

**Silver Heights Water and Sanitation District**

**Financial Statements**  
with Independent Auditor's Report

**December 31, 2022**



# Silver Heights Water and Sanitation District

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December 31, 2022

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**HINKLE &  
COMPANY**  
Strategic <sup>PC</sup>  
Business Advisors

## Independent Auditor's Report

Board of Directors  
Silver Heights Water and Sanitation District  
Castle Rock, Colorado

### Report on the Audit of the Financial Statements

#### ***Opinions***

We have audited the accompanying financial statements of the business-type activities, major fund, and the aggregate remaining fund information of Silver Heights Water and Sanitation District (the District) as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District as of December 31, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

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

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In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.



**Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the required supplementary information listed in the table of contents 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 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.

**Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Silver Heights Water and Sanitation District's basic financial statements. The supplementary information listed in the table of contents is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Hick & Company, PC*

Englewood, Colorado  
January 4, 2024



# Silver Heights Water and Sanitation District

## Management's Discussion and Analysis

December 31, 2022

The discussion and analysis is designed to provide an analysis of the District's financial condition and operating results and to inform the reader on the District's financial issues and activities.

The Management's Discussion and Analysis (MD&A) should be read in conjunction with the District's basic financials statements.

Management elected to adopt the provisions of a new accounting standard (GASB 63) which changed the presentation of the District's equity (now called "Net Position"). This election required the restatement of the financial statements for 2011. The change had no other material impact on cash flows, budget reporting or other compliance reporting.

### Financial Highlights

- Net Position increased by \$591,610 (215%) when compared to 2021.

### Overview of the Financial Statements

The basic financial statements of the District are presented as a special purpose government engaged only in business type activities - providing water and sewer utility services.

The *Statement of Net Position* presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in the net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *Statement of Revenues, Expenses and Changes in Net Position* presents information which reflects how the District's net position changed during the past year. All changes in the net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods.

The Statement of Cash Flows reports the District's cash flows from operating, non-capital financing, capital and investing activities.

These financial statements distinguish functions of the District that will be principally supported by service charges. The functions of the District include effective and economical operation of water and sanitation systems within the jurisdictional boundaries of the District.

In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information concerning the District's budgetary comparisons presented for legal compliance.

The notes to financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements.

# **Silver Heights Water and Sanitation District**

## **Management's Discussion and Analysis**

**December 31, 2022**

As noted earlier, net position may serve over time as a useful indicator of the District's financial position. In the case of the District, assets exceeded liabilities by \$1,106,053 for 2022. Liabilities decreased by \$100,276 in the District for 2022 in comparison with 2021.

The largest portion of the District's net position reflects its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

Total expenses of the water and sewer operations increased \$78,798 from 2021 to 2022.

### **Budgetary Highlights**

The District prepares its budget on the modified accrual basis of accounting to recognize the fiscal impact of debt issuance, sale of assets and debt repayments, as well as capital outlay in addition to operations and non-operating revenue and contributions. Capital contributions of facilities and depreciation are not reflected on the budget since they do not affect "funds available". Additionally, the budget includes the separation of the enterprise and government functions of the District.

The total budgeted revenue of the District was less than actual revenues by \$44,476. The total actual expenditures of the District were more than budgeted by \$73,991. These additional unexpected expenditures were paid out of reserves, and an amended 2022 budget was submitted by the District.

### **Capital Asset and Debt Administration**

#### **Capital Assets**

The District's investment in capital assets at December 31, 2022 amounts to \$484,488 (net of accumulated depreciation). This investment in capital assets includes water system, sewer system and equipment and vehicles.

#### **Long Term Debt**

On February 26, 2013, the Silver Heights Water and Sanitation District borrowed \$90,000 from FirstBank. The loan bore a 3% interest rate over ten years. The loan was to pay for well rehabilitation. A hole was discovered in the well casing which needed to be replaced. The pump was lowered due to declining water levels in the aquifer. This loan was paid in full in September of 2022.

In November of 2020, Silver Heights Water and Sanitation District borrowed \$62,959 from the National Rural Water Association. The loan bore a 3% interest rate and was due over ten years. This loan was paid in full on August 30, 2022.

With the payment in full of both loans in 2022, the District has no long term debt as of 12/31/22.

# Silver Heights Water and Sanitation District

## Management's Discussion and Analysis

December 31, 2022

### Economic Factors and Next Year's Budget and Rates

#### Demand

Management observes that Douglas County is one of the fastest growing counties in the US. The majority of the water used in Douglas County comes from one source, underground aquifers. These aquifers are huge, stretching from Monument Hill to Fort Collins. Consequently, they serve as the primary water source of most communities in the ever growing Denver metropolitan area. There are many wells drilled into the aquifers and we expect many more to be drilled.

