

Parker Water and Sanitation District

Douglas County, Colorado

Financial Statements

December 31, 2021 and 2020

Contents

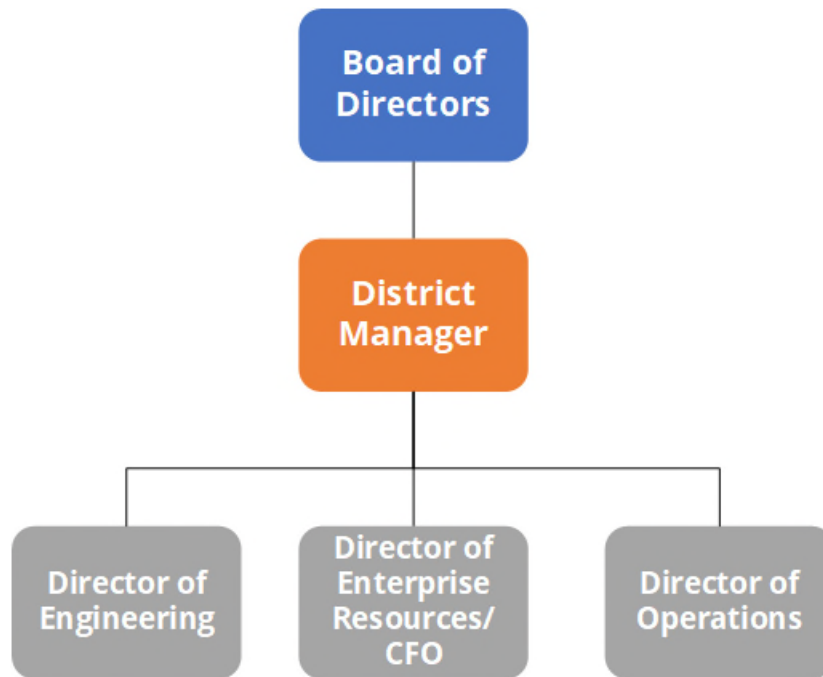
Introductory Section	
District board of directors and organizational chart	i
<hr/>	
Financial Section	
<hr/>	
Independent auditor's report	1-2
Management's discussion and analysis (unaudited)	3-10
Basic financial statements	
Statements of net position	11-12
Statements of revenues, expenses and changes in net position	13
Statements of cash flows	14-15
Notes to financial statements	16-32
<hr/>	
Other Information	
<hr/>	
Schedule of revenues, expenditures and changes in funds available budget-to-actual (budgetary basis)	33
Reconciliation of budgetary basis (actual) to statement of revenues, expenses and changes in net position	34
Debt service coverage calculation	35-36
Supplemental schedules (unaudited)	37-56

District Board of Directors

Board Member	Position	Principal Occupation	Director Since	Current Term Expires
Darcy Beard	Board Chair	Certified Public Accountant	2010	2022
Bill Wasserman	Vice Chair	Executive Recruiter	2012	2023
Kelly McCurry	Secretary	Professional Engineer	2012	2023
Dale Reiman	Treasurer	Sales Representative	2014	2023
Merlin Klotz	Director	Public Official	2012	2022

During the 2022 year Darcy Beard and Kelly McCurry ended their respective terms. Additionally, Donald Langley and Brooke Booth joined the Board of Directors.

**Organizational Chart
January 1, 2022**



Principal Officers:

District Manager:	Ron Redd, P.E.
Director of Engineering:	Rebecca Tejada, P.E.
Director of Enterprise Resources/CFO:	Steve Hellman, CPA
Director of Operations:	James Roche



Independent Auditor's Report

RSM US LLP

Board of Directors
Parker Water and Sanitation District

Opinion

We have audited the financial statements of the business-type activities of Parker Water and Sanitation District (the District) as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the District, as of December 31, 2021 and 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

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

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the other supplementary information, as listed in the table of contents, but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

RSM US LLP

Denver, Colorado
June 21, 2022

Parker Water and Sanitation District

Management's Discussion and Analysis Fiscal Year Ending December 31, 2021

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, 2021 and 2020. Please read this analysis in conjunction with the District's financial statements, which begin on page 11.

FINANCIAL HIGHLIGHTS

- At December 31, 2021 total assets and deferred outflows of resources of the District exceeded total liabilities and deferred inflows of resources by \$669,013,555 (net position). Of this amount, \$150,364,664 (unrestricted net position) may be used to meet the District's ongoing obligations to customers and creditors. Restricted net position of \$18,707,886 is restricted for debt service, debt service reserves, and other operating and capital reserves. At December 31, 2020 the amounts are \$597,557,949 (net position), \$127,387,290 (unrestricted) and \$18,745,437 (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 2021, the monthly water service charge for residential, multi-family, commercial, and irrigation accounts increased from \$31.74 in 2020 to \$32.57 and the monthly sewer service charge increased from \$9.59 in 2020 to \$9.82. See page 55 for a full schedule of fees.
- The District collected tap fees for 1,727 Single Family Equivalents (SFE's) during 2021 from new construction in the District compared to 821 in 2020.
- 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 2021 mill levy for operations was 1.727 mills, less a temporary mill levy rate reduction of .261 mills, for a total of 1.466 mills. The certified 2022 mill levy for sewer operations was also temporarily reduced to 1.425 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 2021 mill levy for the general obligation debt associated with the construction of Rueter-Hess Reservoir was 6.938 mills and the 2022 mill levy has been set at 6.318 mills. In 2021, 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 \$18,120,917 in 2021, \$11,615,330 in 2020, and 5,018,992 in 2019.
- At December 31, 2021, the District's debt service rate covenant calculation is 178 percent, compared to 279 percent at December 31, 2020 and 227 percent at December 31, 2019. 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, 2021

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 2021, net position increased \$71,455,606 from 2020 to \$669,013,555. This increase was primarily due to an increase in current assets related to cash and cash equivalents, an increase in buildings and equipment associated with recently completed capital assets, and a decrease in current liabilities. The increase in cash was due primarily to an increase in the tap fee revenue collected. 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 decreased due to a reduction in accounts and retainage payable, partially offset by an increase in construction deposits and an increase in bonds and notes payable. In 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 and an increase in retainage payable and construction deposits associated with construction projects.

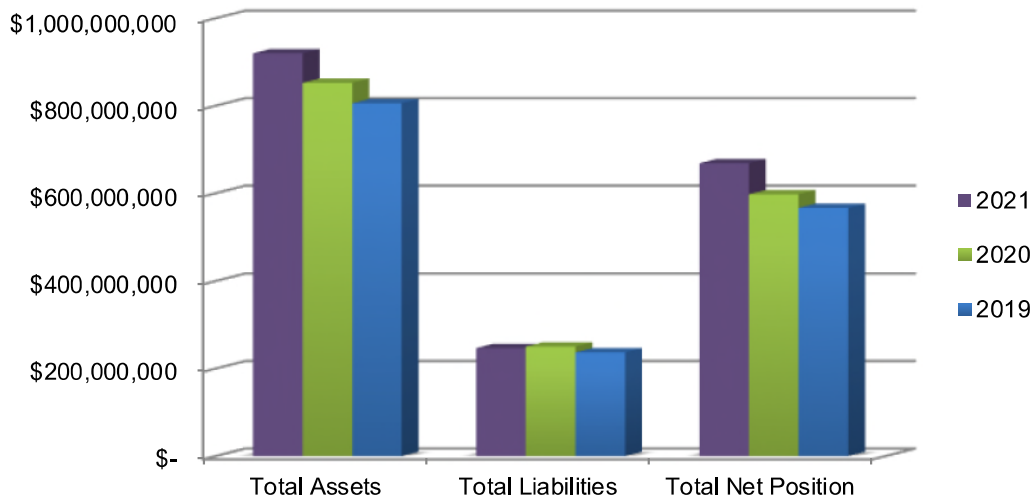
Parker Water and Sanitation District

**Management's Discussion and Analysis
Fiscal Year Ending December 31, 2021**

CONDENSED STATEMENT OF NET POSITION

	2021	2020	2019
Assets			
Current Assets	\$ 173,963,333	\$ 154,155,332	\$ 172,256,686
Noncurrent Assets	18,713,356	18,745,437	18,344,650
Capital Assets	727,354,819	679,241,455	615,017,683
Total assets	920,031,508	852,142,224	805,619,019
Deferred outflows of resources			
Deferred charge on refunding	3,038,962	3,208,639	5,623,071
Liabilities			
Current liabilities	28,749,589	31,677,503	20,028,289
Noncurrent Liabilities	217,765,235	218,427,620	216,717,886
Total liabilities	246,514,824	250,105,123	236,746,175
Deferred inflows of resources			
Unavailable revenue - property taxes	6,830,973	6,748,003	6,683,002
Lease Revenue	711,118	939,788	1,146,330
Net position			
Net investment in capital assets	499,941,005	451,425,222	416,423,829
Restricted	18,707,886	18,745,437	23,469,297
Unrestricted	150,364,664	127,387,290	126,773,457
Total net position	\$ 669,013,555	\$ 597,557,949	\$ 566,666,583

NET POSITION



Parker Water and Sanitation District

**Management's Discussion and Analysis
Fiscal Year Ending December 31, 2021**

CHANGES IN REVENUES, EXPENDITURES AND NET POSITION

For 2021, total operating revenue increased by \$577,422 to \$36,558,355 mainly due an increase in charges for water and wastewater services. Capital contributions, or system connection fees collected from new development within the District, was \$61,469,283. Contributed assets from developers was \$18,120,917. For 2020, total operating revenue increased \$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.

