

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

**BASIC FINANCIAL STATEMENTS**

**December 31, 2025**

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**FINANCIAL SECTION**

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, 2025, 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, 2025, 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.

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The schedule of revenues, expenditures, budget to actual 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 schedule of revenues, expenditures, budget to actual is fairly stated in all material respects in relation to the financial statements as a whole.

### **Other Information**

Management is responsible for the other information included in the annual report. The other information consists of Appendix A but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

*PB Solutions LLC*

Littleton, Colorado  
June 8, 2026

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 2025 District activities, resulting changes and currently known facts/conditions, it should be read in conjunction 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 15. These and other supplementary information, *Budgetary Comparison Schedule* on pages 16 and 17 provide information about the District's financial position as of December 31, its results of operations and the resulting cash flows for the year ended December 31, 2025 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 year ending December 31, 2025 in comparison to the prior year ending December 31, 2024. 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**

	2025	2024
<b>Current Assets</b>		
Cash and Investments	\$24,085,117	\$25,766,743
Other	529,853	514,483
<b>Total Current Assets</b>	24,614,970	26,281,226
<b>Non Current Assets</b>		
Capital assets	60,608,405	59,659,230
Tri-Lakes WWTF	2,243,344	2,111,864
Other assets	1,898,713	1,938,246
<b>Total Noncurrent Assets</b>	64,750,462	63,709,340
<b>Total Assets</b>	89,365,432	89,990,566
<b>Current Liabilities</b>	2,078,956	2,040,552
<b>Noncurrent Liabilities</b>	10,764,865	12,570,131
<b>Total Liabilities</b>	12,843,821	14,610,683
<b>Deferred Inflows of Resources</b>	2,257,219	2,371,911
<b>Net Position</b>		
Net Invested in capital assets	48,611,811	45,922,370
Unrestricted	25,652,581	27,085,602
<b>Total Net Position</b>	\$74,264,392	\$73,007,972

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

	2025	2024
Operating Revenues	\$8,316,112	\$8,095,281
Operating Expenses	11,072,591	8,464,736
Operating Income (Loss)	(2,756,479)	(369,455)
Non Operating Revenues (Expenses)	1,008,389	1,074,681
Capital Contributions	3,004,510	4,428,330
Change in Net Position	1,256,420	5,133,556
Net Position, beginning of year	73,007,972	67,874,416
Net Position, End of Year	\$74,264,392	\$73,007,972

This information is a summary of the financial information contained in the District’s financial statements ending December 31, 2025, and the previous year’s audited financial statements. For more information about this condensed, comparative financial information, we recommend a close review of the audited financial statements for the year ending December 31, 2025 which begin on page 1 together with the audited financial statements for the previous year noted.

**Analysis**

**Financial Position**

The Districts net position increased modestly in 2025 by \$1,256,420. This is primarily the result of the Districts increase in capital assets. Overall, actual revenues closely met expectations of those budgeted while actual expenditures were significantly lower than those budgeted as a result of land/easement purchases being postponed and Renewal & Replacement project expenditures lagging in time to that expected.

Current assets of the District at December 31, 2025 totaled \$24,614,970, a decrease of \$1,666,256 from 2024 primarily due to the planned use of reserve funds being expended over the year. During 2025 the District met budgeted expenditures but did not spend down as much cash reserves (noted as “use of cash reserves” in the audit) as originally anticipated in the 2025 budget. Cash and investments at December 31, 2025 represent approximately 32% 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 2025, the District's operating revenues totaled \$8,316,112, a slight increase when compared to 2024. Actual operating expenses in 2025 were \$11,072,591 and are consistent with budgeted expectations for the year and the Districts focus on construction of new facilities as well as their focus on renewal and replacement of aging system components.

## Budgetary Discussion

Aside from construction and Renewal & Replacement projects lagging in time and deferral of planned land acquisitions, budgeted to actual revenues and expenditures tracked closely.

## Capital Assets

At December 31, 2025 the District reports net capital assets in the amount of \$60,608,405. 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 \$2,522,223 in depreciation expense. More information can be found in footnote 4 on page 11 of the financial statements.

During the year of 2025 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>
Main Lift Station Elimination (R&R)	\$98,832	May, 2026
South Tank Addition	\$2,133,962	Complete
Water Distribution System (R&R)	\$599,525	Complete
North Saddle Replacements (R&R)	\$550,268	Complete
Meter Replacement Program (R&R)	\$528,707	Dec., 2027
South Tank Recoat (R&R)	\$341,377	May, 2026

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

The District depreciates its capital assets, including infrastructure. See Note 1 and 4 in the Notes to Financial Statements on page 5 and 11 respectively.

