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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 December 31, 2013 and December 31, 2012, and the related comparative statements of revenue and expenditures – actual and budget – general fund for the one-month and twelve months ended December 31, 2013 and the year ended December 31, 2012. 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, P.C.*

March 18, 2014

PUEBLO CONSERVANCY DISTRICT  
BALANCE SHEET - GENERAL FUND ONLY  
DECEMBER 31, 2013 AND DECEMBER 31, 2012

	<u>12/31/2013</u>	<u>12/31/2012</u>
ASSETS		
VECTRA BANK CHECKING	\$ 519,433	\$ 34,500
VECTRA BANK MONEY MARKET	11,907	11,901
BROKERAGE MONEY MARKET ACCOUNTS	268,940	131,441
COLOTRUST INVESTMENT	25,085	25,053
WELLS FARGO INVESTMENT	-	399,085
STIFEL NICOLAUS INVESTMENT	209,174	260,045
MORGAN STANLEY INVESTMENT	607,132	
ACCRUED INTEREST & OTHER RECEIVABLES	2,980	5,116
MAINTENANCE ASSESSMENTS RECEIVABLE	<u>858,533</u>	<u>-</u>
 TOTAL ASSETS	 <u>\$ 2,503,184</u>	 <u>\$ 867,141</u>
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE		
ACCOUNTS PAYABLE	\$ 38,425	\$ 902
PAYROLL TAXES PAYABLE	1,102	\$ -
MAINTENANCE FUND REFUND PAYABLE	<u>31,288</u>	<u>497</u>
 TOTAL LIABILITIES	 <u>70,815</u>	 <u>1,399</u>
DEFERRED INFLOWS OF RESOURCES		
MAINTENANCE ASSESSMENTS	<u>858,533</u>	<u>-</u>
ASSIGNED FUND BALANCE	597,152	310,851
UNASSIGNED FUND BALANCE	<u>976,684</u>	<u>554,891</u>
	-	
TOTAL FUND BALANCE	<u>1,573,836</u>	<u>865,742</u>
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	 <u>\$ 2,503,184</u>	 <u>\$ 867,141</u>

SEE ACCOUNTANTS' COMPILATION REPORT

PUEBLO CONSERVANCY DISTRICT  
COMPARATIVE STATEMENT OF REVENUE AND EXPENDITURES -  
ACTUAL AND BUDGET - GENERAL FUND  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2013  
AND THE TWELVE MONTHS ENDED DECEMBER 31, 2012

	ACTUAL				
	CURRENT MONTH	YEAR TO DATE	2013 BUDGET	UNUSED BUDGET	2012 ACTUAL
REVENUES					
INTEREST INCOME					
COLOTRUST	\$ 2	\$ 32	\$ -	\$ -	\$ 56
MONEY MARKET ACCOUNTS	3	27	-	-	21
WELLS FARGO	-	5,575	-	-	21,749
STIFEL NICOLAUS	2,560	10,857	-	-	12,494
MORGAN STANLEY	2,287	9,447	-	-	-
UNREALIZED GAINS (LOSSES)	(6,382)	(33,520)	-	-	(13,834)
TOTAL INTEREST INCOME	(1,530)	(7,582)	30,000	37,582	20,486
MAINTENANCE FUND ASSESSMENT	15,815	914,818	314,000	(600,818)	92
CITY OF PUEBLO MAINT. FUND IGA	-	50,000	50,000	-	-
LEASE PAYMENTS	-	-	-	-	1,042
MAINTENANCE FUND REFUND	(31,288)	(31,288)	-	-	-
OTHER INCOME	-	275	-	(275)	-
TOTAL REVENUES	\$ (17,003)	\$ 926,223	\$ 394,000	\$ (532,223)	\$ 21,620
EXPENDITURES					
80 LEGAL FEES	\$ 2,140	\$ 7,551	\$ 6,000	\$ (1,551)	\$ 4,800
81 DIRECTORS FEES	600	7,200	7,200	-	3,735
82 FICA TAXES	551	551	551	-	286
83 ENGINEER/ADMINISTRATIVE	1,200	7,607	7,200	(407)	7,219
90 AUDIT & BOOKKEEPING	700	4,970	4,200	(770)	4,000
92 INSURANCE/BONDS	-	3,328	3,200	(128)	2,416
96 OFFICE EXPENSE	75	1,511	500	(1,011)	498
97 OFFICE RENT	-	840	1,000	160	840
100 PROFESSIONAL FEES	6,533	12,197	10,000	(2,197)	950
APPRAISAL	2,750	30,506	20,000	(10,506)	146,289
103 TRAVEL	-	-	-	-	-
105 REPAIRS & MAINTENANCE	54,176	66,868	20,000	(46,868)	2,215
ARKANSAS RIVER LEVEE REPAIRS	-	-	125,000	125,000	5,414
LEVEE CERTIFICATION-PRELIM	-	-	165,000	165,000	-
WILDHORSE/DRY CREEK LEVEE-PRELIM	-	-	15,000	15,000	-
WILDHORSE/DRY CREEK LEVEE DESIGN	-	-	50,000	50,000	-
WILDHORSE/DRY CREEK LEVEE CONSTR	-	-	150,000	150,000	-
108 CONTINGENCIES	-	-	20,000	20,000	-
109 EMERGENCY REPAIR	-	-	15,000	15,000	7,500
110 CAPITAL IMPROVEMENTS	-	-	5,000	5,000	-
111 PLANNING & DEVELOPMENT	-	-	5,000	5,000	-
112 HARP - O & M / HARP - IGA CNTRB	-	75,000	75,000	-	45,000
TOTAL EXPENDITURES	68,725	218,129	704,851	486,722	231,162
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (85,728)	\$ 708,094	\$ (310,851)	\$ (1,018,945)	\$ (209,542)

