Winter Park Water and Sanitation District
Grand County, Colorado

FINANCIAL STATEMENTS

With Independent Auditor’s Report

12/31/2022 and 2021

Winter Park Water and Sanitation District

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Winter Park Water and Sanitation District
Grand County, Colorado

Opinions

We have audited the accompanying financial statements of Winter Park Water and Sanitation District (the 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 accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the District as of December 31, 2022 and 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits 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.

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 for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Fiscal Focus Partners, LLC

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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 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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages IV through IX 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 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.

Supplemental Information

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

Fiscal Focus Partners, LLC

Arvada, Colorado
July 20, 2023

Winter Park Water and Sanitation District
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2022

The discussion and analysis of Winter Park Water and Sanitation District's financial performance provides an overall review of the District's financial activities for the year ended 12/31/2022. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should review the information presented here in conjunction with the basic financial statements and the notes to financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

- Assets of the District exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by $28,174,839 (net position). Of this amount, $18,037,858 (unrestricted net position) may be used to meet the government's ongoing obligations to its citizens and creditors.

- The District's total net position increased by $2,456,491 over the prior fiscal year, primarily due to collections of tap fees of $2,568,344.

- Service revenues increased by 3.7% from the prior year. The District collected $51,805 more in water and sewer service fees in 2022 due to development in the District, including a workforce housing project.

- Operating expenses increased $343,883 (21.4%) from the prior year, largely due to an increase in depreciation expense resulting from the placement of the Jim Creek improvements into service, as well as higher lifecycle replacement, water rights and maintenance costs.

- Revenues from tap fees increased $1,160,399 from the prior year due to a workforce housing project in the District that generated $1,861,485 in tap fees in 2022.

- The District invested $438,726 in infrastructure, plant and equipment.

- The District recorded unrecognized losses on certain fixed-rate investments totaling $258,966 resulting from increases in interest rates during the year, which led to market value declines.

Overview of the Financial Statements

The Winter Park Water and Sanitation District basic financial statements included in this report are those of a special-purpose government engaged in a business-type activity, providing water and wastewater services. The statements are comprised of two components: 1) basic financial statements and 2) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Basic Financial Statements. The basic financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The S*tatement of Net Position* presents information on all of the District's assets and liabilities and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The S*tatement of Revenues, Expenses and Changes in Net Position* presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned compensation). The statement reports the District's operating and nonoperating revenue by source along with operating and nonoperating expenses.

The S*tatement of Cash Flows* reports the District's cash flows from operating activities, investing, capital and noncapital activities.

The *Notes to the financial statements* provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

A budgetary comparison statement has been provided in the *supplemental information* to demonstrate compliance with the budget.

Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Winter Park Water and Sanitation District, assets exceeded liabilities and deferred inflows of resources by $28,174,839 at the close of the most recent fiscal year.

Winter Park Water and Sanitation District
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2022
(continued)

Statements of Net Position

	December 31,		
	2022	**2021**	**2020**
Current assets	$ 18,541,779	$ 16,049,624	$ 14,579,072
Capital assets	10,080,881	10,276,109	9,901,688
Other assets	13,551	13,551	13,551
Total assets	28,636,211	26,339,284	24,494,311
Current liabilities	90,970	169,688	161,622
Long-term liabliites	-	-	89,000
Total liabilities	90,970	169,688	250,622
Deferred inflows of resources	370,402	451,248	385,768
Net position:			
Net investment in capital assets	10,080,881	10,187,109	9,727,688
Restricted	56,100	62,700	92,500
Unrestricted	18,037,858	15,468,539	14,037,733
Net position	$ 28,174,839	$ 25,718,348	$ 23,857,921

The District has 36 percent of its net position invested in capital assets (e.g., infrastructure, plant, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to citizens; consequently, this net position is *not* available for future spending.

