



Parker Water and Sanitation District

Douglas County, Colorado

Financial Statements

December 31, 2018 and 2017

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RSM US LLP

Independent Auditor's Report

Board of Directors
Parker Water and Sanitation District

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, 2018 and 2017, 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 the District, as of December 31, 2018 and 2017, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 11 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

RSM US LLP

Denver, Colorado
April 30, 2019

Parker Water and Sanitation District

Management's Discussion and Analysis Fiscal Year Ending December 31, 2018

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, 2018 and 2017. Please read this analysis in conjunction with the District's financial statements, which begin on page 11.

FINANCIAL HIGHLIGHTS

- At December 31, 2018 total assets of the District exceeded total liabilities by \$547,688,738 (net position). Of this amount, \$129,673,524 (unrestricted net position) may be used to meet the District's ongoing obligations to customers and creditors. Restricted net position of \$11,091,929 is restricted for debt service and debt service reserves.
- 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 2018, the monthly water service charge for residential, multi-family, commercial, and irrigation accounts increased to \$31.04 from \$30.13 in 2017. Monthly sewer service charge increased to \$9.14 from \$8.93 in 2017.
- The District collected tap fees for 849 and 771 Single Family Equivalents (SFE's) during 2018 and 2017, 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 2018 mill levy for operations was 1.503 mills. The certified 2019 mill levy for operations has been set at 1.570 mills.
- 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 2018 mill levy for the general obligation debt associated with the construction of Rueter-Hess Reservoir was 7.642 mills and the 2019 mill levy for the general obligation debt has been set at 7.937 mills. In 2017 and 2018, 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 \$2,774,058 in 2018 and \$4,506,453 in 2017.
- At December 31, 2018 and 2017, the District's debt service rate covenant calculation is 327 percent and 570 percent, respectively. To meet covenant calculation requirements, the ratio (revenue available for debt service divided by total debt service) must exceed 110 percent. See supplementary Information section for additional debt service calculations.
- In January 2018, the District issued \$36,225,000 Water and Sewer Enterprise Revenue Bonds Series 2018 and was assigned a rating of "AA+" with a stable outlook from S&P Global Ratings. At the same time, S&P Global Ratings raised the credit rating on the District's existing debt from "AA" to "AA+".

Parker Water and Sanitation District

Management's Discussion and Analysis Fiscal Year Ending December 31, 2018

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 enterprise-type 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 are recorded when earned and expenses are recorded when incurred meaning certain revenues and expenses' cash flows will occur in 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 2018, current assets increased primarily due to the increase in cash. The increase in capital assets was due primarily to fleet expansion and equipment purchases as well as infrastructure improvements. Current liabilities decreased primarily due to the reduction in construction deposits associated with Canyons Waterline and Pump Station projects. Long term obligations increased as a result of the 2018 bond sale, offset by scheduled principal payments and additional loan proceeds for the 2014 CWCB Loans.

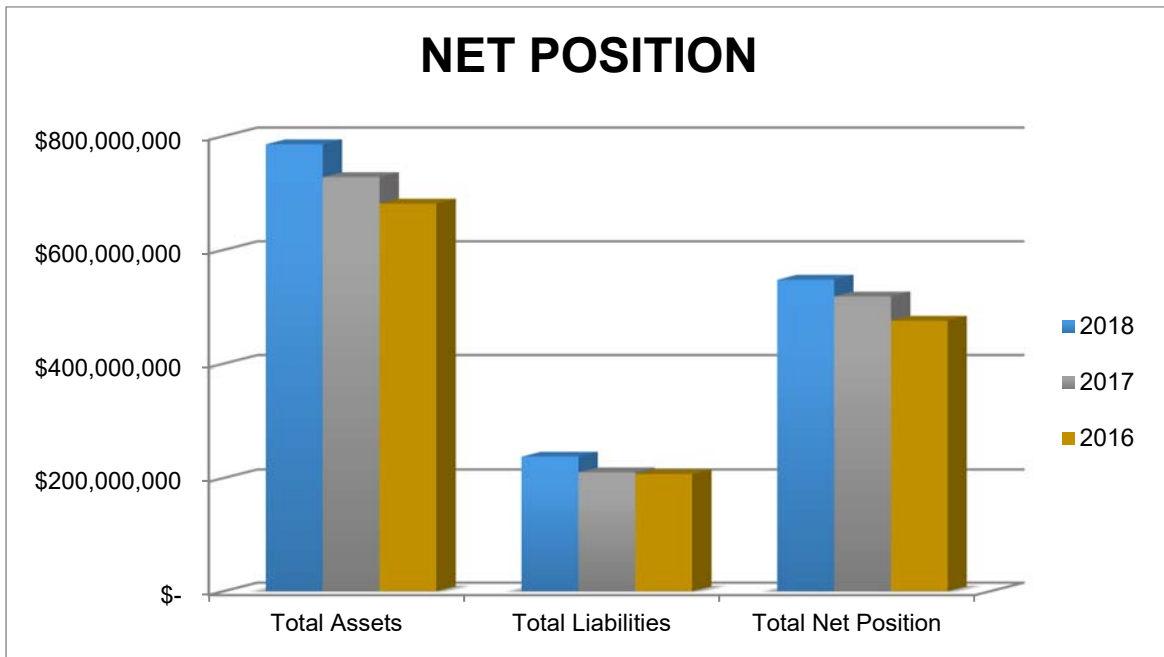
During 2017, current assets increased primarily due to the increase in cash and cash equivalents. At year end, accounts receivable other was higher due to a large receivable related to the WISE project. The increase in capital assets was due primarily to the increase in construction in progress related to the construction of several WISE projects, contributed water and sewer lines and asset additions related to the meter replacement program. Capital assets are shown net of accumulated depreciation. Current liabilities increased primarily due to a construction deposit of \$6.2 million, to offset the cost of the Canyons Waterline and Pump Station, received in 2017 from the Town of Castle Rock. Long term obligations had a net decrease of approximately \$2.5 million due to scheduled principal payments and additional loan proceeds for the 2014 CWCB Loan B and Loan D long term obligations.

Parker Water and Sanitation District

**Management’s Discussion and Analysis
Fiscal Year Ending December 31, 2018**

CONDENSED STATEMENT OF NET POSITION

	2018	2017	2016
Assets			
Current Assets	\$ 145,252,592	\$ 126,026,434	\$ 114,208,159
Noncurrent Assets	37,543,525	10,058,454	10,005,370
Capital Assets	603,096,906	591,978,791	557,138,794
Total assets	785,893,023	728,063,679	681,352,323
Deferred outflows of resources			
Deferred charge on refunding	5,861,505	6,099,939	6,338,374
Liabilities			
Current liabilities	14,565,346	24,058,188	18,334,368
Noncurrent Liabilities	223,174,689	185,878,266	188,713,114
Total liabilities	237,740,035	209,936,454	207,047,482
Deferred inflows of resources			
Unavailable revenue - property taxes	6,325,755	5,962,736	5,190,077
Net position			
Net investment in capital assets	406,923,285	412,102,732	375,024,783
Restricted	11,091,929	10,739,690	10,680,069
Unrestricted	129,673,524	95,422,006	89,748,286
Total net position	\$ 547,688,738	\$ 518,264,428	\$ 475,453,138



Parker Water and Sanitation District

Management's Discussion and Analysis Fiscal Year Ending December 31, 2018

CHANGES IN NET POSITION

For 2018, operating revenue increased by \$4.3 million, primarily due to the increase in water user fee revenue. There was a net increase of approximately \$769,000 in tax revenue associated with the mill levies. This increase is due primarily to the higher millage set for the General Obligation Refunding Bonds, Series 2012. The decrease in total non-operating income is due to one-time reimbursements from project partners in 2017 totaling \$21.8 million. Capital contributions, primarily due to new development within the District, was approximately \$26.7 million which is consistent with 2017.

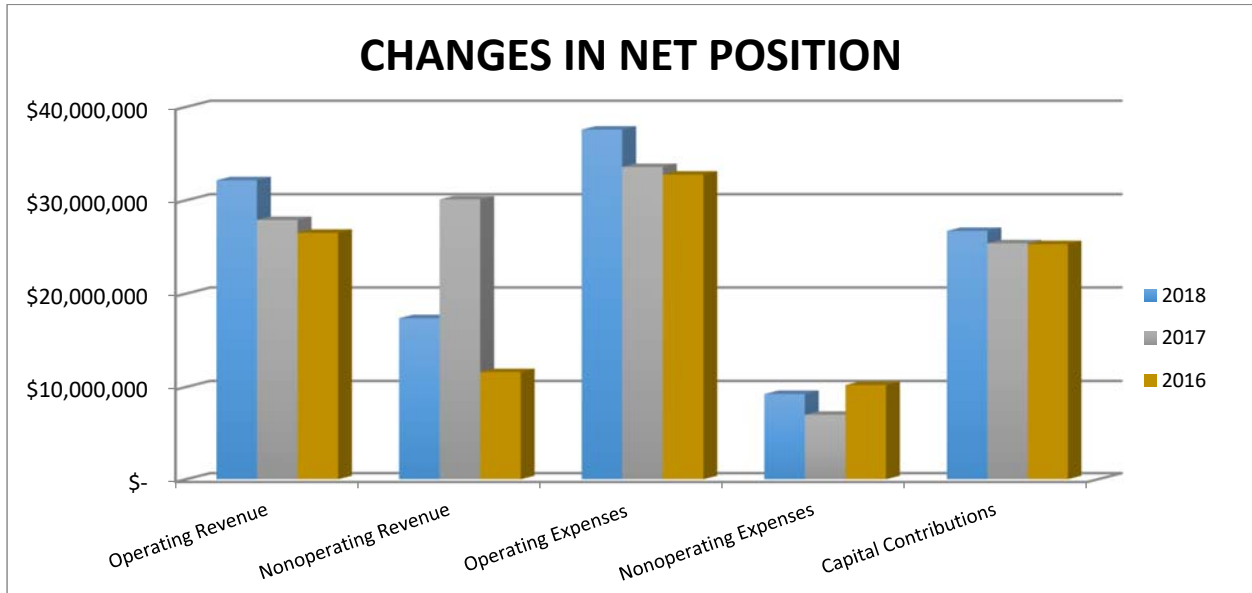
For 2017, operating revenue increased by \$1.4 million, primarily due to the increase in water user fee revenue. There was a net increase of \$397,000 in tax revenue associated with the mill levies. The increase in total non-operating income is due to reimbursements from project partners in 2017 totaling \$21.8 million. Depreciation increased by approximately \$509,000 due to current year additions. Capital contributions, primarily due to new development within the District, remained at approximately \$25.4 million which is consistent with 2016 capital contributions.

