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GENERAL PURPOSE FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITORS' REPORT

THE PUEBLO CONSERVANCY DISTRICT

DECEMBER 31, 1990

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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, 1990. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Pueblo Conservancy District as of December 31, 1990, and the results of its operations for the year then ended, in conformity with generally accepted accounting principles.

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March 7, 1991

THE PUEBLO CONSERVANCY DISTRICT
COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
DECEMBER 31, 1990

	Governmental Fund Type General Fund	Account Group General Fixed Assets	Total (Memorandum Only)	
			1990	1989
ASSETS				
Cash in bank - Note B	\$ 36,453	\$ -	\$ 36,453	\$ 32,739
Certificates of deposit - Note B	700,000	-	700,000	890,000
Investments - Note C	862,781	-	862,781	678,401
Accrued interest receivable	24,691	-	24,691	34,606
Accounts receivable	3,757	-	3,757	-
Improvements - Notes A & E	-	5,012,000	5,012,000	4,945,648
Office furniture and equipment - Notes A & E	-	2,295	2,295	2,295
Maintenance equipment - Notes A & E	-	1,100	1,100	1,100
TOTAL ASSETS	<u>\$1,627,682</u>	<u>\$5,015,415</u>	<u>\$6,643,097</u>	<u>\$6,584,789</u>
LIABILITIES AND FUND EQUITY				
Liabilities -				
Accounts payable	\$ 20,894	\$ -	\$ 20,894	\$ 380
Payroll taxes payable	110	-	110	108
Total Liabilities	<u>\$ 21,004</u>	<u>\$ -</u>	<u>\$ 21,004</u>	<u>\$ 488</u>
Fund Equity -				
Investment in general fixed assets	\$ -	\$5,015,415	\$ 5,015,415	\$4,949,043
Fund balance -				
Designated for subsequent year's expenditure - Note F	64,235	-	64,235	70,260
Undesignated	1,542,443	-	1,542,443	1,564,998
Total Fund Equity	<u>\$1,606,678</u>	<u>\$5,015,415</u>	<u>\$6,622,093</u>	<u>\$6,584,301</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$1,627,682</u>	<u>\$5,015,415</u>	<u>\$6,643,097</u>	<u>\$6,584,789</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, 1990			Year Ended December 31, 1989
	<u>Actual</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>	<u>Actual</u>
REVENUES				
Interest	\$ 136,621	\$ 112,500	\$ (24,121)	\$ 135,624
Lease income	525	500	(25)	525
TOTAL REVENUES	<u>\$ 137,146</u>	<u>\$ 113,000</u>	<u>\$ (24,146)</u>	<u>\$ 136,149</u>
EXPENDITURES				
Public safety -				
Directors' fees	\$ 2,640	\$ 4,000	\$ 1,360	\$ 3,240
FICA taxes	203	500	297	283
Travel	83	2,500	2,417	2,288
Legal fees	2,400	2,400	-	2,400
Engineering and administration	4,560	4,560	-	4,940
Audit fee	1,200	1,200	-	1,100
Insurance and bonds	1,045	2,000	955	1,536
Office expense	418	700	282	550
Office rent	900	900	-	900
Professional fees	-	12,000	12,000	2,031
Repairs and maintenance	70,688	75,000	4,312	69,929
Capital projects	66,372	50,000	(16,372)	49,582
Contingencies	-	7,500	7,500	2,142
Emergency flood repair	15,217	20,000	4,783	-
TOTAL EXPENDITURES	<u>\$ 165,726</u>	<u>\$ 183,260</u>	<u>\$ 17,534</u>	<u>\$ 140,921</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ (28,580)</u>	<u>\$ (70,260)</u>	<u>\$ (41,680)</u>	<u>\$ (4,772)</u>
FUND BALANCE AT JANUARY 1	<u>1,635,258</u>	<u>1,635,258</u>	<u>-</u>	<u>1,640,030</u>
FUND BALANCE AT DECEMBER 31	<u><u>\$1,606,678</u></u>	<u><u>\$1,564,998</u></u>	<u><u>\$ (41,680)</u></u>	<u><u>\$1,635,258</u></u>

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The accompanying notes are an integral part of this statement.

THE PUEBLO CONSERVANCY DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1990

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 area. Since completion of improvements along the Arkansas River, the District provides repair and maintenance functions.

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 outside entities meet the criteria for inclusion in the District's financial statements.

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 Group 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 accreted discount which is being recognized as income ratably over the term of the investment. Accretion of discount recorded as interest revenue for the year ended December 31, 1990 totalled \$4,598.
5. Budget Basis and Presentation - The District prepares an annual budget, in compliance with state statutes, for the general fund. The budget is prepared in accordance with generally accepted accounting principles.

The District does not utilize an encumbrance system.

6. Fixed Assets - General fixed assets are recorded at historical cost. No depreciation is provided.

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THE PUEBLO CONSERVANCY DISTRICT
NOTES TO FINANCIAL STATEMENTS (Cont'd.)
DECEMBER 31, 1990

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

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 DEPOSITS

A portion of excess funds are invested in certificates of deposit with local qualified financial institutions. Deposits are categorized as follows:

Amounts insured by the FDIC	\$ 500,000
Amounts collateralized with securities held by the pledging financial institutions in the District's name under the Public Deposit Protection Act of 1975	<u>236,453</u>
Total cash in bank and certificates of deposit	<u>\$ 736,453</u>

NOTE C - INVESTMENTS

A portion of excess funds is invested in United States Treasury Notes. These investments are recorded net of unaccreted discount as follows:

Face amount of Treasury Notes	\$ 870,000
Unaccreted discount	<u>7,219</u>
	<u>\$ 862,781</u>
Fair market value of U.S. Treasury notes at December 31, 1990	<u>\$ 877,233</u>

NOTE D - LEASE INCOME

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

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THE PUEBLO CONSERVANCY DISTRICT
NOTES TO FINANCIAL STATEMENTS (Cont'd.)
DECEMBER 31, 1990

NOTE E - 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	\$4,945,648	\$ 66,372	\$5,012,020
Office furniture and equipment	2,295	-	2,295
Maintenance equipment	<u>1,100</u>	<u>-</u>	<u>1,100</u>
	<u>\$4,949,043</u>	<u>\$ 66,372</u>	<u>\$5,015,415</u>

NOTE F - FUND EQUITY

Fund balance designated for subsequent year's expenditures reflects amounts included in the subsequent year's legally adopted budget.

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