

PLUM CREEK WATER RECLAMATION AUTHORITY

CASTLE ROCK, COLORADO

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the years ended December 31, 2016 and 2015

E

RECEIVED

By the Office of the State Auditor at 8:22 am, Aug 30, 2017

Prepared by:

Lissa Oelkers, Director of Administrative Services

TABLE OF CONTENTS

INTRODUCTORY SECTION	PAGE(S)
Letter of Transmittal	1-4
Certificate of Achievement for Excellence in Financial Reporting	5
Organizational Structure	6
List of Authority Officers	7
FINANCIAL SECTION	
Independent Auditor's Report	8-9
Management's Discussion and Analysis	10-13
Basic Financial Statements	
Statements of Net Position	14
Statements of Revenues, Expenses and Changes in Net Position	15
Statements of Cash Flows	16
Notes to the Financial Statements	17-29
Supplementary Information	
Schedules of Revenues, Expenditures and Changes in Net Position - Budget and Actual - Budgetary (Non-GAAP) Basis	30-31
STATISTICAL SECTION	
Net Position by Component	32
Changes in Net Position	33
Operating Revenue by Source – Budgetary Basis	34
Operating Expenses	35
Nonoperating Revenue and Expenses	36
Sewer and Reuse Rates	37
Ten Largest Customers	38
Ratios of Outstanding Debt to Service Charges	39
Pledged Revenue Debt Coverage	40
Demographic and Economic Indicators	41
Principal Employers in the Authority's Service Area	42
Operating and Capital Indicators	43

INTRODUCTORY SECTION

April 28, 2016

TO: Board of Directors
Plum Creek Water Reclamation Authority

State law requires that all local governments publish within seven months of the close of each fiscal year a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (US GAAP) and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of Plum Creek Water Reclamation Authority for the fiscal year ended December 31, 2016.

This report consists of management's representations concerning the finances of the Authority. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of the Authority has established a comprehensive internal control framework that is designed both to protect the Authority's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the Authority's financial statements in conformity with US GAAP. Because the cost of internal controls should not outweigh their benefits, the Authority's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The Authority's financial statements have been audited by Haynie & Company, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Authority for the fiscal year ended December 31, 2016, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the Authority's financial statements for the fiscal year ended December 31, 2016, are fairly presented in conformity with US GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

US GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A can be found immediately following the independent auditor's report.

Profile of the Government

The Authority was organized by an Establishing Agreement among the Town of Castle Rock, Castle Pines Metropolitan District and Castle Pines North Metropolitan District. All the original Authority members are political subdivisions of the State of Colorado. In addition, the Authority serves two unincorporated areas, Silver Heights and Castleton Center, which are not represented on the Board of Directors.

The agreement established a Board of Directors as the governing body of the Authority. The Board consists of three directors. Each original member appoints one director.

The Board of Directors has the power to represent the Authority and has exclusive responsibility and power to adopt the annual budget for the operation of the Authority. The Authority does not have the power to levy taxes.

The Authority provides wastewater treatment and treated effluent for its members. The management and personnel services have historically been provided by the Castle Pines Metropolitan District (CPMD) under a biennial renewable contract. Wes Martin signed an employment contract with the Board of Directors effective January 1, 2016 officially designating him the first Authority Manager directly employed by the Authority.

The annual budget serves as the foundation for the Authority's financial planning and control. All departments of the Authority are required to submit requests for appropriation to the Director of Administrative Services. The Director of Administrative Services uses these requests as the starting point for developing a proposed budget and provides a draft to the Authority Manager. The Authority Manager then presents a proposed budget to the Board of Directors (the Board) for review prior to October 15. The Board is required to hold public hearings on the proposed budget and to adopt a final budget no later than December 31, the close of the Authority's fiscal year. Budget-to-actual comparisons are provided in this report on pages 30 and 31, as part of the required supplemental disclosure.

Factors Affecting Financial Condition

Useful information in assessing the Authority's economic condition encompasses the health of the local economy; long-term financial planning; relevant financial policies and risk management.

Local Economy

The Authority is located within Douglas County, Colorado. Statistical indicators show a growing economy for Douglas County. The median household income for the county as a whole grew with an approximate 4% increase, however the Authority's service area experienced a mixed result with the Town of Castle Rock increasing approximately 2%, Castle Pines Village 6% but the City of Castle Pines decreasing approximately 5%. Population estimates continue to increase in the Authority's service area with most of the growth, 4.25%, in the Town of Castle Rock from 2015 to 2016. Additionally, the unemployment rate continues to decrease showing a healthy trend which began in 2011 at 6.4% and continued through 2015 at 3.1%, down from 4% in 2014 (2016 unemployment rate was unavailable at the time of this report). Since the Census in 2010, the estimated population in the PCWRA service area has increased approximately 26%. With the increased population the Authority continues to receive an increase in

flows, albeit of a less magnitude than previous years, of three million gallons annually from 2015 to 2016 while treatment costs per million gallons decreased only slightly. The Authority continued to operate understaffed in 2016, operating with only 11 out of 18 potential FTEs for the first half but gaining four new employees in the second half. The Town of Castle Rock continues to experience rapid growth. The North Meadows Extension was completed in 2016 and the Promenade at Castle Rock continues to be under construction into 2017. Castle Pines North began planning for an additional flume connection to PCWRA in 2014 for a new development and expects to experience growth in the coming years. The flume project was delayed in 2015 and is expected to complete construction in early 2017.

Long-Term Financial Planning

In 2005, a large plant expansion of approximately \$28,000,000 was completed. The capital associated with that expansion will require a large replacement potentially all within the year 2025. Additionally, the Authority must plan for essential annual replacements. The fluctuation of capital replacement requirements is difficult for members to absorb and calculate for their rates to customers. Therefore, to alleviate the financial stress on members, the Authority plans to budget \$400,000 in capital replacement each year starting 2017 and, with Board approval, appropriate funds from the Capital Reserve account to meet additional needs. Incremental increases of \$100,000 additional capital replacement budget will begin in 2019 to aid in future planning. Amounts in excess of \$400,000 will be presented in the budget document and will utilize capital reserves. Any unexpended amount under the budgeted \$400,000 will be deposited in the Capital Reserve account to build reserves for large replacement years. As the 2025 replacement approaches, the Authority will apply sound judgment to remaining replacement requirements in an attempt to level out those expenditures over subsequent years. Additionally, certain new State regulations may require additional capital projects. With the onset of new total inorganic nitrogen limits, PCWRA began a project in 2016 to complete the equipment part of the existing third ditch for redundancy in the ditches when one ditch needs taken offline for maintenance. The project is expected to cost approximately \$1.76M and is being funded by a five year “self-loan” by the members. The “self-loan” comes from existing funds in the capital reserve and is paid back by the members similar to debt service, although not calculated into the rates, from 2016 – 2020. The project engineering was bid and awarded to Dewberry Engineering in early 2016. RN Civil Construction was awarded the construction contract and given Notice to Proceed on August 15, 2016. The Third Ditch Project is expected to be complete in April 2017. Additionally, PCWRA began analyzing growth and capacity needs in 2017 by awarding a study to plan for a large expansion, which may be required sooner than anticipated from a capacity standpoint, to Carollo Engineering.

Relevant Financial Policies

The Authority sets its rate structure each year based on a cost of service model which uses a formula based on prior year waste strength, budget year O&M costs, debt service and capital. The cost for sewer treatment is fixed for the year. Therefore, each member will pay a fixed monthly fee. Reuse rates also use a cost of service model. Those rates are based on per 1000 gallons and fluctuate with usage.

Risk Management

The Authority is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions, and natural disasters. In order to manage these risks the Authority is a member of the Colorado Special Districts Property and Liability Pool.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Authority for its comprehensive annual financial report (CAFR) for the fiscal years ended December 31, 1995 through December 31, 2015. This was the twenty-first consecutive year the Authority received this prestigious award. In order to be awarded a Certificate of Achievement, the Authority must publish an easily readable and efficiently organized CAFR. This report satisfied both US GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement program's requirements and are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated services of the Authority's accounting staff; Authority Management; and Haynie & Co. We would like to express our appreciation to all employees of the Authority and the Douglas County Department of Community Development who assisted and contributed to the preparation of this report. Credit must also be given to the Board of Directors for their unfailing support for maintaining the highest standards of professionalism in the management of the Authority's finances.

