

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

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEARS ENDED DECEMBER 31, 2021 AND 2020**


**DOMINION WATER AND SANITATION DISTRICT  
TABLE OF CONTENTS  
YEARS ENDED DECEMBER 31, 2021 AND 2020**

<b>INDEPENDENT AUDITOR’S REPORT</b>	<b>I</b>
<b>BASIC FINANCIAL STATEMENTS</b>	
<b>STATEMENTS OF NET POSITION</b>	<b>1</b>
<b>STATEMENTS 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>25</b>
<b>SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY</b>	<b>29</b>



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## Independent Auditor's Report

To the Board of Directors  
Dominion Water and Sanitation District

### Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and each major fund of Dominion Water and Sanitation District, as of December 31, 2021, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinions

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

### Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Dominion Water and Sanitation District's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

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

### **Other Matters**

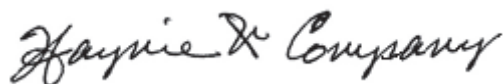
#### *Required Supplementary Information*

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

#### *Other Information*

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

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



Littleton, Colorado  
June 21, 2022

## **BASIC FINANCIAL STATEMENTS**

**DOMINION WATER AND SANITATION DISTRICT  
STATEMENTS OF NET POSITION  
DECEMBER 31, 2021 AND 2020**

	2021	2020
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and Investments	\$ 6,018,309	\$ 1,959,305
Cash and Investments - Restricted	14,201,027	17,846,685
Accounts Receivable	162	520
Accrued Interest Receivable	24,505	25,453
Due from Other Governments	222,395	362,194
Prepaid Expenses	65,683	-
Total Current Assets	20,532,081	20,194,157
<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	20,539,129	20,201,205
<b>CAPITAL ASSETS</b>		
Capital Assets, Not Being Depreciated/Amortized	118,869,766	115,742,033
Capital Assets, Net	34,960,077	29,712,947
Total Capital Assets	153,829,843	145,454,980
Total Assets	\$ 174,368,972	\$ 165,656,185
<b>LIABILITIES AND NET POSITION</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 1,267,076	\$ 844,220
Retainage Payable	216,133	617,468
Due to Other Governments	-	428
Accrued Interest Payable - Notes	158,570	161,274
Accrued Interest Payable - Bonds	377,512	397,454
Accrued Interest Payable - Vehicle	74	75
Tap Fees Credits Payable	-	3,198,045
Bonds Payable - Current Portion	1,580,000	1,500,000
Subordinate Limited Revenue Water Notes - Principal - Current Portion	336,682	-
Subordinate Promissory Note - Principal - Current Portion	140,000	-
Deposit	10,000	10,000
Total Current Liabilities	4,086,047	6,728,964
<b>LONG TERM LIABILITIES</b>		
SR Entities Advances Payable - Principal	21,332,220	19,732,220
SR Entities Advances Payable - Accrued Interest	11,776,070	10,431,078
Bonds Payable, Net of Unamortized Original Issue Discount	74,922,835	79,088,112
Subordinate Limited Revenue Water Notes - Principal	5,423,318	6,010,000
Junior Limited Revenue Notes - Principal	23,381,597	23,381,597
Junior Limited Revenue Notes - Accrued Interest	6,560,487	4,923,774
Subordinate Promissory Note - Principal	4,730,000	5,000,000
CWCB Loan - Principal	4,108,077	4,191,990
Vehicle Lease - Principal	18,324	26,606
Total Long Term Liabilities	152,252,928	152,785,377
Total Liabilities	156,338,975	159,514,341
<b>NET POSITION</b>		
Unrestricted	18,029,997	6,141,844
Total Net Position	18,029,997	6,141,844
Total Liabilities and Net Position	\$ 174,368,972	\$ 165,656,185

See accompanying Notes to Basic Financial Statements.

