

Parker Water & Sanitation District

19801 East Mainstreet, Parker, CO 80138

303-841-4627

FEASIBILITY STUDY APPROVAL
Pursuant to Colorado Revised Statutes 37-60-121 & 122, and in accordance with policies adopted by the Board, the CWCB staff has determined this Feasibility Study meets all applicable requirements for approval.

Signed

Date

3/1/14

Parker Water and Sanitation District is a quasi-municipal corporation and political subdivision of the State of Colorado created in 1962 by order and decree of the District Court in and for Douglas County, Colorado, for the purpose of providing water and sanitary sewer services for the inhabitants of the District.

Cost Breakdown

Parker Water and Sanitation District (PSWD) is seeking funding from Colorado Water Conservation Board for infrastructure projects (pipelines, booster pump stations, chlorination blending basin, etc.) related to delivery of WISE water. The Castle Rock, Dominion, Pinery and Stonegate utilities will also utilize the PSWD system, in part, to wheel water to their respective utilities. See Attached Exhibit.

Description of Service Area, Existing Facilities and Water Rights

The District's service area encompasses approximately 27,000 acres in the northeastern portion of Douglas County, approximately 20 miles southeast of Denver. The District includes a portion of the Town of Parker, Colorado, a portion of the City of Lone Tree, Colorado, a portion of the City of Castle Pines North, and an unincorporated portion of Douglas County. The District estimates that the current population in its service area is approximately 45,000. The District's ultimate projected population is 122,000.

Pursuant to Colorado law, the District may include new areas within its boundaries (1) upon the District Board of Director's approval of a petition for inclusion filed either by the owner or owners of 100% of the property to be included, or (2) upon (a) the Board of Director's approval of such a petition filed by not less than 20% or 200, whichever is smaller, of the taxpaying electors of an area of 25,000 square feet or more, including the consent of any owner of more than 50% of the area and (b) the subsequent approval thereof by a majority of the electors of the area to be included voting at an election held for that purpose. The District has made numerous inclusions of property subsequent to its organization.

The District is a party to a Service Agreement, dated August 13, 1992 among the Town of Parker, Colorado, the District, Cherry Creek South Metropolitan District No. 1, Cherry Creek South Metropolitan District No. 2, and Stroh Ranch Development Limited Partnership ("Stroh"), where in the District has contracted to provide water and sewage treatment to Stroh under the circumstances described in the Service Agreement. Pursuant to the Service Agreement, Stroh is charged rates, fees and charges that are identical to those paid by other District customers. Stroh has an estimated 3,900 SFE's yet to be developed. There are several in-fill areas in the County that could be included in the District's service area in the future.

The District currently has 46 wells from which it may divert its decreed water rights. The District's water is obtained from the Dawson, Denver, Arapahoe and Laramie Fox-Hills aquifers ("Denver basin aquifers") as well as from the Cherry Creek alluvium. These aquifers are subject to specific statutes and adjudications requiring limitations on use and artificial augmentation (in some cases). The District currently has, by decree, the right to withdraw the total of approximately 25,000 acre-feet of water per year from the Denver basin aquifers (subject to various terms and conditions) and nearly 15,500 acre-feet per year of consumptive use water from the Cherry Creek alluvium at build out. Pursuant to the District's dedication requirements, such water rights are to be dedicated to the District at a rate of 0.7 acre feet per single family equivalent tap. The Colorado Water Court has approved an augmentation plan which should effectively increase the

District's rights by approximately 8,000 acre-feet per year. Development of the District's water rights is limited by the terms and conditions of the decree associated with the specific water right.

The District treats its water supply solely through chlorination. Treated water is pumped from the wells to one of five storage tanks with a combined capacity of 20 million gallons. The distribution system consists of approximately 256 miles of lines ranging in diameter from six to thirty inches. The water system currently is divided into three pressure zones. Booster pump stations are used to increase pressure and flow in each of the upper pressure zones.

The District also owns 13 farms in Logan County that encompass approximately 4,665 acres, 2,765 acres of which have been historically irrigated. The historically-irrigated lands on the PWSD farms can produce approximately 5,000 ac-ft/yr of senior, fully-consumable water. In addition to the senior surface water rights owned by PWSD, it also owns 24 junior irrigation wells, that can produce approximately 45 cubic feet per second, and the wells operate pursuant to the Lower Logan Water Users Association augmentation plan, making these junior well water rights reliable. PWSD also owns storage in Prewitt Reservoir that provides supplemental irrigation water to the irrigated lands on the PWSD farms. The water stored in Prewitt Reservoir is used to make up any shortfalls in irrigation water late in the irrigation season. The water associated with the farms is available for PWSD's future use a reliable, renewable water supply. A recent study completed for the Colorado Water Conservation Board shows that the fully-consumable water from the PWSD farms can be economically transported by pipeline to Rueter-Hess if other municipal water suppliers along the Front Range participate in a joint project. As such, the PWSD farm water presents a viable future water supply for the citizens of PWSD.

The District is actively seeking additional sources of water to meet its ultimate service requirements. The District has adequate water to meet the current master plan build out. District water supplies are being supplemented by purchases of renewable surface water rights and in the future will be supplemented by the construction of the Rueter-Hess Dam & Reservoir.

The District operates a wastewater collection and treatment system consisting of two advanced wastewater treatment plants totaling 4 million gallons per day of treatment capacity. The District's collection system consists of 195 miles of sewer main lines, four raw sewage lift stations, and two treated effluent pump stations.

Current Water Demands and Customer Information

Average day water demand is approximately 5.5 million gallons. As of December 31, 2013 the District served a total of 13,744 accounts representing a total of 17,403 Single Family Equivalents (SFE's). The following table sets forth the District's water sales, by category, for calendar year 2013.

<u>Category</u>	<u>Annual Usage Gallons</u>	<u>Percent of Total Usage</u>
Residential/Multi-Family	1,458,444,323	75%
Commercial/Irrigation	<u>485,570,563</u>	<u>25%</u>
Total	1,944,014,886	100.0%

Water and Sewer Rates – Average Monthly Water Bill

User service charges are utilized to meet the operation and maintenance expenses of the water and sanitary sewer system. Water customers are charged a base fee plus metered usage, per the schedule below, with an average water bill, based on average annual residential usage, of \$49.20 per month. For 2014, the District's monthly water service charge is as follows:

<u>Description</u>	<u>2014</u>
Base Fee (no water included)	\$28.16
First 10,000 gallons used	\$2.49/1,000 gallons
Next 10,000 gallons used	\$4.04/1,000 gallons
Next 10,000 gallons used	\$5.97/1,000 gallons
Next 20,000 gallons used	\$7.80/1,000 gallons
Over 50,000 gallons	\$8.61/1,000 gallons

Sewer charges consist of a fixed monthly charge of \$8.75 per SFE plus \$8.63 per thousand gallons of use based on the average winter quarter water consumption. The sewer bill, based on the average residential customer, is \$48.15 per month.

Expected Project Yield

See Attached Exhibit.

Financial Plan for Parker Water and Sanitation District

Funding Sources

Total project costs for the Parker Water and Sanitation District's (PWSD) subscription of 1,200 acre feet (AF) of renewable water from the Water Infrastructure and Supply Efficiency (WISE) Project is \$13,400,000. The primary source of funds for the project includes existing cash reserves and approximately \$12,000,000 (funds required in 2014 and 2015) in loan proceeds from CWCB. Additional proceeds may be requested in 2019 but under separate request. Estimated debt service payments are calculated at \$664,290 per year based on a 25-year, 2.75% loan.

Financial Impacts

PWSD expects utilizing a combination of tap fees collected and increasing user water rates up to a total of 4.75%, if needed, to cover the debt service payments associated with the loan. This will have an impact on existing and future customers. However, the increase will meet the affordability criterion developed by the Colorado Department for Public Health and Environment (CDPHE). Under this criterion, user charges for water are considered affordable if the annual user charge is less than 1.5% of the median household income (MHI). Based upon the Town of Parker's MHI of \$92,917 from the 2007- 2011 American Community Survey, 1.5% is calculated to be \$1,394. The District's current average annual user charge for water services per household is \$660 which is 0.71% of MHI plus a property tax levy of 8.00 mills (approximately \$191 annually on average home values) assessed to pay for Rueter-Hess Reservoir. Assuming the entire amount will be funded utilizing rate increase(s), the full 4.75% increase, user charges would need to increase about \$31 annually to cover debt service costs associated with this loan. The new annual user charges per household will be approximately \$691 which is 0.74% of MHI. These figures, even with consideration of the property tax levy, are well below the indicated affordability threshold.

Revenue and Expenditure Projections

Revenue and expense projections through 2040 for Parker Water and Sanitation District are included as Appendix A. The projections include proceeds from CWCB and the associated debt service on the new loan.

TABOR Issues

Entering into the loan agreement to finance the project does not violate TABOR. On September 9, 1993, the District's Board of Directors determined that its water system and its sewer system constituted a water enterprise and a sewer enterprise, respectively, pursuant to TABOR and C.R.S. § 37-45.1-101, *et seq.* Enterprises, defined as government-owned businesses authorized to issue revenue bonds and receiving less than ten percent (10%) of annual revenue in grants from all state and local governments combined, are exempt from the limitations on entering into multiple fiscal year obligations imposed by TABOR. The District will enter into the loan by and through its water activity enterprise, and the revenues pledged to repay the loan will be water user charges and fees collected by the enterprise. Therefore, the loan will involve enterprise borrowing and will not

constitute a multiple fiscal year obligation of the District for which prior voter authorization is required pursuant to TABOR.

Collateral

Collateral for this loan will be a pledge of system revenue. The revenue stream will consist of fees and user charges imposed by the District, acting by and through its water activity enterprise. It is anticipated the District will covenant to set its rates, fees and charges at levels adequate to meet principal and interest payments on the loan along with operations, maintenance and capital obligations.

Creditworthiness

The District's audited financial statements for the last three years ending December 31, 2010, 2011 and 2012 are included as Appendix B. In addition, the District's 2012 actual financials, projected 2013 financials, and proposed 2014 budget is included as Appendix C.

Appendix A

Parker Water and Sanitation District - Revenue and Expenditure Projections

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Beginning Cash	\$ 87,296,091	\$ 68,826,017	\$ 71,295,579	\$ 76,711,288	\$ 76,775,979	\$ 77,183,837	\$ 74,341,905	\$ 75,441,032	\$ 76,074,852
Operating Revenues	\$ 26,634,094	\$ 27,727,554	\$ 28,883,460	\$ 29,933,427	\$ 31,031,420	\$ 32,178,228	\$ 33,290,612	\$ 34,447,031	\$ 35,647,953
Capital Revenues	\$ 16,782,495	\$ 19,007,202	\$ 17,215,883	\$ 16,403,274	\$ 17,309,852	\$ 17,731,850	\$ 18,111,985	\$ 19,061,397	\$ 19,525,246
Other Borrowing	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,000,000
CWCB Loan Proceeds	\$ 5,545,000	\$ 6,455,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Revenues	\$ 48,961,590	\$ 53,189,756	\$ 46,099,343	\$ 46,336,701	\$ 48,341,272	\$ 49,910,079	\$ 51,402,597	\$ 53,508,428	\$ 69,173,199
Less O&M Expenses	\$ 16,329,403	\$ 17,465,108	\$ 18,411,652	\$ 19,459,396	\$ 20,427,792	\$ 21,492,255	\$ 22,924,868	\$ 23,962,744	\$ 24,766,456
Capital Expenses	\$ 35,777,550	\$ 17,854,200	\$ 6,294,000	\$ 10,737,000	\$ 11,000,000	\$ 14,945,797	\$ 11,000,000	\$ 12,000,000	\$ 21,000,000
Rate Funded Capital	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 2,000,000	\$ 2,000,000
Less Existing Debt Service	\$ 14,324,711	\$ 14,400,887	\$ 14,313,691	\$ 14,411,324	\$ 14,341,332	\$ 14,149,669	\$ 14,214,311	\$ 14,247,574	\$ 14,262,133
Less CWCB Loan Debt Service	\$ -	\$ -	\$ 664,290	\$ 664,290	\$ 664,290	\$ 664,290	\$ 664,290	\$ 664,290	\$ 664,290
Less Other New Debt Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Uses	\$ 67,431,664	\$ 50,720,195	\$ 40,683,634	\$ 46,272,010	\$ 47,933,414	\$ 52,752,011	\$ 50,303,469	\$ 52,874,608	\$ 62,692,879
Ending Cash	\$ 68,826,017	\$ 71,295,579	\$ 76,711,288	\$ 76,775,979	\$ 77,183,837	\$ 74,341,905	\$ 75,441,032	\$ 76,074,852	\$ 82,555,171

	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>	<u>2031</u>
Beginning Cash	\$ 82,555,171	\$ 76,196,247	\$ 77,473,900	\$ 79,612,993	\$ 82,760,023	\$ 86,894,984	\$ 87,827,104	\$ 89,494,772	\$ 91,390,821
Operating Revenues	\$ 36,903,082	\$ 38,199,082	\$ 39,549,379	\$ 40,978,339	\$ 42,392,790	\$ 43,607,459	\$ 44,865,861	\$ 45,617,452	\$ 46,397,605
Capital Revenues	\$ 21,127,543	\$ 21,847,324	\$ 22,251,762	\$ 23,769,277	\$ 25,246,261	\$ 25,772,099	\$ 27,223,400	\$ 26,723,516	\$ 27,224,108
Other Borrowing	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
CWCB Loan Proceeds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Revenues	\$ 58,030,625	\$ 60,046,406	\$ 61,801,142	\$ 64,747,616	\$ 67,639,051	\$ 69,379,558	\$ 72,089,261	\$ 72,340,969	\$ 73,621,713
Less O&M Expenses	\$ 25,600,801	\$ 26,486,121	\$ 27,390,188	\$ 28,329,234	\$ 29,304,811	\$ 30,318,550	\$ 31,372,160	\$ 32,467,434	\$ 33,415,455
Capital Expenses	\$ 21,000,000	\$ 14,000,000	\$ 14,000,000	\$ 14,000,000	\$ 14,000,000	\$ 18,000,000	\$ 18,000,000	\$ 18,000,000	\$ 18,000,000
Rate Funded Capital	\$ 3,000,000	\$ 3,500,000	\$ 3,500,000	\$ 4,500,000	\$ 5,500,000	\$ 5,500,000	\$ 6,500,000	\$ 5,500,000	\$ 5,500,000
Less Existing Debt Service	\$ 13,016,927	\$ 13,010,812	\$ 13,000,041	\$ 12,999,532	\$ 12,927,459	\$ 12,857,068	\$ 12,777,613	\$ 12,705,665	\$ 12,936,285
Less CWCB Loan Debt Service	\$ 664,290	\$ 664,290	\$ 664,290	\$ 664,290	\$ 664,290	\$ 664,290	\$ 664,290	\$ 664,290	\$ 664,290
Less Other New Debt Service	\$ 1,107,530	\$ 1,107,530	\$ 1,107,530	\$ 1,107,530	\$ 1,107,530	\$ 1,107,530	\$ 1,107,530	\$ 1,107,530	\$ 1,107,530
Total Uses	\$ 64,389,549	\$ 58,768,753	\$ 59,662,049	\$ 61,600,585	\$ 63,504,090	\$ 68,447,438	\$ 70,421,593	\$ 70,444,919	\$ 71,623,560
Ending Cash	\$ 76,196,247	\$ 77,473,900	\$ 79,612,993	\$ 82,760,023	\$ 86,894,984	\$ 87,827,104	\$ 89,494,772	\$ 91,390,821	\$ 93,388,975

	<u>2032</u>	<u>2033</u>	<u>2034</u>	<u>2035</u>	<u>2036</u>	<u>2037</u>	<u>2038</u>	<u>2039</u>	<u>2040</u>
Beginning Cash	\$ 93,388,975	\$ 95,823,362	\$ 95,708,643	\$ 96,003,248	\$ 89,726,294	\$ 90,453,136	\$ 91,540,052	\$ 93,011,395	\$ 94,878,031
Operating Revenues	\$ 47,166,512	\$ 47,953,849	\$ 48,747,318	\$ 49,559,808	\$ 50,391,719	\$ 51,459,779	\$ 52,554,205	\$ 53,675,660	\$ 54,824,825
Capital Revenues	\$ 27,750,637	\$ 29,304,090	\$ 29,835,619	\$ 30,395,040	\$ 30,808,527	\$ 31,247,797	\$ 31,713,890	\$ 32,208,141	\$ 32,731,582
Other Borrowing	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
CWCB Loan Proceeds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Revenues	\$ 74,917,149	\$ 77,257,939	\$ 78,582,937	\$ 79,954,848	\$ 81,200,245	\$ 82,707,577	\$ 84,268,095	\$ 85,883,801	\$ 87,556,406
Less O&M Expenses	\$ 34,393,377	\$ 35,402,232	\$ 36,443,091	\$ 37,517,065	\$ 38,625,306	\$ 39,769,012	\$ 40,949,426	\$ 42,167,839	\$ 43,425,592
Capital Expenses	\$ 18,000,000	\$ 21,000,000	\$ 21,000,000	\$ 28,000,000	\$ 28,000,000	\$ 28,000,000	\$ 28,000,000	\$ 28,000,000	\$ 28,000,000
Rate Funded Capital	\$ 5,500,000	\$ 6,500,000	\$ 6,500,001	\$ 6,500,002	\$ 6,500,003	\$ 6,500,004	\$ 6,500,005	\$ 6,500,006	\$ 6,500,007
Less Existing Debt Service	\$ 12,817,565	\$ 12,698,605	\$ 12,573,420	\$ 12,442,915	\$ 5,576,275	\$ 5,579,825	\$ 5,575,500	\$ 5,577,500	\$ 5,579,000
Less CWCB Loan Debt Service	\$ 664,290	\$ 664,290	\$ 664,290	\$ 664,290	\$ 664,290	\$ 664,290	\$ 664,290	\$ 664,290	\$ 664,290
Less Other New Debt Service	\$ 1,107,530	\$ 1,107,530	\$ 1,107,530	\$ 1,107,530	\$ 1,107,530	\$ 1,107,530	\$ 1,107,530	\$ 1,107,530	\$ 1,107,530
Total Uses	\$ 72,482,762	\$ 77,372,657	\$ 78,288,332	\$ 86,231,802	\$ 80,473,404	\$ 81,620,661	\$ 82,796,751	\$ 84,017,165	\$ 85,276,419
Ending Cash	\$ 95,823,362	\$ 95,708,643	\$ 96,003,248	\$ 89,726,294	\$ 90,453,136	\$ 91,540,052	\$ 93,011,395	\$ 94,878,031	\$ 97,158,018

Appendix B

PARKER WATER AND SANITATION DISTRICT
Douglas County, Colorado

FINANCIAL STATEMENTS
December 31, 2010 and 2009

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Independent Auditor's Report

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

We have audited the accompanying basic financial statements of Parker Water and Sanitation District as of and for the years ended December 31, 2010 and 2009, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Parker Water and Sanitation District as of December 31, 2010 and 2009 and its changes in financial position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and other post-employment benefit information on pages II through IX and 24 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Parker Water and Sanitation District's basic financial statements. The supplemental information listed in the table of contents is presented for purposes of additional analysis and legal compliance and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Clifton Gunderson LLP

Greenwood Village, Colorado
May 12, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of Parker Water and Sanitation District's financial performance provides an overview of the District's financial activities for the fiscal year ended December 31, 2010 and 2009. Please read it in conjunction with the District's financial statements, which begin on page 1.

FINANCIAL HIGHLIGHTS

- The assets of the Parker Water and Sanitation District exceeded its liabilities at the close of the most recent fiscal year by \$401,278,164 (net assets). Of this amount, \$56,584,863 (unrestricted net assets) may be used to meet the District's ongoing obligations to customers and creditors.
- The Water and Sewer Enterprises of the District are business type activities that are intended to recover all or a significant portion of their costs through user fees and charges. During 2010, the water rates increased from the levels set in January 2005 and the sewer rates increased from the levels set in January 2006.
- The District collected tap fees for 138 and 62 Single Family Equivalents (SFE's) sold during 2010 and 2009, respectively, for new construction in the District.
- The District levies taxes for operations. By law, the District is generally prohibited from levying a greater 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 previous reductions in the mill levy, from 2001 through 2008, were due to the substantial annual increases in assessed valuations and number of customers. The certified 2010 mill levy for operations was 1.939 mills and the 2011 mill levy for operations is 2.053 mills. The certified 2010 mill levy for the 2004 voter-approved general obligation debt for the construction of Rueter-Hess Reservoir was 1.615 mills and the 2011 mill levy for the general obligation debt is 12.872 mills.
- Contributed assets from developers consisting of contributed water and sewer lines and water rights acquired by inclusions totaled \$1,075,035 in 2010 and \$3,622,016 in 2009.
- The District's long-term debt in the form of loans from Colorado Water Resources and Power Development Authority (CWRPDA) increased by \$51,485,000 in 2010. These funds will be used for the construction of the 10 MGD water treatment plant to be used in conjunction with Rueter-Hess Reservoir. In addition, the District took the final draw of \$12.2 million on the 2002 Colorado Water Conservation Board (CWCB) loan.
- At December 31, 2010 and 2009, the District is carrying a receivable in the amount of \$6,992,760 and \$8,158,220, respectively for the outstanding inclusion fee due for RidgeGate. The balance to the District is due over the next six years.

OVERVIEW OF THE FINANCIAL STATEMENTS

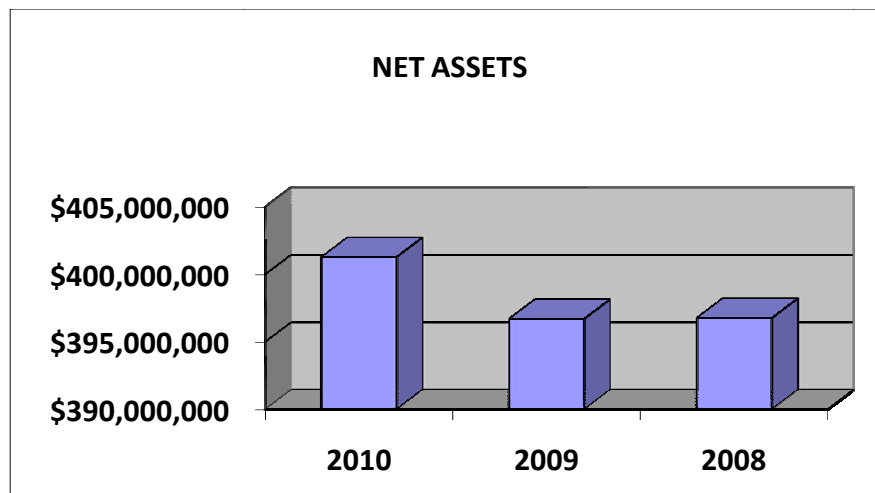
This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. Required statements for proprietary funds are: 1) Statement of Net Assets, 2) Statement of Revenues, Expenses and Changes in Fund Net Assets, and 3) Statement of Cash Flows. The Statement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

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

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

The **Statement of Cash Flows** as the name implies, 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.

FINANCIAL SUMMARY AND ANALYSIS



NET ASSETS

	<u>2010</u>	<u>2009</u>	<u>2008</u>
ASSETS			
Current nonrestricted assets	\$ 66,066,035	\$ 67,585,306	\$ 98,741,845
Current restricted assets	55,496,169	5,215,861	12,458,936
Capital assets	504,485,441	482,703,132	443,037,511
Other long-term assets	<u>6,362,566</u>	<u>6,992,760</u>	<u>8,158,220</u>
Total assets	<u>632,410,211</u>	<u>562,497,059</u>	<u>562,396,512</u>
LIABILITIES			
Current liabilities	19,514,184	13,616,416	9,838,558
Long term obligations	<u>211,617,863</u>	<u>152,181,860</u>	<u>155,792,559</u>
Total liabilities	<u>231,132,047</u>	<u>165,798,276</u>	<u>165,631,117</u>
NET ASSETS			
Invested in capital assets, net of related debt	339,648,473	327,295,679	284,023,979
Restricted	5,044,828	5,215,861	5,400,008
Unrestricted	<u>56,584,863</u>	<u>64,187,243</u>	<u>107,341,408</u>
Total net assets	<u>\$ 401,278,164</u>	<u>\$ 396,698,783</u>	<u>\$ 396,765,395</u>

NET ASSETS

Current restricted assets increased by approximately \$50 million due to proceeds from the 2010 CWRPDA loan being held for construction of the 10 MGD water treatment plant. The increase in capital assets is due primarily to construction in progress on Rueter-Hess Reservoir.

Total liabilities increased due to the 2010 CWRPDA loan and the final draw on the 2002 CWCB loan of approximately \$12.2 million.

The decrease in current nonrestricted assets in 2009 was due primarily to the payment of construction expenses related to the continued construction of Rueter-Hess Reservoir. Current restricted assets in 2009 decreased by approximately \$7 million as the balance of the deposit held in escrow was used to pay the Rueter-Hess Reservoir outlet structure expenses.

Total net assets decreased slightly in 2009, the decrease in unrestricted assets and increase in invested in capital assets, net of related debt was primarily related to continued construction of Rueter-Hess Reservoir.

CHANGES IN NET ASSETS

	<u>2010</u>	<u>2009</u>	<u>2008</u>
REVENUES			
Operating revenue	\$ 21,267,144	\$ 16,472,802	\$ 17,865,315
Nonoperating revenues			
Taxes, net of collection fees	1,852,280	931,076	897,742
Net investment income	478,461	965,462	2,598,202
Farm land revenue	319,391	350,537	301,895
Inclusion fees	-	-	357,585
Other	693,180	497,738	464,062
Total nonoperating revenue	<u>3,343,312</u>	<u>2,744,813</u>	<u>4,619,486</u>
Total revenues	<u>24,610,456</u>	<u>19,217,615</u>	<u>22,484,801</u>
EXPENSES			
Operating			
Salaries	4,086,870	4,061,469	3,739,345
Employee benefits	1,434,690	1,321,649	1,308,127
Insurance	186,393	209,368	72,232
Professional services	776,409	825,769	827,182
Support services	184,990	226,580	235,165
Utilities	3,140,689	2,476,831	2,932,304
Contract labor and maintenance	1,826,695	1,639,313	1,494,211
Supplies	1,155,096	1,422,420	1,363,970
Community education	147,652	36,240	-
Information technology	311,060	229,508	224,502
Miscellaneous	515,677	565,473	753,307
Depreciation	8,544,980	8,676,301	8,209,286
Total operating expenses	<u>22,311,201</u>	<u>21,690,921</u>	<u>21,159,631</u>
Nonoperating expenses			
Water resource farms	150,188	133,359	175,578
Interest	1,151,772	2,581,482	2,679,010
(Gain) Loss on disposal of assets	135,964	100,941	(789,457)
Total nonoperating expenses	<u>1,437,924</u>	<u>2,815,782</u>	<u>2,065,131</u>
Total expenses	<u>23,749,125</u>	<u>24,506,703</u>	<u>23,224,762</u>
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	861,331	(5,289,088)	(739,961)
CAPITAL CONTRIBUTIONS	<u>3,718,050</u>	<u>5,222,476</u>	<u>72,716,857</u>
CHANGES IN NET ASSETS	4,579,381	(66,612)	71,976,896
NET ASSETS - BEGINNING OF YEAR	<u>396,698,783</u>	<u>396,765,395</u>	<u>324,788,499</u>
NET ASSETS - END OF YEAR	<u>\$401,278,164</u>	<u>\$396,698,783</u>	<u>\$396,765,395</u>

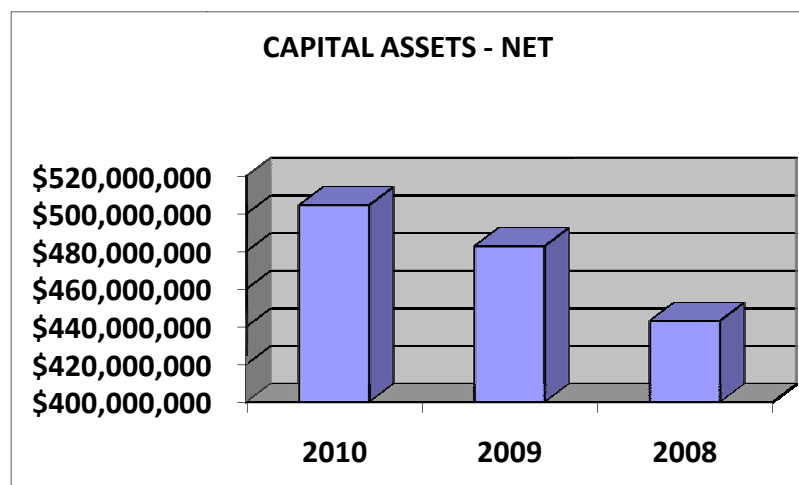
CHANGES IN NET ASSETS

Operating revenue increased in 2010 by approximately \$4.8 million due to water and sewer rate increases and the decrease in average precipitation during the irrigation months of 2010, resulting in more irrigation revenue. Tax revenue increased by approximately \$.9 million due to the certification of the mill levy for the 2004 voter-approved general obligation debt. The decrease in net investment income can be attributed to the current rate environment and the use of invested funds on the continuing construction of Rueter-Hess Reservoir. Utility expenses increased due to an electricity rate increase and to the additional amount of water being pumped to meet the higher demand during the irrigation months. Interest expense decreased by approximately \$1.4 million but approximately \$2 million of interest expense was capitalized in addition to the interest normally capitalized for the 2004 CWRPDA loan for the construction of Rueter-Hess Reservoir. Capital contributions in the form of contributed assets from developers also decreased in 2010 by approximately \$2.5 million. Capital contributions in the form of tap fees and system development fees increased in 2010 by approximately \$1 million.

Operating revenue decreased in 2009 by approximately \$1.4 million due to conservation and the increase in precipitation in the spring of 2009, resulting in less irrigation revenue. The \$2.6 million decrease in net investment income, resulted from a declining interest rate on investments during 2009 and the use of invested cash on the continued construction of Rueter-Hess Reservoir. Capital contributions in 2009 were lower because the Rueter-Hess storage income, \$59.4 million, received in 2008 were for the one time sale of storage space in Rueter-Hess Reservoir. Capital contributions in 2009 were also lower due to the decrease in system development fees, down \$3.9 million, related to the decrease in the number of tap fees paid during 2009. Contributed assets from developers also decreased in 2009 by approximately \$2.4 million.

CAPITAL ASSETS

The District's investment in capital assets at December 31, 2010 amounted to \$504,485,441 (net of accumulated depreciation). This investment in capital assets includes land, water rights, buildings, distribution systems and furniture and equipment. Analysis of changes in capital assets is as follows:



CAPITAL ASSETS

	<u>2010</u>	<u>2009</u>	<u>2008</u>
Land	\$ 16,903,615	\$ 16,850,192	\$ 16,850,192
Water rights	132,328,263	132,189,511	132,144,701
Construction in progress	183,107,087	154,768,752	112,390,341
Land improvements	10,049,948	10,737,789	11,426,303
Buildings	46,726,677	48,492,787	50,200,961
Infrastructure	85,716,521	87,484,075	84,535,706
Diversion structure	14,116,623	14,116,623	14,116,623
Machinery and equipment	15,331,969	17,681,473	20,764,478
Vehicles	204,738	381,930	608,206
Total capital assets - Net	<u>\$504,485,441</u>	<u>\$482,703,132</u>	<u>\$ 443,037,511</u>

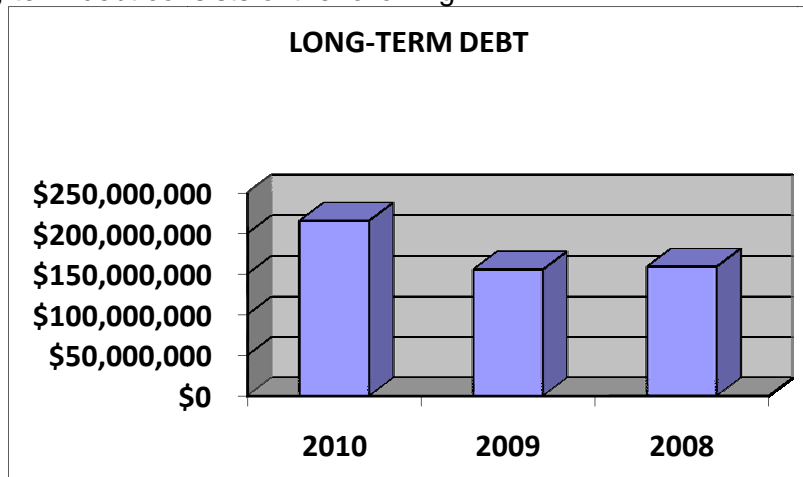
The major capital additions during 2010 and 2009 include:

	<u>2010</u>	<u>2009</u>
• Rueter-Hess Reservoir Project (in process)	\$20.6 million	\$34.0 million
• Contributed Water/Sewer Lines	\$1.1 million	\$3.6 million
• Water Development (in process)	\$.4 million	\$.5 million
• Wells and Well Houses	\$.4 million	\$.2 million
• Wastewater Plants Upgrades	\$.3 million	\$.1 million
• Water Treatment Plant (in process)	\$.1 million	\$2.8 million
• Water Infrastructure	-	\$2.1 million
• DAFT Construction	-	\$.1 million

The amounts listed above for the Rueter-Hess Reservoir Project do not include capitalized interest. Additional information on the District's capital assets can be found in the notes to financial statements.

LONG-TERM DEBT

The District's long-term debt consists of the following:



LONG-TERM DEBT

	<u>2010</u>	<u>2009</u>	<u>2008</u>
Revenue Bonds	\$ 2,890,000	\$ 3,390,000	\$ 3,870,000
Colorado Water Resources and Power			
Development Authority loans	197,465,766	149,217,202	152,343,281
Less bond discount	(67,457)	-	-
Colorado Water Conservation Board loans	<u>15,000,000</u>	<u>2,800,251</u>	<u>2,800,251</u>
Total outstanding debt	<u>\$215,288,309</u>	<u>\$155,407,453</u>	<u>\$ 159,013,532</u>

The increase in debt is due to the addition of the 2010 CWRPDA loan for the construction of the new 10 MGD water treatment plant and due to the District utilizing the remaining balance of the 2002 CWCB loan. The District's revenue bond rating is AA- from Standard & Poor's rating services. More detailed information about the District's long-term liabilities is presented in Note 6 to the financial statements.

The reduction in debt in 2009 was due to principal repayment. There was no new debt added in 2009. The District's revenue bond rating was A from Standard & Poor's rating services.

ECONOMIC FACTORS AND RATES

Parker Water and Sanitation District's water rates utilize a flat rate plus tiered consumption pricing to encourage conservation. Sewer fees are set at a monthly flat fee. Rates for the water and sewer enterprises are set by the Board of Directors to meet the cost of operations and to fund debt service, except for the financing for the Rueter-Hess Reservoir. In 2010, the District's water rates increased by approximately 14% and the sewer service fee increased by approximately \$12 per month.

The District is continuing to experience some growth in residential and commercial developments with a 1.2% and 1.2% increase in single family equivalents (SFE) during 2010 and 2009, respectively. Water development fees and sewer development fees remained unchanged in 2009. In 2010, water development fees increased by approximately 6% and sewer development fees ceased.

During 2009, the District engaged a rate study consulting firm to update the District's water and wastewater user charges and tap fees. The consulting firm was engaged to assist the District with conducting a series of workshops that integrated a Community Working Group into the study, to update the District's water and wastewater tap fees with an equitable and current approach, to develop a financial plan that forecast revenue requirements for both the water and wastewater systems, to calculate cost-of-service rates, and to develop alternative water and wastewater rates that encourage conservation and accomplish the District's other goals, including the need to meet the financial requirements of the District's capital improvement plan. The final report for the rate study can be found at www.pwsd.org.

The District's long-term planning clearly spells out an expansion program that can be best categorized in two components; Short-Term Capital Improvements (10 years or less) and Long-Term Capital Improvements (10 years and beyond).

Short-Term Capital Improvements

The current 10 year Capital Improvement Plan (CIP) anticipates \$53.5 million in improvements to the water system and \$33 million in improvements to the waste water system over the next ten years. Anticipated improvements include but are not limited to: construction of an additional 5 million gallons of potable water storage, construction of a new 10 MGD water treatment plant, construction of additional sanitary sewer interceptor lines, and additional treatment capacity at either the north or south water reclamation plants.

Long-Term Capital Improvements

The Long-Term Plan of the District recognizes the need to replace the District's current water source (ground water) with a renewable surface water supply. Over the last 20 years the District has investigated many different possible sources of surface water and currently is involved in pursuing four possible options including: purchase, treatment and transmission of water from the lower South Platte River, purchase and transmission of water from Flaming Gorge Reservoir, purchase, treatment and transmission of water from the lower Arkansas River Basin, and purchase, treatment and transmission of water from the upper South Platte River in conjunction with Denver Water, the City of Aurora and South Metro Water Supply Authority.

Preliminary planning for the Lower South Platte project indicates that the District could need between \$700 million and \$1 billion in order to fully accomplish the replacement of its ground water supply. Preliminary analysis of other potential projects indicates that this same capital requirement will be required regardless of which potential project might come to completion.

Additionally, during this period of time the District will be faced with the need to replace or upgrade aging infrastructure/equipment, continue to increase capacity of water and wastewater treatment in response to increased growth and demand, and provide for routine maintenance of its systems.

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, 19801 E. Mainstreet, Parker, Colorado 80138.

BASIC FINANCIAL STATEMENTS

PARKER WATER AND SANITATION DISTRICT
STATEMENTS OF NET ASSETS
December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 49,829,929	\$ 49,334,989
Cash and cash equivalents - Restricted	5,458,601	5,215,861
Investments	6,508,686	14,674,569
Investments - Restricted	50,037,568	-
Accounts receivable		
Service fees	439,607	313,375
Inclusion fee	1,165,460	1,165,460
Other	473,162	270,309
Accrued interest receivable	235,636	62,595
Property taxes receivable	7,409,855	1,760,309
Other assets	3,700	3,700
Total current assets	<u>121,562,204</u>	<u>72,801,167</u>
CAPITAL ASSETS		
Not being depreciated	346,455,588	317,925,078
Being depreciated (net of accumulated depreciation)	<u>158,029,853</u>	<u>164,778,054</u>
Total capital assets	504,485,441	482,703,132
BOND ISSUE COSTS	535,266	-
INCLUSION FEE RECEIVABLE	<u>5,827,300</u>	<u>6,992,760</u>
Total long-term assets	<u>510,848,007</u>	<u>489,695,892</u>
TOTAL ASSETS	<u>632,410,211</u>	<u>562,497,059</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts and retainage payable	4,089,556	5,121,138
Accrued expenses	301,038	279,843
Accrued interest payable	3,277,676	2,488,605
Deferred property taxes	7,409,855	1,760,309
Construction deposits	63,404	140,824
Current portion of long-term debt		
Bonds and notes payable	<u>4,372,655</u>	<u>3,825,697</u>
Total current liabilities	<u>19,514,184</u>	<u>13,616,416</u>
NONCURRENT LIABILITIES		
Long-term debt		
Bonds and notes payable	210,915,654	151,581,756
Compensated absences	490,805	459,168
Other post employment benefit	<u>211,404</u>	<u>140,936</u>
Total long-term liabilities	<u>211,617,863</u>	<u>152,181,860</u>
TOTAL LIABILITIES	<u>231,132,047</u>	<u>165,798,276</u>
NET ASSETS		
Invested in capital assets, net of related debt	339,648,473	327,295,679
Restricted for loan agreement requirements	4,304,272	4,300,971
Restricted for debt service	389,827	389,671
Restricted for employment contract	350,729	525,219
Unrestricted	<u>56,584,863</u>	<u>64,187,243</u>
TOTAL NET ASSETS	<u>\$ 401,278,164</u>	<u>\$ 396,698,783</u>

The accompanying notes are an integral part of the financial statements.

PARKER WATER AND SANITATION DISTRICT
STATEMENTS OF REVENUES, EXPENSES AND CHANGES
IN FUND NET ASSETS
Years Ended December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
OPERATING REVENUES		
Charges for services	\$ 20,925,595	\$ 16,267,261
Other operating income	341,549	205,541
Total operating revenue	<u>21,267,144</u>	<u>16,472,802</u>
OPERATING EXPENSES		
Salaries	4,086,870	4,061,469
Employee benefits	1,434,690	1,321,649
Insurance	186,393	209,368
Professional services	776,409	825,769
Support services	184,990	226,580
Utilities	3,140,689	2,476,831
Contract labor and maintenance	1,826,695	1,639,313
Supplies	1,155,096	1,422,420
Community education	147,652	36,240
Information technology	311,060	229,508
Miscellaneous	515,677	565,473
Depreciation	8,544,980	8,676,301
Total operating expenses	<u>22,311,201</u>	<u>21,690,921</u>
OPERATING (LOSS)	<u>(1,044,057)</u>	<u>(5,218,119)</u>
NONOPERATING REVENUES AND (EXPENSES)		
Property taxes	1,729,517	864,254
Specific ownership taxes	122,763	66,822
Farm land revenue	319,391	350,537
Water resource farms	(150,188)	(133,359)
Net investment income	478,461	965,462
Interest expenses/fees	(1,151,772)	(2,581,482)
Gain (loss) on disposal of assets	(135,964)	(100,941)
Other income	693,180	497,738
Total nonoperating revenues and (expenses)	<u>1,905,388</u>	<u>(70,969)</u>
GAIN (LOSS) BEFORE CAPITAL CONTRIBUTIONS	<u>861,331</u>	<u>(5,289,088)</u>
CAPITAL CONTRIBUTIONS		
Tap fees received	725,190	370,745
Contributed assets from developers	1,075,035	3,622,016
Water resource fees	60,000	125,000
System development fees	1,857,825	1,104,715
Total capital contributions	<u>3,718,050</u>	<u>5,222,476</u>
CHANGE IN NET ASSETS	4,579,381	(66,612)
NET ASSETS - BEGINNING OF YEAR	<u>396,698,783</u>	<u>396,765,395</u>
NET ASSETS - END OF YEAR	<u><u>\$ 401,278,164</u></u>	<u><u>\$ 396,698,783</u></u>

The accompanying notes are an integral part of the financial statements.

PARKER WATER AND SANITATION DISTRICT
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers/operations	\$ 20,860,639	\$ 16,472,751
Cash payments to suppliers for goods and services	(8,131,208)	(7,427,691)
Cash payments to employees for services	(5,398,260)	(5,241,737)
Net cash flows provided from operating activities	<u>7,331,171</u>	<u>3,803,323</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Property and specific ownership tax, net of fees	1,056,937	931,076
Other nonoperating revenue	2,178,031	2,013,735
Other nonoperating expenses	(150,188)	(133,359)
Net cash provided by noncapital financing activities	<u>3,084,780</u>	<u>2,811,452</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Tap fees collected	725,190	370,745
Water resource fees received	60,000	125,000
System development fees received	1,857,825	1,104,715
Property tax revenue for debt service, net of fees	795,343	-
Acquisition of property and equipment	(23,206,209)	(37,174,586)
Debt proceeds, including discount	63,616,836	-
Bond issue costs	(538,883)	-
Principal paid	(3,736,436)	(3,606,079)
Interest paid	(7,685,675)	(7,744,195)
Net cash provided (required) by capital and related financing activities	<u>31,887,991</u>	<u>(46,924,400)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale of investments	13,850,000	21,150,000
Purchase of investments	(56,183,615)	(19,344,089)
Interest received	767,353	1,273,787
Net cash provided (required) by investing activities	<u>(41,566,262)</u>	<u>3,079,698</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	737,680	(37,229,927)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>54,550,850</u>	<u>91,780,777</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 55,288,530</u>	<u>\$ 54,550,850</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) from operations	\$ (1,044,057)	\$ (5,218,119)
Adjustments to reconcile (loss) from operations to net cash provided by operating activities		
Depreciation	8,544,980	8,676,301
Changes in assets and liabilities related to operations		
Accounts receivable	(329,085)	(70,038)
Accounts and retainage payable	113,453	203,811
Accrued expenses	21,195	15,643
Compensated absences	31,637	55,270
Other post employment benefits	70,468	70,468
Construction deposits	(77,420)	69,987
Total adjustments	<u>8,375,228</u>	<u>9,021,442</u>
Net cash provided by operating activities	<u>\$ 7,331,171</u>	<u>\$ 3,803,323</u>

Cash flows from capital and related financing activities do not include \$1,075,035 and \$3,622,016 of water rights, water and sewer lines contributed to the District during 2010 and 2009, respectively, and \$(461,931) and \$(201,459) of market value adjustment on investments for 2010 and 2009, respectively.

The accompanying notes are an integral part of the financial statements.

PARKER WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009

NOTE 1 - DEFINITION OF REPORTING ENTITY

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

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The District has elected to follow Governmental Accounting Standards Board pronouncements. Therefore, statements issued by the Financial Accounting Standards Board after November 30, 1989 are not applied.

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

Basis of Accounting

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

PARKER WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Operating Revenues and Expenses

The District distinguishes between operating revenues and expenses and nonoperating items in the Statements of Revenues, Expenses and Changes in Fund Net Assets. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the District's purpose of providing water and sanitation services to its customers. Operating revenues consist of charges to customers for services provided. Operating expenses include the cost of service, administrative expenses, and depreciation of assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses or capital contributions.

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

Budgets

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

Cash Equivalents

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.

Capital Assets

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

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

**PARKER WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Capitalized Interest

Interest incurred during construction is reflected in the capitalized value of the asset constructed, net of investment earnings on invested loan proceeds during the same period. Total interest incurred during the years ended December 31, 2010 and 2009 was \$8,189,670 and \$7,413,402, respectively. Interest expense capitalized during the year ended December 31, 2010 amounted to \$7,327,045. Net interest expense capitalized during the year ended December 31, 2009 amounted to \$5,112,364 (\$5,121,066 interest expense, less \$8,702 investment earnings on restricted loan proceeds).

Water Rights

The cost of water rights includes acquisition cost, legal and engineering costs related to the development and augmentation of those rights. Since the rights have a perpetual life, they are not amortized. All other costs, including costs incurred for the protection of those rights, are expensed.

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 revenue in the year they are levied and measurable. The deferred property tax revenue are recorded as revenue in the year they are available or collected.

Capital Contributions

Capital contributions are comprised of tap fees, water resource fees and other development fees and are recorded as capital contributions when received. Lines contributed to the District by developers are recorded as capital contributions and additions to the systems at the estimated fair value when received.

PARKER WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences

Full-time employees, who have been employed by the District for one or more years, receive annual vacation leave with pay. Part-time employees are not entitled to paid vacations. Vacation time of five to fifteen days may be carried over from one year to the next depending upon the employee's length of service. No more than 25 days may be accumulated at any point in time. The District's sick leave policy permits the accumulation of four hours per pay period up to a maximum of 96 hours per year. Part-time employees are not entitled to any sick leave. Employees with less than five years of service are not paid for unused sick days upon termination of employment. Employees with five to fourteen years of service are paid for 50% of unused sick days upon termination of employment. Employees with fifteen years of service are paid for 100% of unused sick days upon termination of employment. The District's sick leave policy permits a maximum accumulation of 520 sick hours.

Reclassifications

For comparability, certain 2009 amounts have been reclassified where appropriate to conform with 2010 financial statement presentation.

NOTE 3 - CASH AND INVESTMENTS

Cash Deposits

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The total market value of all pledged assets must exceed 102% 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.

At December 31, 2010 and 2009, the District's cash deposits had a carrying balance of \$8,699,489 and \$5,645,950, respectively.

Investments

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

PARKER WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

- 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

Interest Rate Risk

The District owned the following investments as of December 31, 2010:

	Fair Value	Remaining Maturity		
		12 Months or Less	13 - 24 Months	25 - 36 Months
U.S. Government Agencies	\$ 56,546,254	\$ 13,184,793	\$ 29,540,614	\$ 13,820,847
Investments held in trust	761	761	-	-
Local government investment pool	46,588,280	46,588,280	-	-
	<u>\$103,135,295</u>	<u>\$ 59,773,834</u>	<u>\$ 29,540,614</u>	<u>\$ 13,820,847</u>

The District owned the following investments as of December 31, 2009:

	Fair Value	Remaining Maturity		
		12 Months or Less	13 - 24 Months	25 - 36 Months
U.S. Treasury Bills	\$ 1,295,915	\$ 1,295,915	\$ -	\$ -
U.S. Government Agencies	13,378,654	12,075,096	1,303,558	-
Investments held in trust	992	992	-	-
Local government investment pool	48,903,908	48,903,908	-	-
	<u>\$ 63,579,469</u>	<u>\$ 62,275,911</u>	<u>\$ 1,303,558</u>	<u>\$ -</u>

Concentration of Credit Risk

The District does not have a policy that addresses specific limitations on the amount that can be invested in any one issuer, but does require diversification of investments, excluding U.S. Treasury securities. As of December 31, 2010, more than 5% of the District's investments are concentrated in Federal Home Loan Mortgage Corporation securities (26.6%), Federal National Mortgage Association securities (11.7%), Federal Home Loan Bank securities (10.4%) and Federal Farm Credit Bank securities (6.0%). As of December 31, 2009, more than 5% of the District's investments are concentrated in Federal Home Loan Bank securities (7.8%) and Federal National Mortgage Association securities (5.4%).

PARKER WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

Credit Risk

As of December 31, 2010 and 2009, the District had invested \$46,588,280 and \$48,903,908, respectively, in the Colorado Local Government Liquid Asset Trust (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to \$1.00. The two funds of the Trust are rated AAAM by Standard and Poor's.

The U.S. agency securities are rated AAA by Standard and Poor's.

Cash and investments are restricted for the following purposes:

Debt Service

Cash and investments in the amount of \$389,066 and \$388,679 at December 31, 2010 and 2009, respectively, were restricted for debt service applicable to various debt obligations.

Employment Agreement

In November 2008, the District entered into a four year employment agreement with the District Manager. The PWSD Board set aside the sum of \$700,000 into a separate account to satisfy the financial obligations of the District to fund this employment agreement. The District's financial obligation is reduced by \$175,000 each year over the life of the agreement. Cash in the amount of \$350,729 and \$525,219 was restricted at December 31, 2010 and 2009, respectively, for this agreement.

Trust for Capital Improvements

Cash and investments in the amount of \$761 and \$992 were held in trust at December 31, 2010 and 2009, respectively, by the Colorado Water Resources and Power Development Authority. Interest earnings held by the Power Development Authority, which the District has chosen to use for debt service, totaled \$761 in 2010 and \$992 in 2009.

Operating Reserve

The loan agreements with the Colorado Water Resources and Power Development Authority generally require that the District maintain a three month operating reserve. For this purpose, the District had restricted cash and investments of \$4,304,272 and \$4,300,971 at December 31, 2010 and 2009, respectively.

PARKER WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

Water Treatment Plant

The loan documents for the 2010 loan with the Colorado Water Resources and Power Development Authority require that the proceeds from the loan be applied only to the expenses of acquiring, constructing, and equipping the project. In the event that all of the proceeds of the loan are not required to pay such expenses, any remaining amount shall be used for paying principal and interest on the loan. For this purpose, the District had restricted cash and investments of \$50,451,341 at December 31, 2010.

