

CITY OF PUEBLO, COLORADO
FEDERAL FINANCIAL ASSISTANCE
SINGLE AUDIT REPORT
YEAR ENDED DECEMBER 31, 2014

**CITY OF PUEBLO, COLORADO
FEDERAL FINANCIAL ASSISTANCE/SINGLE AUDIT REPORT
YEAR ENDED DECEMBER 31, 2014**

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FINANCIAL SECTION



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INDEPENDENT AUDITORS' REPORT

City Council
City of Pueblo, Colorado

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each discretely-presented component unit, each major fund, and the aggregate remaining fund information of the City of Pueblo, Colorado as of December 31, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 17 and the required supplementary information as listed in the table of contents on pages 91 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 and schedules as listed in the table of contents and the other information labeled as the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 25, 2015 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, Breyfogle, Davlin & Woodruff PC

September 25, 2015



CITY OF PUEBLO, COLORADO MANAGEMENT'S DISCUSSION AND ANALYSIS

Management of the City of Pueblo, Colorado (the City) offers the readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2014. Readers are encouraged to consider the information presented here in conjunction with additional information that is furnished in the letter of transmittal found in the introductory section of this annual report.

FINANCIAL HIGHLIGHTS

The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at December 31, 2014 by \$600.8 million (net position), \$419.1 million in governmental activities and \$181.7 million in business-type activities. Of the governmental activities net position, \$13.4 million is unrestricted and is available to meet the government's ongoing obligations. Similarly, \$21.0 million of business-type activities net position are unrestricted.

The General Fund, the City's primary operating fund, ended 2014 with a \$18.4 million fund balance, an increase of \$850 thousand. Of this amount, \$7.5 million or 10% of expenditures and transfers-out is committed by City Council as a minimum reserve for major unanticipated emergencies.

General fund revenues including transfers-in decreased \$10.4 million in 2014 and expenditures including transfers out decreased by \$13.3 million in 2014. The large decrease in revenue was due to a one-time State contribution of \$11.3 million to the City's Old Hire Fire Pension Plan in 2013. The City had a corresponding public safety expenditure of \$11.3 million to record the pension contribution in 2013.

The City's total long-term debt increased by \$5.3 million during the current year. The increase was due to the new certificates of participation for LED street light replacement and a new State Revolving Fund loan for sewer maintenance.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

Governmental funds are used to account for essentially the same functions as governmental activities in the government-wide financial statements. Governmental fund financial statements focus on near-term inflows and outflows of spendable

resources, as well as the balance of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

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

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

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

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position. As noted earlier, net position may serve over time as a useful indicator of a government's financial position. For the City of Pueblo, total assets exceeded total liabilities by \$600.8 million at December 31, 2014. By far, the largest portion of the City's net position (78.5%) reflects its investment of \$472 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, \$94.7 million (16%) represents resources that are subject to restrictions as to how they may be used. The remaining balance of unrestricted net position, \$34.4 million (6%) may be used to meet the city's on-going obligations to citizens and creditors. It is important to note that the \$21.0 million of unrestricted net position in the city's business-type activities may not be used to fund governmental activities.

The following table reflects the condensed Statement of Net Position as of December 31, 2014 and 2013:

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

| | Governmental Activities | | Business-type Activities | | Totals Primary Government | |
|-----------------------------------|----------------------------|-----------------------|-----------------------------|-----------------------|------------------------------|-----------------------|
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| Current and other assets | \$ 147,110,444 | \$ 142,947,143 | \$ 28,545,978 | \$ 22,884,422 | \$ 175,656,422 | \$ 165,831,565 |
| Capital assets | 333,633,081 | 330,033,904 | 189,541,599 | 188,836,902 | 523,174,680 | 518,870,806 |
| Total assets | 480,743,525 | 472,981,047 | 218,087,577 | 211,721,324 | 698,831,102 | 684,702,371 |
| Deferred outflows of resources | 22,448 | 44,895 | - | - | 22,448 | 44,895 |
| Current and other liabilities | 6,875,421 | 7,391,805 | 4,637,798 | 1,981,062 | 11,513,219 | 9,372,867 |
| Long-term liabilities outstanding | 41,377,260 | 38,022,928 | 31,743,359 | 32,090,076 | 73,120,619 | 70,113,004 |
| Total liabilities | 48,252,681 | 45,414,733 | 36,381,157 | 34,071,138 | 84,633,838 | 79,485,871 |
| Deferred inflows of resources | 13,424,542 | 14,051,058 | - | - | 13,424,542 | 14,051,058 |
| Net position | | | | | | |
| Net investment in capital assets | 310,952,995 | 304,720,914 | 160,736,818 | 157,831,233 | 471,689,813 | 462,552,147 |
| Restricted | 94,699,404 | 88,503,346 | | | 94,699,404 | 88,503,346 |
| Unrestricted | 13,436,351 | 20,335,891 | 20,969,602 | 19,818,953 | 34,405,953 | 40,154,844 |
| Total net position | \$ 419,088,750 | \$ 413,560,151 | \$ 181,706,420 | \$ 177,650,186 | \$ 600,795,170 | \$ 591,210,337 |

The City's total net position increased by \$9.6 million in 2014. Unrestricted net position decreased \$5.7 million and were used to support core operations, maintain infrastructure and invest in critical capital needs. Additional details of capital asset activity can be seen in an additional chart further on in this report.

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Changes in net position. The following table reflects the City's changes in net position for the years ended December 31, 2014 and 2013:

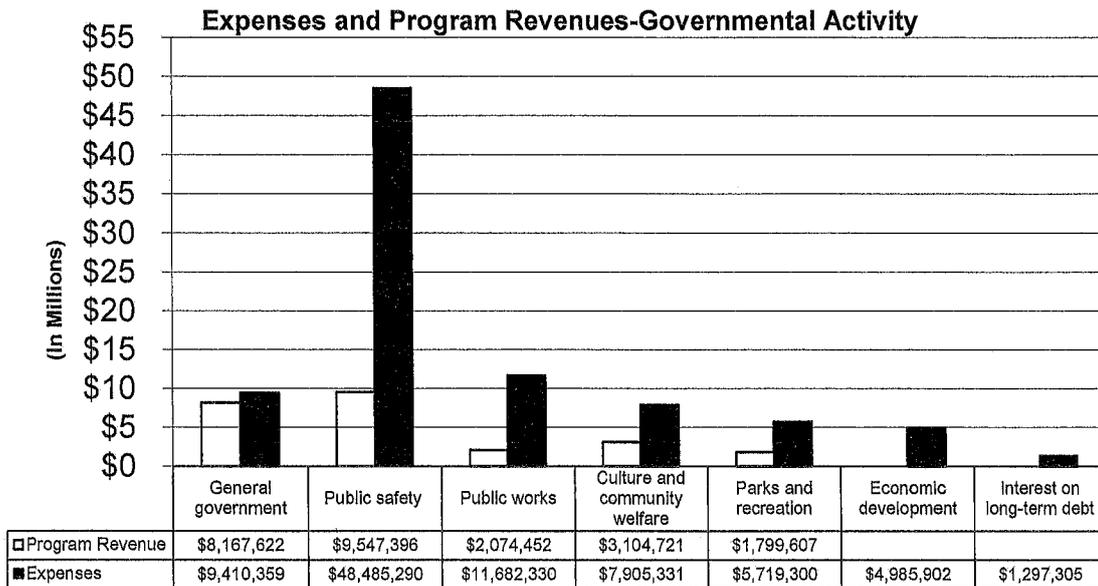
| City of Pueblo Summarized Statement of Changes In Net Position | | | | | | |
|---|----------------------------|-----------------------|-----------------------------|-----------------------|------------------------------|-----------------------|
| | Governmental Activities | | Business-type Activities | | Totals Primary Government | |
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| Revenue: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 8,071,289 | \$ 8,179,392 | \$ 25,670,617 | \$ 24,235,575 | \$ 33,741,906 | \$ 32,414,967 |
| Operating grants and contributions | 9,134,469 | 22,104,201 | 2,037,268 | 2,050,457 | 11,171,737 | 24,154,658 |
| Capital grants and contributions | 7,488,040 | 6,944,859 | 3,828,080 | 20,762,845 | 11,316,120 | 27,707,704 |
| General revenues: | | | | | | |
| Property taxes | 12,683,391 | 12,865,732 | | | 12,683,391 | 12,865,732 |
| Special property taxes | 36,023 | 39,309 | | | 36,023 | 39,309 |
| Franchise and other taxes | 7,020,223 | 6,557,472 | | | 7,020,223 | 6,557,472 |
| Sales and use taxes | 51,351,232 | 51,947,998 | | | 51,351,232 | 51,947,998 |
| Payment in lieu of taxes | 9,859 | 9,859 | | | 9,859 | 9,859 |
| Investment earnings | 618,324 | (99,169) | 916,154 | 626,139 | 1,534,478 | 526,970 |
| Sale of assets | | | | | - | - |
| Other | 2,066,165 | 2,287,852 | 138 | 1,375 | 2,066,303 | 2,289,227 |
| Total revenues | 98,479,015 | 110,837,505 | 32,452,257 | 47,676,391 | 130,931,272 | 158,513,896 |
| Expenses: | | | | | | |
| General government | 9,410,359 | 13,800,967 | | | 9,410,359 | 13,800,967 |
| Public safety | 48,485,290 | 46,616,804 | | | 48,485,290 | 46,616,804 |
| Public works | 11,682,330 | 11,618,176 | | | 11,682,330 | 11,618,176 |
| Culture and community welfare | 7,905,331 | 11,504,623 | | | 7,905,331 | 11,504,623 |
| Parks and recreation | 5,719,300 | 5,722,667 | | | 5,719,300 | 5,722,667 |
| Economic development | 4,985,902 | 4,931,043 | | | 4,985,902 | 4,931,043 |
| Interest on long-term debt | 1,297,305 | 1,138,164 | | | 1,297,305 | 1,138,164 |
| Elmwood golf course | | | 965,668 | 975,010 | 965,668 | 975,010 |
| Walkingstick golf course | | | 1,945,576 | 1,886,223 | 1,945,576 | 1,886,223 |
| Sewer user | | | 12,674,302 | 12,506,548 | 12,674,302 | 12,506,548 |
| Stormwater utility | | | 2,861,912 | 2,896,741 | 2,861,912 | 2,896,741 |
| Memorial airport | | | 2,903,096 | 2,794,533 | 2,903,096 | 2,794,533 |
| Honor Farm | | | 82,145 | 171,027 | 82,145 | 171,027 |
| Transportation Services | | | 5,837,742 | 5,463,759 | 5,837,742 | 5,463,759 |
| Parking Facilities | | | 752,883 | 946,605 | 752,883 | 946,605 |
| Memorial Hall | | | 1,270,346 | 746,330 | 1,270,346 | 746,330 |
| Pueblo Transit | | | 2,566,952 | 2,494,913 | 2,566,952 | 2,494,913 |
| Total expenses | 89,485,817 | 95,332,444 | 31,860,622 | 30,881,689 | 121,346,439 | 126,214,133 |
| Increase in net position before transfers | 8,993,198 | 15,505,061 | 591,635 | 16,794,702 | 9,584,833 | 32,299,763 |
| Transfers | (3,464,599) | (3,018,863) | 3,464,599 | 3,018,863 | - | - |
| Increase in net position | 5,528,599 | 12,486,198 | 4,056,234 | 19,813,565 | 9,584,833 | 32,299,763 |
| Net position beginning of year | 413,560,151 | 401,073,953 | 177,650,186 | 157,836,621 | 591,210,337 | 558,910,574 |
| Net positions end of year | \$ 419,088,750 | \$ 413,560,151 | \$ 181,706,420 | \$ 177,650,186 | \$ 600,795,170 | \$ 591,210,337 |

Governmental activities increased the City's net position by \$5.5 million, accounting for 58% of the City's \$9.5 million overall increase in net position. Key elements of the increase are as follows:

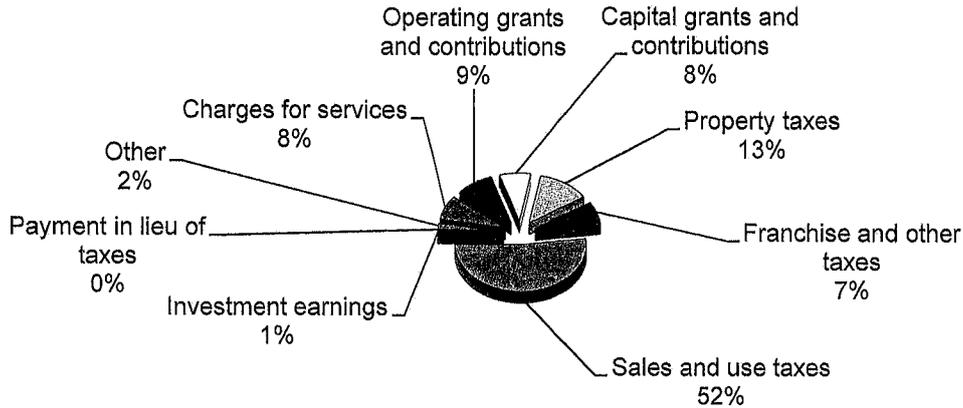
Property tax and sales and use taxes totaled 65% of all governmental activities' revenues. Property taxes decreased \$186 thousand in 2014, while sales and use taxes, as reported on this statement, decreased \$597 thousand in 2014. This was due to sales tax audit revenue reported as earned and accrued in the 2013 statement of activities, but deferred in the 2013 governmental funds.

Operating grants and contributions were \$13 million less in 2014 than 2013, bringing revenues back to a more normal level after a one-time \$11.3 million contribution made by the State to the City's Old Hire Fire and Pension Plan in 2013.

Total expenses decreased by \$5.8 million, driven by the large drop in corresponding grant and contribution revenues.



Revenues by Source-Governmental Activities



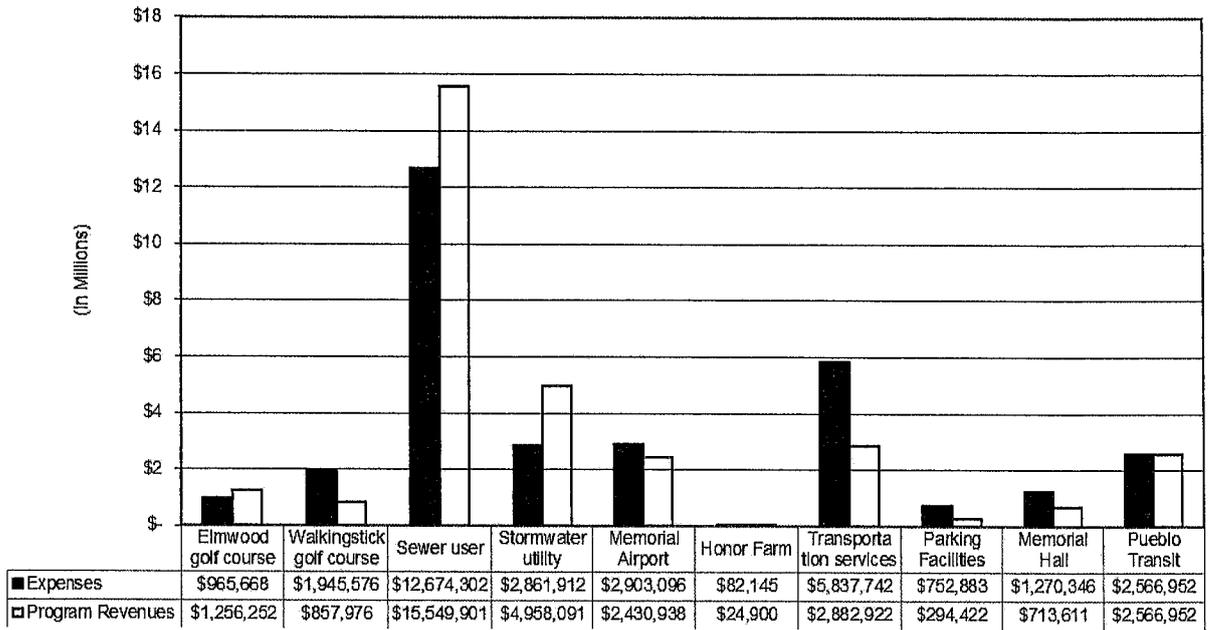
Business-type activities increased the City's net position by \$4 million, accounting for 42% of the City's \$9.6 million overall increase in net position. Key elements of the increase are as follows:

Total revenues were \$32.5 million, \$15.2 million less than in 2013. Capital grants and contributions decreased by \$16.9 million, offset by an increase of \$1.4 million in charges for services.

Charges for services in the Sewer User fund increased \$759 thousand due to a rate increase. Memorial Airport's grant revenues decreased \$4.8 million from the prior year.

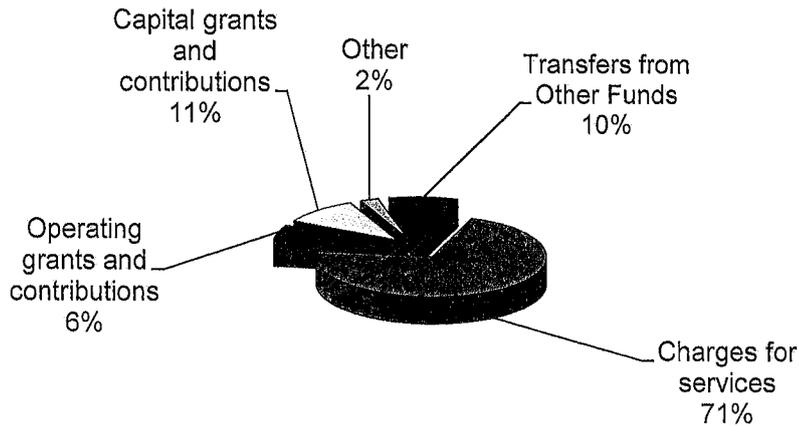
Total business-type expenses totaled \$31.9 million in 2014, an increase of \$979 thousand over the prior year. Parking Facilities expenses fell by \$193 thousand due to lower repair and maintenance costs, while Memorial Hall expenses increased by \$524 thousand in its first full year of operation after the renovation. Other variances from prior year were relatively small.

Expenses and Program Revenues-Business-type Activities



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Revenue by Source - Business-type Activities



GOVERNMENT FUNDS FINANCIAL ANALYSIS

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

Governmental Funds

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

At December 31, 2014, the total Governmental fund balances were \$114.9 million, an increase of \$7.7 million from the prior year. Approximately 82% or \$94.7 million of the total fund balance is special revenue funds that are restricted for particular purposes which includes \$2.6 million for the TABOR emergency reserve. All of the \$70 million in the Economic Development Fund is restricted due to voter restraints. The City Council has committed \$9 million of fund balance as a minimum reserve for unanticipated emergencies. There was \$1 million of unassigned fund balance as of year-end. Additional information is contained in the notes to the financial statements, **Notes III-H and III-I**.

The General Fund is the City's chief operating fund of the City. As of December 31, 2014, the total fund balance was \$18.4 million. The committed fund balance was \$7.5 million and the assigned fund balance was \$5.6 million. There was \$1 million of unassigned fund balance as of December 31, 2014. The General Fund increased by \$850 thousand in 2014 as sales tax revenues increased over the prior year.

Total General Fund revenues, including transfers in of \$4.2 million, decreased by \$10.4 million or 12%. The key factor in this decrease was a one-time \$11.3 million contribution by the State to the City's Old Hire Fire Pension Plan received in 2013. Property Taxes decreased \$182 thousand and Sales and Use Taxes increased by \$1.5 million. Fines and fees decreased \$237 thousand, and investment income increased \$111 thousand due to the better investments performance.

Total General Fund expenditures, including transfers out, decreased by \$13.3 million or 15%. Similarly, as in the revenue increase, the key factor in this increase was the one-time \$11 million expenditure for pension cost in the Old Hire Fire Pension Plan in 2013. Overall, general fund expenditures decreased as the departments held down costs primarily through personnel vacancies.

The Economic Development Fund is a major fund of the City. As of December 31, 2014 the total fund balance was \$70.2 million and increased by \$2 million from 2013 due to two major factors. First, the fair value of investments increase by over \$400

thousand from the prior year level, and second, total expenditures decreased by \$1.2 million from the prior year.

The HUD Grants Fund is another major fund of the City. As of December 31, 2014 the total fund balance was \$4.6 million and decreased by \$382 thousand from 2013.

The Public Improvements Fund is considered a major fund of the City. As of December 31, 2014 the total fund balance was \$6.5 million and increased \$4.2 million from the prior year. This fund has large changes from year to year in fund balance as the revenue stream depends on intergovernmental grants received for capital projects. In 2014, expenditures decreased by \$500 thousand from 2013.

The Capital Improvement Fund is used to account for the acquisition of equipment through capital lease agreements as well as major construction projects that have multiple funding sources. The major capital projects accounted for in this fund are the LED streetlight and bridge replacement projects. The fund activity included increased revenue from \$4.2 million dollars in proceeds in 2014 from the issuance of certificates of participation for the replacement of the City's streetlights with LED fixtures. Offsetting the increased revenues was \$4 million in capital expenditures on capital projects. The fund balance at the end of 2014 was \$6.5 million.

Proprietary Funds

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

The Sewer User Fund's revenues increased by \$900 thousand in 2014 due to a rate increase to support ongoing improvements at the wastewater treatment facility. Other significant factors concerning the finances of the enterprise funds can be found in the discussion of the City's business-type activities.

GENERAL FUND BUDGETARY HIGHLIGHTS

Original budget compared to final budget. The final budget appropriations were \$390 thousand higher than the original budget appropriations. The Public Works Department required additional budget of \$92 thousand for utilities. The budget for transfers-out increased \$293 thousand, including \$100 thousand transfer to the Self Insurance fund higher than expected claims, \$94 thousand to the Parking Facility Fund for a vehicle purchase and maintenance costs, and \$56 thousand to the Debt Service fund for a new street sweeper.

Final budget compared to actual. Total revenues were \$140 thousand more than estimated. Tax revenues were more than estimated due to a recovering economy in the Pueblo area.

The variance between actual expenditures and the final budget amounted to \$1.4 million in unspent appropriations. The decreased expenditures were due in primarily

to a large number of personnel vacancies across all departments. There were also significant spending reductions in all departments due to budget constraints and the economic challenges facing the City.

The City ended the 2014 year not having to use fund balance reserves for operations in the current fiscal year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. The City of Pueblo's investment in capital assets for its governmental and business-type activities at December 31, 2014, net of accumulated depreciation, totaled \$523 million, a net increase of \$4.3 million from 2013.

| | City of Pueblo Capital Assets | | | | | |
|--------------------------------|--|-----------------------|-----------------------------|-----------------------|------------------------------|-----------------------|
| | Governmental Activities | | Business-type Activities | | Totals Primary Government | |
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| Land and nondepreciable assets | \$ 94,257,743 | \$ 93,019,315 | \$ 4,379,782 | \$ 4,377,177 | \$ 98,637,525 | \$ 97,396,492 |
| Land improvements | 48,451,777 | 48,362,182 | 48,726,209 | 37,053,354 | 97,177,986 | 85,415,536 |
| Infrastructure | 174,867,604 | 172,946,804 | 97,256,051 | 95,660,831 | 272,123,655 | 268,607,635 |
| Buildings | 71,444,147 | 66,344,753 | 69,940,060 | 69,940,060 | 141,384,207 | 136,284,813 |
| Machinery and equipment | 38,742,655 | 38,604,757 | 17,987,356 | 17,726,905 | 56,730,011 | 56,331,662 |
| Other improvements | | | 26,398,937 | 26,398,937 | 26,398,937 | 26,398,937 |
| Construction in progress | 6,127,822 | 5,635,641 | 3,528,112 | 11,265,798 | 9,655,934 | 16,901,439 |
| Accumulated depreciation | (100,258,667) | (94,879,548) | (78,674,908) | (73,586,160) | (178,933,575) | (168,465,708) |
| Total | <u>\$ 333,633,081</u> | <u>\$ 330,033,904</u> | <u>\$ 189,541,599</u> | <u>\$ 188,836,902</u> | <u>\$ 523,174,680</u> | <u>\$ 518,870,806</u> |

Major changes to capital assets during the 2014 fiscal year included the following:

Governmental Activities:

- Acquisition of the Pope Block Building - \$6.3 million in land/building
- Additions to street infrastructure - \$1.9 million
- Construction in progress increased \$492 thousand primarily due to:
 - City Hall renovation - \$260 thousand
 - Park restroom and other projects - \$523 thousand

Business-type Activities:

- Memorial Airport-completion of a new runway - \$11.7 million
- Addition to stormwater infrastructure related to the new runway - \$1.6 million
- Construction in progress in the business-type activities decreased \$7.7 million due to the completion of the new runway at the airport.

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

Long-term debt. At December 31, 2014, the City had total debt outstanding of \$75.4 million, an increase of \$5.3 million over 2013.

**City of Pueblo
Outstanding Debt**

| | Governmental | | Business-type | | Totals | |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | Activities | | Activities | | Primary Government | |
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| General Obligation Bonds | \$ 1,887,809 | \$ 2,785,621 | \$ - | \$ - | \$ 1,887,809 | \$ 2,785,621 |
| Compensated absences | 7,934,378 | 7,896,178 | 1,025,801 | 1,084,407 | 8,960,179 | 8,980,585 |
| Notes payable | | - | 30,768,525 | 28,412,296 | 30,768,525 | 28,412,296 |
| Capital lease obligations | 4,269,151 | 5,441,191 | 2,215,303 | 2,593,373 | 6,484,454 | 8,034,564 |
| Accrued Interest payable | 455,670 | 463,646 | - | - | 455,670 | 463,646 |
| Certificates of participation | 20,621,430 | 17,131,073 | - | - | 20,621,430 | 17,131,073 |
| Claims and judgements | 2,323,153 | 1,734,751 | - | - | 2,323,153 | 1,734,751 |
| Net post employment benefit obligation | 3,885,669 | 2,570,468 | - | - | 3,885,669 | 2,570,468 |
| Net pension obligation | | - | - | - | - | - |
| Total | \$ 41,377,260 | \$ 38,022,928 | \$ 34,009,629 | \$ 32,090,076 | \$ 75,386,889 | \$ 70,113,004 |

General obligation bonds, notes payable and certificates of participation note balances decreased due to debt service payments throughout the year. Certificate of participation obligations increased for the purchase of LED streetlights. The remainder of the outstanding long-term debt obligations are in the form of actuarial claims pending on self-insured claims, net pension benefit obligations and compensated absences.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Fiscal year 2015 budget. The 2015 budget was prepared again during a prolonged and difficult economic environment. The budget was prepared with the highest priority of protecting the City's core services and priorities and doing so in the most efficient and effective ways possible.

Sales and use tax revenue continues to be the principal source of income for the City's operating and capital budgets. The 2015 budget assumes a modest increase, 3% in sales and use tax, over the estimated actual amount for 2014. Estimated property tax revenue was 2.6% more than actual 2014 revenues.

The 2015 appropriation for expenditures (excluding transfers-out) is \$3.7 million more than the 2014 revised budget. Measures were taken to keep expenditures in line with anticipated revenues.

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

REQUEST FOR INFORMATION

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

BASIC FINANCIAL STATEMENTS

CITY OF PUEBLO, COLORADO
STATEMENT OF NET POSITION
DECEMBER 31, 2014

| | Governmental Activities | Business-Type Activities |
|--|----------------------------|-----------------------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 7,619,799 | \$ 83,689 |
| Restricted cash and cash equivalents | 4,592,552 | 4,179,047 |
| Investments | 68,837,601 | 25,771,945 |
| Restricted investments | 24,825 | - |
| Receivables | 49,627,145 | 3,708,712 |
| Internal balances | 8,877,598 | (8,877,598) |
| Due from other governmental agencies | 1,697,955 | 3,040,022 |
| Inventories | 1,111,441 | 607,695 |
| Other assets | 4,721,528 | 32,466 |
| Capital Assets - | | |
| Land, improvements, intangibles and construction in progress | 100,385,565 | 7,907,894 |
| Other capital assets, net of depreciation | 233,247,516 | 181,633,705 |
| Total capital assets | 333,633,081 | 189,541,599 |
| TOTAL ASSETS | 480,743,525 | 218,087,577 |
| Deferred outflows of resources | 22,448 | - |
| LIABILITIES | | |
| Accounts payable and accrued expenses | 6,384,499 | 2,179,273 |
| Advances from others | 490,922 | 192,255 |
| Long-term liabilities - | | |
| Due within one year | 5,905,204 | 2,266,270 |
| Due in more than one year | 35,472,056 | 31,743,359 |
| TOTAL LIABILITIES | 48,252,681 | 36,381,157 |
| Deferred inflows of resources | 13,424,542 | - |
| NET POSITION | | |
| Net investment in capital assets | 310,952,995 | 160,736,818 |
| Restricted for - | | |
| Tabor | 2,600,000 | - |
| Economic development | 70,225,985 | - |
| Debt service and district projects | 150 | - |
| Capital projects | 9,258,570 | - |
| Public safety | 1,638,195 | - |
| Public works | 4,381,448 | - |
| Parks and recreation | 865,191 | - |
| Culture and community welfare | 5,729,865 | - |
| Unrestricted | 13,436,351 | 20,969,602 |
| TOTAL NET POSITION | \$ 419,088,750 | \$ 181,706,420 |

The accompanying notes are an integral part of this statement.

Discretely-Presented Component Units

| Total | Pueblo Urban Renewal Authority | Pueblo Main Street Garage Corporation | Pueblo Municipal Rail Corporation |
|-----------------------|--------------------------------------|---|---|
| \$ 7,703,488 | \$ 933,903 | \$ 36 | \$ - |
| 8,771,599 | 1,309,178 | - | - |
| 94,609,546 | - | - | - |
| 24,825 | 2,439,763 | - | - |
| 53,335,857 | 12,639,526 | - | - |
| - | - | - | - |
| 4,737,977 | - | - | - |
| 1,719,136 | 21,380 | - | - |
| 4,753,994 | 44,622 | - | - |
| 108,293,459 | 1,539,477 | - | 529,620 |
| 414,881,221 | 7,535,853 | 9,752,155 | 2,422,520 |
| 523,174,680 | 9,075,330 | 9,752,155 | 2,952,140 |
| 698,831,102 | 26,463,702 | 9,752,191 | 2,952,140 |
| 22,448 | 891,608 | - | - |
| 8,563,772 | 1,274,248 | 2,611 | - |
| 683,177 | - | - | - |
| 8,171,474 | 950,665 | - | - |
| 67,215,415 | 25,150,425 | 6,862,000 | 2,018,597 |
| 84,633,838 | 27,375,338 | 6,864,611 | 2,018,597 |
| 13,424,542 | 4,426,097 | - | - |
| 471,689,813 | 4,315,062 | 2,890,155 | 933,543 |
| 2,600,000 | - | - | - |
| 70,225,985 | 1,068,832 | - | - |
| 150 | 3,884,084 | - | - |
| 9,258,570 | - | - | - |
| 1,638,195 | - | - | - |
| 4,381,448 | - | - | - |
| 865,191 | - | - | - |
| 5,729,865 | - | - | - |
| 34,405,953 | (13,714,103) | (2,575) | - |
| <u>\$ 600,795,170</u> | <u>\$ (4,446,125)</u> | <u>\$ 2,887,580</u> | <u>\$ 933,543</u> |

CITY OF PUEBLO, COLORADO
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2014

| <u>Functions/Programs</u> | <u>Expenses</u> | <u>Program Revenues</u> | | |
|---------------------------------------|-----------------------|-----------------------------|---|---|
| | | <u>Charges for Services</u> | <u>Operating Grants and Contributions</u> | <u>Capital Grants and Contributions</u> |
| PRIMARY GOVERNMENT | | | | |
| Governmental activities - | | | | |
| General government | \$ 9,410,359 | \$ 2,091,671 | \$ 650,392 | \$ 5,425,559 |
| Public safety | 48,485,290 | 4,335,834 | 4,576,079 | 635,483 |
| Public works | 11,682,330 | 710,835 | - | 1,363,617 |
| Culture and community welfare | 7,905,331 | 293,731 | 2,792,990 | 18,000 |
| Parks and recreation | 5,719,300 | 639,218 | 1,115,008 | 45,381 |
| Economic development | 4,985,902 | - | - | - |
| Interest on long-term debt | 1,297,305 | - | - | - |
| Total governmental activities | <u>89,485,817</u> | <u>8,071,289</u> | <u>9,134,469</u> | <u>7,488,040</u> |
| Business-type activities | | | | |
| Elmwood golf course | 965,668 | 1,256,252 | - | - |
| Walkingstick golf course | 1,945,576 | 857,976 | - | - |
| Sewer user | 12,674,302 | 15,256,778 | - | 293,123 |
| Stormwater utility | 2,861,912 | 3,369,638 | - | 1,588,453 |
| Memorial airport | 2,903,096 | 526,105 | - | 1,904,833 |
| Honor farm | 82,145 | 24,900 | - | - |
| Transportation services | 5,837,742 | 845,654 | 2,037,268 | - |
| Parking facilities | 752,883 | 294,422 | - | - |
| Memorial Hall | 1,270,346 | 671,940 | - | 41,671 |
| Pueblo Transit | 2,566,952 | 2,566,952 | - | - |
| Total business-type activities | <u>31,860,622</u> | <u>25,670,617</u> | <u>2,037,268</u> | <u>3,828,080</u> |
| TOTAL PRIMARY GOVERNMENT | <u>\$ 121,346,439</u> | <u>\$ 33,741,906</u> | <u>\$ 11,171,737</u> | <u>\$ 11,316,120</u> |
| COMPONENT UNITS | | | | |
| Pueblo Urban Renewal Authority | \$ 8,392,665 | \$ 1,957,642 | \$ 204,667 | \$ 307,398 |
| Pueblo Main Street Garage Corporation | 320,845 | 94,009 | - | - |
| Pueblo Municipal Rail Corporation | 70,430 | - | 136,812 | - |
| TOTAL COMPONENT UNITS | <u>\$ 8,783,940</u> | <u>\$ 2,051,651</u> | <u>\$ 341,479</u> | <u>\$ 307,398</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 | |
| \$ (1,242,737) | \$ - | \$ (1,242,737) | | | | |
| (38,937,894) | - | (38,937,894) | | | | |
| (9,607,878) | - | (9,607,878) | | | | |
| (4,800,610) | - | (4,800,610) | | | | |
| (3,919,693) | - | (3,919,693) | | | | |
| (4,985,902) | - | (4,985,902) | | | | |
| (1,297,305) | - | (1,297,305) | | | | |
| (64,792,019) | - | (64,792,019) | | | | |
| - | 290,584 | 290,584 | | | | |
| - | (1,087,600) | (1,087,600) | | | | |
| - | 2,875,599 | 2,875,599 | | | | |
| - | 2,096,179 | 2,096,179 | | | | |
| - | (472,158) | (472,158) | | | | |
| - | (57,245) | (57,245) | | | | |
| - | (2,954,820) | (2,954,820) | | | | |
| - | (458,461) | (458,461) | | | | |
| - | (556,735) | (556,735) | | | | |
| - | - | - | | | | |
| - | (324,657) | (324,657) | | | | |
| (64,792,019) | (324,657) | (65,116,676) | | | | |
| | | | \$ (5,922,058) | \$ - | \$ - | |
| | | | - | (226,836) | - | |
| | | | - | - | 66,382 | |
| | | | (5,922,958) | (226,836) | 66,382 | |
| 12,683,391 | - | 12,683,391 | 56,170 | - | - | |
| 36,023 | - | 36,023 | 4,232,155 | - | - | |
| 7,020,223 | - | 7,020,223 | - | - | - | |
| 51,351,232 | - | 51,351,232 | 2,587,313 | - | - | |
| 9,859 | - | 9,859 | - | - | - | |
| 618,324 | 916,154 | 1,534,478 | 95,437 | - | - | |
| 2,066,165 | 138 | 2,066,303 | 44,168 | - | - | |
| (3,464,599) | 3,464,599 | - | - | - | - | |
| 70,320,618 | 4,380,891 | 74,701,509 | 7,015,243 | - | - | |
| 5,528,599 | 4,056,234 | 9,584,833 | 1,092,285 | (226,836) | 66,382 | |
| 413,560,151 | 177,650,186 | 591,210,337 | (5,538,410) | 3,114,416 | 867,161 | |
| \$ 419,088,750 | \$ 181,706,420 | \$ 600,795,170 | \$ (4,446,125) | \$ 2,887,580 | \$ 933,543 | |

