\$ -	\$ -	\$ -	\$ -	\$ 186,859
-	-	-	-	-	-	39,732
-	4,126	-	-	-	-	4,126
<u>17,266</u>	<u>4,286</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>230,717</u>

<u>2,730,976</u>	<u>829,267</u>	<u>708,937</u>	<u>1,571,307</u>	<u>113,824</u>	<u>-</u>	<u>6,693,568</u>
<u>2,730,976</u>	<u>829,267</u>	<u>708,937</u>	<u>1,571,307</u>	<u>113,824</u>	<u>-</u>	<u>6,693,568</u>

-	1,500	-	-	-	-	7,708
17,014,598	333,997	351,237	12,049,555	40,626	-	37,269,075
-	-	-	-	-	-	1,604,303
<u>17,014,598</u>	<u>335,497</u>	<u>351,237</u>	<u>12,049,555</u>	<u>40,626</u>	<u>-</u>	<u>38,881,086</u>
<u>\$ 19,762,840</u>	<u>\$ 1,169,050</u>	<u>\$ 1,060,174</u>	<u>\$ 13,620,862</u>	<u>\$ 154,450</u>	<u>\$ -</u>	<u>\$ 45,805,371</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, 2022

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

Total fund balance - governmental funds	\$ 38,881,086
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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	682,045
Deferred outflows related to pension	133,518
Deferred outflows related to OPEB	19,424
Deferred inflows related to pension	(510,715)
Deferred inflows related to OPEB	(16,315)

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

Capital assets	13,607,925
Accumulated depreciation	(1,347,221)
Net capital assets	12,260,704

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	(126,134,646)
Premium on revenue bonds payable	(204,008)
Due to primary government	(1,884,307)
Net pension asset	58,927
Net OPEB liability	(46,074)
Accrued interest payable	(448,021)
Compensated absences	(81,215)
Total long-term liabilities	(128,739,344)

Total net position - governmental activities	\$ <u>(77,289,597)</u>
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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, 2022

	GENERAL FUND	SPECIAL REVENUE FUNDS		
		REGIONAL TOURISM	VENDOR FEE	EXPANDED DOWNTOWN DISTRICT
REVENUES:				
Property taxes	\$ 7,901	\$ -	\$ -	\$ 706,831
Intergovernmental	-	5,381,189	-	308,752
Charges for services	257,416	-	-	41,722
Vendor fees	-	-	3,075,796	-
Investment earnings (loss)	115	-	17,930	115
Contributions	112,068	-	-	-
Miscellaneous	12,009	-	-	-
TOTAL REVENUES	389,509	5,381,189	3,093,726	1,057,420
EXPENDITURES:				
Current:				
General government	1,339,873	5,500	-	81,000
Economic development	71,483	-	10,683	183,515
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	567,435	346,469	-	-
TOTAL EXPENDITURES	1,978,791	351,969	10,683	264,515
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,589,282)	5,029,220	3,083,043	792,905
OTHER FINANCING SOURCES (USES)				
Issuance of bonds	-	-	-	-
Transfers in	1,676,414	-	-	-
Transfers out	(65,043)	(2,960,807)	(3,210,793)	(716,700)
TOTAL OTHER FINANCING SOURCES (USES)	1,611,371	(2,960,807)	(3,210,793)	(716,700)
NET CHANGE IN FUND BALANCE	22,089	2,068,413	(127,750)	76,205
FUND BALANCES, BEGINNING	1,621,056	2,332,365	2,329,366	767,829
FUND BALANCES, ENDING	\$ 1,643,145	\$ 4,400,778	\$ 2,201,616	\$ 844,034

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

SPECIAL REVENUE FUNDS						
ST. CHARLES DISTRICT	LAKE MINNEQUA DISTRICT	NORTH PUEBLO DISTRICT	EVRAZ DISTRICT	OTHER GOVERNMENTAL FUNDS	DEBT SERVICE FUND	TOTAL GOVERNMENTAL FUNDS
\$ 2,878,387	\$ 828,428	\$ 684,824	\$ 1,429	\$ 97,136	\$ -	\$ 5,204,936
-	-	-	-	-	-	5,689,941
-	-	-	-	-	-	299,138
-	-	-	-	-	-	3,075,796
213	-	87	(166,887)	-	-	(148,427)
-	-	-	-	-	-	112,068
3	-	6	-	5	-	12,023
<u>2,878,603</u>	<u>828,428</u>	<u>684,917</u>	<u>(165,458)</u>	<u>97,141</u>	<u>-</u>	<u>14,245,475</u>
-	-	-	-	-	-	1,426,373
2,528,521	115,317	33	14,725,270	43,945	-	17,678,767
-	-	-	-	-	1,482,175	1,482,175
-	-	-	-	-	4,641,048	4,641,048
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>913,904</u>
<u>2,528,521</u>	<u>115,317</u>	<u>33</u>	<u>14,725,270</u>	<u>43,945</u>	<u>6,123,223</u>	<u>26,142,267</u>
350,082	713,111	684,884	(14,890,728)	53,196	(6,123,223)	(11,896,792)
17,020,000	-	-	-	-	-	17,020,000
-	-	-	-	5	6,123,223	7,799,642
<u>(436,013)</u>	<u>(690,650)</u>	<u>(856,739)</u>	<u>(4,385,513)</u>	<u>(43,950)</u>	<u>-</u>	<u>(13,366,208)</u>
<u>16,583,987</u>	<u>(690,650)</u>	<u>(856,739)</u>	<u>(4,385,513)</u>	<u>(43,945)</u>	<u>6,123,223</u>	<u>11,453,434</u>
16,934,069	22,461	(171,855)	(19,276,241)	9,251	-	(443,358)
<u>80,529</u>	<u>313,036</u>	<u>523,092</u>	<u>31,325,796</u>	<u>31,375</u>	<u>-</u>	<u>39,324,444</u>
<u>\$ 17,014,598</u>	<u>\$ 335,497</u>	<u>\$ 351,237</u>	<u>\$ 12,049,555</u>	<u>\$ 40,626</u>	<u>\$ -</u>	<u>\$ 38,881,086</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, 2022

Net change in fund balances - total governmental funds \$ (443,358)

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	(242,426)
Capital outlay	<u>913,904</u>
Net amount	671,478

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	(61,253)
Issuance of debt	(17,020,000)
Principal payments on debt obligations	<u>1,482,175</u>
Net amount	(15,639,825)

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 (\$84,782) was less than amounts earned (\$100,283)	(15,501)
Recognition and measurement of the changes in the net pension asset, 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.	182,641
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.	<u>3,779</u>

Change in net position - governmental activities \$ (15,240,786)

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, 2022

	Business-Type Activity <u>Enterprise Fund</u> <u>Convention Center</u>
ASSETS	
Current Assets:	
Cash and cash equivalents	\$ 1,790,527
Accounts receivable	274,749
Leases receivable	25,961
Inventories	27,214
Prepaid expenses	3,722
Restricted investments	<u>2,916,426</u>
Total Current Assets	<u>5,038,599</u>
Non-Current Assets:	
Capital assets:	
Land	326,094
Medal of honor	295,097
Buildings	40,142,847
Improvements	1,851,074
Furniture & fixtures	1,664,967
Accumulated depreciation	<u>(10,310,294)</u>
Total capital assets	<u>33,969,785</u>
Total Non-Current Assets	<u>33,969,785</u>
TOTAL ASSETS	<u>39,008,384</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred amount on refunding	<u>491,760</u>
LIABILITIES	
Current Liabilities:	
Accounts payable	249,095
Accrued expenses	338,724
Due to other funds	20,833
Advances from others	174,301
Accrued interest payable	37,074
Current portion of capital lease payable	40,773
Current portion of bonds payable	<u>166,059</u>
Total Current Liabilities	<u>1,026,859</u>
Non-Current Liabilities:	
Capital lease payable	131,463
Due to primary government	12,200,000
Bonds payable	<u>10,527,411</u>
Total Non-Current Liabilities	<u>22,858,874</u>
TOTAL LIABILITIES	<u>23,885,733</u>
DEFERRED INFLOWS OF RESOURCES	
Leases	<u>24,509</u>
NET POSITION	
Net investment in capital assets	11,395,839
Unrestricted	<u>4,194,063</u>
TOTAL NET POSITION	<u>\$ 15,589,902</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, 2022

