

GENERAL PURPOSE FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITORS' REPORT
THE PUEBLO CONSERVANCY DISTRICT
DECEMBER 31, 1995

BILL CALDWELL, JR., C.P.A.

PREPARED BY *EC* DATE *1/15/96*
REVIEWED BY *WP*

McDONALD, HOLLIGAN & McPHERSON, INC.
CERTIFIED PUBLIC ACCOUNTANTS
SUITE 740, THATCHER BUILDING
P.O. BOX 918
PUEBLO, COLORADO 81002

trial *mtg* *Jan 5*

12-31-95

		2	3	4	
		<i>Dr</i>	<i>Cr</i>	<i>Dr</i>	
		<i>12/95</i>		<i>12/31/95</i>	
		<i>2730</i>		<i>2730</i>	
2	<i>Savings</i>	<i>1700349</i>	<i>(3) 571</i>	<i>1699778</i>	
3	<i>Checking Munnana</i>	<i>4002063</i>	<i>(3) 50535</i>	<i>4052598</i>	
4	<i>Savings</i>	<i>878375</i>		<i>878375</i>	
5	<i>Money Mkt Northwest</i>	<i>193377</i>	<i>1</i>	<i>193377</i>	
6	<i>Co Trust</i>	<i>10533035</i>		<i>10533035</i>	
7	<i>Plus</i>	<i>10000000</i>		<i>10000000</i>	
8	<i>Accrued Interest</i>	<i>3026660</i>	<i>(1) 808661</i>	<i>2217999</i>	
9	<i>CD - CNB</i>	<i>9900000</i>		<i>9900000</i>	
10	<i>CASH with BROKERS</i>	<i>401962</i>	<i>(1) 37196</i>	<i>364766</i>	
11	<i>Investments</i>	<i>108916965</i>	<i>(1) 959253</i>	<i>107957712</i>	
12	<i>Discount</i>	<i><22238></i>	<i>(1) 499028</i>	<i>476790</i>	
13	<i>Improvements</i>	<i>513642251</i>		<i>513642251</i>	
14	<i>Mortg</i>	<i>110000</i>		<i>110000</i>	
15	<i>787</i>	<i>229470</i>		<i>229470</i>	
16		<i>663514999</i>		<i>662258881</i>	
17					
18	<i>Accts Payable</i>	<i>1607091</i>	<i>(2) 1607091</i>	<i>848250</i>	
19	<i>FICA Payable</i>	<i>5508</i>	<i>(4) 5508</i>	<i><11016></i>	
20					
21	<i>Sub yrs Expens</i>	<i>12566000</i>	<i>(5) 8074000</i>	<i><20640000></i>	
22					
23					
24	<i>Fund Bal</i>	<i><659189830></i>	<i>(5) 8074000</i>	<i><65115830></i>	
25					
26	<i>Current Excise</i>	<i>9853430</i>	<i>(1) 1306082</i>	<i>758841</i>	
27		<i>(4) 5508</i>	<i>(3) 49964</i>	<i>10356215</i>	
28		<i>663514999</i>		<i>662258881</i>	
29					
30					
31					
32					
33	<i>Ray - There are balances of Assets and Liabilities</i>				
34	<i>going into 1996. Let me know if I can be</i>				
35	<i>of Assistance or if I need to Attend Board</i>				
36	<i>Meeting Bill</i>				
37					
38					
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40					

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CERTIFIED PUBLIC ACCOUNTANTS

SUITE 740, THATCHER BUILDING
P. O. BOX 918

PUEBLO, COLORADO 81002
TELEPHONE 719-543-0516

INDEPENDENT AUDITORS' REPORT

Board of Directors
The Pueblo Conservancy District
Pueblo, Colorado

We have audited the accompanying general purpose financial statements of The Pueblo Conservancy District as of and for the year ended December 31, 1995. These general purpose financial statements are the responsibility of The Pueblo Conservancy District's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of The Pueblo Conservancy District as of December 31, 1995, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

McDonald, Holligan & McPherson, Inc.

