



State of New Mexico
Pecos Valley Artesian Conservancy District
Roswell, New Mexico

Annual Financial Report
June 30, 2016

De'Aun Willoughby CPA, PC
Certified Public Accountant
Clovis, New Mexico



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State of New Mexico
Pecos Valley Artesian Conservancy District
Official Roster
June 30, 2016

Board of Directors

Bill Netherlin	Chairman
Greg Alpers	Vice-Chairman
Richard Smith	Secretary/Treasurer
Mike Fallwell	Assistant Secretary/Treasurer
Dwight Menefee	Member

Administrative Staff

Aron Balok	Manager
Patty Barresi	Secretary

De'Aun Willoughby CPA, PC

Certified Public Accountant

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Independent Auditor's Report

Mr. Tim Keller
State Auditor of the State of New Mexico
Board of Supervisors of the Pecos Valley Artesian Conservancy District

Mr. Keller and Members of the Board

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities and the budgetary comparison for the general fund of the Pecos Valley Artesian Conservancy District (District), as of and for the year ended June 30, 2016, and the related notes to the financial statements which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our 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 we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the District as of June 30, 2015, and the respective changes in financial position, thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted the Management's Discussion and Analysis which is required to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the Schedules of Required Supplementary Information for the Pension Plan be presented to supplement the basic financial statements. Such 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

The Vendor Schedule has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 23, 2016, on our consideration of the District's internal control over financial reporting and on our 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 our 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* in considering the District's internal control over financial reporting and compliance.

De'Ann Willoughby CPA PC

Clovis, New Mexico
November 23, 2016

State of New Mexico
Pecos Valley Artesian Conservancy District
Government-Wide Statement of Net Position
June 30, 2016

Assets	
Current Assets	
Cash in Banks	\$ 8,746,643
Property Taxes Receivable	347,640
Interest Receivable	51,350
Inventory	62,523
Prepaid Expenses	36,204
Current Amount of Notes Receivable	270,958
Total Current Assets	<u>9,515,318</u>
Noncurrent Assets	
Capital Assets	
Land	61,405
Water Rights	12,908,394
Construction in Progress	19,095
Buildings & Improvements	394,444
Meters	907,160
Vehicles & Equipment	1,046,179
Less Accumulated Depreciation	<u>(1,221,520)</u>
Total Capital Assets	14,115,157
Conservation Loans Receivable	1,276,244
Total Assets	<u>24,906,719</u>
Deferred Outflows of Resources	
Deferred Outflows Related to Pensions	
Changes in Proportion	10,722
Contributions Subsequent to Measurement Date	36,228
Total Deferred Outflows of Resources	<u>46,950</u>
Liabilities and Net Assets	
Current Liabilities	
Accounts Payable	65,179
Compensated Absences	29,826
Current Amount Due of Long-Term Debt	512,017
Total Current Liabilities	<u>607,022</u>
Noncurrent Liabilities	
Pension Liability	447,599
Notes and Loans	1,743,493
Less Current Amount Due	<u>(512,017)</u>
Total Noncurrent Liabilities	1,679,075
Total Liabilities	<u>2,286,097</u>
Deferred Inflows of Resources	
Deferred Inflows Related to Pensions	
Actuarial Experience	9,915
Changes of Assumptions	174
Investment Experience	1,416
Total Deferred Inflows of Resources	<u>11,505</u>
Net Position	
Net Investment in Capital Assets	12,371,664
Restricted for Loans	4,956,244
Unrestricted	5,328,159
Total Net Position	<u>\$ 22,656,067</u>

The notes to the financial statements are an integral part of this statement.

State of New Mexico
Pecos Valley Artesian Conservancy District
Government-Wide Statement of Activities
For the Year Ended June 30, 2016

Program Expenses	
Personnel Services	\$ 670,227
Legal & Professional Fees	642,667
Water Management Expenses	182,595
Operating Expenses	417,225
Interest Expense	211,027
Depreciation	116,621
Total Expenses	<u>2,240,362</u>
Net Program (Expense) Revenue	<u>(2,240,362)</u>
General Revenues	
Property Taxes	5,209,782
Interest Income	80,309
Other	223,631
Total General Revenues	<u>5,513,722</u>
Change in Net Position	3,273,360
Net Position at Beginning of Year	<u>19,382,707</u>
Net Position at End of Year	<u>\$ 22,656,067</u>

The notes to the financial statements are an integral part of this statement.

State of New Mexico
Pecos Valley Artesian Conservancy District
Balance Sheet
June 30, 2016

Assets	
Cash in Banks	\$ 8,746,643
Property Taxes Receivable	347,640
Interest Receivable	51,350
Inventory	62,523
Prepaid Expenses	36,204
Total Assets	<u>\$ 9,244,360</u>
Liabilities	
Current Liabilities	
Accounts Payable	\$ <u>65,179</u>
Total Current Liabilities	<u>65,179</u>
Deferred Inflows of Resources	
Unavailable Revenue	<u>284,664</u>
Total Deferred Inflows of Resources	<u>284,664</u>
Fund Balances	
Nonspendable-Inventory	62,523
Unassigned	<u>8,831,994</u>
Total Fund Balances	<u>8,894,517</u>
Total Liabilities and Deferred Inflows of Resources	<u>\$ 9,244,360</u>

The notes to the financial statements are an integral part of this statement.

