

**PUEBLO URBAN RENEWAL AUTHORITY**

**ANNUAL FINANCIAL REPORT**

**DECEMBER 31, 2012**

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503 N. Main Street, Suite 740  
Pueblo, Colorado 81003  
Phone (719) 543-0516  
Fax (719) 544-2849

## INDEPENDENT AUDITORS' REPORT

Board of Commissioners  
Pueblo Urban Renewal Authority  
Pueblo, Colorado

We have audited the accompanying financial statements of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of Pueblo Urban Renewal Authority (the Authority) as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

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

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

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

## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Pueblo Urban Renewal Authority as of December 31, 2012, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages i through ix and 36 through 40 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The combining and individual nonmajor fund financial statements and schedules on pages 41 to 52 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 on pages 41 to 52 are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules on pages 41 to 52 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*McPherson, Bryfogle, Durkin & Goodrich, PC*

## PUEBLO URBAN RENEWAL AUTHORITY

### MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion and analysis of the Pueblo Urban Renewal Authority's financial performance gives an overview of the Authority's financial activities for the year ended December 31, 2012. The analysis should be read in conjunction with the Authority's financial statements that begin on page 3.

#### FINANCIAL HIGHLIGHTS

- The Authority's governmental activities net position decreased by \$4,376,972 for the year ended December 31, 2012. The decrease was primarily due to bond fund expenditures for the historic Memorial Hall renovation and the Lake Avenue streetscape project. The business-type activities net position increased by \$153,757. The increase was primarily due to an increase in gross revenues generated by the Pueblo Convention Center. The combined primary government net position decreased by \$4,223,215.
- During 2012, the Authority's revenues totaled \$10.2 million, of which \$8.4 million was for governmental activities. The revenue in governmental activities is primarily derived from property tax increment in the amount of \$5.5 million and vendors' fees in the amount of \$1.6 million. Business-type activities generated \$1.82 million in revenues from charges for services, interest earnings and sales tax increment to fund the regional tourism project.
- During 2012, the governmental activities transferred \$1.145 million to the convention center business activity for operations and maintenance of the facility and debt service. The funds were generated by vendors' fees.
- During 2012, the Authority's expenses totaled \$14.43 million, of which \$11.62 million was for governmental activities and \$2.81 million was for business-type activities.
- The Authority had total bonds payable of \$23,544,000 at December 31, 2012, which is a decrease of \$590,000 from 2011. The balance on the Main Street Parking Garage is \$8.624 million with interest rates ranging from 4.698% to 4.937% and maturing in September, 2029. The balance on the Memorial Hall bonds is \$10 million with interest ranging from 2.25% to 5.25% and maturing in December, 2038. The balance on the Pueblo Convention Center bond A is \$1.03 million with interest ranging from 2.05% to 5% and maturing in December, 2016. The balance on the Pueblo Convention Center bond B is \$3.89 million with interest ranging from 2.25% to 5.5% and maturing in December, 2028.
- In 2012, the Authority was the recipient of two grants from Colorado Creative Industries and the Boettcher Foundation in support of the Pueblo Creative Corridor totaling \$10,500. The Authority also established an account to accept Enterprise Zone and regular contributions for the Memorial Hall Enhancement Fund. In 2012, \$296,425 in private contributions was received for the project.
- The Authority sold its building at 126 Mechanic Street, Pueblo, Colorado to the HARP Foundation in December 2012. The sales price was \$110,000 and net proceeds from the transaction were \$12,181 after the payment of the existing mortgage.
- The Authority reported estimated sales tax increment receivable for the Regional Tourism Project in the amount of \$172,383. The increment was generated for the period May through December of 2012.

## **USING THIS ANNUAL REPORT**

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

### **REPORTING THE AUTHORITY AS A WHOLE**

#### **The Statement of Net Position and the Statement of Activities**

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

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

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

- Governmental activities – The Authority's basic services are reported here. The Authority derives its primary source of revenue from Tax Increment Financing (TIF), which is then used to help stimulate development by using a wide variety of techniques. The Authority currently participates in a multitude of projects, either by offering direct incentives to private developers, utilizing public/private partnerships, or by directly investing in public improvements. The Authority may only operate in City Council approved "project areas" and TIF may only be spent in the project area in which it was collected. Current Authority project areas include: the Expanded Phase 1 Project Area, the Lake Minnequa Project Area, the North Pueblo Project Area, South Santa Fe Project Area, Thunder Village Project Area, Saint Charles Project Area, East Side Project Area and Union Avenue Project Area and the Memorial Hall capital projects fund.
- Business-type activities – The Pueblo Convention Center operations are reported here and include transfers in from the Memorial Hall capital projects fund to subsidize operations and debt service.

## REPORTING THE AUTHORITY'S MOST SIGNIFICANT FUNDS

### Fund Financial Statements

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

#### Governmental Funds

The Authority reports the following major governmental funds:

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

#### Proprietary Fund

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

- Pueblo Convention Center accounts for the operation of the Authority's Convention Center. Activities of the fund include operation and maintenance of the Convention Center, along with accumulation of resources for the payment of principal and interest on the revenue bonds outstanding. The Convention Center is managed by Global Spectrum LP under a management agreement with the Authority. All costs of the Convention Center are financed through charges to users, along with transfers of vendor fee revenues from the Memorial hall fund to subsidize operations and debt service payments. The fund also includes the initial activities of the Regional Tourism Project which was created through an agreement with the State of Colorado.

## THE AUTHORITY AS A WHOLE

The Authority's combined net position decreased in 2012 by \$4,223,215. The combined decrease came from a decrease of \$4,376,972 in governmental activities and an increase of \$153,757 in business-type activities. The table below reports a summary of the Statement of Net Position.

	Governmental Activities		Business-Type Activities		Total	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Current and other assets	\$ 13,510,991	\$ 14,485,946	\$ 996,108	\$ 702,853	\$ 14,507,099	\$ 15,188,799
Restricted assets	10,141,818	13,761,782	-	-	10,141,818	13,761,782
Capital assets	<u>1,142,602</u>	<u>1,416,897</u>	<u>8,477,957</u>	<u>8,828,701</u>	<u>9,620,559</u>	<u>10,245,598</u>
Total Assets	<u>24,795,411</u>	<u>29,664,625</u>	<u>9,474,065</u>	<u>9,531,554</u>	<u>34,269,476</u>	<u>39,196,179</u>
Deferred outflows of resources	<u>171,472</u>	<u>181,812</u>	<u>840,528</u>	<u>893,061</u>	<u>1,012,000</u>	<u>1,074,873</u>
Current liabilities	1,855,611	703,335	309,431	244,845	2,165,042	948,180
Revenue bonds and notes	<u>22,227,145</u>	<u>22,883,561</u>	<u>5,280,032</u>	<u>5,608,397</u>	<u>27,507,177</u>	<u>28,491,958</u>
Total liabilities	<u>24,082,756</u>	<u>23,586,896</u>	<u>5,589,463</u>	<u>5,853,242</u>	<u>29,672,219</u>	<u>29,440,138</u>
Deferred inflows of resources	<u>5,446,427</u>	<u>6,444,869</u>	<u>-</u>	<u>-</u>	<u>5,446,427</u>	<u>6,444,869</u>
Net position –						
Net investment in capital assets	895,761	1,029,958	3,197,925	4,134,228	4,093,686	5,164,186
Restricted for debt service and district projects	9,677,021	14,446,439	-	-	9,677,021	14,446,439
Restricted for regional tourism project	-	-	172,383	-	172,383	-
Unrestricted	<u>(15,135,082)</u>	<u>(15,661,725)</u>	<u>1,354,822</u>	<u>437,145</u>	<u>(13,780,260)</u>	<u>(15,224,580)</u>
Total Net Position	<u>\$ (4,562,300)</u>	<u>\$ (185,328)</u>	<u>\$ 4,725,130</u>	<u>\$ 4,571,373</u>	<u>\$ 162,830</u>	<u>\$ 4,386,045</u>

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

	Governmental Activities		Business-Type Activities		Total	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 128,653	\$ 113,927	\$ 1,648,054	\$ 1,467,028	\$ 1,776,707	\$ 1,580,955
Operating grants and contributions	999,595	797,571	-	-	999,595	797,571
General revenues:						
Property taxes	5,519,317	4,251,741	-	-	5,519,317	4,251,741
Sales tax increment	-	32,979	172,383	79,221	172,383	112,200
Vendors' fee	1,643,817	959,312	-	651,011	1,643,817	1,610,323
Interest earnings	76,018	101,529	244	22,234	76,262	123,763
Miscellaneous	<u>21,081</u>	<u>88,086</u>	-	-	<u>21,081</u>	<u>88,086</u>
Total Revenues	<u>8,388,481</u>	<u>6,345,145</u>	<u>1,820,681</u>	<u>2,219,494</u>	<u>10,209,162</u>	<u>8,564,639</u>
<b>Expenses</b>						
General government	874,613	651,534	-	-	874,613	651,534
Economic development	9,630,883	7,060,230	-	-	9,630,883	7,060,230
Interest on long-term debt	1,114,859	858,478	-	-	1,114,859	858,478
Convention Center	-	-	<u>2,812,022</u>	<u>2,712,098</u>	<u>2,812,022</u>	<u>2,712,098</u>
Total Expenses	<u>11,620,355</u>	<u>8,570,242</u>	<u>2,812,022</u>	<u>2,712,098</u>	<u>14,432,377</u>	<u>11,282,340</u>
Increase (decrease) in net position before transfers	(3,231,874)	(2,225,097)	(991,341)	(492,604)	(4,223,215)	(2,717,701)
Transfers in/(out)	(1,145,098)	3,271,837	1,145,098	(3,271,837)	-	-
Changes in net position	(4,376,972)	1,046,740	153,757	(3,764,441)	(4,223,215)	(2,717,701)
Net position, January 1 (as restated)	<u>(185,328)</u>	<u>(1,232,068)</u>	<u>4,571,373</u>	<u>8,335,814</u>	<u>4,386,045</u>	<u>7,103,746</u>
Net position, December 31	<u>\$ (4,562,300)</u>	<u>\$ (185,328)</u>	<u>\$ 4,725,130</u>	<u>\$ 4,571,373</u>	<u>\$ 162,830</u>	<u>\$ 4,386,045</u>

### Governmental Activities – Change in Net Position

As a whole, the Authority's program revenue for 2012 was \$1,128,248 and the general revenue was \$7,260,233. Expenses totaled \$11,620,355. There was a transfer from the Memorial Hall fund to the Enterprise fund of \$1,145,098 to subsidize the operations and debt service of the convention center. The resulting change in net position for governmental activities was a decrease of \$4,376,972. The following factors contributed to the decrease for the Authority as a whole:

- a. A transfer from the Memorial hall fund to the convention center for the operating subsidy and debt service.
- b. Expenditures in the amount of \$3.4 million towards the historic Memorial hall renovation.
- c. Expenditures in the amount of \$1.7 million on phase 2 of the Lake Avenue Streetscape project.

The governmental activities primary revenue source is from vendors' fees and tax increment financing (TIF). TIF is the difference between property and/or sales taxes after a development is completed and before a development is started. The Authority anticipates future TIF and vendors' fee revenues will be adequate to cover project expenses and debt service.

### Business-Type Activities – Change in Net Position

Revenues from the Authority's business-type activities totaled \$1,820,681. Expenses totaled \$2,812,022. There was also a transfer in from the Memorial Hall fund in the amount of over \$1.145 million for operations and debt service. In addition, \$172,838 in state sales tax increment was recorded in 2012 for the state subsidized Regional Tourism Project. The resulting change in net position for business-type activities was an increase of \$153,757.

