



Parker Water and Sanitation District

Douglas County, Colorado

Financial Statements

December 31, 2015 and 2014

Contents

Independent auditor's report	1
Management's discussion and analysis	3-11
Basic financial statements	
Statements of net position	12-13
Statements of revenues, expenses and changes in net position	14
Statements of cash flows	15-16
Notes to financial statements	17-32
<hr/>	
Other supplementary information	
Schedule of revenues, expenditures and changes in fund available budget-to-actual – budgetary basis	33-34
Reconciliation of budgetary basis (actual) to statement of revenues, expenditures and changes in net position	35
Debt service coverage calculation	36
Debt service coverage calculation – CWCB loans	37
Supplemental schedules (unaudited)	38-52



RSM US LLP

Independent Auditor's Report

Board of Directors
Parker Water and Sanitation District
Douglas County, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of Parker Water and Sanitation District (the District) as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our 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 audit to obtain reasonable assurance about whether the financial statements are free from 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Parker Water and Sanitation District, as of December 31, 2015 and 2014, and the respective 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 on pages 3 through 11 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 audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The other supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of the District. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The accompanying supplemental schedules as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. This information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

RSM US LLP

Denver, Colorado
April 29, 2016

Parker Water and Sanitation District

Management's Discussion and Analysis Fiscal Year Ending December 31, 2015

Our discussion and analysis of Parker Water and Sanitation District's (the District) financial performance provides an overview of the District's financial activities for the fiscal years ended December 31, 2015 and 2014. Please read it in conjunction with the District's financial statements, which begin on page 12.

FINANCIAL HIGHLIGHTS

- The assets of the Parker Water and Sanitation District exceeded its liabilities at the close of the most recent fiscal year by \$455,003,183 (net position). Of this amount, \$96,416,011 (unrestricted net position) may be used to meet the District's ongoing obligations to customers and creditors.
- The Water and Sewer Enterprises of the District are business type activities that are intended to recover all or a significant portion of their costs through user fees and charges. In 2015, the monthly water service charge of \$28.16 did not increase but each tier of the five tier water rate structure increased, resulting in an overall effective increase of 2.85 percent. No change was made to the sewer rates. In 2014, the District implemented a 3.5 percent increase to both the monthly water service charge and to each tier of the five tier water rate structure. Sewer rates were also increased, 1.53 percent, in 2014.
- The District collected tap fees for 756 and 613 Single Family Equivalents (SFE's) during 2015 and 2014, respectively, from new construction in the District.
- The District levies taxes for sewer operations. By law, the District is generally prohibited from levying a higher amount of revenue than was levied in the preceding year plus five and one-half percent or the limits defined under the Colorado constitutional amendment known as TABOR, whichever is less. The certified 2015 mill levy for operations was 1.727 mills. The certified 2016 mill levy for operations has been set at 1.545 mills. In addition, general obligation debt of the District is payable from ad valorem taxes levied against all taxable property in the District, without limitation of rate and in an amount sufficient to pay the principal of and interest on the debt. The certified 2015 mill levy for the general obligation debt associated with the construction of Rueter-Hess Reservoir was 8.000 mills and the 2016 mill levy for the general obligation debt has been set at 7.107 mills. In 2014 and 2015, the District used a portion of the District's capital reserves, generated from tap fees collected, to pay the remaining portion of the general obligation debt service not covered by property taxes.
- Contributed assets from developers, consisting of constructed water and sewer lines and water rights acquired by inclusions, totaled \$1,529,459 in 2015 and \$301,591 in 2014.
- In 2015, the District recognized a gain of disposals of assets of \$48,811, due to the sale of six vehicles. In 2014, the District recognized a gain on disposal of assets of \$1,469,614 mainly due to the sale of parcels of "dry" farm land at property owned by the District in Logan County and the sale of the District Office, in downtown Parker, due to the consolidation and relocation of operations to the North Water Reclamation Facility.
- At December 31, 2015 and 2014, the District is carrying a receivable in the amount of \$1,165,460 and \$2,330,920, respectively, for the outstanding inclusion fee due for the RidgeGate development. The final payment to the District for this receivable is due in 2016.
- At December 31, 2015 and 2014, the District's debt service rate covenant calculation is 174 percent and 189 percent, respectively. To meet covenant calculation requirements, the ratio (revenue available for debt service divided by total debt service) must exceed 110 percent.

Parker Water and Sanitation District

Management's Discussion and Analysis Fiscal Year Ending December 31, 2015

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. Required statements for proprietary funds are: 1) Statement of Net Position, 2) Statement of Revenues, Expenses and Changes in Fund Net Position, and 3) Statement of Cash Flows. The Statement of Net Position and the Statement of Revenues, Expenses and Changes in Fund Net Position are prepared using the economic resource measurement focus and the accrual basis of accounting.

The **Statement of Net Position** presents information on all of the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference between them reported as net position. Over time, increases and decreases in net position can serve as a useful indicator of whether the financial position of the District is improving or deteriorating. Nonfinancial factors should also be considered to assess the overall position of the District.

The **Statement of Revenues, Expenses and Changes in Fund Net Position** report the changes that have occurred during the year to the District's net position. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Revenues and expenses are reported for some items that will only result in cash flows in the subsequent years.

The **Statement of Cash Flows** is concerned solely with flows of cash and cash equivalents. Only transactions that affect the District's cash position are reflected in this statement. Transactions are segregated into four sections on the statement: 1) cash flows from operating activities, 2) cash flows from noncapital financing activities, 3) cash flows from capital and related financing activities, and 4) cash flows from investing activities.

The **notes to the financial statements** provide additional information that is essential to a full understanding of the data provided in the financial statements.

FINANCIAL SUMMARY AND ANALYSIS

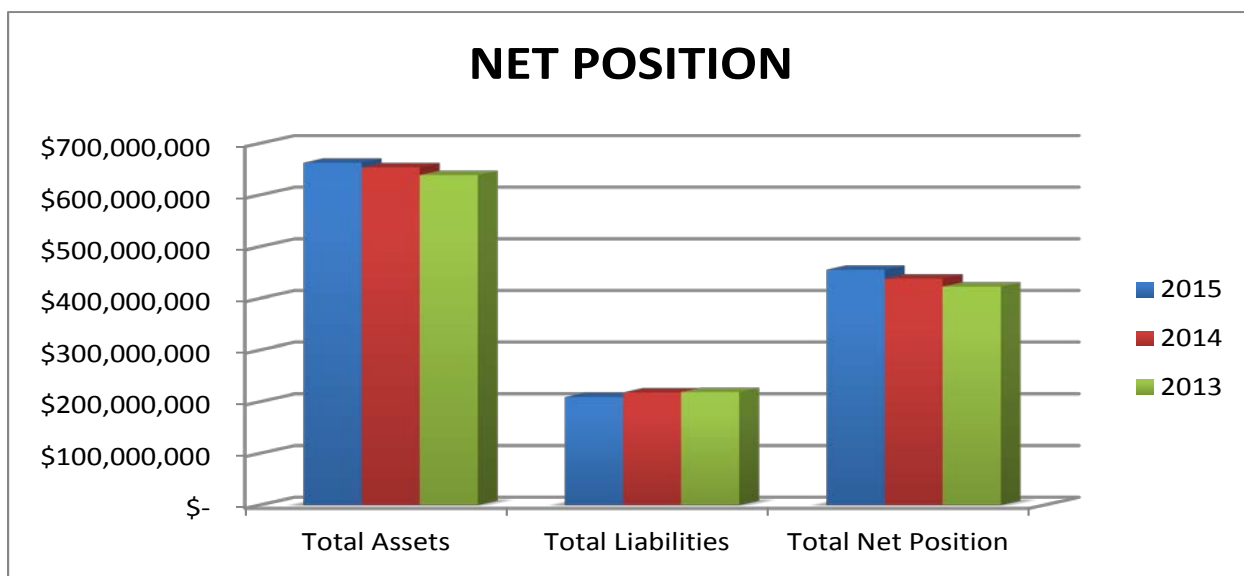
NET POSITION

During 2015, current nonrestricted assets increased primarily due to the increase in cash and cash equivalents. The RidgeGate receivable will be paid in full in 2016, therefore, other noncurrent assets has a zero balance at the end of 2015. Long term obligations decreased by approximately \$6.1 million due to scheduled principal payments. Construction of the Water Purification Facility was substantially completed and the plant was put into operation during 2015. As a result, construction in progress decreased by approximately \$50.3 million. Capital assets are shown net of accumulated depreciation.

During 2014, current nonrestricted assets increased primarily due to the increase in cash and cash equivalents. Noncurrent restricted assets decreased as funds continued to be paid out for the construction of the Water Purification Facility. The increase in capital assets was due primarily to the increase in construction in progress, approximately \$12.3 million, related to the construction of the facility. Capital assets are shown net of accumulated depreciation. Long term obligations decreased due to scheduled principal payments. The decrease in long term obligations was less than total debt retired during the year due to the addition of a new CWCB loan for the Water Infrastructure and Supply Efficiency (WISE) Project of approximately \$4.55 million.

Parker Water and Sanitation District

Management's Discussion and Analysis
Fiscal Year Ending December 31, 2015



	Net Position		
	2015	2014	2013
Assets			
Current nonrestricted assets	\$ 105,877,621	\$ 93,470,262	\$ 76,195,501
Noncurrent restricted assets	9,517,860	10,379,623	23,879,724
Capital assets	546,936,313	548,439,689	535,890,304
Other noncurrent assets	-	1,165,460	2,330,920
Total assets	662,331,794	653,455,034	638,296,449
Deferred outflows of resources			
Deferred charge on refunding	6,576,808	6,815,242	7,053,676
Liabilities			
Current liabilities	12,376,362	14,490,701	13,610,935
Long term obligations	196,738,773	202,881,892	204,648,614
Total liabilities	209,115,135	217,372,593	218,259,549
Deferred inflows of resources			
Unavailable revenue - property taxes	4,790,284	4,603,640	4,493,362
Net position			
Net investment in capital assets	356,372,163	353,103,043	353,096,752
Restricted	2,215,009	4,371,132	4,356,180
Unrestricted	96,416,011	80,819,868	65,144,282
Total net position	\$ 455,003,183	\$ 438,294,043	\$ 422,597,214

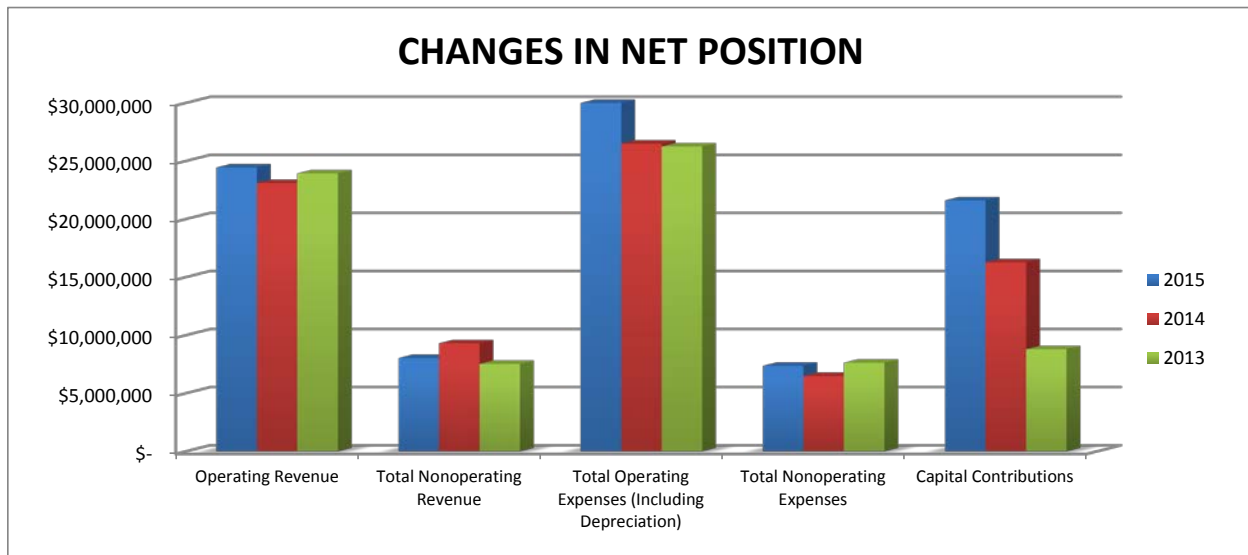
Parker Water and Sanitation District

Management's Discussion and Analysis Fiscal Year Ending December 31, 2015

CHANGES IN NET POSITION

For 2015, operating revenue increased by \$1.3 million, primarily due to the increase in water user fee revenue. There was a net increase of \$165,000 in tax revenue; \$126,000 of which was associated with the mill levies and the remainder from higher than budgeted revenue for specific ownership taxes. While there was a small increase in the net assessed valuation for the District, primarily due to new construction, the certified mill levy for the general obligation debt remained at 8.000 mills and the certified mill levy for sewer operations remained at 1.727 mills. For expenses, the increase in supplies is primarily due to the purchase of chemicals used at the new Water Purification Facility. Depreciation increased by \$1.1 million due to the Water Purification Facility becoming operational in 2015. Capital contributions in the form of system development fees, water resource system development fees, developer contributions and water resource fees, primarily due to new development within the District, increased by approximately \$5.3 million.

