

NOTICE OF REGULAR MEETING OF SPRING CANYON WATER AND SANITATION DISTRICT

This meeting is being held via telephone and video conference and may be joined the following ways:

Join Via Web Browser:

<https://bit.ly/Regular2023>

+1 323-694-0227,,445046158#

Phone Conference ID: 445 046 158#

NOTICE IS HEREBY GIVEN that a Regular Meeting of the Board of Directors of the Spring Canyon Water and Sanitation District, Larimer County, Colorado, has been scheduled for Wednesday, September 27, 2023 at 6:00 p.m. via teleconference.

Board of Directors

Tim Schmitt, President/Chairman

Richard Emery, Vice President/Vice Chairman

Tim Mather, Director

James Gerard, Treasurer

Chris Goemans, Director

Term Expires: May 2027

Term Expires: May 2025

Term Expires: May 2025

Term Expires: May 2027

Term Expires: May 2027

AGENDA

A. ADMINISTRATIVE MATTERS

- A. Call to Order
- B. Declaration of Quorum/Director Qualifications/Conflicts of Interest
- C. Approval of Agenda
- D. Approval of Minutes from August 23, 2023
- E. Public Comments, limited to three minutes per person.

B. FINANCIAL MATTERS

- A. Consideration of August 2023 Disbursements

C. OPERATIONS AND MAINTENANCE MATTERS

- A. Engineer's Report
- B. Operations Report

D. MANAGEMENT MATTERS

- A. Manager's Report

E. OTHER BUSINESS

*The next regular meeting is scheduled for October 25, 2023 at 6:00 p.m.

By/s/ Darla Howard, Secretary for the meeting

MINUTES OF THE REGULAR MEETING OF
SPRING CANYON WATER AND SANITATION DISTRICT
HELD
August 23, 2023

The Regular Meeting of the Board of Directors of Spring Canyon Water and Sanitation District was held via teleconference on Wednesday, August 23, 2023, at 6:00 p.m.

ATTENDANCE

Directors in Attendance

Tim Schmitt, President
Rick Emery, Vice President
JJ Gerard, Treasurer

Absent and Excused

Tim Mather, Director
Chris Goemans, Director

Also, In Attendance

Chris Olson, Darla Howard, Tayler Pelletier, SCWSD
Others:

**ADMINISTRATIVE
MATTERS**

Call to Order -The Regular Meeting of the Board of Directors of Spring Canyon Water & Sanitation District was called to order by Chairman Schmitt 6:01 p.m. He noted that a quorum was present. All Directors also confirmed their qualifications to serve on the Board, and that prior to the meeting they had been notified of the meeting.

Agenda - Upon motion duly made by Director Gerard, and seconded by Director Emery, it was unanimously

RESOLVED to approve the August 23, 2023 agenda as presented.

Approval of Minutes -The Directors reviewed the minutes of the July 26, 2023 Regular Meeting. Upon motion duly made by Director Gerard. and seconded by Director Emery, it was unanimously

RESOLVED to approve the Minutes of the July 26, 2023 Regular Meeting.

Public Comments - none

**FINANCIAL
MATTERS**

Disbursements – The Directors reviewed the July 2023 Disbursements identified by checks #3707 through #3746 totaling \$178,653.03. Upon motion duly made by Director Gerard, and seconded by Director Emery, it was unanimously

RESOLVED to ratify the July 2023 Disbursements totaling \$178,653.03.

Appoint FY 2024 Budget Officer – The Directors named Chris Olson FY 2024 Budget Officer. Directors Mather and Schmitt will work with Mr. Olson to produce the draft budget due to the full Board by October 15, 2023.

**OPERATIONS
AND
MAINTENANCE
MATTERS**

Engineer's Report -. The Directors reviewed the Engineer's Report provided by Justin Beckner.

Operations Report – The Directors reviewed the Operations Report prepared by Tayler Pelletier.

**MANAGEMENT
MATTERS**

Manager Olson reviewed his report with the Directors. After discussion and review, upon motion duly made by Director Gerard, seconded by Director Emery, it was unanimously

RESOLVED to terminate the contract for accounting services with Pinnacle Consulting Group.

Upon motion duly made by Director Gerard, seconded by Director Emery, it was unanimously

RESOLVED to accept the letter of engagement from Rodahl and Company for accounting services.

