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THE PUEBLO CONSERVANCY DISTRICT

BOARD OF DIRECTORS
P. KELLY
K. FARLEY
G. SANDSTROM

111 EAST FIFTH STREET
544-6823
PUEBLO, COLORADO

MAILING ADDRESS:
P. O. BOX 234
PUEBLO, COLO. 81002

July 16, 1998

McPherson, Breyfogle, Lichyter & Daveline, PC
P. O. Box 918
Pueblo, CO 81002

We are providing this letter in connection with your audit of the general purpose financial statements of The Pueblo Conservancy District as of and for the year ended December 31, 1997, for the purpose of expressing an opinion as to whether the general purpose financial statements present fairly, in all material respects, the financial position of The Pueblo Conservancy District and the results of its operations in conformity with generally accepted accounting principles. We confirm that we are responsible for the fair presentation in the general purpose financial statements of financial position and results of operations in conformity with generally accepted accounting principles.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgement of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, as of July 16, 1998, the following representations made to you during your audit.

1. The financial statements referred to above are fairly presented in conformity with generally accepted accounting principles and include all properly classified funds and account groups of the primary government required by generally accepted accounting principles to be included in the financial reporting entity.
2. We have made available to you all –
 - a. Financial records and related data.
 - b. Minutes of the meetings of the Board of Directors or summaries of actions of recent meetings for which minutes have not yet been prepared.

3. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
4. There are no material transactions that have not been properly recorded in the accounting records underlying the financial statements.
5. There has been no –
 - a. Fraud involving management or employees who have significant roles in internal control.
 - b. Fraud involving others that could have a material effect on the financial statements.
6. The District has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or fund equity.
7. We are responsible for the District's compliance with laws and regulations applicable to it; and we have identified, and disclosed to you, all laws and regulations that have a direct and material effect on the determination of financial statements amounts.
8. There are no –
 - a. Violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting and amending budgets), terms of contractual agreements, and tax limits whose effects should be considered for disclosure in the financial statements.
 - b. We are not aware of any pending or threatened litigation, claims or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with Financial Accounting Standards Board (FASB) Statement No. 5 and we have not consulted a lawyer concerning litigation, claims, or assessments.
 - c. Reservations or designation of fund equity that were not properly authorized and approved.
9. The District has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
10. The District has complied with all aspects of contractual agreements that would have a material effect on the general purpose financial statements in the event of noncompliance.

To the best of our knowledge and belief, no events have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements.

The Pueblo Conservancy District

Signed: Kathleen M. Farley

Title: President

Date: August 6, 1998