**CITY OF PUEBLO, COLORADO
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2014**

| | <u>General Fund</u> |
|---|---------------------------------|
| ASSETS | |
| Cash and cash equivalents | \$ 7,513,856 |
| Restricted cash and cash equivalents | - |
| Investments | 8,558,823 |
| Restricted investments | - |
| Taxes receivable, net | 18,043,821 |
| Due from other funds | 5,528,399 |
| Receivable from other governments | - |
| Notes and loans receivable, net | 681,578 |
| Advance to other funds | 1,502,337 |
| Other receivables | 1,619,337 |
| Inventories | 30,684 |
| Prepaid items | <u>297,575</u> |
| TOTAL ASSETS | <u>\$ 43,776,410</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | |
| Liabilities - | |
| Accounts payable | \$ 4,774,732 |
| Due to other funds | 5,309,260 |
| Advances from others | <u>250,725</u> |
| Total Liabilities | <u>10,334,717</u> |
| Deferred inflows of resources | <u>15,030,020</u> |
| Fund balances - | |
| Nonspendable | 1,730,596 |
| Restricted | 2,600,000 |
| Committed | 7,486,408 |
| Assigned | 5,554,298 |
| Unassigned | <u>1,040,371</u> |
| Total Fund Balances | <u>18,411,673</u> |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | <u>\$ 43,776,410</u> |

The accompanying notes are an integral part of this statement.

| Major Special Revenue Funds | | | Major Capital Projects Fund | Other Governmental Funds | Total Governmental Funds |
|---|---------------------|------------------------|--------------------------------|--------------------------------|--------------------------------|
| Economic Development 1/2 Cent Tax | HUD Grants | Public Improvements | Capital Improvement Fund | | |
| \$ - | \$ - | \$ 105,643 | \$ - | \$ - | \$ 7,619,499 |
| 240,197 | - | 4,075,856 | 176,499 | - | 4,492,552 |
| 45,839,000 | - | - | 5,351,010 | 6,731,268 | 66,480,101 |
| - | - | - | - | 24,825 | 24,825 |
| 742,992 | - | - | - | 37,941 | 18,824,754 |
| 372,138 | 782,575 | 2,189,963 | 74,196 | 1,399,540 | 10,346,811 |
| - | 389,537 | 965,750 | 123,787 | 218,881 | 1,697,955 |
| 23,301,632 | 3,821,770 | - | - | - | 27,804,980 |
| - | - | - | 747,000 | - | 2,249,337 |
| 68,617 | 471,857 | - | 8,010 | 807,416 | 2,975,237 |
| - | 273,402 | - | - | 573,877 | 877,963 |
| - | - | - | - | - | 297,575 |
| <u>\$ 70,564,576</u> | <u>\$ 5,739,141</u> | <u>\$ 7,337,212</u> | <u>\$ 6,480,502</u> | <u>\$ 9,793,748</u> | <u>\$ 143,691,589</u> |
| | | | | | |
| \$ 98,394 | \$ 439,892 | \$ 236,757 | \$ 114,900 | \$ 582,505 | \$ 6,247,180 |
| - | - | - | - | 225,600 | 5,534,860 |
| 240,197 | - | - | - | - | 490,922 |
| <u>338,591</u> | <u>439,892</u> | <u>236,757</u> | <u>114,900</u> | <u>808,105</u> | <u>12,272,962</u> |
| | | | | | |
| - | 731,426 | 558,327 | - | 224,928 | 16,544,701 |
| | | | | | |
| - | - | - | - | - | 1,730,596 |
| 70,225,985 | 4,567,823 | 5,057,751 | 3,646,754 | 8,601,091 | 94,699,404 |
| - | - | 1,484,377 | 64,440 | - | 9,035,225 |
| - | - | - | 2,654,408 | 159,624 | 8,368,330 |
| - | - | - | - | - | 1,040,371 |
| <u>70,225,985</u> | <u>4,567,823</u> | <u>6,542,128</u> | <u>6,365,602</u> | <u>8,760,715</u> | <u>114,873,926</u> |
| | | | | | |
| <u>\$ 70,564,576</u> | <u>\$ 5,739,141</u> | <u>\$ 7,337,212</u> | <u>\$ 6,480,502</u> | <u>\$ 9,793,748</u> | <u>\$ 143,691,589</u> |

CITY OF PUEBLO, COLORADO
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2014

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

| | |
|--|----------------|
| Total fund balances - governmental funds | \$ 114,873,926 |
|--|----------------|

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 | \$ 431,424,815 | |
| Accumulated depreciation is | <u>(98,542,905)</u> | 332,881,910 |

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 | 1,969,998 | |
| Portion of cumulative internal service fund net operating loss attributed to business-type activities | <u>1,535,477</u> | 3,505,475 |

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. The net pension asset of the old-hire police plan is reported with other assets in the statement of net position

1,532,062

The net pension asset of the old-hire fire plan is not a financial resource and therefore is not reported as an asset in the governmental funds. The net pension asset of the old-hire fire plan is reported with other assets in the statement of net position

1,912,235

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

153,708

Cont'd.

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, 2014

| | | |
|---|--------------|-----------------------|
| 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 | | 22,448 |
| 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 | (1,870,000) | |
| Unamortized premium on refunding bonds, net | (17,809) | |
| Certificates of participation | (20,710,000) | |
| Unamortized discount on certificates of participation, net | 88,570 | |
| Capital leases | (4,269,151) | |
| Net post-employment benefit obligation | (3,885,669) | |
| Accrued interest | (455,670) | |
| Compensated absences | (7,793,444) | (38,913,173) |
| Certain revenue was earned and accrued in the statement of net position but has been deferred in the governmental funds balance sheet. | | |
| Notes receivable issued upon sale of assets | 650,000 | |
| Receivables for demolition assessments | 471,158 | |
| Other receivables | 1,786,464 | |
| Deferred inflows of resources | 212,537 | 3,120,159 |
| Total net position - governmental activities | | <u>\$ 419,088,750</u> |

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, 2014

| | <u>General Fund</u> |
|--|-------------------------|
| REVENUES | |
| Property taxes | \$ 12,683,392 |
| Sales and miscellaneous taxes | 50,298,609 |
| Payment in lieu of taxes | 9,859 |
| Fees and fines | 1,611,630 |
| Licenses and permits | 576,283 |
| Intergovernmental | 1,990,837 |
| Charges for services | 3,958,562 |
| Investment earnings | 80,043 |
| Miscellaneous | 180,606 |
| TOTAL REVENUES | <u>71,389,821</u> |
| EXPENDITURES | |
| Current - | |
| General government | 8,535,183 |
| Public safety | 41,449,869 |
| Public works | 7,625,935 |
| Parks and recreation | 4,491,149 |
| Economic development | - |
| Culture and community welfare | 4,009,373 |
| Other | 485,078 |
| Debt service - | |
| Principal | - |
| Interest and other charges | - |
| Capital outlay | 148,332 |
| TOTAL EXPENDITURES | <u>66,744,919</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>4,644,902</u> |
| OTHER FINANCING SOURCES (USES) | |
| Issuance of debt | - |
| Sales of capital assets | 154,692 |
| Transfers in | 4,170,057 |
| Transfers out | (8,119,161) |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>(3,794,412)</u> |
| NET CHANGE IN FUND BALANCES | 850,490 |
| FUND BALANCES, January 1, as restated | <u>17,561,183</u> |
| FUND BALANCES, December 31 | <u>\$ 18,411,673</u> |

The accompanying notes are an integral part of this statement.

| Major Special Revenue Funds | | | Projects Fund | | |
|---|---------------------|------------------------|--------------------------------|--------------------------------|--------------------------------|
| Economic Development 1/2 Cent Tax | HUD Grants | Public Improvements | Capital Improvement Fund | Other Governmental Funds | Total Governmental Funds |
| \$ - | \$ - | \$ - | \$ - | \$ 36,023 | \$ 12,719,415 |
| 7,175,847 | - | - | - | 1,716,867 | 59,191,323 |
| - | - | - | - | - | 9,859 |
| - | - | - | - | - | 1,611,630 |
| - | - | - | - | - | 576,283 |
| - | 1,903,291 | 1,902,184 | 245,363 | 5,830,285 | 11,871,960 |
| 267,169 | - | - | - | 1,308,464 | 5,534,195 |
| 369,375 | - | 12 | 42,319 | 48,655 | 540,404 |
| - | 121,759 | - | - | 557,989 | 860,354 |
| <u>7,812,391</u> | <u>2,025,050</u> | <u>1,902,196</u> | <u>287,682</u> | <u>9,498,283</u> | <u>92,915,423</u> |
| - | - | - | 240,763 | - | 8,775,946 |
| - | - | 550,055 | 12,480 | 117,325 | 42,129,729 |
| - | - | 554,123 | 10,808 | 1,273,658 | 9,464,524 |
| - | - | - | - | 252,713 | 4,743,862 |
| 4,977,462 | - | - | - | 50,000 | 5,027,462 |
| - | 1,397,336 | 168,489 | 59,823 | 1,721,384 | 7,356,405 |
| - | - | - | - | - | 485,078 |
| - | - | - | - | 2,772,040 | 2,772,040 |
| - | - | 124,144 | - | 1,146,579 | 1,270,723 |
| 409,048 | 724,239 | 1,122,799 | 296,886 | 605,097 | 3,306,401 |
| <u>5,386,510</u> | <u>2,121,575</u> | <u>2,519,610</u> | <u>620,760</u> | <u>7,938,796</u> | <u>85,332,170</u> |
| <u>2,425,881</u> | <u>(96,525)</u> | <u>(617,414)</u> | <u>(333,078)</u> | <u>1,559,487</u> | <u>7,583,253</u> |
| - | - | 4,200,000 | - | - | 4,200,000 |
| - | - | - | - | - | 154,692 |
| - | - | 642,275 | 375,000 | 3,952,185 | 9,139,517 |
| <u>(373,097)</u> | <u>(285,801)</u> | - | <u>(485,352)</u> | <u>(4,210,394)</u> | <u>(13,473,805)</u> |
| <u>(373,097)</u> | <u>(285,801)</u> | <u>4,842,275</u> | <u>(110,352)</u> | <u>(258,209)</u> | <u>20,404</u> |
| 2,052,784 | (382,326) | 4,224,861 | (443,430) | 1,301,278 | 7,603,657 |
| <u>68,173,201</u> | <u>4,950,149</u> | <u>2,317,267</u> | <u>6,809,032</u> | <u>7,459,437</u> | <u>107,270,269</u> |
| <u>\$ 70,225,985</u> | <u>\$ 4,567,823</u> | <u>\$ 6,542,128</u> | <u>\$ 6,365,602</u> | <u>\$ 8,760,715</u> | <u>\$ 114,873,926</u> |

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, 2014

Amounts reported for governmental activities are different because:

| | |
|--|--------------|
| Total net change in fund balances - governmental funds | \$ 7,603,657 |
|--|--------------|

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 depreciation expense exceeds capital outlay

| | | |
|----------------------|--------------------|-------------|
| Capital outlay | \$ 3,306,401 | |
| Depreciation expense | <u>(6,028,480)</u> | (2,722,079) |

| | |
|--|-----------|
| 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 | 6,480,950 |
|--|-----------|

| | |
|---|----------|
| 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. | (84,974) |
|---|----------|

| | |
|---|----------|
| 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 \$(4,128,684) were less than amounts earned \$(4,155,010) | (26,326) |
|---|----------|

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, 2014

| | | |
|---|-----------------|---------------------|
| Issuance of certificates of participation | (4,200,000) | |
| Principal payments on bonds and other obligations | 2,772,040 | |
| Interest expense on bonds and other obligations | 7,976 | |
| 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> | (1,454,542) |
| | | |
| The change in the net pension asset is not recognized in the governmental funds | | (2,150,290) |
| | | |
| The change in the net post-employment benefit obligation is not recognized in the governmental funds | | (1,315,201) |
| | | |
| Certain revenue was earned and accrued in the statement of activities but deferred in the governmental funds | | (1,007,548) |
| | | |
| 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 | (950,359) | |
| Interest and other revenue from internal service fund | 20,472 | |
| Transfer to internal service fund | 869,689 | |
| Net operating loss attributed to business-type activities | <u>265,150</u> | <u>204,952</u> |
| | | |
| Change in net position - governmental activities | | <u>\$ 5,528,599</u> |

The accompanying notes are an integral part of this statement.

CITY OF PUEBLO, COLORADO
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2014

| ASSETS | Business-Type Activities Enterprise Funds | |
|--------------------------------------|--|-----------------------------|
| | Elmwood Golf Course | Walkingstick Golf Course |
| | CURRENT ASSETS | |
| Cash and cash equivalents | \$ 100 | \$ 100 |
| Restricted cash and cash equivalents | - | - |
| Investments | - | - |
| Accounts receivable, net | 22,641 | 1,569 |
| Due from other funds | - | - |
| Receivables from other governments | - | - |
| Other receivables | - | - |
| Prepaid expenses | - | - |
| Inventories | - | - |
| TOTAL CURRENT ASSETS | 22,741 | 1,669 |
| NONCURRENT ASSETS | | |
| Capital assets - | | |
| Land | 5,878 | 50,208 |
| Land improvements | 2,097,112 | 2,535,108 |
| Infrastructure | - | - |
| Other improvements | 548,852 | 3,623,964 |
| Buildings | 314,295 | 1,129,270 |
| Machinery and equipment | 1,142,664 | 743,208 |
| Less accumulated depreciation | (2,539,234) | (2,920,034) |
| Intangibles | - | - |
| Construction in progress | - | - |
| TOTAL CAPITAL ASSETS | 1,569,567 | 5,161,724 |
| Other assets | | |
| Advance to other fund | 12,785,846 | - |
| TOTAL OTHER ASSETS | 12,785,846 | - |
| TOTAL NONCURRENT ASSETS | 14,355,413 | 5,161,724 |
| TOTAL ASSETS | \$ 14,378,154 | \$ 5,163,393 |

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 | \$ 82,314 | \$ 83,689 | \$ 300 |
| 4,179,047 | - | - | - | 4,179,047 | 100,000 |
| 23,048,000 | 2,058,500 | 56,445 | 609,000 | 25,771,945 | 2,357,500 |
| 2,618,777 | 613,369 | 217,546 | 196,233 | 3,670,135 | 18,645 |
| 187,395 | 17,595 | - | 5,024 | 210,014 | 280,833 |
| - | - | 1,074,168 | 1,965,854 | 3,040,022 | - |
| 34,500 | 3,081 | 84 | 912 | 38,577 | 3,529 |
| - | - | - | 32,466 | 32,466 | 825,948 |
| 361,281 | - | - | 246,414 | 607,695 | 233,478 |
| <u>30,429,675</u> | <u>2,692,645</u> | <u>1,348,643</u> | <u>3,138,217</u> | <u>37,633,590</u> | <u>3,820,233</u> |
| 185,461 | 612,248 | 56,889 | 3,453,085 | 4,363,769 | - |
| 27,690 | 8,646,234 | 33,229,962 | 2,190,103 | 48,726,209 | - |
| 52,607,649 | 43,928,731 | 719,671 | - | 97,256,051 | - |
| - | - | 22,016,104 | 210,017 | 26,398,937 | - |
| 41,387,124 | - | 9,585,297 | 17,524,074 | 69,940,060 | 1,036,366 |
| 4,757,632 | 2,142,805 | 2,015,461 | 7,185,586 | 17,987,356 | 1,430,567 |
| (20,688,132) | (12,879,816) | (30,494,862) | (9,152,830) | (78,674,908) | (1,715,762) |
| 5,089 | 9,446 | - | 1,478 | 16,013 | - |
| 1,791,124 | 770,748 | 924,569 | 41,671 | 3,528,112 | - |
| <u>80,073,637</u> | <u>43,230,396</u> | <u>38,053,091</u> | <u>21,453,184</u> | <u>189,541,599</u> | <u>751,171</u> |
| - | - | - | - | 12,785,846 | - |
| - | - | - | - | 12,785,846 | - |
| <u>80,073,637</u> | <u>43,230,396</u> | <u>38,053,091</u> | <u>21,453,184</u> | <u>202,327,445</u> | <u>751,171</u> |
| <u>\$ 110,503,312</u> | <u>\$ 45,923,041</u> | <u>\$ 39,401,734</u> | <u>\$ 24,591,401</u> | <u>\$ 239,961,035</u> | <u>\$ 4,571,404</u> |

Cont'd.

CITY OF PUEBLO, COLORADO
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2014

| | Business-Type Activities Enterprise Funds | |
|---|--|------------------------------|
| | Elmwood Golf Course | Walking Stick Golf Course |
| LIABILITIES | | |
| CURRENT LIABILITIES | | |
| Accounts payable | \$ 25,509 | \$ 6,503 |
| Accrued expenses | - | - |
| Accrued interest payable | 3,483 | 65,394 |
| Due to other funds | 621,842 | 666,209 |
| Advances from others | 15,841 | 23,712 |
| Compensated absences | - | - |
| Capital lease obligations | 97,077 | 215,904 |
| Claims and judgments | - | - |
| Notes payable | - | - |
| TOTAL CURRENT LIABILITIES | 763,752 | 977,722 |
| NONCURRENT LIABILITIES | | |
| Compensated absences | - | - |
| Capital lease obligations | 198,750 | 1,427,747 |
| Notes payable (net of unamortized premiums) | - | - |
| Claims and judgments | - | - |
| Advance from other funds | - | 13,997,373 |
| TOTAL NONCURRENT LIABILITIES | 198,750 | 15,425,120 |
| TOTAL LIABILITIES | 962,502 | 16,402,842 |
| NET POSITION | | |
| Net investment in capital assets | 1,273,740 | 3,518,073 |
| Unrestricted | 12,141,912 | (14,757,522) |
| TOTAL NET POSITION | \$ 13,415,652 | \$ (11,239,449) |

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 |
| \$ 774,876 | \$ 334,682 | \$ 153,527 | \$ 369,029 | \$ 1,664,126 | \$ 137,319 |
| - | - | - | 125,168 | 125,168 | - |
| 315,400 | 3,949 | - | 1,753 | 389,979 | - |
| - | - | 382,941 | 3,631,806 | 5,302,798 | - |
| - | - | - | 152,702 | 192,255 | - |
| 52,724 | 8,023 | 13,459 | 28,374 | 102,580 | 14,093 |
| - | 41,371 | - | 34,102 | 388,454 | - |
| - | - | - | - | - | 1,450,000 |
| 1,509,723 | 265,513 | - | - | 1,775,236 | - |
| <u>2,652,723</u> | <u>653,538</u> | <u>549,927</u> | <u>4,342,934</u> | <u>9,940,596</u> | <u>1,601,412</u> |
| 474,516 | 72,211 | 121,130 | 255,364 | 923,221 | 126,841 |
| - | 130,255 | - | 70,097 | 1,826,849 | - |
| 28,882,364 | 110,925 | - | - | 28,993,289 | - |
| - | - | - | - | - | 873,153 |
| - | 290,810 | - | 747,000 | 15,035,183 | - |
| <u>29,356,880</u> | <u>604,201</u> | <u>121,130</u> | <u>1,072,461</u> | <u>46,778,542</u> | <u>999,994</u> |
| <u>32,009,603</u> | <u>1,257,739</u> | <u>671,057</u> | <u>5,415,395</u> | <u>56,719,138</u> | <u>2,601,406</u> |
| 53,860,597 | 42,682,332 | 38,053,091 | 21,348,985 | 160,736,818 | 751,171 |
| <u>24,633,112</u> | <u>1,982,970</u> | <u>677,586</u> | <u>(2,172,979)</u> | <u>22,505,079</u> | <u>1,218,827</u> |
| <u>\$ 78,493,709</u> | <u>\$ 44,665,302</u> | <u>\$ 38,730,677</u> | <u>\$ 19,176,006</u> | | <u>\$ 1,969,998</u> |
| | | | | <u>(1,535,477)</u> | |
| | | | | <u>\$ 181,706,420</u> | |

CITY OF PUEBLO, COLORADO
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2014

| | Business-Type Activities Enterprise Funds | |
|---|--|-----------------------------|
| | Elmwood Golf Course | Walkingstick Golf Course |
| | | |
| OPERATING REVENUES | | |
| Charges for services | \$ 1,256,252 | \$ 857,976 |
| TOTAL OPERATING REVENUES | <u>1,256,252</u> | <u>857,976</u> |
| OPERATING EXPENSES | | |
| Personnel services | 30,875 | 39,572 |
| Contractual services | 441,991 | 399,269 |
| Utilities | 138,705 | 286,031 |
| Repairs and maintenance | 85,105 | 69,810 |
| Other supplies and expenses | 71,037 | 61,522 |
| Insurance claims and expenses | - | - |
| Depreciation | 192,935 | 250,557 |
| TOTAL OPERATING EXPENSES | <u>960,648</u> | <u>1,106,761</u> |
| OPERATING INCOME (LOSS) | <u>295,604</u> | <u>(248,785)</u> |
| NONOPERATING REVENUES (EXPENSES) | | |
| Interest and investment revenue | 707,246 | - |
| Operating grants and contributions | - | - |
| Interest expense | (5,020) | (838,815) |
| Gain (loss) on disposal of capital assets | - | - |
| TOTAL NONOPERATING REVENUES (EXPENSES) | <u>702,226</u> | <u>(838,815)</u> |
| INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS | <u>997,830</u> | <u>(1,087,600)</u> |
| Capital contributions | - | - |
| Transfers in | - | - |
| Transfers out | - | - |
| CHANGES IN NET POSITION | <u>997,830</u> | <u>(1,087,600)</u> |
| TOTAL NET POSITION, January 1 | <u>12,417,822</u> | <u>(10,151,849)</u> |
| TOTAL NET POSITION, December 31 | <u>\$ 13,415,652</u> | <u>\$ (11,239,449)</u> |
| 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 |
| \$ 15,256,778 | \$ 3,369,638 | \$ 526,105 | \$ 1,836,916 | \$ 23,103,665 | \$ 6,934,701 |
| <u>15,256,778</u> | <u>3,369,638</u> | <u>526,105</u> | <u>1,836,916</u> | <u>23,103,665</u> | <u>6,934,701</u> |
| 3,984,767 | 1,230,586 | 795,872 | 93,605 | 6,175,277 | 755,269 |
| 1,724,289 | 675,493 | 239,305 | 4,593,858 | 8,074,205 | 2,598,941 |
| 847,563 | 70,868 | 353,983 | 697,067 | 2,394,217 | 40,572 |
| 2,942,074 | 79,536 | 98,426 | 488,678 | 3,763,629 | 44,249 |
| 775,969 | 96,947 | 124,946 | 769,926 | 1,900,347 | 1,577,090 |
| - | - | - | - | - | 2,783,468 |
| 1,659,334 | 684,369 | 1,277,824 | 1,117,053 | 5,182,072 | 85,471 |
| <u>11,933,996</u> | <u>2,837,799</u> | <u>2,890,356</u> | <u>7,760,187</u> | <u>27,489,747</u> | <u>7,885,060</u> |
| <u>3,322,782</u> | <u>531,839</u> | <u>(2,364,251)</u> | <u>(5,923,271)</u> | <u>(4,386,082)</u> | <u>(950,359)</u> |
| 186,170 | 17,241 | 451 | 5,046 | 916,154 | 18,913 |
| - | - | - | 2,037,268 | 2,037,268 | - |
| (686,664) | (6,311) | - | (1,963) | (1,538,773) | - |
| - | - | - | 138 | 138 | 1,559 |
| <u>(500,494)</u> | <u>10,930</u> | <u>451</u> | <u>2,040,489</u> | <u>1,414,787</u> | <u>20,472</u> |
| 2,822,288 | 542,769 | (2,363,800) | (3,882,782) | (2,971,295) | (929,887) |
| 293,123 | 1,588,453 | 1,904,833 | 41,671 | 3,828,080 | - |
| - | - | 992,653 | 2,533,946 | 3,526,599 | 869,689 |
| (50,000) | (12,000) | - | - | (62,000) | - |
| <u>3,065,411</u> | <u>2,119,222</u> | <u>533,686</u> | <u>(1,307,165)</u> | <u>4,321,384</u> | <u>(60,198)</u> |
| <u>75,428,298</u> | <u>42,546,080</u> | <u>38,196,991</u> | <u>20,483,171</u> | | <u>2,030,196</u> |
| \$ <u>78,493,709</u> | \$ <u>44,665,302</u> | \$ <u>38,730,677</u> | \$ <u>19,176,006</u> | | \$ <u>1,969,998</u> |
| | | | | (265,150) | |
| | | | | <u>\$ 4,056,234</u> | |

**CITY OF PUEBLO, COLORADO
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2014**

| | Business-Type Activities Enterprise Funds | |
|---|--|---------------------------------|
| | Elmwood Golf Course | Walking Stick Golf Course |
| | CASH FLOWS FROM OPERATING ACTIVITIES | |
| Cash received from customers | \$ 1,268,101 | \$ 865,519 |
| Cash paid for goods and services | (720,358) | (816,419) |
| Cash paid to employees | (30,875) | (39,572) |
| Receipts for interfund services | - | - |
| Payments for interfund services | (109,641) | (11,788) |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | 407,227 | (2,260) |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | |
| Transfers in | - | - |
| Transfers out | - | - |
| Advance to other fund | (291,197) | - |
| Advance from other fund | - | 291,197 |
| Payment made on fund advance | - | - |
| Operating grants received | - | - |
| NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES | (291,197) | 291,197 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | |
| Sale of capital assets | - | - |
| Acquisition of capital assets | (14,308) | - |
| Issuance of debt | - | - |
| Interest paid on notes payable and other debt | (6,146) | (80,317) |
| Principal paid on notes payable and other debt | (95,576) | (208,620) |
| Capital contributions received | - | - |
| NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES | (116,030) | (288,937) |
| 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 |
| \$ 15,079,744 | \$ 3,318,580 | \$ 505,685 | \$ 1,825,498 | \$ 22,863,127 | \$ 6,936,207 |
| (5,893,224) | (950,625) | (1,006,567) | (6,495,884) | (15,883,077) | (4,127,395) |
| (3,995,406) | (1,237,769) | (791,659) | (93,605) | (6,188,886) | (3,310,347) |
| - | - | - | 1,623,269 | 1,623,269 | - |
| (342,783) | (28,641) | (1,650,892) | (31,953) | (2,175,698) | (259,012) |
| <u>4,848,331</u> | <u>1,101,545</u> | <u>(2,943,433)</u> | <u>(3,172,675)</u> | <u>238,735</u> | <u>(760,547)</u> |
| - | - | 992,653 | 2,533,946 | 3,526,599 | 869,689 |
| (50,000) | (12,000) | - | - | (62,000) | - |
| - | - | - | - | (291,197) | - |
| - | - | - | - | 291,197 | - |
| - | (100,000) | - | - | (100,000) | - |
| - | - | - | 591,016 | 591,016 | - |
| <u>(50,000)</u> | <u>(112,000)</u> | <u>992,653</u> | <u>3,124,962</u> | <u>3,955,615</u> | <u>869,689</u> |
| - | - | - | 282 | 282 | 1,559 |
| (1,920,510) | (210,202) | (2,102,392) | - | (4,247,412) | (10,751) |
| 4,179,047 | - | - | - | 4,179,047 | - |
| (738,217) | (7,111) | - | (2,526) | (834,317) | - |
| (1,488,061) | (304,908) | - | (33,487) | (2,130,652) | - |
| 283,748 | - | 4,052,665 | - | 4,336,413 | - |
| <u>316,007</u> | <u>(522,221)</u> | <u>1,950,273</u> | <u>(35,731)</u> | <u>1,303,361</u> | <u>(9,192)</u> |
| 147,655 | 13,188 | 457 | 3,901 | 165,201 | 15,104 |
| 21,926,000 | 1,574,500 | 56,495 | 500,000 | 24,056,995 | 2,328,495 |
| (23,008,946) | (2,055,012) | (56,445) | (607,968) | (25,728,371) | (2,357,500) |
| <u>(935,291)</u> | <u>(467,324)</u> | <u>507</u> | <u>(104,067)</u> | <u>(1,506,175)</u> | <u>(13,901)</u> |
| 4,179,047 | - | - | (187,511) | 3,991,536 | 86,049 |
| 675 | 100 | 400 | 269,825 | 271,200 | 14,251 |
| <u>\$ 4,179,722</u> | <u>\$ 100</u> | <u>\$ 400</u> | <u>\$ 82,314</u> | <u>\$ 4,262,736</u> | <u>\$ 100,300</u> |

Cont'd.

**CITY OF PUEBLO, COLORADO
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2014**

| | 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) | \$ 295,604 | \$ (248,785) |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities - | | |
| Depreciation | 192,935 | 250,557 |
| Change in assets and liabilities - | | |
| Accounts receivable | 14,028 | 18,231 |
| Due from other funds | - | - |
| Prepaid expenses | - | - |
| Inventories | - | - |
| Accounts payable | 16,480 | 213 |
| Due to other funds | (109,641) | (11,788) |
| Advances from others | (2,179) | (10,688) |
| Accrued expenses | - | - |
| | - | - |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | \$ 407,227 | \$ (2,260) |
| SCHEDULE OF NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES | | |
| Interest accrued on fund advances | \$ 707,246 | \$ (764,938) |
| Contributions of capital assets | \$ - | \$ - |
| Unrealized gain on investments | \$ - | \$ - |

The accompanying notes are an integral part of this statement.

| Business-Type Activities Enterprise Funds | | | | | Governmental Activities |
|--|-----------------------|-----------------------|------------------------------|---------------------|-----------------------------|
| Sewer User | Stormwater Utility | Memorial Airport | Other Enterprise Funds | Total | Internal Service Fund |
| \$ 675 | \$ 100 | \$ 400 | \$ 82,314 | \$ 83,689 | \$ 300 |
| 4,179,047 | - | - | - | 4,179,047 | 100,000 |
| <u>\$ 4,179,722</u> | <u>\$ 100</u> | <u>\$ 400</u> | <u>\$ 82,314</u> | <u>\$ 4,262,736</u> | <u>\$ 100,300</u> |
| \$ 3,322,782 | \$ 531,839 | \$ (2,364,251) | \$ (5,923,271) | \$ (4,386,082) | \$ (950,359) |
| 1,659,334 | 684,369 | 1,277,824 | 1,117,053 | 5,182,072 | 85,471 |
| (177,034) | (51,058) | (20,420) | (58,528) | (274,781) | 1,506 |
| (187,395) | (17,595) | - | (5,024) | (210,014) | (259,012) |
| - | - | - | (16,000) | (16,000) | (324,045) |
| (59,912) | - | - | 23,763 | (36,149) | 57,239 |
| 456,583 | (27,781) | (189,907) | 95,192 | 350,780 | 28,377 |
| (155,388) | (11,046) | (1,650,892) | 1,596,340 | (342,415) | - |
| - | - | - | 47,110 | 34,243 | - |
| <u>(10,639)</u> | <u>(7,183)</u> | <u>4,213</u> | <u>(49,310)</u> | <u>(62,919)</u> | <u>600,276</u> |
| <u>\$ 4,848,331</u> | <u>\$ 1,101,545</u> | <u>\$ (2,943,433)</u> | <u>\$ (3,172,675)</u> | <u>\$ 238,735</u> | <u>\$ (760,547)</u> |
| \$ - | \$ - | \$ - | \$ - | \$ (57,692) | \$ - |
| <u>\$ 9,375</u> | <u>\$ 1,588,453</u> | <u>\$ -</u> | <u>\$ 41,671</u> | <u>\$ 1,639,499</u> | <u>\$ -</u> |
| <u>\$ 39,054</u> | <u>\$ 3,488</u> | <u>\$ -</u> | <u>\$ 1,032</u> | <u>\$ 43,574</u> | <u>\$ 3,995</u> |

CITY OF PUEBLO, COLORADO
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUND
DECEMBER 31, 2014

| | <u>Agency Fund</u> |
|---------------------------|----------------------------|
| ASSETS | |
| Cash and cash equivalents | \$ 210,483 |
| Accounts receivable | <u>1,823,763</u> |
| TOTAL ASSETS | <u>\$ 2,034,246</u> |
| LIABILITIES | |
| Accounts payable | \$ 79,979 |
| Deposits | <u>1,954,267</u> |
| TOTAL LIABILITIES | <u>\$ 2,034,246</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, 2014

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. REPORTING ENTITY

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

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

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

CITY OF PUEBLO, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

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

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

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

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

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

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

CITY OF PUEBLO, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

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

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

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

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

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

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

CITY OF PUEBLO, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

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

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

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

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

CITY OF PUEBLO, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

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

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

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

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

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

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

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

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

CITY OF PUEBLO, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

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

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

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

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

GOVERNMENTAL FUNDS

The City reports the following major governmental funds:

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

CITY OF PUEBLO, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

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

- The HUD grants fund is a special revenue fund used to implement the federally-funded community development block grant and HOME grant. Funds are used for current programs benefiting low and moderate income individuals and families.
- The public improvements fund is a 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 are a summarization of all other nonmajor governmental funds.

PROPRIETARY FUNDS

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

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

CITY OF PUEBLO, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

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

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

OTHER FUND TYPES

The City reports the following fund types:

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

CITY OF PUEBLO, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

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

In accordance with generally accepted accounting principles, the City records certain investments at fair value with any unrealized gain or loss being included as part of investment income. The 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, if any held, all highly liquid investments with original maturities of three months or less when acquired.

CITY OF PUEBLO, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

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

F. PROPERTY TAXES

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

The taxes levied on November 10, 2014 reflect 2014 taxes that will be collected in 2015. 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, 2015 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 2015.