NEXT MEETING

The next Regular Board Meeting is scheduled for Wednesday, September 27, 2023.

ADJOURNMENT

Upon motion duly made by Director Emery, seconded by Director Gerard, it was unanimously

RESOLVED to adjourn the meeting at 6:34 p.m.

Respectfully submitted,

Darla Howard

Darla Howard, Secretary for the Meeting

**Spring Canyon Water Sanitation District
Disbursements August 2023**

Check No.	Vendor	Description	Amount
E-pay	United States Treasury	941 FIT taxes	\$5,418.84
3747	Anthony A Cruz	Payroll	\$2,030.55
3748	Chris Goemans	Board meeting	\$69.26
3749	Chris S. Olson	Salary	\$2,702.97
3750	Darla Howard	Payroll	\$2,019.86
3751	James Gerard	Board meeting	\$69.26
3752	Rick Emery	Board meeting	\$69.27
3753	Taylor E. Pelletier	Payroll	\$1,990.47
3754	Tim Mather	Board meeting	\$69.27
3755	Tim Schmitt	Board meeting	\$69.26
3756	Amazon Capital Services	Tools	\$201.58
3757	CEBT Payments	Health insurance premium	\$4,775.34
3758	Civil Worx	Holiday Loop, General services	\$4,262.26
3759	CDPHE	Annual permit	\$250.00
3760	Colorado Analytical Labs Inc.	Lab analyses	\$336.00
3761	Comcast	Internet service	\$206.38
3762	FCLWD	June consumption	\$10,684.64
3763	Great West Life & Annuity	Deferred comp contributions	\$337.08
3764	Mission Communications LLC	Annual maintenance contract	\$2,169.00
3765	MMS Environmental Labs	Coliform - lab analyses	\$104.00
3766	Poudre Valley Air	AC at Trilby pump station repair	\$1,022.00
3767	Poudre Valley REA	Electric service	\$4,328.12
3768	SFCSD	July sewer contract	\$7,631.25
3769	Timber Line Electric	Software remote fix	\$620.00
3770	UNCC	Locat requests	\$11.61
3771	USA Bluebook	Distribution materials	\$164.15
3772	Verizon	Cell service	\$181.63
3773	Chris Olson	Reimburse culvert expenditure on personal card	\$2,484.83
3774	Gerrard Excavating Inc.	Holiday Loop	\$84,419.85
3775	Amazon Capital Services	RoundUp weed killer	\$132.15
3776	Arvada Pump Company	LS#4 - trouble shoot soft start issues	\$525.00
3777	Colorado Underground Detection	Leak detection - 27 fire hydrants	\$1,075.00
3778	DES Pipeline Maintenance LLC	Pipebridge & lift station cleanings	\$2,825.00
3779	eAnalytics Laboratory LLC	Lab analyses	\$200.00
3780	First Bank	Training, gas, tools, inventory parts, office supplies	\$4,339.09
3781	Frontier Business Products	Maint. Contract, color copy overages	\$142.69
3782	Timber Line Electric	Sandstone level indicator	\$1,570.00
3783	Anthony A Cruz	Payroll	\$1,852.80
3784	Chris S. Olson	Salary	\$2,702.96
3785	Darla Howard	Payroll	\$1,063.85
3786	James Gerard	Work session	\$69.26
3787	Rick Emery	Work session	\$69.26
3788	Taylor E. Pelletier	Payroll	\$1,986.54
3789	Tim Mather	Work session	\$69.26

**Spring Canyon Water Sanitation District
Disbursements August 2023**

3790	Tim Schmitt	Work session	\$69.26
3791	Great West Life & Annuity	Deferred comp contributions	\$1,337.08
3792	Western States Fire Protection	Backflow device testing	\$200.00
3793	Tri-State Concrete & Excavation	Release escrowed funds -sw mainline ext.	\$43,372.40
3794	USPS	Billing postage	\$206.04
Total August 2023 Disbursements			\$202,506.37

Engineer's Report – September 21, 2023

Holiday Drive Waterline Construction Project

We are working on getting a price to reseed a portion of the project as well as blanket it based on the erosion that we have seen. We are also getting a price to place bollards around the fire hydrant to protect it from vehicles. I hope to have that and a schedule for the installation by the meeting.

