

**CITY OF PUEBLO, COLORADO**  
**FEDERAL FINANCIAL ASSISTANCE**  
**SINGLE AUDIT REPORT**  
**YEAR ENDED DECEMBER 31, 2015**

**MBDG<sup>PC</sup>**

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**CITY OF PUEBLO, COLORADO**  
**FEDERAL FINANCIAL ASSISTANCE**  
**SINGLE AUDIT REPORT**  
**YEAR ENDED DECEMBER 31, 2015**



**CITY OF PUEBLO, COLORADO  
FEDERAL FINANCIAL ASSISTANCE/SINGLE AUDIT REPORT  
YEAR ENDED DECEMBER 31, 2015**

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1. Introduction

The purpose of this study is to investigate the effects of...

The study was conducted in a laboratory setting...

The participants were selected from a pool of...

The data were collected over a period of...

The results of the study are presented in...

The findings of this study have several...

Implications for practice and research...

Further research is needed to explore...

In conclusion, the study has shown that...

The authors would like to thank...

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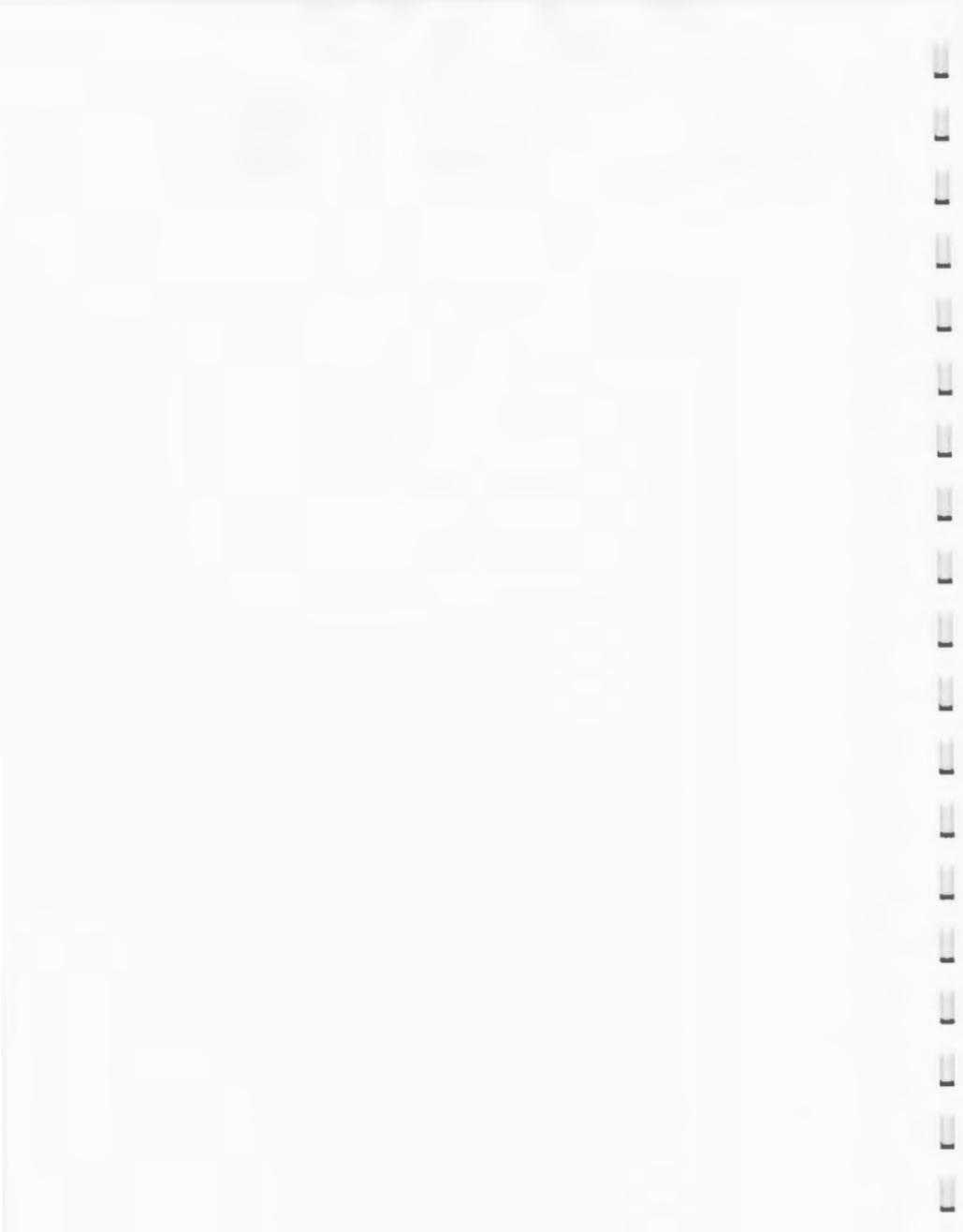
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**FINANCIAL SECTION**





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## INDEPENDENT AUDITORS' REPORT

City Council  
City of Pueblo, Colorado

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Pueblo, Colorado (the City) as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the presentation 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 did not audit the financial statements of Pueblo Urban Renewal Authority (a major discretely-presented component unit), which represents 100% of the assets, net position and revenues of Pueblo Urban Renewal Authority. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Pueblo Urban Renewal Authority, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.



An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each discretely-presented component unit, each major fund, and the aggregate remaining fund information of the City of Pueblo, Colorado as of December 31, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

### *Change in Accounting Principle*

As described in Note I L to the financial statements, the City has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 68 – Accounting and Financial Reporting for Pensions and GASB Statement No. 71 – Pension Transition for Contributions Made Subsequent to the Measurement Date during the year ended December 31, 2015. Our opinion is not modified with respect to these matters.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 17 and the required supplementary information as listed in the table of contents on pages 105 through 121 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.

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*Supplemental Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Pueblo, Colorado's basic financial statements. The combining and individual nonmajor fund financial statements and schedules as listed in the table of contents and the other information labeled as the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 16, 2016 on our consideration of the City of Pueblo, Colorado's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Pueblo, Colorado's internal control over financial reporting and compliance.

*W. Pherson, Breyfogli, Durkin & Goodrich, PC*

September 16, 2016





## CITY OF PUEBLO, COLORADO MANAGEMENT'S DISCUSSION AND ANALYSIS

Management of the City of Pueblo, Colorado (the City) offers the readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2015. Readers are encouraged to consider the information presented here in conjunction with additional information that is furnished in the letter of transmittal found in the introductory section of this annual report.

### FINANCIAL HIGHLIGHTS

During 2015, the City adopted Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* (GASB 68). 2014 financial information has been adjusted in certain respects for the adoption of GASB 68.

On the Government-wide financial statements, the City's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at December 31, 2015 by \$563.3 million (net position), \$388.8 million in governmental activities and \$174.5 million in business-type activities. The City's net position decreased by \$37.5 million or 6.2% as a result of current year activity and a restatement of beginning net position required as a result of the implementation of GASB 68.

For 2015, with the implementation of GASB 68, the governmental activities' unrestricted net position increased by \$10 million resulting in a negative unrestricted net position of \$16.3 million. Although also impacted by the GASB 68 implementation, business-type activities' unrestricted net position is a positive \$12.6 million.

The General Fund, the City's primary operating fund, ended 2015 with a \$22.1 million fund balance, an increase of \$3.7 million. Of this amount, \$7.6 million or 10% of expenditures and transfers-out is committed by City Council as a minimum reserve for major unanticipated emergencies.

General fund revenues including transfers-in increased \$4.7 million and expenditures including transfers out increased by \$1.7 million in 2015. The increase in revenue was largely due to a \$3.4 million or 6.9% increase in sales tax collected.

The City's total long-term debt decreased by \$5.4 million during the current year. The City issued no new debt during 2015.

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## OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

**Governmental funds** are used to account for essentially the same functions as governmental activities in the government-wide financial statements. Governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as the balance of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

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

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

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

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

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

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

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

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

**Net position.** As noted earlier, net position may serve over time as a useful indicator of a government's financial position. For the City of Pueblo, total assets and deferred outflows of resources exceeded total liabilities and deferred inflows of resources by \$563.3 million at December 31, 2015. By far, the largest portion of the City's net position (83.4%) reflects its investment of \$469 million in capital assets (e.g., land, buildings, machinery and equipment, and infrastructure including streets and underground drainage systems), less any related outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position, \$97.7 million (17.3%) represents resources that are subject to restrictions as to how they may be used. The unrestricted net position shows a deficit of \$4 million.

It is important to note that the \$12.3 million of unrestricted net position in the city's business-type activities may not be used to fund governmental activities.

The following table reflects the condensed Statement of Net Position as of December 31, 2015 and 2014:

**City of Pueblo  
Summarized Statement of Net Position**

	Governmental Activities		Business-type Activities		Totals Primary Government	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 153,863,806	\$ 147,711,447	\$ 25,601,236	\$ 28,545,978	\$ 179,465,042	\$ 176,257,425
Capital assets	330,179,271	333,633,081	192,027,389	189,541,599	522,206,660	523,174,680
<b>Total assets</b>	<b>484,043,077</b>	<b>481,344,528</b>	<b>217,628,625</b>	<b>218,087,577</b>	<b>701,671,702</b>	<b>699,432,105</b>
Deferred outflows of resources	7,958,559	5,991,194	1,254,313	733,618	9,212,872	6,724,812
Current and other liabilities	50,420,557	49,155,687	12,423,616	13,667,718	62,844,173	62,823,405
Long-term liabilities outstanding	38,815,814	41,377,260	31,748,868	31,743,359	70,564,682	73,120,619
<b>Total liabilities</b>	<b>89,236,371</b>	<b>90,532,947</b>	<b>44,172,484</b>	<b>45,411,077</b>	<b>133,408,855</b>	<b>135,944,024</b>
Deferred inflows of resources	14,002,873	13,424,542	192,778	-	14,195,651	13,424,542
<b>Net position</b>						
Net investment in capital assets	307,415,524	310,952,995	162,247,604	160,736,818	469,663,128	471,689,813
Restricted	97,683,789	98,744,704	-	-	97,683,789	98,744,704
Unrestricted	(16,336,921)	(26,319,466)	12,270,072	12,673,300	(4,066,849)	(13,646,166)
<b>Total net position</b>	<b>\$ 388,762,392</b>	<b>\$ 383,378,233</b>	<b>\$ 174,517,676</b>	<b>\$ 173,410,118</b>	<b>\$ 563,280,068</b>	<b>\$ 556,788,351</b>

The City's total net position decreased by \$37.5 million in 2015. Unrestricted net position decreased \$38.4 million. Both due to resources used to support core operations, maintain infrastructure and invest in critical capital needs, as well as the net pension liability included in compliance with the implementation of GASB 68. Additional details of capital asset activity can be seen in an additional chart further on in this report.

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**Changes in net position.** The following table reflects the City's changes in net position for the years ended December 31, 2015 and 2014:

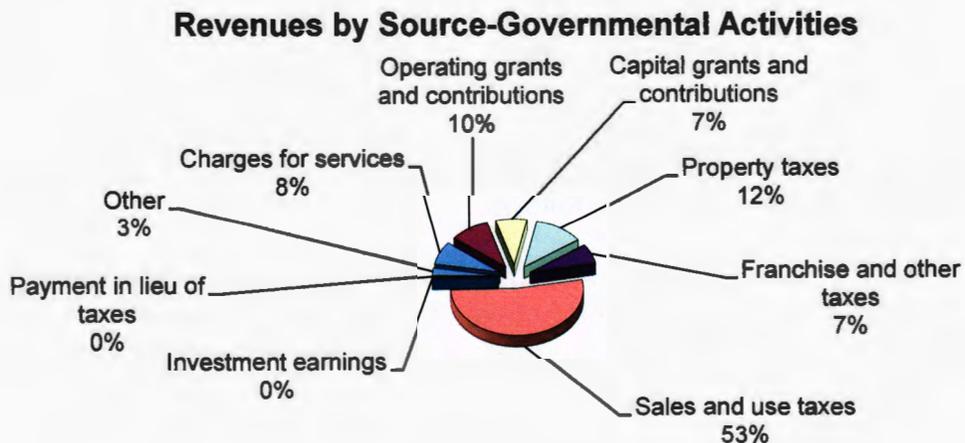
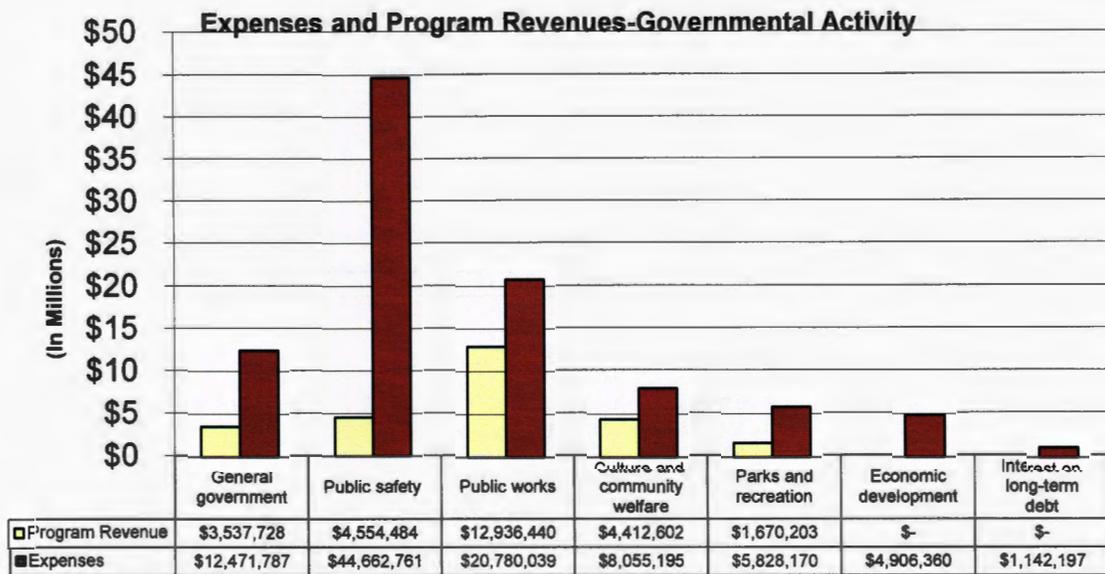
City of Pueblo Summarized Statement of Changes in Net Position							
	Governmental Activities		Business-type Activities		Totals Primary Government		
	2015	2014	2015	2014	2015	2014	
<b>Revenue:</b>							
Program revenues:							
Charges for services	\$ 8,522,595	\$ 8,071,289	\$ 27,210,381	\$ 25,670,617	\$ 35,732,976	\$ 33,741,906	
Operating grants and contributions	10,428,895	9,134,469	2,008,817	2,037,268	12,437,712	11,171,737	
Capital grants and contributions	8,159,967	7,488,040	2,908,184	3,828,080	11,068,151	11,316,120	
General revenues:							
Property taxes	12,774,572	12,683,391			12,774,572	12,683,391	
Special property taxes	37,414	36,023			37,414	36,023	
Franchise and other taxes	7,210,741	7,020,223			7,210,741	7,020,223	
Sales and use taxes	56,203,150	51,351,232			56,203,150	51,351,232	
Payment in lieu of taxes	9,859	9,859			9,859	9,859	
Investment earnings	545,820	618,324	960,271	916,154	1,506,091	1,534,478	
Other	2,841,209	2,066,165	28,062	138	2,869,271	2,066,303	
Total revenues	106,734,222	98,479,015	33,115,715	32,452,257	139,849,937	130,931,272	
<b>Expenses:</b>							
General government	12,471,787	9,410,359			12,471,787	9,410,359	
Public safety	44,662,761	48,485,290			44,662,761	48,485,290	
Public works	20,780,039	11,682,330			20,780,039	11,682,330	
Culture and community welfare	8,055,195	7,905,331			8,055,195	7,905,331	
Parks and recreation	5,828,170	5,719,300			5,828,170	5,719,300	
Economic development	4,906,360	4,985,902			4,906,360	4,985,902	
Interest on long-term debt	1,142,197	1,297,305			1,142,197	1,297,305	
Elmwood golf course			963,144	965,668	963,144	965,668	
Walkingstick golf course			2,003,118	1,945,576	2,003,118	1,945,576	
Sewer user			16,540,331	12,674,302	16,540,331	12,674,302	
Stormwater utility			2,896,523	2,861,912	2,896,523	2,861,912	
Memorial airport			3,029,617	2,903,096	3,029,617	2,903,096	
Honor Farm			101,772	82,145	101,772	82,145	
Transportation Services			5,379,096	5,837,742	5,379,096	5,837,742	
Parking Facilities			850,036	752,883	850,036	752,883	
Memorial Hall			1,198,802	1,270,346	1,198,802	1,270,346	
Pueblo Transit			2,549,273	2,566,952	2,549,273	2,566,952	
Total expenses	97,846,509	89,485,817	35,511,712	31,860,622	133,358,221	121,346,439	
Increase in net position before transfers	8,887,713	8,993,198	(2,395,997)	591,635	6,491,716	9,584,833	
Transfers out, net	(3,503,555)	(3,464,599)	3,503,555	3,464,599	-	-	
Increase in net position	5,384,158	5,528,599	1,107,558	4,056,234	6,491,716	9,584,833	
Net position beginning of year, (as restated)	383,378,234	377,849,635	173,410,118	169,353,884	556,788,352	547,203,519	
Net position end of year	\$ 388,762,392	\$ 383,378,234	\$ 174,517,676	\$ 173,410,118	\$ 563,280,068	\$ 556,788,352	

Governmental activities increased the City's net position by \$5.4 million, accounting for 83% of the City's \$6.5 million overall increase in net position. Key elements of the increase are as follows:

Property tax and sales and use taxes totaled 65% of all governmental activities' revenues. Property taxes increased \$91 thousand in 2015, while sales and use taxes, as reported on this statement, increased \$4.8 million in 2015.

Operating grants and contributions were \$1.3 million more in 2015 than 2014.

Total expenses also increased by \$8.3 million, driven by the \$6.5 million and \$3.2 million spent toward the Dillon Flyover and LED Light projects.

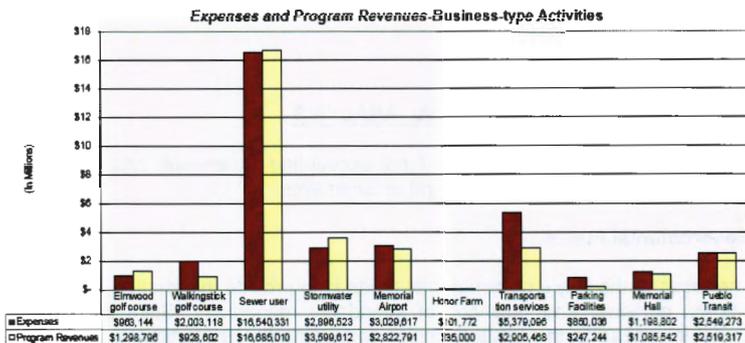


Business-type activities increased the City's net position by \$1.1 million, accounting for 17% of the City's \$6.5 million overall increase in net position. Key elements of the increase are as follows:

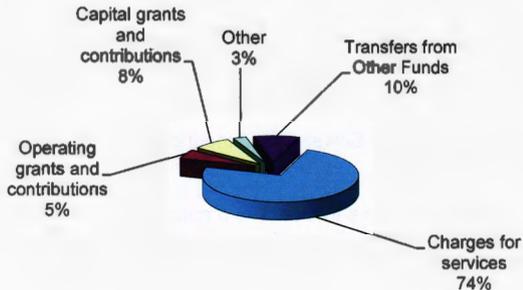
Total revenues were \$33.1 million, \$663 thousand more than in 2014. Capital grants and contributions decreased by \$919 thousand, offset by an increase of \$1.5 million in charges for services.

Charges for services in the Sewer User fund increased \$1.1 million due to a 13% rate increase.

Total business-type expenses totaled \$35.5 million in 2015, an increase of \$3.6 million over the prior year. Sewer user expenses increased 3.8 million. Other variances from prior year were relatively small.



## Revenue by Source - Business-type Activities



### GOVERNMENT FUNDS FINANCIAL ANALYSIS

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

#### **Governmental Funds**

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

At December 31, 2015, the total Governmental fund balances were \$114.5 million, a decrease of \$348 thousand from the prior year. Approximately 81% or \$92.7 million of the total fund balance is special revenue funds that are restricted for particular purposes which includes \$2.9 million for the TABOR emergency reserve. All of the \$73.6 million in the Economic Development Fund is restricted due to voter constraints. The City Council has committed \$7.6 million of fund balance as a minimum reserve for unanticipated emergencies. The unassigned fund balance was a negative \$145 thousand as of year-end, caused by the \$20 million in "deferred inflows of resources" which is largely made up of unavailable property tax revenue. Additional information is contained in the notes to the financial statements, **Notes III-F and III-I**.

The General Fund is the City's chief operating fund of the City. As of December 31, 2015, the total fund balance was \$22.1 million. The fund balance committed to be used for specific purposes by formal action by City Council was \$7.6 million and the fund balance assigned intended for specific purposes was \$7.9 million. There was \$1.6 million of unassigned fund balance as of December 31, 2015. The General Fund increased by \$3.7 million in 2015 as sales tax revenues increased over the prior year.

Total General Fund revenues, including transfers in of \$4.5 million, increased by \$4.7 million or 6.2%. Property Taxes increased \$91 thousand and Sales and Use Taxes increased by \$3.4 million. Fines and fees increased \$186 thousand.

Total General Fund expenditures, including transfers out, increased by \$1.7 million or 2.2%. Overall, general fund expenditures held relatively steady as the departments held down costs primarily through personnel vacancies.

The Economic Development Fund is a major fund of the City. As of December 31, 2015 the total fund balance was \$73.6 million and increased by \$3.4 million from 2014. Total expenditures decreased by \$659 thousand from the prior year.

The HUD Grants Fund is another major fund of the City. As of December 31, 2015 the total fund balance was \$4.3 million and decreased by \$268 thousand from 2014.

The Public Improvements Fund is considered a major fund of the City. As of December 31, 2015 the total fund balance was a negative \$1.7 million and decreased \$8.2 million from the prior year. This fund has large changes from year to year in fund balance as the revenue stream depends on intergovernmental grants received for capital projects. In 2015, expenditures increased by \$13.7 thousand from 2014. The major projects accounted for in this fund are the LED streetlight and Dillon Flyover projects. The fund activity included revenue of \$6.6 million, \$6.4 million dollars in grants dollars were earned in 2015 for the replacement of the Dillon Flyover project. Offsetting the increased revenues was \$16 million in capital expenditures on capital projects, including the Dillon Flyover and LED Streetlights. The fund balance at the end of 2015 was a negative \$1.7 million. Note that \$4.1 million in reimbursement of dollars spent in 2015 were received in 2016.

The Capital Improvement Fund is used to account for the acquisition of equipment through capital lease agreements as well as major construction projects that have multiple funding sources.

### **Proprietary Funds**

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

The Sewer User Fund's revenues increased by \$1.1 million in 2015 due to a rate increase to support ongoing improvements at the wastewater treatment facility. Other significant factors concerning the finances of the enterprise funds can be found in the discussion of the City's business-type activities.

### **GENERAL FUND BUDGETARY HIGHLIGHTS**

**Original budget compared to final budget.** The final budget appropriations were \$2.2 million higher than the original budget appropriations. General government required additional funding of \$31 thousand for professional services and part-time/temporary help in the Municipal Court. The police department required an additional \$226 thousand for staffing, overtime and utilities expenses. Parks and Recreation needed an additional \$150 thousand for temporary/part-time workers. The budget for transfers-out increased \$1.4 million, including \$1 million transfer to the Self Insurance fund for higher than expected claims, \$185 thousand to the Planning Grants Fund for City Hall improvements, \$100 thousand to Memorial Hall for ongoing expenses, \$50 thousand to Memorial Airport for the Aircraft Museum's HVAC.

**Final budget compared to actual.** Total revenues were \$3.1 million more than estimated. Sales tax revenues alone were \$2.8 million more than estimated due to a recovering economy in the Pueblo area.

The variance between actual expenditures and the final budget amounted to \$2.7 million in unspent appropriations. The decreased expenditures were due in primarily to a large number of personnel vacancies across all departments. There were also significant spending reductions in all departments due to budget constraints and the economic challenges facing the City.

The City ended the 2015 year not having to use fund balance reserves for operations in the current fiscal year.

### **CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets.** The City of Pueblo's investment in capital assets for its governmental and business-type activities at December 31, 2015, net of accumulated depreciation, totaled \$522 million, a net decrease of \$968 thousand from 2014.

**City of Pueblo  
Capital Assets**

	Governmental		Business-type		Totals	
	Activities		Activities		Primary Government	
	2015	2014	2015	2014	2015	2014
Land and nondepreciable assets	\$ 93,698,998	\$ 94,257,743	\$ 4,391,064	\$ 4,379,782	\$ 98,090,062	\$ 98,637,525
Land improvements	48,993,328	48,451,777	48,726,209	48,726,209	97,719,537	97,177,986
Infrastructure	175,993,205	174,867,604	97,930,052	97,256,051	273,923,257	272,123,655
Buildings	67,674,642	71,444,147	71,231,730	69,940,060	138,906,372	141,384,207
Machinery and equipment	39,071,179	38,742,655	18,480,919	17,987,356	57,552,098	56,730,011
Other improvements			26,398,937	26,398,937	26,398,937	26,398,937
Construction in progress	10,063,287	6,127,822	8,176,003	3,528,112	18,239,290	9,655,934
Accumulated depreciation	(105,315,368)	(100,258,667)	(83,307,525)	(78,674,908)	(188,622,893)	(178,933,575)
	\$ 330,179,271	\$ 333,633,081	\$ 192,027,389	\$ 189,541,599	\$ 522,206,660	\$ 523,174,680

Major changes to capital assets during the 2015 fiscal year included the following:

**Governmental Activities:**

- Additions to street infrastructure - \$1.1 million
- Purchase of seven (7) new police vehicles - \$292 thousand
- Additions to construction in progress in the governmental activities include:
  - City Hall renovation - \$2.2 million
  - Fountain Creek Trail - \$2.1 million
- Transfer of the McDonnell Douglas building to the Pueblo Development Foundation (PDF) - \$4.1 million in land/building

**Business-type Activities:**

- Memorial Hall exterior improvements - \$404 thousand
- Wastewater treatment plant sludge bed expansion - \$492 thousand
- Construction in progress in the business-type activities includes:
  - Memorial Airport - rehabilitation of a taxiway - \$1.9 million
  - Wastewater treatment plant electrical upgrade - \$2.3 million
  - Wastewater treatment plant nutrient management project - \$1.5 million

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

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**Long-term debt.** At December 31, 2015, the City had total debt outstanding of \$71 million, a decrease of \$4.4 million over 2014.

**City of Pueblo  
Outstanding Debt**

	Governmental		Business-type		Totals	
	Activities		Activities		Primary Government	
	2015	2014	2015	2014	2015	2014
General obligation bonds	\$ 955,000	\$ 1,887,809	\$ -	\$ -	\$ 955,000	\$ 1,887,809
Compensated absences	7,845,624	7,934,378	998,965	1,025,801	8,844,589	8,960,179
Notes payable			28,923,053	30,768,525	28,923,053	30,768,525
Capital lease obligations	3,113,841	4,269,151	1,826,850	2,215,303	4,940,691	6,484,454
Accrued interest payable	424,839	455,670			424,839	455,670
Certificates of participation	19,496,000	20,621,430			19,496,000	20,621,430
Claims and judgements	2,159,539	2,323,153			2,159,539	2,323,153
Net post employment benefit obligation	5,245,810	3,885,669			5,245,810	3,885,669
<b>Total</b>	<b>\$39,240,653</b>	<b>\$ 41,377,260</b>	<b>\$31,748,868</b>	<b>\$34,009,629</b>	<b>\$70,989,521</b>	<b>\$75,386,889</b>

General obligation bonds, notes payable and certificates of participation note balances decreased due to debt service payments throughout the year. Net post-employment benefit obligations increased by 1.3 million due to the actuarially determined annual contribution necessary to fund the police and fire retirement plans. The remainder of the outstanding long-term debt obligations are in the form of actuarial claims pending on self-insured claims, net pension benefit obligations and compensated absences.

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

### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

**Fiscal year 2016 budget.** The 2016 budget was prepared again during a slowly improving economic environment. The budget was prepared with the highest priority of protecting the City's core services and priorities and doing so in the most efficient and effective ways possible.

Sales and use tax revenue continues to be the principal source of income for the City's operating and capital budgets. The 2016 budget assumes a modest increase, 2.4% in sales and use tax, over the estimated actual amount for 2015. Estimated property tax revenue was 2.5% more than actual 2015 revenues.

The 2016 General Fund appropriation for expenditures (excluding transfers-out) is \$3.2 million more than the 2015 revised budget. Measures were taken to keep expenditures in line with anticipated revenues.

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

**REQUEST FOR INFORMATION**

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



**BASIC FINANCIAL STATEMENTS**

**CITY OF PUEBLO, COLORADO**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2015**

ASSETS	Governmental Activities	Business-Type Activities
Cash and cash equivalents	\$ 14,048,709	\$ 92,929
Restricted cash and cash equivalents	1,354,776	970,118
Investments	67,080,569	26,357,945
Restricted investments	24,835	-
Receivables	46,273,232	4,228,505
Internal balances	8,741,348	(8,741,348)
Due from other governmental agencies	9,291,618	2,130,600
Inventories	966,026	560,581
Net pension asset	4,960,089	-
Other assets	1,122,604	1,906
Capital Assets -		
Land, improvements, intangibles and construction in progress	103,762,285	12,567,067
Other capital assets, net of depreciation	226,416,986	179,460,322
Total capital assets	<u>330,179,271</u>	<u>192,027,389</u>
TOTAL ASSETS	<u>484,043,077</u>	<u>217,628,625</u>
Deferred outflows of resources		
Deferred amounts on refunding	-	-
Pension-related	7,958,559	1,254,313
Total deferred outflows of resources	<u>7,958,559</u>	<u>1,254,313</u>
LIABILITIES		
Accounts payable and accrued expenses	7,138,000	2,801,751
Advances from others	489,342	158,258
Net pension liability	42,793,215	9,463,607
Long-term liabilities -		
Due within one year	5,730,007	2,321,883
Due in more than one year	33,085,807	29,426,985
TOTAL LIABILITIES	<u>89,236,371</u>	<u>44,172,484</u>
Deferred inflows of resources		
Unavailable revenue	13,467,579	-
Pension-related	535,294	192,778
Total deferred inflows of resources	<u>14,002,873</u>	<u>192,778</u>
NET POSITION		
Net investment in capital assets	307,415,524	162,247,604
Restricted for -		
Pension	4,960,089	-
Tabor	2,900,000	-
Economic development	73,622,587	-
Debt service and district projects	-	-
Capital projects	3,956,426	-
Public safety	1,138,223	-
Public works	4,629,680	-
Parks and recreation	1,022,764	-
Culture and community welfare	5,454,020	-
Unrestricted	(16,336,921)	12,270,072
TOTAL NET POSITION	<u>\$ 388,762,392</u>	<u>\$ 174,517,676</u>

The accompanying notes are an integral part of this statement.

Discretely-Presented Component Units

Total	Pueblo Urban Renewal Authority	Pueblo Main Street Garage Corporation	Pueblo Municipal Rail Corporation
\$ 14,141,638	\$ 1,529,333	\$ 36	\$ -
2,324,894	1,755,634	-	-
93,438,514	-	-	-
24,835	2,204,023	-	-
50,501,737	13,812,875	-	-
-	-	-	-
11,422,218	-	-	-
1,526,607	19,269	-	-
4,960,089	-	-	-
1,124,510	37,060	-	-
116,329,352	1,539,477	-	529,620
405,877,308	7,196,431	9,525,361	2,997,800
522,206,660	8,735,908	9,525,361	3,527,420
701,671,702	28,094,102	9,525,397	3,527,420
-	886,622	-	-
9,212,872	72,449	-	-
9,212,872	959,071	-	-
9,939,751	1,521,021	2,611	-
647,600	-	-	-
52,256,822	546,620	-	-
8,051,890	1,425,860	-	-
62,512,792	24,056,211	6,862,000	2,325,204
133,408,855	27,549,712	6,864,611	2,325,204
13,467,579	5,270,036	-	-
728,072	11,134	-	-
14,195,651	5,281,170	-	-
469,663,128	4,303,453	2,663,361	672,597
4,960,089	-	-	-
2,900,000	-	-	-
73,622,587	2,209,778	-	-
-	3,715,811	-	-
3,956,426	-	-	-
1,138,223	-	-	-
4,629,680	-	-	-
1,022,764	-	-	-
5,454,020	-	-	-
(4,066,849)	(14,006,751)	(2,575)	529,619
<u>\$ 563,280,068</u>	<u>\$ (3,777,709)</u>	<u>\$ 2,660,786</u>	<u>\$ 1,202,216</u>

**CITY OF PUEBLO, COLORADO**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2015**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>PRIMARY GOVERNMENT</b>				
Governmental activities -				
General government	\$ 12,471,787	\$ 3,537,728	\$ -	\$ -
Public safety	44,662,761	3,630,834	763,583	160,067
Public works	20,780,039	353,921	4,592,813	7,989,706
Culture and community welfare	8,055,195	368,223	4,034,185	10,194
Parks and recreation	5,828,170	631,889	1,038,314	-
Economic development	4,906,360	-	-	-
Interest on long-term debt	1,142,197	-	-	-
Total governmental activities	<u>97,846,509</u>	<u>8,522,595</u>	<u>10,428,895</u>	<u>8,159,967</u>
Business-type activities				
Elmwood golf course	963,144	1,298,796	-	-
Walkingstick golf course	2,003,118	928,602	-	-
Sewer user	16,540,331	16,422,771	-	262,239
Stormwater utility	2,896,523	3,579,194	-	20,418
Memorial airport	3,029,617	613,502	-	2,209,289
Honor farm	101,772	35,000	-	-
Transportation services	5,379,096	884,324	2,008,817	12,327
Parking facilities	850,036	247,244	-	-
Memorial Hall	1,198,802	681,631	-	403,911
Pueblo Transit	2,549,273	2,519,317	-	-
Total business-type activities	<u>35,511,712</u>	<u>27,210,381</u>	<u>2,008,817</u>	<u>2,908,184</u>
<b>TOTAL PRIMARY GOVERNMENT</b>	<u>\$ 133,358,221</u>	<u>\$ 35,732,976</u>	<u>\$ 12,437,712</u>	<u>\$ 11,068,151</u>
<b>COMPONENT UNITS</b>				
Pueblo Urban Renewal Authority	\$ 9,174,221	\$ 1,995,206	\$ -	\$ 501,601
Pueblo Main Street Garage Corporation	320,803	94,009	-	-
Pueblo Municipal Rail Corporation	104,950	-	373,623	-
<b>TOTAL COMPONENT UNITS</b>	<u>\$ 9,599,974</u>	<u>\$ 2,089,215</u>	<u>\$ 373,623</u>	<u>\$ 501,601</u>

General revenues -

Taxes -

Property taxes, levied for general purposes

Property taxes, levied for specific purposes

Franchise and other taxes

Sales and use taxes

Payment in lieu of taxes

Unrestricted investment earnings

Miscellaneous

Transfers

Total general revenues and transfers

Change in net position

Net position, January 1, as restated

Net position, December 31

The accompanying notes are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position						
Primary Government			Pueblo Urban	Pueblo Main	Pueblo	
Governmental	Business-Type	Total	Renewal	Street Garage	Municipal Rail	
Activities	Activities		Authority	Corporation	Corporation	
\$ (8,934,059)	\$ -	\$ (8,934,059)				
(40,108,277)	-	(40,108,277)				
(7,843,599)	-	(7,843,599)				
(3,642,593)	-	(3,642,593)				
(4,157,967)	-	(4,157,967)				
(4,906,360)	-	(4,906,360)				
(1,142,197)	-	(1,142,197)				
(70,735,052)	-	(70,735,052)				
	335,652	335,652				
	(1,074,516)	(1,074,516)				
	144,679	144,679				
	703,089	703,089				
	(206,826)	(206,826)				
	(66,772)	(66,772)				
	(2,473,628)	(2,473,628)				
	(602,792)	(602,792)				
	(113,260)	(113,260)				
	(29,956)	(29,956)				
	(3,384,330)	(3,384,330)				
(70,735,052)	(3,384,330)	(74,119,382)				
			\$ (6,677,414)	\$ -	\$ -	
			-	(226,794)	-	
			-	-	268,673	
			(6,677,414)	(226,794)	268,673	
12,774,572	-	12,774,572	205,651	-	-	
37,414	-	37,414	4,133,098	-	-	
7,210,741	-	7,210,741	-	-	-	
56,203,150	-	56,203,150	3,367,786	-	-	
9,859	-	9,859	-	-	-	
545,820	960,271	1,506,091	96,039	-	-	
2,841,209	28,062	2,869,271	22,452	-	-	
(3,503,555)	3,503,555	-	-	-	-	
76,119,210	4,491,888	80,611,098	7,825,026	-	-	
5,384,158	1,107,558	6,491,716	1,147,612	(226,794)	268,673	
383,378,234	173,410,118	556,788,352	(4,925,321)	2,887,580	933,543	
\$ 388,762,392	\$ 174,517,676	\$ 563,280,068	\$ (3,777,709)	\$ 2,660,786	\$ 1,202,216	

**CITY OF PUEBLO, COLORADO  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2015**

	<u>General Fund</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 13,927,069
Restricted cash and cash equivalents	-
Investments	2,825,432
Restricted investments	-
Taxes receivable, net	18,516,854
Due from other funds	8,949,353
Receivable from other governments	-
Notes and loans receivable, net	650,000
Advance to other funds	1,462,913
Other receivables	2,152,685
Inventories	35,631
Prepaid items	<u>530,188</u>
<b>TOTAL ASSETS</b>	<b>\$ <u>49,050,125</u></b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	
<b>Liabilities -</b>	
Accounts payable	\$ 4,808,605
Due to other funds	6,440,647
Advances from others	<u>277,934</u>
<b>Total Liabilities</b>	<b><u>11,527,186</u></b>
<b>Deferred inflows of resources</b>	<b><u>15,403,515</u></b>
<b>Fund balances -</b>	
Nonspendable	2,028,732
Restricted	2,900,000
Committed	7,657,428
Assigned	7,941,687
Unassigned	<u>1,591,577</u>
<b>Total Fund Balances</b>	<b><u>22,119,424</u></b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ <u>49,050,125</u></b>

The accompanying notes are an integral part of this statement.

Major Special Revenue Funds		Major Capital Projects Funds		Other Governmental Funds	Total Governmental Funds
Economic Development 1/2 Cent Tax	HUD Grants	Public Improvements	Capital Improvement Fund		
\$ -	\$ -	\$ 121,340	\$ -	\$ -	\$ 14,048,409
311,408	-	801,094	177,118	-	1,289,620
52,898,000	-	-	2,351,010	6,648,627	64,723,069
-	-	-	-	24,835	24,835
815,734	-	-	-	40,678	19,373,266
398,282	243,199	-	2,666,004	1,433,563	13,690,401
-	1,150,737	6,074,045	1,604,965	461,871	9,291,618
19,497,465	3,516,284	-	-	-	23,663,749
-	-	-	747,000	-	2,209,913
101,643	471,857	-	2,979	475,890	3,205,054
-	282,752	-	-	396,781	715,164
-	-	-	-	-	530,188
<u>\$ 74,022,532</u>	<u>\$ 5,664,829</u>	<u>\$ 6,996,479</u>	<u>\$ 7,549,076</u>	<u>\$ 9,482,245</u>	<u>\$ 152,765,286</u>
\$ 188,537	\$ 281,229	\$ 786,140	\$ 20,410	\$ 559,857	\$ 6,644,778
-	-	3,821,305	-	124,353	10,386,305
211,408	-	-	-	-	489,342
<u>399,945</u>	<u>281,229</u>	<u>4,607,445</u>	<u>20,410</u>	<u>684,210</u>	<u>17,520,425</u>
-	1,083,574	4,125,713	28,748	77,098	20,718,648
-	-	-	-	-	2,028,732
73,622,587	4,300,026	-	3,363,772	8,537,315	92,723,700
-	-	-	-	-	7,657,428
-	-	-	4,136,146	183,622	12,261,455
-	-	(1,736,679)	-	-	(145,102)
<u>73,622,587</u>	<u>4,300,026</u>	<u>(1,736,679)</u>	<u>7,499,918</u>	<u>8,720,937</u>	<u>114,526,213</u>
<u>\$ 74,022,532</u>	<u>\$ 5,664,829</u>	<u>\$ 6,996,479</u>	<u>\$ 7,549,076</u>	<u>\$ 9,482,245</u>	<u>\$ 152,765,286</u>

**CITY OF PUEBLO, COLORADO**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
**DECEMBER 31, 2015**

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

Total fund balances - governmental funds		\$ 114,526,213
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Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.

The cost of capital assets is	\$ 433,025,197	
Accumulated depreciation is	<u>(103,526,601)</u>	329,498,596

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

Net position of governmental internal service fund	2,307,116	
Portion of cumulative internal service fund net operating loss attributed to business-type activities	<u>1,720,139</u>	4,027,255

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

Net pension asset	4,960,089	
Net pension disability	(42,036,271)	
Deferred outflows of resources	7,858,234	
Deferred inflows of resources	<u>(519,875)</u>	(29,737,823)

Debt insurance costs are not available to pay current period expenditures and therefore are not reported as assets in the governmental funds but are reported in the statement of net position, net of amortization

134,142

The accompanying notes are an integral part of this statement.

