

PLUM CREEK WATER RECLAMATION AUTHORITY
CASTLE ROCK, COLORADO

COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the years ended December 31, 2017 and 2016

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Office of the State Auditor

June 6, 2018

Prepared by:
Lissa Oelkers, Director of Administrative Services

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INTRODUCTORY SECTION

May 22, 2018

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 (the Authority) for the fiscal year ended December 31, 2017.

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, 2017, 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, 2017, 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 requires 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 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 35 and 36, 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 by approximately 2% with the Authority's service area experiencing the following growth rates: the Town of Castle Rock 6%, Castle Pines Village 2% and the City of Castle Pines 8%. Population estimates continue to increase in the Authority's service area with most of the growth, 3.7%, in the Town of Castle Rock from 2016 to 2017. Additionally, the unemployment rate continues to decrease showing a healthy trend which began in 2011 at 6.4% and continued through 2017 at 2.4%. Since the Census in 2010, the estimated population in the PCWRA service area has increased approximately 29%. The population has seen a steady growth overall of approximately 3% since 2014 however the water treated in 2017 decreased, likely due to less

infiltration during storm events into the sanitary sewer lines. The Authority continued to operate understaffed in 2017, operating with only 16 out of 18 potential FTEs. The Town of Castle Rock continues to experience rapid growth with the North Meadows Extension completed in 2016 and the Promenade at Castle Rock continues to be under construction into 2018. 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 completed in 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 budgets \$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 was completed in 2017 costing \$1,751,447 and is being funded through 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. 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. Upon completion of the study, the Board directed the Authority to begin the process of designing for an additional 3 MGD of capacity. The project will be completed as a Construction Manager at Risk (CMAR). The design engineering was awarded to Burns and McDonnell and funds for the design deposited and reserved into a PCWRA managed escrow account by Castle Rock Water. The project is expected to be fully funded by the participating members rather than through a loan. This project may also alleviate some of the capital replacement needs mentioned above.

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, 2016. This was the twenty-second 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 unflinching 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**

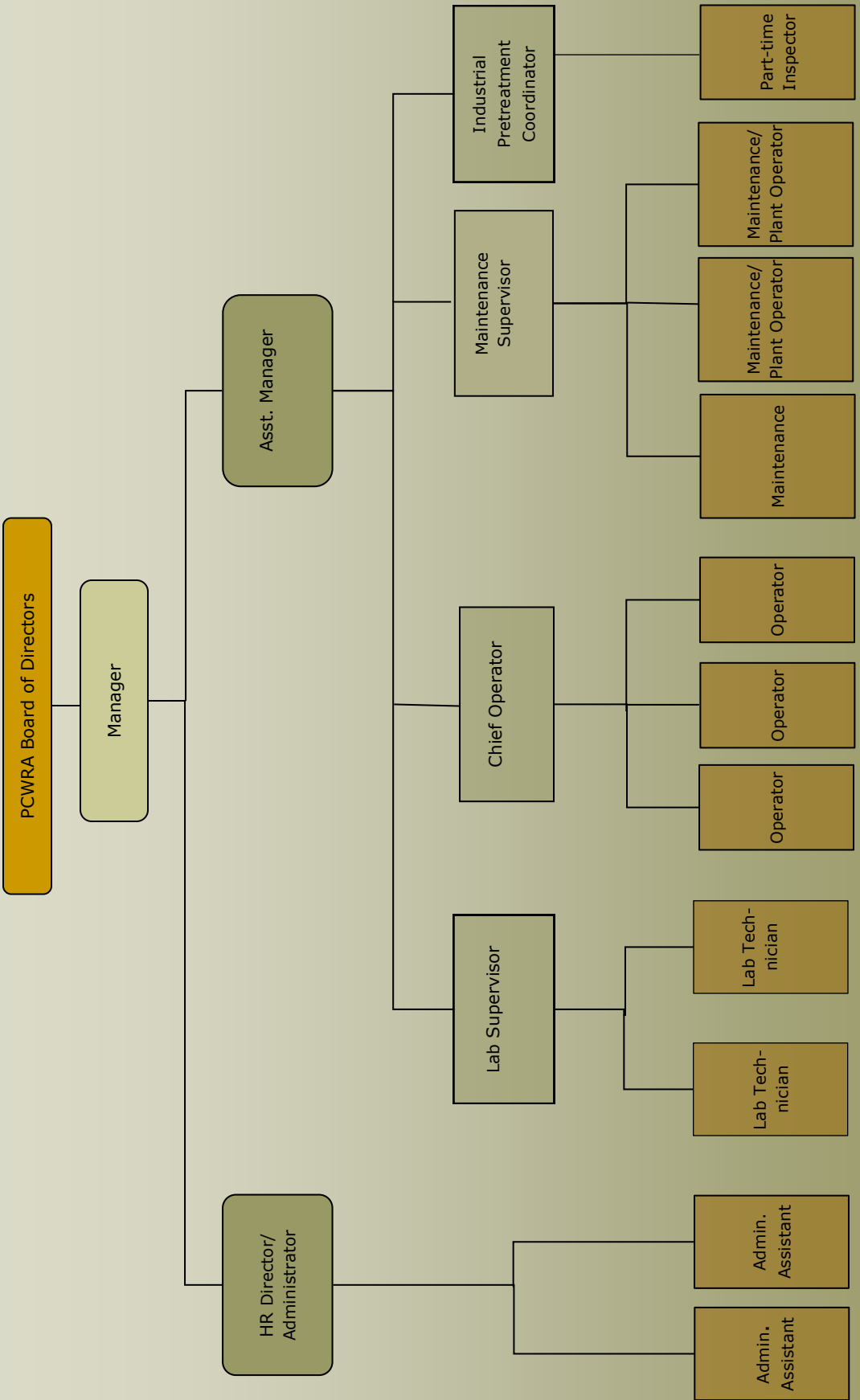
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2016

Christopher P. Morrill

Executive Director/CEO

Plum Creek Water Reclamation Authority—2017



PLUM CREEK WATER RECLAMATION AUTHORITY
Appointed Officials - as of December 31, 2017

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

Mr. Edward Bonham

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, 2017 and 2016 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.