	Business-Type Activity <u>Enterprise Fund</u> <u>Convention Center</u>
OPERATING REVENUES	
Charges for services	\$ <u>2,386,388</u>
TOTAL OPERATING REVENUES	<u>2,386,388</u>
OPERATING EXPENSES	
Contractual expenses	3,346,193
General administration	250,000
Depreciation	<u>1,365,998</u>
TOTAL OPERATING EXPENSES	<u>4,962,191</u>
OPERATING INCOME (LOSS)	<u>(2,575,803)</u>
NON-OPERATING REVENUES (EXPENSES)	
Interest income	43,485
Rental income	15,897
Interest expense	<u>(800,371)</u>
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>(740,989)</u>
INCOME (LOSS) BEFORE TRANSFERS	(3,316,792)
Capital contributions	38,000
Transfers in	<u>5,566,566</u>
CHANGE IN NET POSITION	<u>2,287,774</u>
NET POSITION, BEGINNING OF YEAR	<u>13,302,128</u>
NET POSITION, END OF YEAR	<u><u>\$ 15,589,902</u></u>

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

PUEBLO URBAN RENEWAL AUTHORITY

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

Proprietary Fund

Statement of Cash Flows

For the Year Ended December 31, 2022

	Business-Type Activity <u>Enterprise Fund</u> <u>Convention Center</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 2,237,062
Cash paid for goods and services	(2,954,924)
Cash paid for interfund services	(259,848)
NET CASH FROM OPERATING ACTIVITIES	<u>(977,710)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment income	41,743
Sale of investments	3,388,491
Purchase of investments	(3,443,305)
Rent income	16,186
NET CASH FROM INVESTING ACTIVITIES	<u>3,115</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Transfers in	<u>2,371,309</u>
NET CASH FROM NON-CAPITAL FINANCING ACTIVITIES	<u>2,371,309</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital-related transfers in	3,195,257
Decrease in capital-related advances from other funds	242,394
Capital expenditures	(528,711)
Capital contributions	38,000
Interest paid on capital-related debt	(883,004)
Principal paid on capital-related debt	(2,486,820)
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(422,884)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	973,830
CASH AND CASH EQUIVALENTS	
Beginning of Year	<u>816,697</u>
End of Year	<u><u>\$ 1,790,527</u></u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES	
Operating income (loss)	\$ (2,575,803)
Depreciation	1,365,998
Change in accounts receivable, net	(158,847)
Change in inventory	(474)
Change in prepaids	30,118
Change in accounts payable and accrued expenses	361,625
Change in amounts due for interfund services	(9,848)
Change in deposits	9,521
NET CASH FROM OPERATING ACTIVITIES	<u><u>\$ (977,710)</u></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, 2022

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.

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NOTES TO FINANCIAL STATEMENTS
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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.

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NOTES TO FINANCIAL STATEMENTS
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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.

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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

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 Oakview Group 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
- Thunder Village District 2
- Fountain Creek District
- Lower Westside District

The previously reported special revenue funds (South Santa Fe district, Union Avenue district and Demonstration Project fund) 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 2022.

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.

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NOTES TO FINANCIAL STATEMENTS
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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

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Lease Receivable

The Authority's lease receivable is measured at the present value of lease payments expected to be received during the lease term. A deferred inflow of resources is recorded for the lease. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized over the term of the lease.

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 (FNP) and additions to/deductions from the FNP 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.

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 (FNP) and additions to/deductions from the FNP 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:

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DECEMBER 31, 2022

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.

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NOTES TO FINANCIAL STATEMENTS
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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

For 2022, the Authority implemented Governmental Accounting Standards Board (GASB) Statement No. 87, Leases. GASB Statement No. 87 enhances the relevance and consistency of information of the government's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessor is required to recognize a lease receivable and a deferred inflow of resources. These changes were incorporated in the Authority's 2022 financial statements.

The implementation of GASB Statement No. 87 had no effect on net position as reported December 31, 2021.

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 2022 budget was amended for additional expenditures. The legal level of budgetary control for all funds is at the total fund level, which means

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DECEMBER 31, 2022

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY, Continued

that total expenditures and other financing uses that exceed budgeted appropriations may be in violation of State statutes.

NOTE 3 – CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash and cash equivalents and investments are summarized as follows:

Cash on hand	\$ 400
Demand deposits	26,552,948
Total cash and cash equivalents	<u>\$ 26,553,348</u>
Money market funds held at bank trust departments	1,916,031
ColoTrust	7,477,598
US Agency securities	<u>7,078,805</u>
Total investments	<u>\$ 16,472,434</u>

Reported in the financial statements as follows:

	Governmental Activities	Business-Type Activity	Total
Cash and cash equivalents	\$ 1,796,853	\$ 1,790,527	\$ 3,587,380
Restricted cash and cash equivalents	190,878	-	190,878
Restricted cash and cash equivalents under debt obligations	22,775,090	-	22,775,090
	<u>\$ 24,762,821</u>	<u>\$ 1,790,527</u>	<u>\$ 26,553,348</u>
Restricted investments under debt obligations	<u>\$ 13,556,008</u>	<u>\$ 2,916,426</u>	<u>\$ 16,472,434</u>

Deposits

As of December 31, 2022, the carrying amount of the Authority’s deposits was \$26,552,948 and the bank balance was \$25,819,501. Of the bank balance, \$750,000 was covered by federal depository insurance and \$25,069,501 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, 2022, deposits with a bank balance of \$25,069,501 are uninsured but are not exposed to custodial

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NOTE 3 – CASH, CASH EQUIVALENTS AND INVESTMENTS, Continued

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.

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

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

Investment Type	Level 1	Level 2	Level 3	Total	Concentration	Investment Maturities	
						Less Than One Year	1 - 5 Years
US Agency securities	\$ -	\$ 7,078,805	\$ -	\$ 7,078,805	43.0%	\$ 3,911,480	\$ 3,167,325
	<u>\$ -</u>	<u>\$ 7,078,805</u>	<u>\$ -</u>	<u>\$ 7,078,805</u>		<u>\$ 3,911,480</u>	<u>\$ 3,167,325</u>
Investments measured at net asset value (NAV):							
ColoTrust				\$ 7,477,598	45.4%		
Money market funds				<u>1,916,031</u>	11.6%		
				<u>\$ 9,393,629</u>			

The Authority has the following recurring fair value measurements as of December 31, 2022:

- US Agency securities of \$7,078,805 are valued using a matrix pricing model (Level 2 inputs).

The Authority’s investments in ColoTrust and money market funds are measured at net asset value. These investments are not subject to the fair value hierarchy.

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.

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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.