Respectfully submitted,



Weston Martin
Authority Manager



Lissa Oelkers
Director of Administrative Services



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

Plum Creek Water

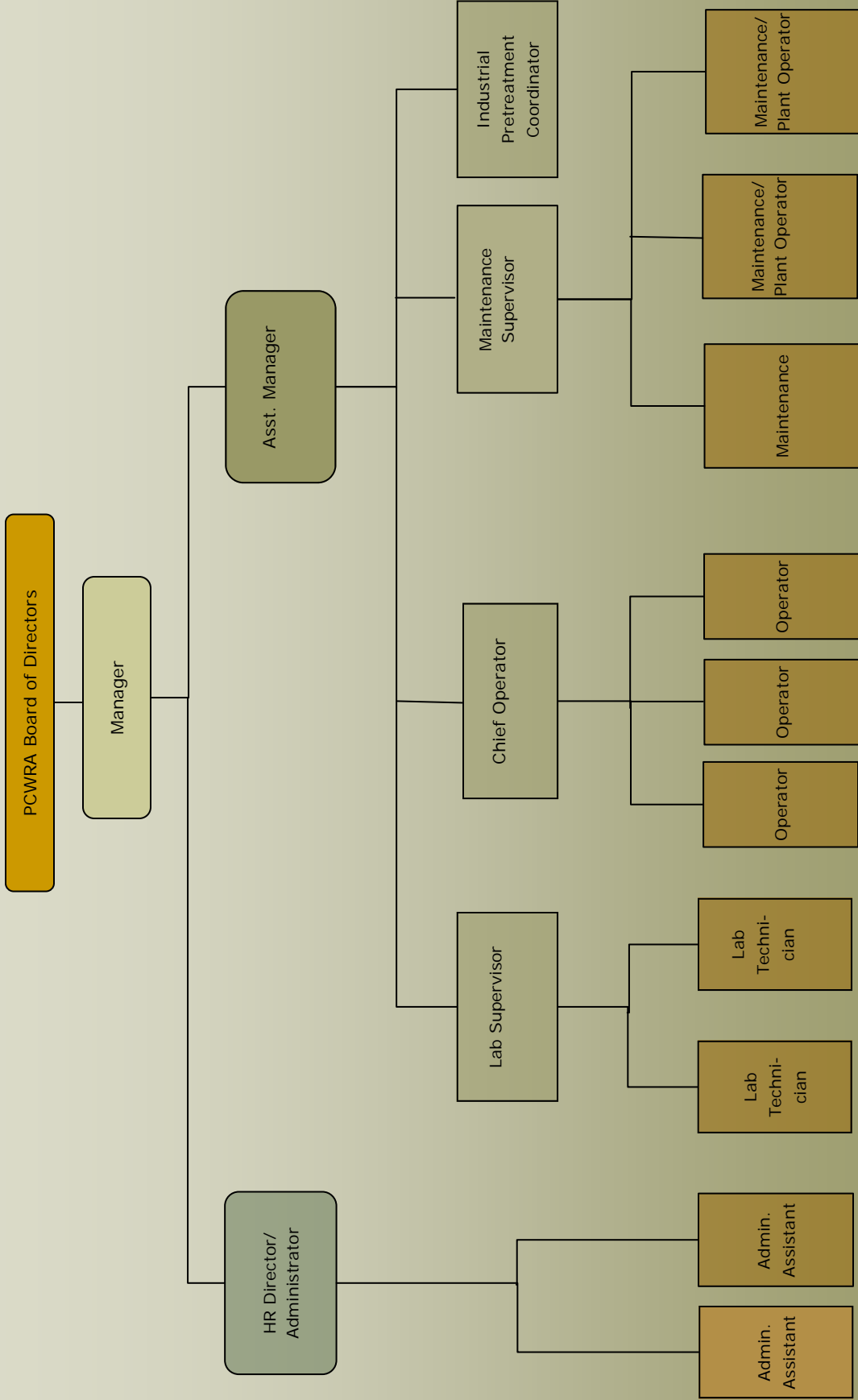
Reclamation Authority, Colorado

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2015

Executive Director/CEO

Plum Creek Water Reclamation Authority



PLUM CREEK WATER RECLAMATION AUTHORITY
Appointed Officials - as of December 31, 2016

APPOINTED OFFICIALS

PCWRA OFFICE

Mr. Jim Nikkel
Castle Pines North Metro District

Secretary

Mr. Richard Munday
Castle Pines Metropolitan District

Vice-President

Mr. Mark Marlowe
Town of Castle Rock - Utilities Dept.

President

AUTHORITY MANAGER

Mr. Weston Martin

ASSISTANT AUTHORITY MANAGER

Vacant January 1, 2016 - August 14, 2016
Mr. Edward Bonham, hire date August 15, 2016

CONSULTANTS

Authority Counsel:
Mr. Darryl Farrington
Semple, Farrington & Everall, PC

FINANCIAL SECTION



**Haynie &
Company**

Certified Public Accountants (a professional corporation)

1221 West Mineral Ave, Ste. 202 Littleton, Colorado 80120-4544 (303) 734-4800 Fax (303) 795-3356

Independent Auditor's Report

Board of Directors
Plum Creek Water Reclamation Authority
Castle Rock, Colorado

We have audited the accompanying financial statements of Plum Creek Water Reclamation Authority (the "Authority") as of and for the years ended December 31, 2016 and 2015 and the related notes to the financial statements, which collectively comprise the Authority'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 opinions 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 of 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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Plum Creek Water Reclamation Authority as of December 31, 2016 and 2015, 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.

Other-Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis 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 opinions on the financial statements that collectively comprise Plum Creek Water Reclamation Authority's financial statements as a whole. The introductory section, budgetary comparison schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements.

The budgetary comparison schedules listed as supplementary information 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 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 financial statements as a whole.

The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.



Littleton, Colorado
April 19, 2017

Management's Discussion and Analysis

As management of the Plum Creek Water Reclamation Authority (Authority), we offer readers this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended December 31, 2016. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 1 to 4 of this report.

Financial Highlights

The assets of the Authority exceeded its liabilities at the close of the most recent fiscal year by \$28,276,595. This reflects an increase in net assets from 2015 to 2016 of \$1,871,059. Total Operating Expenses decreased in 2016 due to Engineering Fees utilized in 2015 for the following studies: Utility Plan Update, \$34,082; GEI stream studies, \$21,581; Permit Compliance Schedule Nitrogen Study, \$15,000; and Industrial Pretreatment Variance Cost/Benefit Study, \$14,700. The GEI stream studies continued into 2016; however the total engineering expenditure for the year was \$7,735. Also, the Legal Fees were down significantly due to reduced regulatory litigation in 2016. With operating revenues remaining relatively flat, this allowed for an increase in operating income from 2015 to 2016. Additionally, the nonoperating expenses were reduced in 2016 in most part due to the decrease in Interest Expense on SRF loans, as well as the rise of Investment Earnings.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statement. The Authority's financial statements comprise two components: 1) financial statements, and 2) notes to the financial statements. This report also contains supplementary information in addition to the basic financial statements themselves.

Financial Statements The financial statements are designed to provide readers with a broad overview of the Authority's finances in a manner similar to a private-sector business.

The statement of net position presents information on all the Authority's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The statement of activities presents information showing how the Authority's net position changed during the most recent fiscal year. All changes in net position are reported as soon as an underlying event giving rise to the change occurs, regardless of the time of related cash flows.

Fund Financial Statements A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Authority, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The Authority has one proprietary fund, an Enterprise Fund, to account for its wastewater treatment operations.

Notes to the Financial Statements The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements can be found on pages 17 – 29 of this report.

Other Information In addition to the basic financial statements and accompanying notes, this report also includes certain required supplementary information concerning the Authority’s budget to actual comparison for the fiscal year. Supplementary information can be found on pages 30 - 31.

Financial Analysis

As noted, net position may, over time, serve as a useful indicator of the Authority’s financial position. Assets exceeded liabilities by \$28,276,595 at the close of the most recent fiscal year and by \$26,405,536 at the close of the 2015 fiscal year.

By far, the largest portion (75 percent) of the Authority’s total net position reflects its investment in capital assets net of depreciation (e.g. land, building, machinery and equipment) less any related outstanding debt used to acquire those assets. The Authority uses these capital assets to provide services to its participants; consequently, these assets are reported net of related debt. It should be noted that resources to repay this debt must be provided from member rates, since the capital assets themselves cannot be used to liquidate these liabilities.

Net Position

As of the current fiscal year, as well as in the previous two fiscal years, the Authority is able to report a positive balance in the net position; increasing by \$1,871,059 from 2015 to 2016 and by \$1,137,827 from 2014 to 2015.

	2016	2015	2014
Current and other assets	\$ 7,648,062	\$ 7,509,920	\$ 6,985,886
Capital assets	31,826,237	32,133,195	32,976,353
Deferred outflow of resources	114,700	-	-
Total assets and deferred outflows of resources	39,588,999	39,643,115	39,962,239
Current liabilities	2,456,909	2,588,501	2,321,869
Noncurrent liabilities	8,855,495	10,649,078	12,372,661
Total liabilities	11,312,404	13,237,579	14,694,530
Net position	<u>28,276,595</u>	<u>26,405,536</u>	<u>25,267,709</u>
Net investment in capital assets	21,177,159	19,760,534	18,940,109
Restricted	834,875	851,000	836,500
Unrestricted	6,264,561	5,794,002	5,491,100
Total net position	<u>\$ 28,276,595</u>	<u>\$ 26,405,536</u>	<u>\$ 25,267,709</u>

The restricted asset is a requirement from the Colorado Water Resources and Power Development Authority (CWRPDA) for three loans obtained in 2001, 2002 and 2005, Exhibit F, as an Operations and Maintenance (O&M) Reserve Fund. The Exhibit states, “The Governmental Agency shall maintain an operations and maintenance reserve in an amount equal to three months of operation and maintenance expenses excluding depreciation of the System as set forth in the annual budget for the current fiscal year but in no event greater than \$1,250,000.” In prior years, the Authority opted to reserve the maximum \$1,250,000. Beginning 2014, the Authority chose to calculate the three months of operation and maintenance expenses in order to free up some reserves for capital planning purposes.

As of January 1, 2016, the Authority underwent a change in management and brought all Human Resources in house. Therefore, personnel were transferred from employees of Castle Pines Metropolitan District to employees of Plum Creek Water Reclamation Authority. PCWRA elected to affiliate with the Colorado Public Employees' Retirement Association (PERA) in order to allow its employees to continue contributing to the Defined Benefit Plan as well as other benefits associated with PERA. 2016 is the first year of contributions to PERA which is reflected in the Statement of Net Position as a Deferred Outflow of Resources. PERA provides its financial report in July of each year, therefore there was no information available regarding PCWRA's cost-sharing in the plan. More information will be added to this report in subsequent years and can be found in Note IV.

Change in Net Position

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Revenues:			
Charges for services	\$ 6,331,449	\$ 5,978,893	\$ 5,955,212
Other	226,879	193,217	189,760
Total revenues	<u>6,558,328</u>	<u>6,172,110</u>	<u>6,144,972</u>
Expenses:			
Operating			
Personnel & administrative fee	1,200,224	1,225,086	1,296,714
Power & heat	589,946	603,660	595,435
Biosolids hauling	217,880	198,104	209,730
Chemicals	135,813	133,371	133,927
Operating supplies	154,673	144,633	133,341
Repairs & maintenance	124,191	146,266	124,406
Legal fees	50,643	106,264	61,087
Engineering fees	7,735	87,406	181,120
Household Hazardous Waste	33,000	33,000	33,000
Administrative overhead	297,220	308,592	315,620
Depreciation	1,246,715	1,356,936	1,340,045
Total operating expenses	<u>4,058,040</u>	<u>4,343,318</u>	<u>4,424,425</u>
Nonoperating			
Interest	629,229	690,965	753,572
Total nonoperating expenses	<u>629,229</u>	<u>690,965</u>	<u>786,572</u>
Total expenses	<u>4,687,269</u>	<u>5,034,283</u>	<u>5,177,997</u>
Changes in net position	<u>1,871,059</u>	<u>1,137,827</u>	<u>966,975</u>
Net position, January 1	<u>26,405,536</u>	<u>25,267,709</u>	<u>24,300,734</u>
Net position, December 31	<u>\$ 28,276,595</u>	<u>\$ 26,405,536</u>	<u>\$ 25,267,709</u>

A reduction in operating and nonoperating expenses from 2014 to 2015 (in most part due to reduction in personnel, 17 FTEs compared to 12 FTEs respectively, and interest on debt service from 2014 to 2015) provided for an increase in the changes in net position for 2015 compared to 2014. The Authority continued to function on a reduced workforce for most of 2016, increasing to 15 FTE's by August, maintaining a low Personnel expense. Additionally, the Legal and Engineering fees decreased significantly from 2015 to 2016, along with the continued decrease in Interest expense from SRF loans, providing for a significant increase in net position for 2016.