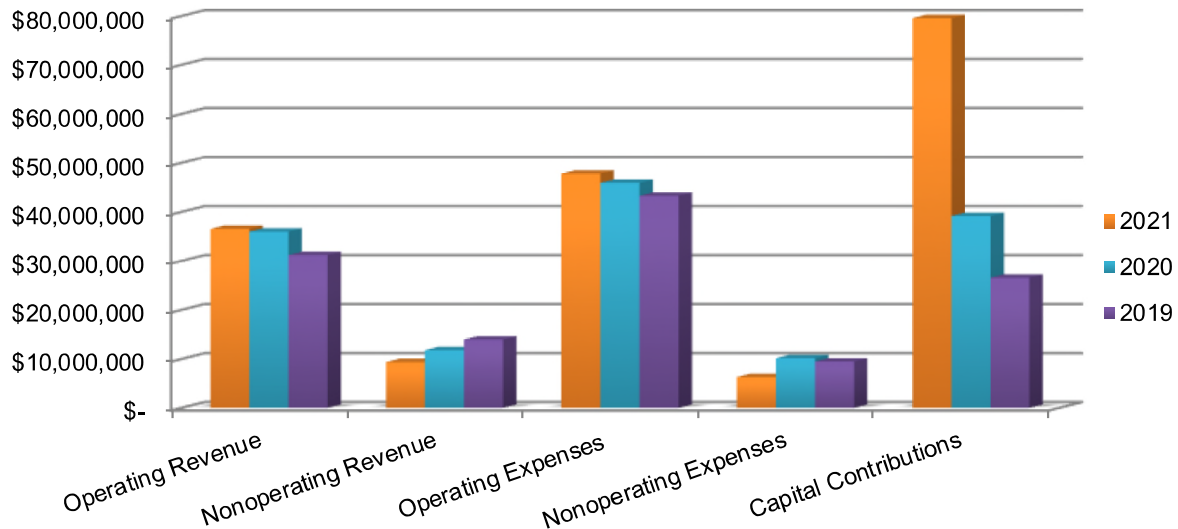
SUMMARY OF REVENUES, EXPENDITURES, AND CHANGES IN NET POSITION

	2021	2020	2019
REVENUES			
Operating Revenue	\$ 36,558,355	\$ 36,000,933	\$ 31,221,374
Non-Operating Revenues:			
Property Taxes	\$ 6,625,421	6,493,498	6,209,999
Net Investment Income	\$ 13,793	1,833,705	4,166,522
Farm Land Revenue	\$ 372,382	315,197	419,433
Gain on Disposal of Assets	\$ 27,293	81,270	484,718
Other	\$ 2,353,583	3,090,675	2,693,368
Total Non-Operating Revenue	\$ 9,392,472	11,814,345	13,974,040
TOTAL REVENUES	\$ 45,950,827	\$ 47,815,278	\$ 45,195,414
Expenses:			
Operating:			
Salaries & Benefits	\$ 10,881,724	\$ 10,051,976	\$ 9,504,442
Insurance	\$ 232,155	280,203	267,030
Professional and Support Services	\$ 5,989,845	6,183,039	5,698,492
Utilities	\$ 4,419,936	3,974,143	3,692,989
Contract Labor and Maintenance	\$ 2,355,746	2,289,304	1,841,571
Chemicals and Supplies	\$ 3,246,587	2,762,956	2,666,635
IT	\$ 306,459	287,490	273,966
Administrative and Miscellaneous	\$ 341,336	353,777	467,271
Depreciation	\$ 20,032,175	19,741,456	18,885,762
Total Operating Expenses	\$ 47,805,963	\$ 45,924,344	\$ 43,298,158
Non-Operating expenses:			
Water Resource Farms	\$ 190,872	\$ 201,986	\$ 185,580
Interest Expense and Loan Fees	\$ 6,088,586	9,987,332	9,307,853
Total Non-Operating Expenses	\$ 6,279,458	\$ 10,189,318	\$ 9,493,433
TOTAL EXPENSE	\$ 54,085,421	\$ 56,113,662	\$ 52,791,591
Gain(Loss) Before Capital Contributions	\$ (8,134,594)	(8,298,384)	(7,596,177)
Capital Contributions	\$ 79,590,200	39,189,750	26,574,022
CHANGE IN NET POSITION	\$ 71,455,606	\$ 30,891,366	\$ 18,977,845
Net Position, beginning of year	\$ 597,557,949	566,666,583	547,688,738
Net Position, end of year	\$ 669,013,555	\$ 597,557,949	\$ 566,666,583

Parker Water and Sanitation District

**Management’s Discussion and Analysis
Fiscal Year Ending December 31, 2021**

CHANGES IN NET POSITION



CAPITAL ASSETS

At December 31, 2021, the District reports \$727,354,819 in capital assets, net of accumulated depreciation, an increase of \$48,113,364 from 2020, mainly due to the construction of the North Water Reclamation Facility Expansion, improvements at the South Water Reclamation Facility, the Ridgeway and Canyon Well Houses and the Cherry Creek Interceptor projects.

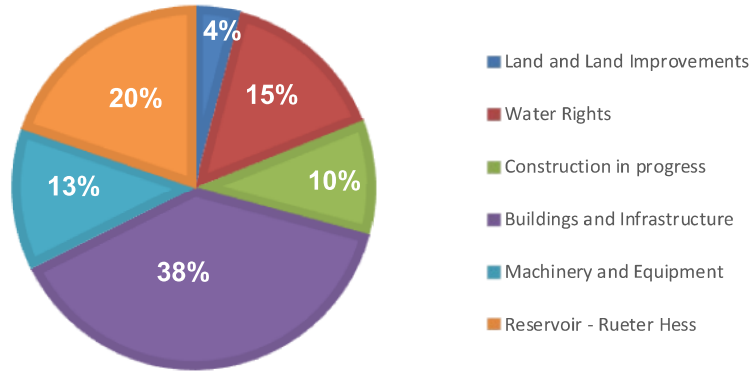
CAPITAL ASSETS			
	2021	2020	2019
Land and Land Improvements	\$ 39,751,371	\$ 37,556,226	\$ 37,436,865
Water Rights	142,504,098	142,070,598	141,992,598
Construction in progress	97,483,660	94,686,343	25,682,779
Buildings and Infrastructure	368,873,486	323,146,487	310,287,644
Machinery and Equipment	121,136,877	104,267,515	102,450,950
Reservoir - Rueter Hess	188,874,580	188,874,580	188,874,580
Accumulated Depreciation	(231,269,253)	(211,360,294)	(191,707,733)
TOTAL CAPITAL ASSETS, NET	\$ 727,354,819	\$ 679,241,455	\$ 615,017,683

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, 2021**

**CAPITAL ASSETS
AS OF DECEMBER 31, 2021**



OUTSTANDING DEBT

The District’s debt consists of the following:

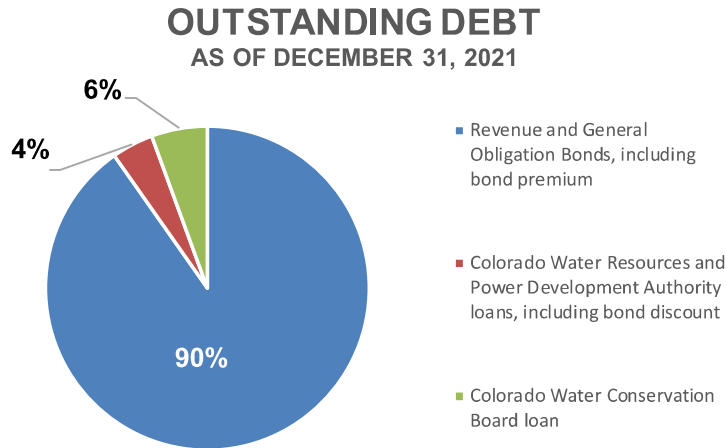
Additional information on the District's outstanding debt can be found in Note 4 of the financial statements.

OUTSTANDING DEBT			
	<u>2021</u>	<u>2020</u>	<u>2019</u>
Revenue Bonds	\$ 99,010,000	\$ 104,045,000	\$ 53,490,000
Bond Premium	16,026,038	9,320,887	7,668,057
General Obligation Bonds	81,045,000	84,400,000	80,830,000
Bond Premium	2,419,671	10,370,009	8,753,017
Colorado Water Resources and Power Development Authority loans	9,091,900	9,766,241	61,898,697
Bond Discount	-	-	(42,625)
Colorado Water Conservation Board Loan	12,335,890	9,635,302	10,039,356
TOTAL OUTSTANDING DEBT¹	\$ 219,928,499	\$ 227,537,439	\$ 222,636,502

¹ Excludes note payable to Shea Canyons, LLC of \$7.3M

Parker Water and Sanitation District

**Management’s Discussion and Analysis
Fiscal Year Ending December 31, 2021**



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 2021, there was a 2.62% increase to the water base charge, for any customer class, and an average increase of 2.55% on all three tiers of the water usage rates for residential and multi-family accounts, resulting in a water only portion increase of approximately 2.58% for the average residential customer. The Board of Director’s approved a water usage rate increase of approximately 2.62% for all other customer classes. There was an increase of 2.40% for sewer base charge and 2.43% 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, 2021**