### The Authority's Funds

The governmental funds consist of the general fund, two (2) major special revenue funds, one (1) major capital projects fund, one (1) debt service fund, and four (4) non-major special revenue funds. Revenues and expenditures of the TIF project areas and the Memorial Hall project are included in these funds. The fund balances are reported as non-spendable, restricted, committed, assigned or unassigned.

### Capital Assets

At the end of 2012, the Authority had \$9.6 million invested in capital assets. The amount represents a decrease of \$625,039 from 2011. These capital assets include land, buildings, improvements, along with furniture and fixtures. The Authority strives to maintain its assets in good working condition. The decrease in capital assets during 2012 is due to the sale of the 126 Mechanic Street building and related improvements and depreciation.

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Non-depreciable assets --						
Land	\$ 731,694	\$ 731,694	\$ 458,697	\$ 458,697	\$ 1,190,391	\$ 1,190,391
Medal of Honor Memorial	-	-	295,097	295,097	295,097	295,097
Depreciable assets -						
Buildings	389,235	629,554	6,720,708	6,912,371	7,109,943	7,541,925
Improvements	-	27,017	740,212	829,339	740,212	856,356
Fixtures	21,673	28,632	263,243	333,197	284,916	361,829
Totals	<u>\$ 1,142,602</u>	<u>\$ 1,416,897</u>	<u>\$ 8,477,957</u>	<u>\$ 8,828,701</u>	<u>\$ 9,620,559</u>	<u>\$ 10,245,598</u>

## Debt Administration

### *Bonds Payable*

The Authority has outstanding bonds payable of \$23,544,000 which is a decrease of \$590,000 from 2011.

	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Purpose</u>	<u>Issue Amount</u>	<u>Interest Rate</u>	<u>12/31/12 Balance</u>
a.	2011	2038	Historic Memorial Hall	\$10,000,000	2.25% to 5.25% (tax-exempt)	\$10,000,000
b.(1)	2011	2016	Convention Center	\$ 1,590,000	2.05% to 5% (taxable)	\$ 1,030,000
b.(2)	2011	2028	Convention Center	\$ 3,890,000	2.25% to 5.5% (tax-exempt)	\$ 3,890,000
c.	2006	2029	Parking Garage	\$ 9,500,000	4.698% to 4.937% (tax-exempt)	\$ 8,624,000

- a. In 2011, Series 2011B improvement revenue bonds in the amount of \$10 million were issued for the purpose of providing funds for the remodeling and restoring of the historic Memorial Hall which is within the expanded downtown project area. Interest and principal are payable from the proceeds of the pledged revenue which consists of 3.3% of the City of Pueblo's sales and use tax collections.
- b. In conjunction with the issuance of the Series 2011B bonds for the Memorial Hall project, the Series 2005 convention center bonds were refunded. The new bonds consist of Series 2011A taxable revenue refunding bonds in the amount of \$1,590,000 and Series 2011B tax-exempt refunding bonds in the amount of \$3,890,000. Interest and principal are payable from the proceeds of the pledged revenue which consists of 3.3% of the City of Pueblo's sales and use tax collections that is reported as revenue in the Memorial Hall fund and subsequently transferred to the convention center fund.
- c. In 2006, revenue bonds of \$9,500,000 were issued to assist in the financing and construction of a parking garage. The incremental property tax collected from 2007 to 2030 from the expanded project area is pledged to repay the 2006 series bonds. In addition, the Authority has entered into a cooperation agreement with the City to share the debt service and other expenses incurred related to the 2006 bonds in the ratio of 40% to be paid by the City and 60% to be paid by the Authority. In 2008, the Authority converted these bonds to tax-exempt bonds resulting in interest savings of \$2.7 million over the next 21 years. The series 2008 refunded bonds have a balance outstanding of \$8,624,000. The expanded project area TIF is pledged to repay the series 2008 bonds. Any excess TIF that is generated by the expanded project area that is above and beyond the annual debt service payment is returned to the Authority after December 5<sup>th</sup> of each year.

**Bank Note Issue and Other Notes Payable**

- d. A bank note issue of \$3,000,000 (series 2011 bonds) was issued in March 2011 to provide funds for the construction of certain infrastructure and other improvements in the Lake Minnequa project area. Interest and principal on this note is payable from the pledged incremental property taxes generated in the Lake Minnequa project area. The interest rate is 4.5% and the balance at December 31, 2012 was \$3,000,000.
- e. In 2011, the Authority also executed a note in the amount of \$256,000 to finance new office space at 115 E. Riverwalk, Unit 401, Pueblo, Colorado. The interest rate is 3.276% and the balance at December 31, 2012 was \$246,840.

**Due From/To Primary Government**

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

	Governmental Activities	
	<u>2012</u>	<u>2011</u>
Due from City of Pueblo for Lake Avenue infrastructure costs	<u>\$ 363,402</u>	<u>\$ 496,943</u>
Due to City of Pueblo for –		
Accounts payable for parking garage expenses	\$ 78,207	\$ 72,775
Accounts payable for 1601 study – North Pueblo	<u>236,773</u>	<u>172,595</u>
	<u>\$ 314,980</u>	<u>\$ 245,370</u>

- The parking garage expenses result from a letter of understanding between the City and the Authority whereby the Authority and City share the net costs of the parking facility that is owned by the Main Street Parking Garage Corporation. The City is responsible for 40% of the net costs and the Authority is responsible for 60% of net costs. During 2012, the City of Pueblo contributed \$301,269 to the Authority to cover the annual debt service on the Main Street Parking Garage. In accordance with a cooperation agreement signed in December 2006, the amount represents the City’s 40% cost sharing obligation for debt service.
- The Authority has committed to providing 20% of the total 1601 study costs to the City of Pueblo for planning the Dillon Drive flyover and split diamond exchange in the North Pueblo project area. The agreement with the City provides that the tax increment revenues generated by the North side TIF are pledged for repayment of this obligation. In 2012, the Authority reimbursed the City of Pueblo \$55,000 for the 1601 study.
- During 2012, the Authority entered into a construction and maintenance agreement with the City of Pueblo for the Lake Avenue streetscape project. As part of the agreement, the City agreed to pay for drainage, storm water and sanitary sewer upgrades in the area. The Authority paid for these improvements and the “Due from City of Pueblo” represents those costs which the City has agreed to pay the Authority. In addition, the Agreement assigns the responsibility for maintenance of the improvements to the Authority for the next 21 years ending in 2031.

## **Contingencies and Commitments**

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

- **Thunder Village Metropolitan District (TVMD):** The Authority has entered into an agreement with TVMD which provides that the Authority will reimburse TVMD for the costs of certain public improvements. As of December 31, 2011, the Authority received \$7.05 million in reimbursement requests from TVMD. The Authority will repay the district using future TIF revenues generated in the taxing area until 2032. In 2012 the Authority reimbursed TVMD \$3,325.
- **Vestas:** The Authority entered into a reimbursement agreement with Vestas Towers America, Inc. (Vestas). This agreement provides the Authority will reimburse Vestas for its costs incurred for certain public improvements up to \$12.5 million plus 4.5% interest per annum subject to the collection of the tax increment revenues. The Authority will also pay 50% of the County personal property taxes assessed for a period of 10 years beginning in 2012. In conjunction with the Vestas reimbursement agreement, the Authority also approved a cooperation agreement with the City whereby the Authority will remit to the City of Pueblo an amount equal to the City's proportion of the total mill levy. In addition the Authority has committed to pay \$6,826,000 to the County of Pueblo and the Board of Water Works of Pueblo after Vestas has been paid in full. On November 11, 2010, Vestas submitted a formal reimbursement request in the amount of \$12,500,000. In 2012, the Authority reimbursed Vestas \$2.56 million in principal and \$455,551 in interest during 2012 for a total of \$3.015 million. At December 31, 2012, the principal amount payable to Vestas was \$7.84 million.

## **Budgetary Highlights**

The Authority adopts budgets for all funds and each fund uses the current financial resources measurement and the modified accrual basis of accounting in preparing the budgets. Expenditure estimates in the annual budgets are enacted into law through the passage of a resolution. The board of commissioners may amend the original adopted budget during the year by passing a new resolution to reflect current needs. The level of budgetary control for all funds is at the total fund level which means that total uses cannot exceed total appropriations for that fund. Detailed budget comparison schedules for each fund can be found in the supplementary information section of the audit beginning on page 36.

## **Requests for Information**

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

**BASIC FINANCIAL STATEMENTS**

**PUEBLO URBAN RENEWAL AUTHORITY**  
**(A COMPONENT UNIT OF THE CITY OF PUEBLO, COLORADO)**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2012**

	Governmental <u>Activities</u>	Business-Type <u>Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 391,441	\$ 649,120	\$ 1,040,561
Receivables	12,750,725	279,981	13,030,706
Due from primary government	363,402	-	363,402
Inventories and prepaid items	5,423	67,007	72,430
Restricted assets under debt obligations -			
Cash and cash equivalents	1,921,296	-	1,921,296
Investments	8,220,522	-	8,220,522
Capital assets, net of accumulated depreciation -			
Land and nondepreciable assets	731,694	753,794	1,485,488
Buildings	389,235	6,720,708	7,109,943
Improvements	-	740,212	740,212
Furniture and fixtures	21,673	263,243	284,916
Total capital assets, net	<u>1,142,602</u>	<u>8,477,957</u>	<u>9,620,559</u>
<b>TOTAL ASSETS</b>	<u>24,795,411</u>	<u>9,474,065</u>	<u>34,269,476</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred amounts on refunding	<u>171,472</u>	<u>840,528</u>	<u>1,012,000</u>
<b>LIABILITIES</b>			
Accounts payable and accrued expenses	1,540,631	309,431	1,850,062
Due to primary government	314,980	-	314,980
Long-term liabilities -			
Due within one year	436,155	290,000	726,155
Due in more than one year	<u>21,790,990</u>	<u>4,990,032</u>	<u>26,781,022</u>
<b>TOTAL LIABILITIES</b>	<u>24,082,756</u>	<u>5,589,463</u>	<u>29,672,219</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Property taxes	5,443,927	-	5,443,927
Other deferred revenue	<u>2,500</u>	-	<u>2,500</u>
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>5,446,427</u>	<u>-</u>	<u>5,446,427</u>
<b>NET POSITION</b>			
Net investment in capital assets	895,761	3,197,925	4,093,686
Restricted for debt service and district projects	9,677,021	-	9,677,021
Restricted for regional tourism project	-	172,383	172,383
Unrestricted	<u>(15,135,082)</u>	<u>1,354,822</u>	<u>(13,780,260)</u>
<b>TOTAL NET POSITION</b>	<u>\$ (4,562,300)</u>	<u>\$ 4,725,130</u>	<u>\$ 162,830</u>

The accompanying notes are an integral part of this statement.

