

Director of Local Government Audits,

Attached please find the Annual Financial Report for PCWRA for the fiscal year 2021. The Authority's Board approved this financial report at its regular meeting held on Tuesday, April 26, 2022. If you have any questions or need additional information, please contact our office at 303-688-1991. Acknowledgement of receipt is appreciated.

Sincerely,



Alyse Billick, Administrative Assistant II



PLUM CREEK WATER RECLAMATION AUTHORITY
CASTLE ROCK, COLORADO

ANNUAL COMPREHENSIVE FINANCIAL REPORT
For the years ended December 31, 2021 and 2020

Prepared by:
Lissa Oelkers, Director of Administrative Services

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INTRODUCTORY SECTION



May 24, 2022

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, 2021.

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, 2021, 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, 2021, 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. While statistical indicators in the past have shown a growing economy for Douglas County, demographic information has not been widely available the last two years due to restrictions during the pandemic. As has been the case in many industries, the US Census Bureau as well as the Douglas County Department of Community Development are not up to date with their demographic information. As of the date of this writing, the only information available was that the unemployment rate in Douglas County went up to 5% in 2021 but is showing a decline in 2022 of 2.9%. The Town of Castle Rock reports population statistics of 75,563 from 2021 to 79,705 in 2022, a 5.5% growth. All other demographic indicators were not yet available. The Promenade in the Town of Castle Rock continues to build out and the Authority's service area appears to be bouncing back from the pandemic of 2020 and 2021.

Long-Term Financial Planning

The Authority must plan for essential annual replacements however, 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 \$500,000 in capital replacement each year starting 2022 and, with

Board approval, appropriates funds from the Capital Reserve account to meet additional needs. Incremental increases of \$100,000 additional capital replacement budget will occur every three years starting in 2023 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. New contributed equipment was put into service in February of 2021 and will be added to the capital replacement planning. The Authority will apply sound judgment to replacement requirements in an attempt to level out expenditures over subsequent years rather than all replacements being required at once. Certain new State regulations may require additional capital projects which the Authority continues to monitor.

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 was 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 was 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. 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 2021, 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 plant expansion in 2005 were paid off by the Authority on August 1, 2021. This was 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 use a similar cost-of-service model. However, 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 for the fiscal years ended December 31, 1995 through December 31, 2020. This was the twenty-sixth 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 Annual Financial Report. This report satisfied both US GAAP and applicable legal requirements.

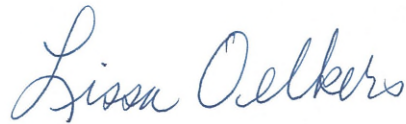
A Certificate of Achievement is valid for a period of one year only. We believe that our current Annual Financial Report continues to meet the Certificate of Achievement program's requirements and are submitting it to the GFOA to determine its eligibility for another certificate.