SEE ACCOUNTANTS' COMPILATION REPORT

BROKER	DESCRIPTION	MATURITY DATE	RATE	PAR VALUE	BALANCE 12/31/2012	ADDITIONS	MKT VALUE CHANGE	REDEMPTION SALES	BALANCE 12/31/2013	INTEREST RECEIVED 12/31/2013	ACCRUED INTEREST 12/31/2013
<b>CASH ACCOUNTS</b>											
VECTRA BANK	Money Market Account				11,900.86	5.97	-	-	11,906.83	5.97	
STIFEL NICOLAUS	Money Market Account				26,568.20	39,329.39	-	-	65,897.59	4.33	
WELLS FARGO	Cash Sweep Account				104,872.42	55,167.64	(160,040.06)	-	-	2.40	
MORGAN STANLEY	Cash Sweep Account				-	587,973.55	(384,931.21)	-	203,042.34	12.48	
					<u>143,341.48</u>	<u>682,476.55</u>	<u>(544,971.27)</u>	<u>-</u>	<u>280,846.76</u>	<u>25.18</u>	
<b>TOTAL CASH ACCOUNTS WITH BROKERS</b>											
<b>INVESTMENTS</b>											
COLOTRUST	Acct. 7081 - PLUS		6.240%		25,052.96	32.37	-	-	25,085.33	32.37	-
					<u>25,052.96</u>	<u>32.37</u>	<u>-</u>	<u>-</u>	<u>25,085.33</u>	<u>32.37</u>	<u>-</u>
<b>TOTAL COLOTRUST</b>											
WELLS FARGO	FNMA 06-107 PD REMIC MULTICLASS CMO	6/25/2035	5.000%	78,000.00	83,811.78	-	(2,738.58)	81,073.20	-	1,950.00	-
	GNMA 08-7 PN REMIC MULTICLASS CMO	1/20/2037	4.250%	60,000.00	17,329.97	-	(307.12)	17,022.85	-	326.36	-
	FHLMC 3393 BY REMIC MULTICLASS CPN	11/15/2037	5.500%	94,000.00	98,327.20	-	(2,949.36)	95,377.84	-	2,271.64	-
	FNMA 2008-74B REMIC MULTICLASS CMO	9/25/2038	5.000%	50,000.00	27,540.49	-	(992.48)	26,548.01	-	649.41	-
	FHLMC 3626 UA REMIC MULTICLASS CMO	9/15/2039	5.000%	50,000.00	2,900.26	-	2.79	2,903.05	-	33.87	-
	GNMA 10-85 HQ REMIC MULTICLASS CMO	3/20/2040	5.000%	144,000.00	70,467.43	-	(586.31)	69,881.12	-	1,608.04	-
	FNMA 10-141 AL REMIC MULTICLASS CMO	12/25/2040	4.000%	90,000.00	98,707.50	-	(3,578.40)	95,129.10	-	1,800.00	-
					<u>399,084.63</u>	<u>-</u>	<u>(11,149.46)</u>	<u>387,935.17</u>	<u>-</u>	<u>8,639.32</u>	<u>-</u>
<b>TOTAL WELLS FARGO</b>											
STIFEL NICOLAUS	FEDL HOME LN MTG CORP #170217	3/1/2017	8.000%	1,120,000.00	1,390.86	-	(71.59)	457.35	861.92	88.28	11.00
	GNMA POOL #676875	3/15/2023	6.500%	235,000.00	117,339.56	-	(2,887.29)	14,340.08	100,112.19	6,352.51	995.24
	GNMA POOL #003851	5/20/2036	5.500%	165,000.00	39,657.77	-	(1,233.71)	13,697.96	24,726.10	1,652.52	207.64
	GNMA POOL #MA0318	8/20/2042	3.500%	95,000.00	101,657.02	-	(7,354.39)	10,829.16	83,473.47	3,118.19	484.01
					<u>260,045.21</u>	<u>-</u>	<u>(11,546.98)</u>	<u>39,324.55</u>	<u>209,173.68</u>	<u>11,211.50</u>	<u>1,697.89</u>
<b>TOTAL STIFEL NICOLAUS INVESTMENT</b>											
MORGAN STANLEY	FED NATL MTG ASSN	1/15/2014		60,000.00		60,002.73	(6.93)		59,995.80		
	TENN VALLEY AUTH	5/1/2016		133,000.00		129,737.92	(521.77)		129,216.15		
	FNMA MED TERM NOTE	9/23/2017		100,000.00		95,112.69	(752.69)		94,360.00		
	FNMA POOL MA0629	1/1/2021	3.500%	100,000.00		50,008.12	(652.18)	4,543.16	44,812.78	395.42	124.34
	FNR 2006-107 PD	6/25/2035	5.000%	78,000.00		81,073.20	(1,280.32)	32,873.43	46,919.45	1,787.66	188.02
	GNMA REMIC TRUST 2010-84 NL	12/20/2036	3.000%	100,000.00		49,819.46	(229.36)	6,208.66	43,381.44	342.77	105.80
	GNR 2008-7 PN	1/20/2037	4.250%	60,000.00		13,890.54	(210.69)	3,413.75	10,266.10	287.97	34.54
	PHR 3393 BY	11/15/2037	5.500%	94,000.00		74,544.19	(1,679.63)	20,335.78	52,528.78	1,882.72	220.91
	FNR 2008-74 B	9/25/2038	5.500%	53,000.00		21,964.99	(345.78)	5,196.05	16,422.16	582.27	68.93
	GNMA 10-85 HQ	3/20/2040	5.000%	144,000.00		46,167.91	165.78	26,924.51	19,409.18	946.57	79.59
	FNMA REMIC TRUST 2010-141 AL	12/25/2040	4.000%	90,000.00		95,129.10	(5,310.00)	-	89,819.10	2,100.00	299.99
					<u>-</u>	<u>717,450.85</u>	<u>(10,823.57)</u>	<u>99,495.34</u>	<u>607,131.94</u>	<u>8,325.38</u>	<u>1,122.12</u>
<b>TOTAL MORGAN STANLEY INVESTMENT</b>											
<b>TOTAL INVESTMENTS</b>											
					<u>684,182.80</u>	<u>717,483.22</u>	<u>(33,520.01)</u>	<u>526,755.06</u>	<u>841,390.95</u>	<u>28,208.57</u>	<u>2,820.01</u>
<b>TOTAL ALL ACCOUNTS</b>											
					<u>827,524.28</u>	<u>1,399,959.77</u>	<u>(578,491.28)</u>	<u>526,755.06</u>	<u>1,122,237.71</u>	<u>28,233.75</u>	<u>2,820.01</u>