Capital Assets and Debt Administration

Capital Assets The Authority's investment in capital assets as of December 31, 2016 was \$31,826,237 (net of accumulated depreciation). This investment in capital assets includes: land and other non-depreciable assets; buildings; improvements other than buildings; machinery and equipment; and vehicles. Total capital asset additions (new and replacement) during the year were valued at \$943,776. The Authority disposed of miscellaneous old equipment valued at \$69,513 which had been fully depreciated. One fully depreciated vehicle was traded in to purchase a new one and provided for a gain of \$6,000. Approximately half of the new asset additions came from a work in progress of the Third Ditch Project valued at \$443,400 for the 2016 portion of the project. This project is budgeted to continue in 2017 at an additional \$1,347,508. The Headworks MCC Project which began in 2014 was not completed in 2016 due to the Castle Pines North Flume Project construction. The two projects could not run simultaneously and maintain plant functionality and safety. The Headworks MCC Project will be posted for bid in 2017. New capital purchases over \$20,000 for 2016 were: PLC replacement in building 10 for \$76,208; filter media for \$35,513; class 2 service for three blower motors for \$87,307; fine bubble diffuser membranes in ditch 1 and 2 for \$27,014; rebuild two screw pumps for \$23,205 each; Bobcat compact excavator for \$49,841; and a vehicle for \$27,336 (with a trade in of \$6,000 bringing the cost to \$21,336). Several other assets ranging in cost of \$5,777 to \$14,865 were also purchased for a total of \$150,746.

Additional information on the Authority's capital assets can be found in Note III B.

Long Term Debt At the end of the current fiscal year, the Authority had outstanding long-term debt of \$10,649,078. The Authority paid \$1,723,583 toward the long-term debt during 2016.

Additional information on the Authority's long-term debt can be found in Note III C.

Request for Information

This financial report is designed to provide an overview of the Plum Creek Water Reclamation Authority's finances for all interested parties. Questions concerning any of the information provided in this report, or requests for additional information should be addressed to the Director of Administrative Services: Lissa Oelkers, 4255 N. US Highway 85, Castle Rock, CO 80108.

PLUM CREEK WATER RECLAMATION AUTHORITY

Statements of Net Position
December 31, 2016 and 2015

ASSETS	<u>2016</u>	<u>2015</u>
Current Assets:		
Cash	\$ 4,602,009	\$ 3,931,418
Investments	1,482,062	2,055,546
Receivables - From Other Governments	504,307	479,530
Other Receivable	4,467	836
Prepays	1,500	-
Inventories	80,088	84,619
CPN Escrow Cash	138,754	22,163
Total Current Assets	<u>6,813,187</u>	<u>6,574,112</u>
Noncurrent Assets:		
Restricted Assets:		
Investments - Debt Service,	834,875	851,000
Capital Assets:		
Non-Depreciable Assets:		
Land & Capacity	3,564,347	3,564,347
Construction in Progress	716,560	273,160
Buildings	17,811,796	17,811,796
Improvements Other Than Buildings	16,194,258	16,103,741
Machinery and Equipment	11,357,322	11,044,312
Vehicle	201,360	193,428
Total Capital Assets	<u>49,845,643</u>	<u>48,990,784</u>
Less Accumulated Depreciation	<u>(18,019,406)</u>	<u>(16,857,589)</u>
Total Capital Assets Net of Depreciation	<u>31,826,237</u>	<u>32,133,195</u>
Total Noncurrent Assets	<u>32,661,112</u>	<u>32,984,195</u>
Deferred Outflow of Resources		
Deferred Outflow Related to Pension	<u>114,700</u>	<u>-</u>
Total Deferred Outflow of Resources	<u>114,700</u>	<u>-</u>
Total Assets and Deferred Outflow of Resources	<u>39,588,999</u>	<u>39,558,307</u>
LIABILITIES		
Current Liabilities:		
Accounts Payable	247,577	428,730
Due to Other Government	71	84,146
CPN Flume Project	138,754	22,163
Accrued Benefits	58,688	2,065
Accrued Interest Payable	218,236	243,006
Current Portion of the Long-Term Debt	1,793,583	1,723,583
Total Current Liabilities	<u>2,456,909</u>	<u>2,503,693</u>
Noncurrent Liabilities:		
Revenue Loan Payable, Net	<u>8,855,495</u>	<u>10,649,078</u>
Total Noncurrent Liabilities	<u>8,855,495</u>	<u>10,649,078</u>
Total Liabilities	<u>11,312,404</u>	<u>13,152,771</u>
NET POSITION		
Net Investment in Capital Assets	21,177,159	19,760,534
Restricted - Debt Service,	834,875	851,000
Unrestricted	<u>6,264,561</u>	<u>5,794,002</u>
Total Net Position	<u>\$ 28,276,595</u>	<u>\$ 26,405,536</u>

The notes to the financial statements are an integral part of this statement.

¹ See Note I.C.6. Restricted Assets for loan agreements.

PLUM CREEK WATER RECLAMATION AUTHORITY
 Statements of Revenues, Expenses and Changes in Net Position
 for the
 Fiscal Years Ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Operating Revenue :		
Service Charges	\$ 6,331,449	\$ 5,978,893
Total Operating Revenues	<u>6,331,449</u>	<u>5,978,893</u>
Operating Expenses:		
Personnel Services	1,196,424	1,199,158
Administrative Fees	3,800	25,928
Power & Heat	589,946	603,660
Biosolids Hauling	217,880	198,104
Telephone	13,920	14,712
Chemicals	135,813	133,371
Operating Supplies	154,673	144,633
Gas & Oil	34,020	35,314
Uniform	19,466	20,298
Repair & Maintenance Supplies	25,113	28,823
Repair & Maintenance Services	99,078	117,443
Landscape Maintenance	3,007	3,532
Permits & Fees	24,810	22,942
Legal Fees	50,643	106,264
Auditing	9,300	9,300
Engineering Fees	7,735	87,406
USGS Monitoring	15,760	15,290
Laboratory Fees	21,099	35,114
Insurance	55,436	52,065
Membership Fees	34,932	29,141
Office Expenses	59,741	68,089
Household Hazardous Waste Roundup	33,000	33,000
Contingency	5,729	2,795
Depreciation	1,246,715	1,356,936
Total Operating Expenses	<u>4,058,040</u>	<u>4,343,318</u>
Operating Income	<u>2,273,409</u>	<u>1,635,575</u>
Nonoperating Revenues (Expenses):		
Investment Earnings	53,640	32,695
Interest Expense	(629,229)	(690,965)
Gain on Retirement of Assets	1,980	396
Lease Income	33,000	18,000
Bond Premium Amortization	38,583	38,583
Forgiveness of Interest	74,284	72,778
Miscellaneous Income	25,392	30,765
Total Nonoperating Revenues (Expenses)	<u>(402,350)</u>	<u>(497,748)</u>
Change in Net Position	<u>1,871,059</u>	<u>1,137,827</u>
Total Net Position - Beginning of Year	26,405,536	25,267,709
Total Net Position - End of Year	<u>\$ 28,276,595</u>	<u>\$ 26,405,536</u>

The notes to the financial statements are an integral part of this statement.

PLUM CREEK WATER RECLAMATION AUTHORITY
Statements of Cash Flows
for the Fiscal Years Ended December 31, 2016 and 2015

	2016	2015
Cash Flows from Operating Activities:		
Receipts from Customers and Users	\$ 6,306,672	\$ 5,981,917
Payments to Suppliers	(3,130,099)	(2,788,889)
Other Receipts	20,261	30,533
Net Cash Provided by Operating Activities	3,196,834	3,223,561
Cash Flows from Capital and Related Financing Activities:		
Loan received		
Bond Premium		
Cost of Issuance		
Acquisition and Construction of Capital Assets	(937,776)	(513,382)
Principal Paid on Capital Debt	(1,685,000)	(1,625,000)
Interest Paid on Capital Debt	(579,715)	(643,668)
Net Cash (Used) in Capital and Related Financing Activities	(3,202,491)	(2,782,050)
Cash Flows from Noncapital Financing Activities:		
Lease Income	33,000	18,000
Net Cash (Used) in Noncapital Financing Activities	33,000	18,000
Cash Flows from Investing Activities:		
Sale of Investments	2,793,519	5,814,221
Purchase of Investments	(2,216,816)	(5,842,248)
Interest Received	50,420	37,370
Net Cash Provided by Investing Activities	627,123	9,343
Net Increase in Cash and Cash Equivalents	654,466	468,854
Cash and Cash Equivalents		
Beginning of Year	4,782,418	4,313,564
End of Year	\$ 5,436,884	\$ 4,782,418
Detail of Cash and Cash Equivalents:		
Cash in Bank	120,874	495,313
Cash Equivalent State Pool	5,316,010	3,251,554
Cash Equivalent Money Market	-	1,035,551
Total Cash and Cash Equivalents	\$ 5,436,884	\$ 4,782,418
Net Cash Provided by Operating Activities:		
Operating Income	\$ 2,273,409	\$ 1,635,575
Adjustments to Reconcile Operating Income to		
Net Cash Provided (Used) by Operating Activities:		
Depreciation and Amortization	1,246,715	1,356,936
Miscellaneous Income	25,392	30,765
(Increase) Decrease in Current Assets:		
Accounts Receivable - Other Governments	(24,777)	3,024
Other Receivable	(5,131)	(232)
Inventory	4,531	(5,954)
(Increase) Decrease in Deferred Outflow of Resources:		
Deferred Outflow Related to Pension	(114,700)	-
Increase (Decrease) in Current Liabilities:		
Accounts Payable	(181,153)	217,927
Accrued Benefits	56,623	2,065
Due to Other Governments	(84,075)	(16,545)
Total Adjustments	923,425	1,587,986
Net Cash Provided by Operating Activities	\$ 3,196,834	\$ 3,223,561

The notes to the financial statements are an integral part of this statement.

PLUM CREEK WATER RECLAMATION AUTHORITY

Notes to the Financial Statements

December 31, 2016 and 2015

I: Summary of significant accounting policies

Plum Creek Water Reclamation Authority (Authority) was formed by an agreement among the Town of Castle Rock, Castle Pines Metropolitan District and Castle Pines North Metropolitan District (Members) dated December 14, 1989 with final executed documents on January 12, 1990. All the Members are political subdivisions of the State of Colorado. The Authority is governed by an appointed Board of Directors consisting of three directors. Each Member appoints one director.

The primary function of the Authority is to provide wastewater treatment services to the Members and two unincorporated areas, Silver Heights and Castleton Center.

The financial statements of the Authority have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The summary of significant accounting policies of the Authority is presented to assist in understanding the Authority's financial statements. The accounting policies of the Authority conform to GAAP as applicable to governmental units. The following is a summary of the significant accounting policies.

A. Reporting entity

The Authority has no component units as defined by the GASB Statements 14 and 39.