For 2014, operating revenue decreased by \$820,000. There was a net increase of approximately \$112,000 in tax revenue. There was a small increase in the net assessed valuation for the District but the certified mill levy for the general obligation debt remained at 8.000 mills and the certified mill levy for operations remained at 1.727 mills. The gain on disposal of assets was due to the sale of the District Office in downtown Parker and parcels of "dry" farm land at property owned by the District in Logan County. The decrease in interest expense is primarily due to the increase in capitalized interest, of \$1 million, associated with the 2010 loan for construction of the Water Purification Facility. Capital contributions in the form of tap fees, system development fees, and water resource tolls increased in 2014 by approximately \$7.5 million.



Parker Water and Sanitation District

**Management's Discussion and Analysis
Fiscal Year Ending December 31, 2015**

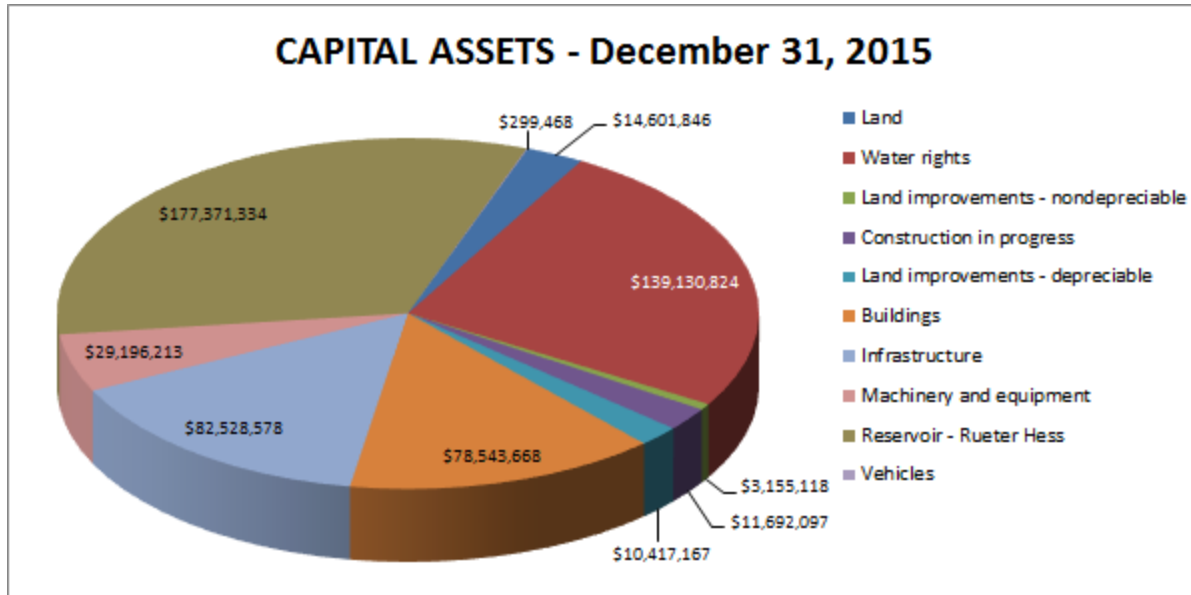
	Changes in Net Position		
	2015	2014	2013
Revenues:			
Operating revenue	\$ 24,433,486	\$ 23,104,056	\$ 23,922,773
Nonoperating revenues:			
Taxes, net of collection fees	4,961,166	4,795,867	4,683,211
Net investment income	388,011	408,959	484,145
Farm land revenue	428,488	439,142	436,485
Gain on disposal of assets	48,811	1,469,614	-
Other	2,203,310	2,183,671	1,916,922
Total nonoperating revenue	8,029,786	9,297,253	7,520,763
Total revenues	32,463,272	32,401,309	31,443,536
Expenses:			
Operating:			
Salaries	5,056,608	4,863,917	4,214,621
Employee benefits	1,786,353	1,214,213	1,602,166
Insurance	193,432	173,345	167,674
Professional services	1,237,228	1,084,682	896,031
Support services	550,953	407,236	236,223
Utilities	4,180,959	3,705,907	3,407,978
Contract labor and maintenance	1,737,555	1,702,812	1,791,603
Supplies	2,097,891	1,362,866	1,369,298
Community education	42,908	22,520	65,483
Information technology	352,241	337,213	257,481
Miscellaneous	601,436	576,006	570,759
Depreciation	12,157,714	11,034,528	11,660,729
Total operating expenses	29,995,278	26,485,245	26,240,046
Nonoperating expenses:			
Water resource farms	221,411	191,800	163,592
Interest	7,136,802	6,293,024	7,454,413
Loss on disposal of assets	-	-	7,016
Total nonoperating expenses	7,358,213	6,484,824	7,625,021
Total expenses	37,353,491	32,970,069	33,865,067
(Loss) before capital contributions	(4,890,219)	(568,760)	(2,421,531)
Capital contributions	21,599,359	16,265,589	8,792,647
Changes in net position	16,709,140	15,696,829	6,371,116
Net position, beginning of year	438,294,043	422,597,214	416,226,098
Net position, end of year	\$ 455,003,183	\$ 438,294,043	\$ 422,597,214

Parker Water and Sanitation District

**Management’s Discussion and Analysis
Fiscal Year Ending December 31, 2015**

CAPITAL ASSETS

The District’s investment in capital assets at December 31, 2015 amounted to \$546,936,313 (net of accumulated depreciation). This investment in capital assets includes land, water rights, buildings, distribution systems and machinery and equipment. Analysis of changes in capital assets is as follows:



	Capital Assets		
	2015	2014	2013
Land	\$ 14,601,846	\$ 14,601,846	\$ 20,191,930
Water rights	139,130,824	139,130,824	133,621,063
Land improvements - nondepreciable	3,155,118	3,155,118	3,155,118
Construction in progress	11,692,097	61,999,387	40,297,487
Land improvements - depreciable	10,417,167	8,091,277	8,605,194
Buildings	78,543,668	48,523,399	50,183,513
Infrastructure	82,528,578	81,968,487	84,893,077
Machinery and equipment	29,196,213	10,507,490	11,664,672
Reservoir - Rueter Hess	177,371,334	180,246,141	183,120,948
Vehicles	299,468	215,720	157,302
Total capital assets, net	\$ 546,936,313	\$ 548,439,689	\$ 535,890,304

Parker Water and Sanitation District

**Management’s Discussion and Analysis
Fiscal Year Ending December 31, 2015**

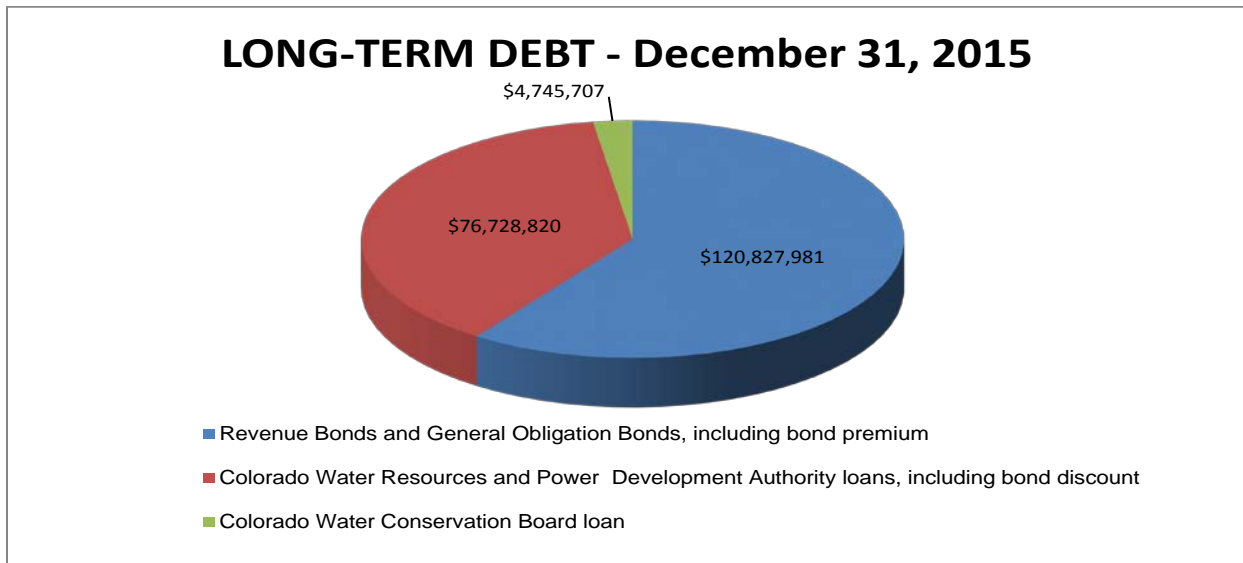
The major capital expenses incurred during 2015 and 2014 include:

	2015	2014
Rueter-Hess Water Purification Facility	\$2.8 million	\$12.3 million
Contributed Water/Sewer Lines	1.2 million	.3 million
Water Treatment and Source of Supply	.8 million	.2 million
Wastewater Treatment and Collection	.3 million	.2 million
Land Improvements	.3 million	-
Vehicles	.2 million	.1 million
Infrastructure	.1 million	.2 million
Buildings	.1 million	.2 million
Relocation to NWRP	-	1.4 million

The amounts listed above for the Water Purification Facility do not include capitalized interest. Additional information on the District’s capital assets can be found in the notes to financial statements.

LONG-TERM DEBT

The District’s long-term debt consists of the following with a three-year comparison shown on the following page:



Parker Water and Sanitation District

Management's Discussion and Analysis Fiscal Year Ending December 31, 2015

	Long-Term Debt		
	2015	2014	2013
Revenue bonds and general obligation bonds	\$ 107,985,000	\$ 110,870,000	\$ 112,210,000
Add bond premium	12,842,981	13,389,512	13,936,044
Colorado Water Resources and Power			
Development Authority loans	76,782,602	79,407,238	83,283,980
Less bond discount	(53,782)	(56,517)	(59,252)
Colorado Water Conservation Board loan	4,745,707	4,550,146	-
Total outstanding debt	\$ 202,302,508	\$ 208,160,379	\$ 209,370,772

In 2015, the District received additional loan proceeds totaling \$196,000 from the Colorado Water Conservation Board for the Water Infrastructure and Supply Efficiency (WISE) Project. The net reduction in outstanding debt in 2015 was due to scheduled principal repayments.

In 2014, the District received a loan from the Colorado Water Conservation Board for the Water Infrastructure and Supply Efficiency (WISE) Project. The loan amount was approximately \$4.55 million. The net reduction in outstanding debt in 2014 was due to scheduled principal repayments. The principal due on the 2004 CWRPDA loan, the 1994 CWRPDA Clean Water loan and 1994 CWRPDA Small Water loan was retired in 2014. More detailed information about the District's long-term liabilities is presented in Note 6 to the financial statements.

LONG-TERM PLANNING

For all long-term planning activities, the District continues to rely on the 2014 Water and Wastewater Master Plan, the 2014 Cost-of-Service study and 10-Year Financial Plan and the 2015 Long-Term Water Supply Plan. The Master Plan outlines infrastructure requirements to increase capacity of water and wastewater facilities in response to increased growth and demand through buildout of the system. The Water Supply Plan identifies future water resources needed, as well as the infrastructure required to move those water resources back to the District, to support the future needs of the District. Additionally, the District continues to replace or upgrade aging infrastructure and equipment and provide for routine maintenance of its systems. The 10-Year Financial Plan and Cost-of-Service model utilize the results of the other plans and identified operational needs to determine overall revenue requirements, as well as new debt and rate adjustments required to support District requirements.

ECONOMIC FACTORS AND RATES

Rates and fees for the water and sewer enterprises are set by the Board of Directors to meet the cost of operations and to partially fund debt service. Total debt service for the District continues to be funded through a combination of property taxes, rates charged to customers for services as well as system development fees collected from new development. Overall, the net effective increase approved by the Board for the average utility service bills were approximately 2.56% and 1.55%, 2014 and 2015, respectively.

In 2015, the District restructured the tap and development fees. For each ¾ inch tap equivalent (Single Family Equivalent or SFE), the water system development fee is \$9,800, the sewer system development fee is \$3,500 and the water resources system development fee is \$12,000. The water resource fee, if sufficient water credits do not exist, remained unchanged at \$5,000. In 2014, all tap and development fees remained unchanged from 2013.

Parker Water and Sanitation District

Management's Discussion and Analysis Fiscal Year Ending December 31, 2015

In December 2015, the District completed a periodic credit review on two of our outstanding debt issues with Standard and Poor's. As a result, the District's underlying credit rating was upgraded to 'AA', with a stable outlook, from "AA-". The rationale for the upgrade reflects the District's strong credit qualities including a very diverse customer base, a service area with strong income indicators, a good-to-strong debt service coverage and a very strong liquidity position. Standard and Poor's full report, as well as other financial and budget information, can be found on the District's website at <http://www.pwsd.org/>.

REQUESTS FOR INFORMATION

This financial report is designed to give its readers a general overview of the District's finances. Questions regarding any information contained in this report or request for additional financial information should be addressed to: District Manager, Parker Water and Sanitation District, 18100 E. Woodman Drive, Parker, CO 80134.

BASIC FINANCIAL STATEMENTS

Parker Water and Sanitation District

**Statements of Net Position
December 31, 2015 and 2014**

	2015	2014
Assets		
Current assets:		
Cash and cash equivalents	\$ 82,288,658	\$ 69,168,180
Investments	14,972,031	11,408,312
Accounts receivable		
Service fees	1,830,988	1,838,371
Inclusion fee	1,165,460	1,165,460
Other	695,037	757,805
Accrued interest receivable	34,555	18,478
Due from other governments	96,908	4,506,316
Property taxes receivable	4,790,284	4,603,640
Other assets	3,700	3,700
Total current assets	105,877,621	93,470,262
Noncurrent assets		
Capital assets:		
Not being depreciated	168,579,885	218,887,175
Being depreciated (net of accumulated depreciation)	378,356,428	329,552,514
Total capital assets	546,936,313	548,439,689
Cash and cash equivalents - restricted	3,038,912	2,904,068
Investments - restricted	6,478,948	7,475,555
Inclusion fee receivable	-	1,165,460
Total noncurrent assets	556,454,173	559,984,772
Total assets	662,331,794	653,455,034
Deferred outflows of resources		
Deferred charge on refunding	\$ 6,576,808	\$ 6,815,242

See notes to financial statements.

