

**WOODMOOR WATER AND SANITATION DISTRICT NO.1**

**BASIC FINANCIAL STATEMENTS**

**December 31, 2020**

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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, 2020, 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, 2020, 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 22, 2021

## Management's Discussion and Analysis

Woodmoor Water and Sanitation District No. 1  
P.O. Box 1407  
Monument, CO 80132  
(719) 488-2525

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, its results of operations and the resulting cash flows for the year ended December 31, 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 in comparison to the prior year ending December 31<sup>st</sup>. 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 District's 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

	2020	2019
<b>Current Assets</b>		
Cash and cash equivalents	\$22,993,486	\$26,562,492
Investments	2,005,700	1,989,482
Other	4,012,139	587,115
<b>Total Current Assets</b>	29,011,325	29,139,089
<b>Non Current Assets</b>		
Capital assets	52,238,959	51,591,516
Tri-Lakes WWTF	1,993,700	2,342,304
Other assets	19,706	155,394
<b>Total Noncurrent Assets</b>	54,252,365	54,089,214
<b>Total Assets</b>	83,263,690	83,228,303
Current Liabilities	1,304,936	1,243,616
Noncurrent Liabilities	21,904,243	22,938,802
<b>Total Liabilities</b>	23,209,179	24,182,418
<b>Net Position</b>		
Invested in capital assets	29,602,528	27,991,870
<b>Unrestricted</b>	30,451,983	31,054,015
<b>Total Net Position</b>	\$60,054,511	\$59,045,885

## Statements of Net Position

### Statements of Revenues, Expenses, and Changes in Net Position

	<u>2020</u>	<u>2019</u>
Operating Revenues	\$7,474,556	\$6,688,406
Operating Expenses	<u>6,074,465</u>	<u>5,861,699</u>
Operating Income (Loss)	1,400,091	836,707
Non Operating Revenues (Expenses)	<u>(391,465)</u>	<u>143,946</u>
Change in Net Position	<u>1,008,626</u>	<u>970,653</u>
Net Position, beginning of year	<u>59,045,885</u>	<u>58,075,232</u>
Net Position, End of Year	<u>\$60,054,511</u>	<u>\$59,045,885</u>

### Statement of Cash Flows

	<u>2020</u>	<u>2019</u>
Cash from Operating Activities	\$121,692	\$2,480,822
Cash from Non Capital Financing Activities	787,596	593,311
Cash from (for) Capital and Related Financing Activities	(4,267,250)	(3,632,248)
Cash from (to) Investing Activities	<u>(211,044)</u>	<u>505,713</u>
Increase (Decrease) in cash/cash equivalents	<u>(3,569,006)</u>	<u>(52,402)</u>
Cash and cash equivalents, beginning of year	<u>26,562,492</u>	<u>26,614,894</u>
Cash and cash equivalents, end of year	<u>\$22,993,486</u>	<u>\$26,562,492</u>

This information is a summary of the financial information contained in the District's financial statements ending December 31, 2020 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, 2020 which begin on page 1 together with the audited financial statements for the previous years noted.

## Analysis

### Financial Position

The District's net position increased in 2020 by \$1,008,626. This was primarily the result of the District operating revenues exceeding operating expenses over the year. Water user fees exceeded budgeted expectations while sewer user fees met expectations. Operating expenditures fell significantly short of budgeted expenditures primarily as a result of actual construction expenditures lagging in time to that which was anticipated in the budget.

Cash and cash equivalents of the District at December 31, 2020 totaled \$22,993,486, a decrease of \$3,569,906 from 2019, however, accounts receivable were significantly higher than the prior year bringing the District's total current assets up to a similar level to that reported in 2019. Cash and cash investments at end of 2020 represents approximately 42% 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 2020, the District's operating income totaled \$7,474,556 an increase of \$786,150 when compared to 2019. The increase is attributable to water and sewer user fees, meeting expectations (i.e. average water year) versus 2019 where wetter conditions caused user fees to fall short of expectations.

### Budgetary Discussion

Actual revenues were slightly higher than budgeted revenues by \$172,370 indicating that customer usage patterns and hydrological cycles anticipated met expectations used to develop the budget. Overall actual revenues were closely matched to actual expenses for 2020.

