

WOODMOOR WATER AND SANITATION DISTRICT NO. 1

BASIC FINANCIAL STATEMENTS

December 31, 2022

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FINANCIAL SECTION



**PROSPECTIVE
BUSINESS
SOLUTIONS, LLC**
Certified Public Accountants

Auditing, Accounting, and Consulting Services for
Governments and Nonprofit Organizations

Board of Trustees
Woodmoor Water and Sanitation District No. 1
Monument, Colorado

INDEPENDENT AUDITOR'S REPORT

Opinions

We have audited the accompanying financial statements of the business-type activities and each major fund of the Woodmoor Water and Sanitation District No. 1 (the "District"), as of and for the year ended December 31, 2022, 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 business-type activities and each major fund of the District as of December 31, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the 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 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 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information, 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The individual fund schedule listed in the table of contents is presented for purposes of additional analysis and are not a required part of the 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 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual fund schedule is fairly stated in all material respects in relation to the financial statements as a whole.

Appendix A is presented for the purpose of additional analysis and is not a required part of the basic financial statements. This information has not been subjected to auditing procedures applied in the audit of the basic financial statements and accordingly we do not express an opinion or provide any assurance on the information.

PB Solutions LLC

Littleton, Colorado
June 12, 2023

Woodmoor Water and Sanitation District No. 1
P.O. Box 1407
Monument, CO 80132
(719) 488-2525

Management's Discussion and Analysis

Introduction

The Woodmoor Water and Sanitation District No. 1's management discussion and analysis is intended to provide the reader and user of these financial statements, with; a) an understanding of the financial aspects of the District, b) an overview of the District's financial activities, c) an explanation of the changes in the District's financial position, d) an explanatory analysis of significant variations from the annual, approved budget and e) an assessment of any future financial or operating issues of the District.

Because this discussion and analysis is intended to focus on 2022 District activities, resulting changes and currently known facts/conditions, it should be read in conjunction and with reference to the accompanying audited financial statements and related notes to the financial statements beginning on page 1 of this report.

Overview of the Financial Statements of the District

The audited financial statements of the District are:

Statement of Net Position
Statement of Revenues, Expenses, and Changes in Net Position
Statement of Cash Flows
Notes to Financial Statements

These statements are on pages 1 through 16. These and other supplementary information, *Budgetary Comparison Schedule* on pages 17 and 18 provide information about the District's financial position as of December 31, its results of operations and the resulting cash flows for the year ended December 31, 2022 and information comparing actual revenues and expenditures with budgeted revenues and expenditures for the year. For purposes of Management's discussion herein, condensed comparative financial information (as audited) has been developed by management illustrating financial performance for the current year ending December 31, 2022 in comparison to the prior year ending December 31, 2021. In addition, the District has included certain financial information and operational data (collectively referred to as "Continuing Disclosure Statements") in appendix A of the audited financial statements. These Continuing Disclosure Statements have been included for the benefit of the owners of the District's Enterprise Water and Wastewater Revenue Refunding Bonds, Series 2021 and are provided herein and in conjunction with the Districts financial statements for filing with the Municipal Securities Rulemaking Board.

The **Statement of Net Position** provides information about what is owned (assets) by the District, what is owed (liabilities) by the District, and what the District's equity position is relative to its assets (net position). Over time, the comparison of changes in net position may provide a useful method of evaluating whether the financial position of the District is improving, deteriorating or maintaining the status quo.

The **Statement of Revenues, Expenses, and Changes in Net Position** provides information about the components – Operating Revenues, Operating Expenses, Non-Operating Revenues and Expenses, and Capital Contributions – of the District’s annual operating activities and how those activities affected Net Assets of the District.

The **Statement of Cash Flows** provides an analysis about the sources and uses of District cash during the year and how the operating and investment activities affected the District’s cash balances.

The **Notes to Financial Statements** provides additional, required disclosures about the District, its accounting policies and practices, its financial position and operating activities, and other required information. The information included in these notes is essential to a full understanding of the information contained in the financial statements.

The **Budgetary Comparison Schedule** provides information comparing the budgeted revenue and expenditures activities with the actual revenue and expenditure activities. When applicable, a comparison is shown for both the originally approved budget and, if amended, the final budget.

Condensed Comparative Financial Information
Statements of Net Position

	2022	2021
Current Assets		
Cash and Investments	\$24,325,799	\$24,154,903
Other	486,665	517,921
Total Current Assets	24,812,464	24,672,824
Noncurrent Assets		
Capital assets	58,840,644	56,013,270
Tri-Lakes WWTF	2,179,243	2,385,800
Other assets	2,011,629	19,702
Total Noncurrent Assets	63,031,516	58,418,772
Total Assets	87,843,980	83,091,596
Current Liabilities	1,877,021	1,257,299
Noncurrent Liabilities	15,985,663	20,057,999
Total Liabilities	17,862,684	21,315,298
Net Position		
Net Invested in capital assets	41,818,252	37,600,612
Unrestricted	25,566,799	24,175,686
Total Net Position	\$67,385,051	\$61,776,298

Condensed Comparative Financial Information
Statements of Revenues, Expenses, and Changes
in Net Position

	2022	2021
Operating Revenues	\$11,703,645	\$7,295,055
Operating Expenses	7,276,124	6,064,519
Operating Income (Loss)	4,427,521	1,230,536
Non-Operating Revenues (Expenses)	(585,919)	491,251
Change in Net Position	4,016,282	1,721,787
Net Position, beginning of year	*63,368,769	60,054,511
Net Position, End of Year	\$67,385,051	*\$61,776,298

*Restated due to restatement of fixed assets & unearned revenues

This information is a summary of the financial information contained in the District's financial statements ending December 31, 2022 and the previous year's audited financial statements. For more about the information contained in this condensed, comparative financial information, we recommend a close review of the audited financial statements for the year ending December 31, 2022 which begin on page 1 together with the audited financial statements for the previous years noted.

Analysis

Financial Position

The Districts net position increased in 2022 by \$4,016,282. This was primarily the result of the District operating revenues exceeding operating expenses over the year. Water and sewer user fees met expectations, tap fees were significantly under expectations while supplemental water service fees exceeded expectations heavily. Operating expenditures fell just short of budgeted expenditures primarily as a result of actual construction expenditures lagging in time and falling short to that which was anticipated in the budget.

Current assets of the District at December 31, 2022 totaled \$24,812,464, a slight increase of \$139,640 from 2021 primarily due to unexpected revenue stemming from supplemental water sales. As a result, the District met budgeted expenditures but did not spend down cash reserves as originally anticipated in the 2022 budget. Cash and investments at December 31, 2022 represent approximately 36% of the District's total net position which provides significant financial liquidity and flexibility to the District for construction of future needed assets due to growth, operations, maintenance and ongoing capital renewal and replacement requirements.

Operating Results

During 2022, the District's operating income totaled \$11,703,645 a significant increase of \$4,408,590 when compared to 2021 and primarily attributable to supplemental water sales. Operating Expenses in 2022 are \$1,211,605 higher than 2021 primarily due to purchased services (i.e., professional fees) and materials requires to support the Districts water and sewer systems renewal and replacement programs. Net cash flows from operations are close to par between 2021 and 2022.

