



THE DOBSON ASSOCIATION, INC.

FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2022
AND FOR THE YEAR THEN ENDED

(WITH SUMMARIZED COMPARATIVE TOTALS
AS OF DECEMBER 31, 2021 AND FOR THE
YEAR THEN ENDED)



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THE DOBSON ASSOCIATION, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
The Dobson Association, Inc.

Opinion

We have audited the accompanying financial statements of The Dobson Association, Inc. (an Arizona Corporation), which comprise the balance sheet as of December 31, 2022, and the related statements of revenues, expenses and changes in fund balances and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Dobson Association, Inc. as of December 31, 2022, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited The Dobson Association, Inc.'s December 31, 2021 financial statements, and we expressed an unmodified opinion on those financial statements in our report dated April 2, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibility for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The Dobson Association, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Dobson Association, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

Disclaimer of Opinion on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary statement of revenues, expenses and changes in fund balances, on pages 15 – 19, which is the responsibility of the Association's management, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly we do not express an opinion or provide any assurance on it.

Disclaimer of Opinion on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that information on future major repairs and replacements of common property, on page 14, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Financial 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.

Butler Hansen, PLC

Gilbert, Arizona
April 11, 2023

THE DOBSON ASSOCIATION, INC.
BALANCE SHEET
DECEMBER 31, 2022
(WITH SUMMARIZED COMPARATIVE TOTALS AT DECEMBER 31, 2021)

	<u>Operating Fund</u>	<u>Reserve for Asset Replacement</u>	<u>Water Fund</u>	<u>Capital Fund</u>	<u>Total 2022</u>	<u>Total 2021</u>
ASSETS						
CURRENT ASSETS						
Cash and Cash Equivalents	\$ 111,095	\$ 351,918	\$ 48,708	\$ 317,793	\$ 829,514	\$ 1,949,471
Certificates of Deposit	-	-	-	492,246	492,246	751,897
Short-Term Investments	654,000	1,391,709	-	-	2,045,709	1,952,037
Accounts Receivable, Net of Allowance of \$93,914 and \$71,787 - 2022 and 2021, respectively	132,863	-	-	-	132,863	107,455
Accrued Interest	6	23	-	-	29	702
Prepaid Expenses	92,127	-	-	-	92,127	43,380
Inventory	3,613	-	-	-	3,613	3,877
Other Assets	3,002	-	-	148	3,150	377
Interfund Balance	(100,269)	65,374	(5,619)	40,514	-	-
TOTAL CURRENT ASSETS	<u>896,437</u>	<u>1,809,024</u>	<u>43,089</u>	<u>850,701</u>	<u>3,599,251</u>	<u>4,809,196</u>
OTHER ASSETS						
Net Property and Equipment	2,912,477	-	-	-	2,912,477	2,423,730
TOTAL OTHER ASSETS	<u>2,912,477</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,912,477</u>	<u>2,423,730</u>
TOTAL ASSETS	<u>\$ 3,808,914</u>	<u>\$ 1,809,024</u>	<u>\$ 43,089</u>	<u>\$ 850,701</u>	<u>\$ 6,511,728</u>	<u>\$ 7,232,926</u>
LIABILITIES AND FUND BALANCES						
CURRENT LIABILITIES						
Accounts Payable	\$ 48,408	\$ 43,766	\$ -	\$ 21,410	\$ 113,584	\$ 123,275
Accrued Expenses	103,446	8,132	-	1,551	113,129	195,646
Prepaid Member Assessments	454,906	-	-	-	454,906	384,693
Prepaid Newsletter Advertising	-	-	-	-	-	4,460
Other Liabilities	29,343	381	-	-	29,724	26,593
TOTAL CURRENT LIABILITIES	<u>636,103</u>	<u>52,279</u>	<u>-</u>	<u>22,961</u>	<u>711,343</u>	<u>734,667</u>
FUND BALANCES						
TOTAL FUND BALANCES	<u>3,172,811</u>	<u>1,756,745</u>	<u>43,089</u>	<u>827,740</u>	<u>5,800,385</u>	<u>6,498,259</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 3,808,914</u>	<u>\$ 1,809,024</u>	<u>\$ 43,089</u>	<u>\$ 850,701</u>	<u>\$ 6,511,728</u>	<u>\$ 7,232,926</u>

See accompanying notes to the financial statements.

THE DOBSON ASSOCIATION, INC.
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2022
(WITH SUMMARIZED COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2021)