May 13, 1996

THE PUEBLO CONSERVANCY DISTRICT
COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
DECEMBER 31, 1995

	Governmental Fund Type General Fund	Account Group General Fixed Assets	Total (Memorandum Only) 19951994	
ASSETS				
Cash - Note B	\$ 71,916	\$ -	\$ 71,916	\$ 84,713
Colorado Liquid Asset Trust - Note B	205,330	-	205,330	100,000
Certificates of deposit - Note B	99,000	-	99,000	189,000
Debt securities - Note B	1,084,345	-	1,084,345	1,189,887
Accrued interest receivable	22,180	-	22,180	30,267
Improvements - Notes A and D	-	5,136,423	5,136,423	5,136,423
Office furniture and equipment - Notes A and D	-	2,295	2,295	2,295
Maintenance equipment - Notes A and D	-	1,100	1,100	1,100
TOTAL ASSETS	<u>\$1,482,771</u>	<u>\$5,139,818</u>	<u>\$6,622,589</u>	<u>\$6,733,685</u>
LIABILITIES, EQUITY AND OTHER CREDITS				
Liabilities -				
Accounts payable	\$ 8,482	\$ -	\$ 8,482	\$ 16,071
Payroll taxes payable	110	-	110	55
Total Liabilities	<u>\$ 8,592</u>	<u>\$ -</u>	<u>\$ 8,592</u>	<u>\$ 16,126</u>
Fund Equity -				
Investment in general fixed assets	\$ -	\$5,139,818	\$5,139,818	\$5,139,818
Fund balance -				
Reserved - emergency reserves	6,000	-	6,000	-
Unreserved -				
Designated for subsequent year's expenditure - Note E	206,400	-	206,400	125,660
Undesignated - Note E	1,261,779	-	1,261,779	1,452,081
Total Fund Equity	<u>\$1,474,179</u>	<u>\$5,139,818</u>	<u>\$6,613,997</u>	<u>\$6,717,559</u>
TOTAL LIABILITIES, EQUITY AND OTHER CREDITS	<u>\$1,482,771</u>	<u>\$5,139,818</u>	<u>\$6,622,589</u>	<u>\$6,733,685</u>

The accompanying notes are an integral part of this statement.

THE PUEBLO CONSERVANCY DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
GENERAL FUND
YEAR ENDED DECEMBER 31, 1995

REVENUES

Interest	\$ 88,268
City of Pueblo, Colorado contribution	<u>150,000</u>
TOTAL REVENUES	<u>\$ 238,268</u>

EXPENDITURES

Public safety -	
Directors' fees	\$ 2,700
FICA taxes	225
Travel	2,713
Legal fees	2,600
Engineering and administration	5,200
Audit fee	1,200
Insurance and bonds	7,304
Office expense	191
Office rent	1,200
HARP design and planning	284,552
Repairs and maintenance	32,945
Planning and development	<u>1,000</u>
TOTAL EXPENDITURES	<u>\$ 341,830</u>

EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ (103,562)
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FUND BALANCE AT JANUARY 1	<u>1,577,741</u>
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FUND BALANCE AT DECEMBER 31	<u><u>\$1,474,179</u></u>
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The accompanying notes are an integral part of this statement.

THE PUEBLO CONSERVANCY DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
ACTUAL AND BUDGET - GENERAL FUND
YEAR ENDED DECEMBER 31, 1995