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**

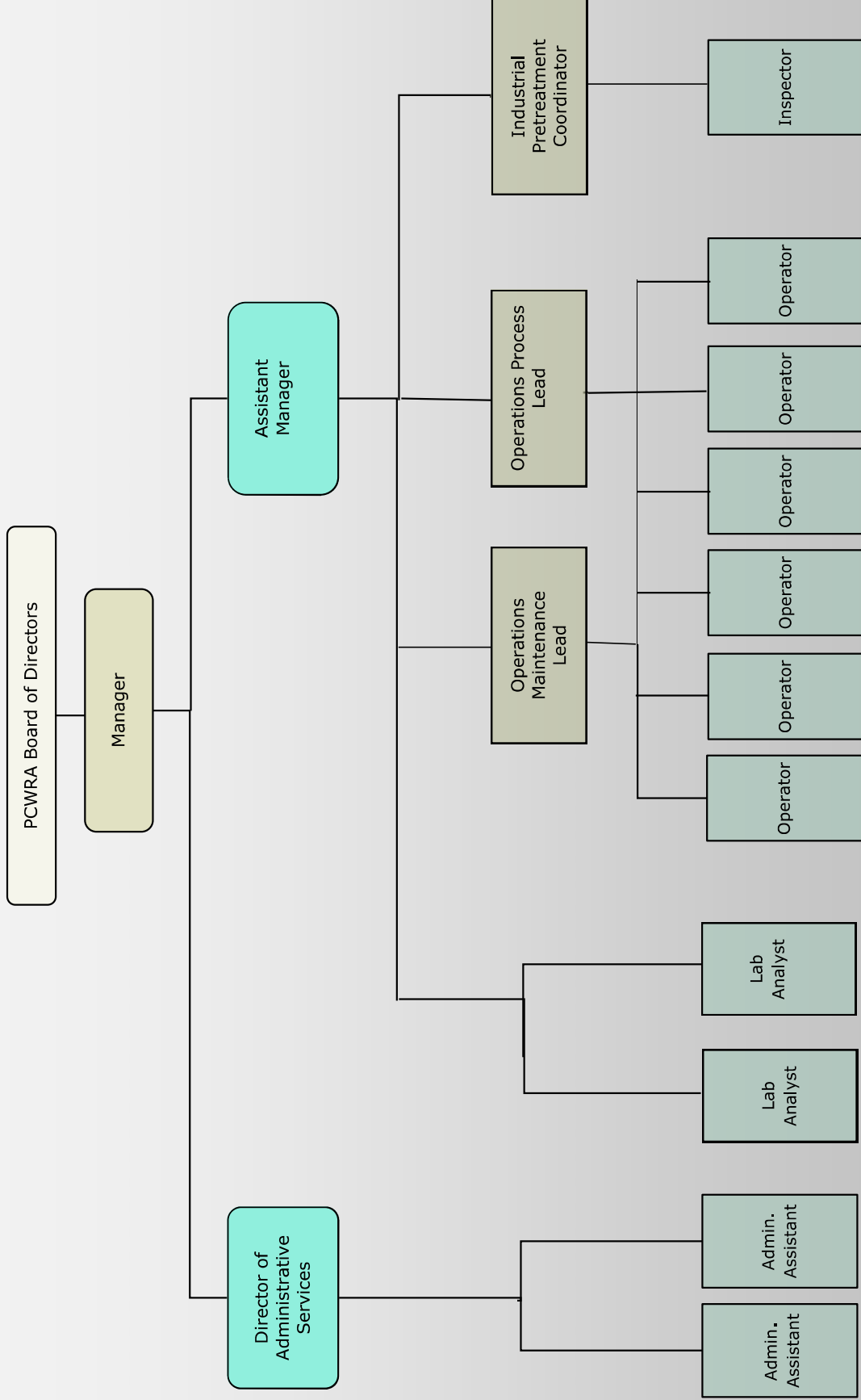
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2020

Christopher P. Morrill

Executive Director/CEO

Plum Creek Water Reclamation Authority—2021



PLUM CREEK WATER RECLAMATION AUTHORITY
Appointed Officials - as of December 31, 2021

APPOINTED OFFICIALS

PCWRA OFFICE

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

Secretary

Mr. Burt Knight
Castle Pines Metropolitan District
January 1, 2021 - September 28, 2021

Vice-President

Mr. Richard Munday
Castle Pines Metropolitan District
September 29, 2021 - December 31, 2021

Vice-President

Mr. Jim Worley
Castle Pines North Metro District

President

AUTHORITY MANAGER

Mr. Weston Martin

ASSISTANT AUTHORITY MANAGER

Mr. Kirby Clark


CONSULTANTS


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

FINANCIAL SECTION



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Littleton, CO 80120

 303-734-4800

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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 the business-type activities of Plum Creek Water Reclamation Authority (the "Authority") as of and for the years ended December 31, 2021 and 2020 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 accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Authority as of December 31, 2021, and 2020, 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 (GAAS). 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 the 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, and for 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 the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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 GAAS 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 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 GAAS, 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 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 Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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.

Supplementary Information

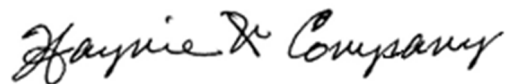
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's financial statements as a whole. The budgetary comparison schedules are presented for purposes of additional analysis and are not a required part of the financial statements.

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. The 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 supplementary information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.



