



**Parker Water and Sanitation District**

Douglas County, Colorado

Financial Statements  
December 31, 2016 and 2015

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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, 2016 and 2015, 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, 2016 and 2015, 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  
May 2, 2017

## **Parker Water and Sanitation District**

### **Management's Discussion and Analysis Fiscal Year Ending December 31, 2016**

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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, 2016 and 2015. Please read this analysis 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 \$475,453,138 (net position). Of this amount, \$95,585,562 (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 2016, the monthly water service charge for residential and multi-family accounts increased to \$29.22. The residential and multi-family water rate structure changed from five tiers to three tiers. The District also implemented a uniform rate structure for commercial accounts and irrigation accounts. No change was made to the sewer rates in 2016. 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 2015.
- The District collected tap fees for 701 and 756 Single Family Equivalents (SFE's) during 2016 and 2015, 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 2016 mill levy for operations was 1.545 mills. The certified 2017 mill levy for operations has been set at 1.595 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 2016 mill levy for the general obligation debt associated with the construction of Rueter-Hess Reservoir was 7.107 mills and the 2017 mill levy for the general obligation debt has been set at 7.500 mills. In 2015 and 2016, 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 \$5,419,088 in 2016 and \$1,529,459 in 2015.
- In 2016, the District recognized a loss on the disposal of assets of \$2,457,442, primarily due to several water development projects deemed no longer viable. In 2015, the District recognized a gain on the disposal of assets of \$48,811, due to the sale of six vehicles.
- The final payment to the District for the RidgeGate development inclusion fee was paid in 2016. At December 31, 2015, the District carried a receivable in the amount of \$1,165,460 for the outstanding inclusion fee due for the RidgeGate development.
- In April, the District prepaid the 1997 and 2000 CWRPDA loans utilizing cash reserves. The prepayment included \$3,450,718 principal due after 12-31-16 and resulted in significant savings to the District.
- At December 31, 2016 and 2015, the District's debt service rate covenant calculation is 174 percent and 174 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, 2016

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#### 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

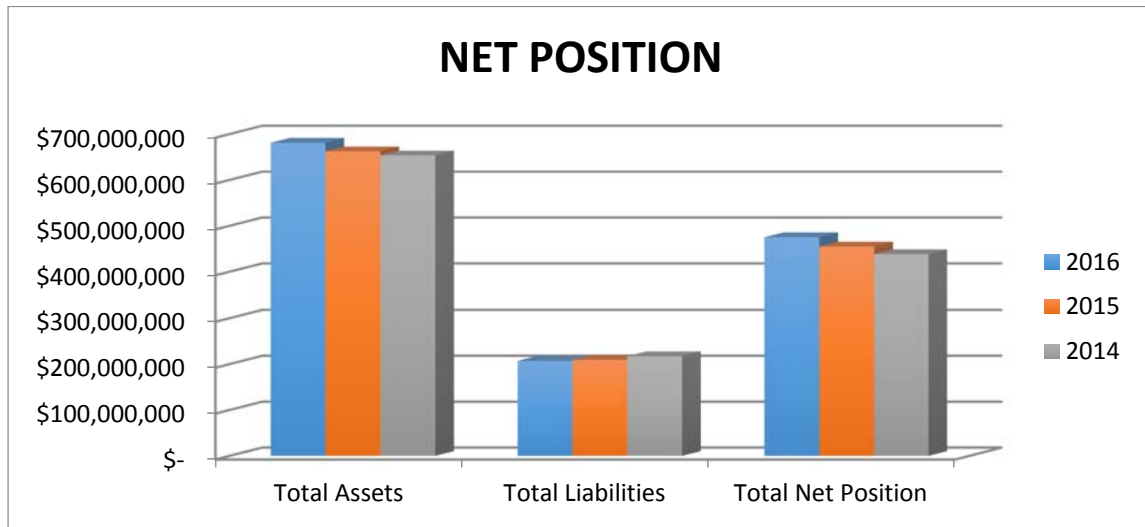
##### NET POSITION

During 2016, current assets increased primarily due to the increase in cash and cash equivalents. The RidgeGate receivable was paid in full in 2016, therefore, the inclusion fee accounts receivable under current assets has a zero balance at the end of 2016. The increase in capital assets was due primarily to the increase in construction in progress related to the construction of several WISE projects. Capital assets are shown net of accumulated depreciation. Current liabilities are higher due to several large construction project obligations at year end, paid in early 2017, as well as an increase of approximately \$200,000 in retainage payables. Current liabilities also increased due to a construction deposit of \$3.1 million received in 2016 for the Canyons development. Long term obligations had a net decrease of approximately \$8 million due to scheduled principal payments, the prepayment of the 1997 and 2000 CWRPDA sewer loans and additional loan proceeds for the 2014 CWCB Loan A and Loan B long term obligations.

During 2015, current assets increased primarily due to the increase in cash and cash equivalents. The RidgeGate receivable will be paid in full in 2016, therefore, the inclusion fee receivable under 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.

**Parker Water and Sanitation District**

**Management's Discussion and Analysis  
Fiscal Year Ending December 31, 2016**



	Net Position		
	2016	2015	2014
<b>Assets</b>			
Current nonrestricted assets	\$ 114,208,159	\$ 105,877,621	\$ 93,470,262
Noncurrent restricted assets	10,005,370	9,517,860	10,379,623
Capital assets	557,138,794	546,936,313	548,439,689
Other noncurrent assets	-	-	1,165,460
<b>Total assets</b>	<b>681,352,323</b>	<b>662,331,794</b>	<b>653,455,034</b>
<b>Deferred outflows of resources</b>			
Deferred charge on refunding	6,338,374	6,576,808	6,815,242
<b>Liabilities</b>			
Current liabilities	18,334,368	12,376,362	14,490,701
Long term obligations	188,713,114	196,738,773	202,881,892
<b>Total liabilities</b>	<b>207,047,482</b>	<b>209,115,135</b>	<b>217,372,593</b>
<b>Deferred inflows of resources</b>			
Unavailable revenue - property taxes	5,190,077	4,790,284	4,603,640
<b>Net position</b>			
Net investment in capital assets	375,024,783	356,372,163	353,103,043
Restricted	4,842,793	2,215,009	4,371,132
Unrestricted	95,585,562	96,416,011	80,819,868
<b>Total net position</b>	<b>\$ 475,453,138</b>	<b>\$ 455,003,183</b>	<b>\$ 438,294,043</b>

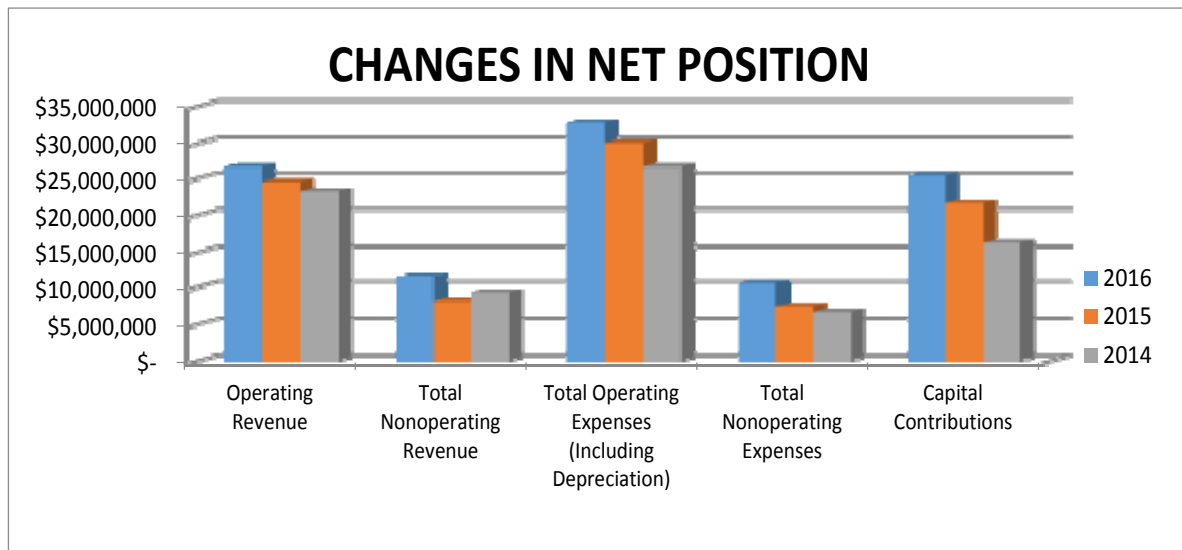
**Parker Water and Sanitation District**

**Management’s Discussion and Analysis  
Fiscal Year Ending December 31, 2016**

**CHANGES IN NET POSITION**

For 2016, operating revenue increased by \$2.1 million, primarily due to the increase in water user fee revenue. There was a net increase of \$172,000 in tax revenue associated with the mill levies. There was a significant increase in the District’s net assessed valuation for the 2016 mill levy, consequently, the certified mill levy for the general obligation debt was set by the Board at 7.107 mills and the certified mill levy for sewer operations was temporarily reduced to 1.545 mills. The increase in other income is primarily due to reimbursements from project partners in 2016 totaling \$2.4 million. Depreciation increased by \$2.1 million, due to current year additions and the first full year of depreciation on the Water Purification Facility. The District recognized a loss on the disposal of assets of \$2.5 million, primarily due to several water development projects deemed no longer viable. 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 \$3.7 million.

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.