# PUEBLO CONSERVANCY DISTRICT

FEBRUARY 2014 - MARCH 2014

## RECEIPTS

VENDOR	ITEM	AMOUNT
Stifel Nicolaus	Interest Payment	\$ 835.47
Pueblo County Treasurer	Maintenance Fund Assessment Collections	\$ 246,144.69
		\$ 246,980.16

## DEBITS

VENDOR	ITEM	AMOUNT	CHECK	CODE
BHE	Electrical Billing	\$ 525.00	222	105
MBDG, PC	Bookkeeping	\$ 350.00	223	90
Don Banner - B&B, PC	Attorney Fees	\$ 500.00	224	80
	Additional Services Rendered	\$ 82.00	"	80
	Filing and Recording Fees	\$ 13.50	"	96
Kidd Engineering	Engineer/Admin Fees	\$ 600.00	225	83
	Postage	\$ 14.59	"	96
Director Cordova	Fees	\$ 184.70	226	81
Director Phillips	Fees	\$ 184.70	227	81
Director Willumstad	Fees	\$ 184.70	228	81
		\$ 2,639.19		

Second Regular Session  
Sixty-ninth General Assembly  
STATE OF COLORADO

**REREVISED**

*This Version Includes All Amendments*

*Adopted in the Second House*

LLS NO. 14-0653.01 Thomas Morris x4218

**HOUSE BILL 14-1184**

**HOUSE SPONSORSHIP**

Vigil,

**SENATE SPONSORSHIP**

Grantham,

**House Committees**  
Local Government

**Senate Committees**  
Local Government

SENATE  
3rd Reading Unamended  
March 17, 2014

**A BILL FOR AN ACT**

101 **CONCERNING CONSERVANCY DISTRICTS THAT ARE ORGANIZED FOR**  
102 **THE PURPOSE OF PREVENTING FLOODS.**

SENATE  
Amended 2nd Reading  
March 14, 2014

**Bill Summary**

*(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://www.leg.state.co.us/bills/summaries>.)*

HOUSE  
3rd Reading Unamended  
February 24, 2014

Conservancy districts may be formed by a local election to reduce flood risk, conserve or develop water resources, or participate in the development of parks or recreational facilities. **Section 1** of the bill clarifies that when a director no longer resides within a conservancy district, a vacancy is created on the district's board of directors.

HOUSE  
Amended 2nd Reading  
February 21, 2014

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.  
*Capital letters indicate new material to be added to existing statute.*  
*Dashes through the words indicate deletions from existing statute.*

The remainder of the bill applies only to the Pueblo conservancy district. **Section 1** increases the board of directors from 3 to 7 directors, makes the existing 3 directors at-large representatives, and specifies that the 4 new directors represent, respectively, the Colorado city metropolitan district (whose initial term is 2 years), the city of Pueblo (whose initial term is 3 years), the Pueblo West metropolitan district (whose initial term is 4 years), and those portions of Pueblo county not already represented (who serves a full 5-year term). All new vacancies must be filled by election rather than appointment by a district court judge.

**Section 2** specifies that the Pueblo conservancy district may spend district revenues, including from its construction and maintenance funds, for the following purposes, in the following order of priority:

- ! First, for the maintenance, repair, replacement, or improvement of the district's existing flood control levees;
- ! Second, for flood mitigation projects located in whole or part within the district, whether capital or otherwise, in the affected watershed upstream of the district's existing flood control levees; and
- ! Third, for flood mitigation projects located in whole or part within the district, whether capital or otherwise, in the affected watershed downstream of the district's existing flood control levees.

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1 *Be it enacted by the General Assembly of the State of Colorado:*

2 **SECTION 1.** In Colorado Revised Statutes, **amend** 37-3-101 as  
3 follows:

4 **37-3-101. Appointment or election of directors.** (1) (a) EXCEPT  
5 AS SPECIFIED IN SUBSECTION (2) OF THIS SECTION:

6 (I) Within thirty days after entering the decree incorporating ~~said~~  
7 THE district, the court shall appoint as a board of directors of the district  
8 three persons who are residents of the county or counties in which the  
9 conservancy district is situated, at least two of whom shall own real  
10 property in ~~said~~ THE district, one for a term of two years, one for a term  
11 of three years, and one for a term of five years. WHEN A DIRECTOR NO  
12 LONGER RESIDES WITHIN THE DISTRICT OR NO LONGER OWNS PROPERTY  
13 WITHIN THE DISTRICT, A VACANCY IS CREATED ON THE DISTRICT'S BOARD

1 OF DIRECTORS.

2 (II) At the expiration of ~~their~~ THE DIRECTORS' respective terms of  
3 office, ~~appointments shall be made by said~~ THE court SHALL MAKE  
4 APPOINTMENTS for terms of five years.

