

CITY OF PUEBLO, COLORADO
FEDERAL FINANCIAL ASSISTANCE
SINGLE AUDIT REPORT
YEAR ENDED DECEMBER 31, 2012

**CITY OF PUEBLO, COLORADO
FEDERAL FINANCIAL ASSISTANCE/SINGLE AUDIT REPORT
YEAR ENDED DECEMBER 31, 2012**

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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, 2012, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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, 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, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 19 and the required supplementary information as listed in the table of contents on pages 92 through 103 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.

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 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 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. 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 is 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 June 24, 2013 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.

McPherson, Brynforth, Davidson & Goodrich, PC

June 24, 2013



CITY OF PUEBLO, COLORADO MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Pueblo, Colorado (City) we are presenting the readers of this comprehensive annual financial report a narrative overview and analysis of the financial activities of the City of Pueblo for the fiscal year ended December 31, 2012. We encourage the readers of this document to consider the information presented here in conjunction with additional information furnished in the letter of transmittal found in the introductory section of this annual report.

FINANCIAL HIGHLIGHTS

The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at December 31, 2012 by \$558.9 million (net position), \$401 million in governmental activities and \$157.8 million in business-type activities. Of the governmental activities net position, \$11.8 million is unrestricted and may be used to meet the City's ongoing obligations to the public and creditors. Similarly, \$19.3 million of business-type activities net position are unrestricted.

The General Fund ended 2012 with a \$19.6 million fund balance, a decrease of \$3.5 million. Of this amount, \$7.7 million or 10% of expenditures and transfers-out is committed by City Council as a minimum reserve.

General fund revenues including transfers-in decreased \$2.3 million in 2012 and expenditures including transfers out increased by \$360 thousand in 2012. The decrease in revenues was in sales tax audit revenue. In 2011 the City received a large amount of sales and use tax audit revenue.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis portion of the comprehensive annual financial report is intended to serve as an introduction to, and provide the reader with a fundamental understanding of, the Comprehensive Annual Financial Report (CAFR) for the City of Pueblo, Colorado. The CAFR is divided into three main sections. First is the Introductory Section, which provides the letter of transmittal, an organizational chart, and a list of City officials. The introductory section is followed by the Financial Section, which contains the independent auditor's report, the management's discussion and analysis, and the basic financial statements. These statements contain the "core" financial information for the City of Pueblo. The basic financial statements include the government-wide financial statements, followed by the fund financial statements, the notes to the financial statements, and finally, required supplementary information. The Financial Section also includes the Supplemental Data portion of the report, which provides individual fund and combining information

that rolls up into the amounts shown in the basic financial statements. The final portion of the CAFR is the Statistical Section. This section presents selected financial and demographic information, generally presented on a multi-year basis.

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 of Pueblo'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. All assets and liabilities, both financial and capital, short-term and long-term, are included. All revenues and expenses during the year, regardless of when cash is received, are reported. The government-wide financial statements include the Statement of Net Position and the Statement of Activities.

The *Statement of Net Position* presents information on all of the City of Pueblo's assets and liabilities. The difference between assets, deferred outflows of resources, liabilities and deferred inflows or resources are reported as net position. Over time increases or decreases in net position may serve as a useful indicator as to whether the financial condition 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 between functions of the City of Pueblo that are principally supported by taxes or 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 and parking facilities.

The government-wide financial statements can be found starting on page 20 of 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 information contained in the government-wide and fund financial statements. The notes to the financial statements can be found starting on page 34 of this report.

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. Required supplementary information can be found starting on page 92 of this report.

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. Combining and individual fund statements and schedules can be found, starting on page 108 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position. As mentioned earlier, net position may serve over time as a useful indicator of a government's financial position. Following is a table that reflects the condensed Statement of Net Position at December 31, 2012 and 2011. For the City of Pueblo, total assets exceeded total liabilities by \$558.9 million at December 31, 2012. By far, the largest portion of the City's net position (78%) reflects its investment of \$439 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, \$88.8 million (16%) represent resources that are subject to restrictions as to how they may be used. The remaining balance of unrestricted net position, \$31 million (6%) may be used to meet the city's on-going obligations to citizens and creditors. It is important to note that the \$19.3 million of unrestricted net position in the city's business-type activities may not be used to fund governmental activities.

City of Pueblo
Summarized Statement of Net Position

	Governmental Activities		Business-type Activities		Totals Primary Government	
	2012	2011	2012	2011	2012	2011
Current and other assets	\$ 139,405,266	\$ 149,152,406	\$ 23,865,531	\$ 27,701,001	\$ 163,270,797	\$ 176,853,407
Capital assets	325,857,199	308,507,709	170,424,535	163,081,226	496,281,734	471,588,935
Total assets	465,262,465	457,660,115	194,290,066	190,782,227	659,552,531	648,442,342
Deferred outflows of resources	67,342	89,789	-	-	67,342	89,789
Current and other liabilities	6,990,945	6,491,402	3,002,903	3,787,565	9,993,848	10,278,967
Long-term liabilities outstanding	43,390,113	41,597,215	33,450,542	34,435,746	76,840,655	76,032,961
Total liabilities	50,381,058	48,088,617	36,453,445	38,223,311	86,834,503	86,311,928
Deferred inflows of resources	13,874,796	14,223,509	-	-	13,874,796	14,223,509
Net position						
Net investment in capital assets	300,421,948	282,143,652	138,568,644	134,281,593	438,990,592	416,425,245
Restricted	88,835,861	93,697,144	-	-	88,835,861	93,697,144
Unrestricted	11,816,144	19,596,982	19,267,977	18,277,323	31,084,121	37,874,305
Total net position	\$ 401,073,953	\$ 395,437,778	\$ 157,836,621	\$ 152,558,916	\$ 558,910,574	\$ 547,996,694

At the end of the current fiscal year the City of Pueblo was able to report positive balances in all three categories of net position, both for the government as a whole as well as for its separate governmental and business-type activities. Net investment in capital assets, net of related debt, increased \$22.6 million, or 5.0% compared to 2011.

Changes in net position. The other city-wide statement provided is the *Statement of Activities*. This statement provides the reader with information regarding the revenue, expenses, and changes in net position over the fiscal year. Generally, all changes to the City's net position from one fiscal year to the next flow through the statement of activities. These adjustments are further explained in the notes to the financial statements, Note III H.

The Statement of Activities gives the reader an opportunity to see the net cost of the various functions of government. It also provides the reader with an easy analysis of the operating results of the business-type activities of the City.

Charts 1 and 3 illustrate the city's governmental expenses and revenues by function and its revenues by source. The total expenses for governmental activities in 2012 were \$95,125,311. As can be seen in *Chart 1*, public safety is the largest function based on expenses (50.3%), followed by culture and community welfare (14%) and public works (12.6%). General revenues such as sales and use taxes, property and other taxes are not shown in *Chart 1* by program, but are effectively used to support city program activities citywide. As illustrated in *Chart 3*, for governmental activities

overall, without regard to program, sales and use taxes are the largest single source at (49%) of total revenue. Other significant revenues received include operating grants and contributions at (13%), and property taxes at (11%). Charges for services account for only (9%) of governmental revenue. The total revenues for governmental activities in 2012 were \$103,710,148.

Chart 1: Expenses and Program Revenues-Governmental Activity

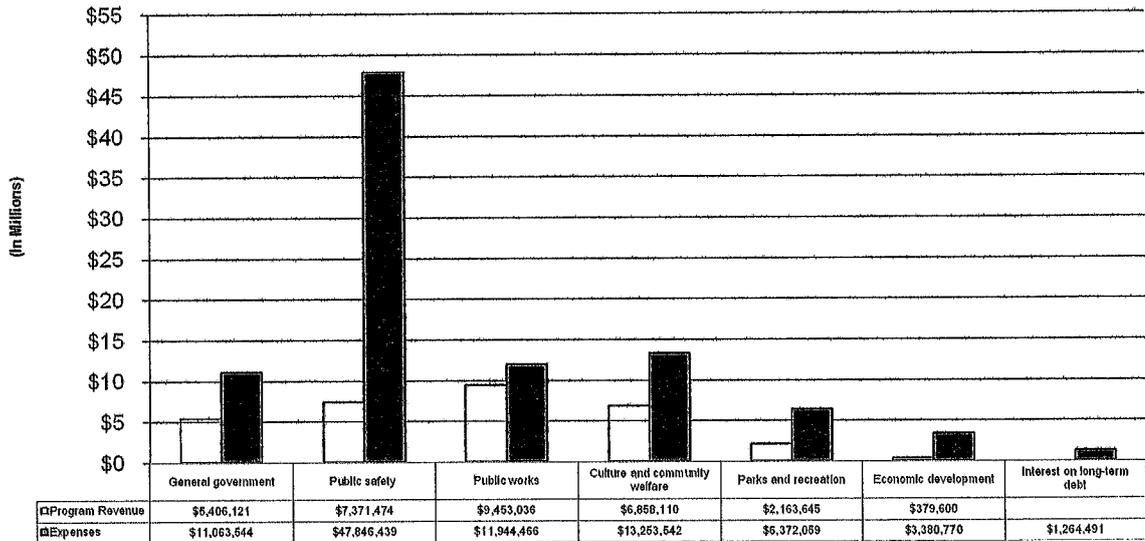


Chart 2: Change in Expense by Function; Governmental Activities

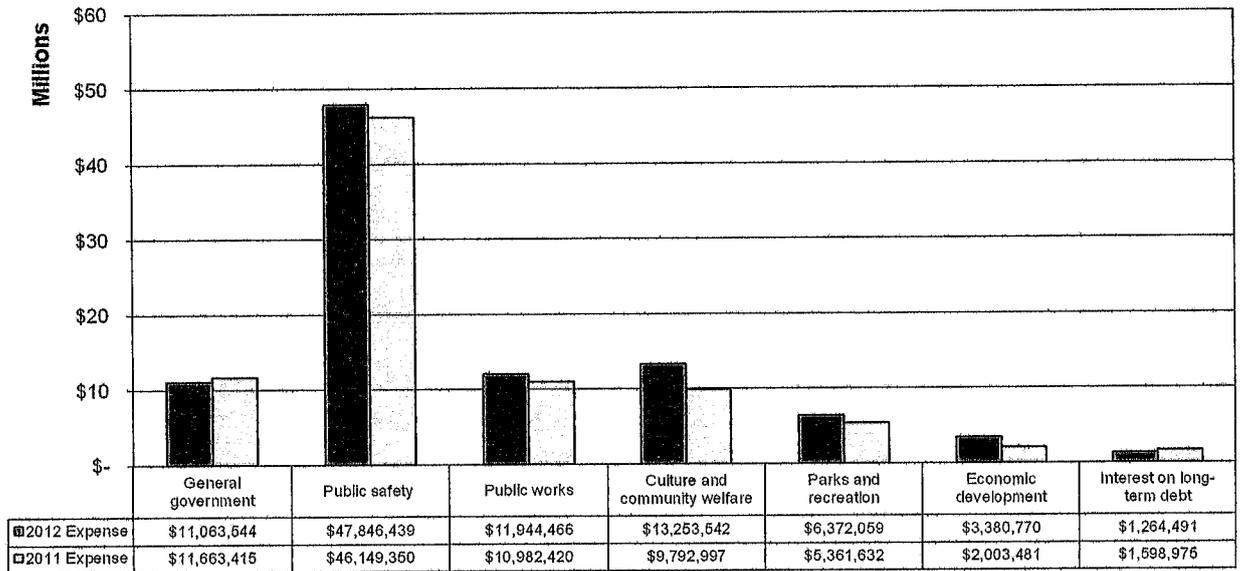


Chart 2, illustrates overall general government expenses in 2012 decreased by \$600 thousand from 2011. Public safety expenditures increased by \$1.7 million in 2012. The increase was due to increased personnel costs including higher insurance and pension costs and overtime expenses. Public works expenses increased by \$1 million. There was a \$3.5 million increase in culture and community expenditures in 2012. The increase is due to an increase in housing projects. Parks and recreation expenditures increased \$1 million in 2012 due to increased personnel costs and operating expenses. Economic Development expenses increased \$1.4 million from in 2012. The increase directly related to a purchase of a building and construction of a rail spur.

Chart 3: Revenues by Source-Governmental Activities

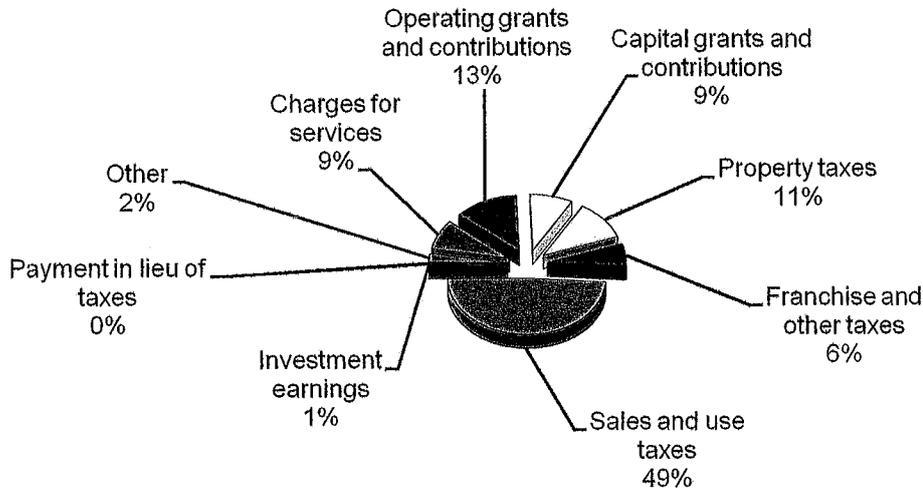
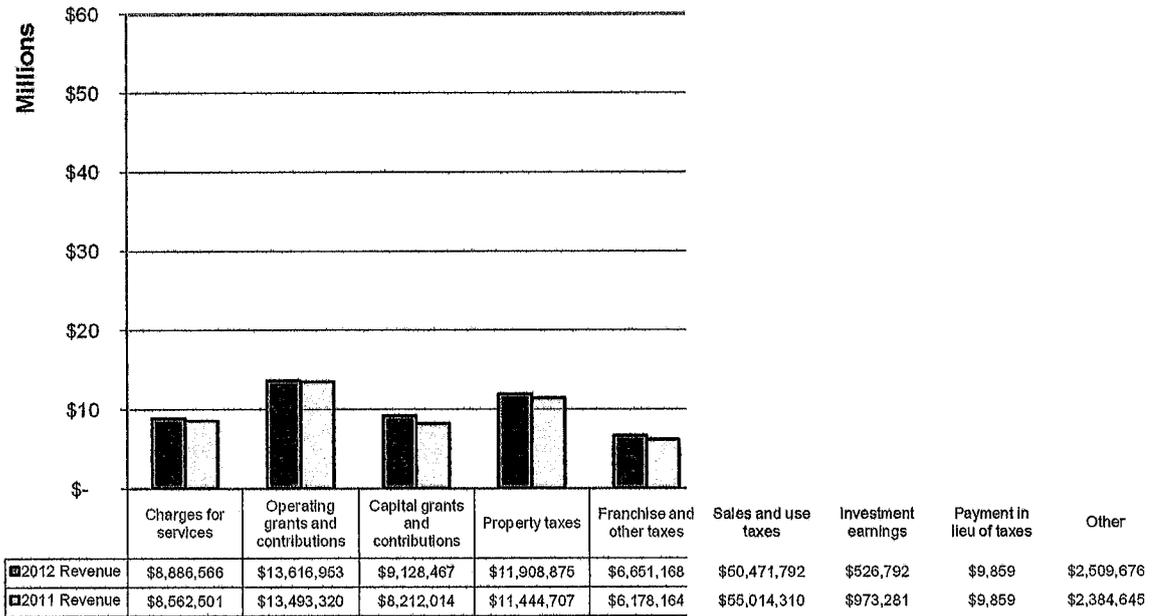


Chart 4: Revenue Change by Source; Governmental Activity



City of Pueblo
Summarized Statement of Changes In Net Position

	Governmental Activities		Business-type Activities		Totals Primary Government	
	2012	2011	2012	2011	2012	2011
Revenue:						
Program revenues:						
Charges for services	\$ 8,886,566	\$ 8,562,501	\$ 23,517,312	\$ 23,382,630	\$ 32,403,878	\$ 31,945,131
Operating grants and contributions	13,616,953	13,493,320	2,220,825	2,033,900	15,837,778	15,527,220
Capital grants and contributions	9,128,467	8,212,014	4,811,702	8,291,358	13,940,169	16,503,372
General revenues:						
Property taxes	11,870,090	11,387,231			11,870,090	11,387,231
Special property taxes	38,785	57,476			38,785	57,476
Franchise and other taxes	6,651,168	6,178,164			6,651,168	6,178,164
Sales and use taxes	50,471,792	55,014,310			50,471,792	55,014,310
Payment in lieu of taxes	9,859	9,859			9,859	9,859
Investment earnings	526,792	973,281	795,501	843,959	1,322,293	1,817,240
Sale of assets						
Other	2,509,676	2,384,645	110,426	34,517	2,620,102	2,419,162
Total revenues	103,710,148	106,272,801	31,455,766	34,586,364	135,165,914	140,859,165
Expenses:						
General government	11,063,544	11,663,415			11,063,544	11,663,415
Public safety	47,846,439	46,149,350			47,846,439	46,149,350
Public works	11,944,466	10,982,420			11,944,466	10,982,420
Culture and community welfare	13,253,542	9,792,997			13,253,542	9,792,997
Parks and recreation	6,372,059	5,361,632			6,372,059	5,361,632
Economic development	3,380,770	2,003,481			3,380,770	2,003,481
Interest on long-term debt	1,264,491	1,598,975			1,264,491	1,598,975
Elmwood golf course			928,757	880,190	928,757	880,190
Walkingstick golf course			1,821,738	1,752,102	1,821,738	1,752,102
Sewer user			11,009,307	9,124,088	11,009,307	9,124,088
Stormwater utility			3,125,968	2,730,534	3,125,968	2,730,534
Memorial airport			2,374,926	2,275,226	2,374,926	2,275,226
Honor Farm			894,480	648,103	894,480	648,103
Transportation Services			5,575,172	5,536,309	5,575,172	5,536,309
Pueblo Transit			2,622,666	2,703,191	2,622,666	2,703,191
Parking Facilities			773,709	774,106	773,709	774,106
Total expenses	95,125,311	87,552,270	29,126,723	26,423,849	124,252,034	113,976,119
Increase in net position before transfers	8,584,837	18,720,531	2,329,043	8,162,515	10,913,880	26,883,046
Transfers	(2,948,662)	(3,137,429)	2,948,662	3,137,429	-	-
Increase in net position	5,636,175	15,583,102	5,277,705	11,299,944	10,913,880	26,883,046
Net position beginning of year	395,437,778	379,854,676	152,558,916	141,258,972	547,996,694	521,113,648
Net positions end of year	\$ 401,073,953	\$ 395,437,778	\$ 157,836,621	\$ 152,558,916	\$ 558,910,574	\$ 547,996,694

Chart 5: Expenses and Program Revenues-Business-type Activities

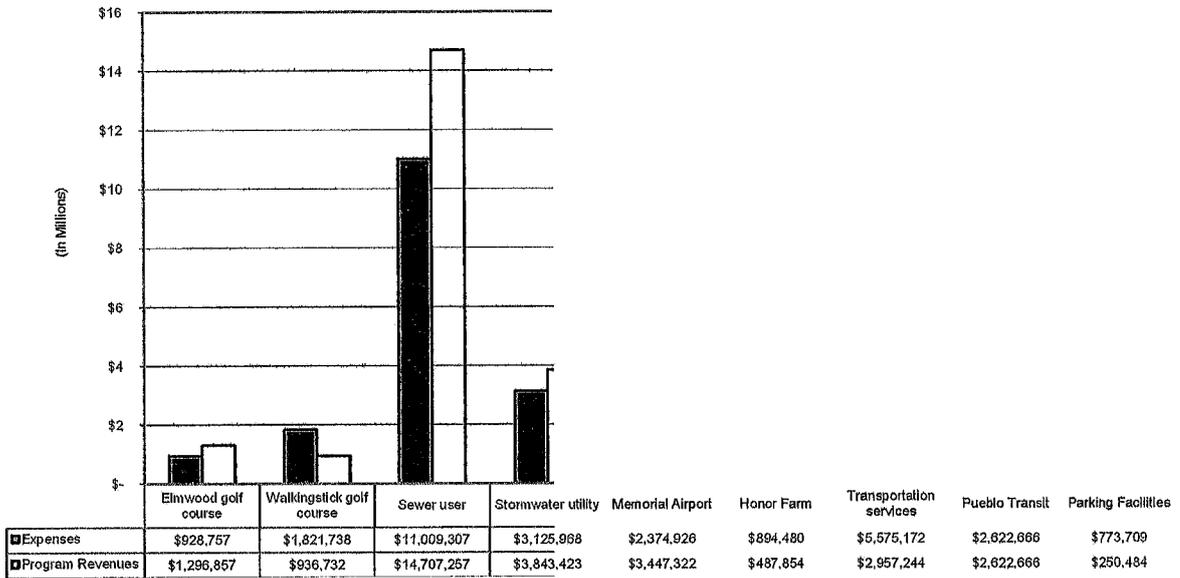
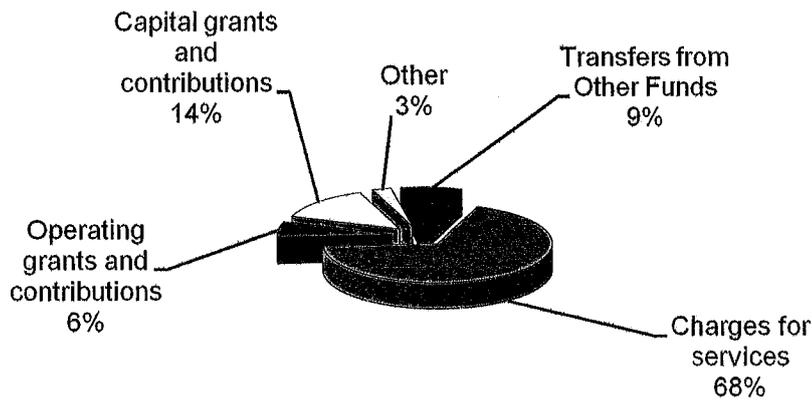
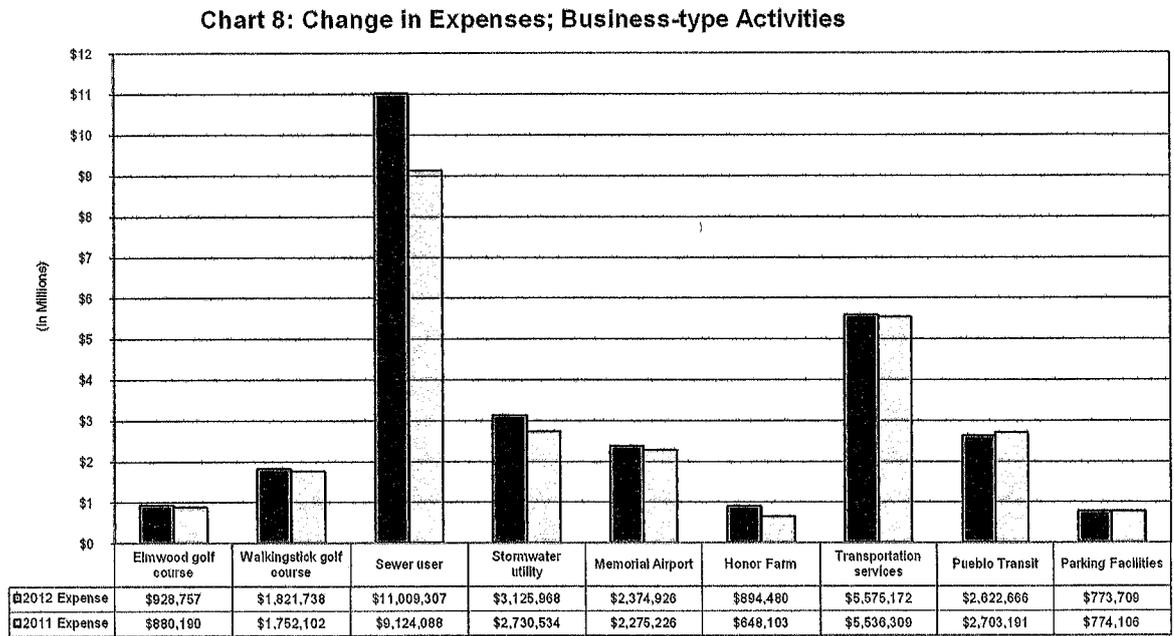
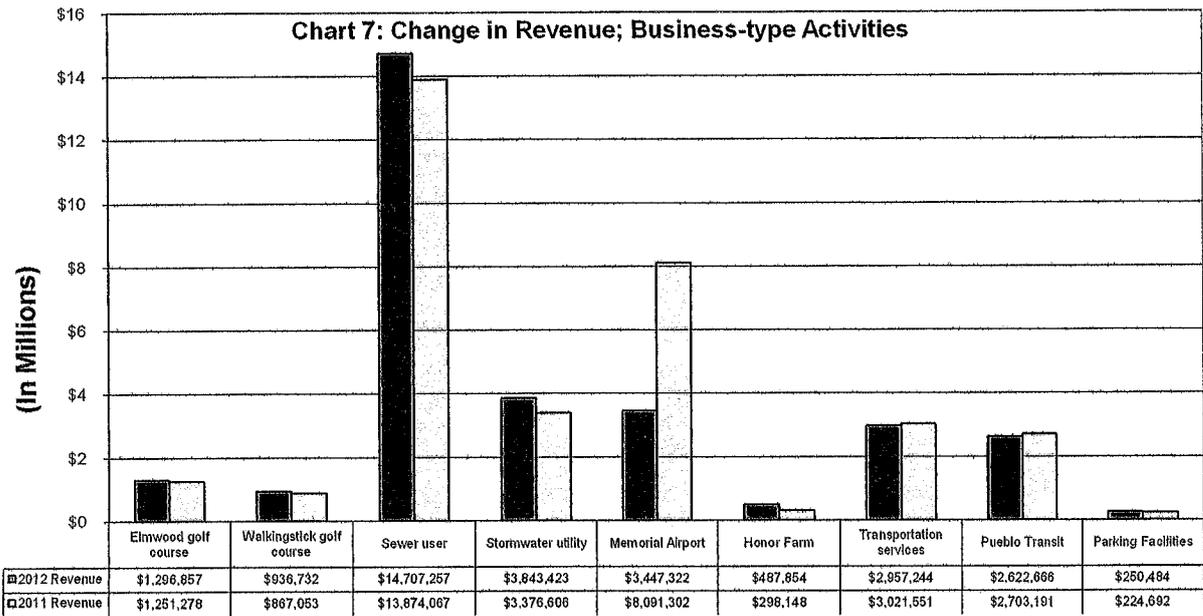


Chart 6: Revenue by Source - Business-type Activities





As illustrated in *Chart 5*, the City's sewer utility activity is the largest business-type activity, representing 38% of business type expenses followed by transportation services (19%) and stormwater utility (11%). Total expenses for business-type activities in 2012 was \$29,126,723.

Chart 6 reflects that business-type activities received \$23,517,312 (68%) of revenue from fees charged, \$4,811,702 (14%) from capital grants and contributions, \$2,220,825 (6%) from operating grants and contributions, \$2,948,662 (9%) as a subsidy from other funds and \$905,927 (3%) from other sources.

Charts 7 and 8 are presented to show year over year activity from 2011 to 2012 for the business-type activities. For all business activities combined revenues decreased \$3.1 million. The decrease is directly related to the airport enterprise. Total business-type expenses increased \$ 2.7 million in 2012. The majority of this increase (\$1.9 million) was in the sewer user fund. Revenue in the two golf courses as a combined activity increased \$115 thousand in 2012. Both golf courses had small increases in revenues for the year 2012. Total expenses at the golf courses exceeded revenues by \$517 thousand. As in previous years Elmwood Golf Course subsidized Walkingstick Golf Course in 2012. The sewer user fund's revenues increased \$833 thousand in 2012. Charges for services increased by \$350 thousand and contributed capital increased by \$500 thousand. Operating expenses increased \$ 1.9 million in 2012. In 2012 the sewer user utility was in the midst of a large construction project at the treatment plant and the construction exposed many areas that required repairs and maintenance that were outside the scope of the project. The utility also had additional maintenance and repairs on the collection system, mostly on the large lines. Stormwater's revenue increased \$467 thousand due to increased capital contributions. Stormwater's expenses increased as well in 2012 by \$395 thousand. Memorial Airport's revenue decreased \$4.6 million from 2011 to 2012. Capital grant revenue was down in 2012 due to the timing of capital construction of a new runway. Phase I of the new runway was substantially completed in 2011 and Phase II started in the second half of 2012. The Airport also had a decrease of \$250 thousand in charges for services due to a change in the contract with the US Airforce for use of the airport. The Airport's expenses were flat. Other business-type activities had very little from activity from 2011 to 2012. Total business-type activities program revenues for 2012 were \$30.5 million, combined there was a decrease in revenue in the amount of \$3.2 million from 2011. Total expenses for business-type activities in 2012 were \$29 million a \$2.7 million increase over the prior year.

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. Only assets expected to be used up and liabilities that come due during the year or soon thereafter are reported on the Balance Sheet. No capital assets are included. Revenues for which cash is received during or soon after the end of the year, and expenditures for goods and services that have actually been received during the year are included within the Statement of Revenues, Expenditures, and Changes in Fund Balance.

Individual fund information is presented for the "major" funds in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance. The five major funds presented include the General Fund, the Economic Development ½ Cent Tax Fund, the HUD Grants Fund, the Public Improvements Fund, and the Capital Improvement Fund. Information for the remaining governmental funds is combined into a single "Other Governmental Funds" column. Individual fund data for each of these non-major governmental funds is provided in the form of "combining statements" presented in the Supplemental Data portion of the report.

At December 31, 2012, the total Governmental fund balances were \$109.8 million, a decrease of \$10.7 million from the prior year. All of the major governmental funds other than the HUD Grants fund had decreases in fund balances. The Economic Development fund balance decreased \$515 thousand in 2012. Revenues in this fund decreased \$485 thousand and expenditures increased \$5 million. The increase in expenditures was directly related to the purchase of a building for \$4.3 million. The HUD Grants fund balance increased by \$487 thousand. Revenues increased \$1.9 million and expenditures increased \$465 thousand. The CDBG fund and the Home Grants fund increased fund balance in 2012. The Public Improvements fund balance decreased \$2.8 million in 2012. Expenditures increased \$3.2 million in 2012. A substantial portion of the expenditure increase was for the capital project to renovate City Hall which is a \$5+ million project. The Capital Improvement fund balance decreased by \$3.7 million in 2012. The fund expensed \$5.9 million in 2012 for various capital projects and equipment purchases.

The General Fund is the City's chief operating fund of the City. At December 31, 2012, the total fund balance was \$19.6 million. The committed fund balance was \$7.7 million and the assigned fund balance was \$7.5 million. There was zero unassigned fund balance as of December 31, 2012. The General Fund decreased by \$3.5 million in 2012 primarily due to a prolonged economic downturn. Revenues have not increased and expenditures, particularly personnel costs for health insurance benefits, have increased.

Budgetary variances between the original and final budgets are briefly summarized as follows:

The final budget appropriations, \$78,613,845 were \$712 thousand higher than the original budget appropriation. The increase in expenditures was for capital project expenses, parks and recreation expenses and airport and transit subsidies. In total the final budget estimated using \$4.1 million of fund balance. The actual amount of used from fund balance for 2012 was \$3.5 million.

Proprietary Funds

The City's proprietary funds are those operations of the City, which resemble business activity conducted by private business, in other words, they are supported by fees charged.

Proprietary funds are used to report two types of funds: enterprise funds and internal service funds. Enterprise funds report the same functions presented as "business-type" activities in the government-wide financial statements. The City of Pueblo uses enterprise funds to account for the operations of the City's sewer fund, the two golf courses, the stormwater utility, the airport, and the transportation services, the Honor Farm and parking facilities. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City of Pueblo uses an internal service fund to account for its risk management activities, vehicle maintenance activities, and a part of its information technology operation. Because these three services predominately benefit governmental rather than business-type functions, they have been included within "governmental activities" in the government-wide financial statements. The internal service funds are presented in the proprietary fund financial statements.