	<u>Actual</u>	<u>Budget</u>	Variance Favorable (Unfavorable)
REVENUES			
Interest	\$ 96,355	\$ 100,000	\$ (3,645)
Lease income	-	1,050	(1,050)
TOTAL REVENUES	<u>\$ 96,355</u>	<u>\$ 101,050</u>	<u>\$ (4,695)</u>
EXPENDITURES			
Public safety -			
Directors' fees	\$ 2,700	\$ 4,000	\$ 1,300
FICA taxes	225	500	275
Travel	2,713	2,500	(213)
Legal fees	2,600	2,400	(200)
Engineering and administration	5,200	4,560	(640)
Audit fee	1,200	1,400	200
Insurance and bonds	7,304	2,000	(5,304)
Office expense	191	650	459
Office rent	1,200	1,200	-
Professional fees	147,950	12,000	(135,950)
Repairs and maintenance	27,136	75,000	47,864
Capital projects	-	75,000	75,000
Contingencies	-	500	500
Emergency flood repair	-	20,000	20,000
Planning and development	1,000	25,000	24,000
TOTAL EXPENDITURES	<u>\$ 199,419</u>	<u>\$ 226,710</u>	<u>\$ 27,291</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ (103,064)	\$ (125,660)	\$ 22,596
FUND BALANCE AT JANUARY 1	<u>1,563,545</u>	<u>1,577,741</u>	(14,196)
FUND BALANCE AT DECEMBER 31	<u>\$1,460,481</u>	<u>\$1,452,081</u>	<u>\$ 8,400</u>

The accompanying notes are an integral part of this statement.

THE PUEBLO CONSERVANCY DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1995

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The District, which is located in Pueblo County, Colorado, was established to provide flood control services within its boundaries. Since completion of improvements along the Arkansas River, the District provides repair and maintenance functions.

The legal powers of the District have been expanded by an act of the Colorado legislature. The act allows the District to participate in activities related to public parks and recreation. The District coordinates its repair and maintenance responsibilities with other local governmental agencies which have developed a river trails system.

The accounting policies of the District conform to generally accepted accounting principles applicable to governmental entities. Following is a summary of significant accounting policies.

1. Reporting Entity - For financial reporting purposes, the District includes all funds, account groups and other entities which are controlled by the District. Control by, or dependence on, the District was determined on the basis of funding, administrative control and responsibility for resources. No other entities are included as components of the District.
2. Fund Accounting - The District utilizes funds for accounting purposes. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts for recording cash and other financial resources, together with all liabilities and residual equity.

Governmental Fund Type - General Fund - The General Fund accounts for normal operations of the District.

Account Groups - The General Fixed Asset Account is used to establish accounting control and accountability for the District's general fixed assets.

3. Basis of Accounting - The general fund uses the modified accrual basis of accounting. Revenues are recognized when measurable and available and expenditures are reported when liabilities are incurred.
4. Investments - Investments of the District are restricted by Colorado statutes. All investments are legally qualified and are stated at cost plus unamortized premium which is being recognized as an adjustment to income ratably over the term of the investment. Amortization of premium recorded as interest revenue for the year ended December 31, 1995 totalled \$431.

THE PUEBLO CONSERVANCY DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1995

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

5. Budget Basis and Presentation - The District prepares an annual budget, in compliance with state statutes, for the general fund. The budget is prepared on a cash basis.

The District does not utilize an encumbrance system.

6. Fixed Assets - General fixed assets are recorded at historical cost. No depreciation is provided.
7. "Memorandum Only" Total Column - The total column on the combined balance sheet is noted "Memorandum Only" to indicate that it is presented only to facilitate financial analysis. Data in this column does not present financial position in conformity with generally accepted accounting principles.

NOTE B - CASH AND INVESTMENTS

■ Demand Deposits and Savings Accounts

A portion of excess funds are invested in certificates of deposit with local qualified financial institutions. Demand deposits and savings accounts are categorized as follows:

Amounts insured by the FDIC and SIPC	\$ 154,885
Amounts insured as public deposits	<u>16,031</u>
Total Demand Deposits, Savings Accounts and Certificates of Deposit	<u>\$ 170,916</u>

■ Debt Securities

A portion of excess funds is invested in United States Treasury Notes and in a GNMA mortgage pool. These investments are recorded net of unamortized premiums as follows:

Face amount of GNMA mortgage pool	\$ 89,577
Face amount of Treasury Notes	990,000
Unamortized premium	<u>4,768</u>
	<u>\$1,084,345</u>
Fair market value of debt securities at December 31, 1995	<u>\$1,108,757</u>

The District expects to hold these investments to maturity.

