

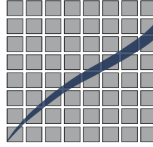
**WILLOWBROOK WATER AND
SANITATION DISTRICT**

FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

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BiggsKofford

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Directors

Willowbrook Water and Sanitation District

Jefferson County, Colorado

Opinion

We have audited the accompanying financial statements of the business-type activities of Willowbrook Water and Sanitation District ("District"), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Willowbrook Water and Sanitation District as of December 31, 2021, the changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of the report. We are required to be independent of the District and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Prior Period Financial Statements

The financial statements of the District as of and for the year ended December 31, 2020, were audited by other auditors whose report dated July 27, 2021, expressed an unmodified opinion on those statements.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with auditing standards generally accepted in the United States of America, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Other Matters

Required Supplementary Information

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The supplementary information, as identified in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

BiggsKofford, P.C.

Denver, Colorado
September 30, 2022

WILLOWBROOK WATER AND SANITATION DISTRICT
STATEMENTS OF NET POSITION
DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
<u>ASSETS</u>		
Current assets:		
Cash and equivalents - unrestricted	\$ 16,462,681	\$ 17,587,032
Investments	1,978,313	-
Accounts receivable, net	313,215	423,108
Property taxes receivable	436,746	376,017
Receivable from County Treasurer	1,794	1,595
Interest receivable	4,675	-
Prepaid expenses	26,076	23,087
<u>Total current assets</u>	<u>19,223,500</u>	<u>18,410,839</u>
Non-current assets:		
Capital assets not being depreciated	170,393	1,194,710
Capital assets being depreciated	26,947,847	25,494,330
Accumulated depreciation	(15,734,606)	(14,957,614)
<u>Capital assets, net</u>	<u>11,383,634</u>	<u>11,731,426</u>
<u>Total assets</u>	<u>\$ 30,607,134</u>	<u>\$ 30,142,265</u>
<u>LIABILITIES</u>		
Accounts payable and accrued liabilities	\$ 195,368	\$ 208,498
Deposits	20,300	15,562
<u>Total liabilities</u>	<u>215,668</u>	<u>224,060</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Deferred property taxes	436,746	376,017
<u>Total deferred inflows of resources</u>	<u>436,746</u>	<u>376,017</u>
<u>NET POSITION</u>		
Invested in capital assets, net of related debt	11,383,634	11,731,426
Restricted	5,713,992	5,713,992
Unrestricted	12,857,094	12,096,770
<u>Total net position</u>	<u>29,954,720</u>	<u>29,542,188</u>
<u>Total liabilities, deferred inflows, and net position</u>	<u>\$ 30,607,134</u>	<u>\$ 30,142,265</u>

The accompanying notes and independent auditor's report
should be read with these financial statements.

WILLOWBROOK WATER AND SANITATION DISTRICT
STATEMENTS OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION
YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
<u>OPERATING REVENUES</u>		
Water revenues	\$ 3,750,710	\$ 4,047,552
Sewer revenues	1,484,399	1,466,365
Late charges and shut offs	594	358
Meter sales	4,033	4,912
Other operating revenues	15,677	9,750
Total operating revenues	<u>5,255,413</u>	<u>5,528,937</u>
<u>OPERATING EXPENSES</u>		
Accounting and audit	67,428	62,731
Administrative	124,084	122,822
Depreciation	776,992	733,425
Directors' fees and expenses	7,320	5,813
District management	153,116	140,858
Engineering	120,750	107,283
Insurance	21,849	21,552
Legal	39,479	87,244
Utilities	113,129	107,260
Water and sewer costs, maintenance, and supplies	3,919,354	4,430,775
Total operating expenses	<u>5,343,501</u>	<u>5,819,763</u>
Net operating income (loss)	<u>(88,088)</u>	<u>(290,826)</u>
<u>NON-OPERATING REVENUES (EXPENSES)</u>		
County Treasurer's fees	(5,631)	(6,007)
Interest income	11,407	112,313
Property taxes	375,260	400,438
Specific ownership taxes	28,771	30,060
Tap fees	112,500	190,650
Loss on investments	(21,687)	-
Net non-operating revenues	<u>500,620</u>	<u>727,454</u>
Change in net position	412,532	436,628
Net position, beginning of year	<u>29,542,188</u>	<u>29,105,560</u>
Net position, end of year	<u>\$ 29,954,720</u>	<u>\$ 29,542,188</u>

The accompanying notes and independent auditor's report
should be read with these financial statements.