CIP

We have been working with District on getting prices for recoating the outside of the older arrowhead tank. The existing coating is showing wear and is starting to rust in some areas. We have reached out to several companies and only received bids from 2 companies. Based on the comparison of the bids we have narrowed it down to working with USG Water Solutions, as they were less expensive for a better quality of coating. With that being the case, we still have some options for the board to consider for the coating as they have given us the two options as follow:

- Tnemec Series 72 Coating (should last 8 to 10 years) = \$43,971.00
- Tnemec Series 700 Coating (should last 12 to 15 years) = \$63,957.00

We also discussed the option of going to a maintenance plan with them, but with us just updating the CIP plan we have determined that we would be better served to gather the information for the maintenance plan on all of the tanks and discuss as part of next year's CIP discussion.

In addition, we are working with Chris Olson on the Project Needs Assessment for the grant funding and hope to have it submitted prior to the board meeting.

Thank you for continuing to allow us to serve the district,



Justin C. Beckner, PE
Project Manager



Proposal from
UTILITY SERVICE CO., INC.

535 Gen. Courtney Hodges Blvd · P O Box 1350 · Perry, GA 31069
 Toll-free: 855-526-4413 | Fax: 478-987-2991
 usgwater.com

Date: _____ Submitted by: _____ Local Phone: _____
 SFID: _____ MP / CS Asset: _____

Entity Proposal Submitted To ("Customer"):			Phone Number:	Fax Number:	
Street Address:			Description of Work to be Performed:		
City:	State:	Zip Code:	Asset Name:		
Accounts Payable Contact Name:	Email:		Job Site Address:		
Job Contact (Inspection Reports):	Email:		County / Parish:	Asset Size:	Asset Style:

Utility Service Co., Inc. agrees to provide all labor, equipment, and materials needed to complete the following:

Please see attached Exhibit(s), which are incorporated herein by reference:

1. Exhibit A – Scope of Work
2. Exhibit B – Terms and Conditions

Please sign and date this proposal and fax one copy to our office.

----00 /100 Dollars \$ _____ .00

Payment to be made as follows: **Payment Due in Full Upon Completion of Work – plus all applicable taxes**

Remittance Address: Utility Service Co., Inc., P O Box 207362, Dallas, TX 75320-7362

This Proposal, together with its Exhibit A – Scope of Work and Exhibit B - Terms and Conditions, and any additional exhibits that Utility Service Co., Inc. and the Customer agree to incorporate and attach to this Proposal (collectively, this "Proposal") constitutes the entire and exclusive agreement between Utility Service Co., Inc. (which for purposes herein shall collectively include its affiliate companies) and Customer (collectively, the "Parties"). This Proposal may be withdrawn by Utility Service Co., Inc. at any time prior to acceptance. Customer assents to the terms and conditions in Exhibit B and agrees that the terms and conditions in Exhibit B shall govern with respect to this Proposal and the services provided by Utility Service Co., Inc. No additional or conflicting terms or conditions included in any purchase order, hyperlink, acknowledgement or invoice of Customer not expressly incorporated into this Proposal shall be binding on the Parties or this Proposal.

Note: This proposal shall expire automatically _____ days following the date of this Proposal.

Authorized
 USCI Signature

Nichole Gasmaw

Acceptance of Proposal The prices, scope of work, and terms and conditions of this Proposal are satisfactory and are hereby accepted. Payment will be made by Customer to Utility Service Co., Inc. as set forth herein.

Is Customer Exempt from Sales Tax? No Yes If Exempt, please provide Sales Tax Exemption Certificate.

Fiscal Year Beginning Month _____ Customer Signature _____

Date of Acceptance _____ Printed Name _____

FOR INTERNAL USE ONLY

SFID: _____ CN: _____ SO: _____ MP / CS PN: _____



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Exhibit A – Scope of Work



Proposal from
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535 Gen. Courtney Hodges Blvd · P O Box 1350 · Perry, GA 31069
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 usgwater.com

Date: **09/14/23**

Submitted by: **AJ Vela**

Local Phone: (720) 633-6058

SFID: **76888**

MP / CS Asset:

Entity Proposal Submitted To ("Customer"): Spring Canyon Water and Sanitation District			Phone Number: 9704131845	Fax Number:
Street Address: 4908 Shoreline Dr			Description of Work to be Performed: Exterior Renovation and Repairs	
City: Ft Collins	State: CO	Zip Code: 80526	Asset Name: Old Arrowhead Tank	
Accounts Payable Contact Name: Darla Howard	Email: darla@springcanyonwsd.com		Job Site Address: 5204 Arrowhead Ln Ft Collins CO 80526	
Job Contact (Inspection Reports): Chris Olson	Email: chriso@springcanyonwsd.com		County / Parish: Larimer	Asset Size: 500,000 Gallon
				Asset Style: Steel On grade

Utility Service Co., Inc. agrees to provide all labor, equipment, and materials needed to complete the following:

Please see attached Exhibit(s), which are incorporated herein by reference:

1. Exhibit A – Scope of Work
2. Exhibit B – Terms and Conditions

Please sign and date this proposal and fax one copy to our office.

Sixty Three Thousand Nine Hundred Fifty Seven----- ----00 /100 Dollars **\$ 63,957.00**

Payment to be made as follows: **Payment Due in Full Upon Completion of Work – plus all applicable taxes**

Remittance Address: Utility Service Co., Inc., P O Box 207362, Dallas, TX 75320-7362

This Proposal, together with its Exhibit A – Scope of Work and Exhibit B - Terms and Conditions, and any additional exhibits that Utility Service Co., Inc. and the Customer agree to incorporate and attach to this Proposal (collectively, this "Proposal") constitutes the entire and exclusive agreement between Utility Service Co., Inc. (which for purposes herein shall collectively include its affiliate companies) and Customer (collectively, the "Parties"). This Proposal may be withdrawn by Utility Service Co., Inc. at any time prior to acceptance. Customer assents to the terms and conditions in Exhibit B and agrees that the terms and conditions in Exhibit B shall govern with respect to this Proposal and the services provided by Utility Service Co., Inc. No additional or conflicting terms or conditions included in any purchase order, hyperlink, acknowledgement or invoice of Customer not expressly incorporated into this Proposal shall be binding on the Parties or this Proposal.

Note: This proposal shall expire automatically
Ninety (90) days following the date of this Proposal.

Authorized
 USCI Signature

Nichole Gorman

Acceptance of Proposal The prices, scope of work, and terms and conditions of this Proposal are satisfactory and are hereby accepted. Payment will be made by Customer to Utility Service Co., Inc. as set forth herein.

Is Customer Exempt from Sales Tax? No Yes If Exempt, please provide Sales Tax Exemption Certificate.

Fiscal Year Beginning Month _____ Customer Signature _____

Date of Acceptance _____ Printed Name _____

FOR INTERNAL USE ONLY

SFID: CN: SO: MP / CS PN:



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Exhibit A – Scope of Work

Steel Tank Exterior Renovation and Repairs

Exterior Renovation

1. Complete exterior shall be fully pressure washed.
2. All rusted areas shall be tool cleaned per SSPC-SP#2, #3 cleaning methods.
3. All areas tool cleaned shall be spot primed with a Tnemec Series primer.
4. One (1) full intermediate coat of a compatible Tnemec Series coating shall be applied to 100% of exterior surfaces.
5. One (1) full finish coat of Tnemec Series 700 coating shall be applied to 100% of exterior surfaces.
6. Apply Grout to where the exterior wall meets the concrete foundation.



Spring Canyon WSD Monthly Operations Report

Prepared by: Tayler Pelletier

Date: 9/20/2023

Galvanized Line Replacement:

We were aware of 2 small, galvanized steel mainlines that were still supplying water to 4 homes. We exposed one line and discovered that it was replaced at some point in the past with no records taken of it. The other one, however, did exist and was cut from the system and replaced with flexible poly pipe. In this process we were able to identify an existing galvanized steel service line which the homeowner decided to replace on their own upon discovery. Now that all the galvanized steel pipe has been removed from our mainlines and we are discovering more individual service line materials, we are making more progress towards the full implementation of the Lead and Copper Rule Revisions (LCRR) that are due in October 2024.

Manhole Inspections:

We have redeveloped the manhole inspection program because the existing one was outdated. To begin the process Anthony has been tracking down all the manholes to make notes of how accessible they are, and which ones need risers so we can put together a proposal for the budget depending on how many risers we will need to complete the process. Once all of them have been rendered accessible we will be able to implement the new inspection program.