	Operating Fund	Reserve for Asset Replacement	Water Fund	Capital Fund	Total 2022	Total 2021
REVENUES						
Homeowner Assessments	\$ 2,872,642	\$ -	\$ -	\$ -	\$ 2,872,642	\$ 2,734,876
Commercial Assessments	37,788	-	-	-	37,788	35,834
Service Charges, Transfer and Other Fees	195,857	-	-	-	195,857	244,009
Investment Income	7,382	10,945	158	3,466	21,951	4,471
Social and Recreational Activities	85,161	-	-	-	85,161	71,194
Rental Registration Fees	975	-	-	-	975	1,575
Facility and Equipment Rental Income	53,654	-	-	-	53,654	18,403
Preschool Tuition Income	79,488	-	-	-	79,488	49,655
Newsletter Advertising	59,304	-	-	-	59,304	56,184
Other Income	11,763	-	-	-	11,763	9,183
TOTAL REVENUES	3,404,014	10,945	158	3,466	3,418,583	3,225,384
EXPENSES						
Administrative	1,089,435	-	-	-	1,089,435	1,038,845
Board of Directors	58,327	-	-	-	58,327	56,456
Lakes	160,804	-	3,904	-	164,708	110,270
Landscaping	542,295	-	-	-	542,295	526,249
Maintenance	584,859	-	-	-	584,859	465,320
Preschool	75,392	-	-	-	75,392	60,389
Recreation	448,821	-	-	-	448,821	381,192
Utilities	292,348	-	-	-	292,348	257,453
Watercraft	1,954	-	-	-	1,954	2,287
Depreciation	259,464	-	-	-	259,464	267,338
Bad Debt Expense	22,127	-	-	-	22,127	(5,576)
Water Conservation Fund Expenses	-	-	1,350	-	1,350	5,027
Capital Fund Expenses	-	-	-	212,199	212,199	-
Reserve Fund Expenses	-	363,178	-	-	363,178	746,406
TOTAL EXPENSES	3,535,826	363,178	5,254	212,199	4,116,457	3,911,656
EXCESS (DEFICIT) OF REVENUES OVER EXPENSES	(131,812)	(352,233)	(5,096)	(208,733)	(697,874)	(686,272)
FUND BALANCES, BEGINNING OF YEAR	3,217,912	2,215,689	28,185	1,036,473	6,498,259	7,184,531
TRANSFERS BETWEEN FUNDS						
Capitalized Fixed Asset Transfers	749,711	(749,711)	-	-	-	-
Contributions To Reserves	(643,000)	643,000	-	-	-	-
Contributions to Water Conservation Fund	(20,000)	-	20,000	-	-	-
TOTAL TRANSFERS BETWEEN FUNDS	86,711	(106,711)	20,000	-	-	-
FUND BALANCES, END OF YEAR	\$ 3,172,811	\$ 1,756,745	\$ 43,089	\$ 827,740	\$ 5,800,385	\$ 6,498,259

See accompanying notes to the financial statements.

THE DOBSON ASSOCIATION, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022
(WITH SUMMARIZED COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2021)

	<u>Operating Fund</u>	<u>Reserve for Asset Replacement</u>	<u>Water Fund</u>	<u>Capital Fund</u>	<u>Total 2022</u>	<u>Total 2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES						
Excess (Deficit) of Revenues Over Expenses	\$ (131,812)	\$ (352,233)	\$ (5,096)	\$ (208,733)	\$ (697,874)	\$ (686,272)
Adjustments to Reconcile Excess (Deficit) of Revenues Over Expenses to Cash Provided (Used) by Operating Activities:						
Depreciation	259,464	-	-	-	259,464	267,338
Bad Debt Expense	22,127	-	-	-	22,127	(5,576)
Changes in Operating Assets and Liabilities:						
(Increase)/Decrease In:						
Accounts Receivable	(47,535)	-	-	-	(47,535)	(8,216)
Commercial Assessments Receivable	-	-	-	-	-	1,277
Accrued Interest	156	517	-	-	673	7,234
Prepaid Expenses	(48,747)	-	-	-	(48,747)	40,864
Inventory	264	-	-	-	264	(1,590)
Other Assets	(2,836)	-	-	63	(2,773)	946
Increase/(Decrease) In:						
Accounts Payable	343	(31,444)	-	21,410	(9,691)	111,744
Accrued Expenses	15,562	(99,630)	-	1,551	(82,517)	32,920
Prepaid Member Assessments	70,213	-	-	-	70,213	(74,053)
Prepaid Commercial Assessments	-	-	-	-	-	(4,010)
Prepaid Newsletter Advertising	(4,460)	-	-	-	(4,460)	(6,684)
Prepaid Preschool Tuition	-	-	-	-	-	(1,688)
Other Liabilities	2,750	381	-	-	3,131	26,443
Net Cash Provided (Used) by Operating Activities	<u>135,489</u>	<u>(482,409)</u>	<u>(5,096)</u>	<u>(185,709)</u>	<u>(537,725)</u>	<u>(299,323)</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchases of Certificates of Deposit	-	-	-	(250,920)	(250,920)	(1,000,000)
Proceeds from Maturity of Certificates of Deposit	-	-	-	513,340	513,340	250,573
Purchases of Investments	(968,823)	(1,880,747)	-	-	(2,849,570)	(3,245,632)
Proceeds from Maturity of Investments	863,768	1,893,630	-	-	2,757,398	4,394,674
Reinvested Interest Earned	-	-	-	(2,769)	(2,769)	(2,470)
Purchase of Property and Equipment	(749,711)	-	-	-	(749,711)	(275,487)
Net Cash Provided (Used) by Investing Activities	<u>(854,766)</u>	<u>12,883</u>	<u>-</u>	<u>259,651</u>	<u>(582,232)</u>	<u>121,658</u>
CASH FLOWS FROM FINANCING ACTIVITIES						
Capitalized Fixed Asset Transfers	749,711	(749,711)	-	-	-	-
Contributions To Reserves	(643,000)	643,000	-	-	-	-
Contributions to Water Conservation Fund	(20,000)	-	20,000	-	-	-
Change in Interfund Balance	78,696	(69,678)	10,231	(19,249)	-	-
Net Cash Provided (Used) by Financing Activities	<u>165,407</u>	<u>(176,389)</u>	<u>30,231</u>	<u>(19,249)</u>	<u>-</u>	<u>-</u>
NET INCREASE (DECREASE) IN CASH	(553,870)	(645,915)	25,135	54,693	(1,119,957)	(177,665)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>664,965</u>	<u>997,833</u>	<u>23,573</u>	<u>263,100</u>	<u>1,949,471</u>	<u>2,127,136</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 111,095</u>	<u>\$ 351,918</u>	<u>\$ 48,708</u>	<u>\$ 317,793</u>	<u>\$ 829,514</u>	<u>\$ 1,949,471</u>
SUPPLEMENTARY INFORMATION						
Income Taxes Paid	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest Expense Paid	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

See accompanying notes to the financial statements.

