

Parker Water and Sanitation District

Douglas County, Colorado

Financial Statements

December 31, 2020 and 2019

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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, 2020 and 2019, 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, 2020 and 2019, 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 10 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 audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that 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 audits of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

RSM US LLP

Denver, Colorado
May 10, 2021

Parker Water and Sanitation District

Management's Discussion and Analysis Fiscal Year Ending December 31, 2020

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 year ended December 31, 2020 and 2019. Please read this analysis in conjunction with the District's financial statements, which begin on page 11.

FINANCIAL HIGHLIGHTS

- At December 31, 2020 total assets of the District exceeded total liabilities by \$597,557,949 (net position). Of this amount, \$123,866,958 (unrestricted net position) may be used to meet the District's ongoing obligations to customers and creditors. Restricted net position of \$18,745,437 is restricted for debt service, debt service reserves, and other operating and capital reserves. At December 31, 2019 the amounts are \$566,666,583 (net position), \$126,773,457 (unrestricted) and \$23,469,297 (restricted) See Note 2.
- 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 2020, the monthly water service charge for residential, multi-family, commercial, and irrigation accounts increased from \$31.04 to \$31.74 in 2020 and the monthly sewer service charge increased from \$9.40 to \$9.59 in 2020. See page 56 for a full schedule of fees.
- The District collected tap fees for 821 Single Family Equivalents (SFE's) during 2020 from new construction in the District compared to 673 in 2019.
- 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 2020 mill levy for operations was 1.727 mills, less a temporary mill levy rate reduction of .282 mills, for a total of 1.445 mills. The certified 2021 mill levy for sewer operations was also temporarily reduced to 1.466 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 2020 mill levy for the general obligation debt associated with the construction of Rueter-Hess Reservoir was 7.20 mills and the 2021 mill levy for the general obligation debt has been set at 6.93 mills. In 2020, the District used a portion of their 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 \$11,615,330 in 2020 and \$5,018,992 in 2019.
- At December 31, 2020, the District's debt service rate covenant calculation is 279 percent. 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.

Parker Water and Sanitation District

**Management's Discussion and Analysis
Fiscal Year Ending December 31, 2020**

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 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 and should be read in accordance with them.

FINANCIAL SUMMARY AND ANALYSIS

NET POSITION

During 2020, net position increased \$30,891,366 from 2019 to \$597,557,949. This increase was primarily due to an increase in construction in progress, a decrease in current assets related to spending of bond proceeds, an increase in retainage payable and construction deposits, associated with construction projects. The increase in capital assets was due primarily to equipment purchases as well as major capital projects related to infrastructure expansion and improvement. Current liabilities increased due to an increase in accounts payable, an increase in construction deposits and an increase in bonds and notes payable. In 2019, net position increased \$18,977,845 from 2018 to \$566,666,583. This increase was due primarily to an increase in cash, cash equivalents and investments, a decrease in noncurrent assets and noncurrent liabilities and an increase in current liabilities associated with infrastructure expansion and improvement.

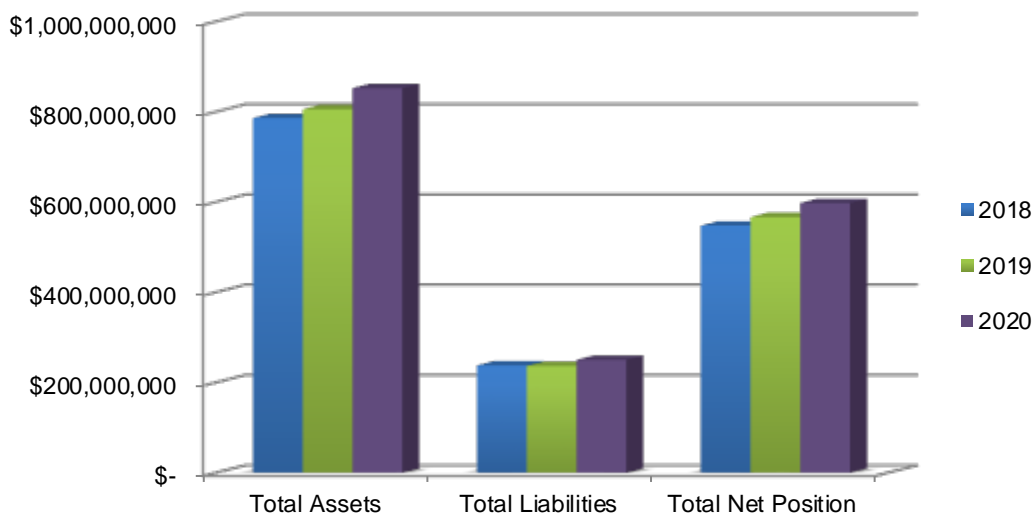
Parker Water and Sanitation District

Management's Discussion and Analysis
Fiscal Year Ending December 31, 2020

CONDENSED STATEMENT OF NET POSITION

	2020	2019	2018
Assets			
Current Assets	\$ 154,155,332	\$ 172,256,686	\$ 145,084,903
Noncurrent Assets	18,745,437	18,344,650	37,711,214
Capital Assets	679,241,455	615,017,683	603,096,906
Total assets	852,142,224	805,619,019	785,893,023
Deferred outflows of resources			
Deferred charge on refunding	3,208,639	5,623,071	5,861,505
Liabilities			
Current liabilities	31,677,503	20,028,289	14,565,346
Noncurrent Liabilities	218,427,620	216,717,886	223,174,689
Total liabilities	250,105,123	236,746,175	237,740,035
Deferred inflows of resources			
Unavailable revenue - property taxes	6,748,003	6,683,002	6,325,755
Lease Revenue	939,788	1,146,330	-
Net position			
Net investment in capital assets	454,945,554	416,423,829	406,923,285
Restricted	18,745,437	23,469,297	37,711,214
Unrestricted	123,866,958	126,773,457	103,054,239
Total net position	\$ 597,557,949	\$ 566,666,583	\$ 547,688,738

NET POSITION



Parker Water and Sanitation District

**Management's Discussion and Analysis
Fiscal Year Ending December 31, 2020**

CHANGES IN REVENUES, EXPENDITURES AND NET POSITION

For 2020, total operating revenue increased by \$4,779,559, to \$36,000,933. Of that increase charges, for services reflected nearly 90% of the overall increase, primarily due to a prolonged drought within the region. Capital contributions, or system connection fees collected from new development within the District, was \$27,574,420. Contributed assets from developers was \$11,615,330. For 2019, total operating revenue decreased by \$923,685, to \$31,221,374. User fee revenue remained materially the same, compared to 2018, and the decrease was due primarily to the decrease related to the Wheeling Asset Recovery and a one-time WISE reimbursement in 2018. Capital contributions, or system connection fees collected from new development within the District, was \$21,555,030. Contributed assets from developers was \$5,018,992.

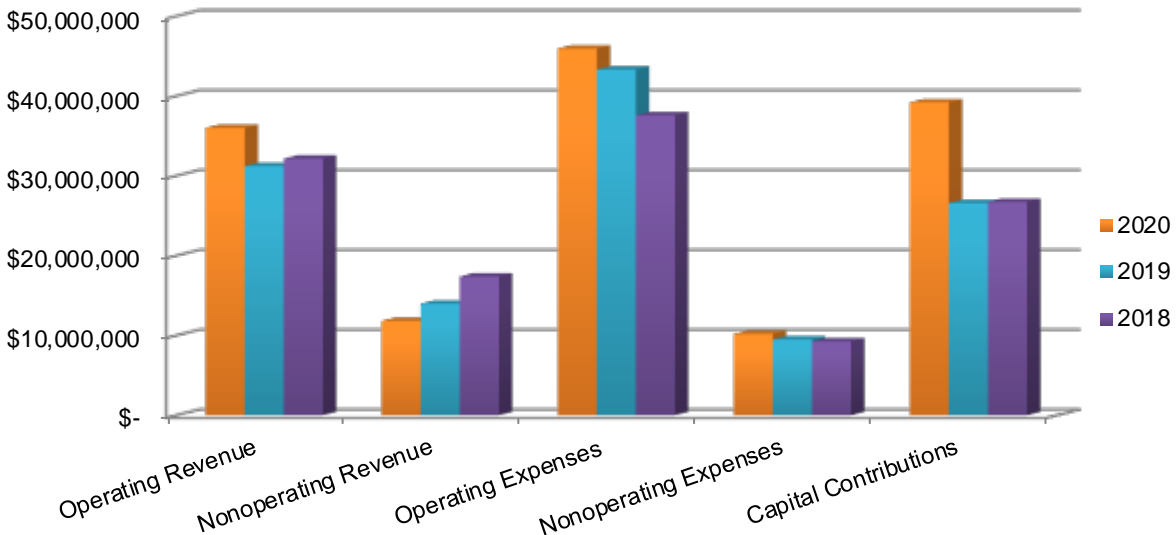
SUMMARY OF REVENUES, EXPENDITURES, AND CHANGES IN NET POSITION

	2020	2019	2018
REVENUES			
Operating Revenue	\$ 36,000,933	\$ 31,221,374	\$ 32,145,059
Non-Operating Revenues:			
Property Taxes	6,493,498	6,209,999	5,852,733
Net Investment Income	1,833,705	4,166,522	2,394,344
Farm Land Revenue	315,197	419,433	374,096
Gain on Disposal of Assets	81,270	484,718	66,262
Other	3,090,675	2,693,368	8,683,362
Total Non-Operating Revenue	11,814,345	13,974,040	17,370,797
TOTAL REVENUES	\$ 47,815,278	\$ 45,195,414	\$ 49,515,856
Expenses:			
Operating:			
Salaries & Benefits	\$ 10,051,976	\$ 9,504,442	\$ 8,447,711
Insurance	280,203	267,030	261,779
Professional and Support Services	6,183,039	5,698,492	4,091,914
Utilities	3,974,143	3,692,989	3,768,697
Contract Labor and Maintenance	2,289,304	1,841,571	2,296,077
Chemicals and Supplies	2,762,956	2,666,635	2,156,795
IT	287,490	273,966	226,267
Administrative and Miscellaneous	353,777	467,271	404,567
Depreciation	19,741,456	18,885,762	15,916,009
Total Operating Expenses	\$ 45,924,344	\$ 43,298,158	\$ 37,569,816
Non-Operating expenses:			
Water Resource Farms	\$ 201,986	\$ 185,580	\$ 208,625
Interest Expense and Loan Fees	9,987,332	9,307,853	9,034,371
Total Non-Operating Expenses	\$ 10,189,318	\$ 9,493,433	\$ 9,242,996
TOTAL EXPENSE	\$ 56,113,662	\$ 52,791,591	\$ 46,812,812
Gain(Loss) Before Capital Contributions	(8,298,384)	(7,596,177)	2,703,044
Capital Contributions	39,189,750	26,574,022	26,721,268
CHANGE IN NET POSITION	\$ 30,891,366	\$ 18,977,845	\$ 29,424,312
Net Position, beginning of year	566,666,583	547,688,738	518,264,426
Net Position, end of year	\$ 597,557,949	\$ 566,666,583	\$ 547,688,738

Parker Water and Sanitation District

**Management’s Discussion and Analysis
Fiscal Year Ending December 31, 2020**

CHANGES IN NET POSITION



CAPITAL ASSETS

At December 31, 2020, the District reports \$679,241,455 in capital assets, net of accumulated depreciation, an increase of \$64,223,772 from 2019, mainly due to the construction of the North Water Reclamation Facility Expansion, the Ridgeway and Canyon Well Houses and the Cherry Creek Interceptor projects.