State of New Mexico
Pecos Valley Artesian Conservancy District
 Reconciliation of the Governmental Funds
 Balance Sheet to the Statement of Net Position
 June 30, 2016

Total Fund Balance - Governmental Funds \$ 8,894,517

Amounts reported for governmental activities in the Statement of Net Position are different because:

Property taxes receivable will be collected after the period of availability, but are not available soon enough to pay for the current period's expenditures, and therefore are deferred in the funds. 284,664

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.

Capital Assets	\$ 15,336,677	
Accumulated Depreciation	<u>(1,221,520)</u>	14,115,157

Conservation loans are not collectible in the current period and therefore are not reported as assets in the funds. 1,547,202

Deferred Outflows and Inflows Related to Pensions are the results of differences in expected and actual actuary experience and the difference in actuary projected and actual earnings. Also changes in proportion and differences between contributions and proportionate share of contributions.

Deferred Outflows Related to Pensions	46,950	
Deferred Inflows Related to Pensions	<u>(11,505)</u>	35,445

Long-term and certain other liabilities, including loans payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term and other liabilities at year end consist of :

Loans Payable	(1,743,493)	
Pension Liability	(447,599)	
Compensated Absences	<u>(29,826)</u>	<u>(2,220,918)</u>

Total Net Position - Governmental Activities \$ 22,656,067

The notes to the financial statements are an integral part of this statement.

State of New Mexico
Pecos Valley Artesian Conservancy District
Statement of Revenues, Expenditures and Changes
in Fund Balance
For the Year Ended June 30, 2016

Revenues	
Property Taxes	\$ 5,098,880
Interest Income	80,309
Other	223,631
	<u>5,402,820</u>
Expenditures	
Current	
Salaries	382,140
Employee Benefits	292,752
Legal & Professional Fees	642,667
Water Management	182,595
Equipment Maintenance	6,997
Fuel	10,370
Government Affairs	11,202
Insurance	59,650
Meters and Supplies	98,499
Maintenance	12,537
Miscellaneous	213
Office	5,802
Plugging Expenses	27,549
Public Relations	2,918
Services	17,709
Subscriptions & Memberships	5,189
Shop Supplies	5,433
Tax Collection Expenses	50,947
Training, Meeting	16,086
Travel	73,367
Utilities	12,758
Capital Outlay	1,431,225
Total Expenditures	<u>3,348,605</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>2,054,215</u>
Other Financing Sources	
Principal Collected on Loans	392,231
New Loans Made	(164,559)
Principal Paid on Loans	(3,556,507)
Interest Expense	(211,027)
Total Other Financing Sources	<u>(3,539,862)</u>
Net Change in Fund Balance	(1,485,647)
Fund Balances at Beginning of Year	<u>10,380,164</u>
Fund Balance End of Year	<u>\$ 8,894,517</u>

The notes to the financial statements are an integral part of this statement.

State of New Mexico
Pecos Valley Artesian Conservancy District
 Reconciliation of the Governmental Funds
 Statement of Revenues, Expenditures and Changes in Fund Balance
 to the Statement of Activities
 June 30, 2016

Net Change in Fund Balance-Governmental Funds \$ (1,485,647)

Amounts reported for governmental activities in the Statement of Activities are different because:

Some property taxes will not be collected for several months after the District's fiscal year ends, they are not considered "available" revenues in the governmental funds, and are instead reported as deferred revenues. They are however, recorded as revenues in the Statement of Activities.

Deferred Taxes Receivable, June 30, 2015	\$ (173,762)	
Deferred Taxes Receivable, June 30, 2016	<u>284,664</u>	110,902

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation expenses in the Statement of Activities. This is the amount by which depreciation exceeds capital outlays in the period.

Depreciation expense	(116,621)	
Capital Outlays	<u>1,431,225</u>	1,314,604

Repayment of loan principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.

3,556,507

Conservation loans are reported in governmental funds as revenue when collected and expenditures as loaned to area agriculturist. However, for governmental activities they are not included.

New Loans Made	164,559	
Principal Collected	<u>(392,231)</u>	(227,672)

Pension contributions are reported as expenses in the government funds but are deferred outflows in the Statement of Net Position. Pension expense is reported in the Statement of Activities but not in the governmental funds.

Pension Contributions	36,228	
Pension Expense	<u>(25,822)</u>	10,406

Some expenses reported in the Statement of Activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Compensated Absences, June 30, 2015	24,086	
Compensated Absences, June 30, 2016	<u>(29,826)</u>	<u>(5,740)</u>

Changes in Net Position of Governmental Activities \$ 3,273,360

The notes to the financial statements are an integral part of this statement.