Littleton, Colorado
April 20, 2022

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, 2021. 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 \$50,964,607. This reflects an increase in net assets from 2020 to 2021 of \$17,574,189. Total Operating Expenses increased from 2020 to 2021 by \$834,335 in large part due to the large capital contribution provided by the 3.0 Capacity Expansion project and the subsequent depreciation of those assets which contributed to the increase in overall depreciation by \$544,681 year over year. While there were increased electrical and chemical costs with the startup of the 3.0 Capacity Expansion project those were somewhat offset by reduced Biosolids Hauling costs. 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 \$331,934 and total deferred outflow increasing by \$169,225 from 2020 to 2021. Since PERA reports one year in arrears, the changes in investment are reflected for 2020. The Authority began reporting the PERA liability as of 2017.

The nonoperating revenues/expenses reflect a revenue increase from 2020 to 2021 as the new equipment from the 3.0 Capacity Expansion project was contributed to PCWRA as of February 2021 and startup of the new process began. As was the case in 2020, some assets were disposed in 2021 due to the expansion which still held a small amount of book value resulting in a small loss on retirement of assets. Those assets have been replaced through the 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 2021 as interest rates continued to plummet.

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 – 50 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 51 - 54.

Financial Analysis

As noted, net position may, over time, serve as a useful indicator of the Authority’s financial position. Assets exceeded liabilities by \$50,964,607 at the close of the most recent fiscal year and by \$33,390,418 at the close of the 2020 fiscal year.

By far, the largest portion (85 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 matured and was 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 \$17,574,189 from 2020 to 2021 and by \$1,541,924 from 2019 to 2020.

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Current and other assets	\$ 10,682,409	\$ 14,046,520	\$ 26,812,828
Capital assets	44,390,465	29,183,137	30,871,825
Total current and other assets	55,072,874	43,229,657	57,684,653
Deferred outflow of resources - Pension	384,285	215,060	581,125
Deferred outflow of resources - OPEB	12,803	12,701	2,897
Total assets and deferred outflows of resources	55,469,962	43,457,418	58,268,675
Current liabilities	2,143,483	7,416,117	21,087,754
Noncurrent liabilities	1,447,603	2,078,647	5,332,159
Total liabilities	3,591,086	9,494,764	26,419,913
Deferred inflow of resources - Pension	867,653	535,719	-
Deferred inflow of resources - OPEB	46,616	36,517	269
Total liabilities and deferred inflows of resources	4,505,355	10,067,000	26,420,182
Net position	<u>50,964,607</u>	<u>33,390,418</u>	<u>31,848,493</u>
Net investment in capital assets	43,542,075	26,161,691	25,788,495
Restricted	994,625	935,375	909,522
Unrestricted	6,427,907	6,293,352	5,150,476
Total net position	<u>\$ 50,964,607</u>	<u>\$ 33,390,418</u>	<u>\$ 31,848,493</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>2021</u>	<u>2020</u>	<u>2019</u>
Revenues:			
Charges for services	\$ 6,263,843	\$ 6,708,779	\$ 6,578,342
Other	<u>17,281,281</u>	<u>269,452</u>	<u>367,263</u>
Total revenues	23,545,124	6,978,231	6,945,605
Expenses:			
Operating			
Personnel & administrative fee	1,513,661	1,457,134	1,362,498
Power & heat	891,823	599,519	559,717
Biosolids hauling	132,098	287,742	270,974
Chemicals	452,795	170,188	188,058
Operating supplies	76,883	89,490	108,631
Repairs & maintenance	115,131	109,587	155,801
Capital replacement	107,366	251,942	-
Legal fees	15,925	24,174	23,036
Engineering fees	54,714	25,905	15,319
Household Hazardous Waste	-	33,000	33,000
Administrative overhead	332,087	329,469	315,090
Pension (Income)Expense	6,018	30,697	(50,423)
Depreciation	<u>2,061,410</u>	<u>1,516,729</u>	<u>1,350,398</u>
Total operating expenses	5,759,911	4,925,576	4,332,099
Nonoperating			
Interest	141,366	288,801	412,773
Other	<u>69,658</u>	<u>221,929</u>	<u>60,105</u>
Total nonoperating expenses	<u>211,024</u>	<u>510,730</u>	<u>472,878</u>
Total expenses	<u>5,970,935</u>	<u>5,436,306</u>	<u>4,804,977</u>
Changes in net position	<u>17,574,189</u>	<u>1,541,925</u>	<u>2,140,628</u>
Net position, January 1	<u>33,390,418</u>	<u>31,848,493</u>	<u>29,707,865</u>
Net position, December 31	<u>\$ 50,964,607</u>	<u>\$ 33,390,418</u>	<u>\$ 31,848,493</u>

