

**DONALA WATER AND SANITATION DISTRICT**  
**BOARD MEETING AGENDA**  
**June 17, 2021**

MEETING TIME & PLACE:

**1:30 P.M.**

DONALA WATER & SANITATION DISTRICT  
15850 HOLBEIN DRIVE, COLORADO SPRINGS, CO 80921

BOARD MEMBERS:        Ed Houle  
                                  Wayne Vanderschuere  
                                  Kevin Deardorff  
                                  Bill George  
                                  Ed Miller

STAFF:                     Jeff Hodge  
                                  Tanja Smith  
                                  Christina Hawker  
                                  Mike Boyett

**Agenda**

1. Call to Order
2. Pledge of Allegiance
3. Approval of Agenda
4. Public Comment on Items not on the Agenda
5. Minutes from May 20, 2021, Regular Meeting
6. Financial Reports
  - a. Audit Presentation
7. Action Items:
  - a. Water Leak Policy
  - b. Water Strategy
8. Manager's Report
  - a. Action Items from Board Workshop Update
9. Status of Operations
  - a. Water
  - b. Wastewater
10. Public Comment
11. Adjourn.

DONALA WATER AND SANITATION DISTRICT  
BOARD OF DIRECTORS  
MEETING MINUTES  
MAY 20, 2021

The Board of Directors of the Donala Water and Sanitation District met in regular session at the District's office, 15850 Holbein Dr., El Paso County, Colorado on May 20, 2021 at 1:30pm.

Directors Present: Ed Houle  
Wayne Vanderschuere  
Kevin Deardorff  
Bill George  
Ed Miller

Staff Present: Jeff Hodge  
Christina Hawker  
Mike Boyett

Consultants Present: Brett Gracely

Guests: Allison Robenstein

President Houle called the meeting to order at 1:30pm.

Approval of Agenda:

- Houle asks the Board if there are any changes to agenda. Acknowledges that there is not any.

Public Comment Non-Agenda Items:

- None.

Review of Minutes:

- Minutes from March 2021 Board Meeting accepted
  - George motioned to approve, Deardorff second, all aye.

Review of Financial Statements and Check Summaries:

- Donala revenue at 71.57% and expenses at 76.08%.
- Waste Plant revenue at 74.03% and expenses at 70.75%.
- General Fund return is 0.13%.
- Engineering is high due to studies regarding the District's wells, CSU connection, the Loop, and reuse.
  - George motion to accept, Vanderschuere second, all aye.

Action Items:

- Resolution 2021-2 – Investment Policy:
  - George motion to accept, Deardorff second, approved.
- Resolution 2021-3 Financial Policy:

- Vanderschuere suggests that we specify which reserve fund the monies go to if there is an overflow of revenues in a year. Reviewing the reserve accounts for the needs of the District will be discussed on an annual basis. Motion George, Second Deardorff, resolution approved.
- Tyler Technologies Billing and Accounting Software:
  - Hawker recommends replacing current software with Tyler Technologies due to outdated accounting software and constant issues with our billing software upgrade. The Board gives permission to proceed with Tyler Technologies.
- Bureau of Reclamation Excess Storage Capacity Contract:
  - Gracely explains the different storage options we could pursue if needed. The district currently has a 1041 permit that allows us access to our Willow Creek water through our connection with CSU. However, the 1041 permit does not include our Laughlin water right, return flow options, or any potential water right purchases in the future. Donala's current storage contract with the Bureau of Reclamation is 499 AF. If we needed more storage capacity for Laughlin or other future purchases, we would need to propose the storage increase to 999 AF. Gracely does not think the process would be over a year, however our 1041 contract states there must be a material change or significant impact to be able to amend the contract. Gracely points out the amount the District paid to get the 1041 permit, \$378,000, and states we would probably pay similar costs to amend our contracts. Houle's thoughts are it is premature to start the process when there are so many big decisions the District must make. He believes the District needs to decide what direction to go in before moving forward. It is determined that the Board will readdress the contracts again at the beginning of 2022.

#### Manager's Report:

- Due to Staff changes Hodge updates the Board of the current operators in charge of each plant. Jeff Hodge oversees Donala's plants, Michael Boyett oversees the Waste Plant, and Joe Lopez oversees the Forest Lakes plant. The Board requests updates on any changes in the staffs' certifications.
- Club Villas Water Line Project: Delayed until 2022 Budget year due to delays in PVC product and pricing.
- Well 7D: Hydro hydrologist found a hole in the well. LRE recommendations not to replace the pump. We are in the process of researching the condition of all our wells to see if it would be beneficial to redrill our 7D well. We could run 7D on an emergency basis, but we do not know how the case will perform.
- PPRWA: CSU Reuse Study Contract has been let and revised completion is Nov. 2021.
- Regionalization Subcommittee of PPRWA: No meetings in last 2 months.
- Northern Water Delivery Line: Tri-View continues to move forward with permitting and construction of this project. Monument and Tri-View held a joint meeting with other northern entities, Commissioner Holly Williams and Commissioner Geitner. Purpose was to request \$25 million from the County's Federal Stimulus Grant Monies (ARP) be granted to fund the project. We continue to submit information for studies regarding this.
- NMCI – nothing new to report.
- Status of Long-Term Water Supply Contract with CSU: Nothing new to report.
- Audit: Will be presented at June Board meeting
- **Board Workshop May 19<sup>th</sup> Action Items:**
  - (1) Study to Restructure Waste Treatment Rate System
    - New Service "Base" Rules/Fee
    - Link waste fee (currently flat rate) to water use
    - ACTION: GMS (Roger Sams)
    - STATUS: In Work – Need by August
    - SUSPENSE: None Set
  - (2) Donala Fiscal Policy
    - Quantify district reserve requirements and policy for managing.

- ACTION: Jeff Hodge
- STATUS: Closed – Annually define and review during the budget process.
- SUSPENSE: Draft for May 20<sup>th</sup> Board Meeting

(3) Contract (IGA) with WWSD for engineering study of the “Loop”

- Draft IGA with WWSD to conduct/fund the study that will allow board to make informed decision on moving forward
- Include option for Pre-Feasibility Grant
- Jessie (WWSD) provided draft RFP and draft contract for the project
- Issue contract by May 28, 2021
- Report due August 31, 2021
- Sent comments on RFP to WWSD
- ACTION: Jeff Hodge
- STATUS: Draft IGA in work
- SUSPENSE: Sign IGA before awarding contract for the study

(4) Assessment of storing additional Donala water in Pueblo Reservoir

- Includes Laughlin Ditch and Donala effluent
- Flow to and store Pueblo Reservoir
- Storage agreement increased to 999 AF
- Revision of Pueblo 1041 permit
- Agreement with CSU on SDS to deliver water
- Potential for Norris Ranch water
- ACTION: GMS (Roger Sams) and LRE (Brett Gracely)
- STATUS: Board will readdress in the beginning of 2022.
- SUSPENSE: None Set

(5) Pre-Feasibility Grant Submission

- To fund Re-Use Study (PPRWA) and Loop Assessment (WWSD/Donala)
- ACTION: LRE (Brett Gracely)
- STATUS: In Work
- SUSPENSE: None Set

(6) Information Meeting with EPC County Commissioners

- Under auspices of EPC Master Water Plan and EPC Draft Master Plan
- Update commissioners on northern El Paso County initiatives
- PPRWA Reuse Study
- “Loop”
- Northern Water Pipeline (TriView)
- Northern Monument Creek Interceptor (NMCI)
- Long-term agreement with CSU
- ACTION: Jeff Hodge and Ed Houle
- Donala staff working lunch logistics.
- STATUS: Commissioners Holly Williams and Carrie Geitner attended a lunch meeting on Wednesday, May 19th hosted by Donala. Meeting started with details on the water master plan and introductions. All the



entities share the same desire to get water to their customers at a reasonable and cost-effective price. Jessie (manager at Woodmoor Water & San) gave a presentation on the Loop proposal. Looking at long term estimated numbers the costs of the Loop and CSU are about the same after 8 or 9 years. If we work with districts to the east, it increases our ability to be drought proof because of their different storage options. Both options are being explored. The more partners that come together, the lower the cost for each participant. The District needs Roger to look over numbers to help us make our decisions.

- Attendees
  - Donala – Jeff & Wayne
  - EPC – Commissioners Williams & Geitner with Mark Gebhart (Dep Director EPC Planning & Community Development)
  - Woodmoor Water & Sanitation – Jessie Shaffer, Board #1, Board #2
  - Cherokee – Amy Lathen
  - Widefield Water & Sanitation – Lucas Hale
- Report - Jeff

#### (7) CSU Rate and Tariff Study

- Get a seat “in the audience”
- Review the draft study
- ACTION: Jeff Hodge
- STATUS: In Work

#### (8) Regionalization

- Concept for long-term regionalization of northern water providers
- Organizational structure/model
- ACTION: Jeff Hodge
- STATUS: Under consideration
- SUSPENSE: None set; long-term

#### (9) Ed Informal Coffee with WWSD Board Member

- Informal meeting to open dialogue with WWSD board
- Donala ready to partner with WWSD on water issues (NMCI, Loop)
- ACTION: Ed Houle
- STATUS: Met with Board Member which led to the meeting on May 19<sup>th</sup> at Donala.

#### Development Update:

- No updates at this time.

#### Status of Operations:

- Hodge is having a much more detailed look at our water operations. We are looking into updating our SCADA system and electrical issues as well as some deferred maintenance that we main be able to do this year due to the delay in the water line project. Hodge informed the Board of a violation on the Consumer Conference Report. The violation was due to a sample not being taken in the time window requested. The report will soon be mailed out to the Donala customers.
- Waste Plant - April had some minor challenges. There were two critical equipment failures. One regarding the UV bank and the other being a failed pressure regulator. They also experienced an E Coli hit that they are still

currently working on. Everyone is working through the issues. Aaron is coming back full time in August. He is going to help guide the newer maintenance employees. Thank you to Amy for being a part of sampling on the water side.

Additional Comments:

- Brett- Usually the Colorado Water Plan grants are at the end of December; however, they are expecting some sort of July round for Colorado funding. Income of federal dollars for infrastructure and the proposition DD income was greater than the state expected. It is not a stretch that some of Donala's goals would fit the Colorado water Plans goals.

Hodge requested that the meeting be moved to executive session regarding C.R.S. 24.6.402 (4) (f) George motion to accept, Deardorff second, all aye. President Houle adjourned the regular meeting at 4:00 pm.

These minutes are respectfully submitted for record by Christina Hawker on May 20, 2021.

58.3%

**DONALA WATER & SANITATION DISTRICT**  
Statement of Revenues and Expenditures - 2021 DONALA SUMMARY  
From 1/1/2021 Through 5/31/2021

	Total Budget - Revised	Current Year Actual	Percent Total Budget Remaining - Revised
<b>OPERATING REVENUE</b>			
WATER SALES	3,426,000.00	647,514.27	(81.10)%
EFFLUENT SALES	154,500.00	14,163.65	(90.83)%
SEWAGE SERVICE	1,241,411.00	430,653.67	(65.31)%
INSTALLATION FEES	15,000.00	7,500.00	(50.00)%
TAP FEES	170,000.00	85,000.00	(50.00)%
WATER DEVELOPMENT	65,000.00	32,500.00	(50.00)%
SEWER DEVELOPMENT	25,000.00	12,500.00	(50.00)%
PROPERTY TAX	1,971,120.00	1,275,498.41	(35.29)%
AUTO TAX	120,000.00	92,872.07	(22.61)%
AVAIL. OF SERVICE	8,750.00	1,750.00	(80.00)%
OPERATING INTEREST	85,000.00	2,907.66	(96.58)%
INVESTMENT INTEREST	45,000.00	14,853.94	(66.99)%
WATER INVESTMENT FEE	40,000.00	20,000.00	(50.00)%
MISC. REVENUE	50,000.00	17,114.98	(65.77)%
FL REIM. REVENUE	120,000.00	65,967.77	(45.03)%
CONTRACT SANITATION	0.00	63,573.18	0.00%
<b>Total OPERATING REVENUE</b>	<b>7,536,781.00</b>	<b>2,784,369.60</b>	<b>(63.06)%</b>
<b>EXPENSES &amp; CAP PROJECTS</b>			
<b>EXPENDITURES</b>			
CHEM/LAB	75,500.00	25,501.65	66.22%
REPAIR/MAINTENANCE	466,400.00	52,992.93	88.64%
TRUCK/BACKHOE	220,000.00	40,939.92	81.39%
UTILITIES	320,000.00	157,867.18	50.67%
TOOLS AND EQUIPMENT	25,000.00	1,185.08	95.26%
INSPECTION REFUNDS	2,000.00	0.00	100.00%
WASTE PLANT EXPENSES	767,858.00	242,083.74	68.47%
W & P LOAN PAYBACK	356,687.00	157,288.64	55.90%
AUDIT	23,175.00	22,200.00	4.21%
RESIDUALS MGMT.	85,000.00	0.00	100.00%
INSURANCE	313,114.00	157,771.13	49.61%
LEGAL EXPENSES	50,000.00	5,879.50	88.24%
OFFICE EXPENSES	24,643.00	13,412.96	45.57%
OFFICE EQUIPMENT	10,700.00	0.00	100.00%
TELEPHONE	27,807.00	13,404.86	51.79%
PROFESSIONAL ENGR.	25,000.00	20,838.25	16.65%
DISTRICT ENGINEER	10,000.00	24,694.94	(146.95)%

**DONALA WATER & SANITATION DISTRICT**  
Statement of Revenues and Expenditures - 2021 DONALA SUMMARY  
From 1/1/2021 Through 5/31/2021

