



PLUM CREEK WATER RECLAMATION AUTHORITY  
CASTLE ROCK, COLORADO

COMPREHENSIVE ANNUAL FINANCIAL REPORT  
For the years ended December 31, 2019 and 2018

Prepared by:  
Lissa Oelkers, Director of Administrative Services

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# **INTRODUCTORY SECTION**

May 26, 2020

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, 2019.

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, 2019, 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, 2019, 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 to provide wastewater treatment and treated effluent for its members. 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 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 46 and 47, 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 grew by approximately 7.3% with the Authority's service area experiencing the following growth rates: Town of Castle Rock 3.5%, Castle Pines Village 3.4% and the City of Castle Pines holding flat. Population estimates continue to increase in the Authority's service area with most of the growth, 5.4%, in the Town of Castle Rock from 2018 to 2019. Additionally, the unemployment rate in Douglas County experienced a slight increase from 2.3% in 2017 to 2.9% in 2018 (2019 information not available at the time of this writing) still showing a healthy trend which began in 2011 at 6.4%. Since the Census in 2010, the estimated population in the PCWRA service area has increased approximately 44%. The population in the Authority's service area has seen a steady growth overall of 3% per year since 2014 and a jump of 6% from 2017 to 2018 and 5% from 2018 to 2019; unlike last year, the wastewater treated in 2019 correlated with growth by increasing by 5% (76 MG). The Authority continued to operate understaffed in 2018, operating with only 16 out of 18 potential FTEs. The Town of Castle Rock continues to experience rapid growth as the Promenade at Castle Rock continues to be under construction into 2020. 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. Additionally, the Castle Pines Metropolitan District broke ground in early 2019 on construction of town homes on land at the corner of Highway 85 and Happy Canyon as growth continues in their district. In early 2020, the Authority's service area was hit hard by the Coronavirus pandemic. The total effects are still unknown but high unemployment rates have been published and most small businesses have been closed for public safety.

### **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 were expected to begin in 2020 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. However, the Authority's 2019 expenses fell under budget and was able to decrease the capital replacement budget for 2020 to \$350,000 providing a flat rate structure for members from 2019 to 2020. Once the audit is complete and the final net position is realized, management will work with the board of directors on potentially transferring funds from the General Colotrust account to the Capital Replacement Colotrust account. 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 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 construction contract was awarded to Moltz Construction in 2018. The project has been fully funded by the participating members rather than through a loan. This project may also alleviate some of the capital replacement needs mentioned above. In April 2020, management requested RFPs for renovation of the reuse reservoir and building a pump station to alleviate pumping reuse water back and forth to the wet well. It is unclear at the time of this writing if this project will take place.

### **Relevant Financial Policies**

The Authority sets its rate structure each year based on a cost of service model which uses a formula based on five-year average waste strength, prior year flow, growth

projections, budget year O&M costs, debt service and capital purchases/replacement. The cost for sewer treatment is fixed for the year. Therefore, each member will pay a fixed monthly fee. Reuse rates also use a similar 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, 2018. This was the twenty-fourth consecutive year the Authority received this prestigious award. In order to be awarded a Certificate of Achievement, the Authority must publish an easily readable and efficiently organized CAFR. This report satisfied both US GAAP and applicable legal requirements.

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

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

Respectfully submitted,



Weston Martin  
Authority Manager



Lissa Oelkers  
Director of Administrative Services



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Plum Creek Water  
Reclamation Authority, Colorado**

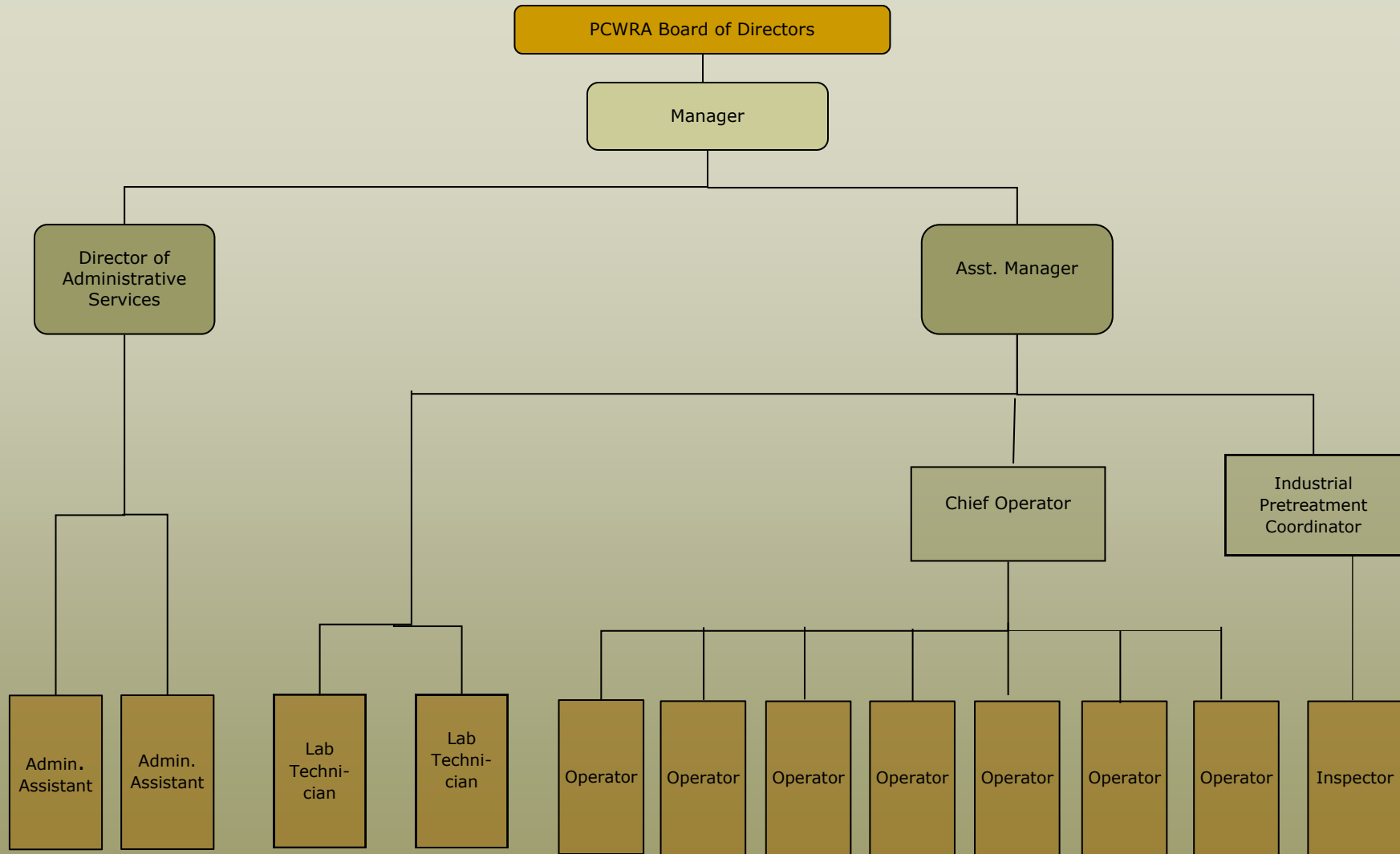
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**December 31, 2018**

*Christopher P. Morrill*

Executive Director/CEO

# Plum Creek Water Reclamation Authority—2019



**PLUM CREEK WATER RECLAMATION AUTHORITY**  
**Appointed Officials - as of December 31, 2019**

APPOINTED OFFICIALS

PCWRA OFFICE

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

Secretary

Mr. Richard Munday  
**Castle Pines Metropolitan District**

Vice-President

Mr. Jim Worley  
**Castle Pines North Metro District**

President

AUTHORITY MANAGER

Mr. Weston Martin

ASSISTANT AUTHORITY MANAGER

Mr. Kirby Clark

CONSULTANTS

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

# **FINANCIAL SECTION**

## 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, 2019 and 2018 and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Plum Creek Water Reclamation Authority as of December 31, 2019 and 2018, 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*

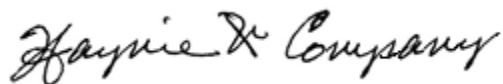
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and retirement plan information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic 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 18, 2020

## 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, 2019. 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 \$31,848,493. This reflects an increase in net assets from 2018 to 2019 of \$2,140,628. Total Operating Expenses decreased from 2018 to 2019 by \$731,691 in large part due to the 2019 pension expense reflecting an increase from contribution investments and actuarial updates. PERA reports one year in arrears therefore, the gains in investment are reflected for 2018. The Authority began reporting this liability as of 2017. Additionally, the nonoperating revenues/expenses were decreased slightly from 2018 to 2019 due to the loss on retirement of assets. Some assets were disposed in 2019 which had not fully depreciated. Those assets are being replaced through the ongoing construction project for increased capacity and upgraded process equipment. The largest factor of nonoperating expenses decreasing over the years is due to the reduction of interest expense on debt service.

### 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 18 – 44 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 45 - 48.

## Financial Analysis

As noted, net position may, over time, serve as a useful indicator of the Authority's financial position. Assets exceeded liabilities by \$31,848,493 at the close of the most recent fiscal year and by \$29,707,865 at the close of the 2018 fiscal year. The 2017 net position was restated with the implementation of the OPEB pension expense during the 2018 audit.

By far, the largest portion (81 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 \$2,140,628 from 2018 to 2019 and by \$1,284,308 from 2017 to 2018.

	<b>2019</b>	<b>2018</b>	<b>2017</b>
Current and other assets	\$ 26,812,828	\$ 24,743,466	\$ 8,048,807
Capital assets	30,871,825	32,289,611	32,923,514
Total current and other assets	57,684,653	57,033,077	40,972,321
Deferred outflow of resources - Pension	581,125	574,882	303,478
Deferred outflow of resources - OPEB	2,897	11,783	-
Total assets and deferred outflows of resources	58,268,675	57,619,742	41,275,799
Current liabilities	21,087,754	20,353,826	3,835,226
Noncurrent liabilities	5,332,159	7,038,524	9,017,016
Total liabilities	26,419,913	27,392,350	12,852,242
Deferred inflow of resources - Pension	-	517,487	-
Deferred inflow of resources - OPEB	269	2,040	-
Total liabilities and deferred inflows of resources	26,420,182	27,911,877	12,852,242
Net position	<u>31,848,493</u>	<u>29,707,865</u>	<u>28,423,557</u>
Net investment in capital assets	25,788,495	25,287,699	24,068,019
Restricted	909,522	869,025	854,775
Unrestricted	5,150,476	3,551,141	3,500,763
Total net position	<u>\$ 31,848,493</u>	<u>\$ 29,707,865</u>	<u>\$ 28,423,557</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."

