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## ACCOUNTANTS' COMPILATION REPORT

Board of Directors  
Pueblo Conservancy District  
Pueblo, Colorado

Management is responsible for the accompanying balance sheets - general fund only of Pueblo Conservancy District (the District) as of October 31, 2016 and December 31, 2015, and the related statements of revenues and expenditures - general fund for the ten months ended October 31, 2016 and the year ended December 31, 2015, in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements, nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Management has elected to omit substantially all of the disclosures required by accounting principles generally accepted in the United States of America. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the District's financial position and results of operations. Accordingly, the financial statements are not designed for those who are not informed about such matters.

On an on-going basis, management records accounts payable and related expenditures using the cash basis of accounting. Accounting principles generally accepted in the United States of America requires that accounts payable and related expenditures be recorded using the modified accrual basis of accounting. Management has not determined the amounts by which this departure would affect the balance sheet of the general fund and the related statement of revenues and expenditures of the general fund.

### **Required Supplementary Information**

Management has omitted the management's discussion and analysis and the budgetary comparison schedule for the general fund that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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.

## Supplementary Information

The supplementary information (current year budget amounts reported in the statement of revenues and expenditures of the general fund) is presented for purposes of additional analysis and is not a required part of the basic financial statements. This information is the representation of management. This information was subject to our compilation engagement; however, we have not audited or reviewed the supplementary information and, accordingly, do not express an opinion, a conclusion, nor provide any form of assurance on such supplementary information.

*McPherson, Kruppel, Drexler & Bookbinder, PC*

November 15, 2016

PUEBLO CONSERVANCY DISTRICT  
BALANCE SHEET - GENERAL FUND ONLY  
OCTOBER 31, 2016 AND DECEMBER 31, 2015

	<u>10/31/2016</u>	<u>12/31/2015</u>
<b>ASSETS</b>		
VECTRA BANK CHECKING	\$ 62,412	\$ 133,478
VECTRA BANK MONEY MARKET	11,924	11,919
ABC BANK MONEY MARKET CHECKING	-	2,157
BROKERAGE MONEY MARKET ACCOUNTS	300,531	200,765
BANK OF THE SAN JUANS TRUST ACCT	12	(10)
BANK OF THE SAN JUANS RESERVE ACCT	1,111,672	-
COLOTRUST INVESTMENT	25,286	25,159
STIFEL NICOLAUS INVESTMENT	223,534	262,577
MORGAN STANLEY INVESTMENT	785,508	819,209
ACCRUED INTEREST & OTHER RECEIVABLES	-	2,410
MAINTENANCE ASSESSMENTS RECEIVABLE	-	<u>1,015,000</u>
TOTAL ASSETS	<u>\$ 2,520,879</u>	<u>\$ 2,472,664</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE		
ACCOUNTS PAYABLE	\$ -	\$ 12,416
MAINTENANCE FUND REFUND PAYABLE	<u>-</u>	<u>-</u>
TOTAL LIABILITIES	<u>-</u>	<u>12,416</u>
DEFERRED INFLOWS OF RESOURCES		
MAINTENANCE ASSESSMENTS	<u>-</u>	<u>1,015,000</u>
ASSIGNED FUND BALANCE	1,445,248	1,445,248
UNASSIGNED FUND BALANCE	<u>1,075,631</u>	<u>-</u>
TOTAL FUND BALANCE	<u>2,520,879</u>	<u>1,445,248</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	<u>\$ 2,520,879</u>	<u>\$ 2,472,664</u>

SEE ACCOUNTANTS' COMPILATION REPORT

PUEBLO CONSERVANCY DISTRICT  
 COMPARATIVE STATEMENT OF REVENUE AND EXPENDITURES -  
 ACTUAL AND BUDGET - GENERAL FUND  
 FOR THE TEN MONTHS ENDED OCTOBER 31, 2016  
 AND THE TWELVE MONTHS ENDED DECEMBER 31, 2015