SUMMARY OF REVENUES, EXPENDITURES, AND CHANGES IN NET POSITION

	2018	2017	2016
REVENUES			
Operating Revenue	\$ 32,145,059	\$ 27,884,848	\$ 26,508,552
Non-Operating Revenues:			
Property Taxes	6,495,790	5,659,995	5,132,089
Net Investment Income	2,394,345	852,051	575,752
Farm Land Revenue	374,095	375,103	373,319
Gain on Disposal of Assets	66,262	-	-
Other	8,040,305	23,209,256	5,508,244
Total Non-Operating Revenue	17,370,797	30,096,405	11,589,404
TOTAL REVENUES	\$ 49,515,856	\$ 57,981,253	\$ 38,097,956
Expenses:			
Operating:			
Salaries & Benefits	\$ 8,447,713	\$ 7,842,549	\$ 7,463,688
Insurance	261,779	190,430	229,541
Professional and Support Services	4,091,917	3,499,106	3,160,853
Utilities	3,768,698	3,513,937	4,184,040
Contract Labor and Maintenance	2,296,077	1,299,053	930,331
Chemicals and Supplies	2,156,799	1,966,757	1,735,109
IT	226,266	194,573	322,885
Administrative and Miscellaneous	404,562	245,421	430,649
Depreciation	15,916,009	14,815,799	14,299,762
Total Operating Expenses	\$ 37,569,820	\$ 33,567,625	\$ 32,743,205
Non-Operating expenses:			
Water Resource Farms	\$ 208,625	\$ 201,185	\$ 223,882
Interest Expense and Loan Fees	9,034,369	6,456,848	7,529,530
Loss on Disposal of Assets	-	330,348	2,457,442
Total Non-Operating Expenses	\$ 9,242,994	\$ 6,988,381	\$ 10,210,854
TOTAL EXPENSE	\$ 46,812,814	\$ 40,556,006	\$ 42,954,059
Gain(Loss) Before Capital Contributions	2,703,042	17,425,247	(4,856,103)
Capital Contributions	26,721,268	25,386,043	25,306,058
CHANGE IN NET POSITION	\$ 29,424,310	\$ 42,811,290	\$ 20,449,955
Net Position, beginning of year	518,264,428	475,453,138	-
Net Position, end of year	\$ 547,688,738	\$ 518,264,428	\$ 475,453,138

Parker Water and Sanitation District

**Management’s Discussion and Analysis
Fiscal Year Ending December 31, 2018**



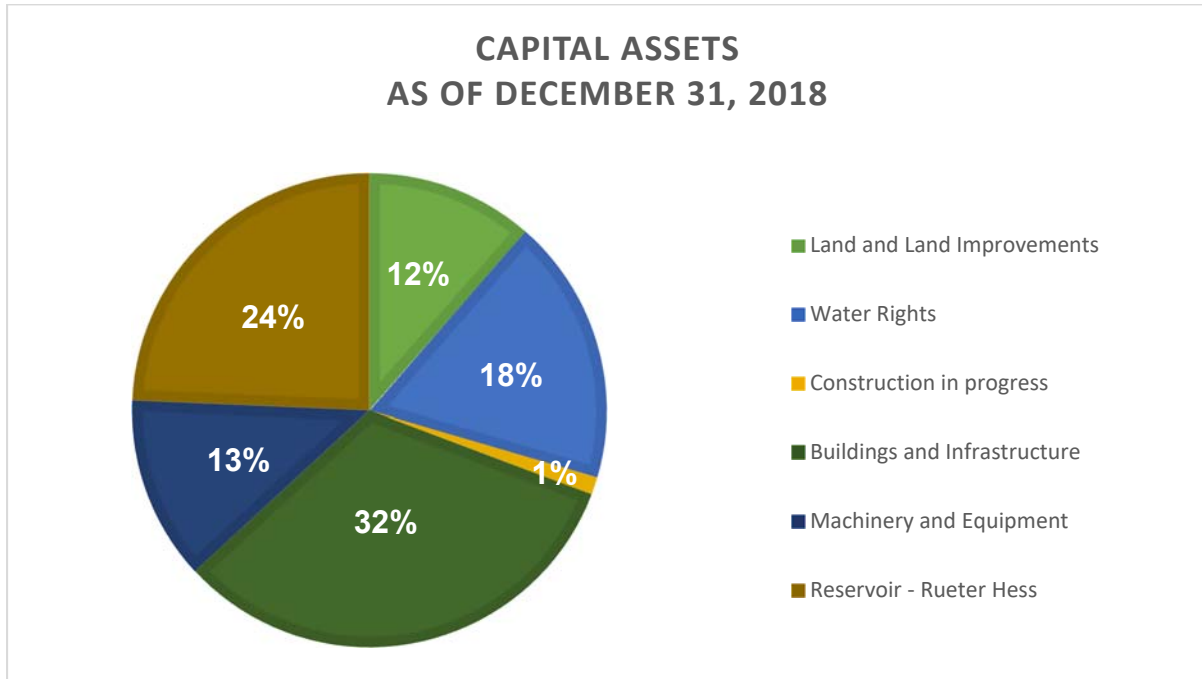
CAPITAL ASSETS

At December 31, 2018, the District reports \$603,096,908 in capital assets, net of accumulated depreciation:

CAPITAL ASSETS			
	2018	2017	2016
Land and Land Improvements	\$ 37,168,599	\$ 36,317,370	\$ 36,223,734
Water Rights	140,701,098	140,523,798	140,186,298
Construction in progress	9,354,803	54,404,610	26,787,467
Buildings and Infrastructure	303,016,549	243,669,479	230,182,076
Machinery and Equipment	97,050,538	85,580,835	77,500,679
Reservoir - Rueter Hess	188,874,580	188,874,580	188,874,580
Accumulated Depreciation	(173,069,259)	(157,391,881)	(142,616,040)
TOTAL CAPITAL ASSETS, NET	\$ 603,096,908	\$ 591,978,791	\$ 557,138,794

Parker Water and Sanitation District

**Management’s Discussion and Analysis
Fiscal Year Ending December 31, 2018**



Additional information on the District’s capital assets can be found in the notes to financial statements.

OUTSTANDING DEBT

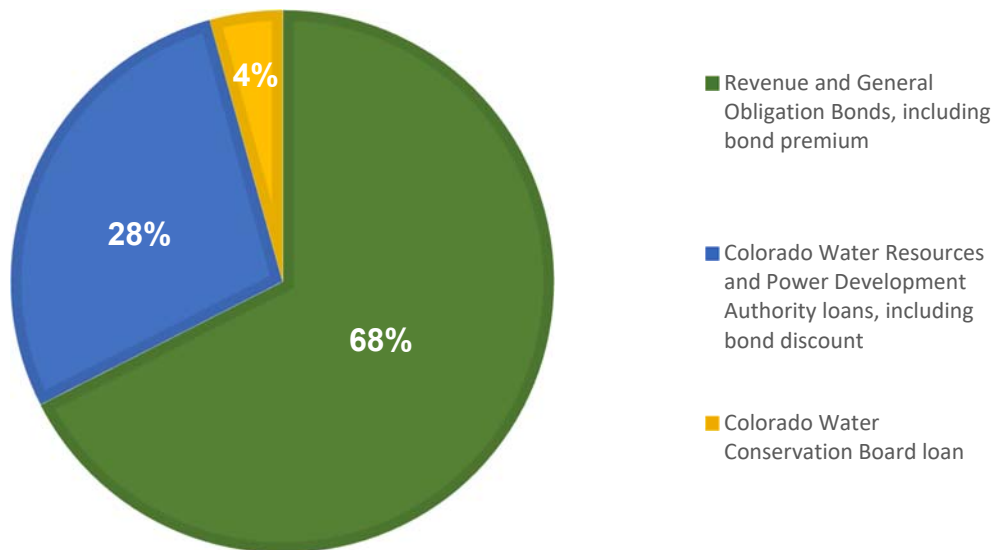
The District’s debt consists of the following:

OUTSTANDING DEBT			
	2018	2017	2016
Revenue and General Obligation Bonds	\$ 137,085,000	\$ 103,305,000	\$ 105,680,000
Bond Premium	17,225,760	11,749,919	12,296,450
Colorado Water Resources and Power Development Authority loans	64,518,007	67,409,495	70,012,619
Bond Discount	(45,578)	(48,313)	(51,048)
Colorado Water Conservation Board Loan	9,871,222	8,712,669	5,676,941
TOTAL OUTSTANDING DEBT	\$ 228,654,411	\$ 191,128,770	\$ 193,614,962

Parker Water and Sanitation District

**Management's Discussion and Analysis
Fiscal Year Ending December 31, 2018**

**OUTSTANDING DEBT
AS OF DECEMBER 31, 2018**



In 2018, the District issued the Water and Sewer Enterprise Revenue Bonds, Series 2018 with a par amount of \$36,225,000 and a bond premium of \$6,273,305 maturing in 2042. The bonds are secured by the net revenues on parity with other outstanding obligations. Additionally, the District received loan proceeds against existing loan agreements amounting to \$1,336,952 from the Colorado Water Conservation Board.

In 2017, the District received additional loan proceeds totaling \$3,209,355 from the Colorado Water Conservation Board for the Water Infrastructure and Supply Efficiency (WISE) Project. The net reduction in outstanding debt in 2017 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. Both these plans are in the process of being updated. 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 models, which is expected to be updated in 2020 after the master planning has been finalized, 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.

Parker Water and Sanitation District

**Management’s Discussion and Analysis
Fiscal Year Ending December 31, 2018**

ECONOMIC FACTORS AND RATES

Rates and fees for the water and sewer enterprises are set by the Board of Directors to meet the cost of operations and to partially fund debt service. Total debt service for the District continues to be funded through a combination of property taxes, rates charged to customers for services as well as system development fees collected from new development. Overall, the net effective increase approved by the Board for the average utility service bills were approximately 2.62% in 2018 and 2.63% in 2017.

In 2018, the Board of Directors approved a system development fee increase of 4.02% (\$1.080 per SFE) to reflect the increase in the construction cost index within the Denver metropolitan area.

Meter Size	Water SDF	Sewer SDF	Water Resources SDF	Water Resource Toll
3/4"	\$ 10,360	\$ 3,700	\$ 12,680	\$ 5,000
1"	\$ 20,720	\$ 7,400	\$ 25,360	\$ 10,000
1 1/2"	\$ 41,440	\$ 14,800	\$ 50,720	\$ 20,000
2"	\$ 72,520	\$ 25,900	\$ 88,760	\$ 35,000
3"	\$ 165,760	\$ 59,200	\$ 202,880	\$ 80,000

In 2018, for each ¾ inch tap equivalent (Single Family Equivalent or SFE), the water system development fee increased to \$10,360, the sewer system development fee increased to \$3,700 and the water resources system development fee increased to \$12,680. The water resource fee, required if sufficient water credits do not exist, remained unchanged at \$5,000.