G. INTERFUND RECEIVABLES/PAYABLES

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

H. INVENTORIES AND PREPAID ITEMS

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

I. CAPITAL ASSETS

Capital assets, which include land, land improvements, buildings, infrastructure, other improvements, machinery and equipment, intangible assets and construction-in-progress are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The capitalization levels were established at \$2,500 for machinery and equipment; \$25,000 for land improvements, buildings, building improvements and computer software. No capitalization threshold was established for land, intangible assets, artworks, and historical treasures. Infrastructure is capitalized only if the outlay meets the criteria established for capitalization. The criteria for capitalization include (1) increasing the capacity or operating efficiency or (2) extending the useful life of the asset. These levels were set so as to maintain a balance between accountability and managing the costs of recording and tracking these assets. Capital assets are defined as assets with an initial individual cost or estimated cost that equals or exceeds the limits identified above and have a useful life greater than one year. Capital assets are recorded at cost or estimated historical cost if purchased or constructed. Contributed capital assets are recorded at estimated fair value at the time received. Normal maintenance and repairs that do not add to the value of the asset or materially extend the useful life of the asset are not capitalized.

CITY OF PUEBLO, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

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. No interest was capitalized during the year ended December 31, 2014.

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

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

J. COMPENSATED ABSENCES

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

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

CITY OF PUEBLO, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

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's passage of an ordinance to which the assigned amounts are to be used for specific purposes.
- Unassigned – includes amounts that do not meet any of the above criteria. The City may report positive unassigned fund balance only in the general fund and negative unassigned fund balances may be reported in all funds.

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

CITY OF PUEBLO, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

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 resources 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

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

CITY OF PUEBLO, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

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 2014, the expenditure estimates were amended. These amendments were made in accordance with the City Charter.

B. LEGAL COMPLIANCE – BUDGETS

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

| <u>Fund</u> | <u>Actual Expenditures</u> | <u>Final Budgeted Expenditures</u> | <u>Variance Positive (Negative)</u> |
|---------------|--------------------------------|--|---|
| Debt service | \$ 3,918,619 | \$ 3,891,286 | \$(27,333) |
| Memorial hall | \$ 1,052,140 | \$ 433,206 | \$ (618,834) |

CITY OF PUEBLO, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

III. DETAILED NOTES FOR ALL FUNDS

A. CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash, cash equivalents and investments are summarized as follows:

| | | |
|--|----|----------------------|
| Cash on hand | \$ | 12,445 |
| Demand deposits | | 8,418,222 |
| Restricted deposits (held by trustee) | | 4,075,856 |
| Restricted deposits (held by lender) | | <u>4,179,047</u> |
| | | <u>\$ 16,685,570</u> |
| Investments – | | |
| U.S. agency securities | \$ | 70,173,313 |
| Corporate bond | | 519,940 |
| Money market funds | | 23,916,293 |
| Money market funds held by others (restricted) | | <u>24,825</u> |
| | | <u>\$ 94,634,371</u> |

| | <u>Cash and Cash</u> | <u>Investments</u> |
|--|----------------------|----------------------|
| | <u>Equivalents</u> | |
| Reported in the financial statements as follows: | | |
| Government-wide statement of net position | \$ 16,475,087 | \$ 94,634,371 |
| Statement of fiduciary assets and liabilities | <u>210,483</u> | - |
| | <u>\$ 16,685,570</u> | <u>\$ 94,634,371</u> |

DEPOSITS

At December 31, 2014, the carrying amount of the City's deposits was \$8,418,222 and the bank balance was \$8,831,536. Of the bank balance, \$730,242 was covered by federal depository insurance and \$8,101,294 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, 2014, deposits with a bank balance of \$8,101,294 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, 2014

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

At December 31, 2014, the City had the following investments and maturities:

| <u>Investment Type</u> | <u>Fair Value</u> | <u>Investment Maturities</u> (in years) | |
|---------------------------------|----------------------|--|----------------------|
| | | <u>Less Than 1</u> | <u>1-5</u> |
| U.S. agencies | \$ 70,173,313 | \$ 2,703,093 | \$ 67,470,220 |
| Corporate bond | 519,940 | - | 519,940 |
| Money market funds | 23,916,293 | 23,916,293 | - |
| Money market funds (restricted) | <u>24,825</u> | <u>24,825</u> | <u>-</u> |
| | <u>\$ 94,634,371</u> | <u>\$ 26,644,211</u> | <u>\$ 67,990,160</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, 2014, 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, 2014, 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, 2014

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

Money market funds totaling \$23,941,118 as noted above include \$16,559,378 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 | \$ 7,700 | \$ - |
| Demand deposits | <u>2,235,381</u> | <u>36</u> |
| Total cash and cash equivalents | <u>\$ 2,243,081</u> | <u>\$ 36</u> |
| Money market funds held at bank trust departments | <u>\$ 2,439,763</u> | <u>\$ -</u> |
| Reported in the financial statements as follows: | | |
| Cash and cash equivalents | \$ 933,903 | \$ 36 |
| Restricted cash and cash equivalents | <u>1,309,178</u> | <u>-</u> |
| | <u>\$ 2,243,081</u> | <u>\$ 36</u> |
| Restricted investments | <u>\$ 2,439,763</u> | <u>\$ -</u> |

DEPOSITS

At December 31, 2014, the carrying amount of the Pueblo Urban Renewal Authority's (the Authority) deposits was \$2,235,381 and the bank balance was \$2,235,197. Of the bank balance, \$750,000 was covered by federal depository insurance and \$1,485,197 was collateralized in single financial institution collateral pools maintained by the individual financial institutions that hold 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, 2014

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, 2014, deposits with a bank balance of \$1,485,197 are uninsured but are not exposed to custodial credit risk because they are collateralized with securities held by the pledging financial institution's agent in the name of the discretely-presented component unit.

INVESTMENTS

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

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

| | <u>Fair Value</u> | <u>Investment Maturity (in years) less than 1</u> |
|---|-----------------------|---|
| Money market funds held at bank trust departments | \$ 2,439,763 | \$ 2,439,763 |
| | <u>\$ 2,439,763</u> | <u>\$ 2,439,763</u> |

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

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

CITY OF PUEBLO, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

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

B. RECEIVABLES

Receivables at December 31, 2014 consist of the following:

| | Governmental Activities | | | |
|--|-------------------------|---|-----------------------|--------------------------------|
| | General Fund | Economic Development ½ Cent Tax Fund | HUD Grants Fund | Public Improvements Fund |
| Taxes – | | | | |
| Property | \$ 12,756,024 | \$ - | \$ - | \$ - |
| Sales and use | 4,490,378 | 742,992 | - | - |
| Franchise | 797,419 | - | - | - |
| Notes and loans | 681,578 | 32,491,122 | 3,821,770 | - |
| Accounts | 923,959 | - | - | - |
| Interest | 35,325 | 68,617 | - | - |
| Other | 799,806 | - | 471,857 | - |
| | 20,484,489 | 33,302,731 | 4,293,627 | - |
| Less: allowance for uncollectible accounts | (139,753) | (9,189,490) | - | - |
| | \$ 20,344,736 | \$ 24,113,241 | \$ 4,293,627 | \$ - |
| Amounts not scheduled for collection during the subsequent year | \$ 650,000 | \$ 19,163,213 | \$ 3,668,629 | \$ - |

| | Governmental Activities | | | |
|--|--------------------------------|--------------------------------|-----------------------------|---------------|
| | Capital Improvement Fund | Other Governmental Funds | Internal Service Fund | Total |
| Taxes – | | | | |
| Property | \$ - | \$ 37,941 | \$ - | \$ 12,793,965 |
| Sales and use | - | - | - | 5,233,370 |
| Franchise | - | - | - | 797,419 |
| Notes and loans | - | - | - | 36,994,470 |
| Accounts | - | 801,422 | 18,645 | 1,744,026 |
| Interest | 8,010 | 5,994 | 3,529 | 121,475 |
| Other | - | - | - | 1,271,663 |
| | 8,010 | 845,357 | 22,174 | 58,956,388 |
| Less: allowance for uncollectible accounts | - | - | - | (9,329,243) |
| | \$ 8,010 | \$ 845,357 | \$ 22,174 | \$ 49,627,145 |
| Amounts not scheduled for collection during the subsequent year | \$ - | \$ 205,676 | \$ - | \$ 23,687,518 |

CITY OF PUEBLO, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

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

Included in accounts receivables is \$702,009 of receivables that are due from Pueblo Urban Renewal Authority (the Authority) under agreements between the City and the Authority.

| | Business-Type Activities | | | | | | Total |
|--|---------------------------|---------------------------------|--------------------|----------------------------|---------------------|------------------------------|--------------------|
| | Elmwood Golf Course | Walking Stick Golf Course | Sewer User | Storm- water Utility | Memorial Airport | Other Enterprise Funds | |
| Accounts | \$ 22,941 | \$ 1,569 | \$2,618,777 | \$ 613,369 | \$295,754 | \$196,233 | \$3,748,643 |
| Interest | - | - | 34,500 | 3,081 | 84 | 912 | 38,577 |
| | 22,941 | 1,569 | 2,653,277 | 616,450 | 295,838 | 197,145 | 3,787,220 |
| Less: allowance for uncollectible accounts | - | - | - | - | (78,208) | - | (78,208) |
| Receivable from fiduciary fund | - | - | - | - | 79,979 | - | 79,979 |
| | <u>\$ 22,941</u> | <u>\$ 1,569</u> | <u>\$2,653,277</u> | <u>\$ 616,450</u> | <u>\$297,609</u> | <u>\$197,145</u> | <u>\$3,788,991</u> |

Included in accounts receivable for other enterprise funds is \$80,381 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, 2014 are summarized as follows:

| | |
|---|--------------------------------------|
| | Pueblo Urban Renewal Authority |
| Property tax | \$ 4,313,571 |
| Sales tax | 599,636 |
| Vendor fees | 310,571 |
| Accounts | 400,964 |
| Notes | 7,012,208 |
| Interest | 2,576 |
| | <u>12,639,526</u> |
| Less: allowance for uncollectible accounts | - |
| | <u>\$ 12,639,526</u> |
| Amounts not scheduled for collection during the subsequent year | <u>\$ 6,986,651</u> |

CITY OF PUEBLO, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

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

Included in notes receivable reported above is a note receivable totaling \$6,862,000 that originated in conjunction with the issuance of the revenue bonds, series 2006 and represents the Authority's note to Pueblo Garage Investment Fund LLC. The note carried an interest rate of 1.00% and was due February 14, 2013. Interest only payments were due and paid annually on December 21st of each year beginning in 2007. The note was collateralized by a security agreement-pledge wherein Pueblo Garage Investment Fund LLC assigned and pledged its membership interest in NDC New Markets XIX, L.P. On February 14, 2013, this loan was assigned to NDC New Markets Investments XIX, L.P. and this note was paid on February 14, 2013 via a replacement note totaling \$6,862,000 issued by Pueblo Main Street Garage Corporation (a component unit of the City of Pueblo, Colorado). This note is due June 21, 2017 and carries an interest rate of 1.37% with annual interest payments due each December 21st until the due date. The note is collateralized by a deed of trust on the parking garage structure.

Included in accounts receivables above is a receivable totaling \$176,474 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, 2014:

| | <u>Interfund Receivable</u> | <u>Interfund Payable</u> |
|---------------------------------|---------------------------------|------------------------------|
| Governmental funds -- | | |
| General fund | \$ 5,528,399 | \$ 5,309,260 |
| Economic development ½ cent tax | 372,138 | - |
| HUD grants | 782,575 | - |
| Public improvements | 2,189,963 | - |
| Capital improvement fund | 74,196 | - |
| Nonmajor governmental | <u>1,399,540</u> | <u>225,600</u> |
| Total governmental funds | <u>10,346,811</u> | <u>5,534,860</u> |
| Enterprise funds -- | | |
| Elmwood golf course | - | 621,842 |
| Walking Stick golf course | - | 666,209 |
| Sewer user | 187,395 | - |
| Stormwater utility | 17,595 | - |
| Memorial airport | - | 382,941 |
| Nonmajor enterprise funds | <u>5,024</u> | <u>3,631,806</u> |
| Total enterprise funds | <u>210,014</u> | <u>5,302,798</u> |
| Internal service fund | <u>280,833</u> | - |
| | <u>\$ 10,837,658</u> | <u>\$ 10,837,658</u> |

CITY OF PUEBLO, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

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

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

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

| | <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 | \$ 290,810 | \$ - |
| Advance due general fund from Walking Stick golf course major enterprise fund | 1,211,527 | - |
| 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 | 12,785,846 | - |
| Advance due from Walking Stick golf course to Elmwood golf course | - | 12,785,846 |
| Advance due to general fund from Walking Stick golf course | - | 1,211,527 |
| Advance due to general fund from stormwater utility fund | - | 290,810 |
| Nonmajor enterprise fund – | | |
| Advance due to capital improvement fund from honor farm fund | - | 747,000 |
| | <u>\$ 15,035,183</u> | <u>\$ 15,035,183</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, 2014

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

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

| | <u>Transfers in</u> | <u>Transfers out</u> |
|---------------------------------|----------------------|----------------------|
| Governmental funds – | | |
| General fund | \$ 4,170,057 | \$ 8,119,161 |
| Economic development ½ cent tax | - | 373,097 |
| HUD grants | - | 285,801 |
| Public improvements | 642,275 | - |
| Capital improvement fund | 375,000 | 485,352 |
| Other governmental funds | <u>3,952,185</u> | <u>4,210,394</u> |
| Total governmental funds | <u>9,139,517</u> | <u>13,473,805</u> |
| Enterprise funds – | | |
| Sewer user | - | 50,000 |
| Stormwater utility | - | 12,000 |
| Memorial airport | 992,653 | - |
| Other enterprise funds | <u>2,533,946</u> | <u>-</u> |
| Total enterprise funds | <u>3,526,599</u> | <u>62,000</u> |
| Internal service fund | <u>869,689</u> | <u>-</u> |
| | <u>\$ 13,535,805</u> | <u>\$ 13,535,805</u> |

The transfers to the enterprise funds represent, for the most part, operating subsidiaries. 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, 2014

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

E. CAPITAL ASSETS

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

| | Balance January 1, <u>2014</u> | <u>Additions</u> | Deletions/ Inventory Adjustments/ <u>Transfers</u> | Balance December 31, <u>2014</u> |
|--|--------------------------------------|---------------------|---|--|
| Governmental activities – | | | | |
| Nondepreciable assets – | | | | |
| Land | \$ 16,469,486 | \$ 486,361 | \$ 2,390 | \$ 16,953,457 |
| Land – infrastructure | 74,594,207 | 736,865 | 18,268 | 75,312,804 |
| Art works | 854,619 | 18,000 | - | 872,619 |
| Intangibles | 1,101,003 | 17,860 | - | 1,118,863 |
| Construction in progress | <u>5,635,641</u> | <u>1,384,651</u> | <u>892,470</u> | <u>6,127,822</u> |
| Total capital assets not being depreciated | <u>98,654,956</u> | <u>2,643,737</u> | <u>913,128</u> | <u>100,385,565</u> |
| Depreciable assets – | | | | |
| Land improvements | 48,362,182 | 106,250 | 16,655 | 48,451,777 |
| Infrastructure | 172,946,804 | 1,933,285 | 12,485 | 174,867,604 |
| Buildings | 66,344,753 | 5,224,987 | 125,593 | 71,444,147 |
| Machinery and equipment | <u>38,604,757</u> | <u>782,313</u> | <u>644,415</u> | <u>38,742,655</u> |
| Total capital assets being depreciated | <u>326,258,496</u> | <u>8,046,835</u> | <u>799,148</u> | <u>333,506,183</u> |
| Less: accumulated depreciation for – | | | | |
| Land improvements | (9,245,336) | (638,203) | 5,163 | (9,878,376) |
| Infrastructure | (47,646,057) | (1,835,832) | 7,366 | (49,474,523) |
| Buildings | (11,426,021) | (1,292,853) | 79,124 | (12,639,750) |
| Machinery and equipment | <u>(26,562,134)</u> | <u>(2,347,062)</u> | <u>643,178</u> | <u>(28,266,018)</u> |
| Total accumulated depreciation | <u>(94,879,548)</u> | <u>(6,113,950)</u> | <u>734,831</u> | <u>(100,258,667)</u> |
| Capital assets being depreciated, net | <u>231,378,948</u> | <u>1,932,885</u> | <u>64,317</u> | <u>233,247,516</u> |
| Total governmental activities capital assets, net | <u>\$330,033,904</u> | <u>\$ 4,576,622</u> | <u>\$ 977,445</u> | <u>\$333,633,081</u> |

CITY OF PUEBLO, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

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

| | Balance January 1, <u>2014</u> | <u>Additions</u> | Deletions/ Inventory Adjustments/ <u>Transfers</u> | Balance December 31, <u>2014</u> |
|---|--------------------------------------|----------------------|---|--|
| Business-type activities | | | | |
| Nondepreciable assets – | | | | |
| Land | \$ 4,363,769 | \$ - | \$ - | \$ 4,363,769 |
| Intangibles | 13,408 | 2,605 | - | 16,013 |
| Construction in progress | <u>11,265,798</u> | <u>2,708,335</u> | <u>10,446,021</u> | <u>3,528,112</u> |
| Total capital assets not being depreciated | <u>15,642,975</u> | <u>2,710,940</u> | <u>10,446,021</u> | <u>7,907,894</u> |
| Depreciable assets – | | | | |
| Land improvements | 37,053,354 | 11,700,744 | 27,889 | 48,726,209 |
| Infrastructure | 95,660,831 | 1,595,220 | - | 97,256,051 |
| Buildings | 69,940,060 | - | - | 69,940,060 |
| Machinery and equipment | 17,726,905 | 353,917 | 93,466 | 17,987,356 |
| Other improvements | <u>26,398,937</u> | <u>-</u> | <u>-</u> | <u>26,398,937</u> |
| Total capital assets being depreciated | <u>246,780,087</u> | <u>13,649,881</u> | <u>121,355</u> | <u>260,308,613</u> |
| Less: accumulated depreciation for – | | | | |
| Land improvements | (6,736,192) | (1,201,861) | - | (7,938,053) |
| Infrastructure | (20,266,095) | (958,688) | - | (21,224,783) |
| Buildings | (10,063,186) | (1,425,315) | - | (11,488,501) |
| Machinery and equipment | (12,656,520) | (1,409,062) | 93,324 | (13,972,258) |
| Other improvements | <u>(23,864,167)</u> | <u>(187,146)</u> | <u>-</u> | <u>(24,051,313)</u> |
| Total accumulated depreciation | <u>(73,586,160)</u> | <u>(5,182,072)</u> | <u>93,324</u> | <u>(78,674,908)</u> |
| Capital assets being depreciated, net | <u>173,193,927</u> | <u>8,467,809</u> | <u>28,031</u> | <u>181,633,705</u> |
| Total business-type activities capital assets, net | <u>\$188,836,902</u> | <u>\$ 11,178,749</u> | <u>\$ 10,474,052</u> | <u>\$189,541,599</u> |

CITY OF PUEBLO, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

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

| | Balance January 1, <u>2014</u> | <u>Additions</u> | Deletions/ Inventory Adjustments/ <u>Transfers</u> | Balance December 31, <u>2014</u> |
|--|--------------------------------------|---------------------|---|--|
| Pueblo Urban Renewal Authority discretely-presented component unit - | | | | |
| Nondepreciable assets - | | | | |
| Land | \$ 1,373,423 | \$ 3,560 | \$ 132,603 | \$ 1,244,380 |
| Memorial | <u>295,097</u> | <u>-</u> | <u>-</u> | <u>295,097</u> |
| Total capital assets not being depreciated | <u>1,668,520</u> | <u>3,560</u> | <u>132,603</u> | <u>1,539,477</u> |
| Depreciable assets - | | | | |
| Buildings | 9,995,666 | - | - | 9,995,666 |
| Machinery and equipment | 1,194,208 | 37,754 | 5,294 | 1,226,668 |
| Other improvements | <u>1,318,331</u> | <u>17,202</u> | <u>-</u> | <u>1,335,533</u> |
| Total capital assets being depreciated | <u>12,508,205</u> | <u>54,956</u> | <u>5,294</u> | <u>12,557,867</u> |
| Less: accumulated depreciation for - | | | | |
| Buildings | (3,085,412) | (199,689) | - | (3,285,101) |
| Machinery and equipment | (969,081) | (63,668) | 5,054 | (1,027,695) |
| Other improvements | <u>(614,409)</u> | <u>(94,809)</u> | <u>-</u> | <u>(709,218)</u> |
| Total accumulated depreciation | <u>(4,668,902)</u> | <u>(358,166)</u> | <u>5,054</u> | <u>(5,022,014)</u> |
| Capital assets being depreciated, net | <u>7,839,303</u> | <u>(303,210)</u> | <u>240</u> | <u>7,535,853</u> |
| Total Pueblo Urban Renewal Authority capital assets, net | <u>\$ 9,507,823</u> | <u>\$ (299,650)</u> | <u>\$ 132,843</u> | <u>\$ 9,075,330</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>(1,360,247)</u> | <u>(226,794)</u> | <u>-</u> | <u>(1,587,041)</u> |
| Capital assets being depreciated, net | <u>9,978,949</u> | <u>(226,794)</u> | <u>-</u> | <u>9,752,155</u> |
| Total Pueblo Main Street Garage Corporation capital assets, net | <u>\$ 9,978,949</u> | <u>\$ (226,794)</u> | <u>\$ -</u> | <u>\$ 9,752,155</u> |

CITY OF PUEBLO, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

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

| | Balance January 1, <u>2014</u> | <u>Additions</u> | Deletions/ Inventory Adjustments/ <u>Transfers</u> | Balance December 31, <u>2014</u> |
|--|--------------------------------------|--------------------|---|--|
| Pueblo Municipal Rail Corporation discretely-presented component unit - | | | | |
| Nondepreciable assets – | | | | |
| Land | \$ 529,620 | \$ - | \$ - | \$ 529,620 |
| Total capital assets not being depreciated | <u>529,620</u> | - | - | <u>529,620</u> |
| Depreciable assets – | | | | |
| Infrastructure | <u>2,471,960</u> | - | - | <u>2,471,960</u> |
| Total capital assets being depreciated | <u>2,471,960</u> | - | - | <u>2,471,960</u> |
| Less: accumulated depreciation for infrastructure | <u>(24,720)</u> | <u>(24,720)</u> | - | <u>(49,440)</u> |
| Capital assets being depreciated, net | <u>2,447,240</u> | <u>(24,720)</u> | - | <u>2,422,520</u> |
| Total Pueblo Municipal Rail Corporation capital assets, net | <u>\$ 2,976,860</u> | <u>\$ (24,720)</u> | <u>\$ -</u> | <u>\$ 2,952,140</u> |

Depreciation expense was charged to functions/programs as follows:

| | | |
|---|--|---------------------|
| Governmental activities – | | |
| General government | | \$ 527,410 |
| Public safety | | 2,114,771 |
| Public works | | 2,075,894 |
| Culture and community welfare | | 548,926 |
| Parks and recreation | | 888,510 |
| Economic development | | <u>(41,561)</u> |
| Total depreciation expense – governmental activities | | <u>\$ 6,113,950</u> |
| Business-type activities - | | |
| Elmwood golf course | | \$ 192,935 |
| Walking Stick golf course | | 250,557 |
| Sewer user | | 1,659,334 |
| Stormwater utility | | 684,369 |
| Memorial airport | | 1,277,824 |
| Other enterprise funds | | <u>1,117,053</u> |
| Total depreciation expense – business-type activities | | <u>\$ 5,182,072</u> |

CITY OF PUEBLO, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

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

| | |
|--|-------------------|
| Discretely-presented component units – | |
| Pueblo Urban Renewal Authority | \$ 358,166 |
| Pueblo Main Street Garage Corporation | 226,794 |
| Pueblo Municipal Rail Corporation | <u>24,720</u> |
| | <u>\$ 609,680</u> |

At December 31, 2014, 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>2014</u> | Total Estimated <u>Costs</u> |
|---|---|------------------------------------|
| Governmental activities – | | |
| City Hall renovation | \$ 812,970 | \$ 3,241,871 |
| Arkansas River habitat | 287,167 | 336,100 |
| Other general government projects | 44,236 | 45,000 |
| Fountain Creek trail | 285,275 | 2,583,765 |
| Other parks and recreation projects | 249,248 | 795,088 |
| Dillon flyover | 3,111,947 | 18,450,278 |
| West 11 th Street bridge replacement | 1,114,145 | 6,179,303 |
| Other public works projects | <u>222,834</u> | <u>2,022,288</u> |
| | <u>\$ 6,127,822</u> | <u>\$ 33,653,693</u> |
| Business-type activities – | | |
| Sewer user | \$ 1,791,124 | \$ 12,164,698 |
| Stormwater | 770,748 | 1,117,286 |
| Memorial airport | 924,569 | 3,622,836 |
| Other enterprise funds | <u>41,671</u> | <u>-</u> |
| | <u>\$ 3,528,112</u> | <u>\$ 16,904,820</u> |

F. DEFERRED OUTFLOWS OF RESOURCES/DEFERRED INFLOWS OF RESOURCES

Deferred outflows of resources at December 31, 2014 are summarized as follows:

| | Governmental <u>Activities</u> | Pueblo Urban Renewal <u>Authority</u> |
|-------------------------------|-----------------------------------|---|
| Deferred amounts on refunding | <u>\$ 22,448</u> | <u>\$ 891,608</u> |

CITY OF PUEBLO, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

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

Deferred inflows of resources at December 31, 2014 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 | \$ 12,756,024 | \$ - | \$ - | \$ 37,941 | \$ 12,793,965 |
| Notes and loans | 681,788 | 250,306 | - | - | 932,094 |
| Other receivables | 1,592,208 | 471,158 | 179,065 | 163,477 | 2,405,908 |
| Other unavailable revenue | - | <u>9,962</u> | <u>379,262</u> | <u>23,510</u> | <u>412,734</u> |
| | <u>15,030,020</u> | <u>731,426</u> | <u>558,327</u> | <u>224,928</u> | <u>16,544,701</u> |
| Less: amounts recognized as revenue in the government-wide statements | <u>(2,273,996)</u> | <u>(481,120)</u> | <u>(179,065)</u> | <u>(185,978)</u> | <u>(3,120,159)</u> |
| | <u>\$ 12,756,024</u> | <u>\$ 250,306</u> | <u>\$ 379,262</u> | <u>\$ 38,950</u> | <u>\$ 13,424,542</u> |
| | | | | <u>Pueblo Urban Renewal Authority</u> | |
| Property taxes | | | | \$ 4,313,571 | |
| Other | | | | <u>112,526</u> | |
| | | | | <u>\$ 4,426,097</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, 2014

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

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, 2014:

| | Balance January 1, <u>2014</u> | <u>Increases</u> | <u>Decreases</u> | Balance December 31, <u>2014</u> | Due Within <u>One Year</u> |
|---|--------------------------------------|----------------------|----------------------|--|----------------------------------|
| Governmental activities | | | | | |
| General obligation bonds – | | | | | |
| Historic Arkansas River | | | | | |
| refunding, series 2005 | \$ 2,750,000 | \$ - | \$ 880,000 | \$ 1,870,000 | \$ 915,000 |
| Unamortized premium | <u>35,621</u> | <u>-</u> | <u>17,812</u> | <u>17,809</u> | <u>-</u> |
| | <u>2,785,621</u> | <u>-</u> | <u>897,812</u> | <u>1,887,809</u> | <u>915,000</u> |
| Certificates of participation – | | | | | |
| Police complex, series | | | | | |
| 2008 | 17,230,000 | - | 720,000 | 16,510,000 | 735,000 |
| Unamortized discount | (98,927) | - | (10,357) | (88,570) | - |
| LED street lights, | | | | | |
| series 2014 | <u>-</u> | <u>4,200,000</u> | <u>-</u> | <u>4,200,000</u> | <u>400,787</u> |
| | <u>17,131,073</u> | <u>4,200,000</u> | <u>709,643</u> | <u>20,621,430</u> | <u>1,135,787</u> |
| Capital leases – | | | | | |
| Fire truck | 338,240 | - | 165,953 | 172,287 | 172,287 |
| Radio equipment | 1,730,444 | - | 406,864 | 1,323,580 | 423,567 |
| Fire equipment | 266,467 | - | 50,366 | 216,101 | 51,789 |
| Parks equipment | 864,502 | - | 238,853 | 625,649 | 204,391 |
| Police laptops | 208,059 | - | 68,445 | 139,614 | 69,349 |
| Street sweeper | 109,204 | - | 54,185 | 55,019 | 55,019 |
| Tyler ERP system | <u>1,924,275</u> | <u>-</u> | <u>187,374</u> | <u>1,736,901</u> | <u>178,908</u> |
| | <u>5,441,191</u> | <u>-</u> | <u>1,172,040</u> | <u>4,269,151</u> | <u>1,155,310</u> |
| Accrued interest payable | <u>463,646</u> | <u>1,138,603</u> | <u>1,146,579</u> | <u>455,670</u> | <u>455,670</u> |
| Compensated absences | <u>7,896,178</u> | <u>4,201,742</u> | <u>4,163,542</u> | <u>7,934,378</u> | <u>793,437</u> |
| Claims and judgments | <u>1,734,751</u> | <u>2,400,372</u> | <u>1,811,970</u> | <u>2,323,153</u> | <u>1,450,000</u> |
| Net post-employment benefit obligation | <u>2,570,468</u> | <u>1,681,983</u> | <u>366,782</u> | <u>3,885,669</u> | <u>-</u> |
| Total governmental activities | <u>\$ 38,022,928</u> | <u>\$ 13,622,700</u> | <u>\$ 10,268,368</u> | <u>\$ 41,377,260</u> | <u>\$ 5,905,204</u> |

CITY OF PUEBLO, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

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, 2014</u> |
|------------------|---------------------|--|
| Fire truck | \$ 1,077,498 | \$ 1,077,498 |
| Radio equipment | 3,900,000 | 1,300,000 |
| Fire equipment | 363,503 | 207,716 |
| Parks equipment | 1,024,394 | 442,324 |
| Police laptops | 278,741 | 185,827 |
| Street sweeper | 164,853 | 47,101 |
| Tyler ERP system | <u>1,924,275</u> | <u>256,570</u> |
| | <u>\$ 8,733,264</u> | <u>\$ 3,517,036</u> |

| | <u>Balance January 1, 2014</u> | <u>Increases</u> | <u>Decreases</u> | <u>Balance December 31, 2014</u> | <u>Due Within One Year</u> |
|--|--|---------------------|---------------------|--|------------------------------------|
| Business-type activities: | | | | | |
| Capital leases – | | | | | |
| Elmwood golf course | \$ 391,403 | \$ - | \$ 95,576 | \$ 295,827 | \$ 97,077 |
| Walking Stick golf course | 1,852,271 | - | 208,620 | 1,643,651 | 215,904 |
| Stormwater utility | 212,013 | - | 40,387 | 171,626 | 41,371 |
| Honor farm nonmajor enterprise fund | <u>137,686</u> | <u>-</u> | <u>33,487</u> | <u>104,199</u> | <u>34,102</u> |
| Total | <u>2,593,373</u> | <u>-</u> | <u>378,070</u> | <u>2,215,303</u> | <u>388,454</u> |
| Notes payable – sewer user fund | | | | | |
| 2003 issue | 4,731,626 | - | 384,685 | 4,346,941 | 390,181 |
| 2009 issue | 1,237,500 | - | 75,000 | 1,162,500 | 75,000 |
| 2010 issue | 20,637,462 | - | 1,021,215 | 19,616,247 | 1,037,381 |
| Unamortized premium | 1,164,749 | - | 70,236 | 1,094,513 | - |
| 2014 issue | <u>-</u> | <u>4,179,047</u> | <u>7,161</u> | <u>4,171,886</u> | <u>7,161</u> |
| | <u>27,771,337</u> | <u>4,179,047</u> | <u>1,558,297</u> | <u>30,392,087</u> | <u>1,509,723</u> |
| Note payable – stormwater utility | <u>640,959</u> | <u>-</u> | <u>264,521</u> | <u>376,438</u> | <u>265,513</u> |
| Compensated absences | <u>1,084,407</u> | <u>487,842</u> | <u>546,448</u> | <u>1,025,801</u> | <u>102,580</u> |
| Total business-type activities | <u>\$ 32,090,076</u> | <u>\$ 4,666,889</u> | <u>\$ 2,747,336</u> | <u>\$ 34,009,629</u> | <u>\$ 2,266,270</u> |

CITY OF PUEBLO, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

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, 2014</u> |
|-------------------------------------|---------------------|--|
| Elmwood golf course equipment | \$ 491,111 | \$ 140,362 |
| Walking Stick golf course equipment | 2,173,861 | 338,097 |
| Stormwater utility equipment | 294,284 | 168,162 |
| Honor farm nonmajor enterprise fund | <u>171,328</u> | <u>67,893</u> |
| | <u>\$ 3,130,584</u> | <u>\$ 714,514</u> |

| | <u>Balance January 1, 2014</u> | <u>Increases</u> | <u>Decreases</u> | <u>Balance December 31, 2014</u> | <u>Due Within One Year</u> |
|---|--|------------------|---------------------|--|------------------------------------|
| Pueblo Urban Renewal Authority discretely-presented component unit: | | | | | |
| Revenue bonds, series 2006 | \$ 8,301,000 | \$ - | \$ 339,000 | \$ 7,962,000 | \$ 376,000 |
| Unamortized premium | <u>84,132</u> | <u>-</u> | <u>5,399</u> | <u>78,733</u> | <u>-</u> |
| | <u>8,385,132</u> | <u>-</u> | <u>344,399</u> | <u>8,040,733</u> | <u>376,000</u> |
| Improvement revenue bond, series 2011B | 10,000,000 | - | - | 10,000,000 | - |
| Unamortized premium | <u>248,175</u> | <u>-</u> | <u>9,927</u> | <u>238,248</u> | <u>-</u> |
| | <u>10,248,175</u> | <u>-</u> | <u>9,927</u> | <u>10,238,248</u> | <u>-</u> |
| Taxable refunding revenue bonds, series 2011A | 740,000 | - | 300,000 | 440,000 | 315,000 |
| Tax-exempt refunding revenue bonds, series 2011B | 3,890,000 | - | - | 3,890,000 | - |
| Unamortized premium | <u>337,530</u> | <u>-</u> | <u>22,502</u> | <u>315,028</u> | <u>-</u> |
| | <u>4,967,530</u> | <u>-</u> | <u>322,502</u> | <u>4,645,028</u> | <u>315,000</u> |
| Bank notes | <u>3,592,356</u> | <u>-</u> | <u>421,009</u> | <u>3,171,347</u> | <u>253,931</u> |
| Compensated absences | <u>7,807</u> | <u>15,831</u> | <u>17,904</u> | <u>5,734</u> | <u>5,734</u> |
| Total Pueblo Urban Renewal Authority discretely-presented component unit activities | <u>\$ 27,201,000</u> | <u>\$ 15,831</u> | <u>\$ 1,115,741</u> | <u>\$ 26,101,090</u> | <u>\$ 950,665</u> |

CITY OF PUEBLO, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

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

| | Balance January 1, <u>2014</u> | <u>Increases</u> | <u>Decreases</u> | Balance December 31, <u>2014</u> | Due Within <u>One Year</u> |
|--|--------------------------------------|------------------|------------------|--|----------------------------------|
| Pueblo Main Street Garage Corporation discretely-presented component unit: | | | | | |
| Note payable | \$ <u>6,862,000</u> | \$ - | \$ - | \$ <u>6,862,000</u> | \$ - |
| Total Pueblo Main Street Garage Corporation discretely-presented component unit activities | \$ <u>6,862,000</u> | \$ - | \$ - | \$ <u>6,862,000</u> | \$ - |
| Pueblo Municipal Rail Corporation discretely-presented component unit: | | | | | |
| Note payable | \$ <u>2,109,699</u> | \$ - | \$ <u>91,102</u> | \$ <u>2,018,597</u> | \$ - |
| Total Pueblo Municipal Rail Corporation discretely-presented component unit activities | \$ <u>2,109,699</u> | \$ - | \$ <u>91,102</u> | \$ <u>2,018,597</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 \$976,275 to \$976,487 including interest through December, 2016; debt is serviced by the debt service fund \$ 1,870,000

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 16,510,000

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

20,710,000

CITY OF PUEBLO, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

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 an annual installment of \$178,862 in January 2015; debt is serviced by the debt service fund and is subject to annual appropriation by City Council 172,287

\$3,900,000 obligation under capital lease; interest rate of 4.06%; payable in semi-annual installments of \$236,548 including interest through August, 2017; debt is serviced by the debt service fund and is subject to annual appropriation by City Council 1,323,580

\$363,503 obligation under capital lease; interest rate of 2.825%; payable in annual installments of \$57,894 including interest through January, 2018; 2018; debt is serviced by the debt service fund and is subject to annual appropriation by City Council 216,101

\$1,068,171 obligation under capital lease; interest rate of 1.835%; payable in annual installments of \$262,145 including interest through February, 2017; debt is serviced by the debt service fund and is subject to annual appropriation by City Council 625,649

\$278,740 obligation under capital lease; interest rate of 1.32%; payable in annual installments of \$71,192 including interest through June, 2016; debt is serviced by the debt service fund and is subject to annual appropriation by City Council 139,614

\$164,853 obligation under capital lease; interest rate of 1.54%; payable in an annual installment of \$55,867 including interest in November, 2015; debt is serviced by the debt service fund and is subject to annual appropriation by City Council 55,019

\$1,924,275 obligation under capital lease; interest rate of 1.87%; payable in annual installments of \$211,551 including interest through January, 2023; debt is serviced by the debt service fund and is subject to annual appropriation by City Council 1,736,901

4,269,151

Other Obligations

Accrued interest payable 455,670

Compensated absences 7,934,378

Self-insured claims and judgments 2,323,153

Net post-employment benefit obligation 3,885,669

14,598,870

Total governmental activities \$ 41,448,021

CITY OF PUEBLO, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

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> |
|---------------------------------|---------------------|------------------|---------------------|
| 2015 | \$ 915,000 | \$ 61,275 | \$ 976,275 |
| 2016 | <u>955,000</u> | <u>21,487</u> | <u>976,487</u> |
| | <u>\$ 1,870,000</u> | <u>\$ 82,762</u> | <u>\$ 1,952,762</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> |
|---------------------------------|----------------------|---------------------|----------------------|
| 2015 | \$ 1,135,787 | \$ 962,241 | \$ 2,098,028 |
| 2016 | 1,171,037 | 947,581 | 2,118,618 |
| 2017 | 2,210,716 | 895,528 | 3,106,244 |
| 2018 | 2,315,640 | 790,053 | 3,105,693 |
| 2019 | 2,425,816 | 674,552 | 3,100,368 |
| 2020-2024 | <u>11,451,004</u> | <u>1,470,377</u> | <u>12,921,381</u> |
| | <u>\$ 20,710,000</u> | <u>\$ 5,740,332</u> | <u>\$ 26,450,332</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> |
|---------------------------------|---------------------|-------------------|---------------------|
| 2015 | \$ 1,155,310 | \$ 108,633 | \$ 1,263,943 |
| 2016 | 955,408 | 73,794 | 1,029,202 |
| 2017 | 912,246 | 46,687 | 958,933 |
| 2018 | 245,491 | 23,953 | 269,444 |
| 2019 | 192,744 | 18,807 | 211,551 |
| 2020-2023 | <u>807,952</u> | <u>38,252</u> | <u>846,204</u> |
| | <u>\$ 4,269,151</u> | <u>\$ 310,126</u> | <u>\$ 4,579,277</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, 2014

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

The \$4,200,000 LED street lights, series 2004 certificates of participation issued by PMBC represent assignments of proportionate interests in rights to receive payments pursuant to an annually renewable lease purchase agreement and site lease agreement dated October 1, 2014. The principal and interest on the certificates is payable solely from annually appropriated base rentals paid by the City to PMBC. The certificates shall never constitute or give rise to a general obligation of the City within the meaning of any constitutional, statutory or other charter limitation. All the payment obligations of the City are subject to annual appropriation by City Council.

