



PLUM CREEK WATER RECLAMATION AUTHORITY
CASTLE ROCK, COLORADO

COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the years ended December 31, 2020 and 2019

Prepared by:
Lissa Oelkers, Director of Administrative Services

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INTRODUCTORY SECTION

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May 25, 2021

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, 2020.

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, 2020, 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, 2020, 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 52 and 53, 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 6.6% with the Authority's service area experiencing the following median income growth rates: Town of Castle Rock 4.8%, Castle Pines Village 3.2% and the City of Castle Pines 4.9%. Population estimates continue to increase in the Authority's service area with 4% growth in the total area. In the last several years, the Town of Castle Rock has shown the largest growth. However, for 2020 the Town (Silver Heights is included) grew 3.4% and the combination of Castle Pines Village and the City of Castle Pines grew 6.4% outpacing the Town by 3%. Additionally, the unemployment rate in Douglas County experienced a slight decrease from 2.9% in 2018 to 2.4% in 2019 (2020 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 50%. 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. The wastewater treated in 2020 correlated with growth by increasing by 4% (73 MG). The Town of Castle Rock continues to experience rapid residential and commercial growth. The Promenade at Castle Rock is approaching buildout, with construction continuing into 2021. Castle Pines North completed their Lagae flume project in 2017 and is experiencing sizable

growth in conjunction with the Castle Pines Metropolitan District which broke ground in early 2019 on construction of town homes at the corner of Highway 85 and Happy Canyon Rd. In early 2020, the Authority's service area was greatly impacted by the Coronavirus pandemic. The total effects are still unknown and unemployment rates had not been published at the time of this writing.

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 the amount budgeted from rates will be presented in the budget document and will utilize capital reserves. Any unexpended amount under the budgeted amount from rates 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. The same occurred with the 2021 budget. 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 when one ditch needs taken offline for maintenance. The project was completed in 2017 costing \$1,751,447 and was 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. As of the December 2020 member payments, the "self-loan" has been repaid and restored to the capital replacement reserve fund. 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. Management will continue to evaluate the capital replacement needs and make necessary adjustments. In April 2020, management requested RFPs for renovation of the reuse reservoir and building a pump station to alleviate pumping reuse water to and from the wet well. The engineering of the project was completed by GEI Consultants. As of March 2020, the project construction has been put on hold while the members evaluate future requirements. Additionally, of significant note, the first of three loans obtained through the CWRPDA for the aforementioned plant expansion in 2005 will mature and be paid off by the Authority on August 1, 2021. This is the largest loan on the books for the

Authority and will alleviate a substantial amount of capital cost to the members beginning with the 2022 budget. Additional information can be found in the Notes to the Financial Statements in Section C. Long-term debt on page 28.

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.

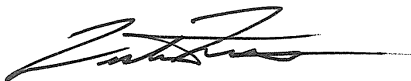
Awards and Acknowledgements

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, 2019. This was the twenty-fifth 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**

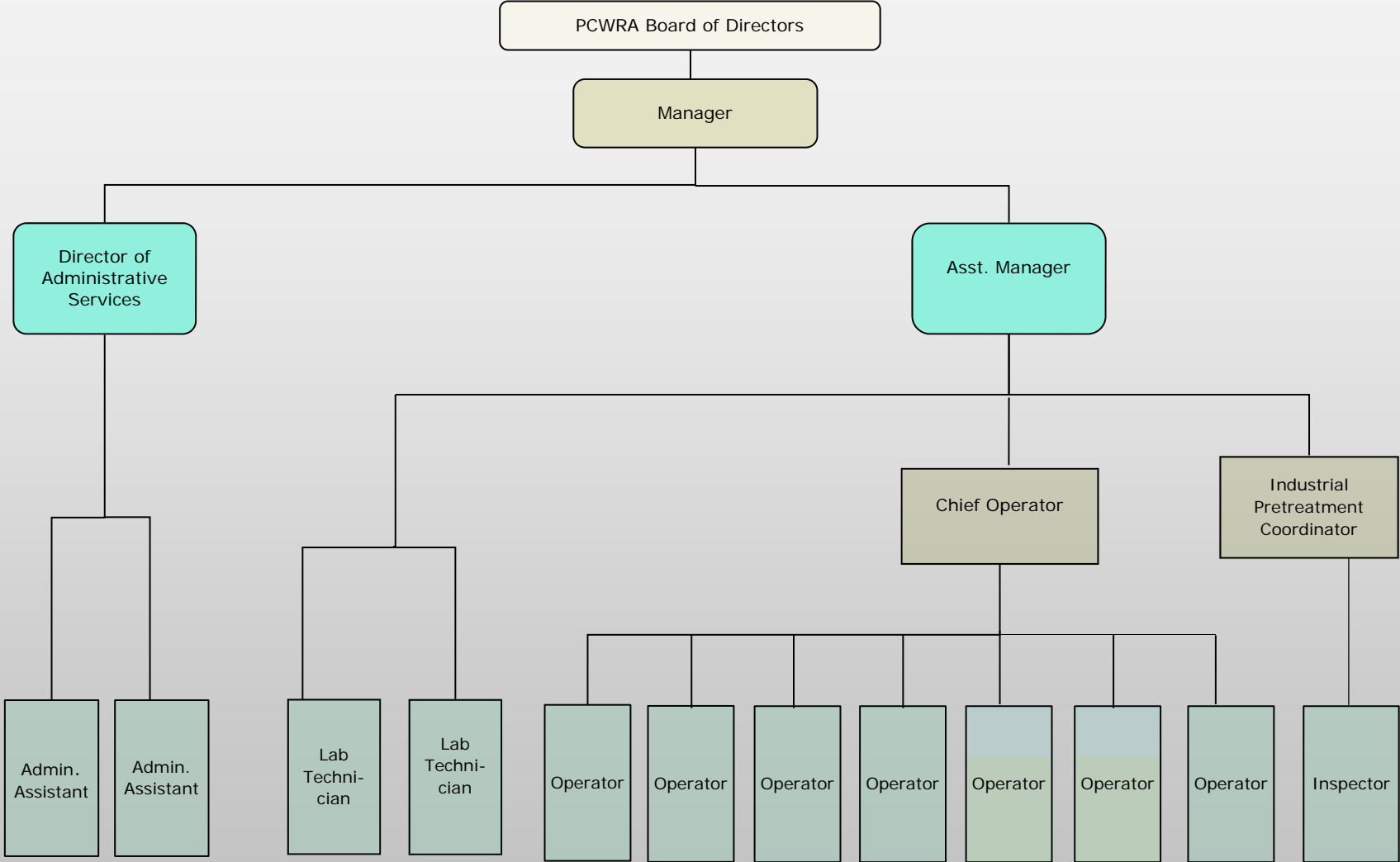
For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

December 31, 2019

Christopher P. Morrill

Executive Director/CEO

Plum Creek Water Reclamation Authority—2020



PLUM CREEK WATER RECLAMATION AUTHORITY
Appointed Officials - as of December 31, 2020

APPOINTED OFFICIALS

PCWRA OFFICE

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

Secretary

Mr. Burt Knight
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

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FINANCIAL SECTION

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Independent Auditor's Report

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

Opinions

We have audited the accompanying financial statements of Plum Creek Water Reclamation Authority (the "Authority") as of and for the years ended December 31, 2020 and 2019 and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

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, 2020 and 2019, 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.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Plum Creek Water Reclamation Authority's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

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

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.

