

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

**BASIC FINANCIAL STATEMENTS**

**December 31, 2021**

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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

#### *Opinions*

We have audited the financial statements of the business-type activities and each major fund, of the Woodmoor Water and Sanitation District No. 1 (the "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 accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Woodmoor Water and Sanitation District No. 1 as of December 31, 2021, and the respective changes in financial position and, where applicable, cash flows, thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Woodmoor Water and Sanitation District No. 1 and to meet our 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 opinions.

#### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the 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 for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

#### *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 opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. 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 judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgement 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 of 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 of 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 judgement, 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.

***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 is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB) 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.

*Supplementary and Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The individual fund financial schedule as listed in the table of contents, are presented for purposes of additional analysis and are 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 individual financial statement 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 and other information are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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*

July 14, 2022

## 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 16. These and other supplementary information, *Budgetary Comparison Schedule* on pages 15 and 16 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 Refunding Bonds, Series 2021 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

	2021	2020
<b>Current Assets</b>		
Cash and cash equivalents	\$24,154,903	\$22,993,486
Investments (Restricted)	-	2,005,700
Other	517,921	4,012,139
<b>Total Current Assets</b>	24,672,824	29,011,325
<b>Non Current Assets</b>		
Capital assets	56,013,270	52,238,959
Tri-Lakes WWTF	2,385,800	1,993,700
Other assets	19,702	19,706
<b>Total Noncurrent Assets</b>	58,418,772	54,252,365
<b>Total Assets</b>	83,091,596	83,263,690
<b>Current Liabilities</b>	1,257,299	1,304,936
<b>Noncurrent Liabilities</b>	20,057,999	21,904,243
<b>Total Liabilities</b>	21,315,298	23,209,179
<b>Net Position</b>		
Net Invested in capital assets	37,600,612	29,602,528
Unrestricted	24,175,686	30,451,983
<b>Total Net Position</b>	\$61,776,298	\$60,054,511

## Statements of Net Position

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

	<u>2021</u>	<u>2020</u>
Operating Revenues	\$7,295,055	\$7,474,556
Operating Expenses	<u>6,064,519</u>	<u>6,074,465</u>
Operating Income (Loss)	1,230,536	1,400,091
Non Operating Revenues (Expenses)	<u>491,251</u>	<u>(391,465)</u>
Change in Net Position	<u>1,721,787</u>	<u>1,008,626</u>
Net Position, beginning of year	<u>60,054,511</u>	<u>59,045,885</u>
Net Position, End of Year	<u>\$61,776,298</u>	<u>\$60,054,511</u>

### Statement of Cash Flows

	<u>2021</u>	<u>2020</u>
Cash from Operating Activities	\$6,476,282	\$121,692
Cash from Non Capital Financing Activities	792,334	787,596
Cash from (for) Capital and Related Financing Activities	(8,526,935)	(4,267,250)
Cash from (to) Investing Activities	<u>413,071</u>	<u>(211,044)</u>
Increase (Decrease) in cash/cash equivalents	<u>(845,248)</u>	<u>(3,569,006)</u>
Cash and cash equivalents, beginning of year	<u>22,993,486</u>	<u>26,562,492</u>
Cash and cash equivalents, end of year	<u>\$22,148,238</u>	<u>\$22,993,486</u>

This information is a summary of the financial information contained in the District's financial statements ending December 31, 2021 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, 2021 which begin on page 1 together with the audited financial statements for the previous years noted.

## Analysis

### Financial Position

The Districts net position increased in 2022 by \$1,721,787. This was primarily the result of the District operating revenues exceeding operating expenses over the year. Water and sewer user fees met expectations while 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.

Current assets of the District at December 31, 2021 totaled \$24,672,824, a decrease of \$4,338,501 from 2020 primarily due to refunding of the Districts 2011 bonds and ongoing capital construction projects, both of which were fully or partially funded with cash reserves. Cash and cash equivalents at end of 2021 represents approximately 35% 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 2021, the District's operating income totaled \$7,295,055 a slight decrease of \$179,501 when compared to 2020. Although water and sewer user fees are close to par between 2020 and 2021, the decrease is attributable to less miscellaneous income (i.e. late charges) generated in 2021 than in 2020.

### Budgetary Discussion

Actual revenues were slightly less than budgeted revenues by \$64,126 indicating that customer usage patterns and hydrological cycles anticipated met expectations used to develop the 2021 budget. Overall actual revenues were close to that expected while actual expenditures were significantly less than budgeted.