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

Obligations Under Capital Leases

| | |
|--|------------------|
| \$491,111 obligation under capital lease; interest rate of 1.64%; due in annual installments of \$101,721 including principal and interest through April, 2017; debt is serviced by the Elmwood golf course major enterprise fund and is subject to annual appropriation by City Council | \$ 295,827 |
| \$1,700,000 obligation under capital lease; interest rate of 4.97%; due in annual installments of \$191,479 including principal and interest through January, 2023; debt is serviced by the Walking Stick golf course major enterprise fund and is subject to annual appropriation by City Council | 1,362,817 |
| \$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 | 280,834 |
| \$294,284 obligation under capital lease; interest rate of 2.44%; due in annual installments of \$45,550 including principal and interest through February, 2018; debt is serviced by the storm water utility major enterprise fund and is subject to annual appropriation by City Council | 171,626 |
| \$210,043 obligation under capital lease; interest rate of 1.835%; due in annual installments of \$36,014 including principal and interest through February, 2017; debt is serviced by the honor farm nonmajor enterprise fund and is subject to annual appropriation by City Council | <u>104,199</u> |
| | <u>2,215,303</u> |

CITY OF PUEBLO, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

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

Notes payable

\$8,402,620 note payable to Colorado Water Resources and Power Development Authority; interest rate of 3.25%; due in semiannual installments ranging from \$258,725 to \$269,194 including principal, interest and administrative fees through August, 2024; debt is serviced by the sewer user major enterprise fund 4,346,941

\$1,500,000 note payable to Colorado Water Resources and Power Development Authority; non-interest bearing; due in semi-annual installments of \$37,500 through February, 2030; debt is serviced by the sewer user major enterprise fund 1,162,500

\$23,595,277 note payable to Colorado Water Resources and Power Development Authority; interest rate of 2.5%; due in semi-annual installments including principal, interest and administrative fees ranging from \$795,462 to \$798,366 through August, 2030; debt is serviced by the sewer user major enterprise fund 19,616,247

\$4,179,047 note payable to Colorado Water Resources and Power Development Authority; interest rate of 1.13%; due in semi-annual installments including principal, interest and administrative fees ranging from \$81,444 to \$266,240 through August, 2035; debt is serviced by sewer user major enterprise fund 4,171,886

29,297,574

\$784,949 note payable to Pueblo Board of Water Works; interest rate of .375%; due in monthly installments of \$22,206 including principal and interest through May, 2016; debt is serviced by the storm water utility major enterprise fund 376,438

Other obligations

Compensated absences 1,025,801

Total business-type activities \$ 32,915,116

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> |
|---------------------------------|---------------------|-------------------|---------------------|
| 2015 | \$ 388,454 | \$ 82,876 | \$ 471,330 |
| 2016 | 399,207 | 72,122 | 471,329 |
| 2017 | 410,355 | 60,980 | 471,335 |
| 2018 | 187,597 | 49,432 | 237,029 |
| 2019 | 150,243 | 41,236 | 191,479 |
| 2020-2023 | <u>679,447</u> | <u>86,468</u> | <u>765,915</u> |
| | <u>\$ 2,215,303</u> | <u>\$ 393,114</u> | <u>\$ 2,608,417</u> |

**CITY OF PUEBLO, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014**

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

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

| <u>Year Ending December 31,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|---------------------------------|----------------------|---------------------|----------------------|
| 2015 | \$ 1,775,236 | \$ 478,754 | \$ 2,253,990 |
| 2016 | 1,822,781 | 462,194 | 2,284,975 |
| 2017 | 1,740,827 | 429,523 | 2,170,350 |
| 2018 | 1,769,919 | 400,502 | 2,170,421 |
| 2019 | 1,803,924 | 369,897 | 2,173,821 |
| 2020-2024 | 9,674,647 | 1,228,746 | 10,903,393 |
| 2025-2029 | 8,112,917 | 523,199 | 8,636,116 |
| 2030-2034 | 2,714,501 | 71,719 | 2,786,220 |
| 2035 | <u>259,260</u> | <u>2,800</u> | <u>262,060</u> |
| | <u>\$ 29,674,012</u> | <u>\$ 3,967,334</u> | <u>\$ 33,641,346</u> |

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

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

Revenue

| | |
|--|-------------------|
| \$9,500,000 revenue bonds (expanded urban renewal project area), series 2006; interest rate ranging from 4.698% to 4.937%; due in annual installments ranging from \$754,202 to \$755,611 including interest through September, 2029 | \$ 7,962,000 |
| \$10,000,000 improvement revenue bonds, series 2011B; interest rate ranging from 2.50% to 5.25%; due in annual installments ranging from \$528,263 to \$1,068,688, including interest through December, 2038 | 10,000,000 |
| \$1,590,000 taxable revenue refunding bonds series 2011A; interest rate of 5.00%; due in annual installments ranging from \$131,250 to \$337,000 including principal and interest through December, 2016 | 440,000 |
| \$3,890,000 tax-exempt revenue refunding bonds series 2011B; interest rate ranging from 2.50% to 5.5%; due in annual installments ranging from \$200,700 to \$465,125, including principal and interest through December, 2028 | <u>3,890,000</u> |
| | <u>22,292,000</u> |

CITY OF PUEBLO, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

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

Notes Payable

\$3,000,000 bank note; interest rate of 4.5%; due in semi-annual installments of interest and principal ranging from \$230,000 to \$271,706 through December, 2029 2,805,000

\$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 \$373,183 at December 31, 2014 227,551

\$4,000,000 multi-draw term bank note; interest rate of 3.95%; due in an annual installment of \$138,796 plus accrued interest on due date 138,796

3,171,347

Total Pueblo Urban Renewal Authority discretely-presented component unit activities \$ 25,463,347

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

| <u>Year Ending</u> <u>December 31</u> | <u>Revenue Bonds</u> | | <u>Notes Payable</u> | |
|--|----------------------|----------------------|----------------------|---------------------|
| | <u>Principal</u> | <u>Interest</u> | <u>Principal</u> | <u>Interest</u> |
| 2015 | \$ 691,000 | \$ 1,130,212 | \$ 253,931 | \$ 139,113 |
| 2016 | 723,000 | 1,097,543 | 352,416 | 128,583 |
| 2017 | 757,000 | 1,061,333 | 145,000 | 115,425 |
| 2018 | 797,000 | 1,024,459 | 150,000 | 108,900 |
| 2019 | 833,000 | 985,631 | 160,000 | 102,150 |
| 2020-2024 | 4,828,000 | 4,275,479 | 930,000 | 395,102 |
| 2025-2029 | 6,173,000 | 2,946,165 | 1,180,000 | 164,251 |
| 2030-2034 | 3,730,000 | 1,600,150 | - | - |
| 2035-2038 | <u>3,760,000</u> | <u>505,840</u> | <u>-</u> | <u>-</u> |
| | <u>\$ 22,292,000</u> | <u>\$ 14,626,812</u> | <u>\$ 3,171,347</u> | <u>\$ 1,153,524</u> |

CITY OF PUEBLO, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

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

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

The series 2011B improvement revenue bond issue totaling \$10,000,000 was consummated in June, 2011 for the purpose of providing funds for the remodeling and restoring of the historic Memorial Hall which is within the expanded downtown district. The series 2011B improvement revenue bonds are special limited obligations of the Authority. Interest and principal are payable from the proceeds of the pledged revenue which consists of 3.3% of the City of Pueblo's sales and use tax collections.

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

The multi-draw term bank note was issued in December, 2013 to provide assistance for the construction of the Dillon flyover infrastructure project, together with other improvements in the North Pueblo district. Interest and principal on this note is payable from the pledged incremental property taxes generated within the North Pueblo district.

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, 2014 on the aforementioned series 2005 refunding bonds was \$3,200,000. 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.

CITY OF PUEBLO, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

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

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

Notes Payable

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

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

| <u>Year Ending December 31,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|---------------------------------|---------------------|-------------------|---------------------|
| 2015 | \$ - | \$ 94,010 | \$ 94,010 |
| 2016 | - | 94,010 | 94,010 |
| 2017 | <u>6,862,000</u> | <u>47,005</u> | <u>6,909,005</u> |
| | <u>\$ 6,862,000</u> | <u>\$ 235,025</u> | <u>\$ 7,097,025</u> |

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

Note Payable

\$2,200,000 promissory note in favor of the City of Pueblo, Colorado; interest at prime; present anticipated due date is April, 2021; collateralized by land with a carrying value of \$529,620 \$ 2,018,597

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> |
|---------------------------------|---------------------|-------------------|---------------------|
| 2015 | \$ - | \$ 68,566 | \$ 68,566 |
| 2016 | - | 68,566 | 68,566 |
| 2017 | - | 68,566 | 68,566 |
| 2018 | - | 68,566 | 68,566 |
| 2019 | - | 68,566 | 68,566 |
| 2020-2021 | <u>2,018,597</u> | <u>85,707</u> | <u>2,104,304</u> |
| | <u>\$ 2,018,597</u> | <u>\$ 428,537</u> | <u>\$ 2,447,134</u> |

CITY OF PUEBLO, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

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, 2014 is as follows:

| | <u>Governmental Activities</u> | <u>Pueblo Urban Renewal Authority</u> |
|------------------------------------|------------------------------------|---|
| Tabor | \$ 2,600,000 | \$ - |
| Economic development | 70,225,985 | 1,068,832 |
| Debt service and district projects | 150 | 3,884,084 |
| Capital projects | 9,258,570 | - |
| Public safety | 1,638,195 | - |
| Public works | 4,381,448 | - |
| Parks and recreation | 865,191 | - |
| Culture and community welfare | <u>5,729,865</u> | <u>-</u> |
| | <u>\$ 94,699,404</u> | <u>\$ 4,952,916</u> |

Restricted for tabor – This represents approximately 3% of the City’s 2014 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.

**CITY OF PUEBLO, COLORADO
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2014**

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

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 \$3,884,084 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 \$1,068,832 as restricted for economic development which represents limitations on net position as a result of an agreement with the state of Colorado as it relates to regional tourism projects.

PRIOR PERIOD ADJUSTMENT

Net position at January 1, 2014 has been restated from amounts previously reported as follows:

| | <u>Governmental Activities</u> |
|--|------------------------------------|
| Net position at January 1, 2014, as previously reported | \$ 413,442,103 |
| Prior period adjustment to report revenue in the correct accounting period | <u>118,048</u> |
| Net position at January 1, 2014, as restated | <u>\$ 413,560,151</u> |

CITY OF PUEBLO, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

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

I. FUND BALANCES

At December 31, 2014, fund balances for governmental funds consist of the following:

| | Governmental Activities | | | | | | <u>Total</u> |
|--|-------------------------|---|-----------------------|--------------------------------|--------------------------------|--------------------------------|----------------------|
| | General | Economic Development ½ Cent Tax Fund | HUD Grants Fund | Public Improvements Fund | Capital Improvement Fund | Other Governmental Funds | |
| | <u>Fund</u> | <u>Tax Fund</u> | <u>Fund</u> | <u>Fund</u> | <u>Fund</u> | <u>Funds</u> | |
| Fund Balances -- | | | | | | | |
| Nonspendable -- | | | | | | | |
| Inventories | \$ 30,684 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 30,684 |
| Prepaid items | 297,575 | - | - | - | - | - | 297,575 |
| Long-term fund advances | 1,402,337 | - | - | - | - | - | 1,402,337 |
| Restricted -- | | | | | | | |
| Tabor | 2,600,000 | - | - | - | - | - | 2,600,000 |
| Economic development incentives | - | 70,225,985 | - | - | - | - | 70,225,985 |
| Debt service | - | - | - | - | - | 150 | 150 |
| Low and moderate income assistance | - | - | 4,567,823 | - | - | 550,517 | 5,118,340 |
| Transportation planning | - | - | - | 38,429 | - | - | 38,429 |
| Streets, highways and bridges | - | - | - | - | - | 1,996,190 | 1,996,190 |
| Police and fire assistance | - | - | - | - | - | 1,638,195 | 1,638,195 |
| Parks and recreation projects | - | - | - | - | - | 865,191 | 865,191 |
| Waste and other disposal | - | - | - | - | - | 2,183,761 | 2,183,761 |
| District maintenance | - | - | - | - | - | 163,068 | 163,068 |
| Cemetery maintenance | - | - | - | - | - | 611,525 | 611,525 |
| Capital projects | - | - | - | 5,019,322 | 3,646,754 | 592,494 | 9,258,570 |
| Committed -- | | | | | | | |
| Minimum reserve | 7,486,408 | - | - | - | - | - | 7,486,408 |
| Capital projects | - | - | - | 1,484,377 | 64,440 | - | 1,548,817 |
| Assigned - | | | | | | | |
| Subsequent years' expenditures | 266,501 | - | - | - | - | - | 266,501 |
| Year-end sales and use tax receivable | 5,287,797 | - | - | - | - | - | 5,287,797 |
| Capital projects | - | - | - | - | 2,654,408 | - | 2,654,408 |
| Parks and recreation projects | - | - | - | - | - | 54,443 | 54,443 |
| Donor specified projects | - | - | - | - | - | 105,181 | 105,181 |
| Unassigned | <u>1,040,371</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,040,371</u> |
| TOTAL FUND BALANCES | <u>\$18,411,673</u> | <u>\$70,225,985</u> | <u>\$ 4,567,823</u> | <u>\$ 6,542,128</u> | <u>\$ 6,365,602</u> | <u>\$ 8,760,715</u> | <u>\$114,873,926</u> |

CITY OF PUEBLO, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

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

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

PRIOR PERIOD ADJUSTMENT

Fund balance at January 1, 2014 has been restated from amounts previously reported as follows:

| | <u>Other Governmental Funds</u> |
|--|---|
| Fund balance at January 1, 2014, as previously reported | \$ 7,341,389 |
| Prior period adjustment to report revenue in the correct accounting period | <u>118,048</u> |
| Fund balance at January 1, 2014, as restated | <u>\$ 7,459,437</u> |

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.

CITY OF PUEBLO, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

IV. OTHER NOTE DISCLOSURES (Cont'd.)

The City has elected to self-insure for workmen's compensation with a specific retention risk of \$550,000 in 2014. Claims and insurance costs are recognized as expenses in the internal service fund and totaled \$2,783,468 for the year ended December 31, 2014. At December 31, 2014, the actuarially determined loss reserve for self-insured workmen's compensation claims totaled \$2,323,153 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, 2014 and 2013 are as follows:

| | <u>Year Ended December 31</u> | |
|--|-------------------------------|---------------------|
| | <u>2014</u> | <u>2013</u> |
| Estimated claims liability, January 1 | \$ 1,734,751 | \$ 1,631,480 |
| Current year claims and changes in estimates | 2,400,372 | 1,315,879 |
| Current year payments | <u>(1,811,970)</u> | <u>(1,212,608)</u> |
| Estimated claims liability, December 31 | <u>\$ 2,323,153</u> | <u>\$ 1,734,751</u> |

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

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 (OPEB 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, and new-hire fire and police. These plans represent three of the retirement plans in which the City participates.

CITY OF PUEBLO, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

IV. OTHER NOTE DISCLOSURES (Cont'd.)

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 | 5,245.62% | 8,545.66% |
| Plan members | 8.00% | 10.00% |
| Annual pension cost - | | |
| Annual required contribution | \$ 2,889,497 | \$ 1,721,259 |
| Interest on net pension obligation | (299,929) | (118,990) |
| Annual required contribution adjustment | <u>521,752</u> | <u>188,297</u> |
| | <u>\$ 3,111,320</u> | <u>\$ 1,790,566</u> |
| | | |
| | <u>Old-Hire Fire Plan</u> | <u>Old-Hire Police Plan</u> |
| Net pension (obligation) asset - | | |
| Balance, January 1, 2014 | \$ 3,993,218 | \$ 1,601,369 |
| Annual pension cost | (3,111,320) | (1,790,566) |
| Contributions made | <u>1,030,337</u> | <u>1,721,259</u> |
| | <u>\$ 1,912,235</u> | <u>\$ 1,532,062</u> |

CITY OF PUEBLO, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

IV. OTHER NOTE DISCLOSURES (Cont'd.)

The net pension asset of the old-hire police plan and the old-hire fire plan is included with other assets in the statement of net position.

| | <u>Old-Hire Fire Plan</u> | <u>Old-Hire Police Plan</u> |
|-------------------------------|--|---|
| Contributions made | \$1,030,337 | \$1,721,259 |
| Actuarial valuation date | January 1, 2014 | January 1, 2014 |
| Actuarial cost method | Entry age normal method | Entry age normal method |
| Amortization method | Level dollar open | Level dollar open |
| Remaining amortization period | 13 years | 15 years |
| Asset valuation method | Five year moving average of expected and actual market value | Five 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 | 3.55% | 3.50% |

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, 2012 | 2,598,268 | 55.62% | (5,710,750) |
| | December 31, 2013 | 2,611,132 | 471.64% | 3,993,218 |
| | December 31, 2014 | 3,111,320 | 33.12% | 1,912,235 |
| Old Hire Police Plan | December 31, 2012 | 1,869,395 | 93.54% | 1,651,875 |
| | December 31, 2013 | 1,771,765 | 97.15% | 1,601,369 |
| | December 31, 2014 | 1,790,566 | 96.13% | 1,532,062 |

CITY OF PUEBLO, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

IV. OTHER NOTE DISCLOSURES (Cont'd.)

Schedule of Funded Status

| | (a) | (b) | (b) - (a) = (c) | (a) ÷ (b) | (e) | (c) ÷ (e) Unfunded Actuarial Liability as a Percentage of Covered Payroll |
|--------------------------------|---------------------------------|-----------------------------------|------------------------------------|-----------------|------------------------------|---|
| Actuarial Valuation Date | Actuarial Value of Assets | Actuarial Accrued Liability | Unfunded Actuarial Liability | Funded Ratio | Annual Covered Payroll | |
| <u>Old-Hire Fire Plan</u> | | | | | | |
| 1/1/14 | \$ 38,209,192 | \$ 49,077,843 | \$ 10,868,651 | 77.85% | \$ 78,448 | 13,854.59% |
| <u>Old-Hire Police Plan</u> | | | | | | |
| 1/1/14 | \$ 53,116,672 | \$ 64,812,929 | \$ 11,696,257 | 81.95% | \$ 99,053 | 11,808.08% |

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.

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, 2014, 2013, and 2012 were \$1,588,371, \$1,570,861 and \$1,574,489, equal to their required contributions for each year.

CITY OF PUEBLO, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

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 2014 (2.20% of total payroll for the calendar year 2013 and 2.20% of total payroll for the calendar year 2012). 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 2014 (1.50% of total payroll for the calendar year 2013 and 1.50% of total payroll for the calendar year 2012). 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, 2014, 2013 and 2012, the City of Pueblo's employer contributions to the LGDTF were \$2,587,862, \$2,616,816, and \$2,676,056, 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, 2014, the 401(k) plan member contributions were \$381,467.

CITY OF PUEBLO, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

V. 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 has not been included in the accompanying financial statements in accordance with generally accepted accounting principles. The City of Pueblo made \$3,570 of contributions to the Section 457 plans for the year ended December 31, 2014.

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, 2014, the City contributed \$153,494 to the plan maintained for firemen and \$213,288 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, 2014, the amounts actually contributed to the plan and the changes in the City's net OPEB obligation:

| | <u>Police Officers'</u> <u>Plan</u> | <u>Firemen's</u> <u>Plan</u> |
|--|--|---------------------------------|
| Annual required contribution | \$ 1,016,252 | \$ 713,141 |
| Interest on net OPEB obligation | 48,881 | 41,085 |
| Adjustment to annual required contribution | <u>(74,640)</u> | <u>(62,736)</u> |
| Annual OPEB cost (expense) | 990,493 | 691,490 |
| Contributions made | <u>(213,288)</u> | <u>(153,494)</u> |
| Increase in net OPEB obligation | 777,205 | 537,996 |
| Net OPEB obligation, beginning of year | <u>1,396,606</u> | <u>1,173,862</u> |
| Net OPEB obligation, end of year | <u>\$ 2,173,811</u> | <u>\$ 1,711,858</u> |

CITY OF PUEBLO, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

V. OTHER NOTE DISCLOSURES (Cont'd.)

| | <u>Three-Year Trend Information</u> | | | |
|-----------------------|-------------------------------------|-------------------------|--------------------------------------|------------------------------|
| | <u>Year Ending</u> | <u>Annual OPEB Cost</u> | <u>Percentage of APC Contributed</u> | <u>Net OPEB (Obligation)</u> |
| Police Officers' Plan | December 31, 2012 | \$ 420,500 | 33.23% | \$(1,091,637) |
| | December 31, 2013 | 439,475 | 30.61% | (1,396,606) |
| | December 31, 2014 | 990,493 | 21.53% | (2,173,811) |
| Firemen's Plan | December 31, 2012 | 342,066 | 29.14% | (927,744) |
| | December 31, 2013 | 357,752 | 31.21% | (1,173,862) |
| | December 31, 2014 | 691,490 | 22.20% | (1,711,858) |

Funded Status and Funding Progress – The funded status of the plans as of January 1, 2014 is as follows:

| | (a) | (b) | (a) – (b) = (c) | (a) ÷ (b) | (d) | (c) ÷ (d) Unfunded Actuarial Liability as a Percentage of Covered Payroll |
|---------------------------------|----------------------------------|--|-------------------------------------|---------------------|-------------------------------|---|
| <u>Actuarial Valuation Date</u> | <u>Actuarial Value of Assets</u> | <u>Actuarial Accrued Liability (AAL)</u> | <u>Unfunded Actuarial Liability</u> | <u>Funded Ratio</u> | <u>Annual Covered Payroll</u> | |
| <u>Police Officers' Plan</u> | | | | | | |
| 1/1/14 | \$ - | \$ 8,484,684 | \$ 8,484,684 | 0.00% | \$ 14,178,697 | 59.84% |
| <u>Firemen's Plan</u> | | | | | | |
| 1/1/14 | \$ - | \$ 6,151,397 | \$ 6,151,397 | 0.00% | \$ 9,668,138 | 63.63% |

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.

CITY OF PUEBLO, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

V. OTHER NOTE DISCLOSURES (Cont'd.)

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, 2014 | January 1, 2014 |
| 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) | 9.0% | 9.0% |
| Ultimate (medical) | 5.0% | 3.0% |
| Initial (dental) | 5.0% | Benefit not available |
| Ultimate (dental) | 5.0% | Benefit not available |

The healthcare cost inflation rates reported above include a 2.5% general inflation rate assumption.

NEW HIRE FIRE AND POLICE DEATH AND DISABILITY

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

CITY OF PUEBLO, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

V. OTHER NOTE DISCLOSURES (Cont'd.)

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, 2014, 2013 and 2012 were \$377,140, \$360,565 and \$349,250, equal to their required contributions for each year.

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, 2014, 2013 and 2012, the City's employer contributions to the HCTF were \$226,674, \$195,144, and \$199,239, 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.

CITY OF PUEBLO, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

V. OTHER NOTE DISCLOSURES (Cont'd.)

PUEBLO CITY-COUNTY HEALTH DEPARTMENT

The Pueblo City-County Health Department is also a joint venture between the City of Pueblo and the County of Pueblo. The Department was created in 1952 for the purpose of providing public health care services to the residents of the city and county. A portion of the Department's revenues are composed of subsidies from the City of Pueblo and County of Pueblo, with the City's totaling \$719,483 for 2014. 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.

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 \$218,750 for 2014.

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 101 S. Union, Pueblo, Colorado.

CITY OF PUEBLO, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

V. OTHER NOTE DISCLOSURES (Cont'd.)

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 2014, the City appropriated \$71,685 to PACOG.

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

Year Ending December 31,

| | |
|------|-------------------|
| 2015 | \$ 94,010 |
| 2016 | <u>94,010</u> |
| | <u>\$ 188,020</u> |

CITY OF PUEBLO, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

V. OTHER NOTE DISCLOSURES (Cont'd.)

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> | | |
|---------------------------------|--|---------------------|
| 2015 | | \$ 116,500 |
| 2016 | | 120,130 |
| 2017 | | 124,000 |
| 2018 | | 116,000 |
| 2019 | | 120,000 |
| 2020-2024 | | 654,550 |
| 2025-2026 | | <u>295,652</u> |
| | | <u>\$ 1,546,832</u> |

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

| <u>Year Ending December 31,</u> | | |
|---------------------------------|--|-------------------|
| 2015 | | \$ - |
| 2016 | | 73,312 |
| 2017 | | 117,211 |
| 2018 | | 117,212 |
| 2019 | | <u>117,211</u> |
| | | <u>\$ 424,946</u> |

OTHER COMMITMENTS

As part of an agreement with the Young Men's Christian Association (YMCA), the City committed to contribute to the YMCA a total of \$2,000,000 payable in equal installments of \$200,000 per year for 10 years beginning in 2008. This contribution was made to the YMCA as part of their capital campaign and the yearly payment is subject to annual appropriation by City Council. The City's 2014 installment was reduced to \$50,000 but no modification to the original commitment has been authorized by City Council.

CITY OF PUEBLO, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

V. OTHER NOTE DISCLOSURES (Cont'd.)

Encumbrances are commitments related to unperformed (executory) contracts for goods and services. Encumbrances outstanding at December 31, 2014 are not accounted for as expenditures and liabilities but are included in fund balance. Encumbrances outstanding at December 31, 2014 for governmental funds are as follows:

| | |
|--------------------------------------|---------------------|
| General fund | \$ 60,119 |
| Economic development ½ cent tax fund | 2,760 |
| HUD grants fund | 684,113 |
| Public improvement fund | 3,398,198 |
| Capital improvement fund | 97,680 |
| Other governmental funds | <u>91,840</u> |
| | <u>\$ 4,334,710</u> |

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

ARBITRAGE LIABILITY

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

GRANTS AND OTHER

The City participates in a number of federal and state-assisted grant programs. The disbursement of funds received under these programs generally 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, 2014.

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, 2014, the debt limit was \$105,639,132 and the debt margin was \$103,769,132.