5 (III) The court shall fill all vacancies ~~which may~~ THAT occur on  
6 the ~~said~~ board.

7 (IV) Each director shall hold office during the term for which he  
8 OR SHE is appointed and until his OR HER successor is duly appointed and  
9 has qualified and shall furnish a corporate surety bond, at the expense of  
10 the district, in an amount and form fixed and approved by the court,  
11 conditioned upon the faithful performance of his OR HER duties as  
12 director.

13 (b) All special and regular meetings of the board shall be held at  
14 locations ~~which~~ THAT are within the boundaries of the district or ~~which~~  
15 THAT are within the boundaries of any county in which the district is  
16 located, in whole or in part, or in any county so long as the meeting  
17 location does not exceed twenty miles from the district boundaries. The  
18 provisions of this section governing the location of meetings may be  
19 waived only if the proposed change of location of a meeting of the board  
20 appears on the agenda of a regular or special meeting of the board and if  
21 a resolution is adopted by the board stating the reason for which a  
22 meeting of the board is to be held in a location other than under the  
23 provisions of this section and further stating the date, time, and place of  
24 ~~such~~ THE meeting.

25 (2) ON AND AFTER THE EFFECTIVE DATE OF THIS SUBSECTION (2),  
26 WITH REGARD ONLY TO THE BOARD OF DIRECTORS OF THE PUEBLO  
27 CONSERVANCY DISTRICT:



1           (a) THE DIRECTORS WHO HELD OFFICE ON THE EFFECTIVE DATE OF  
2           THIS SUBSECTION (2), REFERRED TO IN THIS SUBSECTION (2) AS THE  
3           HOLDOVER DIRECTORS, CONTINUE TO HOLD OFFICE UNTIL THE EXPIRATION  
4           OF THEIR TERMS. UPON EXPIRATION OF THEIR TERMS, PURSUANT TO  
5           SUBPARAGRAPH (I) OF PARAGRAPH (b) OF THIS SUBSECTION (2), THE  
6           GOVERNING BODY OF THE CITY OF PUEBLO SHALL FILL THE TWO  
7           VACANCIES FOR THE HOLDOVER DIRECTORS WHO RESIDED WITHIN THE  
8           CITY OF PUEBLO, AND PURSUANT TO SUBPARAGRAPH (II) OF PARAGRAPH  
9           (b) OF THIS SUBSECTION (2), THE BOARD OF COUNTY COMMISSIONERS OF  
10           PUEBLO COUNTY SHALL FILL THE VACANCY FOR THE HOLDOVER DIRECTOR  
11           WHO RESIDED WITHIN THE COUNTY OF PUEBLO.

12           (b) THE BOARD CONSISTS OF NINE DIRECTORS, WHO ARE  
13           APPOINTED AND REPRESENT AREAS WITHIN THE DISTRICT AS FOLLOWS:

14           (I) THE GOVERNING BODY OF THE CITY OF PUEBLO SHALL APPOINT  
15           FOUR OF THE DIRECTORS, WITH INITIAL TERMS OF THREE YEARS, WHO  
16           MUST REPRESENT AND BE RESIDENTS OF THE CITY OF PUEBLO;

17           (II) THE BOARD OF COUNTY COMMISSIONERS OF PUEBLO COUNTY  
18           SHALL APPOINT FOUR OF THE DIRECTORS WITH INITIAL TERMS OF FOUR  
19           YEARS. THREE OF THE DIRECTORS REPRESENT AND MUST BE RESIDENTS OF  
20           THOSE PORTIONS OF PUEBLO COUNTY NOT LOCATED WITHIN THE CITY OF  
21           PUEBLO. ONE DIRECTOR MUST REPRESENT AND RESIDE WITHIN THE  
22           PUEBLO WEST METROPOLITAN DISTRICT AND BE A MEMBER OR DESIGNEE  
23           OF THE BOARD OF DIRECTORS OF THE PUEBLO WEST METROPOLITAN  
24           DISTRICT.

25           (III) THE BOARD OF COUNTY COMMISSIONERS OF PUEBLO COUNTY  
26           AND THE GOVERNING BODY OF THE CITY OF PUEBLO SHALL JOINTLY  
27           APPOINT ONE \_\_ AT-LARGE DIRECTOR, WHOSE INITIAL TERM IS FIVE YEARS.

1        (c) DIRECTORS SERVE AT THE PLEASURE OF THE RESPECTIVE  
2        APPOINTING AUTHORITIES. THE RESPECTIVE APPOINTING AUTHORITIES  
3        SHALL FILL VACANCIES ON THE BOARD, WHETHER BY EXPIRATION OF A  
4        TERM OF OFFICE, INCREASE IN THE NUMBER OF DIRECTORS, OR OTHERWISE.

5        (d) THE BOARD SHALL COMPLY WITH THE OPEN MEETINGS LAW,  
6        SECTION 24-6-402, C.R.S., WITH REGARD TO ALL OFFICIAL BOARD  
7        ACTIONS, INCLUDING THOSE RELATED TO ALL PROPOSED INCREASES IN  
8        FEES ASSESSED BY THE BOARD.