B. Measurement focus, basis of accounting and financial statement presentation

The Authority has the following fund type:

Proprietary Funds – are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred. Proprietary funds include the following fund type:

Enterprise Funds – are used to account for those operations where the Board has decided that the determination of revenues earned, cost incurred and/or net income is necessary for management accountability.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

The principal operating revenues of the Authority's enterprise fund are charges for providing wastewater treatment and reuse effluent services. The Authority's operating expenses include the cost of providing wastewater treatment and reuse effluent service, administrative expenses and depreciation on capital assets. All other revenues and expenses are reported as nonoperating revenues and expenses.

PLUM CREEK WATER RECLAMATION AUTHORITY

Notes to the Financial Statements

December 31, 2016 and 2015

C. Assets, liabilities and equity

1. Deposits and investments

For purposes of the statement of cash flows, cash equivalents consist of cash on hand and amounts deposited in the bank, money markets and state regulated pooled accounts subject to immediate withdrawal. Investments are reported at fair value and will have a maturity of no more than five years. The reported value of the state pool is the same as the fair value. Certificates of deposit are reported at fair value and will have a maturity of a minimum of three months.

2. Fair value of financial instruments

The Authority's financial instruments include cash and cash equivalents, restricted cash, deposit with trustee, accounts receivable, and accounts payable. The Authority estimates that the fair value of all financial instruments at December 31, 2016 and 2015 does not materially differ from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The carrying amounts of these financial instruments approximate fair value, because of the short maturity of these instruments.

3. Estimates

The preparation of financial statements, in conformity with GAAP, requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

4. Capital assets

Capital assets include property, plant machinery and equipment, vehicles, improvements, as well as intangible/non-depreciable assets such as land and capacity. The Authority defines capital assets as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at cost or estimated historical cost. Donated capital assets are recorded at fair market value as of the date received.

Depreciation of all exhaustible capital assets is charged as expenses against operations. Accumulated depreciation is reported on the statement of net position. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

<u>Assets</u>	<u>Years</u>
Buildings	50
Improvements	5 - 20
Equipment	5 - 20
Vehicle	10

PLUM CREEK WATER RECLAMATION AUTHORITY

Notes to the Financial Statements

December 31, 2016 and 2015

5. Inventory

Inventories are valued at cost using the first in/first out (FIFO) method. The only inventories maintained for the Authority are oil, chemicals and fuel. The Authority began purchasing certain oils used in the maintenance of plant equipment in 55 gallon drums which increased the inventory starting in 2014.

6. Restricted assets

The Authority secured loans in 2001, 2002 and 2005 to fund the 2005 plant expansion and biosolids program. As part of the loan agreement with Colorado Water Resources and Power Development Authority (CWRPDA), the Authority is required to restrict three months of operating expenditures, up to \$1,250,000, in a reserve fund. The Authority has reserved \$834,875 for this purpose in 2016.

7. Escrow funds

Funds were transferred to the Authority in 2014 to be kept in escrow for engineering of a new flume for the Castle Pines North Metro District. The funds were provided by the developer in order for the project to be overseen by the Authority. Additional funds were transferred in May 2016 and Aslan Construction was awarded the project. Construction began in October and the Notice of Final Completion was signed on March 21, 2017. The retainage check was mailed out on March 28, 2017. As of December 31, 2016, the Authority holds \$123,800 in escrow at First Bank. Any remaining funds will be reimbursed to Castle Pines North Metropolitan District once all documents are finalized, retainages are paid, and any punch list items are fixed.

8. Accrued Benefits

The Authority accrues vacation and sick pay for employees at the following rates:

Length of Service	Accrual Rate for Full Time	Accrual Rate for Part Time
Hire date through 60 months	3.34 hours per pay period (80 hours/year) Max Accrual 160	0.04175 per hour worked
61 months through 120 months	5.00 hours per pay period (120 hours/year) Max Accrual 240	0.0625 per hour worked
121 months and beyond	6.67 hours per pay period (160 hours/year) Max Accrual 320	0.0834 per hour worked

The Authority will pay employees for their unused time upon termination of employment at their full hourly rate for vacation accrual and half their hourly rate for sick accrual. The accrued compensated absence benefit amounted to \$58,688 at December 31, 2016 and \$0 at December 31, 2015 since the Authority had no employees prior to 2016. These amounts are recorded within "Accrued Benefits" on the statements of net position.

9. Long-term obligations

Long-term debt is reported as a liability in the statement of net position. Bond premiums are deferred and amortized over the life of the loan.

PLUM CREEK WATER RECLAMATION AUTHORITY

Notes to the Financial Statements

December 31, 2016 and 2015

10. Net position

The Authority applies Operating Revenue resources first and COLOTRUST General Funds second when an expense is incurred. Restricted Assets are not used and remain for emergency use only. The Authority has not needed to use any amount of the Restricted Assets.

D. New Account Pronouncements

The GASB has issued Statement No. 82, "Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No. 73"; No. 83, "Certain Asset Retirement Obligations"; No. 84, "Fiduciary Activities"; and No. 85, "Omnibus 2017". These new Statements do not have a material effect on the Authority as of 2016.

II: Stewardship, compliance, and accountability

A. Budgetary information

Formal budgetary integration is employed as a management control device during the year for all the funds. Formal budgetary integration is also employed to comply with the State of Colorado Budget Law. The Board of Directors adopted the Authority budget in accordance with the Colorado Revised Statutes.

The budget is adopted on a basis which differs from GAAP in that depreciation on capital assets is not provided and capital expenditures are included in the budget. Total fund expenses cannot exceed appropriations.

The Board of Directors may amend the budget subsequent to adoption, in accordance with provisions of Colorado Revised State Statutes.

III: Detailed notes on all funds

A. Deposits and investments

Cash deposits and investments as reflected on the December 31, 2016 and 2015 statement of net position are as follows:

	<u>2016</u>	<u>2015</u>
Cash in Bank	\$ 120,874	\$ 1,530,866
Cash Equivalents - State Pool	5,316,010	3,251,554
Investments - Certificates of Deposit	250,588	446,892
Investments - Federal Agencies	1,231,474	1,608,653
Total	<u>\$ 6,918,946</u>	<u>\$ 6,837,964</u>

PLUM CREEK WATER RECLAMATION AUTHORITY

Notes to the Financial Statements

December 31, 2016 and 2015

1. Cash and cash equivalents

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 regulations. 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 is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The fair value of the collateral must be at least equal to 102% of the uninsured deposits. The State Regulatory Commissions for banks and savings and loan associations are required by Statute to monitor the naming of eligible depositories and the reporting of the uninsured deposits and assets maintained in the collateral pools.

Custodial credit risk is the risk that, in the event of a bank failure, the Authority's deposits may not be returned. As of December 31, 2016, the Authority deposits were not exposed to custodial credit risk as all deposits were insured by the Federal Deposit Insurance Corporation (FDIC) and collateralized in accordance with PDPA. On December 31, 2016, the Authority's carrying amount of bank deposits was \$376,954, with a book balance of \$120,874. On December 31, 2015, the Authority's carrying amount of bank deposits was \$1,522,244, with a book balance of \$1,530,866. The Solera National Bank account was closed in 2016 with the cash transferred to Colotrust.

As of December 31, 2016 and 2015, the Authority had \$5,316,010 and \$3,251,554, respectively, invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST), an investment pool established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing COLOTRUST. The trusts operate similarly to money market funds, with each share maintaining a value of \$1.00. Investments consist of U.S. Treasury bills and notes and repurchase agreements collateralized by U.S. Treasury securities. Designated custodian banks provide safekeeping and depository services to the trusts. Substantially all securities owned by the trust are held by the Federal Reserve Bank in the account maintained for the custodial banks. The custodians' internal records identify the investments owned by COLOTRUST. Information regarding COLOTRUST's financial statements is available at its website, www.colotrust.com. As of December 31, 2016, COLOTRUST was rated AAAM by Standard & Poor's.

2. Investments

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest:

- Obligations of the United States and certain U.S. government agency securities
- Certain international agency securities
- General obligation and revenue bonds of U.S. and local governmental entities
- Bankers' acceptances of certain banks
- Commercial paper
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts
- Local government investment pools

PLUM CREEK WATER RECLAMATION AUTHORITY
Notes to the Financial Statements
December 31, 2016 and 2015

The Authority's investments reported on the financial statements are summarized as follows:

Investment	Rating	2016 Maturities			% Portfolio
		Less than 1 yr.	1 - 5 years	Total	
US Agency - non-callable	S&P AA+	\$ 527,957	\$ 280,364	\$ 808,321	55%
US Agency - callable	S&P AA+	-	399,462	399,462	27%
Held in MM account for reinvestment		23,691	-	23,691	2%
Certificates of Deposit	not rated	-	250,588	250,588	17%
		<u>\$ 551,648</u>	<u>\$ 930,414</u>	<u>\$ 1,482,062</u>	<u>100%</u>

Investment	Rating	2015 Maturities			% Portfolio
		Less than 1 yr.	1 - 5 years	Total	
US Agency - non-callable	S&P AA+	\$ -	\$ -	\$ -	0%
US Agency - callable	S&P AA+	775,217	808,249	1,583,466	77%
Held in MM account for reinvestment		25,187	-	25,187	1%
Certificates of Deposit	not rated	200,009	246,883	446,892	22%
		<u>\$ 1,000,413</u>	<u>\$ 1,055,132</u>	<u>\$ 2,055,545</u>	<u>100%</u>

Interest rate risk As a means of limiting its exposure to fair value losses arising from prevailing market interest rates, the Authority investment policy states that the maximum maturity of any investment shall be no longer than 5 years. During 2016, the Authority was invested in COLOTRUST, certificates of deposit, a money market account, and federal agency papers. The COLOTRUST PLUS portfolio may invest in securities with a maximum maturity of 365 days or less, 270 days in the case of commercial paper, and an average weighted maturity not in excess of 60 days. The Authority's longest maturity invested in Morgan Stanley was a four year federal agency paper maturing on December 30, 2020 but callable beginning June 30, 2017. Also a 5 year CD was purchased in 2014 maturing on July 11, 2019.

Credit risk The Authority's investment policy is to apply the prudent person rule where investments are made as a prudent person would be expected to act. The Authority's investment policy limits investments in fixed income securities to: U.S. Treasury bills, notes, and bonds; certificates of deposit; commercial paper; federal agencies and instrumentalities; money market accounts; and Colorado public investment pools.

