

**DOMINION WATER AND SANITATION DISTRICT  
Douglas County, Colorado**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEAR ENDED DECEMBER 31, 2019 AND 2018**

**DOMINION WATER AND SANITATION DISTRICT  
TABLE OF CONTENTS  
YEAR ENDED DECEMBER 31, 2019**

<b>INDEPENDENT AUDITOR'S REPORT</b>	<b>I</b>
<b>BASIC FINANCIAL STATEMENTS</b>	
<b>STATEMENT OF NET POSITION</b>	<b>1</b>
<b>STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION</b>	<b>2</b>
<b>STATEMENTS OF CASH FLOWS</b>	<b>3</b>
<b>NOTES TO BASIC FINANCIAL STATEMENTS</b>	<b>4</b>
<b>SUPPLEMENTARY INFORMATION</b>	
<b>ENTERPRISE FUND – SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUNDS AVAILABLE – BUDGETARY BASIS</b>	<b>36</b>
<b>OTHER INFORMATION</b>	
<b>SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY</b>	<b>40</b>

## Independent Auditor's Report

To the Board of Directors  
Dominion Water and Sanitation District

We have audited the accompanying financial statements of the business-type activities of Dominion Water and Sanitation District as of and for the year ended December 31, 2019 and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### Management's Responsibility 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.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Dominion Water and Sanitation District, as of December 31, 2019 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.

## **Other-Matters**

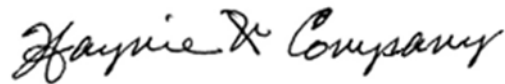
### *Required Supplementary Information*

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 an opinion on the financial statements that collectively comprise Dominion Water and Sanitation District's financial statements as a whole. The supplementary information section is presented for purposes of additional analysis and is not a required part of the 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 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 information is fairly stated in all material respects in relation to the financial statements as a whole.



Littleton, Colorado  
June 23, 2020

## **BASIC FINANCIAL STATEMENTS**

**DOMINION WATER AND SANITATION DISTRICT  
STATEMENT OF NET POSITION  
DECEMBER 31, 2019 AND 2018**

	2019	2018
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and Investments	\$ 274,451	\$ 3,876,475
Cash and Investments - Restricted	24,110,971	34,997,489
Accounts Receivable	63,281	227,448
Accrued Interest Receivable	63,086	121,793
Due from Other Governments	140,528	109,787
Prepaid Expenses	1,508	1,237
Total Current Assets	24,653,825	39,334,229
<b>LONG TERM ASSETS</b>		
Utility Deposit	7,048	7,048
Total Long Term Assets	7,048	7,048
Total Current and Long Term Assets	24,660,873	39,341,277
<b>CAPITAL ASSETS</b>		
Capital Assets, Not Being Depreciated/Amortized	86,113,130	47,942,651
Capital Assets, Net	30,240,409	28,434,107
Total Capital Assets	116,353,539	76,376,758
Total Assets	\$ 141,014,412	\$ 115,718,035
<b>LIABILITIES AND NET POSITION</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 3,305,950	\$ 2,830,009
Retainage Payable	1,561,020	263,740
Due to Other Governments	-	10,728
Accrued Interest Payable - Notes	44,510	45,163
Accrued Interest Payable - Bonds	411,444	411,444
Tap Fees Credits Payable	612,375	2,078,700
Bonds Payable - Current Portion	1,425,000	-
Total Current Liabilities	7,360,299	5,639,784
<b>LONG TERM LIABILITIES</b>		
SR Entities Advances Payable - Principal	13,447,220	3,387,220
SR Entities Advances Payable - Accrued interest	9,067,863	8,679,364
Other Advances Payable - Principal	-	8,021
Other Advances Payable - Accrued interest	-	29,034
Bonds Payable, Net of Unamortized Original Issue Discount	82,051,016	83,387,919
Subordinate Limited Revenue Water Notes - Principal	6,260,000	6,260,000
Junior Limited Revenue Notes - Principal	23,381,597	23,381,597
Junior Limited Revenue Notes - Accrued Interest	3,287,063	1,650,351
Total Long Term Liabilities	137,494,759	126,783,506
Total Liabilities	144,855,058	132,423,290
<b>NET POSITION</b>		
Unrestricted	(3,840,646)	(16,705,255)
Total Net Position	(3,840,646)	(16,705,255)
Total Liabilities and Net Position	\$ 141,014,412	\$ 115,718,035

See accompanying Notes to Basic Financial Statements.

**DOMINION WATER AND SANITATION DISTRICT**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**DECEMBER 31, 2019 AND 2018**

	2019	2018
<b>OPERATING REVENUES</b>		
Water Service Fees - Residential	\$ 290,604	\$ 190,250
Water Service Fees - Construction	1,039,673	329,150
Sewer Service Fees	107,350	38,050
Total Operating Revenues	1,437,627	557,450
<b>OPERATING EXPENSES</b>		
Personnel	717,640	424,265
Other Personnel Benefits	1,115	2,060
Contracted Personnel	206,007	274,601
Contract Administration	-	300
District Office	122,001	94,838
Board Communications	410	557
Dues & Subscriptions	13,350	5,473
SMWSA Participation	14,259	22,222
District Engineering	88,235	62,762
District Policies	27,538	34,114
District Legal Services	263,968	184,055
Public Relations	27,000	5,400
Distribution and Storage Operations	162,992	134,865
Water Treatment Operations	602,209	452,256
System Operations	-	742
Water Delivery	737,048	306,927
Drinking Water Regulatory Compliance	148,718	59,834
Collections System Operations	187,995	132,832
CDPHE Permit	4,630	-
Treatment Operations	102,933	66,595
Regulatory Compliance	190,534	86,942
Computers and Printers	5,421	8,006
Software	9,101	3,947
Asset Management	2,925	21,879
Office Furniture & Fixtures	9,593	5,140
Capital Assets Depreciation/Amortization	511,233	438,096
Total Operating Expenses	4,156,855	2,828,708
<b>OPERATING INCOME (LOSS)</b>	(2,719,228)	(2,271,258)
<b>NONOPERATING REVENUES AND (EXPENSES)</b>		
Net Investment Income	774,330	716,413
Sewer Tap Fees	2,933,550	2,254,200
Water Tap Fees	11,159,145	7,514,000
Grant Funding	21,991	30,258
Other Income	43,414	1,365
Reimbursed Expenditures	-	4,292
Pipeline Project - CRW Share - Design	7,965,302	1,092,078
Pipeline Project - CRW Share - Easements/Admin	80,439	178,292
Interest on Bonds, Notes and Advances	(7,306,238)	(7,280,979)
Bond Discount Amortization	(88,096)	(88,096)
Total Nonoperating Revenues and (Expenses)	15,583,837	4,421,823
<b>CHANGE IN NET POSITION</b>	12,864,609	2,150,565
Net Position - Beginning of Year	(16,705,255)	(18,855,820)
<b>NET POSITION - END OF YEAR</b>	\$ (3,840,646)	\$ (16,705,255)

See accompanying Notes to Basic Financial Statements.

**DOMINION WATER AND SANITATION DISTRICT  
STATEMENTS OF CASH FLOWS  
YEAR ENDED DECEMBER 31, 2019**

	2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from Customers	\$ 1,400,798	\$ 503,116
Payments to Suppliers/Contractors and Employees - Operations	(3,647,998)	(2,149,001)
Net Cash Provided (Used) by Operating Activities	(2,247,200)	(1,645,885)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
SR Entities Advances - Capital	10,060,000	1,129,333
Payments to Suppliers/Contractors - Capital	(39,983,733)	(10,167,070)
Grant, CRW Contribution and Other Income	8,070,237	1,306,285
Tap Fees Received	14,092,695	9,768,200
Bonds Interest Paid	(4,937,325)	(4,937,335)
Notes Interest and Principal Paid	(376,253)	(1,422,434)
Repayment of SR Entities Advances - Principal	-	(1,129,333)
Net Cash Provided (Used) by Capital and Related Financing Activities	(13,074,379)	(5,452,354)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest Income Received	833,037	748,145
Net Cash Provided (Used) by Investing Activities	833,037	748,145
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(14,488,542)	(6,350,094)
Cash and Cash Equivalents - Beginning of Year	38,873,964	45,224,058
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 24,385,422	\$ 38,873,964
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (REQUIRED) BY OPERATING ACTIVITIES</b>		
Operating Income (Loss)	\$ (2,719,228)	\$ (2,271,258)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:		
Capital Assets Amortization	511,233	438,096
(Increase) Decrease in Prepaid Expenses	(271)	28,203
(Increase) Decrease in Accounts Receivable	(36,829)	(54,334)
Increase (Decrease) in Accounts Payable	(2,105)	213,408
Net Cash Provided (Required) by Operating Activities	\$ (2,247,200)	\$ (1,645,885)

See accompanying Notes to Basic Financial Statements.