9

10        **SECTION 2. Act subject to petition - effective date -**  
11        **applicability.** (1) This act takes effect at 12:01 a.m. on the day following  
12        the expiration of the ninety-day period after final adjournment of the  
13        general assembly (August 6, 2014, if adjournment sine die is on May 7,  
14        2014); except that, if a referendum petition is filed pursuant to section 1  
15        (3) of article V of the state constitution against this act or an item, section,  
16        or part of this act within such period, then the act, item, section, or part  
17        will not take effect unless approved by the people at the general election  
18        to be held in November 2014 and, in such case, will take effect on the  
19        date of the official declaration of the vote thereon by the governor.

20        (2) This act applies to conduct occurring on or after the applicable  
21        effective date of this act.

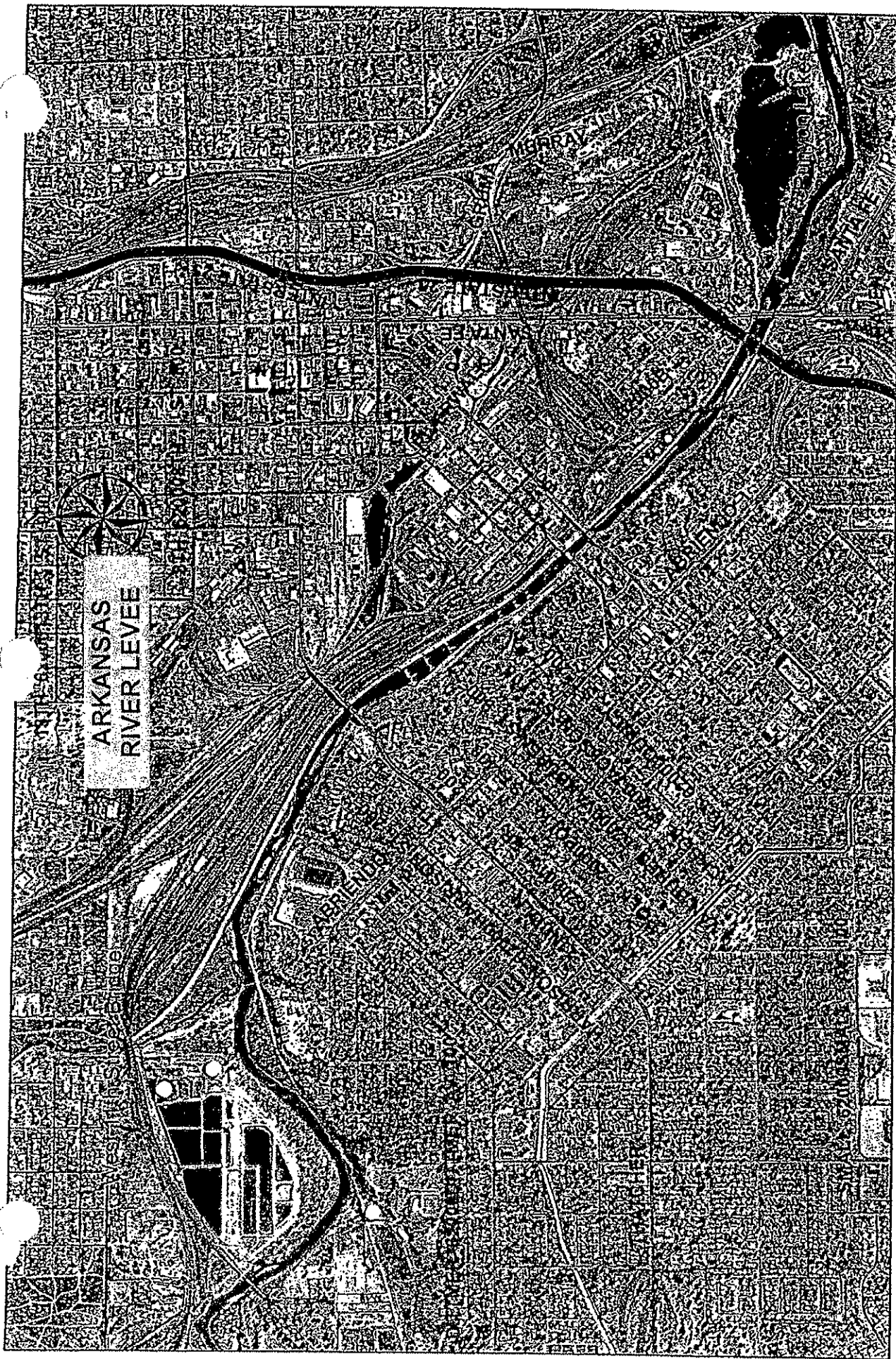
**PUEBLO COUNTY DEPARTMENT OF PUBLIC WORKS  
2014 WEED SPRAYING PROGRAM**

**ARKANSAS RIVER CONCRETE LEVEE**

**Spray Location Description:** The levee is located from West 11<sup>th</sup> Street Bridge to Runyon Lake on the north-side of the Arkansas River and west of Santa Fe Bridge about 1500 feet on the south-side of the river. ( See Arkansas River Levee Aerial Photograph) The intent of this spraying is to control the vegetation that grows in the cracks between the concrete slabs. Arrangements should be made to gain access at the most desirable locations, most of the property on the north-side is owned by the railroad.

**Familiarization With The Work-** Before submitting his Bid, each prospective Bidder shall familiarize himself with the work, the site where the work is to be performed, local labor conditions and all local, state and federal laws, ordinances, rules, regulations and other factors affecting performance of the work. He shall carefully correlate his observations with requirements of the Contract Documents and otherwise satisfy himself of the expense and difficulties attending performance of the work. The submission of a bid will constitute an incontrovertible representation by the bidder that he has complied with every requirement of this paragraph.