**DOMINION WATER AND SANITATION DISTRICT**  
**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**YEARS ENDED DECEMBER 31, 2021 AND 2020**

	2021	2020
<b>OPERATING REVENUES</b>		
Water Service Fees - Residential	\$ 1,016,418	\$ 653,771
Water Service Fees - Construction	922,378	1,008,909
Water Service Fees - Irrigation	192,622	175,198
Sewer Service Fees	406,311	263,941
Total Operating Revenues	2,537,729	2,101,819
<b>OPERATING EXPENSES</b>		
Personnel	951,579	824,343
Other Personnel Benefits	2,205	1,376
Contracted Personnel	173,436	190,409
District Office	165,558	124,410
Board Communications	159	48
Dues and Subscriptions	15,361	9,175
SMWSA Participation	20,176	17,741
District Engineering	82,583	96,872
District Policies	20,725	25,860
District Legal Services	171,354	314,153
Public Relations	30,650	52,503
Distribution and Storage Operations	162,769	183,830
Water Treatment Operations	725,162	618,676
System Operations	65	3,523
Water Delivery	986,477	792,671
Drinking Water Regulatory Compliance	65,394	61,642
Collections System Operations	1,052,233	237,424
CDPHE Permit	-	4,538
Treatment Operations	222,614	163,569
Regulatory Compliance	24,312	59,509
Computers and Printers	2,165	2,402
Software	5,775	9,466
Office Furniture and Fixtures	4,537	1,656
Vehicle	9,963	1,850
Capital Assets Depreciation/Amortization	563,557	562,393
Total Operating Expenses	5,458,809	4,360,039
<b>OPERATING INCOME (LOSS)</b>	(2,921,080)	(2,258,220)
<b>NONOPERATING REVENUES AND (EXPENSES)</b>		
Net Investment Income/(Market Value Change)	(65,445)	402,329
Sewer Tap Fees	5,406,400	3,134,670
Water Tap Fees	18,045,710	10,564,981
Other Income	8,375	31,199
Reimbursed Expenditures	-	1,055,138
Pipeline Project - CRW Share - Design	32,218	-
Pipeline Project - CRW Share - Easements/Admin	9,750	51,370
Pipeline Project - CRW Share - Construction	-	5,567,287
Pipeline Project - CAB Share - Construction	-	324,015
Interest on Bonds, Notes, and Advances	(8,537,053)	(8,624,433)
Bond Discount Amortization	(90,722)	(88,096)
Cost of Issuance	-	(177,750)
Total Nonoperating Revenues and (Expenses)	14,809,233	12,240,710
<b>CHANGE IN NET POSITION</b>	11,888,153	9,982,490
Net Position - Beginning of Year	6,141,844	(3,840,646)
<b>NET POSITION - END OF YEAR</b>	\$ 18,029,997	\$ 6,141,844

See accompanying Notes to Basic Financial Statements.

**DOMINION WATER AND SANITATION DISTRICT  
STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2021 AND 2020**

	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from Customers	\$ 2,469,714	\$ 2,062,678
Payments to Suppliers/Contractors and Employees - Operations	<u>(4,367,194)</u>	<u>(3,709,847)</u>
Net Cash Used by Operating Activities	(1,897,480)	(1,647,169)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
SR Entities Advances - Capital	1,600,000	6,285,000
Debt Issuances	-	9,191,990
Payments to Suppliers/Contractors - Capital	(12,500,114)	(30,933,854)
Grant, CRW Contribution and Other Income	50,343	7,029,009
Tap Fees Received	23,452,110	13,699,651
Bonds Interest and Principal Paid	(8,928,472)	(7,890,154)
Notes Interest and Principal Paid	<u>(1,297,720)</u>	<u>(753,868)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	2,376,147	(3,372,226)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest Income Received	<u>(65,321)</u>	439,963
Net Cash Provided (Used) by Investing Activities	<u>(65,321)</u>	<u>439,963</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	413,346	(4,579,432)
Cash and Cash Equivalents - Beginning of Year	<u>19,805,990</u>	<u>24,385,422</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u><u>\$ 20,219,336</u></u>	<u><u>\$ 19,805,990</u></u>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH REQUIRED BY OPERATING ACTIVITIES</b>		
Operating Loss	\$ (2,921,080)	\$ (2,258,220)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:		
Provided by Operating Activities:	563,557	562,393
(Increase) Decrease in Prepaid Expenses	(65,683)	1,508
(Increase) Decrease in Accounts Receivable	(68,015)	(39,141)
Increase (Decrease) in Accounts Payable	<u>593,741</u>	<u>86,291</u>
Net Cash Used by Operating Activities	<u><u>\$ (1,897,480)</u></u>	<u><u>\$ (1,647,169)</u></u>

See accompanying Notes to Basic Financial Statements.