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 upon separation from Castle Pines Metropolitan District. Beginning 2017, the Authority reported its portion of cost-sharing derived from information provided by PERA and can be found in Note IV. Additionally, beginning 2018 the cost-sharing in the Other Post Employment Benefit (OPEB) Plan is reported via the same information provided by PERA. This information will be shown alongside the Defined Benefit cost-sharing information throughout the financial statements.

### Change in Net Position

	2019	2018	2017
<b>Revenues:</b>			
Charges for services	\$ 6,578,342	\$ 6,525,479	\$ 6,534,801
Other	367,263	320,992	462,521
Total revenues	6,945,605	6,846,471	6,997,322
<b>Expenses:</b>			
<b>Operating</b>			
Personnel & administrative fee	1,362,498	1,422,370	1,334,690
Power & heat	559,717	600,969	567,235
Biosolids hauling	270,974	269,204	217,080
Chemicals	188,058	139,706	152,046
Operating supplies	108,631	144,104	138,509
Repairs & maintenance	155,801	180,683	74,310
Capital replacement	-	-	31,764
Legal fees	23,036	49,945	39,066
Engineering fees	15,319	50,693	119,801
Household Hazardous Waste	33,000	33,000	34,878
Administrative overhead	315,090	313,638	310,975
Pension (Income)Expense	(50,423)	326,388	710,526
Transfer of Pension Expense	-	-	1,254,945
Depreciation	1,350,398	1,533,090	1,275,224
Total operating expenses	4,332,099	5,063,790	6,261,049
<b>Nonoperating</b>			
Interest	412,773	498,373	565,061
Other	60,105	-	24,250
Total nonoperating expenses	472,878	498,373	589,311
Total expenses	4,804,977	5,562,163	6,850,360
Changes in net position	2,140,628	1,284,308	146,962
Net position, January 1	29,707,865	28,423,557	28,276,595
Net position, December 31	\$ 31,848,493	\$ 29,707,865	\$ 28,423,557

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 Authority restructured its departments and experienced some turnover in personnel partly due to the restructure and partly due to employees moving out of state but continued to average 16 FTEs for 2018. Continued restructuring in 2019 brought additional turnover in management positions which were not replaced and continued average of 16 FTEs. The Authority has focused on maintaining quality personnel in key positions for optimal operations and permit compliance. 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. While the Operating Expense decreases again in 2018 because of the transfer of pension expense, the largest

operating expense decrease from 2018 to 2019 is in pension (income)expense. For the first time since the Authority has reported PERA Pension, the reports from PERA actuaries provide income rather than expense due, in part, to investment income. PERA reports in arrears therefore this income is stated for 2018 and reported in the Authority's 2019 financials. All capital purchases were capitalized to assets for 2018 and 2019.

### **Capital Assets and Debt Administration**

**Capital Assets** The Authority's investment in capital assets as of December 31, 2019 was \$30,871,825 (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 \$188,818. The Authority disposed of old equipment valued at \$710,273 much of which is in the process of being replaced during the ongoing construction project for capacity expansion and equipment upgrades. Some had not been fully depreciated and were expensed for a total loss of \$32,930. One fully depreciated vehicle was traded in to purchase a new one and provided for a gain of \$5,300. Additionally, the Authority disposed of diffuser grid and piping valued at \$136,920 which booked a loss of \$98,632, classified as improvement assets, during repair projects on all three oxidation ditches and old PLCs during a PLC replacement project on building 6 valued at \$13,300 and fully depreciated. Another asset disposed was the lagoons, classified as buildings, and valued at \$76,000 with a loss of \$41,073. The lagoons were backfilled with dirt and the property used for construction storage area. One final asset sold was 30MG of capacity to the Town of Castle Rock and providing a gain of \$107,230. Capital purchases over \$20,000 for 2019 were: a new skid steer for \$50,405 which will be on a full new replacement program through Bobcat so the Authority always had a new skid steer onsite; a replacement vehicle for \$27,122 including a trade in for \$5,300 reducing the purchase cost; and WIMS software for operations and lab data for \$40,262.

Additionally, as of 2017, the board 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 is a Construction Manager at Risk (CMAR) project. The award for construction manager was given to Moltz Construction. The project has been fully self-funded by the members with all funds kept in an escrow account reserved for the 3.0 Capacity Expansion Project in Colotrust. The full IGMP amount of \$36,166,532 for the project was funded in the escrow account proportionately by Castle Rock Water, Castle Pines North Metropolitan District, Castle Pines Metropolitan District, Silver Heights, and Castleton Center by April 2019. At the end of 2019, the escrow held a balance of \$18,637,156. As of April 2020, amid some unforeseen construction issues, the project is progressing well however, weather and struggles with the national pandemic of Covid 19 have caused some delays. The project may continue into early 2021.

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 \$5,083,330. The Authority paid \$1,918,583 toward the long-term debt during 2019.

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.

# **Basic Financial Statements**

**PLUM CREEK WATER RECLAMATION AUTHORITY**

Statements of Net Position

December 31, 2019 and 2018

<b>ASSETS</b>	<b>2019</b>	<b>2018</b>
<b>Current Assets:</b>		
Cash	\$ 6,127,061	\$ 4,617,652
Investments	-	737,544
Receivables - From Other Governments	993,751	519,037
Other Receivable	63,071	48,377
Prepays	1,500	1,500
Inventories	80,767	72,037
3.0 Expansion Member Contributions	<u>18,637,156</u>	<u>17,878,294</u>
<b>Total Current Assets</b>	<u>25,903,306</u>	<u>23,874,441</u>
<b>Noncurrent Assets:</b>		
Restricted Assets:		
Investments - Debt Service <sub>1</sub>	909,522	869,025
Capital Assets:		
Non-Depreciable Assets:		
Land & Capacity	3,514,347	3,564,347
Buildings	17,735,796	17,811,796
Improvements Other Than Buildings	18,560,967	18,701,808
Machinery and Equipment	11,311,550	11,869,508
Vehicle	<u>248,311</u>	<u>240,179</u>
Total Capital Assets	51,370,971	52,187,638
Less Accumulated Depreciation	<u>(20,499,146)</u>	<u>(19,898,027)</u>
Total Capital Assets Net of Depreciation	<u>30,871,825</u>	<u>32,289,611</u>
<b>Total Noncurrent Assets</b>	<u>31,781,347</u>	<u>33,158,636</u>
<b>Deferred Outflow of Resources</b>		
Deferred Outflow Related to Pension	564,699	406,354
Deferred Outflow Related to OPEB	<u>19,323</u>	<u>11,934</u>
<b>Total Deferred Outflow of Resources</b>	<u>584,022</u>	<u>4,182,988</u>
<b>Total Assets and Deferred Outflow of Resources</b>	<u>58,268,675</u>	<u>57,451,365</u>
<b>LIABILITIES</b>		
<b>Current Liabilities:</b>		
Accounts Payable	163,828	293,686
3.0 Expansion Project	18,637,156	17,878,294
Accrued Benefits	142,685	109,359
Accrued Interest Payable	110,949	153,904
Current Portion of the Long-Term Debt	<u>2,033,136</u>	<u>1,918,583</u>
<b>Total Current Liabilities</b>	<u>21,087,754</u>	<u>20,353,826</u>
<b>Noncurrent Liabilities:</b>		
Revenue Loan Payable, Net	3,050,193	5,083,329
Pension Liability, Net	2,105,281	1,792,599
OPEB Liability, Net	<u>176,684</u>	<u>162,585</u>
<b>Total Noncurrent Liabilities</b>	<u>5,332,158</u>	<u>7,038,513</u>
<b>Deferred Inflow of Resources</b>		
Deferred Inflow Related to Pension	-	348,441
Deferred Inflow Related to OPEB	<u>269</u>	<u>2,720</u>
<b>Total Deferred Inflow of Resources</b>	<u>269</u>	<u>351,161</u>
<b>Total Liabilities and Deferred Inflow of Resources</b>	<u>26,420,181</u>	<u>27,743,500</u>
<b>NET POSITION</b>		
Net Investment in Capital Assets	25,788,496	25,287,699
Restricted - Debt Service <sub>1</sub>	909,522	869,025
Unrestricted	<u>5,150,476</u>	<u>3,551,141</u>
<b>Total Net Position</b>	<u>\$ 31,848,494</u>	<u>\$ 29,707,865</u>

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

<sub>1</sub> 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, 2019 and 2018

	<b>2019</b>	<b>2018</b>
<b>Operating Revenue :</b>		
Service Charges	\$ 6,578,342	\$ 6,525,479
<b>Total Operating Revenues</b>	<b>6,578,342</b>	<b>6,525,479</b>
<b>Operating Expenses:</b>		
Personnel Services	1,358,898	1,418,170
Administrative Fees	3,600	4,200
Power & Heat	559,717	600,969
Biosolids Hauling	270,974	269,204
Telephone	25,424	20,534
Chemicals	188,058	139,706
Operating Supplies	108,631	144,104
Gas & Oil	20,534	29,226
Uniform	17,554	21,619
Repair & Maintenance Supplies	24,307	9,858
Repair & Maintenance Services	131,494	170,825
Landscape Maintenance	391	2,606
Permits & Fees	26,352	27,865
Legal Fees	23,036	49,945
Auditing	9,700	9,600
Engineering Fees	15,319	50,693
USGS Monitoring	16,380	16,380
Laboratory Fees	20,848	15,498
Insurance	62,962	58,741
Membership Fees	39,945	30,589
Office Expenses	74,363	80,623
Household Hazardous Waste Roundup	33,000	33,000
Pension (Income)Expense	(50,423)	326,388
Contingency	636	357
Depreciation	1,350,398	1,533,090
<b>Total Operating Expenses</b>	<b>4,332,098</b>	<b>5,063,790</b>
<b>Operating Income</b>	<b>2,246,244</b>	<b>1,461,689</b>
<b>Nonoperating Revenues (Expenses):</b>		
Investment Earnings	141,720	108,899
Interest Expense	(412,773)	(498,373)
Gain(Loss) on Retirement of Assets	(60,105)	17,113
Lease Income	33,000	33,000
Bond Premium Amortization	38,583	38,583
Forgiveness of Interest	82,384	89,855
Miscellaneous Income	71,576	33,542
<b>Total Nonoperating Revenues (Expenses)</b>	<b>(105,615)</b>	<b>(177,381)</b>
<b>Change in Net Position</b>	<b>2,140,629</b>	<b>1,284,308</b>
<b>Total Net Position - Beginning of Year</b>	<b>29,707,865</b>	<b>28,423,557</b>
<b>Total Net Position - End of Year</b>	<b>\$ 31,848,494</b>	<b>\$ 29,707,865</b>