### Capital Assets

During the year of 2021 modest amounts of capital funds were expended on construction projects primarily as follows:

<u>Projects</u>	<u>Amount</u>	<u>Expected Completion</u>
South Filter Plant Improvements	\$663,221	July, 2022
Well Pump Replacement	\$220,291	Complete
CWTP Surface Water Conversion	\$2,201,379	July, 2022
Lake Pump Station No. 2	\$2,003,357	July, 2022
North Tank Painting	\$273,110	Complete

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

In 2021 the District budgeted \$7,482,850 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 10 respectively.

### Debt

During 2021 the District refunded the remaining balance of its Water and Wastewater Revenue Bonds, Series 2011. A lower interest rate was obtained and the outstanding term (i.e. 15 years) was reduced to 10 years while at the same time reducing the maximum annual debt service by \$23,450. This outstanding debt of the District 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, 2021

	TOTALS	
	2021	2020
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 24,154,903	\$ 22,993,486
Investments - Restricted	-	2,005,700
Accounts Receivable, net	517,921	3,890,758
Other Receivable	-	538
Prepaid Insurance	-	103,265
Other Prepaid Expenses	-	17,578
	<u>24,672,824</u>	<u>29,011,325</u>
Noncurrent Assets		
Deposits	19,702	19,706
Investment in Tri-Lakes Joint Venture	2,385,800	1,993,700
Capital Assets, not depreciated	37,652,509	34,773,099
Capital Assets, net of accumulated depreciation	18,360,761	17,465,860
	<u>58,418,772</u>	<u>54,252,365</u>
	<u>83,091,596</u>	<u>83,263,690</u>
Current Liabilities		
Accounts Payable	12,122	169,627
Deposits	119,271	119,403
Bond Interest Payable	105,906	105,906
Current Portion of Long Term Debt	1,020,000	910,000
	<u>1,257,299</u>	<u>1,304,936</u>
Noncurrent Liabilities		
Post Pumping Depletion	-	4,500
Compensated Absences	182,414	173,312
Bonds Payable	17,392,658	21,726,431
Deferred Gain/Loss on Refunding	2,482,927	-
	<u>20,057,999</u>	<u>21,904,243</u>
	<u>21,315,298</u>	<u>23,209,179</u>
NET POSITION		
Net Investment in Capital Assets	37,600,612	29,602,528
Unrestricted	24,175,686	30,451,983
	<u>\$ 61,776,298</u>	<u>\$ 60,054,511</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, 2021

	TOTALS	
	2021	2020
OPERATING REVENUES		
Charges for Services	\$ 7,255,480	\$ 7,394,404
Miscellaneous Income	39,575	80,152
	<u>7,295,055</u>	<u>7,474,556</u>
TOTAL OPERATING REVENUES		
OPERATING EXPENSES		
Personnel Services	1,513,182	1,482,990
Purchased Services	531,256	569,916
Materials and Supplies	2,272,574	2,353,702
Depreciation and Amortization	1,747,507	1,667,857
	<u>6,064,519</u>	<u>6,074,465</u>
TOTAL OPERATING EXPENSES		
OPERATING INCOME	<u>1,230,536</u>	<u>1,400,091</u>
NON-OPERATING REVENUES (EXPENSES)		
Interest Income	21,936	289,595
Tap Fees	792,334	787,596
Loss on Disposition of Assets	3,197	4,500
Equity Interest in Tri-Lakes Joint Venture income (loss)	392,100	(484,421)
Interest Expense	(520,975)	(988,735)
Revenue Debt Refinancing Costs	(197,341)	-
	<u>491,251</u>	<u>(391,465)</u>
TOTAL NON-OPERATING REVENUES (EXPENSES)		
Change in Net Position	1,721,787	1,008,626
NET POSITION, Beginning	<u>60,054,511</u>	<u>59,045,885</u>
NET POSITION, Ending	<u>\$ 61,776,298</u>	<u>\$ 60,054,511</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, 2021