	2015	2014
Liabilities		
Current liabilities:		
Accounts and retainage payable	\$ 2,122,503	\$ 3,992,472
Accrued expenses	95,829	388,300
Accrued interest payable	3,315,181	3,134,620
Construction deposits	710,418	1,136,066
Current portion of long-term debt		
Bonds and notes payable	5,793,537	5,509,635
Compensated absences	338,894	329,608
Total current liabilities	12,376,362	14,490,701
Noncurrent liabilities:		
Long-term debt:		
Bonds and notes payable	196,508,971	202,650,744
Compensated absences	229,802	231,148
Total long-term liabilities	196,738,773	202,881,892
Total liabilities	209,115,135	217,372,593
Deferred inflows of resources		
Unavailable revenue - property taxes	4,790,284	4,603,640
Net position		
Net investment in capital assets	356,372,163	353,103,043
Restricted for loan agreement requirements	2,215,009	4,371,132
Unrestricted	96,416,011	80,819,868
Total net position	\$ 455,003,183	\$ 438,294,043

Parker Water and Sanitation District

**Statements of Revenues, Expenses and Changes in Net Position
Years Ended December 31, 2015 and 2014**

	2015	2014
Operating revenues:		
Charges for services	\$ 23,998,265	\$ 22,766,166
Other operating income	435,221	337,890
Total operating revenue	24,433,486	23,104,056
Operating expenses:		
Salaries	5,056,608	4,863,917
Employee benefits	1,786,353	1,214,213
Insurance	193,432	173,345
Professional services	1,237,228	1,084,682
Support services	550,953	407,236
Utilities	4,180,959	3,705,907
Contract labor and maintenance	1,737,555	1,702,812
Supplies	2,097,891	1,362,866
Community education	42,908	22,520
Information technology	352,241	337,213
Miscellaneous	601,436	576,006
Depreciation	12,157,714	11,034,528
Total operating expenses	29,995,278	26,485,245
Operating (loss)	(5,561,792)	(3,381,189)
Nonoperating revenues and (expenses):		
Property taxes	4,515,264	4,388,951
Specific ownership taxes	445,902	406,916
Farm land revenue	428,488	439,142
Water resource farms	(221,411)	(191,800)
Net investment income	388,011	408,959
Interest expense and loan fees	(7,136,802)	(6,293,024)
Gain on disposal of assets	48,811	1,469,614
Other income	2,203,310	2,183,671
Total nonoperating revenues	671,573	2,812,429
(Loss) before capital contributions	(4,890,219)	(568,760)
Capital contributions:		
System development fees received	9,794,000	5,164,817
Contributed assets from developers	1,529,459	301,591
Water resource fees	1,165,000	2,503,181
Water resource system development fees	9,110,900	8,296,000
Total capital contributions	21,599,359	16,265,589
Change in net position	16,709,140	15,696,829
Net position, beginning of year	438,294,043	422,597,214
Net position, end of year	\$ 455,003,183	\$ 438,294,043

See notes to financial statements.

Parker Water and Sanitation District

Statements of Cash Flows
Years Ended December 31, 2015 and 2014

	2015	2014
Cash flows from operating activities:		
Cash received from customers/operations	\$ 24,077,989	\$ 23,318,895
Cash payments to suppliers for goods and services	(11,205,903)	(8,964,419)
Cash payments to employees for services	(7,127,492)	(6,245,314)
Net cash flows provided from operating activities	5,744,594	8,109,162
Cash flows from noncapital financing activities:		
Property and specific ownership tax, net of fees	1,258,565	1,196,866
Other nonoperating revenue	3,797,258	3,788,273
Other nonoperating expenses	(221,411)	(191,800)
Net cash provided by noncapital financing activities	4,834,412	4,793,339
Cash flows from capital and related financing activities:		
System development fees collected	9,794,000	5,164,817
Water resource fees received	1,165,000	2,503,181
Water resource system development fees received	9,110,900	8,296,000
Property tax revenue for debt service, net of fees	3,702,601	3,599,001
Acquisition of capital assets	(9,376,846)	(22,296,802)
Proceeds on sales of capital assets	48,835	2,465,348
Debt proceeds, including premium	4,604,969	43,830
Principal paid	(5,509,636)	(5,216,742)
Interest paid	(8,668,329)	(9,038,321)
Net cash provided by (used in) capital and related financing activities	4,871,494	(14,479,688)
Cash flows from investing activities:		
Sale of investments	8,197,137	8,850,000
Purchase of investments	(10,807,847)	(8,912,549)
Interest received	415,532	491,950
Net cash provided by (used in) investing activities	(2,195,178)	429,401
Net increase (decrease) in cash and cash equivalents	13,255,322	(1,147,786)
Cash and cash equivalents, beginning of year	72,072,248	73,220,034
Cash and cash equivalents, end of year	\$ 85,327,570	\$ 72,072,248

(Continued)

Parker Water and Sanitation District

Statements of Cash Flows (Continued)
Years Ended December 31, 2015 and 2014

	2015	2014
Cash flows from operating activities:		
(Loss) from operations	\$ (5,561,792)	\$ (3,381,189)
Adjustments to reconcile (loss) from operations to net cash provided by operating activities:		
Depreciation and amortization	12,157,714	11,034,528
Changes in assets and liabilities related to operations:		
Accounts receivable	70,151	(326,294)
Accounts payable	(211,300)	408,168
Accrued expenses	(292,471)	37,608
Compensated absences	7,940	166,976
Other post employment benefits	-	(371,768)
Construction deposits	(425,648)	541,133
Total adjustments	11,306,386	11,490,351
Net cash provided by operating activities	\$ 5,744,594	\$ 8,109,162

Cash flows from capital and related financing activities do not include \$1,529,459 and \$301,591 of water rights and/or water and sewer lines contributed to the District during 2015 and 2014, respectively; \$(1,658,669) and \$(401,488) of acquisition of capital assets through accounts and retainage payable for 2015 and 2014, respectively; and \$43,598 and \$71,482 of market value adjustment on investments for 2015 and 2014, respectively.

See notes to financial statements.

Parker Water and Sanitation District

Notes to Financial Statements

Note 1. Definition of Reporting Entity

Parker Water and Sanitation District (District), a quasi-municipal corporation, is governed pursuant to provisions of the Colorado Special District Act. The District's service area is located in Douglas County, Colorado. The District was established to provide water and sanitation services.

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

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

Note 2. Summary of Significant Accounting Policies

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

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

Basis of accounting: The District's records are maintained on the accrual basis of accounting. Revenue is recognized when earned and expenses are recognized when the liability is incurred. Depreciation is computed and recorded as an operating expense. Expenditures for capital assets are reported as increases in assets.

Operating revenues and expenses: The District distinguishes between operating revenues and expenses and nonoperating items in the Statements of Revenues, Expenses and Changes in Net Position. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the District's purpose of providing water and sanitation services to its customers. Operating revenues consist of charges to customers for services provided.

Operating expenses include the cost of service, administrative expenses and depreciation of assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses or capital contributions.

It is the District's policy to apply restricted resources first when expenses are incurred for purposes for which both restricted and unrestricted resources are available for use.

Budgets: In accordance with the State Budget Law, the District's Board of Directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The District's Board of Directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The appropriation is at the total fund expenditures level and lapses at year end. Contributions of water and/or sewer lines are not reflected as a budgetary revenue or expenditure as they do not generate or require the use of funds available.

Parker Water and Sanitation District

Notes to Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

Cash equivalents and investments: For purposes of the statement of cash flows, the District considers cash deposits and highly liquid investments with a maturity of three months or less when purchased, to be cash equivalents.

The District's investments are reported at fair value, based on quoted market prices. The reported value of the local government investment pool is valued at an amortized cost pursuant to Rule 2a-7 under the Investment Company Act of 1940, which approximates the fair value.

Certain proceeds of bonds, as well as resources set aside for their repayment, are classified as restricted assets. Cash and cash equivalents restricted for the construction of noncurrent assets, including the District's new water treatment plant, are also classified as noncurrent on the statement of net position.

Accounts receivable and unbilled revenue: The District utilizes cycle billing and accrues an estimated amount of revenues for sales unbilled at the end of each reporting period. The unbilled amount plus any amounts billed to customers but not yet received by the District, is recorded as accounts receivable and accrued water sales. Management has a history of high accounts receivable collections and has not recorded any bad debt expense in recent years. As a result, management has not recorded an allowance for uncollectible accounts as of December 31, 2015 or 2014, as they consider amounts fully collectible.

Capital assets: Capital assets, which include land, water rights, buildings, water and sewer distribution and collection systems and furniture and equipment, are reported by the District. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable. The District's capitalization threshold is \$5,000. Depreciation expense has been computed using the straight-line method over the estimated economic useful lives:

Land improvements	10-20 years
Buildings	25-50 years
Infrastructure	30-65 years
Machinery and equipment	5-30 years
Reservoir	75 years
Vehicles	5-8 years

Capitalized interest: Interest incurred during construction is reflected in the capitalized value of the asset constructed. Interest expense capitalized during the years ended December 31, 2015 and 2014 was \$1,406,726 and \$2,382,742, respectively.

Water rights: The District's water rights include those contributed by developers, in addition to those acquired by the District. Contributed water rights are reported at fair value based on an estimated price per acre-foot of water as of the date of the contribution. The cost of water rights includes acquisition cost, legal and engineering costs related to the development and augmentation of those rights. All other costs, including costs incurred for the protection of those rights, are expensed.

Parker Water and Sanitation District

Notes to Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

The District has developed a varied water rights portfolio, including Denver Basin aquifer ground water and Cherry Creek alluvial ground water, as well as the rights to re-use and store this water on a year-round basis. These developed water rights provide a dependable water supply for District customers. The District's pending and adjudicated water rights portfolio includes approximately 32,400 acre-feet of water per year. The water rights of the District do not have a definite useful life; therefore no amortization expense is being recognized on them in accordance with GASB Statement No. 51.

Property taxes: Property taxes are levied by the District's Board of Directors. The levy is based on assessed valuations determined by the County Assessor generally as of December 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April or if in equal installments, at the taxpayer's election, in February and June. Delinquent taxpayers are notified in August and generally sales of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the District.

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred inflow of resources in the year they are levied and measurable. The deferred inflow of property tax revenue is recorded as revenue in the year they are collected and budgeted for use.

Capital contributions: Capital contributions are comprised of system development fees, water resource fees and water resource system development fees and are recorded as capital contributions when received. These fees are used by the District to defray the cost of acquiring, constructing or improving capital assets, and are therefore not reported as operating revenue. Lines contributed to the District by developers are recorded as capital contributions and additions to the systems at the estimated fair value when received.

Deferred outflows of resources: In addition to assets, the statement of net 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) until then. The District only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

Deferred inflows of resources: In addition to liabilities, the statement of net 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. The District reports unavailable revenues from one source, property taxes. This amount is deferred and recognized as an inflow of resources in the year the property taxes are levied and budgeted for.

Compensated absences: Full-time employees begin earning vacation from their date of hire. The vacation accrual rate is based on the employees years of service. Part-time employees are not entitled to paid vacations. Vacation cannot be used before it is earned and no more than 280 vacation hours may be accumulated. The District's sick leave policy permits full-time employees to accrue sick time each pay period up to a maximum of 96 hours per year. Part-time employees are not entitled to paid sick leave.

Parker Water and Sanitation District

Notes to Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

District employees with less than five years of full-time service are not paid for accrued sick time upon termination of employment. Employees hired on or after January 1, 2012 with a minimum of five years of full-time service will receive a 50 percent payout of accrued sick time upon termination of employment. Employees hired prior to January 1, 2012 with five to fourteen years of full-time service are paid for 50 percent of accrued sick time upon termination of employment. Employees hired prior to January 1, 2012 with 15 years of regular full-time service are paid for 100 percent of accrued sick time upon termination of employment. The District's sick leave policy permits a maximum accumulation of 520 sick hours.

Note 3. Cash and Investments

Cash 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 regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The total market value of all pledged assets must exceed 102 percent of the banks aggregate uninsured public deposits at all times.

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

For deposits, custodial credit risk is the risk that, in the event of a bank failure, the District's deposits might not be returned. All institutions holding the District's deposits are currently certified as eligible public depositories in accordance with the statutes. At December 31, 2015 and 2014, the District's cash deposits had a carrying balance of \$53,447,483 and \$35,394,584, respectively.

Investments: Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments, and entities such as the District, may invest. The District has adopted an investment policy which is more restrictive and limits investments to:

- Obligations of the United States and certain U.S. government agency securities
- Bankers' acceptances of certain banks
- Commercial paper
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Local government investment pools

Other investments include investments in local government pools of government-backed securities. Local government investment pools in Colorado must be organized under Colorado Revised Statutes, and are therefore subject to oversight by the Colorado Securities Commission, with quarterly reporting and annual audits required. The fair value of the District's position in the external investment pools is the same as the value of the pool shares. The investment pools are valued at an amortized cost pursuant to Rule 2a-7 under the Investment Company Act of 1940, which approximates the fair value.