The beginning net position was restated by \$1,592,471 due to prior year revenues that were deferred in error.

Budgetary Discussion

Actual revenues were significantly more than budgeted revenues by \$2,820,277 and was primarily due to supplemental water sales being greater than budgeted. Actual expenditures were \$765,397 less than budgeted primarily due to delays in construction project progress creating less capital project invoicing and expenditures than were anticipated, in addition, utility costs (primarily electrical) were lower than budgeted and equipment purchases were forgone due to supply chain issues and equipment availability. All other revenue line items reasonably matched budgeted expectations for the year.

Capital Assets

At December 31, 2022, the District reports net capital assets in the amount of \$58,840,644. The District's assets consist primarily of land and water rights as well as infrastructure assets. At the end of the fiscal year, the District reports \$1,642,315 in depreciation expense. More information can be found in footnote 4 on page 12 of the financial statements.

During the year of 2022 modest amounts of capital funds were expended on construction projects primarily as follows:

<u>Projects</u>	<u>Amount</u>	<u>Expected Completi</u>
Highway 105 Utility Relocates	\$36,135	June, 2025
Cove Lift Station Upgrade	\$20,278	Complete
Lake Woodmoor Piezometers	\$103,997	Complete
SCADA System Upgrade	\$49,244	May, 2023
Well Pump Replacement	\$225,912	Complete
CWTP Surface Water Conversion	\$449,476	June, 2023
Lake Pump Station No. 2	\$2,487,194	June, 2023
Well No. 22 & Pipeline	\$1,289,958	Sept., 2023
Equipment for Well 19	\$3,740	August, 2023

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

In 2022 the District budgeted \$5,510,000 for capital construction projects and improvements.

Debt

During 2022 the District continued to service its outstanding debt (Enterprise Water and Wastewater Revenue Refunding Bonds, Series 2021). This outstanding debt of the District was used to finance the purchase and acquisition of Land, Water Rights and a reservoir in southern El Paso County as well as the construction of water wells and other water system improvements. See Note 5 of the Notes to the Financial Statements- Long-Term Debt on page 13.

Change in Accounting Principle – Leases

As described in Note 6 of the financial statements, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 87, Leases. As a result of the implementation of the new standard, the District recorded a lease receivable and corresponding deferred inflow of resources for its ground lease agreement with Palmer Solar LLC. More information can be found on pages 14 and 15 of the financial statements.

Other:

At this time, there are no other known decisions, events and conditions that would substantially affect future operations and financial condition of the District.

Contacting the District's financial management:

This financial report is designed to provide the general public with an overview of the District's finances and show the District's accountability for the money it receives. If you have any questions regarding this report or need additional information, please contact:

Woodmoor Water and Sanitation District No.1
Attn: Office Manager
1845 Woodmoor Drive
Monument, Colorado 80132
Phone: 719-488-2525

BASIC FINANCIAL STATEMENTS

WOODMOOR WATER AND SANITATION DISTRICT NO.1

STATEMENT OF NET POSITION
PROPRIETARY FUND
December 31, 2022

ASSETS	
Current Assets	
Cash and Investments	\$ 24,325,799
Accounts Receivable	486,665
Total Current Assets	<u>24,812,464</u>
Noncurrent Assets	
Deposits	19,702
Land Lease Receivables	1,883,880
Investment in Tri-Lakes Joint Venture	2,179,243
Other Assets	108,047
Capital Assets, Not Being Depreciated	43,023,746
Capital Assets, Depreciated, Net of Accumulated Depreciation	15,816,898
Total Noncurrent Assets	<u>63,031,516</u>
TOTAL ASSETS	<u>87,843,980</u>
LIABILITIES	
Current Liabilities	
Retainage Payable	364,403
Accrued Salaries and Benefits	67,405
Deposits	148,171
Accrued Interest Payable	57,042
Bonds Payable, Current Portion	1,240,000
Total Current Liabilities	<u>1,877,021</u>
Noncurrent Liabilities	
Bonds Payable	15,782,392
Compensated Absences	203,271
Total Noncurrent Liabilities	<u>15,985,663</u>
TOTAL LIABILITIES	<u>17,862,684</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred Inflows - Leases	1,883,880
Deferred Charges	712,365
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>2,596,245</u>
NET POSITION	
Net Investment in Capital Assets	41,818,252
Unrestricted	25,566,799
TOTAL NET POSITION	<u>\$ 67,385,051</u>

The accompanying notes are an integral part of the financial statements.

WOODMOOR WATER AND SANITATION DISTRICT NO.1

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
PROPRIETARY FUND
Year Ended December 31, 2022

OPERATING REVENUES	
Charges for Services	\$ 11,561,111
Other Revenues	<u>142,534</u>
 TOTAL OPERATING REVENUES	 <u>11,703,645</u>
OPERATING EXPENSES	
Personnel Services	1,582,421
Purchased Services	981,760
Materials and Supplies	2,971,118
Depreciation and Amortization	<u>1,740,825</u>
 TOTAL OPERATING EXPENSES	 <u>7,276,124</u>
 NET OPERATING INCOME (LOSS)	 <u>4,427,521</u>
NON-OPERATING REVENUES (EXPENSES)	
Interest Income	360,101
Interest Expense	(305,810)
Loss on Disposal of Assets	<u>(640,210)</u>
 TOTAL NON-OPERATING REVENUES (EXPENSES)	 <u>(585,919)</u>
 INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	 <u>3,841,602</u>
CAPITAL CONTRIBUTIONS	
Tap Fees	<u>174,680</u>
 CHANGE IN NET POSITION	 4,016,282
NET POSITION, Beginning, Restated	<u>63,368,769</u>
NET POSITION, Ending	<u><u>\$ 67,385,051</u></u>

The accompanying notes are an integral part of the financial statements.

WOODMOOR WATER AND SANITATION DISTRICT NO.1

STATEMENT OF CASH FLOWS
 PROPRIETARY FUND
 Year Ended December 31, 2022
 Increase (Decrease) in Cash and Cash Equivalents

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Customers	\$ 11,734,901
Cash Paid to Suppliers and Employees	<u>(5,065,856)</u>
Net Cash Provided by Operating Activities	<u>6,669,045</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of Capital Assets	(5,109,899)
Principal Payments on Long Term Debt	(1,020,000)
Interest Payments	(903,031)
Tap Fees and Capital Contributions	174,680
Net Cash Used by Capital and Related Financing Activities	<u>(6,858,250)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest Received	<u>360,101</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	170,896
CASH AND CASH EQUIVALENTS, Beginning	<u>24,154,903</u>
CASH AND CASH EQUIVALENTS, Ending	<u>\$ 24,325,799</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH USED BY OPERATING ACTIVITIES	
Operating Income	<u>\$ 4,427,521</u>
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities	
Depreciation and Amortization Expense	1,740,825
Changes in Assets and Liabilities	
Accounts Receivable	31,256
Accounts Payable	352,281
Accrued Expenses	67,405
Accrued Compensated Absences	20,857
Deposits	28,900
Total Adjustments	<u>2,241,524</u>
Net Cash Provided by Operating Activities	<u>\$ 6,669,045</u>

The accompanying notes are an integral part of the financial statements.