THE DOBSON ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2021)

NOTE 1 – NATURE OF THE ORGANIZATION

The Dobson Association, Inc., a not-for-profit homeowners' association, was incorporated April 17, 1973. The Association provides for the operation, maintenance and preservation of recreational facilities, lakes, property and common areas within the community of Dobson Ranch. The Association consists of 4,955 billable units owned by residents, located on approximately 2,000 acres in Mesa, Arizona. The Association is managed by a paid staff, with the Board of Directors providing oversight and policy making. The Board of Directors also approves and implements an annual financial budget from which the Association operates.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fund Accounting

The Association's governing documents provide certain guidelines for governing its financial activities. To ensure observance of limitations and restrictions on the use of financial resources, the Association maintains its accounts using fund accounting. Financial resources are classified for accounting and reporting purposes using the following funds established according to their nature and purpose:

Operating Fund

The Operating Fund is used to account for financial resources available for the general operations of the Association.

Reserve for Asset Replacement Fund

The Reserve for Asset Replacement Fund is used to account for the use and accumulation of funds for future major repairs and replacements.

Water Fund

The Water Fund is used to account for water conservation activities.

Capital Fund

The Capital Fund is used to account for the financial transactions of new common property and equipment purchased by the Association, community beautification and landscaping activities.

Accounts Receivable

The annual budget and member assessments are approved by the Board of Directors. Association members are subject to quarterly assessments to provide funds for the Association's operating expenses, future capital acquisitions, and major repairs and future replacements. Assessments receivable at December 31, 2022, represent fees due from homeowners. The Association accounts for receivables on the cost basis. Receivables are considered delinquent after 90 days, at which time the Association pursues collection. Receivables are reviewed regularly and the Association establishes an allowance for doubtful accounts on receivables based on an estimate of accounts which will not be fully collected. Accounts are written-off when a homeowner enters bankruptcy or foreclosure. Any excess assessments at year end are retained by the Association for use in the succeeding year.

Prepaid Assessments and Revenue Recognition

Payments received by the Association prior to the assessment due date are properly not recognized as revenue until the corresponding assessment is made by the Association and are classified as Prepaid Assessments. Revenue from assessments, allocated to either the operating or reserve fund, is recognized as the performance obligation to maintain the community and to provide ongoing services is considered completed, generally on a quarterly basis.

THE DOBSON ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2021)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Association considers cash in operating bank accounts, money market accounts, cash on hand, and certificates of deposit, purchased with original maturity dates of three months or less, as cash and cash equivalents.

Certificates of Deposit

The Association invests in certificates of deposit that generally mature in three years or less. The Association intends to hold certificates of deposit until maturity. Certificates of deposit are recorded at cost.

Inventory

Inventory consists primarily of movie and similar local activity tickets and is stated at the lower of cost or net realizable value. Cost is determined under the first-in, first-out (FIFO) method.

Use of Estimates

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

Property and Equipment

The Association capitalizes all common real property purchased with Association funds, to which it has title or other evidence of ownership, and with a cost of \$10,000 or more. Purchased real property is recorded at cost and depreciated using the straight-line depreciation method over the useful life of the asset.

At December 31, 2022 and 2021, the common real property capitalized consisted of:

- (A) La Casita Community Center
- (B) The Saratoga Recreation Center
- (C) The Los Altos Recreation Center
- (D) Various other real property improvements

Property not capitalized consists of land, landscape rights-of-way and seven lakes.

The Association also capitalizes personal property with a purchase price of \$5,000 or more that it acquires. Purchased personal property and equipment is recorded at cost and depreciated using the straight-line depreciation method over the useful lives of the property and equipment ranging from 3 to 30 years.

Investments

The Association classifies investments as held-to-maturity. Held-to-maturity investments include debt securities that the Association has the positive intent and the ability to hold to maturity. Held-to-maturity investments are recorded at cost and any discount or premium is amortized over the life of the investment. In accordance with generally accepted accounting principles, any gain or loss in the fair market value of the securities subsequent to their purchase is not recognized unless a gain or loss is realized via the sale of any securities prior to maturity. Also, any unrealized gain or loss would be recognized in the event that the Board changed the designation of these investments to other than held-to-maturity. Investments with maturity dates not exceeding one year are classified as short-term investments.

THE DOBSON ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2021)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurement

The Association measures the fair value of its investments in accordance with FASB ASC 820, *Fair Value Measurement*. The standard provides a hierarchy for prioritizing inputs to valuation techniques:

- Level 1 inputs are unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2 inputs are unadjusted quoted prices in inactive markets or significant observable market data.
- Level 3 inputs are significant unobservable data.

Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Date of Management’s Review

Subsequent events have been evaluated through April 11, 2023, which is the date the financial statements were available to be issued.

Summarized Comparative Information

The financial statements include certain prior year summarized comparative information in total, but not by fund category. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Association’s financial statements for the year ended December 31, 2021, from which the summarized information was derived.

