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CHESTER W. MATTOCKS
CERTIFIED PUBLIC ACCOUNTANT

STATE OF NEW MEXICO
ARCH HURLEY CONSERVANCY DISTRICT

ANNUAL FINANCIAL REPORT AND
INDEPENDENT AUDITOR'S REPORT FOR
THE YEAR ENDED DECEMBER 31, 2008

**STATE OF NEW MEXICO
ARCH HURLEY CONSERVANCY DISTRICT**

ANNUAL FINANCIAL REPORT

**FOR THE YEAR ENDED
DECEMBER 31, 2008**

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**STATE OF NEW MEXICO
ARCH HURLEY CONSERVANCY DISTRICT**

ANNUAL FINANCIAL REPORT

**FOR THE YEAR ENDED
DECEMBER 31, 2008**

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**STATE OF NEW MEXICO
ARCH HURLEY CONSERVANCY DISTRICT**

OFFICIAL ROSTER

**AS OF
DECEMBER 31, 2008**

Board of Directors

Larry Perkins	President
Tom Bruhn	Vice-President
U. V. Henson	Secretary / Treasurer
John Gilbertson	Director
Pablo Lopez	Director

Administrative Officials

Franklin McCasland	District Manager
Donna Lafferty	Office Manager

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CHESTER W. MATTOCKS
CERTIFIED PUBLIC ACCOUNTANT

P.O. Box 25941
Albuquerque, New Mexico 87125
(505) 299-5233

INDEPENDENT AUDITOR'S REPORT

Mr. Larry Perkins, President
and
Members of the Board of Directors
Arch Hurley Conservancy District
Tucumcari, New Mexico

and

Mr. Hector H. Balderas
State Auditor
Santa Fe, New Mexico

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Arch Hurley Conservancy District (District) as of and for the year ended December 31, 2008, which collectively comprise the District's basic financial statements, as listed in the Table of Contents. I have also audited the combining and individual fund financial statements of the District presented as supplemental information as of and for the year ended December 31, 2008, as listed in the Table of Contents. These financial statements are the responsibility of the District's management. My responsibility is to express opinions on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements and the individual fund financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinions.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the District at December 31, 2008, and the respective changes in financial position thereof, and the respective budgetary comparison of the General Fund for the year then ended, in conformity with accounting principles generally accepted in the United States of America. Also, in my opinion, the individual fund financial statements referred to in the first paragraph present fairly, in all material respects, the respective financial position of the individual funds of the District as of December 31, 2008, and the respective changes in financial position thereof and the respective budgetary comparisons of the Debt Service Fund, the General Account of the General Fund and the Operations and Maintenance Account of the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, I have also issued my report dated May 28, 2009 on my consideration of the District's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that

report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of my audit.

The District has not presented the Management's Discussion and Analysis for the year ended December 31, 2008 which is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board.

My audit was made for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements and on the combining and individual fund financial statements and budgetary comparisons. The accompanying financial information listed as Additional Information - Supporting Schedule in the Table of Contents is presented for purposes of additional analysis and is not a required part of the basic financial statements and the combining and individual fund financial statements of the District. Such additional information has been subjected to the auditing procedures applied in the audit of the basic financial statements and individual fund financial statements and, in my opinion, is fairly stated in all material respects, in relation to the basic financial statements and the financial statements of each of the respective individual funds taken as a whole.

Handwritten signature of Chester W. Matthews, CPA in black ink.

May 28, 2009

**STATE OF NEW MEXICO
ARCH HURLEY CONSERVANCY DISTRICT**

**STATEMENT OF NET ASSETS
AS OF DECEMBER 31, 2008**

	<u>Governmental Activities</u>
<u>ASSETS</u>	
Current assets:	
Cash	\$ 1,378,340
Assessments receivable	54,685
Property taxes receivable-net	133,923
Accrued interest receivable	6,833
Accounts receivable	1,972
Inventory	13,280
Total current assets	<u>1,589,033</u>
Capital assets:	
Capital assets	1,048,585
Less: Accumulated depreciation	<u>(678,581)</u>
Net capital assets	<u>370,004</u>
Total assets	<u>1,959,037</u>
<u>LIABILITIES</u>	
Current liabilities:	
Accounts payable	5,848
Accrued payroll and taxes	11,829
Compensated absences payable, current portion	11,719
Construction obligation to the United States of America – current portion	19,057
Advance collections of water rentals, assessments and ad valorem taxes	<u>15,950</u>
Total current liabilities	<u>64,403</u>
Noncurrent liabilities:	
Construction obligation to the United States of America, net of current portion	1,188,367
Security and uniform deposits	5,700
Incremental land value credits	<u>202,753</u>
Total noncurrent liabilities	<u>1,396,820</u>
Total liabilities	<u>1,461,223</u>
<u>NET ASSETS</u>	
Invested in capital assets	370,004
Restricted for:	
Debt service	86,981
Unrestricted	<u>40,829</u>
Total net assets	<u>\$ 497,814</u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
ARCH HURLEY CONSERVANCY DISTRICT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2008

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expenses) Revenue and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
EXPENSES:				
Governmental activities:				
General government	\$ (17,346)			\$ (17,346)
Operations and maintenance	<u>(1,101,253)</u>	<u>\$ 109,118</u>		<u>\$ (980,755)</u>
Total governmental activities	<u>\$ (1,118,599)</u>	<u>\$ 109,118</u>	<u>\$ -0-</u>	<u>\$ (998,101)</u>
General revenues:				
Ad valorem taxes				261,008
Assessments				413,189
Interest				45,989
Other				<u>1,376</u>
Total general revenues and special item				<u>721,562</u>
Change in net assets				(276,539)
Net assets - beginning of year				<u>774,353</u>
Net assets - end of year				<u>\$ 497,814</u>

The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO
ARCH HURLEY CONSERVANCY DISTRICT**

**BALANCE SHEET - GOVERNMENTAL FUNDS
AS OF DECEMBER 31, 2008**

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>			
Cash	\$ 1,100,365	\$ 277,975	\$ 1,378,340
Assessments receivable	51,536	3,149	54,685
Property taxes receivable	124,872	9,051	133,923
Accrued interest receivable	5,287	1,546	6,833
Accounts receivable	1,972	-0-	1,972
Inventory	13,280	-0-	13,280
	<u>1,297,312</u>	<u>291,721</u>	<u>1,589,033</u>
Total assets	<u>\$ 1,297,312</u>	<u>\$ 291,721</u>	<u>\$ 1,589,033</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 5,848	\$ -0-	\$ 5,848
Accrued payroll and taxes	11,829	-0-	11,829
Advance collections of water rentals and assessments	15,538	412	15,950
Deferred property tax revenue	24,553	1,575	26,128
Security/uniform deposits	5,700	-0-	5,700
Incremental land value credits	-0-	202,753	202,753
	<u>63,468</u>	<u>204,740</u>	<u>268,208</u>
Total liabilities	<u>63,468</u>	<u>204,740</u>	<u>268,208</u>
Fund balances:			
Reserved for:			
Petty cash	200	-0-	200
Debt service	-0-	79,844	79,844
Inventory	13,280	-0-	13,280
Unreserved:			
Undesignated	1,125,542	-0-	1,125,542
Designated for Subsequent Year's Budget -Ad Valorem Taxes	94,822	7,137	101,959
	<u>1,233,844</u>	<u>86,981</u>	<u>1,320,825</u>
Total fund balances	<u>1,233,844</u>	<u>86,981</u>	<u>1,320,825</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,297,312</u>	<u>\$ 291,721</u>	<u>\$ 1,589,033</u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
ARCH HURLEY CONSERVANCY DISTRICT

**RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS -
TO THE STATEMENT OF NET ASSETS - GOVERNMENTAL ACTIVITIES
AS OF DECEMBER 31, 2008**

