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INDEPENDENT ACCOUNTANTS' COMPILATION REPORT

Board of Directors
The Pueblo Conservancy District
Pueblo, Colorado

We have compiled the accompanying balance sheets – general fund only – of the Pueblo Conservancy District as of November 30, 2014 and December 31, 2013, and the related comparative statements of revenue and expenditures – actual and budget – general fund for the one month and eleven months ended November 30, 2014 and the year ended December 31, 2013. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the 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, these financial statements are not designed for those who are not informed about such matters.

McPherson, Breyfogle, Daveline & Goodrich, PC

December 17, 2014

PUEBLO CONSERVANCY DISTRICT
BALANCE SHEET - GENERAL FUND ONLY
NOVEMBER 30, 2014 AND DECEMBER 31, 2013

	<u>11/30/2014</u>	<u>12/31/2013</u>
ASSETS		
VECTRA BANK CHECKING	\$ 516,378	\$ 519,433
VECTRA BANK MONEY MARKET	11,912	11,907
BROKERAGE MONEY MARKET ACCOUNTS	241,764	268,940
COLOTRUST INVESTMENT	25,112	25,085
STIFEL NICOLAUS INVESTMENT	180,010	209,174
MORGAN STANLEY INVESTMENT	1,013,990	607,132
ACCRUED INTEREST & OTHER RECEIVABLES	-	2,980
MAINTENANCE ASSESSMENTS RECEIVABLE	<u>6,527</u>	<u>858,533</u>
 TOTAL ASSETS	 <u>\$ 1,995,693</u>	 <u>\$ 2,503,184</u>
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE		
ACCOUNTS PAYABLE	\$ -	\$ 38,425
PAYROLL TAXES PAYABLE	275	1,102
MAINTENANCE FUND REFUND PAYABLE	<u>-</u>	<u>31,288</u>
 TOTAL LIABILITIES	 <u>275</u>	 <u>70,815</u>
 DEFERRED INFLOWS OF RESOURCES		
MAINTENANCE ASSESSMENTS	<u>6,527</u>	<u>858,533</u>
 ASSIGNED FUND BALANCE	 597,152	 597,152
UNASSIGNED FUND BALANCE	<u>1,391,739</u>	<u>976,684</u>
	-	
 TOTAL FUND BALANCE	 <u>1,988,891</u>	 <u>1,573,836</u>
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	 <u>\$ 1,995,693</u>	 <u>\$ 2,503,184</u>

SEE ACCOUNTANTS' COMPILATION REPORT

PUEBLO CONSERVANCY DISTRICT
 COMPARATIVE STATEMENT OF REVENUE AND EXPENDITURES -
 ACTUAL AND BUDGET - GENERAL FUND
 FOR THE ONE MONTH AND ELEVEN MONTHS ENDED NOVEMBER 30, 2014
 AND THE TWELVE MONTHS ENDED DECEMBER 31, 2013