Castle Rock and Parker have plans to store water in the Reuter-Hess Reservoir. The reservoir will be filled in two ways. First, they will capture "excess" water (for example spring run-off) from Plum Creek and Cherry Creek. (Some water has to always flow downstream to users with senior water rights.) Water from this source is very unpredictable and could dry up during another drought. Second, they will pump water from aquifers into the reservoir during low demand periods (namely, the winter). So, Castle Rock will depend on the aquifer for a long time.

#### Supply

There are four aquifers beneath Silver Heights. From shallowest to deepest, they are the Dawson, Denver, Arapahoe, and Laramie-Fox Hills. The aquifers can be thought of as wet sponges (wet sandy soil) sandwiched between bowls (layers of hard rock). Nobody knows how quickly the aquifers refill, but the consensus is that we are draining the water much more quickly than they are filling. There are some plans to inject "excess" water back into the aquifers, but most experts are skeptical that it would be enough to make a difference.

The good news is that Silver Heights is near where the "bowls" are deepest, so the District should continue to have water when others are struggling. However, we have seen water levels drop by about 30 feet per year. Water experts explain that the dropping water level reflects a drop in artesian pressure. Artesian pressure is when the water higher up the sides of the bowl presses down on the water at the bottom and forces it into the well belonging to Silver Heights Water and Sanitation District and up toward the surface. Eventually, the District will be trying to pump water out of the well more quickly than it flows into the well. Management expects that to be several years in the future.

Choices at that time are all very expensive. The two most obvious choices are to dig a second well into the same aquifer and pump from each at half the prior rate. Eventually, the District will have to drill two more wells and run them all at one-quarter rate. Alternatively, the District can drill into the deepest aquifer. Unfortunately, the well would be very deep so both drilling the well and pumping the water to the surface would be expensive. Next, the water in the Laramie Fox-Hills reservoir is very brackish and would require expensive treatment to make it drinkable.

The District is also in the process of developing a tie-in to the Town of Castle Rock's water system, which could be utilized in an emergency, and as a future possible source of regular water.

# **Silver Heights Water and Sanitation District**

## **Management's Discussion and Analysis**

December 31, 2022

### **Rates**

Since management anticipates huge future expenses, they plan to build up financial reserves. Further, they plan to increase water rates in ways that encourage our residents to use water ever more frugally. In other words, the greater the amount of water consumed by a customer, the greater the cost per gallon. To the extent permitted by Districts financial needs, every time the District increases water and sewer rates, they will need to pay close attention to the rates charged by nearby communities so that District rates are not out of line with their rates.

There was a water rate increase effective March 31, 2022. The last rate increase was two years prior to that. The rates were increased at higher tiers to encourage water conservation. During 2020, our study showed that about 10% of residential customers consumed 50% of the water production. The new rates charge proportionately more for these consumers who drive up the peak demand, because costs per gallon increases as peak demand increases. The rates were also changed so only water used is billed as opposed to the old system that allowed up to 10,000 gallons of water for a single rate. This not only encourages conservation but customers who use a minimum amount of water saw a decrease in their water bill.

A maintenance surcharge of \$10 per billing cycle for all residential and commercial customers was effective as of January 1, 2011. These funds are anticipated to be used for the rehabilitation of the well.

### **Requests for Information**

This report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to: Silver Heights Water and Sanitation District, 1027 Harvey Street, Castle Rock, CO 80109.

## **Basic Financial Statements**

**Silver Heights Water and Sanitation District**  
Statement of Net Position  
Proprietary Fund  
December 31, 2022

**Assets**

*Current Assets*

Cash and Cash Equivalents	\$	598,691
Investments		1,838
Accounts Receivable		<u>35,251</u>

Total Current Assets		<u>635,780</u>
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*Noncurrent Assets*

Capital Assets,

Capital assets, not being depreciated		13,969
Capital assets, being depreciated, net		<u>470,519</u>

Total Noncurrent Assets		<u>484,488</u>
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Total Assets	\$	<u><u>1,120,268</u></u>
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**Liabilities**

*Current Liabilities*

Accounts Payable	\$	3,934
Deposits		<u>10,281</u>

Total Current Liabilities		<u>14,215</u>
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Total Liabilities		<u>14,215</u>
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**Net Position**

Net Investment in Capital Assets		484,488
Unrestricted		<u>621,565</u>

Total Net Position	\$	<u><u>1,106,053</u></u>
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**Silver Heights Water and Sanitation District**  
Statement of Revenues, Expenses and Changes in Net Position  
Proprietary Fund  
For the Year Ended December 31, 2022