The net position of the City's enterprise funds are: Sewer Fund, \$73.3 million; Stormwater Fund, \$41.3 million; Elmwood Golf Course, \$11.5 million; Walkingstick Golf Course (\$9.2) million due to amounts owed to Elmwood and the General Fund, Memorial Airport, \$31.2 million, and other enterprise funds, \$10.8 million. Other factors concerning the finances of these funds are addressed in the charts and discussion of the City's business-type activities.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are not reflected in the government-wide financial statements because they are custodial in nature, and therefore, these resources are not available to fund the City of Pueblo's own programs.

The basic fiduciary fund financial statements can be found starting on page 33 of this report.

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, 2012, net of accumulated depreciation, totaled \$ 496.3 million, a net increase of \$ 24.7 million from 2011. The largest increase was in Construction in progress, which had an increase of \$12.4 million in 2012. \$7.6 million of the increase was attributable to construction of a new fire station, renovation of City Hall and Memorial Hall in the governmental activities. The business-type activities CIP increased by \$4.8 million which was attributable to continued construction on a large construction project at the wastewater treatment plant as well as additional expenditures for the Memorial Airport new-runway project. Infrastructure increased by \$8 million in 2012. The majority of the increase in this asset category was directly related to acceptance of subdivision roads and sewer and storm infrastructure. Buildings increased by \$5.6 million in 2012 mainly due to the purchase of a large building in the Economic Development fund. Capital assets include land and land improvements, intangibles, infrastructure, buildings, equipment, and construction in progress.

City of Pueblo Capital Assets

	Governmental		Business-type		Totals	
	Activities		Activities		Primary Government	
	2012	2011	2012	2011	2012	2011
Land and nondepreciable assets	\$ 92,884,267	\$ 92,323,409	\$ 4,375,288	\$ 4,374,189	\$ 97,259,555	\$ 96,697,598
Land improvements	47,735,820	44,114,210	27,773,544	25,992,933	75,509,364	70,107,143
Infrastructure	165,443,974	160,095,093	92,001,603	89,319,570	257,445,577	249,414,663
Buildings	55,715,580	50,996,137	28,873,762	27,951,879	84,589,342	78,948,016
Machinery and equipment	35,783,433	34,261,912	17,362,850	16,595,273	53,146,283	50,857,185
Other improvements			26,398,937	26,398,937	26,398,937	26,398,937
Construction in progress	17,962,364	10,379,957	43,457,925	38,647,164	61,420,289	49,027,121
Accumulated depreciation	(89,668,239)	(83,663,009)	(69,819,374)	(66,198,719)	(159,487,613)	(149,861,728)
Total	\$ 325,857,199	\$ 308,507,709	\$ 170,424,535	\$ 163,081,226	\$ 496,281,734	\$ 471,588,935

Additional information on the City's capital assets can be found in note III E beginning on page 57 of this report.

Long-term debt. At December 31, 2012, the City had long-term obligations totaling \$76.8 million, an increase of \$1.2 million over 2011. General obligation bonds, notes payable and certificates of participation note balances decreased due to debt service payments throughout the year. Capital lease obligations increased \$1.5 million. Equipment was purchased for the golf courses, parks maintenance and the Honor Farm in 2012. 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.

**City of Pueblo
Outstanding Debt**

	Governmental		Business-type		Totals	
	Activities		Activities		Primary Government	
	2012	2011	2012	2011	2012	2011
General Obligation Bonds	\$ 3,653,433	\$ 4,491,245			\$ 3,653,433	\$ 4,491,245
Revenue bonds					-	-
Compensated absences	8,064,666	8,077,492	1,137,320	1,165,181	9,201,986	9,242,673
Notes payable		-	29,301,395	30,799,208	29,301,395	30,799,208
Capital lease obligations	4,043,444	3,512,242	3,011,827	2,064,742	7,055,271	5,576,984
Accrued Interest payable	461,243	498,825			461,243	498,825
Certificates of participation	17,805,716	18,450,359			17,805,716	18,450,359
Claims and Judgements	1,631,480	513,159			1,631,480	513,159
Postclosure care costs					-	-
Net post employment benefit obligation	2,019,381	1,496,238			2,019,381	1,496,238
Net pension obligation	5,710,750	4,557,655			5,710,750	4,557,655
Total	\$ 43,390,113	\$ 41,597,215	\$ 33,450,542	\$ 34,029,131	\$ 76,840,655	\$ 75,626,346

Additional information on the City's long-term debt can be found in note III G beginning on page 63 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Fiscal year 2013 budget. The City finished out the 2012 fiscal year with an assigned General Fund balance in the amount of \$7,486,269. Of which \$ 1,049,892 was used to fund the remaining deficit in the adoption of the 2012 General Fund operating budget.

In November 2012, the Pueblo City Council adopted the 2013 annual operating budget, which provided \$76,206,303 in appropriations. The preparation of the 2013 budget was prepared in another year of a difficult local economic environment.

The Pueblo community has struggled and continues to struggle with economic challenges. Sales and use tax revenue continues to be the principal source of income for the City's operating and capital budget. At 76% of all primary general taxes in the 2013 budget, sales and use tax is by far the largest source of revenue. The 2013 budget projected a relatively small increase of 1.5% in sales and use tax revenue in 2013. Other revenue sources are projected to remain flat for 2013. Budgeted expenditures for personnel costs reflect a 9% increase in health insurance costs. Preserving core services is a top priority. To help balance the budget the City continued to freeze and un-fund vacant positions. The frozen and unfunded positions in the General Fund generated nearly \$2.6 million savings in the General fund budget. The 2013 budget also decreased funding of outside non-profit organizations by 10%.

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.

FINANCIAL SECTION

BASIC FINANCIAL STATEMENTS

CITY OF PUEBLO, COLORADO
STATEMENT OF NET POSITION
DECEMBER 31, 2012

	Governmental Activities	Business-Type Activities
ASSETS		
Cash and cash equivalents	\$ 7,006,434	\$ 2,223
Restricted cash and cash equivalents	444,907	-
Investments	63,338,161	22,581,395
Restricted investments	24,817	957,331
Receivables	56,234,491	3,144,715
Internal balances	5,488,107	(5,488,107)
Due from other governmental agencies	3,102,088	2,032,640
Inventories	1,381,771	622,728
Other assets	2,384,490	12,606
Capital Assets -		
Land, improvements, intangibles and construction in progress	110,846,631	47,833,213
Other capital assets, net of depreciation	215,010,568	122,591,322
Total capital assets	325,857,199	170,424,535
TOTAL ASSETS	465,262,465	194,290,066
Deferred outflows of resources	67,342	-
LIABILITIES		
Accounts payable and accrued expenses	6,521,200	2,941,891
Advances from others	469,745	61,012
Long-term liabilities -		
Due within one year	4,950,610	1,960,900
Due in more than one year	38,439,503	31,489,642
TOTAL LIABILITIES	50,381,058	36,453,445
Deferred inflows of resources	13,874,796	-
NET POSITION		
Net investment in capital assets	300,421,948	138,568,644
Restricted for -		
Tabor	2,600,000	-
Economic development	67,238,039	-
Debt service and district projects	-	-
Capital projects	5,384,337	-
Public safety	1,205,128	-
Public works	4,198,855	-
Parks and recreation	2,031,130	-
Culture and community welfare	6,178,372	-
Unrestricted	11,816,144	19,267,977
TOTAL NET POSITION	\$ 401,073,953	\$ 157,836,621

The accompanying notes are an integral part of this statement.

Total	Discretely-Presented Component Units		
	Pueblo Urban Renewal Authority	Pueblo Main Street Garage Corporation	Pueblo Municipal Rail Corporation
\$ 7,008,657	\$ 1,040,561	\$ 80,106	\$ -
444,907	1,921,296	-	-
85,919,556	-	-	-
982,148	8,220,522	-	-
59,379,206	13,394,108	-	-
-	-	-	-
5,134,728	-	-	-
2,004,499	20,788	-	-
2,397,096	51,642	-	-
158,679,844	1,485,488	-	2,639,319
337,601,890	8,135,071	10,205,743	-
496,281,734	9,620,559	10,205,743	2,639,319
659,552,531	34,269,476	10,285,849	2,639,819
67,342	1,012,000	-	-
9,463,091	2,165,042	3,984	-
530,757	-	-	-
6,911,510	726,155	6,862,000	-
69,929,145	26,781,022	2,788,000	2,109,699
86,834,503	29,672,219	9,653,984	2,109,699
13,874,796	5,446,427	-	-
438,990,592	4,093,686	555,743	529,620
2,600,000	-	-	-
67,238,039	172,383	-	-
-	9,677,021	-	-
5,384,337	-	-	-
1,205,128	-	-	-
4,198,855	-	-	-
2,031,130	-	-	-
6,178,372	-	-	-
31,084,121	(13,780,260)	76,122	-
<u>\$ 558,910,574</u>	<u>\$ 162,830</u>	<u>\$ 631,865</u>	<u>\$ 529,620</u>

**CITY OF PUEBLO, COLORADO
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2012**

<u>Functions/Programs</u>	<u>Expenses</u>	Program Revenues		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
PRIMARY GOVERNMENT				
Governmental activities -				
General government	\$ 11,063,544	\$ 1,998,698	\$ -	\$ 3,407,423
Public safety	47,846,439	5,406,875	1,889,000	75,599
Public works	11,944,466	495,989	4,288,951	4,668,096
Culture and community welfare	13,253,542	299,675	6,331,072	227,363
Parks and recreation	6,372,059	685,329	1,107,930	370,386
Economic development	3,380,770	-	-	379,600
Interest on long-term debt	1,264,491	-	-	-
Total governmental activities	<u>95,125,311</u>	<u>8,886,566</u>	<u>13,616,953</u>	<u>9,128,467</u>
Business-type activities				
Elmwood golf course	928,757	1,251,969	-	44,888
Walkingstick golf course	1,821,738	911,364	25,368	-
Sewer user	11,009,307	13,805,921	-	901,336
Stormwater utility	3,125,968	2,791,898	65,100	986,425
Memorial airport	2,374,926	848,974	-	2,598,348
Honor farm	894,480	218,249	198,900	70,705
Transportation services	5,575,172	815,787	1,931,457	210,000
Parking facilities	773,709	250,484	-	-
Pueblo Transit	2,622,666	2,622,666	-	-
Total business-type activities	<u>29,126,723</u>	<u>23,517,312</u>	<u>2,220,825</u>	<u>4,811,702</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 124,252,034</u>	<u>\$ 32,403,878</u>	<u>\$ 15,837,778</u>	<u>\$ 13,940,169</u>
COMPONENT UNITS				
Pueblo Urban Renewal Authority	\$ 14,432,377	\$ 1,776,707	\$ 999,595	\$ -
Pueblo Main Street Garage Corporation	359,131	145,580	-	-
Pueblo Municipal Rail Corporation	-	-	-	529,620
TOTAL COMPONENT UNITS	<u>\$ 14,791,508</u>	<u>\$ 1,922,287</u>	<u>\$ 999,595</u>	<u>\$ 529,620</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
\$ (5,657,423)	\$ -	\$ (5,657,423)			
(40,474,965)	-	(40,474,965)			
(2,491,430)	-	(2,491,430)			
(6,395,432)	-	(6,395,432)			
(4,208,414)	-	(4,208,414)			
(3,001,170)	-	(3,001,170)			
(1,264,491)	-	(1,264,491)			
<u>(63,493,325)</u>	<u>-</u>	<u>(63,493,325)</u>			
-	368,100	368,100			
-	(885,006)	(885,006)			
-	3,697,950	3,697,950			
-	717,455	717,455			
-	1,072,396	1,072,396			
-	(406,626)	(406,626)			
-	(2,617,928)	(2,617,928)			
-	(523,225)	(523,225)			
-	-	-			
-	<u>1,423,116</u>	<u>1,423,116</u>			
<u>(63,493,325)</u>	<u>1,423,116</u>	<u>(62,070,209)</u>			
			\$ (11,656,075)	\$ -	\$ -
			-	(213,551)	-
			-	-	529,620
			<u>(11,656,075)</u>	<u>(213,551)</u>	<u>529,620</u>
11,870,090	-	11,870,090	748,488	-	-
38,785	-	38,785	4,770,829	-	-
6,651,168	-	6,651,168	-	-	-
50,471,792	-	50,471,792	1,816,200	-	-
9,859	-	9,859	-	-	-
526,792	795,501	1,322,293	76,262	-	-
2,509,676	110,426	2,620,102	21,081	-	-
(2,948,662)	2,948,662	-	-	-	-
<u>69,129,500</u>	<u>3,854,589</u>	<u>72,984,089</u>	<u>7,432,860</u>	<u>-</u>	<u>-</u>
5,636,175	5,277,705	10,913,880	(4,223,215)	(213,551)	529,620
395,437,778	152,558,916	547,996,694	4,386,045	845,416	-
<u>\$ 401,073,953</u>	<u>\$ 157,836,621</u>	<u>\$ 558,910,574</u>	<u>\$ 162,830</u>	<u>\$ 631,865</u>	<u>\$ 529,620</u>

**CITY OF PUEBLO, COLORADO
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2012**

	<u>General Fund</u>
ASSETS	
Cash and cash equivalents	\$ 6,922,368
Restricted cash and cash equivalents	-
Investments	10,509,427
Restricted investments	-
Taxes receivable, net	17,823,411
Due from other funds	4,006,816
Receivable from other governments	-
Notes and loans receivable, net	681,672
Advance to other funds	1,589,700
Other receivables	3,777,391
Inventories	44,645
Prepaid items	<u>284,819</u>
TOTAL ASSETS	<u>\$ 45,640,249</u>
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	
Liabilities -	
Accounts payable	\$ 4,734,778
Due to other funds	5,769,211
Advances from others	<u>229,699</u>
Total Liabilities	<u>10,733,688</u>
Deferred inflows of resources	<u>15,295,499</u>
Fund balances -	
Nonspendable	1,819,164
Restricted	2,600,000
Committed	7,705,629
Assigned	7,486,269
Unassigned	<u>-</u>
Total Fund Balances	<u>19,611,062</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 45,640,249</u>

The accompanying notes are an integral part of this statement.

Major Special Revenue Funds			Major Capital Projects Fund	Other	Total
Economic Development 1/2 Cent Tax	HUD Grants	Public Improvements	Capital Improvement Fund	Governmental Funds	Governmental Funds
\$ -	\$ -	\$ 83,766	\$ -	\$ -	\$ 7,006,134
240,046	-	-	175,428	-	415,474
38,599,000	-	-	4,864,010	6,941,224	60,913,661
-	-	-	-	24,817	24,817
688,657	-	-	-	37,104	18,549,172
58,763	-	3,463,370	6,470	1,294,979	8,830,398
-	1,391,608	621,904	-	1,088,576	3,102,088
27,865,179	4,211,690	-	-	-	32,758,541
-	-	-	747,000	-	2,336,700
73,767	345,282	-	8,970	626,435	4,831,845
-	790,698	-	-	293,071	1,128,414
-	-	-	-	20,994	305,813
<u>\$ 67,525,412</u>	<u>\$ 6,739,278</u>	<u>\$ 4,169,040</u>	<u>\$ 5,801,878</u>	<u>\$ 10,327,200</u>	<u>\$ 140,203,057</u>
\$ 47,327	\$ 201,256	\$ 723,518	\$ 22,751	\$ 739,201	\$ 6,468,831
-	135,057	-	-	811,847	6,716,115
240,046	-	-	-	-	469,745
<u>287,373</u>	<u>336,313</u>	<u>723,518</u>	<u>22,751</u>	<u>1,551,048</u>	<u>13,654,691</u>
-	561,311	599,578	-	249,677	16,706,065
-	-	-	747,000	-	2,566,164
67,238,039	5,841,654	2,845,944	1,884,303	8,425,921	88,835,861
-	-	-	223,080	-	7,928,709
-	-	-	2,924,744	100,554	10,511,567
-	-	-	-	-	-
<u>67,238,039</u>	<u>5,841,654</u>	<u>2,845,944</u>	<u>5,779,127</u>	<u>8,526,475</u>	<u>109,842,301</u>
<u>\$ 67,525,412</u>	<u>\$ 6,739,278</u>	<u>\$ 4,169,040</u>	<u>\$ 5,801,878</u>	<u>\$ 10,327,200</u>	<u>\$ 140,203,057</u>

CITY OF PUEBLO, COLORADO
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2012

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

Total fund balances - governmental funds	\$ 109,842,301
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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	\$ 413,071,932	
Accumulated depreciation is	<u>(88,113,260)</u>	324,958,672

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 and liabilities of the internal service fund is included with governmental activities in the statement of net position.

Net position of governmental internal service fund	1,973,782	
Portion of cumulative internal service fund net operating loss attributed to business-type activities	<u>1,193,877</u>	3,167,659

The net pension asset of the old-hire police plan is not a financial resource and therefore is not reported as an asset in the governmental funds.	1,651,875
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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.	192,840
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Deferred outflows of resources are not available to pay current period expenditures and therefore are not reported in the governmental funds but are reported in the statement of net position, net of amortization	67,342
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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, 2012

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	(3,600,000)	
Unamortized premium on refunding bonds, net	(53,433)	
Certificates of participation	(17,915,000)	
Unamortized discount on certificates of participation, net	109,284	
Capital leases	(4,043,444)	
Net post-employment benefit obligation	(2,019,381)	
Net pension obligation	(5,710,750)	
Accrued interest	(461,243)	
Compensated absences	(7,944,038)	(41,638,005)

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	343,930	
Other receivables	1,837,339	2,831,269

Total net position - governmental activities		\$ 401,073,953
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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, 2012

	<u>General Fund</u>
REVENUES	
Property taxes	\$ 11,870,090
Sales and miscellaneous taxes	48,083,302
Payment in lieu of taxes	9,859
Fees and fines	2,090,603
Licenses and permits	574,360
Intergovernmental	2,655,379
Charges for services	3,724,994
Investment earnings	57,004
Miscellaneous	668,053
TOTAL REVENUES	<u>69,733,644</u>
EXPENDITURES	
Current -	
General government	9,455,550
Public safety	41,923,283
Public works	8,166,804
Parks and recreation	5,089,625
Economic development	-
Culture and community welfare	5,126,638
Other	521,614
Debt service -	
Principal	-
Interest and other charges	-
Capital outlay	28,002
TOTAL EXPENDITURES	<u>70,311,516</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(577,872)</u>
OTHER FINANCING SOURCES (USES)	
Issuance of capital lease	-
Transfers in	3,790,894
Transfers out	(6,744,778)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(2,953,884)</u>
NET CHANGE IN FUND BALANCES	(3,531,756)
FUND BALANCES, January 1, as restated	<u>23,142,818</u>
FUND BALANCES, December 31	<u>\$ 19,611,062</u>

The accompanying notes are an integral part of this statement.

Major Special Revenue Funds			Major Capital Projects Fund		
Economic Development 1/2 Cent Tax	HUD Grants	Public Improvements	Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 38,785	\$ 11,908,875
6,881,260	-	-	-	1,875,586	56,840,148
-	-	-	-	-	9,859
-	-	-	-	-	2,090,603
-	-	-	-	-	574,360
-	3,784,379	1,790,212	251,364	7,689,580	16,170,914
219,998	-	-	-	1,778,282	5,723,274
302,485	-	33	45,231	49,454	454,207
109	57,698	210	2,992	282,108	1,011,170
<u>7,403,852</u>	<u>3,842,077</u>	<u>1,790,455</u>	<u>299,587</u>	<u>11,713,795</u>	<u>94,783,410</u>
-	-	-	301,870	-	9,757,420
-	-	173,021	9,751	475,689	42,581,744
-	-	191,562	47,288	1,344,321	9,749,975
-	-	-	88,920	203,840	5,382,385
3,123,621	-	-	-	-	3,123,621
-	1,968,813	445,863	99,055	5,024,580	12,664,949
-	-	-	-	-	521,614
-	-	-	-	2,117,410	2,117,410
-	-	-	-	1,267,515	1,267,515
4,422,273	911,452	5,324,701	2,562,469	2,827,543	16,076,440
<u>7,545,894</u>	<u>2,880,265</u>	<u>6,135,147</u>	<u>3,109,353</u>	<u>13,260,898</u>	<u>103,243,073</u>
<u>(142,042)</u>	<u>961,812</u>	<u>(4,344,692)</u>	<u>(2,809,766)</u>	<u>(1,547,103)</u>	<u>(8,459,663)</u>
-	-	-	1,173,612	-	1,173,612
-	11,291	1,557,130	726,643	4,894,261	10,980,219
<u>(373,098)</u>	<u>(485,597)</u>	<u>-</u>	<u>(2,762,662)</u>	<u>(4,087,246)</u>	<u>(14,453,381)</u>
<u>(373,098)</u>	<u>(474,306)</u>	<u>1,557,130</u>	<u>(862,407)</u>	<u>807,015</u>	<u>(2,299,550)</u>
(515,140)	487,506	(2,787,562)	(3,672,173)	(740,088)	(10,759,213)
<u>67,753,179</u>	<u>5,354,148</u>	<u>5,633,506</u>	<u>9,451,300</u>	<u>9,266,563</u>	<u>120,601,514</u>
<u>\$ 67,238,039</u>	<u>\$ 5,841,654</u>	<u>\$ 2,845,944</u>	<u>\$ 5,779,127</u>	<u>\$ 8,526,475</u>	<u>\$ 109,842,301</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, 2012

Amounts reported for governmental activities are different because:

Total net change in fund balances - governmental funds	\$ (10,759,213)
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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	\$ 16,076,440	
Depreciation expense	<u>(6,609,687)</u>	9,466,753

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	8,730,585
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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.	(761,437)
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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 \$4,272,785 exceeded amounts earned \$4,249,877	22,908
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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, 2012

Issuance of capital lease	(1,173,612)	
Principal payments on bonds and other obligations	2,117,410	
Interest expense on bonds and other obligations	37,582	
Amortization of insurance issue costs	(19,566)	
Amortization of deferred outflows of resources	(22,447)	
Amortization of premium on bonds	17,812	
Amortization of discount on certificates of participation	<u>(10,357)</u>	946,822
The change in the net pension asset/obligation is not recognized in the governmental funds		(1,273,803)
The change in the net post-employment benefit obligation is not recognized in the governmental funds		(523,143)
Certain revenue was earned and accrued in the statement of activities but deferred in the governmental funds		176,116
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.		
Net operating loss from internal service fund	(1,101,044)	
Interest and other revenue from internal service fund	20,037	
Transfer to internal service fund	524,500	
Net operating loss attributed to business-type activities	<u>167,094</u>	<u>(389,413)</u>
Change in net position - governmental activities		<u>\$ 5,636,175</u>

The accompanying notes are an integral part of this statement.

CITY OF PUEBLO, COLORADO
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2012

	Business-Type Activities Enterprise Funds	
	Elmwood Golf Course	Walkingstick Golf Course
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 100	\$ 100
Restricted cash and cash equivalents	-	-
Investments	-	-
Restricted investments	491,111	466,220
Accounts receivable, net	13,188	5,006
Due from other funds	-	-
Receivables from other governments	-	-
Other receivables	-	-
Prepaid expenses	-	-
Inventories	-	-
TOTAL CURRENT ASSETS	504,399	471,326
NONCURRENT ASSETS		
Capital assets -		
Land	5,878	50,208
Land improvements	2,067,315	2,535,108
Infrastructure	-	-
Other improvements	548,852	3,623,964
Buildings	314,295	1,129,270
Machinery and equipment	943,760	598,767
Less accumulated depreciation	(2,435,987)	(2,719,268)
Intangibles	-	-
Construction in progress	-	-
TOTAL CAPITAL ASSETS	1,444,113	5,218,049
Other assets		
Advance to other fund	10,931,483	-
TOTAL OTHER ASSETS	10,931,483	-
TOTAL NONCURRENT ASSETS	12,375,596	5,218,049
TOTAL ASSETS	\$ 12,879,995	\$ 5,689,375

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	\$ 848	\$ 2,223	\$ 300
-	-	-	-	-	29,433
20,835,000	1,186,000	56,395	504,000	22,581,395	2,424,500
-	-	-	-	957,331	-
2,275,234	448,582	258,603	102,459	3,103,072	90,462
31,824	1,736	911,266	802	945,628	-
1,017,122	-	475,949	539,569	2,032,640	-
38,423	2,187	104	929	41,643	4,471
-	-	-	12,606	12,606	233,962
311,040	-	-	311,688	622,728	253,357
<u>24,509,318</u>	<u>1,638,605</u>	<u>1,702,717</u>	<u>1,472,901</u>	<u>30,299,266</u>	<u>3,036,485</u>
185,461	611,837	56,889	3,453,085	4,363,358	-
27,690	8,646,234	13,126,151	1,371,046	27,773,544	-
51,327,847	39,954,085	719,671	-	92,001,603	-
-	-	22,016,104	210,017	26,398,937	-
11,236,106	-	9,585,297	6,608,794	28,873,762	1,036,366
4,621,200	1,574,921	2,007,522	7,616,680	17,362,850	1,417,140
(17,581,692)	(11,540,547)	(27,947,214)	(7,594,666)	(69,819,374)	(1,554,979)
2,484	9,446	-	-	11,930	-
<u>30,381,690</u>	<u>1,824,406</u>	<u>10,392,512</u>	<u>859,317</u>	<u>43,457,925</u>	<u>-</u>
<u>80,200,786</u>	<u>41,080,382</u>	<u>29,956,932</u>	<u>12,524,273</u>	<u>170,424,535</u>	<u>898,527</u>
-	-	-	-	10,931,483	-
-	-	-	-	10,931,483	-
<u>80,200,786</u>	<u>41,080,382</u>	<u>29,956,932</u>	<u>12,524,273</u>	<u>181,356,018</u>	<u>898,527</u>
<u>\$ 104,710,104</u>	<u>\$ 42,718,987</u>	<u>\$ 31,659,649</u>	<u>\$ 13,997,174</u>	<u>\$ 211,655,284</u>	<u>\$ 3,935,012</u>

Cont'd.

CITY OF PUEBLO, COLORADO
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2012

LIABILITIES	Business-Type Activities Enterprise Funds	
	Elmwood Golf Course	Walking Stick Golf Course
	CURRENT LIABILITIES	
Accounts payable	\$ 16,241	\$ 5,734
Accrued expenses	-	-
Accrued interest payable	62	72,633
Due to other funds	848,772	667,665
Advances from others	15,486	30,876
Compensated absences	-	-
Capital lease obligation	99,708	206,961
Claims and judgments	-	-
Notes payable	-	-
TOTAL CURRENT LIABILITIES	980,269	983,869
NONCURRENT LIABILITIES		
Compensated absences	-	-
Capital lease obligations	391,403	1,852,271
Notes payable (net of unamortized premiums)	-	-
Claims and judgments	-	-
Advance from other funds	-	12,030,373
TOTAL NONCURRENT LIABILITIES	391,403	13,882,644
TOTAL LIABILITIES	1,371,672	14,866,513
NET POSITION		
Net investment in capital assets	1,444,113	3,125,037
Unrestricted	10,064,210	(12,302,175)
TOTAL NET POSITION	\$ 11,508,323	\$ (9,177,138)

Cumulative portion 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
\$ 1,298,046	\$ 520,365	\$ 285,643	\$ 303,092	\$ 2,429,121	\$ 52,369
6,948	-	-	111,209	118,157	-
314,372	5,612	-	1,934	394,613	-
-	-	-	1,386,721	2,903,158	156,753
-	-	-	14,650	61,012	-
51,355	11,387	11,873	39,118	113,733	12,063
-	39,427	-	41,249	387,345	-
-	-	-	-	-	1,273,000
1,459,822	-	-	-	1,459,822	-
<u>3,130,543</u>	<u>576,791</u>	<u>297,516</u>	<u>1,897,973</u>	<u>7,866,961</u>	<u>1,494,185</u>
462,193	102,479	106,854	352,061	1,023,587	108,565
-	212,014	-	168,794	2,624,482	-
27,841,573	-	-	-	27,841,573	-
-	-	-	-	-	358,480
-	490,810	-	747,000	13,268,183	-
<u>28,303,766</u>	<u>805,303</u>	<u>106,854</u>	<u>1,267,855</u>	<u>44,757,825</u>	<u>467,045</u>
<u>31,434,309</u>	<u>1,382,094</u>	<u>404,370</u>	<u>3,165,828</u>	<u>52,624,786</u>	<u>1,961,230</u>
50,899,391	40,828,941	29,956,932	12,314,230	138,568,644	898,527
22,376,404	507,952	1,298,347	(1,482,884)	20,461,854	1,075,255
<u>\$ 73,275,795</u>	<u>\$ 41,336,893</u>	<u>\$ 31,255,279</u>	<u>\$ 10,831,346</u>		<u>\$ 1,973,782</u>
				(1,193,877)	
				<u>\$ 157,836,621</u>	

CITY OF PUEBLO, COLORADO
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2012

	Business-Type Activities Enterprise Funds	
	Elmwood Golf Course	Walkingstick Golf Course
OPERATING REVENUES		
Charges for services	\$ 1,251,969	\$ 911,364
TOTAL OPERATING REVENUES	1,251,969	911,364
OPERATING EXPENSES		
Personnel services	31,637	40,238
Contractual services	436,559	382,865
Utilities	132,336	319,897
Repairs and maintenance	78,380	66,518
Other supplies and expenses	97,753	59,313
Insurance claims and expenses	-	-
Depreciation	151,330	205,252
TOTAL OPERATING EXPENSES	927,995	1,074,083
OPERATING INCOME (LOSS)	323,974	(162,719)
NONOPERATING REVENUES (EXPENSES)		
Interest and investment revenue	610,900	-
Operating grants and contributions	-	25,368
Interest expense	(762)	(747,655)
Gain on disposal of capital assets	310	-
TOTAL NONOPERATING REVENUES (EXPENSES)	610,448	(722,287)
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	934,422	(885,006)
Capital contributions	44,888	-
Transfers in	-	-
Transfers out	-	-
CHANGES IN NET POSITION	979,310	(885,006)
TOTAL NET POSITION, January 1, as restated	10,529,013	(8,292,132)
TOTAL NET POSITION, December 31	\$ 11,508,323	\$ (9,177,138)
Operating loss from internal service fund attributed to business-type activities		
CHANGE IN NET POSITION		

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
\$ 13,805,921	\$ 2,791,898	\$ 848,974	\$ 1,284,520	\$ 20,894,646	\$ 7,817,203
<u>13,805,921</u>	<u>2,791,898</u>	<u>848,974</u>	<u>1,284,520</u>	<u>20,894,646</u>	<u>7,817,203</u>
3,722,222	1,253,423	742,259	523,888	6,313,667	3,329,516
1,341,726	682,754	224,158	3,905,520	6,973,582	29,479
885,155	91,574	304,504	590,461	2,323,927	35,779
2,487,584	184,107	61,110	240,196	3,117,895	7,813
791,462	225,722	151,446	894,570	2,220,266	2,230,627
-	-	-	-	-	3,192,174
1,067,225	639,904	875,041	1,036,240	3,974,992	92,859
<u>10,295,374</u>	<u>3,077,484</u>	<u>2,358,518</u>	<u>7,190,875</u>	<u>24,924,329</u>	<u>8,918,247</u>
<u>3,510,547</u>	<u>(285,586)</u>	<u>(1,509,544)</u>	<u>(5,906,355)</u>	<u>(4,029,683)</u>	<u>(1,101,044)</u>
169,171	10,734	435	4,261	795,501	17,720
-	65,100	-	2,130,357	2,220,825	-
(654,759)	(7,525)	-	(1,933)	(1,412,634)	-
20,000	90,116	-	-	110,426	2,317
<u>(465,588)</u>	<u>158,425</u>	<u>435</u>	<u>2,132,685</u>	<u>1,714,118</u>	<u>20,037</u>
3,044,959	(127,161)	(1,509,109)	(3,773,670)	(2,315,565)	(1,081,007)
901,336	986,425	2,598,348	280,705	4,811,702	-
-	67,286	686,448	2,351,250	3,104,984	524,500
(57,490)	(30,000)	-	(68,832)	(156,322)	-
<u>3,888,805</u>	<u>896,550</u>	<u>1,775,687</u>	<u>(1,210,547)</u>	<u>5,444,799</u>	<u>(556,507)</u>
<u>69,386,990</u>	<u>40,440,343</u>	<u>29,479,592</u>	<u>12,041,893</u>		<u>2,530,289</u>
\$ <u>73,275,795</u>	\$ <u>41,336,893</u>	\$ <u>31,255,279</u>	\$ <u>10,831,346</u>		\$ <u>1,973,782</u>
				(167,094)	
				<u>\$ 5,277,705</u>	

**CITY OF PUEBLO, COLORADO
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2012**

	Business-Type Activities Enterprise Funds	
	Elmwood Golf Course	Walking Stick Golf Course
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 1,250,684	\$ 919,767
Cash paid for goods and services	(805,005)	(985,189)
Cash paid to employees	(31,637)	(40,238)
Receipts for interfund services	-	243,367
Payments for interfund services	(139,044)	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	274,998	137,707
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers in	-	-
Transfers out	-	-
Advance to other fund	(138,910)	-
Advance from other fund	-	138,910
Payment made on fund advance	-	-
Operating grants received	-	25,368
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	(138,910)	164,278
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Sale of capital assets	310	-
Acquisition of capital assets	(99,839)	(69,930)
Interest paid on notes payable and other debt	(1,330)	(89,838)
Principal paid on notes payable and other debt	(35,229)	(142,217)
Capital contributions received	-	-
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(136,088)	(301,985)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest earnings received	-	-
Maturity of investments	-	-
Acquisition of investments	-	-
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	-	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	-	-
CASH AND CASH EQUIVALENTS, January 1	100	100
CASH AND CASH EQUIVALENTS, December 31	\$ 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
\$ 13,680,393	\$ 2,713,502	\$ 1,004,271	\$ 1,287,099	\$ 20,855,716	\$ 7,769,926
(3,773,690)	(1,139,864)	(961,193)	(5,575,233)	(13,240,174)	(4,560,000)
(6,316,574)	(1,249,257)	(718,304)	(527,755)	(8,883,765)	(3,319,434)
26,159	4,799	-	1,066,591	1,340,916	-
-	-	(2,560,180)	(4,246)	(2,703,470)	(184,179)
<u>3,616,288</u>	<u>329,180</u>	<u>(3,235,406)</u>	<u>(3,753,544)</u>	<u>(2,630,777)</u>	<u>(293,687)</u>
-	67,286	686,448	2,351,250	3,104,984	524,500
(57,490)	(30,000)	-	(68,832)	(156,322)	-
-	-	-	-	(138,910)	-
-	-	-	-	138,910	-
-	(100,000)	-	-	(100,000)	-
-	65,100	-	2,122,805	2,213,273	-
<u>(57,490)</u>	<u>2,386</u>	<u>686,448</u>	<u>4,405,223</u>	<u>5,061,935</u>	<u>524,500</u>
20,000	90,116	-	-	110,426	2,317
(4,275,141)	(1,145,503)	(2,715,524)	(583,577)	(8,889,494)	(6,448)
(783,180)	(2,707)	-	-	(877,055)	-
(1,427,577)	(42,843)	-	-	(1,647,866)	-
-	-	5,264,791	40,000	5,304,791	-
<u>(6,465,898)</u>	<u>(1,100,937)</u>	<u>2,549,267</u>	<u>(543,557)</u>	<u>(5,999,198)</u>	<u>(4,131)</u>
164,560	11,871	426	4,003	180,860	16,975
23,577,540	1,943,500	55,660	392,000	25,968,700	2,178,500
(20,835,000)	(1,186,000)	(56,395)	(504,000)	(22,581,395)	(2,424,500)
<u>2,907,100</u>	<u>769,371</u>	<u>(309)</u>	<u>(107,997)</u>	<u>3,568,165</u>	<u>(229,025)</u>
-	-	-	125	125	(2,343)
<u>675</u>	<u>100</u>	<u>400</u>	<u>723</u>	<u>2,098</u>	<u>32,076</u>
<u>\$ 675</u>	<u>\$ 100</u>	<u>\$ 400</u>	<u>\$ 848</u>	<u>\$ 2,223</u>	<u>\$ 29,733</u>

Cont'd.