	ACTUAL		2014 BUDGET	UNUSED BUDGET	2013 ACTUAL
	CURRENT MONTH	YEAR TO DATE			
REVENUES					
INTEREST INCOME					
COLOTRUST	\$ 2	\$ 27	\$ -	\$ -	\$ 32
MONEY MARKET ACCOUNTS	3	34	-	-	27
WELLS FARGO	-	-	-	-	5,575
STIFEL NICOLAUS	765	7,210	-	-	10,857
MORGAN STANLEY	2,075	18,188	-	-	9,447
UNREALIZED GAINS (LOSSES)	7,738	16,180	-	-	(33,520)
TOTAL INTEREST INCOME	10,583	41,639	22,000	(19,639)	(7,582)
MAINTENANCE FUND ASSESSMENT	12,241	851,996	870,000	18,004	914,818
CITY OF PUEBLO MAINT. FUND IGA	-	-	50,000	50,000	50,000
MAINTENANCE FUND REFUND	-	-	-	-	(31,288)
OTHER INCOME	-	-	-	-	275
TOTAL REVENUES	\$ 22,824	\$ 893,635	\$ 942,000	\$ 48,365	\$ 926,223
EXPENDITURES					
80 LEGAL FEES	\$ 500	\$ 5,582	\$ 6,000	\$ 418	\$ 7,551
81 DIRECTORS FEES	1,800	10,200	14,400	4,200	7,200
82 FICA TAXES	-	505	1,102	597	551
83 ENGINEER/ADMINISTRATIVE	600	9,904	7,200	(2,704)	7,607
90 AUDIT & BOOKKEEPING	1,175	10,967	14,200	3,233	4,970
92 INSURANCE/BONDS	-	2,877	3,500	623	3,328
96 OFFICE EXPENSE	88	707	2,000	1,293	1,511
97 OFFICE RENT	75	915	1,000	85	840
100 PROFESSIONAL FEES	350	2,614	12,500	9,886	12,197
APPRAISAL	-	-	-	-	30,506
103 TRAVEL	97	97	-	(97)	-
105 REPAIRS & MAINTENANCE	-	5,428	18,000	12,572	66,868
MAINTENANCE FUND ASSESSMENT	-	-	-	-	-
PROGRAMMING & MAINTENANCE	-	-	10,000	-	-
CONTRACT ADMIN & OVERSIGHT	-	-	15,000	-	-
ARKANSAS RIVER LEVEE REPAIRS	-	-	15,000	15,000	-
LEVEE CERTIFICATION-PRELIM	-	-	264,250	264,250	-
ARKANSAS RIVER DESIGN/CONSTRUCTIO	29,718	368,784	700,000	-	-
WILDHORSE/DRY CREEK LEVEE-PRELIM	-	-	-	-	-
WILDHORSE/DRY CREEK LEVEE DESIGN	-	-	350,000	350,000	-
WILDHORSE/DRY CREEK LEVEE CONSTR	-	-	-	-	-
108 CONTINGENCIES	-	-	20,000	20,000	-
109 EMERGENCY REPAIR	-	-	15,000	15,000	-
110 CAPITAL IMPROVEMENTS	-	-	5,000	5,000	-
111 PLANNING & DEVELOPMENT	-	-	5,000	5,000	-
112 HARP - O & M / HARP - IGA CNTRB	-	60,000	60,000	-	75,000
TOTAL EXPENDITURES	34,403	478,580	1,539,152	1,060,572	218,129
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (11,579)	\$ 415,055	\$ (597,152)	\$ (1,012,207)	\$ 708,094