NOTE 3 – CASH AND CASH EQUIVALENTS

As of December 31, 2022 and 2021, the cash and cash equivalent balances were as follows:

	2022			2021
	Operating	Reserve and Other Funds	Total	Total
General Checking Accounts	\$ 88,073	\$ 37,158	\$ 125,231	\$ 520,610
General Savings Accounts	1	-	1	1
Money Market Accounts	21,986	681,261	703,247	1,427,825
Petty Cash	1,035	-	1,035	1,035
Total	\$ 111,095	\$ 781,419	\$ 829,514	\$ 1,949,471

The cash listed as operating is available for current operations and is not bound by any restriction or designation. Cash listed as reserve and other is designated by the Board of Directors for future major repairs and replacements and is generally not available for current operations.

NOTE 4 – CERTIFICATES OF DEPOSIT

At December 31, 2022, the Association had \$492,246 in certificates of deposit. The certificates of deposit outstanding at December 31, 2022 are reported in the capital fund, mature at various dates throughout 2023 and 2024, and earn interest at rates ranging from 0.40% to 3.50%.

THE DOBSON ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2021)

NOTE 5 – INVESTMENTS

Held-to-maturity investments consisted of the following at December 31, 2022:

	Operating Fund	Reserve for Asset Replacement	Total
Certificates of Deposit	\$ 50,614	\$ 180,623	\$ 231,237
US Treasury Bills	603,386	1,211,086	1,814,472
Total Investments	<u>\$ 654,000</u>	<u>\$ 1,391,709</u>	<u>\$ 2,045,709</u>

The maturity dates of negotiable certificates of deposit and US Treasury Bills are as follows:

Less than one year	\$ 1,995,095
One to five years	<u>50,614</u>
Total	2,045,709
Unamortized Premium	<u>-</u>
Gross Amortized Cost	<u>\$ 2,045,709</u>

At December 31, 2022, the Association held \$231,237 in certificates of deposit. The certificates of deposit outstanding at December 31, 2022, mature at various dates throughout 2023 and yield interest at a rate of 0.20%.

At December 31, 2022, the Association also held \$1,814,472 in US Treasury Bills. The US Treasury Bills outstanding at December 31, 2022 mature in 2023.

The following table presents the fair value hierarchy for the balances of the investments of the Association measured at cost as of December 31, 2022:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Certificates of Deposit	\$ 231,237	\$ -	\$ -	\$ 231,237
US Treasury Bills	<u>1,814,472</u>	<u>-</u>	<u>-</u>	<u>1,814,472</u>
Total Investments	<u>\$ 2,045,709</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,045,709</u>

THE DOBSON ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2021)

NOTE 6 – ACCOUNTS RECEIVABLE

Accounts and other receivables consisted of the following at December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Assessments Receivable	\$ 107,311	\$ 48,555
Fees Receivable	74,168	105,246
Fines Receivable	26,774	7,297
Other Receivable	18,524	18,144
Commercial Assessments Receivable	<u>-</u>	<u>-</u>
Total Accounts Receivable	226,777	179,242
Less: Allowance for Doubtful Accounts	<u>(93,914)</u>	<u>(71,787)</u>
Total Net Receivables	<u>\$ 132,863</u>	<u>\$ 107,455</u>

Total bad debt expense for the years ended December 31, 2022 and 2021, was \$22,127 and (\$5,576), respectively. At December 31, 2022 and 2021, an allowance for doubtful accounts for Accounts Receivable was recorded in the amount of \$93,914 and \$71,787, respectively. Accounts Receivable past due greater than 90 days at December 31, 2022 and 2021, totaled \$187,428 and \$143,174, respectively. The Association could incur losses, up to the full amount of the receivables.

NOTE 7 – MEMBER ASSESSMENTS

Association members are subject to annual assessments, billed on a quarterly basis, to provide funds for the Association's operating expenses and major repairs and replacements. During 2022, the combined annual assessment was \$579.60, payable in quarterly installments of \$144.90. Assessment revenue allocated to the operating and reserve funds is recognized as the related performance obligation is satisfied at transaction amounts expected to be collected. The Association's performance obligation related to its annual assessments billed on a periodic basis is satisfied over time on a daily pro-rata basis using the input method. Assessments receivable at the balance sheet date are stated at the amounts expected to be collected from outstanding assessments from homeowners.

The Association's policy is to retain legal counsel and place liens on the properties of homeowners whose assessments are thirty days or more delinquent. Any excess assessments at year end are retained by the Association for use in the succeeding year. There is no maximum annual assessment defined in the Association's governing documents.

At December 31, 2022, the Association had delinquent assessments of \$107,311. It is the opinion of the Board of Directors that the Association will ultimately prevail against the majority of the homeowners with delinquent assessments.

The Association treats uncollectible assessments as variable consideration. Methods, inputs, and assumptions used to evaluate whether an estimate of variable consideration is constrained include consideration of past experience and susceptibility to factors outside the Association's control. The balances of assessments receivable as of the beginning and end of the year are \$48,555 and \$107,311, respectively.

THE DOBSON ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2021)

NOTE 8 – WATER CONSERVATION FUND COMMITMENTS

The Association entered into a settlement agreement with the Arizona Department of Water Resources under the Third Management Plan. The arrangement stipulates that the Association shall contribute \$20,000 annually, beginning July 1, 2001 to a Water Conservation Fund. The Dobson Association’s agreement with the Arizona Department of Water Resources carries the Fund and the annual contribution forward until replaced by the Fourth Management Plan on January 1, 2023. The use of the funds is restricted to the purposes set out in the agreement. The Association is prohibited from spending money from the fund unless the expenditure is first approved, in writing, in a timely manner by a representative of the Arizona Department of Water Resources. The Stipulation and Order on Review, resolves all issues raised by the Association in its application for administrative review and eliminates any liability the Association may have had under the Second Management Plan Stipulation for having exceeded its yearly water allotments in some years.

