

# **WILLOWBROOK WATER AND SANITATION DISTRICT**

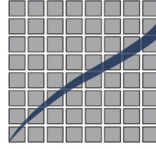
## **FINANCIAL STATEMENTS**

**DECEMBER 31, 2022 AND 2021**

## TABLE OF CONTENTS

---

<b>INDEPENDENT AUDITOR'S REPORT</b>	i
<b>BASIC FINANCIAL STATEMENTS</b>	
Statements of net position	1
Statements of revenues, expenses, and changes in net position	2
Statements of cash flows	3
Notes to financial statements	5
<b>SUPPLEMENTARY INFORMATION</b>	
Schedule of revenues and expenditures – budget compared to actual – budgetary basis	14
Reconciliation of amounts from US GAAP basis to budgetary basis	15



**BiggsKofford**

CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITOR'S REPORT

---

Board of Directors

**Willowbrook Water and Sanitation District**

Jefferson County, Colorado

### **Opinion**

We have audited the accompanying financial statements of the business-type activities of Willowbrook Water and Sanitation District ("District"), as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of December 31, 2022 and 2021, 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 Opinion**

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

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

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

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

## **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

## **Other Matters**

### *Required Supplementary Information*

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

## *Supplementary Information*

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

*BiggsKofford, P.C.*

Denver, Colorado  
September 27, 2023

**WILLOWBROOK WATER AND SANITATION DISTRICT**  
**STATEMENTS OF NET POSITION**  
**DECEMBER 31, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
<b><u>ASSETS</u></b>		
Current assets:		
Cash and investments	\$ 19,804,108	\$ 18,440,994
Accounts receivable	348,848	313,215
Property tax receivable	462,286	436,746
Receivable from County Treasurer	1,476	1,794
Interest receivable	4,675	4,675
Prepaid expenses	29,502	26,076
<u>Total current assets</u>	<u>20,650,895</u>	<u>19,223,500</u>
Non-current assets:		
Capital assets not being depreciated	254,340	170,393
Capital assets being depreciated	27,096,288	26,947,847
Accumulated depreciation	(16,353,129)	(15,734,606)
<u>Capital assets, net</u>	<u>10,997,499</u>	<u>11,383,634</u>
<u>Total assets</u>	<u>\$ 31,648,394</u>	<u>\$ 30,607,134</u>
<b><u>LIABILITIES</u></b>		
Accounts payable and accrued liabilities	\$ 218,175	\$ 195,368
Deposits payable	19,800	20,300
<u>Total liabilities</u>	<u>237,975</u>	<u>215,668</u>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>		
Deferred revenues	462,286	436,746
<u>Total deferred inflows of resources</u>	<u>462,286</u>	<u>436,746</u>
<b><u>NET POSITION</u></b>		
Invested in capital assets, net of related debt	10,997,499	11,383,634
Restricted	5,713,992	5,713,992
Unrestricted	14,236,642	12,857,094
<u>Total net position</u>	<u>30,948,133</u>	<u>29,954,720</u>
<u>Total liabilities, deferred inflows, and net position</u>	<u>\$ 31,648,394</u>	<u>\$ 30,607,134</u>

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

**WILLOWBROOK WATER AND SANITATION DISTRICT**  
**STATEMENTS OF REVENUES, EXPENSES, AND**  
**CHANGES IN NET POSITION**  
**YEARS ENDED DECEMBER 31, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
<b><u>OPERATING REVENUES</u></b>		
Water revenues	\$ 4,014,422	\$ 3,750,710
Sewer revenues	1,500,622	1,484,399
Late charges and shut offs	720	594
Meter sales	7,651	4,033
Other operating revenues	13,710	15,677
Total operating revenues	<u>5,537,125</u>	<u>5,255,413</u>
<b><u>OPERATING EXPENSES</u></b>		
Accounting	78,975	67,428
Administrative	138,836	124,084
Depreciation and amortization	618,520	776,992
Director's fees	5,813	7,320
District management	157,607	153,116
Engineering	129,795	120,750
Insurance	23,768	21,849
Legal	40,718	39,479
Small equipment	-	-
Utilities	127,042	113,129
Water and sewer costs, maintenance, and supplies	4,202,923	3,919,354
Total operating expenses	<u>5,523,997</u>	<u>5,343,501</u>
Net operating income	<u>13,128</u>	<u>(88,088)</u>
<b><u>NON-OPERATING REVENUES (EXPENSES)</u></b>		
County Treasurer's fees	(6,512)	(5,631)
Investment income	31,529	(10,275)
Property taxes	433,697	375,260
Specific ownership taxes	29,981	28,771
Tap fees	491,590	112,500
Net non-operating revenues	<u>980,285</u>	<u>500,625</u>
Change in net position	993,413	412,537
Net position, beginning of year	<u>29,954,720</u>	<u>29,542,183</u>
Net position, end of year	<u>\$ 30,948,133</u>	<u>\$ 29,954,720</u>

