

**WOODMOOR WATER AND SANITATION DISTRICT NO. 1**

**BASIC FINANCIAL STATEMENTS**

**December 31, 2023**

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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

### Report on the Financial Statements

#### 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, 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 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, 2023, 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.

### **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 is 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

May 16, 2024

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 2023 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, 2023 and its results of operations and the resulting cash flows for then ended 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, 2023 in comparison to the prior year ending December 31, 2022. 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, the comparison is shown for both the originally approved budget and, if amended, the final budget.

**Condensed Comparative Financial Information**  
**Statements of Net Position**

	2023	2022
<b>Current Assets</b>		
Cash and Investments	\$24,018,072	\$24,325,799
Other	504,543	486,665
<b>Total Current Assets</b>	24,522,615	24,812,464
<b>Non Current Assets</b>		
Capital assets	57,975,176	58,840,644
Tri-Lakes WWTF	2,157,032	2,179,243
Other assets	1,975,439	2,011,629
<b>Total Noncurrent Assets</b>	62,107,647	63,031,516
<b>Total Assets</b>	86,630,262	87,843,980
<b>Current Liabilities</b>	1,960,548	1,877,021
<b>Noncurrent Liabilities</b>	14,310,397	15,985,663
<b>Total Liabilities</b>	16,270,945	17,862,684
<b>Net Position</b>		
Net Invested in capital assets	42,563,050	41,818,252
Unrestricted	25,311,366	25,566,799
<b>Total Net Position</b>	\$67,874,416	\$67,385,051

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

	2023	2022
Operating Revenues	\$7,002,227	\$11,703,645
Operating Expenses	9,067,141	7,276,124
Operating Income (Loss)	(2,064,914)	4,427,521
Non Operating Revenues (Expenses)	915,069	(585,919)
Capital Contribution – Tap Fees	1,639,210	174,680
Change in Net Position	489,365	4,016,282
Net Position, beginning of year	67,385,051	63,368,769
Net Position, End of Year	\$67,874,416	\$67,385,051

This information is a summary of the financial information contained in the District’s financial statements ending December 31, 2023 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, 2023 which begin on page 1 together with the audited financial statements for the previous years noted.

**Analysis**

**Financial Position**

The Districts net position increased slightly in 2023 by \$489,365. The District’s net operating loss of \$2,064,914 (including depreciation and amortization of \$2,268,304) was offset by the District’s investment income non-operating income (including \$1,140,258 in investment income) and capital contributions/tap fees of \$1,639,210. While sewer user fees met expectations, actual water user fees compared to budgeted were significantly lower due to unusually wet weather throughout the 2023 summer (irrigation) season. Tap fees were significantly below expectations while supplemental water service fees exceeded expectations significantly. Expenditures fell well below budgeted amounts primarily as a result of actual construction projects and associated expenditures lagging in time to that which was anticipated in the original and final budget.

Current assets of the District at December 31, 2023 totaled \$24,522,615, a slight decrease of \$289,849 (or 1 percent) from 2022 is primarily due to timing of payment of expenses and receipt of revenues. Over the year the District met budgeted expenditures but did not spend down cash reserves as originally anticipated in the 2023 budget. Cash and investments at December 31, 2023 represent approximately 35% 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 2023, the District's operating revenues totaled \$7,002,227 a significant decrease of \$4,701,418 when compared to 2022 and primarily attributable to supplemental water sale volatility as well as water user fees being lower than expected. Operating expenses in 2023 are \$1,791,017 higher than 2022 primarily due to purchased materials and services required to support the Districts water and sewer systems renewal and replacement programs.

## Budgetary Discussion

Actual revenues were significantly less than budgeted revenues by and was primarily due to actual tap fee and water use fee revenue being less than originally anticipated. Actual expenditures were significantly less than budgeted primarily due to delays in construction project progress creating less capital project invoicing and expenditures than were anticipated, in addition, land purchases that the District anticipated did not materialize.

## Capital Assets

At December 31, 2023 the District reports net capital assets in the amount of \$57,975,176. 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 \$2,232,208 in depreciation expense. More information can be found in footnote 4 on page 12 of the financial statements.

During the year of 2023 modest amounts of capital funds were expended on construction and Renewal and Replacement projects primarily as follows:

<u>Projects</u>	<u>Amount</u>	<u>Expected Completion</u>
Highway 105 Utility Relocates	\$541,129	June, 2024
SCADA System Upgrade	\$12,096	Complete
Well Pump Replacement	\$445,749	Complete
SFP Turbidimeter/CL2	\$34,046	Complete
CWTP Surface Water Conversion	\$133,545	Complete
Lake Pump Station No. 2	\$239,625	Complete
Well No. 22 & Pipeline	\$146,016	August, 2024
Equipment for Well 19	\$101,167	Complete
Zone 5 PRV's	\$9,409	August, 2024
Forest Saddle Replacements	\$301,532	Complete
Drill & Equip. CWTP Dawson Well	\$81,476	August, 2024

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

In 2023 the District budgeted \$5,857,910 for capital construction projects and improvements.