<b>Operating Revenues</b>	
Service Fees, Net	\$ 167,919
Penalties	7,329
Miscellaneous	<u>1,850</u>
Total Operating Revenues	<u>177,098</u>
<b>Operating Expenses</b>	
Operations	292,875
Administrative	<u>58,677</u>
Total Operating Expenses	<u>351,552</u>
<b>Net Operating (Loss)</b>	<u>(174,454)</u>
<b>Nonoperating Revenues</b>	
Investment Income	804
Interest (Expense)	<u>(1,460)</u>
<b>Net Income (Loss) Before Contributed Capital</b>	(175,110)
<b>Contributed Capital</b>	
Tap Fees	<u>766,720</u>
Total Capital Contributions and Transfers	<u>766,720</u>
Change in Net Position	591,610
<b>Net Position, <i>Beginning of Year</i></b>	<u>514,443</u>
<b>Net Position, <i>End of Year</i></b>	<u><u>\$ 1,106,053</u></u>

**Silver Heights Water and Sanitation District**  
Statement of Cash Flows  
Proprietary Fund  
For the Year Ended December 31, 2022

	Total
<b>Cash Flows From Operating Activities</b>	
Cash Received from Customers	\$ 167,235
Cash Received from Others	1,850
Cash Paid to Suppliers	(330,634)
Net Cash Provided by Operating Activities	(161,549)
<b>Cash Flows From Capital and Related Financing Activities</b>	
Tap Fees Received	766,720
Debt Principal Payments	(69,984)
Debt Interest Payments	(1,460)
Net Cash Used by Capital and Related Financing Activities	695,276
<b>Cash Flows From Investing Activities</b>	
Interest Received	779
Net Cash Used by Capital and Related Financing Activities	779
<b>Net Change in Cash and Cash Equivalents</b>	534,506
<b>Cash and Cash Equivalents, <i>Beginning of Year</i></b>	64,185
<b>Cash and Cash Equivalents, <i>End of Year</i></b>	\$ 598,691
<b>Reconciliation of Net Operating Income to Net Cash Provided by Operating Activities</b>	
Net Operating Income	\$ (174,454)
Adjustments to Reconcile Net Operating Income to Net Cash Provided by Operating Activities	
Depreciation Expense	44,918
Changes in Assets and Liabilities Related to Operations	
Accounts Receivable	(1,721)
Accounts Payable	(24,000)
Deposits	(6,292)
Net Cash Provided by Operating Activities	\$ (161,549)

# Silver Heights Water and Sanitation District

Notes to Financial Statements

December 31, 2022

## Note 1: Reporting Entity

The Silver Heights Water and Sanitation District (the District) is a quasi-municipal corporation, governed pursuant to provisions of the Colorado Special District Act. The District was established to provide water and sewer services in Douglas County, Colorado.

The District follows the Governmental Accounting Standards Board (GASB) accounting pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

The District is not financially accountable for any other organization, nor is the District a component unit of any other primary governmental entity.

The District has no employees and all operations and administrative functions are contracted .

## Note 2: Summary of Significant Accounting Policies

The accounting policies of the District conform to generally accepted accounting principles as applicable to governmental units accounted for as a proprietary enterprise fund. The enterprise fund is used since the District's powers are related to those operated in a manner similar to a private utility system where net income and capital maintenance are appropriate determinations of accountability.

The more significant accounting policies of the District are described as follows:

### **Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The District's accounting records are maintained on the accrual basis of accounting. Revenue is recognized when earned and expenses are recognized when a liability is incurred. Tap fees are recorded as capital contributions when received.

The District distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the fund's principal ongoing operations. Operating expenses include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

# Silver Heights Water and Sanitation District

Notes to Financial Statements

December 31, 2022

## Note 2: Summary of Significant Accounting Policies (Continued)

### **Measurement Focus, Basis of Accounting and Financial Statement Presentation** (Continued)

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

### **Budgets**

In accordance with the State Budget Law, the District's Board of Directors holds public hearings in the fall each year to approve the budget and appropriate funds for the ensuing year. The appropriation is at the total fund expenditures level and lapses at year end. The District's Board of Directors can modify the budget by line item within the total appropriation without notification. The total appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting.

The District did not amend its annual budget for the year ended December 31, 2022.

During the year ended December 31, 2022 actual expenditures exceeded appropriations which may be a violation of State statutes.

### **Cash and Investments**

The District considers all highly liquid assets that are readily convertible to cash or have a maturity of three months or less to be cash equivalents.

### **Capital Assets**

Capital assets, which include land, buildings, plant, infrastructure, and equipment, are reported at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. Capital assets are defined by the District as those assets with a cost of \$5,000 or greater and an estimated useful life in excess of one year.