**Note:** Elimination of vegetation shall be guaranteed for the duration of the contract.



1. During Application Schedule #1: A Sterilant Herbicide

Note: Elimination of vegetation shall be guaranteed for the duration of the contract.

Arrangements must be made to gain access to this property.

2,000 1,000 0 2,000 Feet

# *Garren, Ross & DeNardo, Inc.*

CERTIFIED PUBLIC ACCOUNTANTS

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SAM J. DeNARDO, CPA

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www.grdcpa.com

March 11, 2014

Board of Directors  
Pueblo Conservancy District  
P.O. Box 234  
Pueblo, CO 81002

We are pleased to confirm our understanding of the services we are to provide the Pueblo Conservancy District for the year ended December 31, 2013. We will audit the financial statements of the governmental activities and the aggregate remaining fund information, including the related notes to the financial statements, which collectively comprise the basic financial statements of the Pueblo Conservancy District as of and for the year ended December 31, 2013. Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement the Pueblo Conservancy District's 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. As part of our engagement, we will apply certain limited procedures to the Pueblo Conservancy District's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding 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 will 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. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

## 1. Management's Discussion and Analysis.

We have also been engaged to report on supplementary information other than RSI that accompanies the Pueblo Conservancy District's financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America and will provide an opinion on it in relation to the financial statements as a whole:

## 1. Budgetary Comparison Schedule

### **Audit Objective**

The objective of our audit is the expression of opinions as to whether your basic financial statements are fairly presented, in all material respects, in conformity with generally accepted accounting principles and to report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and will include tests of the accounting records and other procedures we consider necessary to enable us to express such opinions. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs.

MEMBER COLORADO SOCIETY OF CPA'S

MEMBER AMERICAN INSTITUTE OF CPA'S

MEMBER PRIVATE COMPANIES PRACTICE SECTION

If our opinions on the financial statements are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or to issue a report as a result of this engagement.

### **Management Responsibilities**

Management is responsible for the basic financial statements and all accompanying information as well as all representations contained therein. You agree to assume all management responsibilities for any nonattest services we provide; oversee the services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of the services; and accept responsibility for them.

Management is responsible for establishing and maintaining effective internal controls, including monitoring ongoing activities; for the selection and application of accounting principles; and for the preparation and fair presentation of the financial statements in conformity with U.S. generally accepted accounting principles.

Management is also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence.

Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the written representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, regulators, or others. In addition, you are responsible for identifying and ensuring that the entity complies with applicable laws and regulations.

You are responsible for the preparation of the supplementary information in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains, and indicates that we have reported on the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon. Your responsibilities include acknowledging to us in the representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) that you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) that the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

### **Audit Procedures—General**

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. 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 will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards. In addition, an audit is not designed to detect immaterial misstatements, or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, any fraudulent financial reporting, or misappropriation of assets that come to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about the financial statements and related matters.

### **Audit Procedures—Internal Control**

Our audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards.

### **Audit Procedures—Compliance**

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the Pueblo Conservancy District's compliance with the provisions of applicable laws, regulations, contracts, and agreements. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion.

### **Engagement Administration, Fees, and Other**

We may from time to time, and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers, but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures and safeguards to protect the confidentiality of your personal information.

In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service providers.

We understand that your employees will prepare all cash or other confirmations we request and will locate any documents selected by us for testing.

Sam DeNardo is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it. Our fee for these services will be at our standard hourly rates plus out-of-pocket costs (such as report reproduction, word processing, postage, travel, copies, telephone, etc.) except that we agree that our gross fee, including expenses will range from \$4,500 - \$5,000. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

We appreciate the opportunity to be of service to the Pueblo Conservancy District and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Sincerely,

*Garren, Ross & DeNardo, Inc.*

Garren, Ross & DeNardo, Inc.  
Certified Public Accountants

RESPONSE:

This letter correctly sets forth the understanding of the Pueblo Conservancy District.