The District depreciates its capital assets, including infrastructure. See Note 1 and 4 in the Notes to Financial Statements on page 5 and 12 respectively.

### **Debt**

During 2023 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 page13.

### **Other:**

Subsequent to the fiscal years end, the District entered into a solar energy ground lease agreement on a substantial amount of District land. Once commercial operations begin, the lessee will pay the District \$600 per acre/yr. which could result in as much as \$1,476,600 per year of lease income in the future. See note 10 on page 16 for more information. 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, 2023

## ASSETS

## Current Assets

Cash and Investments	\$ 24,018,072
Accounts Receivable	504,543
Total Current Assets	<u>24,522,615</u>

## Noncurrent Assets

Deposits	19,696
Land Lease Receivables	1,861,581
Investment in Tri-Lakes Joint Venture	2,157,032
Other Assets	94,162
Capital Assets, Not Being Depreciated	35,801,811
Capital Assets, Depreciated, Net of Accumulated Depreciation	<u>22,173,365</u>
Total Noncurrent Assets	<u>62,107,647</u>

TOTAL ASSETS	<u>86,630,262</u>
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## LIABILITIES

## Current Liabilities

Accounts Payable	361,276
Retainage Payable	36,410
Accrued Salaries and Benefits	67,405
Deposits	133,415
Accrued Interest Payable	57,042
Bonds Payable, Current Portion	<u>1,305,000</u>
Total Current Liabilities	<u>1,960,548</u>

## Noncurrent Liabilities

Bonds Payable	14,107,126
Compensated Absences	<u>203,271</u>
Total Noncurrent Liabilities	<u>14,310,397</u>

TOTAL LIABILITIES	<u>16,270,945</u>
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## DEFERRED INFLOWS OF RESOURCES

Deferred Inflows - Leases	1,861,581
Deferred Charges	<u>623,320</u>

TOTAL DEFERRED INFLOWS OF RESOURCES	<u>2,484,901</u>
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## NET POSITION

Net Investment in Capital Assets	42,563,050
Unrestricted	<u>25,311,366</u>

TOTAL NET POSITION	<u>\$ 67,874,416</u>
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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, 2023

OPERATING REVENUES	
Charges for Services	\$ 6,836,683
Other Revenues	<u>165,544</u>
TOTAL OPERATING REVENUES	<u>7,002,227</u>
OPERATING EXPENSES	
Personnel Services	1,785,033
Purchased Services	1,149,054
Materials and Supplies	3,864,750
Depreciation and Amortization	<u>2,268,304</u>
TOTAL OPERATING EXPENSES	<u>9,067,141</u>
NET OPERATING INCOME (LOSS)	<u>(2,064,914)</u>
NON-OPERATING REVENUES (EXPENSES)	
Interest Income	1,140,258
Interest Expense	<u>(225,189)</u>
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>915,069</u>
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	<u>(1,149,845)</u>
CAPITAL CONTRIBUTIONS	
Tap Fees	<u>1,639,210</u>
CHANGE IN NET POSITION	489,365
NET POSITION, Beginning	<u>67,385,051</u>
NET POSITION, Ending	<u><u>\$67,874,416</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, 2023

Increase (Decrease) in Cash and Cash Equivalents

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Customers	\$ 6,984,349
Cash Paid to Suppliers and Employees	<u>(6,780,304)</u>
Net Cash Provided by Operating Activities	<u>204,045</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of Capital Assets	(1,366,740)
Principal Payments on Long Term Debt	(1,240,000)
Interest Payments	(684,500)
Tap Fees and Capital Contributions	1,639,210
Net Cash Used by Capital and Related Financing Activities	<u>(1,652,030)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest Received	<u>1,140,258</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(307,727)
CASH AND CASH EQUIVALENTS, Beginning	<u>24,325,799</u>
CASH AND CASH EQUIVALENTS, Ending	<u><u>\$24,018,072</u></u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH USED BY OPERATING ACTIVITIES	
Operating Income	<u>\$ (2,064,914)</u>
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities	
Depreciation and Amortization Expense	2,268,304
Changes in Assets and Liabilities	
Accounts Receivable	(17,878)
Accounts Payable	361,276
Accrued Expenses	(327,993)
Accrued Compensated Absences	-
Deposits	(14,750)
Total Adjustments	<u>2,268,959</u>
Net Cash Provided by Operating Activities	<u><u>\$ 204,045</u></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, 2023

**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, 2023

**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 at December 31, 2023 are accrued in the statement of net position.