Changes in Net Position

	For the Years Ended December 31,		
	2022	**2021**	**2020**
Revenues			
Operating revenue			
Water and sewer services	$ 1,457,321	$ 1,405,516	$ 1,386,645
Reimbursements	-	244,651	1,145,563
Miscellaneous income	19,294	23,043	16,584
Nonoperating revenue			
Taxes	479,368	413,170	409,097
Net investment income	(89,024)	2,047	126,509
Capital contributions			
Tap fees	2,568,344	1,407,945	249,480
Total revenues	4,435,303	3,496,372	3,333,878
Expenses			
Operating expenses			
Water operations	713,748	584,034	655,073
Sewer operations	606,346	556,878	534,978
Depreciation	633,954	469,253	464,908
Nonoperating expenses			
County Treasurer fees	22,539	19,205	19,077
Loan agent fees	-	-	-
Loan interest	2,225	6,575	10,725
Amortization	-	-	-
Total expenses	1,978,812	1,635,945	1,684,761
Change in net position	2,456,491	1,860,427	1,649,117
Net position - beginning	25,718,348	23,857,921	22,208,804
Net position - ending	$ 28,174,839	$ 25,718,348	$ 23,857,921

Budgetary Highlights

The District prepares its budget on the modified accrual basis of accounting to recognize the fiscal impact of capital outlay and debt repayment in addition to operations and nonoperating revenue and expenses and contributions. Depreciation is not reflected in the budget since it does not affect funds available. Funds available (current assets, exclusive of property taxes receivable, less current liabilities, exclusive of current portion of long-term debt) increased by $2,821,685.

Growth in 2022 did not require water or wastewater treatment plant expansion. Tap fee revenues will be reserved for future capital projects.

Capital Assets

The District's net investment in capital assets as of 12/31/2022, 2021 and 2020 was as follows:

Capital Assets

	December 31,		
	2022	**2021**	**2020**
Land	$ 105,793	$ 105,793	$ 105,793
Water rights	965,509	965,509	965,509
Construction in progress	-	2,292,087	1,700,683
Plant and improvements	11,778,164	11,339,438	11,339,438
Water storage tanks	2,488,304	2,488,304	2,488,304
Infrastructure	6,603,926	4,311,839	4,059,569
Vehicles	207,674	207,674	207,674
Equipment	442,863	442,863	442,863
Total assets	22,592,233	22,153,507	21,309,833
Accumulated depreciation	(12,511,352)	(11,877,399)	(11,408,145)
Net capital assets	$ 10,080,881	$ 10,276,108	$ 9,901,688

Additional information relating to the District's capital assets activity can be found in Note 4 of this report.

The following is an analysis of the condition of District infrastructure:

- The water and wastewater system are in very good shape for the foreseeable future.
- The water treatment plant and distribution system have plenty of capacity for future growth.
- The District continues an aggressive maintenance program and the condition of the water and wastewater infrastructure remains good.

Debt Administration

As of 12/31/2022 the District had no debt obligations. During 2022, all of the remaining general obligation bonded debt was retired.

Additional detail on the District's debt is in Note 5 of this report.

Economic Factors and Next Year's Budget

The District is anticipating moderate growth, with tap fee revenue returning to a more normal level in 2023. Accordingly, tap fee revenue budgeted for 2023 is $173,250. As always, the budget is created with Total Budgeted Revenue (less tap revenue) covering Budgeted Operation/Maintenance expenses.

The District's 2023 budget does not include any capital reimbursements pursuant to the agreement with Denver Water and Grand County.

Legal counsel and District staff continue to study and monitor water supply and water rights which are necessary to sustain our business of providing water and being able to meet future demand.

Capital project expenditures are itemized based on 'growth' (projects necessary due to new customers coming on line) and 'district' (projects necessary to upgrade existing infrastructure for old and new customers). Thus, 'growth' projects are done only if and when tap fee revenue is available.

Requests for Information

This financial report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

District Manager
Winter Park Water and Sanitation District
P.O. Box 7
Winter Park, Colorado 80482