Valve Exercising:

The valve exercise program has also been redeveloped and is ready to begin. At this time it is uncertain if it will begin this year due to manhole inspections currently taking priority.

Service Line Leak:

We are aware of a service line leak in Continental North. The homeowners are working towards a repair and are in contact with a contractor.

Lead and Copper Compliance:

All LCR Samples have been analyzed and reported. The annual reporting has been completed.

Spring Canyon Water & Sanitation District
District Manager's Report
September 22, 2023
Prepared by: Chris Olson

Cushman's Lakeview Sanitary Sewer Mainline Extension – The system improvements have been accepted by District Engineer Justin Beckner of CivilWorx, LLC and payment has been made to Tri-State Concrete and Excavation in the amount of \$46,726.80. \$2,000.00 is being held for retainage until the concrete pan is poured around MH#3. Once this is completed at the same time as the foundation, the District will release payment.

WPCRF Loan Application Status – Final reviews are near complete by the District and CivilWorx, LLC. We plan to have the PNA officially submitted on the Colorado Environmental Online Services Portal by the Board meeting on 9/27/23. Given the timeline of the PNA review and next steps, we are looking at January 15, 2024 or February 15, 2024 loan application dates.

Accounting and Finance Transition – Over the last month, the District has been transitioning our accounting and financial services from Pinnacle Consulting to Rodahl & Company. The transition has been going well and the on-boarding process with Rodahl & Company has been very smooth. We are very excited for this change and the positive outcomes it will have on our District and future.

2023 Audited Financials – Attached is an engagement letter for Auditing Services from Fiscal Focus Partners CPAs LLC. Eric Barnes from FFP previously provided auditing services to the District from 2013-2017 working with a couple different firms. The fee in the engagement letter from FFP lists the services to be \$8,250.00 plus out-of-pocket costs (such as postage, mileage, etc.)

Wipfli has also expressed interest in providing the District with Auditing Services for FY2023 in 2024 and plans to send out engagement letters sometime in October. Greg Livin, Partner at Wipfli stated to me in email "we would anticipate the proposed fee to be around \$7,500 to \$8,000 for the audit"

Old Arrowhead External Tank Coating – To be discussed in Engineer's Report.

SCWSD 2024 Budget – Thank you to Director Goemans for your time discussing the implications of the FCLWD proposed rate increases and to Directors Mather and Schmitt for your time and energy in a very productive first budget committee meeting. Below is the schedule SCWSD will follow to ensure compliance with Statutory Deadlines:

- On or Before October 15, 2023 – Draft Budget presented to SCWSD Board of Directors (copy in office for public review)
- October 1, 2023 – 30-day Notice of November 15, 2023 Rate Hearing (same time/date as board meeting) posted on all customer bills
- October 25, 2023 – October Board Meeting - Discuss Draft Budget
- October 27, 2023 – One time publication of notice of December 6th Budget hearing published in the Coloradoan
- November 15, 2023 – Rate Hearing / Board Meeting - Continue Budget Discussion
- December 6, 2023 – Board Meeting/Budget Hearing – SCWSD Board of Directors adopt 2024 Budget
- December 15, 2023 – Mill Levy Certification Provided to County by SCWSD District Staff
- January 31, 2024 – Annual Budget Filing due to DLG – Filed by SCWSD District Staff

