

DOMINION WATER AND SANITATION DISTRICT
Douglas County, Colorado

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION


YEARS ENDED DECEMBER 31, 2022 AND 2021


**DOMINION WATER AND SANITATION DISTRICT
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YEARS ENDED DECEMBER 31, 2022 AND 2021**


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Independent Auditor's Report

To the Board of Directors
Dominion Water and Sanitation District

Opinions

We have audited the accompanying financial statements of the business-type activities of Dominion Water and Sanitation District (the District) as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of Dominion Water and Sanitation District, as of December 31, 2022 and 2021, and the respective changes in financial position and 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 audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Dominion Water and Sanitation District and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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; this includes 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 Dominion Water and Sanitation District's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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, including omissions, 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 generally accepted auditing standards, 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 Dominion Water and Sanitation 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 Dominion Water and Sanitation District's ability to continue as a going concern for a reasonable period of time.

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

Other Matters

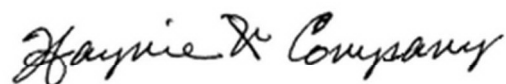
Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Dominion Water and Sanitation District's basic financial statements. The supplementary information section is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information as listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



Littleton, Colorado
July 25, 2023

BASIC FINANCIAL STATEMENTS

**DOMINION WATER AND SANITATION DISTRICT
STATEMENTS OF NET POSITION
DECEMBER 31, 2022 AND 2021**

	2022	2021
ASSETS		
CURRENT ASSETS		
Cash and Investments	\$ 7,030,203	\$ 6,018,309
Cash and Investments - Restricted	40,803,201	14,201,027
Accounts Receivable	-	162
Accrued Interest Receivable	-	24,505
Due from Other Governments	375,682	222,395
Prepaid Expenses	-	65,683
Total Current Assets	48,209,086	20,532,081
LONG-TERM ASSETS		
Utility Deposit	7,048	7,048
Total Long-Term Assets	7,048	7,048
Total Current and Long-Term Assets	48,216,134	20,539,129
CAPITAL ASSETS		
Capital Assets, Not Being Depreciated/Amortized	72,989,800	118,869,766
Capital Assets, Net	87,663,603	34,960,077
Total Capital Assets	160,653,403	153,829,843
Total Assets	208,869,537	174,368,972
DEFERRED OUTFLOW OF RESOURCES		
Cost of Refunding	1,387,557	-
Total Deferred Outflows of Resources	1,387,557	-
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
Accounts Payable	2,234,093	1,267,076
Retainage Payable	145,626	216,133
Accrued Interest Payable - Notes	125,337	158,570
Accrued Interest Payable - Bonds	661,811	377,512
Accrued Interest Payable - Vehicle	7	74
Bonds Payable - Current Portion	-	1,580,000
Subordinate Limited Revenue Water Notes - Principal - Current Portion	-	336,682
Subordinate Promissory Note - Principal - Current Portion	-	140,000
Deposit	10,000	10,000
Total Current Liabilities	3,176,874	4,086,047
LONG-TERM LIABILITIES		
SR Entities Advances Payable - Principal	-	21,332,220
SR Entities Advances Payable - Accrued Interest	-	11,776,070
Bonds Payable, Net of Unamortized Original Issue Discount	137,935,000	74,922,835
Subordinate Limited Revenue Water Notes - Principal	-	5,423,318
Junior Limited Revenue Notes - Principal	41,962,159	23,381,597
Junior Limited Revenue Notes - Accrued Interest	2,928,175	6,560,487
Subordinate Promissory Note - Principal	4,730,000	4,730,000
CWCB Loan - Principal	4,021,394	4,108,077
Lease Payable - Office Building	167,043	-
Lease Payable - Vehicle	9,468	18,324
Total Long-Term Liabilities	191,753,239	152,252,928
Total Liabilities	194,930,113	156,338,975
NET POSITION		
Unrestricted	15,326,981	18,029,997
Total Net Position	\$ 15,326,981	\$ 18,029,997

See accompanying Notes to Basic Financial Statements.

DOMINION WATER AND SANITATION DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	2021
OPERATING REVENUES		
Water Service Fees - Residential	\$ 1,417,586	\$ 1,016,418
Water Service Fees - Construction	342,720	922,378
Water Service Fees - Irrigation	282,121	192,622
Sewer Service Fees	560,291	406,311
Total Operating Revenues	2,602,718	2,537,729
OPERATING EXPENSES		
Personnel	1,111,796	951,579
Other Personnel Benefits	-	2,205
Contracted Personnel	153,077	173,436
District Office	162,749	165,558
Board Communications	23,709	159
Dues and Subscriptions	-	15,361
SMWSA Participation	500	20,176
District Engineering	282,891	82,583
District Policies	67,721	20,725
District Legal Services	156,705	171,354
Public Relations	30,000	30,650
Distribution and Storage Operations	137,578	162,769
Water Treatment Operations	776,459	725,162
System Operations	2,779	65
Water Delivery	675,610	986,477
Drinking Water Regulatory Compliance	4,880	65,394
Collections System Operations	176,413	1,052,233
CDPHE Permit	15,105	-
Treatment Operations	339,424	222,614
Regulatory Compliance	118	24,312
Computers and Printers	6,182	2,165
Software	7,916	5,775
Community Engagement & Development	37,112	-
Customer Entitlement Support	135,350	-
Office Furniture and Fixtures	6,763	4,537
Vehicle	-	9,963
Capital Assets Depreciation/Amortization	946,568	563,557
Total Operating Expenses	5,257,405	5,458,809
OPERATING INCOME (LOSS)	(2,654,687)	(2,921,080)
NONOPERATING REVENUES AND (EXPENSES)		
Net Investment Income/(Market Value Change)	(123,677)	(65,445)
Sewer Tap Fees	2,491,960	5,406,400
Water Tap Fees	10,741,045	18,045,710
Other Income	12,961	8,375
Pipeline Project - CRW Share - Design	-	32,218
Pipeline Project - CRW Share - Easements/Admin	-	9,750
Interest on Bonds, Notes, and Advances	(9,183,215)	(8,537,053)
Bond Discount Amortization	(109,766)	(90,722)
Bond Redemption Premium	(1,535,360)	-
Cost of Issuance	(2,342,277)	-
Total Nonoperating Revenues and (Expenses)	(48,329)	14,809,233
CHANGE IN NET POSITION	(2,703,016)	11,888,153
Net Position - Beginning of Year	18,029,997	6,141,844
NET POSITION - END OF YEAR	\$ 15,326,981	\$ 18,029,997

See accompanying Notes to Basic Financial Statements.

**DOMINION WATER AND SANITATION DISTRICT
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Customers	\$ 2,449,593	\$ 2,469,714
Payments to Suppliers/Contractors and Employees - Operations	<u>(5,026,896)</u>	<u>(4,367,194)</u>
Net Cash Used by Operating Activities	<u>(2,577,303)</u>	<u>(1,897,480)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
SR Entities Advances - Capital	-	1,600,000
Debt Issuances	172,381,159	-
Payments to Suppliers/Contractors - Capital	(6,003,581)	(12,500,114)
Grant, CRW Contribution and Other Income	-	50,343
Tap Fees Received	13,233,005	23,452,110
Bonds Interest, Principal, and Redemption Premium Paid	(84,639,575)	(8,928,472)
Notes Interest and Principal Paid	(25,140,371)	(1,297,720)
Cost of Issuance	(2,342,277)	-
Repayment of SR Entities Advances - Principal	<u>(37,197,817)</u>	<u>-</u>
Net Cash Provided by Capital and Related Financing Activities	<u>30,290,543</u>	<u>2,376,147</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net Investment Income Received	<u>(99,172)</u>	<u>(65,321)</u>
Net Cash Used by Investing Activities	<u>(99,172)</u>	<u>(65,321)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	27,614,068	413,346
Cash and Cash Equivalents - Beginning of Year	<u>20,219,336</u>	<u>19,805,990</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 47,833,404</u>	<u>\$ 20,219,336</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH REQUIRED BY OPERATING ACTIVITIES		
Operating Loss	\$ (2,654,687)	\$ (2,921,080)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:		
Depreciation	946,568	563,557
(Increase) Decrease in Prepaid Expenses	65,683	(65,683)
(Increase) Decrease in Accounts Receivable	(153,125)	(68,015)
Increase (Decrease) in Accounts Payable	(781,742)	593,741
Net Cash Used by Operating Activities	<u>\$ (2,577,303)</u>	<u>\$ (1,897,480)</u>

See accompanying Notes to Basic Financial Statements.

**DOMINION WATER AND SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 1 DEFINITION OF REPORTING ENTITY

Dominion Water and Sanitation District (Dominion or the District), a quasi-municipal corporation, is governed pursuant to provisions of the Colorado Special District Act. The District was organized for the purpose of providing certain public improvements, facilities, and services to and for the use and benefit of the District's Service Area. The District's Service Area is located in Douglas County, Colorado.