WOODMOOR WATER AND SANITATION DISTRICT NO. 1
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Woodmoor Water and Sanitation District No. 1 (the “District”) is a Special District governed pursuant to the provisions of the Colorado Special District Act. The District provides water and sanitary sewer services to the community of Woodmoor, an unincorporated area located in northern El Paso County.

The accounting policies of the District conform to generally accepted accounting principles as applicable to governmental units. Following is a summary of the more significant policies:

Reporting Entity

The financial reporting entity consists of the District and organizations for which the District is financially accountable. All funds, organizations, institutions, agencies, departments, and offices that are not legally separate are part of the District. In addition, any legally separate organizations for which the District is financially accountable are considered part of the reporting entity. Financial accountability exists if the District appoints a voting majority of the organization’s governing board and is able to impose its will on the organization, or if the organization provides benefits to, or imposes financial burdens on the District.

Based upon the application of these criteria, no additional organizations are includable within the District’s reporting entity.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The accounting policies of the District conform to generally accepted accounting principles as applicable to the governmental units accounted for as proprietary enterprise funds. 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 fees and charges are designed to recover costs, including capital costs.

The District’s records are maintained on the economic resources measurement focus and 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. Expenses for property, plant, and equipment are shown as increases in assets and redemption of bonds is recorded as a reduction in liabilities. Tap fees are recorded as capital contributions when received.

The District distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the fund’s principal ongoing operations.

WOODMOOR WATER AND SANITATION DISTRICT NO. 1
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation
(Continued)

Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

Assets, Liabilities, and Fund Balance/Net Position

Deposits and Investments – For purposes of the statement of cash flows, the District considers cash and cash equivalents to be all demand deposits as well as short-term investments with a maturity date of three months or less. Investments are reported at fair value.

Receivables – Accounts Receivable consists of amounts owed by residents of the District for water and wastewater services. The District considers all accounts receivable as collectible, therefore no allowance is recorded at year end.

Capital Assets –Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Property and equipment of the District is depreciated using the straight-line method over the following estimated useful lives:

Buildings and Improvements	20 – 30 years
Water and Sewer System	10 – 50 years
Machinery and Equipment	5 – 15 years

Unearned Revenues – The deferred revenues include amounts received but not yet available for expenditure.

Accrued Salaries and Benefits –The salaries and benefits earned, but unpaid, as of December 31, 2022, were \$67,405.

WOODMOOR WATER AND SANITATION DISTRICT NO. 1
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, and Fund Balance/Net Position (Continued)

Vacation, Sick Leave, and Other Compensated Absences – District employees are entitled to certain compensated absences based on their length of employment and are allowed to accumulate unused absences. Employees are limited to the amount of accumulated discretionary leave that can be carried to the next fiscal year. Once an employee has accrued the maximum amount allowed, the employee may receive payment for up to 96 hours of discretionary leave at the employee’s current rate of pay. Upon termination of employment, employees are entitled to receive compensation for unused discretionary leave at the employees’ current salary rate.

District employees accrue sick leave and are entitled to carry over unused sick leave to the next fiscal year. Once an employee has accrued the maximum sick leave allowed, the employee may either request a pay out of accumulated sick leave at the current rate of pay or the employee may choose to transfer the excess sick leave to accrued discretionary leave. Upon termination of employment, an employee may receive payment for unused sick leave of up to 160 hours at the employee’s current rate of pay. Any accrued but unused sick leave in excess of 160 hours will be paid at one and one-half times the employee’s current rate of pay.

Eligible non-exempt employees of the District may be compensated in compensatory time of one and one-half hours of each overtime hour worked. Employees may accrue a maximum of 24 hours of compensatory time. Upon termination of employment, any unused compensatory time will be paid to the employee at the employee’s current rate of pay.

A long-term liability in the amount of \$203,271 has been recorded in the statement of net position for these accrued compensated absences.

Deferred Outflows and Deferred Inflows of Resources – In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflow of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. 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 inflow of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

WOODMOOR WATER AND SANITATION DISTRICT NO. 1
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Assets, Liabilities, and Fund Balance/Net Position (Continued)

Long-Term Debt – In the statement of net position, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method.

Debt issuance costs, whether or not withheld from the actual debt proceeds received, are reported as current expenditures.

Deferred Charges from bond refunding are amortized using the straight-line method over the shorter of the life of the defeased bonds or the new debt. The amortization amount is a component of interest expense and the unamortized cost is reflected as a deferred outflow of resources.

Net Position – Net position is categorized as investment in capital assets, restricted, and unrestricted.

Investment in Capital Assets is intended to reflect the portion of net position which is associated with non-liquid, capital assets less outstanding capital asset related debt. The net related debt is the debt less the outstanding liquid assets and any associated unamortized cost.

Restricted Net Position represents liquid assets, which have third party limitations on their use.

Unrestricted Net Position represents assets that do not have any third-party limitation on their use. While District management may have categorized and segmented portions for various purposes, the District Board has the unrestricted right to revisit or alter these managerial decisions.

Risk Management

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, injuries to employees, and natural disasters. Commercial insurance coverage is purchased to handle these risks of loss.

WOODMOOR WATER AND SANITATION DISTRICT NO. 1
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Risk Management (Continued)

Public Entity Risk Pool

The District participates in the Colorado Special District Association Property and Liability Pool (the "Pool"). The Pool was formed by an agreement of member special districts of the Special District Association as a separate and independent governmental and legal pursuant to the provision Article XIV, Section 18(2) of the Colorado Constitution and Sections 29-1-201 et seq., 8-44-101(1)(c) and (3), 8-44-204,24-10-115.5, and 29-13-102, Colorado Revised Statutes, as amended. Membership is restricted to Colorado special districts, which are members of the Special District Association.

The purpose of the Pool is to provide members defined liability, property, and workers compensated coverage, and claims and risk management services related hereto, for member special districts through a self-insurance pool.

The Pool has contracted with third parties to operate, administer, and manage the Pool. In the event aggregate losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and capital and surplus accumulated by the Pool, additional contributions may be required from the Pool members.

Subsequent Events

The District has evaluated events subsequent to the year ended December 31, 2022 through June 12, 2023, the date these financial statements were available to be issued and has incorporated any required recognition into these financial statements.

NOTE 2: **STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

Budgets

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for all funds. All appropriations lapse at fiscal year-end.

