Pueblo Urban Renewal Authority

Financial Statements and Report
of
Independent Certified Public Accountants

December 31, 2018 and 2017

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PUEBLO URBAN RENEWAL AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion and analysis of the Pueblo Urban Renewal Authority's financial performance gives an overview of the Authority's financial activities for the year ended December 31, 2018. 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 ($21,450,958) for the year ended December 31, 2018. The decrease is primarily due to the transfers out related to capital activity. The business-type activities net position increased by $24,470,555. The increase was primarily due to transfers in related to capital activity. The combined primary government net position increased by $3,019,597.

- During 2018, the Authority's revenues totaled $12.138 million, of which $10.958 million was for governmental activities. The revenue in governmental activities is primarily derived from property tax increment in the amount of $4.272 million, state sales tax increment to fund the RTA Project in the amount of $3.122 million, and vendors' fees in the amount of $2.163 million. Business-type activities generated $1.195 million in revenues from charges for services.

- During 2018, the governmental activities transferred $26.029 million to the convention center business activity for operations and maintenance of the facility, debt service, and capital assets. The funds were generated by vendors' fees, bond proceeds and loan proceeds.

- During 2018, the Authority's expenses totaled $9 million, of which $6.3 million was for governmental activities and $2.7 million was for business-type activities.

- The Authority had total bonds and bank notes payable of $40,616,942 at December 31, 2018, which is a decrease of $2,551,810 from 2017. The balance on the Main Street Parking Garage is $6.492 million with interest rate of 3.95% and maturing in September, 2029. The balance on the Memorial Hall bonds is $9.615 million with interest ranging from 2.50% to 5.25% and maturing in December, 2038. The balance on the Pueblo Convention Center bond B is $3.36 million with interest ranging from 2.25% to 5.5% and maturing in December, 2028. The balance of the RTA Revenue Bonds is $15.68 million ranging from 2.25% to 5% and maturing in December 2036. The principal on the Lake Avenue bank note is $2.298 million at 4.5% and maturing in December 2029. The principal on the Dillon Flyover bank note is $2.697 million at 3.95% and maturing December, 2030. The principal on the 115 E. Riverwalk office condominium is $133,499 at a current rate of 4.004% and ballooning in January, 2022.

In 2018 the Authority also received contributions from the City of Pueblo for debt service obligations. The City contributed $267,598 or 40% of the annual bond payment and operations on the Main Street Garage. The City also contributed $116,251 for the annual loan payment on the Dillon Flyover bank loan. The contributions were made under the terms of cooperation agreements in place between the City and the Authority.

USING THIS ANNUAL REPORT

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

Reporting the Authority as a Whole

The Statement of Net Position and the Statement of Activities

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

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

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

- Governmental activities - The Authority's basic services are reported here. The Authority derives its primary source of revenue from Tax Increment Financing (TIF), which is then used to help stimulate development by using a wide variety of techniques. The Authority currently participates in a multitude of projects, either by offering direct incentives to private developers, utilizing public/private partnerships, or by directly investing in public improvements. The Authority may only operate in City Council approved "project areas" and TIF may only be spent in the project area in which it was collected. Current Authority project areas include: the Expanded Downtown 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, Fountain Creek (East Side) Project Area, Union Avenue Project Area, Lower West Side Project Area, EVRAZ Project Area, Regional Tourism Act Project and the Memorial Hall.

- 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 of the Convention Center and Memorial Hall.

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, Regional Tourism, Memorial Hall Capital Project Fund, and the Debt Service Fund. All other funds, not considered major, are reported in Other Governmental Funds.

Proprietary Fund

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

- The proprietary fund accounts for the operation of the Authority's Convention Center activities. Activities of the fund include operation and maintenance of the Convention Center, along with accumulation of resources for the payment of principal and interest on the revenue bonds outstanding. The Convention Center is managed by Spectra Management 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 Authority as a Whole

The Authority's combined net position increased in 2018 by $3,019,597. The combined increase came from a decrease of ($21,450,958) in governmental activities and an increase of $24,470,555 in business-type activities. The table below reports a summary of the Statement of Net Position.

	Governmental Activities		Business Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Current and other assets	$8,041,476	$7,999,883	$894,502	$945,019	$8,935,978	$8,944,902
Restricted assets	$10,477,815	$21,473,194	$--	$-	$10,477,815	$21,473,194
Capital assets, net	$12,638,987	$12,494,028	$32,595,558	$7,444,943	$45,234,545	$19,938,971
Total assets	$31,158,278	$41,967,105	$33,490,060	$8,389,962	$64,648,338	$50,357,067
Deferred outflows of resources	$320,778	$327,845	$525,250	$735,462	$846,028	$1,063,307
Current liabilities	$14,820,321	$2,369,429	$351,400	$423,268	$15,171,721	$2,792,697
Revenue bonds and notes	$37,031,922	$39,286,230	$3,585,020	$3,882,522	$40,616,942	$43,168,752
Total liabilities	$51,852,243	$41,655,659	$3,936,420	$4,305,790	$55,788,663	$45,961,449
Deferred inflows of resources	$4,876,805	$4,346,966	$-	$-	$4,876,805	$4,346,966
Net assets:						
Net investment in capital assets	($26,798,248)	$12,494,028	$29,535,788	$3,704,623	$2,737,540	$16,198,651
Restricted for Debt Svc and district projects	$10,190,756	$24,773,853	$-	$-	$10,190,756	$24,773,853
Unrestricted	($8,642,500)	$(40,975,556)	$543,102	$1,115,011	($8,099,398)	$(39,860,545)
Total Net Assets	($25,249,992)	$(3,707,675)	$30,078,890	$4,819,634	$4,828,898	$1,111,959

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

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues						
Program revenues:						
Charges for services	$265,054	$155,269	$1,195,158	$1,214,124	$1,460,212	$1,369,393
Capital grants and contribs	$783,849	$607,167	$-	$372,000	$783,849	$979,167
General revenues						
Property taxes	$4,272,375	$4,248,234	$-	$-	$4,272,375	$4,248,234
Sales tax increment	$3,122,919	$1,598,772	$-	$-	$3,122,919	$1,598,772
Vendors' fee	$2,163,429	$2,032,222	$-	$-	$2,163,429	$2,032,222
Loss on Asset Exchange	$0	$4,477,346	($14,842)	$-	($14,842)	$4,477,346
Interest earnings	$278,802	$76,662	$-	$-	$278,802	$76,662
Miscellaneous	$71,672	$118,966	$-	$-	$71,672	$118,966
Total Revenues:	$10,958,100	$13,314,638	$1,180,316	$1,586,124	$12,138,416	$14,900,762
Expenses						
General Government	$1,297,453	$1,178,410	$-	$-	$1,297,453	$1,178,410
Economic Development	$3,205,774	$4,452,715	$-	$-	$3,205,774	$4,452,715
Interest on long term debt	$1,876,630	$1,617,932	$-	$-	$1,876,630	$1,617,932
Convention Center	$-	$-	$2,738,962	$2,701,768	$2,738,962	$2,701,768
Total Expenses:	$6,379,857	$7,249,057	$2,738,962	$2,701,768	$9,118,819	$9,950,825
Increase(decrease) in net position	$4,578,243	$6,065,581	($1,558,646)	$(1,115,644)	$3,062,684	$4,949,937
Transfers in/(out)	($26,029,201)	$(1,427,143)	$26,029,201	$1,427,143	$-	$-
Changes in net position	($21,450,958)	$4,638,438	$24,470,555	$311,499	$3,019,597	$4,949,937
Net position, January 1	($3,799,034)	$(8,346,113)	$5,608,335	$4,508,135	$1,809,301	$(3,837,978)
Net position, December 31	($25,249,992)	$(3,707,675)	$30,078,890	$4,819,634	$4,828,898	$1,111,959

Governmental Activities-Change in Net Position

The Authority's governmental activities program revenue for 2018 was $1,048,903 and the general revenue was $9,909,197. Expenses totaled $6,379,857. The resulting change in net position, after transfers, for governmental activities was a decrease of ($21,450,958). The transfer of capital assets contributed to the decrease in governmental activities for the Authority as a whole. The transfer of capital assets.

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

Business-Type Activities-Change in Net Position

Program revenues from the Authority's business-type activities which include the Pueblo Convention Center totaled $1,195,158. Expenses totaled $2,738,962. The resulting change in net position, after transfers, for business-type activities was an increase of $24,470,555. The increase is primarily due to transfer of assets into this fund.

The Authority's Funds

The governmental funds consist of the general fund, four (4) major special revenue funds, one (2) major capital projects fund, one (1) Regional Tourism Fund, one (1) debt service fund, and three (3) non-major special revenue funds. South Santa Fe and Union Avenue district have been included with the general fund because they no longer meet the criteria of special revenue fund under generally accepted accounting principles. Revenues and expenditures of the TIF project areas and the Memorial Hall project are included in these funds. The fund balances are reported as non-spendable, restricted, committed, assigned or unassigned.

Capital Assets

At the end of 2018, the Authority had $45.234 million invested in capital assets. The amount represents an increase of $25,295,574 from 2017. These capital assets include land, buildings, improvements, along with furniture and fixtures. The Authority strives to maintain its assets in good working condition. The increase in capital assets during 2018 is due primarily to the addition of Construction in Progress for buildings owned by PURA consisting of Convention Center Expansion, Professional Bull Riders Sports Performance Center, Fan Zone, and Parking Garage.

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Non-depreciable assets-						
Land	$918,435	$918,435	$326,094	$326,094	$1,244,529	$1,244,529
Construction in Progress	$379,965	$-	$25,484,897	$-	$25,864,862	$-
Medal of Honor Memorial	$-	$-	$295,097	$295,097	$295,097	$295,097
Depreciable assets-						
Buildings	$11,340,101	$11,574,910	$5,570,729	$5,762,392	$16,910,830	$17,337,301
Improvements	$-	$-	$590,134	$702,015	$590,134	$702,015
Fixtures	$486	$683	$328,607	$359,345	$329,093	$360,026
Totals:	$12,638,987	$12,494,028	$32,595,558	$7,444,943	$45,234,545	$19,938,971

Debt Administration

Bonds Payable

The Authority has outstanding bonds payable of $35,147,800 which is a decrease of $2,160,100 from 2017.

	Issue Date	Maturity Date	Purpose	Issue Amount	Interest Rate	12/31/2017 Balance
a	2011	2038	Historic Memorial Hall	$ 10,000,000	2.25% to 5.25% (tax exempt)	$ 9,615,000
b	2011	2028	Convention Center	$ 3,890,000	2.25% to 5.5% (tax exempt)	$ 3,360,000
c	2017	2029	Parking Garage	$ 7,363,000	4.698% to 4.937% (tax exempt)	$ 6,492,800
D	2017	2036	RTA Project	$ 17,030,000	2.25% to 5.00% (tax exempt)	$ 15,680,000

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 known as Vendor Fees.

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, which was paid off in 2016, 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 known as Vendor Fees that are reported as revenue in the Memorial Hall fund and subsequently transferred to the convention center fund for debt service.

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 remaining 20 years. The expanded project area TIF is pledged to repay the series 2008 bonds. Any excess TIF that is generated by the expanded project area that is above and beyond the annual debt service payment and reserve requirements is returned to the Authority. In 2017 a Revenue refunding took place for a total of $7,363,000 principle with and interest rate of 3.95% to mature in 2029.

d. In 2017, revenue bonds of $17,030,000 were issued to assist in the financing and construction of the Regional Tourism Act Projects phase 1 and component parts of 2 and 3 consisting of the Expansion of the Pueblo Convention Center and the Professional Bull Riders Sports Performance Institute. The interest on the bonds range from 2.25% to 5.00% and will mature June 2036.

Bank Note Issue and Other Notes Payable

e. A bank note of $3,000,000 was issued in March 2011 to provide funds for the construction of certain infrastructure and other improvements in the Lake Minnequa project area. Interest and principal on this note is payable from the pledged incremental property taxes generated in the Lake Minnequa project area. These bonds were refunded in 2018 in the amount of $2,420,000.The interest rate is 3.95% and the balance at December 31, 2018 was $2,298,693.

f. 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, 2015 was $217,415. This note remained outstanding at December 31, 2016 with a balance of $207,851. The note was refinanced on February 6, 2017 in the amount of $206,188. The interest rate is 4.004%. The balance at December 31, 2018 was $133,499 and will mature January 2022.

g. In December, 2013 a $4,000,000 multi-draw term bank note was executed to fund the North Pueblo Dillon Flyover project. The interest rate is 3.95% due in annual installments of $327,942. The principal balance at year end 2018 was $2,697,561. The North Pueblo project area currently does not generate adequate property tax increment to cover the annual loan payment. The Authority executed a cooperation agreement with the City of Pueblo, whereby, the City agreed to contribute an amount equal to the debt service payment shortfall until the project area is able to generate revenues to satisfy the debt service payment. The Authority has agreed to repay the City contributions with simple interest at 5% as revenues in the project area grow.

