

FOREST VIEW ACRES WATER DISTRICT
El Paso County, Colorado

FINANCIAL STATEMENTS
DECEMBER 31, 2022

(With Unaudited Comparative December 31, 2021 Financial Statements)

TABLE OF CONTENTS

	PAGE
INDEPENDENT AUDITOR’S REPORT	I
BASIC FINANCIAL STATEMENTS	
Statements of Net Position.....	1
Statements of Revenues, Expenses and Changes in Fund Net Position	2
Statements of Cash Flows.....	3
Notes to Financial Statements	4
SUPPLEMENTAL INFORMATION	
Schedule of Revenues, Expenditures and Change in Funds Available - Budget and Actual (Budgetary Basis).....	17
Reconciliation of Budgetary Basis (Actual) to Statement of Revenues, Expenses And Change in Fund Net Position	19
OTHER INFORMATION	
Schedules of Debt Service Requirements to Maturity.....	20
Schedule of Assessed Valuation, Mill Levy and Property Taxes Collected	21



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Independent Auditor's Report

Board of Directors
Forest View Acres Water District
El Paso County, Colorado

Opinions

We have audited the financial statements of the Forest View Acres Water District (District) as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the District's 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 Forest View Acres Water District, as of December 31, 2022, and the respective changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Comparative Information

The accompanying statement of net position of Forest View Acres Water District as of December 31, 2021, and the related statements of revenues, expenses and changes in net position and cash flows, and the related notes to the financial statements, for the year then ended were not audited, reviewed, or compiled by us and, accordingly we do not express an opinion or any other form of assurance on them.

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 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 opinions.

Responsibility of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, 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 Responsibility 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 judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, 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.

Required Supplementary Information

Management has omitted the 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 a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

Supplemental 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 supplemental information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relate 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 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 supplemental information as listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information is comprised of the other information as listed in the table of contents but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

SCHILLING & COMPANY, INC.

Highlands Ranch, Colorado
July 27, 2023

BASIC FINANCIAL STATEMENTS

FOREST VIEW ACRES WATER DISTRICT
STATEMENTS OF NET POSITION
December 31, 2022
(with unaudited comparative totals for December 31, 2021)

	<u>2022</u>	<u>2021</u> (Unaudited)
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents - unrestricted	\$ 1,021,948	\$ 935,759
Cash and cash equivalents - restricted	88,618	97,833
Accounts receivable - customers	20,016	17,692
Cash with county treasurer	693	638
Property taxes receivable	80,000	81,522
Prepaid expenses	11,922	10,474
Total current assets	<u>1,223,197</u>	<u>1,143,918</u>
CAPITAL ASSETS		
Land	64,192	64,192
Water rights	2,296,675	2,296,675
Master plan	84,823	84,823
Construction in progress	79,138	12,468
Water treatment plants	1,947,821	1,947,821
Water collection and distribution	4,523,330	4,523,330
Wells	700,970	700,970
Meters	122,293	122,293
	<u>9,819,242</u>	<u>9,752,572</u>
Less accumulated depreciation	3,469,732	3,319,225
Total capital assets	<u>6,349,510</u>	<u>6,433,347</u>
TOTAL ASSETS	<u>7,572,707</u>	<u>7,577,265</u>
LIABILITIES		
Accounts payable	80,306	101,251
Noncurrent liabilities:		
Due within one year	123,804	123,336
Due in more than one year	1,291,200	1,415,004
Total liabilities	<u>1,495,310</u>	<u>1,639,591</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred property tax revenue	80,000	81,522
Total deferred inflows of resources	<u>80,000</u>	<u>81,522</u>
NET POSITION		
Net investment in capital assets	4,934,506	4,895,007
Restricted for:		
Operations and maintenance	85,818	95,433
Emergencies	2,800	2,400
Unrestricted	974,273	863,312
Total net position	<u>\$ 5,997,397</u>	<u>\$ 5,856,152</u>

These financial statements should be read only in connection with
the accompanying notes to financial statements.