**CITY OF PUEBLO, COLORADO
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2012**

	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
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income (loss)	\$ 323,974	\$ (162,719)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities -		
Depreciation	151,330	205,252
Change in assets and liabilities -		
Accounts receivable	(3,346)	(2,188)
Due from other funds	-	-
Prepaid expenses	-	-
Inventories	-	-
Accounts payable	(59,977)	(156,596)
Due to other funds	(139,044)	243,367
Advances from others	2,061	10,591
Accrued expenses	-	-
	\$ 274,998	\$ 137,707
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
SCHEDULE OF NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES		
Interest accrued on fund advances	\$ 491,111	\$ (663,228)
Contributions of capital assets	\$ 44,888	\$ -
Unrealized gain on investments	\$ -	\$ -
Issuance of capital leases	\$ 491,111	\$ 466,220

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	\$ 848	\$ 2,223	\$ 300
-	-	-	-	-	29,433
<u>\$ 675</u>	<u>\$ 100</u>	<u>\$ 400</u>	<u>\$ 848</u>	<u>\$ 2,223</u>	<u>\$ 29,733</u>
\$ 3,510,547	\$ (285,586)	\$ (1,509,544)	\$ (5,906,355)	\$ (4,029,683)	\$ (1,101,044)
1,067,225	639,904	875,041	1,036,240	3,974,992	92,859
(125,528)	16,113	155,297	2,499	42,847	(47,277)
26,159	4,799	(911,266)	59,317	(820,991)	-
-	-	-	4,586	4,586	(170,989)
(7,060)	-	-	(46,769)	(53,829)	8,560
(803,587)	44,293	(219,975)	97,164	(1,098,678)	(20,020)
-	-	(1,648,914)	1,003,028	(541,563)	(184,179)
-	(94,509)	-	80	(81,777)	-
(51,468)	4,166	23,955	(3,334)	(26,681)	1,128,403
<u>\$ 3,616,288</u>	<u>\$ 329,180</u>	<u>\$ (3,235,406)</u>	<u>\$ (3,753,544)</u>	<u>\$ (2,630,777)</u>	<u>\$ (293,687)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (172,117)</u>	<u>\$ -</u>
<u>\$ 901,336</u>	<u>\$ 986,425</u>	<u>\$ -</u>	<u>\$ 240,705</u>	<u>\$ 2,173,354</u>	<u>\$ -</u>
<u>\$ 22,063</u>	<u>\$ 902</u>	<u>\$ -</u>	<u>\$ 383</u>	<u>\$ 23,348</u>	<u>\$ 1,845</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 210,043</u>	<u>\$ 1,167,374</u>	<u>\$ -</u>

CITY OF PUEBLO, COLORADO
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUND
DECEMBER 31, 2012

	<u>Agency Fund</u>
ASSETS	
Cash and cash equivalents	\$ 220,562
Accounts receivable	<u>1,599,066</u>
TOTAL ASSETS	<u>\$ 1,819,628</u>
LIABILITIES	
Accounts payable	\$ 165,189
Deposits	<u>1,654,439</u>
TOTAL LIABILITIES	<u>\$ 1,819,628</u>

The accompanying notes are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

CITY OF PUEBLO, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

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 (2) the component unit provides services entirely to 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 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.

CITY OF PUEBLO, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

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. The issuance proceeds from the certificates of participation were reported in the police building capital projects fund.

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. 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 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. Property taxes are established by the Bandera Blvd. District's taxpayers and the Bandera Blvd. District is reported as a nonmajor governmental fund.

North Gateway Number 1 Business Improvement District – North Gateway Number 1 business improvement district 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 District boundaries. The business improvement district is considered a blended component unit because City Council members are the governing body of the District. 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 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 business improvement 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.

CITY OF PUEBLO, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

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 (1) their governing board is not substantially the same as the governing body of the City, and (2) the component unit provides services entirely or almost entirely to the citizenry and not the City.

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 governing body of the Authority is appointed by City Council and the Authority is fiscally dependent on the City in as much as the City has the ability to modify the decisions of the Authority’s governing body. Separately-issued financial statements of the Authority can be obtained from the Authority at 115 E. Riverwalk, Pueblo, Colorado, 81003.

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 fiscally dependent on the City inasmuch as the City has the ability to rent space in the facility to third parties without the consent of the Corporation. Separately issued financial statements of the Corporation can be obtained from the Corporation at #1 City Hall Place, Pueblo, Colorado, 81003.

Pueblo Municipal Rail Corporation – Pueblo Municipal Rail Corporation (the Rail Corporation) was formed by City Council in 2012 as a not-for-profit corporation under Colorado law to construct railroad lead track and switches as part of an economic development agreement. The governing body of the Rail Corporation consists of three City employees. While the Rail Corporation is not financially accountable to the City, the Rail Corporation has been included in the City’s reporting entity because of the nature and significance of its relationship with the City.

CITY OF PUEBLO, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

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.

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.

CITY OF PUEBLO, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

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. Expenditures generally are recorded when a liability is incurred as is the case with accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when the liability has matured and payment is due. General capital asset acquisitions are reported as expenditures in governmental funds, while issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales and use taxes, franchise taxes, grant and entitlement revenues, interest and charges for services are considered revenues susceptible to accrual. Licenses and permits, fines and fees, contributions and miscellaneous revenue are recorded as revenues when received 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.

CITY OF PUEBLO, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

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 total assets. 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.
- 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 special revenue 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 is a summarization of all other nonmajor governmental funds.

CITY OF PUEBLO, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

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 the capital leases 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.
- 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 and parking facilities.

CITY OF PUEBLO, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

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
 - Arkansas River legacy
 - 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

CITY OF PUEBLO, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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 represents bank deposits held generally in compliance with economic development agreements. Investments include a corporate bond, U.S. agency securities and money market funds. Restricted investments represent money market funds held at a bank trust department which is being used to pay expenditures for the construction of the police building complex, along with funds held by a lender under capital lease agreements.

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 corporate bond and the U.S. agency securities noted above 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 all highly liquid investments with original maturities of three months or less when acquired.

CITY OF PUEBLO, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

F. PROPERTY TAXES

Property taxes were levied on November 26, 2012 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, 2011 for the 2009 base year as specified by state law.

The taxes levied on November 26, 2012 reflect 2012 taxes that will be collected in 2013. 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, 2013 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 2013.

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.

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 includes (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
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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. During the year ended December 31, 2012, \$45,410 of interest was capitalized in the sewer user major enterprise fund.

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 rail spurs	-	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
DECEMBER 31, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

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. FUND EQUITY

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

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

CITY OF PUEBLO, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

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 revenues as they are needed.

M. 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.

N. 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.

O. NEW ACCOUNTING PRONOUNCEMENTS

During the year ended December 31, 2012, the City and its discretely-presented component units implemented new GASB standards as follows:

- GASB Statement 62, Codification of Accounting and Financial Reporting Guidance Contained in pre-November 30, 1989 GASB and AICPA Pronouncements. The objective of this statement is to incorporate into the GASB’s authoritative literature certain accounting and financial reporting guidance that is included in FASB and AICPA pronouncements issued on or before November 30, 1989 which does not conflict with or contradict GASB pronouncements. The implementation of this standard had no material effect on the City’s financial reporting as of and for the year ended December 31, 2012.

CITY OF PUEBLO, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

- GASB Statement 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position. This statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources and the resulting net position. The effect of this standard essentially renamed the government-wide statement of net assets and the proprietary funds statement of net assets to the statements of net position. In addition, the proprietary funds statement of revenues, expenses and changes in fund net assets was also renamed to the statement of revenues, expenses and changes in fund net position.

- GASB Statement 65, Items Previously Reported as Assets and Liabilities. The objective of this statement, which is a companion standard to GASB 63, is to specifically identify certain items that were previously reported as assets or liabilities and now report those items as deferred outflows of resources or deferred inflows of resources. The effective date of this statement was for the year ended December 31, 2013, but the City elected to early implement this standard to correspond with the implementation date for GASB 63. The effect of the implementation of this statement for the City was as follows:
 - Record a prior period adjustment to eliminate the recognition of deferred issue costs associated with bond and other debt obligations.

 - Reclassify certain items previously reported as assets and liabilities as deferred outflows of resources and deferred inflows of resources.

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 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 2012, the expenditure estimates were amended. These amendments were made in accordance with the City Charter.

CITY OF PUEBLO, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

III. DETAILED NOTES FOR ALL FUNDS

A. CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash, cash equivalents and investments are summarized as follows:

Cash on hand	\$	8,645
Demand deposits		<u>7,665,481</u>
		<u>\$ 7,674,126</u>
Investments –		
U.S. agency securities	\$	69,747,835
Corporate bond		520,700
Money market funds		15,651,021
Money market funds held by lender and others (restricted)		<u>982,148</u>
		<u>\$ 86,901,704</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	\$ 7,453,564	\$ 86,901,704
Statement of fiduciary assets and liabilities	<u>220,562</u>	<u>-</u>
	<u>\$ 7,674,126</u>	<u>\$ 86,901,704</u>

DEPOSITS

At December 31, 2012, the carrying amount of the City's deposits was \$7,665,481 and the bank balance was \$8,931,005. Of the bank balance, \$676,150 was covered by federal depository insurance and \$8,254,855 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, 2012, deposits with a bank balance of \$8,254,855 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
DECEMBER 31, 2012

III. DETAILED NOTES FOR ALL FUNDS (Cont'd.)

INVESTMENTS

The City has adopted, by resolution, 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 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, 2012, 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	\$ 69,747,835	\$ 2,000,920	\$ 67,746,915
Corporate bond	520,700	-	520,700
Money market funds	15,651,021	15,651,021	-
Money market funds (restricted)	<u>982,148</u>	<u>982,148</u>	<u>-</u>
	<u>\$ 86,901,704</u>	<u>\$ 18,634,089</u>	<u>\$ 68,267,615</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, 2012, 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, 2012, the City's investment in these U.S. agency securities were generally rated Aaa by Moody's and AA+ by Standard and Poor's. The City's corporate bond holding was rated Aa2 by Moody's and AA+ by Standard and Poor's.

CITY OF PUEBLO, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

III. DETAILED NOTES FOR ALL FUNDS (Cont'd.)

Money market funds totaling \$16,633,169 as noted above include \$13,514,932 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	\$ 3,700	\$ 80,106
Demand deposits	<u>2,958,157</u>	<u>-</u>
Total cash and cash equivalents	<u>\$ 2,961,857</u>	<u>\$ 80,106</u>
 Money market funds held at bank trust departments	 <u>\$ 8,220,522</u>	 <u>\$ -</u>
 Reported in the financial statements as follows:		
Cash and cash equivalents	\$ 1,040,561	\$ 80,106
Restricted cash and cash equivalents	<u>1,921,296</u>	<u>-</u>
	<u>\$ 2,961,857</u>	<u>\$ 80,106</u>
 Restricted investments	 <u>\$ 8,220,522</u>	 <u>\$ -</u>
	<u>\$ 8,220,522</u>	<u>\$ -</u>

DEPOSITS

At December 31, 2012, the carrying amount of the Pueblo Urban Renewal Authority's (the Authority) deposits was \$2,958,157 and the bank balance was \$2,902,486. Of the bank balance, \$750,000 was covered by federal depository insurance and \$2,152,486 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
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

III. DETAILED NOTES FOR ALL FUNDS (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, 2012, deposits with a bank balance of \$2,152,486 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.

At December 31, 2012, the carrying amount of the Pueblo Main Street Garage Corporation's (the Corporation) deposits was \$80,106 and the bank balance was \$80,106. All of the bank balance was covered by federal depository insurance in a qualified public depository under Colorado law.

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, 2012, the Authority had the following investments and maturities:

	Fair Value	Investment Maturity (in years) less than 1
Money market funds held at bank trust departments	\$ 8,220,522	\$ 8,220,522
	<u>\$ 8,220,522</u>	<u>\$ 8,220,522</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 and Aaa-mf by Moody's.

CITY OF PUEBLO, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

III. DETAILED NOTES FOR ALL FUNDS (Cont'd.)

B. RECEIVABLES

Receivables at December 31, 2012 consist of the following:

	Governmental Activities			
	General Fund	Economic Development ½ Cent Tax Fund	HUD Grants Fund	Public Improvements Fund
Taxes –				
Property	\$ 12,997,483	\$ -	\$ -	\$ -
Sales and use	4,159,773	688,657	-	-
Franchise	666,155	-	-	-
Notes and loans	681,672	37,768,604	4,211,690	-
Accounts	3,033,843	2,583	-	-
Interest	38,248	71,183	-	-
Other	930,680	-	345,282	-
	22,507,854	38,531,027	4,556,972	-
Less: allowance for uncollectible accounts	(225,380)	(9,903,424)	-	-
	<u>\$ 22,282,474</u>	<u>\$ 28,627,603</u>	<u>\$ 4,556,972</u>	<u>\$ -</u>
Amounts not scheduled for collection during the subsequent year	<u>\$ 650,000</u>	<u>\$ 21,830,748</u>	<u>\$ 3,380,108</u>	<u>\$ -</u>

	Governmental Activities			
	Capital Improvement Fund	Other Governmental Funds	Internal Service Fund	Total
Taxes –				
Property	\$ -	\$ 37,104	\$ -	\$ 13,034,587
Sales and use	-	-	-	4,848,430
Franchise	-	-	-	666,155
Notes and loans	-	-	-	42,661,966
Accounts	-	614,070	90,462	3,740,958
Interest	8,970	12,365	4,471	135,237
Other	-	-	-	1,275,962
	8,970	663,539	94,933	66,363,295
Less: allowance for uncollectible accounts	-	-	-	(10,128,804)
	<u>\$ 8,970</u>	<u>\$ 663,539</u>	<u>\$ 94,933</u>	<u>\$ 56,234,491</u>
Amounts not scheduled for collection during the subsequent year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,860,856</u>

CITY OF PUEBLO, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

III. DETAILED NOTES FOR ALL FUNDS (Cont'd.)

Included in accounts and other receivables is \$236,773 of receivables that are due from Pueblo Urban Renewal Authority (the Authority) under an agreement between the City and the Authority. Also included in accounts receivable is \$2,000,000 which represents an advance to a private entity under an economic development agreement.

	Business-Type Activities						
	Elmwood Golf Course	Walking Stick Golf Course	Sewer User	Storm- water Utility	Memorial Airport	Other Enterprise Funds	Total
Accounts	\$ 13,188	\$ 5,006	\$2,275,234	\$ 448,582	\$140,842	\$102,459	\$2,985,311
Interest	-	-	38,423	2,187	104	929	41,643
	13,188	5,006	2,313,657	450,769	140,946	103,388	3,026,954
Less: allowance for uncollectible accounts	-	-	-	-	(43,104)	-	(43,104)
Receivable from fiduciary fund	-	-	-	-	160,865	-	160,865
	<u>\$ 13,188</u>	<u>\$ 5,006</u>	<u>\$2,313,657</u>	<u>\$ 450,769</u>	<u>\$258,707</u>	<u>\$103,388</u>	<u>\$3,144,715</u>

Included in accounts receivable for other enterprise funds is \$78,207 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, 2012 are summarized as follows:

	<u>Pueblo Urban Renewal Authority</u>
Property tax	\$ 5,443,927
Sales tax	172,383
Vendor fees	293,644
Accounts	555,243
Notes	6,926,833
Interest	2,078
	13,394,108
Less: allowance for uncollectible accounts	-
	<u>\$ 13,394,108</u>
Amounts not scheduled for collection during the subsequent year	<u>\$ 6,918,245</u>

CITY OF PUEBLO, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

III. DETAILED NOTES FOR ALL FUNDS (Cont'd.)

The caption "notes receivable" includes a note totaling \$6,862,000 that originated in conjunction with the issuance of the Authority's revenue bonds, series 2006. This represents the Authority's note to Pueblo Garage Investment Fund LLC that carries an interest rate of 1.00% and is due February 14, 2014. Interest only payments are due annually on December 21st of each year beginning in 2007. The note is collateralized by a security agreement-pledge wherein Pueblo Garage Investment Fund LLC assigns and pledges its membership interest in NDC New Markets XIX, L.P. on February 14, 2014.

Included in accounts receivable above is a receivable totaling \$363,402 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, 2012:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Governmental funds –		
General fund	\$ 4,006,816	\$ 5,769,211
Economic development ½ cent tax	58,763	-
HUD grants	-	135,057
Public improvements	3,463,370	-
Capital improvement fund	6,470	-
Nonmajor governmental	<u>1,294,979</u>	<u>811,847</u>
Total governmental funds	<u>8,830,398</u>	<u>6,716,115</u>
Enterprise funds –		
Elmwood golf course	-	848,772
Walking Stick golf course	-	667,665
Sewer user	31,824	-
Stormwater utility	1,736	-
Memorial airport	911,266	-
Nonmajor enterprise funds	<u>802</u>	<u>1,386,721</u>
Total enterprise funds	<u>945,628</u>	<u>2,903,158</u>
Internal service fund	<u>-</u>	<u>156,753</u>
	<u>\$ 9,776,026</u>	<u>\$ 9,776,026</u>

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

CITY OF PUEBLO, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

III. DETAILED NOTES FOR ALL FUNDS (Cont'd.)

The following table summarizes advances to/from other funds at December 31, 2012:

	<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	\$ 490,810	\$ -
Advance due general fund from Walking Stick golf course major enterprise fund	1,098,890	-
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	10,931,483	-
Advance due from Walking Stick golf course to Elmwood golf course	-	10,931,483
Advance due to general fund from Walking Stick golf course	-	1,098,890
Advance due to general fund from stormwater utility fund	-	490,810
Nonmajor enterprise fund –		
Advance due to capital improvement fund from honor farm fund	<u>-</u>	<u>747,000</u>
	<u>\$ 13,268,183</u>	<u>\$ 13,268,183</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.

CITY OF PUEBLO, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

III. DETAILED NOTES FOR ALL FUNDS (Cont'd.)

Transfers for the year ended December 31, 2012 are as follows:

	<u>Transfers in</u>	<u>Transfers out</u>
Governmental funds –		
General fund	\$ 3,790,894	\$ 6,744,778
Economic development ½ cent tax	-	373,098
HUD grants	11,291	485,597
Public improvements	1,557,130	-
Capital improvement fund	726,643	2,762,662
Other governmental funds	<u>4,894,261</u>	<u>4,087,246</u>
Total governmental funds	<u>10,980,219</u>	<u>14,453,381</u>
Enterprise funds –		
Sewer user	-	57,490
Stormwater utility	67,286	30,000
Memorial airport	686,448	-
Other enterprise funds	<u>2,351,250</u>	<u>68,832</u>
Total enterprise funds	<u>3,104,984</u>	<u>156,322</u>
Internal service fund	<u>524,500</u>	<u>-</u>
	<u>\$ 14,609,703</u>	<u>\$ 14,609,703</u>

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

D. DUE FROM OTHER GOVERNMENTAL AGENCIES

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

CITY OF PUEBLO, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

III. DETAILED NOTES FOR ALL FUNDS (Cont'd.)

E. CAPITAL ASSETS

Capital assets activity for the year ended December 31, 2012 was as follows:

	Balance January 1, <u>2012</u>	<u>Additions</u>	Deletions/ Inventory Adjustments/ <u>Transfers</u>	Balance December 31, <u>2012</u>
Governmental activities –				
Nondepreciable assets –				
Land	\$ 16,332,273	\$ 645,294	\$ 501,516	\$ 16,476,051
Land – infrastructure	74,400,614	168,081	36,558	74,532,137
Art works	588,266	226,398	-	814,664
Intangibles	1,002,256	59,159	-	1,061,415
Construction in progress	<u>10,379,957</u>	<u>11,236,900</u>	<u>3,654,493</u>	<u>17,962,364</u>
Total capital assets not being depreciated	<u>102,703,366</u>	<u>12,335,832</u>	<u>4,192,567</u>	<u>110,846,631</u>
Depreciable assets –				
Land improvements	44,114,209	3,621,611	-	47,735,820
Infrastructure	160,095,093	5,442,972	94,091	165,443,974
Buildings	50,996,137	4,766,126	46,683	55,715,580
Machinery and equipment	<u>34,261,913</u>	<u>2,164,001</u>	<u>642,481</u>	<u>35,783,433</u>
Total capital assets being depreciated	<u>289,467,352</u>	<u>15,994,710</u>	<u>783,255</u>	<u>304,678,807</u>
Less: accumulated depreciation for –				
Land improvements	(7,987,761)	(628,376)	-	(8,616,137)
Infrastructure	(44,087,808)	(1,773,321)	47,185	(45,813,944)
Buildings	(8,943,131)	(1,425,727)	10,195	(10,358,663)
Machinery and equipment	<u>(22,644,309)</u>	<u>(2,875,122)</u>	<u>639,936</u>	<u>(24,879,495)</u>
Total accumulated depreciation	<u>(83,663,009)</u>	<u>(6,702,546)</u>	<u>697,316</u>	<u>(89,668,239)</u>
Capital assets being depreciated, net	<u>205,804,343</u>	<u>9,292,164</u>	<u>85,939</u>	<u>215,010,568</u>
Total governmental activities capital assets, net	<u>\$ 308,507,709</u>	<u>\$ 21,627,996</u>	<u>\$ 4,278,506</u>	<u>\$ 325,857,199</u>

CITY OF PUEBLO, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

III. DETAILED NOTES FOR ALL FUNDS (Cont'd.)

	Balance January 1, <u>2012</u>	<u>Additions</u>	Deletions/ Inventory Adjustments/ <u>Transfers</u>	Balance December 31, <u>2012</u>
Business-type activities				
Nondepreciable assets –				
Land	4,363,359	-	-	4,363,359
Intangibles	10,830	1,100	-	11,930
Construction in progress	<u>38,647,164</u>	<u>8,116,678</u>	<u>3,305,918</u>	<u>43,457,924</u>
Total capital assets not being depreciated	<u>43,021,353</u>	<u>8,117,778</u>	<u>3,305,918</u>	<u>47,833,213</u>
Depreciable assets –				
Land improvements	25,992,933	1,780,611	-	27,773,544
Infrastructure	89,319,570	2,688,318	6,285	92,001,603
Buildings	27,951,879	921,883	-	28,873,762
Machinery and equipment	16,595,273	1,118,239	350,662	17,362,850
Other improvements	<u>26,398,937</u>	<u>-</u>	<u>-</u>	<u>26,398,937</u>
Total capital assets being depreciated	<u>186,258,592</u>	<u>6,509,051</u>	<u>356,947</u>	<u>192,410,696</u>
Less: accumulated depreciation for –				
Land improvements	(4,787,904)	(759,126)	-	(5,547,030)
Infrastructure	(18,547,937)	(912,531)	3,675	(19,456,793)
Buildings	(8,033,882)	(603,989)	-	(8,637,871)
Machinery and equipment	(11,357,574)	(1,499,898)	350,662	(12,506,810)
Other improvements	<u>(23,471,422)</u>	<u>(199,448)</u>	<u>-</u>	<u>(23,670,870)</u>
Total accumulated depreciation	<u>(66,198,719)</u>	<u>(3,974,992)</u>	<u>354,337</u>	<u>(69,819,374)</u>
Capital assets being depreciated, net	<u>120,059,873</u>	<u>2,534,059</u>	<u>2,610</u>	<u>122,591,322</u>
Total business-type activities capital assets, net	<u>\$163,081,226</u>	<u>\$ 10,651,837</u>	<u>\$ 3,308,528</u>	<u>\$170,424,535</u>

CITY OF PUEBLO, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

III. DETAILED NOTES FOR ALL FUNDS (Cont'd.)

	Balance January 1, <u>2012</u>	<u>Additions</u>	Deletions/ Inventory Adjustments/ <u>Transfers</u>	Balance December 31, <u>2012</u>
Pueblo Urban Renewal Authority discretely-presented component unit -				
Nondepreciable assets –				
Land	\$ 1,190,391	\$ -	\$ -	\$ 1,190,391
Memorial	<u>295,097</u>	<u>-</u>	<u>-</u>	<u>295,097</u>
Total capital assets not being depreciated	<u>1,485,488</u>	<u>-</u>	<u>-</u>	<u>1,485,488</u>
Depreciable assets –				
Buildings	10,273,032	-	277,366	9,995,666
Machinery and equipment	1,198,615	13,808	28,770	1,183,653
Other improvements	<u>1,304,932</u>	<u>-</u>	<u>42,220</u>	<u>1,262,712</u>
Total capital assets being depreciated	<u>12,776,579</u>	<u>13,808</u>	<u>348,356</u>	<u>12,442,031</u>
Less: accumulated depreciation for --				
Buildings	(2,731,107)	(203,155)	48,539	(2,885,723)
Machinery and equipment	(836,786)	(82,593)	20,642	(898,737)
Other improvements	<u>(448,576)</u>	<u>(91,306)</u>	<u>17,382</u>	<u>(522,500)</u>
Total accumulated depreciation	<u>(4,016,469)</u>	<u>(377,054)</u>	<u>86,563</u>	<u>(4,306,960)</u>
Capital assets being depreciated, net	<u>8,760,110</u>	<u>(363,246)</u>	<u>261,793</u>	<u>8,135,071</u>
Total Pueblo Urban Renewal Authority capital assets, net	<u>\$ 10,245,598</u>	<u>\$ (363,246)</u>	<u>\$ 261,793</u>	<u>\$ 9,620,559</u>
Pueblo Main Street Garage Corporation 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>(906,659)</u>	<u>(226,794)</u>	<u>-</u>	<u>(1,133,453)</u>
Capital assets being depreciated, net	<u>10,432,537</u>	<u>(226,794)</u>	<u>-</u>	<u>10,205,743</u>
Total Pueblo Main Street Garage Corporation capital assets, net	<u>\$ 10,432,537</u>	<u>\$ (226,794)</u>	<u>\$ -</u>	<u>\$ 10,205,743</u>

CITY OF PUEBLO, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

III. DETAILED NOTES FOR ALL FUNDS (Cont'd.)

	Balance January 1, <u>2012</u>	<u>Additions</u>	Deletions/ Inventory Adjustments/ <u>Transfers</u>	Balance December 31, <u>2012</u>
Pueblo Municipal Rail Corporation discretely-presented component unit -				
Nondepreciable assets –				
Land	\$ -	\$ 529,620	\$ -	\$ 529,620
Construction in progress	-	<u>2,109,699</u>	-	<u>2,109,699</u>
Total capital assets not being depreciated	-	<u>2,639,319</u>	-	<u>2,639,219</u>
 Total Pueblo Municipal Rail Corporation capital assets	 \$ -	 <u>\$ 2,639,319</u>	 \$ -	 <u>\$ 2,639,319</u>

Depreciation expense was charged to functions/programs as follows:

Governmental activities –		
General government		\$ 493,048
Public safety		2,443,826
Public works		2,027,591
Culture and community welfare		588,593
Parks and recreation		892,338
Economic development		<u>257,150</u>
Total depreciation expense – governmental activities		<u>\$ 6,702,546</u>
Business-type activities -		
Elmwood golf course		\$ 151,330
Walking Stick golf course		205,252
Sewer user		1,067,225
Stormwater utility		639,904
Memorial airport		875,041
Other enterprise funds		<u>1,036,240</u>
Total depreciation expense – business-type activities		<u>\$ 3,974,992</u>
Discretely-presented component units –		
Pueblo Urban Renewal Authority		\$ 377,054
Pueblo Main Street Garage Corporation		<u>226,794</u>
		<u>\$ 603,848</u>

**CITY OF PUEBLO, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012**

III. DETAILED NOTES FOR ALL FUNDS (Cont'd.)

At December 31, 2012, 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>2012</u>	Total Estimated <u>Costs</u>
Governmental activities –		
City Hall renovation	\$ 6,796,447	\$ 7,647,767
Memorial Hall renovation	4,119,697	10,668,374
Wheel park facility and kiddie ride complex	126,601	1,620,000
Other parks projects	144,139	665,390
Fire stations	3,596,344	3,796,272
Bridge replacement	714,191	2,732,039
Dillon flyover	1,840,584	5,450,915
Other public works projects	<u>624,361</u>	<u>2,478,239</u>
	<u>\$ 17,962,364</u>	<u>\$ 35,058,996</u>
Business-type activities –		
Sewer user	\$ 30,381,690	\$ 30,832,800
Stormwater	1,824,406	2,187,039
Memorial Airport	10,392,512	16,981,469
Honor farm	<u>859,317</u>	<u>1,007,000</u>
	<u>\$ 43,457,925</u>	<u>\$ 51,008,308</u>

F. DEFERRED OUTFLOWS OF RESOURCES/DEFERRED INFLOWS OF RESOURCES

Deferred outflows of resources at December 31, 2012 are summarized as follows:

	<u>Governmental Activities</u>	<u>Pueblo Urban Renewal Authority</u>
Deferred amounts on refunding	<u>\$ 67,342</u>	<u>\$ 1,012,000</u>

CITY OF PUEBLO, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

F. DEFERRED OUTFLOWS OF RESOURCES/DEFERRED INFLOWS OF RESOURCES (Cont'd.)

Deferred inflows of refunding at December 31, 2012 are summarized as follows:

	Governmental Activities				<u>Total</u>
	<u>General Fund</u>	<u>HUD Grants</u>	<u>Public Improvements</u>	<u>Other Governmental Funds</u>	
Property taxes	\$ 12,997,483	\$ -	\$ -	\$ 37,104	\$ 13,034,587
Notes and loans	681,672	217,381	-	-	899,053
Other receivables	1,616,344	343,930	-	212,573	2,172,847
Other deferred revenue	<u>-</u>	<u>-</u>	<u>599,578</u>	<u>-</u>	<u>599,578</u>
	15,295,499	561,311	599,578	249,677	16,706,065
Less: accounts recognized as revenue in the government- wide statements	<u>(2,274,766)</u>	<u>(343,930)</u>	<u>-</u>	<u>(212,573)</u>	<u>(2,831,269)</u>
	<u>\$ 13,020,733</u>	<u>\$ 217,381</u>	<u>\$ 599,578</u>	<u>\$ 37,104</u>	<u>\$ 13,874,796</u>

Pueblo Urban
Renewal
Authority

Property taxes	\$ 5,443,927
Grants received in advance	<u>2,500</u>
	<u>\$ 5,446,427</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
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

G. 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, 2012:

	Balance January 1, <u>2012</u>	<u>Increases</u>	<u>Decreases</u>	Balance December 31, <u>2012</u>	Due Within <u>One Year</u>
Governmental activities					
General obligation bonds –					
Historic Arkansas River					
refunding, series 2005	\$ 4,420,000	\$ -	\$ 820,000	\$ 3,600,000	\$ 850,000
Unamortized premium	<u>71,245</u>	<u>-</u>	<u>17,812</u>	<u>53,433</u>	<u>-</u>
	<u>4,491,245</u>	<u>-</u>	<u>837,812</u>	<u>3,653,433</u>	<u>850,000</u>
Certificates of participation –					
Police complex, series					
2012	18,570,000	-	655,000	17,915,000	685,000
Unamortized discount	<u>(119,641)</u>	<u>-</u>	<u>(10,357)</u>	<u>(109,284)</u>	<u>-</u>
	<u>18,450,359</u>	<u>-</u>	<u>644,643</u>	<u>17,805,716</u>	<u>685,000</u>
Capital leases –					
Fire truck	652,068	-	153,976	498,092	159,853
Radio equipment	2,496,671	-	375,408	2,121,263	390,819
Fire equipment	363,503	-	48,053	315,450	48,983
Parks equipment	-	1,037,063	-	1,037,063	203,669
Computer equipment	<u>-</u>	<u>136,549</u>	<u>64,973</u>	<u>71,576</u>	<u>71,576</u>
	<u>3,512,242</u>	<u>1,173,612</u>	<u>642,410</u>	<u>4,043,444</u>	<u>874,900</u>
Accrued interest payable	<u>498,825</u>	<u>1,229,933</u>	<u>1,267,515</u>	<u>461,243</u>	<u>461,243</u>
Compensated absences	<u>8,077,492</u>	<u>4,290,473</u>	<u>4,303,299</u>	<u>8,064,666</u>	<u>806,467</u>
Claims and judgments	<u>513,159</u>	<u>2,392,099</u>	<u>1,273,778</u>	<u>1,631,480</u>	<u>1,273,000</u>
Net pension obligation	<u>4,557,655</u>	<u>2,598,268</u>	<u>1,445,173</u>	<u>5,710,750</u>	<u>-</u>
Net post-employment benefit obligation	<u>1,496,238</u>	<u>762,566</u>	<u>239,423</u>	<u>2,019,381</u>	<u>-</u>
Total governmental activities	<u>\$ 41,597,215</u>	<u>\$ 12,446,951</u>	<u>\$ 10,654,053</u>	<u>\$ 43,390,113</u>	<u>\$ 4,950,610</u>

CITY OF PUEBLO, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

III. DETAILED NOTES FOR ALL FUNDS (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 pension obligation and the net post-employment benefit obligation are also recorded in the general fund.