Water Loss Tracking

Billing Cycle	Trilby Pump Station Consumption (Gal.)	SCWSD Sold (Gal.)	Non-Revenue Water (Gal.)	Non-Revenue Water (\$3.39/1,000Gal) (\$3.66/1,000Gal)2023	Non-Revenue Water (%)
4/20/22-5/20/22	3,053,500	2,263,298	790,202	\$2,678.78	25.88%
5/20/22-6/20/22	3,416,700	2,638,857	777,843	\$2,636.88	22.77%
6/20/22-7/20/22	4,727,000	3,769,422	957,578	\$3,246.19	20.26%
7/20/22-8/20/22	4,537,100	3,460,398	1,076,702	\$3,650.02	23.73%
8/20/22-9/20/22	4,419,600	3,277,624	1,141,976	\$3,871.30	25.84%
9/20/22-10/20/22	3,789,900	2,704,244	1,085,656	\$3,680.37	28.65%
10/20/22-11/20/22	2,681,700	1,999,952	681,748	\$2,311.13	25.42%
11/20/22-12/20/22	2,249,600	1,595,820	653,780	\$2,216.31	29.06%
12/20/23-1/20/23	2,724,600	1,993,388	731,212	\$2,676.23	26.83%
1/20/23-2/20/23	2,692,700	1,878,653	814,047	\$2,979.41	30.23%
2/20/23 – 3/20/23	2,240,500	1,519,155	721,345	\$2,640.12	32.20%
3/20/23 – 4/20/23	2,602,200	1,803,786	798,414	\$2,922.19	30.68%
4/20/23 – 5/20/23	2,547,300	1,875,900	671,400	\$2,457.32	26.36%
5/20/23 – 6/20/23	2,987,300	2,258,096	729,204	\$2,668.89	24.44%
6/20/23 – 7/20/23	3,529,400	2,897,018	632,382	\$2,314.52	17.92%
7/20/23 – 8/20/23	3,601,700	2,915,815	685,885	\$2,510.34	19.04%
8/20/23-9/20/23	3,224,800	2,444,121	780,679	\$2857.29	24.21%

August 30, 2023

To the Board of Directors and Management
Spring Canyon Water and Sanitation District
Larimer County, Colorado

We are pleased to propose auditing services and to confirm our understanding of the services we are to provide Spring Canyon Water and Sanitation District (the District) for the year ended December 31, 2023.

Audit Scope and Objectives

We will audit the financial statements of the governmental activities (as applicable), the business-type activities, and each major fund, and the disclosures, which collectively comprise the basic financial statements of the District as of and for the year ended December 31, 2023. Accounting standards generally accepted in the United States of America (GAAP) provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement the District's 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. As part of our engagement, we will apply certain limited procedures to the District's RSI in accordance with generally accepted auditing standards (GAAS). These limited procedures will consist of inquiries of management regarding 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 will 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. If the District omits MD&A, as in prior years, our report will include a statement that the District has omitted MD&A and that our opinion is not affected by the missing information. The Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund, if applicable, will be subjected to the auditing procedures applied in our audit of the financial statements.

We may also be engaged to report on supplementary and other information other than RSI that accompanies the District's financial statements. We will subject the following supplementary and other information, as applicable, to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America (GAAS), and we will provide an opinion on it in relation to the financial statements as a whole, in a report combined with our auditor's report on the financial statements:

- 1) Schedule of Revenues, Expenditures, and Changes in Funds Available – budget and actual (budgetary basis)
- 2) Reconciliation of actual (budgetary basis) to Statement of Revenues, Expenses, and Changes in Net Position

The objectives of our audit are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; issue an auditor's report that includes our opinion about whether the District's financial statements are fairly presented, in all material respects in conformity with GAAP, and report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. 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. Misstatements, including omissions, can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement of a reasonable user made based on the financial statements.

Fiscal Focus Partners, LLC

Auditor's Responsibilities for the Audit of the Financial Statements

We will conduct our audit in accordance with GAAS and will include tests of your accounting records and other procedures we consider necessary to enable us to express such opinions. As part of an audit in accordance with GAAS, we exercise professional judgement and maintain professional skepticism throughout the audit.

We will evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management. We will also evaluate the overall presentation of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the District or to acts by management or employees acting on behalf of the District.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is an unavoidable risk that some material misstatements may not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards. In addition, an audit is not designed to detect immaterial misstatements, or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, fraudulent financial reporting, or misappropriation of assets that comes to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

We will also conclude, based on the audit evidence obtained, 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 a reasonable period of time.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and tests of the physical existence of inventories, and direct confirmation of receivables and certain assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will also request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry.

We may from time to time and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service providers.

Audit Procedures—Internal Control

We will obtain an understanding of the District and its environment, including internal control relevant to the audit, sufficient to identify and assess the risks of material misstatement of the financial statements, whether due to error or fraud, and to design and perform audit procedures responsive to those risks and obtain evidence that is sufficient and appropriate to provide a basis for our opinions. 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, misrepresentation, or the override of internal control. An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. Accordingly, we will express no such opinion. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards.

