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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 December 31, 2015 and 2014, and the related statements of revenues and expenditures – general fund for the one month and years ended December 31, 2015 and 2014, 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.

### 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, Breyfogle, Daveline & Goodrich, PC*

February 22, 2016

PUEBLO CONSERVANCY DISTRICT  
BALANCE SHEET - GENERAL FUND ONLY  
DECEMBER 31, 2015 AND DECEMBER 31, 2014

|   | <u>12/31/2015</u>       | <u>12/31/2014</u>       |
|---|-------------------------|-------------------------|
| <b>ASSETS</b>   |                         |                         |
| VECTRA BANK CHECKING  | \$ 133,478              | \$ 100,656              |
| VECTRA BANK MONEY MARKET  | 11,919                  | 11,913                  |
| ABC BANK MONEY MARKET CHECKING  | 2,157                   | 2,501,746               |
| BROKERAGE MONEY MARKET ACCOUNTS   | 200,765                 | 165,861                 |
| CANON NAT'L TRUST ACCT  | (10)                    |                         |
| COLOTRUST INVESTMENT  | 25,159                  | 25,114                  |
| STIFEL NICOLAUS INVESTMENT  | 262,577                 | 262,217                 |
| MORGAN STANLEY INVESTMENT   | 819,209                 | 1,004,961               |
| ACCRUED INTEREST & OTHER RECEIVABLES  | 2,410                   | 2,629                   |
| MAINTENANCE ASSESSMENTS RECEIVABLE  | <u>1,015,000</u>        | <u>850,000</u>          |
| <br>TOTAL ASSETS  | <br><u>\$ 2,472,664</u> | <br><u>\$ 4,925,097</u> |
| <br><b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES,<br/>AND FUND BALANCE</b> |                         |                         |
| ACCOUNTS PAYABLE  | \$ 12,416               | \$ 757,391              |
| PAYROLL TAXES PAYABLE   | -                       | 826                     |
| MAINTENANCE FUND REFUND PAYABLE   | <u>-</u>                | <u>-</u>                |
| <br>TOTAL LIABILITIES   | <br><u>12,416</u>       | <br><u>758,217</u>      |
| <br>DEFERRED INFLOWS OF RESOURCES   |                         |                         |
| MAINTENANCE ASSESSMENTS   | <u>1,015,000</u>        | <u>850,000</u>          |
| <br>ASSIGNED FUND BALANCE   | <br>1,445,248           | <br>2,851,990           |
| UNASSIGNED FUND BALANCE   | <u>-</u>                | <u>464,890</u>          |
| <br>TOTAL FUND BALANCE  | <br><u>1,445,248</u>    | <br><u>3,316,880</u>    |
| <br>TOTAL LIABILITIES, DEFERRED INFLOWS OF<br>RESOURCES AND FUND BALANCE    | <br><u>\$ 2,472,664</u> | <br><u>\$ 4,925,097</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, 2015  
 AND THE TWELVE MONTHS ENDED DECEMBER 31, 2014