BASIC FINANCIAL STATEMENTS

Winter Park Water and Sanitation District

STATEMENTS OF NET POSITION

December 31, 2022 and 2021

	2022	2021
ASSETS		
Current assets		
Cash and cash equivalents	$ 5,034,578	$ 5,628,029
Cash and cash equivalents - restricted	56,100	62,700
Investments	12,910,376	9,754,023
Accounts receivable - users	138,498	122,488
Accounts receivable - County Treasurer	2,038	2,573
Accrued interest receivable	1,661	1,355
Property taxes receivable	370,402	451,248
Prepaid expenses	28,126	27,208
Total current assets	18,541,779	16,049,624
Capital assets, net	10,080,881	10,276,109
Other assets		
Deposits	13,551	13,551
Total other assets	13,551	13,551
Total assets	28,636,211	26,339,284
LIABILITIES		
Current liabilities		
Accounts payable	58,582	47,624
Accrued salaries, benefits and related liabilities	32,388	33,064
Current portion of long-term debt	-	89,000
Total current liabilities	90,970	169,688
Long-term obligations	-	-
Total liabilities	90,970	169,688
DEFERRED INFLOWS OF RESOURCES		
Deferred property taxes	370,402	451,248
Total deferred inflows of resources	370,402	451,248
NET POSITION		
Net investment in capital assets	10,080,881	10,187,109
Restricted	56,100	62,700
Unrestricted	18,037,858	15,468,539
Total net position	$ 28,174,839	$ 25,718,348

The accompanying Notes to Financial Statements are an integral part of these statements.

Winter Park Water and Sanitation District

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the Years Ended December 31, 2022 and 2021

	2022	2021
OPERATING REVENUES		
Water and sewer services	$ 1,457,321	$ 1,405,516
Reimbursements	-	244,651
Miscellaneous income	19,294	23,043
Total operating revenues	1,476,615	1,673,210
OPERATING EXPENSES		
Water operations - administrative	188,909	175,017
Water operations - maintenance	524,839	409,017
Sewer operations - administrative	176,850	164,843
Sewer operations - maintenance	429,496	392,035
Depreciation	633,954	469,253
Total operating expenses	1,954,048	1,610,165
OPERATING INCOME (LOSS)	(477,433)	63,045
NONOPERATING REVENUES		
Property taxes	451,674	383,365
Specific ownership taxes	27,694	29,805
Net investment income (loss)	(89,024)	2,047
Total nonoperating revenues	390,344	415,217
NONOPERATING EXPENSES		
County Treasurer fees	22,539	19,205
Loan interest	2,225	6,575
Total nonoperating expenses	24,764	25,780
INCOME BEFORE CAPITAL CONTRIBUTIONS	(111,853)	452,482
CAPITAL CONTRIBUTIONS		
Tap fees	2,568,344	1,407,945
CHANGE IN NET POSITION	2,456,491	1,860,427
NET POSITION - beginning of year	25,718,348	23,857,921
NET POSITION - end of year	$ 28,174,839	$ 25,718,348

The accompanying Notes to Financial Statements are an integral part of these statements.

Winter Park Water and Sanitation District

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2022 and 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	$ 1,460,605	$ 1,691,409
Payments to suppliers for goods and services	(796,700)	(656,745)
Payments to employees for services	(514,030)	(480,657)
Net cash provided (used) by operating activities	149,875	554,007
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Property taxes	452,209	383,223
Specific ownership taxes	27,694	29,805
County Treasurer's fees	(22,539)	(19,205)
Net cash provided (used) by noncapital financing activities	457,364	393,823
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Tap fees	2,568,344	1,407,945
Acquisition of fixed assets	(438,726)	(843,674)
Debt principal payments	(89,000)	(85,000)
Interest paid on debt	(2,225)	(6,575)
Net cash provided (used) by capital and related financing activities	2,038,393	472,696
CASH FLOWS FROM INVESTING ACTIVITIES		
Net redemption/(purchase) of investments	(3,415,319)	256,181
Interest earnings received	169,636	51,373
Net cash provided (used) by investing activities	(3,245,683)	307,554
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(600,051)	1,728,080
CASH AND CASH EQUIVALENTS - beginning of year	5,690,729	3,962,649
CASH AND CASH EQUIVALENTS - end of year	$ 5,090,678	$ 5,690,729

(continued)

The accompanying Notes to Financial Statements are an integral part of these statements.

Winter Park Water and Sanitation District

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2022 and 2021
(continued)

	2022	2021
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income (loss)	$ (477,433)	$ 63,045
Adjustments to reconcile operating income (loss) to net cash provided by operating activities		
Depreciation and amortization	633,954	469,253
Change in assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	(16,010)	18,199
Prepaid expenses	(918)	(556)
Increase (decrease) in:		
Accounts payable	10,958	5,439
Accrued salaries, benefits and related liabilities	(676)	(1,373)
Total adjustments	627,308	490,962
Net cash provided (used) by operating activities	$ 149,875	$ 554,007

The accompanying Notes to Financial Statements are an integral part of these statements.

