

Pueblo Urban Renewal Authority

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

December 31, 2014 and 2013

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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, 2014. The analysis should be read in conjunction with the Authority's financial statements that begin on page 3.

FINANCIAL HIGHLIGHTS

- The Authority's governmental activities net position increased by \$732,896 for the year ended December 31, 2014. The increase is primarily due to a decrease in economic development spending during the year. The business-type activities net position increased by \$359,389. The increase was primarily due to an increase in operating revenues for the Pueblo Convention Center and an increase in state sales tax increment revenues for the Regional Tourism Project (RTA). The combined primary government net position increased by \$1,092,285.
- During 2014, the Authority's revenues totaled \$9.5 million, of which \$5.9 million was for governmental activities. The revenue in governmental activities is primarily derived from property tax increment in the amount of \$4.2 million and vendors' fees in the amount of \$1.7 million. Business-type activities generated \$3.6 million in revenues from charges for services, interest earnings and state sales tax increment to fund the RTA project.
- During 2014, the governmental activities transferred \$1.02 million to the convention center business activity for operations and maintenance of the facility and debt service. The funds were generated by vendors' fees. The business activities transferred \$124,892 to the general fund to reimburse the fund for RTA application costs. The funds used were generated from state sales tax increment.
- During 2014, the Authority's expenses totaled \$8.39 million, of which \$5.18 million was for governmental activities and \$3.22 million was for business-type activities.
- The Authority had total bonds and bank notes payable of \$25,463,347 at December 31, 2014, which is a decrease of \$1.06 million from 2013. The balance on the Main Street Parking Garage is \$7.962 million with interest rates ranging from 4.698% to 4.937% and maturing in September, 2029. The balance on the Memorial Hall bonds is \$10 million with interest ranging from 2.25% to 5.25% and maturing in December, 2038. The balance on the Pueblo Convention Center bond A is \$440,000 with interest ranging from 2.05% to 5% and maturing in December, 2016. The balance on the Pueblo Convention Center bond B is \$3.89 million with interest ranging from 2.25% to 5.5% and maturing in December, 2028. The principal on the Lake Avenue bank note is \$2.805 million at 4.5% and maturing in December 2029. The principal on the Dillon Flyover bank note is \$138,796 at 3.95% and maturing December, 2030. The principal on the 115 E. Riverwalk office condominium is \$227,551 at a current rate of 3.276% and ballooning in December, 2016.
- In 2014, the Authority was the recipient of two grants from Colorado Creative Industries and the Boettcher Foundation in support of the Pueblo Creative Corridor totaling \$18,500.
- In 2014 the Authority also received contributions from the City of Pueblo for debt service obligations. The City contributed \$301,805 or 40% of the annual bond payment on the Main Street Garage. The City also contributed \$204,667 for the annual loan payment on the Dillon Flyover bank loan. The contributions were made under the terms of cooperation agreements in place between the City and the Authority.

- The Authority conveyed the land at 110 W. City Center Drive, to Pueblo SPE, LLC under an option to purchase agreement signed with the original hotel operator in 1997. At the time of transfer, the county assessor valued the land at \$132,603.
- The Authority reported state sales tax increment revenues for the Regional Tourism Project in the amount of \$873,124 and project related expenditures of \$305,617.

USING THIS ANNUAL REPORT

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

Reporting the Authority as a Whole

The Statement of Net Position and the Statement of Activities

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

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

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

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

Reporting the Authority's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

The Authority reports the following major governmental funds:

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

Proprietary Fund

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

- The proprietary fund accounts for the operation of the Authority's Convention Center and the RTA project 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 Global Spectrum LP under a management agreement with the Authority. All costs of the Convention Center are financed through charges to users, along with transfers of vendor fee revenues from the Memorial Hall Fund to subsidize operations and debt service payments. The fund also includes the initial activities of the Regional Tourism Project which was created through an agreement with the State of Colorado.

The Authority as a Whole

The Authority's combined net position increased in 2014 by \$1,092,285. The combined increase came from an increase of \$732,896 in governmental activities and an increase of \$359,389 in business-type activities. The table below reports a summary of the Statement of Net Position.

	Governmental Activities		Business-type Activities		Total	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Current and other assets	\$12,232,863	\$12,176,145	\$2,052,238	\$1,436,237	\$14,285,101	13,612,382
Restricted assets	3,279,745	3,113,155	0	0	\$3,279,745	3,113,155
Capital assets, net	1,300,958	1,313,591	7,774,372	8,194,232	\$9,075,330	9,507,823
Total assets	<u>16,813,566</u>	<u>16,602,891</u>	<u>9,826,610</u>	<u>9,630,469</u>	<u>26,640,176</u>	<u>26,233,360</u>
Deferred outflows of resources	<u>156,146</u>	<u>161,132</u>	<u>735,462</u>	<u>787,995</u>	<u>\$891,608</u>	<u>949,127</u>
Current liabilities	1,587,047	832,170	637,866	322,671	\$2,224,913	1,154,841
Revenue bonds and notes	20,820,397	22,233,470	4,330,028	4,967,530	\$25,150,425	27,201,000
Total liabilities	<u>22,407,444</u>	<u>23,065,640</u>	<u>4,967,894</u>	<u>5,290,201</u>	<u>27,375,338</u>	<u>28,355,841</u>
Deferred inflows of resources	<u>4,496,045</u>	<u>4,365,051</u>	<u>106,526</u>	<u>0</u>	<u>4,602,571</u>	<u>4,365,051</u>
Net assets:						
Net investment in capital assets	1,073,407	1,076,235	3,241,655	3,226,702	\$4,315,062	4,302,937
Restricted for Debt Svc and district projects	3,884,084	3,675,679	0	0	\$3,884,084	3,675,679
Restricted for regional tourism project	0	0	1,068,832	480,992	\$1,068,832	480,992
Unrestricted	<u>(14,891,268)</u>	<u>(15,418,587)</u>	<u>1,177,165</u>	<u>1,420,569</u>	<u>(\$13,714,103)</u>	<u>(13,998,018)</u>
Total Net Assets	<u>(\$9,933,777)</u>	<u>(\$10,666,673)</u>	<u>\$5,487,652</u>	<u>\$5,128,263</u>	<u>(\$4,446,125)</u>	<u>(\$5,538,410)</u>

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

	Governmental Activities		Business-type Activities		Total	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Revenues						
Program revenues:						
Charges for services	\$147,830	\$162,503	\$1,809,812	\$1,678,707	1,957,642	\$1,841,210
Operating grants and contribs.	204,667	618,029	0	24,270	204,667	642,299
Capital grants and contributions	307,398	0	0	0	307,398	0
General revenues						
Property taxes	4,288,325	5,477,919	0	0	4,288,325	5,477,919
Sales tax increment	0	0	873,124	431,783	873,124	431,783
Vendors' fee	1,714,189	1,677,302	0	0	1,714,189	1,677,302
Interest earnings	95,437	74,021	0	948	95,437	74,969
Miscellaneous	44,168	1,502	0	0	44,168	1,502
Total Revenues:	<u>6,802,014</u>	<u>8,011,276</u>	<u>2,682,936</u>	<u>2,135,708</u>	<u>9,484,950</u>	<u>10,146,984</u>
Expenses						
General Government	655,877	764,291	0	0	655,877	764,291
Economic Development	3,464,317	11,209,757	0	0	3,464,317	11,209,757
Interest on long term debt	1,056,977	1,165,347	0	0	1,056,977	1,165,347
Convention Center	0	0	3,215,494	2,708,829	3,215,494	2,708,829
Total Expenses:	<u>5,177,171</u>	<u>13,139,395</u>	<u>3,215,494</u>	<u>2,708,829</u>	<u>8,392,665</u>	<u>15,848,224</u>
Increase(decrease) in net position	1,624,843	(5,128,119)	(532,558)	(573,121)	1,092,285	(5,701,240)
Transfers in/(out)	(891,947)	(976,254)	891,947	976,254	0	0
Changes in net position	732,896	(6,104,373)	359,389	403,133	1,092,285	(5,701,240)
Net position, January 1	<u>(10,666,673)</u>	<u>(4,562,300)</u>	<u>5,128,263</u>	<u>4,725,130</u>	<u>(5,538,410)</u>	<u>162,830</u>
Net position, December 31	<u>\$(9,933,777)</u>	<u>\$(10,666,673)</u>	<u>\$5,487,652</u>	<u>\$5,128,263</u>	<u>\$(4,446,125)</u>	<u>\$(5,538,410)</u>

Governmental Activities-Change in Net Position

The Authority's governmental activities program revenue for 2014 was \$659,895 and the general revenue was \$6,142,119. Expenses totaled \$5,177,171. The resulting change in net position for governmental activities was an increase of \$732,896. The following factors contributed to the increase for the Authority as a whole: reimbursements from business activities for the regional tourism project application, unspent donations for the historic Memorial Hall renovation that will carry over to 2015, lower interest expenses and lower general government expenditures.

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 and the Regional Tourism Project totaled \$2,682,936. Expenses totaled \$3,215,494. The resulting change in net position for business-type activities was an increase of \$359,389. The increase is primarily due to state sales tax revenues for the Regional Tourism Project that were unspent at the end of the fiscal year.

The Authority's Funds

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

Capital Assets

At the end of 2014, the Authority had \$9.1 million invested in capital assets. The amount represents a decrease of \$432,493 from 2013. These capital assets include land, buildings, improvements, along with furniture and fixtures. The Authority strives to maintain its assets in good working condition. The decrease in capital assets during 2014 is due to the 110 W. City Center Drive land transfer to the hotel owner and depreciation.

	Governmental Activities		Business-type Activities		Total	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Non-depreciable assets-						
Land	\$918,286	\$914,726	\$326,094	\$458,697	\$1,244,380	\$1,373,423
Medal of Honor Memorial	0	0	295,097	295,097	295,097	295,097
Depreciable assets-						
Buildings	373,183	381,209	6,337,381	6,529,045	6,710,564	6,910,254
Improvements	0	0	626,316	703,922	626,316	703,922
Fixtures	9,489	17,656	189,484	207,471	198,973	225,127
Totals:	<u>\$1,300,958</u>	<u>\$1,313,591</u>	<u>\$7,774,372</u>	<u>\$8,194,232</u>	<u>\$9,075,330</u>	<u>\$9,507,823</u>

Debt Administration

Bonds Payable

The Authority has outstanding bonds payable of \$22,292,000 which is a decrease of \$639,000 from 2013.