	ACTUAL		2016 BUDGET	UNUSED BUDGET	2015 ACTUAL
	CURRENT MONTH	YEAR TO DATE			
<b>REVENUES</b>					
<b>INTEREST INCOME</b>					
COLOTRUST	\$ 17	\$ 127	\$ -	\$ -	\$ 44
MONEY MARKET ACCOUNTS	4	27	-	-	25
ABC BANK	-	9	-	-	12,213
BANK OF THE SAN JUANS	9	55	-	-	-
STIFEL NICOLAUS	822	7,568	-	-	10,924
MORGAN STANLEY	1,188	12,302	-	-	20,659
UNREALIZED GAINS (LOSSES)	(6,020)	13,630	-	-	3,342
<b>TOTAL INTEREST INCOME</b>	<b>(3,980)</b>	<b>33,718</b>	<b>21,000</b>	<b>(12,718)</b>	<b>47,207</b>
MAINTENANCE FUND ASSESSMENT	4,979	1,095,969	1,015,000	(80,969)	855,527
CITY OF PUEBLO MAINT. FUND IGA	-	-	-	-	77,500
MAINTENANCE FUND REFUND	-	-	-	-	-
LOAN PROCEEDS	173,349	3,121,029	-	-	2,593,702
OTHER INCOME	-	60,000	-	(60,000)	-
<b>TOTAL REVENUES</b>	<b>\$ 174,348</b>	<b>\$ 4,310,716</b>	<b>\$ 1,036,000</b>	<b>\$ (3,274,716)</b>	<b>\$ 3,573,936</b>
<b>EXPENDITURES</b>					
80 LEGAL FEES	\$ (31,656)	\$ 9,906	\$ 36,000	\$ 26,094	\$ 23,762
81 DIRECTORS FEES	1,800	18,000	21,600	3,600	21,600
83 ENGINEER/ADMINISTRATIVE	930	17,050	20,400	3,350	15,765
90A BOOKKEEPING & AUDIT PREP	10,020	13,220	10,500	(2,720)	18,377
90B AUDIT	-	418	6,000	5,582	-
92 INSURANCE/BONDS	-	768	3,500	2,732	2,503
96 OFFICE EXPENSE	(12)	338	1,000	662	967
97 OFFICE RENT/STORAGE	-	1,050	1,050	-	1,050
100 PROFESSIONAL FEES	(700)	10,016	12,500	2,484	3,000
APPRaisal	-	-	-	-	-
103 TRAVEL	-	1,178	2,400	1,222	508
105 REPAIRS & MAINTENANCE	-	2,810	8,500	5,690	23,806
105A MAINTENANCE FUND ASSESSMENT PROGRAMMING & MAINTENANCE	2,389	12,301	1,000	(11,301)	5,571
108 CONTINGENCIES	-	-	20,000	20,000	-
109 EMERGENCY REPAIR	-	-	15,000	15,000	-
110 CAPITAL IMPROVEMENTS	(1,378,784)	340,934	5,000	(335,934)	171,187
PLANNING & DEVELOPMENT	-	-	10,000	10,000	-
110A CONTRACT ADMIN & OVERSIGHT	6,250	8,577	35,000	26,423	39,674
110B ARKANSAS RIVER PHASE 3 LEVEE DESIGN	7,721	35,560	50,000	14,440	-
110C ARKANSAS RIVER PHASE 2&3 STAKING AS-BUILTS, CO	-	4,818	45,000	40,182	-
110D ARKANSAS RIVER PHASE 2 CONSTRUCTION	974,691	1,546,520	1,200,000	(346,520)	-
110E ARKANSAS RIVER PHASE 3 CONSTRUCTION	-	-	500,000	500,000	-
110F ARKANSAS RIVER LEVEE CERTIFICATION DESIGN &/OR CONSTRUCTION	-	-	-	-	2,497,273
110G WILDHORSE/DRY CREEK LEVEE CONSTRUCTION	520,741	1,024,896	1,500,000	475,104	-
110H WILDHORSE/DRY CREEK STAKING, AS-BUILTS, CO	73,967	126,725	45,000	(81,725)	-
110I WILDHORSE/DRY CREEK LEVEE-DESIGN PRELIMINARY DESIGN	-	-	-	-	-
110J WILDHORSE/DRY CREEK LEVEE DESIGN &/OR CONSTRUCTION	-	-	-	-	-
112A HARP - O & M	-	10,000	10,000	-	60,000
112B HARP IGA CONTRIBUTION	-	50,000	50,000	-	-
113 CONSTRUCTION LOAN PAYMENT	-	-	700,000	700,000	2,554,542
<b>TOTAL EXPENDITURES</b>	<b>187,357</b>	<b>3,235,085</b>	<b>4,309,450</b>	<b>1,074,365</b>	<b>5,439,585</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>\$ (13,009)</b>	<b>\$ 1,075,631</b>	<b>\$ (3,273,450)</b>	<b>\$ (4,349,081)</b>	<b>\$ (1,865,649)</b>