Restructuring in 2019, due in part to turnover in management positions which were not replaced and averaging of 16 FTEs, suppressed the Personnel expense. 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, grew to 18 FTEs in 2021 and continues to focus on employee retention. For the first time since the Authority has reported PERA Pension, the reports from PERA actuaries provided income in 2019 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 with the expense decreasing in 2021. All capital purchases were capitalized to assets for 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. In 2021, three items were expensed rather than capitalized at a total cost of \$107,366, which were: completion of a server replacement project carried over from 2020; repairs to a heating and AC unit; and the painting of

block buildings around the plant. The two largest operating expense increases were: chemicals due to both the increase in overall cost of chemical products and the increase of use with the new process put into place in 2021; and depreciation of the capital contribution with an acquisition cost of \$17,122,945 from the 3.0 Capacity Expansion project which were put into service in February of 2021 then recorded a prorated depreciation.

Capital Assets and Debt Administration

Capital Assets The Authority's investment in capital assets as of December 31, 2021 was \$44,390,465 (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 acquired at \$17,341,395. The majority of this value was contributed capital from the startup of the 3.0 Capacity Expansion project with \$315,647 budgeted for through 2021 rates. Within those rate purchases, assets valued over \$20,000 was the lighting upgrades throughout the plant for \$122,600 which were recorded in CIP as the project was completed in early 2022. The Authority disposed of old equipment valued at \$991,993 most of which was replaced in the capacity expansion and equipment upgrades. Some had not been fully depreciated and were expensed for a total loss of \$69,658. Assets not fully depreciated but disposed were the UV Disinfection Package from 2005 with a loss of \$50,142 and five other assets totaling a loss of \$19,516.

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 was a Construction Manager at Risk (CMAR) project. The award for construction manager was given to Moltz Construction. The project was 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 2021, the escrow held a balance of \$1,668,172. Substantial completion was reached in February 2021. However, as of March 25, 2022, final completion has not been signed off and full retainage not paid while management awaits a resolution to the functionality of the Parkson Filters and the TWAS pumps. All parties are working together to come to a favorable conclusion. Further complications arose when Moltz Construction experienced a large turnover in management associated with the project, leaving PCWRA with a single contact who had been on the project from the beginning.

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 \$832,227. The Authority paid \$2,134,473 toward the long-term debt during 2021. The Authority paid off the 2001 loan, the largest annual principal debt the Authority holds, on August 1, 2021. Additionally, the Authority holds two other loans which are approaching maturity. One will be paid off in 2023 with a principal balance of \$403,836 at the end of 2021 and the other with a loan principal of \$428,391 at the end of 2021 and paid off in 2026.

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. Most small businesses were closed for public safety for much of 2020 with restrictions lifting toward the end of the year. Restrictions loosened in 2021 but ebbed and flowed with the increase and decrease of local hospitalizations due to the virus. The full financial impact to the service area is still unknown and much of the demographic statistics normally available have not been updated by the US Census Bureau at the time this report was written. Additionally, the Town of Castle Rock had not updated the employer ranking data for 2021.