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, 2021 and 2020**

	2021	2020
Assets		
Current assets:		
Cash and cash equivalents	\$ 135,337,427	\$ 112,805,854
Investments	27,490,638	30,178,765
Accounts receivable:		
Service fees	1,908,722	2,208,921
Other	349,422	375,664
Succeeding year property taxes receivable	6,830,953	6,748,003
Accrued interest receivable	40,961	40,961
Lease receivable	790,847	995,642
Prepaid expenses	627,220	360,567
Inventory (Note 1)	573,229	432,255
Other	13,913	8,700
Total current assets	173,963,332	154,155,332
Noncurrent assets		
Capital assets: (Note 3)		
Land and land improvements	39,751,371	37,556,226
Buildings and infrastructure	368,873,486	323,146,487
Reuter-Hess reservoir	188,874,580	188,874,580
Water rights	142,504,098	142,070,598
Equipment and vehicles	121,136,877	104,267,515
Construction in progress	97,483,660	94,686,343
Subtotal	958,624,072	890,601,749
Less accumulated depreciation	(231,269,253)	(211,360,294)
Total capital assets	727,354,819	679,241,455
Prepaid expenses	5,470	-
Cash and cash equivalents—restricted (Note 2)	18,707,886	18,745,437
Total noncurrent assets	746,068,175	697,986,892
Total assets	920,031,507	852,142,224
Deferred outflows of resources		
Deferred charge on refunding	3,038,962	3,208,639

Parker Water and Sanitation District

**Statements of Net Position
December 31, 2021 and 2020**

	2021	2020
Liabilities		
Current liabilities:		
Accounts and retainage payable	\$ 5,502,990	\$ 11,304,202
Accrued compensation	386,911	315,253
Other accrued expenses	133,455	4,320
Accrued interest payable	1,873,265	1,966,687
Construction and inclusion deposits	10,340,205	8,010,324
Compensated absences	649,643	597,210
Bonds and notes payable	9,863,119	9,479,507
Total current liabilities	28,749,588	31,677,503
Noncurrent liabilities:		
Long-term debt, net of current portion	217,400,756	218,057,932
Compensated absences	364,479	369,688
Total noncurrent liabilities	217,765,235	218,427,620
Total liabilities	246,514,823	250,105,123
Deferred inflows of resources		
Succeeding year property taxes receivable	6,830,973	6,748,003
Lease revenue	711,118	939,788
Total deferred inflows of resources	7,542,091	7,687,791
Net position		
Net investment in capital assets	499,941,005	451,425,222
Restricted	18,707,886	18,745,437
Unrestricted	150,364,664	127,387,290
Total net position	\$ 669,013,555	\$ 597,557,949

See notes to financial statements.

Parker Water and Sanitation District

**Statements of Revenues, Expenses and Changes in Net Position
Years Ended December 31, 2021 and 2020**

	2021	2020
Operating revenues:		
Charges for services	\$ 35,238,948	\$ 34,453,899
Other operating income	1,319,407	1,547,034
Total operating revenues	36,558,355	36,000,933
Operating expenses:		
Salaries and benefits	10,881,724	10,051,976
Insurance	232,155	280,203
Professional services	2,480,738	2,697,352
Support services	3,599,989	3,485,687
Utilities	4,419,936	3,974,143
Contract labor and maintenance	2,264,864	2,289,304
Supplies	1,388,100	842,263
Chemicals	1,858,487	1,920,693
Information technology	306,459	287,490
Administrative	341,336	353,777
Depreciation	20,032,175	19,741,456
Total operating expenses	47,805,963	45,924,344
Operating (loss)	(11,247,608)	(9,923,411)
Nonoperating revenue (expense):		
Property taxes	6,625,421	6,493,498
Specific ownership taxes	677,881	590,755
Farm land revenue	372,382	315,197
Water resource farms	(190,872)	(201,986)
Net investment income	13,793	1,833,705
Interest expense	(6,088,586)	(9,987,332)
Gain on disposal of assets	27,293	81,270
Other income	1,675,702	2,499,920
Total nonoperating revenue (expense)	3,113,014	1,625,027
Loss before capital contributions	(8,134,594)	(8,298,384)
Capital contributions:		
System development fees received	34,261,318	14,331,560
Contributed assets from developers	18,120,917	11,615,330
Water resource fees	1,167,736	1,090,000
Water resource system development fees	26,040,229	12,152,860
Total capital contributions	79,590,200	39,189,750
Change in net position	71,455,606	30,891,366
Net position, beginning of year	597,557,949	566,666,583
Net position, end of year	\$ 669,013,555	\$ 597,557,949

See notes to financial statements.

Parker Water and Sanitation District

Statements of Cash Flows
Years Ended December 31, 2021 and 2020

	2021	2020
Cash flows from operating activities:		
Cash received from customers/operations	\$ 39,343,812	\$ 38,512,130
Cash payments to suppliers for goods and services	(17,441,986)	(16,530,758)
Cash payments to employees for services	(10,673,929)	(9,977,243)
Net cash flows provided by operating activities	11,227,897	12,004,129
Cash flows from noncapital financing activities:		
Property and specific ownership tax	1,870,786	1,759,533
Other nonoperating revenues	2,080,999	2,815,117
Other nonoperating expenses	(190,872)	(201,986)
Net cash provided by noncapital financing activities	3,760,913	4,372,664
Cash flows from capital and related financing activities:		
System development fees collected	34,261,318	14,331,560
Water resource fees received	1,167,736	1,090,000
Water resource system development fees received	26,040,229	12,152,860
Property tax revenue for debt service	5,432,935	5,324,720
Acquisition of capital assets	(55,584,462)	(65,441,519)
Proceeds from sales of capital assets	50,620	303,908
Proceeds from issuance of debt and notes payable	10,451,130	124,381,550
Principal paid on bonds and notes payable	(9,479,507)	(112,986,510)
Interest paid on bonds and notes payable	(6,790,637)	(15,433,799)
Net cash provided by (used in) capital and related financing activities	5,549,362	(36,277,230)
Cash flows from investing activities:		
Proceeds from sale of investments	27,732,646	111,923,376
Purchase of investments	(25,408,793)	(56,962,559)
Interest received	(368,003)	1,858,455
Net cash provided by investing activities	1,955,850	56,819,272
Net increase in cash and cash equivalents	22,494,022	36,918,835
Cash and cash equivalents, beginning of year	131,551,291	94,632,456
Cash and cash equivalents, end of year	\$ 154,045,313	\$ 131,551,291

(Continued)

Parker Water and Sanitation District

**Statements of Cash Flows (Continued)
Years Ended December 31, 2021 and 2020**

	2021	2020
Reconciliation of operating loss to net cash provided by operating activities:		
(Loss) from operations	<u>\$ (11,247,608)</u>	<u>\$ (9,923,411)</u>
Adjustments to reconcile (loss) from operations to net cash provided by operating activities:		
Depreciation	20,032,175	19,741,456
Changes in assets and liabilities related to operations:		
Accounts receivable	342,548	(111,333)
Inventory	(140,974)	(30,806)
Prepaid expenses	(266,653)	(360,567)
Accounts payable	(126,279)	(3,473)
Accrued expenses	257,583	(74,407)
Other assets	-	(5,000)
Compensated absences	47,224	149,140
Construction deposits	2,329,881	2,622,530
Total adjustments	<u>22,475,505</u>	<u>21,927,540</u>
Net cash provided by operating activities	<u>\$ 11,227,897</u>	<u>\$ 12,004,129</u>

Non-Cash Activities:

Cash flows from capital and related financing activities do not include \$18,120,917 and \$11,615,330 of water rights and/or water and sewer lines contributed to the District during 2021 and 2020, respectively; Cash flows from capital and related financing activities do not include \$5,466,629 and \$11,141,561 of acquisition of capital assets through accounts and retainage payable for 2021 and 2020, respectively.

Cash flows from investing activities do not include \$364,274 and \$35,746 of market value adjustment on investments for 2021 and 2020, respectively.

Cash flows from noncapital financing activities do not include \$790,847 and \$995,642 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. Amounts paid 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.

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

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, 2021 and 2020.

Parker Water and Sanitation District

Notes to Financial Statements

Note 1. Organization and Summary of Significant Accounting Policies (Continued)

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 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.

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, which is equivalent to amortized cost.

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. As a result, management has not recorded an allowance for uncollectible accounts as of December 31, 2021 and 2020, 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.

Parker Water and Sanitation District

Notes to Financial Statements

Note 1. Organization and Summary of Significant Accounting Policies (Continued)

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.

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 34,000 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. By statute, the tax lien and budget certification for the following fiscal year becomes effective on the first day of that year. The deferred inflows of property tax revenue will not be recognized as revenue until the year for which it is budgeted and tax lien is effective.

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.

Parker Water and Sanitation District

Notes to Financial Statements

Note 1. Organization and Summary of Significant Accounting Policies (Continued)

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. Due to the Healthy Families and Workplace Act, which went into effect in 2021, part-time employees accrue 1 hour of sick time for each 30 hours worked up to a maximum of 48 hours per year.

District employees with less than five years of full-time service and part-time employees 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 2020 financial statements to conform to the 2021 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 as defined by state statute. 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.

Parker Water and Sanitation District

Notes to Financial Statements

Note 2. Cash and Investments (Continued)

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, 2021 and 2020, the District's cash deposits had a carrying balance of \$75,236,734 and \$131,551,291, 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 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 \$14 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.