The District’s underlying credit rating has been upgraded to ‘AA+’, with a stable outlook, from ‘AA’. The rationale for the upgrade reflects the Districts strong credit qualities including a diverse customer base, a service area with strong income indicators, a good-to-strong debt service coverage and a 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, 2018 and 2017**

	2018	2017
Assets		
Current assets:		
Cash and cash equivalents	\$ 68,326,751	\$ 66,462,188
Marketable interest bearing investments	66,873,867	46,229,105
Accounts receivable		
Service fees	2,083,200	1,911,778
Other	910,146	4,587,628
Accrued interest receivable	50,887	89,357
Property taxes receivable - succeeding year	6,325,755	5,962,736
Prepaid expenses	98,706	98,706
Inventory (Note 1)	411,891	-
Other	3,700	3,700
Total current assets	145,084,903	125,345,198
Noncurrent assets		
Capital assets: (Note 3)		
Land and land improvements	37,168,599	36,317,370
Buildings and infrastructure	303,016,549	243,669,479
Reuter-Hess	188,874,580	188,874,580
Water rights	140,701,098	140,523,798
Equipment and vehicles	97,050,538	85,580,835
Construction in progress	9,354,802	54,404,610
Subtotal	776,166,166	749,370,672
Less: accumulated depreciation	(173,069,260)	(157,391,881)
Total capital assets	603,096,906	591,978,791
Cash and cash equivalents—restricted (Note 2)	32,641,103	5,646,361
Investments—restricted	5,070,111	5,093,329
Total noncurrent assets	640,808,120	602,718,481
Total assets	785,893,023	728,063,679
Deferred outflows of resources		
Deferred charge on refunding	5,861,505	6,099,939

See notes to financial statements.

	2018	2017
Liabilities		
Current liabilities:		
Accounts and retainage payable	\$ 1,877,274	\$ 5,788,933
Accrued expenses	191,272	173,269
Accrued interest payable	3,383,282	3,166,963
Construction deposits	2,951,134	9,062,642
Current portion of long-term debt		
Bonds and notes payable (Note 4)	5,567,618	5,514,869
Compensated absences (Note 4)	594,766	351,512
Total current liabilities	14,565,346	24,058,188
Noncurrent liabilities:		
Long-term debt:		
Bonds and notes payable, net (Note 4)	223,086,793	185,613,901
Compensated absences (Note 4)	87,896	264,365
Total long-term liabilities	223,174,689	185,878,266
Total liabilities	237,740,035	209,936,454
Deferred inflows of resources		
Property taxes—succeeding year	6,325,755	5,962,736
Net position		
Net investment in capital assets	406,923,285	412,102,732
Restricted	11,091,929	10,739,690
Unrestricted	129,673,524	95,422,006
Total net position	\$ 547,688,738	\$ 518,264,428

See notes to financial statements.

Parker Water and Sanitation District

**Statements of Revenues, Expenses and Changes in Net Position
Years Ended December 31, 2018 and 2017**

	2018	2017
Operating revenues:		
Charges for services	\$ 30,255,713	\$ 27,382,214
Other operating income	1,889,346	502,634
Total operating revenue	32,145,059	27,884,848
Operating expenses:		
Salaries	5,866,496	5,224,986
Employee benefits	2,581,217	2,617,563
Insurance	261,779	190,430
Professional services	1,491,433	1,093,030
Support services	2,600,484	2,406,076
Utilities	3,768,698	3,513,937
Contract labor and maintenance	2,296,077	1,299,053
Supplies	872,791	729,146
Chemicals	1,284,008	1,237,611
Community education	37,167	46,272
Information technology	226,266	194,573
Administrative	367,395	185,167
Miscellaneous	-	13,982
Depreciation	15,916,009	14,815,799
Total operating expenses	37,569,820	33,567,625
Operating (loss)	(5,424,761)	(5,682,777)
Nonoperating revenues and (expenses):		
Property taxes	5,852,733	5,083,891
Specific ownership taxes	643,057	576,104
Farm land revenue	374,095	375,103
Water resource farms	(208,625)	(201,185)
Net investment income	2,394,345	852,051
WISE reimbursable expenses	4,542,282	21,750,069
Interest expense and loan fees	(9,034,369)	(6,456,848)
Gain (loss) on disposal of assets	66,262	(330,348)
Other income	3,498,023	1,459,187
Total nonoperating revenues	8,127,803	23,108,024
Income before capital contributions	2,703,042	17,425,247
Capital contributions:		
System development fees received	11,068,840	10,048,700
Contributed assets from developers	2,774,058	4,506,453
Water resource fees	2,215,000	1,290,000
Water resource system development fees	10,663,370	9,540,890
Total capital contributions	26,721,268	25,386,043
Change in net position	29,424,310	42,811,290
Net position, beginning of year	518,264,428	475,453,138
Net position, end of year	\$ 547,688,738	\$ 518,264,428

See notes to financial statements.

Parker Water and Sanitation District

**Statements of Cash Flows
Years Ended December 31, 2018 and 2017**

	2018	2017
Cash flows from operating activities:		
Cash received from customers/operations	\$ 29,539,611	\$ 30,475,276
Cash payments to suppliers for goods and services	(13,755,916)	(12,290,901)
Cash payments to employees for services	(8,362,925)	(7,896,639)
Net cash flows provided by operating activities	7,420,770	10,287,736
Cash flows from noncapital financing activities:		
Property and specific ownership tax, net of fees	1,696,502	1,491,127
Other nonoperating revenue	8,414,400	23,584,359
Other nonoperating expenses	(208,625)	(201,185)
Net cash provided by noncapital financing activities	9,902,277	24,874,301
Cash flows from capital and related financing activities:		
System development fees collected	11,068,840	10,048,700
Water resource fees received	2,215,000	1,290,000
Water resource system development fees received	10,663,370	9,540,890
Property tax revenue for debt service, net of fees	4,799,288	4,168,868
Acquisition of capital assets	(28,272,429)	(41,929,469)
Proceeds on sales of capital assets	304,893	-
Debt proceeds	43,835,260	3,209,355
Principal paid on bonds and notes payable	(5,765,823)	(5,151,751)
Interest paid on bonds and notes payable	(9,123,412)	(8,258,504)
Net cash provided by (used in) capital and related financing activities	29,724,987	(27,081,911)
Cash flows from investing activities:		
Proceeds from sale of investments	9,362,390	8,254,322
Purchase of investments	(30,086,256)	(31,945,170)
Interest received	2,535,137	942,164
Net cash used in investing activities	(18,188,729)	(22,748,684)
Net increase (decrease) in cash and cash equivalents	28,859,305	(14,668,558)
Cash and cash equivalents, beginning of year	72,108,549	86,777,107
Cash and cash equivalents, end of year	\$ 100,967,854	\$ 72,108,549

(Continued)

Parker Water and Sanitation District

**Statements of Cash Flows (Continued)
Years Ended December 31, 2018 and 2017**

	2018	2017
Cash flows from operating activities:		
(Loss) from operations	<u>\$ (5,424,761)</u>	<u>\$ (5,682,777)</u>
Adjustments to reconcile (loss) from operations to net cash provided by operating activities:		
Depreciation	15,916,009	14,815,799
Changes in assets and liabilities related to operations:		
Accounts receivable	3,506,060	(2,166,523)
Inventory	(411,891)	-
Accounts payable	(137,927)	(1,381,624)
Accrued expenses	18,003	(46,065)
Compensated absences	66,785	(8,025)
Construction deposits	(6,111,508)	4,756,951
Total adjustments	<u>12,845,531</u>	<u>15,970,513</u>
Net cash provided by operating activities	<u>\$ 7,420,770</u>	<u>\$ 10,287,736</u>

Cash flows from capital and related financing activities do not include \$2,774,058 and \$4,506,453 of water rights and/or water and sewer lines contributed to the District during 2018 and 2017, respectively; \$1,706,161 and \$5,479,893 of acquisition of capital assets through accounts and retainage payable for 2018 and 2017, respectively.

Cash flows from investing activities do not include \$102,322 and \$128,321 of market value adjustment on investments for 2018 and 2017, respectively.

See notes to financial statements.

Parker Water and Sanitation District

Notes to Financial Statements

Note 1. Organization and Summary of Significant Accounting Policies

Organization: Parker Water and Sanitation District (District), a quasi-municipal corporation, is organized pursuant to provisions of the Colorado Special District Act. The District was established in 1962 to provide water and sanitation services for areas located within Douglas County, Colorado. The District is governed by a five member elected Board of Directors with each member serving a term of four years.

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.

The accounting policies of the District conform to generally accepted accounting principles as applicable to governmental units accounted for as a business-type activity. The business-type activities reporting model 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 incurred. Depreciation is computed on a straight-line basis and is 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 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 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.

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 in the budget.

Parker Water and Sanitation District

Notes to Financial Statements

Note 1. Organization and 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, which are reported at amortized cost. The reported fair value of cash held in the local government investment pool is measured using the net asset value (NAV) per share (or equivalent).

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 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 incurred any losses from bad debts in recent years. Accordingly, management has not recorded an allowance for uncollectible accounts as of December 31, 2018 or 2017, and considers all accounts to be 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:

	<u>Years</u>
Land improvements	10-20
Buildings	25-50
Infrastructure	30-65
Machinery and equipment	5-30
Reservoir	75
Vehicles	5-8

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, 2018 and 2017 was \$0 and \$1,458,622, respectively. As discussed more fully in Note 11, the District early adopted GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*.

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 when incurred.

Parker Water and Sanitation District

Notes to Financial Statements

Note 1. Organization and 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 41,130 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, *Accounting for Intangible Assets*.

Property taxes: Property taxes are levied by the District's Board of Directors. The levy is based on assessed valuations determined by the Douglas County Assessor generally as of December 1st of each year. The levy is normally set by December 15th by certification to the Douglas County Commissioners to put the tax lien on the individual properties as of January 1st of the following year. The Douglas 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 Douglas 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, water resource system development fees and any other contributed capital 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 reports a deferred outflow of resources from one source, deferred charge on refunding. 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

Note 1. Organization and 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 more than 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 2017 financial statements to conform to the 2018 financial statement presentation. These reclassifications had no effect on ending net position or changes in net position.

Note 2. Cash and Investments

The Colorado Public Deposit Protection Act (PDPA) requires that all local governments 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 and the 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, 2018 and 2017, the District's cash deposits had a carrying balance of \$111,083,942 and \$55,143,498, 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 2. Cash and Investments (Continued)

The District invests in the Colorado Government Liquid Asset Trust (COLOTRUST) local government investment pool, established solely for Colorado local governments to pool moneys to take advantage of short-term investments and maximize net interest earnings while benefiting from economies of scale available from a \$7 billion pooled fund. The pool is 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 in an 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 fair value measured using NAV 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, 2018:

	Fair Value	Remaining Maturity				
		12 Months or Less	13 - 24 Months	25 - 36 Months	37 - 48 Months	49 - 60 Months
U.S. government agencies	\$ 39,285,569	\$ 9,040,586	\$ 9,157,267	\$ 9,841,234	\$ 2,245,177	\$ 9,001,305
U.S. Treasury notes	2,750,570	595,617	981,110	-	1,173,843	-
Certificates of deposit	29,907,839	26,995,562	737,389	725,901	1,448,987	-
	<u>\$ 71,943,978</u>	<u>\$ 36,631,765</u>	<u>\$ 10,875,766</u>	<u>\$ 10,567,135</u>	<u>\$ 4,868,007</u>	<u>\$ 9,001,305</u>

The District owned the following debt securities as of December 31, 2017:

	Fair Value	Remaining Maturity				
		12 Months or Less	13 - 24 Months	25 - 36 Months	37 - 48 Months	49 - 60 Months
U.S. government agencies	\$ 17,079,400	\$ 3,382,657	\$ 7,038,444	\$ 5,687,653	\$ 970,646	\$ -
U.S. Treasury notes	6,963,496	4,796,100	591,612	394,156	-	1,181,628
Certificates of deposit	23,201,011	23,201,011	-	-	-	-
Commercial paper	4,078,527	4,078,527	-	-	-	-
	<u>\$ 51,322,434</u>	<u>\$ 35,458,295</u>	<u>\$ 7,630,056</u>	<u>\$ 6,081,809</u>	<u>\$ 970,646</u>	<u>\$ 1,181,628</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, 2018 and 2017, 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 external investment pools are not exposed to custodial credit risk.