Due From/To Primary Government

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

	Governmental Activities 2018	2017
Due to City of Pueblo for,		
Payments on Dillon Flyover loan	$954,584	$824,336
Accounts payable for 1601 study-North Pueblo	$512,398	$496,333
Convention Center Note	$9,702,930	218,000
	$11,169,912	$1,538,669

- 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 2018, the City of Pueblo contributed $267,598 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 and operations.

- 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 2018, the Authority reimbursed the City of Pueblo $0 for the 1601 study.

- During 2014, the Authority entered into a construction and maintenance agreement with the City of Pueblo for the Lake Avenue Streetscape project. As a part of the agreement, the City agreed to pay for drainage, storm water and sanitary sewer upgrades in the area. The Authority paid for these improvements and the "Due from City of Pueblo" represents those costs which the City has agreed to pay the Authority. The City has fully reimbursed the Authority. In addition, the Agreement assigns the responsibility for maintenance of the improvements to the Authority for the next 20 years ending in 2031.

- During 2017, the Authority entered into two promissory notes totaling $14.4 million with the City of Pueblo for the RTA Projects consisting of the expansion to the Pueblo Convention Center and Professional Bull Riders Sports Performance Institute. The total drawn and outstanding on these notes at December 31,2018 is $9,702,930.

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 2018 the Authority reimbursed TVMD $2,732.

- 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 $7,568,732 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 2018, the Authority reimbursed Vestas $658,916.74 in county personal property tax credits, $925,198.51 in Pueblo County Reimbursement, and $616,799.01 in Board of Water Works Reimbursement. At December 31, 2018, the principal amount payable to Vestas was paid in Full. Pueblo County reimbursement balance was $3,173,265.74, and the Board of Water Works reimbursement balance was $2,811,104.39.

- In connection with the North Pueblo Dillon Flyover loan, the Authority entered into an agreement with the City of Pueblo, which allows for the City, at its discretion, to fund any shortfalls in the Authority's ability to make debt service payments from pledged incremental property taxes. The agreement provides that if the North Pueblo district eventually provides the Authority with a surplus of incremental property taxes, the Authority will repay the shortfall payments made by the City, along with 5% of simple interest. During 2018, the City paid $116,251 in debt service shortfall.

Budgetary Highlights

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

Requests for Information

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

Haynie & Company
Certified Public Accountants (a professional corporation)
1221 West Mineral Ave, Ste. 202 Littleton, Colorado 80120-4544 (303) 734-4800 Fax (303) 795-3356

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Pueblo Urban Renewal Authority
Pueblo, Colorado

We have audited the accompanying financial statements of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of Pueblo Urban Renewal Authority (the Authority) as of and for the year ended December 31, 2018, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

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 activity, each major fund, and the aggregate remaining fund information of Pueblo Urban Renewal Authority as of December 31, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As discussed in Note 13 to the financial statements, management has implemented GASB Statement No. 75. As a result of this change in accounting principle, the net position as of December 31, 2017 has been restated. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 6, 2019, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Haynie & Co

Littleton, Colorado
May 6, 2019

BASIC FINANCIAL STATEMENTS

Pueblo Urban Renewal Authority

(a component unit of the City of Pueblo, Colorado)

Statement of Net Position

December 31, 2018

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Cash and Cash Equivalents	$ 1,472,920	$ 637,006	$ 2,109,926
Restricted cash and cash equivalents	1,791,566	-	1,791,566
Receivables	6,630,166	107,826	6,737,992
Internal balances	(106,546)	106,546	-
Inventory and prepaid items	44,936	43,124	88,060
Restricted assets under debt obligations:			
Cash and cash equivalents	328,891	-	328,891
Investments	8,357,358	-	8,357,358
Capital assets, net of accumulated depreciation:			
Land and non-depreciable assets	918,435	621,191	1,539,626
Construction in progress	379,965	25,484,897	25,864,862
Buildings	11,340,101	5,570,729	16,910,830
Improvements	-	590,134	590,134
Furniture and fixtures	486	328,607	329,093
Total capital assets, net	12,638,987	32,595,558	45,234,545
TOTAL ASSETS	31,158,278	33,490,060	64,648,338
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amounts on refunding	225,509	525,250	750,759
Deferred outflows related to pension	90,254	-	90,254
Deferred outflows related to OPEB	5,015	-	5,015
TOTAL DEFERRED OUTFLOWS OF RESOURCES	320,778	525,250	846,028
LIABILITIES			
Accounts payable and accrued expenses	3,036,729	351,400	3,388,129
Due to primary government	11,169,912	-	11,169,912
Net pension liability	562,700	-	562,700
Net OPEB liability	50,980	-	50,980
Long-term liabilities:			
Due within one year	2,530,217	262,498	2,792,715
Due in more than one year	34,501,705	3,322,522	37,824,227
TOTAL LIABILITIES	51,852,243	3,936,420	55,788,663
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pension	110,832	-	110,832
Deferred inflows related to OPEB	862	-	862
Property taxes	4,765,111	-	4,765,111
TOTAL DEFERRED INFLOW OF RESOURCES	4,876,805	-	4,876,805
NET POSITION			
Net investment in capital assets	(26,798,248)	29,535,788	2,737,540
Restricted for debt service and district projects	10,190,756	-	10,190,756
Unrestricted	(8,642,500)	543,102	(8,099,398)
TOTAL NET POSITION	$ (25,249,992)	$ 30,078,890	$ 4,828,898

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

Pueblo Urban Renewal Authority

(a component unit of the City of Pueblo, Colorado)

Statement of Activities

For the Year Ended December 31, 2018

FUNCTIONS / PROGRAMS	EXPENSES	PROGRAM REVENUES: CHARGES FOR SERVICES	PROGRAM REVENUES: OPERATING GRANTS AND CONTRIBUTIONS	PROGRAM REVENUES: CAPITAL GRANTS AND CONTRIBUTIONS	NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION: GOVERNMENTAL ACTIVITIES	NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION: BUSINESS-TYPE ACTIVITIES	NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION: TOTAL
Governmental activities:							
General Government	$ 1,297,453	$ 265,054	$ -	$ -	$ (1,032,399)	$ -	$ (1,032,399)
Economic development	3,205,774	-	-	783,849	(2,421,925)	-	(2,421,925)
Interest and Related Costs	1,876,630	-	-	-	(1,876,630)	-	(1,876,630)
Total Governmental Activities	6,379,857	265,054	-	783,849	(5,330,954)	-	(5,330,954)
Business-Type Activities:							
Convention center	2,738,962	1,195,158	-	-	-	(1,543,804)	(1,543,804)
Total Business-Type Activities	2,738,962	1,195,158	-	-	-	(1,543,804)	(1,543,804)
TOTAL	$ 9,118,819	$ 1,460,212	$ -	$ 783,849	$ (5,330,954)	$ (1,543,804)	$ (6,874,758)

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Taxes:			
Property taxes levied for general purposes	$ -	$ -	$ -
Property taxes levied for debt service	1,474,032	-	1,474,032
Property taxes levied for reimbursement agreements	2,798,343	-	2,798,343
Sales tax increment	3,122,919	-	3,122,919
Vendor's fee	2,163,429	-	2,163,429
Gain/(loss) on asset exchange	-	(14,842)	(14,842)
Interest earnings	278,802	-	278,802
Other	71,672	-	71,672
Transfers	(26,029,201)	26,029,201	-
Total general revenues and transfers	(16,120,004)	26,014,359	9,894,355
Change in net position	(21,450,958)	24,470,555	3,019,597
NET POSITION, BEGINNING, as restated	(3,799,034)	5,608,335	1,809,301
NET POSITION, ENDING	$ (25,249,992)	$ 30,078,890	$ 4,828,898

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

Pueblo Urban Renewal Authority

(a component unit of the City of Pueblo, Colorado)

Balance Sheet
Governmental Funds
December 31, 2018

					SPECIAL REVENUE FUNDS					
ASSETS	**GENERAL FUND**	**REGIONAL TOURISM**	**MEMORIAL HALL**	**DEBT SERVICE FUND**	**EXPANDED DOWNTOWN DISTRICT**	**ST. CHARLES DISTRICT**	**LAKE MINNEQUA DISTRICT**	**NORTH PUEBLO DISTRICT**	**OTHER GOVERNMENTAL FUNDS**	**TOTAL GOVERNMENTAL FUNDS**
Cash and cash equivalents	$ 707,654	$ -	$ -	$ -	$ 466,869	$ 1,687	$ 279,935	$ -	$ 16,775	$ 1,472,920
Restricted cash and cash equivalents	-	1,791,566	-	-	-	-		328,891	-	2,120,457
Restricted investments	-	6,371,065	1,391,577	-	330,498	-	264,218	-	-	8,357,358
Accounts and other receivables	5,380	1,573,264	208,274	-	47,902	-	-	-	-	1,834,820
Property taxes receivable	6,338	-	-	-	634,377	2,882,870	614,549	580,388	47,040	4,765,562
Notes receivable	29,784	-	-	-	-	-	-	-	-	29,784
Prepaid expenses	8,509	36,427	-	-	-	-	-	-	-	44,936
Advance to other funds	22,815	-	-	-	-	-	-	-	-	22,815
TOTAL ASSETS	$ 780,480	$ 9,772,322	$ 1,599,851	$ -	$ 1,479,646	$ 2,884,557	$ 1,158,702	$ 909,279	$ 63,815	$ 18,648,652
LIABILITIES, DEFERRED INFLOW OF RESOURCES AND FUND BALANCES										
LIABILITIES										
Accounts payable	$ 4,489	$ 2,630,822	$ 2,500	$ -	$ -	$ -	$ 97	$ -	$ -	$ 2,637,908
Accrued liabilities	68,973	67,641	-	-	87,771	-	-	-	-	224,385
Advance from other funds	-	7,624	121,737	-	-	-	-	-	-	129,361
TOTAL LIABILITIES	73,462	2,706,087	124,237	-	87,771	-	97	-	-	2,991,654
DEFERRED INFLOWS OF RESOURCES										
Property taxes	5,887	-	-	-	634,377	2,882,870	614,549	580,388	47,040	4,765,111
TOTAL DEFERRED INFLOWS OF RESOURCES	5,887	-	-	-	634,377	2,882,870	614,549	580,388	47,040	4,765,111
FUND BALANCES										
Nonspendable	$ 8,509	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 8,509
Restricted	-	7,066,235	1,475,614	-	757,498	1,687	544,056	328,891	16,775	10,190,756
Unassigned	692,622	-	-	-	-	-	-	-	-	692,622
TOTAL FUND BALANCES	701,131	7,066,235	1,475,614	-	757,498	1,687	544,056	328,891	16,775	10,891,887
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 780,480	$ 9,772,322	$ 1,599,851	$ -	$ 1,479,646	$ 2,884,557	$ 1,158,702	$ 909,279	$ 63,815	$ 18,648,652

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

Pueblo Urban Renewal Authority
(a component unit of the City of Pueblo, Colorado)
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
For the Year Ended December 31, 2018

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

Total fund balance - governmental funds	$ 10,891,887
The deferred outflows below are not current assets or financial resources; and the deferred inflows are not due and payable in the current period and therefore are not reported in the Governmental Funds.	
Deferred amounts on refunding	225,509
Deferred outflows related to pension	90,254
Deferred outflows related to OPEB	5,015
Deferred inflows related to pension	(110,832)
Deferred inflows related to OPEB	(862)
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds:	
Capital assets	13,075,631
Accumulated depreciation	(436,644)
Net capital assets	12,638,987
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	(6,492,800)
Revenue improvement bonds payable	(9,615,000)
Premium on revenue improvement bonds payable	(198,540)
Sales tax increment bonds	(15,680,000)
Discount on sales tax increment bonds	125,761
Bank notes payable	(5,129,753)
Due to primary government	(11,169,912)
Net pension liability	(562,700)
Net OPEB liability	(50,980)
Accrued interest payable	(174,436)
Compensated absences	(41,590)
Total long-term liabilities	(48,989,950)
Total net position - governmental activities	$ (25,249,992)