WOODMOOR WATER AND SANITATION DISTRICT NO. 1  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2023

**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 760 hours of discretionary leave, 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 320 hours of sick leave, the employee may either request a pay out of sick leave in excess of 320 hours 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 for these compensated absences has been recorded in the statement of net position.

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 outflows 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 inflows 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, 2023

**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, 2023

**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 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, 2023 through May 16, 2024, 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, 2023

**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, 2023 follows:

Petty Cash	\$ 200
Deposits	2,458,943
Investments	<u>21,558,929</u>
 Total	 <u><u>\$24,018,072</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, 2023, 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, 2023

**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, 2023, the District had deposits with financial institutions with a carrying amount of \$2,458,943. The bank balances with the financial institutions were \$2,799,649. Of these balances, \$250,000 was covered by federal depository insurance and \$2,549,649 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, 2023

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

**Investments** (Continued)

Local Government Investment Pools

The District had invested \$2,150,886 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 \$19,408,043 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, 2023

**NOTE 4: CAPITAL ASSETS**

Capital assets activity for the year ended December 31, 2023 is summarized below:

	Balance <u>12/31/2022</u>	Additions	Deletions	Balance <u>12/31/2023</u>
<b>Business-Type Activities</b>				
Capital Assets, Not Depreciated				
Land and Water Rights	\$ 33,334,189	\$ -	\$ -	\$ 33,334,189
Construction in Progress	<u>9,689,557</u>	<u>1,170,750</u>	<u>8,392,685</u>	<u>2,467,622</u>
Total Capital Assets, Not Depreciated	<u>43,023,746</u>	<u>1,170,750</u>	<u>8,392,685</u>	<u>35,801,811</u>
Capital Asset, Being Depreciated				
Buildings and Improvements	903,796	-	-	903,796
Water and Sewer System	39,772,880	8,536,665	-	48,309,545
Machinery and Equipment	<u>2,171,901</u>	<u>52,010</u>	<u>-</u>	<u>2,223,911</u>
Total Capital Assets, Being Depreciated	<u>42,848,577</u>	<u>8,588,675</u>	<u>-</u>	<u>51,437,252</u>
Accumulated Depreciation				
Buildings and Improvements	493,105	30,606	-	523,711
Water and Sewer System	25,192,278	2,019,578	-	27,211,856
Machinery and Equipment	<u>1,346,296</u>	<u>182,024</u>	<u>-</u>	<u>1,528,320</u>
Total Depreciation	<u>27,031,679</u>	<u>2,232,208</u>	<u>-</u>	<u>29,263,887</u>
Capital Assets, Depreciated, Net	<u>15,816,898</u>	<u>6,356,467</u>	<u>-</u>	<u>22,173,365</u>
Net Capital Assets	<u>\$ 58,840,644</u>	<u>\$ 7,527,217</u>	<u>\$ 8,392,685</u>	<u>\$ 57,975,176</u>

WOODMOOR WATER AND SANITATION DISTRICT NO. 1  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2023

**NOTE 5: LONG-TERM DEBT**

The following is a summary of the District’s long-term debt transactions for the year ended December 31, 2023:

<b>Business-Type Activities</b>	12/31/2022			12/31/2023	
	Balance	Increases	Decreases	Balance	Due Within One Year
2021 Revenue Bonds	\$ 13,690,000	\$ -	\$ 1,240,000	\$ 12,450,000	\$ 1,305,000
Bond Premium	3,332,392	-	370,266	2,962,126	-
<b>Total</b>	<b>\$ 17,022,392</b>	<b>\$ -</b>	<b>\$ 1,610,266</b>	<b>\$ 15,412,126</b>	<b>\$ 1,305,000</b>

**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
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	1,585,000	1,926,750	3,511,750
2029-2031	5,250,000	5,783,500	11,033,500
<b>Total</b>	<b>\$ 12,450,000</b>	<b>\$ 15,410,750</b>	<b>\$ 27,860,750</b>

WOODMOOR WATER AND SANITATION DISTRICT NO. 1  
 NOTES TO THE FINANCIAL STATEMENTS  
 December 31, 2023

**NOTE 6: LEASES**

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 consecutive period of five years beyond the applicable term expiration date.

As of December 31, 2023, a lease receivable of \$1,861,581 and a deferred inflow of \$1,861,581 are reported in the statement of net position. For the year ended December 31, 2023, the District reported \$59,976 in lease revenue, of which \$22,299 was recorded as a reduction in the outstanding lease receivable and \$37,677 was recorded as interest revenue on the lease.