Increase (Decrease) in Cash and Cash Equivalents

	TOTALS	
	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash Received from Customers and Others	\$ 10,668,430	\$ 4,068,842
Cash Paid to Suppliers	(2,688,068)	(2,427,816)
Cash Paid to Employees	(1,504,080)	(1,519,334)
Net Cash Provided by Operating Activities	<u>6,476,282</u>	<u>121,692</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Purchase of Capital Assets	(5,750,329)	(2,315,300)
Proceeds from Issuance of Debt	18,363,032	-
Payments on Long Term Debt	(20,618,663)	(963,215)
Interest Payments	(520,975)	(988,735)
Net Cash Used by Capital and Related Financing Activities	<u>(8,526,935)</u>	<u>(4,267,250)</u>
<b>CASH FLOWS FROM NON CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Tap Fees	792,334	787,596
Net Cash Provided by Non Capital and Related Financing Activities	<u>792,334</u>	<u>787,596</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest Received	21,936	289,595
(Purchase) Sale of Investments	391,135	(500,639)
Net Cash Provided by Investing Activities	<u>413,071</u>	<u>(211,044)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(845,248)	(3,569,006)
CASH AND CASH EQUIVLENTS, Beginning	<u>22,993,486</u>	<u>26,562,492</u>
CASH AND CASH EQUIVALENTS, Ending	<u>\$ 22,148,238</u>	<u>\$ 22,993,486</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Operating Income	\$ 1,230,536	\$ 1,400,091
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities		
Depreciation and Amortization	1,747,507	2,152,278
Loss on Disposal of Assets	183,341	-
Defferered Loss on Reunding	-	-
Changes in Assets and Liabilities		
Accounts Receivable	3,373,375	(3,405,714)
Prepaid Expenses	90,058	(14,939)
Accounts Payable	(157,505)	22,158
Deposits Held	(132)	4,162
Compensated Absences	9,102	(36,344)
Total Adjustments	<u>5,245,746</u>	<u>(1,278,399)</u>
Net Cash Provided by Operating Activities	<u>\$ 6,476,282</u>	<u>\$ 121,692</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, 2021

**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, 2021

**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, 2021.

**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, 2021

**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 128 to 208 hours 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, 2021

**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, 2021

**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, 2021 follows:

Petty Cash	\$ 200
Cash Deposits	3,093,627
Investments	<u>21,061,076</u>
Total	<u><b>\$ 24,154,903</b></u>

**Deposits**

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. At December 31, 2021, 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, 2021

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

At December 31, 2021, the District had deposits with financial institutions with a carrying amount of \$3,093,627. The bank balances with the financial institutions were \$5,235,204. Of these balances, \$499,651 was covered by federal depository insurance, \$4,551,853 was covered by collateral held by authorized escrow agents in the financial institution's name (PDPA), and \$183,700 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 \$19,054,411 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, 2021

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

WOODMOOR WATER AND SANITATION DISTRICT NO.1

NOTES TO FINANCIAL STATEMENTS  
December 31, 2021

**NOTE 4: CAPITAL ASSETS**

Capital assets activity for the year ended December 31, 2021 is summarized below:

	Balances <u>12/31/20</u>	<u>Additions</u>	<u>Deletions</u>	Balances <u>12/31/21</u>
<b>Business-Type Activities</b>				
Capital Assets, not depreciated				
Land and Water Rights	\$ 33,262,82	\$ 73,520	\$ -	\$ 33,336,502
Construction in Progress	<u>1,510,117</u>	<u>4,171,218</u>	<u>1,365,328</u>	<u>4,316,007</u>
Total Capital Assets, not depreciated	<u>34,773,099</u>	<u>4,244,738</u>	<u>1,365,328</u>	<u>37,652,509</u>
Capital Assets, depreciated				
Buildings and Improvements	769,735	134,061	-	903,796
Water and Sewer System	39,848,930	2,521,732	134,061	42,236,601
Machinery and Equipment	<u>1,971,662</u>	<u>215,126</u>	<u>94,450</u>	<u>2,092,338</u>
Total Capital Assets, depreciated	<u>42,590,327</u>	<u>2,870,919</u>	<u>228,511</u>	<u>45,232,735</u>
Less Accumulated Depreciation				
Buildings	405,080	23,903	-	428,983
Water and Sewer System	23,698,711	1,579,902	-	25,278,613
Machinery and Equipment	<u>1,020,676</u>	<u>188,872</u>	<u>45,170</u>	<u>1,164,378</u>
Total Accumulated Depreciation	<u>25,124,467</u>	<u>1,792,677</u>	<u>45,187</u>	<u>26,871,974</u>
Total Capital Assets, depreciated, Net	<u>17,465,860</u>	<u>1,078,242</u>	<u>(183,341)</u>	<u>18,360,761</u>
Business-Type Activities, Capital Assets, Net	<u>\$ 52,238,959</u>	<u>\$ 5,322,980</u>	<u>\$ (1,548,669)</u>	<u>\$ 56,013,270</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, 2021.