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

**WILLOWBROOK WATER AND SANITATION DISTRICT**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>		
Cash received from customers/operations	\$ 5,501,492	\$ 5,365,306
Cash payments to suppliers for goods and services	(4,886,596)	(4,582,565)
Net cash flows from operating activities	<u>614,896</u>	<u>782,741</u>
<b><u>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</u></b>		
Property taxes	433,697	375,260
Specific ownership taxes	30,299	28,572
County Treasurer's fees	(6,512)	(5,631)
Net cash flows from non-capital financing activities	<u>457,484</u>	<u>398,201</u>
<b><u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u></b>		
Tap fees	491,590	112,500
Acquisitions and construction of capital assets	(232,385)	(429,200)
Net cash flows from capital and related financing activities	<u>259,205</u>	<u>(316,700)</u>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>		
Interest expense	-	(21,687)
Investment income	31,529	11,407
Net cash flows from investing activities	<u>31,529</u>	<u>(10,280)</u>
Net change in cash and equivalents	1,363,114	853,962
Cash and equivalents, beginning of year	18,440,994	17,587,032
Cash and equivalents, end of year	<u>\$ 19,804,108</u>	<u>\$ 18,440,994</u>

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

**WILLOWBROOK WATER AND SANITATION DISTRICT**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
<b><u>RECONCILIATION OF OPERATING LOSS TO NET CASH FLOWS FROM OPERATING ACTIVITIES</u></b>		
Net operating income	\$ 13,128	\$ (88,088)
Adjustments to reconcile net operating income to net cash flows from operating activities:		
Depreciation	618,520	776,992
Decrease (increase) in operating assets:		
Accounts receivable	(35,633)	109,893
Interest receivable	-	(4,675)
Prepaid expenses	(3,426)	(2,989)
Increase (decrease) in operating liabilities:		
Accounts payable related to operations	22,807	(13,130)
Deposits	(500)	4,738
Net cash flows from operating activities	<u>\$ 614,896</u>	<u>\$ 782,741</u>

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

**WILLOWBROOK WATER AND SANITATION DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

---

**1. DEFINITION OF REPORTING ENTITY**

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

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

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

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

Basis of accounting

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

Operating revenues and expenses

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

Use of estimates

The preparation of financial statements in accordance US GAAP requires the District to use estimates and assumptions. Those estimates and assumptions affect the reported balances of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses. Actual results could vary from the estimates.

See independent auditor's report.

**WILLOWBROOK WATER AND SANITATION DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

---

Budgets

In accordance with state budget law, 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 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 appropriation is at the total fund expenditures level and lapses at year end.

Cash and investments

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

The District estimates that the fair values of all financial instruments as of December 31, 2022 and 2021, do not differ materially from the aggregate carrying values of its financial instruments as recorded in the accompanying statements of net position. The carrying values of these financial instruments approximate fair values because of the short maturity of the underlying instruments.

Accounts receivable

Water and sewer billings are considered past due if not paid within 45 days. The District posts a 48-hour notice of shut off directly at the site and will charge a shut-off fee if not paid within the 48 hours. As of December 31, 2022 and 2021, the District considers accounts receivable to be fully collectable and no allowance for doubtful accounts has been recorded.