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

	<u>Cost</u>	<u>Accumulated Depreciation to December 31, 2012</u>
Fire truck	\$ 1,077,498	\$ 769,641
Radio equipment	3,900,000	780,000
Fire equipment	363,503	103,858
Parks equipment	1,037,062	150,099
Computer equipment	<u>136,549</u>	<u>45,517</u>
	<u>\$ 6,514,612</u>	<u>\$ 1,849,115</u>

	<u>Balance January 1, 2012</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance December 31, 2012</u>	<u>Due Within One Year</u>
Business-type activities:					
Capital leases –					
Elmwood golf course	\$ 35,229	\$ 491,111	\$ 35,229	\$ 491,111	\$ 99,708
Walking Stick golf course	1,735,229	461,220	142,217	2,059,232	206,961
Stormwater utility	294,284	-	42,843	251,441	39,427
Honor farm nonmajor enterprise fund	-	210,043	-	210,043	41,249
Total	<u>2,064,742</u>	<u>1,167,374</u>	<u>220,289</u>	<u>3,011,827</u>	<u>387,345</u>
Notes payable – sewer user fund					
2003 issue	5,484,509	-	373,694	5,110,815	379,190
2009 issue	1,387,500	-	75,000	1,312,500	75,000
2012 issue	22,621,977	-	978,883	21,643,094	1,005,632
Unamortized premium	1,305,222	-	70,236	1,234,986	-
	<u>30,799,208</u>	<u>-</u>	<u>1,497,813</u>	<u>29,301,395</u>	<u>1,459,822</u>
Compensated absences	<u>1,165,181</u>	<u>511,304</u>	<u>539,165</u>	<u>1,137,320</u>	<u>113,733</u>
Total business-type activities	<u>\$ 34,029,131</u>	<u>\$ 1,678,678</u>	<u>\$ 2,257,267</u>	<u>\$ 33,450,542</u>	<u>\$ 1,960,900</u>

CITY OF PUEBLO, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

III. DETAILED NOTES FOR ALL FUNDS (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, 2012</u>
Elmwood golf course equipment	\$ 491,111	\$ -
Walking Stick golf course equipment	2,174,017	68,312
Stormwater utility equipment	294,284	84,081
Honor farm nonmajor enterprise fund	<u>210,043</u>	<u>29,422</u>
	<u>\$ 3,169,455</u>	<u>\$ 181,815</u>

	<u>Balance January 1, 2012</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance December 31, 2012</u>	<u>Due Within One Year</u>
Pueblo Urban Renewal Authority discretely-presented component unit:					
Revenue bonds, series 2006	\$ 8,929,000	\$ -	\$ 305,000	\$ 8,624,000	\$ 323,000
Unamortized premium	<u>94,930</u>	<u>-</u>	<u>5,399</u>	<u>89,531</u>	<u>-</u>
	<u>9,023,930</u>	<u>-</u>	<u>310,399</u>	<u>8,713,531</u>	<u>323,000</u>
Improvement revenue bond, series 2011B	10,000,000	-	-	10,000,000	-
Unamortized premium	<u>268,029</u>	<u>-</u>	<u>9,927</u>	<u>258,102</u>	<u>-</u>
	<u>10,268,029</u>	<u>-</u>	<u>9,927</u>	<u>10,258,102</u>	<u>-</u>
Taxable refunding revenue bonds, series 2011A	1,315,000	-	285,000	1,030,000	290,000
Tax-exempt refunding revenue bonds, series 2011B	3,890,000	-	-	3,890,000	-
Unamortized premium	<u>382,534</u>	<u>-</u>	<u>22,502</u>	<u>360,032</u>	<u>-</u>
	<u>5,587,534</u>	<u>-</u>	<u>307,502</u>	<u>5,280,032</u>	<u>290,000</u>
Bank notes	<u>3,386,938</u>	<u>-</u>	<u>140,098</u>	<u>3,246,840</u>	<u>104,484</u>
Compensated absences	<u>7,341</u>	<u>13,293</u>	<u>11,963</u>	<u>8,671</u>	<u>8,671</u>
Total Pueblo Urban Renewal Authority discretely-presented component unit activities	<u>\$ 28,273,772</u>	<u>\$ 13,293</u>	<u>\$ 779,889</u>	<u>\$ 27,507,176</u>	<u>\$ 726,155</u>

CITY OF PUEBLO, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

III. DETAILED NOTES FOR ALL FUNDS (Cont'd.)

	Balance January 1, <u>2012</u>	<u>Increases</u>	<u>Decreases</u>	Balance December 31, <u>2012</u>	Due Within <u>One Year</u>
Pueblo Main Street Garage Corporation discretely-presented component unit:					
Note payable	\$ 6,862,000	\$ -	\$ -	\$ 6,862,000	\$ 6,862,000
Note payable	<u>2,788,000</u>	-	-	<u>2,788,000</u>	-
Total Pueblo Main Street Garage Corporation discretely-presented component unit activities	<u>\$ 9,650,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,650,000</u>	<u>\$ 6,862,000</u>
Pueblo Municipal Rail Corporation discretely-presented component unit:					
Note payable	\$ -	\$ 2,109,699	\$ -	\$ 2,109,699	\$ -
Total Pueblo Municipal Rail Corporation discretely-presented component unit activities	<u>\$ -</u>	<u>\$ 2,109,699</u>	<u>\$ -</u>	<u>\$ 2,109,699</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 ranges from 3.50% to 4.50%; due in annual installments ranging from \$976,075 to \$978,513 including interest through December, 2016; debt is serviced by the debt service fund \$ 3,600,000

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 \$1,620,491 to \$2,637,850 through August, 2023; debt is serviced by the debt service fund and is subject to annual appropriation by City Council 17,915,000

CITY OF PUEBLO, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

III. DETAILED NOTES FOR ALL FUNDS (Cont'd.)

Obligations under capital lease

\$1,077,489 obligation under capital lease; interest rate of 4.15%; payable in annual installments of \$178,862 including interest beginning January 2009 and continuing through January 2015; debt is serviced by the debt service fund and is subject to annual appropriation by City Council 498,092

\$3,900,000 obligation under capital lease; interest rate of 4.06%; payable in semi-annual installments of \$236,548 including interest beginning February 2008 and continuing through August 2017; debt is serviced by debt service fund and is subject to annual appropriation by City Council 2,121,263

\$363,503 obligation under capital lease; interest rate of 2.825%; payable in annual installments of \$57,894 including interest beginning January, 2012 and continuing through January, 2018; debt is serviced by the debt service fund and is subject to annual appropriation by City Council 315,450

\$1,037,063 obligation under capital lease; interest rate of 1.835%; payable in annual installments of \$217,995 including interest beginning February, 2013 through February 2017; debt is serviced by the debt service fund and is subject to annual appropriation by City Council 1,037,063

\$136,549 obligation under capital lease; interest rate of 1.86%; payable in an annual installment of \$72,464 including interest on January 1, 2013; debt is serviced by the debt service fund and is subject to annual appropriation by City Council 71,576

4,043,444

Other Obligations

Accrued interest payable	\$ 461,243
Compensated absences	8,064,666
Self-insured claims and judgments	1,631,480
Net pension obligation – old hire-fire plan	5,710,750
Net post-employment benefit obligation	<u>2,019,381</u>
	<u>17,887,520</u>

Total governmental activities \$ 43,445,964

CITY OF PUEBLO, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

III. DETAILED NOTES FOR ALL FUNDS (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>
2013	\$ 850,000	\$ 128,513	\$ 978,513
2014	880,000	96,075	976,075
2015	915,000	61,275	976,275
2016	<u>955,000</u>	<u>21,487</u>	<u>976,487</u>
	<u>\$ 3,600,000</u>	<u>\$ 307,350</u>	<u>\$ 3,907,350</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>
2013	\$ 685,000	\$ 947,849	\$ 1,632,849
2014	720,000	918,116	1,638,116
2015	735,000	885,491	1,620,491
2016	790,000	851,081	1,641,081
2017	1,820,000	808,707	2,628,707
2018-2022	10,665,000	2,482,181	13,147,181
2023	<u>2,500,000</u>	<u>137,500</u>	<u>2,637,500</u>
	<u>\$ 17,915,000</u>	<u>\$ 7,030,925</u>	<u>\$ 24,945,925</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>
2013	\$ 874,900	\$ 125,412	\$ 1,000,312
2014	825,885	144,801	970,686
2015	854,064	87,701	941,765
2016	704,417	44,569	748,986
2017	727,875	21,105	748,980
2018	<u>56,303</u>	<u>1,591</u>	<u>57,894</u>
	<u>\$ 4,043,444</u>	<u>\$ 425,179</u>	<u>\$ 4,468,623</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
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

III. DETAILED NOTES FOR ALL FUNDS (Cont'd.)

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	\$ 491,111
\$1,700,000 obligation under capital lease; interest rate of 4.97%; due in annual installments of \$191,479 including principal and interest beginning January, 2012 through January, 2023; debt is serviced by the Walking Stick golf course major enterprise fund and is subject to annual appropriation by City Council	1,593,012
\$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	466,220
\$294,284 obligation under capital lease; interest rate of 2.44%; due in annual installments of \$45,550 including principal and interest beginning February 2012 through February 2018; debt is serviced by the storm water utility major enterprise fund and is subject to annual appropriation by City Council	251,441
\$210,043 obligation under capital lease; interest rate of 1.835%; due in annual installments of \$44,150 including principal and interest beginning February 2013 through February 2017; debt is serviced by the honor farm nonmajor enterprise fund and is subject to annual appropriation by City Council	<u>210,043</u>
	<u>3,011,827</u>

Notes payable

\$8,402,620 note payable to Colorado Water Resources Power Development Authority; interest rate of 3.25%; due in semiannual installments ranging from \$268,091 to \$274,944 including principal, interest and administrative fees through August 2024; debt is serviced by the sewer user major enterprise fund	5,110,815
\$1,500,000 note payable to Colorado Water Resources 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	1,312,500

CITY OF PUEBLO, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

III. DETAILED NOTES FOR ALL FUNDS (Cont'd.)

\$23,595,277 note payable to Colorado Water Resources Power Development Authority; interest rate of 2.5%; due in semi-annual installments including principal, interest and administrative fees ranging from \$773,437 to \$798,366 through August, 2030; debt is serviced by the sewer user major enterprise fund 21,643,094

28,066,409

Other obligations
 Compensated absences 1,137,320

Total business-type activities \$ 32,215,556

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>
2013	\$ 387,345	\$ 92,121	\$ 479,466
2014	385,637	93,830	479,467
2015	396,158	83,309	479,467
2016	407,053	72,413	479,466
2017	418,345	61,126	479,471
2018-2022	834,875	168,069	1,002,944
2023	<u>182,414</u>	<u>9,066</u>	<u>191,480</u>
	<u>\$ 3,011,827</u>	<u>\$ 579,934</u>	<u>\$ 3,591,761</u>

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

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 1,459,822	\$ 498,511	\$ 1,958,333
2014	1,480,900	474,553	1,955,453
2015	1,502,562	452,565	1,955,127
2016	1,529,136	432,383	1,961,519
2017	1,555,797	403,673	1,959,470
2018-2022	8,256,545	1,538,026	9,794,571
2023-2027	7,765,880	660,221	8,426,101
2028-2030	<u>4,515,767</u>	<u>131,632</u>	<u>4,647,399</u>
	<u>\$ 28,066,409</u>	<u>\$ 4,591,564</u>	<u>\$ 32,657,973</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 agreement provides that the net revenue of the sewer user major enterprise fund is pledged as the repayment source for these notes.

CITY OF PUEBLO, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

III. DETAILED NOTES FOR ALL FUNDS (Cont'd.)

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	\$ 8,624,000
\$10,000,000 improvement revenue bonds, series 2011B; interest rate ranging from 3.0% 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 ranging from 2.05% to 5.00%; due in annual installments ranging from \$131,250 to \$337,000 including principal and interest through December, 2016	1,030,000
\$3,890,000 tax-exempt revenue refunding bonds series 2011B; interest rate ranging from 2.25% 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>23,544,000</u>

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	3,000,000
\$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 \$207,861; secured by real estate with a carrying value of \$398,162 at December 31, 2012	<u>246,840</u>
	<u>3,246,840</u>

Total Pueblo Urban Renewal Authority discretely-presented component unit activities	<u>\$ 26,790,840</u>
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CITY OF PUEBLO, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

III. DETAILED NOTES FOR ALL FUNDS (Cont'd.)

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>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2013	\$ 613,000	\$ 1,204,458	\$ 104,484	\$ 142,735	\$ 2,064,677
2014	639,000	1,181,475	109,805	138,460	2,068,740
2015	691,000	1,130,209	115,135	133,630	2,069,974
2016	723,000	1,097,543	352,416	128,583	2,301,542
2017	757,000	1,061,333	145,000	115,425	2,078,758
2018-2022	4,387,000	4,716,191	840,000	472,725	10,415,916
2023-2027	5,592,000	3,518,842	1,075,000	263,250	10,449,092
2028-2032	4,772,000	2,074,210	505,000	34,425	7,385,635
2033-2037	4,360,000	975,450	-	-	5,335,450
2038	1,010,000	53,025	-	-	1,063,025
	<u>\$ 23,544,000</u>	<u>\$ 17,012,736</u>	<u>\$ 3,246,840</u>	<u>\$ 1,429,233</u>	<u>\$ 45,232,809</u>

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). The net proceeds from this bond issue were disbursed to (1) Pueblo Main Street Garage Corporation in the form of a grant (\$1,204,742) and (2) Pueblo Garage Investment Fund LLC in the form of a loan (\$6,862,000). Pueblo Garage Investment Fund LLC in turn invested these loan proceeds with NDC New Markets Investments XIX, LP who in turn loaned this same amount of funds to Pueblo Main Street Garage Corporation.

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.

**CITY OF PUEBLO, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012**

III. DETAILED NOTES FOR ALL FUNDS (Cont'd.)

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 Authority issued the above described revenue refunding bonds, which carry an average interest rate of 5.19%, to advance refund the Authority's then outstanding refunding series 2005 bonds totaling \$5,245,000 which carried an average interest rate of 3.75%. The net proceeds of \$5,746,274 were used to purchase U.S. government securities that were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 2005 series refunding bonds. As a result, the 2005 series refunding bonds are considered defeased and the liability for these bonds has been removed from the financial statements of the Authority. The balance outstanding at December 31, 2012 on the aforementioned series 2005 refunding bonds was \$4,230,000. The series 2011A and 2011B revenue refunding bond issues of the Authority are special limited obligations of the Authority payable from pledged revenues which consist of 3.3% portion of the total City of Pueblo, Colorado sales and use tax collections which have been pledged to the Authority for payment of debt service on the bonds.

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

Notes Payable

<p>\$6,862,000 recourse promissory note in favor of NDC New Markets Investments XIX, LP; interest rate of 1.37%; due in annual interest only payments of \$94,010 through December, 2013, at which time the note is due in its entirety; collateralized by a first deed of trust on the parking garage</p>	<p>\$ 6,862,000</p>
<p>\$2,788,000 recourse promissory note in favor of NDC New Markets Investments XIX, LP; interest rate of 1.37%; due in annual interest only payments of \$38,196 through December, 2036, at which time the note is due in its entirety; collateralized by second deed of trust on the parking garage; the second deed of trust will be released at the earlier of the payment of the note in full or December 21, 2014</p>	<p><u>2,788,000</u></p>
	<p><u>\$ 9,650,000</u></p>

CITY OF PUEBLO, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

III. DETAILED NOTES FOR ALL FUNDS (Cont'd.)

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>
2013	\$ 6,862,000	\$ 132,205	\$ 6,994,205
2014	-	38,196	38,196
2015	-	38,196	38,196
2016	-	38,196	38,196
2017	-	38,196	38,196
2018-2022	-	190,980	190,980
2023-2027	-	190,980	190,980
2028-2032	-	190,980	190,980
2033-2036	<u>2,788,000</u>	<u>152,784</u>	<u>2,940,784</u>
	<u>\$ 9,650,000</u>	<u>\$ 1,010,713</u>	<u>\$ 10,660,713</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; non-interest bearing; presently anticipated due date is April 2021; collateralized by land with a carrying value of \$529,620

\$ 2,109,699

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>
2013	\$ -	\$ -	\$ -
2014	-	-	-
2015	-	-	-
2016	-	-	-
2017	-	-	-
2018-2022	<u>2,109,699</u>	-	<u>2,109,699</u>
	<u>\$ 2,109,699</u>	<u>\$ -</u>	<u>\$ 2,109,699</u>

CITY OF PUEBLO, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

III. DETAILED NOTES FOR ALL FUNDS (Cont'd.)

H. 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, 2012 are as follows:

	<u>Governmental Activities</u>	<u>Pueblo Urban Renewal Authority</u>
Tabor	\$ 2,000,000	\$ -
Economic development	67,238,039	172,383
Debt service and district projects	-	9,677,021
Capital projects	5,384,337	-
Public safety	1,205,128	-
Public works	4,198,855	-
Parks and recreation	2,031,130	-
Culture and community welfare	<u>6,178,372</u>	<u>-</u>
	<u>\$ 88,835,861</u>	<u>\$ 9,849,404</u>

Restricted for tabor – This represents approximately 3% of the City’s 2012 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.

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.

The Pueblo Urban Renewal Authority (the Authority) discretely-presented component unit reports \$9,677,021 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 \$172,383 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.

CITY OF PUEBLO, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

III. DETAILED NOTES FOR ALL FUNDS (Cont'd.)

PRIOR PERIOD ADJUSTMENT

Net position at January 1, 2012 has been restated from amounts previously reported as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Pueblo Urban Renewal Authority</u>	<u>Pueblo Main Street Garage Corporation</u>
Net position at January 1, 2012, as previously reported	\$ 395,509,028	\$ 152,600,090	\$ 4,859,661	\$ 922,138
Prior period adjustment to implement GASB 65 and eliminate balances of deferred bond issue and other obligations issue costs	(218,898)	(41,174)	(473,616)	(76,722)
Prior period adjustment to recognize insurance recoveries in accordance with generally accepted accounting principles	<u>147,648</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net position at January 1, 2012, as restated	<u>\$ 395,437,778</u>	<u>\$ 152,558,916</u>	<u>\$ 4,386,045</u>	<u>\$ 845,416</u>

I. FUND BALANCES

At December 31, 2012, fund balances for governmental funds consist of the following:

	<u>Governmental Activities</u>						<u>Total</u>
	<u>General Fund</u>	<u>Economic Development ½ Cent Tax Fund</u>	<u>HUD Grants Fund</u>	<u>Public Improvements Fund</u>	<u>Capital Improvement Fund</u>	<u>Other Governmental Funds</u>	
Fund Balances –							
Nonspendable –							
Inventories	\$ 44,645	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 44,645
Prepaid items	284,819	-	-	-	-	-	284,819
Long-term fund advances	1,489,700	-	-	-	747,000	-	2,236,700
Restricted –							
Tabor	2,600,000	-	-	-	-	-	2,600,000
Economic development incentives	-	67,238,039	-	-	-	-	67,238,039
Low and moderate income assistance	-	-	5,754,092	-	-	426,480	6,180,572
Transportation planning Streets, highways and bridges	-	-	-	117,422	-	-	117,422
	-	-	-	-	-	2,180,107	2,180,107

CITY OF PUEBLO, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

III. DETAILED NOTES FOR ALL FUNDS (Cont'd.)

	Governmental Activities						Total
	General Fund	Economic Development ½ Cent Tax Fund	HUD Grants Fund	Public Improvements Fund	Capital Improvement Fund	Other Governmental Funds	
Police and fire assistance	-	-	-	-	-	1,205,128	1,205,128
Parks and recreation projects	-	-	-	-	-	1,152,387	1,152,387
Waste and other disposal	-	-	-	-	-	1,897,378	1,897,378
District maintenance	-	-	-	-	-	158,217	158,217
Cemetery maintenance	-	-	-	-	-	722,273	722,273
Capital projects	-	-	87,562	2,728,522	1,884,303	683,951	5,384,338
Committed -							
Minimum reserve	7,705,629	-	-	-	-	-	7,705,629
Capital projects	-	-	-	-	223,080	-	223,080
Assigned -							
Subsequent years' expenditures	4,140,342	-	-	-	-	-	4,140,342
Year-end sales and use tax receivable	3,345,927	-	-	-	-	-	3,345,927
Capital projects	-	-	-	-	2,924,744	-	2,924,744
Donor specified projects	-	-	-	-	-	100,554	100,554
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>\$19,611,062</u>	<u>\$67,238,039</u>	<u>\$ 5,841,654</u>	<u>\$ 2,845,944</u>	<u>\$ 5,779,127</u>	<u>\$ 8,526,475</u>	<u>\$109,842,301</u>

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

PRIOR PERIOD ADJUSTMENTS

Fund balances and net position of the major sewer user enterprise fund at January 1, 2012 have been restated from amounts previously reported as follows:

	General Fund	Sewer User Enterprise Fund
Fund balance/net position at January 1, 2012, as previously reported	\$ 22,995,170	\$ 69,428,164
Prior period adjustment to recognize insurance recoveries in accordance with generally accepted accounting principles	147,648	-
Prior period adjustment to implement GASB 65 and eliminate balances of deferred issue costs	-	(41,174)
Fund balance/net position at January 1, 2012, as restated	<u>\$ 23,142,818</u>	<u>\$ 69,386,990</u>

CITY OF PUEBLO, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

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 2012. Claims and insurance costs are recognized as expenses in the internal service fund and totaled \$3,192,174 for the year ended December 31, 2012. At December 31, 2012, the actuarially determined loss reserve for self-insured workmen's compensation claims totaled \$1,631,480 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, 2012 and 2011 are as follows:

	<u>Year Ended December 31</u>	
	<u>2012</u>	<u>2011</u>
Estimated claims liability, January 1	\$ 513,159	\$ 1,258,331
Current year claims and changes in estimates	2,392,099	183,788
Current year payments	(1,273,778)	(928,960)
Estimated claims liability, December 31	\$ 1,631,480	\$ 513,159

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
DECEMBER 31, 2012

IV. OTHER NOTE DISCLOSURES (Cont'd.)

B. PENSION PLANS

The City participates in various retirement plans as follows:

Fire and Police Pension Association (FPPA)

The Fire and Police Pension Association (FPPA) was created by Colorado statute effective January 1, 1980. Beginning January 1, 1981, the fiduciary responsibilities of investment, accountability and custody of both the City's fire and police pension funds were transferred to FPPA. The terms of the state-wide plan differentiate between those hired before April 8, 1978 (old hires) and those hired after April 8, 1978 (new hires). The plan stipulates that all full-time paid firemen and policemen are covered by the death and disability provisions of the plan and all new hires are covered by the retirement provisions of the state-wide plan. The old hires have the option of being covered by the retirement provisions of the state-wide plan or the retirement provisions of the old plans. As such, the following disclosures are presented as old-hire fire, old-hire police, new-hire fire and police and new hire fire and police death and disability. These plans represent four of the retirement plans in which the City participates.

OLD HIRE FIRE AND OLD HIRE POLICE

Description of Plans - The City of Pueblo, Colorado contributes to the old-hire fire plan and the old-hire police plan which are defined benefit pension plans affiliated with the Colorado Fire and Police Pension Association (FPPA). Assets of the plans are commingled for investment purposes in the Fire and Police Members' Benefit Fund, an agent, multiple-employer defined benefit pension plan administered by FPPA as outlined by Title 31, Article 30 of the Colorado Revised Statutes (CRS), as amended. The plan provides retirement benefits for members and beneficiaries according to the provisions of the plans as enacted and governed by the City of Pueblo and FPPA. FPPA issues a publicly available financial report that includes the assets of the City of Pueblo's old-hire fire plan and old-hire police 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.

Funding Policy and Annual Pension Cost - The Board of Trustees of each plan establishes and may amend the contribution requirements of plan members and the City. The City's annual pension cost for the current year and related information for each plan is as follows:

	<u>Old-Hire Fire Plan</u>	<u>Old-Hire Police Plan</u>
Contribution rates -		
City	1,337.41%	868.65%
Plan members	8.00%	10.00%
Annual pension cost -		
Annual required contribution	\$ 2,861,319	\$ 1,748,687
Interest on net pension obligation	340,043	(128,718)
Annual required contribution adjustment	<u>(603,094)</u>	<u>249,426</u>
	<u>\$ 2,598,268</u>	<u>\$ 1,869,395</u>

CITY OF PUEBLO, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

IV. OTHER NOTE DISCLOSURES (Cont'd.)

	<u>Old-Hire Fire Plan</u>	<u>Old-Hire Police Plan</u>
Net pension (obligation) asset -		
Balance, January 1, 2012	\$ (4,557,655)	\$ 1,772,583
Annual pension cost	(2,598,268)	(1,869,395)
Contributions made	<u>1,445,173</u>	<u>1,748,687</u>
Balance, December 31, 2012	<u>\$ (5,710,750)</u>	<u>\$ 1,651,875</u>

Included above in contributions made for the old-hire fire plan is a \$410,251 contribution made by the state of Colorado. This amount has been recognized both as an intergovernmental revenue and a public safety expenditure in the general fund and governmental activities as on-behalf payments in accordance with generally accepted accounting principles.

The net pension asset of the old-hire police plan is included with other assets in the statement of net position, while the net pension obligation of the old-hire fire plan is reported as part of long-term liabilities in the statement of net position.

	<u>Old-Hire Fire Plan</u>	<u>Old-Hire Police Plan</u>
Contributions made	\$1,445,173	\$1,748,687
Actuarial valuation date	January 1, 2012	January 1, 2012
Actuarial cost method	Entry age normal method	Entry age normal method
Amortization method	Level dollar open	Level dollar open
Remaining amortization period	13 years	17 years
Asset valuation method	Three year moving average of expected and actual market value	Three year moving average of expected and actual market values
Actuarial assumptions -		
Investment rate of return*	7.50%	7.50%
Projected salary increases*	4.00%	4.00%
*Includes inflation at	3.00%	3.00%
Cost-of-living adjustments	3.50%	3.50%

CITY OF PUEBLO, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

IV. OTHER NOTE DISCLOSURES (Cont'd.)

Three-Year Trend Information

	<u>Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension (Obligation) Asset</u>
Old Hire Fire Plan	December 31, 2010	1,922,397	53.00%	(2,843,077)
	December 31, 2011	2,749,500	37.64%	(4,557,655)
	December 31, 2012	2,598,268	55.62%	(5,710,750)
Old Hire Police Plan	December 31, 2010	1,022,057	91.04%	1,825,133
	December 31, 2011	1,801,237	97.08%	1,772,583
	December 31, 2012	1,869,395	93.54%	1,651,875

Schedule of Funded Status

	(a)	(b)	(b) – (a) = (c)	(a) ÷ (b)	(e)	(c) ÷ (e) Unfunded Actuarial Liability as a Percentage of Covered Payroll
<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability</u>	<u>Unfunded Actuarial Liability</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>of Covered Payroll</u>
<u>Old-Hire Fire Plan</u>						
1/1/12	\$ 30,103,852	\$ 54,408,550	\$ 24,304,698	55.32%	\$ 76,922	31,596.54%
<u>Old-Hire Police Plan</u>						
1/1/12	\$ 54,483,182	\$ 71,337,041	\$ 16,853,859	76.37%	\$ 203,889	8,266.19%

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 accrued liability for benefits.

CITY OF PUEBLO, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

IV. OTHER NOTE DISCLOSURES (Cont'd.)

NEW HIRE FIRE AND POLICE

The City of Pueblo contributes to the statewide, cost-sharing, multiple-employer defined benefit pension plan administered by the Colorado Fire and Police Pension Association (FPPA). The statewide defined benefit plan provides retirement benefits for members and beneficiaries. All full-time paid police officers/firefighters of the City of Pueblo hired after April 7, 1978 are members of the statewide defined benefit plan. 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 defined benefit 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 members is 8% of covered salary and for the City of Pueblo the contribution rate is also 8% of covered salary. The City of Pueblo's contributions to the statewide benefit plan for the years ending December 31, 2012, 2011, and 2010 were \$1,574,489, \$1,615,640, and \$1,614,654, equal to their required contributions for each year.