At December 31, 2010 and 2009, cash deposits and investments are classified on the statements of net assets as follows:

	<u>2010</u>	<u>2009</u>
Cash and cash equivalents	\$ 49,829,929	\$ 49,334,989
Cash and cash equivalents - Restricted	5,458,601	5,215,861
Investments	6,508,686	14,674,569
Investments - Restricted	<u>50,037,568</u>	<u>-</u>
	<u>\$ 111,834,784</u>	<u>\$ 69,225,419</u>
 Cash deposits	 \$ 8,699,489	 \$ 5,645,950
Investments	<u>103,135,295</u>	<u>63,579,469</u>
	<u>\$ 111,834,784</u>	<u>\$ 69,225,419</u>

NOTE 4 - INCLUSION FEES

The District carried a receivable for the RidgeGate inclusion fee for \$6,992,760 and \$8,158,220 at December 31, 2010 and 2009, respectively. The receivable bears interest at 6.25%. At December 31, 2010, the current and noncurrent portions of the receivable were \$1,165,460 and \$5,827,300, respectively. At December 31, 2009, the current and noncurrent portions of the receivable were \$1,165,460 and \$6,992,760, respectively. At December 31, 2010, there were six remaining annual inclusion fee payments of \$1,165,460 due to the District.

PARKER WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009

NOTE 5 - CAPITAL ASSETS

An analysis of the changes in capital assets for the years ended December 31, 2010 and 2009 follows:

	2010		
	Balance at December 31, 2009	Increases	Decreases
			Balance at December 31, 2010
Capital assets, not being depreciated:			
Land	\$ 16,850,192	\$ 53,423	\$ -
Water rights	132,189,511	138,752	-
Diversion structure	14,116,623	-	-
Construction in progress	154,768,752	28,338,335	-
Total capital assets, not being depreciated	<u>317,925,078</u>	<u>28,530,510</u>	<u>-</u>
Capital assets, being depreciated:			
Land improvements	13,798,852	-	-
Buildings	63,604,497	35,800	60,658
Infrastructure	106,008,952	1,130,697	-
Machinery and equipment	51,182,420	766,247	677,848
Vehicles	1,551,189	-	4,200
Total capital assets, being depreciated	<u>236,145,910</u>	<u>1,932,744</u>	<u>742,706</u>
Less accumulated depreciation for:			
Land improvements	3,061,063	687,841	-
Buildings	15,111,710	1,744,652	3,400
Infrastructure	18,524,877	2,898,251	-
Machinery and equipment	33,500,947	3,037,044	599,141
Vehicles	1,169,259	177,192	4,200
Total accumulated depreciation	<u>71,367,856</u>	<u>8,544,980</u>	<u>606,741</u>
Total capital assets, being depreciated, net	<u>164,778,054</u>	<u>(6,612,236)</u>	<u>135,965</u>
Capital assets, net	<u>\$ 482,703,132</u>	<u>\$ 21,918,274</u>	<u>\$ 135,965</u>

PARKER WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009

NOTE 5 - CAPITAL ASSETS (CONTINUED)

	2009		
	Balance at December 31, 2008	Increases	Decreases
	Balance at December 31, 2009		
	(As restated)		
Capital assets, not being depreciated:			
Land	\$ 16,850,192	\$ -	\$ -
Water rights	132,144,701	44,810	-
Diversion structure	14,116,623	-	-
Construction in progress	<u>112,390,341</u>	<u>42,492,742</u>	<u>114,331</u>
Total capital assets, not being depreciated	<u>275,501,857</u>	<u>42,537,552</u>	<u>114,331</u>
Capital assets, being depreciated:			
Land improvements	13,803,446	4,811	9,405
Buildings	63,569,258	35,239	-
Infrastructure	100,304,626	5,731,604	27,278
Machinery and equipment	51,383,148	247,988	448,716
Vehicles	<u>1,551,189</u>	<u>-</u>	<u>-</u>
Total capital assets, being depreciated	<u>230,611,667</u>	<u>6,019,642</u>	<u>485,399</u>
Less accumulated depreciation for:			
Land improvements	2,377,143	688,231	4,311
Buildings	13,368,297	1,743,413	-
Infrastructure	15,768,920	2,762,386	6,429
Machinery and equipment	30,618,670	3,255,995	373,718
Vehicles	<u>942,983</u>	<u>226,276</u>	<u>-</u>
Total accumulated depreciation	<u>63,076,013</u>	<u>8,676,301</u>	<u>384,458</u>
Total capital assets, being depreciated, net	<u>167,535,654</u>	<u>(2,656,659)</u>	<u>100,941</u>
Capital assets, net	<u>\$ 443,037,511</u>	<u>\$ 39,880,893</u>	<u>\$ 215,272</u>
	<u>\$482,703,132</u>		

PARKER WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009

NOTE 6 - LONG-TERM LIABILITIES

The following is an analysis of the changes in the District's long-term obligations for the years ended December 31, 2010 and 2009.

	Balance at January 1, <u>2010</u>	<u>New Issues</u>	<u>Retirements</u>	Balance at December 31, <u>2010</u>	Due Within One <u>Year</u>
1994 CWRPDA Clean Water Loan	\$ 567,206	\$ -	\$ 101,669	\$ 465,537	\$ 107,020
1994 CWRPDA Small Water Loan	208,333	-	40,000	168,333	40,000
1997 CWRPDA Clean Water Loan	1,569,107	-	170,787	1,398,320	176,124
1997 CWRPDA Small Water Loan	2,525,833	-	267,500	2,258,333	282,500
Water and Sewer Revenue					
Refunding Bonds,					
Series 1998	2,680,000	-	395,000	2,285,000	415,000
2000 CWRPDA Clean Water Loan	7,666,206	-	566,886	7,099,320	588,078
2000 CWRPDA Small Water Loan	10,578,333	-	403,334	10,174,999	424,167
2001 CWRPDA Clean Water Loan	3,304,224	-	225,288	3,078,936	230,652
Water and Sewer Revenue					
Refunding Bonds,					
Series 2001	710,000	-	105,000	605,000	110,000
2002 CWRPDA Clean Water Loan	12,592,960	-	265,972	12,326,988	265,972
2002 CWRPDA Small Water Loan	10,055,000	-	-	10,055,000	-
2002 CWCBC Loan	2,800,251	12,199,749	-	15,000,000	478,142
2004 CWRPDA Small Water					
and Clean Water Loan	100,150,000	-	1,195,000	98,955,000	1,255,000
2010 CWRPDA Loan	-	51,485,000	-	51,485,000	-
Less Bond Discount	-	(67,913)	(456)	(67,457)	-
Total long-term debt	<u>\$ 155,407,453</u>	<u>\$ 63,616,836</u>	<u>\$ 3,735,980</u>	<u>\$ 215,288,309</u>	<u>\$ 4,372,655</u>

**PARKER WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009**

NOTE 6 - LONG-TERM LIABILITIES (CONTINUED)

	Balance at January 1, <u>2009</u>	<u>New Issues</u>	<u>Retirements</u>	Balance at December 31, <u>2009</u>	Due Within One <u>Year</u>
1994 CWRPDA Clean Water Loan	\$ 668,875	\$ -	\$ 101,669	\$ 567,206	\$ 101,669
1994 CWRPDA Small Water Loan	244,166	-	35,833	208,333	40,000
1997 CWRPDA Clean Water Loan	1,734,557	-	165,450	1,569,107	170,787
1997 CWRPDA Small Water Loan	2,778,333	-	252,500	2,525,833	267,500
Water and Sewer Revenue Refunding Bonds,					
Series 1998	3,060,000	-	380,000	2,680,000	395,000
2000 CWRPDA Clean Water Loan	8,217,198	-	550,992	7,666,206	566,886
2000 CWRPDA Small Water Loan	10,957,500	-	379,167	10,578,333	403,334
2001 CWRPDA Clean Water Loan	3,524,148	-	219,924	3,304,224	225,288
Water and Sewer Revenue Refunding Bonds,					
Series 2001	810,000	-	100,000	710,000	105,000
2002 CWRPDA Clean Water Loan	12,853,504	-	260,544	12,592,960	265,972
2002 CWRPDA Small Water Loan	10,055,000	-	-	10,055,000	-
2002 CWCB Loan	2,800,251	-	-	2,800,251	89,261
2004 CWRPDA Small Water and Clean Water Loan	<u>101,310,000</u>	<u>-</u>	<u>1,160,000</u>	<u>100,150,000</u>	<u>1,195,000</u>
Total long-term debt	<u>\$ 159,013,532</u>	<u>\$ -</u>	<u>\$ 3,606,079</u>	<u>\$ 155,407,453</u>	<u>\$ 3,825,697</u>

Loan Agreement, Colorado Water Resources and Power Development Authority, dated April 1, 1994

Principal paid monthly with interest at 5.65%.

Loan Agreement, Colorado Water Resources and Power Development Authority, dated August 1, 1994

Principal paid February 1 and August 1 with interest at 4.892%.

Loan Agreement, Colorado Water Resources and Power Development Authority, dated May 1, 1997

Interest at 4.543% paid February 1 and August 1 with principal payments due August 1.

Loan Agreement, Colorado Water Resources and Power Development Authority, dated June 1, 1997

Principal paid monthly with interest at 5.37%.

**PARKER WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009**

NOTE 6 - LONG-TERM LIABILITIES (CONTINUED)

Water and Sewer Revenue Bonds, dated March 15, 1998

Principal paid April 1 and October 1 with interest at 4.65% to 4.85%.

Loan Agreement, Colorado Water Resources and Power Development Authority, dated February 15, 2000

Principal paid monthly with interest at 5.71%.

Loan Agreement, Colorado Water Resources and Power Development Authority, dated May 15, 2000

Principal paid February 1 and August 1 with interest at 4.66%.

Loan Agreement, Colorado Water Resources and Power Development Authority, dated May 1, 2001

Principal paid February 1 and August 1 with interest at 4.01%.

Water and Sewer Revenue Refunding Bonds, dated August 23, 2001

Interest at 4.0% to 4.6% paid April 1 and October 1 with principal payments due October 1.

Loan Agreement, Colorado Water Resources and Power Development Authority, dated June 1, 2002

Principal paid monthly with interest at 5.21%.

Loan Agreement, Colorado Water Resources and Power Development Authority, dated September 1, 2002

Principal paid February 1 and August 1 with interest at 3.62%.

Loan Agreement, Colorado Water Conservation Board, dated November 14, 2002

Principal paid October 1 with interest at 4.5%.

Colorado Water Resources and Power Development Authority and Colorado Water Conservation Board Loan Covenants

The District has pledged the revenue from the operation and use of its facilities and other legally available revenue, after the payment of operation and maintenance expenses of the system, for the repayment of the above referenced loans. The loan agreements contain various restrictive covenants and requirements, including rate covenants, maintenance of a three month operating reserve (see Note 3) and compliance with an additional bond and/or indebtedness test. At December 31, 2010 and 2009, the District was in compliance with these covenants and requirements of the loan agreements.

**PARKER WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009**

NOTE 6 - LONG-TERM LIABILITIES (CONTINUED)

Loan Agreement, Colorado Water Resources and Power Development Authority, dated June 15, 2004

Principal paid February 1 and August 1 with interest at 5.118%. This loan constitutes a general obligation debt of the District. On May 4, 2004, voters of the District authorized the District to levy property taxes to pay the loan. Such taxes are intended to be used as a guaranty for payment of the loan only if the Board of Directors determines other revenues are not sufficient to pay the debt service on the loan. During 2010, the District recognized \$795,343 in property tax revenue to pay the debt service on the loan.

Loan Agreement, Colorado Water Resources and Power Development Authority, dated October 21, 2010

Interest at 5.78% paid February 1 and August 1. Principal payments are due August 1 starting in 2023. This loan was issued as federally taxable bonds designated as a Build America Bond (BAB) pursuant to sections of the Internal Revenue Code and provisions of the American Recovery and Reinvestment Act of 2009. The District expects to receive a cash subsidy payment from the US Treasury equal to 35% of the interest payable on the loan. The interest rate net of the BAB subsidy is 3.85%.

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 4,372,655	\$ 10,474,446	\$ 14,847,101
2012	4,572,208	10,736,523	15,308,731
2013	4,766,869	10,551,656	15,318,525
2014	5,022,382	10,342,379	15,364,761
2015	5,324,828	10,110,130	15,434,958
2016-2020	30,621,924	46,544,898	77,166,822
2021-2025	33,207,633	38,876,669	72,084,302
2026-2030	39,052,267	30,395,654	69,447,921
2031-2035	48,135,000	18,924,615	67,059,615
2036-2040	23,215,000	8,260,613	31,475,613
2041-2043	17,065,000	1,822,275	18,887,275
	<u>\$215,355,766</u>	<u>\$197,039,858</u>	<u>\$412,395,624</u>

PARKER WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009

NOTE 6 - LONG-TERM LIABILITIES (CONTINUED)

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

	<u>Balance January 1, 2010</u>	<u>Incurred</u>	<u>Retired</u>	<u>Balance December 31, 2010</u>
Compensated absences payable	\$ 459,168	\$ 326,093	\$ 294,456	\$ 490,805

	<u>Balance January 1, 2009</u>	<u>Incurred</u>	<u>Retired</u>	<u>Balance December 31, 2009</u>
Compensated absences payable	\$ 403,898	\$ 313,869	\$ 258,599	\$ 459,168

NOTE 7 - NET ASSETS

The District has net assets consisting of three components - invested in capital assets net of related debt, restricted, and unrestricted.

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, plus unspent debt proceeds, and reduced by the outstanding balances of bonds, mortgages, notes or other borrowing that are attributable to the acquisition, construction, or improvement of those assets. As of December 31, 2010 and 2009, the District had an investment in capital assets, net of related debt calculated as follows:

	<u>2010</u>	<u>2009</u>
Capital assets, net of accumulated depreciation	\$ 504,485,441	\$ 482,703,132
Unspent debt proceeds	50,451,341	-
Bonds and notes payable	<u>(215,288,309)</u>	<u>(155,407,453)</u>
	<u>\$ 339,648,473</u>	<u>\$ 327,295,679</u>

Restricted assets include net assets that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. See Note 3 for restrictions of assets as of December 31, 2010 and 2009.

Unrestricted net assets consist of net assets that do not meet the definition of invested in capital assets or restricted.

PARKER WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009

NOTE 8 - COMMITMENTS

Construction Commitments

As of December 31, 2010 and 2009, the District had unexpended construction related contract commitments of approximately \$22,131,098 and \$40,377,864, respectively.

NOTE 9 - RISK MANAGEMENT

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

The District is a member of the Colorado Special Districts Property and Liability Pool (Pool) as of December 31, 2010 and 2009. The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials liability, equipment breakdown and workers compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years.

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

NOTE 10 - DEFINED CONTRIBUTION PLAN

The employees of the District participate in a defined contribution plan established by the District and maintained and administered by Great-West Life and Annuity Insurance Company. 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 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.

PARKER WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009

NOTE 10 - DEFINED CONTRIBUTION PLAN (CONTINUED)

Contributions actually made by plan members and the District for the year ended December 31, 2010 and 2009 are as follows:

	<u>2010</u>	<u>2009</u>
Plan members	\$ <u>366,872</u>	\$ <u>360,245</u>
District	\$ <u>409,449</u>	\$ <u>401,128</u>

NOTE 11 - DEFERRED COMPENSATION PLAN - ASSETS IN TRUST

The District has a deferred compensation plan created in accordance with Internal Revenue Code Section 457. This plan is administered by Great-West Life and Annuity Insurance Company. Participation in the plan is optional for all employees. The plan allows the employees to defer a portion of their salary until future years. The District matches deferrals by employees up to 5% of the employees' payroll. Contributions made to this plan by the District were \$152,553 for 2010 and \$149,969 for 2009.

NOTE 12 - TAX, SPENDING AND DEBT LIMITATIONS

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

Enterprises, defined as government-owned businesses authorized to issue revenue bonds and receiving less than 10% 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
December 31, 2010 and 2009

NOTE 13 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description. Parker Water and Sanitation District administers a single-employer defined benefit healthcare plan (the Retiree Health Plan). The plan provides healthcare insurance for plan members, eligible retirees and their family members, from the date of retirement until the retiree reaches age 65. Health insurance coverage is provided through the District's group health insurance plan, which covers both active and retired members.

Funding Policy. Plan members contribute 100 percent of the premium costs. The District does not contribute to the cost of the premiums for plan members.

Annual OPEB Cost and Net OPEB Obligation. The District's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC). The District has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB Statement 45 for employers in plans with fewer than one hundred total plan members. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District's net OPEB obligation to the Retiree Health Plan:

Annual required contribution	\$ 70,468
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost (expense)	<u>70,468</u>
Contributions made	-
Increase in net OPEB obligation	<u>70,468</u>
Net OPEB obligation - Beginning of year	<u>140,936</u>
Net OPEB obligation - End of year	<u><u>\$ 211,404</u></u>

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2010 and the preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/08	\$ 70,468	0%	\$ 70,468
12/31/09	\$ 70,468	0%	\$ 140,936
12/31/10	\$ 70,468	0%	\$ 211,404

PARKER WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009

NOTE 13 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Funded Status and Funding Progress. As of December 31, 2008, when the most recent calculation was made, the actuarial accrued liability for benefits was \$330,169, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$3,817,849, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 8.65 percent.

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplemental information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The following simplifying assumptions were made:

Retirement age for active employees - Based on the historical average retirement age for the covered group, active plan members were assumed to retire at age 63.

Marital status - Marital status of members at the calculation date was assumed to continue throughout retirement.

Mortality - Life expectancies were based on mortality tables from the RP2000 Mortality Table for Males and Females projected 10 years.

Turnover - Standard turnover assumptions from GASB Statement 45 - paragraph 35b were used as the basis for the turnover assumption.

Healthcare cost trend rate - The expected rate of increase in healthcare insurance premiums was based on the Getzen model promulgated by the Society of Actuaries for use in long-term trend projection.

Health insurance premiums - 2008 health insurance premiums for plan members were used as the basis for calculation of the present value of total benefits to be paid.

Payroll growth rate - The expected long-term payroll growth rate was assumed to be 4%.

PARKER WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009

NOTE 13 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Based on the historical and expected returns of the District's investment portfolio, a discount rate of 3.0 percent was used. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2008, was thirty years.

NOTE - 14 RUETER-HESS RESERVOIR STORAGE

The District entered into a storage space agreement in August 2008 with three participating entities, the Town of Castle Rock, Stonegate Village Metropolitan District, and Castle Pines North Metropolitan District. Storage easement was purchased by each of the participating entities and the purchase grants each entity storage rights within Rueter-Hess Reservoir.

The purchase price paid by the participating entities totaled \$59,560,918. The agreement required that Parker Water deposit \$7,800,000 of the purchase price with an escrow agent for the cost of completing the outlet structures. During 2009, the balance of the deposit held by the escrow agent was used on outlet structure expenses. The remaining funds are being used for reservoir construction, expected to be complete in the fall of 2011.

This information is an integral part of the accompanying financial statements.

REQUIRED SUPPLEMENTAL INFORMATION

PARKER WATER AND SANITATION DISTRICT
SCHEDULE OF FUNDING PROGRESS FOR THE RETIREE HEALTH PLAN
Year Ended December 31, 2010

Actuarial Valuation Date	Actuarial Value of Assets(a)	Actuarial Accrued Liability (AAL)-		Unfunded AAL (UAAL)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a
		Simplified Entry Age (b)	(b - a)				Percentage of Covered Payroll ((b - a) / c)
12/31/2008	\$ -	\$ 330,169	\$ 330,169		0.00%	\$ 3,817,849	8.65%

SUPPLEMENTAL INFORMATION

PARKER WATER AND SANITATION DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUNDS AVAILABLE
BUDGET TO ACTUAL (BUDGETARY BASIS)
Year Ended December 31, 2010

	TOTAL		
	Final Budget	Actual	Variance - Positive (Negative)
REVENUES			
Charges for services	\$ 21,348,800	\$ 20,925,595	\$ (423,205)
Operating tax revenues	1,016,000	1,056,937	40,937
Other operating income	249,700	341,549	91,849
Interest income	269,500	478,460	208,960
Other nonoperating income	2,209,000	1,858,642	(350,358)
Reuter-Hess Mill Levy	800,000	795,342	(4,658)
Tap fees	267,500	725,190	457,690
Water resource fees	25,000	60,000	35,000
Development fees	676,250	1,857,825	1,181,575
Farm income	338,700	319,391	(19,309)
Bond proceeds, net of discount	-	63,616,836	63,616,836
Total revenues	27,200,450	92,035,767	64,835,317
EXPENDITURES			
Salaries	4,083,200	4,055,232	27,968
Employee benefits	1,481,700	1,364,223	117,477
Insurance	216,000	186,393	29,607
Professional services	461,000	776,409	(315,409)
Support services	187,000	184,990	2,010
Utilities	3,268,600	3,140,689	127,911
Contract labor and maintenance	2,158,550	1,826,695	331,855
Supplies	1,512,550	1,155,096	357,454
Community education	188,000	147,652	40,348
Information technology	576,050	311,060	264,990
Farm expenses	150,000	150,188	(188)
Miscellaneous expenses	664,450	515,677	148,773
Bond issuance costs	-	538,426	(538,426)
Debt service	5,023,600	4,884,591	139,009
Capital outlay	33,471,900	29,388,219	4,083,681
Total expenditures	53,442,600	48,625,540	4,817,060
EXCESS REVENUES OVER EXPENDITURES	\$ (26,242,150)	43,410,227	\$ 69,652,377

FUNDS AVAILABLE - BEGINNING OF YEAR

63,010,448

FUNDS AVAILABLE - END OF YEAR

\$ 106,420,675

Funds available at December 31, 2010 is computed as follows:

Current assets	\$ 121,562,204
Current liabilities	(19,514,184)
Current portion of long-term obligations	4,372,655
	<u>\$ 106,420,675</u>

WATER			SEWER		
Final Budget	Actual	Variance - Positive (Negative)	Final Budget	Actual	Variance - Positive (Negative)
\$ 11,829,600	\$ 11,447,783	\$ (381,817)	\$ 9,519,200	\$ 9,477,812	\$ (41,388)
-	-	-	1,016,000	1,056,937	40,937
177,500	296,053	118,553	72,200	45,496	(26,704)
165,000	158,406	(6,594)	104,500	320,054	215,554
1,240,100	1,152,812	(87,288)	968,900	705,830	(263,070)
400,000	397,671	(2,329)	400,000	397,671	(2,329)
125,000	347,120	222,120	142,500	378,070	235,570
25,000	60,000	35,000	-	-	-
636,250	1,741,875	1,105,625	40,000	115,950	75,950
338,700	319,391	(19,309)	-	-	-
-	63,616,836	63,616,836	-	-	-
14,937,150	79,537,947	64,600,797	12,263,300	12,497,820	234,520
2,022,100	1,992,938	29,162	2,061,100	2,062,294	(1,194)
740,850	681,880	58,970	740,850	682,343	58,507
108,000	90,696	17,304	108,000	95,697	12,303
258,000	569,557	(311,557)	203,000	206,852	(3,852)
105,000	94,979	10,021	82,000	90,011	(8,011)
2,531,000	2,319,320	211,680	737,600	821,369	(83,769)
1,369,800	1,004,939	364,861	788,750	821,756	(33,006)
409,800	326,061	83,739	1,102,750	829,035	273,715
94,000	88,851	5,149	94,000	58,801	35,199
318,100	182,334	135,766	257,950	128,726	129,224
150,000	150,188	(188)	-	-	-
379,400	290,947	88,453	285,050	224,730	60,320
-	538,426	(538,426)	-	-	-
2,164,000	2,417,947	(253,947)	2,859,600	2,466,644	392,956
29,761,900	25,579,192	4,182,708	3,710,000	3,809,027	(99,027)
40,411,950	36,328,255	4,083,695	13,030,650	12,297,285	733,365
<u>\$ (25,474,800)</u>	<u>\$ 43,209,692</u>	<u>\$ 68,684,492</u>	<u>\$ (767,350)</u>	<u>\$ 200,535</u>	<u>\$ 967,885</u>

**RECONCILIATION OF BUDGETARY BASIS (ACTUAL) TO STATEMENT OF
REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
Year Ended December 31, 2010**

Revenue (budgetary basis)	\$92,035,767
Contributed capital assets	1,075,035
Bond proceeds, net of discount	(63,616,836)
Inclusion fee receivable paid	<u>(1,165,460)</u>
Total revenue per statement of revenues, expenses and changes in fund net assets	<u>28,328,506</u>
 Expenditures (budgetary basis)	 48,625,540
Amortization of bond issue expense	3,617
Depreciation	8,544,980
Capital outlay	(29,388,219)
Debt principal	(3,736,436)
Bond issuance costs	(538,426)
Change in compensated absences and OPEB	102,105
Loss on sale of assets	<u>135,964</u>
Total expenses per statement of revenues, expenses and changes in fund net assets	<u>23,749,125</u>
 Change in net assets per statement of revenues, expenses and changes in fund net assets	 <u><u>\$ 4,579,381</u></u>

PARKER WATER AND SANITATION DISTRICT
Douglas County, Colorado

FINANCIAL STATEMENTS
December 31, 2011 and 2010

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Independent Auditor's Report

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

We have audited the accompanying basic financial statements of Parker Water and Sanitation District as of and for the years ended December 31, 2011 and 2010, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Parker Water and Sanitation District as of December 31, 2011 and 2010 and its changes in financial position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other post-employment benefit information on pages III through XI and 24 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. However, we did not audit the information and express no opinion on it.

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

Clifton Larson Allen LLP

Greenwood Village, Colorado
June 14, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of Parker Water and Sanitation District's financial performance provides an overview of the District's financial activities for the fiscal year ended December 31, 2011 and 2010. Please read it in conjunction with the District's financial statements, which begin on page 1.

FINANCIAL HIGHLIGHTS

- The assets of the Parker Water and Sanitation District exceeded its liabilities at the close of the most recent fiscal year by \$414,282,470 (net assets). Of this amount, \$50,711,444 (unrestricted net assets) may be used to meet the District's ongoing obligations to customers and creditors.
- The Water and Sewer Enterprises of the District are business type activities that are intended to recover all or a significant portion of their costs through user fees and charges. In 2011, the District changed to a five tier rate structure and increased the monthly water service charge from \$25.16 to \$26.16. Also in 2011, in order to shift a portion of the District's wastewater revenue from a fixed monthly rate to a volume-based rate, the District reduced the fixed monthly sewer rate from \$56.93 per month to \$8.62 per month and added a sewer volume rate of \$8 per 1000 gallons, based on winter months consumption. During 2010, the water rates increased from the levels set in January 2005 and the sewer rates increased from the levels set in January 2006.
- The District collected tap fees for 251 and 138 Single Family Equivalents (SFE's) sold during 2011 and 2010, respectively, for new construction in the District.
- The District levies taxes for operations. By law, the District is generally prohibited from levying a greater 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 2011 mill levy for operations was 2.053 mills and the 2012 mill levy for operations is .797 mills, which includes a temporary mill levy rate reduction for 2012 of .930 mills. The certified 2011 mill levy for the 2004 voter-approved general obligation debt for the construction of Rueter-Hess Reservoir was 12.872 mills and the 2012 mill levy for the general obligation debt is 9.417 mills. The mill levy for the general obligation debt is lower in 2012 because the District will be using a portion of the District's capital reserves to pay the debt service.
- Contributed assets from developers consisting of contributed water and sewer lines and water rights acquired by inclusions totaled \$2,214,560 in 2011 and \$1,075,035 in 2010.
- At December 31, 2011 and 2010, the District is carrying a receivable in the amount of \$5,827,300 and \$6,992,760, respectively, for the outstanding inclusion fee due for RidgeGate. The balance to the District is due over the next five years.
- The District's long-term debt in the form of loans from Colorado Water Resources and Power Development Authority (CWRPDA) increased by \$51,485,000 in 2010. These funds will be used for the construction of the 10 MGD water treatment plant to be used in conjunction with Rueter-Hess Reservoir. In addition, the District took the final draw of \$12.2 million on the 2002 Colorado Water Conservation Board (CWCB) loan in 2010.

OVERVIEW OF THE FINANCIAL STATEMENTS

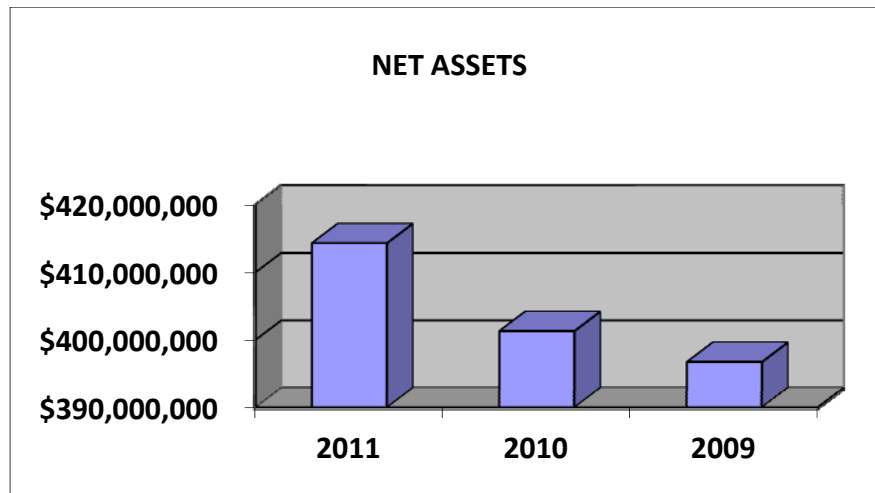
This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. Required statements for proprietary funds are: 1) Statement of Net Assets, 2) Statement of Revenues, Expenses and Changes in Fund Net Assets, and 3) Statement of Cash Flows. The Statement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

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

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

The **Statement of Cash Flows** as the name implies, 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.

FINANCIAL SUMMARY AND ANALYSIS



NET ASSETS

	<u>2011</u>	<u>2010</u>	<u>2009</u>
ASSETS			
Current nonrestricted assets	\$ 59,154,211	\$ 66,066,035	\$ 67,585,306
Current restricted assets	51,708,832	55,496,169	5,215,861
Capital assets	522,780,583	504,485,441	482,703,132
Other long-term assets	<u>5,175,406</u>	<u>6,362,566</u>	<u>6,992,760</u>
Total assets	<u>638,819,032</u>	<u>632,410,211</u>	<u>562,497,059</u>
LIABILITIES			
Current liabilities	17,421,855	19,514,184	13,616,416
Long term obligations	<u>207,114,707</u>	<u>211,617,863</u>	<u>152,181,860</u>
Total liabilities	<u>224,536,562</u>	<u>231,132,047</u>	<u>165,798,276</u>
NET ASSETS			
Invested in capital assets, net of related debt	358,673,440	339,648,473	327,295,679
Restricted	4,897,586	5,044,828	5,215,861
Unrestricted	<u>50,711,444</u>	<u>56,584,863</u>	<u>64,187,243</u>
Total net assets	<u>\$ 414,282,470</u>	<u>\$ 401,278,164</u>	<u>\$ 396,698,783</u>

NET ASSETS

Current nonrestricted assets decreased in 2011 due to expenses incurred on the continued enlargement phase construction of Rueter-Hess Reservoir. Current restricted assets decreased in 2011 due to preliminary design and construction costs for the 10 MGD water treatment plant. The increase in capital assets and invested in capital assets, net of related debt was due primarily to construction in progress on Rueter-Hess Reservoir. Long term obligations decreased in 2011 due to scheduled principal payments of approximately \$4.4 million.

Current restricted assets increased in 2010 by approximately \$50 million due to proceeds from the 2010 CWRPDA loan being held for construction of the 10 MGD water treatment plant. The increase in capital assets in 2010 was due primarily to construction in progress on Rueter-Hess Reservoir. Total liabilities increased in 2010 due to the 2010 CWRPDA loan and the final draw on the 2002 CWCB loan of approximately \$12.2 million.

CHANGES IN NET ASSETS

	<u>2011</u>	<u>2010</u>	<u>2009</u>
REVENUES			
Operating revenue	\$ 21,657,566	\$ 21,267,144	\$ 16,472,802
Nonoperating revenues			
Taxes, net of collection fees	7,744,439	1,852,280	931,076
Net investment income	1,164,754	478,461	965,462
Farm land revenue	356,131	319,391	350,537
Other	2,033,671	693,180	497,738
Total nonoperating revenue	<u>11,298,995</u>	<u>3,343,312</u>	<u>2,744,813</u>
Total revenues	<u>32,956,561</u>	<u>24,610,456</u>	<u>19,217,615</u>
EXPENSES			
Operating			
Salaries	4,047,121	4,086,870	4,061,469
Employee benefits	1,407,791	1,434,690	1,321,649
Insurance	184,241	186,393	209,368
Professional services	1,226,852	776,409	825,769
Support services	165,341	184,990	226,580
Utilities	3,207,981	3,140,689	2,476,831
Contract labor and maintenance	1,529,704	1,826,695	1,639,313
Supplies	1,178,432	1,155,096	1,422,420
Community education	103,023	147,652	36,240
Information technology	325,229	311,060	229,508
Miscellaneous	674,300	515,677	565,473
Depreciation	8,995,268	8,544,980	8,676,301
Total operating expenses	<u>23,045,283</u>	<u>22,311,201</u>	<u>21,690,921</u>
Nonoperating expenses			
Water resource farms	135,543	150,188	133,359
Interest	2,691,577	1,151,772	2,581,482
Loss on disposal of assets	1,125,768	135,964	100,941
Total nonoperating expenses	<u>3,952,888</u>	<u>1,437,924</u>	<u>2,815,782</u>
Total expenses	<u>26,998,171</u>	<u>23,749,125</u>	<u>24,506,703</u>
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	5,958,390	861,331	(5,289,088)
CAPITAL CONTRIBUTIONS	<u>7,045,916</u>	<u>3,718,050</u>	<u>5,222,476</u>
CHANGES IN NET ASSETS	13,004,306	4,579,381	(66,612)
NET ASSETS - BEGINNING OF YEAR	<u>401,278,164</u>	<u>396,698,783</u>	<u>396,765,395</u>
NET ASSETS - END OF YEAR	<u>\$414,282,470</u>	<u>\$401,278,164</u>	<u>\$396,698,783</u>

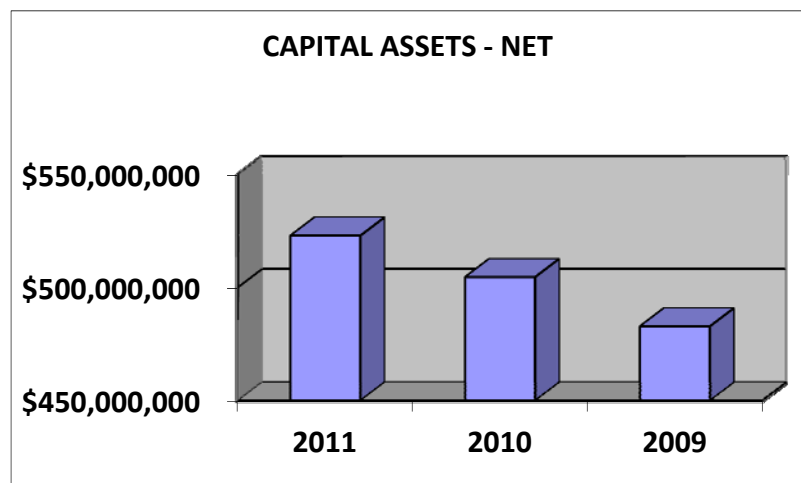
CHANGES IN NET ASSETS

The certified mill levy for the 2004 voter-approved general obligation debt increased to 12.872 mills in 2011, resulting in additional tax revenue of approximately \$5.5 million to pay the debt service on the 2004 CWRPDA loan. Net investment income increased by \$.7 million primarily due to investment income earned on the proceeds from the 2010 CWRPDA loan being held for construction of the 10 MGD water treatment plant. Other income increased in 2011 due to the Build America Bond subsidy of approximately \$1.1 million and inclusion fees of approximately \$.4 million. Professional services expenses increased primarily due to legal work required to respond to the proposed permit renewal for the District's wastewater plants and the legal work required to respond to various water legal issues. The increase in interest expense in 2011 is due to a full year's worth of interest expense for the 2010 CWRPDA loan. The loss on the disposal of assets is largely due to the disposal and release of ownership of A-3 well house. Capital contributions in the form of contributed water rights increased by approximately \$1.2 million in 2011 due to an inclusion of land into the District. Capital contributions in the form of tap fees and system development fees increased in 2011 by approximately \$2 million.

Operating revenue increased in 2010 by approximately \$4.8 million due to water and sewer rate increases and the decrease in average precipitation during the irrigation months of 2010, resulting in more irrigation revenue. Tax revenue increased by approximately \$.9 million due to the certification of the mill levy for the 2004 voter-approved general obligation debt. The decrease in net investment income was attributed to the current rate environment and the use of invested funds on the continuing construction of Rueter-Hess Reservoir. Utility expenses increased due to an electricity rate increase and to the additional amount of water being pumped to meet the higher demand during the irrigation months. Interest expense decreased by approximately \$1.4 million but approximately \$2 million of interest expense was capitalized in addition to the interest normally capitalized for the 2004 CWRPDA loan for the construction of Rueter-Hess Reservoir. Capital contributions in the form of contributed assets from developers also decreased in 2010 by approximately \$2.5 million. Capital contributions in the form of tap fees and system development fees increased in 2010 by approximately \$1 million.

CAPITAL ASSETS

The District's investment in capital assets at December 31, 2011 amounted to \$522,780,583 (net of accumulated depreciation). This investment in capital assets includes land, water rights, buildings, distribution systems and furniture and equipment. Analysis of changes in capital assets is as follows:



CAPITAL ASSETS

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Land	\$ 16,903,615	\$ 16,903,615	\$ 16,850,192
Water rights	133,490,263	132,328,263	132,189,511
Construction in progress	208,400,360	183,107,087	154,768,752
Land improvements - Non-Depreciable	1,559,406	-	-
Land improvements - Depreciable	9,357,731	10,049,948	10,737,789
Buildings	53,504,783	46,726,677	48,492,787
Infrastructure	84,012,775	85,716,521	87,484,075
Diversion structure	-	14,116,623	14,116,623
Machinery and equipment	15,412,702	15,331,969	17,681,473
Vehicles	138,948	204,738	381,930
Total capital assets - Net	<u>\$522,780,583</u>	<u>\$ 504,485,441</u>	<u>\$ 482,703,132</u>

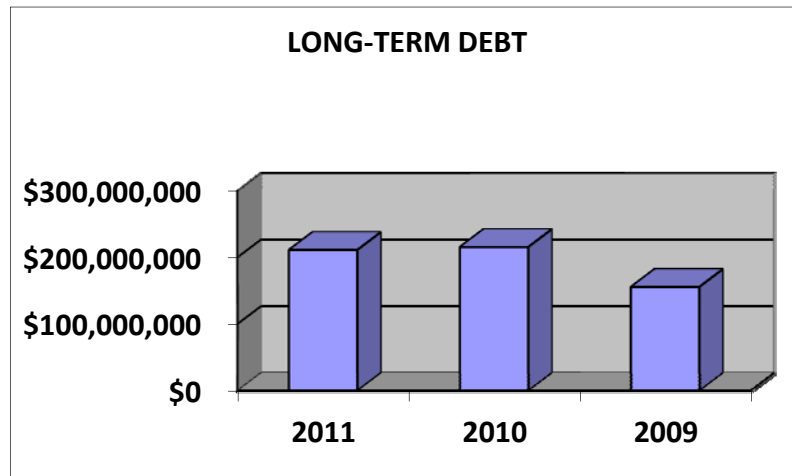
The major capital additions during 2011 and 2010 include:

	<u>2011</u>	<u>2010</u>
• Rueter-Hess Reservoir Project (in process)	\$15.4 million	\$20.6 million
• Water Treatment Plant (in process)	\$1.8 million	\$.1 million
• Contributed Water/Sewer Lines	\$2.2 million	\$1.1 million
• Water Development (in process)	\$.3 million	\$.4 million
• Wells and Well Houses	\$.2 million	\$.4 million
• Wastewater Plants Upgrades	\$.1 million	\$.3 million

The amounts listed above for the Rueter-Hess Reservoir Project do not include capitalized interest. Additional information on the District's capital assets can be found in the notes to financial statements.

LONG-TERM DEBT

The District's long-term debt consists of the following:



LONG-TERM DEBT

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Revenue Bonds	\$ 2,365,000	\$ 2,890,000	\$ 3,390,000
Colorado Water Resources and Power Development Authority loans	194,096,253	197,465,766	149,217,202
Less bond discount	(64,722)	(67,457)	-
Colorado Water Conservation Board loan	<u>14,521,858</u>	<u>15,000,000</u>	<u>2,800,251</u>
Total outstanding debt	<u>\$210,918,389</u>	<u>\$ 215,288,309</u>	<u>\$ 155,407,453</u>

The reduction in debt in 2011 was due to principal repayment. No new debt was added in 2011. The District's revenue bond rating is AA- from Standard & Poor's rating services. More detailed information about the District's long-term liabilities is presented in Note 6 to the financial statements.

In 2010, the increase in debt was due to the addition of the 2010 CWRPDA loan for the construction of the new 10 MGD water treatment plant and due to the District utilizing the remaining balance of the 2002 CWCB loan. In 2010, the District's revenue bond rating was AA- from Standard & Poor's rating services.

ECONOMIC FACTORS AND RATES

Rates for the water and sewer enterprises are set by the Board of Directors to meet the cost of operations and to fund debt service, except for the financing for the Rueter-Hess Reservoir. In 2011, the District changed to a five tier rate structure and increased the monthly water service charge by 4%, from \$25.16 to \$26.16. Also in 2011, in order to shift a portion of the District's wastewater revenue from a fixed monthly rate to a volume-based rate, the District reduced the fixed monthly sewer rate from \$56.93 per month to \$8.62 per month and added a sewer volume rate of \$8 per 1000 gallons, based on winter months consumption.

The District is continuing to experience some growth in residential and commercial developments with a 1.3% and 1.2% increase in single family equivalent (SFE) connections during 2011 and 2010, respectively. Water development fees remained unchanged in 2011. In 2010, water development fees increased by approximately 6% and sewer development fees ceased.

The District's long-term planning clearly spells out an expansion program that can be best categorized in two components; Short-Term Capital Improvements (10 years or less) and Long-Term Capital Improvements (10 years and beyond).

Short-Term Capital Improvements

The current 10 year Capital Improvement Plan (CIP) anticipates \$53.5 million in improvements to the water system and \$33 million in improvements to the waste water system over the next ten years. Anticipated improvements include but are not limited to: construction of an additional 5 million gallons of potable water storage, construction of a new 10 MGD water treatment plant, construction of additional sanitary sewer interceptor lines, and additional treatment capacity at either the north or south water reclamation plants.

Long-Term Capital Improvements

The Long-Term Plan of the District recognizes the need to replace the District's current water source (ground water) with a renewable surface water supply. Over the last 20 years the District has investigated many different possible sources of surface water and currently is involved in pursuing four possible options including: purchase, treatment and transmission of water from the lower South Platte River, purchase and transmission of water from Flaming Gorge Reservoir, purchase, treatment and transmission of water from the lower Arkansas River Basin, and purchase, treatment and transmission of water from the upper South Platte River in conjunction with Denver Water, the City of Aurora and South Metro Water Supply Authority.

Preliminary planning for the Lower South Platte project indicates that the District could need between \$700 million and \$1 billion in order to fully accomplish the replacement of its ground water supply. Preliminary analysis of other potential projects indicates that this same capital requirement will be required regardless of which potential project might come to completion.

Additionally, during this period of time the District will be faced with the need to replace or upgrade aging infrastructure/equipment, continue to increase capacity of water and wastewater treatment in response to increased growth and demand, and provide for routine maintenance of its systems.

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, 19801 E. Mainstreet, Parker, Colorado 80138.

BASIC FINANCIAL STATEMENTS

PARKER WATER AND SANITATION DISTRICT
STATEMENTS OF NET ASSETS
December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 37,756,686	\$ 49,829,929
Cash and cash equivalents - Restricted	342,365	5,458,601
Investments	14,367,190	6,508,686
Investments - Restricted	51,366,467	50,037,568
Accounts receivable		
Service fees	338,245	439,607
Inclusion fee	1,165,460	1,165,460
Other	594,822	473,162
Accrued interest receivable	263,206	235,636
Property taxes receivable	4,664,902	7,409,855
Other assets	3,700	3,700
Total current assets	<u>110,863,043</u>	<u>121,562,204</u>
CAPITAL ASSETS		
Not being depreciated	360,353,644	346,455,588
Being depreciated (net of accumulated depreciation)	162,426,939	158,029,853
Total capital assets	<u>522,780,583</u>	<u>504,485,441</u>
BOND ISSUE COSTS	513,566	535,266
INCLUSION FEE RECEIVABLE	4,661,840	5,827,300
Total long-term assets	<u>527,955,989</u>	<u>510,848,007</u>
TOTAL ASSETS	<u>638,819,032</u>	<u>632,410,211</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts and retainage payable	3,887,230	4,089,556
Accrued expenses	302,687	301,038
Accrued interest payable	3,767,387	3,277,676
Deferred property taxes	4,664,902	7,409,855
Construction deposits	227,441	63,404
Current portion of long-term debt		
Bonds and notes payable	4,572,208	4,372,655
Total current liabilities	<u>17,421,855</u>	<u>19,514,184</u>
NONCURRENT LIABILITIES		
Long-term debt		
Bonds and notes payable	206,346,181	210,915,654
Compensated absences	503,679	490,805
Other post employment benefit	264,847	211,404
Total long-term liabilities	<u>207,114,707</u>	<u>211,617,863</u>
TOTAL LIABILITIES	<u>224,536,562</u>	<u>231,132,047</u>
NET ASSETS		
Invested in capital assets, net of related debt	358,673,440	339,648,473
Restricted for loan agreement requirements	4,325,412	4,304,272
Restricted for debt service	396,089	389,827
Restricted for employment contract	176,085	350,729
Unrestricted	50,711,444	56,584,863
TOTAL NET ASSETS	<u>\$ 414,282,470</u>	<u>\$ 401,278,164</u>

The accompanying notes are an integral part of the financial statements.

PARKER WATER AND SANITATION DISTRICT
STATEMENTS OF REVENUES, EXPENSES AND CHANGES
IN FUND NET ASSETS
Years Ended December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
OPERATING REVENUES		
Charges for services	\$ 21,314,802	\$ 20,925,595
Other operating income	<u>342,764</u>	<u>341,549</u>
Total operating revenue	<u>21,657,566</u>	<u>21,267,144</u>
OPERATING EXPENSES		
Salaries	4,047,121	4,086,870
Employee benefits	1,407,791	1,434,690
Insurance	184,241	186,393
Professional services	1,226,852	776,409
Support services	165,341	184,990
Utilities	3,207,981	3,140,689
Contract labor and maintenance	1,529,704	1,826,695
Supplies	1,178,432	1,155,096
Community education	103,023	147,652
Information technology	325,229	311,060
Miscellaneous	674,300	515,677
Depreciation	<u>8,995,268</u>	<u>8,544,980</u>
Total operating expenses	<u>23,045,283</u>	<u>22,311,201</u>
OPERATING (LOSS)	<u>(1,387,717)</u>	<u>(1,044,057)</u>
NONOPERATING REVENUES AND (EXPENSES)		
Property taxes	7,253,967	1,729,517
Specific ownership taxes	490,472	122,763
Farm land revenue	356,131	319,391
Water resource farms	(135,543)	(150,188)
Net investment income	1,164,754	478,461
Interest expenses/fees	(2,691,577)	(1,151,772)
(Loss) on disposal of assets	(1,125,768)	(135,964)
Other income	<u>2,033,671</u>	<u>693,180</u>
Total nonoperating revenues and (expenses)	<u>7,346,107</u>	<u>1,905,388</u>
GAIN BEFORE CAPITAL CONTRIBUTIONS	<u>5,958,390</u>	<u>861,331</u>
CAPITAL CONTRIBUTIONS		
Tap fees received	1,271,950	725,190
Contributed assets from developers	2,214,560	1,075,035
Water resource fees	189,821	60,000
System development fees	<u>3,369,585</u>	<u>1,857,825</u>
Total capital contributions	<u>7,045,916</u>	<u>3,718,050</u>
CHANGE IN NET ASSETS	13,004,306	4,579,381
NET ASSETS - BEGINNING OF YEAR	<u>401,278,164</u>	<u>396,698,783</u>
NET ASSETS - END OF YEAR	<u><u>\$ 414,282,470</u></u>	<u><u>\$ 401,278,164</u></u>

The accompanying notes are an integral part of the financial statements.

PARKER WATER AND SANITATION DISTRICT
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers/operations	\$ 21,801,305	\$ 20,860,639
Cash payments to suppliers for goods and services	(8,142,828)	(8,131,208)
Cash payments to employees for services	(5,386,946)	(5,398,260)
Net cash flows provided from operating activities	<u>8,271,531</u>	<u>7,331,171</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Property and specific ownership tax, net of fees	1,493,489	1,056,937
Other nonoperating revenue	3,555,262	2,178,031
Other nonoperating expenses	(135,543)	(150,188)
Net cash provided by noncapital financing activities	<u>4,913,208</u>	<u>3,084,780</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Tap fees collected	1,271,950	725,190
Water resource fees received	189,821	60,000
System development fees received	3,369,585	1,857,825
Property tax revenue for debt service, net of fees	6,250,950	795,343
Acquisition of property and equipment	(18,584,175)	(23,206,209)
Proceeds on sales of capital assets	24,978	-
Debt proceeds, including discount	-	63,616,836
Bond issue costs	-	(538,883)
Principal paid	(4,372,655)	(3,736,436)
Interest paid	(10,474,450)	(7,685,675)
Net cash provided (required) by capital and related financing activities	<u>(22,323,996)</u>	<u>31,887,991</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale of investments	20,884,000	13,850,000
Purchase of investments	(30,606,683)	(56,183,615)
Interest received	1,672,461	767,353
Net cash (required) by investing activities	<u>(8,050,222)</u>	<u>(41,566,262)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(17,189,479)	737,680
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>55,288,530</u>	<u>54,550,850</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 38,099,051</u>	<u>\$ 55,288,530</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) from operations	\$ (1,387,717)	\$ (1,044,057)
Adjustments to reconcile (loss) from operations to net cash provided by operating activities		
Depreciation and amortization	8,995,268	8,544,980
Changes in assets and liabilities related to operations		
Accounts receivable	(20,298)	(329,085)
Accounts and retainage payable	452,275	113,453
Accrued expenses	1,649	21,195
Compensated absences	12,874	31,637
Other post employment benefits	53,443	70,468
Construction deposits	164,037	(77,420)
Total adjustments	<u>9,659,248</u>	<u>8,375,228</u>
Net cash provided by operating activities	<u>\$ 8,271,531</u>	<u>\$ 7,331,171</u>

Cash flows from capital and related financing activities do not include \$2,214,560 and \$1,075,035 of water rights, water and sewer lines contributed to the District during 2011 and 2010, respectively, and \$(535,278) and \$(461,931) of market value adjustment on investments for 2011 and 2010, respectively.

The accompanying notes are an integral part of the financial statements.