Property taxes

Property taxes are levied by the District's board of directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 and attaches as an enforceable lien 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 or, at the taxpayer's election, in February and June in equal installments. Delinquent taxpayers are notified in August and sales of the tax liens on delinquent properties are generally held in November or December. The County Treasurer remits the taxes collected to the District monthly.

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

Capital assets

Capital assets, which include property, equipment and water distribution systems, are defined by the District as assets with an initial individual cost of more than \$5,000 and a useful life greater than one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Contributed capital assets are recorded at estimated acquisition value at the date of contribution. Depreciation expense has been computed using the straight-line method over the estimated economic useful lives of the assets as follows:

Water distribution system	25 - 40 years
Equipment	5 - 10 years

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

See independent auditor's report.

**WILLOWBROOK WATER AND SANITATION DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

---

Deferred inflows of resources

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

Net position

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.

**3. CASH AND INVESTMENTS**

Cash and investments as of December 31, 2022 and 2021, are classified in the accompanying financial statements as follows:

	<b>2022</b>	<b>2021</b>
Cash and investments	\$ 19,804,108	\$ 18,440,994

The carrying amounts of cash and investments, which equal estimated fair value, as of December 31, 2022 and 2021 are as follows:

	<b>2022</b>	<b>2021</b>
Deposits with financial institutions	\$ 2,497,095	\$ 3,098,703
Investments	17,307,013	15,342,291
	\$ 19,804,108	\$ 18,440,994

The Colorado Public Deposit Protection Act ("PDPA") requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least equal to 102% of the aggregate uninsured deposits.

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

As of December 31, 2022, the District had cash deposits with a bank balance of \$2,672,285 and a carrying balance of \$2,497,095. As of December 31, 2021, the District had cash deposits with a bank balance of \$3,105,385 and a carrying balance of \$3,098,703.

Investments

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

See independent auditor's report.

**WILLOWBROOK WATER AND SANITATION DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

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

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

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

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

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

Investment	Maturity	Amount
Liquid Asset Trust (COLOTRUST)	Weighted average under 60 days	\$ 15,494,454
Federal Home Loan Bank Bond 3130AMTQ5	12/30/2024	923,472
Federal Home Loan Bank Bond 3130AMWK4	07/14/2026	889,087
Total investments		<u>\$ 17,307,013</u>

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

Investment	Maturity	Amount
Liquid Asset Trust (COLOTRUST)	Weighted average under 60 days	\$ 13,363,978
Federal Home Loan Bank Bond 3130AMTQ5	12/30/2024	989,113
Federal Home Loan Bank Bond 3130AMWK4	07/14/2026	989,200
Total investments		<u>\$ 15,342,291</u>

Government and agency bonds

Government and agency bonds consist of US Treasury notes, Federal Farm Credit Bank bonds, Federal Farm Home Loan Bank bonds, and Federal National Mortgage Association bonds. Such investments may not exceed 75% of the total par value of the District's portfolio. Federal Home Loan Bank Bonds are rated AA+ by Standard & Poor's.

See independent auditor's report.

**WILLOWBROOK WATER AND SANITATION DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

---

COLOTRUST

The District invested in the Colorado Local Government Liquid Asset Trust ("COLOTRUST" or "Trust"), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all state statutes governing the Trust. The Trust offers three portfolios: COLOTRUST, PRIME, COLOTRUST PLUS+, and COLOTRUST EDGE.

COLOTRUST PRIME and COLOTRUST PLUS+, which operate similarly to a money market fund in which each share is equal in value to \$1, offer daily liquidity. Both portfolios may invest in US Treasury securities and repurchase agreements collateralized by US Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of US government agencies, highest rated commercial paper, and any security allowed under CRS 24-75-601.

COLOTRUST EDGE, a variable net asset value ("NAV") local government investment pool, offers weekly liquidity and is managed to approximate a \$10 transactional share price. COLOTRUST EDGE may invest in US Treasury securities, repurchase agreement collateralized by US Treasury securities, certain obligations of US government agencies, and highest rated commercial paper.