**DOMINION WATER AND SANITATION DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020**

**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, 2021 AND 2020**

**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, 2021.

**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, 2021 AND 2020**

**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, if any, at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**NOTE 3 CASH AND INVESTMENTS**

Cash and investments as of December 31, 2021 and 2020 are classified in the accompanying financial statements as follows:

	<u>2021</u>	<u>2020</u>
Statement of Net Position:		
Cash and Investments	\$ 6,018,309	\$ 1,959,305
Cash and Investments - Restricted	14,201,027	17,846,685
Total Cash and Investments	<u>\$ 20,219,336</u>	<u>\$ 19,805,990</u>

Cash and investments as of December 31, 2021 and 2020 consist of the following:

	<u>2021</u>	<u>2020</u>
Deposits with Financial Institutions	\$ 6,207,677	\$ 4,588,070
Investments	14,011,659	15,217,920
Total Cash and Investments	<u>\$ 20,219,336</u>	<u>\$ 19,805,990</u>

**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, 2021 AND 2020**

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

**Deposits with Financial Institutions (Continued)**

As of December 31, 2021 and 2020, the District's cash deposits had a bank and carrying balance of \$6,207,678 and \$4,588,070, 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, 2021 AND 2020**

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

As of December 31, 2021, 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	\$ 4,493,861
US Treasury/Government-Sponsored Enterprises (GSEs)	Average 1.88 years	5,537,995
Corporate Bonds	Average 1.88 years	1,471,076
Money Market Securities	Average 1.88 years	47,656
Municipal Bonds	Average 1.88 years	2,461,071
Total		<u>\$ 14,011,659</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 Debt Service Reserve Fund and Surplus Reserve Fund were invested in US Treasury/Government-Sponsored Enterprise Bonds, Corporate Bonds, and Municipal Bonds with an average rating of Aa1 to AA+. Average maturities by fund are as follows: Debt Service Reserve Fund – 1.93 years, and Surplus Reserve Fund – 1.82 years. 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.

**DOMINION WATER AND SANITATION DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020**

**NOTE 4 CAPITAL ASSETS**

The following is an analysis of changes in the District's capital assets for the years ended December 31, 2021 and 2020:

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

**DOMINION WATER AND SANITATION DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020**

**NOTE 4 CAPITAL ASSETS (CONTINUED)**

	Balance December 31, 2019	Additions	Reclassify	Balance December 31, 2020
<u>Capital Assets, Not Being</u>				
<u>Depreciated/Amortized</u>				
Construction in Progress and Assets Not Yet Placed in Service:				
Water Supply	\$ 26,726,120	\$ 8,593,227	\$ -	\$ 35,319,347
Master Planning	619,113	364,515	-	983,628
Water System	33,036,846	20,450,134	-	53,486,980
Wastewater System	10,604,977	221,027	-	10,826,004
Subtotal	<u>70,987,056</u>	<u>29,628,903</u>	-	<u>100,615,959</u>
Water Rights	<u>15,126,074</u>	-	-	<u>15,126,074</u>
Total Capital Assets, Not Being Depreciated/Amortized	86,113,130	29,628,903	-	115,742,033
<u>Capital Assets, Net</u>				
Water System	21,187,433	-	-	21,187,433
Water Supply	9,838,241	-	-	9,838,241
Wastewater System	334,128	-	-	334,128
Vehicles	-	34,931	-	34,931
Less: Depreciation/Amortization	<u>(1,119,393)</u>	<u>(562,393)</u>	-	<u>(1,681,786)</u>
Total Capital Assets, Net	<u>30,240,409</u>	<u>(527,462)</u>	-	<u>29,712,947</u>
Total Capital Assets	<u>\$ 116,353,539</u>	<u>\$ 29,101,441</u>	<u>\$ -</u>	<u>\$ 145,454,980</u>