Audit Procedures—Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the District's compliance with the provisions of applicable laws, regulations, contracts, and agreements. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion.

Other Services

We will prepare the financial statements of the District in conformity with U.S. generally accepted accounting principles based on information provided by you. We will perform the services in accordance with applicable professional standards. The other services are limited to the financial statements previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

You agree to assume all management responsibilities for the financial statement preparation services and any other nonattest services we provide; oversee the services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of the services; and accept responsibility for them.

Responsibilities of Management for the Financial Statements

Our audit will be conducted on the basis that you acknowledge and understand your responsibility for designing, implementing, and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error, including monitoring ongoing activities; for the selection and application of accounting principles; and for the preparation and fair presentation of the financial statements in conformity with accounting principles generally accepted in the United States of America with the oversight of those charged with governance.

Management is responsible for making drafts of the financial statements, all financial records and related information available to us and for the accuracy and completeness of that information (including information from outside of the general and subsidiary ledgers). You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, identification of all related parties and all related-party relationships and transactions, and other matters; (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the District from whom we determine it necessary to obtain audit evidence. At the conclusion of our audit, we will require certain written representations from you about the financial statements and related matters.

Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the District involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the District received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the District complies with applicable laws and regulations.

You are responsible for the preparation of the supplementary information in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains and indicates that we have reported on the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon. Your responsibilities include acknowledging to us in the representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Engagement Administration, Fees, and Other

We understand that your employees or consultants will prepare all cash, accounts receivable, or other confirmations we request and will locate any documents selected by us for testing.

The audit documentation for this engagement is the property of Fiscal Focus Partners, LLC and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to an applicable regulator or its designee. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Fiscal

Focus Partners, LLC personnel. Furthermore, upon request, we may provide copies of selected audit documentation to an applicable regulator or its designee. The applicable regulator or its designee may intend or decide to distribute the copies or information contained therein to others, including other governmental agencies.

We expect to begin our audit on a date mutually agreed to by your management and our firm, and to issue our reports no later than July 31, 2024, or September 30, 2024 if the District is eligible for, and management requests, an extension of time from state auditor. If the originally scheduled audit commencement date is not met due to delays in availability of required information and rescheduling is necessary, we will advise you of any change in anticipated report issuance dates. Eric Barnes will be the engagement partner and will be responsible for supervising the engagement and signing the report or authorizing another individual to sign it. The designated partner may change depending on scheduling and work demands. You will be advised of any change in the designated partner. Our audit engagement commences when all information necessary to conduct the audit is available and provided to us, and ends on delivery of our audit report. Any follow-up services that might be required will be a separate, new engagement. The terms and conditions of that new engagement will be governed by a new, specific engagement letter for that service. This engagement agreement may be cancelled by you or by us upon written notice provided at least 45 days prior to engagement commencement.

Our fee for these services will be \$8,250 plus out-of-pocket costs (such as postage, mileage, etc.). Our invoice for these fees will be rendered upon completion of fieldwork and in-house review and is payable on presentation. In accordance with our firm policies, work may be suspended if your account becomes thirty days or more overdue and may not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination. The above fee is based on anticipated cooperation from your personnel, contractors, and professionals, and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

Reporting

We will issue a written report upon completion of our audit of the District's financial statements. Our report will be address to the Board of Directors of the District. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinions, add a separate section, or add an emphasis-of-matter or other-matter paragraph to our auditor's report, or if necessary, withdraw from this engagement. If our opinions are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or withdraw from this engagement.

We appreciate the opportunity to be of service to Spring Canyon Water and Sanitation District and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Very truly yours,



Fiscal Focus Partners, LLC

RESPONSE:

This letter correctly sets forth the understanding of Spring Canyon Water and Sanitation District.

Authorized signature: _____ Title: _____

Date: _____

September 27, 2023 Regular Meeting

Other Business

2023 Rate Hearing –

Approve billing message to be placed on 9/28 outgoing bills of November 15th Rate Hearing.

This will satisfy the 30 day requirement of customer notification. In addition, the transparency notice will be updated on the SDA website, and the hearing will be noted on the District website calendar.

Budget Hearing –

One time publication of Budget Notice will be published in the Coloradoan on Friday, October 27th.

Also, noted on SDA website and our website (not required).