

WILL-O-WISP METROPOLITAN DISTRICT

ANNUAL FINANCIAL REPORT

DECEMBER 31, 2023

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
Will-O-Wisp Metropolitan District

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of Will-O-Wisp Metropolitan District (the "District"), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of the District, as of December 31, 2023, and, the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund 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 ("US 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.

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 US 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 US GAAS, we:

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

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

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to

be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

Supplementary 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 schedule of revenues, expenditures and changes in fund balance – actual and budget –water and wastewater fund and summary of assessed valuation, mill levy and property taxes collected are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 US GAAS. In our opinion, schedule of revenues, expenditures and changes in fund balance – actual and budget –water and wastewater fund and summary of assessed valuation, mill levy and property taxes collected are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Logan, Thomas + Johnson, LLC

Castle Rock, Colorado

October 29, 2024

Will-O-Wisp Metropolitan District
Statement of Net Position
December 31, 2023

	Governmental Activities	Business Type Activities	TOTAL
ASSETS			
Cash and cash equivalents - unrestricted	\$ 693,338	\$ 15,769	\$ 709,107
Property taxes receivable	115,624	-	115,624
Accounts receivable - net of allowance for doubtful accounts	83	-	83
Prepaid expenses	17,242	-	17,242
Due from County	773	-	773
Due from other funds	290,520	-	290,520
Deposits	3,763	-	3,763
Other Assets	506	-	506
Water Rights	-	21,351	21,351
Capital assets, net of depreciation	-	159,480	159,480
	1,121,849	196,600	1,318,449
LIABILITIES			
Accounts payable	7,568	26,305	33,873
Due to other funds	-	290,520	290,520
	7,568	316,825	324,393
DEFERRED INFLOWS OF RESOURCES			
Property tax revenue	115,624	-	115,624
	115,624	-	115,624
NET POSITION			
Net investment in capital assets	-	159,480	159,480
Restricted for:			
Emergencies	3,984	-	3,984
Conservation trust fund	15,610	-	15,610
Unrestricted	979,063	(279,705)	699,358
	998,657	(120,225)	878,432
Total net position	998,657	(120,225)	878,432
Total liabilities, deferred inflow of resources and net position	\$ 1,121,849	\$ 196,600	\$ 1,318,449

The accompanying notes are an integral part of these financial statements

Will-O-Wisp Metropolitan District
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2023

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>		
		<u>Charges for Service</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Primary Government Total</u>
PRIMARY GOVERNMENT:						
Governmental activities:						
General government	\$ 76,287	\$ -	\$ -	\$ (76,287)	\$ -	\$ (76,287)
Conservation trust funds	92	-	1,556	1,464	-	1,464
	<u>\$ 76,379</u>	<u>\$ -</u>	<u>\$ 1,556</u>	<u>\$ (74,823)</u>	<u>\$ -</u>	<u>\$ (74,823)</u>
Business-Type activities:						
Water and sewer	162,705	126,983	2,480	-	(33,242)	(33,242)
Depreciation	8,735	-	-	-	(8,735)	(8,735)
	<u>171,440</u>	<u>126,983</u>	<u>2,480</u>	<u>-</u>	<u>(41,977)</u>	<u>(41,977)</u>
General Revenues:						
				99,756	-	99,756
				11,469	-	11,469
				20	-	20
				19,993	-	19,993
				<u>131,238</u>	<u>-</u>	<u>131,238</u>
				56,415	(41,977)	14,438
				942,242	(78,248)	863,994
				<u>\$ 998,657</u>	<u>\$ (120,225)</u>	<u>\$ 878,432</u>

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

Will-O-Wisp Metropolitan District
Governmental Funds Balance Sheet
December 31, 2023