**CITY OF PUEBLO, COLORADO**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION (Cont'd.)**  
**DECEMBER 31, 2015**

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

General obligation bonds payable	(955,000)	
Certificates of participation	(19,574,213)	
Unamortized discount on certificates of participation, net	78,213	
Capital leases	(3,113,841)	
Net post-employment benefit obligation	(5,245,810)	
Accrued interest	(424,839)	
Compensated absences	<u>(7,701,570)</u>	(36,937,060)

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

Notes receivable issued upon sale of assets	650,000	
Receivables for demolition assessments	471,157	
Other receivables	1,718,194	
Deferred inflows of resources unavailable revenue	<u>4,411,718</u>	<u>7,251,069</u>

Total net position - governmental activities		<u>\$ 388,762,392</u>
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The accompanying notes are an integral part of this statement.

**CITY OF PUEBLO, COLORADO**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED DECEMBER 31, 2015**

	<u>General Fund</u>
<b>REVENUES</b>	
Property taxes	\$ 12,774,572
Sales and miscellaneous taxes	53,779,158
Payment in lieu of taxes	9,859
Fees and fines	1,798,138
Licenses and permits	591,466
Intergovernmental	2,085,147
Charges for services	4,182,073
Investment earnings	24,837
Miscellaneous	461,796
<b>TOTAL REVENUES</b>	<u>75,707,046</u>
<b>EXPENDITURES</b>	
Current -	
General government	8,733,478
Public safety	41,789,027
Public works	6,748,087
Parks and recreation	4,478,533
Economic development	-
Culture and community welfare	4,300,328
Other	601,143
Debt service -	
Principal	-
Interest and other charges	-
Capital outlay	36,897
<b>TOTAL EXPENDITURES</b>	<u>66,687,493</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>9,019,553</u>
<b>OTHER FINANCING SOURCES (USES)</b>	
Insurance recovery	-
Sales of capital assets	-
Transfers in	4,574,983
Transfers out	(9,886,785)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(5,311,802)</u>
<b>NET CHANGE IN FUND BALANCES</b>	3,707,751
<b>FUND BALANCES, January 1</b>	<u>18,411,673</u>
<b>FUND BALANCES, December 31</b>	<u>\$ 22,119,424</u>

The accompanying notes are an integral part of this statement.

Major Special Revenue Funds		Major Capital Projects Fund		Other Governmental Funds	Total Governmental Funds
Economic Development 1/2 Cent Tax	HUD Grants	Public Improvements	Capital Improvement Fund		
\$ -	\$ -	\$ -	\$ -	\$ 37,414	\$ 12,811,986
7,703,966	-	-	-	1,843,428	63,326,552
-	-	-	-	-	9,859
-	-	-	-	-	1,798,138
-	-	-	-	-	591,466
-	1,690,153	6,615,036	173,920	5,399,759	15,964,015
787,135	-	-	-	1,381,972	6,351,180
396,378	-	18	13,275	42,743	477,251
10	53,121	351	-	547,717	1,062,995
<u>8,887,489</u>	<u>1,743,274</u>	<u>6,615,405</u>	<u>187,195</u>	<u>9,253,033</u>	<u>102,393,442</u>
-	-	-	522,688	18,299	9,274,465
-	-	613,324	-	231,433	42,633,784
-	-	10,170,553	279,945	1,322,625	18,521,210
-	-	-	-	235,727	4,714,260
4,659,769	-	-	-	-	4,659,769
-	1,102,387	210,316	-	2,009,362	7,622,393
-	-	-	-	-	601,143
-	-	-	-	3,206,097	3,206,097
-	-	-	-	1,138,466	1,138,466
67,521	632,124	5,226,353	565,178	437,372	6,965,445
<u>4,727,290</u>	<u>1,734,511</u>	<u>16,220,546</u>	<u>1,367,811</u>	<u>8,599,381</u>	<u>99,337,032</u>
<u>4,160,199</u>	<u>8,763</u>	<u>(9,605,141)</u>	<u>(1,180,616)</u>	<u>653,652</u>	<u>3,056,410</u>
-	-	-	1,939,932	-	1,939,932
109,500	-	-	-	-	109,500
-	-	1,326,334	575,000	4,606,413	11,082,730
<u>(873,097)</u>	<u>(276,560)</u>	<u>-</u>	<u>(200,000)</u>	<u>(5,299,843)</u>	<u>(16,536,285)</u>
<u>(763,597)</u>	<u>(276,560)</u>	<u>1,326,334</u>	<u>2,314,932</u>	<u>(693,430)</u>	<u>(3,404,123)</u>
3,396,602	(267,797)	(8,278,807)	1,134,316	(39,778)	(347,713)
<u>70,225,985</u>	<u>4,567,823</u>	<u>6,542,128</u>	<u>6,365,602</u>	<u>8,760,715</u>	<u>114,873,926</u>
<u>\$ 73,622,587</u>	<u>\$ 4,300,026</u>	<u>\$ (1,736,679)</u>	<u>\$ 7,499,918</u>	<u>\$ 8,720,937</u>	<u>\$ 114,526,213</u>

**CITY OF PUEBLO, COLORADO**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF**  
**REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**TO THE STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2015**

Amounts reported for governmental activities are different because:

Total net change in fund balances - governmental funds	\$	(347,713)
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Capital outlays are reported in governmental funds as expenditures. 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 capital outlay exceeds depreciation expense

Capital outlay	6,965,445	
Depreciation expense	<u>(5,907,165)</u>	1,058,280

In the statement of activities, contributions of capital assets are reported as program revenues. However, these contributions do not represent current financial resources and thus are not reported in the funds		336,627
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In the statement of activities, the disposition of capital assets generates a gain or loss and is reported as such. The gain or loss on disposition is not a current financial resource or use and thus is not reported in the funds.		(4,778,221)
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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 actually paid. This year compensated absences paid \$(4,183,786) were more than amounts earned \$(4,091,912)		91,874
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The governmental funds report the proceeds from the issuance of debt obligations as an other financing source and the repayments of principal on bonds and other obligations as an expenditure. 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 deferred outflows of resources applicable to insurance issue costs, and premium and discount on bonds. The net effect of these differences in the treatment of bonds and other liabilities follows:

Cont'd.

The accompanying notes are an integral part of this statement.

**CITY OF PUEBLO, COLORADO**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF**  
**REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**TO THE STATEMENT OF ACTIVITIES (Cont'd.)**  
**YEAR ENDED DECEMBER 31, 2015**

Principal payments on bonds and other obligations	3,206,097	
Interest expense on bonds and other obligations	30,831	
Amortization of insurance issue costs	(19,566)	
Amortization of deferred outflows of resources	(22,448)	
Amortization of premium on bonds	17,809	
Amortization of discount on certificates of participation	<u>(10,357)</u>	3,202,366
<p>Recognition and measurement of the changes in the net pension asset and/or liability, together with changes in the pension-related deferred outflows of resources and deferred inflows of resources prepared using the economic resources measurement focus and the accrual basis of accounting are not financial resources and, therefore, are not reported in the governmental funds as such. Rather, pension expenditures are reported in the governmental funds when paid.</p>		
Pension expense	(3,917,268)	
Pension expenditures	<u>5,782,086</u>	1,864,818
<p>The change in the net post-employment benefit obligation is not recognized in the governmental funds</p>		
		(1,360,141)
<p>Certain revenue was earned and accrued in the statement of activities but deferred in the governmental funds</p>		
		4,130,910
<p>An internal service fund is used by the City to charge the cost of risk management activities to individual departments, to charge the cost of fleet maintenance to individual departments and to charge the cost of the city-wide telephone system to individual departments. The net revenue (expense) of the internal service fund is reported with governmental activities.</p>		
Net operating loss from internal service fund	(982,247)	
Interest and other revenue from internal service fund	32,943	
Transfer to internal service fund	1,950,000	
Net operating loss attributed to business-type activities	<u>184,662</u>	<u>1,185,358</u>
Change in net position - governmental activities		<u>\$ 5,384,158</u>

The accompanying notes are an integral part of this statement.

**CITY OF PUEBLO, COLORADO**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**DECEMBER 31, 2015**

ASSETS	Business-Type Activities Enterprise Funds	
	Elmwood Golf Course	Walkingstick Golf Course
	\$	\$
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	100	100
Restricted cash and cash equivalents	-	-
Investments	-	-
Accounts receivable, net	44,186	35,924
Due from other funds	-	-
Receivables from other governments	-	-
Other receivables	-	-
Prepaid expenses	-	-
Inventories	-	-
<b>TOTAL CURRENT ASSETS</b>	<b>44,286</b>	<b>36,024</b>
<b>NONCURRENT ASSETS</b>		
Capital assets -		
Land	5,878	50,208
Land improvements	2,097,112	2,535,108
Infrastructure	-	-
Other improvements	548,852	3,623,964
Buildings	314,295	1,129,270
Machinery and equipment	1,145,658	754,000
Less accumulated depreciation	(2,733,356)	(3,165,686)
Intangibles	-	-
Construction in progress	-	-
<b>TOTAL CAPITAL ASSETS</b>	<b>1,378,439</b>	<b>4,926,864</b>
Other assets		
Advance to other fund	13,808,638	-
<b>TOTAL OTHER ASSETS</b>	<b>13,808,638</b>	<b>-</b>
<b>TOTAL NONCURRENT ASSETS</b>	<b>15,187,077</b>	<b>4,926,864</b>
<b>TOTAL ASSETS</b>	<b>15,231,363</b>	<b>4,962,888</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Pension-related	6,015	7,421
	<b>6,015</b>	<b>7,421</b>

The accompanying notes are an integral part of this statement.

Business-Type Activities Enterprise Funds					Governmental Activities
Sewer User	Stormwater Utility	Memorial Airport	Other Enterprise Funds	Total	Internal Service Fund
\$ 675	\$ 100	\$ 400	\$ 91,554	\$ 92,929	\$ 300
970,118	-	-	-	970,118	65,156
22,670,000	2,691,500	231,445	765,000	26,357,945	2,357,500
3,206,479	642,216	107,061	159,235	4,195,101	28,175
171,262	21,137	-	-	192,399	1,507,200
-	-	1,500,964	629,636	2,130,600	-
28,730	3,411	293	970	33,404	2,988
-	-	-	1,906	1,906	458,274
304,184	-	-	256,397	560,581	250,862
<u>27,351,448</u>	<u>3,358,364</u>	<u>1,840,163</u>	<u>1,904,698</u>	<u>34,534,983</u>	<u>4,670,455</u>
185,461	619,618	56,889	3,453,085	4,371,139	-
27,690	8,646,234	33,229,962	2,190,103	48,726,209	-
52,639,649	44,570,732	719,671	-	97,930,052	-
-	-	22,016,104	210,017	26,398,937	-
41,879,620	-	9,938,889	17,969,656	71,231,730	1,036,366
4,787,702	2,154,715	2,753,870	6,884,974	18,480,919	1,433,078
(22,114,518)	(13,471,552)	(31,872,736)	(9,949,677)	(83,307,525)	(1,788,769)
5,089	9,446	3,912	1,478	19,925	-
5,475,102	174,511	2,514,063	12,327	8,176,003	-
<u>82,885,795</u>	<u>42,703,704</u>	<u>39,360,624</u>	<u>20,771,963</u>	<u>192,027,389</u>	<u>680,675</u>
-	-	-	-	<u>13,808,638</u>	-
-	-	-	-	<u>13,808,638</u>	-
<u>82,885,795</u>	<u>42,703,704</u>	<u>39,360,624</u>	<u>20,771,963</u>	<u>205,836,027</u>	<u>680,675</u>
<u>110,237,243</u>	<u>46,062,068</u>	<u>41,200,787</u>	<u>22,676,661</u>	<u>240,371,010</u>	<u>5,351,130</u>
<u>585,104</u>	<u>169,747</u>	<u>120,704</u>	<u>10,081</u>	<u>899,072</u>	<u>455,566</u>

Cont'd.

**CITY OF PUEBLO, COLORADO**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**DECEMBER 31, 2015**

LIABILITIES	Business-Type Activities Enterprise Funds	
	Elmwood Golf Course	Walking Stick Golf Course
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 17,868	\$ 20,404
Accrued expenses	-	-
Accrued interest payable	2,340	58,672
Due to other funds	479,568	663,448
Advances from others	13,875	25,215
Compensated absences	-	-
Capital lease obligations	98,601	223,501
Claims and judgments	-	-
Notes payable	-	-
<b>TOTAL CURRENT LIABILITIES</b>	<b>612,252</b>	<b>991,240</b>
<b>NONCURRENT LIABILITIES</b>		
Compensated absences	-	-
Capital lease obligations	100,149	1,204,247
Notes payable (net of unamortized premiums)	-	-
Claims and judgments	-	-
Advance from other funds	-	15,080,741
Net pension liability	45,381	55,987
<b>TOTAL NONCURRENT LIABILITIES</b>	<b>145,530</b>	<b>16,340,975</b>
<b>TOTAL LIABILITIES</b>	<b>757,782</b>	<b>17,332,215</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Pension-related	924	1,140
<b>NET POSITION</b>		
Net investment in capital assets	1,179,689	3,499,116
Unrestricted	13,298,983	(15,862,162)
<b>TOTAL NET POSITION</b>	<b>\$ 14,478,672</b>	<b>\$ (12,363,046)</b>

Cumulative position of internal service fund net operating loss  
attributed to business-type activities

Net position of business-type activities

The accompanying notes are an integral part of this statement.

Business-Type Activities Enterprise Funds					Governmental Activities
Sewer User	Stormwater Utility	Memorial Airport	Other Enterprise Funds	Total	Internal Service Fund
\$ 1,649,779	\$ 153,720	\$ 202,670	\$ 341,400	\$ 2,385,841	\$ 68,383
-	-	-	36,758	36,758	-
314,019	2,942	-	1,179	379,152	-
-	-	1,117,600	2,743,079	5,003,695	-
-	-	-	119,168	158,258	-
55,873	7,165	10,906	25,952	99,896	14,405
-	42,378	-	34,727	399,207	-
-	-	-	-	-	1,864,000
<u>1,711,855</u>	<u>110,925</u>	<u>-</u>	<u>-</u>	<u>1,822,780</u>	<u>-</u>
<u>3,731,526</u>	<u>317,130</u>	<u>1,331,176</u>	<u>3,302,263</u>	<u>10,285,587</u>	<u>1,946,788</u>
502,858	64,485	98,158	233,568	899,069	129,649
-	87,877	-	35,370	1,427,643	-
27,100,273	-	-	-	27,100,273	-
-	-	-	-	-	295,539
-	190,810	-	747,000	16,018,551	-
<u>4,414,520</u>	<u>1,280,722</u>	<u>910,694</u>	<u>76,059</u>	<u>6,783,363</u>	<u>3,437,188</u>
<u>32,017,651</u>	<u>1,623,894</u>	<u>1,008,852</u>	<u>1,091,997</u>	<u>52,228,899</u>	<u>3,862,376</u>
<u>35,749,177</u>	<u>1,941,024</u>	<u>2,340,028</u>	<u>4,394,260</u>	<u>62,514,486</u>	<u>5,809,164</u>
<u>89,926</u>	<u>26,089</u>	<u>18,552</u>	<u>1,549</u>	<u>138,180</u>	<u>70,017</u>
55,043,785	42,462,524	39,360,624	20,701,866	162,247,604	680,675
<u>19,939,459</u>	<u>1,802,178</u>	<u>(397,713)</u>	<u>(2,410,933)</u>	<u>16,369,812</u>	<u>(753,160)</u>
<u>\$ 74,983,244</u>	<u>\$ 44,264,702</u>	<u>\$ 38,962,911</u>	<u>\$ 18,290,933</u>		<u>\$ (72,485)</u>
				<u>(4,099,740)</u>	
				<u>\$ 174,517,676</u>	

**CITY OF PUEBLO, COLORADO**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**YEAR ENDED DECEMBER 31, 2015**

	Business-Type Activities Enterprise Funds	
	Elmwood Golf Course	Walkingstick Golf Course
<b>OPERATING REVENUES</b>		
Charges for services	\$ 1,298,784	\$ 928,602
Other operating revenues	12	-
<b>TOTAL OPERATING REVENUES</b>	<b>1,298,796</b>	<b>928,602</b>
<b>OPERATING EXPENSES</b>		
Personnel services	33,205	41,720
Contractual services	453,943	393,875
Utilities	125,259	292,130
Repairs and maintenance	61,812	76,781
Other supplies and expenses	91,304	57,019
Insurance claims and expenses	-	-
Depreciation	194,122	245,652
<b>TOTAL OPERATING EXPENSES</b>	<b>959,645</b>	<b>1,107,177</b>
<b>OPERATING INCOME (LOSS)</b>	<b>339,151</b>	<b>(178,575)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Interest and investment revenue	767,151	-
Operating grants and contributions	-	-
Interest expense	(3,499)	(895,941)
Gain (loss) on disposal of capital assets	-	-
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b>763,652</b>	<b>(895,941)</b>
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS</b>	<b>1,102,803</b>	<b>(1,074,516)</b>
Capital contributions	-	-
Transfers in	-	-
Transfers out	-	-
<b>CHANGES IN NET POSITION</b>	<b>1,102,803</b>	<b>(1,074,516)</b>
<b>TOTAL NET POSITION, January 1, as restated</b>	<b>13,375,869</b>	<b>(11,288,530)</b>
<b>TOTAL NET POSITION, December 31</b>	<b>\$ 14,478,672</b>	<b>\$ (12,363,046)</b>
Operating loss from internal service fund attributed to business-type activities		
<b>CHANGE IN NET POSITION</b>		

The accompanying notes are an integral part of this statement.

Business-Type Activities Enterprise Funds					Governmental Activities
Sewer User	Stormwater Utility	Memorial Airport	Other Enterprise Funds	Total	Internal Service Fund
\$ 16,343,717	\$ 3,578,635	\$ 587,188	\$ 1,754,100	\$ 24,491,026	\$ 6,298,518
79,054	559	26,314	94,099	200,038	859,847
<u>16,422,771</u>	<u>3,579,194</u>	<u>613,502</u>	<u>1,848,199</u>	<u>24,691,064</u>	<u>7,158,365</u>
4,163,945	1,183,140	822,845	67,600	6,312,455	3,318,250
1,850,681	709,164	250,731	4,640,146	8,298,540	59,585
817,897	62,571	359,411	534,144	2,191,412	59,819
205,246	56,536	124,089	410,678	935,142	60,691
7,053,142	140,710	103,097	715,555	8,160,827	1,232,077
-	-	-	-	-	3,353,900
1,658,213	706,216	1,342,774	1,098,500	5,245,477	86,246
<u>15,749,124</u>	<u>2,858,337</u>	<u>3,002,947</u>	<u>7,466,623</u>	<u>31,143,853</u>	<u>8,170,568</u>
<u>673,647</u>	<u>720,857</u>	<u>(2,389,445)</u>	<u>(5,618,424)</u>	<u>(6,452,789)</u>	<u>(1,012,203)</u>
164,779	20,579	1,948	5,814	960,271	17,193
-	-	-	2,008,817	2,008,817	-
(694,448)	(4,128)	-	(1,338)	(1,599,354)	-
3,322	20,930	360	(31,120)	(6,508)	-
<u>(526,347)</u>	<u>37,381</u>	<u>2,308</u>	<u>1,982,173</u>	<u>1,363,226</u>	<u>17,193</u>
147,300	758,238	(2,387,137)	(3,636,251)	(5,089,563)	(995,010)
262,239	20,418	2,209,289	416,238	2,908,184	15,750
-	-	1,208,445	2,401,617	3,610,062	1,950,000
<u>(50,000)</u>	<u>(56,507)</u>	<u>-</u>	<u>-</u>	<u>(106,507)</u>	<u>-</u>
359,539	722,149	1,030,597	(818,396)	1,322,176	970,740
<u>74,623,705</u>	<u>43,542,553</u>	<u>37,932,314</u>	<u>19,109,329</u>		<u>(1,043,225)</u>
<u>\$ 74,983,244</u>	<u>\$ 44,264,702</u>	<u>\$ 38,962,911</u>	<u>\$ 18,290,933</u>		<u>\$ (72,485)</u>
				(214,618)	
				<u>\$ 1,107,558</u>	

**CITY OF PUEBLO, COLORADO  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
YEAR ENDED DECEMBER 31, 2015**

	Business-Type Activities Enterprise Funds	
	Elmwood Golf Course	Walking Stick Golf Course
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from customers	\$ 1,275,285	\$ 895,750
Cash paid for goods and services	(739,959)	(805,904)
Cash paid to employees	(32,698)	(41,095)
Receipts for interfund services	-	-
Payments for interfund services	(142,274)	(2,761)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	360,354	45,990
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Transfers in	-	-
Transfers out	-	-
Advance to other fund	(255,641)	-
Advance from other fund	-	255,641
Payment made on fund advance	-	-
Operating grants received	-	-
<b>NET CASH PROVIDED (USED) BY NONCAPITAL         FINANCING ACTIVITIES</b>	(255,641)	255,641
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Sale of capital assets	-	-
Acquisition of capital assets	(2,994)	(10,792)
Interest paid on notes payable and other debt	(4,642)	(74,936)
Principal paid on notes payable and other debt	(97,077)	(215,903)
Capital contributions received	-	-
<b>NET CASH (USED) BY CAPITAL AND         RELATED FINANCING ACTIVITIES</b>	(104,713)	(301,631)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest earnings received	-	-
Maturity of investments	-	-
Acquisition of investments	-	-
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	-	-
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	-	-
<b>CASH AND CASH EQUIVALENTS, January 1</b>	100	100
<b>CASH AND CASH EQUIVALENTS, December 31</b>	\$ 100	\$ 100

The accompanying notes are an integral part of this statement.

Business-Type Activities Enterprise Funds					Governmental Activities
Sewer User	Stormwater Utility	Memorial Airport	Other Enterprise Funds	Total	Internal Service Fund
\$ 15,835,069	\$ 3,550,347	\$ 723,987	\$ 1,851,663	\$ 24,132,101	\$ 7,148,834
(8,994,966)	(1,149,943)	(788,185)	(6,420,203)	(18,899,160)	(4,648,332)
(4,083,116)	(1,177,409)	(838,191)	(66,750)	(6,239,259)	(3,276,714)
16,133	-	734,659	450,543	1,201,335	-
-	(3,542)	-	(1,334,246)	(1,482,823)	(1,226,366)
<u>2,773,120</u>	<u>1,219,453</u>	<u>(167,730)</u>	<u>(5,518,993)</u>	<u>(1,287,806)</u>	<u>(2,002,578)</u>
-	-	1,208,445	2,401,617	3,610,062	1,950,000
(50,000)	(56,507)	-	-	(106,507)	-
-	-	-	-	(255,641)	-
-	-	-	-	255,641	-
-	(100,000)	-	-	(100,000)	-
-	-	-	3,345,035	3,345,035	-
<u>(50,000)</u>	<u>(156,507)</u>	<u>1,208,445</u>	<u>5,746,652</u>	<u>6,748,590</u>	<u>1,950,000</u>
3,322	20,930	360	15,452	40,064	-
(4,470,371)	(179,524)	(2,650,307)	(47,613)	(7,361,601)	-
(766,065)	(5,135)	-	(1,912)	(852,690)	-
(1,509,723)	(306,884)	-	(34,102)	(2,163,689)	-
<u>262,239</u>	<u>20,418</u>	<u>1,782,493</u>	<u>-</u>	<u>2,065,150</u>	<u>-</u>
<u>(6,480,598)</u>	<u>(450,195)</u>	<u>(867,454)</u>	<u>(68,175)</u>	<u>(8,272,766)</u>	<u>-</u>
150,571	17,877	1,535	5,082	175,065	15,656
23,048,000	2,058,500	56,445	609,000	25,771,945	2,357,500
(22,650,022)	(2,689,128)	(231,241)	(764,326)	(26,334,717)	(2,355,422)
<u>548,549</u>	<u>(612,751)</u>	<u>(173,261)</u>	<u>(150,244)</u>	<u>(387,707)</u>	<u>17,734</u>
(3,208,929)	-	-	9,240	(3,199,689)	(34,844)
<u>4,179,722</u>	<u>100</u>	<u>400</u>	<u>82,314</u>	<u>4,262,736</u>	<u>100,300</u>
<u>\$ 970,793</u>	<u>\$ 100</u>	<u>\$ 400</u>	<u>\$ 91,554</u>	<u>\$ 1,063,047</u>	<u>\$ 65,456</u>

Cont'd.

**CITY OF PUEBLO, COLORADO  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
YEAR ENDED DECEMBER 31, 2015**

	Business-Type Activities Enterprise Funds	
	Elmwood Golf Course	Walking Stick Golf Course
Reported in the accompanying statement of net assets as follows:		
Cash and cash equivalents	\$ 100	\$ 100
Restricted cash and cash equivalents	-	-
	\$ 100	\$ 100
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
Operating income (loss)	\$ 339,151	\$ (178,575)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities -		
Depreciation	194,122	245,652
Change in assets, deferred outflows of resources, liabilities and deferred inflows of resources -		
Accounts receivable	(21,545)	(34,355)
Due from other funds	-	-
Prepaid expenses	-	-
Inventories	-	-
Deferred outflows of resources	(2,497)	(3,081)
Accounts payable	(7,641)	13,901
Accrued expenses	-	-
Due to other funds	(142,274)	(2,761)
Advances from others	(1,966)	1,503
Net pension liability	2,080	2,566
Deferred inflows of resources	924	1,140
	\$ 360,354	\$ 45,990
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
<b>SCHEDULE OF NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>		
Interest accrued on fund advances	\$ 767,151	\$ (827,727)
Contributions of capital assets	\$ -	\$ -
Unrealized gain on investments	\$ -	\$ -

The accompanying notes are an integral part of this statement.

Business-Type Activities Enterprise Funds					Governmental Activities
Sewer User	Stormwater Utility	Memorial Airport	Other Enterprise Funds	Total	Internal Service Fund
\$ 675	\$ 100	\$ 400	\$ 91,554	\$ 92,929	\$ 300
970,118	-	-	-	970,118	65,156
<u>\$ 970,793</u>	<u>\$ 100</u>	<u>\$ 400</u>	<u>\$ 91,554</u>	<u>\$ 1,063,047</u>	<u>\$ 65,456</u>
\$ 673,647	\$ 720,857	\$ (2,389,445)	\$ (5,618,424)	\$ (6,452,789)	\$ (1,012,203)
1,658,213	706,216	1,342,774	1,098,500	5,245,477	86,246
(587,702)	(28,847)	110,485	36,998	(524,966)	(9,531)
16,133	(3,542)	-	5,024	17,615	(1,226,366)
-	-	-	30,560	30,560	367,674
57,097	-	-	(9,983)	47,114	(17,384)
(242,891)	(70,465)	(50,107)	(4,185)	(373,226)	(189,116)
874,903	(180,962)	49,143	(27,629)	721,715	(68,936)
31,491	(8,584)	(25,525)	(112,628)	(115,246)	(160,494)
-	-	734,659	(888,727)	(299,103)	-
-	-	-	(33,534)	(33,997)	-
202,303	58,691	41,734	3,486	310,860	157,515
89,926	26,089	18,552	1,549	138,180	70,017
<u>\$ 2,773,120</u>	<u>\$ 1,219,453</u>	<u>\$ (167,730)</u>	<u>\$ (5,518,993)</u>	<u>\$ (1,287,806)</u>	<u>\$ (2,002,578)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 60,576</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 416,238</u>	<u>\$ 416,238</u>	<u>\$ 15,750</u>
<u>\$ 19,978</u>	<u>\$ 2,372</u>	<u>\$ 204</u>	<u>\$ 674</u>	<u>\$ 23,228</u>	<u>\$ 2,078</u>

**CITY OF PUEBLO, COLORADO**  
**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**  
**FIDUCIARY FUND**  
**DECEMBER 31, 2015**

	<u>Agency Fund</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 215,582
Accounts receivable	<u>1,931,659</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 2,147,241</u></b>
<b>LIABILITIES</b>	
Accounts payable	\$ 1,075
Deposits	<u>2,146,166</u>
<b>TOTAL LIABILITIES</b>	<b><u>\$ 2,147,241</u></b>

The accompanying notes are an integral part of this statement.

**NOTES TO FINANCIAL STATEMENTS**

**CITY OF PUEBLO, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

**A. REPORTING ENTITY**

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

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

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

**CITY OF PUEBLO, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015**

**A. REPORTING ENTITY (Cont'd.)**

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

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

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

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

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

**CITY OF PUEBLO, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015**

**A. REPORTING ENTITY (Cont'd.)**

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

North Gateway Number 1 Public Improvement Corporation – North Gateway Number 1 public improvement corporation (North Gateway PIC No. 1) was organized by City Council as a 63-20 nonprofit corporation to fund extraordinary public improvements within the boundaries of the North Gateway Number 1 business improvement district. The property owners within the boundaries of the North Gateway PIC No. 1 district impose a public improvement fee on sales that occur within these boundaries. The public improvement corporation is a blended component unit because City Council members are the governing body of the corporation and management of the City has operational responsibilities for North Gateway PIC No. 1.

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

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

Pueblo Urban Renewal Authority – The Pueblo Urban Renewal Authority (the Authority) was created in 1959 under provisions of Colorado law. The Authority was virtually inactive until 1986, at which time the City and the Authority entered into a cooperation agreement whereby the Authority acquired certain properties from the City in order to facilitate the building of a convention center and parking structure on a portion of the property and sell the remaining portion to a developer for the purpose of building a hotel. In November 1993, the voters within the City approved the issuance of tax-increment revenue bonds of the Authority for the purpose of constructing a civic center and hotel complex within the Authority’s boundaries. During 2011, the Authority and the City initiated certain additional projects involving infrastructure construction and renovation of the City’s Memorial Hall. The Authority is included as a discretely-presented component unit because the City Council appoints a voting majority of the Authority’s governing body and is able to modify the decisions of the Authority’s governing body and there exist specific financial benefits and specific financial burdens on the City. Separately-issued financial statements of the Authority can be obtained from the Authority at 115 E. Riverwalk, Pueblo, Colorado, 81003.

**CITY OF PUEBLO, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015**

**A. REPORTING ENTITY (Cont'd.)**

Pueblo Main Street Garage Corporation – Pueblo Main Street Garage Corporation (the Corporation) was formed in 2006 as a not-for-profit corporation under Colorado law to construct a parking facility. The governing body of the Corporation consists of three members of which one is appointed by the City, one is appointed by the Pueblo Urban Renewal Authority (the Authority), and one is jointly appointed by the City and the Authority. The Corporation is reported as a discretely-presented component unit because it is fiscally dependent on the City since the City can set rates or charges and rent space in the facility to third parties without the consent of the Corporation. Separately issued financial statements of the Corporation are not available.

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

**B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

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

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

**CITY OF PUEBLO, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015**

**B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Cont'd.)**

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

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

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

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fund financial statements for the proprietary funds. The fiduciary fund, which consists only of an agency fund, has no measurement focus and uses the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied, while grants and similar items are recognized as revenue when all eligibility requirements are met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Revenues are considered available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenue to be available if collected within 60 days of the end of the fiscal year except the availability period is considered 120 days for the City's government-mandated nonexchange transactions that are generally classified as expenditure-driven grants. Expenditures generally are recorded when a liability is incurred as is the case with accrual accounting. However, debt service expenditures, as well as expenditures related to

**CITY OF PUEBLO, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015**

**C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION (Cont'd.)**

compensated absences and claims and judgments, are recorded only when the liability has matured and payment is due. General capital asset acquisitions are reported as expenditures in governmental funds, while issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

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

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

**GOVERNMENTAL FUNDS**

The City reports the following major governmental funds:

- The general fund is the primary operating fund of the City and is always classified as a major fund. The general fund is used to account for all financial resources of the City except those required to be accounted for in a separate fund. Major revenue sources include sales and use taxes, property taxes, franchise and other taxes, and intergovernmental revenue. Primary expenditures include general government, public safety (fire and police), public works, parks and recreation, and culture and community welfare.
- The economic development ½ cent tax fund is a special revenue fund used to promote economic development within and around the City. Funds are provided by a ½ cent sales tax and expenditures generally consist of loans made to private businesses.

**CITY OF PUEBLO, COLORADO**  
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**C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION (Cont'd.)**

- The HUD grants fund is a special revenue fund used to implement the federally-funded community development block grant and HOME grant. Funds are used for current programs benefiting low and moderate income individuals and families.
- The public improvements fund is a capital projects fund used to implement various federal and state grants awarded to the City. Funds are used for numerous current activities including public safety, transportation and transportation planning, and capital outlay.
- The capital improvement fund is a capital projects fund used primarily for the City's capital improvement program. Funds are used for various current activities including general government, public safety, public works, parks and recreation, and capital outlay.
- Other governmental funds are a summarization of all other nonmajor governmental funds.

**PROPRIETARY FUNDS**

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

- Elmwood golf course fund accounts for the operation of the city-owned Elmwood golf course. Activities of the fund include operation and maintenance of the golf course, along with the accumulation of resources for the payment of principal and interest on the capital leases outstanding. All costs are financed through charges to users with rates reviewed regularly and adjusted as necessary.
- Walking stick golf course fund accounts for the operations of the city-owned Walking Stick golf course. Activities of the fund include operation and maintenance of the golf course, along with the accumulation of resources for the payment of principal and interest on the capital leases and fund advances outstanding. All costs are financed through charges to users with rates reviewed regularly and adjusted as necessary.
- Sewer user fund accounts for the operations of the City's sewer utility. Activities of the fund include administration, operation and maintenance of the sewer system, along with accumulation of resources for the payment of principal and interest on long-term debt. All costs are financed through charges to utility customers with rates reviewed regularly and adjusted if necessary.
- Stormwater utility fund accounts for the operations of the City's stormwater utility. Activities of the fund include administration, operation, and maintenance of the stormwater system, along with accumulation of resources for the payment of principal and interest on capital leases, notes payable and fund advances. All costs are financed through charges to customers.
- Memorial airport fund accounts for the operations of the airport that is located approximately eight miles east of the City. Activities include administration, operation and maintenance of the airport. Costs are financed through charges to customers, transfers from other funds and capital grants.

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**C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION (Cont'd.)**

- Other enterprise funds is a summarization of all other nonmajor enterprise funds and includes the operation of the Honor farm, the city-wide bus transportation system, parking facilities, and Memorial Hall.

**OTHER FUND TYPES**

The City reports the following fund types:

- Special revenue funds are used to account for revenue sources that are restricted or committed to expenditure for specific purposes other than debt service and capital projects. The other special revenue funds besides the funds characterized as major are:
  - Intergovernmental
  - Special charges
  - Stimulus grants
  - Southpointe special improvement maintenance district
  - Bandera Blvd. special improvement maintenance district
  - North gateway number 1 business improvement district
  - North gateway number 1 public improvement corporation
  - Other special revenue
- Capital projects funds are used to account for financial resources that are restricted, committed or assigned to expenditures for capital outlay. The nonmajor capital projects funds are:
  - Historic Arkansas River project
  - Police building
- 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 general obligation bonds, certificates of participation and capital leases. The primary revenue sources are transfers from the general fund and other funds.
- Enterprise funds are used to account for those operations financed and operated in a manner similar to private enterprises where the intent is that the costs, including depreciation, of providing goods and services to the public on a continuing basis are to be financed or recovered primarily through user charges. The City's other enterprise funds besides those funds classified as major are:
  - Honor farm
  - Transportation services
  - Parking facilities
  - Memorial Hall

**CITY OF PUEBLO, COLORADO**  
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**C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION (Cont'd.)**

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. An exception to this rule is the accrual of interest income and interest expense on fund advances between Elmwood golf course and Walking Stick golf course. Another exception to this rule is the administrative charge imposed on the enterprise funds by the general fund. Elimination of these charges would distort the direct costs and program revenues reported for the functions affected.

**D. CASH, CASH EQUIVALENTS AND INVESTMENTS**

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

In accordance with generally accepted accounting principles, the City records certain investments at fair value with any unrealized gain or loss being included as part of investment income. The U.S. agency and treasury securities represent the City's investments reported at fair value with fair value being determined based on quoted market price. Unrealized gains and losses are allocated to each fund based on that fund's share of investments outstanding.

The remaining investments, namely the money market funds, are reported at cost. The money market funds are classified as short-term money market investments that mature within one year of acquisition date. The money market funds include 2a7, SEC-registered external investment pools that are regulated by the SEC, along with other external investment pools that are not regulated by the SEC and, thus, the fair value of the City's investment in these investment pools is the same as the value of the pool shares.

**E. CASH EQUIVALENTS**

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

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**F. PROPERTY TAXES**

Property taxes were levied on November 23, 2015 based on the assessed value of property as certified by the County Assessor by the previous October 10. Assessed values are a percentage of actual values. Reevaluation of all property must be made every two years and the last reevaluation date was January 1, 2014 for the 2012 base year as specified by state law.

The taxes levied on November 23, 2015 reflect 2015 taxes that will be collected in 2016. The taxes are collected by the County Treasurer and are remitted to the City on a monthly basis. These taxes are due and considered earned on January 2, 2016 and may be paid in two installments (February 28 and June 15) or they may be paid in full on or before April 30. Taxes not paid in accordance with this schedule accrue interest and penalty charges and are subject to liens if not paid by November 2016.

**G. INTERFUND RECEIVABLES/PAYABLES**

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

**H. INVENTORIES AND PREPAID ITEMS**

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

**I. CAPITAL ASSETS**

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

**CITY OF PUEBLO, COLORADO**  
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**I. CAPITAL ASSETS (Cont'd.)**

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed when material. No interest was capitalized during the year ended December 31, 2015.

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

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

**J. COMPENSATED ABSENCES**

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

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

**CITY OF PUEBLO, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
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**K. LONG-TERM LIABILITIES**

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

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

**L. PENSION PLANS**

The GASB issued Statement 68, Accounting and Financial Reporting for Pensions and GASB Statement 71, Pension Transition for Contributions Made Subsequent to the Measurement Date, to improve accounting and financial reporting by state and local governments for pensions. These two statements are effective for years beginning after June 15, 2014. These statements were 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.

The City adopted the provisions of these statements as of and for the year ended December 31, 2015 for all the plans in which the City participates. The City and two of its component units (Pueblo Transit Authority and Pueblo Urban Renewal Authority) participate in the Pueblo Employees' Retirement Association Plan (PERA) which is a cost-sharing, multiple-employer defined benefit pension plan administered by PERA. The City also participates in the new hire fire and police pension plan which is a statewide, cost sharing, multiple-employer defined benefit pension plan administered by the Colorado Fire and Police Pension Association (FPPA). In addition, the City also participates in the Old Hire Fire Plan and the Old Hire Police Plan that are agent, multiple-employer defined benefit pension plans administered by FPPA.

Public Employee Retirement Association (PERA)

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

**CITY OF PUEBLO, COLORADO**  
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**L. PENSION PLANS (Cont'd.)**

New Hire Fire and Police Plan

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

Old Hire Police Plan

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

Old Hire Fire Plan

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

**M. FUND EQUITY**

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

- Nonspendable – includes amounts that are (a) not in spendable form or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash such as inventories, prepaid items, long-term notes receivable and fund advances.
- Restricted – includes amounts that are restricted for specific purposes stipulated by external resource providers constitutionally or through enabling legislation.

**CITY OF PUEBLO, COLORADO**  
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**M. FUND EQUITY (Cont'd.)**

- Committed – includes amounts that can only be used for the specific purposes determined by the passage of an ordinance of City Council. Commitments may be modified or changed only by City Council approving a new ordinance.
- Assigned – includes amounts intended to be used by the City for specific purposes that are neither restricted nor committed. Intent is expressed by the City Manager and Director of Finance as outlined by City Council’s passage of an ordinance to which the assigned amounts are to be used for specific purposes.
- Unassigned – includes amounts that do not meet any of the above criteria. The City may report positive unassigned fund balance only in the general fund and negative unassigned fund balances may be reported in all funds.

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

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

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

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

**N. INTERFUND TRANSACTIONS**

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

**CITY OF PUEBLO, COLORADO  
NOTES TO FINANCIAL STATEMENTS  
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**O. 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.

**II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. BUDGETARY PRINCIPLES**

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

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

Expenditure estimates in the annual budgets are enacted into law through the passage of an appropriation ordinance. The city manager may at any time transfer any unencumbered appropriation balance or portion thereof from one classification of expenditures to another within the same department, office or agency. The Council may, by resolution, transfer any unencumbered appropriation balance or portion thereof from one department, office or agency to another. City Council may amend the original adopted budget during the year by passing a new ordinance to reflect current needs. During 2015, the expenditure estimates were amended. These amendments were made in accordance with the City Charter.

**B. LEGAL COMPLIANCE – BUDGETS**

The Memorial hall nonmajor enterprise fund incurred actual expenditures in excess of appropriations as follows:

<u>Fund</u>	<u>Actual Expenditures</u>	<u>Final Budgeted Expenditures</u>	<u>Variance Positive (Negative)</u>
Memorial hall	\$ 1,135,003	\$ 568,763	\$ (566,240)

In addition, the City did not adopt budgets for the police building fund (a nonmajor capital projects fund), the Historic Arkansas River Project fund (a nonmajor capital projects fund), and Pueblo Transit (a blended component unit/internal service fund). As such, the City may be in violation of Colorado budget law.