THE PUEBLO CONSERVANCY DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1995

NOTE B - CASH AND INVESTMENTS (Cont'd.)

The District's demand deposits, savings accounts, certificates of deposit and investments are categorized to give an indication of the level of credit risk assumed by the District. These credit risk categories are (1) insured or registered, or securities held by the District or its agent in the District's name; (2) uninsured and unregistered, with securities held by the counterparty's agent in the District's name; (3) uninsured and unregistered, with securities held by the counterparty, or held by the counterparty's agent but not in the District's name.

	<u>Category</u>			<u>Carrying Value</u>	<u>Estimated Market Value</u>
	<u>1</u>	<u>2</u>	<u>3</u>		
Demand deposit, savings accounts and certificates of deposit	\$ 170,916	\$ -	\$ -	\$ 170,916	\$ 170,916
Colorado Local Government Liquid Asset Trust	-	-	-	205,330	205,330
U.S. Government securities	-	-	990,000	989,567	1,015,273
GNMA mortgage pool	-	-	89,577	94,777	93,484
Total	\$ <u>170,916</u>	\$ <u>-</u>	\$ <u>1,079,577</u>	\$ <u>1,460,590</u>	\$ <u>1,485,003</u>

NOTE C - LEASE INCOME

Certain District property is leased on a year-to-year basis.

NOTE D - CHANGES IN GENERAL FIXED ASSETS

Changes in general fixed assets are as follows:

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Balance End of Year</u>
Improvements	\$5,136,423	\$ -	\$5,136,423
Office furniture and equipment	2,295	-	2,295
Maintenance equipment	<u>1,100</u>	<u>-</u>	<u>1,100</u>
	\$ <u>5,139,818</u>	\$ <u>-</u>	\$ <u>5,139,818</u>

NOTE E - FUND EQUITY

Fund balance designated for subsequent year's expenditures reflects expenditures over revenues estimated in the subsequent year's legally adopted budget.

THE PUEBLO CONSERVANCY DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1995

NOTE F - COMPLIANCE WITH STATE CONSTITUTIONAL LIMITS ON GROWTH

The District is subject to certain limitations on revenue and expenditure growth under the provisions of Article X, Section 20 of the Colorado Constitution. Also known as Amendment Number One of the Taxpayer's Bill of Rights (TABOR). Significant limitations and restrictions are as follows:

■ Revenue Growth

The District is authorized to levy property taxes within its boundaries but has not imposed such a revenue source recently and now would be required to obtain voter approval to impose a property tax. The District's primary revenue source is interest earned on its investments. Article X, Section 20 limits the revenue increase to inflation and growth factors. Information on the local growth factor has not been provided by the Pueblo County Assessor. The District's "base year" for the limitations imposed is 1992.

■ Emergency Reserve Requirement

Under the provisions of TABOR, the District is required to maintain emergency reserves to provide for unexpected expenditures as defined in the Article. The District is required to establish reserves totalling 3% of its current fiscal year spending. The District has met this requirement as evidenced by its reserved fund balance of \$6,000 in the General Fund.

**NOTE G - RECONCILIATION OF BUDGETING REPORTING BASIS TO FINANCIAL STATEMENT
REVENUE AND EXPENSES**

	<u>Revenues</u>	<u>Expenditures</u>
Total per financial statements (GAAP)	\$ 238,268	\$ 341,830
City of Pueblo, Colorado contribution to HARP design project - classified as reimbursed costs for budgetary purposes	(150,000)	(150,000)
Adjustments for modified accrual financial statement presentation -		
Accrued interest -		
Beginning of year	30,267	-
End of year	(22,180)	-
Accounts payable -		
Beginning of year	-	16,071
End of year	-	(8,482)
Budgetary Basis Totals	<u>\$ 96,355</u>	<u>\$ 199,419</u>