PARKER WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2011 and 2010

NOTE 1 - DEFINITION OF REPORTING ENTITY

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

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The District has elected to follow Governmental Accounting Standards Board pronouncements. Therefore, statements issued by the Financial Accounting Standards Board after November 30, 1989 are not applied.

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

Basis of Accounting

The District's records are maintained on the accrual basis of accounting. Revenue is recognized when earned and expenses are recognized when the liability is incurred. Depreciation is computed and recorded as an operating expense. Expenditures for capital assets are shown 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 Fund Net Assets. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the District's purpose of providing water and sanitation services to its customers. Operating revenues consist of charges to customers for services provided.

PARKER WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2011 and 2010

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Budgets

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

Cash Equivalents

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.

Capital Assets

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

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

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

PARKER WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2011 and 2010

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capitalized Interest

Interest incurred during construction is reflected in the capitalized value of the asset constructed, net of investment earnings on invested loan proceeds during the same period. Total interest incurred during the years ended December 31, 2011 and 2010 was \$10,699,451 and \$8,189,670, respectively. Interest expense capitalized during the year ended December 31, 2011 amounted to \$8,297,020. Net interest expense capitalized during the year ended December 31, 2010 amounted to \$7,327,045.

Water Rights

The cost of water rights includes acquisition cost, legal and engineering costs related to the development and augmentation of those rights. Since the rights have a perpetual life, they are not amortized. All other costs, including costs incurred for the protection of those rights, are expensed.

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 revenue in the year they are levied and measurable. The deferred property tax revenue are recorded as revenue in the year they are available or collected.

Capital Contributions

Capital contributions are comprised of tap fees, water resource fees and other development fees and are recorded as capital contributions when received. Lines contributed to the District by developers are recorded as capital contributions and additions to the systems at the estimated fair value when received.

Compensated Absences

Full-time employees, who have been employed by the District for one or more years, receive annual vacation leave with pay. Part-time employees are not entitled to paid vacations. Vacation time of five to fifteen days may be carried over from one year to the next depending upon the employee's length of service. No more than 25 days may be accumulated at any point in time. The District's sick leave policy permits the accumulation of four hours per pay period up to a maximum of 96 hours per year. Part-time employees are not entitled to any sick leave.

PARKER WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2011 and 2010

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Employees with less than five years of service are not paid for unused sick days upon termination of employment. Employees with five to fourteen years of service are paid for 50% of unused sick days upon termination of employment. Employees with fifteen years of service are paid for 100% of unused sick days upon termination of employment. The District's sick leave policy permits a maximum accumulation of 520 sick hours.

NOTE 3 - CASH AND INVESTMENTS

Cash Deposits

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The total market value of all pledged assets must exceed 102% 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.

At December 31, 2011 and 2010, the District's cash deposits had a carrying balance of \$12,013,313 and \$8,699,489, respectively.

Investments

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

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

PARKER WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2011 and 2010

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

Interest Rate Risk

The District owned the following investments as of December 31, 2011:

	Fair Value	Remaining Maturity		
		12 Months or Less	13 - 24 Months	25 - 36 Months
U.S. Government Agencies	\$ 55,625,253	\$ 38,264,263	\$ 14,482,947	\$ 2,878,043
US Treasury Strips	5,142,993	5,142,993	-	-
US Treasury Notes	3,167,519	752,403	603,117	1,811,999
Commercial Paper	1,797,891	1,797,891	-	-
Investments held in trust	269	269	-	-
Local government investment pool	26,085,470	26,085,470	-	-
	<u>\$ 91,819,395</u>	<u>\$ 72,043,289</u>	<u>\$ 15,086,064</u>	<u>\$ 4,690,042</u>

The District owned the following investments as of December 31, 2010:

	Fair Value	Remaining Maturity		
		12 Months or Less	13 - 24 Months	25 - 36 Months
U.S. Government Agencies	\$ 56,546,254	\$ 13,184,793	\$ 29,540,614	\$ 13,820,847
Investments held in trust	761	761	-	-
Local government investment pool	46,588,280	46,588,280	-	-
	<u>\$103,135,295</u>	<u>\$ 59,773,834</u>	<u>\$ 29,540,614</u>	<u>\$ 13,820,847</u>

Concentration of Credit Risk

The District does not have a policy that addresses specific limitations on the amount that can be invested in any one issuer, but does require diversification of investments, excluding U.S. Treasury securities. As of December 31, 2011, more than 5% of the District's investments are concentrated in Federal Home Loan Mortgage Corporation securities (28.2%), Federal Home Loan Bank securities (14.5%), Federal National Mortgage Association securities (12.5%), and Federal Farm Credit Bank securities (5.5%). As of December 31, 2010, more than 5% of the District's investments are concentrated in Federal Home Loan Mortgage Corporation securities (26.6%), Federal National Mortgage Association securities (11.7%), Federal Home Loan Bank securities (10.4%) and Federal Farm Credit Bank securities (6.0%).

PARKER WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2011 and 2010

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

Credit Risk

As of December 31, 2011 and 2010, the District had invested \$26,085,470 and \$46,588,280, respectively, in the Colorado Local Government Liquid Asset Trust (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to \$1.00. The two funds of the Trust are rated AAAm by Standard & Poor's.

The U.S. agency securities, U.S. Treasury strips, and U.S. Treasury notes are rated AA+ by Standard & Poor's. The commercial paper is rated A-1+ by Standard & Poor's.

Cash and investments are restricted for the following purposes:

Debt Service

Cash and investments in the amount of \$395,820 and \$389,066 at December 31, 2011 and 2010, respectively, were restricted for debt service applicable to various debt obligations.

Employment Agreement

In November 2008, the District entered into a four year employment agreement with the District Manager. The PWSD Board set aside the sum of \$700,000 into a separate account to satisfy the financial obligations of the District to fund this employment agreement. The District's financial obligation is reduced by \$175,000 each year over the life of the agreement. Cash in the amount of \$176,085 and \$350,729 was restricted at December 31, 2011 and 2010, respectively, for this agreement.

Trust for Capital Improvements

Cash and investments in the amount of \$269 and \$761 were held in trust at December 31, 2011 and 2010, respectively, by the Colorado Water Resources and Power Development Authority. Interest earnings held by the Power Development Authority, which the District has chosen to use for debt service, totaled \$269 in 2011 and \$761 in 2010.

Operating Reserve

The loan agreements with the Colorado Water Resources and Power Development Authority generally require that the District maintain a three month operating reserve. For this purpose, the District had restricted cash and investments of \$4,325,412 and \$4,304,272 at December 31, 2011 and 2010, respectively.

PARKER WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2011 and 2010

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

Water Treatment Plant

The loan documents for the 2010 loan with the Colorado Water Resources and Power Development Authority require that the proceeds from the loan be applied only to the expenses of acquiring, constructing, and equipping the project. In the event that all of the proceeds of the loan are not required to pay such expenses, any remaining amount shall be used for paying principal and interest on the loan. For this purpose, the District had restricted cash and investments of \$46,811,246 and \$50,451,341 at December 31, 2011 and 2010, respectively.

At December 31, 2011 and 2010, cash deposits and investments are classified on the statements of net assets as follows:

	<u>2011</u>	<u>2010</u>
Cash and cash equivalents	\$ 37,756,686	\$ 49,829,929
Cash and cash equivalents - Restricted	342,365	5,458,601
Investments	14,367,190	6,508,686
Investments - Restricted	<u>51,366,467</u>	<u>50,037,568</u>
	<u>\$ 103,832,708</u>	<u>\$ 111,834,784</u>
 Cash deposits	 \$ 12,013,313	 \$ 8,699,489
Investments	<u>91,819,395</u>	<u>103,135,295</u>
	<u>\$ 103,832,708</u>	<u>\$ 111,834,784</u>

NOTE 4 - INCLUSION FEES

The District carried a receivable for the RidgeGate inclusion fee for \$5,827,300 and \$6,992,760 at December 31, 2011 and 2010, respectively. The receivable bears interest at 6.25%. At December 31, 2011, the current and noncurrent portions of the receivable were \$1,165,460 and \$4,661,840, respectively. At December 31, 2010, the current and noncurrent portions of the receivable were \$1,165,460 and \$5,827,300, respectively. At December 31, 2011, there were five remaining annual inclusion fee payments of \$1,165,460 due to the District.

PARKER WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2011 and 2010

NOTE 5 - CAPITAL ASSETS

An analysis of the changes in capital assets for the years ended December 31, 2011 and 2010 follows:

	2011		
	Balance at December 31, 2010	Increases	Decreases
			Balance at December 31, 2011
Capital assets, not being depreciated:			
Land	\$ 16,903,615	\$ -	\$ -
Water rights	132,328,263	1,162,000	-
Diversion structure	14,116,623	-	14,116,623
Land improvements	-	1,559,406	-
Construction in progress	<u>183,107,087</u>	<u>25,526,387</u>	<u>233,114</u>
Total capital assets, not being depreciated	<u>346,455,588</u>	<u>28,247,793</u>	<u>14,349,737</u>
Capital assets, being depreciated:			
Land improvements	13,798,852	6,351	52,300
Buildings	63,579,639	9,682,598	1,758,697
Infrastructure	107,139,649	1,306,860	95,494
Machinery and equipment	51,270,819	3,481,494	1,877,660
Vehicles	<u>1,546,989</u>	<u>65,796</u>	<u>86,088</u>
Total capital assets, being depreciated	<u>237,335,948</u>	<u>14,543,099</u>	<u>3,870,239</u>
Less accumulated depreciation for:			
Land improvements	3,748,904	687,670	41,402
Buildings	16,852,962	2,117,988	972,193
Infrastructure	21,423,128	2,948,992	33,880
Machinery and equipment	35,938,850	3,109,032	1,585,931
Vehicles	<u>1,342,251</u>	<u>131,586</u>	<u>86,088</u>
Total accumulated depreciation	<u>79,306,095</u>	<u>8,995,268</u>	<u>2,719,494</u>
Total capital assets, being depreciated, net	<u>158,029,853</u>	<u>5,547,831</u>	<u>1,150,745</u>
Capital assets, net	<u>\$ 504,485,441</u>	<u>\$ 33,795,624</u>	<u>\$ 15,500,482</u>
			<u>\$ 522,780,583</u>

PARKER WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2011 and 2010

NOTE 5 - CAPITAL ASSETS (CONTINUED)

	2010			
	Balance at December 31, 2009	Increases	Decreases	Balance at December 31, 2010
Capital assets, not being depreciated:				
Land	\$ 16,850,192	\$ 53,423	\$ -	\$ 16,903,615
Water rights	132,189,511	138,752	-	132,328,263
Diversion structure	14,116,623	-	-	14,116,623
Construction in progress	<u>154,768,752</u>	<u>28,338,335</u>	<u>-</u>	<u>183,107,087</u>
Total capital assets, not being depreciated	<u>317,925,078</u>	<u>28,530,510</u>	<u>-</u>	<u>346,455,588</u>
Capital assets, being depreciated:				
Land improvements	13,798,852	-	-	13,798,852
Buildings	63,604,497	35,800	60,658	63,579,639
Infrastructure	106,008,952	1,130,697	-	107,139,649
Machinery and equipment	51,182,420	766,247	677,848	51,270,819
Vehicles	<u>1,551,189</u>	<u>-</u>	<u>4,200</u>	<u>1,546,989</u>
Total capital assets, being depreciated	<u>236,145,910</u>	<u>1,932,744</u>	<u>742,706</u>	<u>237,335,948</u>
Less accumulated depreciation for:				
Land improvements	3,061,063	687,841	-	3,748,904
Buildings	15,111,710	1,744,652	3,400	16,852,962
Infrastructure	18,524,877	2,898,251	-	21,423,128
Machinery and equipment	33,500,947	3,037,044	599,141	35,938,850
Vehicles	<u>1,169,259</u>	<u>177,192</u>	<u>4,200</u>	<u>1,342,251</u>
Total accumulated depreciation	<u>71,367,856</u>	<u>8,544,980</u>	<u>606,741</u>	<u>79,306,095</u>
Total capital assets, being depreciated, net	<u>164,778,054</u>	<u>(6,612,236)</u>	<u>135,965</u>	<u>158,029,853</u>
Capital assets, net	<u>\$ 482,703,132</u>	<u>\$ 21,918,274</u>	<u>\$ 135,965</u>	<u>\$ 504,485,441</u>

PARKER WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2011 and 2010

NOTE 6 - LONG-TERM LIABILITIES

The following is an analysis of the changes in the District's long-term obligations for the years ended December 31, 2011 and 2010.

	Balance at January 1, 2011	New Issues	Retirements	Balance at December 31, 2011	Due Within One Year
1994 CWRPDA Clean Water Loan	\$ 465,537	\$ -	\$ 107,020	\$ 358,517	\$ 112,371
1994 CWRPDA Small Water Loan	168,333	-	40,000	128,333	40,833
1997 CWRPDA Clean Water Loan	1,398,320	-	176,124	1,222,196	181,461
1997 CWRPDA Small Water Loan	2,258,333	-	282,500	1,975,833	297,500
Water and Sewer Revenue					
Refunding Bonds,					
Series 1998	2,285,000	-	415,000	1,870,000	435,000
2000 CWRPDA Clean Water Loan	7,099,320	-	588,078	6,511,242	609,270
2000 CWRPDA Small Water Loan	10,174,999	-	424,167	9,750,832	448,334
2001 CWRPDA Clean Water Loan	3,078,936	-	230,652	2,848,284	241,380
Water and Sewer Revenue					
Refunding Bonds,					
Series 2001	605,000	-	110,000	495,000	115,000
2002 CWRPDA Clean Water Loan	12,326,988	-	265,972	12,061,016	271,400
2002 CWRPDA Small Water Loan	10,055,000	-	-	10,055,000	-
2002 CWCBC Loan	15,000,000	-	478,142	14,521,858	499,659
2004 CWRPDA Small Water					
and Clean Water Loan	98,955,000	-	1,255,000	97,700,000	1,320,000
2010 CWRPDA Loan	51,485,000	-	-	51,485,000	-
Less Bond Discount	<u>(67,457)</u>	<u>-</u>	<u>(2,735)</u>	<u>(64,722)</u>	<u>-</u>
Total long-term debt	<u>\$ 215,288,309</u>	<u>\$ -</u>	<u>\$ 4,369,920</u>	<u>\$ 210,918,389</u>	<u>\$ 4,572,208</u>

PARKER WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2011 and 2010

NOTE 6 - LONG-TERM LIABILITIES (CONTINUED)

	Balance at January 1, <u>2010</u>	<u>New Issues</u>	<u>Retirements</u>	Balance at December 31, <u>2010</u>	Due Within One <u>Year</u>
1994 CWRPDA Clean Water Loan	\$ 567,206	\$ -	\$ 101,669	\$ 465,537	\$ 107,020
1994 CWRPDA Small Water Loan	208,333	-	40,000	168,333	40,000
1997 CWRPDA Clean Water Loan	1,569,107	-	170,787	1,398,320	176,124
1997 CWRPDA Small Water Loan	2,525,833	-	267,500	2,258,333	282,500
Water and Sewer Revenue Refunding Bonds,					
Series 1998	2,680,000	-	395,000	2,285,000	415,000
2000 CWRPDA Clean Water Loan	7,666,206	-	566,886	7,099,320	588,078
2000 CWRPDA Small Water Loan	10,578,333	-	403,334	10,174,999	424,167
2001 CWRPDA Clean Water Loan	3,304,224	-	225,288	3,078,936	230,652
Water and Sewer Revenue Refunding Bonds,					
Series 2001	710,000	-	105,000	605,000	110,000
2002 CWRPDA Clean Water Loan	12,592,960	-	265,972	12,326,988	265,972
2002 CWRPDA Small Water Loan	10,055,000	-	-	10,055,000	-
2002 CWCB Loan	2,800,251	12,199,749	-	15,000,000	478,142
2004 CWRPDA Small Water and Clean Water Loan	100,150,000	-	1,195,000	98,955,000	1,255,000
2010 CWRPDA Loan	-	51,485,000	-	51,485,000	-
Less Bond Discount	<u>-</u>	<u>(67,913)</u>	<u>(456)</u>	<u>(67,457)</u>	<u>-</u>
Total long-term debt	<u>\$ 155,407,453</u>	<u>\$ 63,616,836</u>	<u>\$ 3,735,980</u>	<u>\$ 215,288,309</u>	<u>\$ 4,372,655</u>

Loan Agreement, Colorado Water Resources and Power Development Authority, dated April 1, 1994

Principal paid monthly with interest at 5.65%.

Loan Agreement, Colorado Water Resources and Power Development Authority, dated August 1, 1994

Principal paid February 1 and August 1 with interest at 4.892%.

Loan Agreement, Colorado Water Resources and Power Development Authority, dated May 1, 1997

Interest at 4.543% paid February 1 and August 1 with principal payments due August 1.

PARKER WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2011 and 2010

NOTE 6 - LONG-TERM LIABILITIES (CONTINUED)

Loan Agreement, Colorado Water Resources and Power Development Authority, dated June 1, 1997

Principal paid monthly with interest at 5.37%.

Water and Sewer Revenue Bonds, dated March 15, 1998

Principal paid April 1 and October 1 with interest at 4.65% to 4.85%.

Loan Agreement, Colorado Water Resources and Power Development Authority, dated February 15, 2000

Principal paid monthly with interest at 5.71%.

Loan Agreement, Colorado Water Resources and Power Development Authority, dated May 15, 2000

Principal paid February 1 and August 1 with interest at 4.66%.

Loan Agreement, Colorado Water Resources and Power Development Authority, dated May 1, 2001

Principal paid February 1 and August 1 with interest at 4.01%.

Water and Sewer Revenue Refunding Bonds, dated August 23, 2001

Interest at 4.0% to 4.6% paid April 1 and October 1 with principal payments due October 1.

Loan Agreement, Colorado Water Resources and Power Development Authority, dated June 1, 2002

Principal paid monthly with interest at 5.21%.

Loan Agreement, Colorado Water Resources and Power Development Authority, dated September 1, 2002

Principal paid February 1 and August 1 with interest at 3.62%.

Loan Agreement, Colorado Water Conservation Board, dated November 14, 2002

Principal paid October 1 with interest at 4.5%.

Loan Agreement, Colorado Water Resources and Power Development Authority, dated October 21, 2010

Interest at 5.78% paid February 1 and August 1. Principal payments are due August 1 starting in 2023. This loan was issued as federally taxable bonds designated as a Build America Bond

**PARKER WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2011 and 2010**

NOTE 6 - LONG-TERM LIABILITIES (CONTINUED)

(BAB) pursuant to sections of the Internal Revenue Code and provisions of the American Recovery and Reinvestment Act of 2009. The District expects to receive a cash subsidy payment from the US Treasury equal to 35% of the interest payable on the loan. The interest rate net of the BAB subsidy is 3.85%.

Colorado Water Resources and Power Development Authority and Colorado Water Conservation Board Loan Covenants

The District has pledged the revenue from the operation and use of its facilities and other legally available revenue, after the payment of operation and maintenance expenses of the system, for the repayment of the above referenced loans. The loan agreements contain various restrictive covenants and requirements, including rate covenants, maintenance of a three month operating reserve (see Note 3) and compliance with an additional bond and/or indebtedness test. At December 31, 2011 and 2010, the District was in compliance with these covenants and requirements of the loan agreements.

Loan Agreement, Colorado Water Resources and Power Development Authority, dated June 15, 2004

Principal paid February 1 and August 1 with interest at 5.118%. This loan constitutes a general obligation debt of the District. On May 4, 2004, voters of the District authorized the District to levy property taxes to pay the loan. Such taxes are intended to be used as a guaranty for payment of the loan only if the Board of Directors determines other revenues are not sufficient to pay the debt service on the loan. During 2011 and 2010, the District recognized \$6,250,950 and \$795,343, respectively, in property tax revenue to pay the debt service on the loan.

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 4,572,208	\$ 10,736,523	\$ 15,308,731
2013	4,766,869	10,551,656	15,318,525
2014	5,022,382	10,342,379	15,364,761
2015	5,324,828	10,110,130	15,434,958
2016	5,485,409	9,863,568	15,348,977
2017-2021	32,095,893	45,067,639	77,163,532
2022-2026	33,438,595	37,336,936	70,775,531
2027-2031	40,696,927	28,369,049	69,065,976
2032-2036	43,480,000	16,219,343	59,699,343
2037-2041	24,435,000	7,041,825	31,476,825
2042-2043	11,665,000	926,363	12,591,363
	<u>\$210,983,111</u>	<u>\$186,565,411</u>	<u>\$397,548,522</u>

PARKER WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2011 and 2010

NOTE 6 - LONG-TERM LIABILITIES (CONTINUED)

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

	<u>Balance January 1, 2011</u>	<u>Incurred</u>	<u>Retired</u>	<u>Balance December 31, 2011</u>
Compensated absences payable	\$ 490,805	\$ 317,189	\$ 304,315	\$ 503,679

	<u>Balance January 1, 2010</u>	<u>Incurred</u>	<u>Retired</u>	<u>Balance December 31, 2010</u>
Compensated absences payable	\$ 459,168	\$ 326,093	\$ 294,456	\$ 490,805

NOTE 7 - NET ASSETS

The District has net assets consisting of three components - invested in capital assets net of related debt, restricted, and unrestricted.

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, plus unspent debt proceeds, and reduced by the outstanding balances of bonds, mortgages, notes or other borrowing that are attributable to the acquisition, construction, or improvement of those assets. As of December 31, 2011 and 2010, the District had an investment in capital assets, net of related debt calculated as follows:

	<u>2011</u>	<u>2010</u>
Capital assets, net of accumulated depreciation	\$ 522,780,583	\$ 504,485,441
Unspent debt proceeds	46,811,246	50,451,341
Bonds and notes payable, net of bond discount	(210,918,389)	(215,288,309)
	<u>\$ 358,673,440</u>	<u>\$ 339,648,473</u>

Restricted assets include net assets that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. See Note 3 for restrictions of assets as of December 31, 2011 and 2010.

Unrestricted net assets consist of net assets that do not meet the definition of invested in capital assets or restricted.

PARKER WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2011 and 2010

NOTE 8 - COMMITMENTS

Construction Commitments

As of December 31, 2011 and 2010, the District had unexpended construction related contract commitments of approximately \$9,044,730 and \$22,131,098, respectively.

NOTE 9 - RISK MANAGEMENT

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

The District is a member of the Colorado Special Districts Property and Liability Pool (Pool) as of December 31, 2011 and 2010. The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials liability, equipment breakdown and workers compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years.

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

NOTE 10 - DEFINED CONTRIBUTION PLAN

The employees of the District participate in a defined contribution plan established by the District and maintained and administered by Great-West Life and Annuity Insurance Company. 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 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.

PARKER WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2011 and 2010

NOTE 10 - DEFINED CONTRIBUTION PLAN (CONTINUED)

Contributions actually made by plan members and the District for the year ended December 31, 2011 and 2010 are as follows:

	<u>2011</u>	<u>2010</u>
Plan members	\$ 367,048	\$ 366,872
District	\$ 407,939	\$ 409,449

NOTE 11 - DEFERRED COMPENSATION PLAN - ASSETS IN TRUST

The District has a deferred compensation plan created in accordance with Internal Revenue Code Section 457. This plan is administered by Great-West Life and Annuity Insurance Company. Participation in the plan is optional for all employees. The plan allows the employees to defer a portion of their salary until future years. The District matches deferrals by employees up to 5% of the employees' payroll. Contributions made to this plan by the District were \$151,047 for 2011 and \$152,553 for 2010.

NOTE 12 - TAX, SPENDING AND DEBT LIMITATIONS

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

Enterprises, defined as government-owned businesses authorized to issue revenue bonds and receiving less than 10% 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
December 31, 2011 and 2010

NOTE 13 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description. Parker Water and Sanitation District administers a single-employer defined benefit healthcare plan (the Retiree Health Plan). The plan provides healthcare insurance for plan members, eligible retirees and their family members, from the date of retirement until the retiree reaches age 65. Health insurance coverage is provided through the District's group health insurance plan, which covers both active and retired members.

Funding Policy. Plan members contribute 100 percent of the premium costs. The District does not contribute to the cost of the premiums for plan members.

Annual OPEB Cost and Net OPEB Obligation. The District's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC). The District has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB Statement 45 for employers in plans with fewer than one hundred total plan members. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District's net OPEB obligation to the Retiree Health Plan:

Annual required contribution	\$ 55,569
Interest on net OPEB obligation	5,285
Adjustment to annual required contribution	<u>(7,411)</u>
Annual OPEB cost (expense)	53,443
Contributions made	<u>-</u>
Increase in net OPEB obligation	53,443
Net OPEB obligation - Beginning of year	<u>211,404</u>
Net OPEB obligation - End of year	<u><u>\$ 264,847</u></u>

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2011 and the preceding years were as follows:

<u>Fiscal Year</u> <u>Ended</u>	<u>Annual</u> <u>OPEB Cost</u>	<u>Percentage of Annual OPEB</u> <u>Cost Contributed</u>	<u>Net OPEB</u> <u>Obligation</u>
12/31/09	\$ 70,468	0%	\$ 140,936
12/31/10	\$ 70,468	0%	\$ 211,404
12/31/11	\$ 53,443	0%	\$ 264,847

PARKER WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2011 and 2010

NOTE 13 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Funded Status and Funding Progress. As of December 31, 2011, when the most recent calculation was made, the actuarial accrued liability for benefits was \$379,224, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$4,034,246, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 9.40 percent.

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplemental information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The following simplifying assumptions were made:

Retirement age for active employees - Based on the historical average retirement age for the covered group, active plan members were assumed to retire at age 63.

Marital status - Marital status of members at the calculation date was assumed to continue throughout retirement.

Mortality - Life expectancies were based on mortality tables from the RP2000 Mortality Table for Males and Females projected 10 years.

Turnover - Standard turnover assumptions from GASB Statement 45 - paragraph 35b were used as the basis for the turnover assumption.

Healthcare cost trend rate - The expected rate of increase in healthcare insurance premiums was based on the Getzen model promulgated by the Society of Actuaries for use in long-term trend projection.

Health insurance premiums - 2011 health insurance premiums for plan members were used as the basis for calculation of the present value of total benefits to be paid.

Payroll growth rate - The expected long-term payroll growth rate was assumed to be 2.9%.

PARKER WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2011 and 2010

NOTE 13 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Based on the historical and expected returns of the District's investment portfolio, a discount rate of 2.5 percent was used. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2011, was 27 years.

NOTE - 14 RUETER-HESS RESERVOIR STORAGE

The District entered into a storage space agreement in August 2008 with three participating entities, the Town of Castle Rock, Stonegate Village Metropolitan District, and Castle Pines North Metropolitan District. Storage easement was purchased by each of the participating entities and the purchase grants each entity storage rights within Rueter-Hess Reservoir.

The purchase price paid by the participating entities totaled \$59,560,918. The agreement required that Parker Water deposit \$7,800,000 of the purchase price with an escrow agent for the cost of completing the outlet structures. During 2009, the balance of the deposit held by the escrow agent was used on outlet structure expenses. The remaining funds are being used for reservoir construction, expected to be complete in the spring of 2012.

This information is an integral part of the accompanying financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

PARKER WATER AND SANITATION DISTRICT
SCHEDULE OF FUNDING PROGRESS FOR THE RETIREE HEALTH PLAN
Year Ended December 31, 2011

Actuarial Valuation Date	Actuarial Value of Assets(a)	Actuarial Accrued Liability (AAL)-		Unfunded AAL (UAAL)	Funded Ratio (a/b)	Covered Payroll (c)	UAAAL as a Percentage of
		Simplified Entry Age (b)	(b - a)				Covered Payroll ((b - a) / c)
12/31/2008	\$ -	\$ 330,169	\$ 330,169	0.00%	\$ 3,817,849	8.65%	
12/31/2011	\$ -	\$ 379,224	\$ 379,224	0.00%	\$ 4,034,246	9.40%	

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, 2011

	TOTAL		
	Final Budget	Actual	Variance - Positive (Negative)
REVENUES			
Charges for services	\$ 20,615,700	\$ 21,314,802	\$ 699,102
Operating tax revenues	1,074,100	1,493,489	419,389
Other operating income	147,900	342,764	194,864
Investment income	617,400	1,164,754	547,354
Other nonoperating income	2,390,600	3,224,109	833,509
Reuter-Hess mill levy	6,293,600	6,250,950	(42,650)
Tap fees	535,000	1,271,950	736,950
Water resource fees	75,000	189,821	114,821
Development fees	1,352,500	3,369,585	2,017,085
Farm income	330,000	356,131	26,131
Total revenues	33,431,800	38,978,355	5,546,555
EXPENDITURES			
Salaries	4,040,900	4,034,246	6,654
Employee benefits	1,425,350	1,354,348	71,002
Insurance	200,000	184,241	15,759
Professional services	824,600	1,226,852	(402,252)
Support services	326,350	165,341	161,009
Utilities	2,751,100	3,207,981	(456,881)
Contract labor and maintenance	2,174,100	1,529,704	644,396
Supplies	1,221,500	1,178,432	43,068
Community education	103,000	103,023	(23)
Information technology	322,840	325,229	(2,389)
Water resource farms	182,000	135,543	46,457
Miscellaneous expenses	993,425	674,300	319,125
Debt service	14,790,000	15,336,818	(546,818)
Capital outlay	19,067,500	17,929,576	1,137,924
Total expenditures	48,422,665	47,385,634	1,037,031
EXCESS REVENUES OVER EXPENDITURES	\$ (14,990,865)	(8,407,279)	\$ 6,583,586
FUNDS AVAILABLE - BEGINNING OF YEAR		106,420,675	
FUNDS AVAILABLE - END OF YEAR		\$ 98,013,396	
Funds available at December 31, 2011 is computed as follows:			
Current assets		\$ 110,863,043	
Current liabilities		(17,421,855)	
Current portion of long-term obligations		4,572,208	
		\$ 98,013,396	

WATER			SEWER		
Final Budget	Actual	Variance - Positive (Negative)	Final Budget	Actual	Variance - Positive (Negative)
\$ 11,745,000	\$ 12,407,495	\$ 662,495	\$ 8,870,700	\$ 8,907,307	\$ 36,607
-	-	-	1,074,100	1,493,489	419,389
107,200	275,759	168,559	40,700	67,005	26,305
318,150	818,638	500,488	299,250	346,116	46,866
1,697,400	2,253,609	556,209	693,200	970,500	277,300
3,146,800	3,125,475	(21,325)	3,146,800	3,125,475	(21,325)
250,000	625,000	375,000	285,000	646,950	361,950
75,000	189,821	114,821	-	-	-
1,272,500	3,187,985	1,915,485	80,000	181,600	101,600
330,000	356,131	26,131	-	-	-
18,942,050	23,239,913	4,297,863	14,489,750	15,738,442	1,248,692
1,935,200	1,963,593	(28,393)	2,105,700	2,070,653	35,047
706,400	675,443	30,957	718,950	678,905	40,045
100,000	92,120	7,880	100,000	92,121	7,879
522,300	722,217	(199,917)	302,300	504,635	(202,335)
176,350	90,708	85,642	150,000	74,633	75,367
2,001,100	2,423,056	(421,956)	750,000	784,925	(34,925)
1,376,800	645,538	731,262	797,300	884,166	(86,866)
354,850	405,174	(50,324)	866,650	773,258	93,392
51,500	53,169	(1,669)	51,500	49,854	1,646
181,750	183,539	(1,789)	141,090	141,690	(600)
182,000	135,543	46,457	-	-	-
749,725	470,470	279,255	243,700	203,830	39,870
8,227,250	8,773,004	(545,754)	6,562,750	6,563,814	(1,064)
17,801,000	17,778,917	22,083	1,266,500	150,659	1,115,841
34,366,225	34,412,491	(46,266)	14,056,440	12,973,143	1,083,297
<u>\$ (15,424,175)</u>	<u>\$ (11,172,578)</u>	<u>\$ 4,251,597</u>	<u>\$ 433,310</u>	<u>\$ 2,765,299</u>	<u>\$ 2,331,989</u>

**RECONCILIATION OF BUDGETARY BASIS (ACTUAL) TO STATEMENT OF
REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
Year Ended December 31, 2011**

Revenue (budgetary basis)	\$ 38,978,355
Contributed capital assets	2,214,560
Proceeds on sale of assets	(24,978)
Inclusion fee receivable paid	<u>(1,165,460)</u>
Total revenue per statement of revenues, expenses and changes in fund net assets	<u>40,002,477</u>
 Expenditures (budgetary basis)	 47,385,634
Amortization of bond issue expense	21,700
Amortization of bond discount expense	2,735
Depreciation	8,995,268
Capitalized interest	(8,297,020)
Capital outlay	(17,929,576)
Debt principal	(4,372,655)
Change in compensated absences and OPEB	66,317
Loss on sale of assets	<u>1,125,768</u>
Total expenses per statement of revenues, expenses and changes in fund net assets	<u>26,998,171</u>
 Change in net assets per statement of revenues, expenses and changes in fund net assets	 <u>\$ 13,004,306</u>

PARKER WATER AND SANITATION DISTRICT
Douglas County, Colorado

FINANCIAL STATEMENTS
December 31, 2012 and 2011

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of Parker Water and Sanitation District as of and for the years ended December 31, 2012 and 2011, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Parker Water and Sanitation District as of December 31, 2012 and 2011 and its changes in financial position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other post-employment benefit information on pages III through XII and 26 be presented to supplement the basic financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Parker Water and Sanitation District's basic financial statements. The accompanying supplementary information listed in the table of contents is presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplementary Information listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



Greenwood Village, Colorado
May 23, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of Parker Water and Sanitation District's financial performance provides an overview of the District's financial activities for the fiscal years ended December 31, 2012 and 2011. Please read it in conjunction with the District's financial statements, which begin on page 1.

FINANCIAL HIGHLIGHTS

- The assets of the Parker Water and Sanitation District exceeded its liabilities at the close of the most recent fiscal year by \$417,774,370 (net position). Of this amount, \$59,537,363 (unrestricted net position) may be used to meet the District's ongoing obligations to customers and creditors.
- The Water and Sewer Enterprises of the District are business type activities that are intended to recover all or a significant portion of their costs through user fees and charges. In 2012, the District increased the monthly water service charge from \$26.16 to \$27.21, a 4% increase. The 4% increase was also applied to each tier of the five tier water rate structure. In 2011, the District changed to a five tier rate structure and increased the monthly water service charge from \$25.16 to \$26.16. Also in 2011, in order to shift a portion of the District's wastewater revenue from a fixed monthly rate to a volume-based rate, the District reduced the fixed monthly sewer rate from \$56.93 per month to \$8.62 per month and added a sewer volume rate of \$8 per 1000 gallons, based on winter months water consumption.
- The District collected tap fees for 468 and 251 Single Family Equivalents (SFE's) sold during 2012 and 2011, respectively, for new construction in the District.
- The District levies taxes for operations. By law, the District is generally prohibited from levying a greater 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 2012 mill levy for operations was .797 mills, which included a temporary mill levy rate reduction for 2012 of .930 mills. The certified 2013 mill levy for operations is 1.727 mills. The certified 2012 mill levy for the 2004 voter-approved general obligation debt for the construction of Rueter-Hess Reservoir was 9.417 mills and the 2013 mill levy for the general obligation debt is 8.000 mills. The mill levy for the general obligation debt was lower in 2012 because the District used a portion of the District's capital reserves to pay the debt service. In 2013, the District will again be using a portion of the District's capital reserves to pay the debt service.
- Contributed assets from developers consisting of contributed water and sewer lines and water rights acquired by inclusions totaled \$130,800 in 2012 and \$2,214,560 in 2011.
- At December 31, 2012 and 2011, the District is carrying a receivable in the amount of \$4,661,840 and \$5,827,300, respectively, for the outstanding inclusion fee due for RidgeGate. The balance to the District is due over the next four years.

- In June 2012, the District refunded and paid the outstanding balance of the Water and Sewer Revenue Bonds, Series 1998 and Series 2001, the 2002 Colorado Water Resources and Power Development Authority Small Water Loan, and the 2002 Colorado Water Conservation Board Loan by the issuance of the 2012 Revenue Refunding Bonds. The District reduced its aggregate debt service payments by approximately \$5,865,000 over the next 18 years, 2013 through 2030, and obtained an economic gain (difference between the present values of the old and new debt service payments) of approximately \$4,262,000.
- In December 2012, the District advance refunded and defeased the 2004 CWRPDA Loan by the issuance of the 2012 General Obligation Refunding Bonds. The District reduced its aggregate debt service payments by approximately \$22,248,000 over the next 31 years, 2013 through 2043, and obtained an economic gain (difference between the present values of the old and new debt service payments) of approximately \$15,076,000.

OVERVIEW OF THE FINANCIAL STATEMENTS

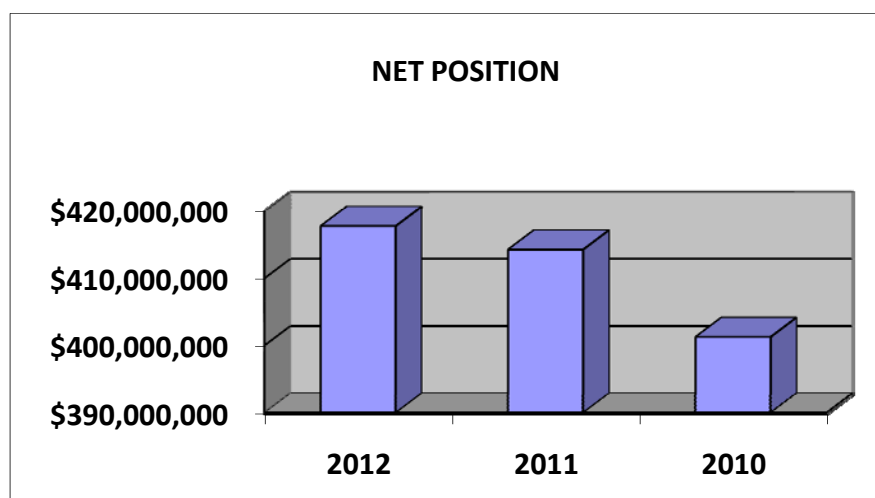
This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. Required statements for proprietary funds are: 1) Statement of Net Position, 2) Statement of Revenues, Expenses and Changes in Fund Net Position, and 3) Statement of Cash Flows. The Statement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

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

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

The ***Statement of Cash Flows*** as the name implies, 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.

FINANCIAL SUMMARY AND ANALYSIS



NET POSITION

	<u>2012</u>	<u>2011</u>	<u>2010</u>
ASSETS			
Current nonrestricted assets	\$ 65,531,447	\$ 59,154,211	\$ 66,066,035
Current restricted assets	45,537,089	51,708,832	55,496,169
Capital assets	520,272,102	522,780,583	504,485,441
Other long-term assets	<u>5,044,652</u>	<u>5,175,406</u>	<u>6,362,566</u>
Total assets	<u>636,385,290</u>	<u>638,819,032</u>	<u>632,410,211</u>
LIABILITIES			
Current liabilities	15,245,076	17,421,855	19,514,184
Long term obligations	<u>203,365,844</u>	<u>207,114,707</u>	<u>211,617,863</u>
Total liabilities	<u>218,610,920</u>	<u>224,536,562</u>	<u>231,132,047</u>
NET POSITION			
Net investment in capital assets	353,892,182	358,673,440	339,648,473
Restricted	4,344,825	4,897,586	5,044,828
Unrestricted	<u>59,537,363</u>	<u>50,711,444</u>	<u>56,584,863</u>
Total net position	<u>\$ 417,774,370</u>	<u>\$ 414,282,470</u>	<u>\$ 401,278,164</u>

NET POSITION

Current nonrestricted assets increased in 2012 due to the increase in cash and cash equivalents. Current restricted assets decreased in 2012 as funds continued to be paid out for the construction of the 10 MGD water treatment plant. Long term obligations decreased in 2012 due to scheduled principal payments. The decrease in capital assets and net investment in capital assets was due primarily to depreciation on the Rueter-Hess Reservoir which was placed into service in 2012.

Current nonrestricted assets decreased in 2011 due to expenses incurred on the continued enlargement phase construction of Rueter-Hess Reservoir. Current restricted assets decreased in 2011 due to preliminary design and construction costs for the 10 MGD water treatment plant. The increase in capital assets and invested in capital assets, net of related debt was due primarily to construction in progress on Rueter-Hess Reservoir. Long term obligations decreased in 2011 due to scheduled principal payments of approximately \$4.4 million.

CHANGES IN NET POSITION

	<u>2012</u>	<u>2011</u>	<u>2010</u>
REVENUES			
Operating revenue	\$ 23,346,225	\$ 21,657,566	\$ 21,267,144
Nonoperating revenues			
Taxes, net of collection fees	4,891,040	7,744,439	1,852,280
Net investment income	677,734	1,164,754	478,461
Farm land revenue	435,066	356,131	319,391
Other	1,423,784	2,033,671	693,180
Total nonoperating revenue	<u>7,427,624</u>	<u>11,298,995</u>	<u>3,343,312</u>
Total revenues	<u>30,773,849</u>	<u>32,956,561</u>	<u>24,610,456</u>
EXPENSES			
Operating			
Salaries	4,319,118	4,047,121	4,086,870
Employee benefits	1,493,771	1,407,791	1,434,690
Insurance	168,922	184,241	186,393
Professional services	1,503,907	1,226,852	776,409
Support services	208,213	165,341	184,990
Utilities	3,244,414	3,207,981	3,140,689
Contract labor and maintenance	1,633,475	1,529,704	1,826,695
Supplies	1,376,989	1,178,432	1,155,096
Community education	51,395	103,023	147,652
Information technology	309,522	325,229	311,060
Miscellaneous	446,285	674,300	515,677
Depreciation	11,763,786	8,995,268	8,544,980
Total operating expenses	<u>26,519,797</u>	<u>23,045,283</u>	<u>22,311,201</u>
Nonoperating expenses			
Water resource farms	186,618	135,543	150,188
Interest	10,091,280	2,691,577	1,151,772
Loss on disposal of assets	76,243	1,125,768	135,964
Total nonoperating expenses	<u>10,354,141</u>	<u>3,952,888</u>	<u>1,437,924</u>
Total expenses	<u>36,873,938</u>	<u>26,998,171</u>	<u>23,749,125</u>
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	(6,100,089)	5,958,390	861,331
CAPITAL CONTRIBUTIONS	<u>9,591,989</u>	<u>7,045,916</u>	<u>3,718,050</u>
CHANGES IN NET POSITION	3,491,900	13,004,306	4,579,381
NET POSITION - BEGINNING OF YEAR	414,282,470	401,278,164	396,698,783
NET POSITION - END OF YEAR	<u>\$417,774,370</u>	<u>\$414,282,470</u>	<u>\$401,278,164</u>

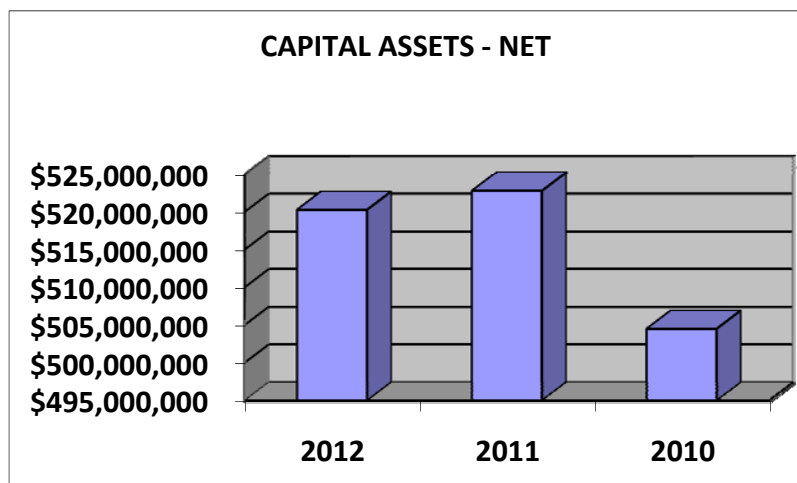
CHANGES IN NET POSITION

Operating revenue increased in 2012 by approximately \$1.7 million due to the 4% increase in the water rates, new connections from the sale of taps, and an increase in water consumption by customers in 2012. Tax revenue decreased by approximately \$2.7 million due to the certified mill levy for the 2004 voter-approved general obligation debt decreasing from 12.872 mills to 9.417 mills. Additionally, the certified 2012 mill levy for operations was .797 mills in 2012, which included a temporary mill levy rate reduction for 2012 of .930 mills. Depreciation expense increased in 2012 by approximately \$2.8 million due to placing the Rueter-Hess Reservoir in service in 2012. The increase in interest expense in 2012 is due to no longer capitalizing the interest expense on the 2004 CWRPDA loan for the construction of Rueter-Hess Reservoir. In 2011, interest expense of close to \$8 million was capitalized which is not being capitalized in 2012. Capital contributions in the form of contributed assets from developers and water rights decreased in 2012 by approximately \$2.1 million. Capital contributions in the form of tap fees and system development fees increased in 2012 by approximately \$4.6 million.

The certified mill levy for the 2004 voter-approved general obligation debt increased to 12.872 mills in 2011, resulting in additional tax revenue of approximately \$5.5 million to pay the debt service on the 2004 CWRPDA loan. Net investment income increased by \$.7 million primarily due to investment income earned on the proceeds from the 2010 CWRPDA loan being held for construction of the 10 MGD water treatment plant. Other income increased in 2011 due to the Build America Bond subsidy of approximately \$1.1 million and inclusion fees of approximately \$.4 million. Professional services expenses increased primarily due to legal work required to respond to the proposed permit renewal for the District's wastewater plants and the legal work required to respond to various water legal issues. The increase in interest expense in 2011 is due to a full year's worth of interest expense for the 2010 CWRPDA loan. The loss on the disposal of assets is largely due to the disposal and release of ownership of A-3 well house. Capital contributions in the form of contributed water rights increased by approximately \$1.2 million in 2011 due to an inclusion of land into the District. Capital contributions in the form of tap fees and system development fees increased in 2011 by approximately \$2 million.

CAPITAL ASSETS

The District's investment in capital assets at December 31, 2012 amounted to \$520,272,102 (net of accumulated depreciation). This investment in capital assets includes land, water rights, buildings, distribution systems and furniture and equipment. Analysis of changes in capital assets is as follows:



CAPITAL ASSETS

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Land	\$ 20,191,930	\$ 16,903,615	\$ 16,903,615
Water rights	133,621,063	133,490,263	132,328,263
Land improvements - Non-Depreciable	3,155,118	1,559,406	-
Construction in progress	15,913,541	208,400,360	183,107,087
Land improvements - Depreciable	9,292,337	9,357,731	10,049,948
Buildings	51,381,558	53,504,783	46,726,677
Infrastructure	87,778,368	84,012,775	85,716,521
Diversion structure	-	-	14,116,623
Machinery and equipment	13,541,661	15,412,702	15,331,969
Reservoir - Rueter Hess	185,249,612	-	-
Vehicles	146,914	138,948	204,738
Total capital assets - Net	<u>\$520,272,102</u>	<u>\$ 522,780,583</u>	<u>\$ 504,485,441</u>

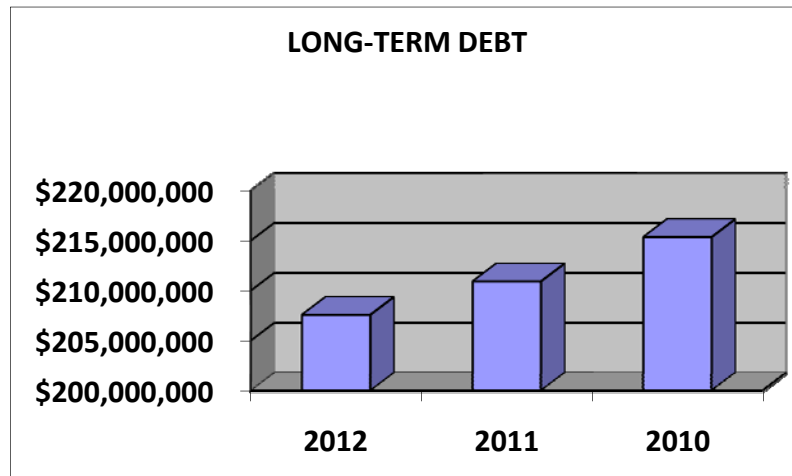
The major capital additions during 2012 and 2011 include:

	<u>2012</u>	<u>2011</u>
• Water Treatment Plant (in process)	\$5.6 million	\$1.8 million
• Rueter-Hess Reservoir Project	1.7 million	15.4 million
• Buildings (in process)	.5 million	-
• Wells and Well Houses	.4 million	.2 million
• Wastewater Plants Upgrades	.2 million	.1 million
• Infrastructure	.2 million	-
• Water Development (in process)	.1 million	.3 million
• Contributed Water/Sewer Lines	-	2.2 million

The amounts listed above for the Rueter-Hess Reservoir project and water treatment plant do not include capitalized interest. Additional information on the District's capital assets can be found in the notes to financial statements.

LONG-TERM DEBT

The District's long-term debt consists of the following:



LONG-TERM DEBT

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Revenue Bonds	\$106,202,892	\$ 2,365,000	\$ 2,890,000
Add bond premium	14,482,575	-	-
Colorado Water Resources and Power Development Authority loans	86,948,704	194,096,253	197,465,766
Less bond discount	(61,987)	(64,722)	(67,457)
Colorado Water Conservation Board loan	-	14,521,858	15,000,000
Total outstanding debt	<u>\$207,572,184</u>	<u>\$ 210,918,389</u>	<u>\$ 215,288,309</u>

In 2012, the increase in Revenue Bonds was due to the 2012 Revenue Refunding Bonds and the 2012 General Obligation Refunding Bonds. During the refunding process for the 2012 General Obligation Refunding Bonds, the District received a rating of AA- from Standard & Poor's. The balance of the Colorado Water Resources and Power Development Authority loans decreased in 2012 due to the payoff of the 2002 CWRPDA Small Water loan's outstanding balance and the defeasement of the 2004 Small Water and Clean Water loan. The balance of the Colorado Water Conservation Board loan decreased in 2012 due to the payoff of the 2002 CWCB loan's outstanding balance through the refunding process. The net reduction in outstanding debt in 2012 was due to principal repayment.

No new debt was added in 2011. The reduction in outstanding debt in 2011 was due to principal repayment. More detailed information about the District's long-term liabilities is presented in Note 6 to the financial statements.

ECONOMIC FACTORS AND RATES

Rates for the water and sewer enterprises are set by the Board of Directors to meet the cost of operations and to fund debt service, except for the financing for the Rueter-Hess Reservoir. In 2012, the District increased the monthly water service charge from \$26.16 to \$27.21, a 4% increase. The 4% increase was also applied to each tier of the five tier water rate structure. In 2011, the District changed to a five tier rate structure and increased the monthly water service charge by 4%, from \$25.16 to \$26.16. Also in 2011, in order to shift a portion of the District's wastewater revenue from a fixed monthly rate to a volume-based rate, the District reduced the fixed monthly sewer rate from \$56.93 per month to \$8.62 per month and added a sewer volume rate of \$8 per 1000 gallons, based on winter months water consumption.

The District is continuing to experience growth in residential and commercial developments with a 2.3% and 1.3% increase in single family equivalent (SFE) connections during 2012 and 2011, respectively. In 2012, the District added a renewable water fee of \$750 for a ¾" tap and a wastewater plant expansion fee of \$500 for a ¾" tap. Water development fee rates remained unchanged in 2012. In 2011, water development fees increased by approximately 6% and sewer development fees ceased.