**PUEBLO URBAN RENEWAL AUTHORITY  
(A COMPONENT UNIT OF THE CITY OF PUEBLO, COLORADO)  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2012**

<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>
Governmental Activities -				
General government	\$ 874,613	\$ 128,653	\$ 30,000	\$ -
Economic development	9,630,883	-	969,595	-
Interest on long-term debt	1,114,859	-	-	-
Total governmental activities	<u>11,620,355</u>	<u>128,653</u>	<u>999,595</u>	<u>-</u>
Business-Type Activities -				
Convention center	2,812,022	1,648,054	-	-
Total business-type activities	<u>2,812,022</u>	<u>1,648,054</u>	<u>-</u>	<u>-</u>
 TOTAL	 <u>\$ 14,432,377</u>	 <u>\$ 1,776,707</u>	 <u>\$ 999,595</u>	 <u>\$ -</u>

General Revenues

Taxes -

- Property taxes, levied for general purposes
- Property taxes levied for debt service
- Property taxes levied for reimbursement agreements
- Sales tax increment

Vendor's fee

Interest earnings

Other

Transfers

Total general revenues and transfers

Changes 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

<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
\$ (715,960)	\$ -	\$ (715,960)
(8,661,288)	-	(8,661,288)
(1,114,859)	-	(1,114,859)
<u>(10,492,107)</u>	<u>-</u>	<u>(10,492,107)</u>
-	(1,163,968)	(1,163,968)
-	(1,163,968)	(1,163,968)
<u>(10,492,107)</u>	<u>(1,163,968)</u>	<u>(11,656,075)</u>
748,488	-	748,488
533,213	-	533,213
4,237,616	-	4,237,616
-	172,383	172,383
1,643,817	-	1,643,817
76,018	244	76,262
21,081	-	21,081
<u>(1,145,098)</u>	<u>1,145,098</u>	<u>-</u>
<u>6,115,135</u>	<u>1,317,725</u>	<u>7,432,860</u>
(4,376,972)	153,757	(4,223,215)
<u>(185,328)</u>	<u>4,571,373</u>	<u>4,386,045</u>
<u>\$ (4,562,300)</u>	<u>\$ 4,725,130</u>	<u>\$ 162,830</u>

**PUEBLO URBAN RENEWAL AUTHORITY**  
**(A COMPONENT UNIT OF THE CITY OF PUEBLO, COLORADO)**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2012**

	<u>General</u> <u>Fund</u>	<u>Expanded</u> <u>Downtown</u> <u>District</u>	<u>St. Charles</u> <u>District</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 108,383	\$ 170,809	\$ 20
Restricted cash and cash equivalents	-	-	-
Restricted investments	-	404,259	-
Accounts and other receivables	16,143	2,078	-
Property taxes receivable	-	621,900	4,299,852
Notes receivable	57,379	-	-
Advance to other funds	-	23,601	-
Prepaid items	5,423	-	-
	\$ 187,328	\$ 1,222,647	\$ 4,299,872
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 133,461	\$ 81,316	\$ -
Accrued liabilities	11,022	-	-
Advance from other funds	132,681	-	-
	277,164	81,316	-
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Property taxes	-	621,900	4,299,852
Other deferred revenue	2,500	-	-
	2,500	621,900	4,299,852
	279,664	703,216	4,299,852
<b>FUND BALANCES</b>			
Nonspendable	5,423	-	-
Restricted	-	519,431	20
Committed	-	-	-
Assigned	-	-	-
Unassigned	(97,759)	-	-
	(92,336)	519,431	20
	\$ 187,328	\$ 1,222,647	\$ 4,299,872

The accompanying notes are an integral part of this statement.

Lake Minnequa District	Memorial Hall	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
\$ 104,844	\$ -	\$ -	\$ 7,385	\$ 391,441
450,034	1,471,262	-	-	1,921,296
-	7,816,263	-	-	8,220,522
363,402	361,744	-	-	743,367
364,572	-	-	157,603	5,443,927
7,454	-	-	-	64,833
127,681	-	-	-	151,282
-	-	-	-	5,423
<u>\$ 1,417,987</u>	<u>\$ 9,649,269</u>	<u>\$ -</u>	<u>\$ 164,988</u>	<u>\$ 16,942,091</u>
\$ 282,393	\$ 911,481	\$ -	\$ -	\$ 1,408,651
-	-	-	-	11,022
-	-	-	18,601	151,282
<u>282,393</u>	<u>911,481</u>	<u>-</u>	<u>18,601</u>	<u>1,570,955</u>
364,572	-	-	157,603	5,443,927
352,632	-	-	-	355,132
<u>717,204</u>	<u>-</u>	<u>-</u>	<u>157,603</u>	<u>5,799,059</u>
<u>999,597</u>	<u>911,481</u>	<u>-</u>	<u>176,204</u>	<u>7,370,014</u>
-	-	-	-	5,423
418,390	8,737,788	-	1,392	9,677,021
-	-	-	-	-
-	-	-	-	-
-	-	-	(12,608)	(110,367)
<u>418,390</u>	<u>8,737,788</u>	<u>-</u>	<u>(11,216)</u>	<u>9,572,077</u>
<u>\$ 1,417,987</u>	<u>\$ 9,649,269</u>	<u>\$ -</u>	<u>\$ 164,988</u>	<u>\$ 16,942,091</u>

**PUEBLO URBAN RENEWAL AUTHORITY  
(A COMPONENT UNIT OF THE CITY OF PUEBLO, COLORADO)  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
DECEMBER 31, 2012**

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

Total fund balance - governmental funds		\$ 9,572,077
Notes receivable are not financial resources and thus are not reported as assets in the governmental funds		
Note receivable		6,862,000
Deferred outflows of resources reported as deferred amount on refunding are not financial resources and thus are not reported as assets in the governmental funds		171,472
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	\$ 1,166,210	
Accumulated depreciation is	<u>(23,608)</u>	1,142,602
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds balance sheet. Long-term liabilities at year end consist of:		
Revenue bonds payable	(8,624,000)	
Premium on revenue bonds payable	(89,531)	
Revenue improvement bonds payable	(10,000,000)	
Premium on revenue improvement bonds payable	(258,102)	
Bank notes payable	(3,246,841)	
Due to primary government	(236,773)	
Accrued interest payable	(199,165)	
Compensated absences	<u>(8,671)</u>	(22,663,083)
Certain deferred inflows of resources have been recognized as program revenues in the statement of activities but deferred in the governmental funds		<u>352,632</u>
Total net position - governmental activities		<u>\$ (4,562,300)</u>

The accompanying notes are an integral part of this statement.

**PUEBLO URBAN RENEWAL AUTHORITY  
(A COMPONENT UNIT OF THE CITY OF PUEBLO, COLORADO)  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED DECEMBER 31, 2012**

	General Fund	Expanded Downtown District	St. Charles District
<b>REVENUES</b>			
Property taxes	\$ 4,544	\$ 533,213	\$ 4,230,966
Intergovernmental	40,500	301,269	-
Charges for services	128,653	-	-
Vendors fee	-	-	-
Interest	84	68,754	13
Miscellaneous	15,231	100	-
TOTAL REVENUES	189,012	903,336	4,230,979
<b>EXPENDITURES</b>			
Current -			
General government	603,635	89,672	-
Economic development	229,936	35,358	4,128,266
Debt service -			
Principal	140,098	-	-
Interest	13,908	-	-
Capital outlay	6,720	-	-
TOTAL EXPENDITURES	994,297	125,030	4,128,266
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(805,285)</b>	<b>778,306</b>	<b>102,713</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds from sale of capital assets	108,530	-	-
Transfers in	474,165	-	-
Transfers out	-	(753,172)	(102,700)
TOTAL OTHER FINANCING SOURCES (USES)	582,695	(753,172)	(102,700)
<b>NET CHANGE IN FUND BALANCES</b>	<b>(222,590)</b>	<b>25,134</b>	<b>13</b>
<b>FUND BALANCES, January 1</b>	<b>130,254</b>	<b>494,297</b>	<b>7</b>
<b>FUND BALANCES, December 31</b>	<b>\$ (92,336)</b>	<b>\$ 519,431</b>	<b>\$ 20</b>

The accompanying notes are an integral part of this statement.

Lake Minnequa District	Memorial Hall	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
\$ 438,547	\$ -	\$ -	\$ 312,047	\$ 5,519,317
10,769	-	-	-	352,538
-	-	-	-	128,653
-	1,643,817	-	-	1,643,817
314	6,710	-	143	76,018
95	294,425	-	5,655	315,506
<u>449,725</u>	<u>1,944,952</u>	<u>-</u>	<u>317,845</u>	<u>8,035,849</u>
6,773	-	-	718	700,798
1,709,108	3,400,713	-	8,325	9,511,706
-	-	360,000	-	500,098
-	-	1,111,435	-	1,125,343
-	-	-	-	6,720
<u>1,715,881</u>	<u>3,400,713</u>	<u>1,471,435</u>	<u>9,043</u>	<u>11,844,665</u>
<u>(1,266,156)</u>	<u>(1,455,761)</u>	<u>(1,471,435)</u>	<u>308,802</u>	<u>(3,808,816)</u>
-	-	-	-	108,530
-	-	1,471,435	-	1,945,600
<u>(280,000)</u>	<u>(1,673,361)</u>	<u>-</u>	<u>(281,465)</u>	<u>(3,090,698)</u>
<u>(280,000)</u>	<u>(1,673,361)</u>	<u>1,471,435</u>	<u>(281,465)</u>	<u>(1,036,568)</u>
(1,546,156)	(3,129,122)	-	27,337	(4,845,384)
<u>1,964,546</u>	<u>11,866,910</u>	<u>-</u>	<u>(38,553)</u>	<u>14,417,461</u>
<u>\$ 418,390</u>	<u>\$ 8,737,788</u>	<u>\$ -</u>	<u>\$ (11,216)</u>	<u>\$ 9,572,077</u>

**PUEBLO URBAN RENEWAL AUTHORITY  
(A COMPONENT UNIT OF THE CITY OF PUEBLO, COLORADO)  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF  
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2012**

Amounts reported for governmental activities are different because:

Net change in fund balance - governmental funds \$ (4,845,384)

Capital outlays are reported in the governmental funds as an expenditure. However, for governmental activities, these costs are shown in the statement of net position and allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeds capital outlay.

Depreciation expense	\$ (21,309)	
Capital outlay	<u>6,720</u>	(14,589)

In the statement of activities, the disposition of capital assets generates a gain or loss and is reported as such. The gain or loss is not a current financial resource or use and thus is not reported in the funds (259,706)

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

Issuance of obligation to primary government	(119,177)	
Amortization of other related interest costs	4,986	
Interest expense on bonds	5,498	
Principal payments on debt obligations	500,098	
Compensated absences	<u>(1,330)</u>	390,075

Certain deferred inflows of resources have been recognized as program revenues in the statement of activities but deferred in the governmental funds 352,632

Change in net position - governmental activities \$ (4,376,972)

The accompanying notes are an integral part of this statement.

**PUEBLO URBAN RENEWAL AUTHORITY  
(A COMPONENT UNIT OF THE CITY OF PUEBLO, COLORADO)  
STATEMENT OF NET POSITION  
PROPRIETARY FUND  
DECEMBER 31, 2012**

	Business-Type Activity <u>Enterprise Fund</u> <u>Convention Center</u>
<b>CURRENT ASSETS</b>	
Cash and cash equivalents	\$ 649,120
Accounts receivable	107,598
Sales tax increment receivable	172,383
Inventories	20,788
Prepaid expenses	46,219
<b>TOTAL CURRENT ASSETS</b>	<b>996,108</b>
 <b>NONCURRENT ASSETS</b>	
Capital assets -	
Land	458,697
Medal of honor	295,097
Buildings	9,594,393
Improvements	1,262,712
Furniture & fixtures	1,150,409
Accumulated depreciation	(4,283,351)
Total capital assets	8,477,957
<b>TOTAL NONCURRENT ASSETS</b>	<b>8,477,957</b>
<b>TOTAL ASSETS</b>	<b>9,474,065</b>
 <b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred amount on refunding	840,528

The accompanying notes are an integral part of this statement.