State of New Mexico
Pecos Valley Artesian Conservancy District
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
Revenues				
Property Taxes	\$ 5,109,522	\$ 5,109,522	\$ 5,098,880	\$ (10,642)
Interest Income	5,000	5,000	74,628	69,628
Principal Collected	0	0	392,231	392,231
Other	894,648	894,648	215,502	(679,146)
Total Revenue	6,009,170	6,009,170	5,781,241	(227,929)
Expenditures				
Salaries	380,000	380,000	382,588	(2,588)
Benefits	300,000	300,000	292,752	7,248
Professional Fees	300,000	300,000	290,689	9,311
Water Management	190,000	190,000	187,643	2,357
Capital Outlay	250,000	250,000	229,287	20,713
Equipment Maintenance	10,000	10,000	7,326	2,674
Fuel	10,000	10,000	10,716	(716)
Government Affairs	10,000	10,000	11,202	(1,202)
Insurance	55,000	55,000	54,235	765
Interest	200,000	200,000	211,028	(11,028)
Maintenance	12,500	12,500	13,615	(1,115)
Meter Supplies	110,000	110,000	108,385	1,615
Miscellaneous	1,000	1,000	213	787
New Loans Made	200,000	200,000	164,559	35,441
Office	10,000	10,000	5,506	4,494
Plugging Expenses	30,000	30,000	21,364	8,636
Public Relations	5,000	5,000	2,918	2,082
Services	20,000	20,000	17,986	2,014
Shop Supplies	5,000	5,000	5,907	(907)
Subscriptions & Memberships	5,000	5,000	4,889	111
Tax Collection Expenses	50,000	50,000	50,497	(497)
Training and Meetings	15,000	15,000	16,899	(1,899)
Travel	75,000	75,000	72,590	2,410
Utilities	12,000	12,000	12,683	(683)
Principal Paid	3,491,670	3,491,670	3,556,507	(64,837)
Water Master Expenses	325,000	325,000	330,648	(5,648)
Water Rights Purchased	2,418,133	2,418,133	1,201,938	1,216,195
Total Expenditures	8,490,303	8,490,303	7,264,570	1,225,733
Excess (Deficiency) of Revenues Over Expenditures	(2,481,133)	(2,481,133)	(1,483,329)	997,804
Cash Balance Beginning of Year	10,229,972	10,229,972	10,229,972	0
Cash Balance End of Year	\$ 7,748,839	\$ 7,748,839	\$ 8,746,643	\$ 997,804
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (1,483,329)	
Net Change in Taxes Receivable			119,032	
Net Change in Interest Receivables			5,681	
Net Change in Inventory			11,843	
Net Change in Prepaid Expenses			(5,415)	
Net Change in Accounts Payable			(22,557)	
Net Change in Deferred Revenue			(110,902)	
Change in Fund Balance-GAAP Basis			\$ (1,485,647)	

The notes to the financial statements are an integral part of this statement.

I. Summary of Significant Accounting Policies

A. Reporting Entity

The Pecos Valley Artesian Conservancy District (District) was created by Order of the District Court of Chavez County, New Mexico after the necessary action had been taken pursuant of the provisions of Article XIII of Chapter 25 of the New Mexico Statutes 1953 annotated. More specifically, the District was created to conserve, where necessary, the waters of the Roswell Artesian Basin, including the lands within the Basin located in both Chaves and Eddy Counties, New Mexico.

The District is governed by five directors, each representing one of the five divisions into which the District is divided. The directors are elected to a six-year term by the registered voters of their respective division of the District and must, at the time of election, be a registered voter and resident of that division.

Annually, the Board of Directors outlines a water conservation plan and makes estimates of the cost of administration, equipment and improvements necessary to carry out the plan. Historically, the Board of Directors has felt that it was beneficial for the Basin to purchase and retire water rights. The purchased water rights are held in the District's water conservation "bank" and, under board policy are not sold, but are retired for the purpose of assisting in stabilizing water consumption in the Basin.

The District has no component units, defined by GASB Statement 61 as other legally separate organization for which the elected District members are financially accountable. There are not other primary governments with which the District Board is financially accountable. There are no other primary governments with which the District has a significant relationship.

The financial reporting entity as defined by GASB 14 consists of the primary government, organizations for which the primary government is financially accountable and other organizations whose exclusion from the financial reporting entity would cause the financial statements to be misleading.

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). To enhance the usefulness of the financial statements, the significant policies of the District are summarized below.

B. Government-Wide and Fund financial Statements

The government-wide financial statements (i.e., the statement of net position) report information on all of the nonfiduciary activities of the primary government. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to significant extent on fees and charges for support. However, the District does not have any fiduciary or business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function, or segment, are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) sales of meters to customers and 2) contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statement are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. for this purpose, the government considers revenues to be available if they are collected within 30 days of the end of the current fiscal period. Expenditures are generally recorded when the liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, if any are recorded only when payment is due.

Property taxes, grants and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government. The District does not have the information regarding the uncollected delinquent property taxes and thus has not recorded its share of this receivable as called for by GASB Statement 33.

