

WOODMOOR WATER AND SANITATION DISTRICT NO.1

BASIC FINANCIAL STATEMENTS

December 31, 2019

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FINANCIAL SECTION



JOHN CUTLER & ASSOCIATES

Board of Trustees
Woodmoor Water and Sanitation District No.1
Monument, Colorado

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of the business activities and each major fund of the Woodmoor Water and Sanitation District No.1, as of and for the year ended December 31, 2019, which collectively comprise the basic financial statements of the District, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business activities and each major fund of the Woodmoor Water and Sanitation District No.1, as of December 31, 2019, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about 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 do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Woodmoor Water and Sanitation District No.1's basic financial statements. The individual fund financial schedule listed in the table of contents is presented for the purpose of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the 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 auditing standards generally accepted in the United States of America. In our opinion, the individual fund financial schedule is fairly stated in all material respects in relation to the financial statements as a whole.

The information in Appendix A is presented for the purpose of additional analysis and is not a required part of the basic financial statements. This information has not been subjected to auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion.

John Cutler & Associates, LLC

June 1, 2020

Woodmoor Water and Sanitation District No. 1
P.O. Box 1407
Monument, CO 80132
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Management's Discussion and Analysis

Introduction

The Woodmoor Water and Sanitation District No. 1's management discussion and analysis is intended to provide the reader and user of these financial statements, with; a) an understanding of the financial aspects of the District, b) an overview of the District's financial activities, c) an explanation of the changes in the District's financial position, d) an explanatory analysis of significant variations from the annual, approved budget and e) an assessment of any future financial or operating issues of the District.

Because this discussion and analysis is intended to focus on 2019 District activities, resulting changes and currently known facts/conditions, it should be read in conjunction and with reference to the accompanying audited financial statements and related notes to the financial statements beginning on page 1 of this report.

Overview of the Financial Statements of the District

The audited financial statements of the District are:

Statement of Net Position
Statement of Revenues, Expenses, and Changes in Net Position
Statement of Cash Flows
Notes to Financial Statements

These statements are on pages 1 through 17. These and other supplementary information, *Budgetary Comparison Schedule* on pages 16 and 17 provide information about the District's financial position as of December 31, 2019 its results of operations and the resulting cash flows for the year ended December 31, 2019 and information comparing actual revenues and expenditures with budgeted revenues and expenditures for the year. For purposes of Management's discussion herein, condensed comparative financial information (as audited) has been developed by management illustrating financial performance for the current year ending December 31, 2019 in comparison to the prior year ending December 31st. In addition, the District has included certain financial information and operational data (collectively referred to as "Continuing Disclosure Statements") in appendix A of the audited financial statements. These Continuing Disclosure Statements have been included for the benefit of the owners of the District's Enterprise Water and Wastewater Revenue Bonds, Series 2011 and are provided herein and in conjunction with the Districts financial statements for filing with the Municipal Securities Rulemaking Board.

The **Statement of Net Position** provides information about what is owned (assets) by the District, what is owed (liabilities) by the District, and what the District's equity position is relative to its assets (net position). Over time, the comparison of changes in net position may provide a useful method of evaluating whether the financial position of the District is improving, deteriorating or maintaining the status quo.

The **Statement of Revenues, Expenses, and Changes in Net Position** provides information about the components – Operating Revenues, Operating Expenses, Non-Operating Revenues and Expenses, and Capital Contributions – of the District's annual operating activities and how those activities affected Net Assets of the District.

The **Statement of Cash Flows** provides an analysis about the sources and uses of District cash during the year and how the operating and investment activities affected the District's cash balances.

The **Notes to Financial Statements** provides additional, required disclosures about the District, its accounting policies and practices, its financial position and operating activities, and other required information. The information included in these notes is essential to a full understanding of the information contained in the financial statements.

The **Budgetary Comparison Schedule** provides information comparing the budgeted revenue and expenditures activities with the actual revenue and expenditure activities. When applicable, the comparison is shown for both the originally approved budget and, if amended, the final budget.

Condensed Comparative Financial Information

	2019	2018
Current Assets		
Cash and cash equivalents	\$26,562,492	\$26,614,894
Investments	1,989,482	1,932,685
Other	587,115	583,150
Total Current Assets	29,139,089	29,130,729
Non Current Assets		
Capital assets	51,591,516	51,362,339
Tri-Lakes WWTF	2,342,304	2,409,763
Other assets	155,394	169,311
Total Noncurrent Assets	54,089,214	53,941,413
Total Assets	83,228,303	83,072,142
Current Liabilities	1,243,616	1,125,811
Noncurrent Liabilities	22,938,802	23,871,099
Total Liabilities	24,182,418	24,996,910
Net Position		
Invested in capital assets	27,991,870	26,844,508
Unrestricted	31,054,015	31,230,724
Total Net Position	\$59,045,885	\$58,075,232

Statements of Net Position

Statements of Revenues, Expenses, and Changes in Net Position

	2019	2018
Operating Revenues	\$6,688,406	\$7,383,677
Operating Expenses	5,861,699	5,417,187
Operating Income (Loss)	826,707	1,966,490
Non Operating Revenues (Expenses)	143,946	553,598
Change in Net Position	970,653	2,520,088
Net Position, beginning of year	58,075,232	55,555,144
Net Position, End of Year	\$59,045,885	\$58,075,232

Statement of Cash Flows

	2019	2018
Cash from Operating Activities	\$2,480,822	\$3,523,739
Cash from Non Capital Financing Activities	593,311	1,238,698
Cash from (for) Capital and Related Financing Activities	(3,632,248)	(3,560,484)
Cash from (to) Investing Activities	438,388	438,388
Increase (Decrease) in cash/cash equivalents	(52,402)	1,640,341
Cash and cash equivalents, beginning of year	26,614,894	24,974,553
Cash and cash equivalents, end of year	\$26,562,492	\$26,614,894

This information is a summary of the financial information contained in the District's financial statements ending December 31, 2019 and the previous years audited financial statements. For more about the information contained in this condensed, comparative financial information, we recommend a close review of the audited financial statements for the year ending December 31, 2019 which begin on page 1 together with the audited financial statements for the previous years noted.

Analysis

Financial Position

The Districts net position increased in 2019 by \$970,653. This was the result of the Districts tap fees collected coupled with its operating revenues exceeding operating expenses over the year. Water user fees fell short of budgeted expectations while sewer user fees exceeded budgeted expectations.

Operating expenditures fell significantly short of budgeted expenditures primarily as a result of lower costs of construction than anticipated.

Cash and cash equivalents of the District at December 31, 2019 totaled \$26,562,492, a decrease of \$52,402 from 2018 primarily as a result of a shortfall in collected tap fees. Cash and cash investments at end of 2019 represents approximately 48% of the District's total net position which provides significant financial liquidity and flexibility to the District for construction of future needed assets due to growth, operations, maintenance and ongoing capital renewal and replacement requirements.

Operating Results

During 2019, the District's operating income totaled \$6,688,406 a reduction of \$695,271 when compared to 2018. The reduction is attributable to lower than expected water user use and associated fees, and lower Renewable Water Investment Fee (RWIF) income due to the 2019 reduced RWIF base fee from \$41.00 to \$40.00.

Budgetary Discussion

Actual revenues were less than budgeted revenues by \$823,821 largely due to the shortfall in the number of tap fees received vs. those budgeted and actual expenditures were significantly less than budgeted expenditures primarily as a result of delays, lower than expected costs and deferral of facilities construction. Overall actual revenues were closely matched actual expenses for 2019.