Depreciation expense has been computed using the straight-line method over the following estimated economic useful lives:

Water System	40 - 50 years
Sewer System	40 years
Equipment	5 - 10 years
Landscaping	5 - 20 years
Buildings	5 - 20 years
Furniture	3 - 7 years

# Silver Heights Water and Sanitation District

Notes to Financial Statements

December 31, 2022

## Note 2: Summary of Significant Accounting Policies (Continued)

### Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires that District management make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources and disclosures of contingent assets, deferred outflows of resources, liabilities and deferred inflows of resources at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

### Net Position

Net position is classified in the following the following categories:

- *Net Investment in Capital Assets* - This classification consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources attributable to the acquisition, construction, or improvement of capital assets or related debt are also included in this component of net position
- *Restricted Net Position* - This classification presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- *Unrestricted Net Position* - This classification represents the net position of the Authority, which is not restricted for any project or other purpose.

### Subsequent Events

Management of the District has evaluated subsequent events through January 4, 2024, the date the financial statements were available to be issued.

## Note 3: Cash and Investments

Cash and investments as of December 31, 2022 consist of the following:

Deposits with financial institutions	\$	598,691
Investments		<u>1,838</u>
Total	\$	<u><u>600,529</u></u>

# Silver Heights Water and Sanitation District

Notes to Financial Statements

December 31, 2022

## Note 3: Cash and Investments (Continued)

### **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 has adopted a deposit policy, which follows state statutes, for custodial risk.

### **Deposits with Financial Institutions**

The Colorado Public Deposit Protection Act (PDPA) requires all local government entities to deposit cash in eligible public depositories. Eligibility is determined by State regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. The PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution or held in trust for all uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. The State Regulatory Commissions for banks and savings and loan associations are required by Statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools. At December 31, 2022, the District had bank deposits of \$664,538 collateralized with securities held by the financial institution's agent but not in the District's name.

### **Investments**

The District is required to comply with State statutes which specify investment instruments meeting defined rating, maturity, and concentration risk criteria in which the District may invest, which include the following. State statutes do not address custodial risk.

- Obligations of the United States and certain U.S. Agency securities
- Certain international agency securities
- General obligation and revenue bonds of U.S. local government entities
- Bankers' acceptances of certain banks
- Commercial paper
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts
- Local government investment pools

*Interest Rate Risk* - State statutes generally limit investments to an original maturity of five years unless the governing board authorizes the investment for a period in excess of five years.

*Credit Risk* - State statutes limit certain investments to those with specified ratings established by the nationally recognized statistical rating organizations, depending on the type of investment.

*Concentration of Credit Risk* - State statutes do not limit the amount the District may invest in a single issuer, except for corporate securities.

# Silver Heights Water and Sanitation District

## Notes to Financial Statements

December 31, 2022

### Note 3: Cash and Investments (Continued)

#### Investments (Continued)

*Local Government Investment Pools* - As December 31, 2022, the District had \$- invested in the Colorado Local Government Liquid Assets Trust (Colotrust) (the Trust). The Trust is an investment vehicle established for local government entities in Colorado to pool surplus funds. The Colorado Division of Securities administers and enforces the requirements of creating and operating the Trust. The Trust operates similarly to a money market fund and each share is equal in value to \$1.00. Colotrust is rated AAAM by Standard & Poor's. Colotrust records its investments at fair value and the District records its investment in Colotrust at net asset value as determined by fair value. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. The custodian's internal records identify the investments owned by the participating governments.

### Note 4: Capital Assets

Capital asset activity for the year ended December 31, 2022, was as follows:

	<u>Balance 12/31/21</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/22</u>
Capital Assets, <i>Not Being Depreciated</i>				
Land	\$ 13,969	\$ -	\$ -	\$ 13,969
Total Capital Assets, <i>Not Being Depreciated</i>	<u>13,969</u>	<u>-</u>	<u>-</u>	<u>13,969</u>
Capital Assets, <i>Being Depreciated</i>				
Water System	1,757,188	-	-	1,757,188
Sewer System	380,103	-	-	380,103
Equipment	3,550	-	-	3,550
Landscaping	57,118	-	-	57,118
Buildings	40,109	-	-	40,109
Furniture	1,350	-	-	1,350
Total Capital Assets, <i>Being Depreciated</i> (Continued)	<u>2,239,418</u>	<u>-</u>	<u>-</u>	<u>2,239,418</u>
Less Accumulated Depreciation				
Water System	(1,342,860)	(36,277)	-	(1,379,137)
Sewer System	(279,826)	(8,002)	-	(287,828)
Equipment	(3,550)	-	-	(3,550)
Landscaping	(56,286)	(639)	-	(56,925)
Buildings	(40,109)	-	-	(40,109)
Furniture	(1,350)	-	-	(1,350)
Total Accumulated Depreciation	<u>(1,723,981)</u>	<u>(44,918)</u>	<u>-</u>	<u>(1,768,899)</u>
Total Capital Assets, <i>Being Depreciated, net</i>	<u>515,437</u>	<u>(44,918)</u>	<u>-</u>	<u>470,519</u>
Total Capital Assets, <i>net</i>	<u>\$ 529,406</u>	<u>\$ (44,918)</u>	<u>\$ -</u>	<u>\$ 484,488</u>