## **Debt**

During 2025 the District continued to service its outstanding debt (Enterprise Water and Wastewater Revenue Refunding Bonds, Series 2021). This outstanding debt of the District was used to finance the purchase and acquisition of Land, Water Rights and a reservoir in southern El Paso County as well as the construction of water wells and other water system improvements. See Note 5 of the Notes to the Financial Statements- Long-Term Debt on page 11-12.

## **Other:**

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

## **Contacting the District's financial management:**

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

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

## **BASIC FINANCIAL STATEMENTS**

## WOODMOOR WATER AND SANITATION DISTRICT NO.1

## STATEMENT OF NET POSITION

December 31, 2025

## ASSETS

## Current Assets

Cash and Investments	\$ 24,085,117
Accounts Receivable	529,853
Total Current Assets	<u>24,614,970</u>

## Noncurrent Assets

Deposits	20,330
Land Lease Receivables	1,811,991
Investment in Tri-Lakes Joint Venture	2,243,344
Other Assets	66,392
Capital Assets, Not Being Depreciated	34,614,863
Capital Assets, Depreciated, Net of Accumulated Depreciation	25,993,542
Total Noncurrent Assets	<u>64,750,462</u>

TOTAL ASSETS	<u>89,365,432</u>
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## LIABILITIES

## Current Liabilities

Accounts Payable	401,641
Accrued Salaries and Benefits	63,625
Deposits	137,960
Accrued Interest Payable	40,730
Bonds Payable, Current Portion	1,435,000
Total Current Liabilities	<u>2,078,956</u>

## Noncurrent Liabilities

Bonds Payable	10,561,594
Compensated Absences	203,271
Total Noncurrent Liabilities	<u>10,764,865</u>

TOTAL LIABILITIES	<u>12,843,821</u>
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## DEFERRED INFLOWS OF RESOURCES

Leases	1,811,991
Deferred Charges	445,228

TOTAL DEFERRED INFLOWS OF RESOURCES	<u>2,257,219</u>
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## NET POSITION

Net Investment in Capital Assets	48,611,811
Unrestricted	25,652,581

TOTAL NET POSITION	<u>\$ 74,264,392</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  
Year Ended December 31, 2025

OPERATING REVENUES	
Charges for Services	\$ 7,922,055
Other Revenues	<u>394,057</u>
 TOTAL OPERATING REVENUES	 <u>8,316,112</u>
OPERATING EXPENSES	
Personnel Services	1,979,221
Purchased Services	694,761
Materials and Supplies	5,993,981
Depreciation and Amortization	<u>2,404,628</u>
 TOTAL OPERATING EXPENSES	 <u>11,072,591</u>
 NET OPERATING INCOME (LOSS)	 <u>(2,756,479)</u>
NON-OPERATING REVENUES (EXPENSES)	
Interest Income	1,090,015
Interest Expense	<u>(81,626)</u>
 TOTAL NON-OPERATING REVENUES (EXPENSES)	 <u>1,008,389</u>
 INCOME(LOSS) BEFORE CAPITAL CONTRIBUTIONS	 <u>(1,748,090)</u>
CAPITAL CONTRIBUTIONS	
Tap Fees	<u>3,004,510</u>
 CHANGE IN NET POSITION	 1,256,420
NET POSITION, Beginning	<u>73,007,972</u>
NET POSITION, Ending	<u><u>\$ 74,264,392</u></u>

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

WOODMOOR WATER AND SANITATION DISTRICT NO.1

STATEMENT OF CASH FLOWS  
 Year Ended December 31, 2025  
 Increase (Decrease) in Cash and Cash Equivalents

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Customers	\$ 8,300,742
Cash Paid to Suppliers and Employees	<u>(8,457,438)</u>
Net Cash Used by Operating Activities	<u>(156,696)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of Capital Assets	(3,692,205)
Principal Payments on Long Term Debt	(1,370,000)
Interest Payments	(557,250)
Tap Fees and Capital Contributions	<u>3,004,510</u>
Net Cash Used by Capital and Related Financing Activities	<u>(2,614,945)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest Received	<u>1,090,015</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,681,626)
CASH AND CASH EQUIVALENTS, Beginning	<u>25,766,743</u>
CASH AND CASH EQUIVALENTS, Ending	<u><u>\$ 24,085,117</u></u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH USED BY OPERATING ACTIVITIES	
Operating Loss	<u>\$ (2,756,479)</u>
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities	
Depreciation and Amortization Expense	2,404,628
Disposal of Capital Assets	220,807
Changes in Assets and Liabilities	
Accounts Receivable	(15,370)
Accounts Payable	12,928
Accrued Expenses	(10,011)
Deposits	(13,199)
Total Adjustments	<u>2,599,783</u>
Net Cash Used by Operating Activities	<u><u>\$ (156,696)</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, 2025

**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 non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the fund’s principal ongoing operations.