Haynie & Company

Littleton, Colorado
May 3, 2021

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, 2020. 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 \$33,390,407. This reflects an increase in net assets from 2019 to 2020 of \$1,541,913. Total Operating Expenses increased from 2019 to 2020 by \$593,489 in large part due to expensing some capital replacement purchases in 2020 rather than depreciating over time. Management opted to expense, rather than depreciate, the following capital expenditures: a) payment of \$182,641.23 to GEI Consulting for the engineering of the reuse reservoir rehabilitation and new pump station project as the PCWRA Board of Directors has put this project on hold; b) payment of \$32,858.67 to Huber Technology for replacement parts to rehabilitate existing step screens for compliance upgrades and repurposing them into the latest expansion project; and c) a rotating assembly for the return activated sludge pumps with no intention of future replacement and the final cost of \$5,180.47 to Canyon Systems. Additionally, there were some assets disposed of during the expansion project which had not fully depreciated. That depreciation was fully expensed in 2020. Deferred inflow and outflow of resources are directly related to the pension and OPEB income and expenses from PERA with total deferred inflow increasing by \$571,967 and total deferred outflow decreasing by \$356,261 from 2019 to 2020. Since PERA reports one year in arrears, the changes in investment are reflected for 2019. The Authority began reporting the PERA liability as of 2017.

The nonoperating revenues/expenses show an increase in expense from 2019 to 2020 due in large part to the loss on retirement of assets. Some assets were disposed in 2020 which still held a small amount of book value resulting in a loss on retirement of assets. Those assets are being replaced through the construction project for increased capacity and upgraded process equipment. Interest expense on debt service continues to decrease dramatically as the Authority gets closer to paying off loans from the 2005 expansion project. Conversely, investment earnings have seen a dramatic decrease with the financial climate of 2020 and interest rates plummeting.

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 19 – 49 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 retirement plan information as well as budget to actual comparison for the fiscal year. All supplementary information can be found on pages 50 - 53.

Financial Analysis

As noted, net position may, over time, serve as a useful indicator of the Authority's financial position. Assets exceeded liabilities by \$33,390,407 at the close of the most recent fiscal year and by \$31,848,494 at the close of the 2019 fiscal year.

By far, the largest portion (78 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. The largest loan for this related debt will mature and be paid in full on August 1, 2021.

Net Position

As of the current fiscal year, as well as in the previous two fiscal years, the Authority is able to report a positive balance in the net position: increasing by \$1,541,913 from 2019 to 2020 and by \$2,140,629 from 2018 to 2019.

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Current and other assets	\$ 14,046,520	\$ 26,812,828	\$ 24,743,466
Capital assets	29,183,137	30,871,825	32,289,611
Total current and other assets	<u>43,229,657</u>	<u>57,684,653</u>	<u>57,033,077</u>
Deferred outflow of resources - Pension	215,060	581,125	574,882
Deferred outflow of resources - OPEB	12,701	2,897	11,783
Total assets and deferred outflows of resources	<u>43,457,418</u>	<u>58,268,675</u>	<u>57,619,742</u>
Current liabilities	7,416,117	21,087,754	20,353,826
Noncurrent liabilities	2,078,647	5,332,159	7,038,524
Total liabilities	<u>9,494,764</u>	<u>26,419,913</u>	<u>27,392,350</u>
Deferred inflow of resources - Pension	535,719	-	517,487
Deferred inflow of resources - OPEB	36,517	269	2,040
Total liabilities and deferred inflows of resources	<u>10,067,000</u>	<u>26,420,182</u>	<u>27,911,877</u>
Net position	<u><u>33,390,418</u></u>	<u><u>31,848,493</u></u>	<u><u>29,707,865</u></u>
Net investment in capital assets	26,161,691	25,788,495	25,287,699
Restricted	935,375	909,522	869,025
Unrestricted	6,293,352	5,150,476	3,551,141
Total net position	<u><u>\$ 33,390,418</u></u>	<u><u>\$ 31,848,493</u></u>	<u><u>\$ 29,707,865</u></u>

The restricted asset is a requirement from the Colorado Water Resources and Power Development Authority (CWRPDA) for three loans obtained in 2001, 2002 and 2005, Exhibit F, as an Operations and Maintenance (O&M) Reserve Fund. The Exhibit states, "The Governmental Agency shall maintain an operations and maintenance reserve in an amount equal to three months of operation and maintenance expenses excluding depreciation of the System as set forth in the annual budget for the current fiscal year but in no event greater than \$1,250,000."

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Revenues:			
Charges for services	\$ 6,708,779	\$ 6,578,342	\$ 6,525,479
Other	269,452	367,263	320,992
Total revenues	6,978,231	6,945,605	6,846,471
Expenses:			
Operating			
Personnel & administrative fee	1,457,134	1,362,498	1,422,370
Power & heat	599,519	559,717	600,969
Biosolids hauling	287,742	270,974	269,204
Chemicals	170,188	188,058	139,706
Operating supplies	89,490	108,631	144,104
Repairs & maintenance	109,587	155,801	180,683
Capital replacement	251,942	-	-
Legal fees	24,174	23,036	49,945
Engineering fees	25,905	15,319	50,693
Household Hazardous Waste	33,000	33,000	33,000
Administrative overhead	329,469	315,090	313,638
Pension (Income)Expense	30,708	(50,423)	326,388
Depreciation	1,516,729	1,350,398	1,533,090
Total operating expenses	4,925,587	4,332,099	5,063,790
Nonoperating			
Interest	288,801	412,773	498,373
Other	221,930	60,105	-
Total nonoperating expenses	510,731	472,878	498,373
Total expenses	5,436,318	4,804,977	5,562,163
Changes in net position	1,541,913	2,140,628	1,284,308
Net position, January 1	31,848,493	29,707,865	28,423,557
Net position, December 31	<u>\$ 33,390,406</u>	<u>\$ 31,848,493</u>	<u>\$ 29,707,865</u>

Restructuring in 2019, due in part to turnover in management positions which were not replaced and averaging of 16 FTEs, kept the Personnel expense lower than normal. The Authority has focused on maintaining quality personnel in key positions for optimal operations and permit compliance. In 2020, the Authority maintained an average of 17 FTEs and continues to focus on employee retention. 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. For 2020, the pension is once again an expense according to the actuarial calculations. All capital purchases were capitalized to assets for 2018 and 2019, however in 2020 some capital replacement purchases were made which management decided not to depreciate but to expense in the current year. Those purchases were the engineering of the reservoir and pump station project (the project has been put on hold); parts and labor for rehabilitation of the step screens which also were required to be brought up to compliance and moved to the new headworks building in the 3.0 Expansion Project; and a new pump which cost significantly less than anticipated.

Capital Assets and Debt Administration

Capital Assets The Authority's investment in capital assets as of December 31, 2020 was \$29,183,137 (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 \$52,712. The Authority disposed of old equipment and a vehicle valued at \$613,657 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 \$221,930. One fully depreciated vehicle was traded in to purchase a new one and provided for a gain of \$2,500. Assets not fully depreciated but disposed were: GBT Refurbishment with a loss of \$107,671; Fine Bubble Diffuser Grid and Piping with a loss of \$91,048; and Fine Bubble Diffuser Sticks with a loss of \$10,314 all from the 2005 expansion. Three other assets disposed of totaling a loss of \$15,637 were acquired between 2007 and 2012. Capital purchases over \$20,000 for 2020 were: a new Muffin Monster Grinder to replace older grinders which were relocated as part of the new process with the 3.0 Expansion Project, and a replacement vehicle for \$28,374 with a trade in for \$2,500 reducing the purchase cost.

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 2020, the escrow held a balance of \$4,887,310. As of March 2021, amid some unforeseen construction issues, the project is nearly complete however, weather, engineering issues and struggles with the national pandemic of Covid 19 have caused some delays. Substantial completion is expected relatively soon with final completion by mid-summer.