Parker Water and Sanitation District

Notes to Financial Statements

Note 3. Cash and Investments (Continued)

In accordance with GASB Statement No. 40, the District's investments are subject to interest rate risk and credit risk as described below:

Interest rate risk: The District owned the following investments as of December 31, 2015:

	Fair Value	Remaining Maturity		
		12 Months or Less	13 - 24 Months	25 - 36 Months
U.S. Government Agencies	\$ 13,391,923	\$ 2,998,708	\$ 8,005,269	\$ 2,387,946
U.S. Treasury notes	7,460,635	1,497,691	2,385,304	3,577,640
Local government investment pools	31,850,896	31,850,896	-	-
Commercial paper	598,481	598,481	-	-
Federated prime obligation	29,131	29,131	-	-
	<u>\$ 53,331,066</u>	<u>\$ 36,974,907</u>	<u>\$ 10,390,573</u>	<u>\$ 5,965,586</u>

The District owned the following investments as of December 31, 2014:

	Fair Value	Remaining Maturity		
		12 Months or Less	13 - 24 Months	25 - 36 Months
U.S. Government Agencies	\$ 17,989,703	\$ 8,194,908	\$ 3,002,114	\$ 6,792,681
U.S. Treasury notes	894,164	-	299,883	594,281
Local government investment pools	35,784,835	35,784,835	-	-
Federated prime obligation	892,829	892,829	-	-
	<u>\$ 55,561,531</u>	<u>\$ 44,872,572</u>	<u>\$ 3,301,997</u>	<u>\$ 7,386,962</u>

Custodial credit risk: Custodial credit risk is the risk that, in the event of a counterparty's failure, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of December 31, 2015 and 2014, none of the District's investments were insured, but they were all registered in the District's name and held by the counterparty or the counterparty's trust department, and are therefore, not exposed to custodial credit risk. GASB has concluded that investments in Mutual Funds and external investment pools are not exposed to custodial credit risk.

The District invests in Colorado Government Liquid Asset Trust Plus (Colotrust Plus) and the Colorado Surplus Asset Fund Trust (CSAFE), both established for Colorado local governments surplus fund pooling. Both pools are regulated by the Colorado Securities Commissioner. Pool investments consist of U.S. Treasury bills, notes and note strips, commercial paper allowed by state statute and repurchase agreements collateralized by U.S. Treasury securities and or instrumentalities. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Securities owned by the pools 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 the specific pool.

Parker Water and Sanitation District

Notes to Financial Statements

Note 3. Cash and Investments (Continued)

Concentration of credit risk: The District does not have a policy that addresses specific limitations on the amount that can be invested in any one issuer, but does require diversification of investments, excluding U.S. Treasury securities. As of December 31, 2015, more than 5 percent of the District's investments are concentrated in Federal Farm Credit Bank securities (14.1 percent), and Federal National Mortgage Association securities (6.5 percent). As of December 31, 2014, more than 5 percent of the District's investments are concentrated in Federal Farm Credit Bank securities (12.5 percent), Federal Home Loan Mortgage Corporation securities (7.5 percent), Federal Home Loan Bank securities (5.4 percent), and Federal National Mortgage Association securities (7.0 percent). The District's investments in local government investment pools and the Federated Prime Obligation Money Market fund are not subject to concentration of credit risk.

Credit risk: As of December 31, 2015 and 2014, the District had invested \$31,850,896 and \$35,784,835, respectively, in the Colorado Local Government Liquid Asset Trust (the Trust) and CSAFE, investment vehicles established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing local government investment pools. The Trust and CSAFE operate similarly to a money market fund and each share is equal in value to \$1.00. The two funds of the Trust and the CSAFE fund are rated AAAM by Standard & Poor's.

As of December 31, 2015 and 2014, the District had invested \$29,131 and \$892,829, respectively, in Federated Prime Obligations fund, a money market fund. This fund is rated AAAM by Standard & Poor's.

The U.S. agency securities are rated AA+ by Standard & Poor's, as of December 31, 2015 and 2014. The U.S. Treasury notes are not subject to credit risk as they are explicitly guaranteed by the U.S. government.

Cash and investments are restricted for the following purposes:

	2015	2014
Restricted for operating reserve	\$ 3,009,781	\$ 2,011,239
Restricted for water treatment plant	29,131	892,829
Cash and cash equivalents - restricted	<u>\$ 3,038,912</u>	<u>\$ 2,904,068</u>
Restricted for operating reserve	\$ 1,346,529	\$ 2,359,893
Restricted for water treatment plant	5,132,419	5,115,662
Investments - restricted	<u>\$ 6,478,948</u>	<u>\$ 7,475,555</u>

Operating reserve: The loan agreements with the Colorado Water Resources and Power Development Authority generally require that the District maintain a three month operating reserve. For this purpose, the District had restricted cash and investments of \$4,356,310 and \$4,371,132 at December 31, 2015 and 2014, respectively.

Parker Water and Sanitation District

Notes to Financial Statements

Note 3. Cash and Investments (Continued)

Water Treatment Plant: The loan documents for the 2010 loan with the Colorado Water Resources and Power Development Authority require that the proceeds from the loan be applied only to the expenses of acquiring, constructing and equipping the project. In the event that all of the proceeds of the loan are not required to pay such expenses, any remaining amount shall be used for paying principal and interest on the loan. For this purpose, the District had restricted cash and investments of \$5,161,550 and \$6,008,491 at December 31, 2015 and 2014, respectively.

At December 31, 2015 and 2014, cash deposits and investments are classified on the statements of net position as follows:

	2015	2014
Cash and cash equivalents	\$ 82,288,658	\$ 69,168,180
Cash and cash equivalents - restricted	3,038,912	2,904,068
Investments	14,972,031	11,408,312
Investments - restricted	6,478,948	7,475,555
	<u>\$ 106,778,549</u>	<u>\$ 90,956,115</u>
Cash deposits	\$ 53,447,483	\$ 35,394,584
Investments	53,331,066	55,561,531
	<u>\$ 106,778,549</u>	<u>\$ 90,956,115</u>

Note 4. Inclusion Fees

The District carried a receivable for the RidgeGate inclusion fee for \$1,165,460 and \$2,330,920 at December 31, 2015 and 2014, respectively. The receivable bears interest at 6.25 percent. At December 31, 2015, the current portion of the receivable was \$1,165,460. At December 31, 2014, the current and noncurrent portions of the receivable were \$1,165,460. At December 31, 2015, there was one remaining annual inclusion fee payment of \$1,165,460 due to the District.

Parker Water and Sanitation District

Notes to Financial Statements

Note 5. Capital Assets

An analysis of the changes in capital assets for the years ended December 31, 2015 and 2014 follows:

	2015			Balance at December 31, 2015
	Balance at December 31, 2014	Additions	Disposals and Reclasses	
Capital assets, not being depreciated:				
Land	\$ 14,601,846	\$ -	\$ -	\$ 14,601,846
Water rights	139,130,824	-	-	139,130,824
Land improvements	3,155,118	-	-	3,155,118
Construction in progress	61,999,387	3,801,173	(54,108,463)	11,692,097
Total capital assets, not being depreciated	<u>218,887,175</u>	<u>3,801,173</u>	<u>(54,108,463)</u>	<u>168,579,885</u>
Capital assets, being depreciated:				
Land improvements	14,627,883	3,118,179	-	17,746,062
Buildings	72,448,768	32,642,908	-	105,091,676
Infrastructure	115,619,635	3,740,856	-	119,360,491
Machinery and equipment	53,006,220	21,292,096	(94,318)	74,203,998
Reservoir - Rueter Hess	188,831,369	-	-	188,831,369
Vehicles	1,616,266	167,613	(147,680)	1,636,199
Total capital assets, being depreciated	<u>446,150,141</u>	<u>60,961,652</u>	<u>(241,998)</u>	<u>506,869,795</u>
Less accumulated depreciation for:				
Land improvements	6,536,606	792,289	-	7,328,895
Buildings	23,925,369	2,622,639	-	26,548,008
Infrastructure	33,651,148	3,180,765	-	36,831,913
Machinery and equipment	42,498,730	2,603,349	(94,294)	45,007,785
Reservoir - Rueter Hess	8,585,228	2,874,807	-	11,460,035
Vehicles	1,400,546	83,865	(147,680)	1,336,731
Total accumulated depreciation	<u>116,597,627</u>	<u>12,157,714</u>	<u>(241,974)</u>	<u>128,513,367</u>
Total capital assets, being depreciated, net	329,552,514	48,803,938	(24)	378,356,428
Capital assets, net	<u>\$ 548,439,689</u>	<u>\$ 52,605,111</u>	<u>\$ (54,108,487)</u>	<u>\$ 546,936,313</u>

Parker Water and Sanitation District

Notes to Financial Statements

Note 5. Capital Assets (Continued)

	2014			Balance at December 31, 2014
	Balance at December 31, 2013	Additions	Disposals and Reclasses	
Capital assets, not being depreciated:				
Land	\$ 20,191,930	\$ -	\$ (5,590,084)	\$ 14,601,846
Water rights	133,621,063	180,000	5,329,761	139,130,824
Land improvements	3,155,118	-	-	3,155,118
Construction in progress	40,297,487	21,809,110	(107,210)	61,999,387
Total capital assets, not being depreciated	197,265,598	21,989,110	(367,533)	218,887,175
Capital assets, being depreciated:				
Land improvements	14,426,314	206,523	(4,954)	14,627,883
Buildings	72,310,328	1,013,734	(875,294)	72,448,768
Infrastructure	115,435,168	191,675	(7,208)	115,619,635
Machinery and equipment	53,829,546	1,174,242	(1,997,568)	53,006,220
Reservoir - Rueter Hess	188,831,369	-	-	188,831,369
Vehicles	1,522,643	111,573	(17,950)	1,616,266
Total capital assets, being depreciated	446,355,368	2,697,747	(2,902,974)	446,150,141
Less accumulated depreciation for:				
Land improvements	5,821,120	720,191	(4,705)	6,536,606
Buildings	22,126,815	2,137,285	(338,731)	23,925,369
Infrastructure	30,542,091	3,111,328	(2,271)	33,651,148
Machinery and equipment	42,164,874	2,137,762	(1,803,906)	42,498,730
Reservoir - Rueter Hess	5,710,421	2,874,807	-	8,585,228
Vehicles	1,365,341	53,155	(17,950)	1,400,546
Total accumulated depreciation	107,730,662	11,034,528	(2,167,563)	116,597,627
Total capital assets, being depreciated, net	338,624,706	(8,336,781)	(735,411)	329,552,514
Capital assets, net	\$ 535,890,304	\$ 13,652,329	\$ (1,102,944)	\$ 548,439,689

Parker Water and Sanitation District

Notes to Financial Statements

Note 6. Long-Term Liabilities

The following is an analysis of the changes in the District's long-term obligations for the years ended December 31, 2015 and 2014.

	Interest Rates	Balance at January 1, 2015	New Issues	Retirements	Balance at December 31, 2015	Due Within One Year
1997 CWRPDA Clean Water Loan	4.543	\$ 651,126	\$ -	\$ 202,810	\$ 448,316	\$ 213,484
1997 CWRPDA Small Water Loan	5.37	1,037,500	-	348,333	689,167	368,334
2000 CWRPDA Clean Water Loan	5.71	4,614,558	-	683,442	3,931,116	715,230
2000 CWRPDA Small Water Loan	4.66	8,285,834	-	834,167	7,451,667	1,455,833
2001 CWRPDA Clean Water Loan	4.01	2,102,688	-	268,200	1,834,488	273,564
2002 CWRPDA Clean Water Loan	3.62	11,230,532	-	287,684	10,942,848	293,112
2010 CWRPDA Loan	5.78	51,485,000	-	-	51,485,000	-
Less Bond Discount		(56,517)	-	(2,735)	(53,782)	-
2012 Revenue Refunding Bonds	2.0-5.0	20,760,000	-	1,140,000	19,620,000	510,000
Add Bond Premium		2,771,977	-	175,072	2,596,905	-
2012 General Obligation Refunding Bonds	2.0-5.0	90,110,000	-	1,745,000	88,365,000	1,795,000
Add Bond Premium		10,617,535	-	371,459	10,246,076	-
2014 CWCB Loan A	2.75	4,426,830	-	-	4,426,830	168,980
2014 CWCB Loan B	2.75	-	96,908	-	96,908	-
2014 CWCB Loan D	2.75	123,316	98,653	-	221,969	-
Total long-term debt		\$ 208,160,379	\$ 195,561	\$ 6,053,432	\$ 202,302,508	\$ 5,793,537

	Interest Rates	Balance at January 1, 2014	New Issues	Retirements	Balance at December 31, 2014	Due Within One Year
1994 CWRPDA Clean Water Loan	5.65%	\$ 128,424	\$ -	\$ 128,424	\$ -	\$ -
1994 CWRPDA Small Water Loan	4.892	41,667	-	41,667	-	-
1997 CWRPDA Clean Water Loan	4.543	848,600	-	197,474	651,126	202,810
1997 CWRPDA Small Water Loan	5.37	1,365,833	-	328,333	1,037,500	348,333
2000 CWRPDA Clean Water Loan	5.71	5,271,510	-	656,952	4,614,558	683,442
2000 CWRPDA Small Water Loan	4.66	8,829,998	-	544,164	8,285,834	834,166
2001 CWRPDA Clean Water Loan	4.01	2,360,160	-	257,472	2,102,688	268,200
2002 CWRPDA Clean Water Loan	3.62	11,512,788	-	282,256	11,230,532	287,684
2004 CWRPDA Small Water and Clean Water Loan	5.118	1,440,000	-	1,440,000	-	-
2010 CWRPDA Loan	5.78	51,485,000	-	-	51,485,000	-
Less Bond Discount		(59,252)	-	(2,735)	(56,517)	-
2012 Revenue Refunding Bonds	2.0-5.0	21,860,000	-	1,100,000	20,760,000	1,140,000
Add Bond Premium		2,947,050	-	175,073	2,771,977	-
2012 General Obligation Refunding Bonds	2.0-5.0	90,350,000	-	240,000	90,110,000	1,745,000
Add Bond Premium		10,988,994	-	371,459	10,617,535	-
2014 CWCB Loan A	2.75	-	4,426,830	-	4,426,830	-
2014 CWCB Loan D	2.75	-	123,316	-	123,316	-
Total long-term debt		\$ 209,370,772	\$ 4,550,146	\$ 5,760,539	\$ 208,160,379	\$ 5,509,635

Parker Water and Sanitation District

Notes to Financial Statements

Note 6. Long-Term Liabilities (Continued)

Loan Agreement, Colorado Water Resources and Power Development Authority, dated October 21, 2010: Principal payments are due August 1 starting in 2023. This loan was issued as federally taxable bonds designated as a Build America Bond (BAB) pursuant to sections of the Internal Revenue Code and provisions of the American Recovery and Reinvestment Act of 2009. The District expects to receive a cash subsidy payment from the US Treasury equal to 35 percent of the interest payable on the loan. The interest rate net of the BAB subsidy is 3.85 percent.