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 non-operating revenues and expenses.

WOODMOOR WATER AND SANITATION DISTRICT NO. 1  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2025

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

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

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, 2025, are accrued in the statement of net position.

WOODMOOR WATER AND SANITATION DISTRICT NO. 1  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2025

**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 hour of overtime worked. Employees may accrue a maximum of 30 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.

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.

WOODMOOR WATER AND SANITATION DISTRICT NO. 1  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2025

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

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

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.

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 organization 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.

WOODMOOR WATER AND SANITATION DISTRICT NO. 1  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2025

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

**Subsequent Events**

The District has evaluated events subsequent to the year ended December 31, 2025, through June 8, 2026, 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. The annual appropriated budget is adopted for the Proprietary Fund. All appropriations lapse at fiscal year-end.

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 Directors 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 Directors to obtain public comments.
- Prior to December 31, the budget is adopted by formal resolution.
- The schedule of revenues and expenditures, budget and actual 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 must be approved by the Board of Directors.
- Budgeted amounts reported in the accompanying financial statements are as originally adopted or amended by the Board of Directors.

**NOTE 3: CASH AND INVESTMENTS**

A summary of the District's deposits and investments as of December 31, 2025, follows:

Petty Cash	\$ 200
Deposits	1,985,711
Investments	<u>22,099,206</u>
<b>Total</b>	<b><u>\$ 24,085,117</u></b>

WOODMOOR WATER AND SANITATION DISTRICT NO. 1  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2025

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

**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, 2025, State regulatory commissioners have indicated that all financial institutions holding deposits for the District are eligible public depositories.

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.

On December 31, 2025, the District had deposits with financial institutions with a carrying amount of \$1,985,711. The bank balances with the financial institutions were \$2,054,809. Of these balances, \$380,909 was covered by federal depository insurance and \$1,673,900 was covered by collateral held by authorized escrow agents in the financial institution's name (PDPA).

**Investments**

Interest Rate Risk

As a means of managing its investment risk, the District's formal investment policy is to follow Colorado State Statutes, which limit the types of investments the District can invest in as well as the maturities of those investments.

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, 2025

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

**Investments** (Continued)

Local Government Investment Pools

The District invested \$2,367,737 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 (net asset value). 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 \$19,731,469 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, 2025

**NOTE 4: CAPITAL ASSETS**

Capital assets activity for the year ended December 31, 2025, is summarized below:

	Balance 12/31/2024	Additions	Deletions	Balance 12/31/2025
<b>Business-Type Activities</b>				
Capital Assets, Not Depreciated				
Land and Water Rights	\$ 33,334,189	\$ -	\$ -	\$ 33,334,189
Construction in Progress	5,815,355	1,280,674	5,815,355	1,280,674
Total Capital Assets, Not Depreciated	<u>39,149,544</u>	<u>1,280,674</u>	<u>5,815,355</u>	<u>34,614,863</u>
Capital Asset, Being Depreciated				
Buildings and Improvements	903,796	-	-	903,796
Water and Sewer System	48,772,449	7,906,395	557,142	56,121,702
Machinery and Equipment	2,267,466	99,684	71,819	2,295,331
Total Capital Assets, Being Depreciated	<u>51,943,711</u>	<u>8,006,079</u>	<u>628,961</u>	<u>59,320,829</u>
Accumulated Depreciation				
Buildings and Improvements	552,544	23,520	-	576,064
Water and Sewer System	29,222,245	2,306,714	557,142	30,971,817
Machinery and Equipment	1,659,236	191,989	71,819	1,779,406
Total Depreciation	<u>31,434,025</u>	<u>2,522,223</u>	<u>628,961</u>	<u>33,327,287</u>
Capital Assets, Depreciated, Net	<u>20,509,686</u>	<u>5,483,856</u>	<u>-</u>	<u>25,993,542</u>
Net Capital Assets	<u>\$ 59,659,230</u>	<u>\$ 6,764,530</u>	<u>\$ 5,815,355</u>	<u>\$ 60,608,405</u>