CITY OF PUEBLO, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

V. OTHER NOTE DISCLOSURES (Cont'd.)

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, 2014

| REVENUES AND OTHER FINANCING SOURCES | Budgeted Amounts | | Actual Budget Basis | Variance With Final Budget Positive (Negative) |
|---|------------------|---------------|---------------------------|---|
| | Original | Final | | |
| Taxes | \$ 62,687,186 | \$ 62,687,186 | \$ 63,013,927 | \$ 326,741 |
| Licenses and permits | 567,000 | 567,000 | 576,283 | 9,283 |
| Intergovernmental | 1,965,000 | 1,990,000 | 1,990,837 | 837 |
| Charges for services | 3,535,480 | 3,535,480 | 3,958,562 | 423,082 |
| Fines and forfeits | 2,232,880 | 2,232,880 | 1,611,630 | (621,250) |
| Other revenue | 278,461 | 278,461 | 400,838 | 122,377 |
| Transfers in | 4,391,523 | 4,391,523 | 4,270,057 | (121,466) |
| TOTAL REVENUES AND OTHER FINANCING SOURCES | 75,657,530 | 75,682,530 | 75,822,134 | 139,604 |
| EXPENDITURES AND OTHER FINANCING USES | | | | |
| Current - | | | | |
| General government | 9,151,537 | 9,151,537 | 8,581,113 | 570,424 |
| Public safety - | | | | |
| Police | 26,648,584 | 26,648,584 | 26,481,364 | 167,220 |
| Fire | 15,278,197 | 15,278,197 | 15,069,095 | 209,102 |
| Public works | 7,715,655 | 7,807,830 | 7,627,747 | 180,083 |
| Parks and recreation | 4,535,431 | 4,535,431 | 4,491,149 | 44,282 |
| Nondepartmental | 4,607,004 | 4,612,004 | 4,494,451 | 117,553 |
| Transfers out | 7,905,540 | 8,198,242 | 8,119,161 | 79,081 |
| TOTAL EXPENDITURES AND OTHER FINANCING USES | 75,841,948 | 76,231,825 | 74,864,080 | 1,367,745 |
| EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES | (184,418) | (549,295) | 958,054 | 1,507,349 |
| FUND BALANCE, January 1 | 184,418 | 549,295 | 11,002,616 | 10,453,321 |
| FUND BALANCE, December 31 | \$ - | \$ - | 11,960,670 | \$ 11,960,670 |
| Adjustment from budgetary basis to generally accepted accounting principles - | | | | |
| Accrued sales tax and franchise tax | | | 5,287,797 | |
| Advance to other funds | | | 1,148,703 | |
| Current year unrealized gain on investments | | | 14,503 | |
| Fund balance - generally accepted accounting principles | | | \$ 18,411,673 | |

**CITY OF PUEBLO, COLORADO
RECONCILIATION OF THE BUDGETARY BASIS OF ACCOUNTING
TO GAAP BASIS OF ACCOUNTING
GENERAL FUND
YEAR ENDED DECEMBER 31, 2014**

BUDGETARY BASIS

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

REVENUES AND OTHER FINANCING SOURCES

| | |
|---|-----------------------------|
| Actual amounts (budgetary basis) of revenues and other financing sources from the budgetary comparison schedule | \$ 75,822,134 |
| Differences - budget to GAAP | |
| Accrued sales tax and franchise tax, beginning of year | (5,309,864) |
| Accrued sales tax and franchise tax, end of year | 5,287,797 |
| Transfer treated as reduction of fund advance | (100,000) |
| Current year unrealized gain on investments | 14,503 |
| | 14,503 |
| GAAP BASIS REVENUES AND OTHER FINANCING SOURCES | <u>\$ 75,714,570</u> |

CITY OF PUEBLO, COLORADO
BUDGETARY COMPARISON SCHEDULE
ECONOMIC DEVELOPMENT 1/2 CENT TAX FUND
YEAR ENDED DECEMBER 31, 2014

| | Budgeted Amounts | | Actual Budget Basis | Variance With Final Budget Positive (Negative) |
|--|------------------|-------------------|---------------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Interest earnings | \$ 50,000 | \$ 50,000 | \$ 291,701 | \$ 241,701 |
| Rents and other revenue | 450,000 | 450,000 | 822,884 | 372,884 |
| Sales and use taxes | 6,963,098 | 6,963,098 | 7,175,847 | 212,749 |
| TOTAL REVENUES | <u>7,463,098</u> | <u>7,463,098</u> | <u>8,290,432</u> | <u>827,334</u> |
| EXPENDITURES AND OTHER FINANCING USES | | | | |
| Current - | | | | |
| Professional services | 100,000 | 300,000 | - | 300,000 |
| Programs/projects | 6,990,002 | 13,109,678 | 4,002,631 | 9,107,047 |
| Capital outlay | - | 547,587 | 409,048 | 138,539 |
| Transfers out | 373,096 | 373,096 | 373,097 | (1) |
| TOTAL EXPENDITURES AND OTHER FINANCING USES | <u>7,463,098</u> | <u>14,330,361</u> | <u>4,784,776</u> | <u>9,545,585</u> |
| NET CHANGE IN FUND BALANCE | - | (6,867,263) | 3,505,656 | 10,372,919 |
| FUND BALANCE, January 1 | <u>-</u> | <u>6,867,263</u> | <u>43,341,024</u> | <u>36,473,761</u> |
| FUND BALANCE, December 31 | <u>\$ -</u> | <u>\$ -</u> | <u>46,846,680</u> | <u>\$ 46,846,680</u> |
| Adjustment from budgetary basis to generally accepted accounting principles - | | | | |
| Notes and loans receivable | | | 23,301,632 | |
| Current year unrealized gain on investments | | | 77,673 | |
| Fund balance - generally accepted accounting principles | | | <u>\$ 70,225,985</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, 2014

BUDGETARY BASIS

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

REVENUES

| | |
|---|--------------|
| Actual amounts (budgetary basis) of revenues from the budgetary comparison schedule | \$ 8,290,432 |
| Differences - budget to GAAP | |
| Loan payments received | (555,714) |
| Current year unrealized gain on investments | 77,673 |

| | |
|---|---------------------|
| GAAP BASIS REVENUES AND OTHER FINANCING SOURCES | <u>\$ 7,812,391</u> |
|---|---------------------|

EXPENDITURES AND OTHER FINANCING USES

| | |
|--|--------------|
| Actual amounts (budgetary basis) of expenditures and other financing uses from the budgetary comparison schedule | \$ 4,784,776 |
| Differences | |
| Loans made during the year | (2,999,527) |
| Loan modification | - |
| Credits awarded to loan recipients for meeting established employment targets | 4,562,035 |
| Change in the allowance for uncollectible loans | (587,677) |

| | |
|--|---------------------|
| GAAP BASIS EXPENDITURES AND OTHER FINANCING USES | <u>\$ 5,759,607</u> |
|--|---------------------|

CITY OF PUEBLO, COLORADO
BUDGETARY COMPARISON SCHEDULE
HUD GRANTS FUND
YEAR ENDED DECEMBER 31, 2014

| | Budgeted Amounts | | Actual Budget Basis | Variance With Final Budget Positive (Negative) |
|---|------------------|--------------|---------------------------|---|
| | Original | Final | | |
| REVENUES AND OTHER FINANCING SOURCES | | | | |
| Intergovernmental | \$ 1,782,853 | \$ 1,663,433 | \$ 1,808,144 | \$ 144,711 |
| Loan payments | 5,000 | 80,700 | 56,340 | (24,360) |
| Other | - | - | 121,760 | 121,760 |
| Transfers in | 67,973 | 32,324 | - | (32,324) |
| TOTAL REVENUES AND OTHER FINANCING SOURCES | 1,855,826 | 1,776,457 | 1,986,244 | 209,787 |
| EXPENDITURES AND OTHER FINANCING USES | | | | |
| Current - | | | | |
| Programs/projects | 1,672,423 | 4,622,721 | 1,227,090 | 3,395,631 |
| Capital outlay | - | 1,344,707 | 727,826 | 616,881 |
| Transfers out | 433,403 | 795,696 | 285,801 | 509,895 |
| TOTAL EXPENDITURES AND OTHER FINANCING USES | 2,105,826 | 6,763,124 | 2,240,717 | 4,522,407 |
| NET CHANGE IN FUND BALANCE | (250,000) | (4,986,667) | (254,473) | 4,732,194 |
| FUND BALANCE, January 1 | 250,000 | 4,986,667 | 987,392 | (3,999,275) |
| FUND BALANCE, December 31 | \$ - | \$ - | 732,919 | \$ 732,919 |
| Adjustment from budgetary basis to generally accepted accounting principles - | | | | |
| Loans and other receivables | | | 3,571,464 | |
| Inventory of property held for resale | | | 273,402 | |
| Deferred inflows of resources related to grants | | | (9,962) | |
| Fund balance - generally accepted accounting principles | | | \$ 4,567,823 | |

CITY OF PUEBLO, COLORADO
RECONCILIATION OF THE BUDGETARY BASIS OF ACCOUNTING
TO GAAP BASIS OF ACCOUNTING
HUD GRANTS FUND
YEAR ENDED DECEMBER 31, 2014

BUDGETARY BASIS

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

REVENUES AND OTHER FINANCING SOURCES

| | |
|---|---------------|
| Actual amounts (budgetary basis) of revenues and other financing sources from the budgetary comparison schedule | \$ 1,986,244 |
| Differences - budget to GAAP | |
| Loan payments and other revenue received | (56,340) |
| Deferred inflows of resources related to grants | <u>95,146</u> |

| | |
|--|----------------------------|
| GAAP BASIS REVENUES AND OTHER FINANCING SOURCES | <u>\$ 2,025,050</u> |
|--|----------------------------|

EXPENDITURES AND OTHER FINANCING USES

| | |
|--|----------------|
| Actual amounts (budgetary basis) of expenditures and other financing uses from the budgetary comparison schedule | \$ 2,240,717 |
| Differences - budget to GAAP | |
| Inventory and other expenditures | <u>166,659</u> |

| | |
|---|----------------------------|
| GAAP BASIS EXPENDITURES AND OTHER FINANCING USES | <u>\$ 2,407,376</u> |
|---|----------------------------|

**CITY OF PUEBLO, COLORADO
BUDGETARY COMPARISON SCHEDULE
PUBLIC IMPROVEMENTS FUND
YEAR ENDED DECEMBER 31, 2014**

| | <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 | \$ 708,666 | \$ 22,371,153 | \$ 1,849,800 | \$ (20,521,353) |
| Interest earnings | - | 85 | 12 | (73) |
| Other | - | 17,219 | - | (17,219) |
| Issuance of debt | - | 4,200,000 | 4,200,000 | - |
| Transfers in | - | 661,763 | 642,275 | (19,488) |
| TOTAL REVENUES AND OTHER FINANCING SOURCES | <u>708,666</u> | <u>27,250,220</u> | <u>6,692,087</u> | <u>(20,558,133)</u> |
| EXPENDITURES | | | | |
| Current - | | | | |
| Programs/projects | 708,666 | 29,614,817 | 1,396,811 | 28,218,006 |
| Capital outlay | - | - | 1,122,799 | (1,122,799) |
| TOTAL EXPENDITURES | <u>708,666</u> | <u>29,614,817</u> | <u>2,519,610</u> | <u>27,095,207</u> |
| NET CHANGE IN FUND BALANCE | - | (2,364,597) | 4,172,477 | 6,537,074 |
| FUND BALANCE, January 1 | - | <u>2,364,597</u> | <u>2,548,713</u> | <u>184,116</u> |
| FUND BALANCE, December 31 | <u>\$ -</u> | <u>\$ -</u> | 6,721,190 | <u>\$ 6,721,190</u> |
| Adjustment from budgetary basis to generally accepted accounting principles - | | | | |
| Deferred inflows of resources related to grants | | | <u>(179,062)</u> | |
| Fund balance - generally accepted accounting principles | | | <u>\$ 6,542,128</u> | |

**CITY OF PUEBLO, COLORADO
RECONCILIATION OF THE BUDGETARY BASIS OF ACCOUNTING
TO GAAP BASIS OF ACCOUNTING
PUBLIC IMPROVEMENTS FUND
YEAR ENDED DECEMBER 31, 2014**

BUDGETARY BASIS

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

REVENUES AND OTHER FINANCING SOURCES

| | |
|---|--------------|
| Actual amounts (budgetary basis) of revenues and other financing sources from the budgetary comparison schedule | \$ 6,692,087 |
|---|--------------|

| | |
|---|---------------|
| Differences - budget to GAAP | |
| Deferred inflows of resources related to grants | <u>52,384</u> |

| | |
|--|----------------------------|
| GAAP BASIS REVENUES AND OTHER FINANCING SOURCES | <u>\$ 6,744,471</u> |
|--|----------------------------|

CITY OF PUEBLO, COLORADO
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2014

BUDGETARY INFORMATION

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

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

Expenditure estimates in the annual budgets are enacted into law through the passage of an appropriation ordinance. The City Manager may at any time transfer any unencumbered appropriated balance or portion thereof from one classification of expenditure to another within the same department, office or agency. The Council may, by resolution, transfer any unencumbered appropriated balance or portion thereof from one department, office or agency to another. City Council may amend the original adopted budget during the year by passing a new ordinance to reflect current needs. During 2014, 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, 2014**

| Actuarial Valuation <u>Date</u> | (a) Actuarial Value of <u>Assets</u> | (b) Actuarial Accrued Liability <u>(AAL)</u> | (a)÷(b) Funded <u>Ratio</u> | (b)-(a) Unfunded ALL <u>(UAAL)</u> | (c) Covered <u>Payroll</u> | (a)-(b)÷(c) UAAL as a Percentage of Covered <u>Payroll</u> |
|---------------------------------------|---|--|-----------------------------------|---|----------------------------------|--|
| 1/1/14 | \$ 38,209,192 | \$ 49,077,843 | 77.85% | \$ 10,868,651 | \$ 78,448 | 13,854.59% |
| 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, 2014**

| Actuarial Valuation <u>Date</u> | (a) Actuarial Value of <u>Assets</u> | (b) Actuarial Accrued Liability <u>(AAL)</u> | (a)÷(b) <u>Funded Ratio</u> | (b)-(a) Unfunded AAL <u>(UAAL)</u> | (c) <u>Covered Payroll</u> | (a)-(b)÷(c) UAAL as a Percentage of Covered <u>Payroll</u> |
|---------------------------------------|---|--|--|---|---------------------------------------|--|
| 1/1/14 | \$ 53,116,672 | \$ 64,812,929 | 81.95% | \$ 11,696,257 | \$ 99,053 | 11,808.08% |
| 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, 2014

| 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 |
|--------------------------------|--|---|----------------------------|--------------------------------------|---------------------------|---|
| 1/1/14 | \$ - | \$ 6,151,397 | 0.00% | \$ 6,151,397 | \$ 9,668,138 | 63.63% |
| 1/1/13 | \$ - | \$ 3,208,999 | 0.00% | \$ 3,208,999 | \$ 9,939,984 | 32.27% |
| 1/1/12 | \$ - | \$ 3,008,092 | 0.00% | \$ 3,008,092 | \$ 9,650,470 | 31.17% |
| 1/1/11 | \$ - | \$ 2,214,369 | 0.00% | \$ 2,214,369 | \$ 8,928,236 | 24.80% |
| 1/1/10 | \$ - | \$ 2,084,953 | 0.00% | \$ 2,084,953 | \$ 8,491,751 | 24.55% |
| 1/1/08 | \$ - | \$ 2,489,537 | 0.00% | \$ 2,489,537 | \$ 8,068,723 | 30.85% |

CITY OF PUEBLO, COLORADO
SCHEDULE OF FUNDING PROGRESS
POLICE OTHER POST EMPLOYMENT BENEFIT PLAN
DECEMBER 31, 2014

| 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 |
|--------------------------------|--|---|----------------------------|--------------------------------------|---------------------------|---|
| 1/1/14 | \$ - | \$ 8,484,684 | 0.00% | \$ 8,484,684 | \$ 14,178,697 | 59.84% |
| 1/1/13 | \$ - | \$ 3,923,597 | 0.00% | \$ 3,923,597 | \$ 14,261,159 | 27.51% |
| 1/1/12 | \$ - | \$ 3,694,314 | 0.00% | \$ 3,694,314 | \$ 13,845,785 | 26.68% |
| 1/1/11 | \$ - | \$ 2,660,509 | 0.00% | \$ 2,660,509 | \$ 13,527,475 | 19.67% |
| 1/1/10 | \$ - | \$ 2,523,158 | 0.00% | \$ 2,523,158 | \$ 14,072,581 | 17.93% |
| 1/1/08 | \$ - | \$ 3,222,952 | 0.00% | \$ 3,222,952 | \$ 12,280,662 | 26.24% |

SUPPLEMENTAL INFORMATION

CITY OF PUEBLO, COLORADO
EXPLANATION OF FUNDS
DECEMBER 31, 2014

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

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

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

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

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

CITY OF PUEBLO, COLORADO
EXPLANATION OF FUNDS (Cont'd.)
DECEMBER 31, 2014

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

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

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

CAPITAL PROJECTS FUNDS

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

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

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

DEBT SERVICE FUND

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

CITY OF PUEBLO, COLORADO
EXPLANATION OF FUNDS (Cont'd.)
DECEMBER 31, 2014

PROPRIETARY FUNDS

NONMAJOR ENTERPRISE FUNDS

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

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

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

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

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

INTERNAL SERVICE FUND

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

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

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

CITY OF PUEBLO, COLORADO
EXPLANATION OF FUNDS (Cont'd.)
DECEMBER 31, 2014

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.

**NONMAJOR
GOVERNMENTAL
FUNDS**

**CITY OF PUEBLO, COLORADO
COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
DECEMBER 31, 2014**

| | Special Revenue Funds | | | |
|---|----------------------------|----------------------------|--------------------------|------------------------------------|
| | Inter- governmental | Special Charges | Stimulus Grants | Southpointe Special District |
| ASSETS | | | | |
| Investments | \$ 3,000,050 | \$ 2,704,715 | \$ - | \$ 87,520 |
| Restricted investments | - | - | - | - |
| Taxes receivable, net | - | - | - | 18,072 |
| Due from other funds | 25,317 | 748,934 | - | 794 |
| Receivable from other governments | 18,878 | - | 200,003 | - |
| Other receivables | 210,167 | 525,533 | - | 210 |
| Inventories | - | - | 573,877 | - |
| | | | | |
| TOTAL ASSETS | <u>\$ 3,254,412</u> | <u>\$ 3,979,182</u> | <u>\$ 773,880</u> | <u>\$ 106,596</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | | | | |
| Liabilities - | | | | |
| Accounts payable | \$ 52,509 | \$ 334,272 | \$ 55,276 | \$ 91 |
| Due to other funds | - | - | 144,726 | - |
| Total liabilities | <u>52,509</u> | <u>334,272</u> | <u>200,002</u> | <u>91</u> |
| Deferred inflows of resources | <u>1,009</u> | <u>162,468</u> | <u>23,510</u> | <u>18,072</u> |
| Fund balances - | | | | |
| Nonspendable | - | - | - | - |
| Restricted | 3,200,894 | 3,482,442 | 550,368 | 88,433 |
| Committed | - | - | - | - |
| Assigned | - | - | - | - |
| Unassigned | - | - | - | - |
| Total fund balances | <u>3,200,894</u> | <u>3,482,442</u> | <u>550,368</u> | <u>88,433</u> |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | <u>\$ 3,254,412</u> | <u>\$ 3,979,182</u> | <u>\$ 773,880</u> | <u>\$ 106,596</u> |

| Bandera Blvd. Special District | Special Revenue Funds | | | Capital Projects Funds | | | Total Other Governmental Funds |
|--------------------------------------|-------------------------|-------------------------|-----------------------------|---------------------------------------|--------------------|-----------------|--------------------------------------|
| | North Gateway BID | North Gateway PIF | Other Special Revenue | Historic Arkansas River Project | Police Building | Debt Service | |
| \$ 71,850 | \$ - | \$ - | \$ 867,133 | \$ - | \$ - | \$ - | \$ 6,731,268 |
| - | - | - | - | - | 24,825 | - | 24,825 |
| 19,869 | - | - | - | - | - | - | 37,941 |
| 999 | 36,726 | 18,951 | - | 169,544 | 398,275 | - | 1,399,540 |
| - | - | - | - | - | - | - | 218,881 |
| 194 | 32,912 | 38,160 | 90 | - | - | 150 | 807,416 |
| - | - | - | - | - | - | - | 573,877 |
| <u>\$ 92,912</u> | <u>\$ 69,638</u> | <u>\$ 57,111</u> | <u>\$ 867,223</u> | <u>\$ 169,544</u> | <u>\$ 423,100</u> | <u>\$ 150</u> | <u>\$ 9,793,748</u> |
| \$ 54 | \$ 67,992 | \$ 57,111 | \$ 15,200 | \$ - | \$ - | \$ - | \$ 582,505 |
| - | - | - | 80,874 | - | - | - | 225,600 |
| 54 | 67,992 | 57,111 | 96,074 | - | - | - | 808,105 |
| 19,869 | - | - | - | - | - | - | 224,928 |
| - | - | - | - | - | - | - | - |
| 72,989 | 1,646 | - | 611,525 | 169,544 | 423,100 | 150 | 8,601,091 |
| - | - | - | - | - | - | - | - |
| - | - | - | 159,624 | - | - | - | 159,624 |
| - | - | - | - | - | - | - | - |
| 72,989 | 1,646 | - | 771,149 | 169,544 | 423,100 | 150 | 8,760,715 |
| <u>\$ 92,912</u> | <u>\$ 69,638</u> | <u>\$ 57,111</u> | <u>\$ 867,223</u> | <u>\$ 169,544</u> | <u>\$ 423,100</u> | <u>\$ 150</u> | <u>\$ 9,793,748</u> |

CITY OF PUEBLO, COLORADO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
OTHER GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2014

| | Special Revenue Funds | | | |
|--|------------------------|---------------------|--------------------|------------------------------------|
| | Inter- governmental | Special Charges | Stimulus Grants | Southpointe Special District |
| REVENUES | | | | |
| Property taxes | \$ - | \$ - | \$ - | \$ 17,236 |
| Sales and miscellaneous taxes | - | 1,714,189 | - | 1,220 |
| Intergovernmental | 5,457,900 | - | 372,385 | - |
| Charges for services | - | 1,308,464 | - | - |
| Investment earnings | 25,040 | 21,751 | - | 716 |
| Miscellaneous | - | - | - | - |
| TOTAL REVENUES | <u>5,482,940</u> | <u>3,044,404</u> | <u>372,385</u> | <u>19,172</u> |
| EXPENDITURES | | | | |
| Current - | | | | |
| Public safety | 64,100 | 50,708 | - | - |
| Public works | 842,407 | - | - | - |
| Parks and recreation | 121,650 | - | - | 13,835 |
| Economic development | - | - | - | - |
| Culture & community welfare | - | 1,714,189 | 2,733 | - |
| Debt service - | | | | |
| Principal | - | - | - | - |
| Interest and other charges | - | - | - | - |
| Capital outlay | 504,543 | 100,554 | - | - |
| TOTAL EXPENDITURES | <u>1,532,700</u> | <u>1,865,451</u> | <u>2,733</u> | <u>13,835</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>3,950,240</u> | <u>1,178,953</u> | <u>369,652</u> | <u>5,337</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 62,000 | - | - | - |
| Transfers out | (3,150,997) | (1,008,926) | (27,789) | - |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>(3,088,997)</u> | <u>(1,008,926)</u> | <u>(27,789)</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCES | 861,243 | 170,027 | 341,863 | 5,337 |
| FUND BALANCES, January 1, as restated | <u>2,339,651</u> | <u>3,312,415</u> | <u>208,505</u> | <u>83,096</u> |
| FUND BALANCES, December 31 | <u>\$ 3,200,894</u> | <u>\$ 3,482,442</u> | <u>\$ 550,368</u> | <u>\$ 88,433</u> |

| Bandera Blvd. Special District | Special Revenue Funds | | | Capital Projects Funds | | | Total Other Governmental Funds |
|--------------------------------------|-------------------------|-------------------------|-----------------------------|---------------------------------------|--------------------|--------------------|--------------------------------------|
| | North Gateway BID | North Gateway PIF | Other Special Revenue | Historic Arkansas River Project | Police Building | Debt Service | |
| \$ 18,787 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 36,023 |
| 1,458 | - | - | - | - | - | - | 1,716,867 |
| - | - | - | - | - | - | - | 5,830,285 |
| - | - | - | - | - | - | - | 1,308,464 |
| 581 | - | - | 557 | - | 10 | - | 48,655 |
| - | 224,494 | 226,770 | 78,141 | - | - | 28,584 | 557,989 |
| <u>20,826</u> | <u>224,494</u> | <u>226,770</u> | <u>78,698</u> | <u>-</u> | <u>10</u> | <u>28,584</u> | <u>9,498,283</u> |
| - | - | - | 2,517 | - | - | - | 117,325 |
| - | 213,270 | 215,382 | 2,599 | - | - | - | 1,273,658 |
| 34,501 | - | - | 82,727 | - | - | - | 252,713 |
| - | - | - | 50,000 | - | - | - | 50,000 |
| - | - | - | 4,462 | - | - | - | 1,721,384 |
| - | - | - | - | - | - | 2,772,040 | 2,772,040 |
| - | - | - | - | - | - | 1,146,579 | 1,146,579 |
| - | - | - | - | - | - | - | 605,097 |
| <u>34,501</u> | <u>213,270</u> | <u>215,382</u> | <u>142,305</u> | <u>-</u> | <u>-</u> | <u>3,918,619</u> | <u>7,938,796</u> |
| <u>(13,675)</u> | <u>11,224</u> | <u>11,388</u> | <u>(63,607)</u> | <u>-</u> | <u>10</u> | <u>(3,890,035)</u> | <u>1,559,487</u> |
| - | - | - | - | - | - | 3,890,185 | 3,952,185 |
| - | (11,287) | (11,388) | - | - | (7) | - | (4,210,394) |
| - | (11,287) | (11,388) | - | - | (7) | 3,890,185 | (258,209) |
| (13,675) | (63) | - | (63,607) | - | 3 | 150 | 1,301,278 |
| <u>86,664</u> | <u>1,709</u> | <u>-</u> | <u>834,756</u> | <u>169,544</u> | <u>423,097</u> | <u>-</u> | <u>7,459,437</u> |
| <u>\$ 72,989</u> | <u>\$ 1,646</u> | <u>\$ -</u> | <u>\$ 771,149</u> | <u>\$ 169,544</u> | <u>\$ 423,100</u> | <u>\$ 150</u> | <u>\$ 8,760,715</u> |

**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, 2014

| | <u>Budgeted Amounts Final</u> | <u>Actual Budget Basis</u> | <u>Variance With Final Budget Positive (Negative)</u> |
|--|---------------------------------------|------------------------------------|---|
| REVENUES AND OTHER FINANCING SOURCES | | | |
| Intergovernmental | \$ 4,941,844 | \$ 5,457,900 | \$ 516,056 |
| Interest earnings | 5,500 | 25,040 | 19,540 |
| Transfers in | <u>62,000</u> | <u>62,000</u> | <u>-</u> |
| TOTAL REVENUES AND OTHER FINANCING SOURCES | <u>5,009,344</u> | <u>5,544,940</u> | <u>535,596</u> |
| EXPENDITURES AND OTHER FINANCING USES | | | |
| Current - | | | |
| Programs/projects | 1,781,918 | 1,232,824 | 549,094 |
| Capital outlay | 1,239,549 | 504,543 | 735,006 |
| Transfers out | <u>3,376,107</u> | <u>3,150,997</u> | <u>225,110</u> |
| TOTAL EXPENDITURES AND OTHER FINANCING USES | <u>6,397,574</u> | <u>4,888,364</u> | <u>1,509,210</u> |
| NET CHANGE IN FUND BALANCE | (1,388,230) | 656,576 | 2,044,806 |
| FUND BALANCE, January 1 | <u>1,388,230</u> | <u>2,339,651</u> | <u>951,421</u> |
| FUND BALANCE, December 31 | <u>\$ -</u> | <u>\$ 2,996,227</u> | <u>\$ 2,996,227</u> |
| Adjustment from budgetary basis to generally accepted accounting principles | | | |
| Other receivables | | <u>204,667</u> | |
| Fund balance - generally accepted accounting principles | | <u>\$ 3,200,894</u> | |

CITY OF PUEBLO, COLORADO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
SPECIAL CHARGES FUND
YEAR ENDED DECEMBER 31, 2014

| | <u>Budgeted</u> Amounts Final | <u>Actual</u> Budget Basis | <u>Variance With</u> Final Budget Positive (Negative) |
|-----------------------------------|-------------------------------------|----------------------------------|--|
| REVENUES | | | |
| Charges for services | \$ 1,040,000 | \$ 1,308,464 | \$ 268,464 |
| Vendor's fees | 1,800,545 | 1,714,189 | (86,356) |
| Interest earnings | 7,000 | 21,751 | 14,751 |
| TOTAL REVENUES | <u>2,847,545</u> | <u>3,044,404</u> | <u>196,859</u> |
| EXPENDITURES AND OTHER | | | |
| FINANCING USES | | | |
| Current - | | | |
| Programs/projects | 2,061,370 | 1,764,897 | 296,473 |
| Capital outlay | 235,754 | 100,554 | 135,200 |
| Transfers out | <u>1,008,926</u> | <u>1,008,926</u> | <u>-</u> |
| TOTAL EXPENDITURES AND | | | |
| OTHER FINANCING USES | <u>3,306,050</u> | <u>2,874,377</u> | <u>431,673</u> |
| NET CHANGE IN FUND BALANCE | (458,505) | 170,027 | 628,532 |
| FUND BALANCE, January 1 | <u>458,505</u> | <u>3,312,415</u> | <u>2,853,910</u> |
| FUND BALANCE, December 31 | <u>\$ -</u> | <u>\$ 3,482,442</u> | <u>\$ 3,482,442</u> |

CITY OF PUEBLO, COLORADO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
STIMULUS GRANTS FUND
YEAR ENDED DECEMBER 31, 2014

| | <u>Budgeted Amounts Final</u> | <u>Actual Budget Basis</u> | <u>Variance With Final Budget Positive (Negative)</u> |
|--|---------------------------------------|------------------------------------|---|
| REVENUES | | | |
| Intergovernmental | \$ 382,100 | \$ 372,792 | \$ (9,308) |
| TOTAL REVENUES | <u>382,100</u> | <u>372,792</u> | <u>(9,308)</u> |
| EXPENDITURES AND OTHER FINANCING USES | | | |
| Current - | | | |
| Programs/projects | 382,100 | 345,003 | 37,097 |
| Transfers out | <u>-</u> | <u>27,789</u> | <u>(27,789)</u> |
| TOTAL EXPENDITURES AND OTHER FINANCING USES | <u>382,100</u> | <u>372,792</u> | <u>9,308</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> |
| Adjustment from budgetary basis to generally accepted accounting principles - | | | |
| Inventory | | 573,878 | |
| Deferred inflows of resources related to grants | | <u>(23,510)</u> | |
| Fund balance - generally accepted accounting principles | | <u>\$ 550,368</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, 2014

| | <u>Budgeted Amounts Final</u> | <u>Actual Budget Basis</u> | <u>Variance With Final Budget Positive (Negative)</u> |
|-----------------------------------|---------------------------------------|------------------------------------|---|
| REVENUES | | | |
| Property and other taxes | \$ 17,384 | \$ 18,456 | \$ 1,072 |
| Interest earnings | - | 716 | 716 |
| TOTAL REVENUES | <u>17,384</u> | <u>19,172</u> | <u>1,788</u> |
| EXPENDITURES | | | |
| Current - | | | |
| Programs/projects | <u>29,300</u> | <u>13,835</u> | <u>15,465</u> |
| TOTAL EXPENDITURES | <u>29,300</u> | <u>13,835</u> | <u>15,465</u> |
| NET CHANGE IN FUND BALANCE | (11,916) | 5,337 | 17,253 |
| FUND BALANCE, January 1 | <u>11,916</u> | <u>83,096</u> | <u>71,180</u> |
| FUND BALANCE, December 31 | <u>\$ -</u> | <u>\$ 88,433</u> | <u>\$ 88,433</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, 2014

| | Budgeted Amounts Final | Actual Budget Basis | Variance With Final Budget Positive (Negative) |
|--|------------------------------|---------------------------|---|
| | <u>Final</u> | <u>Basis</u> | <u>(Negative)</u> |
| REVENUES | | | |
| Property and other taxes | \$ 19,073 | \$ 20,245 | \$ 1,172 |
| Interest earnings | - | 581 | 581 |
| TOTAL REVENUES | <u>19,073</u> | <u>20,826</u> | <u>1,753</u> |
| EXPENDITURES AND OTHER FINANCING USES | | | |
| Current - | | | |
| Programs/projects | 85,707 | 34,501 | 51,206 |
| Transfers out | <u>3,629</u> | <u>-</u> | <u>3,629</u> |
| TOTAL EXPENDITURES AND OTHER FINANCING USES | <u>89,336</u> | <u>34,501</u> | <u>54,835</u> |
| NET CHANGE IN FUND BALANCE | (70,263) | (13,675) | 56,588 |
| FUND BALANCE, January 1 | <u>70,263</u> | <u>86,664</u> | <u>16,401</u> |
| FUND BALANCE, December 31 | <u>\$ -</u> | <u>\$ 72,989</u> | <u>\$ 72,989</u> |

CITY OF PUEBLO, COLORADO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
NORTH GATEWAY BID
YEAR ENDED DECEMBER 31, 2014

| | Budgeted Amounts Final | Actual Budget Basis | Variance With Final Budget Positive (Negative) |
|--|------------------------------|---------------------------|---|
| | <u>Final</u> | <u>Basis</u> | <u>(Negative)</u> |
| REVENUES | | | |
| Sales and use taxes | \$ 254,000 | \$ 224,494 | \$ (29,506) |
| TOTAL REVENUES | <u>254,000</u> | <u>224,494</u> | <u>(29,506)</u> |
| EXPENDITURES AND OTHER FINANCING USES | | | |
| Current - | | | |
| Programs/projects | 241,300 | 213,270 | 28,030 |
| Transfers out | <u>12,700</u> | <u>11,287</u> | <u>1,413</u> |
| TOTAL EXPENDITURES AND OTHER FINANCING USES | <u>254,000</u> | <u>224,557</u> | <u>29,443</u> |
| NET CHANGE IN FUND BALANCE | - | (63) | (63) |
| FUND BALANCE, January 1 | <u>-</u> | <u>1,709</u> | <u>1,709</u> |
| FUND BALANCE, December 31 | <u>\$ -</u> | <u>\$ 1,646</u> | <u>\$ 1,646</u> |

CITY OF PUEBLO, COLORADO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
NORTH GATEWAY PIF
YEAR ENDED DECEMBER 31, 2014

| | Budgeted Amounts Final | Actual Budget Basis | Variance With Final Budget Positive (Negative) |
|--|------------------------------|---------------------------|---|
| | <u>Final</u> | <u>Basis</u> | <u>(Negative)</u> |
| REVENUES | | | |
| Charges for services | \$ 260,000 | \$ 226,770 | \$ (33,230) |
| TOTAL REVENUES | <u>260,000</u> | <u>226,770</u> | <u>(33,230)</u> |
| EXPENDITURES AND OTHER FINANCING USES | | | |
| Current - | | | |
| Programs/projects | 247,000 | 215,382 | 31,618 |
| Transfers out | <u>13,000</u> | <u>11,388</u> | <u>1,612</u> |
| TOTAL EXPENDITURES AND OTHER FINANCING USES | <u>260,000</u> | <u>226,770</u> | <u>33,230</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, 2014

| | Budgeted Amounts Final | Actual Budget Basis | Variance With Final Budget Positive (Negative) |
|-----------------------------------|------------------------------|---------------------------|---|
| | <u>Final</u> | <u>Basis</u> | <u>(Negative)</u> |
| REVENUES | | | |
| Contributions/donations | \$ 3,000 | \$ 78,141 | \$ 75,141 |
| Interest earnings | 5,100 | 557 | (4,543) |
| TOTAL REVENUES | <u>8,100</u> | <u>78,698</u> | <u>70,598</u> |
| EXPENDITURES | | | |
| Current - | | | |
| Programs/projects | 221,356 | 142,305 | 79,051 |
| TOTAL EXPENDITURES | <u>221,356</u> | <u>142,305</u> | <u>79,051</u> |
| NET CHANGE IN FUND BALANCE | (213,256) | (63,607) | 149,649 |
| FUND BALANCE, January 1 | <u>213,256</u> | <u>834,756</u> | <u>621,500</u> |
| FUND BALANCE, December 31 | <u>\$ -</u> | <u>\$ 771,149</u> | <u>\$ 771,149</u> |

**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, 2014

| | <u>Budgeted Amounts Final</u> | <u>Actual Budget Basis</u> | <u>Variance With Final Budget Positive (Negative)</u> |
|--|---------------------------------------|------------------------------------|---|
| REVENUES AND OTHER FINANCING SOURCES | | | |
| Intergovernmental | \$ 2,936,295 | \$ 225,231 | \$ (2,711,064) |
| Interest | - | 42,319 | 42,319 |
| Other | 3,899 | - | (3,899) |
| Transfers in | <u>122,229</u> | <u>375,000</u> | <u>252,771</u> |
| TOTAL REVENUES AND OTHER FINANCING SOURCES | <u>3,062,423</u> | <u>642,550</u> | <u>(2,419,873)</u> |
| EXPENDITURES AND OTHER FINANCING USES | | | |
| Current - | | | |
| Programs/projects | 952,711 | 323,874 | 628,837 |
| Capital outlay | 6,664,689 | 296,886 | 6,367,803 |
| Transfers out | <u>256,880</u> | <u>485,352</u> | <u>(228,472)</u> |
| TOTAL EXPENDITURES AND OTHER FINANCING USES | <u>7,874,280</u> | <u>1,106,112</u> | <u>6,768,168</u> |
| NET CHANGE IN FUND BALANCE | (4,811,857) | (463,562) | 4,348,295 |
| FUND BALANCE, January 1 | <u>4,811,857</u> | <u>6,082,164</u> | <u>1,270,307</u> |
| FUND BALANCE, December 31 | <u>\$ -</u> | 5,618,602 | <u>\$ 5,618,602</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>\$ 6,365,602</u> | |

CITY OF PUEBLO, COLORADO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
POLICE BUILDING FUND
YEAR ENDED DECEMBER 31, 2014

| | Budgeted Amounts Final | Actual Budget Basis | Variance With Final Budget Positive (Negative) |
|--|------------------------------|---------------------------|---|
| | <u>Final</u> | <u>Basis</u> | <u>(Negative)</u> |
| REVENUES | | | |
| Interest earnings | \$ - | \$ 10 | \$ 10 |
| TOTAL REVENUES | <u>-</u> | <u>10</u> | <u>10</u> |
| EXPENDITURES AND OTHER FINANCING USES | | | |
| Capital outlay | 194,385 | - | 194,385 |
| Transfers out | <u>-</u> | <u>7</u> | <u>(7)</u> |
| TOTAL EXPENDITURES AND OTHER FINANCING USES | <u>194,385</u> | <u>7</u> | <u>194,378</u> |
| NET CHANGE IN FUND BALANCE | (194,385) | 3 | 194,388 |
| FUND BALANCE, January 1 | <u>194,385</u> | <u>423,097</u> | <u>228,712</u> |
| FUND BALANCE, December 31 | <u>\$ -</u> | <u>\$ 423,100</u> | <u>\$ 423,100</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, 2014

| | <u>Budgeted Amounts Final</u> | <u>Actual Budget Basis</u> | <u>Variance With Final Budget Positive (Negative)</u> |
|---|---------------------------------------|------------------------------------|---|
| REVENUES AND OTHER FINANCING SOURCES | | | |
| Other revenues | \$ - | \$ 28,584 | \$ 28,584 |
| Transfers in | <u>3,891,286</u> | <u>3,890,185</u> | <u>(1,101)</u> |
| TOTAL REVENUES AND OTHER FINANCING SOURCES | <u>3,891,286</u> | <u>3,918,769</u> | <u>27,483</u> |
| EXPENDITURES | | | |
| Debt service - | | | |
| Principal | 2,689,271 | 2,772,040 | (82,769) |
| Interest and fiscal charges | <u>1,202,015</u> | <u>1,146,579</u> | <u>55,436</u> |
| TOTAL EXPENDITURES | <u>3,891,286</u> | <u>3,918,619</u> | <u>(27,333)</u> |
| NET CHANGE IN FUND BALANCE | - | 150 | 150 |
| FUND BALANCE, January 1 | <u>-</u> | <u>-</u> | <u>-</u> |
| FUND BALANCE, December 31 | <u>\$ -</u> | <u>\$ 150</u> | <u>\$ 150</u> |

ENTERPRISE

FUNDS

CITY OF PUEBLO, COLORADO
COMBINING STATEMENT OF NET POSITION
OTHER ENTERPRISE FUNDS
DECEMBER 31, 2014

| | Business-Type Activities-Enterprise Funds | | | | Total |
|--------------------------------|---|----------------------------|-----------------------|---------------------|---------------------|
| | Honor Farm | Transportation Services | Parking Facilities | Memorial Hall | |
| ASSETS | | | | | |
| CURRENT ASSETS | | | | | |
| Cash and cash equivalents | \$ - | \$ 1,300 | \$ - | \$ 81,014 | \$ 82,314 |
| Investments | - | - | 609,000 | - | 609,000 |
| Accounts receivable, net | 567 | 18,959 | 81,617 | 95,090 | 196,233 |
| Due from other governments | - | 1,965,854 | - | - | 1,965,854 |
| Due from other funds | - | - | 5,024 | - | 5,024 |
| Other receivables | - | - | 912 | - | 912 |
| Prepaid expenses | - | 26,523 | - | 5,943 | 32,466 |
| Inventories | - | 246,414 | - | - | 246,414 |
| TOTAL CURRENT ASSETS | <u>567</u> | <u>2,259,050</u> | <u>696,553</u> | <u>182,047</u> | <u>3,138,217</u> |
| NONCURRENT ASSETS | | | | | |
| Capital assets - | | | | | |
| Land | 1,364,618 | 633,837 | 1,454,630 | - | 3,453,085 |
| Land improvements | 876,736 | 13,110 | 1,300,257 | - | 2,190,103 |
| Other improvements | - | 210,017 | - | - | 210,017 |
| Buildings | 357,047 | 3,061,787 | 3,189,960 | 10,915,280 | 17,524,074 |
| Machinery and equipment | 184,848 | 6,905,954 | 94,784 | - | 7,185,586 |
| Less accumulated depreciation | (241,335) | (7,059,207) | (1,415,677) | (436,611) | (9,152,830) |
| Construction in progress | - | - | - | 41,671 | 41,671 |
| Intangibles | - | 1,478 | - | - | 1,478 |
| TOTAL CAPITAL ASSETS | <u>2,541,914</u> | <u>3,766,976</u> | <u>4,623,954</u> | <u>10,520,340</u> | <u>21,453,184</u> |
| TOTAL NONCURRENT ASSETS | <u>2,541,914</u> | <u>3,766,976</u> | <u>4,623,954</u> | <u>10,520,340</u> | <u>21,453,184</u> |
| TOTAL ASSETS | <u>\$2,542,481</u> | <u>\$ 6,026,026</u> | <u>\$5,320,507</u> | <u>\$10,702,387</u> | <u>\$24,591,401</u> |

Cont'd.