FOREST VIEW ACRES WATER DISTRICT
STATEMENTS OF REVENUES, EXPENSES AND CHANGE IN FUND NET POSITION
Year Ended December 31, 2022
(with unaudited comparative totals for the year ended December 31, 2021)

	<u>2022</u>	<u>2021</u> (Unaudited)
OPERATING REVENUES		
Water usage and related fees	\$ 555,716	\$ 562,474
Total operating revenues	<u>555,716</u>	<u>562,474</u>
OPERATING EXPENSES		
Operations manager	52,654	55,116
Repairs and maintenance	154,376	260,072
Supplies and chemicals	8,303	19,110
Utilities	38,528	44,566
Engineering	22,511	12,934
Other	8,391	5,335
Depreciation	150,507	150,507
Total operating expenses	<u>435,270</u>	<u>547,640</u>
GROSS INCOME FROM OPERATIONS	<u>120,446</u>	<u>14,834</u>
GENERAL AND ADMINISTRATIVE EXPENSES		
District management	70,261	56,358
Utility billing	20,494	19,565
Election costs	2,153	380
Insurance/SDA dues	11,241	11,241
Director fees	6,000	8,400
Legal	28,014	14,811
Audit	-	13,000
Other	11,958	3,097
Total general and administrative expenses	<u>150,121</u>	<u>126,852</u>
NET LOSS FROM OPERATIONS	<u>(29,675)</u>	<u>(112,018)</u>
NONOPERATING REVENUES AND EXPENSES		
Property and specific ownership taxes	91,496	76,877
Interest	13,410	57
Miscellaneous income	2,889	1,006
CWR&PDA loan interest	(7,650)	(8,111)
County treasurer fees	(1,225)	(1,033)
Reimbursables	-	(36,771)
Total nonoperating revenues and expenses	<u>98,920</u>	<u>32,025</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS	<u>69,245</u>	<u>(79,993)</u>
CONTRIBUTIONS		
Water tap and inclusion fees	72,000	50,364
Total contributions	<u>72,000</u>	<u>50,364</u>
CHANGE IN NET POSITION	141,245	(29,629)
NET POSITION - BEGINNING OF YEAR	5,856,152	5,885,781
NET POSITION - END OF YEAR	<u>\$ 5,997,397</u>	<u>\$ 5,856,152</u>

These financial statements should be read only in connection with
the accompanying notes to financial statements.

FOREST VIEW ACRES WATER DISTRICT
STATEMENTS OF CASH FLOWS
Year Ended December 31, 2022
(with unaudited comparative totals for the year ended December 31, 2021)

	<u>2022</u>	<u>2021</u> (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 553,392	\$ 571,867
Cash payments to suppliers for goods and services	(457,826)	(443,818)
Net cash provided by operating activities	<u>95,566</u>	<u>128,049</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Property and specific ownership, net of fees	90,216	75,807
Net cash provided by noncapital financing activities	<u>90,216</u>	<u>75,807</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Miscellaneous revenues	2,889	1,006
Contributed capital - tap fees	72,000	50,364
Acquisition of capital assets	(66,121)	(16,882)
Principal paid on long-term debt	(123,336)	(122,875)
Interest paid on long-term debt	(7,650)	(8,111)
Net cash used in capital and related financing activities	<u>(122,218)</u>	<u>(96,498)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest	13,410	57
Net cash provided by investing activities	<u>13,410</u>	<u>57</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	76,974	107,415
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>1,033,592</u>	<u>926,177</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 1,110,566</u></u>	<u><u>\$ 1,033,592</u></u>
Reconciliation of net income (loss) from operations to net cash provided by operating activities		
Net loss from operations	\$ (29,675)	\$ (112,018)
Adjustments to reconcile net loss from operations to net cash provided by operating activities:		
Depreciation	150,507	150,507
Effect of changes in operating assets and liabilities:		
Accounts receivable	(2,324)	9,393
Prepaid expenses	(1,448)	(477)
Loss of disposal of assets	-	48,195
Accounts payable	(21,494)	32,449
Net cash provided by operating activities	<u><u>\$ 95,566</u></u>	<u><u>\$ 128,049</u></u>

These financial statements should be read only in connection with
the accompanying notes to financial statements.