**NOTE 5: LONG-TERM DEBT**

The following is a summary of the District's long-term debt transactions for the year ended December 31, 2025:

	12/31/2024			12/31/2025		Due Within
<b>Business-Type Activities</b>	Balance	Increases	Decreases	Balance		One Year
2021 Revenue Bonds	\$ 11,145,000	\$ -	\$ 1,370,000	\$ 9,775,000	\$ 1,435,000	
Bond Premium	2,591,860	-	370,266	2,221,594		-
Compensated Absences	203,271	-	-	203,271		-
Total	<u>\$ 13,940,131</u>	<u>\$ -</u>	<u>\$ 1,740,266</u>	<u>\$ 12,199,865</u>		<u>\$ 1,435,000</u>

WOODMOOR WATER AND SANITATION DISTRICT NO. 1  
 NOTES TO THE FINANCIAL STATEMENTS  
 December 31, 2025

**NOTE 5: LONG-TERM DEBT** (Continued)

**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
2026	\$ 1,435,000	\$ 488,750	\$ 1,923,750
2027	1,505,000	417,000	1,922,000
2028	1,585,000	341,750	1,926,750
2029	1,665,000	262,500	1,927,500
2030	1,750,000	179,250	1,929,250
2031	1,835,000	91,750	1,926,750
Total	\$ 9,775,000	\$ 1,781,000	\$11,556,000

**NOTE 6: LEASES**

**Deriva Ground Lease**

In May, 2018, the District as Lessor, entered into a 25-year solar energy ground lease agreement with Palmer Solar LLC (Deriva) (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.

WOODMOOR WATER AND SANITATION DISTRICT NO. 1  
 NOTES TO THE FINANCIAL STATEMENTS  
 December 31, 2025

**NOTE 6: LEASES** (Continued)

**Deriva Ground Lease** (Continued)

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

As of December 31, 2025, a lease receivable of \$1,811,991 and a corresponding deferred inflow of resources are reported in the statement of net position. For the year ended December 31, 2025, the District reported \$62,400 in lease revenue, of which \$25,646 was recorded as a reduction in the outstanding lease receivable and \$36,754 was recorded as interest revenue on the lease.

The following is the lease receivable/deferred inflow schedule as of December 31, 2025:

<u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 27,407	\$ 36,240	\$ 63,647
2027	29,229	35,692	64,921
2028	31,111	35,107	66,218
2029	33,058	34,485	67,543
2030	35,070	33,824	68,894
2031-2035	207,952	157,745	365,697
2036-2040	269,180	134,579	403,759
2041-2045	340,901	104,882	445,783
2046-2050	425,200	67,541	492,741
2051-2054	412,883	21,080	433,963
Total	<u>\$ 1,811,991</u>	<u>\$ 661,175</u>	<u>\$ 2,473,166</u>

**Enerfin Renewables Ground Lease**

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 30th anniversary of that date.

During the year ended December 31, 2025, the Tenant made one option payment in the amount of \$210,000. No commercial operations have commenced during the year.

WOODMOOR WATER AND SANITATION DISTRICT NO. 1  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2025

**NOTE 7: COMMITMENTS AND CONTINGENCIES**

**Tri-Lakes Joint Venture and Use Agreement**

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

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

Operating expenses are billed monthly to the respective districts in accordance with each district's pro rata contribution to the monthly flows and BOD loadings discharged into the Facility. For the year ended December 31, 2025, the District paid \$934,554 to the Facility under the terms of the agreement.

For the year ended December 31, 2025, the District's share of the Facility's real property, personal property, and fixtures is \$2,243,344 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, 2025, the carrying value of the additional capacity is \$66,392 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.

WOODMOOR WATER AND SANITATION DISTRICT NO. 1  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2025

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

**Loop Water Authority** (Continued)

The Authority is governed by a board of directors consisting of two directors appointed by each member agency.

During the year ended December 31, 2023, the District contributed an amount of \$250,000 to provide initial funding for the Authority. During the fiscal year ended December 31, 2025, the District made a member contribution to the Authority in the amount of \$358,929.