	Total Budget - Revised	Current Year Actual	Percent Total Budget Remaining - Revised
SALARIES	723,081.00	308,587.50	57.32%
PAYROLL TAXES	54,231.00	23,606.92	56.47%
457 PLAN	50,616.00	16,895.14	66.62%
CONTRACT SERVICES	78,445.00	42,934.71	45.27%
PUBLICATION	16,000.00	5,077.76	68.26%
FEES, PERMITS, DUES	20,000.00	14,712.05	26.44%
TRAINING	25,000.00	5,546.47	77.81%
INVESTMENT EXPENSES	5,800.00	1,971.08	66.02%
COUNTY TREAS. FEE	30,000.00	19,132.48	36.23%
2020 BOND	320,586.00	77,739.04	75.75%
FL REIM. EXPENSE	10,000.00	12,085.62	(20.86)%
MON W & S REIM EXP	0.00	720.87	0.00%
CSU WTR/BOWW	2,111,958.00	318,231.25	84.93%
MISCELLANEOUS EXP	14,000.00	1,415.94	89.89%
Total EXPENDITURES	6,262,601.00	1,784,717.61	71.50%
CAPITAL PROJECTS			
CAPITAL PROJECTS	3,585,000.00	382,123.30	89.34%
WATER RIGHTS	60,000.00	0.00	100.00%
Total CAPITAL PROJECTS	3,645,000.00	382,123.30	89.52%
Total EXPENSES & CAP PROJECTS	9,907,601.00	2,166,840.91	78.13%

APRIL SPENDABLE

SAVINGS	2,334,366
CHECKING	263,802
WATER GSA	994,101
SEWER GSA	728,445
PROPERTY TAX	<u>5,529,113</u>
TOTAL	9,849,827

MAY SPENDABLE

SAVINGS	2,334,480
CHECKING	506,715
WATER GSA	1,002,088
SEWER GSA	733,727
PROPERTY TAX	<u>5,801,192</u>
TOTAL	10,378,202



DONALA GOVT. - MAY 2021				
DATE	VENDOR	CK#	AMOUNT	DESCRIPTION
05/02/21	MTOT BANKCARD	ACH	\$1,525.66	MTOT BANKCARD MAY
05/04/21	ALLWATER SUPPLY	1002	\$544.49	LIQUID END FOR PUMP AT FOREST LAKES
05/04/21	AXIS	1003	\$364.12	BASE & USAGE KYOCERA COPIER
05/04/21	COLO SPRGS UTILITIES	1004	\$525.32	GAS THRU 04/28/21
05/04/21	COLORADO WATER WELL	1005	\$425.00	TEST METER FOR STATE CERTIFICATION
05/04/21	COMCAST	1006	\$114.30	INTERNET@ R HULL THRU 06/03/21
05/04/21	CUMMINS SALES AND SERVICE	1007	\$111.69	REPAIR TO BLOCK HEATER@ BAPTIST BOOSTER
05/04/21	CYBERBASEMENT	1008	\$40.00	JUNE WEBSITE MAINTENANCE
05/04/21	DPC INDUSTRIES	1009	\$1,721.57	CHLORINE & CAUSTIC SODA
05/04/21	FARIS MACHINERY	1010	\$226.79	BRAKE LIGHTS & STOP SWITCH REPAIR-DUMP TRUCK
05/04/21	RON FENSKE	1011	\$100.00	TITLE CHECK REFUND
05/04/21	BRIAN FINERTY	1012	\$78.65	TITLE CHECK REFUND
05/04/21	PATRICK FITZGERALD	1013	\$27.81	TITLE CHECK REFUND
05/04/21	HACH COMPANY	1014	\$173.50	FREE CHLORINE ELECTROLYTE
05/04/21	MONTE HANKS	1015	\$93.05	TITLE CHECK REFUND
05/04/21	JOHN DEERE FINANCIAL	1016	\$323.14	MARKING PAINT, SPLIT RAIL, WIPER FLUID
05/04/21	STEPHEN MICHAEL	1017	\$178.63	TITLE CHECK REFUND
05/04/21	MOTION & FLOW	1018	\$37.45	POLYETHYLENE NATURAL TUBING
05/04/21	OREILLY AUTO	1019	\$75.43	SPARK PLUGS, WIPER BLADES & FLUID, CARWASH
05/04/21	POSTAL ANNEX	1020	\$29.23	SHIPMENT OF GAS METER
05/04/21	TIMBERLINE	1021	\$172.00	TRILAKES/ MONUMNET SAN TOTALIZER RESEARCH
05/04/21	UTILITY NOTIFICATION CENTER	1022	\$155.76	APRIL 811 CALLS
05/04/21	WASTE CONNECTIONS	1023	\$180.44	APRIL 8YD@ MAINTENANCE
05/05/21	COLO SPRGS UTILITIES	ACH	\$59,941.04	WATER DELIVERED MARCH 2021
05/06/21	CARD SERVICES	24617	\$5,950.23	DVR, TRAINING, OFFICE SUPPLIES, LUNCH MEETINGS
05/10/21	AIRGAS USA	1024	\$271.70	NITROGEN, ACETYLENE, & OXYGEN
05/10/21	ANSWER-RITE	1025	\$96.40	MAY ANSWERING SERVICE
05/10/21	HAYES POZANOVIC KORVER	1026	\$153.00	LEGAL APRIL 2021
05/10/21	HOELTING & COMPANY	1027	\$6,000.00	INTERIM BILLING FOR 2020 AUDIT
05/10/21	WASTE MANAGEMENT	1028	\$130.10	APRIL TRASH SERVICE@ HOLBEIN
05/10/21	WEX BANK	1029	\$1,030.98	APRIL FUEL EXPENSES
05/11/21	PILOT	ACH	\$176.36	MAY FUEL EXPENSES
05/12/21	INTERSECTIONS INC	1030	\$144.00	IDENTITY PROTECTION
05/12/21	COMCAST BUSINESS	1031	\$700.04	FIBER LINE MAY
05/12/21	RAMPART PLUMBING	1032	\$1,217.77	BACKFLOW PREVENTERS - FL
05/12/21	SERVICE UNIFORM	1033	\$533.60	UNIFORM MAINTENANCE
05/12/21	THE GAZETTE	1034	\$122.87	ADVERTISEMENT FOR BIDS
05/12/21	WELLS FARGO	1035	\$157.00	LEASE ON KYOCERA COPIER
05/14/21	COMCAST	1036	\$371.57	INTERNET@ MAINTNENACE & HOLBEIN
05/14/21	GRAINGER	1037	\$780.18	PLUG-IN UTILITY PUMP, CIRCUIT BREAKER, FILTER
05/14/21	JOSEPH HAZUKA	1038	\$95.00	TITLE CHECK REFUND
05/14/21	SPRINT	1039	\$523.52	EMPLOYEE CELL PHONES
05/14/21	VERIZON WIRELESS	1040	\$159.37	WILLOW CREEK DATA PLAN
05/14/21	BLACK HILLS ENERGY	1041	\$239.75	GAS THRU 05/10/21
05/14/21	DPC INDUSTRIES	1042	\$50.00	CHLORINE
05/14/21	HPE INC	1043	\$136.00	MAY PREVENTIVE MAINTENANCE
05/14/21	MEYER & SAMS	1044	\$399.41	ARSENIC CONTROL (PROJECT 18071)
05/14/21	SAFELITE FULFILLMENT INC	1045	\$449.97	WINDSHIELD REPLACEMENT 2017 CHEVY CO
05/14/21	HEARTLAND PAYROLL	ACH	\$45,743.25	MAY 14TH 2021 PAYROLL
05/17/21	LINCOLN FINANCIAL	ACH	\$3,155.50	457 PLAN MAY 15TH PAYROLL
05/18/21	PILOT	ACH	\$225.03	MAY FUEL EXPENSES

05/18/21	ANSWER-RITE	1046	\$89.20	MARCH ANSWERING SERVICE
05/18/21	CORE & MAIN	1047	\$5,850.05	PARTS FOR FOREST LAKES
05/18/21	WASTE CONNECTIONS	1048	\$318.00	10YD@ MAINTENANCE
05/21/21	BATTERIES PLUS BULBS	1049	\$71.05	2 12V BATTERIES & LED LIGHT
05/21/21	CUSIC CONSTURCTION	1050	\$11,639.25	ASPHALT REPAIR FOR WATER MAIN LEAK
05/21/21	FRONTIER IT	1051	\$2,152.81	MONTHLY BILLING FOR JUNE
05/21/21	HACH COMPANY	1052	\$1,004.03	PH BUFFER SOLUTION KIT AND LAB SUPPLIES
05/25/21	PILOT	ACH	\$103.37	MAY FUEL EXPENSES
05/27/21	MOUNTAIN VIEW ELECTRIC	ACH	\$32,254.00	MAY ELECTRIC
05/28/21	HEARTLAND PAYROLL	ACH	\$74,870.80	MAY 28TH 2021 PAYROLL

**DONALA WATER & SANITATION DISTRICT**  
Statement of Revenues and Expenditures - 2021 WASTE PLANT EXEC SUMMARY  
From 1/1/2021 Through 5/31/2021

	Total Budget - Revised	Current Year Actual	Percent Total Budget Remaining - Revised
<b>OPERATING REVENUE</b>			
PD-DONALA	767,858.00	242,083.74	(68.47)%
FOREST LAKES O & M PAYMENTS	90,704.00	36,281.65	(60.00)%
TRIVIEW O & M PAYMENTS	705,303.00	278,110.11	(60.57)%
<b>Total OPERATING REVENUE</b>	<b>1,563,865.00</b>	<b>556,475.50</b>	<b>(64.42)%</b>
<b>EXPENSES &amp; PROJECTS</b>			
<b>EXPENDITURES</b>			
CHEMICAL AND LAB	145,200.00	47,775.71	67.10%
REPAIR/MAINTENANCE	183,600.00	22,299.32	87.85%
TRUCK/MOWER EXP.	2,000.00	135.30	93.23%
UTILITIES	338,900.00	145,597.78	57.04%
CONTRACT SERVICES	31,700.00	17,521.60	44.73%
BIOSOLIDS HAULING	105,240.00	34,244.26	67.46%
TOOLS AND EQUIP.	5,000.00	345.08	93.10%
INSURANCE	111,000.00	66,054.35	40.49%
OFFICE EXPENSE	3,400.00	601.05	82.32%
TELEPHONE	6,600.00	2,985.72	54.76%
DISTRICT ENGINEER	26,525.00	3,573.90	86.53%
SALARIES	407,300.00	156,512.35	61.57%
PAYROLL TAXES	30,550.00	11,973.23	60.81%
457 PLAN	27,250.00	9,142.04	66.45%
TRAINING	10,000.00	150.00	98.50%
FEES, PERMITS	19,000.00	778.75	95.90%
PUBLICATION	600.00	0.00	100.00%
MISCELLANEOUS	2,000.00	351.70	82.42%
LEGAL EXPENSE	3,000.00	0.00	100.00%
AFCURE	50,000.00	20,817.38	58.37%
<b>Total EXPENDITURES</b>	<b>1,508,865.00</b>	<b>540,859.52</b>	<b>64.15%</b>
<b>Total EXPENSES &amp; PROJECTS</b>	<b>1,508,865.00</b>	<b>540,859.52</b>	<b>64.15%</b>



WASTE PLANT - MAY 2021				
DATE	VENDOR	CK#	AMOUNT	DESCRIPTION
05/04/21	ACZ LABORATORIES	1005	\$633.24	NONYLPHEN & MONTHLY COMPLIANCE/ REG-85
05/04/21	CDPHE	1006	\$548.75	ANNUAL BIOSOLIDS PERMIT #CO0042030
05/04/21	EMERGENCY SYSTEMS	1007	\$2,678.67	FULL SERVICE ON GENSET # 1 AND 2
05/04/21	HOLBROOK SERVICE	1008	\$1,031.67	SERVICE & REPAIR TO HEATING UNITS
05/04/21	KUBWATER	1009	\$5,364.48	4 DRUMS ZETAG
05/04/21	POSTAL ANNEX	1010	\$17.88	SHIPMENT OF WATER TESTS
05/04/21	TIMBERLINE	1011	\$727.72	EFFLUENT FLOW METER STOPPED REPORTING
05/04/21	USA BLUE BOOK	1012	\$278.38	LATEX GLOVES AND PUMP TUBE
05/04/21	UV DOCTOR LAMPS	1013	\$2,267.77	BALLAST REBUILD
05/06/21	CARD SERVICES	1014	\$929.61	RISE BROADBAND, TRAINING, OFFICE SUPPLIES
05/06/21	DENALI WATER	1015	\$1,895.28	SLUDGE HAULS WEEK ENDING 04/30/21
05/06/21	EMERGENCY SYSTEMS	1016	\$1,810.75	COOLANT FLSUH FOR GENSET #3
05/06/21	WATER TECHNOLOGY GROUP	1017	\$4,475.00	REBUILD SUBMERSIBLE PUMP
05/06/21	WHISLER INDUSTRIAL	1018	\$27.42	OIL SEAL
05/10/21	BATTERIES PLUS BULBS	1019	\$89.25	CAR BATTERY/ U.V. PLC EPROM BACK UP
05/10/21	CHIEF PETROLEUM	1020	\$1,016.17	OIL FOR MAINTENANCE AROUND PLANT
05/10/21	EVOQUA WATER	1021	\$699.39	SERVICE CONTRACT FOR DI SYSTEM
05/10/21	WASTE MANAGEMENT	1022	\$1,857.20	APRIL SLUDGE HAULS
05/12/21	INTERSECTIONS INC	1023	\$50.00	IDENTITY PROTECTON
05/12/21	DENALI WATER	1024	\$946.88	SLUDGE HAULS WEEK ENDING 05/07/21
05/12/21	LAW FIRM OF CONNIE KING	1025	\$1,075.00	PROFESSIONAL SERVICES APRIL
05/12/21	SERVICE UNIFORM	1026	\$442.10	UNIFORM MAINTENANCE
05/12/21	USA BLUE BOOK	1027	\$692.90	LATEX GLOVES
05/14/21	GARRISON MINERALS	1028	\$4,303.58	MAGNESIUM HYDROXIDE SLURRY
05/14/21	GRAINGER	1029	\$78.07	CABLE SUPPORT GRIP, POUROVER DECANter
05/14/21	CENTURY LINK	1030	\$221.61	INTERNET@ WASTE PLANT
05/14/21	MEYER & SAMS	1031	\$338.00	PROFESSIONAL SERVICES THRU 03/26/21
05/17/21	LINCOLN FINANCIAL	ACH	\$1,726.27	457 PLAN MAY 14TH 2021
05/18/21	GRAINGER	1032	\$59.04	CABLE SUPPORT GRIP
05/21/21	DENALI WATER	1033	\$952.18	SLUDGE HAULS WEEK ENDING 05/14/21
05/21/21	ENVIRONMENTAL RESOURCE	1034	\$1,125.46	QA 41 STUDY TEST KIT
05/21/21	FRONTIER IT	1035	\$1,025.00	MONTHLY BILLING FOR JUNE
05/27/21	MOUNTAIN VIEW	ACH	\$20,477.00	MAY ELECTRIC