	Balance <u>12/31/20</u>	<u>Additions</u>	<u>Payments</u>	Balance <u>12/31/21</u>	Due In <u>One Year</u>
2011 Revenue Bonds	\$ 21,225,000	\$ -	\$ 21,225,000	\$ -	\$ -
Bond Premium	1,411,431	-	1,411,431	-	-
2021 Revenue Bonds	-	14,710,000	-	14,710,000	1,020,000
Bond Premium	<u>-</u>	<u>3,702,658</u>	<u>-</u>	<u>3,653,032</u>	<u>-</u>
Total	<u>\$ 22,636,431</u>	<u>\$ 18,412,658</u>	<u>\$ 22,636,431</u>	<u>\$ 18,412,658</u>	<u>\$ 1,020,000</u>

WOODMOOR WATER AND SANITATION DISTRICT NO.1

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

**NOTE 5: LONG-TERM DEBT** (Continued)

**2021 Revenue Bonds**

In September of 2021, the District issued \$14,710,000 in Series 2021 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 rate of 5.0%. Semi-annual principal and interest payments are due on June 1 and December 1 through 2031. The bonds are not subject to redemption prior to maturity at the option of the District.

**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. These bonds were fully refunded with the proceeds of the 2021 bonds.

Estimated annual debt service requirements for the outstanding debt at December 31, 2021 are as follows:

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 1,020,000	\$ 903,031	\$ 1,923,031
2023	1,240,000	684,500	1,924,500
2024	1,305,000	622,500	1,927,500
2025	1,370,000	557,250	1,927,250
2026	1,435,000	488,750	1,923,750
2027 - 2031	<u>8,340,000</u>	<u>1,083,750</u>	<u>9,423,750</u>
Total Debt Service Requirements	<b><u>\$14,710,000</u></b>	<b><u>\$ 4,339,781</u></b>	<b><u>\$19,049,781</u></b>

WOODMOOR WATER AND SANITATION DISTRICT NO.1

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

**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, 2021, the District paid \$748,853 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, 2021

**NOTE 7: COMMITMENTS AND CONTINGENCIES** (Continued)

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

For the year ended December 31, 2021, the District's share of the Facility's real property, personal property, and fixtures is \$2,385,800 and is reported as Investment in Tri-Lakes Joint Venture in the Statement of Net Position.

**Solar Energy Ground Lease**

On May 24, 2018 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 to increase at a rate of 2 percent per year since 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, 2021, the tenant paid \$57,647 in rent payments to the District.

**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, 2021, the District contributed \$48,304 to the Plan.

**INDIVIDUAL FUND SCHEDULE**

WOODMOOR WATER AND SANITATION DISTRICT NO.1

WATER & SANITATION ENTERPRISE  
 BUDGETARY COMPARISON SCHEDULE  
 Year Ended December 31, 2021

	2021		VARIANCE Positive (Negative)	2020 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
REVENUES				
Water and Sewer Tap Fees	\$ 934,053	\$ 792,334	\$ (141,719)	\$ 787,596
Water Use Fees	3,195,962	3,489,916	293,954	3,496,485
Sewer Use Fees	1,582,552	1,583,387	835	1,547,257
Availability of Service Fees	13,800	13,400	(400)	14,662
Renewable Water Investment Fee	1,981,613	1,861,015	(120,598)	1,978,700
Permit Processing Fees	9,800	5,375	(4,425)	6,420
Interest Income	48,295	21,936	(26,359)	289,595
Miscellaneous Income	95,000	39,575	(55,425)	80,152
Cross Connection/Meter Income	10,150	6,309	(3,841)	8,156
Sale of Assets	78,500	3,197	(75,303)	4,500
Supplemental Water	132,423	185,118	52,695	247,140
Lease Income	94,500	110,960	16,460	95,584
TOTAL REVENUES	8,176,648	8,112,522	(64,126)	8,556,247

(Continued)

See the accompanying independent auditors' report.

WOODMOOR WATER AND SANITATION DISTRICT NO.1

WATER & SANITATION ENTERPRISE  
 BUDGETARY COMPARISON SCHEDULE  
 Year Ended December 31, 2021