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

Pueblo Urban Renewal Authority

(a component unit of the City of Pueblo, Colorado)
Governmental Funds
Combined Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended December 31, 2018

					SPECIAL REVENUE FUNDS					
	GENERAL FUND	REGIONAL TOURISM	MEMORIAL HALL	DEBT SERVICE FUND	EXPANDED DOWNTOWN DISTRICT	ST. CHARLES DISTRICT	LAKE MINNEQUA DISTRICT	NORTH PUEBLO DISTRICT	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES:										
Property taxes	$ -	$ -	$ -	$ -	$ 630,256	$ 2,787,045	$ 594,942	$ 248,414	$ 11,718	$ 4,272,375
Intergovernmental	400,000	3,122,919	-	-	267,598	-	-	116,251	-	3,906,768
Charges for Services	182,304	-	-	-	82,750	-		-	-	265,054
Vendor fees	-	-	2,163,429	-	-	-	-	-	-	2,163,429
Interest	1,971	241,638	22,234	-	6,915	85	5,139	623	197	278,802
Miscellaneous	71,443	-	-	-	-	-	229	-	-	71,672
TOTAL REVENUES	655,718	3,364,557	2,185,663	-	987,519	2,787,130	600,310	365,288	11,915	10,958,100
EXPENDITURES:										
Current:										
General government	827,191	49,824	-	-	33,602	-	-	-	-	910,617
Economic development	12,553	39,531	405,399	-	293,128	2,674,772	19,757	-	2,821	3,447,961
Debt Service:										
Principal	39,851	-	-	2,217,847	-	-	-	-	-	2,257,698
Interest	6,300	-	-	1,694,029	-	-	-		-	1,700,329
Cost of Issuance	-	-	-	-	-	-	77,689	-	-	77,689
Capital outlay	21,526	-	-	-	-	-	-	-	-	21,526
TOTAL EXPENDITURES	907,421	89,355	405,399	3,911,876	326,730	2,674,772	97,446	-	2,821	8,415,820
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(251,703)	3,275,202	1,780,264	(3,911,876)	660,789	112,358	502,864	365,288	9,094	2,542,280
OTHER FINANCING SOURCES (USES)										
Loan proceeds	-	9,417,290	-	-		-	-	-	-	9,417,290
Transfers in	720,012	2,801	-	3,911,876	-	-	-		-	4,634,689
Transfers out	(6,108)	(26,739,929)	(2,094,177)	-	(808,610)	(117,040)	(530,043)	(365,251)	(2,732)	(30,663,890)
NET CHANGE IN FUND BALANCE	462,201	(14,044,636)	(313,913)	-	(147,821)	(4,682)	(27,179)	37	6,362	(14,069,631)
FUND BALANCES, BEGINNING, as restated	238,930	21,110,871	1,789,527	-	905,319	6,369	571,235	328,854	10,413	24,961,518
FUND BALANCES, ENDING	$ 701,131	$ 7,066,235	$ 1,475,614	$ -	$ 757,498	$ 1,687	$ 544,056	$ 328,891	$ 16,775	$ 10,891,887

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

Pueblo Urban Renewal Authority

(a component unit of the City of Pueblo, Colorado)
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2018

Net change in fund balances - total governmental funds	$ (14,069,631)
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	(235,005)
Capital outlay	379,964
Net amount	144,959
The governmental funds report the proceeds from the issuance of notes payable and other obligations as other financing sources and the repayments of principal on these notes and other obligations as expenditures. Interest expense is recognized as an expenditure in the governmental funds when it is due, while interest expense is recognized when incurred in the statement of activities. In addition, interest expense reported in the statement of activities includes amortization of bond issuance premiums and deferred amounts on refunding which are recognized in the governmental funds in the period incurred. The net effect of these differences in the treatment of notes payable and other liabilities is as follows:	
Amortization of interest-related costs	(13,491)
Amortization of bond premium	9,927
Issuance of obligation to primary government	(116,251)
Interest expense on bonds and balance due to primary government - change in accrual	(88,061)
Loan proceeds	(9,417,290)
Amortization of bond discount	(6,987)
Principal payments on debt obligations	2,257,698
Net amount	(7,374,455)
In the statement of activities, certain operating expenses are measured by the amount earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount paid.	
Compensated absences paid ($34,272) was less than amounts earned ($40,602)	(6,330)
Pension expense paid ($49,183) was less than amount earned ($194,684)	(145,501)
Change in net position - governmental activities	$ (21,450,958)

Pueblo Urban Renewal Authority
(a component unit of the City of Pueblo, Colorado)
Proprietary Fund
Statement of Net Position
December 31, 2018

	Business-Type Activity Enterprise Fund Convention Center
ASSETS	
Current Assets:	
Cash and cash equivalents	$ 637,006
Accounts receivable	107,826
Inventories	16,565
Prepaid Expenses	26,559
Total Current Assets	787,956
Non-Current Assets:	
Capital assets:	
Land	326,094
Construction in progress	25,484,897
Medal of honor	295,097
Buildings	9,594,391
Improvements	1,610,092
Furniture & fixtures	1,320,809
Accumulated depreciation	(6,035,822)
Total capital assets	32,595,558
Other assets:	
Advance to other funds	121,737
Total Non-Current Assets	32,717,295
TOTAL ASSETS	33,505,251
DEFERRED OUTFLOWS OF RESOURCES	
Deferred amount on refunding	525,250
LIABILITIES	
Current Liabilities:	
Accounts payable	69,970
Accrued expenses	262,872
Accrued interest payable	18,558
Current portion of bonds payable	262,498
Total Current Liabilities	613,898
Non-Current Liabilities:	
Advance from other funds	15,191
Bonds payable, net of unamortized premium	3,322,522
Total Non-Current Liabilities	3,337,713
TOTAL LIABILITIES	3,951,611
NET POSITION	
Net investment in capital assets	29,535,788
Unrestricted	543,102
TOTAL NET POSITION	$ 30,078,890

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

Pueblo Urban Renewal Authority

(a component unit of the City of Pueblo, Colorado
Proprietary Fund
Statement of Revenues, Expenditures
and Changes in Fund Net Position
For the Year Ended December 31, 2018

	Business-Type Activity Enterprise Fund Convention Center
OPERATING REVENUES	
Charges for services	$ 1,195,158
TOTAL OPERATING REVENUES	1,195,158
OPERATING EXPENSES	
Contractual expenses	1,936,372
General administration	209,415
Depreciation	375,174
TOTAL OPERATING EXPENSES	2,520,961
OPERATING INCOME (LOSS)	(1,325,803)
NON-OPERATING REVENUES (EXPENSES)	
Loss on disposal	(14,842)
Interest expense	(218,001)
TOTAL NON-OPERATING REVENUES (EXPENSES)	(232,843)
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	(1,558,646)
Transfers in	26,029,201
CHANGE IN NET POSITION	24,470,555
NET POSITION, BEGINNING OF YEAR	5,608,335
NET POSITION, END OF YEAR	$ 30,078,890

Pueblo Urban Renewal Authority
(a component unit of the City of Pueblo, Colorado)
Proprietary Fund
Statement of Cash Flows
For the Year Ended December 31, 2018

	Business-Type Activity Enterprise Fund Convention Center
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	$ 1,177,367
Cash paid for goods and services	(2,118,457)
NET CASH FROM OPERATING ACTIVITIES	(941,090)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Transfers in	1,490,664
Transfers out	-
Payments made to other funds	-
Payments received on fund advance	35,656
NET CASH FROM NON-CAPITAL FINANCING ACTIVITIES	1,526,320
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Intergovernmental funds received	-
Capital expenditures	(55,734)
Interest paid on bonds	(187,951)
Principal paid on bonds	(275,000)
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES	(518,685)
NET CHANGE IN CASH AND CASH EQUIVALENTS	66,545
CASH AND CASH EQUIVALENTS	
Beginning of Year	570,461
End of Year	$ 637,006
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES	
Operating income (loss)	$ (1,325,803)
Depreciation	375,175
Change in accounts receivable, net	(17,791)
Change in inventory	1,606
Change in prepaids	97,591
Change in accounts payable and accrued expenses	(71,868)
NET CASH FROM OPERATING ACTIVITIES	$ (941,090)
NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES	
Contribution of capital assets	$ -

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

1. Summary of Significant Accounting Policies

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

Reporting Entity

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

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

Government-Wide and Fund Financial Statements

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

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

1. Summary of Significant Accounting Policies (continued)

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

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

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

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

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

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

1. Summary of Significant Accounting Policies (continued)

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

Governmental Funds
The Authority reports the following major governmental funds:

- The general fund is the primary operating fund of the Authority and is always classified as a major fund. The general fund is used to account for all financial resources of the Authority except those resources, if any, that are required to be accounted for in a separate fund.

- The regional tourism fund is a fund created to fund a regional tourism plan to attract new, out-of-state visitors to downtown Pueblo. Funds are provided by the State of Colorado's RTA grant and expenditures consist of economic development, mainly in relation to the expansion of the Pueblo Convention Center.

- The expanded downtown district fund is a special revenue fund used to account for activities within this district's boundaries. Funds are provided by property taxes and intergovernmental revenues and expenditures include economic development and transfers.

- The St. Charles district fund is a special revenue fund used to account for an economic development agreement with a business entity. Funds are provided by property taxes and expenditures consist of economic development payments to the business and other entities.

- The Lake Minnequa district is a special revenue fund used to account for infrastructure improvements in an area in and around Lake Minnequa on behalf of the City. Funds are provided by property taxes and expenditures consist of economic development and transfers.

- Memorial Hall is a capital projects fund used to account for improvements and upgrades to the City's Memorial Hall. The electorate of the City of Pueblo, Colorado approved the issuance of $10,000,000 of bonds to finance the project. Voter approval included the continuation of the collection of 3.3% of the City's sales and use tax revenues which will provide the on-going revenues to service the bonded debt. Expenditures include economic development and transfers.

- The debt service fund is used to account for and report financial resources that are restricted, committed or assigned to expenditure for principal and interest on certain of the Authority's debt obligations. The primary revenue sources are transfers from other funds.

- The North Pueblo district fund is a special revenue fund used to account for the Authority's commitment to assist in the funding of the Dillon Flyover project. The primary revenue sources are from taxes and primary government funding, with expenditures being dedicated to the project.

1. Summary of Significant Accounting Policies (continued)

- Other governmental funds are a summarization of all other governmental funds.

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.

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:

- Thunder Village District
- Fountain Creek District
- Lower Westside District

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

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

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

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

1. Summary of Significant Accounting Policies (continued)

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

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Net interest incurred, if any, during the construction phase of business-type and proprietary fund activities is included as part of the capitalized value of the assets constructed when material. No interest was capitalized during the year ended December 31, 2018.

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

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

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

In the governmental fund financial statements, bond premiums and bond issue costs are recognized during the current period. The face amount of the debt issue, along with the related premium, is

1. Summary of Significant Accounting Policies (continued)

reported as other financing sources, while debt issue costs are reported as debt service expenditures.

Fund Equity

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

- Nonspendable – includes amounts that are (a) not in spendable form or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash such as inventories, prepaid items and long-term notes receivable.

- Restricted – includes amounts that are restricted for specific purposes stipulated by external resource providers constitutionally or through enabling legislation.

- Committed – includes amounts that can only be used for the specific purposes determined by the passage of a resolution of the Authority's board of commissioners. Commitments may be modified or changed only by the Authority's board of commissioners approving a new resolution.

- Assigned – includes amounts intended to be used by the Authority for specific purposes that are neither restricted nor committed. Intent is expressed by the Authority's executive director to which the assigned amounts are to be used for specific purposes. Assigned amounts include appropriations of existing fund balance to eliminate a projected budgetary deficit in the subsequent year's budget.

- Unassigned – this is the residual classification for the general fund and negative fund balances in other governmental funds.

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

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

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

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

1. Summary of Significant Accounting Policies (continued)

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".

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

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

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

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

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. The 2018 budget was amended for additional expenditures.

The legal level of budgetary control for all funds is at the total fund level, which means that total expenditures and other financing uses that exceed budgeted appropriations may be in violation of State statutes.