CHANDLER INFORMATION:

MAY 2021

GENERAL FUND: \$2,949,419 (invested) Market Value  
\$ 509,307 (Colorado State Bank)  
Next Maturity Date: 06/22/2021  
\$150,000  
BV RETURN: 0.10%

**DONALA WATER AND SANITATION  
DISTRICT**

FINANCIAL STATEMENTS  
With Independent Auditors' Report

Year Ended December 31, 2020 and 2019

**DONALA WATER AND SANITATION DISTRICT  
TABLE OF CONTENTS  
DECEMBER 31, 2020 AND 2019**

	Page
Independent Auditors' Report	
Management Discussion and Analysis	<i>i</i>
Basic Financial Statements:	
Statements of Net Position	1
Statements of Revenues, Expenses and Changes in Net Position	3
Statements of Cash Flows	4
Notes to Financial Statements	6
Supplementary Information:	
Schedule of Expenses	22
Schedule of Revenues, Expenditures and Change in Net Position, Budget and Actual (Non-GAAP Budgetary Basis)	23
Debt Service Coverage and Reserve Requirements	26



**INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
Donala Water and Sanitation District

We have audited the accompanying financial statements of Donala Water and Sanitation District, which comprise the statements of net position as of December 31, 2020 and 2019, and the related statements of revenues, expenses and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements.

***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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 opinion.

***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Donala Water and Sanitation District, as of December 31, 2020 and 2019, and the changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

***Other-Matters***

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

Our audits were conducted for the purpose of forming an opinion on the financial statements that comprise Donala Water and Sanitation District's financial statements as a whole. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Hoelting & Company Inc.*

Colorado Springs, Colorado  
May 10, 2021

**DONALA WATER AND SANITATION DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR FISCAL YEAR ENDED DECEMBER 31, 2020**

As management of Donala Water and Sanitation District (the District) we offer readers of the District's annual financial report this narrative overview and analysis of the financial activities of the District for the fiscal year ended December 31, 2020. Readers are encouraged to consider the information presented here in conjunction with the annual financial report.

**FINANCIAL HIGHLIGHTS**

- The District's total assets and deferred outflows exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$40,885,054 (*net position*). Of this amount, \$12,315,960 represents unrestricted net position, which may be used to meet the District's ongoing obligations.
- The District's total net position increased during the year by \$156,728.
- Capital assets net of depreciation increased by \$545,337 from the prior year.
- The District's total outstanding long-term debt decreased by \$713,393 during the current year due to the payment of loans based on debt service schedules, as well as issuing revenue refunding bonds for the purpose of refunding 3 of our outstanding loans to reduce our total debt service payments.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis serve as an introduction to the District's basic financial statements. The District's basic financial statements consist of the following components: (1) Statement of Net Position, (2) Statement of Revenue, Expenses and Changes in Net Position, (3) Statement of Cash Flows, and (4) notes to the financial statements. This report also contains other supplemental information in addition to the basic financial statements.

*Statement of Net Position* - This statement reports all financial and capital resources (assets) and obligations (liabilities). The difference between assets and liabilities and deferred inflows is net position. The statement also provides the basis for evaluating the capital structure and assessing liquidity and financial flexibility.

*Statement of Revenue, Expenses and Changes in Net Position* - All revenue and expenses are accounted for in this statement. This statement measures the results from operations and can be used to determine whether the District's rates, fees and other charges are adequate to recover expenses.

*Statement of Cash Flows* - This statement reports all cash receipts and payments summarized by net changes in cash from operating, non-capital financing, capital and related financing, and investing activities.

## OVERALL FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the District's financial position. For the year ended December 31, 2020, the District's assets exceeded liabilities and deferred inflows by \$40,885,054 resulting in a positive net position. The following reflects key financial information in a condensed format:

### Condensed Statements of Net Position

	<u>2020</u>	<u>2019</u>	<u>Variance</u>
Assets			
Capital assets, net	\$ 38,760,953	\$ 38,215,616	\$ 545,337
Other assets	<u>16,342,745</u>	<u>17,575,275</u>	<u>(1,232,530)</u>
Total assets	<u>55,103,698</u>	<u>55,790,891</u>	<u>(687,193)</u>
Deferred Outflows of Resources			
Deferred charge on refunding	<u>80,726</u>	<u>-</u>	<u>80,726</u>
Liabilities			
Long-term	11,817,844	12,531,237	(713,393)
Other liabilities	<u>510,406</u>	<u>567,790</u>	<u>(57,384)</u>
Total liabilities	<u>12,328,250</u>	<u>13,099,027</u>	<u>(770,777)</u>
Deferred Inflows of Resources			
Unavailable property tax revenue	<u>1,971,120</u>	<u>1,963,538</u>	<u>7,582</u>
Total deferred inflows of Resources	<u>1,971,120</u>	<u>1,963,538</u>	<u>7,582</u>
Net position			
Net investment in capital assets	27,023,836	25,684,379	1,339,457
Restricted	1,545,258	2,126,312	(581,054)
Unrestricted	<u>12,315,960</u>	<u>12,917,635</u>	<u>(601,675)</u>
Total net position	<u>\$ 40,885,054</u>	<u>\$ 40,728,326</u>	<u>\$ 156,728</u>

Unrestricted net position of the District at the end of the year was \$12,315,960 a decrease of \$601,675 from the prior year. This decrease resulted primarily from using our debt service reserve to go toward refunding our current debt structure.

### Condensed Statements of Revenue, Expenses, and Changes in Net Position

	<u>2020</u>	<u>2019</u>	<u>Variance</u>
Revenues			
Operating revenues	\$ 5,797,408	\$ 5,381,863	\$ 415,545
Tax	2,172,378	1,880,252	292,126
Other	<u>208,350</u>	<u>415,862</u>	<u>(207,512)</u>
Total revenues	<u>8,178,136</u>	<u>7,677,977</u>	<u>500,159</u>
Expenses			
Water and sanitation operations	\$ 5,411,004	\$ 5,217,788	\$ 193,216
General and administrative	1,064,999	875,722	189,277
Other	<u>1,947,778</u>	<u>536,448</u>	<u>1,411,330</u>
Total expenses	<u>8,423,781</u>	<u>6,629,958</u>	<u>1,793,823</u>
Income before contributions	(245,645)	1,048,019	(1,293,664)
Capital contributions	<u>402,373</u>	<u>364,000</u>	<u>38,373</u>
Change in net position	156,728	1,412,019	(1,255,291)
Net position, beginning	<u>40,728,326</u>	<u>39,316,307</u>	<u>1,412,019</u>
Net position, ending	<u><u>\$40,885,054</u></u>	<u><u>\$40,728,326</u></u>	<u><u>\$ 156,728</u></u>

### Condensed Statements of Cash Flows

	<u>2020</u>	<u>2019</u>	<u>Variance</u>
Net cash provided (used) by:			
Operating activities	\$ (75,834)	\$ 124,578	\$ (200,412)
Non-capital financing activities	2,173,415	1,880,461	292,954
Capital and related financing activities	(3,711,303)	(3,747,666)	36,363
Investing activities	<u>131,172</u>	<u>910,261</u>	<u>(779,089)</u>
Increase (decrease) in cash and cash equivalents	(1,482,550)	(832,366)	(650,184)
Cash and cash equivalents, beginning	<u>11,704,153</u>	<u>12,536,519</u>	<u>(832,366)</u>
Cash and cash equivalents, ending	<u><u>\$ 10,221,603</u></u>	<u><u>\$ 11,704,153</u></u>	<u><u>\$ (1,482,550)</u></u>



## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

The District's investment in capital assets as of December 31, 2020 amounts to \$38,760,953. This investment in capital assets includes land, water rights, water and sanitation plants, equipment, and vehicles.

	<u>2020</u>	<u>2019</u>	<u>Variance</u>
Land and water rights	\$ 9,308,063	\$ 10,587,619	\$ (1,279,556)
Construction in progress	32,302	638,364	(606,062)
Water plant	28,085,126	24,451,359	3,633,767
Sanitation plant	16,573,909	16,587,709	(13,800)
Equipment, vehicles, and maintenance building	2,722,817	2,734,434	(11,617)
Less: Accumulated depreciaton	<u>(17,961,264)</u>	<u>(16,783,869)</u>	<u>(1,177,395)</u>
Total capital assets, net	<u>\$ 38,760,953</u>	<u>\$ 38,215,616</u>	<u>\$ 545,337</u>

Major capital asset additions during the year 2020 include:

Water line replacement on Hunting Beach, Candlewood, Westchester, and Mission Hills. Building and licensing the residuals management facility on Homeland Ct. Repairs to blower at the Waste Plant. Gas Chlorinator and replacement of chlorine feed. UV channel expansion. EQ mixer #4 pump rebuild. Repairs to D7. New pump and motor for well 4A. Replace drive in well 2A. Raw water pump 1 replacement. Install new split system at well house 1A.

### Long-Term Debt

Outstanding debt on December 31, 2020 was \$11,817,844 and consisted of two loans payable.

	<u>2020</u>	<u>2019</u>	<u>Variance</u>
CWRPDA Loan, 2006A	\$ 2,005,247	\$ 2,255,976	\$ (250,729)
CWRPDA Loan, 2007	-	1,044,805	(1,044,805)
CWRPDA Loan, 2011	-	5,982,421	(5,982,421)
Laughlin Loan, 2017	-	3,248,035	(3,248,035)
2020 Bond	<u>9,812,597</u>	<u>-</u>	<u>9,812,597</u>
Total	<u>\$ 11,817,844</u>	<u>\$ 12,531,237</u>	<u>\$ (713,393)</u>

## **ECONOMIC FACTORS AND OUTLOOK**

Budgetary Highlights-Revenue is expected to increase due to the commercial construction and the redevelopment of the Golf Course. Long term growth projections are limited due to the District being close to “build-out”. There are approximately 40 resident lots available to build upon and approximately 8 acres of commercial land, in 8 lots. Once these lots have been built upon, the tap revenue will no longer be available.

Large Expenses in 2020 include the building and licensing of our residuals management building as well as repairs and replacement of infrastructure in the District.

Economic and Environmental Factors-Donala has been actively pursuing alternative water sources to meet the demand for its’ customers now and into the future. As renewable water sources become more and more scarce, the costs associated with acquisition will become higher.

In 2010, the constituents of Donala Water and Sanitation District elected to allow Donala to collect an additional 5 mills indefinitely to help defray the costs of additional water related products. This option was exercised in 2014 and will be exercised going into the future.

## **REQUESTS FOR INFORMATION**

This financial report is designed to provide our customers, investors, creditors and other financial users with a general overview of the District’s finances. If you have questions about this report or need additional financial information, contact our General Manager, Jeff Hodge, at 719-488-3603.