**Parker Water and Sanitation District**

**Management's Discussion and Analysis  
Fiscal Year Ending December 31, 2016**

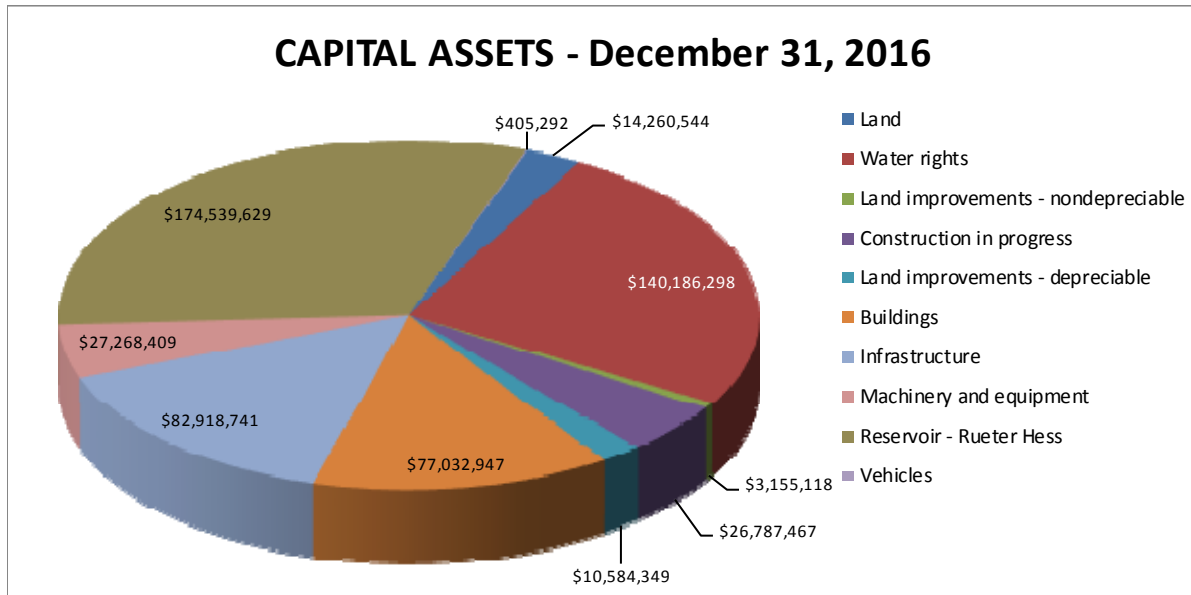
	Changes in Net Position		
	2016	2015	2014
Revenues:			
Operating revenue	\$ 26,508,552	\$ 24,433,486	\$ 23,104,056
Nonoperating revenues:			
Taxes, net of collection fees	5,132,089	4,961,166	4,795,867
Net investment income	575,752	388,011	408,959
Farm land revenue	373,319	428,488	439,142
Gain on disposal of assets	-	48,811	1,469,614
Other	5,508,244	2,203,310	2,183,671
<b>Total nonoperating revenue</b>	<b>11,589,404</b>	<b>8,029,786</b>	<b>9,297,253</b>
<b>Total revenues</b>	<b>38,097,956</b>	<b>32,463,272</b>	<b>32,401,309</b>
Expenses:			
Operating:			
Salaries	5,247,951	5,056,608	4,863,917
Employee benefits	2,215,737	1,786,353	1,214,213
Insurance	229,541	193,432	173,345
Professional services	848,793	1,237,228	1,084,682
Support services	2,312,060	550,953	407,236
Utilities	4,184,040	4,180,959	3,705,907
Contract labor and maintenance	930,331	1,737,555	1,702,812
Supplies & chemicals	1,735,109	2,097,891	1,362,866
Community education	47,624	42,908	22,520
Information technology & administration	692,257	352,241	337,213
Miscellaneous	-	601,436	576,006
Depreciation	14,299,762	12,157,714	11,034,528
<b>Total operating expenses</b>	<b>32,743,205</b>	<b>29,995,278</b>	<b>26,485,245</b>
Nonoperating expenses:			
Water resource farms	223,882	221,411	191,800
Interest	7,529,530	7,136,802	6,293,024
Loss on disposal of assets	2,457,442	-	-
<b>Total nonoperating expenses</b>	<b>10,210,854</b>	<b>7,358,213</b>	<b>6,484,824</b>
<b>Total expenses</b>	<b>42,954,059</b>	<b>37,353,491</b>	<b>32,970,069</b>
(Loss) before capital contributions	(4,856,103)	(4,890,219)	(568,760)
Capital contributions	25,306,058	21,599,359	16,265,589
<b>Changes in net position</b>	<b>20,449,955</b>	<b>16,709,140</b>	<b>15,696,829</b>
Net position, beginning of year	455,003,183	438,294,043	422,597,214
Net position, end of year	\$ 475,453,138	\$ 455,003,183	\$ 438,294,043

**Parker Water and Sanitation District**

**Management’s Discussion and Analysis  
Fiscal Year Ending December 31, 2016**

**CAPITAL ASSETS**

The District’s investment in capital assets at December 31, 2016 amounted to \$557,138,794 (net of accumulated depreciation). This investment in capital assets includes land, water rights, buildings, distribution systems and machinery and equipment.



	Capital Assets		
	2016	2015	2014
Land	\$ 14,260,544	\$ 14,601,846	\$ 14,601,846
Water rights	140,186,298	139,130,824	139,130,824
Land improvements - nondepreciable	3,155,118	3,155,118	3,155,118
Construction in progress	26,787,467	11,692,097	61,999,387
Land improvements - depreciable	10,584,349	10,417,167	8,091,277
Buildings	77,032,947	78,543,668	48,523,399
Infrastructure	82,918,741	82,528,578	81,968,487
Machinery and equipment	27,268,409	29,196,213	10,507,490
Reservoir - Rueter Hess	174,539,629	177,371,334	180,246,141
Vehicles	405,292	299,468	215,720
<b>Total capital assets, net</b>	<b>\$ 557,138,794</b>	<b>\$ 546,936,313</b>	<b>\$ 548,439,689</b>

**Parker Water and Sanitation District**

**Management’s Discussion and Analysis  
Fiscal Year Ending December 31, 2016**

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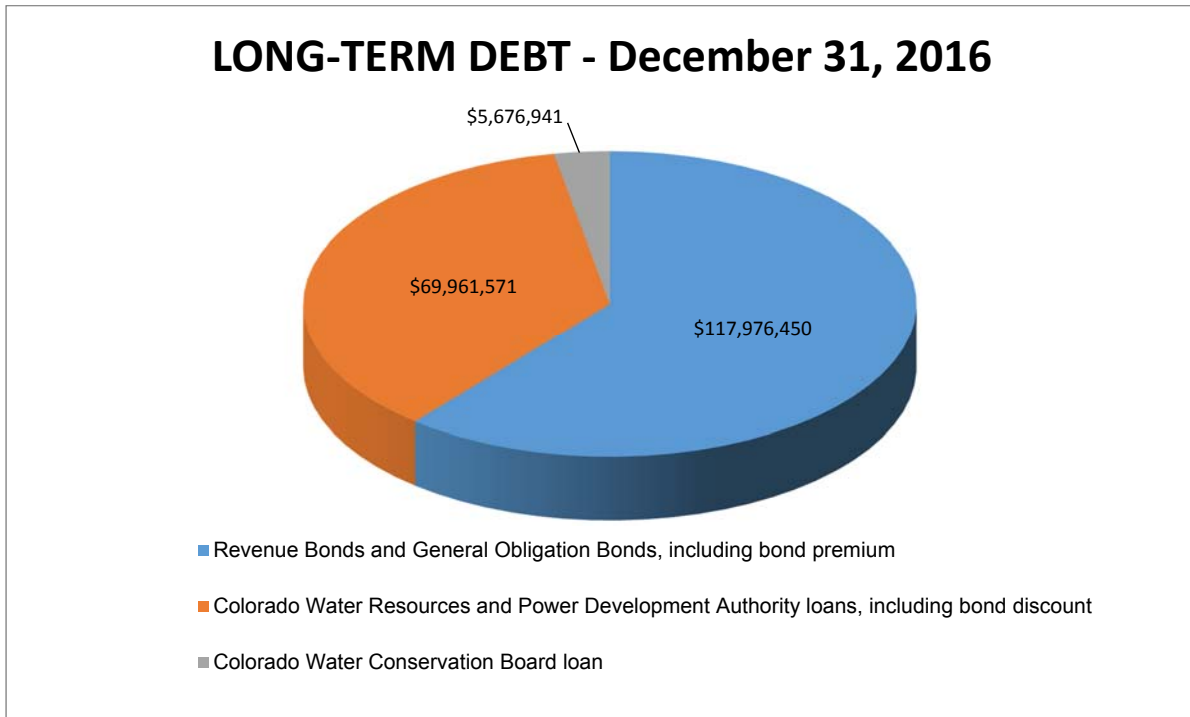
The major capital expenses incurred during 2016 and 2015 include:

	2016	2015
Rueter-Hess Water Purification Facility	.3 million	\$2.8 million
Contributed Water/Sewer Lines	4.3 million	1.2 million
Water Treatment and Source of Supply	13.8 million	.8 million
Wastewater Treatment and Collection	1.2 million	.3 million
Land Improvements	-	.3 million
Vehicles	.6 million	.2 million
Infrastructure	-	.1 million
Buildings	-	.1 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, 2016

	Long-Term Debt		
	2016	2015	2014
Revenue bonds and general obligation bonds	\$ 105,680,000	\$ 107,985,000	\$ 110,870,000
Add bond premium	12,296,450	12,842,981	13,389,512
Colorado Water Resources and Power			
Development Authority loans	70,012,619	76,782,602	79,407,238
Less bond discount	(51,048)	(53,782)	(56,517)
Colorado Water Conservation Board loan	5,676,941	4,745,707	4,550,146
<b>Total outstanding debt</b>	<b>\$ 193,614,962</b>	<b>\$ 202,302,508</b>	<b>\$ 208,160,379</b>

In 2016, the District received additional loan proceeds totaling \$1,100,214 from the Colorado Water Conservation Board for the Water Infrastructure and Supply Efficiency (WISE) Project. The net reduction in outstanding debt in 2016 was due to scheduled principal repayments and the prepayment of the 1997 and 2000 Colorado Water Resources and Power Development Authority loans.

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.

#### 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 1.55% and 1.18%, 2015 and 2016, respectively.

In 2016, for each ¾ inch tap equivalent (Single Family Equivalent or SFE), the water system development fee increased by \$30 to \$9,830, the sewer system development fee increased by \$10 to \$3,510 and the water resources system development fee increased by \$40 to \$12,040. The water resource fee, required if sufficient water credits do not exist, remained unchanged at \$5,000. In 2015, the District restructured the tap and development fees. For each ¾ inch tap equivalent (SFE), the water system development fee was \$9,800, the sewer system development fee was \$3,500 and the water resources system development fee was \$12,000. The water resource fee remained unchanged at \$5,000.

