



**NOTICE OF HGMD Audit/Finance Committee MEETING
November 13, 2023 at 1:00 P.M.**

Pursuant to Section 24-6-402(2)(c), C.R.S., the Audit/Finance Committee of the Board of Directors of the Heather Gardens Metropolitan District hereby gives notice that it will hold a meeting at the Heather Gardens Clubhouse, 2888 S. Heather Gardens Way, Aurora, Co 80014 in the Board Room and via Zoom videoconference at **1:00 P.M. November 13, 2023**. The meeting will be held for the purpose of conducting such business as may come before the committee. This meeting is open to the public.

Join Zoom Meeting

<https://us06web.zoom.us/j/85754428934?pwd=SmFxaUtqMko5OTFzbU9seVpnaG13UT09>

Meeting ID: 857 5442 8934

Passcode: 082943

or

Dial-In Number: +1 346 248 7799

Committee Members: Rita Effler, Chair, Craig Baldwin, Forrest McClure, Lee Keene, Carol Anne Mayne, Nancy Reid, and Debbie Parker

AGENDA

Residents wishing to speak on the agenda items will be given an opportunity to at the time the item is discussed.

- 1) Determine Quorum Present
- 2) Call Meeting to Order
- 3) Chair Reports/Remarks
- 4) Committee member Reports
- 5) Management Comments
- 6) Review Financial Reports (If available.)
- 7) Unfinished Business
 - A. Consider recommendation for 2024 Audit.
 - B. Consider recommendation to increase room rental rates 2024.
 - C. Consider recommendation to Implement User Fees equitably.
- 8) New Business
 - A. Consider RV security recommendations.
 - B. Consider Restaurant equipment recommendations.
 - C. Consider Sandberg Auditorium stage floor repairs.
- 9) Residents wishing to speak on non-agenda items—time limit is 5 minutes.

Note: When held, HGMD Audit/Finance Committee meetings are held on the Monday before the third Thursday of each month at 1:00 P.M.

The next meeting is 1:00 P.M., December 18, 2023.

Heather Gardens Metropolitan District

Proposal to Provide
Independent Auditing Services

For the Year Ending December 31, 2023



Crady, Puca & Associates
Certified Public Accountants & Consultants



Crady, Puca & Associates

Certified Public Accountants & Consultants

November 2, 2023

Rita Effler, Treasurer
Heather Gardens Metropolitan District
2888 S. Heather Gardens Way
Aurora, CO 80014

We are pleased to have the opportunity to submit this proposal to provide audit services for the Heather Gardens Metropolitan District for the year ending December 31, 2023.

We believe Crady, Puca & Associates is the District's best choice for professional auditing services. We are a partner only women-owned firm focused on meeting the needs of local governments and nonprofits. Since we are a partner only firm, all phases of the engagement will be performed by the Firm's partners. Therefore, you are ensured of consistency of staffing from year to year which results in the ability of Crady, Puca & Associates to establish long-term working relationships with management and the board.

In addition, when you select Crady, Puca & Associates you get seasoned professionals whose focus is to provide value to the District. As experienced professionals, Crady, Puca & Associates provides technical and specialized expertise in the governmental sector, quality control, partner attention, and ongoing communication and flexibility during the engagement process and throughout the year. We pride ourselves in our ability to work efficiently and effectively with local governments.

All Firm personnel are properly licensed as Certified Public Accountants in Colorado. We subscribe to monthly accounting and auditing updates which provide us with an in-depth analysis of new accounting standards and other developments in governmental and nonprofit accounting. In addition, all members of our Firm complete a minimum of 40 hours of continuing professional education each year with an emphasis placed on governmental and nonprofit entities.

As you can see, Crady, Puca & Associates is a firm committed to working with local governments. We offer partner expertise and are committed to developing a strong relationship with our clients. We appreciate the opportunity to submit this proposal and look forward to discussing it with you.

Sincerely,

Debbie Crady

DEBBIE L. CRADY, CPA

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FIRM BACKGROUND

Crady, Puca & Associates has over sixty years of combined experience in the accounting industry and was formed with the focus of meeting the needs of local governments and nonprofit entities throughout Colorado. The Firm provides auditing, accounting, tax, management and consulting services to these sectors.