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, 2019 and 2018

	<b>2019</b>	<b>2018</b>
<b>Cash Flows from Operating Activities:</b>		
Receipts from Customers and Users	\$ 6,103,628	\$ 6,529,954
Payments to Suppliers	(3,276,807)	(3,432,611)
Other Receipts	56,882	(11,283)
<b>Net Cash Provided by Operating Activities</b>	<b>2,883,703</b>	<b>3,086,060</b>
<b>Cash Flows from Capital and Related Financing Activities:</b>		
Acquisition and Construction of Capital Assets	7,283	(882,074)
Principal Paid on Capital Debt	(1,880,000)	(1,815,000)
Interest Paid on Capital Debt	(373,344)	(437,213)
<b>Net Cash (Used) in Capital and Related Financing Activities</b>	<b>(2,246,061)</b>	<b>(3,134,287)</b>
<b>Cash Flows from Noncapital Financing Activities:</b>		
Lease Income	33,000	33,000
<b>Net Cash Provided by Noncapital Financing Activities</b>	<b>33,000</b>	<b>33,000</b>
<b>Cash Flows from Investing Activities:</b>		
Sale of Investments	737,544	778,000
Purchase of Investments	8,614	(17,585)
Interest Received	133,106	107,515
<b>Net Cash Provided by Investing Activities</b>	<b>879,264</b>	<b>867,930</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>1,549,906</b>	<b>852,703</b>
<b>Cash and Cash Equivalents</b>		
Beginning of Year	5,486,677	4,633,974
End of Year	<b>\$ 7,036,583</b>	<b>\$ 5,486,677</b>
<b>Detail of Cash and Cash Equivalents:</b>		
Cash in Bank	193,536	100,887
Cash Equivalent State Pool	6,843,047	5,385,790
<b>Total Cash and Cash Equivalents</b>	<b>\$ 7,036,583</b>	<b>\$ 5,486,677</b>
<b>Net Cash Provided by Operating Activities:</b>		
Operating Income	\$ 2,246,244	\$ 1,461,689
<b>Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:</b>		
Depreciation and Amortization	1,350,398	1,533,090
Miscellaneous Income	71,576	33,542
(Increase) Decrease in Current Assets:		
Accounts Receivable - Other Governments	(474,714)	4,475
Other Receivable	(14,694)	(44,825)
Inventory	(8,730)	(434)
(Increase) Decrease in Deferred Outflow of Resources:		
Deferred Outflow Related to Pension	(158,345)	(271,242)
Deferred Outflow Related to OPEB	(7,389)	(11,934)
Increase (Decrease) in Current Liabilities:		
Accounts Payable	(129,858)	(104,549)
Accrued Benefits	33,326	26,641
Pension Liability	326,781	(59,920)
Due to Other Governments	-	-
(Increase) Decrease in Deferred Inflow of Resources:		
Deferred Inflow Related to Pension	(348,441)	517,487
Deferred Inflow Related to OPEB	(2,451)	2,040
Total Adjustments	637,459	1,624,371
<b>Net Cash Provided by Operating Activities</b>	<b>\$ 2,883,703</b>	<b>\$ 3,086,060</b>

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, 2019 and 2018

### 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, 2019 and 2018

### 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, 2019 and 2018 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, 2019 and 2018

### 5. Inventory

Inventories are valued at cost using the first in/first out (FIFO) method. The only inventories maintained for the Authority are grease/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 \$909,522 for this purpose in 2019.

### 7. Escrow funds

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. By the end of 2018, all the Design Escrow funds had been expended except for a minimal interest amount. A new escrow was opened for Pre-construction with the Town depositing \$70,363 on June 1, 2018 and the funds being depleted for project expenditures by September 24, 2018, again leaving a minimal interest amount. In September 2018, another new escrow account was opened for Work Package #1. The Town deposited \$11,834,637, Castle Pines North deposited \$1,903,143, and Castle Pines Metro deposited \$154,177. On November 27, 2018, yet another escrow account was opened for Construction Phase Engineering with the Town depositing \$1,078,323. A final escrow account was opened on December 31, 2018 for the overall 3.0 Capacity Expansion Fund in which Castle Pines North deposited \$3,045,201. As of January 18, 2019, any remaining funds, including any minimal interest balances, were transferred into this final escrow account. In April 2019, the Castleton Center Water and Sanitation contributed their share and PCWRA loaned and deposited the Silver Heights share of the project. Silver Heights repaid the loan over the following 12 months, completing payments in February 2020. Additionally, Castle Rock Water purchased 30,030 MG of capacity owned by PCWRA since the 1995 expansion for \$154,230 in April 2019. Upon doing so, they also contributed the expansion costs for that existing capacity in the amount of \$12,422. The final total contribution from each member for this project is: Town of Castle Rock, \$38,859,762; Castle Pines North, \$4,948,344; Castle Pines Metro District, \$348,333; Silver Heights, \$17,392; and Castleton Center, \$4,969. All interest is tracked and distributed accordingly to each member by percentage of contribution. The funds will be transferred from COLOTRUST to PCWRA's First Bank checking account in exact amounts to pay for specific approved invoices. All interest will remain in the escrow and be accounted for or used at the end of the project. If any funds remain, they will be reimbursed to each member accordingly.

With the design well on its way by mid-2018, Moltz Construction was awarded the construction contract in the CMAR project with an Initial Guaranteed Maximum Price (IGMP) of \$32,196,804 and signed an Agreement dated May 1, 2018. While details of member participation were worked out, an initial escrow agreement was signed on August 31, 2018, titled Work Package One Construction Escrow Agreement in order to provide funds and to keep the project moving. In a letter dated October 15, 2018, the Water Quality Control Division (Division) approved only limited construction activities and a Notice to Proceed was signed on October 22, 2018 by Moltz Construction. A Site Location Approval letter was subsequently provided by the Division dated October 30, 2018. Shortly

# PLUM CREEK WATER RECLAMATION AUTHORITY

## Notes to the Financial Statements

December 31, 2019 and 2018

thereafter, the Town of Castle Rock and PCWRA entered into a Construction Phase Engineering Escrow Agreement dated November 6, 2018 to allow Burns & McDonnell to progress with the construction engineering of the project. A final 3.0 Capacity Expansion Agreement dated December 18, 2018 was signed by all PCWRA members and enabled the finance department to combine all the separate escrow funds together into one escrow for the remainder of the project. The overall cost agreed to as of the Expansion Agreement was \$36,166,532. All funds and their earned interest are tracked by member as mentioned above. Expenditures as of December 31, 2019 totaled \$22,190,993. The total balance in the escrow account at December 31, 2019 is \$18,637,156.

### 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	3.08 hours per pay period (80 hours/year) Max Accrual 160	0.04175 per hour worked
61 months through 120 months	4.62 hours per pay period (120 hours/year) Max Accrual 240	0.0625 per hour worked
121 months and beyond	6.16 hours per pay period (160 hours/year) Max Accrual 320	0.0834 per hour worked

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 \$100,680 at December 31, 2019 and \$100,954 at December 31, 2018. These amounts are recorded within "Accrued Benefits" on the statements of net position.

Beginning January 1, 2019, the Authority changed its pay structure by beginning to pay in arrears and paying employees on a bi-weekly schedule. This also changed the accrued benefits to accrue slightly less per pay period but with 26 pay periods instead of 24. Within the year, the accrual is the same.

### 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.

# PLUM CREEK WATER RECLAMATION AUTHORITY

## Notes to the Financial Statements

December 31, 2019 and 2018

### 11. Subsequent Events

The Authority has evaluated subsequent events through May 26, 2020, the date which these financial statements were available to be issued.

In early 2020, the Authority's service area was hit hard by the Coronavirus pandemic. The total effects are still unknown but high unemployment rates have been published and most small businesses have been closed for public safety.

### 12. Reclassifications

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

### D. New Account Pronouncements

The GASB has issued No. 87, "Leases"; No. 89, "Accounting for Interest Cost Incurred before the End of a Construction Period"; No. 91, "Conduit Debt Obligations"; No. 92, "Omnibus 2020"; and No. 93, "Replacement of Interbank Offered Rates". These new Statements do not have a material effect on the Authority as of 2019. The Authority did not obtain any loans for the current project therefore will not have any new debt or interest costs.

## II: Stewardship, compliance, and accountability

### A. Budgetary information

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

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

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

## III: Detailed notes on all funds

### A. Deposits and investments

Cash and investments are reflected on the December 31, 2019 and 2018 statement of net position as follows:

**PLUM CREEK WATER RECLAMATION AUTHORITY**  
**Notes to the Financial Statements**  
**December 31, 2019 and 2018**

	<b>2019</b>	<b>2018</b>
Current Assets:		
Cash	\$ 6,127,061	\$ 4,617,652
Investments	-	737,544
Restricted Assets:		
Investments-Debt Service	909,522	869,025
	\$ 7,036,583	\$ 6,224,221

Cash deposits and investments by classification as of the December 31, 2019 and 2018 are as follows:

	<b>2019</b>	<b>2018</b>
Cash in Bank	\$ 193,536	\$ 100,887
Cash Equivalents - State Pool	6,843,047	5,385,790
Investments - Certificates of Deposit	-	246,638
Investments - Federal Agencies	-	490,906
Total	\$ 7,036,583	\$ 6,224,221

**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, 2019, 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, 2019, the Authority's carrying amount of bank deposits was \$2,302,608, with a book balance of \$193,536. The carrying amount included a transfer from the Escrow account to pay a construction invoice which had not cleared by year end. On December 31, 2018, the Authority's carrying amount of bank deposits was \$117,879, with a book balance of \$100,887.