The District's long-term planning clearly spells out an expansion program that can be best categorized in two components; Short-Term Capital Improvements (10 years or less) and Long-Term Capital Improvements (10 years and beyond).

Short-Term Capital Improvements

The current ten year Capital Improvement Plan (CIP) includes \$53.5 million in improvements to the water system and \$33 million in improvements to the waste water system over the next ten years. Water system improvements include \$50 million for the new 10 MGD water treatment plan, which is currently under construction and \$3.5 million for the construction of a 5 million gallon potable water storage tank, currently under design. Waste water system improvements include, but are not limited to, the construction of additional sanitary sewer interceptor lines, and additional treatment capacity at either the north or south water reclamation plants.

Long-Term Capital Improvements

The Long-Term Plan of the District recognizes the need to transition from Denver Basin Groundwater to a renewable surface water supply. Over the last 20 years, the District has investigated many different possible sources of surface water, including water from the lower South Platte River, Flaming Gorge Reservoir, the lower Arkansas River Basin, and the upper South Platte River in conjunction with Denver Water, the City of Aurora and South Metro Water Supply Authority (WISE Project). The District will be considering joining the WISE Project in early 2013 for a portion of its long-term renewable water needs. In addition, the District will be completing a Water Resources Strategic Master Plan in 2013 to identify other potential renewable water projects and anticipated costs.

Additionally, during this period of time the District will be faced with the need to replace or upgrade aging infrastructure/equipment, continue to increase capacity of water and wastewater treatment in response to increased growth and demand, and provide for routine maintenance of its systems.

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, 19801 E. Mainstreet, Parker, CO 80138.

BASIC FINANCIAL STATEMENTS

PARKER WATER AND SANITATION DISTRICT
STATEMENTS OF NET POSITION
December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 46,564,704	\$ 37,756,686
Cash and cash equivalents - Restricted	28,921,293	342,365
Investments	12,293,974	14,367,190
Investments - Restricted	16,615,796	51,366,467
Accounts receivable		
Service fees	335,296	338,245
Inclusion fee	1,165,460	1,165,460
Other	569,429	594,822
Accrued interest receivable	135,233	263,206
Property taxes receivable	4,463,651	4,664,902
Other assets	3,700	3,700
Total current assets	<u>111,068,536</u>	<u>110,863,043</u>
CAPITAL ASSETS		
Not being depreciated	172,881,652	360,353,644
Being depreciated (net of accumulated depreciation)	<u>347,390,450</u>	<u>162,426,939</u>
Total capital assets	520,272,102	522,780,583
BOND ISSUE COSTS	1,548,272	513,566
INCLUSION FEE RECEIVABLE	<u>3,496,380</u>	<u>4,661,840</u>
Total long-term assets	<u>525,316,754</u>	<u>527,955,989</u>
TOTAL ASSETS	<u>636,385,290</u>	<u>638,819,032</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts and retainage payable	3,140,619	3,887,230
Accrued expenses	467,718	302,687
Accrued interest payable	1,735,585	3,767,387
Deferred property taxes	4,463,651	4,664,902
Construction deposits	324,846	227,441
Current portion of long-term debt		
Bonds and notes payable	4,949,726	4,572,208
Compensated absences	162,931	-
Total current liabilities	<u>15,245,076</u>	<u>17,421,855</u>
NONCURRENT LIABILITIES		
Long-term debt		
Bonds and notes payable	202,622,458	206,346,181
Compensated absences	425,096	503,679
Other post employment benefit	318,290	264,847
Total long-term liabilities	<u>203,365,844</u>	<u>207,114,707</u>
TOTAL LIABILITIES	<u>218,610,920</u>	<u>224,536,562</u>
NET POSITION		
Net investment in capital assets	353,892,182	358,673,440
Restricted for loan agreement requirements	4,343,891	4,325,412
Restricted for debt service	934	396,089
Restricted for employment contract	-	176,085
Unrestricted	<u>59,537,363</u>	<u>50,711,444</u>
TOTAL NET POSITION	<u>\$ 417,774,370</u>	<u>\$ 414,282,470</u>

The accompanying notes are an integral part of the financial statements.

PARKER WATER AND SANITATION DISTRICT
STATEMENTS OF REVENUES, EXPENSES AND CHANGES
IN FUND NET POSITION
Years Ended December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
OPERATING REVENUES		
Charges for services	\$ 23,024,528	\$ 21,314,802
Other operating income	<u>321,697</u>	<u>342,764</u>
Total operating revenue	<u>23,346,225</u>	<u>21,657,566</u>
OPERATING EXPENSES		
Salaries	4,319,118	4,047,121
Employee benefits	1,493,771	1,407,791
Insurance	168,922	184,241
Professional services	1,503,907	1,226,852
Support services	208,213	165,341
Utilities	3,244,414	3,207,981
Contract labor and maintenance	1,633,475	1,529,704
Supplies	1,376,989	1,178,432
Community education	51,395	103,023
Information technology	309,522	325,229
Miscellaneous	446,285	674,300
Depreciation	<u>11,763,786</u>	<u>8,995,268</u>
Total operating expenses	<u>26,519,797</u>	<u>23,045,283</u>
OPERATING (LOSS)	<u>(3,173,572)</u>	<u>(1,387,717)</u>
NONOPERATING REVENUES AND (EXPENSES)		
Property taxes	4,532,006	7,253,967
Specific ownership taxes	359,034	490,472
Farm land revenue	435,066	356,131
Water resource farms	(186,618)	(135,543)
Net investment income	677,734	1,164,754
Interest expenses/fees	(10,091,280)	(2,691,577)
(Loss) on disposal of assets	(76,243)	(1,125,768)
Other income	<u>1,423,784</u>	<u>2,033,671</u>
Total nonoperating revenues and (expenses)	<u>(2,926,517)</u>	<u>7,346,107</u>
GAIN (LOSS) BEFORE CAPITAL CONTRIBUTIONS	<u>(6,100,089)</u>	<u>5,958,390</u>
CAPITAL CONTRIBUTIONS		
Tap fees received	2,986,289	1,271,950
Contributed assets from developers	130,800	2,214,560
Water resource fees	170,000	189,821
System development fees	<u>6,304,900</u>	<u>3,369,585</u>
Total capital contributions	<u>9,591,989</u>	<u>7,045,916</u>
CHANGE IN NET POSITION	3,491,900	13,004,306
NET POSITION - BEGINNING OF YEAR	<u>414,282,470</u>	<u>401,278,164</u>
NET POSITION - END OF YEAR	<u><u>\$ 417,774,370</u></u>	<u><u>\$ 414,282,470</u></u>

The accompanying notes are an integral part of the financial statements.

PARKER WATER AND SANITATION DISTRICT
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers/operations	\$ 23,471,972	\$ 21,801,305
Cash payments to suppliers for goods and services	(8,710,595)	(8,142,828)
Cash payments to employees for services	(5,510,067)	(5,386,946)
Net cash flows provided from operating activities	<u>9,251,310</u>	<u>8,271,531</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Property and specific ownership tax, net of fees	721,335	1,493,489
Other nonoperating revenue	3,024,310	3,555,262
Other nonoperating expenses	(186,618)	(135,543)
Net cash provided by noncapital financing activities	<u>3,559,027</u>	<u>4,913,208</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Tap fees collected	2,986,289	1,271,950
Water resource fees received	170,000	189,821
System development fees received	6,304,900	3,369,585
Property tax revenue for debt service, net of fees	4,169,705	6,250,950
Acquisition of property and equipment	(9,633,733)	(18,584,175)
Proceeds on sales of capital assets	14,629	24,978
Debt proceeds, including premium	128,349,701	-
Bond issue costs	(1,068,969)	-
Principal paid	(30,734,407)	(4,372,655)
Defeasement of debt	(100,862,110)	-
Interest paid	(12,748,993)	(10,474,450)
Net cash (required) by capital and related financing activities	<u>(13,052,988)</u>	<u>(22,323,996)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale of investments	47,367,000	20,884,000
Purchase of investments	(11,341,092)	(30,606,683)
Interest received	1,603,689	1,672,461
Net cash provided (required) by investing activities	<u>37,629,597</u>	<u>(8,050,222)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>37,386,946</u>	<u>(17,189,479)</u>
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>38,099,051</u>	<u>55,288,530</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 75,485,997</u>	<u>\$ 38,099,051</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) from operations	\$ (3,173,572)	\$ (1,387,717)
Adjustments to reconcile (loss) from operations to net cash provided by operating activities		
Depreciation and amortization	11,763,786	8,995,268
Changes in assets and liabilities related to operations		
Accounts receivable	28,342	(20,298)
Accounts and retainage payable	232,527	452,275
Accrued expenses	165,031	1,649
Compensated absences	84,348	12,874
Other post employment benefits	53,443	53,443
Construction deposits	97,405	164,037
Total adjustments	<u>12,424,882</u>	<u>9,659,248</u>
Net cash provided by operating activities	<u>\$ 9,251,310</u>	<u>\$ 8,271,531</u>

Cash flows from capital and related financing activities do not include \$130,800 and \$2,214,560 of water rights, water and sewer lines contributed to the District during 2012 and 2011, respectively, and \$(797,980) and \$(535,278) of market value adjustment on investments for 2012 and 2011, respectively.

The accompanying notes are an integral part of the financial statements.

PARKER WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2012 and 2011

NOTE 1 - DEFINITION OF REPORTING ENTITY

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

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Basis of Accounting

The District's records are maintained on the accrual basis of accounting. Revenue is recognized when earned and expenses are recognized when the liability is incurred. Depreciation is computed and recorded as an operating expense. Expenditures for capital assets are shown 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 Fund Net Position. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the District's purpose of providing water and sanitation services to its customers. Operating revenues consist of charges to customers for services provided.

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

PARKER WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2012 and 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Budgets

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

Cash Equivalents

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.

Capital Assets

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

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

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

Capitalized Interest

Interest incurred during construction is reflected in the capitalized value of the asset constructed, net of investment earnings on invested loan proceeds during the same period. Total interest incurred during the years ended December 31, 2012 and 2011 was \$10,362,917 and \$10,699,451, respectively. Interest expense capitalized during the year ended December 31, 2012 amounted to \$560,783. Net interest expense capitalized during the year ended December 31, 2011 amounted to \$8,297,020.

PARKER WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2012 and 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Water Rights

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.

The District has developed a varied water rights portfolio, including Denver Basin aquifer ground water and Cherry Creek alluvial ground water, as well as the rights to re-use and store this water on a year-round basis. These developed water rights provide a dependable water supply for District customers. The District's pending and adjudicated water rights portfolio includes approximately 32,400 acre-feet of water per year.

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 revenue in the year they are levied and measurable. The deferred property tax revenue are recorded as revenue in the year they are available or collected.

Capital Contributions

Capital contributions are comprised of tap fees, water resource fees and other development fees and are recorded as capital contributions when received. Lines contributed to the District by developers are recorded as capital contributions and additions to the systems at the estimated fair value when received.

Compensated Absences

Full-time employees, who have been employed by the District for one or more years, receive annual vacation leave with pay. Part-time employees are not entitled to paid vacations. Vacation time of five to fifteen days may be carried over from one year to the next depending upon the employee's length of service. No more than 25 days may be accumulated at any point in time. The District's sick leave policy permits the accumulation of four hours per pay period up to a maximum of 96 hours per year. Part-time employees are not entitled to any sick leave.

PARKER WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2012 and 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Employees with less than five years of service are not paid for unused sick days upon termination of employment. Employees with five to fourteen years of service are paid for 50% of unused sick days upon termination of employment. Employees with fifteen years of service are paid for 100% of unused sick days upon termination of employment. The District's sick leave policy permits a maximum accumulation of 520 sick hours.

Implementation of New Standards

Effective January 1, 2012, the District implemented GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. This statement incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the Financial Accounting Standards Board (FASB) and American Institute of Certified Public Accountants (AICPA) pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements. The District has already been following these standards.

Effective January 1, 2012, the District implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position*. As a result, net assets is now net position, the statement of net assets is now the statement of net position and the statement of net revenues, expenses and changes in fund net assets is now the statement of revenues, expenses and changes in fund net position.

NOTE 3 - CASH AND INVESTMENTS

Cash Deposits

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The total market value of all pledged assets must exceed 102% 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.

At December 31, 2012 and 2011, the District's cash deposits had a carrying balance of \$12,722,655 and \$12,013,313, respectively.

PARKER WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2012 and 2011

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

Investments

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

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

Interest Rate Risk

The District owned the following investments as of December 31, 2012:

	Fair Value	Remaining Maturity		
		12 Months or Less	13 - 24 Months	25 - 36 Months
U.S. Government Agencies	\$ 26,499,270	\$ 13,982,256	\$ 5,286,000	\$ 7,231,014
U.S. Treasury Notes	2,410,500	600,515	1,809,985	-
Investments held in trust	934	934	-	-
Local government investment pools	34,948,184	34,948,184	-	-
Federated Prime Obligation	27,814,224	27,814,224	-	-
	<u>\$ 91,673,112</u>	<u>\$ 77,346,113</u>	<u>\$ 7,095,985</u>	<u>\$ 7,231,014</u>

The District owned the following investments as of December 31, 2011:

	Fair Value	Remaining Maturity		
		12 Months or Less	13 - 24 Months	25 - 36 Months
U.S. Government Agencies	\$ 55,625,253	\$ 38,264,263	\$ 14,482,947	\$ 2,878,043
U.S. Treasury Strips	5,142,993	5,142,993	-	-
U.S. Treasury Notes	3,167,519	752,403	603,117	1,811,999
Commercial paper	1,797,891	1,797,891	-	-
Investments held in trust	269	269	-	-
Local government investment pools	26,085,470	26,085,470	-	-
	<u>\$ 91,819,395</u>	<u>\$ 72,043,289</u>	<u>\$ 15,086,064</u>	<u>\$ 4,690,042</u>

PARKER WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2012 and 2011

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

Concentration of Credit Risk

The District does not have a policy that addresses specific limitations on the amount that can be invested in any one issuer, but does require diversification of investments, excluding U.S. Treasury securities. As of December 31, 2012, more than 5% of the District's investments are concentrated in Federal Home Loan Mortgage Corporation securities (10.3%), Federal Home Loan Bank securities (6.1%), and Federal National Mortgage Association securities (8.4%). As of December 31, 2011, more than 5% of the District's investments are concentrated in Federal Home Loan Mortgage Corporation securities (28.2%), Federal Home Loan Bank securities (14.5%), Federal National Mortgage Association securities (12.5%), and Federal Farm Credit Bank securities (5.5%).

Credit Risk

As of December 31, 2012 and 2011, the District had invested \$34,948,184 and \$26,085,470, respectively, in the Colorado Local Government Liquid Asset Trust (the Trust) and CSAFE, investment vehicles established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing local government investment pools. The Trust and CSAFE operate similarly to a money market fund and each share is equal in value to \$1.00. The two funds of the Trust and the CSAFE fund are rated AAAm by Standard & Poor's.

As of December 31, 2012, the District had invested \$27,814,224 in Federated Prime Obligations fund, a money market fund. This fund is rated AAAm by Standard & Poor's.

The U.S. agency securities and U.S. Treasury notes are rated AA+ by Standard & Poor's.

Cash and investments are restricted for the following purposes:

	<u>2012</u>	<u>2011</u>
Restricted for Debt Service	\$ -	\$ 52,117
Restricted for Employment Agreement	-	176,085
Restricted Trust for Capital Improvements	934	269
Restricted for Operating Reserve	1,106,135	60,585
Restricted for Water Treatment Plant	27,814,224	53,309
Cash and cash equivalents - Restricted	<u>\$ 28,921,293</u>	<u>\$ 342,365</u>
Restricted for Debt Service	\$ -	\$ 343,703
Restricted for Operating Reserve	3,237,756	4,264,827
Restricted for Water Treatment Plant	13,378,040	46,757,937
Investments - Restricted	<u>\$ 16,615,796</u>	<u>\$ 51,366,467</u>

PARKER WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2012 and 2011

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

Debt Service

Cash and investments in the amount of \$395,820 at December 31, 2011 were restricted for debt service applicable to various debt obligations. These debt obligations were refunded in 2012.

Employment Agreement

In November 2008, the District entered into a four year employment agreement with the District Manager. The PWSD Board set aside the sum of \$700,000 into a separate account to satisfy the financial obligations of the District to fund this employment agreement. The District's financial obligation is reduced by \$175,000 each year over the life of the agreement. Cash in the amount of \$0 and \$176,085 was restricted at December 31, 2012 and 2011, respectively, for this agreement.

Trust for Capital Improvements

Cash and investments in the amount of \$934 and \$269 were held in trust at December 31, 2012 and 2011, respectively, by the Colorado Water Resources and Power Development Authority. Interest earnings held by the Power Development Authority, which the District has chosen to use for debt service, totaled \$934 in 2012 and \$269 in 2011.

Operating Reserve

The loan agreements with the Colorado Water Resources and Power Development Authority generally require that the District maintain a three month operating reserve. For this purpose, the District had restricted cash and investments of \$4,343,891 and \$4,325,412 at December 31, 2012 and 2011, respectively.

Water Treatment Plant

The loan documents for the 2010 loan with the Colorado Water Resources and Power Development Authority require that the proceeds from the loan be applied only to the expenses of acquiring, constructing, and equipping the project. In the event that all of the proceeds of the loan are not required to pay such expenses, any remaining amount shall be used for paying principal and interest on the loan. For this purpose, the District had restricted cash and investments of \$41,192,264 and \$46,811,246 at December 31, 2012 and 2011, respectively.

PARKER WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2012 and 2011

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

At December 31, 2012 and 2011, cash deposits and investments are classified on the statements of net assets as follows:

	<u>2012</u>	<u>2011</u>
Cash and cash equivalents	\$ 46,564,704	\$ 37,756,686
Cash and cash equivalents - Restricted	28,921,293	342,365
Investments	12,293,974	14,367,190
Investments - Restricted	<u>16,615,796</u>	<u>51,366,467</u>
	<u>\$ 104,395,767</u>	<u>\$ 103,832,708</u>
 Cash deposits	 \$ 12,722,655	 \$ 12,013,313
Investments	<u>91,673,112</u>	<u>91,819,395</u>
	<u>\$ 104,395,767</u>	<u>\$ 103,832,708</u>

NOTE 4 - INCLUSION FEES

The District carried a receivable for the RidgeGate inclusion fee for \$4,661,840 and \$5,827,760 at December 31, 2012 and 2011, respectively. The receivable bears interest at 6.25%. At December 31, 2012, the current and noncurrent portions of the receivable were \$1,165,460 and \$3,496,380, respectively. At December 31, 2011, the current and noncurrent portions of the receivable were \$1,165,460 and \$4,661,840, respectively. At December 31, 2012, there were four remaining annual inclusion fee payments of \$1,165,460 due to the District.

PARKER WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2012 and 2011

NOTE 5 - CAPITAL ASSETS

An analysis of the changes in capital assets for the years ended December 31, 2012 and 2011 follows:

	2012			
	Balance at December 31, 2011	Increases	Decreases	Balance at December 31, 2012
Capital assets, not being depreciated:				
Land	\$ 16,903,615	\$ 3,289,643	\$ 1,328	\$ 20,191,930
Water rights	133,490,263	130,800	-	133,621,063
Land improvements	1,559,406	1,595,712	-	3,155,118
Construction in progress	<u>208,400,360</u>	<u>6,756,073</u>	<u>199,242,892</u>	<u>15,913,541</u>
Total capital assets, not being depreciated	<u>360,353,644</u>	<u>11,772,228</u>	<u>199,244,220</u>	<u>172,881,652</u>
Capital assets, being depreciated:				
Land improvements	13,752,903	661,754	20,000	14,394,657
Buildings	71,503,540	45,061	148,585	71,400,016
Infrastructure	108,351,015	6,865,081	-	115,216,096
Machinery and equipment	52,874,653	1,057,465	494,941	53,437,177
Reservoir - Rueter Hess	-	188,092,613	-	188,092,613
Vehicles	<u>1,526,697</u>	<u>94,866</u>	<u>66,108</u>	<u>1,555,455</u>
Total capital assets, being depreciated	<u>248,008,808</u>	<u>196,816,840</u>	<u>729,634</u>	<u>444,096,014</u>
Less accumulated depreciation for:				
Land improvements	4,395,172	719,648	12,500	5,102,320
Buildings	17,998,757	2,105,352	85,651	20,018,458
Infrastructure	24,338,240	3,099,488	-	27,437,728
Machinery and equipment	37,461,951	2,909,397	475,832	39,895,516
Reservoir - Rueter Hess	-	2,843,001	-	2,843,001
Vehicles	<u>1,387,749</u>	<u>86,900</u>	<u>66,108</u>	<u>1,408,541</u>
Total accumulated depreciation	<u>85,581,869</u>	<u>11,763,786</u>	<u>640,091</u>	<u>96,705,564</u>
Total capital assets, being depreciated, net	<u>162,426,939</u>	<u>185,053,054</u>	<u>89,543</u>	<u>347,390,450</u>
Capital assets, net	<u>\$ 522,780,583</u>	<u>\$ 196,825,282</u>	<u>\$ 199,333,763</u>	<u>\$ 520,272,102</u>

PARKER WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2012 and 2011

NOTE 5 - CAPITAL ASSETS (CONTINUED)

	2011		
	Balance at December 31, 2010	Increases	Decreases
			Balance at December 31, 2011
Capital assets, not being depreciated:			
Land	\$ 16,903,615	\$ -	\$ -
Water rights	132,328,263	1,162,000	-
Diversion structure	14,116,623	-	14,116,623
Land improvements	-	1,559,406	-
Construction in progress	183,107,087	25,526,387	233,114
Total capital assets, not being depreciated	<u>346,455,588</u>	<u>28,247,793</u>	<u>14,349,737</u>
Capital assets, being depreciated:			
Land improvements	13,798,852	6,351	52,300
Buildings	63,579,639	9,682,598	1,758,697
Infrastructure	107,139,649	1,306,860	95,494
Machinery and equipment	51,270,819	3,481,494	1,877,660
Vehicles	1,546,989	65,796	86,088
Total capital assets, being depreciated	<u>237,335,948</u>	<u>14,543,099</u>	<u>3,870,239</u>
Less accumulated depreciation for:			
Land improvements	3,748,904	687,670	41,402
Buildings	16,852,962	2,117,988	972,193
Infrastructure	21,423,128	2,948,992	33,880
Machinery and equipment	35,938,850	3,109,032	1,585,931
Vehicles	1,342,251	131,586	86,088
Total accumulated depreciation	<u>79,306,095</u>	<u>8,995,268</u>	<u>2,719,494</u>
Total capital assets, being depreciated, net	<u>158,029,853</u>	<u>5,547,831</u>	<u>1,150,745</u>
Capital assets, net	<u>\$ 504,485,441</u>	<u>\$ 33,795,624</u>	<u>\$ 15,500,482</u>

PARKER WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2012 and 2011

NOTE 6 - LONG-TERM LIABILITIES

The following is an analysis of the changes in the District's long-term obligations for the years ended December 31, 2012 and 2011.

	Balance at January 1, <u>2012</u>	<u>New Issues</u>	<u>Retirements</u>	Balance at December 31, <u>2012</u>	Due Within One <u>Year</u>
1994 CWRPDA Clean Water Loan	\$ 358,517	\$ -	\$ 112,371	\$ 246,146	\$ 117,722
1994 CWRPDA Small Water Loan	128,333	-	40,833	87,500	45,834
1997 CWRPDA Clean Water Loan	1,222,196	-	181,461	1,040,735	192,136
1997 CWRPDA Small Water Loan	1,975,833	-	297,500	1,678,333	312,500
Water and Sewer Revenue					
Refunding Bonds,					
Series 1998	1,870,000	-	1,870,000	-	-
2000 CWRPDA Clean Water Loan	6,511,242	-	609,270	5,901,972	630,462
2000 CWRPDA Small Water Loan	9,750,832	-	448,334	9,302,498	472,500
2001 CWRPDA Clean Water Loan	2,848,284	-	241,380	2,606,904	246,744
Water and Sewer Revenue					
Refunding Bonds,					
Series 2001	495,000	-	495,000	-	-
2002 CWRPDA Clean Water Loan	12,061,016	-	271,400	11,789,616	276,828
2002 CWRPDA Small Water Loan	10,055,000	-	10,055,000	-	-
2002 CWCBC Loan	14,521,858	-	14,521,858	-	-
2004 CWRPDA Small Water					
and Clean Water Loan	97,700,000	-	94,890,000	2,810,000	1,370,000
2010 CWRPDA Loan	51,485,000	-	-	51,485,000	-
Less Bond Discount	(64,722)	-	(2,735)	(61,987)	-
2012 Revenue Refunding Bonds	-	23,215,000	270,000	22,945,000	1,085,000
Add Bond Premium	-	3,224,248	102,126	3,122,122	-
2012 General Obligation Refunding Bonds	-	90,550,000	-	90,550,000	200,000
Deferred Loss on Bond Refunding	-	(7,292,108)	-	(7,292,108)	-
Add Bond Premium	-	11,360,453	-	11,360,453	-
Total long-term debt	<u>\$ 210,918,389</u>	<u>\$121,057,593</u>	<u>\$ 124,403,798</u>	<u>\$ 207,572,184</u>	<u>\$ 4,949,726</u>

PARKER WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2012 and 2011

NOTE 6 - LONG-TERM LIABILITIES (CONTINUED)

	Balance at January 1, <u>2011</u>	<u>New Issues</u>	<u>Retirements</u>	Balance at December 31, <u>2011</u>	Due Within One <u>Year</u>
1994 CWRPDA Clean Water Loan	\$ 465,537	\$ -	\$ 107,020	\$ 358,517	\$ 112,371
1994 CWRPDA Small Water Loan	168,333	-	40,000	128,333	40,833
1997 CWRPDA Clean Water Loan	1,398,320	-	176,124	1,222,196	181,461
1997 CWRPDA Small Water Loan	2,258,333	-	282,500	1,975,833	297,500
Water and Sewer Revenue					
Refunding Bonds,					
Series 1998	2,285,000	-	415,000	1,870,000	435,000
2000 CWRPDA Clean Water Loan	7,099,320	-	588,078	6,511,242	609,270
2000 CWRPDA Small Water Loan	10,174,999	-	424,167	9,750,832	448,334
2001 CWRPDA Clean Water Loan	3,078,936	-	230,652	2,848,284	241,380
Water and Sewer Revenue					
Refunding Bonds,					
Series 2001	605,000	-	110,000	495,000	115,000
2002 CWRPDA Clean Water Loan	12,326,988	-	265,972	12,061,016	271,400
2002 CWRPDA Small Water Loan	10,055,000	-	-	10,055,000	-
2002 CWCB Loan	15,000,000	-	478,142	14,521,858	499,659
2004 CWRPDA Small Water					
and Clean Water Loan	98,955,000	-	1,255,000	97,700,000	1,320,000
2010 CWRPDA Loan	51,485,000	-	-	51,485,000	-
Less Bond Discount	<u>(67,457)</u>	<u>-</u>	<u>(2,735)</u>	<u>(64,722)</u>	<u>-</u>
Total long-term debt	<u>\$ 215,288,309</u>	<u>\$ -</u>	<u>\$ 4,369,920</u>	<u>\$ 210,918,389</u>	<u>\$ 4,572,208</u>

Loan Agreement, Colorado Water Resources and Power Development Authority, dated April 1, 1994

Principal paid monthly with interest at 5.65%.

Loan Agreement, Colorado Water Resources and Power Development Authority, dated August 1, 1994

Principal paid February 1 and August 1 with interest at 4.892%.

Loan Agreement, Colorado Water Resources and Power Development Authority, dated May 1, 1997

Interest at 4.543% paid February 1 and August 1 with principal payments due August 1.

PARKER WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2012 and 2011

NOTE 6 - LONG-TERM LIABILITIES (CONTINUED)

Loan Agreement, Colorado Water Resources and Power Development Authority, dated June 1, 1997

Principal paid monthly with interest at 5.37%.

Water and Sewer Revenue Bonds, Series 1998, dated March 15, 1998

Principal paid April 1 and October 1 with interest at 4.65% to 4.85%. As of December 31, 2012, \$1,870,000 of the remaining Water and Sewer Revenue Bonds, Series 1998 was refunded and paid.

Loan Agreement, Colorado Water Resources and Power Development Authority, dated February 15, 2000

Principal paid monthly with interest at 5.71%.

Loan Agreement, Colorado Water Resources and Power Development Authority, dated May 15, 2000

Principal paid February 1 and August 1 with interest at 4.66%.

Loan Agreement, Colorado Water Resources and Power Development Authority, dated May 1, 2001

Principal paid February 1 and August 1 with interest at 4.01%.

Water and Sewer Revenue Refunding Bonds, dated August 23, 2001

Interest at 4.0% to 4.6% paid April 1 and October 1 with principal payments due October 1. As of December 31, 2012, \$495,000 of the remaining Water and Sewer Revenue Bonds, Series 2001 was refunded and paid.

Loan Agreement, Colorado Water Resources and Power Development Authority, dated September 1, 2002

Principal paid February 1 and August 1 with interest at 3.62%.

Loan Agreement, Colorado Water Resources and Power Development Authority, dated June 1, 2002

Principal paid monthly with interest at 5.21%. As of December 31, 2012, \$10,055,000 of the remaining 2002 Colorado Water Resources and Power Development Authority Small Water Loan was refunded and paid.

PARKER WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2012 and 2011

NOTE 6 - LONG-TERM LIABILITIES (CONTINUED)

Loan Agreement, Colorado Water Conservation Board, dated November 14, 2002

Principal paid October 1 with interest at 4.5%. As of December 31, 2012, \$14,521,858 of the remaining 2002 Colorado Water Conservation Board Loan was refunded and paid.

Loan Agreement, Colorado Water Resources and Power Development Authority, dated October 21, 2010

Interest at 5.78% paid February 1 and August 1. Principal payments are due August 1 starting in 2023. This loan was issued as federally taxable bonds designated as a Build America Bond (BAB) pursuant to sections of the Internal Revenue Code and provisions of the American Recovery and Reinvestment Act of 2009. The District expects to receive a cash subsidy payment from the US Treasury equal to 35% of the interest payable on the loan. The interest rate net of the BAB subsidy is 3.85%.

Colorado Water Resources and Power Development Authority and Colorado Water Conservation Board Loan Covenants

The District has pledged the revenue from the operation and use of its facilities and other legally available revenue, after the payment of operation and maintenance expenses of the system, for the repayment of the above referenced loans. The loan agreements contain various restrictive covenants and requirements, including rate covenants, maintenance of a three month operating reserve (see Note 3) and compliance with an additional bond and/or indebtedness test. At December 31, 2012 and 2011, the District was in compliance with these covenants and requirements of the loan agreements.

Loan Agreement, Colorado Water Resources and Power Development Authority, dated June 15, 2004

Principal paid February 1 and August 1 with interest at 5.118%. This loan constitutes a general obligation debt of the District. On May 4, 2004, voters of the District authorized the District to levy property taxes to pay the loan. Such taxes are intended to be used as a guaranty for payment of the loan only if the Board of Directors determines other revenues are not sufficient to pay the debt service on the loan. During 2012 and 2011, the District recognized \$4,169,705 and \$6,250,950, respectively, in property tax revenue to pay the debt service on the loan. As of December 31, 2012, \$93,570,000 of the District's 2004 CWRPDA Loan was defeased but outstanding.

Water and Sewer Revenue Refunding Bonds, Series 2012, dated June 13, 2012

Interest at 2.0% to 5.0% paid May 1 and November 1 with principal payments due November 1. These bonds require a reserve fund which is currently funded by an insurance policy in the amount of \$2,205,050.

PARKER WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2012 and 2011

NOTE 6 - LONG-TERM LIABILITIES (CONTINUED)

General Obligation Refunding Bonds, Series 2012, dated December 27, 2012

Interest at 2.0% to 5.0% paid February 1 and August 1 with principal payments due August 1. On May 4, 2004, voters of the District authorized the District to levy property taxes to pay this debt. Such taxes are intended to be used as guaranty for payment of the bonds only if the Board of Directors determines other revenues are not sufficient to pay the debt service on the bonds.

Refundings

On June 13, 2012, the District refunded and paid \$26,941,858, which was the outstanding balance of the Water and Sewer Revenue Bonds, Series 1998 and Series 2001, the 2002 Colorado Water Resources and Power Development Authority Small Water Loan, and the 2002 Colorado Water Conservation Board Loan by the issuance of the \$23,215,000 2012 Revenue Refunding Bonds dated June 13, 2012 with an average interest rate of 2.81%.

The District reduced its aggregate debt service payments by approximately \$5,865,000 over the next 18 years, 2013 through 2030, and obtained an economic gain (difference between the present values of the old and new debt service payments) of approximately \$4,262,000.

On December 27, 2012, the District advance refunded and defeased \$93,570,000 of the 2004 CWRPDA Loan dated June 15, 2004 with an average interest rate of 5.118% by the issuance of the \$90,550,000 2012 General Obligation Refunding Bonds dated December 27, 2012 with an average interest rate of 3.84%. The defeased bonds are not considered a liability of the District since sufficient funds \$101,221,962 were deposited with a trustee for the purpose of paying the principal and interest of the defeased bonds when due.

The District reduced its aggregate debt service payments by approximately \$22,248,000 over the next 31 years, 2013 through 2043, and obtained an economic gain (difference between the present values of the old and new debt service payments) of approximately \$15,076,000.

PARKER WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2012 and 2011

NOTE 6 - LONG-TERM LIABILITIES (CONTINUED)

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 4,949,726	\$ 7,734,237	\$ 12,683,963
2014	5,216,743	9,107,966	14,324,709
2015	5,509,635	8,891,253	14,400,888
2016	5,624,557	8,689,134	14,313,691
2017	5,954,383	8,456,942	14,411,325
2018-2022	32,838,296	38,376,722	71,215,018
2023-2027	33,645,364	31,309,407	64,954,771
2028-2032	41,380,000	22,714,195	64,094,195
2033-2037	37,015,000	11,856,040	48,871,040
2038-2042	23,000,000	4,890,000	27,890,000
2043	5,310,000	265,500	5,575,500
	<u>\$200,443,704</u>	<u>\$152,291,396</u>	<u>\$352,735,100</u>

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

	<u>Balance</u> <u>January 1,</u> <u>2012</u>	<u>Incurred</u>	<u>Retired</u>	<u>Balance</u> <u>December 31,</u> <u>2012</u>	<u>Due</u> <u>Within One</u> <u>Year</u>
Compensated absences payable	<u>\$ 503,679</u>	<u>\$ 310,829</u>	<u>\$ 226,481</u>	<u>\$ 588,027</u>	<u>\$ 162,931</u>

	<u>Balance</u> <u>January 1,</u> <u>2011</u>	<u>Incurred</u>	<u>Retired</u>	<u>Balance</u> <u>December 31,</u> <u>2011</u>	<u>Due</u> <u>Within One</u> <u>Year</u>
Compensated absences payable	<u>\$ 490,805</u>	<u>\$ 317,189</u>	<u>\$ 304,315</u>	<u>\$ 503,679</u>	<u>\$ -</u>

NOTE 7 - NET POSITION

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

Net investment in capital assets consists of capital assets, net of accumulated depreciation, plus unspent debt proceeds, and reduced by the outstanding balances of bonds, mortgages, notes or other borrowing that are attributable to the acquisition, construction, or improvement of those assets. As of December 31, 2012 and 2011, the District had a net investment in capital assets calculated as follows:

PARKER WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2012 and 2011

NOTE 7 - NET POSITION (CONTINUED)

	<u>2012</u>	<u>2011</u>
Capital assets, net of accumulated depreciation	\$ 520,272,102	\$ 522,780,583
Unspent debt proceeds	41,192,264	46,811,246
Bonds and notes payable	<u>(207,572,184)</u>	<u>(210,918,389)</u>
	<u>\$ 353,892,182</u>	<u>\$ 358,673,440</u>

Restricted net position includes assets that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. See Note 3 for restrictions of assets as of December 31, 2012 and 2011.

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

NOTE 8 - COMMITMENTS

Construction Commitments

As of December 31, 2012 and 2011, the District had unexpended construction related contract commitments of approximately \$27,135,267 and \$9,044,730, respectively.

NOTE 9 - RISK MANAGEMENT

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

The District is a member of the Colorado Special Districts Property and Liability Pool (Pool) as of December 31, 2012 and 2011. The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials liability, equipment breakdown and workers compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years.

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

PARKER WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2012 and 2011

NOTE 10 - DEFINED CONTRIBUTION PLAN

The employees of the District participate in a defined contribution plan established by the District and maintained and administered by Great-West Life and Annuity Insurance Company. 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 District's contributions, plus earnings, become vested at a rate of 20% for each year of participation in the plan. District contributions for plan members who leave employment before they are fully vested are returned to the District. There is no liability for benefits under the plan beyond the District's matching payments. Plan provisions and contribution requirements are established and may be amended by the District's Board of Directors.

Contributions actually made by plan members and the District for the year ended December 31, 2012 and 2011 are as follows:

	<u>2012</u>	<u>2011</u>
Plan members	<u>\$ 369,410</u>	<u>\$ 367,048</u>
District	<u>\$ 424,907</u>	<u>\$ 407,939</u>

NOTE 11 - DEFERRED COMPENSATION PLAN - ASSETS IN TRUST

The District has a deferred compensation plan created in accordance with Internal Revenue Code Section 457. This plan is administered by Great-West Life and Annuity Insurance Company. Participation in the plan is optional for all employees. The plan allows the employees to defer a portion of their salary until future years. The District matches deferrals by employees up to 5% of the employees' payroll. Contributions made to this plan by the District were \$158,223 for 2012 and \$151,047 for 2011.

NOTE 12 - TAX, SPENDING AND DEBT LIMITATIONS

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

Enterprises, defined as government-owned businesses authorized to issue revenue bonds and receiving less than 10% 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.

PARKER WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2012 and 2011

NOTE 12 - TAX, SPENDING AND DEBT LIMITATIONS (CONTINUED)

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

NOTE 13 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description. Parker Water and Sanitation District administers a single-employer defined benefit healthcare plan (the Retiree Health Plan). The plan provides healthcare insurance for plan members, eligible retirees and their family members, from the date of retirement until the retiree reaches age 65. Health insurance coverage is provided through the District's group health insurance plan, which covers both active and retired members.

Funding Policy. Plan members contribute 100 percent of the premium costs. The District does not contribute to the cost of the premiums for plan members.

Annual OPEB Cost and Net OPEB Obligation. The District's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC). The District has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB Statement 45 for employers in plans with fewer than one hundred total plan members. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District's net OPEB obligation to the Retiree Health Plan:

Annual required contribution	\$ 55,569
Interest on net OPEB obligation	5,285
Adjustment to annual required contribution	<u>(7,411)</u>
Annual OPEB cost (expense)	53,443
Contributions made	<u>-</u>
Increase in net OPEB obligation	53,443
Net OPEB obligation - Beginning of year	<u>264,847</u>
Net OPEB obligation - End of year	<u><u>\$ 318,290</u></u>

PARKER WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2012 and 2011

NOTE 13 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2012 and the preceding years were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
12/31/10	\$ 70,468	0%	\$ 211,404
12/31/11	\$ 53,443	0%	\$ 264,847
12/31/12	\$ 53,443	0%	\$ 318,290

Funded Status and Funding Progress. As of December 31, 2011, when the most recent calculation was made, the actuarial accrued liability for benefits was \$379,224, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$4,034,246, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 9.40 percent.

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The following simplifying assumptions were made:

Retirement age for active employees - Based on the historical average retirement age for the covered group, active plan members were assumed to retire at age 63.

Marital status - Marital status of members at the calculation date was assumed to continue throughout retirement.

Mortality - Life expectancies were based on mortality tables from the RP2000 Mortality Table for Males and Females projected 10 years.

PARKER WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2012 and 2011

NOTE 13 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Turnover - Standard turnover assumptions from GASB Statement 45 - paragraph 35b were used as the basis for the turnover assumption.

Healthcare cost trend rate - The expected rate of increase in healthcare insurance premiums was based on the Getzen model promulgated by the Society of Actuaries for use in long-term trend projection.

Health insurance premiums - 2011 health insurance premiums for plan members were used as the basis for calculation of the present value of total benefits to be paid.

Payroll growth rate - The expected long-term payroll growth rate was assumed to be 2.9%.

Based on the historical and expected returns of the District's investment portfolio, a discount rate of 2.5 percent was used. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2012, was 27 years.

This information is an integral part of the accompanying financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

PARKER WATER AND SANITATION DISTRICT
SCHEDULE OF FUNDING PROGRESS FOR THE RETIREE HEALTH PLAN
Year Ended December 31, 2012

Actuarial Valuation Date	Actuarial Value of Assets(a)	Actuarial Accrued Liability (AAL)-		Unfunded AAL (UAAL)	Funded Ratio (a/b)	Covered Payroll (c)	UAAAL as a Percentage of
		Simplified Entry Age (b)	(b - a)				Covered Payroll ((b - a) / c)
12/31/2008	\$ -	\$ 330,169	\$ 330,169		0.00%	\$ 3,817,849	8.65%
12/31/2011	\$ -	\$ 379,224	\$ 379,224		0.00%	\$ 4,034,246	9.40%

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, 2012

	TOTAL		
	Final Budget	Actual	Variance - Positive (Negative)
REVENUES			
Charges for services	\$ 21,900,000	\$ 23,024,529	\$ 1,124,529
Operating tax revenues	662,300	721,335	59,035
Other operating income	205,000	321,697	116,697
Investment income	1,203,500	677,734	(525,766)
Other nonoperating income	2,314,550	2,603,872	289,322
Reuter-Hess mill levy	4,232,450	4,169,705	(62,745)
Tap fees	668,750	2,415,539	1,746,789
Water resource fees	50,000	170,000	120,000
Development fees	1,690,625	6,304,900	4,614,275
Wastewater Plant Expansion Fee	62,500	219,000	156,500
Renewable Water Fee	93,750	351,750	258,000
Farm income	348,000	435,066	87,066
Bond proceeds, including premium	128,349,701	128,349,701	-
Total revenues	161,781,126	169,764,828	7,983,702
EXPENDITURES			
Salaries	4,240,800	4,234,770	6,030
Employee benefits	1,454,300	1,440,328	13,972
Insurance	196,000	168,922	27,078
Professional services	909,000	1,503,907	(594,907)
Support services	279,000	208,213	70,787
Utilities	3,324,600	3,244,414	80,186
Contract labor and maintenance	2,580,100	1,633,475	946,625
Supplies	1,318,000	1,376,989	(58,989)
Community education	103,000	51,395	51,605
Information technology	329,550	309,522	20,028
Water resource farms	183,000	186,617	(3,617)
Miscellaneous expenses	773,700	446,286	327,414
Bond Issuance costs	1,100,322	1,068,969	31,353
Debt service	44,907,605	41,451,598	3,456,007
Debt service (defeased debt)	100,862,110	100,862,110	-
Capital outlay	17,120,400	8,654,592	8,465,808
Total expenditures	179,681,487	166,842,107	12,839,380
EXCESS REVENUES OVER EXPENDITURES	\$ (17,900,361)	2,922,721	\$ 20,823,082
FUNDS AVAILABLE - BEGINNING OF YEAR		98,013,396	
FUNDS AVAILABLE - END OF YEAR		\$ 100,936,117	
Funds available at December 31, 2012 is computed as follows:			
Current assets		\$ 111,068,536	
Current liabilities		(15,245,076)	
Current portion of long-term obligations		5,112,657	
		\$ 100,936,117	

WATER			SEWER		
Final Budget	Actual	Variance - Positive (Negative)	Final Budget	Actual	Variance - Positive (Negative)
\$ 13,000,000	\$ 13,884,503	\$ 884,503	\$ 8,900,000	\$ 9,140,026	\$ 240,026
-	-	-	662,300	721,335	59,035
144,000	279,192	135,192	61,000	42,505	(18,495)
922,500	409,004	(513,496)	281,000	268,730	(12,270)
1,672,350	1,924,518	252,168	642,200	679,354	37,154
1,584,000	1,584,000	-	2,648,450	2,585,705	(62,745)
312,500	1,170,000	857,500	356,250	1,245,539	889,289
50,000	170,000	120,000	-	-	-
1,590,625	5,955,300	4,364,675	100,000	349,600	249,600
-	-	-	62,500	219,000	156,500
93,750	351,750	258,000	-	-	-
348,000	435,066	87,066	-	-	-
65,786,974	65,786,974	-	62,562,727	62,562,727	-
85,504,699	91,950,307	6,445,608	76,276,427	77,814,521	1,538,094
2,120,900	2,145,727	(24,827)	2,119,900	2,089,043	30,857
739,000	725,625	13,375	715,300	714,703	597
98,000	84,211	13,789	98,000	84,711	13,289
532,000	1,017,812	(485,812)	377,000	486,095	(109,095)
162,850	120,176	42,674	116,150	88,037	28,113
2,461,100	2,438,925	22,175	863,500	805,489	58,011
1,550,100	800,377	749,723	1,030,000	833,098	196,902
448,500	463,894	(15,394)	869,500	913,095	(43,595)
89,000	36,029	52,971	14,000	15,366	(1,366)
175,250	167,674	7,576	154,300	141,848	12,452
183,000	186,617	(3,617)	-	-	-
466,100	216,770	249,330	307,600	229,515	78,085
454,562	442,442	12,120	645,760	626,527	19,233
28,025,058	26,470,421	1,554,637	16,882,547	14,981,177	1,901,370
50,431,055	50,431,055	-	50,431,055	50,431,055	-
15,521,350	7,834,650	7,686,700	1,599,050	819,942	779,108
103,457,825	93,582,405	9,875,420	76,223,662	73,259,701	2,963,961
<u>\$ (17,953,126)</u>	<u>\$ (1,632,098)</u>	<u>\$ 16,321,028</u>	<u>\$ 52,765</u>	<u>\$ 4,554,820</u>	<u>\$ 4,502,055</u>

**RECONCILIATION OF BUDGETARY BASIS (ACTUAL) TO STATEMENT OF
REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
Year Ended December 31, 2012**

Revenue (budgetary basis)	\$ 169,764,828
Contributed capital assets	130,800
Bond proceeds, net of premiums	(128,349,701)
Proceeds on sale of assets	(14,629)
Inclusion fee receivable paid	<u>(1,165,460)</u>
Total revenue per statement of revenues, expenses and changes in fund net position	<u>40,365,838</u>
 Expenditures (budgetary basis)	 166,842,107
Amortization of bond issue expense	34,263
Amortization of bond discount and premium, net	(99,391)
Depreciation	11,763,786
Capitalized interest	(560,783)
Capital outlay	(8,654,592)
Debt principal	(30,734,407)
Defeasement of debt	(100,862,110)
Bond issuance costs	(1,068,969)
Change in compensated absences and OPEB	137,792
Loss on sale of assets	<u>76,243</u>
Total expenses per statement of revenues, expenses and changes in fund net position	<u>36,873,938</u>
 Change in net position per statement of revenues, expenses and changes in fund net position	 <u>\$ 3,491,900</u>

Appendix C

Parker Water & Sanitation District

	ACTUAL 2012	PROJECTED 2013	BUDGET 2014
REVENUES			
Charges for services	23,024,529	22,721,336	23,806,288
Operating taxes	721,335	1,056,600	1,010,979
Other operating income	321,697	249,793	249,793
Investment income	677,734	578,500	408,509
Other nonoperating income	1,574,524	1,399,586	1,373,586
Build America bonds subsidy	1,029,348	939,795	977,881
Rueter-Hess Mill Levy	4,169,705	3,620,900	3,664,058
Tap fees	2,415,539	3,388,700	4,000,769
Water resource fees	170,000	47,900	56,508
Development fees	6,304,900	5,178,775	6,114,169
Wastewater Plant expansion fee	219,000	-	-
Renewable water fee	351,750	287,180	339,048
Farm income	435,066	415,000	415,000
Bond proceeds, including premium	128,349,701	-	5,545,000
Transfer - Rate funded capital	-	2,000,000	1,000,000
Total revenues	169,764,828	41,884,065	48,961,588
EXPENDITURES			
Salaries	4,234,770	4,413,514	4,717,664
Employee Benefits	1,440,328	1,567,478	1,706,895
Insurance	168,922	182,000	186,000
Professional Services	1,503,907	781,000	1,086,000
Support Services	208,213	248,340	452,900
Utilities	3,244,414	3,182,100	3,208,400
Contract Labor and Maintenance	1,633,475	1,909,839	1,930,850
Supplies	1,376,989	1,387,700	1,860,400
Community Education	51,395	67,400	65,000
Information Technology	309,522	274,000	370,894
Water Resource Farms	186,617	159,000	165,000
Miscellaneous	446,286	692,679	579,400
Transfer - Rate funded capital	-	2,000,000	1,000,000
Bond Issuance Costs	1,068,969	-	-
Debt Service	41,451,598	13,675,036	14,157,185
Debt Service (defeased debt)	100,862,110	-	-
Capital outlay	8,654,592	24,984,005	35,777,550
Total expenses	166,842,107	55,524,091	67,264,138
EXCESS REVENUES OVER EXPENDITURES	2,922,721	(13,640,026)	(18,302,550)
FUNDS AVAILABLE - BEGINNING OF YEAR	98,013,396	100,936,117	87,296,091
FUNDS AVAILABLE - END OF YEAR	100,936,117	87,296,091	68,993,541
OPERATING FUNDS			
OPERATING FUNDS - BEGINNING OF YEAR	10,996,388	17,104,978	17,160,068
Operating revenues	52,120,432	25,547,650	26,634,094
Operating expenses	50,375,449	25,492,560	25,932,912
OPERATING FUNDS - END OF YEAR	12,741,371	17,160,068	17,861,250

PARKER WATER AND SANITATION DISTRICT
Douglas County, Colorado

FINANCIAL STATEMENTS
December 31, 2013 and 2012

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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of Parker Water and Sanitation District (the District) as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Parker Water and Sanitation District as of December 31, 2013 and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

As explained in Note 14 to the basic financial statements, the District adopted GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which restated the District's beginning net position.

Other Matters

The financial statements of the District as of and for the years ended December 31, 2012 and 2011 were audited by other auditors whose report dated May 23, 2013 expressed an unmodified opinion on those statements.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other post-employment benefit information on pages III through XII and 29 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

McGladrey LLP

Denver, Colorado
April 21, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of Parker Water and Sanitation District's (the District) financial performance provides an overview of the District's financial activities for the fiscal years ended December 31, 2013 and 2012. Please read it in conjunction with the District's financial statements, which begin on page 1.