**CITY OF PUEBLO, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
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**III. DETAILED NOTES FOR ALL FUNDS**

**A. CASH, CASH EQUIVALENTS AND INVESTMENTS**

Cash, cash equivalents and investments are summarized as follows:

Cash on hand		\$ 12,745
Demand deposits		14,898,157
Restricted deposits (held by trustee)		970,118
Restricted deposits (held by lender)		<u>801,094</u>
		<u>\$ 16,682,114</u>
Investments –		
U.S. agency securities		\$ 58,262,914
U.S. treasury securities		2,986,258
Money market funds		32,189,342
Money market funds held by others (restricted)		<u>24,835</u>
		<u>\$ 93,463,349</u>

	<u>Cash and Cash</u>	
	<u>Equivalents</u>	<u>Investments</u>
Reported in the financial statements as follows:		
Government-wide statement of net position	\$ 16,466,532	\$ 93,463,349
Statement of fiduciary assets and liabilities	<u>215,582</u>	<u>-</u>
	<u>\$ 16,682,114</u>	<u>\$ 93,463,349</u>

**DEPOSITS**

At December 31, 2015, the carrying amount of the City's deposits was \$14,898,157 and the bank balance was \$14,629,511. Of the bank balance, \$846,195 was covered by federal depository insurance and \$13,783,316 was collateralized in single financial institution collateral pools maintained by the individual financial institutions that hold these deposits. Colorado law requires that depository institutions must apply for and be designated as an eligible public depository before the institution can accept public fund monies. The depository institution must pledge eligible collateral as security for all public deposits held by that institution that are not insured by depository insurance. The 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 City's deposits may not be returned to it. The City's policy for custodial credit risk parallels Colorado statutes as described above. As of December 31, 2015, deposits with a bank balance of \$13,783,316 are uninsured but are not exposed to custodial credit risk because they are collateralized with securities held by the pledging financial institution's agent in the City's name.

**CITY OF PUEBLO, COLORADO  
NOTES TO FINANCIAL STATEMENTS  
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**A. CASH, CASH EQUIVALENTS AND INVESTMENTS (Cont'd.)**

**INVESTMENTS**

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

At December 31, 2015, the City had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities</u> <u>(in years)</u>	
		<u>Less Than 1</u>	<u>1-5</u>
U.S. agencies	\$ 58,262,914	\$ 5,598,759	\$ 52,664,155
U.S. treasuries	2,986,258	-	2,986,258
Money market funds	32,189,342	32,189,342	-
Money market funds (restricted)	<u>24,835</u>	<u>24,835</u>	<u>-</u>
	<u>\$ 93,463,349</u>	<u>\$ 37,812,936</u>	<u>\$ 55,650,413</u>

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

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

**Credit risk** – The City's investment policy relative to investment choices provides that the City may invest in U.S. treasury and agency securities, commercial paper, bankers acceptances, local government investment pools, money market funds, repurchase agreements and corporate notes and bonds. As of December 31, 2015, the City's investment in money market funds generally were rated Aaa-mf by Moody's and AAAM by Standard and Poor's. The City's investment in U.S. agency securities includes bonds issued by Federal Farm Credit Banks, Federal Home Loan Bank, Federal Home Loan Mortgage Corporation and Federal National Mortgage Association. At December 31, 2015, the City's investment in these U.S. agency securities were generally rated Aaa by Moody's and AA+ by Standard and Poor's.

**CITY OF PUEBLO, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
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**A. CASH, CASH EQUIVALENTS AND INVESTMENTS (Cont'd.)**

Money market funds totaling \$32,189,342 as noted above include \$16,588,689 of funds held in the Colo Trust investment pool and the C-Safe investment pool. Both Colo Trust and C-Safe are external investment pools that are not registered with the SEC as investment companies but both entities have policies that include provisions that they will operate in a manner consistent with the SEC's rule 2a7 of the Investment Company Act of 1940. Rule 2a7 allows SEC-registered mutual funds to use amortized cost rather than market value in computing share prices if certain conditions are met. The regulatory oversight for both pools rests with the Colorado Securities Commission and the fair value of the City's investments in these two pools is the same as the value of the pool shares. The City's investment in these two external investment pools were generally rated AAAM by Moody's and Standard and Poor's.

**DISCRETELY PRESENTED COMPONENT UNITS**

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

	<u>Pueblo Urban Renewal Authority</u>	<u>Pueblo Main Street Garage Corporation</u>
Cash on hand	\$ 3,750	\$ -
Demand deposits	<u>3,281,217</u>	<u>36</u>
Total cash and cash equivalents	<u>\$ 3,284,967</u>	<u>\$ -</u>
Money market funds held at bank trust departments	<u>\$ 2,204,023</u>	<u>\$ -</u>
Reported in the financial statements as follows:		
Cash and cash equivalents	\$ 1,529,333	\$ 36
Restricted cash and cash equivalents	<u>1,755,634</u>	<u>-</u>
	<u>\$ 3,284,967</u>	<u>\$ 36</u>
Restricted investments	<u>\$ 2,204,023</u>	<u>\$ -</u>

**DEPOSITS**

At December 31, 2015, the carrying amount of the Pueblo Urban Renewal Authority's (the Authority) deposits was \$3,281,217 and the bank balance was \$2,618,103. Of the bank balance, \$750,000 was covered by federal depository insurance and \$1,868,103 was collateralized in single financial institution collateral pools maintained by the individual financial institutions that hold the deposits. Colorado law requires that depository institutions must apply for and be designated as an eligible public depository before the institution can accept public monies. The depository institution must pledge eligible collateral as security for all public deposits held by that institution that are not insured by depository insurance. The 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.

**CITY OF PUEBLO, COLORADO  
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**A. CASH, CASH EQUIVALENTS AND INVESTMENTS (Cont'd.)**

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, 2015, deposits with a bank balance of \$1,868,103 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 name of the discretely-presented component unit.

**INVESTMENTS**

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

As of December 31, 2015, the Authority had the following investments and maturities:

	<u>Fair Value</u>	<u>Investment Maturity (in years) less than 1</u>
Money market funds held at bank trust departments	\$ <u>2,204,023</u>	\$ <u>2,204,023</u>
	<u>\$ 2,204,023</u>	<u>\$ 2,204,023</u>

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

Credit risk – State law limits investments in money market funds to funds that are registered as an investment company; the fund investment policies must seek to maintain a constant price and no sales or bond fee can be added to the purchase or redemption price. The Authority has no investment policy that would further limit its investment choices. The Authority's investment in money market funds is rated AAAM by Standard and Poor's.

**CITY OF PUEBLO, COLORADO**  
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**B. RECEIVABLES**

Receivables at December 31, 2015 consist of the following:

	Governmental Activities			
	General Fund	Economic Development ½ Cent Tax Fund	HUD Grants Fund	Public Improvements Fund
Taxes –				
Property	\$ 12,812,842	\$ -	\$ -	\$ -
Sales and use	4,941,336	815,734	-	-
Franchise	762,676	-	-	-
Notes and loans	650,000	28,704,711	3,516,284	-
Accounts	1,176,447	34,604	-	-
Interest	3,581	67,039	-	-
Other	<u>1,121,136</u>	<u>-</u>	<u>471,857</u>	<u>-</u>
	21,468,018	29,622,088	3,988,141	-
Less: allowance for uncollectible accounts	<u>(148,479)</u>	<u>(9,207,246)</u>	<u>-</u>	<u>-</u>
	<u>\$ 21,319,539</u>	<u>\$ 20,414,842</u>	<u>\$ 3,988,141</u>	<u>\$ -</u>
Amounts not scheduled for collection during the subsequent year	<u>\$ 650,000</u>	<u>\$ 16,031,333</u>	<u>\$ 2,926,983</u>	<u>\$ -</u>

	Governmental Activities			
	Capital Improvement Fund	Other Governmental Funds	Internal Service Fund	Total
Taxes –				
Property	\$ -	\$ 40,678	\$ -	\$ 12,853,520
Sales and use	-	-	-	5,757,070
Franchise	-	-	-	762,676
Notes and loans	-	-	-	32,870,995
Accounts	-	-	-	1,239,226
Interest	2,979	20,742	2,988	97,329
Other	<u>-</u>	<u>455,148</u>	<u>-</u>	<u>2,048,141</u>
	2,979	516,568	31,163	55,628,957
Less: allowance for uncollectible accounts	<u>-</u>	<u>-</u>	<u>-</u>	<u>(9,355,725)</u>
	<u>\$ 2,979</u>	<u>\$ 516,568</u>	<u>\$ 31,163</u>	<u>\$ 46,273,232</u>
Amounts not scheduled for collection during the subsequent year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,608,316</u>

**CITY OF PUEBLO, COLORADO**  
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**B. RECEIVABLES (Cont'd.)**

Included in accounts receivables is \$912,575 of receivables that are due from Pueblo Urban Renewal Authority (the Authority) under agreements between the City and the Authority.

	<u>Business-Type Activities</u>						<u>Total</u>
	<u>Elmwood Golf Course</u>	<u>Walking Stick Golf Course</u>	<u>Sewer User</u>	<u>Storm- water Utility</u>	<u>Memorial Airport</u>	<u>Other Enterprise Funds</u>	
Accounts	\$ 44,186	\$ 35,294	\$3,206,479	\$ 642,216	\$166,411	\$159,235	\$4,253,821
Interest	-	-	28,730	3,411	293	970	33,404
	<u>44,186</u>	<u>35,294</u>	<u>3,235,209</u>	<u>645,627</u>	<u>166,704</u>	<u>160,205</u>	<u>4,287,225</u>
Less: allowance for uncollectible accounts	-	-	-	-	(59,350)	-	(59,350)
	<u>\$ 44,186</u>	<u>\$ 35,294</u>	<u>\$3,235,209</u>	<u>\$ 645,627</u>	<u>\$107,354</u>	<u>\$160,205</u>	<u>\$4,227,875</u>

Included in accounts receivable for other enterprise funds is \$56,406 of receivables from Pueblo Urban Renewal Authority (the Authority) under an agreement between the City and the Authority.

**DISCRETELY PRESENTED COMPONENT UNITS**

Receivables at December 31, 2015 are summarized as follows:

	<u>Pueblo Urban Renewal Authority</u>
Property tax	\$ 5,209,047
Vendor fees	148,017
Accounts	113,661
Notes	6,948,301
Interest	2,576
	<u>12,421,602</u>
Less: allowance for uncollectible accounts	-
	<u>\$ 12,421,602</u>
Amounts not scheduled for collection during the subsequent year	<u>\$ 6,948,301</u>

**CITY OF PUEBLO, COLORADO**  
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**B. RECEIVABLES (Cont'd.)**

Included in notes receivable reported above 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, 2013. Interest only payments were due and paid annually on December 21<sup>st</sup> 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, 2013, this loan was assigned to NDC New Markets Investments XIX, L.P. and this note was paid on February 14, 2013 via a replacement note totaling \$6,862,000 issued by Pueblo Main Street 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 21<sup>st</sup> until the due date. The note is collateralized by a deed of trust on the parking garage structure.

Included in accounts receivables above is a receivable totaling \$88,237 that is due from the City in conjunction with an infrastructure project. The corresponding account payable is reported in the City's stormwater utility major enterprise fund.

**C. INTERFUND RECEIVABLES/PAYABLES/TRANSFERS**

The following interfund receivables and payables are included in the fund financial statements at December 31, 2015:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Governmental funds –		
General fund	\$ 8,949,353	\$ 6,440,647
Economic development ½ cent tax	398,282	-
HUD grants	243,199	-
Public improvements	-	3,821,305
Capital improvement fund	2,666,004	-
Nonmajor governmental	<u>1,433,563</u>	<u>124,353</u>
Total governmental funds	<u>13,690,401</u>	<u>10,386,305</u>
Enterprise funds –		
Elmwood golf course	-	479,568
Walking Stick golf course	-	663,448
Sewer user	171,262	-
Stormwater utility	21,137	-
Memorial airport	-	1,117,600
Nonmajor enterprise funds	<u>-</u>	<u>2,743,079</u>
Total enterprise funds	<u>192,399</u>	<u>5,003,695</u>
Internal service fund	<u>1,507,200</u>	<u>-</u>
	<u>\$ 15,390,000</u>	<u>\$ 15,390,000</u>

**CITY OF PUEBLO, COLORADO**  
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**C. INTERFUND RECEIVABLES/PAYABLES/TRANSFERS (Cont'd.)**

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

The following table summarizes advances to/from other funds at December 31, 2015:

	<u>Advances to Other Funds</u>	<u>Advances from Other Funds</u>
Major governmental funds –		
Advance due general fund from stormwater utility major enterprise fund	\$ 190,810	
Advance due general fund from Walking Stick golf course major enterprise fund	1,272,103	
Advance due capital improvement fund from honor farm nonmajor enterprise fund	747,000	
Major enterprise funds –		
Advance due Elmwood golf course from Walking Stick golf course	13,808,638	
Advance due from Walking Stick golf course to Elmwood golf course		3,808,638
Advance due to general fund from Walking Stick golf course		1,272,103
Advance due to general fund from stormwater utility fund		190,810
Nonmajor enterprise fund –		
Advance due to capital improvement fund from honor farm fund	-	747,000
	<u>\$ 16,018,551</u>	<u>\$ 16,018,551</u>

The advance from the general fund to the stormwater utility fund was provided for start-up costs associated with the operation of the stormwater utility. The advance from the capital improvement fund to the honor farm fund was provided for capital improvements. It is expected that these advances will be paid in more than one year.

The advance from Elmwood golf course fund to Walking Stick golf course fund generally reflects prior City Council actions which recharacterized transfers to Walking Stick golf course as advances. It is presently anticipated that repayment of these advances will begin in the near future since the certificates of participation outstanding were paid off in 2008. The advance from the general fund to Walking Stick golf course reflects an advance for debt service and capital improvements. It is presently anticipated that the repayment of this advance will begin in the near future since the certificates of participation were paid off in 2008.

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**C. INTERFUND RECEIVABLES/PAYABLES/TRANSFERS (Cont'd.)**

Transfers for the year ended December 31, 2015 are as follows:

	<u>Transfers in</u>	<u>Transfers out</u>
Governmental funds –		
General fund	\$ 4,574,983	\$ 9,886,785
Economic development ½ cent tax	-	873,097
HUD grants	-	276,560
Public improvements	1,326,334	-
Capital improvement fund	575,000	200,000
Other governmental funds	<u>4,606,413</u>	<u>5,299,843</u>
Total governmental funds	<u>11,082,730</u>	<u>16,536,285</u>
Enterprise funds –		
Sewer user	-	50,000
Stormwater utility	-	56,507
Memorial airport	1,208,445	-
Other enterprise funds	<u>2,401,617</u>	<u>-</u>
Total enterprise funds	<u>3,610,062</u>	<u>106,507</u>
Internal service fund	<u>1,950,000</u>	<u>-</u>
	<u>\$ 16,642,792</u>	<u>\$ 16,642,792</u>

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

**D. DUE FROM OTHER GOVERNMENTAL AGENCIES**

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

**CITY OF PUEBLO, COLORADO**  
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**E. CAPITAL ASSETS**

Capital assets activity for the year ended December 31, 2015 was as follows:

	Balance January 1, <u>2015</u>	<u>Additions</u>	Deletions/ Inventory Adjustments/ <u>Transfers</u>	Balance December 31, <u>2015</u>
Governmental activities –				
Nondepreciable assets –				
Land	\$ 16,953,457	\$ 5,415	\$ 215,917	\$ 16,742,955
Land – infrastructure	75,312,804	-	372,617	74,940,187
Art works	872,619	10,194	-	882,813
Intangibles	1,118,863	14,180	-	1,133,043
Construction in progress	<u>6,127,822</u>	<u>5,179,621</u>	<u>1,244,156</u>	<u>10,063,287</u>
Total capital assets not being depreciated	<u>100,385,565</u>	<u>5,209,410</u>	<u>1,832,690</u>	<u>103,762,285</u>
Depreciable assets –				
Land improvements	48,451,777	541,551	-	48,993,328
Infrastructure	174,867,604	1,132,223	6,622	175,993,205
Buildings	71,444,147	461,215	4,230,720	67,674,642
Machinery and equipment	<u>38,742,655</u>	<u>969,826</u>	<u>641,302</u>	<u>39,071,179</u>
Total capital assets being depreciated	<u>333,506,183</u>	<u>3,104,815</u>	<u>4,878,644</u>	<u>331,732,354</u>
Less: accumulated depreciation for –				
Land improvements	(9,878,376)	(625,189)	-	(10,503,565)
Infrastructure	(49,474,523)	(1,872,490)	729	(51,346,284)
Buildings	(12,639,750)	(1,558,277)	319,805	(13,878,222)
Machinery and equipment	<u>(28,266,018)</u>	<u>(1,937,457)</u>	<u>616,178</u>	<u>(29,587,297)</u>
Total accumulated depreciation	<u>(100,258,667)</u>	<u>(5,993,413)</u>	<u>936,712</u>	<u>(105,315,368)</u>
Capital assets being depreciated, net	<u>233,247,516</u>	<u>(2,888,598)</u>	<u>3,941,932</u>	<u>226,416,986</u>
Total governmental activities capital assets, net	<u>\$ 333,633,081</u>	<u>\$ 2,320,812</u>	<u>\$ 5,774,622</u>	<u>\$ 330,179,271</u>

**CITY OF PUEBLO, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015**

**E. CAPITAL ASSETS (Cont'd.)**

	Balance January 1, <u>2015</u>	<u>Additions</u>	Deletions/ Inventory Adjustments/ <u>Transfers</u>	Balance December 31, <u>2015</u>
Business-type activities				
Nondepreciable assets –				
Land	\$ 4,363,769	\$ 7,370	\$ -	\$ 4,371,139
Intangibles	16,013	3,912	-	19,925
Construction in progress	<u>3,528,112</u>	<u>5,826,150</u>	<u>1,178,259</u>	<u>8,176,003</u>
Total capital assets not being depreciated	<u>7,907,894</u>	<u>5,837,432</u>	<u>1,178,259</u>	<u>12,567,067</u>
Depreciable assets –				
Land improvements	48,726,209	-	-	48,726,209
Infrastructure	97,256,051	675,718	1,717	97,930,052
Buildings	69,940,060	1,291,670	-	71,231,730
Machinery and equipment	17,987,356	1,229,614	736,051	18,480,919
Other improvements	<u>26,398,937</u>	<u>-</u>	<u>-</u>	<u>26,398,937</u>
Total capital assets being depreciated	<u>260,308,613</u>	<u>3,197,002</u>	<u>737,768</u>	<u>262,767,847</u>
Less: accumulated depreciation for –				
Land improvements	(7,938,053)	(1,306,170)	-	(9,244,223)
Infrastructure	(21,224,783)	(977,744)	-	(22,202,527)
Buildings	(11,488,501)	(1,430,386)	-	(12,918,887)
Machinery and equipment	(13,972,258)	(1,376,387)	612,860	(14,735,785)
Other improvements	<u>(24,051,313)</u>	<u>(154,790)</u>	<u>-</u>	<u>(24,201,103)</u>
Total accumulated depreciation	<u>(78,674,908)</u>	<u>(5,245,477)</u>	<u>612,860</u>	<u>(83,307,525)</u>
Capital assets being depreciated, net	<u>181,633,705</u>	<u>(2,048,475)</u>	<u>124,908</u>	<u>179,460,322</u>
Total business-type activities capital assets, net	<u>\$ 189,541,599</u>	<u>\$ 3,788,957</u>	<u>\$ 1,303,167</u>	<u>\$ 192,027,389</u>

**CITY OF PUEBLO, COLORADO**  
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**E. CAPITAL ASSETS (Cont'd.)**

	Balance January 1, <u>2015</u>	<u>Additions</u>	Deletions/ Inventory Adjustments/ <u>Transfers</u>	Balance December 31, <u>2015</u>
<b>Pueblo Urban Renewal Authority</b>				
discretely-presented component unit -				
Nondepreciable assets -				
Land	\$ 1,244,380	\$ -	\$ -	\$ 1,244,380
Memorial	<u>295,097</u>	<u>-</u>	<u>-</u>	<u>295,097</u>
Total capital assets not being depreciated	<u>1,539,477</u>	<u>-</u>	<u>-</u>	<u>1,539,477</u>
Depreciable assets -				
Buildings	9,995,666	-	-	9,995,666
Machinery and equipment	1,226,668	-	-	1,226,668
Other improvements	<u>1,335,533</u>	<u>11,965</u>	<u>-</u>	<u>1,347,498</u>
Total capital assets being depreciated	<u>12,557,867</u>	<u>11,965</u>	<u>-</u>	<u>12,569,832</u>
Less: accumulated depreciation for -				
Buildings	(3,285,101)	(199,688)	-	(3,484,789)
Machinery and equipment	(1,027,695)	(55,911)	-	(1,083,606)
Other improvements	<u>(709,218)</u>	<u>(95,785)</u>	<u>-</u>	<u>(805,003)</u>
Total accumulated depreciation	<u>(5,022,014)</u>	<u>(351,384)</u>	<u>-</u>	<u>(5,373,398)</u>
Capital assets being depreciated, net	<u>7,535,853</u>	<u>(339,419)</u>	<u>-</u>	<u>7,196,434</u>
Total Pueblo Urban Renewal Authority capital assets, net	<u>\$ 9,075,330</u>	<u>\$ (339,419)</u>	<u>\$ -</u>	<u>\$ 8,735,911</u>
<b>Pueblo Main Street Garage Corporation</b>				
discretely-presented component unit -				
Depreciable assets -				
Building	\$ 11,339,196	\$ -	\$ -	\$ 11,339,196
Total capital assets being depreciated	<u>11,339,196</u>	<u>-</u>	<u>-</u>	<u>11,339,196</u>
Less: accumulated depreciation for -				
Building	<u>(1,587,041)</u>	<u>(226,794)</u>	<u>-</u>	<u>(1,813,835)</u>
Capital assets being depreciated, net	<u>9,752,155</u>	<u>(226,794)</u>	<u>-</u>	<u>9,525,361</u>
Total Pueblo Main Street Garage Corporation capital assets, net	<u>\$ 9,752,155</u>	<u>\$ (226,794)</u>	<u>\$ -</u>	<u>\$ 9,525,361</u>

**CITY OF PUEBLO, COLORADO**  
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**E. CAPITAL ASSETS (Cont'd.)**

	Balance January 1, <u>2015</u>	<u>Additions</u>	Deletions/ Inventory Adjustments/ <u>Transfers</u>	Balance December 31, <u>2015</u>
Pueblo Municipal Rail Corporation discretely-presented component unit -				
Nondepreciable assets -				
Land	\$ 529,620	\$ -	\$ -	\$ 529,620
Total capital assets not being depreciated	<u>529,620</u>	<u>-</u>	<u>-</u>	<u>529,620</u>
Depreciable assets -				
Infrastructure	<u>2,471,960</u>	<u>600,000</u>	<u>-</u>	<u>3,071,960</u>
Total capital assets being depreciated	<u>2,471,960</u>	<u>600,000</u>	<u>-</u>	<u>3,071,960</u>
Less: accumulated depreciation for infrastructure	<u>(49,440)</u>	<u>(24,720)</u>	<u>-</u>	<u>(74,160)</u>
Capital assets being depreciated, net	<u>2,422,520</u>	<u>575,280</u>	<u>-</u>	<u>2,997,800</u>
Total Pueblo Municipal Rail Corporation capital assets, net	<u>\$ 2,952,140</u>	<u>\$ 575,280</u>	<u>\$ -</u>	<u>\$ 3,527,420</u>

Depreciation expense was charged to functions/programs as follows:

Governmental activities -	
General government	\$ 430,939
Public safety	1,830,590
Public works	2,073,486
Culture and community welfare	432,802
Parks and recreation	979,005
Economic development	<u>246,591</u>
Total depreciation expense - governmental activities	<u>\$ 5,993,413</u>
Business-type activities -	
Elmwood golf course	\$ 194,122
Walking Stick golf course	245,652
Sewer user	1,658,213
Stormwater utility	706,216
Memorial airport	1,342,774
Other enterprise funds	<u>1,098,500</u>
Total depreciation expense - business-type activities	<u>\$ 5,245,477</u>

**CITY OF PUEBLO, COLORADO**  
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**E. CAPITAL ASSETS (Cont'd.)**

Discretely-presented component units –

Pueblo Urban Renewal Authority	\$ 339,419
Pueblo Main Street Garage Corporation	226,794
Pueblo Municipal Rail Corporation	<u>24,720</u>
	<u>\$ 590,933</u>

At December 31, 2015, the City had in progress various construction projects for both governmental activities and business-type activities. Costs to date and total estimated costs are summarized below:

	Costs to December 31, <u>2015</u>	Total Estimated <u>Costs</u>
Governmental activities –		
City Hall renovation	\$ 2,490,255	\$ 2,640,875
Fountain Creek trail	2,415,106	2,583,765
Other parks and recreation projects	221,053	1,406,300
Dillon flyover	3,150,001	5,535,083
West 11 <sup>th</sup> Street bridge replacement	1,250,409	6,179,303
Other public works projects	<u>536,463</u>	<u>1,646,068</u>
	<u>\$ 10,063,287</u>	<u>\$ 19,991,394</u>
Business-type activities –		
Sewer user	\$ 5,475,102	\$ 10,132,603
Stormwater	174,511	610,421
Memorial airport	2,514,063	2,697,347
Other enterprise funds	<u>12,327</u>	<u>25,000</u>
	<u>\$ 8,176,003</u>	<u>\$ 13,465,371</u>

**CITY OF PUEBLO, COLORADO**  
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**F. DEFERRED INFLOWS OF RESOURCES (NON-PENSION RELATED)**

Deferred inflows of resources (non-pension related) at December 31, 2015 are summarized as follows:

	Governmental Activities					Total
	General Fund	HUD Grants	Public Improvements	Capital Improvement Fund	Other Governmental Funds	
Property taxes	\$ 12,812,842	\$ -	\$ -	\$ -	\$ 40,678	\$ 12,853,520
Notes and loans	650,000	231,294	-	-	-	881,294
Other receivables	1,435,219	471,157	-	-	13,114	1,919,490
Other unavailable revenue	<u>505,454</u>	<u>381,123</u>	<u>4,125,713</u>	<u>28,748</u>	<u>23,306</u>	<u>5,064,344</u>
	15,403,515	1,083,574	4,125,713	28,748	77,098	20,718,648
Less: amounts recognized as revenue in the government-wide statements	<u>(2,355,081)</u>	<u>(852,279)</u>	<u>(3,978,541)</u>	<u>(28,748)</u>	<u>(36,420)</u>	<u>(7,251,069)</u>
	<u>\$ 13,048,434</u>	<u>\$ 231,295</u>	<u>\$ 147,172</u>	<u>\$ -</u>	<u>\$ 40,678</u>	<u>\$ 13,467,579</u>

	Pueblo Urban Renewal Authority
Property taxes	\$ 5,209,047
Other	<u>60,989</u>
	<u>\$ 5,270,036</u>

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

**CITY OF PUEBLO, COLORADO**  
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**G. PENSIONS**

**Public Employees Retirement Association (PERA)**

**General Information about the Pension Plan**

*Plan description.* Eligible employees of the City of Pueblo are provided with pensions through the Local Government Division Trust Fund (LGDTF) – a cost-sharing multiple-employer defined benefit pension plan administered by PERA. Plan benefits are specified in Title 24, Article 51 of the Colorado Revised Statutes (C.R.S.), administrative rules set forth at C.C.R. 1502-1, and applicable provisions of the federal Internal Revenue Code. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report that can be obtained at [www.copera.org/investments/pera\\_financial\\_reports](http://www.copera.org/investments/pera_financial_reports).

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

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

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

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

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

**CITY OF PUEBLO, COLORADO**  
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**DECEMBER 31, 2015**

**G. PENSIONS (Cont'd.)**

Benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments (COLAs), referred to as annual increases in the C.R.S. Benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007 receive an annual increase of 2 percent, unless PERA has a negative investment year, in which case the annual increase for the next three years is the lesser of 2 percent of the average of the consumer price index for urban wage earners and clerical workers (CPI-w) for the prior calendar year. Benefit recipients under the PERA benefit structure who began employment after January 1, 2007 receive an annual increase of the lesser of 2 percent or the average CPI-W for the prior calendar year, not to exceed 10 percent of PERA's annual increase reserve for the LGDTF.

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

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

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

	<u>Rate</u>
Employer contribution rate	10.00%
Amount of employer contribution apportioned to the health care trust fund as specified in C.R.S. §24-51-208(1)(f)	(1.02)%
Amount apportioned to the LGDTF	8.98%
Amortization equalization disbursement (AED) as specified in C.R.S. §24-51-411	2.20%
Supplemental amortization equalization disbursement (SAED) as specified in C.R.S. §24-51-411	<u>1.50%</u>
Total employer contribution rate to the LGDTF	<u>12.68%</u>

Employer contributions are recognized by the LGDTF in the period in which the compensation becomes payable to the member and the City of Pueblo is statutorily committed to pay the contributions to LGDTF. Employer contributions recognized by the LGDTF from the City of Pueblo were \$2,424,221 for the year ended December 31, 2015.

**CITY OF PUEBLO, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015**

**G. PENSIONS (Cont'd.)**

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

At December 31, 2015, the City of Pueblo reported a liability of \$31,272,221 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2013. Standard update procedures were used to roll forward the total pension liability to December 31, 2014. The City of Pueblo's proportion of the net pension liability was based on the City of Pueblo's contributions to the LGDTF for the calendar year 2014 relative to the total contributions of participating employers to the LGDTF.

At December 31, 2014, the City of Pueblo's proportion was 3.489 percent, which was a decrease of 0.137 percent from its proportion measured as of December 31, 2013.

For the year ended December 31, 2015, the City of Pueblo recognized pension expense of \$2,783,568. At December 31, 2015, the City of Pueblo reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ 6,280
Net difference between projected and actual earnings on pension plan investments	1,695,898	-
Changes in proportionate share	-	630,749
Differences between contributions recognized and proportionate share of contributions	14,890	-
Contributions subsequent to the measurement date	<u>2,434,056</u>	<u>-</u>
Total	<u>\$ 4,144,844</u>	<u>\$ 637,029</u>

\$2,434,056 reported as deferred outflows of resources related to pension, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended December 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended December 31,</u>	
2016	\$ (65,906)
2017	291,717
2018	423,975
2019	<u>423,973</u>
	<u>\$ 1,073,759</u>

**CITY OF PUEBLO, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
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**G. PENSIONS (Cont'd.)**

*Actuarial assumptions.* The total pension liability in the December 31, 2013 actuarial valuation was determined using the following actuarial assumptions and other inputs:

Price inflation	2.80 percent
Real wage growth	1.10 percent
Wage inflation	3.90 percent
Salary increases, including wage inflation	3.90 – 10.85 percent
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.50 percent
Future post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07	2.00 percent
PERA benefit structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the annual increase reserve

Mortality rates were based on the RP-2000 combined mortality table for males or females, as appropriate, with adjustments for mortality improvements based on a projection of Scale AA to 2020 with males set back 1 year and females set back 2 years.

The actuarial assumptions used in the December 31, 2013 valuation were based on the results of an actuarial experience study for the period January 1, 2008 through December 31, 2011, adopted by PERA's board on November 13, 2012, and an economic assumption study, adopted by PERA's board on November 15, 2013 and January 17, 2014.

The LGDTF's long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

As of the most recent analysis of the long-term expected rate of return, presented to the PERA board on November 15, 2013, the target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table.

**CITY OF PUEBLO, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015**

**G. PENSIONS (Cont'd.)**

<u>Asset Class</u>	<u>Target Allocation</u>	<u>10 Year Expected Geometric Real Rate of Return</u>
U.S. Equity – Large Cap	26.76%	5.00%
U.S. Equity - Small Cap	4.40%	5.19%
Non U.S. Equity – Developed	22.06%	5.29%
Non U.S. Equity – Emerging	6.24%	6.76%
Core Fixed Income	24.05%	0.98%
High Yield	1.53%	2.64%
Long Duration Gov't/Credit	0.53%	1.57%
Emerging Market Bonds	0.43%	3.04%
Real Estate	7.00%	5.09%
Private Equity	<u>7.00%</u>	7.15%
Total	<u>100.00%</u>	

In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected rate of return assumption of 7.50%.

*Discount rate.* The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the fixed statutory rates specified in law, including current and future AED and SAED, until the actuarial value funding ratio reaches 103 percent, at which point the AED and SAED will each drop 0.50 percent every year until they are zero. Based on those assumptions, the LGDTF's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination does not use the municipal bond index rate. There was no change in the discount rate from the prior measurement date.

*Sensitivity of the City of Pueblo's proportionate share of the net pension liability to changes in the discount rate.* The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Proportionate share of the net pension liability	<u>\$ 51,070,970</u>	<u>\$ 31,272,221</u>	<u>\$ 14,765,867</u>

*Pension plan fiduciary net position.* Detailed information about the LGDTF's fiduciary net position is available in PERA's comprehensive annual financial report which can be obtained at [www.copera.org/investments/pera\\_financial\\_reports](http://www.copera.org/investments/pera_financial_reports).

**CITY OF PUEBLO, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
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**G. PENSIONS (Cont'd.)**

**New Hire Fire and Police Association (FPPA)**

**General Information about the Pension Plan**

*Plan description.* The Statewide Defined Benefit Plan (the Plan) is a cost-sharing multiple-employer defined benefit pension plan. The Plan is administered by the Fire & Police Pension Association of Colorado (FPPA). FPPA issues a publicly available comprehensive annual financial report that can be obtained on FPPA's website at <http://www.fppaco.org>.

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

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

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

*Contributions.* The Plan sets contribution rates at a level that enables all benefits to be fully funded at the retirement date of all members. Contribution rates for the Plan are set by state statute. Employer contribution rates can only be amended by state statute. Member contribution rates can be amended by state statute or election of the membership.

Members of the Plan and their employers are contributing at the rate of 8 percent of base salary for a total contribution rate of 16 percent through 2014. In 2014, the members elected to increase the member contribution rate to the Plan beginning in 2015. Member contribution rates will increase 0.5 percent annually through 2022 to a total of 12 percent of base salary. Employer contributions will remain at 8 percent resulting in a combined contribution rate of 20 percent in 2022.

**CITY OF PUEBLO, COLORADO  
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**G. PENSIONS (Cont'd.)**

Contributions from members and employers of departments re-entering the system are established by resolution and approved by the FPPA board of directors. The re-entry group has a combined contribution rate of 20 percent of base salary through 2014. It is a local decision as to whether the member or employer pays the additional 4 percent contribution. Based on the 2014 member election, the re-entry group will also have their required member contribution rate increase 0.5 percent annually beginning in 2015 through 2022 for a total combined member and employer contribution of 24 percent in 2022.

The contribution rate for members and employers of affiliated social security employers is 4 percent of base salary for a total contribution rate of 8 percent through 2014. Based on the 2014 member election, members of the affiliate social security group will have their required contribution rate increase 0.25 percent annually beginning in 2015 through 2022 to a total of 6 percent of base salary. Employer contributions will remain at 4 percent resulting in a combined contribution rate of 10 percent in 2022.

Contributions to the pension plan from the City of Pueblo were \$1,581,054 for the year ended December 31, 2015.

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

At December 31, 2015, the City of Pueblo reported an asset of \$4,960,089 for its proportionate share of the net pension asset. The net pension liability (asset) was measured as of December 31, 2014, and the total pension liability (asset) used to calculate the net pension liability (asset) was determined by an actuarial valuation as of January 1, 2015. The City of Pueblo's proportion of the net pension liability (asset) was based on the City of Pueblo's contributions to the Plan for the calendar year 2014 relative to the total contributions of participating employers to the Plan.

At December 31, 2014, the City of Pueblo's proportion was 4.395 percent, which was a decrease of 0.129 percent from its proportion measured as of December 31, 2013.

For the year ended December 31, 2015, the City of Pueblo recognized pension expense of \$272,096. At December 31, 2015, the City of Pueblo reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ 102,177
Net difference between projected and actual earnings on pension plan investments	391,077	-
Changes in proportionate share	104,412	-
Differences between contributions recognized and proportionate share of contributions	858	-
Contributions subsequent to the measurement date	<u>1,613,793</u>	<u>-</u>
Total	<u>\$ 2,110,140</u>	<u>\$ 102,177</u>

**CITY OF PUEBLO, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
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**G. PENSIONS (Cont'd.)**

\$1,613,793 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended December 31,</u>		
2016	\$	98,094
2017		98,094
2018		98,094
2019		98,095
2020		325
Thereafter		<u>1,468</u>
		<u>\$ 394,170</u>

*Actuarial assumptions.* The January 1, 2014 actuarial valuation was used to determine the actuarially determined contribution of the fiscal year ending December 31, 2014. The valuation used the following actuarial assumption and other inputs:

Actuarial method	Entry age normal
Amortization method	Level % of payroll, open
Amortization period	30 years
Asset valuation method	5-year smoothed fair value
Long-term investment rate of return, includes inflation at 3.0 percent	7.50 percent
Projected salary increases	4.0 – 14.0 percent
Cost of living adjustments ( COLA)	0.00 percent

The RP-2000 combined mortality table with blue collar adjustment, projected with Scale AA, 40 percent multiplier for off-duty mortality is used in the valuation for off-duty mortality of active members. On-duty related mortality is assumed to be 0.00020 per year for all members. The RP-2000 combined mortality table with blue collar adjustment, projected with Scale AA is used in the projection of post-retirement benefits.

At least every five years the Fire & Police Pension Association's board of directors, in accordance with best practices, reviews its economic and demographic actuarial assumptions. At its July 2011 meeting, the board of directors reviewed and approved recommended changes to the actuarial assumptions. The recommendations were made by the Fire & Pension Association's actuaries, based upon their analysis of past experience and expectations of the future.

The assumption changes were effective for actuarial valuations beginning January 1, 2012. The actuarial assumptions impacted actuarial factors for benefit purposes such as purchases of service credit and other benefits where actuarial factors are used. The date the new actuarial assumptions were effective for benefit purposes was October 1, 2012.

**CITY OF PUEBLO, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
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**G. PENSIONS (Cont'd.)**

Effective with the January 1, 2013 valuations, the board adopted a five-year smoothing methodology in the determination of the actuarial value of assets. Beginning with the January 1, 2014 valuations, the married assumption for active members was increased from 80% to 85% to reflect the passage of the Colorado Civil Union Act.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the fund's target asset allocation as of December 31, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>10 Year Expected Geometric Real Rate of Return</u>
Global Equity	40.0%	8.9%
Equity Long/Short	10.0%	7.5%
Illiquid Alternatives	18.0%	10.5%
Fixed Income	15.0%	4.6%
Absolute Return	12.0%	6.5%
Managed Futures	4.0%	5.5%
Cash	<u>1.0%</u>	2.5%
Total	<u>100.0%</u>	

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

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

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.50%; the municipal bond rate is 3.65% (based on the weekly rate closest to but not later than the measurement date of the "state & local bonds" rate from Federal Reserve statistical release (H.15)); and the resulting single discount rate is 7.50%.

**CITY OF PUEBLO, COLORADO**  
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**G. PENSIONS (Cont'd.)**

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

	1% Decrease <u>(6.50%)</u>	Current Discount Rate <u>(7.50%)</u>	1% Increase <u>(8.50%)</u>
Proportionate share of the net pension liability (asset)	<u>\$ 4,676,425</u>	<u>\$ (4,960,089)</u>	<u>\$ (12,998,204)</u>

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

**Payable to the pension plan**

At December 31, 2015, the City reported a payable of \$134,892 for the outstanding amount of contributions to the Plan required for the year ended December 31, 2015.

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

**General Information About the Pension Plan**

*Plan description.* The Fire & Police Association (FPPA) administers an agent multiple-employer Public Employee Retirement System (PERS). The PERS represents the assets of numerous separate plans that have been pooled for investment purposes. The pension plans have elected to affiliate with FPPA for plan administration and investment only. FPPA issues a publicly available comprehensive annual financial report that can be obtained on FPPA's website at:

[http://www.fppaco.org/pdfs/annual\\_audit\\_actuarial\\_reports/annual%20reports/2014%20cafr.pdf](http://www.fppaco.org/pdfs/annual_audit_actuarial_reports/annual%20reports/2014%20cafr.pdf).

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

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

**CITY OF PUEBLO, COLORADO**  
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**G. PENSIONS (Cont'd.)**

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

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

*Employees covered by benefit terms.* At December 31, 2015, the following employees were covered by the benefit terms:

Retirees and beneficiaries	121
Inactive, nonretired members	0
Active members	<u>1</u>
	<u>122</u>

*Contributions.* Members of this fund are currently contributing at the rate of 10% of base salary. The City's actuarially determined contribution rates are calculated as of January 1 of even numbered years. The contribution rates have a one-year lag, so the actuarial valuation as of January 1, 2012, determines the contribution amounts for 2013 and 2014. Contributions to the pension plan from the City of Pueblo were \$1,710,695 for the year ended December 31, 2015.

**Net Pension Liability**

The City of Pueblo's net position liability was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2014.

*Actuarial assumptions.* The total pension liability in the January 1, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method	Entry age normal
Amortization method	Level dollar, open*
Remaining amortization period	13 years*
Asset valuation method	5-year smoothed market
Inflation	3.00 percent
Salary increases	N/A
Investment rate of return	7.50 percent
Retirement age	Any remaining actives are assumed to retire immediately

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

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**G. PENSIONS (Cont'd.)**

Mortality rates were based on the RP-2000 combined mortality table, with blue collar adjustment for post-retirement participants and RP-2000 disabled mortality table for disabled participants, with adjustments for mortality improvements based on Scale AA.