CAPITAL ASSETS

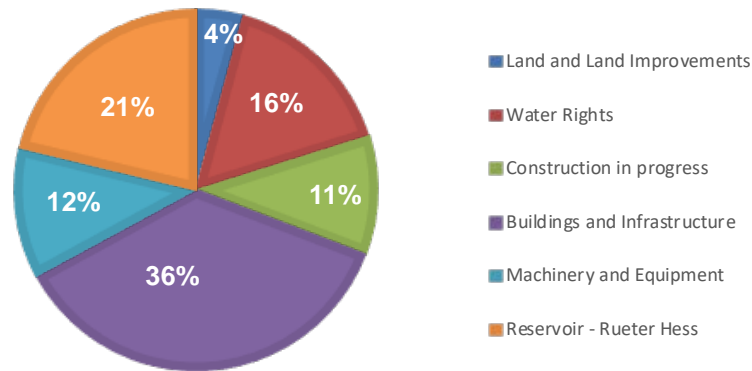
	2020	2019	2018
Land and Land Improvements	\$ 37,556,226	\$ 37,436,865	\$ 37,168,599
Water Rights	142,070,598	141,992,598	140,701,098
Construction in progress	94,686,343	25,682,779	9,354,803
Buildings and Infrastructure	323,146,487	310,287,644	303,016,549
Machinery and Equipment	104,267,515	102,450,950	97,050,538
Reservoir - Rueter Hess	188,874,580	188,874,580	188,874,580
Accumulated Depreciation	(211,360,294)	(191,707,733)	(173,069,259)
TOTAL CAPITAL ASSETS, NET	\$ 679,241,455	\$ 615,017,683	\$ 603,096,908

Additional information on the District’s capital assets can be found in Note 3 of the financial statements.

Parker Water and Sanitation District

**Management’s Discussion and Analysis
Fiscal Year Ending December 31, 2020**

**CAPITAL ASSETS
AS OF DECEMBER 31, 2020**



OUTSTANDING DEBT

The District’s debt consists of the following:

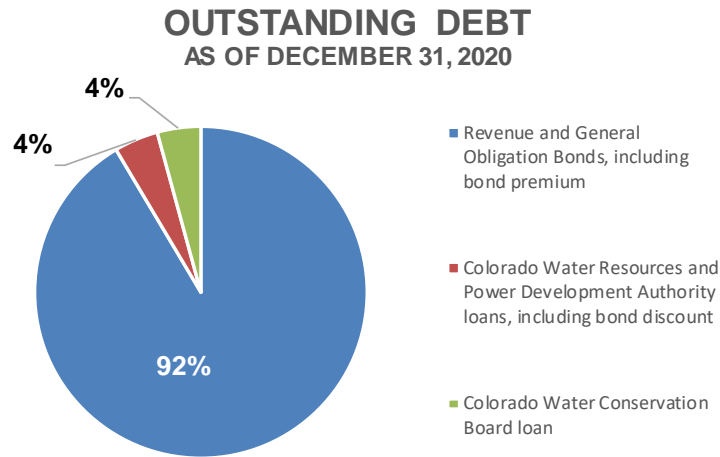
Additional information on the District's outstanding debt can be found in Note 4 of the financial statements.

OUTSTANDING DEBT

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Revenue Bonds	\$ 104,045,000	\$ 53,490,000	\$ 54,275,000
Bond Premium	9,320,887	7,668,057	8,094,061
General Obligation Bonds	84,400,000	80,830,000	82,810,000
Bond Premium	10,370,009	8,753,017	9,131,699
Colorado Water Resources and Power Development Authority loans	9,766,241	61,898,697	64,518,007
Bond Discount	-	(42,625)	(45,578)
Colorado Water Conservation Board Loan	9,635,302	10,039,356	9,871,222
TOTAL OUTSTANDING DEBT	\$ 227,537,439	\$ 222,636,502	\$ 228,654,411

Parker Water and Sanitation District

**Management’s Discussion and Analysis
Fiscal Year Ending December 31, 2020**



LONG-TERM PLANNING

For all long-term planning activities, the District relies on the 2020 Water and Wastewater Master Plan (the “Master Plan”), the 2020 Cost-of-Service Rate Study Report and 10-Year Financial Plan and the 2018 Long-Term Water Supply Plan (the “Water Supply Plan”).

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

ECONOMIC FACTORS AND RATES

Rates and fees for the water and sewer enterprises are set by the Board of Directors to meet the cost of operations and to partially fund debt service. Total debt service for the District continues to be funded through a combination of property taxes, rates charged to customers for services as well as system development fees collected from new development.

For 2020, there was a 2.26% increase to the water base charge, for any customer class, and an average increase of 3.5% on all three tiers of the water usage rates for residential and multi-family accounts, resulting in a water only portion increase of approximately 2.88% for the average residential customer. The Board of Director’s approved a water usage rate increase of approximately 3.7% for all other customer classes. There was an increase of 2.02% for sewer base charge and 2.05% usage charges. See the supplementary information section of this report for more information of rates and fees.

Parker Water and Sanitation District

Management's Discussion and Analysis Fiscal Year Ending December 31, 2020

In 2020, the Board of Directors approved a water system development fee increase of \$3,260 per SFE, a water resource system development fee increase of \$930 per SFE and a sewer system development fee increase of \$1,760 per SFE. See the supplementary information section of this report for more information of rates and fees

The District's underlying credit rating is 'AA+', with a stable outlook'. The rationale for the rate reflects the District's 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, 2020 and 2019**

	2020	2019
Assets		
Current assets:		
Cash and cash equivalents	\$ 112,805,854	\$ 71,163,159
Investments	30,178,765	66,125,661
Accounts receivable:		
Service fees	2,208,921	2,007,799
Other	375,664	465,453
Property tax receivable	6,748,003	6,683,002
Accrued interest receivable	40,961	47,799
Lease receivable	995,642	1,184,350
Prepaid expenses	360,567	-
Inventory (Note 1)	432,255	401,449
Other	8,700	3,700
Investments, designated	-	19,049,667
Total current assets	154,155,332	167,132,039
Noncurrent assets		
Capital assets: (Note 3)		
Land and land improvements	37,556,226	37,436,865
Buildings and infrastructure	323,146,487	310,287,644
Reuter-Hess reservoir	188,874,580	188,874,580
Water rights	142,070,598	141,992,598
Equipment and vehicles	104,267,515	102,450,950
Construction in progress	94,686,343	25,682,779
Subtotal	890,601,749	806,725,416
Less: accumulated depreciation	(211,360,294)	(191,707,733)
Total capital assets	679,241,455	615,017,683
Cash and cash equivalents—restricted (Note 2)	18,745,437	23,469,297
Total noncurrent assets	697,986,892	638,486,980
Total assets	852,142,224	805,619,019
Deferred outflows of resources		
Deferred charge on refunding	3,208,639	5,623,071

	2020	2019
Liabilities		
Current liabilities:		
Accounts and retainage payable	\$ 11,304,202	\$ 4,176,658
Accrued compensation	315,253	389,743
Other accrued expenses	4,320	4,237
Accrued interest payable	1,966,687	3,333,483
Construction and inclusion deposits	8,010,324	5,387,794
Compensated absences	597,210	699,864
Bonds and notes payable	9,479,507	6,036,510
Total current liabilities	31,677,503	20,028,289
Noncurrent liabilities:		
Long-term debt	218,057,932	216,599,992
Compensated absences	369,688	117,894
Total noncurrent liabilities	218,427,620	216,717,886
Total liabilities	250,105,123	236,746,175
Deferred inflows of resources		
Property taxes	6,748,003	6,683,002
Lease revenue	939,788	1,146,330
Total deferred inflows of resources	7,687,791	7,829,332
Net position		
Net investment in capital assets	454,945,554	416,423,829
Restricted	18,745,437	23,469,297
Unrestricted	123,866,958	126,773,457
Total net position	\$ 597,557,949	\$ 566,666,583

See notes to financial statements.

Parker Water and Sanitation District

**Statements of Revenues, Expenses and Changes in Net Position
Years Ended December 31, 2020 and 2019**

	2020	2019
Operating revenues:		
Charges for services	\$ 34,453,899	\$ 30,187,970
Other operating income	1,547,034	1,033,404
Total operating revenues	36,000,933	31,221,374
Operating expenses:		
Salaries and benefits	10,051,976	9,504,442
Insurance	280,203	267,030
Professional services	2,697,352	1,695,390
Support services	3,485,687	4,003,102
Utilities	3,974,143	3,692,989
Contract labor and maintenance	2,289,304	1,841,571
Supplies	842,263	960,770
Chemicals	1,920,693	1,705,865
Information technology	287,490	273,966
Administrative	353,777	467,271
Depreciation	19,741,456	18,885,762
Total operating expenses	45,924,344	43,298,158
Operating (loss)	(9,923,411)	(12,076,784)
Nonoperating revenues and (expenses):		
Property taxes	6,493,498	6,209,999
Specific ownership taxes	590,755	650,505
Farm land revenue	315,197	419,433
Water resource farms	(201,986)	(185,580)
Net investment income	1,833,705	4,166,522
Interest expense	(9,987,332)	(9,307,853)
Gain on disposal of assets	81,270	484,718
Other income	2,499,920	2,042,863
Total nonoperating revenues (expense)	1,625,027	4,480,607
Loss before capital contributions	(8,298,384)	(7,596,177)
Capital contributions:		
System development fees received	14,331,560	10,132,030
Contributed assets from developers	11,615,330	5,018,992
Water resource fees	1,090,000	1,665,000
Water resource system development fees	12,152,860	9,758,000
Total capital contributions	39,189,750	26,574,022
Change in net position	30,891,366	18,977,845
Net position, beginning of year	566,666,583	547,688,738
Net position, end of year	\$ 597,557,949	\$ 566,666,583

See notes to financial statements.

Parker Water and Sanitation District

Statements of Cash Flows
Years Ended December 31, 2020 and 2019

	2020	2019
Cash flows from operating activities:		
Cash received from customers/operations	\$ 38,512,130	\$ 34,178,126
Cash payments to suppliers for goods and services	(16,530,758)	(14,803,803)
Cash payments to employees for services	(9,977,243)	(9,166,638)
Net cash flows provided by operating activities	12,004,129	10,207,685
Cash flows from noncapital financing activities:		
Property and specific ownership tax, net of fees	1,759,533	1,821,021
Other nonoperating revenues	2,815,117	2,462,296
Other nonoperating expenses	(201,986)	(185,580)
Net cash provided by noncapital financing activities	4,372,664	4,097,737
Cash flows from capital and related financing activities:		
System development fees collected	14,331,560	10,132,030
Water resource fees received	1,090,000	1,665,000
Water resource system development fees received	12,152,860	9,758,000
Property tax revenue for debt service, net of fees	5,324,720	5,039,482
Acquisition of capital assets	(65,441,519)	(23,483,164)
Proceeds from sales of capital assets	303,908	484,718
Proceeds from issuance of debt	124,381,550	351,441
Principal paid on bonds and notes payable	(112,986,510)	(5,567,617)
Interest paid on bonds and notes payable	(15,433,799)	(9,920,951)
Net cash used in capital and related financing activities	(36,277,230)	(11,541,061)
Cash flows from investing activities:		
Proceeds from sale of investments	111,923,376	260,819,253
Purchase of investments	(56,962,559)	(274,611,363)
Interest received	1,858,455	4,692,351
Net cash provided by (used in) investing activities	56,819,272	(9,099,759)
Net increase (decrease) in cash and cash equivalents	36,918,835	(6,335,398)
Cash and cash equivalents, beginning of year	94,632,456	100,967,854
Cash and cash equivalents, end of year	\$ 131,551,291	\$ 94,632,456

(Continued)

Parker Water and Sanitation District

Statements of Cash Flows (Continued)
Years Ended December 31, 2020 and 2019

	2020	2019
Reconciliation of operating loss to net cash provided by operating activities:		
(Loss) from operations	\$ (9,923,411)	\$ (12,076,784)
Adjustments to reconcile (loss) from operations to net cash provided by operating activities:		
Depreciation	19,741,456	18,885,762
Changes in assets and liabilities related to operations:		
Accounts receivable	(111,333)	520,094
Inventory	(30,806)	10,442
Prepaid expenses	(360,567)	98,706
Accounts payable	(3,473)	(4,999)
Accrued expenses	(74,407)	202,708
Other assets	(5,000)	-
Compensated absences	149,140	135,096
Construction deposits	2,622,530	2,436,660
Total adjustments	21,927,540	22,284,469
Net cash provided by operating activities	\$ 12,004,129	\$ 10,207,685

Cash flows from capital and related financing activities do not include \$11,615,330 and \$5,018,992 of water rights and/or water and sewer lines contributed to the District during 2020 and 2019, respectively; Cash flows from capital and related financing activities do not include \$11,141,561 and \$4,010,544 of acquisition of capital assets through accounts and retainage payable for 2020 and 2019, respectively.