	Issue Date	Maturity Date	Purpose	Issue Amount	Interest Rate	12/31/2014 Balance
a	2011	2038	Historic Memorial Hall	\$ 10,000,000	2.25% to 5.25% (tax exempt)	\$ 10,000,000
b (1)	2011	2016	Convention Center	\$ 1,590,000	2.05% to 5% (taxable)	\$ 440,000
b (2)	2011	2028	Convention Center	\$ 3,890,000	2.25% to 5.5% (tax exempt)	\$ 3,890,000
c	2006	2029	Parking Garage	\$ 9,500,000	4.698% to 4.937% (tax exempt)	\$ 7,962,000

- a. In 2011, Series 2011B improvement revenue bonds in the amount of \$10 million were issued for the purpose of providing funds for the remodeling and restoring of the historic Memorial Hall which is within the expanded downtown project area. Interest and principal are payable from the proceeds of the pledged revenue which consists of 3.3% of the City of Pueblo's sales and use tax collections.
- b. In conjunction with the issuance of the Series 2011B bonds for the Memorial Hall project, the Series 2005 convention center bonds were refunded. The new bonds consist of Series 2011A taxable revenue refunding bonds in the amount of \$1,590,000 and Series 2011B tax-exempt refunding bonds in the amount of \$3,890,000. Interest and principal are payable from the proceeds of the pledged revenue which consists of 3.3% of the City of Pueblo's sales and use tax collections that is reported as revenue in the Memorial Hall fund and subsequently transferred to the convention center fund for debt service.

In 2006, revenue bonds of \$9,500,000 were issued to assist in the financing and construction of a parking garage. The incremental property tax collected from 2007 to 2030 from the expanded project area is pledged to repay the 2006 series bonds. In addition, the Authority has entered into a cooperation agreement with the City to share the debt service and other expenses incurred related to the 2006 bonds in the ratio of 40% to be paid by the City and 60% to be paid by the Authority. In 2008, the Authority converted these bonds to tax-exempt bonds resulting in interest savings of \$2.7 million over the remaining 21 years. The expanded project area TIF is pledged to repay the series 2008 bonds. Any excess TIF that is generated by the expanded project area that is above and beyond the annual debt service payment is returned to the Authority after December 5th of each year

Bank Note Issue and Other Notes Payable

- c. A bank note of \$3,000,000 was issued in March 2011 to provide funds for the construction of certain infrastructure and other improvements in the Lake Minnequa project area. Interest and principal on this note is payable from the pledged incremental property taxes generated in the Lake Minnequa project area. The interest rate is 4.5% and the balance at December 31, 2014 was \$2,805,000.
- d. In 2011, the Authority also executed a note in the amount of \$256,000 to finance new office space at 115 E. Riverwalk, Unit 401, Pueblo, Colorado. The interest rate is 3.276% and the balance at December 31, 2014 was \$227,551.
- e. In December, 2013 a \$4,000,000 multi-draw term bank note was executed to fund the North Pueblo Dillon Flyover project. The interest rate is 3.95% due in annual installments of \$327,942. The principal balance at year end was \$138,796. The North Pueblo project area currently does not generate adequate property tax increment to cover the annual loan payment. The Authority executed a cooperation agreement with the City of Pueblo, whereby, the City agreed to contribute an amount equal to the debt service payment shortfall until the project area is able to generate revenues to satisfy the debt service payment. The Authority has agreed to repay the City contributions with simple interest at 5% as revenues in the project area grow.

Due From/To Primary Government

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

	Governmental Activities	
	<u>2014</u>	<u>2013</u>
Governmental activities		
Due from City of Pueblo for, Lake Ave. infrastructure costs	\$ 176,474	\$ 264,632
Due to City of Pueblo for,		
Accounts payable for parking garage expenses	\$ 80,381	\$ 84,392
Payments on Dillon Flyover loan	205,676	-
Accounts payable for 1601 study-North Pueblo	496,333	422,935
	<u>\$ 782,390</u>	<u>\$ 507,327</u>

- The parking garage expenses result from a letter of understanding between the City and the Authority whereby the Authority and City share the net costs of the parking facility that is owned by the Main Street Parking Garage Corporation. The City is responsible for 40% of the net costs and the Authority is responsible for 60% of net costs. During 2014, the City of Pueblo contributed \$301,801 to the Authority to cover the annual debt service on the Main Street Parking Garage. In accordance with a cooperation agreement signed in December 2006, the amount represents the City's 40% cost sharing obligation for debt service.
- The Authority has committed to providing 20% of the total 1601 study costs to the City of Pueblo for planning the Dillon Drive flyover and split diamond exchange in the North Pueblo project area. The agreement with the City provides that the tax increment revenues generated by the North side TIF are pledged for repayment of this obligation. In 2014, the Authority reimbursed the City of Pueblo \$0 for the 1601 study.
- During 2014, the Authority entered into a construction and maintenance agreement with the City of Pueblo for the Lake Avenue streetscape project. As part of the agreement, the City agreed to pay

for drainage, storm water and sanitary sewer upgrades in the area. The Authority paid for these improvements and the "Due from City of Pueblo" represents those costs which the City has agreed to pay the Authority. The City paid \$88,158 to the Authority in 2014. In addition, the Agreement assigns the responsibility for maintenance of the improvements to the Authority for the next 21 years ending in 2031.

Contingencies and Commitments

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

- **Thunder Village Metropolitan District (TVMD):** The Authority has entered into an agreement with TVMD which provides that the Authority will reimburse TVMD for the costs of certain public improvements. As of December 31, 2011, the Authority received \$7.05 million in reimbursement requests from TVMD. The Authority will repay the district using future TIF revenues generated in the taxing area until 2032. In 2014 the Authority reimbursed TVMD \$2,354.
- **Vestas:** The Authority entered into a reimbursement agreement with Vestas Towers America, Inc. (Vestas). This agreement provides the Authority will reimburse Vestas for its costs incurred for certain public improvements up to \$12.5 million plus 4.5% interest per annum subject to the collection of the tax increment revenues. The Authority will also pay 50% of the County personal property taxes assessed for a period of 10 years beginning in 2012. In conjunction with the Vestas reimbursement agreement, the Authority also approved a cooperation agreement with the City whereby the Authority will remit to the City of Pueblo an amount equal to the City's proportion of the total mill levy. In addition the Authority has committed to pay \$6,826,000 to the County of Pueblo and the Board of Water Works of Pueblo after Vestas has been paid in full. On November 11, 2010, Vestas submitted a formal reimbursement request in the amount of \$12,500,000. In 2014, the Authority reimbursed Vestas \$1.453 million in principal, \$249,112 in interest, and \$691,286 in county personal property tax credits for a total of \$2.393 million. At December 31, 2014, the principal amount payable to Vestas was \$4.32 million.
- **In connection with the North Pueblo Dillon Flyover loan,** the Authority entered into an agreement with the City of Pueblo, which allows for the City, at its discretion, to fund any shortfalls in the Authority's ability to make debt service payments from pledged incremental property taxes. The agreement provides that if the North Pueblo district eventually provides the Authority with a surplus of incremental property taxes, the Authority will repay the shortfall payments made by the City, along with 5% of simple interest. During 2014, the City paid \$204,667 in debt service shortfall.

Budgetary Highlights

The Authority adopts budgets for all funds and each fund uses the current financial resources measurement and the modified accrual basis of accounting in preparing the budgets. Expenditure estimates in the annual budgets are enacted into law through the passage of a resolution. The board of commissioners may amend the original adopted budget during the year by passing a new resolution to reflect current needs. The level of budgetary control for all funds is at the total fund level which means that total uses cannot exceed total appropriations for that fund. Detailed budget comparison schedules for each fund can be found in the supplementary information section of the audit beginning on page 38.

Requests for Information

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



**Haynie &
Company**

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Pueblo Urban Renewal Authority
Pueblo, Colorado

We have audited the accompanying financial statements of the governmental activities, the business- type activity, each major fund, and the aggregate remaining fund information of Pueblo Urban Renewal Authority (the Authority) as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Pueblo Urban Renewal Authority as of December 31, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

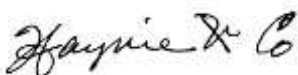
Other Matters

Required Supplementary Information

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

Other Information

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



Littleton, Colorado

May 5, 2015

BASIC FINANCIAL STATEMENTS

Pueblo Urban Renewal Authority
(a component unit of the City of Pueblo, Colorado)
Statement of Net Position
December 31, 2014

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Cash and Cash Equivalents	\$ 324,268	\$ 609,635	\$ 933,903
Restricted cash and cash equivalents	-	469,196	469,196
Receivables	11,828,967	810,559	12,639,526
Internal balances	(112,311)	112,311	-
Due from primary government	176,474	-	176,474
Inventory and prepaid items	15,465	50,537	66,002
Restricted assets under debt obligations:			
Cash and cash equivalents	839,982	-	839,982
Investments	2,439,763	-	2,439,763
Capital assets, net of accumulated depreciation:			
Land and non-depreciable assets	918,286	621,191	1,539,477
Buildings	373,183	6,337,381	6,710,564
Improvements	-	626,316	626,316
Furniture and fixtures	9,489	189,484	198,973
Total capital assets, net	1,300,958	7,774,372	9,075,330
TOTAL ASSETS	16,813,566	9,826,610	26,640,176
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amounts on refunding	156,146	735,462	891,608
LIABILITIES			
Accounts payable and accrued expenses	170,001	322,866	492,867
Due to primary government	781,381	-	781,381
Long-term liabilities:			
Due within one year	635,665	315,000	950,665
Due in more than one year	20,820,397	4,330,028	25,150,425
TOTAL LIABILITIES	22,407,444	4,967,894	27,375,338
DEFERRED INFLOW OF RESOURCES			
Property taxes	4,313,571	-	4,313,571
Other deferred revenues	182,474	106,526	289,000
TOTAL DEFERRED INFLOW OF RESOURCES	4,496,045	106,526	4,602,571
NET POSITION			
Net investment in capital assets	1,073,407	3,241,655	4,315,062
Restricted for debt service and district projects	3,884,084	-	3,884,084
Restricted for regional tourism project	-	1,068,832	1,068,832
Unrestricted	(14,891,268)	1,177,165	(13,714,103)
TOTAL NET POSITION	\$ (9,933,777)	\$ 5,487,652	\$ (4,446,125)