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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, 2017 and 2016, 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 and retirement plan information, as listed in the table of contents, 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 are the responsibility of management and were derived from and relate 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
May 17, 2018

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, 2017. 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 \$28,575,353. This reflects an increase in net assets from 2016 to 2017 of \$298,758. Total Operating Expenses increased significantly from 2016 to 2017 by \$2,051,213 in most part due to the addition of the Transfer of Pension Expense in the amount of \$1,254,945 and current year pension expense of \$558,730. The Authority no longer contracted management and Human Resource services with Castle Pines Metro District. Personnel working out of the wastewater facility were termed from the Castle Pines Metropolitan District and hired as employees of Plum Creek Water Reclamation Authority in 2016, therefore PERA transferred the pension liability to PCWRA. PERA reports those liabilities one year in arrears therefore, the Authority began reporting that liability as of 2017. Additionally, the nonoperating expenses were reduced in 2017 due to the contributed capital from Castle Pines North for the recently constructed Lagae Ranch influent flume, valued at \$208,579.

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 – 34 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 as well as retirement plan information. Supplementary information can be found on pages 35 - 37.

Financial Analysis

As noted, net position may, over time, serve as a useful indicator of the Authority's financial position. Assets exceeded liabilities by \$28,575,353 at the close of the most recent fiscal year and by \$28,276,595 at the close of the 2016 fiscal year.

By far, the largest portion (84 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 \$298,758 from 2016 to 2017 and by \$1,871,059 from 2015 to 2016.

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Current and other assets	\$ 8,048,807	\$ 7,648,062	\$ 7,509,920
Capital assets	<u>32,923,514</u>	<u>31,826,237</u>	<u>32,133,195</u>
Total current and other assets	40,972,321	39,474,299	39,643,115
Deferred outflow of resources	<u>303,478</u>	<u>114,700</u>	<u>-</u>
Total assets and deferred outflows of resources	41,275,799	39,588,999	39,643,115
Current liabilities	3,835,226	2,456,909	2,588,501
Noncurrent liabilities	<u>8,865,220</u>	<u>8,855,495</u>	<u>10,649,078</u>
Total liabilities	12,700,446	11,312,404	13,237,579
Net position	<u><u>28,575,353</u></u>	<u><u>28,276,595</u></u>	<u><u>26,405,536</u></u>
Net investment in capital assets	24,068,019	21,177,159	19,760,534
Restricted	854,775	834,875	851,000
Unrestricted	<u>3,652,559</u>	<u>6,264,561</u>	<u>5,794,002</u>
Total net position	<u><u>\$ 28,575,353</u></u>	<u><u>\$ 28,276,595</u></u>	<u><u>\$ 26,405,536</u></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."

As of January 1, 2016, the Authority no longer contracted management and Human Resource services with Castle Pines Metro District. Personnel working out of the wastewater facility were termed from

the Castle Pines Metropolitan District and hired as 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 2016 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 in 2016. Beginning 2017, the Authority reported its portion of cost-sharing derived from information provided by PERA and can be found in Note IV.

Change in Net Position

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Revenues:			
Charges for services	\$ 6,534,801	\$ 6,331,449	\$ 5,978,893
Other	<u>462,521</u>	<u>226,879</u>	<u>193,217</u>
Total revenues	6,997,322	6,558,328	6,172,110
Expenses:			
Operating			
Personnel & administrative fee	1,334,690	1,200,224	1,225,086
Power & heat	567,235	589,946	603,660
Biosolids hauling	217,080	217,880	198,104
Chemicals	152,046	135,813	133,371
Operating supplies	138,509	154,673	144,633
Repairs & maintenance	74,310	124,191	146,266
Capital replacement	31,764	-	-
Legal fees	39,066	50,643	106,264
Engineering fees	119,801	7,735	87,406
Household Hazardous Waste	34,878	33,000	33,000
Administrative overhead	310,975	297,220	308,592
Pension Expense	558,730	-	-
Transfer of Pension Expense	1,254,945	-	-
Depreciation	<u>1,275,224</u>	<u>1,246,715</u>	<u>1,356,936</u>
Total operating expenses	6,109,253	4,058,040	4,343,318
Nonoperating			
Interest	565,061	629,229	690,965
Other	<u>24,250</u>	<u>-</u>	<u>-</u>
Total nonoperating expenses	<u>589,311</u>	<u>629,229</u>	<u>690,965</u>
Total expenses	<u>6,698,564</u>	<u>4,687,269</u>	<u>5,034,283</u>
Changes in net position	<u>298,758</u>	<u>1,871,059</u>	<u>1,137,827</u>
Net position, January 1	<u>28,276,595</u>	<u>26,405,536</u>	<u>25,267,709</u>
Net position, December 31	<u>\$ 28,575,353</u>	<u>\$ 28,276,595</u>	<u>\$ 26,405,536</u>

The Authority continued to function on a reduced workforce for most of 2016, (12 FTEs compared to 17 FTEs in 2015) increasing to 15 FTE's by August and 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. In 2017, the Authority worked to replace FTEs averaging 16 FTEs for the year and 1.5 temp-to-hire personnel, one of which was brought on as an FTE in 2018. The most notable increase in Operating Expenses in 2017 is the Transfer of Pension Expense which is the addition of the PERA pension liability required by GASB for the Authority to report and the first year for which the Authority has reportable

information. The increase in revenues is attributed in most part to the contribution of capital from Castle Pines North Metro District for the new influent flume from the Lagae tie in project.

Capital Assets and Debt Administration

Capital Assets The Authority's investment in capital assets as of December 31, 2017 was \$32,923,515 (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 \$2,851,634. The Authority disposed of miscellaneous old equipment valued at \$746,060 which had been fully depreciated except for six items expensed for a total loss of \$24,250. One fully depreciated vehicle was traded in to purchase a new one and provided for a gain of \$1,800. The largest portion of the new asset additions (61%) came from the completion of the Third Ditch Project valued at \$1,751,447. Members of the Authority began paying for this project in 2016 and are scheduled to continue to repay the Capital Reserves fund until 2020 as the full project was paid out of reserves. The Headworks MCC Project which began in 2014 was not completed in 2017 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 was posted for bid in March 2017 and the Public Notice of Final Settlement published in May 2018. Additions to the Construction in Progress were for the MCC project and the Ditch Air Header project, which is a new project that spun off the Ditch 3 project once the severity of the air header problems were uncovered. The Ditch Air Header project is scheduled to be completed mid-May 2018. New capital purchases over \$20,000 for 2017 were: UV lamps and wiper kits for \$52,050; the rebuild of two bar screens for \$37,475 each; Discflo centrifuge feed pump for \$34,778; and a vehicle for \$25,220 (with a trade in of \$1,800 bringing the cost to \$23,420). Several other assets were also purchased for a total of \$120,956.

Additionally, as of 2017, the board has directed the Authority to engage in a design contract with Burns and McDonnell for an expansion project of an additional 3 MGD. Castle Rock Water deposited funds into an escrow account to pay for the initial design phase which began June 2017. This will be a Construction Manager at Risk (CMAR) project. The award for a construction manager is expected early to mid-2018. The current plan is for the project to be fully self-funded by the members and the Authority will not pursue a loan. All funds will be kept in an escrow account reserved for the 3.0 Capacity Expansion Project.