The long-term expected rate of return on pension plan investments are determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the fund's target asset allocation as of December 31, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>10 Year Expected Geometric Real Rate of Return</u>
Global Equity	40.0%	8.9%
Equity Long/Short	10.0%	7.5%
Illiquid Alternatives	18.0%	10.5%
Fixed Income	15.0%	4.6%
Absolute Return	12.0%	6.5%
Managed futures	4.0%	5.5%
Cash	1.0%	2.5%
Total	<u>100.0%</u>	

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

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.50%; the municipal bond rate is 3.65% (based on the weekly rate closest to but not later than the measurement date of the "state & local bonds" rate from Federal Reserve statistical release (H.15)); and the resulting single discount rate is 7.50%.

**CITY OF PUEBLO, COLORADO**  
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**G. PENSIONS (Cont'd.)**

**Changes in the Net Pension Liability**

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balances at 12/31/2014	\$ 64,812,929	\$ 53,459,024	\$ 11,353,905
Changes for the year –			
Service cost	-	-	-
Interest	4,647,773	-	4,647,773
Differences between expected and actual experience	-	-	-
Contributions – employer	-	1,710,695	(1,710,695)
Contributions – employee	-	2,821	(2,821)
Net investment income	-	3,522,694	(3,522,694)
Benefit payments	(5,789,929)	(5,789,929)	-
Administrative expense	-	(89,300)	89,300
Net changes	(1,142,156)	(643,019)	(499,137)
Balances at 12/31/2015	\$ 63,670,773	\$ 52,816,005	\$ 10,854,768

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

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
City's net pension liability	\$ 16,332,332	\$ 10,854,768	\$ 6,191,425

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

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

For the year ended December 31, 2015, the City of Pueblo recognized pension expense of \$944,884. At December 31, 2015, the City of Pueblo reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**CITY OF PUEBLO, COLORADO  
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**G. PENSIONS (Cont'd.)**

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ -
Net difference between projected and actual earnings on pension plan investments	266,674	-
Contributions subsequent to the measurement date	<u>1,272,351</u>	<u>-</u>
Total	<u>\$ 1,539,025</u>	<u>\$ -</u>

\$1,272,351 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended December 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended	
2016	\$ 66,669
2017	66,669
2018	66,669
2019	<u>66,667</u>
	<u>\$ 266,674</u>

**Payable to the pension plan**

At December 31, 2015, the City reported a payable of \$102,203 for the outstanding amount of contributions to the pension plan required for the year ended December 31, 2015.

**Fire And Police Pension Association Old Hire Fire Plan  
(Old Hire Fire Plan)**

**General Information About the Pension Plan**

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

[http://www.fppaco.org/pdfs/annual\\_audit\\_actuarial\\_reports/annual%20reports/2014%20cafr.pdf](http://www.fppaco.org/pdfs/annual_audit_actuarial_reports/annual%20reports/2014%20cafr.pdf).

**CITY OF PUEBLO, COLORADO**  
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**G. PENSIONS (Cont'd.)**

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

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

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

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

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

*Employees covered by benefit terms.* At December 31, 2015, the following employees were covered by the benefit terms:

Retirees and beneficiaries	136
Inactive, nonretired members	0
Active members	<u>1</u>
Total	<u>137</u>

**CITY OF PUEBLO, COLORADO**  
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**G. PENSIONS (Cont'd.)**

*Contributions.* Members of this fund are currently contributing at the rate of 8% of base salary. The City is contributing \$1,028,768 annually.

In 1995, legislation was passed that established level dollar employer contributions through 2009 for those funds receiving state assistance. In 2003 and again in 2009, additional legislation was passed that temporarily suspended state assistance contributions. In 2011 additional legislation was passed that reestablished the state payment schedule to resume in 2012 and continue each year thereafter through 2019, or until the unfunded accrued liability was completely eliminated if earlier. On May 31, 2013, the state made a final payment and completed its statutory requirement to fund this plan. Per prior statutes, the City is still required to pay the level dollar employer contribution determined in 1995 until the unfunded liability is eliminated.

However, in 2014, legislation was passed which required these employers to begin funding an actuarially appropriate amount beginning in 2016. Funding for this plan is now the sole obligation of the City. The City is required to continue to make their level funding contribution of \$1,028,768 for 2015. Beginning in 2016, the City's contributions will increase to \$1,324,595.

Contributions to the pension plan from the City of Pueblo were \$1,028,768 for the year ended December 31, 2015.

**Net Pension Liability**

The City of Pueblo's net pension liability was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2014.

*Actuarial assumptions.* The total pension liability in the January 1, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement.

Actuarial cost method	Entry age normal
Amortization method	Level dollar, open*
Remaining amortization period	13 years*
Asset valuation method	5-year smoothed market
Inflation	3.00 percent
Salary increases	N/A
Investment rate of return	7.50 percent
Retirement age	Any remaining actives are assumed to retire immediately

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

**CITY OF PUEBLO, COLORADO**  
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**G. PENSIONS (Cont'd.)**

Mortality rates were based on the RP-2000 combined mortality table, with blue collar adjustment for post-retirement participants and RP-2000 disabled mortality table for disabled participants, with adjustments for mortality improvements based on Scale AA.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the fund's target asset allocation as of December 31, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>10 Year Expected Geometric Real Rate of Return</u>
Global Equity	40.0%	8.9%
Equity Long/Short	10.0%	7.5%
Illiquid Alternatives	18.0%	10.5%
Fixed Income	15.0%	4.6%
Absolute Return	12.0%	6.5%
Managed Futures	4.0%	5.5%
Cash	<u>1.0%</u>	2.5%
Total	<u>100.0%</u>	

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

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.50%; the municipal bond rate is 3.65% (based on the weekly rate closest to but not later than the measurement date of the "state & local bonds" rate from Federal Reserve statistical release (H.15)); and the resulting single discount rate is 7.50%.

**CITY OF PUEBLO, COLORADO**  
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**G. PENSIONS (Cont'd.)**

**Changes in the Net Pension Liability**

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balances at 12/31/2014	\$ 49,077,843	\$ 38,439,107	\$ 10,638,736
Changes for the year –			
Service cost	-	-	-
Interest	3,512,883	-	3,512,883
Differences between expected and actual experience	-	-	-
Contributions – employer	-	1,028,768	(1,028,768)
Contributions – employee	-	2,092	(2,092)
Net investment income	-	2,511,258	(2,511,258)
Benefit payments	(4,561,272)	(4,561,272)	-
Administrative expense	-	(66,952)	66,952
Net changes	<u>(1,048,389)</u>	<u>(1,086,106)</u>	<u>37,717</u>
Balances at 12/31/2015	<u>\$ 48,029,454</u>	<u>\$ 37,353,001</u>	<u>\$ 10,676,453</u>

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

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
City's net pension liability	<u>\$ 14,607,501</u>	<u>\$ 10,676,453</u>	<u>\$ 7,249,186</u>

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

**CITY OF PUEBLO, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
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**G. PENSIONS (Cont'd.)**

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

For the year ended December 31, 2015, the City of Pueblo recognized pension expense of \$875,115. At December 31, 2015, the City of Pueblo reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ -
Net difference between projected and actual earnings on pension plan investments	191,370	-
Contributions subsequent to the measurement date	<u>1,299,942</u>	<u>-</u>
Total	<u>\$ 1,491,312</u>	<u>\$ -</u>

\$1,299,942 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended December 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended December 31,</u>	
2016	\$ 47,843
2017	47,843
2018	47,843
2019	<u>47,841</u>
	<u>\$ 191,370</u>

**Payable to the pension plan**

At December 31, 2015, the City reported a payable of \$110,383 for the outstanding amount of contributions to the pension plan required for the year ended December 31, 2015.

**CITY OF PUEBLO, COLORADO**  
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**H. LONG-TERM LIABILITIES**

The following is a summary of changes in long-term liabilities in the government-wide financial statements for the year ended December 31, 2015:

	Balance January 1, <u>2015</u>	<u>Increases</u>	<u>Decreases</u>	Balance December 31, <u>2015</u>	Due Within <u>One Year</u>
Governmental activities					
General obligation bonds –					
Historic Arkansas River refunding, series 2005	\$ 1,870,000	\$ -	\$ 915,000	\$ 955,000	\$ 955,000
Unamortized premium	<u>17,809</u>	<u>-</u>	<u>17,809</u>	<u>-</u>	<u>-</u>
	<u>1,887,809</u>	<u>-</u>	<u>932,809</u>	<u>955,000</u>	<u>955,000</u>
Certificates of participation –					
Police complex, series 2008	16,510,000	-	735,000	15,775,000	790,000
Unamortized discount	(88,570)	-	(10,357)	(78,213)	-
LED street lights, series 2015	<u>4,200,000</u>	<u>-</u>	<u>400,787</u>	<u>3,799,213</u>	<u>381,037</u>
	<u>20,621,430</u>	<u>-</u>	<u>1,125,430</u>	<u>19,496,000</u>	<u>1,171,037</u>
Capital leases –					
Fire truck	172,287	-	172,287	-	-
Radio equipment	1,323,580	-	423,567	900,013	440,955
Fire equipment	216,101	-	51,789	164,312	53,252
Parks equipment	625,649	-	204,391	421,258	208,666
Police laptops	139,614	-	69,349	70,265	70,265
Street sweeper	55,019	-	55,019	-	-
Tyler ERP system	<u>1,736,901</u>	<u>-</u>	<u>178,908</u>	<u>1,557,993</u>	<u>182,270</u>
	<u>4,269,151</u>	<u>-</u>	<u>1,155,310</u>	<u>3,113,841</u>	<u>955,408</u>
Accrued interest payable	<u>455,670</u>	<u>1,107,635</u>	<u>1,138,466</u>	<u>424,839</u>	<u>424,839</u>
Compensated absences	<u>7,934,378</u>	<u>4,091,912</u>	<u>4,180,666</u>	<u>7,845,624</u>	<u>784,562</u>
Claims and judgments	<u>2,323,153</u>	<u>2,148,261</u>	<u>2,311,875</u>	<u>2,159,539</u>	<u>1,864,000</u>
Net post-employment benefit obligation	<u>3,885,669</u>	<u>1,764,019</u>	<u>403,878</u>	<u>5,245,810</u>	<u>-</u>
Total governmental activities	<u>\$ 41,377,260</u>	<u>\$ 9,111,827</u>	<u>\$ 11,248,434</u>	<u>\$ 39,240,653</u>	<u>\$ 6,154,846</u>

**CITY OF PUEBLO, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
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**H. LONG-TERM LIABILITIES (Cont'd.)**

Payments on the general obligation bonds and certificates of participation are recorded in the debt service fund, along with the capital lease payments. The payments for compensated absences are also recorded in the general fund, while claims and judgments are recognized in the internal service fund. Payments on the net post-employment benefit obligation are also recorded in the general fund.

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

	<u>Cost</u>	<u>Accumulated Depreciation to December 31, 2015</u>
Radio equipment		
Fire equipment	\$ 3,900,000	\$ 1,560,000
Parks equipment	363,503	259,645
Police laptops	1,024,394	591,622
Street sweeper	278,741	278,740
Tyler ERP system	1,924,275	384,855
	<u>\$ 7,490,913</u>	<u>\$ 3,074,862</u>

	<u>Balance January 1, 2015</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance December 31, 2015</u>	<u>Due Within One Year</u>
<b>Business-type activities:</b>					
<b>Capital leases –</b>					
Elmwood golf course	\$ 295,827	\$ -	\$ 97,077	\$ 198,750	\$ 98,601
Walking Stick golf course	1,643,651	-	215,903	1,427,748	223,501
Stormwater utility	171,626	-	41,371	130,255	42,378
Honor farm nonmajor enterprise fund	104,199	-	34,102	70,097	34,727
<b>Total</b>	<u>2,215,303</u>	<u>-</u>	<u>388,453</u>	<u>1,826,850</u>	<u>399,207</u>
<b>Notes payable – sewer user fund</b>					
2003 issue	4,346,941	-	390,181	3,956,760	401,171
2009 issue	1,162,500	-	75,000	1,087,500	75,000
2010 issue	19,616,247	-	1,037,381	18,578,866	1,052,964
Unamortized premium	1,094,513	-	70,235	1,024,278	-
2014 issue	4,171,886	-	7,162	4,164,724	182,720
	<u>30,392,087</u>	<u>-</u>	<u>1,579,959</u>	<u>28,812,128</u>	<u>1,711,855</u>
Note payable – stormwater utility	376,438	-	265,513	110,925	110,925
Compensated absences	1,025,801	486,127	512,963	998,965	99,896
<b>Total business-type activities</b>	<u>\$ 34,009,629</u>	<u>\$ 486,127</u>	<u>\$ 2,746,888</u>	<u>\$ 31,748,868</u>	<u>\$ 2,321,883</u>

**CITY OF PUEBLO, COLORADO**  
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**H. LONG-TERM LIABILITIES (Cont'd.)**

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

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

	<u>Cost</u>	<u>Accumulated Depreciation to December 31, 2015</u>
Elmwood golf course equipment	\$ 491,267	\$ 210,543
Walking Stick golf course equipment	2,173,861	472,989
Stormwater utility equipment	294,284	210,203
Honor farm nonmajor enterprise fund	171,328	90,524
	<u>\$ 3,130,740</u>	<u>\$ 984,259</u>

	<u>Balance January 1, 2015</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance December 31, 2015</u>	<u>Due Within One Year</u>
Pueblo Urban Renewal Authority discretely-presented component unit:					
Revenue bonds, series 2006	\$ 7,962,000	\$ -	\$ 376,000	\$ 7,586,000	\$ 393,000
Unamortized premium	78,733	-	5,399	73,334	-
	<u>8,040,733</u>	<u>-</u>	<u>381,399</u>	<u>7,659,334</u>	<u>393,000</u>
Improvement revenue bond, series 2011B	10,000,000	-	-	10,000,000	205,000
Unamortized premium	238,248	-	9,927	228,321	-
	<u>10,238,248</u>	<u>-</u>	<u>9,927</u>	<u>10,228,321</u>	<u>205,000</u>
Taxable refunding revenue bonds, series 2011A	440,000	-	315,000	125,000	125,000
Tax-exempt refunding revenue bonds, series 2011B	3,890,000	-	-	3,890,000	-
Unamortized premium	315,028	-	22,502	292,526	-
	<u>4,645,028</u>	<u>-</u>	<u>337,502</u>	<u>4,307,526</u>	<u>125,000</u>
Bank notes	3,171,347	547,376	433,402	3,285,321	680,357
Compensated absences	5,734	9,271	13,436	1,569	1,569
Total Pueblo Urban Renewal Authority discretely-presented component unit activities	<u>\$ 26,101,090</u>	<u>\$ 556,647</u>	<u>\$ 1,175,666</u>	<u>\$ 25,482,071</u>	<u>\$ 1,404,926</u>

**CITY OF PUEBLO, COLORADO  
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**H. LONG-TERM LIABILITIES (Cont'd.)**

	Balance January 1, <u>2015</u>	<u>Increases</u>	<u>Decreases</u>	Balance December 31, <u>2015</u>	Due Within <u>One Year</u>
Pueblo Main Street Garage Corporation discretely-presented component unit:					
Note payable	\$ 6,862,000	\$ _____ -	\$ _____ -	\$ 6,862,000	\$ _____ -
Total Pueblo Main Street Garage Corporation discretely-presented component unit activities	<u>\$ 6,862,000</u>	<u>\$ _____ -</u>	<u>\$ _____ -</u>	<u>\$ 6,862,000</u>	<u>\$ _____ -</u>
Pueblo Municipal Rail Corporation discretely-presented component unit:					
Note payable	\$ 2,018,597	\$ 600,000	\$ 293,393	\$ 2,325,204	\$ _____ -
Total Pueblo Municipal Rail Corporation discretely-presented component unit activities	<u>\$ 2,018,597</u>	<u>\$ 600,000</u>	<u>\$ 293,393</u>	<u>\$ 2,325,204</u>	<u>\$ _____ -</u>

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

General Obligation

\$8,220,000 2005 series general obligation refunding bonds; interest rate of 4.50%; due in an annual installment of \$976,487 including interest in December, 2016; debt is serviced by the debt service fund \$ 955,000

Certificates of Participation

\$20,625,000 certificates of participation issue of Pueblo Municipal Building Corporation; interest rate ranges from 4.375% to 5.50%; due in annual installments including interest ranging from \$1,641,082 to \$2,637,850 through August, 2023; debt is serviced by the debt service fund and is subject to annual appropriation by City Council 15,775,000

\$4,200,000 certificates of participation issue of Pueblo Municipal Building Corporation; interest rate of 2.54%; due in annual installments of \$477,537 including interest through August, 2024; debt is serviced by debt service fund and is subject to annual appropriation by City Council 3,799,213

19,574,213

**CITY OF PUEBLO, COLORADO**  
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**H. LONG-TERM LIABILITIES (Cont'd.)**

Obligations under capital lease

\$3,900,000 obligation under capital lease; interest rate of 4.06%; payable in semi-annual installments of \$236,548 including interest through August, 2017; debt is serviced by the debt service fund and is subject to annual appropriation by City Council 900,013

\$363,503 obligation under capital lease; interest rate of 2.825%; payable in annual installments of \$57,894 including interest through January, 2018; debt is serviced by the debt service fund and is subject to annual appropriation by City Council 164,312

\$1,068,171 obligation under capital lease; interest rate of 1.835%; payable in annual installments of \$262,145 including interest through February, 2017; debt is serviced by the debt service fund and is subject to annual appropriation by City Council 421,258

\$278,740 obligation under capital lease; interest rate of 1.32%; payable in an annual installment of \$71,192 including interest in June, 2016; debt is serviced by the debt service fund and is subject to annual appropriation by City Council 70,265

\$1,924,275 obligation under capital lease; interest rate of 1.87%; payable in annual installments of \$211,551 including interest through January, 2023; debt is serviced by the debt service fund and is subject to annual appropriation by City Council 1,557,993

3,113,841

Other Obligations

Accrued interest payable 424,839

Compensated absences 7,845,624

Self-insured claims and judgments 2,159,539

Net post-employment benefit obligation 5,245,810

15,675,812

Total governmental activities \$ 39,318,866

**CITY OF PUEBLO, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
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**H. LONG-TERM LIABILITIES (Cont'd.)**

The debt service requirements for the governmental activities general obligation bonds are as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 955,000	\$ 21,487	\$ 976,487
	<u>\$ 955,000</u>	<u>\$ 21,487</u>	<u>\$ 976,487</u>

The debt service requirements for the governmental activities certificates of participation are as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 1,171,037	\$ 947,581	\$ 2,118,618
2017	2,210,716	895,528	3,106,244
2018	2,315,640	790,053	3,105,693
2019	2,425,816	674,552	3,100,368
2020	2,546,251	560,068	3,106,319
2021-2024	<u>8,904,753</u>	<u>910,309</u>	<u>9,815,062</u>
	<u>\$ 19,574,213</u>	<u>\$ 4,778,091</u>	<u>\$ 24,352,304</u>

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

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 955,408	\$ 74,722	\$ 1,030,130
2017	912,246	46,963	959,209
2018	245,491	23,953	269,444
2019	192,744	18,807	211,551
2020	196,366	15,185	211,551
2021-2023	<u>611,586</u>	<u>23,067</u>	<u>634,653</u>
	<u>\$ 3,113,841</u>	<u>\$ 202,697</u>	<u>\$ 3,316,538</u>

The \$20,625,000 police complex certificates of participation issue of PMBC represent assignments of proportionate interests in rights to receive payments pursuant to an annually-renewable police complex lease purchase agreement dated October 1, 2008. The principal and interest on the certificates is payable solely from annually appropriated base rentals paid by the City to PMBC. The certificates shall never constitute or give rise to a general obligation of the City within the meaning of any constitutional, statutory or other charter limitation. All the payment obligations of the City are subject to annual appropriation by City Council.

**CITY OF PUEBLO, COLORADO**  
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**H. LONG-TERM LIABILITIES (Cont'd.)**

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

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

Obligations Under Capital Leases

\$491,111 obligation under capital lease; interest rate of 1.64%; due in annual installments of \$101,721 including principal and interest through April, 2017; debt is serviced by the Elmwood golf course major enterprise fund and is subject to annual appropriation by City Council	\$ 198,750
\$1,700,000 obligation under capital lease; interest rate of 4.97%; due in annual installments of \$191,479 including principal and interest through January, 2023; debt is serviced by the Walking Stick golf course major enterprise fund and is subject to annual appropriation by City Council	1,239,070
\$466,220 obligation under capital lease; interest rate of 1.64%; due in annual installments of \$96,566 including principal and interest through April, 2017; debt is serviced by the Walking Stick golf course major enterprise fund and is subject to annual appropriation by City Council	188,678
\$294,284 obligation under capital lease; interest rate of 2.44%; due in annual installments of \$45,550 including principal and interest through February, 2018; debt is serviced by the storm water utility major enterprise fund and is subject to annual appropriation by City Council	130,255
\$210,043 obligation under capital lease; interest rate of 1.835%; due in annual installments of \$36,014 including principal and interest through February, 2017; debt is serviced by the honor farm nonmajor enterprise fund and is subject to annual appropriation by City Council	<u>70,097</u>
	<u>\$1,826,850</u>

**CITY OF PUEBLO, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015**

**H. LONG-TERM LIABILITIES (Cont'd.)**

Notes payable

\$8,402,620 note payable to Colorado Water Resources and Power Development Authority; interest rate of 3.25%; due in semiannual installments ranging from \$258,725 to \$269,194 including principal, interest and administrative fees through August, 2024; debt is serviced by the sewer user major enterprise fund 3,956,760

\$1,500,000 note payable to Colorado Water Resources and Power Development Authority; non-interest bearing; due in semi-annual installments of \$37,500 through February, 2030; debt is serviced by the sewer user major enterprise fund 1,087,500

\$23,595,277 note payable to Colorado Water Resources and Power Development Authority; interest rate of 2.5%; due in semi-annual installments including principal, interest and administrative fees ranging from \$793,437 to \$798,366 through August, 2030; debt is serviced by the sewer user major enterprise fund 18,578,866

\$4,179,047 note payable to Colorado Water Resources and Power Development Authority; interest rate of 1.13%; due in semi-annual installments including principal, interest and administrative fees ranging from \$257,582 to \$266,240 through August, 2035; debt is serviced by sewer user major enterprise fund 4,164,725

27,787,850

\$784,949 note payable to Pueblo Board of Water Works; interest rate of .375%; due in monthly installments of \$22,206 including principal and interest through May, 2016; debt is serviced by the storm water utility major enterprise fund 110,925

Other obligations

Compensated absences 998,965

Total business-type activities \$ 30,724,590

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

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 399,207	\$ 72,122	\$ 471,329
2017	410,355	60,980	471,335
2018	187,597	49,432	237,029
2019	150,243	41,236	191,479
2020	157,710	33,769	191,479
2021-2023	<u>521,738</u>	<u>52,699</u>	<u>574,437</u>
	<u>\$ 1,826,850</u>	<u>\$ 310,238</u>	<u>\$ 2,137,088</u>

**CITY OF PUEBLO, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
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**H. LONG-TERM LIABILITIES (Cont'd.)**

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

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 1,822,780	\$ 462,194	\$ 2,284,974
2017	1,740,827	429,523	2,170,350
2018	1,769,920	400,502	2,170,422
2019	1,803,923	369,897	2,173,820
2020	1,836,971	326,808	2,163,779
2021-2025	9,399,175	1,049,124	10,448,299
2026-2030	8,332,927	412,845	8,745,772
2031-2035	<u>1,192,252</u>	<u>37,688</u>	<u>1,229,940</u>
	<u>\$ 27,898,775</u>	<u>\$ 3,488,581</u>	<u>\$ 31,387,356</u>

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

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

Revenue

\$9,500,000 revenue bonds (expanded urban renewal project area), series 2006; interest rate ranging from 4.698% to 4.937%; due in annual installments ranging from \$754,202 to \$755,611 including interest through September, 2029	\$ 7,586,000
\$10,000,000 improvement revenue bonds, series 2011B; interest rate ranging from 2.50% to 5.25%; due in annual installments ranging from \$528,263 to \$1,068,688, including interest through December, 2038	10,000,000
\$1,590,000 taxable revenue refunding bonds series 2011A; interest rate of 5.00%; due in an annual installment of \$131,250 including principal and interest in December, 2016	125,000
\$3,890,000 tax-exempt revenue refunding bonds series 2011B; interest rate ranging from 2.50% to 5.5%; due in annual installments ranging from \$200,700 to \$465,125, including principal and interest through December, 2028	<u>3,890,000</u>
	<u>21,601,000</u>

**CITY OF PUEBLO, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015**

**H. LONG-TERM LIABILITIES (Cont'd.)**

Notes Payable

\$3,000,000 bank note; interest rate of 4.5%; due in semi-annual installments of interest and principal ranging from \$230,000 to \$271,706 through December, 2029	2,700,000
\$256,000 bank note; interest rate indexed at 2 points over 5 year LIBOR/swap rate; current rate is 3.276%; due in monthly installments of \$1,462 through December, 2016, at which time the note is due in full which is estimated at \$213,416; secured by real estate with a carrying value of \$365,157 at December 31, 2015	217,415
\$4,000,000 multi-draw term bank note; interest rate of 3.95%; due in an annual installment of \$329,942 plus accrued interest on due date	<u>367,906</u>
	<u>3,285,321</u>
Total Pueblo Urban Renewal Authority discretely-presented component unit activities	<u>\$ 24,886,321</u>

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

<u>Year Ending</u> <u>December 31</u>	<u>Revenue Bonds</u>		<u>Notes Payable</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 723,000	\$ 1,097,543	\$ 680,358	\$ 143,115
2017	757,000	1,061,333	184,963	117,005
2018	797,000	1,024,459	150,000	108,900
2019	833,000	985,631	160,000	102,150
2020	874,000	945,823	170,000	94,950
2021-2025	5,067,000	4,035,986	975,000	353,252
2026-2030	5,730,000	2,636,497	965,000	111,152
2031-2035	3,930,000	1,400,888	-	-
2036-2038	<u>2,890,000</u>	<u>308,440</u>	-	-
	<u>\$ 21,601,000</u>	<u>\$ 13,496,600</u>	<u>\$ 3,285,321</u>	<u>\$ 1,030,524</u>

**CITY OF PUEBLO, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015**

**H. LONG-TERM LIABILITIES (Cont'd.)**

The series 2006 revenue bonds (expanded urban renewal project) were issued to assist in the financing and construction of a parking garage. The actual construction of the parking garage was undertaken by Pueblo Main Street Garage Corporation (a not-for-profit corporation and a discretely-presented 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.

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. 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.

The bank note issue of \$3,000,000 (series 2011 bonds) was consummated in March, 2011 to provide funds for the construction of certain infrastructure and other improvements in the Lake Minnequa district. Interest and principal on this note is payable from the pledged incremental property taxes generated within the Lake Minnequa district.

The multi-draw term bank note 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. Interest and principal on this note is payable from the pledged incremental property taxes generated within the North Pueblo district. In addition, the Authority and the City entered into an agreement in December, 2013 which allows 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 tax increment financing district eventually provides the Authority with a surplus of incremental property taxes, the Authority will repay the shortfall amounts paid by the City, together with 5% simple interest. At December 31, 2015, the Authority owes the City \$416,242 based on the terms of the agreement.

**CITY OF PUEBLO, COLORADO  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

**H. LONG-TERM LIABILITIES (Cont'd.)**

The following is a description of each individual issue for the Pueblo Main Street Garage Corporation discretely-presented component unit:

Notes Payable

\$6,862,000 recourse promissory note in favor of Pueblo Urban Renewal Authority; interest rate of 1.37%; due in annual interest only payments of \$94,010 through June, 2017, at which time the note is due in its entirety; collateralized by a first deed of trust on the parking garage \$ 6,862,000

The debt service requirements for the Pueblo Main Street Garage Corporation discretely-presented component unit are as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ -	\$ 94,010	\$ 94,010
2017	<u>6,862,000</u>	<u>47,005</u>	<u>6,909,005</u>
	<u>\$ 6,862,000</u>	<u>\$ 141,015</u>	<u>\$ 7,003,015</u>

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

Note Payable

\$2,200,000 promissory note in favor of the City of Pueblo, Colorado; interest at prime; present anticipated due date is April, 2023; collateralized by land with a carrying value of \$529,620 \$ 2,325,204

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

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ -	\$ 80,229	\$ 80,229
2017	-	80,229	80,229
2018	-	80,229	80,229
2019	-	80,229	80,229
2020	-	80,229	80,229
2021-2023	<u>2,325,204</u>	<u>240,687</u>	<u>2,565,891</u>
	<u>\$ 2,325,204</u>	<u>\$ 641,832</u>	<u>\$ 2,967,036</u>

**CITY OF PUEBLO, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015**

**I. NET POSITION**

Restricted net position represents net position whose uses are subject to constraints that are either (1) legally imposed by creditors (such as debt covenants), grantors, or laws or regulations of other governments, or (2) imposed by law through constitutional provisions or enabling legislation. Restricted net position at December 31, 2015 is as follows:

	Governmental <u>Activities</u>	Pueblo Urban Renewal <u>Authority</u>
Pension	\$ 4,960,089	\$ -
Tabor	2,900,000	-
Economic development	73,622,587	2,209,778
Debt service and district projects	-	3,715,811
Capital projects	3,956,426	-
Public safety	1,138,223	-
Public works	4,629,680	-
Parks and recreation	1,022,764	-
Culture and community welfare	5,454,020	-
	<u>\$ 97,683,789</u>	<u>\$ 5,925,589</u>

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

*Restricted for tabor* – This represents approximately 3% of the City’s 2015 fiscal year spending as that term is defined in the Colorado constitution. Under these provisions of the constitution, this portion of the City’s net position can be used for declared emergencies only and the City must maintain 3% or more of its fiscal year spending in this restricted account. The City does not believe this restriction meets the definition of a stabilization arrangement under generally accepted accounting principles.

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

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

**CITY OF PUEBLO, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015**

**I. NET POSITION (Cont'd.)**

The Pueblo Urban Renewal Authority (the Authority) discretely-presented component unit reports \$3,715,811 of net position restricted for debt service and capital projects. These restrictions generally arise from bond and debt covenants, along with specific restrictions imposed on individual tax increment financing districts created by the Authority. In addition, the Authority reports \$2,209,778 as restricted for economic development which represents limitations on net position as a result of an agreement with the state of Colorado as it relates to regional tourism projects.

**PRIOR PERIOD ADJUSTMENTS**

Net position at January 1, 2015 for governmental activities, business-type activities, enterprise funds and the internal service fund have been restated from amounts previously reported as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Net position at January 1, 2015, as previously reported	\$ 419,088,750	\$ 181,706,420
Prior period adjustment to eliminate net pension obligation (asset) previously reported due to the implementation of new pension reporting standards	(3,444,297)	-
Prior period adjustment to implement GASB Statements 68 and 71 for pension reporting	<u>(32,266,219)</u>	<u>(8,296,302)</u>
Net position at January 1, 2015, as restated	<u>\$ 383,378,234</u>	<u>\$ 173,410,118</u>

	<u>Business-Type Activities</u>						<u>Total</u>
	<u>Elmwood Golf Course</u>	<u>Walking Stick Golf Course</u>	<u>Sewer User</u>	<u>Stormwater Utility</u>	<u>Memorial Airport</u>	<u>Other Enterprise Funds</u>	
Net position at January 1, 2015, as previously reported	\$13,415,652	\$(11,239,449)	\$78,493,709	\$44,665,302	\$38,730,677	\$19,176,006	\$183,241,897
Prior period adjustment to implement GASB statements 68 and 71 for pension reporting	<u>(39,783)</u>	<u>(49,081)</u>	<u>(3,870,004)</u>	<u>(1,122,749)</u>	<u>(798,363)</u>	<u>(66,677)</u>	<u>(5,946,657)</u>
Net position at January 1, 2015, as restated	<u>\$13,375,869</u>	<u>\$(11,288,530)</u>	<u>\$74,623,705</u>	<u>\$43,542,553</u>	<u>\$37,932,314</u>	<u>\$19,109,329</u>	<u>\$177,295,240</u>

**CITY OF PUEBLO, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
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**I. NET POSITION (Cont'd.)**

	<u>Internal Service Fund</u>
Net position at January 1, 2015, as previously reported	\$ 1,969,998
Prior period adjustment to implement GASB Statements 68 and 71 for pension reporting	<u>(3,013,223)</u>
Net position at January 1, 2015, as restated	<u>\$ (1,043,225)</u>

**J. FUND BALANCES**

At December 31, 2015, fund balances for governmental funds consist of the following:

	Governmental Activities						Total
	General	Economic	HUD	Public	Capital	Other	
	<u>Fund</u>	<u>Development</u> <u>½ Cent Tax Fund</u>	<u>Grants</u> <u>Fund</u>	<u>Improvements</u> <u>Fund</u>	<u>Improvement</u> <u>Fund</u>	<u>Governmental</u> <u>Funds</u>	
Fund Balances –							
Nonspendable –							
Inventories	\$ 35,631	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 35,631
Prepaid items	530,188	-	-	-	-	-	530,188
Long-term fund advances	1,462,913	-	-	-	-	-	1,462,913
Restricted –							
Tabor	2,900,000	-	-	-	-	-	2,900,000
Economic development incentives	-	73,622,587	-	-	-	-	73,622,587
Low and moderate income assistance	-	-	4,300,026	-	-	408,599	4,708,625
Transportation planning Streets, highways and bridges	-	-	-	-	-	2,361,772	2,361,772
Police and fire assistance	-	-	-	-	-	1,138,223	1,138,223
Parks and recreation projects	-	-	-	-	-	1,040,141	1,040,141
Waste and other disposal	-	-	-	-	-	2,267,908	2,267,908
District maintenance	-	-	-	-	-	168,554	168,554
Cemetery maintenance	-	-	-	-	-	559,464	559,464
Capital projects	-	-	-	-	3,363,772	592,654	3,956,426
Committed –							
Minimum reserve	7,657,428	-	-	-	-	-	7,657,428
Capital projects	-	-	-	-	-	-	-
Assigned -							
Subsequent years' expenditures	2,237,675	-	-	-	-	-	2,237,675
Year-end sales and use tax receivable	5,704,012	-	-	-	-	-	5,704,012
Capital projects	-	-	-	-	4,136,146	-	4,136,146
Parks and recreation projects	-	-	-	-	-	54,836	54,836
Donor specified projects	-	-	-	-	-	128,786	128,786
Unassigned	<u>1,591,577</u>	<u>-</u>	<u>-</u>	<u>(1,736,679)</u>	<u>-</u>	<u>-</u>	<u>(145,102)</u>
<b>TOTAL FUND BALANCES</b>	<u>\$22,119,424</u>	<u>\$73,622,587</u>	<u>\$ 4,300,026</u>	<u>\$(1,736,679)</u>	<u>\$ 7,499,918</u>	<u>\$ 8,720,937</u>	<u>\$114,526,213</u>

**CITY OF PUEBLO, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
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**J. FUND BALANCES (Cont'd.)**

City Council has committed 10% of total general fund expenditures and transfers as a minimum reserve for major unanticipated emergencies.

**IV. OTHER NOTE DISCLOSURES**

**A. RISK MANAGEMENT**

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

The City has elected to self-insure for workmen's compensation with a specific retention risk of \$550,000 in 2015. Claims and insurance costs are recognized as expenses in the internal service fund and totaled \$3,346,900 for the year ended December 31, 2015. At December 31, 2015, the actuarially determined loss reserve for self-insured workmen's compensation claims totaled \$2,159,539 which represents the discounted present value of expected losses using a discount rate assumption of 3% and includes claims incurred but not yet reported. Changes in this claims liability for the years ended December 31, 2015 and 2014 are as follows:

	<u>Year Ended December 31</u>	
	<u>2015</u>	<u>2014</u>
Estimated claims liability, January 1	\$ 2,323,153	\$ 1,734,751
Current year claims and changes in estimates	2,148,261	2,400,372
Current year payments	(2,311,875)	(1,811,970)
Estimated claims liability, December 31	<u>\$ 2,159,539</u>	<u>\$ 2,323,153</u>

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

**CITY OF PUEBLO, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
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**B. OTHER POST-EMPLOYMENT BENEFITS (OPEB)**

POLICE OFFICERS' AND FIREMENS' PLANS

*Description of Plans* – The City provides post-employment health, dental care and vision benefits to uniformed police officers, firemen and their covered eligible dependents under single-employer, defined benefit plans. All post-employment benefits are based on contractual agreements with employee groups and eligibility is based on years of service and/or minimum age.

*Funding Policy* – The annual required contribution (ARC) is based on projected pay-as-you-go financing requirements that reflect implicit rate subsidies. For the year ended December 31, 2015, the City contributed \$160,463 to the plan maintained for firemen and \$243,455 to the plan maintained for police officers.

*Annual OPEB Cost and Net OPEB Obligation* – the City's OPEB cost (expense) is calculated based on annual required contributions (ARC) which is an amount determined on an actuarially determined basis in accordance with the parameters outlined by generally accepted accounting principles. The ARC represents a level funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table reports the components of the City's OPEB costs for the year ended December 31, 2015, the amounts actually contributed to the plan and the changes in the City's net OPEB obligation:

	<u>Police Officers' Plan</u>	<u>Firemen's Plan</u>
Annual required contribution	\$ 1,079,266	\$ 756,421
Interest on net OPEB obligation	76,083	59,915
Adjustment to annual required contribution	<u>(116,177)</u>	<u>(91,489)</u>
Annual OPEB cost (expense)	1,039,172	724,847
Contributions made	<u>(243,455)</u>	<u>(160,423)</u>
Increase in net OPEB obligation	795,717	564,424
Net OPEB obligation, beginning of year	<u>2,173,811</u>	<u>1,711,858</u>
Net OPEB obligation, end of year	<u>\$ 2,969,528</u>	<u>\$ 2,276,282</u>

Three-Year Trend Information

	<u>Year Ending</u>	<u>Annual OPEB Cost</u>	<u>Percentage of APC Contributed</u>	<u>Net OPEB (Obligation)</u>
Police Officers' Plan	December 31, 2013	439,475	30.61%	(1,396,606)
	December 31, 2014	990,493	21.53%	(2,173,811)
	December 31, 2015	1,039,172	23.43%	(2,969,528)
Firemen's Plan	December 31, 2013	357,752	31.21%	(1,173,862)
	December 31, 2014	691,490	22.20%	(1,711,858)
	December 31, 2015	724,847	22.13%	(2,276,282)

**CITY OF PUEBLO, COLORADO  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

**B. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Cont'd.)**

*Funded Status and Funding Progress* – The funded status of the plans as of January 1, 2015 is as follows:

	(a)	(b)	(a) – (b) = (c)	(a) ÷ (b)	(d)	(c) ÷ (d) Unfunded Actuarial Liability as a Percentage of Covered Payroll
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Liability	Funded Ratio	Annual Covered Payroll	
<u>Police Officers' Plan</u>						
1/1/15	\$ _____ -	\$ <u>9,137,219</u>	\$ <u>9,137,219</u>	<u>0.00%</u>	\$ <u>14,604,058</u>	<u>62.57%</u>
<u>Firemen's Plan</u>						
1/1/15	\$ _____ -	\$ <u>6,601,592</u>	\$ <u>6,601,592</u>	<u>0.00%</u>	\$ <u>9,958,182</u>	<u>66.29%</u>

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of events occurring far into the future. Examples include assumptions about future employment, mortality and health cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedules of funding progress that are presented as required supplementary information following the notes to the financial statements present multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial liabilities for benefits.

*Actuarial Methods and Assumptions* – Projections of benefits for financial reporting purposes are based on the substantive plans (the plans as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets consistent with the long-term perspective of the calculation.

**CITY OF PUEBLO, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015**

**B. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Cont'd.)**

The data presented in the schedules of funding progress were determined as part of the actuarial valuation at the date indicated. Additional information for all plans as of the latest valuation date is as follows:

	<u>Police Officers Plan</u>	<u>Firemen's Plan</u>
Valuation date	January 1, 2015	January 1, 2015
Actuarial cost method	Projected unit credit	Projected unit credit
Amortization method	Level dollar open	Level dollar open
Remaining amortization period	30 years	30 years
Asset valuation method	Fair value	Fair value
Investment rate of return	3.50%	3.50%
Healthcare inflation rate		
Initial (medical)	8.75%	8.75%
Ultimate (medical)	5.0%	5.0%
Initial (dental)	5.0%	Benefit not available
Ultimate (dental)	5.0%	Benefit not available

The healthcare cost inflation rates reported above include a 3.0% general inflation rate assumption.

NEW HIRE FIRE AND POLICE DEATH AND DISABILITY

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

Plan members and the City of Pueblo are required to contribute at a rate set by statute. The contribution requirements of plan members and the City of Pueblo are established under Title 31, Article 30, part 10 of the CRS, as amended. The contribution rate for new-hire police members is 0.00% of covered salary and for the City of Pueblo the contribution rate is 2.60% of covered salary. The contribution rate for new-hire fire members is .10% of covered salary and for the City of Pueblo the contribution rate is 2.50% of covered salary. The City of Pueblo's contributions to the statewide death and disability plan for the years ended December 31, 2015, 2014 and 2013 were \$399,093, \$377,140 and \$360,565, equal to their required contributions for each year.