**DOMINION WATER AND SANITATION DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020**

**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, 2021 and 2020:

	Balance December 31, 2020	Additions and Adjustments	Reductions and Adjustments	Balance December 31, 2021	Current Portion
<b>Bonds Payable</b>					
Tap Fee Revenue Bonds, Series 2016	\$ 82,049,000	\$ -	\$ 4,176,000	\$ 77,873,000	\$ 1,580,000
Original Issue Discount	(1,460,888)	90,723	-	(1,370,165)	-
<b>Subtotal</b>	<u>80,588,112</u>	<u>90,723</u>	<u>4,176,000</u>	<u>76,502,835</u>	<u>1,580,000</u>
<b>Notes from Direct Borrowings and Direct Placements</b>					
Series 2020A Promissory Note	5,000,000	-	130,000	4,870,000	140,000
D.C. Burns Water Note	2,340,000	-	-	2,340,000	-
Red Hill Water Note	3,670,000	-	250,000	3,420,000	250,000
CWCB Promissory Note	4,191,990	-	83,913	4,108,077	86,682
<b>Subtotal</b>	<u>15,201,990</u>	<u>-</u>	<u>463,913</u>	<u>14,738,077</u>	<u>476,682</u>
<b>Other Debts</b>					
Payable to SR Entities:					
Water Activities - Principal	38,645,820	1,600,000	-	40,245,820	-
Water Activities - Accrued Interest	13,253,998	2,667,931	-	15,921,929	-
Wastewater Activities - Principal	4,467,997	-	-	4,467,997	-
Wastewater Activities - Accrued Interest	2,100,854	317,546	-	2,418,400	-
Vehicle Lease	26,606	-	8,282	18,324	-
<b>Subtotal</b>	<u>58,495,275</u>	<u>4,585,477</u>	<u>8,282</u>	<u>63,072,470</u>	<u>-</u>
<b>Total Long-Term Obligations</b>	<u>\$ 154,285,377</u>	<u>\$ 4,676,200</u>	<u>\$ 4,648,195</u>	<u>\$ 154,313,382</u>	<u>\$ 2,056,682</u>
	Balance December 31, 2019	Additions and Adjustments	Reductions and Adjustments	Balance December 31, 2020	Current Portion
<b>Bonds Payable</b>					
Tap Fee Revenue Bonds, Series 2016	\$ 85,025,000	\$ -	\$ 2,976,000	\$ 82,049,000	\$ 1,500,000
Original Issue Discount	(1,548,984)	88,096	-	(1,460,888)	-
<b>Subtotal</b>	<u>83,476,016</u>	<u>88,096</u>	<u>2,976,000</u>	<u>80,588,112</u>	<u>1,500,000</u>
<b>Notes from Direct Borrowings and Direct Placements</b>					
Series 2020A Promissory Note	-	5,000,000	-	5,000,000	-
D.C. Burns Water Note	2,340,000	-	-	2,340,000	-
Red Hill Water Note	3,920,000	-	250,000	3,670,000	-
CWCB Promissory Note	-	4,191,990	-	4,191,990	-
<b>Subtotal</b>	<u>6,260,000</u>	<u>9,191,990</u>	<u>250,000</u>	<u>15,201,990</u>	<u>-</u>
<b>Other Debts</b>					
Payable to SR Entities:					
Water Activities - Principal	32,360,820	6,285,000	-	38,645,820	-
Water Activities - Accrued Interest	10,571,618	2,682,380	-	13,253,998	-
Wastewater Activities - Principal	4,467,997	-	-	4,467,997	-
Wastewater Activities - Accrued Interest	1,783,308	317,546	-	2,100,854	-
Vehicle Lease	-	34,931	8,325	26,606	-
<b>Subtotal</b>	<u>49,183,743</u>	<u>9,319,857</u>	<u>8,325</u>	<u>58,495,275</u>	<u>-</u>
<b>Total Long-Term Obligations</b>	<u>\$ 138,919,759</u>	<u>\$ 18,599,943</u>	<u>\$ 3,234,325</u>	<u>\$ 154,285,377</u>	<u>\$ 1,500,000</u>