CITY OF PUEBLO, COLORADO
COMBINING STATEMENT OF NET POSITION
OTHER ENTERPRISE FUNDS
DECEMBER 31, 2014

| | Business-Type Activities-Enterprise Funds | | | | |
|---|---|----------------------------|-----------------------|---------------------|---------------------|
| | Honor Farm | Transportation Services | Parking Facilities | Memorial Hall | Total |
| LIABILITIES | | | | | |
| CURRENT LIABILITIES | | | | | |
| Accounts payable | \$ 3,695 | \$ 278,942 | \$ 8,438 | \$ 77,954 | \$ 369,029 |
| Accrued expenses | - | 125,168 | - | - | 125,168 |
| Accrued interest payable | 1,753 | - | - | - | 1,753 |
| Due to other funds | 1,051,272 | 2,136,706 | - | 443,828 | 3,631,806 |
| Advances from others | - | 72 | - | 152,630 | 152,702 |
| Compensated absences | - | 28,374 | - | - | 28,374 |
| Capital lease obligation | 34,102 | - | - | - | 34,102 |
| TOTAL CURRENT LIABILITIES | 1,090,822 | 2,569,262 | 8,438 | 674,412 | 4,342,934 |
| NONCURRENT LIABILITIES | | | | | |
| Compensated absences | - | 255,364 | - | - | 255,364 |
| Capital lease obligation | 70,097 | - | - | - | 70,097 |
| Advance from other fund | 747,000 | - | - | - | 747,000 |
| TOTAL NONCURRENT LIABILITIES | 817,097 | 255,364 | - | - | 1,072,461 |
| TOTAL LIABILITIES | 1,907,919 | 2,824,626 | 8,438 | 674,412 | 5,415,395 |
| NET POSITION | | | | | |
| Net investment in capital assets | 2,437,715 | 3,766,976 | 4,623,954 | 10,520,340 | 21,348,985 |
| Unrestricted | (1,803,153) | (565,576) | 688,115 | (492,365) | (2,172,979) |
| TOTAL NET POSITION | \$ 634,562 | \$ 3,201,400 | \$5,312,069 | \$10,027,975 | \$19,176,006 |

Cont'd.

CITY OF PUEBLO, COLORADO
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
OTHER ENTERPRISE FUNDS
YEAR ENDED DECEMBER 31, 2014

| | Business-Type Activities-Enterprise Funds | | | | Total |
|---|---|----------------------------|-----------------------|---------------------|---------------------|
| | Honor Farm | Transportation Services | Parking Facilities | Memorial Hall | |
| OPERATING REVENUES | | | | | |
| Charges for services | \$ 24,900 | \$ 845,654 | \$ 294,422 | \$ 671,940 | \$ 1,836,916 |
| TOTAL OPERATING REVENUES | <u>24,900</u> | <u>845,654</u> | <u>294,422</u> | <u>671,940</u> | <u>1,836,916</u> |
| OPERATING EXPENSES | | | | | |
| Personnel services | - | - | 93,605 | - | 93,605 |
| Contracted services | 5,776 | 3,743,084 | 102,639 | 742,359 | 4,593,858 |
| Utilities | 367 | 548,778 | 19,126 | 128,796 | 697,067 |
| Repairs and maintenance | 9,078 | 398,508 | 81,092 | - | 488,678 |
| Other supplies & expenses | 5,508 | 209,918 | 373,615 | 180,885 | 769,926 |
| Depreciation | 58,993 | 756,948 | 82,806 | 218,306 | 1,117,053 |
| TOTAL OPERATING EXPENSES | <u>79,722</u> | <u>5,657,236</u> | <u>752,883</u> | <u>1,270,346</u> | <u>7,760,187</u> |
| OPERATING INCOME (LOSS) | <u>(54,822)</u> | <u>(4,811,582)</u> | <u>(458,461)</u> | <u>(598,406)</u> | <u>(5,923,271)</u> |
| NONOPERATING REVENUES (EXPENSES) | | | | | |
| Interest and investment revenues | - | - | 5,046 | - | 5,046 |
| Operating grants and contributions | - | 2,037,268 | - | - | 2,037,268 |
| Gain (loss) on disposal of capital assets | 138 | - | - | - | 138 |
| Interest expense | (1,963) | - | - | - | (1,963) |
| TOTAL NONOPERATING REVENUES (EXPENSES) | <u>(1,825)</u> | <u>2,037,268</u> | <u>5,046</u> | <u>-</u> | <u>2,040,489</u> |
| INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS | (56,657) | (2,774,314) | (453,415) | (598,406) | (3,882,782) |
| Capital contributions | - | - | - | 41,671 | 41,671 |
| Transfers in | 56,513 | 1,829,004 | 548,429 | 100,000 | 2,533,946 |
| CHANGES IN NET POSITION | (134) | (945,310) | 95,014 | (456,735) | (1,307,165) |
| TOTAL NET POSITION, January 1 | <u>634,696</u> | <u>4,146,710</u> | <u>5,217,055</u> | <u>10,484,710</u> | <u>20,483,171</u> |
| TOTAL NET POSITION, December 31 | <u>\$ 634,562</u> | <u>\$ 3,201,400</u> | <u>\$ 5,312,069</u> | <u>\$10,027,975</u> | <u>\$19,176,006</u> |

CITY OF PUEBLO, COLORADO
COMBINING STATEMENT OF CASH FLOWS
OTHER ENTERPRISE FUNDS
YEAR ENDED DECEMBER 31, 2014

| | <u>Business-Type Activities-Enterprise Funds</u> | | | | <u>Total</u> |
|--|--|------------------------------------|-------------------------------|--------------------------|--------------------|
| | <u>Honor Farm</u> | <u>Transportation Services</u> | <u>Parking Facilities</u> | <u>Memorial Hall</u> | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | |
| Cash received from customers | \$ 24,465 | \$ 872,805 | \$ 284,332 | \$ 643,896 | \$ 1,825,498 |
| Cash paid for goods and services | (20,966) | (4,814,743) | (627,490) | (1,032,685) | (6,495,884) |
| Cash paid to employees | - | - | (93,605) | - | (93,605) |
| Receipts for interfund services | - | 1,522,443 | - | 100,826 | 1,623,269 |
| Payments for interfund services | (24,354) | - | (7,599) | - | (31,953) |
| TOTAL CASH PROVIDED (USED) BY OPERATING ACTIVITIES | <u>(20,855)</u> | <u>(2,419,495)</u> | <u>(444,362)</u> | <u>(287,963)</u> | <u>(3,172,675)</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | | |
| Transfers in | 56,513 | 1,829,004 | 548,429 | 100,000 | 2,533,946 |
| Operating grants and contributions received | - | 591,016 | - | - | 591,016 |
| NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES | <u>56,513</u> | <u>2,420,020</u> | <u>548,429</u> | <u>100,000</u> | <u>3,124,962</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | | |
| Principal paid on debt | (33,487) | - | - | - | (33,487) |
| Interest paid on debt | (2,526) | - | - | - | (2,526) |
| Sale of capital assets | 282 | - | - | - | 282 |
| NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES | <u>(35,731)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(35,731)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | |
| Interest earnings received | - | - | 3,901 | - | 3,901 |
| Maturity of investments | - | - | 500,000 | - | 500,000 |
| Acquisition of investments | - | - | (607,968) | - | (607,968) |
| NET CASH PROVIDED BY INVESTING ACTIVITIES | <u>-</u> | <u>-</u> | <u>(104,067)</u> | <u>-</u> | <u>(104,067)</u> |

Cont'd.

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

| | Business-Type Activities-Enterprise Funds | | | | |
|--|---|----------------------------|-----------------------|------------------|----------------|
| | Honor Farm | Transportation Services | Parking Facilities | Memorial Hall | Total |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | (73) | 525 | - | (187,963) | (187,511) |
| CASH AND CASH EQUIVALENTS, January 1 | 73 | 775 | - | 268,977 | 269,825 |
| CASH AND CASH EQUIVALENTS, December 31 | \$ - | \$ 1,300 | \$ - | \$ 81,014 | \$ 82,314 |
| Reported in the accompanying combining statement of net position as follows: | | | | | |
| Cash and cash equivalents | \$ - | \$ 1,300 | \$ - | \$ 81,014 | \$ 82,314 |
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | | | | | |
| Operating income (loss) | (54,822) | (4,811,582) | (458,461) | (598,406) | (5,923,271) |
| Adjustments to reconcile operating (loss) to net cash provided (used) by operating activities - | | | | | |
| Depreciation | 58,993 | 756,948 | 82,806 | 218,306 | 1,117,053 |
| Change in assets and liabilities - | | | | | |
| Accounts receivable | (435) | 27,079 | 2,775 | (87,947) | (58,528) |
| Prepaid expenses | - | (10,057) | - | (5,943) | (16,000) |
| Due from other funds | - | - | (5,024) | - | (5,024) |
| Inventories | - | 23,763 | - | - | 23,763 |
| Accounts payable | (237) | 121,149 | (51,018) | 25,298 | 95,192 |
| Due to other funds | (24,354) | 1,522,443 | (2,575) | 100,826 | 1,596,340 |
| Advances from others | - | 72 | (12,865) | 59,903 | 47,110 |
| Accrued expenses | - | (49,310) | - | - | (49,310) |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | \$ (20,855) | \$ (2,419,495) | \$ (444,362) | \$ (287,963) | \$ (3,172,675) |
| SCHEDULE OF NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES | | | | | |
| Contributions of capital assets | \$ - | \$ - | \$ - | \$ 41,671 | \$ 41,671 |
| Unrealized gain on investments | \$ - | \$ - | \$ 1,032 | \$ - | \$ 1,032 |

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

| | <u>Budgeted Amounts Final</u> | <u>Actual Budget Basis</u> | <u>Variance With Final Budget Positive (Negative)</u> |
|--|---------------------------------------|------------------------------------|---|
| REVENUES | | | |
| Charges for services | \$ 1,227,139 | \$ 1,256,252 | \$ 29,113 |
| TOTAL REVENUES | <u>1,227,139</u> | <u>1,256,252</u> | <u>29,113</u> |
| EXPENDITURES AND OTHER FINANCING USES | | | |
| Current - | | | |
| Personnel services | 36,250 | 30,875 | 5,375 |
| Contractual services | 446,644 | 441,991 | 4,653 |
| Utilities | 96,000 | 138,705 | (42,705) |
| Repairs and maintenance | 218,712 | 85,105 | 133,607 |
| Other supplies and expenses | 113,880 | 71,037 | 42,843 |
| Capital outlay | 30,203 | 14,308 | 15,895 |
| Debt service - | | | |
| Principal | 95,576 | 95,576 | - |
| Interest and fees | 7,145 | 6,146 | 999 |
| Transfers out | 375,032 | 291,197 | 83,835 |
| TOTAL EXPENDITURES AND OTHER FINANCING USES | <u>1,419,442</u> | <u>1,174,940</u> | <u>244,502</u> |
| NET CHANGE IN FUND BALANCE | <u>\$ (192,303)</u> | <u>\$ 81,312</u> | <u>\$ 273,615</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, 2014

| | <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 | \$ 870,573 | \$ 857,976 | \$ (12,597) |
| Transfers in | <u>325,032</u> | <u>291,197</u> | <u>(33,835)</u> |
| TOTAL REVENUES AND OTHER FINANCING SOURCES | <u>1,195,605</u> | <u>1,149,173</u> | <u>(46,432)</u> |
| EXPENDITURES | | | |
| Current - | | | |
| Personnel services | 37,482 | 39,572 | (2,090) |
| Contractual services | 407,406 | 399,269 | 8,137 |
| Utilities | 320,185 | 286,031 | 34,154 |
| Repairs and maintenance | 70,250 | 69,810 | 440 |
| Other supplies and expenses | 67,529 | 61,522 | 6,007 |
| Capital outlay | 39,053 | - | 39,053 |
| Debt service - | | | |
| Principal | 210,435 | 208,620 | 1,815 |
| Interest and fees | <u>82,318</u> | <u>80,317</u> | <u>2,001</u> |
| TOTAL EXPENDITURES | <u>1,234,658</u> | <u>1,145,141</u> | <u>89,517</u> |
| NET CHANGE IN FUND BALANCE | <u>\$ (39,053)</u> | <u>\$ 4,032</u> | <u>\$ 43,085</u> |

CITY OF PUEBLO, COLORADO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
SEWER USER FUND
YEAR ENDED DECEMBER 31, 2014

| | Budgeted Amounts Final | Actual Budget Basis | Variance With Final Budget Positive (Negative) |
|--|------------------------------|---------------------------|---|
| | <u>Final</u> | <u>Basis</u> | <u>(Negative)</u> |
| REVENUES AND OTHER FINANCING SOURCES | | | |
| Charges for services | \$ 14,772,102 | \$ 15,256,778 | \$ 484,676 |
| Intergovernmental | 1,080,000 | 283,748 | (796,252) |
| Interest | 169,171 | 147,116 | (22,055) |
| Issuance of debt | 4,179,047 | 4,179,047 | - |
| TOTAL REVENUES AND OTHER FINANCING SOURCES | <u>20,200,320</u> | <u>19,866,689</u> | <u>(333,631)</u> |
| EXPENDITURES AND OTHER FINANCING USES | | | |
| Current - | | | |
| Personnel services | 4,217,393 | 3,988,458 | 228,935 |
| Contractual services | 1,932,899 | 1,724,289 | 208,610 |
| Utilities | 1,060,561 | 847,563 | 212,998 |
| Repairs and maintenance | 271,205 | 2,942,074 | (2,670,869) |
| Other supplies and expenses | 1,099,853 | 775,969 | 323,884 |
| Capital outlay | 17,797,550 | 1,920,510 | 15,877,040 |
| Debt service - | | | |
| Principal | 1,484,303 | 1,488,061 | (3,758) |
| Interest and fees | 712,670 | 738,217 | (25,547) |
| Transfers out | 50,000 | 50,000 | - |
| TOTAL EXPENDITURES AND OTHER FINANCING USES | <u>28,626,434</u> | <u>14,475,141</u> | <u>14,151,293</u> |
| NET CHANGE IN FUND BALANCE | <u>\$ (8,426,114)</u> | <u>\$ 5,391,548</u> | <u>\$ 13,817,662</u> |

CITY OF PUEBLO, COLORADO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
STORMWATER UTILITY FUND
YEAR ENDED DECEMBER 31, 2014

| | Budgeted Amounts Final | Actual Budget Basis | Variance With Final Budget Positive (Negative) |
|--|------------------------------|---------------------------|---|
| | <u>Final</u> | <u>Basis</u> | <u>(Negative)</u> |
| REVENUES | | | |
| Charges for services | \$ 3,315,000 | \$ 3,369,778 | \$ 54,778 |
| Interest | 5,000 | 13,241 | 8,241 |
| TOTAL REVENUES | <u>3,320,000</u> | <u>3,383,019</u> | <u>63,019</u> |
| EXPENDITURES AND OTHER FINANCING USES | | | |
| Current - | | | |
| Personnel services | 1,439,262 | 1,237,769 | 201,493 |
| Contractual services | 692,039 | 675,493 | 16,546 |
| Utilities | 87,200 | 70,868 | 16,332 |
| Repairs and maintenance | 786,181 | 79,536 | 706,645 |
| Other supplies and expenses | 312,048 | 96,947 | 215,101 |
| Capital outlay | 953,488 | 210,202 | 743,286 |
| Debt service - | | | |
| Principal | 409,221 | 304,908 | 104,313 |
| Interest and fees | 5,162 | 7,111 | (1,949) |
| Transfers out | 112,000 | 112,000 | - |
| TOTAL EXPENDITURES AND OTHER FINANCING USES | <u>4,796,601</u> | <u>2,794,834</u> | <u>2,001,767</u> |
| NET CHANGE IN FUND BALANCE | <u>\$ (1,476,601)</u> | <u>\$ 588,185</u> | <u>\$ 2,064,786</u> |

CITY OF PUEBLO, COLORADO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
MEMORIAL AIRPORT FUND
YEAR ENDED DECEMBER 31, 2014

| | Budgeted Amounts Final | Actual Budget Basis | Variance With Final Budget Positive (Negative) |
|--|------------------------------|---------------------------|---|
| | <u>Final</u> | <u>Basis</u> | <u>(Negative)</u> |
| REVENUES AND OTHER FINANCING SOURCES | | | |
| Charges for services | \$ 645,613 | \$ 526,105 | \$ (119,508) |
| Intergovernmental | 7,444,871 | 4,052,665 | (3,392,206) |
| Interest and other | 500 | 451 | (49) |
| Transfers in | <u>1,349,995</u> | <u>992,653</u> | <u>(357,342)</u> |
| TOTAL REVENUES AND OTHER FINANCING SOURCES | <u>9,440,979</u> | <u>5,571,874</u> | <u>(3,869,105)</u> |
| EXPENDITURES AND OTHER FINANCING USES | | | |
| Current - | | | |
| Personnel services | 783,956 | 791,659 | (7,703) |
| Contractual services | 253,150 | 239,305 | 13,845 |
| Utilities | 313,640 | 353,983 | (40,343) |
| Repairs and maintenance | 75,713 | 98,426 | (22,713) |
| Other supplies and expenses | 171,091 | 124,946 | 46,145 |
| Capital outlay | 7,824,994 | 2,102,392 | 5,722,602 |
| Transfers out | <u>216,102</u> | <u>-</u> | <u>216,102</u> |
| TOTAL EXPENDITURES AND OTHER FINANCING USES | <u>9,638,646</u> | <u>3,710,711</u> | <u>5,927,935</u> |
| NET CHANGE IN FUND BALANCE | <u>\$ (197,667)</u> | <u>\$ 1,861,163</u> | <u>\$ 2,058,830</u> |

CITY OF PUEBLO, COLORADO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
HONOR FARM FUND
YEAR ENDED DECEMBER 31, 2014

| | Budgeted Amounts Final | Actual Budget Basis | Variance With Final Budget Positive (Negative) |
|---|------------------------------|---------------------------|---|
| | <u>Final</u> | <u>Basis</u> | <u>(Negative)</u> |
| REVENUES AND OTHER FINANCING SOURCES | | | |
| Charges for services | \$ 55,000 | \$ 24,900 | \$ (30,100) |
| Transfers in | 56,513 | 56,513 | - |
| TOTAL REVENUES AND OTHER FINANCING SOURCES | <u>\$ 111,513</u> | <u>\$ 81,413</u> | <u>\$ (30,100)</u> |
| EXPENDITURES | | | |
| Current - | | | |
| Contractual services | 5,500 | 5,776 | (276) |
| Utilities | 20,000 | 367 | 19,633 |
| Repairs and maintenance | 40,000 | 9,078 | 30,922 |
| Other supplies and expenses | 844,970 | 5,508 | 839,462 |
| Capital outlay | 161,740 | - | 161,740 |
| Debt service - | | | |
| Principal | 33,487 | 33,487 | - |
| Interest and fees | 2,526 | 2,526 | - |
| TOTAL EXPENDITURES | <u>1,108,223</u> | <u>56,742</u> | <u>1,051,481</u> |
| NET CHANGE IN FUND BALANCE | <u>\$ (996,710)</u> | <u>\$ 24,671</u> | <u>\$ 1,021,381</u> |

CITY OF PUEBLO, COLORADO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
TRANSPORTATION SERVICES FUND
YEAR ENDED DECEMBER 31, 2014

| | Budgeted Amounts Final | Actual Budget Basis | Variance With Final Budget Positive (Negative) |
|---|------------------------------|---------------------------|---|
| | <u>Final</u> | <u>Basis</u> | <u>(Negative)</u> |
| REVENUES AND OTHER FINANCING SOURCES | | | |
| Charges for services | \$ 816,500 | \$ 845,654 | \$ 29,154 |
| Intergovernmental | 2,360,274 | 2,037,268 | (323,006) |
| Other revenues | 15,000 | - | (15,000) |
| Transfers in | <u>1,829,004</u> | <u>1,829,004</u> | <u>-</u> |
| TOTAL REVENUES AND OTHER FINANCING SOURCES | <u>5,020,778</u> | <u>4,711,926</u> | <u>(308,852)</u> |
| EXPENDITURES | | | |
| Current - | | | |
| Personnel services | 2,561,350 | 2,618,897 | (57,547) |
| Contractual services | 1,124,503 | 1,176,132 | (51,629) |
| Utilities | 549,763 | 548,778 | 985 |
| Repairs and maintenance | 323,921 | 398,508 | (74,587) |
| Other supplies and expenses | 206,068 | 209,918 | (3,850) |
| Capital outlay | <u>272,478</u> | <u>-</u> | <u>272,478</u> |
| TOTAL EXPENDITURES | <u>5,038,083</u> | <u>4,952,233</u> | <u>85,850</u> |
| NET CHANGE IN FUND BALANCE | <u>\$ (17,305)</u> | <u>\$ (240,307)</u> | <u>\$ (223,002)</u> |

CITY OF PUEBLO, COLORADO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
PARKING FACILITIES FUND
YEAR ENDED DECEMBER 31, 2014

| | Budgeted Amounts Final | Actual Budget Basis | Variance With Final Budget Positive (Negative) |
|---|------------------------------|---------------------------|---|
| | <u>Final</u> | <u>Basis</u> | <u>(Negative)</u> |
| REVENUES AND OTHER FINANCING SOURCES | | | |
| Charges for services | \$ 240,000 | \$ 294,422 | \$ 54,422 |
| Interest | 1,000 | 5,046 | 4,046 |
| Transfers in | <u>548,429</u> | <u>548,429</u> | <u>-</u> |
| TOTAL REVENUES AND OTHER FINANCING SOURCES | <u>789,429</u> | <u>847,897</u> | <u>58,468</u> |
| EXPENDITURES | | | |
| Current - | | | |
| Personnel services | 105,739 | 93,605 | 12,134 |
| Contractual services | 134,925 | 102,639 | 32,286 |
| Utilities | 51,910 | 19,126 | 32,784 |
| Repairs and maintenance | 103,461 | 81,092 | 22,369 |
| Other supplies and expenses | 439,927 | 373,615 | 66,312 |
| Debt service - | | | |
| Principal | 3,403 | - | 3,403 |
| Interest and fees | 1,675 | - | 1,675 |
| Capital outlay | <u>45,000</u> | <u>-</u> | <u>45,000</u> |
| TOTAL EXPENDITURES | <u>886,040</u> | <u>670,077</u> | <u>215,963</u> |
| NET CHANGE IN FUND BALANCE | <u>\$ (96,611)</u> | <u>\$ 177,820</u> | <u>\$ 274,431</u> |

CITY OF PUEBLO, COLORADO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
MEMORIAL HALL FUND
YEAR ENDED DECEMBER 31, 2014

| | <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 | \$ 333,206 | \$ 671,940 | \$ 338,734 |
| Transfers in | <u>100,000</u> | <u>100,000</u> | <u>-</u> |
| TOTAL REVENUES AND OTHER FINANCING SOURCES | <u>433,206</u> | <u>771,940</u> | <u>338,734</u> |
| EXPENDITURES | | | |
| Current - | | | |
| Contractual services | 236,753 | 742,359 | (505,606) |
| Utilities | 78,000 | 128,796 | (50,796) |
| Repairs and maintenance | 21,300 | - | 21,300 |
| Other supplies and expenses | <u>97,153</u> | <u>180,885</u> | <u>(83,732)</u> |
| TOTAL EXPENDITURES | <u>433,206</u> | <u>1,052,040</u> | <u>(618,834)</u> |
| NET CHANGE IN FUND BALANCE | <u>\$ -</u> | <u>\$ (280,100)</u> | <u>\$ (280,100)</u> |

INTERNAL

SERVICE

FUNDS

CITY OF PUEBLO, COLORADO
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
DECEMBER 31, 2014

| | <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 | 100,000 | - | 100,000 |
| Investments | 2,357,500 | - | 2,357,500 |
| Accounts receivable, net | 18,644 | - | 18,645 |
| Due from other funds | 280,834 | - | 280,833 |
| Other receivables | 3,529 | - | 3,529 |
| Prepaid expenses | 825,948 | - | 825,948 |
| Inventories | 233,478 | - | 233,478 |
| TOTAL CURRENT ASSETS | <u>3,820,233</u> | <u>-</u> | <u>3,820,233</u> |
| NET CURRENT ASSETS | | | |
| Capital assets - | | | |
| Buildings | 1,036,366 | - | 1,036,366 |
| Machinery and equipment | 1,430,567 | - | 1,430,567 |
| Less accumulated depreciation | <u>(1,715,762)</u> | <u>-</u> | <u>(1,715,762)</u> |
| Total capital assets | <u>751,171</u> | <u>-</u> | <u>751,171</u> |
| TOTAL NONCURRENT ASSETS | <u>751,171</u> | <u>-</u> | <u>751,171</u> |
| TOTAL ASSETS | <u>\$ 4,571,404</u> | <u>\$ -</u> | <u>\$ 4,571,404</u> |

Cont'd.

CITY OF PUEBLO, COLORADO
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
DECEMBER 31, 2014

| | <u>Internal Service Fund</u> | <u>Pueblo Transit</u> | <u>Total</u> |
|-------------------------------------|--------------------------------------|---------------------------|---------------------|
| LIABILITIES | | | |
| CURRENT LIABILITIES | | | |
| Accounts payable | \$ 137,319 | \$ - | \$ 137,319 |
| Compensated absences | 14,093 | - | 14,093 |
| Claims and judgments | <u>1,450,000</u> | <u>-</u> | <u>1,450,000</u> |
| TOTAL CURRENT LIABILITIES | <u>1,601,412</u> | <u>-</u> | <u>1,601,412</u> |
| NONCURRENT LIABILITIES | | | |
| Compensated absences | 126,841 | - | 126,841 |
| Claims and judgments | <u>873,153</u> | <u>-</u> | <u>873,153</u> |
| TOTAL NONCURRENT LIABILITIES | <u>999,994</u> | <u>-</u> | <u>999,994</u> |
| TOTAL LIABILITIES | <u>2,601,406</u> | <u>-</u> | <u>2,601,406</u> |
| NET POSITION | | | |
| Net investment in capital assets | 751,171 | - | 751,171 |
| Unrestricted | <u>1,218,827</u> | <u>-</u> | <u>1,218,827</u> |
| TOTAL NET POSITION | <u>\$ 1,969,998</u> | <u>\$ -</u> | <u>\$ 1,969,998</u> |

CITY OF PUEBLO, COLORADO
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
YEAR ENDED DECEMBER 31, 2014

| | <u>Internal Service Fund</u> | <u>Pueblo Transit</u> | <u>Total</u> |
|---------------------------------------|--------------------------------------|---------------------------|---------------------|
| OPERATING REVENUES | | | |
| Charges for services | \$ 4,367,749 | \$ 2,566,952 | \$ 6,934,701 |
| TOTAL OPERATING REVENUES | <u>4,367,749</u> | <u>2,566,952</u> | <u>6,934,701</u> |
| OPERATING EXPENSES | | | |
| Personnel expense | 755,269 | - | 655,269 |
| Contractual services | 31,989 | 2,566,952 | 2,598,941 |
| Utilities | 40,572 | - | 40,572 |
| Repairs and maintenance | 44,249 | - | 44,249 |
| Other supplies and expenses | 1,577,090 | - | 1,577,090 |
| Insurance claims and expenses | 2,783,468 | - | 2,783,468 |
| Depreciation | 85,471 | - | 85,471 |
| TOTAL OPERATING EXPENSES | <u>5,318,108</u> | <u>2,566,952</u> | <u>7,885,060</u> |
| OPERATING INCOME (LOSS) | <u>(950,359)</u> | <u>-</u> | <u>(950,359)</u> |
| NONOPERATING REVENUES | | | |
| Interest and investment revenue | 18,913 | - | 18,913 |
| Gain on disposal of capital assets | 1,559 | - | 1,559 |
| TOTAL NONOPERATING REVENUES | <u>20,472</u> | <u>-</u> | <u>20,472</u> |
| INCOME (LOSS) BEFORE TRANSFERS | (929,887) | - | (929,887) |
| Transfers in | <u>869,689</u> | <u>-</u> | <u>869,689</u> |
| CHANGES IN NET POSITION | (60,198) | - | (60,198) |
| TOTAL NET POSITION, January 1 | <u>2,030,196</u> | <u>-</u> | <u>2,030,196</u> |
| TOTAL NET POSITION, December 31 | <u>\$ 1,969,998</u> | <u>\$ -</u> | <u>\$ 1,969,998</u> |

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

| | <u>Internal Service Fund</u> | <u>Pueblo Transit</u> | <u>Total</u> |
|---|--------------------------------------|---------------------------|--------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Cash received from customers | \$ 4,369,255 | \$ 2,566,952 | \$ 6,936,207 |
| Cash paid for goods and services | (4,127,395) | - | (4,127,395) |
| Cash paid to employees | (743,395) | (2,566,952) | (3,310,347) |
| Payments for interfund services | (259,012) | - | (259,012) |
| NET CASH (USED) BY OPERATING ACTIVITIES | (760,547) | - | (760,547) |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | |
| Transfers in | 869,689 | - | 869,689 |
| NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES | 869,689 | - | 869,689 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | |
| Acquisition of capital assets | (10,751) | - | (10,751) |
| Sale of capital assets | 1,559 | - | 1,559 |
| NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES | (9,192) | - | (9,192) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Interest earnings received | 15,104 | - | 15,104 |
| Maturity of investments | 2,328,495 | - | 2,328,495 |
| Acquisition of investments | (2,357,500) | - | (2,357,500) |
| NET CASH (USED) BY INVESTING ACTIVITIES | (13,901) | - | (13,901) |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 86,049 | - | 86,049 |
| CASH AND CASH EQUIVALENTS, January 1 | 14,251 | - | 14,251 |
| CASH AND CASH EQUIVALENTS, December 31 | \$ 100,300 | \$ - | \$ 100,300 |

Cont'd.

