

**WEST DIVIDE WATER CONSERVANCY DISTRICT
818 Taughenbaugh Blvd., Suite 101
Rifle, Colorado 81650**

**MINUTES OF BOARD OF DIRECTORS MEETING
February 22, 2024**

CALL TO ORDER

The regular Board of Directors meeting was called to order at the District office at 9:00 a.m. by President Samuel B. Potter.

ROLL CALL

The following directors were present: President Samuel B. Potter, Vice President Dan R. Harrison, Treasurer Tom Jankovsky. Director Kelly Couey was absent, and Secretary Richard L. McNeill has resigned. Also in attendance were Tammy Keenan, Office Manager; Wendy Ryan, Colorado River Engineering, Inc.; Edward B. Olszewski, Counsel; and Brendon Langenhuizen, Colorado River District attended via zoom.

- Chris Treese
Public

PUBLIC COMMENT

There was no comment from the public.

MINUTES

Tom Jankovsky moved the minutes of the January 19, 2024, meeting be approved with changes; Dan R. Harrison seconded; motion carried.

FINANCE REPORT

Bills to be Paid: Tom Jankovsky moved the attached list of bills to be paid; Dan R. Harrison seconded; motion carried.

Financial Statements: Tom Jankovsky moved the January 2024 Financial Statements prepared by Barnes, Pearson & Rudow, LLC be accepted; Dan R. Harrison seconded; motion carried.

Blair and Associates Engagement Letter: Tom Jankovsky moved and directed the President to accept and sign the engagement letter; Dan R. Harrison seconded; motion carried.

Barnes Pearson & Rudow PC: Tom Jankovsky moved and directed the President to accept and sign the payroll report processing letter; Dan R. Harrison seconded; motion carried.

Accounts receivable: The board reviewed and discussed the current accounts receivable list.

RIVER DISTRICT REPORT

The CWCB voted to approve the \$20 million dollar request for the Shoshone water right acquisition on January 29, 2024, and it was a huge success. The River District is now working on local funding and will be accepting donations to reach the \$10 million goal from West Slope partners. Samuel B. Potter asked about the contingency plan if the sale does not go through. Brendon indicated that there is a purchase and sale agreement in place and no funds will be collected until all conditions of the agreement are finalized.

The Shoshone Coalition has established a website to provide updates on the Shoshone Permanency effort and you can sign up for email updates.

<https://keepshoshoneflowing.org/>

The Aspen Journalism article detailing Pitkin County concerns with the Shoshone acquisition was discussed.

<https://aspenjournalism.org/pitkin-county-exploring-concern-that-shoshone-deal-could-harm-roaring-fork/>

The River Districts Legislative Updates to the Board will occur on the following dates. You can register to listen and participate in the conversation at their [website](#). If you'd like a legislative update email from the River District, please request to be added to the email distribution list at SMoore@crwcd.org. Here is a schedule of their next Legislative Board Discussions:

Feb 22, 2024 12:00 PM Mountain Time (US and Canada)

Mar 7, 2024 12:00 PM Mountain Time (US and Canada)

Mar 21, 2024 12:00 PM Mountain Time (US and Canada)

Apr 4, 2024 12:00 PM Mountain Time (US and Canada)

Apr 18, 2024 12:00 PM Mountain Time (US and Canada)

The Middle Colorado State of the River will occur May 7th, 2024 at the Ute Theater in Rifle, partnering with the Middle Colorado Watershed Council.

The River District Annual Conference has been scheduled for Friday, September 20, 2024 in Grand Junction.

WATER CONTRACTS

Assignments

Tom Jankovsky moved approval of the following assignments: seconded by Dan R. Harrison; motion carried; assignments approved.

Michael and Monica Wolny; assignment from **John and Cherish Rosenfeld**, 1.00 a.f., domestic, Fourmile Creek.

Pedro A. Saenz Silva & Haide G. Pizarro Perez; assignment from **Betty and Darold Thunder**, 1.00 a.f., domestic, General Stored Water.

Spencer Charles Holdings LLC; assignment from **Blue Ox Logcrafters, LLC**, 1.00 a.f., commercial, General Stored Water.

Morgan Grace and Mark Joseph Roddy; assignment from **The Estate of Thomas E. Turner**, 1.00 a.f., domestic, Fourmile Creek.

Lindsey Ellsworth; assignment from **Damian and Lindsey Ellsworth**, 1.00 a.f., domestic, General Stored Water.

ROUNDTABLE REPORT

No report this month.

WATER RESOURCES' REPORT

No report this month.