Colorado Water Resources and Power Development Authority and Colorado Water Conservation Board Loan Covenants: The District has pledged the revenue from the operation and use of its facilities and other legally available revenue, after the payment of operation and maintenance expenses of the system, for the repayment of the above referenced loans. The loan agreements contain various restrictive covenants and requirements, including rate covenants, maintenance of a three month operating reserve (see Note 3) and compliance with an additional bond and/or indebtedness test. At December 31, 2015 and 2014, the District was in compliance with these covenants and requirements of the loan agreements.

Water and Sewer Revenue Refunding Bonds, Series 2012, dated June 13, 2012: Principal payments due November 1. These bonds require a reserve fund which is currently funded by an insurance policy in the amount of \$2,205,050.

These bonds also require that charges pertaining to the system shall be at least sufficient so that the gross pledged revenues annually are sufficient to pay in each fiscal year: (a) an amount equal to the annual operation and maintenances for such fiscal year; (b) an amount equal to 110 percent of both the principal and interest on the 2012 Bonds and any parity bonds then outstanding payable from the net pledged revenues in that fiscal year (excluding the reserves therefore); and (c) any amounts required to pay all policy costs, if any, due and owing and all sums, if any, due and owing to meet then existing deficiencies pertaining to any fund or account relating to the gross pledged revenues or any securities payable therefrom.

General Obligation Refunding Bonds, Series 2012, dated December 27, 2012: Principal payments due August 1. On May 4, 2004, voters of the District authorized the District to levy property taxes to pay this debt. Such taxes are intended to be used as guaranty for payment of the bonds only if the Board of Directors determines other revenues are not sufficient to pay the debt service on the bonds. During 2015 and 2014, the District recognized \$3,702,601 and \$3,599,001, respectively, in property tax revenue to pay the debt service, a portion of which was used on this loan.

Loan Agreement, Colorado Water Conservation Board, dated May 22, 2014: On May 22, 2014, the Colorado Water Conservation Board (CWCB) approved a total loan amount not to exceed \$15,734,790, for the District's participation cost of the Water Infrastructure and Supply Efficiency (WISE) Project. The total approved amount will consist of four separate contract loans, based on what will be constructed with the proceeds.

During the fiscal year ending December 31, 2014, the District approved Contract Loan A for an amount of \$4,426,830 for the ECCV Pipeline Purchase. Principal payments are due February 1 starting in 2016, at an interest rate of 2.75 percent and repayment term of 20 years.

Parker Water and Sanitation District

Notes to Financial Statements

Note 6. Long-Term Liabilities (Continued)

During the fiscal year ending December 31, 2014, the District approved Contract Loan D for an amount of \$1,099,890 for the DIA Connection. As of December 31, 2015, the District has borrowed \$221,969, and can draw additional borrowings up to the approved amount until June 2021 when principal repayments begin. Principal payments are due June 1 starting in 2021, at an interest rate of 2.75 percent and repayment term of 20 years.

During the fiscal year ending December 31, 2014, the District approved Contract Loan B for an amount of \$6,785,321 for the Phase 1 Infrastructure. As of December 31, 2015, the District has borrowed \$96,908, and can draw additional borrowings up to the approved amount until June 2019 when principal repayments begin. Principal payments are due June 1 starting in 2019, at an interest rate of 2.75 percent and repayment term of 20 years.

The District's long-term obligations, excluding the accrual for compensated absences and bond discounts and premiums, will mature as follows:

	Principal	Interest	Total
2016	\$ 5,793,537	\$ 8,700,308	\$ 14,493,845
2017	6,128,010	8,468,259	14,596,269
2018	6,288,397	8,236,811	14,525,208
2019	6,387,209	7,952,028	14,339,237
2020	6,709,371	7,696,253	14,405,624
2021-2025	34,398,975	34,044,888	68,443,863
2026-2030	39,205,754	26,619,875	65,825,629
2031-2035	48,411,728	16,615,356	65,027,084
2036-2040	21,000,326	6,979,751	27,980,077
2041-2043	15,190,000	1,543,500	16,733,500
	<u>\$ 189,513,307</u>	<u>\$ 126,857,029</u>	<u>\$ 316,370,336</u>

Changes in the District's accrued benefits payable are as follows:

	Balance January 1, 2015	Incurred	Retired	Balance December 31, 2015	Due Within One Year
Compensated absences payable	<u>\$ 560,756</u>	<u>\$ 364,074</u>	<u>\$ 356,134</u>	<u>\$ 568,696</u>	<u>\$ 338,894</u>

	Balance January 1, 2014	Incurred	Retired	Balance December 31, 2014	Due Within One Year
Compensated absences payable	<u>\$ 393,780</u>	<u>\$ 472,005</u>	<u>\$ 305,029</u>	<u>\$ 560,756</u>	<u>\$ 329,608</u>

Parker Water and Sanitation District

Notes to Financial Statements

Note 7. Net Position

The District has net position consisting of three components - net investment in capital assets, restricted and unrestricted.

Net investment in capital assets consists of capital assets, net of accumulated depreciation, plus unspent debt proceeds, and reduced by the outstanding balances of bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. As of December 31, 2015 and 2014, the District had a net investment in capital assets calculated as follows:

	2015	2014
Capital assets, net of accumulated depreciation	\$ 546,936,313	\$ 548,439,689
Unspent debt proceeds	5,161,550	6,008,491
Bonds and notes payable	(202,302,508)	(208,160,379)
Deferred charge on refunding	6,576,808	6,815,242
	<u>\$ 356,372,163</u>	<u>\$ 353,103,043</u>

Restricted net position includes assets that are 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. See Note 3 for restrictions of assets as of December 31, 2015 and 2014.

Unrestricted net position consists of net position that does not meet the definition of net investment in capital assets or restricted.

The District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Note 8. Commitments

Construction commitments: As of December 31, 2015 and 2014, the District had unexpended construction related contract commitments of approximately \$175,922 and \$1,636,756, respectively.

Note 9. Risk Management

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

The District is a member of the Colorado Special Districts Property and Liability Pool (Pool) as of December 31, 2015 and 2014. The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials liability, equipment breakdown and workers compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years.

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

Parker Water and Sanitation District

Notes to Financial Statements

Note 9. Risk Management (Continued)

The District provides health insurance to its employees through its participation in the Colorado Employer Benefit Trust (CEBT), a public entity risk pool formed in 1980. CEBT has approximately 260 participating groups and is governed by a Board of Trustees made up of representatives from participating groups. The purpose of the Trust is to spread the risk of adverse claims over a large base of members and reduce administration costs. Since the pool is self-insured, the participating groups are able to benefit from positive overall claims experience and low administrative costs. Settled claims have not exceeded this coverage in any of the past three fiscal years.

The District changed healthcare providers from Colorado Employer Benefit Trust (CEBT) to Aetna effective July 1, 2014, following a comprehensive benefit review and competitive bidding process among multiple insurance providers. By making the provider change, the District reduced medical insurance premiums without sacrificing health benefits. The change also provided the District an opportunity to move to a calendar year renewal, which is consistent with the District's annual budget and coordination with IRS sponsored programs.

Note 10. Defined Contribution Plan

The employees of the District participate in a defined contribution plan established by the District and maintained and administered by Great-West Life and Annuity Insurance Company, the Parker Water and Sanitation District Employees Money Purchase Pension Plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees become plan members immediately upon employment. Under this plan, 9 percent of the plan members' compensation is withheld and remitted to the Plan Administrator along with a matching payment of 10 percent from the District. The Board of Directors is authorized to approve changes to these rates. The District's contributions, plus earnings, become vested at a rate of 20 percent for each year of participation in the plan. District contributions for plan members who leave employment before they are fully vested are returned to the District. There is no liability for benefits under the plan beyond the District's matching payments. Plan provisions and contribution requirements are established and may be amended by the District's Board of Directors.

Contributions actually made by plan members and the District for the year ended December 31, 2015 and 2014 are as follows, there were no liabilities as of December 31:

	2015	2014
Plan members	\$ 460,911	\$ 412,326
District	\$ 497,256	\$ 461,167

Note 11. Deferred Compensation Plan – Assets in Trust

The District has a deferred compensation plan created in accordance with Internal Revenue Code Section 457. This plan is administered by Great-West Life and Annuity Insurance Company. Participation in the plan is optional for all employees. The plan allows the employees to defer a portion of their salary until future years. The District matches deferrals by employees up to 5 percent of the employees' payroll. Contributions made to this plan by the District were \$191,777 for 2015 and \$174,253 for 2014.

Parker Water and Sanitation District

Notes to Financial Statements

Note 12. Tax, Spending and Debt Limitations

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights (TABOR), contains tax, spending, revenue and debt limitations which apply to the State of Colorado and all local governments.

Enterprises, defined as government-owned businesses authorized to issue revenue bonds and receiving less than 10 percent of annual revenue in grants from all state and local governments combined, are excluded from the provisions of TABOR. The District's management believes a significant portion of its operations qualifies for this exclusion.

Spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

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

Note 13. Future Governmental Accounting Standards Board (GASB) Statements

As of December 31, 2015, the GASB had issued several statements not yet required to be implemented by the District. The Statements which might impact the District are as follows:

GASB Statement No. 72, *Fair Value Measurement and Application*, issued February 2015, will be effective for the District with its year ending December 31, 2016. This Statement defines fair value and describes how fair value should be measured, what assets and liabilities should be measured at fair value, and what information about fair value should be disclosed in the notes to the financial statements. This Statement 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. Investments, which generally are measured at fair value, are defined as a security or other asset that governments hold primarily for the purpose of income or profit and the present service capacity of which are based solely on their ability to generate cash or to be sold to generate cash. The related disclosures have been expanded to categorize fair values according to their relative reliability and to describe positions held in many alternative investments.

GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, issued December 2015, will be effective for the District beginning with its fiscal year ending December 31, 2016. Statement No. 79 addresses accounting and financial reporting for certain external investment pools and pool participants by establishing criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. The Statement also establishes additional note disclosure requirements for qualifying external investment pools and for governments that participate in those pools.

Management intends to adopt these Statements by the required dates and will modify and expand its disclosures accordingly.

Parker Water and Sanitation District

Notes to Financial Statements

Note 14. Subsequent Event

On April 6, 2016, the District disbursed \$4,085,338 to the paying agent to retire certain outstanding loans with the Colorado Water Resources & Power Development Authority in advance of their maturity dates. The closing is expected to be completed on May 12, 2016.

On February 29, 2016, Standard & Poor's Ratings Services raised its rating on the District's Series 2012 General Obligation Refunding Bonds to 'AA' from 'AA-'.