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

| | <u>Internal Service Fund</u> | <u>Pueblo Transit</u> | <u>Total</u> |
|--|--------------------------------------|---------------------------|-------------------------|
| REPORTED IN THE ACCOMPANYING COMBINING STATEMENT OF NET POSITION AS FOLLOWS: | | | |
| Cash and cash equivalents | \$ 300 | \$ - | \$ 300 |
| Restricted cash and cash equivalents | <u>100,000</u> | <u>-</u> | <u>100,000</u> |
| | <u>100,300</u> | <u>-</u> | <u>100,300</u> |
| RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES | | | |
| Operating income (loss) | \$ (950,359) | \$ - | \$ (950,359) |
| Adjustments to reconcile operating income (loss) to net cash (used) by operating activities - | | | |
| Depreciation | 85,471 | - | 85,471 |
| Change in assets and liabilities - | | | |
| Accounts receivable | 1,506 | - | 1,506 |
| Due from other funds | (259,012) | - | (259,012) |
| Prepaid expenses | (324,045) | - | (324,045) |
| Inventories | 57,239 | - | 57,239 |
| Accounts payable | 28,377 | - | 28,377 |
| Accrued expenses | <u>600,276</u> | <u>-</u> | <u>600,276</u> |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | <u>\$ (760,547)</u> | <u>\$ -</u> | <u>\$ (760,547)</u> |
| SCHEDULE OF NONCASH INVESTING CAPITAL AND FINANCING ACTIVITIES | | | |
| Unrealized gain on investments | <u>\$ 3,995</u> | <u>\$ -</u> | <u>\$ 3,995</u> |

CITY OF PUEBLO, COLORADO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
INTERNAL SERVICE FUND
YEAR ENDED DECEMBER 31, 2014

| | Budgeted Amounts Final | Actual Budget Basis | Variance With Final Budget Positive (Negative) |
|---|------------------------------|---------------------------|---|
| | <u>Final</u> | <u>Basis</u> | <u>(Negative)</u> |
| REVENUES AND OTHER FINANCING SOURCES | | | |
| Charges for services | \$ 4,716,500 | \$ 4,367,749 | \$ (348,751) |
| Interest and other | 2,500 | 20,472 | 17,972 |
| Transfers in | <u>869,689</u> | <u>869,689</u> | <u>-</u> |
| TOTAL REVENUES AND OTHER FINANCING SOURCES | <u>5,588,689</u> | <u>5,257,910</u> | <u>(330,779)</u> |
| EXPENDITURES | | | |
| Current - | | | |
| Personnel services | 768,609 | 743,395 | 25,214 |
| Contractual services | 46,852 | 31,989 | 14,863 |
| Utilities | 54,335 | 40,572 | 13,763 |
| Repairs and maintenance | 57,383 | 44,249 | 13,134 |
| Cost of merchandise | 2,025,656 | 1,512,565 | 513,091 |
| Other supplies and expenses | 39,963 | 64,525 | (24,562) |
| Insurance claims and expenses | 2,572,189 | 2,524,829 | 47,360 |
| Capital outlay | <u>23,702</u> | <u>10,751</u> | <u>12,951</u> |
| TOTAL EXPENDITURES | <u>5,588,689</u> | <u>4,972,875</u> | <u>615,814</u> |
| NET CHANGE IN FUND BALANCE | <u>\$ -</u> | <u>\$ 285,035</u> | <u>\$ 285,035</u> |

AGENCY

FUND

CITY OF PUEBLO, COLORADO
STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUND
YEAR ENDED DECEMBER 31, 2014

| | <u>Balance January 1, 2014</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance December 31, 2014</u> |
|---------------------------|--|-------------------|-------------------|--|
| ASSETS | | | | |
| Cash and cash equivalents | \$ 225,667 | \$ - | \$ 15,184 | \$ 210,483 |
| Accounts receivable | <u>2,317,475</u> | <u>208,339</u> | <u>702,051</u> | <u>1,823,763</u> |
| | <u>\$ 2,543,142</u> | <u>\$ 208,339</u> | <u>\$ 717,235</u> | <u>\$ 2,034,246</u> |
| LIABILITIES | | | | |
| Accounts payable | \$ 70,855 | \$ 79,979 | \$ 70,855 | \$ 79,979 |
| Deposits | <u>2,472,287</u> | <u>309,602</u> | <u>827,622</u> | <u>1,954,267</u> |
| | <u>\$ 2,543,142</u> | <u>\$ 389,581</u> | <u>\$ 898,477</u> | <u>\$ 2,034,246</u> |

STATISTICAL SECTION

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

| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Governmental activities | | | | | | | | | | |
| Net investment in capital assets | \$ 221,608,313 | \$ 230,400,553 | \$ 242,229,997 | \$ 253,371,346 | \$ 270,972,634 | \$ 275,400,749 | \$ 282,143,652 | \$ 300,421,948 | \$ 304,720,914 | \$ 310,952,995 |
| Restricted | 53,614,404 | 64,894,325 | 73,238,734 | 88,686,068 | 69,256,542 | 65,864,287 | 93,697,144 | 88,835,861 | 88,385,298 | 94,699,404 |
| Unrestricted | 21,152,627 | 23,479,235 | 25,429,479 | 9,623,844 | 28,408,089 | 38,589,640 | 19,596,982 | 11,816,144 | 20,453,939 | 13,436,351 |
| Total governmental activities net position | \$ 296,375,344 | \$ 318,774,113 | \$ 340,898,210 | \$ 351,681,258 | \$ 368,637,265 | \$ 379,854,676 | \$ 395,437,778 | \$ 401,073,953 | \$ 413,560,151 | \$ 419,088,750 |
| Business-type activities | | | | | | | | | | |
| Net investment in capital assets | \$ 95,132,248 | \$ 97,708,603 | \$ 101,702,739 | \$ 106,505,768 | \$ 115,961,714 | \$ 123,736,794 | \$ 134,281,593 | \$ 138,568,644 | \$ 157,831,233 | \$ 160,736,818 |
| Restricted | 6,101,716 | 8,027,822 | 9,877,471 | 12,079,718 | 14,180,545 | 17,522,178 | 18,277,323 | 19,267,977 | 19,818,953 | 20,969,602 |
| Unrestricted | 101,233,964 | 105,736,425 | 111,580,210 | 118,585,486 | 130,142,259 | 141,258,972 | 152,558,916 | 157,836,621 | 177,650,186 | 181,706,420 |
| Total business-type activities net position | \$ 101,233,964 | \$ 105,736,425 | \$ 111,580,210 | \$ 118,585,486 | \$ 130,142,259 | \$ 141,258,972 | \$ 152,558,916 | \$ 157,836,621 | \$ 177,650,186 | \$ 181,706,420 |
| Primary government | | | | | | | | | | |
| Net investment in capital assets | \$ 316,740,561 | \$ 328,109,156 | \$ 343,932,736 | \$ 359,877,114 | \$ 386,934,348 | \$ 399,137,543 | \$ 416,425,245 | \$ 438,990,592 | \$ 462,552,147 | \$ 471,689,813 |
| Restricted | 53,614,404 | 64,894,325 | 73,238,734 | 88,686,068 | 69,256,542 | 65,864,287 | 93,697,144 | 88,835,861 | 88,385,298 | 94,699,404 |
| Unrestricted | 27,254,343 | 31,507,057 | 35,306,950 | 21,703,562 | 42,588,634 | 56,111,818 | 37,874,305 | 31,084,121 | 40,272,892 | 34,405,953 |
| Total primary government net position | \$ 397,609,308 | \$ 424,510,538 | \$ 452,478,420 | \$ 470,266,744 | \$ 498,779,524 | \$ 521,113,648 | \$ 547,996,694 | \$ 558,910,574 | \$ 591,210,337 | \$ 600,795,170 |

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

| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|-----------------------------------|----------------------|----------------------|----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Expenses | | | | | | | | | | |
| Governmental activities | | | | | | | | | | |
| General government | \$ 7,815,931 | \$ 8,285,288 | \$ 8,750,144 | \$ 10,266,329 | \$ 11,256,849 | \$ 11,126,432 | \$ 11,663,415 | \$ 11,063,544 | \$ 13,800,967 | \$ 9,410,359 |
| Public safety | 38,595,384 | 37,632,207 | 39,554,852 | 41,470,395 | 42,232,017 | 45,180,523 | 46,320,164 | 47,846,439 | 46,616,804 | 48,485,290 |
| Public works | 13,512,772 | 11,706,116 | 12,138,196 | 11,192,330 | 12,056,802 | 14,682,821 | 10,982,420 | 11,944,466 | 11,618,176 | 11,682,330 |
| Culture and community welfare | 5,664,845 | 5,057,256 | 7,671,252 | 9,110,212 | 7,713,219 | 8,880,083 | 9,841,081 | 13,253,542 | 11,504,623 | 7,905,331 |
| Parks and recreation | 4,674,168 | 6,131,025 | 5,109,138 | 4,808,532 | 4,668,002 | 5,213,738 | 5,361,632 | 6,372,059 | 5,722,667 | 5,719,300 |
| Economic development | 6,612,535 | 7,640,995 | 3,966,266 | 8,321,122 | 2,197,779 | 3,608,000 | 2,003,481 | 3,380,770 | 4,931,043 | 4,985,902 |
| Interest on long-term debt | 763,371 | 452,713 | 387,198 | 646,741 | 1,555,782 | 1,451,423 | 1,380,077 | 1,264,491 | 1,138,164 | 1,297,305 |
| Total governmental activities | <u>77,641,006</u> | <u>76,905,600</u> | <u>77,577,046</u> | <u>85,815,661</u> | <u>81,680,450</u> | <u>90,143,020</u> | <u>87,552,270</u> | <u>93,123,311</u> | <u>95,332,444</u> | <u>89,485,817</u> |
| Business-type activities | | | | | | | | | | |
| Elmwood golf course | \$ 992,278 | \$ 906,674 | \$ 1,007,069 | \$ 981,498 | \$ 991,706 | \$ 914,069 | \$ 880,190 | \$ 928,757 | \$ 975,010 | \$ 965,668 |
| Walkingstick golf course | 1,533,550 | 1,602,445 | 1,644,653 | 1,668,190 | 1,675,151 | 1,683,224 | 1,752,102 | 1,821,738 | 1,886,223 | 1,945,576 |
| Sewer user | 6,539,306 | 6,707,226 | 7,249,353 | 7,587,616 | 8,653,027 | 8,537,456 | 9,124,088 | 11,009,307 | 12,506,548 | 12,674,302 |
| Stormwater utility | 2,846,637 | 2,593,534 | 2,384,871 | 2,432,055 | 2,617,256 | 2,637,540 | 2,730,534 | 3,125,968 | 2,896,741 | 2,861,912 |
| Other business-type activities | 8,541,909 | 11,067,176 | 8,740,162 | 9,173,632 | 11,096,719 | 10,797,701 | 11,936,935 | 12,240,953 | 12,617,167 | 13,413,164 |
| Total business-type activities | <u>20,453,680</u> | <u>22,877,055</u> | <u>21,026,108</u> | <u>21,842,991</u> | <u>25,033,859</u> | <u>24,569,990</u> | <u>26,423,849</u> | <u>29,126,723</u> | <u>30,881,689</u> | <u>31,860,622</u> |
| Total primary government expenses | <u>\$ 98,094,686</u> | <u>\$ 99,782,655</u> | <u>\$ 98,603,154</u> | <u>\$ 107,658,652</u> | <u>\$ 106,714,309</u> | <u>\$ 114,713,010</u> | <u>\$ 113,976,119</u> | <u>\$ 124,252,034</u> | <u>\$ 126,214,133</u> | <u>\$ 121,346,439</u> |

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

| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Program revenue | | | | | | | | | | |
| Governmental activities | | | | | | | | | | |
| Permits, fees, fines and charges for services | \$ 1,711,738 | \$ 1,703,212 | \$ 1,963,163 | \$ 2,369,917 | \$ 2,075,228 | \$ 1,642,290 | \$ 1,851,960 | \$ 1,998,698 | \$ 2,036,502 | \$ 2,091,671 |
| General government | 3,642,339 | 3,617,774 | 4,405,012 | 5,191,857 | 5,201,273 | 5,325,642 | 5,354,057 | 5,406,875 | 4,436,306 | 4,335,834 |
| Public safety | 433,552 | 341,664 | 346,087 | 704,379 | 450,217 | 489,761 | 487,854 | 495,989 | 539,532 | 710,835 |
| Culture and community welfare | 193,820 | 116,974 | 275,599 | 100,881 | 49,210 | 364,384 | 276,516 | 299,675 | 414,365 | 293,731 |
| Parks and recreation | 479,195 | 480,559 | 507,480 | 301,673 | 372,275 | 531,839 | 592,114 | 685,329 | 634,639 | 639,218 |
| Economic development | | | | | | | | | | |
| Operating grants and contributions | 12,455,069 | 10,921,224 | 13,222,843 | 11,434,429 | 10,385,132 | 12,193,129 | 13,493,320 | 13,616,953 | 22,104,201 | 9,134,469 |
| Capital grants and contributions | 5,157,992 | 5,513,470 | 6,513,307 | 7,197,160 | 7,944,326 | 7,489,339 | 8,212,014 | 9,128,467 | 6,944,859 | 7,488,040 |
| Total governmental activities program revenue | 24,073,705 | 22,694,877 | 27,233,491 | 27,300,296 | 26,477,661 | 28,036,384 | 30,267,835 | 31,631,986 | 37,110,404 | 24,693,798 |
| Business-type activities | | | | | | | | | | |
| Charges for services | | | | | | | | | | |
| Golf | \$ 1,989,956 | \$ 2,058,716 | \$ 2,118,218 | \$ 2,222,900 | \$ 2,254,076 | \$ 2,160,142 | \$ 2,118,331 | \$ 2,163,333 | \$ 2,140,132 | \$ 2,114,228 |
| Sewer | 7,166,632 | 7,667,687 | 8,890,987 | 10,911,573 | 12,392,418 | 13,673,319 | 13,454,038 | 13,805,921 | 14,355,943 | 15,256,778 |
| Stormwater | 2,711,723 | 2,786,560 | 2,705,207 | 2,731,475 | 2,771,994 | 2,757,602 | 2,754,867 | 2,791,898 | 3,253,081 | 3,369,638 |
| Other | 3,282,018 | 3,330,030 | 3,747,327 | 4,209,175 | 4,678,642 | 4,282,123 | 5,055,394 | 4,756,160 | 4,486,419 | 4,929,973 |
| Operating grants and contributions | 1,528,467 | 4,044,722 | 1,750,879 | 1,754,736 | 1,676,299 | 1,793,282 | 2,033,900 | 2,220,825 | 2,050,457 | 2,037,268 |
| Capital grants and contributions | 3,020,605 | 4,193,167 | 5,070,294 | 3,019,001 | 10,341,094 | 7,622,792 | 8,291,358 | 4,811,702 | 20,762,845 | 3,828,080 |
| Total business-type activities program revenue | 19,699,401 | 24,080,882 | 24,282,912 | 24,848,860 | 34,114,523 | 32,289,260 | 33,707,888 | 30,549,839 | 47,048,877 | 31,535,965 |
| Total primary government program revenue | \$ 43,773,106 | \$ 46,775,759 | \$ 51,516,403 | \$ 52,149,156 | \$ 60,592,184 | \$ 60,325,644 | \$ 63,975,723 | \$ 62,181,825 | \$ 84,159,281 | \$ 56,229,763 |
| Net (expense) revenue | | | | | | | | | | |
| Governmental activities | \$ (53,567,301) | \$ (54,210,723) | \$ (50,343,555) | \$ (58,515,365) | \$ (55,202,789) | \$ (62,106,636) | \$ (57,284,435) | \$ (63,493,325) | \$ (58,222,040) | \$ (64,792,019) |
| Business-type activities | (754,279) | 1,203,827 | 3,256,804 | 3,005,869 | 9,080,664 | 7,719,270 | 7,284,039 | 1,423,116 | 16,167,188 | (324,657) |
| Total primary government net (expense) revenue | \$ (54,321,580) | \$ (53,006,896) | \$ (47,086,751) | \$ (55,509,496) | \$ (46,122,125) | \$ (54,387,366) | \$ (50,000,396) | \$ (62,070,209) | \$ (42,054,852) | \$ (65,116,676) |

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

| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| General revenue and other changes in net position | | | | | | | | | | |
| Governmental activities | | | | | | | | | | |
| Property taxes | \$ 8,371,058 | \$ 8,974,924 | \$ 9,952,692 | \$ 10,825,444 | \$ 10,997,706 | \$ 11,270,663 | \$ 11,444,707 | \$ 11,908,875 | \$ 12,905,041 | \$ 12,719,414 |
| Franchise and other taxes | 5,021,577 | 5,315,793 | 5,419,403 | 5,665,015 | 5,704,383 | 5,750,053 | 6,178,164 | 6,651,168 | 6,557,472 | 7,020,223 |
| Sales and use taxes | 46,782,838 | 47,780,034 | 53,763,904 | 51,337,779 | 53,922,799 | 48,902,489 | 55,014,310 | 50,471,792 | 51,947,998 | 51,351,232 |
| Payment in lieu of taxes | - | 13,000,000 | - | - | - | 7,509,859 | 9,859 | 9,859 | 9,859 | 9,859 |
| Unrestricted investment earnings | 1,230,062 | 2,554,750 | 2,972,190 | 2,381,232 | 981,250 | 563,205 | 973,281 | 526,792 | (99,169) | 618,324 |
| Miscellaneous | 1,578,188 | 1,498,673 | 1,929,265 | 2,161,617 | 2,190,302 | 2,087,171 | 2,384,645 | 2,509,676 | 2,287,852 | 2,066,165 |
| Gain on disposition of assets | - | - | - | - | - | - | - | - | - | - |
| Transfers | (2,776,122) | (2,269,292) | (1,958,397) | (2,831,378) | (2,371,946) | (2,759,393) | (3,137,429) | (2,948,662) | (3,018,863) | (3,464,599) |
| Total governmental activities | 60,207,601 | 76,854,882 | 72,079,057 | 69,540,709 | 71,424,494 | 73,324,047 | 72,867,537 | 69,129,500 | 70,590,190 | 70,320,618 |
| Business-type activities | | | | | | | | | | |
| Unrestricted investment earnings | \$ 523,442 | \$ 783,952 | \$ 1,002,457 | \$ 922,792 | \$ 824,620 | \$ 631,776 | \$ 843,959 | \$ 795,501 | \$ 626,139 | \$ 916,154 |
| Miscellaneous | 15,565 | - | 14,722 | 2,941 | 13,844 | 6,274 | 34,517 | 110,426 | 1,375 | 138 |
| Gain on disposition of assets | 213,275 | - | - | - | - | - | - | - | - | - |
| Loss on defeasance | - | - | - | - | - | - | - | - | - | - |
| Transfers | 2,776,122 | 2,269,292 | 1,958,397 | 2,831,378 | 2,371,946 | 2,759,393 | 3,137,429 | 2,948,662 | 3,018,863 | 3,464,599 |
| Total business-type activities | 3,528,404 | 3,053,244 | 2,975,576 | 3,757,111 | 3,210,410 | 3,397,443 | 4,015,905 | 3,854,589 | 3,646,377 | 4,380,891 |
| Total primary government | \$ 63,736,005 | \$ 79,908,126 | \$ 75,054,633 | \$ 73,297,820 | \$ 74,634,904 | \$ 76,721,490 | \$ 76,883,442 | \$ 72,984,089 | \$ 74,236,567 | \$ 74,701,509 |
| Change in net position | | | | | | | | | | |
| Governmental activities | \$ 6,640,300 | \$ 22,644,159 | \$ 21,735,502 | \$ 11,025,344 | \$ 16,221,705 | \$ 11,217,411 | \$ 15,583,102 | \$ 5,636,175 | \$ 12,368,150 | \$ 5,528,599 |
| Business-type activities | 2,774,125 | 4,257,071 | 6,232,380 | 6,762,980 | 12,291,074 | 11,116,713 | 11,299,944 | 5,277,705 | 19,813,565 | 4,056,234 |
| Total primary government change in net position | \$ 9,414,425 | \$ 26,901,230 | \$ 27,967,882 | \$ 17,788,324 | \$ 28,512,779 | \$ 22,334,124 | \$ 26,883,046 | \$ 10,913,880 | \$ 32,181,715 | \$ 9,584,833 |

CITY OF PUEBLO, COLORADO
FUND BALANCES, GOVERNMENTAL FUNDS

Last Ten Fiscal Years

(Modified accrual basis of accounting)

| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|------------------------------------|---------------|---------------|---------------|----------------|---------------|---------------|---------------|---------------|---------------|---------------|
| General fund | | | | | | | | | | |
| Reserved | \$ 3,272,886 | \$ 3,273,245 | \$ 4,035,029 | \$ 4,820,869 | \$ 6,792,406 | \$ 6,422,263 | | | | |
| Unreserved | 17,932,444 | 16,676,413 | 19,873,356 | 18,893,395 | 16,024,783 | 17,469,357 | | | | |
| Total general fund | \$ 21,205,330 | \$ 19,949,658 | \$ 23,908,385 | \$ 23,714,264 | \$ 22,817,189 | \$ 23,891,620 | | | | |
| All other governmental funds | | | | | | | | | | |
| Reserved | \$ 55,594,393 | \$ 67,048,480 | \$ 81,796,237 | \$ 91,277,899 | \$ 74,504,669 | \$ 72,333,940 | | | | |
| Unreserved, reported in: | | | | | | | | | | |
| Special revenue funds | 5,356,417 | 8,351,137 | 4,463,733 | 4,385,845 | 3,458,533 | 5,045,912 | | | | |
| Debt service funds | - | - | - | - | - | - | | | | |
| Capital project funds | 143,553 | 105,462 | 362,224 | 4,408,683 | 7,384,735 | 10,153,988 | | | | |
| Total all other governmental funds | \$ 61,094,363 | \$ 75,505,079 | \$ 86,622,194 | \$ 100,072,427 | \$ 85,347,937 | \$ 87,533,840 | | | | |
| General Fund | | | | | | | | | | |
| Nonspendable | | | | | | | \$ 1,806,325 | \$ 1,819,164 | \$ 1,739,939 | \$ 1,730,596 |
| Restricted | | | | | | | 2,600,000 | 2,600,000 | 2,600,000 | 2,600,000 |
| Committed | | | | | | | 7,669,649 | 7,705,629 | 7,689,824 | 7,486,408 |
| Assigned | | | | | | | 10,496,794 | 7,486,269 | 5,494,282 | 5,554,298 |
| Unassigned | | | | | | | 422,402 | - | 37,138 | 1,040,371 |
| Total general fund | | | | | | | \$ 22,995,170 | \$ 19,611,062 | \$ 17,561,183 | \$ 18,411,673 |
| All other governmental funds | | | | | | | | | | |
| Nonspendable | | | | | | | \$ 747,000 | \$ 747,000 | \$ - | \$ - |
| Restricted | | | | | | | 91,097,144 | 86,235,861 | 85,785,298 | 92,099,404 |
| Committed | | | | | | | 223,081 | 223,080 | 104,831 | 1,548,817 |
| Assigned | | | | | | | 5,391,471 | 3,025,298 | 3,700,909 | 2,814,032 |
| Total all other governmental funds | | | | | | | \$ 97,458,696 | \$ 90,231,239 | \$ 89,591,038 | \$ 96,462,253 |

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).

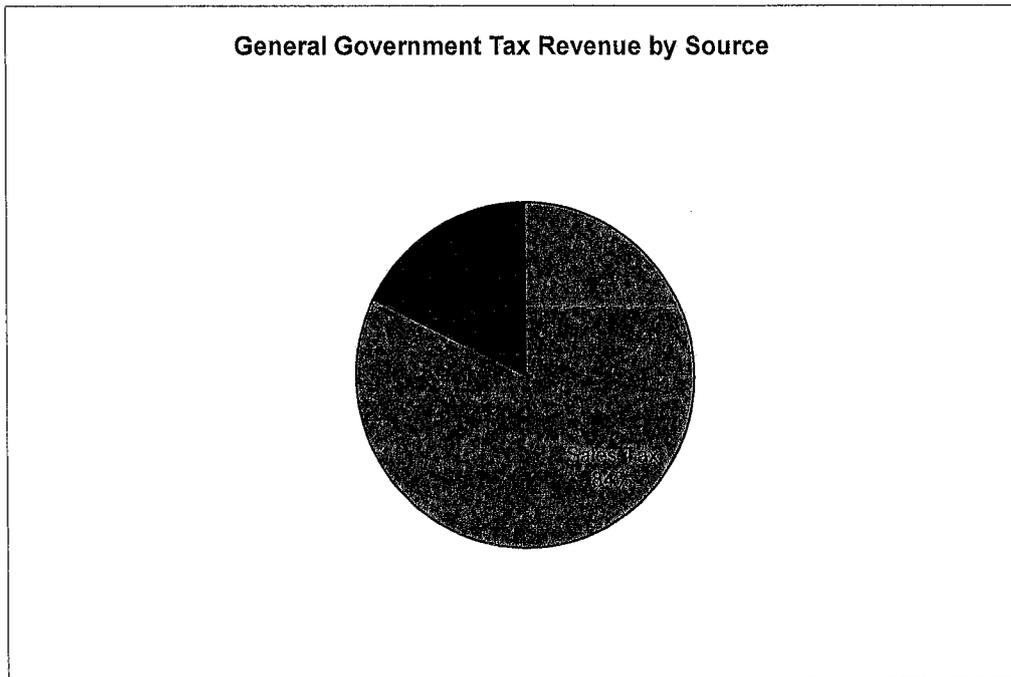
CITY OF PUEBLO, COLORADO
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS

Last Ten Fiscal Years
 (Modified accrual basis of accounting)

| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|---|---------------|---------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Revenues | \$ 60,180,020 | \$ 61,256,282 | \$ 69,931,206 | \$ 67,829,283 | \$ 65,939,451 | \$ 70,590,717 | \$ 71,397,662 | \$ 68,749,023 | \$ 70,430,187 | \$ 71,910,738 |
| Taxes | 13,000,000 | 13,000,000 | 1,814,180 | 2,637,266 | 4,600,000 | 2,909,859 | 9,859 | 9,859 | 9,859 | 9,859 |
| Payment in lieu of taxes | 1,573,767 | 1,458,095 | 608,593 | 567,319 | 2,136,387 | 2,276,641 | 2,355,108 | 2,090,603 | 1,849,081 | 1,611,630 |
| Fees and fines | 595,372 | 606,634 | 608,593 | 567,319 | 558,257 | 600,523 | 561,141 | 574,360 | 603,249 | 576,283 |
| Licenses and permits | 11,495,412 | 11,869,089 | 15,703,863 | 13,365,004 | 14,549,354 | 18,073,674 | 19,678,700 | 16,170,914 | 23,188,363 | 11,871,960 |
| Intra-governmental | 4,106,245 | 3,669,487 | 4,488,496 | 4,657,314 | 4,445,802 | 4,706,111 | 4,706,111 | 5,723,274 | 5,216,546 | 5,534,195 |
| Charges for services | 1,229,229 | 2,517,871 | 2,875,026 | 2,328,993 | 915,059 | 509,745 | 894,162 | 454,207 | (95,480) | 540,404 |
| Investment earnings | 1,079,500 | 915,084 | 1,478,353 | 1,413,612 | 1,533,276 | 3,306,444 | 1,877,391 | 1,011,170 | 1,503,609 | 860,354 |
| Miscellaneous | 80,259,545 | 95,332,242 | 96,899,717 | 92,798,791 | 94,698,086 | 102,805,747 | 101,480,134 | 94,783,410 | 102,705,414 | 92,915,423 |
| Total revenues | 80,259,545 | 95,332,242 | 96,899,717 | 92,798,791 | 94,698,086 | 102,805,747 | 101,480,134 | 94,783,410 | 102,705,414 | 92,915,423 |
| Expenditures | | | | | | | | | | |
| Current | | | | | | | | | | |
| General government | 7,470,635 | 7,770,323 | 8,323,725 | 9,309,207 | 8,906,351 | 9,446,931 | 9,906,695 | 9,757,420 | 9,324,677 | 8,775,946 |
| Public safety | 33,998,187 | 36,314,947 | 37,932,998 | 39,370,942 | 38,880,698 | 40,797,229 | 41,840,936 | 42,581,744 | 53,423,916 | 42,129,729 |
| Public works | 9,278,766 | 9,700,677 | 9,476,324 | 9,999,375 | 9,673,957 | 12,584,529 | 9,130,113 | 9,749,975 | 9,298,036 | 9,669,191 |
| Parks and recreation | 3,998,043 | 4,104,456 | 4,516,419 | 4,302,445 | 4,036,880 | 4,460,129 | 4,732,890 | 5,382,385 | 4,790,964 | 4,743,862 |
| Economic development | 5,124,779 | 5,675,607 | 3,136,520 | 8,298,423 | 2,196,510 | 3,606,731 | 1,720,757 | 3,123,621 | 4,698,157 | 5,027,462 |
| Culture and community welfare | 6,981,151 | 7,164,206 | 7,196,287 | 8,530,074 | 7,070,616 | 8,324,329 | 9,223,504 | 12,664,949 | 11,117,958 | 7,356,405 |
| Other | 530,474 | 401,470 | 1,211,388 | 794,121 | 1,252,382 | 615,174 | 479,457 | 521,614 | 402,110 | 485,078 |
| Debt service | 1,948,960 | 3,726,218 | 931,376 | 1,315,016 | 2,089,407 | 1,925,287 | 1,998,559 | 2,117,410 | 2,536,229 | 2,772,040 |
| Principal | 737,992 | 454,197 | 320,800 | 870,523 | 1,242,553 | 1,414,334 | 1,333,949 | 1,267,515 | 1,204,832 | 1,270,723 |
| Interest and other charges | 3,978,685 | 4,718,919 | 1,125,938 | 1,315,016 | 3,151,351 | 1,211,347 | 8,154,482 | 16,076,440 | 8,224,405 | 3,306,401 |
| Capital outlay | 73,997,676 | 80,031,020 | 84,292,975 | 96,633,928 | 104,870,705 | 95,386,020 | 88,561,332 | 103,243,073 | 103,219,294 | 85,536,837 |
| Total expenditures | 6,261,869 | 15,301,222 | 12,696,742 | (3,835,137) | (12,172,619) | 7,419,727 | 12,918,802 | (8,459,663) | (2,513,880) | 7,378,586 |
| Excess revenues over (under) expenditures | 8,220,000 | 523,113 | 4,977,498 | 20,625,000 | - | - | 363,503 | 1,173,612 | 2,367,868 | 4,200,000 |
| Other financing sources (uses) | 195,928 | - | - | (157,373) | - | - | - | - | - | - |
| Proceeds from borrowing | (8,415,928) | - | - | - | - | - | - | - | - | - |
| Discount on bonds issued | - | - | - | - | - | - | - | - | - | - |
| Proceeds from bond premium refunding debt | - | - | - | - | - | - | - | - | - | - |
| Payment to refunded debt escrow agent | - | - | - | - | - | - | - | - | - | - |
| Sales of Capital Assets | 8,779,740 | 12,083,328 | 13,596,597 | 13,754,387 | 18,317,883 | 14,744,489 | 13,256,748 | 10,980,219 | 10,267,116 | 154,692 |
| Transfers in | (11,898,273) | (14,754,619) | (16,104,994) | (17,155,766) | (21,766,829) | (18,903,882) | (17,363,381) | (14,453,999) | (13,605,669) | (13,473,803) |
| Transfers out | (3,118,533) | (2,146,178) | 2,469,101 | (7,091,248) | (3,448,946) | (4,159,393) | (3,742,744) | (2,299,550) | (38,152) | 20,404 |
| Total other financing sources (uses) | 3,143,336 | 13,155,044 | 15,075,843 | 13,256,111 | (15,621,565) | 3,260,334 | 9,176,054 | (10,759,213) | (2,572,032) | 7,398,990 |
| Net changes in fund balances | 79,156,357 | 82,299,693 | 95,454,737 | 110,530,580 | 123,786,691 | 108,165,126 | 111,425,460 | 120,601,514 | 109,842,501 | 107,270,269 |
| Fund balances - beginning | \$ 82,299,693 | \$ 95,454,737 | \$ 110,530,580 | \$ 123,786,691 | \$ 108,165,126 | \$ 111,425,460 | \$ 120,601,514 | \$ 109,842,501 | \$ 107,270,269 | \$ 114,669,259 |
| Fund balances - ending | 3.8% | 5.6% | 1.7% | 2.6% | 4.4% | 4.0% | 4.1% | 3.6% | 3.6% | 4.5% |
| Debt service as a percentage of non-capital expenditures | | | | | | | | | | |
| **Calculation of Debt service as a percentage of non-capital expenditures: | | | | | | | | | | |
| Principal | 1,948,960 | 3,726,218 | 931,376 | 1,315,016 | 2,089,407 | 1,925,287 | 1,998,559 | 2,117,410 | 2,536,229 | 2,772,040 |
| + Interest and other charges | 737,992 | 454,197 | 320,800 | 870,523 | 1,242,553 | 1,414,334 | 1,333,949 | 1,267,515 | 1,204,832 | 1,270,723 |
| Debt service | 2,686,952 | 4,180,415 | 1,252,176 | 2,185,539 | 3,331,960 | 3,339,621 | 3,332,508 | 3,384,925 | 3,741,081 | 4,042,763 |
| Total expenditures | 73,997,676 | 80,031,020 | 84,292,975 | 96,633,928 | 106,870,705 | 95,386,020 | 88,561,332 | 103,243,073 | 105,219,294 | 85,536,837 |
| - Amount of reconciling item for capital outlay in the reconciliation between the government-wide statement of activities and the statement of revenues, expenditures and changes in fund balance. (Capital outlay only, not net of depreciation) | (3,578,685) | (4,748,983) | (10,254,840) | (13,477,605) | (31,511,351) | (12,235,862) | (8,154,482) | (16,076,440) | (8,422,405) | (3,306,401) |
| Non-capital expenditures | 70,018,991 | 75,282,037 | 74,038,135 | 83,156,323 | 75,359,354 | 83,150,158 | 80,406,850 | 93,966,483 | 104,279,851 | 90,315,962 |
| Debt service | 2,686,952 | 4,180,415 | 1,252,176 | 2,185,539 | 3,331,960 | 3,339,621 | 3,332,508 | 3,384,925 | 3,741,081 | 4,042,763 |
| divided by non-capital expenditures | 70,018,991 | 75,282,037 | 74,038,135 | 83,156,323 | 75,359,354 | 83,150,158 | 80,406,850 | 93,966,483 | 104,279,851 | 90,315,962 |
| | 3.8% | 5.6% | 1.7% | 2.6% | 4.4% | 4.0% | 4.1% | 3.6% | 3.6% | 4.5% |

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

| Fiscal Year | Sales and Miscellaneous Taxes | Rate | Property Tax | Rate | Total |
|-------------|-------------------------------|-------|--------------|---------|------------|
| 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 |
| 2013 | 57,527,855 | 3.50% | 12,902,332 | 15.633% | 70,430,187 |
| 2014 | 59,191,323 | 3.50% | 12,719,415 | 15.633% | 71,910,738 |



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

| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | % of Total |
|------------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|------------------|
| Apparel stores | \$ 15,721,829 | \$ 19,283,857 | \$ 21,148,600 | \$ 21,167,981 | \$ 20,665,388 | \$ 22,587,643 | \$ 22,726,167 | \$ 21,078,355 | \$ 21,712,161 | \$ 21,711,110 | 1.4% |
| General merchandise | 280,843,629 | 273,539,086 | 276,329,171 | 274,889,106 | 271,065,537 | 273,664,541 | 269,866,690 | 271,614,426 | 269,825,995 | 262,641,258 | 17.2% |
| Food/drug/liquor stores | 50,608,314 | 52,739,171 | 54,101,714 | 57,815,813 | 59,518,359 | 61,428,357 | 63,799,469 | 64,577,531 | 66,970,357 | 66,864,169 | 4.4% |
| Eating and drinking establishments | 151,641,200 | 156,224,829 | 170,084,857 | 176,341,311 | 175,986,153 | 178,342,206 | 181,007,675 | 188,975,381 | 194,976,983 | 199,340,110 | 13.1% |
| Home furnishings and appliances | 52,556,686 | 51,469,657 | 50,157,486 | 43,193,441 | 33,464,768 | 27,775,023 | 26,675,919 | 26,589,441 | 27,822,264 | 28,221,714 | 1.9% |
| Building materials and farm tools | 149,541,600 | 151,385,057 | 163,883,343 | 176,033,910 | 161,330,267 | 156,992,265 | 128,552,869 | 128,914,149 | 138,523,216 | 142,638,333 | 9.4% |
| Auto dealers and supplies | 142,801,257 | 135,786,343 | 151,255,629 | 138,744,763 | 138,537,249 | 119,665,344 | 121,521,485 | 137,163,808 | 145,887,947 | 156,434,840 | 10.3% |
| Other retail stores | 154,264,943 | 168,812,857 | 179,570,314 | 200,055,193 | 199,686,795 | 222,591,059 | 215,867,314 | 205,612,974 | 210,573,040 | 231,554,778 | 15.2% |
| Utilities | 157,313,200 | 170,603,371 | 187,935,629 | 204,728,857 | 185,146,431 | 186,111,405 | 209,678,211 | 233,629,333 | 215,875,798 | 225,969,757 | 14.8% |
| All other outlets | 172,737,486 | 171,904,229 | 197,938,800 | 199,125,770 | 204,417,996 | 186,202,664 | 197,478,109 | 178,453,889 | 181,937,413 | 189,488,275 | 12.4% |
| Total | \$ 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 | \$ 1,474,105,174 | \$ 1,524,864,344 | 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%