### Capital Assets

During the year of 2020 modest amounts of capital funds were expended on construction projects primarily as follows:

<u>Projects</u>	<u>Amount</u>	<u>Expected Completion</u>
Lake Woodmoor Boat Ramp	\$34,940	Complete
Well Pump Replacement	\$70,009	Complete
Construction of Well 21	\$1,410,357	Complete
South Filter Plant Repair/Modifications	\$132,480	June, 2021
CWTP Surface Water Conversion	\$314,631	Sept., 2021
Lake Pump Station No. 2	\$195,581	Dec., 2021

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

In 2020 the District budgeted \$5,123,000 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 2020 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, 2020

	TOTALS	
	2020	2019
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 22,993,486	\$ 26,562,492
Investments - Restricted	2,005,700	1,989,482
Accounts Receivable, net	3,890,758	483,926
Other Receivable	538	1,656
Prepaid Insurance	103,265	101,533
Other Prepaid Expenses	17,578	-
Total Current Assets	<u>29,011,325</u>	<u>29,139,089</u>
Noncurrent Assets		
Deposits	19,706	19,578
Investment in Tri-Lakes Joint Venture	1,993,700	2,342,304
Other Assets	-	135,816
Capital Assets, not depreciated	34,773,099	33,251,563
Capital Assets, net of accumulated depreciation	<u>17,465,860</u>	<u>18,339,953</u>
Total Noncurrent Assets	<u>54,252,365</u>	<u>54,089,214</u>
TOTAL ASSETS	<u>83,263,690</u>	<u>83,228,303</u>
Current Liabilities		
Accounts Payable	169,627	147,469
Deposits	119,403	115,241
Bond Interest Payable	105,906	105,906
Current Portion of Long Term Debt	<u>910,000</u>	<u>875,000</u>
Total Current Liabilities	<u>1,304,936</u>	<u>1,243,616</u>
Noncurrent Liabilities		
Post Pumping Depletion	4,500	4,500
Compensated Absences	173,312	209,656
Bonds Payable	<u>21,726,431</u>	<u>22,724,646</u>
Total Noncurrent Liabilities	<u>21,904,243</u>	<u>22,938,802</u>
TOTAL LIABILITIES	<u>23,209,179</u>	<u>24,182,418</u>
NET POSITION		
Net Investment in Capital Assets	29,602,528	27,991,870
Unrestricted	<u>30,451,983</u>	<u>31,054,015</u>
TOTAL NET POSITION	<u>\$ 60,054,511</u>	<u>\$ 59,045,885</u>

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, 2020

	TOTALS	
	2020	2019
OPERATING REVENUES		
Charges for Services	\$ 7,394,404	\$ 6,595,147
Miscellaneous Income	80,152	93,259
	<u>7,474,556</u>	<u>6,688,406</u>
TOTAL OPERATING REVENUES		
OPERATING EXPENSES		
Personnel Services	1,482,990	1,358,754
Purchased Services	569,916	662,743
Materials and Supplies	2,353,702	2,285,845
Depreciation and Amortization	1,667,857	1,554,357
	<u>6,074,465</u>	<u>5,861,699</u>
TOTAL OPERATING EXPENSES		
OPERATING INCOME	<u>1,400,091</u>	<u>826,707</u>
NON-OPERATING REVENUES (EXPENSES)		
Interest Income	289,595	639,226
Tap Fees	787,596	593,311
Loss on Disposition of Assets	4,500	9,103
Equity Interest in Tri-Lakes Joint Venture income (loss)	(484,421)	(67,459)
Interest Expense	(988,735)	(1,030,235)
	<u>(391,465)</u>	<u>143,946</u>
TOTAL NON-OPERATING REVENUES (EXPENSES)		
Change in Net Position	1,008,626	970,653
NET POSITION, Beginning	<u>59,045,885</u>	<u>58,075,232</u>
NET POSITION, Ending	<u>\$ 60,054,511</u>	<u>\$ 59,045,885</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, 2020  
 Increase (Decrease) in Cash and Cash Equivalents

