

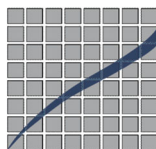
WILLOWBROOK WATER AND SANITATION DISTRICT

FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

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BiggsKofford

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Willowbrook Water and Sanitation District
Jefferson County, Colorado

Opinion

We have audited the accompanying financial statements of the business-type activities of Willowbrook Water and Sanitation District ("District") as of and for the years ended December 31, 2023 and 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 financial statements referred to above present fairly, in all material respects, the financial position of the District as of December 31, 2023 and 2022, the respective changes in financial position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern 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 opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Other Matters

Required Supplementary Information

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

Supplementary Information

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

BiggsKofford, P.C.

Denver, Colorado

September 24, 2024

WILLOWBROOK WATER AND SANITATION DISTRICT
STATEMENTS OF NET POSITION
DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
<u>ASSETS</u>		
Current assets:		
Cash and investments	\$ 19,930,094	\$ 19,804,108
Accounts receivable	350,075	348,848
Property tax receivable	496,468	462,286
Receivable from County Treasurer	2,050	1,476
Interest receivable	7,175	4,675
Prepaid expenses	30,101	29,502
Total current assets	<u>20,815,963</u>	<u>20,650,895</u>
Non-current assets:		
Capital assets, not being depreciated	318,904	254,340
Capital assets, being depreciated	29,455,432	27,096,285
Accumulated depreciation	<u>(17,060,516)</u>	<u>(16,353,126)</u>
Capital assets, net	<u>12,713,820</u>	<u>10,997,499</u>
Total assets	<u>\$ 33,529,783</u>	<u>\$ 31,648,394</u>
<u>LIABILITIES</u>		
Accounts payable and accrued liabilities	\$ 220,874	\$ 218,175
Deposits payable	18,700	19,800
Total liabilities	<u>239,574</u>	<u>237,975</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Deferred property tax revenue	496,468	462,286
Total deferred inflows of resources	<u>496,468</u>	<u>462,286</u>
<u>NET POSITION</u>		
Net investment in capital assets	12,713,820	10,997,499
Unrestricted	<u>20,079,921</u>	<u>19,950,634</u>
Total net position	<u>32,793,741</u>	<u>30,948,133</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 33,529,783</u>	<u>\$ 31,648,394</u>

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

WILLOWBROOK WATER AND SANITATION DISTRICT
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEARS ENDED DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
<u>OPERATING REVENUES</u>		
Water revenues	\$ 3,706,836	\$ 4,014,422
Sewer revenues	1,614,896	1,500,622
Late charges and shut offs	2,152	720
Meter sales	3,932	7,651
Other operating revenues	10,567	13,710
Total operating revenues	<u>5,338,383</u>	<u>5,537,125</u>
<u>OPERATING EXPENSES</u>		
Accounting	83,640	78,975
Administrative	117,020	138,836
Depreciation and amortization	707,390	618,520
Director's fees	5,712	5,813
District management	161,514	157,607
Engineering	129,396	129,795
Insurance	27,526	23,768
Legal	48,318	40,718
Utilities	104,895	127,042
Water and sewer costs, maintenance, and supplies	3,769,442	4,202,923
Total operating expenses	<u>5,154,853</u>	<u>5,523,997</u>
Net operating income	<u>183,530</u>	<u>13,128</u>
<u>NON-OPERATING REVENUES (EXPENSES)</u>		
County Treasurer's fees	(6,936)	(6,512)
Investment income	954,281	31,529
Property taxes	461,650	433,697
Specific ownership taxes	33,083	29,981
Tap fees	220,000	491,590
Net non-operating revenues	<u>1,662,078</u>	<u>980,285</u>
Change in net position	1,845,608	993,413
Net position, beginning of year	<u>30,948,133</u>	<u>29,954,720</u>
Net position, end of year	<u>\$ 32,793,741</u>	<u>\$ 30,948,133</u>

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

WILLOWBROOK WATER AND SANITATION DISTRICT
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Cash received from customers/operations	\$ 5,337,156	\$ 5,501,492
Cash payments to suppliers for goods and services	(4,448,963)	(4,886,596)
Net cash flows from operating activities	<u>888,193</u>	<u>614,896</u>
<u>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</u>		
Property taxes	461,650	433,697
Specific ownership taxes	32,509	30,299
County Treasurer's fees	(6,936)	(6,512)
Net cash flows from non-capital financing activities	<u>487,223</u>	<u>457,484</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>		
Tap fees	220,000	491,590
Acquisitions and construction of capital assets	(2,423,711)	(232,385)
Net cash flows from capital and related financing activities	<u>(2,203,711)</u>	<u>259,205</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Investment income	954,281	31,529
Net cash flows from investing activities	<u>954,281</u>	<u>31,529</u>
Net change in cash and equivalents	125,986	1,363,114
Cash and equivalents, beginning of year	<u>19,804,108</u>	<u>18,440,994</u>
Cash and equivalents, end of year	<u>\$ 19,930,094</u>	<u>\$ 19,804,108</u>