WILLOWBROOK WATER AND SANITATION DISTRICT
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Cash received from customers/operations	\$ 5,365,306	\$ 5,434,158
Cash payments to suppliers for goods and services	<u>(4,582,565)</u>	<u>(5,368,150)</u>
Net cash flows from operating activities	<u>782,741</u>	<u>66,008</u>
<u>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</u>		
Property taxes	375,260	401,382
Specific ownership taxes	28,572	30,060
County Treasurer's fees	<u>(5,631)</u>	<u>(6,007)</u>
Net cash flows from non-capital financing activities	<u>398,201</u>	<u>425,435</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>		
Tap fees	112,500	190,650
Acquisitions and construction of capital assets	<u>(429,200)</u>	<u>(981,028)</u>
Net cash flows from capital and related financing activities	<u>(316,700)</u>	<u>(790,378)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Net (purchases) maturities of investments	(1,978,313)	999,985
Interest expense	(21,687)	-
Interest income	<u>11,407</u>	<u>120,647</u>
Net cash flows from investing activities	<u>(1,988,593)</u>	<u>1,120,632</u>
Net change in cash and equivalents	<u>(1,124,351)</u>	<u>821,697</u>
Cash and equivalents, beginning of year	<u>17,587,032</u>	<u>16,765,335</u>
Cash and equivalents, end of year	<u>\$ 16,462,681</u>	<u>\$ 17,587,032</u>

The accompanying notes and independent auditor's report
should be read with these financial statements.

WILLOWBROOK WATER AND SANITATION DISTRICT
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
RECONCILIATION OF OPERATING LOSS TO NET CASH FLOWS FROM OPERATING ACTIVITIES		
Net operating income (loss)	\$ (88,088)	\$ (290,826)
Adjustments to reconcile net operating income (loss) to net cash flows from operating activities:		
Depreciation	776,992	733,425
Decrease (increase) in operating assets:		
Accounts receivable, net	109,893	(94,779)
Prepaid expenses	(2,989)	(21,272)
Interest receivable	(4,675)	-
Increase (decrease) in operating liabilities:		
Accounts payable related to operations	(13,130)	(253,740)
Deposits	4,738	(6,800)
Net cash flows from operating activities	<u>\$ 782,741</u>	<u>\$ 66,008</u>

The accompanying notes and independent auditor's report should be read with these financial statements.

WILLOWBROOK WATER AND SANITATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

1. DEFINITION OF REPORTING ENTITY

The Willowbrook Water and Sanitation District ("District") is a political subdivision of the state of Colorado, organized pursuant to Title 32, Section 4, Paragraph 101 through 108, CRS, 1973, as amended, per a district court order on April 29, 1980. The purpose of the District is to provide water and sanitation services to the residents of the District.

The District is not financially accountable for any other organization nor is the District a component unit of any other primary governmental entity.

The District has no employees and all operating and administrative functions are provided under contract.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The District follows the Governmental Accounting Standards Board ("GASB") accounting pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's financial reporting. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

The accounting policies of the District conform to accounting principles generally accepted in the United States of America ("US GAAP") as applicable to governmental units accounted for as an enterprise fund. The enterprise fund is used since the District's powers are related to those operated in a manner similar to a private utility system in which net income and capital maintenance are appropriate determinations of accountability.

Basis of accounting

The District's records are maintained on the accrual basis of accounting. Revenue is recognized when earned and expenses are recognized when the liability is incurred. Depreciation is computed and recorded as an operating expense. Expenditures for capital assets are shown as increases in assets. Inclusion fees and tap fees are recorded as contributed capital when received unless the fees result from agreements which are subject to liens on the property and have interest-bearing receivables.