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 \$8,855,495. The Authority paid \$1,793,583 toward the long-term debt during 2017.

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, 2017 and 2016

ASSETS	<u>2017</u>	<u>2016</u>
Current Assets:		
Cash	\$ 3,779,199	\$ 4,602,009
Investments	1,496,575	1,482,062
Receivables - From Other Governments	523,512	504,307
Other Receivable	3,552	4,467
Prepays	1,500	1,500
Inventories	71,603	80,088
3.0 Expansion Member Contributions	1,318,091	-
CPN Escrow Cash	-	138,754
Total Current Assets	<u>7,194,032</u>	<u>6,813,187</u>
Noncurrent Assets:		
Restricted Assets:		
Investments - Debt Service ₁	854,775	834,875
Capital Assets:		
Non-Depreciable Assets:		
Land & Capacity	3,564,347	3,564,347
Construction in Progress	866,277	716,560
Buildings	17,811,796	17,811,796
Improvements Other Than Buildings	17,204,917	16,194,258
Machinery and Equipment	11,863,494	11,357,322
Vehicle	206,987	201,360
Total Capital Assets	<u>51,517,818</u>	<u>49,845,643</u>
Less Accumulated Depreciation	<u>(18,594,304)</u>	<u>(18,019,406)</u>
Total Capital Assets Net of Depreciation	<u>32,923,514</u>	<u>31,826,237</u>
Total Noncurrent Assets	<u>33,778,289</u>	<u>32,661,112</u>
Deferred Outflow of Resources		
Deferred Outflow Related to Pension	303,478	114,700
Total Deferred Outflow of Resources	<u>303,478</u>	<u>114,700</u>
Total Assets and Deferred Outflow of Resources	<u>41,275,799</u>	<u>39,588,999</u>
LIABILITIES		
Current Liabilities:		
Accounts Payable	398,235	247,648
CPN Flume Project	-	138,754
3.0 Expansion Project	1,318,091	-
Accrued Benefits	82,718	58,688
Accrued Interest Payable	182,599	218,236
Current Portion of the Long-Term Debt	1,853,583	1,793,583
Total Current Liabilities	<u>3,835,226</u>	<u>2,456,909</u>
Noncurrent Liabilities:		
Revenue Loan Payable, Net	7,001,912	8,855,495
Pension Liability, Net	1,863,308	-
Total Noncurrent Liabilities	<u>8,865,220</u>	<u>8,855,495</u>
Total Liabilities	<u>12,700,446</u>	<u>11,312,404</u>
NET POSITION		
Net Investment in Capital Assets	24,068,019	21,177,159
Restricted - Debt Service ₁	854,775	834,875
Unrestricted	3,652,559	6,264,561
Total Net Position	<u>\$ 28,575,353</u>	<u>\$ 28,276,595</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, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Operating Revenue :		
Service Charges	\$ 6,534,801	\$ 6,331,449
Total Operating Revenues	<u>6,534,801</u>	<u>6,331,449</u>
Operating Expenses:		
Personnel Services	1,330,690	1,196,424
Administrative Fees	4,000	3,800
Power & Heat	567,235	589,946
Biosolids Hauling	217,080	217,880
Telephone	17,988	13,920
Chemicals	152,046	135,813
Operating Supplies	138,509	154,673
Gas & Oil	31,114	34,020
Uniform	22,094	19,466
Repair & Maintenance Supplies	11,331	25,113
Repair & Maintenance Services	62,979	99,078
Landscape Maintenance	4,120	3,007
Permits & Fees	33,142	24,810
Legal Fees	39,066	50,643
Auditing	10,100	9,300
Engineering Fees	119,801	7,735
USGS Monitoring	16,060	15,760
Laboratory Fees	12,692	21,099
Insurance	56,878	55,436
Membership Fees	25,082	34,932
Office Expenses	76,239	59,741
Household Hazardous Waste Roundup	34,878	33,000
Repair & Replacement	31,764	-
Pension Expense	558,730	-
Transfer of Pension Expense	1,254,945	-
Contingency	5,466	5,729
Depreciation	1,275,224	1,246,715
Total Operating Expenses	<u>6,109,253</u>	<u>4,058,040</u>
Operating Income	<u>425,548</u>	<u>2,273,409</u>
Nonoperating Revenues (Expenses):		
Investment Earnings	61,083	53,640
Interest Expense	(565,061)	(629,229)
Gain(Loss) on Retirement of Assets	(24,250)	1,980
Contributed Capital	208,579	-
Lease Income	33,000	33,000
Bond Premium Amortization	38,583	38,583
Forgiveness of Interest	87,797	74,284
Miscellaneous Income	33,479	25,392
Total Nonoperating Revenues (Expenses)	<u>(126,790)</u>	<u>(402,350)</u>
Change in Net Position	<u>298,758</u>	<u>1,871,059</u>
Total Net Position - Beginning of Year	28,276,595	26,405,536
Total Net Position - End of Year	<u>\$ 28,575,353</u>	<u>\$ 28,276,595</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, 2017 and 2016

	2017	2016
Cash Flows from Operating Activities:		
Receipts from Customers and Users	\$ 6,515,596	\$ 6,306,672
Payments to Suppliers	(2,976,397)	(3,130,099)
Other Receipts	34,394	20,261
Net Cash Provided by Operating Activities	3,573,593	3,196,834
Cash Flows from Capital and Related Financing Activities:		
Acquisition and Construction of Capital Assets	(2,188,172)	(937,776)
Principal Paid on Capital Debt	(1,755,000)	(1,685,000)
Interest Paid on Capital Debt	(512,901)	(579,715)
Net Cash (Used) in Capital and Related Financing Activities	(4,456,073)	(3,202,491)
Cash Flows from Noncapital Financing Activities:		
Lease Income	33,000	33,000
Net Cash Provided by Noncapital Financing Activities	33,000	33,000
Cash Flows from Investing Activities:		
Sale of Investments	1,574,800	2,793,519
Purchase of Investments	(1,596,615)	(2,216,816)
Interest Received	68,385	50,420
Net Cash Provided by Investing Activities	46,570	627,123
Net Increase (Decrease) in Cash and Cash Equivalents	(802,910)	654,466
Cash and Cash Equivalents		
Beginning of Year	5,436,884	4,782,418
End of Year	\$ 4,633,974	\$ 5,436,884
Detail of Cash and Cash Equivalents:		
Cash in Bank	146,056	120,874
Cash Equivalent State Pool	4,487,918	5,316,010
Total Cash and Cash Equivalents	\$ 4,633,974	\$ 5,436,884
Net Cash Provided by Operating Activities:		
Operating Income	\$ 425,548	\$ 2,273,409
Adjustments to Reconcile Operating Income to		
Net Cash Provided (Used) by Operating Activities:		
Depreciation and Amortization	1,275,224	1,246,715
Miscellaneous Income	33,479	25,392
(Increase) Decrease in Current Assets:		
Accounts Receivable - Other Governments	(19,205)	(24,777)
Other Receivable	915	(5,131)
Inventory	8,485	4,531
(Increase) Decrease in Deferred Outflow of Resources:		
Deferred Outflow Related to Pension	(188,778)	(114,700)
Increase (Decrease) in Current Liabilities:		
Accounts Payable	150,587	(181,153)
Accrued Benefits	24,030	56,623
Pension Liability	1,863,308	-
Due to Other Governments	-	(84,075)
Total Adjustments	3,148,045	923,425
Net Cash Provided by Operating Activities	\$ 3,573,593	\$ 3,196,834