FOREST VIEW ACRES WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022
(with unaudited comparative information for December 31, 2021)

NOTE 1 – DEFINITION OF REPORTING ENTITY

Forest View Acres Water District (District), a quasi-municipal corporation and political subdivision of the State of Colorado, is governed pursuant to provisions of the Colorado Special District Act. The District's service area is located in El Paso County, Colorado. The District was established to provide water for domestic and other public and private purposes within its service area.

The District has no employees and all operations and administrative functions are contracted.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the District conform to generally accepted accounting principles as applicable to governmental units accounted for as a proprietary 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 where net income and capital maintenance are appropriate determinations of accountability.

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

Comparative Presentation

The statement of the net position as of December 31, 2021, and the statement of revenues, expenses and change in fund net position, statement of cash flows for the year ended December 31, 2021 and accompanying 2021 footnotes are presented for comparative purposes and are unaudited.

FOREST VIEW ACRES WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022
(with unaudited comparative information for December 31, 2021)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The more significant accounting policies of the District are described as follows:

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 and redemption of bonds and loans are recorded as reductions in liabilities. Tap fees and contributed assets from developers are recorded as capital contributions when received.

Operating Revenues and Expenses

The District distinguishes between operating revenues and expenses and non-operating items in the Statements of Revenues, Expenses and Change in Fund 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 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 non-operating revenues and expenses or capital contributions.

Budgets

In accordance with the Local Government Budget Law of Colorado, the District's board of directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures level and lapses at year end. The District's board of directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated. The District budgeted for general operations and administration, capital improvements and water operations in separate funds for the year ended December 31, 2022. These activities have been combined and presented as an enterprise fund for financial statement purposes as the District's operations meet the definition of a special-purpose government engaged only in business-type activities as defined by the Governmental Accounting Standards Board.

FOREST VIEW ACRES WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022
(with unaudited comparative information for December 31, 2021)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 by December 15 by certification to the county commissioners to put the tax lien on the individual properties as of January 1 of the following year. The county treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April 30 or if in equal installments, at the taxpayer's election, in February and June. Delinquent taxpayers are notified in August and generally sales of the tax liens on delinquent properties are held in November or December. The county treasurer remits the taxes collected monthly to the District. Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred revenue in deferred inflows of resources in the year they are levied and measurable. The deferred property tax revenues are recorded as revenue in the year they are available or collected.

Cash Equivalents

For purposes of the statement of cash flows, the District considers cash deposits and highly liquid investments (including restricted assets) with a maturity of three months or less when purchased, to be cash equivalents.

Capital Assets

Capital assets, which include land, water rights, plant and buildings, distribution and collection systems and wells are reported by the District. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000. 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 the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable. Depreciation expense has been computed using the straight-line method over the estimated economic useful lives:

Water treatment plants	20 years
Water collection and distribution	50 years
Wells	20-50 years
Meters	20 years

FOREST VIEW ACRES WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022
(with unaudited comparative information for December 31, 2021)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Tap Fees and Contributed Water Rights

Tap fees are recorded as capital contributions when received. Water rights contributed to the District by developers are recorded as capital contributions and additions to the capital assets of the District at estimated fair market value when received.

Water Rights

The cost of water rights includes acquisition cost, legal and engineering costs related to the development and augmentation of those rights. Since the rights have a perpetual life, they are not amortized. All other costs, including costs incurred for the protection of those rights, are expensed.

Deferred Inflows of Resources

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The revenue continues to be recognized when earned in the government-wide statements. The District has one item that qualifies for reporting in this category. Accordingly, the item, deferred property tax revenue, is deferred and recognized as an inflow of resources in the period that the amount becomes available.

NOTE 3 - CASH AND INVESTMENTS

Cash and investments are reflected on the December 31, 2022 and 2021 statement of net position as follows:

	<u>2022</u>	<u>2021</u>
		(Unaudited)
Cash and cash equivalents - unrestricted	\$ 1,021,948	\$ 935,759
Cash and cash equivalents - restricted	88,618	97,833
	<u>\$ 1,110,566</u>	<u>\$ 1,033,592</u>

Cash and investments as of December 31, 2022 and 2021 consist of the following:

	<u>2022</u>	<u>2021</u>
		(Unaudited)
Deposits with financial institutions	\$ 97,298	\$ 123,950
Investments	1,013,268	909,642
	<u>\$ 1,110,566</u>	<u>\$ 1,033,592</u>

FOREST VIEW ACRES WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022
(with unaudited comparative information for December 31, 2021)

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

Cash Deposits

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.