**DOMINION WATER AND SANITATION DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020**

**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, 2021 AND 2020**

**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, 2021 AND 2020**

**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>
2022	\$ 1,580,000	\$ 4,530,143	\$ 6,110,143
2023	1,665,000	4,447,193	6,112,193
2024	1,750,000	4,359,780	6,109,780
2025	1,845,000	4,267,905	6,112,905
2026	1,940,000	4,171,043	6,111,043
2027-2031	11,405,000	19,147,350	30,552,350
2032-2036	15,070,000	15,482,150	30,552,150
2037-2041	18,226,000	10,725,300	28,951,300
2042-2046	24,392,000	4,561,140	28,953,140
Total	<u>\$ 77,873,000</u>	<u>\$ 71,692,003</u>	<u>\$ 149,565,003</u>

**Direct Borrowings and Other Debts**

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

**NOTE 6 ECONOMIC DEPENDENCY**

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

**DOMINION WATER AND SANITATION DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020**

**NOTE 7 RELATED PARTIES**

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

**NOTE 8 AGREEMENTS**

**Agreements with SR Entities**

**Advance and Reimbursement Agreement**

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

**2016 Operation Funding Agreement**

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

**DOMINION WATER AND SANITATION DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020**

**NOTE 8 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. Agreement was amended as of October 26, 2020, to extend Hobbs' obligation to make advances through December 31, 2021.

**Castle Rock Pipeline Facilities Funding and Acquisition Agreement (Hobbs)**

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

**Castle Rock Pipeline Facilities Funding and Acquisition Agreement (Developer)**

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

**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, 2021 AND 2020**

**NOTE 8 AGREEMENTS (CONTINUED)**

**Water Agreements**

**Canyons Pipeline Capacity License Agreement**

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

**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 10-year period from the date of the second payment described above, with interest on the unpaid principal balance from the date of the note, until paid, at a rate of 6% per annum.

**DOMINION WATER AND SANITATION DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020**

**NOTE 8 AGREEMENTS (CONTINUED)**

**Water Agreements (Continued)**

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

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

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

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

**Cherokee Ranch Agreements**

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

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

**DOMINION WATER AND SANITATION DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020**

**NOTE 8 AGREEMENTS (CONTINUED)**

**Water Agreements (Continued)**

Subordinate Limited Revenue Promissory Water Note, Series 2020A Note

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

CWCB Loan

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

**WISE Agreements**

General

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

Western Pipeline Lease Purchase Agreement with Town of Castle Rock

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

**DOMINION WATER AND SANITATION DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020**

**NOTE 8 AGREEMENTS (CONTINUED)**

**WISE Agreements (Continued)**

**South Metro WISE Authority Formation and Organizational IGA**

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

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

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

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

**DOMINION WATER AND SANITATION DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020**

**NOTE 8 AGREEMENTS (CONTINUED)**

**WISE Agreements (Continued)**

South Metro WISE Authority Formation and Organizational IGA (Continued)