The following is the lease receivable/deferred inflow schedule as of December 31, 2023:

<u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	31,111	35,107	66,218
2029-2033	186,093	165,404	351,497
2034-2028	243,508	144,572	388,080
2039-2043	310,860	117,612	428,472
2044-2048	389,594	83,474	473,068
2049-2053	484,349	50,155	534,504
2054	109,839	2,197	112,036
Total	<u>\$ 1,861,581</u>	<u>\$ 744,438</u>	<u>\$ 2,606,019</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.

WOODMOOR WATER AND SANITATION DISTRICT NO. 1  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2023

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

**Tri-Lakes Joint Venture and Use Agreement** (Continued)

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, 2023, the District paid \$934,554 to the Facility under the terms of the agreement.

For the year ended December 31, 2023, the District's share of the Facility's real property, personal property, and fixtures is \$2,157,032 and is reported as Investment in Tri-Lakes Joint Venture in the Statement of Net Position.

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, 2023, the carrying value of the additional capacity is \$94,162 and is reported as Other Assets in the Statement of Net Position.

**Loop Water Authority**

In December 2022, the District, along with Cherokee Metropolitan District, Donala Water and Sanitation District, and the Town of Monument ("Members") signed an intergovernmental agreement (IGA) establishing the Loop Water Authority ("Authority"). The purpose of the Authority is to effect the development and implementation of the Loop Project, the purpose of such project being the expansion of renewable and non-renewable water resources, construction of systems and facilities in whole or in part for the benefit of the Authority Members and their customers, to identify and implement beneficial operating procedures and conservation programs and projects, to develop and implement financing options for development and implementation of the Loop Project, and to exercise all of its lawful power and authority to accomplish said purposes.

The Authority is governed by a board of directors consisting of one director appointed by each member district.

During the year ended December 31, 2023, the District contributed an amount of \$250,000 to provide initial funding for the Authority.

WOODMOOR WATER AND SANITATION DISTRICT NO. 1  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2023

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

**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, 2023, the District contributed \$62,683 to the Plan.

**NOTE 9:** **CHANGE IN ACCOUNTING PRINCIPLES-SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS**

For the year ended December 31, 2023, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 96, Subscription-Based Information Technology Arrangements (SBITAs). GASB 96 provides guidance on the accounting and financial reporting for SBITAs. For the year ended December 31, 2023, the District has determined that no changes to the District's financial statements are deemed necessary.

**NOTE 10:** **SUBSEQUENT EVENT**

On February 27, 2024, the District entered into a solar energy ground lease agreement with Enerfin Renewables, LLC ("Tenant"). After completion of the Tenant's option period and the commencement of commercial operations, the Tenant will make annual installment lease payments to the District in the amount of \$600 per acre of leased land with the minimum annual installment being no less than \$420,000, subject to annual inflationary escalation using the Denver-Aurora-Lakewood CPI-U. The initial term of the lease will begin on the date which commercial operations commence and will expire on the 30<sup>th</sup> anniversary of that date.

**INDIVIDUAL FUND SCHEDULE**

WOODMOOR WATER AND SANITATION DISTRICT NO.1

WATER AND SANITATION ENTERPRISE  
 BUDGETARY COMPARISON SCHEDULE  
 Year Ended December 31, 2023

REVENUES	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2022 ACTUAL
Water and Sewer Tap Fees	\$ 4,025,852	\$ 1,639,210	\$ (2,386,642)	\$ 174,680
Water Use Fees	3,710,700	2,992,853	(717,847)	3,320,919
Sewer Use Fees	1,784,059	1,712,256	(71,803)	1,641,623
Availability of Service Fees	24,000	9,450	(14,550)	11,919
Renewable Water Investment Fee	1,990,880	2,019,084	28,204	2,012,741
Permit Processing Fees	35,800	25,900	(9,900)	1,650
Interest Income	491,720	1,140,258	648,538	360,101
Miscellaneous Income	47,000	48,123	1,123	47,029
Inclusion/Offsite Facilities Fees	95,600	-	(95,600)	-
Cross Connection/Meter Income	40,990	21,082	(19,908)	2,100
Supplemental Water	752,510	77,140	(675,370)	4,572,259
Lease Income	85,376	96,339	10,963	93,405
Grant Income	400,000	-	(400,000)	-
Use of Cash Reserves	2,387,367	-	(2,387,367)	-
<b>TOTAL REVENUES</b>	<b>15,871,854</b>	<b>9,781,695</b>	<b>(6,090,159)</b>	<b>12,238,426</b>