## **BASIC FINANCIAL STATEMENTS**

**DONALA WATER AND SANITATION DISTRICT  
STATEMENTS OF NET POSITION  
DECEMBER 31, 2020 AND 2019**

<b>ASSETS</b>	<u>2020</u>	<u>2019</u>
Current assets:		
Cash and cash equivalents	\$ 8,676,345	\$ 9,577,841
Investments	3,280,398	3,242,292
Investment interest receivable	11,992	16,637
Cash with County Treasurer	17,299	18,336
Accounts receivable, users	375,754	349,443
Property taxes receivable	1,971,120	1,963,538
Inventory	<u>464,579</u>	<u>280,876</u>
Total current assets	<u>14,797,487</u>	<u>15,448,963</u>
Noncurrent assets:		
Restricted cash	1,545,258	2,126,312
Capital assets, net of depreciation	<u>38,760,953</u>	<u>38,215,616</u>
Total noncurrent assets	<u>40,306,211</u>	<u>40,341,928</u>
Total assets	<u>55,103,698</u>	<u>55,790,891</u>
 <b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred charge on refunding	<u>80,726</u>	<u>-</u>
 <b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	382,146	304,805
Water sales deposits	-	3,500
Accrued interest expense	49,665	150,195
Current portion, loans payable	249,412	437,834
Current portion, bonds payable	<u>130,000</u>	<u>-</u>
Total current liabilities	<u>811,223</u>	<u>896,334</u>
Noncurrent liabilities:		
Loans payable, less current portion	1,755,835	12,093,403
Bonds payable, less current portion	9,682,597	-
Compensated absences	<u>78,595</u>	<u>109,290</u>
Total noncurrent liabilities	<u>11,517,027</u>	<u>12,202,693</u>
Total liabilities	<u>\$ 12,328,250</u>	<u>\$ 13,099,027</u>

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

**DONALA WATER AND SANITATION DISTRICT  
STATEMENTS OF NET POSITION  
DECEMBER 31, 2020 AND 2019**

<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>2020</u>	<u>2019</u>
Unavailable property tax revenue	\$ 1,971,120	\$ 1,963,538
Total deferred inflows of resources	<u>1,971,120</u>	<u>1,963,538</u>
 <b>NET POSITION</b>		
Net investment in capital assets	27,023,836	25,684,379
Restricted	1,545,258	2,126,312
Unrestricted	<u>12,315,960</u>	<u>12,917,635</u>
Total net position	<u>\$ 40,885,054</u>	<u>\$ 40,728,326</u>

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

**DONALA WATER AND SANITATION DISTRICT**  
**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
Operating revenues:		
Charges for services:		
Water sales	\$ 3,730,984	\$ 3,222,646
Sewer assessments	1,944,803	2,039,119
Inspection fees	22,500	21,000
Water and sewer penalties	2,894	22,719
Other	96,227	76,379
Total operating revenue	<u>5,797,408</u>	<u>5,381,863</u>
Operating expenses:		
Water and sanitation operations	5,411,004	5,217,788
General and administrative expenses	1,064,999	875,722
Total operating expenses	<u>6,476,003</u>	<u>6,093,510</u>
Operating income (loss)	<u>(678,595)</u>	<u>(711,647)</u>
Non-operating revenues (expenses):		
General property tax	1,958,951	1,676,889
Specific ownership tax	213,427	203,363
Interest income	164,634	367,921
Availability of service	13,825	12,250
Gain (loss) on disposal of capital assets	(1,293,079)	5,800
Amortization of loan premium	29,891	29,891
Bond expense	(216,379)	(39,255)
Interest expense	(438,320)	(497,193)
Total nonoperating revenues (expenses)	<u>432,950</u>	<u>1,759,666</u>
Income before capital contributions	(245,645)	1,048,019
Capital contributions	<u>402,373</u>	<u>364,000</u>
Change in net position	156,728	1,412,019
Net position, beginning	<u>40,728,326</u>	<u>39,316,307</u>
Net position, ending	<u>\$ 40,885,054</u>	<u>\$ 40,728,326</u>

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

**DONALA WATER AND SANITATION DISTRICT  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from customers	\$ 5,745,097	\$ 5,214,983
Cash payments to suppliers for goods and services	(4,432,055)	(3,973,109)
Cash payments to employees	(1,425,201)	(1,150,546)
Cash received from inspection fees	22,500	21,000
Cash received from availability of service fees	13,825	12,250
	<u>(75,834)</u>	<u>124,578</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Cash received from general and specific ownership tax revenues	<u>2,173,415</u>	<u>1,880,461</u>
	<u>2,173,415</u>	<u>1,880,461</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Tap fees and water development fees	402,373	364,000
Bond proceeds	9,812,597	-
Transfer to escrow agent	(10,242,498)	-
Payment of long-term debt	(420,745)	(425,900)
Interest paid on capital debt	(452,431)	(502,000)
Acquisition and construction of capital assets	(2,594,220)	(3,150,311)
Bond expense	(216,379)	(39,255)
Proceeds from sale of assets	-	5,800
	<u>(3,711,303)</u>	<u>(3,747,666)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of investments	(1,317,423)	(1,325,540)
Maturities of investments	1,300,000	1,910,000
Interest received	148,595	325,801
	<u>131,172</u>	<u>910,261</u>
Net cash provided (used) by investing activities	<u>131,172</u>	<u>910,261</u>
Net increase (decrease) in cash and cash equivalents	(1,482,550)	(832,366)
Cash and cash equivalents at beginning of year	<u>11,704,153</u>	<u>12,536,519</u>
Cash and cash equivalents at end of year	<u>\$ 10,221,603</u>	<u>\$ 11,704,153</u>

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

**DONALA WATER AND SANITATION DISTRICT  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

<b>Reconciliation of cash and cash equivalents to the statement of net position:</b>	<u><b>2020</b></u>	<u><b>2019</b></u>
Cash and cash equivalents	\$ 8,676,345	\$ 9,577,841
Restricted cash and cash equivalents	<u>1,545,258</u>	<u>2,126,312</u>
 Cash and cash equivalents at end of year	 <u>\$ 10,221,603</u>	 <u>\$ 11,704,153</u>
 <b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>		
Operating income (loss)	<u>\$ (678,595)</u>	<u>\$ (711,647)</u>
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:		
Availability of service fees	13,825	12,250
Depreciation	1,247,708	1,036,572
 Changes in assets and liabilities:		
<i>(Increase) decrease in:</i>		
Accounts receivable	(26,311)	(82,463)
Inventory	(183,703)	(103,938)
<i>Increase (decrease) in:</i>		
Accounts payable	(414,563)	15,921
Water sales deposits	(3,500)	-
Unearned revenue	-	(63,416)
Compensated absences	<u>(30,695)</u>	<u>21,299</u>
 Total Adjustments	 <u>602,761</u>	 <u>836,225</u>
 Net cash provided (used) by operating activities	 <u>\$ (75,834)</u>	 <u>\$ 124,578</u>
 <b>Non-cash investing, capital and financing activities:</b>		
Increase (decrease) in fair market value of investments	\$ 20,684	\$ 33,095

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



## **NOTES TO FINANCIAL STATEMENTS**

**DONALA WATER AND SANITATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Donala Water and Sanitation District (the District) was organized in 1972 as a local governmental unit (a “Special District”) under the laws of the State of Colorado in order to provide water and sewer services to residents within its boundaries.

The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies of the District are described below.

*A. REPORTING ENTITY*

The District is a special district governed by an elected five-member board. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. The District has no component units for which either discrete or blended presentation is required.

*B. BASIS OF PRESENTATION—FINANCIAL STATEMENTS*

The basic financial statements (i.e., the statement of net position and the statement of revenues, expenses and changes in net position) report information on all of the non-fiduciary activities of the District.

The accounts of the District are organized and operated on the basis of funds. A fund is an independent fiscal accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds maintained is consistent with legal and managerial requirements.

The District accounts for all of its activities in a single proprietary – enterprise fund for its activities which are similar to those found in the private sector, where the determination of changes in net position is necessary or useful to sound financial administration. The business type activities of the District rely significantly upon service charges.

*C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING*

The District’s financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied.

**DONALA WATER AND SANITATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*D. ASSETS, LIABILITIES, AND NET POSITION*

*Cash and cash equivalents*

Cash and cash equivalents include cash on hand, cash in bank accounts, certificates of deposits with original maturities of 90 days or less and amounts held in ColoTrust, including restricted cash and cash equivalents.

*Investments*

Investments with a maturity of less than one year when purchased, non-negotiable certificates of deposit, and other nonparticipating investments are stated at cost or amortized cost. Investments with a maturity greater than one year when purchased are stated at fair value. Fair value is the price that would be received to sell an investment in an orderly transaction at year end.

Local government investment pools in Colorado must be organized under Colorado Revised Statutes, which allows certain types of governments within the state to pool their funds for investment purposes. Investments in such pools are valued at the pool's share price, the price at which the investment could be sold.

*Accounts receivable, users*

The accounts receivable are due from a large number of customers for the purchase of water and for sanitation assessments. An allowance for doubtful accounts is not required as the District can place a lien on property for unpaid water sales.

*Inventory*

Inventory consists of materials and supplies and is stated at the lower of cost or market using the first-in, first-out (FIFO) method.

*Restricted Cash and Investments*

The use of certain cash and investments of the District is restricted. These cash and investment items are classified as restricted assets on the statement of net position because they are maintained in separate accounts and their use is limited by debt and loan agreements.

*Loan Premiums*

Loan premiums are amortized, on a straight-line method, over the life of each loan.

**DONALA WATER AND SANITATION DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 DECEMBER 31, 2020 AND 2019**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*D. ASSETS, LIABILITIES, AND NET POSITION (CONTINUED)*

*Capital Assets*

All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received. Major outlays for capital assets and improvements are capitalized as projects are constructed. The capitalization threshold is \$5,000.

Collection mains and other improvements installed upon formation of the District at the expense of developers and subdividers are not recorded in the balance sheet and depreciation thereon has not been charged against revenues as records are not available to establish valuation for such property.

The costs of normal maintenance and repairs that do not add to the value of the asset, or materially extend asset lives, are not capitalized. Improvements are capitalized and are depreciated over the remaining useful lives of the related capital assets, as applicable.

Depreciation of buildings, equipment and vehicles is computed using the straight-line method over the estimated useful lives of the depreciable property. The estimated useful lives are as follows:

*Water Plant:*

Water wells and system	7 - 40 years
Water mains	40 years
Water pump station	40 years
Water storage	5 - 40 years
Water plant	5 - 40 years

*Sanitation Plant:*

Sanitation mains	40 years
Treatment facilities	15 - 40 years

*Equipment and Vehicles:*

Office equipment	3 - 7 years
Other equipment	3 - 7 years
Vehicles	5 years
Maintenance Building	5 - 40 years

The cost of water rights includes acquisition costs, legal and engineering costs related to the development and augmentation of those rights. Since the rights have a perpetual life, they are not amortized. All other costs, including costs incurred for the protection of those rights, are expensed.

**DONALA WATER AND SANITATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*D. ASSETS, LIABILITIES, AND NET POSITION (CONTINUED)*

*Deferred outflows/inflows of resources*

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

*Net position flow assumption*

The District may fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted—net position and unrestricted—net position in the financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted—net position to have been depleted before unrestricted—net position is applied.

*E. REVENUES AND EXPENSES*

*Property taxes*

Property taxes attach as an enforceable lien on real property and are levied as of January 1. The tax levy is payable in two installments due February 28 and June 15, or in one installment due April 30. The El Paso County Treasurer bills and collects the District's property tax. District property tax revenues are recognized when levied. The tax rate for the year ended December 31, 2020 and 2019 was 21.296 and 21.296 mills, respectively. The District's assessed valuation for 2020 and 2019 was \$92,044,060 and \$78,731,490, respectively.

*Compensated Absences*

Full-time employees of the District are entitled to one week of paid vacation the first year of employment, two weeks after one year, three weeks after five years and 4 weeks after ten years of employment. The District's policy is to recognize the costs of these compensated absences when incurred.

*Operating and non-operating revenues and expenses*

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operations. The principal operating revenues of the fund are water and sanitation assessments, late and reconnect charges, and inspection fees. Operating expenses include all expenses incurred to provide water and sanitation services. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**DONALA WATER AND SANITATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*F. ESTIMATES*

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

*G. COMPARATIVE DATA AND RECLASSIFICATIONS*

Comparative total data for the prior year have been presented in the financial statements in order to provide an understanding of the changes in the financial position and operations. Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

**NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

*BUDGET INFORMATION*

Budgets are adopted on a comprehensive basis of accounting other than generally accepted accounting principles. The primary differences are that bond and note proceeds are treated as a budget source and capital expenditures and bond and note principal payments are treated as a budget use. Depreciation expense is not considered a budget expense. An annual appropriated budget is adopted for the proprietary fund. All annual appropriations lapse at fiscal year-end.

Expenditures may not legally exceed budgeted appropriations.

The budgeted revenues and expenses represent the original budget adopted or as amended by the Board.

The District follows these procedures in establishing the budgetary data reflected in the Financial Statements.

1. In the fall, the manager submits to the Board of Directors a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted at the District to obtain taxpayer comments.
3. Prior to December 31, the budget is legally enacted by the Board.
4. The manager is authorized to transfer budgeted amounts between line items of the District; however, any revisions that alter the total expenditures of the District must be approved by the Board of Directors.
5. In December, the Board certifies the mill levy to El Paso County.
6. During the year, formal budgetary integration is employed as a management control device.



**DONALA WATER AND SANITATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

**NOTE 3 - DEPOSITS AND INVESTMENTS**

*Cash deposits with financial institutions*

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

As of December 31, 2020 and 2019, the carrying amounts of the District's deposits were \$215,403 and \$258,288, respectively and the bank balances were \$439,563 and \$375,917, respectively. Of the total bank balances, \$250,000 was covered by FDIC insurance at each year ended December 31, 2020 and 2019. The remaining balances of \$189,563 and \$125,917 fall under the provisions of the Colorado Public Deposit Protection Acts which are collateralized in single institution pools.

*Investments*

The District is authorized by Colorado State Statutes to invest in the following:

- ◆ Bonds and other interest-bearing obligations of the United States government.
- ◆ Bonds and other interest-bearing obligations which are guaranteed by the United States government.
- ◆ Bonds which are a direct obligation of the State of Colorado, or of any city, county or school district therein.
- ◆ Notes or bonds issued to the "National Housing Act".
- ◆ Repurchase agreements.
- ◆ Local government investment pools.