At December 31, 2022 and 2021, the District's cash deposits had bank balances of \$154,116 and \$126,828 and carrying balances of \$97,298 and \$123,950 respectively.

Investments

The District has not adopted a formal investment policy, however, the District follows state statutes regarding investments. Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

- Obligations of the United States and certain U.S. government agency securities and the World Bank
- General obligation and revenue bonds of U.S. local government entities
- Bankers' acceptances of certain banks
- Commercial paper
- Certain reverse repurchase agreements
- Certain securities lending agreements
- Certain corporate bonds
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts
- Local government investment pools

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

FOREST VIEW ACRES WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022
(with unaudited comparative information for December 31, 2021)

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

As of December 31, 2022 and 2021, the District had the following investments:

Investment	Maturity	Carrying Value	
		2022	2021
Colorado Local Government			(Unaudited)
Liquid Asset Trust:			
COLOTRUST PLUS+	Weighted average maturity under 60 days	\$ 203,748	\$ 109,975
COLOTRUST EDGE	Weighted average maturity under one year	809,520	799,667
		<u>\$ 1,013,268</u>	<u>\$ 909,642</u>

ColoTrust

During 2022 and 2021, the District invested in the Colorado Local Government Liquid Asset Trust (Colotrust), 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 Colotrust. The District invested in COLOTRUST PLUS+ (PLUS) and COLOTRUST EDGE (EDGE), two of the three portfolios offered by Colotrust. PLUS+ operates similarly to a money market fund and each share is equal in value to \$1.00. There are no unfunded commitments, the redemption period frequency is daily and there is no redemption period. Allowable investments in the PLUS+ portfolio include U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies, highest rated commercial paper and repurchase agreements collateralized by certain obligations of U.S. government agencies. EDGE investments consist of money market instruments and medium-term notes designed for the short to intermediate reserve and surplus funds of Colorado governments.

A designated custodial bank serves as custodian for Colotrust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for Colotrust'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 Colotrust. PLUS+ is rated AAAM by S&P Global Ratings and EDGE is rated AAAsf/S1 by Fitch Ratings.

FOREST VIEW ACRES WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022
(with unaudited comparative information for December 31, 2021)

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

Investment Valuation

Certain investments measured at fair value on a recurring basis are categorized within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted priced in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The District's investments are not required to be categorized within the fair value hierarchy. These investments are measured at amortized cost or in certain circumstances the value is estimated using the net asset value (NAV) per share, or its equivalent of the investment. These investments include 2a7-like external investment pools and money market investments. The District held investments in Colotrust at year end for which the investment evaluations were determined as follows.

Colotrust determines the NAV of the shares of each portfolio as of the close of business on each day. The NAV per share of each portfolio is computed by dividing the total value of the securities and other assets of the portfolios, less any liabilities, by the total outstanding shares of the portfolios. Liabilities, which include all expenses and fees of Colotrust, are accrued daily. The NAV is calculated at fair value using various inputs to determine value in accordance with FASB guidance. It is the goal of PLUS+ to maintain a NAV of \$1.00 per share, however changes in interest rates may affect the fair value of the securities held by Colotrust and there can be no assurance that the NAV will not vary from \$1.00 per share. EDGE does not seek to maintain a stable NAV. EDGE initially established a \$10.00 transactional share price. The principal value of an EDGE investment may fluctuate and could be greater or less than the share price at price of purchase, prior to redemption and at the time of redemption.