Note 1 – Definition of reporting entity

The District, a quasi-municipal corporation and political subdivision of the State of Colorado, is governed pursuant to the provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District's service area is located in eastern Grand County, Colorado. The District was organized in 1966 to provide water and sanitation services within the District's boundaries.

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

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.

Basis of Accounting

The District's financial statements are reported using the accrual basis of accounting. Revenue is recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of related cash flows. Depreciation is computed and recorded as an operating expense. Expenditures for capital assets are shown as increases in assets and payments on loans are recorded as reductions in liabilities. Tap fees and contributed assets from developers are recorded as capital contribution revenue when received or collectible.

Operating revenues and expenses

The District distinguishes between operating revenues and expenses from 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 sewer 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 capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses or capital contributions.

Cash equivalents

For purposes of the Statement of Cash Flows, the District considers cash deposits and highly liquid investments with original maturities of three months or less from the date of acquisition, to be cash equivalents.

Accounts receivable, allowance for doubtful accounts

User fees and tap fees constitute a perpetual lien on or against property served until paid. Such liens may be foreclosed upon as provided by the State of Colorado. Therefore, no provision for uncollectible receivables has been made in the financial statements.

Property Taxes

Property taxes are levied 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 or 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 and December. The County Treasurer remits the taxes collected monthly to the District.

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred inflows of resources in the year they are levied and measureable. The deferred property tax revenues are recorded as revenue in the year they are available or collected.

Capital assets

Capital assets include land, water rights, water and sewer plants and systems, equipment and vehicles. Capital assets are defined by the District as those assets with an initial, individual cost of $3,000 or greater. 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 or at the developer's cost.

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 fixed assets, as applicable. Interest incurred during the construction phase of capital assets is not included as part of the capitalized value of the assets constructed.

Depreciation expense has been computed using the straight-line method over the following estimated economic useful lives:

Plant and improvements	5 to 50 years
Water storage tanks	30 to 50 years
Water distribution system	10 to 40 years
Vehicles	5 years
Other equipment	5 to 10 years

Water rights

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

Compensated absences

The District has a policy that allows employees to accumulate unused paid time off up to a certain maximum number of hours. Compensated absences are accrued when incurred in the financial statements.

Capital contributions

Tap fees are recorded as capital contribution revenue when received. Water and sewer lines contributed to the District by developers are recorded as capital contributions and additions to the water and sewer system when received.

Debt issue costs

Debt issuance costs are expensed in the period incurred.

Budgets

In accordance with the 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 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 total appropriation can only be modified upon completion of notification and publication requirements.

Note 3 – Cash and investments

Cash and investments are reflected on the 12/31/2022 and 2021 Statements of Net Position as follows:

	2022	2021
Cash and cash equivalents	$ 5,034,578	$ 5,628,029
Cash and cash equivalents - restricted	56,100	62,700
Investments	12,910,376	9,754,023
Total cash and investments	$ 18,001,054	$ 15,444,752

Cash and investments as of 12/31/2022 and 2021 consist of the following:

	2022	2021
Deposits with financial institutions	$ 5,090,678	$ 5,690,729
Investments	12,910,376	9,754,023
Total cash and investments	$ 18,001,054	$ 15,444,752

At 12/31/2022 and 2021, the District's cash deposits had bank balances of $5,091,780 and $5,718,090, respectively, and carrying balances of $5,090,678 and $5,690,729, respectively.

Deposits with financial institutions

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. As of 12/31/2022 and 2021, the federal insurance limit was $250,000. 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.

Custodial credit risk - deposits

Custodial credit risk is the risk that in the event of a bank failure, the District’s deposits may not be returned to it. The District has not adopted a deposit policy for custodial credit risk.

As of 12/31/2022 and 2021, the District's bank balances and carrying balances were insured or collateralized as follows:

	2022	2021
Bank balances:		
Federally insured	$ 869,142	$ 2,000,000
Collateralized	4,222,638	3,718,090
Total bank balances	$ 5,091,780	$ 5,718,090
Carrying balances:		
Federally insured	$ 869,142	$ 2,000,000
Collateralized	4,221,536	3,690,729
Total carrying balances	$ 5,090,678	$ 5,690,729

Investments

The District's investment policy restricts investments to only those permitted by state statutes. Additionally, the District's policy is to hold investments until maturity.