**CITY OF PUEBLO, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015**

**B. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Cont'd.)**

GENERAL SERVICE EMPLOYEES

The City contributes to the Health Care Trust Fund (HCTF), a cost-sharing, multiple-employer postemployment healthcare plan 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 Colorado Revised Statutes (CRS), as amended, assigns the authority to establish the HCTF benefit provisions to the state legislature. PERA issues a publicly available annual financial report that includes financial statements and required supplementary information for the HCTF. That report may be obtained at [www.copera.org](http://www.copera.org) or by writing to PERA of Colorado, 1301 Pennsylvania Street, Denver, Colorado, 80203, or by calling PERA at 1-800-759-7372.

The City is required to contribute at a rate of 1.02% of covered salary for all PERA members as set by statute and no member contributions are required. The contribution requirements for the City 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 years ended December 31, 2015, 2014 and 2013, the City's employer contributions to the HCTF were \$207,732, \$226,674 and \$195,144, equal to their required contributions for each year.

**C. OTHER REPORTING ENTITY DISCLOSURES**

JOINT VENTURES

**PUEBLO REGIONAL BUILDING DEPARTMENT**

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

**PUEBLO CITY-COUNTY HEALTH DEPARTMENT**

The Pueblo City-County Health Department is also a joint venture between the City of Pueblo and the County of Pueblo. The Department was created in 1952 for the purpose of providing public health care services to the residents of the city and county. A portion of the Department's revenues are composed of subsidies from the City of Pueblo and County of Pueblo, with the City's totaling \$719,483 for 2015. The governing body of the Department is composed of five members, two of which are appointed by the City of Pueblo, two are appointed by the County of Pueblo, and one member is jointly appointed.

**CITY OF PUEBLO, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015**

**C. OTHER REPORTING ENTITY DISCLOSURES (Cont'd.)**

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

**HISTORIC ARKANSAS RIVERWALK AUTHORITY**

The City is a participant with the County of Pueblo (the County), the Pueblo Urban Renewal Authority (PURA), the Pueblo Conservancy District (the District) and the Board of Water Works (the Board) in a joint venture known as the Historic Arkansas Riverwalk Authority (the Authority). The Authority's purpose is to promote, manage, supervise, operate, develop and maintain the Historic Arkansas Riverwalk Project (HARP). The governing body is composed of seven members, two of which are appointed by the City, while each of the other participants appoints one member and one member is appointed by the majority vote of an appointment committee composed of five persons who are appointed by each of the governing bodies of the parties. A portion of the Authority's revenues are composed of subsidies from the City of Pueblo and the County of Pueblo, with the City's totaling \$218,750 for 2015.

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

**JOINTLY GOVERNED ORGANIZATION**

**PUEBLO AREA COUNCIL OF GOVERNMENTS (PACOG)**

PACOG was formed in 1971 to serve as an interlocal advisory board through which local government entities may be aided in dealing with issues of common interest that transcend geographic borders to include a comprehensive regional planning process. PACOG's governing body is composed of 15 members, of which 7 are City Council members. The City's accountability is limited to making these appointments. During 2015, the City appropriated \$63,802 to PACOG.

**CITY OF PUEBLO, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015**

**C. OTHER REPORTING ENTITY DISCLOSURES (Cont'd.)**

RELATED ORGANIZATION

**PUEBLO HOUSING AUTHORITY**

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

**D. COMMITMENTS AND CONTINGENCIES**

**LEASING ARRANGEMENTS**

In conjunction with the extension and payment of the obligations of Pueblo Main Street Garage Corporation (the Corporation), the City and the Corporation entered into an amended garage lease agreement dated December, 2013. The yearly payments are subject to annual appropriation by City Council and do not constitute a general obligation or other indebtedness of the City within the meaning of any constitutional, statutory or charter limitation or any mandatory obligation of the City in any ensuing fiscal year beyond the fiscal year during which this lease is in effect. The following is a schedule by year of the future minimum lease payments through the termination date of December 31, 2016:

Year Ending December 31,

2016	\$ <u>94,010</u>
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The City previously entered into an operating lease agreement for energy-saving equipment and other items. The estimated total cost of the equipment and miscellaneous items totaled \$1,528,955 and the following table presents a schedule of minimum lease payments due that are subject to annual appropriation by City Council:

Year Ending December 31,

2016	\$ 120,130
2017	124,000
2018	116,000
2019	120,000
2020	123,500
2021-2025	678,876
2026	<u>147,826</u>
	<u>\$ 1,430,332</u>

**CITY OF PUEBLO, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015**

**D. COMMITMENTS AND CONTINGENCIES (Cont'd.)**

During 2014, the City entered into an operating lease to acquire equipment and professional services for certain public safety activities totaling approximately \$468,580. The following table presents a schedule of minimum lease and other payments due that are subject to annual appropriation by City Council:

<u>Year Ending December 31,</u>	
2016	\$ 73,312
2017	117,211
2018	117,212
2019	<u>117,211</u>
	<u>\$ 424,946</u>

**OTHER COMMITMENTS**

As part of an agreement with the Young Men's Christian Association (YMCA), the City committed to contribute to the YMCA a total of \$2,000,000 payable in equal installments of \$200,000 per year for 10 years beginning in 2008. This contribution was made to the YMCA as part of their capital campaign and the yearly payment is subject to annual appropriation by City Council. The City's 2015 installment was reduced to \$50,000 but no modification to the original commitment has been authorized by City Council.

Encumbrances are commitments related to unperformed (executory) contracts for goods and services. Encumbrances outstanding at December 31, 2015 are not accounted for as expenditures and liabilities but are included in fund balance. Encumbrances outstanding at December 31, 2015 for governmental funds are as follows:

General fund	\$ 171,189
Economic development ½ cent tax fund	164,289
HUD grants fund	84,482
Public improvement fund	8,401,155
Capital improvement fund	61,178
Other governmental funds	<u>165,758</u>
	<u>\$ 9,048,051</u>

During 2013, City Council, by resolution, authorized the City to accept ownership and maintenance of certain state of Colorado roadways. This authorization was in conjunction with the submission of applications for approximately 62.4 million dollars in state and federal funding for highway construction and improvements. The City Council also committed a cash contribution of 1.2 million dollars over a period of four years as part of this effort.

**CITY OF PUEBLO, COLORADO  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

**D. COMMITMENTS AND CONTINGENCIES (Cont'd.)**

**ARBITRAGE LIABILITY**

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

**GRANTS AND OTHER**

The City participates in a number of federal and state-assisted grant programs. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audit could become a liability of the City. In the opinion of management, however, any such disallowed claims would not have a material effect on the financial statements as of and for the year ended December 31, 2015.

**LEGAL DEBT MARGIN**

The amount of general obligation long-term debt that can be incurred by the City is limited by the charter. General obligation debt can't exceed 10% of assessed valuation. At December 31, 2015, the debt limit was \$106,852,229 and the debt margin was \$105,897,229.

**OTHER ITEMS**

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

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

In late 2015, the City approved a capital lease obligation totaling \$1,541,618 that represents the acquisition of fire and telephone equipment.

**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF PUEBLO, COLORADO**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**YEAR ENDED DECEMBER 31, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Budget Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Taxes	\$ 63,332,185	\$ 63,332,185	\$ 66,147,374	\$ 2,815,189
Licenses and permits	592,500	592,500	591,466	(1,034)
Intergovernmental	1,992,473	2,017,473	2,085,147	67,674
Charges for services	3,849,429	3,849,429	4,182,073	332,644
Fines and forfeits	2,027,169	2,027,169	1,798,138	(229,031)
Other revenue	288,780	396,670	486,633	89,963
Transfers in	4,715,963	4,715,963	4,674,983	(40,980)
<b>TOTAL REVENUES AND         OTHER FINANCING SOURCES</b>	<u>76,798,499</u>	<u>76,931,389</u>	<u>79,965,814</u>	<u>3,034,425</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Current -				
General government	9,405,829	9,437,229	8,733,478	703,751
Public safety -				
Police	26,154,235	26,380,231	26,259,921	120,310
Fire	15,711,245	15,711,245	15,548,460	162,785
Public works	7,760,477	7,760,477	6,760,731	999,746
Parks and recreation	4,429,764	4,579,764	4,483,432	96,332
Nondepartmental	4,624,995	5,063,999	4,901,471	162,528
Transfers out	8,978,455	10,413,455	9,886,785	526,670
<b>TOTAL EXPENDITURES AND         OTHER FINANCING USES</b>	<u>77,065,000</u>	<u>79,346,400</u>	<u>76,574,278</u>	<u>2,772,122</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	(266,501)	(2,415,011)	3,391,536	5,806,547
<b>FUND BALANCE, January 1</b>	<u>266,501</u>	<u>2,415,011</u>	<u>11,960,670</u>	<u>9,545,659</u>
<b>FUND BALANCE, December 31</b>	<u>\$ -</u>	<u>\$ -</u>	15,352,206	<u>\$ 15,352,206</u>
Adjustment from budgetary basis to generally accepted accounting principles -				
Accrued sales tax and franchise tax			5,704,012	
Advance to other funds			1,048,704	
Unrealized gain on investments			<u>14,502</u>	
<b>Fund balance - generally accepted accounting principles</b>			<u>\$ 22,119,424</u>	

**CITY OF PUEBLO, COLORADO**  
**RECONCILIATION OF THE BUDGETARY BASIS OF ACCOUNTING**  
**TO GAAP BASIS OF ACCOUNTING**  
**GENERAL FUND**  
**YEAR ENDED DECEMBER 31, 2015**

**BUDGETARY BASIS**

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

**REVENUES AND OTHER FINANCING SOURCES**

Actual amounts (budgetary basis) of revenues and other financing sources from the budgetary comparison schedule	\$ 79,965,814
Differences - budget to GAAP	
Accrued sales tax and franchise tax, beginning of year	(5,287,797)
Accrued sales tax and franchise tax, end of year	5,704,012
Transfer treated as reduction of fund advance	<u>(100,000)</u>
<b>GAAP BASIS REVENUES AND OTHER FINANCING SOURCES</b>	<b><u>\$ 80,282,029</u></b>

**CITY OF PUEBLO, COLORADO**  
**BUDGETARY COMPARISON SCHEDULE**  
**ECONOMIC DEVELOPMENT 1/2 CENT TAX FUND**  
**YEAR ENDED DECEMBER 31, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Budget Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Interest earnings	\$ 50,000	\$ 50,000	\$ 474,051	\$ 424,051
Rents and other revenue	350,000	350,000	1,843,943	1,493,943
Sales and use taxes	7,102,360	7,102,360	7,703,964	601,604
<b>TOTAL REVENUES</b>	<u>7,502,360</u>	<u>7,502,360</u>	<u>10,021,958</u>	<u>2,519,598</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Current -				
Professional services	300,000	300,000	-	300,000
Programs/projects	6,829,264	2,687,464	1,802,898	884,566
Capital outlay	-	34,343,761	67,521	34,276,240
Transfers out	373,096	873,096	873,097	(1)
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	<u>7,502,360</u>	<u>38,204,321</u>	<u>2,743,516</u>	<u>35,460,805</u>
<b>NET CHANGE IN FUND BALANCE</b>	-	(30,701,961)	7,278,442	37,980,403
<b>FUND BALANCE, January 1</b>	<u>-</u>	<u>30,701,961</u>	<u>46,846,680</u>	<u>16,144,719</u>
<b>FUND BALANCE, December 31</b>	<u>\$ -</u>	<u>\$ -</u>	54,125,122	<u>\$ 54,125,122</u>
Adjustment from budgetary basis to generally accepted accounting principles - Notes and loans receivable			<u>19,497,465</u>	
Fund balance - generally accepted accounting principles			<u>\$ 73,622,587</u>	

**CITY OF PUEBLO, COLORADO**  
**RECONCILIATION OF THE BUDGETARY BASIS OF ACCOUNTING**  
**TO GAAP BASIS OF ACCOUNTING**  
**ECONOMIC DEVELOPMENT 1/2 CENT TAX FUND**  
**YEAR ENDED DECEMBER 31, 2015**

**BUDGETARY BASIS**

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

**REVENUES**

Actual amounts (budgetary basis) of revenues from the budgetary comparison schedule	\$ 10,021,958
<b>Differences - budget to GAAP</b>	
Loan payments and other proceeds received	(1,358,033)
Unrealized gain on investment	(77,673)
Classification of revenue and expenditures	<u>410,737</u>

<b>GAAP BASIS REVENUES AND OTHER FINANCING SOURCES</b>	<b><u>\$ 8,996,989</u></b>
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**EXPENDITURES AND OTHER FINANCING USES**

Actual amounts (budgetary basis) of expenditures and other financing uses from the budgetary comparison schedule	\$ 2,743,516
<b>Differences</b>	
Loans made during the year	(1,115,406)
Classification of revenue and expenditures	410,737
Credits awarded to loan recipients for meeting established employment targets	3,543,784
Change in the allowance for uncollectible loans	<u>17,756</u>

<b>GAAP BASIS EXPENDITURES AND OTHER FINANCING USES</b>	<b><u>\$ 5,600,387</u></b>
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**CITY OF PUEBLO, COLORADO**  
**BUDGETARY COMPARISON SCHEDULE**  
**HUD GRANTS FUND**  
**YEAR ENDED DECEMBER 31, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Budget Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Intergovernmental	\$ 1,903,433	\$ 1,843,728	\$ 2,061,313	\$ 217,585
Loan payments	5,000	5,000	46,972	41,972
Other	-	192,000	53,121	(138,879)
Transfers in	<u>137,500</u>	<u>51,281</u>	<u>-</u>	<u>(51,281)</u>
<b>TOTAL REVENUES AND     OTHER FINANCING SOURCES</b>	<u>2,045,933</u>	<u>2,092,009</u>	<u>2,161,406</u>	<u>69,397</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Current -				
Programs/projects	2,140,835	5,777,793	1,113,490	4,664,303
Capital outlay	-	673,316	632,124	41,192
Transfers out	<u>313,098</u>	<u>307,209</u>	<u>276,561</u>	<u>30,648</u>
<b>TOTAL EXPENDITURES AND     OTHER FINANCING USES</b>	<u>2,453,933</u>	<u>6,758,318</u>	<u>2,022,175</u>	<u>4,736,143</u>
<b>NET CHANGE IN FUND BALANCE</b>	(408,000)	(4,666,309)	139,231	4,805,540
<b>FUND BALANCE, January 1</b>	<u>408,000</u>	<u>4,666,309</u>	<u>732,919</u>	<u>(3,933,390)</u>
<b>FUND BALANCE, December 31</b>	<u>\$ -</u>	<u>\$ -</u>	872,150	<u>\$ 872,150</u>
Adjustment from budgetary basis to generally accepted accounting principles -				
Loans and other receivables			3,516,284	
Inventory of property held for resale			282,752	
Deferred inflows of resources related to grants			<u>(371,160)</u>	
<b>Fund balance - generally accepted accounting principles</b>			<u>\$ 4,300,026</u>	

**CITY OF PUEBLO, COLORADO**  
**RECONCILIATION OF THE BUDGETARY BASIS OF ACCOUNTING**  
**TO GAAP BASIS OF ACCOUNTING**  
**HUD GRANTS FUND**  
**YEAR ENDED DECEMBER 31, 2015**

**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	\$ 2,161,406
Differences - budget to GAAP	
Loan payments and other revenue received	(46,972)
Deferred inflows of resources related to grants	(371,160)

<b>GAAP BASIS REVENUES AND OTHER FINANCING SOURCES</b>	<b><u>\$ 1,743,274</u></b>
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**EXPENDITURES AND OTHER FINANCING USES**

Actual amounts (budgetary basis) of expenditures and other financing uses from the budgetary comparison schedule	\$ 2,022,175
Differences - budget to GAAP	
Inventory and other expenditures	(11,104)

<b>GAAP BASIS EXPENDITURES AND OTHER FINANCING USES</b>	<b><u>\$ 2,011,071</u></b>
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**CITY OF PUEBLO, COLORADO**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**DECEMBER 31, 2015**

**BUDGETARY INFORMATION**

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

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

Expenditure estimates in the annual budgets are enacted into law through the passage of an appropriation ordinance. The City Manager may at any time transfer any unencumbered appropriated balance or portion thereof from one classification of expenditure to another within the same department, office or agency. The Council may, by resolution, transfer any unencumbered appropriated balance or portion thereof from one department, office or agency to another. City Council may amend the original adopted budget during the year by passing a new ordinance to reflect current needs. During 2015, the expenditure estimates were amended. These amendments were made in accordance with the City Charter.

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

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

**CITY OF PUEBLO, COLORADO**  
**SCHEDULE OF FUNDING PROGRESS**  
**FIRE OTHER POST EMPLOYMENT BENEFIT PLAN**  
**DECEMBER 31, 2015**

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL)	(a)÷(b) Funded Ratio	(b)-(a) Unfunded AAL (UAAL)	(c) Covered Payroll	(a)-(b)÷(c) UAAL as a Percentage of Covered Payroll
1/1/15	\$ -	\$ 6,601,592	0.00%	\$ 6,601,592	\$ 9,958,182	66.29%
1/1/14	\$ -	\$ 6,151,397	0.00%	\$ 6,151,397	\$ 9,668,138	63.63%
1/1/13	\$ -	\$ 3,208,999	0.00%	\$ 3,208,999	\$ 9,939,984	32.27%
1/1/12	\$ -	\$ 3,008,092	0.00%	\$ 3,008,092	\$ 9,650,470	31.17%
1/1/11	\$ -	\$ 2,214,369	0.00%	\$ 2,214,369	\$ 8,928,236	24.80%
1/1/10	\$ -	\$ 2,084,953	0.00%	\$ 2,084,953	\$ 8,491,751	24.55%
1/1/08	\$ -	\$ 2,489,537	0.00%	\$ 2,489,537	\$ 8,068,723	30.85%

**CITY OF PUEBLO, COLORADO  
SCHEDULE OF FUNDING PROGRESS  
POLICE OTHER POST EMPLOYMENT BENEFIT PLAN  
DECEMBER 31, 2015**

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL)	(a)÷(b) Funded Ratio	(b)-(a) Unfunded AAL (UAAL)	(c) Covered Payroll	(a)-(b)÷(c) UAAL as a Percentage of Covered Payroll
1/1/15	\$ -	\$ 9,137,219	0.00%	\$ 9,137,219	\$ 14,604,058	62.57%
1/1/14	\$ -	\$ 8,484,684	0.00%	\$ 8,484,684	\$ 14,178,697	59.84%
1/1/13	\$ -	\$ 3,923,597	0.00%	\$ 3,923,597	\$ 14,261,159	27.51%
1/1/12	\$ -	\$ 3,694,314	0.00%	\$ 3,694,314	\$ 13,845,785	26.68%
1/1/11	\$ -	\$ 2,660,509	0.00%	\$ 2,660,509	\$ 13,527,475	19.67%
1/1/10	\$ -	\$ 2,523,158	0.00%	\$ 2,523,158	\$ 14,072,581	17.93%
1/1/08	\$ -	\$ 3,222,952	0.00%	\$ 3,222,952	\$ 12,280,662	26.24%

**CITY OF PUEBLO, COLORADO**  
**SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION**  
**LOCAL GOVERNMENT DIVISION TRUST FUND**

	2015	2014
City's proportion of the net pension liability	3.489%	3.626%
City's proportionate share of the net pension liability	31,272,221	29,839,115
City's covered-employee payroll	19,119,848	19,348,785
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	163.559%	154.217%
Plan fiduciary net position as a percentage of the total pension liability	88.783%	91.876%

**CITY OF PUEBLO, COLORADO  
 SCHEDULE OF THE CITY'S CONTRIBUTIONS  
 PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION  
 LOCAL GOVERNMENT DIVISION TRUST FUND**

	2015	2014
Contractually required contribution	\$ 2,424,221	\$ 2,452,914
Contributions in relation to the contractually required contribution	2,424,221	2,452,914
Contribution deficiency (excess)	\$ -	\$ -
City's covered-employee payroll	\$ 19,119,848	\$ 19,348,785
Contributions as a percentage of covered-employee payroll	12.68%	12.68%

**CITY OF PUEBLO, COLORADO**  
**SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**FIRE AND POLICE PENSION ASSOCIATION**  
**NEW HIRE FIRE AND POLICE PENSION FUND**

	2015	2014
City's proportion of the net pension liability (asset)	(4.395%)	(4.524%)
City's proportionate share of the net pension liability (asset)	(4,960,089)	(4,045,301)
City's covered-employee payroll	19,763,175	19,650,362
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	(25.098%)	(20.586%)
Plan fiduciary net position as a percentage of the total pension liability	106.800%	105.800%

**CITY OF PUEBLO, COLORADO**  
**SCHEDULE OF THE CITY'S CONTRIBUTIONS**  
**FIRE AND POLICE PENSION ASSOCIATION**  
**NEW HIRE FIRE AND POLICE PENSION FUND**

	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 1,581,054	\$ 1,572,029
Contributions in relation to the contractually required contribution	<u>1,581,054</u>	<u>1,572,029</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 19,763,175	\$ 19,650,362
Contributions as a percentage of covered-employee payroll	8.00%	8.00%

**CITY OF PUEBLO, COLORADO**  
**SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS**  
**PUEBLO OLD HIRE POLICE PENSION FUND**

Total pension liability -	
Service cost	\$ -
Interest	4,647,773
Changes in benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions	-
Benefit payments, including refunds of employee contributions	<u>(5,789,929)</u>
Net change in total pension liability	(1,142,156)
Total pension liability - beginning	<u>64,812,929</u>
Total pension liability - ending (a)	<u>\$ 63,670,773</u>
Plan fiduciary net position -	
Contributions - employer	\$ 1,710,695
Contributions - employee	2,821
Net investment income	3,522,694
Benefit payments, including refunds of employee contributions	(5,789,929)
Administrative expense	<u>(89,300)</u>
Net change in plan fiduciary net position	(643,019)
Plan fiduciary net position - beginning	<u>53,459,024</u>
Plan fiduciary net position - ending (b)	<u>\$ 52,816,005</u>
City's net pension liability - ending (a) - (b)	\$ 10,854,768
Plan fiduciary net position as a percentage of the total pension liability	82.95%
Covered-employee payroll	\$ 99,053
City of Pueblo's net pension liability as a percentage of covered-employee payroll	10,958.55%

**CITY OF PUEBLO, COLORADO  
SCHEDULE OF CITY'S CONTRIBUTIONS  
PUEBLO OLD HIRE POLICE PENSION FUND**

	<u>2015</u>
Actuarially determined contribution	\$ 1,718,438
Contributions in relation to the actuarially required contribution	<u>1,710,695</u>
Contribution deficiency (excess) (1)	<u>\$ 7,743</u>
City's covered-employee payroll	\$ 99,053
Contributions as a percentage of covered-employee payroll	1,727.05%

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

**CITY OF PUEBLO, COLORADO**  
**SCHEDULE OF THE CITY'S CONTRIBUTIONS**  
**PUEBLO OLD HIRE FIRE PENSION FUND**  
**YEAR ENDED DECEMBER 31, 2015**

Total pension liability -	
Service cost	\$ -
Interest	3,512,883
Changes in benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions	-
Benefit payments, including refunds of employee contributions	<u>(4,561,272)</u>
Net change in total pension liability	(1,048,389)
Total pension liability - beginning	<u>49,077,843</u>
Total pension liability - ending (a)	<u>\$ 48,029,454</u>
Plan fiduciary net position -	
Contributions - employer	\$ 1,028,768
Contributions - employee	2,092
Net investment income	2,511,258
Benefit payments, including refunds of employee contributions	(4,561,272)
Administrative expense	<u>(66,952)</u>
Net change in plan fiduciary net position	(1,086,106)
Plan fiduciary net position - beginning	<u>38,439,107</u>
Plan fiduciary net position - ending (b)	<u>\$ 37,353,001</u>
City's net pension liability - ending (a) - (b)	\$ 10,676,453
Plan fiduciary net position as a percentage of the total pension liability	77.77%
Covered-employee payroll	\$ 78,448
City of Pueblo's net pension liability as a percentage of covered-employee payroll	13,609.59%

**CITY OF PUEBLO, COLORADO  
SCHEDULE OF THE CITY'S CONTRIBUTIONS  
PUEBLO OLD HIRE FIRE PENSION FUND**

	<u>2015</u>
Actuarially determined contribution	\$ 1,028,768
Contributions in relation to the actuarially required contribution	<u>1,028,768</u>
Contribution deficiency (excess)	<u>\$ -</u>
City's covered-employee payroll	\$ 78,448
Contributions as a percentage of covered-employee payroll	1311.40%

**SUPPLEMENTAL INFORMATION**

**CITY OF PUEBLO, COLORADO**  
**EXPLANATION OF FUNDS**  
**DECEMBER 31, 2015**

**NONMAJOR GOVERNMENTAL FUNDS**

**SPECIAL REVENUE FUNDS**

Special revenue funds are used to account for specific revenues that are restricted or committed to expenditure for particular purposes.

Intergovernmental – This fund is used to account for the collection and disbursement of revenues received from other governmental agencies to be used for specific purposes. Revenues received in this fund include: Highway User's Tax Fund (HUTF) monies which may only be used for the construction, improvement, or maintenance of the streets and roadways within the City; Conservation Trust Funds (CTF) are received from the Colorado state lottery and are restricted for parks and open space related projects; property seized from persons convicted of certain crimes is received from law enforcement agencies and must be used only for specific law enforcement purposes; proceeds from property seized in federal narcotic law enforcement activities pursuant to a federal revenue sharing agreement which are restricted to law enforcement purposes.

Special Charges – This fund is used to account for the collection and disbursement of revenues received from special fees and charges to be used for specific purposes. Revenues include: E-911 telephone charges assessed against telephone lines to be used to purchase and maintain enhanced 911 equipment and related activities; a special tipping fee assessed at the Southside landfill for the purpose of monitoring environmental conditions and future remediation, if necessary; a solid waste surcharge on tipping fees at all solid waste disposal sites to be used for solid waste management purposes; and a sales tax collection fee which is restricted to the debt service of the Memorial Hall series 2011A and series 2011B bonds issued by Pueblo Urban Renewal Authority (PURA) in 2011, along with the operations and debt service of the convention center operated by PURA.

Stimulus Grants – This fund is used to account for the collection of specific federal revenues received for particular low and moderate income housing projects.

Southpointe Special District – This fund is used to account for the collection of revenues from a mill levy on property within the district. The revenues are restricted for the maintenance of certain public improvements of general benefit to the residents of the district and may include open space, trails, paths, landscaping, fencing, pillars, street medians, entry islands, utility rights of way, irrigation facilities, water system improvements, a theme area, and signage.

Bandera Blvd. Special District – This fund is used to account for the collection of revenues from a mill levy on property within the district. The revenues are restricted for the maintenance of certain public improvements of general benefit to the residents of the district and may include open space, trails, paths, landscaping, fencing, pillars, street medians, entry islands, utility rights of way, irrigation facilities, water system improvements, a theme area, and signage.

**CITY OF PUEBLO, COLORADO**  
**EXPLANATION OF FUNDS (Cont'd.)**  
**DECEMBER 31, 2015**

North Gateway BID – This fund is used to account for the collection of new sales taxes generated by the commercial development within the business improvement district. The revenues are to be used for the construction of certain infrastructure within the district.

North Gateway PIF – This fund is used to account for collection of revenues generated from the imposition of a public improvement fee by the property owners on all sales that occur within the boundaries of North Gateway BID. Revenues collected from this fee are restricted for the construction of certain additional public improvements within the North Gateway BID.

Other Special Revenue – This fund is used to account for the collection and disbursement of miscellaneous special revenues which are restricted to expenditure for specific purposes. The fund includes revenues received from the Mountain View Cemetery Endowment to be used for the purpose of gravesite maintenance at the City-owned cemetery; miscellaneous contributions and donations to be expended in accordance with donor wishes; revenues and interest earnings on the Pueblo Beautiful Endowment to be used for the beautification of the City; and proceeds from the sale of lots located on the Historic Arkansas Riverwalk of Pueblo to be used solely for the commercial development of the Riverwalk.

**CAPITAL PROJECTS FUNDS**

Capital projects funds are used to account for and report financial resources that are restricted, committed or assigned for capital outlays, including the acquisition and construction of capital facilities and other capital assets but excludes those types of capital-related outflows financed by proprietary funds.

Historic Arkansas River Project – This fund accounts for revenues and expenditures relating to the construction and development of the Historic Arkansas Riverwalk. The initial phases of this project were financed through the issuance of limited tax general obligation bonds, with later phases financed through private donations and various grants.

Police Building – This fund accounts for the construction and equipping of a new police building headquarters, along with other public safety facilities. The revenue for this fund originated in 2006 as a payment in lieu of taxes received from Xcel Energy as an economic development incentive. In 2008, Pueblo Municipal Building Corporation (PMBC) issued certificates of participation totaling \$20,625,000 which were reported in this fund.

**DEBT SERVICE FUND**

The debt service fund accounts for and reports financial resources that are restricted, committed or assigned to expenditure for principal and interest on general obligation debt, certificates of participation and capital leases of governmental funds.

**CITY OF PUEBLO, COLORADO**  
**EXPLANATION OF FUNDS (Cont'd.)**  
**DECEMBER 31, 2015**

**PROPRIETARY FUNDS**

**NONMAJOR ENTERPRISE FUNDS**

Enterprise funds account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses including depreciation), of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Honor farm – This fund is used to account for the recreational activities that are conducted at the facility known as the “Honor farm”. All activities necessary to provide such services are accounted for in this fund.

Transportation Services – This fund is used to account for the provision of public bus service to the residents of the City. All activities necessary to provide such services are accounted for in this fund.

Parking Facilities – This fund is used to account for the operation of public parking facilities located throughout the City. All activities necessary to provide such services are accounted for in this fund.

Memorial Hall – This fund is used to account for the activities that are held at Memorial Hall. The facility is managed by a third party as part of an agreement with the City. All activities necessary to provide such services are accounted for in this fund except debt service because the bonds that were issued to improve and upgrade the facility were issued by Pueblo Urban Renewal Authority.

**INTERNAL SERVICE FUND**

The internal service funds are used to account for the financing of goods and services provided by one department or agency to other departments or agencies of the government and to other entities on a cost reimbursement basis.

Internal Service Fund – This fund accounts for the costs of the City’s self-insured workmen’s compensation plan, together with the City’s property and casualty risk management activities which is accounted for through the City’s membership in the Colorado Intergovernmental Risk Sharing Agency (CIRSA). This fund also is used to account for the repair of motor vehicles and other related costs of all vehicles owned by the City. The vehicles and equipment maintained are acquired by the various user departments which are responsible for the financing of replacement vehicles as necessary. The fund also accounts for costs of the City’s telephone system with departments of the City being charged a proportionate share of the costs.

Pueblo Transit – This fund accounts for the provision of labor services to the City’s transportation services enterprise fund in operating the public bus system. These services are provided by employees of a separate, not-for-profit corporation known as Pueblo Transit.

**NONMAJOR  
GOVERNMENTAL  
FUNDS**

**CITY OF PUEBLO, COLORADO  
COMBINING BALANCE SHEET  
OTHER GOVERNMENTAL FUNDS  
DECEMBER 31, 2015**

	Special Revenue Funds			
	Inter- governmental	Special Charges	Stimulus Grants	Southpointe Special District
<b>ASSETS</b>				
Investments	\$ 3,163,050	\$ 2,452,715	\$ -	\$ 91,220
Restricted investments	-	-	-	-
Taxes receivable, net	-	-	-	18,672
Due from other funds	30,398	752,387	27,289	777
Receivable from other governments	429,066	-	32,805	-
Other receivables	17,121	403,606	-	224
Inventories	-	-	396,781	-
<b>TOTAL ASSETS</b>	<b><u>\$ 3,639,635</u></b>	<b><u>\$ 3,608,708</u></b>	<b><u>\$ 456,875</u></b>	<b><u>\$ 110,893</u></b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
Liabilities -				
Accounts payable	\$ 101,677	\$ 325,509	\$ 24,969	\$ 176
Due to other funds	-	-	-	-
Total liabilities	<u>101,677</u>	<u>325,509</u>	<u>24,969</u>	<u>176</u>
Deferred inflows of resources	<u>13,113</u>	<u>-</u>	<u>23,307</u>	<u>18,672</u>
Fund balances -				
Nonspendable	-	-	-	-
Restricted	3,524,845	3,283,199	408,599	92,045
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	<u>3,524,845</u>	<u>3,283,199</u>	<u>408,599</u>	<u>92,045</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b><u>\$ 3,639,635</u></b>	<b><u>\$ 3,608,708</u></b>	<b><u>\$ 456,875</u></b>	<b><u>\$ 110,893</u></b>

Bandera Blvd. Special District	Special Revenue Funds			Capital Projects Funds			Total Other Governmental Funds
	North Gateway BID	North Gateway PIF	Other Special Revenue	Historic Arkansas River Project	Police Building	Debt Service	
\$ 74,250	\$ -	\$ -	\$ 867,392	\$ -	\$ -	\$ -	\$ 6,648,627
-	-	-	-	-	24,835	-	24,835
22,006	-	-	-	-	-	-	40,678
566	35,388	18,939	-	169,544	398,275	-	1,433,563
-	-	-	-	-	-	-	461,871
213	32,174	22,477	75	-	-	-	475,890
-	-	-	-	-	-	-	396,781
<u>\$ 97,035</u>	<u>\$ 67,562</u>	<u>\$ 41,416</u>	<u>\$ 867,467</u>	<u>\$ 169,544</u>	<u>\$ 423,110</u>	<u>\$ -</u>	<u>\$ 9,482,245</u>
\$ 129	\$ 65,953	\$ 41,416	\$ 28	\$ -	\$ -	\$ -	\$ 559,857
-	-	-	124,353	-	-	-	124,353
<u>129</u>	<u>65,953</u>	<u>41,416</u>	<u>124,381</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>684,210</u>
22,006	-	-	-	-	-	-	77,098
-	-	-	-	-	-	-	-
74,900	1,609	-	559,464	169,544	423,110	-	8,537,315
-	-	-	-	-	-	-	-
-	-	-	183,622	-	-	-	183,622
-	-	-	-	-	-	-	-
<u>74,900</u>	<u>1,609</u>	<u>-</u>	<u>743,086</u>	<u>169,544</u>	<u>423,110</u>	<u>-</u>	<u>8,720,937</u>
<u>\$ 97,035</u>	<u>\$ 67,562</u>	<u>\$ 41,416</u>	<u>\$ 867,467</u>	<u>\$ 169,544</u>	<u>\$ 423,110</u>	<u>\$ -</u>	<u>\$ 9,482,245</u>

**CITY OF PUEBLO, COLORADO**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**OTHER GOVERNMENTAL FUNDS**  
**YEAR ENDED DECEMBER 31, 2015**

	Special Revenue Funds			
	Inter- governmental	Special Charges	Stimulus Grants	Southpointe Special District
<b>REVENUES</b>				
Property taxes	\$ -	\$ -	\$ -	\$ 17,810
Sales and miscellaneous taxes	-	1,840,348	-	1,467
Intergovernmental	5,390,260	-	9,499	-
Charges for services	-	1,381,972	-	-
Investment earnings	23,315	17,511	-	669
Miscellaneous	-	-	35,123	640
<b>TOTAL REVENUES</b>	<u>5,413,575</u>	<u>3,239,831</u>	<u>44,622</u>	<u>20,586</u>
<b>EXPENDITURES</b>				
Current -				
General government	-	-	-	-
Public safety	53,976	164,103	-	-
Public works	913,725	-	-	-
Parks and recreation	120,266	-	-	16,974
Culture & community welfare	-	1,822,971	186,391	-
Debt service -				
Principal	-	-	-	-
Interest and other charges	-	-	-	-
Capital outlay	437,372	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>1,525,339</u>	<u>1,987,074</u>	<u>186,391</u>	<u>16,974</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>3,888,236</u>	<u>1,252,757</u>	<u>(141,769)</u>	<u>3,612</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	262,000	-	-	-
Transfers out	(3,826,285)	(1,452,000)	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(3,564,285)</u>	<u>(1,452,000)</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	323,951	(199,243)	(141,769)	3,612
<b>FUND BALANCES, January 1</b>	<u>3,200,894</u>	<u>3,482,442</u>	<u>550,368</u>	<u>88,433</u>
<b>FUND BALANCES, December 31</b>	<u>\$ 3,524,845</u>	<u>\$ 3,283,199</u>	<u>\$ 408,599</u>	<u>\$ 92,045</u>

Special Revenue Funds				Capital Projects Funds			Total Other Governmental Funds
Bandera Blvd. Special District	North Gateway BID	North Gateway PIF	Other Special Revenue	Historic Arkansas River Project	Police Building	Debt Service	
\$ 19,604	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 37,414
1,613	-	-	-	-	-	-	1,843,428
-	-	-	-	-	-	-	5,399,759
-	-	-	-	-	-	-	1,381,972
545	-	-	693	-	10	-	42,743
-	218,994	211,427	81,533	-	-	-	547,717
<u>21,762</u>	<u>218,994</u>	<u>211,427</u>	<u>82,226</u>	<u>-</u>	<u>10</u>	<u>-</u>	<u>9,253,033</u>
-	-	-	18,299	-	-	-	18,299
-	-	-	13,354	-	-	-	231,433
-	208,044	200,856	-	-	-	-	1,322,625
19,851	-	-	78,636	-	-	-	235,727
-	-	-	-	-	-	-	2,009,362
-	-	-	-	-	-	3,206,097	3,206,097
-	-	-	-	-	-	1,138,466	1,138,466
-	-	-	-	-	-	-	437,372
<u>19,851</u>	<u>208,044</u>	<u>200,856</u>	<u>110,289</u>	<u>-</u>	<u>-</u>	<u>4,344,563</u>	<u>8,599,381</u>
<u>1,911</u>	<u>10,950</u>	<u>10,571</u>	<u>(28,063)</u>	<u>-</u>	<u>10</u>	<u>(4,344,563)</u>	<u>653,652</u>
-	-	-	-	-	-	4,344,413	4,606,413
-	(10,987)	(10,571)	-	-	-	-	(5,299,843)
-	(10,987)	(10,571)	-	-	-	4,344,413	(693,430)
1,911	(37)	-	(28,063)	-	10	(150)	(39,778)
<u>72,989</u>	<u>1,646</u>	<u>-</u>	<u>771,149</u>	<u>169,544</u>	<u>423,100</u>	<u>150</u>	<u>8,760,715</u>
<u>\$ 74,900</u>	<u>\$ 1,609</u>	<u>\$ -</u>	<u>\$ 743,086</u>	<u>\$ 169,544</u>	<u>\$ 423,110</u>	<u>\$ -</u>	<u>\$ 8,720,937</u>



**SPECIAL  
REVENUE  
FUNDS**

**CITY OF PUEBLO, COLORADO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**INTERGOVERNMENTAL FUND**  
**YEAR ENDED DECEMBER 31, 2015**

	Budgeted Amounts Final	Actual Budget Basis	Variance With Final Budget Positive (Negative)
<b>REVENUES AND OTHER FINANCING SOURCES</b>			
Intergovernmental	\$ 5,354,285	\$ 5,390,260	\$ 35,975
Interest earnings	5,000	23,315	18,315
Transfers in	<u>262,000</u>	<u>262,000</u>	<u>-</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>5,621,285</u>	<u>5,675,575</u>	<u>54,290</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>			
Current -			
Programs/projects	2,626,472	1,287,468	1,339,004
Capital outlay	664,810	437,372	227,438
Transfers out	<u>4,154,020</u>	<u>3,826,285</u>	<u>327,735</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>7,445,302</u>	<u>5,551,125</u>	<u>1,894,177</u>
<b>NET CHANGE IN FUND BALANCE</b>	(1,824,017)	124,450	1,948,467
<b>FUND BALANCE, January 1</b>	<u>1,824,017</u>	<u>2,996,227</u>	<u>1,172,210</u>
<b>FUND BALANCE, December 31</b>	<u>\$ -</u>	3,120,677	<u>\$ 3,120,677</u>
Adjustment from budgetary basis to generally accepted accounting principles			
Other receivables		<u>404,168</u>	
<b>Fund balance - generally accepted accounting principles</b>		<u>\$ 3,524,845</u>	

**CITY OF PUEBLO, COLORADO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**SPECIAL CHARGES FUND**  
**YEAR ENDED DECEMBER 31, 2015**

	<u>Budgeted Amounts Final</u>	<u>Actual Budget Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
<b>REVENUES</b>			
Charges for services	\$ 1,210,000	\$ 1,381,972	\$ 171,972
Vendor's fees	1,865,000	1,840,348	(24,652)
Interest earnings	<u>4,000</u>	<u>17,511</u>	<u>13,511</u>
<b>TOTAL REVENUES</b>	<u>3,079,000</u>	<u>3,239,831</u>	<u>160,831</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>			
Current -			
Programs/projects	2,174,463	1,987,074	187,389
Capital outlay	15,011	-	15,011
Transfers out	<u>1,452,000</u>	<u>1,452,000</u>	<u>-</u>
<b>TOTAL EXPENDITURES AND         OTHER FINANCING USES</b>	<u>3,641,474</u>	<u>3,439,074</u>	<u>202,400</u>
<b>NET CHANGE IN FUND BALANCE</b>	(562,474)	(199,243)	363,231
<b>FUND BALANCE, January 1</b>	<u>562,474</u>	<u>3,482,442</u>	<u>2,919,968</u>
<b>FUND BALANCE, December 31</b>	<u>\$ -</u>	<u>\$ 3,283,199</u>	<u>\$ 3,283,199</u>