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

**Wastewater Agreements**

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

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

**Other Agreements**

Water and Wastewater Service Agreement for Sterling Ranch

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

**DOMINION WATER AND SANITATION DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020**

**NOTE 8 AGREEMENTS (CONTINUED)**

**Other Agreements (Continued)**

Water, Wastewater, and Stormwater Operations Agreement for Sterling Ranch

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

Funding for Water Line Improvements

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

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

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

**NOTE 9 RISK MANAGEMENT**

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

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

**DOMINION WATER AND SANITATION DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020**

**NOTE 9 RISK MANAGEMENT (CONTINUED)**

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

**NOTE 10 TAX, SPENDING, AND DEBT LIMITATIONS**

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

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

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

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

## **SUPPLEMENTARY INFORMATION**

**DOMINION WATER AND SANITATION DISTRICT  
ENTERPRISE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUNDS AVAILABLE –  
BUDGETARY BASIS  
YEAR ENDED DECEMBER 31, 2021**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Water Service Fees - Residential	\$ 1,088,000	\$ 1,088,000	\$ 1,016,418	\$ (71,582)
Water Service Fees - Construction	1,056,000	975,304	922,378	(52,926)
Water Service Fees - Irrigation	137,000	137,000	192,622	55,622
Sewer Service Fees	348,000	348,000	406,311	58,311
Pipeline Project - CRW Share - Easements/Admin	-	9,750	9,750	-
Pipeline Project - CRW Share - Construction	-	33,000	32,218	(782)
Water Tap Fees	16,193,477	16,193,477	18,045,710	1,852,233
Sewer Tap Fees	4,843,180	4,843,180	5,406,400	563,220
Bond Proceeds	-	127,580,000	-	(127,580,000)
Other Income	-	10,000	8,375	(1,625)
Net Investment Income/(Market Value Change)	207,000	150,000	(65,445)	(215,445)
Sterling Ranch Entities Advances	463,875	1,600,000	1,600,000	-
Total Revenues	<u>24,336,532</u>	<u>152,967,711</u>	<u>27,574,737</u>	<u>(125,392,974)</u>
<b>EXPENDITURES</b>				
Management - O&M:				
Personnel	1,063,505	939,887	951,579	(11,692)
Other Personnel Benefits	3,725	3,200	2,205	995
Contracted Personnel:				
Investment Advisory Fee	30,000	20,000	10,792	9,208
Accounting	140,000	140,000	145,344	(5,344)
Audit	10,300	10,300	10,300	-
Trustee Fee	3,500	3,500	7,000	(3,500)
Total Contracted Personnel	<u>183,800</u>	<u>173,800</u>	<u>173,436</u>	<u>364</u>
District Office:				
Rent	57,000	60,000	37,592	22,408
Equipment	3,000	5,000	3,955	1,045
Communications - Telephone	6,720	6,720	3,600	3,120
Office Supplies	3,800	3,000	2,872	128
Postage	300	300	-	300
Insurance	52,750	75,000	71,065	3,935
Miscellaneous/Contingency	4,000	15,000	26,777	(11,777)
Relocation Expenses	2,200	300	8,467	(8,167)
Technical Support Services	9,600	7,500	11,230	(3,730)
Total District Office	<u>139,370</u>	<u>172,820</u>	<u>165,558</u>	<u>7,262</u>
Management - Capital:				
Capital:				
Computers and Printers	12,200	4,500	2,165	2,335
Software	19,800	6,000	5,775	225
Asset Management	23,080	-	-	-
Vehicle	15,000	15,000	9,963	5,037
Office Furniture and Fixtures	11,000	3,000	4,537	(1,537)
Total Capital	<u>81,080</u>	<u>28,500</u>	<u>22,440</u>	<u>6,060</u>
Total Management	<u>1,471,480</u>	<u>1,318,207</u>	<u>1,315,218</u>	<u>2,989</u>