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, 2021:

	Fair Value	Remaining Maturity				
		12 Months or Less	13-24 Months	25-36 Months	37-48 Months	49-60 Months
U.S. government agencies	\$ 23,524,873	\$ 919,590	\$ 10,088,327	\$ 3,962,822	\$ 4,964,928	\$ 3,589,206
U.S. Treasury notes	1,203,145	1,203,145	-	-	-	-
Certificates of deposit	2,762,621	2,010,981	751,640	-	-	-
	<u>\$ 27,490,639</u>	<u>\$ 4,133,716</u>	<u>\$ 10,839,967</u>	<u>\$ 3,962,822</u>	<u>\$ 4,964,928</u>	<u>\$ 3,589,206</u>

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

Parker Water and Sanitation District

Notes to Financial Statements

Note 2. Cash and Investments (Continued)

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, 2021 and 2020, 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, 2021, more than 5.0% of the District's investments are concentrated Federal Home Loan Bank securities (86.0%). 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%).

Credit risk: As of December 31, 2021 and 2020, the District had invested \$80,534,839 and \$111,352,105, respectively, in the COLOTRUST Plus investment pools which is rated AAAm by Standard & Poor's.

As of December 31, 2021 and 2020, the District had \$0 and \$3,978,313, 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, 2021 and 2020. 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, 2021:

	December 31, 2021	Fair Value Measurements Using		
		(Level 1)	(Level 2)	(Level 3)
Investments measured at fair value:				
U.S. government agencies	\$ 23,524,873	\$ -	\$ 23,524,873	\$ -
U.S. Treasury notes	1,203,145	1,203,145	-	-
Certificates of deposit	2,762,621	-	2,762,621	-
	27,490,639	\$ 1,203,145	\$ 26,287,494	\$ -
Cash equivalents measured at NAV, local government investment pools	80,534,839			
Total investments	<u>\$ 108,025,478</u>			

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	-
	30,178,765	\$ 1,222,687	\$ 28,956,078	\$ -
Cash equivalents measured at NAV, local government investment pools	111,352,105			
Total investments	<u>\$ 141,530,870</u>			

Cash and investments are restricted for the following purposes:

	2021	2020
Restricted for debt reserve	\$ 5,753,718	\$ 5,791,269
Restricted for operating reserve	6,954,168	6,954,168
Restricted for rate stabilization reserve	6,000,000	6,000,000
Cash and cash equivalents—restricted	<u>\$ 18,707,886</u>	<u>\$ 18,745,437</u>

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, 2021 and 2020, the District had restricted cash and cash equivalents of \$5,753,718 and \$5,971,269, 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, 2021 and 2020.

Parker Water and Sanitation District

Notes to Financial Statements

Note 2. Cash and Investments (Continued)

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, 2021 and 2020, 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, 2021 and 2020, the unspent bond proceeds are \$0 and \$32,899, respectively and is reported in the net investment in capital assets section of the statement of net position.

At December 31, 2021 and 2020, cash deposits and investments are classified on the statements of net position as follows:

	2021	2020
Cash and cash equivalents	\$ 135,337,427	\$ 112,805,854
Cash and cash equivalents—reserved or restricted	18,707,886	18,745,437
Investments	27,490,638	30,178,765
	<u>\$ 181,535,951</u>	<u>\$ 161,730,056</u>
Cash deposits	\$ 154,045,312	\$ 131,551,291
Investments	27,490,639	30,178,765
	<u>\$ 181,535,951</u>	<u>\$ 161,730,056</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, 2021 and 2020 follows:

	2021			Balance at December 31, 2021
	Balance at December 31, 2020	Additions	Disposals and Transfers	
Capital assets, not being depreciated:				
Land	\$ 14,906,718	\$ 2,568	\$ -	\$ 14,909,286
Water rights	142,070,598	433,500	-	142,504,098
Land improvements	3,155,118	-	-	3,155,118
Construction in progress	94,686,343	50,978,684	(48,181,367)	97,483,660
Total capital assets, not being depreciated	254,818,777	51,414,752	(48,181,367)	258,052,162
Capital assets, being depreciated:				
Land improvements	19,494,390	2,192,577	-	21,686,967
Buildings	130,694,357	32,224,763	-	162,919,120
Infrastructure	192,452,130	13,502,236	-	205,954,366
Machinery and equipment	101,629,140	16,912,689	-	118,541,829
Reservoir—Rueter Hess	188,874,580	-	-	188,874,580
Vehicles	2,638,375	103,216	(146,543)	2,595,048
Total capital assets, being depreciated	635,782,972	64,935,481	(146,543)	700,571,910
Less accumulated depreciation for:				
Land improvements	12,017,874	972,298	-	12,990,172
Buildings	46,431,368	4,527,579	-	50,958,947
Infrastructure	58,033,736	5,697,568	-	63,731,304
Machinery and equipment	67,299,764	5,663,490	-	72,963,254
Reservoir—Rueter Hess	25,837,635	2,875,671	-	28,713,306
Vehicles	1,739,917	295,569	(123,216)	1,912,270
Total accumulated depreciation	211,360,294	20,032,175	(123,216)	231,269,253
Total capital assets, being depreciated, net	424,422,678	44,903,306	(23,327)	469,302,657
Capital assets, net	\$ 679,241,455	\$ 96,318,058	\$ (48,204,694)	\$ 727,354,819

Parker Water and Sanitation District

Notes to Financial Statements

Note 3. Capital Assets (Continued)

	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 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, 2021 and 2020.

	Interest Rates	Balance at January 1, 2021	New Issues	Retirements	Balance at December 31, 2021	Due Within One Year
Bonds and parity obligations:						
2001 CWRPDA Clean Water Loan	4.01	\$ 348,661	\$ -	\$ 348,661	\$ -	\$ -
2002 CWRPDA Clean Water Loan	3.62	9,417,580	-	325,680	9,091,900	336,536
2012 Revenue Refunding Bonds	2.0-5.0	14,340,000	-	4,040,000	10,300,000	4,610,000
Add Bond Premium		1,724,197	-	172,420	1,551,777	-
2012 General Obligation Refunding Bonds	3.0-4.0	24,345,000	-	2,135,000	22,210,000	2,215,000
Add Bond Premium		2,639,641	-	219,970	2,419,671	-
2018 Revenue Bonds	2.0-5.0	36,225,000	-	995,000	35,230,000	1,045,000
Add Bond Premium		5,520,508	-	250,932	5,269,576	-
2020 Revenue Bonds	4.0	12,910,000	-	-	12,910,000	-
Add Bond Premium		2,076,182	-	86,507	1,989,675	-
2020 Refunding Bonds	4.0	40,570,000	-	-	40,570,000	-
Add Bond Premium		7,730,368	-	515,358	7,215,010	-
2020 General Obligation Refunding Bonds	0.725	60,055,000	-	1,220,000	58,835,000	1,230,000
Notes from direct borrowings:						
2014 CWCB Loan A	2.75	3,534,167	-	193,528	3,340,639	198,850
2014 CWCB Loan B	2.75	5,435,228	-	221,638	5,213,590	227,733
2014 CWCB Loan C	2.75	-	3,115,754	-	3,115,754	-
2014 CWCB Loan D	2.75	665,907	-	-	665,907	-
Canyons Note Payable	0.00	-	6,464,079	-	6,464,079	-
Add Bond Premium		-	871,297	-	871,297	-
Total long-term debt, net		<u>\$ 227,537,439</u>	<u>\$ 10,451,130</u>	<u>\$ 10,724,694</u>	<u>\$ 227,263,875</u>	<u>\$ 9,863,119</u>

	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>

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)

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 2021 and 2020, the District recognized \$5,432,935 and \$5,324,720, 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, 2021, 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.

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, 2021, 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 C for an amount of \$3,418,658 for the Phase 1 Infrastructure. As of December 31, 2021, the District has borrowed \$3,115,754. Principal payments will begin on August 1, 2023, 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, 2021, 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.

Parker Water and Sanitation District

Notes to Financial Statements

Note 4. Long-Term Liabilities (Continued)

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 \$18,679,003 as of December 31, 2021. 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 \$18,679,003 as of December 31, 2021. 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.

Canyon's note payable: The District finalized a Well Design, Construction and Reimbursement Agreement as of December 14, 2021 with Shea Canyons, LLC ("Shea"). In accordance with the Reimbursement Agreement, the District has agreed to reimburse Shea (without interest) for final expenses paid in connection with the design and construction of a well and related facilities. As of the December 31, 2021, the District reports an obligation totaling \$7,335,376 under the Reimbursement Agreement, to be paid in full by December 31, 2025.