	TOTALS	
	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash Received from Customers and Others	\$ 4,068,842	\$ 6,680,652
Cash Paid to Suppliers	(2,427,816)	(2,871,994)
Cash Paid to Employees	(1,519,334)	(1,327,836)
Net Cash Provided by Operating Activities	<u>121,692</u>	<u>2,480,822</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Purchase of Capital Assets	(2,315,300)	(1,772,013)
Payments on Long Term Debt	(963,215)	(830,000)
Interest Payments	(988,735)	(1,030,235)
Net Cash Used by Capital and Related Financing Activities	<u>(4,267,250)</u>	<u>(3,632,248)</u>
<b>CASH FLOWS FROM NON CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Tap Fees	787,596	593,311
Net Cash Provided by Non Capital and Related Financing Activities	<u>787,596</u>	<u>593,311</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest Received	289,595	639,226
(Purchase) Sale of Investments	(500,639)	(133,513)
Net Cash Provided by Investing Activities	<u>(211,044)</u>	<u>505,713</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(3,569,006)	(52,402)
CASH AND CASH EQUIVLENTS, Beginning	<u>26,562,492</u>	<u>26,614,894</u>
CASH AND CASH EQUIVALENTS, Ending	<u>\$ 22,993,486</u>	<u>\$ 26,562,492</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Operating Income	<u>\$ 1,400,091</u>	<u>\$ 826,707</u>
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities		
Depreciation and Amortization	2,152,278	1,554,357
Changes in Assets and Liabilities		
Accounts Receivable	(3,405,714)	(7,754)
Prepaid Expenses	(14,939)	3,789
Accounts Payable	22,158	67,345
Deposits Held	4,162	5,460
Compensated Absences	(36,344)	30,918
Total Adjustments	<u>(1,278,399)</u>	<u>1,654,115</u>
Net Cash Provided by Operating Activities	<u>\$ 121,692</u>	<u>\$ 2,480,822</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, 2020

**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, 2020

**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, 2020.

**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, 2020

**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, 2020

**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, 2020

**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, 2020 follows:

Cash Deposits	\$ 3,975,033
Investments	<u>21,024,153</u>
Total	<b><u>\$ 24,999,186</u></b>

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

Cash and Investments	\$ 22,993,486
Restricted Cash and Investments	<u>2,005,700</u>
Total	<b><u>\$ 24,999,186</u></b>

**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, 2020, 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, 2020

**NOTE 3: DEPOSITS AND INVESTMENTS (Continued)**

At December 31, 2020, the District had deposits with financial institutions with a carrying amount of \$3,975,033. The bank balances with the financial institutions were \$4,055,760. Of these balances \$499,402 was covered by federal depository insurance, \$3,556,358 was covered by collateral held by authorized escrow agents in the financial institution's name (PDPA), and \$78,003 was insured.

**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 \$19,018,453 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, 2020

**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 \$2,005,700 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.

**Restricted Cash**

At December 31, 2020, cash in the amount of \$2,005,700 is restricted for bond projects and debt service.

WOODMOOR WATER AND SANITATION DISTRICT NO.1

NOTES TO FINANCIAL STATEMENTS  
December 31, 2020

**NOTE 4: CAPITAL ASSETS**

Capital assets activity for the year ended December 31, 2020 is summarized below:

	<u>Balances</u> <u>12/31/19</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balances</u> <u>12/31/20</u>
<b>Business-Type Activities</b>				
Capital Assets, not depreciated				
Land and Water Rights	\$ 33,251,563	\$ 11,419	\$ -	\$ 33,262,982
Construction in Progress	<u>-</u>	<u>1,510,117</u>	<u>-</u>	<u>1,510,117</u>
Total Capital Assets, not depreciated	<u>33,251,563</u>	<u>1,521,536</u>	<u>-</u>	<u>34,773,099</u>
Capital Assets, depreciated				
Buildings and Improvements	769,735	-	-	769,735
Water and Sewer System	39,201,050	647,880	-	39,848,930
Machinery and Equipment	<u>1,845,002</u>	<u>145,884</u>	<u>(19,224)</u>	<u>1,971,662</u>
Total Capital Assets, depreciated	<u>41,815,787</u>	<u>793,764</u>	<u>(19,224)</u>	<u>42,590,327</u>
Less Accumulated Depreciation				
Buildings	380,981	24,099	-	405,080
Water and Sewer System	22,225,429	1,473,282	-	23,698,711
Machinery and Equipment	<u>869,424</u>	<u>170,476</u>	<u>19,224</u>	<u>1,020,676</u>
Total Accumulated Depreciation	<u>23,475,834</u>	<u>1,667,857</u>	<u>19,224</u>	<u>25,124,467</u>
Total Capital Assets, depreciated, Net	<u>18,339,953</u>	<u>(874,093)</u>	<u>-</u>	<u>17,465,860</u>
Business-Type Activities, Capital Assets, Net	<u>\$ 51,591,516</u>	<u>\$ 647,443</u>	<u>\$ -</u>	<u>\$ 52,238,959</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, 2020.