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, 2023

EXPENDITURES	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE	2022
			Positive (Negative)	ACTUAL
Salaries	\$ 1,423,000	\$ 1,395,872	\$ 27,128	\$ 1,263,122
Employee Benefits	271,810	268,278	3,532	224,435
Payroll Taxes	110,444	117,333	(6,889)	91,814
Unemployment Compensation Insurance	4,331	3,550	781	3,050
Professional Fees	1,057,000	851,602	205,398	741,435
Chilcott Ditch Co Share & Carriage Assessm	121,000	123,685	(2,685)	104,027
Insurance	128,818	138,670	(9,852)	109,794
Renewal and Replacement	1,444,409	1,914,025	(469,616)	1,046,842
Building Maintenance	54,500	51,551	2,949	55,787
Vehicle Expenses	95,000	126,908	(31,908)	107,603
Sewer Treatment Plant Expense	926,792	934,552	(7,760)	850,549
Utilities	745,000	587,379	157,621	722,801
Small Tools	18,000	13,608	4,392	12,296
Training and Education	15,000	16,204	(1,204)	10,993
Travel	10,000	11,593	(1,593)	9,611
Cross Connection/Meter Expense	43,040	26,492	16,548	12,294
Directors Fees	8,000	6,900	1,100	5,300
Miscellaneous Expenses	45,000	30,890	14,110	26,456
Office Supplies and Expense	197,800	179,345	18,455	136,490
Land/Easement Purchase	1,300,000	-	1,300,000	-
Equipment Purchases	70,000	52,010	17,990	-
Construction of Facilities	5,857,910	1,314,730	4,543,180	5,109,899
Bond Agent Fee	500	400	100	600
Interest on Bonds	684,500	684,500	-	854,167
Bond Principal Payment	1,240,000	1,240,000	-	1,020,000
<b>TOTAL EXPENDITURES</b>	<b>15,871,854</b>	<b>10,090,077</b>	<b>5,781,777</b>	<b>12,519,365</b>
<b>NET INCOME, BUDGETARY BASIS</b>	<b>\$ -</b>	<b>(308,382)</b>	<b>\$ (308,382)</b>	<b>(280,939)</b>
<b>GAAP BASIS ADJUSTMENTS</b>				
Capital Outlay		1,366,740		5,109,899
Depreciation Expense		(2,232,208)		(1,642,315)
Amortization Expense - Bond Premium		370,266		370,266
Amortization Expense - Deferred Charges		89,045		178,091
Principal Paid on Long-Term Debt		1,240,000		1,020,000
Loss on Disposal of Assets		-		(640,210)
Change in Equity Interest in Tri-Lakes Joint Venture		(36,096)		(98,510)
<b>NET INCOME, GAAP BASIS</b>		<b>489,365</b>		<b>4,016,282</b>
<b>NET POSITION, Beginning</b>		<b>67,385,051</b>		<b>63,368,769</b>
<b>NET POSITION, Ending</b>		<b>\$ 67,874,416</b>		<b>\$ 67,385,051</b>

See the accompanying independent auditor's report

## **APPENDIX A**

WOODMOOR WATER AND SANITATION DISTRICT NO. 1

History of Net Pledged Revenues<sup>(1)</sup>

December 31, 2023

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
<b><u>Gross Pledged Revenues<sup>(2)</sup></u></b>					
Operating revenue	\$4,725,351	\$5,495,857	\$5,434,040	\$9,690,904	\$4,983,143
RWI Fee revenue	1,963,055	1,978,700	1,861,015	2,012,741	2,019,084
Investment income <sup>(3)</sup>	639,226	289,595	21,936	360,101	1,140,258
Tap fees	593,311	787,596	792,334	174,680	1,639,210
Total	7,920,943	8,551,748	8,109,325	12,238,426	9,781,695
<b><u>Operation and Maintenance Expenses<sup>(4)</sup></u></b>	4,307,342	4,406,608	4,404,498	5,430,672	6,674,752
<b><u>Net Pledged Revenues</u></b>	3,613,601	4,145,140	3,704,827	6,807,754	3,106,943
<b><u>Maximum Annual Debt Service Requirements<sup>(5)</sup></u></b>	1,929,250	1,929,250	1,929,250	1,929,250	1,929,250
<b><u>Historical Coverage</u></b>	1.87 x	2.15 x	1.92 x	3.53 x	1.61x

<sup>(1)</sup> Based upon the District's audited financial statements.

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

<sup>(3)</sup> 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.