3. Cash, Cash Equivalents and Investments

Cash and cash equivalents and investments are summarized as follows:

Cash on hand	$ 100
Demand deposits	4,230,283
Total cash and cash equivalents	$ 4,230,383
Money market funds held at bank trust departments	$ 8,357,358
Total investments	$ 8,357,358

Reported in the financial statements as follows:

	Governmental Activities	Business-Type Activities	Total
Cash and cash equivalents	$ 1,472,920	$ 637,006	$ 2,109,926
Restricted cash and cash equivalents	1,791,566	-	1,791,566
Restricted cash and cash equivalents under debt obligations	328,891	-	328,891
	$ 3,593,377	$ 637,006	$ 4,230,383
Restricted investments under debt obligations	$ 8,357,358	$ -	$ 8,357,358

Deposits

December 31, 2018, the carrying amount of the Authority's deposits was $4,230,383 and the bank balance was $4,179,839. Of the bank balance, $750,000 was covered by federal depository insurance and $3,075,584 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, 2018, deposits with a bank balance of $382,206 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.

3. Cash, Cash Equivalents and Investments (continued)

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, 2018, the Authority had the following investments and maturities:

	Fair Value	Investment maturity less than one year
Money market funds	$ 8,357,358	$ 8,357,358
	$ 8,357,358	$ 8,357,358

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, 2018, the Authority's investment in money market funds is rated AAAm by Standard and Poor's.

Fair Value Measurement and Application – The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. All of the District's investments are measured at fair value using Level 1 inputs.

4. Receivables

Receivables held by Governmental Funds at December 31, 2018 consist of the following:

	Governmental Activities				
	General Fund	Regional Tourism	Expanded Downtown District	St Charles District	Lake Minnequa District
Accounts	$ 5,380	$ 1,573,264	$ 45,326	$ -	$ -
Notes	29,784	-	-	-	-
Vendors Fee	-	-	-	-	-
Property taxes	6,338	-	634,377	2,882,870	614,549
Interest	-	-	2,576	-	-
	$ 41,502	$ 1,573,264	$ 682,279	$ 2,882,870	$ 614,549

	Governmental Activities			
	North Pueblo	Memorial Hall	Other Governmental Funds	Total
Accounts	$ -	$ -	$ -	$ 1,623,970
Notes	-	-	-	29,784
Vendors Fee	-	208,274	-	208,274
Property taxes	580,388	-	47,040	4,765,562
Interest	-	-	-	2,576
	$ 580,388	$ 208,274	$ 47,040	$ 6,630,166

5. Advance to/from Other Funds and Transfers

The following table summarizes advances to/from other funds at December 31, 2018:

	Advances to Other Funds	Advances from Other Funds
Major governmental funds -		
Advance due General Fund	$ 22,815	$ -
Advance due Property Improvement Fund	-	-
Advance from Lake Minnequa District	-	-
Advance due Convention Center	-	121,737
Advance from General Fund	-	7,624
Major enterprise fund -		
Advance to General Fund	-	15,191
Advance from Memorial Hall	121,737	-
	$ 144,552	$ 144,552

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

Transfers for the year ended December 31, 2018 are as follows:

	Transfers in	Transfers out
Governmental funds -		
General Fund	$ 720,012	$ (6,108)
Regional Tourism	2,801	(26,739,929)
Expanded Downtown District	-	(808,610)
St. Charles District	-	(117,040)
Lake Minnequa District	-	(530,043)
Memorial Hall	-	(2,094,177)
Debt Service	3,911,876	-
North Pueblo District	-	(365,251)
Other governmental funds	-	(2,732)
Total governmental funds	$ 4,634,689	$ (30,663,890)
Enterprise fund -		
Pueblo Convention Center	26,029,201	-
Total enterprise fund	26,029,201	-
	$ 30,663,890	$ (30,663,890)

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 acquisition of capital assets, debt service and operations and maintenance expenses.

6. Due from/to Primary Government

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

Due to City of Pueblo, Colorado for -	
Payments on Dillon Flyover Loan	$ 954,584
1601 Study	512,398
Convention Center Expansion Loan	9,702,930
	$ 11,169,912

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, 2018	Additions	Payments/ Reductions	Balance December 31, 2018	Due Within One Year
Governmental activiites:					
Dillon Loan payments	$ 824,336	$ 130,248	$ -	$ 954,584	$ -
1601 study	496,333	16,065	-	512,398	-
Convention Center expansion note	218,000	9,484,930	-	9,702,930	-
Total payable	$ 1,538,669	$ 9,631,243	$ -	$ 11,169,912	$ -

Convention Center Expansion Loan – City of Pueblo

The City of Pueblo issued two promissory notes on March 14, 2017.

The principal amount of the first note is $12,200,000 with a maturity date of December 31, 2027, with the right to extend the maturity date to December 31, 2037. Principal is due on or before the maturity date, together with interest on draws related to eligible costs until December 31, 2022, at the rate of 2% per annum; commencing January 1, 2023 until the maturity date at the rate of 3% per annum on the unpaid balance until paid. Accrued interest will be paid semi-annually on June 1 and December 1 or each year until maturity. Such monies are to be used by the Authority to finance the design, construction and improvement of an expansion to the Pueblo Convention Center Exhibition Hall and attached facility on the real property.

The principal amount of the second note is $2,200,000 with a maturity date of December 31, 2027, with the right to extend the maturity date to December 31, 2037. This note bears no interest. The entire principal balance shall be due and payable upon maturity. This note is for eligible costs related to the expansion to the Gateway Plaza project. In 2018 the Authority amended the Regional Tourism Act Project Cooperation Agreement with the City of Pueblo. This amendment states that the Authority will reimburse the City of Pueblo for Gateway Plaza

6. Due from/to Primary Government (continued)

design costs up to $258,954 if any remaining moneys from the $2.2 million loan are available after the project is complete. As of December 31, 2018 the City of Pueblo has incurred $172,024.50.

As of December 31, 2018, $9,635,290 of eligible costs had been drawn from this loan and are reflected in the amount payable to the City of Pueblo. This amount plus accrued interest are reflected as the note payable above.

7. Capital Assets

Capital assets for the year ended December 31, 2018 were as follows:

	Balance January 1, 2018	Additions	Conveyances or Retirements	Balance December 31, 2018
Governmental activities:				
Non-depreciable assets:				
Land	$ 918,435	$ -	$ -	$ 918,435
Construction in progress	-	379,964	-	379,964
Total non-depreciable assets	918,435	379,964	-	1,298,399
Depreciable assets:				
Buildings	11,740,468	-	-	11,740,468
Furniture and fixtures	36,764	-	-	36,764
Total depreciable assets	11,777,232	-	-	11,777,232
Less Accumulated depreciation for:				
Buildings	(165,558)	(234,810)	-	(400,368)
Furniture and fixtures	(36,081)	(195)	-	(36,276)
Total accumulated depreciation	(201,639)	(235,005)	-	(436,644)
Depreciable assets, net	11,575,593	(235,005)	-	11,340,588
Governmental activities assets, net	$ 12,494,028	$ 144,959	$ -	$ 12,638,987
	Less outstanding capital debt			$ (37,031,922)
	Accounts payable related to construction			(1,487,809)
	Retainage payable			(1,143,013)
	Plus deferred amount on refunding			225,509
	Net investment in capital assets			$ (26,798,248)

7. Capital Assets (continued)

	Balance January 1, 2018	Additions	Conveyances or Retirements	Balance December 31, 2018
Business-type activities:				
Non-depreciable assets:				
Land	$ 326,094	$ -	$ -	$ 326,094
Construction in progress	946,360	24,538,537	-	25,484,897
Medal of honor memorial	295,097	-	-	295,097
Total non-depreciable assets	1,567,551	24,538,537	-	26,106,088
Depreciable assets:				
Buildings	9,594,391	-	-	9,594,391
Improvements	1,708,508	14,774	(113,188)	1,610,094
Furniture and fixtures	1,494,332	40,960	-	1,535,292
Total depreciable assets	12,797,231	55,734	(113,188)	12,739,777
Less Accumulated depreciation for:				
Buildings	(3,831,999)	(191,662)	-	(4,023,661)
Improvements	(1,006,493)	(111,812)	98,346	(1,019,959)
Furniture and fixtures	(1,134,987)	(71,700)	-	(1,206,687)
Total accumulated depreciation	(5,973,479)	(375,174)	98,346	(6,250,307)
Depreciable assets, net	6,823,752	(319,440)	(14,842)	6,489,470
Business-type activities assets, net	$ 8,391,303	$ 24,219,097	$ (14,842)	$ 32,595,558
	Less outstanding capital debt			$ (3,585,020)
	Plus deferred amount on refunding			525,250
	Net investment in capital assets			$ 29,535,788

Depreciation expense was charged to functions/programs as follows:

Governmental activities –	
General government	$ 235,005
Total depreciation expense – governmental activities	$ 235,005
Business-type activities –	
Pueblo Convention Center	$ 375,174
Total depreciation expense – business-type activities	375,174

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, 2018:

	Balance January 1, 2018	Additions	Payments/ Reductions	Balance December 31, 2018	Due Within One Year
Governmental activities:					
Improvement revenue bonds,					
Series 2011B	9,705,000	-	(90,000)	9,615,000	95,000
Unamortized premium	208,467	-	(9,927)	198,540	9,927
	9,913,467	-	(99,927)	9,813,540	104,927
Revenue refunding bonds,					
Series 2017	6,937,900	-	(445,100)	6,492,800	466,100
	6,937,900	-	(445,100)	6,492,800	466,100
Sales tax increment bonds,					
Series 2017	17,030,000	-	(1,350,000)	15,680,000	1,580,000
Unamortized discount	(132,748)	-	6,987	(125,761)	(6,987)
	16,897,252	-	(1,343,013)	15,554,239	1,573,013
Bank note - Lake Ave	2,420,000	2,420,000	(2,541,307)	2,298,693	126,099
Bank note - Office Condo	173,350	-	(39,851)	133,499	41,566
Bank note - Dillon Flyover	2,909,001	-	(211,440)	2,697,561	221,451
Compensated absences	35,260	40,602	(34,272)	41,590	41,590
Total governmental activities	$ 39,286,230	$ 2,460,602	$ (4,714,910)	$ 37,031,922	$ 2,574,746

All of the above obligations, with the exception of the bank note with an outstanding balance of $133,499 at December 31, 2018 and the compensated absences liability, are serviced by the debt service fund. The bank note and the compensated absences liability are serviced by the general fund.

	Balance January 1, 2018	Additions	Payments/ Reductions	Balance December 31, 2018	Due Within One Year
Business-type activities:					
Tax-exempt refunding revenue					
bonds, Series 2011B	$ 3,635,000	$ -	$ (275,000)	$ 3,360,000	$ 285,000
Unamortized premium	247,522	-	(22,502)	225,020	22,502
Total business-type activities	3,882,522	-	(297,502)	3,585,020	307,502

8. Long-Term Liabilities (continued)

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

Revenue Refunding Bonds, Series 2017

On June 15, 2017, The Authority issued $7,363,000 Revenue Refunding Bonds, maturing September 1, 2029. The bonds bear interest at a per annum rate of 3.95% and payments are due in annual installments ranging from $755,686 to $762,148, including interest, through September 2029.

Improvement Revenue Bonds, Series 2011B

The series 2011B improvement revenue bond issue totaling $10,000,000 was consummated in June, 2011 for the purpose of providing funds for the remodeling and restoring of the historic Memorial Hall which is within the expanded downtown district. Interest on the bonds range from 2.50% to 5.25%, and payments are due in annual installments ranging from $600,676 to $1,068,688, including interest, through December 2038. The series 2011B improvement revenue bonds are special limited obligations of the Authority. Interest and principal are payable from the proceeds of the pledged revenue which consists of 3.3% of the City of Pueblo's sales and use tax collections.

State Sales Tax Increment Revenue Bonds, Series 2017

The series 2017 improvement revenue bond issue totaling $17,030,000 was consummated in July, 2017 for the purpose of providing funds for the design, construction, equipping and improvement of Phase 1, and component parts of Phases 2 and 3 of the RTA Project consisting of the expansion of the Pueblo Convention Center. Interest on the bonds range from 2.25% to 5.00%, and payments are due in semi-annual installments ranging from $91,250 to $3,741,250, including interest, through June 2036.

As mentioned below in Note 15, the Authority, in conjunction with the Colorado Economic Development Commission (the "Commission"), approved a resolution dedicating specified sales tax increment revenue for approved regional tourism projects. This agreement specifies a percentage of sales tax increment revenue will be dedicated to the Project in the amount of 24.7% of state sales tax revenue collected within the Regional Tourism Zone in excess of the Base Year Revenue (calculated as state sales tax revenue collected by the State from taxable transactions occurring within the Regional Tourism Zone during the twelve-month period from May 1, 2011 and ending on April 30, 2012) until April 30, 2022. Thereafter 3.3% of state sales tax revenue collected within the Regional Tourism Zone in excess of the Base Year Revenue will be dedicated to the Project until the earlier of either the date on which $35.7 million in state sales tax increment revenue has been paid or payment in full has been made on the bonds associated with financing the project, provided no single bond shall have a maturity date of 30 years. There is an option, with written notification to the Commission to extend the financing term to a date not to exceed 50 years. The funds received for the states sales tax increment revenue are being used to pay debt service on the State Sales Tax Increment Revenue Bonds.