As of December 31, 2019, and 2018, the Authority had \$6,843,047 and \$5,385,790 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

# PLUM CREEK WATER RECLAMATION AUTHORITY

## Notes to the Financial Statements

December 31, 2019 and 2018

maintained for the custodial banks. The custodians' internal records identify the investments owned by COLOTRUST. Information regarding COLOTRUST's financial statements is available at its website, [www.colotrust.com](http://www.colotrust.com). As of December 31, 2019, COLOTRUST was rated AAAM by Standard & Poor's.

### 2. Investments

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

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

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

Investment	Rating	2019 Maturities			% Portfolio
		Less than 1 yr.	1 - 5 years	Total	
US Agency - callable	S&P AA+	-	-	-	0%
Held in MM account for reinvestment		-	-	-	0%
Certificates of Deposit	not rated	-	-	-	0%
		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>0%</u>

Investment	Rating	2018 Maturities			% Portfolio
		Less than 1 yr.	1 - 5 years	Total	
US Agency - callable	S&P AA+	-	196,338	196,338	27%
Held in MM account for reinvestment		294,568	-	294,568	40%
Certificates of Deposit	not rated	246,638	-	246,638	33%
		<u>\$ 541,206</u>	<u>\$ 196,338</u>	<u>\$ 737,544</u>	<u>100%</u>

By the end of 2019, the Authority had successfully transferred all funds from Morgan Stanley to Colotrust due to low yields for agency and treasuries and a comparable yield from the pool with greater liquidity. Morgan Stanley had been phasing out of managing government funds therefore, the Authority will not be reinvesting with Morgan Stanley in the near future.

*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 2019, 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

**PLUM CREEK WATER RECLAMATION AUTHORITY**  
**Notes to the Financial Statements**  
**December 31, 2019 and 2018**

paper maturing on December 30, 2021 but was called on December 30, 2019. Also, a 5-year CD was purchased in 2014 and matured on July 11, 2019.

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

*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, 2019 was as follows:

	Balance 1/1/2019	Additions	Deletions	Balance 12/31/2019
Capital assets, not being depreciated:				
Land	\$ 3,514,347	\$ -	\$ -	\$ 3,514,347
Capacity	50,000	-	(50,000)	-
Total capital assets, not being depreciated	<u>3,564,347</u>	<u>-</u>	<u>(50,000)</u>	<u>3,514,347</u>
Capital assets, being depreciated:				
Buildings	17,811,796	-	(76,000)	17,735,796
Improvements other than buildings	18,701,808	9,380	(150,221)	18,560,967
Machinery and equipment	11,869,508	152,316	(710,274)	11,311,550
Vehicles	240,179	27,122	(18,990)	248,311
Total capital assets being depreciated	<u>48,623,291</u>	<u>188,818</u>	<u>(955,485)</u>	<u>47,856,624</u>
Less accumulated depreciation for:				
Buildings	6,450,745	354,459	(34,928)	6,770,276
Improvements other than buildings	5,848,936	436,371	(51,589)	6,233,718
Machinery and equipment	7,491,933	537,868	(643,772)	7,386,029
Vehicles	106,413	21,700	(18,990)	109,123
Total Accumulated depreciation	<u>19,898,027</u>	<u>1,350,398</u>	<u>(749,279)</u>	<u>20,499,146</u>
Total capital assets being depreciated, net	<u>28,725,264</u>	<u>(1,161,580)</u>	<u>(206,206)</u>	<u>27,357,478</u>
Total capital assets, net	<u>\$ 32,289,611</u>	<u>\$ (1,161,580)</u>	<u>\$ (256,206)</u>	<u>\$ 30,871,825</u>

Total depreciation expense for the years 2019 and 2018 was \$1,350,398 and \$1,533,090, respectively. Capital assets with a value of \$955,484 were disposed of during 2019 resulting in a

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## Notes to the Financial Statements

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loss of \$60,105 for assets sold minus assets not fully depreciated. Gains on sale of assets came from the sale of capacity and a trade in for a vehicle. Some assets were disposed of during the oxidation ditches repair project as well as assets being replaced by the 3.0 Expansion Project. Some of these assets still held some book value totaling \$173,635 when disposed.

The Authority owns land for the purpose of disposing of biosolids. The land is leased to TerraGro Farms for \$15,000 per year however, \$8,000 is used for maintenance on roads, fences and wells on the property netting \$7,000 for the Authority in lease income. There is no depreciation on the asset for the lease since the only asset is land. The cost and income of the lease is immaterial to the Authority's financials. Additionally, the Authority leases space on the corner roof of one building to Sprint for a cell tower. Again, the lease totals \$15,000 in lease income for the Authority and is immaterial to the financials.

Capital asset activity for the year ended December 31, 2018 was as follows:

	Balance 1/1/2018	Additions	Deletions	Balance 12/31/2018
Capital assets, not being depreciated:				
Land	\$ 3,514,347	\$ -	\$ -	\$ 3,514,347
Capacity	50,000	-	-	50,000
Construction in progress	866,277	-	(866,277)	-
<b>Total capital assets, not being depreciated</b>	<b>4,430,624</b>	<b>-</b>	<b>(866,277)</b>	<b>3,564,347</b>
Capital assets, being depreciated:				
Buildings	17,811,796	-	-	17,811,796
Improvements other than buildings	17,204,918	1,496,890	-	18,701,808
Machinery and equipment	11,863,493	213,318	(207,303)	11,869,508
Vehicles	206,987	58,068	(24,876)	240,179
<b>Total capital assets being depreciated</b>	<b>47,087,194</b>	<b>1,768,276</b>	<b>(232,179)</b>	<b>48,623,291</b>
Less accumulated depreciation for:				
Buildings	6,095,993	354,752	-	6,450,745
Improvements other than buildings	5,263,133	585,803	-	5,848,936
Machinery and equipment	7,121,297	575,127	(204,491)	7,491,933
Vehicles	113,881	17,408	(24,876)	106,413
<b>Total Accumulated depreciation</b>	<b>18,594,304</b>	<b>1,533,090</b>	<b>(229,367)</b>	<b>19,898,027</b>
<b>Total capital assets being depreciated, net</b>	<b>28,492,890</b>	<b>235,186</b>	<b>(2,812)</b>	<b>28,725,264</b>
<b>Total capital assets, net</b>	<b>\$ 32,923,514</b>	<b>\$ 235,186</b>	<b>\$ (869,089)</b>	<b>\$ 32,289,611</b>

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**C. Long-term debt**

The long-term debt activity for the years ended December 31, 2019 and 2018 is as follows:

	Balance 1/1/2019	Additions	Deletions	Balance 12/31/2019	Current Portion
CWRPDA Loan 2001	\$ 5,235,000	\$ -	\$ 1,630,000	\$ 3,605,000	\$ 1,735,000
CWRPDA Loan 2002	955,000	-	175,000	780,000	179,553
CWRPDA Loan 2005	680,000	-	75,000	605,000	80,000
Premium	131,912	-	38,583	93,329	38,583
Total long-term debt	<u>\$ 7,001,912</u>	<u>\$ -</u>	<u>\$ 1,918,583</u>	<u>\$ 5,083,329</u>	<u>\$ 2,033,136</u>

	Balance 1/1/2018	Additions	Deletions	Balance 12/31/2018	Current Portion
CWRPDA Loan 2001	\$ 6,805,000	\$ -	\$ 1,570,000	\$ 5,235,000	\$ 1,630,000
CWRPDA Loan 2002	1,125,000	-	170,000	955,000	175,000
CWRPDA Loan 2005	755,000	-	75,000	680,000	75,000
Premium	170,495	-	38,583	131,912	38,583
Total long-term debt	<u>\$ 8,855,495</u>	<u>\$ -</u>	<u>\$ 1,853,583</u>	<u>\$ 7,001,912</u>	<u>\$ 1,918,583</u>

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
2020	1,735,000	213,913
2021	1,870,000	79,765
Total	<u>\$ 3,605,000</u>	<u>\$ 293,678</u>

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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.

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

Year Ending December 31,	Principal	Interest
2020	180,000	30,773
2021	185,000	27,558
2022	200,000	17,458
2023	215,000	(5,555)
Total	<u>\$ 780,000</u>	<u>\$ 70,234</u>

On January 8, 2020, the Authority received a letter from the Colorado Water Resources & Power Development Authority (CWRPDA) regarding the structure of the bond issues that provided the funds for the 2002 loan from the Water Pollution Control Revolving Fund. The above-mentioned letter dated February 28, 2013 originally provided a payment schedule which presented the interest payments becoming negative in the later years. The schedule was re-written to reduce the principal rather than the interest. The new payments as of the February 1, 2020 due date, which have been reflected in the 2019 financial statements, are as follows:

Year Ending December 31,	Principal	Interest
2020	179,553	31,220
2021	184,473	28,085
2022	197,161	20,297
2023	206,675	2,770
Total	<u>\$ 767,862</u>	<u>\$ 82,372</u>

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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:

Year Ending December 31,	Principal	Interest
2020	80,000	19,673
2021	80,000	18,473
2022	85,000	14,816
2023	85,000	13,566
2024	85,000	7,653
2025-2026	190,000	5,115
Total	<u>\$ 605,000</u>	<u>\$ 74,181</u>

On January 8, 2020, the Authority received a letter from the Colorado Water Resources & Power Development Authority (CWRPDA) regarding the structure of the bond issues that provided the funds for the 2002 loan from the Water Pollution Control Revolving Fund. The above-mentioned letter dated February 28, 2013 originally provided a payment schedule which presented the interest payments becoming negative in the later years. The schedule was re-written to reduce the principal rather than the interest. The new payments as of the February 1, 2020 due date, which have been reflected in the 2019 financial statements, are as follows:

Year Ending December 31,	Principal	Interest
2020	80,000	19,673
2021	80,000	18,473
2022	83,718	16,098
2023	83,143	15,423
2024	80,573	12,080
2025-2026	180,957	14,158
Total	<u>\$ 588,391</u>	<u>\$ 95,904</u>

# PLUM CREEK WATER RECLAMATION AUTHORITY

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The Authority is not in default of its covenants and obligations under these loans. The Authority maintained operation and maintenance reserve funds totaling \$909,522 and has established rates and charges for its services and products in accordance with the covenants of these loans.