SEE ACCOUNTANTS' COMPILATION REPORT

PUEBLO CONSERVANCY DISTRICT
INVESTMENTS
10/31/2014

12/17/2014

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<u>BROKER</u>	<u>DESCRIPTION</u>	<u>MATURITY DATE</u>	<u>RATE</u>	<u>PAR VALUE</u>	<u>BALANCE 12/31/2013</u>	<u>ADDITIONS</u>	<u>MKT VALUE CHANGE</u>	<u>REDEMPTION SALES</u>	<u>BALANCE 10/31/2014</u>	<u>INTEREST RECEIVED 10/31/2014</u>
<u>CASH ACCOUNTS</u>										
VECTRA BANK	Money Market Account				11,906.83	5.44	-	-	11,912.27	5.44
STIFEL NICOLAUS	Money Market Account				65,897.59	31,204.97	-	-	97,102.56	7.00
MORGAN STANLEY	Cash Sweep Account				203,042.34	(58,380.63)	-	-	144,661.71	22.51
TOTAL CASH ACCOUNTS WITH BROKERS					280,846.76	(27,170.22)	-	-	253,676.54	34.95
<u>INVESTMENTS</u>										
COLOTRUST	Acct. 7081 - PLUS		6.240%		25,085.33	26.72	-	-	25,112.05	26.72
TOTAL COLOTRUST					25,085.33	26.72	-	-	25,112.05	26.72
<u>STIFEL NICOLAUS</u>										
	FEDL HOME LN MTG CORP #170217	3/1/2017	8.000%	1,120,000.00	861.92	-	(26.83)	337.14	497.95	51.18
	GNMA POOL #676875	3/15/2023	6.500%	235,000.00	100,112.19	-	(769.95)	15,732.33	83,609.91	5,281.71
	GNMA POOL #003851	5/20/2036	5.500%	165,000.00	24,726.10	-	(128.43)	5,517.20	19,080.47	1,021.23
	GNMA POOL #MA0318	8/20/2042	3.500%	95,000.00	83,473.47	-	2,959.62	9,611.30	76,821.79	2,554.03
TOTAL STIFEL NICOLAUS INVESTMENT					209,173.68	-	2,034.41	31,197.97	180,010.12	8,908.15
<u>MORGAN STANLEY</u>										
	FED NATL MTG ASSN	1/15/2014		60,000.00	59,995.80	-	4.20	60,000.00	-	-
	TENN VALLEY AUTH	5/1/2016		133,000.00	129,216.15	-	2,491.09	-	131,707.24	-
	FNMA MED TERM NOTE	9/23/2017		100,000.00	94,360.00	-	2,419.00	-	96,779.00	-
	FNMA POOL MA0629	1/1/2021	3.500%	100,000.00	44,812.78	-	(211.60)	10,147.72	34,453.46	1,215.97
	FNMA	12/27/2027	2.500%	220,000.00	-	192,423.00	7,638.40	-	200,061.40	3,102.75
	FNR 2006-107 PD	6/25/2035	5.000%	78,000.00	46,919.45	-	(1,397.33)	23,940.27	21,581.85	1,575.52
	GNMA REMIC TRUST 2010-84 NL	12/20/2036	3.000%	100,000.00	43,381.44	-	(518.24)	15,119.22	27,743.98	982.24
	GNR 2008-7 PN	1/20/2037	4.250%	60,000.00	10,266.10	-	(261.61)	3,517.54	6,486.95	315.85
	FHR 3393 BY	11/15/2037	5.500%	94,000.00	52,528.78	-	(237.45)	12,498.22	39,793.11	2,108.56
	FHLMC REMIC SERIES 4047 PA	12/15/2037	2.000%	230,000.00	187,683.62	-	30.79	14,993.29	172,721.12	1,812.92
	FNR 2008-74 B	9/25/2038	5.500%	53,000.00	16,423.16	-	(427.43)	5,119.37	10,876.36	628.06
	GNMA 10-85 HQ	3/20/2040	5.000%	144,000.00	19,409.18	-	(307.54)	19,101.64	-	415.78
	FNMA REMIC TRUST 2010-141 AL	12/25/2040	4.000%	90,000.00	89,819.10	-	6,334.20	-	96,153.30	3,300.00
	FHLMC 4321 YB	7/15/2043	3.500%	200,000.00	-	201,960.00	(1,412.00)	24,916.04	175,631.96	3,852.52
TOTAL MORGAN STANLEY INVESTMENT					607,131.94	582,066.62	14,144.48	189,353.31	1,013,989.73	19,310.17
TOTAL INVESTMENTS					841,390.95	582,093.34	16,178.89	220,551.28	1,219,111.90	28,245.04
TOTAL ALL ACCOUNTS					1,122,237.71	554,923.12	16,178.89	220,551.28	1,472,788.44	28,279.99

**PUEBLO CONSERVANCY DISTRICT
2014 BUDGET**

	2014 BUDGET
REVENUES	
Interest	\$ 22,000
Unrealized Gains	\$ -
Maintenance Fund Assessment	\$ 870,000
City of Pueblo Maintenance Fund IGA	\$ 50,000
Leases, Books, Other	\$ -
Other Income	\$ -
Cost of Sales	\$ -
Total Revenues	\$ 942,000
EXPENDITURES	
Legal Fees	\$ 6,000
Directors Fees	\$ 14,400
FICA Taxes	\$ 1,102
Engineer/Administrative	\$ 7,200
Bookkeeping & Audit Preparation	\$ 10,200
Audit	\$ 4,000
Insurance/Bonds	\$ 3,500
Office Expense	\$ 2,000
Office Rent/Storage	\$ 1,000
Professional Fees	\$ 12,500
Appraisal	\$ -
Travel	\$ -
Repairs & Maintenance	\$ 18,000
Maintenance Fund Assessment Programming & Maintenance	\$ 10,000
Contract Administration and Oversight	\$ 15,000
Arkansas River Levee Repairs	\$ 15,000
Arkansas River Levee Certification Preliminary Work	\$ 264,250
Arkansas River Levee Certification Design and/or Construction	\$ 700,000
Wildhorse/Dry Creek Levee Design Preliminary Work	\$ -
Wildhorse/Dry Creek Levee Design and/or Construction	\$ 350,000
Wildhorse/Dry Creek Levee Construction	
Contingencies	\$ 20,000
Emergency Repairs	\$ 15,000
Capital Improvements	\$ 5,000
Planning & Development	\$ 5,000
HARP -- IGA Contribution	\$ 50,000
HARP -- O&M	\$ 10,000
Total Expenditures	\$ 1,539,152
Excess of Revenues Over (Under) Expenditures	\$ (597,152)
Assigned Fund Balance	\$ 597,152
2014 Budget Balance	\$ -
Unassigned Fund Balance	\$ 1,044,045