FINANCIAL HIGHLIGHTS

- The assets of the Parker Water and Sanitation District exceeded its liabilities at the close of the most recent fiscal year by \$422,597,214 (net position). Of this amount, \$65,144,282 (unrestricted net position) may be used to meet the District's ongoing obligations to customers and creditors.
- The Water and Sewer Enterprises of the District are business type activities that are intended to recover all or a significant portion of their costs through user fees and charges. In 2013, there was no change to the water user fees. The sewer user fee flow rate increased in 2013 by \$.50 per 1,000 gallons. In 2012, the District increased the monthly water service charge from \$26.16 to \$27.21, a 4% increase. The 4% increase was also applied to each tier of the five tier water rate structure.
- The District collected tap fees for 379 and 468 Single Family Equivalents (SFE's) sold during 2013 and 2012, respectively, from new construction in the District.
- The District levies taxes for operations. By law, the District is generally prohibited from levying a greater 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 2013 mill levy for operations was 1.727 mills. The certified 2014 mill levy for operations is 1.727 mills. In addition, general obligation debt of the District is payable from ad valorem taxes levied against all taxable property in the District without limitation of rate and in an amount sufficient to pay the principal of and interest on the debt. The certified 2013 mill levy for the 2004 voter-approved general obligation debt for the construction of Rueter-Hess Reservoir was 8.000 mills and the 2014 mill levy for the general obligation debt is 8.000 mills. The mill levy for the general obligation debt was lower in 2013 than in the prior year because the District used a portion of the District's capital reserves to pay the debt service. In 2014, the District will again be using a portion of the District's capital reserves to pay the debt service.
- Contributed assets from developers consisting of contributed water and sewer lines and water rights acquired by inclusions totaled \$219,072 in 2013 and \$130,800 in 2012.
- At December 31, 2013 and 2012, the District is carrying a receivable in the amount of \$3,496,380 and \$4,661,840, respectively, for the outstanding inclusion fee due for RidgeGate. The balance to the District is due over the next three years.
- At December 31, 2013, the District's debt service rate covenant calculation is 208%. To meet covenant calculation requirements the ratio (revenue available for debt service divided by total debt) must exceed 110%.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

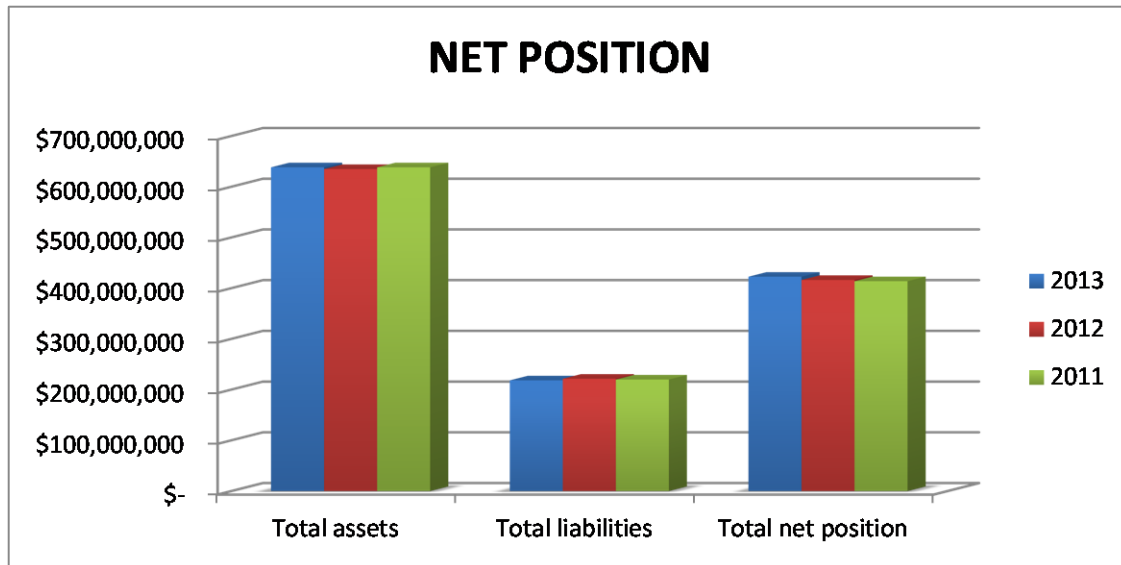
The **notes to the financial statements** provide additional information that is essential to a full understanding of the data provided in the financial statements.

FINANCIAL SUMMARY AND ANALYSIS

NET POSITION

Current assets increased in 2013 due to the increase in cash and cash equivalents. Noncurrent restricted assets decreased in 2013 as funds continued to be paid out for the construction of the 10 MGD water treatment plant. Long term obligations decreased in 2013 due to scheduled principal payments. The increase in capital assets was due primarily to the increase in construction in progress, approximately \$23 million, as work continues on construction of the 10 MGD water treatment plant. Capital assets are shown net of accumulated depreciation.

Current assets increased in 2012 due to the increase in cash and cash equivalents. Noncurrent restricted assets decreased in 2012 as funds continued to be paid out for the construction of the 10 MGD water treatment plant. Long term obligations increased in 2012 due to the refinancing of the debt. The decrease in capital assets and net investment in capital assets was due primarily to depreciation on the Rueter-Hess Reservoir which was placed into service in 2012.



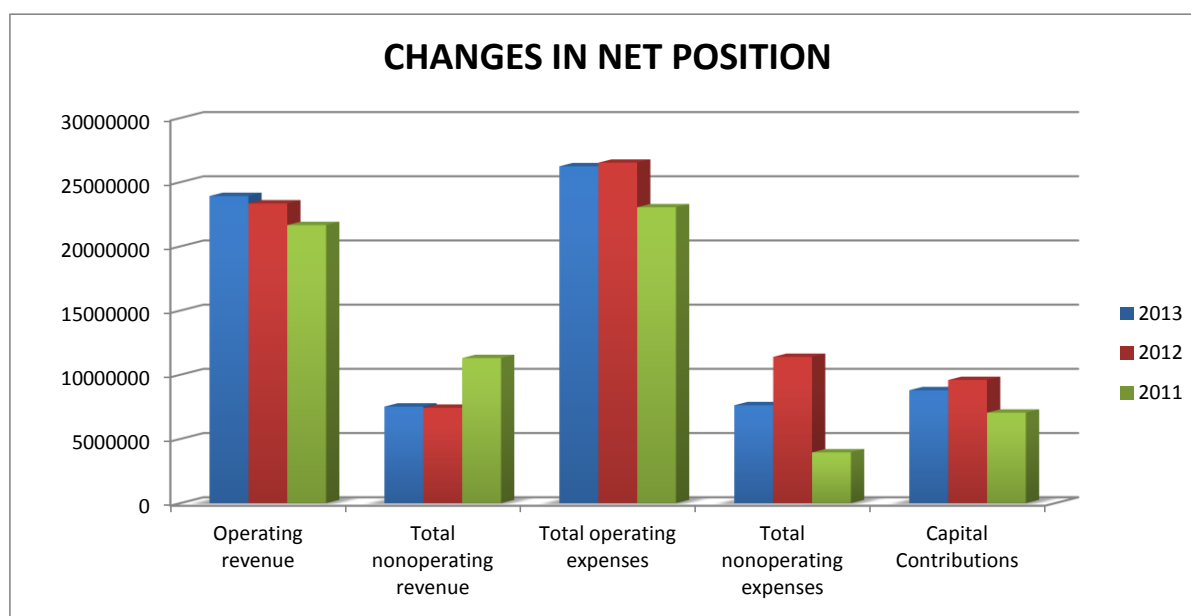
NET POSITION

	<u>2013</u>	<u>2012</u>	<u>2011</u>
ASSETS			
Current nonrestricted assets	\$ 76,195,501	\$ 65,531,447	\$ 59,154,211
Noncurrent restricted assets	23,879,724	45,537,089	51,708,832
Capital assets	535,890,304	520,272,102	522,780,583
Other noncurrent assets	2,330,920	3,496,380	4,661,840
Total assets	<u>638,296,449</u>	<u>634,837,018</u>	<u>638,305,466</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	<u>7,053,676</u>	<u>7,292,108</u>	<u>-</u>
LIABILITIES			
Current liabilities	13,610,935	10,781,425	12,756,953
Long term obligations	204,648,614	210,657,952	207,114,707
Total liabilities	<u>218,259,549</u>	<u>221,439,377</u>	<u>219,871,660</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	<u>4,493,362</u>	<u>4,463,651</u>	<u>4,664,902</u>
NET POSITION			
Net investment in capital assets	353,096,752	353,892,182	358,673,440
Restricted	4,356,180	4,344,825	4,897,586
Unrestricted	65,144,282	57,989,091	50,197,878
Total net position	<u>\$ 422,597,214</u>	<u>\$ 416,226,098</u>	<u>\$ 413,768,904</u>

CHANGES IN NET POSITION

Operating revenue increased in 2013 by approximately \$580,000. The increase is due to a one-time adjustment of approximately \$1.5 million to recognize user fees billed in January 2014 as 2013 revenue. This revenue adjustment is being accrued to 2013 because it reflects consumption by District customers from December. There was a net decrease of approximately \$208,000 in tax revenue in 2013. This was due to the certified mill levy for the 2004 voter-approved general obligation debt decreasing from 9.417 mills to 8.000 mills and the certified mill levy for operations increasing to 1.727 mills, after the temporary mill levy rate reduction for 2012. The decrease in interest expense in 2013 is primarily due to the interest expense savings resulting from the refunding of loans and bonds in 2012, the increase in capitalized interest on the 2010 loan for ongoing construction of the water treatment plant, and the amortization of bond premiums for the 2012 Revenue Refunding bonds and the 2012 General Obligation Refunding bonds. Capital contributions in the form of tap fees and system development fees decreased in 2013 by approximately \$870 thousand.

Operating revenue increased in 2012 by approximately \$1.7 million due to the 4% increase in the water rates, new connections from the sale of taps, and an increase in water consumption by customers in 2012. Tax revenue decreased by approximately \$2.7 million due to the certified mill levy for the 2004 voter-approved general obligation debt decreasing from 12.872 mills to 9.417 mills. Additionally, the certified 2012 mill levy for operations was .797 mills in 2012, which included a temporary mill levy rate reduction for 2012 of .930 mills. Depreciation expense increased in 2012 by approximately \$2.8 million due to placing the Rueter-Hess Reservoir in service in 2012. The increase in interest expense in 2012 is due to no longer capitalizing the interest expense on the 2004 CWRPDA loan for the construction of Rueter-Hess Reservoir. In 2011, interest expense of approximately \$8 million was capitalized which was not capitalized in 2012. Capital contributions in the form of contributed assets from developers and water rights decreased in 2012 by approximately \$2.1 million. Capital contributions in the form of tap fees and system development fees increased in 2012 by approximately \$4.6 million.

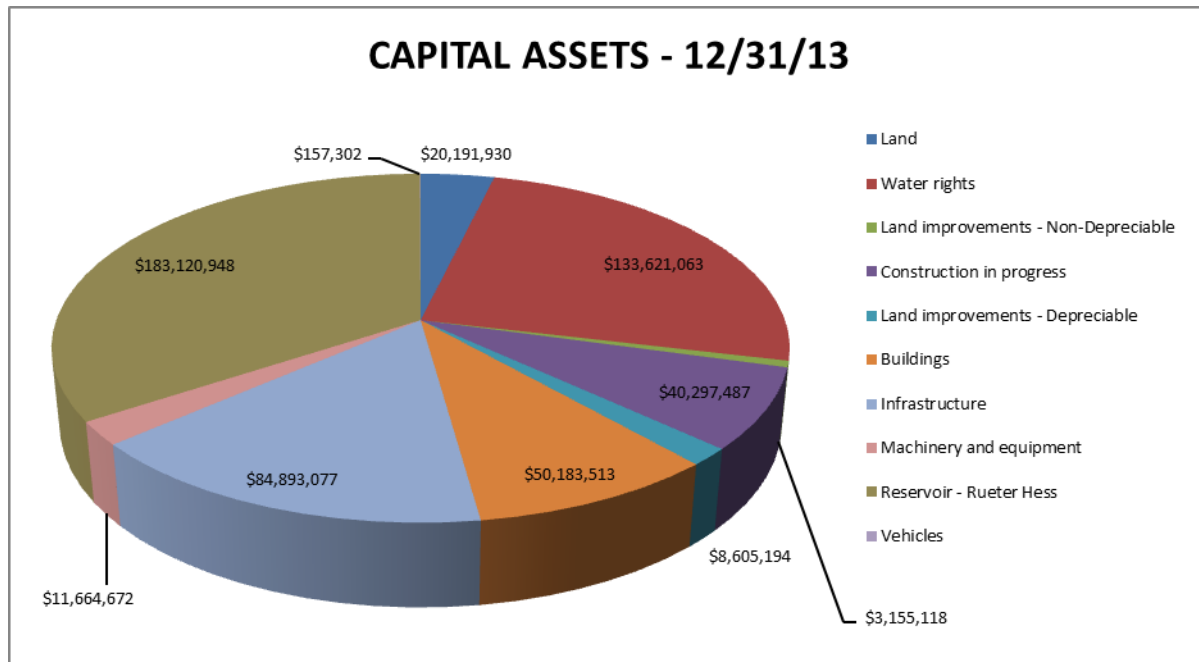


CHANGES IN NET POSITION

	<u>2013</u>	<u>2012</u>	<u>2011</u>
REVENUES			
Operating revenue	\$ 23,922,773	\$ 23,346,225	\$ 21,657,566
Nonoperating revenues			
Taxes, net of collection fees	4,683,211	4,891,040	7,744,439
Net investment income	484,145	677,734	1,164,754
Farm land revenue	436,485	435,066	356,131
Other	1,916,922	1,423,784	2,033,671
Total nonoperating revenue	7,520,763	7,427,624	11,298,995
Total revenues	31,443,536	30,773,849	32,956,561
EXPENSES			
Operating			
Salaries	4,214,621	4,319,118	4,047,121
Employee benefits	1,602,166	1,493,771	1,407,791
Insurance	167,674	168,922	184,241
Professional services	896,031	1,503,907	1,226,852
Support services	236,223	208,213	165,341
Utilities	3,407,978	3,244,414	3,207,981
Contract labor and maintenance	1,791,603	1,633,475	1,529,704
Supplies	1,369,298	1,376,989	1,178,432
Community education	65,483	51,395	103,023
Information technology	257,481	309,522	325,229
Miscellaneous	570,759	446,285	674,300
Depreciation	11,660,729	11,763,786	8,995,268
Total operating expenses	26,240,046	26,519,797	23,045,283
Nonoperating expenses			
Water resource farms	163,592	186,618	135,543
Interest	7,454,413	11,125,986	2,691,577
Loss on disposal of assets	7,016	76,243	1,125,768
Total nonoperating expenses	7,625,021	11,388,847	3,952,888
Total expenses	33,865,067	37,908,644	26,998,171
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	(2,421,531)	(7,134,795)	5,958,390
Capital Contributions	8,792,647	9,591,989	7,045,916
CHANGES IN NET POSITION	6,371,116	2,457,194	13,004,306
NET POSITION - BEGINNING OF YEAR	416,226,098	413,768,904	400,764,598
NET POSITION - END OF YEAR	\$ 422,597,214	\$ 416,226,098	\$ 413,768,904

CAPITAL ASSETS

The District's investment in capital assets at December 31, 2013 amounted to \$535,890,304 (net of accumulated depreciation). This investment in capital assets includes land, water rights, buildings, distribution systems and furniture and equipment. Analysis of changes in capital assets is as follows:



CAPITAL ASSETS

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Land	\$ 20,191,930	\$ 20,191,930	\$ 16,903,615
Water rights	133,621,063	133,621,063	133,490,263
Land improvements - Non-Depreciable	3,155,118	3,155,118	1,559,406
Construction in progress	40,297,487	15,913,541	208,400,360
Land improvements - Depreciable	8,605,194	9,292,337	9,357,731
Buildings	50,183,513	51,381,558	53,504,783
Infrastructure	84,893,077	87,778,368	84,012,775
Machinery and equipment	11,664,672	13,541,661	15,412,702
Reservoir - Rueter Hess	183,120,948	185,249,612	-
Vehicles	157,302	146,914	138,948
Total capital assets - Net	<u>\$ 535,890,304</u>	<u>\$ 520,272,102</u>	<u>\$ 522,780,583</u>

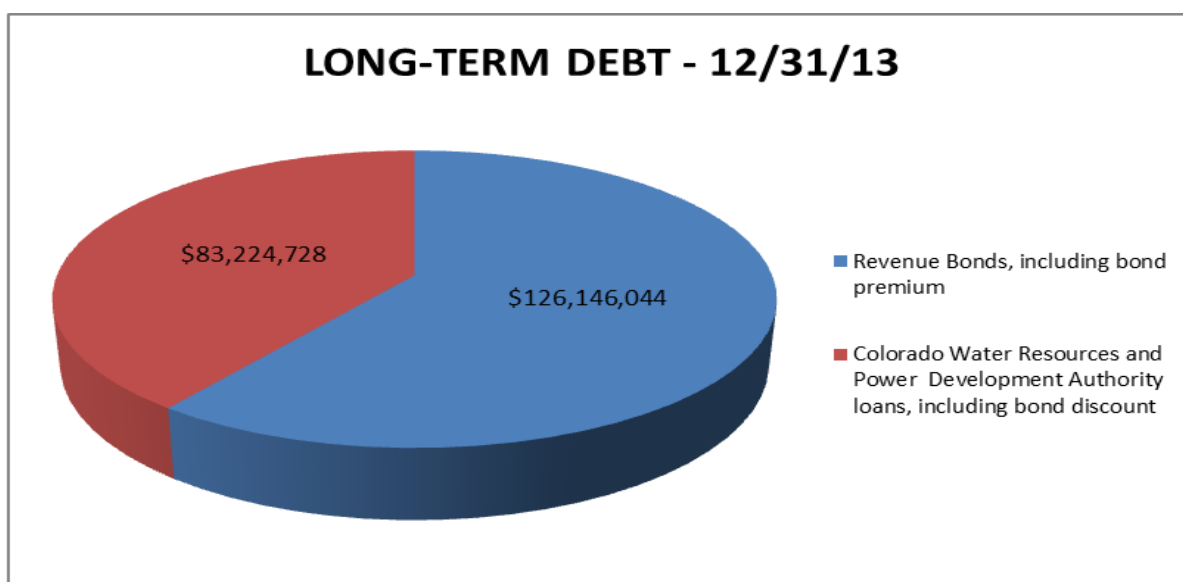
The major capital additions during 2013 and 2012 include:

	<u>2013</u>	<u>2012</u>
• Water Treatment Plant (in process)	\$23 million	\$5.6 million
• Wastewater Plants Upgrades	.8 million	.2 million
• Rueter-Hess Reservoir Project	.7 million	1.7 million
• Wells and Well Houses	.6 million	.4 million
• Infrastructure	.2 million	.2 million
• Contributed Water/Sewer Lines	.2 million	-
• Water Development (in process)	.1 million	.1 million
• Buildings	.1 million	-
• Buildings (in process)	-	.5 million

The amounts listed above for the Rueter-Hess Reservoir project and water treatment plant do not include capitalized interest. Additional information on the District's capital assets can be found in the notes to financial statements.

LONG-TERM DEBT

The District's long-term debt consists of the following:



LONG-TERM DEBT

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Revenue Bonds,	\$ 112,210,000	\$ 113,495,000	\$ 2,365,000
Add bond premium	13,936,044	14,482,575	-
Colorado Water Resources and Power Development Authority loans,	83,283,980	86,948,704	194,096,253
Less bond discount	(59,252)	(61,987)	(64,722)
Colorado Water Conservation Board loan	-	-	14,521,858
Total outstanding debt	<u>\$ 209,370,772</u>	<u>\$ 214,864,292</u>	<u>\$ 210,918,389</u>

No new debt was added in 2013. The reduction in outstanding debt in 2013 was due to scheduled principal repayments. More detailed information about the District's long-term liabilities is presented in Note 6 to the financial statements.

In 2012, the increase in Revenue Bonds was due to the 2012 Revenue Refunding Bonds and the 2012 General Obligation Refunding Bonds. During the refunding process for the 2012 General Obligation Refunding Bonds, the District received a rating of AA- from Standard & Poor's. The balance of the Colorado Water Resources and Power Development Authority loans decreased in 2012 due to the payoff of the 2002 CWRPDA Small Water loan's outstanding balance and the defeasement of the 2004 Small Water and Clean Water loan. The balance of the Colorado Water Conservation Board loan decreased in 2012 due to the payoff of the 2002 CWCB loan's outstanding balance through the refunding process. The net reduction in outstanding debt in 2012 was due to principal repayment.

LONG-TERM PLANNING

During 2013, the District was in the process of developing a long-term master plan which will clearly spell out infrastructure requirements to increase capacity of water and wastewater treatment in response to increased growth and demand over the next 20-years. Additionally, the District will also be faced with the need to replace or upgrade aging infrastructure/equipment and provide for routine maintenance of its systems. The plan is expected to be completed in mid-2014.

ECONOMIC FACTORS AND RATES

Rates for the water and sewer enterprises are set by the Board of Directors to meet the cost of operations and to fund debt service, except for the financing for the Rueter-Hess Reservoir. In 2013, there was no change to the water user fees. The sewer user fee flow rate increased in 2013 by \$.50 per 1,000 gallons. In 2012, the District increased the monthly water service charge from \$26.16 to \$27.21, a 4% increase. The 4% increase was also applied to each tier of the five tier water rate structure.

In 2013, water tap fees increased by \$500 to \$3,000 for each ¾ inch tap equivalent and sewer tap fees increased to \$5,850 for each ¾ inch tap equivalent. In 2013, the \$500 wastewater plant expansion fee was changed from a separate fee and added into the sewer tap fee. Water development fee rates remained unchanged in 2013 and 2012. In 2012, the District added a renewable water fee of \$750 for a ¾" tap and a wastewater plant expansion fee of \$500 for a ¾" tap.

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, 19801 E. Mainstreet, Parker, CO 80138.

BASIC FINANCIAL STATEMENTS

PARKER WATER AND SANITATION DISTRICT
STATEMENTS OF NET POSITION
December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 53,579,581	\$ 46,564,704
Investments	14,653,529	12,293,974
Accounts receivable		
Service fees	1,739,173	335,296
Inclusion fee	1,165,460	1,165,460
Other	530,709	569,429
Accrued interest receivable	29,987	135,233
Property taxes receivable	4,493,362	4,463,651
Other assets	3,700	3,700
Total current assets	<u>76,195,501</u>	<u>65,531,447</u>
NONCURRENT ASSETS		
Capital assets:		
Not being depreciated	197,265,598	172,881,652
Being depreciated (net of accumulated depreciation)	338,624,706	347,390,450
Total capital assets	<u>535,890,304</u>	<u>520,272,102</u>
Cash and cash equivalents - Restricted	19,640,453	28,921,293
Investments - Restricted	4,239,271	16,615,796
Inclusion fee receivable	2,330,920	3,496,380
Total noncurrent assets	<u>562,100,948</u>	<u>569,305,571</u>
TOTAL ASSETS	<u>\$ 638,296,449</u>	<u>\$ 634,837,018</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charge on refunding	<u>\$ 7,053,676</u>	<u>\$ 7,292,108</u>

See Notes to Basic Financial Statements

PARKER WATER AND SANITATION DISTRICT
STATEMENTS OF NET POSITION
December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts and retainage payable	\$ 3,985,792	\$ 3,140,619
Accrued expenses	350,692	467,718
Accrued interest payable	3,191,812	1,735,585
Construction deposits	594,933	324,846
Current portion of long-term debt		
Bonds and notes payable	5,216,743	4,949,726
Compensated absences	270,963	162,931
Total current liabilities	<u>13,610,935</u>	<u>10,781,425</u>
NONCURRENT LIABILITIES		
Long-term debt:		
Bonds and notes payable	204,154,029	209,914,566
Compensated absences	122,817	425,096
Other post employment benefit	371,768	318,290
Total long-term liabilities	<u>204,648,614</u>	<u>210,657,952</u>
TOTAL LIABILITIES	<u>\$ 218,259,549</u>	<u>\$ 221,439,377</u>
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue - property taxes	\$ 4,493,362	\$ 4,463,651
NET POSITION		
Net investment in capital assets	353,096,752	353,892,182
Restricted for loan agreement requirements	4,356,180	4,344,825
Unrestricted	65,144,282	57,989,091
TOTAL NET POSITION	<u><u>\$ 422,597,214</u></u>	<u><u>\$ 416,226,098</u></u>

PARKER WATER AND SANITATION DISTRICT
STATEMENTS OF REVENUES, EXPENSES AND CHANGES
IN FUND NET POSITION
Years Ended December 31, 2013 and 2012

	2013	2012
OPERATING REVENUES		
Charges for services	\$ 23,641,284	\$ 23,024,528
Other operating income	281,489	321,697
Total operating revenue	<u>23,922,773</u>	<u>23,346,225</u>
OPERATING EXPENSES		
Salaries	4,214,621	4,319,118
Employee benefits	1,602,166	1,493,771
Insurance	167,674	168,922
Professional services	896,031	1,503,907
Support services	236,223	208,213
Utilities	3,407,978	3,244,414
Contract labor and maintenance	1,791,603	1,633,475
Supplies	1,369,298	1,376,989
Community education	65,483	51,395
Information technology	257,481	309,522
Miscellaneous	570,759	446,285
Depreciation	11,660,729	11,763,786
Total operating expenses	<u>26,240,046</u>	<u>26,519,797</u>
OPERATING (LOSS)	<u>(2,317,273)</u>	<u>(3,173,572)</u>
NONOPERATING REVENUES AND (EXPENSES)		
Property taxes	4,306,089	4,532,006
Specific ownership taxes	377,122	359,034
Farm land revenue	436,485	435,066
Water resource farms	(163,592)	(186,618)
Net investment income	484,145	677,734
Interest expenses/fees	(7,454,413)	(11,125,986)
(Loss) on disposal of assets	(7,016)	(76,243)
Other income	1,916,922	1,423,784
Total nonoperating revenues and (expenses)	<u>(104,258)</u>	<u>(3,961,223)</u>
(LOSS) BEFORE CAPITAL CONTRIBUTIONS	<u>(2,421,531)</u>	<u>(7,134,795)</u>
CAPITAL CONTRIBUTIONS		
Tap fees received	3,334,200	2,986,289
Contributed assets from developers	219,072	130,800
Water resource fees	155,000	170,000
System development fees	5,084,375	6,304,900
Total capital contributions	<u>8,792,647</u>	<u>9,591,989</u>
CHANGE IN NET POSITION	6,371,116	2,457,194
NET POSITION - BEGINNING OF YEAR, AS RESTATED	416,226,098	413,768,904
NET POSITION - END OF YEAR	<u>\$ 422,597,214</u>	<u>\$ 416,226,098</u>

See Notes to Basic Financial Statements

PARKER WATER AND SANITATION DISTRICT
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2013 and 2012

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers/operations	\$ 22,827,703	\$ 23,471,972
Cash payments to suppliers for goods and services	(9,057,088)	(8,710,595)
Cash payments to employees for services	(6,074,582)	(5,510,067)
Net cash flows provided from operating activities	<u>7,696,033</u>	<u>9,251,310</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Property and specific ownership tax, net of fees	1,152,222	721,335
Other nonoperating revenue	3,518,867	3,024,310
Other nonoperating expenses	(163,592)	(186,618)
Net cash provided by noncapital financing activities	<u>4,507,497</u>	<u>3,559,027</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Tap fees collected	3,334,200	2,986,289
Water resource fees received	155,000	170,000
System development fees received	5,084,375	6,304,900
Property tax revenue for debt service, net of fees	3,530,989	4,169,705
Acquisition of property and equipment	(24,579,246)	(9,633,733)
Proceeds on sales of capital assets	27,362	14,629
Debt proceeds, including premium	-	128,349,701
Bond issue costs	-	(1,068,969)
Principal paid	(4,949,724)	(30,734,407)
Defeasement of debt	-	(100,862,110)
Interest paid	(7,678,810)	(12,748,993)
Net cash (used in) capital and related financing activities	<u>(25,075,854)</u>	<u>(13,052,988)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale of investments	15,001,000	47,367,000
Purchase of investments	(5,126,208)	(11,341,092)
Interest received	731,569	1,603,689
Net cash provided by investing activities	<u>10,606,361</u>	<u>37,629,597</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(2,265,963)	37,386,946
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	75,485,997	38,099,051
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 73,220,034</u>	<u>\$ 75,485,997</u>

(Continued)

PARKER WATER AND SANITATION DISTRICT
STATEMENTS OF CASH FLOWS (Continued)
Years Ended December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) from operations	<u>\$ (2,317,273)</u>	<u>\$ (3,173,572)</u>
Adjustments to reconcile (loss) from operations to net cash provided by operating activities:		
Depreciation and amortization	11,660,729	11,763,786
Changes in assets and liabilities related to operations:		
Accounts receivable	(1,365,157)	28,342
Accounts and retainage payable	(294,558)	232,527
Accrued expenses	(117,026)	165,031
Compensated absences	(194,247)	84,348
Other post employment benefits	53,478	53,443
Construction deposits	270,087	97,405
Total adjustments	<u>10,013,306</u>	<u>12,424,882</u>
Net cash provided by operating activities	<u><u>\$ 7,696,033</u></u>	<u><u>\$ 9,251,310</u></u>

Cash flows from capital and related financing activities do not include \$219,072 and \$130,800 of water rights and/or water and sewer lines contributed to the District during 2013 and 2012, respectively; \$1,139,731 and \$(979,139) of acquisition of capital assets through accounts payable for 2013 and 2012, respectively; and \$142,178 and \$(797,980) of market value adjustment on investments for 2013 and 2012, respectively.

See Notes to Basic Financial Statements

PARKER WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2013 and 2012

NOTE 1 - DEFINITION OF REPORTING ENTITY

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

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Basis of Accounting

The District's records are maintained on the accrual basis of accounting. Revenue is recognized when earned and expenses are recognized when the liability is incurred. Depreciation is computed and recorded as an operating expense. Expenditures for capital assets are shown 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 Fund Net Position. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the District's purpose of providing water and sanitation services to its customers. Operating revenues consist of charges to customers for services provided.

PARKER WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2013 and 2012

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Budgets

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

Cash Equivalents and Investments

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

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

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

Accounts Receivable and Unbilled Revenue

The District utilizes cycle billing and accrues an estimated amount of revenues for sales unbilled at the end of each reporting period. The unbilled amount plus any amounts billed to customers but not yet received by the District, is recorded as accounts receivable and accrued water sales. Management has a history of high accounts receivable collections and has not recorded any bad debt expense in recent years. As a result, management has not recorded an allowance for uncollectible accounts as of December 31, 2013 or 2012, as they consider amounts fully collectible.

PARKER WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2013 and 2012

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

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

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

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

Capitalized Interest

Interest incurred during construction is reflected in the capitalized value of the asset constructed. Interest expense capitalized during the years ended December 31, 2013 and 2012 was \$1,375,260 and \$560,783, respectively.

Water Rights

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

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

PARKER WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2013 and 2012

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property Taxes

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

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

Capital Contributions

Capital contributions are comprised of tap fees, water resource fees and other development fees and are recorded as capital contributions when received. Lines contributed to the District by developers are recorded as capital contributions and additions to the systems at the estimated fair value when received.

Deferred Outflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The District only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

Deferred Inflows of Resources

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District reports unavailable revenues from one source, property taxes. This amount is deferred and recognized as an inflow of resources in the year the property taxes are levied and budgeted for.

PARKER WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2013 and 2012

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences

Full-time employees, who have been employed by the District for one or more years, receive annual vacation leave with pay. Part-time employees are not entitled to paid vacations. Vacation time of five to fifteen days may be carried over from one year to the next depending upon the employee's length of service. No more than 25 days may be accumulated at any point in time. The District's sick leave policy permits the accumulation of eight hours per month up to a maximum of 96 hours per year. Part-time employees are not entitled to any sick leave.

Employees with less than five years of service are not paid for unused sick days upon termination of employment. Employees with five to fourteen years of service are paid for 50% of unused sick days upon termination of employment. Employees with fifteen years of service are paid for 100% of unused sick days upon termination of employment. The District's sick leave policy permits a maximum accumulation of 520 sick hours.

Implementation of New Standards

Effective January 1, 2013, the District implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. The adoption of this Statement reclassified certain assets and liabilities to deferred outflows/inflows of resources and the District restated net position, as disclosed in Note 14.

Reclassifications

Certain amounts in the 2012 financial statements have been reclassified with no effect on net position or change in net position to conform with current year presentations.

NOTE 3 - CASH AND INVESTMENTS

Cash Deposits

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The total market value of all pledged assets must exceed 102% 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
December 31, 2013 and 2012**

NOTE 3 - 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, 2013 and 2012, the District's cash deposits had a carrying balance of \$25,856,091 and \$12,722,655, respectively.

Investments

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

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

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

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

Interest Rate Risk

The District owned the following investments as of December 31, 2013:

	Fair Value	Remaining Maturity		
		12 Months or Less	13 - 24 Months	25 - 36 Months
U.S. Government Agencies	\$ 17,088,066	\$ 5,061,857	\$ 9,620,102	\$ 2,406,107
U.S. Treasury Notes	1,804,734	1,804,734	-	-
Investments held in trust	46	46	-	-
Local government investment pools	27,840,353	27,840,353	-	-
Federated Prime Obligation	19,523,544	19,523,544	-	-
	<u>\$ 66,256,743</u>	<u>\$ 54,230,534</u>	<u>\$ 9,620,102</u>	<u>\$ 2,406,107</u>

PARKER WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2013 and 2012

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

The District owned the following investments as of December 31, 2012:

	Fair Value	Remaining Maturity		
		12 Months or Less	13 - 24 Months	25 - 36 Months
U.S. Government Agencies	\$ 26,499,270	\$ 13,982,256	\$ 5,286,000	\$ 7,231,014
U.S. Treasury Notes	2,410,500	600,515	1,809,985	-
Investments held in trust	934	934	-	-
Local government investment pools	34,948,184	34,948,184	-	-
Federated Prime Obligation	27,814,224	27,814,224	-	-
	<u>\$ 91,673,112</u>	<u>\$ 77,346,113</u>	<u>\$ 7,095,985</u>	<u>\$ 7,231,014</u>

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a counterparty's failure, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of December 31, 2013, none of the District's investments were insured, but they were all registered in the District's name and held by the counterparty or the counterparty's trust department, and are therefore, not exposed to custodial credit risk. GASB has concluded that investments in Mutual Funds and external investment pools are not exposed to custodial credit risk.

The District invests in Colorado Government Liquid Asset Trust Plus (Colotrust Plus) and the Colorado Surplus Asset Fund Trust (CSAFE), both established for Colorado local governments surplus fund pooling. Both pools are regulated by the Colorado Securities Commissioner. Pool investments consist of U.S. Treasury bills, notes and note strips, commercial paper allowed by state statute and repurchase agreements collateralized by U.S. Treasury securities and or instrumentalities. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Securities owned by the pools are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by the specific pool. Colotrust Plus and CSAFE are 2a-7-like investment pools and are both rated by Standards and Poor's and Moody's with current ratings of AAA and Aaa. Investments and investment pools are recorded at fair value.

PARKER WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2013 and 2012

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

Concentration of Credit Risk

The District does not have a policy that addresses specific limitations on the amount that can be invested in any one issuer, but does require diversification of investments, excluding U.S. Treasury securities. As of December 31, 2013, more than 5% of the District's investments are concentrated in Federal Home Loan Mortgage Corporation securities (10.3%), Federal Home Loan Bank securities (5.5%), and Federal National Mortgage Association securities (5.5%). As of December 31, 2012, more than 5% of the District's investments are concentrated in Federal Home Loan Mortgage Corporation securities (10.3%), Federal Home Loan Bank securities (6.1%), and Federal National Mortgage Association securities (8.4%). The District's investments in local government investment pools and the Federated Prime Obligation Money Market fund are not subject to concentration of credit risk.

Credit Risk

As of December 31, 2013 and 2012, the District had invested \$27,840,353 and \$34,948,184, respectively, in the Colorado Local Government Liquid Asset Trust (the Trust) and CSAFE, investment vehicles established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing local government investment pools. The Trust and CSAFE operate similarly to a money market fund and each share is equal in value to \$1.00. The two funds of the Trust and the CSAFE fund are rated AAAm by Standard & Poor's.

As of December 31, 2013 and 2012, the District had invested \$19,523,544 and \$27,814,224, respectively, in Federated Prime Obligations fund, a money market fund. This fund is rated AAAm by Standard & Poor's.

The U.S. agency securities are rated AA+ by Standard & Poor's, as of December 31, 2013 and 2012. The U.S. Treasury notes are not subject to credit risk as they are explicitly guaranteed by the U.S. government.

Cash and investments are restricted for the following purposes:

	2013	2012
Restricted Trust for Capital Improvements	\$ 46	\$ 934
Restricted for Operating Reserve	116,863	1,106,135
Restricted for Water Treatment Plant	19,523,544	27,814,224
Cash and cash equivalents - Restricted	<u>\$ 19,640,453</u>	<u>\$ 28,921,293</u>
Restricted for Operating Reserve	\$ 4,239,271	\$ 3,237,756
Restricted for Water Treatment Plant	-	13,378,040
Investments - Restricted	<u>\$ 4,239,271</u>	<u>\$ 16,615,796</u>

PARKER WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2013 and 2012

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

Operating Reserve

The loan agreements with the Colorado Water Resources and Power Development Authority generally require that the District maintain a three month operating reserve. For this purpose, the District had restricted cash and investments of \$4,356,180 and \$4,344,825 at December 31, 2013 and 2012, respectively.

Water Treatment Plant

The loan documents for the 2010 loan with the Colorado Water Resources and Power Development Authority require that the proceeds from the loan be applied only to the expenses of acquiring, constructing and equipping the project. In the event that all of the proceeds of the loan are not required to pay such expenses, any remaining amount shall be used for paying principal and interest on the loan. For this purpose, the District had restricted cash and investments of \$19,523,644 and \$41,192,264 at December 31, 2013 and 2012, respectively.

At December 31, 2013 and 2012, cash deposits and investments are classified on the statements of net position as follows:

	2013	2012
Cash and cash equivalents	\$ 53,579,581	\$ 46,564,704
Cash and cash equivalents - Restricted	19,640,453	28,921,293
Investments	14,653,529	12,293,974
Investments - Restricted	4,239,271	16,615,796
	<u>\$ 92,112,834</u>	<u>\$ 104,395,767</u>
 Cash deposits	 \$ 25,856,091	 \$ 12,722,655
Investments	66,256,743	91,673,112
	<u>\$ 92,112,834</u>	<u>\$ 104,395,767</u>

NOTE 4 - INCLUSION FEES

The District carried a receivable for the RidgeGate inclusion fee for \$3,496,380 and \$4,661,840 at December 31, 2013 and 2012, respectively. The receivable bears interest at 6.25%. At December 31, 2013, the current and noncurrent portions of the receivable were \$1,165,460 and \$2,330,920, respectively. At December 31, 2012, the current and noncurrent portions of the receivable were \$1,165,460 and \$3,496,380, respectively. At December 31, 2013, there were three remaining annual inclusion fee payments of \$1,165,460 due to the District.

PARKER WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2013 and 2012

NOTE 5 - CAPITAL ASSETS

An analysis of the changes in capital assets for the years ended December 31, 2013 and 2012 follows:

	2013			
	Balance at December 31, 2012	Increases	Decreases	Balance at December 31, 2013
Capital assets, not being depreciated:				
Land	\$ 20,191,930	\$ -	\$ -	\$ 20,191,930
Water rights	133,621,063	-	-	133,621,063
Land improvements	3,155,118	-	-	3,155,118
Construction in progress	15,913,541	24,885,274	501,328	40,297,487
Total capital assets, not being depreciated	172,881,652	24,885,274	501,328	197,265,598
Capital assets, being depreciated:				
Land improvements	14,394,657	31,657	-	14,426,314
Buildings	71,400,016	920,698	10,386	72,310,328
Infrastructure	115,216,096	219,072	-	115,435,168
Machinery and equipment	53,437,177	957,423	565,054	53,829,546
Reservoir - Rueter Hess	188,092,613	738,756	-	188,831,369
Vehicles	1,555,455	61,757	94,569	1,522,643
Total capital assets, being depreciated	444,096,014	2,929,363	670,009	446,355,368
Less accumulated depreciation for:				
Land improvements	5,102,320	718,800	-	5,821,120
Buildings	20,018,458	2,112,563	4,206	22,126,815
Infrastructure	27,437,728	3,104,363	-	30,542,091
Machinery and equipment	39,895,516	2,806,214	536,856	42,164,874
Reservoir - Rueter Hess	2,843,001	2,867,420	-	5,710,421
Vehicles	1,408,541	51,369	94,569	1,365,341
Total accumulated depreciation	96,705,564	11,660,729	635,631	107,730,662
Total capital assets, being depreciated, net	347,390,450	(8,731,366)	34,378	338,624,706
Capital assets, net	\$ 520,272,102	\$ 16,153,908	\$ 535,706	\$ 535,890,304

PARKER WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2013 and 2012

NOTE 5 - CAPITAL ASSETS (CONTINUED)

	2012		
	Balance at December 31, 2011	Increases	Decreases
			Balance at December 31, 2012
Capital assets, not being depreciated:			
Land	\$ 16,903,615	\$ 3,289,643	\$ 1,328
Water rights	133,490,263	130,800	-
Land improvements	1,559,406	1,595,712	-
Construction in progress	208,400,360	6,756,073	199,242,892
Total capital assets, not being depreciated	360,353,644	11,772,228	199,244,220
Capital assets, being depreciated:			
Land improvements	13,752,903	661,754	20,000
Buildings	71,503,540	45,061	148,585
Infrastructure	108,351,015	6,865,081	-
Machinery and equipment	52,874,653	1,057,465	494,941
Reservoir - Rueter Hess	-	188,092,613	-
Vehicles	1,526,697	94,866	66,108
Total capital assets, being depreciated	248,008,808	196,816,840	729,634
Less accumulated depreciation for:			
Land improvements	4,395,172	719,648	12,500
Buildings	17,998,757	2,105,352	85,651
Infrastructure	24,338,240	3,099,488	-
Machinery and equipment	37,461,951	2,909,397	475,832
Reservoir - Rueter Hess	-	2,843,001	-
Vehicles	1,387,749	86,900	66,108
Total accumulated depreciation	85,581,869	11,763,786	640,091
Total capital assets, being depreciated, net	162,426,939	185,053,054	89,543
Capital assets, net	\$ 522,780,583	\$ 196,825,282	\$ 199,333,763
			\$ 520,272,102

PARKER WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2013 and 2012

NOTE 6 - LONG-TERM LIABILITIES

The following is an analysis of the changes in the District's long-term obligations for the years ended December 31, 2013 and 2012.

	Interest	Balance at			Balance at	Due
	Rates	January 1, 2013	New Issues	Retirements	December 31, 2013	Within One Year
1994 CWRPDA Clean Water Loan	5.65%	\$ 246,146	\$ -	\$ 117,722	\$ 128,424	\$ 128,424
1994 CWRPDA Small Water Loan	4.892	87,500	-	45,833	41,667	41,667
1997 CWRPDA Clean Water Loan	4.543	1,040,735	-	192,135	848,600	197,473
1997 CWRPDA Small Water Loan	5.37	1,678,333	-	312,500	1,365,833	328,333
2000 CWRPDA Clean Water Loan	5.71	5,901,972	-	630,462	5,271,510	656,952
2000 CWRPDA Small Water Loan	4.66	9,302,498	-	472,500	8,829,998	544,166
2001 CWRPDA Clean Water Loan	4.01	2,606,904	-	246,744	2,360,160	257,472
2002 CWRPDA Clean Water Loan	3.62	11,789,616	-	276,828	11,512,788	282,256
2004 CWRPDA Small Water and Clean Water Loan	5.118	2,810,000	-	1,370,000	1,440,000	1,440,000
2010 CWRPDA Loan	5.78	51,485,000	-	-	51,485,000	-
Less Bond Discount		(61,987)	-	(2,735)	(59,252)	-
2012 Revenue Refunding Bonds	2.0-5.0	22,945,000	-	1,085,000	21,860,000	1,100,000
Add Bond Premium		3,122,122	-	175,072	2,947,050	-
2012 General Obligation Refunding Bonds	2.0-5.0	90,550,000	-	200,000	90,350,000	240,000
Add Bond Premium		11,360,453	-	371,459	10,988,994	-
Total long-term debt		\$ 214,864,292	\$ -	\$ 5,493,520	\$ 209,370,772	\$ 5,216,743

PARKER WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2013 and 2012

NOTE 6 - LONG-TERM LIABILITIES (CONTINUED)

		Balance at			Balance at		Due
	Interest	January 1,			December 31,		Within One
	Rates	2012	New Issues	Retirements	2012		Year
1994 CWRPDA Clean Water Loan	5.65%	\$ 358,517	\$ -	\$ 112,371	\$ 246,146	\$	117,722
1994 CWRPDA Small Water Loan	4.892	128,333	-	40,833	87,500		45,834
1997 CWRPDA Clean Water Loan	4.543	1,222,196	-	181,461	1,040,735		192,136
1997 CWRPDA Small Water Loan	5.37	1,975,833	-	297,500	1,678,333		312,500
Water and Sewer Revenue							
Refunding Bonds,							
Series 1998	4.65-4.85	1,870,000	-	1,870,000	-		-
2000 CWRPDA Clean Water Loan	5.71	6,511,242	-	609,270	5,901,972		630,462
2000 CWRPDA Small Water Loan	4.66	9,750,832	-	448,334	9,302,498		472,500
2001 CWRPDA Clean Water Loan	4.01	2,848,284	-	241,380	2,606,904		246,744
Water and Sewer Revenue							
Refunding Bonds,							
Series 2001	4.0-4.6	495,000	-	495,000	-		-
2002 CWRPDA Clean Water Loan	3.62	12,061,016	-	271,400	11,789,616		276,828
2002 CWRPDA Small Water Loan	5.21	10,055,000	-	10,055,000	-		-
2002 CWCB Loan	4.5	14,521,858	-	14,521,858	-		-
2004 CWRPDA Small Water							
and Clean Water Loan	5.118	97,700,000	-	94,890,000	2,810,000		1,370,000
2010 CWRPDA Loan	5.78	51,485,000	-	-	51,485,000		-
Less Bond Discount		(64,722)	-	(2,735)	(61,987)		
2012 Revenue Refunding Bonds	2.0-5.0	-	23,215,000	270,000	22,945,000		1,085,000
Add Bond Premium		-	3,224,248	102,126	3,122,122		
2012 General Obligation Refunding Bonds	2.0-5.0	-	90,550,000	-	90,550,000		200,000
Add Bond Premium		-	11,360,453	-	11,360,453		-
Total long-term debt		\$ 210,918,389	\$ 128,349,701	\$ 124,403,798	\$ 214,864,292	\$	4,949,726

**PARKER WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2013 and 2012**

NOTE 6 - LONG-TERM LIABILITIES (CONTINUED)

Loan Agreement, Colorado Water Resources and Power Development Authority, dated October 21, 2010

Principal payments are due August 1 starting in 2023. This loan was issued as federally taxable bonds designated as a Build America Bond (BAB) pursuant to sections of the Internal Revenue Code and provisions of the American Recovery and Reinvestment Act of 2009. The District expects to receive a cash subsidy payment from the US Treasury equal to 35% of the interest payable on the loan. The interest rate net of the BAB subsidy is 3.85%.

Colorado Water Resources and Power Development Authority and Colorado Water Conservation Board Loan Covenants

The District has pledged the revenue from the operation and use of its facilities and other legally available revenue, after the payment of operation and maintenance expenses of the system, for the repayment of the above referenced loans. The loan agreements contain various restrictive covenants and requirements, including rate covenants, maintenance of a three month operating reserve (see Note 3) and compliance with an additional bond and/or indebtedness test. At December 31, 2013 and 2012, the District was in compliance with these covenants and requirements of the loan agreements.

Loan Agreement, Colorado Water Resources and Power Development Authority, dated June 15, 2004

Principal paid February 1 and August 1. This loan constitutes a general obligation debt of the District. On May 4, 2004, voters of the District authorized the District to levy property taxes to pay the loan. Such taxes are intended to be used as a guaranty for payment of the loan only if the Board of Directors determines other revenues are not sufficient to pay the debt service on the loan. During 2013 and 2012, the District recognized \$3,530,989 and \$4,169,705, respectively, in property tax revenue to pay the debt service on the loan. As of December 31, 2012, \$93,570,000 of the District's 2004 CWRPDA Loan was defeased but outstanding. The property tax revenue is pledged to support the 2012 General Obligation Refunding Bonds that defeased the 2004 Loan.

Water and Sewer Revenue Refunding Bonds, Series 2012, dated June 13, 2012

Principal payments due November 1. These bonds require a reserve fund which is currently funded by an insurance policy in the amount of \$2,205,050.

**PARKER WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2013 and 2012**

NOTE 6 - LONG-TERM LIABILITIES (CONTINUED)

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

General Obligation Refunding Bonds, Series 2012, dated December 27, 2012

Principal payments due August 1. On May 4, 2004, voters of the District authorized the District to levy property taxes to pay this debt. Such taxes are intended to be used as guaranty for payment of the bonds only if the Board of Directors determines other revenues are not sufficient to pay the debt service on the bonds.

Refundings

On June 13, 2012, the District refunded and paid \$26,941,858, which was the outstanding balance of the Water and Sewer Revenue Bonds, Series 1998 and Series 2001, the 2002 Colorado Water Resources and Power Development Authority Small Water Loan, and the 2002 Colorado Water Conservation Board Loan by the issuance of the \$23,215,000 2012 Revenue Refunding Bonds dated June 13, 2012 with an average interest rate of 2.81%.

The District reduced its aggregate debt service payments by approximately \$5,865,000 over the next 18 years, 2013 through 2030, and obtained an economic gain (difference between the present values of the old and new debt service payments) of approximately \$4,262,000.

On December 27, 2012, the District advance refunded and defeased \$93,570,000 of the 2004 CWRPDA Loan dated June 15, 2004 with an average interest rate of 5.118% by the issuance of the \$90,550,000 2012 General Obligation Refunding Bonds dated December 27, 2012 with an average interest rate of 3.84%. The defeased bonds are not considered a liability of the District since sufficient funds \$101,221,962 were deposited with a trustee for the purpose of paying the principal and interest of the defeased bonds when due.

The District reduced its aggregate debt service payments by approximately \$22,248,000 over the next 31 years, 2013 through 2043, and obtained an economic gain (difference between the present values of the old and new debt service payments) of approximately \$15,076,000.

PARKER WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2013 and 2012

NOTE 6 - LONG-TERM LIABILITIES (CONTINUED)

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

	Principal	Interest	Total
2014	\$ 5,216,743	\$ 8,875,930	\$ 14,092,673
2015	5,509,635	8,659,554	14,169,189
2016	5,624,557	8,456,990	14,081,547
2017	5,954,383	8,229,588	14,183,971
2018	6,109,997	8,002,915	14,112,912
2019-2023	32,947,573	35,797,263	68,744,836
2024-2028	35,036,092	29,314,965	64,351,057
2029-2033	43,125,000	20,810,733	63,935,733
2034-2038	31,820,000	9,927,935	41,747,935
2039-2043	24,150,000	3,740,000	27,890,000
	<u>\$ 195,493,980</u>	<u>\$ 141,815,873</u>	<u>\$ 337,309,853</u>

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

	Balance January 1, 2013	Incurred	Retired	Balance December 31, 2013	Due Within One Year
Compensated absences payable	\$ 588,027	\$ 369,942	\$ 564,189	\$ 393,780	\$ 270,963

	Balance January 1, 2012	Incurred	Retired	Balance December 31, 2012	Due Within One Year
Compensated absences payable	\$ 503,679	\$ 310,829	\$ 226,481	\$ 588,027	\$ 162,931

PARKER WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2013 and 2012

NOTE 7 - NET POSITION

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

Net investment in capital assets consists of capital assets, net of accumulated depreciation, plus unspent debt proceeds, and reduced by the outstanding balances of bonds, mortgages, notes or other borrowing that are attributable to the acquisition, construction, or improvement of those assets. As of December 31, 2013 and 2012, the District had a net investment in capital assets calculated as follows:

	2013	2012
Capital assets, net of accumulated depreciation	\$ 535,890,304	\$ 520,272,102
Unspent debt proceeds	19,523,544	41,192,264
Bonds and notes payable	(209,370,772)	(214,864,292)
Deferred charge on refunding	7,053,676	7,292,108
	<u>\$ 353,096,752</u>	<u>\$ 353,892,182</u>

Restricted net position includes assets that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. See Note 3 for restrictions of assets as of December 31, 2013 and 2012.