## **Parker Water and Sanitation District**

### **Management's Discussion and Analysis Fiscal Year Ending December 31, 2016**

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The District's underlying credit rating has been 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, 2016 and 2015**

	2016	2015
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 86,641,516	\$ 82,288,658
Investments	17,890,128	14,972,031
Accounts receivable		
Service fees	2,041,685	1,830,988
Inclusion fee	-	1,165,460
Other	2,291,198	695,037
Accrued interest receivable	51,149	34,555
Due from other governments	-	96,908
Property taxes receivable	5,190,077	4,790,284
Prepaid expenses	98,706	-
Other assets	3,700	3,700
<b>Total current assets</b>	<b>114,208,159</b>	<b>105,877,621</b>
Noncurrent assets		
Capital assets:		
Not being depreciated	184,389,427	168,579,885
Being depreciated (net of accumulated depreciation)	372,749,367	378,356,428
<b>Total capital assets</b>	<b>557,138,794</b>	<b>546,936,313</b>
Cash and cash equivalents - restricted	135,591	3,038,912
Investments - restricted	9,869,779	6,478,948
<b>Total noncurrent assets</b>	<b>567,144,164</b>	<b>556,454,173</b>
<b>Total assets</b>	<b>681,352,323</b>	<b>662,331,794</b>
Deferred outflows of resources		
Deferred charge on refunding	6,338,374	6,576,808

See notes to financial statements.

	2016	2015
<b>Liabilities</b>		
Current liabilities:		
Accounts and retainage payable	\$ 5,078,957	\$ 2,122,503
Accrued expenses	219,334	95,829
Accrued interest payable	3,204,636	3,315,181
Construction deposits	4,305,691	710,418
Current portion of long-term debt		
Bonds and notes payable	5,151,750	5,793,537
Compensated absences	374,000	338,894
<b>Total current liabilities</b>	<b>18,334,368</b>	<b>12,376,362</b>
Noncurrent liabilities:		
Long-term debt:		
Bonds and notes payable	188,463,212	196,508,971
Compensated absences	249,902	229,802
<b>Total long-term liabilities</b>	<b>188,713,114</b>	<b>196,738,773</b>
<b>Total liabilities</b>	<b>207,047,482</b>	<b>209,115,135</b>
<b>Deferred inflows of resources</b>		
Property taxes - succeeding year	5,190,077	4,790,284
<b>Net position</b>		
Net investment in capital assets	375,024,783	356,372,163
Restricted for loan agreement requirements	4,842,793	2,215,009
Unrestricted	95,585,562	96,416,011
<b>Total net position</b>	<b>\$ 475,453,138</b>	<b>\$ 455,003,183</b>



**Parker Water and Sanitation District**

**Statements of Revenues, Expenses and Changes in Net Position  
Years Ended December 31, 2016 and 2015**

	2016	2015
Operating revenues:		
Charges for services	\$ 26,061,220	\$ 23,998,265
Other operating income	447,332	435,221
<b>Total operating revenue</b>	<b>26,508,552</b>	<b>24,433,486</b>
Operating expenses:		
Salaries	5,247,951	5,056,608
Employee benefits	2,215,737	1,786,353
Insurance	229,541	193,432
Professional services	848,793	1,237,228
Support services	2,312,060	550,953
Utilities	4,184,040	4,180,959
Contract labor and maintenance	930,331	1,737,555
Supplies	667,073	700,213
Chemicals	1,068,036	1,397,678
Community education	47,624	42,908
Information technology	322,885	352,241
Administrative	369,372	-
Miscellaneous	-	601,436
Depreciation	14,299,762	12,157,714
<b>Total operating expenses</b>	<b>32,743,205</b>	<b>29,995,278</b>
<b>Operating (loss)</b>	<b>(6,234,653)</b>	<b>(5,561,792)</b>
Nonoperating revenues and (expenses):		
Property taxes	4,687,265	4,515,264
Specific ownership taxes	444,824	445,902
Farm land revenue	373,319	428,488
Water resource farms	(223,882)	(221,411)
Net investment income	575,752	388,011
WISE reimbursable expenses	2,415,472	795,353
Interest expense and loan fees	(7,529,530)	(7,136,802)
Gain (loss) on disposal of assets	(2,457,442)	48,811
Other income	3,092,772	1,407,957
<b>Total nonoperating revenues</b>	<b>1,378,550</b>	<b>671,573</b>
<b>(Loss) before capital contributions</b>	<b>(4,856,103)</b>	<b>(4,890,219)</b>
Capital contributions:		
System development fees received	9,092,930	9,794,000
Contributed assets from developers	5,419,088	1,529,459
Water resource fees	2,330,000	1,165,000
Water resource system development fees	8,464,040	9,110,900
<b>Total capital contributions</b>	<b>25,306,058</b>	<b>21,599,359</b>
<b>Change in net position</b>	<b>20,449,955</b>	<b>16,709,140</b>
Net position, beginning of year	455,003,183	438,294,043
Net position, end of year	<b>\$ 475,453,138</b>	<b>\$ 455,003,183</b>

See notes to financial statements.

**Parker Water and Sanitation District**

**Statements of Cash Flows**  
**Years Ended December 31, 2016 and 2015**

	2016	2015
Cash flows from operating activities:		
Cash received from customers/operations	\$ 28,296,967	\$ 24,077,989
Cash payments to suppliers for goods and services	(11,456,077)	(11,205,903)
Cash payments to employees for services	(7,284,977)	(7,127,492)
<b>Net cash flows provided by operating activities</b>	<b>9,555,913</b>	<b>5,744,594</b>
Cash flows from noncapital financing activities:		
Property and specific ownership tax, net of fees	1,288,432	1,258,565
Other nonoperating revenue	7,047,023	3,797,258
Other nonoperating expenses	(223,882)	(221,411)
<b>Net cash provided by noncapital financing activities</b>	<b>8,111,573</b>	<b>4,834,412</b>
Cash flows from capital and related financing activities:		
System development fees collected	9,092,930	9,794,000
Water resource fees received	2,330,000	1,165,000
Water resource system development fees received	8,464,040	9,110,900
Property tax revenue for debt service, net of fees	3,843,657	3,702,601
Acquisition of capital assets	(18,206,527)	(9,376,846)
Proceeds on sales of capital assets	-	48,835
Debt proceeds	1,197,122	4,604,969
Principal paid	(9,243,963)	(5,509,636)
Interest paid	(7,945,438)	(8,668,329)
<b>Net cash provided by (used in) capital and related financing activities</b>	<b>(10,468,179)</b>	<b>4,871,494</b>
Cash flows from investing activities:		
Sale of investments	5,117,793	8,197,137
Purchase of investments	(11,443,041)	(10,807,847)
Interest received	575,478	415,532
<b>Net cash used in investing activities</b>	<b>(5,749,770)</b>	<b>(2,195,178)</b>
<b>Net increase in cash and cash equivalents</b>	<b>1,449,537</b>	<b>13,255,322</b>
Cash and cash equivalents, beginning of year	<b>85,327,570</b>	<b>72,072,248</b>
Cash and cash equivalents, end of year	<b>\$ 86,777,107</b>	<b>\$ 85,327,570</b>

(Continued)

**Parker Water and Sanitation District**

**Statements of Cash Flows (Continued)  
Years Ended December 31, 2016 and 2015**

	2016	2015
Cash flows from operating activities:		
(Loss) from operations	\$ (6,234,653)	\$ (5,561,792)
Adjustments to reconcile (loss) from operations to net cash provided by operating activities:		
Depreciation and amortization	14,299,762	12,157,714
Changes in assets and liabilities related to operations:		
Accounts receivable	(1,806,858)	70,151
Prepaid expenses	(98,706)	-
Accounts payable	(377,616)	(211,300)
Accrued expenses	123,505	(292,471)
Compensated absences	55,206	7,940
Construction deposits	3,595,273	(425,648)
Total adjustments	15,790,566	11,306,386
<b>Net cash provided by operating activities</b>	<b>\$ 9,555,913</b>	<b>\$ 5,744,594</b>

Cash flows from capital and related financing activities do not include \$5,419,088 and \$1,529,459 of water rights and/or water and sewer lines contributed to the District during 2016 and 2015, respectively; \$3,388,293 and \$(1,658,669) of acquisition of capital assets through accounts and retainage payable for 2016 and 2015, respectively; and \$16,320 and \$43,598 of market value adjustment on investments for 2016 and 2015, respectively.

See notes to financial statements.

## Parker Water and Sanitation District

### Notes to Financial Statements

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#### 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

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#### 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, except for money market accounts and local government investment pools, which are reported at amortized cost. The reported value of the local government investment pool is valued at an amortized cost pursuant to GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*.

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, 2016 or 2015, 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 the estimated acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital 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, 2016 and 2015 was \$656,356 and \$1,406,726, 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

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#### **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 acquisition 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 a deferred inflow of resources 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 employee's 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

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#### **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.

**Reclassifications:** Certain reclassifications have been made to the 2015 financial statements to conform to the 2016 financial statement presentation. These reclassifications had no effect on ending net position or changes in net position.

#### **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, 2016 and 2015, the District's cash deposits had a carrying balance of \$39,103,172 and \$53,447,483, 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

## Parker Water and Sanitation District

### Notes to Financial Statements

#### Note 3. Cash and Investments (Continued)

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, with quarterly reporting and annual audits required. 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. The pools seek to maintain a constant net asset value of \$1 per share and are reported at amortized cost by the District.

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 debt securities as of December 31, 2016:

	Fair Value	Remaining Maturity				
		12 Months or Less	13 - 24 Months	25 - 36 Months	37 - 48 Months	49 - 60 Months
U.S. Government Agencies	\$ 18,882,995	\$ 8,010,161	\$ 3,394,767	\$ 7,085,643	\$ -	\$ 392,424
U.S. Treasury notes	7,388,304	3,396,632	3,595,828	-	395,844	-
Commercial paper	1,488,608	1,488,608	-	-	-	-
	<u>\$ 27,759,907</u>	<u>\$ 12,895,401</u>	<u>\$ 6,990,595</u>	<u>\$ 7,085,643</u>	<u>\$ 395,844</u>	<u>\$ 392,424</u>

The District owned the following debt securities as of December 31, 2015:

	Fair Value	Remaining Maturity				
		12 Months or Less	13 - 24 Months	25 - 36 Months	37 - 48 Months	49 - 60 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	-	-
Commercial paper	598,481	598,481	-	-	-	-
	<u>\$ 53,331,066</u>	<u>\$ 5,094,880</u>	<u>\$ 10,390,573</u>	<u>\$ 5,965,586</u>	<u>\$ -</u>	<u>\$ -</u>

The above tables do not include investments in local government investment pools and money market funds as these are not subject to interest rate risk.