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, 2014

<u>FUNCTIONS / PROGRAMS</u>	<u>EXPENSES</u>	<u>PROGRAM REVENUES</u>			<u>NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION</u>		
		<u>CHARGES FOR SERVICES</u>	<u>OPERATING GRANTS AND CONTRIBUTIONS</u>	<u>CAPITAL GRANTS AND CONTRIBUTIONS</u>	<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS-TYPE ACTIVITIES</u>	<u>TOTAL</u>
Governmental activities:							
General Government	\$ 655,877	\$ 147,830	\$ -	\$ -	\$ (508,047)	\$ -	\$ (508,047)
Economic development	3,464,317	-	204,667	307,398	(2,952,252)	-	(2,952,252)
Interest and Related Costs	1,056,977	-	-	-	(1,056,977)	-	(1,056,977)
Total Governmental Activities	<u>5,177,171</u>	<u>147,830</u>	<u>204,667</u>	<u>307,398</u>	<u>(4,517,276)</u>	<u>-</u>	<u>(4,517,276)</u>
Business-Type Activities:							
Convention center	3,215,494	1,809,812	-	-	-	(1,405,682)	(1,405,682)
Total Business-Type Activities	<u>3,215,494</u>	<u>1,809,812</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,405,682)</u>	<u>(1,405,682)</u>
TOTAL	<u>\$ 8,392,665</u>	<u>\$ 1,957,642</u>	<u>\$ 204,667</u>	<u>\$ 307,398</u>	<u>\$ (4,517,276)</u>	<u>\$ (1,405,682)</u>	<u>\$ (5,922,958)</u>
			Taxes:				
			Property taxes levied for general purposes		\$ 56,170	\$ -	\$ 56,170
			Property taxes levied for debt service		1,146,640	-	1,146,640
			Property taxes levied for reimbursement agreements		3,085,515	-	3,085,515
			Sales tax increment		-	873,124	873,124
			Vendor's fee		1,714,189	-	1,714,189
			Interest earnings		95,437	-	95,437
			Other		44,168	-	44,168
			Transfers		(891,947)	891,947	-
			Total general revenues and transfers		<u>5,250,172</u>	<u>1,765,071</u>	<u>7,015,243</u>
			Change in net position		<u>732,896</u>	<u>359,389</u>	<u>1,092,285</u>
			NET POSITION, BEGINNING		<u>(10,666,673)</u>	<u>5,128,263</u>	<u>(5,538,410)</u>
			NET POSITION, ENDING		<u>\$ (9,933,777)</u>	<u>\$ 5,487,652</u>	<u>\$ (4,446,125)</u>

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

Pueblo Urban Renewal Authority
(a component unit of the City of Pueblo, Colorado)
Balance Sheet
Governmental Funds
December 31, 2014

	GENERAL FUND	EXPANDED DOWNTOWN DISTRICT	ST. CHARLES DISTRICT	LAKE MINNEQUA DISTRICT	MEMORIAL HALL	DEBT SERVICE FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS								
Cash and cash equivalents	\$ 59,673	\$ 76,587	\$ 42	\$ 161,573	\$ -	\$ -	\$ 26,393	\$ 324,268
Restricted cash and cash equivalents	-	-	-	310,631	151,331	-	378,020	839,982
Restricted investments	-	489,518	-	-	1,950,245	-	-	2,439,763
Accounts and other receivables	11,713	4,430	-	176,474	310,571	-	-	503,188
Property taxes receivable	-	536,231	3,163,118	428,995	-	-	185,227	4,313,571
Notes receivable	41,872	79,754	-	5,220	-	-	23,362	150,208
Prepaid expenses	-	-	-	-	15,465	-	-	15,465
Advance to other funds	-	18,601	-	115,924	-	-	-	134,525
TOTAL ASSETS	<u>\$ 113,258</u>	<u>\$ 1,205,121</u>	<u>\$ 3,163,160</u>	<u>\$ 1,198,817</u>	<u>\$ 2,427,612</u>	<u>\$ -</u>	<u>\$ 613,002</u>	<u>\$8,720,970</u>
LIABILITIES, DEFERRED INFLOW OF RESOURCES AND FUND BALANCES								
LIABILITIES								
Accounts payable	\$ 5,455	\$ 80,381	\$ -	\$ 100	\$ 6,725	\$ -	\$ -	\$ 92,661
Accrued liabilities	6,594	-	-	-	-	-	-	6,594
Advance from other funds	115,924	-	-	-	112,311	-	18,601	246,836
TOTAL LIABILITIES	<u>127,973</u>	<u>80,381</u>	<u>-</u>	<u>100</u>	<u>119,036</u>	<u>-</u>	<u>18,601</u>	<u>346,091</u>
DEFERRED INFLOWS OF RESOURCES								
Property taxes	-	536,231	3,163,118	428,995	-	-	185,227	4,313,571
Other deferred revenues	6,000	-	-	176,474	-	-	-	182,474
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>6,000</u>	<u>536,231</u>	<u>3,163,118</u>	<u>605,469</u>	<u>-</u>	<u>-</u>	<u>185,227</u>	<u>4,496,045</u>
FUND BALANCES								
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ 15,465	\$ -	\$ -	\$ 15,465
Restricted	-	588,509	42	593,248	2,293,111	-	409,174	3,884,084
Unassigned	(20,715)	-	-	-	-	-	-	(20,715)
TOTAL FUND BALANCES	<u>(20,715)</u>	<u>588,509</u>	<u>42</u>	<u>593,248</u>	<u>2,308,576</u>	<u>-</u>	<u>409,174</u>	<u>3,878,834</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 113,258</u>	<u>\$ 1,205,121</u>	<u>\$ 3,163,160</u>	<u>\$ 1,198,817</u>	<u>\$ 2,427,612</u>	<u>\$ -</u>	<u>\$ 613,002</u>	<u>\$8,720,970</u>

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

Pueblo Urban Renewal Authority
(a component unit of the City of Pueblo, Colorado)
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
For the Year Ended December 31, 2014

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

Total fund balance - governmental funds	\$ 3,878,834
Notes receivable are not financial resources and thus are not reported as assets in the governmental funds:	
Note receivable	6,862,000
Deferred outflows of resources reported as deferred amount on refunding are not financial resources and thus are not reported in the governmental funds	
	156,146
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds:	
Capital assets	1,356,323
Accumulated depreciation	<u>(55,365)</u>
Net capital assets	1,300,958
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	(7,962,000)
Premium on revenue bonds payable	(78,733)
Revenue improvement bonds payable	(10,000,000)
Premium on revenue improvement bonds payable	(238,248)
Bank notes payable	(3,171,347)
Due to primary government	(701,000)
Accrued interest payable	(151,127)
Compensated absences	<u>(5,734)</u>
Total long-term liabilities	(22,308,189)
Certain deferred inflows of resources have been recognized as program revenues in the statement of activities but deferred in the governmental funds	
	<u>176,474</u>
Total net position - governmental activities	<u>\$ (9,933,777)</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)
Governmental Funds
Combined Statement of Revenues, Expenditures
and Changes in Fund Balances
For the Year Ended December 31, 2014

	GENERAL FUND	EXPANDED DOWNTOWN DISTRICT	ST. CHARLES DISTRICT	LAKE MINNEQUA DISTRICT	MEMORIAL HALL	DEBT SERVICE FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES:								
Property taxes	\$ -	\$ 707,809	\$ 3,013,294	\$ 414,118	\$ -	\$ -	\$ 153,104	\$ 4,288,325
Intergovernmental	-	301,805	-	88,158	-	-	204,667	594,630
Charges for Services	140,413	7,417	-	-	-	-	-	147,830
Vendor fees	-	-	-	-	1,714,189	-	-	1,714,189
Interest	44	94,127	11	526	244	-	485	95,437
Miscellaneous	34,106	9,512	-	-	416	-	134	44,168
TOTAL REVENUES	<u>174,563</u>	<u>1,120,670</u>	<u>3,013,305</u>	<u>502,802</u>	<u>1,714,849</u>	<u>-</u>	<u>358,390</u>	<u>6,884,579</u>
EXPENDITURES:								
Current:								
General government	559,286	82,712	-	-	-	-	-	641,998
Economic development	122,563	79,990	2,905,712	12,749	46,775	-	18,463	3,186,252
Debt Service:								
Principal	9,805	-	-	-	-	750,204	-	760,009
Interest	13,018	-	-	-	-	1,091,238	-	1,104,256
Capital outlay	3,080	-	-	-	-	-	-	3,080
TOTAL EXPENDITURES	<u>707,752</u>	<u>162,702</u>	<u>2,905,712</u>	<u>12,749</u>	<u>46,775</u>	<u>1,841,442</u>	<u>18,463</u>	<u>5,695,595</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(533,189)	957,968	107,593	490,053	1,668,074	(1,841,442)	339,927	1,188,984
OTHER FINANCING SOURCES (USES)								
Transfers in	639,610	-	-	-	-	1,841,442	42,133	2,523,185
Transfers out	(42,133)	(944,244)	(107,583)	(424,069)	(1,545,102)	-	(352,001)	(3,415,132)
NET CHANGE IN FUND BALANCE	64,288	13,724	10	65,984	122,972	-	30,059	297,037
FUND BALANCES, BEGINNING	(85,003)	574,785	32	527,264	2,185,604	-	379,115	3,581,797
FUND BALANCES, ENDING	<u>\$ (20,715)</u>	<u>\$ 588,509</u>	<u>\$ 42</u>	<u>\$ 593,248</u>	<u>\$ 2,308,576</u>	<u>\$ -</u>	<u>\$ 409,174</u>	<u>\$ 3,878,834</u>

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

Pueblo Urban Renewal Authority
(a component unit of the City of Pueblo, Colorado)
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended December 31, 2014

Net change in fund balances - total governmental funds \$ 297,037

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	(15,952)
Capital outlay	3,080
Net amount	<u>(12,872)</u>

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

Amortization of interest-related costs	4,986
Issuance of obligation to primary government	(278,065)
Interest expense on bonds	42,293
Principal payments on debt obligations	<u>760,009</u>
Net amount	529,223

In the statement of activities, certain operating expenses such as compensated absences (vacation and sick leave) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amounts paid. This year compensated absences paid (\$17,904) exceeded amounts earned (\$15,831)

2,073

Certain deferred inflows of resources have been recognized as program revenues in the statement of activities in a prior year, but recognized in the governmental funds in the current year

(82,565)

Change in net position - governmental activities

\$ 732,896

Pueblo Urban Renewal Authority
(a component unit of the City of Pueblo, Colorado)
Proprietary Funds
Statement of Net Position
December 31, 2014