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 \$3,021,446. The Authority paid \$2,033,135 toward the long-term debt during 2020. Additionally, the CWRPDA issued principal refunding to the 2002 and 2005 loans totaling \$28,747, increasing the total reduction in debt to \$2,106,882 for 2020. The Authority will pay off the 2001 loan, the largest annual principal debt the Authority holds, on August 1, 2021.

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

Risks & Uncertainties

In early 2020, the Authority's service area was greatly impacted by the Coronavirus pandemic. The total effects are still unknown and final published annual percentages for the service area are not yet available. Most small businesses were closed for public safety for much of 2020 with restrictions lifting toward the end of the year. Restrictions are still in place as of March 2021 but have been reduced and expected to be more so by late Spring 2021. The full financial impact to the service area is also unknown at the time this report was written.

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

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PLUM CREEK WATER RECLAMATION AUTHORITY

Statements of Net Position
December 31, 2020 and 2019

ASSETS	2020	2019
Current Assets:		
Cash	\$ 7,050,310	\$ 6,127,061
Receivables - From Other Governments	1,070,832	993,751
Other Receivable	15,440	63,071
Prepays	1,850	1,500
Inventories	85,403	80,767
3.0 Expansion Member Contributions	4,887,310	18,637,156
Total Current Assets	13,111,145	25,903,306
Noncurrent Assets:		
Restricted Assets:		
Investments - Debt Service ₁	935,375	909,522
Capital Assets:		
Non-Depreciable Assets:		
Land & Capacity	3,514,347	3,514,347
Buildings	17,735,796	17,735,796
Improvements Other Than Buildings	18,193,577	18,560,967
Machinery and Equipment	11,109,936	11,311,550
Vehicle	256,370	248,311
Total Capital Assets	50,810,026	51,370,971
Less Accumulated Depreciation	(21,626,889)	(20,499,146)
Total Capital Assets Net of Depreciation	29,183,137	30,871,825
Total Noncurrent Assets	30,118,512	31,781,347
TOTAL ASSETS	43,229,657	57,684,653
Deferred Outflow of Resources		
Deferred Outflow Related to Pension	215,060	564,699
Deferred Outflow Related to OPEB	12,701	19,323
Total Deferred Outflow of Resources	227,761	584,022
Total Assets and Deferred Outflow of Resources	43,457,418	58,268,675
LIABILITIES		
Current Liabilities:		
Accounts Payable	127,874	163,828
3.0 Expansion Project	4,887,310	18,637,156
Accrued Benefits	172,681	142,685
Accrued Interest Payable	55,196	110,949
Current Portion of the Long-Term Debt	2,173,056	2,033,136
Total Current Liabilities	7,416,117	21,087,754
Noncurrent Liabilities:		
Revenue Loan Payable, Net	848,390	3,050,193
Pension Liability, Net	1,101,247	2,105,281
OPEB Liability, Net	129,010	176,684
Total Noncurrent Liabilities	2,078,647	5,332,158
TOTAL LIABILITIES	9,494,764	26,419,912
Deferred Inflow of Resources		
Deferred Inflow Related to Pension	535,719	-
Deferred Inflow Related to OPEB	36,517	269
Total Deferred Inflow of Resources	572,236	269
Total Liabilities and Deferred Inflow of Resources	10,067,000	26,420,181
NET POSITION		
Net Investment in Capital Assets	26,161,691	25,788,496
Restricted - Debt Service ₁	935,375	909,522
Unrestricted	6,293,352	5,150,476
Total Net Position	\$ 33,390,418	\$ 31,848,494

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

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

PLUM CREEK WATER RECLAMATION AUTHORITY
 Statements of Revenues, Expenses and Changes in Net Position
 for the
 Fiscal Years Ended December 31, 2020 and 2019

	2020	2019
Operating Revenue :		
Service Charges	\$ 6,708,779	\$ 6,578,342
Total Operating Revenues	6,708,779	6,578,342
Operating Expenses:		
Personnel Services	1,453,334	1,358,898
Administrative Fees	3,800	3,600
Power & Heat	599,519	559,717
Biosolids Hauling	287,742	270,974
Telephone	30,272	25,424
Chemicals	170,188	188,058
Operating Supplies	89,490	108,631
Gas & Oil	32,168	20,534
Uniform	17,120	17,554
Repair & Maintenance Supplies	19,961	24,307
Repair & Maintenance Services	89,626	131,494
Landscape Maintenance	-	391
Permits & Fees	27,876	26,352
Legal Fees	24,174	23,036
Auditing	9,900	9,700
Engineering Fees	25,905	15,319
USGS Monitoring	16,870	16,380
Laboratory Fees	30,107	20,848
Insurance	61,394	62,962
Membership Fees	60,310	39,945
Office Expenses	43,252	74,363
Household Hazardous Waste Roundup	33,000	33,000
Repair & Replacement	251,942	-
Pension (Income)Expense	30,697	(50,423)
Contingency	200	636
Depreciation	1,516,729	1,350,398
Total Operating Expenses	4,925,576	4,332,098
Operating Income	1,783,203	2,246,244
Nonoperating Revenues (Expenses):		
Investment Earnings	49,059	141,720
Interest Expense	(288,801)	(412,773)
Gain(Loss) on Retirement of Assets	(221,930)	(60,105)
Lease Income	33,029	33,000
Bond Premium Amortization	38,583	38,583
Forgiveness of Interest	108,495	82,384
Miscellaneous Income	40,286	71,576
Total Nonoperating Revenues (Expenses)	(241,279)	(105,615)
Change in Net Position	1,541,924	2,140,629
Total Net Position - Beginning of Year	31,848,494	29,707,865
Total Net Position - End of Year	\$ 33,390,418	\$ 31,848,494

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, 2020 and 2019

	2020	2019
Cash Flows from Operating Activities:		
Receipts from Customers and Users	\$ 6,631,698	\$ 6,103,628
Payments to Suppliers	(3,542,921)	(3,276,807)
Other Receipts	87,567	56,882
Net Cash Provided by Operating Activities	3,176,344	2,883,703
Cash Flows from Capital and Related Financing Activities:		
Acquisition and Construction of Capital Assets	(49,971)	7,283
Principal Paid on Capital Debt	(2,023,300)	(1,880,000)
Interest Paid on Capital Debt	(236,059)	(373,344)
Net Cash (Used) in Capital and Related Financing Activities	(2,309,330)	(2,246,061)
Cash Flows from Noncapital Financing Activities:		
Lease Income	33,029	33,000
Net Cash Provided by Noncapital Financing Activities	33,029	33,000
Cash Flows from Investing Activities:		
Sale of Investments	-	737,544
Interest Received	49,059	141,720
Net Cash Provided by Investing Activities	49,059	879,264
Net Increase (Decrease) in Cash and Cash Equivalents	949,102	1,549,906
Cash and Cash Equivalents		
Beginning of Year	7,036,583	5,486,677
End of Year	\$ 7,985,685	\$ 7,036,583
Detail of Cash and Cash Equivalents:		
Cash in Bank	193,487	193,536
Cash Equivalent State Pool	7,792,198	6,843,047
Total Cash and Cash Equivalents	\$ 7,985,685	\$ 7,036,583
Net Cash Provided by Operating Activities:		
Operating Income	\$ 1,783,203	\$ 2,246,244
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:		
Depreciation and Amortization	1,516,729	1,350,398
Miscellaneous Income	40,286	71,576
(Increase) Decrease in Current Assets:		
Accounts Receivable - Other Governments	(77,081)	(474,714)
Other Receivable	47,281	(14,694)
Inventory	(4,636)	(8,730)
(Increase) Decrease in Deferred Outflow of Resources:		
Deferred Outflow Related to Pension	349,639	(158,345)
Deferred Outflow Related to OPEB	6,622	(7,389)
Increase (Decrease) in Current Liabilities:		
Accounts Payable	(35,954)	(129,858)
Accrued Benefits	29,996	33,326
Pension Liability	(1,051,708)	326,781
(Increase) Decrease in Deferred Inflow of Resources:		
Deferred Inflow Related to Pension	535,719	(348,441)
Deferred Inflow Related to OPEB	36,248	(2,451)
Total Adjustments	1,393,141	637,459
Net Cash Provided by Operating Activities	\$ 3,176,344	\$ 2,883,703

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, 2020 and 2019

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, 2020 and 2019

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, 2020 and 2019 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, 2020 and 2019

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 \$935,375 for this purpose in 2020.