The following shows the various investment types held by the District as of December 31, 2022 and the associated rating and fair value input level:

	Moody's Rating	S&P Rating
<u>Reported as Investments:</u>		
ColoTrust	N/A	AAAm
Money market funds	Aaa	AAAm
US Agency securities	Aaa	AA+

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NOTE 4 – RECEIVABLES, Continued

Leases Receivable

The Authority, within the governmental activities, has entered into various long-term agreements to lease parking spots in the Main Street parking garage. The Authority has analyzed these lease arrangements to determine the applicability of GASB 87 and has concluded that these lease consist of variable payments rather than fixed payment streams as tenants can upon written notice increase or decrease the number of parking spots at the tenants option. GASB 87 further states that future payments based on future performance of the lessee should not be included in the measurement of lease receivable. Rather those variable payments should be recognized as inflows of resources in the period to which the payments relate. Therefore, these leases have not been included in measuring a lease receivable.

Lease receivables held in Business-Type Activities at December 31, 2022 consist of the following:

The Authority entered into an agreement to lease the PBR Building to Professional Bull Riders, LLC on June 19th, 2019 with an initial 5-year term ending on June 19, 2024. The lease contains five additional 5-year renewal options with uncertain terms to be negotiated. At this time, it is unclear as to whether these options will be exercised and therefore these options were not considered in the lease receivable calculation. In addition, the lease receivable was discounted using a rate of 5%, the rate of the Authority's line of credit when the lease was initiated.

For the year ended December 31, 2022, the Convention Center reported \$15,897 in lease revenue and \$1,742 in lease interest revenues. The lease receivable and related deferred inflow of resources for the year ended December 31, 2022 was \$25,961 and \$24,509, respectively.

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NOTE 5 – ADVANCES TO/FROM OTHER FUNDS AND TRANSFERS

The following table summarizes advances to/from other funds at December 31, 2022:

	<u>Advances to Other Funds</u>	<u>Advances from Other Funds</u>
Major governmental funds -		
Advance due General Fund	\$ 20,833	\$ -
Advance due North Pueblo District	4,126	-
Advance due from Lake Minnequa	-	4,126
Major enterprise fund -		
Advance due to General Fund	<u>-</u>	<u>20,833</u>
	<u><u>\$ 24,959</u></u>	<u><u>\$ 24,959</u></u>

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

Transfers for the year ended December 31, 2022 are as follows:

	<u>Transfers in</u>	<u>Transfers out</u>
Governmental funds -		
General Fund	\$ 1,676,414	\$ (65,043)
Regional Tourism	-	(2,960,807)
Expanded Downtown District	-	(716,700)
St. Charles District	-	(436,013)
Lake Minnequa District	-	(690,650)
Vendor Fee	-	(3,210,793)
Debt Service	6,123,223	-
North Pueblo District	-	(856,739)
Evraz District	-	(4,385,513)
Other governmental funds	<u>5</u>	<u>(43,950)</u>
Total governmental funds	<u><u>\$ 7,799,642</u></u>	<u><u>\$ (13,366,208)</u></u>
Enterprise fund -		
Pueblo Convention Center	<u>5,566,566</u>	<u>-</u>
Total enterprise fund	<u><u>5,566,566</u></u>	<u><u>-</u></u>
	<u><u>\$ 13,366,208</u></u>	<u><u>\$ (13,366,208)</u></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	<u>12,200,000</u>
Total due to City of Pueblo, Colorado	<u><u>\$ 14,084,307</u></u>

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

	Balance January 1, 2022	Additions	Payments/ Reductions	Balance December 31, 2022	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>
	Balance January 1, 2022	Additions	Payments/ Reductions	Balance December 31, 2022	Due Within One Year
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 \$33,969,781.

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, 2022, 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.

PUEBLO URBAN RENEWAL AUTHORITY
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NOTE 7 – CAPITAL ASSETS

Capital assets for the year ended December 31, 2022 were as follows:

	Balance January 1, 2022	Additions	Conveyances or Retirements	Balance December 31, 2022
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
Improvements	<u>-</u>	<u>913,904</u>	<u>-</u>	<u>913,904</u>
Total depreciable assets	<u>11,740,468</u>	<u>913,904</u>	<u>-</u>	<u>12,654,372</u>
Less Accumulated depreciation for:				
Buildings	(1,104,795)	(234,810)	-	(1,339,605)
Improvements	<u>-</u>	<u>(7,616)</u>	<u>-</u>	<u>(7,616)</u>
Total accumulated depreciation	<u>(1,104,795)</u>	<u>(242,426)</u>	<u>-</u>	<u>(1,347,221)</u>
Depreciable assets, net	<u>10,635,673</u>	<u>671,478</u>	<u>-</u>	<u>11,307,151</u>
Governmental activities assets, net	<u>\$ 11,589,226</u>	<u>\$ 671,478</u>	<u>\$ -</u>	<u>\$ 12,260,704</u>
				Less outstanding capital debt
				\$ (4,250,000)
				Plus deferred amount on refunding
				<u>135,272</u>
				<u>\$ 8,145,976</u>
				<u>Net investment in capital assets</u>

NOTE 7 – CAPITAL ASSETS, Continued

Governmental activities –	
General government	\$ 242,426
Total depreciation expense – governmental activities	<u>\$ 242,426</u>
Business-type activities –	
Pueblo Convention Center	\$ 1,365,998
Total depreciation expense – business-type activities	<u>\$ 1,365,998</u>

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PUEBLO URBAN RENEWAL AUTHORITY
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NOTES TO FINANCIAL STATEMENTS
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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, 2022:

	Balance January 1, 2022	Additions	Payments/ Reductions	Balance December 31, 2022	Due Within One Year
<u>Governmental activities:</u>					
Revenue bonds					
Expanded Downtown					
refunding Series 2020	\$ 4,805,000	\$ -	\$ (555,000)	\$ 4,250,000	\$ 565,000
Lake Minnequa TIF					
refunding, Series 2020	2,210,000	-	(170,000)	2,040,000	180,000
North Pueblo TIF					
refunding Series 2020	3,155,000	-	(315,000)	2,840,000	320,000
Memorial Hall taxable					
refunding Series 2020	9,266,788	-	(442,175)	8,824,613	461,072
Unamortized premium	216,758	-	(12,750)	204,008	12,750
Evraz TIF Series 2021A	88,095,000	-	-	88,095,000	-
Evraz TIF Series 2021B	3,065,033	-	-	3,065,033	-
St Charles TIF Series 2022	-	17,020,000	-	17,020,000	1,074,143
Total revenue bonds	110,813,579	17,020,000	(1,494,925)	126,338,654	2,612,965
Other obligations					
Accrued interest payable	386,768	4,743,048	(4,681,795)	448,021	448,021
Compensated absences	65,714	100,283	(84,782)	81,215	81,215
Net pension liability	347,696	-	(347,696)	-	-
Net OPEB liability	48,338	-	(2,264)	46,074	-
Total other obligations	848,516	4,843,331	(5,116,537)	575,310	529,236
Total governmental activities	\$111,662,095	\$ 21,863,331	\$ (6,611,462)	\$126,913,964	\$ 3,142,201

NOTE 8 – LONG-TERM LIABILITIES, Continued

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.