PLUM CREEK WATER RECLAMATION AUTHORITY
Notes to the Financial Statements
December 31, 2016 and 2015

B. Capital assets

Capital asset activity for the year ended December 31, 2016 was as follows:

	Balance 1/1/2016	Additions	Deletions	Balance 12/31/2016
Capital assets, not being depreciated:				
Land	\$ 3,514,347	\$ -	\$ -	\$ 3,514,347
Capacity	50,000	-	-	50,000
Construction in progress	273,160	443,400	-	716,560
Total capital assets, not being depreciated	<u>3,837,507</u>	<u>443,400</u>	<u>-</u>	<u>4,280,907</u>
Capital assets, being depreciated:				
Buildings	17,811,796	-	-	17,811,796
Improvements other than buildings	16,103,741	90,517	-	16,194,258
Machinery and equipment	11,044,312	382,523	(69,513)	11,357,322
Vehicles	193,428	27,336	(19,404)	201,360
Total capital assets being depreciated	<u>45,153,277</u>	<u>500,376</u>	<u>(88,917)</u>	<u>45,564,736</u>
Less accumulated depreciation for:				
Buildings	5,386,487	354,753	-	5,741,240
Improvements other than buildings	4,623,394	343,948	-	4,967,342
Machinery and equipment	6,718,852	537,412	(65,493)	7,190,771
Vehicles	128,856	10,601	(19,404)	120,053
Total Accumulated depreciation	<u>16,857,589</u>	<u>1,246,714</u>	<u>(84,897)</u>	<u>18,019,406</u>
Total capital assets being depreciated, net	<u>28,295,688</u>	<u>(746,338)</u>	<u>(4,020)</u>	<u>27,545,330</u>
Total capital assets, net	<u>\$ 32,133,195</u>	<u>\$ (302,938)</u>	<u>\$ (4,020)</u>	<u>\$ 31,826,237</u>

Total depreciation expense for the years 2016 and 2015 was \$1,246,715 and \$1,356,936, respectively. Capital assets with a book value of \$88,917 were disposed of during 2016 resulting in a loss of \$4,020.

PLUM CREEK WATER RECLAMATION AUTHORITY
Notes to the Financial Statements
December 31, 2016 and 2015

Capital asset activity for the year ended December 31, 2015 was as follows:

	Balance 1/1/2015	Additions	Deletions	Balance 12/31/2015
Capital assets, not being depreciated:				
Land	\$ 3,514,347	\$ -	\$ -	\$ 3,514,347
Capacity	50,000	-	-	50,000
Construction in progress	-	273,160	-	273,160
Total capital assets, not being depreciated	3,564,347	273,160	-	3,837,507
Capital assets, being depreciated:				
Buildings	17,811,796	-	-	17,811,796
Improvements other than buildings	16,090,541	13,200	-	16,103,741
Machinery and equipment	11,106,463	207,003	(269,154)	11,044,312
Vehicles	190,030	25,020	(21,622)	193,428
Total capital assets being depreciated	45,198,830	245,223	(290,776)	45,153,277
Less accumulated depreciation for:				
Buildings	5,031,735	354,752	-	5,386,487
Improvements other than buildings	4,280,592	342,802	-	4,623,394
Machinery and equipment	6,331,174	652,228	(264,550)	6,718,852
Vehicles	143,323	7,155	(21,622)	128,856
Total Accumulated depreciation	15,786,824	1,356,937	(286,172)	16,857,589
Total capital assets being depreciated, net	29,412,006	(1,111,714)	(4,604)	28,295,688
Total capital assets, net	\$ 32,976,353	\$ (838,554)	\$ (4,604)	\$ 32,133,195

PLUM CREEK WATER RECLAMATION AUTHORITY
Notes to the Financial Statements
December 31, 2016 and 2015

C. Long-term debt

The long-term debt activity for the years ended December 31, 2016 and 2015 is as follows:

	Balance 1/1/2016	Additions	Deletions	Balance 12/31/2016	Current Portion
CWRPDA Loan 2001	\$ 9,765,000	\$ -	\$ 1,450,000	\$ 8,315,000	\$ 1,510,000
CWRPDA Loan 2002	1,460,000	-	165,000	1,295,000	170,000
CWRPDA Loan 2005	900,000	-	70,000	830,000	75,000
Premium	247,661	-	38,583	209,078	38,583
Total long-term debt	\$ 12,372,661	\$ -	\$ 1,723,583	\$ 10,649,078	\$ 1,793,583

	Balance 1/1/2015	Additions	Deletions	Balance 12/31/2015	Current Portion
CWRPDA Loan 2001	\$ 11,160,000	\$ -	\$ 1,395,000	\$ 9,765,000	\$ 1,450,000
CWRPDA Loan 2002	1,620,000	-	160,000	1,460,000	165,000
CWRPDA Loan 2005	970,000	-	70,000	900,000	70,000
Premium	286,244	-	38,583	247,661	38,583
Total long-term debt	\$ 14,036,244	\$ -	\$ 1,663,583	\$ 12,372,661	\$ 1,723,583

Colorado Water Resources and Power Development Authority (Water Pollution Control Revolving Fund Loan) May 1, 2001 – The Authority executed a note in the amount of \$25,525,000 to provide funds for construction of oxidation ditches, maintenance building addition, and engineering services. The note is payable from “net revenue” as defined in the contract. Note proceeds were deposited with a third-party trustee to disburse the amounts on deposit upon receipt of a requisition executed by an authorized officer of the Authority and approved by the CWRPDA. The note has an imputed interest rate of 3.05 percent and is payable in 40 installments over 20 years.

Annual debt service requirements to maturity for the note are as follows:

Year Ending December 31,	Principal	Interest
2017	1,510,000	441,372
2018	1,570,000	379,777
2019	1,630,000	318,124
2020	1,735,000	213,913
2021	1,870,000	79,765
Total	\$ 8,315,000	\$ 1,432,951

PLUM CREEK WATER RECLAMATION AUTHORITY

Notes to the Financial Statements

December 31, 2016 and 2015

Colorado Water Resources and Power Development Authority (Water Pollution Control Revolving Fund Loan) October 1, 2002 – The Authority executed a note in the amount of \$3,390,000 to provide funds for construction of oxidation ditches, a second clarifier, a biosolids processing facility, odor control improvements, a maintenance building addition, and engineering services. The note is payable from “net revenue” as defined in the contract. Note proceeds were deposited with a third-party trustee to disburse the amounts on deposit upon receipt of a requisition executed by an authorized officer of the Authority and approved by the CWRPDA. The note has an interest rate of 3.22 percent and is payable in 42 installments over 21 years.

On February 28, 2013, the Authority received a letter from the Colorado Water Resources & Power Development Authority (CWRPDA) regarding the refinancing of the bond issue(s) that provided the funds for the 2002 loan from the Water Pollution Control Revolving Fund. The total anticipated savings provided to the Authority is \$149,442. The last several loan repayments will include credits to the principal portion of the Authority’s loan. These anticipated credits are reflected in the revised loan repayment schedule. The note has a new effective yield of 1.80 percent with the installments continuing as originally scheduled.

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>
2017	170,000	46,981
2018	170,000	38,356
2019	175,000	37,190
2020	180,000	30,773
2021	185,000	27,558
2022-2023	415,000	11,903
Total	<u>\$ 1,295,000</u>	<u>\$ 192,761</u>

PLUM CREEK WATER RECLAMATION AUTHORITY

Notes to the Financial Statements

December 31, 2016 and 2015

Clean Water Revenue Bonds, 2005 Series A – May 1, 2005 – The Authority executed a note with CWRPDA in the amount of \$1,510,000 to provide funds for purchase of approximately 1,920 acres of land for biosolids processing, and the purchase of biosolids processing, monitoring and laboratory equipment. The note is payable from “net revenue” as defined in the contract. Note proceeds were deposited with a third-party trustee to disburse the amounts on deposit upon receipt of a requisition executed by an authorized officer of the Authority and approved by the CWRPDA. The note has an interest rate of 3.35 percent and is payable in 42 installments over 21 years.

On May 13, 2016, the Authority received a letter from the Colorado Water Resources & Power Development Authority (CWRPDA) regarding the refinancing of the bond issue(s) that provided the funds for the 2005 loan from the Water Pollution Control Revolving Fund. The total anticipated savings provided to the Authority is \$82,189. The last several loan repayments will include credits to the principal portion of the Authority’s loan. These anticipated credits are reflected in the revised loan repayment schedule. The note has a new effective yield of .90 percent with the installments continuing as originally scheduled.

Annual debt service requirements to maturity for the note are as follows:

Year Ending December 31,	Principal	Interest
2017	75,000	24,981
2018	75,000	19,081
2019	75,000	18,031
2020	80,000	19,673
2021	80,000	18,473
2022-2026	445,000	41,149
Total	<u>\$ 830,000</u>	<u>\$ 141,388</u>

The Authority is not in default of its covenants and obligations under the loans. The Authority maintained operation and maintenance reserve funds totaling \$834,875 during the fiscal year. The Authority has established rates and charges for its services and products in accordance with the covenants of the loan.

E. Reconciliation of Budgetary Basis to U.S. GAAP Basis

	2016	2015
Net Income, Non-GAAP Basis	<u>\$ 1,392,211</u>	<u>\$ 835,784</u>
Adjustments:		
Principal Paid on Loan	1,685,000	1,620,000
Bond Premium Amortization	38,583	38,583
Gain on Retirement of Assets	1,980	396
Depreciation	(1,246,715)	(1,356,936)
Total Adjustments	<u>478,848</u>	<u>302,043</u>
Net Income, GAAP Basis	<u>\$ 1,871,059</u>	<u>\$ 1,137,827</u>

PLUM CREEK WATER RECLAMATION AUTHORITY

Notes to the Financial Statements

December 31, 2016 and 2015

IV: Retirement Commitments

A. Plan Description

Beginning on January 1, 2016, the Authority began contributing to the Local Government Division Trust Fund (LGDTF), a cost-sharing multiple-employer defined benefit pension plan administered by the Colorado Public Employees' Retirement Association (PERA). The LGDTF provides retirement and disability, annual increases, and death benefits for members or their beneficiaries. All employees of the Authority are members of the LGDTF. Title 24, Article 51 of the Colorado Revised Statutes (CRS), as amended, assigns the authority to establish benefit provisions to the State Legislature. PERA issues a publicly available annual financial report that includes financial statements and required supplementary information for the LGDTF. That report may be obtained by contacting Colorado PERA, 1301 Pennsylvania Street, Denver, Colorado, 80203, or by calling PERA at 303-832-9550 or 1-800-759-PERA (7372).

B. Funding Policy

The contribution requirements of members and the Authority are established under Title 24, Article 51, Part 4 of the CRS, as amended. The Authority's contribution rate for the year ended December 31, 2016 was 13.7% of covered salaries. The contribution rate for members was 8% of covered salaries. The Authority's contribution to the LGDTF for the year ended December 31, 2016 was \$114,700, equal to the required contribution.

C. Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

Because the plan started on January 1, 2016, the Authority reported a liability of \$0 for its proportionate share of the net pension liability since it was not determinable. The net pension liability will be measured as of December 31, 2016 and the total pension liability used to calculate the net pension liability will be determined by an actuarial valuation as of that date and recorded in 2017.