The District primarily limits its investments to certain money market funds, federal government and agency securities, and local government investments pools, 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 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 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 including the following:

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

Fair Value Measurement and Application

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation 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 other observable inputs; and Level 3 inputs are significant unobservable inputs. Investments not measured at fair value and not categorized include governmental money market funds (PFM Funds Governmental Select series); money market funds (generally held by Bank Trust Departments in their role as paying agent or trustee); and CSAFE which record their investments at amortized costs.

The local government investment pools, which include the Colorado Surplus Asset Fund Trust (CSAFE) and the Colorado Local Government Liquid Asset Trust (Colotrust), have ratings as noted below.

As of 12/31/2022 and 2021, the District had the following investments:

Investment	Maturity	2022	2021
U.S. government/agency securities	Less than 5 years	$ 4,140,913	$ 3,120,182
Colorado Surplus Asset Fund Trust (CSAFE)	Weighted average under 60 days	2,186,919	1,603,565
Colorado Surplus Asset Fund Trust (CSAFE) - Colorado CORE	Weighted average under 180 days	2,557,585	1,967,919
Colorado Liquid Asset Trust (Colotrust)	Less than 1 year	4,024,959	3,062,357
Total investments		$ 12,910,376	$ 9,754,023

U.S. Government and U.S. Government Agency Securities

As of 12/31/2022, the District had $4,140,913 invested in U.S. Government agency securities rated AAA by Fitch Ratings and Aaa by Moody's. CSAFE is rated AAAmmf by Fitch Ratings and Colotrust is rated AAAm by Standard & Poor's. These investments are valued using Level 1 inputs.

CSAFE

The District invested in the Colorado Surplus Asset Fund Trust (CSAFE), which is an investment vehicle established by state statute for local government entities to pool surplus assets. CSAFE offers funds in two portfolios, CSAFE Cash and CSAFE Colorado Core (CORE). The State Securities Commissioner administers and enforces all State statutes governing CSAFE. CSAFE is similar to a money market fund, with each share valued at $1.00. CSAFE Cash may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain money market funds and highest rated commercial paper. A designated custodial bank serves as custodian for CSAFE Cash's portfolio pursuant to a custodian agreement. The custodian acts as safekeeping agent for CSAFE Cash's investment portfolio and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by CSAFE Cash. CSAFE Cash is rated AAAmmf by Fitch Ratings. CSAFE measures all of its investments at amortized cost with a weighted average maturity of 60 days or less. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period. CORE authorized securities primarily include highly rated commercial paper and corporate bonds, bank deposits (collateralized through PDPA) and other Colorado LGIP funds inclusive of other funds offered by CSAFE as allowed. CORE operates similarly to a money market fund and each share is equal in value to $2.00. CORE measures all of its investments at amortized cost with a weighted average maturity of 180 days or less. CORE is rated AAAf/S1 by Fitch Ratings. There are no unfunded commitments, the redemption frequency is daily or weekly, and there is no redemption notice period.

COLOTRUST

The District invests 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. Colotrust offers shares in three portfolios, COLOTRUST PRIME (PRIME), COLOTRUST PLUS+ (PLUS), and COLOTRUST EDGE (EDGE). Colotrust operates similarly to a money market fund and each share of PRIME and PLUS is equal in value to $1.00, and EDGE shares are approximately equal to $10.00. Each portfolio may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. PLUS and EDGE may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and repurchase agreements collateralized by certain obligations of U.S. government agencies. 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. PRIME and PLUS are rated AAAm by Standard & Poor's, and EDGE is rated AAAF/S1 by Fitch Ratings. Colotrust records its investments at fair value and the District records its investment in Colotrust at net asset value as determined by fair value. There are no unfunded commitments, the redemption frequency is daily or weekly, and there is no redemption notice period.

Restricted cash and investments

The District had restricted cash of $56,100 and $62,700 for emergencies as required by Article X, Section 20 of the Constitution of the State of Colorado (see Note 8), as of 12/31/2022 and 2021.