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, 2012, 2011 and 2010 were \$349,250, \$334,724, and \$280,784, equal to their required contributions for each year.

CITY OF PUEBLO, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

IV. OTHER NOTE DISCLOSURES (Cont'd.)

PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION (PERA)

The City of Pueblo contributes, on behalf of all full-time employees except firemen and uniformed police, to the local government division trust fund (LGDTF), a cost-sharing multiple-employer defined benefit pension plan administered by PERA. LGDTF provides retirement, disability, and death benefits for members or their beneficiaries. All employees of the City of Pueblo, except those identified above, are members of LGDTF. Title 24, Article 51 of the Colorado Revised Statutes (CRS), as amended, assigns the authority to establish benefit provisions to the state legislature. PERA issues a publicly available annual financial report that includes financial statements and required supplementary information for LGDTF. That report may be obtained at www.copera.org or by writing to Colorado PERA, 1301 Pennsylvania Street, Denver, Colorado, 80203, or calling PERA's infoline at 1-800-759-7372.

The City of Pueblo is required to contribute member and employer contributions at a rate set by statute. The contribution requirements for plan members and the City of Pueblo are established under Title 24, Article 51, part 4 of the CRS as amended. The contribution rate for members is 8.0% and for the City of Pueblo it is 10.0% of covered salary. A portion of the City of Pueblo's contribution (1.02% of covered salary) is allocated to the Health Care Trust Fund. The City of Pueblo is also required to pay an amortization equalization disbursement (AED) equal to 2.20% of the total payroll for the calendar year 2012 (2.20% of total payroll for the calendar year 2011 and 2.20% of total payroll for the calendar year 2010). Additionally, the City of Pueblo is required to pay a supplemental amortization equalization disbursement (SAED) equal to 1.50% of the total payroll for the calendar year 2012 (1.50% of total payroll for the calendar year 2011 and 1.50% of total payroll for the calendar year 2010). If the City of Pueblo rehires a PERA retiree as an employee or under any other work arrangement, it is required to report and pay the employer contribution rate, the AED and the SAED on the amounts paid for the retiree; however, no member contributions are required. For the years ended December 31, 2012, 2011 and 2010, the City of Pueblo's employer contributions to the LGDTF were \$2,676,056, \$2,635,297, and \$2,546,123, equal to their required contributions for each year.

401(k) PLAN

LGDTF members of the City of Pueblo may voluntarily contribute to the Voluntary Investment Program (401(k) plan), an Internal Revenue Code Section 401(k) deferred contribution plan administered by PERA. Plan participation is voluntary and contributions are separate from others made to PERA. Title 24, Article 51, part 14 of the CRS as amended assigns the authority to establish the 401(k) plan provisions to the State legislature. PERA issues a publically available annual report for Colorado PERA's 401(k) plan and defined contribution plans. That report may be obtained online at www.copera.org or by writing to Colorado PERA, 1301 Pennsylvania Street, Denver, Colorado 80203, or by calling PERA at 1-800-759-7372.

The 401(k) plan is funded by voluntary contributions up to the maximum limit set by the IRS. The contribution requirements for the City of Pueblo are established under Title 24, Article 51, Section 1402 of the CRS. For the year ended December 31, 2012, the 401(k) plan member contributions were \$319,088.

CITY OF PUEBLO, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

IV. OTHER NOTE DISCLOSURES (Cont'd.)

SECTION 457 PLANS

The City previously established two Internal Revenue Code (IRC) Section 457 plans. The provisions of both plans were modified to incorporate subsection (g) of IRC Section 457 which provides that the assets held in Section 457 plans are for the benefit of participants. As such, the financial position of the two plans have not been included in the accompanying financial statements in accordance with generally accepted accounting principles. The City of Pueblo made \$4,026 of contributions to the Section 457 plans for the year ended December 31, 2012.

C. OTHER POST-EMPLOYMENT BENEFITS (OPEB)

POLICE OFFICERS AND FIREMEN 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, 2012, the City contributed \$99,684 to the plan maintained for firemen and \$139,739 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, 2012, the amounts actually contributed to the plan and the changes in the City's net OPEB obligation:

CITY OF PUEBLO, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

IV. OTHER NOTE DISCLOSURES (Cont'd.)

	<u>Police Officers'</u> <u>Plan</u>	<u>Firemen's</u> <u>Plan</u>
Annual required contribution	\$ 435,455	\$ 354,442
Interest on net OPEB obligation	28,381	23,997
Adjustment to annual required contribution	<u>(43,336)</u>	<u>(36,373)</u>
Annual OPEB cost (expense)	420,500	342,066
Contributions made	<u>(139,739)</u>	<u>(99,684)</u>
Increase in net OPEB obligation	280,761	242,382
Net OPEB obligation, beginning of year	<u>810,876</u>	<u>685,362</u>
Net OPEB obligation, end of year	<u>\$ 1,091,637</u>	<u>\$ 927,744</u>

Three-Year Trend Information

	<u>Year Ending</u>	<u>Annual</u> <u>OPEB Cost</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net OPEB</u> <u>(Obligation)</u>
Police Officer's Plan	December 31, 2010	291,656	43.62%	(658,521)
	December 31, 2011	305,067	49.94%	(810,876)
	December 31, 2012	420,500	33.23%	(1,091,637)
Firemen's Plan	December 31, 2010	254,209	40.33%	(540,196)
	December 31, 2011	266,732	45.58%	(685,362)
	December 31, 2012	342,066	29.14%	(927,744)

Funded Status and Funding Progress – The funded status of the plans as of January 1, 2012 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>						
1/1/12	\$ <u>-</u>	\$ <u>3,694,314</u>	\$ <u>3,694,314</u>	<u>0.00%</u>	\$ <u>13,845,785</u>	<u>26.68%</u>
<u>Firemen's Plan</u>						
1/1/12	\$ <u>-</u>	\$ <u>3,008,092</u>	\$ <u>3,008,092</u>	<u>0.00%</u>	\$ <u>9,650,470</u>	<u>31.13%</u>

**CITY OF PUEBLO, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012**

IV. OTHER NOTE DISCLOSURES (Cont'd.)

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.

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, 2012	January 1, 2012
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)	11.0%	11.0%
Ultimate (medical)	5.0%	5.0%
Initial (dental)	5.0%	Benefit not available
Ultimate (dental)	5.0%	Benefit not available

CITY OF PUEBLO, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

IV. OTHER NOTE DISCLOSURES (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 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, 2012, 2011 and 2010, the City's employer contributions to the HCTF were \$199,239, \$231,000, and \$188,819, equal to their required contributions for each year.

D. 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 \$841,500 for 2012. 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, 2012

IV. OTHER NOTE 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. 9th 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 \$241,600 for 2012.

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 126 N. Mechanic, 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 2012, the City appropriated \$19,025 to PACOG.

CITY OF PUEBLO, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

IV. OTHER NOTE 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.

E. COMMITMENTS AND CONTINGENCIES

LEASING ARRANGEMENTS

In conjunction with the issuance of the notes payable by Pueblo Main Street Garage Corporation (the Corporation), the City and the Corporation entered into a garage lease agreement dated December 14, 2006. 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, 2026:

<u>Year Ending December 31,</u>	
2013	\$ 145,580
2014	586,144
2015	586,144
2016	586,144
2017	586,144
2018-2022	3,002,720
2023-2026	<u>2,416,576</u>
	<u>\$ 7,909,452</u>

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

<u>Year Ending December 31,</u>	
2013	\$ 109,500
2014	112,850
2015	116,500
2016	120,130
2017	124,000
2018-2022	614,600
2023-2026	<u>571,602</u>
	<u>\$ 1,769,182</u>

**CITY OF PUEBLO, COLORADO
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2012**

IV. OTHER NOTE DISCLOSURES (Cont'd.)

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.

In late 2012, the City modified an existing economic development agreement whereby, in exchange for the conveyance of real estate to the City, along with the receipt of a marketing agreement, the obligation of the entity to the City would be reduced by \$1,640,000. The real estate conveyance was finalized in early 2013.

The City approved an intergovernmental agreement with the Pueblo Board of Water Works (PBOWW) whereby the PBOWW will construct a pipeline at an estimated cost of \$1,100,000. The City will pay the PBOWW for this construction over a period of thirty-six months.

Encumbrances are commitments related to unperformed (executory) contracts for goods and services. Encumbrances outstanding at December 31, 2012 are not accounted for an expenditures and liabilities but are included in fund balance. Encumbrances outstanding at December 31, 2012 for governmental funds are as follows:

General fund	\$ 10,366
Economic development ½ cent tax fund	491,528
HUD grants fund	757,299
Public improvement fund	1,331,230
Capital improvement fund	270,280
Other governmental funds	<u>206,909</u>
	<u>\$ 3,067,612</u>

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.

CITY OF PUEBLO, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

IV. OTHER NOTE DISCLOSURES (Cont'd.)

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 require 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, 2012.

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, 2012, the debt limit was \$106,175,736 and the debt margin was \$102,575,736.

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.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF PUEBLO, COLORADO
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED DECEMBER 31, 2012

	<u>Budgeted Amounts</u>		<u>Actual Budget Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES AND OTHER FINANCING SOURCES				
Taxes	\$ 61,501,691	\$ 61,501,691	\$ 59,854,578	\$ (1,647,113)
Licenses and permits	548,050	548,050	574,360	26,310
Intergovernmental	1,820,278	1,820,278	2,245,128	424,850
Charges for services	3,615,604	3,615,604	3,724,994	109,390
Fines and forfeits	2,365,200	2,365,200	2,090,603	(274,597)
Other revenue	243,800	268,490	725,057	456,567
Transfers in	4,187,800	4,354,190	3,890,894	(463,296)
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>74,282,423</u>	<u>74,473,503</u>	<u>73,105,614</u>	<u>(1,367,889)</u>
EXPENDITURES AND OTHER FINANCING USES				
Current -				
General government	10,202,991	10,202,991	9,474,200	728,791
Public safety -				
Police	26,624,066	26,624,066	26,390,258	233,808
Fire	15,307,315	15,297,315	15,129,551	167,764
Public works	8,373,383	8,430,283	8,169,379	260,904
Parks and recreation	4,950,819	5,101,819	5,089,625	12,194
Nondepartmental	5,391,775	5,502,265	5,471,634	30,631
Transfers out	7,051,081	7,455,106	6,856,396	598,710
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>77,901,430</u>	<u>78,613,845</u>	<u>76,581,043</u>	<u>2,032,802</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(3,619,007)	(4,140,342)	(3,475,429)	664,913
FUND BALANCE, January 1	<u>3,619,007</u>	<u>4,140,342</u>	<u>14,911,859</u>	<u>10,771,517</u>
FUND BALANCE, December 31	<u>\$ -</u>	<u>\$ -</u>	11,436,430	<u>\$ 11,436,430</u>
Adjustment from budgetary basis to generally accepted accounting principles				
Accrued sales tax and franchise tax			4,825,928	
Advance to other funds			1,348,704	
Other receivables			<u>2,000,000</u>	
Fund balance - generally accepted accounting principles			<u>\$ 19,611,062</u>	

CITY OF PUEBLO, COLORADO
RECONCILIATION OF THE BUDGETARY BASIS OF ACCOUNTING
TO GAAP BASIS OF ACCOUNTING
GENERAL FUND
YEAR ENDED DECEMBER 31, 2012

BUDGETARY BASIS

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

REVENUES AND OTHER FINANCING SOURCES

Actual amounts (budgetary basis) of revenues and other financing sources from the budgetary comparison schedule	\$ 73,105,614
Differences - budget to GAAP	
Accrued sales tax and franchise tax, beginning of year	(4,782,255)
Accrued sales tax and franchise tax, end of year	4,825,928
Transfer treated as reduction of fund advance	(100,000)
On-behalf pension contributions	410,251
Classification of franchise tax remittance	65,000

GAAP BASIS REVENUES AND OTHER FINANCING SOURCES	\$ <u>73,524,538</u>
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EXPENDITURES AND OTHER FINANCING USES

Actual amounts (budgetary basis) of expenditures and other financing uses from the budgetary comparison schedule	\$ 76,581,043
Differences - budget to GAAP	
On-behalf pension contributions	410,251
Classification of franchise tax remittance	65,000

GAAP BASIS EXPENDITURES AND OTHER FINANCING USES	\$ <u>77,056,294</u>
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CITY OF PUEBLO, COLORADO
BUDGETARY COMPARISON SCHEDULE
ECONOMIC DEVELOPMENT 1/2 CENT TAX FUND
YEAR ENDED DECEMBER 31, 2012

	<u>Budgeted Amounts</u>		<u>Actual Budget Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Interest earnings	\$ 100,000	\$ 100,000	\$ 302,486	\$ 202,486
Rents and other revenue	1,492,000	1,492,000	1,313,102	(178,898)
Sales and use taxes	<u>6,843,019</u>	<u>6,843,019</u>	<u>6,881,260</u>	<u>38,241</u>
TOTAL REVENUES	<u>8,435,019</u>	<u>8,435,019</u>	<u>8,496,848</u>	<u>61,829</u>
EXPENDITURES AND OTHER FINANCING USES				
Current -				
Programs/projects	8,061,923	15,606,517	567,430	15,039,087
Capital outlay	-	7,132,727	6,530,238	602,489
Transfers out	<u>373,096</u>	<u>3,273,096</u>	<u>373,098</u>	<u>2,899,998</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>8,435,019</u>	<u>26,012,340</u>	<u>7,470,766</u>	<u>18,541,574</u>
NET CHANGE IN FUND BALANCE	-	(17,577,321)	1,026,082	18,603,403
FUND BALANCE, January 1	<u>-</u>	<u>17,577,321</u>	<u>38,346,778</u>	<u>20,769,457</u>
FUND BALANCE, December 31	<u>\$ -</u>	<u>\$ -</u>	39,372,860	<u>\$ 39,372,860</u>
Adjustment from budgetary basis to generally accepted accounting principles				
Notes and loans receivable			<u>27,865,179</u>	
Fund balance - generally accepted accounting principles			<u>\$ 67,238,039</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, 2012

BUDGETARY BASIS

Explanation of differences between budgetary revenues and GAAP revenues,
together with budgetary expenditures and GAAP expenditures

REVENUES

Actual amounts (budgetary basis) of revenues from the budgetary comparison schedule	\$ 8,496,848
Differences - budget to GAAP	
Loan payments received	<u>(1,092,996)</u>

GAAP BASIS REVENUES	<u><u>\$ 7,403,852</u></u>
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EXPENDITURES AND OTHER FINANCING USES

Actual amounts (budgetary basis) of expenditures and other financing uses from the budgetary comparison schedule	\$ 7,470,766
Differences	
Loans made during the year	(2,137,018)
Credits awarded to loan recipients for meeting established employment targets	2,772,922
Decrease in the allowance for uncollectible loans	<u>(187,678)</u>

GAAP BASIS EXPENDITURES AND OTHER FINANCING USES	<u><u>\$ 7,918,992</u></u>
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CITY OF PUEBLO, COLORADO
BUDGETARY COMPARISON SCHEDULE
HUD GRANTS FUND
YEAR ENDED DECEMBER 31, 2012

	Budgeted Amounts		Actual Budget Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES AND OTHER FINANCING SOURCES				
Intergovernmental	\$ 2,311,481	\$ 1,782,853	\$ 3,784,379	\$ 2,001,526
Loan payments	50,000	125,000	62,741	(62,259)
Other	-	-	57,695	57,695
Transfers in	162,296	162,296	11,291	(151,005)
TOTAL REVENUES AND OTHER FINANCING SOURCES	2,523,777	2,070,149	3,916,106	1,845,957
EXPENDITURES AND OTHER FINANCING USES				
Current -				
Programs/projects	2,063,777	6,994,730	2,275,157	4,719,573
Capital outlay	-	2,247,857	937,813	1,310,044
Transfers out	460,000	1,590,169	485,597	1,104,572
TOTAL EXPENDITURES AND OTHER FINANCING USES	2,523,777	10,832,756	3,698,567	7,134,189
NET CHANGE IN FUND BALANCE	-	(8,762,607)	217,539	8,980,146
FUND BALANCE, January 1	-	8,762,607	839,108	(7,923,499)
FUND BALANCE, December 31	\$ -	\$ -	1,056,647	\$ 1,056,647
Adjustment from budgetary basis to generally accepted accounting principles -				
Loans and other receivables			3,994,309	
Inventory of property held for resale			790,698	
Fund balance - generally accepted accounting principles			\$ 5,841,654	

**CITY OF PUEBLO, COLORADO
RECONCILIATION OF THE BUDGETARY BASIS OF ACCOUNTING
TO GAAP BASIS OF ACCOUNTING
HUD GRANTS FUND
YEAR ENDED DECEMBER 31, 2012**

BUDGETARY BASIS

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

REVENUES AND OTHER FINANCING SOURCES

Actual amounts (budgetary basis) of revenues and other financing sources from the budgetary comparison schedule	\$ 3,916,106
Differences - budget to GAAP	
Loan payments and other revenue received	<u>(62,738)</u>

GAAP BASIS REVENUES AND OTHER FINANCING SOURCES	<u>\$ 3,853,368</u>
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EXPENDITURES AND OTHER FINANCING USES

Actual amounts (budgetary basis) of expenditures and other financing uses from the budgetary comparison schedule	\$ 3,698,567
Differences - budget to GAAP	
Inventory expenditures	<u>(332,705)</u>

GAAP BASIS EXPENDITURES AND OTHER FINANCING USES	<u>\$ 3,365,862</u>
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CITY OF PUEBLO, COLORADO
BUDGETARY COMPARISON SCHEDULE
PUBLIC IMPROVEMENTS FUND
YEAR ENDED DECEMBER 31, 2012

	<u>Budgeted Amounts</u>		<u>Actual Budget Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES AND OTHER FINANCING SOURCES				
Intergovernmental	\$ 552,975	\$ 9,553,808	\$ 1,790,212	\$ (7,763,596)
Interest earnings	-	97	33	(64)
Other	-	444,258	210	(444,048)
Transfers in	-	1,813,674	1,557,130	(256,544)
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>552,975</u>	<u>11,811,837</u>	<u>3,347,585</u>	<u>(8,464,252)</u>
EXPENDITURES				
Current -				
Programs/projects	552,975	2,201,599	810,446	1,391,153
Capital outlay	-	15,872,079	5,324,701	10,547,378
TOTAL EXPENDITURES	<u>552,975</u>	<u>18,073,678</u>	<u>6,135,147</u>	<u>11,938,531</u>
NET CHANGE IN FUND BALANCE	-	(6,261,841)	(2,787,562)	3,474,279
FUND BALANCE, January 1	-	6,261,841	5,633,506	(628,335)
FUND BALANCE, December 31	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,845,944</u>	<u>\$ 2,845,944</u>

CITY OF PUEBLO, COLORADO
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2012

BUDGETARY INFORMATION

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

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 adopts budgets for all funds except 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 appropriation 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 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 2012, 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
OLD HIRE FIRE PENSION PLAN
DECEMBER 31, 2012**

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL)	(a)÷(b) Funded Ratio	(b)-(a) Unfunded ALL (UAAL)	(c) Covered Payroll	(a)-(b)÷(c) UAAL as a Percentage of Covered Payroll
1/1/12	\$ 30,103,852	\$ 54,408,550	55.32%	\$ 24,304,698	\$ 76,922	31,596.54%
1/1/10	35,856,681	58,592,753	61.20%	22,736,072	172,931	13,147.48%
1/1/08	43,485,494	61,269,101	70.97%	17,783,607	147,859	12,027.41%
1/1/06	39,440,157	60,113,366	65.61%	20,673,209	128,390	16,101.89%
1/1/04	38,496,723	58,888,830	65.37%	20,392,107	177,836	11,466.81%
1/1/02	46,920,986	59,677,926	78.62%	12,756,940	2,323,228	549.10%
1/1/00	43,966,294	51,357,650	85.61%	7,391,356	2,058,627	358.87%
1/1/98	35,638,151	48,341,786	73.72%	12,703,635	2,138,168	594.14%

**CITY OF PUEBLO, COLORADO
SCHEDULE OF FUNDING PROGRESS
OLD HIRE POLICE PENSION PLAN
DECEMBER 31, 2012**

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
1/1/12	\$ 54,483,182	\$ 71,337,041	76.37%	\$ 16,853,859	\$ 203,889	8,266.19%
1/1/10	59,312,147	75,091,121	78.99%	15,778,974	612,210	2,577.38%
1/1/08	69,063,985	78,066,907	88.47%	9,002,922	750,595	1,199.44 %
1/1/06	61,440,365	79,806,433	76.99%	18,366,068	931,032	1,972.66 %
1/1/04	57,183,196	76,710,726	74.54%	19,527,530	1,156,815	1,688.04 %
1/1/02	70,929,469	74,902,358	94.69%	3,972,889	1,635,452	242.92 %
1/1/00	70,396,777	64,141,725	91.11%	(6,255,052)	2,874,163	(217.63)%
1/1/98	59,604,889	47,317,687	79.39%	(12,287,202)	3,146,033	(390.56)%

CITY OF PUEBLO, COLORADO
SCHEDULE OF FUNDING PROGRESS
FIRE OTHER POST EMPLOYMENT BENEFIT PLAN
DECEMBER 31, 2012

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
1/1/12	\$ -	\$ 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, 2012

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
1/1/12	\$ -	\$ 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%

SUPPLEMENTAL INFORMATION

CITY OF PUEBLO, COLORADO
EXPLANATION OF FUNDS
DECEMBER 31, 2012

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 2012A 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 revenues received from the American Reinvestment and Recovery Act (ARRA).

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, 2012

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.

Arkansas River Legacy – This fund accounts for the construction of numerous recreational amenities along the Arkansas River. The project was undertaken as a cooperative effort between the City of Pueblo and the Army Corps of Engineers. Financing was provided by federal capital contributions, as well as various federal, state and local grants and donations. This fund was closed at the end of 2012.

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 as another financing source in this fund.

DEBT SERVICE FUND

The debt service fund accounts for and report 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, 2012

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, including debt service.

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.

CITY OF PUEBLO, COLORADO
EXPLANATION OF FUNDS (Cont'd.)
DECEMBER 31, 2012

FIDUCIARY FUND

AGENCY FUND

The agency fund accounts for assets held by the City as an agent for individuals, private entities and/or other governments. Generally, the agency fund accounts for the accumulation of deposits of real estate developers of various subdivisions throughout the City and amounts paid by citizens and held on deposit in accordance with council-adopted ordinances.

**CITY OF PUEBLO, COLORADO
COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
DECEMBER 31, 2012**

	Special Revenue Funds				
	Inter- governmental	Special Charges	Stimulus Grants	Southpointe Special District	Bandera Blvd. Special District
ASSETS					
Investments	\$ 3,478,150	\$ 2,441,405	\$ -	\$ 75,015	\$ 80,850
Restricted investments	-	-	-	-	-
Taxes receivable, net	-	-	-	17,230	19,874
Due from other funds	5,880	553,539	-	139	132
Receivable from other governments	25,504	-	1,050,891	-	-
Other receivables	6,414	548,040	-	240	268
Inventories	-	-	293,071	-	-
Prepaid items	-	-	-	-	-
	<u>3,515,948</u>	<u>3,542,984</u>	<u>1,343,962</u>	<u>92,624</u>	<u>101,124</u>
TOTAL ASSETS					
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities -					
Accounts payable	\$ 115,516	\$ 293,643	\$ 107,835	\$ 89	\$ 85
Due to other funds	-	-	811,847	-	-
Total liabilities	<u>115,516</u>	<u>293,643</u>	<u>919,682</u>	<u>89</u>	<u>85</u>
Deferred inflows of resources	<u>-</u>	<u>212,573</u>	<u>-</u>	<u>17,230</u>	<u>19,874</u>
Fund balances -					
Nonspendable	-	-	-	-	-
Restricted	3,406,432	3,036,768	424,280	75,305	81,165
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances	<u>3,400,432</u>	<u>3,036,768</u>	<u>424,280</u>	<u>75,305</u>	<u>81,165</u>
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
	<u>\$ 3,515,948</u>	<u>\$ 3,542,984</u>	<u>\$ 1,343,962</u>	<u>\$ 92,624</u>	<u>\$ 101,124</u>

Special Revenue Funds			Capital Projects Funds				Total Other Governmental Funds
North Gateway BID	North Gateway PIF	Other Special Revenue	Historic Arkansas River Project	Arkansas River Legacy	Police Building	Debt Service	
\$ -	\$ -	\$ 865,804	\$ -	\$ -	\$ -	\$ -	\$ 6,941,224
-	-	-	-	-	24,817	-	24,817
-	-	-	-	-	-	-	37,104
20,489	19,125	27,008	157,363	-	511,304	-	1,294,979
-	-	-	12,181	-	-	-	1,088,576
34,945	35,587	941	-	-	-	-	626,435
-	-	-	-	-	-	-	293,071
-	-	-	-	-	20,994	-	20,994
<u>55,434</u>	<u>54,712</u>	<u>893,753</u>	<u>169,544</u>	<u>-</u>	<u>557,115</u>	<u>-</u>	<u>10,327,200</u>
\$ 53,687	\$ 54,712	\$ 16,863	\$ -	\$ -	\$ 96,771	\$ -	\$ 739,201
-	-	-	-	-	-	-	811,847
<u>53,687</u>	<u>54,712</u>	<u>16,863</u>	<u>-</u>	<u>-</u>	<u>96,771</u>	<u>-</u>	<u>1,551,048</u>
-	-	-	-	-	-	-	249,677
-	-	-	-	-	-	-	-
1,747	-	776,336	169,544	-	460,344	-	8,425,921
-	-	-	-	-	-	-	-
-	-	100,554	-	-	-	-	100,554
-	-	-	-	-	-	-	-
<u>1,747</u>	<u>-</u>	<u>876,890</u>	<u>169,544</u>	<u>-</u>	<u>460,344</u>	<u>-</u>	<u>8,526,475</u>
\$ <u>55,434</u>	\$ <u>54,712</u>	\$ <u>893,753</u>	\$ <u>169,544</u>	\$ <u>-</u>	\$ <u>557,115</u>	\$ <u>-</u>	\$ <u>10,327,200</u>

CITY OF PUEBLO, COLORADO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
OTHER GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2012

	Special Revenue Funds				
	Inter- governmental	Special Charges	Stimulus Grants	Southpointe Special District	Bandera Blvd. Special District
REVENUES					
Property taxes	\$ -	\$ -	\$ -	\$ 17,990	\$ 20,795
Sales and miscellaneous taxes	-	1,643,817	-	-	-
Intergovernmental	5,244,247	-	2,445,333	-	-
Charges for services	-	1,778,282	-	-	-
Investment earnings	29,394	16,615	-	612	777
Miscellaneous	-	-	-	-	-
TOTAL REVENUES	<u>5,273,641</u>	<u>3,438,714</u>	<u>2,445,333</u>	<u>18,602</u>	<u>21,572</u>
EXPENDITURES					
Current -					
Public safety	53,667	19,176	343,381	-	-
Public works	900,130	-	-	-	-
Parks and recreation	91,315	-	-	8,422	28,832
Culture & community welfare	-	1,643,817	3,367,264	-	-
Debt service -					
Principal	-	-	-	-	-
Interest and other charges	-	-	-	-	-
Capital outlay	656,209	58,311	1,834,252	-	-
TOTAL EXPENDITURES	<u>1,701,321</u>	<u>1,721,304</u>	<u>5,544,897</u>	<u>8,422</u>	<u>28,832</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>3,572,320</u>	<u>1,717,410</u>	<u>(3,099,564)</u>	<u>10,180</u>	<u>(7,260)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	974,470	-	485,597	-	-
Transfers out	(3,014,455)	(882,000)	(154,183)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(2,039,985)</u>	<u>(882,000)</u>	<u>331,414</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	1,532,335	835,410	(2,768,150)	10,180	(7,260)
FUND BALANCES, January 1	<u>1,868,097</u>	<u>2,201,358</u>	<u>3,192,430</u>	<u>65,125</u>	<u>88,425</u>
FUND BALANCES, December 31	<u>\$ 3,400,432</u>	<u>\$ 3,036,768</u>	<u>\$ 424,280</u>	<u>\$ 75,305</u>	<u>\$ 81,165</u>

Special Revenue Funds			Capital Projects Funds				Total Other Governmental Funds
North Gateway BID	North Gateway PIF	Other Special Revenue	Historic Arkansas River Project	Arkansas River Legacy	Police Building	Debt Service	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 38,785
231,769	-	-	-	-	-	-	1,875,586
-	-	-	-	-	-	-	7,689,580
-	-	-	-	-	-	-	1,778,282
-	-	2,047	-	-	9	-	49,454
-	235,800	46,308	-	-	-	-	282,108
<u>231,769</u>	<u>235,800</u>	<u>48,355</u>	<u>-</u>	<u>-</u>	<u>9</u>	<u>-</u>	<u>11,713,795</u>
-	-	3,217	-	-	56,248	-	475,689
220,181	224,010	-	-	-	-	-	1,344,321
-	-	75,269	-	2	-	-	203,840
-	-	13,499	-	-	-	-	5,024,580
-	-	-	-	-	-	2,117,410	2,117,410
-	-	-	-	-	-	1,267,515	1,267,515
-	-	-	-	-	278,771	-	-
<u>220,181</u>	<u>224,010</u>	<u>91,985</u>	<u>-</u>	<u>2</u>	<u>335,019</u>	<u>3,384,925</u>	<u>13,260,898</u>
<u>11,588</u>	<u>11,790</u>	<u>(43,630)</u>	<u>-</u>	<u>(2)</u>	<u>(335,010)</u>	<u>(3,384,925)</u>	<u>(1,547,103)</u>
-	-	469	18,800	-	30,000	3,384,925	4,894,261
<u>(11,583)</u>	<u>(11,790)</u>	<u>-</u>	<u>(469)</u>	<u>(12,760)</u>	<u>(6)</u>	<u>-</u>	<u>(4,087,246)</u>
<u>(11,583)</u>	<u>(11,790)</u>	<u>469</u>	<u>18,331</u>	<u>(12,760)</u>	<u>29,994</u>	<u>3,384,925</u>	<u>807,015</u>
5	-	(43,161)	18,331	(12,762)	(305,016)	-	-
<u>1,742</u>	<u>-</u>	<u>920,051</u>	<u>151,213</u>	<u>12,762</u>	<u>765,360</u>	<u>-</u>	<u>9,266,563</u>
<u>\$ 1,747</u>	<u>\$ -</u>	<u>\$ 876,890</u>	<u>\$ 169,544</u>	<u>\$ -</u>	<u>\$ 460,344</u>	<u>\$ -</u>	<u>\$ 8,526,475</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, 2012

	Budgeted Amounts Final	Actual Budget Basis	Variance With Final Budget Positive (Negative)
	<u>Final</u>	<u>Basis</u>	<u>(Negative)</u>
REVENUES AND OTHER FINANCING SOURCES			
Intergovernmental	\$ 5,081,100	\$ 5,244,247	\$ 163,147
Interest earnings	3,500	29,394	25,894
Transfers in	<u>1,233,622</u>	<u>974,470</u>	<u>(259,152)</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>6,318,222</u>	<u>6,248,111</u>	<u>(70,111)</u>
EXPENDITURES AND OTHER FINANCING USES			
Current -			
Programs/projects	2,110,934	1,045,112	1,065,822
Capital outlay	1,565,195	656,209	908,986
Transfers out	<u>3,967,456</u>	<u>3,014,455</u>	<u>953,001</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>7,643,585</u>	<u>4,715,776</u>	<u>2,927,809</u>
NET CHANGE IN FUND BALANCE	(1,325,363)	1,532,335	2,857,698
FUND BALANCE, January 1	<u>1,325,363</u>	<u>1,868,097</u>	<u>542,734</u>
FUND BALANCE, December 31	<u>\$ -</u>	<u>\$ 3,400,432</u>	<u>\$ 3,400,432</u>

CITY OF PUEBLO, COLORADO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
SPECIAL CHARGES FUND
YEAR ENDED DECEMBER 31, 2012