Capital Assets

During the year of 2019 modest amounts of capital funds were expended on construction projects primarily as follows:

<u>Projects</u>	<u>Amount</u>	<u>Expected Completion</u>
Greenland Lift Station Building	\$10,310	
Well Pump Replacement	\$352,476	Complete
Construction of Well 21	\$957,019	June, 2020
Lake Access Rd/SCADA Upgrade	\$130,043	Complete
Monument Hill Road Improvements	\$200,262	Complete

These projects were completed using General Fund resources and were not financed.

In 2019 the District budgeted \$1,652,555 for these construction projects and improvements.

The District depreciates its capital assets, including infrastructure. See Note 1 and 4 in the Notes to Financial Statements on page 5 and 11 respectively.

Debt

During 2019 no new debt was issued by the District, however outstanding debt of the District continues to be the Enterprise Water and Wastewater Revenue Bonds, series 2011 that was used to finance the purchase and acquisition of Land, Water Rights and a reservoir in southern El Paso County as well as the construction of water wells and other water system improvements. See Note 5 of the Notes to the Financial Statements- Long-Term Debt on pages 11 and 12.

Other:

At this time, there are no other known decisions, events and conditions that would substantially affect future operations and financial condition of the District.

BASIC FINANCIAL STATEMENTS

WOODMOOR WATER AND SANITATION DISTRICT NO.1

STATEMENT OF NET POSITION
 PROPRIETARY FUND
 As of December 31, 2019

	TOTALS	
	2019	2018
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 26,562,492	\$ 26,614,894
Investments - Restricted	1,989,482	1,932,685
Accounts Receivable, net	483,926	477,491
Other Receivable	1,656	337
Prepaid Insurance	101,533	105,322
Total Current Assets	29,139,089	29,130,729
Noncurrent Assets		
Deposits	19,578	19,578
Investment in Tri-Lakes Joint Venture	2,342,304	2,409,763
Other Assets	135,816	149,703
Capital Assets, not depreciated	33,251,563	33,188,494
Capital Assets, net of accumulated depreciation	18,339,953	18,173,875
Total Noncurrent Assets	54,089,214	53,941,413
TOTAL ASSETS	83,228,303	83,072,142
Current Liabilities		
Accounts Payable	147,469	80,124
Deposits	115,241	109,781
Bond Interest Payable	105,906	105,906
Current Portion of Long Term Debt	875,000	830,000
Total Current Liabilities	1,243,616	1,125,811
Noncurrent Liabilities		
Post Pumping Depletion	4,500	4,500
Compensated Absences	209,656	178,738
Bonds Payable	22,724,646	23,687,861
Total Noncurrent Liabilities	22,938,802	23,871,099
TOTAL LIABILITIES	24,182,418	24,996,910
NET POSITION		
Net Investment in Capital Assets	27,991,870	26,844,508
Unrestricted	31,054,015	31,230,724
TOTAL NET POSITION	\$ 59,045,885	\$ 58,075,232

The accompanying notes are an integral part of the financial statements.

WOODMOOR WATER AND SANITATION DISTRICT NO.1

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
PROPRIETARY FUND

Year Ended December 31, 2019

	TOTALS	
	2019	2018
OPERATING REVENUES		
Charges for Services	\$ 6,595,147	\$ 7,259,883
Miscellaneous Income	93,259	123,794
	<u>6,688,406</u>	<u>7,383,677</u>
TOTAL OPERATING REVENUES		
OPERATING EXPENSES		
Personnel Services	1,358,754	1,295,069
Purchased Services	662,743	648,472
Materials and Supplies	2,285,845	2,042,635
Depreciation and Amortization	1,554,357	1,431,011
	<u>5,861,699</u>	<u>5,417,187</u>
TOTAL OPERATING EXPENSES		
OPERATING INCOME	<u>826,707</u>	<u>1,966,490</u>
NON-OPERATING REVENUES (EXPENSES)		
Interest Income	639,226	454,403
Tap Fees	593,311	1,238,698
Loss on Disposition of Assets	9,103	-
Equity Interest in Tri-Lakes Joint Venture income (loss)	(67,459)	(78,268)
Interest Expense	(1,030,235)	(1,061,235)
	<u>143,946</u>	<u>553,598</u>
TOTAL NON-OPERATING REVENUES (EXPENSES)		
Change in Net Position	970,653	2,520,088
NET POSITION, Beginning	<u>58,075,232</u>	<u>55,555,144</u>
NET POSITION, Ending	<u>\$ 59,045,885</u>	<u>\$ 58,075,232</u>

The accompanying notes are an integral part of the financial statements.

WOODMOOR WATER AND SANITATION DISTRICT NO.1

STATEMENT OF CASH FLOWS
 PROPRIETARY FUND

Year Ended December 31, 2019

Increase (Decrease) in Cash and Cash Equivalents

	TOTALS	
	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Customers and Others	\$ 6,680,652	\$ 7,409,672
Cash Paid to Suppliers	(2,871,994)	(2,600,322)
Cash Paid to Employees	(1,327,836)	(1,285,611)
Net Cash Provided by Operating Activities	<u>2,480,822</u>	<u>3,523,739</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of Capital Assets	(1,772,013)	(1,611,034)
Payments on Long Term Debt	(830,000)	(800,000)
Interest Payments	(1,030,235)	(1,149,450)
Net Cash Used by Capital and Related Financing Activities	<u>(3,632,248)</u>	<u>(3,560,484)</u>
CASH FLOWS FROM NON CAPITAL AND RELATED FINANCING ACTIVITIES		
Tap Fees	593,311	1,238,698
Net Cash Provided by Non Capital and Related Financing Activities	<u>593,311</u>	<u>1,238,698</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Received	639,226	454,403
(Purchase) Sale of Investments	(133,513)	(16,015)
Net Cash Provided by Investing Activities	<u>505,713</u>	<u>438,388</u>
Net Increase in Cash and Cash Equivalents	(52,402)	1,640,341
CASH AND CASH EQUIVLENTS, Beginning	<u>26,614,894</u>	<u>24,974,553</u>
CASH AND CASH EQUIVALENTS, Ending	<u>\$ 26,562,492</u>	<u>\$ 26,614,894</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating Income	<u>\$ 826,707</u>	<u>\$ 1,966,490</u>
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities		
Depreciation and Amortization	1,554,357	1,431,011
Changes in Assets and Liabilities		
Accounts Receivable	(7,754)	25,995
Prepaid Expenses	3,789	(9,819)
Accounts Payable	67,345	(8,871)
Deposits Held	5,460	109,475
Compensated Absences	30,918	9,458
Total Adjustments	<u>1,654,115</u>	<u>1,557,249</u>
Net Cash Provided by Operating Activities	<u>\$ 2,480,822</u>	<u>\$ 3,523,739</u>

The accompanying notes are an integral part of the financial statements.

WOODMOOR WATER AND SANITATION DISTRICT NO.1

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Woodmoor Water and Sanitation District No. 1 is a Special District (a local government unit) that was established to provide the water and sanitary sewer services to the community of Woodmoor, an unincorporated area located in northern El Paso County that operates under the laws of the State of Colorado.