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

WILLOWBROOK WATER AND SANITATION DISTRICT
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH FLOWS FROM OPERATING ACTIVITIES		
Net operating income	\$ 183,530	\$ 13,128
Adjustments to reconcile net operating income to net cash flows from operating activities:		
Depreciation	707,390	618,520
Decrease (increase) in operating assets:		
Accounts receivable	(1,227)	(35,633)
Interest receivable	(2,500)	-
Prepaid expenses	(599)	(3,426)
Increase (decrease) in operating liabilities:		
Accounts payable related to operations	2,699	22,807
Deposits	(1,100)	(500)
Net cash flows from operating activities	<u>\$ 888,193</u>	<u>\$ 614,896</u>

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

WILLOWBROOK WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

1. DEFINITION OF REPORTING ENTITY

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of accounting

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

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

Budgets

In accordance with state budget law, the District's board of directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The District's board of directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The appropriation is at the total fund expenditures level and lapses at year end.

Cash and investments

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

See independent auditor's report.

WILLOWBROOK WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

The District estimates that the fair values of all financial instruments as of December 31, 2023 and 2022, do not differ materially from the aggregate carrying values of its financial instruments as recorded in the accompanying statements of net position. The carrying values of these financial instruments approximate fair values because of the short maturity of the underlying instruments.

Accounts receivable

Water and sewer billings are considered past due if not paid within 45 days. The District posts a 48-hour notice of shut off directly at the site and will charge a shut-off fee if not paid within the 48 hours. As of December 31, 2023 and 2022, the District considers accounts receivable to be fully collectable and no allowance for doubtful accounts has been recorded.

Property taxes

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

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

Capital assets

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

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

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

Deferred inflows of resources

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

Net position

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

See independent auditor's report.

WILLOWBROOK WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

Revenues and expenses

Operating revenues consist of charges for services and are recognized as earned. Operating expenses include the cost of service, administrative expenses, and depreciation of assets, and are recorded as incurred.

Use of estimates

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

Subsequent events

The District has evaluated subsequent events through the date of the attached independent auditor's report, the date these financial statements were available to be issued.

Reclassifications

Certain prior year balances and amounts have been reclassified to conform to the current year presentation.

3. CASH AND INVESTMENTS

Cash and investments as of December 31, 2023 and 2022, are classified in the accompanying financial statements as follows:

	2023	2022
Cash and investments	\$ 19,930,094	\$ 19,804,108
Total cash and investments	\$ 19,930,094	\$ 19,804,108

The carrying amounts of cash and investments, which equal estimated fair value, as of December 31, 2023 and 2022 are as follows:

	2023	2022
Deposits with financial institutions	\$ 1,221,785	\$ 2,497,095
Investments	18,708,309	17,307,013
	\$ 19,930,094	\$ 19,804,108

Deposits with financial institutions

The Colorado Public Deposit Protection Act ("PDPA") requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. The 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 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.

See independent auditor's report.

WILLOWBROOK WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

As of December 31, 2023, the District had cash deposits with a bank balance of \$1,258,487 and a carrying balance of \$1,221,785. As of December 31, 2022, the District had cash deposits with a bank balance of \$2,672,285 and a carrying balance of \$2,497,095.

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

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

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

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

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

Investment	Maturity	Amount
Liquid Asset Trust (COLOTRUST)	Weighted average under 60 days	\$ 16,829,143
Federal Home Loan Bank Bond 3130AMTQ5	12/30/2024	958,096
Federal Home Loan Bank Bond 3130AMWK4	07/14/2026	921,070
Total investments		<u>\$ 18,708,309</u>

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

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

See independent auditor's report.

WILLOWBROOK WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

Government and agency bonds

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

COLOTRUST

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

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

COLOTRUST EDGE, a variable net asset value ("NAV") local government investment pool, offers weekly liquidity and is managed to approximate a \$10 transactional share price. COLOTRUST EDGE may invest in US Treasury securities, repurchase agreement collateralized by US Treasury securities, certain obligations of US government agencies, 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 safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. COLOTRUST PRIME and COLOTRUST PLUS+ are rated AAAM by Standard & Poor's. COLOTRUST EDGE is rated AAAs/S1 by FitchRatings. COLOTRUST records its investment at fair value and the District records its investment in COLOTRUST at NAV as determined by fair value. There are no unfunded commitments, the redemption frequency is daily or weekly, and there is no redemption notice period.