8. Long-Term Liabilities (continued)

Bank Note – Lake Avenue
The bank note issue of $3,000,000 (series 2011 bonds) was issued in March 2011 to provide funds for the construction of certain infrastructure and other improvements in the Lake Minnequa District. The bonds were refunded in January 2018 with the issuance of Tax Increment Refunding Bond Series 2018 in the amount of $2,420,000. The note carries an interest rate of 3.95%, and payments are due in annual installments of principal and interest ranging from $202,824 to $216,897, through December 2032. Interest and principal on this note is payable from the pledged incremental property taxes generated within the Lake Minnequa district.

Bank Note – Office Condo
The bank note of $256,000 bank note for purchase of office space carries an interest rate indexed at 2 points over 5 year LIBOR/swap rate, and was payable in monthly installments of $1,462 through December 2016.

The note was refinanced on February 6, 2017 in the amount of $206,188. The interest rate on the note is set at 2 points over the 5 year LIBOR/swap rate, and is payable in monthly installments of $1,531 through January 15, 2022. Upon maturity, the note is due in full, which is estimated at $152,362. The balance of the note at December 31, 2017 is $173,350. The note is secured by real estate with a carrying value of $349,107 at December 31, 2017.

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

In connection with this note, the Authority entered into an agreement with the City of Pueblo, which allows for the City, at its discretion, to fund any shortfalls in the Authority's ability to make debt service payments from pledged incremental property taxes. The agreement provides that if the North Pueblo district eventually provides the Authority with a surplus of incremental property taxes, the Authority will repay the shortfall payments made by the City, along with 5% of simple interest. During 2018, the City paid $116,251 in debt service shortfall and $38,556 in accrued interest was recognized.

8. Long-Term Liabilities (continued)

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

	Revenue Bonds		Notes Payable	
	Principal	Interest	Principal	Interest
2019	2,141,100	811,431	389,117	201,873
2020	2,377,100	785,873	404,540	186,451
2021	2,765,100	757,025	420,574	170,415
2022	2,959,100	727,602	394,029	154,468
2023	693,100	696,486	405,803	139,035
2024-2028	5,059,500	2,970,185	2,282,498	123,006
2029-2033	6,032,800	1,825,321	833,191	85,151
2034-2038	9,760,000	746,552	-	-
	$ 31,787,800	$ 9,320,475	$ 5,129,752	$ 1,060,399

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

Tax-Exempt Refunding Bonds, Series 2011B
The total amount issued under the tax-exempt refunding bonds series 2011B was $3,890,000, with interest rates ranging from 2.50% to 5.5%. The bonds are payable in annual installments ranging from $221,026 to $465,125, including principal and interest through December 2028.

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

	Principal	Interest
2019	285,000	174,200
2020	290,000	159,950
2021	305,000	145,450
2022	325,000	130,200
2023	350,000	113,138
2024-2028	1,805,000	269,852
	$ 3,360,000	$ 992,790

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	$10,190,756

10. Fund Balances

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

	General Fund	South Santa Fe District	Union Avenue District	Combined General Fund
Fund balance, January 1, 2018	$ 238,737	$ -	$ 193	$ 238,930
Revenues and other financing sources:				
Intergovernmental	400,000	-	-	400,000
Charges for services	182,304	-	-	182,304
Interest	1,971	-	-	1,971
Other	71,443	-	-	71,443
Transfers in	718,280	-	1,732	720,012
Total revenues and other financing sources	$1,373,998	$ -	$ 1,732	$ 1,375,730
Expenditures and other financing uses:				
General government	827,187	-	4	827,191
Economic development	12,553	-	-	12,553
Principal	39,851	-	-	39,851
Interest	6,300	-	-	6,300
Capital outlay	21,526	-	-	21,526
Transfer out	6,108	-	-	6,108
Total expenditures and other financing uses	913,525	-	4	913,529
Fund balance, December 31, 2018	$ 699,210	$ -	$ 1,921	$ 701,131

11. Risk Management

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

12. Prior Period Adjustment

The Authority has determined that certain transactions were recorded incorrectly in the prior year.

1. In the Downtown Expanded Fund, Cost of Issuance was understated by $51,265 as certain costs were not accrued at year end. The beginning fund balance has been restated as follows to reflect these costs in the prior year:

Fund Balance as previously reported at December 31, 2017:	$ 956,584
Cost of Issuance recorded in prior period	(51,265)
Fund Balance as restated, January 1, 2018	$ 905,319

2. In the Convention Center Enterprise Fund, there were two transactions recorded incorrectly in the prior year as follows:

   a. Capital Assets, net of accumulated depreciation were understated as Construction in progress was not transferred from the RTA Fund. $940,346 has been added to construction in progress.

   b. Deferred Amount on Refunding was overstated as amortization to interest expense was not recorded in prior years. Deferred Amount on Refunding has been reduced by $157,659.

   The effects of the restatements of the Convention Center Enterprise Fund beginning balance outlined below has been reflected in beginning Government-wide net position.

Net Position as previously reported at December 31, 2017:	$ 4,819,634
Construction in progress recorded in prior period	946,360
Amortization of Deferred Amount on Refunding recorded in prior period	(157,659)
Net position as restated, January 1, 2018	$ 5,608,335

13. Change in Accounting Principle

Net Position as of December 31, 2017, has been restated as follows for the implementation of GASB 75 (see also Note 15).

Net Position as previously reported at December 31, 2017:	$(3,707,675)
Cost of Issuance recorded in prior period (See item 1 above)	(51,265)
Net OPEB Liability	(42,929)
Deferred outflows of resources	2,835
Net position as restated, January 1, 2018	$ 3,799,034

14. Retirement Plan

Plan Description and Contributions

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

The Authority is required to contribute member and employer contributions to PERA at a rate set by statute. The contribution requirements of plan members and the Authority are established under Title 24, article 51, part 4 of the CRS, as amended. The contribution rate for members is

8.0% and for the Authority it is 10.0% of covered salary. A portion of the Authority's contribution (1.02% of covered salary) is allocated to the Health Care Trust Fund. The Authority is also required to pay an amortization equalization disbursement (AED) equal to 2.20% of total payroll for the calendar year 2018. Additionally, the Authority is required to pay a supplemental amortization equalization disbursement (SAED) equal to 1.50% of total payroll for the calendar year 2018. 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 year ended December 31, 2018, the Authority's employer contributions to the LGDTF were $46,139, and total covered payroll was $336,779.

14. Retirement Plan (continued)

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

At December 31, 2018, the Authority reported a liability of $562,700 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016, using standard roll-forward techniques to determine the liability as of December 31, 2017. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At December 31, 2017, the Authority's proportion was approximately 0.05 percent.

For the year ended December 31, 2018, the Authority recognized pension expense of $145,501. At December 31, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual results	$ 7,077	$ -
Differences between projected and actual investment earnings	40,473	110,832
Authority contributions subsequent to the measurement date	42,704	-
Total	$ 90,254	$ 110,832

The $42,704 of deferred outflows of resources resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year ending December 31,	
2019	$ (9,070)
2020	$(26,843)
2021	$(27,369)

14. Retirement Plan (continued)

Actuarial Assumptions

The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40 percent
Salary increases	3.50 – 10.45 percent, including inflation
Investment rate of return	7.25 percent, net of Plan investment expense, including inflation

Mortality rates were based on the RP-2014 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA to 2020 with males set back 1 year, and females set back 2 years.

The actuarial assumptions used in the December 31, 2016 valuation were based on the results of an actuarial experience study for the period January 1, 2008 through December 31, 2011, adopted by PERA's Board on November 13, 2012, and an economic assumption study, adopted by PERA's Board on November 15, 2013 and January 17, 2014.

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

Asset Class	Target Allocation	10 Year Expected Geometric Real Rate of Return
US Equity – Large Cap	21.20%	4.30%
US Equity – Small Cap	7.42%	4.80%
Non US Equity – Developed	18.55%	5.20%
Non US Equity – Emerging	5.83%	5.40%
Core Fixed Income	19.32%	1.20%
High Yield	1.38%	4.30%
Non U.S. Fixed Income - Developed	1.84%	0.60%
Emerging Market Debt	0.46%	3.90%
Core Real Estate	8.50%	4.90%
Opportunity Fund	6.00%	3.80%
Private Equity	8.50%	6.60%
Cash	1.00%	0.20%
Total	100.00%	

14. Retirement Plan (continued)

Discount Rate
The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that contributions from employers will be made at fixed statutory rates specified by law, including current and future AED and SAED, until the Actuarial Value Funding Ratio reaches 103 percent, at which point, the AED and SAED will each drop 0.50 percent every year until they are zero. Based on those assumptions, the LGDTF's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination does not use the Municipal Bond Index Rate. The discount rate did not change from the prior measurement date discount rate.

Sensitivity of the Authority's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate
The following presents the Authority's proportionate share of the net pension liability calculated using the discount rate of 7.25 percent, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	Discount rate	Authority's proportionate share of net pension liability
1% decrease	6.25%	$ 896,199
Current discount rate	7.25%	$ 562,700
1% increase	8.25%	$ 284,681

Changes between the measurement date of the net pension liability and December 31, 2018.

During the 2018 legislative session, the Colorado General Assembly passed significant pension reform through SB 18-200: Concerning Modifications To the Public Employees' Retirement Association Hybrid Defined Benefit Plan Necessary to Eliminate with a High Probability the Unfunded Liability of the Plan Within the Next Thirty Years. The bill was signed into law by Governor Hickenlooper on June 4, 2018. SB 18-200 makes changes to the plans administered by PERA with the goal of eliminating the unfunded actuarial accrued liability of the Division Trust Funds and thereby reach a 100 percent funded ratio for each division within the next 30 years.
A brief description of some of the major changes to plan provisions required by SB 18-200 are listed below. A full copy of the bill can be found online at www.leg.colorado.gov.

14. Retirement Plan (continued)

- Increases employee contribution rates by a total of 2 percent (to be phased in over a period of 3 years starting on July 1, 2019).

- Modifies the retirement benefits, including temporarily suspending and reducing the annual increase for all current and future retirees, modifying the highest average salary for employees with less than five years of service credit on December 31, 2019 and raises the retirement age for new employees.

- Member contributions, employer contributions, and the annual increases will be adjusted based on certain statutory parameters beginning July 1, 2020, and then each year thereafter, to help keep PERA on path to full funding in 30 years.

- Expands eligibility to participate in the PERA DC Plan to new members hired on or after January 1, 2019, in the Local Government Division. Beginning January 1, 2021, and every year thereafter, employer contribution rates for the LGDTF will be adjusted to include a defined contribution supplement based on the employer contribution amount paid to defined contribution plan participant accounts that would have otherwise gone to the defined benefit trusts to pay down the unfunded liability plus any defined benefit investment earnings thereon.

At December 31, 2018, the Authority reported a liability of $562,700 for its proportionate share of the net pension liability which was measured using the plan provisions in effect as of the pension plan's year-end based on a discount rate of 7.25%. For comparative purposes, the following schedule presents an estimate of what Authority's proportionate share of the net pension liability and associated discount rate would have been had the provisions of SB 18-200, applicable to the LGDTF, become law on December 31, 2017. This pro forma information was prepared using the fiduciary net position of the LGDTF as of December 31, 2017. Future net pension liabilities reported could be materially different based on changes in investment markets, actuarial assumptions, plan experience and other factors

Estimated Discount Rate Calculated Using Plan Provisions Required by SB 18-200 (pro forma)	Proportionate Share of the Estimated Net Pension Liability Calculated Using Plan Provisions Required by SB 18-200 (pro forma)
7.25%	$ 398,007

15. Post-Employment Benefits

Summary of Significant Accounting Policies OPEB

Pueblo Urban Renewal Authority participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit OPEB fund administered by the Public Employees' Retirement Association of Colorado ("PERA"). The net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the HCTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefits paid on behalf of health care participants are recognized when due and/or payable in accordance with the benefit terms. Investments are reported at fair value.