	2021			VARIANCE Positive (Negative)	2020 ACTUAL
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL		
EXPENDITURES					
Salaries	\$ 1,222,620	\$ 1,222,620	\$ 1,188,845	\$ 33,775	\$ 1,181,202
Employee Benefits	221,915	221,915	216,974	4,941	200,331
Payroll Taxes	94,824	94,824	105,307	(10,483)	97,478
Unemployment Compensation Insurance	3,719	3,719	2,056	1,663	3,979
Professional Fees	416,000	416,000	320,962	95,038	367,950
Chilcott Ditch Co Share & Carriage Assessment:	96,600	96,600	99,645	(3,045)	96,939
Insurance	108,000	108,000	110,649	(2,649)	105,027
Renewal and Replacement	867,500	867,500	464,957	402,543	572,946
Building Maintenance	64,000	64,000	52,095	11,905	42,261
Vehicle Expenses	171,000	171,000	151,645	19,355	93,806
Sewer Treatment Plant Expenses	703,887	703,887	748,853	(44,966)	786,732
Utilities	700,400	700,400	630,881	69,519	657,382
Small Tools	10,000	10,000	14,680	(4,680)	8,523
Training and Education	15,000	15,000	12,300	2,700	11,354
Travel	10,000	10,000	7,294	2,706	3,461
Cross Connection/Meter Expense	23,250	23,250	33,818	(10,568)	3,930
Directors Fees	8,000	8,000	6,000	2,000	5,600
Miscellaneous Expenses	60,000	60,000	25,191	34,809	35,911
Office Supplies and Expenses	128,600	128,600	124,860	3,740	131,596
Land/Easement Purchase	5,000	5,000	73,520	(68,520)	11,419
Building Purchase	-	-	134,061	(134,061)	-
Equipment Purchases	249,000	249,000	120,659	128,341	145,884
Construction of Facilities	7,482,850	7,482,850	5,193,561	2,289,289	2,157,997
Bond Agents Fee	500	500	-	500	200
Revenue Debt Refinancing Costs	300,000	300,000	197,341	102,659	-
Interest on Bonds	1,041,950	1,041,950	1,041,950	-	988,735
Bond Principal Payment	910,000	2,862,700	2,862,700	-	875,000
<b>TOTAL EXPENDITURES</b>	<b>14,914,615</b>	<b>16,867,315</b>	<b>13,940,804</b>	<b>2,926,511</b>	<b>8,585,643</b>
<b>NET INCOME, Budget Basis</b>	<b>\$ (6,737,967)</b>	<b>\$ (8,690,667)</b>	<b>(5,828,282)</b>	<b>\$ 2,862,385</b>	<b>(29,396)</b>
GAAP BASIS ADJUSTMENTS					
Capital Outlay			5,521,801		2,315,300
Depreciation and Amortization Expense			(1,747,507)		(1,667,857)
Principal Paid on Long-Term Debt			3,383,675		875,000
Change in equity interest of Tri-Lakes Joint Venture			392,100		(484,421)
<b>NET INCOME, GAAP Basis</b>			<b>1,721,787</b>		<b>1,008,626</b>
<b>NET POSITION, Beginning</b>			<b>60,054,511</b>		<b>59,045,885</b>
<b>NET POSITION, Ending</b>			<b>\$ 61,776,298</b>		<b>\$ 60,054,511</b>

See the accompanying independent auditors' report.

## **APPENDIX A**

WOODMOOR WATER AND SANITATION DISTRICT NO. 1

History of Net Pledged Revenues<sup>(1)</sup>

December 31, 2021

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
<b><u>Gross Pledged Revenues<sup>(2)</sup></u></b>					
Operating revenue	\$4,842,132	\$5,354,721	\$4,725,351	\$5,495,857	\$5,434,040
RWI Fee revenue	2,061,769	2,028,956	1,963,055	1,978,700	1,861,015
Investment income <sup>(3)</sup>	165,803	454,403	639,226	289,595	21,936
Tap fees	3,965,135	1,238,698	593,311	787,596	792,334
Total	11,034,839	9,076,778	7,920,943	8,551,748	8,109,325
<b><u>Operation and Maintenance Expenses<sup>(4)</sup></u></b>	4,184,008	3,986,176	4,307,342	4,406,608	4,404,498
<b><u>Net Pledged Revenues</u></b>	6,850,831	5,090,602	3,613,601	4,145,140	3,704,827
<b><u>Maximum Annual Debt Service Requirements<sup>(5)</sup></u></b>	1,929,250	1,929,250	1,929,250	1,929,250	1,929,250
<b><u>Historical Coverage</u></b>	3.55 x	2.64 x	1.87 x	2.15 x	1.92 x

<sup>(1)</sup> Based upon the District's audited financial statements.

<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 other 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.

<sup>(5)</sup> Represents the maximum annual debt service requirements of the Bond (\$1,929,250 in 2030). See "DEBT SERVICE REQUIREMENTS". 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.