The accounting policies of the Woodmoor Water and Sanitation District No.1 (the “District”) conform to generally accepted accounting principles as applicable to governments. Following is a summary of the more significant policies.

Reporting Entity

In accordance with governmental accounting standards, the District has considered the possibility of inclusion of additional entities in its basic financial statements.

The definition of the reporting entity is based primarily on financial accountability. The District is financially accountable for organizations that make up its legal entity. It is also financially accountable for legally separate organizations if District officials appoint a voting majority of the organization’s governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the District. The District may also be financially accountable for governmental organizations that are fiscally dependent upon it.

Based on the application of these criteria, the District does not include additional organizations in its reporting entity.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The District uses one fund to report on its financial position and activities. Fund accounting is designed to segregate transactions related to certain government functions and activities. The District’s fund is classified as an enterprise fund type. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

WOODMOOR WATER AND SANITATION DISTRICT NO.1

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation
(Continued)

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first, then unrestricted resources as they are needed.

The District reports the following major proprietary fund:

The *Water & Sanitation Enterprise Fund* accounts for the financial activities associated with the provision of water and wastewater operations.

Cash and Investments

Cash equivalents include investments with original maturities of three months or less. Investments are recorded at fair value.

Receivables

Accounts Receivable consists of amounts owed by residents for water and wastewater treatment services as well as vacant lot fees. The District considers all accounts receivable as collectible, therefore no allowance has been recorded as of December 31, 2019.

Capital Assets

Capital assets, which include property and equipment, are reported in the applicable governmental or business-type activities columns in the statement of net position. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

WOODMOOR WATER AND SANITATION DISTRICT NO.1

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets (Continued)

Property and equipment of the District is depreciated using the straight-line method over the following estimated useful lives:

Buildings and Improvements	20 – 30 years
Water and Sewer System	10 – 50 years
Machinery and Equipment	5 – 40 years

Compensated Absences

Employees of the District earn 16 to 26 days of discretionary leave per year, depending on the length of service. Discretionary leave may be carried over at year end but may not exceed 760 hours. Once an employee has accrued the maximum hours allowed, the employee may receive payment for up to 96 hours of discretionary leave at the employee's current rate of pay. An Employee may also choose to receive payment for any accrued but unused discretionary leave at a rate of one-half the employee's current rate of pay any time during the employee's employment. Upon termination, accrued but unused discretionary leave will be paid at the employee's current rate of pay.

Eligible employees of the District earn up to 4 hours of sick leave per month. Sick leave may be accumulated from year to year. Employee may accrue a maximum of 320 hours of sick leave. Once an employee has accrued the maximum allowed, the employee will either be paid for the accumulated sick leave at the current rate of pay or the employee may choose to take the hours as discretionary leave or transfer the hours to accrued discretionary leave. Upon separation of employment, an employee may receive payment for up to 160 hours of sick leave at the employee's current rate of pay. Any accrued but unused sick leave in excess of 160 hours will be paid at one and one-half times the employee's current rate of pay.

Eligible non-exempt employees of the District may be compensated in compensatory time of one and one-half hours of each overtime hour worked. Employees may accrue a maximum of 24 hours of compensatory time. Upon termination of employment, accrued but unused compensatory time will be paid at the employee's current rate of pay.

The District recognizes these compensated absences as a liability when earned.

Long-Term Obligations

In the proprietary fund statement of net position, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method.

WOODMOOR WATER AND SANITATION DISTRICT NO.1

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position

The business-type fund financial statements utilize a net position presentation. Net position is categorized as investment in capital assets, restricted, and unrestricted. Investment in capital assets is intended to reflect the portion of net position which are associated with non-liquid, capital assets less outstanding capital asset related debt. The net related debt is the debt less the outstanding liquid assets and any associated unamortized cost. Restricted net position are liquid assets, which have third party limitations on their use. Unrestricted net position represents assets that do not have any third-party limitations on their use.

Comparative Data

Comparative total data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the District's financial position and operations. However, complete comparative data in accordance with generally accepted accounting principles has not been presented since its inclusion would make the financial statements unduly complex and difficult to read. Data in these columns do not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets and Budgetary Accounting

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

- In October, the District staff submits to the District Board of Directors a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted to obtain taxpayer comments.
- Prior to December 31, the budget is legally enacted through passage of a resolution.
- Any revisions that alter the total expenditures of any fund must be approved by the District Board of Directors.

WOODMOOR WATER AND SANITATION DISTRICT NO.1

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

- Budgets are legally adopted for the enterprise fund of the District. The Budgetary comparison presented for the Water & Sewer Enterprise is presented on a non-GAAP budgetary basis. Capital outlay and debt payments are budgeted as expenditures. Depreciation expense is not budgeted.
- Budgeted amounts in the financial statements are as originally adopted or as amended by the District Board of Directors. All appropriations lapse at year end. Colorado governments may not exceed budgeted appropriations at the fund level.

NOTE 3: DEPOSITS AND INVESTMENTS

A summary of deposits and investments as of December 31, 2019 follows:

Cash Deposits	\$ 3,076,417
Investments	<u>25,475,557</u>
Total	<u>\$ 28,551,974</u>

The above amounts are classified in the statement of net position as follows:

Cash and Investments	\$ 26,562,492
Restricted Cash and Investments	<u>1,989,482</u>
Total	<u>\$ 28,551,974</u>

Deposits

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. At December 31, 2019, State regulatory commissioners have indicated that all financial institutions holding deposits for the District are eligible public depositories. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits.

The District has no policy regarding custodial credit risk for deposits.

WOODMOOR WATER AND SANITATION DISTRICT NO.1

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

NOTE 3: DEPOSITS AND INVESTMENTS (Continued)

At December 31, 2019, the District had deposits with financial institutions with a carrying amount of \$3,076,417. The bank balances with the financial institutions were \$3,679,243. Of these balances \$571,245 was covered by federal depository insurance and \$3,107,998 was covered by collateral held by authorized escrow agents in the financial institution's name (PDPA).

Investments

Interest Rate Risk

The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District does follow the policies required by the State of Colorado regarding types of investments and maturity dates.

Credit Risk

Colorado statutes specify in which instruments the units of local government may invest which includes:

- Obligations of the United States and certain U.S. government agency securities
- General obligation and revenue bonds of U.S. local government entities
- Local government investment pools
- Certain money market funds
- Guaranteed investment contracts

The above investments are authorized for all funds and fund types used by Colorado municipalities.

Local Government Investment Pools

The District had invested \$10,445,460 in the Colorado Surplus Asset Fund Trust (CSAFE) an investment vehicle established for local government entities in Colorado pursuant to Title 24, Article 75, Part 7 of the Colorado Revised Statutes, to pool surplus funds for investment purposes. The State Securities Commissioner administers and enforces the requirements of creating and operating the Pools. CSAFE reports its underlying investments at amortized cost and is considered a qualifying external investment pool under GASB Statement 79. CSAFE operates similar to money market funds where each share is equal in value to \$1.00. The fair value of the position in the pools is the same as the value of the pooled shares. CSAFE is rated AAAM by Standard and Poor's. The designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Substantially all securities are owned by the pools and held by the Federal Reserve Bank in the account maintained for the custodial bank.

WOODMOOR WATER AND SANITATION DISTRICT NO.1

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

NOTE 3: DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

The custodian's internal records identify the investments owned by the pools. Investments of the pools comply with state statutes, consisting of U.S. Treasury bills, notes and note strips, repurchase agreements, U.S. Instrumentalities, Commercial Paper, Bank Deposits and Money Market Funds. CSAFE does not have any limitations or restrictions on participant withdrawals.