Note 4 – <u>Capital assets</u>

Capital asset activity for the year ended 12/31/2022 was as follows:

	Balance at December 31, 2021	Increases	Decreases	Balance at December 31, 2022
Capital assets, not being depreciated				
Land	$ 105,793	$ -	$ -	$ 105,793
Construction in progress	2,292,087	-	(2,292,087)	-
Water rights	965,509	-	-	965,509
Total capital assets, not being depreciated	3,363,389	-	(2,292,087)	1,071,302
Capital assets being depreciated				
Plant, buildings and improvements	11,339,438	438,726	-	11,778,164
Water storage tanks	2,488,304	-	-	2,488,304
Infrastructure	4,311,839	2,292,087	-	6,603,926
Vehicles	207,674	-	-	207,674
Office and other equipment	442,863	-	-	442,863
Total capital assets being depreciated	18,790,118	2,730,813	-	21,520,931
Less accumulated depreciation for				
Plant and improvements	7,591,232	275,601	-	7,866,833
Water storage tanks	1,398,003	38,289	-	1,436,292
Infrastructure	2,386,309	296,379	-	2,682,688
Vehicles	190,495	8,589	-	199,084
Office and other equipment	311,360	15,095	-	326,455
Total accumulated depreciation	11,877,399	633,953	-	12,511,352
Total capital assets being depreciated, net	6,912,719	2,096,860	-	9,009,579
Capital assets, net	$ 10,276,108	$ 2,096,860	$ (2,292,087)	$ 10,080,881

Capital asset activity for the year ended December 31, 2021 was as follows:

	Balance at December 31, 2020	Increases	Adjustments/ Decreases	Balance at December 31, 2021
Capital assets, not being depreciated				
Land	$ 105,793	$ -	$ -	$ 105,793
Construction in progress	1,700,683	591,404	-	2,292,087
Water rights	965,509	-	-	965,509
Total capital assets, not being depreciated	2,771,985	591,404	-	3,363,389
Capital assets being depreciated				
Plant and improvements	11,339,438	-	-	11,339,438
Water storage tanks	2,488,304	-	-	2,488,304
Infrastructure	4,059,569	252,270	-	4,311,839
Vehicles	207,674	-	-	207,674
Office and other equipment	442,863	-	-	442,863
Total capital assets being depreciated	18,537,848	252,270	-	18,790,118
Less accumulated depreciation for				
Plant and improvements	7,315,631	275,601	-	7,591,232
Water storage tanks	1,359,714	38,289	-	1,398,003
Infrastructure	2,255,634	130,675	-	2,386,309
Vehicles	181,906	8,589	-	190,495
Office and other equipment	295,260	16,100	-	311,360
Total accumulated depreciation	11,408,145	469,254	-	11,877,399
Total capital assets being depreciated, net	7,129,703	(216,984)	-	6,912,719
Capital assets, net	$ 9,901,688	$ 374,420	$ -	$ 10,276,108

Depreciation expense of $633,953 and $469,254 for the years ended 12/31/2022 and 2021, respectively, was charged to water and sewer operations.

Note 5 – Long term obligations

The following is an analysis of the changes in the District's long-term obligations for the year ended 12/31/2022:

	Balance at December 31, 2021	Additions	Reductions	Balance at December 31, 2022	Due Within One Year
General Obligation Water Bonds	$ 89,000	$ -	$ 89,000	$ -	$ -
	$ 89,000	$ -	$ 89,000	$ -	$ -

The following is an analysis of the changes in the District's long-term obligations for the year ended 12/31/2021:

	Balance at December 31, 2020	Additions	Reductions	Balance at December 31, 2021	Due Within One Year
General Obligation Water Bonds	$ 174,000	-	$ 85,000	$ 89,000	$ 89,000
	$ 174,000	-	$ 85,000	$ 89,000	$ 89,000

General Obligation Refunding Water Bonds

On April 1, 1982, the District issued $1,603,000 in general obligation refunding bonds, which were purchased by the Farmers Home Administration, to refund bonds issued for the acquisition of a water distribution and treatment system. The bonds had a 5% annual interest rate and had varying maturities through October 1, 2022. All of the remaining bonds were paid during 2022, and accordingly, as of 12/31/2022, there were no bonds outstanding.

All refunded bonds have been paid, and accordingly, no defeased debt is outstanding.

Debt authorization

At 12/31/2022, the District had no authorized but unissued indebtedness.