|  | ACTUAL           |                 | 2015<br>BUDGET | UNUSED<br>BUDGET | 2014<br>ACTUAL |
|--|------------------|-----------------|----------------|------------------|----------------|
|  | CURRENT<br>MONTH | YEAR<br>TO DATE |                |                  |                |
| REVENUES   |                  |                 |                |                  |                |
| INTEREST INCOME                                      |                  |                 |                |                  |                |
| COLOTRUST  | \$ 6             | \$ 44           | \$ -           | \$ -             | \$ 29          |
| MONEY MARKET ACCOUNTS                                | 2                | 25              | -              | -                | 38             |
| ABC BANK   | 5                | 12,213          | -              | -                | 1,747          |
| STIFEL NICOLAUS                                      | 2,202            | 10,924          | -              | -                | 8,769          |
| MORGAN STANLEY                                       | 2,552            | 20,659          | -              | -                | 21,849         |
| UNREALIZED GAINS (LOSSES)                            | (3,633)          | 3,342           | -              | -                | 11,573         |
| TOTAL INTEREST INCOME                                | 1,134            | 47,207          | 21,000         | (26,207)         | 44,005         |
| MAINTENANCE FUND ASSESSMENT                          | 138              | 855,527         | 850,000        | (5,527)          | 852,009        |
| CITY OF PUEBLO MAINT. FUND IGA                       | -                | 77,500          | 77,500         | -                | -              |
| MAINTENANCE FUND REFUND                              | -                | -               | -              | -                | -              |
| LOAN PROCEEDS  | 2,558,149        | 2,593,702       | -              | -                | 2,500,000      |
| OTHER INCOME   | -                | -               | -              | -                | -              |
| TOTAL REVENUES                                       | \$ 2,559,421     | \$ 3,573,936    | \$ 948,500     | \$ (2,625,436)   | \$ 3,396,014   |
| EXPENDITURES   |                  |                 |                |                  |                |
| 80 LEGAL FEES  | \$ 18,037        | \$ 23,762       | \$ 6,000       | \$ (17,762)      | \$ 9,107       |
| 81 DIRECTORS FEES                                    | 1,800            | 21,600          | 21,600         | -                | 12,000         |
| 82 FICA TAXES  | -                | -               | -              | -                | 918            |
| 83 ENGINEER/ADMINISTRATIVE                           | 2,715            | 15,765          | 15,000         | (765)            | 10,704         |
| 90 AUDIT & BOOKKEEPING                               | 375              | 18,377          | 16,200         | (2,177)          | 16,667         |
| 92 INSURANCE/BONDS                                   | 2,092            | 2,503           | 3,500          | 997              | 6,161          |
| 96 OFFICE EXPENSE                                    | 250              | 967             | 1,000          | 33               | 3,188          |
| 97 OFFICE RENT                                       | -                | 1,050           | 1,050          | -                | 915            |
| 100 PROFESSIONAL FEES                                | 3,000            | 3,000           | 12,500         | 9,500            | 2,614          |
| APPRAISAL  | -                | -               | -              | -                | -              |
| 103 TRAVEL   | -                | 508             | 2,400          | 1,892            | 182            |
| 105 REPAIRS & MAINTENANCE                            | 682              | 23,806          | 8,500          | (15,306)         | 6,933          |
| MAINTENANCE FUND ASSESSMENT                          | -                | -               | -              | -                | -              |
| PROGRAMMING & MAINTENANCE                            | -                | 5,571           | 1,000          | (4,571)          | -              |
| CONTRACT ADMIN & OVERSIGHT                           | -                | 39,674          | 35,000         | (4,674)          | -              |
| ARKANSAS RIVER LEVEE REPAIRS                         | -                | -               | -              | -                | -              |
| LEVEE CERTIFICATION-PRELIM                           | -                | -               | -              | -                | -              |
| ARKANSAS RIVER DESIGN/CONSTRUCTIO                    | -                | 2,497,273       | 2,971,740      | -                | 1,523,581      |
| WILDHORSE/DRY CREEK LEVEE-PRELIM                     | -                | -               | -              | -                | -              |
| WILDHORSE/DRY CREEK LEVEE DESIGN                     | -                | -               | 100,000        | 100,000          | -              |
| WILDHORSE/DRY CREEK LEVEE CONSTRI                    | -                | -               | -              | -                | -              |
| 108 CONTINGENCIES                                    | -                | -               | 20,000         | 20,000           | -              |
| 109 EMERGENCY REPAIR                                 | -                | -               | 15,000         | 15,000           | -              |
| 110 CAPITAL IMPROVEMENTS                             | 48,336           | 171,187         | 5,000          | (166,187)        | (171,187)      |
| PLANNING & DEVELOPMENT                               | -                | -               | 5,000          | 5,000            | -              |
| 112 HARP - O & M / HARP - IGA CNTRB                  | -                | 60,000          | 60,000         | -                | -              |
| 113 LOAN PRINCIPAL AND INTEREST                      | 2,500,000        | 2,554,542       | 500,000        | (2,054,542)      | 60,000         |
| TOTAL EXPENDITURES                                   | 2,577,287        | 5,439,585       | 3,800,490      | (1,639,095)      | 1,481,783      |
| EXCESS (DEFICIENCY) OF REVENUES<br>OVER EXPENDITURES | \$ (17,866)      | \$ (1,865,649)  | \$ (2,851,990) | \$ (986,341)     | \$ 1,914,231   |