	Business-Type Activity <u>Enterprise Fund</u> <u>Convention Center</u>
<b>CURRENT LIABILITIES</b>	
Accounts payable	\$ 95,331
Accrued expenses	109,839
Accrued interest payable	20,376
Deposits	83,885
Current portion of bonds payable	290,000
<b>TOTAL CURRENT LIABILITIES</b>	<u>599,431</u>
<b>NONCURRENT LIABILITIES</b>	
Bonds payable, net of unamortized premium	<u>4,990,032</u>
<b>TOTAL NONCURRENT LIABILITIES</b>	<u>4,990,032</u>
<b>TOTAL LIABILITIES</b>	<u>5,589,463</u>
<b>NET POSITION</b>	
Net investment in capital assets	3,197,925
Restricted for regional tourism project	172,383
Unrestricted	<u>1,354,822</u>
<b>TOTAL NET POSITION</b>	<u>\$ 4,725,130</u>

**PUEBLO URBAN RENEWAL AUTHORITY**  
**(A COMPONENT UNIT OF THE CITY OF PUEBLO, COLORADO)**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUND**  
**YEAR ENDED DECEMBER 31, 2012**

	Business-Type Activity <u>Enterprise Fund</u> <u>Convention Center</u>
OPERATING REVENUES	
Charges for services	\$ 1,648,054
TOTAL OPERATING REVENUES	<u>1,648,054</u>
OPERATING EXPENSES	
Contractual expenses	2,043,135
General administration	128,653
Depreciation	<u>355,746</u>
TOTAL OPERATING EXPENSES	<u>2,527,534</u>
OPERATING INCOME (LOSS)	<u>(879,480)</u>
NONOPERATING REVENUES (EXPENSES)	
Interest revenue	244
Sales tax increment	172,383
Loss on disposal of capital assets	(2,086)
Interest expense	<u>(282,402)</u>
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(111,861)</u>
INCOME (LOSS) BEFORE TRANSFERS	(991,341)
TRANSFERS IN	<u>1,145,098</u>
CHANGE IN NET POSITION	153,757
TOTAL NET POSITION, January 1 (as restated)	<u>4,571,373</u>
TOTAL NET POSITION, December 31	<u>\$ 4,725,130</u>

The accompanying notes are an integral part of this statement.

**PUEBLO URBAN RENEWAL AUTHORITY**  
**(A COMPONENT UNIT OF THE CITY OF PUEBLO, COLORADO)**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND**  
**YEAR ENDED DECEMBER 31, 2012**

	Business-Type Activity <u>Enterprise Fund</u> <u>Convention Center</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash received from customers	\$ 1,702,204
Cash paid for goods and services	<u>(2,115,251)</u>
NET CASH (USED) BY OPERATING ACTIVITIES	<u>(413,047)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Transfers in	<u>1,145,098</u>
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	<u>1,145,098</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Acquisition of capital assets	(7,088)
Interest paid on bonds	(252,858)
Principal paid on bonds	<u>(285,000)</u>
NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(544,946)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest received	244
Maturity of investments	<u>-</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>244</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	187,349
CASH AND CASH EQUIVALENTS, January 1	<u>461,771</u>
CASH AND CASH EQUIVALENTS, December 31	<u>\$ 649,120</u>

The accompanying notes are an integral part of this statement.

**PUEBLO URBAN RENEWAL AUTHORITY**  
**(A COMPONENT UNIT OF THE CITY OF PUEBLO, COLORADO)**  
**STATEMENT OF CASH FLOWS (Cont'd.)**  
**PROPRIETARY FUND**  
**YEAR ENDED DECEMBER 31, 2012**

	Business-Type Activity <u>Enterprise Fund</u> <u>Convention Center</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH (USED) BY OPERATING ACTIVITIES	
Operating income (loss)	\$ (879,480)
Adjustments to reconcile operating income (loss) to net cash (used) by operating activities -	
Depreciation	355,746
Change in assets and liabilities -	
Accounts receivable	73,592
Inventories	1,839
Prepaid expenses	(8,954)
Accounts payable and accrued expenses	63,652
Deposits	<u>(19,442)</u>
NET CASH (USED) BY OPERATING ACTIVITIES	<u>\$ (413,047)</u>

The accompanying notes are an integral part of this statement.

**NOTES TO FINANCIAL STATEMENTS**

**PUEBLO URBAN RENEWAL AUTHORITY  
(A COMPONENT UNIT OF THE CITY OF PUEBLO, COLORADO)  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. Reporting Entity**

The Authority was created in 1959 under the provisions of Colorado law. The Authority was virtually inactive until 1986, at which time the City of Pueblo, Colorado (the primary government) and the Authority entered into a cooperation agreement whereby the Authority acquired certain properties from the City of Pueblo, Colorado (the City) in order to facilitate the building of a convention center on a portion of the property and sell the remaining portion to a developer for the purpose of building a hotel. The governing body of the Authority is appointed by City Council and the Authority is fiscally dependent on the City inasmuch as the City has the ability to modify the decisions of the Authority's governing body. As such, the Authority is a discretely-presented component unit of the City of Pueblo, Colorado.

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

**B. Government-Wide and Fund Financial Statements**

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

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

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)**

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

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

**C. Measurement Focus and Basis of Accounting and Financial Statement Presentation**

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

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

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

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

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)**

revenues of the Authority's convention center are charges to customers for sales and services. Operating expenses for the enterprise fund include cost of sales and services, administrative expenses and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**GOVERNMENTAL FUNDS**

The Authority reports the following major governmental funds:

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

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)**

**PROPRIETARY FUND**

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

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

**OTHER FUND TYPES**

The Authority reports the following fund types:

Special revenue funds are used to account for specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The other special revenue funds besides the funds characterized as major are:

- Downtown Phase 1 district
- North Pueblo district
- Thunder Village district
- Fountain Creek district

The legal authorization for the Downtown Phase 1 district expired in 2012. In addition, the previously reported special revenue funds (the South Santa Fe district and the Union Avenue district) have been included with the general fund in the current year because they no longer meet the criteria to be reported as special revenue funds under generally accepted accounting principles. When both restricted and unrestricted resources are available for net asset use, it is the Authority's policy to use restricted resources first and then use unrestricted resources as they are needed.

**D. Cash and Cash Equivalents and Investments**

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

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)**

E. Cash Equivalents

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

F. Receivables

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

G. Inventories and prepaid items

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

H. Capital Assets

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Net interest incurred, if any, during the construction phase of business-type and proprietary fund activities is included as part of the capitalized value of the assets constructed when material. No interest was capitalized during the year ended December 31, 2012.

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)**

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

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

**I. Long-Term Obligations**

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

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

**J. Fund Equity**

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

- Nonspendable – includes amounts that are (a) not in spendable form or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash such as inventories, prepaid items and long-term notes receivable.
- Restricted – includes amounts that are restricted for specific purposes stipulated by external resource providers constitutionally or through enabling legislation.
- Committed – includes amounts that can only be used for the specific purposes determined by the passage of a resolution of the Authority's board of commissioners. Commitments may be modified or changed only by the Authority's board of commissioners approving a new resolution.

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)**

- Assigned – includes amounts intended to be used by the Authority for specific purposes that are neither restricted nor committed. Intent is expressed by the Authority’s executive director to which the assigned amounts are to be used for specific purposes. Assigned amounts include appropriations of existing fund balance to eliminate a projected budgetary deficit in the subsequent year’s budget.
- Unassigned – this is the residual classification for the general fund and negative fund balances in other governmental funds.

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

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

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

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

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

**L. Property Taxes**

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

**M. Interfund Transactions**

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

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)**

N. Estimates

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

O. New Accounting Pronouncements

During the year ended December 31, 2012, the Authority implemented new GASB standards as follows:

- GASB Statement 62, Codification of Accounting and Financial Reporting Guidance Contained in pre-November 30, 1989 GASB and AICPA Pronouncements. The objective of this statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in FASB and AICPA pronouncements issued on or before November 30, 1989 which does not conflict with or contradict GASB pronouncements. The implementation of this standard had no material effect on the Authority's financial reporting as of and for the year ended December 31, 2012.
- GASB Statement 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position. This statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources and the resulting net position. The effect of this standard essentially renamed the government-wide statement of net assets and the proprietary funds statement of net assets to the statements of net position. In addition, the proprietary funds statement of revenues, expenses and changes in fund net assets was also renamed to the statement of revenues, expenses and changes in fund net position.
- GASB Statement 65, Items Previously Reported as Assets and Liabilities. The objective of this statement, which is a companion standard to GASB 63, is to specifically identify certain items that were previously reported as assets or liabilities and now report those items as deferred outflows of resources or deferred inflows of resources. The effective date of this statement was for the year ended December 31, 2013, but the Authority elected to early implement this standard to correspond with the implementation date for GASB 63. The effect of the implementation of this statement for the Authority was as follows:
  - Record a prior period adjustment to eliminate the recognition of deferred issue costs associated with bond and other debt obligations.
  - Reclassify certain items previously reported as assets and liabilities as deferred outflows of resources and deferred inflows of resources.

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**NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

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

Prior to November 1 of each year, the executive director submits to the board of commissioners a proposed budget for the fiscal year commencing the following January 1. The budget includes proposed expenditures and the means of financing them. Public hearings are conducted by the board of commissioners to obtain comments. The Authority adopts budgets for all funds and the budget for each fund generally is adopted using generally accepted accounting principles based on the fund type. In addition, appropriations lapse at the end of the year.

Expenditure estimates in the annual budgets are enacted into law through the passage of an appropriation resolution. The board of commissioners may amend the original adopted budget during the year by passing a new resolution and during 2012 the expenditure estimates were amended.

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

The following nonmajor governmental fund reports a negative fund balance:

Fountain Creek district	<u>\$ 12,608</u>
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**NOTE 3 - CASH AND CASH EQUIVALENTS AND INVESTMENTS**

Cash and cash equivalents and investments are summarized as follows:

Cash on hand	\$ 3,700
Demand deposits	<u>2,958,157</u>
Total cash and cash equivalents	<u>\$ 2,961,857</u>
Money market funds held at bank trust departments	<u>\$ 8,220,522</u>
Total investments	<u>\$ 8,220,522</u>

Reported in the financial statements as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Cash and cash equivalents	\$ 391,441	\$ 649,120	\$ 1,040,561
Restricted cash and cash equivalents	<u>1,921,296</u>	<u>-</u>	<u>1,921,296</u>
	<u>\$ 2,312,737</u>	<u>\$ 649,120</u>	<u>\$ 2,961,857</u>
Restricted investments under debt obligations	<u>\$ 8,220,522</u>	<u>\$ -</u>	<u>\$ 8,220,522</u>
	<u>\$ 8,220,522</u>	<u>\$ -</u>	<u>\$ 8,220,522</u>

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**NOTE 3 - CASH AND CASH EQUIVALENTS AND INVESTMENTS (Cont'd.)**

**DEPOSITS**

At December 31, 2012, the carrying amount of the Authority's deposits was \$2,958,157 and the bank balance was \$2,902,486. Of the bank balance, \$750,000 was covered by federal depository insurance and \$2,159,486 was collateralized in single financial institution collateral pools maintained by the individual financial institutions that hold these deposits. Colorado law requires that depository institutions must apply for and be designated as an eligible public depository before the institution can accept public monies. The depository institution must pledge eligible collateral as security for all public deposits held by that institution that are not insured by depository insurance. The market value of the collateral that each institution pledges as security must equal at least 102% of the total uninsured deposits held by that institution. Generally, the eligible collateral in the collateral pools is held by the depository institution or its agent in the name of the depository institution.

Custodial credit risk is the risk that, in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority does not have a policy for custodial credit risk. As of December 31, 2012, deposits with a bank balance of \$2,159,486 are uninsured but are not exposed to custodial credit risk because they are collateralized with securities held by the pledging financial institution's agent in the Authority's name.