For the year ended December 31, 2016, the Authority recognized a pension expense of \$0.

V: Other information

A. Intergovernmental agreement

Historically, the Authority had no employees. The managerial and personnel services were provided by the Castle Pines Metropolitan District (CPMD). These services were provided by CPMD in accordance with an initial agreement dated December 17, 1991, updated and approved on a biennial basis.

In consideration of the services provided, the Authority agreed to pay CPMD monthly costs allocable to the Authority, as set forth in the agreement, or actual costs, whichever is less. The Authority paid \$1,171,054 to CPMD during the fiscal year 2015 for these services. As of July 28, 2015 the Board of Directors for the Authority elected to amend the agreement which states the Manager would be immediately replaced by Ms. Martha Hahn (then Assistant Authority Manager) and the Administration/Human Resources would be allowed to expire as of December 31, 2015. Ms. Hahn passed away in September 2015 and Mr. Weston Martin was officially appointed Authority Manager

PLUM CREEK WATER RECLAMATION AUTHORITY

Notes to the Financial Statements

December 31, 2016 and 2015

by the Board of Directors January 1, 2016. All employees were transferred from CPMD to the Authority as of January 1, 2016. CPMD only provided payroll for the Authority for the first two pay periods in January 2016. The rest of fiscal year 2016, the Authority provided payroll and all Human Resources functions for its employees and no longer holds any intergovernmental agreement for these services.

B. Risk management

The Authority is exposed to various risks of torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. In order to manage these risks, the Authority is a member of the Colorado Special Districts Property and Liability Pool (Pool). The Pool was established by the Colorado Special District Association (SDA) to provide property, liability, public official's liability, boiler and machinery and worker compensation coverage to its members. The Pool provides coverage for property claims up to \$40,147,587 and liability coverage for claims up to \$1,000,000. In addition, the Authority opted for \$5,000,000 earthquake, as well as \$15,000,000 flood coverage.

The Authority pays annual premiums to the Pool for liability, property and public official's coverage, which are recorded as expenses. In the event the 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 Pool members. Any excess funds, that the Pool determines are not needed for purpose of the Pool, may be returned to the members pursuant to a distribution formula. Settled claims have not exceeded this coverage in any of the last three fiscal years.

C. Tax, spending, and debt limitation

Colorado voters passed Amendment 1 to the State Constitution, Article X, Section 20, commonly known as the Taxpayer's Bill of Rights (TABOR), which contains tax, spending, revenue and debt limitations which apply to the State of Colorado and local governments.

On November 16, 1993, the Authority adopted a resolution to establish a Wastewater Activity Enterprise in accordance with Article 45.1, Title 37, Colorado Revised Statutes, as an instrument of the Authority for the purpose of pursuing wastewater activities, including the construction, operation, repair, and replacement of wastewater facilities, and conducting all business related thereto. The Authority's management believes provisions of Amendment 1 do not apply to the Wastewater Activity Enterprise.

Enterprises, defined by TABOR 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 Authority's management believes the Authority qualifies for this exclusion. However, TABOR is complex and subject to interpretation. Many of its provisions, including qualification as an enterprise, may require further judicial review.

Supplementary Information

PLUM CREEK WATER RECLAMATION AUTHORITY
Schedule of Revenues, Expenditures and Changes in Net Position
Budget Actual - Budgetary (Non-GAAP) Basis
December 31, 2016

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Operating Revenue :			
Service Charges	\$ 5,945,690	\$ 6,331,449	\$ 385,759
Total Operating Revenues	<u>5,945,690</u>	<u>6,331,449</u>	<u>385,759</u>
Operating Expenses:			
Personnel Services	1,540,000	1,196,424	343,576
Administrative Fee	5,000	3,800	1,200
Power & Heat	615,000	589,946	25,054
Biosolids Hauling	230,000	217,880	12,120
Telephone	15,000	13,920	1,080
Chemicals	150,000	135,813	14,187
Operating Supplies	171,000	154,673	16,327
Gas & Oil	33,000	34,020	(1,020)
Uniforms	22,000	19,466	2,534
Repair & Maintenance Supplies	-	25,113	(25,113)
Repair & Maintenance Services	118,000	99,078	18,922
Landscape Maintenance	4,000	3,007	993
Permits & Fees	22,000	24,810	(2,810)
Legal Fee	100,000	50,643	49,357
Auditing	10,000	9,300	700
Engineering Fee	50,000	7,735	42,265
USGS Monitoring	16,000	15,760	240
Laboratory Fee	42,000	21,099	20,901
Insurance	56,000	55,436	564
Membership Fees	31,000	34,932	(3,932)
Office Expenses	69,500	59,741	9,759
Household Hazardous Waste Roundup	35,000	33,000	2,000
Repair & Replacement	592,636	-	592,636
Contingency	5,000	5,729	(729)
Total Operating Expenses	<u>3,932,136</u>	<u>2,811,325</u>	<u>1,120,811</u>
Total Operating Income	<u>2,013,554</u>	<u>3,520,124</u>	<u>1,506,570</u>
Nonoperating Revenues(Expenses) :			
Interest Income	22,000	53,640	31,640
Lease Income	33,000	33,000	-
Miscellaneous Income	7,000	25,392	18,392
Principal Paid on Loan	(1,685,000)	(1,685,000)	-
Forgiveness of Interest	-	74,284	74,284
Interest Paid on Loan	(582,689)	(629,229)	(46,540)
Capital Outlay	(90,500)	-	90,500
Total Nonoperating Revenues(Expenses)	<u>(2,296,189)</u>	<u>(2,127,913)</u>	<u>168,276</u>
Net Income, Non-GAAP Basis	(282,635)	1,392,211	1,674,846
Net Position - Beginning of Year	8,994,477	8,994,477	-
Net Position - End of Year	<u>\$ 8,711,842</u>	<u>\$ 10,386,688</u>	<u>\$ 1,674,846</u>
Net Income, Non-GAAP Basis		<u>\$ 1,392,211</u>	
Adjustments:			
Principal Paid on Loan		1,685,000	
Bond Premium Amortization		38,583	
Gain on Retirement of Assets		1,980	
Depreciation		<u>(1,246,715)</u>	
Total Adjustments		<u>478,848</u>	
Net Income, GAAP Basis		<u>\$ 1,871,059</u>	

See the independent auditors' report.

PLUM CREEK WATER RECLAMATION AUTHORITY
Schedule of Revenues, Expenditures and Changes in Net Position
Budget Actual - Budgetary (Non-GAAP) Basis
December 31, 2015

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Operating Revenue :			
Service Charges	\$ 6,015,670	\$ 5,978,893	\$ (36,777)
Total Operating Revenues	<u>6,015,670</u>	<u>5,978,893</u>	<u>(36,777)</u>
Operating Expenses:			
Personnel Services	1,485,000	1,199,158	285,842
Administrative Fee	26,000	25,928	72
Power & Heat	630,000	603,660	26,340
Biosolids Hauling	227,000	198,104	28,896
Telephone	17,000	14,712	2,288
Chemicals	150,000	133,371	16,629
Operating Supplies	161,000	144,633	16,367
Gas & Oil	35,000	35,314	(314)
Uniforms	22,000	20,298	1,702
Repair & Maintenance Supplies	-	28,823	(28,823)
Repair & Maintenance Services	106,000	117,443	(11,443)
Landscape Maintenance	4,000	3,532	468
Permits & Fees	22,000	22,942	(942)
Legal Fee	85,000	106,264	(21,264)
Auditing	10,000	9,300	700
Engineering Fee	150,000	87,406	62,594
USGS Monitoring	16,000	15,290	710
Laboratory Fee	57,000	35,114	21,886
Insurance	59,000	52,065	6,935
Membership Fees	30,500	29,141	1,359
Office Expenses	71,500	68,089	3,411
Household Hazardous Waste Roundup	35,000	33,000	2,000
Repair & Replacement	629,101	-	629,101
Contingency	5,000	2,795	2,205
Total Operating Expenses	<u>4,033,101</u>	<u>2,986,382</u>	<u>1,046,719</u>
Total Operating Income	<u>1,982,569</u>	<u>2,992,511</u>	<u>1,009,942</u>
Nonoperating Revenues(Expenses) :			
Interest Income	20,000	32,695	12,695
Lease Income	18,000	18,000	-
Miscellaneous Income	7,000	30,765	23,765
Principal Paid on Loan	(1,620,000)	(1,620,000)	-
Forgiveness of Interest	-	72,778	72,778
Interest Paid on Loan	(648,668)	(690,965)	(42,297)
Capital Outlay	78,000	-	(78,000)
Total Nonoperating Revenues(Expenses)	<u>(2,145,668)</u>	<u>(2,156,727)</u>	<u>(11,059)</u>
Net Income, Non-GAAP Basis	(163,099)	835,784	998,883
Net Position - Beginning of Year	8,158,693	8,158,693	-
Net Position - End of Year	<u>\$ 7,995,594</u>	<u>\$ 8,994,477</u>	<u>\$ 998,883</u>
Net Income, Non-GAAP Basis		<u>\$ 835,784</u>	
Adjustments:			
Principal Paid on Loan		1,620,000	
Bond Premium Amortization		38,583	
Depreciation		<u>(1,356,936)</u>	
Total Adjustments		<u>302,043</u>	
Net Income, GAAP Basis		<u>\$ 1,137,827</u>	

See the independent auditors' report.

STATISTICAL SECTION

PLUM CREEK WATER RECLAMATION AUTHORITY
STATISTICAL SECTION
TABLE OF CONTENTS

This section of the Plum Creek Water Reclamation Authority’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information say about the Authority’s overall financial health.

FINANCIAL TRENDS

Schedules containing trend information to help the reader understand how the Authority’s financial performance and fiscal health have changed over time:

	Page
Net Position by Component	32
Changes in Net Position	33
Operating Revenue by Source – Budgetary Basis	34
Operating Expenses	35
Nonoperating Revenue and Expenses	36

REVENUE CAPACITY

Schedules containing information to help the reader assess the Authority’s most significant sources of revenue:

Sewer and Reuse Rates	37
Ten Largest Customers	38

DEBT CAPACITY

Schedules containing information to help the reader assess the affordability of the Authority’s current level of debt and the Authority’s ability to issue debt in the future:

Ratios of Outstanding Debt to Service Charges	39
Pledged Revenue Debt Coverage	40

DEMOGRAPHIC AND ECONOMIC INFORMATION

Schedules offering demographic and economic indicators to help the reader understand the environment within which the government’s financial activities take place.