Investment valuation

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

As of December 31, 2023, the fair values of the District's investments were as follows:

Investment	Level 1	Level 2	Level 3	Total
Government and agency bonds	\$ -	\$ 1,879,166	\$ -	\$ 1,879,166

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

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

See independent auditor's report.

WILLOWBROOK WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

4. CAPITAL ASSETS

An analysis of the changes in capital assets for the year ended December 31, 2023, follows:

	Balance 01-01-23	Additions	Dispositions	Reclassifications	Balance 12-31-23
Capital assets, not being depreciated:					
Land	\$ 90,000	\$ -	\$ -	\$ -	\$ 90,000
Construction in progress	164,340	147,506	-	(82,942)	228,904
Total capital assets, not being depreciated	254,340	147,506	-	(82,942)	318,904
Capital assets being depreciated:					
Plant, mains equipment, and easements	26,987,744	2,276,205	-	82,942	29,346,891
Study, water projects	49,621	-	-	-	49,621
Furniture, equipment, and improvements	58,920	-	-	-	58,920
Total capital assets, being depreciated	27,096,285	2,276,205	-	82,942	29,455,432
Less accumulated depreciation:					
Plant, mains equipment, and easements	(16,245,085)	(707,390)	-	-	(16,952,475)
Study, water projects	(49,621)	-	-	-	(49,621)
Furniture, equipment, and improvements	(58,420)	-	-	-	(58,420)
Total accumulated depreciation	(16,353,126)	(707,390)	-	-	(17,060,516)
Capital assets, net	<u>\$ 10,997,499</u>	<u>\$ 1,716,321</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,713,820</u>

See independent auditor's report.

WILLOWBROOK WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

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

	Balance 01-01-22	Additions	Dispositions	Reclassifications	Balance 12-31-22
Capital assets, not being depreciated:					
Land	\$ 90,000	\$ -	\$ -	\$ -	\$ 90,000
Construction in progress	80,393	83,947	-	-	164,340
Total capital assets, not being depreciated	170,393	83,947	-	-	254,340
Capital assets, being depreciated:					
Plant, mains equipment, and easements	26,839,306	148,438	-	-	26,987,744
Study, water projects	49,621	-	-	-	49,621
Furniture, equipment, and improvements	58,920	-	-	-	58,920
Total capital assets, being depreciated	26,947,847	148,438	-	-	27,096,285
Less accumulated depreciation:					
Plant, mains equipment, and easements	(15,626,565)	(618,520)	-	-	(16,245,085)
Study, water projects	(49,621)	-	-	-	(49,621)
Furniture, equipment and improvements	(58,420)	-	-	-	(58,420)
Total accumulated depreciation	(15,734,606)	(618,520)	-	-	(16,353,126)
Capital assets, net	\$ 11,383,634	\$ (386,135)	\$ -	\$ -	\$ 10,997,499

Depreciation expense for the year ended December 31, 2023 and 2022, totaled \$707,390 and \$618,520, respectively.

5. DEBT AUTHORIZATION

The District has no authorized and unissued debt.

6. NET POSITION

The District has net position consisting of net investment in capital assets and unrestricted.

Net investment in capital assets consists of capital assets, net of accumulated depreciation. As of December 31, 2023 and 2022, the District had net investment in capital assets as follows:

	<u>2023</u>	<u>2022</u>
Net investment in capital assets:		
Capital assets, net	\$ 12,713,820	\$ 10,997,499
Net investment in capital assets	<u>\$ 12,713,820</u>	<u>\$ 10,997,499</u>

See independent auditor's report.

WILLOWBROOK WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

Unrestricted net assets consist of net assets that do not meet the definition of net investment in capital assets or restricted net assets.

Prior to January 1, 2022, the District had set aside certain funds to fund future capital projects. These reserve funds were historically reported as restricted net position. The District has determined that such reserve funds no longer exist and no restricted net position exists for this purpose.

7. INTERGOVERNMENTAL AGREEMENTS

The District entered into a settlement agreement with Lakehurst Water and Sanitation District ("Lakehurst") on December 10, 2010, in which the District is entitled to discharge its effluent into the Lakehurst collection system up to 3.15 million gallons per day. The District is obligated to pay annual operations and maintenance costs and 33% of all capital expenditures relating to those portions at the collection system through which the District's effluent passes. Additionally, the District is obligated to pay a \$75 admin fee for the next 228 taps created from the date of the agreement.

The District entered into a cost recovery agreement with Chimney Rock Metropolitan District ("Chimney Rock") on May 23, 2001 and as amended February 22, 2022, in which the District will impose and collect an improvement fee on a property constructed by Chimney Rock and remit the revenues to Chimney Rock. The property owner has not paid the improvement fees and the agreement was extended through December 1, 2029. No amounts have been accrued or recorded in relation to this agreement and the District compensates Chimney Rock when amounts are received from property owners.