WOODMOOR WATER AND SANITATION DISTRICT NO.1

History of Selected Residential User Rates

December 31, 2021

Water Fees							Sewer Fees	
Year	Base Charge	%Change	<sup>(1)</sup> Average Volume Rate PER 1000 GAL.	<sup>(2)</sup> Average Monthly Volume Used Per Customer (Gal.)	<sup>(3)</sup> Average Monthly Volume Charge Per Customer (\$)	% Change	Base Charge	% Change
2017	\$9.31	3.3%	\$8.81	5,350	\$47.15	-5.28%	\$31.01	0.0%
2018	\$9.31	0.0%	\$8.92	5,907	\$52.71	11.81%	\$31.01	0.0%
2019	\$9.31	0.0%	\$8.71	5,480	\$47.73	-9.46%	\$31.01	0.0%
2020	\$9.50	2.0%	\$9.16	6,315	\$57.82	21.15%	\$31.63	2.0%
2021	\$9.69	2.0%	\$9.37	5,802	\$54.34	-6.02%	\$32.31	2.1%
2022 <sup>(4)</sup>	\$10.18	5.1%	\$9.84	5,802	\$57.09	5.06%	\$33.00	2.1%

<sup>(1)</sup> Excludes late fees, disconnection and other miscellaneous charges

<sup>(2)</sup> Based on Average number of customers throughout the year

<sup>(3)</sup> Does not include base charge or RWI fee

<sup>(4)</sup> Projected for the current year

WOODMOOR WATER AND SANITATION DISTRICT NO.1

History of Water and Sewer Rate Revenue

December 31, 2021

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>
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%
2021	\$3,489,916	-0.19%	\$1,583,387	2.34%
2022 <sup>(1)</sup>	\$3,447,000	-1.23%	\$1,654,000	4.46%

<sup>(1)</sup> Constitutes estimated data for 2022, based upon actual revenues through May 2022, and projections for the remainder of the year.

WOODMOOR WATER AND SANITATION  
DISTRICT NO.1  
December 31, 2021

**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.

2021 Renewable Water Investment Fee Schedule

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.

WOODMOOR WATER AND SANITATION DISTRICT NO.1

History of Residential Tap Fees

December 31, 2021

<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>
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%
2021	\$24,669	0.0%	\$8,603	0.0%

WOODMOOR WATER AND SANITATION DISTRICT NO.1

December 31, 2021

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		
2021	Water	\$493,380	\$173,176	20	2	\$792,334	0.6%
	Sewer	\$94,633	\$31,145		3		
2022 <sup>(1)</sup>	Water	\$388,545	\$0	15	0	\$524,040	-33.9%
	Sewer	\$135,495					

<sup>(1)</sup> Constitutes estimated tap fee data for 2022 based upon actual connections through May 31, 2022 and projections for the remainder of the year.

WOODMOOR WATER AND SANITATION DISTRICT NO.1

Water. The following table describes the District's Water System customer base for 2021.  
The District expects this information to be relatively unchanged for 2022.

Water System Customer Information - 2021

Customer Class	Accounts		Gallons Sold		Revenue	
	Number of Accounts <sup>(1)</sup>	% of Total	Number of Gallons Sold	% of Total	Amount of Revenue <sup>(2)</sup>	% of Total
Residential	3,885	97.3%	270,492,800	75.4%	\$ 2,533,559	77.9%
Non-residential	56	1.4%	17,498,702	4.9%	159,349	4.9%
Irrigation	22	0.6%	16,637,200	4.6%	241,250	7.4%
Bulk Water	18	0.5%	13,771,000	3.8%	147,473	4.5%
Extra-Territorial bulk water	1	0.1%	1,081,300	0.3%	12,067	0.4%
Non-Potable	3	0.1%	34,915,300	9.7%	130,555	4.0%
Augmentation	9	0.1%	4,219,002	1.2%	27,031	0.8%
<b>Total</b>	<b>3,994</b>	<b>100.0%</b>	<b>358,615,304</b>	<b>100.0%</b>	<b>\$ 3,251,284</b>	<b>100.0%</b>

<sup>(1)</sup> Represents the average number of customer accounts during 2021. The number of accounts varies throughout the year.

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

WOODMOOR WATER AND SANITATION DISTRICT NO.1

Sewer System Customer Information - 2021

Sewer. The following table describes the Sewer System customers for 2021. The District expects this information to be relatively unchanged for 2022.