A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. COLOTRUST PRIME and COLOTRUST PLUS+ are rated AAAM by Standard & Poor's. COLOTRUST EDGE is rated AAAs/S1 by FitchRatings. COLOTRUST records its investment at fair value and the District records its investment in COLOTRUST at NAV as determined by fair value. There are no unfunded commitments, the redemption frequency is daily or weekly, and there is no redemption notice period.

Investment valuation

Certain investments are measured at fair value within the fair value hierarchy established by US GAAP. The hierarchy is based on the inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; level 2 inputs are significant observable other inputs; and level 3 inputs are significant unobservable inputs. Investments measured at net asset value ("NAV"), such as COLOTRUST, are excluded from the fair value hierarchy.

As of December 31, 2022, the fair values of the District's investments were as follows:

Investment	Level 1	Level 2	Level 3	Total
Government and agency bonds	\$ -	\$ 1,812,559	\$ -	\$ 1,812,559

As of December 31, 2021, the fair values of the District's investments were as follows:

Investment	Level 1	Level 2	Level 3	Total
Government and agency bonds	\$ -	\$ 1,978,313	\$ -	\$ 1,978,313

See independent auditor's report.

**WILLOWBROOK WATER AND SANITATION DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

**4. CAPITAL ASSETS**

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

	Balance 01-01-2022	Additions	Dispositions	Reclassifications	Balance 12-31-22
Capital assets, not being depreciated:					
Land	\$ 90,000	\$ -	\$ -	\$ -	\$ 90,000
Construction in progress	80,393	83,947	-	-	164,340
Totals capital assets not being depreciated	170,393	-	-	-	254,340
Capital assets being depreciated:					
Plant, mains equipment, and easements	26,839,306	148,438	-	-	26,987,744
Study, water projects	49,621	-	-	-	49,621
Furniture, equipment, and improvements	58,920	-	-	-	58,920
Totals capital assets being depreciated	26,947,847	148,438	-	-	27,096,285
Less accumulated depreciation:					
Plant, mains equipment, and easements	(15,626,565)	(618,520)	-	-	(16,245,085)
Study, water projects	(49,621)	-	-	-	(49,621)
Furniture, equipment, and improvements	(58,420)	-	-	-	(58,420)
Total accumulated depreciation	(15,734,606)	(618,520)	-	-	(16,353,126)
Capital assets, net	<u>\$ 11,383,634</u>	<u>\$ (470,082)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,997,499</u>

See independent auditor's report.

**WILLOWBROOK WATER AND SANITATION DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

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

	Balance 01-01-2021	Additions	Dispositions	Reclassifications	Balance 12-31-2021
Capital assets, not being depreciated:					
Land	\$ 90,000	\$ -	\$ -	\$ -	\$ 90,000
Construction in progress	1,104,710	281,591		(1,305,908)	80,393
Totals capital assets, not being depreciated	1,194,710	281,591	-	(1,305,908)	170,393
Capital assets, being depreciated:					
Plant, mains equipment, and easements	25,386,289	1,453,017	-	-	26,839,306
Study, water projects	49,621	-	-	-	49,621
Furniture, equipment, and improvements	58,420	500	-	-	58,920
Totals capital assets, depreciable	25,494,330	1,453,517	-	-	26,947,847
Less accumulated depreciation:					
Plant, mains equipment, and easements	(14,849,573)	(776,992)	-	-	(15,626,565)
Study, water projects	(49,621)	-	-	-	(49,621)
Furniture, equipment and improvements	(58,420)	-	-	-	(58,420)
Total accumulated depreciation	(14,957,614)	(776,992)	-	-	(15,734,606)
Capital assets, net	<u>\$ 11,731,426</u>	<u>\$ 958,116</u>	<u>\$ -</u>	<u>\$ (1,305,908)</u>	<u>\$ 11,383,634</u>

Depreciation expense for the year ended December 31, 2022 and 2021, totaled \$618,520 and \$776,992, respectively.

**5. DEBT AUTHORIZATION**

The District has no authorized and unissued debt.

**6. INTERGOVERNMENTAL AGREEMENTS**

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

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

See independent auditor's report.