The Authority has available a \$100,000 revocable line of credit with US Bank, NA. The interest rate is floating and is based on the current prime rate, which was 7.5% as of May 2022, the date of the last renewal. As of December 31, 2022, 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:

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;	\$ 4,250,000
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Lake Minnetqua 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;	2,040,000
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 NOTES TO FINANCIAL STATEMENTS
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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;	2,840,000
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;	8,824,613
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
St. Charles Taxable Revenue Refunding Bonds, Series 2022	
\$17,020,000, series 2022 taxable increment revenue bonds; interest rate 4.53%; due in semi-annual installments, including annual interest, ranging from \$1,849,432 to \$1,872,609 through December 2034;	17,020,000 <u>126,134,646</u>
Other Obligations	
Accrued interest payable	448,021
Compensated absences	81,215
Net OPEB liability	46,074 <u>575,310</u>
Total other obligations	<u>575,310</u>
Total Governmental Activities	<u>\$ 126,709,956</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
2023	\$ 2,600,215	\$ 5,376,257
2024	2,725,230	5,281,722
2025	6,959,929	5,991,171
2026	7,575,701	5,056,211
2027	7,482,753	4,742,417
2028-2032	34,383,308	19,156,841
2033-2037	24,717,475	12,444,114
2038-2042	23,195,035	7,262,815
2043-2045	16,495,000	1,596,239
	<u>\$ 126,134,646</u>	<u>\$ 66,907,787</u>

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 2022, 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 \$3,075,796 for the year ended December 31, 2022 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 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.

St. Charles Tax Increment Revenue Bonds, Series 2022

The \$17,020,000 Tax Increment Revenue Bonds Series 2022 were issued by the Authority for the purpose of providing funds for a portion of certain public improvements including projects selected by Pueblo County, Pueblo City Schools and District 70 School District. These include improvements to a regional sports facility, Pueblo West High School and a new County roadway extension. Interest and principal on this note are payable from these entities' pledged portions of incremental property taxes generated within the St. Charles Urban Renewal Area.

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NOTES TO FINANCIAL STATEMENTS

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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;	\$ 7,875,000
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;	2,850,387 10,725,387
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;	51,073
\$193,498 of obligation under capital lease; interest rate of 4.54%; due in monthly installments including interest of \$2,714 through February 2027;	121,163 172,236
Total Business-Type Activities	<u>\$ 10,897,623</u>

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
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	396,018	407,146	2,702	9
2028-2032	2,499,037	1,788,556	-	-
2033-2037	6,587,799	910,504	-	-
2038	209,965	5,774	-	-
	<u>\$ 10,725,387</u>	<u>\$ 4,840,933</u>	<u>\$ 172,236</u>	<u>\$ 16,015</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 \$3,075,796 for the year ended December 31, 2022 and is reported in the caption “vendor’s fee” in the accompanying financial statements.

NOTE 9 – 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>\$ 245,469</u>
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NOTE 11 – 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.

Evraz Project Area - Certain international events and actions have occurred 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 12 – 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, 2021

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.

NOTE 12 – 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.

Upon meeting certain criteria, benefit recipients who elect to receive a lifetime retirement benefit generally receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S. Subject to the automatic adjustment provision (AAP) under C.R.S. § 24-51-413, eligible benefit recipients under the PERA benefit structure who began membership before January 1, 2007, will receive the maximum annual increase (AI) or AI cap of 1.00 percent unless adjusted by the AAP. Eligible benefit recipients under the PERA benefit structure who began membership on or after January 1, 2007, will receive the lesser of an annual increase of the 1.00 percent AI cap or the average increase of the Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed a determined increase that would exhaust 10 percent of PERA's Annual Increase Reserve (AIR) for the LGDTF. The AAP may raise or lower the aforementioned AI cap 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, 2022

Eligible employees of the Authority are required to contribute to the LGDTF at a rate set by Colorado statute. The contribution requirements for the LGDTF are established under C.R.S. § 24-51-401, et seq. and § 24-51-413. Employee contribution rates for the period of January 1, 2022 through December 31, 2022 are summarized on the table below:

	01/01/2022 through <u>6/30/2022</u>	07/01/2022 through <u>12/31/2022</u>
Employee contribution rate	8.50%	9.00%

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 12 – RETIREMENT PLAN, Continued

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

			01/01/2022 through 06/30/2022	07/01/2022 through 12/31/2022
Employer contribution rate			10.50%	11.00%
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%
Amount apportioned to the LGDTF			9.48%	9.98%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411			2.20%	2.20%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411			1.50%	1.50%
Defined Contribution Supplement as specified in C.R.S. § 24-51-415			0.03%	0.03%
Total Employer contribution rate to the LGDTF			13.21%	13.71%

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 \$89,356 for the year ended December 31, 2022.

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

At December 31, 2022, the Authority reported an asset of \$58,927 for its proportionate share of the net pension liability (asset). The net pension liability (asset) for the LGDTF was measured as of December 31, 2021, and the total pension liability (TPL) used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2020. Standard update procedures were used to roll-forward the TPL to December 31, 2021. The Authority's proportion of the net pension liability (asset) was based on the Authority's contributions to the LGDTF for the calendar year 2021 relative to the total contributions of participating employers.

At December 31, 2021, the Authority's proportion was approximately 0.069 percent, which was an increase of .002 percent from its proportion measured as of December 31, 2020.

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NOTE 12 – RETIREMENT PLAN, Continued

For the year ended December 31, 2022, the Authority recognized pension expense of \$93,285. At December 31, 2022, 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	\$ 2,880	\$ 984
Net difference between projected and actual earnings on pension plans investments	-	509,731
Changes in assumptions or other inputs	19,975	
Changes in proportionate share	20,502	
Differences between contributions recognized and proportionate share of contributions	805	-
Contributions subsequent to the measurement date	89,356	-
Total	<u>\$ 133,518</u>	<u>\$ 510,715</u>

The \$89,356 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense (income) as follows:

Year ended	
2023	\$ (90,504)
2024	(191,208)
2025	(122,987)
2026	(61,854)
	<u>\$ (466,553)</u>

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NOTE 12 – RETIREMENT PLAN, Continued

Actuarial Assumptions

The TPL in the December 31, 2020 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions, and other inputs:

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	1.00%
PERA benefit structure hired after 12/31/06 ¹	Financed by the 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.

The TPL as of December 31, 2021, includes the anticipated adjustments to contribution rates and the AI cap, resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022.

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

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 ages 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 ages 80 and older, with generational projection using scale MP-2019.

Post-retirement non-disabled beneficiary mortality assumptions were based on the PubG-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 12 – 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 actuarial assumptions used in the December 31, 2020, valuation were based on the results of the 2020 experience analysis for the period January 1, 2016, through December 31, 2019, and were reviewed and adopted by the PERA Board during the November 20, 2020, meeting.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four to 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 2, 2020.

Several factors are 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	6.00%	4.70%
Total	100.00%	

Note: 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 12 – RETIREMENT PLAN, Continued

Discount Rate

The discount rate used to measure the TPL 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 required adjustments resulting from the 2018 AAP assessment, and the additional 0.50 percent resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022. 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 required adjustments resulting from the 2018 AAP assessment, and the additional 0.50 percent resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022. 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 FNP, 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 FNP and the subsequent AIR benefit payments were estimated and included in the projections.
- The projected benefit payments reflect the lowered AI cap, from 1.25 percent to 1.00 percent, resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022.
- Benefit payments and contributions were assumed to be made at the middle of the year.

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DECEMBER 31, 2022**NOTE 12 – RETIREMENT PLAN, Continued**

Based on the above assumptions and methods, the LGDTF's FNP 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 TPL. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25 percent. There was no change in the discount rate from the prior measurement date.

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 (asset) calculated using the discount rate of 7.25 percent, as well as what the proportionate share of the net pension liability (asset) 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	\$ 404,038	\$ (58,927)	\$ (446,177)

NOTE 13 – 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, and 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.