**INVESTMENTS**

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

As of December 31, 2012, the Authority had the following investments and maturities:

	Fair Value	Investment maturity (in years) <u>less than 1</u>
Money market funds	\$ 8,220,522	\$ 8,220,522
	<u>\$ 8,220,522</u>	<u>\$ 8,220,522</u>

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**NOTE 3 - CASH AND CASH EQUIVALENTS AND INVESTMENTS (Cont'd.)**

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. As of December 31, 2012, the Authority's investment in money market funds is rated AAAM by Standard and Poor's.

**NOTE 4 - RECEIVABLES**

Receivables at December 31, 2012 consist of the following:

	Governmental Activities			
	General Fund	Expanded Downtown District	St. Charles District	Lake Minnequa District
Accounts	\$ 16,143	\$ -	\$ -	\$ -
Vendors fee	-	-	-	-
Property taxes	-	621,900	4,299,852	364,572
Notes	57,379	6,862,000	-	7,454
Interest	-	2,078	-	-
	<u>\$ 73,522</u>	<u>\$ 7,485,978</u>	<u>\$ 4,299,852</u>	<u>\$ 372,026</u>
Amounts not scheduled for collection during the subsequent year	<u>\$ 49,885</u>	<u>\$ 6,862,000</u>	<u>\$ -</u>	<u>\$ 6,360</u>

	Governmental Activities		
	Memorial Hall	Other Governmental Funds	Total
Accounts	\$ 68,100	\$ -	\$ 84,243
Vendors fees	293,644	-	293,644
Property taxes	-	157,603	5,443,927
Notes	-	-	6,926,833
Interest	-	-	2,078
	<u>\$ 361,744</u>	<u>\$ 157,603</u>	<u>\$ 12,750,725</u>
Amounts not scheduled for collection during the subsequent year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,918,245</u>

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**NOTE 4 – RECEIVABLES (Cont'd.)**

The note receivable reported above totaling \$6,862,000 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 carries an interest rate of 1.00% and is due February 14, 2014. Interest only payments are due annually on December 21<sup>st</sup> of each year beginning in 2007. The note is collateralized by a security agreement-pledge wherein Pueblo Garage Investment Fund LLC assigns and pledges its membership interest in NDC New Markets Investments XIX, L.P. On February 14, 2014 this loan will be assigned to NDC New Markets Investments XIX, L.P.

**NOTE 5 – ADVANCE TO/FROM OTHER FUNDS AND TRANSFERS**

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

	<u>Advances to Other Funds</u>	<u>Advances from Other Funds</u>
Major governmental funds --		
Advance due expanded downtown district	\$ 23,601	\$ -
Advance due Lake Minnequa district	127,681	-
Advance from general fund	-	132,681
Nonmajor governmental funds --		
Advances from Fountain Creek district	<u>-</u>	<u>18,601</u>
	<u>\$ 151,282</u>	<u>\$ 151,282</u>

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

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

	<u>Transfers in</u>	<u>Transfers out</u>
Governmental funds --		
General fund	\$ 474,165	\$ -
Expanded downtown district	-	753,172
St. Charles district	-	102,700
Lake Minnequa district	-	280,000
Memorial Hall	-	1,673,361
Debt service	1,471,435	-
Other governmental funds	<u>-</u>	<u>281,465</u>
Total governmental funds	<u>1,945,600</u>	<u>3,090,698</u>
Enterprise fund --		
Pueblo Convention Center	<u>1,145,098</u>	<u>-</u>
Total enterprise funds	<u>1,145,098</u>	<u>-</u>
	<u>\$ 3,090,698</u>	<u>\$ 3,090,698</u>

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**NOTE 5 – ADVANCE TO/FROM OTHER FUNDS AND TRANSFERS (Cont'd.)**

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

**NOTE 6 – DUE FROM/TO PRIMARY GOVERNMENT**

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

Governmental activities –

Due from City of Pueblo, Colorado for Lake Minnequa infrastructure costs \$ 363,402

Due to City of Pueblo, Colorado for –

Parking garage expenses \$ 78,207

1601 study 236,773

\$ 314,980

Included in the amount reported as due from the City of Pueblo, Colorado is \$352,632 which has been classified as a deferred inflow of resources in the balance sheet of the governmental funds. In addition, the obligation to the City of Pueblo, Colorado for the 1601 study is serviced by the debt service fund.

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

	Balance January 1, <u>2012</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31, <u>2012</u>	<u>Due Within One Year</u>
Governmental activities					
Accounts payable for parking garage expenses	\$ 72,775	\$ 78,207	\$ 72,775	\$ 78,207	\$ 78,207
Accounts payable for 1601 study	<u>172,595</u>	<u>119,178</u>	<u>55,000</u>	<u>236,773</u>	<u>236,773</u>
	<u>\$ 245,370</u>	<u>\$ 197,385</u>	<u>\$ 127,775</u>	<u>\$ 314,980</u>	<u>\$ 314,980</u>

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

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**NOTE 7 – CAPITAL ASSETS**

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

	Balance January 1, <u>2012</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31, <u>2012</u>
Governmental activities				
Nondepreciable assets –				
Land	\$ 731,694	\$ -	\$ -	\$ 731,694
Total capital assets not being depreciated	<u>731,694</u>	<u>-</u>	<u>-</u>	<u>731,694</u>
Depreciable assets –				
Buildings	678,639	-	(277,366)	401,273
Improvements	42,220	-	(42,220)	-
Furniture and fixtures	43,822	6,720	(17,298)	33,244
	<u>764,681</u>	<u>6,720</u>	<u>(336,884)</u>	<u>434,517</u>
Less: accumulated depreciation for -				
Buildings	(49,085)	(11,492)	48,539	(12,038)
Improvements	(15,203)	(2,179)	17,332	-
Furniture and fixtures	(15,190)	(7,637)	11,256	(11,571)
	<u>(79,478)</u>	<u>(21,308)</u>	<u>77,177</u>	<u>(23,609)</u>
Capital assets being depreciated, net	<u>685,203</u>	<u>(14,588)</u>	<u>(259,707)</u>	<u>410,908</u>
Total governmental activities capital assets, net	<u>\$ 1,416,897</u>	<u>\$ (14,588)</u>	<u>\$ (259,707)</u>	<u>\$ 1,142,602</u>
Business-type activities				
Nondepreciable assets –				
Land	\$ 458,697	\$ -	\$ -	\$ 458,697
Medal of honor memorial	295,097	-	-	295,097
Total capital assets not being depreciated	<u>753,794</u>	<u>-</u>	<u>-</u>	<u>753,794</u>
Depreciable assets				
Buildings	9,594,393	-	-	9,594,393
Improvements	1,262,712	-	-	1,262,712
Furniture and fixtures	1,154,793	7,088	(11,472)	1,150,409
Total capital assets being depreciated	<u>12,011,898</u>	<u>7,088</u>	<u>(11,472)</u>	<u>12,007,514</u>

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**NOTE 7 – CAPITAL ASSETS (Cont'd.)**

	Balance January 1, <u>2012</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31, <u>2012</u>
Less: accumulated depreciation for -				
Buildings	(2,682,022)	(191,663)	-	(2,873,685)
Improvements	(433,373)	(89,127)	-	(522,500)
Furniture and fixtures	<u>(821,596)</u>	<u>(74,956)</u>	<u>9,386</u>	<u>(887,166)</u>
Total accumulated depreciation	<u>(3,936,991)</u>	<u>(355,746)</u>	<u>9,386</u>	<u>(4,283,351)</u>
Capital assets being depreciated, net	<u>8,074,907</u>	<u>(348,658)</u>	<u>(2,086)</u>	<u>7,724,163</u>
Total business-type activities capital assets, net	<u>\$ 8,828,701</u>	<u>\$ (348,658)</u>	<u>\$ (2,086)</u>	<u>\$ 8,477,957</u>

Depreciation expense was charged to functions/programs as follows:

Governmental activities –				
General government				\$ 21,308
Total depreciation expense – governmental activities				<u>\$ 21,308</u>
Business-type activities –				
Pueblo Convention Center				\$ 355,746
Total depreciation expense – business-type activities				<u>\$ 355,746</u>

**NOTE 8 – LONG-TERM LIABILITIES**

Following is a summary of changes in long-term liabilities in the government-wide financial statements for the year ended December 31, 2012:

	Balance January 1, <u>2012</u>	<u>Increase</u>	<u>Decrease</u>	Balance December 31, <u>2012</u>	Due Within <u>One Year</u>
Governmental activities –					
Revenue bonds, series 2006	\$ 8,929,000	\$ -	\$ (305,000)	\$ 8,624,000	\$ 323,000
Unamortized premium	<u>94,930</u>	<u>-</u>	<u>(5,399)</u>	<u>89,531</u>	<u>-</u>
	<u>9,023,930</u>	<u>-</u>	<u>(310,399)</u>	<u>8,713,531</u>	<u>-</u>
Bank note	<u>130,938</u>	<u>-</u>	<u>(130,938)</u>	<u>-</u>	<u>-</u>
Compensated absences	<u>7,341</u>	<u>13,293</u>	<u>(11,963)</u>	<u>8,671</u>	<u>8,671</u>

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**NOTE 8 – LONG-TERM LIABILITIES (Cont'd.)**

	Balance January 1, 2012	Increase	Decrease	Balance December 31, 2012	Due Within One Year
Improvement revenue bonds, series 2011B	10,000,000	\$ -	\$ -	\$ 10,000,000	\$ -
Unamortized premium	<u>268,029</u>	<u>-</u>	<u>(9,927)</u>	<u>258,102</u>	<u>-</u>
	<u>10,268,029</u>	<u>-</u>	<u>(9,927)</u>	<u>10,258,102</u>	<u>-</u>
Bank note	<u>3,000,000</u>	<u>-</u>	<u>-</u>	<u>3,000,000</u>	<u>95,000</u>
Bank note	<u>256,000</u>	<u>-</u>	<u>(9,160)</u>	<u>246,840</u>	<u>9,484</u>
Total governmental activities	<u>\$ 22,686,238</u>	<u>\$ 13,293</u>	<u>\$ (472,387)</u>	<u>\$ 22,227,144</u>	<u>\$ 436,155</u>

The revenue series 2006 bonds, along with the improvement revenue bonds, series 2011 bonds are serviced by the general fund. The bank notes are serviced by particular funds as follows:

<u>Servicing Fund</u>	<u>Carrying Value</u>
Debt service	<u>\$ 3,000,000</u>
General fund	<u>\$ 246,840</u>

	Balance January 1, 2012	Increases	Decreases	Balance December 31, 2012	Due Within One Year
Business-type activities –					
Taxable refunding revenue bonds, series 2011A	\$ 1,315,000	\$ -	\$ (285,000)	\$ 1,030,000	\$ 290,000
Tax-exempt refunding revenue bonds, series 2011B	3,890,000	-	-	3,890,000	-
Unamortized premium	<u>382,534</u>	<u>-</u>	<u>(22,502)</u>	<u>360,032</u>	<u>-</u>
	<u>5,587,534</u>	<u>-</u>	<u>(307,502)</u>	<u>5,280,032</u>	<u>290,000</u>
Total business-type activities	<u>\$ 5,587,534</u>	<u>\$ -</u>	<u>\$ (307,502)</u>	<u>\$ 5,280,032</u>	<u>\$ 290,000</u>

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NOTES TO FINANCIAL STATEMENTS  
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**NOTE 8 – LONG-TERM LIABILITIES (Cont'd.)**

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

Revenue Bonds

\$9,500,000 revenue bonds (expanded urban renewal project area), series 2006; interest rate ranging from 4.698% to 4.937%; due in annual installments ranging from \$754,202 to \$755,611 including interest through September, 2029	\$ 8,624,000
\$10,000,000 improvement revenue bonds, series 2011B; interest rate ranging from 2.25% to 5.25%; due in annual installments ranging from \$528,263 to \$1,068,688 including interest through December, 2038	<u>10,000,000</u>
	<u>18,624,000</u>