Crady, Puca & Associates (Firm) is a women-owned, Denver area-based CPA firm. The Firm is authorized to practice in the State of Colorado as a general partnership under License No. 13131, issued by the State Board of Accountancy.

Our goal as a Firm is to provide the best service possible, both from a technical standpoint and a relationship standpoint. In this regard, we are committed to serving and partnering with our clients by completing engagements timely, returning phone calls promptly and serving as your advisor not only during the audit process but throughout the year.

We are also committed to ensuring our clients not only get the best possible service but receive this service at an affordable price. As we work primarily with nonprofit and governmental entities, we realize that cost is often a concern. We share certain expenses with another CPA firm which allows us to keep our overhead, such as audit, tax and research software, low. As a result, we are able to pass these savings on to you.

All Firm personnel are properly licensed as Certified Public Accountants in Colorado and are members of the American Institute of Certified Public Accountants (AICPA) and Colorado Society of Certified Public Accountants (CSCPA). The Firm also has memberships in the Government Finance Officers Association (GFOA) and the Special District Association (SDA).

Crady, Puca and Associates has received its independent peer review and the reviewers concluded that the Firm meets the quality control standards set by the AICPA. This indicates that our firm was found to have met or exceeded the high professional standards set by the AICPA regarding firm policies, procedures and work performed for our clients. A copy of our 2020 peer review is included in Appendix A.

BACKGROUND OF KEY PERSONNEL

Consistency of staff is of vital importance to you in keeping your audit work consistent from year to year. As we are a partner only firm, we are able to ensure a high level of engagement quality and continuity. Your engagement will be staffed by the Firm's two Audit Partners on a full-time basis. Debbie Crady will be the partner in-charge of the engagement. A brief description of the qualifications and experience of our partners follows:

Debbie Crady, CPA, audit partner, has over thirty years of extensive experience in audit, accounting and business consulting in a variety of industries. Her areas of expertise include financial audits of nonprofit organizations and local governmental audits including municipalities and special districts such as metropolitan, water and fire districts. She also has experience in the preparation of Long-Form Governmental Exemptions as well as the preparation of the Form 990 and 990-T. Additionally, she has provided consulting services to various nonprofit organizations and governments in areas such as financial reporting, budgeting and internal controls. Debbie's experience also includes serving as a controller for a multi-company corporation where she was responsible for all aspects of accounting to include financial statement preparation, financial statement review, consolidations, implementation of internal control policies and procedures, budget preparation and management of the accounting department. Debbie is a member of the AICPA, CSCP, and GFOA. Debbie is a Colorado native and a graduate of the University of Colorado with a Bachelor of Science degree in Accounting.

Laura M. Puca, CPA, audit partner, has over thirty years of accounting and consulting experience, over twenty-five of which have been in public accounting. She has extensive accounting, audit, tax and consulting experience in the not-for-profit industry, including social welfare organizations, foundations and associations. She also has several years' experience with units of local government, including municipalities and metropolitan, water and fire districts. Laura's experience includes all phases of audit fieldwork, internal control assessment and financial reporting as well as preparation of the Forms 990 and 990-T. In addition, she has three years of practical experience serving as a director of finance for a local multi-million-dollar foundation. Laura currently resides on the board of a metropolitan district in Elbert County. Laura is a member of the AICPA, the CSCP and the SDA. She is a graduate of the University of Virginia, with a Bachelor of Science in Accounting and a Master of Science in Accounting with a tax concentration. She is a Virginia native and has been a Colorado resident since 1997.

As noted above, both partners have extensive auditing and accounting experience. Both partners have worked with several metropolitan districts in the past. This prior experience as well as continuing professional education has provided us with the necessary skills to provide a timely and efficient audit of the financial statements of the District.

TRAINING, EXPERIENCE & CREDENTIALS

Training

In an effort to continually maintain the professional competence of our Firm, our partners complete a minimum of forty hours of Continuing Professional Education (CPE) each year. CPE courses include study programs in areas such as auditing and accounting, taxation, advisory services and ethics. Although several general courses may be chosen, we elect to complete formal educational programs that assist in developing our expertise primarily in governmental entities and nonprofits.