FOREST VIEW ACRES WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022
(with unaudited comparative information for December 31, 2021)

NOTE 4 - CAPITAL ASSETS

An analysis of the changes in capital assets for the years ended December 31, 2022 and 2021 follows:

	Balance at December 31, 2021	Increases	Decreases	Balance at December 31, 2022
Capital assets, not being depreciated:				
Land	\$ 64,192	\$ -	\$ -	\$ 64,192
Water rights	2,296,675	-	-	2,296,675
Master plan	84,823	-	-	84,823
Construction in progress	12,468	66,670	-	79,138
Total capital assets, not being depreciated	<u>2,458,158</u>	<u>66,670</u>	<u>-</u>	<u>2,524,828</u>
Capital assets, being depreciated:				
Water treatment plants	1,947,821	-	-	1,947,821
Water collection and distribution	4,523,330	-	-	4,523,330
Wells	700,970	-	-	700,970
Meters	122,293	-	-	122,293
Total capital assets being depreciated	<u>7,294,414</u>	<u>-</u>	<u>-</u>	<u>7,294,414</u>
Less accumulated depreciation for:				
Water treatment plants	1,302,101	50,891	-	1,352,992
Water collection and distribution	1,333,275	90,467	-	1,423,742
Wells	668,562	3,035	-	671,597
Meters	15,287	6,114	-	21,401
Total accumulated depreciation	<u>3,319,225</u>	<u>150,507</u>	<u>-</u>	<u>3,469,732</u>
Total capital assets being depreciated, net	<u>3,975,189</u>	<u>(150,507)</u>	<u>-</u>	<u>3,824,682</u>
Total capital assets, net	<u><u>\$ 6,433,347</u></u>	<u><u>\$ (83,837)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 6,349,510</u></u>

FOREST VIEW ACRES WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022
(with unaudited comparative information for December 31, 2021)

NOTE 4 - CAPITAL ASSETS (CONTINUED)

	(Unaudited)		
	Balance at December 31, 2020	Increases	Decreases
			Balance at December 31, 2021
Capital assets, not being depreciated:			
Land	\$ 64,192	\$ -	\$ 64,192
Water rights	2,296,675	-	2,296,675
Master plan	84,823	-	84,823
Construction in progress	48,195	12,468	48,195
Total capital assets, not being depreciated	2,493,885	12,468	2,458,158
Capital assets, being depreciated:			
Water treatment plants	1,947,821	-	1,947,821
Water collection and distribution	4,523,330	-	4,523,330
Wells	700,970	-	700,970
Meters	122,293	-	122,293
Total capital assets being depreciated	7,294,414	-	7,294,414
Less accumulated depreciation for:			
Water treatment plants	1,251,210	50,891	1,302,101
Water collection and distribution	1,242,809	90,466	1,333,275
Wells	665,527	3,035	668,562
Meters	9,172	6,115	15,287
Total accumulated depreciation	3,168,718	150,507	3,319,225
Total capital assets being depreciated, net	4,125,696	(150,507)	3,975,189
Total capital assets, net	\$ 6,619,581	\$ (138,039)	\$ 6,433,347

FOREST VIEW ACRES WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022
(with unaudited comparative information for December 31, 2021)

NOTE 5 - LONG-TERM OBLIGATIONS

The following is an analysis of the changes in the District's long-term obligations for the years ended December 31, 2022 and 2021.

	Balance at December 31, 2021	Additions	Reductions	Balance at December 31, 2022	Due Within One Year
CWR&PDA Loan #D12F295	\$ 1,150,000	\$ -	\$ 100,000	\$ 1,050,000	\$ 100,000
CWR&PDA Loan #D16F368	388,340	-	23,336	365,004	23,804
	<u>\$ 1,538,340</u>	<u>\$ -</u>	<u>\$ 123,336</u>	<u>\$ 1,415,004</u>	<u>\$ 123,804</u>

(Unaudited)

	Balance at December 31, 2020	Additions	Reductions	Balance at December 31, 2021	Due Within One Year
CWR&PDA Loan #D12F295	\$ 1,250,000	\$ -	\$ 100,000	\$ 1,150,000	\$ 100,000
CWR&PDA Loan #D16F368	411,215	-	22,875	388,340	23,336
	<u>\$ 1,661,215</u>	<u>\$ -</u>	<u>\$ 122,875</u>	<u>\$ 1,538,340</u>	<u>\$ 123,336</u>