The District had invested \$4,927 in the Colorado Government Liquid Asset Trust (ColoTrust) which has a credit rating of AAAM by Standard and Poor's. ColoTrust is an investment vehicle established for local government entities in Colorado to pool surplus funds and is regulated by the State Securities Commissioner. It operates similarly to a money market fund and each share is equal in value to \$1.00. Investments consist of U.S. Treasury and U.S. Agency securities, and repurchase agreements collateralized by U.S. Treasury and U.S. Agency securities. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Substantially all securities owned are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by the entities.

ColoTrust is not a 2a7-like external investment pool. The unit of account is each share held, and the value of the position would be the fair value of the pool's share price multiplied by the number of shares held. The government-investor does not "look through" the pool to report a pro rata share of the pool's investments, receivables, and payables.

Fair Value

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

At December 31, 2019, the District held investments in U.S. Government Agency Securities in the amount of \$15,025,170 with maturity dates of less than one and four years. Given the low risk of this type of investment, the District has not established a policy limiting the amount of investments in this type of security and deems it unnecessary at this time. These investments are valued with Level 1 inputs.

Restricted Cash

At December 31, 2019, cash in the amount of \$1,989,482 is restricted for bond projects and debt service.

WOODMOOR WATER AND SANITATION DISTRICT NO.1

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

NOTE 4: CAPITAL ASSETS

Capital assets activity for the year ended December 31, 2019 is summarized below:

	Balances <u>12/31/18</u>	<u>Additions</u>	<u>Deletions</u>	Balances <u>12/31/19</u>
Business-Type Activities				
Capital Assets, not depreciated				
Land and Water Rights	\$ 33,188,494	\$ 63,069	\$ -	\$ 33,251,563
Total Capital Assets, not depreciated	<u>33,188,494</u>	<u>63,069</u>	<u>-</u>	<u>33,251,563</u>
Capital Assets, depreciated				
Buildings and Improvements	759,424	10,311	-	769,735
Water and Sewer System	37,630,153	1,570,897	-	39,201,050
Machinery and Equipment	<u>1,743,733</u>	<u>127,736</u>	<u>26,467</u>	<u>1,845,002</u>
Total Capital Assets, depreciated	<u>40,133,310</u>	<u>1,708,944</u>	<u>(26,467)</u>	<u>41,815,787</u>
Less Accumulated Depreciation				
Buildings	363,782	23,903	6,704	380,981
Water and Sewer System	20,856,307	1,377,025	7,903	22,225,429
Machinery and Equipment	<u>739,346</u>	<u>154,148</u>	<u>24,070</u>	<u>869,424</u>
Total Accumulated Depreciation	<u>21,959,435</u>	<u>1,555,076</u>	<u>38,677</u>	<u>23,475,834</u>
Total Capital Assets, depreciated, Net	<u>18,173,875</u>	<u>153,868</u>	<u>12,210</u>	<u>18,339,953</u>
Business-Type Activities, Capital Assets, Net	<u>\$ 51,362,369</u>	<u>\$ 216,937</u>	<u>\$ 12,210</u>	<u>\$ 51,591,516</u>

NOTE 5: LONG-TERM DEBT

Business-Type Activities

Following is a summary of long-term debt transactions for the business-type activities for the year ended December 31, 2019.

	Balance <u>12/31/18</u>	<u>Additions</u>	<u>Payments</u>	Balance <u>12/31/19</u>	Due In <u>One Year</u>
2011 Revenue Bonds	\$ 22,930,000	\$ -	\$ 830,000	\$ 22,100,000	\$ 875,000
Bond Premium	<u>1,587,861</u>	<u>-</u>	<u>88,215</u>	<u>1,499,646</u>	<u>-</u>
Total	<u>\$ 24,517,861</u>	<u>\$ -</u>	<u>\$ 918,215</u>	<u>\$ 23,599,646</u>	<u>\$ 875,000</u>

WOODMOOR WATER AND SANITATION DISTRICT NO.1

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

NOTE 5: LONG-TERM DEBT (Continued)

2011 Revenue Bonds

In November of 2011, the District issued \$27,915,000 in Series 2011 Revenue Bonds to finance the purchase of land, water rights, and the construction, acquisition, and installation of water wells and other water system improvements. The bonds carry interest rates ranging from 2.0% to 5.0%. Semi-annual principal and interest payments are due on June 1 and December 1 through 2036.

The bonds maturing on or before December 1, 2021 are not subject to redemption prior to maturity at the option of the District. The Bonds maturing on and after December 1, 2022 are subject to redemption prior to maturity, at the option of the District, in whole or in part, in integral multiples of \$5,000, from such maturities and interest rates as are selected by the District and by lot within a maturity and interest rate.

The term bonds maturing on December 1, 2026 and December 1, 2036 are subject to mandatory sinking fund redemption at a redemption price equal the principal amount thereof plus accrued interest to the redemption date.

Estimated annual debt service requirements for the outstanding debt at December 31, 2019 are as follows:

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 875,000	\$ 1,076,950	\$ 1,951,950
2021	910,000	1,041,950	1,951,950
2022	955,000	996,450	1,951,450
2023	1,000,000	948,700	1,948,700
2024	1,050,000	898,700	1,948,700
2025 – 2029	6,030,000	3,710,800	9,740,800
2030 – 2034	7,655,000	2,092,000	9,747,000
2035 – 2036	<u>3,625,000</u>	<u>274,000</u>	<u>3,899,000</u>
Total Debt Service Requirements	<u>\$22,100,000</u>	<u>\$11,039,550</u>	<u>\$33,139,550</u>

WOODMOOR WATER AND SANITATION DISTRICT NO.1

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

NOTE 6: RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. Commercial insurance coverage is purchased to handle these risks of loss.

The District is a participant in the Colorado Special District Association Property and Liability Pool. The Pool was formed by an agreement of member special districts of the Special District Association as a separate and independent governmental entity pursuant to the provisions of Article XIV, Section 18(2) of the Colorado Constitution and Sections 29-1-201 et seq., 8-44-101(1)(c) and (3), 8-44-204, 24-10-115.5, and 29-13-102, C.R.S, as amended. Membership is restricted to Colorado special districts, which are members of the Special District Association.

The purpose of the Pool is to provide defined property, liability, workers' compensation and associated coverage, and claims and risk management services related hereto, for member special districts through a self-insurance pool.

The Pool has contracted with third parties to operate, administer, and manage the Pool. In the event aggregate losses incurred by the Pool exceed amounts recoverable from the reinsurance contracts and capital and surplus accumulated by the Pool, additional contributions may be required from the Pool members.

NOTE 7: COMMITMENTS AND CONTINGENCIES

Tri-Lakes Joint Venture and Joint Use Agreement

The District provides its wastewater treatment at the Tri-Lakes Wastewater Treatment Facility (the "Facility"), which is operated as a joint venture under the Amended Joint Use of Facilities Agreement dated February 9, 2010, among the District, Monument Sanitation District, and Palmer Lake Sanitation District.