In February 2014, the District's Board of Directors established the Sterling Ranch Water Activity Enterprise and Sterling Ranch Wastewater Activity Enterprise to pursue or continue all of the District's activities relating to the provision of wholesale water, wastewater and stormwater services to the Sterling Ranch development, including water acquisition, water project and/or facility activities, and including the construction, operation, repair and replacement of water and wastewater facilities, using revenues and income generated in connection with such water and wastewater activities. The Sterling Ranch Water Activity Enterprise and Sterling Ranch Wastewater Activity Enterprise shall have all the powers and authority granted to water activity enterprises pursuant to Title 37, Article 45.1 of the Colorado Revised Statutes, including the power to contract with any person or entity and the power to issue or reissue revenue bonds.

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the District conform to generally accepted accounting principles as applicable to governmental units accounted for as a proprietary enterprise fund. The enterprise fund is used since the District's powers are related to those operated in a manner similar to public water and wastewater systems where net income and capital maintenance are appropriate determinations of accountability.

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

**DOMINION WATER AND SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting

The District's records are maintained on the accrual basis of accounting. Revenue is recognized when earned and expenses are recognized when the liability is incurred. Depreciation is computed and recorded as an operating expense. Purchases or construction of capital assets are shown as increases in assets and redemption of bonds and loans are recorded as a reduction in liabilities.

Operating Revenues and Expenses

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

Budget

In accordance with the State Budget Law, the District's Board of Directors holds public hearings in the fall of each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures and other financing uses level and lapses at year-end. The District's Board of Directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements.

The District amended its budget for the year ending December 31, 2022.

Cash Equivalents

For purposes of the statements of cash flows, the District considers cash deposits and highly liquid investments (including restricted cash) with a maturity of three months or less when purchased to be cash equivalents.

Adoption of New Accounting Standards

In June 2017, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 87, *Leases*. This standard requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources to be recognized based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this standard, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

The District adopted the requirements of the guidance effective January 1, 2022, and has elected to apply the provisions of this standard to the beginning of the period of adoption.

**DOMINION WATER AND SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases

The District determines if an arrangement is a lease at inception. Leases are included as right-to-use assets in capital assets and as leases payable in noncurrent liabilities in the statement of net position.

Lease assets represent the District's control of the right to use an underlying asset for the lease term, as specified in the contract, in an exchange or exchange-like transaction. Lease assets are recognized at the commencement date based on the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. Lease assets are amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

Lease liabilities represent the District's obligation to make lease payments arising from the lease. Lease liabilities are recognized at the commencement date based on the present value of expected lease payments over the lease term, less any lease incentives. Interest expense is recognized ratably over the contract term.

The lease term may include options to extend or terminate the lease when it is reasonably certain that the District will exercise that option.

The District has elected to recognize payments for short-term leases with a lease term of 12 months or less as expenses as incurred, and these leases are not included as lease liabilities or right-to-use lease assets on the statement of net position. For individual lease contracts where information about the discount rate implicit in the lease is not included, the District has elected to use the incremental borrowing rate to calculate the present value of expected lease payments.

Capital Assets

Capital assets, which include distribution and collection systems and machinery and equipment, are reported as assets on the District's financial statements. Capital assets are generally defined by the District as assets with an initial, individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at 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 the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable. Capital assets recorded as Construction in Progress and those not yet placed in service are not being depreciated. Intangible assets, except goodwill, are amortized over the useful lives of the assets.

**DOMINION WATER AND SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Amortization

Cost of Refunding

In the government-wide financial statements, the deferred cost of bond refunding is being amortized using the interest method over the life of the defeased bonds. The amortization amount is a component of interest expense and the unamortized deferred cost is reflected as a deferred outflow of resources.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities, if any, at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 3 CASH AND INVESTMENTS

Cash and investments as of December 31, 2022 and 2021 are classified in the accompanying financial statements as follows:

	2022	2021
Statement of Net Position:		
Cash and Investments	\$ 7,030,203	\$ 6,018,309
Cash and Investments - Restricted	40,803,201	14,201,027
Total Cash and Investments	\$ 47,833,404	\$ 20,219,336

Cash and investments as of December 31, 2022 and 2021 consist of the following:

	2022	2021
Deposits with Financial Institutions	\$ 7,154,549	\$ 6,207,677
Investments	40,678,855	14,011,659
Total Cash and Investments	\$ 47,833,404	\$ 20,219,336

Deposits with Financial Institutions

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

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

**DOMINION WATER AND SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Deposits with Financial Institutions (Continued)

As of December 31, 2022 and 2021, the District's cash deposits had a bank and carrying balance of \$7,154,549 and \$6,207,677, respectively. \$250,000 per institution is insured through the FDIC and the balance is collateralized in single institution pools.

Investments

The District has adopted an investment policy by which it follows state statutes regarding investments.

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

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

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

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

Fair Value Measurement and Application

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs, and Level 3 inputs are significant unobservable inputs. Investments not measured at fair value and not categorized include governmental money market funds, CSAFE (recorded at amortized cost), and COLOTRUST (recorded at net asset value).

**DOMINION WATER AND SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

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

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Money Market Securities	Weighted-Average Under 60 Days	\$ 40,678,855
Total		<u>\$ 40,678,855</u>

Goldman Sachs Treasury Fund #525

At December 31, 2022, some of the District's funds held in trust accounts at UMB Bank were invested in the Goldman Sachs Treasury Fund. This portfolio is managed by Goldman Sachs and each share is equal in value to \$1.00. Goldman Sachs may invest in U.S. Treasury securities, or repurchase agreements collateralized by U.S. Treasury securities. The fund is AAAM rated by Standard & Poor's and invests in a process that seeks to select maturities based on the shape of the money market yield curve and on expectations as to future shifts in the level and shape of the curve, taking into consideration such factors as current short-term interest rates, Federal Reserve policy regarding interest rates, and U.S. economic activity. The average maturity of the underlying securities is 60 days or less. The District records its investments in Goldman Sachs at net asset value.

NOTE 4 CAPITAL ASSETS

The following is an analysis of changes in the District's capital assets for the years ended December 31, 2022 and 2021:

	Balance December 31, 2021	Additions	Reclassify	Balance December 31, 2022
Capital Assets, Not Being Depreciated/Amortized				
Construction in Progress and Assets Not Yet Placed in Service:				
Water Supply	\$ 34,927,788	\$ 5,443,338	\$ 8,932,106	\$ 31,439,020
Master Planning	444,373	189,535	183,563	450,345
Water System	55,830,802	1,248,296	48,730,087	8,349,011
Wastewater System	12,540,729	696,669	637,183	12,600,215
Subtotal	<u>103,743,692</u>	<u>7,577,838</u>	<u>58,482,939</u>	<u>52,838,591</u>
Water Rights	<u>15,126,074</u>	<u>5,025,135</u>	-	<u>20,151,209</u>
Total Capital Assets, Not Being Depreciated/Amortized	118,869,766	12,602,973	58,482,939	72,989,800
Capital Assets, Net				
Water System	21,711,204	48,730,087	-	70,441,291
Water Supply	13,975,157	4,090,533	-	18,065,690
Wastewater System	1,484,128	637,183	-	2,121,311
Vehicles	34,931	-	-	34,931
Right-to-Use Lease Building	-	331,607	-	331,607
Less: Depreciation/Amortization	<u>(2,245,343)</u>	<u>(1,085,884)</u>	-	<u>(3,331,227)</u>
Total Capital Assets, Net	<u>34,960,077</u>	<u>52,703,526</u>	-	<u>87,663,603</u>
Total Capital Assets	<u>\$ 153,829,843</u>	<u>\$ 65,306,499</u>	<u>\$ 58,482,939</u>	<u>\$ 160,653,403</u>

**DOMINION WATER AND SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 4 CAPITAL ASSETS (CONTINUED)

	Balance December 31, 2020	Additions	Reclassify	Balance December 31, 2021
Capital Assets, Not Being Depreciated/Amortized Construction in Progress and Assets Not Yet Placed in Service:				
Water Supply	\$ 35,319,347	\$ 2,929,764	\$ 3,321,323	\$ 34,927,788
Master Planning	983,628	276,338	815,593	444,373
Water System	53,486,980	2,867,593	523,771	55,830,802
Wastewater System	10,826,004	2,864,725	1,150,000	12,540,729
Subtotal	<u>100,615,959</u>	<u>8,938,420</u>	<u>5,810,687</u>	<u>103,743,692</u>
Water Rights	15,126,074	-	-	15,126,074
Total Capital Assets, Not Being Depreciated/Amortized	115,742,033	8,938,420	5,810,687	118,869,766
Capital Assets, Net				
Water System	21,187,433	523,771	-	21,711,204
Water Supply	9,838,241	4,136,916	-	13,975,157
Wastewater System	334,128	1,150,000	-	1,484,128
Vehicles	34,931	-	-	34,931
Less: Depreciation/Amortization	<u>(1,681,786)</u>	<u>(563,557)</u>	<u>-</u>	<u>(2,245,343)</u>
Total Capital Assets, Net	<u>29,712,947</u>	<u>5,247,130</u>	<u>-</u>	<u>34,960,077</u>
Total Capital Assets	<u>\$ 145,454,980</u>	<u>\$ 14,185,550</u>	<u>\$ 5,810,687</u>	<u>\$ 153,829,843</u>