The general fund is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

As a general rule, the effect of interfund activity, if applicable, has been eliminated from the government-wide financial statements. When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, Liabilities, Net Position and Fund Balance

Cash and Investments

The District's cash consists of demand deposits.

Taxes Receivable

Property taxes attach an enforceable lien as of January 1. Taxes are payable in equal semi-annual installments on November 10 and April 10 of the subsequent year. The taxes become delinquent thirty days after the due date. The taxes are collected by the County Treasurer and are remitted to the District in the month following collection.

Inventory

The District's inventory consists of meters for sale and /or use by the District. Inventory is reported at cost in the governmental activities column in the government-wide financial statements determined using the first-in, first-out method. Inventory items are reported in governmental funds as expenditures when purchased. In addition, an asset and corresponding nonspendable fund balance is reported in the governmental fund balance sheet for inventory.

Capital Assets

Capital assets, which include property, equipment (including software), equipment and furniture are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by state law as assets with an initial cost of \$5,000 and an estimated useful life of more than one year. The total amounts spent for construction, if any, are capitalized and reported in the government-wide financial statements. For donations, the government values these capital assets at the estimated fair value of the item at the date of acquisition. The cost of normal maintenance and repairs that do not add to the value or extend the life of the asset are not capitalized.

The construction in progress is for a telemetry project. The system is not fully developed and not in use.

Property and equipment of the District is depreciated using the straight line method over the following estimated useful lives:

Buildings & Improvements	50-25 years
Vehicles & Equipment	7-15 years

Accounts payable

The account payable as of the balance sheet date includes routine monthly bills for services rendered and products purchased which are paid in the following month.

Compensated Absences

District employees earn vacation and sick leave at the rate of ten (10) hours and eight (8) hours per month, respectively. In the event of termination, an employee is reimbursed for accumulated vacation, but is not reimbursed for accumulated sick leave. However, employees who have accrued sick leave in excess of 600 hours are entitled to sell all hours over the 600 limit back to the District at one-half the normal rate of pay. The estimated liability is \$29,826 for accrued vacation. The estimated amount for sick leave benefits over 600 hours is not accrued as a liability since this is not payable upon employee termination.

Special Conservation Loans

The New Mexico Interstate Stream Commission (the "Commission") makes loans to the District, which, in turn makes loans to qualified borrowers. Loans from the Commission to the District provide for repayment in 20 equal annual installments with interest at 2.5%. Loans from the District to qualified borrowers provide for repayment in 10 equal annual installments with interest at 3.5 %. The District is required to maintain a separate account for these funds and to repay the Commission by July 1 of each year, any excess of loan funds over \$50,000 plus June's interest income. The District, customarily, makes such payment in mid-June so that the ISC receives the payment before June 30 and maintains the \$50,000 allowed by the Commission plus June interest and any funds received from loans, which have not been finalized as of June 30. Expenses other than interest, are minimal in amount. The District did not owe the Commission on June 30, 2016.

Net Position and Fund Balance

The difference between the District's assets and liabilities is its net position. The District's net position consist of four components — invested in capital assets, which is the cost of capital assets, net of accumulated depreciation, restricted for the loan program and unrestricted net position. In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation and/or are legally restricted by outside parties for use for a specific purpose. A portion of the fund balance has been reserved for the loan program. The loan program resources have been classified as restricted assets on the Statement of Net Position because their use is restricted by the lender.

II. Stewardship, Compliance and Accountability

A. Budgetary Information

The budget is prepared on a basis that differs from accounting principles generally accepted in the United States of America (GAAP). GAAP basis revenues and expenditures include accrued amounts. The revenues and expenditures reported in the budgetary comparisons are generally recorded on the cash basis. The District uses the following procedures to establish the budgeted amounts reflected in the budgetary comparisons:

1. Prior to April 1, the Budget Committee submits to the District Board of Supervisors a proposed revenue and expenditure budget for the fiscal year beginning July 1.
2. The Board reviews the budget proposal and makes any necessary adjustments.
3. Prior to June 1, the Board approves the budget by passing a resolution.
4. Prior to June 20, the approved budget is submitted to the State of New Mexico, Department of Finance and Administration, Local Government Division (DFA-LGD) for approval by the first Monday of September. The Board receives notice of the approved budget.

The legal level at which actual expenditures may not exceed budgeted expenditures is at the total fund level. The Board can revise its budget with the approval of DFA-LGD. There were no changes made to the budget during the fiscal year. Encumbrance accounting is not utilized by the District.

B. Reconciliation of Non-GAAP Budgetary Basis to GAAP Basis Financial Statements

The Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - all Governmental Fund Types is presented on the budgetary basis to provide a comparison of actual results with the budget. The major differences between the budget basis and GAAP (Generally Accepted Accounting Principles) basis are that:

- A. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
- B. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).

The adjustments necessary to convert the results of operations for the year from GAAP basis to the budget basis for the governmental funds are presented on each individual Statement of Revenues, Expenditures, and Changes in Cash Balance - Budget and Actual (Budgetary Basis).