**CITY OF PUEBLO, COLORADO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**STIMULUS GRANTS FUND**  
**YEAR ENDED DECEMBER 31, 2015**

	Budgeted Amounts Final	Actual Budget Basis	Variance With Final Budget Positive (Negative)
<b>REVENUES</b>			
Intergovernmental	\$ -	\$ 9,296	\$ 9,296
Other	-	35,123	35,123
TOTAL REVENUES	-	44,419	44,419
<b>EXPENDITURES</b>			
Current -			
Programs/projects	10,000	9,296	704
TOTAL EXPENDITURES	10,000	9,296	704
<b>NET CHANGE IN FUND BALANCE</b>	(10,000)	35,123	45,123
<b>FUND BALANCE, January 1</b>	10,000	-	(10,000)
<b>FUND BALANCE, December 31</b>	\$ -	35,123	\$ 35,123
Adjustment from budgetary basis to generally accepted accounting principles -			
Inventory		396,781	
Deferred inflows of resources related to grants		(23,305)	
<b>Fund balance - generally accepted accounting principles</b>		\$ 408,599	

**CITY OF PUEBLO, COLORADO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**SOUTH POINTE SPECIAL DISTRICT**  
**YEAR ENDED DECEMBER 31, 2015**

	<u>Budgeted Amounts Final</u>	<u>Actual Budget Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
REVENUES			
Property and other taxes	\$ 18,072	\$ 19,277	\$ 1,205
Interest earnings	-	669	669
Other	-	640	640
TOTAL REVENUES	<u>18,072</u>	<u>20,586</u>	<u>2,514</u>
EXPENDITURES			
Current -			
Programs/projects	<u>30,300</u>	<u>16,974</u>	<u>13,326</u>
TOTAL EXPENDITURES	<u>30,300</u>	<u>16,974</u>	<u>13,326</u>
NET CHANGE IN FUND BALANCE	(12,228)	3,612	15,840
FUND BALANCE, January 1	<u>12,228</u>	<u>88,433</u>	<u>76,205</u>
FUND BALANCE, December 31	<u>\$ -</u>	<u>\$ 92,045</u>	<u>\$ 92,045</u>

**CITY OF PUEBLO, COLORADO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**BANDERA BLVD. SPECIAL DISTRICT**  
**YEAR ENDED DECEMBER 31, 2015**

	<u>Budgeted Amounts Final</u>	<u>Actual Budget Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
<b>REVENUES</b>			
Property and other taxes	\$ 21,025	\$ 21,217	\$ 192
Interest earnings	<u>-</u>	<u>545</u>	<u>545</u>
<b>TOTAL REVENUES</b>	<u>21,025</u>	<u>21,762</u>	<u>737</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>			
Current -			
Programs/projects	106,014	19,851	86,163
Transfers out	<u>1,675</u>	<u>-</u>	<u>1,675</u>
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	<u>107,689</u>	<u>19,851</u>	<u>87,838</u>
<b>NET CHANGE IN FUND BALANCE</b>	(86,664)	1,911	88,575
<b>FUND BALANCE, January 1</b>	<u>86,664</u>	<u>72,989</u>	<u>(13,675)</u>
<b>FUND BALANCE, December 31</b>	<u>\$ -</u>	<u>\$ 74,900</u>	<u>\$ 74,900</u>

**CITY OF PUEBLO, COLORADO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**NORTH GATEWAY BID**  
**YEAR ENDED DECEMBER 31, 2015**

	<u>Budgeted Amounts Final</u>	<u>Actual Budget Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
REVENUES			
Sales and use taxes	\$ 254,000	\$ 218,994	\$ (35,006)
TOTAL REVENUES	<u>254,000</u>	<u>218,994</u>	<u>(35,006)</u>
EXPENDITURES AND OTHER FINANCING USES			
Current -			
Programs/projects	241,000	208,044	32,956
Transfers out	<u>13,000</u>	<u>10,987</u>	<u>2,013</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>254,000</u>	<u>219,031</u>	<u>34,969</u>
NET CHANGE IN FUND BALANCE	-	(37)	(37)
FUND BALANCE, January 1	<u>-</u>	<u>1,646</u>	<u>1,646</u>
FUND BALANCE, December 31	<u>\$ -</u>	<u>\$ 1,609</u>	<u>\$ 1,609</u>

**CITY OF PUEBLO, COLORADO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**NORTH GATEWAY PIF**  
**YEAR ENDED DECEMBER 31, 2015**

	<u>Budgeted Amounts Final</u>	<u>Actual Budget Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
<b>REVENUES</b>			
Charges for services	\$ 260,000	\$ 211,427	\$ (48,573)
TOTAL REVENUES	<u>260,000</u>	<u>211,427</u>	<u>(48,573)</u>
 <b>EXPENDITURES AND OTHER FINANCING USES</b>			
Current -			
Programs/projects	247,000	200,856	46,144
Transfers out	<u>13,000</u>	<u>10,571</u>	<u>2,429</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>260,000</u>	<u>211,427</u>	<u>48,573</u>
 NET CHANGE IN FUND BALANCE	-	-	-
 FUND BALANCE, January 1	<u>-</u>	<u>-</u>	<u>-</u>
 FUND BALANCE, December 31	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF PUEBLO, COLORADO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**OTHER SPECIAL REVENUE FUND**  
**YEAR ENDED DECEMBER 31, 2015**

	<u>Budgeted Amounts Final</u>	<u>Actual Budget Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
<b>REVENUES</b>			
Contributions/donations	\$ 53,000	\$ 81,533	\$ 28,533
Interest earnings	<u>5,100</u>	<u>693</u>	<u>(4,407)</u>
TOTAL REVENUES	<u>58,100</u>	<u>82,226</u>	<u>24,126</u>
<b>EXPENDITURES</b>			
Current -			
Programs/projects	<u>192,728</u>	<u>110,289</u>	<u>82,439</u>
TOTAL EXPENDITURES	<u>192,728</u>	<u>110,289</u>	<u>82,439</u>
NET CHANGE IN FUND BALANCE	(134,628)	(28,063)	106,565
FUND BALANCE, January 1	<u>134,628</u>	<u>771,149</u>	<u>636,521</u>
FUND BALANCE, December 31	<u>\$ -</u>	<u>\$ 743,086</u>	<u>\$ 743,086</u>



**CAPITAL  
PROJECTS  
FUNDS**

**CITY OF PUEBLO, COLORADO  
BUDGETARY COMPARISON SCHEDULE  
PUBLIC IMPROVEMENTS FUND  
YEAR ENDED DECEMBER 31, 2015**

	Budgeted Amounts Final	Actual Budget Basis	Variance With Final Budget Positive (Negative)
<b>REVENUES AND OTHER FINANCING SOURCES</b>			
Intergovernmental	\$ 2,705,535	\$ 10,414,512	\$ 7,708,977
Interest earnings	21	18	(3)
Other	13,800	351	(13,449)
Transfers in	1,348,213	1,326,334	(21,879)
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	<b>4,067,569</b>	<b>11,741,215</b>	<b>7,673,646</b>
<b>EXPENDITURES</b>			
Current -			
Programs/projects	28,811,628	10,994,193	17,817,435
Capital outlay	1,917,146	5,226,353	(3,309,207)
<b>TOTAL EXPENDITURES</b>	<b>30,728,774</b>	<b>16,220,546</b>	<b>14,508,228</b>
<b>NET CHANGE IN FUND BALANCE</b>	(26,661,205)	(4,479,331)	22,181,874
<b>FUND BALANCE, January 1</b>	26,661,205	6,868,365	(19,792,840)
<b>FUND BALANCE, December 31</b>	\$ -	2,389,034	\$ 2,389,034
Adjustment from budgetary basis to generally accepted accounting principles -			
Deferred inflows of resources related to grants		(4,125,713)	
<b>Fund balance - generally accepted accounting principles</b>		<b>\$ (1,736,679)</b>	

**CITY OF PUEBLO, COLORADO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**CAPITAL IMPROVEMENT FUND**  
**YEAR ENDED DECEMBER 31, 2015**

	<u>Budgeted Amounts Final</u>	<u>Actual Budget Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
<b>REVENUES AND OTHER FINANCING SOURCES</b>			
Intergovernmental	\$ 100,000	\$ 173,920	\$ 73,920
Issuance of debt	1,541,618	-	(1,541,618)
Interest	6,956	13,275	6,319
Other	399,631	1,939,932	1,540,301
Transfers in	<u>693,000</u>	<u>575,000</u>	<u>(118,000)</u>
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	<u>2,741,205</u>	<u>2,702,127</u>	<u>(39,078)</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>			
Current -			
Programs/projects	7,598,323	802,633	6,795,690
Capital outlay	2,409,249	565,178	1,844,071
Transfers out	<u>-</u>	<u>200,000</u>	<u>(200,000)</u>
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	<u>10,007,572</u>	<u>1,567,811</u>	<u>8,439,761</u>
<b>NET CHANGE IN FUND BALANCE</b>	(7,266,367)	1,134,316	8,400,683
<b>FUND BALANCE, January 1</b>	<u>7,266,367</u>	<u>5,618,602</u>	<u>(1,647,765)</u>
<b>FUND BALANCE, December 31</b>	<u>\$ -</u>	6,752,918	<u>\$ 6,752,918</u>
Adjustment from budgetary basis to generally accepted accounting principles -			
Advance to other funds		<u>747,000</u>	
<b>Fund balance - generally accepted accounting principles</b>		<u>\$ 7,499,918</u>	

**CITY OF PUEBLO, COLORADO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**POLICE BUILDING FUND**  
**YEAR ENDED DECEMBER 31, 2015**

	<u>Budgeted Amounts Final</u>	<u>Actual Budget Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
<b>REVENUES</b>			
Interest earnings	\$ -	\$ 10	\$ 10
<b>TOTAL REVENUES</b>	<u>-</u>	<u>10</u>	<u>10</u>
 <b>EXPENDITURES AND OTHER FINANCING USES</b>			
Capital outlay	-	-	-
Transfers out	-	-	-
<b>TOTAL EXPENDITURES AND OTHER         FINANCING USES</b>	<u>-</u>	<u>-</u>	<u>-</u>
 <b>NET CHANGE IN FUND BALANCE</b>	-	10	10
 <b>FUND BALANCE, January 1</b>	<u>-</u>	<u>423,100</u>	<u>423,100</u>
 <b>FUND BALANCE, December 31</b>	<u>\$ -</u>	<u>\$ 423,110</u>	<u>\$ 423,110</u>

**DEBT  
SERVICE  
FUND**

**CITY OF PUEBLO, COLORADO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**DEBT SERVICE FUND**  
**YEAR ENDED DECEMBER 31, 2015**

	<u>Budgeted Amounts Final</u>	<u>Actual Budget Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
<b>OTHER FINANCING SOURCES</b>			
Transfers in	\$ 4,349,898	\$ 4,344,413	\$ (5,485)
TOTAL OTHER FINANCING SOURCES	<u>4,349,898</u>	<u>4,344,413</u>	<u>(5,485)</u>
<b>EXPENDITURES</b>			
Debt service -			
Principal	3,188,733	3,206,097	(17,364)
Interest and fiscal charges	<u>1,161,165</u>	<u>1,138,466</u>	<u>22,699</u>
TOTAL EXPENDITURES	<u>4,349,898</u>	<u>4,344,563</u>	<u>5,335</u>
<b>NET CHANGE IN FUND BALANCE</b>	-	(150)	(150)
<b>FUND BALANCE, January 1</b>	<u>-</u>	<u>150</u>	<u>150</u>
<b>FUND BALANCE, December 31</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**ENTERPRISE**

**FUNDS**

**CITY OF PUEBLO, COLORADO**  
**COMBINING STATEMENT OF NET POSITION**  
**OTHER ENTERPRISE FUNDS**  
**DECEMBER 31, 2015**

	<u>Business-Type Activities-Enterprise Funds</u>				<u>Total</u>
	<u>Honor Farm</u>	<u>Transportation Services</u>	<u>Parking Facilities</u>	<u>Memorial Hall</u>	
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	\$ -	\$ 1,300	\$ -	\$ 90,254	\$ 91,554
Investments	-	-	765,000	-	765,000
Accounts receivable, net	513	20,776	69,414	68,532	159,235
Due from other governments	-	629,636	-	-	629,636
Due from other funds	-	-	-	-	-
Other receivables	-	-	970	-	970
Prepaid expenses	-	1,906	-	-	1,906
Inventories	-	234,924	-	21,473	256,397
<b>TOTAL CURRENT ASSETS</b>	<u>513</u>	<u>888,542</u>	<u>835,384</u>	<u>180,259</u>	<u>1,904,698</u>
<b>NONCURRENT ASSETS</b>					
Capital assets -					
Land	1,364,618	633,837	1,454,630	-	3,453,085
Land improvements	876,736	13,110	1,300,257	-	2,190,103
Other improvements	-	210,017	-	-	210,017
Buildings	357,047	3,061,787	3,189,960	11,360,862	17,969,656
Machinery and equipment	181,848	6,597,315	105,811	-	6,884,974
Less accumulated depreciation	(298,542)	(7,523,268)	(1,627,457)	(500,410)	(9,949,677)
Construction in progress	-	12,327	-	-	12,327
Intangibles	-	1,478	-	-	1,478
<b>TOTAL CAPITAL ASSETS</b>	<u>2,481,707</u>	<u>3,006,603</u>	<u>4,423,201</u>	<u>10,860,452</u>	<u>20,771,963</u>
<b>TOTAL NONCURRENT ASSETS</b>	<u>2,481,707</u>	<u>3,006,603</u>	<u>4,423,201</u>	<u>10,860,452</u>	<u>20,771,963</u>
<b>TOTAL ASSETS</b>	<u>\$2,482,220</u>	<u>\$ 3,895,145</u>	<u>\$5,258,585</u>	<u>\$11,040,711</u>	<u>\$22,676,661</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Pension-related	-	-	10,081	-	10,081

Cont'd.

**CITY OF PUEBLO, COLORADO**  
**COMBINING STATEMENT OF NET POSITION**  
**OTHER ENTERPRISE FUNDS**  
**DECEMBER 31, 2015**

	<u>Business-Type Activities-Enterprise Funds</u>				<u>Total</u>
	<u>Honor Farm</u>	<u>Transportation Services</u>	<u>Parking Facilities</u>	<u>Memorial Hall</u>	
<b>LIABILITIES</b>					
<b>CURRENT LIABILITIES</b>					
Accounts payable	\$ 3,539	\$ 259,623	\$ 9,698	\$ 68,540	\$ 341,400
Accrued expenses	-	36,758	-	-	36,758
Accrued interest payable	1,179	-	-	-	1,179
Due to other funds	1,049,803	803,929	137,571	751,776	2,743,079
Advances from others	-	72	-	119,096	119,168
Compensated absences	-	25,952	-	-	25,952
Capital lease obligation	34,727	-	-	-	34,727
<b>TOTAL CURRENT LIABILITIES</b>	<u>1,089,248</u>	<u>1,126,334</u>	<u>147,269</u>	<u>939,412</u>	<u>3,302,263</u>
<b>NONCURRENT LIABILITIES</b>					
Compensated absences	-	233,568	-	-	233,568
Capital lease obligation	35,370	-	-	-	35,370
Advance from other fund	747,000	-	-	-	747,000
Net pension liability	-	-	76,059	-	76,059
<b>TOTAL NONCURRENT LIABILITIES</b>	<u>782,370</u>	<u>233,568</u>	<u>76,059</u>	<u>-</u>	<u>1,091,997</u>
<b>TOTAL LIABILITIES</b>	<u>1,871,618</u>	<u>1,359,902</u>	<u>223,328</u>	<u>939,412</u>	<u>4,394,260</u>
<b>DEFERRED INFLOWS OF RESOURCES -</b>					
Pension-related	-	-	1,549	-	1,549
<b>NET POSITION</b>					
Net investment in capital assets	2,411,610	3,006,603	4,423,201	10,860,452	20,701,866
Unrestricted	(1,801,008)	(471,360)	620,588	(759,153)	(2,410,933)
<b>TOTAL NET POSITION</b>	<u>\$ 610,602</u>	<u>\$ 2,535,243</u>	<u>\$5,043,789</u>	<u>\$10,101,299</u>	<u>\$18,290,933</u>

**CITY OF PUEBLO, COLORADO**  
**COMBINING STATEMENT OF REVENUES, EXPENSES AND**  
**CHANGES IN FUND NET POSITION**  
**OTHER ENTERPRISE FUNDS**  
**YEAR ENDED DECEMBER 31, 2015**

	Business-Type Activities-Enterprise Funds				Total
	Honor Farm	Transportation Services	Parking Facilities	Memorial Hall	
<b>OPERATING REVENUES</b>					
Charges for services	35,000	790,225	247,244	681,631	1,754,100
Other operating revenues	\$ -	\$ 94,099	\$ -	\$ -	\$ 94,099
<b>TOTAL OPERATING REVENUES</b>	<u>35,000</u>	<u>884,324</u>	<u>247,244</u>	<u>681,631</u>	<u>1,848,199</u>
<b>OPERATING EXPENSES</b>					
Personnel services	-	-	67,600	-	67,600
Contracted services	6,334	3,679,883	117,745	836,184	4,640,146
Utilities	543	362,027	47,532	124,042	534,144
Repairs and maintenance	28,672	353,279	16,196	12,531	410,678
Other supplies & expenses	4,678	185,592	363,039	162,246	715,555
Depreciation	58,636	742,311	233,754	63,799	1,098,500
<b>TOTAL OPERATING EXPENSES</b>	<u>98,863</u>	<u>5,323,092</u>	<u>845,866</u>	<u>1,198,802</u>	<u>7,466,623</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(63,863)</u>	<u>(4,438,768)</u>	<u>(598,622)</u>	<u>(517,171)</u>	<u>(5,618,424)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Interest and investment revenues	-	-	5,814	-	5,814
Operating grants and contributions	-	2,008,817	-	-	2,008,817
Gain (loss) on disposal of capital assets	(1,571)	(32,999)	3,450	-	(31,120)
Interest expense	(1,338)	-	-	-	(1,338)
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<u>(2,909)</u>	<u>1,975,818</u>	<u>9,264</u>	<u>-</u>	<u>1,982,173</u>
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS</b>	<u>(66,772)</u>	<u>(2,462,950)</u>	<u>(589,358)</u>	<u>(517,171)</u>	<u>(3,636,251)</u>
Capital contributions	-	12,327	-	403,911	416,238
Transfers in	42,812	1,784,466	387,755	186,584	2,401,617
<b>CHANGES IN NET POSITION</b>	<u>(23,960)</u>	<u>(666,157)</u>	<u>(201,603)</u>	<u>73,324</u>	<u>(818,396)</u>
<b>TOTAL NET POSITION, January 1, as restated</b>	<u>634,562</u>	<u>3,201,400</u>	<u>5,245,392</u>	<u>10,027,975</u>	<u>19,109,329</u>
<b>TOTAL NET POSITION, December 31</b>	<u>\$ 610,602</u>	<u>\$ 2,535,243</u>	<u>\$ 5,043,789</u>	<u>\$ 10,101,299</u>	<u>\$ 18,290,933</u>

**CITY OF PUEBLO, COLORADO**  
**COMBINING STATEMENT OF CASH FLOWS**  
**OTHER ENTERPRISE FUNDS**  
**YEAR ENDED DECEMBER 31, 2015**

	Business-Type Activities-Enterprise Funds				Total
	Honor Farm	Transportation Services	Parking Facilities	Memorial Hall	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Cash received from customers	\$ 35,054	\$ 882,507	\$ 259,447	\$ 674,655	\$ 1,851,663
Cash paid for goods and services	(40,383)	(4,676,621)	(543,252)	(1,159,947)	(6,420,203)
Cash paid to employees	-	-	(66,750)	-	(66,750)
Receipts for interfund services	-	-	142,595	307,948	450,543
Payments for interfund services	(1,469)	(1,332,777)	-	-	(1,334,246)
<b>TOTAL CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>(6,798)</u>	<u>(5,126,891)</u>	<u>(207,960)</u>	<u>(177,344)</u>	<u>(5,518,993)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Transfers in	42,812	1,784,466	387,755	186,584	2,401,617
Operating grants and contributions received	-	3,345,035	-	-	3,345,035
<b>NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES</b>	<u>42,812</u>	<u>5,129,501</u>	<u>387,755</u>	<u>186,584</u>	<u>5,746,652</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Principal paid on debt	(34,102)	-	-	-	(34,102)
Interest paid on debt	(1,912)	-	-	-	(1,912)
Acquisition of capital assets	-	(14,612)	(33,001)	-	(47,613)
Sale of capital assets	-	12,002	3,450	-	15,452
<b>NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<u>(36,014)</u>	<u>(2,610)</u>	<u>(29,551)</u>	<u>-</u>	<u>(68,175)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest earnings received	-	-	5,082	-	5,082
Maturity of investments	-	-	609,000	-	609,000
Acquisition of investments	-	-	(764,326)	-	(764,326)
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<u>-</u>	<u>-</u>	<u>(150,244)</u>	<u>-</u>	<u>(150,244)</u>

Cont'd.

**CITY OF PUEBLO, COLORADO**  
**COMBINING STATEMENT OF CASH FLOWS (Cont'd.)**  
**OTHER ENTERPRISE FUNDS**  
**YEAR ENDED DECEMBER 31, 2015**

	Business-Type Activities-Enterprise Funds				Total
	Honor Farm	Transportation Services	Parking Facilities	Memorial Hall	
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	-	-	-	9,240	9,240
CASH AND CASH EQUIVALENTS, January 1	-	1,300	-	81,014	82,314
CASH AND CASH EQUIVALENTS, December 31	\$ -	\$ 1,300	\$ -	\$ 90,254	\$ 91,554
Reported in the accompanying combining statement of net position as follows:					
Cash and cash equivalents	\$ -	\$ 1,300	\$ -	\$ 90,254	\$ 91,554
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>					
Operating income (loss)	\$ (63,863)	\$ (4,438,768)	\$ (598,622)	\$ (517,171)	\$ (5,618,424)
Adjustments to reconcile operating (loss) to net cash provided (used) by operating activities -					
Depreciation	58,636	742,311	233,754	63,799	1,098,500
Change in assets, deferred outflows of resources, liabilities and deferred inflows of resources -					
Accounts receivable	54	(1,817)	12,203	26,558	36,998
Due from other funds	-	-	5,024	-	5,024
Prepaid expenses	-	24,617	-	5,943	30,560
Inventories	-	11,490	-	(21,473)	(9,983)
Deferred outflows of resources	-	-	(4,185)	-	(4,185)
Accounts payable	(156)	(19,319)	1,260	(9,414)	(27,629)
Accrued expenses	-	(112,628)	-	-	(112,628)
Due to other funds	(1,469)	(1,332,777)	137,571	307,948	(888,727)
Advances from others	-	-	-	(33,534)	(33,534)
Net pension liability	-	-	3,486	-	3,486
Deferred inflows of resources	-	-	1,549	-	1,549
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>\$ (6,798)</b>	<b>\$ (5,126,891)</b>	<b>\$ (207,960)</b>	<b>\$ (177,344)</b>	<b>\$ (5,518,993)</b>
<b>SCHEDULE OF NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>					
Contributions of capital assets	\$ -	\$ 12,327	\$ -	\$ 403,911	\$ 416,238
Unrealized gain on investments	\$ -	\$ -	\$ 674	\$ -	\$ 674

**CITY OF PUEBLO, COLORADO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**ELMWOOD GOLF COURSE FUND**  
**YEAR ENDED DECEMBER 31, 2014**

	Budgeted Amounts Final	Actual Budget Basis	Variance With Final Budget Positive (Negative)
	<u>Final</u>	<u>Basis</u>	<u>(Negative)</u>
<b>REVENUES</b>			
Charges for services and other operating revenues	\$ 1,227,139	\$ 1,298,796	\$ 71,657
<b>TOTAL REVENUES</b>	<u>1,227,139</u>	<u>1,298,796</u>	<u>71,657</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>			
Current -			
Personnel services	36,250	32,698	3,552
Contractual services	448,972	453,943	(4,971)
Utilities	127,000	125,259	1,741
Repairs and maintenance	98,057	61,812	36,245
Other supplies and expenses	156,113	91,304	64,809
Capital outlay	32,994	2,994	30,000
Debt service -			
Principal	97,077	97,077	-
Interest and fees	5,644	4,642	1,002
Transfers out	225,032	255,641	(30,609)
<b>TOTAL EXPENDITURES AND         OTHER FINANCING USES</b>	<u>1,227,139</u>	<u>1,125,370</u>	<u>101,769</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ -</u>	<u>\$ 173,426</u>	<u>\$ 173,426</u>

**CITY OF PUEBLO, COLORADO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**WALKING STICK GOLF COURSE FUND**  
**YEAR ENDED DECEMBER 31, 2015**

	<u>Budgeted Amounts Final</u>	<u>Actual Budget Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
<b>REVENUES AND OTHER FINANCING SOURCES</b>			
Charges for services	\$ 1,005,573	\$ 928,602	\$ (76,971)
Transfers in	<u>175,032</u>	<u>255,641</u>	<u>80,609</u>
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	<u>1,180,605</u>	<u>1,184,243</u>	<u>3,638</u>
<b>EXPENDITURES</b>			
Current -			
Personnel services	37,482	41,095	(3,613)
Contractual services	397,856	393,875	3,981
Utilities	268,195	292,130	(23,935)
Repairs and maintenance	85,459	76,781	8,678
Other supplies and expenses	73,772	57,019	16,753
Capital outlay	25,000	10,792	14,208
Debt service -			
Principal	217,856	215,903	1,953
Interest and fees	<u>74,985</u>	<u>74,936</u>	<u>49</u>
<b>TOTAL EXPENDITURES</b>	<u>1,180,605</u>	<u>1,162,531</u>	<u>18,074</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ -</u>	<u>\$ 21,712</u>	<u>\$ 21,712</u>

**CITY OF PUEBLO, COLORADO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**SEWER USER FUND**  
**YEAR ENDED DECEMBER 31, 2015**

	<u>Budgeted Amounts Final</u>	<u>Actual Budget Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
<b>REVENUES AND OTHER FINANCING SOURCES</b>			
Charges for services and other operating revenue	\$ 15,860,195	\$ 16,422,771	\$ 562,576
Intergovernmental	-	262,239	262,239
Interest	<u>169,171</u>	<u>150,571</u>	<u>(18,600)</u>
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	<u>16,029,366</u>	<u>16,835,581</u>	<u>806,215</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>			
Current -			
Personnel services	4,318,048	4,083,116	234,932
Contractual services	1,868,990	1,850,681	18,309
Utilities	1,181,326	817,897	363,429
Repairs and maintenance	99,042	205,246	(106,204)
Other supplies and expenses	1,375,903	7,053,142	(5,677,239)
Capital outlay	21,247,978	4,470,371	16,777,607
Debt service -			
Principal	1,513,383	1,509,723	3,660
Interest and fees	763,311	766,065	(2,754)
Transfers out	<u>50,000</u>	<u>50,000</u>	<u>-</u>
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	<u>32,417,981</u>	<u>20,806,241</u>	<u>11,611,740</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (16,388,615)</u>	<u>\$ (3,970,660)</u>	<u>\$ 12,417,955</u>

**CITY OF PUEBLO, COLORADO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**STORMWATER UTILITY FUND**  
**YEAR ENDED DECEMBER 31, 2015**

	<u>Budgeted Amounts Final</u>	<u>Actual Budget Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
<b>REVENUES</b>			
Charges for services and other operating revenue	\$ 3,360,000	\$ 3,579,194	\$ 219,194
Interest	<u>-</u>	<u>17,877</u>	<u>17,877</u>
<b>TOTAL REVENUES</b>	<u>3,360,000</u>	<u>3,597,071</u>	<u>237,071</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>			
Current -			
Personnel services	1,428,205	1,177,409	250,796
Contractual services	703,806	709,164	(5,358)
Utilities	170,200	62,571	107,629
Repairs and maintenance	9,500	56,536	(47,036)
Other supplies and expenses	556,925	140,710	416,215
Capital outlay	570,362	179,524	390,838
Debt service -			
Principal	410,204	306,884	103,320
Interest and fees	4,179	5,135	(956)
Transfers out	<u>156,507</u>	<u>156,507</u>	<u>-</u>
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	<u>4,009,888</u>	<u>2,794,440</u>	<u>1,215,448</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (649,888)</u>	<u>\$ 802,631</u>	<u>\$ 1,452,519</u>

**CITY OF PUEBLO, COLORADO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**MEMORIAL AIRPORT FUND**  
**YEAR ENDED DECEMBER 31, 2015**

	Budgeted Amounts Final	Actual Budget Basis	Variance With Final Budget Positive (Negative)
<b>REVENUES AND OTHER FINANCING SOURCES</b>			
Charges for services and other operating revenue	\$ 644,620	\$ 613,502	\$ (31,118)
Intergovernmental	29,780	1,782,493	1,752,713
Interest and other	500	1,535	1,035
Transfers in	<u>1,113,424</u>	<u>1,208,445</u>	<u>95,021</u>
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	<u>1,788,324</u>	<u>3,605,975</u>	<u>1,817,651</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>			
Current -			
Personnel services	838,359	838,191	168
Contractual services	253,332	250,731	2,601
Utilities	426,178	359,411	66,767
Repairs and maintenance	-	124,089	(124,089)
Other supplies and expenses	43,728	103,097	(59,369)
Capital outlay	4,406,950	2,650,307	1,756,643
Transfers out	<u>79,979</u>	<u>-</u>	<u>79,979</u>
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	<u>6,048,526</u>	<u>4,325,826</u>	<u>1,722,700</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (4,260,202)</u>	<u>\$ (719,851)</u>	<u>\$ 3,540,351</u>

**CITY OF PUEBLO, COLORADO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**HONOR FARM FUND**  
**YEAR ENDED DECEMBER 31, 2015**

	<u>Budgeted Amounts Final</u>	<u>Actual Budget Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
<b>REVENUES AND OTHER FINANCING SOURCES</b>			
Charges for services	\$ 35,100	\$ 35,000	\$ (100)
Transfers in	<u>71,168</u>	<u>42,812</u>	<u>(28,356)</u>
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	<u>106,268</u>	<u>77,812</u>	<u>(28,456)</u>
<b>EXPENDITURES</b>			
Current -			
Contractual services	6,834	6,334	500
Utilities	500	543	(43)
Repairs and maintenance	61,920	28,672	33,248
Other supplies and expenses	1,000	4,678	(3,678)
Debt service -			
Principal	34,102	34,102	-
Interest and fees	<u>1,912</u>	<u>1,912</u>	<u>-</u>
<b>TOTAL EXPENDITURES</b>	<u>106,268</u>	<u>76,241</u>	<u>30,027</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ -</u>	<u>\$ 1,571</u>	<u>\$ 1,571</u>

**CITY OF PUEBLO, COLORADO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**TRANSPORTATION SERVICES FUND**  
**YEAR ENDED DECEMBER 31, 2015**

	<u>Budgeted Amounts Final</u>	<u>Actual Budget Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
<b>REVENUES AND OTHER FINANCING SOURCES</b>			
Charges for services	\$ 837,500	\$ 884,324	\$ 46,824
Intergovernmental	2,511,736	3,345,035	833,299
Other revenues	12,000	-	(12,000)
Transfers in	<u>2,015,188</u>	<u>1,784,466</u>	<u>(220,722)</u>
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	<u>5,376,424</u>	<u>6,013,825</u>	<u>647,401</u>
<b>EXPENDITURES</b>			
Current -			
Personnel services	2,668,971	2,543,535	125,436
Contractual services	1,165,258	1,160,566	4,692
Utilities	734,285	362,027	372,258
Repairs and maintenance	48,045	353,279	(305,234)
Other supplies and expenses	226,551	185,592	40,959
Capital outlay	<u>523,314</u>	<u>14,612</u>	<u>508,702</u>
<b>TOTAL EXPENDITURES</b>	<u>5,366,424</u>	<u>4,619,611</u>	<u>746,813</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ -</u>	<u>\$ 1,394,214</u>	<u>\$ 1,394,214</u>

**CITY OF PUEBLO, COLORADO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**PARKING FACILITIES FUND**  
**YEAR ENDED DECEMBER 31, 2015**

	<u>Budgeted</u> Amounts Final	<u>Actual</u> Budget Basis	<u>Variance With</u> Final Budget Positive (Negative)
<b>REVENUES AND OTHER FINANCING SOURCES</b>			
Charges for services	\$ 240,000	\$ 247,244	\$ 7,244
Interest	-	5,082	5,082
Transfers in	<u>531,604</u>	<u>387,755</u>	<u>(143,849)</u>
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	<u>771,604</u>	<u>640,081</u>	<u>(131,523)</u>
<b>EXPENDITURES</b>			
Current -			
Personnel services	120,272	66,750	53,522
Contractual services	130,025	117,745	12,280
Utilities	62,810	47,532	15,278
Repairs and maintenance	29,535	16,196	13,339
Other supplies and expenses	438,392	363,039	75,353
Capital outlay	<u>49,000</u>	<u>33,001</u>	<u>15,999</u>
<b>TOTAL EXPENDITURES</b>	<u>830,034</u>	<u>644,263</u>	<u>185,771</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (58,430)</u>	<u>\$ (4,182)</u>	<u>\$ 54,248</u>

**CITY OF PUEBLO, COLORADO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**MEMORIAL HALL FUND**  
**YEAR ENDED DECEMBER 31, 2015**

	Budgeted Amounts Final	Actual Budget Basis	Variance With Final Budget Positive (Negative)
	<u>Final</u>	<u>Basis</u>	<u>(Negative)</u>
<b>REVENUES AND OTHER FINANCING SOURCES</b>			
Charges for services	\$ 382,179	\$ 681,631	\$ 299,452
Transfers in	<u>186,584</u>	<u>186,584</u>	<u>-</u>
<b>TOTAL REVENUES AND OTHER         FINANCING SOURCES</b>	<u>568,763</u>	<u>868,215</u>	<u>299,452</u>
<b>EXPENDITURES</b>			
Current -			
Contractual services	568,763	836,184	(267,421)
Utilities	-	124,042	(124,042)
Repairs and maintenance	-	12,531	(12,531)
Other supplies and expenses	<u>-</u>	<u>162,246</u>	<u>(162,246)</u>
<b>TOTAL EXPENDITURES</b>	<u>568,763</u>	<u>1,135,003</u>	<u>(566,240)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ -</u>	<u>\$ (266,788)</u>	<u>\$ (266,788)</u>

1987-1988  
1989-1990  
1991-1992  
1993-1994  
1995-1996  
1997-1998  
1999-2000  
2001-2002  
2003-2004  
2005-2006  
2007-2008  
2009-2010  
2011-2012  
2013-2014  
2015-2016  
2017-2018  
2019-2020  
2021-2022



**CITY OF PUEBLO, COLORADO**  
**COMBINING STATEMENT OF NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**DECEMBER 31, 2015**

	Internal Service Fund	Pueblo Transit	Total
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	\$ 300	\$ -	\$ 300
Restricted cash and cash equivalents	65,156	-	65,156
Investments	2,357,500	-	2,357,500
Accounts receivable, net	28,175	-	28,175
Due from other funds	1,507,200	-	1,507,200
Other receivables	2,988	-	2,988
Prepaid expenses	458,274	-	458,274
Inventories	250,862	-	250,862
<b>TOTAL CURRENT ASSETS</b>	<b>4,670,455</b>	<b>-</b>	<b>4,670,455</b>
<b>NONCURRENT ASSETS</b>			
Capital assets -			
Buildings	1,036,366	-	1,036,366
Machinery and equipment	1,433,078	-	1,433,078
Less accumulated depreciation	(1,788,769)	-	(1,788,769)
<b>Total capital assets</b>	<b>680,675</b>	<b>-</b>	<b>680,675</b>
<b>TOTAL NONCURRENT ASSETS</b>	<b>680,675</b>	<b>-</b>	<b>680,675</b>
<b>TOTAL ASSETS</b>	<b>5,351,130</b>	<b>-</b>	<b>5,351,130</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension-related	100,325	355,241	455,566

Cont'd.

**CITY OF PUEBLO, COLORADO**  
**COMBINING STATEMENT OF NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**DECEMBER 31, 2015**

	<u>Internal Service Fund</u>	<u>Pueblo Transit</u>	<u>Total</u>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable	\$ 68,383	\$ -	\$ 68,383
Compensated absences	14,405	-	14,405
Claims and judgments	1,864,000	-	1,864,000
<b>TOTAL CURRENT LIABILITIES</b>	<u>1,946,788</u>	<u>-</u>	<u>1,946,788</u>
<b>NONCURRENT LIABILITIES</b>			
Compensated absences	129,649	-	129,649
Claims and judgments	295,539	-	295,539
Net pension liability	756,944	2,680,244	3,437,188
<b>TOTAL NONCURRENT LIABILITIES</b>	<u>1,182,132</u>	<u>2,680,244</u>	<u>3,862,376</u>
<b>TOTAL LIABILITIES</b>	<u>3,128,920</u>	<u>2,680,244</u>	<u>5,809,164</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension-related	15,419	54,598	70,017
<b>NET POSITION</b>			
Net investment in capital assets	680,675	-	680,675
Unrestricted	1,626,441	(2,379,601)	(753,160)
<b>TOTAL NET POSITION</b>	<u>\$ 2,307,116</u>	<u>\$ (2,379,601)</u>	<u>\$ (72,485)</u>

**CITY OF PUEBLO, COLORADO**  
**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**YEAR ENDED DECEMBER 31, 2015**

	Internal Service Fund	Pueblo Transit	Total
	<u>          </u>	<u>          </u>	<u>          </u>
<b>OPERATING REVENUES</b>			
Charges for services	3,779,201	2,519,317	6,298,518
Other operating revenue	\$ 859,847	\$ -	\$ 859,847
<b>TOTAL OPERATING REVENUES</b>	<u>4,639,048</u>	<u>2,519,317</u>	<u>7,158,365</u>
<b>OPERATING EXPENSES</b>			
Personnel expense	768,977	2,549,273	3,318,250
Contractual services	59,585	-	59,585
Utilities	59,819	-	59,819
Repairs and maintenance	60,691	-	60,691
Other supplies and expenses	1,232,077	-	1,232,077
Insurance claims and expenses	3,353,900	-	3,353,900
Depreciation	86,246	-	86,246
<b>TOTAL OPERATING EXPENSES</b>	<u>5,621,295</u>	<u>2,549,273</u>	<u>8,170,568</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(982,247)</u>	<u>(29,956)</u>	<u>(1,012,203)</u>
<b>NONOPERATING REVENUES</b>			
Interest and investment revenue	17,193	-	17,193
<b>TOTAL NONOPERATING REVENUES</b>	<u>17,193</u>	<u>-</u>	<u>17,193</u>
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS</b>	(965,054)	(29,956)	(995,010)
Capital contributions	15,750	-	15,750
Transfers in	1,950,000	-	1,950,000
<b>CHANGES IN NET POSITION</b>	1,000,696	(29,956)	970,740
<b>TOTAL NET POSITION, January 1, as restated</b>	<u>1,306,420</u>	<u>(2,349,645)</u>	<u>(1,043,225)</u>
<b>TOTAL NET POSITION, December 31</b>	<u>\$ 2,307,116</u>	<u>\$ (2,379,601)</u>	<u>\$ (72,485)</u>

**CITY OF PUEBLO, COLORADO**  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
**YEAR ENDED DECEMBER 31, 2014**

	<u>Internal Service Fund</u>	<u>Pueblo Transit</u>	<u>Total</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from customers	\$ 4,629,517	\$ 2,519,317	\$ 7,148,834
Cash paid for goods and services	(4,648,332)	-	(4,648,332)
Cash paid to employees	(757,397)	(2,519,317)	(3,276,714)
Payments for interfund services	(1,226,366)	-	(1,226,366)
<b>NET CASH (USED) BY OPERATING         ACTIVITIES</b>	<u>(2,002,578)</u>	<u>-</u>	<u>(2,002,578)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers in	<u>1,950,000</u>	<u>-</u>	<u>1,950,000</u>
<b>NET CASH PROVIDED BY NONCAPITAL         FINANCING ACTIVITIES</b>	<u>1,950,000</u>	<u>-</u>	<u>1,950,000</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest earnings received	15,656	-	15,656
Maturity of investments	2,357,500	-	2,357,500
Acquisition of investments	(2,355,422)	-	(2,355,422)
<b>NET CASH PROVIDED BY INVESTING         ACTIVITIES</b>	<u>17,734</u>	<u>-</u>	<u>17,734</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(34,844)	-	(34,844)
<b>CASH AND CASH EQUIVALENTS, January 1</b>	<u>100,300</u>	<u>-</u>	<u>100,300</u>
<b>CASH AND CASH EQUIVALENTS, December 31</b>	<u>\$ 65,456</u>	<u>\$ -</u>	<u>\$ 65,456</u>

Cont'd.