Total fund balances – Governmental Funds (Balance Sheet – Governmental Funds)	\$	1,320,825
Amounts reported for governmental activities in the Statement of Net Assets are different at December 31, 2008 because:		
Delinquent property taxes receivable are not considered available financial resources and therefore are reported as deferred revenue in the fund financial statements		
		26,128
Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund. These assets consist of:		
Total capital assets	\$	1,048,585
Less accumulated depreciation		<u>(678,581)</u>
Net capital assets		370,004
Some liabilities are not due and payable in the current period and therefore are not reported in the fund financial statements:		
Compensated absences payable		(11,719)
Construction obligation to the United States of America		(1,207,424)
		<hr/>
Net assets of governmental activities (Statement of Net Assets)	\$	<u>497,814</u>

The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO
ARCH HURLEY CONSERVANCY DISTRICT**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES			
Taxes:			
Ad valorem	\$ 245,185	\$ 17,334	\$ 262,519
Assessments	375,589	37,600	413,189
Charges for services:			
NM Parks and Big Mesa water sales	4,304		4,304
Custom work	4,255		4,255
Water delivery charges	100,559		100,559
Interest	37,927	8,062	45,989
State grant	11,380		11,380
Other	1,376		1,376
Total revenues	<u>780,575</u>	<u>62,996</u>	<u>843,571</u>
EXPENDITURES			
Current:			
General government	15,845		15,845
Operations and maintenance	979,128		979,128
Capital outlay	-0-		-0-
Debt service:			
Additional payment on principal		2,163	2,163
Annual contract payment		58,255	58,255
Total expenditures	<u>994,973</u>	<u>60,418</u>	<u>1,055,391</u>
Net change in fund balances	(214,398)	2,578	(211,820)
Fund balances – beginning	<u>1,448,242</u>	<u>84,403</u>	<u>1,532,645</u>
Fund balances – ending	<u>\$ 1,233,844</u>	<u>\$ 86,981</u>	<u>\$ 1,320,825</u>

The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO
ARCH HURLEY CONSERVANCY DISTRICT**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS - TO THE STATEMENT OF ACTIVITIES -
GOVERNMENTAL ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2008**

Net change in fund balances (Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds)	\$ (211,820)
Amounts reported for governmental activities in the Statement of Activities are different for the year ended December 31, 2008 because:	
In the governmental funds, payments of long-term debt are reported as expenditures.	23,865
In the Statement of Activities, certain operating expenses – compensated absences payable and accrued interest payable are measured by the amounts incurred during the year. In the Governmental Funds, however, expenditures are measured by the amount of financial resources used (essentially the amounts actually paid). The (increases) decreases in the liabilities for the year were:	
Compensated absences payable	7,086
Delinquent property taxes receivable, net of allowance for doubtful accounts, are not available financial resources and therefore are reported as deferred revenues in the fund financial statements.	
The increase (decrease) in the deferred revenue for the year was:	(1,511)
The governmental funds reports capital outlays as expenditures. However, in the Statement of Net Assets, the cost of capital assets is allocated over their estimated useful lives and reported as depreciation expense. In the current year, these amounts were:	
Capital outlay expenditures which were capitalized.	\$ -0-
Depreciation	<u>(94,159)</u>
Excess (deficit) of capital outlay over depreciation	(94,159)
Change in net assets of governmental activities (Statement of Activities)	<u>\$ (276,539)</u>

The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO
ARCH HURLEY CONSERVANCY DISTRICT**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
Taxes:				
Ad valorem	\$ 231,488	\$ 231,488	\$ 228,410	\$ (3,078)
Assessments	375,640	375,640	369,600	(6,040)
Charges for services:				
NM Parks and Big Mesa water sales	5,000	5,000	4,304	(696)
Water delivery charges	200,000	200,000	106,238	(93,762)
Custom work	5,000	5,000	4,255	(745)
Other:				
Interest income	30,000	30,000	50,152	20,152
State grant	50,000	50,000	50,000	-0-
Miscellaneous	20,500	20,500	1,376	(19,124)
Total Revenues	<u>917,628</u>	<u>917,628</u>	<u>814,335</u>	<u>(103,293)</u>
EXPENDITURES:				
Current:				
General:				
Office supplies	6,100	6,100	6,930	(830)
Office equipment and repairs	5,000	5,000	4,745	255
Election expense	-0-	-0-	-0-	-0-
Board fees	2,400	2,400	2,280	120
Dues and subscriptions	2,100	2,100	1,644	456
Sponsorship	400	400	150	250
Operations and maintenance:				
Salaries	450,000	450,000	433,463	16,537
Professional services	40,000	40,000	75,416	(35,416)
Unemployment insurance	2,000	2,000	-0-	2,000
Shop supplies	15,000	15,000	24,035	(9,035)
Repairs to building	15,000	15,000	24,294	(9,294)
Light vehicle operation and maintenance	75,000	75,000	65,760	9,240
Heavy vehicle operation and maint.	90,000	90,000	87,573	2,427
Maintenance of Irrigation system	20,000	20,000	29,760	(9,760)
Utilities	50,000	50,000	50,074	(74)
Contributions – employee retirement	41,000	41,000	35,699	5,301
Payroll taxes	35,000	35,000	32,809	2,191
Liability / property loss insurance	70,000	70,000	61,244	8,756

**STATE OF NEW MEXICO
ARCH HURLEY CONSERVANCY DISTRICT**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - GENERAL FUND (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Workmen's compensation insurance	40,000	40,000	30,875	9,125
Custom work	5,000	5,000	3,100	1,900
Safety equipment	3,000	3,000	3,654	(654)
Chemical control	15,000	15,000	15,604	(604)
Miscellaneous expense	500	500	516	(16)
NM Legislative grants	50,000	50,000	11,380	38,620
Full cost water - Due B.O.R.	20,000	20,000	7,748	12,252
Irrigation measuring devices	6,000	6,000	-0-	6,000
Water sales due United States	5,000	5,000	3,420	1,580
Total expenditures	<u>1,063,500</u>	<u>1,063,500</u>	<u>1,012,173</u>	<u>51,327</u>
Excess (deficiency) revenues over expenditures	(145,872)	(145,872)	<u>\$ (197,838)</u>	<u>\$ (51,966)</u>
Prior year cash balance required to balance budget	<u>\$ 145,872</u>	<u>\$ 145,872</u>		

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
ARCH HURLEY CONSERVANCY DISTRICT

STATEMENT OF FIDUCIARY NET ASSETS – PRIVATE PURPOSE TRUST
AS OF DECEMBER 31, 2008

ASSETS

Cash and short-term investments	\$	62,939
Due from Landowners		<u>230,931</u>
Total assets	\$	<u>293,870</u>

LIABILITIES AND NET ASSETS

Liabilities:

Interstate Stream Commission unmatured installments	\$	<u>155,552</u>
Total liabilities		155,552

Net assets		<u>138,318</u>
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Total net assets and liabilities	\$	<u>293,870</u>
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The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
ARCH HURLEY CONSERVANCY DISTRICT

STATEMENT OF CHANGES IN NET ASSETS --
PRIVATE PURPOSE TRUST
FOR THE YEAR ENDED DECEMBER 31, 2008

ADDITIONS

Interest - ISC loans	\$	8,567
Interest - ISC loans due AHCD		<u>5,060</u>
Total additions		<u>13,627</u>

DEDUCTIONS

Interest expense		<u>4,536</u>
Total deductions		<u>4,536</u>

Net increase		9,091
Net assets - beginning of the year		<u>129,227</u>
Net assets - end of the year	\$	<u>138,318</u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
ARCH HURLEY CONSERVANCY DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2008

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Function and Definition of Entity

The State of New Mexico Arch Hurley Conservancy District (District) was established on July 28, 1937, as provided by law. The District maintains irrigation canals ditches and laterals for the purpose of providing irrigation water to landowners in the District.

The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the entity's financial statements to be misleading or incomplete.

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either is able to impose its will on that organization or there is potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization. A financial benefit or burden relationship exists if the primary government (a) is entitled to the organization's resources; (b) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization; or (c) is obligated in some manner for the debt of the organization.

