



503 N. Main St., Suite 740
Pueblo, CO 81003-3131
719.543.0516
719.544.2849 Fax
www.cpapueblo.com

McPherson, Goodrich, Paolucci & Mihelich, PC

Tax/Consulting/Audit

Certified Public Accountants

August 2, 2022

Board of Directors
Pueblo West Metropolitan District
Pueblo West, Colorado

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the internal service fund type of Pueblo West Metropolitan District (the District) for the year ended December 31, 2021. Professional standards require that we provide information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter dated March 8, 2022. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2021. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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. The most sensitive estimate affecting the governmental activities, business-type activities, water fund, wastewater fund, the community development fund, the swimming pool fund and the internal service fund financial statements was:

Management's estimate of depreciation expense which is based on the estimated useful lives assigned. We evaluated the key factors and assumptions used to develop depreciation expense in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management, however, we did incur difficulties in performing and completing our audit timely due to internal control deficiencies. Please refer to our other letter to management also dated August 2, 2022 that details the internal control deficiencies that were noted.

Corrected and Uncorrected Misstatements

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. Management has corrected all such misstatements. The following material misstatements detected as a result of audit procedures were corrected by management (see attached list)

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 auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated July 15, 2022.

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 application of an accounting principle to the District's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to management's discussion and analysis, along with the budgetary comparison schedules for the general fund and the District's major special revenue funds and the schedule of the District's proportionate share of FPPA's net pension asset for FPPA's new hire pension plan and the schedule of District contributions to FPPA's new hire pension plan.

All of the above noted schedules represent required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the budget to actual individual fund schedules, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the introductory section or the statistical section which accompany the financial statements but are not RSI. We did not audit or perform other procedures on this other information and we do not express an opinion or provide any assurance on it.

Restriction on Use

This information is intended solely for the use of the board of directors and management of the District and is not intended to be, and should not be, used by anyone other than these specified parties.

McPherson, Cochran, Paulucci & Mitchell, P.C.

ATTACHMENT
SCHEDULE OF AUDIT ADJUSTMENTS POSTED 12/31/2021

Account	Description	Debit	Credit	Net Income Effect
001				
Reclassify outside services to capital outlay as these relate to design fees for new fire station				
05-403-6520	Outside Services	0.00	97,262.00	
05-403-9899	Capital Projects	97,262.00	0.00	
Total		97,262.00	97,262.00	0.00
002				
Correct A/R in Water due to error in year-end journal entry				
20-100-1105	Customers Accounts Receivable	0.00	369,935.00	
20-300-4301	Metered Sales Gen Customers	369,935.00	0.00	
Total		369,935.00	369,935.00	(369,935.00)
003				
To adjust Depreciation expense and Accum Depreciation				
22-999-9000	Depreciation Expense	0.00	10,033.00	
22-100-3000	Fund Balance	10,033.00	0.00	
22-100-3000	Fund Balance	10,033.00	0.00	
22-100-1650	Accum Prov for Depreciation	0.00	10,033.00	
Total		20,066.00	20,066.00	10,033.00
004				
To adjust Internal Service Fund fixed assets				
07-100-1550	Machinery & Equipment	13,547.00	0.00	
07-100-1540	Buildings & Improvements	0.00	13,547.00	
07-999-9000	Depreciation Expense	0.00	23,253.00	
07-100-3000	Fund Balance	23,253.00	0.00	
07-100-1650	Accum Prov for Depreciation	0.00	5,663.00	
07-100-3000	Fund Balance	5,663.00	0.00	
Total		42,463.00	42,463.00	23,253.00
005				
To adjust Water Fund Fixed Assets				
20-100-3000	Fund Balance	2,311,220.00	0.00	
20-999-9000	Depreciation Expense	0.00	2,311,220.00	
20-100-1550	Machinery & Equipment	0.00	0.00	
20-100-1560	Trucks & Autos	35,587.00	0.00	
20-100-1650	Accum Prov for Depreciation	0.00	35,587.00	
20-100-3000	Fund Balance	0.00	0.00	
20-410-9899	Capital Projects	151,339.00	0.00	
20-441-9898	Capital Equipment	108,518.00	0.00	
20-441-9899	Capital Projects	1,191,948.00	0.00	
20-100-3000	Fund Balance	0.00	1,509,110.00	
20-410-9899	Capital Projects	57,305.00	0.00	
Total		3,855,917.00	3,855,917.00	802,110.00
006				
Correct beginning fund balance to agree with prior year				
20-100-3000	Fund Balance	0.00	108,178.00	
20-100-2003	Retainage Payable	108,178.00	0.00	
21-100-3000	Fund Balance	0.00	84,210.00	
21-100-2003	Retainage Payable	84,210.00	0.00	
Total		192,388.00	192,388.00	0.00
007				
Additional accrual for fees relating to WWRLF loans, 47,501 due on 2/1 for 6 months (5/6) adjust existing balance to \$39,584				
21-921-8801	Debt Service - Fees	13,325.00	0.00	
21-100-2021	WWRLF Admin Fee Payable	0.00	13,325.00	
Total		13,325.00	13,325.00	(13,325.00)