Cash flows from investing activities do not include \$35,746 and \$158,012 of market value adjustment on investments for 2020 and 2019, respectively.

Cash flows from noncapital financing activities do not include \$995,642 and \$1,184,350 of lease receivables, respectively.

See notes to financial statements.

Parker Water and Sanitation District

Notes to Financial Statements

Note 1. Organization and Summary of Significant Accounting Policies

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

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

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

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 the liability is incurred. Depreciation is computed and recorded as an operating expense. Expenditures for capital assets are reported as increases in assets.

Operating revenues and expenses: The District distinguishes between operating revenues and expenses and nonoperating items in the Statements of Revenues, Expenses and Changes in Net Position. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the District's purpose of providing water and sanitation services to its customers. While operating revenues consist mainly of charges to customers for services, the District also has agreements to provide operations and maintenance services, the wheeling of water through its distribution system and supplying potable water through the advance water purification facility to other utilities.

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

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

Budgets: In accordance with the State Budget Law, the District's Board of Directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The District's Board of Directors can modify the budget by line item within the total appropriation without notification.

The appropriation can only be modified upon completion of notification and publication requirements. The appropriation is at the total fund expenditures level and lapses at year end. Contributions of water and/or sewer lines are not reflected as a budgetary revenue or expenditure as they do not generate or require the use of funds available.

Parker Water and Sanitation District

Notes to Financial Statements

Note 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 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 or reserved 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 service fees receivable. Management has a history of high accounts receivable collections and has not recorded any bad debt expense in recent years. As a result, management has not recorded an allowance for uncollectible accounts as of December 31, 2020 and 2019, as they consider amounts fully collectible.

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

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

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

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 32,400 acre-feet of water per year. The water rights of the District do not have a definite useful life; therefore no amortization expense is being recognized on them in accordance with GASB Statement No. 51.

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

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

Capital contributions: Capital contributions are comprised of system development fees, water resource fees and water resource system development fees and are recorded as capital contributions when received. These fees are used by the District to defray the cost of acquiring, constructing or improving capital assets, and are therefore not reported as operating revenue. Contributions 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 represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The District only has one item that qualifies for reporting in this category. It is the deferred charge on a bond refunding reported in the statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

Deferred inflows of resources: In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents 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 two sources, property taxes and lease revenue. The amounts are deferred and recognized as an inflow of resources in the year the property taxes are levied and budgeted for and when the present value of lease receivables are determined.

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 with a maximum accumulation of 520 hours. 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% 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% of accrued sick time upon termination of employment. Employees hired prior to January 1, 2012 with 15 years of regular full-time service are paid for 100% of accrued sick time upon termination of employment.

Reclassifications: Certain reclassifications have been made to the 2019 financial statements to conform to the 2020 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% 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, 2020 and 2019, the District's cash deposits had a carrying balance of \$131,551,291 and \$94,632,456, 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

The District invests in the Colorado Government Liquid Asset Trust (COLOTRUST), 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 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.

Parker Water and Sanitation District

Notes to Financial Statements

Note 2. Cash and Investments (Continued)

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

Interest rate risk: The District owned the following debt securities as of December 31, 2020:

	Fair Value	Remaining Maturity				
		12 Months or Less	13–24 Months	25–36 Months	37–48 Months	49–60 Months
U.S. government agencies	\$ 22,328,694	\$ 1,907,300	\$ 960,434	\$ 5,996,918	\$ 5,998,452	\$ 7,465,590
U.S. Treasury notes	1,222,687	-	1,222,687	-	-	-
Commercial paper	3,978,313	3,978,313	-	-	-	-
Certificates of deposit	2,649,071	580,039	1,283,869	268,828	256,417	259,918
	<u>\$ 30,178,765</u>	<u>\$ 6,465,652</u>	<u>\$ 3,466,990</u>	<u>\$ 6,265,746</u>	<u>\$ 6,254,869</u>	<u>\$ 7,725,508</u>

The District owned the following debt securities as of December 31, 2019:

	Fair Value	Remaining Maturity				
		12 Months or Less	13–24 Months	25–36 Months	37–48 Months	49–60 Months
U.S. government agencies	\$ 27,025,972	\$ 6,144,307	\$ 4,908,769	\$ -	\$ 2,995,647	\$ 12,977,249
U.S. Treasury notes	22,163,494	20,958,994	-	1,204,500	-	-
Commercial paper	17,470,733	17,470,733	-	-	-	-
Certificates of deposit	18,515,129	16,752,097	750,688	1,012,344	-	-
	<u>\$ 85,175,328</u>	<u>\$ 61,326,131</u>	<u>\$ 5,659,457</u>	<u>\$ 2,216,844</u>	<u>\$ 2,995,647</u>	<u>\$ 12,977,249</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, 2020 and 2019, 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.

Concentration of credit risk: The District has a policy that addresses specific limitations on the amount that can be invested in any one issuer, and requires diversification of investments, excluding U.S. Treasury securities. As of December 31, 2020, more than 5.0% of the District's investments are concentrated in Federal National Mortgage Association (9.8%), Federal Farm Credit Bank securities (8.6%), Federal Home Loan Mortgage Corp securities (37.2%), and Federal Home Loan Bank securities (18.4%). As of December 31, 2019, more than 5% of the District's investments are concentrated in, Federal Farm Credit Bank securities (9.4%), Federal Home Loan Mortgage Corp securities (10.6%), and Federal Home Loan Bank securities (7.7%). 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.

Parker Water and Sanitation District

Notes to Financial Statements

Note 2. Cash and Investments (Continued)

Credit risk: As of December 31, 2020 and 2019, the District had invested \$111,352,105 and \$22,661,460, respectively, in the COLOTRUST Plus investment pools which is rated AAAM by Standard & Poor's.

As of December 31, 2020 and 2019, the District had invested \$0 and \$5,390,482, respectively, in Federated Prime Obligations fund, a money market fund. This fund is rated AAAM by Standard & Poor's.

As of December 31, 2020 and 2019, the District had \$3,978,313 and \$17,470,733, 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, 2020 and 2019. 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, 2020:

	December 31, 2020	Fair Value Measurements Using		
		(Level 1)	(Level 2)	(Level 3)
Investments measured at fair value:				
U.S. government agencies	\$ 22,328,693	\$ -	\$ 22,328,693	\$ -
U.S. Treasury notes	1,222,687	1,222,687	-	-
Commercial paper	3,978,313	-	3,978,313	-
Certificates of deposit	2,649,072	-	2,649,072	-
	<u>30,178,765</u>	<u>\$ 1,222,687</u>	<u>\$ 28,956,078</u>	<u>\$ -</u>
Cash equivalents measured at NAV, local government investment pools	111,352,105			
Total investments	<u>\$ 141,530,870</u>			

The District has the following investments and fair value measurements as of December 31, 2019:

	December 31, 2019	Fair Value Measurements Using		
		(Level 1)	(Level 2)	(Level 3)
Investments measured at fair value:				
U.S. government agencies	\$ 27,025,972	\$ -	\$ 27,025,972	\$ -
U.S. Treasury notes	22,163,494	22,163,494	-	-
Commercial paper	17,470,733	-	17,470,733	-
Certificates of deposit	18,515,129	-	18,515,129	-
	<u>85,175,328</u>	<u>\$ 22,163,494</u>	<u>\$ 63,011,834</u>	<u>\$ -</u>
Investments measured at amortized cost, certificates of deposit	16,002,426			
Cash equivalents measured at NAV, local government investment pools	22,661,460			
Cash equivalents measured at amortized cost, money market funds	5,390,482			
Total investments	<u>\$ 129,229,696</u>			

Cash and investments are restricted for the following purposes:

	2020	2019
Restricted for debt reserve	\$ 5,791,269	\$ 5,124,647
Restricted for operating reserve	6,954,168	6,954,168
Restricted for water treatment plant	-	5,390,482
Restricted for rate stabilization reserve	6,000,000	6,000,000
Cash and cash equivalents—restricted	<u>\$ 18,745,437</u>	<u>\$ 23,469,297</u>

Parker Water and Sanitation District

Notes to Financial Statements

Note 2. Cash and Investments (Continued)

Debt reserve: In anticipation of required debt service payments on the District's debt liabilities, separate funds are created for each debt instrument that is funded on a monthly basis to fulfill the next debt payment. At December 31, 2020 and 2019, the District had restricted cash and cash equivalents of \$5,971,269 and \$5,124,647, respectively.

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 \$6,954,168 at December 31, 2020 and 2019.

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 \$0 and \$5,390,482 at December 31, 2020 and 2019, respectively.

Rate stabilization reserve: Pursuant to a resolution adopted by the Board in 2002, the District has covenanted to maintain an amount equal to at least \$6 million in a Rate Stabilization Account. The reserve may be accessed in an event that the District requires to meet an additional bonds test. In the 2010 loan agreement between the District and the Colorado Water Resources Development Authority, the District covenanted that in the event any amounts are withdrawn from the Rate Stabilization account, it would replenish the amounts so withdrawn from any available funds. At December 31, 2020 and 2019, the District has reserved cash equivalents of \$6,000,000.

2018 Revenue Bond proceeds: In 2018, the District issued bonds in the amount of \$36,225,000 to fund their Denver Basin water well centralization project, the Cherry Creek Interceptor project, and the expansion of their North Water Reclamation Facility project. At December 31, 2020 and 2019, the unspent bond proceeds are \$32,899 and \$18,419,576, respectively and is reported in the net investment in capital assets section of the statement of net position.