	Business-Type Activity
	<u>Enterprise Fund</u>
	<u>Convention Center</u>
ASSETS	
Current Assets:	
Cash and cash equivalents	\$ 609,635
Restricted cash and cash equivalents	469,196
Accounts receivable	210,923
Sales tax increment receivable	599,636
Inventories	21,380
Prepaid Expenses	<u>29,157</u>
Total Current Assets	<u>1,939,927</u>
Non-Current Assets:	
Capital assets:	
Land	326,094
Medal of honor	295,097
Buildings	9,594,392
Improvements	1,335,534
Furniture & fixtures	1,189,904
Accumulated depreciation	<u>(4,966,649)</u>
Total capital assets	7,774,372
Other assets:	
Advance to other funds	<u>112,311</u>
Total Non-Current Assets	<u>7,886,683</u>
TOTAL ASSETS	<u>9,826,610</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred amount on refunding	<u>735,462</u>
LIABILITIES	
Current Liabilities:	
Accounts payable	170,972
Accrued expenses	133,336
Accrued interest payable	18,558
Deposits	106,526
Current portion of bonds payable	<u>315,000</u>
Total Current Liabilities	<u>744,392</u>
Non-Current Liabilities:	
Bonds payable, net of unamortized premium	<u>4,330,028</u>
Total Non-Current Liabilities	<u>4,330,028</u>
TOTAL LIABILITIES	<u>5,074,420</u>
NET POSITION	
Net investment in capital assets	3,241,655
Restricted for regional tourism project	1,068,832
Unrestricted	<u>1,177,165</u>
TOTAL NET POSITION	<u>\$ 5,487,652</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 Funds
Statement of Revenues, Expenditures
and Changes in Fund Net Position
For the Year Ended December 31, 2014

	<u>Business-Type Activity Enterprise Fund Convention Center</u>
OPERATING REVENUES	
Charges for services	\$ 1,809,812
TOTAL OPERATING REVENUES	<u>1,809,812</u>
OPERATING EXPENSES	
Contractual expenses	2,153,057
Economic development	180,726
General administration	140,412
Depreciation	<u>342,215</u>
TOTAL OPERATING EXPENSES	<u>2,816,410</u>
OPERATING INCOME (LOSS)	<u>(1,006,598)</u>
NON-OPERATING REVENUES (EXPENSES)	
Sales tax increment	873,124
Interest expense	<u>(266,481)</u>
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>606,643</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	(399,955)
Capital contribution	(132,603)
Transfers in	1,016,839
Transfers out	<u>(124,892)</u>
CHANGE IN NET POSITION	<u>359,389</u>
NET POSITION, BEGINNING OF YEAR	<u>5,128,263</u>
NET POSITION, END OF YEAR	<u><u>\$ 5,487,652</u></u>

Pueblo Urban Renewal Authority
(a component unit of the City of Pueblo, Colorado)
Proprietary Funds
Statement of Cash Flows
For the Year Ended December 31, 2014

	<u>Business-Type Activity Enterprise Fund Convention Center</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 1,847,281
Cash paid for goods and services	<u>(2,371,469)</u>
NET CASH FROM OPERATING ACTIVITIES	<u>(524,188)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Transfers in	1,016,839
Transfers out	(124,892)
Payment received on fund advance	<u>17,864</u>
NET CASH FROM NON-CAPITAL FINANCING ACTIVITIES	<u>909,811</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Sales tax increment received	554,299
Capital expenditures	(54,958)
Interest paid on bonds	(215,198)
Principal paid on bonds	<u>(322,502)</u>
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(38,359)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	347,264
CASH AND CASH EQUIVALENTS	
Beginning of Year	<u>731,567</u>
End of Year	<u>\$ 1,078,831</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES	
Operating income (loss)	\$ (1,006,598)
Depreciation	342,215
(Increase) Decrease in accounts receivable, net	26,909
(Increase) Decrease in inventory	(1,028)
(Increase) Decrease in prepaids	6,343
Increase (Decrease) in accounts payable and accrued expenses	97,411
Increase (Decrease) in deposits	<u>10,560</u>
NET CASH FROM OPERATING ACTIVITIES	<u>\$ (524,188)</u>
NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES	
Contribution of capital assets	\$ 132,603

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

PUEBLO URBAN RENEWAL AUTHORITY
(A COMPONENT UNIT OF THE CITY OF PUEBLO, COLORADO)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

1. Summary of Significant Accounting Policies

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

Reporting Entity

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

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

Government-Wide and Fund Financial Statements

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

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

PUEBLO URBAN RENEWAL AUTHORITY
(A COMPONENT UNIT OF THE CITY OF PUEBLO, COLORADO)
NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2014

1. Summary of Significant Accounting Policies (continued)

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

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

Measurement Focus and Basis of Accounting and Financial Statement Presentation

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

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

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

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

PUEBLO URBAN RENEWAL AUTHORITY
(A COMPONENT UNIT OF THE CITY OF PUEBLO, COLORADO)
NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2014

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 expanded downtown district fund is a special revenue fund used to account for activities within this district's boundaries. Funds are provided by property taxes and intergovernmental revenues and expenditures include economic development and transfers.
- The St. Charles district fund is a special revenue fund used to account for an economic development agreement with a business entity. Funds are provided by property taxes and expenditures consist of economic development payments to the business and other entities.
- The Lake Minnequa district is a special revenue fund used to account for infrastructure improvements in an area in and around Lake Minnequa on behalf of the City. Funds are provided by property taxes and expenditures consist of economic development and transfers.
- Memorial Hall is a capital projects fund used to account for improvements and upgrades to the City's Memorial Hall. The electorate of the City of Pueblo, Colorado approved the issuance of \$10,000,000 of bonds to finance the project. Voter approval included the continuation of the collection of 3.3% of the City's sales and use tax revenues which will provide the on-going revenues to service the bonded debt. Expenditures include economic development and transfers.
- The debt service fund is used to account for and report financial resources that are restricted, committed or assigned to expenditure for principal and interest on certain of the Authority's debt obligations. The primary revenue sources are transfers from other funds.
- Other governmental funds is a summarization of all other governmental funds.

PUEBLO URBAN RENEWAL AUTHORITY
(A COMPONENT UNIT OF THE CITY OF PUEBLO, COLORADO)
NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2014

1. Summary of Significant Accounting Policies (continued)

Proprietary Fund

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

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

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:

- North Pueblo District
- Thunder Village District
- Fountain Creek District

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

Cash and Cash Equivalents and Investments

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

Cash Equivalents

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

Receivables

Receivables include amounts due from customers for services provided and are reported, if necessary, net of an allowance for uncollectible accounts. Receivables also include vendor's fees and property taxes assessed and collected within the Authority's boundaries, along with a note receivable that originated in conjunction with the issuance of the series 2006 bonds and other notes receivable issued in conjunction with an on-going program of the Authority.

PUEBLO URBAN RENEWAL AUTHORITY
 (A COMPONENT UNIT OF THE CITY OF PUEBLO, COLORADO)
NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2014

1. Summary of Significant Accounting Policies (continued)

Inventories and Prepaid Items

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

Capital Assets

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Net interest incurred, if any, during the construction phase of business-type and proprietary fund activities is included as part of the capitalized value of the assets constructed when material. No interest was capitalized during the year ended December 31, 2014.

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

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

Long-Term Obligations

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

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

PUEBLO URBAN RENEWAL AUTHORITY
(A COMPONENT UNIT OF THE CITY OF PUEBLO, COLORADO)
NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2014

1. Summary of Significant Accounting Policies (continued)

Fund Equity

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

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

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

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

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

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

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

PUEBLO URBAN RENEWAL AUTHORITY
(A COMPONENT UNIT OF THE CITY OF PUEBLO, COLORADO)
NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2014

1. Summary of Significant Accounting Policies (continued)

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

Property Taxes

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

Interfund Transactions

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

Estimates

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

New Accounting Pronouncements

GASB issued Statement 68, Accounting and Financial Reporting for Pensions – an Amendment of GASBS 27, in June 2012. GASB 68 improves accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This statement was the result of a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity and creating additional transparency. This statement is effective for years beginning after June 15, 2014 and, at the present time, the effect on the Authority's financial statements is unknown. However, it is anticipated that the application of this statement will require restatement of portions of these financial statements.

PUEBLO URBAN RENEWAL AUTHORITY
 (A COMPONENT UNIT OF THE CITY OF PUEBLO, COLORADO)
NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2014

3. Cash, Cash Equivalents and Investments (continued)

Deposits

At December 31, 2014, the carrying amount of the Authority's deposits was \$2,235,381 and the bank balance was \$2,235,197. Of the bank balance, \$750,000 was covered by federal depository insurance and \$1,485,197 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, 2014, deposits with a bank balance of \$1,485,197 are uninsured but are not exposed to custodial credit risk because they are collateralized with securities held by the pledging financial institution's agent in the Authority's name.

Investments

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

As of December 31, 2014, the Authority had the following investments and maturities:

	<u>Fair Value</u>	<u>Investment maturity less than one year</u>
Money market funds	<u>\$ 2,439,763</u>	<u>\$ 2,439,763</u>
	<u>\$ 2,439,763</u>	<u>\$ 2,439,763</u>

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

PUEBLO URBAN RENEWAL AUTHORITY
(A COMPONENT UNIT OF THE CITY OF PUEBLO, COLORADO)
NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2014

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. As of December 31, 2014, the Authority’s investment in money market funds is rated AAAM by Standard and Poor’s.

4. Receivables

Receivables at December 31, 2014 consist of the following:

	Governmental Activities			
	General Fund	Expanded Downtown District	St. Charles District	Lake Minnequa District
Accounts	\$ 11,713	\$ 1,854	\$ -	\$ 176,474
Vendors fee	-	-	-	-
Property taxes	-	536,231	3,163,118	428,995
Notes	41,872	6,941,754	-	5,220
Interest	-	2,576	-	-
	<u>\$ 53,585</u>	<u>\$ 7,482,415</u>	<u>\$ 3,163,118</u>	<u>\$ 610,689</u>
Amounts not scheduled for collection during subsequent year	<u>\$ 33,915</u>	<u>\$ 6,927,555</u>	<u>\$ -</u>	<u>\$ 4,097</u>

	Governmental Activities		
	Memorial Hall	Other Governmental Funds	Total
Accounts	\$ -	\$ -	\$ 190,041
Vendors fee	310,571	-	310,571
Property taxes	-	185,227	4,313,571
Notes	-	23,362	7,012,208
Interest	-	-	2,576
	<u>\$ 310,571</u>	<u>\$ 208,589</u>	<u>\$11,828,967</u>
Amounts not scheduled for collection during subsequent year	<u>\$ -</u>	<u>\$ 21,084</u>	<u>\$ 6,986,651</u>

PUEBLO URBAN RENEWAL AUTHORITY
(A COMPONENT UNIT OF THE CITY OF PUEBLO, COLORADO)
NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2014

4. Receivables (continued)

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

5. Advance to/from Other Funds and Transfers

The following table summarizes advances to/from other funds at December 31, 2014:

	Advances to Other Funds	Advances from Other Funds
Major governmental funds -		
Advance due Expanded Downtown District	\$ 18,601	-
Advance due Lake Minnequa District	115,924	-
Advance from Memorial Hall	-	112,311
Advance from General Fund	-	115,924
Nonmajor governmental funds -		
Advances from Fountain Creek District	-	18,601
	134,525	246,836
Major enterprise fund -		
Advance due Convention Center	112,311	-
	112,311	-
	\$ 246,836	\$ 246,836

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

PUEBLO URBAN RENEWAL AUTHORITY
(A COMPONENT UNIT OF THE CITY OF PUEBLO, COLORADO)
NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2014

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

Transfers for the year ended December 31, 2014 are as follows:

	Transfers in	Transfers out
Governmental funds -		
General Fund	\$ 639,610	42,133
Expanded Downtown District	-	944,244
St. Charles District	-	107,583
Lake Minnequa District	-	424,069
Memorial Hall	-	1,545,102
Debt Service	1,841,442	-
Other governmental funds	<u>42,133</u>	<u>352,001</u>
Total governmental funds	<u>2,523,185</u>	<u>3,415,132</u>
Enterprise fund -		
Pueblo Convention Center	<u>891,947</u>	-
Total enterprise fund	<u>891,947</u>	-
	<u>\$ 3,415,132</u>	<u>\$ 3,415,132</u>

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

6. Due from/to Primary Government

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

Governmental activities –	
Due from City of Pueblo, Colorado for Lake Minnequa infrastructure costs	<u>\$ 176,474</u>
Due to City of Pueblo, Colorado for –	
Parking garage expenses	\$ 80,381
Payments on Dillon Flyover Loan	205,676
1601 study	<u>496,333</u>
	<u>\$ 782,390</u>

The amount reported as due from the City of Pueblo, Colorado has been classified as a deferred inflow of resources in the balance sheet of the governmental funds. In addition, the obligation to the City of Pueblo, Colorado for the 1601 study is serviced by the debt service fund.