**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, 2025, the District contributed \$70,117 to the Plan.

**SUPPLEMENTARY INFORMATION**

WOODMOOR WATER AND SANITATION DISTRICT NO.1

SCHEDULE OF REVENUES AND EXPENDITURES  
 BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
 Year Ended December 31, 2025

REVENUES	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2024 ACTUAL
Water and Sewer Tap Fees	\$ 5,382,224	\$ 3,004,510	\$ (2,377,714)	\$ 4,428,330
Water Use Fees	3,893,569	3,544,302	(349,267)	3,691,887
Sewer Use Fees	1,864,357	1,922,567	58,210	1,782,907
Availability of Service Fees	48,231	28,215	(20,016)	42,237
Renewable Water Investment Fee	2,061,221	2,081,543	20,322	2,038,911
Lease Income	297,799	304,807	7,008	295,190
Permit Processing Fees	28,400	12,400	(16,000)	20,300
Interest Income	882,236	1,090,015	207,779	1,237,869
Miscellaneous Income	45,000	46,258	1,258	45,153
Cross Connection/Meter Income	61,600	33,492	(28,108)	52,861
Sale of Land/Equipment	11,000	9,500	(1,500)	28,200
Supplemental Water	332,635	333,028	393	97,635
Use of Cash Reserves	5,224,065	-	(5,224,065)	-
<b>TOTAL REVENUES</b>	<b>20,132,337</b>	<b>12,410,637</b>	<b>(7,721,700)</b>	<b>13,761,480</b>

See the accompanying independent auditor's report

WOODMOOR WATER AND SANITATION DISTRICT NO.1

SCHEDULE OF REVENUES AND EXPENDITURES  
 BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
 Year Ended December 31, 2025

EXPENDITURES	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2024 ACTUAL
Bond Agent Fee	\$ 500	\$ 400	\$ 100	\$ 400
Interest on Bonds	557,250	540,938	16,312	622,500
Bond Principal Payment	1,370,000	1,370,000	-	1,305,000
Construction of Facilities	3,787,940	3,692,205	95,735	3,913,848
Cross Connection/Meter Expense	63,706	52,206	11,500	38,190
Directors Fees	8,000	6,800	1,200	5,400
Employee Benefits	308,484	293,510	14,974	292,639
Equipment Purchases	121,000	-	121,000	-
Insurance	225,000	222,965	2,035	150,708
Miscellaneous Expenses	54,000	31,570	22,430	33,050
Office Supplies and Expense	230,924	243,308	(12,384)	222,869
Payroll Taxes	127,687	130,907	(3,220)	126,696
Professional Fees	577,125	297,317	279,808	618,682
Water/Sewer System Maintenance	650,344	671,749	(21,405)	-
Renewal and Replacement	6,643,392	3,070,927	3,572,465	1,233,929
Building Maintenance	61,845	72,527	(10,682)	78,611
Salaries	1,645,605	1,551,299	94,306	1,498,937
Sewer Treatment Plant Expense	1,396,928	1,162,889	234,039	962,004
Small Tools	23,100	23,210	(110)	15,323
Training and Education	18,000	11,162	6,838	15,175
Travel	13,000	9,380	3,620	11,567
Unemployment Compensation Insurance	5,007	3,505	1,502	2,998
Utilities	682,500	617,211	65,289	637,336
Vehicle Expenses	110,000	48,384	61,616	66,028
Land/Easement Purchase	1,300,000	-	1,300,000	-
Chilcote Ditch Co Assessments	151,000	146,737	4,263	165,347
<b>TOTAL EXPENDITURES</b>	<b>20,132,337</b>	<b>14,271,106</b>	<b>5,861,231</b>	<b>12,017,237</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>\$ -</b>	<b>(1,860,469)</b>	<b>\$ (1,860,469)</b>	<b>1,744,243</b>
Reconciliation between budgetary basis and generally accepted accounting principles (GAAP)				
Capital Outlay		3,692,205		3,913,848
Depreciation Expense		(2,522,223)		(2,229,794)
Amortization Expense - Bond Premium		370,266		370,266
Amortization Expense - Deferred Charges		89,046		89,046
Principal Paid on Long-Term Debt		1,370,000		1,305,000
Change in Equity Interest in Tri-Lakes Joint Venture		117,595		(59,053)
<b>CHANGE IN NET POSITION, GAAP BASIS</b>		<b>1,256,420</b>		<b>5,133,556</b>
<b>NET POSITION, Beginning</b>		<b>73,007,972</b>		<b>67,874,416</b>
<b>NET POSITION, Ending</b>		<b>\$ 74,264,392</b>		<b>\$ 73,007,972</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, 2025