Management Signature: \_\_\_\_\_

Title: \_\_\_\_\_

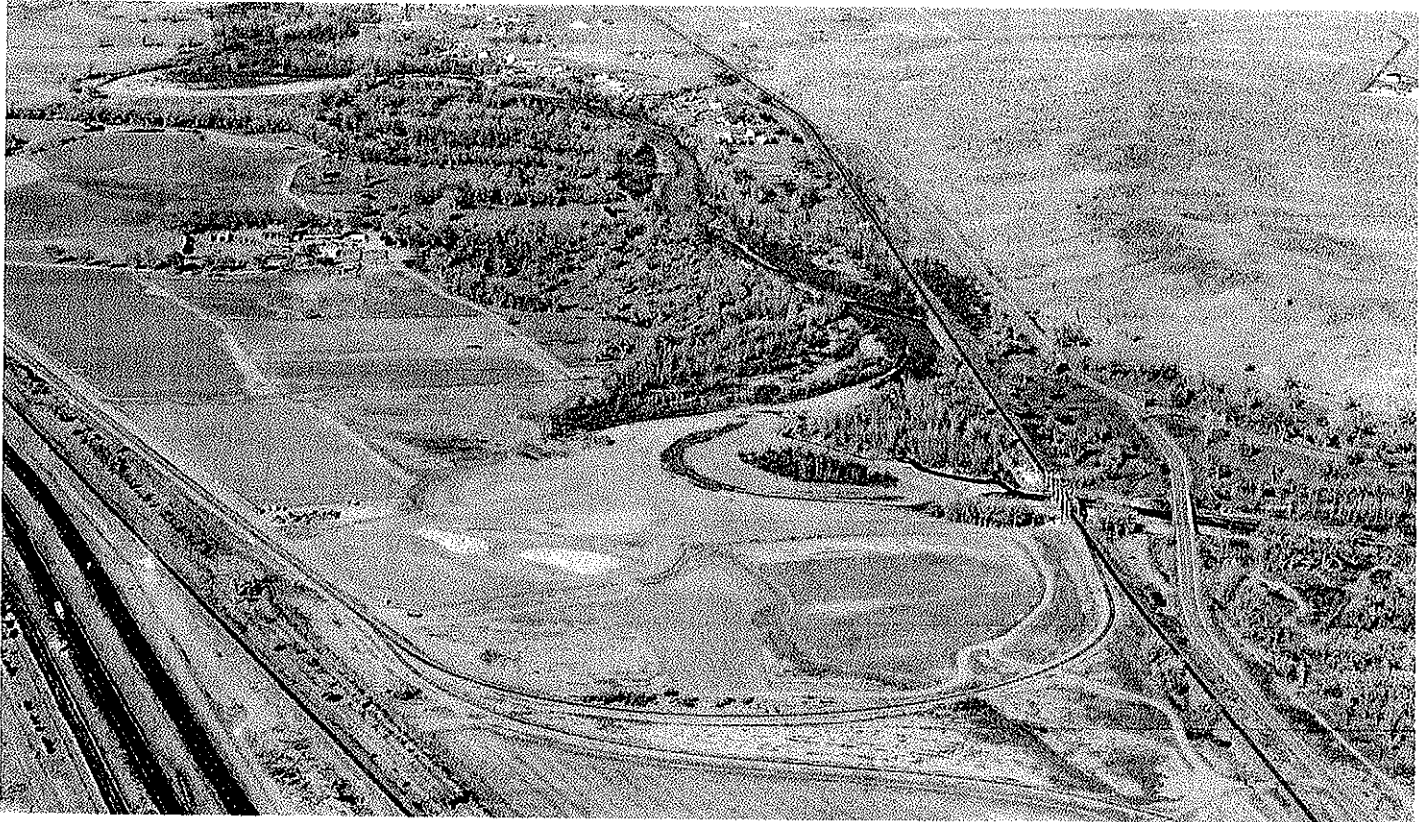
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# PROJECT UNDERWAY TO IMPROVE FOUNTAIN CREEK

Southern Delivery System Fact Sheet



Construction started in December 2013 on a project designed to restore a section of Fountain Creek to a more natural state and reduce erosion and sedimentation. The Fountain Creek Improvement Project, located on Clear Spring Ranch near Fountain, is a \$3.6 million construction project that fulfills a mitigation commitment for the Southern Delivery System (SDS) project. The work is being done on city property to minimize impacts to neighboring property owners.

Scheduled for completion this spring, the total area being enhanced includes approximately 20 acres of land and about one-half mile of river.

Over the years, multiple factors have contributed to instability in the creek's natural flow pattern, causing bank erosion.

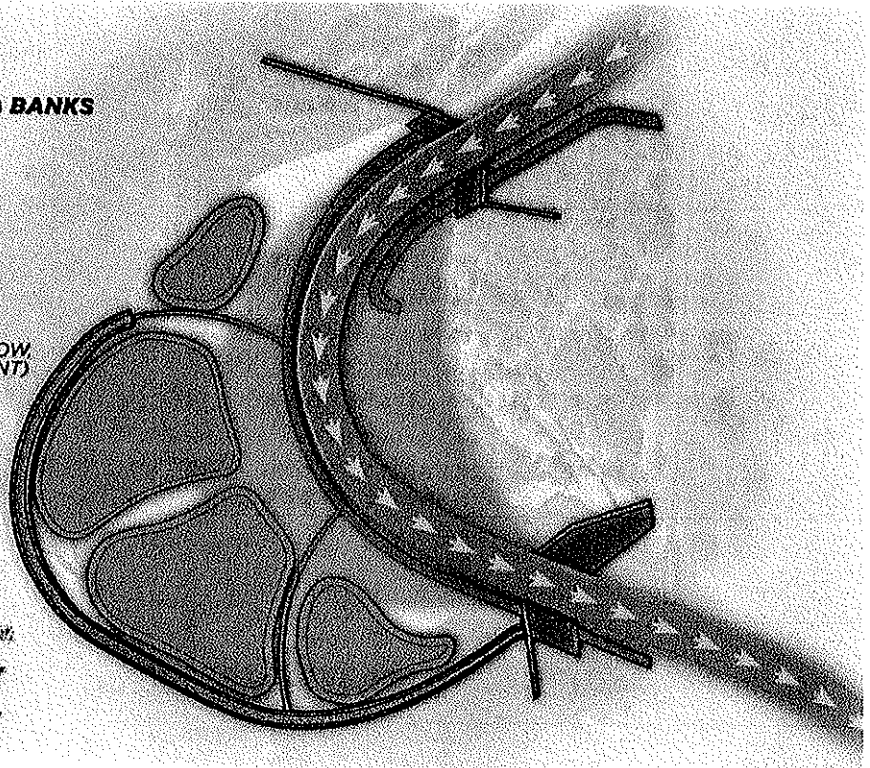
A number of steps are being taken in this area to restore the creek.