**DOMINION WATER AND SANITATION DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**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, 2019**

**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, 2019.

**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.

**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, 2019**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Amortization**

Original Issue Discount

In the business-type financial statements, original issue discount is deferred and amortized over the life of the bonds using the effective interest method. The unamortized balance of the original issue discount is treated as a reduction of bonds payable.

**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 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, 2019 and 2018 are classified in the accompanying financial statements as follows:

	2019	2018
Statement of Net Position:		
Cash and Investments	\$ 274,451	\$ 3,876,475
Cash and Investments - Restricted	24,110,971	34,997,489
Total Cash and Investments	\$ 24,385,422	\$ 38,873,964

Cash and investments as of December 31, 2019 and 2018 consist of the following:

	2019	2018
Deposits with Financial Institutions	\$ 707,846	\$ 4,574,343
Investments	23,677,576	34,299,621
Total Cash and Investments	\$ 24,385,422	\$ 38,873,964

**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, 2019**

**NOTE 3 CASH AND INVESTMENTS (CONTINUED)**

**Deposits with Financial Institutions (Continued)**

As of December 31, 2019 and 2018, the District's cash deposits had a bank balance of \$9,045,544 and \$6,907,739, respectively, and a carrying balance of \$707,846 and \$4,574,343, 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, 2019**

**NOTE 3 CASH AND INVESTMENTS (CONTINUED)**

As of December 31, 2019, the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Colorado Local Government Liquid Asset Trust (COLOTRUST)	Weighted Average under 60 days	\$ 8,849,396
US Treasury/Government-Sponsored Enterprises (GSEs)	Average 1.26 years	13,575,585
Corporate Bonds	Average 0.20 years	459,970
Municipal Bonds	Average 0.34 years	792,625
Total		<u>\$ 23,677,576</u>

**COLOTRUST**

The District invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST) (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to \$1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and any security allowed under CRS 24-75-601. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. COLOTRUST is rated AAAM by Standard & Poor's. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST at net asset value as determined by fair value. There are no unfunded commitments, the redemption frequency is daily, and there is no redemption notice period.

**US Treasury/Government-Sponsored Enterprises, Corporate and Municipal Bonds**

Debt service monies held in trust by UMB Bank in the Project Fund, Debt Service Reserve Fund and Surplus Reserve Fund were invested in US Treasury/Government-Sponsored Enterprise Bonds (AA+ ratings), Corporate Bonds (AA- to AA+ ratings), and Municipal Bonds (AA- to AAA and PREF ratings). Average maturities by fund are as follows: Project Fund – 0.22 years, Debt Service Reserve Fund – 1.08 years, and Surplus Reserve Fund - 1.18 years. These investments are valued using level 1 inputs.

**DOMINION WATER AND SANITATION DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 3 CASH AND INVESTMENTS (CONTINUED)**

**US Treasury/Government-Sponsored Enterprises, Corporate and Municipal Bonds  
(Continued)**

The District has engaged the services of a registered Investment Advisor (providing financial advisory and asset management services) to receive financial advice and to assist in the management of these funds, including the buying and selling of securities held in such portfolio. The December 31, 2019 fund statements indicated that, (i) the major source for security ratings is a composite rating provided by Bloomberg Information Services, which a blend of ratings from the major rating agencies, (ii) when only one agency rating is available, that rating will be used, (iii) when no rating is available, the security will be classified as nonrated (NR), (iv) securities that hold ratings below investment grade (lower than BBB) will be referenced as BIG, (v) regardless of a security's rating, if it is pre-funded, it is shown as PREF, (vi) short-term Federal Agency Obligations are obligations of US Government-sponsored enterprises (GSEs), which are typically rated AAA, (vii) GSEs have a long-term AAA rating by the major rating agencies, and (viii) short-term obligation of GSEs that are not explicitly rated are regarded as AAA quality.

**NOTE 4 CAPITAL ASSETS**

The following is an analysis of changes in the District's capital assets for the years ended December 31, 2019 and 2018:

	Balance December 31, 2018	Additions	Reclassify	Balance December 31, 2019
<u>Capital Assets, not Being Depreciated/Amortized</u>				
Construction in Progress and Assets Not Yet Placed in Service:				
Water Supply	\$ 17,044,918	\$ 11,695,047	\$ 2,013,845	\$ 26,726,120
Master Planning	214,871	404,242	-	619,113
Water System	8,184,300	25,156,236	303,690	33,036,846
Wastewater System	7,372,488	3,232,489	-	10,604,977
Subtotal	<u>32,816,577</u>	<u>40,488,014</u>	<u>2,317,535</u>	<u>70,987,056</u>
Water Rights	<u>15,126,074</u>	-	-	<u>15,126,074</u>
Total Capital Assets, Not Being Depreciated/Amortized	47,942,651	40,488,014	2,317,535	86,113,130
<u>Capital Assets, Net</u>				
Water System	20,883,743	303,690	-	21,187,433
Water Supply	7,824,396	2,013,845	-	9,838,241
Wastewater System	334,128	-	-	334,128
Less: Depreciation/Amortization	<u>(608,160)</u>	<u>(511,233)</u>	-	<u>(1,119,393)</u>
Total Capital Assets, Net	<u>28,434,107</u>	<u>1,806,302</u>	-	<u>30,240,409</u>
Total Capital Assets	<u>\$ 76,376,758</u>	<u>\$ 42,294,316</u>	<u>\$ 2,317,535</u>	<u>\$ 116,353,539</u>

**DOMINION WATER AND SANITATION DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 4 CAPITAL ASSETS (CONTINUED)**

	Balance December 31, 2017	Additions	Reclassify	Balance December 31, 2018
<u>Capital Assets, not Being Depreciated/Amortized</u>				
Construction in Progress and Assets Not Yet Placed in Service:				
Water	\$ 21,186,324	\$ -	\$ 21,186,324	\$ -
Wastewater	7,098,862	-	7,098,862	-
Water Supply	-	25,589,582	8,544,664	17,044,918
Master Planning	-	214,871	-	214,871
Water System	-	8,660,339	476,039	8,184,300
Wastewater System	-	7,706,616	334,128	7,372,488
Subtotal	<u>28,285,186</u>	<u>42,171,408</u>	<u>37,640,017</u>	<u>32,816,577</u>
Water Rights	14,405,806	720,268	-	15,126,074
Total Capital Assets, Not Being Depreciated/Amortized	42,690,992	42,891,676	37,640,017	47,942,651
<u>Capital Assets, Net</u>				
Water System	20,407,704	476,039	-	20,883,743
Water Supply	-	7,824,396	-	7,824,396
Wastewater System	-	334,128	-	334,128
Less: Depreciation/Amortization	(170,064)	(438,096)	-	(608,160)
Total Capital Assets, Net	<u>20,237,640</u>	<u>8,196,467</u>	<u>-</u>	<u>28,434,107</u>
 Total Capital Assets	 <u>\$ 62,928,632</u>	 <u>\$ 51,088,143</u>	 <u>\$ 37,640,017</u>	 <u>\$ 76,376,758</u>

**DOMINION WATER AND SANITATION DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**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, 2019 and 2018:

	Balance December 31, 2018	Additions and Adjustments	Reductions and Adjustments	Balance December 31, 2019	Current Portion
Tap Fee Revenue Bonds, Series 2016	\$ 85,025,000	\$ -	\$ -	\$ 85,025,000	\$ 1,425,000
Original Issue Discount	(1,637,081)	88,097	-	(1,548,984)	-
Subtotal	<u>83,387,919</u>	<u>88,097</u>	<u>-</u>	<u>83,476,016</u>	<u>1,425,000</u>
Payable to SR Entities:					
Water Activities - Principal	22,300,820	10,060,000	-	32,360,820	-
Water Activities - Accrued Interest	8,863,952	1,707,666	-	10,571,618	-
Wastewater Activities - Principal	4,467,997	-	-	4,467,997	-
Wastewater Activities - Accrued Interest	1,465,762	317,546	-	1,783,308	-
Payable to SWWC:					
Wastewater Activities - Principal	8,021	-	8,021	-	-
Wastewater Activities - Accrued Interest	29,034	3,855	32,889	-	-
D.C. Burns Water Note Payable:					
Water Activities - Principal	2,340,000	-	-	2,340,000	-
Red Hill Water Note Payable:					
Water Activities - Principal	<u>3,920,000</u>	<u>-</u>	<u>-</u>	<u>3,920,000</u>	<u>-</u>
Subtotal	<u>43,395,586</u>	<u>12,089,067</u>	<u>40,910</u>	<u>55,443,743</u>	<u>-</u>
Total	<u>\$ 126,783,505</u>	<u>\$ 12,177,164</u>	<u>\$ 40,910</u>	<u>\$ 138,919,759</u>	<u>\$ 1,425,000</u>
	Balance December 31, 2017	Additions and Adjustments	Reductions and Adjustments	Balance December 31, 2018	Current Portion
Tap Fee Revenue Bonds, Series 2016	\$ 85,025,000	\$ -	\$ -	\$ 85,025,000	\$ -
Original Issue Discount	(1,725,177)	88,096	-	(1,637,081)	-
Subtotal	<u>83,299,823</u>	<u>88,096</u>	<u>-</u>	<u>83,387,919</u>	<u>-</u>
Payable to SR Entities:					
Water Activities - Principal	22,300,820	1,129,333	1,129,333	22,300,820	-
Water Activities - Accrued Interest	7,256,865	1,607,087	-	8,863,952	-
Wastewater Activities - Principal	4,467,997	-	-	4,467,997	-
Wastewater Activities - Accrued Interest	1,148,853	316,909	-	1,465,762	-
Payable to SWWC:					
Wastewater Activities - Principal	8,021	-	-	8,021	-
Wastewater Activities - Accrued Interest	25,522	3,512	-	29,034	-
D.C. Burns Water Note Payable:					
Water Activities - Principal	2,340,000	-	-	2,340,000	-
Red Hill Water Note Payable:					
Water Activities - Principal	<u>3,920,000</u>	<u>-</u>	<u>-</u>	<u>3,920,000</u>	<u>-</u>
Subtotal	<u>41,468,078</u>	<u>3,056,841</u>	<u>1,129,333</u>	<u>43,395,586</u>	<u>-</u>
Total	<u>\$ 124,767,901</u>	<u>\$ 3,144,937</u>	<u>\$ 1,129,333</u>	<u>\$ 126,783,505</u>	<u>\$ -</u>

**DOMINION WATER AND SANITATION DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 5 LONG TERM OBLIGATIONS (CONTINUED)**

**\$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, 2019**

**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, 2019**

**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 District’s Bonds will mature as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 1,425,000	\$ 4,937,325	\$ 6,362,325
2021	1,500,000	4,862,513	6,362,513
2022	1,580,000	4,783,763	6,363,763
2023	1,665,000	4,700,813	6,365,813
2024	1,750,000	4,613,400	6,363,400
2025-2029	10,245,000	21,576,800	31,821,800
2030-2034	13,475,000	18,344,438	31,819,438
2035-2039	17,855,000	13,970,250	31,825,250
2040-2044	23,860,000	7,962,300	31,822,300
2045-2046	11,670,000	1,060,500	12,730,500
Total	<u>\$ 85,025,000</u>	<u>\$ 86,812,100</u>	<u>\$ 171,837,100</u>

**NOTE 6 NET POSITION**

The District has a deficit in unrestricted net position. The deficit amount was primarily a result of operational expenditures exceeding operating revenues. Such deficits have primarily been funded by other revenues.

**NOTE 7 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.

**DOMINION WATER AND SANITATION DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 8 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 9). 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 9 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.

**2016 Operating Funding Agreement**

On December 17, 2015, with an effective date of January 1, 2016, the District entered into the 2016 Operating 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

**DOMINION WATER AND SANITATION DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 9 AGREEMENTS (CONTINUED)**

**Agreements with SR Entities (Continued)**

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.

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.

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.

**DOMINION WATER AND SANITATION DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 9 AGREEMENTS (CONTINUED)**

**Water Agreements**

**Purchase Agreement (ARS Reservoir Site)**

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 ten-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.

**Aurora 230 Agreement**

On October 26, 2009, the District entered into that certain Agreement for the Trade of Water with the City of Aurora (Aurora), which was amended by that certain First Amendment dated July 30, 2012 (the Aurora 230 Agreement). Pursuant to the Aurora 230 Agreement, the District agreed to trade certain water leases previously acquired by the District to Aurora in exchange for Aurora's agreement to deliver 230 acre feet of water per year to the District on a permanent basis to the Roxborough Water Treatment Plant (the RWTP). The 230 acre feet of water is fully consumable water. The 230 acre feet of water will be provided on a schedule set forth in the Aurora 230 Agreement. The District will pay Aurora for the use of its diversion and conveyance facilities for all water delivered to the RWTP. Until such time as the District requires use of the water, Aurora leases the water back for no additional consideration.

**DOMINION WATER AND SANITATION DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 9 AGREEMENTS (CONTINUED)**

**Water Agreements (Continued)**

Aurora 250 Agreement

On December 11, 2013, the District entered into that certain Intergovernmental Agreement for Delivery of Water with Aurora (the Aurora 250 Agreement). Pursuant to the Aurora 250 Agreement, Aurora agreed to provide for the permanent delivery of 250 acre feet of water per calendar year to the District. Initial delivery of the 250 acre feet of water shall be to the RWTP (defined above), but may be changed to either the South Platte Location or the WISE Delivery Line (as defined in the Aurora 250 Agreement) in the future, once either is constructed. The District and Aurora will determine a schedule for water delivery within ninety (90) days following the first delivery of water under the Aurora 250 Agreement. In consideration of Aurora's commitment to provide 250 acre feet of water annually, the District agreed to pay the applicable "Delivery Rate" annually and either: (i) provide Aurora with 250 acre feet of dedicated water acceptable to Aurora on or before December 31, 2020 (the Dedicated Water); or (ii) pay to Aurora the sum of \$76,932 multiplied by the number of acre feet resulting from the difference between 250 acre feet and the agreed upon yield of the Dedicated Water within thirty (30) days following December 31, 2020. The Delivery Rate is set forth in the Aurora 250 Agreement and varies depending upon the delivery location. The District satisfied its obligation to provide the Dedicated Water under the Aurora 250 Agreement with the water rights acquired under the HHMC PSA (discussed below) and the rights acquired under the Bradbury PSA (discussed below).

Aurora 570 Agreement

On July 30, 2012, the District entered into an Intergovernmental Agreement (the Aurora 570 Agreement) with Aurora for the leasing and delivery of water to the District at the RWTP using infrastructure other than the WISE Infrastructure (as defined in the Aurora 570 Agreement) for a defined period in order to facilitate the District's participation in the WISE Partnership (as defined below). Under the terms of the Aurora 570 Agreement, Aurora shall lease and deliver to the District up to 570 acre feet of water per calendar year, commencing on or after June 1, 2014, and terminating on May 31, 2028, or earlier if: (a) the District is either connected to WISE Infrastructure and entitled to take water under the WISE Partnership using the WISE Infrastructure; or (b) the District obtains a Replacement Supply (as defined in the Aurora 570 Agreement) in an amount not less than 570 acre feet per year.

Regardless of the amount of water the District requests or uses, it shall pay to Aurora a minimum lease payment in January of each year as follows:

- Year 1 – \$75,000 (subject to proration);
- Year 2 – \$100,000; and
- Year 3 and after – \$250,000.

The lease payment requirement ends when the District is subject to a take-or-pay obligation as a WISE participant.

**DOMINION WATER AND SANITATION DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 9 AGREEMENTS (CONTINUED)**

**Water Agreements (Continued)**

Water Rights Options Agreement (Hier Ranch)

The District entered into an agreement (the Hier Agreement) dated February 28, 2013 with various parties (the Sellers) for an option to purchase up to 4,200 acre feet of nontributary Denver Basin groundwater underlying land that is part of the Hier Ranch (decreed nontributary groundwater in the Denver, Arapahoe and Laramie Fox Hills aquifers). The District paid the Sellers an initial option payment of \$500,000. The initial closing is required on or before the earlier of: (i) June 26, 2017; or (ii) 90 days after the purchase of 1,000 water taps in Sterling Ranch. The Hier Agreement permits the District to extend the deadline for closing for two additional years upon the payment of \$200,000; \$100,000 of which may be applied to the purchase price. The Hier Agreement describes the purchase price arrangement and provides for certain purchase price adjustments if the District enters into an agreement with the Town of Castle Rock (the Town) to deliver any portion of the Subject Water Rights (as defined in the Hier Agreement) to the Town's water treatment system. On June 22, 2017, the Hier Agreement was amended to allow the District to exercise its first option to purchase certain of the water rights that were the subject of the Hier Agreement. The District is required to pay \$25 per acre foot annually for each unpurchased acre foot of water to maintain its option.

2014 Intergovernmental Agreement for Water Service with the Town of Castle Rock

The District entered into an agreement, dated January 7, 2014, with the Town (the 2014 IGA for Water Service) for the purpose of jointly and cooperatively facilitating efficient and cost-effective delivery of water to their customers. The agreement provides for the Town's delivery of treated water to the District in a like amount of water delivered by the District to the Town. The agreement is perpetual.