	<u>Balance</u> <u>12/31/19</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance</u> <u>12/31/20</u>	<u>Due In</u> <u>One Year</u>
2011 Revenue Bonds	\$ 22,100,000	\$ -	\$ 875,000	\$ 21,225,000	\$ 910,000
Bond Premium	<u>1,499,646</u>	<u>-</u>	<u>88,215</u>	<u>1,411,431</u>	<u>-</u>
Total	<u>\$ 23,599,646</u>	<u>\$ -</u>	<u>\$ 963,215</u>	<u>\$ 22,636,431</u>	<u>\$ 910,000</u>

WOODMOOR WATER AND SANITATION DISTRICT NO.1

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

**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, 2020 are as follows:

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 910,000	\$ 1,041,950	\$ 1,951,950
2021	955,000	996,450	1,951,450
2022	1,000,000	948,700	1,948,700
2023	1,050,000	898,700	1,948,700
2025	1,100,000	848,950	1,948,950
2026 – 2030	6,315,000	3,425,850	9,740,850
2031 – 2035	8,040,000	1,709,250	9,749,250
2036	<u>1,855,000</u>	<u>92,750</u>	<u>1,947,750</u>
Total Debt Service Requirements	<b><u>\$21,225,000</u></b>	<b><u>\$ 9,962,600</u></b>	<b><u>\$31,187,600</u></b>

WOODMOOR WATER AND SANITATION DISTRICT NO.1

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

**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, 2020, the District paid \$786,732 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, 2020

**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 Trilakes 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 22<sup>nd</sup>, 2016. The District Court ruled against the defendants and in favor of the District on September 15, 2017.

For the year ended December 31, 2020, the District's share of the Facility's real property, personal property, and fixtures is \$1,925,342 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, 2020 the carrying value of the additional capacity is \$121,931 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, 2020, the tenant paid \$56,517 in rent payments to the District.

WOODMOOR WATER AND SANITATION DISTRICT NO.1

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

**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, 2020, the District contributed \$49,972 to the Plan.

**INDIVIDUAL FUND SCHEDULE**

WOODMOOR WATER AND SANITATION DISTRICT NO.1

WATER & SANITATION ENTERPRISE  
 BUDGETARY COMPARISON SCHEDULE  
 Year Ended December 31, 2020

	2020		VARIANCE Positive (Negative)	2019 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
REVENUES				
Water and Sewer Tap Fees	\$ 898,344	\$ 787,596	\$ (110,748)	\$ 593,311
Water Use Fees	3,160,542	3,496,485	335,943	2,892,950
Sewer Use Fees	1,549,022	1,547,257	(1,765)	1,524,948
Availability of Service Fees	15,600	14,662	(938)	13,305
Renewable Water Investment Fee	1,978,464	1,978,700	236	1,963,055
Permit Processing Fees	5,400	6,420	1,020	5,340
Interest Income	539,054	289,595	(249,459)	639,226
Miscellaneous Income	95,000	80,152	(14,848)	93,259
Cross Connection/Meter Income	8,100	8,156	56	5,348
Sale of Assets	10,000	4,500	(5,500)	9,103
Supplemental Water	48,851	247,140	198,289	109,639
Lease Income	75,500	95,584	20,084	80,562
TOTAL REVENUES	<u>8,383,877</u>	<u>8,556,247</u>	<u>172,370</u>	<u>7,930,046</u>

(Continued)

See the accompanying independent auditors' report.

WOODMOOR WATER AND SANITATION DISTRICT NO.1

WATER & SANITATION ENTERPRISE  
 BUDGETARY COMPARISON SCHEDULE  
 Year Ended December 31, 2020