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

<sup>(5)</sup> 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, 2023

Year	Water Fees				Sewer Fees			
	Base Charge	%Change	(1)Average Volume Rate PER 1000 GAL.	(2)Average Monthly Volume Used Per Customer (Gal.)	(3)Average Monthly Volume Charge Per Customer (\$)	Base Charge	% Change	
2019	\$9.31	0.0%	\$8.71	5,480	\$47.73	\$31.01	0.0%	
2020	\$9.50	2.0%	\$9.16	6,315	\$57.82	\$31.63	2.0%	
2021	\$9.69	2.0%	\$9.37	5,802	\$54.34	\$32.31	2.1%	
2022	\$10.18	5.1%	\$9.82	5,753	\$56.49	\$33.00	2.1%	
2023 <sup>(5)</sup>	\$10.59	4.0%	\$7.83	5,123	\$40.11	\$34.32	4.0%	
2024 <sup>(4)</sup>	\$11.01	4.0%	\$9.26	5,837	\$54.05	\$35.69	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

(5) Rates shown are abnormally low due to low water demands as a result of wet year weather

WOODMOOR WATER AND SANITATION DISTRICT NO.1

History of Water and Sewer Rate Revenue

December 31, 2023

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>
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	\$2,992,853	-9.88%	\$1,712,256	4.30%
2024 <sup>(1)</sup>	\$3,591,905	20.02%	\$1,775,579	3.70%

<sup>(1)</sup> Constitutes estimated data for 2024, based upon actual revenues through April 2024, and projections for the remainder of the year.

WOODMOOR WATER AND SANITATION  
DISTRICT NO.1  
December 31, 2023

**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.

2023 Renewable Water Investment Fee Schedule

Tap Size	Tap Equivalents	Amount of RWI Fee (per month)
¾” MF <sup>(1)</sup>	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

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(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, 2023

<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>
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%
2023	\$29,788	15.0%	\$10,388	15.0%

WOODMOOR WATER AND SANITATION DISTRICT NO.1

December 31, 2023

History of Tap Fees Collected

Year	Type	Tap Fee Revenues		Number of Connections		Total Collections	
		Residential	Commercial	Residential	Commercial	Amount	%Change
2018	Water	\$943,254	\$0	39	0	\$1,238,698	-68.8%
	Sewer	\$295,444					
2019	Water	\$241,860	\$183,088	10	3	\$593,309	-52.1%
	Sewer	\$75,915	\$92,446				
2020	Water	\$542,718	\$43,911	22	1	\$787,596	32.7%
	Sewer	\$189,266	\$11,701		2		
2021	Water	\$493,380	\$173,176	20	2	\$792,334	0.6%
	Sewer	\$94,633	\$31,145		3		
2022	Water	\$129,515	\$0	8	0	\$174,680	-78.0%
	Sewer	\$45,165	\$0				
2023	Water	\$1,017,911	\$234,743	11	2	\$1,639,210	838.4%
	Sewer	\$354,977	\$31,580				
2024 <sup>(1)</sup>	Water	\$3,351,150	\$0	90		\$4,286,070	161.5%
	Sewer	\$934,920	\$0				

<sup>(1)</sup> Constitutes estimated tap fee data for 2024 based upon actual connections through April 30, 2024 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 2023. The District expects this information to be relatively unchanged for 2024.

Water System Customer Information - 2023

<u>Customer Class</u>	<u>Accounts</u>		<u>Gallons Sold</u>		<u>Revenue</u>	
	<u>Number of Accounts</u> <sup>(1)</sup>	<u>% of Total</u>	<u>Number of Gallons Sold</u>	<u>% of Total</u>	<u>Amount of Revenue</u> <sup>(2)</sup>	<u>% of Total</u>
Residential	3,908	97.1%	240,254,208	77.3%	\$ 1,882,021	77.3%
Non-residential	58	1.4%	17,810,700	5.7%	152,773	6.3%
Irrigation	24	0.6%	9,574,400	3.1%	136,739	5.6%
Bulk Water	20	0.5%	13,159,300	4.2%	120,264	4.9%
Extra-Territorial						
Bulk Water	1	0.1%	1,039,400	0.3%	11,193	0.5%
Non-Potable	3	0.1%	24,719,751	8.0%	103,517	4.3%
Augmentation	9	0.1%	4,206,357	1.4%	27,939	1.1%
<b>Total</b>	<b>4,023</b>	<b>100.0%</b>	<b>310,764,116</b>	<b>100.0%</b>	<b>\$ 2,434,446</b>	<b>100.0%</b>

<sup>(1)</sup> Represents the average number of customer accounts during 2023. The number of accounts varies throughout the year.

<sup>(2)</sup> Revenue shown is the amount billed.