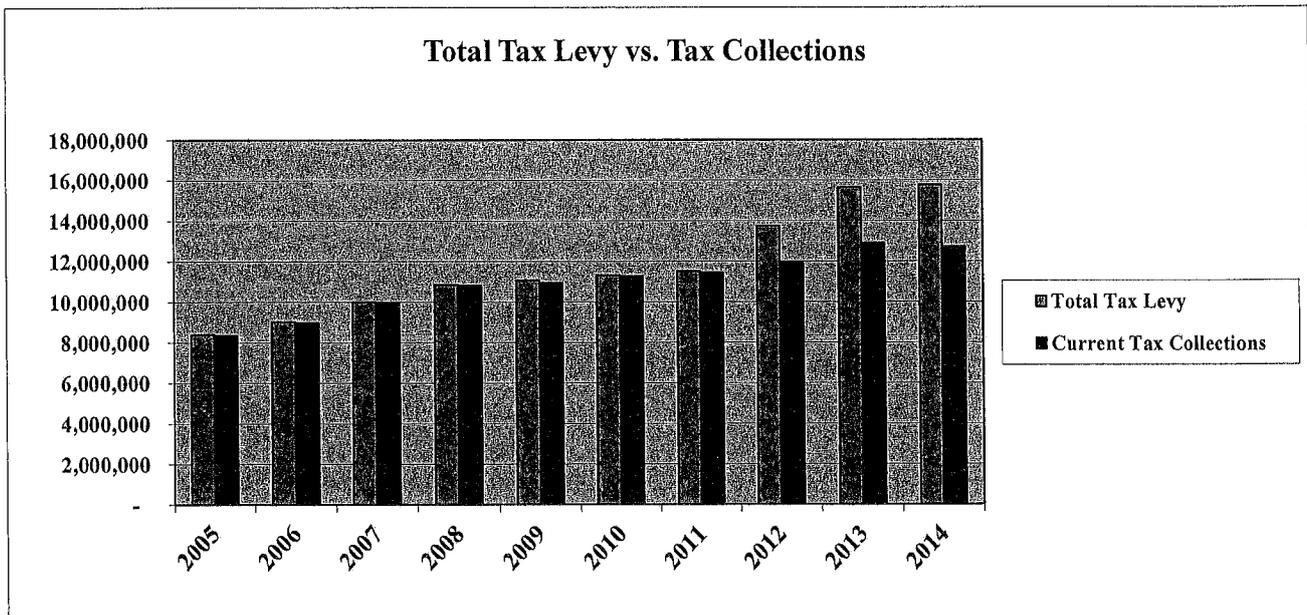
3.50%

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 |
|-------------|-----------------------|--------------------------------|---------------------------------------|----------------------------|-----------------------|--|--|---|
| 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% |
| 2013 | 15,638,844 | 12,897,509 | 82.5% | 4,823 | 12,902,332 | 82.5% | 5,261,512 | 33.6% |
| 2014 | 15,764,500 | 12,719,454 | 80.7% | (39) | 12,719,415 | 80.7% | 8,306,597 | 52.7% |

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



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

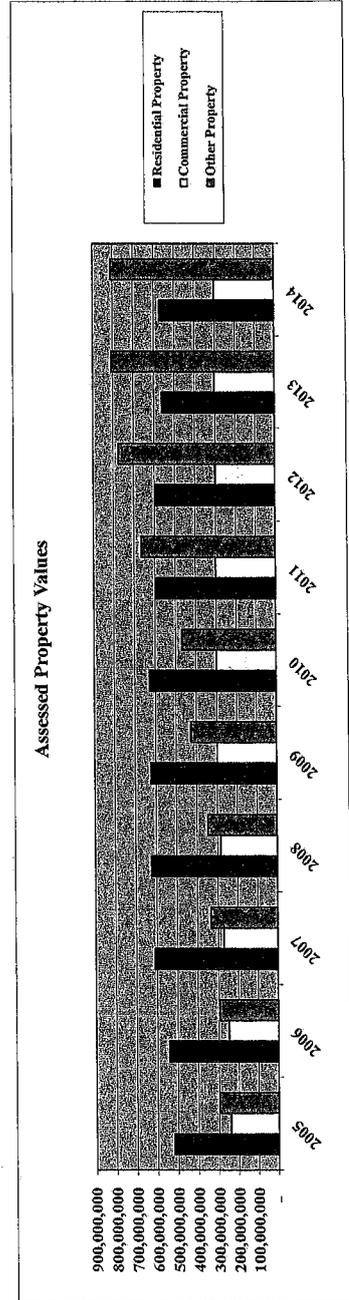
| Fiscal Year | (1) Assessed Property Values | | | | Less: Tax Exempt Property | Total Taxable Assessed Value | Total Direct Tax Rate | (2) | | Assessed Value as a Percentage of Actual Value |
|-------------|---------------------------------|---------------------|----------------|---------------|------------------------------|------------------------------|-----------------------|---------------------------------|----------------|--|
| | Residential Property | Commercial Property | Other Property | Property | | | | Estimated Actual Property Value | Property Value | |
| 2005 | 521,390,360 | 239,482,440 | 298,050,730 | (461,517,480) | 597,406,050 | 15.441% | 7,987,985,837 | 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 | 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 | 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 | 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 | 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 | 10,024,831,899 | 7.800% | |
| 2011 | 592,630,631 | 301,583,023 | 664,907,749 | (608,178,821) | 950,942,582 | 15.633% | 9,594,209,379 | 9,594,209,379 | 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 | 9,571,359,504 | 11.093% | |
| 2013 | 558,332,627 | 303,331,362 | 806,240,212 | (611,072,756) | 1,056,831,445 | 15.633% | 9,125,979,829 | 9,125,979,829 | 11.580% | |
| 2014 | 569,105,609 | 303,057,840 | 809,070,316 | (624,842,447) | 1,056,391,318 | 15.633% | 9,196,208,127 | 9,196,208,127 | 11.487% | |

(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.

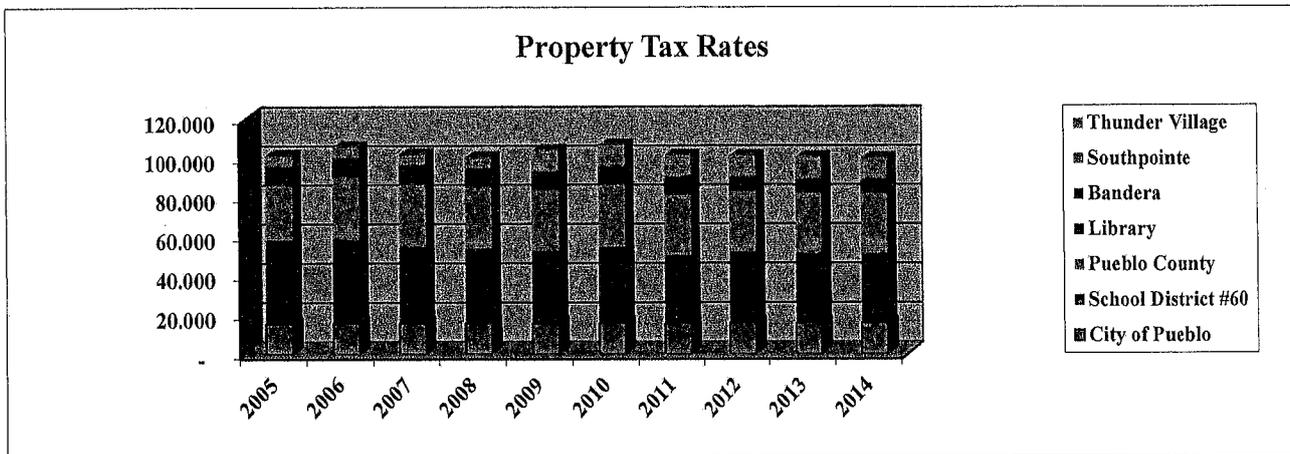
NOTE 1: Property in Pueblo County assesses property at approximately 29 percent of actual value for commercial and industrial property and eight percent for residential property. Tax rates are per \$1,000 of assessed value.

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 |
| 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 |
| 2013 | 15.633 | 35.573 | 30.750 | 5.258 | 3.000 | 5.000 | 5.000 |
| 2014 | 15.633 | 35.347 | 30.469 | 5.262 | 3.000 | 5.000 | 5.000 |



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, 2014 and Nine Years Prior**

| Current Year | | | | | Nine Years Prior | |
|--------------|--|-------------------------|-------------------------|--|------------------|-------------------------|
| Rank | Taxpayer | Type of Business | 2014 Assessed Valuation | Percentage of Total Assessed Valuation | Rank | 2005 Assessed Valuation |
| 1 | Public Service Co. of Colorado | Natural gas utility | \$ 233,540,013 | 22.1% | 3 | \$ 4,210,860 |
| 2 | Black Hills Colorado Electric | Electric utility | 50,108,261 | 4.7% | 4 | \$ 4,177,470 |
| 3 | Intermountain Rural Electric | Electric utility | 48,276,500 | 4.6% | | |
| 4 | Black Hills Colorado IPP, LLC | Electric utility | 40,149,600 | 3.8% | | |
| 5 | Vestas Towers America, Inc. | Wind tower manufacturer | 35,346,114 | 3.3% | | |
| 6 | Holy Cross Electric Assn., Inc. | Electric utility | 17,461,700 | 1.7% | | |
| 7 | Qwest Corporation | Telecommunications | 11,112,300 | 1.1% | 1 | 12,650,000 |
| 8 | Comcast of Colorado IV, LLC | Communications | 6,580,527 | 0.6% | | |
| 9 | Parkview Medical Center, Inc. | Hospital | 6,153,027 | 0.6% | 2 | 4,389,910 |
| 10 | Colorado Natural Gas, Inc. | Natural gas utility | 5,039,000 | 0.5% | | |
| | Renaissance Partners I LLC | Sports/entertainment | | | 5 | 3,872,170 |
| | Standard Sales Company LP | Distribution Center | | | 6 | 2,385,160 |
| | Sam's Real Estate Business | Retail | | | 7 | 2,335,750 |
| | Walmart Real Estate Business | Retail | | | 8 | 2,325,990 |
| | Cole WM Pueblo, LLC | Retail | | | 9 | 2,237,060 |
| | Eagleridge Associates LLC | Retail | | | 10 | 1,938,780 |
| | Total 2014 property tax valuation for City of Pueblo | | 1,056,391,318 | | | |

Note: Ranking based upon 2014 collections of tax amounts due calculated on 2013 assessed valuation

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

**CITY OF PUEBLO, COLORADO
 PRINCIPAL SALES TAXPAYERS
 December 31, 2014 and Nine Years Prior**

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

Percentage of Sales & Use Tax by Industry Code

| | <u>2014</u> | <u>2005</u> |
|----------------------------|-------------|-------------|
| General Merchandise Stores | 17% | 21% |
| Utilities | 15% | 12% |
| Restaurants | 13% | 11% |
| Auto Sales | 10% | 11% |
| All other | 45% | 45% |
| | 100% | 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 | Improvement Revenue Bonds | Certificates of Participation | Capital Leases | Notes Payable | Revenue Bonds | Certificates of Participation | Capital Leases | Notes Payable | | | | |
| 2005 | 10,063,645 | - | 1,899,000 | 345,460 | 72,643 | - | 3,205,916 | 113,622 | 7,677,214 | 23,377,500 | 0.60% | 224 | |
| 2006 | 8,078,280 | - | 338,160 | 612,382 | 60,546 | - | 2,605,279 | 63,446 | 7,314,511 | 19,072,604 | 0.48% | 181 | |
| 2007 | 7,382,926 | - | 277,200 | 5,335,056 | 48,449 | - | 1,966,197 | 307,084 | 6,951,808 | 22,268,720 | 0.54% | 214 | |
| 2008 | 6,677,561 | - | 20,687,109 | 4,705,961 | 36,352 | - | 669,168 | 476,902 | 6,589,105 | 39,842,158 | 0.90% | 381 | |
| 2009 | 5,947,186 | - | 19,800,325 | 4,146,905 | 24,255 | - | 457,540 | 365,314 | 7,726,402 | 38,467,927 | 0.82% | 363 | |
| 2010 | 5,186,821 | - | 19,139,642 | 3,657,658 | 12,158 | - | 234,512 | 220,684 | 32,291,438 | 60,742,913 | 1.26% | 570 | |
| 2011 | 4,401,456 | - | 18,450,359 | 3,512,242 | - | - | - | 2,064,742 | 30,799,208 | 59,228,007 | 1.20% | 552 | |
| 2012 | 3,653,433 | - | 17,805,716 | 4,043,444 | - | - | - | 3,011,827 | 29,301,395 | 57,815,815 | 1.07% | 535 | |
| 2013 | 2,785,621 | - | 17,131,073 | 5,441,191 | - | - | - | 2,593,373 | 28,412,296 | 56,363,554 | 1.01% | 522 | |
| 2014 | 1,887,809 | - | 20,621,430 | 4,269,151 | - | - | - | 2,215,303 | 30,768,525 | 59,762,218 | 1.07% | 551 | |

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 | | | | | |
| 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 | |
| 2013 | 2,785,621 | - | 2,785,621 | - | 2,785,621 | 0.03% | 25.78 | |
| 2014 | 1,887,809 | - | 1,887,809 | - | 1,887,809 | 0.02% | 17.41 | |

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

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

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

CITY OF PUEBLO, COLORADO
COMPUTATION OF DIRECT AND OVERLAPPING GOVERNMENTAL
ACTIVITIES DEBT
December 31, 2014

| Jurisdiction | Net Debt Outstanding | Percentage Applicable to City of Pueblo | Amount Applicable to City of Pueblo |
|---------------------------------------|----------------------------|---|---|
| Direct debt | \$ 26,778,390 | 100% | \$ 26,778,390 |
| Total direct debt | <u>\$ 26,778,390</u> | | <u>\$ 26,778,390</u> |
| Overlapping entities: | | | |
| Pueblo County Debt | \$ 99,520,000 | 87.1% | \$ 86,681,920 |
| School District #60 Debt | 57,790,000 | 100.0% | 57,790,000 |
| Total overlapping debt | <u>\$ 157,310,000</u> | | <u>\$ 144,471,920</u> |
| Total direct and overlapping debt | <u>\$ 184,088,390</u> | | <u>\$ 171,250,310</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 2014

| | |
|---|------------------|
| Assessed value - 2013 for 2014 taxes | \$ 1,056,391,318 |
| Debt limitation - Ten percent of total assessed value | 105,639,132 |
| Total applicable debt | \$ 1,870,000 |
| Less amount available for repayment of general obligation bonds | - |
| Total net debt applicable to limitation | 1,870,000 |
| Legal debt margin | \$ 103,769,132 |

| | Fiscal Year | | | | | | | | | |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|----------------|----------------|
| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
| Debt limit | \$ 58,750,939 | \$ 64,149,335 | \$ 70,019,062 | \$ 71,669,549 | \$ 72,402,247 | \$ 78,196,190 | \$ 95,094,258 | \$ 106,175,736 | \$ 105,683,145 | \$ 105,639,132 |
| Total net debt applicable to limit | 10,582,995 | 8,119,856 | 7,420,000 | 6,710,000 | 5,975,000 | 5,210,000 | 4,420,000 | 3,600,000 | 2,750,000 | 1,870,000 |
| Legal debt margin | \$ 48,167,944 | \$ 56,029,479 | \$ 62,599,062 | \$ 64,959,549 | \$ 66,427,247 | \$ 72,986,190 | \$ 90,674,258 | \$ 102,575,736 | \$ 102,933,145 | \$ 103,769,132 |
| Total net debt applicable to the limit as a percentage of debt limit | 18.01% | 12.66% | 10.60% | 9.36% | 8.25% | 6.66% | 4.65% | 3.39% | 2.60% | 1.77% |

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

| Fiscal Year | Wastewater Revenue Bonds/Note Payable | | | | Debt Service | | Coverage |
|-------------|---|--------------------------|-----------------------|-----------|--------------|------|----------|
| | Wastewater Enterprise Operating Revenue | Less: Operating Expenses | Net Available Revenue | Principal | Interest | | |
| 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 | |
| 2013 | 14,355,943 | 11,841,284 | 2,514,659 | 1,463,362 | 487,356 | 1.29 | |
| 2014 | 15,256,778 | 11,933,996 | 3,322,782 | 1,491,465 | 470,921 | 1.69 | |

(1) Wastewater Revenue Bonds were retired early. The debt was refunded by a note payable to the Colorado Water Resources and Power Development Authority Water Pollution Control Revolving Fund (WPRF) Loan Program.

CITY OF PUEBLO, COLORADO
DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Calendar Years

| Fiscal Year | (1) Population | (2) Personal Income (in thousands) | (3) Per Capita Income | (4) Median Age | (5) Percentage of High School Graduates | | (6) School Enrollment | (7) Unemployment Rate |
|-------------|-------------------|--|--------------------------|-------------------|--|-----------|--------------------------|--------------------------|
| | | | | | High School | Graduates | | |
| 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% | |
| 2013 | 108,073 | 5,554,502 | 34,423 | 38.0 | 84.7 | 18,564 | 10.5% | |
| 2014 | 108,423 | 5,566,811 | 3,437 | 37.4 | 85.7 | 18,518 | 8.1% | |

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 | 2014 | | | 2005 | | |
|--|-----------|------|-------------------------------------|-----------|------|-------------------------------------|
| | Employees | Rank | Percentage of Total City Employment | Employees | Rank | Percentage of Total City Employment |
| Parkview Hospital Medical Center | 1,960 | 1 | 4.4% | 1,950 | 2 | 4.5% |
| Pueblo City Schools (School District No. 60) | 1,800 | 2 | 4.1% | 2,400 | 1 | 5.5% |
| Evrax Inc. (Rocky Mountain Steel) | 1,218 | 3 | 2.7% | 800 | 10 | 1.8% |
| St. Mary Corwin Hospital | 1,200 | 4 | 2.7% | 1,230 | 3 | 2.8% |
| Walmart | 1,200 | 5 | 2.7% | 850 | 8 | 2.0% |
| School District No. 70 | 1,101 | 6 | 2.5% | 835 | 9 | 1.9% |
| Pueblo County | 1,100 | 7 | 2.5% | 1,025 | 6 | 2.4% |
| Colorado Mental Health Institute | 1,000 | 8 | 2.3% | 1,050 | 5 | 2.4% |
| City of Pueblo | 620 | 9 | 1.4% | | | |
| Express Scripts | 600 | 10 | 1.4% | | | |
| Convergys | | | | 1,100 | 4 | 2.5% |
| TRANE Co.* | | | | 980 | 7 | 2.3% |
| Total | 11,799 | | 26.6% | 12,220 | | 28.2% |
| City of Pueblo resident employment | 44,440 | | | 43,385 | | |

*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

| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|----------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| 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 | 9.00 | 10.00 | 9.00 | 9.00 | 9.00 | 9.00 | 9.00 | 9.00 | 9.00 | 10.00 |
| City clerk's office | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 |
| Human resources | 5.75 | 5.75 | 5.75 | 6.00 | 6.00 | 6.00 | 6.00 | 7.00 | 7.00 | 7.00 |
| Finance | 19.00 | 19.00 | 18.00 | 18.00 | 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 | 6.00 | 6.00 |
| Information technology | 14.75 | 14.50 | 14.50 | 14.75 | 14.75 | 15.75 | 15.75 | 15.75 | 15.75 | 15.75 |
| Planning/comm dev | 9.00 | 11.00 | 11.00 | 13.00 | 16.00 | 16.00 | 16.00 | 16.00 | 12.00 | 12.00 |
| Land use | 5.00 | 6.00 | 7.00 | 3.00 | - | - | - | - | - | - |
| Purchasing | 2.75 | 3.00 | 3.00 | 3.00 | 3.00 | 2.00 | 2.00 | 2.00 | 2.00 | 3.00 |
| Housing/comm svcs | 6.00 | 5.00 | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 |
| Fleet maintenance | 14.00 | 11.00 | 11.00 | 11.00 | 11.00 | 11.00 | 11.00 | 11.00 | 11.00 | 11.00 |
| Police | 253.00 | 251.00 | 251.00 | 264.00 | 264.00 | 266.00 | 266.00 | 268.00 | 271.00 | 271.00 |
| Fire | 143.00 | 143.00 | 137.00 | 137.00 | 137.00 | 143.00 | 143.00 | 143.00 | 140.00 | 140.00 |
| Public works | 77.00 | 77.00 | 76.00 | 76.00 | 78.00 | 75.00 | 75.00 | 74.00 | 74.00 | 74.00 |
| Parks and recreation | 39.75 | 36.75 | 35.75 | 36.75 | 38.75 | 37.75 | 37.75 | 38.00 | 38.00 | 38.00 |
| Business-type activities: | | | | | | | | | | |
| Wastewater utility | 49.50 | 47.50 | 47.50 | 48.50 | 48.50 | 49.50 | 50.50 | 51.50 | 52.50 | 52.50 |
| Stormwater utility | 17.50 | 17.50 | 17.50 | 17.50 | 17.50 | 17.50 | 18.50 | 18.50 | 19.50 | 19.50 |
| Memorial airport | 12.00 | 12.00 | 11.00 | 11.00 | 11.00 | 11.00 | 11.00 | 11.00 | 12.00 | 12.00 |
| Parking facilities | 3.00 | 3.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 |
| Honor Farm properties | - | - | - | - | 1.00 | 1.00 | 1.00 | 2.00 | 1.00 | 1.00 |
| Total | 693.00 | 686.00 | 674.00 | 687.50 | 694.50 | 703.50 | 705.50 | 709.75 | 707.75 | 709.75 |

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

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

| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|--|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Police | | | | | | | | | | |
| Number of arrests | 6,410 | 8,048 | 8,897 | 8,682 | 4,328 | 3,833 | 3,739 | 3,671 | 3,758 | 3,981 |
| Number of traffic violations | 11,219 | 7,446 | 7,304 | 9,391 | 4,904 | 8,405 | 5,832 | 7,102 | 7,498 | 6,798 |
| Number of parking violations | 10,889 | 4,782 | 10,094 | 12,113 | 9,498 | 11,527 | 10,015 | 9,576 | 8,545 | 7,804 |
| Fire | | | | | | | | | | |
| Number of fire calls answered | 2,867 | 3,127 | 4,182 | 4,621 | 5,434 | 4,667 | 4,698 | 4,797 | 5,246 | 5,708 |
| Number of medical responses | 9,173 | 9,432 | 9,791 | 9,875 | 9,236 | 10,790 | 11,656 | 11,894 | 12,921 | 14,113 |
| Number of inspections | 1,585 | 1,536 | 1,310 | 1,274 | 3,550 | 3,433 | 2,716 | 3,924 | 2,869 | 1,540 |
| Parks and recreation | | | | | | | | | | |
| Aquatics participants | 54,954 | 52,814 | 51,916 | - | - | 51,630 | 54,013 | 45,449 | 34,381 | 40,093 |
| Adult athletics participants | 1,817 | 1,692 | 1,260 | 838 | 828 | 1,070 | 725 | 1,290 | 825 | 735 |
| Youth athletics participants | 5,344 | 3,733 | 4,194 | 3,419 | 3,568 | 2,411 | 2,047 | 1,764 | 1,581 | 1,883 |
| Playground/Open gym participants | 24,084 | 27,762 | 27,836 | 26,795 | 11,298 | 6,345 | 500 | 639 | 116 | 139 |
| Tennis participants | 3,683 | 3,257 | 3,328 | 3,002 | 3,170 | 2,958 | 3,095 | 152 | 1,025 | 892 |
| Elmwood golf course | | | | | | | | | | |
| Golf rounds played | 68,702 | 67,603 | 65,155 | 72,643 | 64,664 | 62,476 | 64,059 | 64,398 | 26,898 | 25,078 |
| Walkingstick golf course | | | | | | | | | | |
| Golf rounds played | 29,530 | 32,599 | 32,708 | 32,266 | 32,403 | 30,997 | 28,040 | 30,798 | 27,714 | 25,388 |
| Wastewater utility | | | | | | | | | | |
| Number of sanitary sewer service connections | 36,426 | 37,190 | 37,260 | 37,485 | 37,537 | 37,537 | 37,976 | 37,595 | 37,595 | 37,524 |
| Daily average wastewater treatment in gallons | 10,025,000 | 10,890,000 | 11,796,000 | 11,300,000 | 10,600,000 | 10,600,000 | 10,200,000 | 10,136,000 | 10,136,000 | 10,136,000 |
| 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 | 17,320,000 | 17,320,000 | 17,320,000 |
| Memorial airport | | | | | | | | | | |
| Enplanements | 2,799 | 4,312 | 4,308 | 3,964 | 5,114 | 9,973 | 21,197 | 9,417 | 6,182 | 6,386 |
| Air traffic control tower operations | 113,057 | 106,133 | 154,031 | 151,332 | 159,923 | 182,119 | 156,466 | 165,876 | 146,807 | 142,524 |
| Pueblo Transit | | | | | | | | | | |
| Ridership | 973,968 | 978,577 | 976,042 | 1,162,352 | 904,626 | 951,080 | 1,046,480 | 1,094,391 | 995,589 | 1,009,852 |
| Number of days service operated | 308 | 307 | 307 | 307 | 307 | 307 | 307 | 307 | 307 | 307 |
| Parking facilities | | | | | | | | | | |
| Parking permits sold | 4,055 | 5,327 | 6,079 | 7,433 | 6,040 | 5,545 | 5,561 | 5,498 | 5,020 | 4,317 |

* 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

| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|------------------------------------|-------|-------|-------|-------|------|------|------|------|------|------|
| Police | | | | | | | | | | |
| Number of stations | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Number of patrol units | 114 | 101 | 97 | 97 | 97 | 91 | 98 | 97 | 102 | 73 |
| Number of other police vehicles | 86 | 108 | 123 | 123 | 123 | 111 | 106 | 106 | 96 | 125 |
| Fire | | | | | | | | | | |
| Number of stations | 10 | 10 | 10 | 10 | 10 | 11 | 11 | 11 | 12 | 10 |
| Public Works | | | | | | | | | | |
| Miles of paved streets maintained | 468 | 474 | 477 | 479 | 479 | 479 | 479 | 479 | 491 | 492 |
| Miles of gravel streets maintained | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 |
| Miles of alleys maintained | 102 | 102 | 102 | 102 | 102 | 102 | 102 | 102 | 102 | 102 |
| Parks and recreation | | | | | | | | | | |
| Number of parks | 86 | 86 | 84 | 80 | 56 | 56 | 127 | 127 | 127 | 127 |
| Number of acres of parks | 3,341 | 3,341 | 3,331 | 3,308 | 550 | 550 | 835 | 3950 | 3406 | 3406 |
| Number of playgrounds | 43 | 43 | 43 | 43 | 46 | 46 | 46 | 47 | 47 | 47 |
| Number of acres of playgrounds | 22 | 22 | 22 | 22 | 24 | 24 | 24 | 24 | 24 | 24 |
| Number of swimming pools | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| Number of tennis courts | 38 | 38 | 38 | 21 | 21 | 21 | 21 | 27 | 27 | 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 | 456 | 467 | 471 | 480 | 472 | 468 | 466 | 467 | 467 | 468 |
| Number of treatment plants | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Stormwater utility | | | | | | | | | | |
| Miles of storm sewers | 110 | 113 | 114 | 114 | 115 | 116 | 116 | 117 | 118 | 118 |
| Pueblo Transit | | | | | | | | | | |
| Vehicles used in maximum service: | | | | | | | | | | |
| Fixed Route | 11 | 11 | 11 | 12 | 12 | 14 | 14 | 14 | 14 | 14 |
| Citi-Lift | 8 | 11 | 13 | 11 | 11 | 11 | 11 | 11 | 11 | 11 |

Sources: Various city departments.

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

GOVERNMENT AUDITING STANDARDS

AND

OMB CIRCULAR A-133 SECTION

**CITY OF PUEBLO, COLORADO
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 YEAR ENDED DECEMBER 31, 2014**

SUMMARY OF INDEPENDENT AUDITORS' RESULTS

FINANCIAL STATEMENTS

An unmodified opinion was rendered on the basic financial statements as of and for the year ended December 31, 2014.

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? Yes X No

FEDERAL AWARDS

Internal control over major programs:

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

An unmodified opinion was issued on compliance for major programs.

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

Identification of major programs:

| <u>CFDA Number(s)</u> | <u>Name of Federal Program or Cluster</u> |
|-----------------------|--|
| 14.239 | Home Investments Partnership Program |
| 20.106 | Airport Improvement Program |
| 20.505 | Federal Transit Technical Studies Grant |
| 97.083 | Staffing for Emergency Fire and Emergency Response Grant |

Dollar threshold used to distinguish between type A and type B programs \$ 300,000

Auditee qualified as a low-risk auditee? X Yes No

CITY OF PUEBLO, COLORADO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Cont'd.)
YEAR ENDED DECEMBER 31, 2014

FINANCIAL STATEMENT FINDINGS

Finding 2015-001 Internal Control Over Financial Reporting

Criteria:

City Council and management are responsible for establishing and maintaining internal control. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of the controls. The objectives of internal control are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization, and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles.

Condition:

The City's internal controls over financial reporting are considered deficient in certain aspects because of the lack of appropriate subsidiary records and the material misstatement as reported below.

Context/Effect Cause

- During the years ended December 31, 2013 and 2014, the City initiated and, for the most part, completed a conversion to new financial reporting software. As a result of this conversion, City personnel were unable to provide accurate subsidiary records to support the amounts recorded as receivables of the municipal court in either the general fund or the excess court fines fund. As a result of this circumstance, City personnel discovered that appropriate subsidiary records could have been produced by the new accounting software if requested and prepared at December 31, 2014. In other words, it was not possible to recreate the subsidiary records at December 31, 2014 when the problem was discovered in March, 2015, even though significant efforts to do so were undertaken by City personnel with the assistance of the provider of the new accounting software.
- At December 31, 2014, City personnel recorded a receivable and related deferred inflows of resources totaling \$148,343 that was determined to represent ineligible grant-related expenditures that were not reimbursable by the grantor.
- In late 2013, the City entered into an agreement with Pueblo Urban Renewal Authority (PURA) whereby the City may, at its discretion, provide financial assistance to PURA in meeting its debt service obligation with respect to an infrastructure project loan in one of PURA's tax increment financing districts. The agreement with PURA provides that any funds advanced to PURA under this provision of the agreement are to be repaid by PURA. During 2014, the City advanced \$204,667 to PURA but the City did not report the amount advanced to PURA as a receivable.

Recommendation

We suggest City personnel review relevant aspects of the financial reporting system produced by the new accounting software to insure that appropriate subsidiary records are periodically prepared and reviewed, particularly at year end. We also recommend that City personnel continually review year end grant receivable/revenue accruals to insure that the receivables recorded represent valid reimbursable expenditures and be cognizant of the need to record appropriate receivables or payables, as the case may be, based on outstanding agreements with outside parties.

Auditee's Response

We, at the City of Pueblo, agree with the findings noted above. We also agree with the auditors' suggestions and have taken the necessary steps to implement those suggestions.

FEDERAL AWARD FINDINGS

No findings or questioned costs for federal awards were noted.



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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, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated September 25, 2015. Our report includes a reference to other auditors who audited the financial statements of Pueblo Urban Renewal Authority (a discretely-presented component unit of the City of Pueblo, Colorado), as described in our report on the City of Pueblo, Colorado's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance or other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control (2015-001) described in the accompanying schedule of findings and questioned costs that we consider to be material weaknesses.

Compliance and Other Matters

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

City of Pueblo, Colorado's Response to Findings

The City of Pueblo, Colorado's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City of Pueblo, Colorado's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

McPherson, Breyfogle, Davich & Goodrich, PC

September 25, 2015



McPherson,
Breyfogle,
Daveline &
Goodrich, PC
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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, 2014. The City of Pueblo, Colorado's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Pueblo, Colorado's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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, 2014.

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, 2014, and have issued our report thereon dated September 25, 2015, 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 expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

McPherson, Bryfogle, Downing & Goodrich, PC

September 25, 2015

CITY OF PUEBLO, COLORADO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2014

| <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 | 14.218 | - | \$ 1,709,538 |
| Home investments partnership program | 14.239 | - | <u>403,220</u> |
| TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT | | | <u>2,112,758</u> |
| <u>U.S. DEPARTMENT OF INTERIOR</u> | | | |
| Passed through Colorado Division of Wildlife - Sportfish restoration program | 15.605 | 13-FIF-52188 | 100,484 |
| Passed through Colorado Historical Society - Historic preservation grants in aid | 15.904 | CO-13-017 | <u>11,487</u> |
| TOTAL U.S. DEPARTMENT OF INTERIOR | | | <u>111,971</u> |
| <u>U.S. DEPARTMENT OF JUSTICE</u> | | | |
| Direct assistance - | | | |
| Federal treasury/asset forfeiture | 16.111 | - | 255,190 |
| Bullet proof vest partnership program | 16.607 | - | 986 |
| Edward Byrne memorial justice assistance grant program cluster | 16.738 | - | <u>83,099</u> |
| TOTAL U.S. DEPARTMENT OF JUSTICE | | | <u>339,275</u> |
| <u>U.S. DEPARTMENT OF TRANSPORTATION</u> | | | |
| Direct assistance - | | | |
| Airport improvement program | 20.106 | - | 3,189,867 |
| Federal transit formula grant (urbanized area formula program) | 20.507 | - | 1,965,853 |
| Passed through Colorado Department of Transportation - | | | |
| Highway planning and construction | 20.205 | various | 566,473 |
| State and community highway safety | 20.600 | various | 25,164 |
| National priorities safety program | 20.616 | PO41101208 | 3,625 |
| Passed through Pueblo Area Council of Governments - | | | |
| Federal transit technical studies grant | 20.505 | not available | <u>365,535</u> |
| TOTAL U.S. DEPARTMENT OF TRANSPORTATION | | | <u>6,116,517</u> |

CITY OF PUEBLO, COLORADO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Cont'd.)
YEAR ENDED DECEMBER 31, 2013

| <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 Crossroads Turning Point – Substance abuse and mental health services | 93.243 | not available | _____ 26,699 |
| TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES | | | _____ 26,699 |
| <u>U.S. DEPARTMENT OF HOMELAND SECURITY</u> | | | |
| Direct assistance – | | | |
| Assistance to firefighters grant | 97.044 | - | 35,013 |
| Staffing for adequate fire and emergency response grant | 97.083 | - | _____ 357,241 |
| TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY | | | _____ 392,254 |
| TOTAL EXPENDITURES OF FEDERAL AWARDS | | | _____ \$ 9,099,474 |

CITY OF PUEBLO, COLORADO
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2014

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 | \$ 231,634 |
| 14.239 | Home Investment Partnership Program | 164,063 |
| 16.738 | Edward Byrne Memorial Justice Assistance Grant Program Cluster | 21,985 |