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

	2019	2018
<b>Net Income, Non-GAAP Basis</b>	<u>\$ 1,582,125</u>	<u>\$ 1,273,090</u>
<b>Adjustments:</b>		
Principal Paid on Loan	1,880,000	1,815,000
Bond Premium Amortization	38,583	38,583
Gain(Loss) on Retirement of Assets	(60,105)	17,113
Pension (Income) Expense	50,423	(326,388)
Depreciation	<u>(1,350,398)</u>	<u>(1,533,090)</u>
<b>Total Adjustments</b>	<u>558,503</u>	<u>11,218</u>
<b>Net Income, GAAP Basis</b>	<u><u>\$ 2,140,628</u></u>	<u><u>\$ 1,284,308</u></u>

## IV: Retirement Commitments

### A. Plan description

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

### B. Funding policy

The contribution requirements of members and the Authority are established under Title 24, Article 51, Part 4 of the CRS, as amended. The Authority's contribution rate for the year ended December 31, 2019 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, 2019 was \$139,422, 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, 2019, the Authority reported a liability of \$2,105,281 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2018, 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

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## Notes to the Financial Statements

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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, 2018, the Authority's proportion was approximately 0.17 percent, which was 0.01 percent from its proportion measured as of December 31, 2017.

For the year ended December 31, 2019, the Authority recognized pension income of \$50,423.

At December 31, 2019, 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	\$ 88,029	\$ -
Difference between projected vs. actual earnings	274,169	-
Change in proportion and differences between contributions recognized and proportionate share of contributions	63,079	-
Authority contributions subsequent to the measurement date	139,422	-
Total	\$ 564,699	\$ -

The \$139,422 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, 2020. 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,	
2020	\$ 211,215
2021	49,123
2022	15,277
2023	-
2024	149,662
	\$ 425,277

For the year ended December 31, 2018, the Authority recognized pension expense of \$313,649.

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At December 31, 2018, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual results	\$ 112,144	\$ -
Changes in assumptions or other input	18,937	-
Difference between projected vs. actual earnings	-	348,441
Change in proportion and differences between contributions recognized and proportionate share of contributions	136,480	-
Authority contributions subsequent to the measurement date	138,793	-
Total	\$ 406,354	\$ 348,441

The \$138,793 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, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

<b>Year Ending December 31,</b>	
2019	\$ 201,096
2020	(26,055)
2021	(126,719)
2022	(129,202)
	\$ (80,880)

### Actuarial assumptions

The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

<b>Actuarial cost method</b>	<b>Entry age</b>
Price inflation	2.40 percent
Salary increases	3.50 – 10.45 percent
Investment rate of return expense, including inflation	7.25 percent, net of Plan investment

The actuarial assumptions used in the December 31, 2016 valuation were based on the results of the 2016 experience analysis for the periods January 1, 2012 through December 31, 2015, as well as, the October 28, 2016 actuarial assumptions workshop and were adopted by PERA's Board during the November 18, 2016 Board meeting.

Healthy mortality assumptions for active members reflect the RP-2014 White Collar Employee Mortality Table, a table specifically developed for actively working people. To allow for an appropriate margin of improved mortality prospectively, the mortality rates incorporate a 70

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percent factor applied to male rates and a 55 percent factor applied to female rates.

Healthy, post-retirement mortality assumptions reflect the RP-2014 Healthy Annuitant Mortality Table, adjusted as follows:

- **Males:** Mortality improvement projected to 2018 using the MP-2015 projection scale, a 73 percent factor applied to rates for ages less than 80, a 108 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.
- **Females:** Mortality improvement projected to 2020 using the MP-2015 projection scale, a 78 percent factor applied to rates for ages less than 80, a 109 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

For disabled retirees, the mortality assumption was based on 90 percent of the RP-2014 Disabled Retiree Mortality Table.

The actuarial assumptions used in the December 31, 2016, valuations were based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, as well as, the October 28, 2016, actuarial assumptions workshop and were adopted by the PERA Board during the November 18, 2016, Board meeting.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in presentations to PERA's Board on October 28, 2016.

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 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.

As of the most recent adoption of the long-term expected rate of return by the PERA Board, the target asset 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%

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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%
<b>Total</b>	<b>100.00%</b>	

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 applied the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50%.
- Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date, including current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point, the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions included reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. As the ad hoc post-retirement benefit increases financed by the AIR are defined to have a present value at the long-term expected rate of return on plan investments equal to the amount transferred for their future payment, AIR transfers to the fiduciary net position and the subsequent AIR benefit payments have no impact on the Single Equivalent Interest Rate (SEIR) determination

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process when the timing of AIR cash flows is not a factor (i.e., the plan's fiduciary net position is not projected to be depleted). When AIR cash flow timing is a factor in the SEIR determination process (i.e., the plan's fiduciary net position is projected to be depleted), AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.

- Benefit payments and contributions were assumed to be made at the middle of the year.

Based on the above assumptions and methods, 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 of 7.25 percent on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25 percent. There was no change in the discount rate from the prior measurement date.

### **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:

	<b>Discount Rate</b>	<b>Authority's proportionate share of net pension liability</b>
1% Decrease current	6.25%	3,220,662
Discount rate	7.25%	2,105,281
1% Increase	8.25%	1,171,670

### **Changes between the measurement date of the net pension liability and December 31, 2019.**

During the 2019 legislative session, the Colorado General Assembly passed HB 19-1217: PERA Public Employees' Retirement Association Local Government Division Member Contribution Rate. The bill was signed into law by Governor Polis on May 20, 2019 and eliminates the 2 percent increase in the contribution rate for members in the local Government Division mandated by SB 18-200.

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### **Defined Contribution Pension Plan**

#### **Voluntary Investment Program**

##### **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 PERA Board of Trustees. PERA issues a publicly available CAFR which includes additional information of the Voluntary Investment Program. That report may be obtained at [www.copera.org/investments/pera-financial-reports..](http://www.copera.org/investments/pera-financial-reports..)

##### **Funding Policy**

The Voluntary Investment Program 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, 2019, the Authority and Plan members contributed \$1,205 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](http://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, 2019, members contributed \$2,835.03 to the plan.

### **Defined Contribution Retirement Plan (DC Plan)**

##### **Plan description**

Employees of the LGDTF that were hired on or after January 1, 2019 which were eligible to participate in the LGDTF, a cost-sharing multiple-employer defined benefit pension plan, have the option to participate in the LGDTF or the Defined Contribution Retirement Plan (PERA DC Plan). The PERA DC Plan is in Internal Revenue Code section 401(a governmental profit-sharing defined contribution plan. Title 24, Article 51, Part 15 of the C.R.S., as amended, assigns the authority to establish Plan provisions to the PERA Board of Trustees. The DC Plan is also included in PERA's CAFFR as referred to above.

##### **Funding policy**

All participating employees in the PERA DC Plan and the Authority are required to contribute a percentage of the participation employees' PERA-includable salary to the PERA DC Plan. The employee and employer contribution rates for the period January 1, 2018 through June 3, 2020 are summarized in the tables below:

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	January 1, 2018 Through December 31, 2018	January 1, 2019 Through June 30, 2019	July 1, 2019 Through June 30, 2020
Employee Contribution Rates:	8.00%	8.00%	8.75%
Employer Contribution Rates (On behalf of participating employees):	10.00%	10.00%	10.00%

Additionally, the employers are required to contribute AED and SAED to the LGDTF as follows:

	As of Year End 2019
Amortization Equalization Disbursement (AED) as specified in CRS 24-51-411	2.20%
Supplemental Amortization Equalization Disbursement (SAED) as specified in CRS 24-51-411	1.50%
<b>Total Employer Contribution Rate to the LGDTF</b>	<b>3.50%</b>

Contribution rate for the DC Plan are expressed as a percentage of salary as defined in CRS 24-51-101(42)

Contribution requirements are established under Title 24, Article 51, Section 1505 of the CRS, as amended. Participating employees of the PERA DC Plan are immediately vested in their own contributions and investment earnings and are immediately 50 percent vested in the amount of employer contributions made on their behalf. For each full year of participation, vesting of employer contributions increases by 10 percent. Forfeitures are used to pay expenses of the PERA DC Plan in accordance with PERA Rule 16.80 as adopted by the PERA Board of Trustees in accordance with Title 24, Article 51, Section 204 of the CRS. As a result, forfeitures do not reduce pension expense. Participating employees in the PERA DC Plan contributed \$1,789.75 while the Authority recognized pension income of \$50,423 and a liability of \$2,105,281.

### **D. Defined benefit other post employment benefit (OPEB) plan**

#### **Summary of significant accounting policies**

*OPEB.* Plum Creek Water Reclamation Authority participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit OPEB fund administered by the Public Employees' Retirement Association of Colorado ("PERA"). The net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the HCTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefits paid on behalf of health care participants are recognized when due and/or payable in accordance with the benefit terms. Investments are reported at fair value.

#### **General information about the OPEB Plan**

##### **Plan description**

Eligible employees of the Authority are provided with OPEB through the HCTF—a cost-sharing multiple-employer defined benefit OPEB plan administered by PERA. The HCTF is established under

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## Notes to the Financial Statements

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Title 24, Article 51, Part 12 of the Colorado Revised Statutes (C.R.S.), as amended. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. Title 24, Article 51, Part 12 of the C.R.S., as amended, sets forth a framework that grants authority to the PERA Board to contract, self-insure, and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of the premium subsidies. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report that can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

### **Benefits provided**

The HCTF provides a health care premium subsidy to eligible participating PERA benefit recipients and retirees who choose to enroll in one of the PERA health care plans, however, the subsidy is not available if only enrolled in the dental and/or vision plan(s). The health care premium subsidy is based upon the benefit structure under which the member retires and the member's years of service credit. For members who retire having service credit with employers in the Denver Public Schools (DPS) Division and one or more of the other four Divisions (State, School, Local Government and Judicial), the premium subsidy is allocated between the HCTF and the Denver Public Schools Health Care Trust Fund (DPS HCTF). The basis for the amount of the premium subsidy funded by each trust fund is the percentage of the member contribution account balance from each division as it relates to the total member contribution account balance from which the retirement benefit is paid.