Demographic and Economic Indicators	41
Principal Employers in the Authority’s Service Area	42

OPERATING INFORMATION

Schedule containing information regarding the operating statistics of the wastewater treatment facility:

Operating and Capital Indicators	43
----------------------------------	----

PLUM CREEK WATER RECLAMATION AUTHORITY
Net Position by Component
Last Ten Years
Business-Type Activities
Unaudited

<u>Fiscal Year</u>	<u>Net Investment in Capital Assets</u>	<u>Restricted</u>	<u>Unrestricted</u>	<u>Business-Type Activities Net Position</u>
2007	\$ 14,008,591	1,250,000	3,201,391	\$ 18,459,982
2008	\$ 14,562,499	1,250,000	3,628,207	\$ 19,440,706
2009	\$ 15,086,509	1,250,000	4,642,281	\$ 20,978,790
2010	\$ 16,437,572	1,250,000	3,853,578	\$ 21,541,150
2011	\$ 17,118,877	1,250,000	4,257,082	\$ 22,625,959
2012	\$ 17,646,829	1,250,000	4,491,179	\$ 23,388,008
2013	\$ 18,363,404	1,250,000	4,687,330	\$ 24,300,734
2014	\$ 18,940,109	836,500	5,491,100	\$ 25,267,709
2015	\$ 19,760,534	851,000	5,794,002	\$ 26,405,536
2016	\$ 21,177,159	834,875	6,264,561	\$ 28,276,595

PLUM CREEK WATER RECLAMATION AUTHORITY

Changes in Net Position
(Accrual Basis of Accounting)

Last Ten Years

Unaudited

Fiscal Year	Operating Revenues	Operating Expenses	Operating Income	Total Nonoperating Revenues/(Expenses)	Income/(Loss) before Capital Contributions	Change in Net Position
2007	\$ 5,430,615	3,700,954	1,729,661	(811,593)	918,068	\$ 918,068
2008	\$ 5,791,428	3,930,729	1,860,699	(879,975)	980,724	\$ 980,724
2009	\$ 5,875,793	3,741,800	2,133,993 (1)	(595,909)	1,538,084	\$ 1,538,084
2010	\$ 5,229,870	3,627,640	1,602,230 (2)	(1,039,870)	562,360	\$ 562,360
2011	\$ 5,571,139	3,812,196	1,758,943	(674,134)	1,084,809	\$ 1,084,809
2012	\$ 5,755,152	4,243,168	1,511,984	(749,935)	762,049	\$ 762,049
2013	\$ 5,807,761	4,185,800	1,621,961	(709,235)	912,726	\$ 912,726
2014	\$ 5,955,212	4,391,425	1,563,787	(596,812)	966,975	\$ 966,975
2015	\$ 5,978,893	4,343,318	1,635,575	(497,748)	1,137,827	\$ 1,137,827
2016	\$ 6,331,449	4,058,040	2,273,409	(402,350)	1,871,059	\$ 1,871,059

(1) The increase in Operating Income is due to increased Operating Revenues and decreased Expenses. The change in Nonoperating Revenues/(Expenses) from the prior year was due to the settlement (receipt) of a civil suit regarding filters.

(2) GASB 65 requires no longer amortizing cost of issuance for bond loans. As of 2012, the Authority expensed this cost in 2010 financials.

PLUM CREEK WATER RECLAMATION AUTHORITY
 Operating Revenue by Source - Budgetary Basis
 Last Ten Years
 Unaudited

<u>YEAR</u>	<u>Sewer Fee</u>	<u>Reuse Water Sales</u>	<u>Total</u>
2007	\$ 5,106,876	300,400	\$ 5,407,276
2008	\$ 5,429,724	319,821	\$ 5,749,545
2009	\$ 5,606,110	334,033	\$ 5,940,143
2010	\$ 5,031,230	354,714	\$ 5,385,944
2011	\$ 5,235,595	337,913	\$ 5,573,508
2012	\$ 5,332,391	375,332	\$ 5,707,723
2013	\$ 5,533,376	350,708	\$ 5,884,084
2014	\$ 5,779,077	340,607	\$ 6,119,684
2015	\$ 5,745,883	269,787	\$ 6,015,670
2016	\$ 5,701,301	244,389	\$ 5,945,690

PLUM CREEK WATER RECLAMATION AUTHORITY

Operating Expenses

Last Ten Years

Unaudited

Fiscal Year	Personnel & Administrative	Power and Heat	Biosolids Hauling	Chemicals	Operating Supplies	Household Hazardous Waste Round Up Expenses	Repairs and Maintenance	Capital Replacement	Administrative Costs	Subtotal, Expenses before Depreciation	Depreciation	Total Operating Expenses
2007	\$ 1,138,746	490,051	181,710	154,290	87,652	24,000	149,650	56,952	419,669	2,678,720	1,022,234	\$ 3,700,954
2008	\$ 1,087,644	523,391	185,821	186,095	71,736	24,000	169,393	44,345	640,394	2,932,819	1,021,910	\$ 3,954,729
2009	\$ 1,128,245	484,304	194,036	171,647	162,165	24,000	68,930	27,584	488,590	2,749,501	1,016,299	\$ 3,765,800
2010	\$ 1,122,976	571,820	171,220	163,650	158,878	30,000	108,182	9,300	325,624	2,661,650	995,990	\$ 3,657,640
2011	\$ 1,154,558	568,012	170,453	137,947	102,639	30,000	155,022	50,285	450,012	2,818,928	1,023,268	\$ 3,842,196
2012	\$ 1,171,231	568,148	171,958	172,341	119,896	30,000	136,774	5,241	659,068	3,034,657	1,238,511	\$ 4,273,168
2013	\$ 1,228,271	595,708	203,684	132,073	167,444	33,212	147,048	-	439,135	2,946,575	1,272,437	\$ 4,219,012
2014	\$ 1,296,714	595,435	209,730	133,927	133,341	33,000	124,406	-	557,827	3,084,380	1,340,045	\$ 4,424,425
2015	\$ 1,225,086	603,660	198,104	133,371	144,633	33,000	146,266	-	502,262	2,986,382	1,356,936	\$ 4,343,318
2016	\$ 1,200,224	589,946	217,880	135,813	154,673	33,000	124,191	-	355,598	2,811,325	1,246,715	\$ 4,058,040

PLUM CREEK WATER RECLAMATION AUTHORITY
 Nonoperating Revenue and Expenses
 Last Ten Years
 Unaudited

YEAR	Interest and Fiscal Charges	Interest Income	Miscellaneous Income	Bond Premium	Lease Income	Bond Issuance Cost	Loss on Disposal of Capital Assets	Contribution	Total Non Operating Income(Expenses)
2007	\$ (1,029,457)	193,102	11,956	38,583	12,000	(13,777)	-	-	\$ (787,593)
2008	\$ (1,002,948)	100,960	9,207	38,583	12,000	(13,777)	-	-	\$ (855,975)
2009	\$ (965,166)	16,845	339,156	38,583	12,450	(13,777)	-	-	\$ (571,909)
2010	⁽¹⁾ \$ (917,830)	17,632	7,838	38,583	13,800	(169,893)	-	-	\$ (1,009,870)
2011	\$ (859,489)	22,106	140,866	38,583	13,800	-	-	-	\$ (644,134)
2012	\$ (796,514)	24,189	3,806	38,583	13,800	-	(3,799)	-	\$ (719,935)
2013	\$ (732,349)	1,282	8,613	38,583	13,800	-	(5,952)	-	\$ (676,023)
2014	\$ (678,416)	24,015	37,156	38,583	14,850	-	-	-	\$ (563,812)
2015	\$ (618,187)	32,695	30,765	38,583	18,000	-	396	-	\$ (497,748)
2016	⁽²⁾ \$ (554,945)	53,640	25,392	38,583	33,000	-	1,980	-	\$ (402,350)

(1) GASB 65 requires no longer amortizing cost of issuance for bond loans. As of 2012, the Authority expensed this cost in 2010 financials.

(2) Veris Environmental began paying a farm lease on Pankake Ranch.

PLUM CREEK WATER RECLAMATION AUTHORITY

Sewer and Reuse Rates

Last Ten Years

Unaudited

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Sewer Rates										
Town of Castle Rock	\$ 4.13	\$ 4.54	\$ 4.17	\$ 3.64	\$ 3.65	\$ 3.94	\$ 4.08	\$ 4.17	\$ 3.95	\$ 3.71
Castle Pines Metro District	2.12	2.65	2.53	2.57	2.49	2.19	2.26	2.46	2.64	2.49
Castle Pines North Metro District	2.79	2.67	2.81	2.97	2.67	2.89	2.93	3.08	3.29	3.08
Castleton Center	2.16	2.27	2.47	2.04	2.14	2.62	2.71	2.93	2.72	2.53
Silver Heights	2.16	2.27	2.47	2.04	2.13	2.50	2.61	2.79	2.74	2.61
Reuse Rates										
The International Golf Club	\$ 1.30	\$ 1.31	\$ 1.36	\$ 1.46	\$ 1.44	\$ 1.49	\$ 1.47	\$ 1.54	\$ 1.57	\$ 1.88
Country Club at Castle Pines	1.38	1.42	1.38	1.49	1.46	1.50	1.48	1.48	1.62	1.87
The Ridge Golf Club at CPN	1.47	1.41	1.37	1.49	1.46	1.52	1.49	1.48	1.63	1.88

PLUM CREEK WATER RECLAMATION AUTHORITY

Ten Largest Customers ⁽¹⁾

Last Ten Years

Unaudited

	<u>Town of Castle Rock</u>		<u>Balance from Other Members</u>		<u>Grand Total</u>	
2007	\$ 4,212,816	78%	1,217,799	22%	\$ 5,430,615	100%
2008	\$ 4,489,284	78%	1,302,144	22%	\$ 5,791,428	100%
2009	\$ 4,563,158	78%	1,312,635	22%	\$ 5,875,793	100%
2010	\$ 3,974,481	76%	1,255,389	24%	\$ 5,229,870	100%
2011	\$ 4,168,463	75%	1,402,676	25%	\$ 5,571,139	100%
2012	\$ 4,364,130	76%	1,391,022	24%	\$ 5,755,152	100%
2013	\$ 4,565,714	79%	1,242,047	21%	\$ 5,807,761	100%
2014	\$ 4,770,410	80%	1,184,802	20%	\$ 5,955,212	100%
2015	\$ 4,634,512	78%	1,344,381	22%	\$ 5,978,893	100%
2016	\$ 4,908,031	78%	1,423,418	22%	\$ 6,331,449	100%

(1) The Authority has five total members. The Authority provides sewer & reuse treatment to it's members only.

