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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 March 31, 2016 and December 31, 2015, and the related statements of revenues and expenditures - general fund for the three month ended March 31, 2016 and the year ended December 31, 2015, 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

April 26, 2016

PUEBLO CONSERVANCY DISTRICT
BALANCE SHEET - GENERAL FUND ONLY
MARCH 31, 2016 AND DECEMBER 31, 2015

| | <u>3/31/2016</u> | <u>12/31/2015</u> |
|---|-------------------------|-------------------------|
| ASSETS | | |
| VECTRA BANK CHECKING | \$ 167,928 | \$ 133,478 |
| VECTRA BANK MONEY MARKET | 11,920 | 11,919 |
| ABC BANK MONEY MARKET CHECKING | (6) | 2,157 |
| BROKERAGE MONEY MARKET ACCOUNTS | 37,176 | 200,765 |
| CANON NAT'L TRUST ACCT | 304,168 | (10) |
| COLOTRUST INVESTMENT | 25,188 | 25,159 |
| STIFEL NICOLAUS INVESTMENT | 256,354 | 262,577 |
| MORGAN STANLEY INVESTMENT | 1,006,651 | 819,209 |
| ACCRUED INTEREST & OTHER RECEIVABLES | - | 2,410 |
| MAINTENANCE ASSESSMENTS RECEIVABLE | <u>666,487</u> | <u>1,015,000</u> |
| TOTAL ASSETS | <u>\$ 2,475,866</u> | <u>\$ 2,472,664</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE | | |
| ACCOUNTS PAYABLE | \$ - | \$ 12,416 |
| MAINTENANCE FUND REFUND PAYABLE | <u>-</u> | <u>-</u> |
| TOTAL LIABILITIES | <u>-</u> | <u>12,416</u> |
| DEFERRED INFLOWS OF RESOURCES | | |
| MAINTENANCE ASSESSMENTS | <u>666,487</u> | <u>1,015,000</u> |
| ASSIGNED FUND BALANCE | 1,445,248 | 1,445,248 |
| UNASSIGNED FUND BALANCE | <u>364,131</u> | <u>-</u> |
| TOTAL FUND BALANCE | <u>1,809,379</u> | <u>1,445,248</u> |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE | <u>\$ 2,475,866</u> | <u>\$ 2,472,664</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, 2016
 AND THE TWELVE MONTHS ENDED DECEMBER 31, 2015