The District entered into a special connectors sewage treatment and disposal agreement with the Metropolitan Wastewater Reclamation District on December 20, 1983 for final treatment and disposal of the District's sewage. The District retains responsibility for the maintenance and future construction costs of, and retains title to, all sewer lines in the District. The agreement provides for annual estimated charges, which are assessed through the application of a predetermined formula. Adjustments to the estimated charge are based on meter flows, content, and actual costs. The adjustments are to be rebilled or credited to the District during the two succeeding years.

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

Subsequent to December 31, 2023 on March 25, 2024, the District entered into an intergovernmental agreement with the County of Jefferson, State of Colorado ("Jefferson County") wherein Jefferson County shall reimburse the District for all costs associated with the Bergen Ditrch Culvert Replacement Project up to a total not-to-exceed amount of \$35,000.

8. CONCENTRATIONS

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

9. RISK MANAGEMENT

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

The District is a member of the Colorado Special Districts Property and Liability Pool ("Pool") as of December 31, 2023 and 2022. The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials' liability, boiler and machinery, and workers' compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past four fiscal years.

See independent auditor's report.

WILLOWBROOK WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

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

10. TAX, SPENDING, AND DEBT LIMITATIONS

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

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

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

District management believes the District is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate fiscal year spending limits, will likely require judicial interpretation.

11. SUBSEQUENT EVENTS

The District mailed checks for May 2024 payables in the amount of \$283,114 that were intercepted and cashed by a party or parties other than the payee. Through the date of the of the attached independent auditor's report, the District has recovered approximately \$210,000 of the amount and is actively working to recover the remaining amount.

During the year ended December 31, 2023, a sewer line of the District's was damaged by third parties and settlement conversations ensued. Subsequent to December 31, 2023, in June 2024, the parties agreed that the District would receive \$57,000 in revenue for the damages caused by the defendants. The District will recognize revenue during the year ended December 31, 2024 as a result of this settlement.

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See independent auditor's report.

SUPPLEMENTARY INFORMATION

WILLOWBROOK WATER AND SANITATION DISTRICT
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET COMPARED TO ACTUAL - BUDGETARY BASIS
YEAR ENDED DECEMBER 31, 2023

	Original and Final Budget	Actual	Variance
<u>OPERATING REVENUES</u>			
Water revenues	\$ 4,206,878	\$ 3,706,836	\$ (500,042)
Sewer revenues	1,589,679	1,614,896	25,217
Late charges and shut offs	-	2,152	2,152
Meter sales	16,000	3,932	(12,068)
Other operating revenues	18,926	10,567	(8,359)
Total operating revenues	5,831,483	5,338,383	(493,100)
<u>OPERATING EXPENDITURES</u>			
Accounting	80,200	83,640	(3,440)
Administrative	178,372	117,020	61,352
Capital improvements	2,910,000	-	2,910,000
Contingency	200,000	-	200,000
Director's fees	6,997	5,712	1,285
District management	184,808	161,514	23,294
Engineering	133,000	129,396	3,604
Insurance	25,431	27,526	(2,095)
Legal	71,200	48,318	22,882
Utilities	156,963	104,895	52,068
Water and sewer costs, maintenance, and supplies	5,190,716	3,769,442	1,421,274
Total operating expenditures	9,137,687	4,447,463	4,690,224
<u>NON-OPERATING REVENUES (EXPENDITURES)</u>			
County Treasurer's fees	(6,935)	(6,936)	(1)
Investment income	387,575	954,281	566,706
Property taxes	462,330	461,650	(680)
Specific ownership taxes	30,000	33,083	3,083
Tap fees	750,000	220,000	(530,000)
Net non-operating revenues	1,622,970	1,662,078	39,108
Change in net position - budgetary basis	\$ (1,683,234)	\$ 2,552,998	\$ 4,236,232

See independent auditor's report.

WILLOWBROOK WATER AND SANITATION DISTRICT
RECONCILIATION OF AMOUNTS FROM
US GAAP BASIS TO BUDGETARY BASIS
YEAR ENDED DECEMBER 31, 2023

The accompanying supplementary Schedule of Revenues and Expenditures – Budget Compared to Actual on page 15 presents comparisons of the legally adopted budget with actual data on a budgetary basis. Because accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with US GAAP, a reconciliation of differences in revenues and expenditures for the year ended December 31, 2023 is presented below.

Total revenue and receipts per financial statements (operating revenues, non-operating revenues, and capital contributions)	<u>\$ 7,007,397</u>
Total actual revenue and receipts per the budget	<u><u>\$ 7,007,397</u></u>
Total expenses and capital expenditures per financial statements	<u>\$ 5,161,789</u>
Less: Depreciation expense	<u>(707,390)</u>
Total actual expenditures and capital expenditures per the budget	<u><u>\$ 4,454,399</u></u>

See independent auditor's report.