PUEBLO URBAN RENEWAL AUTHORITY
(A COMPONENT UNIT OF THE CITY OF PUEBLO, COLORADO)
NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2014

6. Due from/to Primary Government (continued)

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

	Balance January 1, 2014	Additions	Deletions	Balance December 31, 2014	Due Within One Year
Governmental activities:					
Accounts payable for					
Parking garage expenses	\$ 84,392	\$ 80,381	\$ (84,392)	\$ 80,381	\$ 80,381
Dillon Loan payments	-	205,676	-	205,676	205,676
Accounts payable for 1601 study	<u>422,935</u>	<u>73,398</u>	<u>-</u>	<u>496,333</u>	<u>496,333</u>
	<u>\$ 507,327</u>	<u>\$ 359,455</u>	<u>\$ (84,392)</u>	<u>\$ 782,390</u>	<u>\$ 782,390</u>

The above reported obligation that relates to the parking garage is the result of a letter of understanding between the Authority and the City whereby the Authority and the City share the net costs of the parking facility that is owned by Pueblo Main Street Garage Corporation (a component unit of the City).

7. Capital Assets

Capital assets for the year ended December 31, 2014 were as follows:

	Balance January 1, 2014	Additions	Conveyances or Retirements	Balance December 31, 2014
Governmental activities:				
Non-depreciable assets:				
Land	<u>\$ 914,726</u>	<u>\$ 3,560</u>	<u>\$ -</u>	<u>\$ 918,286</u>
Total non-depreciable assets	<u>914,726</u>	<u>3,560</u>	<u>-</u>	<u>918,286</u>
Depreciable assets:				
Buildings	401,273	-	-	401,273
Furniture and fixtures	<u>37,244</u>	<u>-</u>	<u>(480)</u>	<u>36,764</u>
Total depreciable assets	<u>438,517</u>	<u>-</u>	<u>(480)</u>	<u>438,037</u>
Less Accumulated depreciation for:				
Buildings	(20,064)	(8,026)	-	(28,090)
Furniture and fixtures	<u>(19,588)</u>	<u>(7,927)</u>	<u>240</u>	<u>(27,275)</u>
Total accumulated depreciation	<u>(39,652)</u>	<u>(15,953)</u>	<u>240</u>	<u>(55,365)</u>
Depreciable assets, net	<u>398,865</u>	<u>(15,953)</u>	<u>(240)</u>	<u>382,672</u>
Governmental activities assets, net	<u>\$ 1,313,591</u>	<u>\$ (12,393)</u>	<u>\$ (240)</u>	<u>\$ 1,300,958</u>

PUEBLO URBAN RENEWAL AUTHORITY
(A COMPONENT UNIT OF THE CITY OF PUEBLO, COLORADO)
NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2014

7. Capital Assets (continued)

	Balance January 1, 2014	Additions	Conveyances or Retirements	Balance December 31, 2014
Business-type activities:				
Non-depreciable assets:				
Land	\$ 458,697	\$ -	\$ (132,603)	\$ 326,094
Medal of honor memorial	<u>295,097</u>	<u>-</u>	<u>-</u>	<u>295,097</u>
Total non-depreciable assets	<u>753,794</u>	<u>-</u>	<u>(132,603)</u>	<u>621,191</u>
Depreciable assets:				
Buildings	9,594,392	-	-	9,594,392
Improvements	1,318,332	17,202	-	1,335,534
Furniture and fixtures	<u>1,156,964</u>	<u>37,754</u>	<u>(4,814)</u>	<u>1,189,904</u>
Total depreciable assets	<u>12,069,688</u>	<u>54,956</u>	<u>(4,814)</u>	<u>12,119,830</u>
Less Accumulated depreciation for:				
Buildings	(3,065,348)	(191,663)	-	(3,257,011)
Improvements	(614,409)	(94,809)	-	(709,218)
Furniture and fixtures	<u>(949,493)</u>	<u>(55,741)</u>	<u>4,814</u>	<u>(1,000,420)</u>
Total accumulated depreciation	<u>(4,629,250)</u>	<u>(342,213)</u>	<u>4,814</u>	<u>(4,966,649)</u>
Depreciable assets, net	<u>7,440,438</u>	<u>(287,257)</u>	<u>-</u>	<u>7,153,181</u>
Business-type activities assets, net	<u>\$ 8,194,232</u>	<u>\$ (287,257)</u>	<u>\$ (132,603)</u>	<u>\$ 7,774,372</u>

Depreciation expense was charged to functions/programs as follows:

Governmental activities –	
General government	<u>\$ 15,953</u>
Total depreciation expense – governmental activities	<u>\$ 15,953</u>
Business-type activities –	
Pueblo Convention Center	<u>\$ 342,213</u>
Total depreciation expense – business-type activities	<u>\$ 342,213</u>

PUEBLO URBAN RENEWAL AUTHORITY
(A COMPONENT UNIT OF THE CITY OF PUEBLO, COLORADO)
NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2014

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, 2014:

	Balance January 1, 2014	Additions	Payments/ Reductions	Balance December 31, 2014	Due Within One Year
Governmental activities:					
Revenue bonds, Series 2006	\$ 8,301,000	\$ -	\$ (339,000)	\$ 7,962,000	\$ 376,000
Unamortized premium	<u>84,132</u>	<u>-</u>	<u>(5,399)</u>	<u>78,733</u>	<u>-</u>
	<u>8,385,132</u>	<u>-</u>	<u>(344,399)</u>	<u>8,040,733</u>	<u>376,000</u>
Improvement revenue bonds, Series 2011B	10,000,000	-	-	10,000,000	-
Unamortized premium	<u>248,175</u>	<u>-</u>	<u>(9,927)</u>	<u>238,248</u>	<u>-</u>
	<u>10,248,175</u>	<u>-</u>	<u>(9,927)</u>	<u>10,238,248</u>	<u>-</u>
Bank note – Lake Ave.	2,905,000	-	(100,000)	2,805,000	105,000
Bank note – Office Condo	237,356	-	(9,805)	227,551	10,135
Bank note – Dillon Flyover	450,000	-	(311,204)	138,796	138,796
Compensated absences	<u>7,807</u>	<u>15,831</u>	<u>(17,904)</u>	<u>5,734</u>	<u>5,734</u>
Total governmental activities	<u>\$22,233,470</u>	<u>\$ 15,831</u>	<u>\$ (793,239)</u>	<u>\$21,456,062</u>	<u>\$ 635,665</u>

All of the above obligations, with the exception of the bank note with an outstanding balance of \$227,551 at December 31, 2014 and the compensated absences liability, are serviced by the debt service fund. The bank note and the compensated absences liability are serviced by the general fund.

	Balance January 1, 2014	Additions	Payments/ Reductions	Balance December 31, 2014	Due Within One Year
Business-type activities:					
Taxable refunding revenue bonds, Series 2011A	\$ 740,000	\$ -	\$ (300,000)	\$ 440,000	\$ 315,000
Tax-exempt refunding revenue bonds, Series 2011B	3,890,000	-	-	3,890,000	-
Unamortized premium	<u>337,530</u>	<u>-</u>	<u>(22,502)</u>	<u>315,028</u>	<u>22,502</u>
Total governmental activities	<u>\$ 4,967,530</u>	<u>\$ -</u>	<u>\$ (322,502)</u>	<u>\$ 4,645,028</u>	<u>\$ 337,502</u>

PUEBLO URBAN RENEWAL AUTHORITY
(A COMPONENT UNIT OF THE CITY OF PUEBLO, COLORADO)
NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2014

8. Long-Term Liabilities (continued)

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

Revenue Bonds, Series 2006

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

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

Improvement Revenue Bonds, Series 2011B

The series 2011B improvement revenue bond issue totaling \$10,000,000 was consummated in June, 2011 for the purpose of providing funds for the remodeling and restoring of the historic Memorial Hall which is within the expanded downtown district. Interest on the bonds range from 2.50% to 5.25%, and payments are due in annual installments ranging from \$528,263 to \$1,068,688, including interest, through December 2038. The series 2011B improvement revenue bonds are special limited obligations of the Authority. Interest and principal are payable from the proceeds of the pledged revenue which consists of 3.3% of the City of Pueblo's sales and use tax collections.

Bank Note – Lake Avenue

The bank note issue of \$3,000,000 (series 2011 bonds) was issued in March 2011 to provide funds for the construction of certain infrastructure and other improvements in the Lake Minnequa District. The note carries an interest rate of 4.5%, and payments are due in annual installments of principal and interest ranging from \$230,000 to \$271,700, through December 2029. Interest and principal on this note is payable from the pledged incremental property taxes generated within the Lake Minnequa district.

Bank Note – Office Condo

The bank note of \$256,000 bank note for purchase of office space carries an interest rate indexed at 2 points over 5 year LIBOR/swap rate, and is payable in monthly installments of \$1,462 through December 2016. Upon maturity, the note is due in full, which is estimated at \$207,861. The note is secured by real estate with a carrying value of \$373,183 at December 31, 2014.