SEE ACCOUNTANTS' COMPILATION REPORT

PUEBLO CONSERVANCY DISTRICT  
INVESTMENTS  
12/31/2015

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| BROKER                           | DESCRIPTION                   | MATURITY DATE | RATE   | PAR VALUE    | BALANCE 12/31/2014 | ADDITIONS  | MKT VALUE CHANGE | REDEMPTION SALES | BALANCE 12/31/2015 | INTEREST RECEIVED 12/31/2015 |
|----------------------------------|-------------------------------|---------------|--------|--------------|--------------------|------------|------------------|------------------|--------------------|------------------------------|
| <b>CASH ACCOUNTS</b>             |                               |               |        |              |                    |            |                  |                  |                    |                              |
| VECTRA BANK                      | Money Market Account          |               |        |              | 11,912.81          | 5.97       | -                | -                | 11,918.78          | 5.97                         |
| STIFEL NICOLAUS                  | Money Market Account          |               |        |              | 11,856.84          | (5,148.76) | -                | -                | 6,708.08           | 2.01                         |
| MORGAN STANLEY                   | Cash Sweep Account            |               |        |              | 154,004.10         | 215,053.28 | -                | 175,000.00       | 194,057.38         | 16.61                        |
| TOTAL CASH ACCOUNTS WITH BROKERS |                               |               |        |              | 177,773.75         | 209,910.49 | -                | 175,000.00       | 212,684.24         | 24.59                        |
| <b>INVESTMENTS</b>               |                               |               |        |              |                    |            |                  |                  |                    |                              |
| COLOTRUST                        | Acct. 7081 - PLUS             |               | 6.240% |              | 25,114.53          | 44.13      | -                | -                | 25,158.66          | 44.13                        |
| TOTAL COLOTRUST                  |                               |               |        |              | 25,114.53          | 44.13      | -                | -                | 25,158.66          | 44.13                        |
| STIFEL NICOLAUS                  | FEDL HOME LN MTG CORP #170217 | 3/1/2017      | 8.000% | 1,120,000.00 | 475.96             | -          | (15.89)          | 252.44           | 207.63             | 29.23                        |
|                                  | GNMA POOL #676875             | 3/15/2023     | 6.500% | 235,000.00   | 74,609.48          | -          | (1,448.33)       | 7,666.86         | 65,494.29          | 4,315.97                     |
|                                  | GNMA POOL #003851             | 5/20/2036     | 5.500% | 165,000.00   | 18,694.98          | -          | 331.99           | 5,065.22         | 13,961.75          | 826.36                       |
|                                  | GNMA POOL #MA0318             | 8/20/2042     | 3.500% | 95,000.00    | 75,735.29          | -          | (2,087.84)       | 12,282.31        | 61,365.14          | 2,340.32                     |
|                                  | GNMA POOL #AA5748             | 10/15/1942    | 4.000% | 90,000.00    | 92,701.00          | -          | (1,138.39)       | 1,817.48         | 89,745.13          | 3,138.09                     |
|                                  | GNMA POOL #MA1839             | 4/20/2044     | 4.000% | 50,000.00    | 33,446.99          | (729.01)   | (371.66)         | 543.69           | 31,802.63          | (60.79)                      |
| TOTAL STIFEL NICOLAUS INVESTMENT |                               |               |        |              | 295,663.70         | (729.01)   | (4,730.12)       | 27,628.00        | 262,576.57         | 10,589.18                    |
| MORGAN STANLEY                   | TENN VALLEY AUTH              | 5/1/2016      |        | 133,000.00   | 131,517.05         | -          | 1,243.55         | -                | 132,760.60         | -                            |
|                                  | FNMA MED TERM NOTE            | 9/23/2017     |        | 100,000.00   | 96,480.00          | -          | 1,487.00         | -                | 97,967.00          | -                            |
|                                  | FNMA POOL MA0629              | 1/1/2021      |        | 100,000.00   | 33,475.06          | -          | (762.37)         | 9,222.27         | 23,490.42          | 953.46                       |
|                                  | FNMA                          | 12/27/2027    | 3.500% | 220,000.00   | 200,794.00         | -          | 8,269.80         | -                | 209,063.80         | 5,499.96                     |
|                                  | FNR 2006-107 PD               | 6/25/2035     | 5.000% | 78,000.00    | 19,933.79          | -          | (292.30)         | 16,752.58        | 2,888.91           | 600.91                       |
|                                  | GNMA REMIC TRUST 2010-84 NL   | 12/20/2036    | 3.000% | 100,000.00   | 26,453.28          | -          | (499.01)         | 17,508.12        | 8,446.15           | 531.76                       |
|                                  | GNR 2008-7 PN                 | 1/20/2037     | 4.250% | 60,000.00    | 6,174.67           | -          | (569.76)         | 2,233.95         | 3,835.07           | 208.17                       |
|                                  | FHR 3393 BY                   | 11/15/2037    | 5.500% | 94,000.00    | 38,610.48          | -          | (569.76)         | 8,333.29         | 29,707.43          | 1,702.38                     |
|                                  | FHLMC REMIC SERIES 4047 PA    | 12/15/2037    | 2.000% | 230,000.00   | 170,004.40         | -          | 562.65           | 35,180.31        | 135,386.74         | 3,094.60                     |
|                                  | FNR 2008-74 B                 | 9/25/2038     | 5.500% | 53,000.00    | 10,568.31          | -          | 24.65            | 1,760.19         | 8,832.77           | 502.41                       |
|                                  | FNMA REMIC TRUST 2010-141 AL  | 12/25/2040    | 4.000% | 90,000.00    | 95,913.00          | -          | (381.60)         | -                | 95,531.40          | 3,600.00                     |
|                                  | FHLMC 4321 YB                 | 7/15/2043     | 3.500% | 200,000.00   | 175,036.67         | -          | (904.27)         | 102,833.51       | 71,298.89          | 4,520.70                     |
| TOTAL MORGAN STANLEY INVESTMENT  |                               |               |        |              | 1,004,960.71       | -          | 8,072.69         | 193,824.22       | 819,209.18         | 21,214.35                    |
| TOTAL INVESTMENTS                |                               |               |        |              | 1,325,738.94       | (684.88)   | 3,342.57         | 221,452.22       | 1,106,944.41       | 31,847.66                    |
| TOTAL ALL ACCOUNTS               |                               |               |        |              | 1,503,512.69       | 209,225.61 | 3,342.57         | 396,452.22       | 1,319,628.65       | 31,872.25                    |