See independent auditor's report.

WILLOWBROOK WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America ("US GAAP") requires the District to use estimates and assumptions. Those estimates and assumptions affect the reported balances of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses. Actual results could vary from the estimates that were used.

Operating revenues and expenses

The District distinguishes between operating revenues and expenses and nonoperating items in the statements of revenues, expenses, and changes in net position. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the District's purpose of providing water and sanitation services to its customers. Operating revenues consist of charges to customers for service provided. Operating expenses include the cost of service, administrative expenses, and depreciation of assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses or capital contributions.

Budgets and budgetary accounting

In accordance with the state budget law, the District's board of directors hold public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The District's board of directors can modify the budget assuming it meets the notification and publication requirements. The appropriation is at the total fund expenditures level and lapses at year end.

Cash and equivalents

For purposes of the statements of cash flows, the District considers cash deposits and all highly liquid investments (including restricted assets) with initial maturities of three months or less to be cash equivalents.

Investments

The District estimates that the fair value of all financial instruments at December 31, 2021, does not differ materially from the aggregate carrying values of its financial instruments as recorded in the accompanying statements of net position. The carrying values of these financial instruments approximate fair values because of the short maturity of the underlying instruments.

See independent auditor's report.

WILLOWBROOK WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts receivable

Water and sewer billings are considered past due if not paid within 45 days. The District posts a 48-hour notice of shut off directly at the site and will charge a shut off fee if not paid within the 48 hours. The District considers accounts receivable to be fully collectable and no allowance for doubtful accounts has been recorded.

Property taxes

Property taxes are levied by the District's board of directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set during October or November by certification to the County Commissioner to put the tax lien on the individual properties as of December of each year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April or if in installments, at the taxpayer's election, in February or June. Delinquent taxpayers are notified in August and tax sales are in November. The County Treasurer remits the taxes collected to the District monthly.

Property taxes, net of estimated uncollectable taxes, are recorded initially as deferred revenues in the year they are levied and measurable. The deferred property tax revenues are recorded as revenues in the year they are available or collected.

Capital assets

Capital assets, which include property, equipment, and water distribution systems, are defined by the District as assets with initial individual costs of more than \$500 and useful lives greater than one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Contributed capital assets are recorded at estimated acquisition value at the date of contribution. Depreciation expense is computed using the straight-line method over the estimated economic useful lives of the assets as follows:

Water distribution system	30 years
Equipment	5-10 years

At the time of retirement or disposition of depreciable property, the related cost and accumulated depreciation are removed from the accounts, and any resulting gain or loss is reflected as non-operating revenue or expense. Maintenance and repairs are expensed as incurred.

WILLOWBROOK WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred inflows of resources

In addition to liabilities, the statements of net position report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenues) until that time. The District has one item that qualifies for reporting in this category. Accordingly, that item, deferred property tax revenues, is deferred and recognized as an inflow of resources in the period that the amounts become available.

Reclassifications

Certain balances and amounts in the financial statements as of and for the year ended December 31, 2020 have been reclassified to conform with the current year presentation. The change in net position has not been affected by these reclassifications.

3. CASH AND EQUIVALENTS AND INVESTMENTS

Cash and investments consist of the following as of December 31:

	<u>2021</u>	<u>2020</u>
Cash and equivalents - unrestricted	\$ 16,462,681	\$ 17,587,032
Investments	1,978,313	-
Total cash and equivalents	<u>\$ 18,440,994</u>	<u>\$ 17,587,032</u>

The carrying values of cash and equivalents and investments as of December 31, 2021 and 2020, are as follows:

	<u>2021</u>	<u>2020</u>
Petty cash	\$ 3,000	\$ 3,000
Deposits with financial institutions	3,095,703	2,170,021
ColoTrust	13,363,978	15,414,011
Investments	1,978,313	-
	<u>\$ 18,437,994</u>	<u>\$ 17,584,032</u>

See independent auditor's report.

WILLOWBROOK WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

3. CASH AND EQUIVALENTS AND INVESTMENTS (CONTINUED)

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 regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least equal to 102% of the aggregate uninsured deposits.