2016 Intergovernmental Agreement for Water Service with the Town of Castle Rock

In September 2016, the District and the Town entered into an Intergovernmental Agreement for Water Service (the 2016 IGA for Water Service) to supplement, but not replace, the previous IGA for Water Service, discussed above. Pursuant to the 2016 IGA for Water Service, the Town agrees to transmit 700 acre feet per year of the District's current 1,325 acre foot per year Wise Authority (defined below) subscription through its system and to deliver additional water to firm and retime deliveries of the 700 acre feet of water per year using the Town's proprietary water storage and distribution system, facilities, water rights, and technical and administrative support as necessary. The agreement provides for the terms of delivery and payment relative to the delivery of the 700 acre feet of water per year.

**DOMINION WATER AND SANITATION DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 9 AGREEMENTS (CONTINUED)**

**Water Agreements (Continued)**

Canyons Pipeline Capacity License Agreement

On August 16, 2016, the District, acting by and through its Water Enterprise, and the Town entered into the 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 has the option to acquire permanent capacity in the Canyons Pipeline by payment to the Town of a prepayment fee upon which the Town will deliver an assignment of its rights to use the Canyons Pipeline pursuant to an intergovernmental agreement with the Town.

Intergovernmental Agreement for Water Treatment Service – Roxborough Water and Sanitation District

The District entered into an agreement with Roxborough on August 29, 2014, as amended by the certain First Amendment to Intergovernmental Agreement for Water Treatment Service dated February 18, 2015, that certain Addendum to Intergovernmental Agreement for Water Treatment Service dated February 27, 2015, and that certain Second Addendum to Intergovernmental Agreement for Water Treatment Service dated May 20, 2015 (collectively, the Water Treatment IGA), to set forth the terms and conditions pursuant to which Roxborough will construct the 8 MGD Plant (defined above) and will provide water treatment services to the District, subject to the District's payment of all applicable charges and costs associated with the construction of the 8 MGD Plant and the 8 MGD Treatment Expansion Cost, the provision of water by the District to the 8 MGD Plant for treatment, and the District's payment of the costs of such treatment. The Water Treatment IGA provides in detail the District's cost sharing obligation with regard to the construction of the 8 MGD Plant. Roxborough will own, operate, and maintain the 8 MGD Plant, and Roxborough and the District will, with certain exceptions, each pay for 50% of the construction costs and each will pay for their own equipment. The District will construct, own, operate, and maintain all infrastructure necessary to deliver raw water to Roxborough at the applicable upstream delivery point and all infrastructure necessary to deliver water to its customer after the downstream delivery point. Further, the Water Treatment IGA sets forth the parameters in setting rates for water treatment services.

Intergovernmental Water Infrastructure Cost Sharing and Capacity Allocation Agreement (Outer Marker Road Waterline)

On June 21, 2017, the District entered into an Intergovernmental Water Infrastructure Cost Sharing and Capacity Allocation Agreement (Outer Marker Road Waterline) with the Town of Castle Rock, under which the District and the Town agreed to share in the costs of the construction and operation of certain 36-inch waterline infrastructure necessary to convey District water.

**DOMINION WATER AND SANITATION DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 9 AGREEMENTS (CONTINUED)**

**Water Agreements (Continued)**

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 in the principal amount of \$2,340,000, which is in turn to be secured by a deed of trust from the District for the benefit of D.C. Burns. (See Subordinate Limited Revenue Promissory Water Note, Series 2017B). On September 18, 2017, the District assigned certain of the water rights under the Burns PSA to the City of Aurora.

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 in the principal amount of \$3,920,000. (See Subordinate Limited Revenue Promissory Water Note, Series 2017C). 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.

Subordinate Limited Revenue Promissory Water Note, Series 2017A

On July 18, 2017 the District issued a Subordinate Limited Revenue Promissory Water Note, Series 2017A – to Hock Hocking Mineral Company, LLC – principal amount of \$1,004,851 – maturing July 18, 2018 – interest rate of 1.01% per annum – principal and accrued interest are due in full on the date of maturity. As of December 31, 2019, the District has no outstanding financial obligation under this Note.

Subordinate Limited Revenue Promissory Water Note, Series 2017B

On August 4, 2017 the District issued a Subordinate Limited Revenue Promissory Water Note, Series 2017B – to The D.C. Burns Realty & Trust Company – principal amount of \$2,340,000 – matures December 15, 2047 – interest rate of 6% per annum – interest due on the first day of each January, April, July and October, commencing on October 1, 2017.

Subordinate Limited Revenue Promissory Water Note, Series 2017C

On December 20, 2017 the District issued a Subordinate Limited Revenue Promissory Water Note, Series 2017C – to Rex Motors, Inc. – principal amount of \$3,920,000 – matures December 15, 2027 – interest of 6% per annum – interest due every June 15 and December 15, commencing on June 15, 2018.

Water Lease Agreement

The District and Chatfield Reservoir Mitigation Company (CRMC) entered into the Water Lease Agreement whereby the District agreed to lease certain water rights for nonpotable, fully consumable water to CRMC for irrigation and construction purposes associated with the Chatfield Storage Reallocation Project. CRMC will pay the District \$300 for each acre-foot of water that CRMC diverts under the lease. The lease commenced on August 30, 2018 and remains in effect until December 31, 2021.

**DOMINION WATER AND SANITATION DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 9 AGREEMENTS (CONTINUED)**

**Water Agreements (Continued)**

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 15, 2019, which was amended by a First Amendment dated June 18, 2019 (the “Cherokee PSA”). This agreement grants the District to purchase certain ground water rights and easements for such ground water rights associated with the “Cherokee Ranch” in Douglas County, Colorado. 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.

**WISE Agreements**

General

The Water Infrastructure and Supply Efficiency Partnership (the WISE Partnership) is a regional water supply project between Aurora Water, Denver Water, and South Metro Water Supply Authority (the Authority). The Authority was established in 2009, when the parties determined that they would collaborate to utilize available resources for the benefit of each participating water provider. Sharing available water supplies and infrastructure capacity will provide significant benefits to all three WISE partners. It will reduce groundwater reliance and bolster renewable water supplies to the South Metro area, while maximizing the use of existing water assets belonging to Aurora Water and Denver Water. Ten of the Authority’s thirteen members have formed the South Metro WISE Authority (the SMWA) and are committed to participation in the WISE Partnership.

Intergovernmental Agreement with South Metro Water Supply Authority

On August 24, 2010, the District entered into an Intergovernmental Agreement (the South Metro IGA) with the Authority for inclusion in the Authority. The District entered into the South Metro IGA for the following reasons: 1) the District adjoins areas served by participants of the Authority; 2) the District intends to provide water and sanitation services to a large area of northwestern Douglas County that is currently not served and, therefore, will need to create a water delivery and wastewater collection system; this will require the District to work directly with other water providers, including Denver Water and Aurora Water, on matters affecting the District’s water systems that will provide water in Northwest Douglas County; 3) the District’s inclusion in the Authority can provide mutual benefits to the

**DOMINION WATER AND SANITATION DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 9 AGREEMENTS (CONTINUED)**

**WISE Agreements (Continued)**

Intergovernmental Agreement with South Metro Water Supply Authority (Continued)

Authority and the District; 4) the District's inclusion in the Authority can provide for more efficient development of regional water infrastructure as compared to the District and the Authority developing renewable water infrastructure independently; 5) the District's inclusion in the Authority allows the District to participate in the WISE Partnership; and 6) incorporating the District's service area and the infrastructure into the Authority Master Plan can be completed at a future date. The timing and cost of incorporating the District's service area into the Authority Master Plan will be determined and paid for based upon mutual agreement of the Authority and the District.

South Metro Water Supply Authority – WISE Negotiations and Cost Sharing Participation Agreement

The District, the Authority and the participants of the Authority (the Participants) entered into an agreement (the WISE Agreement), effective January 1, 2012, to formalize their participation in the WISE negotiations and associated costs. The agreement was amended in March 2013 to provide that the costs associated with the WISE negotiations will be shared on a pro-rata basis based upon each Participant's subscription, subject to change as each Participant's subscription changes. The District's current subscription is for 1,325 acre feet of water per year.

To date, the District has participated in the following projects and has paid its share of the costs:

- Chambers Line Participation Agreement – evaluation of two (2) potential alignments for the pipeline along Chambers Road in Parker, Colorado; the pipeline will deliver water from the East Cherry Creek Valley pipeline located north of E-470 to the Parker Water and Sanitation District water treatment plant site.
- Ridgeway Line and Rueter-Hess – design and work related to the Ridgeway Delivery Line and the additional infrastructure needed at and around the Rueter-Hess Reservoir and Water Purification Facility to deliver WISE water from the SMWA (as defined below) line along E-470 to the Participants.