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
2022	\$ 9,436,536	\$ 6,393,339	\$ 426,583	\$ 143,374
2023	8,314,272	6,034,550	592,921	242,144
2024	8,554,836	5,867,220	616,628	231,414
2025	8,811,256	5,686,632	7,097,664	220,184
2026	8,855,000	4,727,839	651,009	208,645
2027–2031	49,140,000	22,303,914	3,533,636	858,723
2032–2036	54,715,000	13,489,179	3,756,262	518,755
2037–2041	35,295,000	5,043,141	2,082,289	139,603
2042–2045	6,025,000	407,450	42,977	1,180
	<u>\$ 189,146,900</u>	<u>\$ 69,953,264</u>	<u>\$ 18,799,969</u>	<u>\$ 2,564,022</u>

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

	Balance January 1, 2021	Incurred	Retired	Balance December 31, 2021	Due Within One Year
Compensated absences payable	\$ 966,898	\$ 581,385	\$ 534,161	\$ 1,014,122	\$ 649,643

	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

Note 5. Net Position

As of December 31, 2021 and 2020, the District had a net investment in capital assets calculated as follows:

	2021	2020
Capital assets, net of accumulated depreciation	\$ 727,354,819	\$ 679,241,455
Unspent debt proceeds	-	32,899
Bonds and notes payable	(227,263,875)	(227,537,439)
Retainage payable	(3,188,901)	(3,520,332)
Deferred charge on refunding	3,038,962	3,208,639
	<u>\$ 499,941,005</u>	<u>\$ 451,425,222</u>

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

Parker Water and Sanitation District

Notes to Financial Statements

Note 6. Leases

The District has entered into eight cash-rent lease agreements prior to 2021, 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, 2021 and 2020 is as follows:

Lessee	Lease Term	Total Lease Amount	Discount Rate	Total Interest	Revenues Received as of 12/31/2021	Interest Portion of Payment	Basis at 12/31/2021	NPV of Future Lease Payments
Amen Angus Farms	4/1/19-12/31/23	\$ 167,450	3.5%	\$ 20,719	\$ 100,470	\$ (4,719)	\$ 71,699	\$ 65,562
Schuppe Hay Farms	4/1/19-12/31/23	163,417	3.5	19,931	98,049	(3,025)	68,393	62,457
Gordon A. Schuppe	4/1/19-12/31/23	54,188	3.5	6,492	32,514	(364)	22,038	20,091
Gerk Farms	4/1/19-12/31/23	794,049	3.5	98,183	476,430	(22,012)	339,631	310,546
Geoge and Rhonda Hernandez	4/1/19-12/31/23	186,278	3.5	23,151	111,768	(5,812)	80,322	73,478
Ferkovich - Van West	4/1/20-12/31/23	40,140	3.5	5,650	10,035	11,675	18,430	17,245
Ferkovich - Stieb	4/1/20-12/31/23	76,300	3.5	11,579	19,075	17,602	39,623	37,221
Ferkovich Farms, Inc.	4/1/19-12/31/23	357,573	3.5	43,805	214,545	(7,683)	150,711	124,518
		<u>\$ 1,839,395</u>		<u>\$ 229,510</u>	<u>\$ 1,062,886</u>	<u>\$ (14,338)</u>	<u>\$ 790,847</u>	<u>\$ 711,118</u>

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
Geoge 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>

Note 7. Commitments and Contingencies

Construction commitments: As of December 31, 2021 and 2020, the District had unexpended construction related contract commitments of approximately \$96,672,165 and \$67,787,651, respectively.

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, 2021 and 2020. 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, 2021.

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 made by plan members and the District for the years ended December 31, 2021 and 2020 are shown in the following table, and there were no liabilities as of December 31:

	2021	2020
Plan members	\$ 738,633	\$ 677,885
District	751,478	739,664
	<u>\$ 1,490,111</u>	<u>\$ 1,417,549</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 \$270,618 for 2021 and \$270,387 for 2020.

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, 2021, 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 December 31, 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, with a majority of the Castle Pines North Metropolitan District (CPNMD) electorate voting in favor of the measure, for the CPNMD to become part of the Parker Water and Sanitation District (PWSD) for water and wastewater services, under the terms of an Inclusion Agreement approved by both boards in February, 2021. The inclusion, originally scheduled for January 3, 2022 was delayed to provide time to CPNMD to address a number of unresolved issues necessary for PWSD to accept a fully functional CPNMD water and wastewater system and for CPNMD to obtain funds to pay for the inclusion. During its regular meeting on Thursday, February 10, 2022, the Board of Directors for PWSD voted to exercise its right to terminate the inclusion agreement finding that termination served the best interests of both PWSD and CPNMD.

On March 15, 2022, the District's issued the Water and Sewer Enterprise Refunding and Improvement Revenue Bonds Series 2022 in the amount of \$81,725,000. The purpose of the issuance was to finance the construction of the District Headquarters, Advance Filtration System, and Canyon's Tank and Water Line as well as to refund a portion the District's outstanding Series 2012 Bonds.

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, 2021**

	Final Budget	Actual	Variance - Positive (Negative)
Revenues:			
Charges for services	\$ 32,518,100	\$ 35,238,948	\$ 2,720,848
Operating tax revenues	1,509,240	1,870,367	361,127
Other operating income	274,500	1,319,407	1,044,907
Investment income	607,000	13,793	(593,207)
Other nonoperating income	698,000	1,675,702	977,702
Reuter-Hess mill levy	5,489,990	5,432,935	(57,055)
System development fees	11,770,750	34,261,318	22,490,568
Water resource fees	500,000	1,167,736	667,736
Water resource system development fees	9,363,000	26,040,229	16,677,229
Farm income	298,600	372,382	73,782
Bond proceeds, including premium	3,400,000	3,115,754	(284,246)
Transfer—rate funded capital	13,000,000	13,000,000	-
Other revenue/reimbursements	9,101,450	7,335,375	(1,766,075)
Total revenues	88,530,630	130,843,946	42,313,316
Expenditures:			
Salaries	8,077,477	7,826,277	251,200
Employee benefits	3,486,474	3,055,447	431,027
Insurance	233,610	232,155	1,455
Professional services	2,679,500	2,306,994	372,506
Support services	5,329,230	3,682,851	1,646,379
Utilities	3,671,000	4,419,936	(748,936)
Contract labor and maintenance	2,379,540	2,355,746	23,794
Supplies and chemicals	2,941,060	3,246,587	(305,527)
Community education	192,000	49,451	142,549
Information technology	418,500	306,459	112,041
Water resource farms	216,000	190,872	25,128
Administrative	244,950	291,885	(46,935)
Debt service	16,987,000	16,567,015	419,985
Capital outlay	69,801,700	50,966,480	18,835,220
Transfer—rate funded capital	13,000,000	13,000,000	-
Total expenditures	129,658,041	108,498,155	21,159,886
Excess revenues over expenditures	\$ (41,127,411)	22,345,791	\$ 63,473,202
Funds available, beginning of year		<u>144,551,980</u>	
Funds available, end of year		<u>\$ 166,897,771</u>	
Funds available at December 31, 2021 is computed as follows:			
Current assets		\$ 173,963,332	
Noncurrent assets		18,713,356	
Current liabilities		(28,749,588)	
Current portion of long-term obligations		10,512,762	
Deferred inflows of resources		<u>(7,542,091)</u>	
		<u>\$ 166,897,771</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, 2021**

Revenue (budgetary basis)	\$ 130,843,946
Contributed capital assets	18,120,917
Transfer—rate funded capital	(13,000,000)
Canyon notes payable, including premium	(7,335,375)
Bond proceeds, including premium	<u>(3,115,754)</u>
Total revenue per statement of revenues, expenses and changes in net position	<u>125,513,734</u>
Expenditures (budgetary basis)	108,498,155
Amortization of deferred charge on refunding	246,266
Amortization of bond discount and premium, net	(1,245,188)
Transfer—rate funded capital	(13,000,000)
Depreciation	20,032,175
Gain on sale of assets	(27,293)
Capital outlay	(50,966,480)
Debt principal	<u>(9,479,507)</u>
Total expenses per statement of revenues, expenses and changes in fund net position	<u>54,058,128</u>
Change in net position per statement of revenues, expenses and changes in net position	<u><u>\$ 71,455,606</u></u>

Parker Water and Sanitation District

**Debt Service Coverage Calculation
Calculation Per Rate Covenant
Year Ended December 31, 2021**

Allowable revenues:	
Total user fees	\$ 36,558,355
Farm land revenue	372,382
Net investment income	13,793
Other income (including BAB Subsidy)	1,675,702
Property taxes (sewer operating)	1,192,486
Specific ownership taxes	677,881
Total allowable revenues	\$ 40,490,599
System fees:	
System development fees	\$ 34,261,318
Water resource fees	1,167,736
Water resource system development fees	26,040,229
Total system fees	\$ 61,469,283
Allowable system fees for coverage not exceeding 15% of operating revenue	\$ 6,073,590
Total revenues per covenant	\$ 46,564,189
Operating expenses:	
Operating expenses (less depreciation)	\$ 27,773,788
Farm land expenses	190,872
Total operating and maintenance expenses	\$ 27,964,660
Revenue available for debt service	\$ 18,599,529
Current year debt service:	
Revenue bond and CWRPDA loans total	\$ 10,491,340
Total debt using revenue pledge	\$ 10,491,340
Coverage per rate covenant calculation (minimum 110%)	177%
Coverage without consideration of System Fees (minimum 100%)	119%

Parker Water and Sanitation District

**Debt Service Coverage Calculation—CWCB Loans
Year Ended December 31, 2021**

Allowable revenues:	
Total user fees	\$ 36,558,355
Farm land revenue	372,382
Net investment income	13,793
Other income (including BAB Subsidy)	1,675,702
Property taxes (sewer operating)	1,192,486
Specific ownership taxes	677,881
Total allowable revenues	\$ 40,490,599
Maximum revenue permitted including system fees	\$ 44,989,554
System fees:	
Tap fees	\$ 34,261,318
Water resource fees	1,167,736
System development fees	26,040,229
Total system fees	\$ 61,469,283
Allowable system fees for coverage calculation (no more than 10% of total revenue maximum)	\$ 4,498,955
Total calculated revenues	\$ 44,989,554
Operating expenses:	
Operating expenses (less depreciation)	\$ 27,773,788
Farm land expenses	190,872
Total operating and maintenance expenses	\$ 27,964,660
Revenue available for debt service	\$ 17,024,894
Current year debt service:	
Revenue bond total (existing)	\$ 10,491,340
CWCB loans	661,824
Total debt using revenue pledge	\$ 11,153,164
Coverage calculation (minimum 110%)	153%