	Budgeted Amounts Final	Actual Budget Basis	Variance With Final Budget Positive (Negative)
	<u>Final</u>	<u>Basis</u>	<u>(Negative)</u>
REVENUES			
Charges for services	\$ 1,010,000	\$ 1,778,282	\$ 768,282
Vendor's fees	1,655,895	1,643,817	(12,078)
Sales tax increment	155,945	-	(155,945)
Interest earnings	7,000	16,615	9,615
TOTAL REVENUES	<u>2,828,840</u>	<u>3,438,714</u>	<u>609,874</u>
EXPENDITURES AND OTHER FINANCING USES			
Current -			
Programs/projects	2,005,057	1,662,993	342,064
Capital outlay	58,535	58,311	224
Transfers out	882,000	882,000	-
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>2,945,592</u>	<u>2,603,304</u>	<u>342,288</u>
NET CHANGE IN FUND BALANCE	(116,752)	835,410	952,162
FUND BALANCE, January 1	<u>116,752</u>	<u>2,201,358</u>	<u>2,084,606</u>
FUND BALANCE, December 31	<u>\$ -</u>	<u>\$ 3,036,768</u>	<u>\$ 3,036,768</u>

CITY OF PUEBLO, COLORADO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
STIMULUS GRANTS FUND
YEAR ENDED DECEMBER 31, 2012

	<u>Budgeted Amounts Final</u>	<u>Actual Budget Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
REVENUES AND OTHER FINANCING SOURCES			
Intergovernmental	\$ 3,329,429	\$ 2,445,333	\$ (884,096)
Interest earnings	49	-	(49)
Transfers in	<u>-</u>	<u>485,597</u>	<u>485,597</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>3,329,478</u>	<u>2,930,930</u>	<u>(398,548)</u>
EXPENDITURES AND OTHER FINANCING USES			
Current -			
Programs/projects	2,023,084	1,214,697	808,387
Capital outlay	3,749,982	1,834,252	1,915,730
Transfers out	<u>-</u>	<u>154,183</u>	<u>(154,183)</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>5,773,066</u>	<u>3,203,132</u>	<u>2,569,934</u>
NET CHANGE IN FUND BALANCE	(2,443,588)	(272,202)	2,171,386
FUND BALANCE, January 1	<u>2,443,588</u>	<u>403,411</u>	<u>(2,040,177)</u>
FUND BALANCE, December 31	<u>\$ -</u>	131,209	<u>\$ 131,209</u>
Adjustment from budgetary basis to generally accepted accounting principles -			
Inventory		<u>293,071</u>	
FUND BALANCE - generally accepted accounting principles		<u>\$ 424,280</u>	

CITY OF PUEBLO, COLORADO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
SOUTH POINTE SPECIAL DISTRICT
YEAR ENDED DECEMBER 31, 2012

	<u>Budgeted Amounts Final</u>	<u>Actual Budget Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
REVENUES			
Property taxes	\$ 17,163	\$ 17,990	\$ 827
Interest earnings	<u>-</u>	<u>612</u>	<u>612</u>
TOTAL REVENUES	<u>17,163</u>	<u>18,602</u>	<u>1,439</u>
EXPENDITURES			
Current -			
Programs/projects	<u>31,500</u>	<u>8,422</u>	<u>23,078</u>
TOTAL EXPENDITURES	<u>31,500</u>	<u>8,422</u>	<u>23,078</u>
NET CHANGE IN FUND BALANCE	(14,337)	10,180	24,517
FUND BALANCE, January 1	<u>14,337</u>	<u>65,125</u>	<u>50,788</u>
FUND BALANCE, December 31	<u>\$ -</u>	<u>\$ 75,305</u>	<u>\$ 75,305</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, 2012

	<u>Budgeted Amounts Final</u>	<u>Actual Budget Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
REVENUES			
Property taxes	\$ 19,597	\$ 20,795	\$ 1,198
Interest earnings	<u>-</u>	<u>777</u>	<u>777</u>
TOTAL REVENUES	<u>19,597</u>	<u>21,572</u>	<u>1,975</u>
EXPENDITURES			
Current -			
Programs/projects	<u>92,166</u>	<u>28,832</u>	<u>63,334</u>
TOTAL EXPENDITURES	<u>92,166</u>	<u>28,832</u>	<u>63,334</u>
NET CHANGE IN FUND BALANCE	(72,569)	(7,260)	65,309
FUND BALANCE, January 1	<u>72,569</u>	<u>88,425</u>	<u>15,856</u>
FUND BALANCE, December 31	<u>\$ -</u>	<u>\$ 81,165</u>	<u>\$ 81,165</u>

CITY OF PUEBLO, COLORADO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
NORTH GATEWAY BID
YEAR ENDED DECEMBER 31, 2012

	<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	\$ 231,769	\$ (22,231)
TOTAL REVENUES	<u>254,000</u>	<u>231,769</u>	<u>(22,231)</u>
EXPENDITURES AND OTHER FINANCING USES			
Current -			
Programs/projects	241,300	220,181	21,119
Transfers out	<u>12,700</u>	<u>11,583</u>	<u>1,117</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>254,000</u>	<u>231,764</u>	<u>22,236</u>
NET CHANGE IN FUND BALANCE	-	5	5
FUND BALANCE, January 1	<u>-</u>	<u>34,831</u>	<u>34,831</u>
FUND BALANCE, December 31	<u>\$ -</u>	34,836	<u>\$ 34,836</u>
Adjustment from budgetary basis to generally accepted accounting principles -			
Accounts payable		<u>(33,089)</u>	
FUND BALANCE - generally accepted accounting principles		<u>\$ 1,747</u>	

CITY OF PUEBLO, COLORADO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
NORTH GATEWAY PIF
YEAR ENDED DECEMBER 31, 2012

	Budgeted Amounts Final	Actual Budget Basis	Variance With Final Budget Positive (Negative)
	<u>Final</u>	<u>Basis</u>	<u>(Negative)</u>
REVENUES			
Charges for services	\$ 250,000	\$ 235,800	\$ (14,200)
TOTAL REVENUES	<u>250,000</u>	<u>235,800</u>	<u>(14,200)</u>
EXPENDITURES AND OTHER FINANCING USES			
Current -			
Programs/projects	237,500	224,010	13,490
Transfers out	<u>12,500</u>	<u>11,790</u>	<u>710</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>250,000</u>	<u>235,800</u>	<u>14,200</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, 2012

	Budgeted Amounts Final	Actual Budget Basis	Variance With Final Budget Positive (Negative)
REVENUES AND OTHER FINANCING SOURCES			
Contributions/donations	\$ 3,000	\$ 46,308	\$ 43,308
Interest earnings	5,100	2,047	(3,053)
Transfers in	-	469	469
TOTAL REVENUES AND OTHER FINANCING SOURCES	8,100	48,824	40,724
EXPENDITURES			
Current -			
Programs/projects	150,100	91,985	58,115
Capital outlay	25,000	-	25,000
TOTAL EXPENDITURES	175,100	91,985	83,115
NET CHANGE IN FUND BALANCE	(167,000)	(43,161)	123,839
FUND BALANCE, January 1	167,000	920,051	753,051
FUND BALANCE, December 31	\$ -	\$ 876,890	\$ 876,890

**CAPITAL
PROJECTS
FUNDS**

CITY OF PUEBLO, COLORADO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
CAPITAL IMPROVEMENT FUND
YEAR ENDED DECEMBER 31, 2012

	Budgeted Amounts Final	Actual Budget Basis	Variance With Final Budget Positive (Negative)
	<u>Final</u>	<u>Basis</u>	<u>(Negative)</u>
REVENUES AND OTHER FINANCING SOURCES			
Intergovernmental	\$ 671,363	\$ 251,364	\$ (419,999)
Interest	-	45,231	45,231
Other	6,890	2,992	(3,898)
Transfer in	<u>1,519,420</u>	<u>726,643</u>	<u>(792,777)</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>2,197,673</u>	<u>1,026,230</u>	<u>(1,171,443)</u>
EXPENDITURES AND OTHER FINANCING USES			
Current -			
Programs/projects	1,961,085	546,884	1,414,201
Capital outlay	6,851,878	1,388,857	5,463,021
Transfers out	<u>2,924,152</u>	<u>2,762,662</u>	<u>161,490</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>11,737,115</u>	<u>4,698,403</u>	<u>7,038,712</u>
NET CHANGE IN FUND BALANCE	(9,539,442)	(3,672,173)	5,867,269
FUND BALANCE, January 1	<u>9,539,442</u>	<u>8,704,300</u>	<u>(835,142)</u>
FUND BALANCE, December 31	<u><u>\$ -</u></u>	5,032,127	<u><u>\$ 5,032,127</u></u>
Adjustment from budgetary basis to generally accepted accounting principles -			
Advance to other funds		<u>747,000</u>	
FUND BALANCE - generally accepted accounting principles		<u><u>\$ 5,779,127</u></u>	

CITY OF PUEBLO, COLORADO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
HISTORIC ARKANSAS RIVER PROJECT FUND
YEAR ENDED DECEMBER 31, 2012

	Budgeted Amounts Final	Actual Budget Basis	Variance With Final Budget Positive (Negative)
	<u> </u>	<u> </u>	<u> </u>
REVENUES AND OTHER FINANCING SOURCES			
Transfers in	\$ -	\$ 18,800	\$ 18,800
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u> - </u>	<u> 18,800 </u>	<u> 18,800 </u>
EXPENDITURES AND OTHER FINANCING USES			
Current -			
Programs/projects	13,216	-	13,216
Capital outlay	90,819	-	90,819
Transfers out	<u> - </u>	<u> 469 </u>	<u> (469) </u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u> 104,035 </u>	<u> 469 </u>	<u> 103,566 </u>
NET CHANGE IN FUND BALANCE	(104,035)	18,331	122,366
FUND BALANCE, January 1	<u> 104,035 </u>	<u> 151,213 </u>	<u> 47,178 </u>
FUND BALANCE, December 31	<u><u> - </u></u>	<u><u> 169,544 </u></u>	<u><u> 169,544 </u></u>

CITY OF PUEBLO, COLORADO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
ARKANSAS RIVER LEGACY PROJECT FUND
YEAR ENDED DECEMBER 31, 2012

	<u>Budgeted Amounts Final</u>	<u>Actual Budget Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
REVENUES			
Intergovernmental	\$ 25,189	\$ -	\$ (25,189)
TOTAL REVENUES	<u>25,189</u>	<u>-</u>	<u>(25,189)</u>
EXPENDITURES AND OTHER FINANCING USES			
Current -			
Programs/projects	-	2	(2)
Capital outlay	25,697	-	25,697
Transfers out	<u>-</u>	<u>12,760</u>	<u>(12,760)</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>25,697</u>	<u>12,762</u>	<u>12,935</u>
NET CHANGE IN FUND BALANCE	(508)	(12,762)	(12,254)
FUND BALANCE, January 1	<u>508</u>	<u>12,762</u>	<u>12,254</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
POLICE BUILDING FUND
YEAR ENDED DECEMBER 31, 2012

	Budgeted Amounts Final	Actual Budget Basis	Variance With Final Budget Positive (Negative)
	<u>Final</u>	<u>Basis</u>	<u>(Negative)</u>
REVENUES AND OTHER FINANCING SOURCES			
Interest earnings	\$ -	\$ 9	\$ 9
Transfers in	<u>30,000</u>	<u>30,000</u>	<u>-</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>30,000</u>	<u>30,009</u>	<u>9</u>
EXPENDITURES AND OTHER FINANCING USES			
Current -			
Programs/projects	-	56,248	(56,248)
Capital outlay	411,402	278,771	132,631
Transfers out	<u>-</u>	<u>6</u>	<u>(6)</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>411,402</u>	<u>335,025</u>	<u>76,377</u>
NET CHANGE IN FUND BALANCE	(381,402)	(305,016)	76,386
FUND BALANCE, January 1	<u>381,402</u>	<u>765,360</u>	<u>383,958</u>
FUND BALANCE, December 31	<u>\$ -</u>	<u>\$ 460,344</u>	<u>\$ 460,344</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, 2012

	Budgeted Amounts Final	Actual Budget Basis	Variance With Final Budget Positive (Negative)
OTHER FINANCING SOURCES			
Transfers in	\$ 3,497,793	\$ 3,384,925	\$ (112,868)
TOTAL OTHER FINANCING SOURCES	<u>3,497,793</u>	<u>3,384,925</u>	<u>(112,868)</u>
EXPENDITURES			
Debt service -			
Principal	2,186,297	2,117,410	68,887
Interest and fiscal charges	<u>1,311,496</u>	<u>1,267,515</u>	<u>43,981</u>
TOTAL EXPENDITURES	<u>3,497,793</u>	<u>3,384,925</u>	<u>112,868</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>

ENTERPRISE

FUNDS

CITY OF PUEBLO, COLORADO
COMBINING STATEMENT OF NET POSITION
OTHER ENTERPRISE FUNDS
DECEMBER 31, 2012

	<u>Business-Type Activities-Enterprise Funds</u>			
	<u>Honor Farm</u>	<u>Transportation Services</u>	<u>Parking Facilities</u>	<u>Total</u>
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ 73	\$ 775	\$ -	\$ 848
Investments	-	-	504,000	504,000
Accounts receivable, net	1,500	6,828	94,131	102,459
Due from other funds	-	-	802	802
Due from other governments	-	539,569	-	539,569
Other receivables	-	-	929	929
Prepaid expenses	-	12,606	-	12,606
Inventories	-	311,688	-	311,688
TOTAL CURRENT ASSETS	<u>1,573</u>	<u>871,466</u>	<u>599,862</u>	<u>1,472,901</u>
NONCURRENT ASSETS				
Capital assets -				
Land	1,364,618	633,837	1,454,630	3,453,085
Land improvements	57,679	13,110	1,300,257	1,371,046
Other improvements	-	210,017	-	210,017
Buildings	357,047	3,061,787	3,189,960	6,608,794
Machinery and equipment	226,463	7,295,433	94,784	7,616,680
Less accumulated depreciation	(131,936)	(6,215,803)	(1,246,927)	(7,594,666)
Construction progress	859,317	-	-	859,317
TOTAL CAPITAL ASSETS	<u>2,733,188</u>	<u>4,998,381</u>	<u>4,792,704</u>	<u>12,524,273</u>
TOTAL NONCURRENT ASSETS	<u>2,733,188</u>	<u>4,998,381</u>	<u>4,792,704</u>	<u>12,524,273</u>
TOTAL ASSETS	<u>\$ 2,734,761</u>	<u>\$ 5,869,847</u>	<u>\$ 5,392,566</u>	<u>\$ 13,997,174</u>

Cont'd.

CITY OF PUEBLO, COLORADO
COMBINING STATEMENT OF NET POSITION
OTHER ENTERPRISE FUNDS
DECEMBER 31, 2012

	<u>Business-Type Activities - Enterprise Funds</u>			
	<u>Honor</u>	<u>Transportation</u>	<u>Parking</u>	<u>Total</u>
	<u>Farm</u>	<u>Services</u>	<u>Facilities</u>	
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable	\$ 53,488	\$ 240,293	\$ 9,311	\$ 303,092
Accrued expenses	-	111,209	-	111,209
Accrued interest payable	1,934	-	-	1,934
Due to other funds	930,735	455,986	-	1,386,721
Advances from others	-	-	14,650	14,650
Compensated absences	-	39,118	-	39,118
Capital lease obligation	41,249	-	-	41,249
TOTAL CURRENT				
LIABILITIES	<u>1,027,406</u>	<u>846,606</u>	<u>23,961</u>	<u>1,897,973</u>
NONCURRENT LIABILITIES				
Compensated absences	-	352,061	-	352,061
Capital lease obligation	168,794	-	-	168,794
Advance from other funds	747,000	-	-	747,000
TOTAL NONCURRENT				
LIABILITIES	<u>915,794</u>	<u>352,061</u>	<u>-</u>	<u>1,267,855</u>
TOTAL LIABILITIES	<u>1,943,200</u>	<u>1,198,667</u>	<u>23,961</u>	<u>3,165,828</u>
NET POSITION				
Net investment in capital assets	2,523,145	4,998,381	4,792,704	12,314,230
Unrestricted	(1,731,584)	(327,201)	575,901	(1,482,884)
TOTAL NET POSITION	<u>\$ 791,561</u>	<u>\$ 4,671,180</u>	<u>\$ 5,368,605</u>	<u>\$10,831,346</u>

CITY OF PUEBLO, COLORADO
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
OTHER ENTERPRISE FUNDS
YEAR ENDED DECEMBER 31, 2012

	Business-Type Activities Enterprise Funds			Total
	Honor Farm	Transportation Services	Parking Facilities	
OPERATING REVENUES				
Charges for services	\$ 218,249	\$ 815,787	\$ 250,484	\$ 1,284,520
TOTAL OPERATING REVENUES	<u>218,249</u>	<u>815,787</u>	<u>250,484</u>	<u>1,284,520</u>
OPERATING EXPENSES				
Personnel services	405,857	-	118,031	523,888
Contractual services	68,705	3,738,110	98,705	3,905,520
Utilities	26,385	542,964	21,112	590,461
Repairs and maintenance	88,166	146,940	5,090	240,196
Other supplies and expenses	243,381	206,362	444,827	894,570
Depreciation	58,073	892,223	85,944	1,036,240
TOTAL OPERATING EXPENSES	<u>890,567</u>	<u>5,526,599</u>	<u>773,709</u>	<u>7,190,875</u>
OPERATING INCOME (LOSS)	<u>(672,318)</u>	<u>(4,710,812)</u>	<u>(523,225)</u>	<u>(5,906,355)</u>
NONOPERATING REVENUES (EXPENSES)				
Interest and investment revenue	-	-	4,261	4,261
Operating grants and contributions	198,900	1,931,457	-	2,130,357
Interest expense	(1,933)	-	-	(1,933)
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>196,967</u>	<u>1,931,457</u>	<u>4,261</u>	<u>2,132,685</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	<u>(475,351)</u>	<u>(2,779,355)</u>	<u>(518,964)</u>	<u>(3,773,670)</u>
Capital contributions	70,705	210,000	-	280,705
Transfers in	-	1,798,650	552,600	2,351,250
Transfers out	(68,832)	-	-	(68,832)
CHANGES IN NET POSITION	(473,478)	(770,705)	33,636	(1,210,547)
TOTAL NET POSITION, January 1	<u>1,265,039</u>	<u>5,441,885</u>	<u>5,334,969</u>	<u>12,041,893</u>
TOTAL NET POSITION, December 31	<u>\$ 791,561</u>	<u>\$ 4,671,180</u>	<u>\$5,368,605</u>	<u>\$10,831,346</u>

CITY OF PUEBLO, COLORADO
COMBINING STATEMENT OF CASH FLOWS
OTHER ENTERPRISE FUNDS
YEAR ENDED DECEMBER 31, 2012

	Business-Type Activities - Enterprise Funds			
	Honor Farm	Transportation Services	Parking Facilities	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 217,749	\$ 826,000	\$ 243,350	\$ 1,287,099
Cash paid for goods and services	(388,784)	(4,620,773)	(565,676)	(5,575,233)
Cash paid to employees	(409,724)	-	(118,031)	(527,755)
Receipts for interfund services	990,854	75,737	-	1,066,591
Payments for interfund services	-	-	(4,246)	(4,246)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	410,095	(3,719,036)	(444,603)	(3,753,544)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers in	-	1,798,650	552,600	2,351,250
Transfers out	(68,832)	-	-	(68,832)
Operating grant and contributions received	198,900	1,923,905	-	2,122,805
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	130,068	3,722,555	552,600	4,405,223
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of capital assets	(580,163)	(3,394)	-	(583,557)
Capital contributions received	40,000	-	-	40,000
NET CASH FLOWS PROVIDED (USED) BY CAPITAL AND RELATED CAPITAL FINANCING ACTIVITIES	(540,163)	(3,394)	-	(543,557)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest earnings received	-	-	4,003	4,003
Proceeds from maturity of investments	-	-	392,000	392,000
Acquisition of investments	-	-	(504,000)	(504,000)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	-	-	(107,997)	(107,997)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	-	125	-	125
CASH AND CASH EQUIVALENTS, January 1	73	650	-	723
CASH AND CASH EQUIVALENTS, December 31	\$ 73	\$ 775	\$ -	\$ 848

Cont'd.

CITY OF PUEBLO, COLORADO
COMBINING STATEMENT OF CASH FLOWS
OTHER ENTERPRISE FUNDS
YEAR ENDED DECEMBER 31, 2012

	<u>Business-Type Activities - Enterprise Funds</u>			
	<u>Honor Farm</u>	<u>Transportation</u>	<u>Parking</u>	<u>Total</u>
	<u>Services</u>	<u>Services</u>	<u>Facilities</u>	
Reported in the accompanying combining statement of net assets as follows:				
Cash and cash equivalents	<u>\$ 73</u>	<u>\$ 775</u>	<u>\$ -</u>	<u>\$ 848</u>
 RECONCILIATION OF OPERATING (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income (loss)	\$ (672,318)	\$ (4,710,812)	\$ (523,225)	\$ (5,906,355)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities -				
Depreciation	58,073	892,223	85,944	1,036,240
Change in assets and liabilities -				
Accounts receivable	(500)	10,213	(7,214)	2,499
Prepaid expenses	-	4,586	-	4,586
Due from other funds	60,119	-	(802)	59,317
Inventories	-	(46,769)	-	(46,769)
Accounts payable	37,853	55,253	4,058	97,164
Due to other funds	930,735	75,737	(3,444)	1,003,028
Advances from others	-	-	80	80
Accrued expenses	<u>(3,867)</u>	<u>533</u>	<u>-</u>	<u>(3,334)</u>
 NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	 <u>\$ 410,095</u>	 <u>\$ (3,719,036)</u>	 <u>\$ (444,603)</u>	 <u>\$ (3,753,544)</u>
 SCHEDULE OF NONCASH INVESTING CAPITAL AND FINANCING ACTIVITIES				
Contributions of capital assets	<u>\$ 30,705</u>	<u>\$ 210,000</u>	<u>\$ -</u>	<u>\$ 240,705</u>
 Unrealized gain on investments	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ 383</u>	 <u>\$ 383</u>
 Issuance of capital lease	 <u>\$ 210,043</u>	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ 210,043</u>

CITY OF PUEBLO, COLORADO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
ELMWOOD GOLF COURSE FUND
YEAR ENDED DECEMBER 31, 2012

	<u>Budgeted Amounts Final</u>	<u>Actual Budget Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
REVENUES			
Charges for services	\$ 1,248,439	\$ 1,251,969	\$ 3,530
Other	<u>-</u>	<u>310</u>	<u>310</u>
TOTAL REVENUES	<u>1,248,439</u>	<u>1,252,279</u>	<u>3,840</u>
 EXPENDITURES AND OTHER FINANCING USES			
Current -			
Personnel services	36,250	31,637	4,613
Contractual services	430,994	436,559	(5,565)
Utilities	116,000	132,336	(16,336)
Repairs and maintenance	111,500	78,380	33,120
Other supplies and expenses	113,650	97,753	15,897
Capital outlay	185,000	99,839	85,161
Debt service -			
Principal	35,230	35,229	1
Interest and fees	2,206	1,330	876
Transfers out	<u>217,609</u>	<u>138,910</u>	<u>78,699</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>1,248,439</u>	<u>1,051,973</u>	<u>196,466</u>
 NET CHANGE IN FUND BALANCE	 <u>\$ -</u>	 <u>\$ 200,306</u>	 <u>\$ 200,306</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, 2012

	Budgeted Amounts Final	Actual Budget Basis	Variance With Final Budget Positive (Negative)
	<u>Final</u>	<u>Basis</u>	<u>(Negative)</u>
REVENUES AND OTHER FINANCING SOURCES			
Charges for services	\$ 934,805	\$ 911,364	\$ (23,441)
Transfers in	<u>167,609</u>	<u>138,910</u>	<u>(28,699)</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>1,102,414</u>	<u>1,050,274</u>	<u>(52,140)</u>
EXPENDITURES			
Current -			
Personnel services	37,482	40,238	(2,756)
Contractual services	391,641	382,865	8,776
Utilities	290,000	319,897	(29,897)
Repairs and maintenance	72,000	41,150	30,850
Other supplies and expenses	77,446	59,313	18,133
Capital outlay	95,174	69,930	25,244
Debt service -			
Principal	144,567	142,217	2,350
Interest and fees	<u>89,278</u>	<u>89,838</u>	<u>(560)</u>
TOTAL EXPENDITURES	<u>1,197,588</u>	<u>1,145,448</u>	<u>52,140</u>
NET CHANGE IN FUND BALANCE	<u>\$ (95,174)</u>	<u>\$ (95,174)</u>	<u>\$ -</u>

CITY OF PUEBLO, COLORADO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
SEWER USER FUND
YEAR ENDED DECEMBER 31, 2012

	<u>Budgeted Amounts Final</u>	<u>Actual Budget Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
REVENUES			
Charges for services	\$ 13,515,999	\$ 13,805,921	\$ 289,922
Interest and other	<u>87,670</u>	<u>189,171</u>	<u>101,501</u>
TOTAL REVENUES	<u>13,603,669</u>	<u>13,995,092</u>	<u>391,423</u>
 EXPENDITURES AND OTHER FINANCING USES			
Current -			
Personnel services	3,874,842	3,773,690	101,152
Contractual services	1,437,320	1,341,726	95,594
Utilities	674,516	885,155	(210,639)
Repairs and maintenance	259,550	2,487,584	(2,228,034)
Other supplies and expenses	2,881,954	791,462	2,090,492
Capital outlay	12,809,673	4,275,141	8,534,532
Debt service -			
Principal	1,427,577	1,427,577	-
Interest and fees	780,447	783,180	(2,733)
Transfers out	<u>176,590</u>	<u>57,490</u>	<u>119,100</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>24,322,469</u>	<u>15,823,005</u>	<u>8,499,464</u>
 NET CHANGE IN FUND BALANCE	 <u>\$ (10,718,800)</u>	 <u>\$ (1,827,913)</u>	 <u>\$ 8,890,887</u>

CITY OF PUEBLO, COLORADO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
STORMWATER UTILITY FUND
YEAR ENDED DECEMBER 31, 2012

	Budgeted Amounts Final	Actual Budget Basis	Variance With Final Budget Positive (Negative)
	<u>Final</u>	<u>Basis</u>	<u>(Negative)</u>
REVENUES AND OTHER FINANCING SOURCES			
Charges for services	\$ 2,761,542	\$ 2,791,898	\$ 30,356
Intergovernmental	244,862	65,100	(179,762)
Interest and other	30,000	100,850	70,850
Transfers in	<u>67,286</u>	<u>67,286</u>	<u>-</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>3,103,690</u>	<u>3,025,134</u>	<u>(78,556)</u>
EXPENDITURES AND OTHER FINANCING USES			
Current -			
Personnel services	1,335,025	1,249,257	85,768
Contractual services	825,791	682,754	143,037
Utilities	74,500	91,574	(17,074)
Repairs and maintenance	1,005,967	184,107	821,860
Other supplies and expenses	187,750	225,722	(37,972)
Capital outlay	1,304,875	1,145,503	159,372
Debt service -			
Principal	42,843	42,843	-
Interest and fees	2,707	2,707	-
Transfers out	<u>112,000</u>	<u>130,000</u>	<u>(18,000)</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>4,891,458</u>	<u>3,754,467</u>	<u>1,136,991</u>
NET CHANGE IN FUND BALANCE	<u>\$ (1,787,768)</u>	<u>\$ (729,333)</u>	<u>\$ 1,058,435</u>

CITY OF PUEBLO, COLORADO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
MEMORIAL AIRPORT FUND
YEAR ENDED DECEMBER 31, 2012

	<u>Budgeted</u> Amounts Final	<u>Actual</u> Budget Basis	<u>Variance With</u> Final Budget Positive (Negative)
REVENUES AND OTHER FINANCING SOURCES			
Charges for services	\$ 694,557	\$ 848,974	\$ 154,417
Intergovernmental	9,644,495	2,598,348	(7,046,147)
Interest and other	900,500	435	(900,065)
Transfers in	<u>808,043</u>	<u>686,448</u>	<u>(121,595)</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>12,047,595</u>	<u>4,134,205</u>	<u>(7,913,390)</u>
EXPENDITURES AND OTHER FINANCING USES			
Current -			
Personnel services	796,288	718,304	77,984
Contractual services	222,408	224,158	(1,750)
Utilities	287,000	304,504	(17,504)
Repairs and maintenance	44,910	61,110	(16,200)
Other supplies and expenses	174,712	151,446	23,266
Capital outlay	18,340,268	2,715,524	15,624,744
Debt service	120,000	-	120,000
Transfers out	<u>120,000</u>	<u>-</u>	<u>120,000</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>20,105,586</u>	<u>4,175,046</u>	<u>15,930,540</u>
NET CHANGE IN FUND BALANCE	<u>\$ (8,057,991)</u>	<u>\$ (40,841)</u>	<u>\$ 8,017,150</u>

CITY OF PUEBLO, COLORADO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
HONOR FARM FUND
YEAR ENDED DECEMBER 31, 2012

	Budgeted Amounts Final	Actual Budget Basis	Variance With Final Budget Positive (Negative)
	<u>Final</u>	<u>Basis</u>	<u>(Negative)</u>
REVENUES			
Charges for services	\$ 616,893	\$ 218,249	\$ (398,644)
Other	30,000	238,900	208,900
TOTAL REVENUES	<u>646,893</u>	<u>457,149</u>	<u>(189,744)</u>
EXPENDITURES AND OTHER FINANCING USES			
Current -			
Personnel services	267,782	409,724	(141,942)
Contractual services	59,972	68,705	(8,733)
Utilities	11,000	26,385	(15,385)
Repairs and maintenance	936,170	88,166	848,004
Other supplies and expenses	243,139	243,381	(242)
Capital outlay	215,200	580,163	(364,963)
Transfers out	68,832	68,832	-
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>1,802,095</u>	<u>1,485,356</u>	<u>316,739</u>
NET CHANGE IN FUND BALANCE	<u>\$ (1,155,202)</u>	<u>\$ (1,028,207)</u>	<u>\$ 126,995</u>

CITY OF PUEBLO, COLORADO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
TRANSPORTATION SERVICES FUND
YEAR ENDED DECEMBER 31, 2012

	Budgeted Amounts Final	Actual Budget Basis	Variance With Final Budget Positive (Negative)
	<u>Final</u>	<u>Basis</u>	<u>(Negative)</u>
REVENUES AND OTHER FINANCING SOURCES			
Charges for services	\$ 728,900	\$ 815,787	\$ 86,887
Intergovernmental	2,311,912	1,931,457	(380,455)
Other revenues	143,335	-	(143,335)
Transfers in	<u>2,086,890</u>	<u>1,798,650</u>	<u>(288,240)</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>5,271,037</u>	<u>4,545,894</u>	<u>(725,143)</u>
EXPENDITURES			
Current -			
Personnel services	2,700,870	2,623,313	77,557
Contractual services	1,080,625	1,114,797	(34,172)
Utilities	544,346	542,964	1,382
Repairs and maintenance	240,437	146,940	93,497
Other supplies and expenses	219,209	206,362	12,847
Capital outlay	<u>630,445</u>	<u>3,394</u>	<u>627,051</u>
Transfers out			
TOTAL EXPENDITURES	<u>5,415,932</u>	<u>4,637,770</u>	<u>778,162</u>
NET CHANGE IN FUND BALANCE	<u>\$ (144,895)</u>	<u>\$ (91,876)</u>	<u>\$ 53,019</u>

CITY OF PUEBLO, COLORADO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
PARKING FACILITIES FUND
YEAR ENDED DECEMBER 31, 2012

	<u>Budgeted</u> Amounts Final	<u>Actual</u> Budget Basis	<u>Variance With</u> Final Budget Positive (Negative)
REVENUES AND OTHER FINANCING SOURCES			
Charges for services	\$ 249,290	\$ 250,484	\$ 1,194
Interest and other	-	4,261	4,261
Transfers in	<u>552,600</u>	<u>552,600</u>	<u>-</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>801,890</u>	<u>807,345</u>	<u>5,455</u>
EXPENDITURES			
Current -			
Personnel services	118,335	118,031	304
Contractual services	122,460	98,705	23,755
Utilities	57,610	21,112	36,498
Repairs and maintenance	37,450	5,090	32,360
Other supplies and expenses	<u>466,035</u>	<u>444,827</u>	<u>21,208</u>
TOTAL EXPENDITURES	<u>801,890</u>	<u>687,765</u>	<u>114,125</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ 119,580</u>	<u>\$ 119,580</u>

**INTERNAL
SERVICE
FUNDS**

CITY OF PUEBLO, COLORADO
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
DECEMBER 31, 2012

	<u>Internal Service Fund</u>	<u>Pueblo Transit</u>	<u>Total</u>
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 300	\$ -	\$ 300
Restricted cash and cash equivalents	29,433	-	29,433
Investments	2,424,500	-	2,424,500
Accounts receivable, net	90,462	-	90,462
Other receivables	4,471	-	4,471
Prepaid expenses	233,962	-	233,962
Inventories	253,357	-	253,357
TOTAL CURRENT ASSETS	<u>3,036,485</u>	<u>-</u>	<u>3,036,485</u>
NET CURRENT ASSETS			
Capital assets -			
Buildings	1,036,366	-	1,036,366
Machinery and equipment	1,417,140	-	1,417,140
Less accumulated depreciation	(1,554,979)	-	(1,554,979)
Total capital assets	<u>898,527</u>	<u>-</u>	<u>898,527</u>
TOTAL NONCURRENT ASSETS	<u>898,527</u>	<u>-</u>	<u>898,527</u>
TOTAL ASSETS	<u>\$ 3,935,012</u>	<u>\$ -</u>	<u>\$ 3,935,012</u>

Cont'd.