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 account 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, 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, \$30,847,495 (There was misinformation in the 2019 annual report. The Town of Castle Rock's contribution was listed as \$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

PLUM CREEK WATER RECLAMATION AUTHORITY

Notes to the Financial Statements

December 31, 2020 and 2019

letter was subsequently provided by the Division dated October 30, 2018. Shortly 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 per 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, 2020 totaled \$32,966,972. The total balance in the escrow account as of December 31, 2020 is \$4,887,310. With final contingency, punch list and retention payments, the project is expected to be complete by mid-summer 2021 within the available escrow funds.

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 \$125,093 at December 31, 2020 and \$100,680 at December 31, 2019. 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, 2020 and 2019

11. Subsequent Events

The Authority has evaluated subsequent events through March 23, 2021, the date which these financial statements were available for management review.

12. Risks & Uncertainties

In early 2020, the Authority's service area was greatly impacted by the Coronavirus pandemic. The total effects are still unknown but high unemployment rates have been published by Colorado Department of Labor and Employment although final published annual percentages are not yet available. Most small businesses were closed for public safety for much of 2020 with restrictions lifting toward the end of the year. Restrictions are still in place as of March 2021 but have been reduced and expected to be more so by late Spring 2021.

D. New Accounting Pronouncements

The GASB issued Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance in May 2020. The objective of GASB 95 is to postpone effective dates to provide temporary relief in light of the COVID-19 pandemic. The effective dates of certain provisions contained in the following pronouncements are postponed by one year: Statement No. 89 Accounting for Interest Cost Incurred before the End of a Construction Period, Statement No. 91, Conduit Debt Obligations, Statement No. 92, Omnibus 2020 and Statement No. 93, Replacement of Interbank Offered Rates. The effective dates of the following pronouncement is postponed by 18 months: Statement No. 87, Leases. The Authority has elected to delay implementation of these standards as applicable to the Authority in accordance with Standard No. 95.

GASB No. 83, "Certain Asset Retirement Obligations", GASB No. 84, "Fiduciary Activities", GASB No. 88, "Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements", GASB No. 90, "Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61", and GASB 97, "Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and NO. 84, and a supersession of GASB Statement No. 32". were effective for the current reporting period, but had no effect on the Authority's financial reporting.

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 as well as 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.

PLUM CREEK WATER RECLAMATION AUTHORITY

Notes to the Financial Statements

December 31, 2020 and 2019

III: Detailed notes on all funds

A. Deposits and investments

Cash and investments are reflected on the December 31, 2020 and 2019 statement of net position as follows:

	2020	2019
Current Assets:		
Cash	\$ 7,050,310	\$ 6,127,061
Restricted Assets:		
Investments-Debt Service	935,375	909,522
	\$ 7,985,685	\$ 7,036,583

Cash deposits and investments by classification as of the December 31, 2020 and 2019 are as follows:

	2020	2019
Cash in Bank	\$ 193,487	\$ 193,536
Cash Equivalents - State Pool	7,792,198	6,843,047
Total	\$ 7,985,685	\$ 7,036,583

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. The 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, 2020, the Authority's 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, 2020, the Authority's carrying amount of bank deposits was \$221,379 with a book balance of \$193,487. 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.

As of December 31, 2020, and 2019, the Authority had \$7,792,198 and \$6,843,047 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

PLUM CREEK WATER RECLAMATION AUTHORITY

Notes to the Financial Statements

December 31, 2020 and 2019

operate similarly to money market funds, with each share maintaining a value of \$1.00. Investments consist of U.S. Treasury bills and notes and repurchase agreements collateralized by U.S. Treasury securities. Designated custodian banks provide safekeeping and depository services to the trusts. Substantially all securities owned by the trust are held by the Federal Reserve Bank in the account maintained for the custodial banks. The custodians' internal records identify the investments owned by COLOTRUST. Information regarding COLOTRUST's financial statements is available at its website, www.colotruster.com. As of December 31, 2020, 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

By the end of 2019, the Authority had successfully transferred all funds from Morgan Stanley to Colotruster 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. With the low interest rates continuing through 2020 and 2021, the Authority has not considered moving funds out of Colotruster.

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 2020, the Authority was solely invested in COLOTRUST. 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.

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

PLUM CREEK WATER RECLAMATION AUTHORITY

Notes to the Financial Statements

December 31, 2020 and 2019

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, 2020 was as follows:

	Balance 1/1/2020	Additions	Deletions	Balance 12/31/2020
Capital assets, not being depreciated:				
Land	\$ 3,514,347	\$ -	\$ -	\$ 3,514,347
Total capital assets, not being depreciated	<u>3,514,347</u>	<u>-</u>	<u>-</u>	<u>3,514,347</u>
Capital assets, being depreciated:				
Buildings	17,735,796	-	-	17,735,796
Improvements other than buildings	18,560,967	-	(367,390)	18,193,577
Machinery and equipment	11,311,550	24,338	(225,952)	11,109,936
Vehicles	248,311	28,374	(20,315)	256,370
Total capital assets being depreciated	<u>47,856,624</u>	<u>52,712</u>	<u>(613,657)</u>	<u>47,295,679</u>
Less accumulated depreciation for:				
Buildings	6,770,276	352,939	-	7,123,215
Improvements other than buildings	6,233,719	604,834	(168,671)	6,669,882
Machinery and equipment	7,386,029	535,149	(200,001)	7,721,177
Vehicles	109,123	23,807	(20,315)	112,615
Total Accumulated depreciation	<u>20,499,147</u>	<u>1,516,729</u>	<u>(388,987)</u>	<u>21,626,889</u>
Total capital assets being depreciated, net	<u>27,357,478</u>	<u>(1,464,017)</u>	<u>(224,670)</u>	<u>25,668,791</u>
Total capital assets, net	<u>\$ 30,871,824</u>	<u>\$ (1,464,017)</u>	<u>\$ (224,670)</u>	<u>\$ 29,183,137</u>

Total depreciation expense for the years 2020 and 2019 was \$1,516,730 and \$1,350,398, respectively. Capital assets with a value of \$613,657 were disposed of during 2020 resulting in a loss of \$221,930 for assets sold minus assets not fully depreciated. Gains on sale of assets came from the trade in for a vehicle in the amount of \$2,500. Most of the loss on capital assets were from replacements for the 3.0 Capacity Expansion Project for equipment which had not fully depreciated.

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 \$18,029 in lease income for the Authority and is immaterial to the financials.