		<u>General Fund</u>
ASSETS		
Cash and cash equivalents - unrestricted	\$	693,338
Receivable -Other		83
Property taxes receivable		115,624
Prepaid expenses		17,242
Due from other funds		290,520
Due from County		773
Deposits		3,763
Other Assets		<u>506</u>
Total assets		<u>1,121,849</u>
LIABILITIES		
Accounts payable		7,568
Total liabilities		<u>7,568</u>
DEFERRED INFLOWS OF RESOURCES		
Property tax revenue		<u>115,624</u>
Total deferred inflows of resources		<u>115,624</u>
FUND BALANCE		
Nonspendable		
Prepaid expenses		17,242
Restricted for:		
Emergencies		3,984
Conservation trust fund		15,610
Unrestricted		<u>961,821</u>
Total fund balances		<u>998,657</u>
Total liabilities, deferred inflow of resources and fund balances	\$	<u><u>1,121,849</u></u>

The accompanying notes are an integral part of these financial statements

Will-O-Wisp Metropolitan District
Governmental Fund Revenues, Expenditures
and Changes in Fund Balances
December 31, 2023

		<u>General Fund</u>
REVENUES		
Property taxes	\$	99,756
Specific Ownership taxes		11,469
Conservation trust fund		1,556
Interest income		19,808
Interest income - property taxes		185
Other income		20
		<hr/>
Total General Revenues		132,794
		<hr/>
EXPENDITURES		
Legal & Professional		42,532
Director Fees		3,100
Accounting/Administration		3,493
Part-time Administrator		4,371
Audit		1,200
Dues, Subscriptions, Legal Notice		1,025
Treasurer's fees		2,944
Office Expense		767
Payroll Service		1,756
Postage		121
Telephone		1,254
Conservation Trust Fund Expense		92
Election Expense		13,709
Other Expense		15
		<hr/>
Total Expenditures		76,379
		<hr/>
NET CHANGE IN FUND BALANCES		56,415
Fund balances:		
Beginning of the year		942,242
		<hr/>
End of the year	\$	998,657
		<hr/> <hr/>

The accompanying notes are an integral part of these financial statements

Will-O-Wisp Metropolitan District
Statement of Net Position
Water and Wastewater Fund
December 31, 2023

	Water and Wastewater Fund
ASSETS	
Cash and cash equivalents - unrestricted	\$ 15,769
Water Rights	21,351
Capital assets, net of depreciation	159,480
Total assets	196,600
LIABILITIES	
Accounts payable	26,305
Due to other funds	290,520
Total liabilities	316,825
NET POSITION	
Net investment in capital assets	159,480
Unrestricted	(279,705)
Total net position	(120,225)
Total liabilities and net position	\$ 196,600

The accompanying notes are an integral part of these financial statements

Will-O-Wisp Metropolitan District
Statement of Revenues, Expenses and Changes in Net Position
Water and Wastewater Fund
December 31, 2023

REVENUES

Service Fees - Water & Wastewater	\$	117,802
Water Shut Off Notice Delivery Fee		750
Other Income - Retreat Land		8,131
Other Income		300
		300

Total operating revenues		126,983
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OPERATING EXPENSES

Part-time Operator		12,498
Contract Labor		41,113
Legal & Professional		12,926
Repairs & Maintenance		8,876
Sludge Hauling		37,000
Lab Analysis		4,146
Chemicals		3,133
Supplies - Operating		5,278
Truck - Repairs & Maintenance		288
Utilities		16,112
Insurance		15,437
Insurance - Workers Comp		479
Payroll Taxes		1,820
SWSP Resolution		3,599
Depreciation Expense		8,735
		8,735

Total operating expenses		171,440
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NET OPERATING INCOME (LOSS)		(44,457)
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NON-OPERATING REVENUES (EXPENSES)

EAIC Grant Income		2,480
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Total non-operating revenues		2,480
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CHANGE IN NET POSITION		(41,977)
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NET POSITION - BEGINNING OF YEAR		(78,248)
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NET POSITION - END OF YEAR	\$	(120,225)
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The accompanying notes are an integral part of these financial statements

Will-O-Wisp Metropolitan District
Statement of Cash Flows
Water and Wastewater Fund
For the Year Ended December 31, 2023