NOTE 5 LONG-TERM OBLIGATIONS

The following is an analysis of changes in the District's long-term obligations for the years ended December 31, 2022 and 2021:

**DOMINION WATER AND SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

	Balance December 31, 2021	Additions and Adjustments	Reductions and Adjustments	Balance December 31, 2022	Current Portion
Bonds Payable					
Tap Fee Revenue Bonds, Series 2016	\$ 77,873,000	\$ -	\$ 77,873,000	\$ -	\$ -
Original Issue Discount	(1,370,165)	1,370,165	-	-	-
Tap Fee Revenue Bonds, Series 2022	-	137,935,000	-	137,935,000	-
Subtotal	<u>76,502,835</u>	<u>139,305,165</u>	<u>77,873,000</u>	<u>137,935,000</u>	<u>-</u>
Notes from Direct Borrowings and Direct Placements					
Series 2020A Promissory Note	4,870,000	-	140,000	4,730,000	145,000
D.C. Burns Water Note	2,340,000	-	2,340,000	-	-
Red Hill Water Note	3,420,000	-	3,420,000	-	-
CWCB Promissory Note	4,108,077	-	86,682	4,021,395	89,543
Series 2022 Promissory Note - Principal	-	34,446,159	-	34,446,159	-
Series 2022 Promissory Note - Interest	-	293,189	-	293,189	-
Subtotal	<u>14,738,077</u>	<u>35,070,955</u>	<u>6,151,246</u>	<u>43,657,786</u>	<u>279,384</u>
Other Debts					
Payable to SR Entities:					
Developer Advances - Principal	44,713,817	-	37,197,817	7,516,000	-
Developer Advances - Accrued Interest	18,340,329	2,646,885	18,352,230	2,634,984	-
Lease Payable - Office Building	-	331,607	164,564	167,043	44,841
Lease Payable - Vehicle	18,324	-	8,855	9,469	-
Subtotal	<u>63,072,470</u>	<u>2,978,492</u>	<u>55,723,466</u>	<u>10,327,496</u>	<u>44,841</u>
Total Long-Term Obligations	<u>\$ 154,313,382</u>	<u>\$ 177,023,005</u>	<u>\$ 139,583,148</u>	<u>\$ 191,753,239</u>	<u>\$ 279,384</u>

	Balance December 31, 2020	Additions and Adjustments	Reductions and Adjustments	Balance December 31, 2021	Current Portion
Bonds Payable					
Tap Fee Revenue Bonds, Series 2016	\$ 82,049,000	\$ -	\$ 4,176,000	\$ 77,873,000	\$ 1,580,000
Original Issue Discount	(1,460,888)	90,723	-	(1,370,165)	-
Subtotal	<u>80,588,112</u>	<u>90,723</u>	<u>4,176,000</u>	<u>76,502,835</u>	<u>1,580,000</u>
Notes from Direct Borrowings and Direct Placements					
Series 2020A Promissory Note	5,000,000	-	130,000	4,870,000	140,000
D.C. Burns Water Note	2,340,000	-	-	2,340,000	-
Red Hill Water Note	3,670,000	-	250,000	3,420,000	250,000
CWCB Promissory Note	4,191,990	-	83,913	4,108,077	86,682
Subtotal	<u>15,201,990</u>	<u>-</u>	<u>463,913</u>	<u>14,738,077</u>	<u>476,682</u>
Other Debts					
Payable to SR Entities:					
Water Activities - Principal	38,645,820	1,600,000	-	40,245,820	-
Water Activities - Accrued Interest	13,253,998	2,667,931	-	15,921,929	-
Wastewater Activities - Principal	4,467,997	-	-	4,467,997	-
Wastewater Activities - Accrued Interest	2,100,854	317,546	-	2,418,400	-
Vehicle Lease	26,606	-	8,282	18,324	-
Subtotal	<u>58,495,275</u>	<u>4,585,477</u>	<u>8,282</u>	<u>63,072,470</u>	<u>-</u>
Total Long-Term Obligations	<u>\$ 61,226,377</u>	<u>\$ 4,676,200</u>	<u>\$ 4,648,195</u>	<u>\$ 154,313,382</u>	<u>\$ 2,056,682</u>

**DOMINION WATER AND SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
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NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

As a result of implementation of GASB Statement No. 87 (GASB 87), *Leases*, \$331,607 was added to Lease Payable as presented above. The net cumulative effect of this change in accounting principle is presented in the statement of activities.

The details of the District's long-term obligations are as follows:

\$85,025,000 Tap Fee Revenue Bonds, Series 2016

On December 29, 2016, the District issued its Tap Fee Revenue Bonds, Series 2016, in the aggregate amount of \$85,025,000 with an original issue discount of \$1,806,421 (Bonds). The proceeds from the sale of the Bonds were used for the purposes of (i) paying or reimbursing the costs of capital infrastructure improvements; (ii) providing capitalized interest for the Bonds; (iii) providing a deposit to the Debt Service Reserve Fund; (iv) providing a deposit to the Surplus Reserve Fund; and (iv) paying costs of issuance of the Bonds.

The Bonds include a \$13,745,000 term bond maturing on December 1, 2027 with an interest rate of 5.25%, a \$24,435,000 term bond maturing on December 1, 2036 with an interest rate of 5.75%, and a \$46,845,000 term bond maturing on December 1, 2046 with an interest rate of 6.0%, and interest is payable semi-annually on June 1 and December 1, beginning on June 1, 2017. Annual mandatory sinking fund principal payments are due on December 1, beginning on December 1, 2020. The Bonds are subject to optional redemption as described in the Trust Indenture starting in 2021.

The Bonds are subject to mandatory redemption in whole or in part prior to their stated maturity from amounts on deposit in the Extraordinary Mandatory Redemption Account commencing June 1, 2020.

The Bonds are secured by and payable solely from the Revenues (as defined in the Trust Indenture) and any other legally available amounts that the District determines, in its absolute discretion, to transfer to the Trustee for application as described in the Indenture. Revenues include, with the exception of the tap fee revenue received in connection with the residential lots in Sterling Ranch Filing No. 1, 100% of the Tap Fee Revenues received by the District, and after the Capitalized Interest period, Net Service Charge Revenues, if any. Once the Trustee has transferred sufficient funds from the Revenue Fund to the Funds and accounts described in items first through fifth below, the Issuer shall be entitled to receive a monthly distribution defined as the "Issuer Allocation" which directs that 100% of the amount of Tap Fee Revenues in the Revenue Fund during the interest capitalization period and 85% of the amount of Tap Fee Revenues in the Revenue Fund after the capitalized interest period shall be available to the District to fund capital costs and operations and maintenance costs, including general and administrative costs.

To the extent that the remaining Revenues are insufficient to pay the principal of, Premium, if any, or interest on the Bonds when due, the District has covenanted to credit certain of its net service charge revenues, originating from monthly water and sewer service charge fees less operations and maintenance costs, to the Bond Fund in order to cover any shortfall.

**DOMINION WATER AND SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

\$85,025,000 Tap Fee Revenue Bonds, Series 2016 (Continued)

The Trustee shall make transfers from the Revenue Fund to the following Funds and accounts in the amounts, at the times and in the order of priority set forth below:

- First, to the Rebate Fund, in an amount equal to any deposits required to be made therein pursuant to Section 4.12 of the Trust Indenture;
- Second, to the Trustee to pay its fees and expenses as the same become due and payable;
- Third, on the first day of each calendar month, beginning on June 1, 2019 to the Debt Service Fund, an amount equal to the interest to become due on the Outstanding Bonds on June 1, 2020, then beginning on December 2, 2019, and on the first day of each calendar month thereafter, to the Debt Service Fund, an amount equal to the interest to become due on the Outstanding Bonds on December 1, 2020, then beginning on June 2, 2020, and on the first day of each calendar month thereafter, to the Debt Service Fund, an amount equal to the interest to become due on the Outstanding Bonds on June 1, 2021, then for each six month period beginning on June 2 and December 2 of each Bond Year, and on the first day of each calendar month thereafter, respectively, to the Debt Service Fund, an amount equal to the interest to become due on the Outstanding Bonds on the second succeeding Interest Payment Date, then on December 2, 2019 and on the first day of each calendar month thereafter, to the Debt Service Fund, an amount equal to one-half (1/2) of the amount of principal and premium, if any, payable on the Outstanding Bonds on December 1, 2020 whether pursuant to maturity or any scheduled mandatory sinking fund redemption established for a Series of Bonds, then beginning on June 2, 2020, and on the first day of each calendar month thereafter, one-half (1/2) of the amount of principal and premium, if any, payable on the Outstanding Bonds on December 1, 2020 whether pursuant to maturity or any scheduled mandatory redemption established for a Series of Bonds, and thereafter for each six month period beginning on June 2 and December 2 of each Bond Year and on the first day of each calendar month thereafter, one-half (1/2) of the amount of principal and premium, if any, payable on the Outstanding Bonds on December 1 of such Bond Year, whether pursuant to maturity or any scheduled mandatory redemption established for a Series of Bonds;
- Fourth, to the extent of any deficiency in the Reserve Fund the amount necessary, if any, for the amount on deposit therein to equal the Reserve Fund Requirement for the Bonds;
- Fifth, on June 1, 2018, December 1, 2018, June 1, 2019 and December 1, 2019 to the Surplus Reserve Fund an amount equal to \$307,085, on each such date so that the amount on deposit therein on December 1, 2019 is equal to the Maximum Surplus Reserve Fund Amount;

**DOMINION WATER AND SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

\$85,025,000 Tap Fee Revenue Bonds, Series 2016 (Continued)

- Sixth, after all deposits in the required amounts have been made under “first” through “fifth” above, on the first day of each calendar month, beginning on February 1, 2017, to the extent of available Tap Fee Revenues in the Revenue Fund, an amount equal to the Issuer Allocation, shall be transferred to the Issuer to be used by it for any lawful purpose, and on the first day of each calendar month, beginning on January 1, 2020, an amount equal to the EMR Allocation shall be transferred to the Extraordinary Mandatory Redemption Fund and used in accordance with Section 4.09 of the Trust Indenture.