<u>Customer Class</u>	<u>Number of Accounts</u> <sup>(1)</sup>	<u>% of Total</u>	<u>Revenue</u> <sup>(2)</sup>	<u>% of Total</u>
Residential	3,879	98.0%	\$ 1,498,773	93.7%
Commercial	69	1.7%	69,557	4.3%
Bulk	8	0.2%	18,067	1.1%
Campground	1	0.025%	12,525	0.8%
Extra-Territorial Bulk Water	1	0.025%	582	0.036%
<b>Total</b>	<b>3,958</b>	<b>100.0%</b>	<b>\$ 1,599,503</b>	<b>100.0%</b>

<sup>(1)</sup> Represents the average number of customer accounts during 2021. 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, 2021

Largest System Customers for 2021

Customer Description	Water Usage		Water Revenue	Sewer Revenue	Revenue Other	Total Revenue	% of Total <sup>(2)</sup>
	Gallons Used	% of Total <sup>(1)</sup>					
Commercial (non-retail) <sup>(3)</sup>	28,753,100	8.0%	\$112,929	\$6,735	\$0	\$ 119,664	3.7%
Public Schools <sup>(4)</sup>	15,520,800	4.3%	\$147,532	\$11,321	\$1,200	160,053	4.9%
Homeowners association	7,313,700	2.0%	\$108,071		\$30	108,101	3.3%
Homeowners association	3,747,500	1.0%	\$55,545		\$0	55,545	1.7%
Homeowners association	3,706,700	1.0%	\$13,992		\$20	14,012	0.4%
Spa/Health Club	2,612,900	0.7%	\$21,836	\$6,740	\$50	28,626	0.9%
Commercial (retail)	2,371,000	0.7%	\$21,622	\$12,341	\$10	33,973	1.0%
Commercial (retail)	2,071,400	0.6%	\$20,770	\$4,246	\$50	25,065	0.8%
Commercial (retail)	1,657,800	0.5%	\$13,560	\$7,039	\$10	20,608	0.6%
Homeowners association	2,065,900	0.6%	\$34,264		\$30	34,294	1.1%
<b>Total</b>	<b>69,820,800</b>	<b>19.5%</b>	<b>\$ 550,120</b>	<b>\$ 48,422</b>	<b>\$ 1,400</b>	<b>\$ 599,941</b>	<b>18.5%</b>

<sup>(1)</sup> Based on total gallons sold of 358,615,304.

<sup>(2)</sup> Based on total water revenues of \$3,251,284.

<sup>(3)</sup> This customer used 8.0% of the water in 2021 but only generated 3.7% 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, 2021

**Budget Summary and Comparison**

The following tables set forth a comparison of the budget for the District for 2021 as compared to actual results (year-to-date, unaudited). These tables are presented in budgetary format and are not intended to comply with Generally Accepted Accounting Principles (“GAAP”).

WOODMOOR WATER AND SANITATION DISTRICT NO.1  
BUDGET TO ACTUAL COMPARISON  
December 31, 2021

	2021		2022	
	Budget <sup>(1)</sup>	Actual <sup>(2)</sup>	Budget	Actual <sup>(3)</sup>
<b>Revenue</b>				
Tap Fees	934,053	792,334	524,040	524,040
Water Use Fees	3,195,962	3,489,916	3,447,000	3,447,000
Sewer Use Fees	1,582,552	1,583,387	1,654,000	1,654,000
Avail of Service Fee	13,800	13,400	12,500	12,500
Renewable Water Investment Fee	1,981,613	1,861,015	1,988,000	1,988,000
Property Taxes <sup>(4)</sup>	-	-	-	-
Construction Inspection/Permit Processing	9,800	5,375	11,000	11,000
Interest Income	48,295	21,936	46,647	161,000
Other Income <sup>(5)</sup>	95,000	39,575	95,000	44,000
Cross connection/meter Fees	10,150	6,309	5,250	5,250
Sale of Land/Equipment	78,500	3,197	-	-
Supplemental Water Sales	132,423	185,118	1,537,912	4,572,259
Lease Income	94,500	110,960	96,800	96,800
<b>Total Revenue</b>	<b>8,176,648</b>	<b>8,112,522</b>	<b>9,418,149</b>	<b>12,515,849</b>
<b>Expenditures</b>				
Bond Agent Fees <sup>(4)</sup>	500	-	500	500
Interest on 2011 bonds <sup>(4)</sup>	1,041,950	1,041,950	903,030	903,030
2011 Bond Redemption <sup>(4)</sup>	2,862,700	2,862,700	1,020,000	1,020,000
Revenue Debt Refinancing Costs	300,000	197,341	-	-
Construction of Facility <sup>(4)</sup>	7,482,850	5,193,561	5,870,000	5,870,000
Cross-connection expenses	23,250	33,818	17,250	17,250
Director Fees	8,000	6,000	8,000	8,000
Employee Benefits	221,915	216,974	228,567	228,567
Equipment Purchases	249,000	120,659	87,000	87,000
Insurance	108,000	110,649	107,000	107,000
Miscellaneous	60,000	25,191	55,000	55,000
Office expense	128,600	124,860	186,371	186,371
Payroll Taxes	94,824	105,307	95,176	95,176
Professional Fees	416,000	320,962	643,000	643,000
Renewal and Replacement	867,500	464,957	919,400	919,400
Building Maintenance	64,000	52,095	53,500	53,500
Salaries	1,222,620	1,188,845	1,226,715	1,226,715
Sewer treatment charge	703,887	748,853	798,521	798,521
Small Tools	10,000	14,680	18,000	18,000
Training and Education	15,000	12,300	15,000	15,000
Travel	10,000	7,294	10,000	10,000
Unemployment insurance	3,719	2,056	3,732	3,732
Utilities	700,400	630,881	783,000	783,000
Vehicle expense	171,000	151,645	125,000	125,000
Land/Easement acquisitions	5,000	73,520	5,000	5,000
Building Improvements	-	134,061	-	-
Ditch Company/Carriage Assessments	96,600	99,645	106,000	109,775
<b>Total Expenditures</b>	<b>16,867,315</b>	<b>13,940,804</b>	<b>13,284,762</b>	<b>13,288,537</b>
<b>Revenues Over (Under) Expenditures</b>	<b>(8,690,667)</b>	<b>(5,828,282)</b>	<b>(3,866,613)</b>	<b>(772,688)</b>