**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, 2016 and 2015, 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.



## Parker Water and Sanitation District

### Notes to Financial Statements

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#### 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, 2016, more than 5 percent of the District's investments are concentrated in Federal Farm Credit Bank securities (8.4 percent), Federal Home Loan Mortgage Corp securities (6.2 percent), and Federal Home Loan Bank securities (5.8 percent). 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). 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, 2016 and 2015, the District had invested \$47,619,642 and \$31,850,896, respectively, in the Colotrust Plus and CSAFE investment pools which are rated AAAM by Standard & Poor's.

As of December 31, 2016 and 2015, the District had invested \$29,600 and \$29,131, respectively, in Federated Prime Obligations fund, a money market fund. This fund is rated AAAM by Standard & Poor's.

As of December 31, 2016 and 2015, the District had \$1,488,608 and \$598,481, respectively, in commercial paper which are rated A-1 by Standard & Poor's.

The U.S. agency securities are rated AA+ by Standard & Poor's, as of December 31, 2016 and 2015. The U.S. Treasury notes are not subject to credit risk as they are explicitly guaranteed by the U.S. government.

**Fair Value Measurement:** The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the assets and liabilities and gives the highest priority to Level 1 measurements and the lowest priority to Level 3 measurements. These measurements are described as follows:

**Level 1** – Unadjusted quoted prices for identical instruments in active markets

**Level 2** – Quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-derived valuations in which all significant inputs are observable.

**Level 3** – Valuations derived from valuation techniques in which significant inputs are unobservable.

*Inputs:* If the fair value of an asset or a liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

**Parker Water and Sanitation District**

**Notes to Financial Statements**

**Note 3. Cash and Investments (Continued)**

The District has the following investments and fair value measurements as of December 31, 2016 and 2015:

	12/31/2016	Fair Value Measurements Using		
		(Level 1)	(Level 2)	(Level 3)
<b>Investments measured at fair value:</b>				
U.S. Government Agencies	\$ 18,882,995	\$ 18,882,995	\$ -	\$ -
U.S. Treasury notes	7,388,304	7,388,304	-	-
Commercial paper	1,488,608	1,488,608	-	-
	<u>27,759,907</u>	<u>\$ 27,759,907</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Investments measured at amortized cost:</b>				
Local government investment pools	47,619,642			
Money market funds	29,600			
<b>Total investments</b>	<u>\$ 75,409,149</u>			

	12/31/2015	Fair Value Measurements Using		
		(Level 1)	(Level 2)	(Level 3)
<b>Investments measured at fair value:</b>				
U.S. Government Agencies	\$ 13,391,923	\$ 13,391,923	\$ -	\$ -
U.S. Treasury notes	7,460,635	7,460,635	-	-
Commercial paper	598,481	598,481	-	-
	<u>21,451,039</u>	<u>\$ 21,451,039</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Investments measured at amortized cost:</b>				
Local government investment pools	31,850,896			
Money market funds	29,131			
	<u>\$ 53,331,066</u>			

## Parker Water and Sanitation District

### Notes to Financial Statements

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#### Note 3. Cash and Investments (Continued)

Cash and investments are restricted for the following purposes:

	2016	2015
Restricted for operating reserve	\$ 105,991	\$ 3,009,781
Restricted for water treatment plant	29,600	29,131
Cash and cash equivalents - restricted	<u>\$ 135,591</u>	<u>\$ 3,038,912</u>
Restricted for operating reserve	\$ 4,736,803	\$ 1,346,529
Restricted for water treatment plant	5,132,976	5,132,419
Investments - restricted	<u>\$ 9,869,779</u>	<u>\$ 6,478,948</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 \$4,842,793 and \$4,356,310 at December 31, 2016 and 2015, respectively.

**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 \$5,136,926 and \$5,161,550 at December 31, 2016 and 2015, respectively.

At December 31, 2016 and 2015, cash deposits and investments are classified on the statements of net position as follows:

	2016	2015
Cash and cash equivalents	\$ 86,641,516	\$ 82,288,658
Cash and cash equivalents - restricted	135,591	3,038,912
Investments	17,890,128	14,972,031
Investments - restricted	9,869,779	6,478,948
	<u>\$ 114,537,014</u>	<u>\$ 106,778,549</u>
Cash deposits	\$ 86,777,107	\$ 53,447,483
Investments	27,759,907	53,331,066
	<u>\$ 114,537,014</u>	<u>\$ 106,778,549</u>

#### Note 4. Inclusion Fees

The District carried a receivable for the RidgeGate inclusion fee for \$1,165,460 at December 31, 2015. The receivable had an interest rate of 6.25 percent. At December 31, 2015, the current portion of the receivable was \$1,165,460. During 2016 the final remaining annual inclusion fee payment of \$1,165,460 was received by 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, 2016 and 2015 follows:

	2016			Balance at December 31, 2016
	Balance at December 31, 2015	Additions	Disposals and Reclasses	
Capital assets, not being depreciated:				
Land	\$ 14,601,846	\$ -	\$ (341,302)	\$ 14,260,544
Water rights	139,130,824	1,169,000	(113,526)	140,186,298
Land improvements	3,155,118	-	-	3,155,118
Construction in progress	11,692,097	21,587,028	(6,491,658)	26,787,467
Total capital assets, not being depreciated	168,579,885	22,756,028	(6,946,486)	184,389,427
Capital assets, being depreciated:				
Land improvements	17,746,062	1,062,010	-	18,808,072
Buildings	105,091,676	2,043,045	-	107,134,721
Infrastructure	119,360,491	3,698,964	(12,100)	123,047,355
Machinery and equipment	74,203,998	1,674,602	(165,792)	75,712,808
Reservoir - Rueter Hess	188,831,369	43,211	-	188,874,580
Vehicles	1,636,199	211,572	(59,900)	1,787,871
Total capital assets, being depreciated	506,869,795	8,733,404	(237,792)	515,365,407
Less accumulated depreciation for:				
Land improvements	7,328,895	894,828	-	8,223,723
Buildings	26,548,008	3,553,766	-	30,101,774
Infrastructure	36,831,913	3,297,657	(956)	40,128,614
Machinery and equipment	45,007,785	3,572,847	(136,233)	48,444,399
Reservoir - Rueter Hess	11,460,035	2,874,916	-	14,334,951
Vehicles	1,336,731	105,748	(59,900)	1,382,579
Total accumulated depreciation	128,513,367	14,299,762	(197,089)	142,616,040
Total capital assets, being depreciated, net	378,356,428	(5,566,358)	(40,703)	372,749,367
Capital assets, net	\$ 546,936,313	\$ 17,189,670	\$ (6,987,189)	\$ 557,138,794

**Parker Water and Sanitation District**

**Notes to Financial Statements**

**Note 5. Capital Assets (Continued)**

	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	<u>329,552,514</u>	<u>48,803,938</u>	<u>(24)</u>	<u>378,356,428</u>
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 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, 2016 and 2015.

	Interest Rates	Balance at January 1, 2016	New Issues	Retirements	Balance at December 31, 2016	Due Within One Year
1997 CWRPDA Clean Water Loan	4.543	\$ 448,316	\$ -	\$ 448,316	\$ -	\$ -
1997 CWRPDA Small Water Loan	5.37	689,167	-	368,042	321,125	321,125
2000 CWRPDA Clean Water Loan	5.71	3,931,116	-	3,931,116	-	-
2000 CWRPDA Small Water Loan	4.66	7,451,667	-	1,455,833	5,995,834	1,699,166
2001 CWRPDA Clean Water Loan	4.01	1,834,488	-	273,564	1,560,924	284,292
2002 CWRPDA Clean Water Loan	3.62	10,942,848	-	293,112	10,649,736	298,540
2010 CWRPDA Loan	5.78	51,485,000	-	-	51,485,000	-
Less Bond Discount		(53,782)	-	(2,734)	(51,048)	-
2012 Revenue Refunding Bonds	2.0-5.0	19,620,000	-	510,000	19,110,000	525,000
Add Bond Premium		2,596,905	-	175,072	2,421,833	-
2012 General Obligation Refunding Bonds	2.0-5.0	88,365,000	-	1,795,000	86,570,000	1,850,000
Add Bond Premium		10,246,076	-	371,459	9,874,617	-
2014 CWCB Loan A	2.75	4,426,830	-	168,980	4,257,850	173,627
2014 CWCB Loan B	2.75	96,908	976,898	-	1,073,806	-
2014 CWCB Loan D	2.75	221,969	123,316	-	345,285	-
<b>Total long-term debt</b>		<b>\$ 202,302,508</b>	<b>\$ 1,100,214</b>	<b>\$ 9,787,760</b>	<b>\$ 193,614,962</b>	<b>\$ 5,151,750</b>

	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	-
<b>Total long-term debt</b>		<b>\$ 208,160,379</b>	<b>\$ 195,561</b>	<b>\$ 6,053,432</b>	<b>\$ 202,302,508</b>	<b>\$ 5,793,537</b>

## Parker Water and Sanitation District

### Notes to Financial Statements

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#### 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, 2016 and 2015, the District was in compliance with these covenants and requirements of the loan agreements.

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.

On December 31, 2015, Standard & Poor's Rating Services raised its rating on the District's Colorado Water Resources and Power Development Authority Loans to 'AA' from 'AA-'.

**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.

On December 31, 2015, Standard & Poor's Rating Services raised its rating on the District's Series 2012 Revenue Refunding Bonds to 'AA' from 'AA-'.

**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 2016 and 2015, the District recognized \$3,843,657 and \$3,702,601, respectively, in property tax revenue to pay the debt service, a portion of which was used on this loan.

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-'.