At December 31, 2020 and 2019, cash deposits and investments are classified on the statements of net position as follows:

	2020	2019
Cash and cash equivalents	\$ 112,805,854	\$ 71,163,159
Cash and cash equivalents—reserved or restricted	18,745,437	23,469,297
Investments	30,178,765	85,175,328
	<u>\$ 161,730,056</u>	<u>\$ 179,807,784</u>
Cash deposits	\$ 131,551,291	\$ 94,632,456
Investments	30,178,765	85,175,328
	<u>\$ 161,730,056</u>	<u>\$ 179,807,784</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, 2020 and 2019 follows:

	2020			Balance at December 31, 2020
	Balance at December 31, 2019	Additions	Disposals and Transfers	
Capital assets, not being depreciated:				
Land	\$ 14,906,718	\$ -	\$ -	\$ 14,906,718
Water rights	141,992,598	78,000	-	142,070,598
Land improvements	3,155,118	-	-	3,155,118
Construction in progress	25,682,779	72,967,111	(3,963,547)	94,686,343
Total capital assets, not being depreciated	185,737,213	73,045,111	(3,963,547)	254,818,777
Capital assets, being depreciated:				
Land improvements	19,375,029	-	119,361	19,494,390
Buildings	130,429,175	-	265,182	130,694,357
Infrastructure	179,858,469	11,537,329	1,056,332	192,452,130
Machinery and equipment	100,051,533	-	1,577,607	101,629,140
Reservoir—Rueter Hess	188,874,580	-	-	188,874,580
Vehicles	2,399,417	-	238,958	2,638,375
Total capital assets, being depreciated	620,988,203	11,537,329	3,257,440	635,782,972
Less accumulated depreciation for:				
Land improvements	11,067,477	950,397	-	12,017,874
Buildings	41,944,060	4,487,308	-	46,431,368
Infrastructure	52,609,143	5,424,593	-	58,033,736
Machinery and equipment	61,565,360	5,734,404	-	67,299,764
Reservoir—Rueter Hess	22,961,964	2,875,671	-	25,837,635
Vehicles	1,559,729	269,083	(88,895)	1,739,917
Total accumulated depreciation	191,707,733	19,741,456	(88,895)	211,360,294
Total capital assets, being depreciated, net	429,280,470	(8,204,127)	3,346,335	424,422,678
Capital assets, net	\$ 615,017,683	\$ 64,840,984	\$ (617,212)	\$ 679,241,455

Parker Water and Sanitation District

Notes to Financial Statements

Note 3. Capital Assets (Continued)

	2019			Balance at December 31, 2019
	Balance at December 31, 2018	Additions	Disposals and Transfers	
Capital assets, not being depreciated:				
Land	\$ 14,853,109	\$ -	\$ 53,609	\$ 14,906,718
Water rights	140,701,098	1,291,500	-	141,992,598
Land improvements	3,155,118	-	-	3,155,118
Construction in progress	9,354,802	25,841,247	(9,513,270)	25,682,779
Total capital assets, not being depreciated	<u>168,064,127</u>	<u>27,132,747</u>	<u>(9,459,661)</u>	<u>185,737,213</u>
Capital assets, being depreciated:				
Land improvements	19,160,371	-	214,658	19,375,029
Buildings	130,144,022	-	285,153	130,429,175
Infrastructure	172,872,527	3,698,094	3,287,848	179,858,469
Machinery and equipment	94,891,502	-	5,160,031	100,051,533
Reservoir—Rueter Hess	188,874,580	-	-	188,874,580
Vehicles	2,159,037	-	240,380	2,399,417
Total capital assets, being depreciated	<u>608,102,039</u>	<u>3,698,094</u>	<u>9,188,070</u>	<u>620,988,203</u>
Less accumulated depreciation for:				
Land improvements	10,112,297	955,180	-	11,067,477
Buildings	37,464,372	4,479,688	-	41,944,060
Infrastructure	47,565,091	5,044,052	-	52,609,143
Machinery and equipment	56,372,980	5,302,173	(109,793)	61,565,360
Reservoir—Rueter Hess	20,086,293	2,875,671	-	22,961,964
Vehicles	1,468,227	228,998	(137,496)	1,559,729
Total accumulated depreciation	<u>173,069,260</u>	<u>18,885,762</u>	<u>(247,289)</u>	<u>191,707,733</u>
Total capital assets, being depreciated, net	435,032,779	(15,187,668)	9,435,359	429,280,470
Capital assets, net	<u>\$ 603,096,906</u>	<u>\$ 11,945,079</u>	<u>\$ (24,302)</u>	<u>\$ 615,017,683</u>

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, 2020 and 2019.

	Interest Rates	Balance at January 1, 2020	New Issues	Retirements	Balance at December 31, 2020	Due Within One Year
Bonds and parity obligations:						
2001 CWRPDA Clean Water Loan	4.01	\$ 675,865	\$ -	\$ 327,204	\$ 348,661	\$ 348,661
2002 CWRPDA Clean Water Loan	3.62	9,737,832	-	320,252	9,417,580	325,680
2010 CWRPDA Loan	5.78	51,485,000	-	51,485,000	-	-
Less Bond Discount		(42,625)	-	(42,625)	-	-
2012 Revenue Refunding Bonds	2.0-5.0	17,265,000	-	2,925,000	14,340,000	4,040,000
Add Bond Premium		1,896,617	-	172,420	1,724,197	-
2012 General Obligation Refunding Bonds	3.0-4.0	80,830,000	-	56,485,000	24,345,000	2,135,000
Add Bond Premium		8,753,017	-	6,113,376	2,639,641	-
2018 Revenue Bonds	2.0-5.0	36,225,000	-	-	36,225,000	995,000
Add Bond Premium		5,771,440	-	250,932	5,520,508	-
2020 Revenue Bonds	4.0	-	12,910,000	-	12,910,000	-
Add Bond Premium		-	2,076,182	-	2,076,182	-
2020 Refunding Bonds	4.0	-	40,570,000	-	40,570,000	-
Add Bond Premium		-	7,730,368	-	7,730,368	-
2020 General Obligation Refunding Bonds	0.725	-	61,095,000	1,040,000	60,055,000	1,220,000
Notes from direct borrowings:						
2014 CWCB Loan A	2.75	3,722,515	-	188,348	3,534,167	193,528
2014 CWCB Loan B	2.75	5,650,934	-	215,706	5,435,228	221,638
2014 CWCB Loan D	2.75	665,907	-	-	665,907	-
Total long-term debt, net		<u>\$ 222,636,502</u>	<u>\$ 124,381,550</u>	<u>\$ 119,480,613</u>	<u>\$ 227,537,439</u>	<u>\$ 9,479,507</u>

	Interest Rates	Balance at January 1, 2019	New Issues	Retirements	Balance at December 31, 2019	Due Within One Year
Bonds and parity obligations:						
2000 CWRPDA Small Water Loan	4.66	\$ 2,004,167	\$ -	\$ 2,004,167	\$ -	\$ -
2001 CWRPDA Clean Water Loan	4.01	981,612	-	305,747	675,865	327,204
2002 CWRPDA Clean Water Loan	3.62	10,047,228	-	309,396	9,737,832	320,252
2010 CWRPDA Loan	5.78	51,485,000	-	-	51,485,000	-
Less Bond Discount		(45,578)	-	(2,953)	(42,625)	-
2012 Revenue Refunding Bonds	2.0-5.0	18,050,000	-	785,000	17,265,000	2,925,000
Add Bond Premium		2,071,689	-	175,072	1,896,617	-
2012 General Obligation Refunding Bonds	2.0-5.0	82,810,000	-	1,980,000	80,830,000	2,060,000
Add Bond Premium		9,131,699	-	378,682	8,753,017	-
2018 Revenue Bonds		36,225,000	-	-	36,225,000	-
Add Bond Premium		6,022,372	-	250,932	5,771,440	-
Notes from direct borrowings:						
2014 CWCB Loan A	2.75	3,905,822	-	183,307	3,722,515	188,348
2014 CWCB Loan B	2.75	5,299,493	351,441	-	5,650,934	215,706
2014 CWCB Loan D	2.75	665,907	-	-	665,907	-
Total long-term debt, net		<u>\$ 228,654,411</u>	<u>\$ 351,441</u>	<u>\$ 6,369,350</u>	<u>\$ 222,636,502</u>	<u>\$ 6,036,510</u>

All bonds, parity obligations, and notes contain a provision that in the event of default, outstanding amounts become immediately due if the District is unable to make a payment.

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: 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 received cash subsidy payments from the US Treasury equal to 35%, net of the annual federal sequestration rate of the interest payable on the loan. The interest rate net of the BAB subsidy is 3.85%. Principal payments were set to begin in 2023. The loan was refunded in January 2020 with proceeds from the Water and Sewer Enterprise Refunding and Improvement Revenue Bonds, Series 2020.

Colorado Water Resources and Power Development Authority and Colorado Water Conservation Board loan covenants: The District has pledged the revenue from the operation and use of its facilities and other legally available revenue, after the payment of operation and maintenance expenses of the system, for the repayment of the above referenced loans. The loan agreements contain various restrictive covenants and requirements, including rate covenants, maintenance of a three-month operating reserve (see Note 3) and compliance with an additional bond and/or indebtedness test. At December 31, 2020 and 2019, the District was in compliance with these covenants and requirements of the loan agreements.

In 2019, the loan issued in 2000 matured and is no longer an outstanding obligation.

Water and Sewer Revenue Refunding Bonds, Series 2012, dated June 13, 2012: Principal payments are 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 maintenance expenses for such fiscal year; (b) an amount equal to 110% 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 are 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 2020 and 2019, the District recognized \$5,324,720 and \$5,039,482, 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, 2019, the District has borrowed the full amount of the loan. Principal payments began on February 1, 2016, at an interest rate of 2.75% 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 B for an amount of \$6,785,321 for the Phase 1 Infrastructure. As of December 31, 2020, the District has borrowed \$5,650,933. Principal payments began on June 1, 2020, at an interest rate of 2.75% and repayment term of 20 years.

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, 2020, the District has borrowed \$665,907 and can draw additional borrowings up to the approved amount until June 2021 when principal repayments begin, at an interest rate of 2.75% and repayment term of 20 years.

Water and Sewer Enterprise Revenue Bonds Series 2018, dated January 24, 2018: On January 24, 2018, the District disbursed \$36,225,000 of bonds to be used to acquire and construct certain water and sanitary sewer capital projects. The bonds are secured by the net revenues of the District, which total \$22,385,807 as of December 31, 2020. Principal payments are due starting November 1, 2021, at an interest rate of 5% and a repayment term of 25 years.

Water and Sewer Enterprise Refunding and Improvement Revenue Bonds Series 2020, dated January 14, 2020: On January 14, 2020, the District disbursed \$53,480,000 of bonds to be used to advance refund the 2010 Colorado Water Resources and Power Development Authority bonds and construct certain water and sanitary sewer capital projects. The bonds are secured by the net revenues of the District, which total \$22,385,807 as of December 31, 2020. Principal payments are due starting November 1, 2023, at an interest rate of 4% and a repayment term of 25 years.

The bonds were issued to take advantage of lower interest rates. These transactions resulted in cash flow savings of \$13,638,532 and economic gains (difference between the present value of the debt service payments on the old debt and new debt) of \$8,243,431. The refunding resulted in a difference between the book value of the old debt and the amount required to retire the debt of \$1,228,261. This difference is a deferred loss on the refunding and is being amortized over the original remain life of the old debt or the life of the new debt, whichever is less, using the straight-line method.

General Obligation Refunding Bonds, Federally Taxable, Series 2020, dated May 12, 2020: On January 12, 2020, the District disbursed \$61,095,000 of bonds to be used to partially refund the General Obligation Refunding Bonds, Series 2012. Principal payments began August 1, 2020, at interest rates between 0.725% and 3.062% and a repayment term of 20 years.

The net proceeds were used to purchase State and Local Government Securities (SLGS) to meet the requirements of the refunded debt. Those securities were deposited in an irrevocable escrow trust to provide for all future debt service on the bonds being refunded. As a result, those bonds are defeased, and the related liabilities have been excluded from the District's basic financial statements.

The bonds were issued to take advantage of lower interest rates. These transactions resulted in cash flow savings of \$18,578,065 and economic gains (difference between the present value of the debt service payments on the old debt and new debt) of \$10,743,277. The refunding resulted in a difference between the book value of the old debt and the amount required to retire the debt of \$261,800. This difference is a deferred loss on the refunding and is being amortized over the original remain life of the old debt or the life of the new debt, whichever is less, using the straight-line method.