WOODMOOR WATER AND SANITATION DISTRICT NO. 1
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets (Continued)

The District adheres to the following procedures in establishing the budgetary data reflected in the financial statements:

- In October, the District Staff submits to the Board of Trustees a proposed budget for the fiscal year commencing the following January 1. The budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted by the Board of Trustees to obtain taxpayer comments.
- Prior to December 31, the budget is adopted by formal resolution.
- A budget is adopted for the enterprise fund of the District. The budgetary comparison schedule presented for the Water and Sanitation Enterprise is presented on a non-GAAP budgetary basis. Capital outlay and debt principal payments are budgeted as expenditures. Depreciation and amortization expense is not budgeted.
- Revisions that alter the total expenditures of any fund must be approved by the Board of Trustees.
- Budgeted amounts reported in the accompanying financial statements are as originally adopted or amended by the Board of Trustees.

NOTE 3: CASH AND INVESTMENTS

A summary of the District's deposits and investments as of December 31, 2022 follows:

Petty Cash	\$ 200
Deposits	2,905,672
Investments	<u>21,419,927</u>
 Total	 <u><u>\$24,325,799</u></u>

Deposits

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. On December 31, 2022, State regulatory commissioners have indicated that all financial institutions holding deposits for the District are eligible public depositories.

WOODMOOR WATER AND SANITATION DISTRICT NO. 1
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022

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

Deposits (Continued)

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

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

On December 31, 2022, the District had deposits with financial institutions with a carrying amount of \$2,905,672. The bank balances with the financial institutions were \$3,115,814. Of these balances, \$250,000 was covered by federal depository insurance and \$2,865,814 was covered by collateral held by authorized escrow agents in the financial institution's name (PDPA).

Investments

Interest Rate Risk

The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

Colorado statutes specify in which instruments the units of local government may invest which includes:

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

WOODMOOR WATER AND SANITATION DISTRICT NO. 1
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022

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

Investments (Continued)

Local Government Investment Pools

The District had invested \$2,041,775 in the Colorado Government Liquid Asset Trust (ColoTrust) which has a credit rating of AAAM by Standard and Poor's. ColoTrust is an investment vehicle established for local government entities in Colorado to pool surplus funds and is regulated by the State Securities Commissioner. It operates similarly to a money market fund and each share is equal in value to \$1.00. Investments consist of U.S. Treasury and U.S. Agency securities, and repurchase agreements collateralized by U.S. Treasury and U.S. Agency securities. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Substantially all securities owned are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by the entities.

ColoTrust is not a 2a7-like external investment pool. The unit of account is each share held, and the value of the position would be the fair value of the pool's share price multiplied by the number of shares held. The government-investor does not "look through" the pool to report a pro rata share of the pool's investments, receivables, and payables.

The District had invested \$19,378,152 in the Colorado Surplus Asset Fund Trust (CSAFE), an investment vehicle established for local government entities in Colorado pursuant to Title 24, Article 75, Part 7 of the Colorado Revised Statutes, to pool surplus funds for investment purposes. The State Securities Commissioner administers and enforces the requirements of creating and operating the Pools. CSAFE reports its underlying investments at amortized cost and is considered a qualifying external investment pool under GASB Statement 79. CSAFE operates similar to money market funds where each share is equal in value to \$1.00. The fair value of the position in the pools is the same as the value of the pooled shares.

CSAFE is rated AAAM by Standard and Poor's. The designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Substantially all securities are owned by the pools and held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by the pools. Investments of the pools comply with state statutes, consisting of U.S. Treasury bills, notes and note strips, repurchase agreements, U.S. Instrumentalities, Commercial Paper, Bank Deposits and Money Market Funds. CSAFE does not have any limitations or restrictions on participant withdrawals.

WOODMOOR WATER AND SANITATION DISTRICT NO. 1
 NOTES TO THE FINANCIAL STATEMENTS
 December 31, 2022

NOTE 4: CAPITAL ASSETS

Capital assets activity for the year ended December 31, 2022 is summarized below:

	Balance <u>12/31/2021</u>	Additions	Deletions	Balance <u>12/31/2022</u>
Business-Type Activities				
Capital Assets, Not Depreciated				
Land and Water Rights	\$ 33,336,502	\$ -	\$ 2,313	\$ 33,334,189
Construction in Progress	<u>4,316,007</u>	<u>5,599,462</u>	<u>225,912</u>	<u>9,689,557</u>
Total Capital Assets, Not Depreciated	<u>37,652,509</u>	<u>5,599,462</u>	<u>228,225</u>	<u>43,023,746</u>
Capital Asset, Being Depreciated				
Buildings and Improvements	903,796	-	-	903,796
Water and Sewer System	42,236,601	225,912	2,689,633	39,772,880
Machinery and Equipment	<u>2,092,338</u>	<u>79,563</u>	<u>-</u>	<u>2,171,901</u>
Total Capital Assets, Being Depreciated	<u>45,232,735</u>	<u>305,475</u>	<u>2,689,633</u>	<u>42,848,577</u>
Accumulated Depreciation				
Buildings and Improvements	428,983	64,122	-	493,105
Water and Sewer System	25,278,613	1,396,275	1,482,610	25,192,278
Machinery and Equipment	<u>1,164,378</u>	<u>181,918</u>	<u>-</u>	<u>1,346,296</u>
Total Depreciation	<u>26,871,974</u>	<u>1,642,315</u>	<u>1,482,610</u>	<u>27,031,679</u>
Capital Assets, Depreciated, Net	<u>18,360,761</u>	<u>(1,336,840)</u>	<u>1,207,023</u>	<u>15,816,898</u>
Net Capital Assets	<u>\$ 56,013,270</u>	<u>\$ 4,262,622</u>	<u>\$ 1,435,248</u>	<u>\$ 58,840,644</u>

WOODMOOR WATER AND SANITATION DISTRICT NO. 1
 NOTES TO THE FINANCIAL STATEMENTS
 December 31, 2022

NOTE 5: LONG-TERM DEBT

The following is a summary of the District's long-term debt transactions for the year ended December 31, 2022:

Business-Type Activities	12/31/2021			12/31/2022	
	Balance	Increases	Decreases	Balance	Due Within One Year
2021 Revenue Bonds	\$ 14,710,000	\$ -	\$ 1,020,000	\$ 13,690,000	\$ 1,240,000
Bond Premium	3,702,658	-	370,266	3,332,392	-
Total	\$ 18,412,658	\$ -	\$ 1,390,266	\$ 17,022,392	\$ 1,240,000

2021 Revenue Bonds

In September 2021, the District issued Enterprise Water and Wastewater Revenue Refunding Bonds, Series 2021 in the amount of \$14,710,000. Proceeds of the bonds were used to pay the outstanding balance and accrued interest on the 2011 bonds and to provide funding for the cost of issuing the bonds.

The bonds carry an interest rate of 5.00% per annum. Semi-annual interest payments are due beginning in June 2022 through December 2031. Annual principal payments on the bonds are due beginning in December 2022 through December 2031.

The bonds are not subject to redemption prior to maturity.

The bonds constitute special, limited obligations of the District. The bonds are payable solely from and secured by the District's net pledged revenues, derived by the District from the operation of its water and sewer system.