The Series 2016 Bonds were refunded with the issuance of the Series 2022 Bonds.

Revenue Refunding and Improvement Bonds, Series 2022

The District issued the Bonds on September 15, 2022, in the amount of \$137,935,000.

Proceeds of the Bonds

Net proceeds from the sale of the Bonds, along with certain other legally available funds held by the Trustee of the Tap Fee Revenue Bonds, Series 2016, were used to:

- (i) refund certain outstanding obligations of the District (the “Refunding Project”)
- (ii) fund a deposit to the Project Fund;
- (iii) fund a deposit to the Reserve Fund in the amount of the Reserve Fund Requirement;
- (iv) fund a deposit to the Debt Service Fund; and
- (v) pay the costs of issuance of the Bonds.

The Refunding Project includes the payment in full or in part of the outstanding principal of and interest on, and any prepayment or redemption premium in connection with the following:

- (i) Tap Fee Revenue Bonds, Series 2016;
- (ii) Junior Limited Revenue Promissory Notes, Series 2017A (the “2017A Notes”);
- (iii) Subordinate Limited Revenue Promissory Water Note, Series 2017B; and
- (iv) Subordinate Limited Revenue Promissory Water Note, Series 2017C.

Bond Details

The Bonds bear interest at rates ranging from 5.000% to 5.875%, payable semi-annually on June 1 and December 1, (each, an Interest Payment Date) beginning on December 1, 2022. Principal payments on the Bonds are due annually on each December 1, beginning on December 1, 2023. The Bonds mature on December 1, 2052.

To the extent principal of any Bond is not paid when due, principal shall remain outstanding until paid. To the extent interest on any Bond is not paid when due, such unpaid interest shall compound on each Interest Payment Date, at the rate then borne by the Bond.

**DOMINION WATER AND SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Revenue Refunding and Improvement Bonds, Series 2022 (Continued)

Bond Details (Continued)

The Bonds may be subject to acceleration pursuant to Extraordinary Mandatory Redemption provisions as described in the Indenture. The Bonds do not have any unused lines of credit. No assets have been pledged as collateral on the Bonds.

Events of Default of the Bonds

Events of default occur if the District fails to impose the Tap Fee, or to apply the Tap Fee Revenues as required by the Indenture and does not comply with other customary terms and conditions consistent with normal municipal financing as described in the Indenture.

Unused lines of credit

The Series 2022 Bonds do not have any unused lines of credit.

Collateral

No assets have been pledged as collateral on the Series 2022 Bonds.

Termination Events

The Series 2022 Bonds are not subject to early termination.

Acceleration

The Series 2022 Bonds are not subject to acceleration.

Optional Redemption

The Bonds are subject to redemption prior to maturity, at the option of the District, on December 1, 2028, and on any date thereafter, upon payment of par, accrued interest, and a redemption premium equal to a percentage of the principal amount so redeemed as follows:

<u>Date of Redemption</u>	<u>Redemption Premium</u>
December 1, 2028, to November 30, 2029	3.00%
December 1, 2029, to November 30, 2030	2.00
December 1, 2030, to November 30, 2031	1.00
December 1, 2031, and thereafter	0.00

Revenues

The Bonds are payable solely from and to the extent of the following Revenues:

- (i) Tap Fee Revenues;
- (ii) Net Service Charge Revenues defined as Service Charges, less Operations and Maintenance Costs ; and
- (iii) any other legally available amounts that the District may designate by resolution of the Board, to be paid to the Trustee for deposit into the Revenue Fund.

**DOMINION WATER AND SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 5 LONG TERM OBLIGATIONS (CONTINUED)

Revenue Refunding and Improvement Bonds, Series 2022 (Continued)

Reserve Fund

The Bonds are additionally secured by the Reserve Fund, which was initially funded with proceeds of the Bonds in the amount of the Reserve Requirement of \$9,973,462. Amounts on deposit in the Reserve Fund on the final maturity date of the Bonds are to be applied to the payment of the Bonds on such date.

The District's Bonds will mature as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ -	\$ 7,941,738	\$ 7,941,738
2024	2,030,000	7,941,738	9,971,738
2025	2,130,000	7,840,238	9,970,238
2026	2,235,000	7,733,738	9,968,738
2027	2,345,000	7,621,988	9,966,988
2028-2032	13,675,000	36,161,838	49,836,838
2033-2037	17,890,000	31,951,481	49,841,481
2038-2042	23,815,000	26,039,763	49,854,763
2043-2047	31,675,000	18,174,019	49,849,019
2048-2052	42,140,000	7,709,175	49,849,175
Total	<u>\$ 137,935,000</u>	<u>\$ 159,115,713</u>	<u>\$ 297,050,713</u>

Office Building Lease

The District leases office space under an operating lease. The District entered into a lease agreement with Clinton-Costilla Center LLC in 2017, which will expire on October 1, 2026. The incremental borrowing rate at the commencement of the agreement was 4.25%.

The future minimum lease obligations and net present value of these minimum lease payments are as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 44,841	\$ 12,720	\$ 57,561
2024	44,672	15,110	59,782
2025	44,443	17,560	62,003
2026	33,087	15,035	48,122
Total	<u>\$ 167,043</u>	<u>\$ 60,425</u>	<u>\$ 227,468</u>

Right-to-use assets acquired through the outstanding lease are shown below:

Governmental Activities:	
Right-to-Use Lease Office Building	\$ 331,607
Less: Lease Asset Accumulated Amortization	<u>(165,803)</u>
	<u>\$ 165,804</u>

**DOMINION WATER AND SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 5 LONG TERM OBLIGATIONS (CONTINUED)

Direct Borrowings and Other Debts

Information related to various notes, loans and funding agreements can be found in Note 8.

NOTE 6 ECONOMIC DEPENDENCY

The District has not yet established a revenue base sufficient to pay operational and certain capital expenditures. Until an independent revenue base is established, continuation of operations in the District and construction of certain public improvements may require funding from the SR Entities to the extent of any shortfalls.

NOTE 7 RELATED PARTIES

Sterling Ranch, LLC (SR LLC), Sterling Ranch Too, LLC (SR Too), a single member limited liability company for which SR LLC is the manager and sole member, and Sterling Ranch Development Company (Developer), are the owners of or hold options to acquire a significant portion of the properties comprising the development known as Sterling Ranch, which lies within the service area of the District. SR LLC, SR Too, the Developer, and Hobbs Investments LLC (Hobbs), a single member limited liability company for which the Developer is the manager and sole member (collectively with SR LLC, SR Too and the Developer, the SR Entities) have each advanced funds to the District (see Note 8). Certain members of the Board of Directors of the District hold interests in the SR Entities or are otherwise associated with the SR Entities and may have conflicts of interest in dealing with the District. Such members currently constitute less than 50% of the membership of the Board of Directors of the District.

NOTE 8 AGREEMENTS

Agreements with SR Entities

Advance and Reimbursement Agreement

On February 2, 2005, the District entered into the Advance and Reimbursement Agreement (the Agreement) with SR LLC. Pursuant to the Agreement, SR LLC agreed to advance funds to the District to pay for capital and operational expenses when the District's revenues are not sufficient to pay for such expenses. The District will pay SR LLC interest, from the date of each advance, at the rate of 7% per annum. The District's payment of advances under this Agreement is subject to annual appropriation and shall be applied first to interest, then to principal of the advances. The District's reimbursement obligation is subordinate to any bonded indebtedness of the District hereafter created.

**DOMINION WATER AND SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 8 AGREEMENTS (CONTINUED)

Agreements with SR Entities

2016 Operation Funding Agreement

On December 17, 2015, with an effective date of January 1, 2016, the District entered into the 2016 Operation Funding Agreement with Hobbs pursuant to which Hobbs agreed to advance funds to the District for certain operation and maintenance expenses on a periodic basis as needed for fiscal year 2016. The District agreed to repay these advances, pursuant to the priority established in the agreement, together with accrued interest at the rate of 8% per annum accruing from the date of deposit into the District's account or from the date of direct payment by Hobbs to the District's consultants. The District's repayment of advances under this Agreement is subject to annual appropriation and is subordinate to any bonded indebtedness of the District.