	2020		VARIANCE Positive (Negative)	2019 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
EXPENDITURES				
Salaries	\$ 1,181,327	\$ 1,181,202	\$ 125	\$ 1,076,563
Employee Benefits	221,556	200,331	21,225	193,860
Payroll Taxes	95,257	97,478	(2,221)	84,707
Unemployment Compensation Insurance	3,640	3,979	(339)	3,624
Professional Fees	383,000	367,950	15,050	466,829
Chilcott Ditch Co Share & Carriage Assessments	97,000	96,939	61	90,975
Insurance	105,225	105,027	198	104,939
Renewal and Replacement	609,500	572,946	36,554	616,859
Building Maintenance	59,000	42,261	16,739	27,451
Vehicle Expenses	95,000	93,806	1,194	95,121
Sewer Treatment Plant Expenses	737,878	786,732	(48,854)	672,990
Utilities	680,000	657,382	22,618	666,264
Small Tools	10,000	8,523	1,477	6,537
Training and Education	15,000	11,354	3,646	10,325
Travel	10,000	3,461	6,539	10,059
Cross Connection/Meter Expense	8,100	3,930	4,170	13,387
Directors Fees	8,000	5,600	2,400	6,100
Miscellaneous Expenses	38,000	35,911	2,089	37,643
Office Supplies and Expenses	120,600	131,596	(10,996)	122,909
Land/Easement Purchase	5,000	11,419	(6,419)	63,069
Building Purchase	-	-	-	10,311
Equipment Purchases	183,500	145,884	37,616	127,736
Construction of Facilities	5,123,000	2,157,997	2,965,003	1,570,897
Bond Agents Fee	500	200	300	200
Interest on Bonds	1,076,950	988,735	88,215	1,030,235
Bond Principal Payment	875,000	875,000	-	830,000
TOTAL EXPENDITURES	<u>11,742,033</u>	<u>8,585,643</u>	<u>3,156,390</u>	<u>7,939,590</u>
NET INCOME, Budget Basis	<u>\$ (3,358,156)</u>	<u>(29,396)</u>	<u>\$ 3,328,760</u>	<u>(9,544)</u>
GAAP BASIS ADJUSTMENTS				
Capital Outlay		2,315,300		1,772,013
Depreciation and Amortization Expense		(1,667,857)		(1,554,357)
Principal Paid on Long-Term Debt		875,000		830,000
Change in equity interest of Tri-Lakes Joint Venture		(484,421)		(67,459)
NET INCOME, GAAP Basis		1,008,626		970,653
NET POSITION, Beginning		<u>59,045,885</u>		<u>58,075,232</u>
NET POSITION, Ending		<u>\$ 60,054,511</u>		<u>\$ 59,045,885</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, 2020

	Actual <sup>(1)</sup>				
	2016	2017	2018	2019	2020
<b>Gross Pledged Revenues <sup>(2)</sup></b>					
Operating Revenue	4,558,993	4,842,132	5,354,721	4,725,351	5,495,857
Investment Income <sup>(3)</sup>	83,403	165,803	454,403	639,226	289,595
Tap Fees	<u>4,322,564</u>	<u>3,965,135</u>	<u>1,238,698</u>	<u>593,311</u>	<u>787,596</u>
Total	8,964,960	8,973,070	7,047,822	5,957,888	6,573,048
<b>Operations and Maintenance Expenses <sup>(4)</sup></b>	<u>4,133,811</u>	<u>4,184,008</u>	<u>3,986,176</u>	<u>4,307,342</u>	<u>4,406,608</u>
<b>Net Pledged Revenues</b>	<u>4,831,149</u>	<u>4,789,062</u>	<u>3,061,646</u>	<u>1,650,546</u>	<u>2,166,440</u>
<b>Maximum Annual Debt Service</b>	<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>
<b>Requirements <sup>(5)</sup></b>					
Pro-Forma Coverage	2.47x	2.45x	1.57x	.85x	1.11x
Pro-Forma RWI Fee Revenue <sup>(6)</sup>	2,010,539	2,061,769	2,028,956	1,963,055	1,978,700
<b>Adjusted Net Pledged Revenues</b>	<u>6,841,688</u>	<u>6,850,831</u>	<u>5,090,602</u>	<u>3,613,601</u>	<u>4,145,140</u>
<b>Adjusted Pro-Forma Coverage</b>	3.50x	3.51x	2.61x	1.85x	2.12x

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

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

<sup>(3)</sup> 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.

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

<sup>(5)</sup> Represents the maximum annual debt service requirements of the Bond (\$1,952,700 in 2020). 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.

<sup>(6)</sup> The RWI Fee was made effective January 1, 2012.