The Facility's real property, personal property, and fixtures are commonly owned by each district in undivided one-third interests. Since November 9, 1999, the Facility's capacity is allocated 64.28% to the District, 19.79% to Monument, and 15.93% to Palmer Lake, and is subject to change with future Facility expansions. Operating expenses are billed monthly to the respective Districts in accordance with each District's pro rata contribution to the monthly flows and BOD loadings discharged into the Facility. For the year ended December 31, 2019, the District paid \$648,857 to the Tri-Lakes Wastewater Facility under the terms of the agreement.

WOODMOOR WATER AND SANITATION DISTRICT NO.1

NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE 7: COMMITMENTS AND CONTINGENCIES (Continued)

Tri-Lakes Joint Venture and Joint Use Agreement (continued)

In February 2015, the District and Palmer Lake Sanitation District have entered into an Offer of Settlement Agreement. The purpose of the agreement is to ensure that the state mandated improvements to the Tri-Lakes Wastewater Facility are not delayed and that the Facility's grant funds for the improvements are not jeopardized despite the ongoing dispute among the participating districts regarding the cost sharing of the capital improvements (Phase I). The agreement establishes preliminary cost allocation, whereas the District agrees to cover 66.66% of the project costs until a settlement among the districts can be reached. The agreement was amended in July 2015. In the amended agreement, the District has agreed to provide gap funds to the Palmer Lake Sanitation District in the event that the grant funds are not received

A final court ruling was issued on May 23, 2016 granting the District's motion for summary judgment for costs of the Phase I improvements to be allocated 1/3 to Palmer Lake Sanitation District, 1/3 to Monument Sanitation District, and 1/3 to Woodmoor Water and Sanitation District. Subsequent to the ruling, the defendants (Monument Sanitation District and Palmer Lake Sanitation District) filed an appeal with the appellate courts on June 22nd, 2016. The District Court ruled against the defendants and in favor of the District on September 15, 2017.

For the year ended December 31, 2019, the District's share of the Facility's real property, personal property, and fixtures is \$2,342,304 and is reported as Investment in Tri-Lakes Joint Venture in the Statement of Net Position.

In addition, the District purchased additional capacity in the Facility in 1999 for \$416,535. The purchase price is amortized over 30 years. For the year ended December 31, 2019 the carrying value of the additional capacity is \$135,816 and is reported as Other Assets in the Statement of Net Position.

Solar Energy Ground Lease

On May 24, 2019 the District entered into a 25-year ground lease agreement with Palmer Solar LLC (the "Tenant"). Under the terms of the agreement, the District leases approximately 500 acres of real property to the tenant at an annual rate of \$100 per acre. Annual rent payments are scheduled to increase at a rate of 2 percent per year beginning on January 1, 2019. The tenant has the option to renew the lease for two five (5) year terms beyond the original expiration date.

Upon execution of the lease, then tenant was required to provide a \$100,000 deposit to the District. For the year ended December 31, 2019, the tenant paid \$58,290 in rent payments to the District.

WOODMOOR WATER AND SANITATION DISTRICT NO.1

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

NOTE 7: COMMITMENTS AND CONTINGENCIES (Continued)

Tabor Amendment

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local government. The Amendment is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of the Amendment.

NOTE 8: EMPLOYEE RETIREMENT PLAN

The District offers a 457(b) non-qualified deferred compensation plan to its employees. The District contributes 2.5% of employee wages on behalf of the employee. In addition, the District will match up to a maximum additional 2.5% of contributions made by the employee.

The assets in the plan are not subject to the District's creditors and are therefore not included in the District's financial statements.

For the year ended December 31, 2019, the District contributed \$45,191 to the Plan.

INDIVIDUAL FUND SCHEDULE

WOODMOOR WATER AND SANITATION DISTRICT NO.1

WATER & SANITATION ENTERPRISE
 BUDGETARY COMPARISON SCHEDULE
 Year Ended December 31, 2019

	2019		VARIANCE Positive (Negative)	2018 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
REVENUES				
Water and Sewer Tap Fees	\$ 1,565,808	\$ 593,311	\$ (972,497)	\$ 1,238,698
Water Use Fees	3,111,052	2,892,950	(218,102)	3,265,673
Sewer Use Fees	1,494,362	1,524,948	30,586	1,523,301
Availability of Service Fees	12,450	13,305	855	17,317
Renewable Water Investment Fee	1,966,944	1,963,055	(3,889)	2,028,957
Permit Processing Fees	11,600	5,340	(6,260)	11,030
Interest Income	375,390	639,226	263,836	454,403
Miscellaneous Income	95,000	93,259	(1,741)	123,794
Wastewater Phosphorous Treatment Income	-	-	-	337,154
Cross Connection/Meter Income	13,500	5,348	(8,152)	12,744
Sale of Assets	8,700	9,103	403	-
Supplemental Water	27,061	109,639	82,578	27,061
Lease Income	72,000	80,562	8,562	36,646
TOTAL REVENUES	8,753,867	7,930,046	(823,821)	9,076,778

(Continued)

See the accompanying independent auditors' report.

WOODMOOR WATER AND SANITATION DISTRICT NO.1

WATER & SANITATION ENTERPRISE
 BUDGETARY COMPARISON SCHEDULE
 Year Ended December 31, 2019

	2019		VARIANCE	2018
	ORIGINAL AND FINAL BUDGET	ACTUAL		
	EXPENDITURES			
Salaries	\$ 1,104,430	\$ 1,076,563	\$ 27,867	\$ 1,016,386
Employee Benefits	200,416	193,860	6,556	193,413
Payroll Taxes	93,579	84,707	8,872	81,748
Unemployment Compensation Insurance	3,537	3,624	(87)	3,522
Professional Fees	389,500	466,829	(77,329)	453,466
Chilcott Ditch Co Share & Carriage Assessments	86,460	90,975	(4,515)	94,307
Insurance	105,271	104,939	332	100,699
Renewal and Replacement	627,900	616,859	11,041	407,988
Building Maintenance	34,000	27,451	6,549	24,581
Vehicle Expenses	95,000	95,121	(121)	89,867
Sewer Treatment Plant Expenses	673,112	672,990	122	630,840
Utilities	630,000	666,264	(36,264)	678,824
Small Tools	11,500	6,537	4,963	12,661
Training and Education	15,000	10,325	4,675	14,068
Travel	10,000	10,059	(59)	15,206
Cross Connection/Meter Expense	14,400	13,387	1,013	24,509
Directors Fees	8,000	6,100	1,900	6,600
Miscellaneous Expenses	35,350	37,643	(2,293)	24,159
Office Supplies and Expenses	149,700	122,909	26,791	113,132
Land/Easement Purchase	5,000	63,069	(58,069)	-
Building Purchase	-	10,311	(10,311)	-
Equipment Purchases	399,500	127,736	271,764	310,381
Construction of Facilities	2,094,636	1,570,897	523,739	1,300,653
Bond Agents Fee	500	200	300	200
Interest on Bonds	1,118,450	1,030,235	88,215	1,061,235
Bond Principal Payment	830,000	830,000	-	800,000
TOTAL EXPENDITURES	<u>8,735,241</u>	<u>7,939,590</u>	<u>795,651</u>	<u>7,458,445</u>
NET INCOME, Budget Basis	<u>\$ 18,626</u>	<u>(9,544)</u>	<u>\$ (28,170)</u>	<u>1,618,333</u>
GAAP BASIS ADJUSTMENTS				
Capital Outlay		1,772,013		1,611,034
Depreciation and Amortization Expense		(1,554,357)		(1,431,011)
Principal Paid on Long-Term Debt		830,000		800,000
Change in equity interest of Tri-Lakes Joint Venture		(67,459)		(78,268)
NET INCOME, GAAP Basis		970,653		2,520,088
NET POSITION, Beginning		<u>58,075,232</u>		<u>55,555,144</u>
NET POSITION, Ending		<u>\$ 59,045,885</u>		<u>\$ 58,075,232</u>

See the accompanying independent auditors' report.