Reconciliations are located at the bottom of the budget actual statement.

III. Detailed Notes on all Funds
A. Cash and Investments

	Account Type	Bank Balance 6/30/16	Reconciled Balance 6/30/16
First American Bank			
Pecos Valley Artesian Conservancy District	Non-interest Checking	\$ 24,997	\$ 19,350
Pecos Valley Artesian Conservancy District	Interest bearing Checking	2,094,883	2,094,883
Pecos Valley Artesian Conservancy District	Non-interest Checking	16,592	16,592
Pecos Valley Artesian Conservancy District	Interest bearing Checking	1,908,714	1,908,714
Pecos Valley Artesian Conservancy District	Interest bearing Checking	1,176,166	1,176,166
		<u>5,221,352</u>	<u>\$ 5,215,705</u>
	Less: FDIC coverage	(500,000)	
		4,721,352	
	50% collateral requirement	2,360,676	
	Pledged securities	3,229,773	
	Over (Under) requirement	<u>\$ 869,097</u>	

The following securities are pledged:

Description	CUSIP #	Market Value	Maturity Date	Location
Gallup McKinley NM SD	364010NR5	\$ 175,562	08/01/16	FHLB in
Dulce NM USD #21	264430KH1	280,717	09/01/16	Dallas, TX
Dulce NM USD #21	264430KK4	60,145	09/01/18	
Bernalillo SD	085279RRO	407,648	08/01/25	
Belen NM Cons Sch	077581MQ6	175,602	08/01/20	
Taos NM Municipal SD	876014FF3	415,721	09/01/20	
San Juan CNTY NM CENT	798359HT5	924,435	08/01/21	
Lea Cnty NM School District	521570AS0	519,295	10/01/21	
Alamogordo, NM	011446FX4	270,650	08/01/21	
		<u>\$ 3,229,773</u>		

	Account Type	Bank Balance 6/30/16	Reconciled Balance 6/30/16
Washington Federal			
Pecos Valley Artesian Conservancy District	Interest bearing Checking	\$ 1,403,526	\$ 1,403,526
Pecos Valley Artesian Conservancy District	Interest bearing Checking	1,127,412	1,127,412
Pecos Valley Artesian Conservancy District	Interest bearing Checking	500,000	500,000
Pecos Valley Artesian Conservancy District	Interest bearing Checking	500,000	500,000
		<u>3,530,938</u>	<u>\$ 3,530,938</u>
	Less: FDIC coverage	(250,000)	
	Amount uninsured	\$ 3,280,938	
	50% collateral requirement	1,640,469	
	Pledged securities	1,657,845	
	Over (Under) requirement	<u>\$ 17,376</u>	

The following securities are pledged:

Description	CUSIP #	Market Value	Maturity Date	Location
GNMA	3620E0NW2	\$ 1,302,352	08/20/2061	FHLB in
FNMA	3138ELKM4	355,493	10/01/2042	Dallas, TX
		<u>\$ 1,657,845</u>		

State of New Mexico
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Notes to the Financial Statements
June 30, 2016

The difference between the bank balance and the reconciled balance is outstanding deposits, outstanding checks and pending bank adjustments.

Depository Account	Bank Balance
Insured	\$ 750,000
Collateralized	
Collateral held by the pledging bank in District's name	4,887,618
Uninsured and uncollateralized	3,114,672
Total Deposits	<u>\$ 8,752,290</u>

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 does not have a deposit policy for custodial credit risk. As of June 30, 2016, \$4,417,024 of the Districts bank balances were exposed to custodial credit risk.

B. Taxes Receivable

Receivables as of June 30, 2016, were as follows:

Receivables	Total
Property Taxes	
Available	\$ 62,976
Unavailable	284,664
	<u>\$ 347,640</u>

C. Capital Assets

	Beginning Balance 6/30/15	Additions	Deletions	Ending Balance 6/30/16
Capital Assets, not being Depreciated				
Land	\$ 61,405	\$ 0	\$ 0	\$ 61,405
Water Rights	11,706,456	1,201,938	0	12,908,394
Construction in Progress	0	19,095	0	19,095
Capital Assets, being Depreciated				
Buildings & Improvements	394,444	0	0	394,444
Meters	907,160	0	0	907,160
Field Equipment	112,019	0	0	112,019
Office Furniture & Equipment	321,069	0	0	321,069
Vehicles & Drilling Rig	402,899	210,192	0	613,091
Total Capital Assets	<u>13,905,452</u>	<u>1,431,225</u>	<u>0</u>	<u>15,336,677</u>
Less Accumulated Depreciation				
Buildings & Improvements	130,731	14,545	0	145,276
Meters	432,748	60,477	0	493,225
Field Equipment	51,613	6,697	0	58,310
Office Furniture & Equipment	307,816	4,976	0	312,792
Vehicles & Drilling Rig	181,992	29,925	0	211,917
Total Accumulated Depreciation	<u>1,104,900</u>	<u>116,620</u>	<u>0</u>	<u>1,221,520</u>
	<u>\$ 12,800,552</u>	<u>\$ 1,314,605</u>	<u>\$ 0</u>	<u>\$ 14,115,157</u>