Some organizations are included as component units because of their fiscal dependency on the primary government. An organization is fiscally dependent on the primary government if it's unable to adopt its budget, levy taxes or set rates or charges, or issue bonded debt without approval by the primary government.

There were no component units of the District during the year ended December 31, 2008.

The financial statements for the District have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. The GASB periodically updates its codification of the existing pronouncements of the Governmental Accounting and Standards Board (GASB) which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. More significant of these accounting policies are described below.

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement #34 "Basic Financial Statements and Management Discussion and Analysis for State and Local Governments." This Statement provided for the most significant change in financial reporting in over twenty years and has been implemented based on the size of the government entity. The District has also adapted the related GASB Statements #37 and #38, which affect GASB #34. The

Board implemented the provisions of GASB #34 effective January 1, 2004. As a part of this Statement, there is a new reporting requirement regarding the government's infrastructure (road, bridges, etc.). The District does not own any infrastructure assets and therefore is not affected by this requirement.

B. Basic Financial Statements - GASB Statement #34

The basic financial statements include both government-wide (based on the District as a whole) and fund financial statements. The new reporting model focus is on either the District as a whole or major individual funds (within the fund financial statements). Both the government-wide and fund financial statements (within the basic financial statements) categorize primary activities as either governmental or business type activities. In the government-wide Statement of Net Assets, both the governmental and business-type activities columns are presented on a consolidated basis by column, and are reflected on a full accrual, economic resources basis, which incorporates long-term assets and receivables as well as long-term debt and obligations. Fiduciary funds and component units that are fiduciary in nature are not included in the government-wide financial statements.

Pronouncements of the Financial Accounting Standards Board issued after November 30, 1989 are applicable to any business-type activity of the District. However, the District has no business-type activities.

The government-wide Statement of Activities reflects both the gross and net cost per functional category which are otherwise being supported by general government revenues. The Statement of Activities reduces gross expenses (including depreciation) by related program revenues. The program revenues must be directly associated with the function. Charges for services and operating and capital grants and contributions are considered program revenues. Grant revenues are recognized when the eligibility requirements are met unless the grant is on a reimbursement basis then the revenue is recognized when the expenditures are made. This year's state grant is on a reimbursement basis. The District includes two functions: General Government and Operations and Maintenance.

The net cost (by function) is normally covered by general revenues (taxes, intergovernmental revenues, investment, etc.). Historically, the previous mode did not summarize or present net cost by function or activity. The District does not currently employ indirect cost allocation systems. The District's policy for when an expense is incurred for purposes for which both restricted and unrestricted net assets are available is to utilize the restricted net assets first. No such expenses occurred during the year ended December 31, 2008.

This government-wide focus is more on the sustainability of the District as an entity and the change in aggregate financial position resulting from the activities of the current fiscal period.

Program revenues included in the Statement of Activities derive directly for the program itself or from parties outside the District's taxpayer or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the District's general revenues. Program revenues include water usage charges to users who purchase and use the water provided by the District. The District also received a capital grant which was used to purchase maintenance equipment.

The fund financial statements are similar to the financial statements presented in the previous accounting model. Emphasis here is on the major funds in either the governmental or business-type categories. Non-major funds (by category) or fund type are summarized into a single column. The General Fund and the Debt Service Fund have been classified as major funds. There were no nonmajor funds.

The governmental fund statements are presented on a current financial resource measurement focus and modified accrual basis of accounting. This presentation is deemed appropriate to (a) demonstrate legal compliance, (b) demonstrate the source and use of liquid resources, and (c) demonstrate how the District's actual experience conforms to the budget or fiscal plan. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental column, a reconciliation is presented on the page following each statement, which briefly explains the adjustments necessary to transform the fund based financial statements into the governmental activities column on the governmental-wide presentation.

Internal activity between the various funds is eliminated in the government-wide financial statements. There were no interfund receivables or payables at December 31, 2008, which needed to be eliminated, and there was no internal activity during the year ended December 31, 2008, which needed to be eliminated.

The District's fiduciary fund (private purpose trust) is presented in the fund financial statements. Since by definition the assets of this fund are being held for the benefit of a third party and cannot be used to address activities or obligations of the government, this fund is not incorporated into the government-wide statements.

C. Basis of Presentation

The financial transactions of the District are maintained on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, expenditures or expenses and other financing sources or uses. Government resources are allocated to, and accounted for, in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The various funds are summarized by type in the accompanying financial statements. The various funds are reported by generic classification within the financial statements.

The new reporting model, GASB Statement 34, sets forth minimum criteria for the determination of major funds based on a percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or governmental and enterprise combined. Due to the fund structure of the District, all funds have been classified as major funds.

Governmental Fund Types

The focus of Governmental Fund measurement (in the fund Financial Statements) is based upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the Governmental Funds of the District.

General Fund

The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

Debt Service Fund

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of general long-term principal, interest, and related costs.

Agency Funds

Fiduciary funds account for assets held by the government in a trustee capacity or as an agent on behalf of outside parties, including other governments, or on behalf of other funds within the District.

Private Purpose Trust Fund – Trust arrangement under which principal and income benefits individuals, private organizations, or other governments, and accounts for assets held by the District as an agent for the Interstate Stream Commission (ISC.) The accounting reflects the District’s agency relationship with the ISC. (Note 14)

Non-Current Governmental Assets/Liabilities

GASB Statement #34 eliminated the presentation of Account Groups, but provides for these records to be maintained and incorporates the information into the governmental activities column in the government-wide Statement of Net Assets.

D. Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditure/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made, regardless of the measurement focus applied.

The Government-wide Financial Statements measure and report all assets, liabilities, revenues, expenses, gains and losses using the economic resources measurement focus and the accrual basis of accounting, and the Fiduciary Fund Financial Statements are presented on an accrual basis of accounting. The Governmental Funds in the Fund Financial Statement are presented on a modified accrual basis.

Modified Accrual - All governmental funds are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. “Available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, and the District uses sixty days after year end as the period in which they have to be received. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general long-term debt is recognized when due. In applying the “susceptible to accrual” concept to intergovernmental revenues pursuant to GASB Statement #33, the provider should recognize liabilities and expenses and the recipient should recognize receivables and revenues when the applicable eligibility requirements including time requirements, are met. Resources transmitted before the eligibility requirements are met, under most circumstances, should be reported as advances by the provider and deferred revenue by the recipient.

E. Budgetary Accounting

Formal budgetary integration is employed as a management control device during the year.

Budgets for the General and Debt Service funds are adopted on a basis inconsistent with generally accepted accounting principles (GAAP). These budgets are prepared using the cash basis of accounting. Budgetary comparisons for the various funds in this report are on the non-GAAP budgetary basis.

The District follows the following procedures in establishing data reflected in the financial statements:

1. The District Manager submits to the District's Board of Directors, in May, a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
2. The Board of Directors tentatively approves the proposed budget during the June meeting.
3. The budget is then submitted to the New Mexico Department of Finance and Administration (DFA) for approval.
4. The District's Board of Directors formally adopts the budget during the September meeting.
5. The budget may be amended by line item (object) transfers within a series (activity) by action of the Board. Transfers between funds require approval by DFA.
6. Formal budgetary integration is employed as a management control device during the year for the General Funds and Debt Service Fund.
7. Budget appropriations lapse at the end of the fiscal year unless encumbered.
8. Expenditures of the statutory funds (e.g., general and operation and maintenance) may not legally exceed appropriations for each budget. The level of budgetary control is by fund total.

The original budget, approved by the District's Board and the Local Government Division, may be subsequently amended if approved by the District's Board and the Local Government Division. Actual expenditures for each budget may not legally exceed the appropriations in total, including budgeted beginning cash balances. The District's budget for the fiscal year ended December 31, 2008, was properly approved by the District's Board and by the Local Government Division. It was subsequently properly amended.

F. Inventory

Inventory in governmental funds consists of expendable supplies held for consumption stated on a first-in, first-out basis. It is reported at cost, which is recorded as an expenditure at the time individual inventory items are used.