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, 2017 and 2016

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 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 following 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.

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, 2017 and 2016

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.

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, 2017 and 2016 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 of two years minimum. Such assets are recorded at cost or estimated historical cost. Donated capital assets are recorded at acquisition 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, 2017 and 2016

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.

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 \$854,775 for this purpose in 2017.

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 with 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 2016 and the Notice of Final Completion was signed on March 21, 2017. The retainage check was mailed out on March 28, 2017. All remaining funds, totaling \$95,454, were reimbursed to Castle Pines North Metropolitan District on September 26, 2017.

The Town of Castle Rock began discussions of a plant expansion in mid-2017 resulting in RFPs for design and engineering services being sent out on July 13, 2017. The expansion should increase treatment capacity from 6.44 MGD to 9.44 MGD. In order to start the process, the Town of Castle Rock deposited \$1,317,414 in a COLOTRUST escrow account under PCWRA's name for management on December 19, 2017. These funds are reserved for design costs only and are not revenues for PCWRA. The funds will be transferred from COLOTRUST to PCWRA's First Bank checking account in exact amounts to pay for specific approved design invoices. All interest will remain in the escrow and be accounted for or used at the end of design. If any funds remain, they will be reimbursed to the Town. As of January 19, 2018, the design engineer had completed 30% design in the Construction Manager At Risk (CMAR) process. The total balance in the escrow account at December 31, 2017 is \$1,318,091.

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

PLUM CREEK WATER RECLAMATION AUTHORITY

Notes to the Financial Statements

December 31, 2017 and 2016

The Authority will pay employees for their accrued/unused vacation time and 50% of accrued/unused sick leave upon termination of employment with sufficient notice at their full hourly rate. The accrued compensated absence benefit amounted to \$81,920 at December 31, 2017 and \$58,688 at December 31, 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.

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.

11. Comparative data/reclassification

Comparative data for the prior year has been reclassified in order to be consistent with the current year's presentation. The Due to Other Government has been reclassified to Accounts Payable.

D. New Account Pronouncements

The GASB has issued No. 84, "Fiduciary Activities"; No. 85, "Omnibus 2017"; No. 86, "Certain Debt Extinguishment Issues"; No. 87, "Leases"; and No. 88, "Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements". These new Statements do not have a material effect on the Authority as of 2017.

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. At the February 28, 2017 regular board meeting, the board approved an amended budget which corrected the amount of funds needed for the Ditch 3 Project to be completed. The Ditch 3 Project line item was increased \$860,112 from \$487,396 to \$1,347,508 appropriating funds from the Capital Reserves.

PLUM CREEK WATER RECLAMATION AUTHORITY

Notes to the Financial Statements

December 31, 2017 and 2016

III: Detailed notes on all funds

A. Deposits and investments

Cash deposits and investments as reflected on the December 31, 2017 and 2016 statement of net position are as follows:

	<u>2017</u>	<u>2016</u>
Cash in Bank	\$ 146,056	\$ 120,874
Cash Equivalents - State Pool	4,487,918	5,316,010
Investments - Certificates of Deposit	247,792	250,588
Investments - Federal Agencies	1,248,783	1,231,474
Total	<u>\$ 6,130,549</u>	<u>\$ 6,918,946</u>

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, 2017, 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, 2017, the Authority's carrying amount of bank deposits was \$187,035, with a book balance of \$146,056. On December 31, 2016, the Authority's carrying amount of bank deposits was \$376,954, with a book balance of \$120,874.

As of December 31, 2017, and 2016, the Authority had \$4,487,918 and \$5,316,010 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.colotruster.com. As of December 31, 2017, COLOTRUST was rated AAAM by Standard & Poor's.

PLUM CREEK WATER RECLAMATION AUTHORITY

Notes to the Financial Statements

December 31, 2017 and 2016

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

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

Investment	Rating	2017 Maturities			% Portfolio
		Less than 1 yr.	1 - 5 years	Total	
US Agency - non-callable	S&P AA+	\$ -	\$ 279,180	\$ 279,180	19%
US Agency - callable	S&P AA+	-	196,670	196,670	13%
Held in MM account for reinvestment		772,933	-	772,933	52%
Certificates of Deposit	not rated	-	247,792	247,792	16%
		<u>\$ 772,933</u>	<u>\$ 723,642</u>	<u>\$ 1,496,575</u>	<u>100%</u>

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	54%
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>99%</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 2017, 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 five-year federal agency paper maturing on December 30, 2021 but callable beginning March 30, 2018. 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

PLUM CREEK WATER RECLAMATION AUTHORITY

Notes to the Financial Statements

December 31, 2017 and 2016

deposit; commercial paper; federal agencies and instrumentalities; money market accounts; and Colorado public investment pools.

Fair Value Measurement and Application The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. All of the Authority's investments are measured at fair value using Level 1 inputs.