## Parker Water and Sanitation District

### Notes to Financial Statements

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#### Note 6. Long-Term Liabilities (Continued)

**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 began on February 1, 2016, 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 D for an amount of \$1,099,890 for the DIA Connection. As of December 31, 2016, the District has borrowed \$345,285, 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, 2016, the District has borrowed \$1,073,806, 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
2017	\$ 5,151,750	\$ 8,258,910	\$ 13,410,660
2018	5,514,889	8,071,411	13,586,300
2019	5,567,619	7,830,562	13,398,181
2020	5,861,793	7,670,906	13,532,699
2021	7,084,984	7,413,212	14,498,196
2022-2026	29,645,898	32,819,131	62,465,029
2027-2031	24,612,484	24,921,165	49,533,649
2031-2036	40,775,848	14,196,773	54,972,621
2037-2041	46,762,226	5,989,032	52,751,258
2042-2043	10,392,069	784,607	11,176,676
	<u>\$ 181,369,560</u>	<u>\$ 117,955,709</u>	<u>\$ 299,325,269</u>



**Parker Water and Sanitation District**

**Notes to Financial Statements**

**Note 6. Long-Term Liabilities (Continued)**

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

	Balance January 1, 2016	Incurred	Retired	Balance December 31, 2016	Due Within One Year
Compensated absences payable	\$ 568,696	\$ 322,969	\$ 267,763	\$ 623,902	\$ 374,000

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

**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, 2016 and 2015, the District had a net investment in capital assets calculated as follows:

	2016	2015
Capital assets, net of accumulated depreciation	\$ 557,138,794	\$ 546,936,313
Unspent debt proceeds	5,162,577	5,161,550
Bonds and notes payable	(193,614,962)	(202,302,508)
Deferred charge on refunding	6,338,374	6,576,808
	<u>\$ 375,024,783</u>	<u>\$ 356,372,163</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, 2016 and 2015.

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.

## **Parker Water and Sanitation District**

### **Notes to Financial Statements**

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#### **Note 8. Commitments**

**Construction commitments:** As of December 31, 2016 and 2015, the District had unexpended construction related contract commitments of approximately \$94,022 and \$175,922, 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, 2016 and 2015. 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.

The District provides health insurance to its employees through the purchase of commercial insurance. During the last three years settled claims have not exceeded insurance coverage.

#### **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.

## Parker Water and Sanitation District

### Notes to Financial Statements

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#### Note 10. Defined Contribution Plan (Continued)

Contributions actually made by plan members and the District for the years ended December 31, 2016 and 2015 are as follows, there were no liabilities as of December 31:

	2016	2015
Plan members	\$ 483,852	\$ 460,911
District	\$ 540,646	\$ 497,256

#### 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 \$213,986 for 2016 and \$191,777 for 2015.

#### 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.

## Parker Water and Sanitation District

### Notes to Financial Statements

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

As of December 31, 2016, the GASB had issued several statements not yet required to be implemented by the District. The Statement which might impact the District is as follows:

GASB Statement No. 84, *Fiduciary Activities*, issued January 2017, will be effective for the District with its year ending December 31, 2019. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. Management has not determined the impact of Statement No. 84 on the District's financial statements.

## **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, 2016**

	Total		Variance - Positive (Negative)
	Final Budget	Actual	
<b>Revenues:</b>			
Charges for services	\$ 25,262,000	\$ 26,061,220	\$ 799,220
Operating tax revenues	1,062,500	1,288,432	225,932
Other operating income	279,800	447,332	167,532
Investment income	124,500	575,752	451,252
Other nonoperating income	2,426,810	4,258,232	1,831,422
Reuter-Hess mill levy	3,897,500	3,843,657	(53,843)
System development fees	6,045,900	9,092,930	3,047,030
Water resource fees	155,000	2,330,000	2,175,000
Water resource system development fees	5,556,000	8,464,040	2,908,040
Farm income	428,500	373,319	(55,181)
Bond proceeds, including premium	6,000,000	1,100,214	(4,899,786)
Transfer - rate funded capital	3,000,000	3,000,000	-
Other revenue/reimbursements	16,645,000	2,415,472	(14,229,528)
<b>Total revenues</b>	<b>70,883,510</b>	<b>63,250,600</b>	<b>(7,632,910)</b>
<b>Expenditures:</b>			
Salaries	5,121,010	5,192,745	(71,735)
Employee benefits	2,161,640	2,215,737	(54,097)
Insurance	220,000	229,541	(9,541)
Professional services	1,352,000	848,793	503,207
Support services	701,800	2,312,060	(1,610,260)
Utilities	3,762,000	4,184,040	(422,040)
Contract labor and maintenance	2,018,600	930,331	1,088,269
Supplies	2,280,900	1,735,109	545,791
Community education	90,800	47,624	43,176
Information technology	500,690	322,885	177,805
Water resource farms	175,200	223,882	(48,682)
Administrative	769,570	369,372	400,198
Debt service	14,705,180	17,297,004	(2,591,824)
Capital outlay	44,920,890	22,487,909	22,432,981
Transfer - rate funded capital	3,000,000	3,000,000	-
<b>Total expenditures</b>	<b>81,780,280</b>	<b>61,397,032</b>	<b>20,383,248</b>
<b>Excess revenues over expenditures</b>	<b>\$ (10,896,770)</b>	<b>1,853,568</b>	<b>\$ 12,750,338</b>
Funds available, beginning of year		104,361,266	
Funds available, end of year		<u>\$ 106,214,834</u>	
Funds available at December 31, 2016 is computed as follows:			
Current assets		\$ 114,208,159	
Noncurrent assets		10,005,370	
Current liabilities		(18,334,368)	
Current portion of long-term obligations		5,525,750	
Deferred inflows of resources		(5,190,077)	
		<u>\$ 106,214,834</u>	

Water			Sewer		
Final Budget	Actual	Variance - Positive (Negative)	Final Budget	Actual	Variance - Positive (Negative)
\$ 14,992,000	\$ 15,716,588	\$ 724,588	\$ 10,270,000	\$ 10,344,632	\$ 74,632
-	-	-	1,062,500	1,288,432	225,932
246,000	407,447	161,447	33,800	39,885	6,085
69,500	330,384	260,884	55,000	245,368	190,368
1,685,580	3,520,959	1,835,379	741,230	737,273	(3,957)
3,897,500	3,843,657	(53,843)	-	-	-
4,537,400	6,869,690	2,332,290	1,508,500	2,223,240	714,740
155,000	2,330,000	2,175,000	-	-	-
5,556,000	8,464,040	2,908,040	-	-	-
428,500	373,319	(55,181)	-	-	-
6,000,000	1,100,214	(4,899,786)	-	-	-
1,000,000	1,000,000	-	2,000,000	2,000,000	-
16,645,000	2,415,472	(14,229,528)	-	-	-
55,212,480	46,371,770	(8,840,710)	15,671,030	16,878,830	1,207,800
2,560,510	2,820,696	(260,186)	2,560,500	2,372,049	188,451
1,080,820	1,107,869	(27,049)	1,080,820	1,107,868	(27,048)
110,000	114,771	(4,771)	110,000	114,770	(4,770)
831,000	643,815	187,185	521,000	204,978	316,022
543,140	1,070,056	(526,916)	158,660	1,228,355	(1,069,695)
2,872,000	3,313,601	(441,601)	890,000	870,439	19,561
965,300	888,873	76,427	1,053,300	41,458	1,011,842
1,294,450	1,102,554	191,896	986,450	632,555	353,895
70,800	36,769	34,031	20,000	10,855	9,145
250,180	151,605	98,575	250,510	171,280	79,230
175,200	223,882	(48,682)	-	-	-
436,800	296,808	139,992	332,770	86,213	246,557
12,790,540	16,268,176	(3,477,636)	1,914,640	1,028,828	885,812
41,368,000	19,407,527	21,960,473	3,552,890	3,080,382	472,508
1,000,000	1,000,000	-	2,000,000	2,000,000	-
66,348,740	48,447,002	17,901,738	15,431,540	12,950,030	2,481,510
\$ (11,136,260)	\$ (2,075,232)	\$ 9,061,028	\$ 239,490	\$ 3,928,800	\$ 3,689,310

**Parker Water and Sanitation District**

**Reconciliation of Budgetary Basis (Actual) to Statement of Revenues, Expenses and Changes in Net Position  
Year Ended December 31, 2016**

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Revenue (budgetary basis)	\$ 63,250,600
Contributed capital assets	5,419,088
Transfer - rate funded capital	(3,000,000)
Bond proceeds, including premium	(1,100,214)
Proceeds on sale of assets	-
Inclusion fee receivable paid	(1,165,460)
<b>Total revenue per statement of revenues,         expenses and changes in net position</b>	<u>63,404,014</u>
Expenditures (budgetary basis)	61,397,032
Amortization of deferred charge on refunding	238,434
Amortization of bond discount and premium, net	(543,797)
Transfer - rate funded capital	(3,000,000)
Depreciation	14,299,762
Capitalized interest	-
Loss on sale of assets	2,457,442
Capital outlay	(22,487,909)
Debt principal	(9,243,963)
Change in compensated absences	55,206
<b>Total expenses per statement of revenues,         expenses and changes in fund net position</b>	<u>43,172,207</u>
Change in net position per statement of revenues, expenses and changes in net position	<u><u>\$ 20,231,807</u></u>



**Parker Water and Sanitation District**

**Debt Service Coverage Calculation  
Calculation Per Rate Covenant  
Year Ended December 31, 2016**

<b>Operating revenues:</b>	
Total user fees	\$ 26,508,552
Farm land revenue	373,319
Net investment income	575,752
WISE reimbursable expenses	2,415,472
Other income (including BAB Subsidy)	3,092,772
Property taxes (sewer operating)	843,608
Specific ownership taxes	444,824
	<u>\$ 34,254,299</u>
<b>System fees:</b>	
System development fees	\$ 9,092,930
Water resource fees	2,330,000
Water resource system development fees	8,464,040
	<u>\$ 19,886,970</u>
Allowable system fees for coverage not exceeding 15% of operating revenue	<u>\$ 5,138,145</u>
<b>Total revenues per covenant</b>	<u>\$ 39,392,444</u>
<b>Operating expenses:</b>	
Operating expenses (less depreciation)	\$ 18,443,443
Farm land expenses	223,882
<b>Total operating and maintenance expenses</b>	<u>\$ 18,667,325</u>
<b>Revenue available for debt service</b>	<u>\$ 20,725,119</u>
<b>Current year debt service:</b>	
Revenue bond and CWRPDA loans total	\$ 8,955,071
Water Purification Facility loan	2,940,995
<b>Total debt using revenue pledge</b>	<u>\$ 11,896,066</u>
<b>Coverage per rate covenant calculation (minimum 110%)</b>	174%
<b>Coverage without consideration of System Fees (minimum 100%)</b>	131%
<b>Current year debt service (excluding CWRPDA prepayment) - see Note below:</b>	
Revenue bond and CWRPDA loans total	\$ 5,504,352
Water Purification Facility loan	2,940,995
<b>Total debt using revenue pledge</b>	<u>\$ 8,445,347</u>
<b>Coverage per rate covenant calculation (excluding CWRPDA prepayment)</b>	245%

Note: On April 6, 2016, the District prepaid the 1997 CWRPDA and 2000 CWRPDA Loans utilizing cash reserves. Of the total debt service payment, \$3,450,718 represented principal due after December 31, 2016. As a result, debt service coverage is being shown above both with, and without, the prepaid CWRPDA loan principal.