Parker Water and Sanitation District

Notes to Financial Statements

Note 4. Long-Term Liabilities (Continued)

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

	Bonds and Parity Obligations		Direct Borrowings	
	Principal	Interest	Principal	Interest
2021	\$ 9,064,340	\$ 7,000,795	\$ 415,166	\$ 246,658
2022	9,436,536	6,645,449	426,583	235,241
2023	8,314,272	6,279,838	463,730	242,006
2024	8,554,836	6,020,025	476,483	229,246
2025	8,811,257	5,699,745	489,586	216,136
2026–2030	47,235,000	24,672,683	2,657,443	871,048
2031–2035	57,775,000	15,570,822	3,043,500	484,779
2036–2040	39,460,000	6,452,517	1,578,769	124,571
2041–2044	9,560,000	840,700	84,042	3,515
	<u>\$ 198,211,241</u>	<u>\$ 79,182,574</u>	<u>\$ 9,635,302</u>	<u>\$ 2,653,200</u>

Changes in the District's compensated absences payable are as follows:

	Balance January 1, 2020	Incurred	Retired	Balance December 31, 2020	Due Within One Year
Compensated absences payable	\$ 817,758	\$ 776,053	\$ 626,913	\$ 966,898	\$ 597,210

	Balance January 1, 2019	Incurred	Retired	Balance December 31, 2019	Due Within One Year
Compensated absences payable	\$ 682,662	\$ 670,144	\$ 535,048	\$ 817,758	\$ 699,864

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, 2020 and 2019, the District had a net investment in capital assets calculated as follows:

	2020	2019
Capital assets, net of accumulated depreciation	\$ 679,241,455	\$ 615,017,683
Unspent debt proceeds	32,899	18,419,576
Bonds and notes payable	(227,537,439)	(222,636,502)
Deferred charge on refunding	3,208,639	5,623,071
	<u>\$ 454,945,554</u>	<u>\$ 416,423,828</u>

Parker Water and Sanitation District

Notes to Financial Statements

Note 5. Net Position (Continued)

Restricted net position includes assets that are restricted for use either externally imposed by creditors, guarantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. See Note 2 for restrictions of assets as of December 31, 2020 and 2019.

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

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

Note 6. Leases

The District has entered into eight cash-rent lease agreements, six in 2019 and two in 2020, for tenant use of farm land in Logan County for agricultural and related purposes, whether it be for irrigation, domestic or livestock purposes. This includes use of water wells and irrigation wells and equipment. Each lease allows the tenant to possess and occupy the land during the lease term however each tenant has no holdover rights to the land and must surrender possession at the end of the lease term. The lease terms receivable and deferred information for December 31, 2020 and 2019 is as follows:

Lessee	Lease Term	Total Lease Amount	Discount Rate	Total Interest	Revenues Received as of 12/31/2020	Interest Portion of Payment	Basis at 12/31/2020	NPV of Future Lease Payments
Amen Angus Farms	4/1/19-12/31/23	\$ 167,450	3.5%	\$ 18,856	\$ 66,980	\$ 11,243	\$ 89,227	\$ 83,557
Schuppe Hay Farms	4/1/19-12/31/23	163,417	3.5	18,401	65,366	10,973	87,078	81,544
Gordon A. Schuppe	4/1/19-12/31/23	54,188	3.5	6,102	21,676	3,638	28,874	26,371
Gerk Farms	4/1/19-12/31/23	794,049	3.5	89,413	317,620	53,316	423,113	396,227
George and Rhonda Hernandez	4/1/19-12/31/23	186,278	3.5	20,976	74,512	12,507	99,259	92,952
Ferkovich - Van West	4/1/20-12/31/23	40,140	3.5	5,650	10,035	3,369	26,736	25,868
Ferkovich - Stieb	4/1/20-12/31/23	76,300	3.5	10,740	19,075	6,404	50,821	54,842
Ferkovich Farms, Inc.	4/1/19-12/31/23	357,573	3.5	40,264	143,030	24,009	190,534	178,427
		<u>\$ 1,839,395</u>		<u>\$ 210,402</u>	<u>\$ 718,294</u>	<u>\$ 125,459</u>	<u>\$ 995,642</u>	<u>\$ 939,788</u>

Lessee	Lease Term	Total Lease Amount	Discount Rate	Total Interest	Revenues Received as of 12/31/2019	Interest Portion of Payment	Basis at 12/31/2019	NPV of Future Lease Payments
Amen Angus Farms	4/1/19-12/31/23	\$ 167,450	3.5%	\$ 28,118	\$ 33,490	\$ 9,333	\$ 115,104	\$ 111,409
Schuppe Hay Farms	4/1/19-12/31/23	163,417	3.5	27,510	32,683	9,108	112,332	108,726
Gordon A. Schuppe	4/1/19-12/31/23	54,188	3.5	9,122	10,838	3,020	37,248	36,052
Gerk Farms	4/1/19-12/31/23	794,049	3.5	133,670	158,810	44,256	545,826	528,303
George and Rhonda Hernandez	4/1/19-12/31/23	186,278	3.5	31,358	37,356	10,382	128,046	123,936
Ferkovich Farms, Inc.	4/1/19-12/31/23	357,573	3.5	60,194	71,515	19,929	245,794	237,904
		<u>\$ 1,722,955</u>		<u>\$ 289,972</u>	<u>\$ 344,692</u>	<u>\$ 96,028</u>	<u>\$ 1,184,350</u>	<u>\$ 1,146,330</u>

Parker Water and Sanitation District

Notes to Financial Statements

Note 7. Commitments and Contingencies

Construction commitments: As of December 31, 2020 and 2019, the District had unexpended construction related contract commitments of approximately \$67,787,651 and \$52,261,437, respectively. Approximately 90% of the 2019 contract commitments relate to the expansion of the District's North Water Reclamation Facility.

Covid-19: On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 11, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, and quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate the spread of it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which the District operates. On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was enacted to amongst other provisions, provide emergency assistance for individuals, families and businesses affected by the coronavirus pandemic.

It is unknown how long these conditions will last and what the complete financial effect will be to the District. The extent to which COVID-19 may affect the District's results will depend on future developments, which are highly uncertain and cannot be predicted. To date, the District has not experienced any difficulties related to actions taken to contain the pandemic.

Note 8. 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, 2020 and 2019. The Pool is an organization created by intergovernmental agreement to provide property, liability, public official's 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 official's 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, 2020.

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.

Parker Water and Sanitation District

Notes to Financial Statements

Note 9. 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% of the plan members' compensation is withheld and remitted to the Plan Administrator along with a matching payment of 10% 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% 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, 2020 and 2019 are as follows, there were no liabilities as of December 31:

	2020	2019
Plan members	\$ 677,885	\$ 579,710
District	739,664	637,043
	<u>\$ 1,417,549</u>	<u>\$ 1,216,753</u>

Note 10. 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% of the employees' payroll. Contributions made to this plan by the District were \$270,387 for 2020 and \$254,555 for 2019.

Note 11. 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% of annual revenue in grants from all state and local governments combined, are excluded from the provisions of TABOR. The District's management believes a significant portion of its operations qualifies for this exclusion.

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

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

Parker Water and Sanitation District

Notes to Financial Statements

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

As of December 31, 2020, the GASB had issued several statements not yet required to be implemented by the District. The Statement which might impact the District is as follows:

- GASB Statement No. 96 Subscription Based Information Technology Arrangements, issued in May 2020 will be effective for the District beginning with its fiscal year ending November 30, 2023. Statement No. 96 provides guidance on accounting and financial reporting on subscription-based information technology arrangements.
- GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, issued June 2020, will result in more consistent financial reporting of defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans. This statement will also enhance the relevance, consistency and comparability of (1) the information related to Section 457 plans that meet the definition of a pension plan and the benefits provided through those plans and (2) investment information for all Section 457 plans. Another objective of this statement is to increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform. This statement will be effective for the District with its year ending June 30, 2022.

The District's management has not yet determined the effect of Statement Nos. 96 and 97 will have on the District's financial statements.

Note 13. Subsequent Events

On May 4, 2021 a special election was held for Castle Pines North Metropolitan District (CPNMD) residents to consider if the area within the CPNMD should become a part of the Parker Water and Sanitation District for water and wastewater services, under the terms of an Inclusion Agreement agreed to by both boards in February 2021. The Judges Unofficial Abstract of Votes showed a majority of the electorate to be in favor of the inclusion, and certification of the election is expected to occur approximately two weeks from the election date. As defined in the agreement, CPNMD will transfer ownership of all of their water/wastewater assets. Prior to the inclusion becoming official, CPNMD is also required to extinguish all of its outstanding indebtedness. The inclusion date, for all responsibilities related to water/wastewater services to be transferred and accepted by PWSD, is set for January 3, 2022, and is conditional upon satisfaction of all the terms and conditions in the Inclusion Agreement.

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, 2020**

	Final Budget	Actual	Variance - Positive (Negative)
Revenues:			
Charges for services	\$ 31,729,670	\$ 34,453,899	\$ 2,724,229
Operating tax revenues	1,442,670	1,759,533	316,863
Other operating income	1,422,000	1,547,034	125,034
Investment income	2,400,000	1,833,705	(566,295)
Other nonoperating income	658,000	2,499,920	1,841,920
Reuter-Hess mill levy	5,490,080	5,324,720	(165,360)
System development fees	11,170,650	14,331,560	3,160,910
Water resource fees	200,000	1,090,000	890,000
Water resource system development fees	10,564,500	12,152,860	1,588,360
Farm income	375,000	315,197	(59,803)
Bond proceeds, including premium	18,600,000	124,381,550	105,781,550
Transfer—rate funded capital	9,000,000	9,000,000	-
Other revenue/reimbursements	10,403,580	-	(10,403,580)
Total revenues	103,456,150	208,689,978	105,233,828
Expenditures:			
Salaries	7,544,168	7,108,886	435,282
Employee benefits	3,515,436	2,943,090	572,346
Insurance	211,620	280,203	(68,583)
Professional services	2,633,000	2,697,352	(64,352)
Support services	4,136,830	3,485,687	651,143
Utilities	3,340,000	3,974,143	(634,143)
Contract labor and maintenance	2,368,850	2,289,304	79,546
Supplies and chemicals	3,020,380	2,762,956	257,424
Community education	135,160	-	135,160
Information technology	343,700	287,490	56,210
Water resource farms	206,000	201,986	4,014
Administrative	361,530	353,777	7,753
Debt service	14,820,430	127,053,513	(112,233,083)
Capital outlay	108,624,169	70,479,836	38,144,333
Transfer—rate funded capital	9,000,000	9,000,000	-
Total expenditures	160,261,273	232,918,223	(72,656,950)
Excess revenues over expenditures	\$ (56,805,123)	(24,228,245)	\$ 32,576,878
Funds available, beginning of year		168,780,225	
Funds available, end of year		<u>\$ 144,551,980</u>	
Funds available at December 31, 2020 is computed as follows:			
Current assets		\$ 154,155,332	
Noncurrent assets		18,745,437	
Current liabilities		(31,677,503)	
Current portion of long-term obligations		10,076,717	
Deferred inflows of resources		(6,748,003)	
		<u>\$ 144,551,980</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, 2020**

Revenue (budgetary basis)	\$ 208,689,978
Contributed capital assets	11,615,330
Transfer—rate funded capital	(9,000,000)
Bond proceeds, including premium	<u>(124,381,550)</u>
Total revenue per statement of revenues, expenses and changes in net position	<u>86,923,758</u>
Expenditures (budgetary basis)	232,918,223
Amortization of deferred charge on refunding	2,414,432
Amortization of bond discount and premium, net	(6,494,103)
Transfer—rate funded capital	(9,000,000)
Depreciation	19,741,456
Gain on sale of assets	(81,270)
Capital outlay	(70,479,836)
Debt principal	<u>(112,986,510)</u>
Total expenses per statement of revenues, expenses and changes in fund net position	<u>56,032,392</u>
Change in net position per statement of revenues, expenses and changes in net position	<u>\$ 30,891,366</u>