APPENDIX A

WOODMOOR WATER AND SANITATION DISTRICT NO. 1

History of Net Pledged Revenues and Pro-Forma Debt Service Coverage

December 31, 2019

	Actual ⁽¹⁾				
	2015	2016	2017	2018	2019
Gross Pledges Revenues ⁽²⁾					
Operating Revenue	4,743,741	4,558,993	4,842,132	5,354,721	4,725,351
Investment Income ⁽³⁾	50,914	83,403	165,803	454,403	639,226
Tap Fees	<u>2,761,583</u>	<u>4,322,564</u>	<u>3,965,135</u>	<u>1,238,698</u>	<u>593,311</u>
Total	<u>7,556,238</u>	<u>8,964,960</u>	<u>8,973,070</u>	<u>7,047,822</u>	<u>5,957,888</u>
Operations and Maintenance Expenses ⁽⁴⁾					
Expenses ⁽⁴⁾	<u>3,821,553</u>	<u>4,133,811</u>	<u>4,184,008</u>	<u>3,986,176</u>	<u>4,307,342</u>
Net Pledged Revenues	<u>3,734,685</u>	<u>4,831,149</u>	<u>4,789,062</u>	<u>3,061,646</u>	<u>1,650,546</u>
Maximum Annual Debt Service	<u>1,952,700</u>	<u>1,952,700</u>	<u>1,952,700</u>	<u>1,952,700</u>	<u>1,952,700</u>
Requirements ⁽⁵⁾					
Pro-Forma Coverage	1.92x	2.47x	2.45x	1.57x	.85x
Pro-Forma RWI Fee Revenue ⁽⁶⁾	2,010,539	2,010,539	2,061,769	2,028,956	1,963,055
Adjusted Net Pledged Revenues	<u>5,745,224</u>	<u>6,841,688</u>	<u>6,850,831</u>	<u>5,090,602</u>	<u>3,613,601</u>
Adjusted Pro-Forma Coverage	2.95x	3.50x	3.51x	2.61x	1.85x

⁽¹⁾ All numbers shown are actual based upon audited financial statement for each year.

⁽²⁾ Gross Pledged Revenue excludes gains on sales of property and contributed assets from developers, which are non-cash items.

⁽³⁾ Represents investment income from all District investments, not only investment income on the components of Gross Pledged Revenues. The amount of investment income earned on non-gross Pledged Revenues (which is therefore not pledged to the Bonds), however, is not a material amount.

⁽⁴⁾ Includes System maintenance, operations and engineering expenses as well as general administrative expenses. Excludes non-operating expenses and depreciation.

⁽⁵⁾ Represents the maximum annual debt service requirements of the Bond (\$1,952,700 in 2019). See "DEBT SERVICE REQUIREMENTS" in the Official Statement. If the District issues Parity Bonds in the future, the debt service requirements of the Parity Bonds would be added to this amount and could result in a lower coverage factor, depending on future revenues and operating expenses.

⁽⁶⁾ The RWI Fee was made effective January 1, 2012.

WOODMOOR WATER AND SANITATION DISTRICT NO.1

History of Selected Residential User Rates

December 31, 2019

<u>Water Fees</u>					<u>Sewer Fees</u>	
<u>Year</u>	<u>Base Charge</u>	<u>%Change</u>	<u>Average Volume Rate PER 1000 GAL. ⁽¹⁾</u>	<u>% Change</u>	<u>Base Charge</u>	<u>% Change</u>
2014	\$7.48	3.8%	\$7.70	2.3%	\$26.46	1.6%
2015	\$8.00	6.9%	\$8.11	5.3%	\$28.63	8.2%
2016	\$9.01	12.6%	\$8.56	6.0%	\$31.01	8.3%
2017	\$9.31	3.3%	\$8.57	0.1%	\$31.01	0.0%
2018	\$9.31	0.0%	\$8.31	-3.0%	\$31.01	0.0%
2019 ⁽¹⁾	\$9.31	0.0%	\$8.52	2.5%	\$31.01	0.0%
2020 ⁽²⁾	\$9.50	2.04%	\$9.32	9.4%	\$31.63	2.0%

⁽¹⁾ This average has been derived from actual charges collected from all District customers and actual metered usage for each year.

⁽²⁾ Projected for the current year.

WOODMOOR WATER AND SANITATION DISTRICT NO.1

History of Water User Fee Revenue and Sewer User Fee Revenue

December 31, 2019

The following table shows a five year history of Water System user fees and Sewer System user fees.

History of Water and Sewer Rate Revenues

<u>Year</u>	<u>Water System User Fees</u>		<u>Sewer System User Fees</u>	
	<u>Amount</u>	<u>%Change</u>	<u>Amount</u>	<u>%Change</u>
2015	\$2,533,839	1.11%	\$1,262,914	9.49%
2016	\$2,880,992	13.70%	\$1,397,719	10.67%
2017	\$2,853,653	-0.90%	\$1,468,903	5.10%
2018	\$3,265,673	14.44%	\$1,523,301	3.71%
2019	\$2,892,950	-11.41%	\$1,524,948	0.11%
⁽¹⁾ 2020	\$3,160,542	9.25%	\$1,549,022	1.58%

⁽¹⁾ Constitutes estimated data for 2020, based upon actual revenues through March 2020, and projections for the remainder of the year.

WOODMOOR WATER AND SANITATION
DISTRICT NO.1
December 31, 2019

Renewable Water Investment Fee

Following a public hearing at its October 17, 2011 meeting, the Board adopted a resolution creating the Renewable Water Investment Fee (the “RWI Fee”), which constituted a new charge of the District. The RWI Fee is intended to provide additional security for the Bonds and to be a component of the District’s overall plan to decrease reliance upon nonrenewable groundwater and increase reliance upon renewable surface water. The amount of the RWI FEE initially was calculated at the rate of \$45 per service tap equivalent per customer per month for all customers (including residential and nonresidential), and was added as a separate line item on each water customer’s bill. The amount of the RWI Fee will be calculated for each customer as shown in the table below. Customers which have purchased larger taps from the District will be charged at higher rates than those which have purchased smaller taps, since the service tap equivalent number is higher for such customers. One service tap equivalent is equal to the cross-sectional area of a ¾” diameter water service tap, which is the size of tap typically installed to provide water service to a single family residential customer. The District’s imposition of the RWI Fee occurred January 1, 2012.

2019 Renewable Water Investment Fee Schedule ⁽²⁾

Tap Size	Tap Equivalents	Amount of RWI Fee (per month)
¾” MF ⁽¹⁾	0.75	\$30.00
¾”	1.00	40.00
1”	1.78	71.20
1.25”	2.79	111.60
1.5”	4.01	160.40
2”	7.11	284.40
2.5”	11.30	452.00
3”	16.03	641.20
4”	28.44	1,137.60

(1) This tap size refers to multi-family unit customers. The District defines a multi-family customer as a dwelling unit which is separated from another dwelling unit by a party wall, such as an apartment or condominium.

