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Tax/Consulting/Audit

Certified Public Accountants

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 April 30, 2019 and December 31, 2018, and the related statements of revenues and expenditures – general fund for the four months ended April 30, 2019 and the year ended December 31, 2018, 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.

On an on-going basis, management records accounts payable and related expenditures using the cash basis of accounting. Accounting principles generally accepted in the United States of America requires that accounts payable and related expenditures be recorded using the modified accrual basis of accounting. Management has not determined the amounts by which this departure would affect the balance sheet of the general fund and the related statement of revenues and expenditures of the general fund.

Required Supplementary Information

Management has omitted the management's discussion and analysis 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 year to date budget comparison 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.

We are not independent with respect to the Pueblo Conservancy District.

McPherson, Goodrich, Paolucci & Mitchell, PC

May 17, 2019

PUEBLO CONSERVANCY DISTRICT
BALANCE SHEET - GENERAL FUND ONLY
APRIL 30, 2019 AND DECEMBER 31, 2018

| | <u>4/30/2019</u> | <u>12/31/2018</u> |
|---|-------------------------|-------------------------|
| ASSETS | | |
| VECTRA BANK CHECKING | \$ 19,269 | \$ 12,942 |
| VECTRA BANK MONEY MARKET | 11,924 | 11,932 |
| BROKERAGE MONEY MARKET ACCOUNTS | 5 | 5 |
| BANK OF THE SAN JUANS DRAW | 30,114 | 30,114 |
| BANK OF THE SAN JUANS RESERVE ACCT | 4,270,883 | 3,309,326 |
| COLOTRUST INVESTMENT | 26,312 | 26,145 |
| STIFEL NICOLAUS INVESTMENT | - | 259,137 |
| MORGAN STANLEY MUTUAL FUNDS | - | 983,508 |
| STIFEL NICOLAUS MONEY MARKET 8700-0987 | <u>1,251,880</u> | <u>-</u> |
| TOTAL ASSETS | <u>\$ 5,610,387</u> | <u>\$ 4,633,109</u> |
| LIABILITIES AND FUND BALANCE | | |
| ACCOUNTS PAYABLE | \$ 575 | \$ 697,111 |
| BANK OVERDRAFT | <u>500</u> | <u>500</u> |
| TOTAL LIABILITIES | <u>1,075</u> | <u>697,611</u> |
| UNASSIGNED FUND BALANCE | <u>5,609,312</u> | <u>3,935,498</u> |
| TOTAL FUND BALANCE | <u>5,609,312</u> | <u>3,935,498</u> |
| TOTAL LIABILITIES AND FUND BALANCE | <u>\$ 5,610,387</u> | <u>\$ 4,633,109</u> |

SEE ACCOUNTANTS' COMPILATION REPORT

PUEBLO CONSERVANCY DISTRICT
 COMPARATIVE STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE -
 FOR THE ONE MONTH AND FOUR MONTHS ENDED APRIL 30, 2019
 AND THE YEAR ENDED DECEMBER 31, 2018