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from customers	\$	128,960
Miscellaneous cash receipts		300
Cash payments for salaries and payroll taxes		(14,318)
Cash payments to suppliers for goods and services		<u>(111,287)</u>
Net cash from operating activities		<u>3,655</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Cash received from EAIC Grant		2,480
Payments for equipment and improvements		<u>(7,281)</u>
Net cash from capital and related financing activities		<u>(4,801)</u>

NET CHANGE IN CASH AND CASH EQUIVALENTS (1,146)

CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR 16,915

CASH AND CASH EQUIVALENTS - END OF YEAR \$ 15,769

**RECONCILIATION OF NET OPERATING LOSS TO
NET CASH PROVIDED BY OPERATING ACTIVITIES:**

Operating loss	\$	(44,457)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation		8,735
Changes in operating assets and liabilities:		
Change in accounts receivable		2,033
Change in accounts payable and due to other funds		<u>37,344</u>
Total adjustments		48,112

NET CASH FROM OPERATING ACTIVITIES \$ 3,655

The accompanying notes are an integral part of these financial statements

Will-O-Wisp Metropolitan District
Statement of Revenues, Expenditures and Changes
in Fund Balance - Actual and Budget- General Fund
For the Year Ended December 31, 2023

	BUDGETED AMOUNTS		Actual	Variance Favorable (Unfavorable)
	Original	Amended		
REVENUES				
Property taxes	\$ 100,125	\$ 100,125	\$ 99,756	\$ (369)
Specific Ownership taxes	7,800	7,800	11,469	3,669
Conservation trust fund	1,000	1,000	1,556	556
Interest income	1,500	1,500	19,808	18,308
Interest income - property taxes	20	20	185	165
Other income	200	200	20	(180)
	<u>110,645</u>	<u>110,645</u>	<u>132,794</u>	<u>22,149</u>
Total General Revenues	<u>110,645</u>	<u>110,645</u>	<u>132,794</u>	<u>22,149</u>
EXPENDITURES				
Legal & Professional	10,000	10,000	42,532	(32,532)
Director Fees	6,000	6,000	3,100	2,900
Accounting/Administration	5,000	5,000	3,493	1,507
Part-time Administrator	9,000	9,000	4,371	4,629
Audit	5,000	5,000	1,200	3,800
Dues, Subscriptions, Legal Notice	2,500	2,500	1,025	1,475
Treasurer's fees	3,500	3,500	2,944	556
Office Expense	4,000	4,000	767	3,233
Payroll Service	2,400	2,400	1,756	644
Postage	500	500	121	379
Telephone	2,300	2,300	1,254	1,046
Conservation Trust Fund Expense	5,000	5,000	92	4,908
Election Expense	20,000	20,000	13,709	6,291
Other Expense	170,300	170,300	15	170,285
	<u>245,500</u>	<u>245,500</u>	<u>76,379</u>	<u>169,121</u>
Total Expenditures	<u>245,500</u>	<u>245,500</u>	<u>76,379</u>	<u>169,121</u>
Excess (Deficiency) of Revenues over expenditures	<u>(134,855)</u>	<u>(134,855)</u>	<u>56,415</u>	<u>191,270</u>
FUND BALANCE - BEGINNING OF YEAR	650,200	650,200	942,242	292,042
FUND BALANCE - END OF YEAR	<u>\$ 515,345</u>	<u>\$ 515,345</u>	<u>\$ 998,657</u>	<u>\$ 483,312</u>

The accompanying notes are an integral part of these financial statements

Will-O-Wisp Metropolitan District
Notes to Financial Statements
December 31, 2023

1. Definition of Reporting Entity

Will-O-Wisp Metropolitan District (the District), a quasi-municipal corporation and political subdivision of the State of Colorado, is governed pursuant to provisions of the Colorado Special District Act (Title 32). The District was established to develop and provide water and sanitation facilities and services. The District's primary revenues are property taxes, water charges and wastewater charges. The District is governed by an elected Board of Directors.

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 and 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.

2. Summary of Significant Accounting Policies

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

Government-Wide and Fund Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. The financial statements include all of the activities of the District. For the most part, the effect of interfund activity has been removed from these statements.

Governmental activities are normally supported by property taxes collected. Both statements distinguish between governmental activities, which normally are supported by taxes and business-type activities, which rely to a significant extent on fees and charges for support.