Depreciation expense was charged to governmental activities as follows:

Unallocated	\$ 116,620
Total depreciation expenses	<u>\$ 116,620</u>

D. Special Conservation Loans Receivable

Loans made to approved applicants are payable annually over a ten year period. Interest at the rate of 3.5% per annum is payable with each installment. Changes in loan balances were as follows:

Beginning Balance 6/30/15	New Loans Issued	Principal Received	Ending Balance 6/30/16
\$ 1,774,874	\$ 164,559	\$ (392,231)	<u>\$ 1,547,202</u>

C. Long Term Debt and Other Liabilities

A summary of activity is as follows:

	Beginning Balance 6/30/15	Increases	Reductions	Ending Balance 6/30/16
Loans	\$ 5,300,000	\$ 0	\$ (3,556,507)	<u>\$ 1,743,493</u>
Compensated Absences	\$ 24,086	\$ 23,683	\$ (17,943)	<u>\$ 29,826</u>

The loans consist of two loans from First American Bank for the purchase of water rights.

	Original Amount	Interest Rate	Maturity Date	Balance
Note Number 430503570	\$ 3,000,000	4.25%	02/10/2025	\$ 1,048,498
Note Number 430503571	2,300,000	4.25%	04/21/2025	694,996
				<u>\$ 1,743,494</u>

The debt service requirements to maturity are as follows:

	Principal	Interest	Total
2017	\$ 512,017	\$ 104,610	\$ 616,627
2018	542,768	73,889	616,657
2019	575,302	41,324	616,626
2020	113,436	6,806	120,242
	<u>\$ 1,743,523</u>	<u>\$ 226,629</u>	<u>\$ 1,970,152</u>

IV. Other Information

A. Retirement Plan

Summary of Significant Accounting Policies

Pensions. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the New Mexico Public Employees Retirement Association (PERA) and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA, on the economic resources measurement focus and accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

General Information about the Pension Plan

Plan description. The Public Employees Retirement Fund (PERA Fund) is a cost-sharing, multiple employer defined benefit pension plan. This fund has six divisions of members, including State General, State Police/Adult Correction Officer, Municipal General, Municipal Police/Detention Officers, Municipal fire, and State Legislative Divisions, and offers 24 different types of coverage within the PERA plan. All assets accumulated may be used to pay benefits, including refunds of member contributions, to any of the plan members or beneficiaries, as defined by the terms of this plan. Certain coverage plans are only applicable to a specific division. Eligibility for membership in the PERA Fund is set forth in the Public Employees Retirement Act (Chapter 10, Article 11, NMSA 1978). Except as provided for in the Volunteer Firefighters Retirement Act (10-11A-1 to 10-11A-7, NMSA 1978), the Judicial Retirement Act (10-12B-1 to 10-12B-19, NMSA 1978), the Magistrate Retirement Act (10-12C- 1 to 10-12C-18, NMSA 1978), and the Educational Retirement Act (Chapter 22, Article 11, NMSA 1978), and the provisions of Sections 29-4-1 through 29-4-11, NMSA 1978 governing the State Police Pension Fund, each employee and elected official of every affiliated public employer is required to be a member in the PERA Fund.

PERA issues a publicly available financial report and a comprehensive annual financial report that can be obtained at <http://saonm.org/> using the Audit Report Search function for agency 366.

Benefits provided. For a description of the benefits provided and recent changes to the benefits see Note 1 in the PERA audited financial statements for the fiscal year ended June 30, 2015 available at http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366_Public_Employees_Retirement_Association_2015.pdf.

Contributions. The contribution requirements of defined benefit plan members and the District are established in state statute under Chapter 10, Article 11, NMSA 1978. The contribution requirements may be amended by acts of the legislature. For the employer and employee contribution rates in effect for FY15 for the various PERA coverage options, for both Tier I and Tier II, see the tables available in the note disclosures on pages 29 through 31 of the PERA FY15 annual audit report at http://osanm.org/media/audits/366_Public_Employees_Retirement_Association_2015.pdf. The PERA coverage options that apply to District are Municipal Plan 1. Statutorily required contributions to the pension plan from the District were \$36,228 for the year ended June 30, 2016.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. The PERA pension liability amounts, net pension liability amounts, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2014. The PERA pension liability amounts for each division were rolled forward from the valuation date to the Plan year ending June 30, 2015, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date June 30, 2015.