Account	Description	Debit	Credit	Net Income Effect
008				
Post prior year entry relating to deferred inflows not posted by client				
03-100-3000	Fund Balance	286,104.00	0.00	
03-100-2660	Deferred Revenue	0.00	286,104.00	
Total		286,104.00	286,104.00	0.00
009				
Correct beginning fund balance in capital projects and retainage, relates to entry from prior year not posted				
03-100-2003	Retainage Payable	16,183.00	0.00	
03-100-3000	Fund Balance	0.00	16,183.00	
Total		16,183.00	16,183.00	0.00
010				
Entry from prior year to correct fund balance				
01-100-3000	Fund Balance	61,954.00	0.00	
01-100-2660	Deferred Revenue	0.00	61,954.00	
Total		61,954.00	61,954.00	0.00
011				
Record investment market value change				
20-300-4105	Gain/Loss on Investments	123,452.00	0.00	
20-100-1999	Due from General Fund	0.00	123,452.00	
21-300-4105	Gain/Loss on Investments	34,976.00	0.00	
21-100-1999	Due from General Fund	0.00	34,976.00	
05-300-4105	Gain/Loss in Investments	10,484.00	0.00	
05-100-1999	Due from General Fund	0.00	10,484.00	
04-300-4105	Gain/Loss on Investments	2,189.00	0.00	
04-100-1999	Due from General Fund	0.00	2,189.00	
01-300-4105	Gain/Loss on Investments	39,814.00	0.00	
01-100-2920	Due to Water Fund	123,452.00	0.00	
01-100-2921	Due to Wastewater Fund	34,976.00	0.00	
01-100-2905	Due to Fire Sales Tax Fund	10,484.00	0.00	
01-100-2904	Due to Conservation Trust	2,189.00	0.00	
01-100-1205	Market Value Adjustment	0.00	210,915.00	
Total		382,016.00	382,016.00	(210,915.00)
012				
To adjust fixed assets to fund balance.				
21-999-9000	Depreciation Expense	0.00	1,119,450.00	
21-100-1650	Accum Prov for Depreciation	1,119,450.00	0.00	
21-530-9899	Capital Projects	61,855.00	0.00	
21-531-9899	Capital Projects	150,691.00	0.00	
21-530-9898	Capital Equipment	12,850.00	0.00	
21-531-9899	Capital Projects	48,840.00	0.00	
21-530-9899	Capital Projects	25,847.00	0.00	
21-100-3000	Fund Balance	0.00	300,083.00	
21-530-9899	Capital Projects	0.00	25,847.00	
21-531-9899	Capital Projects	19,544.00	0.00	
21-530-6556	Contracted Maintenance	6,303.00	0.00	
21-100-3000	Fund Balance	1,012,731.00	0.00	
21-100-1650	Accum Prov for Depreciation	0.00	1,012,731.00	
Total		2,458,111.00	2,458,111.00	819,367.00
013				
To remove vehicles sold in 2020				
06-100-1650	Accum Prov for Depreciation	32,412.00	0.00	
06-100-1560	Trucks & Autos	0.00	32,412.00	
Total		32,412.00	32,412.00	0.00