**PUEBLO CONSERVANCY DISTRICT
2014 BUDGET WORKSHEET**

	2013 BUDGET	2013 Actual to 8/31/13	2013 Projected	2014 BUDGET
REVENUES				
Interest	\$ 30,000	\$ 14,623	\$ 21,900	\$ 22,000
Unrealized Gains	\$ -	\$ (28,813)	\$ -	\$ -
Maintenance Fund Assessment	\$ 314,000	\$ 870,308	\$ 870,308	\$ 870,000
City of Pueblo Maintenance Fund IGA	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000
Leases, Books, Other	\$ -	\$ -	\$ -	\$ -
Other Income	\$ -	\$ 275	\$ 275	\$ -
Cost of Sales	\$ -	\$ -	\$ -	\$ -
Total Revenues	\$ 394,000	\$ 906,393	\$ 942,483	\$ 942,000
EXPENDITURES				
Legal Fees	\$ 6,000	\$ 3,911	\$ 5,911	\$ 6,000
Directors Fees	\$ 7,200	\$ 4,800	\$ 7,200	\$ 14,400
FICA Taxes	\$ 551	\$ -	\$ 551	\$ 1,102
Engineer/Administrative	\$ 7,200	\$ 4,607	\$ 7,607	\$ 7,200
Bookkeeping & Audit Preparation	\$ 4,200	\$ 3,220	\$ 4,620	\$ 10,200
Audit	\$ -	\$ -	\$ -	\$ 4,000
Insurance/Bonds	\$ 3,200	\$ 3,328	\$ 3,328	\$ 3,500
Office Expense	\$ 500	\$ 1,346	\$ 2,019	\$ 2,000
Office Rent/Storage	\$ 1,000	\$ 840	\$ 840	\$ 1,000
Professional Fees	\$ 10,000	\$ 22,922	\$ 27,000	\$ 12,500
Appraisal	\$ 20,000	\$ -	\$ -	\$ -
Travel	\$ -	\$ -	\$ -	\$ -
Repairs & Maintenance	\$ 20,000	\$ 11,968	\$ 17,952	\$ 18,000
Maintenance Fund Assessment Programming & Maintenance	\$ -	\$ -	\$ -	\$ 10,000
Contract Administration and Oversight	\$ -	\$ -	\$ -	\$ 15,000
Arkansas River Levee Repairs	\$ 125,000	\$ -	\$ -	\$ 15,000
Arkansas River Levee Certification Preliminary Work	\$ 165,000	\$ -	\$ -	\$ 264,250
Arkansas River Levee Certification Design and/or Construction	\$ -	\$ -	\$ -	\$ 700,000
Wildhorse/Dry Creek Levee Design Preliminary Work	\$ 15,000	\$ -	\$ 15,000	\$ -
Wildhorse/Dry Creek Levee Design and/or Construction	\$ 50,000	\$ -	\$ -	\$ 350,000
Wildhorse/Dry Creek Levee Construction	\$ 150,000	\$ -	\$ -	\$ -
Contingencies	\$ 20,000	\$ -	\$ -	\$ 20,000
Emergency Repairs	\$ 15,000	\$ -	\$ -	\$ 15,000
Capital Improvements	\$ 5,000	\$ -	\$ -	\$ 5,000
Planning & Development	\$ 5,000	\$ -	\$ -	\$ 5,000
HARP -- IGA Contribution	\$ 65,000	\$ 65,000	\$ 65,000	\$ 50,000
HARP -- O&M	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000
Total Expenditures	\$ 704,851	\$ 131,942	\$ 167,028	\$ 1,539,152
Excess of Revenues Over (Under) Expenditures	\$ (310,851)	\$ 774,451	\$ 775,455	\$ (597,152)
Beginning Reserve Fund Balance	\$ 873,407	\$ 865,742	\$ 865,742	
Ending Reserve Fund Balance	\$ 562,556	\$ 1,640,193	\$ 1,641,197	
Assigned Fund Balance				\$ 597,152
2014 Budget Balance				\$ -
Unassigned Fund Balance				\$ 1,044,045