HYDROLOGISTS' REPORT

Wendy Ryan provided Water Watch and Augmentation reports and an oral report on ongoing projects.

CRYSTAL RIVER

Wendy met with American Rivers and the Colorado River District on Janeway. American Rivers is not interested in owning and operating but would rather be a partner. Questions remain as to who will move this project forward and ultimately own and operate it.

The US Forest Service should approve the monitoring well permits after the final wild and scenic stakeholder meeting.

Wendy also met with CPW. There is still some back and forth with which district should provide the contracts as the fish hatchery is not in BWCD nor WDWCD. Either district will have to annex.

Statements of opposition can be made until the end of February on the Beaver Lake enlargement.

Wendy has received some feedback from Division 5 regarding the Beaver Lake outlet's ability to make releases. Some of the suggestions were to pipe the outlet along the dam to

the Crystal, move the outlet closer to the Crystal, or install Polypipe to the river. Measuring devices of the inflow or stage/volume and outflow will be required for accounting

Wendy is still working on the details and cost estimates for the new grant.

FOURMILE

The Division of Water Resources has changed the way the district must quantify maximum depletions.

Direct Pumpers must use a pumping rate, this assumes they are pumping 24/7, all season. In the past we have based it on a monthly volume calculated as a rate. The new requirement changed through decree amendments.

We are still waiting on confirmation to implement lagged depletions without amending the application. DWR is reviewing how to calculate instantaneous depletion to not exceed the 0.5 cfs Fourmile Ditch limitation. We may need to implement a watering schedule for direct pumpers to keep instantaneous depletion rate below 0.5 cfs.

Tammy is sending letters requesting verification of pumping rates to the direct pumpers, which is required by decree

MARTIN RESERVOIRS

Wendy has received the Geotechnical report. She will meet with USACE for a pre-application meeting and to discuss alternatives.

ATTORNEY'S REPORT

Received written and oral reports from counsel.

Tom Jankovsky moved to approve the IGA with the River District to operate in Gunnison County; Dan R. Harrison seconded; motion carried.

Tom Jankovsky moved that Edward B. Olszewski be the point person to work with Don Ostrander's office for a cost of \$5000.00 for the easement condemnation agreement on the Charles Oys Fourmile property and directed counsel to accept and sign the fee agreement; Dan R. Harrison seconded; motion carried.

NEW BUSINESS

The next meeting is scheduled for March 21, 2024.

Rick McNeill has resigned from the board of directors effective immediately, however Chris Treese would like to be appointed. Counsel will move forward with that motion to the court. Chris Treese needs to provide a letter of interest and a resume.

The board discussed the Red Apple Landowners Association contracts again. Ed Cooley, Vice President of the association, is trying to organize with the homeowners. The district will continue to hold funds until all contracts have been paid in full.

The board discussed the River District commitment letter regarding Shoshone donations. Tom Jankovsky moved to write a letter of commitment and support for Shoshone water rights in the amount of \$50,000.00 from the General Stored Water fund; Dan R. Harrison seconded; motion carried.

Roll Call: Samuel B. Potter – yes; Dan R. Harrison – yes; Tom Jankovsky – yes.

DIRECTORS' COMMENTS

Dan R. Harrison voiced his concerns with the Crystal River and questioned the legal obligation to continue pursuing the project. Samuel B. Potter stated that there is no legal obligation but stated that the district is morally doing the best that it can. There are a lot of people in need of a solution. Wendy Ryan says we are so close to things falling in place. Tom Jankovsky questioned the cost and Samuel B. Potter explained that the water should be priced to cover the administrative costs and explained that lots of grants are in place and there have been some individual homeowner contributions as well.

Chris Treese is thankful for the invite to join the board and appreciated the warm welcome.

EXECUTIVE SESSION

No need for executive session this month.

ADJOURN

The meeting was adjourned at 11:07 a.m.