In addition to CPE, we subscribe to monthly accounting and auditing updates, which provide us with an in-depth analysis of new accounting standards and other developments in governmental and nonprofit accounting. Our membership in professional organizations listed above also assists the Firm in keeping abreast of the local laws and regulations that pertain to financial reporting as noted in the Colorado Revised Statutes.

Related Experience

Crady, Puca & Associates performs audit services for several governmental clients. The following is a list of some of these clients:

- Catamount Metropolitan District (2015 to present)
- Village East Metropolitan District No. 3 (2017 to present)
- Village at Dry Creek Metropolitan District No. 1 (2018 to present)
- Cherrylane Metropolitan District (2018 to present)
- Heritage Ridge Metropolitan District (2018 to present)
- Winter Farm Metropolitan District No. 2 (2018 to present)
- North Vista Highlands Metropolitan Districts No. 1 and No. 3 (2020 to present)
- Broadlands Metropolitan District No. 2 (2013 to present)
- Red Leaf Metropolitan District No. 2 (2014 to present)
- Vintage Reserve Metropolitan District (2013 to present)
- Snake River Water District (2010 to present)
- Green Mountain Water and Sanitation District (2019 to present)
- Ken-Caryl Ranch Water and Sanitation District (2021 to present)

FIRM REFERENCES

We believe a measure of the professional standing of any accounting firm is the quality of the clientele it has served. The following is a references which is provided to you on a confidential basis. We invite you to address your inquiries to any of the following:

Green Mountain Water and Sanitation District Governmental Annual Financial Audit Enterprise Fund	Doug Pavlich Financial Specialist	303.958.1581x200
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Snake River Water District Governmental Annual Financial Audit Enterprise Fund	Scott Price District Administrator	970.468.0328
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We are happy to provide additional references if requested.

AUDIT APPROACH AND TIMING OF SERVICES

We propose to audit the financial statements of the Heather Gardens Metropolitan District in accordance with generally accepted auditing standards as set forth by the AICPA.

During our audit, we will work with you as a partner. We understand that you do not want your operations disrupted in order to facilitate our needs during the audit and therefore, we staff our engagement with partners who are experienced and understand governmental entities. Debbie Crady will be the partner in charge of the engagement. We will perform all phases of the audit based on a schedule which is mutually convenient in order to meet both internal and external reporting deadlines. We anticipate that the District may need to extend their reporting deadline to September 30th due to our current client scheduling.

The audit engagement will be broken down into four segments which include planning, testing, supervision and review, and reports and finalization. The engagement partner will be involved in all segments of the engagement. The remaining partner will assist in performing testing, review, and reports and finalization.

As the basis for our audit approach, we will use the audit programs and audit checklists contained in *Guide to Audits of Local Governments*. This guide is updated and published annually by Practitioners Publishing Company (PPC). We subscribe to this information in an electronic format which allows us to tailor our audit programs based on our risk assessment of the organization and the environment in which it operates. In addition, we utilize paperless audit engagement software which incorporates our trial balance software as well as all facets of our workpapers, both client-prepared and auditor-prepared.

Planning

The planning portion of the engagement will begin prior to the start of actual testing. During the initial year of testing, we anticipate meeting with the District accounting staff in January, if scheduling permits, in order to begin the planning process. This process will include conversations with the District's accountant and others as deemed appropriate to obtain a basic understanding of the operations, internal controls, assess fraud risks and determine laws and regulations having a direct and material effect on the District. We will also take this time to discuss the audit process and provide a comprehensive list of proposed documents that the District will be requested to provide.

In addition, as required by auditing standards, we will discuss the audit process, at a minimum, with at least one member of the Board of Directors. This pre-audit discussion allows for any concerns to be brought to the auditor's attention as well as allowing for the required fraud discussions to take place.

