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**CASTLE PINES NORTH  
METROPOLITAN DISTRICT**  
AUDITOR COMMUNICATIONS  
DECEMBER 31, 2023

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DRAFT FOR  
DISCUSSION PURPOSES  
ONLY

Board of Directors and Management  
Castle Pines North Metropolitan District  
Castle Pines, Colorado

We have audited the financial statements of Castle Pines North Metropolitan District (the District) as of and for the year ended December 31, 2023, and have issued our report thereon dated **DATE**. Professional standards require that we provide you with information about our responsibilities under auditing standards generally accepted in the United States, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated August 8, 2024. Professional standards also require that we communicate to you the following information related to our audit.

*Qualitative Aspects Of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used 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 the year ended December 31, 2023. We noted no transactions entered into during the year for which there was a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred. There are no instances where we consider a significant accounting practice that is acceptable under the applicable financial reporting framework not to be most appropriate to the particular circumstances of the District.

For purposes of this communication, professional standards require us to communicate to you significant unusual transactions identified during our audit. The transfer of parks and recreation and storm drainage services to the City of Castle Pines is considered a significant unusual transaction, which is disclosed in Note 10 of the financial statements.

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 financial statements is:

- Management's recognized proportionate share of the Public Employees' Retirement Association of Colorado's (PERA) net pension liability. We evaluated the net pension liability from the PERA report and the proportionate share of the District to determine if the amount recognized by management was reasonable.

The disclosures to the financial statements are neutral, consistent and clear. Certain financial statement disclosures are particularly sensitive because of their significance to the users of the financial statements. The most sensitive disclosure affecting the financial statements is:

- The disclosure of the employee pension plan in Note 5 to the financial statements

#### *Circumstances That Affect The Form And Content Of The Auditors' Report*

For purposes of this letter, professional standards require that we communicate any circumstances that affect the form and content of our auditors' report. There were no circumstances that caused us to modify our auditors' report.

#### *Matters Resulting In Consultation Outside The Engagement Team*

There were no significant matters which resulted in consultation outside of our engagement team.

#### *Difficulties Encountered In Performing The Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

#### *Corrected And Uncorrected Misstatements*

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are 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. There were no such uncorrected misstatements or omitted disclosures of the financial statements.

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 identifies misstatements that we identified as a result of our audit procedures that were brought to the attention of, and corrected by, management.

#### *Disagreements With Management*

For purposes of this letter, professional standards define a disagreement with management as 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 attached management representation letter.

#### *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 an entity'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.

This information is intended solely for the information and use of the Members of the Board and Management of the District and is not intended to be and should not be used by anyone other than these specified parties.

DATE, 2024

**SCHEDULE OF UNCORRECTED MISSTATEMENTS**

None noted for the year ended December 31, 2023

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## SCHEDULE OF CORRECTED MISSTATEMENTS

Client: **33184.0000 - Castle Pines North Metropolitan District**  
 Engagement: **2023 AUD - Castle Pines North Metropolitan District**  
 Trial Balance: **TB Database**  
 Workpaper: **3010 - Adjusting Journal Entries Report**

Account	Description	W/P Ref	Debit	Credit
<b>Adjusting Journal Entries JE # 2</b>		<b>3022</b>		
<b>PBC AJE - to adjusted taxes receivable/deferred and debt service adjustment</b>				
10-00-00-1330	Taxes Receivable		973,360.00	
60-61-00-2120	Note Payable - JPM		250,000.00	
10-00-00-2500	Deferred Property Taxes			973,360.00
60-61-00-7510	Waste Water - Debt Service			250,000.00
<b>Total</b>			<b>1,223,360.00</b>	<b>1,223,360.00</b>
<b>Adjusting Journal Entries JE # 3</b>		<b>3022</b>		
<b>PBC AJE: to make an adjustment to cash balances between funds and record depreciation adjustments for fixed assets</b>				
60-60-00-1125	ColoTrust MM Fund		1,037,601.00	
60-60-00-1515	Building and Improvements		553,185.00	
60-60-00-1550	Improvements Const. In Prog		198,747.00	
60-60-00-5330	Water Treatment Plant Expenditures		4,068.00	
60-60-00-6800	Depreciation Expense		1,219,871.00	
60-61-00-1550	Improvements Const. In Prog		1,041,669.00	
60-61-00-5418	Underground Utility Locates		427,437.00	
60-60-00-1600	Accumulated Depreciation			1,219,870.00
60-60-00-7753	Sampling Station Installation			45,597.00
60-60-00-7756	WTP Filter Rehabilitation Program			6,393.00
60-60-00-7757	WTP Process Tank Rehab			553,185.00
60-60-00-7760	Well Control Vault Rehab Program			60,208.00
60-60-00-7766	Waste Water - Lift Station Renovations			1,041,669.00
60-60-00-7767	Monarch Waterline Replacement Project			40,297.00
60-60-00-7768	Yorkshire Water Line Replacement Project			46,253.00
60-61-00-1125	ColoTrust Funds			1,037,601.00
60-61-00-1600	Accumulated Depreciation			427,437.00
60-61-00-7766	Waste Water - Lift Station Renovations			4,068.00
<b>Total</b>			<b>4,482,578.00</b>	<b>4,482,578.00</b>
<b>Adjusting Journal Entries JE # 4</b>		<b>3022</b>		
<b>PBC AJE: to record PTO accrual and year-end adjustment correction</b>				
60-60-00-5111	Salaries - Salaried		10,758.00	
60-61-00-5111	Salaries - Salaried		2,149.00	
60-61-00-5145	Accounting and Payroll		1,928.00	
60-60-00-2240	Accrued Vacation/Sick Leave			10,758.00
60-61-00-2240	Accrued Vacation/Sick Leave			2,149.00
60-61-00-5126	PERA Matchmaker Contribution			1,928.00
<b>Total</b>			<b>14,835.00</b>	<b>14,835.00</b>