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

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

NOTE 8 - COMMITMENTS

Construction Commitments

As of December 31, 2013 and 2012, the District had unexpended construction related contract commitments of approximately \$10,164,449 and \$27,135,267, respectively.

NOTE 9 - RISK MANAGEMENT

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

The District is a member of the Colorado Special Districts Property and Liability Pool (Pool) as of December 31, 2013 and 2012. The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials liability, equipment breakdown and workers compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years.

PARKER WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2013 and 2012

NOTE 9 – RISK MANAGEMENT (CONTINUED)

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

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

NOTE 10 - DEFINED CONTRIBUTION PLAN

The employees of the District participate in a defined contribution plan established by the District and maintained and administered by Great-West Life and Annuity Insurance Company. 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 District's contributions, plus earnings, become vested at a rate of 20% for each year of participation in the plan. District contributions for plan members who leave employment before they are fully vested are returned to the District. There is no liability for benefits under the plan beyond the District's matching payments. Plan provisions and contribution requirements are established and may be amended by the District's Board of Directors.

Contributions actually made by plan members and the District for the year ended December 31, 2013 and 2012 are as follows:

	2013	2012
Plan members	\$ 408,565	\$ 369,410
District	\$ 443,649	\$ 424,907

**PARKER WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2013 and 2012**

NOTE 11 - DEFERRED COMPENSATION PLAN - ASSETS IN TRUST

The District has a deferred compensation plan created in accordance with Internal Revenue Code Section 457. This plan is administered by Great-West Life and Annuity Insurance Company. Participation in the plan is optional for all employees. The plan allows the employees to defer a portion of their salary until future years. The District matches deferrals by employees up to 5% of the employees' payroll. Contributions made to this plan by the District were \$172,392 for 2013 and \$158,223 for 2012.

NOTE 12 - TAX, SPENDING AND DEBT LIMITATIONS

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

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

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

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

NOTE 13 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description. Parker Water and Sanitation District administers a single-employer defined benefit healthcare plan (the Retiree Health Plan). The plan provides healthcare insurance for plan members, eligible retirees and their family members, from the date of retirement until the retiree reaches age 65. Health insurance coverage is provided through the District's group health insurance plan, which covers both active and retired members.

Funding Policy. The District does not contribute to the cost of the premiums for plan members. Plan members contribute 100% of the premium costs, they are paid implicitly over time through employer subsidization of active premiums that would be lower if retirees were not part of the experience group. As of December 31, 2013 and 2012, there was one District retiree participating in the plan.

PARKER WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2013 and 2012

NOTE 13 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Annual OPEB Cost and Net OPEB Obligation. The District's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC). The District has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB Statement 45 for employers in plans with fewer than one hundred total plan members. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District's net OPEB obligation to the Retiree Health Plan:

Annual required contribution	\$ 55,569
Interest on net OPEB obligation	5,320
Adjustment to annual required contribution	(7,411)
Annual OPEB cost (expense)	<u>53,478</u>
Contributions made	<u>-</u>
Increase in net OPEB obligation	53,478
Net OPEB obligation - Beginning of year	<u>318,290</u>
Net OPEB obligation - End of year	<u><u>\$ 371,768</u></u>

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2013 and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/11	\$ 53,443	0%	\$ 264,847
12/31/12	53,443	0%	318,290
12/31/13	53,478	0%	371,768

Funded Status and Funding Progress. As of December 31, 2011 when the most recent calculation was made, the actuarial accrued liability for benefits was \$379,224, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$4,034,246, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 9.40%.

**PARKER WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2013 and 2012**

NOTE 13 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The following simplifying assumptions were made:

Retirement age for active employees - Based on the historical average retirement age for the covered group, active plan members were assumed to retire at age 63.

Marital status - Marital status of members at the calculation date was assumed to continue throughout retirement.

Mortality - Life expectancies were based on mortality tables from the RP2000 Mortality Table for Males and Females projected 10 years.

Turnover - Standard turnover assumptions from GASB Statement 45 - paragraph 35b were used as the basis for the turnover assumption.

Healthcare cost trend rate - The expected rate of increase in healthcare insurance premiums was based on the Getzen model promulgated by the Society of Actuaries for use in long-term trend projection.

Health insurance premiums - 2011 health insurance premiums for plan members were used as the basis for calculation of the present value of total benefits to be paid.

Payroll growth rate - The expected long-term payroll growth rate was assumed to be 2.9%.

Based on the historical and expected returns of the District's investment portfolio, a discount rate of 2.5% was used. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2013, was 26 years.

PARKER WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2013 and 2012

NOTE 14 - RESTATEMENT

As a result of the adoption of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, the beginning net position of the District was restated. The effect on fiscal year 2012 is as follows:

Net position December 31, 2011, as previously reported	\$ 414,282,470
Bond issuance costs previously reported as assets	<u>(513,566)</u>
Net position December 31, 2011, as restated	413,768,904
2012 change in net position as previously reported	3,491,900
Change in 2012 bond issuance expense	<u>(1,034,706)</u>
Net position December 31, 2012, as restated	<u><u>\$ 416,226,098</u></u>

REQUIRED SUPPLEMENTARY INFORMATION

PARKER WATER AND SANITATION DISTRICT
SCHEDULE OF FUNDING PROGRESS FOR THE RETIREE HEALTH PLAN
Year Ended December 31, 2013

Actuarial Valuation Date	Actuarial Value of Assets(a)	Actuarial Accrued Liability (AAL)- Simplified Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
12/31/2008	\$ -	\$ 330,169	\$ 330,169	- %	\$ 3,817,849	8.65%
12/31/2011	-	379,224	379,224	-	4,034,246	9.40

The information presented in the required supplementary schedule was determined as part of the actuarial valuation date as of December 31, 2011. Additional information follows:

1. The actuarial method used to determine the ARC is the alternate measurement method.
2. There are no plan assets.
3. The actuarial assumptions included: (a) 2.5 percent discount rate; (b) healthcare cost trend rate based on the Getzen model promulgated by the Society of Actuaries and (c) 2.9 percent payroll growth rate.
4. The amortization method is level percentage of projected payroll on an open basis.

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, 2013

	TOTAL		
	Final Budget	Actual	Variance - Positive (Negative)
REVENUES			
Charges for services	\$ 23,380,000	\$ 23,641,284	\$ 261,284
Operating tax revenues	1,056,600	1,152,222	95,622
Other operating income	208,500	281,489	72,989
Investment income	578,500	484,145	(94,355)
Other nonoperating income	2,419,350	3,109,744	690,394
Reuter-Hess mill levy	3,620,900	3,530,989	(89,911)
Tap fees	1,770,000	3,049,950	1,279,950
Water resource fees	70,000	155,000	85,000
Development fees	2,705,000	5,084,375	2,379,375
Renewable Water Fee	150,000	284,250	134,250
Farm income	415,000	436,485	21,485
Transfer - rate funded capital	2,000,000	2,000,000	-
Total revenues	38,373,850	43,209,933	4,836,083
EXPENDITURES			
Salaries	4,302,900	4,408,836	(105,936)
Employee benefits	1,613,202	1,548,722	64,480
Insurance	188,000	167,674	20,326
Professional services	1,009,000	896,031	112,969
Support services	272,805	236,223	36,582
Utilities	3,235,900	3,407,978	(172,078)
Contract labor and maintenance	2,367,400	1,791,603	575,797
Supplies	1,404,100	1,369,298	34,802
Community education	113,000	65,483	47,517
Information technology	300,390	257,481	42,909
Water resource farms	195,000	163,592	31,408
Miscellaneous expenses	660,019	570,759	89,260
Debt service	14,949,153	14,084,759	864,394
Capital outlay	48,157,200	25,718,977	22,438,223
Transfer - rate funded capital	2,000,000	2,000,000	-
Total expenditures	80,768,069	56,687,416	24,080,653
EXCESS REVENUES OVER EXPENDITURES	\$ (42,394,219)	(13,477,483)	\$ 28,916,736
FUNDS AVAILABLE - BEGINNING OF YEAR		100,936,117	
FUNDS AVAILABLE - END OF YEAR		\$ 87,458,634	
Funds available at December 31, 2013 is computed as follows:			
Current assets		\$ 76,195,501	
Noncurrent assets		23,879,724	
Current liabilities		(13,610,935)	
Current portion of long-term obligations		5,487,706	
Deferred inflows of resources		(4,493,362)	
		\$ 87,458,634	

WATER			SEWER		
Final Budget	Actual	Variance - Positive (Negative)	Final Budget	Actual	Variance - Positive (Negative)
\$ 13,700,000	\$ 13,187,213	\$ (512,787)	\$ 9,680,000	\$ 10,454,071	\$ 774,071
-	-	-	1,056,600	1,152,222	95,622
167,500	247,442	79,942	41,000	34,047	(6,953)
351,500	270,132	(81,368)	227,000	214,013	(12,987)
1,703,850	2,166,961	463,111	715,500	942,783	227,283
534,900	516,730	(18,170)	3,086,000	3,014,259	(71,741)
600,000	1,137,000	537,000	1,170,000	1,912,950	742,950
70,000	155,000	85,000	-	-	-
2,545,000	4,822,775	2,277,775	160,000	261,600	101,600
150,000	284,250	134,250	-	-	-
415,000	436,485	21,485	-	-	-
1,000,000	1,000,000	-	1,000,000	1,000,000	-
21,237,750	24,223,988	2,986,238	17,136,100	18,985,945	1,849,845
2,137,750	2,187,510	(49,760)	2,165,150	2,221,326	(56,176)
805,406	777,083	28,323	807,796	771,639	36,157
94,000	83,837	10,163	94,000	83,837	10,163
518,500	483,257	35,243	490,500	412,774	77,726
145,580	126,500	19,080	127,225	109,723	17,502
2,428,000	2,575,583	(147,583)	807,900	832,395	(24,495)
1,450,750	998,806	451,944	916,650	792,797	123,853
473,950	419,677	54,273	930,150	949,621	(19,471)
94,000	45,840	48,160	19,000	19,643	(643)
148,120	122,524	25,596	152,270	134,957	17,313
195,000	163,592	31,408	-	-	-
375,978	366,736	9,242	284,041	204,023	80,018
8,449,720	8,701,235	(251,515)	6,499,433	5,383,524	1,115,909
45,186,200	24,299,260	20,886,940	2,971,000	1,419,717	1,551,283
1,000,000	1,000,000	-	1,000,000	1,000,000	-
63,502,954	42,351,440	21,151,514	17,265,115	14,335,976	2,929,139
\$ (42,265,204)	\$ (18,127,452)	\$ 24,137,752	\$ (129,015)	\$ 4,649,969	\$ 4,778,984

**RECONCILIATION OF BUDGETARY BASIS (ACTUAL) TO STATEMENT OF
REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
Year Ended December 31, 2013**

Revenue (budgetary basis)	\$ 43,209,933
Contributed capital assets	219,072
Transfer - rate funded capital	(2,000,000)
Proceeds on sale of assets	(27,362)
Inclusion fee receivable paid	<u>(1,165,460)</u>
Total revenue per statement of revenues, expenses and changes in fund net position	<u>40,236,183</u>
Expenditures (budgetary basis)	56,687,416
Amortization of deferred charge on refunding	238,432
Amortization of bond discount and premium, net	(543,796)
Transfer - rate funded capital	(2,000,000)
Depreciation	11,660,729
Capitalized interest	(1,375,260)
Capital outlay	(25,718,977)
Debt principal	(4,949,724)
Change in compensated absences and OPEB	(140,769)
Loss on sale of assets	<u>7,016</u>
Total expenses per statement of revenues, expenses and changes in fund net position	<u>33,865,067</u>
Change in net position per statement of revenues, expenses and changes in fund net position	<u><u>\$ 6,371,116</u></u>

PARKER WATER AND SANITATION DISTRICT
Debt Service Coverage Calculation

<u>Operating Revenues</u>	
Total User Fees	\$ 23,922,773
Farm Land Revenue	436,485
Net Investment Income	484,145
Other Income (including BAB Subsidy)	1,916,922
Property Taxes (sewer operating)	775,100
Specific Ownership Taxes	377,122
	<u>\$ 27,912,547</u>
<u>System Fees</u>	
Tap fees	\$ 3,334,200
Water Resource Fees	155,000
System Development Fees	5,084,375
	<u>\$ 8,573,575</u>
Allowable System Fees for coverage not exceeding 15% of Operating Revenue	
	<u>\$ 4,186,882</u>
Total Revenues per Covenant	
	<u>\$ 32,099,429</u>
<u>Operating Expenses</u>	
Operating Expenses (less depreciation)	\$ 14,579,317
Farm Land Expenses	163,592
Total Operating and Maintenance Expenses	<u>\$ 14,742,909</u>
Revenue Available for Debt Service	
	<u>\$ 17,356,520</u>
<u>Current Year Debt Service</u>	
Revenue Bond Total	\$ 5,413,890
WTP Loan	2,940,995
Total Debt Using Revenue Pledge	<u>\$ 8,354,885</u>
Coverage per Rate Covenant Calculation (minimum 110%)	208%
Coverage without consideration of System Fees (minimum 100%)	158%

WATER INFRASTRUCTURE AND SUPPLY EFFICIENCY PROJECT

Loan Feasibility Study

B&V PROJECT NO. 176888

PREPARED FOR

**Colorado Water Conservation Board on Behalf
of the WISE Authority**

23 OCTOBER 2013



BLACK & VEATCH
Building a **world** of difference.®

1.0 Introduction

1.1 Background

Water providers in the South Metro area rely primarily on bedrock groundwater to supply the area's municipal and industrial water needs. Although there is a substantial amount of groundwater in the bedrock aquifers underlying the Denver area, these supplies do not have a natural source of replenishment and are thus considered to be non-renewable. Groundwater levels and well production data indicate that groundwater levels are declining in many areas as a result of groundwater pumping and South Metro water providers recognize the need to transition to a more renewable water supply portfolio.

In 2004, South Metro water providers formed the regional South Metro Water Supply Authority (SMWSA). SMWSA stemmed from the Douglas County Water Resource Authority (DCWRA), which started in 1992, and the South Metro Water Supply Study Board formed in January 2000. Currently there are fourteen members of SMWSA and those interested in participating in the Water Infrastructure and Supply Efficiency (WISE) partnership (described in Section 1.2) formed the WISE Authority in 2013. Members of the WISE Authority include:

- Town of Castle Rock (Castle Rock)
- Centennial Water and Sanitation District (Centennial)
- Cottonwood Water and Sanitation District (Cottonwood)
- Dominion Water and Sanitation District (Dominion)
- Inverness Water and Sanitation District (Inverness)
- Meridian Metropolitan District (Meridian)
- Parker Water and Sanitation District (Parker)
- Pinery Water and Wastewater District (Pinery)
- Rangeview Metropolitan District (Rangeview)
- Stonegate Village Metropolitan District (Stonegate)

Of the 10 WISE Authority member entities, six have indicated a desire to obtain funding support through the Colorado Water Conservation Board (CWCB) loan program in Fiscal Year 2013-2014. Those entities are: Cottonwood, Inverness, Parker, Pinery, Rangeview, and Stonegate. Detailed information regarding each entity including the year and statute under which the entity was formed, the number of customers/taps served, current water usage, future growth plans, the identification of revenue sources, and a description of existing water supply facilities was provided by each applicant with their loan application.

1.2 Project Overview

Aurora Water and Denver Water import raw water from the Colorado River and Arkansas River basins. This water, along with reusable South Platte supplies, is stored, treated, and delivered to customers in South Platte River basin as potable water. Under Colorado water law, water users have the right to reuse water originating from a non-tributary supply source, as well as in-basin water rights that are decreed for reuse. Aurora Water's and Denver Water's municipal return flows

ultimately end up in the Middle South Platte River. These reusable return flows can be used to provide additional water to the south Denver metropolitan region.

The Aurora Water Prairie Waters Project (PWP) provides a drought-resistant water supply and involves:

- Diversion of water from the Middle South Platte River via alluvial wells and river bank filtration.
- Aquifer recharge and recovery (ARR).
- Conveyance of pre-treated water through pumping facilities and pipelines.
- Advanced water treatment at the Binney Water Purification Facility (Binney WPF).

After treatment, this water is blended with treated mountain water to produce potable water with a total dissolved solids (TDS) concentration of between 300 and 500 milligrams per liter (mg/L). PWP was designed to meet the current and future drinking water demands of Aurora during drought years. However, during off-peak or non-drought periods when Aurora is not utilizing the full PWP capacity, these facilities can be utilized by WISE Authority members through the WISE partnership. This partnership involves three entities: Aurora Water, Denver Water and the WISE Authority.

In drought years, Denver Water can benefit from having access to its unused reusable return flows or other potentially available water in the Middle South Platte River through the use of the PWP system. Under this scenario, raw mountain water will be conveyed through the Rampart system to the Binney WPF for treatment and blending. In non-drought years, Denver Water can make its available reusable return flows accessible to WISE Authority members. During wet years, Aurora Water and/or Denver Water may have available mountain water that could be made be available to WISE Authority members in addition to unused reusable return flows. Primary benefits of mountain water are that it can be delivered by gravity (instead of pumping), it is relatively cost-effective to treat due to its high quality, and it can be used to blend with other higher TDS water sources.

Water deliveries from the WISE partnership will be variable and at times intermittent. The potable water can be directly used in participants' distribution systems when demands for the water coincide with the availability of supplies. To the degree that deliveries exceed demand for the water (in any given month or day), that excess water can be put into storage for later withdrawal. Storage sites that may be utilized include Rueter-Hess Reservoir (RHR) and aquifer storage and recovery (ASR).

The WISE project involves four major infrastructure components in addition to Aurora Water's existing PWP system:

- A connection from Denver Water's distribution system near Denver International Airport to Aurora's PWP.
- A pump station and pipeline from the Binney WPF to connect to the existing ECCV pipeline.
- Acquisition of the existing ECCV pipeline.

- Local infrastructure to deliver WISE water from the ECCV pipeline turnout to each WISE Authority member.

The estimated total project cost is \$142.5M. The amount that each WISE Authority member is required to pay depends on:

- The amount of water each WISE Authority member has committed to taking.
- The amount of local infrastructure that must be constructed to deliver each member's WISE water.

As a result, the amount of loan funding being requested by each applicant varies as shown in Table 1 below.

Table 1. CWCB Loan Request Amounts

WISE Authority Member	WISE Project Cost Share (\$M)	CWCB Loan Request (\$M)
Cottonwood	\$4.2	\$4.0
Inverness	\$5.4	\$5.0
Parker	\$13.4	\$12.0
Pinery	\$10.9	\$10.0
Rangeview	\$6.2	\$6.0
Stonegate	\$6.8	\$6.0
Total*	\$90.6	\$44.0
*This total does not include costs for participants not seeking a loan from the Colorado Water Conservation Board (CWCB). The total capital project cost is estimated to be \$142.5M.		

1.3 Study Area Description

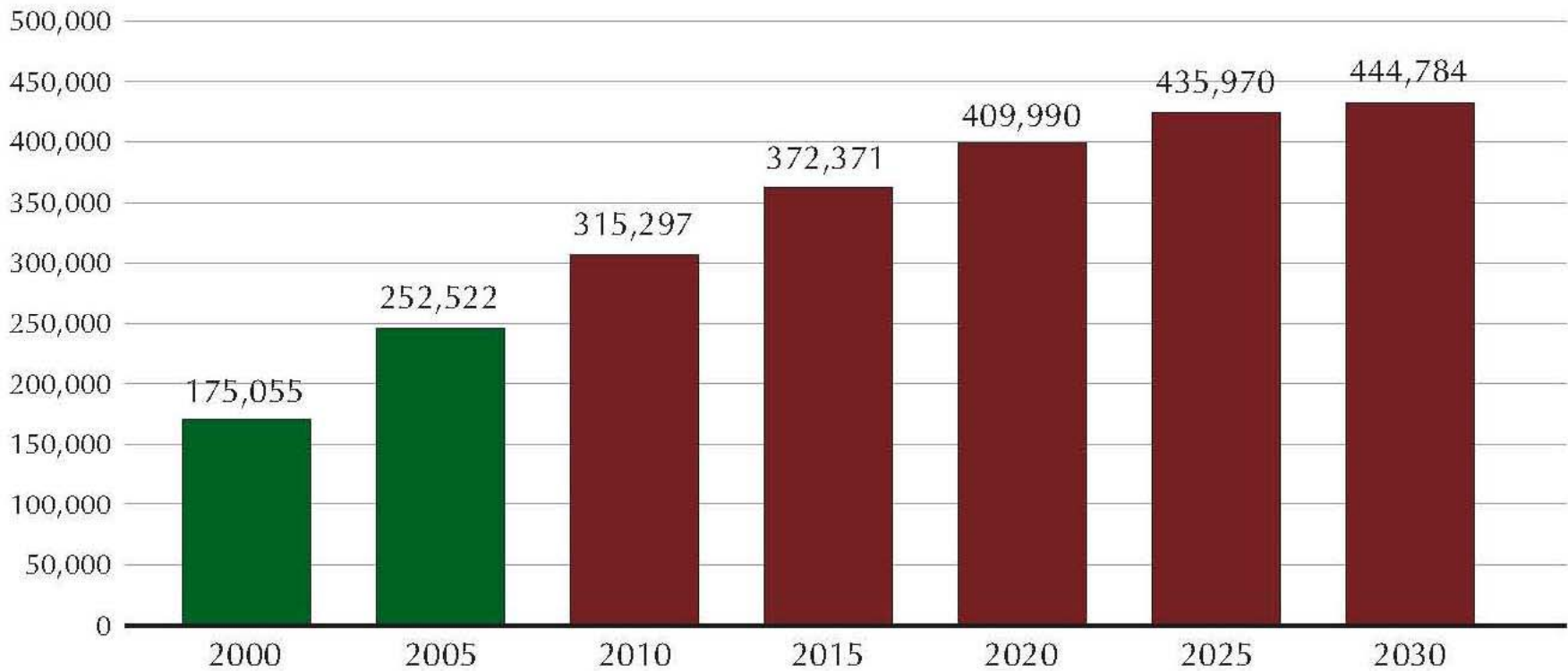
SMWSA's members include 14 water providers that work together to plan, source and develop water for Douglas and Arapahoe Counties. Collectively the members serve about 80 percent of Douglas County and 10 percent of Arapahoe County. Figure 1 shows the location and relative size of the SMWSA members' existing service areas. The future service areas are anticipated to cover over 200 square miles at buildout, primarily within Douglas County.

Douglas County

Douglas County, Colorado lies close to the center of the state along the I-25 Corridor between the major urban activity centers of Denver and Colorado Springs. It encompasses over 540,000 acres and elevations range from roughly 5,400 to 9,800 feet.

Douglas County is one of the fastest growing counties in Colorado. By the year 2030, the population is expected to surpass 444,000 people, as shown on Figure 2 from the Douglas County 2030 Comprehensive Master Plan, 2008.

Source: South Metro Water Supply Authority



Source: Douglas County 2030 Comprehensive Master Plan, 2008

WISE Authority



CWCB Loan Feasibility Study

Douglas County Population Projections (2000 – 2030)

**Figure
2**

Douglas County has experienced significant job growth since the year 2000. From 2000 to 2006, the labor force grew by 30,700, averaging nearly 6,140 new jobs per year. While jobs in the County are still mostly in the service industry; professional, technical, and health care employment opportunities are growing rapidly. By 2030 total County employment could reach almost 262,000 jobs, as shown on Figure 3 from the Douglas County 2030 Comprehensive Master Plan, 2008.

Land use in Douglas County includes both urban and rural communities, as well as significant amounts of forest land and open space, as shown on the attached Map 1.1 of the Douglas County 2030 Comprehensive Master Plan.

Arapahoe County

Arapahoe County, Colorado is also located close to the center of the state, primarily east of I-25. It encompasses over 515,000 acres at an average elevation of 5,400 feet.

According to the 2001 Arapahoe County Comprehensive Master Plan, agriculture is the predominant land use in the County, mostly in the eastern two-thirds of the County. Institutional uses, including schools, public facilities and churches, account for roughly 6 percent of the land use in the County. Non-residential uses, including retail, commercial, industrial and utilities, account for roughly 2 percent of the County's land area, residential land uses account for over 8 percent, and vacant land accounts for the remaining 2 percent.

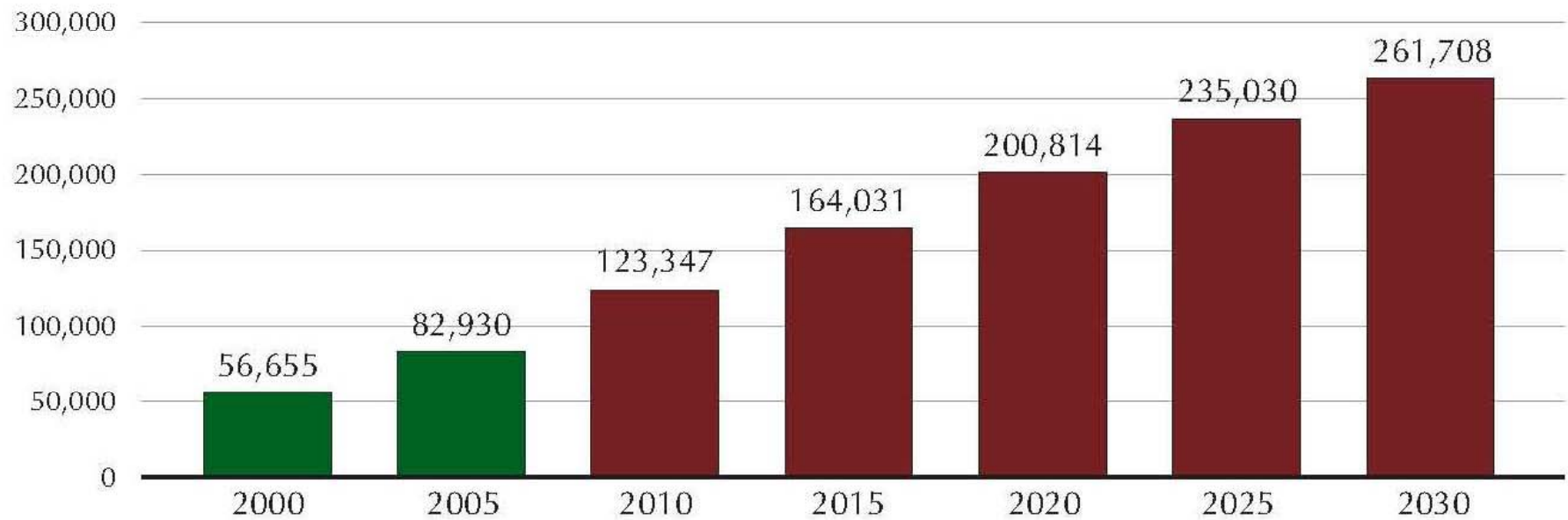
Arapahoe County, like the rest of Colorado, saw a tremendous amount of population growth and new development during the 1990s. In 1990, the population of Arapahoe County was 391,511. The Colorado State Demography Office estimated the population of Arapahoe County to be roughly 575,000 in 2010 and projects the County's population to increase to roughly 762,000 by 2030.

The areas of most plant and animal species significance include the prairie grasslands, which make up a significant portion of eastern Arapahoe County, and the forest dominated riparian areas, which are located along several of the major drainageways.

1.4 Previous Studies

SMWSA initiated its renewable supply planning in the early 2000s. Since that time, planning efforts have helped define near- and long-term renewable supply sources and infrastructure as summarized below.

- 2004 South Metro Water Supply Study.** This study was a joint effort between SMWSA, Denver Water, and the Colorado River Water Conservation District to investigate alternatives for meeting the water supply needs of the South Denver metropolitan area through the year 2050. Alternatives included the continued use of Denver Basin groundwater, better management of existing resources, and importation of additional renewable water supplies through the "conjunctive use" of surface water and ground water supplies.



Source: Douglas County 2030 Comprehensive Master Plan, 2008

WISE Authority



CWCB Loan Feasibility Study

Douglas County Employment Projections (2000 – 2030)

**Figure
3**

- **2007 Regional Water Master Plan.** The 2007 Regional Water Master Plan identified a phased approach to implementing renewable water supplies and related infrastructure that included:
 - **Near-Term.** Introduction of new surface water through interconnections between water providers and employing others' unused renewable supplies on a temporary basis, without major new infrastructure.
 - **Mid-Term (2025).** Additional renewable water through the acquisition of new supplies, while reducing the need for major new transmission pipelines.
 - **Long-Term.** Acquisition of additional water rights to meet the remaining renewable goals for buildout conditions, possibly through partnering with others on a major transmission pipeline investment.
- **2008 Mid-Term Water Delivery Project Plan.** In 2008, SMWSA developed a draft Mid-Term Water Delivery Project Plan that focused on the infrastructure and actions needed to bring mid-term renewable water supplies to SMWSA project participants through the East Cherry Creek Valley (ECCV) Northern Transmission System.
- **Draft 2010 Regional Water Supply Master Plan Update.** This report built upon SMWSA's previous master planning efforts and focused on near- and mid-term efforts to implement renewable supplies through regional partnerships, specifically the WISE partnership.
- **2013 Douglas County Rural Water Supply System Feasibility Study.** This study reviewed recent Denver Basin groundwater studies and water level data to assess the sustainability of current and future use of Denver Basin groundwater by rural residents and water districts. The study also evaluated the potential opportunity to convey renewable water from Aurora Water's PWP system through WISE Authority member infrastructure to the northwest and northeast areas of Douglas County, which could potentially serve over 5,000 rural homes currently using individual wells.

2.0 Water Supply and Demand

2.1 Existing Water Supply Sources

WISE Authority members currently use a combination of non-tributary groundwater, alluvial wells, surface water, and return flows to meet water demands.

Colorado water law for non-tributary ground water ties water ownership to the ownership of the land below which the aquifer lies. Water providers acquire non-tributary groundwater rights by requiring dedication of such rights to the water provider for service. Therefore, the non-tributary water rights available to each water provider are generally those water rights associated with the property within their service area boundaries. The non-tributary groundwater available to the water providers in the South Metro area is from the Denver Basin. The Denver Basin is comprised of the Dawson, Denver, Arapahoe, and Laramie-Fox Hills aquifers. These aquifers are deep sedimentary rock formations that are characterized by very low recharge rates and are considered to be a non-renewable water resource.

In Douglas County, the USGS estimates that 49 million acre-feet of water are theoretically recoverable although practical development levels have not been established. The actual availability of groundwater for municipal purposes is restrained by legal and physical factors. In general, these aquifers consist of very dense sandstones, which are relatively slow draining, and the production levels in gallons per minute are somewhat limited. The best producing aquifer is the Arapahoe aquifer, where wells generally produce 300 up to 1,500 gallons per minute. The production rates of wells in the Dawson and Denver Formations generally range from between 50 and 200 gallons per minute and between 100 and 300 gallons per minute for the Laramie-Fox Hills Formation. However, low water quality plus high costs for development limit the current use of the Laramie-Fox Hills Aquifer.

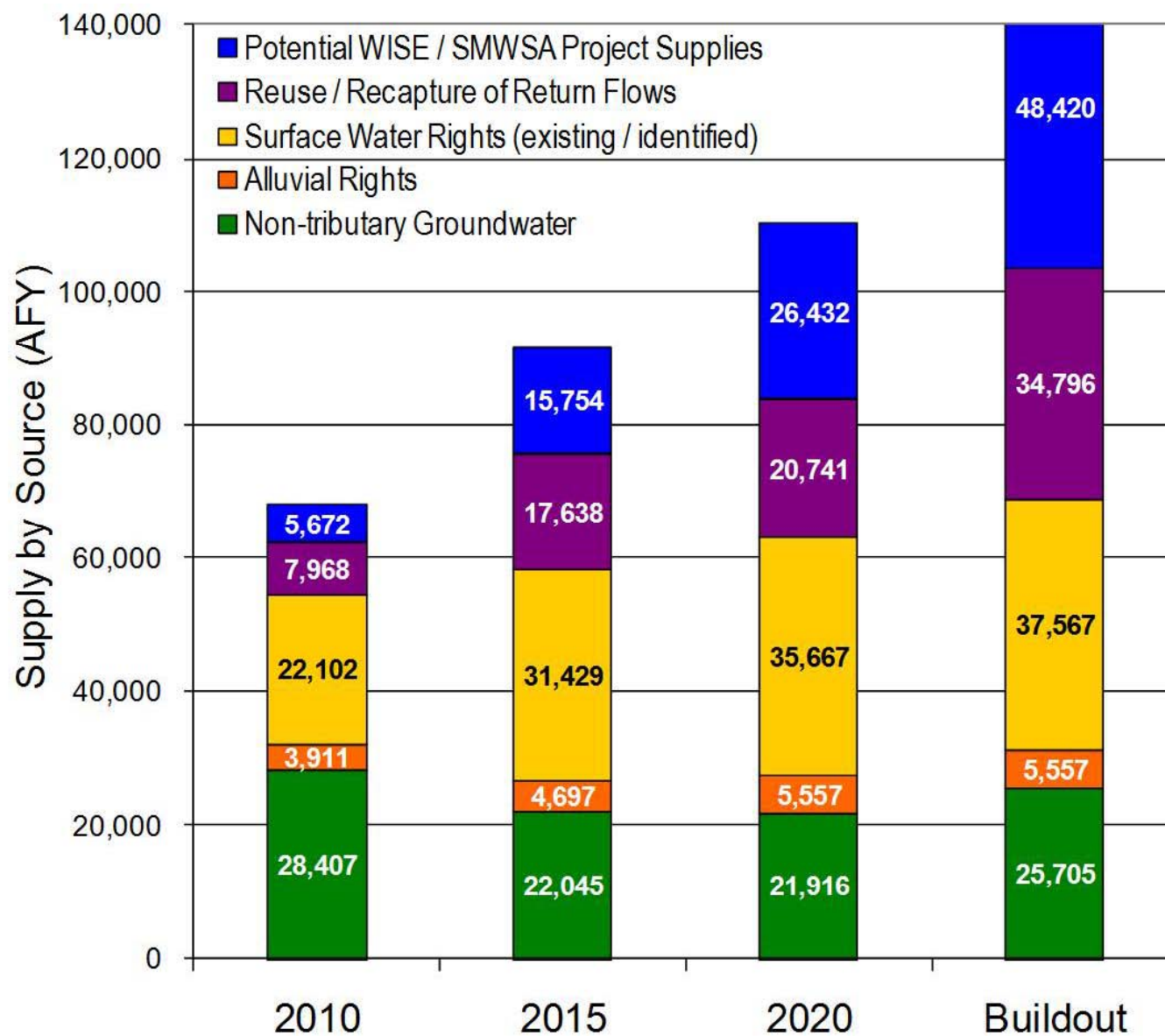
The majority of the South Metro municipal water delivery systems are designed for a maximum day demand, with peak hour demands met through storage. While SMWSA members' aggregate non-tributary groundwater rights of about 111,000 acre-feet per year (AFY) could nearly meet the projected buildout demands of 122,000 AFY, the members intend to substantially transition away from groundwater, using less than 20,000 AFY of non-tributary groundwater at buildout. Figure 4 from the draft 2010 Regional Water Supply Master Plan Update shows the SMWSA members' aggregated supplies by source category for each planning phase.

2.2 Existing and Future Water Demands

Figure 5 from the draft 2010 Regional Water Supply Master Plan Update shows the SMWSA members' projected total water demands (potable and non-potable), after conservation savings.

2.3 Adequacy of Water Rights/Existing Yields

As discussed previously, SMWSA members intend to substantially transition away from groundwater. In order to meet projected water demands, alternative renewable water supplies are needed.



Source: Draft 2010 Regional Water Supply Master Plan Update

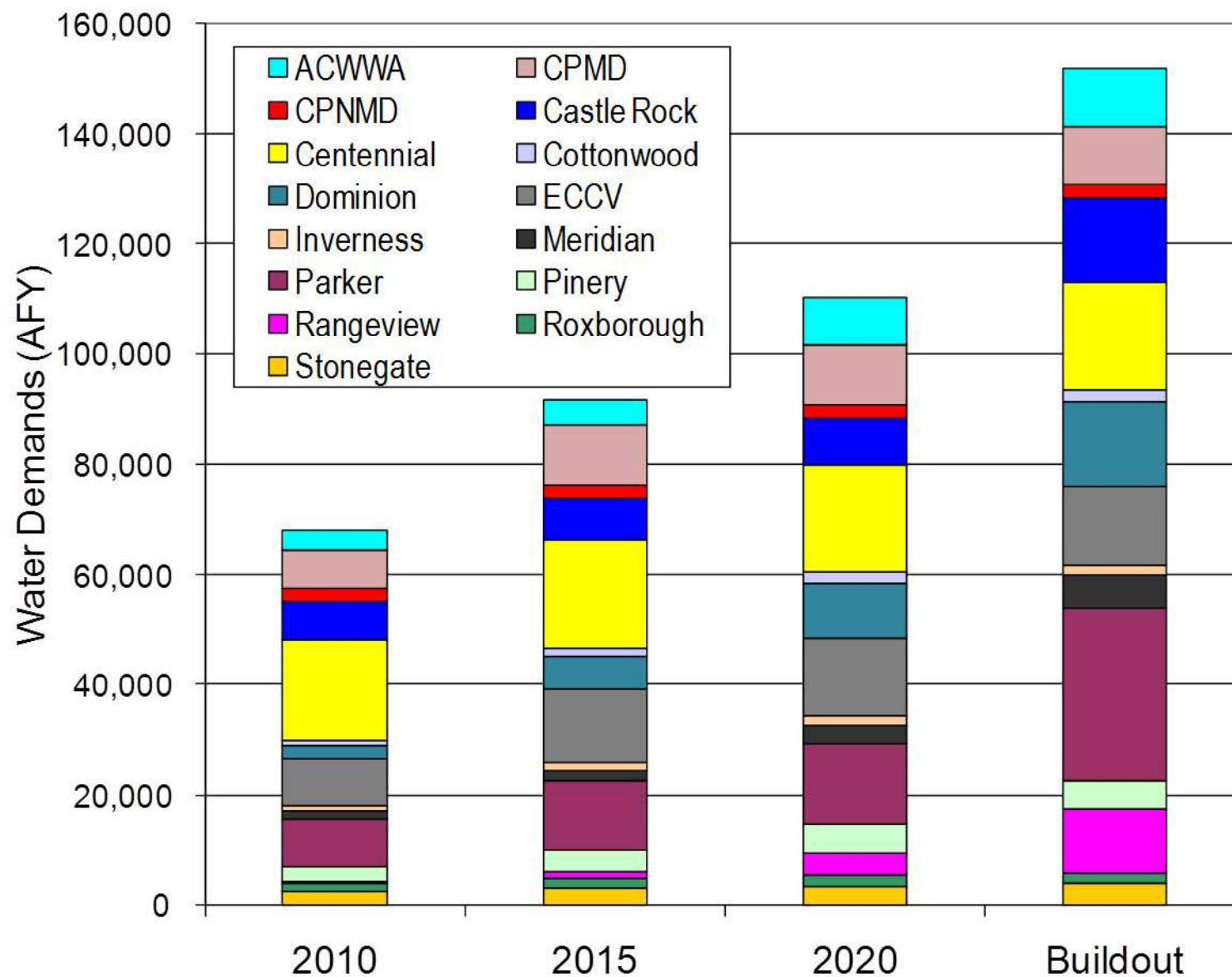
WISE Authority



CWCB Loan Feasibility Study

SMWSA Members' Projected Aggregated Supplies by Source

**Figure
4**



Source: Draft 2010 Regional Water Supply Master Plan Update

WISE Authority



CWCB Loan Feasibility Study

SMWSA Members' Projected Aggregated Demands

**Figure
5**

3.0 Alternatives Development and Analysis

The following section describes three alternatives that were considered in the development of this study.

3.1 Alternative 1 – No Action

Under this alternative, South Metro water providers would continue to primarily use groundwater to serve their customers. As discussed previously, these supplies do not have a natural source of replenishment and are considered non-renewable. Data indicate that groundwater levels are declining in many areas as a result of groundwater pumping. Therefore, the amount of energy required to extract the groundwater is higher, increasing the costs to deliver this supply. Based on these reasons, this alternative is considered irresponsible and was not evaluated further.

3.2 Alternative 2 – East Cherry Creek Valley Water and Sanitation District Northern Transmission System

The East Cherry Creek Valley (ECCV) Northern Transmission System consists of approximately 32 miles of 48-inch diameter steel pipeline capable of conveying 47 million gallons per day (mgd) of water from the Barr Lake area to the ECCV storage tanks at Smoky Hill Road and Highway E-470. The ECCV Northern Water Treatment Plant (WTP) is located at the northern end of the transmission system and will be ultimately be capable of treating 47 mgd at buildout.

ECCV indicated that approximately 8.0 mgd of firm capacity (available year round) could potentially be available to SMWSA members. ECCV also indicated that up to 29.0 mgd of variable capacity (not available year round) could potentially be available to SMWSA members.

Under this alternative, water from the Middle South Platte River, primarily consisting of transferred agricultural water, would be treated for SMWSA members at the ECCV Northern WTP. Treated water would then be conveyed to the ECCV storage tanks at Smoky Hill, and subsequently conveyed to SMWSA delivery locations through local infrastructure. Three local delivery infrastructure scenarios were developed for this alternative (Scenarios A, B, and C).

Table 2 shows the estimated capital and operation and maintenance (O&M) costs associated with this alternative (in 2008 dollars). The cost opinions that were developed did not include the following items: water rights, pipeline from water source to ECCV Northern WTP, local storage (if necessary), local retreatment (treating stored water for peak demands), or local distribution costs beyond the indicated storage/delivery points. These costs either carry significant uncertainties or are based on provider specific systems and decisions.

Table 2. Capital and O&M Cost Opinions for the ECCV Northern Transmission System Alternative

Scenario	Capital Cost Opinion (\$M)	Annual O&M Cost Opinion (\$M/year)
Scenario A	\$479	\$13.8
Scenario B	\$472	\$13.8
Scenario C	\$460	\$13.7

Since the ECCV northern pipeline is already in place, there will not be additional impacts to the man-made and natural environment. Furthermore, purchasing existing capacity will not require the myriad of permits needed for construction of a new pipeline, with the exception of the local delivery infrastructure. However, this alternative would require several water rights change cases for the transfer South Platte River agricultural supplies, which could take several years and may or may not be successful.

3.3 Alternative 3 – WISE Project

Under this alternative, Aurora Water would provide treated water to WISE participants during off-peak or non-drought periods when Aurora is not utilizing the full PWP capacity. In drought years, Denver Water will utilize the PWP system to access reusable return flows or other potentially available water in the Middle South Platte River. Water deliveries from the WISE partnership will be variable and at times intermittent. The potable water can be directly used in participants' distribution systems when demands for the water coincide with the availability of supplies. To the degree that deliveries exceed demand for the water (in any given month or day), that excess water can be put into storage for later withdrawal. Storage sites that may be utilized include RHR and ASR.

Water deliveries will be made to participants based on the amount defined in the Water Delivery Agreement. This defined volume is referred to as the subscription level, and is based on average annual water deliveries over a 10-year block of time in acre-feet per year. Table 3 lists the amount of water each WISE Authority member has committed to as part of the Water Delivery Agreement between Aurora Water, Denver Water and the WISE Authority.

The amount of renewable water each WISE Authority member seeks to obtain through the WISE project is a function of the member's own individual water supply planning, incorporating a broad set of influencing factors such as overall renewable supply goals, current or anticipated availability of other supply sources, anticipated growth in demand, and economic drivers.

Table 3. WISE Subscription Levels

WISE Authority Member	WISE Subscription Level (AFY)
Castle Rock	1,000
Centennial	1,000
Cottonwood	400
Dominion	1,325
Inverness	500
Meridian	300
Parker	1,200
Pinery	500
Rangeview	500
Stonegate	500
Total	7,225

Facilities associated with this alternative include a new pump station located at the BWPF. Water would be pumped generally west to a high point located near the intersection of Smoky Hill Road and Highway E-470. From this location, water would flow by gravity south and then west along the Highway E-470/C-470 corridor through an existing pipeline currently owned and operated by ECCV known as the ECCV Western Pipeline. Several turnouts would be constructed to deliver water directly to WISE participants with systems adjacent to this pipeline. A turnout and pump station would also be constructed near the intersection of Chambers Road and E-470 to deliver water to participants located south of the ECCV western pipeline. A pipeline would be constructed from the pump station south along the eastern side of Rueter-Hess Reservoir. A third booster pump station would be constructed to convey water to Participants and Partners located south of Rueter-Hess Reservoir. In total, this option includes three new pump stations, 45 miles of new pipelines varying between 8- and 42- inches in diameter, and 15 miles of existing pipe to be acquired from ECCV.

The pump station and pipeline from the Binney WPF to connect to the existing ECCV pipeline, as well as the existing ECCV Western Pipeline are considered core facilities. Core facilities are those downstream of the Binney WPF clearwell that are necessary for service to all or most of the participants. Core infrastructure costs are shared by all participants based on the participant's subscription level. Local facilities are those that are necessary for one or more participants to receive water from the ECCV pipeline turnout to each WISE Authority member. Local infrastructure costs are shared only by the participants that utilize the infrastructure, based on the participant's percent of the design flow used to size the infrastructure.

The estimated amount that each WISE Authority member is required to pay is shown in Table 4 and is based on:

- The amount of water each WISE Authority member has committed to taking.
- The amount of local infrastructure that must be constructed to deliver each member's WISE water.
- O&M costs include both fixed and variable (electricity) costs, as well a water rate charge of \$5.50 per 1,000 gallons.

Table 4. WISE Authority Participant Project Cost Share

WISE Authority Member	Capital Cost Share (\$M)	O&M Cost Share (\$/year)
Castle Rock	\$40.0	\$2,310,000
Centennial	\$9.1	\$1,872,000
Cottonwood	\$4.2	\$750,000
Dominion	\$43.7	\$2,755,000
Inverness	\$5.4	\$938,000
Meridian	\$2.8	\$562,000
Parker	\$13.4	\$2,252,000
Pinery	\$10.9	\$977,000
Rangeview	\$6.2	\$939,000
Stonegate	\$6.8	\$969,000
Total	\$142.5	\$14,324,000

Since the ECCV Western Pipeline is already in place there will not be additional impacts to the man-made and natural environment. Furthermore, purchasing existing capacity will not require the myriad of permits needed for construction of a new pipeline, with the exception of the local delivery infrastructure. Additionally, this alternative utilizes existing water rights and no court actions are required to allow the water to be used by the WISE Authority participants.

4.0 Selected Alternative

4.1 Detailed Project Description

The WISE project was selected as the preferred alternative. A map showing the proposed pipeline alignment and the delineation of core versus local infrastructure is shown on Figure 6. A description of each component is provided in Table 5.

Table 5. WISE Project Components

Component ID	Type	Description
E22	Core	Temporary connection to Aurora Water
E3	Core	ECCV pipeline, pump station modifications, groundwater treatment plant, and storage tank (WISE Authority portion)
E5	Local	ECCV to Cottonwood
E7	Local	ECCV to Meridian pipeline
E8	Local	ECCV to Inverness pipeline
E9	Local	ECCV to Centennial
E13P	Local	Pump station at Parker Water Treatment Plant (WTP)
E15	Local	Pipeline from Parker WTP pump station to Newlin Gulch pump station
E16P	Local	Newlin Gulch pump station
E16, E19, E20	Local	Pipeline from Newlin Gulch to Castle Rock
E12	Local	ECCV to Lincoln pipeline
E13	Local	Pipeline from Lincoln to Parker WTP pump station
E17	Local	Pipeline from Newlin Gulch to RHR
E2P	Core	Pump station at Binney WPF
E2	Core	Pipeline from Binney WPF to Smoky Hill pump station
E1	Local	Pipeline from Binney WPF to Rangeview
E14	Local	Pipeline from Parker WTP to Stonegate
E21	Local	Pipeline from Stonegate to Pinery
E11	Local	Pipeline to Dominion from ECCV or Crowfoot Valley
	Core	DIA Connection

All pipelines for this project have been sized to not exceed a velocity of five feet per second during the maximum flow condition. All pump stations have been sized to produce a minimum pressure of at least 10 pounds per square inch (psi) at the highest point downstream of the pump station. Pipelines, pump stations and connection facilities are predominately located within multi-use public rights-of-way. Detailed design of the facilities has not yet been completed, but typical pipeline trench cross sections are anticipated for the pipeline and standard horizontal or vertical centrifugal pumps are anticipated for the pump station.

4.2 Detailed Cost Estimate

Table 6 details the capital cost opinion for each component of the WISE project for the WISE Authority.

Table 6. WISE Project Capital Cost Opinion

ID	Component	Cost Opinion
E22	Temporary connection to Aurora Water	\$0.4
E3	ECCV pump station modifications, groundwater treatment plant, and storage tank (WISE Authority portion)	\$2.3
E5	ECCV to Cottonwood	\$0.6
E7	ECCV to Meridian pipeline	\$0.1
E8	ECCV to Inverness pipeline	\$0.7
E9	ECCV to Centennial	\$0.3
E13P	Pump station at Parker Water Treatment Plant (WTP)	\$3.7
E15	Pipeline from Parker WTP pump station to Newlin Gulch pump station	\$4.1
E16P	Newlin Gulch pump station	\$10.2
E16, E19, E20	Pipeline from Newlin Gulch to Castle Rock	\$10.7
E12	ECCV to Lincoln pipeline	\$2.9
E13	Pipeline from Lincoln to Parker WTP pump station	\$4.8
E17	Pipeline from Newlin Gulch to RHR	\$0.6
E2P	Pump station at Binney WPF	\$7.5
E2	Pipeline from Binney WPF to Smoky Hill pump station	\$8.3
E1	Pipeline from Binney WPF to Rangeview	\$1.3
E14	Pipeline from Parker WTP to Stonegate	\$0.6
E21	Pipeline from Stonegate to Pinery	\$2.9
E11	Pipeline to Dominion from ECCV or Crowfoot Valley	\$12.2
Subtotal		\$74.1
Engineering/Design (8%)		\$5.9
Permitting/Easements (2%)		\$1.5
Subtotal		\$81.5
Contingency (30%)		\$24.4
Total Construction Cost Opinion		\$105.9
ECCV pipeline acquisition (WISE Authority portion)		\$29.3
DIA Connection Fee		\$7.3
Total Capital Cost Opinion		\$142.5

4.3 Implementation Schedule

Figure 7 shows the anticipated implementation schedule. All facilities are scheduled to be constructed by mid-2020. Major milestones to note include:

- All agreements will be finalized by the end of 2013.
- Design of the infrastructure required to make initial connections to all of the WISE Authority participants will begin in 2014. Construction of these components will begin in 2015 and will be completed mid-2016.
- Design of the Chambers reach infrastructure will begin in 2016. These components will be constructed in 2017.
- Design of the permanent infrastructure to bypass Aurora Water's distribution system as well as the long-term connections will begin in 2018. Construction of these components will begin in 2019 and will be completed mid-2020.