SIGNED:



Dan R. Harrison, Vice President

ATTEST:



Samuel B. Potter, President

Num	Name	Memo	Account	Amount
DD1137	Keenan, Tamara S	Direct Deposit	5221 · Salary	2,389.44
5694	Bookcliff Professional Building, LLC		5395 · Rent--Office unit	1,076.06
5694	Bookcliff Professional Building, LLC		5394 · Rent-Prop.Taxes/Ins/Utilities	200.00
eft	CEBT	TSK Health Ins	5222 · Medical Insurance--Employer	984.83
5695	Mountain Valley Technology, Inc	Exchange mailbox	5390 · Telephone & Internet	102.00
eft	Capital One, F.S.B.	Comcast	5390 · Telephone & Internet	192.51
eft	Capital One, F.S.B.	Zoom	5390 · Telephone & Internet	17.29
eft	Capital One, F.S.B.	Postage	5300 · Postage/Box Rent/Etc.	19.99
eft	Capital One, F.S.B.	water, labels, hosting metro	5100 · Office Supplies	204.87
eft	Capital One, F.S.B.	Budget notices	5100 · Office Supplies	54.84
eft	Capital One, F.S.B.	Shredding	5100 · Office Supplies	80.00
5696	Barnes, Pearson & Rudow, PC	1099s	5150 · Accounting	340.00
5696	Barnes, Pearson & Rudow, PC	4th Qtr PR Reports	5150 · Accounting	230.00
5696	Barnes, Pearson & Rudow, PC	Jan Financials	5150 · Accounting	750.00
eft	American Funds		2227 · Simple IRA Payable	113.33
eft	American Funds		2227 · Simple IRA Payable	491.08
eft	Electronic Federal Tax Payment System	84-0976632	2205-FICA/MED/FWT Payable	992.96
5697	Olszewski & Massih, P.C.	General	5280 · Legal	614.25
				<u>8,853.45</u>

GENERAL STORED WATER

Num	Name	Memo	Account	Amount
2666	Silt Mesa Interconnect Enterprise Fund	Mendoza S2595	4025 · In/Domestic	375.00
2676	Fourmile Creek Enterprise Fund	Piedmont F1212	4025 · In/Domestic	375.00
2677	Silt Mesa Interconnect Enterprise Fund	Ruiz S2614	4025 · In/Domestic	375.00
2678	Garfield County Clerk and Recorder	Memorandums	7070 · Memorandum Recording Fees	18.00
2679	Bureau of Reclamation	O&M 100 A.F	1500 · Prepaid Water Lease	193.00
2679	Bureau of Reclamation	O&M 500 A.F.	1500 · Prepaid Water Lease	745.00
2680	Colorado River Engineering, Inc.	General	7030 · Hydrology	4,525.00
2680	Colorado River Engineering, Inc.	Mtgs.review filings	7033 · Hydrology--Crystal River	3,087.50
2680	Colorado River Engineering, Inc.	Research on Baldy	7034 · Hydrology--Alsbury	585.00
2681	Colorado River Engineering, Inc.	Task 4 - Geotechnical	Martin Grant	552.50
2681	Colorado River Engineering, Inc.	Task 5 - 404 Coordination	Martin Grant	1,180.00
2681	Colorado River Engineering, Inc.	Task 8 - Engineer Drawings	Martin Grant	701.25
2682	Olszewski & Massih, P.C.	CRWCD	7047 · Legal--General	380.25
2682	Olszewski & Massih, P.C.	Contracts	7047 · Legal--General	429.00
2682	Olszewski & Massih, P.C.	Alsbury	7053 · Legal - Alsbury	709.75
2682	Olszewski & Massih, P.C.	Area A	7047 · Legal--General	2,121.00
2682	Olszewski & Massih, P.C.	Crystal River	7048 · Legal--Crystal River	1,014.00
2682	Olszewski & Massih, P.C.	Martin Diligence	7049 · Legal--Martin Reservoirs	321.75
				<u>17,688.00</u>

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FOURMILE CREEK				
Num	Name	Memo	Account	Amount
2033	Ebbs and FLOWers, LLC	2024 Lease	8090 · Water Lease-Shabti,Elev, Zilm	1,127.01
2034	Garfield County Clerk & Recorder	Memorandum recording	8070 · Memorandum Recording Fees	33.00
2035	Olszewski & Massih, P.C.	General	8050 · Legal--General	1,150.50
2036	Colorado River Engineering, Inc.	Lagging & revised calcs, stream mgr	8030 · Hydrology	715.00
				<u>3,025.51</u>

SILT INTERCONNECT				
Num	Name	Memo	Account	Amount
560	Farmers Irrigation Company	26 Shares	7015 · Farmers Irrigation Water	614.00
				<u>614.00</u>

GRAND TOTAL 30,180.96

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January 9, 2024

To the Board of Directors and management
West Divide Water Conservancy District
818 Taughenbaugh Blvd, Suite 101
Rifle, Colorado 81650

We are pleased to confirm our understanding of the services we are to provide West Divide Water Conservancy District for the year ended December 31, 2023.