Parker Water and Sanitation District

Notes to Financial Statements

Note 2. 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, 2018, more than 5 percent of the District's investments are concentrated in Federal Farm Credit Bank securities (10.5 percent), Federal Home Loan Mortgage Corp securities (20.7 percent) and Federal Home Loan Bank securities (15.1 percent). As of December 31, 2017, more than 5 percent of the District's investments are concentrated in Federal Farm Credit Bank securities (9.2 percent), Federal Home Loan Mortgage Corp securities (6.8 percent) and Federal Home Loan Bank securities (7.3 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, 2018 and 2017, the District had invested \$36,367,386 and \$40,106,619, respectively, in the COLOTRUST and CSAFE local government investment pools which are rated AAAM by Standard & Poor's.

As of December 31, 2018 and 2017, the District had invested \$167,689 and \$59,443, respectively, in Federated Prime Obligations fund, a money market fund. This fund is rated AAAM by Standard & Poor's.

As of December 31, 2018 and 2017, the District had \$0 and \$4,078,527, respectively, in commercial paper which are rated A-1 by Standard & Poor's.

The Federal Home Loan Mortgage Corp securities, Federal Farm Credit Bank securities and Federal Home Loan Bank securities are rated AA+ by Standard & Poor's, as of December 31, 2018 and 2017. The U.S. Treasury notes and Federal National Mortgage Association securities 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 2. Cash and Investments (Continued)

The District has the following investments and fair value measurements as of December 31, 2018 and 2017:

	December 31, 2018	Fair Value Measurements Using		
		(Level 1)	(Level 2)	(Level 3)
Investments measured at fair value:				
U.S. government agencies	\$ 39,285,569	\$ -	\$ 39,285,569	\$ -
U.S. Treasury notes	2,750,570	2,750,570	-	-
Certificates of deposit	3,907,839	-	3,907,839	-
	<u>45,943,978</u>	<u>\$ 2,750,570</u>	<u>\$ 43,193,408</u>	<u>\$ -</u>
Investments measured at amortized cost:				
Certificates of deposit	26,000,000			
Cash equivalents measured at NAV:				
local government investment pools	30,305,117			
Cash equivalents measured at amortized cost				
Money market funds	167,689			
Total investments	<u>\$ 102,416,784</u>			
	December 31, 2017	Fair Value Measurements Using		
		(Level 1)	(Level 2)	(Level 3)
Investments measured at fair value:				
U.S. government agencies	\$ 17,079,400	\$ -	\$ 17,079,400	\$ -
U.S. Treasury notes	6,963,496	6,963,496	-	-
Commercial paper	4,078,527	-	4,078,527	-
	<u>28,121,423</u>	<u>\$ 6,963,496</u>	<u>\$ 21,157,927</u>	<u>\$ -</u>
Investments measured at amortized cost,				
Certificates of deposit	23,201,011			
Cash equivalents measured at NAV,				
local government investment pools	40,106,619			
Cash equivalents measured at amortized cost				
Money market funds	59,443			
Total investments	<u>\$ 91,488,496</u>			

Parker Water and Sanitation District

Notes to Financial Statements

Note 2. Cash and Investments (Continued)

Cash and investments are restricted for the following purposes:

	2018	2017
Restricted for debt reserve	\$ 5,854,129	\$ 5,586,918
Restricted for water treatment plant	167,689	59,443
Cash and cash equivalents—restricted	<u>\$ 6,021,818</u>	<u>\$ 5,646,361</u>
Restricted for water treatment plant	\$ 5,070,111	\$ 5,093,329
Investments—restricted	<u>\$ 5,070,111</u>	<u>\$ 5,093,329</u>

The remaining \$26,619,285 of restricted cash and cash equivalents relates to the unspent bond proceeds from the issuance of the Water and Sewer Revenue Bonds Series 2018.

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 \$5,610,392 and \$4,905,682 at December 31, 2018 and 2017, 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 \$5,237,800 and \$5,152,772 at December 31, 2018 and 2017, respectively.

At December 31, 2018 and 2017, cash deposits and investments are classified on the statements of net position as follows:

	2018	2017
Statement of Net Position:		
Cash and cash equivalents	\$ 68,326,751	\$ 66,462,188
Cash and cash equivalents—restricted	32,641,103	5,646,361
Investments	66,873,867	46,229,105
Investments—restricted	5,070,111	5,093,329
	<u>\$ 172,911,832</u>	<u>\$ 123,430,983</u>
Cash deposits	\$ 70,495,048	\$ 31,942,487
Investments	102,416,784	91,488,496
	<u>\$ 172,911,832</u>	<u>\$ 123,430,983</u>

Parker Water and Sanitation District

Notes to Financial Statements

Note 3. Capital Assets

An analysis of the changes in capital assets for the years ended December 31, 2018 and 2017 follows:

	2018			Balance at December 31, 2018
	Balance at December 31, 2017	Additions	Disposals and Transfers	
Capital assets, not being depreciated:				
Land	\$ 14,260,544	\$ 592,565	\$ -	\$ 14,853,109
Water rights	140,523,798	177,300	-	140,701,098
Land improvements	3,155,118	-	-	3,155,118
Construction in progress	54,404,610	24,253,989	(69,303,797)	9,354,802
Total capital assets, not being depreciated	212,344,070	25,023,854	(69,303,797)	168,064,127
Capital assets, being depreciated:				
Land improvements	18,901,708	258,663	-	19,160,371
Buildings	107,554,539	22,589,483	-	130,144,022
Infrastructure	136,114,939	36,757,588	-	172,872,527
Machinery and equipment	83,388,339	11,503,163	-	94,891,502
Reservoir—Rueter Hess	188,874,580	-	-	188,874,580
Vehicles	2,192,497	-	(33,460)	2,159,037
Total capital assets, being depreciated	537,026,602	71,108,897	(33,460)	608,102,039
Less accumulated depreciation for:				
Land improvements	9,163,388	948,839	70	10,112,297
Buildings	33,670,942	3,793,427	3	37,464,372
Infrastructure	43,729,891	3,836,025	(825)	47,565,091
Machinery and equipment	52,116,239	4,270,843	(14,102)	56,372,980
Reservoir—Rueter Hess	17,210,622	2,875,671	-	20,086,293
Vehicles	1,500,799	191,204	(223,776)	1,468,227
Total accumulated depreciation	157,391,881	15,916,009	(238,630)	173,069,260
Total capital assets, being depreciated, net	379,634,721	55,192,888	205,170	435,032,779
Capital assets, net	\$ 591,978,791	\$ 80,216,742	\$ (69,098,627)	\$ 603,096,906

Parker Water and Sanitation District

Notes to Financial Statements

Note 3. Capital Assets (Continued)

	2017			Balance at December 31, 2017
	Balance at December 31, 2016	Additions	Disposals and Transfers	
Capital assets, not being depreciated:				
Land	\$ 14,260,544	\$ -	\$ -	\$ 14,260,544
Water rights	140,186,298	337,500	-	140,523,798
Land improvements	3,155,118	-	-	3,155,118
Construction in progress	26,787,467	44,457,969	(16,840,826)	54,404,610
Total capital assets, not being depreciated	184,389,427	44,795,469	(16,840,826)	212,344,070
Capital assets, being depreciated:				
Land improvements	18,808,072	127,057	(33,421)	18,901,708
Buildings	107,134,721	419,818	-	107,554,539
Infrastructure	123,047,355	12,411,226	656,358	136,114,939
Machinery and equipment	75,712,808	7,791,989	(116,458)	83,388,339
Reservoir—Rueter Hess	188,874,580	-	-	188,874,580
Vehicles	1,787,871	396,736	7,890	2,192,497
Total capital assets, being depreciated	515,365,407	21,146,826	514,369	537,026,602
Less accumulated depreciation for:				
Land improvements	8,223,723	939,943	(278)	9,163,388
Buildings	30,101,774	3,569,168	-	33,670,942
Infrastructure	40,128,614	3,601,277	-	43,729,891
Machinery and equipment	48,444,399	3,692,086	(20,246)	52,116,239
Reservoir—Rueter Hess	14,334,951	2,875,671	-	17,210,622
Vehicles	1,382,579	137,654	(19,434)	1,500,799
Total accumulated depreciation	142,616,040	14,815,799	(39,958)	157,391,881
Total capital assets, being depreciated, net	372,749,367	6,331,027	554,327	379,634,721
Capital assets, net	\$ 557,138,794	\$ 51,126,496	\$ (16,286,499)	\$ 591,978,791

Parker Water and Sanitation District

Notes to Financial Statements

Note 4. Long-Term Liabilities

The following is an analysis of the changes in the District's long-term obligations for the years ended December 31, 2018 and 2017.

	Interest Rates	Balance at January 1, 2018	New Issues	Retirements	Balance at December 31, 2018	Due Within One Year
2000 CWRPDA Small Water Loan	4.66	4,296,667	-	2,292,500	2,004,167	2,004,167
2001 CWRPDA Clean Water Loan	4.01	1,276,632	-	295,020	981,612	305,748
2002 CWRPDA Clean Water Loan	3.62	10,351,196	-	303,968	10,047,228	309,396
2010 CWRPDA Loan	5.78	51,485,000	-	-	51,485,000	-
Less Bond Discount		(48,313)	-	(2,735)	(45,578)	-
2012 Revenue Refunding Bonds	2.0-5.0	18,585,000	-	535,000	18,050,000	785,000
Add Bond Premium		2,246,761	-	175,072	2,071,689	-
2012 General Obligation Refunding Bonds	2.0-5.0	84,720,000	-	1,910,000	82,810,000	1,980,000
Add Bond Premium		9,503,158	-	371,459	9,131,699	-
2014 CWCB Loan A	2.75	4,084,223	-	178,401	3,905,822	183,307
2014 CWCB Loan B	2.75	4,122,850	1,176,643	-	5,299,493	-
2014 CWCB Loan D	2.75	505,596	160,311	-	665,907	-
2018 Revenue Bonds		-	36,225,000	-	36,225,000	-
Add Bond Premium		-	6,273,306	250,934	6,022,372	-
Total long-term debt, net		\$ 191,128,770	\$ 43,835,260	\$ 6,309,619	\$ 228,654,411	\$ 5,567,618

	Interest Rates	Balance at January 1, 2017	New Issues	Retirements	Balance at December 31, 2017	Due Within One Year
1997 CWRPDA Small Water Loan	5.37	\$ 321,125	\$ -	\$ 321,125	\$ -	\$ -
2000 CWRPDA Small Water Loan	4.66	5,995,834	-	1,699,167	4,296,667	2,292,500
2001 CWRPDA Clean Water Loan	4.01	1,560,924	-	284,292	1,276,632	295,000
2002 CWRPDA Clean Water Loan	3.62	10,649,736	-	298,540	10,351,196	303,968
2010 CWRPDA Loan	5.78	51,485,000	-	-	51,485,000	-
Less Bond Discount		(51,048)	-	(2,735)	(48,313)	-
2012 Revenue Refunding Bonds	2.0-5.0	19,110,000	-	525,000	18,585,000	535,000
Add Bond Premium		2,421,833	-	175,072	2,246,761	-
2012 General Obligation Refunding Bonds	2.0-5.0	86,570,000	-	1,850,000	84,720,000	1,910,000
Add Bond Premium		9,874,617	-	371,459	9,503,158	-
2014 CWCB Loan A	2.75	4,257,850	-	173,627	4,084,223	178,401
2014 CWCB Loan B	2.75	1,073,806	3,049,044	-	4,122,850	-
2014 CWCB Loan D	2.75	345,285	160,311	-	505,596	-
Total long-term debt, net		\$ 193,614,962	\$ 3,209,355	\$ 5,695,547	\$ 191,128,770	\$ 5,514,869

Parker Water and Sanitation District

Notes to Financial Statements

Note 4. 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 (CWRPDA) and Colorado Water Conservation Board (CWCB) 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, 2018 and 2017, the District was in compliance with these covenants and requirements of the loan agreements.

