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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 March 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 three months ended March 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, PC

April 22, 2013

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

| | <u>03/31/13</u> | <u>12/31/12</u> |
|---|----------------------------------|--------------------------------|
| ASSETS | | |
| VECTRA BANK CHECKING | \$ 405,954 | \$ 34,500 |
| VECTRA BANK MONEY MARKET | 11,902 | 11,901 |
| BROKERAGE MONEY MARKET ACCOUNTS | 98,556 | 131,441 |
| COLOTRUST INVESTMENT | 25,063 | 25,053 |
| WELLS FARGO INVESTMENT | 361,013 | 399,085 |
| STIFEL NICOLAUS INVESTMENT | 242,597 | 260,045 |
| ACCRUED INTEREST | - | 5,116 |
| MAINTENANCE ASSESSMENTS RECEIVABLE | <u>571,680</u> | <u>-</u> |
| TOTAL ASSETS | <u>\$ 1,716,765</u> | <u>\$ 867,141</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE | | |
| ACCOUNTS PAYABLE | \$ - | \$ 902 |
| PAYROLL TAXES PAYABLE | <u>138</u> | <u>497</u> |
| TOTAL LIABILITIES | <u>138</u> | <u>1,399</u> |
| DEFERRED INFLOWS OF RECEIVABLES | | |
| MAINTENANCE ASSESSMENTS | <u>571,680</u> | <u>-</u> |
| ASSIGNED FUND BALANCE | 310,851 | 310,851 |
| UNASSIGNED FUND BALANCE | <u>834,096</u> | <u>554,891</u> |
| TOTAL FUND BALANCE | <u>-</u> <u>1,144,947</u> | <u>-</u> <u>865,742</u> |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE | <u>\$ 1,716,765</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 THREE MONTHS ENDED MARCH 31, 2013
 AND THE TWELVE MONTHS ENDED DECEMBER 31, 2012

| | ACTUAL | | 2013 BUDGET | UNUSED BUDGET | 2012 ACTUAL |
|--|------------------|-----------------|----------------|------------------|----------------|
| | CURRENT MONTH | YEAR TO DATE | | | |
| REVENUES | | | | | |
| INTEREST INCOME | | | | | |
| COLOTRUST | \$ 3 | \$ 10 | \$ - | \$ - | \$ 56 |
| MONEY MARKET ACCOUNTS | 1 | 4 | - | - | 21 |
| WELLS FARGO | 1,124 | 1,124 | - | - | 21,749 |
| STIFEL NICOLAUS | 974 | 974 | - | - | 12,494 |
| UNREALIZED GAINS (LOSSES) | (1,486) | (8,407) | - | - | (13,834) |
| TOTAL INTEREST INCOME | 616 | (6,295) | 30,000 | 36,295 | 20,486 |
| MAINTENANCE FUND ASSESSMENT | 277,865 | 328,320 | 314,000 | (14,320) | 92 |
| CITY OF PUEBLO MAINT. FUND IGA | - | 50,000 | 50,000 | - | - |
| LEASE PAYMENTS | - | - | - | - | 1,042 |
| OTHER INCOME | - | 275 | - | (275) | - |
| TOTAL REVENUES | \$ 278,481 | \$ 372,300 | \$ 394,000 | \$ 21,700 | \$ 21,620 |
| EXPENDITURES | | | | | |
| 80 LEGAL FEES | \$ 500 | \$ 1,400 | \$ 6,000 | \$ 4,600 | \$ 4,800 |
| 81 DIRECTORS FEES | 600 | 1,800 | 7,200 | 5,400 | 3,735 |
| 82 FICA TAXES | - | - | 551 | 551 | 286 |
| 83 ENGINEER/ADMINISTRATIVE | 664 | 1,607 | 7,200 | 5,593 | 7,219 |
| 90 AUDIT & BOOKKEEPING | 350 | 700 | 4,200 | 3,500 | 4,000 |
| 92 INSURANCE/BONDS | 2,893 | 3,328 | 3,200 | (128) | 2,416 |
| 96 OFFICE EXPENSE | 64 | 623 | 500 | (123) | 498 |
| 97 OFFICE RENT | - | 840 | 1,000 | 160 | 840 |
| 100 PROFESSIONAL FEES | - | - | 10,000 | 10,000 | 950 |
| APPRAISAL | 1,087 | 17,297 | 20,000 | 2,703 | 146,289 |
| 103 TRAVEL | - | - | - | - | - |
| 105 REPAIRS & MAINTENANCE | - | 500 | 20,000 | 19,500 | 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 CONSTRI | - | - | 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 | - | 65,000 | 75,000 | 10,000 | 45,000 |
| 113 SALES TAX | - | - | - | - | - |
| TOTAL EXPENDITURES | 6,157 | 93,095 | 704,851 | 611,756 | 231,162 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | \$ 272,324 | \$ 279,204 | \$ (310,851) | \$ (590,055) | \$ (209,542) |