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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>

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C. Long-term debt

The long-term debt activity for the years ended December 31, 2020 and 2019 is as follows:

	Balance 1/1/2020	Additions	Deletions	Balance 12/31/2020	Current Portion
CWRPDA Loan 2001	\$ 3,605,000	\$ -	\$ 1,735,000	\$ 1,870,000	\$ 1,870,000
CWRPDA Loan 2002	780,000	-	191,691	588,309	184,473
CWRPDA Loan 2005	605,000	-	96,609	508,391	80,000
Premium	93,329	-	38,583	54,746	38,583
Total long-term debt	<u>\$ 5,083,329</u>	<u>\$ -</u>	<u>\$ 2,061,883</u>	<u>\$ 3,021,446</u>	<u>\$ 2,173,056</u>

	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>

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.

The final payment will be made by the Authority on August 1, 2021.

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

Year Ending December 31,	Principal	Interest
2021	\$ 1,870,000	\$ 79,765
Total	<u>\$ 1,870,000</u>	<u>\$ 79,765</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.

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 and is reflected as part of current year deletions in the above schedule of debt activity.

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

Year Ending December 31,	Principal	Interest
2021	\$ 184,473	\$ 28,085
2022	197,161	20,297
2023	206,675	2,770
Total	<u>\$ 588,309</u>	<u>\$ 51,152</u>

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.

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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.

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

Year Ending December 31,	Principal	Interest
2021	\$ 80,000	\$ 18,473
2022	83,718	16,098
2023	83,143	15,423
2024	80,573	12,080
2025	85,608	9,658
2026	95,350	4,500
Total	<u>\$ 508,392</u>	<u>\$ 76,232</u>

The Authority is not in default of its covenants and obligations under these loans. The Authority maintained operation and maintenance reserve funds totaling \$935,375 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

	2020	2019
Net Income, Non-GAAP Basis	<u>\$ 1,143,404</u>	<u>\$ 1,582,125</u>
Adjustments:		
Capital Outlay	(5,180)	-
Principal Paid on Loan	2,134,473	1,880,000
Bond Premium Amortization	38,583	38,583
Gain(Loss) on Retirement of Assets	(221,930)	(60,105)
Pension (Income) Expense	(30,697)	50,423
Depreciation	(1,516,729)	(1,350,398)
Total Adjustments	<u>398,520</u>	<u>558,503</u>
Net Income, GAAP Basis	<u>\$ 1,541,924</u>	<u>\$ 2,140,628</u>

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IV: Retirement Commitments

A. Summary of significant accounting policies

Pensions

Plum Creek Water Reclamation Authority participates in the Local Government Division Trust Fund (LGDTF), a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado ("PERA"). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the LGDTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

The Colorado General Assembly passed significant pension reform through Senate Bill (SB) 18-200: *Concerning Modifications To the Public Employees' Retirement Association Hybrid Defined Benefit Plan Necessary to Eliminate with a High Probability the Unfunded Liability of the Plan Within the Next Thirty Years*. The bill was signed into law by Governor Hickenlooper on June 4, 2018. SB 18-200 makes changes to certain benefit provisions. Some, but not all, of these changes were in effect as of December 31, 2020.

B. General information about the Pension Plan

Plan Description

Eligible employees of the Authority are provided with pensions through the LGDTF—a cost-sharing multiple-employer defined benefit pension plan administered by PERA. Plan benefits are specified in Title 24, Article 51 of the Colorado Revised Statutes (C.R.S.), administrative rules set forth at 8 C.C.R. 1502-1, and applicable provisions of the federal Internal Revenue Code. 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.

Benefits provided as of December 31, 2019

PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

The lifetime retirement benefit for all eligible retiring employees under the PERA benefit structure is the greater of the:

- Highest average salary multiplied by 2.5 percent and then multiplied by years of service credit.
- The value of the retiring employee's member contribution account plus a 100 percent match on eligible amounts as of the retirement date. This amount is then annuitized into a monthly benefit based on life expectancy and other actuarial factors.

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The service retirement benefit is limited to 100 percent of highest average salary and also cannot exceed the maximum benefit allowed by federal Internal Revenue Code.

Members may elect to withdraw their member contribution accounts upon termination of employment with all PERA employers; waiving rights to any lifetime retirement benefits earned. If eligible, the member may receive a match of either 50 percent or 100 percent on eligible amounts depending on when contributions were remitted to PERA, the date employment was terminated, whether 5 years of service credit has been obtained and the benefit structure under which contributions were made.

As of December 31, 2019, benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S., once certain criteria are met. Pursuant to SB 18-200, the annual increase for 2019 is 0.00 percent for all benefit recipients. Thereafter, benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007, and all benefit recipients of the DPS benefit structure will receive an annual increase of 1.25 percent unless adjusted by the automatic adjustment provision (AAP) pursuant to C.R.S. § 24-51-413. Benefit recipients under the PERA benefit structure who began eligible employment on or after January 1, 2007 will receive the lesser of an annual increase of 1.25 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed 10 percent of PERA's Annual Increase Reserve (AIR) for the LGDTF. The AAP may raise or lower the aforementioned annual increase by up to 0.25 percent based on the parameters specified in C.R.S. § 24-51-413.

Disability benefits are available for eligible employees once they reach five years of earned service credit and are determined to meet the definition of disability. The disability benefit amount is based on the lifetime retirement benefit formula(s) shown above considering a minimum 20 years of service credit, if deemed disabled.

Survivor benefits are determined by several factors, which include the amount of earned service credit, highest average salary of the deceased, the benefit structure(s) under which service credit was obtained, and the qualified survivor(s) who will receive the benefits.

Contributions provisions as of December 31, 2020: Eligible employees and the Authority are required to contribute to the LGDTF at a rate set by Colorado statute. The contribution requirements are established under C.R.S. § 24-51-401, *et seq.* and § 24-51-413. Employee contribution rates for the period of January 1, 2019 through December 31, 2020 are summarized in the table below:

	January 1, 2019 through December 31, 2019	January 1, 2019 through December 31, 2019	January 1, 2020 through December 31, 2020
Employee contribution	8.00%	8.00%	8.50%

Contribution rates for the LGDTF are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42).

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The employer contribution requirements for all employees are summarized in the table below:

	January 1, 2019 Through June 30, 2020	July 1, 2020 Through December 31, 2020
Employer contribution rate	10.00%	10.50%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f)	(1.02)%	(1.02)%
Amount apportioned to the LGDTF	8.98%	9.48%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	2.20%	2.20%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	1.50%	1.50%
Total employer contribution rate to the LGDTF	12.68%	13.18%

Contribution Rates for the LGDTF are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42).

Employer contributions are recognized by the LGDTF in the period in which the compensation becomes payable to the member and the Authority is statutorily committed to pay the contributions to the LGDTF. Employer contributions recognized by the LGDTF from the Authority were \$131,516 for the year ended December 31, 2020.

C. Pension liabilities, pension expense, deferred outflows of resources, and deferred inflows of resources related to pensions

At December 31, 2020, the Authority reported a liability of \$1,101,247 for its proportionate share of the net pension liability. The net pension liability for the LGDTF was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018. Standard update procedures were used to roll-forward the total pension liability to December 31, 2019. The Authority's proportion of the net pension liability was based on the Authority's contributions to the LGDTF for the calendar year 2019 relative to the total contributions of participating employers to the LGDTF.

At December 31, 2019, the Authority's proportion was 0.15 percent, which was a decrease of 0.02 percent from its proportion measured as of December 31, 2018.

For the year ended December 31, 2020, the Authority recognized pension expense of \$30,708.