Bank Notes

\$3,000,000 bank note; interest rate of 4.5%; due in annual installments of interest and principal ranging from \$230,000 to \$271,700 through December, 2029	3,000,000
\$256,000 bank note; interest rate indexed at 2 points over 5 year LIBOR/swap rate; current rate is 3.276%; due in monthly installments of \$1,462 through December, 2016, at which time the note is due in full which is estimated at \$207,861; secured by real estate with a carrying value of \$398,162 at December 31, 2012	<u>246,840</u>
	<u>3,246,840</u>

Total governmental activities \$ 21,870,840

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

<u>Year Ended December 31,</u>	Revenue Bonds		Note Payable	
	Principal	Interest	Principal	Interest
2013	\$ 323,000	\$ 959,943	\$ 104,484	\$ 142,735
2014	339,000	943,775	109,805	138,460
2015	376,000	907,509	115,135	133,630
2016	598,000	890,593	352,416	128,583
2017	502,000	860,633	145,000	115,425
2018-2022	2,907,000	3,918,441	840,000	472,725
2023-2027	3,647,000	3,146,879	1,075,000	263,250
2028-2032	4,562,000	2,063,185	505,000	34,425
2033-2037	4,360,000	975,450	-	-
2038	<u>1,010,000</u>	<u>53,025</u>	<u>-</u>	<u>-</u>
	<u>\$ 18,624,000</u>	<u>\$ 14,719,433</u>	<u>\$ 3,246,840</u>	<u>\$ 1,429,233</u>

**PUEBLO URBAN RENEWAL AUTHORITY  
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**NOTE 8 – LONG-TERM LIABILITIES (Cont’d.)**

The series 2006 revenue bonds (expanded urban renewal project) were issued to assist in the financing and construction of a parking garage. The actual construction of the parking garage was undertaken by Pueblo Main Street Garage Corporation (a not-for-profit corporation and a discretely-presented component unit of the City). The net proceeds from this bond issue were disbursed to (1) Pueblo Main Street Garage Corporation in the form of a grant (\$1,204,742) and (2) Pueblo Garage Investment Fund LLC in the form of a loan (\$6,862,000). Pueblo Garage Investment Fund LLC in turn invested these loan proceeds with NDC New Markets Investments XIX, LP who in turn loaned this same amount of funds to Pueblo Main Street Garage Corporation.

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

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

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

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

Revenue bonds

\$1,590,000 taxable revenue refunding bonds series 2011A; interest rate ranging from 2.05% to 5.00%; due in annual installments ranging from \$131,250 to \$337,000 including principal and interest through December, 2016	\$ 1,030,000
\$3,890,000 tax-exempt refunding bonds series 2011B; interest rate ranging from 2.25% to 5.5%; due in annual installments ranging from \$200,700 to \$465,125, including principal and interest through December, 2028	<u>3,890,000</u>
	<u>\$ 4,920,000</u>

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**NOTE 8 – LONG-TERM LIABILITIES (Cont'd.)**

On June 29, 2011, 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 enterprise fund and the business-type activity. The balance outstanding at December 31, 2012 on the aforementioned series 2005 refunding bonds was \$4,230,000.

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

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>
2013	\$ 290,000	\$ 244,515
2014	300,000	237,700
2015	315,000	222,700
2016	125,000	206,950
2017	255,000	200,700
2018-2022	1,480,000	797,750
2023-2027	1,945,000	371,963
2028	<u>210,000</u>	<u>11,025</u>
	<u>\$ 4,920,000</u>	<u>\$ 2,293,303</u>

The above-described 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.

**NOTE 9 – NET POSITION**

Restricted net position represents net position whose uses are subject to constraints that are either (1) legally imposed by creditors (such as debt covenants), grantors, or laws on regulations of other governments, or (2) imposed by law through constitutional provisions or enabling legislations. Restricted net position for governmental and business-type activities is summarized as follows:

Debt service and district projects	<u>\$ 9,672,021</u>
Regional tourism projects	<u>\$ 172,383</u>

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**NOTE 9 – NET POSITION (Cont'd.)**

**PRIOR PERIOD ADJUSTMENT**

Net position at January 1, 2012 of the governmental activities and business-type activities and the Authority's enterprise fund have been restated from amounts previously reported as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Pueblo Convention Center Enterprise Fund</u>
Net position at January 1, 2012, as previously reported	\$ 198,902	\$ 4,660,759	\$ 4,660,759
Prior period adjustment to implement GASB 65 and eliminate the reported balances of deferred bond and other obligations issue costs	<u>(384,230)</u>	<u>(89,386)</u>	<u>(89,386)</u>
Net position at January 1, 2012, as restated	<u>\$ (185,328)</u>	<u>\$ 4,571,373</u>	<u>\$ 4,571,373</u>

**NOTE 10 – FUND BALANCES**

At December 31, 2012, fund balances are composed of the following:

	<u>General Fund</u>	<u>Major Special Revenue Funds</u>		<u>Major Capital Projects Funds</u>		<u>Other Governmental Funds</u>	<u>Total</u>
		<u>Expanded Downtown District</u>	<u>St. Charles District</u>	<u>Lake Minnequa District</u>	<u>Memorial Hall</u>		
Nonspendable - Prepaid items	\$ 5,423	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,423
Restricted – Debt service and district projects	-	519,431	20	418,390	8,737,788	1,392	9,677,021
Unassigned	<u>(97,759)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(12,608)</u>	<u>(110,367)</u>
	<u>\$ (92,336)</u>	<u>\$ 519,431</u>	<u>\$ 20</u>	<u>\$ 418,390</u>	<u>\$ 8,737,788</u>	<u>\$ 11,216</u>	<u>\$ 9,572,077</u>

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

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**NOTE 10 – FUND BALANCES (Cont'd.)**

	General Fund	South Santa Fe District Fund	Union Avenue District Fund	Eliminations	Combined General Fund
Fund balance, January 1, 2012	\$ 153,154	\$ 174	\$ (23,074)	\$ -	\$ 130,254
Revenues and other financing sources –					
Charges for services	128,653	-	-	-	128,653
Intergovernmental	40,500	-	-	-	40,500
Property taxes	-	2,091	2,453	-	4,544
Interest	4	-	80	-	84
Other	11,869	-	3,362	-	15,231
Proceeds from sale of capital assets	108,530	-	-	-	108,530
Transfers in	476,256	-	-	(2,091)	474,165
Total revenues and other financing sources	<u>765,812</u>	<u>2,091</u>	<u>5,895</u>	<u>(2,091)</u>	<u>771,707</u>
Expenditures and other financing uses –					
General government	600,270	-	3,365	-	603,635
Economic development	190,452	-	39,484	-	229,936
Principal	140,098	-	-	-	140,098
Interest	13,908	-	-	-	13,908
Capital outlay	6,720	-	-	-	6,720
Transfers out	-	2,091	-	(2,091)	-
Total expenditures and other financing uses	<u>951,448</u>	<u>2,091</u>	<u>42,849</u>	<u>(2,091)</u>	<u>994,297</u>
Fund balance, December 31, 2012	<u>\$ (32,482)</u>	<u>\$ 174</u>	<u>\$ (60,028)</u>	<u>\$ -</u>	<u>\$ (92,336)</u>

**NOTE 11 – RISK MANAGEMENT**

The Authority is exposed to various risks of loss related to torts, property and casualty, errors and omissions, injuries to employees and health claims. All of these risks of loss are covered by commercial insurance. Settled claims from the commercial policies have not exceeded insurance coverage in any of the past three years.

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**NOTE 12 – EMPLOYEE BENEFITS**

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

The Authority is required to contribute member and employer contributions to PERA at a rate set by statute. The contribution requirements of plan members and the Authority are established under Title 24, article 51, part 4 of the CRS, as amended. The contribution rate for members is 8.0% and for the Authority it is 10.0% of covered salary. A portion of the Authority's contribution (1.02% of covered salary) is allocated to the Health Care Trust Fund. The Authority is also required to pay an amortization equalization disbursement (AED) equal to 2.20% of total payroll for the calendar year 2012 (2.20% of total payroll for the calendar year 2011 and 2.20% of total payroll for the calendar year 2010). Additionally, the Authority is required to pay a supplemental amortization equalization disbursement (SAED) equal to 1.50% of total payroll for the calendar year 2012 (1.50% of total payroll for the calendar year 2011 and 1.50% of total payroll for the calendar year 2010). If the Authority rehires a PERA retiree as an employee or under any other work arrangement, the Authority is required to report and pay the employer contribution rate, the AED and the SAED on the amounts paid for the retiree; however, no member contributions are required. For the years ended December 31, 2012, 2011 and 2010, the Authority's employer contributions to the LGDTF were \$25,335, \$22,457, and \$19,510, respectively, equal to their required contributions for each year.

**NOTE 13 – POST-EMPLOYMENT BENEFITS**

The Authority contributes to the Health Care Trust Fund (HCTF), a cost-sharing, multiple-employer health care trust administered by PERA. The HCTF provides a health care premium subsidy to PERA participating benefit recipients and their eligible beneficiaries. Title 24, article 51, part 12 of the CRS, as amended, assigns the authority to establish the HCTF benefit provisions to the state legislature. PERA issues a publicly available annual financial report that includes financial statements and required supplementary information for the HCTF. That report may be obtained online at [www.copera.org](http://www.copera.org) or by writing to Colorado PERA, 1300 Logan Street, Denver, Colorado 80203, or by calling PERA at 393-832-9550 or 1-800-759-PERA (7372).

The Authority is required to contribute at a rate of 1.02 percent of covered salary for all PERA members as set by statute and no member contributions are required. The contribution requirements for the Authority are established under Title 24, article 51, part 4 of the CRS, as amended. The apportionment of the contribution to the HCTF is established under Title 24, article 51, section 208 of the CRS, as amended. For the years ended December 31, 2012, 2011 and 2010, the Authority's employer contributions to the HCTF were \$2,101, \$1,672, and \$1,453, respectively, equal to their required contributions for each year.

**PUEBLO URBAN RENEWAL AUTHORITY  
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**NOTE 14 – RELATED PARTY TRANSACTIONS**

On a monthly basis, the City remits 3.3% of its sales and use tax collections to the trustee for debt service on the series 2011A and 2011B refunding and improvement bonds. A portion of these monthly collections is allocated by the trustee for operations and maintenance of the Authority's convention center. The revenue recognized from these transactions totaled \$1,643,817 for the year ended December 31, 2012 and is reported in the caption "vendor's fee" in the accompanying financial statements.

**NOTE 15 – COMMITMENTS AND CONTINGENCIES**

The Authority entered into an agreement with Thunder Village Metropolitan District (the District) which provides that the Authority will reimburse the District for the costs of certain public improvements. As of December 31, 2012, the District has submitted approximately \$7,050,000 of reimbursement requests to the Authority. The Authority's obligation, however, is limited to the amount of actual tax increment revenues generated within the project taxing area until 2032.

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

In 2012, the Authority, in conjunction with the Colorado Economic Development Commission, approved a resolution dedicating specified sales increment revenue for approved regional tourism projects. As required by the resolution and agreement, the Authority has established a special fund to receive these funds and, as outlined under generally accepted accounting principles, this special fund has been combined with the Authority's convention center enterprise fund for financial reporting purposes. For the year ended December 31, 2012, the Authority estimated the sales tax increment revenues at \$172,383.