PUEBLO URBAN RENEWAL AUTHORITY
(A COMPONENT UNIT OF THE CITY OF PUEBLO, COLORADO)
NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2014

8. Long-Term Liabilities (continued)

Bank Note – Dillon Flyover

The multi-draw term bank note of \$4,000,000 was issued in December, 2013 to provide assistance for the construction of the Dillon flyover infrastructure project together with other improvements in the North Pueblo district. The note carries an interest rate of 3.95% and is due in annual installments of \$327,942 in principal and interest. Interest and principal on this note is payable from the pledged incremental property taxes generated within the North Pueblo district.

In connection with this note, the Authority entered into an agreement with the City of Pueblo, which allows for the City, at its discretion, to fund any shortfalls in the Authority’s ability to make debt service payments from pledged incremental property taxes. The agreement provides that if the North Pueblo district eventually provides the Authority with a surplus of incremental property taxes, the Authority will repay the shortfall payments made by the City, along with 5% of simple interest. During 2014, the City paid \$204,667 in debt service shortfall and \$1,009 in accrued interest was recognized.

Bank Line of Credit

The Authority held a \$100,000 bank line of credit note that expired in April 2014, with an interest rate of the prime rate announced by the bank. The line of credit had a zero balance at December 31, 2014.

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

	<u>Revenue Bonds</u>		<u>Notes Payable</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2015	\$ 376,000	\$ 907,512	\$ 253,931	\$ 139,113
2016	598,000	890,593	352,416	128,583
2017	502,000	860,633	145,000	115,425
2018	522,000	836,509	150,000	108,900
2019	548,000	811,431	160,000	102,150
2020-2024	3,188,000	3,631,979	930,000	395,102
2025-2029	4,738,000	2,771,075	1,180,000	164,251
2030-2034	3,730,000	1,600,150	-	-
2035-2038	3,760,000	505,840	-	-
	<u>\$17,962,000</u>	<u>\$12,815,722</u>	<u>\$ 3,171,347</u>	<u>\$ 1,153,524</u>

PUEBLO URBAN RENEWAL AUTHORITY
 (A COMPONENT UNIT OF THE CITY OF PUEBLO, COLORADO)
NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2014

8. Long-Term Liabilities (continued)

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

On June 29, 2011, the Authority issued the revenue refunding bonds described below, which carry an average interest rate of 5.19%, to advance refund the Authority's then outstanding refunding series 2005 bonds totaling \$5,245,000 which carried an average interest rate of 3.75%. The net proceeds of \$5,746,274 were used to purchase U.S. government securities that were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 2005 series refunding bonds. As a result, the 2005 series refunding bonds are considered defeased and the liability for these bonds has been removed from the financial statements of the enterprise fund and the business-type activity. The balance outstanding at December 31, 2014 on the aforementioned series 2005 refunding bonds was \$3,200,000.

The bonds are special limited obligations, payable from pledged revenues, which consist of 3.3% portion of the total City of Pueblo, Colorado sales and use tax collections that have been pledged to the Authority for payment of debt service on the bonds.

Taxable Revenue Refunding Bonds, Series 2011A

The total amount issued under the taxable revenue refunding bonds series 2011A was \$1,590,000, with an interest rate of 5.00%. The bonds are payable in annual installments ranging from \$131,250 to \$337,000, including principal and interest through December 2016.

Tax-Exempt Refunding Bonds, Series 2011B

The total amount issued under the tax-exempt refunding bonds series 2011B was \$3,890,000, with interest rates ranging from 2.50% to 5.5%. The bonds are payable in annual installments ranging from \$200,700 to \$465,125, including principal and interest through December 2028.

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

	Principal	Interest
2015	\$ 315,000	\$ 222,700
2016	125,000	206,950
2017	255,000	200,700
2018	275,000	187,950
2019	285,000	174,200
2020-2024	1,640,000	643,500
2025-2028	<u>1,435,000</u>	<u>175,090</u>
	<u>\$ 4,330,000</u>	<u>\$ 1,811,090</u>

PUEBLO URBAN RENEWAL AUTHORITY
(A COMPONENT UNIT OF THE CITY OF PUEBLO, COLORADO)
NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2014

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

Debt service and district projects	<u>\$ 3,884,084</u>
Regional tourism projects	<u>\$ 1,068,832</u>

10. Fund Balances

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

	<u>General Fund</u>	<u>South Santa Fe District</u>	<u>Union Avenue District</u>	<u>Combined General Fund</u>
Fund balance, January 1, 2014	\$ (9,589)	\$ 174	\$ (75,588)	\$ (85,003)
Revenues and other financing sources:				
Charges for services	140,413	-	-	140,413
Interest	44	-	-	44
Other	33,512	-	594	34,106
Transfers in	<u>639,610</u>	<u>-</u>	<u>-</u>	<u>639,610</u>
Total revenues and other financing sources	<u>813,579</u>	<u>-</u>	<u>594</u>	<u>814,173</u>
Expenditures and other financing uses:				
General government	558,632	174	-	558,806
Economic development	114,557	-	11,566	126,123
Principal	9,805	-	-	9,805
Interest	13,108	-	-	13,018
Transfers out	<u>42,133</u>	<u>-</u>	<u>-</u>	<u>42,133</u>
Total expenditures and other financing uses	<u>738,145</u>	<u>174</u>	<u>11,566</u>	<u>749,885</u>
Fund balance, December 31, 2014	<u>\$ 65,845</u>	<u>\$ -</u>	<u>\$ (86,560)</u>	<u>\$ (20,715)</u>

PUEBLO URBAN RENEWAL AUTHORITY
(A COMPONENT UNIT OF THE CITY OF PUEBLO, COLORADO)
NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2014

11. Risk Management

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.

12. Employee Benefits

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

The Authority is required to contribute member and employer contributions to PERA at a rate set by statute. The contribution requirements of plan members and the Authority are established under Title 24, article 51, part 4 of the CRS, as amended. The contribution rate for members is 8.0% and for the Authority it is 10.0% of covered salary. A portion of the Authority's contribution (1.02% of covered salary) is allocated to the Health Care Trust Fund. The Authority is also required to pay an amortization equalization disbursement (AED) equal to 2.20% of total payroll for the calendar year 2014. Additionally, the Authority is required to pay a supplemental amortization equalization disbursement (SAED) equal to 1.50% of total payroll for the calendar year 2014. If the Authority rehires a PERA retiree as an employee or under any other work arrangement, the Authority is required to report and pay the employer contribution rate, the AED and the SAED on the amounts paid for the retiree; however, no member contributions are required. For the years ended December 31, 2014, the Authority's employer contributions to the LGDTF was \$29,126, equal to their required contributions for each year.

13. Post-Employment Benefits

The Authority contributes to the Health Care Trust Fund (HCTF), a cost-sharing, multiple-employer health care trust administered by PERA. The HCTF provides a health care premium subsidy to PERA participating benefit recipients and their eligible beneficiaries. Title 24, article 51, part 12 of the CRS, as amended, assigns the authority to establish the HCTF benefit provisions to the state legislature. PERA issues a publicly available annual financial report that includes financial statements and required supplementary information for the HCTF.

PUEBLO URBAN RENEWAL AUTHORITY
(A COMPONENT UNIT OF THE CITY OF PUEBLO, COLORADO)
NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2014

13. Post-Employment Benefits (continued)

That report may be obtained online at www.copera.org or by writing to Colorado PERA, 1300 Logan Street, Denver, Colorado 80203, or by calling PERA at 393-832-9550 or 1-800-759-PERA (7372).

The Authority is required to contribute at a rate of 1.02 percent of covered salary for all PERA members as set by statute and no member contributions are required. The contribution requirements for the Authority are established under Title 24, article 51, part 4 of the CRS, as amended. The apportionment of the contribution to the HCTF is established under Title 24, article 51, section 208 of the CRS, as amended. For the year ended December 31, 2014, the Authority's employer contribution to the HCTF was \$2,474, equal to their required contributions for each year.

14. Related Party Transactions

On a monthly basis, the City remits 3.3% of its sales and use tax collections to the trustee for debt service on the series 2011A and 2011B refunding and improvement bonds. A portion of these monthly collections is allocated by the trustee for operations and maintenance and debt service of the Authority's convention center. The revenue recognized from these transactions totaled \$1,714,189 for the year ended December 31, 2014 and is reported in the caption "vendor's fee" in the accompanying financial statements.

15. Commitments and Contingencies

The Authority entered into an agreement with Thunder Village Metropolitan District (the District) which provides that the Authority will reimburse the District for the costs of certain public improvements. As of December 31, 2014, the District has submitted approximately \$7,050,000 of reimbursement requests to the Authority. The Authority's obligation, however, is limited to the amount of actual tax increment revenues generated within the project taxing area until 2032.

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

PUEBLO URBAN RENEWAL AUTHORITY
(A COMPONENT UNIT OF THE CITY OF PUEBLO, COLORADO)
NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2014

15. Commitments and Contingencies (continued)

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. As required by the resolution and agreement, the Authority has established a special fund to receive these funds and, as outlined under generally accepted accounting principles, this special fund has been combined with the Authority's convention center enterprise fund for financial reporting purposes. For the year ended December 31, 2014, the Authority received sales tax increment revenues of \$873,124.

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

REQUIRED SUPPLEMENTARY INFORMATION

Pueblo Urban Renewal Authority
(a component unit of the City of Pueblo, Colorado)
General Fund
Schedule of Revenues, Expenditures
and Changes in Fund Balances—Budget and Actual
For the Year Ended December 31, 2014

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL		FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Charges for services	\$ 140,413	\$ 140,413	\$ 139,820	\$ (593)
Interest	200	200	44	(156)
Other	3,508	3,508	34,106	30,598
TOTAL REVENUES	144,121	144,121	173,970	29,849
EXPENDITURES				
Current:				
General Government	531,496	531,496	559,286	(27,790)
Economic development	148,068	148,068	110,823	37,245
Debt service	22,500	22,500	22,823	(323)
Capital outlay	-	-	3,080	(3,080)
TOTAL EXPENDITURES	702,064	702,064	696,012	6,052
OTHER FINANCING SOURCES AND USES				
Transfers in	558,093	558,093	639,610	81,517
Transfers out	-	-	(42,133)	42,133
TOTAL OTHER FINANCING SOURCES AND USES	558,093	558,093	597,477	123,650
NET CHANGE IN FUND BALANCE	\$ 150	\$ 150	75,435	\$ 75,285
FUND BALANCES, BEGINNING OF YEAR			(9,589)	
FUND BALANCES, END OF YEAR			\$ 65,846	
GAAP ADJUSTMENTS				
Consolidation of the South Santa Fe District Fund			-	
Consolidation of the Union Avenue District Fund			(86,561)	
FUND BALANCE - GAAP BASIS			\$ (20,715)	

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

Pueblo Urban Renewal Authority
(a component unit of the City of Pueblo, Colorado)
Reconciliation of the Budgetary Basis of Accounting
to GAAP Basis of Accounting
General Fund
For the Year Ended December 31, 2014

Budgetary Basis

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

REVENUES AND OTHER FINANCING SOURCES

Actual amounts (budgetary basis) of revenues and other financing sources from the budgetary comparison schedule	<u>\$ 813,580</u>
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Differences - budget to GAAP

Revenues and other financing sources from the South Santa Fe District fund which is consolidated with the general fund for GAAP reporting purposes	-
Revenues and other financing sources from the Union Avenue District fund which is consolidated with the general fund for GAAP reporting purposes	<u>593</u>

GAAP basis revenues and other financing sources	<u><u>\$ 814,173</u></u>
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EXPENDITURES AND OTHER FINANCING USES

Actual amounts (budgetary basis) of expenditures and other financing uses from the budgetary comparison schedule	<u>738,145</u>
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Differences - budget to GAAP

Expenditures and other financing uses from the South Santa Fe District fund which is consolidated with the general fund for GAAP reporting purposes	174
Expenditures and other financing uses from the Union Avenue District fund which is consolidated with the general fund for GAAP reporting purposes	<u>11,566</u>

GAAP basis expenditures and other financing uses	<u><u>\$ 749,885</u></u>
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The accompanying notes are an integral part of these financial statements.