NOTE 9 – INCOME TAXES

The Association has received from the Internal Revenue Service an exemption from federal income taxes under Section 501(c)(4) of the Internal Revenue Code for exempt function income earned. A provision is made in the financial statements for income taxes on unrelated trade or business income earned, when required.

NOTE 10 – PROPERTY AND EQUIPMENT

Depreciable Property and Equipment in use as of December 31, 2022 and 2021, consisted of the following:

	2022	2021
Equipment		
Administration	\$ 129,764	\$ 123,814
Recreation	95,179	95,179
Lake Maintenance	281,313	260,038
Common Area Maintenance	133,053	133,053
Total Equipment	639,309	612,084
Vehicles	311,633	249,641
Buildings and Improvements	7,085,427	6,426,433
Total Property and Equipment	8,036,369	7,288,158
Less: Accumulated Depreciation	(5,123,892)	(4,864,428)
Net Property and Equipment	\$ 2,912,477	\$ 2,423,730

Depreciation expense for the years ended December 31, 2022 and 2021, was \$259,464 and \$267,338, respectively.

THE DOBSON ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2021)

NOTE 11 – RESERVE FOR ASSET REPLACEMENT FUND EXPENDITURES

The following major repairs and/or replacements were paid out of reserve for asset replacement funds specifically set aside for such purposes for the years ended December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Purchase of Property & Equipment	\$ 749,711	\$ 275,487
Major Repair Expenditures	<u>363,178</u>	<u>746,406</u>
Major Reserve Fund Expenditures	<u>\$ 1,112,889</u>	<u>\$ 1,021,893</u>

NOTE 12 – TRANSFERS TO RESERVE FOR ASSET REPLACEMENT FUND

The Association is accumulating funds for future major repairs and replacements; at December 31, 2022, these funds were \$1,756,745. The annual provision to the reserve funds is determined by the Board of Directors and is based, in part, on projected reserve expenses derived in a Reserve Study completed in 2022, by a licensed contractor. The study provides an independent estimate of the future major repair and replacement costs of buildings, improvements and related equipment. The reserve for asset replacement fund represents funds restricted by the Board to meet these anticipated expenses. The funds set aside each year are generated from member assessments, net of operating expenses, and other net revenues. These funds are held in various short and long-term investments and are generally not available for operating purposes.

Actual expenditures may vary from the estimated amounts determined by the study, and the variations may be material. Therefore, amounts accumulated in the reserve for asset replacement fund may not be adequate to meet future needs. If additional funds are needed, however, the Association may increase regular assessments, levy special assessments, subject to member approval, or may delay major repairs and replacements until funds are available. During the years ended December 31, 2022 and 2021, the Association contributed \$643,000 and \$540,007, respectively, to the Reserve for Asset Replacement Fund.

NOTE 13 – UNCERTAIN TAX POSITIONS

The Association accounts for uncertain tax positions, if any, in accordance with FASB Accounting Standards Codification Section 740. In accordance with these professional standards, the Association recognizes tax positions only to the extent that Management believes it is “more likely than not” that its tax positions will be sustained upon IRS examination. Management believes that it has no uncertain tax position for the year ending December 31, 2022.

The Association believes that its income tax filing position will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on the Association’s financial condition, net income or cash flows. Accordingly, the Association has not recorded any reserves, or related accruals for interest and penalties for uncertain tax positions at December 31, 2022.

The Association is subject to routine audits by taxing jurisdictions; however, there are no audits currently in progress for any tax periods. The Association believes it is no longer subject to income tax examinations by U.S. federal tax authorities for years before 2020, or by Arizona state tax authorities for years before 2019.

THE DOBSON ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2021)

NOTE 14 – CONCENTRATION OF CREDIT RISK

The Association's primary source of revenue is member assessments, which are earned on assessable lots or parcels located within a small geographic area. Member assessments and related receivables are subject to concentration of credit risk, given that they are primarily from a small geographical area, which can be impacted by similar economic conditions. Member assessments may be secured by liens upon a member's property or legal judgements. The Association monitors the collectability of these receivables and pursues collection as needed. Should the Association's collection efforts be unsuccessful, the Association could incur losses up to the full amount due. Management routinely assesses the collectability of these receivables and provides for an allowance for doubtful accounts.

The Association has net assessments and other receivables at December 31, 2022 and 2021, totaling \$132,863 and \$107,455, respectively, which are subject to a significant concentration of credit risk, given that the receivables are entirely within the homeowner association industry, and primarily from a small geographical area, which can be impacted by similar economic conditions.

The Association maintains its cash and investment deposits with various financial institutions. The Association places its cash deposits with financial institutions in checking, savings, money market accounts, which are secured by the Federal Deposit Insurance Corporation (FDIC) coverage up to \$250,000 for all accounts held in each financial institution. The Association also maintains investment accounts in a brokerage account, which are covered up to \$500,000, limited to \$250,000 for cash, by the Securities Investor Protection Corporation (SIPC). At various times, deposits with these financial institutions, designated as cash and cash equivalents and investments, may exceed insurance coverage provided by the Federal Deposit Insurance Corporation (FDIC), Securities Investor Protection Corporation (SIPC), or other types of insurance programs. In addition, CIT Bank mitigates the risk of loss for cash deposits held in Premiere Money Market accounts in excess of FDIC limits through the use of a Surety Bond.



THE DOBSON ASSOCIATION, INC.