**CITY OF PUEBLO, COLORADO**  
**COMBINING STATEMENT OF CASH FLOWS (Cont'd.)**  
**INTERNAL SERVICE FUNDS**  
**YEAR ENDED DECEMBER 31, 2014**

	Internal Service Fund	Pueblo Transit	Total
	<u>          </u>	<u>          </u>	<u>          </u>
<b>REPORTED IN THE ACCOMPANYING COMBINING STATEMENT OF NET POSITION AS FOLLOWS:</b>			
Cash and cash equivalents	\$ 300	\$ -	\$ 300
Restricted cash and cash equivalents	<u>65,156</u>	<u>-</u>	<u>65,156</u>
	<u>\$ 65,456</u>	<u>\$ -</u>	<u>\$ 65,456</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>			
Operating income (loss)	\$ (982,247)	\$ (29,956)	\$ (1,012,203)
Adjustments to reconcile operating income (loss) to net cash (used) by operating activities -			
Depreciation	86,246	-	86,246
Change in assets, deferred outflows of resources, liabilities and deferred inflows of resources -			
Accounts receivable	(9,531)	-	9,531
Due from other funds	(1,226,366)	-	(1,226,366)
Prepaid expenses	367,674	-	367,674
Inventories	(17,384)	-	(17,384)
Deferred outflows of resources	(41,647)	(147,469)	(189,116)
Accounts payable	(68,936)	-	(68,936)
Accrued expenses	(160,494)	-	(160,494)
Net pension liability	34,688	122,827	157,515
Deferred inflows of resources	<u>15,419</u>	<u>54,598</u>	<u>70,017</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>\$ (2,002,578)</u>	<u>\$ -</u>	<u>\$ (2,002,578)</u>
<b>SCHEDULE OF NONCASH INVESTING CAPITAL AND FINANCING ACTIVITIES</b>			
Capital assets contributed	<u>\$ 15,750</u>	<u>-</u>	<u>15,750</u>
Unrealized gain on investments	<u>\$ 2,078</u>	<u>\$ -</u>	<u>\$ 2,078</u>

**CITY OF PUEBLO, COLORADO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**INTERNAL SERVICE FUND**  
**YEAR ENDED DECEMBER 31, 2015**

	<u>Budgeted Amounts Final</u>	<u>Actual Budget Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
<b>REVENUES AND OTHER FINANCING SOURCES</b>			
Charges for services and other operating revenue	\$ 4,486,500	\$ 4,639,048	\$ 152,548
Interest and other	645,000	15,656	(629,344)
Transfers in	<u>1,950,000</u>	<u>1,950,000</u>	<u>-</u>
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	<u>7,081,500</u>	<u>6,604,704</u>	<u>(476,796)</u>
<b>EXPENDITURES</b>			
Current -			
Personnel services	770,221	757,397	12,824
Contractual services	70,077	59,585	10,492
Utilities	83,312	59,819	23,493
Repairs and maintenance	60,061	60,691	(630)
Cost of merchandise	1,916,569	1,221,528	695,041
Other supplies and expenses	33,760	10,549	23,211
Insurance claims and expenses	4,145,000	3,149,840	995,160
Capital outlay	<u>2,500</u>	<u>-</u>	<u>2,500</u>
<b>TOTAL EXPENDITURES</b>	<u>7,081,500</u>	<u>5,319,409</u>	<u>1,762,091</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ -</u>	<u>\$ 1,285,295</u>	<u>\$ 1,285,295</u>



**AGENCY**

**FUND**

**CITY OF PUEBLO, COLORADO**  
**STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES**  
**AGENCY FUND**  
**YEAR ENDED DECEMBER 31, 2015**

	<u>Balance January 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance December 31, 2015</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 210,483	\$ 5,099	\$ -	\$ 215,582
Accounts receivable	<u>1,823,763</u>	<u>461,722</u>	<u>353,826</u>	<u>1,931,659</u>
	<u>\$ 2,034,246</u>	<u>\$ 466,821</u>	<u>\$ 353,826</u>	<u>\$ 2,147,241</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 79,979	\$ 269,586	\$ 348,490	\$ 1,075
Deposits	<u>1,954,267</u>	<u>472,108</u>	<u>280,209</u>	<u>2,146,166</u>
	<u>\$ 2,034,246</u>	<u>\$ 741,694</u>	<u>\$ 628,699</u>	<u>\$ 2,147,241</u>

**STATISTICAL SECTION**

**CITY OF PUEBLO, COLORADO**  
**NET POSITION BY COMPONENT**  
**Last Ten Fiscal Years**  
(Accrual basis of accounting)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Governmental activities</b>										
Net investment in capital assets	\$ 230,400,553	\$ 242,229,997	\$ 253,371,346	\$ 270,972,634	\$ 275,400,749	\$ 282,143,652	\$ 300,421,948	\$ 304,720,914	\$ 310,952,995	\$ 307,415,524
Restricted	64,894,325	73,238,734	88,686,068	69,256,542	65,864,287	93,697,144	88,835,861	88,385,298	98,744,705	97,683,789
Unrestricted	23,479,235	25,429,479	9,623,844	28,408,089	38,589,640	19,596,982	11,816,144	20,453,939	(26,319,466)	(16,336,921)
<b>Total governmental activities net position</b>	<b>\$ 318,774,113</b>	<b>\$ 340,898,210</b>	<b>\$ 351,681,258</b>	<b>\$ 368,637,265</b>	<b>\$ 379,854,676</b>	<b>\$ 395,437,778</b>	<b>\$ 401,073,953</b>	<b>\$ 413,560,151</b>	<b>\$ 383,378,234</b>	<b>\$ 388,762,392</b>
<b>Business-type activities</b>										
Net investment in capital assets	\$ 97,708,603	\$ 101,702,739	\$ 106,505,768	\$ 115,961,714	\$ 123,736,794	\$ 134,281,593	\$ 138,568,644	\$ 157,831,233	\$ 160,736,818	\$ 162,247,604
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	8,027,822	9,877,471	12,079,718	14,180,545	17,522,178	18,277,323	19,267,977	19,818,953	12,673,300	12,270,072
<b>Total business-type activities net position</b>	<b>\$ 105,736,425</b>	<b>\$ 111,580,210</b>	<b>\$ 118,585,486</b>	<b>\$ 130,142,259</b>	<b>\$ 141,258,972</b>	<b>\$ 152,558,916</b>	<b>\$ 157,836,621</b>	<b>\$ 177,650,186</b>	<b>\$ 173,410,118</b>	<b>\$ 174,517,676</b>
<b>Primary government</b>										
Net investment in capital assets	\$ 328,109,156	\$ 343,932,736	\$ 359,877,114	\$ 386,934,348	\$ 399,137,543	\$ 416,425,245	\$ 438,990,592	\$ 462,552,147	\$ 471,689,813	\$ 469,663,128
Restricted	64,894,325	73,238,734	88,686,068	69,256,542	65,864,287	93,697,144	88,835,861	88,385,298	98,744,705	97,683,789
Unrestricted	31,507,057	35,306,950	21,703,562	42,588,634	56,111,818	37,874,305	31,084,121	40,272,892	(13,646,166)	(4,066,849)
<b>Total primary government net position</b>	<b>\$ 424,510,538</b>	<b>\$ 452,478,420</b>	<b>\$ 470,266,744</b>	<b>\$ 498,779,524</b>	<b>\$ 521,113,648</b>	<b>\$ 547,996,694</b>	<b>\$ 558,910,574</b>	<b>\$ 591,210,337</b>	<b>\$ 556,788,352</b>	<b>\$ 563,280,068</b>

**CITY OF PUEBLO, COLORADO**  
**CHANGES IN NET POSITION**  
**Last Ten Fiscal Years**  
(Accrual basis of accounting)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Expenses</b>										
Governmental activities										
General government	\$ 8,285,288	\$ 8,750,144	\$ 10,266,329	\$ 11,256,849	\$ 11,126,432	\$ 11,663,415	\$ 11,063,544	\$ 13,800,967	\$ 9,410,359	\$ 12,471,787
Public safety	37,632,207	39,554,852	41,470,395	42,232,017	45,180,523	46,320,164	47,846,439	46,616,804	48,485,290	44,662,761
Public works	11,706,116	12,138,196	11,192,330	12,056,802	14,682,821	10,982,420	11,944,466	11,618,176	11,682,330	20,780,039
Culture and community welfare	5,057,256	7,671,252	9,110,212	7,713,219	8,880,083	9,841,081	13,253,542	11,504,623	7,905,331	8,055,195
Parks and recreation	6,131,025	5,109,138	4,808,532	4,668,002	5,213,738	5,361,632	6,372,059	5,722,667	5,719,300	5,828,170
Economic development	7,640,995	3,966,266	8,321,122	2,197,779	3,608,000	2,003,481	3,380,770	4,931,043	4,985,902	4,906,360
Interest on long-term debt	452,713	387,198	646,741	1,555,782	1,451,423	1,380,077	1,264,491	1,138,164	1,297,305	1,142,197
Total governmental activities	<u>76,905,600</u>	<u>77,577,046</u>	<u>85,815,661</u>	<u>81,680,450</u>	<u>90,143,020</u>	<u>87,552,270</u>	<u>95,125,311</u>	<u>95,332,444</u>	<u>89,485,817</u>	<u>97,846,509</u>
Business-type activities										
Elmwood golf course	\$ 906,674	\$ 1,007,069	\$ 981,498	\$ 991,706	\$ 914,069	\$ 880,190	\$ 928,757	\$ 975,010	\$ 965,668	\$ 963,144
Walkingstick golf course	1,602,445	1,644,653	1,668,190	1,675,151	1,683,224	1,752,102	1,821,738	1,886,223	1,945,576	2,003,118
Sewer user	6,707,226	7,249,353	7,587,616	8,653,027	8,537,456	9,124,088	11,009,307	12,506,548	12,674,302	16,540,331
Stormwater utility	2,593,534	2,384,871	2,432,055	2,617,256	2,637,540	2,730,534	3,125,968	2,896,741	2,861,912	2,896,523
Other business-type activities	11,067,176	8,740,162	9,173,632	11,096,719	10,797,701	11,936,935	12,240,953	12,617,167	13,413,164	13,108,596
Total business-type activities	<u>22,877,055</u>	<u>21,026,108</u>	<u>21,842,991</u>	<u>25,033,859</u>	<u>24,569,990</u>	<u>26,423,849</u>	<u>29,126,723</u>	<u>30,881,689</u>	<u>31,860,622</u>	<u>35,511,712</u>
Total primary government expenses	<u>\$ 99,782,655</u>	<u>\$ 98,603,154</u>	<u>\$ 107,658,652</u>	<u>\$ 106,714,309</u>	<u>\$ 114,713,010</u>	<u>\$ 113,976,119</u>	<u>\$ 124,252,034</u>	<u>\$ 126,214,133</u>	<u>\$ 121,346,439</u>	<u>\$ 133,358,221</u>

**CITY OF PUEBLO, COLORADO**  
**CHANGES IN NET POSITION**

**Last Ten Fiscal Years**  
(Accrual basis of accounting)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Program revenue</b>										
Governmental activities										
Permits, fees, fines and charges for services										
General government	\$ 1,703,212	\$ 1,963,163	\$ 2,369,917	\$ 2,075,228	\$ 1,642,290	\$ 1,851,960	\$ 1,998,698	\$ 2,036,502	\$ 2,091,671	\$ 3,537,728
Public safety	3,617,774	4,405,012	5,191,857	5,201,273	5,325,642	5,354,057	5,406,875	4,436,306	4,335,834	3,630,834
Public works	341,664	346,087	704,379	450,217	489,761	487,854	495,989	539,532	710,835	353,921
Culture and community welfare	116,974	275,599	100,881	49,210	364,384	276,516	299,675	414,365	293,731	368,223
Parks and recreation	480,559	507,480	301,673	372,275	531,839	592,114	685,329	634,639	639,218	631,889
Economic development	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions	10,921,224	13,222,843	11,434,429	10,385,132	12,193,129	13,493,320	13,616,953	22,104,201	9,134,469	10,428,895
Capital grants and contributions	5,513,470	6,513,307	7,197,160	7,944,326	7,489,339	8,212,014	9,128,467	6,944,859	7,488,040	8,159,967
Total governmental activities program revenue	<u>22,694,877</u>	<u>27,233,491</u>	<u>27,300,296</u>	<u>26,477,661</u>	<u>28,036,384</u>	<u>30,267,835</u>	<u>31,631,986</u>	<u>37,110,404</u>	<u>24,693,798</u>	<u>27,111,457</u>
Business-type activities										
Charges for services										
Golf	\$ 2,058,716	\$ 2,118,218	\$ 2,222,900	\$ 2,254,076	\$ 2,160,142	\$ 2,118,331	\$ 2,163,333	\$ 2,140,132	\$ 2,114,228	\$ 2,227,398
Sewer	7,667,687	8,890,987	10,911,573	12,392,418	13,673,319	13,454,038	13,805,921	14,355,943	15,256,778	16,422,771
Stormwater	2,786,560	2,705,207	2,731,475	2,771,994	2,757,602	2,754,867	2,791,898	3,253,081	3,369,638	3,579,194
Other	3,330,030	3,747,327	4,209,175	4,678,642	4,282,123	5,055,394	4,756,160	4,486,419	4,929,973	4,981,018
Operating grants and contributions	4,044,722	1,750,879	1,754,736	1,676,299	1,793,282	2,033,900	2,220,825	2,050,457	2,037,268	2,008,817
Capital grants and contributions	4,193,167	5,070,294	3,019,001	10,341,094	7,622,792	8,291,358	4,811,702	20,762,845	3,828,080	2,908,184
Total business-type activities program revenue	<u>24,080,882</u>	<u>24,282,912</u>	<u>24,848,860</u>	<u>34,114,523</u>	<u>32,289,260</u>	<u>33,707,888</u>	<u>30,549,839</u>	<u>47,048,877</u>	<u>31,535,965</u>	<u>32,127,382</u>
Total primary government program revenue	<u>\$ 46,775,759</u>	<u>\$ 51,516,403</u>	<u>\$ 52,149,156</u>	<u>\$ 60,592,184</u>	<u>\$ 60,325,644</u>	<u>\$ 63,975,723</u>	<u>\$ 62,181,825</u>	<u>\$ 84,159,281</u>	<u>\$ 56,229,763</u>	<u>\$ 59,238,839</u>
<b>Net (expense) revenue</b>										
Governmental activities	\$ (54,210,723)	\$ (50,343,555)	\$ (58,515,365)	\$ (55,202,789)	\$ (62,106,636)	\$ (57,284,435)	\$ (63,493,325)	\$ (58,222,040)	\$ (64,792,019)	\$ (70,735,052)
Business-type activities	<u>1,203,827</u>	<u>3,256,804</u>	<u>3,005,869</u>	<u>9,080,664</u>	<u>7,719,270</u>	<u>7,284,039</u>	<u>1,423,116</u>	<u>16,167,188</u>	<u>(324,657)</u>	<u>(3,384,330)</u>
Total primary government net (expense) revenue	<u>\$ (53,006,896)</u>	<u>\$ (47,086,751)</u>	<u>\$ (55,509,496)</u>	<u>\$ (46,122,125)</u>	<u>\$ (54,387,366)</u>	<u>\$ (50,000,396)</u>	<u>\$ (62,070,209)</u>	<u>\$ (42,054,852)</u>	<u>\$ (65,116,676)</u>	<u>\$ (74,119,382)</u>

**CITY OF PUEBLO, COLORADO**  
**CHANGES IN NET POSITION**  
**Last Ten Fiscal Years**  
(Accrual basis of accounting)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>General revenue and other changes in net position</b>										
Governmental activities										
Property taxes	\$ 8,974,924	\$ 9,952,692	\$ 10,825,444	\$ 10,997,706	\$ 11,270,663	\$ 11,444,707	\$ 11,908,875	\$ 12,905,041	\$ 12,719,414	\$ 12,811,986
Franchise and other taxes	5,315,793	5,419,403	5,666,015	5,704,383	5,750,053	6,178,164	6,651,168	6,557,472	7,020,223	7,210,741
Sales and use taxes	47,780,034	53,763,904	51,337,779	53,922,799	48,902,489	55,014,310	50,471,792	51,947,998	51,351,232	56,203,150
Payment in lieu of taxes	13,000,000	-	-	-	7,509,859	9,859	9,859	9,859	9,859	9,859
Unrestricted investment earnings	2,554,750	2,972,190	2,381,232	981,250	563,205	973,281	526,792	(99,169)	618,324	545,820
Miscellaneous	1,498,673	1,929,265	2,161,617	2,190,302	2,087,171	2,384,645	2,509,676	2,287,852	2,066,165	2,841,209
Gain on disposition of assets	-	-	-	-	-	-	-	-	-	-
Transfers	(2,269,292)	(1,958,397)	(2,831,378)	(2,371,946)	(2,759,393)	(3,137,429)	(2,948,662)	(3,018,863)	(3,464,599)	(3,503,555)
<b>Total governmental activities</b>	<b>76,854,882</b>	<b>72,079,057</b>	<b>69,540,709</b>	<b>71,424,494</b>	<b>73,324,047</b>	<b>72,867,537</b>	<b>69,129,500</b>	<b>70,590,190</b>	<b>70,320,618</b>	<b>76,119,210</b>
Business-type activities										
Unrestricted investment earnings	\$ 783,952	\$ 1,002,457	\$ 922,792	\$ 824,620	\$ 631,776	\$ 843,959	\$ 795,501	\$ 626,139	\$ 916,154	\$ 960,271
Miscellaneous	-	14,722	2,941	13,844	6,274	34,517	110,426	1,375	138	28,062
Gain on disposition of assets	-	-	-	-	-	-	-	-	-	-
Loss on defeasance	-	-	-	-	-	-	-	-	-	-
Transfers	2,269,292	1,958,397	2,831,378	2,371,946	2,759,393	3,137,429	2,948,662	3,018,863	3,464,599	3,503,555
<b>Total business-type activities</b>	<b>3,053,244</b>	<b>2,975,576</b>	<b>3,757,111</b>	<b>3,210,410</b>	<b>3,397,443</b>	<b>4,015,905</b>	<b>3,854,589</b>	<b>3,646,377</b>	<b>4,380,891</b>	<b>4,491,888</b>
<b>Total primary government</b>	<b>\$ 79,908,126</b>	<b>\$ 75,054,633</b>	<b>\$ 73,297,820</b>	<b>\$ 74,634,904</b>	<b>\$ 76,721,490</b>	<b>\$ 76,883,442</b>	<b>\$ 72,984,089</b>	<b>\$ 74,236,567</b>	<b>\$ 74,701,509</b>	<b>\$ 80,611,098</b>
<b>Change in net position</b>										
Governmental activities	\$ 22,644,159	\$ 21,735,502	\$ 11,025,344	\$ 16,221,705	\$ 11,217,411	\$ 15,583,102	\$ 5,636,175	\$ 12,368,150	\$ 5,528,599	\$ 5,384,158
Business-type activities	4,257,071	6,232,380	6,762,980	12,291,074	11,116,713	11,299,944	5,277,705	19,813,565	4,056,234	1,107,558
<b>Total primary government change in net position</b>	<b>\$ 26,901,230</b>	<b>\$ 27,967,882</b>	<b>\$ 17,788,324</b>	<b>\$ 28,512,779</b>	<b>\$ 22,334,124</b>	<b>\$ 26,883,046</b>	<b>\$ 10,913,880</b>	<b>\$ 32,181,715</b>	<b>\$ 9,584,833</b>	<b>\$ 6,491,716</b>

**CITY OF PUEBLO, COLORADO**  
**FUND BALANCES, GOVERNMENTAL FUNDS**  
**Last Ten Fiscal Years**  
 (Modified accrual basis of accounting)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>General fund</b>										
Reserved	\$ 3,273,245	\$ 4,035,029	\$ 4,820,869	\$ 6,792,406	\$ 6,422,263					
Unreserved	16,676,413	19,873,356	18,893,395	16,024,783	17,469,357					
<b>Total general fund</b>	<u>\$ 19,949,658</u>	<u>\$ 23,908,385</u>	<u>\$ 23,714,264</u>	<u>\$ 22,817,189</u>	<u>\$ 23,891,620</u>					
<b>All other governmental funds</b>										
Reserved	\$ 67,048,480	\$ 81,796,237	\$ 91,277,899	\$ 74,504,669	\$ 72,333,940					
Unreserved, reported in:										
Special revenue funds	8,351,137	4,463,733	4,385,845	3,458,533	5,045,912					
Debt service funds	-	-	-	-	-					
Capital project funds	105,462	362,224	4,408,683	7,384,735	10,153,988					
<b>Total all other governmental funds</b>	<u>\$ 75,505,079</u>	<u>\$ 86,622,194</u>	<u>\$ 100,072,427</u>	<u>\$ 85,347,937</u>	<u>\$ 87,533,840</u>					
<b>General Fund</b>										
Nonspendable						\$ 1,806,325	\$ 1,819,164	\$ 1,739,939	\$ 1,730,596	\$ 2,028,732
Restricted						2,600,000	2,600,000	2,600,000	2,600,000	2,900,000
Committed						7,669,649	7,705,629	7,689,824	7,486,408	7,657,428
Assigned						10,496,794	7,486,269	5,494,282	5,554,298	7,941,687
Unassigned						422,402	-	37,138	1,040,371	1,591,577
<b>Total general fund</b>						<u>\$ 22,995,170</u>	<u>\$ 19,611,062</u>	<u>\$ 17,561,183</u>	<u>\$ 18,411,673</u>	<u>\$ 22,119,424</u>
<b>All other governmental funds</b>										
Nonspendable						\$ 747,000	\$ 747,000	\$ -	\$ -	\$ -
Restricted						91,097,144	86,235,861	85,785,298	92,099,404	89,823,700
Committed						223,081	223,080	104,831	1,548,817	-
Assigned						5,391,471	3,025,298	3,700,909	2,814,032	4,319,768
Unassigned						-	-	-	-	(1,736,679)
<b>Total all other governmental funds</b>						<u>\$ 97,458,696</u>	<u>\$ 90,231,239</u>	<u>\$ 89,591,038</u>	<u>\$ 96,462,253</u>	<u>\$ 92,406,789</u>

Notes:

- (1) In FY 2011 the City implemented GASB Statement No. 54 under which governmental fund balances are reported as nonspendable, restricted, committed, assigned, and unassigned compared to reserved and unreserved.
- (2) The substantial increase or decrease in fund balance restricted, committed, assigned, and unassigned is explained in the Management's Discussion and Analysis (MD&A).

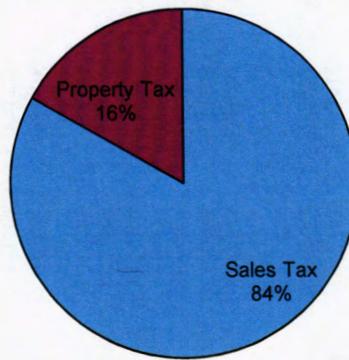
**CITY OF PUEBLO, COLORADO**  
**CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS**  
**Last Ten Fiscal Years**  
(Modified accrual basis of accounting)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Revenues</b>										
Taxes	\$ 61,256,282	\$ 69,931,206	\$ 67,829,283	\$ 65,939,451	\$ 70,590,717	\$ 71,397,662	\$ 68,749,023	\$ 70,430,187	\$ 71,910,738	\$ 76,138,538
Payment in lieu of taxes	13,000,000	-	-	4,600,000	2,909,859	9,859	9,859	9,859	9,859	9,859
Fees and fines	1,458,095	1,814,180	2,637,266	2,136,887	2,276,641	2,355,108	2,090,603	1,849,081	1,611,630	1,798,138
Licenses and permits	606,634	608,593	567,319	558,257	600,523	561,141	574,360	603,249	576,283	591,466
Intergovernmental	11,869,089	15,703,863	13,365,004	14,549,354	18,073,674	19,678,700	16,170,914	23,188,363	11,871,960	15,964,015
Charges for services	3,669,187	4,488,496	4,657,314	4,445,802	4,538,144	4,706,111	5,723,274	5,216,546	5,534,195	6,351,180
Investment earnings	2,557,871	2,875,026	2,328,993	915,059	509,745	894,162	454,207	(95,480)	540,404	477,251
Miscellaneous	915,084	1,478,353	1,413,612	1,553,276	3,306,444	1,877,391	1,011,170	1,503,609	860,354	1,062,995
Total revenues	<u>95,332,242</u>	<u>96,899,717</u>	<u>92,798,791</u>	<u>94,698,086</u>	<u>102,805,747</u>	<u>101,480,134</u>	<u>94,783,410</u>	<u>102,705,414</u>	<u>92,915,423</u>	<u>102,393,442</u>
<b>Expenditures</b>										
Current										
General government	7,770,323	8,323,725	9,309,207	8,906,351	9,446,931	9,906,695	9,757,420	9,324,677	8,775,946	9,274,465
Public safety	36,314,947	37,932,998	39,570,942	38,880,698	40,797,229	41,840,926	42,581,744	53,423,916	42,129,729	42,633,784
Public works	9,700,677	9,476,324	9,999,375	9,673,957	12,584,529	9,150,113	9,749,975	9,298,026	9,464,524	18,521,210
Parks and recreation	4,104,456	4,516,419	4,202,445	4,036,880	4,460,129	4,752,890	5,382,385	4,790,964	4,743,862	4,714,260
Economic development	5,675,607	3,126,520	8,298,423	2,196,510	3,606,731	1,720,757	3,123,621	4,698,157	5,027,462	4,659,769
Culture and community welfare	7,164,206	7,196,287	8,530,074	7,070,616	8,324,329	9,223,504	12,664,949	11,117,958	7,356,405	7,622,393
Other	401,470	1,211,588	794,121	1,252,382	615,174	479,457	521,614	402,110	485,078	601,143
Debt service										
Principal	3,726,218	931,376	1,315,016	2,099,407	1,925,287	1,998,559	2,117,410	2,536,229	2,772,040	3,206,097
Interest and other charges	454,197	320,800	870,523	1,242,553	1,414,334	1,333,949	1,267,515	1,204,852	1,270,723	1,138,466
Capital outlay	4,718,919	11,256,938	13,743,802	31,511,351	12,211,347	8,154,482	16,076,440	8,422,405	3,306,401	6,965,445
Total expenditures	<u>80,031,020</u>	<u>84,292,975</u>	<u>96,633,928</u>	<u>106,870,705</u>	<u>95,386,020</u>	<u>88,561,332</u>	<u>103,243,073</u>	<u>105,219,294</u>	<u>85,332,170</u>	<u>99,337,032</u>
Excess revenues over (under) expenditures	<u>15,301,222</u>	<u>12,606,742</u>	<u>(3,835,137)</u>	<u>(12,172,619)</u>	<u>7,419,727</u>	<u>12,918,802</u>	<u>(8,459,663)</u>	<u>(2,513,880)</u>	<u>7,583,253</u>	<u>3,056,410</u>
<b>Other financing sources (uses)</b>										
Proceeds from borrowing	523,113	4,977,498	20,625,000	-	-	363,503	1,173,612	2,367,868	4,200,000	-
Discount on bonds issued	-	-	(152,373)	-	-	-	-	-	-	-
Insurance recoveries	-	-	-	-	-	-	-	-	-	1,939,932
Payment to refunded debt escrow agent	-	-	-	-	-	-	-	-	-	-
Sales of Capital Assets	-	-	-	-	-	-	-	912,533	154,692	109,500
Transfers in	12,085,328	13,596,597	13,754,387	18,317,883	14,744,489	13,256,748	10,980,219	10,267,116	9,139,517	11,082,730
Transfers out	(14,754,619)	(16,104,994)	(17,135,766)	(21,766,829)	(18,903,882)	(17,362,999)	(14,453,381)	(13,605,669)	(13,473,805)	(16,536,285)
Total other financing sources (uses)	<u>(2,146,178)</u>	<u>2,469,101</u>	<u>17,091,248</u>	<u>(3,448,946)</u>	<u>(4,159,393)</u>	<u>(3,742,748)</u>	<u>(2,299,550)</u>	<u>(58,152)</u>	<u>20,404</u>	<u>(3,404,123)</u>
Net changes in fund balances	13,155,044	15,075,843	13,256,111	(15,621,565)	3,260,334	9,176,054	(10,759,213)	(2,572,032)	7,603,657	(347,713)
Fund balances - beginning	82,299,693	95,454,737	110,530,580	123,786,691	108,165,126	111,425,460	120,601,514	109,842,301	107,270,269	114,873,926
Fund balances - ending	<u>\$ 95,454,737</u>	<u>\$ 110,530,580</u>	<u>\$ 123,786,691</u>	<u>\$ 108,165,126</u>	<u>\$ 111,425,460</u>	<u>\$ 120,601,514</u>	<u>\$ 109,842,301</u>	<u>\$ 107,270,269</u>	<u>\$ 114,873,926</u>	<u>\$ 114,526,213</u>
Debt service as a percentage of non-capital expenditures	5.6%	1.7%	2.6%	4.4%	4.0%	4.1%	3.9%	3.6%	4.5%	4.3%

**CITY OF PUEBLO, COLORADO**  
**GENERAL GOVERNMENT TAX REVENUE BY SOURCE**  
**Last Ten Fiscal Years**

Fiscal Year	Sales and Miscellaneous Taxes		Property Tax		Total
		Rate		Rate	
2006	52,281,358	3.50%	8,974,924	15.633%	61,256,282
2007	59,978,514	3.50%	9,952,692	15.633%	69,931,206
2008	57,004,125	3.50%	10,825,158	15.633%	67,829,283
2009	54,998,393	3.50%	10,941,058	15.633%	65,939,451
2010	59,320,054	3.50%	11,270,663	15.633%	70,590,717
2011	59,952,955	3.50%	11,444,707	15.633%	71,397,662
2012	56,840,148	3.50%	11,908,875	15.633%	68,749,023
2013	57,527,855	3.50%	12,902,332	15.633%	70,430,187
2014	59,191,323	3.50%	12,719,415	15.633%	71,910,738
2015	63,326,552	3.50%	12,811,986	15.633%	76,138,538

**General Government Tax Revenue by Source**



The sales and use tax rate (3.5%) consists of 3.0% general tax and .5% tax specifically for use in economic development. Sales tax is levied on all retail sales, leases, and rentals of tangible personal property on the basis of the purchase or rental price. Food purchased for preparation and consumption at home is exempt from sales tax. Prescription medications are also exempt from sales tax. Use tax is collected on purchases of items which are used in Pueblo and on which the 3.5% local sales tax has not been paid to another jurisdiction.

Property tax is levied against all real property and business-related personal property within the City of Pueblo.

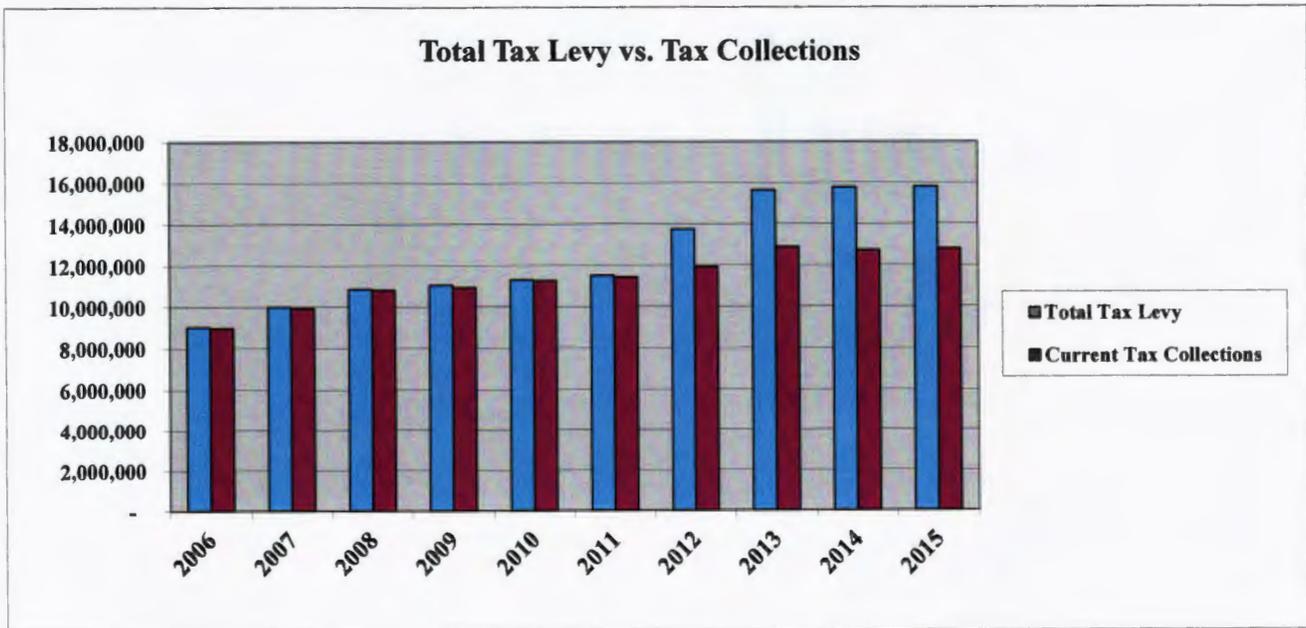
**CITY OF PUEBLO, COLORADO  
TAXABLE SALES BY CATEGORY  
Last Ten Fiscal Years**

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	% of Total
Apparel stores	\$ 19,283,857	\$ 21,148,600	\$ 21,167,981	\$ 20,665,388	\$ 22,587,643	\$ 22,726,167	\$ 21,078,355	\$ 21,712,161	\$ 21,711,110	\$ 20,634,443	1.3%
General merchandise	273,539,086	276,329,171	274,889,106	271,065,537	273,664,541	269,866,690	271,614,426	269,825,995	262,641,258	268,291,882	16.6%
Food/drug/liquor stores	52,739,171	54,101,714	57,815,813	59,518,359	61,428,357	63,799,469	64,577,531	66,970,357	66,864,169	70,252,481	4.3%
Eating and drinking establishments	156,224,829	170,084,857	176,341,311	175,986,153	178,342,206	181,007,675	188,975,381	194,976,983	199,340,110	215,135,731	13.3%
Home furnishings and appliances	51,469,657	50,157,486	43,193,441	33,464,768	27,775,023	26,675,919	26,589,441	27,822,264	28,221,714	27,883,465	1.7%
Building materials and farm tools	151,385,057	163,883,343	176,033,910	161,330,267	156,992,265	128,552,869	128,914,149	138,523,216	142,638,333	166,576,091	10.3%
Auto dealers and supplies	135,786,343	151,255,629	138,744,763	138,337,249	119,665,344	121,521,485	137,163,808	145,887,947	156,434,840	184,178,841	11.4%
Other retail stores	168,812,857	179,570,314	200,055,193	199,686,795	222,591,059	215,867,314	205,612,974	210,573,040	231,554,778	242,005,604	15.0%
Utilities	170,603,371	187,935,629	204,728,857	185,146,431	186,111,405	209,678,211	233,629,333	215,875,798	225,969,757	216,905,819	13.4%
All other outlets	171,904,229	197,938,800	199,125,770	204,417,996	186,202,664	197,478,109	178,453,889	181,937,413	189,488,275	204,278,923	12.6%
<b>Total</b>	<b>\$ 1,351,748,457</b>	<b>\$ 1,452,405,543</b>	<b>\$ 1,492,096,145</b>	<b>\$ 1,449,618,943</b>	<b>\$ 1,435,360,507</b>	<b>\$ 1,437,173,908</b>	<b>\$ 1,456,609,287</b>	<b>\$ 1,474,105,174</b>	<b>\$ 1,524,864,344</b>	<b>\$ 1,616,143,280</b>	<b>100.0%</b>
City direct sales tax rate	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	

**CITY OF PUEBLO, COLORADO**  
**PROPERTY TAX LEVIES AND COLLECTIONS**  
**Last Ten Fiscal Years**

Fiscal Year	(1) Total Tax Levy	(2) Current Tax Collections	Percentage of Current Taxes Collected	Delinquent Tax Collections	Total Tax Collections	Ratio of Total Tax Collections to Total Tax Levy	Outstanding Accumulated Delinquent Taxes	Ratio of Delinquent Taxes to Total Tax Levy
2006	9,025,288	8,971,654	99.4%	3,270	8,974,924	99.4%	384,220	4.3%
2007	9,996,222	9,943,540	99.5%	9,152	9,952,692	99.6%	427,750	4.3%
2008	10,856,206	10,819,644	99.7%	5,514	10,825,158	99.7%	458,798	4.2%
2009	11,068,364	10,940,836	98.8%	222	10,941,058	98.8%	586,104	5.3%
2010	11,318,452	11,262,805	99.5%	7,858	11,270,663	99.6%	633,893	5.6%
2011	11,507,693	11,437,371	99.4%	7,336	11,444,707	99.5%	696,879	6.1%
2012	13,736,996	11,915,905	86.7%	(7,030)	11,908,875	86.7%	2,525,000	18.4%
2013	15,638,844	12,897,509	82.5%	4,823	12,902,332	82.5%	5,261,512	33.6%
2014	15,764,500	12,719,454	80.7%	(39)	12,719,415	80.7%	8,306,597	52.7%
2015	15,797,889	12,805,555	81.1%	6,431	12,811,986	81.1%	11,292,500	71.5%

- (1) For consistency in computing ratios, total tax is shown net of the one percent County Treasurer's fee.  
(2) Real and Property Taxes are assessed as of January 1. Taxes are due in full on April 30, or in installments with the first half due February 28 and the second half due June 15.



**CITY OF PUEBLO, COLORADO**  
**ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY**  
**Last Ten Fiscal Years**

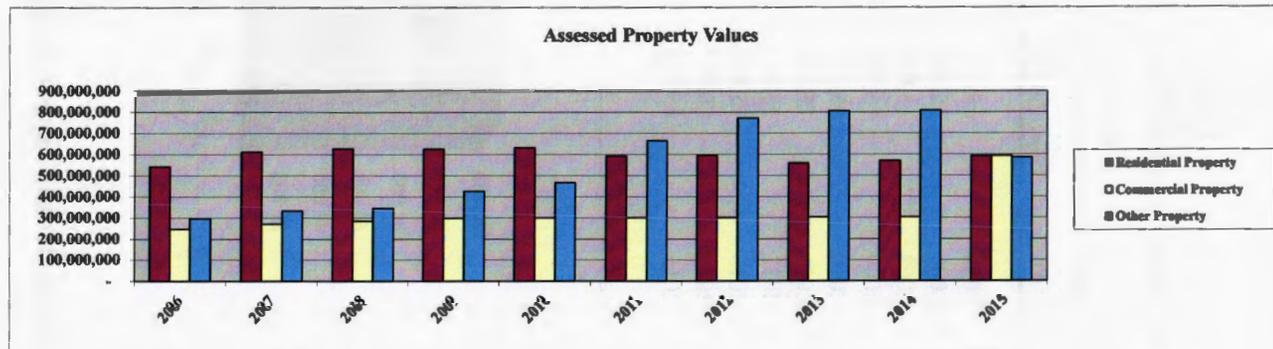
Fiscal Year	(1) Assessed Property Values				Less: Tax Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate	(2)	(2)
	Residential Property	Commercial Property	Other Property	Estimated Actual Property Value				Assessed Value as a Percentage of Actual Value	
2006	542,161,190	247,348,580	297,072,380	(445,088,800)	641,493,350	15.633%	8,263,731,154	7.763%	
2007	611,509,850	271,277,600	333,582,960	(516,179,790)	700,190,620	15.633%	9,333,213,472	7.502%	
2008	626,503,880	284,855,540	345,441,070	(540,105,000)	716,695,490	15.633%	9,617,015,119	7.452%	
2009	626,001,880	298,026,320	426,264,430	(626,270,159)	724,022,471	15.633%	9,836,666,261	7.360%	
2010	631,211,662	300,395,819	467,214,669	(616,860,250)	781,961,900	15.633%	10,024,831,899	7.800%	
2011	592,630,631	301,583,023	664,907,749	(608,178,821)	950,942,582	15.633%	9,594,209,379	9.912%	
2012	596,086,787	300,801,415	772,929,417	(608,060,262)	1,061,757,357	15.633%	9,571,359,504	11.093%	
2013	558,332,627	303,331,362	806,240,212	(611,072,756)	1,056,831,445	15.633%	9,125,979,829	11.580%	
2014	569,105,609	303,057,840	809,070,316	(624,842,447)	1,056,391,318	15.633%	9,196,208,127	11.487%	
2015	593,217,974	593,217,974	585,647,170	(703,560,824)	1,068,522,294	15.633%	11,349,016,092	9.415%	

(1) Assessed value data provided by Pueblo County Assessor's Office for entire county.  
 NOTE: Residential value decreases are the result of revaluation for taxes.

(2) Actual Property Value is the base from which assessed value is derived. Excludes State Assessed and Exempt properties.

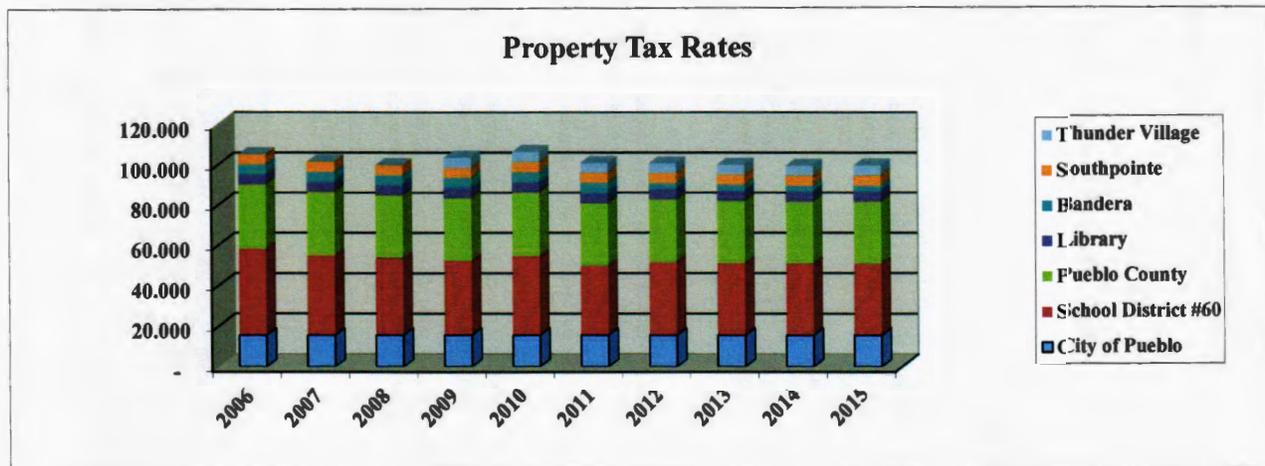
**NOTE 1:** Property in Pueblo County assesses property at approximately 29 percent of actual value for commercial and industrial property and eight percent for residential property. Tax rates are per \$1,000 of assessed value.