G. Capital Assets

Property, plant and equipment purchased or acquired, including software, is carried at historical cost or estimated historical cost. The District does not develop its own software, but if it did, the developed software would be capitalized and depreciated the same as purchased software. Contributed assets are recorded at the fair market values as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. The District's capitalization policy, i.e., the dollar value above which asset acquisitions are added to the capital accounts, is \$5,000. However, all capital outlay purchases may not necessarily be capitalized.

The District does not capitalize interest in regards to any of its capital assets. Depreciation on all non-infrastructure depreciable assets is provided on the straight-line basis over the estimated useful lives with no salvage value. The following estimated useful lives are based upon management's estimates:

Equipment

8 to 15 years

The District has no infrastructure assets. All canals are owned by the Federal government.

H. **Compensated Absences**

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported in the government-wide statement of net assets.

I. **Net Assets**

The government-wide financial statements utilize a net asset presentation. Net Assets are categorized as invested in fixed assets (net of related debt), restricted and unrestricted.

Invested in Capital Assets - is intended to reflect the portion of net assets which are associated with non-liquid, capital assets less outstanding capital asset related debt. The District had no related debt during the year ended December 31, 2008.

Restricted Net Assets - are liquid assets (generated from revenues and not bond proceeds), which have third-party (statutory, bond covenant or granting agency) limitations on their use such as being used only for debt service. The restricted net assets in this case are for debt service and per external restrictions, are only for debt service.

Unrestricted Net Assets - represent the net assets of the District which are not restricted.

J. **Reservations and Designations of Fund Balances**

Reservations of fund balances in the Governmental funds are created to either (1) satisfy legal covenants that require that a portion of the fund balance be segregated or (2) identify the portion of the fund balance that is not appropriated for future expenditures. Specific reservations of fund balance accounts are summarized below:

Reserved for Debt Service - This reserve represents funds which are restricted to use for debt service.

Reserved for Petty Cash - This reserve represents the portion of fund balance that is used in petty cash.

Reserved for Inventory - This reserve represents the portion of fund balance represented by inventory.

Unrestricted fund balances consist of fund balances that have not been reserved. Designations are made by the Board of Directors to indicate that unrestricted fund balances are not available for general operations. Designations may be removed or modified by the Board of Directors.

Designated for Subsequent Year's Budget- Ad Valorem Taxes – These are ad valorem taxes collected in advance and which are to be used for next year's budget.

K. Revenues and Expenditures

Delinquent property taxes are accrued in the fund financial statements. If they are actually not received within sixty days of year-end they are also recorded as deferred revenue in the fund financial statements. Expenditures are recognized when the related fund liability is incurred.

L. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

2. CASH AND INVESTMENTS

A. Summary of Cash

The District is authorized under the provision of Chapter 6, Article 10, paragraph 10, NMSA 1978, to deposit its money in banks, savings and loan association and/or credit unions whose accounts are insured by an agency of the United States.

The following schedule shows the reconciliation between the amounts reflected by the District's financial institutions and the amounts reflected in the financial statements under the caption "Cash".

	<u>Bank Statement Balance 12/31/08</u>	<u>Outstanding Deposits</u>	<u>Outstanding Checks</u>	<u>Book Balance 12/31/08</u>
Time Deposits:				
Certificates of Deposit:				
The First National Bank of New Mexico – Tucumcari NM Branch				
Arch Hurley Conservancy District	\$ 875,000	\$ -0-	\$ -0-	\$ 875,000
Tucumcari Federal Savings and Loan Association – Tucumcari NM				
Arch Hurley Conservancy District	100,000	-0-	-0-	100,000
Everyone's Federal Credit Union – Tucumcari NM				
Arch Hurley Conservancy District	100,000	-0-	-0-	100,000
Wells Fargo Bank, N.A. --Tucumcari NM				
Arch Hurley Conservancy District	<u>100,000</u>	<u>-0-</u>	<u>-0-</u>	<u>100,000</u>
Total time deposits	<u>1,175,000</u>	<u>-0-</u>	<u>-0-</u>	<u>1,175,000</u>
Demand Deposits:				
Checking:				
The First National Bank of New Mexico –Tucumcari NM Branch				
Arch Hurley Conservancy District				
General Fund and Debt Service Fund	213,052	-0-	(9,912)	203,140
Trust – ISC	<u>62,939</u>	<u>-0-</u>	<u>-0-</u>	<u>62,939</u>
Total The FNB of NM	<u>275,991</u>	<u>-0-</u>	<u>(9,912)</u>	<u>266,079</u>

Cash on Hand:				
General Fund – O & M	200	-0-	-0-	200
	<u>1,451,191</u>	<u>-0-</u>	<u>(9,912)</u>	<u>1,441,279</u>
Total	\$	\$	\$	\$
Cash balances:				
Governmental Activities - Statement of Net Assets				\$ 1,378,340
Private Purpose Trust - Statement of Fiduciary Net Assets				<u>62,939</u>
Total cash				<u>\$ 1,441,279</u>

B. Investments

All money not immediately necessary for the public uses of the District may be invested in:

1. Bonds or negotiable securities of the United States, the state or any county, municipality or school district which has a taxable valuation of real property for the last preceding year of at least one million dollars (\$1,000,000) and has not defaulted in the payment of any interest or sinking fund obligation or failed to meet any bonds at maturity at any time within five years last preceding; or
2. Securities that are issued by the United States government or by its agencies or instrumentalities and that are either direct obligations of the United States or are backed by the full faith and credit of the United States government or agencies guaranteed by the United States government.
3. Contracts with banks, savings and loan associations or credit unions for the present purchase and resale at a specified time in the future of specific securities at specified prices at a price differential representing the interest income to be earned by the investor. The contract shall be shown on the books of the financial institution as being the property of the investor and the designation shall be contemporaneous with the investment. The contract shall be fully secured by obligations of the United States having a market value of at least one hundred two percent of the contract. The collateral required for investment in the contracts provided for in this subsection shall be shown on the books of the financial institution as being the property of the investor and the designation shall be contemporaneous with investment.

The only investments of the District for the year ended December 31, 2008 were in bank certificates of deposit. These are considered to be the same as cash.

C. Pledged Collateral Requirement

New Mexico statutes provide that deposits of public monies in financial institutions must be secured by pledged collateral in an aggregate value equal to one-half of the amount of the public monies deposited after deducting the amount of Federal Deposit Insurance Corporation (FDIC) insurance coverage for each financial institution. The District has decided to require pledged collateral in an aggregate value equal to all of the amount of the public monies deposited after deducting the amount of FDIC insurance coverage for each financial institution. A schedule detailing the collateral pledged to the District's deposits is located in the back of this report.

D. Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's policy regarding custodial credit risk is to comply with its Resolution described earlier and with Section 6-10-17, NMSA (1978 Comp). As of December 31, 2008, all of the District's deposits were either insured or fully collateralized with collateral held in the District's name at December 31, 2008.

3. RECEIVABLES

The following are the receivables outstanding at December 31, 2008:

	<u>General</u>	<u>Debt Service</u>	<u>Total</u>
Receivables:			
Assessments	\$ 51,536	\$ 3,149	\$ 54,685
Property taxes	124,872	9,051	133,923
Accrued interest	5,287	1,546	6,833
Accounts receivable	<u>1,972</u>	<u>-0-</u>	<u>1,972</u>
Total receivables	<u>\$ 183,667</u>	<u>\$ 13,746</u>	<u>\$ 197,413</u>

Property taxes receivable arise from tax levies which have been levied and which are to be collected by the Quay County Treasurer. Of the property taxes noted above, \$100,319 in the General Fund and \$7,476 in the Debt Service Fund are considered available financial resources and considered fully collectible. Delinquent property taxes of \$26,128 have been recorded in the government-wide financial statements, which includes receivables for all noncollected levied taxes, net of an estimated allowance for doubtful accounts of \$1,349. Delinquent property taxes do not represent measurable available resources so they are considered to be deferred revenue in the fund financial statements.

4. CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets follows:

	<u>Beginning Balance December 31, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance December 31, 2008</u>
Governmental Activities				
Capital assets not being depreciated:				
Tucumcari lake	\$ 15,004			\$ 15,004
Dry lake	<u>20,000</u>			<u>20,000</u>
Total capital assets not being depreciated	<u>35,004</u>			<u>35,004</u>
Other capital assets--				
Equipment	<u>1,013,581</u>			<u>1,013,581</u>
Total capital assets at historical cost	<u>1,048,585</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>1,048,585</u>
Less accumulated depreciation--				
Equipment	<u>(584,422)</u>	<u>(94,159)</u>	<u>-0-</u>	<u>(678,581)</u>
Total accumulated depreciation	<u>(584,422)</u>	<u>(94,159)</u>	<u>-0-</u>	<u>(678,581)</u>
Capital assets, net	<u>\$ 464,163</u>	<u>\$ (94,159)</u>	<u>\$ -0-</u>	<u>\$ 370,004</u>

For the year ended December 31, 2008, depreciation expense of \$94,159 was charged to the governmental activities of the District as follows:

General government	\$	1,501
Operations and maintenance		<u>92,658</u>
Total	\$	<u>94,159</u>

5. LONG-TERM LIABILITIES

A. Changes in Long-Term Liabilities

During the year ended December 31, 2008, the following changes occurred in the liabilities reported in the government-wide Statement of Net Assets:

	Balance December 31, 2007	Additions	Deletions	Balance December 31, 2008
Construction obligation	\$ 1,231,289		\$ (23,865)	\$ 1,207,424
Compensated absences payable	18,805	\$ 14,875	(21,961)	11,719
Total	<u>\$ 1,250,094</u>	<u>\$ 14,875</u>	<u>\$ (45,826)</u>	<u>\$ 1,219,143</u>

	Due Within One Year	Amounts considered Long-Term
Construction obligation	\$ 19,057	\$ 1,188,367
Compensated absences payable	11,719	-0-
Total	<u>\$ 30,776</u>	<u>\$ 1,188,367</u>

B. Construction Obligation

The original Construction Obligation is contained in Contract No. 14-06-500-359 between the United States of America and Arch Hurley Conservancy District, dated December 27, 1938, and amended August 20, 1953 and September 30, 1958.

The repayment terms of the original construction obligation are determined by an annual variable repayment formula. The formula relates to the national agricultural parity ratio and the value of the District's gross crop income of the proceeding year to determine the annual installment.

The debt bears no rate of interest. Because of the variable nature of the repayment terms mentioned above, there appeared to be no definitive way to compute the net present value of the note in prior years. However, by letter dated March 28, 2006, the Bureau of Reclamation acknowledged the existence of a minimum payment provision which had previously been ignored. The minimum

payment amount is \$58,255 per year, beginning in calendar year 2007. The payment amount for calendar year 2008 which was paid in 2008 was \$60,418 plus an incremental revenue credit amount of \$3,420 for a total paid of \$63,838. Of the \$63,838, \$23,865 was the principal payment.

An interest rate of 3.0% has been imputed to this note. The debt service requirements are as follows:

Year ending December 31	Principal	Interest	Total
2009	\$ 19,057	\$ 39,198	\$ 58,255
2010	19,676	38,579	58,255
2011	20,315	37,940	58,255
2012	20,974	37,281	58,255
2013	21,655	36,600	58,255
Subtotal	<u>101,677</u>	<u>189,598</u>	<u>291,275</u>
2014-2018	119,288	171,987	291,275
2019-2023	139,949	151,326	291,275
2024-2028	164,189	127,086	291,275
2029-2033	192,628	98,647	291,275
2034-2038	225,993	65,282	291,275
2039-2043	263,700	26,137	289,837
Subtotal	<u>1,105,747</u>	<u>640,465</u>	<u>1,746,212</u>
Total	<u>\$ 1,207,424</u>	<u>\$ 830,063</u>	<u>\$ 2,037,487</u>

An Act of Congress permits deferral of the annual installment of the construction obligation if the Secretary of the Interior determines that payment would place an undue burden on the water users.

The construction obligation is a general obligation of the District as a whole and is secured by an annual assessment of all taxable property of the District.

C. Compensated Absences

The General Fund has been used to liquidate the liability for compensated absences in the past, and it is expected to continue to do so in the future.

Accrued sick leave is not paid upon resignation or termination of an employee; however at the end of each calendar year an employee can sell back to the District any hours in excess of ninety-six hours, up to a maximum of ninety-six hours at one-half the hourly rate.

In the event that available vacation is not used by the end of the benefit year, employees may carry unused time forward to the next benefit year. If the total amount of unused vacation time reaches a "cap" equal to two times the annual vacation amount, further vacation accrual will stop. When the employee uses paid vacation time and brings the available amount below the cap, vacation accrual will begin again.

The amount of paid vacation time employees receive each year increases with the length of their employment as shown in the following schedule.

1. Following the "Introductory Period", the employee is entitled to 10 vacation days each year, accrued biweekly at the rate of 0.385 days.

2. After 7 years of eligible service, the employee is entitled to 15 vacation days each year, accrued biweekly at the rate of 0.577 days.
3. After 14 years of eligible service, the employee is entitled to 20 vacation days each year, accrued biweekly at the rate of 0.769 days.
4. After 21 years of eligible service, the employee is entitled to 25 vacation days each year, accrued biweekly at the rate of 0.962 days.

6. ASSESSMENTS AND AD VALOREM TAXES

A. Assessments

Lands within the Conservancy District boundaries are statutorily classified into irrigatable lands (Class "A" property) and all other lands (Class "B" property). These lands are assessed annually as provided by law to provide the District with funds for operation and maintenance of the irrigation and drainage system, administrative expenses and the requirements for debt reduction as determined by the Board. The assessment in the Operations and Maintenance Fund may not be less than one-fourth or more than three-fourths of the operating and maintenance costs. The balance of the costs may come from tolls and charges for the use of water or from other sources. Assessments levied on Class A lands attaches as an enforceable lien on the property and must be paid in accordance with the Board's policy. The assessment for 2008 was \$10.00 per acre, levied on 41,319.44 acres. The District collects assessments.

The allocation or apportionment of the assessment between Class "A" and "B" lands is provided by statute. The Conservancy Board of Directors, subject to the approval of the Secretary of the Interior and confirmation by the Conservancy Court, adopts a resolution establishing the apportionment between the Class "A" and "B" lands. The apportionment may be modified in a like manner, but not more often than once every five years.

Pursuant to Board Policy, after each landowner of Class "A" property pays the assessment, the landowner is allowed to purchase the amount of water per acre allocated by the Board, as water is available from the District. Proceeds from water tolls and charge are used to operate and maintain the District's irrigation system.

B. Ad Valorem Taxes

Ad valorem taxes are levied on all Class "B" lands within the District and attach as an enforceable lien as of January 1; however, the taxes may be paid in two installments (1/2 of total each) prior to December 10 and May 10 of the following year. For 2008, the levy amounted to 4.201 mils. These taxes are collected by the County Treasurer and remitted to the District.

7. ADVANCE COLLECTIONS OF WATER RENTALS AND ASSESSMENTS

The District collects water charges in advance, and then recognizes the revenue when the water is delivered. The District collects assessments in advance of the due date and defers these until recognized.

The balances in these three accounts are as follows:

Advance collection of water charges	\$	11,450
Advance collection of assessments		4,340
Other		160
		<hr/>
	\$	15,950
		<hr/>

8. INCREMENTAL LAND VALUE CREDITS

Prior to repeal by the U.S. Congress in 1955, the U.S. Bureau of Reclamation collected certain amounts upon the sale of irrigated lands located in the District, pursuant to certain contracts executed with the landowners and the District. The amounts are held by the U.S. Bureau of Reclamation and applied against the construction obligation in inverse order of the due date of the annual installments on the obligation.