Parker Water and Sanitation District

**Debt Service Coverage Calculation
Calculation Per Rate Covenant
Year Ended December 31, 2020**

Allowable revenues:	
Total user fees	\$ 36,000,933
Farm land revenue	315,197
Net investment income	1,833,705
Other income (including BAB Subsidy)	2,499,920
Property taxes (sewer operating)	1,168,778
Specific ownership taxes	590,755
Total allowable revenues	\$ 42,409,288
System fees:	
System development fees	\$ 14,331,560
Water resource fees	1,090,000
Water resource system development fees	12,152,860
Total system fees	\$ 27,574,420
Allowable system fees for coverage not exceeding 15% of operating revenue	\$ 6,361,393
Total revenues per covenant	\$ 48,770,681
Operating expenses:	
Operating expenses (less depreciation)	\$ 26,182,888
Farm land expenses	201,986
Total operating and maintenance expenses	\$ 26,384,874
Revenue available for debt service	\$ 22,385,807
Current year debt service:	
Revenue bond and CWRPDA loans total	\$ 8,016,471
Total debt using revenue pledge	\$ 8,016,471
Coverage per rate covenant calculation (minimum 110%)	279%
Coverage without consideration of System Fees (minimum 100%)	200%

Parker Water and Sanitation District

**Debt Service Coverage Calculation—CWCB Loans
Year Ended December 31, 2020**

Allowable revenues:	
Total user fees	\$ 36,000,933
Farm land revenue	315,197
Net investment income	1,833,705
Other income (including BAB Subsidy)	2,499,920
Property taxes (sewer operating)	1,168,778
Specific ownership taxes	590,755
Total allowable revenues	<u><u>\$ 42,409,288</u></u>
 Maximum revenue permitted including system fees	 <u><u>\$ 47,121,431</u></u>
System fees:	
Tap fees	\$ 14,331,560
Water resource fees	1,090,000
System development fees	12,152,860
Total system fees	<u><u>\$ 27,574,420</u></u>
 Allowable system fees for coverage calculation (no more than 10% of total revenue maximum)	 <u><u>\$ 4,712,143</u></u>
 Total calculated revenues	 <u><u>\$ 47,121,431</u></u>
Operating expenses:	
Operating expenses (less depreciation)	\$ 26,182,888
Farm land expenses	201,986
Total operating and maintenance expenses	<u><u>\$ 26,384,874</u></u>
 Revenue available for debt service	 <u><u>\$ 20,736,557</u></u>
Current year debt service:	
Revenue bond total (existing)	\$ 8,016,471
CWCB loans	661,824
Total debt using revenue pledge	<u><u>\$ 8,678,295</u></u>
 Coverage calculation (minimum 110%)	 239%

History of Customer Accounts and SFEs Served

Year	Number of Accounts	Percent Change	SFEs Served	Percent Change
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%
2019	16,876	4.0%	21,120	3.9%
2020	17,562	4.1%	21,840	3.4%

Source: Parker Water & Sanitation District

The following table sets forth water sales, by category, for calendar year 2020.

Category	Annual Usage (Gallons)	Percent of Total Usage
Residential/Multifamily	2,098,403,349	70.7%
Irrigation/Commercial	749,233,253	25.2%
Bulk	121,990,467	4.1%
Total	2,969,627,069	100.0%

Source: Parker Water & Sanitation District

Budget Summary and Comparison

	2016		2017		2018		2019		2020	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
BEGINNING CASH										
Unrestricted	\$ 22,695,013	\$ 22,695,013	\$ 16,586,956	\$ 16,586,956	22,108,175	22,108,175	26,495,525	26,495,525	47,740,544	47,740,544
Restricted	13,125,477	13,125,477	13,521,441	13,521,441	13,374,254	13,374,254	14,219,452	14,219,452	14,202,928	14,202,928
TOTAL BEGINNING CASH	35,820,491	35,820,491	30,108,397	30,108,397	35,482,429	35,482,429	40,714,977	40,714,977	61,943,472	61,943,472
Less Restricted Cash	13,125,477	13,125,477	13,521,441	13,521,441	14,219,452	14,219,452	14,219,452	14,219,452	14,202,928	14,202,928
NET FUNDS AVAILABLE	22,695,013	22,695,013	16,586,956	16,586,956	21,262,977	21,262,977	26,495,525	26,495,525	47,740,544	47,740,544
OPERATING REVENUE										
Charges for Services	24,465,010	26,061,220	26,950,000	27,382,214	27,803,000	30,255,712	29,170,370	30,187,970	31,729,670	34,453,899
Operating Taxes	1,204,500	1,288,432	1,322,000	1,491,127	1,190,000	1,696,502	1,379,000	1,821,021	1,442,670	1,759,534
Other Income	1,708,340	1,779,576	1,816,803	1,837,344	1,657,820	3,307,901	1,657,820	1,899,124	1,797,000	2,265,820
TOTAL OPERATING REVENUES	27,377,850	29,129,228	30,088,803	30,710,685	30,650,820	35,260,115	32,207,190	33,908,115	34,969,340	38,479,252
TOTAL OPERATING RESOURCES	50,072,863	51,824,241	46,675,759	47,297,641	51,913,797	56,523,092	58,702,715	60,403,640	82,709,884	86,219,796
OPERATING EXPENSES										
Salaries	5,185,420	5,192,745	5,416,923	5,224,986	5,798,257	5,866,493	6,800,726	6,656,423	7,544,168	7,108,886
Insurance & Employee Benefits	2,454,390	2,445,278	2,819,425	2,807,993	3,059,926	2,842,997	3,786,005	3,115,049	3,727,056	3,223,293
Professional Services	1,101,900	848,793	1,310,515	1,093,030	1,138,700	1,491,433	2,009,000	1,695,390	2,633,000	2,697,352
Information Technology	285,460	322,885	186,696	194,573	192,750	226,267	242,640	273,966	343,700	287,490
Utilities	3,764,450	4,184,040	3,715,000	3,513,937	3,713,200	3,768,697	3,414,000	3,692,989	3,340,000	3,974,143
Support Services	1,826,850	2,312,060	2,645,020	2,406,076	3,038,590	2,600,481	3,186,820	4,003,102	4,136,830	3,485,687
Contract Labor and Maintenance	760,437	930,331	1,221,462	1,299,053	1,270,430	2,296,077	1,916,700	1,841,571	2,368,850	2,289,304
Supplies	1,873,515	1,735,109	1,946,847	1,966,757	2,276,990	2,156,796	2,689,170	2,666,635	3,020,360	2,762,956
Administrative	341,766	416,996	505,283	253,446	494,680	404,566	497,000	467,271	496,690	353,776
Transfer - Rate Funded Capital	3,000,000	3,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	9,000,000	9,000,000
Debt Service	4,957,772	4,727,478	3,106,600	2,988,010	3,423,200	3,435,224	3,598,320	3,431,201	3,275,370	3,004,709
Water Resource fams	313,404	223,882	242,000	201,185	226,000	208,625	206,500	185,580	206,000	201,986
TOTAL OPERATING EXPENSES	\$ 25,865,364	\$ 26,339,597	\$ 27,115,771	\$ 25,949,046	28,632,723	29,297,656	32,346,881	32,029,177	40,092,044	38,369,583
RESOURCES REMAINING	\$ 24,207,499	\$ 25,484,644	\$ 19,559,988	\$ 21,348,595	\$ 23,281,074	\$ 27,225,436	\$ 26,355,834	\$ 28,374,463	\$ 42,617,840	\$ 47,830,214

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, 2011-2020

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Operating Revenues										
Charges for Services	\$ 21,314,802	\$ 23,024,528	\$ 23,641,284	\$ 22,766,166	\$ 23,998,265	\$ 26,061,220	\$ 27,382,214	\$ 30,255,712	\$ 30,187,970	\$ 34,453,900
Other Operating Income	342,764	321,697	281,489	337,890	435,221	447,332	502,634	1,889,347	1,033,404	1,547,034
Total	21,657,566	23,346,225	23,922,773	23,104,056	24,433,486	26,508,552	27,884,848	32,145,059	31,221,374	36,000,933
Operating Expenses										
Salaries	4,047,121	4,319,118	4,214,621	4,863,917	5,056,608	5,247,951	5,224,986	5,866,494	6,656,423	7,108,887
Employee Benefits	1,407,791	1,493,771	1,602,166	1,214,213	1,786,353	2,215,737	2,617,563	2,581,217	2,848,019	2,943,090
Insurance	184,241	168,922	167,674	173,345	193,432	229,541	190,430	261,779	267,030	280,203
Professional Services	1,226,852	1,503,907	896,031	1,084,682	1,237,228	848,793	1,093,030	1,491,433	1,695,390	2,697,352
Support Services	165,341	208,213	236,223	407,236	550,953	2,312,060	2,406,076	2,600,481	4,003,102	3,485,687
Utilities	3,207,981	3,244,414	3,407,978	3,705,907	4,180,959	4,184,040	3,513,937	3,768,697	3,692,989	3,974,143
Contract Labor & Maintenance	1,529,704	1,633,475	1,791,603	1,702,812	1,737,555	930,331	1,299,053	2,296,077	1,841,571	2,289,304
Supplies	1,178,432	1,376,989	1,369,298	1,362,866	2,097,891	1,735,109	1,966,757	2,156,795	2,666,635	2,762,956
Community Education	103,023	51,395	65,483	22,520	42,908	47,624	46,272	37,167	47,813	128,276
Information Technology	325,229	309,522	257,481	337,213	352,241	322,885	194,573	226,267	273,966	287,490
Administrative	674,300	446,285	570,759	576,006	601,436	369,372	199,149	367,400	419,468	225,500
Depreciation	8,995,268	11,763,786	11,660,729	11,034,528	12,157,714	14,299,762	14,815,799	15,916,009	18,885,762	19,741,456
Total	23,045,283	26,519,797	26,240,046	26,485,245	29,995,278	32,743,205	33,567,625	37,569,816	43,298,158	45,924,344
Operating (Loss)	(1,387,717)	(3,173,572)	(2,317,273)	(3,381,189)	(5,561,792)	(6,234,653)	(5,682,777)	(5,424,757)	(12,076,784)	(9,923,410)
Nonoperating Revenues (Expenses)										
Property Taxes	7,253,967	4,532,006	4,306,089	4,388,951	4,515,264	4,667,265	5,083,891	5,852,733	6,209,999	6,493,498
Specific Ownership Taxes	490,472	359,034	377,122	406,916	445,902	444,824	576,104	643,057	660,505	590,755
Farm Land Revenue	356,131	435,066	436,485	439,142	428,488	373,319	375,103	374,096	419,433	315,197
Farm Land Expenses/Water Resource Farms	(135,543)	(186,618)	(163,592)	(191,800)	(221,411)	(223,882)	(201,185)	(208,625)	(185,580)	(201,986)
Net Investment Income	1,164,754	677,734	484,145	408,959	388,011	575,752	852,051	2,394,344	4,166,522	1,833,705
Interest Expense/Fees	(2,691,577)	(10,091,280)	(7,454,413)	(6,293,024)	(7,136,802)	(7,529,530)	(6,456,848)	(9,034,371)	(9,307,853)	(9,987,332)
Gain (Loss) on Disposal of Assets	(1,125,768)	(76,243)	(7,016)	1,469,614	48,811	(2,457,442)	(330,348)	66,261	484,718	81,270
Other Income	2,033,671	1,423,784	1,916,922	2,183,671	2,203,310	5,508,244	23,209,256	8,040,303	2,042,863	2,499,920
Total	7,346,107	(2,926,517)	(104,258)	2,812,429	671,573	1,378,650	23,108,024	8,127,798	4,480,607	1,625,027
Gain (Loss) Before Capital Contributions	5,958,390	(6,100,089)	(2,421,531)	(568,760)	(4,890,219)	(4,856,103)	17,425,247	2,703,041	(7,596,177)	(8,298,384)
Capital Contributions										
System Development Fees	1,271,950	2,865,289	3,334,200	5,164,817	9,794,000	9,092,930	10,048,700	11,068,840	10,132,030	14,331,560
Contributed Assets from Developers	2,214,560	130,800	219,072	301,591	1,529,459	5,419,088	4,506,453	2,774,059	5,018,992	11,615,330
Water Resource Fees	189,821	170,000	155,000	2,503,181	1,165,000	2,300,000	1,290,000	2,215,000	1,665,000	1,090,000
Water Resource System Development Fees	3,369,585	6,304,900	5,084,375	8,296,000	9,110,900	8,464,040	9,540,890	10,663,370	9,759,000	12,152,860
Total	7,045,916	9,591,989	8,792,647	16,265,589	21,599,359	25,306,058	25,386,043	26,721,269	26,574,022	39,189,750
Change in Net Position	13,004,306	3,491,900	6,371,116	15,696,829	16,709,140	20,449,955	42,811,290	29,424,310	18,977,845	30,891,366
Net Position at Beginning of Year	401,278,164	414,282,470	416,226,098	422,597,214	438,294,043	455,003,183	475,453,138	518,264,428	547,688,738	566,666,583
Restatements		(1,548,272)								
Net Position at End of Year	\$ 414,282,470	\$ 416,226,098	\$ 422,597,214	\$ 438,294,043	\$ 455,003,183	\$ 475,453,138	\$ 518,264,428	\$ 547,688,738	\$ 566,666,583	\$ 597,557,949