*Interest Rate Risk.* As a means of limiting its exposure to fair value losses arising from rising interest rates, the District's investment policy limits its investment portfolio to investment maturities not to exceed five years from the date of purchase.

*Credit Risk.* The District's investment policy limits investments as described above. As of December 31, 2020, the District's investments in U.S. Treasuries and Agencies were rated AAA by Standard & Poor's. All other investments were rated AAA.

**DONALA WATER AND SANITATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

**NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)**

As of December 31, 2020 the District had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities</u>			
		<u>Less Than 90 Days</u>	<u>90 Days to 1 Year</u>	<u>1 to 2 Years</u>	<u>2 to 5 Years</u>
ColoTrust	\$ 10,006,200	\$ 10,006,200	\$ -	\$ -	\$ -
Money markets	-	-	-	-	-
U.S. Treasuries & Agencies	<u>3,280,398</u>	<u>300,643</u>	<u>605,364</u>	<u>1,463,791</u>	<u>910,600</u>
<b>Total</b>	<b><u>\$ 13,286,598</u></b>	<b><u>\$ 10,306,843</u></b>	<b><u>\$ 605,364</u></b>	<b><u>\$ 1,463,791</u></b>	<b><u>\$ 910,600</u></b>

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

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities</u>			
		<u>Less Than 90 Days</u>	<u>90 Days to 1 Year</u>	<u>1 to 2 Years</u>	<u>2 to 5 Years</u>
ColoTrust	\$ 10,824,049	\$ 10,824,049	\$ -	\$ -	\$ -
Money markets	621,816	621,816	-	-	-
U.S. Treasuries & Agencies	<u>3,242,292</u>	<u>275,189</u>	<u>1,028,843</u>	<u>753,301</u>	<u>1,184,959</u>
<b>Total</b>	<b><u>\$ 14,688,157</u></b>	<b><u>\$ 11,721,054</u></b>	<b><u>\$ 1,028,843</u></b>	<b><u>\$ 753,301</u></b>	<b><u>\$ 1,184,959</u></b>

ColoTrust is an investment vehicle established for local government entities in Colorado pursuant to Part 7 of Article 75 of Title 24 of the Colorado Revised Statutes, to pool surplus funds for investment purposes. This investment vehicle operates similarly to money market funds and each share is equal in value to \$1.00. The fair value of the position in the pool is the same as the value of the pool shares.

The designated custodial bank provides safekeeping and depository services to ColoTrust in connection with the direct investment and withdrawal function of ColoTrust. Substantially all securities owned by ColoTrust are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by ColoTrust. Investments of ColoTrust consist of U.S. Treasury bills, notes and note strips, and repurchase agreements collateralized by U.S. Treasury Notes. However, the District does not categorize investments with ColoTrust because they are not evidenced by securities that exist in physical or book entry form.



**DONALA WATER AND SANITATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

**NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)**

*Reconciliation of Deposits and Investments to the Statements of Net Position*

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents:		
Deposits	\$ 180,145	\$ 241,706
ColoTrust	<u>8,496,200</u>	<u>9,336,135</u>
	<u>\$ 8,676,345</u>	<u>\$ 9,577,841</u>
Investments:		
U.S. Treasuries & Agencies	<u>\$ 3,280,398</u>	<u>\$ 3,242,292</u>
Restricted cash and cash equivalents:		
Deposits	\$ 35,258	\$ 16,582
Money Markets	-	621,816
ColoTrust	<u>1,510,000</u>	<u>1,487,914</u>
	<u>\$ 1,545,258</u>	<u>\$ 2,126,312</u>

**NOTE 4 - RESTRICTED CASH AND INVESTMENTS**

Property taxes levied for debt service and availability of service fees are deposited into separate accounts. As of December 31, 2020 and 2019, \$35,258 and \$638,398 of cash and investments were restricted for debt service payment and availability of service.

Tabor reserves were \$260,000 and \$237,914 for years ended December 31, 2020 and 2019, respectively.

As of December 31, 2020 and 2019, \$1,250,000 was restricted as an operating and maintenance reserve as required by debt covenants.

**NOTE 5 - FAIR VALUE MEASUREMENT**

The District records assets and liabilities in accordance with GASB 72, which establishes general principles for measuring fair value, provides additional fair value application guidance and enhances disclosures about fair value measurements.

GASB 72 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is a market-based measurement for a particular asset or liability based on assumptions that market participants would use in pricing the asset or liability. Such assumptions include observable and unobservable inputs of market data, as well as assumptions about risk and the risk inherent in the inputs to the valuation technique. As a basis for considering market participant assumptions in fair value measurements, GASB 72 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels.

**DONALA WATER AND SANITATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

**NOTE 5 - FAIR VALUE MEASUREMENT (CONTINUED)**

- Level 1 inputs reflect prices quoted in active markets.
- Level 2 inputs reflect prices that are based on a similar observable asset either directly or indirectly, which may include inputs in markets that are not considered to be active.
- Level 3 inputs reflect prices based upon unobservable sources.

The categorization of investments within the hierarchy is based upon the pricing transparency of the instrument and should not be perceived as the particular investment's risk.

Investments classified in Level 1 of the fair value hierarchy are valued directly from a predetermined primary external pricing vendor. Investments classified in Level 2 are subject to pricing by an alternative pricing source due to lack of information available by the primary vendor.

	December 31, 2020			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments - unrestricted				
U.S. Treasury Notes	\$ -	\$ 1,069,336	\$ -	\$ 1,069,336
Agency Notes	-	2,211,062	-	2,211,062
Total Investments - unrestricted	\$ -	\$ 3,280,398	\$ -	\$ 3,280,398

	December 31, 2019			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments - unrestricted				
U.S. Treasury Notes	\$ -	\$ 1,026,078	\$ -	\$ 1,026,078
Agency Notes	-	2,216,214	-	2,216,214
Total Investments - unrestricted	\$ -	\$ 3,242,292	\$ -	\$ 3,242,292

**DONALA WATER AND SANITATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

**NOTE 6 – CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2020 was as follows:

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land and water rights	\$ 10,587,619	\$	\$ (1,279,556)	\$ 9,308,063
Construction in progress	<u>638,364</u>	<u>1,847,294</u>	<u>(2,453,356)</u>	<u>32,302</u>
Total capital assets, not being depreciated	<u>11,225,983</u>	<u>1,847,294</u>	<u>(3,732,912)</u>	<u>9,340,365</u>
Capital assets, being depreciated:				
Water Plant:				
Water wells and system	15,928,155	1,238,831	(13,221)	17,153,765
Water mains	2,598,226	-	-	2,598,226
Water pump station	664,946	-	-	664,946
Water storage	1,664,050	-	-	1,664,050
Residual Mgmt Facility	-	2,408,157	-	2,408,157
Water plant	<u>3,595,982</u>	<u>-</u>	<u>-</u>	<u>3,595,982</u>
Total Water Plant	<u>24,451,359</u>	<u>3,646,988</u>	<u>(13,221)</u>	<u>28,085,126</u>
Sanitation Plant:				
Sanitation mains	4,307,619	-	-	4,307,619
Treatment facilities	<u>12,280,090</u>	<u>-</u>	<u>(13,800)</u>	<u>12,266,290</u>
Total Sanitation Plant	<u>16,587,709</u>	<u>-</u>	<u>(13,800)</u>	<u>16,573,909</u>
Equipment, Vehicles and Maintenance				
Office equipment	51,581	45,199	(2,887)	93,893
Other equipment	1,874,848	-	(42,029)	1,832,819
Vehicles	444,352	-	(11,900)	432,452
Maintenance building	<u>363,653</u>	<u>-</u>	<u>-</u>	<u>363,653</u>
Total Equipment and Vehicles	<u>2,734,434</u>	<u>45,199</u>	<u>(56,816)</u>	<u>2,722,817</u>
Total capital assets, being depreciated	43,773,502	3,692,187	(83,837)	47,381,852
Less accumulated depreciation	<u>(16,783,869)</u>	<u>(1,247,708)</u>	<u>70,313</u>	<u>(17,961,264)</u>
Total capital assets, being depreciated, net	<u>26,989,633</u>	<u>2,444,479</u>	<u>(13,524)</u>	<u>29,420,588</u>
Total capital assets, net	<u>\$ 38,215,616</u>	<u>\$ 4,291,773</u>	<u>\$ (3,746,436)</u>	<u>\$ 38,760,953</u>

**DONALA WATER AND SANITATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

**NOTE 6 – CAPITAL ASSETS (CONTINUED)**

Depreciation expense was charged to functions/programs as follows:	<u>2020</u>	<u>2019</u>
Water and sanitation operations	<u>\$ 1,247,708</u>	<u>\$ 1,036,572</u>

**NOTE 7 - DEFERRED COMPENSATION PLAN**

The District offers its employees a deferred compensation plan created in accordance with IRC §457. The plan, available to all government employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional. The District contributes 2% of the employees' salary upon enrollment with a matching 7% if the participant defers at least 3% of their salary. The District's contributions during 2020 and 2019 were \$69,734 and \$65,439.

**NOTE 8 - LONG-TERM LIABILITIES**

*Compensated Absences Payable*

Compensated absences consisted of the following:	<u>2020</u>	<u>2019</u>
Sick leave benefits	\$ 40,531	\$ 52,408
Vacation benefits	<u>38,064</u>	<u>56,882</u>
Total	<u>\$ 78,595</u>	<u>\$ 109,290</u>

*Colorado Water Resources and Power Development Authority Loans*

On May 1, 2006, the District entered into a loan agreement with the Colorado Water Resources and Power Development Authority (CWRPDA) in the amount of \$4,906,910. The loan was issued at a premium of \$135,891. After paying issuance costs of \$42,801, the loan proceeds of \$5,000,000 were deposited to a project account. This loan is payable semiannually in varying amounts from \$117,456 to \$175,142 including interest at 3.64%. This loan is to be repaid from and secured by a pledge of the net water and sanitation revenues of the District.

On December 11, 2007, the District entered into a loan agreement with the Colorado Water Resources and Power Development Authority in the amount of \$2,000,000. The proceeds of the loan have been used to create a Water Pollution Control Revolving Fund Project Loan Account. The loan is payable semiannually with payments in the amount of \$72,343, including interest at 3.75%. This loan is to be repaid from and secured by a pledge of the net water and sanitation revenues of the District. This loan was paid off with refunding bonds in October 2020.

On December 13, 2011, the District entered into a loan agreement with the Colorado Water Resources and Power Development Authority (CWRPDA) in the amount of \$5,965,000. The loan was issued at a premium of \$337,642. Loan proceeds of \$6,302,642 were deposited to a project account. This loan is payable semiannually in varying amounts from \$61,621 to \$784,125 including interest at 2% to 5%. This loan is to be repaid from and secured by a pledge of the net water and sanitation revenues of the District. This loan was paid off with refunding bonds in October 2020.

**DONALA WATER AND SANITATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

**NOTE 8 - LONG-TERM LIABILITIES (CONTINUED)**

On May 23, 2017, the District entered into a loan agreement with the Gray Family Management Trust in the amount of \$3,420,000. The loan has an interest rate of 4% that is amortized over 30 years. The loan is payable quarterly in the amount of \$49,067. The entire principal amount outstanding and accrued interest shall be due and payable on March 31, 2022 if not paid sooner. The Loan is secured by the Deed of Trust dated May 23, 2017 to Laughlin Ditch water rights. This loan was paid off with refunding bonds in October 2020.

The annual requirements to amortize loans are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 249,412	\$ 25,010
2022	260,256	19,355
2023	265,678	11,840
2024	276,522	3,180
2025	281,944	-
2026 – 2030	<u>634,374</u>	<u>-</u>
Total	<u>\$ 1,968,186</u>	<u>\$ 59,385</u>

*Revenue Refunding Bonds*

\$9,475,000 of Revenue Refunding Bonds Series 2020 were issued on October 27, 2020 for the purpose of refunding the District's 2007 and 2011 CWRPDA loans and the loan with Gray Family Management Trust. Principal payments are due annually through September 1, 2040. Interest payments are due semi-annually on March 1 and September 1 and accrue at an annual interest rate between 0.65% and 3.00%.

The annual requirements to amortize bonds are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 130,000	\$ 190,586
2022	205,000	224,849
2023	210,000	223,312
2024	210,000	221,463
2025	215,000	219,259
2026 – 2030	2,085,000	1,030,145
2031 – 2035	2,990,000	753,109
2036 – 2040	<u>3,430,000</u>	<u>315,000</u>
Total	<u>\$ 9,475,000</u>	<u>\$ 3,177,723</u>

**DONALA WATER AND SANITATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

**NOTE 8 - LONG-TERM LIABILITIES (CONTINUED)**

*Advance Refunding*

In the current fiscal year, the District issued \$9,475,000 in revenue refunding bonds with interest rates ranging from 0.65% and 3.00%. The proceeds were used to advance refund \$9,946,806 of outstanding loans which had interest rates ranging from 2% to 5%. The net proceeds of \$9,812,597 (including a \$337,597 premium and after payment of \$194,923 in underwriting fees and other issuance costs) were deposited in an irrevocable trust with an escrow agent to provide funds for the future debt service payment on the refunded debt. As a result, a portion of the loans are considered defeased and the liability for those loans has been removed from the statement of net position. The reacquisition price exceeded the net carrying amount of the old debt by \$80,726. This amount is reported as a deferred outflow of resources and amortized over the remaining life of the refunded debt, which had a shorter remaining life than the refunding debt. The advance refunding reduced total debt service payments by \$2,619,526 and resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$1,998,506.