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

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

General Obligation Refunding Bonds, Series 2012, dated December 27, 2012: Principal payments due August 1. On May 4, 2004, voters of the District authorized the District to levy property taxes to pay this debt. Such taxes are intended to be used as guaranty for payment of the bonds only if the Board of Directors determines other revenues are not sufficient to pay the debt service on the bonds. During 2018 and 2017, the District recognized \$4,799,288 and \$4,168,868, respectively, in property tax revenue to pay the debt service, a portion of which was used on this loan.

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

During the fiscal year ended December 31, 2014, the District approved Contract Loan A for an amount of \$4,426,830 for the ECCV Pipeline Purchase. As of December 31, 2018, the District has borrowed \$3,905,822 and can draw additional borrowings up to the approved amount until June 2021. Principal payments began on February 1, 2016, at an interest rate of 2.75 percent and repayment term of 20 years.

Parker Water and Sanitation District

Notes to Financial Statements

Note 4. Long-Term Liabilities (Continued)

During the fiscal year ended December 31, 2014, the District approved Contract Loan D for an amount of \$1,099,890 for the DIA Connection. As of December 31, 2018, the District has borrowed \$665,907 and can draw additional borrowings up to the approved amount until June 2023 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 ended 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, 2018, the District has borrowed \$5,299,492 and can draw additional borrowings up to the approved amount until June 2019 when principal repayments begin. Principal payments are due January 1 starting in 2020, at an interest rate of 2.75 percent and repayment term of 20 years.

Water and Sewer Enterprise Revenue Bonds Series 2018, dated January 24, 2018: On January 24, 2018, the District issued \$36,225,000 of bonds with a coupon rate of 5 percent to be used to acquire and construct certain water and sanitary sewer capital projects. The District has pledged net revenues to service the principal and interest payments on the bonds. Such net revenues totaled \$27,749,019 for the year ended December 31, 2018. Principal payments are due starting November 1, 2021, and a repayment term of 25 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
2019	\$ 5,567,619	\$ 9,569,513	\$ 15,137,132
2020	6,023,075	9,527,520	15,550,595
2021	8,245,701	9,265,334	17,511,035
2022	8,618,934	8,909,568	17,528,502
2023	7,763,427	8,563,291	16,326,718
2024-2028	43,504,083	38,073,811	81,577,894
2029-2033	53,547,165	27,474,659	81,021,824
2034-2038	43,856,436	14,100,205	57,956,641
2038-2043	34,347,789	5,002,417	39,350,206
	<u>\$ 211,474,229</u>	<u>\$ 130,486,318</u>	<u>\$ 341,960,547</u>

Parker Water and Sanitation District

Notes to Financial Statements

Note 4. Long-Term Liabilities (Continued)

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

	Balance January 1, 2018	Incurred	Retired	Balance December 31, 2018	Due Within One Year
Compensated absences payable	\$ 615,877	\$ 450,171	\$ 383,386	\$ 682,662	\$ 594,766

	Balance January 1, 2017	Incurred	Retired	Balance December 31, 2017	Due Within One Year
Compensated absences payable	\$ 623,902	\$ 441,703	\$ 449,728	\$ 615,877	\$ 351,512

Note 5. 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, 2018 and 2017, the District's net investment in capital assets was as follows:

	2018	2017
Capital assets, net of accumulated depreciation	\$ 603,096,906	\$ 591,978,791
Unspent debt proceeds	26,619,285	5,152,772
Bonds and notes payable	(228,654,411)	(191,128,770)
Deferred charge on refunding	5,861,505	6,099,939
	<u>\$ 406,923,285</u>	<u>\$ 412,102,732</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, 2018 and 2017.

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

Note 6. Commitments

Construction commitments: As of December 31, 2018 and 2017, the District had unexpended construction related contract commitments of approximately \$1,141,403 and \$26,729,085, respectively.

Note 7. 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, 2018 and 2017. 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. No additional contributions were required for the year ended December 31, 2018.

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 8. Defined Contribution Plan

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

Contributions actually made by plan members and the District for the years ended December 31, 2018 and 2017 are as follows, there were no liabilities as of December 31:

	2018	2017
Plan members	\$ 535,637	\$ 530,995
District	\$ 588,612	\$ 579,641

Parker Water and Sanitation District

Notes to Financial Statements

Note 9. 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 Empower Retirement. 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 \$232,963 for 2018 and \$232,781 for 2017.

Note 10. Tax, Spending and Debt Limitations

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

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

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

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

Note 11. New Accounting Standards Implemented

The District implemented GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of the Construction Period* for the year ending December 31, 2018. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This standard was adopted early by the District, and as a result of the adoption, the District no longer capitalizes interest expense, and instead reports all of its interest expense as an expense.

Note 12. Future Governmental Accounting Standards Board (GASB) Statements

As of December 31, 2018, the GASB had issued several statements not yet required to be implemented by the District. The Statements which might impact the District are as follows:

- GASB Statement No. 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.

Parker Water and Sanitation District

Notes to Financial Statements

Note 12. Future Governmental Accounting Standards Board (GASB) Statements (Continued)

- GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placement*, issued March 2018, will be effective for the District beginning with its fiscal year ending December 31, 2019, with earlier adoption encouraged. Statement No. 88 clarifies which liabilities governments should include in their note disclosures related to debt. This statement defines debt that must be disclosed in the notes to financial statements as a liability that arises from a contractual obligation to pay cash in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. Governments must also disclose amounts of unused lines of credit, assets pledged as collateral for debt and the terms specified in debt agreements related to significant events of default with finance-related consequences, termination events with finance-related consequences, and subjective acceleration clauses. Within the notes, governments should separate information regarding direct borrowings and direct placements of debt from other debt. The District is currently assessing the impact of this Statement.

Note 13. Subsequent Events

Management has evaluated events through April 30, 2019, the date the financial statements were available to be issued, and is not aware of any significant events that occurred subsequent to December 31, 2018, that would require disclosure or would have a material impact on the consolidated 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, 2018**

	Total		Variance -
	Final Budget	Actual	Positive (Negative)
Revenues:			
Charges for services	\$ 27,803,000	\$ 30,255,713	\$ 2,452,713
Operating tax revenues	1,190,000	1,696,502	506,502
Other operating income	334,000	1,889,346	1,555,346
Investment income	695,000	2,394,345	1,699,345
Other nonoperating income	1,214,820	3,211,135	1,996,315
Reuter-Hess mill levy	4,914,000	4,799,288	(114,712)
System development fees	7,003,000	11,068,840	4,065,840
Water resource fees	155,000	2,215,000	2,060,000
Water resource system development fees	6,392,000	10,663,370	4,271,370
Farm income	365,500	374,095	8,595
Bond proceeds, including premium	44,400,000	43,835,260	(564,740)
Transfer—rate funded capital	4,000,000	4,000,000	-
Other revenue/reimbursements	4,329,540	4,542,282	212,742
Total revenues	102,795,860	120,945,176	18,149,316
Expenditures:			
Salaries	5,798,257	5,799,711	(1,454)
Employee benefits	2,866,246	2,581,217	285,029
Insurance	193,680	261,779	(68,099)
Professional services	1,108,700	1,491,433	(382,733)
Support services	3,038,590	2,600,484	438,106
Utilities	3,713,200	3,768,698	(55,498)
Contract labor and maintenance	1,270,430	2,296,077	(1,025,647)
Supplies	2,276,990	2,156,799	120,191
Community education	55,000	37,167	17,833
Information technology	222,750	226,266	(3,516)
Water resource farms	226,000	208,625	17,375
Administrative	439,680	367,395	72,285
Debt service	16,081,100	15,105,554	975,546
Capital outlay	44,397,258	23,906,916	20,490,342
Transfer—rate funded capital	4,000,000	4,000,000	-
Total expenditures	85,687,881	64,808,121	20,879,760
Excess revenues over expenditures	\$ 17,107,979	56,137,055	\$ 39,029,076
Funds available, beginning of year		<u>111,930,345</u>	
Funds available, end of year		<u>\$ 168,067,400</u>	
Funds available at December 31, 2018 is computed as follows:			
Current assets		\$ 145,084,903	
Noncurrent assets		37,711,214	
Current liabilities		(14,565,346)	
Current portion of long-term obligations		6,162,384	
Deferred inflows of resources		<u>(6,325,755)</u>	
		<u>\$ 168,067,400</u>	

Parker Water and Sanitation District

**Reconciliation of Budgetary Basis (Actual) to Statement of Revenues, Expenses and Changes in Net Position
Year Ended December 31, 2018**

Revenue (budgetary basis)	\$ 120,945,176
Contributed capital assets	2,774,058
Transfer - rate funded capital	(4,000,000)
Bond proceeds, including premium	(43,548,372)
Total revenue per statement of revenues, expenses and changes in net position	<u>76,170,862</u>
 Expenditures (budgetary basis)	 64,808,121
Amortization of deferred charge on refunding	238,434
Amortization of bond discount and premium, net	(543,796)
Transfer—rate funded capital	(4,000,000)
Depreciation	15,916,009
Capitalized interest	-
Loss on sale of assets	(66,262)
Capital outlay	(23,906,916)
Debt principal	(5,765,823)
Change in compensated absences	66,785
Total expenses per statement of revenues, expenses and changes in fund net position	<u>46,746,552</u>
 Change in net position per statement of revenues, expenses and changes in net position	 <u><u>\$ 29,424,310</u></u>