Depreciation expense for the year ended December 31, 2022 was charged to Operating Expenses.

# Silver Heights Water and Sanitation District

## Notes to Financial Statements

December 31, 2022

### Note 5: Long-term Obligations

The following is an analysis of the changes in the District's long-term obligations for the year ended December 31, 2022:

	Balance 12/31/21	Additions	Deletions	Balance 12/31/22	Due Within One Year
Notes Payable					
FirstBank	\$ 12,972	\$ -	\$ (12,972)	\$ -	\$ -
National Rural Water	57,013	-	(57,013)	-	-
<b>Total</b>	<b>\$ 69,985</b>	<b>\$ -</b>	<b>\$ (69,985)</b>	<b>\$ -</b>	<b>\$ -</b>

During the year ended December 31, 2022, total interest cost incurred was 1,460.

### Note 6: Tax, Spending and Debt Limitation

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights (TABOR) contains tax, spending, revenue and debt limitations which apply to the State of Colorado and all local governments.

Spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

The District's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including interpretation of how to calculate Fiscal Year Spending limits, will require judicial interpretation.

The amendment excludes enterprise funds from its provisions. Enterprise funds are defined as government owned businesses authorized to issue revenue bonds and receiving less than 10% of annual revenue from all state and local governments combined. The District believes it is an exempt enterprise under the definitions of TABOR and that the term of TABOR do not apply to the District during the year ended December 31, 2022.

# Silver Heights Water and Sanitation District

## Notes to Financial Statements

December 31, 2022

### **Note 7: Risk Management**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees or volunteers; and natural disasters.

The District has elected to manage its risk of losses through an Intergovernmental Agreement with was a member of the Colorado Special District Association of Colorado. Property and Liability Pool (Pool) as of December 31, 2022. Premiums are based on revenues with surcharges and assessments being available to the Risk Management Pool for Excessive Claims . During 2022 the pool provided liability coverage in the amounts of \$150,000/\$400,000 with a one million dollar maximum .

The District is one of 1,392 special districts which are member of the Colorado Special Districts Property and Liability Pool (Pool) as of December 31 , 2022. The Pool is an organization created by intergovernmental agreement to provide property, general liability, public officials liability, employee dishonesty and crime, equipment breakdown and workers' compensation coverage to its members. The Pool provides coverage for property claims up to \$50,000,000 and liability cover age for claims up to \$1,000,000. Workers ' compensation claims are covered up to statutory limits , with claims related to employer's liability up to \$2,000,000. Settled claims have not exceeded this coverage during 2022. Settled claims have not exceeded policy coverage in any of the years prior to 2021.

The District pays annual premiums to the Pool for their liability and property insurance. In the event the aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and surplus funds accumulated by the Pool, the Pool may require additional contributions from Pool members. Any excess unassigned surplus funds the Pool determines is not needed for purposes of the Pool may be returned to members pursuant to a distribution formula.

## **Supplementary Information**

**Silver Heights Water and Sanitation District**  
Schedule of Revenues, Expenses and Changes in Funds Available  
Budget and Actual (Budgetary Basis)  
For the Year Ended December 31, 2022

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>				
Service Fees, Net	\$ 186,298	\$ 186,298	\$ 167,919	\$ (18,379)
Penalties	2,640	2,640	7,329	4,689
Miscellaneous	800,150	800,150	1,850	(798,300)
Investment Income	10	10	804	794
Tap Fees	-	-	766,720	766,720
	<u>989,098</u>	<u>989,098</u>	<u>944,622</u>	<u>(44,476)</u>
<b>Expenses</b>				
Operations	128,012	243,012	247,957	(4,945)
Administration	43,700	43,700	58,677	(14,977)
Debt Service	17,376	17,376	71,445	(54,069)
	<u>189,088</u>	<u>304,088</u>	<u>378,079</u>	<u>(73,991)</u>
<i>Net Income Budget Basis</i>	<u>\$ 800,010</u>	<u>\$ 685,010</u>	566,543	<u>\$ (118,467)</u>
<b>Reconciliation to GAAP Basis</b>				
Depreciation			(44,918)	
Debt Principal			<u>69,985</u>	
<b>Change in Net Position, GAAP Basis</b>			<u>\$ 591,610</u>	