**Parker Water and Sanitation District**

**Debt Service Coverage Calculation - CWCB Loans  
Year Ended December 31, 2016**

Operating revenues:	
Total user fees	\$ 26,508,552
Farm land revenue	373,319
Net investment income	575,752
WISE reimbursable expenses	2,415,472
Other income (including BAB Subsidy)	3,092,772
Property taxes (sewer operating)	843,608
Specific ownership taxes	444,824
	<u>\$ 34,254,299</u>
Maximum revenue permitted including system fees	<u>\$ 38,060,332</u>
System fees:	
System development fees	\$ 9,092,930
Water resource fees	2,330,000
Water resource system development fees	8,464,040
	<u>\$ 19,886,970</u>
Allowable system fees for coverage calculation (no more than 10% of total revenue maximum)	<u>\$ 3,806,033</u>
<b>Total calculated revenues</b>	<u>\$ 38,060,332</u>
Operating expenses:	
Operating expenses (less depreciation)	\$ 18,443,443
Farm land expenses	223,882
<b>Total operating and maintenance expenses</b>	<u>\$ 18,667,325</u>
<b>Revenue available for debt service</b>	<u>\$ 19,393,007</u>
Current year debt service:	
Revenue bond total (existing)	\$ 8,955,071
WTP loan (existing)	2,940,995
CWCB loans	286,458
<b>Total debt using revenue pledge</b>	<u>\$ 12,182,524</u>
<b>Coverage calculation</b>	159%
Current year debt service (excluding CWRPDA prepayment) - see Note below:	
Revenue bond total (existing)	\$ 5,504,352
WTP loan (existing)	2,940,995
CWCB loans	286,458
<b>Total debt using revenue pledge</b>	<u>\$ 8,731,805</u>
<b>Coverage per rate covenant calculation (excluding CWRPDA prepayment)</b>	222%

Note: On April 6, 2016, the District prepaid the 1997 CWRPDA and 2000 CWRPDA Loans utilizing cash reserves. Of the total debt service payment, \$3,450,718 represented principal due after December 31, 2016. As a result, debt service coverage is being shown above both with, and without, the prepaid CWRPDA loan principal.

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>
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%
2016	15,035	3.7%	18,746	4.2%

Source: Parker Water and Sanitation District

The following table sets forth Parker Water's water sales, by category, for calendar year 2016.

<u>Category</u>	<u>Annual Usage Gallons</u>	<u>Percent of Total Usage</u>
Residential/Multifamily	1,622,873,688	73.3%
Irrigation/Commercial	<u>592,254,932</u>	<u>26.7%</u>
Total	2,215,128,620	100.0%

Source: Parker Water and Sanitation District

PARKER WATER AND SANITATION DISTRICT  
Statement Of Revenues, Expenses And Changes In Retained Earnings/Net Assets (GAAP Basis)  
For The Years Ended December 31, 2007-2016

Fiscal Year Ended December 31,	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Operating Revenues</b>										
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	\$ 26,061,220
Other Operating Income	451,930	378,948	205,541	341,549	342,764	321,697	281,489	337,890	435,221	447,332
<b>Total</b>	<b>17,424,188</b>	<b>17,865,315</b>	<b>16,472,802</b>	<b>21,267,144</b>	<b>21,657,566</b>	<b>23,346,225</b>	<b>23,922,773</b>	<b>23,104,056</b>	<b>24,433,486</b>	<b>26,508,552</b>
<b>Operating Expenses</b>										
Salaries	3,496,800	3,739,345	4,051,469	4,086,870	4,047,121	4,319,118	4,214,621	4,863,917	5,056,608	5,247,951
Employee Benefits	1,053,898	1,321,649	1,434,690	1,434,690	1,407,791	1,493,771	1,602,166	1,214,213	1,786,353	2,215,737
Insurance	328,880	72,232	209,368	186,393	184,241	168,922	167,674	173,345	193,432	229,541
Professional Services	741,391	827,182	825,769	776,409	1,226,852	1,503,907	896,031	1,084,682	1,237,228	848,793
Support Services	121,781	235,165	226,580	184,990	165,341	208,213	236,223	407,236	550,953	2,312,060
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	4,184,040
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	930,331
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	1,735,109
Community Education	-	-	36,240	147,652	103,023	51,395	65,483	22,520	42,908	47,624
Information Technology	264,703	224,502	229,508	311,060	325,229	309,522	257,481	337,213	352,241	322,885
Administrative	596,918	753,307	565,473	515,677	674,300	446,285	570,759	576,006	601,436	369,372
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	14,299,762
<b>Total</b>	<b>19,689,560</b>	<b>21,159,631</b>	<b>21,690,921</b>	<b>22,311,201</b>	<b>23,045,283</b>	<b>26,519,797</b>	<b>26,240,046</b>	<b>26,485,245</b>	<b>29,995,278</b>	<b>32,743,205</b>
<b>Operating (Loss)</b>	<b>(2,265,372)</b>	<b>(3,294,316)</b>	<b>(5,218,119)</b>	<b>(1,044,057)</b>	<b>(1,387,717)</b>	<b>(3,173,572)</b>	<b>(2,317,273)</b>	<b>(3,381,189)</b>	<b>(5,561,792)</b>	<b>(6,234,653)</b>
<b>Nonoperating Revenues (Expenses)</b>										
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	4,687,265
Specific Ownership Taxes	75,116	71,311	66,822	122,763	490,472	359,034	377,122	406,916	445,902	444,824
County Treasurer's Collection Fees	(14,638)	(14,410)	-	-	-	-	-	-	-	-
Farm Land Revenue	533,470	301,895	350,537	319,391	356,131	435,066	436,485	439,142	428,488	373,319
Farm Land Expenses/Water Resource Farms	(175,400)	(175,578)	(133,359)	(150,188)	(135,543)	(186,618)	(163,592)	(191,800)	(221,411)	(223,882)
Net Investment Income	4,001,392	2,598,202	965,462	478,461	1,164,754	677,734	484,145	408,959	388,011	575,752
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)	(7,529,530)
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	(2,457,442)
Other Income	13,068,112	821,647	497,738	693,180	2,033,671	1,423,784	1,916,922	2,183,671	2,203,310	5,508,244
<b>Total</b>	<b>15,343,878</b>	<b>2,554,355</b>	<b>(70,969)</b>	<b>1,905,388</b>	<b>7,346,107</b>	<b>(2,926,517)</b>	<b>(104,258)</b>	<b>2,812,429</b>	<b>671,573</b>	<b>1,378,550</b>
<b>Gain Before Capital Contributions</b>	<b>13,078,506</b>	<b>(739,961)</b>	<b>(5,289,088)</b>	<b>861,331</b>	<b>5,958,390</b>	<b>(6,100,089)</b>	<b>(2,421,531)</b>	<b>(568,760)</b>	<b>(4,890,219)</b>	<b>(4,856,103)</b>
<b>Capital Contributions</b>										
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	9,092,930
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	5,419,088
Water Resource Fees	535,750	730,000	125,000	60,000	189,821	170,000	155,000	1,165,000	1,165,000	2,330,000
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	8,464,040
Ruetter - Hess Storage Income	-	59,360,318	-	-	-	-	-	-	-	-
<b>Total</b>	<b>58,570,084</b>	<b>72,716,857</b>	<b>5,222,476</b>	<b>3,718,050</b>	<b>7,045,916</b>	<b>9,591,989</b>	<b>8,792,647</b>	<b>16,265,589</b>	<b>21,599,359</b>	<b>25,306,058</b>
<b>Change in Net Assets</b>	<b>71,648,590</b>	<b>71,976,896</b>	<b>(66,612)</b>	<b>4,579,381</b>	<b>13,004,306</b>	<b>3,491,900</b>	<b>6,371,116</b>	<b>15,696,829</b>	<b>16,709,140</b>	<b>20,449,955</b>
<b>Net Assets at Beginning of Year</b>	<b>253,139,909</b>	<b>324,788,499</b>	<b>396,765,395</b>	<b>396,698,783</b>	<b>401,278,164</b>	<b>414,282,470</b>	<b>416,226,098</b>	<b>422,597,214</b>	<b>438,294,043</b>	<b>455,003,183</b>
<b>Restatements</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,548,272)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Assets at End of Year</b>	<b>\$ 324,788,499</b>	<b>\$ 396,765,395</b>	<b>\$ 396,698,783</b>	<b>\$ 401,278,164</b>	<b>\$ 414,282,470</b>	<b>\$ 416,226,098</b>	<b>\$ 422,597,214</b>	<b>\$ 438,294,043</b>	<b>\$ 455,003,183</b>	<b>\$ 475,453,138</b>