The District has also defeased debt in the current year by placing the proceeds of new bonds and the District's own resources into irrevocable trust accounts to provide for all future debt service payments on the old loans. Accordingly, those trust account assets and the liability for the defeased debt are not included in the District's financial statements. At December 31, 2020, \$5,810,000 of defeased debt remain outstanding, which includes debt refunded during the current fiscal year.

*Changes in Long-term Liabilities*

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Loans payable:					
CWRPDA Loan, 2006A					
Principal	\$ 2,212,176	\$ -	\$ (243,990)	\$ 1,968,186	\$ 249,412
Issuance premium	43,800	-	(6,738)	37,061	-
CWRPDA Loan, 2007					
Principal	1,044,805	-	(1,044,805)	-	-
CWRPDA Loan, 2011					
Principal	5,830,000	-	(5,830,000)	-	-
Issuance premium	152,421	-	(152,421)	-	-
Laughlin Loan, 2017					
Principal	<u>3,248,035</u>	<u>-</u>	<u>(3,248,035)</u>	<u>-</u>	<u>-</u>
Total loans payable	<u>12,531,237</u>	<u>-</u>	<u>(10,525,990)</u>	<u>2,005,247</u>	<u>249,412</u>
Bonds payable:					
2020 Bond					
Principal	-	9,475,000	-	9,475,000	130,000
Issuance premium	<u>-</u>	<u>337,597</u>	<u>-</u>	<u>337,597</u>	<u>-</u>
Total bonds payable	<u>-</u>	<u>9,812,597</u>	<u>-</u>	<u>9,812,597</u>	<u>130,000</u>
Compensated absences	<u>109,290</u>	<u>-</u>	<u>(30,695)</u>	<u>78,595</u>	<u>-</u>
Total long-term liabilities	<u>\$ 12,640,527</u>	<u>\$ 9,812,597</u>	<u>\$ (10,556,685)</u>	<u>\$ 11,896,439</u>	<u>\$ 130,000</u>

**DONALA WATER AND SANITATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

**NOTE 9 - NET POSITION**

Net position is reported in three separate categories—net investment in capital assets; net position-restricted; and net position-unrestricted.

Net investment in capital assets consists of capital assets net of accumulated depreciation and capital-related deferred outflows of resources; reduced by borrowings and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets. As of December 31, 2020 and 2019, net investment in capital assets was as follows:

	2020	2019
Net investment in capital assets:		
Capital assets, net of depreciation	\$ 38,760,954	\$ 38,215,616
Long-term liabilities:		
Due within one year	(379,412)	(437,834)
Due in more than one year	(11,438,432)	(12,093,403)
Deferred on refunding	80,726	-
Total net investment in capital assets	\$ 27,023,836	\$ 25,684,379

Net position-restricted is the difference between non-capital assets whose use is restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments; or imposed by law through constitutional provisions or enabling legislation, and related liabilities and deferred inflows of resources (excluding capital-related borrowings). As of December 31, 2020 and 2019, net position-restricted was as follows:

	2020	2019
Net position-restricted:		
Debt service reserve	\$ 35,258	\$ 638,398
Operating and Maintenance reserve	1,250,000	1,250,000
Tabor – emergency reserve	260,000	237,914
Total net position-restricted	\$ 1,545,258	\$ 2,126,312

Any portion of net position not already classified as either net investment in capital assets or net position-restricted, is automatically classified as net position-unrestricted.



**DONALA WATER AND SANITATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

**NOTE 10 – INTERGOVERNMENTAL AGREEMENTS**

*Intergovernmental agreement with Forest Lakes Metropolitan District and Triview Metropolitan District*

The District entered into an agreement dated November 11, 1999, subsequently amended on October 25, 2001, with Forest Lakes Metropolitan District and Triview Metropolitan District to define ownership rights in the wastewater treatment plant. Under the amended agreement Triview and Forest Lakes transferred part ownership to the District.

In 2009 the Districts completed an expansion of the plant to 1.75 MGD. Under the terms of the above agreements, the three Districts reallocated ownership. The current ownership is 44.0% owned by Triview, 17.1% by Forest Lakes, and 38.9% by Donala. The plant is currently being operated by Donala and all parties are responsible for their respective share of operations and maintenance costs, based on the relative share of actual flows.

In addition, in accordance with the November 11, 1999 agreement, an ownership interest in a 24” interceptor was transferred to the Forest Lakes. As a result of the transfer, the interceptor is owned 50% by Triview, 25% by Forest Lakes, and 25% by the District.

**NOTE 11 - RISK MANAGEMENT**

The District is exposed to various risks of losses related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The District carries commercial insurance for these risks of loss, including worker’s compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage during any of the last three fiscal years.

**NOTE 12 - AMENDMENT TO COLORADO CONSTITUTION**

Colorado voters passed an amendment to the *State Constitution*, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments.

Fiscal year spending and revenue limits are determined based on the prior year’s spending adjusted for inflation and local growth. Revenue in excess of the limit must be refunded unless the voters approve retention of such revenue.

On May 2, 2006, the voters of the District approved that taxes may be increased \$810,000 annually in 2007 and by whatever additional amounts are raised annually thereafter by continuing to collect but not increasing the tax rate of 12.810 mills levied by the District for payment of debt service, which was authorized by District voters in 1993 for general obligation bonds which were defeased in 2006. The voters also approved that the proceeds of these taxes and the District’s operational mill levy, any investment income therefrom, and all other District revenue be collected and spent without limitation or condition, as a voter-approved revenue change under Article X, Section 20 of the Colorado Constitution and as a voter approved mill levy under Colorado Revised Statutes section 29-1-302(2) (B).

**DONALA WATER AND SANITATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

**NOTE 12 - AMENDMENT TO COLORADO CONSTITUTION (CONTINUED)**

On May 4, 2010, the voters of the District approved that taxes may be increased \$412,000 annually in collection year 2011 and by whatever additional amounts are raised annually thereafter by the imposition of an additional mill levy of not more than 5 mills; and that the proceeds of such taxes may be collected and spent without limitation or condition pursuant to Colorado Revised Statutes section 29-1-302(2) (B).

The Amendment is complex and subject to judicial interpretation. The entity believes it is in compliance with the requirements of the amendment. However, the entity has made certain interpretations of the amendment's language in order to determine its compliance.

**SUPPLEMENTARY INFORMATION**

**DONALA WATER AND SANITATION DISTRICT  
SCHEDULE OF EXPENSES  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
Water and sanitation operations:		
Repair and maintenance	\$ 216,709	\$ 166,830
Utilities	660,708	577,668
Solid waste removal	88,773	73,859
Chemicals and lab	171,036	123,378
Truck and backhoe	31,718	32,812
District engineer	74,732	76,671
Professional engineer	3,032	278
Salaries	930,023	799,950
Payroll taxes	74,107	59,814
Pension expense	69,734	65,439
Depreciation	1,247,708	1,036,572
Tools and equipment	46,002	15,229
Inspection fees	-	400
Water purchases	1,753,195	2,156,535
AFCURE	43,527	32,353
	<u>5,411,004</u>	<u>5,217,788</u>
Total Water and Sanitation Operating Expenses		
General and administrative expenses:		
Accounting and audit expense	22,500	21,800
County treasurer fees	29,384	25,174
Director fees	8,000	5,600
Fees and permits	24,030	24,572
Insurance	384,338	337,033
Legal	60,784	47,202
Other	45,939	20,857
Office expense	22,995	21,649
Salaries	290,425	224,416
Payroll taxes	22,218	16,625
Publication expense	15,332	15,911
Telephone	36,570	26,006
Training	11,812	15,026
Contract service	90,672	73,851
	<u>1,064,999</u>	<u>875,722</u>
Total General and Administrative Expenses		

See the accompanying independent auditors' report.

**DONALA WATER AND SANITATION DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN NET POSITION  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Actual	Budget	Variance Favorable (Unfavorable)
<b>REVENUES</b>			
Beginning fund balance	\$ 15,043,947	\$ 19,416,147	\$ (4,372,200)
Water sales	3,730,984	3,250,000	480,984
Sewer assessments	1,944,803	2,025,311	(80,508)
Inspection fees	22,500	15,000	7,500
Water and sewer penalties	2,894	-	2,894
Other	96,227	75,000	21,227
General property tax	1,958,951	1,963,538	(4,587)
Specific ownership tax	213,427	110,000	103,427
Interest income	164,634	203,000	(38,366)
Availability of service	13,825	15,400	(1,575)
Bond proceeds	9,812,597	-	9,812,597
Capital contributions	402,373	380,000	22,373
<b>TOTAL REVENUES</b>	<b>33,407,162</b>	<b>27,453,396</b>	<b>5,953,766</b>
<b>EXPENDITURES</b>			
Water and sanitation operations:			
Repair and maintenance	216,709	69,500	(147,209)
Residuals management	-	85,000	85,000
Utilities	660,708	300,000	(360,708)
Solid waste removal	88,773	80,000	(8,773)
Chemicals and lab	171,036	28,000	(143,036)
Truck and backhoe	31,718	20,000	(11,718)
District engineer	74,732	10,000	(64,732)
Professional engineer	3,032	25,000	21,968
Salaries	930,023	763,495	(166,528)
Payroll taxes	74,107	58,407	(15,700)
Pension expense	69,734	53,445	(16,289)
Tools and equipment	46,002	17,000	(29,002)
Inspection fees	-	2,000	2,000
Water purchases	1,753,195	1,568,918	(184,277)
AFCURE	43,527	50,000	6,473
<b>Total water and sanitation operations</b>	<b>\$ 4,163,296</b>	<b>\$ 3,130,765</b>	<b>\$ (1,032,531)</b>

See the accompanying independent auditors' report.

**DONALA WATER AND SANITATION DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN NET POSITION**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	Actual	Budget	Variance Favorable (Unfavorable)
<b>EXPENDITURES (continued)</b>			
General and administrative expenses:			
Accounting and audit expense	\$ 22,500	\$ 22,600	\$ 100
County treasurer fees	29,384	30,000	616
Director fees	8,000	5,500	(2,500)
Fees and permits	24,030	18,000	(6,030)
Insurance	384,338	281,263	(103,075)
Legal	60,784	25,000	(35,784)
Other	45,939	22,900	(23,039)
Office expense	22,995	43,600	20,605
Salaries	290,425	424,580	134,155
Payroll taxes	22,218	31,800	9,582
Publication expense	15,332	12,000	(3,332)
Telephone	36,570	20,887	(15,683)
Training	11,812	23,000	11,188
Contract service	90,672	65,084	(25,588)
Total general and administrative expenses	<u>1,064,999</u>	<u>1,026,214</u>	<u>(38,785)</u>
Capital expenditures	3,086,124	3,135,000	48,876
Principal payment on long-term debt	420,744	420,744	-
Bond expense	216,379	220,000	3,621
Interest expense	438,320	349,256	(89,064)
Payment to bond escrow agent	10,156,081	10,200,000	43,919
Contingency	-	8,971,417	8,971,417
<b>TOTAL EXPENDITURES</b>	<u>\$ 19,545,943</u>	<u>\$ 27,453,396</u>	<u>\$ 7,907,453</u>

See the accompanying independent auditors' report.



**DONALA WATER AND SANITATION DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN NET POSITION  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Actual	Budget	Variance Favorable (Unfavorable)
<b>EXCESS OF REVENUE OVER EXPENDITURES</b>	<b>\$ 13,861,219</b>	<b>\$ -</b>	<b>\$ 13,861,219</b>
Less:			
Depreciation	(1,247,708)		
Beginning fund balance	(15,043,947)		
Loss on sale of assets	(1,293,079)		
Bond proceeds	(9,812,597)		
Add:			
Amortization of loan premium	29,891		
Capital expenditures	3,086,124		
Payment to bond escrow agent	10,156,081		
Principal payment on bonds	420,744		
<b>CHANGE IN NET POSITION</b>	<b>\$ 156,728</b>		
Ending fund balance is calculated as follows:			
Current assets	\$ 14,797,487		
Restricted cash and cash equivalents	1,545,258		
Current liabilities	(811,223)		
Current portion, long-term debt	379,412		
Compensated absences	(78,595)		
Deferred inflows	(1,971,120)		
	<b>\$ 13,861,219</b>		

See the accompanying independent auditors' report.

**DONALA WATER AND SANITATION DISTRICT  
DEBT SERVICE COVERAGE AND RESERVE REQUIREMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

Revenues	
Water sales	\$ 3,730,984
Sewer assessments	1,944,803
Inspection fees	22,500
Water and sewer penalties	2,894
Other	96,227
Tax revenue	2,172,378
Interest income	164,634
Availability of service	13,825
Capital contributions	<u>402,373</u>
 TOTAL REVENUES	 <u>8,550,618</u>
 Operating Expenses	 6,476,003
Less: depreciation	<u>(1,247,708)</u>
 NET OPERATING EXPENSES	 <u>5,228,295</u>
 NET REVENUES (PLEGGED PROPERTY)	 <u><u>\$ 3,322,323</u></u>
 2021 Debt service on obligations secured by Pledged Property:	
Loans (principal and interest)	\$ 274,422
Loans (administration fees)	39,255
Bonds (principal and interest)	<u>320,586</u>
 Total Debt Service	 634,263
 Net Revenues	 <u>\$ 3,322,323</u>
 DEBT SERVICE COVERAGE FACTOR	 <u><u>523.81%</u></u>
 OPERATION & MAINTENANCE RESERVE:	
Operating expenses (net of depreciation)	\$ 5,228,295
3 month reserve	<u>25%</u>
 Calculated three month reserves	 \$ 1,307,074
Required reserves - lesser of three months or \$1,250,000	\$ 1,250,000
 Actual Reserve (See Note 9)	 \$ 1,250,000

See the accompanying independent auditors' report.