2016-2020 Facilities Funding and Acquisition Agreement

On December 17, 2015, with an effective date of January 1, 2016, the District entered into the 2016-2020 Facilities Funding and Acquisition Agreement with Hobbs, pursuant to which Hobbs agreed to make advances up to the Budgeted Shortfall Amount (as defined therein) to the District for the purpose of funding the construction and/or acquisition of public improvements. The District agreed to repay these advances, pursuant to the priority established in the agreement, together with accrued interest at the rate of 8% per annum accruing from the date of verification. The agreement does not constitute debt, but is an annual appropriations agreement intended to be repaid through a future bond issuance. This agreement was amended as of October 26, 2020, to extend Hobbs' obligation to make advances through December 31, 2021.

Castle Rock Pipeline Facilities Funding and Acquisition Agreement (Hobbs)

On October 4, 2018, the District and Hobbs entered into the Castle Rock Pipeline (also referred to herein as the Eastern Regional Pipeline Project or the ERPP) Facilities Funding and Acquisition Agreement (CRPP Hobbs FFAA) whereby Hobbs has agreed to advance funds to the District to complete the Castle Rock Pipeline Project if there are insufficient funds in the Castle Rock Pipeline Project Construction Account (defined below), as such obligation is required under the Castle Rock Pipeline IGA (discussed below). The District agreed to repay these advances, pursuant to the priority established in the CRPP Hobbs FFAA, together with accrued interest at a rate of 8% per annum for the date of deposit of an advance. The CRPP Hobbs FFAA does not constitute debt, but is an annual appropriations agreement intended to be repaid through a future bond issuance.

Castle Rock Pipeline Facilities Funding and Acquisition Agreement (Developer)

On November 13, 2018, the District and Developer entered into the Castle Rock Pipeline Facilities Funding and Acquisition Agreement whereby Developer has agreed to advance funds to the District to complete the Castle Rock Pipeline Project if there are insufficient funds in the Castle Rock Pipeline Project Construction Account and Hobbs has not advanced funds pursuant to the CRPP Hobbs FFAA. The District agreed to repay these advances, pursuant to the priority established in the agreement, together with accrued interest at a rate of 8% per annum for the date of deposit of an advance. This agreement does not constitute debt, but is an annual appropriations agreement intended to be repaid through a future bond issuance.

**DOMINION WATER AND SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 8 AGREEMENTS (CONTINUED)

Agreements with SR Entities (Continued)

Junior Limited Revenue Promissory Notes

On December 27, 2017, the District issued Junior Limited Revenue Promissory Notes, Series 2017A (Notes), to Developer and related entities, in the aggregate principal amount of \$23,381,597, on a basis junior and subordinate to all other long-term obligations of the District. The Notes bear interest at a rate of 7% per annum, and interest payments are due on the 20th of each December, commencing on December 20, 2022. The Notes were issued by the District for the purpose of financing the costs of water and wastewater facilities. A portion of the Series 2017A Note was refunded with the issuance of the Series 2022 Bonds.

On November 15, 2022 the District issued two Junior Limited Revenue Promissory Notes, Series 2022A-1 (Tax Exempt) (the 2022A-1 Junior Notes) and Junior Limited Revenue Promissory Notes, Series 2022A-2 (Taxable) (the 2022A-2 Junior Notes and together with the 2022A-1 Junior Notes, the 2022 Junior Notes), to the Developer and its affiliates in payment of previous advances made by the Developer and its affiliates with respect to the District's costs associated with water and sewer system infrastructure plus accrued interest. The aggregate principal amount of the 2022A-1 Junior Notes, not to exceed \$30,000,000, were issued in the initial principal amount of \$28,894,120, leaving an additional principal amount of \$1,105,880 to be issued to reach the maximum principal amount of the 2022A-1 Notes. The aggregate principal amount of the 2022A-2 Junior Notes, not to exceed \$6,000,000, were issued in the initial principal amount of \$5,552,039, leaving an additional principal amount of \$447,961 to be issued to reach the maximum principal amount of the 2022A-2 Notes. The 2022A-1 Bonds are tax-exempt and bear interest at 6.5% per annum. The 2022A-2 Junior Notes are taxable and bear interest at 7.5% per annum.

Water Agreements

Canyons Pipeline Capacity License Agreement

On November 17, 2017, the District, acting by and through its Water Enterprise, and the Town entered into the Amended and Restated Canyons Pipeline Capacity License Agreement, pursuant to which the District was granted a license of capacity of 4.2 million gallons per day as part of a license which the Town expects to obtain with respect to capacity in a 36-inch waterline and related infrastructure to be constructed by Parker Water and Sanitation District. The parties agree that the initial term of such license will commence on the date that the Town obtains its license capacity discussed above and will terminate December 31 thereafter, and may be renewed for four one-year terms thereafter.

**DOMINION WATER AND SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 8 AGREEMENTS (CONTINUED)

Water Agreements (Continued)

Purchase Agreement (ARS Reservoir Site) (Continued)

On November 22, 2016, the District and ARS Sand & Gravel Co., LLC (ARSSG) entered into an Amended and Restated Purchase Agreement (the Amended and Restated ARS Agreement) pursuant to which the District agreed to purchase and ARSSG agreed to sell a Reservoir Site (the ARS Property). The District agreed to purchase: (i) the ARS Property, including a minimum of 1,750 acre feet of capacity; (ii) all of the mineral rights underlying the ARS Property; (iii) all nontributary water and not nontributary ground water rights underlying the ARS Property, and the right to extract said water; (iv) any perpetual, nonexclusive easements necessary to access the ARS Property; and (v) existing buildings on the ARS Property and the surrounding land necessary to maintain the required surface and subsurface support of such buildings. The Purchase Price (as defined in the Amended and Restated ARS Agreement) of the subject ARS Property is to be the appraised fair market value of the existing site to be calculated by taking the estimated value of a completed water storage reservoir less the cost to complete, plus \$650 per acre foot of nontributary and not nontributary Denver Basin groundwater underlying the ARS Property. The term of the Amended and Restated ARS Agreement, extended from a prior agreement, is currently set to expire on May 31, 2021. In consideration for such extension, the District has agreed to pay ARSSG \$25,000 on or before May 31 of each year through 2020. The payments are nonrefundable and do not apply towards the Purchase Price at closing. The District had previously made a payment of \$20,000 under the original purchase agreement between the parties, as the same was replaced and superseded in its entirety by the Amended and Restated ARS Agreement. The \$20,000 payment will be applied toward the Purchase Price at closing.

At closing, the District will pay ARSSG the lesser of 10% of the total Purchase Price, or \$1,000,000. Upon an engineer's certification with respect to certain improvements to the ARS Property, the District will make a second payment of 25% of the Purchase Price. The balance of the Purchase Price will be evidenced by a note and deed of which will be payable annually over a 10-year period from the date of the second payment described above, with interest on the unpaid principal balance from the date of the note, until paid, at a rate of 6% per annum.

Subordinate Limited Revenue Promissory Water Note, Series 2017B and DC Burns Purchase and Sale Agreement

The District entered into a Purchase and Sale Agreement dated April 5, 2017 with D.C. Burns Realty and Trust Company (Burns PSA), pursuant to which the District agrees to purchase from D.C. Burns certain water rights, and to issue a promissory note, which is in turn to be secured by a deed of trust from the District for the benefit of D.C. Burns. On September 18, 2017, the District assigned certain of the water rights under the Burns PSA to the City of Aurora. On August 4, 2017, pursuant to the Burns PSA, the District issued a Subordinate Limited Revenue Promissory Water Note, Series 2017B to The D.C. Burns Realty & Trust Company, with a principal amount of \$2,340,000, maturing December 15, 2047, with an interest rate of 6% per annum, and interest due on the first day of each January, April, July, and October, commencing on October 1, 2017.

**DOMINION WATER AND SANITATION DISTRICT
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DECEMBER 31, 2022 AND 2021**

NOTE 8 AGREEMENTS (CONTINUED)

Water Agreements (Continued)

Subordinate Limited Revenue Promissory Water Note, Series 2017C and Rex Motors Purchase and Sale Agreement

The District entered into a Purchase and Sale Agreement dated October 27, 2017 with Rex Motors, Inc. (Rex PSA), pursuant to which the District agrees to purchase from Rex Motors certain water rights, and to issue a promissory note. On December 20, 2017, the District assigned certain of the water rights under the Rex PSA to the City of Aurora pursuant to the Aurora 250 Agreement. On December 20, 2017, pursuant to the Rex PSA, the District issued a Subordinate Limited Revenue Promissory Water Note, Series 2017C to Rex Motors, Inc. in the principal amount of \$3,920,000, maturing December 15, 2027, with an interest of 6% per annum, and interest due every June 15 and December 15, commencing on June 15, 2018.