During the planning process, we will take time to build our permanent files for agreements which are of continuing importance. We will request electronic copies of agreements such as lease and intergovernmental agreements, professional service contracts, bond documents, etc. These agreements can be in PDF, Word or paper if electronic media is not available. In addition, we will also read minutes of the board meetings.

AUDIT APPROACH AND TIMING OF SERVICES (continued)

We will obtain an understanding of operations and internal controls as well as laws and regulations of the District through inquiry of the accountant, board members, and observation of documents such as budgets, bond documents, etc. We will document our understanding of the internal controls of specific accounting systems in areas such as cash receipts, cash disbursements, debt, financial reporting and budgeting, and computer processing. To further our understanding of the controls, we will select samples of various types of transactions and “walk” the transactions through the system.

In order to assess fraud risks, we will perform inquiries of the accountant and others determined upon information gained during the planning phase. As noted above, we will also perform fraud inquiries of at least one member of the Board of Directors. This process will involve inquiries of these individuals regarding knowledge of fraud and evaluations of potential fraud risks of the District’s financial systems.

Prior to our arrival for fieldwork, we will also request the District prepare confirmations for bank and investment accounts and debt. Other confirmations may be requested based upon our discussions with the accountant during the planning process. In addition, we may request an attorney letter(s) as well.

After gaining an understanding of the operations and internal controls as noted above, we will begin with analytical reviews of assets, liabilities, revenues and expenditures for significant fluctuations from the prior year’s balances and the current year budget. This preliminary analytical review will serve to identify unexpected fluctuations and identify those areas that may have a higher risk of material misstatement. In order to assist in this process, we will request an electronic copy of the trial balance and the general ledger detail.

Materiality will also be determined during the planning phase. Material items are amounts in the financial statements which are considered sensitive and of great importance to the users of the statements. Generally, the materiality level is greatly dependent on the amount of the organization’s assets and revenues and upon the structure of the organization’s funds. Other qualitative items and those items which management or the Board of Directors has expressed concern for may also influence materiality.

Testing

After gaining an understanding of the District as noted above, an audit plan will be developed. This plan will be based on the risk areas identified during the planning phase of the audit. Testing will consist of analytic procedures, substantive tests of balances, and in some instances, test of controls. Procedures and samples will be selected based on an evaluation of the activity provided and materiality.

AUDIT APPROACH AND TIMING OF SERVICES (continued)

If, during the audit we discover an error which results in a potential audit adjustment, the error will be brought to the attention of the District Accountant as soon as the error is discovered. The error will not be posted without the District's approval. Once the adjustment is approved, we will post the necessary audit adjustment to the trial balance. As required under auditing standards, a discussion and recommendation will be included in either the management letter or internal control letter noted below.

Supervision and review

Debbie Crady will be the partner in-charge on the engagement to ensure proper planning of the audit. During this phase of the audit, the partners will perform reviews of each other's work to ensure no issues are overlooked and that proper documentation of procedures has been completed.

Reports and finalization

During this phase of the audit, we will assist the District in the preparation of the financial statements and prepare the opinion to be included in the financial statements. This process will include preparation of the financial statements and footnotes by the partner in-charge and a detailed review of the amounts, disclosures and overall presentation by the other partner. The review process will be facilitated through the use of a disclosure checklist.

We believe that the management letter is one of the most beneficial aspects of an audit. Our management letter will be addressed to Management and will involve suggestions for procedures that could increase efficiency, improve internal controls, or enhance reliability of financial information.

In accordance with auditing standards, if we identify significant deficiencies or material weaknesses in internal control, we will also issue a "Report on Internal Control Related Matters Identified in an Audit" ("internal control letter"). These types of issues will require some type of official action.

After obtaining all of the necessary facts and after final review, a draft of the management letter and/or internal control letter will be discussed with the District accountant to ensure that all parties fully understand the issues that have been raised and that the wording used in the letter is appropriate.

The draft audit and, if issued, the draft management and/or internal control letter will be reviewed with the District accountant prior to final presentation to the board. Once approved, the audit, management letter and/or internal control letter will be finalized for presentation to the board of directors. A formal presentation to the board will be performed by the auditors at the District's request. The final presentation materials will also include the communications required under auditing standards.