SUPPLEMENTARY
INFORMATION



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THE DOBSON ASSOCIATION, INC.
REQUIRED SUPPLEMENTARY INFORMATION ON FUTURE MAJOR
REPAIRS AND REPLACEMENTS
DECEMBER 31, 2022

The Board of Directors of The Dobson Association, Inc. authorized management to engage an independent consulting company to perform a Reserve Study to estimate the remaining useful lives and the replacement costs of the components of property and improvements. The study was performed in 2022 and is the basis for future requirements presented in this schedule. The reporting period for the study is January 1, 2023 through December 31, 2023. Replacement costs were based on the estimated costs to repair or replace the components at the end of their useful lives. The component amounts, reported in the fund balance column, were allocated based on the estimated current replacement cost for presentation purposes only, and are not specifically designated among the components. The Board of Directors has the discretion to expend the accumulated funds to the various components as required.

The following table presents significant information about the components of property and improvements:

<u>Component</u>	<u>Remaining Useful Life (Years)</u>	<u>Estimated Current Replacement Cost</u>	<u>Replacement Fund Balance December 31, 2022</u>
Brookedge Estates Tennis Court	0 to 43	\$ 88,659	\$ 17,630
Dennis Kavanaugh Park	8 to 38	77,839	15,479
Dobson Pines Garden	3	9,858	1,960
General Common Area	0 to 19	534,732	106,334
General Common Area - Northern	0 to 29	970,735	193,036
General Common Area - Southern	0 to 30	372,036	73,981
La Casita: Clubhouse Interior	0 to 19	667,894	132,814
La Casita: Clubhouse Exterior	0 to 22	239,480	47,622
La Casita: Pool Area	0 to 29	479,920	95,435
La Casita: Recreation Center	0 to 47	892,356	177,450
Laguna Park	0 to 29	694,383	138,082
Laguna Shores Tennis Courts	0 to 44	171,084	34,021
Lakes	0 to 29	578,450	115,028
Los Altos: Clubhouse	0 to 19	319,113	63,457
Los Altos: Pool Area	0 to 29	437,919	87,083
Los Altos: Recreation Center	1 to 48	673,951	134,019
Maintenance Yard	0 to 23	483,953	96,237
Mini Park	9 to 29	172,927	34,387
Rose Garden Park	12	5,300	1,054
Saratoga: Clubhouse	5 to 34	470,033	93,469
Saratoga: Pool Area	0 to 18	152,450	30,316
Saratoga: Recreation Center	0 to 45	322,764	64,181
Storage Yard	0 to 10	18,444	3,670
Total		<u>\$ 8,834,280</u>	<u>\$ 1,756,745</u>

See independent auditor's report.

THE DOBSON ASSOCIATION, INC.
SUPPLEMENTARY SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN FUND BALANCES FOR THE YEAR ENDED DECEMBER 31, 2022
(WITH SUMMARIZED COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2021)

	Operating Fund	Reserve for Asset Replacement	Water Fund	Capital Fund	Total 2022	Total 2021
REVENUES						
Homeowner Assessments	\$ 2,872,642	\$ -	\$ -	\$ -	\$ 2,872,642	\$ 2,734,876
Commercial Assessments	37,788	-	-	-	37,788	35,834
Transfer and Disclosure Fees	126,004	-	-	-	126,004	174,045
Late Fees	35,145	-	-	-	35,145	26,344
Collection Fees Reimbursement	10,647	-	-	-	10,647	20,273
Dishonored Check Fees	2,730	-	-	-	2,730	1,005
License and ID Card Fees	2,176	-	-	-	2,176	2,290
CC&R Fines	19,120	-	-	-	19,120	20,052
Pontoon Boat Fees	35	-	-	-	35	-
Interest Income	7,382	10,945	158	3,466	21,951	4,471
Social Activities Income	85,161	-	-	-	85,161	71,194
Rental Registration Fees	975	-	-	-	975	1,575
Facility and Equipment Rental Income	53,654	-	-	-	53,654	18,403
Preschool Tuition Income	79,488	-	-	-	79,488	49,655
Newsletter Advertising	59,304	-	-	-	59,304	56,184
LPV Water Revenue	-	-	-	-	-	92
Dock Boat Slip Rental	4,275	-	-	-	4,275	6,175
Escrow Rush Fee	2,970	-	-	-	2,970	2,310
Vendor Sponsorship	2,500	-	-	-	2,500	-
Miscellaneous	2,018	-	-	-	2,018	606
TOTAL REVENUES	3,404,014	10,945	158	3,466	3,418,583	3,225,384
EXPENSES						
GENERAL AND ADMINISTRATIVE						
Admin Salaries & Wages	374,780	-	-	-	374,780	376,459
Bonus - Administration	8,200	-	-	-	8,200	7,900
Payroll Taxes	30,344	-	-	-	30,344	38,780
Employee Benefits	23,656	-	-	-	23,656	29,963
Workers Comp Insurance	2,946	-	-	-	2,946	2,749
Property & Liability Insurance	126,157	-	-	-	126,157	83,538
Newsletter Production	77,424	-	-	-	77,424	62,724
Newsletter Distribution	21,144	-	-	-	21,144	19,311
Postage	17,707	-	-	-	17,707	29,426
Printing	14,611	-	-	-	14,611	20,315
IT Service	50,882	-	-	-	50,882	43,464
Bank & Merchant Fees	26,718	-	-	-	26,718	12,264
Office Supplies	6,820	-	-	-	6,820	12,539
Contract Services - Administration	8,662	-	-	-	8,662	103,947
Collection Expenses	14,230	-	-	-	14,230	28,001
Miscellaneous Expenses	223	-	-	-	223	1,961
Property Taxes	11	-	-	-	11	116
Attorney Fees	13,995	-	-	-	13,995	23,109
Training & Travel - Admin	9,034	-	-	-	9,034	12,896
Office Equipment Rental & Maintenance	11,992	-	-	-	11,992	6,732
Attorney Fees	12,833	-	-	-	12,833	-
Membership Fees	3,109	-	-	-	3,109	1,052
Reserve Study	2,520	-	-	-	2,520	2,520
Marketing	4,240	-	-	-	4,240	2,648
Uniforms	1,118	-	-	-	1,118	1,049
Website Development	8,357	-	-	-	8,357	6,685

(CONTINUED)

See independent auditor's report.