History of Customer Accounts and SFEs Served

Year	Number of Accounts	Percent Change	SFEs Served	Percent Change
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%
2021	18,441	5.0%	22,818	4.5%

Source: Parker Water & Sanitation District

The following table sets forth water sales, by category, for calendar year 2021

Category	Annual Usage (Gallons)	Percent of Total Usage
Residential/Multifamily	1,990,662,067	70.2%
Irrigation/Commercial	701,688,090	24.7%
Bulk	144,466,403	5.1%
Total	2,836,816,560	100.0%

Source: Parker Water & Sanitation District

Budget Summary and Comparison

	2017		2018		2019		2020		2021	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
BEGINNING CASH										
Unrestricted	\$ 16,586,956	\$ 16,586,956	22,108,175	22,108,175	26,495,525	26,495,525	47,740,544	47,740,544	135,337,427	135,337,427
Restricted	13,521,441	13,521,441	13,374,254	13,374,254	14,219,452	14,219,452	14,202,928	14,202,928	46,198,524	46,198,524
TOTAL BEGINNING CASH	30,108,397	30,108,397	35,482,429	35,482,429	40,714,977	40,714,977	61,943,472	61,943,472	181,535,951	181,535,951
Less Restricted Cash	13,521,441	13,521,441	14,219,452	14,219,452	14,219,452	14,219,452	14,202,928	14,202,928	46,198,524	46,198,524
NET FUNDS AVAILABLE	16,586,956	16,586,956	21,262,977	21,262,977	26,495,525	26,495,525	47,740,544	47,740,544	135,337,427	135,337,427
OPERATING REVENUE										
Charges for Services	26,950,000	27,382,214	27,803,000	30,255,712	29,170,370	30,187,970	31,729,670	34,453,899	32,518,100	35,238,948
Operating Taxes	1,322,000	1,491,127	1,190,000	1,696,502	1,379,000	1,821,021	1,442,670	1,759,533	1,509,240	1,870,367
Other Income	1,816,803	1,837,344	1,657,820	3,307,901	1,657,820	1,899,124	1,797,000	2,265,821	1,628,100	2,095,379
TOTAL OPERATING REVENUES	30,088,803	30,710,685	30,650,820	35,260,115	32,207,190	33,908,115	34,969,340	38,479,252	35,655,440	39,204,695
TOTAL OPERATING RESOURCES	46,675,759	47,297,641	51,913,797	56,523,092	58,702,715	60,403,640	82,709,884	86,219,796	170,992,867	174,542,121
OPERATING EXPENSES										
Salaries	5,416,923	5,224,986	5,798,257	5,866,493	6,800,726	6,656,423	7,544,168	7,108,886	8,077,477	7,826,277
Insurance & Employee Benefits	2,819,425	2,807,993	3,059,926	2,842,997	3,786,005	3,115,049	3,727,056	3,223,293	3,720,084	3,287,602
Professional Services	1,310,515	1,093,030	1,138,700	1,491,433	2,009,000	1,695,390	2,633,000	2,697,352	2,679,500	2,306,994
Information Technology	186,696	194,573	192,750	226,267	242,640	273,966	343,700	287,490	418,500	306,459
Utilities	3,715,000	3,513,937	3,713,200	3,768,697	3,414,000	3,692,989	3,340,000	3,974,143	3,671,000	4,419,936
Support Services	2,645,020	2,406,076	3,038,690	2,600,481	3,186,820	4,003,102	4,136,830	3,419,245	5,329,230	3,682,851
Contract Labor and Maintenance	1,221,462	1,299,053	1,270,430	2,296,077	1,916,700	1,841,571	2,368,850	2,355,746	2,379,540	2,355,746
Supplies	1,946,847	1,966,757	2,276,990	2,156,796	2,689,170	2,666,635	3,020,380	2,762,956	2,941,060	3,246,587
Administrative	505,283	253,446	494,680	404,566	497,000	467,271	496,690	353,778	436,950	341,336
Transfer - Rate Funded Capital	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	9,000,000	13,000,000	13,000,000	13,000,000
Debt Service	3,106,600	2,988,010	3,423,200	3,435,224	3,598,320	3,431,201	3,275,370	3,004,709	3,004,709	3,004,709
Water Resource farms	242,000	201,185	226,000	208,625	206,500	185,580	206,000	201,986	216,000	190,872
TOTAL OPERATING EXPENSES	\$ 27,115,771	\$ 25,949,046	28,632,723	29,297,656	32,346,881	32,029,177	40,092,044	42,389,583	45,874,051	43,969,369
RESOURCES REMAINING	\$ 19,559,988	\$ 21,348,595	\$ 23,281,074	\$ 27,225,436	\$ 26,355,834	\$ 28,374,463	\$ 42,617,840	\$ 43,830,214	\$ 125,118,816	\$ 130,572,752

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Operating Revenues										
Charges for Services	\$ 23,024,528	\$ 23,641,284	\$ 22,766,166	\$ 23,998,265	\$ 26,061,220	\$ 27,382,214	\$ 30,255,712	\$ 30,187,970	\$ 34,453,889	\$ 35,238,948
Other Operating Income	321,697	281,489	337,890	435,221	447,332	502,634	1,889,347	1,033,404	1,547,034	1,319,407
Total	23,346,225	23,922,773	23,104,056	24,433,486	26,508,552	27,884,848	32,145,059	31,221,374	36,000,932	36,558,356
Operating Expenses										
Salaries	4,319,118	4,214,621	4,863,917	5,056,608	5,247,951	5,224,986	5,866,494	6,656,423	7,108,886	7,826,277
Employee Benefits	1,493,771	1,602,166	1,214,213	1,786,353	2,215,737	2,617,563	2,581,217	2,848,019	2,914,778	3,065,447
Insurance	168,922	167,674	173,345	193,432	229,541	190,430	261,779	267,030	308,515	232,155
Professional Services	1,503,907	886,031	1,084,682	1,237,228	848,793	1,093,030	1,491,433	1,695,390	2,697,352	2,306,994
Support Services	208,213	236,223	407,236	550,953	2,312,060	2,406,076	2,600,481	4,003,102	3,419,245	3,682,851
Utilities	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	4,419,936
Contract Labor & Maintenance	1,633,475	1,791,603	1,702,812	1,737,555	930,331	1,299,053	2,296,077	1,841,571	2,355,746	2,355,746
Supplies	1,376,989	1,369,298	1,362,866	2,097,891	1,735,109	1,966,757	2,156,795	2,666,635	2,762,966	3,246,587
Community Education	51,395	65,483	22,520	42,908	47,624	46,272	37,167	47,813	128,277	49,451
Information Technology	309,522	257,481	337,213	352,241	322,885	194,573	226,267	273,966	287,480	306,459
Administrative	446,285	570,759	576,006	601,436	369,372	199,149	367,400	419,458	225,501	291,885
Depreciation	11,763,786	11,680,729	11,034,528	12,157,714	14,299,762	14,815,799	15,916,009	18,885,762	19,741,456	20,032,175
Total	26,519,797	26,240,046	26,485,245	29,995,278	32,743,205	33,567,625	37,569,816	43,298,158	45,924,343	47,805,963
Operating (Loss)	(3,173,572)	(2,317,273)	(3,381,189)	(5,561,792)	(6,234,653)	(5,682,777)	(5,424,757)	(12,076,784)	(9,923,411)	(11,247,607)
Nonoperating Revenues (Expenses)										
Property Taxes	4,532,006	4,306,089	4,388,951	4,515,264	4,687,265	5,083,891	5,852,733	6,209,999	6,493,498	6,625,421
Specific Ownership Taxes	359,034	377,122	406,916	445,902	444,824	576,104	643,057	650,505	590,755	677,881
County Treasurer's Collection Fees	-	-	-	-	-	-	-	-	-	-
Farm Land Revenue	435,066	436,485	439,142	428,488	373,319	375,103	374,096	419,433	315,197	372,382
Farm Land Expenses/Water Resource Farms	(186,618)	(163,592)	(191,800)	(221,411)	(223,882)	(201,185)	(208,625)	(185,580)	(201,986)	(190,872)
Net Investment Income	677,734	484,145	408,959	388,011	575,752	852,051	2,394,344	4,166,522	1,833,705	13,793
Interest Expense/Fees	(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)	(6,088,585)
Gain (Loss) on Disposal of Assets	(76,243)	(7,016)	1,469,614	48,811	(2,457,442)	(330,348)	66,261	484,718	81,270	27,293
Other Income	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	1,675,702
Total	(2,926,517)	(104,258)	2,812,429	671,573	1,378,550	23,108,024	8,127,798	4,480,607	1,625,027	3,113,014
Gain (Loss) Before Capital Contributions	(6,100,089)	(2,421,531)	(688,760)	(4,890,219)	(4,856,103)	17,425,247	2,703,041	(7,596,177)	(8,298,384)	(8,134,593)
Capital Contributions										
System Development Fees	2,986,289	3,334,200	5,164,817	9,794,000	9,092,930	10,048,700	11,068,840	10,132,030	14,331,560	34,261,318
Contributed Assets from Developers	130,800	219,072	301,591	1,529,459	5,419,088	4,506,453	2,774,058	5,018,992	11,615,330	18,120,917
Water Resource Fees	170,000	155,000	2,503,181	1,165,000	2,330,000	1,290,000	2,215,000	1,665,000	1,090,000	1,167,736
Water Resource System Development Fees	6,304,900	5,084,375	8,296,000	9,110,900	8,464,040	9,540,890	10,663,370	9,758,000	12,152,860	26,040,229
Total	9,591,989	8,792,647	16,265,589	21,599,359	25,306,058	25,386,034	26,721,268	26,574,022	39,189,750	79,590,200
Change in Net Position	3,491,900	6,371,116	15,896,829	16,709,140	20,449,955	42,811,290	18,977,845	18,977,845	30,891,366	71,455,607
Net Position at Beginning of Year	414,282,470	416,226,098	422,597,214	438,294,043	455,003,183	475,453,138	518,264,428	547,688,737	566,666,582	597,557,948
Restatements	(1,548,272)	-	-	-	-	-	-	-	-	-
Net Position at End of Year	\$ 416,226,098	\$ 422,597,214	\$ 438,294,043	\$ 455,003,183	\$ 475,453,138	\$ 518,264,428	\$ 547,688,737	\$ 566,666,582	\$ 597,557,948	\$ 669,013,555