C.R.S. § 24-51-1202 et seq. specifies the eligibility for enrollment in the health care plans offered by PERA and the amount of the premium subsidy. The law governing a benefit recipient's eligibility for the subsidy and the amount of the subsidy differs slightly depending under which benefit structure the benefits are calculated. All benefit recipients under the PERA benefit structure and all retirees under the DPS benefit structure are eligible for a premium subsidy, if enrolled in a health care plan under PERACare. Upon the death of a DPS benefit structure retiree, no further subsidy is paid.

Enrollment in the PERACare is voluntary and is available to benefit recipients and their eligible dependents, certain surviving spouses, and divorced spouses and guardians, among others. Eligible benefit recipients may enroll into the program upon retirement, upon the occurrence of certain life events, or on an annual basis during an open enrollment period.

### **PERA benefit structure**

The maximum service-based premium subsidy is \$230 per month for benefit recipients who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is \$115 per month for benefit recipients who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The basis for the maximum service-based subsidy, in each case, is for benefit recipients with retirement benefits based on 20 or more years of service credit. There is a 5 percent reduction in the subsidy for each year less than 20. The benefit recipient pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

For benefit recipients who have not participated in Social Security and who are not otherwise eligible for premium-free Medicare Part A for hospital-related services, C.R.S. § 24-51-1206(4) provides an additional subsidy. According to the statute, PERA cannot charge premiums to benefit recipients without Medicare Part A that are greater than premiums charged to benefit recipients with Part A for the same plan option, coverage level, and service credit. Currently, for each individual PERACare enrollee, the total premium for Medicare coverage is determined assuming plan participants have both Medicare Part A and Part B and the difference in premium cost is paid by the HCTF or the DPS HCTF on behalf of benefit recipients not covered by Medicare Part A.

# PLUM CREEK WATER RECLAMATION AUTHORITY

## Notes to the Financial Statements

December 31, 2019 and 2018

### Contributions

Pursuant to Title 24, Article 51, Section 208(1)(f) of the C.R.S., as amended, certain contributions are apportioned to the HCTF. PERA-affiliated employers of the State, School, Local Government, and Judicial Divisions are required to contribute at a rate of 1.02 percent of PERA-includable salary into the HCTF.

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the Authority is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the Authority were \$11,203 for the year ended December 31, 2019.

### OPEB liabilities, OPEB expense, and deferred outflows of resources and deferred inflows of resources related to OPEB

At December 31, 2019, the Authority reported a liability of \$176,684 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2017. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2018. The Authority's proportion of the net OPEB liability was based on the Authority's contributions to the HCTF for the calendar year 2018 relative to the total contributions of participating employers to the HCTF.

At December 31, 2018, the Authority's proportion was 0.13 percent, which was an increase of 0.005 percent from its proportion measured as of December 31, 2017.

For the year ended December 31, 2019, the Authority recognized OPEB expense of \$11,203. At December 31, 2019, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual results	\$ 641	\$ 269
Changes in assumptions or other input	1,239	-
Difference between projected vs. actual earnings	1,016	-
Change in proportion and differences between contributions recognized and proportionate share of contributions	5,223	-
Authority contributions subsequent to the measurement date	11,203	-
Total	<u>\$ 19,322</u>	<u>\$ 269</u>

\$11,203 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

# PLUM CREEK WATER RECLAMATION AUTHORITY

## Notes to the Financial Statements

December 31, 2019 and 2018

**December 31,**

2020	1,463
2021	1,463
2022	1,464
2023	2,169
2024	1,284
Therafter	<u>8</u>
	7,851

For the year ended December 31, 2018, the Authority recognized OPEB expense of \$12,740. At December 31, 2018, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual results	\$ 769	\$ 2,720
Changes in assumptions or other input	-	-
Difference between projected vs. actual earnings	-	-
Change in proportion and differences between contributions recognized and proportionate share of contributions	-	-
Authority contributions subsequent to the measurement date	11,165	-
Total	\$ 11,934	\$ 2,720

\$11,934 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

**Year Ending  
December 31,**

2019	(529)
2020	(529)
2021	(529)
2022	-529
2023	151
Therafter	<u>14</u>
Total	(1,951)

**Actuarial assumptions**

The total OPEB liability in the December 31, 2017 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

# PLUM CREEK WATER RECLAMATION AUTHORITY

## Notes to the Financial Statements

December 31, 2019 and 2018

Actuarial cost method	Entry age
Price inflation	2.40 percent
Real wage growth	1.10 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation	3.50 percent in aggregate
Long-term investment rate of return, net of OPEB	
plan investment expenses, including price inflation	7.25 percent
Discount rate	7.25 percent
Health care cost trend rates	
PERA benefit structure:	
Service-based premium subsidy	0.00 percent
PERACare Medicare plans	5.00 percent
Medicare Part A premiums	3.00 percent for 2018, gradually rising to 5.00 percent in 2025

Calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each actuarial valuation and on the pattern of sharing of costs between employers of each fund to that point.

The actuarial assumptions used in the December 31, 2017, valuations were based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, as well as, the October 28, 2016, actuarial assumptions workshop and were adopted by the PERA Board during the November 18, 2016, Board meeting. In addition, certain actuarial assumptions pertaining to per capita health care costs and their related trends are analyzed and reviewed by PERA's actuary, as discussed below.

In determining the additional liability for PERACare enrollees who are age sixty-five or older and who are not eligible for premium-free Medicare Part A, the following monthly costs/premiums are assumed for 208 for the PERA Benefit Structure:

Medicare Plan	Cost for Members Without Medicare Part A	Premiums for Members Without Medicare Part A
Self-Funded Medicare Supplement Plans	\$736	\$367
Kaiser Permanente Medicare Advantage HMO	602	236
Rocky Mountain Health Plans Medicare HMO	611	251
United Healthcare Medicare HMO	686	213

The 2018 Medicare Part A premium is \$422 per month.

In determining the additional liability for PERACare enrollees in the PERA Benefit Structure who are age sixty-five or older and who are not eligible for premium-free Medicare Part A, the following chart details the initial expected value of Medicare Part A benefits, age adjusted to age 65 for the year following the valuation date:

Medicare Plan	Cost for Members Without Medicare Part A
Self-Funded Medicare Supplement Plans	\$289
Kaiser Permanente Medicare Advantage HMO	300
Rocky Mountain Health Plans Medicare HMO	270
United Healthcare Medicare HMO	400

# PLUM CREEK WATER RECLAMATION AUTHORITY

## Notes to the Financial Statements

December 31, 2019 and 2018

All costs are subject to the health care cost trend rates, as discussed below.

Health care cost trend rates reflect the change in per capita health costs over time due to factors such as medical inflation, utilization, plan design, and technology improvements. For the PERA benefit structure, health care cost trend rates are needed to project the future costs associated with providing benefits to those PERACare enrollees not eligible for premium-free Medicare Part A.

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and heuristics developed by health plan actuaries and administrators, and projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services. Effective December 31, 2017, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

The PERA benefit structure health care cost trend rates that were used to measure the total OPEB liability are summarized in the table below:

Year	PERACare Medicare Plans	Medicare Part A Premiums
2018	5.00%	3.25%
2019	5.00%	3.50%
2020	5.00%	3.75%
2021	5.00%	4.00%
2022	5.00%	4.25%
2023	5.00%	4.50%
2024	5.00%	4.75%
2025+	5.00%	5.00%

Mortality assumptions for the determination of the total pension liability for each of the Division Trust Funds as shown below are applied, as applicable, in the determination of the total OPEB liability for the HCTF. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

Healthy mortality assumptions for active members were based on the RP-2014 White Collar Employee Mortality Table, a table specifically developed for actively working people. To allow for an appropriate margin of improved mortality prospectively, the mortality rates incorporate a 70 percent factor applied to male rates and a 55 percent factor applied to female rates.

Healthy, post-retirement mortality assumptions for the State and Local Government Divisions were based on the RP-2014 Healthy Annuitant Mortality Table, adjusted as follows:

- **Males:** Mortality improvement projected to 2018 using the MP-2015 projection scale, a 73 percent factor applied to rates for ages less than 80, a 108 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.
- **Females:** Mortality improvement projected to 2020 using the MP-2015 projection scale, a 78 percent factor applied to rates for ages less than 80, a 109 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

# PLUM CREEK WATER RECLAMATION AUTHORITY

## Notes to the Financial Statements

December 31, 2019 and 2018

Healthy, post-retirement mortality assumptions for the School and Judicial Divisions were based on the RP-2014 White Collar Healthy Annuitant Mortality Table, adjusted as follows:

- Males: Mortality improvement projected to 2018 using the MP-2015 projection scale, a 93 percent factor applied to rates for ages less than 80, a 113 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.
- Females: Mortality improvement projected to 2020 using the MP-2015 projection scale, a 68 percent factor applied to rates for ages less than 80, a 106 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

For disabled retirees, the mortality assumption was based on 90 percent of the RP-2014 Disabled Retiree Mortality Table.

The following health care costs assumptions were updated and used in the measurement of the obligations for the HCTF:

- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2018 plan year.
- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then-current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in presentations to PERA's Board on October 28, 2016.

Several factors were considered in evaluating the long-term rate of return assumption for the HCTF, 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 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.

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

<b>Asset Class</b>	<b>Target Allocation</b>	<b>30 Year Expected Geometric Real Rate of Return</b>
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%

# PLUM CREEK WATER RECLAMATION AUTHORITY

## Notes to the Financial Statements

December 31, 2019 and 2018

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%
<b>Total</b>	<b>100.00%</b>	

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%.