1. **CREEK REALIGNMENT**  
(RESTORING NATURAL CREEK PATTERN)
2. **GRADING/TERRACING OF CHANNEL & BANKS**  
(EROSION AND SEDIMENT CONTROL)
3. **CHANNEL GRADE CONTROL**  
(CONSTRUCTED OF BURIED, COMPACTED  
ROCK TO RESTORE NATURAL CREEK  
PROFILES AND PROVIDE FISH PASSAGE)
4. **BURIED KEYWAYS**  
(PREVENTS WATER IN CHANNEL FROM  
BYPASSING GRADE CONTROL STRUCTURES)
5. **FLOOD PLAIN/WETLAND CREATION**  
(REDUCES SPEED AND FORCE OF STORM FLOW,  
FURTHER REDUCING EROSION AND SEDIMENT)
6. **REVEGETATE WITH NATIVE PLANTS**  
(SLOWS WATER, IMPROVES WATER QUALITY  
AND PROVIDES HABITAT FOR WILDLIFE)
7. **PROJECT MANAGES WATER FLOWS  
DURING STORM EVENTS**



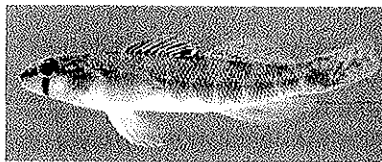
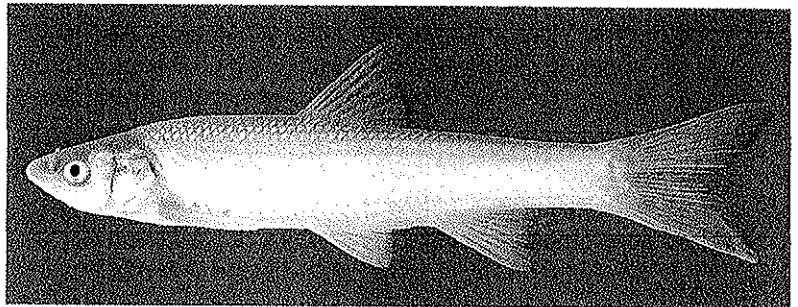
## **FOUNTAIN CREEK IMPROVEMENT PROJECT**



1. SDS contractors are realigning the creek and restoring the natural flow pattern by moving the creek banks back to the east.
2. Grading and terracing of channel and banks will help control erosion and sedimentation.
3. Buried, compacted rock will restore the creek profiles and allow fish to pass through the creek in these areas.
4. Additional structures will help prevent the creek water from bypassing the new control structures.
- 5 & 6. Additionally, a natural flood plain area and up to 6 acres of new wetlands and native plants will be created adjacent to the creek. Cottonwood and willow saplings are being harvested from the ranch to plant in the new wetland area. Dead cottonwood trees salvaged from the creek bed have been saved and will be incorporated with the compacted rock along the creek banks to enhance habitat areas for a wide variety of wildlife.
7. All of these measures will help manage water flows during storm events, by slowing the water, reducing its force and allowing it to flow naturally into the flood plain and new wetlands.

The project is helping Colorado Springs Utilities fulfill its SDS mitigation commitments on Fountain Creek. And because bank instability is common along creeks, this project could serve as a valuable pilot for effective ways to reduce erosion and sedimentation and improve habitat and the environment.

To view an animated graphic of the project, please visit the [SDS website](#).



## Invitation to View SDS Fountain Creek Project - April 2nd

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**From:** John Fredell <jfredell@csu.org>  
**To:** "louie@lcarleo.com", "jrink@PEDCO.org", "Stephen.Wright@ampf.com", Rod Slyhoff, "Sandy@pueblolatinochamber.com", "pjwill@mindspring.com", "donna@coloradowesternland.com", "cardinalpls@msn.com", "rickkidd@kiddengineering.com", "dbanner@comcast.net", "mdunsmoor@coloeast.com", "mj.ferris@hotmail.com", "evgallegos@gmail.com", "terrik@pueblochamber.net"  
**Cc:** Jessica Davis <jedavis@csu.org>  
**Subject:** Invitation to View SDS Fountain Creek Project - April 2nd  
**Date:** Mar 14, 2014 2:58 PM  
**Attachments:** [SDS FCIP Fact Sheet Final 2 24 14.pdf](#)

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I want to extend an invitation to you and your board members to attend a tour of the Fountain Creek Improvement Project underway at Clear Spring Ranch near Fountain. The project – a Southern Delivery System mitigation commitment – is returning Fountain Creek to a more natural state at this location with the goal of reducing erosion, sedimentation and managing flows during storm events. We would like to host Pueblo business leaders to tour the site on **Wednesday, April 2 from 3 to 4 p.m.** We are excited about the potential this project has to serve as a potential model for improving other segments of Fountain Creek.

If you could extend this invitation to your board and other business associates that may be interested, we would greatly appreciate it. We are reaching out to the Pueblo Chamber of Commerce, Pueblo Latino Chamber of Commerce, PEDCO, the Pueblo Conservancy District, HARP and the Southern Colorado Business Partnership Board. I have attached directions to the parking area at the site and a fact sheet on the project. The site is about 20 minutes north of Pueblo. Additionally, we have an animated graphic on the [SDS website](#) that shows how the project will work once complete.

To help our staff with planning, we are requesting participants to **RSVP by March 27 to Jessica Davis at [jedavis@csu.org](mailto:jedavis@csu.org) or 719-668-7581.**

Thank you for your assistance in reaching out to Pueblo business leaders to make them aware of this opportunity. We are eager to share with them how SDS is making improvements on Fountain Creek.

Sincerely,

John Fredell  
SDS Program Director

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