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
<b><u>Gross Pledged Revenues<sup>(2)</sup></u></b>					
Operating revenue	\$5,434,040	\$9,690,904	\$4,983,143	6,056,370	6,234,569
RWI Fee revenue	1,861,015	2,012,741	2,019,084	2,038,911	2,081,543
Investment income <sup>(3)</sup>	21,936	360,101	1,140,258	1,237,870	1,090,015
Tap fees	792,334	174,680	1,639,210	4,428,330	3,004,510
Total	8,109,325	12,238,426	9,781,695	13,761,481	12,410,637

**Operation and Maintenance Expenses<sup>(4)</sup>**

	4,404,498	5,430,672	6,674,752	6,010,142	8,520,826
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**Net Pledged Revenues**

	3,704,827	6,807,754	3,106,943	7,751,339	3,889,811
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**Maximum Annual Debt Service Requirements<sup>(5)</sup>**

	1,929,250	1,929,250	1,929,250	1,929,250	1,929,250
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**Historical Coverage**

	1.92 x	3.53 x	1.61 x	4.02x	2.02x
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<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, 2025

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
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	\$10.59	4.0%	\$7.83	5,123	\$40.11	\$34.32	4.0%
2024	\$11.01	4.0%	\$10.62	5,670	\$60.22	\$35.69	4.0%
2025	\$11.56	5.0%	\$11.01	5,117	\$56.34	\$37.47	5.0%
2026 <sup>(4)</sup>	\$12.37	7.0%	\$11.32	5,493	\$62.18	\$39.35	5.0%

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

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

(3) Does not include base charge or RWI fee

(4) Projected for the current year

WOODMOOR WATER AND SANITATION DISTRICT NO. 1

History of Water and Sewer Rate Revenue

December 31, 2025

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>
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	\$3,691,887	23.36%	\$1,782,907	4.13%
2025	\$3,544,302	-4.00%	\$1,922,567	7.83%
2026 <sup>(1)</sup>	\$4,250,000	19.91%	\$1,932,311	0.51%

<sup>(1)</sup> Constitutes estimated data for 2026, based upon actual revenues through April 2026, and projections for the remainder of the year.

WOODMOOR WATER AND SANITATION  
DISTRICT NO.1  
December 31, 2025

**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.

2025 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, 2025

<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>
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%
2024	\$37,235	25.0%	\$10,388	0.0%
2025	\$40,959	10.0%	\$10,388	0.0%

WOODMOOR WATER AND SANITATION DISTRICT NO.1

December 31, 2025

History of Tap Fees Collected

Year	Type	Tap Fee Revenues		Number of Connections		Total Collections	
		Residential	Commercial	Residential	Commercial	Amount	%Change
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	Water	\$3,157,596	\$966,084	81	5	\$4,428,330	170.2%
	Sewer	\$298,625	\$6,025				
2025	Water	\$2,372,096	\$0	76	0	\$3,004,510	-32.2%
	Sewer	\$628,266	\$4,147				
2026 <sup>(1)</sup>	Water	\$2,893,653	\$574,111			\$4,163,264	38.6%
	Sewer	\$695,500					

<sup>(1)</sup> Constitutes estimated tap fee data for 2026 based upon actual connections through April 30, 2026 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 2025.  
The District expects this information to be relatively unchanged for 2026.

Water System Customer Information - 2025

<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	4,026	97.1%	247,241,201	73.0%	\$ 2,721,477	75.7%
Non-residential	59	1.4%	16,314,800	4.8%	178,873	5.0%
Irrigation	26	0.6%	15,043,500	4.4%	249,412	6.9%
Bulk Water	21	0.5%	16,563,800	4.9%	217,996	6.1%
Extra-Territorial						
Bulk Water	1	0.1%	1,434,100	0.4%	18,766	0.5%
Non-Potable	3	0.1%	37,865,815	11.2%	177,103	4.9%
Augmentation	9	0.1%	4,209,767	1.2%	31,467	0.9%
<b>Total</b>	<b>4,145</b>	<b>100.0%</b>	<b>338,672,983</b>	<b>100.0%</b>	<b>\$ 3,595,093</b>	<b>100.0%</b>

<sup>(1)</sup> Represents the average number of customer accounts during 2025. 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 - 2025

Sewer. The following table describes the Sewer System customers for 2025.  
The District expects this information to be relatively unchanged for 2026.