Pueblo Urban Renewal Authority
(a component unit of the City of Pueblo, Colorado)
Expanded Downtown District
Schedule of Revenues, Expenditures
and Changes in Fund Balances—Budget and Actual
For the Year Ended December 31, 2014

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Property taxes	\$ 722,203	\$ 722,203	\$ 707,809	\$ (14,394)
Intergovernmental	301,805	301,805	301,805	-
Charges for services	7,416	7,416	7,417	1
Interest	10,320	10,320	94,127	83,807
Miscellaneous	5,000	5,000	9,512	4,512
Prior year carryover	100,000	100,000	-	(100,000)
TOTAL REVENUES	1,146,744	1,146,744	1,120,670	(26,074)
EXPENDITURES				
Current:				
General government	122,500	122,500	82,712	39,788
Economic development	80,000	80,000	79,990	10
Debt service	754,512	754,512	754,512	-
TOTAL EXPENDITURES	957,012	957,012	917,214	39,798
FINANCING SOURCES AND USES				
Transfers out	(189,732)	(189,732)	(189,732)	-
TOTAL FINANCING SOURCES AND USES	(189,732)	(189,732)	(189,732)	-
NET CHANGE IN FUND BALANCE	\$ -	\$ -	13,724	\$ 13,724
FUND BALANCE, BEGINNING OF YEAR			574,785	
FUND BALANCE, END OF YEAR			\$ 588,509	

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

Pueblo Urban Renewal Authority
(a component unit of the City of Pueblo, Colorado)
St. Charles District
Schedule of Revenues, Expenditures
And Changes in Fund Balances—Budget and Actual
For the Year Ended December 31, 2014

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	VARIANCE WITH
	<u>ORIGINAL</u>	<u>FINAL</u>		FINAL BUDGET
				POSITIVE
				(NEGATIVE)
REVENUES:				
Property taxes	\$ 3,080,701	\$ 3,080,701	\$ 3,013,294	\$ (67,407)
Interest	-	-	11	11
TOTAL REVENUES	<u>3,080,701</u>	<u>3,080,701</u>	<u>3,013,305</u>	<u>(67,396)</u>
EXPENDITURES				
Current:				
Economic development	<u>2,973,118</u>	<u>2,973,118</u>	<u>2,905,712</u>	<u>67,406</u>
TOTAL EXPENDITURES	<u>2,973,118</u>	<u>2,973,118</u>	<u>2,905,712</u>	<u>67,406</u>
OTHER FINANCING SOURCES AND USES				
Transfers out	<u>(107,583)</u>	<u>(107,583)</u>	<u>(107,583)</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES AND USES	<u>(107,583)</u>	<u>(107,583)</u>	<u>(107,583)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	10	<u>\$ 10</u>
FUND BALANCE, BEGINNING OF YEAR			<u>32</u>	
FUND BALANCE, END OF YEAR			<u>\$ 42</u>	

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

Pueblo Urban Renewal Authority
(a component unit of the City of Pueblo, Colorado)
Lake Minnequa District
Schedule of Revenues, Expenditures
And Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2014

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>(NEGATIVE)</u>
REVENUES				
Property taxes	\$ 424,014	\$ 424,014	\$ 414,118	\$ (9,896)
Intergovernmental	-	-	88,158	88,158
Interest	-	-	526	526
Other	1,200	1,200	-	(1,200)
Prior year carryover	<u>60,000</u>	<u>60,000</u>	-	<u>(60,000)</u>
TOTAL REVENUES	<u>485,214</u>	<u>485,214</u>	<u>502,802</u>	<u>17,588</u>
EXPENDITURES				
Current:				
Economic development	15,000	15,000	12,749	2,251
Debt service	<u>276,870</u>	<u>276,870</u>	<u>230,725</u>	<u>46,145</u>
TOTAL EXPENDITURES	<u>291,870</u>	<u>291,870</u>	<u>243,474</u>	<u>48,396</u>
OTHER FINANCING SOURCES AND USES				
Transfers out	<u>(193,344)</u>	<u>(193,344)</u>	<u>(193,344)</u>	-
TOTAL OTHER FINANCING SOURCES AND USES	<u>(193,344)</u>	<u>(193,344)</u>	<u>(193,344)</u>	-
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	65,984	<u>\$ 65,984</u>
FUND BALANCE, BEGINNING OF YEAR			<u>527,264</u>	
FUND BALANCE, END OF YEAR			<u>\$ 593,248</u>	

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

PUEBLO URBAN RENEWAL AUTHORITY
(A COMPONENT UNIT OF THE CITY OF PUEBLO, COLORADO)
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2014

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 2014 budget was amended for additional expenditures.

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

OTHER SUPPLEMENTARY INFORMATION

Pueblo Urban Renewal Authority
(a component unit of the City of Pueblo, Colorado)
Combining Balance Sheet
Other Governmental Funds
December 31, 2014

	SPECIAL REVENUE FUNDS			TOTALS
	NORTH PUEBLO DISTRICT	THUNDER VILLAGE DISTRICT	FOUNTAIN CREEK DISTRICT	
ASSETS				
Cash and cash equivalents	\$ 10,037	\$ 15	\$ 16,341	\$ 26,393
Restricted cash and cash equivalents	378,020	-	-	378,020
Property taxes receivable	176,489	6,449	2,289	185,227
Notes receivable	-	-	23,362	23,362
TOTAL ASSETS	<u>564,546</u>	<u>6,464</u>	<u>41,992</u>	<u>613,002</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Advance from other funds	-	-	18,601	18,601
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>18,601</u>	<u>18,601</u>
DEFERRED INFLOWS OF RESOURCES				
Property taxes	<u>176,489</u>	<u>6,449</u>	<u>2,289</u>	<u>185,227</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>176,489</u>	<u>6,449</u>	<u>20,890</u>	<u>203,828</u>
FUND BALANCES				
Restricted	<u>388,057</u>	<u>15</u>	<u>21,102</u>	<u>409,174</u>
TOTAL FUND BALANCES	<u>388,057</u>	<u>15</u>	<u>21,102</u>	<u>409,174</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 564,546</u>	<u>\$ 6,464</u>	<u>\$ 41,992</u>	<u>\$ 613,002</u>

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

Pueblo Urban Renewal Authority
(a component unit of the City of Pueblo, Colorado)
Other Governmental Funds
Combining Statement of Revenues, Expenditures
And Changes in Fund Balance
For the Year Ended December 31, 2014

	SPECIAL REVENUE FUNDS			
	NORTH PUEBLO DISTRICT	THUNDER VILLAGE DISTRICT	FOUNTAIN CREEK DISTRICT	TOTALS
REVENUES				
Property taxes	\$ 144,700	\$ 4,708	\$ 3,696	\$ 153,104
Intergovernmental	204,667	-	-	204,667
Interest	374	-	111	485
Miscellaneous	-	-	134	134
TOTAL REVENUES	349,741	4,708	3,941	358,390
EXPENDITURES				
Current:				
Economic development	16	2,354	16,093	18,463
TOTAL EXPENDITURES	16	2,354	16,093	18,463
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	349,725	2,354	(12,152)	339,927
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	42,133	42,133
Transfers out	(349,647)	(2,354)	-	(352,001)
TOTAL OTHER FINANCING SOURCES (USES)	(349,647)	(2,354)	42,133	(309,868)
NET CHANGE IN FUND BALANCE	78	-	29,981	30,059
FUND BALANCE, BEGINNING OF YEAR	387,979	15	(8,879)	379,115
FUND BALANCE, END OF YEAR	\$ 388,057	\$ 15	\$ 21,102	\$ 409,174

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

Pueblo Urban Renewal Authority
(a component unit of the City of Pueblo, Colorado)
South Santa Fe District
Schedule of Revenues, Expenditures
And Changes in Fund Balance—Budget and Actual
For the Year Ended December 31, 2014

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	VARIANCE WITH
	<u>ORIGINAL</u>	<u>FINAL</u>		FINAL BUDGET
				POSITIVE
				(NEGATIVE)
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
Prior year carryover	<u>174</u>	<u>174</u>	<u>-</u>	<u>(174)</u>
TOTAL REVENUES	<u>174</u>	<u>174</u>	<u>-</u>	<u>(174)</u>
EXPENDITURES				
Miscellaneous expenses	<u>-</u>	<u>174</u>	<u>174</u>	<u>-</u>
TOTAL EXPENDITURES	<u>-</u>	<u>174</u>	<u>174</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ 174</u>	<u>\$ -</u>	<u>\$ (174)</u>	<u>\$ (174)</u>
FUND BALANCE, BEGINNING OF YEAR			<u>174</u>	
FUND BALANCE, END OF YEAR			<u><u>\$ -</u></u>	

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

Pueblo Urban Renewal Authority
(a component unit of the City of Pueblo, Colorado)
North Pueblo District
Schedule of Revenues, Expenditures
And Changes in Fund Balance—Budget and Actual
For the Year Ended December 31, 2014