<sup>(1)</sup>These figures reflect the District's amended 2021 budget.

<sup>(2)</sup>Constitutes a representation of the General Fund on a budgetary (non-GAAP) basis. Complete financial statements for the General Fund are set forth in the District's audited financial statements, attached hereto as Appendix A.

<sup>(3)</sup>Unaudited and estimated based upon unaudited financial statements through June 30, 2022.

Excludes expenditures for the issuance of the Bonds

<sup>(4)</sup>These items are not part of the gross Pledged Revenues and Operations and Maintenance Expenses.

See "SECURITY FOR THE BONDS."

<sup>(5)</sup>This revenue consists primarily of late fees and penalty charges. See "THE DISTRICT - District Agreements/Water leases."

Source: The District's 2021 financial statements, 2022 unaudited financial statements through June 30, 2022, and other budgetary financial records.

WOODMOOR WATER AND SANITATION DISTRICT NO.1  
December 31, 2021

**Statement of Revenues, Expenses and Changes in Net Assets**

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
<b>Operating Revenue</b>					
Charges for Services	\$ 6,799,963	\$7,259,883	\$6,595,147	\$7,394,404	\$7,255,480
Miscellaneous Income	103,937	123,794	93,259	80,152	39,575
Total operating revenues	6,903,901	7,383,677	6,688,406	7,474,556	7,295,055
<b>Operating Expenses</b>					
Personnel services	1,241,553	1,295,069	1,358,754	1,482,989	1,513,182
Purchased services	934,084	648,472	662,743	569,916	531,256
Materials and supplies	2,008,371	2,042,635	2,285,845	2,353,702	2,272,574
Depreciation and Amortization	1,354,737	1,431,011	1,554,357	1,667,857	1,747,507
Total operating expenses	5,538,744	5,417,187	5,861,699	6,074,464	6,064,519
<b>Operating Income</b>	1,365,156	1,966,490	826,707	1,400,091	1,230,536
<b>Non-operating Revenue (Expenses)</b>					
Interest Income	165,803	454,403	639,226	289,595	21,936
Loss of disposition of assets	0	0	9,103	4,500	3,197
Tap Fees	3,965,135	1,238,698	593,311	787,596	792,334
Equity interest income (loss)	(96,222)	(78,268)	(67,459)	(484,421)	392,100
Interest expense	(1,099,485)	(1,061,235)	(1,030,235)	(988,735)	(520,975)
Revenue Debt Refinancing Costs					(197,341)
<b>Total non-operating revenue</b>	2,935,231	553,598	143,946	(391,465)	491,251
<b>Change in Net Position</b>	4,300,387	2,520,088	970,653	1,008,626	1,721,787
<b>Net Position, Beginning</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>
<b>Net Position, Ending</b>	<u>\$ 55,555,144</u>	<u>\$ 58,075,232</u>	<u>\$ 59,045,885</u>	<u>\$ 60,054,511</u>	<u>\$ 61,776,298</u>

Source: District's Annual Financial Reports for the years ended December 31, 2017-2021