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NOTE 13 – POST-EMPLOYMENT BENEFITS, Continued

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

Enrollment in the PERACare health benefits program 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 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 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 \$6,765 for the year ended December 31, 2022.

NOTE 13 – POST-EMPLOYMENT BENEFITS, Continued

At December 31, 2022 the Authority reported a liability of \$46,074 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2021, and the total OPEB liability (TOL) used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2020. Standard update procedures were used to roll-forward the TOL to December 31, 2021. The Authority's proportion of the net OPEB liability was based on the Authority's contributions to the HCTF for the calendar year 2021 relative to the total contributions of participating employers to the HCTF.

At December 31, 2021, the Authority's proportion was 0.0053 percent, which was an increase of 0.0002 percent from its proportion measured as of December 31, 2020.

For the year ended December 31, 2022, the Authority recognized OPEB expense of \$2,987. As of December 31, 2022, 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	\$ 70	\$ 10,925
Net difference between projected and actual earnings on OPEB plan investments	-	2,852
Changes in assumptions	954	2,499
Changes in proportionate share	11,635	-
Differences between contributions recognized and proportionate share of contributions	-	39
Contributions subsequent to the measurement date	6,765	-
PURA Total	<u>\$ 19,424</u>	<u>\$ 16,315</u>

\$6,765 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, 2023. 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	
2023	\$ (1,028)
2024	(1,407)
2025	(1,270)
2026	(177)
2027	195
Thereafter	<u>31</u>
	<u>\$ (3,656)</u>

NOTE 13 – POST-EMPLOYMENT BENEFITS, Continued

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 – 11.30 percent
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	4.50 percent in 2021, 6.00 percent in 2022 gradually decreasing to 4.50 percent in 2029
Medicare Part A premiums	3.75 percent for 2021, 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, 2020, valuation, the following monthly costs/premiums (actual dollars) are assumed for 2021 for the PERA Benefit Structure:

	<u>Initial Costs for Members without Medicare Part A</u>		
<u>Medicare Plan</u>	<u>Monthly Cost</u>	<u>Monthly Premium</u>	<u>Monthly Cost Adjusted to Age 65</u>
Medicare Advantage/Self-Insured Rx	\$633	\$230	\$591
Kaiser Permanente Medicare Advantage HMO	\$596	\$199	\$562

The 2021 Medicare Part A premium is \$471 (actual dollars) per month.

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NOTE 13 – 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, 2020, 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 TOL are summarized in the table below:

<u>Year</u>	<u>PERACare Medicare Plans</u>	<u>Medicare Part A Premiums</u>
2021	4.50%	3.75%
2022	6.00%	3.75%
2023	5.80%	4.00%
2024	5.60%	4.00%
2025	5.40%	4.00%
2026	5.10%	4.25%
2027	4.90%	4.25%
2028	4.70%	4.25%
2029+	4.50%	4.50%

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NOTE 13 – POST-EMPLOYMENT BENEFITS, Continued

Mortality assumptions used in the December 31, 2020, valuation for the determination of the total pension liability for each of the Division Trust Funds as shown below, reflect generational mortality and were applied, as applicable, in the determination of the TOL for the HCTF, but developed using a headcount-weighted basis. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

Pre-retirement mortality assumptions for the State and Local Government Divisions were based upon the Pub-G-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 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 ages 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 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 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 2021 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 PERA Board's actuary, as discussed above.

The actuarial assumptions used in the December 31, 2020, valuation were based on the results of the 2020 experience analysis for the period January 1, 2016, through December 31, 2019, and were reviewed and adopted by the PERA Board at their November 20, 2020, meeting.

NOTE 13 – 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.

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.

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%	

Note: 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 nominal 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:

	1% Decrease in Trend Rates	Current Trend Rates	1 % Increase in Trend Rates
Initial PERACare Medicare trend rate	3.50%	4.50%	5.50%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	2.75%	3.75%	4.75%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Proportionate share of the net OPEB liability	\$ 44,751	\$ 46,074	\$ 47,607

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NOTE 13 – POST-EMPLOYMENT BENEFITS, Continued

Discount rate

The discount rate used to measure the TOL 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, 2021, 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 FNP 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 OPEB plan investments was applied to all periods of projected benefit payments to determine the TOL. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25 percent. There was no change in the discount rate from the prior measurement date.

PUEBLO URBAN RENEWAL AUTHORITY
(A COMPONENT UNIT OF THE CITY OF PUEBLO, COLORADO)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 14 – COMMITMENTS AND CONTINGENCIES, Continued

special fund to receive these funds. For the year ended December 31, 2022, the Authority recognized sales tax increment revenues of \$5,381,189.

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 15 – SUBSEQUENT EVENTS

The Authority has evaluated its December 31, 2022 financial statements for subsequent events through the date the financial statements were issued.

REQUIRED SUPPLEMENTARY INFORMATION

PUEBLO URBAN RENEWAL AUTHORITY
(a component unit of the City of Pueblo, Colorado)
General Fund
Schedule of Revenues, Expenditures
and Change in Fund Balance—Budget and Actual
For the Year Ended December 31, 2022

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL	BUDGET	FINAL BUDGET
			BASIS	POSITIVE
				(NEGATIVE)
REVENUES				
Contributions	\$ 3,500	\$ 108,135	\$ 112,068	\$ 3,933
Charges for services	257,416	257,416	257,416	-
Interest	200	200	86	(114)
Other	56,935	-	11,123	11,123
TOTAL REVENUES	<u>318,051</u>	<u>365,751</u>	<u>380,693</u>	<u>14,942</u>
EXPENDITURES				
Current:				
General government	1,348,298	1,310,210	1,339,873	(29,663)
Economic development	402,575	92,178	40,160	52,018
Capital outlay	386,935	588,035	567,435	20,600
TOTAL EXPENDITURES	<u>2,137,808</u>	<u>1,990,423</u>	<u>1,947,468</u>	<u>42,955</u>
OTHER FINANCING SOURCES AND (USES)				
Transfers in	1,489,757	1,294,672	1,276,414	(18,258)
Transfers out	-	(71,000)	(65,043)	5,957
Transfers in fund balance	330,000	401,000	-	(401,000)
TOTAL OTHER FINANCING				
SOURCES AND (USES)	1,819,757	1,624,672	1,211,371	(413,301)
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	(355,404)	<u>\$ (355,404)</u>
FUND BALANCE, BEGINNING OF YEAR			<u>1,476,171</u>	
FUND BALANCE, END OF YEAR			<u>1,120,767</u>	
GAAP ADJUSTMENTS				
Consolidation of the Property Improvement / Demonstration District Fund			501,988	
Consolidation of the Union Avenue District Fund			<u>20,390</u>	
FUND BALANCE - GAAP BASIS			<u>\$ 1,643,145</u>	

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, 2022

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 \$ 1,657,107

Differences - budget to GAAP

Revenues and other financing sources from the Demonstration Project Fund which is consolidated with the general fund for GAAP reporting purposes	400,912
Revenues and other financing sources from the Union Avenue District fund which is consolidated with the general fund for GAAP reporting purposes	<u>7,904</u>
GAAP basis revenues and other financing sources	<u><u>\$ 2,065,923</u></u>

EXPENDITURES AND OTHER FINANCING USES

Actual amounts (budgetary basis) of expenditures and other financing uses from the budgetary comparison schedule 2,012,511

Differences - budget to GAAP

Expenditures and other financing uses from the Demonstration Project Fund which is consolidated with the general fund for GAAP reporting purposes	<u>31,323</u>
GAAP basis expenditures and other financing uses	<u><u>\$ 2,043,834</u></u>