Source: Parker Water & Sanitation District

History of Water and Sewer Connection Fees per SFE

	2012	2013	2014	2015	2016	2017	2018	2019	2020 ¹	2021
Residential Water Connection Fees	\$ 20,975	\$ 21,475	\$ 21,475	\$ 21,800	\$ 21,870	\$ 22,110	\$ 23,040	\$ 24,470	\$ 29,000	\$ 29,000
Residential Sewer Connection Fees	4,150	6,650	6,650	3,500	3,510	3,550	3,700	5,000	6,800	6,800
Total	\$ 25,125	\$ 28,125	\$ 28,125	\$ 25,300	\$ 25,380	\$ 25,660	\$ 26,740	\$ 29,470	\$ 35,800	\$ 35,800

¹The District implemented an increase effective July 10, 2020 that was sustained through December 31, 2021

Source: *Parker Water & Sanitation District*

Table 4

Historical Connection Fee Revenues

<u>Year</u>	<u>Connection Fee Revenue</u>
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
2021	61,469,283

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>
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%
2020/2021	802,903,807	4.8%	8.404	6,747,604	6,625,421	98.2%

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 2021

Taxpayer Name (subdivision)	Assessed Valuation	Percentage of Total Assessed Valuation ¹
Shea Canyons LLC C/O Property Tax Dept	10,378,500	1.18%
Bcore Mf Briargate LLC	6,077,500	0.69%
Sh Lyric LLC	5,968,390	0.68%
Toll Southwest LLC	5,904,240	0.67%
Mainstreet Re Investors LLC	5,722,200	0.65%
Denver Pope Family Lp	5,546,380	0.63%
20 Mile Road Parker Co LLC	5,497,800	0.62%
Cherry Creek Colorado I LLC & Cherry Creek Colorado II LLC	5,329,500	0.60%
Radiant Circle Apartments Investors LLC	4,768,500	0.54%
Trailside Holdings LLC	4,760,000	0.54%
Total	\$ 59,953,010	6.80%

¹Based on a 2021 net certified assessed valuation of \$882,212,758

Source: Douglas County Assessor's Office

**Maximum Tax Levy Applicable To Properties
Located in the District
For 2021 Taxes Due in 2022**

Government Unit	Mill Levy
Douglas County Government	18.524
Douglas County Re-1 School District	35.743
Douglas County Schools - Cap Reserve	0.000
Douglas County Schools - Insurance Reserve	0.000
Douglas County Schools - Debt Service	8.054
City of Castle Pines	4.500
Urban Drainage & Flood Control District	0.900
South Metro Fire Rescue Fire Protection District	9.319
Parker Water & Sanitation District	7.743
Douglas County Soil Conservation District	0.000
Cherry Creek Basin Water Quality Authority	0.479
Douglas Public Library District	4.021
Urban Drainage & Flood South Platte	0.100
Canyons Metro District 2	69.000
Canyons Metro District 3	54.000
Total	212.383

Source: Douglas County Assessor's Office

**Outstanding Debt of the District
as of 12/31/21**

Name of Issue	Amount Outstanding	Year of Final Maturity
CWRPDA Wastewater Loan, Series 2002	9,091,900	2025
Water & Wastewater Revenue Refunding Bonds, Series 2012	10,300,000	2030
General Obligation Revenue Refunding Bonds, Series 2012 ¹	22,210,000	2032
CWCB Loan A	3,340,638	2035
CWCB Loan B	5,213,589	2039
CWCB Loan D	665,907	2042
2018 Water & Wastewater Revenue Bond	35,230,000	2042
General Obligation Revenue Bonds, Series 2020	58,835,000	2040
Refunding and Improvement Revenue Bonds, Series 2020 ²	53,480,000	2044
Total³	\$ 198,367,034	

Source: Parker Water & Sanitation District

¹Debt was partially refinanced in 2020

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

³Excludes note payable to Shea Canyons, LLC of \$7.3M

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

Year	Principal	Interest	Total
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
2024	9,300,842	5,915,881	15,216,723
2026	9,358,050	5,741,903	15,099,953
2027-2031	51,870,524	23,855,642	75,726,166
2032-2036	57,551,478	13,890,215	71,441,692
2037-2041	36,546,078	5,124,243	41,670,319
2042-2044	6,067,623	408,632	6,476,255
Total¹	\$ 198,367,034	\$ 74,588,321	\$ 272,955,353

Source: Parker Water & Sanitation District

¹Excludes note payable to Shea Canyons, LLC of \$7.3M

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

	Bonds and Parity Obligations		Direct Borrowings	
	Principal	Interest	Principal	Interest
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	8,811,256	5,699,745	489,586	216,136
2026	8,855,000	5,539,239	503,050	202,665
2027-2031	49,140,000	23,057,714	2,730,524	797,928
2032-2036	54,715,000	13,489,179	2,836,478	401,036
2037-2041	35,295,000	5,043,141	1,251,078	81,102
2042-2044	6,025,000	407,450	42,623	1,182
	<u>189,146,900</u>	<u>72,181,780</u>	<u>9,220,134</u>	<u>2,406,542</u>

Excludes note payable to Shea Canyons, LLC of \$7.3M

Debt Service Requirements

Year	2012 Revenue Bonds			Parity Debt	Non-Parity Debt	Total Debt Service
	Principal	Interest	Total			
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	8,185,709	6,280,493	15,299,845
2024	635,000	198,394	833,394	8,167,891	6,279,305	15,280,590
2025	665,000	166,644	831,644	8,107,220	6,277,860	15,216,723
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	6,282,479	15,092,972
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	43,805	4,010,855
2043	-	-	-	1,233,000	-	1,233,000
2044	-	-	-	1,232,400	-	1,232,400
Totals¹	14,340,000	2,045,081	16,385,081	151,296,312	122,000,920	289,682,314

Source: Parker Water & Sanitation District

¹Excludes note payable to Shea Canyons, LLC of \$7.3M

**Estimated Overlapping Debt Schedule
as of December 31, 2021**

Overlapping Entity	Outstanding General Obligation Debt ¹	Percentage Applicable to the District ²	Share of Debt Applicable to the District
Antelope Heights Metropolitan District.	\$ 9,045,000	100.00%	9,045,000
Canterberry Crossing Metro	7,880,000	100.00%	7,880,000
Canterberry Crossing Metro. II	8,210,000	100.00%	8,210,000
Canyons Metropolitan District No. 1	543,990	100.00%	543,990
Canyons Metropolitan District No. 3	31,270,000	100.00%	31,270,000
Canyons Metropolitan District No. 5	47,500,000	100.00%	47,500,000
Canyons Metropolitan District No. 6	11,800,000	100.00%	11,800,000
Canyons Metropolitan District No. 7	400,212	100.00%	400,212
Cielo Metro District	18,680,389	99.83%	18,649,122
Douglas County Schools	380,422,530	11.65%	44,315,652
Horse Creek Metropolitan District	3,945,000	100.00%	3,945,000
Horseshoe Ridge Metropolitan District No. 1	3,850,000	100.00%	3,850,000
Jordan Crossing Metropolitan District	1,375,000	100.00%	1,375,000
Lincoln Creek Metropolitan District	4,130,000	100.00%	4,130,000
Lincoln Meadows Metropolitan District	7,387,000	100.00%	7,387,000
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	8,185,000	100.00%	8,185,000
Pine Bluffs Metropolitan District	3,585,000	100.00%	3,585,000
Reata North Metropolitan District	9,790,000	100.00%	9,790,000
Reata Ridge Village Metropolitan District 2	5,739,000	100.00%	5,739,000
Regency Metropolitan District	3,720,000	100.00%	3,720,000
Robinson Ranch Metropolitan District	1,035,000	100.00%	1,035,000
Salisbury Heights Metro District	2,844,000	100.00%	2,844,000
Sierra Ridge Metropolitan District 2	29,800,000	100.00%	29,800,000
South Suburban Park & Recreation District	8,712,400	0.17%	15,172
Southeast Public Improvement Metropolitan District	1,271,100	0.88%	11,236
Tallman Gulch Metropolitan District	9,465,000	100.00%	9,465,000
Village on the Green Metropolitan District No. 1	1,302,000	100.00%	1,302,000
Villas Metropolitan District	4,940,000	78.68%	3,886,888
Westcreek Metropolitan District No. 2	7,800,000	100.00%	7,800,000
	669,038,621		321,890,272