Account	Description	Debit	Credit	Net Income Effect
014				
To adjust accrued admin fees recorded twice.				
21-921-8801	Debt Service - Fees	0.00	40,201.00	
21-100-2022	WWRLF Interest Payable	40,201.00	0.00	
Total		40,201.00	40,201.00	40,201.00
015				
To adjust accrued interest payable/				
20-920-8802	Debt Service - Interest	796.00	0.00	
20-100-2010	Accrued Interest Payable	0.00	796.00	
Total		796.00	796.00	(796.00)
016				
Recorded prepaid water assessment, 8/1/21 to 7/31/22 \$1209795.60 *7/12				
20-100-1053	Prepaid Expense	705,714.00	0.00	
20-410-7425	Water Rights & Assessments	0.00	705,714.00	
Total		705,714.00	705,714.00	705,714.00
017				
To adjust land inventory.				
06-999-9005	Cost of Sales	0.00	362,229.00	
06-100-3000	Fund Balance	362,229.00	0.00	
06-100-1156	Inventory Land	0.00	138,000.00	
06-100-1997	Due From Water Fund	138,000.00	0.00	
06-100-3000	Fund Balance	0.00	49,540.00	
06-100-1156	Inventory Land	49,540.00	0.00	
20-100-1500	Land	138,000.00	0.00	
20-100-2998	Due to Community Developmen	0.00	138,000.00	
Total		687,769.00	687,769.00	362,229.00
018				
Adjust prepaid water storage and correct prepaid IT consulting				
20-100-1053	Prepaid Expense	377,430.00	0.00	
20-410-7425	Water Rights & Assessments	0.00	377,430.00	
07-100-1053	Prepaid Expense	6,180.00	0.00	
07-417-6552	IT Costs (Software)	0.00	6,180.00	
Total		383,610.00	383,610.00	383,610.00
019				
Correct capital outlay accounts				
01-407-7010	PC Hardware	5,470.00	0.00	
01-407-9898	Capital Equipment	0.00	5,470.00	
01-403-7010	PC Hardware	5,122.50	0.00	
01-403-9898	Capital Equipment	0.00	5,122.50	
Total		10,592.50	10,592.50	0.00
020				
Record inventory in general fund, prior period adjustment, has never been recorded, allocate prior period to water 35% and sewer 17.5% of fleet and facilities onlyfund at				
01-100-1150	Inventory - Fleet	127,332.00	0.00	
01-100-1151	Inventory - Roads	254,976.00	0.00	
01-100-1152	Inventory - Facilities	40,245.00	0.00	
01-100-2920	Due to Water Fund	0.00	47,150.00	
01-100-2921	Due to Wastewater Fund	0.00	16,761.00	
01-100-3000	Fund Balance	0.00	358,642.00	
20-100-1999	Due from General Fund	47,150.00	0.00	
20-100-3000	Fund Balance	0.00	47,150.00	
21-100-1999	Due from General Fund	16,761.00	0.00	
21-100-3000	Fund Balance	0.00	16,761.00	
Total		486,464.00	486,464.00	0.00

Account	Description	Debit	Credit	Net Income Effect
021				
Record prior period adjustment related to over accrual of revenue in the prior year.				
03-409-5001	CDOT Grant (Fed Passthu)	0.00	66,879.00	
03-100-3000	Fund Balance	66,879.00	0.00	
Total		66,879.00	66,879.00	66,879.00
022				
To record to Water Fund				
06-100-3000	Fund Balance	138,000.00	0.00	
06-300-5600	Land Sales	0.00	138,000.00	
Total		138,000.00	138,000.00	138,000.00
22				
Amount recorded as lease income s/b gain in sale, should be gain on sale				
06-300-4713	Land Lease	300,000.00	0.00	
06-300-5600	Land Sales	0.00	300,000.00	
Total		300,000.00	300,000.00	0.00
023				
Adjust water/sewer A/R to analysis - after AJE 002				
20-100-1105	Customers Accounts Receivable	28,538.00	0.00	
20-300-4301	Metered Sales Gen Customers	0.00	28,538.00	
21-100-1105	Customers Accounts Receivable	32,339.00	0.00	
21-300-4401	Sewer Usage	0.00	32,339.00	
Total		60,877.00	60,877.00	60,877.00