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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 February 28, 2014 and December 31, 2013, and the related comparative statements of revenue and expenditures – actual and budget – general fund for the one month and two months ended February 28, 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.

March 18, 2014

PUEBLO CONSERVANCY DISTRICT
BALANCE SHEET - GENERAL FUND ONLY
FEBRUARY 28, 2014 AND DECEMBER 31, 2013

| | <u>2/28/2014</u> | <u>12/31/2013</u> |
|---|-------------------------|-------------------------|
| ASSETS | | |
| VECTRA BANK CHECKING | \$ 475,981 | \$ 519,433 |
| VECTRA BANK MONEY MARKET | 11,908 | 11,907 |
| BROKERAGE MONEY MARKET ACCOUNTS | 351,090 | 268,940 |
| COLOTRUST INVESTMENT | 25,090 | 25,085 |
| STIFEL NICOLAUS INVESTMENT | 206,923 | 209,174 |
| MORGAN STANLEY INVESTMENT | 535,309 | 607,132 |
| ACCRUED INTEREST & OTHER RECEIVABLES | - | 2,980 |
| MAINTENANCE ASSESSMENTS RECEIVABLE | <u>797,525</u> | <u>858,533</u> |
| TOTAL ASSETS | <u>\$ 2,403,826</u> | <u>\$ 2,503,184</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE | | |
| ACCOUNTS PAYABLE | \$ - | \$ 38,425 |
| PAYROLL TAXES PAYABLE | 92 | 1,102 |
| MAINTENANCE FUND REFUND PAYABLE | <u>15,804</u> | <u>31,288</u> |
| TOTAL LIABILITIES | <u>15,896</u> | <u>70,815</u> |
| DEFERRED INFLOWS OF RESOURCES MAINTENANCE ASSESSMENTS | <u>797,525</u> | <u>858,533</u> |
| ASSIGNED FUND BALANCE | 597,152 | 597,152 |
| UNASSIGNED FUND BALANCE | <u>993,253</u> | <u>976,684</u> |
| TOTAL FUND BALANCE | <u>1,590,405</u> | <u>1,573,836</u> |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE | <u>\$ 2,403,826</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 TWO MONTHS ENDED FEBRUARY 28, 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 | \$ 5 | \$ - | \$ - | \$ 32 |
| MONEY MARKET ACCOUNTS | 3 | 6 | - | - | 27 |
| WELLS FARGO | - | - | - | - | 5,575 |
| STIFEL NICOLAUS | 845 | - | - | - | 10,857 |
| MORGAN STANLEY | 1,095 | 1,095 | - | - | 9,447 |
| UNREALIZED GAINS (LOSSES) | 111 | 5,854 | - | - | (33,520) |
| TOTAL INTEREST INCOME | 2,056 | 6,960 | 22,000 | 15,040 | (7,582) |
| MAINTENANCE FUND ASSESSMENT | 61,008 | 61,008 | 870,000 | 808,992 | 914,818 |
| CITY OF PUEBLO MAINT. FUND IGA | - | - | 50,000 | 50,000 | 50,000 |
| MAINTENANCE FUND REFUND | - | - | - | - | (31,288) |
| OTHER INCOME | - | - | - | - | 275 |
| TOTAL REVENUES | \$ 63,064 | \$ 67,968 | \$ 942,000 | \$ 874,032 | \$ 926,223 |
| EXPENDITURES | | | | | |
| 80 LEGAL FEES | \$ 541 | \$ 1,041 | \$ 6,000 | \$ 4,959 | \$ 7,551 |
| 81 DIRECTORS FEES | 600 | 1,200 | 14,400 | 13,200 | 7,200 |
| 82 FICA TAXES | - | - | 1,102 | 1,102 | 551 |
| 83 ENGINEER/ADMINISTRATIVE | 3,583 | 3,583 | 7,200 | 3,617 | 7,607 |
| 90 AUDIT & BOOKKEEPING | - | - | 14,200 | 14,200 | 4,970 |
| 92 INSURANCE/BONDS | 3,227 | 3,227 | 3,500 | 273 | 3,328 |
| 96 OFFICE EXPENSE | 40 | 40 | 2,000 | 1,960 | 1,511 |
| 97 OFFICE RENT | - | 840 | 1,000 | 160 | 840 |
| 100 PROFESSIONAL FEES | 920 | 920 | 12,500 | 11,580 | 12,197 |
| APPRAISAL | - | - | - | - | 30,506 |
| 103 TRAVEL | - | - | - | - | - |
| 105 REPAIRS & MAINTENANCE | - | - | 18,000 | 18,000 | 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 | 40,549 | 40,549 | 700,000 | - | - |
| WILDHORSE/DRY CREEK LEVEE-PRELIM | - | - | - | - | - |
| WILDHORSE/DRY CREEK LEVEE DESIGN | - | - | 350,000 | 350,000 | - |
| WILDHORSE/DRY CREEK LEVEE CONSTRI | - | - | - | - | - |
| 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 | 49,460 | 51,400 | 1,539,152 | 1,487,752 | 218,129 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | \$ 13,604 | \$ 16,568 | \$ (597,152) | \$ (613,720) | \$ 708,094 |