B. Capital assets

Capital asset activity for the year ended December 31, 2017 was as follows:

	Balance 1/1/2017	Additions	Deletions	Balance 12/31/2017
Capital assets, not being depreciated:				
Land	\$ 3,514,347	\$ -	\$ -	\$ 3,514,347
Capacity	50,000	-	-	50,000
Construction in progress	716,560	583,117	(433,400)	866,277
Total capital assets, not being depreciated	<u>4,280,907</u>	<u>583,117</u>	<u>(433,400)</u>	<u>4,430,624</u>
Capital assets, being depreciated:				
Buildings	17,811,796	-	-	17,811,796
Improvements other than buildings	16,194,258	1,092,024	(81,364)	17,204,918
Machinery and equipment	11,357,322	1,151,274	(645,103)	11,863,493
Vehicles	201,360	25,220	(19,593)	206,987
Total capital assets being depreciated	<u>45,564,736</u>	<u>2,268,518</u>	<u>(746,060)</u>	<u>47,087,194</u>
Less accumulated depreciation for:				
Buildings	5,741,240	354,753	-	6,095,993
Improvements other than buildings	4,967,342	354,010	(58,219)	5,263,133
Machinery and equipment	7,190,771	553,040	(622,514)	7,121,297
Vehicles	120,053	13,421	(19,593)	113,881
Total Accumulated depreciation	<u>18,019,406</u>	<u>1,275,224</u>	<u>(700,326)</u>	<u>18,594,304</u>
Total capital assets being depreciated, net	<u>27,545,330</u>	<u>993,294</u>	<u>(45,734)</u>	<u>28,492,890</u>
Total capital assets, net	<u>\$ 31,826,237</u>	<u>\$ 1,576,411</u>	<u>\$ (479,134)</u>	<u>\$ 32,923,514</u>

Total depreciation expense for the years 2017 and 2016 was \$1,275,224 and \$1,246,715, respectively. Capital assets with a cost of \$746,060 were disposed of during 2017 resulting in an expense of \$45,734 for assets not fully depreciated. Some of the loss was recouped through small sales and recycling metals, reducing the total loss to \$24,250. A large portion of the disposal (60%) was from the Headworks MCC project which was completed in 2017, some of which had not fully depreciated and was expensed in 2017.

PLUM CREEK WATER RECLAMATION AUTHORITY
Notes to the Financial Statements
December 31, 2017 and 2016

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	3,837,507	443,400	-	4,280,907
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	45,153,277	500,376	(88,917)	45,564,736
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	16,857,589	1,246,714	(84,897)	18,019,406
Total capital assets being depreciated, net	28,295,688	(746,338)	(4,020)	27,545,330
Total capital assets, net	\$ 32,133,195	\$ (302,938)	\$ (4,020)	\$ 31,826,237

PLUM CREEK WATER RECLAMATION AUTHORITY

Notes to the Financial Statements

December 31, 2017 and 2016

C. Long-term debt

The long-term debt activity for the years ended December 31, 2017 and 2016 is as follows:

	Balance 1/1/2017	Additions	Deletions	Balance 12/31/2017	Current Portion
CWRPDA Loan 2001	\$ 8,315,000	\$ -	\$ 1,510,000	\$ 6,805,000	\$ 1,570,000
CWRPDA Loan 2002	1,295,000	-	170,000	1,125,000	170,000
CWRPDA Loan 2005	830,000	-	75,000	755,000	75,000
Premium	209,078	-	38,583	170,495	38,583
Total long-term debt	\$ 10,649,078	\$ -	\$ 1,793,583	\$ 8,855,495	\$ 1,853,583

	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

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
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	\$ 6,805,000	\$ 991,579

PLUM CREEK WATER RECLAMATION AUTHORITY

Notes to the Financial Statements

December 31, 2017 and 2016

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 year of loan repayments include anticipated refunding 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.

Year Ending December 31,	Principal	Interest
2018	170,000	38,356
2019	175,000	37,190
2020	180,000	30,773
2021	185,000	27,558
2022	200,000	17,458
2023	215,000	(5,555)
Total	<u>\$ 1,125,000</u>	<u>\$ 145,780</u>

PLUM CREEK WATER RECLAMATION AUTHORITY

Notes to the Financial Statements

December 31, 2017 and 2016

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 include anticipated refunding 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:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>
2018	75,000	19,081
2019	75,000	18,031
2020	80,000	19,673
2021	80,000	18,473
2022	85,000	14,816
2023-2026	360,000	26,333
Total	<u>\$ 755,000</u>	<u>\$ 116,405</u>

The Authority is not in default of its covenants and obligations under these loans. The Authority maintained operation and maintenance reserve funds totaling \$854,775 and has established rates and charges for its services and products in accordance with the covenants of these loans.

PLUM CREEK WATER RECLAMATION AUTHORITY

Notes to the Financial Statements

December 31, 2017 and 2016

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

	2017	2016
Net Income, Non-GAAP Basis	<u>\$ 1,409,744</u>	<u>\$ 1,392,211</u>
Adjustments:		
Principal Paid on Loan	1,755,000	1,685,000
Bond Premium Amortization	38,583	38,583
Contributed Capital	208,580	-
Gain(Loss) on Retirement of Assets	(24,250)	1,980
Pension Expense	(558,730)	-
Transfer of Pension Expense	(1,254,945)	-
Depreciation	<u>(1,275,224)</u>	<u>(1,246,715)</u>
Total Adjustments	<u>(1,110,986)</u>	<u>478,848</u>
Net Income, GAAP Basis	<u>\$ 298,758</u>	<u>\$ 1,871,059</u>

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 years ended December 31, 2016 was 13.7% of covered salaries. The contribution rate for members was 8% of covered salaries. A portion of the Authority's contribution (1.02% of covered salaries) was allocated to the Health Care Trust Fund (See Note 6). The Authority's contribution to the LGDTF for the year ended December 31, 2017 was \$139,544, equal to the required contribution.

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

At December 31, 2017, the Authority reported a liability of \$1,863,308 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At December 31, 2016, the Authority's proportion was approximately 0.138 percent.

PLUM CREEK WATER RECLAMATION AUTHORITY

Notes to the Financial Statements

December 31, 2017 and 2016

For the year ended December 31, 2017, the Authority recognized pension expense of \$558,730. At December 31, 2017, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual results	\$ 3,802	\$ 5,338
Changes in assumptions or other input	16,230	(5,338)
Difference between projected vs. actual earnings	144,302	-
Authority contributions subsequent to the measurement date	139,144	-
Total	\$ 303,478	\$ -

The \$139,144 of deferred outflows of resources resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

**Year Ending
December 31,**

2018	\$	99,503
2019		62,703
2020		2,128

Actuarial Assumptions

The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method	Entry age
Price inflation	2.80 percent
Salary increases	3.90 – 10.85 percent
Investment rate of return expense, including inflation	7.50 percent, net of Plan investment

PLUM CREEK WATER RECLAMATION AUTHORITY

Notes to the Financial Statements

December 31, 2017 and 2016

Based on the 2016 experience analysis and the October 28, 2016 actuarial assumptions workshop, revised economic and demographic assumptions were adopted by PERA's Board on November 18, 2016 and were effective as of December 31, 2016. These revised assumptions shown below were reflected in the roll-forward calculation of the total pension liability from December 31, 2015 to December 31, 2016:

Actuarial cost method	Entry age
Price inflation	2.80 percent
Salary increases	3.50-10.45 percent
Investment rate of return, including price inflation	7.25 percent, net of Plan investment

Mortality rates used in the December 31, 2015 valuation were based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on a projection of Scale AA to 2020 with Males set back 1 year, and Females set back 2 years. Active member mortality was based upon the same mortality rates but adjusted to 55 percent of the base rate for males and 40 percent of the base rate for females. For disabled retirees, the RP-2000 Disabled Mortality Table (set back 2 years for males and set back 2 years for females) was assumed.