Source: Parker Water & Sanitation District

History of Water and Sewer Connection Fees per SFE

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020 ¹
Residential Water Connection Fees	\$ 20,225	\$ 20,975	\$ 21,475	\$ 21,475	\$ 21,800	\$ 21,870	\$ 22,110	\$ 23,040	\$ 24,470	\$ 29,000
Residential Sewer Connection Fees	3,650	4,150	6,650	6,650	3,500	3,510	3,550	3,700	5,000	6,800
Total	\$ 23,875	\$ 25,125	\$ 28,125	\$ 28,125	\$ 25,300	\$ 25,380	\$ 25,660	\$ 26,740	\$ 29,470	\$ 35,800

¹The District implemented the 2020 increase on July 10, 2020

Source: Parker Water & Sanitation District

Table 4

Historical Connection Fee Revenues

<u>Year</u>	<u>Connection Fee Revenue</u>
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
2019	21,555,030
2020	27,574,420

Source: Parker Water & Sanitation District

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

<u>Levy/Collection Year</u>	<u>Assessed Valuation</u>	<u>Percent Change</u>	<u>Mill Levy</u>	<u>Taxes Levied¹</u>	<u>Taxes Collected²</u>	<u>Collection Percentage</u>
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%
2018/2019	665,400,516	2.1%	9.507	6,325,755	6,209,998	98.2%
2019/2020	765,949,539	15.1%	8.645	6,621,634	6,493,498	98.1%

¹Includes mill levy for collection of GO debt taxes.

²Net of County Treasurer's Fees

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

Ten Largest Taxpayers in the District for 2020

Taxpayer Name	Assessed Valuation	Percentage of Total Assessed Valuation ¹
Shea Canyons LLC	7,744,130	0.96%
Parker Hilltop Apartments LP ²	7,009,050	0.87%
Briargate Apartments Property Owners LLC	5,495,670	0.68%
Mainstreet RE Investors LLC	5,360,360	0.67%
20 Mile Road Parker LLC	5,341,450	0.67%
Denver Pope Family LP	5,154,640	0.64%
Cherry Creek Colorado I LLC & Cherry Creek Colorado II LLC	4,992,490	0.62%
BRE DDR Parker Pavilions LLC	4,619,670	0.58%
Radiant Circle Apartments	4,466,960	0.56%
Trailside Holdings LLC	4,404,400	0.55%
Total	\$ 46,844,690	5.83%

¹Based on a 2020 net certified assessed valuation of \$802,903,807

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

Source: Douglas County Assessor's Office

**Maximum Tax Levy Applicable To Properties
Located in the District
For 2020 Taxes Due in 2021**

Government Unit	Mill Levy
Douglas County Government	19.274
Douglas County Law Enforcement	4.500
Douglas County Re-1 School District	35.450
Douglas County Schools - Debt Service	8.054
South Metro Fire Rescue	9.250
Douglas Public Library District	4.012
Parker Water and Sanitation District	8.404
Urban Drainage and Flood Control District	0.900
Cherry Creek Basin Water Quality Authority	0.478
Urban Drainage and Flood South Platte	0.100
Villas Metro District	74.831
Total	165.253

Source: Douglas County Assessor's Office

**Outstanding Debt of the District
as of 12/31/20**

Name of Issue	Amount Outstanding	Year of Final Maturity
CWRPDA Wastewater Loan, Series 2001	348,661	2021
CWRPDA Wastewater Loan, Series 2002	9,417,580	2025
Water & Wastewater Revenue Refunding Bonds, Series 2012	14,340,000	2030
General Obligation Revenue Refunding Bonds, Series 2012 ¹	24,345,000	2032
CWCB Loan A	3,534,167	2035
CWCB Loan B	5,435,228	2039
CWCB Loan D	665,907	2042
2018 Water & Wastewater Revenue Bond	36,225,000	2042
General Obligation Revenue Bonds, Series 2020	60,055,000	2040
Refunding and Improvement Revenue Bonds, Series 2020 ²	53,480,000	2044
Total	\$ 207,846,543	

Source: Parker Water & Sanitation District

¹Debt was partially refinanced in 2020

²Debt was issued in connection with defeasing 100% of CWRPDA Series 2010

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

Year	Principal	Interest	Total
2021	\$ 9,479,506	\$ 7,247,453	\$ 16,726,959
2022	9,863,119	6,880,690	16,743,809
2023	8,778,002	6,521,844	15,299,846
2024	9,031,319	6,249,271	15,280,590
2025	9,300,843	5,915,881	15,216,724
2026-2030	49,892,443	25,543,731	75,436,174
2031-2035	60,818,500	16,055,601	76,874,101
2036-2040	41,038,769	6,577,088	47,615,857
2041-2044	9,644,042	844,215	10,488,257
Total	\$ 207,846,543	\$ 81,835,774	\$ 289,682,317

Source: Parker Water & Sanitation District

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

	Bonds and Parity Obligations		Direct Borrowings	
	Principal	Interest	Principal	Interest
2021	9,064,340	7,000,795	415,166	246,658
2022	9,436,536	6,645,449	426,583	235,241
2023	8,314,272	6,279,838	463,730	242,006
2024	8,554,836	6,020,025	476,483	229,246
2025	8,811,257	5,699,745	489,586	216,136
2026-2030	47,235,000	24,672,683	2,657,443	871,048
2031-2035	57,775,000	15,570,822	3,043,500	484,779
2036-2040	39,460,000	6,452,517	1,578,769	124,571
2041-2044	9,560,000	840,700	84,042	3,515
	<u>198,211,241</u>	<u>79,182,574</u>	<u>9,635,302</u>	<u>2,653,200</u>

Debt Service Requirements

Year	2012 Revenue Bonds			Parity Debt	Non-Parity Debt	Total Debt Service
	Principal	Interest	Total			
2020	2,925,000	776,344	3,701,344	4,315,127	6,236,889	14,253,359
2021	4,040,000	630,094	4,670,094	5,821,246	6,235,619	16,726,959
2022	4,610,000	436,094	5,046,094	5,462,046	6,235,669	16,743,809
2023	605,000	228,644	833,644	8,185,710	6,280,493	15,299,846
2024	635,000	198,394	833,394	8,167,891	6,279,305	15,280,590
2025	665,000	166,644	831,644	8,107,221	6,277,860	15,216,724
2026	700,000	133,394	833,394	7,982,250	6,284,309	15,099,953
2027	735,000	98,394	833,394	7,977,100	6,282,477	15,092,971
2028	760,000	75,425	835,425	7,969,150	6,280,622	15,085,197
2029	780,000	51,675	831,675	7,963,200	6,282,625	15,077,500
2030	810,000	26,325	836,325	7,958,800	6,285,428	15,080,553
2031	-	-	-	9,105,500	6,284,443	15,389,943
2032	-	-	-	9,101,900	6,283,611	15,385,511
2033	-	-	-	9,091,700	6,283,181	15,374,881
2034	-	-	-	9,084,700	6,282,319	15,367,019
2035	-	-	-	9,080,300	6,276,447	15,356,747
2036	-	-	-	3,967,800	5,989,736	9,957,536
2037	-	-	-	3,965,950	5,990,679	9,956,629
2038	-	-	-	3,967,950	5,988,171	9,956,121
2039	-	-	-	3,968,350	5,989,387	9,957,737
2040	-	-	-	3,966,850	3,820,984	7,787,834
2041	-	-	-	3,968,250	43,750	4,012,000
2042	-	-	-	3,967,050	43,807	4,010,857
2043	-	-	-	1,233,000	-	1,233,000
2044	-	-	-	1,232,400	-	1,232,400
Totals	17,265,000	2,821,427	20,086,427	155,611,440	128,237,810	303,935,675

Source: Parker Water & Sanitation District

**Estimated Overlapping Debt Schedule
as of December 31, 2020**

Overlapping Entity	Outstanding General Obligation Debt ¹	Percentage Applicable to the District ²	Share of Debt Applicable to the District
Antelope Heights Metropolitan District.	\$ 9,385,000	100.00%	9,385,000
Canterberry Crossing Metro	9,565,000	100.00%	9,565,000
Canterberry Crossing Metro. II	9,255,000	100.00%	9,255,000
Canyons Metropolitan District No. 5	59,425,000	100.00%	59,425,000
Canyons Metropolitan District No. 6	14,797,000	100.00%	14,797,000
Douglas County Schools	416,815,738	13.60%	56,686,940
Horse Creek Metropolitan District	4,090,000	100.00%	4,090,000
Horseshoe Ridge Metropolitan District No. 1	3,850,000	100.00%	3,850,000
Jordan Crossing Metropolitan District	1,395,000	100.00%	1,395,000
Lincoln Creek Metropolitan District	4,130,000	100.00%	4,130,000
Lincoln Meadows Metropolitan District	7,540,000	94.43%	7,120,022
Neu Towne Metropolitan District	11,000,000	100.00%	11,000,000
Olde Town Metropolitan District	945,000	100.00%	945,000
Overlook Metropolitan District	7,130,000	100.00%	7,130,000
Parker Automotive Metropolitan District	15,336,000	100.00%	15,336,000
Parker Homestead Metropolitan District	8,300,000	100.00%	8,300,000
Pine Bluffs Metropolitan District	3,745,000	100.00%	3,745,000
Reata North Metropolitan District	9,790,000	100.00%	9,790,000
Reata Ridge Village Metropolitan District	5,739,000	100.00%	5,739,000
Regency Metropolitan District	3,720,000	100.00%	3,720,000
Robinson Ranch Metropolitan District	1,795,000	100.00%	1,795,000
Sierra Ridge Metropolitan District	30,000,000	100.00%	30,000,000
Southeast Public Improvement Metropolitan District	2,385,000	0.03%	716
Tallman Gulch Metropolitan District	9,465,000	100.00%	9,465,000
Village on the Green Metropolitan District No. 1	1,335,000	100.00%	1,335,000
Villas Metropolitan District	4,940,000	96.89%	4,786,366
Westcreek Metropolitan District No. 2	7,800,000	100.00%	7,800,000
	<u>663,672,738</u>		<u>300,586,044</u>

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

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

Source: Douglas County and Overlapping Districts

Selected Debt Ratios of the District as of December 31, 2020

Total Actual Value of All Real Property	\$	8,811,230,618
Net Total Taxable Assessed Valuation	\$	802,903,807
Net General Obligation Direct Debt	\$	84,400,000
Estimated Overlapping Debt	\$	300,586,044
<hr/>		
Total Net Direct and Estimated Overlapping Debt	\$	384,986,044
Ratio of Net General Obligation Direct Debt to Actual Value		0.96%
Ratio of Net General Obligation Direct Debt to Assessed Valuation		10.51%
Ratio of Net General Obligation Direct Debt and Estimated Overlapping Debt to Actual Valuation		4.37%
Ratio of Net General Obligation Direct Debt and Estimated Overlapping Debt to Assessed Valuation		47.95%
Total Net General Obligation Direct Debt per Capita ¹	\$	1,464
Net Direct and Estimated Overlapping Debt per Capita ¹	\$	6,678
Estimated Actual Valuation per Capita ¹	\$	152,845
Assessed Valuation per Capita ¹	\$	13,928