Parker Water and Sanitation District

**Debt Service Coverage Calculation
Calculation Per Rate Covenant
Year Ended December 31, 2018**

Operating revenues:	
Total user fees	\$ 32,145,059
Farm land revenue	374,095
Net investment income	2,394,345
WISE reimbursable expenses	4,542,282
Other income (including BAB Subsidy)	3,498,023
Property taxes (sewer operating)	1,053,445
Specific ownership taxes	643,057
	<u>\$ 44,650,306</u>
System fees:	
System development fees	\$ 11,068,840
Water resource fees	2,215,000
Water resource system development fees	10,663,370
	<u>\$ 23,947,210</u>
Allowable system fees for coverage not exceeding 15% of operating revenue	<u>\$ 6,697,546</u>
Total revenues per covenant	<u>\$ 51,347,852</u>
Operating expenses:	
Operating expenses (less depreciation)	\$ 21,653,811
Farm land expenses	208,625
Total operating and maintenance expenses	<u>\$ 21,862,436</u>
Revenue available for debt service	<u>\$ 29,485,416</u>
Current year debt service:	
Revenue bond and CWRPDA loans total	\$ 6,078,026
Water Purification Facility loan	2,940,995
Total debt using revenue pledge	<u>\$ 9,019,021</u>
Coverage per rate covenant calculation (minimum 110%)	327%
Coverage without consideration of System Fees (minimum 100%)	253%

Parker Water and Sanitation District

**Debt Service Coverage Calculation—CWCB Loans
Year Ended December 31, 2018**

<hr/>	
Operating revenues:	
Total user fees	\$ 32,145,059
Farm land revenue	374,095
Net investment income	2,394,345
WISE reimbursable expenses	4,542,282
Other income (including BAB Subsidy)	3,498,023
Property taxes (sewer operating)	1,053,445
Specific ownership taxes	643,057
	<u>\$ 44,650,306</u>
Maximum revenue permitted including system fees	<u>\$ 49,611,451</u>
System fees:	
System development fees	\$ 11,068,840
Water resource fees	2,215,000
Water resource system development fees	10,663,370
	<u>\$ 23,947,210</u>
Allowable system fees for coverage calculation (no more than 10% of total revenue maximum)	<u>\$ 4,961,145</u>
Total calculated revenues	<u>\$ 49,611,451</u>
Operating expenses:	
Operating expenses (less depreciation)	\$ 21,653,811
Farm land expenses	208,625
Total operating and maintenance expenses	<u>\$ 21,862,436</u>
Revenue available for debt service	<u>\$ 27,749,015</u>
Current year debt service:	
Revenue bond total (existing)	\$ 6,078,026
WTP loan (existing)	2,940,995
CWCB loans	290,717
Total debt using revenue pledge	<u>\$ 9,309,738</u>
Coverage calculation	298%

History of Customer Accounts and SFEs Served

Year	Number of Accounts	Percent Change	SFEs Served	Percent Change
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	14,541	3.8%	18,050	2.8%
2016	15,035	3.4%	18,810	4.2%
2017	15,573	3.6%	19,526	3.8%
2018	16,230	4.2%	20,329	4.1%

Source: Parker Water & Sanitation District

The following table sets forth water sales, by category, for calendar year 2018.

Category	Annual Usage (Gallons)	Percent of Total Usage
Residential/Multifamily	1,858,743,398	70.3%
Irrigation/Commercial	678,440,757	25.6%
Bulk	108,002,161	4.1%
Total	2,645,186,316	100.0%

Source: Parker Water & Sanitation District

PARKER WATER AND SANITATION DISTRICT
Statement Of Revenues, Expenses And Changes In Net Position (GAAP Basis)
For The Fiscal Years Ended December 31, 2009-2018

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Operating Revenues										
Charges for Services	\$ 16,267,261	\$ 20,925,595	\$ 21,314,802	\$ 23,024,528	\$ 23,641,284	\$ 22,766,166	\$ 23,998,265	\$ 26,061,220	\$ 27,382,214	\$ 30,255,712
Other Operating Income	205,541	341,549	342,764	321,697	281,489	337,890	435,221	447,332	502,634	1,889,347
Total	16,472,802	21,267,144	21,657,566	23,346,225	23,922,773	23,104,056	24,433,486	26,508,552	27,884,848	32,145,059
Operating Expenses										
Salaries	4,061,469	4,086,870	4,047,121	4,319,118	4,214,621	4,863,917	5,056,608	5,247,951	5,224,986	5,866,494
Employee Benefits	1,321,649	1,434,690	1,407,791	1,493,771	1,602,166	1,214,213	1,786,353	2,215,737	2,617,563	2,581,217
Insurance	209,368	186,393	184,241	168,922	167,674	173,345	193,432	229,541	190,430	261,779
Professional Services	825,769	776,409	1,226,852	1,503,907	896,031	1,084,682	1,237,228	848,793	1,093,030	1,491,433
Support Services	226,580	184,990	165,341	208,213	236,223	407,236	550,953	2,312,060	2,406,076	2,600,481
Utilities	2,476,831	3,140,689	3,207,981	3,244,414	3,407,978	3,705,907	4,180,959	4,184,040	3,513,937	3,768,697
Contract Labor & Maintenance	1,639,313	1,826,695	1,529,704	1,633,475	1,791,603	1,702,812	1,737,555	930,331	1,299,053	2,296,077
Supplies	1,422,420	1,155,096	1,178,432	1,376,989	1,369,298	1,362,866	2,097,891	1,735,109	1,966,757	2,156,795
Community Education	36,240	147,652	103,023	51,395	65,483	22,520	42,908	47,624	46,272	37,167
Information Technology	229,508	311,060	325,229	309,522	257,481	337,213	352,241	322,885	194,573	226,267
Administrative	565,473	515,677	674,300	446,285	570,759	576,006	601,436	369,372	199,149	367,400
Depreciation	8,676,301	8,544,980	8,995,268	11,763,786	11,660,729	11,034,528	12,157,714	14,299,762	14,815,799	15,916,009
Total	21,690,921	22,311,201	23,045,283	26,519,797	26,240,046	26,485,245	29,995,278	32,743,205	33,567,625	37,569,816
Operating (Loss)	(5,218,119)	(1,044,057)	(1,387,717)	(3,173,572)	(2,317,273)	(3,381,189)	(5,561,792)	(6,234,653)	(5,682,777)	(5,424,757)
Nonoperating Revenues (Expenses)										
Property Taxes	878,724	1,729,517	7,253,967	4,532,006	4,306,089	4,388,951	4,515,264	4,687,265	5,083,891	5,852,733
Specific Ownership Taxes	66,822	122,763	490,472	359,034	377,122	406,916	445,902	444,824	576,104	643,057
County Treasurer's Collection Fees	(14,470)	-	-	-	-	-	-	-	-	-
Farm Land Revenue	350,537	319,391	356,131	435,066	436,485	439,142	428,488	373,319	375,103	374,096
Farm Land Expenses/Water Resource Farms	(133,359)	(150,188)	(135,543)	(186,618)	(163,592)	(191,800)	(221,411)	(223,882)	(201,185)	(208,625)
Net Investment Income	965,462	478,461	1,164,754	677,734	484,145	408,959	388,011	575,752	852,051	2,394,344
Interest Expense/Fees	(2,581,482)	(1,151,772)	(2,691,577)	(10,091,280)	(7,454,413)	(6,293,024)	(7,136,802)	(7,529,530)	(6,456,848)	(9,034,371)
Gain (Loss) on Disposal of Assets	(100,941)	(135,964)	(1,125,768)	(76,243)	(7,016)	1,469,614	48,811	(2,457,442)	(330,348)	66,261
Other Income	497,738	693,180	2,033,671	1,423,784	1,916,922	2,183,671	2,203,310	5,508,244	23,209,256	8,040,303
Total	(70,969)	1,905,388	7,346,107	(2,926,517)	(104,258)	2,812,429	671,573	1,378,550	23,108,024	8,127,798
Gain (Loss) Before Capital Contributions	(5,289,088)	861,331	5,958,390	(6,100,089)	(2,421,531)	(568,760)	(4,890,219)	(4,856,103)	17,425,247	2,703,041
Capital Contributions										
System Development Fees	370,745	725,190	1,271,950	2,986,289	3,334,200	5,164,817	9,794,000	9,092,930	10,048,700	11,068,840
Contributed Assets from Developers	3,622,016	1,075,035	2,214,560	130,800	219,072	301,591	1,529,459	5,419,088	4,506,453	2,774,058
Water Resource Fees	125,000	60,000	189,821	170,000	155,000	2,503,181	1,165,000	2,330,000	1,290,000	2,215,000
Water Resource System Development Fees	1,104,715	1,857,825	3,369,585	6,304,900	5,084,375	8,296,000	9,110,900	8,464,040	9,540,890	10,663,370
Total	5,222,476	3,718,050	7,045,916	9,591,989	8,792,647	16,265,589	21,599,359	25,306,058	25,386,043	26,721,268
Change in Net Position	(66,612)	4,579,381	13,004,306	3,491,900	6,371,116	15,696,829	16,709,140	20,449,955	42,811,290	29,424,309
Net Position at Beginning of Year	396,765,395	396,698,783	401,278,164	414,282,470	416,226,098	422,597,214	438,294,043	455,003,183	475,453,138	518,264,428
Restatements	-	-	-	(1,548,272)	-	-	-	-	-	-
Net Position at End of Year	\$ 396,698,783	\$ 401,278,164	\$ 414,282,470	\$ 416,226,098	\$ 422,597,214	\$ 438,294,043	\$ 455,003,183	\$ 475,453,138	\$ 518,264,428	\$ 547,688,737