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>(NEGATIVE)</u>
REVENUES				
Property taxes	\$ 147,567	\$ 147,567	\$ 144,700	\$ (2,867)
Intergovernmental	225,000	225,000	204,667	(20,333)
Interest	-	-	374	374
Prior year carryover	<u>3,600,000</u>	<u>3,600,000</u>	<u>-</u>	<u>(3,600,000)</u>
TOTAL REVENUES	<u>3,972,567</u>	<u>3,972,567</u>	<u>349,741</u>	<u>(3,622,826)</u>
EXPENDITURES				
Economic development	20,432	20,432	16	20,416
Debt service	330,000	330,000	327,942	2,058
Capital outlay	<u>3,600,000</u>	<u>3,600,000</u>	<u>-</u>	<u>3,600,000</u>
TOTAL EXPENDITURES	<u>3,950,432</u>	<u>3,950,432</u>	<u>327,958</u>	<u>3,622,474</u>
TOTAL FINANCING SOURCES AND USES				
Transfers out	<u>(22,135)</u>	<u>(22,135)</u>	<u>(21,705)</u>	<u>(430)</u>
TOTAL FINANCING SOURCES AND USES	<u>(22,135)</u>	<u>(22,135)</u>	<u>(21,705)</u>	<u>(430)</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 78</u>	<u>\$ 78</u>
FUND BALANCE, BEGINNING OF YEAR			<u>387,979</u>	
FUND BALANCE, END OF YEAR			<u>\$ 388,057</u>	

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

Pueblo Urban Renewal Authority
(a component unit of the City of Pueblo, Colorado)
Thunder Village District
Schedule of Revenues, Expenditures
And Changes in Fund Balance—Budget and Actual
For the Year Ended December 31, 2014

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Property taxes	\$ 4,814	\$ 4,814	\$ 4,708	\$ (106)
TOTAL REVENUES	4,814	4,814	4,708	(106)
EXPENDITURES				
Current:				
Economic development	2,407	2,407	2,354	53
TOTAL EXPENDITURES	2,407	2,407	2,354	53
FINANCING SOURCES AND USES				
Transfers out	(2,407)	(2,407)	(2,354)	(53)
TOTAL FINANCING SOURCES AND USES	(2,407)	(2,407)	(2,354)	(53)
NET CHANGE IN FUND BALANCE	\$ -	\$ -	\$ -	\$ -
FUND BALANCE, BEGINNING OF YEAR			15	
FUND BALANCE, END OF YEAR			\$ 15	

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

Pueblo Urban Renewal Authority
(a component unit of the City of Pueblo, Colorado)
Fountain Creek District
Schedule of Revenues, Expenditures
And Changes in Fund Balance—Budget and Actual
For the Year Ended December 31, 2014

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL BUDGET</u>
				<u>POSITIVE</u>
REVENUES				
Property taxes	\$ 3,796	\$ 3,796	\$ 3,696	\$ (100)
Interest	-	-	111	111
Miscellaneous	-	-	134	134
TOTAL REVENUES	<u>3,796</u>	<u>3,796</u>	<u>3,941</u>	<u>145</u>
EXPENDITURES				
Current:				
Economic development	<u>3,796</u>	<u>16,096</u>	<u>16,093</u>	<u>3</u>
TOTAL EXPENDITURES	<u>3,796</u>	<u>16,096</u>	<u>16,093</u>	<u>3</u>
FINANCING SOURCES AND USES				
Transfers in	-	-	42,133	42,133
TOTAL FINANCING SOURCES AND USES	<u>-</u>	<u>-</u>	<u>42,133</u>	<u>42,133</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ (12,300)</u>	<u>\$ 29,981</u>	<u>\$ 42,281</u>
FUND BALANCE, BEGINNING OF YEAR			<u>(8,879)</u>	
FUND BALANCE, END OF YEAR			<u>\$ 21,102</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)
Union Avenue District
Schedule of Revenues, Expenditures
And Changes in Fund Balance—Budget and Actual
For the Year Ended December 31, 2014

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		(NEGATIVE)
REVENUES				
Interest	\$ 8,508	\$ 8,508	\$ 593	\$ (7,915)
Prior year carryover	33,000	33,000	-	(33,000)
TOTAL REVENUES	41,508	41,508	593	(40,915)
EXPENDITURES				
Current:				
Economic development	8,508	8,508	11,566	(3,058)
Capital outlay	33,000	33,000	-	33,000
TOTAL EXPENDITURES	41,508	41,508	11,566	29,942
NET CHANGE IN FUND BALANCE	\$ -	\$ -	\$ (10,973)	\$ (10,973)
FUND BALANCE, BEGINNING OF YEAR			(75,588)	
FUND BALANCE, END OF YEAR			\$ (86,561)	

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

Pueblo Urban Renewal Authority
(a component unit of the City of Pueblo, Colorado)
Memorial Hall
Schedule of Revenues, Expenditures
And Changes in Fund Balance—Budget and Actual
For the Year Ended December 31, 2014

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>(NEGATIVE)</u>
REVENUES				
Vendors fees	\$ 1,692,134	\$ 1,692,134	\$ 1,714,189	\$ 22,055
Interest	300	300	244	(56)
Miscellaneous	-	-	416	416
Prior year carryover	<u>196,615</u>	<u>196,615</u>	-	<u>(196,615)</u>
TOTAL REVENUES	<u>1,889,049</u>	<u>1,889,049</u>	<u>1,714,849</u>	<u>(174,200)</u>
EXPENDITURES				
Current:				
Economic development	196,615	196,615	46,775	149,840
Trustee fees	3,000	3,000	-	3,000
Debt service	<u>1,555,793</u>	<u>1,555,793</u>	<u>1,545,102</u>	<u>10,691</u>
TOTAL EXPENDITURES	<u>1,755,408</u>	<u>1,755,408</u>	<u>1,591,877</u>	<u>163,531</u>
NET CHANGE IN FUND BALANCE	<u>\$ 133,641</u>	<u>\$ 133,641</u>	<u>\$ 122,972</u>	<u>\$ (10,669)</u>
FUND BALANCE, BEGINNING OF YEAR			<u>2,185,604</u>	
FUND BALANCE, END OF YEAR			<u>\$ 2,308,576</u>	

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

Pueblo Urban Renewal Authority
(a component unit of the City of Pueblo, Colorado)
Debt Service Fund
Schedule of Revenues, Expenditures
And Changes in Fund Balance—Budget and Actual
For the Year Ended December 31, 2014

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	VARIANCE WITH FINAL BUDGET
	<u>ORIGINAL</u>	<u>FINAL</u>		POSITIVE (NEGATIVE)
REVENUES				
Revenues	\$ -	\$ -	\$ -	\$ -
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES				
Debt service:				
Principal	750,204	750,204	750,204	-
Interest	<u>1,446,784</u>	<u>1,446,784</u>	<u>1,091,238</u>	<u>355,546</u>
TOTAL EXPENDITURES	<u>2,196,988</u>	<u>2,196,988</u>	<u>1,841,442</u>	<u>355,546</u>
OTHER FINANCING SOURCES AND USES				
Transfers in	<u>2,196,988</u>	<u>2,196,988</u>	<u>1,841,442</u>	<u>(355,546)</u>
TOTAL OTHER FINANCING SOURCES AND USES	<u>2,196,988</u>	<u>2,196,988</u>	<u>1,841,442</u>	<u>(355,546)</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
FUND BALANCE, BEGINNING OF YEAR			<u>-</u>	
FUND BALANCE, END OF YEAR			<u>\$ -</u>	

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

Pueblo Urban Renewal Authority
(a component unit of the City of Pueblo, Colorado)
Pueblo Convention Center Enterprise Fund
Schedule of Revenues, Expenditures
And Changes in Fund Balance—Budget and Actual
For the Year Ended December 31, 2014

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL		FINAL BUDGET
				POSITIVE
				(NEGATIVE)
REVENUES				
Charges for services	\$ 1,712,058	\$ 1,712,058	\$ 1,809,812	\$ 97,754
Other	10,000	10,000	-	(10,000)
TOTAL REVENUES	<u>1,722,058</u>	<u>1,722,058</u>	<u>1,809,812</u>	<u>87,754</u>
EXPENDITURES				
Current:				
Contractual expenditures	2,050,661	2,158,816	2,153,057	5,759
General administration	140,433	140,433	140,412	21
Debt service	537,700	537,700	537,700	-
Capital outlay	-	54,956	54,958	(2)
TOTAL EXPENDITURES	<u>2,728,794</u>	<u>2,891,905</u>	<u>2,886,127</u>	<u>5,778</u>
OTHER FINANCING SOURCES AND USES				
Transfers in	<u>1,027,530</u>	<u>1,027,530</u>	<u>1,016,839</u>	<u>(10,691)</u>
TOTAL OTHER FINANCING SOURCES AND USES	<u>1,027,530</u>	<u>1,027,530</u>	<u>1,016,839</u>	<u>(10,691)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u>\$ 20,794</u>	<u>\$ (142,317)</u>	<u>\$ (59,476)</u>	<u>\$ 82,841</u>
ADJUSTMENTS FROM BUDGETARY BASIS TO GAAP BASIS				
Capital contributions			(132,603)	
Capital outlay			54,958	
Interest amortization and accruals			(51,283)	
Depreciation expense			(342,215)	
Principal payment on debt			322,502	
Regional tourism fund activity, net			<u>567,506</u>	
CHANGE IN NET POSITION - GAAP BASIS			<u>\$ 359,389</u>	

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

Pueblo Urban Renewal Authority
(a component unit of the City of Pueblo, Colorado)
Regional Tourism Fund
Schedule of Revenues, Expenditures
And Changes in Fund Balance—Budget and Actual
For the Year Ended December 31, 2014

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	VARIANCE WITH
	<u>ORIGINAL</u>	<u>FINAL</u>		FINAL BUDGET
				(NEGATIVE)
REVENUES				
Sales tax increment	\$ 333,056	\$ 333,056	\$ 873,124	\$ 540,068
Loan proceeds	14,400,000	14,400,000	-	(14,400,000)
Prior year carryover	200,181	200,181	-	(200,181)
TOTAL REVENUES	<u>14,933,237</u>	<u>14,933,237</u>	<u>873,124</u>	<u>(14,060,113)</u>
EXPENDITURES				
Current:				
Economic development	158,289	158,289	180,726	(22,437)
Debt service	333,056	333,056	-	333,056
Capital outlay	<u>10,000,000</u>	<u>10,000,000</u>	<u>-</u>	<u>10,000,000</u>
TOTAL EXPENDITURES	<u>10,491,345</u>	<u>10,491,345</u>	<u>180,726</u>	<u>10,310,619</u>
OTHER FINANCING SOURCES AND USES				
Transfers out	<u>(42,892)</u>	<u>(42,892)</u>	<u>(124,892)</u>	<u>(82,000)</u>
TOTAL OTHER FINANCING SOURCES AND USES	<u>(42,892)</u>	<u>(42,892)</u>	<u>(124,892)</u>	<u>(82,000)</u>
NET CHANGE IN FUND BALANCE	<u>\$ 4,399,000</u>	<u>\$ 4,399,000</u>	<u>\$ 567,506</u>	<u>\$ (3,831,494)</u>
FUND BALANCE, BEGINNING OF YEAR			<u>480,992</u>	
FUND BALANCE, END OF YEAR			<u>\$ 1,048,498</u>	

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