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

**REQUIRED SUPPLEMENTARY INFORMATION**

**PUEBLO URBAN RENEWAL AUTHORITY**  
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**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**YEAR ENDED DECEMBER 31, 2012**

	<u>Budgeted Amounts</u>		Actual Budget Basis	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Charges for services	\$ 155,087	\$ 128,653	\$ 128,653	\$ -
Intergovernmental	-	38,000	40,500	2,500
Proceeds from sale of property	-	108,530	108,530	-
Interest	200	-	4	4
Other	-	10,246	11,869	1,623
Transfers in	506,919	484,079	476,256	(7,823)
Prior year carryover	<u>113,229</u>	<u>150,024</u>	<u>-</u>	<u>(150,024)</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>775,435</u>	<u>919,532</u>	<u>765,812</u>	<u>(153,720)</u>
<b>EXPENDITURES</b>				
Current -				
General government	635,520	599,481	597,886	1,595
Economic development	85,000	190,000	190,452	(452)
Debt service	20,400	157,087	156,390	697
Capital outlay	-	6,720	6,720	-
Contingency	<u>34,515</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL EXPENDITURES	<u>775,435</u>	<u>953,288</u>	<u>951,448</u>	<u>1,840</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ -</u>	<u>\$ (33,756)</u>	(185,636)	<u>\$ (151,880)</u>
FUND BALANCE, January 1			<u>153,154</u>	
FUND BALANCE, December 31			(32,482)	
<b>GAAP ADJUSTMENTS</b>				
Consolidation of the South Santa Fe District Fund			174	
Consolidation of the Union Avenue District Fund			<u>(60,028)</u>	
FUND BALANCE - GAAP BASIS			<u>\$ (92,336)</u>	

**PUEBLO URBAN RENEWAL AUTHORITY  
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RECONCILIATION OF THE BUDGETARY BASIS OF ACCOUNTING  
TO GAAP BASIS OF ACCOUNTING  
GENERAL FUND  
YEAR ENDED DECEMBER 31, 2012**

Budgetary Basis

Explanation of differences between budgetary revenues and other financing sources and GAAP revenues 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	\$ 765,812
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Differences - budget to GAAP

Revenues and other financing sources from the South Santa Fe District fund which is consolidated with the general fund for GAAP reporting purposes	-
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Revenues and other financing sources from the Union Avenue District fund which is consolidated with the general fund for GAAP reporting purposes	5,895
--	-------

GAAP basis revenues and other financing sources	<u>\$ 771,707</u>
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EXPENDITURES AND OTHER FINANCING USES

Actual amounts (budgetary basis) of expenditures and other financing uses from the budgetary comparison schedule	\$ 951,448
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Differences - budget to GAAP

Expenditures and other financing uses from the South Santa Fe District fund which is consolidated with the general fund for GAAP reporting purposes	-
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Expenditures and other financing uses from the Union Avenue District fund which is consolidated with the general fund for GAAP reporting purposes	42,849
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GAAP basis expenditures and other financing uses	<u>\$ 994,297</u>
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**PUEBLO URBAN RENEWAL AUTHORITY**  
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**BUDGETARY COMPARISON SCHEDULE**  
**EXPANDED DOWNTOWN DISTRICT**  
**YEAR ENDED DECEMBER 31, 2012**

	<u>Budgeted Amounts</u>		Actual	Variance with
	<u>Original</u>	<u>Final</u>	Budget	Final Budget
			<u>Basis</u>	Positive (Negative)
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Property taxes	\$ 559,014	\$ 559,014	\$ 533,213	\$ (25,801)
Intergovernmental	301,269	301,269	301,269	-
Interest	68,620	68,620	68,754	134
Miscellaneous	17,600	11,399	100	(11,299)
Prior year carryover	-	(39,450)	-	39,450
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>946,503</u>	<u>900,852</u>	<u>903,336</u>	<u>2,484</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Current -				
General government	149,000	90,417	86,672	745
Economic development	40,000	35,000	35,358	(358)
Debt service	<u>753,172</u>	<u>753,172</u>	<u>753,172</u>	<u>-</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>942,172</u>	<u>878,589</u>	<u>878,202</u>	<u>387</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ 4,331</u>	<u>\$ 22,263</u>	25,134	<u>\$ 2,871</u>
FUND BALANCE, January 1			<u>494,297</u>	
FUND BALANCE, December 31			<u>\$ 519,431</u>	

**PUEBLO URBAN RENEWAL AUTHORITY**  
**(A COMPONENT UNIT OF THE CITY OF PUEBLO, COLORADO)**  
**BUDGETARY COMPARISON SCHEDULE**  
**ST. CHARLES DISTRICT**  
**YEAR ENDED DECEMBER 31, 2012**

	<u>Budgeted Amounts</u>		Actual Budget Basis	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Property taxes	\$ 5,010,623	\$ 4,230,966	\$ 4,230,966	\$ -
Intergovernmental	411,328	-	-	-
Interest	-	-	13	13
TOTAL REVENUES	<u>5,421,951</u>	<u>4,230,966</u>	<u>4,230,979</u>	<u>13</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Current -				
Economic development	5,321,951	4,128,266	4,128,266	-
Transfers out	<u>100,000</u>	<u>102,700</u>	<u>102,700</u>	-
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>5,421,951</u>	<u>4,230,966</u>	<u>4,230,966</u>	-
 NET CHANGE IN FUND BALANCE	 <u>\$ -</u>	 <u>\$ -</u>	 13	 <u>\$ 13</u>
 FUND BALANCE, January 1			 <u>7</u>	
 FUND BALANCE, December 31			 <u>\$ 20</u>	

**PUEBLO URBAN RENEWAL AUTHORITY  
(A COMPONENT UNIT OF THE CITY OF PUEBLO, COLORADO)  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
DECEMBER 31, 2012**

**BUDGETARY INFORMATION**

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

Prior to November 1 of each year, the executive director submits to the board of commissioners a proposed budget for the fiscal year commencing the following January 1. The budget includes proposed expenditures and the means of financing them. Public hearings are conducted by the board of commissioners to obtain comments. The Authority adopts budgets for all funds and each fund uses the current financial resources measurement focus and the modified accrual basis of accounting in preparing the budgets. In addition, appropriations lapse at the end of the year.

Expenditure estimates in the annual budgets are enacted into law through the passage of an appropriation resolution. The board of commissioners may amend the original adopted budget during the year by passing a new resolution to reflect current needs and during 2012 the expenditure estimates were amended.

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

**ADDITIONAL INFORMATION**

**NONMAJOR GOVERNMENTAL FUNDS**

**PUEBLO URBAN RENEWAL AUTHORITY**  
**(A COMPONENT UNIT OF THE CITY OF PUEBLO, COLORADO)**  
**COMBINING BALANCE SHEET**  
**OTHER GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2012**

	Special Revenue Funds			Total
	North Pueblo District	Thunder Village District	Fountain Creek District	Other Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,378	\$ 14	\$ 5,993	\$ 7,385
Property taxes receivable	148,875	4,703	4,025	157,603
<b>TOTAL ASSETS</b>	<b>\$ 150,253</b>	<b>\$ 4,717</b>	<b>\$ 10,018</b>	<b>\$ 164,988</b>
 <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Advance from other funds	\$ -	\$ -	\$ 18,601	\$ 18,601
<b>TOTAL LIABILITIES</b>	-	-	18,601	18,601
 <b>DEFERRED INFLOWS OF RESOURCES</b>				
Property taxes	148,875	4,703	4,025	157,603
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS OF REVENUES</b>	<b>148,875</b>	<b>4,703</b>	<b>22,626</b>	<b>176,204</b>
 <b>FUND BALANCES</b>				
Nonspendable	-	-	-	-
Restricted	1,378	14	-	1,392
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	(12,608)	(12,608)
<b>TOTAL FUND BALANCES</b>	<b>1,378</b>	<b>14</b>	<b>(12,608)</b>	<b>(11,216)</b>
 <b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	 <b>\$ 150,253</b>	 <b>\$ 4,717</b>	 <b>\$ 10,018</b>	 <b>\$ 164,988</b>

**PUEBLO URBAN RENEWAL AUTHORITY**  
**(A COMPONENT UNIT OF THE CITY OF PUEBLO, COLORADO)**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**OTHER GOVERNMENTAL FUNDS**  
**YEAR ENDED DECEMBER 31, 2012**

	Special Revenue Funds	
	Downtown	North
	Phase 1 District	Pueblo District
REVENUES		
Property taxes	\$ 192,088	\$ 106,531
Interest	132	-
Miscellaneous	5,561	-
TOTAL REVENUES	197,781	106,531
EXPENDITURES		
Current -		
General government	(82)	-
Economic development	-	-
TOTAL EXPENDITURES	(82)	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	197,863	106,531
OTHER FINANCING SOURCES (USES)		
Transfers out	(171,651)	(106,531)
TOTAL OTHER FINANCING SOURCES (USES)	(171,651)	(106,531)
NET CHANGE IN FUND BALANCES	26,212	-
FUND BALANCES, January 1	(26,212)	1,378
FUND BALANCES, December 31	\$ -	\$ 1,378

<u>Special Revenue Funds</u>		Total
<u>Thunder</u> <u>Village</u> <u>District</u>	<u>Fountain</u> <u>Creek</u> <u>District</u>	<u>Other</u> <u>Governmental</u> <u>Funds</u>
\$ 6,650	\$ 6,778	\$ 312,047
-	11	143
-	94	5,655
<u>6,650</u>	<u>6,883</u>	<u>317,845</u>
-	800	718
<u>3,325</u>	<u>5,000</u>	<u>8,325</u>
<u>3,325</u>	<u>5,800</u>	<u>9,043</u>
<u>3,325</u>	<u>1,083</u>	<u>308,802</u>
<u>(3,283)</u>	-	<u>(281,465)</u>
<u>(3,283)</u>	-	<u>(281,465)</u>
42	1,083	27,337
<u>(28)</u>	<u>(13,691)</u>	<u>(38,553)</u>
<u>\$ 14</u>	<u>\$ (12,608)</u>	<u>\$ (11,216)</u>

**SPECIAL REVENUE FUNDS**

**PUEBLO URBAN RENEWAL AUTHORITY**  
**(A COMPONENT UNIT OF THE CITY OF PUEBLO, COLORADO)**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**DOWNTOWN PHASE 1 DISTRICT**  
**YEAR ENDED DECEMBER 31, 2012**

	Budgeted Amounts <u>Final</u>	Actual Amounts Budget <u>Basis</u>	Variance with Final Budget Positive <u>(Negative)</u>
<b>REVENUES AND OTHER FINANCING SOURCES</b>			
Property taxes	\$ 203,052	\$ 192,088	\$ (10,964)
Interest	200	132	(68)
Miscellaneous	14,837	5,561	(9,276)
Prior year carryover	<u>(4,126)</u>	<u>-</u>	<u>4,126</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>213,963</u>	<u>197,781</u>	<u>(16,182)</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>			
Current -			
General government	-	(82)	82
Transfers out	<u>171,607</u>	<u>171,651</u>	<u>(44)</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>171,607</u>	<u>171,569</u>	<u>38</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ 42,356</u>	26,212	<u>\$ (16,144)</u>
FUND BALANCE, January 1		<u>(26,212)</u>	
FUND BALANCE, December 31		<u>\$ -</u>	

**PUEBLO URBAN RENEWAL AUTHORITY**  
**(A COMPONENT UNIT OF THE CITY OF PUEBLO, COLORADO)**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**SOUTH SANTA FE DISTRICT**  
**YEAR ENDED DECEMBER 31, 2012**