The following is a summary of the debt service requirements for the 2021 Revenue Bonds:

Year Ended December 31,	Principal	Interest	Total
2023	\$1,240,000	\$1,924,500	\$3,164,500
2024	1,305,000	1,927,500	3,232,500
2025	1,370,000	1,927,250	3,297,250
2026	1,435,000	1,923,750	3,358,750
2027	1,505,000	1,922,000	3,427,000
2028-2031	6,835,000	7,710,250	14,545,250
Total	\$13,690,000	\$17,335,250	\$31,025,250

WOODMOOR WATER AND SANITATION DISTRICT NO. 1
 NOTES TO THE FINANCIAL STATEMENTS
 December 31, 2022

NOTE 6: CHANGE IN ACCOUNTING PRINCIPLES-LEASES

For the year ended June 30, 2022, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 87, Leases. GASB 87 enhances the relevance and consistency of information for the government’s leasing activities. For lessees, the accounting standard establishes requirements for lease accounting based on the principle that leases are financings of the right to use a leased asset. The standard also establishes requirements for lessors to recognize a lease receivable and deferred inflow of resources. These changes were incorporated in the District’s financial statements for the year ended December 31, 2022.

In May, 2018, the District as Lessor, entered into a 25-year solar energy ground lease agreement with Palmer Solar LLC (the “Lessee”). Under the terms of the agreement, the District leases approximately 500 acres of real property to the Lessee at an annual rate of \$100 per acre. Annual lease payments are due beginning on January 1, 2019 and annually thereafter at an escalation rate of 2 percent.

The lease agreement includes two options to renew. Each renewal option extends the term of the lease for a consecutive period five years beyond the applicable term expiration date.

A lease receivable of \$1,904,588 and a deferred inflow of \$1,904,588 were incorporated in the beginning net position, resulting in a zero restatement.

Following is a summary of these lease transactions for the year ended June 30, 2022:

	Lease Receivable/ Deferred Inflow 1/1/2022	Revenue	Interest	Lease Receivable/ Deferred Inflow 12/31/2022
Ground Lease	\$ 1,904,588	\$ 20,708	\$ 38,092	\$ 1,883,880

WOODMOOR WATER AND SANITATION DISTRICT NO. 1
 NOTES TO THE FINANCIAL STATEMENTS
 December 31, 2022

NOTE 6: CHANGE IN ACCOUNTING PRINCIPLES-LEASES (Continued)

The following is the lease receivable/deferred inflow schedule as of December 31, 2022:

<u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 22,299	\$ 37,678	\$ 59,977
2024	23,944	37,232	61,176
2025	25,647	36,753	62,400
2026	27,407	36,240	63,647
2027	29,229	35,692	64,921
2028-2032	175,687	168,917	344,604
2033-2037	231,274	149,197	380,471
2038-2042	296,528	123,542	420,070
2043-2047	372,861	90,931	463,792
2048-2052	463,831	50,155	513,986
2053-2054	215,173	6,500	221,673
Total	<u>\$ 1,883,880</u>	<u>\$ 772,837</u>	<u>\$ 2,656,717</u>

NOTE 7: COMMITMENTS AND CONTINGENCIES

Tri-Lakes Joint Venture and Use Agreement

The District provides its wastewater treatment at the Tri-lakes Wastewater Treatment Facility (the "Facility"), which is operated as a joint venture under the Amended Joint Use of Facilities Agreement dated February 9, 2021, among the District, Monument Sanitation District, and Palmer Lake Sanitation District.

The Facility's real property, personal property, and fixtures are commonly owned by each district in undivided one-third interests. Since November 9, 1999, the Facility's capacity is allocated 64.28% to the District, 19.79% to Monument Sanitation District, and 15.93% to Palmer Lake Sanitation District, and is subject to change in future Facility expansions.

Operating expenses are billed monthly to the respective districts in accordance with each district's pro rata contribution to the monthly flows and BOD loadings discharged into the Facility. For the year ended December 31, 2022, the District paid \$732,610 to the Facility under the terms of the agreement.

For the year ended December 31, 2022, the District's share of the Facility's real property, personal property, and fixtures is \$2,179,243 and is reported as Investment in Tri-Lakes Joint Venture in the Statement of Net Position.

WOODMOOR WATER AND SANITATION DISTRICT NO. 1
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022

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

Tri-Lakes Joint Venture and Use Agreement (Continued)

In addition, the District purchased additional capacity in the Facility in 1999 for \$416,535. The purchase price is amortized over 30 years. For the year ended December 31, 2022, the carrying value of the additional capacity is \$108,047 and is reported as Other Assets in the Statement of Net Position.

Tabor Amendment

In November 1992, Colorado voters passed an amendment to the State Constitution, Article X, Section 20 (the "Tabor Amendment"), which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local government.

The Tabor Amendment is complex and subject to judicial interpretations. The District believes it has complied with the Amendment.

NOTE 8: **EMPLOYEE RETIREMENT PLAN**

The District offers a 457(b) non-qualified deferred compensation plan to its employees. The District contributes 2.5% of the employee wages on behalf of the employee. In addition, the District will match up to a maximum additional 2.5% of contributions made by the employee.

The assets of the plan are not subject to the District's creditors and are therefore not included in the District's financial statements. For the year ended December 31, 2022, the District contributed \$53,233 to the Plan.

NOTE 9: **RESTATEMENT OF BEGINNING BALANCES**

The District's beginning net position was increased by \$1,592,471 to \$63,368,769 to correct prior year revenues that were deferred in error.

INDIVIDUAL FUND SCHEDULE

WOODMOOR WATER AND SANITATION DISTRICT NO.1

WATER AND SANITATION ENTERPRISE
 BUDGETARY COMPARISON SCHEDULE
 Year Ended December 31, 2022

REVENUES	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
Water and Sewer Tap Fees	\$ 524,040	\$ 174,680	\$ (349,360)
Water Use Fees	3,447,000	3,320,919	(126,081)
Sewer Use Fees	1,654,000	1,641,623	(12,377)
Availability of Service Fees	12,500	11,919	(581)
Renewable Water Improvement Fee	1,988,000	2,012,741	24,741
Permit Processing Fees	11,000	1,650	(9,350)
Interest Income	46,647	360,101	313,454
Miscellaneous Income	95,000	47,029	(47,971)
Cross Connection/Meter Income	5,250	2,100	(3,150)
Supplemental Water	1,537,912	4,572,259	3,034,347
Lease Income	96,800	93,405	(3,395)
TOTAL REVENUES	9,418,149	12,238,426	2,820,277