WOODMOOR WATER AND SANITATION DISTRICT NO.1

History of Selected Residential User Rates

December 31, 2020

<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. <sup>(1)</sup></u>	<u>% Change</u>	<u>Base Charge</u>	<u>% Change</u>
2015	\$8.00	6.9%	\$8.11	5.3%	\$28.63	8.2%
2016	\$9.01	12.6%	\$8.56	5.5%	\$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	\$9.31	0.0%	\$8.52	2.5%	\$31.01	0.0%
2020 <sup>(1)</sup>	\$9.50	2.0%	\$8.80	3.4%	\$31.63	2.0%
2021 <sup>(2)</sup>	\$9.69	2.0%	\$8.98	2.0%	\$32.31	2.1%

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

<sup>(2)</sup> 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, 2020

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>
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%
2020	\$3,496,485	20.86%	\$1,547,257	1.46%
<sup>(1)</sup> 2021	\$3,195,962	-8.60%	\$1,582,552	2.28%

<sup>(1)</sup> Constitutes estimated data for 2021, based upon actual revenues through March 2021, and projections for the remainder of the year.

WOODMOOR WATER AND SANITATION  
DISTRICT NO.1  
December 31, 2020

**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.

2020 Renewable Water Investment Fee Schedule <sup>(2)</sup>

Tap Size	Tap Equivalents	Amount of RWI Fee (per month)
¾” MF <sup>(1)</sup>	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

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(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, 2020.

WOODMOOR WATER AND SANITATION DISTRICT NO.1

History of Residential Tap Fees

December 31, 2020

<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>
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%
2020	\$24,669	2.0%	\$8,603	2.0%

WOODMOOR WATER AND SANITATION DISTRICT NO.1

December 31, 2020

History of Tap Fees Collected

Year	Type	Tap Fee Revenues		Number of Connections		Total Collections	
		Residential	Commercial	Residential	Commercial	Amount	%Change
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	-8.3%
	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				
2020	Water	\$542,718	\$43,911	22	1	\$787,596	32.7%
	Sewer	\$189,266	\$11,701		2		
<sup>(1)</sup> 2021	Water	\$684,566	\$0	29	0	\$934,053	18.6%
	Sewer	\$249,487	\$0				

<sup>(1)</sup> Constitutes estimated tap fee data for 2021 based upon actual connections through March 31, 2021 and projections for the remainder of the 2021 calendar year.

WOODMOOR WATER AND SANITATION DISTRICT NO.1

December 31, 2020

The following table describes the District's Water System customer base for 2020

Water System Customer Information - 2020

<u>Customer Class</u>	<u>Accounts</u>		<u>Gallons Sold</u>		<u>Revenue</u>	
	<u>Number of Accounts<sup>(1)</sup></u>	<u>% of Total</u>	<u>Number of Gallons Sold</u>	<u>% of Total</u>	<u>Amount of Revenue<sup>(2)</sup></u>	<u>% of Total</u>
Residential	3,873	97.3%	293,513,000	73.9%	\$ 2,687,296	76.9%
Non-residential	55	1.4%	18,611,902	4.7%	172,992	4.9%
Irrigation	21	0.5%	18,601,500	4.7%	221,093	6.3%
Bulk Water	18	0.5%	14,432,200	3.6%	164,193	4.7%
Extra-Territorial bulk water	1	0.1%	1,335,400	0.3%	14,738	0.4%
Non-Potable	3	0.1%	46,417,200	11.7%	214,043	6.1%
Augmentation	9	0.1%	4,159,199	1.0%	22,130	0.6%
<b>Total</b>	<b>3,980</b>	<b>100.0%</b>	<b>397,070,401</b>	<b>100.0%</b>	<b>\$ 3,496,485</b>	<b>100.0%</b>

<sup>(1)</sup> Represents the average number of customer accounts during 2020. The number of accounts varies throughout the year.

<sup>(2)</sup> Revenue shown is the amount billed.

The following table describes the Sewer System customers for 2020.

<u>Customer Class</u>	<u>Number of Accounts<sup>(1)</sup></u>	<u>% of Total</u>	<u>Revenue<sup>(2)</sup></u>	<u>% of Total</u>	
Residential	3,856	98.3%	\$ 1,457,367	94.2%	
Commercial	58	1.5%	58,242	3.8%	
Bulk	8	0.2%	15,241	1.0%	
Extra-Territorial bulk	2	0.1%	16,406	1.1%	
<b>Total</b>	<b>3,924</b>	<b>100.0%</b>	<b>\$ 1,547,257</b>	<b>100.0%</b>	<b>1,547,257.03</b>
					<b>\$ 0</b>

<sup>(1)</sup> Represents the average number of customer accounts during 2020. 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.

<sup>(2)</sup> Revenue shown is the amount billed.