Audit Scope and Objectives

We will audit the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, and the disclosures, which collectively comprise the basic financial statements of West Divide Water Conservancy 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 West Divide Water Conservancy 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 West Divide Water Conservancy District's RSI in accordance with auditing standards generally accepted in the United States of America (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 appropriate evidence to express an opinion or provide any assurance. The following RSI is required by GAAP and will be subjected to certain limited procedures, but will not be audited:

- 1) Management's Discussion and Analysis
- 2) Budgetary Comparison Information for major governmental funds

We have also been engaged to report on supplementary information other than RSI that accompanies West Divide Water Conservancy District's financial statements. We will subject the following supplementary information 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 GAAS, and we will provide an opinion on it in relation to the financial statements as a whole:

- 1) Budgetary Comparison Information for enterprise funds

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 your 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 judgment of a reasonable user made based on the financial statements.

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 judgment and maintain professional skepticism throughout the audit.

Certified Public Accountants

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 government or to acts by management or employees acting on behalf of the government.

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 GAAS. 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 government'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, tests of the physical existence of inventories, and direct confirmation of receivables and certain assets and liabilities by correspondence with selected customers, creditors, and financial institutions. We will also request written representations from your attorneys as part of the engagement.

Our audit of the financial statements does not relieve you of your responsibilities.

Audit Procedures—Internal Control

We will obtain an understanding of the government 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 West Divide Water Conservancy 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 also assist in preparing the financial statements of West Divide Water Conservancy District in conformity with accounting principles generally accepted in the United States of America 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 statement services 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 misstatement, 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 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 government 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 of each opinion unit 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 government 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 government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the government complies with applicable laws and regulations.

You are responsible for the preparation of the supplementary information in conformity with accounting principles generally accepted in the United States of America (GAAP). 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 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 Blair and Associates, P.C. 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 regulatory agencies or their designees. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Blair and Associates, P.C. personnel. Furthermore, upon request, we may provide copies of selected audit documentation to regulatory agencies or their designees. The regulatory agencies or their designees may intend or decide to distribute the copies or information contained therein to others, including other governmental agencies.

Brian Blair is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it.

Our fee for services will be at our standard hourly rates plus out-of-pocket costs (such as report reproduction, word processing, postage, travel, copies, telephone, etc.) except that we agree that our gross fee, including expenses, will not exceed \$8,300. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended if your account becomes 30 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 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 West Divide Water Conservancy District's financial statements. Our report will be addressed to the Board of Directors of West Divide Water Conservancy 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 West Divide Water Conservancy 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 attached copy and return it to us.

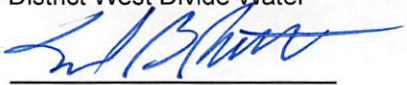
Very truly yours,

Blair and Associates, P.C.

RESPONSE:

This letter correctly sets forth the understanding of West Divide Water Conservancy District West Divide Water Conservancy District.

Management signature: 

Governance signature: 

Title: office Manager

Title: Pres + Dist

Date: 2/22/24

Date: 2/22/2024



Barnes Pearson & Rudow PC

Guiding you beyond tax season

PLEASE READ, SIGN AND RETURN THIS LETTER TO OUR OFFICE

January 1, 2024

West Divide Water Conservancy District
PO Box 1478
Rifle, CO 81650

RE: Payroll report processing

Dear Board of Directors:

We appreciate the opportunity to assist you with your accounting needs. This letter is to confirm our understanding of the terms under which we have agreed to do work with West Divide Water Conservancy District.

Each quarter we will prepare the payroll reports based on the information present in QuickBooks. We will review tax payments. We will initiate any necessary payments for you or request that you make the payments. We will notify you of amounts paid.

It is management's responsibility to substantiate and authorize all payroll records. We will not audit, examine, or review time records. Management is responsible for providing information regarding employees paid sick leave wages which may be eligible for payroll tax credits based on the legislation recently passed by Federal and/or state agencies.

Fees for payroll preparation will be \$240 each quarter. All invoices are due and payable upon presentation.

It is our policy to keep work papers related to this engagement for seven years. We do not keep original documentation. It is your responsibility to retain and protect your records for possible future use, including potential examination by any government or regulatory agency.

We will be pleased to discuss this letter with you at any time. If the foregoing is in accordance with your understanding, please sign the copy of this letter in the space provided and return it to our office. Thank you for this opportunity to serve you.

Very truly yours,

Barnes, Pearson & Rudow, PC

APPROVED:

Signature

Date

Telephone: (970) 384-0400

1607 Grand Avenue, Suite 32 * P.O. Box 2298 * Glenwood Springs, CO 81602