Note 6 – Deferred compensation plans

The District maintains a MetLife 457(b) Deferred Compensation Plan in which all of its full time employees are eligible to participate. Under the Plan, employees may elect to defer an amount each year which does not exceed the lesser of $18,500 or 100% of includible compensation in accordance with Section 457 of the Internal Revenue Code. The District matches 100% of the first 5% of the employees' contributions. The contributions for each employee vest immediately. The employees may withdraw funds from the plan as allowed under IRC Section 457. Plan provisions and contribution requirements are established and may be amended by the District Board of Directors. In accordance with Internal Revenue Code Section 457(b), all plan assets and income are held in trust for the exclusive benefit of the participants and their beneficiaries. During the years ended 12/31/2022 and 2021, employees' contributions totaled \$25,883 and \$23,105, respectively, and the District's matching contributions totaled \$19,285 and \$17,940, respectively.

Effective January 1, 2011, the District established the WPWSD 401(a) Plan, which serves as a replacement plan for social security. Employees are eligible to participate effective the first day of the month after the date of hire. Employees make a mandatory contribution of 6.2% of compensation. The District makes a matching contribution of 6.2% of compensation. District contributions are subject to a 3-year cliff vesting schedule. Distributions from the Plan are available upon termination of employment, retirement, or for disability. Loans from the plan are prohibited. Hardship withdrawals are available for emergencies as defined by the Plan. All plan assets and income are held in trust for the exclusive benefit of the participants and their beneficiaries. During the year ended 12/31/2022 and 2021, employees' contributions totaled \$23,914 and \$22,245 and the District's contributions totaled \$23,914 and \$22,245, respectively.

Note 7 – <u>Risk management</u>

The District is exposed to various risks of losses related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. The District carries commercial insurance for these risks of loss, including workers compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage during the past three fiscal years.

Note 8 – <u>Tax, spending and debt limitations</u>

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.

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. While the District receives more than 10% of its revenue from government sources, the District's management believes a significant portion of its operations qualifies for this exclusion.

Spending and revenue limits are determined based on the prior year's fiscal year spending as adjusted for allowable increases for 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 retention of such revenue has been approved by the voters.

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.

In November 2007, a majority of the District's electors authorized the District to collect, retain, and expend each year all revenues it receives, in fiscal year 2008 and thereafter, from all sources, as a voter approved revenue change and without regard to spending, revenue raising, or other limitation contained within Article X, Section 20 of the Colorado Constitution, the property tax revenue limitation of Section 29-1-301, Colorado Revised Statues, or any other law.

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SUPPLEMENTAL INFORMATION

Winter Park Water and Sanitation District

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUNDS AVAILABLE - BUDGET AND ACTUAL (BUDGETARY BASIS)

WATER FUND

For the Year Ended December 31, 2022

	Original and Final Budgeted Amounts	Actual Amounts	Variance Favorable (Unfavorable)
REVENUES			
Charges for services	$ 658,508	$ 658,021	$ (487)
Property taxes	307,239	307,529	290
Specific ownership taxes	18,000	16,673	(1,327)
Net investment income	14,000	88,768	74,768
Tap fees	173,250	1,284,172	1,110,922
Miscellaneous income	5,500	9,647	4,147
Total Revenues	1,176,497	2,364,810	1,188,313
EXPENDITURES			
Administrative			
Accounting and legal	29,000	20,113	8,887
Automobile	1,000	527	473
County Treasurer's fees	15,392	13,546	1,846
Directors fees	3,000	2,300	700
Employee benefits	40,839	39,064	1,775
Insurance	16,500	13,515	2,985
Miscellaneous	2,500	2,844	(344)
Membership fees and publications	15,000	15,567	(567)
Office labor	84,875	83,883	992
Office expense	9,500	5,859	3,641
Office rent	1,200	1,200	-
Payroll taxes	-	1,648	(1,648)
Seminars and training	3,500	172	3,328
Total Administration	222,306	200,238	22,068

(continued)

Winter Park Water and Sanitation District

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUNDS AVAILABLE - BUDGET AND ACTUAL (BUDGETARY BASIS)

WATER FUND

For the Year Ended December 31, 2022 (continued)