### **Sensitivity of the Authority's proportionate share of the net OPEB liability to changes in the Health Care Cost Trend rates**

The following presents the net OPEB liability using the current health care cost trend rates applicable to the PERA benefit structure, as well as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rates:

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
PERACare Medicare trend rate	4.00%	5.00%	6.00%
Initial Medicare Part A trend rate	2.25%	3.25%	4.25%
Ultimate Medicare Part A trend rate	4.00%	5.00%	6.00%
Net OPEB Liability	\$171,805	\$176,684	\$182,296

### **Discount rate**

The discount rate used to measure the total OPEB liability was 7.25 percent. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2018, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50%.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Transfers of a portion of purchase service agreements intended to cover the costs associated with OPEB benefits were estimated and included in the projections.

# PLUM CREEK WATER RECLAMATION AUTHORITY

## Notes to the Financial Statements

December 31, 2019 and 2018

- Benefit payments and contributions were assumed to be made at the middle of the year.

Based on the above assumptions and methods, the projection test indicates the HCTF's fiduciary net position was projected to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25 percent.

### Sensitivity of the Authority's proportionate share of the net OPEB liability to changes in the discount rate

The following presents the proportionate share of the net OPEB liability calculated using the discount rate of 7.25 percent, as well as what the proportionate share of the net OPEB 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:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	\$ 197,694	\$176,684	\$158,723

### OPEB plan fiduciary net position

Detailed information about the HCTF's fiduciary net position is available in PERA's comprehensive annual financial report which can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

## V: Other information

### A. 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 \$35,940,069 and liability coverage for claims up to \$2,000,000. 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.

### B. 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.

# **PLUM CREEK WATER RECLAMATION AUTHORITY**

## **Notes to the Financial Statements**

**December 31, 2019 and 2018**

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

**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 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	\$ 836,381	222.78%	73.65%
12/31/2018	0.161%	1,792,599	1,015,651	176.50%	79.40%
12/31/2019	0.167%	2,105,281	1,098,341	191.68%	75.96%

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 to Net Pension Liability**

<u>Year Ending</u>	<u>Statutorily Required Contributions</u>	<u>Actual Employer Contributions</u>	<u>Contribution Excess/(Deficiency)</u>	<u>Actual Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
12/31/2017	128,784	128,784	-	836,381	15.4%
12/31/2018	139,270	139,270	-	1,015,651	13.7%
12/31/2019	138,793	139,422	629	1,098,341	12.7%

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

Per GASB 75 for 2018 the previous years are restated.

**PLUM CREEK WATER RECLAMATION AUTHORITY**  
Other Post Employment Benefit Supplementary Information

**Schedule of Proportionate Share of the Net OPEB Liability and Related Ratios**

<u>Year Ending*</u>	<u>Proportion of the Net OPEB Liability</u>	<u>Proportionate Share of the Net OPEB Liability</u>	<u>Actual Covered Payroll</u>	<u>Net OPEB Liability as a Percentage of Covered Payroll</u>	<u>Fiduciary Net Position as a Percentage of Total OPEB Liability</u>
12/31/2018	0.013%	\$ 162,585	\$ 1,015,651	16.01%	7.80%
12/31/2019	0.013%	176,684	1,098,341	16.09%	17.03%

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 OPEB liability, which is as of the beginning of the year.

**Schedule of Employer Contributions to OPEB Liability**

<u>Year Ending</u>	<u>Statutorily Required Contributions</u>	<u>Actual Employer Contributions</u>	<u>Contribution Excess/(Deficiency)</u>	<u>Actual Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
12/31/2017	10,360	10,360	-	836,381	1.2%
12/31/2018	11,203	11,203	-	1,015,651	1.1%
12/31/2019	11,165	11,203	38	1,098,341	1.0%

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, 2019

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Operating Revenue :</b>			
Service Charges	\$ 6,583,685	\$ 6,578,342	\$ (5,343)
<b>Total Operating Revenues</b>	<u>6,583,685</u>	<u>6,578,342</u>	<u>(5,343)</u>
<b>Operating Expenses:</b>			
Personnel Services	1,781,000	1,358,898	422,102
Administrative Fee	7,200	3,600	3,600
Power & Heat	615,000	559,717	55,283
Biosolids Hauling	260,000	270,974	(10,974)
Telephone	31,000	25,424	5,576
Chemicals	182,000	188,058	(6,058)
Operating Supplies	155,000	108,631	46,369
Gas & Oil	25,000	20,534	4,466
Uniforms	22,000	17,554	4,446
Repair & Maintenance Supplies	-	24,307	(24,307)
Repair & Maintenance Services	142,500	131,494	11,006
Landscape Maintenance	4,000	391	3,609
Permits & Fees	25,000	26,352	(1,352)
Legal Fee	70,000	23,036	46,964
Auditing	10,500	9,700	800
Engineering Fee	20,000	15,319	4,681
USGS Monitoring	16,500	16,380	120
Laboratory Fee	19,000	20,848	(1,848)
Insurance	66,586	62,962	3,624
Membership Fees	43,000	39,945	3,055
Office Expenses	104,800	74,363	30,437
Household Hazardous Waste Roundup	33,000	33,000	-
Repair & Replacement	400,000	-	400,000
Contingency	5,000	636	4,364
<b>Total Operating Expenses</b>	<u>4,038,086</u>	<u>3,032,123</u>	<u>1,005,963</u>
<b>Total Operating Income</b>	<u>2,545,599</u>	<u>3,546,219</u>	<u>1,000,620</u>
<b>Nonoperating Revenues(Expenses) :</b>			
Interest Income	95,000	141,720	46,720
Lease Income	33,000	33,000	-
Miscellaneous Income	20,000	59,826	39,826
Revenue Rebate	\$10,000	11,750	1,750
Principal Paid on Loan	(1,994,553)	(1,880,000)	114,553
Interest Paid on Loan	(258,791)	(330,389)	(71,598)
Capital Outlay	(72,000)	-	72,000
<b>Total Nonoperating Revenues(Expenses)</b>	<u>(2,167,344)</u>	<u>(1,964,093)</u>	<u>203,251</u>
<b>Net Income, Non-GAAP Basis</b>	378,255	1,582,126	1,203,871
<b>Net Position - Beginning of Year</b>	8,524,282	8,524,282	-
<b>Net Position - End of Year</b>	<u>\$ 8,902,537</u>	<u>\$ 10,106,408</u>	<u>\$ 1,203,871</u>
<b>Net Income, Non-GAAP Basis</b>		<u>\$ 1,582,126</u>	
<b>Adjustments:</b>			
Principal Paid on Loan		1,880,000	
Bond Premium Amortization		38,583	
Loss on Retirement of Assets		(60,105)	
Pension Income		50,423	
Depreciation		(1,350,398)	
<b>Total Adjustments</b>		<u>558,503</u>	
<b>Net Income, GAAP Basis</b>		<u>\$ 2,140,629</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, 2018

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Operating Revenue :</b>			
Service Charges	\$ 6,439,117	\$ 6,525,479	\$ 86,362
<b>Total Operating Revenues</b>	<u>6,439,117</u>	<u>6,525,479</u>	<u>86,362</u>
<b>Operating Expenses:</b>			
Personnel Services	1,730,000	1,418,170	311,830
Administrative Fee	5,000	4,200	800
Power & Heat	605,000	600,969	4,031
Biosolids Hauling	235,000	269,204	(34,204)
Telephone	23,500	20,534	2,966
Chemicals	160,000	139,706	20,294
Operating Supplies	155,000	144,103	10,897
Gas & Oil	25,000	29,226	(4,226)
Uniforms	22,000	21,619	381
Repair & Maintenance Supplies	-	9,858	(9,858)
Repair & Maintenance Services	123,000	170,825	(47,825)
Landscape Maintenance	4,000	2,606	1,394
Permits & Fees	25,500	27,865	(2,365)
Legal Fee	70,000	49,945	20,055
Auditing	10,100	9,600	500
Engineering Fee	20,000	50,693	(30,693)
USGS Monitoring	16,000	16,380	(380)
Laboratory Fee	19,000	15,498	3,502
Insurance	60,000	58,741	1,259
Membership Fees	41,000	30,589	10,411
Office Expenses	89,000	80,623	8,377
Household Hazardous Waste Roundup	33,000	33,000	-
Repair & Replacement	1,100,000	-	1,100,000
Contingency	5,000	358	4,642
<b>Total Operating Expenses</b>	<u>4,576,100</u>	<u>3,204,312</u>	<u>1,371,788</u>
<b>Total Operating Income</b>	<u>1,863,017</u>	<u>3,321,167</u>	<u>1,458,150</u>
<b>Nonoperating Revenues(Expenses) :</b>			
Interest Income	40,000	108,899	68,899
Lease Income	33,000	33,000	-
Miscellaneous Income	10,000	23,105	13,105
Revenue Rebate	10,000	10,437	437
Principal Paid on Loan	(1,815,000)	(1,815,000)	-
Interest Paid on Loan	(447,762)	(408,518)	39,244
Capital Outlay	(30,000)	-	30,000
<b>Total Nonoperating Revenues(Expenses)</b>	<u>(2,199,762)</u>	<u>(2,048,077)</u>	<u>151,685</u>
<b>Net Income, Non-GAAP Basis</b>	(336,745)	1,273,090	1,609,835
<b>Net Position - Beginning of Year</b>	8,861,027	8,861,027	-
<b>Net Position - End of Year</b>	<u>\$ 8,524,282</u>	<u>\$ 10,134,117</u>	<u>\$ 1,609,835</u>
<b>Net Income, Non-GAAP Basis</b>		<u>\$ 1,273,090</u>	
<b>Adjustments:</b>			
Principal Paid on Loan		1,815,000	
Bond Premium Amortization		38,583	
Gain on Retirement of Assets		17,113	
Pension Expense		(326,388)	
Depreciation		(1,533,090)	
<b>Total Adjustments</b>		<u>11,218</u>	
<b>Net Income, GAAP Basis</b>		<u>\$ 1,284,308</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**

<b>Fiscal Year</b>	<b>Net Investment in Capital Assets</b>	<b>Restricted</b>	<b>Unrestricted</b>	<b>Business-Type Activities Net Position</b>
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	3,500,763	\$ 28,423,557
2018	\$ 25,287,699	869,025	3,551,141	\$ 29,707,865
2019	\$ 25,788,496	909,522	5,150,476	\$ 31,848,494