Cherokee Ranch Agreements

The District and the Town of Castle Rock entered into an Intergovernmental Agreement for the Option to Purchase and Right of First Refusal Regarding Ground Water Rights, Easements and Related Improvements dated March 5, 2019, as subsequently amended (the Cherokee PSA). This agreement grants the District an option to purchase certain ground water rights and easements for such ground water rights associated with the "Cherokee Ranch" in Douglas County, Colorado. The District has exercised its option to purchase under the Cherokee PSA, as shown in the First Amendment dated June 18, 2019, Second Amendment dated June 2, 2020, Third Amendment dated August 18, 2020, Fourth Amendment dated September 15, 2020, and Fifth Amendment dated May 4, 2021. The option expires on September 30, 2022.

In connection with the Cherokee PSA, the District also entered into a Tri-Party Agreement Regarding Cherokee Ranch & Castle Foundation Rights between the District, the Town of Castle Rock and the Cherokee Ranch & Castle Foundation dated March 5, 2019 which address among other things, operational matters, well sharing and the Foundation's right of first refusal.

Subordinate Limited Revenue Promissory Water Note, Series 2020A Note

On March 27, 2020, the District issued a Subordinate Limited Revenue Promissory Note, Series 2020A (2020A Note), in the amount of \$5,000,000. Proceeds from the 2020A Note will be used to finance a portion of the construction costs relating to the High Zone Tank. The 2020A Note bears interest of 6.5% per annum, payable on the 15th day of June and December commencing on June 15, 2020. Principal payments are payable on December 15 of each year, commencing on December 15, 2021, with a final maturity date of December 15, 2040.

**DOMINION WATER AND SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 8 AGREEMENTS (CONTINUED)

Water Agreements (Continued)

CWCB Loan

On April 1, 2020, the District issued a loan secured by the Colorado Water Conservation Board (CWCB Loan) in the amount of \$4,191,990. Proceeds from the CWCB Loan will be used to finance a portion of the construction costs relating to the Chatfield Reallocation Project. The CWCB Loan bears interest of 3.3% per annum. Interest and principal are payable on the 1st day of April commencing on April 1, 2020, with a final maturity date on April 1, 2050.

WISE Agreements

General

On August 24, 2010, the District entered into an Intergovernmental Agreement (the South Metro IGA) to become a member of the South Metro Water Supply Authority (the Authority). The Water Infrastructure and Supply Efficiency Partnership (the WISE Partnership) is a regional water supply project among certain members of the Authority. The Authority was established in 2006, and now includes 13 governmental water providers who collaborate to utilize available resources for the benefit of each participating water provider. Ten of the Authority's members formed the South Metro WISE Authority (the SMWA) and are committed to participation in the WISE Partnership.

Western Pipeline Lease Purchase Agreement with Town of Castle Rock

In order to take deliveries of water under the WDA (as defined above), SMWA entered into the Western Pipeline Purchase Agreement under which SMWA will acquire an 85% ownership interest in the Western Pipeline and related infrastructure. The District and the Town are identifying infrastructure that they may use jointly or cooperatively to facilitate efficient and cost-effective delivery of water to their customers, and have determined that they need capacity in the Western Pipeline. The District has requested that the Town purchase a total of 28.51% of SMWA's interest in the Western Pipeline and lease a 14.67% interest to the District with an option to purchase. The Western Pipeline Lease Purchase Agreement, of August 2014, sets forth the terms and condition of such lease and purchase option.

South Metro WISE Authority Formation and Organizational IGA

The District and nine other members of the Water Authority established the South Metro WISE Authority (the WISE Authority) pursuant to the South Metro WISE Authority Formation and Organizational Intergovernmental Agreement (the WISE Authority IGA), as approved by the District on April 17, 2013, for the purpose of implementing a project for the long-term provision of water to the members of the WISE Authority by the City of Aurora, Colorado, acting by and through its utility enterprise (Aurora) and the City and County of Denver, Colorado, acting by and through its Board of Water Commissioners (Denver) pursuant to the WISE Delivery Agreement (see WISE Partnership – Water Delivery Agreement), and the purchase of a pipeline and construction of other necessary infrastructure in connection therewith (the WISE Project). The WISE Authority IGA sets forth the powers and the governing terms of the WISE Authority, including, without limitation, the power to issue bonds, to operate water systems for the benefit of its participants, and to adopt plans for the development of projects necessary to implement the WISE Project.

**DOMINION WATER AND SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 8 AGREEMENTS (CONTINUED)

WISE Agreements (Continued)

South Metro WISE Authority Formation and Organizational IGA (Continued)

Pursuant to the WISE Authority IGA, each member of the WISE Authority is obligated to pay for the greater of: (i) all water that such member receives pursuant to the WISE Delivery Agreement; or (ii) its pro rata share (based on such member's subscription as compared to the other member's subscriptions) of the required Minimum Payments (as defined below) of the WISE Authority pursuant to the WISE Delivery Agreement. The District's subscription under the WISE Authority IGA for water delivered is for an average delivery of 1,325 acre feet of water per year, and its pro rata share is 18.34%. Water deliveries are scheduled to begin in 2017, and Minimum Payments will be due beginning in 2018.

Each member of the WISE Authority is also required to deposit 35% of such member's annual pro rata share of the Minimum Payment on 7,225 acre-feet (the amount of water to be delivered to WISE Authority participants pursuant to the WISE Delivery Agreement) with the WISE Authority as an operational reserve, in an initial payment in an amount equal to 5% of such pro rata share 24 months following effective date of the WISE Authority IGA and subsequently in three additional installments each equal to 10% of such pro rata share beginning 36 months following the effective date of the WISE Authority IGA and annually thereafter until fully paid. Pursuant to this requirement, the District paid approximately \$119,000 in 2015.

Each member of the WISE Authority is further obligated to pay for the costs of certain infrastructure which is necessary for the functioning of the WISE Project (Core WISE Project Infrastructure), in the amount of its pro rata share of such costs among all members. The WISE Authority IGA also sets forth methods for determining allocation among members of fixed operational costs based on each member's proportionate rights, and variable operational costs based on each member's usage of various infrastructure. Additionally, overhead costs of the WISE Authority are due from members quarterly based on their pro rata share. In 2016, the District has paid \$137,000 to the WISE Authority for operational and overhead costs.

Amounts due under the WISE Authority IGA are not subject to annual appropriation and the amounts due, but unpaid, thereunder will be deemed a consensual lien upon such member's rights in the WISE Project and under the WISE Authority IGA. If any member fails to cure amounts due under the WISE Authority IGA within 180 days from the due date the WISE Authority may foreclose on such member's rights under this WISE Authority IGA in the same manner as the foreclosure of a mechanic's lien or pursuant to judicial foreclosure or file for declaratory judgment seeking an assignment and transfer of all rights and interests of such member under the WISE Authority IGA. Additionally, if the amounts due to the WISE Authority are not paid within 60 days of the date of a default notice, the member in default agrees to impose a fee upon all of its customers sufficient to pay the amounts due. In the event that such member refuses to impose such fee, the WISE Authority may initiate an action for declaratory judgment and injunction or specific performance imposing such fee upon such member's customers. The members of the WISE Authority agree to cooperate with the WISE Authority in the use of this remedy.

**DOMINION WATER AND SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 8 AGREEMENTS (CONTINUED)

Wastewater Agreements

Intergovernmental Agreement for Temporary Lease of and Acquisition of Capacity in the Roxborough Wastewater Conveyance System between Roxborough Water and Sanitation District and Dominion Water and Sanitation District

On October 1, 2020, the District, acting by and through its Wastewater Enterprise, entered into an Intergovernmental Agreement for Temporary Lease of and Acquisition of Capacity in the Roxborough Wastewater Conveyance System with Roxborough in order to enable the District to provide wastewater treatment services to Filing No. 1 of Sterling Ranch prior to completion of upgrades and modifications to the WWTP. Pursuant to the agreement, Roxborough agrees to lease to the District limited unused capacity in Roxborough's wastewater conveyance system on a temporary and nonemergency basis and to secure permanent capacity in the "O" interceptor (the O-Line) to secure permanent conveyance of wastewater sludge to South Platte Water Renewal Partners (SPWRP, formerly known as the Littleton-Englewood Wastewater Treatment Facility), and to temporarily convey Dominion wastewater to SPWRP. As consideration, the District pays Roxborough both a Capital Asset Lease Payment and Operations Fee. Additionally, Dominion is obligated to pay Roxborough \$5,000,000 in five installments due at the intervals identified in the agreement, to be spent on replacement pumps and a backup generator as necessary to provide the capacity set forth in the agreement.

Other Agreements

Water and Wastewater Service Agreement for Sterling Ranch

The District entered into an agreement dated January 6, 2014, with the Sterling Ranch Community Authority Board (CAB) to provide wholesale water, wastewater, and stormwater services to the CAB. The CAB will serve as the retail provider of water and wastewater to customers located in the Sterling Ranch development. The agreement sets forth the terms and conditions regarding the provision of the services, financing of construction and operation of the facilities, and establishment rates, fees, charges and reimbursements.