SEE ACCOUNTANTS' COMPILATION REPORT

PUEBLO CONSERVANCY DISTRICT  
INVESTMENTS  
10/31/2016

BROKER	DESCRIPTION	MATURITY DATE	RATE	PAR VALUE	BALANCE 12/31/2015	ADDITIONS	MKT VALUE CHANGE	REDEMPTION SALES	BALANCE 10/31/2016	INTEREST RECEIVED 10/31/2016	ACCRUED INTEREST 12/31/2015	ACCRUED INTEREST 12/31/2016	G/L ACCT	ADJUSTMENT 12/31/2015
<b>CASH ACCOUNTS</b>														
VECTRA BANK	Money Market Account				11,918.78	4.95	-	-	11,923.73	4.95	-	-		-
STIFEL NICOLAUS	Money Market Account				6,708.08	38,684.53	-	-	45,392.61	6.32	-	-		-
MORGAN STANLEY	Cash Sweep Account				194,057.38	262,486.97	-	201,405.50	255,138.85	15.61	-	-		-
	TOTAL CASH ACCOUNTS WITH BROKERS				312,684.24	301,176.45	-	201,405.50	312,455.19	36.88	-	-		-
<b>INVESTMENTS</b>														
COLOTRUST	Acct 7081 - PLUS		6.240%		25,158.66	127.32	-	-	25,285.98	127.32	-	-		-
	TOTAL COLOTRUST				25,158.66	127.32	-	-	25,285.98	127.32	-	-	4007	-
STIFEL NICOLAUS	FEDL HOME LN MTG CORP #170217	3/1/2017	8.000%	1,120,000.00	207.63	-	(4.32)	143.20	60.11	10.20	1.71	4.76		(3.05)
	GNMA POOL #676875	3/15/2023	6.500%	255,000.00	65,494.29	-	(619.70)	6,774.98	58,099.61	3,179.47	491.61	612.63		(121.02)
	GNMA POOL #003831	5/20/2036	5.500%	165,000.00	13,961.75	-	(167.74)	2,432.94	11,341.07	551.85	76.01	103.33		(29.33)
	GNMA POOL #MA0318	8/20/2042	3.500%	95,000.00	61,365.14	-	444.60	10,285.31	51,524.43	1,618.75	222.83	285.55		(62.72)
	GNMA POOL #AAS748	10/15/1942	4.000%	90,000.00	89,745.13	-	292.33	12,169.89	77,867.57	2,653.01	367.55	-		367.55
	GNMA POOL #MAI1839	4/20/2044	4.000%	50,000.00	31,802.63	-	(309.82)	6,851.89	24,640.92	917.46	128.32	-		-
	TOTAL STIFEL NICOLAUS INVESTMENT				262,576.57	-	(364.65)	38,678.21	223,533.71	8,910.74	1,288.93	1,008.27	4011	151.44
<b>MORGAN STANLEY</b>														
	TENN VALLEY AUTH	5/1/2016		133,000.00	152,760.60	-	239.40	133,000.00	-	-	-	-		-
	FNMA MED TERM NOTE	9/23/2017		180,000.00	97,967.00	-	1,286.00	-	99,253.00	-	-	-		-
	FNMA POOL MA0629	1/1/2021	3.500%	100,000.00	23,490.42	-	(225.59)	6,627.91	16,636.92	566.20	65.39	92.29		(26.90)
	FNMA	12/27/2027	2.500%	220,000.00	209,063.80	-	10,670.00	-	219,733.80	4,583.30	61.11	61.11		-
	FNMA	5/15/2030	2.838%	300,000.00	-	201,405.50	(2,220.50)	-	199,185.00	-	-	-		-
	FNMA 2006-107 PD	6/25/2035	5.000%	78,000.00	2,888.91	-	(5.18)	2,883.73	-	22.66	12.01	81.81		(69.80)
	GNMA REMIC TRUST 2010-84 NL	12/20/2036	3.000%	100,000.00	8,446.15	-	(53.96)	8,392.19	-	87.56	20.98	64.75		(43.77)
	GNR 2008-7 PN	1/20/2037	4.250%	60,000.00	3,835.07	-	(49.86)	1,314.06	2,471.15	112.02	13.20	21.12		(7.92)
	FHR 3393 BY	1/15/2037	5.500%	94,000.00	29,707.43	-	79.73	4,537.53	25,249.63	1,117.43	121.98	160.18		(38.20)
	FHLMC REMIC SERIES 4047 PA	12/15/2037	2.000%	230,000.00	135,386.74	-	1,417.35	31,675.04	105,129.05	2,053.84	226.19	284.83		(58.64)
	FNMA 2008-74 B	9/25/2038	5.500%	53,000.00	8,832.77	-	54.47	734.27	8,132.97	357.03	36.31	44.37		(8.06)
	FNMA REMIC TRUST 2010-141 AL	12/25/2040	4.000%	90,000.00	95,531.40	-	1,849.50	-	97,380.90	3,000.00	299.99	299.99		-
	FHLMC 4321 YB	7/15/2043	3.500%	200,000.00	71,298.89	-	933.27	59,936.55	12,131.61	1,470.04	210.73	510.66		(299.93)
	TOTAL MORGAN STANLEY INVESTMENT				819,209.18	201,405.50	13,994.63	249,101.28	785,508.02	13,370.08	1,067.89	1,621.11	4013	(553.22)
	TOTAL INVESTMENTS				1,106,944.41	201,532.82	13,629.98	287,779.49	1,034,327.72	22,408.14	2,355.92	2,629.38		(401.78)
	TOTAL ALL ACCOUNTS				1,319,628.65	502,709.27	13,629.98	489,184.99	1,346,782.91	22,435.02	2,355.92	2,629.38	1200	(401.78)