CWR&PDA Loan #D12F295

The District entered into a \$2,000,000 Drinking Water Revolving Fund Direct Loan with the Colorado Water Resources and Power Development Authority, dated June 15, 2012, with 0% interest, payments commencing November 1, 2013 and a term of 20 years, for improvements to the water distribution system and upgrades to the water treatment facilities, including but not limited to reconditioning wells, replacing transmission and distribution lines, rehabilitating the intake area, installing new pumps and installing new meters (Water System). Principal payments of \$50,000 are due semi-annually on May 1 and November 1 until the final maturity date of May 1, 2033. The District may prepay the loan, in whole or in part without penalty.

Significant events of default under the loan include (i) failure to pay within 30 days, (ii) failure to pay principal and interest on any bonds, notes or other obligations, (iii) failure to meet financial or custodial agreement covenants, (iv) any representation made that is false or misleading in any material respect and (v) a petition if filed for bankruptcy or insolvency.

FOREST VIEW ACRES WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022
(with unaudited comparative information for December 31, 2021)

NOTE 5 - LONG-TERM OBLIGATIONS (CONTINUED)

CWR&PDA Loan #D16F368

The District entered into a \$500,000 Drinking Water Revolving Fund Direct Loan with the Colorado Water Resources and Power Development Authority, dated July 19, 2016, with 2.0% interest, payments commencing November 1, 2016 and a term of 20 years. The purpose of the loan is to provide funding for additional upgrades to the Water System. Principal and interest payments of \$15,493 are due semi-annually on May 1 and November 1 until the final maturity date of May 1, 2036. The District may prepay the loan, in whole or in part without penalty.

Significant events of default under the loan include (i) failure to pay within 30 days, (ii) failure to pay principal and interest on any bonds, notes or other obligations, (iii) failure to meet financial or custodial agreement covenants, (iv) any representation made that is false or misleading in any material respect and (v) a petition if filed for bankruptcy or insolvency.

Reserve Requirements

The loan agreements require the District to maintain an operations and maintenance reserve in an amount equal to three months of operation and maintenance expenses, excluding depreciation, of the Water System as set forth in the annual budget. As of December 31, 2022 and 2021, the District has restricted net position in the amount of \$85,818 and \$95,433, respectively in compliance with this requirement.

As of December 31, 2022 and 2021, the District had no authorized but unissued debt. The District's long-term obligations will mature as follows:

Year Ending December 31,	Principal	Interest	Total
2023	\$ 123,804	\$ 7,182	\$ 130,986
2024	124,283	6,703	130,986
2025	124,770	6,216	130,986
2026	125,269	5,717	130,986
2027	125,776	5,209	130,985
2028 - 2032	636,864	18,063	654,927
2033 - 2036	154,238	4,212	158,450
	<u>\$1,415,004</u>	<u>\$ 53,302</u>	<u>\$ 1,468,306</u>

FOREST VIEW ACRES WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022
(with unaudited comparative information for December 31, 2021)

NOTE 6 - NET POSITION

The District's net position consists of three components – net investment in capital assets, restricted and unrestricted.

As of December 31, 2022 and 2021, the District had net investment in capital assets calculated as follows:

	<u>2022</u>	<u>2021</u> (unaudited)
Net investment in capital assets:		
Capital assets, net	\$ 6,349,510	\$ 6,433,347
Current portion of long-term obligations	(123,804)	(123,336)
Noncurrent portion of long-term obligations	(1,291,200)	(1,415,004)
Net investment in capital assets	<u>\$ 4,934,506</u>	<u>\$ 4,895,007</u>

Restricted net position includes amounts that are restricted for use either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The District's restricted net position as of December 31, 2022 and 2021 is as follows:

	<u>2022</u>	<u>2021</u> (unaudited)
Restricted:		
Operating and maintenance reserve	\$ 85,818	\$ 95,433
Emergencies	2,800	2,400
	<u>\$ 88,618</u>	<u>\$ 97,833</u>

As of December 31, 2022 and 2021, the District had an unrestricted net position of \$974,273 and \$863,312, respectively.