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 Change in Fund Balance—Budget and Actual
For the Year Ended December 31, 2022

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES				
Property Tax Increment	\$ 7,117	\$ 6,942	\$ 7,901	\$ 959
Other	-	-	3	3
TOTAL REVENUES	<u>7,117</u>	<u>6,942</u>	<u>7,904</u>	<u>962</u>
EXPENDITURES				
Current:				
Economic development	<u>7,117</u>	<u>5,000</u>	-	<u>5,000</u>
TOTAL EXPENDITURES	<u>7,117</u>	<u>5,000</u>	-	<u>5,000</u>
OTHER FINANCING SOURCES AND (USES)				
Transfers in fund balance	-	5,000	-	(5,000)
Transfers out	-	(6,942)	-	6,942
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>-</u>	<u>(1,942)</u>	<u>-</u>	<u>1,942</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	7,904	<u>\$ 7,904</u>
FUND BALANCE, BEGINNING OF YEAR			<u>12,486</u>	
FUND BALANCE, END OF YEAR			<u>\$ 20,390</u>	

PUEBLO URBAN RENEWAL AUTHORITY

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

Demonstration Project District (Included in General Fund)

Schedule of Revenues, Expenditures

and Change in Fund Balance—Budget and Actual

For the Year Ended December 31, 2022

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES				
Interest	\$ -	\$ -	\$ 29	\$ 29
Other	-	-	883	883
TOTAL REVENUES	-	-	912	912
EXPENDITURES				
Current:				
Economic development	400,000	400,000	31,323	368,677
TOTAL EXPENDITURES	400,000	400,000	31,323	368,677
OTHER FINANCING SOURCES AND (USES)				
Transfers out	-	-	-	-
Transfers in	400,000	400,000	400,000	-
TOTAL OTHER FINANCING SOURCES AND (USES)	400,000	400,000	400,000	-
NET CHANGE IN FUND BALANCE	\$ -	\$ -	369,589	\$ 369,589
FUND BALANCE, BEGINNING OF YEAR			132,399	
FUND BALANCE, END OF YEAR			\$ 501,988	

PUEBLO URBAN RENEWAL AUTHORITY

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

Regional Tourism Fund

Schedule of Revenues, Expenditures
and Change in Fund Balance—Budget and Actual
For the Year Ended December 31, 2022

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL	BUDGET	FINAL BUDGET
			BASIS	POSITIVE
				(NEGATIVE)
REVENUES				
Sales tax increment	\$ 4,246,755	\$ 5,993,236	\$ 5,381,189	\$ (612,047)
TOTAL REVENUES	4,246,755	5,993,236	5,381,189	(612,047)
EXPENDITURES				
Current:				
General government	359,033	359,033	5,500	353,533
Economic development	1,283,299	-	-	-
TOTAL EXPENDITURES	1,642,332	359,033	351,969	7,064
OTHER FINANCING SOURCES AND (USES)				
Transfers out	(2,963,456)	(2,963,456)	(2,960,807)	2,649
TOTAL OTHER FINANCING SOURCES AND USES	(2,604,423)	(2,604,423)	(2,960,807)	(356,384)
NET CHANGE IN FUND BALANCE	\$ -	\$ 3,029,780	2,068,413	\$ (961,367)
FUND BALANCE, BEGINNING OF YEAR			2,332,365	
FUND BALANCE, END OF YEAR			\$ 4,400,778	

PUEBLO URBAN RENEWAL AUTHORITY

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

Vendor Fee

**Schedule of Revenues, Expenditures
and Change in Fund Balance—Budget and Actual
For the Year Ended December 31, 2022**

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES				
Vendors fees	\$ 2,918,439	\$ 3,100,000	\$ 3,075,796	\$ (24,204)
Interest	-	-	17,930	17,930
TOTAL REVENUES	<u>2,918,439</u>	<u>3,100,000</u>	<u>3,093,726</u>	<u>(6,274)</u>
EXPENDITURES				
Current:				
Economic development	70,549	16,000	10,683	5,317
TOTAL EXPENDITURES	<u>70,549</u>	<u>16,000</u>	<u>10,683</u>	<u>5,317</u>
OTHER FINANCING SOURCES AND (USES)				
Transfers out	(2,847,890)	(3,210,793)	(3,210,793)	-
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(2,847,890)</u>	<u>(3,210,793)</u>	<u>(3,210,793)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ (126,793)</u>	(127,750)	<u>\$ (957)</u>
FUND BALANCE, BEGINNING OF YEAR			<u>2,329,366</u>	
FUND BALANCE, END OF YEAR			<u>\$ 2,201,616</u>	

PUEBLO URBAN RENEWAL AUTHORITY

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

Expanded Downtown District

Schedule of Revenues, Expenditures

and Change in Fund Balance—Budget and Actual

For the Year Ended December 31, 2022

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL	BUDGET	FINAL BUDGET
			BASIS	POSITIVE
				(NEGATIVE)
REVENUES				
Property taxes	\$ 627,537	\$ 715,202	\$ 706,831	\$ (8,371)
Intergovernmental	252,752	252,752	308,752	56,000
Charges for services	-	44,000	41,722	(2,278)
Interest	60	60	115	55
TOTAL REVENUES	880,349	1,012,014	1,057,420	45,406
EXPENDITURES				
Current:				
General government	46,889	67,129	81,000	(13,871)
Economic development	176,276	205,000	183,515	21,485
TOTAL EXPENDITURES	223,165	272,129	264,515	7,614
OTHER FINANCING SOURCES AND (USES)				
Transfers out	(707,184)	(717,704)	(716,700)	1,004
Transfer in fund balance	50,000	-	-	-
TOTAL OTHER FINANCING SOURCES AND (USES)	(657,184)	(717,704)	(716,700)	1,004
NET CHANGE IN FUND BALANCE	\$ -	\$ 22,181	76,205	\$ 54,024
FUND BALANCE, BEGINNING OF YEAR			767,829	
FUND BALANCE, END OF YEAR			\$ 844,034	

PUEBLO URBAN RENEWAL AUTHORITY

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

St. Charles District

Schedule of Revenues, Expenditures

and Change in Fund Balance—Budget and Actual

For the Year Ended December 31, 2022

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL	BUDGET	FINAL BUDGET
			BASIS	POSITIVE
				(NEGATIVE)
REVENUES:				
Property taxes	\$ 2,890,967	\$ 3,003,923	\$ 2,878,387	\$ (125,536)
Interest	-	-	213	213
Miscellaneous	-	-	3	3
TOTAL REVENUES	<u>2,890,967</u>	<u>3,003,923</u>	<u>2,878,603</u>	<u>(125,320)</u>
EXPENDITURES				
Current:				
Economic development	<u>2,754,954</u>	<u>2,557,561</u>	<u>2,528,521</u>	<u>29,040</u>
TOTAL EXPENDITURES	<u>2,754,954</u>	<u>2,557,561</u>	<u>2,528,521</u>	<u>29,040</u>
OTHER FINANCING SOURCES AND (USES)				
Loan proceeds	-	17,020,000	17,020,000	-
Transfers out	<u>(136,013)</u>	<u>(436,013)</u>	<u>(436,013)</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(136,013)</u>	<u>16,583,987</u>	<u>16,583,987</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ 17,030,349</u>	16,934,069	<u>\$ (96,280)</u>
FUND BALANCE, BEGINNING OF YEAR			<u>80,529</u>	
FUND BALANCE, END OF YEAR			<u>\$ 17,014,598</u>	