<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	4,064	98.1%	\$ 1,791,766	93.2%
Commercial	67	1.6%	87,675	4.6%
Bulk	8	0.2%	29,311	1.5%
Campground	1	0.024%	12,134	0.6%
Extra-Territorial	1	0.024%	675	0.035%
<b>Total</b>	<b>4,141</b>	<b>100.0%</b>	<b>\$ 1,921,561</b>	<b>100.0%</b>

<sup>(1)</sup> Represents the average number of customer accounts during 2025. 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, 2025

Largest System Customers for 2025

Customer Description	Water Usage		Water Revenue	Sewer Revenue	Revenue		% of Total <sup>(2)</sup>
	Gallons Used	% of Total <sup>(1)</sup>			Other Revenue	Total Revenue	
Commercial (non-retail) <sup>(3)</sup>	24,584,600	7.3%	\$119,357	\$10,671	\$50	\$ 130,078	3.6%
Public Schools <sup>(4)</sup>	23,136,315	6.8%	\$216,562	\$18,649	\$1,250	236,461	6.6%
Homeowners association	6,841,300	2.0%	\$35,523	\$0	\$0	35,523	1.0%
Homeowners association	4,765,900	1.4%	\$80,479	\$0	\$190	80,669	2.2%
Homeowners association	4,286,100	1.3%	\$54,805	\$0	\$370	55,175	1.5%
Spa/Health Club	4,037,900	1.2%	\$43,273	\$14,085	\$30	57,389	1.6%
Commercial (non-retail)	3,952,500	1.2%	\$39,414	\$19,387	\$20	58,820	1.6%
Homeowners association	2,114,500	0.6%	\$24,125	\$11,728	\$0	35,853	1.0%
Commercial (retail)	1,806,900	0.5%	\$17,697	\$8,916	\$10	26,623	0.7%
Commercial (retail)	1,536,400	0.5%	\$11,002	\$7,005	\$0	18,007	0.5%
<b>Total</b>	<b>77,062,415</b>	<b>22.8%</b>	<b>\$642,237</b>	<b>\$ 90,440</b>	<b>\$ 1,920</b>	<b>\$ 734,597</b>	<b>20.4%</b>

<sup>(1)</sup> Based on total gallons sold of: 338,672,983

<sup>(2)</sup> Based on total water revenues of: 3,595,093

<sup>(3)</sup> This customer used 7.3% of the water in 2025 but only generated 3.6% 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, 2025

**Budget Summary and Comparison**

The following tables set forth a comparison of the budget for the District for 2025 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, 2025

	2025		2026	
	Budget	Actual <sup>(3)</sup>	Budget <sup>(1)</sup>	Actual <sup>(2)</sup>
<b>Revenue</b>				
Tap Fees	5,382,224	3,004,510	4,163,264	4,163,264
Water Use Fees	3,893,569	3,544,302	4,250,000	4,250,000
Sewer Use Fees	1,864,357	1,922,567	1,932,311	1,932,311
Avail of Service Fee	48,231	28,215	24,900	24,900
Renewable Water Investment Fee	2,061,221	2,081,543	2,093,381	2,093,381
Property Taxes <sup>(4)</sup>	-	-	-	-
Construction Inspection/Permit Processing	28,400	12,400	19,400	19,400
Interest Income	882,236	1,090,015	745,237	745,237
Other Income <sup>(5)</sup>	45,000	46,258	45,000	45,000
Sale of Land/Equipment	11,000	9,500	186,000	186,000
Inclusion/Offsite Facilities Fees	-	-	180,678	180,678
Cross connection/meter Fees	61,600	33,492	43,550	43,550
Supplemental Water Sales	332,635	333,028	392,617	392,617
Lease Income	297,799	304,807	95,647	95,647
Grant Income	-	-	-	-
Use of Cash Reserves	5,224,065	-	5,397,098	5,397,098
<b>Total Revenue</b>	<b>20,132,337</b>	<b>12,410,637</b>	<b>19,569,083</b>	<b>19,569,083</b>