NOTE 7 – RISK MANAGEMENT

Except as provided in the Colorado Governmental Immunity Act, the District may be exposed to various risks of loss related to torts, 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). The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials' liability and boiler and machinery coverage to its members.

FOREST VIEW ACRES WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022
(with unaudited comparative information for December 31, 2021)

NOTE 7 – RISK MANAGEMENT (CONTINUED)

The District pays annual premiums to the Pool for liability, property and public officials' liability 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. Settled claims have not exceeded this coverage in any of the past three fiscal years.

NOTE 8 - 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 that apply to the State of Colorado and all local governments.

Enterprises, defined as government-owned businesses authorized to issue revenue bonds and receiving less than 10% of annual revenue in grants from all state and local governments combined, are excluded from the provisions of TABOR. The District's management believes a significant portion of its operations qualifies for this exclusion. As a single-purpose district providing water service in exchange from fees, this is reasonable.

Spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

Because of the many factors beyond the control of current District management, including the embezzlement of funds, failure to properly retain records and the possible destruction of records, it was not possible as of the 2005 financial statements to verify prior year's Fiscal Year Spending for the District. As such, it was not possible to definitively verify the District's compliance with TABOR's limitations. In order to rectify this situation for the future, the audited revenues and expenditures for 2005 became the District's "base year" for all future calculations and determinations.

TABOR requires local governments to establish emergency reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls or salary or benefit increases.

The District's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits and qualification as an Enterprise will require judicial interpretation.

This information is an integral part of the accompanying financial statements.

SUPPLEMENTAL INFORMATION

FOREST VIEW ACRES WATER DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUNDS AVAILABLE
BUDGET AND ACTUAL (BUDGETARY BASIS)
Year Ended December 31, 2022

	Budget Amounts Original and Final	Actual	Variance with Final Budget - Positive (Negative)
REVENUES			
Water usage fees	\$ 181,939	\$ 180,295	\$ (1,644)
Availability to serve	4,560	3,220	(1,340)
Capital replacement fee	202,200	203,407	1,207
Late fees	2,000	4,825	2,825
Operations fees	161,760	161,869	109
Property taxes	81,522	83,020	1,498
Specific ownership taxes	8,152	8,476	324
Tap and inclusion fees	31,000	72,000	41,000
Transfer fees	3,000	2,100	(900)
Interest	500	13,410	12,910
Other	1,000	2,889	1,889
Total revenues	<u>677,633</u>	<u>735,511</u>	<u>57,878</u>
EXPENDITURES			
Operations			
Operations manager	52,000	52,654	(654)
Repairs and maintenance	53,000	140,151	(87,151)
Supplies and chemicals	13,200	8,303	4,897
Utilities	45,400	38,528	6,872
Meter reading and maintenance	5,000	14,225	(9,225)
Water testing	5,000	-	5,000
Engineering	10,000	22,511	(12,511)
Training and education	500	-	500
Other	17,900	8,391	9,509
Administrative			
District management and accounting	72,000	70,261	1,739
Utility billing	21,000	20,494	506
Insurance and dues	14,000	11,241	2,759
Directors fees	6,500	6,000	500
Election costs	5,000	2,153	2,847
Legal	15,000	28,014	(13,014)
County treasurer fees	1,223	1,225	(2)
Website maintenance	1,200	6,102	(4,902)
Other	5,350	5,856	(506)
CWR&PDA loan principal	123,334	123,336	(2)
CWR&PDA loan interest	7,650	7,650	-
Infrastructure projects	395,000	66,670	328,330
Transfer to capital		-	-
Contingency and emergency reserve	82,800	-	82,800
Total expenditures	<u>952,057</u>	<u>633,765</u>	<u>318,292</u>

(continued)

FOREST VIEW ACRES WATER DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUNDS AVAILABLE
BUDGET AND ACTUAL (BUDGETARY BASIS)

Year Ended December 31, 2022

(Continued)

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
NET CHANGE IN FUNDS AVAILABLE	(274,424)	101,746	376,170
FUNDS AVAILABLE - BEGINNING OF YEAR	<u>878,428</u>	<u>961,145</u>	<u>82,717</u>
FUNDS AVAILABLE - END OF YEAR	<u>\$ 604,004</u>	<u>\$ 1,062,891</u>	<u>\$ 458,887</u>