| | <u>ACTUAL</u> | | |
|--|---------------------|-----------------------|------------------------|
| | <u>CURRENT</u> | <u>YEAR</u> | <u>2018</u> |
| | <u>MONTH</u> | <u>TO DATE</u> | <u>ACTUAL</u> |
| REVENUES | | | |
| INTEREST INCOME | | | |
| COLOTRUST | \$ - | \$ 167 | \$ 538 |
| VECTRA BANK | 2 | 4 | 7 |
| BANK OF THE SAN JUANS | - | 91 | 153 |
| STIFEL NICOLAUS | 1,749 | 5,667 | 5,540 |
| STIFEL NICOLAUS 8700-0987 | 434 | 1,611 | - |
| MORGAN STANLEY | - | 2,562 | 16,797 |
| UNREALIZED GAINS (LOSSES) | <u>811</u> | <u>2,381</u> | <u>(1,881)</u> |
| TOTAL INTEREST INCOME | 2,996 | 12,483 | 21,154 |
| MAINTENANCE FUND ASSESSMENT | 102,032 | 681,736 | 1,762,392 |
| 18th STREET BRIDGE MURAL SPONSORSHIPS | - | - | 1,200 |
| OTHER INCOME | <u>-</u> | <u>4,000</u> | <u>1,001</u> |
| TOTAL REVENUES | \$ 105,028 | \$ 698,219 | \$ 1,785,747 |
| EXPENDITURES | | | |
| 80 LEGAL FEES | \$ 1,600 | \$ 2,600 | \$ 40,921 |
| 81 DIRECTORS FEES | 1,800 | 7,200 | 21,675 |
| 83 ENGINEER/ADMINISTRATIVE | 1,700 | 73,500 | 28,454 |
| 90A BOOKKEEPING & AUDIT PREP | 575 | 2,475 | 10,095 |
| 90B AUDIT | - | - | 12,074 |
| 92 INSURANCE/BONDS | 559 | 859 | 2,386 |
| 96 OFFICE EXPENSE | 55 | 617 | 1,935 |
| 97 OFFICE RENT/STORAGE | - | 1,050 | - |
| 100 PROFESSIONAL FEES | - | - | 17,676 |
| 103 TRAVEL | - | 87 | 316 |
| 105 REPAIRS & MAINTENANCE | 1,100 | 1,948 | 9,641 |
| 105A MAINTENANCE FUND ASSESSMENT | 1,205 | 3,085 | 25,151 |
| 110 CAPITAL IMPROVEMENTS | - | 620 | - |
| 110A CONTRACT ADMIN & OVERSIGHT | 1,473 | 5,658 | 11,657 |
| 110D ARKANSAS RIVER PHASE 2 | - | - | 2,000 |
| 110F ARKANSAS RIVER LEVEE CERTIFICATION | 2,940 | 2,940 | 10,955 |
| 110K ARKANSAS RIVER PHASE 4 | - | - | 2,693,396 |
| 110M LEVEE PHASE 5&6 DESIGN AND CONSTRUCTION | 21,420 | 2,344,455 | 1,096,150 |
| 112A HARP - O & M | - | 10,000 | 10,000 |
| 112B HARP IGA CONTRIBUTION | - | 50,000 | 50,000 |
| 113 CONSTRUCTION LOAN PAYMENT | <u>-</u> | <u>-</u> | <u>13,828,818</u> |
| TOTAL EXPENDITURES | <u>34,427</u> | <u>2,507,094</u> | <u>17,873,300</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>\$ 70,601</u> | <u>\$ (1,808,875)</u> | <u>\$ (16,087,553)</u> |
| OTHER FINANCING SOURCES | | | |
| LOAN PROCEEDS | <u>28,175</u> | <u>3,482,690</u> | <u>19,212,996</u> |
| TOTAL OTHER FINANCING SOURCES | <u>28,175</u> | <u>3,482,690</u> | <u>19,212,996</u> |
| NET CHANGE IN FUND BALANCE | 98,776 | 1,673,814 | 3,125,443 |
| FUND BALANCE AT BEGINNING OF PERIOD | <u>5,510,536</u> | <u>3,935,498</u> | <u>810,055</u> |
| FUND BALANCE AT END OF PERIOD | <u>\$ 5,609,312</u> | <u>\$ 5,609,312</u> | <u>\$ 3,935,498</u> |

