



SCHILLING & COMPANY, INC.

Certified Public Accountants

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September 19, 2022

To the Board of Directors
Bow Mar Water and Sanitation District
Arapahoe and Jefferson Counties, Colorado

We have audited the basic financial statements of Bow Mar Water and Sanitation District (District) for the year ended December 31, 2021 and have issued our report thereon dated September 19, 2022. Professional standards require that we provide you with 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 engagement letter dated November 12, 2021. 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 2 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 financial statements and because the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the District's financial statements was:

- Depreciable lives of capital assets

The disclosures in the financial statements are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. The attached Exhibit I summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

The uncorrected misstatements or the matters underlying them could potentially cause future period financial statements to be materially misstated, even though, in our judgment, such uncorrected misstatements are immaterial to the financial statements under audit.

The attached Exhibit II of material misstatements detected as a result of audit procedures were 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 auditor's report. We are pleased to report that there were no such disagreements during the course of the audit.

Management Representation

We have requested certain representations from management that are included in the management representation letter dated September 14, 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 auditor's opinion that may be expressed on those statements, 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 of our retention.

Other Matters

We were engaged to report on supplementary information (as listed in the table of contents to the basic financial statements), which accompanies 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 other information (as listed in the table of contents to the basic financial statements), which accompanies the financial statements but is not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, 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.

Very truly yours,

SCHILLING & COMPANY, INC.

Schilling & Company, Inc.
Highlands Ranch, Colorado

Passed Adjusting Journal Entries
 Bow Mar Water and Sanitation District
 December 31, 2021

Exhibit I

PAJE No.	Account Description	W/P Ref	Account Number	Asset	Liability	Equity	Revenue Expense
1	Retained Earnings	PY	5040			5,482.00	
1	Sewer Processing		8210				-5,482.00
To reverse prior year passed adjusting journal entry for overstatement of prepaid sewer fees at 12/31/20							
2	Sewer Processing	D	8210				7,705.02
2	Prepaid Sewer fees		1210	-7,705.02			
To correct overstated prepaid sewer fees as of 12/31/21.							
PAJE Totals By Classification				-7,705.02	0.00	5,482.00	2,223.02
Classification Totals Before PAJE				2,904,985.76	-596,498.44	-2,254,868.65	-53,618.67

Adj. Journal Entries
Bow Mar Water and Sanitation District
December 31, 2021

Exhibit II

AJE No.	Account Description	W/P Ref	Account Number	Debits	Credits
1	Construction in Progress	300	2530	6,502.30	
1	Water Repairs & Maintenance		8190		6,502.30
To reclassify R&G Associates costs to capital projects at 12/31/21					
2	Sewer Revenue	B-3	6020	5,492.54	
2	Unbilled Water Revenue		1110		5,492.54
To adjust unbilled water revenue to actual at 12/31/21.					
3	Water Purchases	AA	8400	12,213.60	
3	Accounts Payable		3000		12,213.60
To record December Denver Water invoice as accounts payable at 12/31/21.					
4	Sewer Revenue	B-2	6020	13,582.00	
4	Water Revenue		6010		13,582.00
To reclassify credit memo from water revenue to sewer revenue.					
Totals				37,790.44	37,790.44