<b>Expenditures</b>				
Bond Agent Fees <sup>(4)</sup>	500	400	500	500
Interest on 2021 bonds <sup>(4)</sup>	557,250	540,938	488,750	488,750
2021 Bond Redemption <sup>(4)</sup>	1,370,000	1,370,000	1,435,000	1,435,000
Revenue Debt Refinancing Costs	-	-	-	-
Construction of Facility <sup>(4)</sup>	3,787,940	3,692,205	3,417,760	3,417,760
Cross-connection expenses	63,706	52,206	43,550	43,550
Director Fees	8,000	6,800	8,000	8,000
Employee Benefits	308,484	293,510	342,156	342,156
Equipment Purchases	121,000	-	475,725	475,725
Insurance	225,000	222,965	248,070	248,070
Miscellaneous	54,000	31,570	50,000	50,000
Office expense	230,924	243,308	278,211	278,211
Payroll Taxes	127,687	130,907	136,263	136,263
Professional Fees	577,125	297,317	514,500	514,500
Water/Sewer System Maintenance	650,344	671,749	681,200	681,200
Renewal and Replacement	6,643,392	3,070,927	5,871,300	5,871,300
Building Maintenance	61,845	72,527	78,100	78,100
Salaries	1,645,605	1,551,299	1,755,143	1,755,143
Sewer treatment charge	1,396,928	1,162,889	1,411,363	1,411,363
Small Tools	23,100	23,210	25,100	25,100
Training and Education	18,000	11,162	18,000	18,000
Travel & Meals	13,000	9,380	13,000	13,000
Unemployment insurance	5,007	3,505	5,344	5,344
Utilities	682,500	617,211	700,548	700,548
Vehicle expense	110,000	48,384	116,500	116,500
Land/Easement acquisitions	1,300,000	-	1,300,000	1,300,000
Building Improvements	-	-	-	-
Ditch Company/Carriage Assessments	151,000	146,737	155,000	155,000
<b>Total Expenditures</b>	<b>20,132,337</b>	<b>14,271,106</b>	<b>19,569,083</b>	<b>19,569,083</b>
<b>Revenues Over (Under) Expenditures</b>	<b>0</b>	<b>(1,860,469)</b>	<b>0</b>	<b>0</b>

<sup>(1)</sup>These figures reflect the District's 2026 budget.

<sup>(2)</sup>Unaudited and estimated based upon unaudited financial statements through April 30, 2026

Excludes expenditures for the issuance of the Bonds

<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 2025 financial statements, 2026 unaudited financial statements through April 30, 2026, and other budgetary financial records.

WOODMOOR WATER AND SANITATION DISTRICT NO.1  
December 31, 2025

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

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
<b>Operating Revenue</b>					
Charges for Services	7,255,480	11,561,111	6,836,683	7,673,877	7,922,055
Miscellaneous Income	39,575	142,534	165,544	421,404	394,057
Total operating revenues	7,295,055	11,703,645	7,002,227	8,095,281	8,316,112
<b>Operating Expenses</b>					
Personnel services	1,513,182	1,582,421	1,785,033	1,921,270	1,979,221
Purchased services	531,256	981,760	1,149,054	967,279	694,761
Materials and supplies	2,272,574	2,971,118	3,864,750	3,287,340	5,993,981
Depreciation and Amortization	1,747,507	1,740,825	2,268,304	2,288,857	2,404,628
Total Operating Expenses	6,064,519	7,276,124	9,067,141	8,464,746	11,072,591
<b>Operating Income</b>	1,230,536	4,427,521	(2,064,914)	(369,465)	(2,756,479)
<b>Non-operating Revenue (Expenses)</b>					
Interest Income	21,936	360,101	1,140,258	1,237,869	1,090,015
Loss of disposition of assets	3,197	(640,210)	0	0	0
Tap Fees	792,334	174,680	1,639,210	4,428,330	3,004,510
Equity interest income (loss)	392,100	0	0	0	0
Interest expense	(520,975)	(305,810)	(225,189)	(163,188)	(81,626)
Revenue Debt Refinancing Costs	(197,341)	0	0	0	0
<b>Total non-operating revenue</b>	491,251	(411,239)	2,554,279	5,503,011	4,012,899
<b>Change in Net Position</b>	1,721,787	4,016,282	489,365	5,133,546	1,256,420
<b>Net Position, Beginning</b>	<u>60,054,511</u>	<u>63,368,769</u>	<u>67,385,051</u>	<u>67,874,416</u>	<u>73,007,972</u>
<b>Net Position, Ending</b>	<u>\$ 61,776,298</u>	<u>\$ 67,385,051</u>	<u>\$ 67,874,416</u>	<u>\$ 73,007,972</u>	<u>\$ 74,264,392</u>

Source: District's Annual Financial Reports for the years ended December 31, 2021-2025