The assets of the PERA fund are held in one trust, but there are six distinct membership groups (municipal general members, municipal police members, municipal fire members, state general members state police members and legislative members) for whom separate contribution rates are determined each year pursuant to chapter 10, Article 11 NMSA 1978. Therefore, the calculations of the net pension liability, pension expense and deferred Inflows and Outflows were preformed separately for each of the membership groups: municipal general members; municipal police members; municipal fire members; state general members; state police members and legislative members. The District's proportion of the net pension liability for each membership group that the employer participates in is based on the employer contributing entity's percentage of that membership group's total employer contributions for the fiscal year ended June 30, 2015. Only employer contributions for the pay period end dates that fell within the period of July 1, 2014 to June 30, 2015 were included in the total contributions for a specific employer. Regular and any adjustment contributions that applied to FY 2015 are included in the total contribution amounts. In the event that an employer is behind in reporting to PERA its required contributions, an estimate (receivable) was used to project the unremitted employer contributions. This allowed for fair and consistent measurement of the contributions with the total population. This methodology was used to maintain consistent measurement each year in determining the percentages to be allocated among all the participating employers.

For PERA Fund Division Municipal Plan 2 at June 30, 2016, the District reported a liability of \$447,599 for its proportionate share of the net pension liability. At June 30, 2015, the District's proportion was 0.0439%, which was an increase of 0.0018% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the District recognized PERA Fund Division Municipal Plan 2 pension expense of \$25,823. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience \$	0 \$	(9,915)
Changes of assumptions	0	(174)
Net difference between projected and actual earnings on pension plan investments	0	(1,416)
Changes in proportion and differences between the District's contributions and proportionate share of contributions	10,722	0
District's contributions subsequent to the measurement date	36,228	0
Total	<u>\$ 46,950</u>	<u>\$ (11,505)</u>

\$36,288 reported as deferred outflows of resources related to pensions resulting from the District's contributions subsequent to the measurement date June 30, 2014 will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

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Notes to the Financial Statements
June 30, 2016

Year ended June 30:	
2016	\$ (11,855)
2017	(11,855)
2018	(11,855)
2019	24,060
Total	<u>\$ (11,505)</u>

Actuarial assumptions. As described above, the PERA Fund member group pension liabilities and net pension liabilities are based on actuarial valuations performed as of June 30, 2013 for each of the membership groups. Then each PERA Fund member group pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2014 using generally accepted actuarial principles. There were no significant events or changes in benefit provisions that required an adjustment to the roll-forward liabilities as of June 30, 2014. These actuarial methods and assumptions were adopted by the Board for use in the June 30, 2014 actuarial valuation.

Actuarial valuation date	June 30, 2014
Actuarial cost method	Entry age normal
Amortization method	Level percentage of pay, Open
Amortization period	Solved for based on statutory rates
Asset valuation method	Fair value
Actuarial assumptions:	
(1) Investment rate of return	7.75% annual rate, net of investment expense
(2) Projected benefit payment	100 years
(3) Payroll growth	3.50% annual rate
(4) Projected salary increases	3.50 to 14.25% annual rate
(5) Includes inflation at	3.00% annual rate
(6) Mortality Assumption	RP-2000Mortality Tables (combined table for healthy post-retirements, Employee table for active members, and Disabled table for disabled retirees before retirement age) with projection to 2018 using Scale AA.
(7) Experience Study Dates	July 1, 2008 to June 30, 2013

The long-term expected rate of return on pension plan investments was determined using a statistical analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and most recent best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US Equity	21.10%	5.00%
International Equity	24.80%	5.20%
Private Equity	7.00%	8.20%
Core and Global Fixed Income	26.10%	1.85%
Fixed Income Plus Sectors	5.00%	4.80%
Real Estate	5.00%	5.30%
Real Assets	7.00%	5.70%
Absolute Return	4.00%	4.15%

Discount rate. The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that future contributions will be made in accordance with statutory rates. On this basis, the pension plan's fiduciary net position together with the expected future contributions are sufficient to provide all projected future benefit payments of current plan members as determined in accordance with GASBS 67. Therefore, the 7.75% assumed long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate. The following table shows the sensitivity of the net pension liability to changes in the discount rate. In particular, the table presents the District's net pension liability in the Municipal Plan 2 and Police 5 PERA Fund Divisions that the District participates in, under the current single rate assumption, as if it were calculated using a discount rate one percentage point lower (6.75%) or one percentage point higher (8.75%) than the single discount rate.

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
The District's proportionate share of the net pension liability	\$ 762,083	\$ 447,599	\$ 186,126

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued FY15 PERA financial report. The report is available at <http://www.pera.state.nm.us/publications.html>.

B. Risk Management

The District is exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets. To insure protection against these risks, the District purchases commercial coverage for workers compensation, hazard, liability and health insurance. Deductibles range from \$100 to \$500 per claim. Insurance is reviewed on an annual basis to determine that the coverage is adequate. Each employee has the option to be covered by the health insurance with 100% of the individual premium paid by the District.

C. Related Party Transactions

Directors on the Board of the District are recipients of water loans. These transactions are correctly considered arm's-length transactions since these related parties are subject to the same installation, invoicing, payment expectations, and late payment procedures as all the District customers. The administrative secretary husband cleans the office, total paid for the year totaled \$4,200.

D. Subsequent Events Review

The District has evaluated subsequent events through November 23, 2016 which is the date of the financial statements.