## **Water Leak Adjustment Program Resolution 2021-4**

The Water Leak Adjustment Program is intended to provide financial relief to Customers who experience extremely high-water use as a result of a leak. Water leak adjustments are limited to two per Premise in any thirty-six (36) month period. Water leak adjustments may span a maximum of two billing periods.

Within the context of the program, a water leak shall be defined as “an unintentional water loss caused by broken or damaged plumbing fixtures, pipes, or irrigation equipment, at a Customer’s residence or non-residential site that results in a Customer’s bill(s) being higher than the Customer’s typical bill for water services.”

Upon application for a water leak adjustment a Customer must verify that a water leak occurred, the estimated time frame of the water leak, and that the water leak was repaired. The District will accept reasonable documentation that the water leak was repaired, such as a receipt for repairs, parts, or a signed affirmation of the Customer. The District shall have the right to deny an application for a water leak adjustment or reduce the adjusted quantity of water that passed through the billing meter as a result of the water leak for a water leak adjustment if, in the Districts’ sole discretion, the leak or its magnitude is the result of negligence or malicious acts by the Customer. Once the District has confirmed a leak did occur, and it was repaired with the appropriate documentation, the District will bill the total usage at then Tier One Rate.

The Leak Adjustment Policy was formally updated approved by the Donala Water and Sanitation Board of Directors on June 17<sup>th</sup>, 2021.

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Edward Houle, President

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Kevin Deardorff, Secretary/Treasurer

**WATER STRATEGY**  
**for**  
**Donala Water & Sanitation District**  
(Where We've Been, Where We're Going)

**Objective.** To clarify the strategy for meeting the long-term water requirements of the Donala Water and Sanitation District (DWSD), El Paso County, Colorado.

**Assumptions.** The following expert documents and reports provide the necessary references for the development and execution of DWSD's long-term water strategy. They informed every strategic water decision the DWSD Board made over the past 20 years.

**(1) The Denver Basin Aquifer system, composed of the Dawson, Denver, Arapahoe, and Laramie-Fox Hills aquifers, is a non-renewable aquifer.**

- Colorado Senate Bill 213, passed in 1973, established legislation for managing the “non-renewable” aquifers in the Denver Basin and set the 100-year pumping regime.
  - El Paso County subsequently established a 300-year rule for managing the Denver Basin aquifer.
- State of Colorado, Department of Natural Resources, Division of Water Resources.  
*“The Denver Basin is a unique geological formation along the Front Range...Because of the nature of the confining layers and because of the limited connection between these aquifers and surface water, the groundwater in the aquifers is not renewable. When the groundwater is used, it is being “mined” or used up without replacement.”*
- State of Colorado, Water Plan (2018) states, “groundwater is considered a nonrenewable source.”
- Alan L. Mayo, a consulting hydrologist for El Paso County in the area of hydrogeology and land use planning back in 1990, categorized Denver Basic Aquifer water as “non-renewable” in an article in the Spring 1990 APA Journal on El Paso County's new 300-year water rule. *(Article posted at EPC EDARP as part of the EPC Master Water Plan).*
- El Paso County, Master Water Plan, 2018.  
*“The majority of water providers in unincorporated areas rely on Denver Basin aquifers for their supply, which are generally nonrenewable sources.”*  
  
*“The Denver Basin aquifers are the primary water supply sources in El Paso County. These aquifers are considered to be nonrenewable because they recharge over long periods of time (centuries) and are regulated by State laws regarding their withdrawal pumping rates and type of use.”*
- Colorado Springs Utilities (CSU), Integrated Water Resource Plan (February 2017) and subsequent related presentations state, *“The region (Pikes Peak Region) is facing a serious supply gap in the future - Reliance on Non-renewable Denver Basin Groundwater.”*



- Colorado State University's Colorado Water Knowledge states that groundwater withdrawal serves about 20% of the State's population for municipal demand of which 80% resides along the Front Range.
- Colorado Foundation for Water Education, "Citizen's Guide to Denver Basin Groundwater."

*"Maximum utilization of groundwater resources in the Denver Basin is not sustainable. These ancient aquifers are a finite resource that replenishes only on the scale of hundreds or thousands of years. Yet by allocating this resource based on a 100-year life, the state legislature acknowledged this was not a renewable resource, and could not be expected to last forever."*

*"Natural recharge to the deeper bedrock aquifers of the basin is so slow that this groundwater is essentially non-renewable."*

*"A Denver Basin well permit does not guarantee a 100-year water supply."*

*"It's important to note that the volume of total recoverable water is an estimate, a number that has been very hard to quantify."*

- Colorado Foundation for Water Education, "Colorado Water Law."  
*"Less than half" of the water in the Denver Basin Aquifer system "may be economically recoverable."*
- Information and recommendations from Leonard Rice Engineers (LRE), the long-time consulting water engineering firm for the DWSD, support the determination that the Denver Basin Aquifer system is non-renewable.

**(2) Water levels in the Denver Basic Aquifer system continue to decline.**

- In heavily developed areas along the Front Range aquifer water levels (artesian pressures) are dropping as much as 30 feet per year. *Colorado State Engineer data.*
- United States Geological Service (USGS) monitoring of groundwater wells in El Paso County (over the past 40 years) shows a general decrease in water levels over time. *USGS presentation to the Pikes Peak Regional Water Authority (Feb 5, 2020).*
- Donala well monitoring has shown declining well water levels as depicted by the LRE study showing "flat" or declining water levels in the Denver and Arapahoe wells.
- LRE August 5, 2011 memorandum on "Potential Short Falls" that states, "The ground water supply declines over time due to the depletion of the Denver Basin Aquifers (aquifers)." The memorandum forecast a total DWSD demand of 1,700 acre feet (AF) per year starting in 2020. Due to significant conservation efforts the District reduced the actual 2020 demand to about 900 AF per year.

**Background.** DWSD began working on a long-term water strategy when Dana Duthie served as the District Manager. This began in the mid-1990s and continues to this day.

- Concern about water prompted creation of a water authority that included most water providers in Northern El Paso County (precursor to the Pikes Peak Regional Water Authority).

- Initial focus was connecting the regional water providers so they could move water among themselves. Initiative failed due to funding.
- Strategic plans included working in cooperation to secure renewable water rights for the region's water providers (along with storage and transmission).
- Authority eventually dissolved and individual water providers worked deals to independently purchase renewable water to meet their long-term water needs.
- Around 2004 the DWSD Board adopted a water strategy focusing on three main elements:
  - Water - Secure "renewable" water resources to meet the long-term water needs of the DWSD.
  - Storage – Seek high volume above-ground storage options (reservoirs) in the Northern El Paso County region.
  - Transmission – Investigate water pipeline options to delivery renewable water to the District.
- Accompanying District conservation efforts/initiatives reduced total water consumption by almost 25%.
- Donala.
  - DWSD completed the Northgate Connection to link the District to CSU (only northern-area water provider currently connected to CSU).
  - DWSD purchased Willow Springs Ranch (outside Leadville), secured storage in Pueblo reservoir, negotiated an agreement with CSU to pass DWSD's water through the Southern Delivery System (SDS) to the District (physical water actually comes from Rampart Reservoir), and completed the 1041 permitting process with Pueblo County.
    - CSU treats and delivers DWSD water sourced from DWSD's water rights to DWSD at the Northgate Connection.
    - Agreement is renewed annually at a price of cost of service plus 1.5-multiplier.
      - DWSD is seeking a long-term agreement with CSU at a reduced multiplier (1.2 range).
      - CSU has only discussed a possible 25-year agreement due its policy constraints.
    - DWSD currently receives approximately 250-275 AF of DWSD water per year through CSU (1/3 of its annual requirement).
  - DWSD purchased renewable Laughlin Ditch water rights (former Sinton Dairy water). Currently leasing this water until DWSD finalizes a storage and transmission plan that will deliver this water to the District.
- Other Districts (renewable water acquisitions).
  - Woodmoor Water and Sanitation District – JV Ranch (approximately 3,000 AF).
  - TriView Metropolitan District.
    - Fountain Mutual Irrigation Company (FMIC) shares.
    - Stonewall Springs.
    - Salida water right.
  - South Metro Water Supply Authority (SMWSA) adopted a 2007 plan to reduce reliance on non-renewable groundwater and transition to renewable sources of



water. Ten water districts, Denver Water, and Aurora Water recognized a reliable water supply will benefit all entities and promote and sustain quality of life and economic vitality for the region. They formed WISE Partnership to deliver a sustainable water supply. In 2018 Castle Rock began importing sustainable water via the WISE Partnership.

- CSU determined a significant need for new water sources in the coming decades. CSU currently obtains 60%-80% of water (include reuse) in any given year from the Colorado River Basin. A multi-decadal drought in the Colorado River Basin coupled with strong water demands by the seven Basin States has substantially reduced reservoir reserves. Hydrologists and climatologists forecast continuing decline and consider it very unlikely that the Colorado River can recover without substantial demand reductions. This places CSU's current Colorado River water rights, as well as those water providers that benefit from Fryingpan-Arkansas Project (Fry-Ark) water rights, at risk of rationing or curtailment. Under these conditions and facing formidable opposition, CSU's ability to successfully develop its remaining Colorado River water rights is unlikely. Therefore, it is likely CSU will return to Fountain Creek and the Arkansas River as sources for new water, as evidenced by its recent water lease arrangements in the Lower Arkansas area.
- There has been significant activity up/down the Front Range based on the assumption that the Denver Basic Aquifer is a non-renewable source of water.
- Given these regional water activities, changing conditions, and long lead times to complete all portions of a water project, it is necessary for DWSD to be proactive and remain ahead of this trend to secure renewable water rights, develop reuse plans, obtain storage, and create delivery options prior to CSU becoming a major competitor, as well as competition from other neighboring groundwater water providers. This is critical to the success of this Strategy and to minimize costs and complications.

**DWSD Water Strategy.** Donala has been relatively successful in executing the long-term water strategy.

- (1) Renewable Water.
  - Total Estimated Annual Water Requirement (at buildout) – 900 AF per year.
  - Current Renewable Water portfolio.
    - Willow Springs Ranch – 250-275 AF per year (estimate).
    - Laughlin Ditch – 300 AF per year (estimate).
    - Reuse Effluent (Waste Treatment Plant) – 400 AF per year.
      - Reuse Effluent has always been a major element of the DWSD water strategy.
      - LRE (Catie Fendel) completed studies for DWSD on direct potable and indirect potable reuse.
      - State of Colorado has lagged in creating regulator structure to support widespread direct potable and/or indirect potable reuse.
      - Pikes Peak Regional Water Authority just commissioned a study (Phase 1) of Reuse in the region.

- Resolving the reuse question with CSU (how does DWSD get credit for the 400 AF of reuse) has been a major challenge in negotiating the Northern Monument Creek Interceptor (NMCI) project. This is also a challenge for Woodmoor Water and Sanitation District.
- DWSD continues to look for sources of renewable water to meet future needs. Colorado's changing climate is and will continue to cause changes in hydrologic amounts and timing of water rights. As such, DWSD should pursue renewable water rights in excess of water requirements at full demand to provide a reserve of renewable water supplies to respond to hydrologic changes/declines.
  - Salida water rights.
  - Norris Ranch.
  - Upper Black Squirrel (Mr Farmer).
  - Ready to work in partnership with other water providers to secure renewable water rights.
- (2) Storage.
  - DWSD, in concert with other water providers, searched the region for acceptable reservoir sites. None exist.
  - DWSD studied/tested aquifer recharge as a storage option.
  - Large capacity above ground storage will likely remain in the southern part of El Paso County or in Pueblo County (Pueblo Reservoir).
    - Fountain quarries.
    - Chicote Ditch to Callahan Reservoir (a portion of the "Loop" concept proposal).
- (3) Transmission (Pipelines).
  - Still might want to connect water providers in Northern El Paso County.
    - DWSD connected to CSU (single connection at Northgate).
    - DWSD connected to TriView Metro District (2 connections/1 metered).
    - TriView's Northern Water Line (possible second connection to CSU).
  - CSU Southern Delivery Systems (SDS).
    - Functioning now under an annual renewable contract to deliver water to DWSD at the Northgate connection.
    - DWSD desires a longer-term agreement.
  - Other concepts.
    - "The Loop" – very recent concept proposal from Woodmoor Water and Sanitation District (Jessie Shaffer); under study.

**Political Considerations.** While not determinative by themselves, certain political factors could influence any DWSD decision on water.

- City of Colorado Springs.
  - Long-term reliability of service. If a 25-year agreement what happens in 2050?
  - Capital cost + operating cost.
- Pueblo County.
  - Pueblo 1041 process was costly, long and frustrating.
  - It would be a huge PLUS to avoid any plan that called for dealing with Pueblo County (under current county leadership) and/or amending the 1041 permit.

## MEMO

**TO: Board of Directors**

**FROM: Jeff Hodge, General Manager**

**DATE: June 17, 2021**

**SUBJECT: Manager's Report**

**LRE Well Study:** Kicked off the study/update June 8<sup>th</sup> with Brett and Joel of LRE. This will update the condition of the current wells in use. It will identify any immediate repairs needed. The study will also identify the best wells that could be used to recharge/storage water in the local aquifer.

**Pikes Peak Regional Water Authority:** The Reuse Study is under way. The completion date estimated to be November 2021. I will be meeting with the consultant to provide additional information the week of June 21<sup>st</sup>.