SUPPLEMENTARY INFORMATION

Parker Water and Sanitation District

**Schedule of Revenues, Expenditures and Changes in Funds Available
Budget-to-Actual (Budgetary Basis)
Year Ended December 31, 2015**

	Total		Variance -
	Final Budget	Actual	Positive (Negative)
Revenues:			
Charges for services	\$ 24,380,000	\$ 23,998,265	\$ (381,735)
Operating tax revenues	1,026,000	1,258,565	232,565
Other operating income	278,500	435,221	156,721
Investment income	329,600	388,011	58,411
Other nonoperating income	2,400,696	2,622,252	221,556
Reuter-Hess mill levy	3,733,000	3,702,601	(30,399)
System development fees	5,928,300	9,794,000	3,865,700
Water resource fees	155,000	1,165,000	1,010,000
Water resource system development fees	5,412,000	9,110,900	3,698,900
Farm income	430,000	428,488	(1,512)
Bond proceeds, including premium	6,000,000	195,561	(5,804,439)
Transfer - rate funded capital	3,000,000	3,000,000	-
Other revenue/reimbursements	20,430,000	795,353	(19,634,647)
Total revenues	73,503,096	56,894,217	(16,608,879)
Expenditures:			
Salaries	4,987,460	5,048,668	(61,208)
Employee benefits	1,752,350	1,786,353	(34,003)
Insurance	190,700	193,432	(2,732)
Professional services	1,400,000	1,237,228	162,772
Support services	549,700	550,953	(1,253)
Utilities	3,617,000	4,180,959	(563,959)
Contract labor and maintenance	2,140,400	1,737,555	402,845
Supplies	2,600,180	2,097,891	502,289
Community education	48,650	42,908	5,742
Information technology	405,985	352,241	53,744
Water resource farms	184,800	221,411	(36,611)
Miscellaneous expenses	633,028	601,436	31,592
Debt service	14,399,393	14,358,526	40,867
Capital outlay	51,783,850	7,718,177	44,065,673
Transfer - rate funded capital	3,000,000	3,000,000	-
Total expenditures	87,693,496	43,127,738	44,565,758
Excess revenues over expenditures	\$ (14,190,400)	13,766,479	\$ 27,956,879
Funds available, beginning of year		<u>90,594,787</u>	
Funds available, end of year		<u>\$ 104,361,266</u>	
Funds available at December 31, 2015 is computed as follows:			
Current assets		\$ 105,877,621	
Noncurrent assets		9,517,860	
Current liabilities		(12,376,362)	
Current portion of long-term obligations		6,132,431	
Deferred inflows of resources		(4,790,284)	
		<u>\$ 104,361,266</u>	

Water			Sewer		
Final Budget	Actual	Variance - Positive (Negative)	Final Budget	Actual	Variance - Positive (Negative)
\$ 14,420,000	\$ 13,666,797	\$ (753,203)	\$ 9,960,000	\$ 10,331,468	\$ 371,468
-	-	-	1,026,000	1,258,565	232,565
245,000	383,186	138,186	33,500	52,035	18,535
174,800	237,242	62,442	154,800	150,769	(4,031)
1,672,966	1,878,250	205,284	727,730	744,003	16,273
3,733,000	3,702,601	(30,399)	-	-	-
4,419,800	7,414,000	2,994,200	1,508,500	2,380,000	871,500
155,000	1,165,000	1,010,000	-	-	-
5,412,000	9,110,900	3,698,900	-	-	-
430,000	428,488	(1,512)	-	-	-
6,000,000	195,561	(5,804,439)	-	-	-
1,000,000	1,000,000	-	2,000,000	2,000,000	-
20,430,000	795,353	(19,634,647)	-	-	-
<u>58,092,566</u>	<u>39,977,378</u>	<u>(18,115,189)</u>	<u>15,410,530</u>	<u>16,916,840</u>	<u>1,506,310</u>
2,494,900	2,528,870	(33,970)	2,492,560	2,519,798	(27,238)
877,520	893,604	(16,084)	874,830	892,749	(17,919)
95,350	96,716	(1,366)	95,350	96,716	(1,366)
622,500	729,267	(106,767)	777,500	507,961	269,539
390,700	422,453	(31,753)	159,000	128,500	30,500
2,702,000	3,344,581	(642,581)	915,000	836,378	78,622
1,149,050	790,617	358,433	991,350	946,938	44,412
1,629,380	1,064,744	564,636	970,800	1,033,147	(62,347)
33,650	27,526	6,124	15,000	15,382	(382)
200,740	184,965	15,775	205,245	167,276	37,969
184,800	221,411	(36,611)	-	-	-
345,329	334,377	10,952	287,699	267,059	20,640
12,463,488	11,655,096	808,392	1,935,905	2,703,430	(767,525)
49,837,200	6,238,283	43,598,917	1,946,650	1,479,894	466,756
1,000,000	1,000,000	-	2,000,000	2,000,000	-
<u>74,026,607</u>	<u>29,532,510</u>	<u>44,494,097</u>	<u>13,666,889</u>	<u>13,595,228</u>	<u>71,661</u>
<u>\$ (15,934,041)</u>	<u>\$ 10,444,868</u>	<u>\$ 26,378,909</u>	<u>\$ 1,743,641</u>	<u>\$ 3,321,612</u>	<u>\$ 1,577,971</u>

Parker Water and Sanitation District

**Reconciliation of Budgetary Basis (Actual) to Statement of Revenues, Expenses and
Changes in Net Position
Year Ended December 31, 2015**

Revenue (budgetary basis)	\$ 56,894,217
Contributed capital assets	1,529,459
Transfer - rate funded capital	(3,000,000)
Bond proceeds, including premium	(195,561)
Proceeds on sale of assets	(48,835)
Gain on sale of assets	48,811
Inclusion fee receivable paid	(1,165,460)
Total revenue per statement of revenues, expenses and changes in net position	54,062,631
Expenditures (budgetary basis)	43,127,738
Amortization of deferred charge on refunding	238,434
Amortization of bond discount and premium, net	(543,796)
Transfer - rate funded capital	(3,000,000)
Depreciation	12,157,714
Capitalized interest	(1,406,726)
Capital outlay	(7,718,177)
Debt principal	(5,509,636)
Change in compensated absences	7,940
Total expenses per statement of revenues, expenses and changes in fund net position	37,353,491
Change in net position per statement of revenues, expenses and changes in net position	\$ 16,709,140

Parker Water and Sanitation District

**Debt Service Coverage Calculation
Calculation Per Rate Covenant
Year Ended December 31, 2015**

Operating revenues:	
Total user fees	\$ 24,433,486
Farm land revenue	428,488
Net investment income	388,011
Other income (including BAB Subsidy)	2,203,310
Property taxes (sewer operating)	812,663
Specific ownership taxes	445,902
	<u>\$ 28,711,860</u>
System fees:	
System development fees	\$ 9,794,000
Water resource fees	1,165,000
Water resource system development fees	9,110,900
	<u>\$ 20,069,900</u>
Allowable system fees for coverage not exceeding 15% of operating revenue	<u>\$ 4,306,779</u>
Total revenues per covenant	<u>\$ 33,018,639</u>
Operating expenses:	
Operating expenses (less depreciation)	\$ 17,837,564
Farm land expenses	221,411
Total operating and maintenance expenses	<u>\$ 18,058,975</u>
Revenue available for debt service	<u>\$ 14,959,664</u>
Current year debt service:	
Revenue bond and CWRPDA loans total	\$ 5,653,551
Water Purification Facility loan	2,940,995
Total debt using revenue pledge	<u>\$ 8,594,546</u>
Coverage per rate covenant calculation (minimum 110%)	174%
Coverage without consideration of System Fees (minimum 100%)	124%

Parker Water and Sanitation District

**Debt Service Coverage Calculation - CWCB Loans
Year Ended December 31, 2015**

<hr/>	
Operating revenues:	
Total user fees	\$ 24,433,486
Farm land revenue	428,488
Net investment income	388,011
Other income (including BAB Subsidy)	2,203,310
Property taxes (sewer operating)	812,663
Specific ownership taxes	445,902
	<u>\$ 28,711,860</u>
Maximum revenue permitted including system fees	<u>\$ 31,902,067</u>
System fees:	
System development fees	\$ 9,794,000
Water resource fees	1,165,000
Water resource system development fees	9,110,900
	<u>\$ 20,069,900</u>
Allowable system fees for coverage calculation (no more than 10% of total revenue maximum)	<u>\$ 3,190,207</u>
Total calculated revenues	<u>\$ 31,902,067</u>
Operating expenses:	
Operating expenses (less depreciation)	\$ 17,837,564
Farm land expenses	221,411
Total operating and maintenance expenses	<u>\$ 18,058,975</u>
Revenue available for debt service	<u>\$ 13,843,092</u>
Current year debt service:	
Revenue bond total (existing)	\$ 5,653,551
Water Purification Facility loan (existing)	2,940,995
Total debt using revenue pledge	<u>\$ 8,594,546</u>
Coverage calculation	161%

History of Customer Accounts and SFEs Served

<u>Year</u>	<u>Number of Accounts</u>	<u>Percent Change</u>	<u>SFEs Served</u>	<u>Percent Change</u>
2006	12,167	9.6%	14,960	9.2%
2007	12,624	3.8%	15,582	4.2%
2008	12,842	1.7%	16,102	3.3%
2009	12,990	1.2%	16,256	1.0%
2010	13,031	0.3%	16,454	1.2%
2011	13,194	1.3%	16,659	1.2%
2012	13,375	1.4%	17,016	2.1%
2013	13,868	3.7%	17,403	2.3%
2014	14,013	1.0%	17,565	0.9%
2015	14,503	3.5%	17,986	2.4%

Source: Parker Water and Sanitation District

The following table sets forth Parker Water's water sales, by category, for calendar year 2015.

<u>Category</u>	<u>Annual Usage Gallons</u>	<u>Percent of Total Usage</u>
Residential/Multifamily	1,477,822,168	74.0%
Irrigation/Commercial	518,865,046	26.0%
Total	1,996,687,214	100.0%

Source: Parker Water and Sanitation District

PARKER WATER AND SANITATION DISTRICT
Statement Of Revenues, Expenses And Changes In Retained Earnings/Net Position (GAAP Basis)
For The Years Ended December 31, 2007-2015

Fiscal Year Ended December 31,	2007	2008	2009	2010	2011	2012	2013	2014	2015
Operating Revenues									
Charges for Services	\$ 16,972,258	\$ 17,486,367	\$ 16,267,261	\$ 20,925,595	\$ 21,314,802	\$ 23,024,528	\$ 23,641,284	\$ 22,766,166	\$ 23,998,265
Other Operating Income	451,930	378,948	205,541	341,549	342,764	321,697	281,489	337,890	435,221
Total	17,424,188	17,865,315	16,472,802	21,267,144	21,657,566	23,346,225	23,922,773	23,104,056	24,433,486
Operating Expenses									
Salaries	3,496,800	3,739,345	4,061,469	4,086,870	4,047,121	4,319,118	4,214,621	4,863,917	5,056,608
Employee Benefits	1,053,898	1,308,127	1,321,649	1,434,690	1,407,791	1,493,771	1,602,166	1,214,213	1,786,353
Insurance	328,880	72,232	209,368	186,393	184,241	168,922	167,674	173,345	193,432
Professional Services	741,391	827,182	825,769	776,409	1,226,852	1,503,907	896,031	1,064,682	1,237,228
Support Services	121,781	235,165	226,580	184,990	165,341	208,213	236,223	407,236	550,953
Utilities	2,468,659	2,932,304	2,476,831	3,140,689	3,207,981	3,244,414	3,407,978	3,705,907	4,180,959
Contract Labor & Maintenance	1,543,952	1,494,211	1,639,313	1,826,695	1,529,704	1,633,475	1,791,603	1,702,812	1,737,555
Supplies	1,231,835	1,363,970	1,422,420	1,155,096	1,178,432	1,376,989	1,369,298	1,362,866	2,097,891
Community Education	-	-	36,240	147,652	103,023	51,395	65,483	22,520	42,908
Information Technology	264,703	224,502	229,508	311,060	325,229	309,522	257,481	337,213	352,241
Miscellaneous	596,918	753,307	565,473	515,677	674,300	446,285	570,759	576,006	601,436
Depreciation	7,840,743	8,209,286	8,676,301	8,544,980	8,995,268	11,763,786	11,660,729	11,034,528	12,157,714
Total	19,689,560	21,159,631	21,690,921	22,311,201	23,045,283	26,519,797	26,240,046	26,485,245	29,995,278
Operating (Loss)	(2,265,372)	(3,294,316)	(5,218,119)	(1,044,057)	(1,387,717)	(3,173,572)	(2,317,273)	(3,381,189)	(5,561,792)
Nonoperating Revenues (Expenses)									
Property Taxes	762,210	840,841	878,724	1,729,517	7,253,967	4,532,006	4,306,089	4,388,951	4,515,264
Specific Ownership Taxes	75,116	71,311	66,822	122,763	490,472	359,034	377,122	406,916	445,902
County Treasurer's Collection Fees	(14,638)	(14,410)	(14,470)	-	-	-	-	-	-
Farm Land Revenue	533,470	301,895	350,537	319,391	356,131	435,066	436,485	439,142	428,488
Farm Land Expenses/Water Resource Farms	(175,400)	(175,578)	(133,359)	(150,188)	(135,543)	(186,618)	(163,592)	(191,800)	(221,411)
Net Investment Income	4,001,392	2,598,202	965,462	478,461	1,164,754	677,734	484,145	408,959	388,011
Interest Expense/Fees	(2,783,968)	(2,679,010)	(2,581,482)	(1,151,772)	(2,691,577)	(10,091,280)	(7,454,413)	(6,293,024)	(7,136,802)
Gain (Loss) on Disposal of Assets	(122,416)	789,457	(100,941)	(135,964)	(1,125,768)	(76,243)	(7,016)	1,469,614	48,811
Inclusion Fees	12,835,700	357,585	-	-	-	-	-	-	-
Other Income	232,412	464,062	497,738	693,180	2,033,671	1,423,784	1,916,922	2,183,671	2,203,310
Total	15,343,878	2,554,355	(70,969)	1,905,388	7,346,107	(2,926,517)	(104,258)	2,812,429	671,573
Gain Before Capital Contributions	13,078,506	(739,961)	(5,289,088)	861,331	5,958,390	(6,100,089)	(2,421,531)	(568,760)	(4,890,219)
Capital Contributions									
System Development Fees Received	2,053,460	1,596,485	370,745	725,190	1,271,950	2,986,289	3,334,200	5,164,817	9,794,000
Contributed Assets from Developers	49,470,299	6,061,579	3,622,016	1,075,035	2,214,560	130,800	219,072	301,591	1,529,459
Water Resource Fees	535,750	730,000	125,000	60,000	189,821	170,000	155,000	2,503,181	1,165,000
Water Resource System Development Fees	6,510,575	4,968,475	1,104,715	1,857,825	3,369,585	6,304,900	5,084,375	8,296,000	9,110,900
Rueter-Hess Storage Income	-	59,360,318	-	-	-	-	-	-	-
Total	58,570,084	72,716,857	5,222,476	3,718,050	7,045,916	9,591,989	8,792,647	16,265,589	21,599,359
Change in Net Position	71,648,590	71,976,896	(66,612)	4,579,381	13,004,306	3,491,900	6,371,116	15,696,829	16,709,140
Net Position at Beginning of Year	253,139,909	324,788,499	396,765,395	396,698,783	401,278,164	414,282,470	416,226,098	422,597,214	438,294,043
Restatements	-	-	-	-	-	(1,548,272)	-	-	-
Net Position at End of Year	\$ 324,788,499	\$ 396,765,395	\$ 396,698,783	\$ 401,278,164	\$ 414,282,470	\$ 416,226,098	\$ 422,597,214	\$ 438,294,043	\$ 455,003,183