General Information about the OPEB Plan

Eligible employees of the Pueblo Urban Renewal Authority are provided with OPEB through the HCTF—a cost-sharing multiple-employer defined benefit OPEB plan administered by PERA. The HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (C.R.S.), as amended. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. Title 24, Article 51, Part 12 of the C.R.S., as amended, sets forth a framework that grants authority to the PERA Board to contract, self-insure, and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of the premium subsidies. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report that can be obtained at www.copera.org/investments/pera-financial-reports.

The HCTF provides a health care premium subsidy to eligible participating PERA benefit recipients and retirees who choose to enroll in one of the PERA health care plans, however, the subsidy is not available if only enrolled in the dental and/or vision plan(s). The health carepremium subsidy is based upon the benefit structure under which the member retires and the member's years of service credit. For members who retire having service credit with employers in the Denver Public Schools (DPS) Division and one or more of the other four Divisions (State, School, Local Government and Judicial), the premium subsidy is allocated between the HCTF and the Denver Public Schools Health Care Trust Fund (DPS HCTF). The basis for the amount of the premium subsidy funded by each trust fund is the percentage of the member contribution account balance from each division as it relates to the total member contribution account balance from which the retirement benefit is paid.

C.R.S. § 24-51-1202 et seq. specifies the eligibility for enrollment in the health care plans offered by PERA and the amount of the premium subsidy. The law governing a benefit recipient's eligibility for the subsidy and the amount of the subsidy differs slightly depending under which benefit structure the benefits are calculated. All benefit recipients under the PERA benefit structure and all retirees under the DPS benefit structure are eligible for a premium subsidy, if enrolled in a health care plan under PERACare. Upon the death of a DPS benefit

15. Post-Employment Benefits (continued)

structure retiree, no further subsidy is paid. Enrollment in the PERACare is voluntary and is available to benefit recipients and their eligible dependents, certain surviving spouses, and divorced spouses and guardians, among others. Eligible benefit recipients may enroll into the program upon retirement, upon the occurrence of certain life events, or on an annual basis during an open enrollment period.

The maximum service-based premium subsidy is $230 per month for benefit recipients who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is $115 per month for benefit recipients who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The basis for the maximum service-based subsidy, in each case, is for benefit recipients with retirement benefits based on 20 or more years of service credit. There is a 5 percent reduction in the subsidy for each year less than 20. The benefit recipient pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

For benefit recipients who have not participated in Social Security and who are not otherwise eligible for premium-free Medicare Part A for hospital-related services, C.R.S. § 24-51-1206(4) provides an additional subsidy. According to the statute, PERA cannot charge premiums to benefit recipients without Medicare Part A that are greater than premiums charged to benefit recipients with Part A for the same plan option, coverage level, and service credit.

Currently, for each individual PERACare enrollee, the total premium for Medicare coverage is determined assuming plan participants have both Medicare Part A and Part B and the difference in premium cost is paid by the HCTF or the DPS HCTF on behalf of benefit recipients not covered by Medicare Part A.

Contributions. Pursuant to Title 24, Article 51, Section 208(1)(f) of the C.R.S., as amended, certain contributions are apportioned to the HCTF. PERA-affiliated employers of the State, School, Local Government, and Judicial Divisions are required to contribute at a rate of 1.02 percent of PERA-includable salary into the HCTF.

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the Pueblo Urban Renewal Authority is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from Pueblo Urban Renewal Authority were $3,435 for the year ended December 31, 2018.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At December 31, 2018, the Pueblo Urban Renewal Authority reported a liability of $50,980 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2016. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2017.

15. Post-Employment Benefits (continued)

The Pueblo Urban Renewal Authority proportion of the net OPEB liability was based on Pueblo Urban Renewal Authority contributions to the HCTF for the calendar year 2017 relative to the total contributions of participating employers to the HCTF. At December 31, 2017, the Pueblo Urban Renewal Authority proportion was 0.004 percent.

For the year ended December 31, 2018, the Pueblo Urban Renewal Authority recognized OPEB expense of $6,330. At December 31, 2018, the Pueblo Urban Renewal Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$1,580	$ -
Net difference between projected and actual earnings on OPEB plan investments	-	862
Contributions subsequent to the measurement date	3,435	N/A
Total	$5,015	$862

$3,435 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended December 31, 2018	
2019	$267
2020	$267
2021	$267
2022	($76)
2023	($7)

15. Post-Employment Benefits (continued)

Actuarial assumptions. The total OPEB liability in the December 31, 2016 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.40 percent
Real wage growth	1.10 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation	3.50 percent in aggregate
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation	7.25 percent
Discount rate	7.25 percent
Health care cost trend rates	
PERA benefit structure:	
Service-based premium subsidy	0.00 percent
PERACare Medicare plans	5.00 percent
Medicare Part A premiums	3.00 percent for 2017, gradually rising to 4.25 percent in 2023
DPS benefit structure:	
Service-based premium subsidy	0.00 percent
PERACare Medicare plans	N/A
Medicare Part A premiums	N/A

Calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each actuarial valuation and on the pattern of sharing of costs between employers of each fund to that point.

Health care cost trend rates reflect the change in per capita health costs over time due to factors such as medical inflation, utilization, plan design, and technology improvements. For the PERA benefit structure, health care cost trend rates are needed to project the future costs associated with providing benefits to those PERACare enrollees not eligible for premium-free Medicare Part A.

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and heuristics developed by health plan actuaries and administrators, and projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services. Effective December 31, 2016, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

15. Post-Employment Benefits (continued)

The PERA benefit structure health care cost trend rates that were used to measure the total OPEB liability are summarized in the table below:

Year	PERACare Medicare Plans	Medicare Part A Premiums
2017	5.00%	3.00%
2018	5.00%	3.25%
2019	5.00%	3.50%
2020	5.00%	3.75%
2021	5.00%	4.00%
2022	5.00%	4.00%
2023	5.00%	4.25%
2024+	5.00%	4.25%

Mortality assumptions for the determination of the total pension liability for each of the Division Trust Funds as shown below are applied, as applicable, in the determination of the total OPEB liability for the HCTF. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

Healthy mortality assumptions for active members were based on the RP-2014 White Collar Employee Mortality Table, a table specifically developed for actively working people. To allow for an appropriate margin of improved mortality prospectively, the mortality rates incorporate a 70 percent factor applied to male rates and a 55 percent factor applied to female rates.

Healthy, post-retirement mortality assumptions for the State and Local Government Divisions were based on the RP-2014 Healthy Annuitant Mortality Table, adjusted as follows:

Males: Mortality improvement projected to 2018 using the MP-2015 projection scale, a 73 percent factor applied to rates for ages less than 80, a 108 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

Females: Mortality improvement projected to 2020 using the MP-2015 projection scale, a 78 percent factor applied to rates for ages less than 80, a 109 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

Healthy, post-retirement mortality assumptions for the School and Judicial Divisions were based on the RP-2014 White Collar Healthy Annuitant Mortality Table, adjusted as follows:

Males: Mortality improvement projected to 2018 using the MP-2015 projection scale, a 93 percent factor applied to rates for ages less than 80, a 113 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

Females: Mortality improvement projected to 2020 using the MP-2015 projection scale, a 68 percent factor applied to rates for ages less than 80, a 106 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

For disabled retirees, the mortality assumption was based on 90 percent of the RP-2014 Disabled Retiree Mortality Table.

15. Post-Employment Benefits (continued)

The following economic and demographic assumptions were specifically developed for, and used in, the measurement of the obligations for the HCTF:

The assumed rates of PERACare participation were revised to reflect more closely actual experience.

Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2017 plan year.

The percentages of PERACare enrollees who will attain age 65 and older ages and are assumed to not qualify for premium-free Medicare Part A coverage were revised to more closely reflect actual experience.

The percentage of disabled PERACare enrollees who are assumed to not qualify for premium-free Medicare Part A coverage were revised to reflect more closely actual experience.

Assumed election rates for the PERACare coverage options that would be available to future PERACare enrollees who will qualify for the “No Part A Subsidy” when they retire were revised to more closely reflect actual experience.

Assumed election rates for the PERACare coverage options that will be available to those current PERACare enrollees, who qualify for the “No Part A Subsidy” but have not reached age 65, were revised to more closely reflect actual experience.

The health care cost trend rates for Medicare Part A premiums were revised to reflect the then-current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

The rates of PERAcare coverage election for spouses of eligible inactive members and future retirees were revised to more closely reflect actual experience.

The assumed age differences between future retirees and their participating spouses were revised to reflect more closely actual experience.

The actuarial assumptions used in the December 31, 2016, valuations were based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, as well as, the October 28, 2016, actuarial assumptions workshop and were adopted by the PERA Board during the November 18, 2016, Board meeting. In addition, certain actuarial assumptions pertaining to per capita health care costs and their related trends are analyzed and reviewed by PERA’s actuary, as needed.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in presentations to PERA’s Board on October 28, 2016.

15. Post-Employment Benefits (continued)

Several factors were considered in evaluating the long-term rate of return assumption for the HCTF, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

As of the most recent adoption of the long-term expected rate of return by the PERA Board, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
U.S. Equity – Large Cap	21.20%	4.30%
U.S. Equity – Small Cap	7.42%	4.80%
Non U.S. Equity – Developed	18.55%	5.20%
Non U.S. Equity – Emerging	5.83%	5.40%
Core Fixed Income	19.32%	1.20%
High Yield	1.38%	4.30%
Non U.S. Fixed Income – Developed	1.84%	0.60%
Emerging Market Debt	0.46%	3.90%
Core Real Estate	8.50%	4.90%
Opportunity Fund	6.00%	3.80%
Private Equity	8.50%	6.60%
Cash	1.00%	0.20%
Total	**100.00%**	

In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected rate of return assumption of 7.25%.

Sensitivity of the Pueblo Urban Renewal Authority proportionate share of the net OPEB liability to changes in the Health Care Cost Trend Rates. The following presents the net OPEB liability using the current health care cost trend rates applicable to the PERA benefit structure, as well as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rates:

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
PERACare Medicare trend rate	4.00%	5.00%	6.00%
Initial Medicare Part A trend rate	2.00%	3.00%	4.00%
Ultimate Medicare Part A trend rate	3.25%	4.25%	5.25%
Net OPEB Liability	$49,578	$50,980	$52,670

15. Post-Employment Benefits (continued)

Discount rate. The discount rate used to measure the total OPEB liability was 7.25 percent. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2017, measurement date.

Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50%.

Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date. For future plan members, employer contributions were reduced by the estimated amount of total service costs for future plan members.

Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.

Transfers of a portion of purchase service agreements intended to cover the costs associated with OPEB benefits were estimated and included in the projections.

Benefit payments and contributions were assumed to be made at the end of the month.

Based on the above assumptions and methods, the projection test indicates the HCTF's fiduciary net position was projected to make all projected future benefit payments of current members.

Therefore, the long-term expected rate of return of 7.25 percent on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25 percent.

Sensitivity of the Pueblo Urban Renewal Authority proportionate share of the net OPEB liability to changes in the discount rate. The following presents the proportionate share of the net OPEB liability calculated using the discount rate of 7.25 percent, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

15. Post-Employment Benefits (continued)

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	$57,318	$50,980	$45,571

OPEB plan fiduciary net position. Detailed information about the HCTF's fiduciary net position is available in PERA's comprehensive annual financial report which can be obtained at www.copera.org/investments/pera-financial-reports.

16. Related Party Transactions

On a monthly basis, the Authority remits 3.3% of its sales and use tax collections to the trustee for debt service on the series 2011B refunding and improvement bonds. A portion of these monthly collections is allocated by the trustee for operations and maintenance and debt service of the Authority's convention center. The revenue recognized from these transactions totaled $2,163,429 for the year ended December 31, 2018 and is reported in the caption "vendor's fee" in the accompanying financial statements.

17. 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, 2018, 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 Authority whereby the Authority will pay to Vestas Towers America, Inc. an amount equal to the Authority's proportion of the total mill levy. In addition, the Authority committed to pay $6,826,000 to the County of Pueblo and the Board of Water Works of Pueblo after Vestas Towers America, Inc. which has been paid in full.

17. Commitments and Contingencies (continued)

In 2018, the Authority reimbursed Vestas $658,917 in county personal property tax credits $925,199 in Pueblo County Reimbursement, and $616,799 in Board of Water Works Reimbursement. At December 31, 2018, the principal amount payable to Vestas was paid in full. Pueblo County reimbursement balance was $3,173,266, and the Board of Water Works reimbursement balance was $2,811,104.

In 2012, the Authority, in conjunction with the Colorado Economic Development Commission, approved a resolution dedicating specified sales tax increment revenue for approved regional tourism projects (See Note 8). As required by the resolution and agreement, the Authority has established a special fund to receive these funds. For the year ended December 31, 2018, the Authority recognized sales tax increment revenues of $3,122,919.