**DOMINION WATER AND SANITATION DISTRICT  
ENTERPRISE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUNDS AVAILABLE –  
BUDGETARY BASIS (CONTINUED)  
YEAR ENDED DECEMBER 31, 2021**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>EXPENDITURES (CONTINUED)</b>				
Leadership/Customer Service - O&M:				
Board Communication	\$ -	\$ -	\$ 159	\$ (159)
Dues and Subscriptions	21,500	15,000	15,361	(361)
SMWSA Participation	17,500	13,889	20,176	(6,287)
District Engineering	105,000	90,000	82,583	7,417
District Policies	25,800	25,000	20,725	4,275
District Legal Services	216,000	180,000	171,354	8,646
Public Relations	32,400	30,000	30,650	(650)
Leadership/Customer Service - Capital:				
Customer Entitlement Support	134,290	73,633	48,037	25,596
Total Leadership/Customer Service	<u>552,490</u>	<u>427,522</u>	<u>389,045</u>	<u>38,477</u>
Water Supply - Capital:				
Agreements/ Partnerships	25,000	-	-	-
South Metro WISE Authority	499,865	264,327	247,225	17,102
WISE - Reuter Hess to Parker (Canyons)	915,596	686,697	915,596	(228,899)
WISE - Parker to Castle Rock (Outtermarker)	660,030	660,030	610,031	49,999
WISE - Parker to Canyons System (Parker Parallel)	453,720	350,000	76,073	273,927
Water Acquisition/Purchase	1,320,800	417,000	362,498	54,502
Transmission Infrastructure	150,000	150,000	650,700	(500,700)
Total Water Supply	<u>4,025,011</u>	<u>2,528,054</u>	<u>2,862,123</u>	<u>(334,069)</u>
Master Planning - Capital	390,000	427,000	276,338	150,662
Water System - O&M:				
Distribution and Storage Operations	260,000	220,000	162,769	57,231
Water Treatment Operations	754,000	750,000	725,162	24,838
Master Meter Contracts	12,000	-	-	-
System Operations	59,920	65	65	-
Water Delivery	1,184,000	1,225,000	986,477	238,523
Drinking Water Regulatory Compliance	67,000	75,000	65,394	9,606
Water System - Capital:				
Treatment Development - Roxborough WTP	360,700	210,000	480,734	(270,734)
Eastern Regional Pipeline - Dominion	120,000	808,938	1,094,535	(285,597)
Eastern Regional Pipeline - CR Water	-	383,110	-	383,110
Distribution and Storage Development:				
Potable Water Tanks	-	900,000	1,008,867	(108,867)
So Platte Diversion - Effluent Return	150,000	60,000	61,348	(1,348)
Chatfield Reallocation	-	7,817	4,180	3,637
High Zone Pump Station Design	-	100,000	73,729	26,271
High Zone Pump at RWSD WTP	672,000	-	-	-
High Zone Pump Yard Piping	596,000	-	-	-
Backwash Pond Conversion Phase 1 & 2	-	225,000	-	225,000
Construction Contingency	-	144,200	144,200	-
Total Distribution and Storage Development	<u>1,418,000</u>	<u>1,437,017</u>	<u>1,292,324</u>	<u>144,693</u>
Total Water System	<u>4,235,620</u>	<u>5,109,130</u>	<u>4,807,460</u>	<u>301,670</u>