The actuarial assumptions used in the December 31, 2015 valuation were based on the results of an actuarial experience study for the period January 1, 2008 through December 31, 2011, adopted by PERA's Board on November 13, 2012, and an economic assumption study, adopted by PERA's Board on November 15, 2013 and January 17, 2014.

Several factors were considered in evaluating the long-term rate of return assumption for the LGDTF, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

PLUM CREEK WATER RECLAMATION AUTHORITY

Notes to the Financial Statements

December 31, 2017 and 2016

As of the November 18, 2016 adoption of the current long-term expected rate of return by the PERA Board, the target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
U.S. Equity- Large Cap	21.20%	4.30%
U.S. Equity- Small Cap	7.42%	4.80%
Non U.S. Equity- Developed	18.55%	5.20%
Non U.S. Equity- Emerging	5.83%	5.40%
Core Fixed Income	19.32%	1.20%
High Yield	1.38%	4.30%
Non U.S. Fixed Income - Developed	1.84%	0.60%
Emerging Market Debt	0.46%	3.90%
Core Real Estate	8.50%	4.90%
Opportunity Fund	6.00%	3.80%
Private Equity	8.50%	6.60%
Cash	1.00%	0.20%
Total	100.00%	

In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected rate of return assumption of 7.25 percent.

Discount Rate

The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumes that member contributions will be made at the current contribution rate and that current employer contributions will be made at fixed statutory rates specified in law, including current and estimated future AED and SAED, until the Actuarial Value Funding Ration reaches 103%, at which point, the AED and SAED will drop 0.50 percent every year until they are zero.

Based on those assumptions and methods, the LGDTF's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate changed to 7.25 percent from the prior measurement date discount rate of 7.50 percent.

PLUM CREEK WATER RECLAMATION AUTHORITY

Notes to the Financial Statements

December 31, 2017 and 2016

Sensitivity of the Authority's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Authority's proportionate share of the net pension liability calculated using the discount rate of 7.25 percent, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	Discount Rate	Authority's proportionate share of net pension liability
1% Decrease current Discount rate	6.25%	2,741,362
	7.25%	1,863,308
1% Increase	7.25%	1,131,214

Defined Contribution Pension Plan

Plan Description

Employees of the Authority that are also members of the LGDTF may voluntarily contribute to the Voluntary Investment Program, an Internal Revenue Code Section 401(k) defined contribution plan administered by PERA. Title 24, Article 51, Part 14 of the CRS, as amended, assigns the authority to establish the Plan provisions to the State Legislature. PERA issues a publicly available annual financial report for the Plan. That report may be obtained as described previously.

Funding Policy

The Plan is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the CRS, as amended. For the year ended December 31, 2016, the Authority and Plan members contributed \$880 to the Plan.

Deferred Compensation Plan

Plan Description

The Authority currently offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457 administered by PERA. Participation in the plan is voluntary for all employees and contributions are separate from those that PERA members make to their Defined Benefit member accounts.

Information on the 457 plan may be obtained online at www.copera.org or by writing to Colorado PERA, 1300 Logan Street, Denver, Colorado 80203, or by calling PERA at 393-832-9550 or 1-800-759-PERA (7372).

Funding Policy

The plan allows employees to defer a portion of their salary until future years. All amounts deferred are held in trust for the exclusive benefit of participating employees. For the year ended December 31, 2017, members contributed \$1,032 to the plan.

PLUM CREEK WATER RECLAMATION AUTHORITY

Notes to the Financial Statements

December 31, 2017 and 2016

D. Post-employment healthcare benefits

Plan Description

The Authority contributes to the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer postemployment healthcare plan administered by PERA. The HCTF provides a health care premium subsidy to PERA participating benefit recipients and their eligible beneficiaries. Title 24, Article 51, Part 12 of the CRS, as amended, assigns the authority to establish the HCTF benefit provisions to the State Legislature. PERA issues a publicly available annual financial report that includes financial statements and required supplementary information for the HCTF.

That report may be obtained online at www.copera.org or by writing to Colorado PERA, 1300 Logan Street, Denver, Colorado 80203, or by calling PERA at 393-832-9550 or 1-800-759- PERA (7372).

Funding Policy

The Authority is required to contribute at a rate of 1.02% of covered salaries for all PERA members as set by statute. No member contributions are required. The contribution requirements for the Authority are established under Title 24, Article 51, Part 4 of the CRS, as amended. The apportionment of the contributions of the HCTF is established under Title 24, Article 51, Section 208 of the CRS, as amended. The Authority's apportionment to the HCTF for the year ended December 31, 2016 was \$8,531, equal to the required amount.

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. As of July 28, 2015, the Board of Directors for the Authority elected to amend the agreement which states the Manager would be replaced and Mr. Weston Martin was officially appointed Authority Manager 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 \$36,080,707 and liability coverage for claims up to

PLUM CREEK WATER RECLAMATION AUTHORITY

Notes to the Financial Statements

December 31, 2017 and 2016

\$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.

Required Supplementary Information

PLUM CREEK WATER RECLAMATION AUTHORITY

Retirement Plan Supplementary Information

For the Year Ended December 31, 2017

Schedule of Proportionate Share of the Net Pension Liability and Related Ratios

<u>Year Ending*</u>	<u>Proportion of the Net Pension Liability</u>	<u>Proportionate Share of the Net Pension Liability</u>	<u>Actual Covered Member Payroll</u>	<u>Net Pension Liability as a Percentage of Covered Payroll</u>	<u>Fiduciary Net Position as a Percentage of Total Pension Liability</u>
12/31/2017	0.138%	\$ 1,863,308	\$ 1,015,651	183.46%	73.65%

Note: This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

* The data provided in this schedule is based as of the measurement date of the Authority's net pension liability, which is as of the beginning of the year.