The statement of net position reports all financial and capital resources of the District. The difference between the assets and liabilities of the District is reported as net position.

Will-O-Wisp Metropolitan District
Notes to Financial Statements
December 31, 2023

2. Summary of Significant Accounting Policies (continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Expenditures for redemption of bonds are recorded as a reduction in liabilities.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are property taxes. All other revenue items are considered to be measurable and available only when cash is received by the District. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation paid.

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

Will-O-Wisp Metropolitan District
Notes to Financial Statements
December 31, 2023

2. Summary of Significant Accounting Policies (continued)

The District reports the following major proprietary fund:

The Water and Wastewater Fund accounts for operations that are financed and operated in a manner similar to private business enterprises, where the intent is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's ongoing operations. Operating revenues consist of charges to customers for services provided. Operating expenses for proprietary funds include the cost of services, administrative expenses, and depreciation of assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses or capital contributions. The District's proprietary fund consists of the Water and Wastewater Fund.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes received from other governmental activities.

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.

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 appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund presented on the modified accrual basis of accounting.

Will-O-Wisp Metropolitan District
Notes to Financial Statements
December 31, 2023

2. Summary of Significant Accounting Policies (continued)

Statement of Cash Flows

For purposes of the statement of cash flows, the District considers cash deposits with a maturity of three months or less to be cash equivalents. During 2023 and 2022, the District did not incur any noncash activities.

Fair Value of Financial Instruments

The District's financial instruments include cash and cash equivalents, accounts receivable and accounts payable. The District estimates that the fair value of all financial instruments at December 31, 2023 does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments.

Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand and short-term investments with maturities of three months or less from the date of acquisition. Investments for the government are reported at fair value.

The District follows the practice of pooling cash and investments of all funds to maximize investment earnings. Except when required by trust or other agreements, all cash is deposited to and disbursed from a minimum number of bank accounts. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility. Investment earnings are allocated periodically to the participating funds based upon each funds' average equity balance in the total cash.

Estimates

The preparation of these financial statements in conformity with Accounting Standards Generally Accepted in the United States (GAAP) requires the District management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Will-O-Wisp Metropolitan District
Notes to Financial Statements
December 31, 2023

2. Summary of Significant Accounting Policies (continued)

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. 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 two years. Such assets are recorded at historical or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of the donation.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the life of the assets are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable using the straight-line method. Depreciation on property that will remain for assets of the District is reported on the Statement of Activities as a current charge.

Property, plant and equipment are depreciated using the straight-line method over the following estimated useful lives:

Water lines	50 years
Wells	10 years
Water tower	20 years
Sewer lines	50 years
Sewer plant building	50 years
Sewer plant equipment	5-15 years

Will-O-Wisp Metropolitan District
Notes to Financial Statements
December 31, 2023

2. Summary of Significant Accounting Policies (continued)

Property Tax

Property taxes are levied by the District's Board of Directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April or in equal installments, at the taxpayers' election, in February and June. Delinquent taxpayers are notified in July or August and the sales of the resultant tax liens on delinquent properties are generally held in November or December. The County Treasurer remits the taxes collected monthly to the District.

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred revenue in the year they are levied and measurable since they are not normally available nor are they budgeted as a resource until the subsequent year. The deferred property taxes are recorded as revenue in the subsequent year when they are available or collected.

Fund Equity

Fund balance for governmental funds should be reported in classifications that comprise a hierarchy based on the extent to which the government is bound to honor constraints on the specific purposes for which spending can occur. Governmental funds report up to five classifications of fund balance: nonspendable, restricted, committed, assigned, and unassigned. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications describe the relative strength of the spending constraints:

- *Nonspendable fund balance* - The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts or inventory) or legally or contractually required to be maintained intact.
- *Restricted fund balance* - The portion of fund balance that is constrained to being used for a specific purpose by external parties (such as bondholders), constitutional provisions, or enabling legislation.