SEE ACCOUNTANTS' COMPILATION REPORT

SUPPLEMENTARY INFORMATION

PUEBLO CONSERVANCY DISTRICT
YEAR TO DATE BUDGET COMPARISON
FOR THE FOUR MONTHS ENDED APRIL 30, 2019

| | 4/30/2019 | 2019 | VARIANCE |
|--|------------------|------------------|--|
| | <u>ACTUAL</u> | <u>BUDGET</u> | <u>FAVORABLE</u> <u>(UNFAVORABLE)</u> |
| REVENUES | | | |
| INTEREST INCOME | | | |
| COLOTRUST | \$ 167 | \$ - | \$ - |
| VECTRA BANK | 4 | - | - |
| BANK OF THE SAN JUANS | 91 | - | - |
| STIFEL NICOLAUS | 5,667 | - | - |
| STIFEL NICOLAUS 8700-0987 | 1,611 | - | - |
| MORGAN STANLEY | 2,562 | - | - |
| UNREALIZED GAINS (LOSSES) | <u>2,381</u> | <u>-</u> | <u>-</u> |
| TOTAL INTEREST INCOME | 12,483 | 6,500 | (5,983) |
| MAINTENANCE FUND ASSESSMENT | 681,736 | 1,700,000 | 1,018,264 |
| LOAN PROCEEDS | 3,482,690 | 4,000,000 | 517,310 |
| OTHER INCOME | <u>4,000</u> | <u>-</u> | <u>(4,000)</u> |
| TOTAL REVENUES | \$ 4,180,909 | \$ 5,706,500 | \$ 1,525,591 |
| EXPENDITURES | | | |
| 80 LEGAL FEES | \$ 2,600 | \$ 10,000 | \$ 7,400 |
| 81 DIRECTORS FEES | 7,200 | 21,600 | 14,400 |
| 83 ENGINEER/ADMINISTRATIVE | 73,500 | 20,400 | (53,100) |
| 90A BOOKKEEPING & AUDIT PREP | 2,475 | 12,000 | 9,525 |
| 90B AUDIT | - | 7,000 | 7,000 |
| 92 INSURANCE/BONDS | 859 | 3,500 | 2,641 |
| 96 OFFICE EXPENSE | 617 | 1,000 | 383 |
| 97 OFFICE RENT/STORAGE | 1,050 | 1,050 | - |
| 100 PROFESSIONAL FEES | - | 5,000 | 5,000 |
| DOCUMENT PRESERVATION | - | 2,000 | 2,000 |
| 103 TRAVEL | 87 | 3,000 | 2,913 |
| 105 REPAIRS & MAINTENANCE | 1,948 | 8,500 | 6,552 |
| 105A MAINTENANCE FUND ASSESSMENT | 3,085 | 7,000 | 3,915 |
| 108 CONTINGENCIES | - | 20,000 | 20,000 |
| 109 EMERGENCY REPAIR | - | 15,000 | 15,000 |
| 110 CAPITAL IMPROVEMENTS | 620 | 5,000 | 4,380 |
| PLANNING & DEVELOPMENT | - | 10,000 | 10,000 |
| 110A CONTRACT ADMIN & OVERSIGHT | 5,658 | 20,000 | 14,342 |
| 10A.1 CONSTRUCTION PROG PROFESSIONAL FEE | - | 15,000 | 15,000 |
| 110F ARKANSAS RIVER LEVEE CERTIFICATION | 2,940 | - | (2,940) |
| DESIGN &/OR CONSTRUCTION | | | |
| 110M LEVEE PHASE 5&6 DESIGN AND CONSTRUCTION | 2,344,455 | 4,000,000 | 1,655,545 |
| 112A HARP - O & M | 10,000 | 10,000 | - |
| 112B HARP IGA CONTRIBUTION | 50,000 | 50,000 | - |
| 113 CONSTRUCTION LOAN PAYMENT | <u>-</u> | <u>1,400,000</u> | <u>1,400,000</u> |
| TOTAL EXPENDITURES | <u>2,507,094</u> | <u>5,647,050</u> | <u>3,139,956</u> |
| EXCESS (DEFICIENCY) OF REVENUES | \$ 1,673,815 | \$ 59,450 | \$ (1,614,365) |
| OVER EXPENDITURES | | | |

SEE ACCOUNTANTS' COMPILATION REPORT

PUEBLO CONSERVANCY DISTRICT

APRIL 2019 - MAY 2019

| DEPOSITS - VECTRA BANK | | |
|-------------------------------|---|--------------------|
| VENDOR | ITEM | AMOUNT |
| Stifel Nicolaus | Interest Payment | \$ 914.37 |
| Don & Helen Banner | Donation for '21 Flood in '21 Celebration | \$ 1,000.00 |
| | | \$ 1,914.37 |

| DEPOSITS - BANK OF THE SAN JUANS RESERVE ACCOUNT | | |
|---|--|----------------------|
| Pueblo County | Maintenance Fund Assessment | \$ 345,298.95 |
| City of Pueblo | Reimbursement for 2/3's of cost for filling to abandon sewer pipes through levee | \$ 23,258.00 |
| | | \$ 368,556.95 |

| DEBITS - VECTRA CASH CHECKING ACCOUNT | | | | |
|--|------|--------|-------|------|
| VENDOR | ITEM | AMOUNT | CHECK | CODE |
| | | | | |

| DEBITS - BANK OF THE SAN JUANS - OPERATIONS & MAINTENANCE ACCOUNT | | | | |
|--|--|-------------|-------|------|
| VENDOR | ITEM | AMOUNT | CHECK | CODE |
| BHE | Electrical Billing | Pre-paid | | 105 |
| MBDG, PC | Bookkeeping | \$ 475.00 | 2173 | 90A |
| Don Banner - B&B, PC | Attorney Fees | \$ 500.00 | 2163 | 80 |
| Kidd Engineering | Engineer/Admin Fees | \$ 1,700.00 | 2170 | 83 |
| | April 26 and May 9 meetings, and May 16 tour | \$ 1,085.00 | " | 83 |
| | April 22 Catering | \$ 209.00 | " | 96 |
| | Tour van rental and gas | \$ 212.31 | " | 96 |
| Director Bernard | Director Fees | \$ 200.00 | 2164 | 81 |
| Director Cordova | Director Fees | \$ 200.00 | 2172 | 81 |
| Director Koehler | Director Fees | \$ 200.00 | 2166 | 81 |
| Director Maroney | Director Fees | \$ 200.00 | 2167 | 81 |