See the accompanying independent auditor's report

WOODMOOR WATER AND SANITATION DISTRICT NO.1

WATER AND SANITATION ENTERPRISE
 BUDGETARY COMPARISON SCHEDULE
 Year Ended December 31, 2022

EXPENDITURES	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
Salaries	\$ 1,226,715	\$ 1,263,122	\$ (36,407)
Employee Benefits	228,567	224,435	4,132
Payroll Taxes	95,176	91,814	3,362
Unemployment Compensation Insurance	3,732	3,050	682
Professional Fees	643,000	741,435	(98,435)
Chilcote Ditch Co Share & Carriage Assessment	106,000	104,027	1,973
Insurance	107,000	109,794	(2,794)
Renewal and Replacement	1,279,400	1,046,842	232,558
Building Maintenance	53,500	55,787	(2,287)
Vehicle Expenses	125,000	107,603	17,397
Sewer Treatment Plant Expense	798,521	850,549	(52,028)
Utilities	783,000	722,801	60,199
Small Tools	18,000	12,296	5,704
Training and Education	15,000	10,993	4,007
Travel	10,000	9,611	389
Cross Connection/Meter Expense	17,250	12,294	4,956
Directors Fees	8,000	5,300	2,700
Miscellaneous Expenses	55,000	26,456	28,544
Office Supplies and Expense	186,371	136,490	49,881
Land/Easement Purchase	5,000	-	5,000
Equipment Purchases	87,000	-	87,000
Construction of Facilities	5,510,000	5,109,899	400,101
Bond Agent Fee	500	600	(100)
Interest on Bonds	903,030	854,167	48,863
Bond Principal Payment	1,020,000	1,020,000	-
TOTAL EXPENDITURES	13,284,762	12,519,365	765,397
NET INCOME, BUDGET BASIS	\$ (3,866,613)	(280,939)	\$ 2,054,880
GAAP BASIS ADJUSTMENTS			
Capital Outlay		5,109,899	
Depreciation Expense		(1,642,315)	
Amortization Expense - Bond Premium		370,266	
Amortization Expense - Deferred Charges		178,091	
Principal Paid on Long-Term Debt		1,020,000	
Loss on Disposal of Assets		(640,210)	
Change in Equity Interest in Tri-Lakes Joint Venture		(98,510)	
NET INCOME, GAAP BASIS		4,016,282	
NET POSITION, Beginning, Restated		63,368,769	
NET POSITION, Ending		\$ 67,385,051	

See the accompanying independent auditor's report

APPENDIX A

WOODMOOR WATER AND SANITATION DISTRICT NO. 1

History of Net Pledged Revenues⁽¹⁾

December 31, 2022

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
<u>Gross Pledged Revenues⁽²⁾</u>					
Operating revenue	\$5,354,721	\$4,725,351	\$5,495,857	\$5,434,040	\$9,690,904
RWI Fee revenue	2,028,956	1,963,055	1,978,700	1,861,015	2,012,741
Investment income ⁽³⁾	454,403	639,226	289,595	21,936	360,101
Tap fees	1,238,698	593,311	787,596	792,334	174,680
Total	9,076,778	7,920,943	8,551,748	8,109,325	12,238,426
<u>Operation and Maintenance Expenses⁽⁴⁾</u>	3,986,176	4,307,342	4,406,608	4,404,498	5,430,672
<u>Net Pledged Revenues</u>	5,090,602	3,613,601	4,145,140	3,704,827	6,807,754
<u>Maximum Annual Debt Service Requirements⁽⁵⁾</u>	1,929,250	1,929,250	1,929,250	1,929,250	1,929,250
<u>Historical Coverage</u>	2.64 x	1.87 x	2.15 x	1.92 x	3.53 x

⁽¹⁾ Based upon the District's audited financial statements.

⁽²⁾ Gross Pledged Revenue excludes gains on sales of property and contributed assets from developers, which are non-cash items.

⁽³⁾ Represents investment income from all District investments, not only investment income on the other components of Gross Pledged Revenues. The amount of investment income earned on non-Gross Pledged Revenues (which is therefore not pledged to the Bonds), however, is not a material amount.

⁽⁴⁾ Includes System maintenance, operations and engineering expenses as well as general administrative expenses. Excludes non-operating expenses.

⁽⁵⁾ Represents the maximum annual debt service requirements of the Bond (\$1,929,250 in 2030). See "DEBT SERVICE REQUIREMENTS". If the District issues Parity Bonds in the future, the debt service requirements of the Parity Bonds would be added to this amount and could result in a lower coverage factor, depending on future revenues and operating expenses.

WOODMOOR WATER AND SANITATION DISTRICT NO.1

History of Selected Residential User Rates

December 31, 2022

<u>Water Fees</u>							<u>Sewer Fees</u>	
<u>Year</u>	<u>Base Charge</u>	<u>%Change</u>	⁽¹⁾ <u>Average Volume Rate PER 1000 GAL.</u>	⁽²⁾ <u>Average Monthly Volume Used Per Customer (Gal.)</u>	⁽³⁾ <u>Average Monthly Volume Charge Per Customer (\$)</u>	<u>% Change</u>	<u>Base Charge</u>	<u>% Change</u>
2018	\$9.31	3.3%	\$8.92	5,907	\$52.71	11.81%	\$31.01	0.0%
2019	\$9.31	0.0%	\$8.71	5,480	\$47.73	-9.46%	\$31.01	0.0%
2020	\$9.50	2.0%	\$9.16	6,315	\$57.82	21.15%	\$31.63	2.0%
2021	\$9.69	2.0%	\$9.37	5,802	\$54.34	-6.02%	\$32.31	2.1%
2022	\$10.18	5.1%	\$9.82	5,753	\$56.49	3.96%	\$33.00	2.1%
2023 ⁽⁴⁾	\$10.59	4.0%	\$10.21	5,753	\$58.74	3.97%	\$34.32	4.0%

⁽¹⁾ Excludes late fees, disconnection and other miscellaneous charges

⁽²⁾ Based on Average number of customers throughout the year

⁽³⁾ Does not include base charge or RWI fee

⁽⁴⁾ Projected for the current year

WOODMOOR WATER AND SANITATION DISTRICT NO.1

History of Water and Sewer Rate Revenue

December 31, 2022

The following table shows a five year history of Water System user fees and Sewer System user fees.

History of Water and Sewer Rate Revenues

<u>Year</u>	<u>Water System User Fees</u>		<u>Sewer System User Fees</u>	
	<u>Amount</u>	<u>%Change</u>	<u>Amount</u>	<u>%Change</u>
2018	\$3,265,673	14.44%	\$1,523,301	3.71%
2019	\$2,892,950	-11.41%	\$1,524,948	0.11%
2020	\$3,496,485	20.86%	\$1,547,257	1.46%
2021	\$3,489,916	-0.19%	\$1,583,387	2.34%
2022	\$3,320,919	-4.84%	\$1,641,623	3.68%
2023 ⁽¹⁾	\$3,710,700	11.74%	\$1,784,059	8.68%

⁽¹⁾ Constitutes estimated data for 2023, based upon actual revenues through May 2023, and projections for the remainder of the year.