(2) Renewable Water Investment Fee per this schedule was implemented on January 1, 2019.

WOODMOOR WATER AND SANITATION DISTRICT NO.1

History of Residential Tap Fees

December 31, 2019

<u>Year</u>	<u>Water Tap Fee</u>		<u>Sewer Tap Fee</u>	
	<u>Amount</u>	<u>%Change</u>	<u>Amount</u>	<u>%Change</u>
2015	\$24,186	0.0%	\$7,621	7.16%
2016	\$24,186	0.0%	\$7,834	2.79%
2017	\$24,186	0.0%	\$8,216	4.87%
2018	\$24,186	0.0%	\$8,435	2.70%
2019	\$24,186	0.0%	\$8,435	0.0%

WOODMOOR WATER AND SANITATION DISTRICT NO.1

December 31, 2019

History of Tap Fees Collected

Year	Type	Tap Fee Revenues		Number of Connections		Total Collections	
		Residential	Commercial	Residential	Commercial	Amount	%Change
2015	Water	\$2,055,810	\$43,031	85	1	\$2,761,583	110.1%
	Sewer	\$647,785	\$14,957				
2016	Water	\$3,219,851	\$59,856	134	1	\$4,322,564	56.5%
	Sewer	\$1,042,857					
2017	Water	\$2,993,018	\$0	125	0	\$3,965,135	-8.27%
	Sewer	\$972,117					
2018	Water	\$943,254	\$0	39	0	\$1,238,698	-68.8%
	Sewer	\$295,444					
2019	Water	\$241,860	\$183,088	10	3	\$593,309	-52.1%
	Sewer	\$75,915	\$92,446				
⁽¹⁾ 2020	Water	\$666,063	\$0	27	0	\$898,344	51.4%
	Sewer	\$232,281	\$0				

⁽¹⁾ Constitutes estimated tap fee data for 2020 based upon actual connections through March 31, 2020 and projections for the remainder of the 2020 calendar year.

WOODMOOR WATER AND SANITATION DISTRICT NO.1

December 31, 2019

The following table describes the District's Water System customer base for 2019

Water System Customer Information - 2019

<u>Customer Class</u>	<u>Accounts</u>		<u>Gallons Sold</u>		<u>Revenue</u>	
	<u>Number of Accounts</u> ⁽¹⁾	<u>% of Total</u>	<u>Number of Gallons Sold</u>	<u>% of Total</u>	<u>Amount of Revenue</u> ⁽²⁾	<u>% of Total</u>
Residential	3,851	97.4%	253,261,104	74.6%	\$ 2,205,635	76.2%
Non-residential	49	1.2%	15,124,702	4.5%	133,431	4.6%
Irrigation	20	0.5%	16,212,700	4.8%	221,145	7.6%
Bulk Water	19	0.5%	16,479,230	4.9%	161,147	5.6%
Extra-Territorial bulk water	1	0.1%	1,219,000	0.4%	13,079	0.5%
Non-Potable	3	0.1%	33,148,900	9.8%	135,770	4.7%
Augmentation	9	0.1%	4,218,211	1.2%	22,743	0.8%
Total	3,952	100.0%	339,663,847	100.0%	\$ 2,892,950	100.0%

⁽¹⁾ Represents the average number of customer accounts during 2019. The number of accounts varies throughout the year.

⁽²⁾ Revenue shown is the amount billed.

The following table describes the Sewer System customers for 2019.

<u>Customer Class</u>	<u>Number of Accounts</u> ⁽¹⁾	<u>% of Total</u>	<u>Revenue</u> ⁽²⁾	<u>% of Total</u>
Residential	3,836	97.8%	\$ 1,429,900	93.8%
Commercial	58	1.5%	52,370	3.4%
Bulk	8	0.2%	31,028	2.0%
Extra-Territorial bulk	2	0.1%	11,650	0.8%
Total	3,904	100.0%	\$ 1,524,948	100.0%

⁽¹⁾ Represents the average number of customer accounts during 2019. The number of accounts varies throughout the year. The number of Sewer System accounts shown in this table does not exactly match the number of Water System accounts shown in the previous table because some Water System customers have more than a single account, while most Sewer System customers have only one account.

⁽²⁾ Revenue shown is the amount billed.

WOODMOOR WATER AND SANITATION DISTRICT NO.1

December 31, 2019

Largest System Customers. Set forth in the following table is a list of the ten largest customers (based upon total service charges paid) of the District for the twelve-month period ending on December 31, 2019. Information on water usage by those customers also is provided. State law protects personal financial information of utility users unless that information is presented in an aggregate or statistical form that prevents the identification, location or habits of individuals. Accordingly, the information set forth below does not identify customers by name; it includes only the type of business. No independent investigation has been made of, and consequently there can be no representation as to, the financial condition of the customers listed below, the likelihood that such customers will remain in the District or continue to be served by the District, or their continued usage of the System. The District expects that the largest customers for 2020 will be materially similar to the largest customers for 2019.

Largest System Customers for 2019

<u>Customer Description</u>	<u>Gallons Used</u>	<u>% of Total⁽¹⁾</u>	<u>Water Revenue</u>	<u>Sewer Revenue</u>	<u>Other Revenue</u>	<u>Total Revenue</u>	<u>% of Total⁽²⁾</u>
Commercial (non-retail) ⁽³⁾	25,559,800	7.5%	94,070	5,797	-	\$ 99,867	3.5%
Public Schools ⁽⁴⁾	22,896,400	6.7%	\$ 164,022	\$ 19,471	\$ 1,200	\$ 184,693	6.4%
Homeowners association	7,443,800	2.2%	104,439	-	30	104,469	3.6%
Homeowners association	4,019,000	1.2%	30,108	-	-	30,108	1.0%
Homeowners association	4,206,000	1.2%	59,442	-	-	59,442	2.1%
Spa/Health Club	3,036,700	0.9%	26,558	8,807	-	35,365	1.2%
Commercial (retail)	2,802,400	0.8%	23,696	12,341	10	36,047	1.2%
Commercial (retail)	1,764,900	0.5%	15,804	6,090	-	21,894	0.8%
Commercial (retail)	1,484,600	0.4%	11,701	6,107	-	17,808	0.6%
Homeowners association	<u>1,417,500</u>	<u>0.4%</u>	<u>18,421</u>	<u>-</u>	<u>20</u>	<u>18,441</u>	<u>0.6%</u>
Total	<u>74,631,100</u>	<u>22.0%</u>	<u>\$ 548,261</u>	<u>\$ 58,613</u>	<u>\$ 1,260</u>	<u>\$ 608,134</u>	<u>21.0%</u>

⁽¹⁾ Based on total gallons sold of 339,663,851

⁽²⁾ Based on total water revenues of \$2,892,950

⁽³⁾ This customer used 7.5% of the water in 2019 but only generated 3.5% of total revenues because most of this customer's use was for irrigation purposes, and non-potable water is less expensive than treated water.

⁽⁴⁾ The District serves Lewis Palmer School District No. 38, including two high schools, one middle school, one elementary school and a charter academy located within the District's boundaries, and one elementary school located outside of the District's boundaries (water only). The water use and revenue of all these schools has been consolidated for this table.