Source: Parker Water & Sanitation District

Budget Summary and Comparison

	2014		2015		2016		2017		2018	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
BEGINNING CASH										
Unrestricted	\$ 16,294,370	\$ 16,294,370	\$ 16,336,308	\$ 16,336,308	\$ 22,695,013	\$ 22,695,013	\$ 16,586,956	\$ 16,586,956	22,108,175	22,108,175
Restricted	12,938,864	12,938,864	13,289,219	13,289,219	13,125,477	13,125,477	13,521,441	13,521,441	13,374,254	13,374,254
TOTAL BEGINNING CASH	29,233,234	29,233,234	29,625,527	29,625,527	35,820,491	35,820,491	30,108,397	30,108,397	35,482,429	35,482,429
Less Restricted Cash	12,938,864	12,938,864	13,289,219	13,289,219	13,125,477	13,125,477	13,521,441	13,521,441	14,219,452	14,219,452
NET FUNDS AVAILABLE	16,294,370	16,294,370	16,336,308	16,336,308	22,695,013	22,695,013	16,586,956	16,586,956	21,262,977	21,262,977
OPERATING REVENUE										
Charges for Services	22,839,342	22,766,166	23,679,200	23,998,265	24,465,010	26,061,220	26,950,000	27,382,214	27,803,000	30,255,712
Operating Taxes	1,010,979	1,196,867	1,126,000	1,258,565	1,204,500	1,288,432	1,322,000	1,491,127	1,190,000	1,696,502
Other Income	1,648,736	1,731,839	1,718,736	1,820,055	1,708,340	1,779,576	1,816,803	1,837,344	1,657,820	3,307,901
TOTAL OPERATING REVENUES	25,499,057	25,694,872	26,523,936	27,076,885	27,377,850	29,129,228	30,088,803	30,710,685	30,650,820	35,260,115
TOTAL OPERATING RESOURCES	41,793,427	41,989,242	42,860,244	43,413,193	50,072,863	51,824,241	46,675,759	47,297,641	51,913,797	56,523,092
OPERATING EXPENSES										
Salaries	4,698,029	4,863,917	5,028,402	5,048,668	5,185,420	5,192,745	5,416,923	5,224,986	5,798,257	5,866,493
Insurance & Employee Benefits	1,833,709	1,387,558	1,928,940	1,979,785	2,454,390	2,445,278	2,819,425	2,807,993	3,059,926	2,842,997
Professional Services	1,220,000	1,084,682	1,131,000	1,237,228	1,101,900	848,793	1,310,515	1,093,030	1,138,700	1,491,433
Information Technology	274,000	337,213	376,350	352,241	285,460	322,885	186,696	194,573	192,750	226,267
Utilities	3,540,000	3,705,907	3,724,200	4,180,959	3,764,450	4,184,040	3,715,000	3,513,937	3,713,200	3,768,697
Support Services	444,900	407,236	541,100	550,953	1,826,850	2,312,060	2,645,020	2,406,076	3,038,590	2,600,481
Contract Labor and Maintenance	1,789,260	1,702,812	1,815,945	1,737,555	760,437	930,331	1,221,462	1,299,053	1,270,430	2,296,077
Supplies	1,485,602	1,362,866	2,243,450	2,097,891	1,873,515	1,735,109	1,946,847	1,966,757	2,276,990	2,156,796
Administrative	567,570	598,526	664,516	644,344	341,766	416,996	505,283	253,446	494,680	404,566
Transfer - Rate Funded Capital	1,000,000	1,000,000	3,000,000	3,000,000	3,000,000	3,000,000	4,000,000	4,000,000	4,000,000	4,000,000
Debt Service	8,603,509	8,639,378	3,581,132	3,537,076	4,957,772	4,727,478	3,106,600	2,988,010	3,423,200	3,435,224
Water Resource farms	183,600	191,800	176,800	221,411	313,404	223,882	242,000	201,185	226,000	208,625
TOTAL OPERATING EXPENSES	\$ 25,640,179	\$ 25,281,895	\$ 24,211,835	\$ 24,588,111	\$ 25,865,364	\$ 26,339,597	\$ 27,115,771	\$ 25,949,046	\$ 28,632,723	\$ 29,297,656
RESOURCES REMAINING	\$ 16,153,248	\$ 16,707,347	\$ 18,648,409	\$ 18,825,082	\$ 24,207,499	\$ 25,484,644	\$ 19,559,988	\$ 21,348,595	\$ 23,281,074	\$ 27,225,436

Source: Parker Water & Sanitation District

History of Water and Sewer Connection Fees per SFE

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Residential Water Connection Fees	\$ 19,500	\$ 20,225	\$ 20,225	\$ 20,975	\$ 21,475	\$ 21,475	\$ 21,800	\$ 21,870	\$ 22,110	\$ 23,040
Residential Sewer Connection Fees	9,760	3,650	3,650	4,150	6,650	6,650	3,500	3,510	3,550	3,700
Total	<u>\$ 29,260</u>	<u>\$ 23,875</u>	<u>\$ 23,875</u>	<u>\$ 25,125</u>	<u>\$ 28,125</u>	<u>\$ 28,125</u>	<u>\$ 25,300</u>	<u>\$ 25,380</u>	<u>\$ 25,660</u>	<u>\$ 26,740</u>

Source: Parker Water & Sanitation District

Historical Connection Fee Revenues

Year	Connection Fee Revenue
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	19,886,970
2017	20,879,590
2018	23,947,210

Source: Parker Water & 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
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	1,729,517	98.3%
2010/2011	496,472,716	1.1%	14.925	7,409,855	7,253,967	97.9%
2011/2012	456,296,324	-8.1%	10.214	4,660,610	4,532,006	97.2%
2012/2013	458,892,906	0.6%	9.727	4,463,651	4,306,089	96.5%
2013/2014	461,947,386	0.7%	9.727	4,493,362	4,388,952	97.7%
2014/2015	473,284,647	2.5%	9.727	4,603,640	4,515,265	98.1%
2015/2016	553,661,969	17.0%	8.652	4,790,284	4,687,265	97.8%
2016/2017	570,659,808	3.1%	9.095	5,190,077	5,083,891	98.0%
2017/2018	652,021,428	14.3%	9.145	5,962,736	5,852,733	98.2%

Includes mill levy for collection of GO debt taxes.
Net of County Treasurer's Fees

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

Ten Largest Taxpayers in the District for 2018

Taxpayer Name	Assessed Valuation	Percentage of Total Assessed Valuation ¹
Parker Hilltop Apartments ²	7,400,260	1.10%
Denver Pope Family LP	5,542,030	0.82%
Briargate Apartments Property Owner LLC	4,680,000	0.69%
Bre Ddr Parker Pavilions LLC	4,609,880	0.68%
Mainstreet Re Investors LLC	4,406,400	0.65%
Cherry Creek Colorado I LLC & Cherry Creek Colorado II LLC	4,104,000	0.61%
Wal-Mart Real Estate Business Trust	4,077,630	0.60%
Target Corporation	3,847,030	0.57%
Trailside Holdings LLC	3,427,200	0.51%
Carmax Auto Superstores West Coast Inc	3,028,360	0.45%
Total	\$ 45,122,790	6.68%

¹Based on a 2017 net certified assessed valuation of \$675,186,820

²Includes Parker Hilltop LLC, Parker Hilltop Apartments II LLP, Parker Hilltop Apartments LP

Source: Douglas County Assessor's Office

**Maximum Tax Levy Applicable To Properties
Located in the District
For 2018 Taxes Due in 2019**

Government Unit	Mill Levy
Douglas County Schools	44.950
Douglas County Law Enforcement	4.500
Douglas County Government	19.774
South Metro Fire Rescue	9.250
Douglas Public Library District	4.008
Parker Water and Sanitation District	9.507
Urban Drainage and Flood Control District	0.726
Cherry Creek Basin Water Quality Authority	0.479
Urban Drainage and Flood South Platte	0.094
Lincoln Creek Metropolitan District	62.662
Total	155.950

Source: Douglas County Assessor's Office

**Outstanding Debt of the District
as of 12/31/18**

Name of Issue	Amount Outstanding	Year of Final Maturity
CWRPDA Small Water Resources Revenue Bond, Series 2000A	\$ 2,004,167	2019
CWRPDA Wastewater Loan, Series 2001	981,612	2021
CWRPDA Wastewater Loan, Series 2002	10,047,228	2025
CWRPDA Water Resources Revenue Bonds, Series 2010A	51,485,000	2035
Water & Wastewater Revenue Refunding Bonds, Series 2012	18,050,000	2030
General Obligation Revenue Refunding Bonds, Series 2012	82,810,000	2043
CWCB Loan A	3,905,822	2035
CWCB Loan B	5,299,492	2039
CWCB Loan D	665,906	2042
2018 Water & Wastewater Revenue Bond	<u>36,225,000</u>	2042
Total	<u><u>\$ 211,474,227</u></u>	

Source: Parker Water & 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>
2019	\$ 5,567,619	\$ 9,569,513	\$ 15,137,132
2020	6,023,075	9,527,520	15,550,595
2021	8,245,701	9,265,334	17,511,035
2022	8,618,934	8,909,568	17,528,502
2023	7,763,427	8,563,291	16,326,718
2024-2028	43,504,083	38,073,811	81,577,894
2029-2033	53,547,165	27,474,659	81,021,824
2034-2038	43,856,435	14,100,205	57,956,640
2039-2043	34,347,788	5,002,417	39,350,205
Total	<u>\$ 211,474,227</u>	<u>\$ 130,486,318</u>	<u>\$ 341,960,545</u>

Source: Parker Water & Sanitation District

Selected Debt Ratios of the District as of December 31, 2018

Total Actual Value of All Real Property	\$ 7,096,155,719
Net Total Taxable Assessed Valuation	665,400,516
Net General Obligation Direct Debt	82,810,000
Estimated Overlapping Debt	132,854,070
Total Net Direct and Estimated Overlapping Debt	\$ 215,664,070
Ratio of Net General Obligation Direct Debt to Actual Value	1.17%
Ratio of Net General Obligation Direct Debt to Assessed Valuation	12.45%
Ratio of Net General Obligation Direct Debt and Estimated Overlapping Debt to Actual Valuation	3.04%
Ratio of Net General Obligation Direct Debt and Estimated Overlapping Debt to Assessed Valuation	32.41%
Total Net General Obligation Direct Debt per Capita ¹	\$ 1,563
Net Direct and Estimated Overlapping Debt per Capita ¹	4,072
Estimated Actual Valuation per Capita ¹	133,968
Assessed Valuation per Capita ¹	12,562

¹Estimated District population: 52,969

Source: Parker Water and Sanitation District, Douglas County Assessor, and Town of Parker

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
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
2017/2018	652,021,428	14.3%	12,906,262	664,927,690	1.503	7.642	9.145
2018/2019	665,400,516	2.1%	17,336,454	682,736,970	1.570	7.937	9.507

Source: Douglas County Assessor's Office

Property Tax Collections for the District

Levy/ Collection Year	Taxes Levies	Current Tax Collections	Collection Rate
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%
2016/2017	5,190,077	5,083,891	97.95%
2017/2018	5,962,736	5,852,733	98.16%

Source: Douglas County Assessor's Office

2018 Assessed Valuation of Classes of Property in the District

Property Class	2018 Total Assessed Valuation	Percent of Total Assessed Valuation
Residential	\$ 432,134,780	63.29%
Commercial	201,621,770	29.53%
Vacant	21,943,450	3.21%
State Assessed	14,736,470	2.16%
Industrial	10,608,660	1.55%
Agricultural	109,770	0.02%
Other	1,582,070	0.23%
Total	\$ 682,736,970	100.00%