Source: Parker Water and Sanitation District

Budget Summary and Comparison

	2012		2013		2014		2015		2016	
	Projected	2012 Actual	Projected	2013 Actual	Projected	2014 Actual	Projected	2015 Actual	Projected	2016 Actual
<b>BEGINNING CASH</b>										
Unrestricted	\$ 5,438,116	\$ 5,438,116	\$ 8,288,898	\$ 8,288,898	\$ 16,294,370	\$ 16,294,370	\$ 16,336,308	\$ 16,336,308	\$ 22,695,013	\$ 22,695,013
Restricted	5,558,271	5,558,271	8,816,080	8,816,080	12,938,864	12,938,864	13,289,219	13,289,219	13,125,477	13,125,477
Total Beginning Cash	10,996,387	10,996,387	17,104,978	17,104,978	29,233,234	29,233,234	29,625,527	29,625,527	35,820,491	35,820,491
<b>LESS RESTRICTED CASH</b>										
Restricted Funds	5,558,271	5,558,271	8,816,080	8,816,080	12,938,864	12,938,864	13,289,219	13,289,219	13,125,477	13,125,477
<b>NET FUNDS AVAILABLE</b>	5,438,116	5,438,116	8,288,898	8,288,898	16,294,370	16,294,370	16,336,308	16,336,308	22,695,013	22,695,013
<b>OPERATING REVENUE</b>										
Charges for Services	22,870,000	23,024,528	22,721,336	23,641,285	22,839,342	22,766,166	23,679,200	23,998,265	24,465,010	26,061,220
Operating Taxes	662,300	721,335	1,056,600	1,152,222	1,010,979	1,196,867	1,126,000	1,258,565	1,204,500	1,288,432
Other Income	1,849,650	1,935,322	1,676,088	1,853,604	1,648,736	1,731,839	1,718,736	1,820,055	1,708,340	1,779,576
Bond Proceeds, including Premium	-	26,439,248	-	-	-	-	-	-	-	-
<b>TOTAL OPERATING REVENUES</b>	25,381,950	52,120,433	25,454,024	26,647,111	25,499,057	25,694,872	26,523,936	27,076,885	27,377,850	29,129,228
<b>TOTAL OPERATING RESOURCES</b>	30,820,066	57,558,549	33,742,922	34,936,009	41,793,427	41,989,242	42,860,244	43,413,193	50,072,863	51,824,241
<b>OPERATING EXPENSES</b>										
Salaries	4,186,522	4,234,769	4,413,514	4,408,868	4,698,029	4,863,917	5,028,402	5,048,668	5,185,420	5,192,745
Insurance & Employee Benefits	1,539,256	1,609,250	1,749,478	1,716,396	1,833,709	1,387,558	1,928,940	1,979,785	2,454,390	2,445,278
Professional Services	1,080,000	1,503,907	781,000	896,032	1,220,000	1,084,682	1,131,000	1,237,228	1,101,900	848,793
Information Technology	316,040	309,522	274,000	257,481	274,000	337,213	376,350	352,241	285,460	322,885
Utilities	3,022,487	3,244,414	3,182,100	3,407,978	3,540,000	3,705,907	3,724,200	4,180,959	3,764,450	4,184,040
Support Services	234,300	208,213	248,340	236,222	444,900	407,236	541,100	550,953	1,826,850	2,312,060
Contract Labor and Maintenance	2,158,110	1,633,475	1,909,839	1,791,599	1,789,260	1,702,812	1,815,945	1,737,555	760,437	930,331
Supplies	1,330,777	1,376,989	1,387,700	1,369,298	1,485,602	1,362,866	2,243,450	2,097,891	1,873,515	1,735,109
Administrative	625,280	497,681	760,079	636,235	567,570	598,526	664,516	644,344	341,766	416,996
Replacement Expense	-	-	2,000,000	1,000,000	1,000,000	1,000,000	3,000,000	3,000,000	3,000,000	3,000,000
Debt Service	8,154,044	35,173,988	8,627,510	8,577,595	8,603,509	8,639,378	3,581,132	3,537,076	4,957,772	4,727,478
Water Resource farms	188,950	186,618	159,000	163,591	183,600	191,800	176,800	221,411	313,404	223,882
<b>TOTAL OPERATING EXPENSES</b>	\$ 22,835,766	\$ 49,978,826	\$ 25,492,560	\$ 24,461,295	\$ 25,640,179	\$ 25,281,895	\$ 24,211,835	\$ 24,588,111	\$ 25,865,364	\$ 26,339,597
<b>RESOURCES REMAINING</b>	\$ 7,984,300	\$ 7,579,723	\$ 8,250,362	\$ 10,474,714	\$ 16,153,248	\$ 16,707,347	\$ 18,648,409	\$ 18,825,082	\$ 24,207,499	\$ 25,484,644

Source: Parker Water and Sanitation District

History of Water and Sewer Connection Fees per SFE

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Residential Water Connection Fees	\$ 19,500	\$ 19,500	\$ 19,500	\$ 20,225	\$ 20,225	\$ 20,975	\$ 21,475	\$ 21,475	\$ 21,800	\$ 21,870
Residential Sewer Connection Fees	9,760	9,760	9,760	3,650	3,650	4,150	6,650	6,650	3,500	3,510
Total	\$ 29,260	\$ 29,260	\$ 29,260	\$ 23,875	\$ 23,875	\$ 25,125	\$ 28,125	\$ 28,125	\$ 25,300	\$ 25,380

Source: Parker Water and Sanitation District

Historical Connection Fee Revenues

<u>Year</u>	<u>Connection Fee Revenue</u>
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	15,963,997
2015	20,069,900
2016	19,921,450

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
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%
2015/2016	553,661,969	17.0%	8.652	4,790,284 (2)	4,687,265 (1)	97.8%

(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 2016

<u>Taxpayer Name</u>	<u>Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation<sup>(1)</sup></u>
Denver Pope Family LP	6,177,000	1.08%
BRE DDR Parker Pavilions LLC	4,606,160	0.81%
Wal-Mart Real Estate Business Trust	4,169,850	0.73%
Briargate Apartments Property Owner LLC	4,139,200	0.73%
Target Corporation	3,885,720	0.68%
Trailside Holdings LLC	3,343,200	0.59%
Parker Hilltop Apartments LP <sup>(2)</sup>	3,228,570	0.57%
CARMAX Auto Superstores West Coast INC	2,974,840	0.52%
Mainstreet Re Investors LLC	2,883,910	0.51%
HD Development of Maryland Inc	<u>2,575,550</u>	<u>0.45%</u>
TOTAL	<u>\$ 37,984,000</u>	<u>6.66%</u>

(1) Based on a 2016 net certified assessed valuation of \$570,659,808 that does not include \$7,399,222 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 2016 Taxes Due in 2017

<u>Government Unit</u>	<u>Mill Levy</u>
Douglas County Schools	41.064
Douglas County Law Enforcement	4.500
Douglas County Government	19.274
South Metro Fire Rescue	9.250
Douglas Public Library District	4.016
Parker Water and Sanitation District	9.095
Urban Drainage and Flood Control District	0.559
Cherry Creek Basin Water Quality Authority	0.473
Urban Drainage and Flood South Platte	0.061
Lincoln Creek Metropolitan District	<u>60.000</u>
Total	148.292

Source: Douglas County Assessor's Office

Outstanding Debt of the District  
as of 12/31/16

Name of Issue	Amount Outstanding	Year of Final Maturity
CWRPDA Small Water Resources Revenue Bond, Series 1997	\$ 321,125	2017
CWRPDA Small Water Resources Revenue Bond, Series 2000A	5,995,834	2019
CWRPDA Wastewater Loan, Series 2001	1,560,924	2021
CWRPDA Wastewater Loan, Series 2002	10,649,736	2025
2012 Water & Sewer Revenue Refunding Bonds	19,110,000	2030
Add Bond Premium	2,421,833	
2012 General Obligation Refunding Bonds	86,570,000	2043
Add Bond Premium	9,874,617	
CWRPDA Water Resources Revenue Bonds, 2010 Series A	51,485,000	2035
Less Bond Discount on CWRPDA Issue, 2010 Series A	(51,047)	
CWCB Loan A	4,257,850	2035
CWCB Loan B	1,073,806	2039
CWCB Loan D	<u>345,285</u>	2042
Total	<u>\$ 193,614,963</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>
2017	\$ 5,151,458	\$ 8,258,910	\$ 13,410,367
2018	5,514,889	8,071,411	13,586,300
2019	5,567,618	7,830,564	13,398,182
2020	5,861,793	7,670,907	13,532,700
2021	7,084,984	7,413,207	14,498,191
2022-2026	34,825,898	32,819,131	67,645,029
2027-2031	41,202,484	24,921,164	66,123,648
2032-2036	43,540,848	14,196,773	57,737,621
2037-2041	22,227,226	5,989,033	28,216,258
2042-2044	10,392,069	784,607	11,176,675
	<u>\$ 181,369,266</u>	<u>\$ 117,955,705</u>	<u>\$ 299,324,972</u>

Source: Parker Water and Sanitation District

Estimated Overlapping Debt Schedule  
as of December 31, 2016

Overlapping Entity	Outstanding General Obligation Debt(1)	Percentage Applicable to the District(2)	Share of Debt Applicable to the District
Douglas County Schools	\$ 342,249,714	9.9%	\$ 33,882,722
Antelope Heights Metro Dist.	9,035,000	100.0%	9,035,000
Canterberry Crossing Metro	9,565,000	100.0%	9,565,000
Canterberry Crossing Metro. II	11,390,000	100.0%	11,390,000
Horse Creek Metro Dist.	4,325,000	100.0%	4,325,000
Horseshoe Ridge Metro Dist.	3,850,000	100.0%	3,850,000
Jordan Crossing Metro Dist.	1,470,976	100.0%	1,470,976
Lincoln Creek Metro. Dist.	4,130,000	100.0%	4,130,000
Lincoln Meadows Metro Dist.	7,540,000	100.0%	7,540,000
Neu Towne Metro Dist	5,275,000	100.0%	5,275,000
Olde Town Metro Dist	890,000	100.0%	890,000
Parker Automotive Metro Dist.	4,245,000	100.0%	4,245,000
Parker Homestead Metro Dist.	8,300,000	100.0%	8,300,000
Pine Bluffs Metro Dist.	4,510,000	100.0%	4,510,000
Reata North Metro Dist.	10,728,635	100.0%	10,728,635
Reata South Metro Dist.	18,975,000	100.0%	18,975,000
Regency Metro Dist.	3,455,000	100.0%	3,455,000
Robinson Ranch Metro Dist	680,000	100.0%	680,000
			<u>\$ 142,247,333</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, 2016