Request for Information

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

Basic Financial Statements

PLUM CREEK WATER RECLAMATION AUTHORITY

Statements of Net Position

December 31, 2021 and 2020

ASSETS	2021	2020
Current Assets:		
Cash	\$ 7,632,620	\$ 7,050,310
Receivables - From Other Governments	509,134	1,070,832
Other Receivable	6,923	15,440
Prepays	1,500	1,850
Inventories	165,855	85,403
3.0 Expansion Member Contributions	<u>1,371,752</u>	<u>4,887,310</u>
Total Current Assets	<u>9,687,784</u>	<u>13,111,145</u>
Noncurrent Assets:		
Restricted Assets:		
Investments - Debt Service ₁	994,625	935,375
Capital Assets:		
Non-Depreciable Assets:		
Land & Capacity	3,514,347	3,514,347
Construction in Progress	122,600	-
Buildings	24,902,950	17,735,796
Improvements Other Than Buildings	18,898,838	18,193,577
Machinery and Equipment	19,464,323	11,109,936
Vehicle	<u>256,370</u>	<u>256,370</u>
Total Capital Assets	67,159,428	50,810,026
Less Accumulated Depreciation	<u>(22,768,963)</u>	<u>(21,626,889)</u>
Total Capital Assets Net of Depreciation	<u>44,390,465</u>	<u>29,183,137</u>
Total Noncurrent Assets	<u>45,385,090</u>	<u>30,118,512</u>
TOTAL ASSETS	<u>55,072,874</u>	<u>43,229,657</u>
Deferred Outflow of Resources		
Deferred Outflow Related to Pension	384,285	215,060
Deferred Outflow Related to OPEB	<u>12,803</u>	<u>12,701</u>
Total Deferred Outflow of Resources	<u>397,088</u>	<u>227,761</u>
Total Assets and Deferred Outflow of Resources	<u>55,469,962</u>	<u>43,457,418</u>
LIABILITIES		
Current Liabilities:		
Accounts Payable	295,571	127,874
3.0 Expansion Project	1,371,752	4,887,310
Accrued Benefits	161,062	172,681
Accrued Interest Payable	18,057	55,196
Current Portion of the Long-Term Debt	<u>297,041</u>	<u>2,173,056</u>
Total Current Liabilities	<u>2,143,483</u>	<u>7,416,117</u>
Noncurrent Liabilities:		
Revenue Loan Payable, Net	551,349	848,390
Pension Liability, Net	788,528	1,101,247
OPEB Liability, Net	<u>107,726</u>	<u>129,010</u>
Total Noncurrent Liabilities	<u>1,447,603</u>	<u>2,078,647</u>
TOTAL LIABILITIES	<u>3,591,086</u>	<u>9,494,764</u>
Deferred Inflow of Resources		
Deferred Inflow Related to Pension	867,653	535,719
Deferred Inflow Related to OPEB	<u>46,616</u>	<u>36,517</u>
Total Deferred Inflow of Resources	<u>914,269</u>	<u>572,236</u>
Total Liabilities and Deferred Inflow of Resources	<u>4,505,355</u>	<u>10,067,000</u>
NET POSITION		
Net Investment in Capital Assets	43,542,075	26,161,691
Restricted - Debt Service ₁	994,625	935,375
Unrestricted	<u>6,427,907</u>	<u>6,293,352</u>
Total Net Position	<u>\$ 50,964,607</u>	<u>\$ 33,390,418</u>

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

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

PLUM CREEK WATER RECLAMATION AUTHORITY
 Statements of Revenues, Expenses and Changes in Net Position
 for the
 Fiscal Years Ended December 31, 2021 and 2020

	2021	2020
Operating Revenue :		
Service Charges	\$ 6,263,843	\$ 6,708,779
Total Operating Revenues	6,263,843	6,708,779
Operating Expenses:		
Personnel Services	1,509,261	1,453,334
Administrative Fees	4,400	3,800
Power & Heat	891,823	599,519
Biosolids Hauling	132,098	287,742
Telephone	32,602	30,272
Chemicals	452,795	170,188
Operating Supplies	76,883	89,490
Gas & Oil	6,274	32,168
Uniform	15,171	17,120
Repair & Maintenance Supplies	9,696	19,961
Repair & Maintenance Services	105,435	89,626
Permits & Fees	27,743	27,876
Legal Fees	15,925	24,174
Auditing	10,200	9,900
Engineering Fees	54,714	25,905
USGS Monitoring	17,376	16,870
Laboratory Fees	36,700	30,107
Insurance	63,088	61,394
Membership Fees	72,455	60,310
Office Expenses	49,955	43,252
Household Hazardous Waste Roundup	-	33,000
Repair & Replacement	107,366	251,942
Pension (Income)Expense	6,018	30,697
Contingency	523	200
Depreciation	2,061,410	1,516,729
Total Operating Expenses	5,759,911	4,925,576
Operating Income	503,932	1,783,203
Nonoperating Revenues (Expenses):		
Investment Earnings	2,305	49,059
Interest Expense	(141,366)	(288,801)
Gain(Loss) on Retirement of Assets	(69,658)	(221,930)
Contributed Capital	17,122,945	-
Lease Income	35,700	33,029
Bond Premium Amortization	38,583	38,583
Forgiveness of Interest	52,182	108,495
Miscellaneous Income	29,566	40,286
Total Nonoperating Revenues (Expenses)	17,070,257	(241,279)
Change in Net Position	17,574,189	1,541,924
Total Net Position - Beginning of Year	33,390,418	31,848,494
Total Net Position - End of Year	\$ 50,964,607	\$ 33,390,418

Service Charges declined nearly 7% from 2020 to 2021 due to the payoff of an internal loan used to outfit the equipment in oxidation ditch #3. Funds were used out of the capital reserves and repaid by the members over five years.