Source: Douglas County Assessor's Office

Budget Summary and Comparison - Budgetary Basis

	2014 Budget	2014 Actual	2015 Budget	2015 Actual	2016 Budget	2016 Actual	2017 Budget	2017 Actual	2018 Budget	2018 Actual
Revenues										
Charges for services	\$ 23,806,288	\$ 22,766,166	\$ 24,380,000	\$ 23,998,265	\$ 25,262,000	\$ 26,061,220	\$ 25,968,500	\$ 27,382,214	\$ 27,803,000	\$ 30,255,713
Operating tax revenues	1,010,979	1,196,866	1,026,000	1,258,565	1,062,500	1,288,432	1,116,740	1,491,127	1,190,000	1,696,502
Other operating income	251,293	337,890	278,500	435,221	279,800	447,332	324,000	502,634	609,000	1,889,346
Interest income	408,909	408,959	329,600	388,011	124,500	575,752	295,000	852,048	695,000	2,394,345
Other nonoperating income	2,349,967	5,814,479	2,400,696	2,622,252	2,426,810	4,258,232	1,215,850	1,459,190	1,573,360	3,211,135
Rueter-Hess mill levy	3,664,058	3,599,001	3,733,000	3,702,601	3,897,500	3,843,657	4,214,840	4,168,868	4,914,000	4,799,288
System development fees	2,644,576	4,698,702	5,928,300	9,794,000	6,045,900	9,092,930	6,447,210	10,048,700	7,003,000	11,068,840
Water resource fees	56,508	2,503,181	155,000	1,165,000	155,000	2,330,000	155,000	1,290,000	155,000	2,215,000
Water resource system development fees	7,470,362	8,296,000	5,412,000	9,110,900	5,556,000	8,464,040	5,921,580	9,540,890	6,392,000	10,663,370
Renewable water fees	339,048	466,115	-	-	-	-	-	-	-	-
Farm income	415,000	439,142	430,000	428,488	428,500	373,319	418,000	375,103	365,500	374,095
Transfer-Rate funded capital	1,000,000	1,000,000	3,000,000	3,000,000	3,000,000	3,000,000	4,000,000	4,000,000	4,000,000	4,000,000
Bond proceeds	5,545,000	4,550,146	6,000,000	195,561	6,000,000	1,100,214	5,000,000	-	44,400,000	43,835,260
Other revenue/reimbursements	-	-	20,430,000	795,353	16,645,000	2,415,472	23,598,700	26,256,522	3,696,000	4,542,282
Total revenues	\$ 48,961,988	\$ 56,076,647	\$ 73,503,096	\$ 56,894,217	\$ 70,883,510	\$ 63,250,600	\$ 78,675,420	\$ 87,367,296	\$ 102,795,860	\$ 120,945,176
Expenditures										
Salaries	\$ 4,717,664	\$ 5,009,777	\$ 4,987,460	\$ 5,048,668	\$ 5,121,010	\$ 5,192,745	\$ 5,516,572	\$ 5,224,986	\$ 5,798,257	\$ 5,866,493
Employee benefits	1,706,895	1,585,947	1,752,350	1,786,353	2,161,640	2,215,737	2,641,997	2,617,563	2,866,246	2,652,854
Insurance	186,000	173,345	190,700	193,432	220,000	229,541	178,000	190,430	193,680	261,779
Professional services	1,086,000	975,256	1,400,000	1,237,228	1,352,000	848,793	1,039,600	1,093,030	1,108,700	1,491,433
Support services	452,900	252,001	549,700	550,953	701,800	2,312,060	2,917,000	2,406,076	3,038,590	2,600,481
Utilities	3,208,400	3,705,907	3,617,000	4,180,959	3,762,000	4,184,040	3,885,500	3,513,937	3,713,200	3,768,697
Contract labor & maintenance	1,930,850	1,702,283	2,140,400	1,737,555	2,018,600	930,331	1,240,970	1,299,053	1,270,430	2,296,077
Supplies and Chemicals	1,860,400	1,362,812	2,600,180	2,097,891	2,280,900	1,735,109	2,026,400	1,966,757	2,276,990	2,156,796
Community education	65,000	21,622	48,650	42,908	90,800	47,624	60,000	46,272	55,000	37,166
Information technology	370,894	337,213	405,985	352,241	500,690	322,885	175,250	194,573	222,750	226,267
Water resource farms	165,000	189,848	184,800	221,411	175,200	223,882	231,000	201,185	226,000	208,625
Administrative	579,400	575,128	633,028	601,436	769,570	369,372	183,600	207,174	439,680	367,400
Transfer-Rate funded capital	1,000,000	1,000,000	3,000,000	3,000,000	3,000,000	3,000,000	4,000,000	4,000,000	4,000,000	4,000,000
Debt service	14,157,185	14,154,041	14,399,393	14,358,526	14,705,180	17,078,856	13,517,800	11,913,960	16,081,100	14,890,514
Capital outlay	35,777,550	21,895,314	51,783,850	7,718,177	44,920,890	22,487,909	60,619,800	45,479,691	44,397,258	23,906,916
Total expenditures	\$ 67,264,138	\$ 52,940,494	\$ 87,693,496	\$ 43,127,738	\$ 81,780,280	\$ 61,178,884	\$ 98,233,489	\$ 80,354,687	\$ 85,687,881	\$ 64,731,498
Excess Revenues over Expenditures	\$ (18,302,150)	\$ 3,136,153	\$ (14,190,400)	\$ 13,766,479	\$ (10,896,770)	\$ 2,071,716	\$ (19,558,069)	\$ 7,012,609	\$ 17,107,979	\$ 56,213,678

Source: Parker Water & Sanitation District

\$ -

Debt Service Requirements

Year	2012 Revenue Bonds			Parity Debt	Non-Parity Debt	Total Debt Service
	Principal	Interest	Total			
2018	535,000	821,294	1,356,294	4,721,732	8,812,488	14,890,514
2019	785,000	799,894	1,584,894	4,746,150	9,155,552	15,486,595
2020	2,925,000	776,344	3,701,344	2,692,900	9,156,295	15,550,539
2021	4,040,000	630,094	4,670,094	3,682,046	9,158,838	17,510,977
2022	4,610,000	436,094	5,046,094	3,322,846	9,159,503	17,528,443
2023	605,000	228,644	833,644	5,821,509	9,671,504	16,326,657
2024	635,000	198,394	833,394	5,802,691	9,668,049	16,304,134
2025	665,000	166,644	831,644	5,741,420	9,659,103	16,232,167
2026	700,000	133,394	833,394	2,736,250	12,849,782	16,419,426
2027	735,000	98,394	833,394	2,736,500	12,777,634	16,347,527
2028	760,000	75,425	835,425	2,733,750	12,705,134	16,274,309
2029	780,000	51,675	831,675	2,733,000	12,629,349	16,194,024
2030	810,000	26,325	836,325	2,734,000	12,552,669	16,122,994
2031	-	-	-	2,731,500	13,619,530	16,351,030
2032	-	-	-	2,735,500	13,500,723	16,236,223
2033	-	-	-	2,735,500	13,381,674	16,117,174
2034	-	-	-	2,731,500	13,256,398	15,987,898
2035	-	-	-	2,733,500	13,125,799	15,859,299
2036	-	-	-	2,736,000	5,968,345	8,704,345
2037	-	-	-	2,733,750	5,971,796	8,705,546
2038	-	-	-	2,731,750	5,967,899	8,699,649
2039	-	-	-	2,734,750	5,621,272	8,356,022
2040	-	-	-	2,732,250	5,622,761	8,355,011
2041	-	-	-	2,734,250	5,623,250	8,357,500
2042	-	-	-	2,735,250	5,622,305	8,357,555
2043	-	-	-	-	5,575,500	5,575,500
Totals	18,585,000	4,442,613	23,027,613	83,010,294	250,813,152	356,851,059

Source: Parker Water & Sanitation District

History of Net Pledged Revenues and Debt Service Coverage

Fiscal Year	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Gross Pledged Revenues										
Operating Revenues	\$ 16,472,802	\$ 21,267,144	\$ 21,657,566	\$ 23,346,225	\$ 23,922,773	\$ 23,104,056	\$ 24,433,486	\$ 26,508,552	\$ 27,884,848	\$ 32,145,059
Non-Operating Revenues	2,628,660	2,337,101	4,363,885	3,266,978	3,566,527	3,758,090	3,756,781	4,833,984	2,311,238	5,892,365
Connection Fees	1,600,460	2,643,015	4,831,356	9,461,189	8,573,575	15,963,998	20,069,900	19,886,970	20,879,590	23,947,210
Total Gross Pledged Revenues	\$ 20,701,922	\$ 26,247,260	\$ 30,852,807	\$ 36,074,392	\$ 36,062,875	\$ 42,826,144	\$ 48,260,167	\$ 51,229,506	\$ 51,075,676	\$ 61,984,634
Operation & Maintenance Expenses	\$ 13,014,620	\$ 13,766,221	\$ 14,050,015	\$ 14,756,011	\$ 14,579,317	\$ 15,450,717	\$ 17,837,564	\$ 18,443,443	\$ 18,751,826	\$ 21,653,807
Less: Property taxes	(931,076)	(1,056,937)	(1,493,489)	(721,335)	(1,152,222)	(1,196,867)	(1,258,565)	(1,288,432)	(1,491,127)	(1,696,502)
Net O&M Expenses	\$ 12,083,544	\$ 12,709,284	\$ 12,556,526	\$ 14,034,676	\$ 13,427,095	\$ 14,253,850	\$ 16,578,999	\$ 17,155,011	\$ 17,260,699	\$ 19,957,305
Net Pledged Revenues	\$ 8,618,378	\$ 13,537,976	\$ 18,296,281	\$ 22,039,716	\$ 22,635,780	\$ 28,572,294	\$ 31,681,168	\$ 34,074,495	\$ 33,814,977	\$ 42,027,329
Historical Debt Service Paid	\$ 5,157,731	\$ 5,127,699	\$ 8,552,443	\$ 9,495,170	\$ 8,649,009	\$ 8,348,678	\$ 8,594,546	\$ 11,896,066	\$ 7,533,090	\$ 9,309,739
Coverage	1.67x	2.64x	2.14x	2.32x	2.62x	3.42x	3.69x	2.86x	4.49x	4.51x

Source: Parker Water & Sanitation District

PARKER WATER & SANITATION DISTRICT

District Fee and Rate Schedule

Effective January 1, 2019

Tap & Development Fee Schedule

Meter Size	Water SDF	Sewer SDF	Water Resources SDF	Water Resource Toll
3/4"	\$ 10,470	\$ 5,000	\$ 14,000	\$ 5,000
1"	20,940	10,000	28,000	10,000
1 1/2"	41,880	20,000	56,000	20,000
2"	73,290	35,000	98,000	35,000
3"	167,520	80,000	224,000	80,000

Water Rates

Residential and Multi-Family Accounts Per Single Family Equivalent (per month)

Monthly Fixed Rate	\$ 31.04
Tier 1 Per 1,000 gallons for first 6,000 gallons	2.33
Tier 2 Per each additional 1,000 gallons up to and including 20,000 gallons	4.51
Tier 3 Per each additional 1,000 gallons in excess of 20,000 gallons	9.30

Sewer Rates

Per Single Family Equivalent (per month)

Monthly Fixed Rate	\$ 9.40
Per 1,000 Gallons*	9.26

*Based on the average water consumption in the months of December, January, and February.

Source: Parker Water & Sanitation District

Top 10 Customers of the District

2018	Customer Name	Total \$ Billed	Total Billed Consumption (gallons)	Rank (By Consumption)	Percent of Total Billed	Percent of Billed Consumption
1	Town & Country Village HOA	\$ 501,960	39,226,202	2	1.66%	1.48%
2	Town of Parker	389,541	36,265,416	3	1.29%	1.37%
3	Villages of Parker HOA (Canterberry Crossing)	378,531	49,222,222	1	1.25%	1.86%
4	Prairie Meadows Townhomes	359,561	23,743,197	5	1.19%	0.90%
5	Parker Hilltop	358,668	28,348,492	4	1.19%	1.07%
6	Braddock & Logan Venture Group (Waterford Apts)	274,438	20,386,362	8	0.91%	0.77%
7	Ironstone Condominiums at Stroh Ranch	269,853	21,638,111	7	0.89%	0.82%
8	Briar Gate Apts Prop Owners LLC	255,084	19,592,885	9	0.84%	0.74%
9	Trailside Apartments	224,325	17,545,342	11	0.74%	0.66%
10	Clarke Farms HOA	166,153	21,741,113	6	0.55%	0.82%
	Total - TOP 10 Customers	3,178,114	277,709,342		10.50%	10.50%
	Total - All Customers	\$ 30,255,712	2,645,186,316			

Source: Parker Water & Sanitation District