4.4 Institutional Considerations

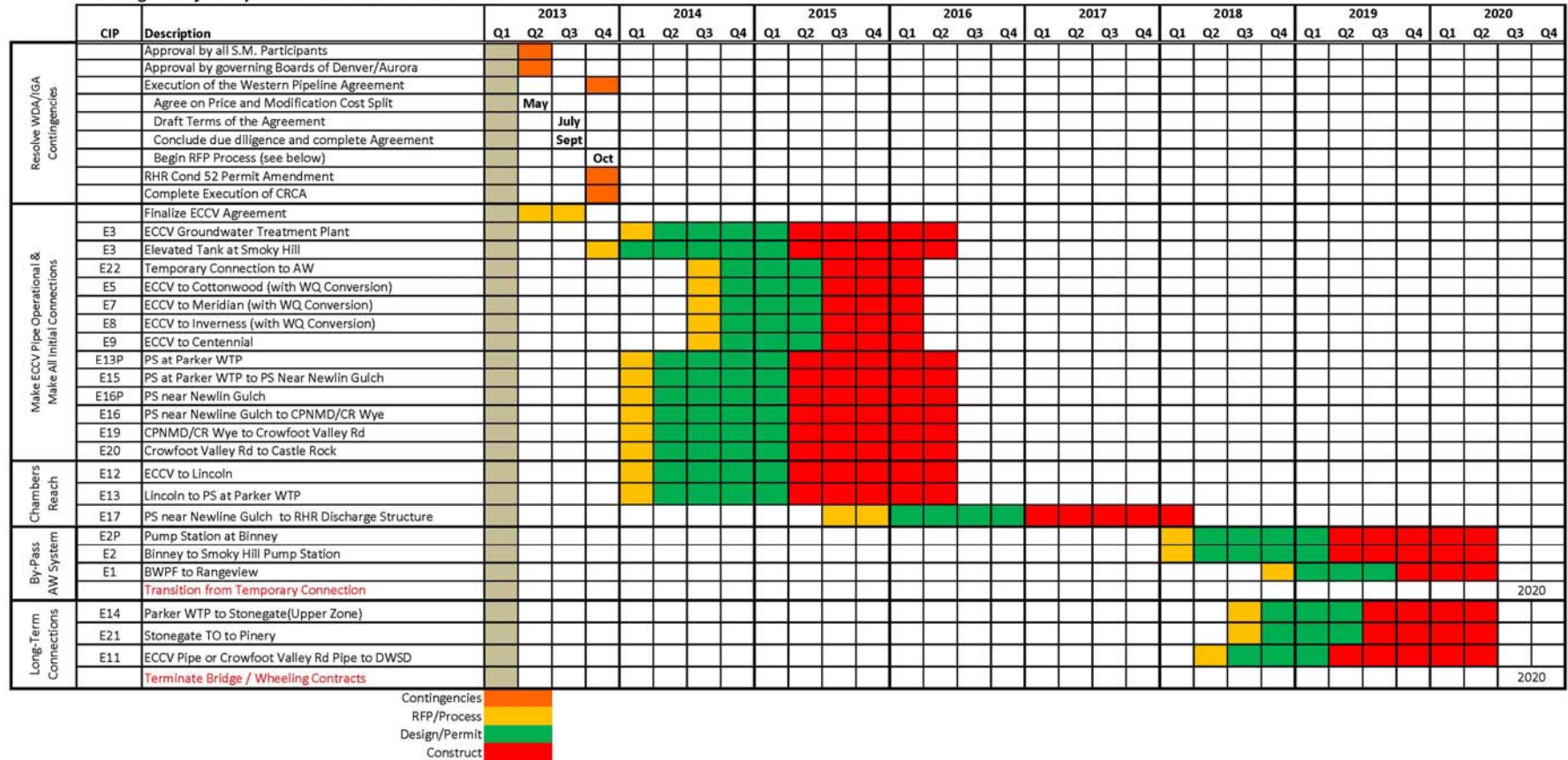
There are four agreements that play an important role in enabling the WISE partnership, as described below:

- **Aurora Water – Denver Water Operational Agreement.** This agreement outlines the terms under which Aurora Water and Denver Water will cooperate in delivering water to the WISE Authority and the terms under which Denver Water can take deliveries.
- **WISE Water Delivery Agreement (WDA).** This is the overarching agreement that defines the terms under which deliveries of potable water to WISE Authority members are made by Aurora Water and Denver Water using available capacity in Aurora Water's PWP system. The signatories to this agreement are Aurora Water, Denver Water, and the WISE Authority.
- **WISE Authority Intergovernmental Agreement (IGA).** Individual entities of the WISE Authority are not signatories to the WISE Water Delivery Agreement. Therefore, the WISE Authority IGA binds them to the terms of the WDA, creates the WISE Authority, and defines each participant's responsibilities to the WISE Authority and other participants.
- **Colorado River Cooperative Agreement (CRCA).** The CRCA is the product of years of negotiations that involved parties stretching from Grand Junction to the Denver metro area. The agreement outlines a path of cooperation and collaboration in managing the state's water resources and became effective on September 26, 2013.

4.5 Impact Mitigation

The following is a description of potential environmental impacts that have been considered during the development of the WISE project. These impacts are negligible and therefore, no mitigation is proposed.

Phasing of Projects by Critical Path Items: Version 8-1-13



Source: Black & Veatch

WISE Authority



CWCB Loan Feasibility Study

WISE Project Implementation Schedule

**Figure
7**

- **Water quality.** WISE water will first be treated by Aurora Water’s Binney WPF and will not degrade the water quality in existing storage reservoirs or ASR facilities.
- **South Platte River stream flows.** The reusable water supplies that Aurora Water and Denver Water will provide to WISE are either foreign to the South Platte River basin (imported from another basin) or can be fully consumed (i.e. non-tributary groundwater and the fully consumable component of transferred agricultural water rights). These supplies will continue to increase as the Denver metropolitan area population grows. Therefore, the changes in flows in the reach of interest for the South Platte River associated with WISE water are estimated to have no effect to temporary minor effects on the aquatic environment.
- **Waters of the U.S.** The primary concern is conveyance infrastructure that will need to be constructed from Aurora Water’s Binney WPF system each of the participant’s systems. Pipeline crossings of waters of the U.S. and wetlands subject to the Corps’ jurisdiction will be identified during design, and the discharge of dredge and fill material into jurisdictional waters and wetlands will be avoided by rerouting pipelines, boring, or tunneling under the jurisdictional drainage or wetland.
- **Endangered species.** The proposed conveyance for WISE would cross drainages in Douglas County that have been mapped by Douglas County, with concurrence from the U.S. Fish and Wildlife Service, as habitat for the federally-threatened Preble’s meadow jumping mouse (Preble’s). Some of this habitat has also been designated by the Service as critical habitat. The WISE participants will avoid adverse impacts to Preble’s habitat by tunneling or boring under all mapped Preble’s habitat. Tunneling under drainages, wetlands and Preble’s habitat will also avoid adversely affecting two federally-threatened plant species that may occur in Douglas County, the Colorado butterfly plant and Ute ladies’-tresses orchid.

The WISE participants are currently coordinating with the U.S. Army Corps of Engineers (Corps) and the Service on Endangered Species Act (ESA) compliance for WISE water that will be stored in RHR. The Corps is consulting with the Service on depletions to the Platte River and associated effects on federally-listed species and their designated critical habitat in Nebraska. The Corps will conduct a biological assessment and the Service will issue a biological opinion.

4.6 Financial Plan

A financial plan for each entity is provided as an attachment and includes the following information:

- Funding sources
- Financial impacts
- Revenue and expenditure projections
- TABOR issues
- Collateral
- Sponsor creditworthiness

Land Use

Map 1.1




Comprehensive Master Plan 2030

May 12th, 2008

COMPREHENSIVE MASTER PLAN AREAS

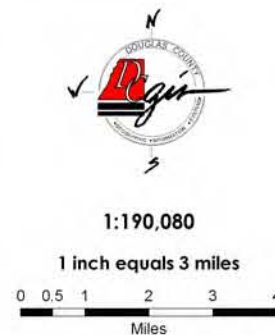
-  CHATFIELD URBAN AREA
-  PRIMARY URBAN AREA (PUA)
-  RURAL COMMUNITIES
-  SEPARATED URBAN AREA (SUA)
-  NON-DOUGLAS COUNTY BASED MUNICIPALITIES
-  NON-URBAN AREA

MUNICIPAL PLANNING AREAS

- | | |
|---|---|
|  | MUNICIPAL PLANNING AREA (INCORPORATED) |
|  | MUNICIPAL PLANNING AREA (UNINCORPORATED) |
|  | CASTLE ROCK IGA BOUNDARY & BUFFER AREA |
|  | PARKER IGA BOUNDARY & BUFFER AREA |
|  | MUNICIPAL PLANNING AREA INCLUSIVE OF COUNTY PUA |

SIGNIFICANT OPEN SPACE & PARKS

-  OPEN SPACE
 COUNTY OPEN SPACE WITHIN INCORPORATED AREAS
 PIKE NATIONAL FOREST
 PARKS

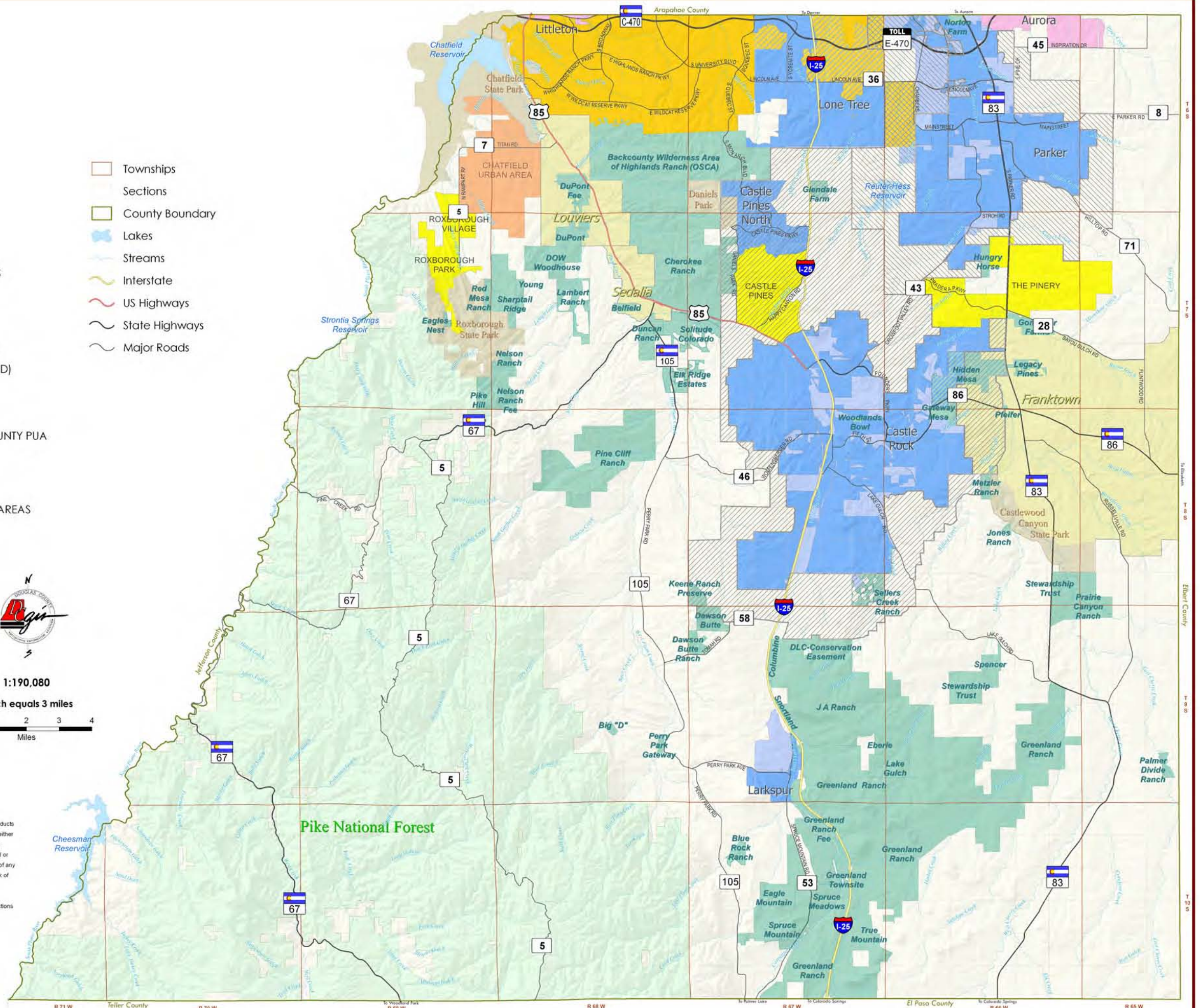


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Douglas County GIS Division
Philip S. Miller Bldg., 100 Third St.
Castle Rock, Colorado 80104



WATER INFRASTRUCTURE AND SUPPLY EFFICIENCY PROJECT

Loan Feasibility Study

Supplemental Information

B&V PROJECT NO. 176888

PREPARED FOR

Colorado Water Conservation Board on Behalf
of the WISE Authority

14 MARCH 2014



Expected Project Yield

The Water Delivery Agreement (WDA) with Denver Water and Aurora Water allows for variable deliveries every year based on hydrology conditions. However, the WDA also guarantees that each participant will receive a minimum amount of water over any 10-year period. This guaranteed delivery amount is listed in Supplement Table 1, along with the corresponding average annual average yield (1/10th of the 10-year guaranteed delivery).

Supplement Table 1. Expected WISE Project Yield

WISE Authority Member	10-Year Guaranteed Delivery (AF)	Average Annual Delivery (AFY)
Castle Rock	10,000	1,000
Centennial	10,000	1,000
Cottonwood	4,000	400
Dominion	13,250	1,325
Inverness	5,000	500
Meridian	3,000	300
Parker	12,000	1,200
Pinery	5,000	500
Rangeview	5,000	500
Stonegate	5,000	500
Total	72,250	7,225

Detailed Project Cost Breakdown by Participant

The estimated amount that each WISE Authority member is required to pay for each project component is shown in Supplement Table 2 and is based on:

- The amount of water each WISE Authority member has committed to taking.
- The amount of local infrastructure that must be constructed to deliver each member's WISE water.

Supplemental Table 2 – WISE Project Capital Cost Opinion by Participant (\$Millions)

Component ID	Castle Rock	Centennial	Cottonwood	Dominion	Inverness	Meridian	Parker	Pinery	Rangeview	Stonegate
E22	0.05	0.05	0.02	0.06	0.02	0.01	0.06	0.02	0.02	0.02
E3	0.32	0.32	0.13	0.43	0.16	0.10	0.39	0.16	0.16	0.16
E5	0.00	0.00	0.53	0.00	0.00	0.00	0.00	0.00	0.00	0.00
E7	0.00	0.00	0.00	0.00	0.00	0.12	0.00	0.00	0.00	0.00
E8	0.00	0.00	0.00	0.00	0.73	0.00	0.00	0.00	0.00	0.00
E9	0.00	0.26	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
E13P	1.11	0.00	0.00	1.47	0.00	0.00	0.00	0.55	0.00	0.55
E15	1.77	0.00	0.00	2.35	0.00	0.00	0.00	0.00	0.00	0.00
E16P	8.16	0.00	0.00	2.06	0.00	0.00	0.00	0.00	0.00	0.00
E16, E19, E20	8.56	0.00	0.00	2.16	0.00	0.00	0.00	0.00	0.00	0.00
E12	0.66	0.00	0.00	0.87	0.00	0.00	0.79	0.33	0.00	0.33
E13	1.05	0.00	0.00	1.39	0.00	0.00	1.26	0.52	0.00	0.52
E17	0.55	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
E2P	1.04	1.04	0.41	1.37	0.52	0.31	1.24	0.52	0.52	0.52
E2	1.16	1.16	0.46	1.53	0.58	0.35	1.39	0.58	0.58	0.58
E1	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.28	0.00
E14	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.33	0.00	0.33
E21	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2.86	0.00	0.00
E11	0.00	0.00	0.00	12.19	0.00	0.00	0.00	0.00	0.00	0.00
Subtotal	24.43	2.83	1.55	25.88	2.01	0.89	5.13	5.87	2.56	3.01
Engineering/Design (8%)	1.95	0.23	0.12	2.07	0.16	0.07	0.41	0.47	0.20	0.24
Permitting/Easements (2%)	0.49	0.06	0.03	0.52	0.04	0.02	0.10	0.12	0.05	0.06
Subtotal	26.87	3.11	1.71	28.47	2.21	0.98	5.64	6.46	2.82	3.31
Contingency (30%)	8.06	0.93	0.51	8.54	0.66	0.29	1.69	1.94	0.84	0.99
Total Construction Cost	34.93	4.05	2.22	37.01	2.87	1.27	7.34	8.39	3.66	4.30
ECCV pipeline acquisition (WISE Authority portion)	4.06	4.06	1.62	5.37	2.03	1.22	4.87	2.03	2.03	2.03
DIA Connection Fee	1.00	1.00	0.40	1.33	0.50	0.30	1.21	0.50	0.50	0.50
Total Capital Cost Opinion	40.0	9.1	4.2	43.7	5.4	2.8	13.4	10.9	6.2	6.8

PWSD
Long-Term Obligations
12/31/2013

12/31/2013

	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2014	\$ 5,216,743	\$ 8,875,930	\$ 14,092,673
2015	5,509,635	8,659,554	14,169,189
2016	5,624,557	8,456,990	14,081,547
2017	5,954,383	8,229,588	14,183,972
2018	6,109,996	8,002,915	14,112,910
2019-2023	32,947,573	35,797,263	68,744,836
2024-2028	35,036,092	29,314,965	64,351,057
2029-2033	43,125,000	20,810,733	63,935,733
2034-2038	31,820,000	9,927,935	41,747,935
2039-2043	24,150,000	3,740,000	27,890,000
	<u>\$ 195,493,978</u>	<u>\$ 141,815,873</u>	<u>\$ 337,309,851</u>

12/31/2012

	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2013	\$ 4,949,726	\$ 7,734,237	\$ 12,683,963
2014	5,216,743	9,107,967	14,324,709
2015	5,509,635	8,891,253	14,400,887
2016	5,624,557	8,689,134	14,313,691
2017	5,954,383	8,456,942	14,411,325
2018-2022	32,838,296	38,376,722	71,215,019
2023-2027	33,645,364	31,309,407	64,954,771
2028-2032	41,380,000	22,714,195	64,094,195
2033-2037	37,015,000	11,856,040	48,871,040
2038-2042	23,000,000	4,890,000	27,890,000
2043	5,310,000	265,500	5,575,500
	<u>\$ 200,443,704</u>	<u>\$ 152,291,396</u>	<u>\$ 352,735,100</u>

12/31/2011

	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2012	\$ 4,572,208	\$ 10,736,523	\$ 15,308,731
2013	4,766,869	10,551,656	15,318,525
2014	5,022,382	10,342,379	15,364,761
2015	5,324,828	10,110,130	15,434,958
2016	5,485,409	9,863,568	15,348,977
2017-2021	32,095,893	45,067,639	77,163,532
2022-2026	33,438,595	37,336,936	70,775,530
2027-2031	40,696,927	28,369,049	69,065,976
2032-2036	43,480,000	16,219,343	59,699,343
2037-2041	24,435,000	7,041,825	31,476,825
2042-2043	11,665,000	926,363	12,591,363
	<u>\$ 210,983,111</u>	<u>\$ 186,565,411</u>	<u>\$ 397,548,522</u>

CWCB LOAN COMPUTED AS \$2,800,250 FOR 20 YEARS. FIRST PAYMENT IN 2010

12/31/2010

	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2011	\$ 4,372,655	\$ 10,474,446	\$ 14,847,102
2012	4,572,208	10,736,523	15,308,731
2013	4,766,869	10,551,656	15,318,525
2014	5,022,382	10,342,379	15,364,761
2015	5,324,828	10,110,130	15,434,958
2016-2020	30,621,924	46,544,898	77,166,822
2021-2025	33,207,633	38,876,669	72,084,301

2026-2030	39,052,267	30,395,654	69,447,921
2031-2035	48,135,000	18,924,615	67,059,615
2036-2040	23,215,000	8,260,613	31,475,613
2041-2043	17,065,000	1,822,275	18,887,275
	<u>\$ 215,355,766</u>	<u>\$ 197,039,857</u>	<u>\$ 412,395,624</u>

12/31/2009

	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2010	\$ 3,825,697	\$ 7,601,441	\$ 11,427,138
2011	3,987,791	7,446,104	11,433,895
2012	4,170,024	7,259,842	11,429,866
2013	4,346,588	7,093,073	11,439,661
2014	4,583,188	6,902,709	11,485,896
2015-2019	26,750,641	31,042,099	57,792,740
2020-2024	28,992,222	24,132,677	53,124,899
2025-2029	17,351,302	18,396,015	35,747,317
2030-2034	17,150,000	14,335,688	31,485,688
2035-2039	22,055,000	9,418,500	31,473,500
2040-2043	22,195,000	2,987,513	25,182,513
	<u>\$ 155,407,453</u>	<u>\$ 136,615,659</u>	<u>\$ 292,023,112</u>

12/31/2008

	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2009	\$ 3,695,339	\$ 7,627,273	\$ 11,322,612
2010	3,829,714	7,480,325	11,310,039
2011	3,991,988	7,324,617	11,316,606
2012	4,174,411	7,137,969	11,312,380
2013	4,351,171	6,970,797	11,321,968
2014-2018	25,391,030	31,626,654	57,017,684
2019-2023	29,597,587	24,888,959	54,486,546
2023-2028	19,626,138	19,044,506	38,670,644
2029-2033	16,320,000	15,164,525	31,484,525
2034-2038	20,960,000	10,514,175	31,474,175
2039-2043	27,070,000	4,408,688	31,478,688
	<u>\$ 159,007,378</u>	<u>\$ 142,188,487</u>	<u>\$ 301,195,866</u>

12/31/2007

	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2008	\$ 3,550,170	\$ 7,771,814	\$ 11,321,984
2009	3,699,356	7,623,075	11,322,431
2010	3,833,911	7,475,939	11,309,850
2011	3,996,375	7,320,033	11,316,409
2012	4,178,994	7,133,179	11,312,173
2013-2017	24,203,580	32,724,682	56,928,262
2018-2022	29,991,644	26,325,040	56,316,684
2023-2027	21,860,410	19,890,970	41,751,380
2028-2032	15,535,000	15,949,619	31,484,619
2033-2037	19,925,000	11,551,019	31,476,019
2038-2042	25,720,000	5,758,988	31,478,988
2043	5,980,000	313,950	6,293,950
	<u>\$ 162,474,440</u>	<u>\$ 149,838,306</u>	<u>\$ 312,312,747</u>

12/31/2006

	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2007	\$3,357,468	\$8,033,885	\$11,391,353
2008	\$3,554,182	\$7,884,716	\$11,438,898
2009	\$3,703,550	\$7,623,075	\$11,326,625
2010	\$3,838,291	\$7,475,939	\$11,314,230
2011	\$4,000,952	\$7,320,033	\$11,320,985

2012-2016	\$23,043,838	\$33,770,370	\$56,814,208
2017-2021	\$29,449,000	\$27,756,878	\$57,205,878
2022-2026	\$24,958,619	\$20,926,686	\$45,885,305
2027-2031	\$14,790,000	\$16,693,188	\$31,483,188
2032-2036	\$18,945,000	\$12,532,138	\$31,477,138
2037-2041	\$24,435,000	\$7,041,825	\$31,476,825
2042-2043	\$11,665,000	\$926,363	\$12,591,363
	<u>\$165,740,901</u>	<u>\$157,985,096</u>	<u>\$323,725,997</u>

**PARKER WATER AND SANITATION DISTRICT
PRINCIPAL PAYMENTS BY YEAR**

	REV BOND	REV BOND	REV BOND	REV BOND	REV BOND	REV BOND	REV BOND
	\$5,445,000	\$600,000	\$1,665,000	\$4,925,000	\$3,065,000	\$13,365,000	\$11,385,000
	SERIES 98	CWRPDA 94	CWRPDA 94	CWRPDA 97	CWRPDA 97	CWRPDA 00	CWRPDA 00
YEAR	FGIC	Small Water	Sewer	Small Water	Sewer	Small Water	SRF Sewer
2013	-	45,834	117,722	312,500	192,136	472,500	630,462
2014	-	41,667	128,424	328,333	197,473	544,166	656,952
2015	-	-	-	348,333	202,810	834,166	683,442
2016	-	-	-	368,334	213,484	1,455,833	715,230
2017	-	-	-	320,833	234,832	1,699,166	741,720
2018	-	-	-	-	-	2,292,500	773,508
2019	-	-	-	-	-	2,004,167	815,892
2020	-	-	-	-	-	-	884,766
2021	-	-	-	-	-	-	-
2022	-	-	-	-	-	-	-
2023	-	-	-	-	-	-	-
2024	-	-	-	-	-	-	-
2025	-	-	-	-	-	-	-
2026	-	-	-	-	-	-	-
2027	-	-	-	-	-	-	-
2028	-	-	-	-	-	-	-
2029	-	-	-	-	-	-	-
2030	-	-	-	-	-	-	-
2031	-	-	-	-	-	-	-
2032	-	-	-	-	-	-	-
2033	-	-	-	-	-	-	-
2034	-	-	-	-	-	-	-
2035	-	-	-	-	-	-	-
2036	-	-	-	-	-	-	-
2037	-	-	-	-	-	-	-
2038	-	-	-	-	-	-	-
2039	-	-	-	-	-	-	-
2040	-	-	-	-	-	-	-
2041	-	-	-	-	-	-	-
2042	-	-	-	-	-	-	-
2043	-	-	-	-	-	-	-
Total	-	41,667	128,424	1,365,833	848,599	8,829,997	5,271,510

REV BOND	REV BOND	REV BOND	REV BOND	REV BOND	GEN OBLIG	REV BOND
\$4,580,000	\$1,740,000	\$10,055,000	\$1,112,000	\$15,000,000		
CWRPDA 01	SERIES 01	CWRPDA 02	\$14,000,000	ESTIMATED	\$105,000,000	\$51,485,000
SRF Sewer	FGIC	Small Water	CWRPDA 02	CWCB 02	CWRPDA 04	CWRPDA 10
			Sewer	SERIES	SERIES	Water
246,744	-	-	276,828	-	1,370,000	-
257,472	-	-	282,256	-	1,440,000	-
268,200	-	-	287,684	-	-	-
273,564	-	-	293,112	-	-	-
284,292	-	-	298,540	-	-	-
295,020	-	-	303,968	-	-	-
305,748	-	-	309,396	-	-	-
327,204	-	-	320,252	-	-	-
348,660	-	-	325,680	-	-	-
-	-	-	336,536	-	-	-
-	-	-	2,844,272	-	-	470,000
-	-	-	2,914,836	-	-	490,000
-	-	-	2,996,256	-	-	505,000
-	-	-	-	-	-	3,715,000
-	-	-	-	-	-	3,835,000
-	-	-	-	-	-	3,970,000
-	-	-	-	-	-	4,115,000
-	-	-	-	-	-	4,270,000
-	-	-	-	-	-	5,580,000
-	-	-	-	-	-	5,790,000
-	-	-	-	-	-	6,015,000
-	-	-	-	-	-	6,245,000
-	-	-	-	-	-	6,485,000
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
2,360,160	-	-	11,512,788	-	1,440,000	51,485,000

REV BOND	GEN OBLIG		
\$23,215,000	\$90,550,000		
'12 Rev Refund	'12 Refunding		
Water	SERIES	TOTAL	
1,085,000	200,000	4,949,726	Principal Pd in 2013
1,100,000	240,000	5,216,743	
1,140,000	1,745,000	5,509,635	
510,000	1,795,000	5,624,557	
525,000	1,850,000	5,954,383	
535,000	1,910,000	6,109,996	
785,000	1,980,000	6,200,203	
2,925,000	2,060,000	6,517,222	
4,040,000	2,135,000	6,849,340	
4,610,000	2,215,000	7,161,536	
605,000	2,300,000	6,219,272	32,947,573
635,000	2,390,000	6,429,836	
665,000	2,485,000	6,651,256	
700,000	2,615,000	7,030,000	
735,000	2,745,000	7,315,000	
760,000	2,880,000	7,610,000	35,036,092
780,000	2,970,000	7,865,000	
810,000	3,060,000	8,140,000	
-	3,150,000	8,730,000	
-	3,245,000	9,035,000	
-	3,340,000	9,355,000	43,125,000
-	3,490,000	9,735,000	
-	3,645,000	10,130,000	
-	3,810,000	3,810,000	
-	3,985,000	3,985,000	
-	4,160,000	4,160,000	31,820,000
-	4,370,000	4,370,000	
-	4,590,000	4,590,000	
-	4,820,000	4,820,000	
-	5,060,000	5,060,000	
-	5,310,000	5,310,000	24,150,000
21,860,000	90,350,000	195,493,978	

**PARKER WATER AND SANITATION DISTRICT
INTEREST PORTION OF DEBT SERVICE**

	REV BOND	REV BOND	REV BOND	REV BOND	REV BOND	REV BOND
	\$600,000	\$1,665,000	\$4,925,000	\$3,065,000	\$13,365,000	\$11,385,000
	CWRPDA 94	CWRPDA 94	CWRPDA 97	CWRPDA 97	CWRPDA 00	CWRPDA 00
YEAR	Small Water	Sewer	Small Water	Sewer	Small Water	SRF Sewer
2014	1,674	7,128	56,048	50,768	435,768	283,485
2015			37,950	40,423	403,069	250,780
2016			18,719	32,776	356,668	222,871
2017				15,071	273,292	194,278
2018					177,750	165,400
2019					56,459	118,799
2020						52,313
2021						
2022						
2023						
2024						
2025						
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2041						
2042						
2043						
Total	1,674	7,128	112,717	139,038	1,703,006	1,287,927

REV BOND	REV BOND	GEN OBLIG	REV BOND	REV BOND	GEN OBLIG
\$4,580,000	\$1,112,000				
CWRPDA 01	\$14,000,000	\$105,000,000	\$51,485,000	\$23,215,000	\$90,550,000
SRF Sewer	CWRPDA 02	CWRPDA 04	CWRPDA 10	'12 Rev Refund	'12 Refunding
	Sewer	SERIES	Water	Water	SERIES
108,966	181,930	57,600	2,940,995	914,294	3,837,275
96,248	176,320	-	2,940,995	881,294	3,832,475
87,932	169,810	-	2,940,995	847,094	3,780,125
79,458	168,425	-	2,940,995	831,794	3,726,275
65,636	161,065	-	2,940,995	821,294	3,670,775
56,146	153,705	-	2,940,995	799,894	3,594,375
36,554	148,360	-	2,940,995	776,344	3,515,175
16,296	135,875	-	2,940,995	630,094	3,442,775
	130,530	-	2,940,995	436,094	3,363,500
	123,707	-	2,940,995	228,644	3,276,650
	31,225	-	2,919,610	198,394	3,184,650
	-	-	2,896,335	166,644	3,089,050
		-	2,871,338	133,394	2,964,800
		-	2,680,015	98,394	2,834,050
		-	2,474,843	75,425	2,696,800
		-	2,250,538	51,675	2,610,400
		-	2,018,040	26,325	2,521,300
		-	1,776,785	-	2,429,500
		-	1,447,565		2,335,000
		-	1,105,955		2,237,650
		-	751,070		2,087,350
		-	382,615		1,930,300
		-	-		1,766,275
		-	-		1,594,825
		-	-		1,415,500
		-	-		1,207,500
		-	-		989,000
		-	-		759,500
		-	-		518,500
		-	-		265,500
547,236	1,580,952	57,600	52,984,658	7,917,088	75,476,850

TOTAL

8,875,930	
8,659,554	
8,456,990	
8,229,588	
8,002,915	
7,720,373	
7,469,740	
7,166,035	
6,871,119	
6,569,996	35,797,263
6,333,879	
6,152,029	
5,969,531	
5,612,459	
5,247,068	29,314,965
4,912,613	
4,565,665	
4,206,285	
3,782,565	
3,343,605	20,810,733
2,838,420	
2,312,915	
1,766,275	
1,594,825	
1,415,500	9,927,935
1,207,500	
989,000	
759,500	
518,500	
265,500	3,740,000
141,815,873	

**PARKER WATER AND SANITATION DISTRICT
PRINCIPAL PAYMENTS BY YEAR**

	REV BOND	REV BOND	REV BOND	REV BOND	REV BOND	REV BOND	REV BOND
	\$5,445,000	\$600,000	\$1,665,000	\$4,925,000	\$3,065,000	\$13,365,000	\$11,385,000
	SERIES 98	CWRPDA 94	CWRPDA 94	CWRPDA 97	CWRPDA 97	CWRPDA 00	CWRPDA 00
YEAR	FGIC	Small Water	Sewer	Small Water	Sewer	Small Water	SRF Sewer
2012	1,870,000	40,833	112,371	297,500	181,461	448,334	609,270
2013	-	45,834	117,722	312,500	192,136	472,500	630,462
2014	-	41,667	128,424	328,333	197,473	544,166	656,952
2015	-	-	-	348,333	202,810	834,166	683,442
2016	-	-	-	368,334	213,484	1,455,833	715,230
2017	-	-	-	320,833	234,832	1,699,166	741,720
2018	-	-	-	-	-	2,292,500	773,508
2019	-	-	-	-	-	2,004,167	815,892
2020	-	-	-	-	-	-	884,766
2021	-	-	-	-	-	-	-
2022	-	-	-	-	-	-	-
2023	-	-	-	-	-	-	-
2024	-	-	-	-	-	-	-
2025	-	-	-	-	-	-	-
2026	-	-	-	-	-	-	-
2027	-	-	-	-	-	-	-
2028	-	-	-	-	-	-	-
2029	-	-	-	-	-	-	-
2030	-	-	-	-	-	-	-
2031	-	-	-	-	-	-	-
2032	-	-	-	-	-	-	-
2033	-	-	-	-	-	-	-
2034	-	-	-	-	-	-	-
2035	-	-	-	-	-	-	-
2036	-	-	-	-	-	-	-
2037	-	-	-	-	-	-	-
2038	-	-	-	-	-	-	-
2039	-	-	-	-	-	-	-
2040	-	-	-	-	-	-	-
2041	-	-	-	-	-	-	-
2042	-	-	-	-	-	-	-
2043	-	-	-	-	-	-	-
Total	-	87,501	246,146	1,678,333	1,040,735	9,302,497	5,901,972

REV BOND	REV BOND	REV BOND	REV BOND	REV BOND	GEN OBLIG	REV BOND
\$4,580,000	\$1,740,000	\$10,055,000	\$1,112,000	\$15,000,000		
CWRPDA 01	SERIES 01	CWRPDA 02	CWRPDA 02	ESTIMATED	\$105,000,000	\$51,485,000
SRF Sewer	FGIC	Small Water	Sewer	CWCB 02	CWRPDA 04	CWRPDA 10
SERIES				SERIES	SERIES	Water
241,380	495,000	10,055,000	271,400	14,521,858	94,890,000	-
246,744	-	-	276,828	-	1,370,000	-
257,472	-	-	282,256	-	1,440,000	-
268,200	-	-	287,684	-	-	-
273,564	-	-	293,112	-	-	-
284,292	-	-	298,540	-	-	-
295,020	-	-	303,968	-	-	-
305,748	-	-	309,396	-	-	-
327,204	-	-	320,252	-	-	-
348,660	-	-	325,680	-	-	-
-	-	-	336,536	-	-	-
-	-	-	2,844,272	-	-	470,000
-	-	-	2,914,836	-	-	490,000
-	-	-	2,996,256	-	-	505,000
-	-	-	-	-	-	3,715,000
-	-	-	-	-	-	3,835,000
-	-	-	-	-	-	3,970,000
-	-	-	-	-	-	4,115,000
-	-	-	-	-	-	4,270,000
-	-	-	-	-	-	5,580,000
-	-	-	-	-	-	5,790,000
-	-	-	-	-	-	6,015,000
-	-	-	-	-	-	6,245,000
-	-	-	-	-	-	6,485,000
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
2,606,904	-	-	11,789,616	-	2,810,000	51,485,000

REV BOND	GEN OBLIG	TOTAL	
\$23,215,000	\$90,550,000	INCLUDES	
'12 Rev Refund	'12 Refunding	CWCB	
Water	SERIES	ESTIMATED	
270,000	-	124,304,407	Principal Pd in 2012
1,085,000	200,000	4,949,726	
1,100,000	240,000	5,216,743	
1,140,000	1,745,000	5,509,635	
510,000	1,795,000	5,624,557	
525,000	1,850,000	5,954,383	
535,000	1,910,000	6,109,996	
785,000	1,980,000	6,200,203	
2,925,000	2,060,000	6,517,222	
4,040,000	2,135,000	6,849,340	
4,610,000	2,215,000	7,161,536	32,838,296
605,000	2,300,000	6,219,272	
635,000	2,390,000	6,429,836	
665,000	2,485,000	6,651,256	
700,000	2,615,000	7,030,000	
735,000	2,745,000	7,315,000	33,645,364
760,000	2,880,000	7,610,000	
780,000	2,970,000	7,865,000	
810,000	3,060,000	8,140,000	
-	3,150,000	8,730,000	
-	3,245,000	9,035,000	41,380,000
-	3,340,000	9,355,000	
-	3,490,000	9,735,000	
-	3,645,000	10,130,000	
-	3,810,000	3,810,000	
-	3,985,000	3,985,000	37,015,000
-	4,160,000	4,160,000	
-	4,370,000	4,370,000	
-	4,590,000	4,590,000	
-	4,820,000	4,820,000	
-	5,060,000	5,060,000	23,000,000
-	5,310,000	5,310,000	5,310,000
22,945,000	90,550,000	200,443,704	

122,110,834
78,332,871

**PARKER WATER AND SANITATION DISTRICT
INTEREST PORTION OF DEBT SERVICE**

	REV BOND	REV BOND	REV BOND	REV BOND	REV BOND	REV BOND
	\$600,000	\$1,665,000	\$4,925,000	\$3,065,000	\$13,365,000	\$11,385,000
	CWRPDA 94	CWRPDA 94	CWRPDA 97	CWRPDA 97	CWRPDA 00	CWRPDA 00
YEAR	Small Water	Sewer	Small Water	Sewer	Small Water	SRF Sewer
2013	3,405	14,295	73,060	56,550	460,635	304,860
2014	1,674	7,128	56,048	50,768	435,768	283,485
2015			37,950	40,423	403,069	250,780
2016			18,719	32,776	356,668	222,871
2017				15,071	273,292	194,278
2018					177,750	165,400
2019					56,459	118,799
2020						52,313
2021						
2022						
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2042						
2043						
Total	5,079	21,423	185,777	195,588	2,163,641	1,592,787

REV BOND	REV BOND	GEN OBLIG	REV BOND	REV BOND	GEN OBLIG
\$4,580,000	\$1,112,000				
CWRPDA 01	\$14,000,000	\$105,000,000	\$51,485,000	\$23,215,000	\$90,550,000
SRF Sewer	CWRPDA 02	CWRPDA 04	CWRPDA 10	'12 Rev Refund	'12 Refunding
	Clean Water	SERIES	Water	Water	SERIES
116,392	418,526	126,100	2,940,995	935,994	2,283,425
108,966	413,966	57,600	2,940,995	914,294	3,837,275
96,248	408,018	-	2,940,995	881,294	3,832,475
87,932	401,954	-	2,940,995	847,094	3,780,125
79,458	395,778	-	2,940,995	831,794	3,726,275
65,636	389,486	-	2,940,995	821,294	3,670,775
56,146	382,798	-	2,940,995	799,894	3,594,375
36,554	375,708	-	2,940,995	776,344	3,515,175
16,296	368,074	-	2,940,995	630,094	3,442,775
	360,008	-	2,940,995	436,094	3,363,500
	351,366	-	2,940,995	228,644	3,276,650
	278,322	-	2,919,610	198,394	3,184,650
	196,756	-	2,896,335	166,644	3,089,050
		-	2,871,338	133,394	2,964,800
		-	2,680,015	98,394	2,834,050
		-	2,474,843	75,425	2,696,800
		-	2,250,538	51,675	2,610,400
		-	2,018,040	26,325	2,521,300
		-	1,776,785	-	2,429,500
		-	1,447,565		2,335,000
		-	1,105,955		2,237,650
		-	751,070		2,087,350
		-	382,615		1,930,300
		-	-		1,766,275
		-	-		1,594,825
		-	-		1,415,500
		-	-		1,207,500
		-	-		989,000
		-	-		759,500
		-	-		518,500
		-	-		265,500
663,628	4,740,765	183,700	55,925,653	8,853,081	77,760,275

TOTAL INCLUDES CWCB ESTIMATED	
7,734,237	
9,107,967	
8,891,253	
8,689,134	
8,456,942	
8,231,336	
7,949,466	
7,697,089	
7,398,234	
7,100,597	38,376,722
6,797,655	
6,580,976	
6,348,785	
5,969,531	
5,612,459	31,309,407
5,247,068	
4,912,613	
4,565,665	
4,206,285	
3,782,565	22,714,195
3,343,605	
2,838,420	
2,312,915	
1,766,275	
1,594,825	11,856,040
1,415,500	
1,207,500	
989,000	
759,500	
518,500	4,890,000
265,500	265,500
152,291,396	

PARKER WATER AND SANITATION DISTRICT
PRINCIPAL PAYMENTS BY YEAR

STATE MATCH															TOTAL INCLUDES CWCB ESTIMATED	
	REV BOND	REV BOND	REV BOND	REV BOND	REV BOND	REV BOND	REV BOND	REV BOND	REV BOND	REV BOND	REV BOND	REV BOND	GEN OBLIG	REV BOND		
	\$5,445,000	\$600,000	\$1,665,000	\$4,925,000	\$3,065,000	\$13,365,000	\$11,385,000	\$4,580,000	\$1,740,000	\$10,055,000	\$1,112,000	\$15,000,000	\$105,000,000	\$51,485,000		
YEAR	SERIES 98 FGIC	CWRPDA 94 Small Water	CWRPDA 94 Sewer	CWRPDA 97 Small Water	CWRPDA 97 Sewer	CWRPDA 00 Small Water	CWRPDA 00 SRF Sewer	CWRPDA 01 SRF Sewer	SERIES 01 FGIC	CWRPDA 02 Small Water	CWRPDA 02 Sewer	CWCB 02 SERIES	CWRPDA 04 SERIES	CWRPDA 10 Water		
2011	415,000	40,000	107,020	282,500	176,124	424,167	588,078	230,652	110,000	-	265,972	478,142	1,255,000	-	4,372,655	Principal Pd in 2011
2012	435,000	40,833	112,371	297,500	181,461	448,334	609,270	241,380	115,000	-	271,400	499,659	1,320,000	-	4,572,208	
2013	460,000	45,834	117,722	312,500	192,136	472,500	630,462	246,744	120,000	-	276,828	522,143	1,370,000	-	4,766,869	
2014	475,000	41,667	128,424	328,333	197,473	544,166	656,952	257,472	125,000	-	282,256	545,640	1,440,000	-	5,022,382	
2015	500,000	-	-	348,333	202,810	834,166	683,442	268,200	135,000	-	287,684	570,193	1,495,000	-	5,324,828	
2016	-	-	-	368,334	213,484	1,455,833	715,230	273,564	-	-	293,112	595,852	1,570,000	-	5,485,409	
2017	-	-	-	320,833	234,832	1,699,166	741,720	284,292	-	-	298,540	622,665	1,650,000	-	5,852,049	
2018	-	-	-	-	-	2,292,500	773,508	295,020	-	38,333	303,968	650,685	1,735,000	-	6,089,014	
2019	-	-	-	-	-	2,004,167	815,892	305,748	-	584,998	309,396	679,966	1,810,000	-	6,510,167	
2020	-	-	-	-	-	-	884,766	327,204	-	2,542,498	320,252	710,565	1,900,000	-	6,685,285	
2021	-	-	-	-	-	-	-	348,660	-	3,547,498	325,680	742,540	1,995,000	-	6,959,378	32,095,893
2022	-	-	-	-	-	-	-	-	-	3,341,673	336,536	775,954	2,095,000	-	6,549,163	
2023	-	-	-	-	-	-	-	-	-	-	2,844,272	810,872	2,200,000	470,000	6,325,144	
2024	-	-	-	-	-	-	-	-	-	-	2,914,836	847,362	2,310,000	490,000	6,562,198	
2025	-	-	-	-	-	-	-	-	-	-	2,996,256	885,493	2,425,000	505,000	6,811,749	
2026	-	-	-	-	-	-	-	-	-	-	-	925,340	2,550,000	3,715,000	7,190,340	33,438,595
2027	-	-	-	-	-	-	-	-	-	-	-	966,980	2,675,000	3,835,000	7,476,980	
2028	-	-	-	-	-	-	-	-	-	-	-	1,010,495	2,810,000	3,970,000	7,790,495	
2029	-	-	-	-	-	-	-	-	-	-	-	1,055,967	2,950,000	4,115,000	8,120,967	
2030	-	-	-	-	-	-	-	-	-	-	-	1,103,485	3,100,000	4,270,000	8,473,485	
2031	-	-	-	-	-	-	-	-	-	-	-	-	3,255,000	5,580,000	8,835,000	40,696,927
2032	-	-	-	-	-	-	-	-	-	-	-	-	3,420,000	5,790,000	9,210,000	
2033	-	-	-	-	-	-	-	-	-	-	-	-	3,595,000	6,015,000	9,610,000	
2034	-	-	-	-	-	-	-	-	-	-	-	-	3,780,000	6,245,000	10,025,000	
2035	-	-	-	-	-	-	-	-	-	-	-	-	3,970,000	6,485,000	10,455,000	
2036	-	-	-	-	-	-	-	-	-	-	-	-	4,180,000	-	4,180,000	43,480,000
2037	-	-	-	-	-	-	-	-	-	-	-	-	4,400,000	-	4,400,000	
2038	-	-	-	-	-	-	-	-	-	-	-	-	4,630,000	-	4,630,000	
2039	-	-	-	-	-	-	-	-	-	-	-	-	4,875,000	-	4,875,000	
2040	-	-	-	-	-	-	-	-	-	-	-	-	5,130,000	-	5,130,000	
2041	-	-	-	-	-	-	-	-	-	-	-	-	5,400,000	-	5,400,000	24,435,000
2042	-	-	-	-	-	-	-	-	-	-	-	-	5,685,000	-	5,685,000	
2043	-	-	-	-	-	-	-	-	-	-	-	-	5,980,000	-	5,980,000	11,665,000
Total	1,870,000	128,334	358,517	1,975,833	1,222,196	9,750,831	6,511,242	2,848,284	495,000	10,055,000	12,061,016	14,521,858	97,700,000	51,485,000	210,983,111	

PARKER WATER AND SANITATION DISTRICT
INTEREST PORTION OF DEBT SERVICE

STATE MATCH															
	REV BOND	REV BOND	REV BOND	REV BOND	REV BOND	REV BOND	REV BOND	REV BOND	REV BOND	REV BOND	REV BOND	REV BOND	GEN OBLIG	REV BOND	TOTAL
	\$5,445,000	\$600,000	\$1,665,000	\$4,925,000	\$3,065,000	\$13,365,000	\$11,385,000	\$4,580,000	\$1,740,000	\$10,055,000	\$14,000,000	\$15,000,000	\$105,000,000	\$51,485,000	INCLUDES
YEAR	SERIES 98	CWRPDA 94	CWRPDA 94	CWRPDA 97	CWRPDA 97	CWRPDA 00	CWRPDA 00	CWRPDA 01	SERIES 01	CWRPDA 02	CWRPDA 02	CWRPDA 02	CWRPDA 04	CWRPDA 10	CWCB
	FGIC	Small Water	Sewer	Small Water	Sewer	Small Water	SRF Sewer	SRF Sewer	FGIC	Small Water	Clean Water	SERIES	SERIES	Water	ESTIMATED
2012	90,274	4,936	19,196	89,558	62,052	483,728	325,796	123,436	22,060	521,100	422,996	653,484	4,976,913	2,940,995	10,736,523
2013	69,611	3,405	14,295	73,060	56,550	460,635	304,860	116,392	17,115	521,100	418,526	630,999	4,924,113	2,940,995	10,551,656
2014	47,531	1,674	7,128	56,048	50,768	435,768	283,485	108,966	11,835	521,100	413,966	607,503	4,855,613	2,940,995	10,342,379
2015	24,375			37,950	40,423	403,069	250,780	96,248	6,210	521,100	408,018	582,949	4,798,013	2,940,995	10,110,130
2016				18,719	32,776	356,668	222,871	87,932		521,100	401,954	557,290	4,723,263	2,940,995	9,863,568
2017					15,071	273,292	194,278	79,458		521,100	395,778	530,477	4,644,763	2,940,995	9,595,212
2018						177,750	165,400	65,636		521,100	389,486	502,457	4,562,263	2,940,995	9,325,086
2019						56,459	118,799	56,146		519,040	382,798	473,176	4,484,188	2,940,995	9,031,601
2020							52,313	36,554		487,595	375,708	442,577	4,393,688	2,940,995	8,729,430
2021								16,296		351,655	368,074	410,602	4,298,688	2,940,995	8,386,310
2022										167,083	360,008	377,188	4,198,938	2,940,995	8,044,212
2023											351,366	342,270	4,094,188	2,940,995	7,728,819
2024											278,322	305,780	3,984,188	2,919,610	7,487,900
2025											196,756	267,649	3,868,688	2,896,335	7,229,428
2026												227,802	3,747,438	2,871,338	6,846,577
2027												186,162	3,619,938	2,680,015	6,486,114
2028												142,648	3,486,188	2,474,843	6,103,678
2029												97,175	3,345,688	2,250,538	5,693,400
2030												49,657	3,198,188	2,018,040	5,265,884
2031													3,043,188	1,776,785	4,819,973
2032													2,876,369	1,447,565	4,323,934
2033													2,701,094	1,105,955	3,807,049
2034													2,516,850	751,070	3,267,920
2035													2,323,125	382,615	2,705,740
2036													2,114,700	-	2,114,700
2037													1,895,250	-	1,895,250
2038													1,664,250	-	1,664,250
2039													1,421,175	-	1,421,175
2040													1,165,238	-	1,165,238
2041													895,913	-	895,913
2042													612,413	-	612,413
2043													313,950	-	313,950
Total	231,791	10,015	40,619	275,335	257,640	2,647,369	1,918,582	787,064	57,220	5,173,073	5,163,762	7,387,843	103,748,450	58,866,648	186,565,411