	Budgeted Amounts <u>Final</u>	Actual Amounts Budget <u>Basis</u>	Variance with Final Budget Positive <u>(Negative)</u>
<b>REVENUES AND OTHER FINANCING SOURCES</b>			
Property taxes	\$ 2,198	\$ 2,091	\$ (107)
Prior year carryover	<u>174</u>	<u>-</u>	<u>(174)</u>
<b>TOTAL REVENUES AND OTHER     FINANCING SOURCES</b>	<u>2,372</u>	<u>2,091</u>	<u>(281)</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>			
Transfers out	<u>2,198</u>	<u>2,091</u>	<u>107</u>
<b>TOTAL EXPENDITURES AND OTHER     FINANCING USES</b>	<u>2,198</u>	<u>2,091</u>	<u>107</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ 174</u>	-	<u>\$ (174)</u>
<b>FUND BALANCE, January 1</b>		<u>174</u>	
<b>FUND BALANCE, December 31</b>		<u>\$ 174</u>	

**PUEBLO URBAN RENEWAL AUTHORITY**  
**(A COMPONENT UNIT OF THE CITY OF PUEBLO, COLORADO)**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**NORTH PUEBLO DISTRICT**  
**YEAR ENDED DECEMBER 31, 2012**

	Budgeted Amounts <u>Final</u>	Actual Amounts Budget <u>Basis</u>	Variance with Final Budget Positive <u>(Negative)</u>
<b>REVENUES AND OTHER FINANCING SOURCES</b>			
Property taxes	\$ 108,061	\$ 106,531	\$ (1,530)
Prior year carryover	<u>1,378</u>	<u>-</u>	<u>(1,378)</u>
<b>TOTAL REVENUES AND OTHER     FINANCING SOURCES</b>	<u>109,439</u>	<u>106,531</u>	<u>(2,908)</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>			
Debt service	55,000	55,000	-
Transfers out	<u>53,061</u>	<u>51,531</u>	<u>1,530</u>
<b>TOTAL EXPENDITURES AND OTHER     FINANCING USES</b>	<u>108,061</u>	<u>106,531</u>	<u>1,530</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u><u>\$ 1,378</u></u>	<u>-</u>	<u><u>\$ (1,378)</u></u>
<b>FUND BALANCE, January 1</b>		<u>1,378</u>	
<b>FUND BALANCE, December 31</b>		<u><u>\$ 1,378</u></u>	

**PUEBLO URBAN RENEWAL AUTHORITY**  
**(A COMPONENT UNIT OF THE CITY OF PUEBLO, COLORADO)**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**THUNDER VILLAGE DISTRICT**  
**YEAR ENDED DECEMBER 31, 2012**

	Budgeted Amounts <u>Final</u>	Actual Amounts Budget <u>Basis</u>	Variance with Final Budget Positive <u>(Negative)</u>
<b>REVENUES AND OTHER FINANCING SOURCES</b>			
Property taxes	\$ 6,650	\$ 6,650	\$ -
Prior year carryover	<u>6,188</u>	<u>-</u>	<u>(6,188)</u>
<b>TOTAL REVENUES AND OTHER     FINANCING SOURCES</b>	<u>12,838</u>	<u>6,650</u>	<u>(6,188)</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>			
Current -			
Economic development	3,325	3,325	-
Transfers out	<u>9,513</u>	<u>3,283</u>	<u>6,230</u>
<b>TOTAL EXPENDITURES AND OTHER     FINANCING USES</b>	<u>12,838</u>	<u>6,608</u>	<u>6,230</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u><u>\$ -</u></u>	42	<u><u>\$ 42</u></u>
<b>FUND BALANCE, January 1</b>		<u>(28)</u>	
<b>FUND BALANCE, December 31</b>		<u><u>\$ 14</u></u>	

**PUEBLO URBAN RENEWAL AUTHORITY**  
**(A COMPONENT UNIT OF THE CITY OF PUEBLO, COLORADO)**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FOUNTAIN CREEK DISTRICT**  
**YEAR ENDED DECEMBER 31, 2012**

	Budgeted Amounts <u>Final</u>	Actual Amounts Budget <u>Basis</u>	Variance with Final Budget Positive <u>(Negative)</u>
<b>REVENUES AND OTHER FINANCING SOURCES</b>			
Property taxes	\$ 7,145	\$ 6,778	\$ (367)
Interest	-	11	11
Other	-	94	94
Prior year carryover	<u>5,013</u>	<u>-</u>	<u>(5,013)</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>12,158</u>	<u>6,883</u>	<u>(5,275)</u>
<b>EXPENDITURES</b>			
Current -			
General government	800	800	-
Economic development	<u>5,000</u>	<u>5,000</u>	<u>-</u>
TOTAL EXPENDITURES	<u>5,800</u>	<u>5,800</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ 6,358</u>	1,083	<u>\$ (5,275)</u>
FUND BALANCE, January 1		<u>(13,691)</u>	
FUND BALANCE, December 31		<u>\$ (12,608)</u>	

**PUEBLO URBAN RENEWAL AUTHORITY**  
**(A COMPONENT UNIT OF THE CITY OF PUEBLO, COLORADO)**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**UNION AVENUE DISTRICT**  
**YEAR ENDED DECEMBER 31, 2012**

	Budgeted Amounts <u>Final</u>	Actual Amounts Budget <u>Basis</u>	Variance with Final Budget Positive <u>(Negative)</u>
<b>REVENUES AND OTHER FINANCING SOURCES</b>			
Property taxes	\$ 2,596	\$ 2,453	\$ (143)
Interest	-	80	80
Other	39,683	3,362	(36,321)
Prior year carryover	<u>62,093</u>	<u>-</u>	<u>(62,093)</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>104,372</u>	<u>5,895</u>	<u>(98,477)</u>
<b>EXPENDITURES</b>			
Current -			
General government	800	3,365	(2,565)
Economic development	<u>45,000</u>	<u>39,484</u>	<u>5,516</u>
TOTAL EXPENDITURES	<u>45,800</u>	<u>42,849</u>	<u>2,951</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ 58,572</u>	(36,954)	<u>\$ (95,526)</u>
FUND BALANCE, January 1		<u>(23,074)</u>	
FUND BALANCE, December 31		<u>\$ (60,028)</u>	

**CAPITAL PROJECTS FUNDS**

**PUEBLO URBAN RENEWAL AUTHORITY**  
**(A COMPONENT UNIT OF THE CITY OF PUEBLO, COLORADO)**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**LAKE MINNEQUA DISTRICT**  
**YEAR ENDED DECEMBER 31, 2012**

	Budgeted Amounts <u>Final</u>	Actual Amounts Budget <u>Basis</u>	Variance with Final Budget Positive <u>(Negative)</u>
<b>REVENUES AND OTHER FINANCING SOURCES</b>			
Property taxes	\$ 463,851	\$ 438,547	\$ (25,304)
Intergovernmental	10,769	10,769	-
Interest	230	314	84
Other	1,200	95	(1,105)
Prior year carryover	<u>1,504,059</u>	<u>-</u>	<u>(1,504,059)</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>1,980,109</u>	<u>449,725</u>	<u>(1,530,384)</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>			
Current -			
General government	8,314	6,773	1,541
Economic development	1,709,108	1,709,108	-
Debt service	135,000	135,000	-
Transfers out	145,000	145,000	-
Fund advances	39,683	-	39,683
Operating reserves	<u>284,195</u>	<u>-</u>	<u>284,195</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>2,321,300</u>	<u>1,995,881</u>	<u>325,419</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (341,191)</u>	(1,546,156)	<u>\$ (1,204,965)</u>
FUND BALANCE, January 1		<u>1,964,546</u>	
FUND BALANCE, December 31		<u>\$ 418,390</u>	

**PUEBLO URBAN RENEWAL AUTHORITY**  
**(A COMPONENT UNIT OF THE CITY OF PUEBLO, COLORADO)**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**MEMORIAL HALL**  
**YEAR ENDED DECEMBER 31, 2012**

	Budgeted Amounts <u>Final</u>	Actual Amounts Budget <u>Basis</u>	Variance with Final Budget Positive <u>(Negative)</u>
<b>REVENUES AND OTHER FINANCING SOURCES</b>			
Vendors fees	\$ 1,655,895	\$ 1,643,817	\$ (12,078)
Contributions	223,100	294,425	71,325
Interest	10,000	6,710	(3,290)
Prior year carryover	<u>9,739,554</u>	<u>-</u>	<u>(9,739,554)</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>11,628,549</u>	<u>1,944,952</u>	<u>(9,683,597)</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>			
Current -			
Economic development	3,400,713	3,400,713	-
Trustee fees	3,000	-	3,000
Transfers out	<u>1,673,361</u>	<u>1,673,361</u>	<u>-</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>5,077,074</u>	<u>5,074,074</u>	<u>3,000</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ 6,551,475</u>	(3,129,122)	<u>\$ (9,680,597)</u>
FUND BALANCE, January 1		<u>11,866,910</u>	
FUND BALANCE, December 31		<u>\$ 8,737,788</u>	

**DEBT SERVICE FUND**

**PUEBLO URBAN RENEWAL AUTHORITY**  
**(A COMPONENT UNIT OF THE CITY OF PUEBLO, COLORADO)**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**DEBT SERVICE FUND**  
**YEAR ENDED DECEMBER 31, 2012**

	Budgeted Amounts <u>Final</u>	Actual Amounts Budget <u>Basis</u>	Variance with Final Budget Positive <u>(Negative)</u>
REVENUES AND OTHER FINANCING SOURCES			
Transfers in	\$ 2,207,095	\$ 1,471,436	\$ (735,659)
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>2,207,095</u>	<u>1,471,436</u>	<u>(735,659)</u>
EXPENDITURES			
Debt service -			
Principal	831,419	360,000	471,419
Interest	<u>1,375,676</u>	<u>1,111,436</u>	<u>264,240</u>
TOTAL EXPENDITURES	<u>2,207,095</u>	<u>1,471,436</u>	<u>735,659</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	-	<u>\$ -</u>
FUND BALANCE, January 1		<u>-</u>	
FUND BALANCE, December 31		<u>\$ -</u>	

**ENTERPRISE FUND**

**PUEBLO URBAN RENEWAL AUTHORITY**  
**(A COMPONENT UNIT OF THE CITY OF PUEBLO, COLORADO)**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**PUEBLO CONVENTION CENTER ENTERPRISE FUND**  
**YEAR ENDED DECEMBER 31, 2012**

	Budgeted Amounts <u>Final</u>	Actual Amounts Budget <u>Basis</u>	Variance with Final Budget Positive <u>(Negative)</u>
<b>REVENUES AND OTHER FINANCING SOURCES</b>			
Charges for services	\$ 1,596,050	\$ 1,648,054	\$ 52,004
Interest	200	244	44
Transfers in	<u>1,145,098</u>	<u>1,145,098</u>	<u>-</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>2,741,348</u>	<u>2,793,396</u>	<u>52,048</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>			
Current -			
Contractual expenditures	2,066,220	2,043,135	23,085
Board expenditures and other	129,750	128,653	1,097
Debt service	535,358	537,858	(2,500)
Capital outlay and depreciation expense	<u>10,000</u>	<u>7,088</u>	<u>2,912</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>2,741,328</u>	<u>2,716,734</u>	<u>24,594</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	<u>\$ 20</u>	76,662	<u>\$ 76,642</u>
<b>ADJUSTMENTS FROM BUDGETARY BASIS TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES</b>			
Loss on disposal of capital assets		(2,086)	
Capital outlay		7,088	
Interest amortization and accruals		(29,544)	
Depreciation expense		(355,746)	
Principal payment on debt		285,000	
Sales tax increment revenue		<u>172,383</u>	
<b>CHANGE IN NET POSITION - GAAP basis</b>		<u>\$ 153,757</u>	