**Regionalization Subcommittee of PPRWA:** There have been no meeting in the last three months.

**Northern Water Delivery Line:** Tri-view continues to move forward with the permitting and construction of this project. Tri-view (JDS Hydro) has collected projected flow demands from most of the Northern Entities and presented to CSU. The question to CSU is available, reliability and cost to wheel water through the Northern Delivery Line if constructed.

**North Monument Creek Interceptor (NMCI):** Darlene Garcia, the Project Manager, for this project has retired. Her replacement has not been official named at the time of the writing of this report.

**Status of Long-Term Water Supply Contract with Colorado Springs Utilities:** Meeting with CSU June 15<sup>th</sup> to discuss the delivery needs of Donala and other northern entities. The request is for a rate/tariff that better reflects the cost of wheeling the water thorough the CSU system.

**Monument Sanitation District Contract:** Monument Sanitation has hired a District Manager and sent letter canceling the Operations Contract effect May 31, 2021.

**Club Lake:** We received a request about our ability to fill the lake and what the cost would be. Well 13 could be piped directly to the lake. The cost was quoted at \$5300 per acre foot. Which is the amount the District charges for construction water.

**Water Congress:** The Summer Conference & Membership Meeting will be held at The Steamboat Grand Hotel August 24-26, 2021.

**Colorado SDA:** Registration opens July 6, 2021. The conference will be held at Keystone September 14-17, 2021. Please let me know if you will be able to attend.

**Board Workshop April 15<sup>th</sup>:** Action Items List Attached.

## **Water Report**

**Water Reporting and Augmentation:** Staff has been working with LRE to update, automate and simplify the process. Many of the gauging stations and other reporting parties provide the information in a format that can be imported directly into our spreadsheets and other reporting documents. The goal will be in the next year to move to daily reporting as requested by the other agencies from the weekly and monthly timeline as has been the practice.

**Water Production and Delivery:** The District consumed 20.125 million gallons in the month of May. Of that water 11.761 was pumped from our wells with an additional 8.498 million gallons being our Willows Ranch water delivered to us by CSU. The wastewater treatment plant received about 12.245 million gallons of that water as influent the remaining amount was mainly used for outside watering. About 40% was outside watering.

**SCADA:** The radio telemetry will be upgraded at: Fox Run Sewer Lift Station, Fox Run Water Tank and Well 14. The installation and upgrade is schedule to be complete by the end of July 2021.

**Water Testing Integration:** The majority of Donala's Required Regulatory Water Sampling is being moved under the responsibility of Amy Azevedo, Lab Manager. She has also recommended that most of our samples can be shipped to the lab to free up an operator from .5 days travel time and realizing a net savings to the district.

**Operator Certification:** Ross Robinson passed and is now an A Water Operator. Joe Lopez several months ago passed his A Water Operator licensing. Ronny Wright and Jeff Hodge both have B Water Operator licenses.

**Water Operations:** The operators have been reviewing and/or implementing process and operational improvements. They have upgraded some of the monitoring equipment that was not functioning reliably. The plants are ready for the warmer months ahead.

## **ACTION ITEMS – Donala Board Workshop (April 15, 2021)**

### (1) Study to Restructure Waste Treatment Rate System

- New Service “Base” Rules/Fee
- Link waste fee (currently flat rate) to water use
- ACTION: GMS (Roger Sams)
- STATUS: In Work
- SUSPENSE: None Set

### (2) Donala Fiscal Policy

- Quantify district reserve requirements and policy for managing
- ACTION: Jeff Hodge
- STATUS: In Work
- SUSPENSE: Adopted by Board at May 20<sup>th</sup> Board Meeting. Apply to 2022 Budget

### (3) Contract (IGA) with WWSD for engineering study of the “Loop”

- Draft IGA with WWSD to conduct/fund the study that will allow board to make informed decision on moving forward
- Include option for Pre-Feasibility Grant
- Jessie (WWSD) provided draft RFP and draft contract for the project
  - Issue contract by May 28, 2021
  - Report due August 31, 2021
  - Sent comments on RFP to WWSD
- ACTION: Jeff Hodge
- STATUS: Draft IGA in work. RFP issued.
- SUSPENSE: Sign IGA before awarding contract for the study

### (4) Assessment of storing additional Donala water in Pueblo Reservoir

- Includes Laughlin Ditch and Donala effluent
- Flow to and store Pueblo Reservoir
  - Storage agreement increased to 999 AF
  - Revision of Pueblo 1041 permit
  - Agreement with CSU on SDS to deliver water
  - Potential for Norris Ranch water
- ACTION: GMS (Roger Sams) and LRE (Brett Gracely)
- STATUS: Present to Board May 2021. On hold pending decision on Reuse and Loop studies.
- SUSPENSE: None Set

### (5) Pre-Feasibility Grant Submission

- To fund Re-Use Study (PPRWA) and Loop Assessment (WWSD/Donala)
- ACTION: LRE (Brett Gracely)
- STATUS: In Work
- SUSPENSE: None Set

(6) Information Meeting with EPC County Commissioners

- Under auspices of EPC Master Water Plan and EPC Draft Master Plan
- Update commissioners on northern El Paso County initiatives
  - PPRWA Reuse Study
  - “Loop”
  - Northern Water Pipeline (TriView)
  - Northern Monument Creek Interceptor (NMCI)
  - Long-term agreement with CSU
- ACTION: Jeff Hodge and Ed Houle
  - Donala staff working lunch logistics
- STATUS: Commissioners Holly Williams and Carrie Geitner attended a lunch meeting on Wednesday, May 19 hosted by Donala
- Attendees
  - Donala – Jeff, Wayne & Ed
  - EPC – Commissioners Williams & Geitner with Mark Gebhart (Dep Director EPC Planning & Community Development)
  - Woodmoor Water & Sanitation – Jessie Shaffer, Board #1, Board #2
  - Cherokee – Amy Lathen
  - Widefield Water & Sanitation – Lucas Hale
- Report – Report provided at Board Meeting May 2021

(7) CSU Rate and Tariff Study

- Get a seat “in the audience”
- Review the draft study
- Met with Senior Staff CSU June 15, 2021
- ACTION: Jeff Hodge
- STATUS: In Work

(8) Regionalization

- Concept for long-term regionalization of northern water providers
- Organizational structure/model
- ACTION: Jeff Hodge
- STATUS: Under consideration
- SUSPENSE: None set; long-term

(9) Ed Informal Coffee with WWSD Board Member

- Informal meeting to open dialogue with WWSD board
- Donala ready to partner with WWSD on water issues (NMCI, Loop)
- ACTION: Ed Houle
- STATUS: Met with Board Member on Friday, April 30.

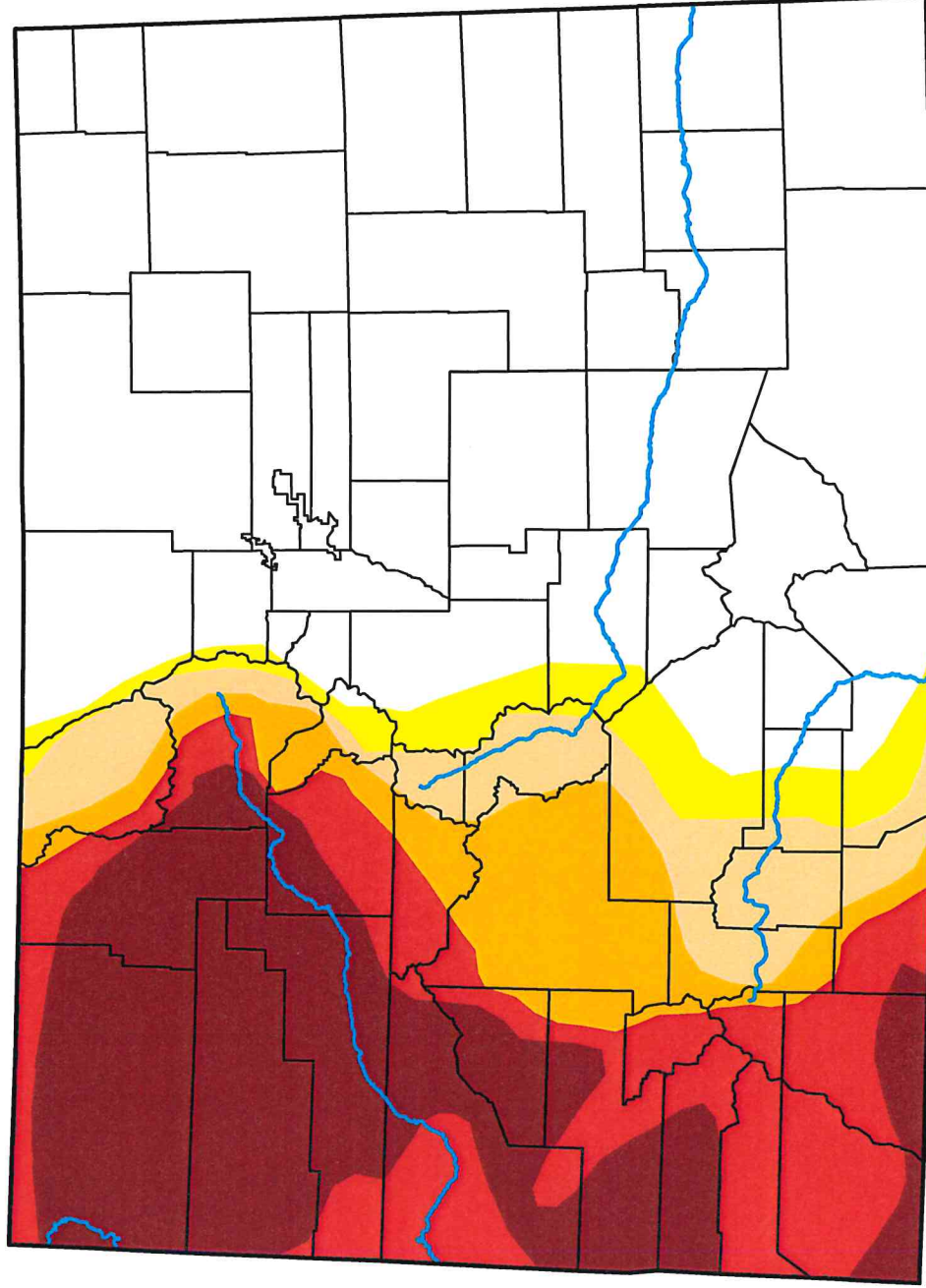


# U.S. Drought Monitor Colorado

June 8, 2021

(Released Thursday, Jun. 10, 2021)

Valid 8 a.m. EDT



**Intensity:**

-  None
-  D0 Abnormally Dry
-  D1 Moderate Drought
-  D2 Severe Drought
-  D3 Extreme Drought
-  D4 Exceptional Drought

The Drought Monitor focuses on broad-scale conditions. Local conditions may vary. For more information on the Drought Monitor, go to <https://droughtmonitor.unl.edu/About.aspx>

**Author:**

Brian Fuchs  
National Drought Mitigation Center



## 2021 DONALA WATER PRODUCTION

MONTH	(MILLION GALS)				FILTERS				METER				PLT+ CSU + 13T	TOTAL	DIFF %
	WELLS	CSU	13D - T	LAKE	Flushing	SYSTEM	R. HULL	HOLBEIN	TOTAL	R. HULL	HOLBEIN	TOTAL			
Jan	7.160	4.055	0.000	0.000	0.150	11.065	6.544	0.000	6.544	6.658	0.000	6.658	10.563	95.46%	
Feb	6.305	3.853	0.000	0.000	0.000	10.158	6.829	0.000	6.829	6.917	0.000	6.917	10.770	106.02%	
Mar	7.633	5.173	0.000	0.000	0.000	12.806	3.904	3.425	7.329	3.964	3.069	7.033	12.206	95.31%	
Apr	9.446	4.503	0.000	0.000	0.000	13.949	6.245	3.425	9.670	6.346	3.069	9.415	13.918	99.78%	
May	11.761	8.498	0.000	0.000	0.000	20.259	8.454	3.213	11.667	8.209	3.418	11.627	20.125	99.34%	
Jun	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	#DIV/0!	
Jul	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	#DIV/0!	
Aug	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	#DIV/0!	
Sep	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	#DIV/0!	
Oct	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	#DIV/0!	
Nov	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	#DIV/0!	
Dec	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	#DIV/0!	
TOTALS	42.305	26.082	0.000	0.000	0.150	68.237	31.976	10.063	42.039	32.094	9.556	41.650	67.582		
%	1)	2)	3)	4)	5)	6)	7)	8)	9)						
	62.00%	38.22%	0.00%	0.00%	0.22%	99.37%	75.58%	23.79%	99.04%						

NOTE: PLT GALS ARE "TOTAL" GALS PUMPED - RECYCLED WATER  
 NOTE: DIFF % = DIFFERENCE PLANT WATER TOTAL VS SYSTEM WATER TOTAL

- 1) % OF WELL WATER TO SYSTEM
- 2) % OF CSU WATER TO SYSTEM
- 3) % OF 13D WATER TO SYSTEM
- 4) % OF WELL WATER PUMPED DIRECTLY TO LAKE
- 5) % OF SYSTEM WATER USED FOR FLUSHING
- 6) % OF WELL WATER PUMPED VS WATER TO PLANTS
- 7) % OF WELL WATER TREATED AT ROB HULL PLANT
- 8) % OF WELL WATER TREATED AT HOLBEIN PLANT
- 9) % OF PLANT WATER VS SYSTEM WATER