WOODMOOR WATER AND SANITATION
DISTRICT NO.1
December 31, 2022

Renewable Water Investment Fee

Following a public hearing at its October 17, 2011 meeting, the Board adopted a resolution creating the Renewable Water Investment Fee (the “RWI Fee”), which constituted a new charge of the District. The RWI Fee is intended to provide additional security for the Bonds and to be a component of the District’s overall plan to decrease reliance upon nonrenewable groundwater and increase reliance upon renewable surface water. The amount of the RWI FEE initially was calculated at the rate of \$45 per service tap equivalent per customer per month for all customers (including residential and nonresidential) and was added as a separate line item on each water customer’s bill. The amount of the RWI Fee will be calculated for each customer as shown in the table below. Customers which have purchased larger taps from the District will be charged at higher rates than those which have purchased smaller taps, since the service tap equivalent number is higher for such customers. One service tap equivalent is equal to the cross-sectional area of a ¾” diameter water service tap, which is the size of tap typically installed to provide water service to a single-family residential customer. The District’s imposition of the RWI Fee occurred January 1, 2012.

2022 Renewable Water Investment Fee Schedule

Tap Size	Tap Equivalents	Amount of RWI Fee (per month)
¾” MF ⁽¹⁾	0.75	\$30.00
¾”	1.00	40.00
1”	1.78	71.20
1.25”	2.79	111.60
1.5”	4.01	160.40
2”	7.11	284.40
2.5”	11.30	452.00
3”	16.03	641.20
4”	28.44	1,137.60

(1) This tap size refers to multi-family unit customers. The District defines a multi-family customer as a dwelling unit which is separated from another dwelling unit by a party wall, such as an apartment or condominium.

WOODMOOR WATER AND SANITATION DISTRICT NO.1

History of Residential Tap Fees

December 31, 2022

<u>Year</u>	<u>Water Tap Fee</u>		<u>Sewer Tap Fee</u>	
	<u>Amount</u>	<u>%Change</u>	<u>Amount</u>	<u>%Change</u>
2018	\$24,186	0.0%	\$8,435	2.70%
2019	\$24,186	0.0%	\$8,435	0.0%
2020	\$24,669	2.0%	\$8,603	2.0%
2021	\$24,669	0.0%	\$8,603	0.0%
2022	\$25,903	5.0%	\$9,033	5.0%

WOODMOOR WATER AND SANITATION DISTRICT NO.1

December 31, 2022

History of Tap Fees Collected

Year	Type	Tap Fee Revenues		Number of Connections		Total Collections	
		Residential	Commercial	Residential	Commercial	Amount	%Change
2017	Water Sewer	\$2,993,018 \$972,117	\$0	125	0	\$3,965,135	-8.3%
2018	Water Sewer	\$943,254 \$295,444	\$0	39	0	\$1,238,698	-68.8%
2019	Water Sewer	\$241,860 \$75,915	\$183,088 \$92,446	10	3	\$593,309	-52.1%
2020	Water Sewer	\$542,718 \$189,266	\$43,911 \$11,701	22	1 2	\$787,596	32.7%
2021	Water Sewer	\$493,380 \$94,633	\$173,176 \$31,145	20	2 3	\$792,334	0.6%
2022	Water Sewer	\$129,515 \$45,165	\$0 \$0	8	0	\$174,680	-78.0%
2023 ⁽¹⁾	Water Sewer	\$2,204,312 \$768,712	\$1,052,828			\$4,025,852	2204.7%

⁽¹⁾ Constitutes estimated tap fee data for 2023 based upon actual connections through May 31, 2023 and projections for the remainder of the year.

WOODMOOR WATER AND SANITATION DISTRICT NO.1

Water. The following table describes the District's Water System customer base for 2022.
The District expects this information to be relatively unchanged for 2023.

Water System Customer Information - 2022

Customer Class	Accounts		Gallons Sold		Revenue	
	Number of Accounts ⁽¹⁾	% of Total	Number of Gallons Sold	% of Total	Amount of Revenue ⁽²⁾	% of Total
Residential	3,903	97.1%	269,452,320	74.7%	\$ 2,646,658	77.1%
Non-residential	62	1.5%	18,941,798	5.3%	173,803	5.1%
Irrigation	21	0.5%	15,711,700	4.4%	226,729	6.6%
Bulk Water	19	0.5%	15,926,800	4.4%	199,220	5.8%
Extra-Territorial bulk water	1	0.1%	1,570,100	0.4%	17,728	0.5%
Non-Potable	3	0.1%	34,709,400	9.6%	140,025	4.1%
Augmentation	9	0.1%	4,188,161	1.2%	26,697	0.8%
Total	4,018	100.0%	360,500,279	100.0%	\$ 3,430,860	100.0%

⁽¹⁾ Represents the average number of customer accounts during 2022. The number of accounts varies throughout the year.

⁽²⁾ Revenue shown is the amount billed.

WOODMOOR WATER AND SANITATION DISTRICT NO.1

Sewer System Customer Information - 2022

Sewer. The following table describes the Sewer System customers for 2022.
The District expects this information to be relatively unchanged for 2023.

<u>Customer Class</u>	<u>Number of Accounts</u> ⁽¹⁾	<u>% of Total</u>	<u>Revenue</u> ⁽²⁾	<u>% of Total</u>
Residential	3,887	98.2%	\$ 1,537,476	92.7%
Commercial	62	1.6%	86,469	5.2%
Bulk	8	0.2%	22,112	1.3%
Campground	1	0.025%	12,286	0.7%
Extra-Territorial Bulk Water	1	0.025%	594	0.036%
Total	3,959	100.0%	\$ 1,658,937	100.0%

⁽¹⁾ Represents the average number of customer accounts during 2022. The number of accounts varies throughout the year. The number of Sewer System accounts shown in this table does not exactly match the number of Water System accounts shown in the previous table because some Water System customers have more than a single account, while most Sewer System customers have only one account.

⁽²⁾Revenue shown is the amount billed.

WOODMOOR WATER AND SANITATION DISTRICT NO.1

December 31, 2022

Largest System Customers for 2022

<u>Customer Description</u>	<u>Water Usage</u>		<u>Water Revenue</u>	<u>Sewer Revenue</u>	<u>Other Revenue</u>	<u>Total Revenue</u>	<u>% of Total⁽²⁾</u>
	<u>Gallons Used</u>	<u>% of Total⁽¹⁾</u>					
Commercial (non-retail) ⁽³⁾	30,299,900	8.4%	\$125,286	\$5,858	\$40	\$ 131,184	3.8%
Public Schools ⁽⁴⁾	18,015,200	5.0%	\$179,961	\$14,341	\$1,330	195,632	5.7%
Homeowners association	6,915,800	1.9%	\$106,534	\$0	\$0	106,534	3.1%
Commercial (non-retail)	3,390,100	0.9%	\$28,104	\$0	\$0	28,104	0.8%
Homeowners association	2,881,700	0.8%	\$27,790	\$13,509	\$110	41,409	1.2%
Homeowners association	2,756,100	0.8%	\$39,247	\$0	\$0	39,247	1.1%
Spa/Health Club	2,680,000	0.7%	\$24,127	\$7,394	\$0	31,521	0.9%
Homeowners association	1,759,000	0.5%	\$9,928	\$0	\$0	9,928	0.3%
Commercial (retail)	1,653,300	0.5%	\$13,706	\$0	\$0	13,706	0.4%
Commercial (retail)	1,386,300	<u>0.4%</u>	\$14,130	\$4,430	\$0	18,560	<u>0.5%</u>
Total	<u>71,737,400</u>	<u>19.9%</u>	<u>\$ 568,813</u>	<u>\$ 45,532</u>	<u>\$ 1,480</u>	<u>\$ 615,825</u>	<u>17.9%</u>

⁽¹⁾ Based on total gallons sold of 360,500,279.