CITY OF PUEBLO, COLORADO
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
DECEMBER 31, 2012

	<u>Internal Service Fund</u>	<u>Pueblo Transit</u>	<u>Total</u>
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	\$ 52,369	\$ -	\$ 52,369
Due to other funds	156,753	-	156,753
Compensated absences	12,063	-	12,063
Claims and judgments	<u>1,273,000</u>	-	<u>1,273,000</u>
TOTAL CURRENT LIABILITIES	<u>1,494,185</u>	<u>-</u>	<u>1,494,185</u>
NONCURRENT LIABILITIES			
Compensated absences	108,565	-	108,565
Claims and judgments	<u>358,480</u>	-	<u>358,480</u>
TOTAL NONCURRENT LIABILITIES	<u>467,045</u>	<u>-</u>	<u>467,045</u>
TOTAL LIABILITIES	<u>1,961,230</u>	<u>-</u>	<u>1,961,230</u>
NET POSITION			
Net investment in capital assets	898,527	-	898,527
Unrestricted	<u>1,075,255</u>	-	<u>1,075,255</u>
TOTAL NET POSITION	<u>\$ 1,973,782</u>	<u>\$ -</u>	<u>\$ 1,973,782</u>

CITY OF PUEBLO, COLORADO
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
YEAR ENDED DECEMBER 31, 2012

	Internal Service Fund	Pueblo Transit	Total
	<u> </u>	<u> </u>	<u> </u>
OPERATING REVENUES			
Charges for services	\$ 5,194,537	\$ 2,622,666	\$ 7,817,203
TOTAL OPERATING REVENUES	<u>5,194,537</u>	<u>2,622,666</u>	<u>7,817,203</u>
OPERATING EXPENSES			
Personnel expense	706,850	2,622,666	3,329,516
Contractual services	29,479	-	29,479
Utilities	35,779	-	35,779
Repairs and maintenance	7,813	-	7,813
Other supplies and expenses	2,230,627	-	2,230,627
Insurance claims and expenses	3,192,174	-	3,192,174
Depreciation	92,859	-	92,859
TOTAL OPERATING EXPENSES	<u>6,295,581</u>	<u>2,622,666</u>	<u>8,918,247</u>
OPERATING INCOME (LOSS)	<u>(1,101,044)</u>	<u>-</u>	<u>(1,101,044)</u>
NONOPERATING REVENUES			
Interest and investment revenue	17,720	-	17,720
Gain on disposal of capital assets	2,317	-	2,317
TOTAL NONOPERATING REVENUES	<u>20,037</u>	<u>-</u>	<u>20,037</u>
INCOME (LOSS) BEFORE TRANSFERS	(1,081,007)	-	(1,081,007)
Transfers in	<u>524,500</u>	<u>-</u>	<u>524,500</u>
CHANGES IN NET POSITION	(556,507)	-	(556,507)
TOTAL NET POSITION, January 1	<u>2,530,289</u>	<u>-</u>	<u>2,530,289</u>
TOTAL NET POSITION, December 31	<u>\$ 1,973,782</u>	<u>\$ -</u>	<u>\$ 1,973,782</u>

CITY OF PUEBLO, COLORADO
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED DECEMBER 31, 2012

	Internal Service Fund	Pueblo Transit	Total
	<u> </u>	<u> </u>	<u> </u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 5,147,260	\$ 2,622,666	\$ 7,769,926
Cash paid for goods and services	(4,560,000)	-	(4,560,000)
Cash paid to employees	(696,768)	(2,622,666)	(3,319,434)
Receipts (payments) for interfund services	(184,179)	-	(184,179)
NET CASH (USED) BY OPERATING ACTIVITIES	<u>(293,687)</u>	<u>-</u>	<u>(293,687)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers in	<u>524,500</u>	<u>-</u>	<u>524,500</u>
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	<u>524,500</u>	<u>-</u>	<u>524,500</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Sale of capital assets	2,317	-	2,317
Acquisition of capital assets	(6,448)	-	(6,448)
NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(4,131)</u>	<u>-</u>	<u>(4,131)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest earnings received	16,975	-	16,975
Maturity of investments	2,178,500	-	2,178,500
Acquisition of investments	(2,424,500)	-	(2,424,500)
NET CASH (USED) BY INVESTING ACTIVITIES	<u>(229,025)</u>	<u>-</u>	<u>(229,025)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(2,343)	-	(2,343)
CASH AND CASH EQUIVALENTS, January 1	<u>32,076</u>	<u>-</u>	<u>32,076</u>
CASH AND CASH EQUIVALENTS, December 31	<u>\$ 29,733</u>	<u>\$ -</u>	<u>\$ 29,733</u>

Cont'd.

CITY OF PUEBLO, COLORADO
COMBINING STATEMENT OF CASH FLOWS (Cont'd.)
INTERNAL SERVICE FUNDS
YEAR ENDED DECEMBER 31, 2012

	<u>Internal Service Fund</u>	<u>Pueblo Transit</u>	<u>Total</u>
REPORTED IN THE ACCOMPANYING COMBINING STATEMENT OF NET ASSETS AS FOLLOWS:			
Cash and cash equivalents	\$ 300	\$ -	\$ 300
Restricted cash and cash equivalents	<u>29,433</u>	<u>-</u>	<u>29,433</u>
	<u>29,733</u>	<u>-</u>	<u>29,733</u>
 RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating income (loss)	\$ (1,101,044)	\$ -	\$ (1,101,044)
Adjustments to reconcile operating income (loss) to net cash (used) by operating activities -			
Depreciation	92,859	-	92,859
Change in assets and liabilities -			
Accounts receivable	(47,277)	-	(47,277)
Prepaid expenses	(170,989)	-	(170,989)
Inventories	8,560	-	8,560
Accounts payable	(20,020)	-	(20,020)
Due to other funds	(184,179)	-	(184,179)
Accrued expenses	<u>1,128,403</u>	<u>-</u>	<u>1,128,403</u>
 NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	 <u>\$ (293,687)</u>	 <u>\$ -</u>	 <u>\$ (293,687)</u>
 SCHEDULE OF NONCASH INVESTING CAPITAL AND FINANCING ACTIVITIES			
Unrealized gain on investments	<u>\$ 1,845</u>	<u>\$ -</u>	<u>\$ 1,845</u>

CITY OF PUEBLO, COLORADO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
INTERNAL SERVICE FUND
YEAR ENDED DECEMBER 31, 2012

	<u>Budgeted Amounts Final</u>	<u>Actual Budget Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
REVENUES AND OTHER FINANCING SOURCES			
Charges for services	\$ 5,115,026	\$ 5,194,537	\$ 79,511
Interest and other	2,500	20,037	17,537
Transfers in	<u>524,500</u>	<u>524,500</u>	<u>-</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>5,642,026</u>	<u>5,739,074</u>	<u>97,048</u>
EXPENDITURES			
Current -			
Personnel services	832,470	696,768	135,702
Contractual services	41,500	29,479	12,021
Utilities	43,000	35,779	7,221
Repairs and maintenance	16,000	7,813	8,187
Cost of merchandise	2,172,300	2,125,684	46,616
Other supplies and expenses	93,906	104,943	(11,037)
Insurance claims and expenses	2,527,000	2,244,842	282,158
Capital outlay	<u>55,850</u>	<u>6,448</u>	<u>49,402</u>
TOTAL EXPENDITURES	<u>5,782,026</u>	<u>5,251,756</u>	<u>530,270</u>
NET CHANGE IN FUND BALANCE	<u>\$ (140,000)</u>	<u>\$ 487,318</u>	<u>\$ 627,318</u>

AGENCY

FUND

CITY OF PUEBLO, COLORADO
STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUND
YEAR ENDED DECEMBER 31, 2012

	Balance January 1, 2012	Additions	Deletions	Balance December 31, 2012
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
ASSETS				
Cash and cash equivalents	\$ 218,274	\$ 2,288	\$ -	\$ 220,562
Accounts receivable	<u>1,662,958</u>	<u>37,636</u>	<u>101,528</u>	<u>1,599,066</u>
	<u>\$ 1,881,232</u>	<u>\$ 39,924</u>	<u>\$ 101,528</u>	<u>\$ 1,819,628</u>
LIABILITIES				
Accounts payable	\$ 163,763	\$ 4,324	\$ 2,898	\$ 165,189
Deposits	<u>1,717,469</u>	<u>33,312</u>	<u>96,342</u>	<u>1,654,439</u>
	<u>\$ 1,881,232</u>	<u>\$ 37,636</u>	<u>\$ 99,240</u>	<u>\$ 1,819,628</u>

STATISTICAL SECTION

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental activities										
Net investment in capital assets	\$ 202,523,974	\$ 211,529,600	\$ 221,608,313	\$ 230,400,553	\$ 242,229,997	\$ 253,371,346	\$ 270,972,634	\$ 275,400,749	\$ 282,143,652	\$ 300,421,948
Restricted	46,929,956	52,028,591	53,614,404	64,894,325	73,238,734	88,686,068	69,256,542	65,864,287	93,697,144	88,835,861
Unrestricted	23,253,277	26,274,704	21,152,627	23,479,235	25,429,479	9,623,844	28,408,089	38,589,640	19,596,982	11,816,144
Total governmental activities net position	\$ 272,707,207	\$ 289,832,895	\$ 296,375,344	\$ 318,774,113	\$ 340,898,210	\$ 351,681,258	\$ 368,637,265	\$ 379,854,676	\$ 395,437,778	\$ 401,073,953
Business-type activities										
Net investment in capital assets	\$ 89,635,603	\$ 91,863,960	\$ 95,132,248	\$ 97,708,603	\$ 101,702,739	\$ 106,505,768	\$ 115,961,714	\$ 123,736,794	\$ 134,281,593	\$ 138,568,644
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	2,895,738	6,498,028	6,101,716	8,027,822	9,877,471	12,079,718	14,180,545	17,522,178	18,277,323	19,267,977
Total business-type activities net position	\$ 92,531,341	\$ 98,361,988	\$ 101,233,964	\$ 105,736,425	\$ 111,580,210	\$ 118,585,486	\$ 130,142,259	\$ 141,258,972	\$ 152,558,916	\$ 157,836,621
Primary government										
Net investment in capital assets	\$ 292,159,577	\$ 303,393,560	\$ 316,740,561	\$ 328,109,156	\$ 343,932,736	\$ 359,877,114	\$ 386,934,348	\$ 399,137,543	\$ 416,425,245	\$ 438,990,592
Restricted	46,929,956	52,028,591	53,614,404	64,894,325	73,238,734	88,686,068	69,256,542	65,864,287	93,697,144	88,835,861
Unrestricted	26,149,015	32,772,732	27,254,343	31,507,057	35,306,950	21,703,562	42,588,634	56,111,818	37,874,305	31,084,121
Total primary government net position	\$ 365,238,548	\$ 388,194,883	\$ 397,609,308	\$ 424,510,538	\$ 452,478,420	\$ 470,266,744	\$ 498,779,524	\$ 521,113,648	\$ 547,996,694	\$ 558,910,574

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Expenses										
Governmental activities										
General government	\$ 7,155,165	\$ 8,827,301	\$ 7,815,931	\$ 8,285,288	\$ 8,750,144	\$ 10,266,329	\$ 11,256,849	\$ 11,126,432	\$ 11,663,415	\$ 11,063,544
Public safety	28,792,572	31,735,478	38,595,384	37,632,207	39,554,852	41,470,395	42,232,017	45,180,523	46,320,164	47,846,439
Public works	11,338,525	11,457,289	13,512,772	11,706,116	12,138,196	11,192,330	12,056,802	14,682,821	10,982,420	11,944,466
Culture and community welfare	7,404,529	6,986,296	5,664,845	5,057,256	7,671,252	9,110,212	7,713,219	8,880,083	9,841,081	13,253,542
Parks and recreation	4,645,518	4,765,996	4,674,168	6,131,025	5,109,138	4,808,532	4,668,002	5,213,738	5,361,632	6,372,059
Economic development	2,083,671	601,710	6,612,535	7,640,995	3,966,266	8,321,122	2,197,779	3,608,000	2,003,481	3,380,770
Interest on long-term debt	899,100	811,306	765,371	452,713	387,198	646,741	1,555,782	1,451,423	1,380,077	1,264,491
Total governmental activities	62,319,080	65,185,376	77,641,006	76,905,600	77,577,046	85,815,661	81,680,450	90,143,020	87,552,270	95,125,311
Business-type activities										
Elmwood golf course	\$ 1,009,576	\$ 1,010,062	\$ 992,278	\$ 906,674	\$ 1,007,069	\$ 981,498	\$ 991,706	\$ 914,069	\$ 880,190	\$ 928,757
Walkingstick golf course	1,363,205	1,478,332	1,533,550	1,602,445	1,644,653	1,668,190	1,675,151	1,683,224	1,752,102	1,821,738
Sewer user	6,446,427	5,850,327	6,539,306	6,707,226	7,249,353	7,587,616	8,653,027	8,537,456	9,124,088	11,009,307
Stormwater utility	1,691,364	2,131,004	2,846,637	2,593,534	2,384,871	2,432,055	2,617,256	2,637,540	2,730,534	3,125,968
Other business-type activities	7,568,239	8,050,664	8,541,909	11,067,176	8,740,162	9,173,632	11,096,719	10,797,701	11,936,935	12,240,953
Total business-type activities	18,078,811	18,520,589	20,453,680	22,877,055	21,026,108	21,842,991	25,033,859	24,569,990	26,423,849	29,126,723
Total primary government expenses	\$ 80,397,891	\$ 83,705,965	\$ 98,094,686	\$ 99,782,655	\$ 98,603,154	\$ 107,658,652	\$ 106,714,309	\$ 114,713,010	\$ 113,976,119	\$ 124,252,034

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Program revenue										
Governmental activities										
Permits, fees, fines and charges for services										
General government	\$ 1,734,727	\$ 1,641,342	\$ 1,711,738	\$ 1,703,212	\$ 1,963,163	\$ 2,369,917	\$ 2,075,228	\$ 1,642,290	\$ 1,851,960	\$ 1,998,698
Public safety	3,244,838	3,377,810	3,642,339	3,617,774	4,405,012	5,191,857	5,201,273	5,325,642	5,354,057	5,406,875
Public works	533,605	284,953	433,552	341,664	346,087	704,379	450,217	489,761	487,854	495,989
Culture and community welfare	272,653	229,783	193,820	116,974	275,599	100,881	49,210	364,384	276,516	299,675
Parks and recreation	418,866	437,757	479,195	480,559	507,480	301,673	372,275	531,839	592,114	685,329
Economic development	136,559	90,581	-	-	-	-	-	-	-	-
Operating grants and contributions	10,094,396	9,056,010	12,455,069	10,921,224	13,222,843	11,434,429	10,385,132	12,193,129	13,493,320	13,616,953
Capital grants and contributions	3,670,366	8,732,333	5,157,992	5,513,470	6,513,307	7,197,160	7,944,326	7,489,339	8,212,014	9,128,467
Total governmental activities program revenue	20,106,010	23,850,569	24,073,705	22,694,877	27,233,491	27,300,296	26,477,661	28,036,384	30,267,835	31,631,986
Business-type activities										
Charges for services										
Golf	2,044,527	2,078,074	1,989,956	2,058,716	2,118,218	2,222,900	2,254,076	2,160,142	2,118,331	2,163,333
Sewer	6,299,941	7,217,202	7,166,632	7,667,687	8,890,987	10,911,573	12,392,418	13,673,319	13,454,038	13,805,921
Stormwater	205,831	2,482,541	2,711,723	2,786,560	2,705,207	2,731,475	2,771,994	2,757,602	2,754,867	2,791,898
Other	3,027,266	3,045,323	3,282,018	3,330,030	3,747,327	4,209,175	4,678,642	4,282,123	5,055,394	4,756,160
Operating grants and contributions	1,365,967	1,372,228	1,528,467	1,044,722	1,750,879	1,754,736	1,676,299	1,793,282	2,033,900	2,220,825
Capital grants and contributions	1,463,494	5,188,510	3,020,605	4,193,167	5,070,294	3,019,001	10,341,094	7,622,792	8,291,358	4,811,702
Total business-type activities program revenue	14,407,026	21,383,878	19,699,401	24,080,882	24,282,912	24,848,860	34,114,523	32,289,260	33,707,888	30,549,839
Total primary government program revenue	\$ 34,513,036	\$ 45,234,447	\$ 43,773,106	\$ 46,775,759	\$ 51,516,403	\$ 52,149,156	\$ 60,592,184	\$ 60,325,644	\$ 63,975,723	\$ 62,181,825
Net (expense) revenue										
Governmental activities	\$ (42,213,070)	\$ (41,334,807)	\$ (53,567,301)	\$ (54,210,723)	\$ (50,343,555)	\$ (58,515,365)	\$ (55,202,789)	\$ (62,106,636)	\$ (57,284,435)	\$ (63,493,325)
Business-type activities	(3,671,785)	2,863,289	(754,279)	1,203,827	3,256,804	3,005,869	9,080,664	7,719,270	7,284,039	1,423,116
Total primary government net (expense) revenue	\$ (45,884,855)	\$ (38,471,518)	\$ (54,321,580)	\$ (53,006,896)	\$ (47,086,751)	\$ (55,509,496)	\$ (46,122,125)	\$ (54,387,366)	\$ (50,000,396)	\$ (62,070,209)

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General revenue and other changes in net position										
Governmental activities										
Property taxes	\$ 8,336,107	\$ 8,213,214	\$ 8,371,058	\$ 8,974,924	\$ 9,952,692	\$ 10,825,444	\$ 10,997,706	\$ 11,270,563	\$ 11,444,707	\$ 11,908,875
Franchise and other taxes	4,255,326	4,673,364	5,021,577	5,315,793	5,419,403	5,666,015	5,704,383	5,750,053	6,178,164	6,651,168
Sales and use taxes	42,616,226	45,656,604	46,782,838	47,780,034	53,763,904	51,337,779	53,922,799	48,902,489	55,014,310	50,471,792
Payment in lieu of taxes	-	-	-	13,000,000	-	-	-	7,509,859	9,859	9,859
Unrestricted investment earnings	788,426	584,780	1,230,062	2,554,750	2,972,190	2,381,232	981,250	563,205	973,281	526,792
Miscellaneous	1,418,940	1,896,202	1,578,188	1,498,673	1,929,265	2,161,617	2,190,302	2,087,171	2,384,645	2,509,676
Gain on disposition of assets	(2,756,615)	-	-	-	-	-	-	-	-	-
Transfers	(2,271,983)	(2,262,133)	(2,776,122)	(2,269,292)	(1,958,397)	(2,831,378)	(2,371,946)	(2,759,393)	(3,137,429)	(2,948,662)
Total governmental activities	52,386,427	58,762,031	60,207,601	76,854,882	72,079,057	69,540,709	71,424,494	73,324,047	72,867,537	69,129,500
Business-type activities										
Unrestricted investment earnings	311,550	397,051	523,442	783,952	1,002,457	922,792	824,620	631,776	843,959	795,501
Miscellaneous	8,733	7,446	15,565	-	14,722	2,941	13,844	6,274	34,517	110,426
Gain on disposition of assets	12,008	(809)	213,275	-	-	-	-	-	-	-
Loss on defeasance	(193,346)	-	-	-	-	-	-	-	-	-
Transfers	2,271,983	2,262,133	2,776,122	2,269,292	1,958,397	2,831,378	2,371,946	2,759,393	3,137,429	2,948,662
Total business-type activities	2,410,928	2,665,821	3,528,404	3,053,244	2,975,576	3,757,111	3,210,410	3,397,443	4,015,905	3,854,589
Total primary government	\$ 54,797,355	\$ 61,427,852	\$ 63,736,005	\$ 79,908,126	\$ 75,054,633	\$ 73,297,820	\$ 74,634,904	\$ 76,721,490	\$ 76,883,442	\$ 72,984,089
Change in net position										
Governmental activities	\$ 10,173,357	\$ 17,427,224	\$ 6,640,300	\$ 22,644,159	\$ 21,735,302	\$ 11,025,344	\$ 16,221,705	\$ 11,217,411	\$ 15,583,102	\$ 5,636,175
Business-type activities	(1,260,857)	5,529,110	2,774,125	4,257,071	6,232,380	6,762,980	12,291,074	11,116,713	11,299,944	5,277,705
Total primary government change in net position	\$ 8,912,500	\$ 22,956,334	\$ 9,414,425	\$ 26,901,230	\$ 27,967,682	\$ 17,788,324	\$ 28,512,779	\$ 22,334,124	\$ 26,883,046	\$ 10,913,880

CITY OF PUEBLO, COLORADO
FUND BALANCES, GOVERNMENTAL FUNDS

Last Ten Fiscal Years

(Modified accrual basis of accounting)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General fund										
Reserved	\$ 3,257,658	\$ 3,290,551	\$ 3,272,886	\$ 3,273,245	\$ 4,035,029	\$ 4,820,869	\$ 6,792,406	\$ 6,422,263		
Unreserved	16,105,720	17,473,282	17,932,444	16,676,413	19,873,556	18,893,395	16,024,783	17,469,557		
Total general fund	<u>\$ 19,363,378</u>	<u>\$ 20,763,833</u>	<u>\$ 21,205,330</u>	<u>\$ 19,949,658</u>	<u>\$ 23,908,585</u>	<u>\$ 23,714,264</u>	<u>\$ 22,817,189</u>	<u>\$ 23,891,620</u>		
All other governmental funds										
Reserved	\$ 49,308,662	\$ 54,408,636	\$ 55,594,393	\$ 67,048,480	\$ 81,796,237	\$ 91,277,899	\$ 74,504,669	\$ 72,333,940		
Unreserved, reported in:										
Special revenue funds	4,290,104	4,293,541	5,356,417	8,351,137	4,463,733	4,385,845	3,458,533	5,045,912		
Debt service funds	-	-	-	-	-	-	-	-		
Capital project funds	(211,913)	(309,653)	143,553	105,462	362,224	4,408,683	7,384,735	10,153,988		
Total all other governmental funds	<u>\$ 53,386,853</u>	<u>\$ 58,392,524</u>	<u>\$ 61,094,363</u>	<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>		
General Fund	\$ 1,806,325	\$ 1,819,164	\$ 2,600,000	\$ 2,600,000	\$ 7,669,649	\$ 7,705,629	\$ 10,496,794	\$ 7,486,269		
Nonspendable	-	-	-	-	-	-	-	-		
Restricted	422,402	422,402	422,402	422,402	422,402	422,402	422,402	422,402		
Committed	-	-	-	-	-	-	-	-		
Assigned	-	-	-	-	-	-	-	-		
Unassigned	-	-	-	-	-	-	-	-		
Total general fund	<u>\$ 22,995,170</u>	<u>\$ 19,611,062</u>	<u>\$ 22,995,170</u>	<u>\$ 19,611,062</u>	<u>\$ 22,995,170</u>	<u>\$ 19,611,062</u>	<u>\$ 22,995,170</u>	<u>\$ 19,611,062</u>		
All other governmental funds										
Nonspendable	\$ 747,000	\$ 747,000	\$ 747,000	\$ 747,000	\$ 747,000	\$ 747,000	\$ 747,000	\$ 747,000		
Restricted	91,097,144	86,235,861	86,235,861	86,235,861	86,235,861	86,235,861	86,235,861	86,235,861		
Committed	223,081	223,081	223,081	223,081	223,081	223,081	223,081	223,081		
Assigned	5,391,471	3,025,298	3,025,298	3,025,298	3,025,298	3,025,298	3,025,298	3,025,298		
Total all other governmental funds	<u>\$ 97,458,696</u>	<u>\$ 90,231,239</u>	<u>\$ 90,231,239</u>	<u>\$ 90,231,239</u>						

Notes:

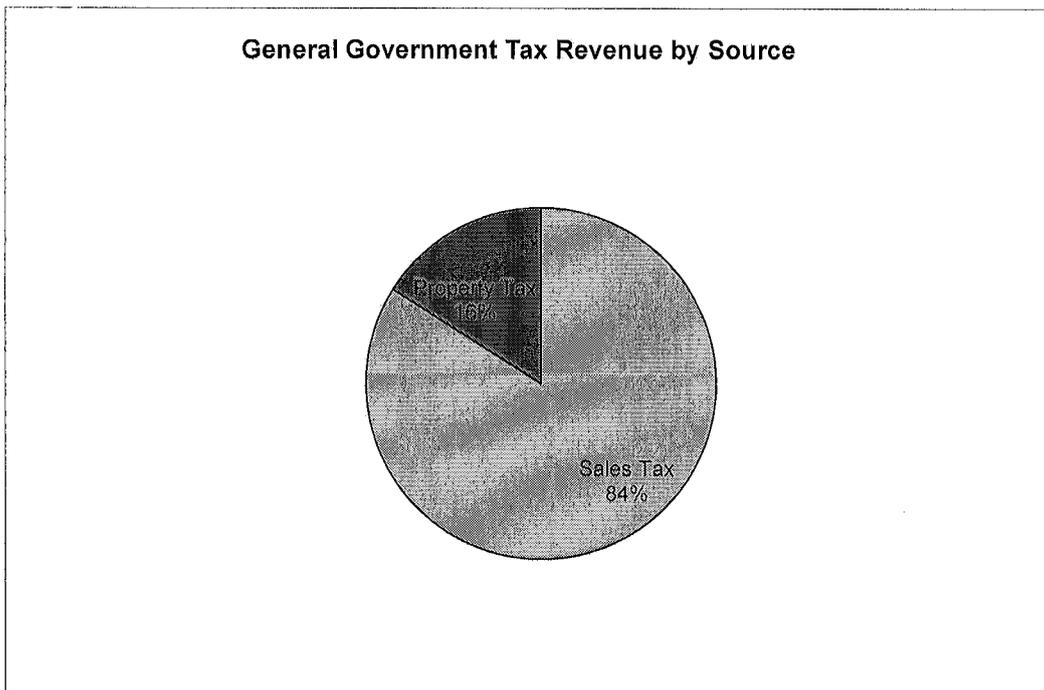
- (1) In FY 2011 the City implemented GASB Statement No. 54 under which governmental fund balances are reported as nonspendable, restricted, committed, assigned, and unassigned compared to reserved and unreserved.
- (2) The substantial increase or decrease in fund balance restricted, committed, assigned,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

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Revenues	\$ 53,538,035	\$ 55,158,004	\$ 58,562,007	\$ 60,180,020	\$ 61,256,282	\$ 69,951,206	\$ 67,829,283	\$ 65,939,451	\$ 70,590,717	\$ 71,397,662	\$ 68,749,023
Taxes	-	-	-	-	13,000,000	-	-	-	4,600,000	2,909,859	9,859
Payment in lieu of taxes	989,765	1,505,833	1,645,914	1,573,767	1,458,095	1,814,180	2,637,266	2,136,887	2,276,641	2,355,108	2,090,603
Fees and fines	271,846	622,894	606,204	595,372	606,634	608,593	567,319	558,257	600,523	561,141	574,360
Licenses and permits	14,217,734	12,058,469	10,551,132	11,495,412	11,869,089	15,703,863	13,365,004	14,549,554	18,073,674	19,678,700	16,170,914
Intergovernmental	4,040,991	3,428,010	3,616,386	4,106,245	3,669,187	4,488,496	4,657,314	4,445,802	4,538,144	4,706,111	5,723,274
Charges for services	559,373	806,381	600,417	1,229,229	2,557,871	2,875,026	2,328,993	915,059	509,745	894,162	454,207
Investment earnings	772,602	1,349,263	992,833	1,079,500	915,084	1,478,353	1,413,612	1,553,276	3,306,444	1,877,391	1,011,170
Miscellaneous	74,390,346	74,928,854	76,574,893	80,259,545	95,332,242	96,899,717	92,798,791	94,698,086	102,805,747	101,480,134	94,783,410
Total revenues											
Expenditures											
Current											
General government	12,839,211	6,861,927	7,260,662	7,470,635	7,770,323	8,323,725	9,309,207	8,906,351	9,446,931	9,906,695	9,757,420
Public safety	27,575,415	29,450,150	31,124,579	33,998,187	36,314,947	37,932,998	39,570,942	38,880,698	40,797,229	41,840,926	42,581,744
Public works	7,630,156	9,100,010	9,552,966	9,228,766	9,700,677	9,476,324	9,999,375	9,673,957	12,584,529	9,150,113	9,749,975
Parks and recreation	3,848,778	4,054,649	4,153,446	3,998,043	4,104,456	4,516,419	4,202,445	4,036,880	4,460,129	4,752,890	5,382,385
Economic development	-	2,082,402	600,441	5,124,779	5,675,607	3,126,520	8,298,423	2,196,510	3,606,731	1,720,757	3,123,621
Culture and community welfare	6,659,085	7,092,509	6,664,680	6,981,151	7,164,206	7,196,287	8,530,074	7,070,616	8,324,329	9,223,504	12,664,949
Other	-	630,620	-	530,478	401,470	1,211,588	794,121	1,252,382	615,174	479,457	521,614
Debt service											
Principal	2,712,840	2,550,545	2,098,538	1,948,960	3,726,218	931,376	1,315,016	2,099,407	1,925,287	1,998,559	2,117,410
Interest and other charges	1,062,018	934,167	824,047	737,992	454,197	320,800	870,523	1,242,553	1,414,334	1,333,949	1,267,515
Capital outlay	5,380,343	5,421,717	5,017,273	3,978,685	4,718,919	11,256,938	13,743,802	31,511,351	12,211,347	8,154,482	16,076,440
Total expenditures	67,687,846	68,178,696	67,296,632	73,997,676	80,031,020	84,292,975	96,633,928	106,870,705	95,386,020	88,561,332	103,243,073
Excess revenues over (under) expenditures	6,702,500	6,750,158	9,278,361	6,261,869	15,301,222	12,606,742	(3,835,137)	(12,172,619)	7,419,727	12,918,802	(8,459,663)
Other financing sources (uses)											
Proceeds from borrowing	-	-	-	8,220,000	523,113	4,977,498	20,625,000	-	-	363,503	1,173,612
Discount on bonds issued	-	-	-	-	-	-	(152,373)	-	-	-	-
Proceeds from bond premium refunding debt	-	-	-	(8,415,928)	-	-	-	-	-	-	-
Payment to refunded debt escrow agent	-	-	-	-	-	-	-	-	-	-	-
Transfers in	16,421,262	16,552,906	15,537,352	8,779,740	12,083,328	13,596,597	13,754,387	18,317,883	14,744,489	13,256,748	10,980,219
Transfers out	(1,489,832)	(3,052,752)	(2,872,135)	(3,118,533)	(2,146,178)	(2,469,101)	(17,091,248)	(3,448,946)	(4,159,395)	(3,742,748)	(2,299,550)
Total other financing sources (uses)	5,212,668	3,697,406	6,406,126	3,143,336	13,153,044	15,075,843	13,256,111	(15,621,565)	3,260,334	9,176,054	(10,759,213)
Net changes in fund balances	63,840,157	69,052,825	72,750,231	79,156,357	82,299,693	95,454,737	110,530,580	123,786,691	108,165,126	111,425,460	120,601,514
Fund balances - beginning	\$ 69,052,825	\$ 72,750,231	\$ 79,156,357	\$ 82,299,693	\$ 95,454,737	\$ 110,530,580	\$ 123,786,691	\$ 108,165,126	\$ 111,425,460	\$ 120,601,514	109,842,301
Fund balances - ending											
Debt service as a percentage of non-capital expenditures	6.1%	5.6%	4.7%	3.8%	5.6%	1.7%	2.6%	4.4%	4.0%	4.1%	3.6%

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

Fiscal Year	Sales and Miscellaneous		Property		Total
	Taxes	Rate	Tax	Rate	
2003	46,821,897	3.50%	8,336,107	15.633%	55,158,004
2004	50,348,793	3.50%	8,213,214	15.633%	58,562,007
2005	51,808,962	3.50%	8,371,058	15.441%	60,180,020
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



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.