WOODMOOR WATER AND SANITATION DISTRICT NO.1

December 31, 2020

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, 2020. 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 2021 will be materially similar to the largest customers for 2020.

Largest System Customers for 2020

<u>Customer Description</u>	<u>Gallons Used</u>	<u>% of Total<sup>(1)</sup></u>	<u>Water Revenue</u>	<u>Sewer Revenue</u>	<u>Other Revenue</u>	<u>Total Revenue</u>	<u>% of Total<sup>(2)</sup></u>
Commercial (non-retail) <sup>(3)</sup>	33,783,600	8.5%	\$ 136,283	\$ 5,408	\$ -	\$ 141,691	4.1%
Public Schools <sup>(4)</sup>	24,414,000	6.1%	202,747	9,692	1,200	213,639	6.1%
Homeowners association	5,372,100	1.4%	79,562	-	-	79,562	2.3%
Homeowners association	2,271,300	0.6%	19,935	10,448	90	30,473	0.9%
Homeowners association	5,551,800	1.4%	43,376	-	-	43,376	1.2%
Spa/Health Club	1,906,500	0.5%	16,865	-	-	16,865	0.5%
Commercial (retail)	1,825,000	0.5%	14,162	-	-	14,162	0.4%
Commercial (retail)	1,774,600	0.4%	17,806	-	-	17,806	0.5%
Commercial (retail)	1,454,300	0.4%	11,285	-	-	11,285	0.3%
Homeowners association	<u>8,229,700</u>	<u>2.1%</u>	<u>120,561</u>	<u>-</u>	<u>-</u>	<u>120,561</u>	<u>3.4%</u>
<b>Total</b>	<u>86,582,900</u>	<u>21.8%</u>	<u>\$ 662,582</u>	<u>\$ 25,548</u>	<u>\$ 1,290</u>	<u>\$ 689,420</u>	<u>19.7%</u>

<sup>(1)</sup> Based on total gallons sold of 397,070,401

<sup>(2)</sup> Based on total water revenues of \$3,496,485

<sup>(3)</sup> This customer used 8.5% of the water in 2020 but only generated 4.1% of total revenues because most of this customer's use was for irrigation purposes, and non-potable water is less expensive than treated water.

<sup>(4)</sup> 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, 2020

### **Budget Summary and Comparison**

The following tables set forth a comparison of the original budgets for the District for 2019-2020 as compared to actual results for 2019 and 2020. 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, 2020

	2019		2020	
	Original Budget	Actual <sup>(2)</sup>	Original Budget	Actual <sup>(2)</sup>
<b>Revenue</b>				
Tap Fees	1,565,808	593,311	898,344	787,596
Water Use Fees	3,111,052	2,892,950	3,160,542	3,496,485
Sewer Use Fees	1,494,362	1,524,948	1,549,022	1,547,257
Renewable Water Investment Fee	1,966,944	1,963,055	1,978,464	1,978,700
Avail of Service Fee	12,450	13,305	15,600	14,662
Permit Processing Fees	11,600	5,340	5,400	6,420
Interest Income	375,390	639,226	539,054	289,595
Other Income <sup>(4)</sup>	95,000	93,259	95,000	80,152
Wastewater Phosphorous Treatment Incon	0	0	0	0
Lease Income	72,000	80,562	75,500	95,584
Cross Conn/Meter Fees	13,500	5,348	8,100	8,156
Sale of Land/Equipment	8,700	9,103	10,000	4,500
Supplemental Water Sales	27,061	109,639	48,851	247,140
<b>Total Revenue</b>	<b>8,753,867</b>	<b>7,930,046</b>	<b>8,383,877</b>	<b>8,556,247</b>
<b>Expenditures</b>				
Salaries	1,104,430	1,076,563	1,181,327	1,181,202
Employee Benefits	200,416	193,860	221,556	200,331
Payroll Taxes	97,116	88,331	98,897	97,478
Professional Fees	389,500	466,829	383,000	367,950
Chilcott Ditch Co	86,460	90,975	97,000	96,939
Insurance	105,271	104,939	105,225	109,006
Renewal and Replacement	627,900	616,859	609,500	572,946
Building Maintenance	34,000	27,451	59,000	42,261
Vehicle Expense	95,000	95,121	95,000	93,806
Sewer Treatment Plant Expense	673,112	672,990	737,878	786,732
Utilities	630,000	666,264	680,000	657,382
Small Tools	11,500	6,537	10,000	8,523
Training and Education	15,000	10,325	15,000	11,354
Travel	10,000	10,059	10,000	3,461
Cross Connection/Meter Expense	14,400	13,387	8,100	3,930
Director Fees	8,000	6,100	8,000	5,600
Miscellaneous Expense	35,350	37,643	38,000	35,911
Office Supplies	149,700	122,909	120,600	131,596
Land/Easement Purchases	5,000	63,069	5,000	11,419
Building Improvements	0	10,311	0	0
Equipment Purchases	399,500	127,736	183,500	145,884
Construction of Facilities	2,094,636	1,570,897	5,123,000	2,157,997
Bond Agent Fee <sup>(3)</sup>	500	200	500	200
Interest on Bonds <sup>(3)</sup>	1,118,450	1,030,235	1,076,950	988,735
Bond Principal Payment	830,000	830,000	875,000	875,000
<b>Total Expenditures</b>	<b>8,735,241</b>	<b>7,939,590</b>	<b>11,742,033</b>	<b>8,585,643</b>
<b>Revenues Over (Under) Expenditures</b>	<b>18,626</b>	<b>(9,544)</b>	<b>(3,358,156)</b>	<b>(29,396)</b>