## SCHEDULE OF CORRECTED MISSTATEMENTS (CONTINUED)

<b>Adjusting Journal Entries JE # 5</b>		<b>3022.1</b>		
<b>PBC AJE: To correct and true up year-end IGA expenses and payables</b>				
10-00-00-2999	IGA Payable to City of Castle Pines	458,728.00		
10-00-00-5800	Transfer to Enterprise Fund	458,728.00		
60-60-00-1125	ColoTrust MM Fund	298,174.00		
60-61-00-1125	ColoTrust Funds	160,555.00		
10-00-00-1125	ColoTrust MM Fund		458,728.00	
10-00-00-5999	IGA - City of Castle Pines		298,174.00	
60-60-00-4341	Transfer from General Fund		160,555.00	
60-61-00-4341	Transfer from General Fund		160,555.00	
<b>Total</b>		<b>1,376,185.00</b>	<b>1,376,185.00</b>	
<b>Adjusting Journal Entries JE # 6</b>		<b>3022.2</b>		
<b>Audit Entry: to correct part of AJE-3, move Underground Utility Locates expense AJE to Depreciation Expense</b>				
60-61-00-6800	Depreciation Expense	427,437.00		
60-61-00-5418	Underground Utility Locates		427,437.00	
<b>Total</b>		<b>427,437.00</b>	<b>427,437.00</b>	
<b>Adjusting Journal Entries JE # 7</b>		<b>5240</b>		
<b>Nonattest Service - Entry to bring final GASB 68 account balances to match calculations.</b>				
60-60-00-2511	Deferred Outflows - Investment Earnings	224,126.00		
60-60-00-2512	Deferred Outflows - Contributions	8,069.00		
60-60-00-2518	Deferred Inflows - Investment Earnings	18,573.00		
60-60-00-6000	Pension Expense	33,279.00		
60-61-00-2511	Deferred Outflows - Investment Earnings	116,075.00		
60-61-00-2514	Deferred Inflows - Proportionate Share	5,015.00		
60-61-00-2518	Deferred Inflows - Investment Earnings	73,767.00		
60-60-00-2510	Net Pension Liability		268,029.00	
60-60-00-2514	Deferred Inflows - Proportionate Share		8,761.00	
60-60-00-2515	Deferred Outflows - Experience		790.00	
60-60-00-2516	Deferred Outflows - Change in Assumptions		5,481.00	
60-60-00-2519	Deferred Inflows - Experience		986.00	
60-61-00-2510	Net Pension Liability		153,550.00	
60-61-00-2512	Deferred Outflows - Contributions		2,069.00	
60-61-00-2515	Deferred Outflows - Experience		754.00	
60-61-00-2516	Deferred Outflows - Change in Assumptions		5,230.00	
60-61-00-2519	Deferred Inflows - Experience		431.00	
60-61-00-6000	Pension Expense		32,823.00	
<b>Total</b>		<b>478,904.00</b>	<b>478,904.00</b>	
<b>Adjusting Journal Entries JE # 9</b>		<b>4201</b>		
<b>Audit Entry: To adjust property tax receivable and deferred property tax out of the general fund and into the enterprise funds.</b>				
10-00-00-2500	Deferred Property Taxes	973,360.00		
RB-60-60-00-1330	Taxes Receivable	730,020.00		
RB-60-61-00-1330	Taxes Receivable	243,340.00		
10-00-00-1330	Taxes Receivable		973,360.00	
RB-60-60-00-2500	Deferred Property Taxes		730,020.00	
RB-60-61-00-2500	Deferred Property Taxes		243,340.00	
<b>Total</b>		<b>1,946,720.00</b>	<b>1,946,720.00</b>	