WOODMOOR WATER AND SANITATION DISTRICT NO.1

Sewer System Customer Information - 2023

Sewer. The following table describes the Sewer System customers for 2023. The District expects this information to be relatively unchanged for 2024.

<u>Customer Class</u>	<u>Number of Accounts<sup>(1)</sup></u>	<u>% of Total</u>	<u>Revenue<sup>(2)</sup></u>	<u>% of Total</u>
Residential	3,918	98.2%	\$ 1,592,415	92.8%
Commercial	63	1.6%	85,571	5.0%
Bulk	8	0.2%	24,875	1.4%
Campground	1	0.025%	12,638	0.7%
Extra-Territorial	1	0.025%	669	0.039%
Total	3,991	100.0%	\$ 1,716,168	100.0%

<sup>(1)</sup> Represents the average number of customer accounts during 2023. 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.

<sup>(2)</sup>Revenue shown is the amount billed.

WOODMOOR WATER AND SANITATION DISTRICT NO.1

December 31, 2023

Largest System Customers for 2023

Customer Description	Water Usage		Revenue				% of Total <sup>(2)</sup>
	Gallons Used	% of Total <sup>(1)</sup>	Water Revenue	Sewer Revenue	Other Revenue	Total Revenue	
Commercial (non-retail) <sup>(3)</sup>	21,037,800	7.3%	\$95,501	\$9,030	\$50	\$ 104,581	4.3%
Public Schools <sup>(4)</sup>	15,837,151	5.5%	\$158,724	\$15,209	\$1,200	175,133	7.2%
Commercial (non-retail)	4,256,600	1.5%	\$38,725	\$19,117	\$10	57,852	2.4%
Homeowners association	3,688,900	1.3%	\$62,285	\$0	\$0	62,285	2.6%
Spa/Health Club	3,423,400	1.2%	\$33,953	\$9,833	\$30	43,816	1.8%
Homeowners association	2,241,200	0.8%	\$33,802	\$0	\$10	33,812	1.4%
Homeowners association	2,017,400	0.7%	\$21,250	\$10,092	\$10	31,352	1.3%
Homeowners association	1,907,400	0.7%	\$8,417	\$0	\$10	8,427	0.3%
Commercial (retail)	1,571,700	0.5%	\$15,274	\$7,466	\$10	22,750	0.9%
Commercial (retail)	1,403,000	0.5%	\$14,525	\$5,615	\$30	20,170	0.8%
<b>Total</b>	<b>57,384,551</b>	<b>19.9%</b>	<b>\$482,456</b>	<b>\$ 76,362</b>	<b>\$ 1,360</b>	<b>\$ 560,178</b>	<b>23.0%</b>

<sup>(1)</sup> Based on total gallons sold of: 288,896,121

<sup>(2)</sup> Based on total water revenues of: 2,434,446

<sup>(3)</sup> This customer used 7.3% of the water in 2023 but only generated 4.3% of total revenues because most of this customer's use was for irrigation purposes, and non-potable water is less expensive than treated water.

<sup>(4)</sup> 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, 2023

**Budget Summary and Comparison**

The following tables set forth a comparison of the budget for the District for 2023 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, 2023