The state commissioners for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

As of December 31, 2021, the District had cash deposits with a bank balance of \$3,105,385 and a carrying balance of \$3,095,703. As of December 31, 2020, the District had cash deposits with a bank balance of \$2,209,257 and a carrying balance of \$2,170,021.

Investments

The District has not adopted a formal investment policy; however, the District follows state statutes regarding investments.

The District generally limits its concentration of investments to those below which are believed to have minimal credit risk, minimal interest rate risk, and no foreign currency risk. Additionally, the District is not subject to concentration risk disclosure requirements or subject to investment custodial credit risk for investments that are in the possession of another party.

Colorado revised statutes limit investment maturities to five years or less unless otherwise formally approved by the board of directors. Such actions are generally associated with a debt service reserve or sinking fund requirements.

WILLOWBROOK WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

3. CASH AND EQUIVALENTS AND INVESTMENTS (CONTINUED)

Investments (continued)

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

- Obligations of the US and certain US government agency securities
- Certain international agency securities
- General obligation and revenue bonds of US local government entities
- Bankers' acceptances of certain banks
- Commercial paper
- Written repurchase agreements collateralized by certain authorized securities
- Certificates of deposit in Colorado PDPA approved banks or savings banks
- Certain money market funds
- Guaranteed investment contracts
- Local government investment pools

Investment valuation

Certain investments are measured at fair value within the fair value hierarchy established by US GAAP. The hierarchy is based on the 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 observable other inputs; level 3 inputs are significant unobservable inputs. Investments measured at net asset value ("NAV"), such as COLOTRUST, are excluded from the fair value hierarchy.

As of December 31, 2021, the District had the following investments:

<u>Investment</u>	<u>Investments at Fair Value as of December 31, 2021</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Government and agency bonds	\$ -	\$ 1,978,313	\$ -	\$ 1,978,313

There were no investments as of December 31, 2020

Government and agency bonds

Government and agency bonds consisting of US Treasury notes, Federal Farm Credit Bank bonds, Federal Farm Home Loan Bank bonds, and Federal National Mortgage Association bonds. Such investments may not exceed 75% of the total par value of the District's portfolio.

See independent auditor's report.

WILLOWBROOK WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

3. CASH AND EQUIVALENTS AND INVESTMENTS (CONTINUED)

Investment valuation (continued)

The District's investments, ratings, and maturity dates as of December 31, 2021 consist of:

Investment	Balance	Moody's Rating	Maturity Date
Federal Home Loan Bank Bond 3130AMTQ5	\$ 989,113	AAA	12/30/2024
Federal Home Loan Bank Bond 3130AMWK4	989,200	AAA	7/14/2026

COLOTRUST

The District invested in the Colorado Local Government Liquid Asset Trust ("COLOTRUST") (the "Trust"). The Trust is an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to \$1.00. The Trust offers shares in three portfolios, COLOTRUST PRIME, COLOTRUST PLUS+, and COLOTRUST EDGE. All portfolios may invest in US Treasury securities and repurchase agreements collateralized by US Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of US government agencies, highest-rated commercial paper and any security allowed under CRS 24-75-601. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. COLOTRUST is rated AAAM by Standard & Poor's. COLOTRUST records its investments at fair value and the District records its investments in COLOTRUST using the NAV method. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period. As of December 31, 2021, the District has \$13,363,978 invested in COLOTRUST PLUS.

WILLOWBROOK WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

4. CAPITAL ASSETS

An analysis of the changes in capital assets for the year ended December 31, 2021 follows:

	Balance 1/1/2021	Additions/ Reclass- ifications	Dispositions/ Reclass- ifications	Balance 12/31/2021
Capital assets not being depreciated				
Land	\$ 90,000	\$ -	\$ -	\$ 90,000
Construction in progress	1,104,710	281,591	(1,305,908)	80,393
Totals capital assets not being depreciated	<u>1,194,710</u>	<u>281,591</u>	<u>(1,305,908)</u>	<u>170,393</u>
Capital assets being depreciated				
Plant, mains equipment and easements	25,386,289	1,453,017	-	26,839,306
Study, water projects	49,621	-	-	49,621
Furniture, equipment and improvements	58,420	500	-	58,920
Totals capital assets being depreciated	<u>25,494,330</u>	<u>1,453,517</u>	<u>-</u>	<u>26,947,847</u>
Less accumulated depreciation:				
Plant, mains equipment and easements	(14,849,573)	(776,992)	-	(15,626,565)
Study, water projects	(49,621)	-	-	(49,621)
Furniture, equipment and improvements	(58,420)	-	-	(58,420)
Total accumulated depreciation	<u>(14,957,614)</u>	<u>(776,992)</u>	<u>-</u>	<u>(15,734,606)</u>
Total capital assets, net	<u>\$11,731,426</u>	<u>\$ 958,116</u>	<u>\$ (1,305,908)</u>	<u>\$ 11,383,634</u>

See independent auditor's report.

WILLOWBROOK WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

4. CAPITAL ASSETS (CONTINUED)

An analysis of the changes in capital assets for the year ended December 31, 2020 follows:

	Balance 1/1/2020	Additions/ Reclass- ifications	Dispositions/ Reclass- ifications	Balance 12/31/2020
Capital assets not being depreciated				
Land	\$ 90,000	\$ -	\$ -	\$ 90,000
Construction in progress	123,682	981,028	-	1,104,710
Totals capital assets not being depreciated	213,682	981,028	-	1,194,710
Capital assets being depreciated				
Plant, mains equipment and easements	25,386,289	-	-	25,386,289
Study, water projects	49,621	-	-	49,621
Furniture, equipment and improvements	58,420	-	-	58,420
Totals capital assets being depreciated	25,494,330	-	-	25,494,330
Less accumulated depreciation:				
Plant, mains equipment and easements	(14,116,148)	(733,425)	-	(14,849,573)
Study, water projects	(49,621)	-	-	(49,621)
Furniture, equipment and improvements	(58,420)	-	-	(58,420)
Total accumulated depreciation	(14,224,189)	(733,425)	-	(14,957,614)
Total capital assets, net	<u>\$11,483,823</u>	<u>\$ 247,603</u>	<u>\$ -</u>	<u>\$ 11,731,426</u>

Depreciation expense for the year ended December 31, 2021 and 2020, totaled \$776,992 and \$733,425, respectively.

See independent auditor's report.

WILLOWBROOK WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

5. DEBT AUTHORIZATION

The District has no authorized and unissued debt.

6. INTERGOVERNMENTAL AGREEMENTS

The District and Lakehurst Water and Sanitation District ("Lakehurst") entered into a settlement under which the District is entitled to discharge its effluent into the Lakehurst collection system up to 3.15 million gallons per day. The District is obligated to pay annual operations and maintenance costs and 33% of all capital expenditures relating to those portions at the collection system through which the District's effluent passes.

The District entered an agreement with Chimney Rock Metropolitan District ("Chimney Rock") under which the District will impose and collect an improvement fee on a property constructed by Chimney Rock and remit the revenues to Chimney Rock. The property has not paid the improvement fees and the agreement was extended through December 1, 2029. No amounts have been accrued or recorded in relation to this agreement and the District is only liable to Chimney Rock for amounts received from the property.

The District entered into an agreement with the Metropolitan Waste Water Reclamation District for final treatment and disposal of the District's sewage. The District retains responsibility for the maintenance and future construction costs of, and retains title to, all sewer lines in the District. The agreement provides for annual estimated charges, which are assessed through the application of a predetermined formula. Adjustments to the estimated charge will be based on meter flows, content, and actual costs. The adjustments re-billed or credited to the District during the two succeeding years.

In June 1982, the District connected directly to the Denver Water system at Belleview Avenue and Simms Street. The contract entitles the District to a stated, guaranteed water supply in perpetuity.

7. CONCENTRATIONS

The District purchases all of its water from the Denver Water Department. If the Denver Water Department was unable to supply the District with water, the District has no alternate resources currently available.