**PLUM CREEK WATER RECLAMATION AUTHORITY**

Changes in Net Position  
(Accrual Basis of Accounting)

Last Ten Years  
Unaudited

<b>Fiscal Year</b>	<b>Operating Revenues</b>	<b>Operating Expenses</b>	<b>Operating Income</b>	<b>Total Nonoperating Revenues/ (Expenses)</b>	<b>Income/(Loss) before Capital Contributions</b>	<b>Capital Contributions</b>	<b>Change in Net Position</b>
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	6,261,049	273,752 (3)	(126,790)	(61,617)	208,579	\$ 146,962
2018	\$ 6,525,479	5,063,790	1,461,689	(177,381)	1,284,308	-	\$ 1,284,308
2019	\$ 6,578,342	4,332,098	2,246,244	(105,615)	2,140,629	-	\$ 2,140,629

(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**

YEAR	Sewer Fee	Reuse Water Sales	Total
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
2018	\$ 5,840,504	245,359	\$ 6,085,863
2019	\$ 5,965,089	265,342	\$ 6,230,431

**PLUM CREEK WATER RECLAMATION AUTHORITY**

Operating Expenses

Last Ten Years

Unaudited

<u>Fiscal Year</u>	<u>Personnel &amp; Administrative</u>	<u>Power and Heat</u>	<u>Biosolids Hauling</u>	<u>Chemicals</u>	<u>Operating Supplies</u>	<u>Household Hazardous Waste Round Up Expenses</u>	<u>Repairs and Maintenance</u>	<u>Capital Replacement</u>	<u>Administrative Costs</u>	<u>Subtotal, Expenses before Depreciation</u>	<u>Depreciation</u>	<u>Total Operating Expenses</u>
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	2,435,313	4,985,825	1,275,224	\$ 6,261,049
2018	\$ 1,422,370	600,969	269,204	139,706	144,104	33,000	180,683	-	740,664	3,530,700	1,533,090	\$ 5,063,790
2019	\$ 1,362,498	559,717	270,974	188,058	108,631	33,000	155,801	-	303,021	2,981,700	1,350,398	\$ 4,332,098

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	Gain (Loss) on Disposal of Capital Assets	Contribution	Total Non Operating Expenses
2010 <sup>(1)</sup>	(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 <sup>(2)</sup>	(554,945)	53,640	25,392	38,583	33,000	-	1,980	-	(402,350)
2017 <sup>(3)</sup>	(477,264)	61,083	33,479	38,583	33,000	-	(24,250)	208,579	(126,790)
2018	(408,518)	108,899	33,542	38,583	33,000	-	17,113	-	(177,381)
2019	(330,389)	141,720	71,576	38,583	33,000	-	(60,105)	-	(105,615)

(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

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
<b>Sewer Rates</b>										
Town of Castle Rock	\$ 3.64	\$ 3.65	\$ 3.94	\$ 4.08	\$ 4.17	\$ 3.95	\$ 3.71	\$ 3.45	\$ 3.43	\$ 3.48
Castle Pines Metro District	2.57	2.49	2.19	2.26	2.46	2.64	2.49	2.38	2.42	2.68
Castle Pines North Metro District	2.97	2.67	2.89	2.93	3.08	3.29	3.08	2.84	3.02	3.25
Castleton Center	2.04	2.14	2.62	2.71	2.93	2.72	2.53	4.61	4.75	4.11
Silver Heights	2.04	2.13	2.50	2.61	2.79	2.74	2.61	2.83	2.53	2.61
<b>Reuse Rates</b>										
The International Golf Club	\$ 1.46	\$ 1.44	\$ 1.49	\$ 1.47	\$ 1.54	\$ 1.57	\$ 1.88	\$ 1.59	\$ 1.82	\$ 1.78
Country Club at Castle Pines	1.49	1.46	1.50	1.48	1.48	1.62	1.87	1.72	1.88	1.71
The Ridge Golf Club at CPN	1.49	1.46	1.52	1.49	1.48	1.63	1.88	1.71	1.86	1.72

**PLUM CREEK WATER RECLAMATION AUTHORITY**

Ten Largest Customers <sup>(1)</sup>

Last Ten Years

Unaudited

	<u>Town of Castle Rock</u>		<u>Balance from Other Members</u>		<u>Grand Total</u>	
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%
2018	\$ 5,027,139	77%	1,498,340	23%	\$ 6,525,479	100%
2019	\$ 5,130,290	78%	1,448,052	22%	\$ 6,578,342	100%

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

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

Fiscal Year End December 31,	CWRPDA Loan 2001	CWRPDA Loan 2002	CWRPDA Loan 2005	Premium	Total	Service Charges	Percent Service Charges to Debt Service
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%
2018	\$ 5,235,000	942,862	663,391	131,912	\$ 6,973,165	\$ 6,525,479	94%
2019	\$ 3,605,000	767,862	588,391	93,330	(2) \$ 5,054,581	\$ 6,578,342	130%

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

(2) Letter from CWRPDA dated January 8, 2020 with re-written schedule to reduce principal rather than interest beginning with first payment in 2020.  
see Note III.C.

**PLUM CREEK WATER RECLAMATION AUTHORITY**

Pledged Revenue Debt Coverage

Last Ten Years

Unaudited

Fiscal Year	Gross Revenue	Operating Expenses <sup>1</sup>	Net Revenue Available for Debt Services	Debt Service Requirements			Coverage
				Principal	Interest	Total	
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 (2)	\$ 6,788,743	4,985,825	1,802,918	1,755,000	565,061	\$ 2,320,061	0.78
2018	\$ 6,829,358	3,530,700	3,298,658	1,815,000	498,373	\$ 2,313,373	1.43
2019	\$ 6,945,605	2,981,700	3,963,905	1,908,747	412,773	\$ 2,321,520	1.71

(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 <sup>4</sup>	\$ 82,929	\$ 64,138	\$ 138,035	\$ -	\$ 34,848	\$ 26,760	\$ 70,456	\$ -
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	49,724	38,610	100,389	62,070
2017	111,482	101,122	221,250	157,550	49,790	40,236	101,115	61,798
2018	119,615	104,642	228,800	156,144 (2)	53,900	42,611	107,134	64,580

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

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

(2) 2019 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			
	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
2010	48,900	14,200	63,100	48,231	3,614	10,360	62,205
2011	50,300	14,500	64,800				
2012	51,600	14,550	66,150				
2013	53,600	14,600	68,200				
2014	58,000	15,245	73,245				
2015	60,145	15,340	75,485				
2016	62,700	15,375	78,075				
2017	65,015	15,440	80,455				
2018	69,300	15,940	85,240				
2019	73,070	16,440	89,510				

Percent increase in population since Census: 44%

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  
Ten Year Period  
Unaudited

Top Ten Employers in the Authority's Service Area	2018			2019			Douglas County Unemployment Rates		
	Approx. # of employees	Rank	%Total Employment	Approx. # of employees	Rank	%Total Employment			
Douglas County School District	1550	1	7	1525	1	7	2009	6.2%	
Douglas County Government	1260	2	6	1290	2	6	2010	7.0%	
Town of Castle Rock Government	785	3	4	825	3	4	2011	6.4%	
Wal-Mart	280	7	1	295	6	1	2012	6.0%	
King Soopers (3 stores)	520	4	2	570	5	2	2013	5.3%	
Brookside Inn (nursing home)				165	8	1	2014	4.0%	
Home Depot	175	9	1	163	9	1	2015	3.1%	
TPM Staffing Services	190	8	1				2016	2.6%	
Hudick Excavating Inc.	390	5	2	580	4	2	2017	2.3%	
Castle Rock Adventist Hospital	290	6	1	280	7	1	2018	2.9%	
Sam's Club	160	10	1	160	10	1	2019	not available	
	2017			2016			2015		
Top Ten Employers in the Authority's Service Area	Approx. # of employees	Rank	%Total Employment	Approx. # of employees	Rank	%Total Employment	Approx. # of employees	Rank	%Total Employment
Douglas County School District	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	Approx. # of employees	Rank	%Total Employment	Approx. # of employees	Rank	%Total Employment	Approx. # of employees	Rank	%Total Employment
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					
Top Ten Employers in the Authority's Service Area	Approx. # of employees	Rank	%Total Employment	Approx. # of employees	Rank	%Total Employment			
Douglas County School District	1420	1	9	1500	1	10			
Douglas County Government	1070	2	7	1100	2	7			
Town of Castle Rock Government	520	3	3	520	3	3			
Wal-Mart	330	5	2	330	5	2			
King Soopers (3 stores)	370	4	2	380	4	3			
Brookside Inn (nursing home)	170	6	1	180	6	1			
Douglas Cty Library (CR & CPN)	140	8	1	150	7	1			
Safeway (2 stores)	140	9	1	140	9	1			
Home Depot	145	7	1	140	8	1			
Castle Pines Golf Club	120	10	1	120	10	1			

**PLUM CREEK WATER RECLAMATION AUTHORITY**

Operating and Capital Indicators

Last Ten Years

Unaudited

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
<b>Wastewater Treatment</b>										
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)	6.44	6.44	6.44	6.44	6.44	6.44	6.44	6.44	6.44	6.44
Annual Engineering Maximum Plant Capacity (MG)	2351	2351	2351	2351	2351	2351	2351	2351	2351	2351
Amount Treated Annually (MG)	1484	1451	1453	1473	1540	1700	1708	1669	1678	1754
Unused Permitted Capacity (MG)	866.6	899.6	898	878	811	651	648	682	673	597
Percentage of Permitted Hydraulic Capacity Utilized	63%	62%	62%	63%	66%	72%	72%	71%	71%	75%
Treatment Costs per Million Gallons (Operating Expenses less capital replacement, depreciation and debt service)	\$ 1,729	\$ 1,887	\$ 2,064	\$ 1,978	\$ 1,981	\$ 1,757	\$ 1,651	\$ 2,968	\$ 2,104	\$ 1,700

Note: PCWRA service does not include collections therefore, there are zero miles of sewers to report.

Sources: PCWRA Operation Flow Data

CDPHE Permit # CO0038547