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, 2021

Total Actual Value of All Real Property	\$	9,714,861,865
Net Total Taxable Assessed Valuation	\$	882,212,758
Net General Obligation Direct Debt	\$	81,045,000
Estimated Overlapping Debt	\$	321,890,272
<hr/>		
Total Net Direct and Estimated Overlapping Debt	\$	402,935,272
Ratio of Net General Obligation Direct Debt to Actual Value		0.83%
Ratio of Net General Obligation Direct Debt to Assessed Valuation		9.19%
Ratio of Net General Obligation Direct Debt and Estimated Overlapping Debt to Actual Valuation		4.15%
Ratio of Net General Obligation Direct Debt and Estimated Overlapping Debt to Assessed Valuation		45.67%
Total Net General Obligation Direct Debt per Capita ¹	\$	1,381
Net Direct and Estimated Overlapping Debt per Capita ¹	\$	6,866
Estimated Actual Valuation per Capita ¹	\$	165,545
Assessed Valuation per Capita ¹	\$	15,033

¹Estimated District population: 58,684

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
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
2021/2022	882,212,758	9.9%	36,930,972	919,143,730	1.425	6.318	7.743

Source: Douglas County Assessor's Office

Property Tax Collections for the District

Levy/ Collection Year	Taxes Levies	Current Tax Collections	Collection Rate
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%
2020/2021	6,747,604	6,625,421	98.19%

Source: Douglas County Assessor's Office

2021 Assessed Valuation of Classes of Property in the District

Property Class	2021 Total Assessed Valuation	Percent of Total Assessed Valuation
Residential	\$ 624,130,830	67.90%
Commercial	211,212,120	22.98%
Vacant	47,698,160	5.19%
State Assessed	8,179,200	0.89%
Industrial	27,775,980	3.02%
Agricultural	139,200	0.02%
Natural Resources	8,240	0.00%
Total	\$ 919,143,730	100.00%

Source: Douglas County Assessor's Office

Budget Summary and Comparison - Budgetary Basis

	2017	2018	2018	2019	2020	2020	2021	2021
	Budget	Budget	Actual	Budget	Budget	Actual	Budget	Actual
Revenues								
Charges for services	\$ 25,968,500	\$ 27,382,214	\$ 30,255,713	\$ 29,170,370	\$ 31,729,670	\$ 34,453,899	\$ 32,518,100	\$ 35,238,948
Operating tax revenue	1,116,740	1,491,127	1,696,502	1,379,000	1,442,670	1,759,533	1,509,240	1,870,367
Other operating income	324,000	502,634	1,889,346	1,406,000	1,422,000	1,547,034	1,329,500	1,319,407
Interest income	295,000	852,048	695,000	2,590,000	2,400,000	1,833,705	607,000	13,793
Other Non-operating income	1,215,850	1,459,190	3,211,135	1,617,020	668,000	2,499,920	1,015,000	1,675,702
Rueler-Hess mill levy	4,214,840	4,168,868	4,799,268	5,216,000	5,490,080	5,324,720	5,489,990	5,432,935
System development fees	6,447,210	10,048,700	11,068,840	8,069,000	11,170,650	14,331,560	11,770,750	34,261,318
Water resource fees	155,000	1,290,000	155,000	200,000	200,000	1,090,000	500,000	1,167,736
Water resource system development fees	5,921,580	9,540,890	10,663,370	7,364,000	10,564,500	12,152,860	9,363,000	26,040,229
Renewable water fees	-	-	-	-	-	-	-	-
Farm income	418,000	375,103	374,095	370,600	375,000	315,197	298,600	372,382
Transfer-Rate funded capital	4,000,000	4,000,000	4,000,000	4,000,000	9,000,000	9,000,000	13,000,000	13,000,000
Bond proceeds	5,000,000	-	43,835,260	4,000,000	18,600,000	124,381,550	3,400,000	3,115,754
Other revenue/ reimbursements	23,598,700	26,256,522	4,542,282	2,354,400	10,403,580	7,729,450	7,729,450	7,335,376
Total revenues	\$ 78,675,420	\$ 87,367,296	\$ 120,945,176	\$ 67,756,390	\$ 103,456,150	\$ 208,689,977	\$ 88,530,630	\$ 130,843,947
Expenditures								
Salaries	\$ 5,516,572	\$ 5,224,986	\$ 5,866,493	\$ 6,800,726	\$ 7,544,168	\$ 7,108,886	\$ 8,077,477	\$ 7,826,277
Employee benefits	2,641,997	2,617,563	2,652,854	3,593,005	3,515,436	2,914,778	3,486,474	3,055,447
Insurance	178,000	190,430	261,779	193,000	211,620	308,515	233,610	232,155
Professional services	1,039,600	1,093,030	1,108,700	2,009,000	2,633,000	2,697,352	2,679,500	2,306,994
Support services	2,917,000	2,406,076	2,600,481	3,186,820	4,136,830	3,419,245	5,329,230	3,682,851
Utilities	3,885,500	3,513,937	3,713,200	3,414,000	3,340,000	3,974,143	3,671,000	4,419,936
Contract labor & maintenance	1,240,970	1,299,053	2,296,077	1,916,700	2,368,850	2,355,746	2,379,540	2,355,746
Supplies and Chemicals	2,026,400	1,986,757	2,156,799	2,689,170	3,020,380	2,762,956	2,941,060	3,246,587
Community education	60,000	46,272	37,166	70,500	135,160	128,277	192,000	49,451
Information technology	175,250	194,573	226,267	242,640	343,700	287,966	418,500	306,459
Water resource farms	231,000	201,185	208,625	206,500	206,000	201,986	216,000	190,872
Administrative	183,600	207,174	367,400	428,500	361,530	225,501	244,950	291,865
Transfer-Rate funded capital	4,000,000	4,000,000	4,000,000	4,000,000	9,000,000	13,000,000	13,000,000	13,000,000
Debt service	13,517,800	11,913,960	14,890,514	15,912,620	14,820,430	127,053,513	16,987,000	16,643,601
Capital outlay	60,619,800	45,479,691	44,397,258	61,786,450	108,624,169	70,479,836	69,801,700	49,861,028
Total expenditures	\$ 98,233,489	\$ 80,354,687	\$ 85,687,881	\$ 106,447,631	\$ 160,261,273	\$ 236,919,223	\$ 129,658,041	\$ 107,469,289
Excess Revenues over Expenditures	\$ (19,558,069)	\$ 7,012,609	\$ 56,213,678	\$ (38,691,241)	\$ (56,805,123)	\$ (28,228,246)	\$ (41,127,411)	\$ 23,374,658

Source: Parker Water & Sanitation District

History of Net Pledged Revenues and Debt Service Coverage

<u>Fiscal Year</u>	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Gross Pledged Revenues	\$ 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	\$ 36,558,355
Operating Revenues	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	1,709,220
Non-Operating Revenues	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	61,469,283
Connection Fees	\$ 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	\$ 99,736,858
Total Gross Pledged Revenues	\$ 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	\$ 27,716,998
Operation & Maintenance Expenses	(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)	(1,870,367)
Less: Property taxes	\$ 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	\$ 25,846,631
Net O&M Expenses	\$ 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	\$ 73,890,227
Net Pledged Revenues	\$ 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	\$ 11,153,164
Historical Debt Service Paid	2.32x	2.62x	3.42x	3.69x	2.86x	4.49x	4.51x	3.73x	5.01x	6.62x
Coverage										

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
2021

Tap & Development Fee Schedule

<u>Meter Size</u>	<u>Water SDF</u>	<u>Sewer SDF</u>	<u>Water Resources SDF</u>	<u>Water Resource Toll</u>
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
2021

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

Water Service Fee	\$ 32.57
Tier 1 Per 1,000 gallons for first 6,000 gallons	\$ 2.46
Tier 2 Per each additional 1,000 gallons up to and including 20,000 gallons	\$ 4.80
Tier 3 Per each additional 1,000 gallons in excess of 20,000 gallons	\$ 9.89

Sewer Rates
2021

Per Single Family Equivalent (per month)

Monthly Fixed Rate	\$ 9.82
Per 1,000 Gallons*	\$ 9.68

*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

2021	Customer Name	Total \$ Billed	Total Billed Consumption* (gallons)	Rank (By Consumption)	Percent of Total Billed	Percent of Billed Consumption
1	Town & Country Village HOA,	\$ 531,650	39,112,477	2	1.55%	1.45%
2	Villages of Parker HOA (Canterberry Crossing)	\$ 403,442	47,131,551	1	1.18%	1.75%
3	Town of Parker	\$ 403,220	34,511,720	3	1.18%	1.28%
4	Parker Hilltop	\$ 397,282	28,799,502	4	1.16%	1.07%
5	Prairie Meadows Townhomes	\$ 379,734	25,414,826	5	1.11%	0.94%
6	BCORE MF Briargate LLC	\$ 304,268	22,009,325	7	0.89%	0.82%
7	Ironstone Condominiums at Stroh Ranch	\$ 289,237	21,316,594	8	0.84%	0.79%
8	Prairie Walk on Cherry Creek HOA	\$ 276,870	18,819,863	9	0.81%	0.70%
9	Braddock & Logan Venture Group (Waterford Apts)	\$ 253,399	17,874,709	10	0.74%	0.66%
10	Trailside Apartments	\$ 238,464	17,213,172	11	0.70%	0.64%
	Total - TOP 10 Customers	\$ 3,477,565	272,203,739		10.15%	10.11%
	Total - All Customers	\$ 34,256,222	2,692,350,157			

Source: Parker Water & Sanitation District

*Excludes Bulk water and temporary Hydrant water customers