Schedule of Employer Contributions

<u>Year Ending</u>	<u>Statutorily Required Contributions</u>	<u>Actual Employer Contributions</u>	<u>Contribution Excess/(Deficiency)</u>	<u>Actual Covered Member Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
12/31/2016	114,700	114,700	-	836,381	13.7%
12/31/2017	139,144	139,144	-	1,015,651	13.7%

Note: This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

Supplementary Information

PLUM CREEK WATER RECLAMATION AUTHORITY
Schedule of Revenues, Expenditures and Changes in Net Position
Budget Actual - Budgetary (Non-GAAP) Basis
December 31, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget
Operating Revenue :				
Service Charges	\$ 6,509,955	\$ 6,509,955	\$ 6,534,801	\$ 24,846
Total Operating Revenues	<u>6,509,955</u>	<u>6,509,955</u>	<u>6,534,801</u>	<u>24,846</u>
Operating Expenses:				
Personnel Services	1,550,000	1,550,000	1,330,690	219,310
Administrative Fee	5,000	5,000	4,000	1,000
Power & Heat	615,000	615,000	567,235	47,765
Biosolids Hauling	241,000	241,000	217,080	23,920
Telephone	23,500	23,500	17,988	5,512
Chemicals	157,000	157,000	152,046	4,954
Operating Supplies	175,000	175,000	138,509	36,491
Gas & Oil	28,000	28,000	31,114	(3,114)
Uniforms	22,000	22,000	22,094	(94)
Repair & Maintenance Supplies	-	-	11,331	(11,331)
Repair & Maintenance Services	113,900	113,900	62,979	50,921
Landscape Maintenance	4,000	4,000	4,120	(120)
Permits & Fees	25,000	25,000	33,142	(8,142)
Legal Fee	75,000	75,000	39,066	35,934
Auditing	10,100	10,100	10,100	-
Engineering Fee	150,000	150,000	119,801	30,199
USGS Monitoring	16,000	16,000	16,060	(60)
Laboratory Fee	18,000	18,000	12,692	5,308
Insurance	57,000	57,000	56,878	122
Membership Fees	22,100	22,100	25,082	(2,982)
Office Expenses	73,500	73,500	76,239	(2,739)
Household Hazardous Waste Roundup	33,000	33,000	34,878	(1,878)
Repair & Replacement	1,428,803	2,288,915	31,764	2,257,151
Contingency	5,000	5,000	5,467	(467)
Total Operating Expenses	<u>4,847,903</u>	<u>5,708,015</u>	<u>3,020,355</u>	<u>2,687,660</u>
Total Operating Income	<u>1,662,052</u>	<u>801,940</u>	<u>3,514,446</u>	<u>2,712,506</u>
Nonoperating Revenues(Expenses) :				
Interest Income	25,000	25,000	61,083	36,083
Lease Income	33,000	33,000	33,000	-
Miscellaneous Income	8,000	8,000	20,006	12,006
Revenue Rebate	10,000	10,000	13,473	3,473
Principal Paid on Loan	(1,755,000)	(1,755,000)	(1,755,000)	-
Interest Paid on Loan	(520,101)	(520,101)	(477,264)	42,837
Capital Outlay	128,500	(128,500)	-	128,500
Total Nonoperating Revenues(Expenses)	<u>(2,070,601)</u>	<u>(2,327,601)</u>	<u>(2,104,702)</u>	<u>222,899</u>
Net Income, Non-GAAP Basis	<u>(408,549)</u>	<u>(1,525,661)</u>	<u>1,409,744</u>	<u>2,935,405</u>
Net Position - Beginning of Year	<u>-</u>	<u>10,386,688</u>	<u>10,386,688</u>	<u>-</u>
Net Position - End of Year	<u>\$ (408,549)</u>	<u>\$ 8,861,027</u>	<u>\$ 11,796,432</u>	<u>\$ 2,935,405</u>
Net Income, Non-GAAP Basis			<u>\$ 1,409,744</u>	
Adjustments:				
Principal Paid on Loan			1,755,000	
Bond Premium Amortization			38,583	
Contributed Capital			208,580	
Loss on Retirement of Assets			(24,250)	
Pension Expense			(558,730)	
Transfer of Pension Expense			(1,254,945)	
Depreciation			(1,275,224)	
Total Adjustments			<u>(1,110,986)</u>	
Net Income, GAAP Basis			<u>\$ 298,758</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, 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	12,513	5,513
Revenue Rebate	-	12,879	12,879
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.

STATISTICAL SECTION

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

Fiscal Year	Net Investment in Capital Assets	Restricted	Unrestricted	Business-Type Activities Net Position
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
2017	\$ 24,068,019	854,775	3,652,559	\$ 28,575,353

PLUM CREEK WATER RECLAMATION AUTHORITY

Changes in Net Position

(Accrual Basis of Accounting)

Last Ten Years

Unaudited

Total

Fiscal Year	Operating Revenues	Operating Expenses	Operating Income	Nonoperating Revenues/ (Expenses)	Income/(Loss) before Capital Contributions	Capital Contributions	Change in Net Position
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
2017	\$ 6,534,801	6,109,253	425,548 (3)	(126,790)	90,179	208,579	\$ 298,758

(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.

(3) PERA pension liability was realized for the first year in 2017 impacting the Operating Income. Additionally, the Castle Pines North flume project (Lagae Ranch) was completed in 2017 and the value of the flume was contributed via an IGA executed on May 21, 2014 by and between PCWRA and Castle Pines North Metropolitan District.

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>
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
2017	\$ 5,906,152	250,549	\$ 6,156,701

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
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
2017	\$ 1,334,690	567,235	217,080	152,046	138,509	34,878	74,310	31,764	2,283,517	4,834,029	1,275,224	\$ 6,109,253

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)
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)
2017 (3)	\$ (477,264)	61,083	33,479	38,583	33,000	-	(24,250)	208,579	\$ (126,790)

(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.

(3) The Castle Pines North flume project (Lagae Ranch) was completed in 2017. The value of the flume was contributed via an IGA executed on May 21, 2014 by and between PCWRA and Castle Pines North Metropolitan District.