| | ACTUAL | | 2016 BUDGET | UNUSED BUDGET | 2015 ACTUAL |
|---|------------------|-----------------|----------------|------------------|----------------|
| | CURRENT MONTH | YEAR TO DATE | | | |
| REVENUES | | | | | |
| INTEREST INCOME | | | | | |
| COLOTRUST | \$ 11 | \$ 30 | \$ - | \$ - | \$ 44 |
| MONEY MARKET ACCOUNTS | 2 | 7 | - | - | 25 |
| ABC BANK | - | 9 | - | - | 12,213 |
| STIFEL NICOLAUS | 930 | 1,481 | - | - | 10,924 |
| MORGAN STANLEY | 1,406 | 3,224 | - | - | 20,659 |
| UNREALIZED GAINS (LOSSES) | (6,828) | 13,331 | - | - | 3,342 |
| TOTAL INTEREST INCOME | (4,479) | 18,082 | 21,000 | 2,918 | 47,207 |
| MAINTENANCE FUND ASSESSMENT | 304,168 | 348,513 | 1,015,000 | 666,487 | 855,527 |
| CITY OF PUEBLO MAINT. FUND IGA | - | - | - | - | 77,500 |
| MAINTENANCE FUND REFUND | - | - | - | - | - |
| LOAN PROCEEDS | 905,414 | 1,159,858 | - | - | 2,593,702 |
| OTHER INCOME | - | - | - | - | - |
| TOTAL REVENUES | \$ 1,205,103 | \$ 1,526,453 | \$ 1,036,000 | \$ (490,453) | \$ 3,573,936 |
| EXPENDITURES | | | | | |
| 80 LEGAL FEES | \$ 15,980 | \$ 16,480 | \$ 36,000 | \$ 19,520 | \$ 23,762 |
| 81 DIRECTORS FEES | 1,800 | 5,400 | 21,600 | 16,200 | 21,600 |
| 83 ENGINEER/ADMINISTRATIVE | 1,700 | 3,400 | 20,400 | 17,000 | 15,765 |
| 90A BOOKKEEPING & AUDIT PREP | 400 | 800 | 10,500 | 9,700 | 18,377 |
| 90B AUDIT | - | 418 | 6,000 | 5,582 | - |
| 92 INSURANCE/BONDS | - | 768 | 3,500 | 2,732 | 2,503 |
| 96 OFFICE EXPENSE | 10 | 130 | 1,000 | 870 | 967 |
| 97 OFFICE RENT/STORAGE | - | 1,050 | 1,050 | - | 1,050 |
| 100 PROFESSIONAL FEES | - | 9,000 | 12,500 | 3,500 | 3,000 |
| APPRAISAL | - | - | - | - | - |
| 103 TRAVEL | 122 | 249 | 2,400 | 2,151 | 508 |
| 105 REPAIRS & MAINTENANCE | 550 | 550 | 8,500 | 7,950 | 23,806 |
| 105A MAINTENANCE FUND ASSESSMENT PROGRAMMING & MAINTENANCE | - | - | 1,000 | 1,000 | 5,571 |
| 108 CONTINGENCIES | - | - | 20,000 | 20,000 | - |
| 109 EMERGENCY REPAIR | - | - | 15,000 | 15,000 | - |
| 110 CAPITAL IMPROVEMENTS | 889,934 | 1,124,077 | 5,000 | (1,119,077) | 171,187 |
| PLANNING & DEVELOPMENT | - | - | 10,000 | 10,000 | - |
| 110A CONTRACT ADMIN & OVERSIGHT | - | - | 35,000 | 35,000 | 39,674 |
| 110B ARKANSAS RIVER PHASE 3 LEVEE DESIGN | - | - | 50,000 | 50,000 | - |
| 110C ARKANSAS RIVER PHASE 2&3 STAKING AS-BUILTS, CO | - | - | 45,000 | 45,000 | - |
| 110D ARKANSAS RIVER PHASE 2 CONSTRUCTION | - | - | 1,200,000 | 1,200,000 | - |
| 110E ARKANSAS RIVER PHASE 3 CONSTRUCTION | - | - | 500,000 | 500,000 | - |
| 110F ARKANSAS RIVER LEVEE CERTIFICATION DESIGN &/OR CONSTRUCTION | - | - | - | - | 2,497,273 |
| 110G WILDHORSE/DRY CREEK LEVEE CONSTRUCT | - | - | 1,500,000 | 1,500,000 | - |
| 110H WILDHORSE/DRY CREEK STAKING, AS-BUILTS, CO | - | - | 45,000 | 45,000 | - |
| 110I WILDHORSE/DRY CREEK LEVEE-DESIGN PRELIMINARY DESIGN | - | - | - | - | - |
| 110J WILDHORSE/DRY CREEK LEVEE DESIGN &/OR CONSTRUCTION | - | - | - | - | - |
| 112A HARP - O & M | - | - | 10,000 | 10,000 | 60,000 |
| 112B HARP IGA CONTRIBUTION | - | - | 50,000 | - | - |
| 113 CONSTRUCTION LOAN PAYMENT | - | - | 700,000 | 700,000 | 2,554,542 |
| TOTAL EXPENDITURES | 910,496 | 1,162,322 | 4,309,450 | 3,147,128 | 5,439,585 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | \$ 294,607 | \$ 364,131 | \$ (3,273,450) | \$ (3,637,581) | \$ (1,865,649) |