The District recognized credit applied on the construction obligations by the Bureau from the advance collections as a reduction in the annual assessment, to the extent of the assessment assessed by the Board of Directors for the year. Credits applied to the construction obligation in excess of the annual assessment to the property owner are recorded in an account entitled "Distributed incremental land value credits - unapplied on assessment rolls".

9. PUBLIC EMPLOYEES' RETIREMENT PLAN

Substantially all of the Arch Hurley Conservancy Districts full-time employees participate in a defined benefit contributory retirement plan through Public Employees' Retirement Act (PERA) of the State of New Mexico, a cost-sharing multiple employer, public employee retirement system. Information pertaining to the actuarially computed present value of vest accumulated plan benefits and nonvested accumulated plan benefits, the plan's net assets available for benefits and the assumed rate of return used in computing the present value, and ten-year historical trend information presenting PERA's progress in accumulating sufficient assets to pay benefits when due is not available by individual government agencies participating in the plan. Actuarial pension data for the State of the New Mexico as employer, is provide at the statewide level is a separately issued audit report of the PERA. That report may be obtained by writing to PERA, P.O. Box 2123, Santa Fe, NM 87504-2123.

Retirement Eligibility

The District's employees participate in "Plan 3". Under this plan, retirees receive a monthly benefit of 3.0% of their final average salary per year of service credit with a maximum pension payable of 80% of final average salary after 26 years 8 months of service. A member may retire with as few as 25 years of service with the resulting pension being 75% of final average salary.

If a member's employment is terminated before the member is eligible for any other benefits and under PERA, the member may receive a refund of the member's contribution and interest accrued based on rates established biannually by the retirement board.

Funding Policy

Under "Plan 3" covered employees are required by State Statute to contribute 13.15 percent of their gross salary. The District is required by State Statute to contribute 9.15 percent of covered employees gross salary. The District's contributions to PERA for the years ended December 31, 2008, 2007, and 2006 were \$35,699, \$34,080, and \$25,981 respectively.

10. RETIREE HEALTH CARE

The District is not eligible to participate in the New Mexico Retiree Health Care Program because the District does not participate in the State's group medical insurance program.

11. RISK MANAGEMENT

The District is exposed to various risk of loss related to torts, thefts of, damage to, and destruction of assets, errors and omissions, and natural disasters for which the District carries insurance with commercial carriers. The insurance coverage is for general and auto liability, workman's compensation, employee liability, and property.

A surety bond as required by Section 12-6-7 NMSA 1978 Compilation and the New Mexico State Auditor Rule NMAC 2.2.2 covers the officials and certain employees of the District.

The following is a description of the surety bond coverage:

A. Name and address of insurance company:	The Ohio Casualty Insurance Co. 136 No. Third Street Hamilton, Ohio 45025
B. Bond number:	1 - 850 - 435
C. Expiration date:	April 15, 2009
D. Individual Bonded and Amount of Coverage Per Employee	\$300,000 (\$3,000 deductible)
E. Coverage	Employee dishonesty

12. SIGNIFICANT ESTIMATES

The District records property taxes receivable based on information provided by the Quay County Treasurer's Office. An estimated receivable of \$26,128 at December 31, 2008 was recorded by the District based on the applicable assessed valuation, the related mill levy rates and other information provided. This receivable is net of an estimated allowance for doubtful accounts of \$1,349.

13. RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS

The following is an explanation of differences between budgetary basis and GAAP basis for all governmental funds for the year ended December 31, 2008:

	<u>General Fund</u>	<u>Debt Service Fund</u>
<u>Revenues</u>		
Total revenues per budgetary basis	\$ 814,335	\$ 62,130
Increase (decrease) in property taxes receivable	15,905	2,134
Increase (decrease) in assessments receivable	2,461	450
Increase (decrease) in interest receivable	(12,225)	(1,538)
Increase (decrease) in accounts receivable	(5,679)	
Increase (decrease) in grant receivable	(38,620)	
(Increase) decrease in advance collections	3,119	(412)
(Increase) decrease in deferred taxes	1,279	232
	<u>780,575</u>	<u>62,996</u>
Total revenues per GAAP basis	<u>\$ 780,575</u>	<u>\$ 62,996</u>
<u>Expenditures</u>		
Total expenditures per budgetary basis	\$ 1,012,173	\$ 60,418
Increase (decrease) in accounts payable	(13,809)	
Increase (decrease) in accrued payroll and taxes	2,510	
(Increase) decrease in inventory	(6,826)	
Increase (decrease) in security deposits	925	
	<u>994,973</u>	<u>60,418</u>
Total expenditures per GAAP basis	<u>\$ 994,973</u>	<u>\$ 60,418</u>

14. AGREEMENT WITH INTERSTATE STREAM COMMISSION

Pursuant to an agreement with the Interstate Stream Commission, the District has agreed to act as a conduit for loans to individuals for the specific purposes of improving water distribution and promoting water conservation. The terms of the loan to the District provide for repayment over a period of 20 years at an interest rate of 2 1/2%. The District loans these funds in turn to property owners at available rate of between 3% to 4%. The agreement permits the District to charge the funds for reasonable and documented administrative costs. This activity is reported in the Private Purpose Trust Fund.

Pursuant to the agreement with the Interstate Streams Commission concerning the loans to landowners, the District has guaranteed the repayment of such loans. Although property mortgages secure the loans, the District remains contingently liable for such loans in the amount of \$230,931. A provision for contingencies related to Interstate Streams Commission has not been provided for, as the District does not expect any losses on these loans.

15. CONTINGENCIES

The District was involved in litigation as of December 31, 2008. Management intends to contest the litigation vigorously. It is the opinion of management that the outcome of the litigation will have no material adverse impact on these financial statements.

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the state and federal governments. Any disallowed claims, including amounts

already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantors cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

16. STATE GRANT

The District was awarded a state grant of \$50,000 from the State of New Mexico for the update and repair or replacement of equipment. This grant is on the reimbursement basis, and the District only receives the funds as reimbursement for funds already spent by the District. At December 31, 2007, the District had a grant receivable of \$38,620 relating to this state grant. The receivable was collected in 2008, and the rest of the grant was spent in 2009. The District was awarded another similar state grant of \$50,000 for use beginning in 2008, but the District did not spend anything related to it in 2008, but anticipates spending it in 2009.

SUPPLEMENTAL INFORMATION –
INDIVIDUAL FINANCIAL STATEMENT

STATE OF NEW MEXICO
ARCH HURLEY CONSERVANCY DISTRICT

COMBINING BALANCE SHEET - GENERAL FUND
DECEMBER 31, 2008

	<u>General</u>	<u>Operations & Maintenance</u>	<u>Totals</u>
ASSETS			
Cash	\$ 19,332	\$ 1,081,033	\$ 1,100,365
Receivable, (net of allowance for uncollectibles):			
Assessments	956	50,580	51,536
Due from County Treasurer - Ad valorem taxes	2,677	122,195	124,872
Accrued interest	-0-	5,287	5,287
Accounts	-0-	1,972	1,972
Inventory	-0-	13,280	13,280
	<u>22,965</u>	<u>1,274,347</u>	<u>1,297,312</u>
Total assets	<u>\$ 22,965</u>	<u>\$ 1,274,347</u>	<u>\$ 1,297,312</u>
LIABILITIES AND FUND BALANCES			
Accounts payable	\$ 116	\$ 5,732	\$ 5,848
Accrued payroll and taxes	-0-	11,829	11,829
Security / uniform deposits	-0-	5,700	5,700
Advance collections of water rentals and assessments	123	15,415	15,538
Deferred income-ad valorem taxes	526	24,027	24,553
	<u>765</u>	<u>62,703</u>	<u>63,468</u>
Total liabilities	<u>765</u>	<u>62,703</u>	<u>63,468</u>
Fund balances:			
Reserved:			
For petty cash	-0-	200	200
For inventory	-0-	13,280	13,280
Unreserved:			
Undesignated	20,161	1,105,381	1,125,542
Designated for Subsequent Year's Budget-Ad Valorem Taxes	2,039	92,783	94,822
	<u>22,200</u>	<u>1,211,644</u>	<u>1,233,844</u>
Total fund balance	<u>22,200</u>	<u>1,211,644</u>	<u>1,233,844</u>
Total liabilities and fund balances	<u>\$ 22,965</u>	<u>\$ 1,274,347</u>	<u>\$ 1,297,312</u>