**Silver Heights Water and Sanitation District**  
Schedule of Administrative and General Expenses  
For the Year Ended December 31, 2022

	Total
Accounting and Auditing	\$ 17,520
Directors' Fees and Meetings	9,400
Legal	20,480
Office Supplies	5,217
Conferences	1,689
Computer	3,021
Meter Reading	<u>1,350</u>
 Total Expenses	 \$ <u><u>58,677</u></u>

# Silver Heights Water and Sanitation District

## Schedule of Operating Expenses For the Year Ended December 31, 2022

	Total
Sewage Treatment	\$ 18,282
Repairs and Maintenance	80,400
Utilities	29,957
Depreciation	44,918
Engineering	3,772
Operating Fees	98,502
Chemicals	3,135
Water Testing	1,366
Insurance	<u>12,543</u>
 Total Expenses	 \$ <u><u>292,875</u></u>



**HINKLE &  
COMPANY**  
Strategic PC  
Business Advisors

Board of Directors  
Silver Heights Water and Sanitation District  
Castle Rock, Colorado

We have audited the financial statements of Silver Heights Water and Sanitation District (the District) as of and for the year ended December 31, 2022, and have issued our report thereon dated January 4, 2024. Professional standards require that we provide you with the following information related to our audit.

### **Our Responsibility under Generally Accepted Auditing Standards**

As communicated in our engagement letter dated August 17, 2023, our responsibility, as described by professional standards, is to form and express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, as part of our audit, we considered the internal control of the District, solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters.

We applied certain limited procedures to the required supplementary information (RSI). However, we did not audit the RSI and do not express an opinion or provide any assurance on the RSI. With respect to the supplementary information accompanying the financial statements, we performed procedures to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing the information has not changed from the prior year, and the information is appropriate and complete in relation to our audit of the financial statements.

#### Office Locations:

Colorado Springs, CO  
Denver, CO  
Frisco, CO  
Tulsa, OK

#### Denver Office:

750 W. Hampden Avenue,  
Suite 400  
Englewood,  
Colorado 80110  
TEL: 303.796.1000  
FAX: 303.796.1001  
[www.HinkleCPAs.com](http://www.HinkleCPAs.com)

### **Compliance with All Ethics Requirements Regarding Independence**

The engagement team, others in our firm, as appropriate, and our firm have complied with all relevant ethical requirements regarding independence.

### **Significant Accounting Policies**

Management has the responsibility to select and use appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. A summary of the significant accounting policies adopted by the District is included in Note 1 to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during the year, except as discussed in the following paragraph. We noted no transactions the District entered into during the year for which there is a lack of authoritative guidance or consensus.

### **Accounting Estimates**

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. We evaluated the key factors and assumptions used to develop the significant estimates in determining that they are reasonable in relation to the financial statements as a whole.

### **Corrected and Uncorrected Misstatements**

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. The attached schedule summarizes uncorrected financial statement misstatements whose effects in the current and prior periods, as determined by management, are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. Uncorrected misstatements or matters underlying those uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even though the uncorrected misstatements are immaterial to the financial statements currently under audit.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. The attached schedule summarizes the corrected material adjustments we identified as a result of our audit procedures. These adjustments were brought to the attention of and corrected by management.

### **Disagreements with Management**

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during our audit.



**Difficulties Encountered in Performing the Audit**

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

**Representations Requested from Management**

We have requested certain written representations from management, which are included in the attached letter dated January 4, 2024.

**Management Consultations with Other Independent Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a second opinion on certain situations. If a consultation involves the application of an accounting principle to the District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to contact us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

**Other Significant Matters, Findings, or Issues**

In the normal course of our professional association with the District, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the District's auditors.

**Conclusion**

This report is intended solely for the information and use of the Board of Directors and management of the Silver Heights Water and Sanitation District and is not intended to be, and should not be, used by anyone other than these specified parties.