Water, Wastewater, and Stormwater Operations Agreement for Sterling Ranch

The District, acting through each of its Enterprises, entered into an agreement, dated December 7, 2016, as amended and restated as of October 17, 2017, setting forth terms for the administration, operation, maintenance, repair and replacement of water and wastewater facilities prior to the provision of water and wastewater service to end users within Filing 1 of Sterling Ranch, and all other future development within Sterling Ranch. The District will own, operate and maintain the wholesale facilities and the CAB will own, operate, and maintain the retail facilities. The parties agreed the District will invoice the CAB for provision of wholesale services and the CAB will be responsible for payment of those invoices, as well as for collecting and remitting the District's tap fees from retail customers.

Funding for Water Line Improvements

The District entered into an agreement dated April 20, 2021, with the Sterling Ranch Community Authority Board (CAB) to fund a portion of the costs associated with a water line relocation project. The agreement sets forth the terms and conditions regarding the provision of the shared costs.

**DOMINION WATER AND SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 8 AGREEMENTS (CONTINUED)

Other Agreements (Continued)

Intergovernmental Agreement for the Financing, Design, and Construction of the Castle Rock Pipeline Project

On October 4, 2018, the District entered into the Intergovernmental Agreement for the Financing, Design and Construction of the Castle Rock Pipeline Project (part of the Eastern Regional Pipeline Project) with the CAB, UMB Bank, n.a., and CliftonLarsonAllen LLP (Castle Rock Pipeline IGA) to provide for the financing, design, and construction of the Castle Rock Pipeline Project for which the District is responsible. The District will finance the Castle Rock Pipeline Project with proceeds from the Series 2016 Bonds and other funds, which proceeds will be held in a separate account (the Castle Rock Pipeline Project Construction Account) for disbursement for costs associated with the Castle Rock Pipeline Project. If the District is in default of its obligations to construct the Castle Rock Pipeline Project, the Castle Rock Pipeline IGA requires the CAB to assume the District's obligation to complete the Castle Rock Pipeline Project.

NOTE 9 RISK MANAGEMENT

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

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

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

NOTE 10 TAX, SPENDING, AND DEBT LIMITATIONS

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights (TABOR), contains tax, spending, revenue and debt limitations that apply to the state of Colorado and all local governments. Spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

**DOMINION WATER AND SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 10 TAX, SPENDING, AND DEBT LIMITATIONS (CONTINUED)

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

The District operates as an enterprise fund under Title 37, Article 45.1, C.R.S., to provide wholesale water and wastewater services in accordance with its Service Plan. An enterprise fund under Section 20 of the Colorado Constitution may receive less than 10% of its annual revenue in grants from Colorado state and local governments combined. See Note 1 for related information.

The District's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits and qualification as an Enterprise, will require judicial interpretation.

SUPPLEMENTARY INFORMATION

**DOMINION WATER AND SANITATION DISTRICT
ENTERPRISE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUNDS AVAILABLE –
BUDGETARY BASIS (CONTINUED)
YEAR ENDED DECEMBER 31, 2022**

	Budget		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
REVENUES				
Water Service Fees - Residential	\$ 1,526,632	\$ 1,335,424	\$ 1,417,586	\$ 82,162
Water Service Fees - Construction	923,750	473,615	342,720	(130,895)
Water Service Fees - Irrigation	114,512	194,761	282,121	87,360
Sewer Service Fees	602,938	529,464	560,291	30,827
Other Income	-	-	12,961	12,961
Water Tap Fees	17,167,251	10,481,847	10,741,045	259,198
Sewer Tap Fees	5,014,349	2,491,960	2,491,960	-
Net Investment Income/(Market Value Change)	205,000	(200,000)	(123,677)	76,323
Bond Issuance	127,580,000	137,220,000	137,935,000	715,000
2022A-1 Junior Promissory Note Issuance	-	28,894,120	28,894,120	-
2022A-2 Junior Promissory Note Issuance	-	5,490,886	5,552,039	61,153
Total Revenues	<u>153,134,432</u>	<u>186,912,077</u>	<u>188,106,166</u>	<u>1,194,089</u>
EXPENDITURES				
BUSINESS EXPENDITURES				
Management				
Personnel	1,104,925	1,235,500	1,111,796	123,704
Contracted Personnel:				
Investment Advisory Fee	20,000	20,000	9,267	10,733
Accounting	150,000	150,000	128,186	21,814
Audit	10,300	12,000	12,000	-
Trustee Fee	3,500	3,500	3,624	(124)
Total Contracted Personnel	<u>183,800</u>	<u>185,500</u>	<u>153,077</u>	<u>32,423</u>
District Office:				
Rent	62,700	80,000	51,302	28,698
Equipment	2,500	3,000	3,392	(392)
Communications - Telephone	6,720	6,800	3,155	3,645
Office Supplies	3,800	3,800	2,292	1,508
Postage	300	300	28	272
Insurance	80,000	100,000	85,966	14,034
Miscellaneous/Contingency	15,000	20,000	32,612	(12,612)
Relocation Expenses	300	2,000	-	2,000
Technical Support Services	9,600	9,600	9,250	350
Total District Office	<u>180,920</u>	<u>225,500</u>	<u>187,997</u>	<u>37,503</u>
Office Expenses				
Computers and Printers	12,000	12,000	6,182	5,818
Software	10,000	12,000	7,916	4,084
Vehicle	15,000	15,000	-	15,000
Office Furniture and Fixtures	2,500	15,000	6,763	8,237
Total Office Expenses	<u>39,500</u>	<u>54,000</u>	<u>20,861</u>	<u>33,139</u>
Total Management	<u>1,509,145</u>	<u>1,700,500</u>	<u>1,473,731</u>	<u>226,769</u>
Leadership				
Board Communication	-	-	23,709	(23,709)
Community Engagement & Development	63,600	56,000	37,112	18,888
SMWSA Participation	15,000	15,000	500	14,500
TOTAL LEADERSHIP	<u>78,600</u>	<u>71,000</u>	<u>61,321</u>	<u>9,679</u>
GENERAL CONSULTANT SUPPORT				
District Engineering	388,000	392,000	282,891	109,109
District Policies	30,000	40,000	67,721	(27,721)
District Legal Services	200,000	200,000	156,705	43,295
Public Relations	32,400	35,000	30,000	5,000
CIP and Financing	20,000	21,000	9,401	11,599
Customer Entitlement Support	65,000	80,000	135,350	(55,350)
Total General Consultant Support	<u>735,400</u>	<u>768,000</u>	<u>682,068</u>	<u>85,932</u>

**DOMINION WATER AND SANITATION DISTRICT
ENTERPRISE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUNDS AVAILABLE –
BUDGETARY BASIS (CONTINUED)
YEAR ENDED DECEMBER 31, 2022**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES (CONTINUED)				
Debt Service:				
Interest - 2016 Bonds	4,530,143	3,775,119	3,554,626	220,493
Interest - DC Burns	140,400	105,300	169,650	(64,350)
Interest - Red Hill Note	205,200	162,450	169,860	(7,410)
Interest - CWCB Loan	135,567	135,567	135,567	-
Interest - Series 2020A Note	316,550	316,550	316,550	-
Interest - Vehicle Lease	1,016	1,016	977	39
Interest - Junior Promissory Note	8,197,198	7,788,021	5,238,291	2,549,730
Interest - Developer Advance Repayment	-	13,052,786	13,113,939	(61,153)
Principal - CWCB Loan	86,682	86,682	86,682	-
Principal - Red Hill Note	3,420,000	3,420,000	3,420,000	-
Principal - 2016 Bonds	76,773,000	76,768,000	76,768,000	-
Principal - 2016 Bonds - EMR	1,100,000	1,105,000	1,105,000	-
Principal - Series 2020A Note	140,000	140,000	140,000	-
Principal - DC Burns	2,340,000	2,340,000	2,340,000	-
Principal - Junior Promissory Note	23,381,597	23,381,597	15,865,597	7,516,000
Principal - Developer Advance Repayment	-	21,332,220	21,332,220	-
Principal - Vehicle Lease	8,855	8,855	8,855	-
Bond Redemption Premium	-	-	1,535,360	(1,535,360)
Cost of Issuance	2,000,000	3,525,095	2,342,277	1,182,818
Interest - 2022 Bonds	4,456,037	1,676,589	1,676,589	-
Principal - 2022 Bonds	2,765,000	-	-	-
Total Debt Service	<u>129,997,245</u>	<u>159,120,847</u>	<u>149,320,040</u>	<u>9,800,807</u>
<hr/>				
Total Business Expenditures	<u>132,320,390</u>	<u>161,660,347</u>	<u>151,537,160</u>	<u>10,123,187</u>
<hr/>				
OPERATIONS AND MAINTENANCE EXPENSES				
Water System				
Distribution and Storage Operations	257,200	231,000	137,578	93,422
Water Treatment Operations	855,700	850,000	776,459	73,541
System Operations	66,000	-	2,779	(2,779)
Water Delivery	1,890,435	1,238,500	675,610	562,890
Drinking Water Regulatory Compliance	10,000	5,000	4,880	120
Master Meter Contracts	12,000	-	-	-
TOTAL WATER SYSTEM	<u>3,091,335</u>	<u>2,324,500</u>	<u>1,597,306</u>	<u>727,194</u>
Wastewater System				
Treatment Operations	256,800	352,000	339,424	12,576
CDPHE Permit	6,650	15,105	15,105	-
Collection System Operations	481,020	779,497	176,413	603,084
Regulatory Compliance	15,000	10,000	118	9,882
TOTAL WASTEWATER SYSTEM	<u>759,470</u>	<u>1,156,602</u>	<u>531,060</u>	<u>625,542</u>
<hr/>				
TOTAL OPERATIONS AND MAINTENANCE EXPENSES	<u>3,850,805</u>	<u>3,481,102</u>	<u>2,128,366</u>	<u>1,352,736</u>
<hr/>				
TOTAL BUSINESS AND O&M EXPENSES	<u>136,171,195</u>	<u>165,141,449</u>	<u>153,665,526</u>	<u>11,475,923</u>
<hr/>				
CAPITAL EXPENSES				
STRATEGIC PLANNING - WATER				
Distribution System Modeling	10,000	10,000	-	10,000
Water Supply Modeling	80,000	80,000	88,304	(8,304)
Rates and Fees	150,000	65,000	85,859	(20,859)
Groundwater Treatment Planning	260,000	410,832	-	410,832
Regional Water System Planning	10,000	-	-	-
Development and Modeling of Daily Operations	15,000	-	-	-
TOTAL STRATEGIC PLANNING - WATER	<u>525,000</u>	<u>565,832</u>	<u>174,163</u>	<u>391,669</u>
STRATEGIC PLANNING - WASTEWATER				
Regional Wastewater System Planning	10,000	10,000	5,969	4,031
Non-Portable System Modeling	762,000	137,000	186,531	(49,531)
Collection System Modeling	10,000	3,000	-	3,000
Stormwater Master Plan Coordination	2,500	-	-	-
TOTAL STRATEGIC PLANNING - WASTEWATER	<u>784,500</u>	<u>150,000</u>	<u>192,500</u>	<u>(42,500)</u>