**DOMINION WATER AND SANITATION DISTRICT  
ENTERPRISE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUNDS AVAILABLE –  
BUDGETARY BASIS (CONTINUED)  
YEAR ENDED DECEMBER 31, 2021**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>EXPENDITURES (CONTINUED)</b>				
Wastewater System - O&M:				
Treatment Operations	\$ 230,300	\$ 245,000	\$ 222,614	\$ 22,386
CDPHE Permit	6,650	6,650	-	6,650
Collection System Operations	270,080	403,000	1,052,233	(649,233)
Regulatory Compliance	48,000	12,000	24,312	(12,312)
Wastewater System - Capital:				
Treatment Development:				
Roxborough WWTP - Contingent Purchase	171,000	171,000	1,204,680	(1,033,680)
Infrastructure Lease	2,450,000	2,532,000	1,150,000	1,382,000
Chatfield Water Reclamation Facility	-	25,000	2,029	22,971
Waterton WRF - Prelim Design/Construct	504,000	350,000	349,361	639
Conceptual Study	-	-	19,455	(19,455)
S. Platte Diversion Project	-	-	148	(148)
Total Treatment Development	<u>3,125,000</u>	<u>3,078,000</u>	<u>2,725,673</u>	<u>352,327</u>
Collection Development:				
Lift Station LS-4 (Prospect-West)	-	-	29,307	(29,307)
Lift Station #3 Design and Permitting	400,000	60,000	7,850	52,150
Titan Lift Station Improvement	82,500	125,000	121,499	3,501
Total Collection Development	<u>482,500</u>	<u>185,000</u>	<u>158,656</u>	<u>26,344</u>
Total Wastewater System	4,162,530	3,929,650	4,183,488	(253,838)
Debt Service:				
Interest - 2016 Bonds	4,769,453	5,061,794	4,752,472	309,322
Interest - DC Burns	140,400	137,280	140,400	(3,120)
Interest - Red Hill Note	220,200	224,190	220,200	3,990
Interest - CWCB Loan	138,336	138,336	138,336	-
Interest - Series 2020A Note	325,000	325,000	325,000	-
Interest - Vehicle Lease	1,589	1,589	1,588	1
Interest - Junior Promissory Note	-	6,524,115	-	6,524,115
Principal - CWCB Loan	83,913	83,913	83,913	-
Principal - Red Hill Note	250,000	3,670,000	250,000	3,420,000
Principal - 2016 Bonds	1,500,000	80,258,000	1,500,000	78,758,000
Principal - 2016 Bonds - EMR	1,791,000	1,791,000	2,676,000	(885,000)
Principal - Series 2020A Note	130,000	130,000	130,000	-
Principal - DC Burns	-	2,340,000	-	2,340,000
Principal - Junior Promissory Note	-	23,381,597	-	23,381,597
Principal - Vehicle Lease	8,282	8,282	8,282	-
Cost of Issuance	-	2,000,000	-	2,000,000
Contingency	-	185,341	-	185,341
Total Debt Service	<u>9,358,173</u>	<u>126,260,437</u>	<u>10,226,191</u>	<u>116,034,246</u>
Total Expenditures	<u>24,195,304</u>	<u>140,000,000</u>	<u>24,059,863</u>	<u>115,940,137</u>
<b>EXCESS OF REVENUE OVER (UNDER) EXPENDITURES</b>	141,228	12,967,711	3,514,874	(9,452,837)
<b>FUNDS AVAILABLE - BEGINNING</b>	<u>13,766,340</u>	<u>15,575,995</u>	<u>15,575,995</u>	<u>-</u>
<b>FUNDS AVAILABLE - ENDING</b>	<u>\$ 13,907,568</u>	<u>\$ 28,543,706</u>	<u>\$ 19,090,869</u>	<u>\$ (9,452,837)</u>
<b>ADJUSTMENTS TO RECONCILE BUDGET BASIS TO GAAP BASIS</b>				
Excess of Revenue Over (Under) Expenditures (Budget Basis)			\$ 3,514,874	
SR Entities Advance			(1,600,000)	
Interest Expense Accruals			(3,245,518)	
Capital Outlay			8,938,420	
Debts and Leases - Principal Reduction			4,648,195	
Bonds Discount Amortization			(90,722)	
Capital Assets Depreciation/Amortization			<u>(563,557)</u>	
<b>CHANGE IN NET POSITION</b>			11,601,692	
Net Position - Beginning of Year			<u>6,141,844</u>	
<b>NET POSITION - END OF YEAR</b>			<u>\$ 17,743,536</u>	

## **OTHER INFORMATION**

**DOMINION WATER & SANITATION DISTRICT  
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY  
YEAR ENDED DECEMBER 31, 2021**

<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>
2022	\$ 1,580,000	\$ 4,530,143	\$ 6,110,143
2023	1,665,000	4,447,193	6,112,193
2024	1,750,000	4,359,780	6,109,780
2025	1,845,000	4,267,905	6,112,905
2026	1,940,000	4,171,043	6,111,043
2027	2,040,000	4,069,193	6,109,193
2028	2,150,000	3,962,093	6,112,093
2029	2,270,000	3,838,468	6,108,468
2030	2,405,000	3,707,943	6,112,943
2031	2,540,000	3,569,655	6,109,655
2032	2,685,000	3,423,605	6,108,605
2033	2,840,000	3,269,218	6,109,218
2034	3,005,000	3,105,918	6,110,918
2035	3,180,000	2,933,130	6,113,130
2036	3,360,000	2,750,280	6,110,280
2037	3,235,000	2,557,080	5,792,080
2038	3,425,000	2,362,980	5,787,980
2039	3,634,000	2,157,480	5,791,480
2040	3,852,000	1,939,440	5,791,440
2041	4,080,000	1,708,320	5,788,320
2042	4,326,000	1,463,520	5,789,520
2043	4,585,000	1,203,960	5,788,960
2044	4,863,000	928,860	5,791,860
2045	5,156,000	637,080	5,793,080
2046	5,462,000	327,720	5,789,720
Total	\$ 77,873,000	\$ 71,692,003	\$ 149,565,003

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.