South Metro WISE Authority Formation and Organizational Intergovernmental Agreement

The District and certain other water providers in Douglas County and Arapahoe County (all of which are members of the Authority) executed an Intergovernmental Agreement (the SM WISE IGA) to form a new authority separate from the Authority as described above, which new authority is known as the South Metro WISE Authority (SMWA). SMWA will contract for and facilitate water deliveries through the WISE Project (as defined in the SM WISE IGA). The District adopted a Resolution on April 17, 2013, approving the execution of the SM WISE IGA and the Water Delivery Agreement (defined below) and which approved a subscription for average delivery of 1,325 acre feet per year of WISE water, the terms of which were further clarified and amended by that certain Amended Resolution of the District adopted on July 9, 2013.

**DOMINION WATER AND SANITATION DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 9 AGREEMENTS (CONTINUED)**

**WISE Agreements (Continued)**

South Metro Water Supply Authority West-Side Alternatives Project Participation Agreement

On November 26, 2018, the District, along with other participants, entered into the South Metro Water Supply Authority West-Side Alternatives Project Participation Agreement with the Authority to establish participation in and costs associated with the West-Side Alternatives Project (defined therein as the Study). The Authority agreed to engage a consultant to examine alternatives to convey water to the participants in cooperation with Denver Water and Roxborough using existing and/or new infrastructure located in the general vicinity of Chatfield Reservoir that may be shared among the participants, Denver Water and Roxborough in terms of capacity, usage, capital, and operational costs. Each participant agreed to pay the Authority the Amounts set forth therein for its portion of the West-Side Alternatives Project. If additional participants join the study, the cost of each participant's portion of the West-Side Alternatives Project will be adjusted.

WISE Partnership - Water Delivery Agreement

SMWA (of which the District is a Participant as described above), Denver Water and Aurora entered into that certain Amended and Restated WISE Partnership – Water Delivery Agreement on December 18, 2013 (the WDA). The WDA establishes the terms and conditions upon which Denver and Aurora will provide water to SMWA and its participants. The District's obligations under the WDA are contingent upon satisfaction of certain contingencies set forth in the SM WISE IGA and contingencies in the WDA. These conditions were not satisfied in 2013 and no water was received in 2013 under the WDA. On December 11, 2013, the District adopted a Resolution approving an amendment to the SM WISE IGA that extended the contingency for the Western Pipeline to December 31, 2014, and which approved a change to the WDA. In 2014, these conditions were satisfied.

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 sets forth the terms and condition of such lease and purchase option. The District is currently paying \$10,750 per month (base rental) to the Town under the lease.

**DOMINION WATER AND SANITATION DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 9 AGREEMENTS (CONTINUED)**

**WISE Agreements (Continued)**

Rangeview Pipeline Capacity Purchase Agreement

On, November 19, 2014, the District, four other Participants and Rangeview Metropolitan District (Rangeview) entered into an Agreement for the Purchase and Sale of Western Pipeline Capacity pursuant to which Rangeview purchased a portion of each Participant's capacity interest in the Western Pipeline and the State Land Board Line, for an aggregate purchase price of \$1,464,680, to be paid in installments beginning on December 1, 2015. The Agreement provides that Rangeview may, at any time, prepay the total purchase (principal and accrued interest) without any pre-payment penalty for Payments made in advance. In August 2015, Rangeview paid in full the amount owing to the District.

Intergovernmental Agreement for Assignment/Exchange of WISE Project Subscription and Reservation - Stonegate Village Metropolitan District

The District and Stonegate Village Metropolitan District (Stonegate) are participants in the SMWA. The SM WISE IGA allows a participant to assign its rights in the WISE Project in whole or in part to one or more participants without restriction. Under this agreement dated September 17, 2014 (the Stonegate IGA), the District assigned to Stonegate all of its rights and obligations in 500 acre feet per year of the District's subscription to the WISE Project pursuant to the SM WISE IGA. Stonegate assigned to the District all of its rights and obligations in and option to acquire 500 acre feet per year of Douglas County Reservation Water pursuant to the Douglas County WISE Reservation. The Stonegate IGA sets forth payment and other terms. The assignment by Stonegate was completed and accepted by the District on May 23, 2019.

Intergovernmental Letter Agreement Regarding Water Utility Rate Impact Study – Town of Castle Rock

On March 9, 2016, the District acknowledged the agreement between the District and the Town relative to the Town potentially owning the District's existing and future WISE infrastructure, obtaining capacity reservation fees or other financial structures to the benefit of both parties and providing wholesale water service to the District. As part of the Town's investigation of the above matters, the Town required a utility rate impact study to consider the impact to existing and future rate payers. The parties agree that the District will reimburse the Town for the entire cost of the utility rate impact study.

Intergovernmental Water Infrastructure Cost Sharing, Construction and Capacity Allocation Agreement (Ridgegate Line)

On June 6, 2016, the District, the WISE Authority, Parker Water and Sanitation District (PWSD), the Town, Denver Southeast Suburban Water and Sanitation District and Stonegate entered into an Intergovernmental Water Infrastructure Cost Sharing, Construction and Capacity Allocation Agreement (Ridgegate Line) out of a desire to cooperate in the construction of a water conveyance pipeline that will convey WISE Authority water to the parties. The parties agreed that PWSD will construct, own, operate, repair, and maintain the pipeline and that each party agrees to pay its pro rate share of the costs. The District's portion of such costs, including a contingency, is estimated to be approximately \$4,746,000.

**DOMINION WATER AND SANITATION DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 9 AGREEMENTS (CONTINUED)**

**WISE Agreements (Continued)**

Wheeling Agreement (Dominion Potable Water)

On November 8, 2018, the District entered into the Wheeling Agreement (PWSD Wheeling Agreement) with PWSD whereby PWSD agreed to transport certain potable water of the District through certain infrastructure owned by PWSD pursuant to the terms therein. The District agreed to pay PWSD the cost associated with transporting the water, including the Asset Recovery Cost and Variable Cost (as defined in the PWSD Wheeling Agreement). The rates for the Asset Recovery Cost and Variable Cost will be established by PWSD annually by April 1 of each year and shall apply to the subsequent one year period commencing on June 1 and ending on May 31. The Asset Recovery Cost and Variable Cost for 2018 were \$198,732 and \$0.61 per 1,000 gallons of water, respectively. Further, PWSD granted the District a temporary five-year nonexclusive license for capacity in the 24-inch waterline owned by PWSD that will terminate upon the completion of a replacement line for the existing 24-inch waterline. It is anticipated that PWSD, the District and the Town of Castle Rock will enter into an intergovernmental agreement regarding the cost sharing of the replacement line. The District and PWSD entered into a First Agreement to the Wheeling Agreement dated May 21, 2019, which clarified, among other things, the Deliver Structure (as defined therein), the method for reimbursing certain future costs, the water transmission rate and the notice provision.

**Wastewater Agreements**

Purchase and Sale Agreement (Roxborough Wastewater Treatment Plant) – Roxborough Water and Sanitation District

On November 13, 2007, the District entered into a Purchase and Sale Agreement (the WWTP Agreement) with Roxborough to purchase Roxborough's existing wastewater treatment plant (WWTP). Roxborough is authorized to discharge effluent from the WWTP into the South Platte River pursuant to a discharge permit issued by the Colorado Department of Public Health and Environment (Discharge Permit) and is allocated certain phosphorous rights (Phosphorous Allocation) which are recognized in the Chatfield Reservoir Control Regulation. The District desires to purchase the WWTP, the WWTP site, and to the extent possible, the Discharge Permit and the Phosphorous Allocation, for the purpose of providing wastewater treatment service for the proposed Sterling Ranch development.

The District purchased the WWTP on January 11, 2016.

An Amendment to the WWTP Agreement was executed on February 21, 2017, acknowledging that the District's only outstanding obligation to Roxborough is the Seller Fee (as defined in the WWTP Agreement) and to amend the WWTP Agreement to provide for annual, rather than quarterly, payments of the Seller Fee.

**DOMINION WATER AND SANITATION DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 9 AGREEMENTS (CONTINUED)**

**Wastewater Agreements (Continued)**

**Wastewater Treatment Plant and Collection System Operations IGA with Roxborough Water and Sanitation District**

On April 1, 2015, the District and Roxborough entered into the Wastewater Treatment Plant and Collection System Operations Intergovernmental Agreement (the Wastewater Treatment IGA) whereby Roxborough agreed to operate, monitor, maintain, and repair the wastewater treatment facility and its processes as well as the wastewater collection system. The Wastewater Treatment IGA was terminated by the Water and Wastewater Systems Operations and Maintenance Agreement between the District and Roxborough (discussed below).