PUEBLO URBAN RENEWAL AUTHORITY
(a component unit of the City of Pueblo, Colorado)
Lake Minnequa District
Schedule of Revenues, Expenditures
and Change in Fund Balance - Budget and Actual
For the Year Ended December 31, 2022

	BUDGETED AMOUNTS		ACTUAL BUDGET BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Property taxes	\$ 1,703,409	\$ 830,000	\$ 828,428	\$ (1,572)
TOTAL REVENUES	<u>1,703,409</u>	<u>830,000</u>	<u>828,428</u>	<u>(1,572)</u>
EXPENDITURES				
Current:				
Economic development	<u>531,339</u>	<u>115,500</u>	<u>115,317</u>	<u>183</u>
TOTAL EXPENDITURES	<u>531,339</u>	<u>115,500</u>	<u>115,317</u>	<u>183</u>
OTHER FINANCING SOURCES AND (USES)				
Transfers out	<u>(1,172,070)</u>	<u>(691,695)</u>	<u>(690,650)</u>	<u>1,045</u>
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(1,172,070)</u>	<u>(691,695)</u>	<u>(690,650)</u>	<u>1,045</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ 22,805</u>	22,461	<u>\$ (344)</u>
FUND BALANCE, BEGINNING OF YEAR			<u>313,036</u>	
FUND BALANCE, END OF YEAR			<u>\$ 335,497</u>	

PUEBLO URBAN RENEWAL AUTHORITY

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

North Pueblo District

Schedule of Revenues, Expenditures

and Change in Fund Balance—Budget and Actual

For the Year Ended December 31, 2022

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL	BUDGET	FINAL BUDGET
			BASIS	POSITIVE
				(NEGATIVE)
REVENUES				
Property taxes	\$ 689,745	\$ 700,541	\$ 684,824	\$ (15,717)
Interest	500	500	87	(413)
Miscellaneous	-	-	6	6
TOTAL REVENUES	690,245	701,041	684,917	(16,124)
EXPENDITURES				
Current:				
Economic development	33,482	2,500	33	2,467
TOTAL EXPENDITURES	33,482	2,500	33	2,467
TOTAL FINANCING SOURCES AND (USES)				
Transfer in fund balance	200,000	200,000	-	(200,000)
Transfers out	(856,763)	(856,763)	(856,739)	24
TOTAL OTHER FINANCING SOURCES AND (USES)	(656,763)	(656,763)	(856,739)	(199,976)
NET CHANGE IN FUND BALANCE	\$ -	\$ 41,778	(171,855)	\$ (213,633)
FUND BALANCE, BEGINNING OF YEAR			523,092	
FUND BALANCE, END OF YEAR			\$ 351,237	

PUEBLO URBAN RENEWAL AUTHORITY
(a component unit of the City of Pueblo, Colorado)
Evraz District
Schedule of Revenues, Expenditures
and Change in Fund Balance—Budget and Actual
For the Year Ended December 31, 2022

	BUDGETED AMOUNTS		ACTUAL BUDGET BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Property taxes	\$ 1,506	\$ 1,506	\$ 1,429	\$ (77)
Interest	-	-	(166,887)	(166,887)
TOTAL REVENUES	<u>1,506</u>	<u>1,506</u>	<u>(165,458)</u>	<u>(166,964)</u>
EXPENDITURES				
Current:				
Economic development	<u>1,506</u>	<u>15,001,506</u>	<u>14,725,270</u>	<u>276,236</u>
TOTAL EXPENDITURES	<u>1,506</u>	<u>15,001,506</u>	<u>14,725,270</u>	<u>276,236</u>
TOTAL FINANCING SOURCES AND (USES)				
Transfer in fund balance	4,385,513	19,385,513	-	(19,385,513)
Transfers out	<u>(4,385,513)</u>	<u>(4,385,513)</u>	<u>(4,385,513)</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>-</u>	<u>15,000,000</u>	<u>(4,385,513)</u>	<u>(19,385,513)</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>(19,276,241)</u>	<u>\$ (19,276,241)</u>
FUND BALANCE, BEGINNING OF YEAR			<u>31,325,796</u>	
FUND BALANCE, END OF YEAR			<u>\$ 12,049,555</u>	

PUEBLO URBAN RENEWAL AUTHORITY
(A COMPONENT UNIT OF THE CITY OF PUEBLO, COLORADO)
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2022

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 2022 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, 2022

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%
12/31/2022	0.069%	\$ (58,927)	\$ 663,193	-8.89%	101.49%

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%
12/31/2022	0.005%	\$ 46,074	\$ 663,193	6.95%	39.40%

** 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%
12/31/2022	\$89,356	\$89,356	-	\$663,193	13.5%

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%
12/31/2022	\$6,765	\$6,765	-	\$663,193	1.02%

OTHER SUPPLEMENTARY INFORMATION

PUEBLO URBAN RENEWAL AUTHORITY
(a component unit of the City of Pueblo, Colorado)
Combining Balance Sheet
Other Governmental Funds
December 31, 2022

	SPECIAL REVENUE FUNDS				
	THUNDER VILLAGE DISTRICT	THUNDER VILLAGE DISTRICT 2	FOUNTAIN CREEK DISTRICT	LOWER WESTSIDE DISTRICT	TOTALS
ASSETS					
Cash and cash equivalents	\$ 7	\$ 4	\$ 4,958	\$ 35,657	\$ 40,626
Property taxes receivable	91,551	10,609	803	10,861	113,824
TOTAL ASSETS	91,558	10,613	5,761	46,518	154,450
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
TOTAL LIABILITIES	-	-	-	-	-
DEFERRED INFLOWS OF RESOURCES					
Property taxes	91,551	10,609	803	10,861	113,824
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	91,551	10,609	803	10,861	113,824
FUND BALANCES					
Restricted	7	4	4,958	35,657	40,626
TOTAL FUND BALANCES	7	4	4,958	35,657	40,626
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 91,558</u>	<u>\$ 10,613</u>	<u>\$ 5,761</u>	<u>\$ 46,518</u>	<u>\$ 154,450</u>

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 Balances
For the Year Ended December 31, 2022

	SPECIAL REVENUE FUNDS				
	THUNDER VILLAGE DISTRICT	THUNDER VILLAGE DISTRICT 2	FOUNTAIN CREEK DISTRICT	LOWER WESTSIDE DISTRICT	TOTALS
REVENUES					
Property taxes	\$ 86,044	\$ 1,845	\$ 746	\$ 8,501	\$ 97,136
Miscellaneous	-	-	1	4	5
Interest	-	-	-	-	-
TOTAL REVENUES	86,044	1,845	747	8,505	97,141
EXPENDITURES					
Current:					
Economic development	43,022	923	-	-	43,945
TOTAL EXPENDITURES	43,022	923	-	-	43,945
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	43,022	922	747	8,505	53,196
OTHER FINANCING SOURCES (USES)					
Transfers in	-	5	-	-	5
Transfers out	(43,027)	(923)	-	-	(43,950)
TOTAL OTHER FINANCING SOURCES (USES)	(43,027)	(918)	-	-	(43,945)
NET CHANGE IN FUND BALANCES	(5)	4	747	8,505	9,251
FUND BALANCES, BEGINNING OF YEAR	12	-	4,211	27,152	31,375
FUND BALANCES, END OF YEAR	\$ 7	\$ 4	\$ 4,958	\$ 35,657	\$ 40,626