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At December 31, 2020, 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 experience	\$ 72,085	\$ -
Net difference between projected vs. actual earnings	-	450,667
Change in proportion and differences between contributions recognized and proportionate share of contributions	-	85,052
Contributions subsequent to the measurement date	142,974	-
Total	\$ 215,059	\$ 535,719

The \$142,974 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, 2021. 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,	
2021	\$ (142,487)
2022	(148,217)
2023	(19,162)
2024	(153,768)
	\$ (463,634)

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 experience	\$ 88,029	\$ -
Net difference between projected vs. actual earnings	274,169	-
Change in proportion and differences between contributions recognized and proportionate share of contributions	63,079	-
Contributions subsequent to the measurement date	139,422	-
Total	\$ 564,699	\$ -

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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
	<u>\$ 425,277</u>

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

Actuarial assumptions

The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions, and other inputs:

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 – 10.45 percent
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25 percent
Discount Rate	7.25 percent

Post-retirement benefit increases:

PERA benefit structure hired prior to 1/1/07	1.25 percent compounded annually
PERA benefit structure hired after 12/31/06 (ad hoc, substantively automatic) ¹	Financed by the Annual Increase Reserve

¹For 2019, the annual increase was 0.00 percent.

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

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Post-retirement non-disabled 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, 2018, 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.

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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%
Non U.S. Fixed Income - Developed	1.84%	0.60%
Emerging Market Debt	0.46%	3.90%
Core Real Estate	8.50%	4.90%
Opportunity Fund	6.00%	3.80%
Private Equity	8.50%	6.60%
Cash	1.00%	0.20%
Total	100.00%	

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

Discount rate

The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate 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 in effect for each year, including the additional 0.50 percent resulting from the 2018 AAP assessment, statutorily recognized July 1, 2019, and effective July 1, 2020. 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 for each year, including the additional 0.50 percent, resulting from the 2018 AAP assessment, statutorily recognized July 1, 2019, and effective July 1, 2020, employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103 percent, at which point, the AED and SAED will each drop

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0.50% every year until they are zero. Additionally, estimated employer contributions reflect 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. AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.
- The projected benefit payments reflect the lowered annual increase cap, from 1.50 percent to 1.25 percent resulting from the 2018 AAP assessment, statutorily recognized July 1, 2019, and effective July 1, 2020.
- 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:

	Discount Rate	Authority's proportionate share of net pension liability
1% Decrease current	6.25%	2,023,502
Discount rate	7.25%	1,101,247
1% Increase	8.25%	326,234

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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..

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, 2020, members contributed \$1,040 to the plan.

Deferred Compensation Plan

Plan description

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

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

Funding policy

The plan allows employees to defer a portion of their salary until future years. All amounts deferred are held in trust for the exclusive benefit of participating employees. For the year ended December 31, 2020, members contributed \$4,501 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 an 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 CAFR as referred to above.

PLUM CREEK WATER RECLAMATION AUTHORITY

Notes to the Financial Statements

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Funding policy

All participating employees in the PERA DC Plan and the Authority are required to contribute a percentage of the participating employees' PERA-includable salary to the PERA DC Plan. The employee and employer contribution rates for the period January 1, 2019 through June 30, 2021 are summarized in the tables below:

	January 1, 2019 Through December 31, 2019	January 1, 2020 Through June 30, 2020	July 1, 2020 Through June 30, 2021
Employee Contribution Rates:	8.00%	8.00%	8.5%
Employer Contribution Rates (On behalf of participating employees):	10.00%	10.00%	10.5%

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

	As of Year End 2020
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%
Total Employer Contribution Rate to the LGDTF	3.70%

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.

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.

PLUM CREEK WATER RECLAMATION AUTHORITY

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December 31, 2020 and 2019

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 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.

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

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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.

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 \$10,527 for the year ended December 31, 2020.

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

At December 31, 2020, the Authority reported a liability of \$129,010 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2018. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2019. The Authority's proportion of the net OPEB liability was based on the Authority's contributions to the HCTF for the calendar year 2019 relative to the total contributions of participating employers to the HCTF.

At December 31, 2019, the Authority's proportion was 0.11 percent, which was a decrease of 0.002 percent from its proportion measured as of December 31, 2018.

For the year ended December 31, 2020, the Authority recognized OPEB expense of \$6,397. At December 31, 2020, 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 experience	\$ 428	\$ 21,679
Changes in assumptions or other inputs	1,070	-
Net difference between projected and actual earnings on OPEB plan	-	2,153
Change in proportion and differences between contributions recognized and proportionate share of contributions	-	12,685
Contributions subsequent to the measurement date	11,203	-
Total	<u>\$ 12,701</u>	<u>\$ 36,517</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

PLUM CREEK WATER RECLAMATION AUTHORITY

Notes to the Financial Statements

December 31, 2020 and 2019

year ended December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

December 31,		
2021	\$	(6,889)
2022		(6,888)
2023		(6,265)
2024		(7,041)
2025		(7,683)
Thereafter		<u>(252)</u>
	\$	<u>(35,018)</u>

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 experience	\$ 641	\$ 269
Changes in assumptions or other inputs	1,239	-
Net difference between projected and actual earnings on OPEB plan	1,016	-
Change in proportion and differences between contributions recognized and proportionate share of contributions	5,223	-
Contributions subsequent to the measurement date	<u>11,203</u>	<u>-</u>
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:

Year Ending December 31,		
2020	\$	1,463
2021		1,463
2022		1,464
2023		2,169
2024		1,284
Therafter		<u>8</u>
Total	\$	<u>7,851</u>

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December 31, 2020 and 2019

Actuarial assumptions

The total OPEB liability in the December 31, 2018 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

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	5.60 percent in 2019, gradually decreasing to 4.50 percent in 2029
Medicare Part A premiums	3.50 percent for 2019, gradually rising to 4.50 percent in 2029

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, 2018, 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 2019 for the PERA Benefit Structure:

Medicare Plan	Cost for Members Without Medicare Part A	Premiums for Members Without Medicare Part A
Medicare Advantage/Self-Insured Prescription	\$601	\$240
Kaiser Permanente Medicare Advantage HMO	605	237

The 2019 Medicare Part A premium is \$437 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:

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Medicare Plan	Cost for Members Without Medicare Part A
Medicare Advantage/Self-Insured Prescription	\$562
Kaiser Permanente Medicare Advantage HMO	571

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 industry methods developed by health plan actuaries and administrators. In addition, projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services are referenced in the development of these rates. Effective December 31, 2018, 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
2019	5.60%	3.50%
2020	8.60%	3.50%
2021	7.30%	3.50%
2022	6.00%	3.75%
2023	5.70%	3.75%
2024	5.50%	3.75%
2025	5.30%	4.00%
2026	5.10%	4.00%
2027	4.90%	4.25%
2028	4.70%	4.25%
2029+	4.50%	4.50%

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.

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

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- 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.

Post-retirement non-disabled 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 2019 plan year.
- The morbidity assumptions were updated to reflect the assumed standard aging factors.
- 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:

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Notes to the Financial Statements

December 31, 2020 and 2019

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

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

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
Initial PERACare Medicare trend rate	4.60%	5.60%	6.60%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	2.50%	3.50%	4.50%
Ultimate Medicare Part A trend rate	3.50%	5.50%	5.50%
Net OPEB Liability	\$125,945	\$129,010	\$132,551

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, 2019, 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 percent.

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- 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.
- 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	\$ 145,871	\$129,010	\$114,589

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.

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 \$36,252,309 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.

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Notes to the Financial Statements

December 31, 2020 and 2019

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.