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

REQUIRED SUPPLEMENTARY INFORMATION

Pueblo Urban Renewal Authority
(a component unit of the City of Pueblo, Colorado)
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances—Budget and Actual
For the Year Ended December 31, 2018

	BUDGETED AMOUNTS ORIGINAL	BUDGETED AMOUNTS FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Property taxes	$ 9,166	$ 1,575	$ -	$ (1,575)
Intergovernmental	-	400,000	400,000	-
Charges for services	182,302	182,304	182,304	-
Interest	100	241	1,971	1,730
Other	23,700	71,024	71,443	419
TOTAL REVENUES	215,268	655,144	655,718	574
EXPENDITURES				
Current:				
General Government	790,277	886,478	827,195	59,283
Economic development	67,500	2,801	12,553	(9,752)
Debt service	53,734	-	46,151	(46,151)
Capital outlay	53,191	482,570	21,526	461,044
TOTAL EXPENDITURES	964,702	1,371,849	907,425	464,424
OTHER FINANCING SOURCES AND USES				
Loan proceeds	-	-	-	-
Transfers in	749,434	716,705	718,280	1,575
Transfers out	-	-	(6,108)	6,108
TOTAL OTHER FINANCING SOURCES AND USES	749,434	716,705	712,172	7,683
NET CHANGE IN FUND BALANCE	$ -	$ -	460,465	$ 460,465
FUND BALANCES, BEGINNING OF YEAR			238,930	
FUND BALANCES, END OF YEAR			$ 699,395	
GAAP ADJUSTMENTS				
Consolidation of the Union Avenue District Fund			1,736	
FUND BALANCE - GAAP BASIS			$ 701,131	

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

Pueblo Urban Renewal Authority

(a component unit of the City of Pueblo, Colorado)
Reconciliation of the Budgetary Basis of Accounting
to GAAP Basis of Accounting
General Fund
For the Year Ended December 31, 2018

Budgetary Basis

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

REVENUES AND OTHER FINANCING SOURCES	
Actual amounts (budgetary basis) of revenues and other financing sources from the budgetary comparison schedule	$ 1,373,998
Differences - budget to GAAP	
Revenues and other financing sources from the Union Avenue District fund which is consolidated with the general fund for GAAP reporting purposes	1,732
GAAP basis revenues and other financing sources	$ 1,375,730
EXPENDITURES AND OTHER FINANCING USES	
Actual amounts (budgetary basis) of expenditures and other financing uses from the budgetary comparison schedule	913,533
Differences - budget to GAAP	
Expenditures and other financing uses from the Union Avenue District fund which is consolidated with the general fund for GAAP reporting purposes	-
GAAP basis expenditures and other financing uses	$ 913,533

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

Pueblo Urban Renewal Authority

(a component unit of the City of Pueblo, Colorado)
Regional Tourism Fund
Schedule of Revenues, Expenditures
And Changes in Fund Balance—Budget and Actual
For the Year Ended December 31, 2018

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET POSITIVE
	ORIGINAL	FINAL	ACTUAL	(NEGATIVE)
REVENUES				
Sales tax increment	$ 1,937,705	$ 2,467,358	$ 3,122,919	$ 655,561
Interest	-	-	241,638	241,638
Miscellaneous	-	-	-	-
TOTAL REVENUES	1,937,705	2,467,358	3,364,557	897,199
EXPENDITURES				
Current:				
General government	40,000	-	49,824	(49,824)
Economic development	182,400	50,000	39,531	10,469
Debt service	2,213,750	2,189,350	-	2,189,350
Capital outlay	24,231,135	27,728,008	-	27,728,008
TOTAL EXPENDITURES	26,667,285	29,967,358	89,355	29,878,003
OTHER FINANCING SOURCES AND USES				
Transfers out	-	-	(26,739,929)	(26,739,929)
Transfers in	-	-	2,801	
Loan proceeds	24,729,580	27,500,000	9,417,290	(15,312,290)
Bond discount	-	-	-	-
TOTAL OTHER FINANCING SOURCES AND USES	24,729,580	27,500,000	(17,319,838)	(42,052,219)
NET CHANGE IN FUND BALANCE	$ -	$ -	$ (14,044,636)	$ (14,044,636)
FUND BALANCE, BEGINNING OF YEAR			21,110,871	
FUND BALANCE, END OF YEAR			$ 7,066,235	

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

Pueblo Urban Renewal Authority

(a component unit of the City of Pueblo, Colorado)
Expanded Downtown District
Schedule of Revenues, Expenditures
and Changes in Fund Balances—Budget and Actual
For the Year Ended December 31, 2018

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET POSITIVE
	ORIGINAL	FINAL	ACTUAL	(NEGATIVE)
REVENUES				
Property taxes	$ 639,029	$ 630,256	$ 630,256	$ -
Intergovernmental	289,181	267,598	267,598	-
Charges for services	7,416	82,750	82,750	-
Interest	-	6,915	6,915	-
Miscellaneous	8,112	45,326	-	(45,326)
TOTAL REVENUES	943,738	1,032,845	987,519	(45,326)
EXPENDITURES				
Current:				
General government	6,000	18,000	33,602	(15,602)
Economic development	-	-	293,128	(293,128)
Capital outlay	138,102	354,056	-	354,056
Debt service	722,953	722,953	-	722,953
TOTAL EXPENDITURES	867,055	1,095,009	326,730	768,279
FINANCING SOURCES AND USES				
Loan funds received	-	-	-	-
Transfers in	-	147,821	-	(147,821)
Transfers out	(76,683)	(85,657)	(808,610)	(722,953)
TOTAL FINANCING SOURCES AND USES	(76,683)	62,164	(808,610)	(870,774)
NET CHANGE IN FUND BALANCE	$ -	$ -	(147,821)	$ (147,821)
FUND BALANCE, BEGINNING OF YEAR			905,319	
FUND BALANCE, END OF YEAR			$ 757,498	

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

Pueblo Urban Renewal Authority

(a component unit of the City of Pueblo, Colorado)
St. Charles District
Schedule of Revenues, Expenditures
And Changes in Fund Balances—Budget and Actual
For the Year Ended December 31, 2018

	BUDGETED AMOUNTS ORIGINAL	BUDGETED AMOUNTS FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES:				
Property taxes	$ 2,934,599	$ 2,839,625	$ 2,787,045	$ (52,580)
Prior year carryover	4,707	4,707	-	(4,707)
Interest	-	-	85	85
TOTAL REVENUES	2,939,306	2,844,332	2,787,130	(57,202)
EXPENDITURES				
Current:				
Economic development	2,821,980	2,727,006	2,674,772	52,234
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	2,821,980	2,727,006	2,674,772	52,234
OTHER FINANCING SOURCES AND USES				
Transfers out	(117,326)	(117,326)	(117,040)	286
TOTAL OTHER FINANCING SOURCES AND USES	(117,326)	(117,326)	(117,040)	286
NET CHANGE IN FUND BALANCE	$ -	$ -	(4,682)	$ (4,682)
FUND BALANCE, BEGINNING OF YEAR			6,369	
FUND BALANCE, END OF YEAR			$ 1,687	

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

Pueblo Urban Renewal Authority

(a component unit of the City of Pueblo, Colorado)
Lake Minnequa District
Schedule of Revenues, Expenditures
And Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2018

	BUDGETED AMOUNTS ORIGINAL	BUDGETED AMOUNTS FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Property taxes	$ 609,622	$ 594,952	$ 594,942	$ (10)
Prior year carryover	-	2,400,000	-	(2,400,000)
Interest and Other	-	5,359	5,139	(220)
TOTAL REVENUES	609,622	3,000,311	600,310	(2,400,001)
EXPENDITURES				
Current:				
Economic development	-	-	19,757	(19,757)
Cost of issuance	-	-	77,689	(77,689)
Debt service	625,260	2,682,096	-	2,682,096
Capital outlay	18,000	18,176	-	18,176
TOTAL EXPENDITURES	643,260	2,700,272	97,446	2,602,826
OTHER FINANCING SOURCES AND USES				
Transfers out	(304,811)	(327,218)	(530,043)	(202,825)
Transfers in	338,449	27,179	-	(27,179)
TOTAL OTHER FINANCING SOURCES AND USES	33,638	(300,039)	(530,043)	(230,004)
NET CHANGE IN FUND BALANCE	$ -	$ -	(27,179)	$ (27,179)
FUND BALANCE, BEGINNING OF YEAR			571,235	
FUND BALANCE, END OF YEAR			$ 544,056	

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

Pueblo Urban Renewal Authority
(a component unit of the City of Pueblo, Colorado)
Retirement Plan Supplementary Information
For the Year Ended December 31, 2018

Schedule of Proportionate Share of the Net Pension and OPEB Liability and Related Ratios

Colorado PERA - Pension

Year Ending*	Proportion of the Net Pension Liability	Proporationate Share of the Net Pension Liability	Actual Member Payroll	as a Percentage of Covered Payroll	Fiduciary Net Position as a Percentage of Total Pension Liability
12/31/2015	0.038%	$ 546,620	$ 221,290	247.02%	80.72%
12/31/2016	0.038%	$ 429,236	$ 239,406	179.29%	76.90%
12/31/2017	0.039%	$ 533,355	$ 308,342	172.98%	73.65%
12/31/2018	0.051%	$ 562,700	$ 336,780	167.08%	79.37%

Colorado PERA - OPEB

Year Ending*	Proportion of the Net OPEB Liability	Proporationate Share of the Net OPEB Liability	Actual Member Payroll	as a Percentage of Covered Payroll	Fiduciary Net Position as a Percentage of Total OPEB Liability
12/31/2018	0.004%	$ 50,980	$ 336,780	15.14%	17.50%

Note: This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

* *The data provided in this schedule is based as of the measurement date of the Authority's net pension liability, which is as of the beginning of the year.*

Schedule of Employer Contributions

Year Ending	Statutorily Required Contributions	Actual Employer Contributions	Contribution Excess/(Deficiency)	Actual Member Payroll	Contributions as a Percentage of Covered Payroll
12/31/2008	-	5,509	5,509	46,294	11.9%
12/31/2009	14,649	16,832	2,183	131,496	12.8%
12/31/2010	15,237	16,957	1,720	123,775	13.7%
12/31/2011	14,692	22,414	7,722	163,604	13.7%
12/31/2012	17,975	25,154	7,179	183,607	13.7%
12/31/2013	21,077	27,200	6,123	198,464	13.7%
12/31/2014	24,534	28,533	3,999	208,269	13.7%
12/31/2015	24,199	30,459	6,260	221,290	13.8%
12/31/2016	30,357	32,799	2,442	239,406	13.7%
12/31/2017	39,098	41,806	2,708	308,342	13.6%
12/31/2018	42,704	42,704	0	336,780	12.7%

Note: This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

Budgetary Information

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

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

Expenditure estimates in the annual budgets are enacted into law through the passage of an appropriation resolution. The board of commissioners may amend the original adopted budget during the year by passing a new resolution to reflect current needs. The 2018 budget was amended for additional expenditures.