**Start-Up and Emergency Back-Up Wastewater Treatment Intergovernmental Agreement**

On August 18, 2015, the District and the City of Littleton, Colorado (Littleton) entered into the Start-Up and Emergency Back-Up Wastewater Treatment Intergovernmental Agreement (the Littleton IGA) by which Littleton agreed to assist the District with initial instream wastewater service from the Littleton/Englewood Wastewater Treatment Plant. Further, Littleton agreed to provide emergency back-up wastewater treatment services to the District in the event of a bypass or upset in the District's Chatfield Basin Waste Reclamation Facility. The Littleton IGA sets forth the obligation of both parties, including the payment for services rendered.

**Intergovernmental Agreement for Emergency Interconnection – Roxborough Water and Sanitation District**

On January 11, 2016, the District, acting by and through its Wastewater Enterprise, and Roxborough entered into an Intergovernmental Agreement for Emergency Interconnection, in connection with the District's purchase of the WWTP. After such purchase, Roxborough retained ownership of an operational responsibility for a lift station and emergency overflow pond. The parties each desired that the other have access to the WWTP, the lift station and the emergency overflow pond (collectively, the Facilities) in order to enable each party to send its untreated wastewater to the Facilities of the other in an event of an emergency. The parties also agreed to construct a system of reciprocal emergency interconnections among the Facilities. Each party is responsible for its costs associated with the system and in the event of an emergency in which one part uses the system to transport its untreated wastewater to the Facilities of the other; they will charge each other at their respective then-current rates.

**DOMINION WATER AND SANITATION DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 9 AGREEMENTS (CONTINUED)**

**Wastewater Agreements (Continued)**

**O-Line Interceptor and Lift Station Capacity Agreement – Roxborough Water and Sanitation District**

On January 11, 2016, the District, acting by and through its Wastewater Enterprise, entered into an O-Line Interceptor and Lift Station Capacity Intergovernmental Agreement (O-Line Capacity Agreement) 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 allow the District to deliver a limited amount wastewater to the lift station via its “O” interceptor (the O-Line) or another line to be constructed by the District and deliver the same for treatment to Littleton-Englewood Wastewater Treatment Facility, provided that the District constructs certain infrastructure to connect its wastewater collection facilities to the O-Line. As a condition precedent to the District’s delivery of wastewater to the lift station, the District agrees to pay Roxborough a one-time connection fee of \$300,000, subject to inflation, upon Roxborough’s approval of the lift station connection and/or O-Line connection, as applicable. The District paid the one-time connection fee in 2016. Upon completion of the O-Line connection, the District will be allowed to access capacity in the O-Line for delivery of wastewater to the lift station for up to 1,000 equivalent residential units. The O-Line Capacity Agreement sets forth the parameters in setting rates for capacity in the O-Line for delivery of wastewater.

On February 21, 2017, the District and Roxborough entered into an Amendment to the O-Line Interceptor and Lift Station Capacity Intergovernmental Agreement, by which the parties agreed to provide for an annual, rather than quarterly, payments of the Seller Fee (as defined in the WWTP Agreement).

**Intergovernmental Agreement Regarding Sterling Ranch Force Main**

On March 22, 2016, the District, acting by and through its Wastewater Enterprise, and Douglas County (the County) entered into an Intergovernmental Agreement regarding Sterling Ranch Force Main Line, pursuant to which the parties agree that the District will undertake and complete roadway restoration of a portion of Waterton Canyon Road which is expected to be impacted by the installation of certain force main improvements for the benefit of Sterling Ranch which are within the County right-of-way.

**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, the financing of construction and operation of the facilities, and establishing rates, fees, charges and reimbursements.

**DOMINION WATER AND SANITATION DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 9 AGREEMENTS (CONTINUED)**

**Other Agreements (Continued)**

Sterling Ranch Filing No. 1 Construction Administration, Financing, and Allotment Agreement

The District and the CAB entered into the Sterling Ranch Filing No. 1 Construction Administration, Financing, and Allotment Agreement, dated June 17, 2015, pursuant to which the CAB will provide the financing and administration of the construction of certain water and wastewater facilities on behalf of the District. In exchange, the District will provide the CAB dedicated wholesale water service in perpetuity. This agreement sets forth the terms and conditions regarding the CAB's obligation to design, construct, finance and complete those certain water and wastewater facilities and the obligations of the District upon CAB's dedication of the same to the District.

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, with an effective date of November 15, 2016, in order to set forth the terms of the administration, operation, maintenance, repair and replacement of water and wastewater facilities prior to the provisions of water and wastewater service to an end user. The agreement applies not only to Filing 1 of Sterling Ranch, but all other future development as well. The District will be responsible for the ownership, operations and maintenance of the wholesale facilities and the CAB will be responsible for the ownership, operations, and maintenance of the retail facilities. The parties agreed that the CAB will be responsible for the billing and collection of the District's tap fees required to be paid by retail customers and will remit such tap fees to the District.

On October 17, 2017, the Operations IGA was amended and restated pursuant to the First Amended and Restated Water, Wastewater, and Stormwater Operations Intergovernmental Agreement (for Service to Sterling Ranch) (Amended Operations IGA for Sterling Ranch). The Amended Operations IGA for Sterling Ranch clarified and implemented the terms for water and wastewater operations as development progresses in Sterling Ranch by describing a process by which water usage and demand can be quantified.

Water Infrastructure Design and Construction Cost Sharing Intergovernmental Agreement (Plum Creek Raw Water Return Pipeline/Eastern Regional Pipeline Project)

On May 15, 2018, the District and the Town of Castle Rock (the Town) entered into the Water Infrastructure Design and Construction Cost Sharing Intergovernmental Agreement whereby the District agreed to include the design and construction of infrastructure needed by the Town (the Plum Creek Pipeline) into the design-build contract for the design and construction of the District's Eastern Regional Pipeline Project (ERPP). The Town agreed to reimburse the District for the costs associated with the design and construction of the Plum Creek Pipeline in addition to one-half the acquisition costs incurred by the District for the required right-of-way necessary to construct the Plum Creek Pipeline and the ERPP. Upon completion of the Town's Plum Creek Pipeline, the District will convey the same to the Town for ownership and maintenance. A First Amendment entered into on June 18, 2019 which, among other things, updated the Exhibits to the agreement and made other conforming changes in the agreement.

**DOMINION WATER AND SANITATION DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 9 AGREEMENTS (CONTINUED)**

**Other Agreements (Continued)**

Water and Wastewater Systems Operations and Maintenance Agreement

On March 1, 2018, the District and Roxborough Water and Sanitation District (Roxborough) entered into the Water and Wastewater Systems Operation and Maintenance Agreement, as amended by the Amendment 1 to the Water and Wastewater Systems Operations and Maintenance Agreement dated September 20, 2018, whereby Roxborough agreed to operate and manage the District's wholesale water and wastewater facilities, the District's nonpotable raw water distributions system and the CAB's retail water and wastewater facilities pursuant to the terms therein. The District agreed to pay Roxborough for the work described in the agreement at the rates established therein, which will be updated on an annual basis. The term of the agreement commences on March 1, 2018 and continues until December 31, 2018. Unless terminated pursuant to the terms therein, the agreement will renew for successive one year terms, beginning on January 1 and ending on December 31 of the applicable year, subject to mutual agreement on the updated cost schedule for the renewal term.

This agreement terminated the Water Distribution System Intergovernmental Agreement and the Wastewater Treatment Plant and Collection System Operations Intergovernmental Agreement.

Subdivision Improvements Agreement and Intergovernmental Agreement for Sterling Ranch Filing No. 1

On January 27, 2015, the District entered into a Subdivision Improvements Agreement and Intergovernmental Agreement for Sterling Ranch Filing No. 1 with the Developer, the CAB, Roxborough and the Board of County Commissioners of the County of Douglas to provide for the construction of public improvements, landscape and park improvements, wholesale water and wastewater improvements, and water treatment improvements that are associated with Sterling Ranch Filing No. 1 in Douglas County, Colorado.

This agreement was subsequently amended. The Fourth Amendment to Subdivision Improvements Agreement and Intergovernmental Agreement for Sterling Ranch Filing No. 1 is dated October 10, 2017 (the Fourth Amendment). The Fifth Amendment to the Subdivision Improvements Agreement and Intergovernmental Agreement for Sterling Ranch Filing No. 1 is dated April 23, 2019 (the Fifth Amendment"). Among other amendments, the Fourth Amendment reflects the final design for certain improvements, includes additional improvements, and updates the construction phasing map for Filing No. 1 of the Sterling Ranch master planned community. Pursuant to the Fourth Amendment, if the District elects to construct a reservoir, construction must be completed no later than December 31, 2022. The Fifth Amendment removed construction obligations for Phase 7B of the Filing 1 SIA and made various changes to the exhibits thereto.

**DOMINION WATER AND SANITATION DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 9 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 (also referred to herein as 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.