| | | | | |
|--------------------------------|--|---------------------|------|-----|
| | Mileage - Fountain Creek Committees, XXX mi @\$0.58 | \$ - | " | 103 |
| Director Martin | Director Fees | \$ 200.00 | 2169 | 81 |
| Director O'Hara | Director Fees | \$ 200.00 | 2175 | 81 |
| Director Phillips | Director Fees | \$ 200.00 | 2168 | 81 |
| Director Serna | Director Fees | \$ 200.00 | 2176 | 81 |
| Director Willumstad | Director Fees | \$ 200.00 | 2174 | 81 |
| | | | | |
| Let's Get Graphic | Buiness Card Designs | \$ 65.00 | 2171 | 96 |
| Colorado Vegetation Management | Levee Weed Sterilant | \$ 4,060.00 | 2165 | 105 |
| | | | | |
| | | | | |
| | | | | |
| | TOTAL OPERATING EXPENSES -- FUNDS TO BE TRANSFERRED FROM THE RESERVE ACCOUNT TO THE OPERATING ACCOUNT | \$ 10,106.31 | | |

DEBITS - BANK OF THE SAN JUANS - CONSTUCTION DRAW ACCOUNT

| | | | | |
|-----------------------|---|------------------|-------------|------|
| | | | | |
| Kidd Engineering | ARKANSAS RIVER LEVEE: | | | |
| | APRIL 20 THROUGH MAY 17, 2019 | | | |
| | Phase 5 CA/CO, Construction Meetings, Document Reviews, etc. | \$ 387.50 | | 110A |
| | Phase 6 | \$ - | | 110A |
| | | | | 110A |
| | Kidd Engineering Subtotal | \$ 387.50 | 1247 | |
| | | | | |
| | | | | |
| NorthStar Engineering | ARKANSAS RIVER LEVEE: | | | |
| | APRIL 20 THROUGH MAY 17, 2019 | | | |
| | PHASE 5 | | | |
| | Task I.2 - Prepare Price Quotation and Construction Documents | \$ - | | 110M |
| | Tasks I.3.a, I.3.b, I.4.b, and I.5. - Bid and Construction Administration, Construction Staking, Construction Observation, and Construction Testing | \$ 6,730.00 | | 110M |
| | Reimburseable copies, mileage, etc. | \$ 6.00 | | 110M |
| | | | | |
| | PHASE 6 | | | |
| | Task J.2 - Prepare Price Quotation and Construction Documents | \$ 1,472.50 | | 110M |
| | Reimburseable copies, mileage, etc. | \$ - | | 110M |
| | | | | |
| | Tasks J.3a, J.3b, J.4a, and J.5 - Bid and Construction Administration, Construction Staking, Construction Observation, and Construction Testing | \$ - | | 110M |

| | | | | |
|------------------------------------|--|----------------------|------|------|
| | Reimburseable copies, mileage, etc. | \$ - | | 110M |
| | Maintenance Assessment Support, Consultations, Artwork and Recreational Opportunities, CWCB Loan documents, FEMA Requirments, etc. | \$ 5,540.00 | | 105A |
| | Reimburseable copies, etc. | | | 105A |
| | Maintenance and Artist Location Indexing and Mapping | \$ 3,070.00 | | 110 |
| | NorthStar Subtotal | \$ 16,818.50 | 1248 | |
| K.R. Swerdfeger Construction, Inc. | Phase 5 and 5A PR#5 Inv 19003-05 | \$ 57,977.10 | 1249 | 110M |
| | Phase 5 and 5A PR#6 Inv 19003-06 Project Retainage - Final Payment | \$ 364,181.77 | 1250 | 110M |
| | TOTAL CONSTRUCTION EXPENSES -- FUNDS TO BE TRANSFERRED FROM THE DRAW ACCOUNT | \$ 439,364.87 | | |

| DEBITS - BANK OF THE SAN JUANS LOAN ACCOUNT | | | | |
|--|---------------------------------|------------------------|--|--|
| | | | | |
| Pueblo Conservancy District | Transfer to Draw Account | \$ 439,364.87 | | |
| | | \$ 439,364.87 | | |
| | Previous Draw Amounts | \$ 2,192,701.13 | | |
| | Total Loan Disbursements | \$ 2,632,066.00 | | |

| DEBITS - BANK OF THE SAN JUANS RESERVE ACCOUNT | | | | |
|---|-------------------------------|---------------------|--|--|
| | | | | |
| Pueblo Conservancy District | Transfer to Operating Account | \$ 10,106.31 | | |
| Pueblo Conservancy District | Transfer to Draw Account | \$ - | | |
| | | \$ 10,106.31 | | |