	Original Budgeted Amounts	Actual Amounts	Variance Favorable (Unfavorable)
Maintenance			
Automobile	4,000	4,067	(67)
Contract maintenance and project costs	99,100	94,992	4,108
Employee benefits	46,846	45,223	1,623
Engineering	30,600	46,448	(15,848)
Labor	85,002	97,437	(12,435)
Permits	2,500	-	2,500
Payroll taxes	-	1,874	(1,874)
Rehab and replacement	216,965	54,070	162,895
Seminars and training	3,500	350	3,150
Supplies	40,000	36,977	3,023
Utilities	65,000	59,355	5,645
Water rights professional services	76,000	78,630	(2,630)
Water testing	8,000	5,416	2,584
Total Maintenance	677,513	524,839	152,674
Debt service - principal	89,000	89,000	-
Debt service - interest	2,225	2,225	-
Capital outlay	5,648,614	400,171	5,248,443
Total Expenditures	6,639,658	1,216,473	5,423,185
EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENDITURES	(5,463,161)	1,148,337	6,611,498
BEGINNING FUNDS AVAILABLE	5,489,232	5,450,487	(38,745)
ENDING FUNDS AVAILABLE	$ 26,071	$ 6,598,824	$ 6,572,753

Winter Park Water and Sanitation District

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUNDS AVAILABLE - BUDGET AND ACTUAL (BUDGETARY BASIS)

SEWER FUND

For the Year Ended December 31, 2022

	Original and Final Budgeted Amounts	Actual Amounts	Variance Favorable (Unfavorable)
REVENUES			
Charges for services	$ 796,690	$ 799,300	$ 2,610
Property taxes	144,009	144,145	136
Specific ownership taxes	11,000	11,021	21
Net investment income	20,000	81,174	61,174
Tap fees	173,250	1,284,172	1,110,922
Miscellaneous income	5,500	9,647	4,147
Total Revenues	1,150,449	2,329,459	1,179,010
EXPENDITURES			
Administrative			
Accounting and legal	29,000	20,114	8,886
Automobile	1,000	561	439
County Treasurer's fees	7,220	8,993	(1,773)
Directors fees	3,000	2,300	700
Employee benefits	40,839	39,064	1,775
Insurance	16,500	13,515	2,985
Licenses and permits	-	1,849	(1,849)
Membership fees and publications	6,000	4,666	1,334
Miscellaneous	2,500	839	1,661
Office labor	84,875	83,883	992
Office expense	9,500	5,628	3,872
Office rent	1,200	1,200	-
Payroll taxes	-	1,648	(1,648)
Seminars and training	3,500	172	3,328
Total Administration	205,134	184,432	20,702

(continued)

Winter Park Water and Sanitation District

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUNDS AVAILABLE - BUDGET AND ACTUAL (BUDGETARY BASIS)

SEWER FUND

For the Year Ended December 31, 2022 (continued)

	Original and Final Budgeted Amounts	Actual Amounts	Variance Favorable (Unfavorable)
Maintenance			
Automobile	4,000	4,067	(67)
Contract maintenance and project costs	94,000	57,873	36,127
Employee benefits	46,846	45,223	1,623
Engineering	29,200	30,413	(1,213)
Labor	127,503	119,108	8,395
Permits	2,500	-	2,500
Payroll taxes	-	1,874	(1,874)
Rehab and replacement	264,255	-	264,255
Seminars and training	3,500	1,236	2,264
Supplies	51,000	29,549	21,451
Testing	3,000	1,122	1,878
Utilities	133,900	142,659	(8,759)
Total Maintenance	759,704	433,124	326,580
Capital outlay	7,788,108	38,555	7,749,553
Total Expenditures	8,752,946	656,111	8,096,835
EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENDITURES	(7,602,497)	1,673,348	9,275,845
BEGINNING FUNDS AVAILABLE -	7,622,668	7,662,121	39,453
ENDING FUNDS AVAILABLE	$ 20,171	$ 9,335,469	$ 9,315,298

Winter Park Water and Sanitation District

RECONCILIATION OF ACTUAL (BUDGETARY BASIS) TO STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

WATER AND SEWER FUNDS

For the Year Ended December 31, 2022

Revenues (budgetary basis)	$ 4,694,269
Unrealized gain (loss) on investments	(258,966)
Total revenues per Statement of Revenues, Expenses and Changes in Net Position	4,435,303
Expenditures (budgetary basis)	1,872,584
Depreciation and amortization	633,954
Debt service - principal	(89,000)
Capital outlay	(438,726)
Total expenses per Statement of Revenues, Expenses and Changes in Net Position	1,978,812
Change in net position per Statement of Revenues, Expenses and Changes in Net Position	$ 2,456,491