**Construction Disbursement Agreement – Castle Rock Pipeline Project**

On October 4, 2018, the District entered into the Construction Disbursement Agreement – Castle Rock Pipeline Project with the CAB, UMB Bank, n.a., and CliftonLarsonAllen LLP (Castle Rock Pipeline CDA) to establish the procedures relative to the disbursement of funds from the Castle Rock Pipeline Project Construction Account (defined above). On October 23, 2018, the parties entered into that First Amendment to Construction Disbursement Agreement – Castle Rock Pipeline Project, which provides Richmond American Homes of Colorado, Inc. (Richmond), as the Contract Administrator, the authority to submit disbursement requests under the terms set forth in the amendment.

**Contract Administration Agreement (Sterling Ranch Filing No. 4A/Castle Rock Pipeline Project)**

On October 23, 2018, the District entered into the Contract Administration Agreement (Sterling Ranch Filing No. 4A/Castle Rock Pipeline Project) with Richmond, Developer, and the CAB, whereby if certain Events of Default (as defined in the agreement) occurred, Richmond has the right to assume the obligation of the District/CAB to construct the Castle Rock Pipeline Project established in the Filing 4A SIA and the Castle Rock Pipeline IGA. In such instance, Richmond will have the right to draw upon the funds in the Castle Rock Pipeline Project Construction Account.

**DOMINION WATER AND SANITATION DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 9 AGREEMENTS (CONTINUED)**

**Other Agreements (Continued)**

Subdivision Improvements Agreement and Intergovernmental Agreement for Sterling Ranch Filing No. 4A

On August 14, 2018, the District, the Developer, the CAB and Board of County Commissioners of the County of Douglas entered into the Subdivision Improvements Agreement and Intergovernmental Agreement for Sterling Ranch Filing No. 4A (Filing 4A SIA) to provide for the construction of public improvements, landscape and park improvements and wholesale water improvements, which are comprised of the Eastern Regional Pipeline Project, associated with Sterling Ranch Filing No. 4A, in Douglas County, Colorado. Pursuant to the Filing 4A SIA, the District is responsible for the construction of the wholesale water improvements at its sole expense. If the District is in default of its obligations to construct the wholesale water improvements, the Filing 4A SIA requires the CAB to assume the District's obligation to complete the wholesale water improvements.

Subdivision Improvements Agreement and Intergovernmental Agreement for Sterling Ranch Filing No. 4B

On October 23, 2018, the District, Developer, the CAB and the Board of County Commissioners of the County of Douglas entered into the Subdivision Improvements Agreement and Intergovernmental Agreement for Sterling Ranch Filing No. 4B (Filing 4B SIA) to provide for the public improvements, landscape and park improvements, and wholesale water Improvements, which are comprised of the Eastern Regional Pipeline Project, associated with Sterling Ranch Filing No. 4B in Douglas County, Colorado. Pursuant to the Filing 4B SIA, the District is responsible for the construction of the wholesale water improvements at its sole expense. If the District is in default of its obligations to construct the wholesale water improvements, the Filing 4A SIA requires the CAB to assume the District's obligation to complete the wholesale water improvements.

Subdivision Improvements Agreement and Intergovernmental Agreement for Sterling Ranch Filing No. 4C

On November 20, 2018, the District, Developer, the CAB and Board of County Commissioners of the County of Douglas entered into the Subdivision Improvements Agreement and Intergovernmental Agreement for Sterling Ranch Filing No. 4C (Filing 4C SIA) to provide for the construction of public improvements, landscape and park improvements and wholesale water improvements, which are comprised of the Eastern Regional Pipeline Project, associated with Sterling Ranch Filing No. 4C, in Douglas County, Colorado. Pursuant to the Filing 4C SIA, the District is responsible for the construction of the wholesale water improvements at its sole expense. If the District is in default of its obligations to construct the wholesale water improvements, the Filing 4C SIA requires the CAB is to assume the District's obligation to complete the wholesale water improvements.

Letter of Credit – Easement Acquisition for Filings 4A, 4B, and 4C

On December 24, 2018, the District obtained an irrevocable standby letter of credit for the benefit of the Board of County Commissioners of the County of Douglas in the amount of \$762,500 to secure the easement acquisitions required under the Filing 4A SIA, Filing FB SIA and Filing 4C SIA to construct the wholesale water improvements.

**DOMINION WATER AND SANITATION DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 9 AGREEMENTS (CONTINUED)**

**Other Agreements (Continued)**

Subdivision Improvements Agreement and Intergovernmental Agreement for Sterling Ranch Filing No. 3A

On July 9, 2019, the District, Developer, the CAB and Board of County Commissioners of the County of Douglas entered into the Subdivision Improvements Agreement and Intergovernmental Agreement for Sterling Ranch Filing No. 3A (Filing 3A SIA) to provide for the construction of public improvements, landscape and park improvements and wholesale water improvements, which are comprised of the Eastern Regional Pipeline Project, associated with Sterling Ranch Filing No. 3A, in Douglas County, Colorado. Pursuant to the Filing 3A SIA, the District is responsible for the construction of the wholesale water improvements at its sole expense. If the District is in default of its obligations to construct the wholesale water improvements, the Filing 3A SIA requires the CAB is to assume the District's obligation to complete the wholesale water improvements.

Thunderbird Water & Sanitation District

On March 21, 2019, the District and Thunderbird Water & Sanitation District entered into a Cost Sharing Agreement for a feasibility study of Thunderbird to receive water or water service from the District.

**NOTE 10 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.

**DOMINION WATER AND SANITATION DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 11 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.

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.

**NOTE 12 SUBSEQUENT EVENTS**

**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, calculated on the basis of a 360-days year and twelve 30-day months, payable on the 15<sup>th</sup> day of June and December commencing on June 15, 2020. Principal payments are payable on December 15<sup>th</sup> of each year, commencing on December 15, 2021, with a final maturity date of December 15, 2040.

**CWCB Loan**

On April 1, 2020, the District issued a loan secured by the Colorado Water Conversation 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 is payable on the 1st day of April commencing on April 1, 2020 at a total amount of \$222,249.00 per year, with a final maturity date on April 1, 2050.

## **SUPPLEMENTARY INFORMATION**

**DOMINION WATER AND SANITATION DISTRICT  
ENTERPRISE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUNDS AVAILABLE –  
BUDGETARY BASIS  
YEAR ENDED DECEMBER 31, 2019**

	Budget		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
<b>REVENUES</b>				
Water Service Fees - Residential	\$ 375,000	\$ 250,000	\$ 290,604	\$ 40,604
Water Service Fees - Construction	1,100,000	893,000	1,039,673	146,673
Water Service Fees - Irrigation	107,000	94,500	-	(94,500)
Sewer Service Fees	169,000	112,000	107,350	(4,650)
Pipeline Project - CRW Share - Design	60,000	-	-	-
Pipeline Project - CRW Share - Easements/Admin	250,000	131,809	80,439	(51,370)
Pipeline Project - CRW Share - Construction	-	8,066,421	7,965,302	(101,119)
Water Tap Fees	13,251,225	11,895,975	11,159,145	(736,830)
Sewer Tap Fees	3,857,550	3,573,150	2,933,550	(639,600)
Grant Funding	-	21,991	21,991	-
Other Income	-	129	2,505	2,376
Net Investment Income	375,000	800,000	774,332	(25,668)
CWCB Loan	-	4,150,000	-	(4,150,000)
Sterling Ranch Entities Advances	4,810,401	9,512,860	10,060,000	547,140
New Customer Revenue	89,320	-	-	-
Reimbursed Expenditures	60,000	-	-	-
Total Revenues	24,504,496	39,501,835	34,434,891	(5,066,944)
<b>EXPENDITURES</b>				
Management - O&M:				
Personnel	650,172	753,500	717,640	35,860
Other Personnel Benefits	4,887	1,608	1,115	493
Contracted Personnel:				
Investment Advisory Fee	30,000	33,000	31,572	1,428
District Management	80,000	18,000	15,038	2,962
Accounting	123,600	140,000	144,897	(4,897)
Audit	10,000	10,000	10,000	-
Trustee Fee	-	3,500	4,500	(1,000)
Administration Support	3,000	-	-	-
Total Contracted Personnel	246,600	204,500	206,007	(1,507)
District Office:				
Rent	42,288	43,541	44,008	(467)
Equipment	1,500	2,178	1,910	268
Communications - Telephone	5,400	5,200	5,200	-
Office Supplies	7,000	4,558	4,162	396
Postage	350	390	334	56
Insurance	28,289	48,323	48,573	(250)
Miscellaneous/Contingency	5,500	15,146	10,789	4,357
Technical Support Services	10,000	6,792	7,025	(233)
Total District Office	100,327	126,128	122,001	4,127
Management - Capital:				
Capital:				
Computers and Printers	7,000	4,451	5,421	(970)
Software	14,450	12,872	9,101	3,771
Asset Management	30,000	3,800	2,925	875
Office Furniture & Fixtures	12,000	10,822	9,593	1,229
Total Capital	63,450	31,945	27,040	4,905
Total Management	1,065,436	1,117,681	1,073,803	43,878