WOODMOOR WATER AND SANITATION DISTRICT

Budget Summary and Comparison December 31, 2019

Budget Summary and Comparison

The following tables set forth a comparison of the original budgets for the District for 2018-19 as compared to actual results for 2018 and 2019. These tables are presented in budgetary format and are not intended to comply with Generally Accepted Accounting Principles (“GAAP”). For example, the table does not include beginning fund balances (which also are available for expenditure in each year) or ending fund balances.

In the course of formulating its budget and adjusting its rates and charges for services within the District has made certain assumptions regarding continued growth in demand within its service area. Numerous factors over time, including business activity, commercial development activity and interest rates, among others, may affect the District’s assumptions concerning demand and growth.

WOODMOOR WATER AND SANITATION DISTRICT NO. 1

December 31, 2019

	2018		2019	
	Original Budget	Actual ⁽²⁾	Original Budget	Actual ⁽²⁾
Revenue				
Tap Fees	3,177,449	1,238,698	1,565,808	593,311
Water Use Fees	3,020,372	3,265,673	3,111,052	2,892,950
Sewer Use Fees	1,455,069	1,523,301	1,494,362	1,524,948
Renewable Water Investment Fee	1,990,145	2,028,957	1,966,944	1,963,055
Avail of Service Fee	21,300	17,317	12,450	13,305
Permit Processing Fees	20,000	11,030	11,600	5,340
Interest Income	289,300	454,403	375,390	639,226
Other Income ⁽⁴⁾	93,000	123,794	95,000	93,259
Wastewater Phosphorous Treatment Incon	337,202	337,154	0	0
Lease Income	38,500	36,646	72,000	80,562
Cross Conn/Meter Fees	30,000	12,744	13,500	5,348
Sale of Land/Equipment	6,000		8,700	9,103
Supplemental Water Sales	27,061	27,061	27,061	109,639
Total Revenue	10,505,398	9,076,778	8,753,867	7,930,046
Expenditures				
Salaries	1,067,817	1,016,386	1,104,430	1,076,563
Employee Benefits	193,697	193,413	200,416	193,860
Payroll Taxes	90,579	85,270	97,116	88,331
Professional Fees	448,500	453,466	389,500	466,829
Chilcott Ditch Co	92,000	94,307	86,460	90,975
Insurance	95,502	100,699	105,271	104,939
Renewal and Replacement	624,000	407,988	627,900	616,859
Building Maintenance	28,000	24,581	34,000	27,451
Vehicle Expense	95,000	89,867	95,000	95,121
Sewer Treatment Plant Expense	638,139	630,840	673,112	672,990
Utilities	624,000	678,824	630,000	666,264
Small Tools	13,000	12,661	11,500	6,537
Training and Education	15,000	14,068	15,000	10,325
Travel	10,000	15,206	10,000	10,059
Cross Connection/Meter Expense	30,000	24,509	14,400	13,387
Director Fees	8,000	6,600	8,000	6,100
Miscellaneous Expense	38,000	24,159	35,350	37,643
Office Supplies	116,950	113,132	149,700	122,909
Land/Easement Purchases	5,000	0	5,000	63,069
Building Improvements	0	0	0	10,311
Equipment Purchases	215,500	310,381	399,500	127,736
Construction of Facilities	3,074,475	1,300,653	2,094,636	1,570,897
Bond Agent Fee ⁽³⁾	500	200	500	200
Interest on Bonds ⁽³⁾	1,149,450	1,061,235	1,118,450	1,030,235
Bond Principal Payment	800,000	800,000	830,000	830,000
Total Expenditures	9,473,109	7,458,445	8,735,241	0 7,939,590
Revenues Over (Under) Expenditures	1,032,289	1,618,333	18,626	-9,544

(1) Constitutes a representation of the General Fund on a budgetary (non-GAAP) basis.

(2) Actual based upon audited financial statements through Dec. 31, 2019.

(3) These items are not part of the gross Pledged Revenues and Operations and Maintenance Expenses.

(4) This revenue consists primarily of late fees and penalty charges.

Source: The District's 2018 financial statements and 2019 financial statements.

WOODMOOR WATER AND SANITATION DISTRICT NO.1

December 31, 2019

Statement of Revenues, Expenses and Changes in Net Position

Set forth in the following table is a five-year comparative statement of revenues, expenses and changes in net position. The information in this table is presented in accordance with GAAP. The information should be read together with the the District's audited financial statements for the year ended December 31, 2019, and the accompanying notes. Financial statements for prior years can be obtained from the District.

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Operating Revenue					
Charges and fees	\$ 6,654,289	\$ 6,486,280	\$ 6,799,963	\$7,259,883	\$6,595,147
Total operating revenue	<u>6,654,289</u>	<u>6,486,280</u>	<u>6,799,963</u>	<u>7,259,883</u>	<u>6,595,147</u>
Operating Expenses					
Personnel services	1,064,610	1,185,007	1,241,553	1,295,069	1,358,754
Purchase of services	681,037	719,345	934,084	648,472	662,743
Materials and supplies	2,075,906	2,372,900	2,008,371	2,042,635	2,285,845
Depreciation	<u>1,242,396</u>	<u>1,321,817</u>	<u>1,340,852</u>	<u>1,417,126</u>	<u>1,540,472</u>
Total operating expenses	<u>5,063,949</u>	<u>5,599,069</u>	<u>5,524,860</u>	<u>5,403,302</u>	<u>5,847,814</u>
Income (Loss) From Operations	<u>1,590,340</u>	<u>887,211</u>	<u>1,275,104</u>	<u>1,856,581</u>	<u>747,333</u>
Non-operating Revenue (Expenses)					
Property and other taxes ⁽⁴⁾	0	0	0	0	0
Interest Income	50,914	83,403	165,803	454,403	639,226
Other revenue	84,913	89,538	103,937	123,794	93,259
Sale of Assets	0	0	0	0	9,103
Tap Fees	2,761,583	4,322,564	3,965,135	1,238,698	593,311
Equity interest income (loss) ⁽¹⁾	548,620	340,285	(96,222)	(78,268)	(67,459)
Interest expense	(1,150,673)	(1,129,885)	(1,099,485)	(1,061,235)	(1,030,235)
Amortization	<u>(13,885)</u>	<u>(13,885)</u>	<u>(13,885)</u>	<u>(13,885)</u>	<u>(13,885)</u>
Total non-operating revenue	<u>2,281,472</u>	<u>3,692,020</u>	<u>3,025,283</u>	<u>663,507</u>	<u>223,320</u>
Change in Net Position	3,871,812	4,579,231	4,300,387	2,520,088	970,653
Prior Period Adjustment					
Net Position Beginning of Year ⁽²⁾	<u>42,803,714</u>	<u>46,675,526</u>	<u>51,254,757</u>	<u>55,555,144</u>	<u>58,075,232</u>
Net Position End of Year ⁽³⁾	<u>\$ 46,675,526</u>	<u>\$ 51,254,757</u>	<u>\$ 55,555,144</u>	<u>\$ 58,075,232</u>	<u>\$ 59,045,885</u>

⁽¹⁾ Reflects the District's income or loss from the Tri-Lakes Joint Venture.

⁽²⁾ Net Position reflect the value of all assets attributable to the enterprise funds, not just those acquired during the year presented.

⁽³⁾ Of this amount \$28,552,104 consists of cash, cash equivalents and investments. The remaining \$30,493,781 consist primarily of capital assets.

⁽⁴⁾ Property and other taxes do not constitute Gross Pledged revenues and are not pledged to the payment of the Bonds.