PLUM CREEK WATER RECLAMATION AUTHORITY

Sewer and Reuse Rates

Last Ten Years

Unaudited

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Sewer Rates										
Town of Castle Rock	\$ 4.54	\$ 4.17	\$ 3.64	\$ 3.65	\$ 3.94	\$ 4.08	\$ 4.17	\$ 3.95	\$ 3.71	\$ 3.45
Castle Pines Metro District	2.65	2.53	2.57	2.49	2.19	2.26	2.46	2.64	2.49	2.38
Castle Pines North Metro District	2.67	2.81	2.97	2.67	2.89	2.93	3.08	3.29	3.08	2.84
Castleton Center	2.27	2.47	2.04	2.14	2.62	2.71	2.93	2.72	2.53	4.61
Silver Heights	2.27	2.47	2.04	2.13	2.50	2.61	2.79	2.74	2.61	2.83
Reuse Rates										
The International Golf Club	\$ 1.31	\$ 1.36	\$ 1.46	\$ 1.44	\$ 1.49	\$ 1.47	\$ 1.54	\$ 1.57	\$ 1.88	\$ 1.59
Country Club at Castle Pines	1.42	1.38	1.49	1.46	1.50	1.48	1.48	1.62	1.87	1.72
The Ridge Golf Club at CPN	1.41	1.37	1.49	1.46	1.52	1.49	1.48	1.63	1.88	1.71

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>	
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%
2017	\$ 5,027,547	77%	1,507,254	23%	\$ 6,534,801	100%

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

PLUM CREEK WATER RECLAMATION AUTHORITY

Ratios of Outstanding Debt to Service Charges

Last Ten Years

Unaudited

Fiscal Year End December 31,	CWRPDA	CWRPDA	CWRPDA	Premium	Total	Service	Percent Service Charges to Debt Service
	Loan 2001	Loan 2002	Loan 2005			Charges	
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%
2017	\$ 6,805,000	1,125,000	755,000	170,495	\$ 8,855,495	\$ 6,534,801	74%

(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

Fiscal Year	Gross Revenue	Operating Expenses (1)	Net Revenue Available for Debt Services	Debt Service Requirements		Coverage	
				Principal	Interest		Total
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
2017	\$ 6,788,743	4,834,029	1,954,714	1,755,000	565,061	\$ 2,320,061	0.84

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

(2) Net revenue available for debt services decreased in 2017 due to full recognition of PERA pension liability.

PLUM CREEK WATER RECLAMATION AUTHORITY

Demographic and Economic Indicators Last Ten Years (where available)

Undaudited

	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	\$ -
2007	98,871				40,526			
2008	99,409	86,777	213,929	130,951	41,578	34,664	119,635	47,650
2009	94,409	85,461	203,438	137,019	39,228	34,089	113,339	49,702
2010	93,573	85,009	208,008	134,058	41,645	35,267	118,043	50,203
2011	95,324	84,781	202,431	135,145	42,112	34,596	110,230	55,317
2012	102,961	86,280	206,343	138,349	44,419	35,173	103,040	55,845
2013	103,226	86,563	203,976	137,426	44,704	35,779	80,215	57,040
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	45,500	37,800	106,285	59,110
2016	109,292	93,153	221,071	140,764 (2)	49,724	38,610	100,389	62,070

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

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

(2) 2017 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

**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
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				
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	2.7%	62,700	15,375	78,075				
2017	2.4%	65,015	15,375	80,390	48,231	3,614	10,360	62,205

Percent increase in population since Census: 29%

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

Nine Year Period*
Unaudited

	2017			2016			2015		
	Approx. # of employees	Rank	%Total Employment	Approx. # of employees	Rank	%Total Employment	Approx. # of employees	Rank	%Total Employment
Top Ten Employers in the Authority's Service Area									
Douglas County School District	1550	1	8	1555	1	8	1520	1	8
Douglas County Government	1235	2	6	1195	2	6	1150	2	6
Town of Castle Rock Government	755	3	4	720	3	3	670	3	3
Wal-Mart	300	6	1	300	5	1	290	5	1
King Soopers (3 stores)	470	4	2	420	4	2	420	4	2
Brookside Inn (nursing home)	160	9	1	160	9	1	160	8	1
Douglas Cty Library (CR & CPN)				150	10	1			
Home Depot	160	10	1				145	10	1
TPM Staffing Services	225	8	1	230	8	1	260	6	1
Hudick Excavating Inc.	240	7	1	245	7	1	175	7	1
Kraemer North America LLC	145	9	1	145	9	1	145	9	1
Castle Rock Adventist Hospital	295	5	1	285	6	1			
Sam's Club	180	9	1						
		2014			2013			2012	
Top Ten Employers in the Authority's Service Area									
Douglas County School District	1470	1	8	1430	1	9	1400	1	9
Douglas County Government	1100	2	6	1100	2	7	1090	2	7
Town of Castle Rock Government	600	3	3	550	3	3	530	3	3
Wal-Mart	300	5	2	310	5	2	340	5	2
King Soopers (3 stores)	400	4	2	400	4	2	370	4	2
Brookside Inn (nursing home)	155	7	1	170	7	1	180	6	1
Douglas Cty Library (CR & CPN)	150	8	1	150	8	1	140	8	1
Safeway (2 stores)							130	9	1
Home Depot	145	9	1	150	9	1	140	7	1
Castle Pines Golf Club				140	10	1	130	10	1
TPM Staffing Services	240	6	1	240	6	1			
Hudick Excavating Inc.	145	10	1						
		2011			2010			2009	
Top Ten Employers in the Authority's Service Area									
Douglas County School District	1420	1	9	1500	1	10	1500	1	10
Douglas County Government	1070	2	7	1100	2	7	1180	2	8
Town of Castle Rock Government	520	3	3	520	3	3	545	3	4
Wal-Mart	330	5	2	330	5	2	380	4	3
King Soopers (3 stores)	370	4	2	380	4	3	350	5	2
Brookside Inn (nursing home)	170	6	1	180	6	1	170	6	1
Douglas Cty Library (CR & CPN)	140	8	1	150	7	1	150	7	1
Safeway (2 stores)	140	9	1	140	9	1	145	8	1
Home Depot	145	7	1	140	8	1	125	9	1
Castle Pines Golf Club	120	10	1	120	10	1	125	10	1

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

PLUM CREEK WATER RECLAMATION AUTHORITY

Operating and Capital Indicators

Last Ten Years

Unaudited

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
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	6.44	6.44	6.44	6.44	6.44	6.44	6.44	6.44
Annual Engineering Maximum Plant Capacity (MG)	1778	1778	2350.6	2351	2351	2351	2351	2351	2351	2351
Amount Treated Annually (MG)	1421	1472	1484	1451	1453	1473	1540	1700	1708	1669
Unused Permitted Capacity (MG)	357	306	866.6	900	898	878	811	651	648	682
Percentage of Permitted Hydraulic Capacity Utilized	80%	83%	63%	62%	62%	63%	66%	72%	72%	71%
Treatment Costs per Million Gallons (Operating Expenses less capital replacement, depreciation and debt service)	\$ 1,874	\$ 1,719	\$ 1,729	\$ 1,887	\$ 2,064	\$ 1,978	\$ 1,981	\$ 1,757	\$ 1,651	\$ 2,877