**DOMINION WATER AND SANITATION DISTRICT
ENTERPRISE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUNDS AVAILABLE –
BUDGETARY BASIS (CONTINUED)
YEAR ENDED DECEMBER 31, 2022**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES (CONTINUED)				
SYSTEM OPERATIONS				
ECCV Lease Agreement	150,000	150,000	150,700	(700)
Wise Operations	446,598	217,875	208,150	9,725
TOTAL SYSTEM OPERATIONS	596,598	367,875	358,850	9,025
WATER SUPPLY				
South Metro WISE Authority	1,376,875	1,376,875	192,525	1,184,350
WISE - Reuter Hess to Parker (Canyons)	457,798	472,420	690,226	(217,806)
WISE - Ridgeway Pumpstation	143,000	143,000	-	-
WISE - Parker to Canyons System (Parker Parallel)	211,417	211,417	165,162	46,255
Water Acquisition/Purchase	1,270,000	1,148,000	1,198,390	(50,390)
Castle Rock Water	350,700	150,700	-	150,700
Storage	220,000	20,000	5,210	14,790
Groundwater Development	4,800,000	2,582,432	2,104,445	477,987
TOTAL WATER SUPPLY	8,829,790	6,104,844	4,355,958	1,748,886
WATER SYSTEM				
Eastern Regional Pipeline - Dominion	110,000	185,000	139,998	45,002
Eastern Regional Pipeline - CR Water	100,000	20,000	-	20,000
Distribution and Storage Development:				
Potable Water Tanks	-	40,000	100,782	(60,782)
So Platte Diversion - Effluent Return	550,000	150,000	-	150,000
High Zone Pump Station Design	20,000	30,000	-	30,000
High Zone Pump at RWSD WTP	675,000	675,000	85,311	589,689
High Zone Pump Yard Piping	815,000	815,000	750,555	64,445
DS Connection and Close Out	50,000	10,000	-	10,000
Backwash Pond Conversion Phase 1 & 2	432,500	530,000	-	530,000
Master Meter Design and Spec	-	130,000	22,545	107,455
Louviers Pipeline	-	-	2,108	(2,108)
Total Distribution and Storage Development	2,542,500	2,380,000	961,301	1,418,699
Treatment Development	460,500	460,000	689,003	(229,003)
TOTAL WATER SYSTEM	3,213,000	3,045,000	1,790,302	1,254,698
WASTEWATER SYSTEM				
Treatment Development:				
S. Platte Diversion Project	200,000	60,000	-	60,000
Waterton WRF - Prelim Design/Construct	60,000	60,000	73,100	(13,100)
Roxborough WWTP - Contingent Purchase	171,000	-	-	-
Infrastructure Lease	465,000	-	-	-
Chatfield Water Reclamation Facility	250,000	-	-	-
Total Treatment Development	1,146,000	120,000	73,100	46,900
Collection Development:				
Heritage Lift Station	200,000	40,000	-	40,000
CIPP - O - Line	-	-	623,567	(623,567)
Lift Station LS-4 (Prospect-West)	60,000	-	-	-
Titan Lift Station Improvement	75,000	15,000	-	15,000
Titan Force Main Improvement	-	10,000	-	10,000
Filing 6 Collection System Design and Permitting	150,000	40,000	-	40,000
Lift Station #3 Design and Permitting	250,000	-	-	-
RWSD Lift Station Capacity	207,200	-	-	-
Total Collection Development	942,200	105,000	623,567	(518,567)
TOTAL WASTEWATER SYSTEM	2,088,200	225,000	696,667	(471,667)
TOTAL CAPITAL EXPENSES	16,037,088	10,458,551	7,568,440	2,890,111

**DOMINION WATER AND SANITATION DISTRICT
ENTERPRISE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUNDS AVAILABLE –
BUDGETARY BASIS (CONTINUED)
YEAR ENDED DECEMBER 31, 2022**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
TOTAL EXPENDITURES & TRANSFERS OUT REQUIRING APPROPRIATION	152,208,283	175,600,000	161,233,966	14,366,034
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	926,149	11,312,077	26,872,200	15,560,123
FUNDS AVAILABLE - BEGINNING	15,700,736	19,090,869	19,090,869	-
FUNDS AVAILABLE - ENDING	<u>\$ 16,626,885</u>	<u>\$ 30,402,946</u>	<u>\$ 45,963,069</u>	<u>\$ 15,560,123</u>
ADJUSTMENTS TO RECONCILE BUDGET BASIS TO GAAP BASIS				
Excess of Revenue Over (Under) Expenditures (Budget Basis)			\$ 26,872,200	
Debt Issuances			(172,381,159)	
Change in Accrued Interest			15,192,833	
Capital Outlay			7,577,841	
Office Lease			25,248	
Debts and Leases - Principal Reduction			121,066,355	
Bonds Discount/Cost of Refunding Amortization			(109,766)	
Depreciation/Amortization			<u>(946,568)</u>	
CHANGE IN NET POSITION			(2,703,016)	
Net Position - Beginning of Year			<u>18,029,997</u>	
NET POSITION - END OF YEAR			<u>\$ 15,326,981</u>	

OTHER INFORMATION

**DOMINION WATER & SANITATION DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
YEAR ENDED DECEMBER 31, 2022**

<u>Bonds and Interest Maturing in the Year Ended December 31,</u>	\$137,935,000 General Obligation Refunding and Improvement Bonds, Series 2022 Issued on September 15, 2022 Principal Payable December 1 Interest Rates of 5.000% - 5.875%, Payable June 1 and December 1		
	Principal	Interest	Total
2023	\$ -	\$ 7,941,738	\$ 7,941,738
2024	2,030,000	7,941,738	9,971,738
2025	2,130,000	7,840,238	9,970,238
2026	2,235,000	7,733,738	9,968,738
2027	2,345,000	7,621,988	9,966,988
2028	2,460,000	7,504,738	9,964,738
2029	2,590,000	7,375,588	9,965,588
2030	2,730,000	7,239,613	9,969,613
2031	2,870,000	7,096,288	9,966,288
2032	3,025,000	6,945,613	9,970,613
2033	3,180,000	6,786,800	9,966,800
2034	3,370,000	6,599,975	9,969,975
2035	3,570,000	6,401,988	9,971,988
2036	3,775,000	6,192,250	9,967,250
2037	3,995,000	5,970,469	9,965,469
2038	4,235,000	5,735,763	9,970,763
2039	4,485,000	5,486,956	9,971,956
2040	4,750,000	5,223,463	9,973,463
2041	5,025,000	4,944,400	9,969,400
2042	5,320,000	4,649,181	9,969,181
2043	5,630,000	4,336,631	9,966,631
2044	5,965,000	4,005,869	9,970,869
2045	6,315,000	3,655,425	9,970,425
2046	6,685,000	3,284,419	9,969,419
2047	7,080,000	2,891,675	9,971,675
2048	7,495,000	2,475,725	9,970,725
2049	7,935,000	2,035,394	9,970,394
2050	8,400,000	1,569,213	9,969,213
2051	8,895,000	1,075,713	9,970,713
2052	9,415,000	553,131	9,968,131
Total	\$ 137,935,000	\$ 159,115,713	\$ 297,050,713