*Hick & Company, PC*

Englewood, Colorado  
January 4, 2024



Client: **SIL5005 - Silver Heights Water and Santitation Distrcit**  
 Engagement: **2022 AUD - Silver Heights Water and Sanitation District**  
 Period Ending: **12/31/2022**  
 Trial Balance: **02-01 - Government Fund Trial Balance**  
 Workpaper: **06-01 - PAJEs**  
 Fund Level: **All**  
 Index: **All**

<b>Account</b>	<b>Description</b>	<b>Debit</b>	<b>Credit</b>
<b>Fund: 10</b>	<b>New</b>		
<b>Proposed Journal Entries JE # 401</b>			
Entry to adjust A/P for liability search results.			
1201	Due from Solterra	4,981.00	
5045	Sewage Treatment - PCWRA	1,828.00	
2000	Accounts Payable		6,809.00
<b>Total</b>		<b><u>6,809.00</u></b>	<b><u>6,809.00</u></b>

Client: **SIL5005 - Silver Heights Water and Sanitation District**  
Engagement: **2022 AUD - Silver Heights Water and Sanitation District**  
Period Ending: **12/31/2022**  
Trial Balance: **02-01 - Government Fund Trial Balance**  
Workpaper: **04-01 - AJEs**  
Fund Level: **All**  
Index: **All**

Account	Description	Debit	Credit
<b>Adjusting Journal Entries JE # 101</b>			
Entry to agree beginning fund balances to PY AFS			
1500	Land	403.00	
1501	Investment Water	4,109.00	
1502	Investment Sewer	7,916.00	
1506	Furniture	430.00	
3200	Opening Balance Equity	1,674,898.00	
1504	Investment Equipment		1,155.00
1505	Investment Office		1,131.00
1507	Investment Landscape		1,925.00
1550	Accumulated Depreciation		961,360.00
3100	Capital		242,102.00
3300	Unrestricted Net Assets		450,390.00
4900	Misc Income		1,026.00
5000	Engineering		11,669.00
5005	Meter Reading		100.00
5015	Repairs and Maintenance:Rep/Maint - Water and Sewer		634.00
5020	Repairs and Maintenance:Rep/Maint - Water and Sewer:Operator Fees		1,362.00
5045	Sewage Treatment - PCWRA		1,705.00
5050	Utilities:Electric		1,752.00
5505	Accounting and Auditing:Bookkeeping		1,178.00
5515	Board Meetings		800.00
5540	Legal		8,734.00
5900	Interest Expense		733.00
<b>Total</b>		<b><u>1,687,756.00</u></b>	<b><u>1,687,756.00</u></b>

<b>Adjusting Journal Entries JE # 102</b>			
Entry to record CY depreciation			
6500	Depreciation	44,918.00	
1550	Accumulated Depreciation		44,918.00
<b>Total</b>		<b><u>44,918.00</u></b>	<b><u>44,918.00</u></b>

**Silver Heights Water and Sanitation District**  
**1027 Harvey Street**  
**Castle Rock, CO 80108**

January 4, 2024

Hinkle & Company, PC  
750 W. Hampden Ave., Suite 400  
Englewood, Colorado 80110

Dear Hinkle and Company,

This representation letter is provided in connection with your audit of the basic financial statements of Silver Heights Water and Sanitation District (the District) as of December 31, 2022 and for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions on whether the basic financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows, where applicable, of the various opinion units of the District in accordance with accounting principles generally accepted for governments in the United States of America (U.S. GAAP).

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 such that, in the light of surrounding circumstances, makes it probable that the judgment 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, the following representations made to you during your audit as of December 31, 2022:

**Financial Statements**

1. We have fulfilled our responsibilities as set out in the terms of the audit engagement letter dated August 17, 2023, for the preparation and fair presentation of the financial statements of the various opinion units referred to above in accordance with U.S. GAAP.
2. We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
4. We acknowledge our responsibility for compliance with the laws, regulations, and provisions of contracts and grant agreements.
5. We have reviewed, approved, and taken responsibility for the financial statements and related notes.
6. We have a process to track the status of audit findings and recommendations.

**Silver Heights Water and Sanitation District**  
**1027 Harvey Street**  
**Castle Rock, CO 80108**

7. We have identified and communicated to you all previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
8. Significant assumptions used by us in making accounting estimates are reasonable.
9. All related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
10. All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
11. The effects of uncorrected misstatements summarized in the attached schedule 5 and aggregated by you during the current engagement are immaterial, both individually and in the aggregate, to the applicable opinion units and to the financial statements as a whole.
12. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
13. All funds and activities are properly classified.
14. All funds that meet the quantitative criteria in GASB Statement No. 34, *Basic Financial Statements— and Management's Discussion and Analysis—for State and Local Governments*, GASB Statement No. 37, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments: Omnibus* as amended, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, for presentation as major are identified and presented as such and all other funds that are presented as major are considered important to financial statement users.
15. All components of net position, nonspendable fund balance, and restricted, committed, assigned, and unassigned fund balance are properly classified and, if applicable, approved.
16. Our policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position/fund balance are available is appropriately disclosed and net position/fund balance is properly recognized under the policy.
17. All revenues within the statement of activities have been properly classified as program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
18. All expenses have been properly classified in or allocated to functions and programs in the statement of activities, and allocations, if any, have been made on a reasonable basis.
19. Deposit and investment risks have been properly and fully disclosed. Investments are properly valued and investment ratings are accurate.
20. Capital assets, including infrastructure assets, are properly capitalized, reported, and if applicable, depreciated.