WILLOWBROOK WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

8. RISK MANAGEMENT

The District is exposed to various risks of loss related to thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees; or acts of God.

The District is a member of the Colorado Special Districts Property and Liability Pool (Pool) as of December 31, 2021, and 2020. The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials' liability, boiler and machinery and workers' compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past four fiscal years.

The District pays annual premiums to the Pool for liability, property, public officials' liability and workers' compensation coverage. In the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool, the Pool may require additional contributions from the Pool members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula.

9. TAX, SPENDING, AND DEBT LIMITATIONS

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights ("TABOR") contains tax, spending, revenue, and debt limitations which apply to the state of Colorado and all local governments within the state of Colorado. The District believes it qualifies as a TABOR "enterprise fund" and, accordingly, is not subject to TABOR. However, TABOR is complex and subject to judicial interpretation.

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SUPPLEMENTARY INFORMATION

WILLOWBROOK WATER AND SANITATION DISTRICT
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET COMPARED TO ACTUAL
CASH BASIS
YEAR ENDED DECEMBER 31, 2021

	Original and Final Budget	Actual	Variance
<u>OPERATING REVENUES</u>			
Water revenues	\$ 3,681,466	\$ 3,750,710	\$ 69,244
Sewer revenues	1,468,949	1,484,399	15,450
Late charges and shut offs	-	594	594
Meter sales	8,000	4,033	(3,967)
Other operating revenues	12,970	15,677	2,707
Total operating revenues	5,171,385	5,255,413	84,028
<u>OPERATING EXPENDITURES</u>			
Accounting and audit	65,050	67,428	(2,378)
Administrative	165,420	124,084	41,336
Capital improvements	1,087,628	429,200	658,428
Contingency	250,000	-	250,000
Directors' fees and expenses	6,997	7,320	(323)
District management	161,785	153,116	8,669
Engineering	118,000	120,750	(2,750)
Equipment expense	34,000	-	34,000
Insurance	24,000	21,849	2,151
Legal	42,000	39,479	2,521
Utilities	119,648	113,129	6,519
Water and sewer costs, maintenance, and supplies	4,369,641	3,919,354	450,287
Total operating expenditures	6,444,169	4,995,709	1,448,460

See independent auditor's report.

WILLOWBROOK WATER AND SANITATION DISTRICT
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET COMPARED TO ACTUAL
CASH BASIS
YEAR ENDED DECEMBER 31, 2021

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<u>NON-OPERATING REVENUES (EXPENDITURES)</u>			
County Treasurer's fees	\$ (6,185)	\$ (5,631)	\$ 554
Interest income	12,000	11,407	593
Property taxes	376,246	375,260	986
Specific ownership taxes	30,000	28,771	1,229
Tap fees	446,250	112,500	333,750
Loss on investments	-	(21,687)	(21,687)
Net non-operating revenues	<u>858,311</u>	<u>500,620</u>	<u>315,425</u>
Change in net position budgetary basis	<u>\$ (414,473)</u>	<u>\$ 760,324</u>	<u>\$ (1,049,007)</u>

See independent auditor's report.

WILLOWBROOK WATER AND SANITATION DISTRICT
RECONCILIATION OF AMOUNTS FROM US GAAP BASIS TO CASH BASIS
YEAR ENDED DECEMBER 31, 2021

The accompanying schedule of revenues and expenditures - budget compared to actual on page 21 presents comparisons of the legally adopted budget with actual data on a budgetary basis. Because accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with US GAAP, a reconciliation of resultant differences in revenues and expenditures for the year ended December 31, 2021, is presented below:

Revenues per financial statements:	
<u>Operating revenues</u>	\$ 5,255,413
<u>Non-operating revenues</u>	<u>527,938</u>
<u>Operating and non-operating revenues per budget</u>	<u>\$ 5,783,351</u>
<u>Expenses per financial statements</u>	\$ 5,370,819
<u>Plus capital improvements</u>	429,200
<u>Less depreciation</u>	<u>(776,992)</u>
<u>Operating and non-operating expenditures per budget</u>	<u>\$ 5,023,027</u>

See independent auditor's report.