PLUM CREEK WATER RECLAMATION AUTHORITY
Ratios of Outstanding Debt to Service Charges
Last Ten Years
Unaudited

Fiscal Year End December 31,	CWRPDA Loan 2001	CWRPDA Loan 2002	CWRPDA Loan 2005	Premium	Total	Service Charges	Percent Service Charges to Debt Service
2007	\$ 19,615,000	2,675,000	1,400,000		\$ 23,690,000	\$ 5,430,615	23%
2008	\$ 18,525,000	2,530,000	1,345,000		\$ 22,400,000	\$ 5,791,428	26%
2009	\$ 17,405,000	2,385,000	1,285,000		\$ 21,075,000	\$ 5,875,793	28%
2010	\$ 16,245,000	2,235,000	1,225,000		\$ 19,705,000	\$ 5,229,870	27%
2011	\$ 15,040,000	2,085,000	1,165,000		\$ 18,290,000	\$ 5,571,139	30%
2012	\$ 13,790,000	1,930,000	1,100,000	363,410	(1) \$ 17,183,409	\$ 5,755,152	33%
2013	\$ 12,500,000	1,775,000	1,035,000	324,827	\$ 15,634,827	\$ 5,807,761	37%
2014	\$ 11,160,000	1,620,000	970,000	286,244	\$ 14,036,244	\$ 5,955,212	42%
2015	\$ 9,765,000	1,460,000	900,000	247,661	\$ 12,372,661	\$ 5,978,893	48%
2016	\$ 8,315,000	1,295,000	830,000	209,078	\$ 10,649,078	\$ 6,331,449	59%

(1) 2012 GFOA comments suggest adding the premium in this schedule. Those numbers will be added going forward.

PLUM CREEK WATER RECLAMATION AUTHORITY

Pledged Revenue Debt Coverage

Last Ten Years

Unaudited

<u>Fiscal Year</u>	<u>Gross Revenue</u>	<u>Operating Expenses (1)</u>	<u>Net Revenue Available for Debt Services</u>	<u>Debt Service Requirements</u>			<u>Coverage</u>
				<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
2007	\$ 5,722,448	2,678,720	3,043,728	1,265,000	1,065,649	\$ 2,330,649	1.31
2008	\$ 5,985,854	2,908,815	3,077,038	1,290,000	1,036,623	\$ 2,326,623	1.32
2009	\$ 6,316,501	2,725,501	3,591,000	1,325,000	998,841	\$ 2,323,841	1.55
2010	\$ 5,341,400	2,631,650	2,709,750	1,370,000	951,505	\$ 2,321,505	1.17
2011	\$ 5,830,586	2,788,928	3,041,658	1,415,000	903,581	\$ 2,318,581	1.31
2012	\$ 5,895,768	3,004,657	2,891,111	1,470,000	856,752	\$ 2,326,752	1.24
2013	\$ 5,944,723	2,913,363	3,031,360	1,510,000	807,033	\$ 2,317,033	1.31
2014	\$ 6,144,972	3,051,380	3,093,592	1,560,000	753,572	\$ 2,313,572	1.34
2015	\$ 6,172,110	2,986,382	3,185,728	1,625,000	690,965	\$ 2,315,965	1.38
2016	\$ 6,558,328	2,811,325	3,747,003	1,685,000	629,229	\$ 2,314,229	1.62

(1) Total operating expenses exclusive of depreciation and capital outlay.

	Median Household Income (1)				Per Capita Income (1)			
	Douglas County*	Town of Castle Rock**	Castle Pines Village**(3)	City of Castle Pines**(3)	Douglas County*	Town of Castle Rock**	Castle Pines Village**(3)	City of Castle Pines**(3)
2000 ⁴	\$ 82,929	\$ 64,138	\$ 138,035	\$ -	\$ 34,848	\$ 26,760	\$ 70,456	\$ -
2006	92,125				39,917			
2007	92,824				40,897			
2008	98,871				40,526			
2009	99,409	86,777	213,929	130,951	41,578	34,664	119,635	47,650
2010	94,409	85,461	203,438	137,019	39,228	34,089	113,339	49,702
2011	93,573	85,009	208,008	134,058	41,645	35,267	118,043	50,203
2012	95,324	84,781	202,431	135,145	42,112	34,596	110,230	55,317
2013	102,961	86,280	206,343	138,349	44,419	35,173	103,040	55,845
2014	103,226	86,563	203,976	137,426	44,704	35,779	80,215	57,040
2015	107,650	88,294	216,384	130,609 (2)	45,500	37,800	106,285	59,110

Source: U.S. Census Bureau, American Community Survey

(1) Census data only until Douglas County began keeping their own Income statistics in 2005.

(2) 2016 data not yet available.

(3) Castle Pines Village and City of Castle Pines (North) were a combined number in 2000

(4) 2000 Census data for reference; no data available for 2001 - 2004

**rolling 5 year estimates. Source: U.S. Census Bureau, American Community Survey

	Population Estimates				Census Population			
	Douglas County Unemployment Rate	Town of Castle Rock & Silver Heights	Castle Pines Village & North	Total Area	Town of Castle Rock	Castle Pines Village	City of Castle Pines	Total Area
2007	3.2%	45,300	13,900	59,200				
2008	4.2%	46,600	14,000	60,600				
2009	6.6%	47,100	14,100	61,200				
2010	7.1%	48,900	14,200	63,100	48,231	3,614	10,360	62,205
2011	6.4%	50,300	14,500	64,800				
2012	6.2%	51,600	14,550	66,150				
2013	5.4%	53,600	14,600	68,200				
2014	4.0%	58,000	15,245	73,245				
2015	3.1%	60,145	15,340	75,485				
2016	not available	62,700	15,375	78,075				
					Percent increase in population since Census:			26%

Source: Douglas County Community Planning and Sustainable Development

Source: U.S. Census Bureau

Note: The Authority serves the Town of Castle Rock, Castle Pines Village, Castle Pines North & Silver Heights, therefore the Douglas County information covers a much broader area than that which is served by the Authority but is the only information available.

PLUM CREEK WATER RECLAMATION AUTHORITY
Principal Employers in the Authority's Service Area
Eight Year Period*
Unaudited

Top Ten Employers in the Authority's Service Area	2016			2015			2014		
	Approx. # of employees	Rank	%Total Employment	Approx. # of employees	Rank	%Total Employment	Approx. # of employees	Rank	%Total Employment
Douglas County School District	1555	1	8	1520	1	8	1470	1	8
Douglas County Government	1195	2	6	1150	2	6	1100	2	6
Town of Castle Rock Government	720	3	3	670	3	3	600	3	3
Wal-Mart	300	5	1	290	5	1	300	5	2
King Soopers (3 stores)	420	4	2	420	4	2	400	4	2
Brookside Inn (nursing home)	160	9	1	160	8	1	155	7	1
Douglas Cty Library (CR & CPN)	150	10	1				150	8	1
Home Depot				145	10	1	145	9	1
TPM Staffing Services	230	8	1	260	6	1	240	6	1
Hudick Excavating Inc.	245	7	1	175	7	1	145	10	1
Kraemer North America LLC	145	9	1	145	9	1			
Castle Rock Adventist Hospital	285	6	1						
2013									
Top Ten Employers in the Authority's Service Area	Approx. # of employees	Rank	%Total Employment	Approx. # of employees	Rank	%Total Employment	Approx. # of employees	Rank	%Total Employment
	Douglas County School District	1430	1	9	1400	1	9	1420	1
Douglas County Government	1100	2	7	1090	2	7	1070	2	7
Town of Castle Rock Government	550	3	3	530	3	3	520	3	3
Wal-Mart	310	5	2	340	5	2	330	5	2
King Soopers (3 stores)	400	4	2	370	4	2	370	4	2
Brookside Inn (nursing home)	170	7	1	180	6	1	170	6	1
Douglas Cty Library (CR & CPN)	150	8	1	140	8	1	140	8	1
Safeway (2 stores)	130			130	9	1	140	9	1
Home Depot	150	9	1	140	7	1	145	7	1
Castle Pines Golf Club	140	10	1	130	10	1	120	10	1
TPM Staffing Services	240	6	1						
2010									
Top Ten Employers in the Authority's Service Area	Approx. # of employees	Rank	%Total Employment	Approx. # of employees	Rank	%Total Employment			
	Douglas County School District	1500	1	10	1500	1	10		
Douglas County Government	1100	2	7	1180	2	8			
Town of Castle Rock Government	520	3	3	545	3	4			
Wal-Mart	330	5	2	380	4	3			
King Soopers (3 stores)	380	4	3	350	5	2			
Brookside Inn (nursing home)	180	6	1	170	6	1			
Douglas Cty Library (CR & CPN)	150	7	1	150	7	1			
Safeway (2 stores)	140	9	1	145	8	1			
Home Depot	140	8	1	125	9	1			
Castle Pines Golf Club	120	10	1	125	10	1			
2009									
Top Ten Employers in the Authority's Service Area	Approx. # of employees	Rank	%Total Employment	Approx. # of employees	Rank	%Total Employment			
	Douglas County School District	1500	1	10	1500	1	10		
Douglas County Government	1100	2	7	1180	2	8			
Town of Castle Rock Government	520	3	3	545	3	4			
Wal-Mart	330	5	2	380	4	3			
King Soopers (3 stores)	380	4	3	350	5	2			
Brookside Inn (nursing home)	180	6	1	170	6	1			
Douglas Cty Library (CR & CPN)	150	7	1	150	7	1			
Safeway (2 stores)	140	9	1	145	8	1			
Home Depot	140	8	1	125	9	1			
Castle Pines Golf Club	120	10	1	125	10	1			

*Ten years of data is not available but will be accumulated over time.
Source: Douglas County Community Planning and Sustainable Development

PLUM CREEK WATER RECLAMATION AUTHORITY

Operating and Capital Indicators

Last Ten Years

Unaudited

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Wastewater Treatment										
Miles of Sewers	0	0	0	0	0	0	0	0	0	0
Number of Treatment Plants	1	1	1	1	1	1	1	1	1	1
Number of Service Connections (Wholesale)	5	5	5	5	5	5	5	5	5	5
Treatment Capacity (MGD)	4.87	4.87	4.87	6.44	6.44	6.44	6.44	6.44	6.44	6.44
Annual Engineering Maximum Plant Capacity (MG)	1778	1778	1778	2351	2351	2351	2351	2351	2351	2351
Amount Treated Annually (MG)	1463	1421	1472	1484	1451	1453	1473	1540	1700	1703
Unused Permitted Capacity (MG)	315	357	306	867	900	898	878	811	651	648
Percentage of Permitted Hydraulic Capacity Utilized	82%	80%	83%	63%	62%	62%	63%	66%	72%	72%
Treatment Costs per Million Gallons (Operating Expenses less capital replacement, depreciation and debt service)	\$ 1,848	\$ 1,874	\$ 1,719	\$ 1,729	\$ 1,887	\$ 2,064	\$ 1,978	\$ 1,981	\$ 1,757	\$ 1,651