Required Supplemental Information

State of New Mexico
Pecos Valley Artesian Conservancy District
Schedules of Required Supplementary Information for Pension Plan
For the Year Ended June 30, 2016

Schedule of the District's Proportionate Share of the Net Pension Liability

Last 10 Fiscal Years*

	2015	2016
District's proportion of the net pension liability	0.04210%	0.04390%
District's proportionate share of the net pension liability	\$ 328,428	\$ 447,599
District's covered-employee payroll	\$ 341,722	\$ 379,352
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	96.11%	117.99%
Plan fiduciary net position as a percentage of the total pension liability	81.29%	81.29%

Schedule of District's Contributions

Last 10 Fiscal Years*

	2015	2016
Contractually required contribution	\$ 34,581	\$ 36,228
Contributions in relation to the contractually required contribution	34,581	34,581
Contribution deficiency (excess)	\$ 0	\$ 0
District's covered-employee payroll	\$ 341,722	\$ 379,352
Contributions as a percentage of covered-employee payroll	10.12%	9.12%

* These schedules are presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

Notes to Required Supplementary Information for Pension Plan

Changes in Benefit Terms – The PERA Fund COLA and retirement eligibility benefits changes in recent years are described in Note 1 of the PERA FY14 audit available at: http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366_Public_Employees_Retirement_Association_2015.pdf.

Changes of Assumptions – The Public Employees Retirement Association (PERA) of New Mexico Annual Actuarial Valuation as of June 30, 2015 report is available at: http://www.pera.state.nm.us/pdf/Investments/RetirementFundValuationReports/6-02015%20PERA%20Valuation%20Report_FINAL.pdf.

The notes to the financial statements are an integral part of this statement.

Other Supplemental Information

Pecos Valley Artesian Conservancy District

Vendor Schedule

For the Year Ended June 30, 2016

<i>RFB#/RFP# (If applicable)</i>	<i>Type of Procurement</i>	<i>Vendor Name</i>	<i>Did Vendor Win Contract?</i>	<i>\$ Amount of Awarded Contract</i>	<i>\$ Amount of Amended Contract</i>	<i>Physical address of vendor (City, State)</i>	<i>Did the Vendor provide documentation of eligibility for in-state preference?</i>	<i>Did the Vendor provide documentation of eligibility for veterans' preference?</i>	<i>Brief Description of the Scope of Work</i>	<i>If the procurement is attributable to a Component Unit, Name of Component Unit</i>
2016-001	Purchase	GEFCO	YES	\$ 707,141.00	N/A	ENID, OK	N/A	N/A	PURCHASE OF NEW DRILL RIG	N/A
		ATLAS COPCO	NO			COMMERCE CITY, CO	N/A	N/A		N/A

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*

Independent Auditor's Report

Mr. Tim Keller

State Auditor of the State of New Mexico

Board of Supervisors of the Pecos Valley Artesian Conservancy District

Mr. Keller and Members of the Board

We have audited, in accordance with the 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, the financial statements of the governmental activities and the budgetary comparison of the general fund of Pecos Valley Artesian Conservancy District (District) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 23, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit, of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control 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 and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that are less severe than a material weakness, yet important enough to merit attention by those charged with governance. However, material weaknesses may exist that have not been identified.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of it's 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 our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Responses; 2016-001.

The District's Responses to Findings

The District's responses to the finding identified in our audit as described in the accompanying schedule of findings and responses. Responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

De'Ann Willoughby CPA PC

Clovis, New Mexico
November 23, 2016

Prior Year Audit Findings	<u>Status</u>
2015-001 Budget Violations	Resolved

Current Year Audit Findings

2016-001 Certified Chief Procurement Officers-Compliance and Other Matters

Condition

The District does not have a certified and registered CPO.

Criteria

NMAC 1.4.1.94 (D) - Chief procurement officer duties, responsibilities and obligations. On and after July 1, 2015, only certified chief procurement officers may: (1) make determinations, including determinations regarding exemptions, pursuant to the Procurement Code; (2) issue purchase orders and authorize small purchases pursuant to the Procurement Code; and (3) approve procurement pursuant to the Procurement Code; (4) provided that, persons using procurement cards may continue to issue purchase orders and authorize small purchases.

Cause

The administrative staff was unaware that they need to meet this requirement.

Effect

The purpose of the training was to improve the procurement process through gained knowledge.

Recommendation

Either the manager, secretary or both obtain their chief procurement officer certificate and register with the New Mexico General Services Department.

Response

We will start the process of having an individual to become the CPO and expect this will be

The manager and secretary are responsible for this finding and will obtain the CPO certificate as soon as possible, before the end of the current fiscal year and become registered with the New Mexico General Services Department.

Financial Statement Preparation

The financial statements were prepared by De'Aun Willoughby CPA.

Exit Conference

An exit conference was held on November 23, 2016 present was Richard Smith-Secretary/Treasurer, Mike Fallwell-Assistant Secretary/Treasurer, Aron Balok, Manager, Patty Barresi-Secretary and De'Aun Willoughby, CPA.