THE DOBSON ASSOCIATION, INC.
SUPPLEMENTARY SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN FUND BALANCES (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2022
(WITH SUMMARIZED COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2021)

	Operating Fund	Reserve for Asset Replacement	Water Fund	Capital Fund	Total 2022	Total 2021
GENERAL AND						
ADMINISTRATIVE (CONTINUED)						
Caliber Software & Support	11,728	-	-	-	11,728	15,627
Southwest Access Video	17,722	-	-	-	17,722	16,613
Adobe Software License	5,481	-	-	-	5,481	4,489
Office Equipment Purchase	5,220	-	-	-	5,220	8,352
COVID-19 Expenditures	-	-	-	-	-	2,478
Dobson Ranch App	15,588	-	-	-	15,588	15,588
Code Enforcement	16,659	-	-	-	16,659	-
Management Fee	110,872	-	-	-	110,872	45,600
Late Letters	34,452	-	-	-	34,452	-
TOTAL GENERAL AND ADMINISTRATIVE	1,089,435	-	-	-	1,089,435	1,038,895
BOARD OF DIRECTORS						
Public Relations	14,130	-	-	-	14,130	17,170
Annual Meeting	5,920	-	-	-	5,920	3,750
Audit Fees	17,300	-	-	-	17,300	16,322
Monthly Meetings	3,119	-	-	-	3,119	3,102
Membership Expense	1,022	-	-	-	1,022	405
Sponsorships	3,974	-	-	-	3,974	3,450
Electronic Voting	12,812	-	-	-	12,812	12,098
State Income Tax	50	-	-	-	50	109
TOTAL BOARD OF DIRECTORS	58,327	-	-	-	58,327	56,406
LAKES						
Salt River Project - Water	30,308	-	-	-	30,308	28,471
Maintenance and Repair	23,832	-	-	-	23,832	8,064
Chemicals	5,309	-	-	-	5,309	5,888
Attorney Fees - Water Issues	53,123	-	-	-	53,123	7,566
Fish	30,162	-	-	-	30,162	27,366
Service and Testing	18,070	-	-	-	18,070	20,504
Tools and Equipment	-	-	-	-	-	5,175
Irrigation Controller	-	-	-	-	-	-
Sim Cards - Subscription - Water	-	-	3,904	-	3,904	7,236
TOTAL LAKES	160,804	-	3,904	-	164,708	110,270
LANDSCAPING/Common Areas						
Landscape Salaries & Wages	299,146	-	-	-	299,146	283,697
Bonus - Landscape	5,600	-	-	-	5,600	5,700
Payroll Taxes - Landscape	24,051	-	-	-	24,051	22,968
Employee Benefits - Landscape	67,571	-	-	-	67,571	48,145
Workers Comp Insurance - Landscape	8,713	-	-	-	8,713	6,268
Outside Contractors	6,725	-	-	-	6,725	16,161
Irrigation Systems	27,841	-	-	-	27,841	23,889
Trees & Shrubs	14,921	-	-	-	14,921	22,519
Tree Trimming & Service	52,295	-	-	-	52,295	48,271
Seasonal Plants	2,754	-	-	-	2,754	6,541

(CONTINUED)

See independent auditor's report.

THE DOBSON ASSOCIATION, INC.
SUPPLEMENTARY SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN FUND BALANCES (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2022
(WITH SUMMARIZED COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2021)

	Operating Fund	Reserve for Asset Replacement	Water Fund	Capital Fund	Total 2022	Total 2021
LANDSCAPING/COMMON AREAS (CONTINUED)						
Fertilizer/Pesticide/Herbicide	8,849	-	-	-	8,849	8,536
Overseeding	14,658	-	-	-	14,658	15,171
Tools & Equipment - Landscape	6,106	-	-	-	6,106	14,834
Uniforms - Landscape	1,915	-	-	-	1,915	3,231
Training & Travel - Landscape	1,150	-	-	-	1,150	318
TOTAL LANDSCAPING/ COMMON AREAS	542,295	-	-	-	542,295	526,249
MAINTENANCE						
Maintenance Salaries & Wages	249,545	-	-	-	249,545	209,059
Bonus - Maintenance	3,800	-	-	-	3,800	3,850
Payroll Taxes	19,526	-	-	-	19,526	17,052
Employee Benefits	15,112	-	-	-	15,112	20,684
Workers Comp Insurance	6,005	-	-	-	6,005	5,389
Fence Maintenance & Repair	1,483	-	-	-	1,483	865
Janitorial Service & Supplies	40,212	-	-	-	40,212	35,161
Vehicle Maintenance & Repair	34,904	-	-	-	34,904	28,414
Supplies	12,540	-	-	-	12,540	10,477
Building Maintenance & Repair	7,112	-	-	-	7,112	10,109
Outside Contractors	2,925	-	-	-	2,925	5,981
Tools & Equipment	4,256	-	-	-	4,256	6,751
Equipment & Maintenance Repair	8,236	-	-	-	8,236	9,452
Fence Replacement Co-Share	72,643	-	-	-	72,643	24
Common Area Maintenance & Repair	19,052	-	-	-	19,052	28,357
Tables & Benches	-	-	-	-	-	132
Locks/Keys/Signage	7,727	-	-	-	7,727	11,231
Uniforms	1,850	-	-	-	1,850	2,959
Training & Travel	464	-	-	-	464	59
Electrical Maintenance & Repair	6,109	-	-	-	6,109	7,157
Pool Maintenance	37,734	-	-	-	37,734	34,994
Pool Chemicals	25,798	-	-	-	25,798	12,153
Water Conservation MR&R Expense	7,826	-	-	-	7,826	5,010
TOTAL MAINTENANCE	584,859	-	-	-	584,859	465,320
PRESCHOOL						
Preschool Salaries & Wages	51,787	-	-	-	51,787	39,646
Bonus - Preschool	1,200	-	-	-	1,200	1,200
Payroll Taxes - Preschool	4,141	-	-	-	4,141	3,377
Employee Benefits - Preschool	8,653	-	-	-	8,653	8,154
Workers Comp Insurance - Preschool	711	-	-	-	711	513
Insurance & Permits	4,565	-	-	-	4,565	4,741
Supplies	4,335	-	-	-	4,335	2,758
TOTAL PRESCHOOL	75,392	-	-	-	75,392	60,389