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

OTHER SUPPLEMENTARY INFORMATION

Pueblo Urban Renewal Authority

(a component unit of the City of Pueblo, Colorado)
Combining Balance Sheet
Other Governmental Funds
December 31, 2018

	SPECIAL REVENUE FUNDS			
	THUNDER VILLAGE DISTRICT	FOUNTAIN CREEK DISTRICT	LOWER WESTSIDE DISTRICT	TOTALS
ASSETS				
Cash and cash equivalents	$ 120	$ 5,664	$ 10,991	$ 16,775
Property taxes receivable	40,682	437	5,921	47,040
TOTAL ASSETS	40,802	6,101	16,912	63,815
LIABILITIES, DEFFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Accounts payable		-	-	-
Advance from other funds	-	-	-	-
TOTAL LIABILITIES	-	-	-	-
DEFERRED INFLOWS OF RESOURCES				
Property taxes	40,682	437	5,921	47,040
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	40,682	437	5,921	47,040
FUND BALANCES				
Restricted	120	5,664	10,991	16,775
TOTAL FUND BALANCES	120	5,664	10,991	16,775
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 40,802	$ 6,101	$ 16,912	$ 63,815

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

Pueblo Urban Renewal Authority

(a component unit of the City of Pueblo, Colorado)
Other Governmental Funds
Combining Statement of Revenues, Expenditures
And Changes in Fund Balance
For the Year Ended December 31, 2018

	SPECIAL REVENUE FUNDS			
	THUNDER VILLAGE DISTRICT	FOUNTAIN CREEK DISTRICT	LOWER WESTSIDE DISTRICT	TOTALS
REVENUES				
Property taxes	$ 5,562	$ 420	$ 5,736	$ 11,718
Interest	-	197	-	197
TOTAL REVENUES	5,562	617	5,736	11,915
EXPENDITURES				
Current:				
Economic development	2,821	-	-	2,821
TOTAL EXPENDITURES	2,821	-	-	2,821
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	2,741	617	5,736	9,094
OTHER FINANCING SOURCES (USES)				
Transfers out	(2,732)	-	-	(2,732)
TOTAL OTHER FINANCING SOURCES (USES)	(2,732)	-	-	(2,732)
NET CHANGE IN FUND BALANCE	9	617	5,736	6,362
FUND BALANCE, BEGINNING OF YEAR	111	5,047	5,255	10,413
FUND BALANCE, END OF YEAR	$ 120	$ 5,664	$ 10,991	$ 16,775

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

Pueblo Urban Renewal Authority
(a component unit of the City of Pueblo, Colorado)
South Santa Fe District
Schedule of Revenues, Expenditures
And Changes in Fund Balance—Budget and Actual
For the Year Ended December 31, 2018

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

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

Pueblo Urban Renewal Authority
(a component unit of the City of Pueblo, Colorado)
North Pueblo District
Schedule of Revenues, Expenditures
And Changes in Fund Balance—Budget and Actual
For the Year Ended December 31, 2018

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET POSITIVE
	ORIGINAL	FINAL	ACTUAL	(NEGATIVE)
REVENUES				
Property taxes	$ 243,380	$ 252,156	$ 248,414	$ (3,742)
Intergovernmental	121,069	113,609	116,251	2,642
Interest	-	-	623	623
TOTAL REVENUES	364,449	365,765	365,288	(477)
EXPENDITURES				
Economic development	-	-	-	-
Debt service	327,942	327,942	-	327,942
TOTAL EXPENDITURES	327,942	327,942	-	327,942
TOTAL FINANCING SOURCES AND USES				
Transfers out	(36,507)	(37,823)	(365,251)	(327,428)
TOTAL FINANCING SOURCES AND USES	(36,507)	(37,823)	(365,251)	(327,428)
NET CHANGE IN FUND BALANCE	$ -	$ -	$ 37	$ 37
FUND BALANCE, BEGINNING OF YEAR			328,854	
FUND BALANCE, END OF YEAR			$ 328,891	

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

Pueblo Urban Renewal Authority

(a component unit of the City of Pueblo, Colorado)
Thunder Village District
Schedule of Revenues, Expenditures
And Changes in Fund Balance—Budget and Actual
For the Year Ended December 31, 2018

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET POSITIVE
	ORIGINAL	FINAL	ACTUAL	(NEGATIVE)
REVENUES				
Property taxes	$ 3,452	$ 5,644	$ 5,562	$ (82)
TOTAL REVENUES	3,452	5,644	5,562	(82)
EXPENDITURES				
Current:				
Economic development	1,726	2,822	2,821	1
TOTAL EXPENDITURES	1,726	2,822	2,821	1
FINANCING SOURCES AND USES				
Transfers out	(1,726)	(2,822)	(2,732)	(90)
TOTAL FINANCING SOURCES AND USES	(1,726)	(2,822)	(2,732)	(90)
NET CHANGE IN FUND BALANCE	$ -	$ -	$ 9	$ 9
FUND BALANCE, BEGINNING OF YEAR			111	
FUND BALANCE, END OF YEAR			$ 120	

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

Pueblo Urban Renewal Authority
(a component unit of the City of Pueblo, Colorado)
Fountain Creek District
Schedule of Revenues, Expenditures
And Changes in Fund Balance—Budget and Actual
For the Year Ended December 31, 2018

	BUDGETED AMOUNTS ORIGINAL	BUDGETED AMOUNTS FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Property taxes	$ 282	$ 425	$ 420	$ (5)
Interest	-	-	197	197
Other	-	-	-	-
Prior year carryover	-	-	-	-
TOTAL REVENUES	282	425	617	192
EXPENDITURES				
Current:				
Capital expenditures	282	425	-	425
TOTAL EXPENDITURES	282	425	-	425
FINANCING SOURCES AND USES				
Transfers out	-	-	-	-
TOTAL FINANCING SOURCES AND USES	-	-	-	-
NET CHANGE IN FUND BALANCE	$ -	$ -	$ 617	$ 617
FUND BALANCE, BEGINNING OF YEAR			5,047	
FUND BALANCE, END OF YEAR			$ 5,664	

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

Pueblo Urban Renewal Authority

(a component unit of the City of Pueblo, Colorado)
Lower West Side
Schedule of Revenues, Expenditures
And Changes in Fund Balance—Budget and Actual
For the Year Ended December 31, 2018

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET POSITIVE
	ORIGINAL	FINAL	ACTUAL	(NEGATIVE)
REVENUES				
Property taxes	$ 5,805	$ 5,823	$ 5,736	$ (87)
TOTAL REVENUES	5,805	5,823	5,736	(87)
EXPENDITURES				
Current:				
Economic development	-	-	-	-
Capital expenditures	5,805	5,823	-	5,823
TOTAL EXPENDITURES	5,805	5,823	-	5,823
NET CHANGE IN FUND BALANCE	$ -	$ -	$ 5,736	$ 5,736
FUND BALANCE, BEGINNING OF YEAR			5,255	
FUND BALANCE, END OF YEAR			$ 10,991	

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

Pueblo Urban Renewal Authority
(a component unit of the City of Pueblo, Colorado)
Union Avenue District
Schedule of Revenues, Expenditures
And Changes in Fund Balance—Budget and Actual
For the Year Ended December 31, 2018

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET POSITIVE
	ORIGINAL	FINAL	ACTUAL	(NEGATIVE)
REVENUES				
Property Tax Increment	$ 421	$ -	$ (4)	$ (4)
Other	-	-	-	-
TOTAL REVENUES	421	-	(4)	(4)
EXPENDITURES				
Current:				
Capital outlay	421	-	-	-
TOTAL EXPENDITURES	421	-	-	-
OTHER FINANCING SOURCES AND USES				
Transfers in	-	-	1,732	1,732
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES AND USES	-	-	1,732	1,732
NET CHANGE IN FUND BALANCE	$ -	$ -	$ 1,728	$ (4)
FUND BALANCE, BEGINNING OF YEAR			192	
FUND BALANCE, END OF YEAR			$ 1,920	

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

Pueblo Urban Renewal Authority

(a component unit of the City of Pueblo, Colorado)
Memorial Hall
Schedule of Revenues, Expenditures
And Changes in Fund Balance—Budget and Actual
For the Year Ended December 31, 2018

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET POSITIVE
	ORIGINAL	FINAL	ACTUAL	(NEGATIVE)
REVENUES				
Vendors fees	$ 2,560,460	$ 2,056,460	$ 2,163,429	$ 106,969
Interest	-	-	22,234	22,234
Miscellaneous	450,623	535,291	-	(535,291)
TOTAL REVENUES	3,011,083	2,591,751	2,185,663	(406,088)
EXPENDITURES				
Current:				
Economic development	766,544	535,934	405,399	130,535
Trustee fees	3,000	-	-	-
Debt service	2,241,539	2,055,817	2,094,177	(38,360)
TOTAL EXPENDITURES	3,011,083	2,591,751	2,499,576	92,175
NET CHANGE IN FUND BALANCE	$ -	$ -	$ (313,913)	$ (313,913)
FUND BALANCE, BEGINNING OF YEAR			1,789,527	
FUND BALANCE, END OF YEAR			$ 1,475,614	

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

Pueblo Urban Renewal Authority

(a component unit of the City of Pueblo, Colorado)
Debt Service Fund
Schedule of Revenues, Expenditures
And Changes in Fund Balance—Budget and Actual
For the Year Ended December 31, 2018

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET POSITIVE
	ORIGINAL	FINAL	ACTUAL	(NEGATIVE)
REVENUES				
Revenues	$ -	$ -	$ -	$ -
TOTAL REVENUES	-	-	-	-
EXPENDITURES				
Debt service:				
Principal	2,217,847	2,217,847	2,217,847	-
Interest	1,657,581	1,903,786	1,694,029	209,757
TOTAL EXPENDITURES	3,875,428	4,121,633	3,911,876	209,757
OTHER FINANCING SOURCES AND USES				
Transfers in	3,875,428	4,121,633	3,911,876	(209,757)
TOTAL OTHER FINANCING SOURCES AND USES	3,875,428	4,121,633	3,911,876	(209,757)
NET CHANGE IN FUND BALANCE	$ -	$ -	$ -	$ -
FUND BALANCE, BEGINNING OF YEAR			-	
FUND BALANCE, END OF YEAR			$ -	

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

Pueblo Urban Renewal Authority
(a component unit of the City of Pueblo, Colorado)
Pueblo Convention Center Enterprise Fund
Schedule of Revenues, Expenditures
And Changes in Fund Balance—Budget and Actual
For the Year Ended December 31, 2018

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET POSITIVE
	ORIGINAL	FINAL	ACTUAL	(NEGATIVE)
REVENUES				
Charges for services	$ 1,283,862	$ 1,283,862	$ 1,195,158	$ (88,704)
Other	15,920	15,920	-	(15,920)
TOTAL REVENUES	1,299,782	1,299,782	1,195,158	(104,624)
EXPENDITURES				
Current:				
Contractual expenditures	2,044,784	2,044,784	1,936,372	108,412
General administration	207,557	207,557	209,415	(1,858)
Debt service	493,001	493,001	493,001	-
Capital outlay	-	-	55,734	(55,734)
TOTAL EXPENDITURES	2,745,342	2,745,342	2,694,522	50,820
OTHER FINANCING SOURCES AND USES				
Transfers in	-	-	26,029,201	26,029,201
TOTAL OTHER FINANCING SOURCES AND USES	-	-	26,029,201	26,029,201
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	$ (1,445,560)	$ (1,445,560)	$ 24,529,837	$ 25,975,397
ADJUSTMENTS FROM BUDGETARY BASIS TO GAAP BASIS				
Capital outlay			55,734	
Depreciation expense			(375,174)	
Loss on disposal			(14,842)	
Principal payment on debt			275,000	
CHANGE IN NET POSITION - GAAP BASIS			$ 24,470,555	

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

Haynie & Company
Certified Public Accountants (a professional corporation)
1221 West Mineral Ave, Ste. 202 Littleton, Colorado 80120-4544 (303) 734-4800 Fax (303) 795-3356

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Commissioners
Pueblo Urban Renewal Authority
Pueblo, Colorado

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Pueblo Urban Renewal Authority (the Authority), as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated May 6, 2019.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies and therefore, material weaknesses may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies (Finding 2018-01).

Compliance and Other Matters

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

Purpose of this Report

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

Haynie & Co

Littleton, Colorado
May 6, 2019

PUEBLO URBAN RENEWAL AUTHORITY
(A COMPONENT UNIT OF THE CITY OF PUEBLO, COLORADO)
Schedule of Findings and Questioned Costs
DECEMBER 31, 2018

1. Summary of Auditor's Results

Type of report issued on the financial statements:	**Unmodified**
Material weaknesses in financial reporting internal control noted:	**None**
Significant deficiency(s) identified that are not considered to be material weaknesses in financial reporting:	**2018-01**
Material noncompliance noted:	**None**

2. Findings relating to the financial statements which are required to be reported in accordance with Government Auditing Standards.

Significant Deficiencies

2018-01 Financial Statement Close Process

Condition: This year more than any other year in the past there was a significant number of transactions that had to be identified as either Governmental Activities or Business-Type Activities. The identification as to the correct type of Activity was not clearly understood, resulting in accounts that were not fully reconciled and several year-end closing entries that were not properly recorded. These errors were not identified and corrected during the internal review process

Criteria: Accounts should be reconciled and closing entries recorded, in accordance with applicable standards, to ensure accurate reporting.
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Cause: Year-end close processes do not include thorough reconciliation and review.

Effect: Due to this deficiency, several adjusting journal entries were required to be recorded in a number of accounts.

Recommendation: Financial statement close procedures, including account reconciliations, should be performed, and reviewed on a timely basis.

Corrective Actions: The Authority will continue to make improvements to the financial statement close and review process. The Authority will also contract with an accountant familiar with governmental accounting to assist in the year-end reconciliation process

3. Summary Schedule of Prior Audit Findings

None