FEE ESTIMATE

Our fee estimate for the audit engagement is as follows:

Fee estimate for December 31, 2023 audit	\$23,000-\$28,000
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The above fee estimate is a range as this is our first year and the District has had employee turnover during the year. Our fee estimate does not include out of pocket expenses such as postage, parking, or mileage. We do not anticipate out of pocket expenses other than postage.

Our fee estimate is based on the assumption that accounting personnel will prepare account analyses of all important accounts, including reconciliations for accounts such as cash, investments, prepaid expenses, property and equipment, payables, leases and debt. In addition, accounting personnel will provide or make available copies of minutes, contracts, leases, bond documents, and other significant agreements and pull items selected for testing.

Should unforeseen events occur which would require additional time to complete our engagement in accordance with professional standards; we would discuss the additional time commitment with management and mutually agree on a fair and reasonable adjustment prior to beginning additional work.

Fees are adjusted each year for cost-of-living increases which are typically 3% to 5%. Should the scope of work change or the District activities increase, the fees may change accordingly.

The Partners are available throughout the year to respond to routine questions. These routine questions are answered at no additional charge. Partner rates for additional professional services, such as consulting type services (which would be identified upfront), will be billed at our standard hourly rate of \$130 per hour.

REPORT ON THE FIRM'S SYSTEM OF QUALITY CONTROL

January 20, 2021

To the Members of
Crady, Puca & Associates
and the Peer Review Committee of the Colorado Society of CPAs

We have reviewed the system of quality control for the accounting and auditing practice of Crady, Puca & Associates (the firm) in effect for the year ended April 30, 2020. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review.

Required Selections and Considerations

As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Crady, Puca & Associates in effect for the year ended April 30, 2020 has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Crady, Puca & Associates has received a peer review rating of *pass*.

Watson Coon Ryan, LLC

Watson Coon Ryan, LLC

To: HGMD Board of Directors

HGMD Clubhouse Committee

HGMD Audit/Finance Committee

October 10, 2023

From: Rita Effler, Chair Both Committees

Report of Joint meeting held at 1:00 P.M. , October 10, 2023 in the HGMD Clubhouse Boardroom:

The Joint meeting of the Audit/Finance Committee and the Clubhouse Committee of Heather Gardens Metropolitan District was called to order at 1:00 P.M. in the Board room.

1. Clubhouse committee Members Present in the Board Room: Rita Effler, Chair, Linda Worthey, Sandy McCurdy, Connie Burns. Debbie Parker and Carol Anne Mayne were present via Zoom. Carol Reed was absent.

Audit/Finance Committee Members Present in the Board Room: Rita Effler, Chair, Craig Baldwin, Forest McClure, Lee Keene. Debbie Parker, Carol Anne Mayne and Nance Reid attended via Zoom.

A quorum for both committee was present.

2. The meeting was called to order at 1:00 P.M.
3. Chair Rita Effler read a notice, attached, to attempt to dispel rumors regarding class offerings and fees.

Chair Rita Effler read a Treasurer's Report prepared for the October Heather n Yon, but not published.

Zoom failed during the reading. Copy attached.

4. The Clubhouse committee agreed that a fee increase for classes should be implemented beginning January 2024.
The Clubhouse committee agreed that all user fees for rooms and activities need reviewed, and requested that President Daniel Taylor, HGMD, again formally request information relating to income and fees relevant to HGMD business.
Daniel was also asked to make a formal request for check registers and ACH transfers beginning May 1 to the present.
5. The Clubhouse committee made a motion and approved it to recommend to the HGMD Board to adopt that part of the proposed 2024 Budget related to the Clubhouse. Motion by Sandy McCurdy, 2nd by Linda Worthey. Unanimous

The Audit/Finance committee made a motion and approved it to recommend to the HGMD Board to adopt the proposed 2024 Budget. Motion by Forrest McClure, 2nd by Carol Anne Mayne. Unanimous

The meeting was adjourned at about 3:00 P.M.

The Audit/Finance Committee meeting for October 16th at 2:00 P.M. is cancelled. There will be no financial statements available. Other meetings will be announced.