SEE ACCOUNTANTS' COMPILATION REPORT

PUEBLO CONSERVANCY DISTRICT
INVESTMENTS
03/31/13

04/24/ 4 AM

| <u>BROKER</u> | <u>DESCRIPTION</u> | <u>MATURITY DATE</u> | <u>RATE</u> | <u>PAR VALUE</u> | <u>BALANCE 12/31/12</u> | <u>ADDITIONS</u> | <u>MKT VALUE CHANGE</u> | <u>REDEMPTION SALES</u> | <u>BALANCE 03/31/13</u> | <u>INTEREST RECEIVED 03/31/13</u> |
|----------------------------------|-------------------------------------|----------------------|-------------|------------------|-------------------------|------------------|-------------------------|-------------------------|-------------------------|-----------------------------------|
| <u>CASH ACCOUNTS</u> | | | | | | | | | | |
| VECTRA BANK | Money Market Account | | | | 11,900.86 | 1.44 | - | - | 11,902.30 | 1.44 |
| STIFEL NICOLAUS | Money Market Account | | | | 26,568.20 | 15,381.33 | - | - | 41,949.53 | 0.45 |
| WELLS FARGO | Cash Sweep Account | | | | 104,872.42 | 31,733.58 | (80,000.00) | - | 56,606.00 | 0.90 |
| TOTAL CASH ACCOUNTS WITH BROKERS | | | | | 143,341.48 | 47,116.35 | (80,000.00) | - | 110,457.83 | 2.79 |
| <u>INVESTMENTS</u> | | | | | | | | | | |
| COLOTRUST | Acct. 7081 - PLUS | | 6.240% | | 25,052.96 | 9.92 | - | - | 25,062.88 | 9.92 |
| TOTAL COLOTRUST | | | | | 25,052.96 | 9.92 | - | - | 25,062.88 | 9.92 |
| WELLS FARGO | FNMA 06-107 PD REMIC MULTICLASS CMO | 06/25/35 | 5.000% | 78,000.00 | 83,811.78 | - | (1,455.48) | - | 82,356.30 | 975.00 |
| | GNMA 08-7 PN REMIC MULTICLASS CMO | 01/20/37 | 4.250% | 60,000.00 | 17,329.97 | - | (236.76) | - | 15,214.77 | 117.49 |
| | FHLMC 3393 BY REMIC MULTICLASS CPN | 11/15/37 | 5.500% | 94,000.00 | 98,327.20 | - | (1,431.60) | 1,878.44 | 83,794.43 | 1,226.62 |
| | FNMA 2008-74B REMIC MULTICLASS CMO | 09/25/38 | 5.000% | 50,000.00 | 27,540.49 | - | (604.93) | 2,937.59 | 23,997.97 | 345.70 |
| | FHLMC 3626 UA REMIC MULTICLASS CMO | 09/15/39 | 5.000% | 50,000.00 | 2,900.26 | - | 2.79 | 2,903.05 | - | 33.87 |
| | GNMA 10-85 HQ REMIC MULTICLASS CMO | 03/20/40 | 5.000% | 144,000.00 | 70,467.43 | - | (455.11) | 10,912.00 | 59,100.32 | 589.67 |
| | FNMA 10-141 AL REMIC MULTICLASS CMO | 12/25/40 | 4.000% | 90,000.00 | 98,707.50 | - | (2,158.20) | - | 96,549.30 | 900.00 |
| TOTAL WELLS FARGO | | | | | 399,084.63 | - | (6,339.29) | 31,732.25 | 361,013.09 | 4,188.35 |
| STIFEL NICOLAUS | FEDL HOME LN MTG CORP #170217 | 03/01/17 | 8.000% | 1,120,000.00 | 1,390.86 | - | (26.02) | 86.94 | 1,277.90 | 25.39 |
| | GNMA POOL #676875 | 03/15/23 | 6.500% | 235,000.00 | 117,339.56 | - | (3.33) | 8,157.70 | 109,178.53 | 1,687.50 |
| | GNMA POOL #003851 | 05/20/36 | 5.500% | 165,000.00 | 39,657.77 | - | (218.26) | 4,312.35 | 35,127.16 | 496.03 |
| | GNMA POOL #MA0318 | 08/20/42 | 3.500% | 95,000.00 | 101,657.02 | - | (1,819.96) | 2,823.50 | 97,013.56 | 817.31 |
| TOTAL STIFEL NICOLAUS INVESTMENT | | | | | 260,045.21 | - | (2,067.57) | 15,380.49 | 242,597.15 | 3,026.23 |
| TOTAL INVESTMENTS | | | | | 684,182.80 | 9.92 | (8,406.86) | 47,112.74 | 628,673.12 | 7,224.50 |
| TOTAL ALL ACCOUNTS | | | | | 827,524.28 | 47,126.27 | (88,406.86) | 47,112.74 | 739,130.95 | 7,227.29 |