Source: Parker Water and Sanitation District

Budget Summary and Comparison

	2011		2012		2013		2014		2015	
	Projected	2011 Actual	Projected	2012 Actual	Projected	2013 Actual	Projected	2014 Actual	Projected	2015 Actual
BEGINNING CASH										
Unrestricted	\$ 3,396,889	\$ 3,396,889	\$ 5,438,116	\$ 5,438,116	\$ 8,288,898	\$ 8,288,898	\$ 16,294,370	\$ 16,294,370	\$ 16,336,308	\$ 16,336,308
Restricted	5,611,270	5,611,270	5,558,271	5,558,271	8,816,080	8,816,080	12,938,864	12,938,864	13,289,219	13,289,219
Total Beginning Cash	9,008,159	9,008,159	10,996,387	10,996,387	17,104,978	17,104,978	29,233,234	29,233,234	29,625,527	29,625,527
LESS RESTRICTED CASH										
Restricted Funds	5,611,270	5,611,270	5,558,271	5,558,271	8,816,080	8,816,080	12,938,864	12,938,864	13,289,219	13,289,219
NET FUNDS AVAILABLE	3,396,889	3,396,889	5,438,116	5,438,116	8,288,898	8,288,898	16,294,370	16,294,370	16,336,308	16,336,308
OPERATING REVENUE										
Charges for Services	20,980,000	21,314,802	22,870,000	23,024,528	22,721,336	23,641,285	22,839,342	22,766,166	23,679,200	23,998,265
Operating Taxes	1,404,100	1,493,489	662,300	721,335	1,056,600	1,152,222	1,010,979	1,196,867	1,126,000	1,258,565
Other Income	1,931,007	2,039,392	1,849,650	1,935,322	1,676,088	1,853,604	1,648,736	1,731,839	1,718,736	1,820,055
Bond Proceeds, Including Premium	-	-	-	26,439,248	-	-	-	-	-	-
TOTAL OPERATING REVENUES	24,315,107	24,847,683	25,381,950	52,120,433	25,454,024	26,647,111	25,499,057	25,694,872	26,523,936	27,076,885
TOTAL OPERATING RESOURCES	27,711,996	28,244,572	30,820,066	57,558,549	33,742,922	34,936,009	41,793,427	41,989,242	42,860,244	43,413,193
OPERATING EXPENSES										
Salaries	4,078,100	4,034,246	4,186,522	4,234,769	4,413,514	4,408,868	4,698,029	4,863,917	5,028,402	5,048,668
Insurance	1,584,300	1,538,589	1,539,256	1,609,250	1,749,478	1,716,396	1,833,709	1,387,558	1,928,940	1,979,785
Professional Services	1,004,600	1,226,852	1,080,000	1,503,907	781,000	896,032	1,220,000	1,084,682	1,131,000	1,237,228
Information Technology	342,840	325,229	316,040	309,522	274,000	257,481	274,000	337,213	376,350	352,241
Utilities	3,138,100	3,207,981	3,022,487	3,244,414	3,182,100	3,407,978	3,540,000	3,705,907	3,724,200	4,180,959
Support Services	326,350	165,341	234,300	208,213	248,340	236,222	444,900	407,236	541,100	550,953
Contract Labor and Maintenance	1,953,100	1,529,704	2,158,110	1,633,475	1,909,839	1,791,599	1,789,260	1,702,812	1,815,945	1,737,555
Supplies	1,237,500	1,178,432	1,330,777	1,376,989	1,387,700	1,369,298	1,485,602	1,362,866	2,243,450	2,097,891
Miscellaneous	716,425	777,323	625,280	497,681	760,079	636,235	567,570	598,526	664,516	644,344
Replacement Expense	-	-	-	-	2,000,000	1,000,000	1,000,000	1,000,000	3,000,000	3,000,000
Debt Service	8,909,500	9,068,301	8,154,044	35,173,988	8,627,510	8,577,595	8,603,509	8,639,378	3,581,132	3,537,076
Water Resource farms	150,000	135,543	188,950	186,618	159,000	163,591	183,600	191,800	176,800	221,411
TOTAL OPERATING EXPENSES	\$ 23,440,815	\$ 23,187,541	\$ 22,835,766	\$ 49,978,826	\$ 25,492,560	\$ 24,461,295	\$ 25,640,179	\$ 25,281,895	\$ 24,211,835	\$ 24,588,111
RESOURCES REMAINING	\$ 4,271,181	\$ 5,057,031	\$ 7,984,300	\$ 7,579,723	\$ 8,250,362	\$ 10,474,714	\$ 16,153,248	\$ 16,707,347	\$ 18,648,409	\$ 18,825,082

Source: Parker Water and Sanitation District

History of Water and Sewer Connection Fees per SFE

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Residential Water Connection Fees	\$ 19,500	\$ 19,500	\$ 20,225	\$ 20,225	\$ 20,975	\$ 21,475	\$ 21,475	\$ 21,800
Residential Sewer Connection Fees	<u>9,760</u>	<u>9,760</u>	<u>3,650</u>	<u>3,650</u>	<u>4,150</u>	<u>6,650</u>	<u>6,650</u>	<u>3,500</u>
Total	\$ 29,260	\$ 29,260	\$ 23,875	\$ 23,875	\$ 25,125	\$ 28,125	\$ 28,125	\$ 25,300

Source: Parker Water and Sanitation District

Historical Connection Fee Revenues

<u>Year</u>	<u>Connection Fee Revenue</u>
2006	\$ 17,893,440
2007	9,099,785
2008	7,294,960
2009	1,600,460
2010	2,643,015
2011	4,831,356
2012	9,461,189
2013	8,573,575
2014	15,963,998
2015	20,069,900

Source: Parker Water and Sanitation District

**15-Year History of the District's Assessed Valuation, Mill Levies and
Ad Valorem Property Tax Collections**

Levy/Collection Year	Assessed Valuation	Percent Change	Mill Levy	Taxes Levied	Taxes Collected	Collection Percentage
2000/2001	\$ 174,401,629	18.5%	2.499	\$ 436,000	\$ 443,854	101.8%
2001/2002	223,374,107	28.0%	2.135	476,904	477,988	100.2%
2002/2003	248,119,704	11.1%	2.100	521,051	524,329	100.6%
2003/2004	281,988,810	13.7%	2.020	569,617	576,027	101.1%
2004/2005	315,969,400	12.1%	1.985	627,135	629,076	100.3%
2005/2006	363,851,863	15.2%	1.905	693,138	699,951	101.0%
2006/2007	400,586,517	10.1%	1.900	761,765	762,210	100.1%
2007/2008	463,154,288	15.6%	1.803	835,067	840,841	100.7%
2008/2009	486,404,640	5.0%	1.839	894,546	878,724	98.2%
2009/2010	491,313,665	1.0%	3.554	1,760,309 (2)	1,729,517 (1)	98.3%
2010/2011	496,472,716	1.1%	14.925	7,409,855 (2)	7,253,967 (1)	97.9%
2011/2012	456,296,324	-8.1%	10.214	4,660,610 (2)	4,532,006 (1)	97.2%
2012/2013	458,892,906	0.6%	9.727	4,463,651 (2)	4,306,089 (1)	96.5%
2013/2014	461,947,386	0.7%	9.727	4,493,362 (2)	4,388,952 (1)	97.7%
2014/2015	473,284,647	2.5%	9.727	4,603,640 (2)	4,515,265 (1)	98.1%

(1) Includes mill levy for collection of GO debt taxes.

(2) Net of County Treasurer's Fees

Source: Douglas County Assessor's and Treasurer's Offices

Ten Largest Taxpayers in the District for 2015

<u>Taxpayer Name</u>	<u>Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation⁽¹⁾</u>
Denver Pope Family LP	\$ 6,177,000	1.12%
Parker Hilltop Apartments ⁽²⁾	4,718,680	0.85%
BRE DDR Parker Pavilions LLC	4,606,160	0.83%
Wal-Mart Real Estate Business Trust	4,169,850	0.75%
Briargate Apartments Property Owner LL	4,139,200	0.75%
Target Corporation	3,885,720	0.70%
Trailside Holdings LLC	3,343,200	0.60%
HD Development of Maryland Inc	2,575,550	0.47%
Lowes HIW Inc	2,527,820	0.46%
TD Commercial Investments	<u>2,439,770</u>	0.44%
TOTAL	<u>\$38,582,950</u>	<u>6.97%</u>

(1) Based on a 2015 net certified assessed valuation of \$553,661,969 that does not include \$4,987,911 of assessed valuation attributable to a tax increment financing district.

(2) Parker Hilltop Apartments includes Parker Hilltop Apartments LP and Parker Hilltop Apartments II LP

Source: Douglas County Assessor's Office

Maximum Present Tax Levy Applicable To Properties
 Located in the District
 For 2015 Taxes Due in 2016

<u>Government Unit</u>	<u>Mill Levy</u>
Douglas County Schools	42.439
Douglas County Law Enforcement	4.500
Douglas County Government	19.774
Parker Fire Protection District	9.406
Douglas Public Library District	4.035
Parker Water and Sanitation District	8.652
Urban Drainage and Flood Control District	0.553
Cherry Creek Basin Water Quality Authority	0.449
Urban Drainage and Flood South Platte	0.058
Lincoln Creek Metropolitan District	60.000
Total	149.866

Source: Douglas County Assessor's Office

Outstanding Debt of the District
as of 12/31/15

Name of Issue	Amount Outstanding	Year of Final Maturity
CWRPDA Water Pollution Control Revolving Fund 1997 Series A	\$ 448,316	2017
CWRPDA Small Water Resources Revenue Bond, Series 1997	689,167	2017
CWRPDA Wastewater Loan, Series 2000	3,931,116	2020
CWRPDA Small Water Resources Revenue Bond, Series 2000A	7,451,667	2019
CWRPDA Wastewater Loan, Series 2001	1,834,488	2021
CWRPDA Wastewater Loan, Series 2002	10,942,848	2025
CWRPDA Water Resources Revenue Bond, 2004 Series D	-	2014
2012 Water & Sewer Revenue Refunding Bonds	19,620,000	2030
Add Bond Premium	2,596,905	
2012 General Obligation Refunding Bonds	88,365,000	2043
Add Bond Premium	10,246,076	
CWRPDA Water Resources Revenue Bonds, 2010 Series A	51,485,000	2035
Less Bond Discount on CWRPDA Issue, 2010 Series A	(53,782)	
CWCB Loan A	4,426,830	2035
CWCB Loan B	96,908	2035
CWCB Loan D	221,969	2035
Total	<u>\$ 202,302,508</u>	

Source: Parker Water and Sanitation District

Debt Service Requirements to Maturity
Total of Annual Principal and Interest Requirements

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	5,793,537	8,700,308	14,493,844
2017	6,128,010	8,468,259	14,596,269
2018	6,288,397	8,236,811	14,525,208
2019	6,387,209	7,952,028	14,339,237
2020	6,709,371	7,696,253	14,405,624
2021-2025	34,398,975	34,044,888	68,443,863
2026-2030	39,205,754	26,619,875	65,825,629
2031-2035	48,411,728	16,615,356	65,027,084
2036-2040	21,000,326	6,979,751	27,980,077
2041-2043	<u>15,190,000</u>	<u>1,543,500</u>	<u>16,733,500</u>
	<u>\$ 189,513,307</u>	<u>\$ 126,857,029</u>	<u>\$ 316,370,336</u>

Source: Parker Water and Sanitation District

Estimated Overlapping Debt Schedule
as of December 31, 2015

Overlapping Entity	Outstanding General Obligation Debt(1)	Percentage Applicable to the District(2)	Share of Debt Applicable to the District
Douglas County Schools	\$ 390,608,248	9.9%	\$ 38,670,217
Antelope Heights Metro Dist.	10,870,000	100.0%	10,870,000
Canterberry Crossing Metro	10,295,000	100.0%	10,295,000
Canterberry Crossing Metro. II	11,700,000	100.0%	11,700,000
Horse Creek Metro Dist.	4,400,000	100.0%	4,400,000
Horseshoe Ridge Metro Dist.	3,850,000	100.0%	3,850,000
Jordan Crossing Metro Dist.	1,305,000	100.0%	1,305,000
Lincoln Creek Metro. Dist.	4,130,000	100.0%	4,130,000
Lincoln Meadows Metro Dist.	8,490,292	100.0%	8,490,292
Neu Towne Metro Dist	5,275,000	100.0%	5,275,000
Olde Town Metro Dist	900,000	100.0%	900,000
Parker Automotive Metro Dist.	3,785,000	100.0%	3,785,000
Parker Homestead Metro Dist.	2,959,705	100.0%	2,959,705
Pine Bluffs Metro Dist.	4,510,000	100.0%	4,510,000
Reata North Metro Dist.	9,765,000	100.0%	9,765,000
Reata South Metro Dist.	19,350,000	100.0%	19,350,000
Regency Metro Dist.	3,540,000	100.0%	3,540,000
Robinson Ranch Metro Dist	690,000	100.0%	690,000
			<u>\$ 144,485,214</u>

(1) Includes only general obligation debt supported by general property taxes. Does not include bonds which have historically been supported by revenues other than property taxes.