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, 2021 and 2020

	2021	2020
Cash Flows from Operating Activities:		
Receipts from Customers and Users	\$ 6,825,541	\$ 6,631,698
Payments to Suppliers	(3,784,172)	(3,542,921)
Other Receipts	38,433	87,567
Net Cash Provided by Operating Activities	3,079,802	3,176,344
Cash Flows from Capital and Related Financing Activities:		
Acquisition and Construction of Capital Assets	(215,451)	(49,971)
Principal Paid on Capital Debt	(2,134,473)	(2,023,300)
Interest Paid on Capital Debt	(126,323)	(236,059)
Net Cash (Used) in Capital and Related Financing Activities	(2,476,247)	(2,309,330)
Cash Flows from Noncapital Financing Activities:		
Lease Income	35,700	33,029
Net Cash Provided by Noncapital Financing Activities	35,700	33,029
Cash Flows from Investing Activities:		
Purchase of Investments	(3,100)	-
Interest Received	5,405	49,059
Net Cash Provided by Investing Activities	2,305	49,059
Net Increase (Decrease) in Cash and Cash Equivalents	641,560	949,102
Cash and Cash Equivalents		
Beginning of Year	7,985,685	7,036,583
End of Year	\$ 8,627,245	\$ 7,985,685
Detail of Cash and Cash Equivalents:		
Cash in Bank	292,632	193,487
Cash Equivalent State Pool	8,334,613	7,792,198
Total Cash and Cash Equivalents	\$ 8,627,245	\$ 7,985,685
Net Cash Provided by Operating Activities:		
Operating Income	\$ 503,932	\$ 1,783,203
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:		
Depreciation and Amortization	2,061,410	1,516,729
Miscellaneous Income	29,566	40,286
(Increase) Decrease in Current Assets:		
Accounts Receivable - Other Governments	561,698	(77,081)
Other Receivable	8,867	47,281
Inventory	(80,452)	(4,636)
(Increase) Decrease in Deferred Outflow of Resources:		
Deferred Outflow Related to Pension	(169,225)	349,639
Deferred Outflow Related to OPEB	(102)	6,622
Increase (Decrease) in Current Liabilities:		
Accounts Payable	167,697	(35,954)
Accrued Benefits	(11,619)	29,996
Pension Liability	(334,003)	(1,051,708)
(Increase) Decrease in Deferred Inflow of Resources:		
Deferred Inflow Related to Pension	331,934	535,719
Deferred Inflow Related to OPEB	10,099	36,248
Total Adjustments	2,575,870	1,393,141
Net Cash Provided by Operating Activities	\$ 3,079,802	\$ 3,176,344

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, 2021 and 2020

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, 2021 and 2020

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, 2021 and 2020 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. 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

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.

PLUM CREEK WATER RECLAMATION AUTHORITY

Notes to the Financial Statements

December 31, 2021 and 2020

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 \$994,625 for this purpose in 2021.

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 gpd 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; 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 are 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. A final 3.0 Capacity Expansion Agreement dated December 18, 2018 was signed by all PCWRA members with an overall cost agreed to per the Expansion Agreement of \$36,166,532. All funds and their earned interest are tracked by member in an escrow account in Colotrust. Expenditures as of December 31, 2021 totaled \$35,318,571. The total balance in the escrow account as of December 31, 2021 is \$1,668,172.

PLUM CREEK WATER RECLAMATION AUTHORITY

Notes to the Financial Statements

December 31, 2021 and 2020

8. Accrued Benefits

The Authority accrues sick pay for full time employees at 3.08 hours per pay period with a max accrual of 160 hours. Vacation pay is 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 \$114,038 at December 31, 2021 and \$125,093 at December 31, 2020. These amounts are recorded within "Accrued Benefits" on the statements of net position.