PARKER WATER AND SANITATION DISTRICT
PRINCIPAL PAYMENTS BY YEAR

STATE MATCH

YEAR	REV BOND \$5,445,000 SERIES 98 FGIC	REV BOND \$600,000 CWRPDA 94 Small Water	REV BOND \$1,665,000 CWRPDA 94 Sewer	REV BOND \$4,925,000 CWRPDA 97 Small Water	REV BOND \$3,065,000 CWRPDA 97 Sewer	REV BOND \$13,365,000 CWRPDA 00 Small Water	REV BOND \$11,385,000 CWRPDA 00 SRF Sewer	REV BOND \$4,580,000 CWRPDA 01 SRF Sewer	REV BOND \$1,740,000 SERIES 01 FGIC	REV BOND \$10,055,000 CWRPDA 02 Small Water	REV BOND \$1,112,000 ESTIMATED CWRPDA 02 Sewer	REV BOND \$15,000,000 ESTIMATED CWCB 02 SERIES	GEN OBLIG \$105,000,000 CWRPDA 04 SERIES	REV BOND \$51,485,000 CWRPDA 10 Water	TOTAL INCLUDES CWCB ESTIMATED
2010	395,000	40,000	101,669	267,500	170,787	403,334	566,886	225,288	105,000	-	265,972	-	1,195,000	-	3,736,436
2011	415,000	40,000	107,020	282,500	176,124	424,167	588,078	230,652	110,000	-	265,972	478,142	1,255,000	-	4,372,655
2012	435,000	40,833	112,371	297,500	181,461	448,334	609,270	241,380	115,000	-	271,400	499,659	1,320,000	-	4,572,208
2013	460,000	45,834	117,722	312,500	192,136	472,500	630,462	246,744	120,000	-	276,828	522,143	1,370,000	-	4,766,869
2014	475,000	41,667	128,424	328,333	197,473	544,166	656,952	257,472	125,000	-	282,256	545,640	1,440,000	-	5,022,382
2015	500,000	-	-	348,333	202,810	834,166	683,442	268,200	135,000	-	287,684	570,193	1,495,000	-	5,324,828
2016	-	-	-	368,334	213,484	1,455,833	715,230	273,564	-	-	293,112	595,852	1,570,000	-	5,485,409
2017	-	-	-	320,833	234,832	1,699,166	741,720	284,292	-	-	298,540	622,665	1,650,000	-	5,852,049
2018	-	-	-	-	-	2,292,500	773,508	295,020	-	38,333	303,968	650,685	1,735,000	-	6,089,014
2019	-	-	-	-	-	2,004,167	815,892	305,748	-	584,998	309,396	679,966	1,810,000	-	6,510,167
2020	-	-	-	-	-	-	884,766	327,204	-	2,542,498	320,252	710,565	1,900,000	-	6,685,285
2021	-	-	-	-	-	-	-	348,660	-	3,547,498	325,680	742,540	1,995,000	-	6,959,378
2022	-	-	-	-	-	-	-	-	-	3,341,673	336,536	775,954	2,095,000	-	6,549,163
2023	-	-	-	-	-	-	-	-	-	-	2,844,272	810,872	2,200,000	470,000	6,325,144
2024	-	-	-	-	-	-	-	-	-	-	2,914,836	847,362	2,310,000	490,000	6,562,198
2025	-	-	-	-	-	-	-	-	-	-	2,996,256	885,493	2,425,000	505,000	6,811,749
2026	-	-	-	-	-	-	-	-	-	-	-	925,340	2,550,000	3,715,000	7,190,340
2027	-	-	-	-	-	-	-	-	-	-	-	966,980	2,675,000	3,835,000	7,476,980
2028	-	-	-	-	-	-	-	-	-	-	-	1,010,495	2,810,000	3,970,000	7,790,495
2029	-	-	-	-	-	-	-	-	-	-	-	1,055,967	2,950,000	4,115,000	8,120,967
2030	-	-	-	-	-	-	-	-	-	-	-	1,103,485	3,100,000	4,270,000	8,473,485
2031	-	-	-	-	-	-	-	-	-	-	-	-	3,255,000	5,580,000	8,835,000
2032	-	-	-	-	-	-	-	-	-	-	-	-	3,420,000	5,790,000	9,210,000
2033	-	-	-	-	-	-	-	-	-	-	-	-	3,595,000	6,015,000	9,610,000
2034	-	-	-	-	-	-	-	-	-	-	-	-	3,780,000	6,245,000	10,025,000
2035	-	-	-	-	-	-	-	-	-	-	-	-	3,970,000	6,485,000	10,455,000
2036	-	-	-	-	-	-	-	-	-	-	-	-	4,180,000	-	4,180,000
2037	-	-	-	-	-	-	-	-	-	-	-	-	4,400,000	-	4,400,000
2038	-	-	-	-	-	-	-	-	-	-	-	-	4,630,000	-	4,630,000
2039	-	-	-	-	-	-	-	-	-	-	-	-	4,875,000	-	4,875,000
2040	-	-	-	-	-	-	-	-	-	-	-	-	5,130,000	-	5,130,000
2041	-	-	-	-	-	-	-	-	-	-	-	-	5,400,000	-	5,400,000
2042	-	-	-	-	-	-	-	-	-	-	-	-	5,685,000	-	5,685,000
2043	-	-	-	-	-	-	-	-	-	-	-	-	5,980,000	-	5,980,000
Total	2,285,000	168,334	465,537	2,258,333	1,398,320	10,174,998	7,099,320	3,078,936	605,000	10,055,000	12,326,988	15,000,000	98,955,000	51,485,000	215,355,766

Principal Pd
in 2010

30,621,924

33,207,633

39,052,267

48,135,000

23,215,000

17,065,000

PARKER WATER AND SANITATION DISTRICT
INTEREST PORTION OF DEBT SERVICE

STATE MATCH															
	REV BOND	REV BOND	REV BOND	REV BOND	REV BOND	REV BOND	REV BOND	REV BOND	REV BOND	REV BOND	REV BOND	REV BOND	GEN OBLIG	REV BOND	TOTAL
	\$5,445,000	\$600,000	\$1,665,000	\$4,925,000	\$3,065,000	\$13,365,000	\$11,385,000	\$4,580,000	\$1,740,000	\$10,055,000	\$14,000,000	\$15,000,000	\$105,000,000	\$51,485,000	INCLUDES
YEAR	SERIES 98	CWRPDA 94	CWRPDA 94	CWRPDA 97	CWRPDA 97	CWRPDA 00	CWRPDA 00	CWRPDA 01	SERIES 01	CWRPDA 02	CWRPDA 02	CWCB 02	CWRPDA 04	CWRPDA 10	CWCB
	FGIC	Small Water	Sewer	Small Water	Sewer	Small Water	SRF Sewer	SRF Sewer	FGIC	Small Water	Clean Water	SERIES	SERIES	Water	ESTIMATED
2011	109,779	6,436	22,957	105,684	67,368	510,426	351,058	135,944	26,625	521,100	427,070	675,000	5,039,663	2,475,337	10,474,446
2012	90,274	4,936	19,196	89,558	62,052	483,728	325,796	123,436	22,060	521,100	422,996	653,484	4,976,913	2,940,995	10,736,523
2013	69,611	3,405	14,295	73,060	56,550	460,635	304,860	116,392	17,115	521,100	418,526	630,999	4,924,113	2,940,995	10,551,656
2014	47,531	1,674	7,128	56,048	50,768	435,768	283,485	108,966	11,835	521,100	413,966	607,503	4,855,613	2,940,995	10,342,379
2015	24,375			37,950	40,423	403,069	250,780	96,248	6,210	521,100	408,018	582,949	4,798,013	2,940,995	10,110,130
2016				18,719	32,776	356,668	222,871	87,932		521,100	401,954	557,290	4,723,263	2,940,995	9,863,568
2017					15,071	273,292	194,278	79,458		521,100	395,778	530,477	4,644,763	2,940,995	9,595,212
2018						177,750	165,400	65,636		521,100	389,486	502,457	4,562,263	2,940,995	9,325,086
2019						56,459	118,799	56,146		519,040	382,798	473,176	4,484,188	2,940,995	9,031,601
2020							52,313	36,554		487,595	375,708	442,577	4,393,688	2,940,995	8,729,430
2021								16,296		351,655	368,074	410,602	4,298,688	2,940,995	8,386,310
2022										167,083	360,008	377,188	4,198,938	2,940,995	8,044,212
2023											351,366	342,270	4,094,188	2,940,995	7,728,819
2024											278,322	305,780	3,984,188	2,919,610	7,487,900
2025											196,756	267,649	3,868,688	2,896,335	7,229,428
2026												227,802	3,747,438	2,871,338	6,846,577
2027												186,162	3,619,938	2,680,015	6,486,114
2028												142,648	3,486,188	2,474,843	6,103,678
2029												97,175	3,345,688	2,250,538	5,693,400
2030												49,657	3,198,188	2,018,040	5,265,884
2031													3,043,188	1,776,785	4,819,973
2032													2,876,369	1,447,565	4,323,934
2033													2,701,094	1,105,955	3,807,049
2034													2,516,850	751,070	3,267,920
2035													2,323,125	382,615	2,705,740
2036													2,114,700	-	2,114,700
2037													1,895,250	-	1,895,250
2038													1,664,250	-	1,664,250
2039													1,421,175	-	1,421,175
2040													1,165,238	-	1,165,238
2041													895,913	-	895,913
2042													612,413	-	612,413
2043													313,950	-	313,950
Total	341,570	16,451	63,576	381,019	325,008	3,157,795	2,269,640	923,008	83,845	5,694,173	5,590,832	8,062,843	108,788,113	61,341,985	197,039,857

PARKER WATER AND SANITATION DISTRICT
PRINCIPAL PAYMENTS BY YEAR

STATE MATCH

	REV BOND	REV BOND	REV BOND	REV BOND	REV BOND	REV BOND	REV BOND	REV BOND	REV BOND	REV BOND	REV BOND	REV BOND	GEN OBLIG		
	\$5,445,000	\$600,000	\$1,665,000	\$4,925,000	\$3,065,000	\$13,365,000	\$11,385,000	\$4,580,000	\$1,740,000	\$10,055,000	\$1,112,000	\$14,000,000	ESTIMATED	\$105,000,000	TOTAL
	SERIES 98	CWRPDA 94	CWRPDA 94	CWRPDA 97	CWRPDA 97	CWRPDA 00	CWRPDA 00	CWRPDA 01	SERIES 01	CWRPDA 02	CWRPDA 02	CWCB 02	CWRPDA 04	INCLUDES	
YEAR	FGIC	Small Water	Sewer	Small Water	Sewer	Small Water	SRF Sewer	SRF Sewer	FGIC	Small Water	Sewer	SERIES	SERIES	CWCB	
														ESTIMATED	
2009	380,000	35,832	101,669	252,500	165,450	379,167	550,992	219,924	100,000	-	260,544	-	1,160,000	3,606,078	
2010	395,000	40,000	101,669	267,500	170,787	403,334	566,886	225,288	105,000	-	265,972	89,261	1,195,000	3,825,697	
2011	415,000	40,000	107,020	282,500	176,124	424,167	588,078	230,652	110,000	-	265,972	93,278	1,255,000	3,987,791	
2012	435,000	40,833	112,371	297,500	181,461	448,334	609,270	241,380	115,000	-	271,400	97,475	1,320,000	4,170,024	
2013	460,000	45,834	117,722	312,500	192,136	472,500	630,462	246,744	120,000	-	276,828	101,862	1,370,000	4,346,588	
2014	475,000	41,667	128,424	328,333	197,473	544,166	656,952	257,472	125,000	-	282,256	106,445	1,440,000	4,583,188	
2015	500,000	-	-	348,333	202,810	834,166	683,442	268,200	135,000	-	287,684	111,235	1,495,000	4,865,870	
2016	-	-	-	368,334	213,484	1,455,833	715,230	273,564	-	-	293,112	116,241	1,570,000	5,005,798	
2017	-	-	-	320,833	234,832	1,699,166	741,720	284,292	-	-	298,540	121,472	1,650,000	5,350,856	
2018	-	-	-	-	-	2,292,500	773,508	295,020	-	38,333	303,968	126,938	1,735,000	5,565,267	
2019	-	-	-	-	-	2,004,167	815,892	305,748	-	584,998	309,396	132,650	1,810,000	5,962,851	
2020	-	-	-	-	-	-	884,766	327,204	-	2,542,498	320,252	138,619	1,900,000	6,113,339	
2021	-	-	-	-	-	-	-	348,660	-	3,547,498	325,680	144,857	1,995,000	6,361,695	
2022	-	-	-	-	-	-	-	-	-	3,341,673	336,536	151,376	2,095,000	5,924,585	
2023	-	-	-	-	-	-	-	-	-	-	2,844,272	158,188	2,200,000	5,202,460	
2024	-	-	-	-	-	-	-	-	-	-	2,914,836	165,307	2,310,000	5,390,143	
2025	-	-	-	-	-	-	-	-	-	-	2,996,256	172,746	2,425,000	5,594,002	
2026	-	-	-	-	-	-	-	-	-	-	-	180,519	2,550,000	2,730,519	
2027	-	-	-	-	-	-	-	-	-	-	-	188,643	2,675,000	2,863,643	
2028	-	-	-	-	-	-	-	-	-	-	-	197,131	2,810,000	3,007,131	
2029	-	-	-	-	-	-	-	-	-	-	-	206,007	2,950,000	3,156,007	
2030	-	-	-	-	-	-	-	-	-	-	-	-	3,100,000	3,100,000	
2031	-	-	-	-	-	-	-	-	-	-	-	-	3,255,000	3,255,000	
2032	-	-	-	-	-	-	-	-	-	-	-	-	3,420,000	3,420,000	
2033	-	-	-	-	-	-	-	-	-	-	-	-	3,595,000	3,595,000	
2034	-	-	-	-	-	-	-	-	-	-	-	-	3,780,000	3,780,000	
2035	-	-	-	-	-	-	-	-	-	-	-	-	3,970,000	3,970,000	
2036	-	-	-	-	-	-	-	-	-	-	-	-	4,180,000	4,180,000	
2037	-	-	-	-	-	-	-	-	-	-	-	-	4,400,000	4,400,000	
2038	-	-	-	-	-	-	-	-	-	-	-	-	4,630,000	4,630,000	
2039	-	-	-	-	-	-	-	-	-	-	-	-	4,875,000	4,875,000	
2040	-	-	-	-	-	-	-	-	-	-	-	-	5,130,000	5,130,000	
2041	-	-	-	-	-	-	-	-	-	-	-	-	5,400,000	5,400,000	
2042	-	-	-	-	-	-	-	-	-	-	-	-	5,685,000	5,685,000	
2043	-	-	-	-	-	-	-	-	-	-	-	-	5,980,000	5,980,000	
Total	2,680,000	208,334	567,206	2,525,833	1,569,107	10,578,332	7,666,206	3,304,224	710,000	10,055,000	12,592,960	2,800,251	100,150,000	155,407,453	

Principal Pd
in 2009

26,750,641

28,992,222

17,351,302

17,150,000

22,055,000

22,195,000

PARKER WATER AND SANITATION DISTRICT
INTEREST PORTION OF DEBT SERVICE

STATE MATCH

	REV BOND	REV BOND	REV BOND	REV BOND	REV BOND	REV BOND	REV BOND	REV BOND	REV BOND	REV BOND	REV BOND	REV BOND	GEN OBLIG	TOTAL
	\$5,445,000	\$600,000	\$1,665,000	\$4,925,000	\$3,065,000	\$13,365,000	\$11,385,000	\$4,580,000	\$1,740,000	\$10,055,000	\$1,112,000	\$2,800,250 Bal.	\$105,000,000	INCLUDES
YEAR	SERIES 98	CWRPDA 94	CWRPDA 94	CWRPDA 97	CWRPDA 97	CWRPDA 00	CWRPDA 00	CWRPDA 01	SERIES 01	CWRPDA 02	CWRPDA 02	CWCB 02	CWRPDA 04	CWCB
	FGIC	Small Water	Sewer	Small Water	Sewer	Small Water	SRF Sewer	SRF Sewer	FGIC	Small Water	Clean Water	SERIES	SERIES	ESTIMATED
2010	128,146	7,936	27,060	117,112	72,544	529,582	367,072	143,802	30,825	521,100	430,838	126,011	5,099,413	7,601,441
2011	109,779	6,436	22,957	105,684	67,368	510,426	351,058	135,944	26,625	521,100	427,070	121,995	5,039,663	7,446,104
2012	90,274	4,936	19,196	89,558	62,052	483,728	325,796	123,436	22,060	521,100	422,996	117,797	4,976,913	7,259,842
2013	69,611	3,405	14,295	73,060	56,550	460,635	304,860	116,392	17,115	521,100	418,526	113,411	4,924,113	7,093,073
2014	47,531	1,674	7,128	56,048	50,768	435,768	283,485	108,966	11,835	521,100	413,966	108,827	4,855,613	6,902,709
2015	24,375			37,950	40,423	403,069	250,780	96,248	6,210	521,100	408,018	104,037	4,798,013	6,690,223
2016				18,719	32,776	356,668	222,871	87,932		521,100	401,954	99,031	4,723,263	6,464,314
2017					15,071	273,292	194,278	79,458		521,100	395,778	93,800	4,644,763	6,217,540
2018						177,750	165,400	65,636		521,100	389,486	88,334	4,562,263	5,969,969
2019						56,459	118,799	56,146		519,040	382,798	82,622	4,484,188	5,700,052
2020							52,313	36,554		487,595	375,708	76,653	4,393,688	5,422,511
2021								16,296		351,655	368,074	70,415	4,298,688	5,105,128
2022										167,083	360,008	63,896	4,198,938	4,789,925
2023											351,366	57,084	4,094,188	4,502,638
2024											278,322	49,966	3,984,188	4,312,476
2025											196,756	42,527	3,868,688	4,107,971
2026												34,753	3,747,438	3,782,191
2027												26,630	3,619,938	3,646,568
2028												18,141	3,486,188	3,504,329
2029												9,270	3,345,688	3,354,958
2030													3,198,188	3,198,188
2031													3,043,188	3,043,188
2032													2,876,369	2,876,369
2033													2,701,094	2,701,094
2034													2,516,850	2,516,850
2035													2,323,125	2,323,125
2036													2,114,700	2,114,700
2037													1,895,250	1,895,250
2038													1,664,250	1,664,250
2039													1,421,175	1,421,175
2040													1,165,238	1,165,238
2041													895,913	895,913
2042													612,413	612,413
2043													313,950	313,950
Total	469,716	24,387	90,636	498,131	397,552	3,687,377	2,636,712	1,066,810	114,670	6,215,273	6,021,670	1,505,200	113,887,525	136,615,659

For 12.31.09: Include Admin Fee with Interest for 2002 loan

31,042,099

24,132,677

18,396,015

14,335,688

9,418,500

2,987,513

PARKER WATER AND SANITATION DISTRICT
PRINCIPAL PAYMENTS BY YEAR

STATE MATCH

	REV BOND	REV BOND	REV BOND	REV BOND	REV BOND	REV BOND	REV BOND	REV BOND	REV BOND	REV BOND	REV BOND	REV BOND	GEN OBLIG	TOTAL
	\$5,445,000	\$600,000	\$1,665,000	\$4,925,000	\$3,065,000	\$13,365,000	\$11,385,000	\$4,580,000	\$1,740,000	\$10,055,000	\$1,112,000	\$14,000,000	\$105,000,000	INCLUDES
	SERIES 98	CWRPDA 94	CWRPDA 94	CWRPDA 97	CWRPDA 97	CWRPDA 00	CWRPDA 00	CWRPDA 01	SERIES 01	CWRPDA 02	CWRPDA 02	CWCB 02	CWRPDA 04	CWCB
YEAR	FGIC	Small Water	Sewer	Small Water	Sewer	Small Water	SRF Sewer	SRF Sewer	FGIC	Small Water	Sewer	SERIES	SERIES	ESTIMATED
2008	365,000	35,000	96,318	241,667	160,114	358,333	529,800	214,560	100,000	-	255,116	-	1,105,000	3,460,907
2009	380,000	35,832	101,669	252,500	165,450	379,167	550,992	219,924	100,000	-	260,544	89,261	1,160,000	3,695,339
2010	395,000	40,000	101,669	267,500	170,787	403,334	566,886	225,288	105,000	-	265,972	93,278	1,195,000	3,829,714
2011	415,000	40,000	107,020	282,500	176,124	424,167	588,078	230,652	110,000	-	265,972	97,475	1,255,000	3,991,988
2012	435,000	40,833	112,371	297,500	181,461	448,334	609,270	241,380	115,000	-	271,400	101,862	1,320,000	4,174,411
2013	460,000	45,834	117,722	312,500	192,136	472,500	630,462	246,744	120,000	-	276,828	106,445	1,370,000	4,351,171
2014	475,000	41,667	128,424	328,333	197,473	544,166	656,952	257,472	125,000	-	282,256	111,235	1,440,000	4,587,978
2015	500,000	-	-	348,333	202,216	834,166	683,442	268,200	135,000	-	287,684	116,241	1,495,000	4,870,282
2016	-	-	-	368,334	211,456	1,455,833	715,230	273,564	-	-	293,112	121,472	1,570,000	5,009,001
2017	-	-	-	320,833	231,301	1,699,166	741,720	284,292	-	-	298,540	126,938	1,650,000	5,352,790
2018	-	-	-	-	-	2,292,500	773,508	295,020	-	38,333	303,968	132,650	1,735,000	5,570,979
2019	-	-	-	-	-	2,004,167	815,892	305,748	-	584,998	309,396	138,619	1,810,000	5,968,820
2020	-	-	-	-	-	-	884,766	327,204	-	2,542,498	320,252	144,857	1,900,000	6,119,577
2021	-	-	-	-	-	-	-	348,660	-	3,547,498	325,680	151,376	1,995,000	6,368,214
2022	-	-	-	-	-	-	-	-	-	3,341,673	336,536	158,188	2,095,000	5,931,397
2023	-	-	-	-	-	-	-	-	-	-	2,844,272	165,307	2,200,000	5,209,579
2024	-	-	-	-	-	-	-	-	-	-	2,914,836	172,746	2,310,000	5,397,582
2025	-	-	-	-	-	-	-	-	-	-	2,996,256	180,519	2,425,000	5,601,775
2026	-	-	-	-	-	-	-	-	-	-	-	188,643	2,550,000	2,738,643
2027	-	-	-	-	-	-	-	-	-	-	-	197,131	2,675,000	2,872,131
2028	-	-	-	-	-	-	-	-	-	-	-	206,007	2,810,000	3,016,007
2029	-	-	-	-	-	-	-	-	-	-	-	-	2,950,000	2,950,000
2030	-	-	-	-	-	-	-	-	-	-	-	-	3,100,000	3,100,000
2031	-	-	-	-	-	-	-	-	-	-	-	-	3,255,000	3,255,000
2032	-	-	-	-	-	-	-	-	-	-	-	-	3,420,000	3,420,000
2033	-	-	-	-	-	-	-	-	-	-	-	-	3,595,000	3,595,000
2034	-	-	-	-	-	-	-	-	-	-	-	-	3,780,000	3,780,000
2035	-	-	-	-	-	-	-	-	-	-	-	-	3,970,000	3,970,000
2036	-	-	-	-	-	-	-	-	-	-	-	-	4,180,000	4,180,000
2037	-	-	-	-	-	-	-	-	-	-	-	-	4,400,000	4,400,000
2038	-	-	-	-	-	-	-	-	-	-	-	-	4,630,000	4,630,000
2039	-	-	-	-	-	-	-	-	-	-	-	-	4,875,000	4,875,000
2040	-	-	-	-	-	-	-	-	-	-	-	-	5,130,000	5,130,000
2041	-	-	-	-	-	-	-	-	-	-	-	-	5,400,000	5,400,000
2042	-	-	-	-	-	-	-	-	-	-	-	-	5,685,000	5,685,000
2043	-	-	-	-	-	-	-	-	-	-	-	-	5,980,000	5,980,000
Total	3,060,000	244,166	668,875	2,778,333	1,728,404	10,957,500	8,217,198	3,524,148	810,000	10,055,000	12,853,504	2,800,251	101,310,000	159,007,378

Principal Pd
in 2008

25,391,030

29,597,587

19,626,138

16,320,000

20,960,000

27,070,000

PARKER WATER AND SANITATION DISTRICT
INTEREST PORTION OF DEBT SERVICE

STATE MATCH														
	REV BOND	REV BOND	REV BOND	REV BOND	REV BOND	REV BOND	REV BOND	REV BOND	REV BOND	REV BOND	REV BOND	REV BOND	GEN OBLIG	
	\$5,445,000	\$600,000	\$1,665,000	\$4,925,000	\$3,065,000	\$13,365,000	\$11,385,000	\$4,580,000	\$1,740,000	\$10,055,000	\$1,112,000	\$2,800,250 Bal.	\$105,000,000	TOTAL
YEAR	SERIES 98	CWRPDA 94	CWRPDA 94	CWRPDA 97	CWRPDA 97	CWRPDA 00	CWRPDA 00	CWRPDA 01	SERIES 01	CWRPDA 02	CWRPDA 02	ESTIMATED	CWRPDA 04	INCLUDES
	FGIC	Small Water	Sewer	Small Water	Sewer	Small Water	SRF Sewer	SRF Sewer	FGIC	Small Water	Clean Water	CWCB 02	SERIES	CWCB
												SERIES		ESTIMATED
2009	145,626	9,280	33,718	131,466	82,788	550,000	387,142	151,472	34,825	521,100	321,328	121,995	5,136,533	7,627,273
2010	128,146	7,936	27,060	117,112	72,544	529,582	367,072	143,802	30,825	521,100	317,936	117,797	5,099,413	7,480,325
2011	109,779	6,436	22,957	105,684	67,368	510,426	351,058	135,944	26,625	521,100	314,168	113,411	5,039,663	7,324,617
2012	90,274	4,936	19,196	89,558	62,052	483,728	325,796	123,436	22,060	521,100	310,094	108,827	4,976,913	7,137,969
2013	69,611	3,405	14,295	73,060	56,550	460,635	304,860	116,392	17,115	521,100	305,624	104,037	4,924,113	6,970,797
2014	47,531	1,674	7,128	56,048	50,768	435,768	283,485	108,966	11,835	521,100	301,064	99,031	4,855,613	6,780,010
2015	24,375			37,950	40,423	403,069	250,780	96,248	6,210	521,100	295,116	93,800	4,798,013	6,567,084
2016				18,719	32,776	356,668	222,871	87,932		521,100	289,052	88,334	4,723,263	6,340,715
2017					15,071	273,292	194,278	79,458		521,100	282,876	82,622	4,644,763	6,093,460
2018						177,750	165,400	65,636		521,100	276,584	76,653	4,562,263	5,845,385
2019						56,459	118,799	56,146		519,040	269,896	70,415	4,484,188	5,574,943
2020							52,313	36,554		487,595	262,806	63,896	4,393,688	5,296,851
2021								16,296		351,655	255,172	57,084	4,298,688	4,978,895
2022										167,083	247,106	49,966	4,198,938	4,663,093
2023											238,464	42,527	4,094,188	4,375,179
2024											165,420	34,753	3,984,188	4,184,361
2025											83,854	26,630	3,868,688	3,979,172
2026												18,141	3,747,438	3,765,579
2027												9,270	3,619,938	3,629,208
2028													3,486,188	3,486,188
2029													3,345,688	3,345,688
2030													3,198,188	3,198,188
2031													3,043,188	3,043,188
2032													2,876,369	2,876,369
2033													2,701,094	2,701,094
2034													2,516,850	2,516,850
2035													2,323,125	2,323,125
2036													2,114,700	2,114,700
2037													1,895,250	1,895,250
2038													1,664,250	1,664,250
2039													1,421,175	1,421,175
2040													1,165,238	1,165,238
2041													895,913	895,913
2042													612,413	612,413
2043													313,950	313,950
Total	615,343	33,667	124,353	629,597	480,340	4,237,377	3,023,854	1,218,282	149,495	6,736,373	4,536,560	1,379,189	119,024,058	142,188,487

PARKER WATER AND SANITATION DISTRICT
PRINCIPAL PAYMENTS BY YEAR

PRINCIPAL PAYMENTS BY YEAR											STATE MATCH					TOTAL INCLUDES CWCB ESTIMATED	Principal Pd in 2007
	REV BOND	REV BOND	REV BOND	REV BOND	REV BOND	REV BOND	REV BOND	REV BOND	REV BOND	REV BOND	REV BOND	REV BOND	GEN OBLIG				
	\$5,445,000	\$600,000	\$1,665,000	\$4,925,000	\$3,065,000	\$13,365,000	\$11,385,000	\$4,580,000	\$1,740,000	\$10,055,000	\$1,112,000	\$14,000,000	\$105,000,000				
	SERIES 98	CWRPDA 94	CWRPDA 94	CWRPDA 97	CWRPDA 97	CWRPDA 00	CWRPDA 00	CWRPDA 01	SERIES 01	CWRPDA 02	CWRPDA 02	CWCB 02	CWRPDA 04				
YEAR	FGIC	Small Water	Sewer	Small Water	Sewer	Small Water	SRF Sewer	SRF Sewer	FGIC	Small Water	Sewer	SERIES	SERIES				
2007	355,000	28,334	90,967	208,750	154,776	310,417	513,906	209,196	90,000	-	255,116	-	1,050,000				
2008	365,000	35,000	96,318	241,667	160,114	358,334	529,800	214,560	100,000	-	255,116	89,261	1,105,000				
2009	380,000	35,832	101,669	252,500	165,450	379,167	550,992	219,924	100,000	-	260,544	93,278	1,160,000				
2010	395,000	40,000	101,669	267,500	170,787	403,334	566,886	225,288	105,000	-	265,972	97,475	1,195,000				
2011	415,000	40,000	107,020	282,500	176,124	424,167	588,078	230,652	110,000	-	265,972	101,862	1,255,000				
2012	435,000	40,833	112,371	297,500	181,461	448,334	609,270	241,380	115,000	-	271,400	106,445	1,320,000				
2013	460,000	45,834	117,722	312,500	192,136	472,500	630,462	246,744	120,000	-	276,828	111,235	1,370,000				
2014	475,000	41,667	128,424	328,333	197,473	544,166	656,952	257,472	125,000	-	282,256	116,241	1,440,000				
2015	500,000	-	-	348,333	202,810	834,166	683,442	268,200	135,000	-	287,684	121,472	1,495,000				
2016	-	-	-	368,334	213,484	1,455,833	715,230	273,564	-	-	293,112	126,938	1,570,000				
2017	-	-	-	320,833	234,832	1,699,166	741,720	284,292	-	-	298,540	132,650	1,650,000				
2018	-	-	-	-	-	2,292,500	773,508	295,020	-	38,333	303,968	138,619	1,735,000				
2019	-	-	-	-	-	2,004,167	815,892	305,748	-	584,998	309,396	144,857	1,810,000				
2020	-	-	-	-	-	-	884,766	327,204	-	2,542,498	320,252	151,376	1,900,000				
2021	-	-	-	-	-	-	-	348,660	-	3,547,498	325,680	158,188	1,995,000				
2022	-	-	-	-	-	-	-	-	-	3,341,673	336,536	165,307	2,095,000				
2023	-	-	-	-	-	-	-	-	-	-	2,844,272	172,746	2,200,000				
2024	-	-	-	-	-	-	-	-	-	-	2,914,836	180,519	2,310,000				
2025	-	-	-	-	-	-	-	-	-	-	2,996,256	188,643	2,425,000				
2026	-	-	-	-	-	-	-	-	-	-	-	197,131	2,550,000				
2027	-	-	-	-	-	-	-	-	-	-	-	206,007	2,675,000				
2028	-	-	-	-	-	-	-	-	-	-	-	-	2,810,000				
2029	-	-	-	-	-	-	-	-	-	-	-	-	2,950,000				
2030	-	-	-	-	-	-	-	-	-	-	-	-	3,100,000				
2031	-	-	-	-	-	-	-	-	-	-	-	-	3,255,000				
2032	-	-	-	-	-	-	-	-	-	-	-	-	3,420,000				
2033	-	-	-	-	-	-	-	-	-	-	-	-	3,595,000				
2034	-	-	-	-	-	-	-	-	-	-	-	-	3,780,000				
2035	-	-	-	-	-	-	-	-	-	-	-	-	3,970,000				
2036	-	-	-	-	-	-	-	-	-	-	-	-	4,180,000				
2037	-	-	-	-	-	-	-	-	-	-	-	-	4,400,000				
2038	-	-	-	-	-	-	-	-	-	-	-	-	4,630,000				
2039	-	-	-	-	-	-	-	-	-	-	-	-	4,875,000				
2040	-	-	-	-	-	-	-	-	-	-	-	-	5,130,000				
2041	-	-	-	-	-	-	-	-	-	-	-	-	5,400,000				
2042	-	-	-	-	-	-	-	-	-	-	-	-	5,685,000				
2043	-	-	-	-	-	-	-	-	-	-	-	-	5,980,000				
Total	3,425,000	279,166	765,193	3,020,000	1,894,671	11,315,833	8,746,998	3,738,708	910,000	10,055,000	13,108,620	2,800,251	102,415,000				
ST Total	365,000	35,000	96,318	241,667	160,114	358,334	529,800	214,560	100,000	-	255,116	89,261	1,105,000				
LT Total	3,060,000	244,166	668,875	2,778,333	1,734,557	10,957,499	8,217,198	3,524,148	810,000	10,055,000	12,853,504	2,710,990	101,310,000				

**- total for each bond agrees to g/l at 12/31/07

PARKER WATER AND SANITATION DISTRICT
INTEREST PORTION OF DEBT SERVICE

STATE MATCH														
	REV BOND	REV BOND	REV BOND	REV BOND	REV BOND	REV BOND	REV BOND	REV BOND	REV BOND	REV BOND	REV BOND	REV BOND	GEN OBLIG	TOTAL
	\$5,445,000	\$600,000	\$1,665,000	\$4,925,000	\$3,065,000	\$13,365,000	\$11,385,000	\$4,580,000	\$1,740,000	\$10,055,000	\$1,112,000	\$2,800,250 Bal.	\$105,000,000	INCLUDES
	SERIES 98	CWRPDA 94	CWRPDA 94	CWRPDA 97	CWRPDA 97	CWRPDA 00	CWRPDA 00	CWRPDA 01	SERIES 01	CWRPDA 02	CWRPDA 02	ESTIMATED	CWCB 02	CWCB
YEAR	FGIC	Small Water	Sewer	Small Water	Sewer	Small Water	SRF Sewer	SRF Sewer	FGIC	Small Water	Clean Water	SERIES	SERIES	ESTIMATED
2008	162,051	14,917	37,251	142,111	85,250	569,983	405,739	156,456	38,825	521,100	324,354	121,995	5,191,783	7,771,814
2009	145,626	9,280	33,718	131,466	82,788	550,000	387,142	151,472	34,825	521,100	321,328	117,797	5,136,533	7,623,075
2010	128,146	7,936	27,060	117,112	72,544	529,582	367,072	143,802	30,825	521,100	317,936	113,411	5,099,413	7,475,939
2011	109,779	6,436	22,957	105,684	67,368	510,426	351,058	135,944	26,625	521,100	314,168	108,827	5,039,663	7,320,033
2012	90,274	4,936	19,196	89,558	62,052	483,728	325,796	123,436	22,060	521,100	310,094	104,037	4,976,913	7,133,179
2013	69,611	3,405	14,295	73,060	56,550	460,635	304,860	116,392	17,115	521,100	305,624	99,031	4,924,113	6,965,791
2014	47,531	1,674	7,128	56,048	50,768	435,768	283,485	108,966	11,835	521,100	301,064	93,800	4,855,613	6,774,779
2015	24,375			37,950	40,423	403,069	250,780	96,248	6,210	521,100	295,116	88,334	4,798,013	6,561,618
2016				18,719	32,776	356,668	222,871	87,932		521,100	289,052	82,622	4,723,263	6,335,003
2017					15,071	273,292	194,278	79,458		521,100	282,876	76,653	4,644,763	6,087,491
2018							177,750	165,400		521,100	276,584	70,415	4,562,263	5,839,147
2019						56,459	118,799	56,146		519,040	269,896	63,896	4,484,188	5,568,424
2020							52,313	36,554		487,595	262,806	57,084	4,393,688	5,290,039
2021								16,296		351,655	255,172	49,966	4,298,688	4,971,777
2022										167,083	247,106	42,527	4,198,938	4,655,654
2023											238,464	34,753	4,094,188	4,367,405
2024											165,420	26,630	3,984,188	4,176,238
2025											83,854	18,141	3,868,688	3,970,683
2026												9,270	3,747,438	3,756,708
2027													3,619,938	3,619,938
2028													3,486,188	3,486,188
2029													3,345,688	3,345,688
2030													3,198,188	3,198,188
2031													3,043,188	3,043,188
2032													2,876,369	2,876,369
2033													2,701,094	2,701,094
2034													2,516,850	2,516,850
2035													2,323,125	2,323,125
2036													2,114,700	2,114,700
2037													1,895,250	1,895,250
2038													1,664,250	1,664,250
2039													1,421,175	1,421,175
2040													1,165,238	1,165,238
2041													895,913	895,913
2042													612,413	612,413
2043													313,950	313,950
Total	777,394	48,584	161,604	771,708	565,590	4,807,360	3,429,593	1,374,738	188,320	7,257,473	4,860,914	1,379,189	124,215,840	149,838,306

PARKER WATER AND SANITATION DISTRICT
PRINCIPAL PAYMENTS BY YEAR

YEAR	STATE MATCH														TOTAL INCLUDES CWCB ESTIMATED	
	1,750															
	REV BOND	REV BOND	REV BOND	REV BOND	REV BOND	REV BOND	REV BOND	REV BOND	REV BOND	REV BOND	REV BOND	REV BOND	GEN OBLIG			
	\$5,445,000 SERIES 98 FGIC	\$600,000 CWRPDA 94 Small Water	\$1,665,000 CWRPDA 94 Sewer	\$4,925,000 CWRPDA 97 Small Water	\$3,065,000 CWRPDA 97 Sewer	\$13,365,000 CWRPDA 00 Small Water	\$11,385,000 CWRPDA 00 SRF Sewer	\$4,580,000 CWRPDA 01 SRF Sewer	\$1,740,000 SERIES 01 FGIC	\$10,055,000 CWRPDA 02 Small Water	\$1,112,000 \$14,000,000 CWRPDA 02 Sewer	ESTIMATED CWCB 02 SERIES	\$105,000,000 CWRPDA 04 SERIES			
2007	355,000	28,334	90,967	208,750	154,776	310,417	513,906	209,196	90,000	-	255,116	89,261	1,050,000	3,355,723		
2008	365,000	35,000	96,318	241,667	160,113	358,334	529,800	214,560	100,000	-	255,116	93,278	1,105,000	3,554,186		
2009	380,000	35,832	101,669	252,500	165,450	379,167	550,992	219,924	100,000	-	260,544	97,475	1,160,000	3,703,553		
2010	395,000	40,000	101,669	267,500	170,787	403,334	566,886	225,288	105,000	-	265,972	101,862	1,195,000	3,838,298		
2011	415,000	40,000	107,020	282,500	176,124	424,167	588,078	230,652	110,000	-	265,972	106,445	1,255,000	4,000,958		
2012	435,000	40,833	112,371	297,500	181,461	448,334	609,270	241,380	115,000	-	271,400	111,235	1,320,000	4,183,784		
2013	460,000	45,834	117,722	312,500	192,136	472,500	630,462	246,744	120,000	-	276,828	116,241	1,370,000	4,360,967		
2014	475,000	41,667	128,424	328,333	197,473	544,166	656,952	257,472	125,000	-	282,256	121,472	1,440,000	4,598,215		
2015	500,000	-	-	348,333	202,810	834,166	683,442	268,200	135,000	-	287,684	126,938	1,495,000	4,881,573		
2016	-	-	-	368,334	213,484	1,455,833	715,230	273,564	-	-	293,112	132,650	1,570,000	5,022,207	#####	
2017	-	-	-	320,833	234,832	1,699,166	741,720	284,292	-	-	298,540	138,619	1,650,000	5,368,002		
2018	-	-	-	-	-	2,292,499	773,508	295,020	-	38,333	303,968	144,857	1,735,000	5,583,185		
2019	-	-	-	-	-	2,004,167	815,892	305,748	-	584,998	309,396	151,376	1,810,000	5,981,577		
2020	-	-	-	-	-	-	884,766	327,204	-	2,542,498	320,252	158,188	1,900,000	6,132,908		
2021	-	-	-	-	-	-	-	348,660	-	3,547,498	325,680	165,307	1,995,000	6,382,145	#####	
2022	-	-	-	-	-	-	-	-	-	3,341,673	336,536	172,746	2,095,000	5,945,955		
2023	-	-	-	-	-	-	-	-	-	-	2,844,272	180,519	2,200,000	5,224,791		
2024	-	-	-	-	-	-	-	-	-	-	2,914,836	188,643	2,310,000	5,413,479		
2025	-	-	-	-	-	-	-	-	-	-	2,996,256	197,131	2,425,000	5,618,387		
2026	-	-	-	-	-	-	-	-	-	-	-	206,007	2,550,000	2,756,007	#####	
2027	-	-	-	-	-	-	-	-	-	-	-	-	2,675,000	2,675,000		
2028	-	-	-	-	-	-	-	-	-	-	-	-	2,810,000	2,810,000		
2029	-	-	-	-	-	-	-	-	-	-	-	-	2,950,000	2,950,000		
2030	-	-	-	-	-	-	-	-	-	-	-	-	3,100,000	3,100,000		
2031	-	-	-	-	-	-	-	-	-	-	-	-	3,255,000	3,255,000	#####	
2032	-	-	-	-	-	-	-	-	-	-	-	-	3,420,000	3,420,000		
2033	-	-	-	-	-	-	-	-	-	-	-	-	3,595,000	3,595,000		
2034	-	-	-	-	-	-	-	-	-	-	-	-	3,780,000	3,780,000		
2035	-	-	-	-	-	-	-	-	-	-	-	-	3,970,000	3,970,000		
2036	-	-	-	-	-	-	-	-	-	-	-	-	4,180,000	4,180,000	#####	
2037	-	-	-	-	-	-	-	-	-	-	-	-	4,400,000	4,400,000		
2038	-	-	-	-	-	-	-	-	-	-	-	-	4,630,000	4,630,000		
2039	-	-	-	-	-	-	-	-	-	-	-	-	4,875,000	4,875,000		
2040	-	-	-	-	-	-	-	-	-	-	-	-	5,130,000	5,130,000		
2041	-	-	-	-	-	-	-	-	-	-	-	-	5,400,000	5,400,000	#####	
2042	-	-	-	-	-	-	-	-	-	-	-	-	5,685,000	5,685,000		
2043	-	-	-	-	-	-	-	-	-	-	-	-	5,980,000	5,980,000	#####	
Total	3,780,000	307,500	856,160	3,228,750	2,049,446	11,626,250	9,260,904	3,947,904	1,000,000	10,055,000	13,363,736	2,800,251	103,465,000	165,740,901	**	
ST Total	355,000	28,334	90,967	208,750	154,776	310,417	513,906	209,196	90,000	-	255,116	89,261	1,050,000	3,355,723		
LT Total	3,425,000	279,166	765,193	3,020,000	1,894,670	11,315,833	8,746,998	3,738,708	910,000	10,055,000	13,108,620	2,710,990	102,415,000	162,385,178		
														165,740,901		

PARKER WATER AND SANITATION DISTRICT
INTEREST PORTION OF DEBT SERVICE

												STATE MATCH		
	REV BOND	REV BOND	REV BOND	REV BOND	REV BOND	REV BOND	REV BOND	REV BOND	REV BOND	REV BOND	REV BOND	REV BOND	REV BOND	GEN OBLIG
	\$5,445,000	\$600,000	\$1,665,000	\$4,925,000	\$3,065,000	\$13,365,000	\$11,385,000	\$4,580,000	\$1,740,000	\$10,055,000	\$1,112,000	\$2,800,250 Bal.		
	SERIES 98	CWRPDA 94	CWRPDA 94	CWRPDA 97	CWRPDA 97	CWRPDA 00	CWRPDA 00	CWRPDA 01	SERIES 01	CWRPDA 02	CWRPDA 02	ESTIMATED	CWCB 02	CWRPDA 04
YEAR	FGIC	Small Water	Sewer	Small Water	Sewer	Small Water	SRF Sewer	SRF Sewer	FGIC	Small Water	Clean Water	SERIES	SERIES	TOTAL INCLUDES CWCB ESTIMATED
2007	178,026	16,295	40,470	158,600	90,330	592,265	423,557	160,828	42,425	521,100	439,696	126,011	5,244,283	8,033,885
2008	162,051	14,917	37,251	142,111	85,250	569,983	405,739	156,456	38,825	521,100	437,256	121,995	5,191,783	7,884,716
2009	145,626	9,280	33,718	131,466	82,788	550,000	387,142	151,472	34,825	521,100	321,328	117,797	5,136,533	7,623,075
2010	128,146	7,936	27,060	117,112	72,544	529,582	367,072	143,802	30,825	521,100	317,936	113,411	5,099,413	7,475,939
2011	109,779	6,436	22,957	105,684	67,368	510,426	351,058	135,944	26,625	521,100	314,168	108,827	5,039,663	7,320,033
2012	90,274	4,936	19,196	89,558	62,052	483,728	325,796	123,436	22,060	521,100	310,094	104,037	4,976,913	7,133,179
2013	69,611	3,405	14,295	73,060	56,550	460,635	304,860	116,392	17,115	521,100	305,624	99,031	4,924,113	6,965,791
2014	47,531	1,674	7,128	56,048	50,768	435,768	283,485	108,966	11,835	521,100	301,064	93,800	4,855,613	6,774,779
2015	24,375			37,950	40,423	403,069	250,780	96,248	6,210	521,100	295,116	88,334	4,798,013	6,561,618
2016				18,719	32,776	356,668	222,871	87,932		521,100	289,052	82,622	4,723,263	6,335,003
2017					15,071	273,292	194,278	79,458		521,100	282,876	76,653	4,644,763	6,087,491
2018						177,750	165,400	65,636		521,100	276,584	70,415	4,562,263	5,839,147
2019						56,459	118,799	56,146		519,040	269,896	63,896	4,484,188	5,568,424
2020							52,313	36,554		487,595	262,806	57,084	4,393,688	5,290,039
2021								16,296		351,655	255,172	49,966	4,298,688	4,971,777
2022										167,083	247,106	42,527	4,198,938	4,655,654
2023											238,464	34,753	4,094,188	4,367,405
2024											165,420	26,630	3,984,188	4,176,238
2025											83,854	18,141	3,868,688	3,970,683
2026												9,270	3,747,438	3,756,708
2027													3,619,938	3,619,938
2028													3,486,188	3,486,188
2029													3,345,688	3,345,688
2030													3,198,188	3,198,188
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2034													2,516,850	2,516,850
2035													2,323,125	2,323,125
2036													2,114,700	2,114,700
2037													1,895,250	1,895,250
2038													1,664,250	1,664,250
2039													1,421,175	1,421,175
2040													1,165,238	1,165,238
2041													895,913	895,913
2042													612,413	612,413
2043													313,950	313,950
Total	955,420	64,879	202,074	930,308	655,920	5,399,625	3,853,150	1,535,566	230,745	7,778,573	5,413,512	1,505,200	129,460,123	157,985,094

Parker Water and Sanitation District

Debt Service Coverage 2013

Calculation per Rate Covenant	
<u>Operating Revenues</u>	
Total User Fees	\$ 23,922,773
Farm Land Revenue	436,485
Net Investment Income	484,144
Other Income (including BAB Subsidy)	1,916,920
Property Taxes (sewer operating)	775,100
Specific Ownership Taxes	377,122
	\$ 27,912,544
<u>System Fees</u>	
Tap fees	\$ 3,334,200
Water Resource Fees	155,000
System Development Fees	5,084,375
	\$ 8,573,575
Allowable System Fees for coverage not exceeding 15% of Operating Revenue	\$ 4,186,882
Total Revenues per Covenant	\$ 32,099,426
<u>Operating Expenses</u>	
Operating Expenses (less depreciation)	\$ 14,579,304
Farm Land Expenses	163,591
Total Operating and Maintenance Expenses	\$ 14,742,895
Revenue Available for Debt Service	\$ 17,356,531
<u>Current Year Debt Service</u>	
Revenue Bond Total	\$ 5,413,890
WTP Loan	2,940,995
Total Debt Using Revenue Pledge	\$ 8,354,885
Coverage per Rate Covenant Calculation (minimum 110%)	208%
Coverage without consideration of System Fees (minimum 100%)	158%

Note: The General Obligation Debt Service and Property taxes collected for RH are not included in the calculation per rate covenant. There is not a rate covenant test for the General Obligation Debt

Parker Water and Sanitation District

Debt Service Coverage 2013 (after adjusting entry)

Calculation per Rate Covenant	
<u>Operating Revenues</u>	
Total User Fees	\$ 23,922,773
Farm Land Revenue	436,485
Net Investment Income	484,144
Other Income (including BAB Subsidy)	1,916,920
Property Taxes (sewer operating)	775,100
Specific Ownership Taxes	377,122
	<u>\$ 27,912,544</u>
<u>System Fees</u>	
Tap fees	\$ 3,334,200
Water Resource Fees	155,000
System Development Fees	5,084,375
	<u>\$ 8,573,575</u>
Allowable System Fees for coverage not exceeding 15% of Operating Revenue	\$ 4,186,882
Total Revenues per Covenant	\$ 32,099,426
<u>Operating Expenses</u>	
Operating Expenses (less depreciation)	\$ 14,579,304
Farm Land Expenses	163,591
Total Operating and Maintenance Expenses	\$ 14,742,895
Revenue Available for Debt Service	\$ 17,356,531
<u>Current Year Debt Service</u>	
Revenue Bond and CWRPDA loans Total	\$ 5,413,890
WTP Loan	2,940,995
Total Debt Using Revenue Pledge	<u>\$ 8,354,885</u>
Coverage per Rate Covenant Calculation (minimum 110%)	208%
Coverage without consideration of System Fees (minimum 100%)	158%

Total Debt Service Coverage Calculation (including GO Debt)	
<u>Operating Revenues</u>	
Total User Fees	\$ 23,922,773
Farm Land Revenue	436,485
Net Investment Income	484,144
Other Income (including BAB Subsidy)	1,916,920
Property Taxes (sewer operating & RH)	4,306,089
Specific Ownership Taxes	377,122
	<u>\$ 31,443,533</u>
<u>System Fees</u>	
Tap fees	\$ 3,334,200
Water Resource Fees	155,000
System Development Fees	5,084,375
	<u>\$ 8,573,575</u>
Total Revenues	\$ 40,017,108
<u>Operating Expenses</u>	
Operating Expenses (less depreciation)	\$ 14,579,304
Farm Land Expenses	163,591
Total Operating and Maintenance Expenses	\$ 14,742,895
Revenue Available for Debt Service	\$ 25,274,213
<u>Current Year Debt Service (with GO Debt)</u>	
GO Debt - '04 Loan & '12 Refunding Bond	\$ 3,979,524
Revenue Bond and CWRPDA loans Total	5,413,890
WTP Loan	2,940,995
Total Debt	<u>\$ 12,334,409</u>
Total Debt Service Calculation, including GO Debt	205%