SEE ACCOUNTANTS' COMPILATION REPORT

| <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 2/28/2014</u> | <u>INTEREST RECEIVED 2/28/2014</u> |
|---|-------------------------------|----------------------|-------------|------------------|---------------------------|------------------|-------------------------|-------------------------|--------------------------|------------------------------------|
| <u>CASH ACCOUNTS</u> | | | | | | | | | | |
| VECTRA BANK | Money Market Account | | | | 11,906.83 | 0.97 | - | - | 11,907.80 | 0.97 |
| STIFEL NICOLAUS | Money Market Account | | | | 65,897.59 | 3,923.60 | - | - | 69,821.19 | 1.08 |
| MORGAN STANLEY | Cash Sweep Account | | | | 203,042.34 | 78,226.04 | - | - | 281,268.38 | 3.99 |
| TOTAL CASH ACCOUNTS WITH BROKERS | | | | | | | | | | |
| | | | | | 280,846.76 | 82,150.61 | - | - | 362,997.37 | 6.04 |
| <u>INVESTMENTS</u> | | | | | | | | | | |
| COLOTRUST | Acct. 7081 - PLUS | | 6.240% | | 25,085.33 | 4.72 | - | - | 25,090.05 | 4.72 |
| TOTAL COLOTRUST | | | | | | | | | | |
| | | | | | 25,085.33 | 4.72 | - | - | 25,090.05 | 4.72 |
| STIFEL NICOLAUS | FEDL HOME LN MTG CORP #170217 | 3/1/2017 | 8.000% | 1,120,000.00 | 861.92 | - | (4.78) | 52.00 | 805.14 | 11.00 |
| | GNMA POOL #676875 | 3/15/2023 | 6.500% | 235,000.00 | 100,112.19 | - | (11.18) | 1,425.66 | 98,675.35 | 995.24 |
| | GNMA POOL #003851 | 5/20/2036 | 5.500% | 165,000.00 | 24,726.10 | - | (16.92) | 1,104.60 | 23,604.58 | 207.64 |
| | GNMA POOL #MA0318 | 8/20/2042 | 3.500% | 95,000.00 | 83,473.47 | - | 1,704.76 | 1,340.26 | 83,837.97 | 484.01 |
| TOTAL STIFEL NICOLAUS INVESTMENT | | | | | | | | | | |
| | | | | | 209,173.68 | - | 1,671.88 | 3,922.52 | 206,923.04 | 1,697.89 |
| MORGAN STANLEY | 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 | - | 397.67 | - | 129,613.82 | - |
| | FNMA MED TERM NOTE | 9/23/2017 | | 100,000.00 | 94,360.00 | - | 743.00 | - | 95,103.00 | - |
| | FNMA POOL MA0629 | 1/1/2021 | 3.500% | 100,000.00 | 44,812.78 | - | 289.76 | 1,037.16 | 44,065.38 | 245.66 |
| | FNR 2006-107 PD | 6/25/2035 | 5.000% | 78,000.00 | 46,919.45 | - | (151.38) | 2,390.33 | 44,377.74 | 366.08 |
| | GNMA REMIC TRUST 2010-84 NL | 12/20/2036 | 3.000% | 100,000.00 | 43,381.44 | - | 4.18 | 1,276.41 | 42,109.21 | 208.42 |
| | GNR 2008-7 PN | 1/20/2037 | 4.250% | 60,000.00 | 10,266.10 | - | (22.69) | 387.90 | 9,855.51 | 67.72 |
| | FHR 3393 BY | 11/15/2037 | 5.500% | 94,000.00 | 52,528.78 | - | 224.24 | 1,090.59 | 51,662.43 | 436.82 |
| | FNR 2008-74 B | 9/25/2038 | 5.500% | 53,000.00 | 16,423.16 | - | 55.91 | 602.91 | 15,876.16 | 135.11 |
| | GNMA 10-85 HQ | 3/20/2040 | 5.000% | 144,000.00 | 19,409.18 | - | (27.74) | 348.52 | 19,032.92 | 157.73 |
| | FNMA REMIC TRUST 2010-141 AL | 12/25/2040 | 4.000% | 90,000.00 | 89,819.10 | - | 2,502.00 | - | 92,321.10 | 600.00 |
| TOTAL MORGAN STANLEY INVESTMENT | | | | | | | | | | |
| | | | | | 607,131.94 | - | 4,019.15 | 67,133.82 | 544,017.27 | 2,217.54 |
| TOTAL INVESTMENTS | | | | | | | | | | |
| | | | | | 841,390.95 | 4.72 | 5,691.03 | 71,056.34 | 776,030.36 | 3,920.15 |
| TOTAL ALL ACCOUNTS | | | | | | | | | | |
| | | | | | 1,122,237.71 | 82,155.33 | 5,691.03 | 71,056.34 | 1,139,027.73 | 3,926.19 |