Will-O-Wisp Metropolitan District
Notes to Financial Statements
December 31, 2023

2. Summary of Significant Accounting Policies (continued)

- *Committed fund balance* - The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the Board of Directors. The constraint may be removed or changed only through formal action of the Board of Directors.

- *Assigned fund balance* - The portion of fund balance that is constrained by the government's intent to be used for specific purposes but is neither restricted nor committed. Intent is expressed by the Board of Directors to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.

- *Unassigned fund balance* - The residual portion of fund balance that does not meet any of the criteria described above. If more than one classification of fund balance is available for use when an expenditure is incurred, it is the District's policy to use the most restrictive classification first.

Subsequent Events

The District has evaluated subsequent events through October 29, 2024, the date which the financial statements were available to be issued. During this period, the District was not aware of any material recognizable subsequent events.

3. Cash and Investments

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

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

Will-O-Wisp Metropolitan District
Notes to Financial Statements
December 31, 2023

3. Cash and Investments (continued)

As of December 31, 2023, the District's cash deposits had a carrying balance of \$709,107. The bank balance at December 31, 2023 is \$708,690, of which \$250,000, was FDIC insured, \$75,676 was collateralized by securities held in the pledging financial institution's trust department or agent in the District's name, and \$383,014 was held in a local government investment pool.

Investments

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

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

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

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

- Obligations of the United States, certain U.S. government agency securities and the World Bank
- General obligation and revenue bonds of U.S. local government entities
- Bankers acceptances of certain banks
- Written repurchase agreements and certain reverse repurchase agreements collateralized by certain authorized securities
- Guaranteed investment contracts

Will-O-Wisp Metropolitan District
Notes to Financial Statements
December 31, 2023

3. Cash and Investments (continued)

Local government investment pools

As of December 31, 2023, the District had the following investments:

<u>Investment:</u>	<u>Maturity:</u>	<u>Net Asset Value:</u>
COLOTRUST	Weighted average under 60 days	\$383,014

The District invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST) (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to \$1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and any security allowed under CRS 24-75-601. A designated custodial bank serves as custodian for the Trust’s portfolios pursuant to a custodian agreement.

The custodian acts as a safekeeping agent for the Trust’s investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian’s internal records segregate investments owned by the Trust.

COLOTRUST is rated AAAM by Standard & Poor’s COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST using the net asset value method. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

Will-O-Wisp Metropolitan District
Notes to Financial Statements
December 31, 2023

4. Capital Assets

An analysis of the changes in net capital assets during 2023 follows:

	<u>Balance 12/31/2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/2023</u>
<u>Business-Type Activities</u>				
Capital assets not being				
Depreciated:				
Construction in Progress	\$ 121,133	\$ 7,281	\$ (72,742)	\$ 55,672
Total capital assets not being	<u>121,133</u>	<u>7,281</u>	<u>(72,742)</u>	<u>55,672</u>
Depreciated				
Capital assets being depreciated	2,937,738	72,742	-	3,010,480
Total capital assets being deprec.	<u>2,937,738</u>	<u>72,742</u>	<u>-</u>	<u>3,010,480</u>
Accumulated Depreciation	<u>(2,897,937)</u>	<u>(8,735)</u>	<u>-</u>	<u>(2,906,672)</u>
Net capital assets being deprec.	<u>39,801</u>	<u>64,007</u>	<u>-</u>	<u>103,808</u>
Business-Type assets, net	\$ <u>160,934</u>	\$ <u>71,288</u>	\$ <u>(72,742)</u>	\$ <u>159,480</u>

Depreciation expense charged in 2023 to the enterprise functions of the District was \$8,735.

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Will-O-Wisp Metropolitan District
Notes to Financial Statements
December 31, 2023

5. Net Position

The District has net position consisting of three components – net investment in capital assets, restricted and unrestricted.

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of bonds attributable to the acquisition, construction, or improvement of those assets, excluding unspent bond proceeds. As of December 31, 2023 the District had a net investment in capital assets in the amount of \$159,480.