The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO
ARCH HURLEY CONSERVANCY DISTRICT**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>General</u>	<u>Operations & Maintenance</u>	<u>Totals</u>
REVENUES			
Taxes:			
Ad valorem	\$ 5,208	\$ 239,977	\$ 245,185
Assessments	11,156	364,433	375,589
Charges for services:			
NM Parks and Big Mesa water sales		4,304	4,304
Custom work		4,255	4,255
Water delivery charges		100,559	100,559
Other:			
Interest income	120	37,807	37,927
Other		1,376	1,376
State grant		11,380	11,380
Total revenues	<u>16,484</u>	<u>764,091</u>	<u>780,575</u>
EXPENDITURES			
Current:			
Salaries		435,973	435,973
Operation and maintenance expense - vehicles		153,286	153,286
Custom ditches/ pipelines		3,100	3,100
Liability and property insurance		61,244	61,244
Utilities		49,811	49,811
Professional services/staff development		74,956	74,956
Worker's compensation		30,875	30,875
Maintenance irrigation system		29,743	29,743
Payroll taxes		32,809	32,809
Contributions for employee retirement		35,699	35,699
Repairs and replacements- grant		11,380	11,380
Water sales expense		4,161	4,161
Shop supplies and expenses		16,664	16,664
Chemical control		15,604	15,604
Repairs to building		18,776	18,776
Office supplies	7,026		7,026
Board fees	2,280		2,280
Office equipment and repair	4,745		4,745
Dues and subscriptions	1,644		1,644
Sponsorship	150		150
Safety equipment and expenses		3,606	3,606
Miscellaneous		1,441	1,441
Capital outlay		-0-	-0-
Debt service		-0-	-0-
Total expenditures	<u>15,845</u>	<u>979,128</u>	<u>994,973</u>
Excess (deficiency) of revenue over expenditures	639	(215,037)	(214,398)
Fund balance, beginning of year	<u>21,561</u>	<u>1,426,681</u>	<u>1,448,242</u>
Fund balance, end of year	<u>\$ 22,200</u>	<u>\$ 1,211,644</u>	<u>\$ 1,233,844</u>

The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO
ARCH HURLEY CONSERVANCY DISTRICT**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET
AND ACTUAL (NON - GAAP BUDGETARY BASIS) - GENERAL FUND -
GENERAL ACCOUNT
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
Ad valorem taxes	\$ 4,800	\$ 4,800	\$ 5,172	\$ 372
Assessments	11,200	11,200	10,711	(489)
Permits				
Interest			120	120
Total revenues	16,000	16,000	16,003	3
EXPENDITURES:				
Current:				
Office supplies	6,100	6,100	6,930	(830)
Office equipment and repairs	5,000	5,000	4,745	255
Election expense	-0-	-0-	-0-	-0-
Board fees	2,400	2,400	2,280	120
Dues and subscriptions	2,100	2,100	1,644	456
Sponsorship	400	400	150	250
Total expenditures	16,000	16,000	15,749	251
Excess (deficiency) revenues over expenditures	\$ -0-	\$ -0-	\$ 254	\$ 254

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
ARCH HURLEY CONSERVANCY DISTRICT

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET
AND ACTUAL (NON - GAAP BUDGETARY BASIS) - GENERAL FUND -
OPERATIONS & MAINTENANCE ACCOUNT
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
Taxes:				
Ad valorem	\$ 226,688	\$ 226,688	\$ 223,238	\$ (3,450)
Assessments	364,440	364,440	358,889	(5,551)
Charges for services:				
NM Parks and Big Mesa water sales	5,000	5,000	4,304	(696)
Water delivery charges	200,000	200,000	106,238	(93,762)
Custom work	5,000	5,000	4,255	(745)
Other:				
Interest income	30,000	30,000	50,032	20,032
State grant	50,000	50,000	50,000	-0-
Miscellaneous	20,500	20,500	1,376	(19,124)
Total revenues	<u>901,628</u>	<u>901,628</u>	<u>798,332</u>	<u>(103,296)</u>

**STATE OF NEW MEXICO
ARCH HURLEY CONSERVANCY DISTRICT**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET
AND ACTUAL (NON - GAAP BUDGETARY BASIS) - GENERAL FUND -
OPERATIONS & MAINTENANCE ACCOUNT (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
EXPENDITURES:				
Current:				
Irrigation water distribution:				
Salaries	450,000	450,000	433,463	16,537
Professional services/staff development	40,000	40,000	75,416	(35,416)
Unemployment insurance	2,000	2,000	-	2,000
Shop supplies expense	15,000	15,000	24,035	(9,035)
Repairs to building	15,000	15,000	24,294	(9,294)
Light vehicle operation and maintenance	75,000	75,000	65,760	9,240
Heavy vehicle op & maint	90,000	90,000	87,573	2,427
Maintenance of Irrigation system	20,000	20,000	29,760	(9,760)
Utilities	50,000	50,000	50,074	(74)
Contributions -- employee retirement	41,000	41,000	35,699	5,301
Payroll taxes	35,000	35,000	32,809	2,191
Liability / property loss insurance	70,000	70,000	61,244	8,756
Workmen's compensation insurance	40,000	40,000	30,875	9,125
Custom work	5,000	5,000	3,100	1,900
Safety equipment	3,000	3,000	3,654	(654)
Chemical control	15,000	15,000	15,604	(604)
Miscellaneous expense	500	500	516	(16)
NM Legislative grants	50,000	50,000	11,380	38,620
Full cost water - Due B.O.R.	20,000	20,000	7,748	12,252
Irrigation measuring devices	6,000	6,000	-	6,000
Water sales due United States	5,000	5,000	3,420	1,580
	<u>1,047,500</u>	<u>1,047,500</u>	<u>996,424</u>	<u>51,076</u>
Total expenditures				
Excess (deficiency) revenues over expenditures	(145,872)	(145,872)	\$ (198,092)	\$ (52,220)
Prior year cash balance required to balance budget	<u>\$ 145,872</u>	<u>\$ 145,872</u>		

The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO
ARCH HURLEY CONSERVANCY DISTRICT**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (NON - GAAP BUDGETARY BASIS) - DEBT SERVICE FUND
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
Taxes:				
Ad valorem	\$ 15,750	\$ 15,750	\$ 14,968	\$ (782)
Assessments	36,750	36,750	37,562	812
Other:				
Interest income	<u>7,500</u>	<u>7,500</u>	<u>9,600</u>	<u>2,100</u>
Total Revenues	<u>60,000</u>	<u>60,000</u>	<u>62,130</u>	<u>2,130</u>
EXPENDITURES:				
Debt service	<u>60,000</u>	<u>60,418</u>	<u>60,418</u>	<u>-0-</u>
Total expenditures	<u>60,000</u>	<u>60,418</u>	<u>60,418</u>	<u>-0-</u>
Excess (deficiency) revenues over expenditures	<u>\$ -0-</u>	(418)	<u>\$ 1,712</u>	<u>\$ 2,130</u>
Prior year cash balance required to balance budget		<u>\$ 418</u>		

The accompanying notes are an integral part of these financial statements.

ADDITIONAL INFORMATION - SUPPORTING SCHEDULE



STATE OF NEW MEXICO
ARCH HURLEY CONSERVANCY DISTRICT

SCHEDULE OF PLEDGED COLLATERAL
AS OF DECEMBER 31, 2008

The District is required by New Mexico State Statute (Section 6-10-17) to be 50% collateralized. However, the District requires 100% collateralization per its own policy. Following are schedules calculating the requirement and disclosing the pledged securities.