¹Estimated District population: 57,648

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
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
2019/2020	765,949,539	15.1%	25,958,771	791,908,310	1.445	7.200	8.645
2020/2021	802,903,807	4.8%	33,502,313	836,406,120	1.466	6.938	8.404

Source: Douglas County Assessor's Office

Property Tax Collections for the District

Levy/ Collection Year	Taxes Levies	Current Tax Collections	Collection Rate
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%
2018/2019	6,325,755	6,209,998	98.17%
2019/2020	6,621,634	6,493,498	98.06%

Source: Douglas County Assessor's Office

2020 Assessed Valuation of Classes of Property in the District

Property Class	2020 Total Assessed Valuation	Percent of Total Assessed Valuation
Residential	\$ 565,255,000	67.58%
Commercial	195,045,780	23.32%
Vacant	44,722,690	5.35%
State Assessed	7,994,600	0.96%
Industrial	23,251,760	2.78%
Agricultural	129,640	0.02%
Natural Resources	6,650	0.00%
Total	\$ 836,406,120	100.00%

Source: Douglas County Assessor's Office

Budget Summary and Comparison - Budgetary Basis

	2016		2017		2018		2019		2020	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Revenues										
Charges for services	\$ 25,262,000	\$ 26,061,220	\$ 25,968,500	\$ 27,382,214	\$ 27,803,000	\$ 30,255,713	\$ 29,170,370	\$ 30,187,970	\$ 31,723,670	\$ 34,453,899
Operating tax revenues	1,062,500	1,288,432	1,116,740	1,491,127	1,190,000	1,696,502	1,379,000	1,821,021	1,442,670	1,759,533
Other operating income	279,800	447,332	324,000	502,634	609,000	1,889,346	1,406,000	1,033,404	1,422,000	1,547,034
Interest income	124,500	575,752	295,000	852,048	695,000	2,394,345	2,590,000	4,166,522	2,400,000	1,833,705
Other nonoperating income	2,426,610	4,288,232	1,215,850	1,459,190	1,573,360	3,211,135	1,617,020	2,042,863	668,000	2,499,920
Rueter-Hess mill levy	3,897,500	3,843,657	4,214,840	4,168,868	4,914,000	4,799,288	5,216,000	5,039,483	5,490,080	5,324,720
System development fees	6,045,900	9,092,930	6,447,210	10,048,700	7,003,000	11,068,840	8,069,000	10,132,030	11,170,650	14,331,560
Water resource fees	155,000	2,330,000	155,000	1,290,000	155,000	2,215,000	200,000	1,665,000	200,000	1,090,000
Water resource system development fees	5,556,000	8,464,040	5,921,580	9,540,890	6,392,000	10,683,370	7,364,000	9,758,000	10,564,500	12,152,860
Farm income	428,500	373,319	418,000	375,103	365,500	374,095	370,600	419,433	375,000	315,197
Transfer-Rate funded capital	3,000,000	3,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	9,000,000	9,000,000
Bond proceeds	6,000,000	1,100,214	5,000,000	-	44,400,000	43,835,260	4,000,000	351,441	18,600,000	124,381,550
Other revenue/reimbursements	16,645,000	2,415,472	23,598,700	26,256,522	3,696,000	4,542,282	2,354,400	-	10,403,580	-
Total revenues	\$ 70,883,510	\$ 63,250,600	\$ 78,675,420	\$ 87,367,296	\$ 102,795,860	\$ 120,945,176	\$ 67,556,390	\$ 70,617,167	\$ 103,456,150	\$ 208,689,978
										102795860
Expenditures										
Salaries	\$ 5,121,010	\$ 5,192,745	\$ 5,516,572	\$ 5,224,986	\$ 5,798,257	\$ 5,866,493	\$ 6,800,726	\$ 6,656,423	\$ 7,544,168	\$ 7,108,886
Employee benefits	2,161,640	2,215,737	2,641,997	2,617,563	2,866,246	2,652,854	3,593,005	2,848,019	3,515,436	2,943,090
Insurance	220,000	229,541	178,000	190,430	193,680	261,779	193,000	267,030	211,620	280,203
Professional services	1,352,000	848,793	1,039,600	1,093,030	1,108,700	1,491,433	2,009,000	1,695,390	2,633,000	2,697,352
Support services	701,800	2,312,060	2,917,000	2,406,076	3,038,590	2,600,481	3,186,820	4,003,102	4,136,830	3,485,687
Utilities	3,762,000	4,184,040	3,885,500	3,513,937	3,713,200	3,768,697	3,414,000	3,692,989	3,340,000	3,974,143
Contract labor & maintenance	2,018,600	930,331	1,240,970	1,299,053	1,270,430	2,296,077	1,916,700	1,841,571	2,368,850	2,289,304
Supplies and Chemicals	2,280,900	1,735,109	2,026,400	1,966,757	2,276,990	2,156,796	2,689,170	2,666,635	3,020,380	2,762,956
Community education	90,800	47,624	60,000	46,272	55,000	37,166	70,500	47,813	135,160	128,276
Information technology	500,690	322,885	175,250	194,573	222,750	226,267	242,640	273,966	343,700	287,490
Water resource farms	175,200	223,882	231,000	201,165	226,000	208,625	206,500	185,580	206,000	201,986
Administrative	769,570	369,372	183,600	207,174	439,680	367,400	426,500	419,458	361,530	225,501
Transfer-Rate funded capital	3,000,000	3,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	9,000,000	9,000,000
Debt service	14,705,180	17,078,856	13,517,800	11,913,960	16,081,100	14,890,514	15,912,620	15,438,770	14,820,430	127,053,513
Capital outlay	44,920,890	22,487,909	60,619,800	45,479,691	44,397,258	23,906,916	61,786,450	25,867,596	108,624,169	70,479,836
Total expenditures	\$ 81,780,280	\$ 61,178,884	\$ 98,233,489	\$ 80,354,687	\$ 85,687,881	\$ 64,731,498	\$ 106,447,631	\$ 69,904,342	\$ 160,261,273	\$ 232,918,223
Excess Revenues over Expenditures	\$ (10,896,770)	\$ 2,071,716	\$ (19,558,069)	\$ 7,012,609	\$ 17,107,979	\$ 56,213,678	\$ (38,691,241)	\$ 712,825	\$ (56,805,123)	\$ (24,228,245)

Source: Parker Water & Sanitation District

History of Net Pledged Revenues and Debt Service Coverage

Fiscal Year	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Gross Pledged Revenues	\$ 21,657,566	\$ 23,346,225	\$ 23,922,773	\$ 23,104,056	\$ 24,433,486	\$ 26,508,552	\$ 27,884,848	\$ 32,145,059	\$ 31,221,374	\$ 36,000,933
Operating Revenues	4,363,885	3,266,978	3,566,527	3,758,090	3,756,781	4,833,984	2,311,238	5,892,365	5,453,871	4,333,625
Non-Operating Revenues	4,831,366	9,461,189	8,573,575	15,963,998	20,069,900	19,886,970	20,879,590	23,947,210	21,555,030	27,574,420
Connection Fees										
Total Gross Pledged Revenues	\$ 30,852,807	\$ 36,074,392	\$ 36,062,875	\$ 42,826,144	\$ 48,260,167	\$ 51,229,506	\$ 51,075,676	\$ 61,984,634	\$ 58,230,275	\$ 67,908,978
Operation & Maintenance Expenses	\$ 14,050,015	\$ 14,756,011	\$ 14,579,317	\$ 15,450,717	\$ 17,837,564	\$ 18,443,443	\$ 18,751,826	\$ 21,653,811	\$ 24,412,396	\$ 26,182,888
Less: Property taxes	(1,493,489)	(721,335)	(1,152,222)	(1,196,867)	(1,258,565)	(1,288,432)	(1,491,127)	(1,696,502)	(1,821,020)	(1,749,469)
Net O&M Expenses	\$ 12,556,526	\$ 14,034,676	\$ 13,427,095	\$ 14,253,850	\$ 16,578,999	\$ 17,155,011	\$ 17,260,699	\$ 19,957,309	\$ 22,591,376	\$ 24,433,419
Net Pledged Revenues	\$ 18,296,281	\$ 22,039,716	\$ 22,635,780	\$ 28,572,294	\$ 31,681,168	\$ 34,074,495	\$ 33,814,977	\$ 42,027,325	\$ 35,638,899	\$ 43,475,559
Historical Debt Service Paid	\$ 8,552,443	\$ 9,495,170	\$ 8,649,009	\$ 8,348,678	\$ 8,594,546	\$ 11,896,066	\$ 7,533,090	\$ 9,309,739	\$ 9,562,757	\$ 8,678,295
Coverage	2.14x	2.32x	2.62x	3.42x	3.69x	2.86x	4.49x	4.51x	3.73x	5.01x

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

Source: Parker Water & Sanitation District

PARKER WATER & SANITATION DISTRICT
District Rate and Fee Schedule
2020

Tap & Development Fee Schedule

Meter Size	Water SDF	Sewer SDF	Water Resources SDF	Water Resource Toll
3/4"	\$ 13,800	\$ 6,800	\$ 15,200	\$ 5,000
1"	\$ 27,600	\$ 13,600	\$ 30,400	\$ 10,000
1 1/2"	\$ 55,200	\$ 27,200	\$ 60,800	\$ 20,000
2"	\$ 96,600	\$ 47,600	\$ 106,400	\$ 35,000
3"	\$ 220,800	\$ 108,800	\$ 243,200	\$ 80,000

Water Rates
2020

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

Water Service Fee	\$ 31.74
Tier 1 Per 1,000 gallons for first 6,000 gallons	\$ 2.40
Tier 2 Per each additional 1,000 gallons up to and including 20,000 gallons	\$ 4.68
Tier 3 Per each additional 1,000 gallons in excess of 20,000 gallons	\$ 9.64

Sewer Rates
2020

Per Single Family Equivalent (per month)

Monthly Fixed Rate	\$ 9.59
Per 1,000 Gallons*	\$ 9.45

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

Source: Parker Water & Sanitation District

To view subsequent changes to the rate schedule please visit pwsd.org

Top 10 Customers of the District

2020	Customer Name	Total \$ Billed	Total Billed Consumption* (gallons)	Rank (By Consumption)	Percent of Total Billed	Percent of Billed Consumption
1	Town & Country Village HOA,	\$ 553,031	43,392,486	2	1.65%	1.52%
2	Villages of Parker HOA (Canterberry Crossing)	\$ 447,359	54,615,476	1	1.33%	1.92%
3	Town of Parker	\$ 427,515	38,812,894	3	1.27%	1.36%
4	Parker Hilltop	\$ 391,226	29,650,026	4	1.17%	1.04%
5	Prairie Meadows Townhomes	\$ 367,537	25,057,378	6	1.10%	0.88%
6	Ironstone Condominiums at Stroh Ranch	\$ 304,864	22,850,554	7	0.91%	0.80%
7	BCORE MF Briargate LLC	\$ 276,326	19,948,197	9	0.82%	0.70%
8	Braddock & Logan Venture Group (Waterford Apts)	\$ 260,235	17,940,434	13	0.78%	0.63%
9	Trailside Apartments	\$ 251,040	19,715,095	10	0.75%	0.69%
10	Prairie Walk on Cherry Creek HOA	\$ 242,694	18,242,674	12	0.72%	0.64%
	Total - TOP 10 Customers	\$ 3,521,826	290,225,214		10.50%	10.19%
	Total - All Customers	\$ 33,535,921	2,847,636,602			

Source: Parker Water & Sanitation District

*Excludes Bulk water and temporary Hydrant water customers