Restricted net position includes net position that is restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The District had restricted net position as of December 31, 2023 as follows:

Emergencies (See Note 7)		\$ 3,984	
Conservation Trust Fund		15,610	
Total		\$ 19,594	

The District's unrestricted net position as of December 31, 2023 totaled \$699,358.

6. Risk Management

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

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

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

Will-O-Wisp Metropolitan District
Notes to Financial Statements
December 31, 2023

7. Tax, Spending and Debt Limitations

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

Enterprises, defined as government-owned business authorized to issue revenue bonds and receiving less than 10% of annual revenue from grants from all state and local governments combined, are excluded from the provisions of TABOR. The District's management believes a significant portion of its operations qualify for this exclusion.

Supplementary Information

Will-O-Wisp Metropolitan District
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Actual and Budget - Water and Wastewater Fund
For the Year Ended December 31, 2023

	BUDGETED AMOUNTS		Actual	Variance
	Original	Amended		Favorable (Unfavorable)
REVENUES				
Service Fees - Water & Wastewater	\$ 113,208	\$ 113,208	\$ 117,802	\$ 4,594
Water Shut Off Notice Delivery Fee	-	-	750	750
Other Income - Retreat Land	6,000	6,000	8,131	2,131
Other Income	300	300	300	-
EAIC Grant Income	42,000	42,000	2,480	(39,520)
Transfer In - District Reserves	232,000	232,000	-	(232,000)
	<u>393,508</u>	<u>393,508</u>	<u>129,463</u>	<u>(264,045)</u>
Total Revenues				
EXPENDITURES				
Part-time Operator	15,000	15,000	12,498	2,502
Contract Labor	50,000	50,000	41,113	8,887
Legal & Professional	5,000	5,000	12,926	(7,926)
Sewer Jetting	2,500	2,500	-	2,500
Repairs & Maintenance	20,000	20,000	8,876	11,124
Sludge Hauling	12,500	12,500	37,000	(24,500)
Lab Analysis	15,000	15,000	4,146	10,854
Chemicals	9,000	9,000	3,133	5,867
Supplies - Operating	30,000	30,000	5,278	24,722
Truck - Repairs & Maintenance	1,500	1,500	288	1,212
Truck - Gasoline	300	300	-	300
Utilities	24,000	24,000	16,112	7,888
Capital Outlay	57,000	57,000	7,281	49,719
Insurance	12,000	12,000	15,437	(3,437)
Insurance - Workers Comp	1,500	1,500	479	1,021
Payroll Taxes	2,400	2,400	1,820	580
SWSP Resolution	-	-	3,599	(3,599)
	<u>257,700</u>	<u>257,700</u>	<u>169,986</u>	<u>87,714</u>
Total Expenditures				
Excess (Deficiency) non-GAAP basis	<u>135,808</u>	<u>135,808</u>	<u>(40,523)</u>	<u>(351,759)</u>
Reconciling differences between budgetary basis and generally accepted accounting principles (GAAP):				
Depreciation expense			(8,735)	
Capital asset additions			7,281	
Changes in net position per Statement of Revenues and Expenses and Changes in Net Position			<u>(41,977)</u>	

Will-O-Wisp Metropolitan District
SUMMARY OF ASSESSED VALUATION, MILL LEVY
AND PROPERTY TAXES COLLECTED
DECEMBER 31, 2023

<u>Year Ended December 31,</u>	<u>Prior Year Assessed Valuation for Current Year Property Tax Levy</u>	<u>Mills Levied</u>	<u>Total Property Taxes</u>		<u>Percent Collected to Levied</u>
			<u>Levied</u>	<u>Collected</u>	
2019	3,228,670	23.820	76,907	75,578	98.27%
2020	3,325,850	23.820	79,222	79,181	99.95%
2021	3,325,460	23.820	79,212	79,194	99.98%
2022	4,239,156	23.820	100,977	100,945	99.97%
2023	4,203,414	23.820	100,125	99,756	99.63%

Estimate for the year ended December 31:

2024	4,854,090	23.820	115,624		
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NOTE:

Property taxes collected in any one year include collection of delinquent property taxes assessed in prior years. Information received from the County Treasurers does not permit identification of specific year of assessment.