**NOTE 2:** Subsequent to February 2004, formula used to estimate residential building permit value modified.  
 Data on permit value subsequent to this data not consistent with prior years.



**CITY OF PUEBLO, COLORADO  
PROPERTY TAX RATES  
OF DIRECT AND OVERLAPPING GOVERNMENTS  
Last Ten Fiscal Years**

Fiscal Year	City Direct Rate	Overlapping Rates *					
	General Operating Expenditures	School District #60	Pueblo County	Pueblo Regional Library	Bandera Blvd. Special Improvement District	Southpointe Special Improvement District	Thunder Village Metropolitan District
2006	15.633	42.587	31.907	5.250	5.000	5.000	-
2007	15.633	39.152	31.708	5.250	5.000	5.000	-
2008	15.633	37.966	31.195	5.261	5.000	5.000	-
2009	15.633	36.629	31.118	5.302	5.000	5.000	5.000
2010	15.633	38.811	31.677	5.413	5.000	5.000	5.000
2011	15.633	34.324	30.872	5.268	5.000	5.000	5.000
2012	15.633	36.032	30.959	5.293	3.000	5.000	5.000
2013	15.633	35.573	30.750	5.258	3.000	5.000	5.000
2014	15.633	35.347	30.469	5.262	3.000	5.000	5.000
2015	15.633	35.234	30.710	5.255	3.000	5.000	5.000



Source: Pueblo County, Colorado Abstract of Assessment

Notes: The City's basic property tax rate may be increased only by a vote of the City's residents. The City's direct rate's sole purpose is general operating expenses. No mil levy has been approved for debt service or other purposes.

\* Overlapping rates are those of local and county governments that apply to property owners within the City of Pueblo. Not all overlapping rates apply to all City of Pueblo property owners; for example, although the county property tax rates apply to all City property owners, the Southpointe Special Improvement District rates apply only to the City property owners whose property is located within that district's geographic boundaries.

**CITY OF PUEBLO, COLORADO**  
**PRINCIPAL PROPERTY TAXPAYERS**  
**December 31, 2015 and Nine Years Prior**

Current Year					Nine Years Prior	
Rank	Taxpayer	Type of Business	2015 Assessed Valuation	Percentage of Total Assessed Valuation	Rank	2006 Assessed Valuation
1	Public Service Co. of Colorado	Natural gas utility	\$ 221,105,595	20.7%	1	\$ 46,963,850
2	Intermountain Rural Electric	Electric utility	48,690,900	4.6%		
3	Black Hills Colorado Electric	Electric utility	48,156,225	4.5%	3	\$ 4,596,270
4	Black Hills Colorado IPP, LLC	Electric utility	40,355,200	3.8%		
5	Vestas Towers America, Inc.	Wind tower manufacturer	36,862,197	3.4%		
6	Holy Cross Electric Assn., Inc.	Electric utility	17,587,600	1.6%		
7	Qwest Corporation	Telecommunications	15,657,400	1.5%	2	12,052,000
8	Comcast of Colorado IV, LLC	Communications	7,152,357	0.7%		
9	Parkview Medical Center, Inc.	Hospital	6,451,224	0.6%	4	4,490,670
10	Colorado Natural Gas, Inc.	Natural gas utility	5,308,600	0.5%		
	Renaissance Partners I LLC	Sports/entertainment			5	3,872,170
	Sam's Real Estate Business	Retail			6	2,335,750
	Walmart Real Estate Business	Retail			7	2,325,990
	Pueblo Crossing I TIC ALA				8	2,260,230
	Cole WM Pueblo, LLC	Retail			9	2,237,060
	Colorado Eagle Realty, LLC				10	1,989,110
	Total 2015 property tax valuation for City of Pueblo		1,068,522,294			

**Note:** Ranking based upon 2015 collections of tax amounts due calculated on 2014 assessed valuation

**Source:** Property tax valuation amounts provided by Pueblo County Assessor's Office

**CITY OF PUEBLO, COLORADO  
PRINCIPAL SALES TAXPAYERS  
December 31, 2015 and Nine Years Prior**

Sales and Use Tax is the City's largest revenue source, producing 76.8% of the revenues for the Governmental Activities. We are prohibited by ordinance from releasing sales tax information on individual taxpayers. We are providing the following as the next best available option:

**Percentage of Sales & Use Tax by Industry Code**

	<u>2015</u>	<u>2006</u>
General Merchandise Stores	17%	20%
Utilities	13%	13%
Restaurants	13%	12%
Auto Sales	11%	10%
All other	46%	45%
	<hr/> <hr/> 100%	<hr/> <hr/> 100%

**CITY OF PUEBLO, COLORADO**  
**RATIOS OF OUTSTANDING DEBT BY TYPE**  
**Last Ten Fiscal Years**

Fiscal Year	Governmental Activities					Business-Type Activities				Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Capital Improvement Revenue Bonds	Certificates of Participation	Capital Leases	Notes Payable	Revenue Bonds	Certificates of Participation	Capital Leases	Notes Payable			
2006	8,078,280	-	338,160	612,382	60,546	-	2,605,279	63,446	7,314,511	19,072,604	0.49%	183
2007	7,382,926	-	277,200	5,335,056	48,449	-	1,966,197	307,084	6,951,808	22,268,720	0.56%	212
2008	6,677,561	-	20,687,109	4,705,961	36,352	-	669,168	476,902	6,589,105	39,842,158	0.96%	382
2009	5,947,186	-	19,800,325	4,146,905	24,255	-	457,540	365,314	7,726,402	38,467,927	0.87%	368
2010	5,186,821	-	19,139,642	3,657,658	12,158	-	234,512	220,684	32,291,438	60,742,913	1.26%	570
2011	4,401,456	-	18,450,359	3,512,242	-	-	-	2,064,742	30,799,208	59,228,007	1.20%	552
2012	3,653,433	-	17,805,716	4,043,444	-	-	-	3,011,827	29,301,395	57,815,815	1.07%	535
2013	2,785,621	-	17,131,073	5,441,191	-	-	-	2,593,373	28,412,296	56,363,554	1.01%	522
2014	1,887,809	-	20,621,430	4,269,151	-	-	-	2,215,303	30,768,525	59,762,218	1.07%	551
2015	955,000	-	19,496,000	3,113,841	-	-	-	1,826,850	28,812,128	54,203,819	0.99%	495

Note: Details regarding the City's outstanding debt can be found in the Notes to Financial Statements.

**CITY OF PUEBLO, COLORADO**  
**RATIOS OF NET GENERAL OBLIGATION DEBT OUTSTANDING**  
**Last Ten Fiscal Years**

General Bonded Debt Outstanding							
Fiscal Year	General Obligation Bonds	Capital Improvement Revenue Bonds	Gross Bonded Debt	Less Debt Service Fund	Net Bonded Debt	Ratio of Net Bonded Debt to Actual Property Value	Per Capita
2006	8,078,280	-	8,078,280	5	8,078,275	0.10%	77.86
2007	7,382,926	-	7,382,926	5	7,382,921	0.08%	70.44
2008	6,677,561	-	6,677,561	-	6,677,561	0.07%	63.39
2009	5,947,186	-	5,947,186	-	5,947,186	0.06%	56.16
2010	5,186,821	-	5,186,821	-	5,186,821	0.05%	48.66
2011	4,401,456	-	4,401,456	-	4,401,456	0.05%	41.02
2012	3,653,433	-	3,653,433	-	3,653,433	0.04%	33.83
2013	2,785,621	-	2,785,621	-	2,785,621	0.03%	25.78
2014	1,887,809	-	1,887,809	-	1,887,809	0.02%	17.41
2015	955,000	-	955,000	-	955,000	0.01%	8.73

**Note 1:** Details regarding the City's outstanding debt can be found in the Notes to Financial Statements.

**Note 2:** Population information can be found on the schedule of Demographic and Economic Statistics.

**Note 3:** Estimated actual property values can be found on the schedule of Assessed and Actual Property Values and New Construction.

**CITY OF PUEBLO, COLORADO**  
**COMPUTATION OF DIRECT AND OVERLAPPING GOVERNMENTAL**  
**ACTIVITIES DEBT**  
**December 31, 2015**

Jurisdiction	Net Debt Outstanding	Percentage Applicable to City of Pueblo	Amount Applicable to City of Pueblo
Direct debt	\$ 23,564,841	100%	\$ 23,564,841
Total direct debt	<u>\$ 23,564,841</u>		<u>\$ 23,564,841</u>
<b>Overlapping entities:</b>			
Pueblo County Debt	\$ 93,605,000	87.1%	\$ 81,529,955
School District #60 Debt	52,480,000	100.0%	52,480,000
Total overlapping debt	<u>\$ 146,085,000</u>		<u>\$ 134,009,955</u>
Total direct and overlapping debt	<u>\$ 169,649,841</u>		<u>\$ 157,574,796</u>

**Sources:** Assessed property value data provided by the Pueblo County Assessor used to estimate applicable percentages. Debt outstanding data provided by each government entity.

**Note:** Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Pueblo. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore is responsible for repaying the debt of each overlapping government.

**CITY OF PUEBLO, COLORADO  
LEGAL DEBT MARGIN INFORMATION  
Last Ten Fiscal Years**

		<u>Legal Debt Margin Calculation for Fiscal Year 2015</u>
Assessed value - 2014 for 2015 taxes		\$ 1,068,522,294
Debt limitation - Ten percent of total assessed value		106,852,229
Total applicable debt	\$ 955,000	
Less amount available for repayment of general obligation bonds	-	
Total net debt applicable to limitation		<u>955,000</u>
Legal debt margin		<u>\$ 105,897,229</u>

	<u>Fiscal Year</u>									
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Debt limit	\$ 64,149,335	\$ 70,019,062	\$ 71,669,549	\$ 72,402,247	\$ 78,196,190	\$ 95,094,258	\$ 106,175,736	\$ 105,683,145	\$ 105,639,132	\$ 106,852,229
Total net debt applicable to limit	<u>8,119,856</u>	<u>7,420,000</u>	<u>6,710,000</u>	<u>5,975,000</u>	<u>5,210,000</u>	<u>4,420,000</u>	<u>3,600,000</u>	<u>2,750,000</u>	<u>1,870,000</u>	<u>955,000</u>
Legal debt margin	<u>\$ 48,167,944</u>	<u>\$ 56,029,479</u>	<u>\$ 62,599,062</u>	<u>\$ 66,427,247</u>	<u>\$ 72,986,190</u>	<u>\$ 90,674,258</u>	<u>\$ 102,575,736</u>	<u>\$ 102,933,145</u>	<u>\$ 103,769,132</u>	<u>\$ 105,897,229</u>
Total net debt applicable to the limit as a percentage of debt limit	12.66%	10.60%	9.36%	8.25%	6.66%	4.65%	3.39%	2.60%	1.77%	0.89%

Detailed information regarding the long-term debt of the City can be found in the Notes to Financial Statements.

Future debt issuance may be subject to the Taxpayer's Bill of Rights (TABOR).

**CITY OF PUEBLO, COLORADO**  
**PLEDGED-REVENUE COVERAGE**  
**Last Ten Fiscal Years**

**Wastewater Revenue Bonds/Note Payable**

Fiscal Year	Wastewater Enterprise Operating Revenue	Less: Operating Expenses	Net Available Revenue	Debt Service		
				Principal	Interest	Coverage
2006	7,667,687	6,460,694	1,206,993	362,703	185,125	2.20
2007	8,890,987	7,216,669	1,674,318	362,703	184,901	3.06
2008	10,911,573	7,347,030	3,564,543	362,703	184,676	6.51
2009	12,392,418	8,339,188	4,053,230	362,703	182,803	7.43
2010	13,673,319	7,953,954	5,719,365	405,699	403,219	7.07
2011	13,454,038	8,490,428	4,963,610	1,421,994	767,306	2.27
2012	13,805,921	10,295,374	3,510,547	1,427,577	783,180	1.59
2013	14,355,943	11,841,284	2,514,659	1,459,821	743,771	1.14
2014	15,256,778	11,933,996	3,322,782	1,488,061	738,217	1.49
2015	16,422,771	15,749,124	673,647	1,509,723	766,065	0.30

(1) Wastewater Revenue Bonds were retired early. The debt was refunded by a note payable to the Colorado Water Resources and Power Development Authority Water Pollution Control Revolving Fund (WPRF) Loan Program.

**CITY OF PUEBLO, COLORADO**  
**DEMOGRAPHIC AND ECONOMIC STATISTICS**  
**Last Ten Calendar Years**

Fiscal Year	(1) Population	(2) Personal Income (in thousands)	(3) Per Capita Income	(4) Median Age	(5) Percentage of High School Graduates	(6) School Enrollment	(7) Unemployment Rate
2006	103,757	4,195,535	27,597	37.1	82.3	17,915	6.3%
2007	104,808	4,557,711	29,382	37.2	83.0	18,290	5.4%
2008	105,339	4,634,780	29,568	37.3	83.6	18,504	6.8%
2009	105,898	4,687,244	29,695	37.4	84.2	18,304	10.2%
2010	106,595	4,815,084	30,194	37.5	84.9	18,420	11.7%
2011	107,297	4,946,411	30,701	37.6	85.6	17,877	11.2%
2012	107,994	5,380,177	33,288	37.7	86.2	18,296	11.6%
2013	108,073	5,554,502	34,423	38.0	84.7	18,564	10.5%
2014	108,423	5,566,811	34,037	37.4	85.7	18,518	8.1%
2015	109,412	5,449,642	33,666	37.7	85.5	17,665	0.0%

**Sources:**

- (1) 2006-2009: Colorado State Demography Office  
 2010: U.S. Census Bureau  
 2011: Colorado State Demography Office  
 2012: Extrapolation of 2010-2011 growth trend. 2012 estimates from Colorado State Demography Office not available.
- (2) U. S. Bureau of Economic Analysis: Pueblo County (City of Pueblo only not available)  
 2012 is estimate, based on 2010-2011 growth rate
- (3) U.S. Bureau of Economic Analysis: Pueblo County (City of Pueblo only not available)  
 2012 is estimate, based on 2010-2011 growth rate
- (4) Estimates are interpolation and extrapolation of 2000 and 2010 Census data.
- (5) Estimates are interpolation and extrapolation of 2000 Census data and 2010 American Community Survey data.
- (6) Colorado Dept. of Education (derived from annual census of School District No. 60 schools)  
[http://www.cde.state.co.us/index\\_stats.htm](http://www.cde.state.co.us/index_stats.htm)
- (7) U. S. Department of Labor, Bureau of Labor Statistics

**CITY OF PUEBLO, COLORADO  
PRINCIPAL EMPLOYERS  
Current Year and Nine Years Ago**

Employer	2015			2006		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Parkview Hospital Medical Center	2,700	1	4.6%	1,950	2	3.5%
Pueblo City Schools (School District No. 60)	1,800	2	3.1%	2,400	1	4.4%
Evraz Inc. (Rocky Mountain Steel)	1,153	3	2.0%	800	10	1.5%
St. Mary Corwin Hospital	1,239	4	2.1%	1,230	3	2.2%
Walmart	1,200	5	2.0%	850	8	1.5%
School District No. 70	1,101	6	1.9%	835	9	1.5%
Pueblo County	1,064	7	1.8%	1,025	6	1.9%
Colorado Mental Health Institute	1,200	8	2.0%	1,050	5	1.9%
City of Pueblo	620	9	1.1%			0.0%
Express Scripts	600	10	1.0%			0.0%
Convergys				1,100	4	2.0%
TRANE Co.*				980	7	1.8%
<b>Total</b>	<b>12,677</b>		<b>21.6%</b>	<b>12,220</b>		<b>22.2%</b>
Pueblo County resident employment	58,592			55,153		

\*Employer located in Pueblo County outside City of Pueblo corporate limits.

\*\*Includes Wal-Mart located in Pueblo West

SOURCE: Pueblo Economic Development Corporation (PEDCO), U.S. Bureau of Labor Statistics for resident city total employment.

**CITY OF PUEBLO, COLORADO**  
**FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION/PROGRAM**  
**Last Ten Years**

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Governmental activities:</b>										
City manager's office	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00
Municipal court	10.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	10.00	10.00
City clerk's office	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Human resources	5.75	5.75	6.00	6.00	6.00	6.00	7.00	7.00	7.00	6.00
Finance	19.00	18.00	18.00	18.00	18.00	18.00	18.00	18.00	18.00	20.00
Civil service	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	6.00
Law				2.00	6.00	6.00	6.00	6.00	6.00	7.00
Information technology	14.50	14.50	14.75	14.75	15.75	15.75	15.75	15.75	15.75	16.00
Planning/comm dev	11.00	11.00	13.00	16.00	16.00	16.00	16.00	12.00	12.00	14.00
Land use	6.00	7.00	3.00	-	-	-	-	-	-	-
Purchasing	3.00	3.00	3.00	3.00	2.00	2.00	2.00	2.00	3.00	3.00
Housing/comm svcs	5.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Fleet maintenance	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00
Police	251.00	251.00	264.00	264.00	266.00	266.00	268.00	271.00	271.00	273.00
Fire	143.00	137.00	137.00	137.00	143.00	143.00	143.00	140.00	140.00	140.00
Public works	77.00	76.00	76.00	78.00	75.00	75.00	74.00	74.00	74.00	74.00
Parks and recreation	36.75	35.75	36.75	38.75	37.75	37.75	38.00	38.00	38.00	38.00
<b>Business-type activities:</b>										
Wastewater utility	47.50	47.50	48.50	48.50	49.50	50.50	51.50	52.50	52.50	56.50
Stormwater utility	17.50	17.50	17.50	17.50	17.50	18.50	18.50	19.50	19.50	19.50
Memorial airport	12.00	11.00	11.00	11.00	11.00	11.00	11.00	12.00	12.00	12.00
Parking facilities	3.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Honor Farm properties	-	-	-	1.00	1.00	1.00	2.00	1.00	1.00	1.00
<b>Total</b>	<b>686.00</b>	<b>674.00</b>	<b>687.50</b>	<b>694.50</b>	<b>703.50</b>	<b>705.50</b>	<b>709.75</b>	<b>707.75</b>	<b>709.75</b>	<b>723.00</b>

**Note 1:** Includes permanent full and part-time positions only; temporary and seasonal employees are excluded.

**CITY OF PUEBLO, COLORADO**  
**OPERATING INDICATORS BY FUNCTION/PROGRAM**  
**Last Ten Years**

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Police</b>										
Number of arrests	8,048	8,897	8,682	4,328	3,833	3,739	3,671	3,758	3,981	4,257
Number of traffic violations	7,446	7,304	9,391	4,904	8,405	5,832	7,102	7,498	6,798	5,200
Number of parking violations	4,782	10,094	12,113	9,498	11,527	10,015	9,576	8,545	7,804	7,113
<b>Fire</b>										
Number of fire calls answered	3,127	4,182	4,621	5,434	4,667	4,698	4,797	5,246	5,708	6,651
Number of medical responses	9,432	9,791	9,875	9,236	10,790	11,656	11,894	12,921	14,113	15,367
Number of inspections	1,536	1,310	1,274	3,550	3,433	2,716	3,924	2,869	1,540	1,534
<b>Parks and recreation</b>										
Aquatics participants	52,814	51,916	-	- *	51,630	54,013	45,449	34,381	40,093	42,808
Adult athletics participants	1,692	1,260	838	828	1,070	725	1,290	825	735	630
Youth athletics participants	3,733	4,194	3,419	3,568	2,411	2,047	1,764	1,581	1,883	1,941
Playground/Open gym participants	27,762	27,836	26,795	11,298	6,345	500	639	116	139	215
Tennis participants	3,257	3,328	3,002	3,170	2,958	3,095	152	1,025	892	296
<b>Elmwood golf course</b>										
Golf rounds played	67,603	65,155	72,643	64,664	62,476	64,059	64,398	26,898	25,078	26,701
<b>Walkingstick golf course</b>										
Golf rounds played	32,599	32,708	32,266	32,403	30,997	28,040	30,798	27,714	25,388	27,423
<b>Wastewater utility</b>										
Number of sanitary sewer service connections	37,190	37,260	37,485	37,537	37,537	37,976	37,595	37,595	37,524	37,819
Daily average wastewater treatment in gallons	10,890,000	11,796,000	11,300,000	10,600,000	10,600,000	10,200,000	10,136,000	10,136,000	10,136,000	11,740,000
Maximum daily wastewater treatment capacity in gallons	19,000,000	19,000,000	19,000,000	19,000,000	19,000,000	19,000,000	17,320,000	17,320,000	17,320,000	13,290,000
<b>Memorial airport</b>										
Enplanements	4,312	4,308	3,964	5,114	9,973	21,197	9,417	6,182	6,386	3,114
Air traffic control tower operations	106,133	154,031	151,332	159,923	182,119	156,466	165,876	146,807	142,524	170,865
<b>Pueblo Transit</b>										
Ridership	978,577	976,042	1,162,352	904,626	951,080	1,046,480	1,094,391	995,589	1,009,852	993,404
Number of days service operated	307	307	307	307	307	307	307	307	307	307
<b>Parking facilities</b>										
Parking permits sold	5,327	6,079	7,433	6,040	5,545	5,561	5,498	5,020	4,317	3,355

\* Aquatics programs for years 2008 and 2009 were managed by a contracted entity

Sources: Various city departments.

Note: Indicators are not available for the general government function.

**CITY OF PUEBLO, COLORADO**  
**CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM**  
**Last Ten Years**

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Police</b>										
Number of stations	1	1	1	1	1	1	1	1	1	1
Number of patrol units	101	97	97	97	91	98	97	102	73	68
Number of other police vehicles	108	123	123	123	111	106	106	96	125	125
<b>Fire</b>										
Number of stations	10	10	10	10	11	11	11	12	10	10
<b>Public Works</b>										
Miles of paved streets maintained	474	477	479	479	479	479	479	491	492	486
Miles of gravel streets maintained	6	6	6	6	6	6	6	6	6	6
Miles of alleys maintained	102	102	102	102	102	102	102	102	102	102
<b>Parks and recreation</b>										
Number of parks	86	84	80	56	56	127	127	127	127	127
Number of acres of parks	3,341	3,331	3,308	550	550	835	3,950	3,406	3,406	3,406
Number of playgrounds	43	43	43	46	46	46	47	47	47	47
Number of acres of playgrounds	22	22	22	24	24	24	24	24	24	24
Number of swimming pools	4	4	4	4	4	4	4	4	4	4
Number of tennis courts	38	38	21	21	21	21	27	27	27	27
<b>Elmwood golf course</b>										
Golf courses - 18 hole	1	1	1	1	1	1	1	1	1	1
Golf courses - 9 hole	1	1	1	1	1	1	1	1	1	1
<b>Walkingstick golf course</b>										
Golf courses - 18 hole	1	1	1	1	1	1	1	1	1	1
<b>Wastewater utility</b>										
Miles of sanitary sewers	467	471	480	472	468	466	467	467	468	468
Number of treatment plants	1	1	1	1	1	1	1	1	1	1
<b>Stormwater utility</b>										
Miles of storm sewers	113	114	114	115	116	116	117	118	118	118
<b>Pueblo Transit</b>										
Vehicles used in maximum service:										
Fixed Route	11	11	12	12	14	14	14	14	14	14
Citi-Lift	11	13	11	11	11	11	11	11	11	11

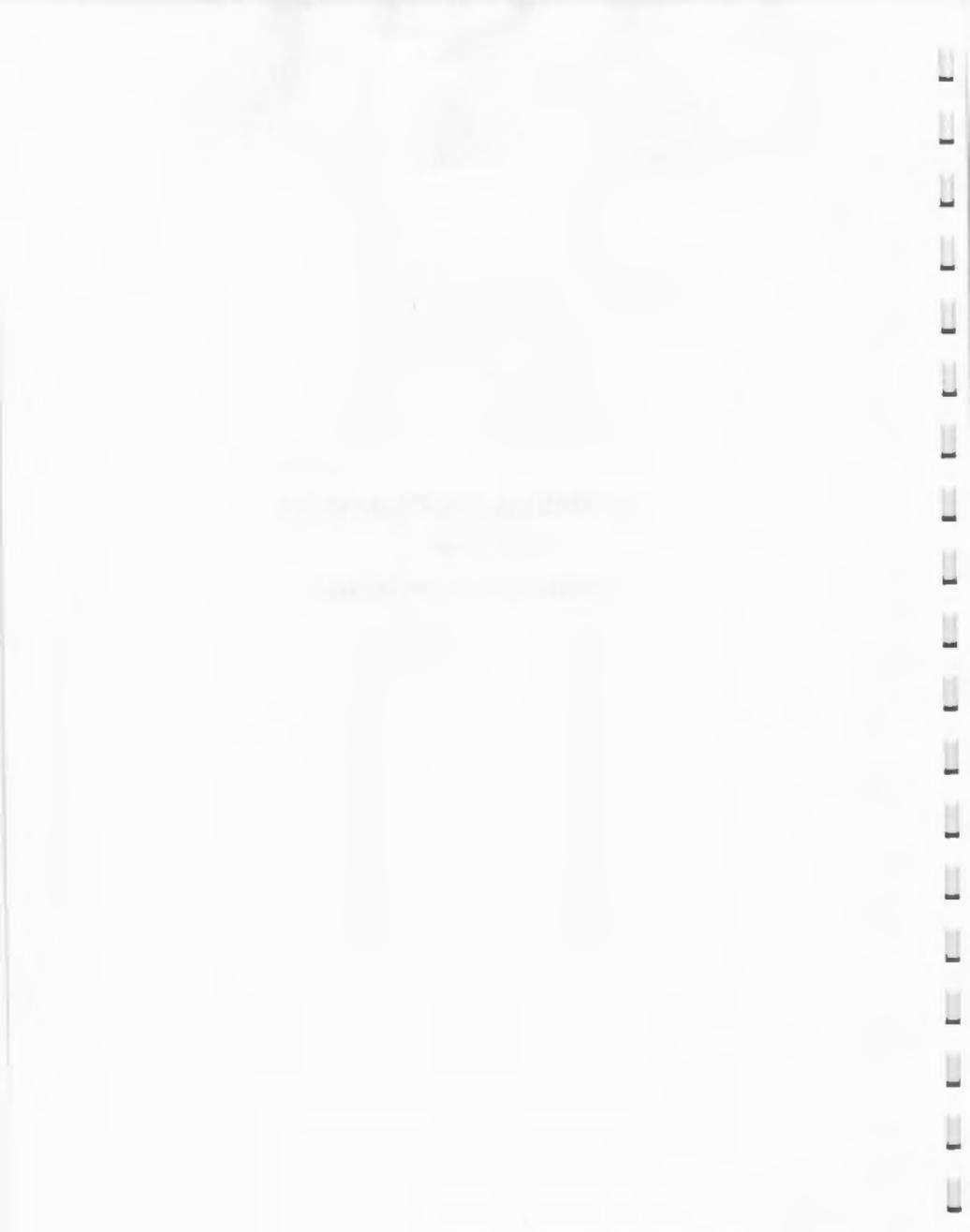
Sources: Various city departments.

Note: Indicators are not available for the general government function.

**GOVERNMENT AUDITING STANDARDS**

**AND**

**UNIFORM GUIDANCE SECTION**



**CITY OF PUEBLO, COLORADO  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2015**

**SUMMARY OF INDEPENDENT AUDITORS' RESULTS**

FINANCIAL STATEMENTS

Unmodified opinions were rendered on the basic financial statements as of and for the year ended December 31, 2015 that was prepared in accordance with generally accepted accounting principles.

Internal control over financial reporting:

- Material weakness(es) identified?   X   Yes        No
- Significant deficiency(ies) identified that are not considered to be material weaknesses?        Yes   X   None Reported
- Noncompliance material to financial statements noted?        Yes   X   No

FEDERAL AWARDS

Internal control over major programs:

- Material weakness(es) identified?        Yes   X   No
- Significant deficiency(ies) identified that are not considered to be material weaknesses?        Yes   X   None reported

An unmodified opinion was issued on compliance for major programs.

Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)?        Yes   X   No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.218	Community Development Block Grants/Entitlement Grants
16.922	Federal Treasury/Asset Forfeiture
20.205/20.219	Highway Planning and Construction Cluster
66.458	Clean Water State Revolving Funds

Dollar threshold used to distinguish between type A and type B programs   \$  750,000  

Auditee qualified as a low-risk auditee?        Yes   X   No

**CITY OF PUEBLO, COLORADO**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Cont'd.)**  
**YEAR ENDED DECEMBER 31, 2015**

**FINANCIAL STATEMENT FINDINGS**

Finding 2015-002 Internal Control Over Financial Reporting

Criteria:

City Council and management are responsible for establishing and maintaining internal control. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of the controls. The objectives of internal control are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization, and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles.

Condition:

The City's internal controls over financial reporting are considered deficient in certain aspects because of the lack of appropriate application of generally accepted accounting principles to certain transactions resulting in misstatements as reported below.

Context/Effect Cause

- In reviewing and performing audit procedures relative to capital assets of the City's sewer user fund, we noted certain capital assets reported by the City as 2015 asset disposals totaling approximately \$637,000 that, upon further inquiry, were not in fact capital asset disposals. This required a significant correction to the capital asset subsidiary records, along with corrections to the resulting financial statements. As such, the City's sewer user fund capital assets were materially misstated at December 31, 2015, which is an indication of the lack of internal control over financial reporting.
- The City uses the modified accrual basis of accounting in reporting revenue in its governmental funds. Modified accrual accounting essentially means that the City recognizes certain revenues in the current year (2015) even if the funds are actually received in the first 60 days of the following year (2016). In this case, the City did not recognize municipal court fine revenue in 2015 totaling approximately \$141,500 that was actually collected in 2016. The collection of this amount was for fines assessed in 2015. Again, this circumstance is an indication of the lack of internal control over financial reporting.

The existence of these conditions was generally the result of the lack of the application of generally accepted accounting principles to the specific circumstances encountered.

**CITY OF PUEBLO, COLORADO**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Cont'd.)**  
**YEAR ENDED DECEMBER 31, 2015**

Recommendation

We recommend City finance personnel be cognizant of generally accepted accounting principles as they apply to specific transactions identified.

Views of Responsible Officials and Planned Corrective Actions

We, at the City of Pueblo, generally agree with the finding noted above. We agree with the auditors' suggestions and have taken the necessary steps to implement those suggestions.

**FEDERAL AWARD FINDINGS**

No findings or questioned costs for federal awards were noted.

**CITY OF PUEBLO, COLORADO**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**YEAR ENDED DECEMBER 31, 2015**

Finding 2014-001 Internal Control Over Financial Reporting

Criteria or Specific Requirements:

City Council and management are responsible for establishing and maintaining internal control. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of the controls. The objectives of internal control are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization, and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. The City's internal controls over financial reporting were considered deficient in certain aspects because of the lack of appropriate subsidiary records and the material misstatement as reported below.

Context/Effect/Cause

- During the years ended December 31, 2013 and 2014, the City initiated and, for the most part, completed a conversion to new financial reporting software. As a result of this conversion, City personnel were unable to provide accurate subsidiary records to support the amounts recorded as receivables of the municipal court in either the general fund or the excess court fines fund. As a result of this circumstance, City personnel discovered that appropriate subsidiary records could have been produced by the new accounting software if requested and prepared at December 31, 2014. In other words, it was not possible to recreate the subsidiary records at December 31, 2014 when the problem was discovered in March, 2015, even though significant efforts to do so were undertaken by City personnel with the assistance of the provider of the new accounting software.
- At December 31, 2014, City personnel recorded a receivable and related deferred inflows of resources totaling \$148,343 that was determined to represent ineligible grant-related expenditures that were not reimbursable by the grantor.
- In late 2013, the City entered into an agreement with Pueblo Urban Renewal Authority (PURA) whereby the City may, at its discretion, provide financial assistance to PURA in meeting its debt service obligation with respect to an infrastructure project loan in one of PURA's tax increment financing districts. The agreement with PURA provides that any funds advanced to PURA under this provision of the agreement are to be repaid by PURA. During 2014, the City advanced \$204,667 to PURA but the City did not report the amount advanced to PURA as a receivable.

Recommendation

We suggested City personnel review relevant aspects of the financial reporting system produced by the new accounting software to insure that appropriate subsidiary records are periodically prepared and reviewed, particularly at year end. We also recommended that City personnel continually review year end grant receivable/revenue accruals to insure that the receivables recorded represent valid reimbursable expenditures and be cognizant of the need to record appropriate receivables or payables, as the case may be, based on outstanding agreements with outside parties.

**CITY OF PUEBLO, COLORADO**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS (Cont'd.)**  
**YEAR ENDED DECEMBER 31, 2015**

View of Responsible Officials and Planned Corrective Actions

City of Pueblo personnel agreed with the findings noted above and City of Pueblo personnel agreed with the auditors' recommendation and took necessary steps to implement those recommendations.

Current Status: Corrective action taken





McPherson,  
Breyfogle,  
Daveline &  
Goodrich, PC  
Certified Public Accountants

503 N. Main St., Suite 740

Pueblo, CO 81003-3131

Phone (719) 543-0516

Fax (719) 544-2849

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

City Council  
City of Pueblo, Colorado

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each discretely-presented component unit, each major fund, and the aggregate remaining fund information of the City of Pueblo, Colorado (the City) as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated September 16, 2016. Our report includes a reference to other auditors who audited the financial statements of Pueblo Urban Renewal Authority (a discretely-presented component unit of the City of Pueblo, Colorado), as described in our report on the City of Pueblo, Colorado's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance or other matters that are reported on separately by those auditors.

**Internal Control Over Financial Reporting**

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

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

1. The first part of the document discusses the importance of maintaining accurate records of all transactions.

2. It is essential to ensure that all data is entered correctly and that any discrepancies are identified and corrected promptly.

3. Regular audits should be conducted to verify the accuracy of the records and to identify any potential areas of concern.

4. The final section of the document provides a summary of the key findings and recommendations for future improvements.

5. It is hoped that these findings will be helpful in improving the overall efficiency and accuracy of the system.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control (2015-002) described in the accompanying schedule of findings and questioned costs that we consider to be material weaknesses.

### **Compliance and Other Matters**

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

### **City of Pueblo, Colorado's Response to Findings**

The City of Pueblo, Colorado's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City of Pueblo, Colorado's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

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

*McPherson, Breysfogel, Davelina & Woodrich, PC*

September 16, 2016





McPherson,  
Breyfogle,  
Daveline &  
Goodrich, PC  
Certified Public Accountants

503 N. Main St., Suite 740

Pueblo, CO 81003-3131

Phone (719) 543-0516

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**INDEPENDENT AUDITORS' REPORT ON  
COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;  
REPORT ON INTERNAL CONTROL OVER COMPLIANCE;  
AND REPORT ON THE SCHEDULE OF EXPENDITURES  
OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE**

City Council  
City of Pueblo, Colorado

**Report on Compliance for Each Major Federal Program**

We have audited the City of Pueblo, Colorado's compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of the City of Pueblo, Colorado's major federal programs for the year ended December 31, 2015. The City of Pueblo, Colorado's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

**Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for each of the City of Pueblo, Colorado's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements of Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Pueblo, Colorado's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City of Pueblo, Colorado's compliance.

THE UNIVERSITY OF CHICAGO  
DEPARTMENT OF POLITICAL SCIENCE  
1100 EAST 58TH STREET  
CHICAGO, ILLINOIS 60637  
TEL: 773-936-3300

MEMORANDUM

TO: [Illegible]

FROM: [Illegible]

SUBJECT: [Illegible]

[The remainder of the page contains several paragraphs of illegible text.]

## Opinion on Each Major Federal Program

In our opinion, the City of Pueblo, Colorado complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2015.

## Report on Internal Control Over Compliance

Management of the City of Pueblo, Colorado is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Pueblo, Colorado's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Pueblo, Colorado's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

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**Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of the governmental activities, the business-type activities, each discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Pueblo, Colorado as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the City of Pueblo, Colorado's basic financial statements. We issued our report thereon dated September 16, 2016, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

*McPherson, Pruyfogg, Durkin & Goodrich, PC*

September 16, 2016



**CITY OF PUEBLO, COLORADO**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED DECEMBER 31, 2015**

<u>FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM OR CLUSTER TITLE</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identification Number</u>	<u>Passed Through to Subrecipients</u>	<u>Total Federal Expenditures</u>
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>				
Community Development Block Grants/ Entitlement Grants	14.218	-	\$ 167,744	\$ 1,360,218
Home Investments Partnership Program	14.239	-	<u>-</u>	<u>848,940</u>
<b>TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			<u>167,744</u>	<u>2,209,158</u>
<b>U.S. DEPARTMENT OF INTERIOR</b>				
Colorado Division of Wildlife - sportfish restoration program	15.605	13-FIF-52188	<u>-</u>	<u>13,238</u>
<b>TOTAL U.S. DEPARTMENT OF INTERIOR</b>			<u>-</u>	<u>13,238</u>
<b>U.S. DEPARTMENT OF JUSTICE</b>				
Federal treasury/asset forfeiture Edward Byrne memorial justice assistance grant program	16.922	-	<u>-</u>	<u>348,772</u>
	16.738	-	<u>20,721</u>	<u>55,186</u>
<b>TOTAL U.S. DEPARTMENT OF JUSTICE</b>			<u>20,721</u>	<u>403,958</u>
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>				
Airport improvement program	20.106	-	<u>-</u>	<u>2,021,051</u>
Highway planning and construction cluster - Colorado Department of Transportation - highway planning and construction	20.205	Bromo 86-055 Stem 086-059 Stem 0086662 M086069 APP051-3F M086-060 M086-061 M086-066 M086-070	<u>-</u> <u>-</u> <u>-</u> <u>-</u> <u>-</u> <u>-</u> <u>-</u> <u>-</u> <u>-</u>	<u>6,214,660</u>

**CITY OF PUEBLO, COLORADO**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Cont'd.)**  
**YEAR ENDED DECEMBER 31, 2015**

<u>FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM OR CLUSTER TITLE</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identification Number</u>	<u>Passed Through to Subrecipients</u>	<u>Total Federal Expenditures</u>
Colorado Parks and Recreation - recreational trails program	20.219	14-TRGL-64522	-	79,000
Total Highway Planning and Construction Cluster			-	6,293,660
Federal Transit Formula Grant	20.507	-	-	1,926,534
Pueblo Area Council of Governments - Federal transit technical studies grant	20.505	2014-022	-	406,490
Highway Safety Cluster - Colorado Department of Transportation - state and community highway safety	20.600	P0411003132	-	15,565
Colorado Department of Transportation - national priority safety program	20.616	{411005211 {411005963	-	7,382
Total Highway Safety Cluster		{411007048	-	22,947
<b>TOTAL U.S. DEPARTMENT OF TRANSPORTATION</b>			-	10,670,682
<b>ENVIRONMENTAL PROTECTION AGENCY</b>				
Colorado Water Resources & Power Development Authority - Clean Water State Revolving Funds	66.458	W14A-140	-	1,579,885
<b>TOTAL ENVIRONMENTAL PROTECTION AGENCY</b>			-	1,579,885
<b>DEPARTMENT OF HOMELAND SECURITY</b>				
Disaster grants - public assistance	97.036	-	-	14,456
Assistance to firefighters grant	97.044	-	-	3,624
Staffing for adequate fire and emergency response grant	97.083	-	-	512,501
<b>TOTAL DEPARTMENT OF HOMELAND SECURITY</b>			-	530,581
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b>\$ 188,465</b>	<b>\$ 15,407,502</b>

**CITY OF PUEBLO, COLORADO**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED DECEMBER 31, 2015**

**NOTE 1 - BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the City of Pueblo, Colorado under programs of the federal government for the year ended December 31, 2015. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City of Pueblo, Colorado, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City of Pueblo, Colorado.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in Office of Management and Budget Circular A-87, Cost Principles for State, Local and Indian Tribal Governments or the cost principles contained in Title 2 U.S. Code of Federal Regulations part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**NOTE 3 – INDIRECT COST RATE**

The City of Pueblo, Colorado has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.





September 16, 2016

U.S. Department of Transportation  
Office of Inspector General  
City Crescent Building  
National Single Audit Coordinator  
10 South Howard Street, Suite 4500  
Baltimore, Maryland 21201

Audit Period	December 31, 2015
Audit Finding Number	2015-002
Audit Finding Title	Internal Control Over Financial Reporting
Specific Steps to be Taken	Additional training for finance department personnel as it relates to the application of generally accepted accounting principles to significant, specific transactions.
Anticipated Completion Date	December, 2016 through June, 2017
Name and Title of Contact Person Responsible for Corrective Action	Roni Kimbrel, Finance Director

Sincerely,

A handwritten signature in black ink that reads "Roni Kimbrel". The signature is written in a cursive style with a large, stylized initial "R".

Roni Kimbrel  
Finance Director