	2023		2024	
	Budget	Actual <sup>(3)</sup>	Budget <sup>(1)</sup>	Actual <sup>(2)</sup>
<b><u>Revenue</u></b>				
Tap Fees	4,025,852	1,639,210	4,286,070	4,286,070
Water Use Fees	3,710,700	2,992,853	3,591,905	3,591,905
Sewer Use Fees	1,784,059	1,712,256	1,775,579	1,775,579
Avail of Service Fee	24,000	9,450	21,000	21,000
Renewable Water Investment Fee	1,990,880	2,019,084	2,034,341	2,034,341
Property Taxes <sup>(4)</sup>	-	-	-	-
Construction Inspection/Permit Processing	35,800	25,900	18,400	18,400
Interest Income	491,720	1,140,258	925,221	925,221
Other Income <sup>(5)</sup>	44,000	48,123	50,000	50,000
Sale of Land/Equipment	3,000	-	28,000	28,000
Inclusion/Offsite Facilities Fees	95,600	-	-	-
Cross connection/meter Fees	40,990	21,082	49,500	49,500
Supplemental Water Sales	752,510	77,140	97,635	97,635
Lease Income	85,376	96,339	86,575	86,575
Grant Income	400,000	-	100,000	100,000
Contingency	2,387,367	-	6,414,943	6,414,943
<b>Total Revenue</b>	<b>15,871,854</b>	<b>9,781,695</b>	<b>19,479,169</b>	<b>19,479,169</b>
<b><u>Expenditures</u></b>				
Bond Agent Fees <sup>(4)</sup>	500	400	500	500
Interest on 2021 bonds <sup>(4)</sup>	684,500	684,500	622,500	622,500
2021 Bond Redemption <sup>(4)</sup>	1,240,000	1,240,000	1,305,000	1,305,000
Construction of Facility <sup>(4)</sup>	5,857,910	1,314,730	9,291,750	9,291,750
Cross-connection expenses	43,040	26,492	51,195	51,195
Director Fees	8,000	6,900	8,000	8,000
Employee Benefits	271,810	268,278	288,053	288,053
Equipment Purchases	70,000	52,010	110,000	110,000
Insurance	128,818	138,670	155,781	155,781
Miscellaneous	45,000	30,890	45,000	45,000
Office expense	197,800	179,345	235,342	235,342
Payroll Taxes	110,444	117,333	119,030	119,030
Professional Fees	1,057,000	851,602	598,500	598,500
Renewal and Replacement	1,444,409	1,914,025	1,515,862	1,515,862
Building Maintenance	54,500	51,551	94,100	94,100
Salaries	1,423,000	1,395,872	1,534,002	1,534,002
Sewer treatment charge	926,792	934,552	1,096,886	1,096,886
Small Tools	18,000	13,608	18,000	18,000
Training and Education	15,000	16,204	15,000	15,000
Travel & Meals	10,000	11,593	10,000	10,000
Unemployment insurance	4,331	3,550	4,668	4,668
Utilities	745,000	587,379	794,000	794,000
Vehicle expense	95,000	126,908	100,000	100,000
Land/Easement acquisitions	1,300,000	-	1,300,000	1,300,000
Ditch Company/Carriage Assessments	121,000	123,685	166,000	166,000
<b>Total Expenditures</b>	<b>15,871,854</b>	<b>10,090,077</b>	<b>19,479,169</b>	<b>19,479,169</b>
<b>Revenues Over (Under) Expenditures</b>	<b>-</b>	<b>(308,382)</b>	<b>-</b>	<b>-</b>

<sup>(1)</sup>These figures reflect the District's amended 2024 budget.

<sup>(2)</sup>Unaudited and estimated based upon unaudited financial statements through April 30, 2024.

<sup>(3)</sup>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.

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

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

Source: The District's 2023 financial statements, 2024 unaudited financial statements through April 30, 2024, and other budgetary financial records.

WOODMOOR WATER AND SANITATION DISTRICT NO.1  
December 31, 2023

**Statement of Revenues, Expenses and Changes in Net Position**

	2019	2020	2021	2022	2023
<b>Operating Revenue</b>					
Charges for Services	\$6,595,147	\$7,394,404	\$7,255,480	\$11,561,111	6,836,683
Miscellaneous Income	93,259	80,152	39,575	142,534	165,544
Total operating revenues	6,688,406	7,474,556	7,295,055	11,703,645	7,002,227
<b>Operating Expenses</b>					
Personnel services	1,358,754	1,482,989	1,513,182	1,582,421	1,785,033
Purchased services	662,743	569,916	531,256	981,760	1,149,054
Materials and supplies	2,285,845	2,353,702	2,272,574	2,971,118	3,864,750
Depreciation and Amortization	1,554,357	1,667,857	1,747,507	1,740,825	2,268,304
Total Operating Expenses	5,861,699	6,074,464	6,064,519	7,276,124	9,067,141
<b>Operating Income</b>	826,707	1,400,091	1,230,536	4,427,521	(2,064,914)
<b>Non-operating Revenue (Expenses)</b>					
Interest Income	639,226	289,595	21,936	360,101	1,140,258
Loss of disposition of assets	9,103	4,500	3,197	(640,210)	0
Tap Fees	593,311	787,596	792,334	174,680	1,639,210
Equity interest income (loss)	(67,459)	(484,421)	392,100	0	
Interest expense	(1,030,235)	(988,735)	(520,975)	(305,810)	(225,189)
Revenue Debt Refinancing Costs			(197,341)	0	0
<b>Total non-operating revenue</b>	143,946	(391,465)	491,251	(411,239)	2,554,279
<b>Change in Net Position</b>	970,653	1,008,626	1,721,787	4,016,282	489,365
<b>Net Position, Beginning</b>	58,075,232	59,045,885	60,054,511	63,368,769	67,385,051
<b>Net Position, Ending</b>	<b>\$ 59,045,885</b>	<b>\$ 60,054,511</b>	<b>\$ 61,776,298</b>	<b>\$ 67,385,051</b>	<b>\$ 67,874,416</b>

Source: District's Annual Financial Reports for the years ended December 31, 2019-2023