PUEBLO CONSERVANCY DISTRICT

OCTOBER 2016 - NOVEMBER 2016

DEPOSITS - VECTRA BANK		
VENDOR	ITEM	AMOUNT
Stifel Nicolaus	Interest Payment	\$ 810.44
		\$ 810.44

DEPOSITS - CANON NATIONAL BANK RESERVE ACCOUNT		
Pueblo County	Maintenance Fund Assessment	\$ 15,781.19
		\$ 15,781.19

DEBITS - VECTRA CASH CHECKING ACCOUNT				
VENDOR	ITEM	AMOUNT	CHECK	CODE
BHE	Electrical Billing	\$ 600.00	1048	105
MBDG, PC	Bookkeeping	\$ 400.00	1042	90
Don Banner - B&B, PC	Attorney Fees	\$ 500.00	1050	80
Kidd Engineering	Engineer/Admin Fees	\$ 1,700.00	1044	83
Director Alt	Fees	\$ 200.00	1037	81
Director Bernard	Fees	\$ 200.00	1049	81
Director Cordova	Fees	\$ 200.00	1043	81
Director Koehler	Fees	\$ 200.00	1047	81
Director Maroney	Fees	\$ 200.00	1046	81
	Mileage - Fountain Creek Committees, 310@\$.54	\$ 167.40	"	103
Director O'Hara	Fees	\$ 200.00	1040	81
Director Phillips	Fees	\$ 200.00	1045	81
Director Serna	Fees	\$ 200.00	1039	81
Director Willumstad	Fees	\$ 200.00	1041	81
The Pueblo Chieftain	2017 Budget Advertisement	\$ 49.50	1038	96
	<b>TOTAL VECTRA CHECKING ACCT</b>	<b>\$ 5,216.90</b>		

DEBITS - CANON NATIONAL BANK RESERVE ACCOUNT				
Canon National Bank	Loan Payment	\$ 700,000.00	Transfer	
		\$ -		

**DEBITS CANON NATIONAL BANK - CONSTRUCTION DRAW ACCOUNT**

Kidd Engineering	Phase 2 & 3 CA/CO, Planning Meetings	\$ 420.00	1057	110A
NorthStar Engineering	ARKANSAS RIVER LEVEE:			
	Task C - Arkansas Levee "As-Constructed" Survey and Conditional Evaluation Contract	\$ -		110D
	Task D - Design, Permitting, and Regulatory Approvals Contract	\$ -		110D
	Task E - Construction Support Services, Geotechnical Testing, Staking, As-Builts	\$ -		110C
	Task F.2 - Phase 3 Final Design, Construction Documents, Bidding	\$ -		110B
	Tasks F.3, F.4, and F.5 Construction staking, observation, and testing	\$ 10,197.50		110B
	Reimbursable copies, etc.	\$ 148.00		110B
	2nd Supplemental - BHE Diversion Preliminary Design	\$ -		110B
	WILDHORSE CREEK LEVEE:			
	Task A - "Original As-Constructed" / Boundary Surveys	\$ -		110H
	Task C - Design, Permitting, and Regulatory Approvals	\$ -		110H
	Task D - Construction Support Services	\$ 7,272.50		110H
	Reimbursable copies, etc.	\$ 16.00		110H
	Maintenance Fund Assessment Support - Appraisal Phase III Services, Property Acquisitions, Artwork and Recreational Opportunities	\$ 1,980.00		105A
	Reimbursable copies, etc.	\$ 18.50		105A
	<b>NorthStar Subtotal</b>	<b>\$ 19,632.50</b>	<b>1058</b>	
K.R. Swerdfeger Construction, Inc.	Arkansas & Wildhorse Levees, Phase 2	\$ -		110D
		\$ -		110G
	<b>Swerdfeger Subtotal</b>	<b>\$ -</b>		
ASI Construction, Inc.	Arkansas Levee, Phase 3	\$ 946,530.00		110E
	<b>ASI Ssubtotal</b>	<b>\$ 946,530.00</b>	<b>1059</b>	
Altman, Keilbach, Lytle	Wildhorse Creek Area Eminent Domain and Land Acquisitions Invoice 10-31-16	\$ 5,759.76	1060	110G
	<b>TOTAL CANON NATIONAL DRAW ACCT</b>	<b>\$ 972,342.26</b>		