**DOMINION WATER AND SANITATION DISTRICT  
ENTERPRISE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUNDS AVAILABLE –  
BUDGETARY BASIS (CONTINUED)  
YEAR ENDED DECEMBER 31, 2019**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>EXPENDITURES (CONTINUED)</b>				
Leadership/Customer Service - O&M:				
Board Communication	\$ 4,600	\$ 450	\$ 410	\$ 40
Dues and Subscriptions	11,100	11,488	13,350	(1,862)
SMWSA Participation	14,000	13,185	14,259	(1,074)
District Engineering	150,000	90,688	88,235	2,453
District Policies	60,000	20,000	27,538	(7,538)
District Legal Services	250,000	269,740	263,968	5,772
Public Relations	50,000	50,000	27,000	23,000
Leadership/Customer Service - Capital:				
Customer Entitlement Support	150,000	252,178	232,144	20,034
Total Leadership/ Customer Service	<u>689,700</u>	<u>707,729</u>	<u>666,904</u>	<u>40,825</u>
Water Supply - Capital:				
Agreements/ Partnerships	25,000	25,000	25,000	-
South Metro WISE Authority	1,558,014	1,321,058	1,317,188	3,870
WISE - Reuter Hess to Parker (Canyons)	918,576	915,596	915,596	-
WISE - Parker to Castle Rock (Outermarker)	880,000	880,100	880,100	-
WISE - Parker to Canyons System (Parker Parallel)	170,000	384,751	446,586	(61,835)
ECCV Lease Agreement	4,432,000	4,432,000	4,386,000	46,000
Water Acquisition/Purchase	4,447,000	5,092,228	3,275,948	1,816,280
Transmission Infrastructure	222,000	150,000	350,000	(200,000)
Total Water Supply	<u>12,652,590</u>	<u>13,200,733</u>	<u>11,596,418</u>	<u>1,604,315</u>
Master Planning - Capital	346,000	462,000	404,242	57,758
Water System - O&M:				
Distribution and Storage Operations	149,494	147,770	162,992	(15,222)
Water Treatment Operations	580,000	619,800	602,209	17,591
Master Meter Contracts	40,000	18,600	-	18,600
System Operations	26,250	12,000	-	12,000
Water Delivery	847,877	676,860	737,048	(60,188)
Drinking Water Regulatory Compliance	120,400	80,000	148,718	(68,718)
Water System - Capital:				
Treatment Development - Roxborough WTP	220,000	451,000	96,137	354,863
Eastern Regional Pipeline - Dominion	17,825,000	19,169,565	15,076,410	4,093,155
Eastern Regional Pipeline - CR Water	-	8,066,421	9,452,687	(1,386,266)
Distribution and Storage Development:				
Potable Water Tanks	2,350,000	120,000	65,629	54,371
So Platte Diversion - Effluent Return	86,000	93,500	133,710	(40,210)
Chatfield Reallocation	-	58,580	189,992	(131,412)
Chatfield Reallocation Purchase	583,000	4,150,000	-	4,150,000
Chatfield Reallocation Participation Fee	-	228,500	-	228,500
High Zone Pump Station Design	79,000	12,300	8,156	4,144
Distribution System Improvements	5,000	-	-	-
Construction Contingency	2,000,000	-	-	-
Total Distribution and Storage Development	<u>5,103,000</u>	<u>4,662,880</u>	<u>397,487</u>	<u>4,265,393</u>
Total Water System	<u>24,912,021</u>	<u>33,904,896</u>	<u>26,673,688</u>	<u>7,231,208</u>

**DOMINION WATER AND SANITATION DISTRICT  
ENTERPRISE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUNDS AVAILABLE –  
BUDGETARY BASIS (CONTINUED)  
YEAR ENDED DECEMBER 31, 2019**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>EXPENDITURES (CONTINUED)</b>				
Wastewater System - O&M:				
Treatment Operations	80,000	108,349	102,933	\$ 5,416
CDPHE Permit	40,000	6,120	4,630	1,490
Collection System Operations	129,796	95,037	187,995	(92,958)
Regulatory Compliance	184,400	80,600	190,534	(109,934)
Wastewater System - Capital:				
Treatment Development:				
Roxborough WWTP - Contingent Purchase	81,000	81,000	82,500	(1,500)
Chatfield Water Reclamation Facility	460,600	359,400	366,749	(7,349)
Total Treatment Development	541,600	440,400	449,249	(8,849)
Collection Development:				
Lift Station LS-4 (Prospect-West)	2,400,000	2,465,300	2,779,362	(314,062)
Titan Lift Station Improvement	-	-	3,878	(3,878)
Total Collection Development	2,400,000	2,465,300	2,783,240	(317,940)
Total Wastewater System	3,375,796	3,195,806	3,718,581	(522,775)
Debt Service:				
Interest - 2016 Bonds	4,937,325	4,937,325	4,937,325	-
Interest - DC Burns	140,400	140,400	140,400	-
Interest - Red Hill Note	235,200	235,200	235,200	-
Total Debt Service	5,312,925	5,312,925	5,312,925	-
Total Expenditures	48,354,468	57,901,770	49,446,561	8,455,209
<b>EXCESS OF REVENUE OVER (UNDER) EXPENDITURES</b>	(23,849,972)	(18,399,935)	(15,011,670)	3,388,265
<b>FUNDS AVAILABLE - BEGINNING</b>	37,029,026	34,242,880	34,242,880	-
<b>FUNDS AVAILABLE - ENDING</b>	<u>\$ 13,179,054</u>	<u>\$ 15,842,945</u>	<u>\$ 19,231,210</u>	<u>\$ 3,388,265</u>
<b>ADJUSTMENTS TO RECONCILE BUDGET BASIS TO GAAP BASIS</b>				
Excess of Revenue Over (Under) Expenditures (Budget Basis)			\$ (15,011,670)	
Developer Advance			(10,060,000)	
Interest Expense Accruals			(1,960,427)	
Capital Outlay			40,488,014	
Principal Reduction			8,021	
Bonds Discount Amortization			(88,096)	
Capital Assets Amortization			(511,233)	
<b>CHANGE IN NET POSITION</b>			12,864,609	
Net Position - Beginning of Year			(16,705,255)	
<b>NET POSITION - END OF YEAR</b>			<u>\$ (3,840,646)</u>	

## **OTHER INFORMATION**

**DOMINION WATER & SANITATION DISTRICT  
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY  
YEAR ENDED DECEMBER 31, 2019**

<u>Bonds and Interest Maturing in the Year Ended December 31,</u>	\$85,025,000 Tap Fee Revenue Bonds, Series 2016 Issued on December 29, 2016 Principal Payable December 1 Interest Rates of 5.25% - 6.00%, Payable June 1 and December 1		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 1,425,000	\$ 4,937,325	\$ 6,362,325
2021	1,500,000	4,862,513	6,362,513
2022	1,580,000	4,783,763	6,363,763
2023	1,665,000	4,700,813	6,365,813
2024	1,750,000	4,613,400	6,363,400
2025	1,845,000	4,521,525	6,366,525
2026	1,940,000	4,424,663	6,364,663
2027	2,040,000	4,322,813	6,362,813
2028	2,150,000	4,215,713	6,365,713
2029	2,270,000	4,092,088	6,362,088
2030	2,405,000	3,961,563	6,366,563
2031	2,540,000	3,823,275	6,363,275
2032	2,685,000	3,677,225	6,362,225
2033	2,840,000	3,522,838	6,362,838
2034	3,005,000	3,359,538	6,364,538
2035	3,180,000	3,186,750	6,366,750
2036	3,360,000	3,003,900	6,363,900
2037	3,555,000	2,810,700	6,365,700
2038	3,765,000	2,597,400	6,362,400
2039	3,995,000	2,371,500	6,366,500
2040	4,235,000	2,131,800	6,366,800
2041	4,485,000	1,877,700	6,362,700
2042	4,755,000	1,608,600	6,363,600
2043	5,040,000	1,323,300	6,363,300
2044	5,345,000	1,020,900	6,365,900
2045	5,665,000	700,200	6,365,200
2046	6,005,000	360,300	6,365,300
Total	\$ 85,025,000	\$ 86,812,100	\$ 171,837,100

Note: The principal amounts shown above assume mandatory sinking fund payments are made, but assume no optional redemptions, special mandatory redemptions, or extraordinary mandatory redemptions will be made prior to maturity.