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

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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%
12/31/2020	0.151%	1,101,269	1,054,394	104.45%	86.26%

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	-	1,015,651	12.7%
12/31/2018	139,270	139,270	-	1,098,341	12.7%
12/31/2019	138,793	139,422	629	1,054,394	13.2%
12/31/2020	131,516	139,422	7,906	1,063,531	13.1%

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%
12/31/2020	0.110%	129,010	1,054,394	12.24%	24.49%

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	-	1,015,651	1.0%
12/31/2018	11,203	11,203	-	1,098,341	1.0%
12/31/2019	11,165	11,203	38	1,054,394	1.1%
12/31/2020	11,165	10,527	(638)	1,063,531	1.0%

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

Supplementary Information

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PLUM CREEK WATER RECLAMATION AUTHORITY
Schedule of Revenues, Expenditures and Changes in Net Position
Budget Actual - Budgetary (Non-GAAP) Basis
December 31, 2020

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Operating Revenue :			
Service Charges	\$ 6,651,112	\$ 6,708,779	\$ 57,667
Total Operating Revenues	<u>6,651,112</u>	<u>6,708,779</u>	<u>57,667</u>
Operating Expenses:			
Personnel Services	1,781,000	1,453,334	327,666
Administrative Fee	4,000	3,800	200
Power & Heat	655,000	599,519	55,481
Biosolids Hauling	280,000	287,742	(7,742)
Telephone	32,000	30,272	1,728
Chemicals	209,000	170,188	38,812
Operating Supplies	155,000	89,490	65,510
Gas & Oil	28,000	32,168	(4,168)
Uniforms	17,000	17,120	(120)
Repair & Maintenance Supplies	-	19,961	(19,961)
Repair & Maintenance Services	107,000	89,626	17,374
Permits & Fees	28,000	27,876	124
Legal Fee	20,000	24,174	(4,174)
Auditing	10,000	9,900	100
Engineering Fee	91,000	25,905	65,095
USGS Monitoring	17,000	16,870	130
Laboratory Fee	30,000	30,107	(107)
Insurance	72,500	61,394	11,106
Membership Fees	73,000	60,310	12,690
Office Expenses	94,000	43,252	50,748
Household Hazardous Waste Roundup	33,000	33,000	-
Repair & Replacement	417,000	251,942	165,058
Contingency	5,000	200	4,800
Total Operating Expenses	<u>4,158,500</u>	<u>3,378,150</u>	<u>780,350</u>
Total Operating Income	<u>2,492,612</u>	<u>3,330,629</u>	<u>838,017</u>
Nonoperating Revenues(Expenses) :			
Interest Income	120,000	49,059	(70,941)
Lease Income	33,000	33,029	29
Miscellaneous Income	30,000	25,685	(4,315)
Revenue Rebate	\$10,000	14,601	4,601
Principal Paid on Loan	(1,994,553)	(2,134,473)	(139,920)
Interest Paid on Loan	(264,806)	(180,306)	84,500
Capital Outlay	(100,000)	5,180	105,180
Total Nonoperating Revenues(Expenses)	<u>(2,166,359)</u>	<u>(2,187,225)</u>	<u>(20,866)</u>
Net Income, Non-GAAP Basis	326,253	1,143,404	817,151
Net Position - Beginning of Year	8,902,537	8,902,537	-
Net Position - End of Year	<u>\$ 9,228,790</u>	<u>\$ 10,045,941</u>	<u>\$ 817,151</u>
Net Income, Non-GAAP Basis		<u>\$ 1,143,404</u>	
Adjustments:			
Capital Outlay		(5,180)	
Principal Paid on Loan		2,134,473	
Bond Premium Amortization		38,583	
Loss on Retirement of Assets		(221,930)	
Pension Expense		(30,697)	
Depreciation		<u>(1,516,729)</u>	
Total Adjustments		<u>398,520</u>	
Net Income, GAAP Basis		<u>\$ 1,541,924</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, 2019

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Operating Revenue :			
Service Charges	\$ 6,583,685	\$ 6,578,342	\$ (5,343)
Total Operating Revenues	<u>6,583,685</u>	<u>6,578,342</u>	<u>(5,343)</u>
Operating Expenses:			
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
Total Operating Expenses	<u>4,038,086</u>	<u>3,032,123</u>	<u>1,005,963</u>
Total Operating Income	<u>2,545,599</u>	<u>3,546,219</u>	<u>1,000,620</u>
Nonoperating Revenues(Expenses) :			
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
Total Nonoperating Revenues(Expenses)	<u>(2,167,344)</u>	<u>(1,964,093)</u>	<u>203,251</u>
Net Income, Non-GAAP Basis	378,255	1,582,126	1,203,871
Net Position - Beginning of Year	8,524,282	8,524,282	-
Net Position - End of Year	<u>\$ 8,902,537</u>	<u>\$ 10,106,408</u>	<u>\$ 1,203,871</u>
Net Income, Non-GAAP Basis		<u>\$ 1,582,126</u>	
Adjustments:			
Principal Paid on Loan		1,880,000	
Bond Premium Amortization		38,583	
Gain on Retirement of Assets		(60,105)	
Pension Expense		50,423	
Depreciation		(1,350,398)	
Total Adjustments		<u>558,503</u>	
Net Income, GAAP Basis		<u>\$ 2,140,629</u>	

See the independent auditors' report.

STATISTICAL SECTION

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

Fiscal Year	Net Investment in Capital Assets	Restricted	Unrestricted	Business-Type Activities Net Position
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
2020	\$ 26,161,691	935,375	6,293,352	\$ 33,390,418

PLUM CREEK WATER RECLAMATION AUTHORITY

Changes in Net Position
(Accrual Basis of Accounting)

Last Ten Years

Unaudited

Fiscal Year	Operating Revenues	Operating Expenses	Operating Income	Total Nonoperating Revenues/ (Expenses)	Income/(Loss) before Capital Contributions	Capital Contributions	Change in Net Position
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
2020	\$ 6,708,779	4,925,576	1,783,203	(241,279)	1,541,924	-	\$ 1,541,924

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

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

<u>YEAR</u>	<u>Sewer Fee</u>	<u>Reuse Water Sales</u>	<u>Total</u>
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
2020	\$ 6,020,435	277,423	\$ 6,297,858

PLUM CREEK WATER RECLAMATION AUTHORITY
Operating Expenses
Last Ten Years
Unaudited

Fiscal Year	Personnel & Administrative	Power and Heat	Biosolids Hauling	Chemicals	Operating Supplies	Household Hazardous Waste Round Up Expenses	Repairs and Maintenance	Capital Replacement	Administrative Costs	PERA Pension Expense	Subtotal, Expenses before Depreciation	Depreciation	Total Operating Expenses
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	469,842	(1) 1,965,471	4,985,824	1,275,224	\$ 6,261,048
2018	\$ 1,422,370	600,969	269,204	139,706	144,104	33,000	180,683	-	414,276	326,388	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	-	353,444	(50,423)	2,981,700	1,350,398	\$ 4,332,098
2020	\$ 1,457,134	599,519	287,742	170,188	89,490	33,000	109,587	251,942	379,548	30,697	3,408,847	1,516,729	\$ 4,925,576

(1) Beginning with the 2020 audit, PERA Pension Expense was added as a separate column for better comparison of administrative costs. Transfer of pension expense from Castle Pines Metropolitan District occurred in 2017.