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

<sup>(2)</sup> Actual based upon audited financial statements through Dec. 31, 2020.

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

<sup>(4)</sup> This revenue consists primarily of late fees and penalty charges.

Source: The District's 2019 financial statements and 2020 financial statements.

WOODMOOR WATER AND SANITATION DISTRICT NO.1

December 31, 2020

**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 District's audited financial statements for the year ended December 31, 2020, and the accompanying notes. Financial statements for prior years can be obtained from the District.

	2016	2017	2018	2019	2020
<b>Operating Revenue</b>					
Charges and fees	\$ 6,486,280	\$ 6,799,963	\$7,259,883	\$6,595,147	\$7,394,404
Total operating revenue	<u>6,486,280</u>	<u>6,799,963</u>	<u>7,259,883</u>	<u>6,595,147</u>	<u>7,394,404</u>
<b>Operating Expenses</b>					
Personnel services	1,185,007	1,241,553	1,295,069	1,358,754	1,482,989
Purchase of services	719,345	934,084	648,472	662,743	569,916
Materials and supplies	2,372,900	2,008,371	2,042,635	2,285,845	2,353,702
Depreciation	1,321,817	1,340,852	1,417,126	1,540,472	1,653,972
Total operating expenses	<u>5,599,069</u>	<u>5,524,860</u>	<u>5,403,302</u>	<u>5,847,814</u>	<u>6,060,579</u>
<b>Income (Loss) From Operations</b>	<u>887,211</u>	<u>1,275,104</u>	<u>1,856,581</u>	<u>747,333</u>	<u>1,333,825</u>
<b>Non-operating Revenue (Expenses)</b>					
Property and other taxes <sup>(4)</sup>	0	0	0	0	0
Interest Income	83,403	165,803	454,403	639,226	289,595
Other revenue	89,538	103,937	123,794	93,259	80,152
Sale of Assets	0	0	0	9,103	4,500
Tap Fees	4,322,564	3,965,135	1,238,698	593,311	787,596
Equity interest income (loss) <sup>(1)</sup>	340,285	(96,222)	(78,268)	(67,459)	(484,421)
Interest expense	(1,129,885)	(1,099,485)	(1,061,235)	(1,030,235)	(988,735)
Amortization	(13,885)	(13,885)	(13,885)	(13,885)	(13,885)
Total non-operating revenue	<u>3,692,020</u>	<u>3,025,283</u>	<u>663,507</u>	<u>223,320</u>	<u>(325,198)</u>
<b>Change in Net Position</b>	<u>4,579,231</u>	<u>4,300,387</u>	<u>2,520,088</u>	<u>970,653</u>	<u>1,008,626</u>
<b>Prior Period Adjustment</b>					
<b>Net Position Beginning of Year <sup>(2)</sup></b>	<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>
<b>Net Position End of Year <sup>(3)</sup></b>	<u>\$ 51,254,757</u>	<u>\$ 55,555,144</u>	<u>\$ 58,075,232</u>	<u>\$ 59,045,885</u>	<u>\$ 60,054,511</u>

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

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

<sup>(3)</sup> Of this amount \$24,999,186 consists of cash, cash equivalents and investments. The remaining \$35,055,325 consist primarily of capital assets.

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