***Silver Heights Water and Sanitation District***  
***1027 Harvey Street***  
***Castle Rock, CO 80108***

21. All required supplementary information is measured and presented within the prescribed guidelines.
22. With regard to investments and other instruments reported at fair value:
  - The underlying assumptions are reasonable and they appropriately reflect management's intent and ability to carry out its stated courses of action.
  - The measurement methods and related assumptions used in determining fair value are appropriate in the circumstances and have been consistently applied.
  - The disclosures related to fair values are complete, adequate, and in accordance with U.S. GAAP.
  - There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.
23. With respect to the preparation of the District's financial statements, we have performed the following:
  - Made all management decisions and performed all management functions;
  - Assigned a competent individual to oversee the services;
  - Evaluated the adequacy of the services performed;
  - Evaluated and accepted responsibility for the result of the service performed; and
  - Established and maintained internal controls, including monitoring ongoing activities.

**Information Provided**

24. We have provided you with:
  - Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements of the various opinion units referred to above, such as records, documentation, meeting minutes, and other matters;
  - Additional information that you have requested from us for the purpose of the audit; and
  - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.

**Silver Heights Water and Sanitation District**  
**1027 Harvey Street**  
**Castle Rock, CO 80108**

25. All transactions have been recorded in the accounting records and are reflected in the financial statements.
26. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
27. We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
  - Management;
  - Employees who have significant roles in internal control; or
  - Others where the fraud could have a material effect on the financial statements.
28. We have no knowledge of allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, vendors, regulators, or others.
29. We are not aware of any pending or threatened litigation, claims, and assessments whose effects should be considered when preparing the financial statements and we have not consulted legal counsel concerning litigation, claims, or assessments.
30. We have disclosed to you the identity of all the entity's related parties and the nature of all the related party relationships and transactions of which we are aware.
31. There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices.
32. The District has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
33. We have disclosed to you all significant estimates and material concentrations known to management that are required to be disclosed in accordance with GASB Statement No. 62 (GASB-62), *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.
34. We have identified and disclosed to you the laws, regulations, and provisions of contracts and grant agreements that could have a direct and material effect on financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.

***Silver Heights Water and Sanitation District***  
***1027 Harvey Street***  
***Castle Rock, CO 80108***

35. There are no:
- Violations or possible violations of laws or regulations, or provisions of contracts or grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, including applicable budget laws and regulations.
  - Unasserted claims or assessments that our lawyer has advised are probable of assertion and must be disclosed in accordance with GASB-62.
  - Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB-62
36. The District has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset or future revenue been pledged as collateral.
37. We have complied with all aspects of grant agreements and other contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
38. With respect to the supplementary information accompanying the financial statements:
- We acknowledge our responsibility for the presentation of the supplementary information listed in the table of contents in accordance with accounting principles generally accepted in the United States of America.
  - We believe the supplementary information listed in the table of contents is fairly presented in accordance with accounting principles generally accepted in the United States of America.
  - The methods of measurement or presentation have not changed from those used in the prior period.
  - When the supplementary information listed in the table of contents is not presented with the audited financial statements, management will make the audited financial statements readily available to the intended users of the introductory section and supplementary information no later than the date of issuance by the entity of the supplementary information and the auditor's report thereon.
  - We acknowledge our responsibility to include the auditor's report on the supplementary information listed in the table of contents in any document containing the supplementary information and that indicates the auditor reported on such supplementary information.
  - We acknowledge our responsibility to present the supplementary information listed in the table of contents with the audited financial statements or, if the supplementary information will not be presented with the audited financial statements, to make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance by the entity of the supplementary information and the auditor's report thereon.

**Silver Heights Water and Sanitation District**  
**1027 Harvey Street**  
**Castle Rock, CO 80108**

39. With respect to the required supplementary information listed in the table of contents in the accompanying financial statements:

- 
- We acknowledge our responsibility for the presentation of the required supplementary information listed in the table of contents in accordance with U.S. GAAP.
  - We believe the required supplementary information listed in the table of contents, including its form and content, is measured and fairly presented in accordance with U.S. GAAP.
  - The methods of measurement or presentation have not changed from those used in the prior period.

(Signed)



Vice President

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(Title)