**WILLOWBROOK WATER AND SANITATION DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

---

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

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

**7. CONCENTRATIONS**

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

**8. RISK MANAGEMENT**

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

The District is a member of the Colorado Special Districts Property and Liability Pool ("Pool") as of December 31, 2022 and 2021. The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials' liability, boiler and machinery, and workers' compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past four fiscal years.

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

**9. TAX, SPENDING, AND DEBT LIMITATIONS**

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights ("TABOR"), contains tax, spending, revenue, and debt limitations which apply to the state of Colorado and all local governments within the state of Colorado.

Spending and revenue limits are determined based on the prior 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. Revenues in excess of the fiscal year spending limit must be refunded unless the voters approve retention of such revenues.

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.

District management believes the District 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, will likely require judicial interpretation.

\* \* \* \* \*

See independent auditor's report.

## **SUPPLEMENTARY INFORMATION**

**WILLOWBROOK WATER AND SANITATION DISTRICT**  
**SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGET COMPARED TO ACTUAL - BUDGETARY BASIS**  
**YEAR ENDED DECEMBER 31, 2022**

	<b>Original and Final Budget</b>	<b>Actual</b>	<b>Variance</b>
<b><u>OPERATING REVENUES</u></b>			
Water revenues	\$ 3,888,818	\$ 3,795,729	\$ (93,089)
Sewer revenues	1,487,582	1,370,467	(117,115)
Late charges and shut offs	-	720	720
Meter sales	14,400	7,651	(6,749)
Other operating revenues	16,801	13,710	(3,091)
<b>Total operating revenues</b>	<b>5,407,601</b>	<b>5,188,277</b>	<b>(219,324)</b>
<b><u>OPERATING EXPENDITURES</u></b>			
Accounting	74,000	78,975	(4,975)
Administrative	167,314	138,836	28,478
Capital improvements	2,733,000	-	2,733,000
Contingency	100,000	-	100,000
Director's fees	6,997	5,813	1,184
District management	171,921	157,607	14,314
Engineering	129,000	129,795	(795)
Insurance	24,000	23,768	232
Legal	71,200	40,718	30,482
Small equipment	-	-	-
Utilities	131,658	127,042	4,616
Water and sewer costs, maintenance, and supplies	4,713,612	4,202,923	510,689
<b>Total operating expenditures</b>	<b>8,322,702</b>	<b>4,905,477</b>	<b>3,417,225</b>
<b><u>NON-OPERATING REVENUES (EXPENDITURES)</u></b>			
County Treasurer's fees	(6,576)	(6,512)	64
Investment income	27,250	31,529	(4,279)
Property taxes	438,421	433,697	4,724
Specific ownership taxes	30,000	29,981	19
Tap fees	506,250	491,590	14,660
<b>Net non-operating revenues</b>	<b>995,345</b>	<b>980,285</b>	<b>15,188</b>
<b>Change in net position budgetary basis</b>	<b>\$ (1,919,756)</b>	<b>\$ 1,263,085</b>	<b>\$ 3,213,089</b>

See independent auditor's report.

**WILLOWBROOK WATER AND SANITATION DISTRICT**  
**RECONCILIATION OF AMOUNTS FROM**  
**US GAAP BASIS TO BUDGETARY BASIS**  
**YEAR ENDED DECEMBER 31, 2022**

---

The accompanying supplementary Schedule of Revenues and Expenditures – Budget Compared to Actual on page 14 presents comparisons of the legally adopted budget with actual data on a budgetary basis. Because accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with US GAAP, a reconciliation of differences in revenues and expenditures for the year ended December 31, 2022 is presented below.

Total revenue and receipts per financial statements (operating revenues, non-operating revenues, and capital contributions)	\$ 6,523,922
 Less:	
Revenue accruals and non-cash adjustments for the year ended December 31, 2022	(348,848)
 Total actual revenue and receipts per the budget	 <u>\$ 6,175,074</u>
 Total expenses and capital expenditures per financial statements	
	\$ 5,530,509
 Less:	
Depreciation expense	(618,520)
 Total actual expenditures and capital expenditures per the budget	 <u>\$ 4,911,989</u>

See independent auditor's report.