(2) Determined by calculating ratio of assessed valuation of taxable property within the District to assessed valuation of the overlapping unit.

Source: Douglas County and Overlapping Districts

Selected Debt Ratios of the District as of December 31, 2015

Estimated Actual Valuation	\$5,247,825,134
Assessed Valuation	\$ 553,661,969
Net General Obligation Direct Debt	\$ 98,611,076
Estimated Overlapping Debt	\$ 144,485,214
Net Direct and Estimated Overlapping Debt	\$ 243,096,290
Ratio of Net Direct Debt to Estimated Actual Value	1.88%
Ratio of Net Direct to Assessed Valuation	17.81%
Net Direct Debt per Capita(1)	\$ 1,946
Ratio of Net Direct and Estimated Overlapping Debt to Estimated Actual Valuation	4.63%
Ratio of Net Direct and Estimated Overlapping Debt to Assessed Valuation	43.91%
Net Direct and Estimated Overlapping Debt per Capita(1)	\$ 4,797
Estimated Actual Valuation per Capita(1)	\$ 103,554
Assessed Valuation per Capita(1)	\$ 10,925

(1) Estimated population: 50,677

Source: Parker Water and Sanitation District & Douglas County Assessor

History of Assessed Valuations and Mill Levies for the District

Levy/Collection Year	Assessed Values				Mill Levies		
	Net Assessed Valuation	Percent Change	Assessed Value Attributable to Tax Increment	Gross Assessed Valuation	General Fund	Debt Fund	Total Levy
2007/2008	\$ 463,154,288	0.0%	\$ -	\$ 463,154,288	1.803	-	1.803
2008/2009	486,404,640	5.0%	-	486,404,640	1.839	-	1.839
2009/2010	491,313,665	1.0%	1,367,935	492,681,600	1.939	1.615	3.554
2010/2011	496,472,716	1.1%	1,183,894	497,656,610	2.053	12.872	14.925
2011/2012	456,296,324	-8.1%	2,455,306	458,751,630	0.797	9.417	10.214
2012/2013	458,892,906	0.6%	3,514,614	462,407,520	1.727	8.000	9.727
2013/2014	461,947,386	0.7%	4,292,372	466,239,758	1.727	8.000	9.727
2014/2015	473,284,647	2.5%	3,487,053	476,771,700	1.727	8.000	9.727
2015/2016	553,661,969	17.0%	4,987,911	558,649,880	1.545	7.107	8.652

Source: Douglas County Assessor's Office

Property Tax Collections for the District

Levy/ Collection Year	Taxes Levies	Current Tax Collections	Collection Rate
2006/2007	\$ 761,114	\$ 751,300	98.71%
2007/2008	835,067	832,478	99.69%
2008/2009	894,498	891,104	99.62%
2009/2010	1,746,129	1,741,794	99.75%
2010/2011	7,409,855	7,369,071	99.45%
2011/2012	4,660,611	4,565,107	97.95%
2012/2013	4,463,651	4,306,089	96.47%
2013/2014	4,493,362	4,388,952	97.68%
2014/2015	4,603,640	4,515,264	98.08%

Source: Douglas County Assessor's Office

2015 Assessed Valuation of Classes of Property in the District

Property Class	2015 Total Assessed Valuation	Percent of Total Assessed Valuation
Residential	\$ 366,467,550	65.60%
Commercial	140,811,830	25.21%
Vacant	33,051,140	5.92%
Industrial	11,082,610	1.98%
State Assessed	7,082,600	1.27%
Agricultural	139,060	0.02%
Natural Resources	15,090	0.00%
	\$ 558,649,880	100.00%

Source: Douglas County Assessor's Office

Budget Summary and Comparison - Budgetary Basis

Revenues	2011		2012		2013		2014		2015	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Charges for services	\$ 20,615,700	\$ 21,314,802	\$ 21,900,000	\$ 23,024,529	\$ 23,380,000	\$ 23,641,284	\$ 23,806,288	\$ 22,766,166	\$ 24,380,000	\$ 23,998,265
Operating tax revenues	1,074,100	1,493,489	662,300	721,335	1,056,600	1,152,222	1,010,979	1,196,866	1,026,000	1,258,565
Other operating income	147,900	342,764	205,000	321,697	208,500	281,489	251,293	337,890	278,500	435,221
Interest income	617,400	1,164,754	1,203,500	677,734	578,500	484,145	408,909	408,959	329,600	388,011
Other nonoperating income	2,390,600	3,224,109	2,314,550	2,603,872	2,419,350	3,109,744	2,349,967	5,814,479	2,400,696	2,622,252
Rueter-Hess mill levy	6,293,600	6,250,950	4,232,450	4,169,705	3,620,900	3,530,989	3,664,058	3,599,001	3,733,000	3,702,601
System development fees	535,000	1,271,950	668,750	2,415,539	1,770,000	3,049,950	2,644,576	4,698,702	5,928,300	9,794,000
Water resource fees	75,000	189,821	50,000	170,000	70,000	155,000	56,508	2,503,181	155,000	1,165,000
Water resource system development fee:	1,352,500	3,369,585	1,690,625	6,304,900	2,705,000	5,084,375	7,470,362	8,296,000	5,412,000	9,110,900
Wastewater expansion fees	-	-	62,500	219,000	-	-	-	-	-	-
Renewable water fees	-	-	93,750	351,750	150,000	284,250	339,048	466,115	-	-
Farm income	330,000	356,131	348,000	435,066	415,000	436,485	415,000	439,142	430,000	428,488
Transfer-Rate funded capital	-	-	-	-	2,000,000	2,000,000	1,000,000	1,000,000	3,000,000	3,000,000
Bond proceeds, net of discount	-	-	-	128,349,701	-	-	5,545,000	4,550,146	6,000,000	195,561
Other revenue/reimbursements	-	-	-	-	-	-	-	-	20,430,000	795,353
Total revenues	\$ 33,431,800	\$ 38,978,355	\$ 33,431,425	\$ 169,764,828	\$ 38,373,850	\$ 43,209,933	\$ 48,961,988	\$ 56,076,647	\$ 73,503,096	\$ 56,894,217
Expenditures										
Salaries	\$ 4,040,900	\$ 4,034,246	\$ 4,240,800	\$ 4,234,770	\$ 4,302,900	\$ 4,408,836	\$ 4,717,664	\$ 5,009,777	\$ 4,987,460	\$ 5,048,668
Employee benefits	1,425,350	1,354,348	1,454,300	1,440,328	1,613,202	1,548,722	1,706,895	1,585,947	1,752,350	1,786,353
Insurance	200,000	184,241	196,000	168,922	188,000	167,674	186,000	173,345	190,700	193,432
Professional services	824,600	1,226,852	909,000	1,503,907	1,009,000	896,031	1,086,000	975,256	1,400,000	1,237,228
Support services	326,350	165,341	409,000	208,213	272,805	236,223	452,900	252,001	549,700	550,953
Utilities	2,751,100	3,207,981	3,324,600	3,244,414	3,235,900	3,407,978	3,208,400	3,705,907	3,617,000	4,180,959
Contract labor & maintenance	2,174,100	1,529,704	2,450,100	1,633,475	2,367,400	1,791,603	1,930,850	1,702,283	2,140,400	1,737,555
Supplies	1,221,500	1,178,432	1,318,000	1,376,989	1,404,100	1,369,298	1,860,400	1,362,812	2,600,180	2,097,891
Community education	103,000	103,023	103,000	51,395	113,000	65,483	65,000	21,622	48,650	42,908
Information technology	322,840	325,229	329,550	309,522	300,390	257,481	370,894	337,213	405,985	352,241
Farm expenses	182,000	135,543	183,000	186,617	195,000	163,592	165,000	189,848	184,800	221,411
Miscellaneous expenses	993,425	674,300	773,700	446,286	660,019	570,759	579,400	575,128	633,028	601,436
Bond issuance costs	-	-	-	1,068,969	-	-	-	-	-	-
Transfer-Rate funded capital	-	-	-	-	2,000,000	2,000,000	1,000,000	1,000,000	3,000,000	3,000,000
Debt service	14,790,000	15,336,818	13,221,360	142,313,708	14,949,153	14,084,759	14,157,185	14,154,041	14,399,393	14,358,526
Capital outlay	19,067,500	17,929,576	19,156,140	8,654,592	48,157,200	25,718,977	35,777,550	21,895,314	51,783,850	7,718,177
Total expenditures	\$ 48,422,665	\$ 47,385,634	\$ 48,068,550	\$ 166,842,107	\$ 80,768,069	\$ 56,687,416	\$ 67,264,138	\$ 52,940,494	\$ 87,693,496	\$ 43,127,738
Excess Revenues over Expenditures	\$ (14,990,865)	\$ (8,407,279)	\$ (14,637,125)	\$ 2,922,721	\$ (42,394,219)	\$ (13,477,483)	\$ (18,302,150)	\$ 3,136,153	\$ (14,190,400)	\$ 13,766,479

Source: Parker Water and Sanitation District

Debt Service Requirements

<u>Year</u>	<u>2012 Revenue Bonds</u>			<u>Debt Service on</u>	<u>Total Parity</u>
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Parity Loans</u>	<u>Debt Service</u>
2015	1,140,000	881,294	2,021,294	6,692,000	8,713,294
2016	510,000	847,094	1,357,094	7,561,626	8,918,719
2017	525,000	831,794	1,356,794	7,663,200	9,019,994
2018	535,000	821,294	1,356,294	7,588,139	8,944,433
2019	785,000	799,894	1,584,894	7,179,969	8,764,862
2020	2,925,000	776,344	3,701,344	5,129,105	8,830,449
2021	4,040,000	630,094	4,670,094	4,200,745	8,870,839
2022	4,610,000	436,094	5,046,094	3,841,300	8,887,394
2023	605,000	228,644	833,644	6,812,213	7,645,857
2024	635,000	198,394	833,394	6,777,110	7,610,504
2025	665,000	166,644	831,644	6,716,001	7,547,645
2026	700,000	133,394	833,394	6,897,996	7,731,390
2027	735,000	98,394	833,394	6,826,674	7,660,068
2028	760,000	75,425	835,425	6,756,501	7,591,926
2029	780,000	51,675	831,675	6,677,196	7,508,871
2030	810,000	26,325	836,325	6,599,699	7,436,024
2031	-	-	-	7,668,444	7,668,444
2032	-	-	-	7,549,224	7,549,224
2033	-	-	-	7,432,614	7,432,614
2034	-	-	-	7,307,729	7,307,729
2035	-	-	-	7,179,274	7,179,274
2036	-	-	-	20,941	20,941
2037	-	-	-	20,941	20,941
2038	-	-	-	20,941	20,941
2039	-	-	-	14,577	14,577
2040	-	-	-	14,577	14,577
Totals	<u>\$20,760,000</u>	<u>\$7,002,794</u>	<u>\$27,762,794</u>	<u>\$ 141,148,736</u>	<u>\$168,911,530</u>

Source: Parker Water and Sanitation District

History of Net Pledged Revenues and Debt Service Coverage										
Fiscal Year	2007	2008	2009	2010	2011	2012	2013	2014	2015	
Gross Pledged Revenues										
Operating Revenues	\$ 17,424,188	\$ 17,865,315	\$ 16,472,802	\$ 21,267,144	\$ 21,657,566	\$ 23,346,225	\$ 23,922,773	\$ 23,104,056	\$ 24,433,486	
Non-Operating Revenues	6,580,364	4,585,309	2,628,660	2,337,101	4,363,885	3,266,978	3,566,527	3,758,090	3,756,781	
Connection Fees	9,099,785	7,294,960	1,600,460	2,643,015	4,831,356	9,461,189	8,573,575	15,963,998	20,069,900	
Total Gross Pledged Revenues	\$ 33,104,337	\$ 29,745,584	\$ 20,701,922	\$ 26,247,260	\$ 30,852,807	\$ 36,074,392	\$ 36,062,875	\$ 42,826,144	\$ 48,260,167	
Operation & Maintenance Expenses	\$ 11,848,817	\$ 12,950,345	\$ 13,014,620	\$ 13,766,221	\$ 14,050,015	\$ 14,756,011	\$ 14,579,317	\$ 15,450,717	\$ 17,837,564	
Less: Property taxes	(822,688)	(899,750)	(931,076)	(1,056,937)	(1,493,489)	(721,335)	(1,152,222)	(1,196,867)	(1,258,565)	
Net O&M Expenses	\$ 11,026,129	\$ 12,050,595	\$ 12,083,544	\$ 12,709,284	\$ 12,556,526	\$ 14,034,676	\$ 13,427,095	\$ 14,253,850	\$ 16,578,999	
Net Pledged Revenues	\$ 22,078,208	\$ 17,694,989	\$ 8,618,378	\$ 13,537,976	\$ 18,296,281	\$ 22,039,716	\$ 22,635,780	\$ 28,572,294	\$ 31,681,168	
Historical Debt Service Paid	\$ 5,219,423	\$ 5,226,843	\$ 5,157,731	\$ 5,127,699	\$ 8,552,443	\$ 9,495,170	\$ 8,649,009	\$ 8,348,678	\$ 8,594,546	
Coverage	4.23x	3.39x	1.67x	2.64x	2.14x	2.32x	2.62x	3.42x	3.69x	
Source: Parker Water and Sanitation District										