PUEBLO URBAN RENEWAL AUTHORITY
(a component unit of the City of Pueblo, Colorado)
Thunder Village District
Schedule of Revenues, Expenditures
and Change in Fund Balance—Budget and Actual
For the Year Ended December 31, 2022

	BUDGETED AMOUNTS FINAL	ACTUAL BUDGET BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES			
Property taxes	\$ 97,598	\$ 86,044	\$ (11,554)
TOTAL REVENUES	<u>97,598</u>	<u>86,044</u>	<u>(11,554)</u>
EXPENDITURES			
Current:			
Economic development	<u>48,799</u>	<u>43,022</u>	<u>5,777</u>
TOTAL EXPENDITURES	<u>48,799</u>	<u>43,022</u>	<u>5,777</u>
OTHER FINANCING SOURCES AND (USES)			
Transfers out	<u>(48,799)</u>	<u>(43,027)</u>	<u>5,772</u>
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(48,799)</u>	<u>(43,027)</u>	<u>5,772</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	(5)	<u>\$ (5)</u>
FUND BALANCE, BEGINNING OF YEAR		<u>12</u>	
FUND BALANCE, END OF YEAR		<u>\$ 7</u>	

PUEBLO URBAN RENEWAL AUTHORITY
(a component unit of the City of Pueblo, Colorado)
Thunder Village District 2
Schedule of Revenues, Expenditures
and Change in Fund Balance—Budget and Actual
For the Year Ended December 31, 2022

	BUDGETED AMOUNTS FINAL	ACTUAL BUDGET BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES			
Property taxes	\$ 1,986	\$ 1,845	\$ (141)
TOTAL REVENUES	<u>1,986</u>	<u>1,845</u>	<u>(141)</u>
EXPENDITURES			
Current:			
Economic development	<u>993</u>	<u>923</u>	<u>70</u>
TOTAL EXPENDITURES	<u>993</u>	<u>923</u>	<u>70</u>
OTHER FINANCING SOURCES AND (USES)			
Transfers out	<u>(993)</u>	<u>(918)</u>	<u>75</u>
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(993)</u>	<u>(918)</u>	<u>75</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	4	<u>\$ 4</u>
FUND BALANCE, BEGINNING OF YEAR		<u>-</u>	
FUND BALANCE, END OF YEAR		<u>\$ 4</u>	

PUEBLO URBAN RENEWAL AUTHORITY
(a component unit of the City of Pueblo, Colorado)
Fountain Creek District
Schedule of Revenues, Expenditures
and Change in Fund Balance—Budget and Actual
For the Year Ended December 31, 2022

	BUDGETED AMOUNTS FINAL	ACTUAL BUDGET BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES			
Property taxes	\$ 751	\$ 746	\$ (5)
Other	<u>-</u>	<u>1</u>	<u>1</u>
TOTAL REVENUES	<u>751</u>	<u>747</u>	<u>(4)</u>
EXPENDITURES			
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES AND (USES)			
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ 751</u>	747	<u>\$ (4)</u>
FUND BALANCE, BEGINNING OF YEAR		<u>4,211</u>	
FUND BALANCE, END OF YEAR		<u>\$ 4,958</u>	

PUEBLO URBAN RENEWAL AUTHORITY
(a component unit of the City of Pueblo, Colorado)
Lower West Side
Schedule of Revenues, Expenditures
and Change in Fund Balance—Budget and Actual
For the Year Ended December 31, 2022

	BUDGETED AMOUNTS FINAL	ACTUAL BUDGET BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES			
Property taxes	\$ 8,546	\$ 8,501	\$ (45)
Miscellaneous	<u>-</u>	<u>4</u>	<u>4</u>
TOTAL REVENUES	<u>8,546</u>	<u>8,505</u>	<u>(41)</u>
EXPENDITURES			
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES AND (USES)			
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ 8,546</u>	8,505	<u>\$ (41)</u>
FUND BALANCE, BEGINNING OF YEAR		<u>27,152</u>	
FUND BALANCE, END OF YEAR		<u>\$ 35,657</u>	

PUEBLO URBAN RENEWAL AUTHORITY
(a component unit of the City of Pueblo, Colorado)
Debt Service Fund
Schedule of Revenues, Expenditures
and Change in Fund Balance—Budget and Actual
For the Year Ended December 31, 2022

	BUDGETED AMOUNTS FINAL	ACTUAL BUDGET BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES			
TOTAL REVENUES	\$ -	\$ -	\$ -
EXPENDITURES			
Debt service:			
Principal	1,482,202	1,482,175	27
Interest	4,641,021	4,641,048	(27)
TOTAL EXPENDITURES	6,123,223	6,123,223	-
OTHER FINANCING SOURCES AND (USES)			
Transfers in	6,123,223	6,123,223	-
TOTAL OTHER FINANCING SOURCES AND (USES)	6,123,223	6,123,223	-
NET CHANGE IN FUND BALANCE	\$ -	-	\$ -
FUND BALANCE, BEGINNING OF YEAR		-	
FUND BALANCE, END OF YEAR		\$ -	

PUEBLO URBAN RENEWAL AUTHORITY
(a component unit of the City of Pueblo, Colorado)
Pueblo Convention Center Enterprise Fund
Schedule of Revenues, Expenditures
and Change in Net Position—Budget and Actual
For the Year Ended December 31, 2022

	BUDGETED AMOUNTS FINAL	ACTUAL BUDGET BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES			
Charges for services	\$ 2,386,388	\$ 2,386,388	\$ -
Investment earnings	-	43,485	43,485
Rent income	-	15,897	15,897
TOTAL REVENUES	<u>2,386,388</u>	<u>2,445,770</u>	<u>59,382</u>
EXPENDITURES			
Current:			
Contractual expenditures	3,346,193	3,346,193	-
General administration	250,000	250,000	-
Debt service	3,233,506	3,287,191	(53,685)
Capital outlay	<u>732,500</u>	<u>528,711</u>	<u>203,789</u>
TOTAL EXPENDITURES	<u>7,562,199</u>	<u>7,412,095</u>	<u>150,104</u>
OTHER FINANCING SOURCES AND (USES)			
Transfers in	5,600,000	5,566,566	(33,434)
Capital contributions	-	38,000	38,000
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>5,600,000</u>	<u>5,604,566</u>	<u>4,566</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING SOURCES AND (USES)	<u>\$ 424,189</u>	638,241	<u>\$ 214,052</u>
ADJUSTMENTS FROM BUDGETARY BASIS TO GAAP BASIS			
Capital outlay		528,711	
Depreciation expense		(1,365,998)	
Principal payment on debt		<u>2,486,820</u>	
CHANGE IN NET POSITION - GAAP BASIS		<u>\$ 2,287,774</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 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, 2022, and the related notes to the financial statements, which collectively comprise the Authority’s basic financial statements, and have issued our report thereon dated March 22, 2023.

Report on 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) as a basis for designing 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

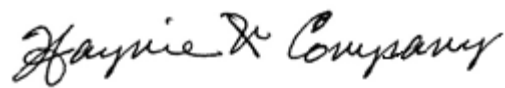
material weaknesses or, significant deficiencies and therefore, material weaknesses may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses or significant deficiencies.

Report on Compliance and Other Matters

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

Purpose of this Report

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



Littleton, Colorado
March 22, 2023

PUEBLO URBAN RENEWAL AUTHORITY
(A COMPONENT UNIT OF THE CITY OF PUEBLO, COLORADO)
Schedule of Findings and Questioned Costs
DECEMBER 31, 2022

1. Summary of Auditor's Results

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

2. Summary Schedule of Prior Audit Findings

None