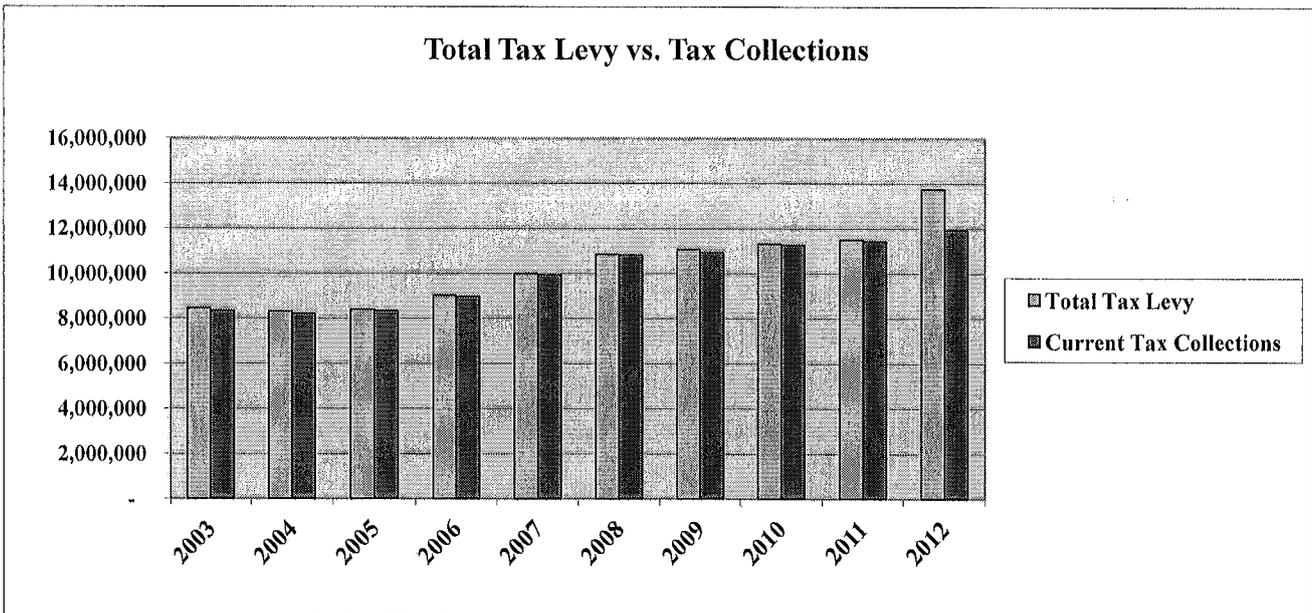
CITY OF PUEBLO, COLORADO
TAXABLE SALES BY CATEGORY
 Last Ten Fiscal Years

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	% of Total
Apparel stores	13,302,600	12,957,229	15,721,829	19,283,857	21,148,600	21,167,981	20,665,388	22,587,643	22,726,167	21,078,355	1.6%
General merchandise	270,978,229	276,756,943	280,843,629	273,539,086	276,329,171	274,889,106	271,065,537	273,664,541	269,866,690	271,614,426	18.8%
Food/drug/liquor stores	51,056,914	50,493,343	50,608,314	52,739,171	54,101,714	57,815,813	59,518,359	61,428,357	63,799,469	64,577,531	4.4%
Eating and drinking establishments	139,762,486	144,228,829	151,641,200	156,224,829	170,084,837	176,341,311	175,986,153	178,342,206	181,007,675	188,975,381	12.6%
Home furnishings and appliances	51,239,086	53,619,314	52,556,686	51,469,657	50,157,486	43,193,441	33,464,768	27,775,023	26,675,919	26,589,441	1.9%
Building materials and farm tools	125,571,229	142,326,457	149,541,600	151,385,057	163,883,343	176,033,910	161,330,267	156,992,265	128,552,869	128,914,149	8.9%
Auto dealers and supplies	139,783,514	143,365,971	142,801,257	135,786,343	151,255,629	138,744,763	138,337,249	119,665,344	121,521,485	137,163,808	8.5%
Other retail stores	125,771,200	138,560,543	154,264,943	168,812,857	179,570,314	200,055,193	199,686,795	222,591,059	215,867,314	205,612,974	15.0%
Utilities	128,160,086	144,294,486	157,313,200	170,603,371	187,935,629	204,728,857	185,146,431	186,111,405	209,678,211	233,629,333	14.6%
All other outlets	161,653,143	168,297,143	172,737,486	171,904,229	197,938,800	199,125,770	204,417,996	186,202,664	197,478,109	178,453,889	13.7%
Total	1,207,278,486	1,274,900,257	1,328,030,143	1,351,748,457	1,452,405,543	1,492,096,145	1,449,618,943	1,435,360,507	1,437,173,908	1,456,609,287	100.0%
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
2003	8,458,782	8,340,769	98.6%	(4,662)	8,336,107	98.5%	204,412	2.4%
2004	8,310,431	8,214,996	98.9%	(1,782)	8,213,214	98.8%	301,629	3.6%
2005	8,403,285	8,342,551	99.3%	28,507	8,371,058	99.6%	333,856	4.0%
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%

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



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

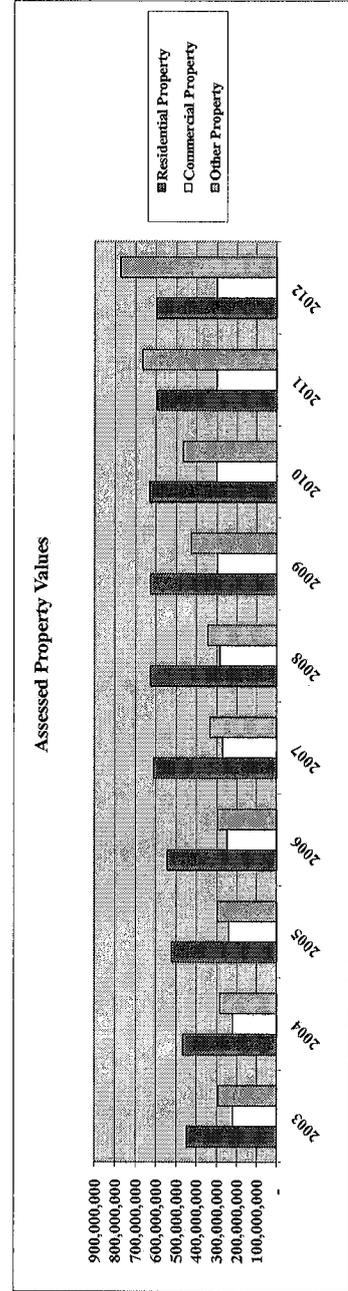
Fiscal Year	(1) Assessed Property Values					Total Direct Tax Rate	(2) Estimated Actual Property Value		Assessed Value as a Percentage of Actual Value
	Residential Property	Commercial Property	Other Property	Less: Tax Exempt Property	Total Taxable Assessed Value		Property Value	Property Value	
2003	449,451,400	219,003,950	293,015,140	(427,578,980)	533,891,510	15.633%	6,982,049,817	7.647%	
2004	466,545,250	220,101,930	284,852,100	(432,004,070)	539,495,210	15.633%	7,194,615,003	7.499%	
2005	521,390,360	239,482,440	298,050,730	(461,517,480)	597,406,050	15.441%	7,987,985,837	7.479%	
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)	930,942,582	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%	

(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.

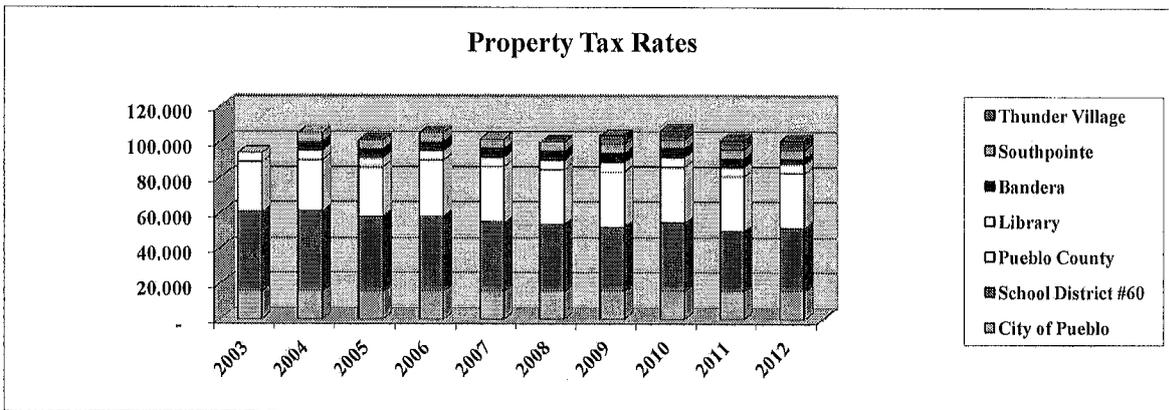
NOTE 1: Property in Pueblo County assesses property at approximately 29 percent of actual value for commercial and industrial property and eight percent for residential property. Tax rates are per \$1,000 of assessed value.

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 Expenses	School District #60	Pueblo County	Pueblo Regional Library	Bandera Blvd. Special Improvement District	Southpointe Special Improvement District	Thunder Village Metropolitan District
2003	15.633	44.903	28.261	5.250	-	-	-
2004	15.633	45.349	29.189	5.250	5.000	5.000	-
2005	15.441	42.515	28.020	5.250	5.000	5.000	-
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



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, 2012 and Nine Years Prior**

Current Year					Nine Years Prior	
Rank	Taxpayer	Type of Business	2012 Assessed Valuation	Percentage of Total Assessed Valuation	Rank	2003 Assessed Valuation
1	Public Service Co. of Colorado	Natural gas utility	\$ 196,305,798	36.2%	4	\$ 4,156,240
2	Black Hills Colorado IPP, LLC	Electric utility	\$ 73,173,523	13.5%	2	\$ 5,410,890
3	Intermountain Rural Electric	Electric utility	\$ 51,608,300	9.5%		
4	Vestas Towers America, Inc.	Wind tower manufacturer	\$ 46,673,719	8.6%		
5	Black Hills Corporation	Electric utility	\$ 30,540,176	5.6%		
6	Qwest Corporation	Telecommunications	\$ 16,205,300	3.0%	1	\$ 15,974,000
7	Holy Cross Electric Assn., Inc.	Electric utility	\$ 13,429,300	2.5%		
8	Comcast of Colorado IV, LLC	Communications	\$ 6,955,719	1.3%	9	\$ 1,973,170
9	Parkview Medical Center, Inc.	Hospital	\$ 6,110,511	1.1%	3	\$ 4,569,120
10	Colorado Natural Gas, Inc.	Natural gas utility	\$ 4,423,300	0.8%		
	PM Lending LLC	Shopping Mall			5	\$ 3,407,520
	Walmart Real Estate Business	Retail			6	\$ 2,307,330
	Cole WM Pueblo, LLC	Retail			7	\$ 2,218,130
	Sam's Real Estate Business	Retail			8	\$ 2,063,610
	Eagle Hardware & Garden, Inc.	Retail			10	\$ 1,923,740
	Total 2012 property tax valuation for City of Pueblo		\$ 542,872,193			

Note: Ranking based upon 2012 collections of tax amounts due calculated on 2011 assessed valuation

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

CITY OF PUEBLO, COLORADO
PRINCIPAL SALES TAXPAYERS
December 31, 2012 and Nine Years Prior

Sales and Use Tax is the City's largest revenue source, producing 76.7% 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>2012</u>	<u>2003</u>
General Merchandise Stores	19%	22%
Utilities	15%	11%
Restaurants	13%	12%
Auto Sales	8%	12%
All other	45%	43%
	<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			Revenue Bonds			Certificates of Participation						Capital Leases	Notes Payable											
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2003	2004						2005	2006	2007	2008	2009	2010	2011	2012			
	13,520,000	11,805,000	10,063,645	8,078,280	7,382,926	6,677,561	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	29,256,374	0.81%	281			
																									26,358,327	0.70%	253	
																										23,377,500	0.60%	224
																										19,072,604	0.48%	181
																										22,268,720	0.54%	214
																										39,842,158	0.90%	381
																										38,467,927	0.82%	363
																										60,742,913	1.26%	570
																										59,228,007	1.20%	552
																										57,815,815	1.07%	535

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

Fiscal Year	General Bonded Debt Outstanding				Less Debt Service Fund	Net Bonded Debt	Ratio of Net Bonded Debt to Actual Property Value	Per Capita
	General Obligation Bonds	Capital Improvement Revenue Bonds	Gross Bonded Debt					
2003	13,520,000	-	13,520,000	8,276	13,511,724	0.19%	130.17	
2004	11,805,000	-	11,805,000	2	11,804,998	0.16%	114.29	
2005	10,063,645	-	10,063,645	5	10,063,640	0.13%	97.41	
2006	8,078,280	-	8,078,280	5	8,078,275	0.10%	77.86	
2007	7,382,926	-	7,382,926	-	7,382,926	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	

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 DEBT
GENERAL OBLIGATION BONDS
December 31, 2012

Jurisdiction	Net General Obligation Bonded Debt Outstanding	Percentage Applicable to City of Pueblo	Amount Applicable to City of Pueblo
Direct debt	\$ 3,653,433	100%	\$ 3,653,433
Total direct debt	<u>\$ 3,653,433</u>		<u>\$ 3,653,433</u>
Overlapping entities:			
Pueblo County Debt	\$ 6,795,000	87.1%	\$ 5,918,445
School District #60 Debt	67,765,000	100.0%	67,765,000
Total overlapping debt	<u>\$ 74,560,000</u>		<u>\$ 73,683,445</u>
Total direct and overlapping debt	<u>\$ 78,213,433</u>		<u>\$ 77,336,878</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

Legal Debt Margin Calculation for Fiscal Year 2012

Assessed value - 2011 for 2012 taxes	\$ 1,061,757,357
Debt limitation - Ten percent of total assessed value	106,175,736
Total applicable debt	\$ 3,600,000
Less amount available for repayment of general obligation bonds	-
Total net debt applicable to limitation	3,600,000
Legal debt margin	<u>\$ 102,575,736</u>

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Debt limit	\$ 53,159,538	\$ 53,753,505	\$ 58,750,939	\$ 64,149,335	\$ 70,019,062	\$ 71,669,549	\$ 72,402,247	\$ 78,196,190	\$ 95,094,258	\$ 106,175,736
Total net debt applicable to limit	13,511,724	11,804,998	10,582,995	8,119,856	7,420,000	6,710,000	5,975,000	5,210,000	4,420,000	3,600,000
Legal debt margin	<u>\$ 39,647,814</u>	<u>\$ 41,948,507</u>	<u>\$ 48,167,944</u>	<u>\$ 56,029,479</u>	<u>\$ 62,599,062</u>	<u>\$ 64,959,549</u>	<u>\$ 66,427,247</u>	<u>\$ 72,986,190</u>	<u>\$ 90,674,258</u>	<u>\$ 102,575,736</u>
Total net debt applicable to the limit as a percentage of debt limit	25.42%	21.96%	18.01%	12.66%	10.60%	9.36%	8.25%	6.66%	4.65%	3.39%

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:		Net		Debt Service	
		Operating Expenses	Net Available Revenue	Principal	Interest	Coverage	
2003	6,299,941	6,146,384	153,557	3,550,000 (1)	307,859	0.04	
2004	7,217,202	5,810,898	1,406,304	362,703	156,126	2.71	
2005	7,166,632	6,439,923	726,709	362,703	183,069	1.33	
2006	7,667,687	6,460,694	1,206,993	362,703	185,123	2.20	
2007	8,890,987	7,216,669	1,674,318	362,703	180,900	3.08	
2008	10,911,573	7,347,030	3,564,543	362,703	182,804	6.53	
2009	12,392,418	8,339,188	4,053,230	362,703	181,327	7.45	
2010	13,673,319	7,953,954	5,719,365	405,699	382,679	7.25	
2011	13,454,038	8,490,428	4,963,610	1,421,994	444,719	2.66	
2012	13,805,921	10,295,374	3,510,547	1,431,980	509,766	1.81	

(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		(6) School Enrollment	(7) Unemployment Rate
					High School Graduates	School Enrollment		
2003	103,803	3,790,432	25,627	36.8	80.4	17,693	8.4%	
2004	103,291	3,902,044	26,249	36.9	81.1	17,600	8.4%	
2005	103,310	4,070,170	26,766	37.0	81.7	17,730	7.8%	
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%	

Sources:

- (1) 2002-2009: 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
- (7) U. S. Department of Labor, Bureau of Labor Statistics

CITY OF PUEBLO, COLORADO
PRINCIPAL EMPLOYERS
Current Year and Nine Years Ago

Employer	2012			2003		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Parkview Hospital Medical Center	2,471	1	5.8%	1,538	2	3.5%
School District No. 60	1,850	2	4.3%	2,400	1	5.5%
Walmart	1,174	3	2.7%	755	10	1.7%
Evraz Inc. (Rocky Mountain Steel)	1,169	4	2.7%	780	9	1.8%
St. Mary Corwin Hospital	1,165	5	2.7%	1,228	3	2.8%
Pueblo County	1,100	6	2.6%	1,020	5	2.3%
Colorado Mental Health Institute	1,000	7	2.3%	1,041	4	2.4%
School District No. 70	997	8	2.3%	820	8	1.9%
City of Pueblo	720	9	1.7%			0.0%
Convergys	685	10	1.6%	1,000	6	2.3%
TRANE Co.*				1,000	7	2.3%
Total	12,331		28.7%	11,582		26.4%

City of Pueblo resident employment 42,960

43,798

*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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental activities:										
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	10.00	9.00	9.00	9.00	9.00	9.00	9.00
City clerk's office	3.75	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Human resources	5.00	6.00	5.75	5.75	5.75	6.00	6.00	6.00	6.00	7.00
Finance	20.00	20.00	19.00	19.00	18.00	18.00	18.00	18.00	18.00	18.00
Civil service	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Law							2.00	6.00	6.00	6.00
Information technology	10.50	10.75	14.75	14.50	14.50	14.75	14.75	15.75	15.75	15.75
Planning/comm dev	13.00	8.00	9.00	11.00	11.00	13.00	16.00	16.00	16.00	16.00
Land use	-	7.00	5.00	6.00	7.00	3.00	-	-	-	-
Purchasing	3.00	3.00	2.75	3.00	3.00	3.00	3.00	2.00	2.00	2.00
Housing/comm svcs	6.00	6.00	6.00	5.00	4.00	4.00	4.00	4.00	4.00	4.00
Fleet maintenance	17.00	15.00	14.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00
Police	249.00	247.00	253.00	251.00	251.00	264.00	264.00	266.00	266.00	268.00
Fire	143.00	143.00	143.00	143.00	137.00	137.00	137.00	143.00	143.00	143.00
Public works	84.25	80.58	77.00	77.00	76.00	76.00	78.00	75.00	75.00	74.00
Parks and recreation	40.75	39.75	39.75	36.75	35.75	36.75	38.75	37.75	37.75	38.00
Business-type activities:										
Wastewater utility	46.00	50.00	49.50	47.50	47.50	48.50	48.50	49.50	50.50	51.50
Stormwater utility	14.00	18.00	17.50	17.50	17.50	17.50	17.50	17.50	18.50	18.50
Memorial airport	16.00	12.00	12.00	12.00	11.00	11.00	11.00	11.00	11.00	11.00
Parking facilities	3.00	3.00	3.00	3.00	2.00	2.00	2.00	2.00	2.00	2.00
Honor Farm properties	-	-	-	-	-	-	1.00	1.00	1.00	2.00
Total	693.25	691.08	693.00	686.00	674.00	687.50	694.50	703.50	705.50	709.75

Note 1: Includes permanent full and part-time positions only; temporary and seasonal employees are excluded.

Note 2: Stormwater utility fund created in 2003.

CITY OF PUEBLO, COLORADO
OPERATING INDICATORS BY FUNCTION/PROGRAM
Last Ten Years

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Police										
Number of arrests	7,335	7,459	6,410	8,048	8,897	8,682	4,328	3,833	3,739	3,671
Number of traffic violations	13,071	11,219	11,219	7,446	7,304	9,391	4,904	8,405	5,832	7,102
Number of parking violations	11,967	13,996	10,889	4,782	10,094	12,113	9,498	11,527	10,015	9,576
Fire										
Number of fire calls answered	2,852	2,794	2,867	3,127	4,182	4,621	5,434	4,667	4,698	4,797
Number of medical responses	8,216	8,019	9,173	9,432	9,791	9,875	9,236	10,790	11,656	11,894
Number of inspections	1,715	1,638	1,585	1,536	1,310	1,274	3,550	3,433	2,716	3,924
Parks and recreation										
Aquatics participants	49,830	40,070	54,954	52,814	51,916	- *	- *	51,630	54,013	45,449
Adult athletics participants	1,970	1,902	1,817	1,692	1,260	838	828	1,070	725	1,290
Youth athletics participants	4,998	4,499	5,344	3,733	4,194	3,419	3,568	2,411	2,047	1,764
Playground/Open gym participants	29,060	24,734	24,084	27,762	27,836	26,795	11,298	6,345	500	639
Tennis participants	4,617	4,273	3,683	3,257	3,328	3,002	3,170	2,958	3,095	152
Elmwood golf course										
Golf rounds played	80,781	70,068	68,702	67,603	65,155	72,643	64,664	62,476	64,059	64,398
Walkingsick golf course										
Golf rounds played	33,950	32,618	29,530	32,599	32,708	32,266	32,403	30,997	28,040	30,798
Wastewater utility										
Number of sanitary sewer service connections	35,332	36,776	36,426	37,190	37,260	37,485	37,537	37,537	37,976	37,595
Daily average wastewater treatment in gallons	11,034,000	11,330,000	10,025,000	10,890,000	11,796,000	11,300,000	10,600,000	10,600,000	10,200,000	10,136,000
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	19,000,000	19,000,000	19,000,000	17,320,000
Memorial airport										
Enplanements	3,332	3,307	2,799	4,312	4,308	3,964	5,114	9,973	21,197	9,417
Air traffic control tower operations	90,331	88,715	113,057	106,133	154,031	151,332	159,923	182,119	156,466	165,876
Pueblo Transit										
Ridership	1,192,614	1,011,172	973,968	978,577	976,042	1,162,352	904,626	951,080	1,046,480	1,094,391
Number of days service operated	307	308	308	307	307	307	307	307	307	307
Parking facilities										
Parking permits sold	3,522	3,059	4,055	5,327	6,079	7,433	6,040	5,545	5,561	5,498

* 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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Police										
Number of stations	1	1	1	1	1	1	1	1	1	1
Number of patrol units	112	101	114	101	97	97	97	91	98	97
Number of other police vehicles	103	101	86	108	123	123	123	111	106	106
Fire										
Number of stations	10	10	10	10	10	10	10	11	11	11
Public Works										
Miles of paved streets maintained	464	468	468	474	477	479	479	479	479	479
Miles of gravel streets maintained	8	5	6	6	6	6	6	6	6	6
Miles of alleys maintained	102	102	102	102	102	102	102	102	102	102
Parks and recreation										
Number of parks	86	86	86	86	84	80	56	56	127	127
Number of acres of parks	3,341	3,341	3,341	3,341	3,331	3,308	550	550	835	3,950
Number of playgrounds	43	43	43	43	43	43	46	46	46	47
Number of acres of playgrounds	22	22	22	22	22	22	24	24	24	24
Number of swimming pools	4	4	4	4	4	4	4	4	4	4
Number of tennis courts	38	38	38	38	38	21	21	21	21	27
Elmwood golf course										
Golf courses - 18 hole	1	1	1	1	1	1	1	1	1	1
Golf courses - 9 hole	1	1	1	1	1	1	1	1	1	1
Walkingstick golf course										
Golf courses - 18 hole	1	1	1	1	1	1	1	1	1	1
Wastewater utility										
Miles of sanitary sewers	442	451	456	467	471	480	472	468	466	467
Number of treatment plants	1	1	1	1	1	1	1	1	1	1
Stormwater utility										
Miles of storm sewers	106	108	110	113	114	114	115	116	116	117
Pueblo Transit										
Vehicles used in maximum service:										
Fixed Route	12	11	11	11	11	12	12	14	14	14
ChB-Lift	7	8	8	11	13	11	11	11	11	11

Sources: Various city departments.

Note: Indicators are not available for the general government function.

GOVERNMENT AUDITING STANDARDS

AND

OMB CIRCULAR A-133 SECTION

CITY OF PUEBLO, COLORADO
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED DECEMBER 31, 2012

Finding 2011-1 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 of Pueblo, Colorado's (the City's) internal controls over financial reporting were considered deficient in certain aspects because of the misstatements as reported below:

Context/Effect/Cause:

As part of the audit of the basic fund financial statements of the City, we noted the following misstatements in the City's fund financial statements:

- City personnel recorded a fund advance totaling \$747,000 in the general fund which was not the fund that actually provided the fund advance to the City's honor farm enterprise fund.
- City personnel did not capitalize interest totaling \$47,060 in the Walking Stick golf course fund.

In addition, City personnel were not aware of a possible violation of state law with respect to certificates of deposit purchased and held by the City in nonqualified public depositories which is prohibited under Colorado law.

Recommendation:

We suggested City personnel continue its staff training which focuses on the application of generally accepted accounting principles to various circumstances encountered by accounting personnel.

Auditee's Response:

We agreed with the finding and the accounting staff will continue their training in generally accepted accounting principles.

Current Status:

The recommendation was implemented during the year ended December 31, 2012 as no similar material misstatements in the City's fund financial statements were noted and the possible violation of state law regarding the holding of bank deposits in "nonqualified public depositories" was rectified.

**CITY OF PUEBLO, COLORADO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2012**

SUMMARY OF INDEPENDENT AUDITORS' RESULTS

FINANCIAL STATEMENTS

An unqualified opinion was rendered on the basic financial statements as of and for the year ended December 31, 2012.

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? Yes None Reported

Noncompliance material to financial statements noted? Yes No

FEDERAL AWARDS

Internal control over major programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? Yes None reported

An unqualified opinion was issued on compliance for major programs.

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? Yes No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.228	Community Development Block Grants/States' Programs (ARRA Funds)
14.218	Community Development Block Grants/Entitlement Grants
14.253	Community Development Block Grant ARRA Entitlement Grants
16.738	Edward Byrne Memorial Justice Assistance Grant Program Cluster
16.803	Edward Byrne Memorial Justice Assistance Grant Program Cluster (ARRA Funds)
81.128	Energy Efficiency and Conservation Block Grant Program (ARRA Funds)
97.115	Assistance to Firefighters Grant (ARRA Funds)

Dollar threshold used to distinguish between type A and type B programs \$ 374,110

Auditee qualified as a low-risk auditee? Yes No

FINANCIAL STATEMENT FINDINGS

No financial statement findings were noted.

FEDERAL AWARD FINDINGS

No findings or questioned costs for federal awards were noted.



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**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, 2012, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 24, 2013.

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 an opinion on the effectiveness of the City of Pueblo, Colorado'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.

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

Compliance and Other Matters

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

Purpose of this Report

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

Ann Johnson, Brufford, Davidson & Goodrich, PC

June 24, 2013



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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 OMB CIRCULAR A-133**

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 Circular A-133 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, 2012. 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 of the United States; and OMB Circular A-133, *Audit of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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.

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, 2012.

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 OMB Circular A-133, 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of the City of Pueblo, Colorado as of and for the year ended December 31, 2012, and have issued our report thereon dated June 24, 2013, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the 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 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 financial statements or to the 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 expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

W. P. ... , Director & Bookkeeper, PC

June 24, 2013 with respect to the section entitled Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133 and September 20, 2013 with respect to the sections entitled Opinion on Each Major Federal Program and Report on Internal Control Over Compliance

CITY OF PUEBLO, COLORADO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2012

<u>FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM OR CLUSTER TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>PASS-THROUGH ENTITY'S IDENTIFYING NUMBER</u>	<u>FEDERAL EXPENDITURES</u>
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
Direct Assistance -			
Community development block grants/entitlement grants cluster	14.218	-	\$ 2,075,505
Community development block grants/states' programs (ARRA funds)	14.228	-	499,700
Home investments partnership program	14.239	-	1,727,573
Community development block grants/ entitlement grants cluster (ARRA funds)	14.253	-	443,659
Homeless prevention & rapid re-housing program (ARRA funds)	14.257	-	<u>653</u>
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			<u>4,747,090</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>			
Direct assistance -			
Federal treasury/asset forfeiture	16.111	-	253,667
Edward Byrne memorial justice assistance grant program cluster	16.738	-	86,624
Passed through Colorado Department of Criminal Justice -			
Juvenile accountability block grant	16.523	2010-JB-FX-0067	4,042
Edward Byrne memorial justice assistance program cluster (ARRA funds)	16.803	29-JR-06-33-1	<u>74,654</u>
TOTAL U.S. DEPARTMENT OF JUSTICE			<u>418,987</u>

CITY OF PUEBLO, COLORADO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Cont'd.)
YEAR ENDED DECEMBER 31, 2012

<u>FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM OR CLUSTER TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>PASS-THROUGH ENTITY'S IDENTIFYING NUMBER</u>	<u>FEDERAL EXPENDITURES</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
Direct assistance -			
Airport improvement program	20.106	-	2,341,510
Federal transit capital and operating assistance grants cluster	20.500/20.507	-	1,840,869
Passed through Colorado Department of Transportation -			
Highway planning and construction	20.205	various	376,710
Passed through Pueblo Area Council of Governments -			
Federal transit technical studies grant	20.505	not available	<u>158,941</u>
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			<u>4,718,030</u>
 <u>ENVIRONMENTAL PROTECTION AGENCY</u>			
Passed through Colorado Water Resources and Power Development Authority -			
Capitalization grants for clean water state revolving funds	66.458	WPCRF loan No. W10A141	<u>1,074,783</u>
TOTAL ENVIRONMENTAL PROTECTION AGENCY			<u>1,074,783</u>
 <u>U.S. DEPARTMENT OF ENERGY</u>			
Direct assistance -			
Energy efficiency and conservation block grants (ARRA funds)	81.128	-	<u>290,292</u>
TOTAL U.S. DEPARTMENT OF ENERGY			<u>290,292</u>

CITY OF PUEBLO, COLORADO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Cont'd.)
YEAR ENDED DECEMBER 31, 2012

<u>FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM OR CLUSTER TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>PASS-THROUGH ENTITY'S IDENTIFYING NUMBER</u>	<u>FEDERAL EXPENDITURES</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
Passed through Pueblo City Schools and Crossroads Turning Point –			
Substance abuse and mental health services	93.243	not available	<u>45,034</u>
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>45,034</u>
 <u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
Direct assistance –			
Assistance to firefighters grant	97.004	-	39,729
Assistance to firefighters grant (ARRA funds)	97.115	-	<u>1,136,374</u>
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			<u>1,176,103</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 12,470,319</u>

CITY OF PUEBLO, COLORADO
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2012

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Pueblo, Colorado and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 2 - OTHER ITEMS

Included in federal expenditures on the schedule of expenditures of federal awards are payments to sub-recipients as follows:

<u>CFDA#</u>	<u>Program Title</u>	<u>Amount</u>
14.218	Community Development Block Grant/Entitlement Grants Cluster	\$ 527,953
14.239	Home Investment Partnership Program	343,513
16.738	Edward Byrne Memorial Justice Assistance Grant Program Cluster	23,176
93.243	Substance Abuse and Mental Health Services	1,593