	The First National Bank of New Mexico Tucumcari NM Demand Deposits	The First National Bank of New Mexico Tucumcari NM Time Deposits
Total amount of deposits on December 31, 2008	\$ 275,991	\$ 875,000
Less FDIC coverage	(250,000)	(250,000)
Total uninsured public funds	<u>25,991</u>	<u>625,000</u>
100% collateral requirement	<u>25,991</u>	<u>625,000</u>
Pledged securities		
Tularosa NM Mun School District No. 4 (CUSIP 899172GM6)		150,000
Dulce NM School District No. 21 (CUSIP 264430GD5)		100,000
Vaughn NM School District No. 33 (CUSIP 922382BY1)		90,000
University of NM Comm College (CUSIP 914684BK0)		125,000
Dulce NM School District No. 21 (CUSIP 264430GS2)		195,000
Chaves Cty NM (CUSIP 162634BK4)		100,000
Dulce NM School District No. 21 (CUSIP 264430GQ6)		400,000
Roy, NM School District No. 3 (CUSIP 780040BA8)	15,000	
Roy, NM School District No. 3 (CUSIP 780040BD2)	15,000	
Roy, NM School District No. 3 (CUSIP 780040BE0)	15,000	
Roy, NM School District No. 3 (CUSIP 780040BF7)	10,000	
Total pledged	<u>55,000</u>	<u>1,160,000</u>
Over (Under)	<u>\$ 29,009</u>	<u>\$ 535,000</u>

See next page for information on pledged securities.

	Tucumcari Federal Savings & Loan Tucumcari NM Time Deposits	Everyone's Federal Credit Union Tucumcari NM Time Deposit
Total amount of deposits on December 31, 2008	\$ 100,000	\$ 100,000
Less FDIC coverage	(250,000)	(250,000)
Total uninsured public funds	<u>-0-</u>	<u>-0-</u>
100% collateral requirement	<u>-0-</u>	<u>-0-</u>
Pledged securities	<u>-0-</u>	<u>-0-</u>
Over (Under)	<u>\$ -0-</u>	<u>\$ -0-</u>

STATE OF NEW MEXICO
ARCH HURLEY CONSERVANCY DISTRICT

SCHEDULE OF PLEDGED COLLATERAL (Continued)
AS OF DECEMBER 31, 2008

	Wells Fargo Bank, N.A. Tucumcari NM Time Deposits
Total amount of deposits on December 31, 2008	\$ 100,000
Less FDIC coverage	<u>(250,000)</u>
Total uninsured public funds	-0-
100% collateral requirement	<u>-0-</u>
Pledged securities	<u>-0-</u>
Over (Under)	<u>\$ -0-</u>

Details of Pledged Collateral by the First National Bank of New Mexico, Tucumcari on the prior page:

Tularosa NM Mun. School District No. 4 CUSIP 899172GM6 , maturity date 7/01/13, market value \$159,538 held at FHLB.

Dulce NM School District No. 21, CUSIP 264430GD5, maturity date 5/1/10, market value \$103,081 held at FHLB.

Vaughn, NM School District No. 33, CUSIP 922382BY1, maturity date 8/1/15, market value \$92,026 held at FHLB.

University of NM Comm. College, CUSIP 914684BK0, maturity date 8/1/15, market value \$126,532 held at FHLB.

Dulce NM School District No. 21, CUSIP 264430GS2, maturity date 6/1/16, market value \$198,043 held at FHLB.

Chaves Cty, NM, CUSIP 162634BK4, maturity date 8/1/15, market value \$97,958 held at FHLB.

Dulce NM School District No. 21, CUSIP 264430GQ6, maturity date 6/1/14, market value \$413,245 held at FHLB.

Roy NM School District No. 3, CUSIP 780040BA8, maturity date 10/1/14, market value \$15,861 held at FHLB.

Roy NM School District No. 3, CUSIP 780040BD2, maturity date 10/1/17, market value \$15,634 held at FHLB.

Roy NM School District No. 3, CUSIP 780040BE0, maturity date 10/1/18, market value \$15,512 held at FHLB.

Roy NM School District No. 3, CUSIP 780040BF7, maturity date 10/1/19, market value \$10,266 held at FHLB.

OTHER REPORT

C
W
M

CHESTER W. MATTOCKS
CERTIFIED PUBLIC ACCOUNTANT

P.O. Box 25941
Albuquerque, New Mexico 87125
(505) 299-5233

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Mr. Larry Perkins, President
and
Members of the Board of Directors
Arch Hurley Conservancy District
Tucumcari, New Mexico

and

Mr. Hector H. Balderas
State Auditor
Santa Fe, New Mexico

I have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the District and the respective budgetary comparison for the General Fund of the State of New Mexico, Arch Hurley Conservancy District (District) as of and for the year ended December 31, 2008, which collectively comprise the basic financial statements of the District, and have issued my report thereon dated May 28, 2009. I have also audited the combining and the individual fund financial statements and the respective budgetary comparisons of the Debt Service Fund, the General Account of the General Fund and the Operations and Maintenance Account of the General Fund of the District as of and for the year ended December 31, 2008. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the District's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the District's internal control over financial reporting.

My consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, I identified a certain deficiency in internal control over financial reporting that I consider to be a significant deficiency.

A control deficiency exists, when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that

a misstatement of the District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control. I consider the following deficiency described in the accompanying Schedule of State Compliance Findings and Responses to be a significant deficiency in internal control over financial reporting. Item 2007-1.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the District's internal control.

My consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, I believe that the significant deficiency described above is not a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

The District's response to the finding identified in my audit is described in the accompanying Schedule of State Compliance Findings and Responses. I did not audit the District's response, accordingly, I did not express an opinion on it.

This report is intended solely for the information and use of the Board of Directors and management of the District, the State of New Mexico Department of Finance and Administration, the State of New Mexico Legislative Finance Committee, the State of New Mexico Legislature, and the State of New Mexico Office of the State Auditor, and is not intended to be and should not be used by anyone other than these specified parties.

Chester W. Matthews, CPA

May 28, 2009

STATE COMPLIANCE SECTION

**STATE OF NEW MEXICO
ARCH HURLEY CONSERVANCY DISTRICT**

**SCHEDULE OF STATE COMPLIANCE FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2008**

2007 – 1 – EXPENDITURE EXCEPTIONS

Statement of condition: The following were noted during an examination of sixty random cash disbursements:

1. Four expenditures for \$4,560 did not have their supporting documentation cancelled.
2. Five expenditures totaling \$6,367 did not have any receiving reports indicating receipt of goods or services.

Criteria: Support for cash disbursements should be complete and all receipts of goods and services should be documented.

Effect: Some cash disbursements that were improper may have been paid.

Cause: Cash disbursements procedures were not always followed.

Recommendation: A policy will be put in place to correct the deficiency of all invoices not being stamped "paid". Procedures for receiving goods and services will be reviewed to determine where improvements may be made.

Management's response: All supporting documentation will be cancelled in the future, and procedures will be implemented to ensure receiving reports are utilized and are signed.

STATE OF NEW MEXICO
ARCH HURLEY CONSERVANCY DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2008

2006-01 – Form I-9 – Resolved.

2006-04 – Segregation of Duties – Resolved.

2006-05 – Preparation of Financial Statements – Resolved.

2007-01– Expenditure Exceptions – Repeated.

2007-02 – Overspending of Budget – Resolved.

STATE OF NEW MEXICO
ARCH HURLEY CONSERVANCY DISTRICT

EXIT CONFERENCE
FOR THE YEAR ENDED DECEMBER 31, 2008

An exit conference was held on May 28, 2009 to discuss the annual financial report. Attending were the following:

Representing the Arch Hurley Conservancy District:

Board Members

Pablo Lopez, Board Member

Administrative Staff

Franklin McCasland, District Manager
Donna Lafferty, Office Manager
Kandace Zacharias, Payroll and Accounts Payable Clerk

Representing the Independent Auditor:

Chester W. Mattocks, CPA

Note: The financial statements were prepared substantially by the independent auditor, Chester W. Mattocks, CPA.