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	Gain (Loss) on Disposal of Capital Assets	Contribution	Total Non Operating Expenses
2011	(859,489)	22,106	140,866	38,583	13,800	-	-	(644,134)
2012	(796,514)	24,189	3,806	38,583	13,800	(3,799)	-	(719,935)
2013	(732,349)	1,282	8,613	38,583	13,800	(5,952)	-	(676,023)
2014	(678,416)	24,015	37,156	38,583	14,850	-	-	(563,812)
2015	(618,187)	32,695	30,765	38,583	18,000	396	-	(497,748)
2016 ⁽²⁾	(554,945)	53,640	25,392	38,583	33,000	1,980	-	(402,350)
2017 ⁽³⁾	(477,264)	61,083	33,479	38,583	33,000	(24,250)	208,579	(126,790)
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)
2020	(180,306)	49,059	40,286	38,583	33,029	(221,930)	-	(241,279)

(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>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>	<u>2020</u>
Sewer Rates										
Town of Castle Rock	\$ 3.65	\$ 3.94	\$ 4.08	\$ 4.17	\$ 3.95	\$ 3.71	\$ 3.45	\$ 3.43	\$ 3.48	\$ 3.49
Castle Pines Metro District	2.49	2.19	2.26	2.46	2.64	2.49	2.38	2.42	2.68	2.70
Castle Pines North Metro District	2.67	2.89	2.93	3.08	3.29	3.08	2.84	3.02	3.25	3.20
Castleton Center	2.14	2.62	2.71	2.93	2.72	2.53	4.61	4.75	4.11	3.92
Silver Heights	2.13	2.50	2.61	2.79	2.74	2.61	2.83	2.53	2.61	2.76
Reuse Rates										
The International Golf Club	\$ 1.44	\$ 1.49	\$ 1.47	\$ 1.54	\$ 1.57	\$ 1.88	\$ 1.59	\$ 1.82	\$ 1.78	\$ 1.38
Country Club at Castle Pines	1.46	1.50	1.48	1.48	1.62	1.87	1.72	1.88	1.71	1.23
The Ridge Golf Club at CPN	1.46	1.52	1.49	1.48	1.63	1.88	1.71	1.86	1.72	1.28
Red Hawk Golf Club	(1)								1.16	1.16

(1) Red Hawk Golf Club brought reuse online in 2019 and began receiving reuse water at the end of the year.

PLUM CREEK WATER RECLAMATION AUTHORITY

Ten Largest Customers ⁽¹⁾

Last Ten Years

Unaudited

	<u>Town of Castle Rock</u>		<u>Balance from Other Members</u>		<u>Grand Total</u>	
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%
2020	\$ 5,220,477	78%	1,488,302	22%	\$ 6,708,779	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
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%
2020	\$ 1,870,000	588,309	508,391	54,746	\$ 3,021,446	\$ 6,708,779	222%

(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 ¹	Net Revenue Available for Debt Services	Debt Service Requirements			Coverage
				Principal	Interest	Total	
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
2020	\$ 6,978,231	3,408,847	3,569,384	1,994,553	288,801	\$ 2,283,354	1.56

(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*	\$ 82,929	\$ 64,138	\$ 138,035	\$ -	\$ 34,848	\$ 26,760	\$ 70,456	\$ -
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	53,900	42,611	107,134	64,580
2019	127,476	109,700	236,016	163,819 (2)	55,579	44,250	114,448	66,140

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

(2) 2020 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
2011	50,300	14,500	64,800	2010	48,231	3,614	10,360	62,205
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					
2020	75,563	17,485	93,048					
					Percent increase in population since Census:			50%

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	2020			2019			Douglas County Unemployment Rates		
	Approx. # of employees	Rank	%Total Employment	Approx. # of employees	Rank	%Total Employment	2009	2010	
Douglas County School District	1482	1	6	1525	1	7	2011	6.4%	
Douglas County Government	1326	2	6	1290	2	6	2012	6.0%	
Town of Castle Rock Government	793	3	3	825	3	4	2013	5.3%	
Wal-Mart	333	7	1	295	6	1	2014	4.0%	
King Soopers (3 stores)	563	4	2	570	5	2	2015	3.1%	
Brookside Inn (nursing home)				165	8	1	2016	2.6%	
Home Depot				163	9	1	2017	2.3%	
Castle Pines Golf Club	232	10	1				2018	2.9%	
Hudick Excavating Inc.	501	5	2	580	4	2	2019	2.4%	
Kraemer North America LLC	269	9	1				2020	not available	
Castle Rock Adventist Hospital	281	8	1	280	7	1			
Sam's Club	160	10	1	160	10	1			
Rocky Mountain Excavating	361	6	2						
2018			2017			2016			
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	7	1550	1	8	1555	1	8
Douglas County Government	1260	2	6	1235	2	6	1195	2	6
Town of Castle Rock Government	785	3	4	755	3	4	720	3	3
Wal-Mart	280	7	1	300	6	1	300	5	1
King Soopers (3 stores)	520	4	2	470	4	2	420	4	2
Brookside Inn (nursing home)				160	9	1	160	9	1
Douglas Cty Library (CR & CPN)							150	10	1
Home Depot	175	9	1	160	10	1			
TPM Staffing Services	190	8	1	225	8	1	230	8	1
Hudick Excavating Inc.	390	5	2	240	7	1	245	7	1
Kraemer North America LLC				145	9	1	145	9	1
Castle Rock Adventist Hospital	290	6	1	295	5	1	285	6	1
Sam's Club	160	10	1	180	9	1			
2015			2014			2013			
Top Ten Employers in the Authority's Service Area	Approx. # of employees	Rank	%Total Employment	Approx. # of employees	Rank	%Total Employment	Approx. # of employees	Rank	%Total Employment
Douglas County School District	1520	1	8	1470	1	8	1430	1	9
Douglas County Government	1150	2	6	1100	2	6	1100	2	7
Town of Castle Rock Government	670	3	3	600	3	3	550	3	3
Wal-Mart	290	5	1	300	5	2	310	5	2
King Soopers (3 stores)	420	4	2	400	4	2	400	4	2
Brookside Inn (nursing home)	160	8	1	155	7	1	170	7	1
Douglas Cty Library (CR & CPN)				150	8	1	150	8	1
Home Depot	145	10	1	145	9	1	150	9	1
Castle Pines Golf Club							140	10	1
TPM Staffing Services	260	6	1	240	6	1	240	6	1
Hudick Excavating Inc.	175	7	1	145	10	1			
Kraemer North America LLC	145	9	1						
2012			2011						
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	1400	1	9	1420	1	9			
Douglas County Government	1090	2	7	1070	2	7			
Town of Castle Rock Government	530	3	3	520	3	3			
Wal-Mart	340	5	2	330	5	2			
King Soopers (3 stores)	370	4	2	370	4	2			
Brookside Inn (nursing home)	180	6	1	170	6	1			
Douglas Cty Library (CR & CPN)	140	8	1	140	8	1			
Safeway (2 stores)	130	9	1	140	9	1			
Home Depot	140	7	1	145	7	1			
Castle Pines Golf Club	130	10	1	65120	10	1			

PLUM CREEK WATER RECLAMATION AUTHORITY

Operating and Capital Indicators

Last Ten Years

Unaudited

	<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>	<u>2020</u>
Wastewater Treatment										
Miles of Sewers	0	0	0	0	0	0	0	0	0	0
Number of Treatment Plants	1	1	1	1	1	1	1	1	1	1
Number of Service Connections (Wholesale)	5	5	5	5	5	5	5	5	5	5
Treatment Capacity (MGD)	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)	1451	1453	1473	1540	1700	1708	1669	1678	1754	1827
Unused Permitted Capacity (MG)	899.6	898	878	811	651	648	682	673	597	524
Percentage of Permitted Hydraulic Capacity Utilized	62%	62%	63%	66%	72%	72%	71%	71%	75%	78%
Treatment Costs per Million Gallons (Operating Expenses less capital replacement, depreciation and debt service)	\$ 1,887	\$ 2,064	\$ 1,978	\$ 1,981	\$ 1,757	\$ 1,651	\$ 2,968	\$ 2,104	\$ 1,700	\$ 1,728

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

Sources: PCWRA Operation Flow Data

CDPHE Permit # CO0038547