Estimated Actual Valuation	\$ 5,475,484,406
Assessed Valuation	\$ 570,659,808
Net General Obligation Direct Debt	\$ 96,444,617
Estimated Overlapping Debt	\$ 142,247,333
Net Direct and Estimated Overlapping Debt	\$ 238,691,950
Ratio of Net Direct Debt to Estimated Actual Value	1.76%
Ratio of Net Direct to Assessed Valuation	16.90%
Net Direct Debt per Capita(1)	\$ 1,903
Ratio of Net Direct and Estimated Overlapping Debt to Estimated Actual Valuation	4.36%
Ratio of Net Direct and Estimated Overlapping Debt to Assessed Valuation	41.83%
Net Direct and Estimated Overlapping Debt per Capita(1)	\$ 4,710
Estimated Actual Valuation per Capita(1)	\$ 108,047
Assessed Valuation per Capita(1)	\$ 11,261

(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
2016/2017	570,659,808	3.1%	7,399,222	578,059,030	1.595	7.500	9.095

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%
2015/2016	4,790,284	4,687,265	97.85%

Source: Douglas County Assessor's Office

2016 Assessed Valuation of Classes of Property in the District

Property Class	2016 Total Assessed Valuation	Percent of Total Assessed Valuation
Residential	\$ 383,698,550	66.38%
Commercial	144,389,580	24.98%
Vacant	31,063,130	5.37%
Industrial	11,280,020	1.95%
State Assessed	7,462,900	1.29%
Agricultural	138,140	0.02%
Natural Resources	<u>26,710</u>	<u>0.00%</u>
	\$ 578,059,030	100.00%

Source: Douglas County Assessor's Office

Budget Summary and Comparison - Budgetary Basis

	2012	2012	2013	2013	2014	2014	2015	2015	2016	2016
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
<b>Revenues</b>										
Charges for services	\$ 21,900,000	\$ 23,024,529	\$ 23,380,000	\$ 23,641,284	\$ 23,806,288	\$ 22,766,166	\$ 24,380,000	\$ 23,998,265	\$ 25,262,000	\$ 26,061,220
Operating tax revenues	662,300	721,335	1,056,600	1,152,222	1,010,979	1,196,866	1,026,000	1,258,565	1,062,500	1,288,432
Other operating income	205,000	321,697	208,500	281,489	251,293	337,890	278,500	435,221	279,800	447,332
Interest income	1,203,500	677,734	578,500	484,145	408,909	408,959	329,600	388,011	124,500	575,752
Other nonoperating income	2,314,550	2,603,872	2,419,350	3,109,744	2,349,967	5,814,479	2,400,696	2,622,252	2,426,810	4,258,232
Rueter-Hess mill levy	4,232,450	4,169,705	3,620,900	3,530,989	3,664,058	3,599,001	3,733,000	3,702,601	3,897,500	3,843,657
System development fees	668,750	2,415,539	1,770,000	3,049,950	2,644,576	4,698,702	5,928,300	9,794,000	6,045,900	9,092,930
Water resource fees	50,000	170,000	70,000	155,000	56,508	2,503,181	155,000	1,165,000	155,000	2,330,000
Water resource system development fees	1,690,625	6,304,900	2,705,000	5,084,375	7,470,362	8,296,000	5,412,000	9,110,900	5,556,000	8,464,040
Wastewater expansion fees	62,500	219,000	-	-	-	-	-	-	-	-
Renewable water fees	93,750	351,750	150,000	284,250	339,048	466,115	-	-	-	-
Farm income	348,000	435,066	415,000	436,485	415,000	439,142	430,000	428,488	428,500	373,319
Transfer-Rate funded capital	-	-	2,000,000	2,000,000	1,000,000	1,000,000	3,000,000	3,000,000	3,000,000	3,000,000
Bond proceeds, net of discount	-	-	-	-	5,545,000	4,550,146	6,000,000	195,561	6,000,000	1,100,214
Other revenue/reimbursements	-	128,349,701	-	-	-	-	20,430,000	795,353	16,645,000	2,415,472
<b>Total revenues</b>	<b>\$ 33,431,425</b>	<b>\$ 169,764,828</b>	<b>\$ 38,373,850</b>	<b>\$ 43,209,933</b>	<b>\$ 48,961,988</b>	<b>\$ 56,076,647</b>	<b>\$ 73,503,096</b>	<b>\$ 56,894,217</b>	<b>\$ 70,883,510</b>	<b>\$ 63,250,600</b>
<b>Expenditures</b>										
Salaries	\$ 4,240,800	\$ 4,234,770	\$ 4,302,900	\$ 4,408,836	\$ 4,717,664	\$ 5,009,777	\$ 4,987,460	\$ 5,048,668	\$ 5,121,010	\$ 5,192,745
Employee benefits	1,454,300	1,440,328	1,613,202	1,548,722	1,706,895	1,585,947	1,752,350	1,786,353	2,161,640	2,215,737
Insurance	196,000	168,922	188,000	167,674	186,000	173,345	190,700	193,432	220,000	229,541
Professional services	909,000	1,503,907	1,009,000	896,031	1,086,000	975,256	1,400,000	1,237,228	1,352,000	848,793
Support services	409,000	208,213	272,805	236,223	452,900	252,001	549,700	550,953	701,800	2,312,060
Utilities	3,324,600	3,244,414	3,235,900	3,407,978	3,208,400	3,705,907	3,617,000	4,180,959	3,762,000	4,184,040
Contract labor & maintenance	2,450,100	1,633,475	2,367,400	1,791,603	1,930,850	1,702,283	2,140,400	1,737,555	2,018,600	930,331
Supplies	1,318,000	1,376,989	1,404,100	1,369,298	1,860,400	1,362,812	2,600,180	2,097,891	2,280,900	1,735,109
Community education	103,000	51,395	113,000	65,483	65,000	21,622	48,650	42,908	90,800	47,624
Information technology	329,550	309,522	300,390	257,481	370,894	337,213	405,985	352,241	500,690	322,885
Farm expenses	183,000	186,617	195,000	163,592	165,000	189,848	184,800	221,411	175,200	223,882
Administrative	773,700	446,286	660,019	570,759	579,400	575,128	633,028	601,436	769,570	369,372
Bond issuance costs	-	1,068,969	-	-	-	-	-	-	-	-
Transfer-Rate funded capital	13,221,360	142,313,708	2,000,000	2,000,000	1,000,000	1,000,000	3,000,000	3,000,000	3,000,000	3,000,000
Debt service	19,156,140	8,654,592	14,949,153	14,084,759	14,157,185	14,154,041	14,399,393	14,358,526	14,705,180	17,078,856
Capital outlay	\$ 48,068,550	\$ 166,842,107	\$ 80,768,069	\$ 56,687,416	\$ 67,264,138	\$ 52,940,494	\$ 87,693,496	\$ 43,127,738	\$ 81,780,280	\$ 61,178,884
Total expenditures	\$ (14,637,125)	\$ 2,922,721	\$ (42,394,219)	\$ (13,477,483)	\$ (18,302,150)	\$ 3,136,153	\$ (14,190,400)	\$ 13,766,479	\$ (10,896,770)	\$ 2,071,716

Source: Parker Water and Sanitation District

## Debt Service Requirements

<b>2012 Revenue Bonds</b>			<b>Debt Service on</b>		<b>Total Parity</b>
<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Parity Loans</u>	<u>Debt Service</u>
<b>2016</b>	510,000	847,094	1,357,094	10,913,539	12,270,633
<b>2017</b>	525,000	831,794	1,356,794	6,477,299	7,834,092
<b>2018</b>	535,000	821,294	1,356,294	6,649,231	8,005,525
<b>2019</b>	785,000	799,894	1,584,894	6,238,913	7,823,807
<b>2020</b>	2,925,000	776,344	3,701,344	4,256,181	7,957,525
<b>2021</b>	4,040,000	630,094	4,670,094	4,250,322	8,920,416
<b>2022</b>	4,610,000	436,094	5,046,094	3,890,877	8,936,971
<b>2023</b>	605,000	228,644	833,644	6,884,466	7,718,110
<b>2024</b>	635,000	198,394	833,394	6,849,363	7,682,757
<b>2025</b>	665,000	166,644	831,644	6,788,254	7,619,898
<b>2026</b>	700,000	133,394	833,394	6,970,249	7,803,643
<b>2027</b>	735,000	98,394	833,394	6,898,927	7,732,321
<b>2028</b>	760,000	75,425	835,425	6,828,754	7,664,179
<b>2029</b>	780,000	51,675	831,675	6,749,449	7,581,124
<b>2030</b>	810,000	26,325	836,325	6,671,952	7,508,277
<b>2031</b>	-	-	-	7,740,697	7,740,697
<b>2032</b>	-	-	-	7,621,477	7,621,477
<b>2033</b>	-	-	-	7,504,867	7,504,867
<b>2034</b>	-	-	-	7,379,982	7,379,982
<b>2035</b>	-	-	-	7,251,527	7,251,527
<b>2036</b>	-	-	-	93,194	93,194
<b>2037</b>	-	-	-	93,194	93,194
<b>2038</b>	-	-	-	93,194	93,194
<b>2039</b>	-	-	-	93,194	93,194
<b>2040</b>	-	-	-	22,675	22,675
<b>2041</b>	-	-	-	22,675	22,675
<b>2042</b>	-	-	-	22,675	22,675
<b>Totals</b>	19,620,000	6,121,500	25,741,500	135,257,129	160,998,629

Source: Parker Water and Sanitation District



**History of Net Pledged Revenues and Debt Service Coverage**

<b>Fiscal Year</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
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	\$ 26,508,552
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	4,833,984
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	19,886,970
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	\$ 51,229,506
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	\$ 18,443,443
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)	(1,288,432)
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	\$ 17,155,011
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	\$ 34,074,495
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	\$ 11,896,066
Coverage	4.23x	3.39x	1.67x	2.64x	2.14x	2.32x	2.62x	3.42x	3.69x	2.86x *

\* - On April 6, 2016 the District prepaid the 1997 CWRPDA and 2000 CWRPDA Loans utilizing cash reserves. Of the total debt services payment, \$3,450,718 represented principal due after 12-31-16. If the prepayment is removed from the calculation, the debt service paid in 2016 is \$8,445,347 and the calculated coverage is 4.03x.

Source: Parker Water and Sanitation District