SEE ACCOUNTANTS' COMPILATION REPORT

PUEBLO CONSERVANCY DISTRICT
INVESTMENTS
3/31/2016

| BROKER | DESCRIPTION | MATURITY DATE | RATE | PAR VALUE | BALANCE 12/31/2015 | ADDITIONS | MKT VALUE CHANGE | REDEMPTION SALES | BALANCE 3/31/2016 | INTEREST RECEIVED 3/31/2016 |
|----------------------------------|-------------------------------|---------------|--------|--------------|--------------------|------------|------------------|------------------|-------------------|-----------------------------|
| <u>CASH ACCOUNTS</u> | | | | | | | | | | |
| VECTRA BANK | Money Market Account | | | | 11,918.78 | 1.47 | - | - | 11,920.25 | 1.47 |
| STIFEL NICOLAUS | Money Market Account | | | | 6,708.08 | 7,818.35 | - | - | 14,526.43 | 0.52 |
| MORGAN STANLEY | Cash Sweep Account | | | | 194,057.38 | 29,997.40 | - | 201,405.50 | 22,649.28 | 4.83 |
| TOTAL CASH ACCOUNTS WITH BROKERS | | | | | 212,684.24 | 37,817.22 | - | 201,405.50 | 49,095.96 | 6.82 |
| <u>INVESTMENTS</u> | | | | | | | | | | |
| COLOTRUST | Acct. 7081 - PLUS | | 6.240% | | 25,158.66 | 29.63 | - | - | 25,188.29 | 29.63 |
| TOTAL COLOTRUST | | | | | 25,158.66 | 29.63 | - | - | 25,188.29 | 29.63 |
| STIFEL NICOLAUS | FEDL HOME LN MTG CORP #170217 | 3/1/2017 | 8.000% | 1,120,000.00 | 207.63 | - | (1.48) | 43.63 | 162.52 | 4.11 |
| | GNMA POOL #676875 | 3/15/2023 | 6.500% | 235,000.00 | 65,494.29 | - | 133.01 | 1,985.94 | 63,641.36 | 991.84 |
| | GNMA POOL #003851 | 5/20/2036 | 5.500% | 165,000.00 | 13,961.75 | - | (49.22) | 846.48 | 13,066.05 | 172.54 |
| | GNMA POOL #MA0318 | 8/20/2042 | 3.500% | 95,000.00 | 61,365.14 | - | 688.87 | 2,351.44 | 59,702.57 | 513.03 |
| | GNMA POOL #AA5748 | 10/15/1942 | 4.000% | 90,000.00 | 89,745.13 | - | 823.65 | 754.04 | 89,814.74 | 844.17 |
| | GNMA POOL #MA1839 | 4/20/2044 | 4.000% | 50,000.00 | 31,802.63 | - | 0.20 | 1,836.30 | 29,966.53 | 298.17 |
| TOTAL STIFEL NICOLAUS INVESTMENT | | | | | 262,576.57 | - | 1,595.03 | 7,817.83 | 256,353.77 | 2,823.86 |
| MORGAN STANLEY | TENN VALLEY AUTH | 5/1/2016 | | 133,000.00 | 132,760.60 | - | 236.74 | - | 132,997.34 | - |
| | FNMA MED TERM NOTE | 9/23/2017 | | 100,000.00 | 97,967.00 | - | 784.00 | - | 98,751.00 | - |
| | FNMA POOL MA0629 | 1/1/2021 | 3.500% | 100,000.00 | 23,490.42 | - | 83.72 | 1,946.38 | 21,627.76 | 189.94 |
| | FNMA | 12/27/2027 | 2.500% | 220,000.00 | 209,063.80 | - | 10,111.20 | - | 219,175.00 | 1,374.99 |
| | FNMA | 5/15/2030 | 2.838% | 300,000.00 | - | 201,405.50 | (5,757.50) | - | 195,648.00 | - |
| | FNR 2006-107 PD | 6/25/2035 | 5.000% | 78,000.00 | 2,888.91 | - | (5.18) | 2,883.73 | - | 22.66 |
| | GNMA REMIC TRUST 2010-84 NL | 12/20/2036 | 3.000% | 100,000.00 | 8,446.15 | - | (31.54) | 3,296.36 | 5,118.25 | 53.95 |
| | GNR 2008-7 PN | 1/20/2037 | 4.250% | 60,000.00 | 3,835.07 | - | (18.84) | 411.98 | 3,404.25 | 38.05 |
| | FHR 3393 BY | 11/15/2037 | 5.500% | 94,000.00 | 29,707.43 | - | 180.87 | 1,463.13 | 28,423.17 | 356.82 |
| | FHLMC REMIC SERIES 4047 PA | 12/15/2037 | 2.000% | 230,000.00 | 135,386.74 | - | 2,291.61 | 7,079.05 | 130,599.30 | 664.87 |
| | FNR 2008-74 B | 9/25/2038 | 5.500% | 53,000.00 | 8,832.77 | - | 106.08 | 87.24 | 8,851.61 | 108.54 |
| | FNMA REMIC TRUST 2010-141 AL | 12/25/2040 | 4.000% | 90,000.00 | 95,531.40 | - | 2,985.30 | - | 98,516.70 | 900.00 |
| | FHLMC 4321 YB | 7/15/2043 | 3.500% | 200,000.00 | 71,298.89 | - | 769.94 | 8,530.45 | 63,538.38 | 582.43 |
| TOTAL MORGAN STANLEY INVESTMENT | | | | | 819,209.18 | 201,405.50 | 11,736.40 | 25,700.32 | 1,006,650.76 | 4,292.25 |
| TOTAL INVESTMENTS | | | | | 1,106,944.41 | 201,435.13 | 13,331.43 | 33,518.15 | 1,288,192.82 | 7,145.74 |
| TOTAL ALL ACCOUNTS | | | | | 1,319,628.65 | 239,252.35 | 13,331.43 | 234,923.65 | 1,337,288.78 | 7,152.56 |