⁽²⁾ Based on total water revenues of \$3,430,860.

⁽³⁾ This customer used 8.4% of the water in 2022 but only generated 3.8% of total revenues because most of this customer's use was for irrigation purposes, and non-potable water is less expensive than treated water.

⁽⁴⁾ The District serves Lewis Palmer School District No. 38, including two high schools, one middle school, one elementary school and a charter academy located within the District's boundaries, and one elementary school located outside of the District's boundaries (water only). The water use and revenue of all these schools has been consolidated for this table.

WOODMOOR WATER AND SANITATION DISTRICT

Budget Summary and Comparison
December 31, 2022

Budget Summary and Comparison

The following tables set forth a comparison of the budget for the District for 2022 as compared to actual results (year-to-date, unaudited). These tables are presented in budgetary format and are not intended to comply with Generally Accepted Accounting Principles (“GAAP”).

WOODMOOR WATER AND SANITATION DISTRICT NO.1
BUDGET TO ACTUAL COMPARISON
December 31, 2022

	2022		2023	
	Budget ⁽¹⁾	Actual ⁽²⁾	Budget	Actual ⁽³⁾
Revenue				
Tap Fees	524,040	174,680	4,025,852	4,025,852
Water Use Fees	3,447,000	3,320,919	3,710,700	3,710,700
Sewer Use Fees	1,654,000	1,641,623	1,784,059	1,784,059
Avail of Service Fee	12,500	11,919	24,000	24,000
Renewable Water Investment Fee	1,988,000	2,012,741	1,990,880	1,990,880
Property Taxes ⁽⁴⁾	-	-	-	-
Construction Inspection/Permit Processing	11,000	1,650	35,800	35,800
Interest Income	46,647	360,101	491,720	491,720
Other Income ⁽⁵⁾	95,000	47,029	44,000	44,000
Cross connection/meter Fees	5,250	2,100	40,990	40,990
Sale of Land/Equipment	-	-	3,000	3,000
Supplemental Water Sales	1,537,912	4,572,259	752,510	752,510
Lease Income	96,800	93,405	85,376	85,376
Total Revenue	9,418,149	12,238,426	12,988,887	12,988,887
Expenditures				
Bond Agent Fees ⁽⁴⁾	500	600	500	500
Interest on 2021 bonds ⁽⁴⁾	903,030	854,167	684,500	684,500
2021 Bond Redemption ⁽⁴⁾	1,020,000	1,020,000	1,240,000	1,240,000
Revenue Debt Refinancing Costs	-	-	-	-
Construction of Facility ⁽⁴⁾	5,510,000	5,109,899	5,857,910	5,857,910
Cross-connection expenses	17,250	12,294	43,040	43,040
Director Fees	8,000	5,300	8,000	8,000
Employee Benefits	228,567	224,435	271,810	271,810
Equipment Purchases	87,000	-	70,000	70,000
Insurance	107,000	109,794	128,818	128,818
Miscellaneous	55,000	26,456	45,000	45,000
Office expense	186,371	136,490	197,800	197,800
Payroll Taxes	95,176	91,814	110,444	110,444
Professional Fees	643,000	741,435	1,057,000	1,057,000
Renewal and Replacement	1,279,400	1,046,842	1,444,409	1,444,409
Building Maintenance	53,500	55,787	54,500	54,500
Salaries	1,226,715	1,263,122	1,423,000	1,423,000
Sewer treatment charge	798,521	850,549	926,792	926,792
Small Tools	18,000	12,296	18,000	18,000
Training and Education	15,000	10,993	15,000	15,000
Travel	10,000	9,611	10,000	10,000
Unemployment insurance	3,732	3,050	4,331	4,331
Utilities	783,000	722,801	745,000	745,000
Vehicle expense	125,000	107,603	95,000	95,000
Land/Easement acquisitions	5,000	-	1,300,000	1,300,000
Building Improvements	-	-	-	-
Ditch Company/Carriage Assessments	106,000	104,027	121,000	121,000
Total Expenditures	13,284,762	12,519,365	15,871,854	15,871,854
Revenues Over (Under) Expenditures	(3,866,613)	(280,939)	(2,882,967)	(2,882,967)

⁽¹⁾These figures reflect the District's amended 2022 budget.

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

⁽³⁾Unaudited and estimated based upon unaudited financial statements through May 31, 2023.

Excludes expenditures for the issuance of the Bonds

⁽⁴⁾These items are not part of the gross Pledged Revenues and Operations and Maintenance Expenses.
See "SECURITY FOR THE BONDS."

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

Source: The District's 2022 financial statements, 2023 unaudited financial statements through May 31, 2023, and other budgetary financial records.

WOODMOOR WATER AND SANITATION DISTRICT NO.1
December 31, 2022

Statement of Revenues, Expenses and Changes in Net Position

	2018	2019	2020	2021	2022
Operating Revenue					
Charges for Services	\$7,259,883	\$6,595,147	\$7,394,404	\$7,255,480	\$11,561,111
Miscellaneous Income	123,794	93,259	80,152	39,575	142,534
Total operating revenues	7,383,677	6,688,406	7,474,556	7,295,055	11,703,645
Operating Expenses					
Personnel services	1,295,069	1,358,754	1,482,989	1,513,182	1,582,421
Purchased services	648,472	662,743	569,916	531,256	981,760
Materials and supplies	2,042,635	2,285,845	2,353,702	2,272,574	2,971,118
Depreciation and Amortization	1,431,011	1,554,357	1,667,857	1,747,507	1,740,825
Total Operating Expenses	5,417,187	5,861,699	6,074,464	6,064,519	7,276,124
Operating Income	1,966,490	826,707	1,400,091	1,230,536	4,427,521
Non-operating Revenue (Expenses)					
Interest Income	454,403	639,226	289,595	21,936	360,101
Loss of disposition of assets	0	9,103	4,500	3,197	(640,210)
Tap Fees	1,238,698	593,311	787,596	792,334	174,680
Equity interest income (loss)	(78,268)	(67,459)	(484,421)	392,100	0
Interest expense	(1,061,235)	(1,030,235)	(988,735)	(520,975)	(305,810)
Revenue Debt Refinancing Costs				(197,341)	0
Total non-operating revenue	553,598	143,946	(391,465)	491,251	(411,239)
Change in Net Position	2,520,088	970,653	1,008,626	1,721,787	4,016,282
Net Position, Beginning	55,555,144	58,075,232	59,045,885	60,054,511	63,368,769
Net Position, Ending	\$ 58,075,232	\$ 59,045,885	\$ 60,054,511	\$ 61,776,298	\$ 67,385,051

Source: District's Annual Financial Reports for the years ended December 31, 2018-2022