PUEBLO CONSERVANCY DISTRICT

MARCH 2012 - APRIL 2012

RECEIPTS

| VENDOR | ITEM | AMOUNT |
|-------------------------|---|--------------|
| First Clearing | Interest | 335.48 |
| First Clearing | Interest | 364.53 |
| First Clearing | Interest | 320.84 |
| First Clearing | Interest | 728.69 |
| Stifel Nicolaus | Interest | \$ 960.20 |
| Pueblo County Treasurer | Maintenance Fund Assessment Collections | \$ 77,504.81 |
| | | \$ 80,214.55 |

DEBITS

| VENDOR | ITEM | AMOUNT | CHECK | CODE |
|------------------------|---|--------------|-------|------|
| Black Hills Energy | Electrical Billing | Pre-paid | | 105 |
| MBDG, PC | March Bookkeeping | \$ 350.00 | 110 | 90 |
| | Replace Check # 3988 | \$ 350.00 | " | 90 |
| Don Banner - B&B, PC | Attorney Fees | \$ 500.00 | 111 | 80 |
| Kidd Engineering | Engineer/Admin Fees | \$ 600.00 | 112 | 83 |
| Director Phillips | Director Fees | \$ 184.70 | 113 | 81 |
| Director Cordova | Director Fees | \$ 184.70 | 114 | 81 |
| Director Willumstad | Director Fees | \$ 184.70 | 115 | 81 |
| NorthStar Engineering | Assessment Phase III Services | \$ 1,935.00 | 116 | 100 |
| Spaccamonti Excavating | Cleaning Lake Runyon Trash Racks | \$ 2,365.00 | 117 | 105 |
| HARP Authority | Annual O&M Allocation | \$ 10,000.00 | 118 | 112 |
| United States Treasury | 2012 Form 944 Federal Tax Return - Replace Check # 3999 | \$ 496.76 | 119 | 82 |
| | | \$ 17,150.86 | | |