Funds available is computed as follows:

Current assets	\$ 1,223,197
Current liabilities	(80,306)
Deferred inflows of resources	(80,000)
	<u>\$ 1,062,891</u>

**FOREST VIEW ACRES WATER DISTRICT
RECONCILIATION OF BUDGETARY BASIS (ACTUAL) TO STATEMENT
OF REVENUES, EXPENSES AND CHANGE IN FUND NET POSITION
Year Ended December 31, 2022**

REVENUES (budgetary basis)	<u>\$ 735,511</u>
Total revenues per statement of revenues, expenses and change in fund net position	<u>735,511</u>
 EXPENDITURES (budgetary basis)	 633,765
Depreciation	150,507
Capital outlay	(66,670)
Loan principal	(123,336)
Total expenses per statement of revenues, expenses and change in fund net position	<u>594,266</u>
 CHANGE IN NET POSITION PER STATEMENT OF REVENUES, EXPENSES AND CHANGE IN FUND NET POSITION	 <u><u>\$ 141,245</u></u>

OTHER INFORMATION

FOREST VIEW ACRES WATER DISTRICT
SCHEDULES OF DEBT SERVICE REQUIREMENTS TO MATURITY
December 31, 2022

	\$2,000,000 CWRPDA Loan		\$500,000 CWRPDA Loan		
	Dated June 15, 2012		Dated July 19, 2016		
	Principal Due May 1 and November 1		Principal and Interest Due May 1 and November 1		
Year Ending	Interest Rate of 0%		Interest Rate of 2%		
December 31,	Principal	Interest	Principal	Interest	Total
2023	\$ 100,000	\$ -	\$ 23,804	\$ 7,182	\$ 130,986
2024	100,000	-	24,283	6,703	130,986
2025	100,000	-	24,770	6,216	130,986
2026	100,000	-	25,269	5,717	130,986
2027	100,000	-	25,776	5,209	130,985
2028	100,000	-	26,294	4,691	130,985
2029	100,000	-	26,823	4,163	130,986
2030	100,000	-	27,362	3,624	130,986
2031	100,000	-	27,912	3,073	130,985
2032	100,000	-	28,473	2,512	130,985
2033	50,000	-	29,045	1,941	80,986
2034	-	-	29,629	1,357	30,986
2035	-	-	30,225	761	30,986
2036	-	-	15,339	153	15,492
	<u>\$ 1,050,000</u>	<u>\$ -</u>	<u>\$ 365,004</u>	<u>\$ 53,302</u>	<u>\$ 1,468,306</u>

**FOREST VIEW ACRES WATER DISTRICT
SUMMARY OF ASSESSED VALUATION, MILL LEVY AND
PROPERTY TAXES COLLECTED
Year Ended December 31, 2022**

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Property Tax Levy	Mills Levied	Property Taxes		Percentage Collected to Levied
			Levied	Collected	
2014	\$ 10,294,870	5.000	\$ 51,474	\$ 51,447	99.9%
2015	\$ 10,376,440	5.000	\$ 51,882	\$ 51,882	100.0%
2016	\$ 11,085,490	5.000	\$ 55,427	\$ 55,427	100.0%
2017	\$ 11,293,470	5.000	\$ 56,467	\$ 56,422	99.9%
2018	\$ 11,963,830	5.000	\$ 59,819	\$ 59,819	100.0%
2019	\$ 12,051,760	5.000	\$ 60,259	\$ 59,987	99.5%
2020	\$ 13,725,870	5.000	\$ 68,629	\$ 68,626	100.0%
2021	\$ 13,759,540	5.000	\$ 68,798	\$ 68,798	100.0%
2022	\$ 16,304,380	5.000	\$ 81,522	\$ 83,020	101.8%
Estimated for year ending December 31, 2023	\$ 15,999,990	5.000	\$ 80,000		

NOTE: Property taxes collected in any one year may include collection of delinquent property taxes levied in prior years. Information received from the County Treasurer does not permit identification of specific year of levy.