(CONTINUED)

See independent auditor's report.

THE DOBSON ASSOCIATION, INC.
SUPPLEMENTARY SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN FUND BALANCES (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2022
(WITH SUMMARIZED COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2021)

	Operating Fund	Reserve for Asset Replacement	Water Fund	Capital Fund	Total 2022	Total 2021
RECREATION CENTERS AND POOL						
Recreation Salaries & Wages	289,875	-	-	-	289,875	258,541
Bonus - Recreation	1,800	-	-	-	1,800	2,500
Payroll Taxes - Recreation	24,636	-	-	-	24,636	21,179
Employee Benefits - Recreation	17,217	-	-	-	17,217	13,721
Workers Comp Insurance - Recreation	3,317	-	-	-	3,317	6,337
Recreation/Sports Supplies	3,068	-	-	-	3,068	2,402
Items - Under Reserve Threshold	2,512	-	-	-	2,512	12,680
License & ID Cards	370	-	-	-	370	362
Uniforms - Recreation	2,101	-	-	-	2,101	2,847
Training & Travel - Recreation	4,773	-	-	-	4,773	3,264
Recreation Center Events	65,845	-	-	-	65,845	41,314
Event Signage	12,525	-	-	-	12,525	5,007
Tennis Supplies	2,191	-	-	-	2,191	780
Insurance & Permits	1,055	-	-	-	1,055	1,040
Contract Services - Recreation	-	-	-	-	-	26
Instructor Fees	-	-	-	-	-	548
Software Maintenance	17,199	-	-	-	17,199	8,323
Office Equipment Purchase	337	-	-	-	337	32
Mileage Reimbursement	-	-	-	-	-	289
TOTAL RECREATION CENTERS AND POOL	448,821	-	-	-	448,821	381,192
UTILITIES						
City Water	174,931	-	-	-	174,931	132,328
Electricity	57,213	-	-	-	57,213	65,394
Telephone	38,386	-	-	-	38,386	36,801
Solid Waste	13,533	-	-	-	13,533	16,414
Waste Water	7,209	-	-	-	7,209	5,771
Natural Gas	1,076	-	-	-	1,076	745
TOTAL UTILITIES	292,348	-	-	-	292,348	257,453
OTHER EXPENDITURES						
Watercraft	1,954	-	-	-	1,954	2,287
Depreciation	259,464	-	-	-	259,464	267,338
Bad Debt Expense	22,127	-	-	-	22,127	(5,576)
Water Conservation Fund Expenses	-	-	1,350	-	1,350	5,027
Capital Fund Expenses	-	-	-	212,199	212,199	-
Reserve Fund Expenses	-	363,178	-	-	363,178	746,406
TOTAL OTHER EXPENDITURES	283,545	363,178	1,350	212,199	860,272	1,015,482
TOTAL EXPENSES	3,535,826	363,178	5,254	212,199	4,116,457	3,911,656
EXCESS REVENUES (EXPENSES)	(131,812)	(352,233)	(5,096)	(208,733)	(697,874)	(686,272)

(CONTINUED)

See independent auditor's report.

THE DOBSON ASSOCIATION, INC.
SUPPLEMENTARY SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN FUND BALANCES (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2022
(WITH SUMMARIZED COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2021)

	<u>Operating Fund</u>	<u>Reserve for Asset Replacement</u>	<u>Water Fund</u>	<u>Capital Fund</u>	<u>Total 2022</u>	<u>Total 2021</u>
FUND BALANCES, BEGINNING OF YEAR	3,217,912	2,215,689	28,185	1,036,473	6,498,259	7,184,531
TRANSFERS BETWEEN FUNDS						
Capitalized Fixed Asset Transfers	749,711	(749,711)	-	-	-	-
Contributions To Reserves	(643,000)	643,000	-	-	-	-
Contributions to Water Conservation Fund	(20,000)	-	20,000	-	-	-
TOTAL TRANSFERS BETWEEN FUNDS	<u>86,711</u>	<u>(106,711)</u>	<u>20,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ 3,172,811</u>	<u>\$ 1,756,745</u>	<u>\$ 43,089</u>	<u>\$ 827,740</u>	<u>\$ 5,800,385</u>	<u>\$ 6,498,259</u>

See independent auditor's report.