9. Long-term obligations

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

10. Net position

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

11. Subsequent Events

The Authority has evaluated subsequent events through March 25, 2022, 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 published by Colorado Department of Labor and Employment reached 11.8% in May 2020. Most small businesses were closed for public safety for much of 2020 with restrictions lifting toward the end of the year. Restrictions have fully lifted for much of Colorado as of March 2022 and many businesses have been able to return to normal operations. The unemployment rate for Colorado at the end of 2021 fell to 4.2%.

PLUM CREEK WATER RECLAMATION AUTHORITY

Notes to the Financial Statements

December 31, 2021 and 2020

D. New Accounting Pronouncements

The GASB issued the following Statements with a 2022 implementation: No. 87, "Leases" – the Authority is evaluating impact but it is believed to be immaterial; No. 89, "Accounting for Interest Cost Incurred before the End of a Construction Period." – No impact; No. 91, "Conduit Debt Obligations." – No impact; No. 92, "Omnibus 2020." – No impact; No. 93, "Replacement of Interbank Offered Rates." – No impact.

Statements with a 2023 implementation: No. 94, "Public-Private and Public-Public Partnerships and Availability Payment Arrangements." – No impact; No. 96, "Subscription-Based Information Technology Arrangements." – No impact; No. 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" – no impact as the Authority has no deferred compensation plans in place.

Implementation Guide No. 2019-1, "Implementation Guidance Update-2019." – no significant impact noted; No. 2019-3, "Leases" – the Authority is evaluating impact which is thought to be immaterial.

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.

III: Detailed notes on all funds

A. Deposits and investments

Cash and investments are reflected on the December 31, 2021 and 2020 statement of net position as follows:

	<u>2021</u>	<u>2020</u>
Current Assets:		
Cash	\$ 7,632,620	\$ 7,050,310
Restricted Assets:		
Investments-Debt Service	994,625	935,375
	<u>\$ 8,627,245</u>	<u>\$ 7,985,685</u>

PLUM CREEK WATER RECLAMATION AUTHORITY

Notes to the Financial Statements

December 31, 2021 and 2020

Cash deposits and investments by classification as of the December 31, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Cash in Bank	\$ 292,632	\$ 193,487
Cash Equivalents - State Pool	<u>8,334,613</u>	<u>7,792,198</u>
Total	<u>\$8,627,245</u>	<u>\$7,985,685</u>

1. Cash and cash equivalents

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. 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, 2021, 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, 2021, the Authority's carrying amount of bank deposits was \$283,404 with a book balance of \$292,632. On December 31, 2020, the Authority's carrying amount of bank deposits was \$221,379, with a book balance of \$193,487.

As of December 31, 2021, and 2020, the Authority had \$5,236,992 and \$7,792,198 respectively, invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST) Plus+, an investment pool established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing COLOTRUST. The trusts operate similarly to money market funds, with each share maintaining a value of \$1.00. Investments consist of U.S. Treasury bills and notes and repurchase agreements collateralized by U.S. Treasury securities. Designated custodian banks provide safekeeping and depository services to the trusts. The Authority moved its capital reserve funds from the COLOTRUST Plus+ to COLOTRUST EDGE on August 5, 2021 and had \$3,097,621 invested as of December 31, 2021. This trust operates similarly to money market funds, with each share maintaining an approximate value of \$10.00. Investments consist of U.S. Treasury notes, Asset Backed Commercial Paper, Commercial Paper, and Certificates of Deposit. Substantially all securities owned by the trust are held by the Federal Reserve Bank in the account maintained for the custodial banks. The custodians' internal records identify the investments owned by COLOTRUST. Information regarding COLOTRUST's financial statements is available at its website, www.colotrust.com. As of December 31, 2021, COLOTRUST Plus+ was rated AAAM by Standard & Poor's and EDGE was rated AAf/S1 by Fitch Ratings.

2. Investments

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

PLUM CREEK WATER RECLAMATION AUTHORITY

Notes to the Financial Statements

December 31, 2021 and 2020

- 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

After research on other investment firms, the Authority recommended to the board of directors that capital reserves be moved to COLOTRUST EDGE for a slightly better portfolio option. The board approved the transfer at their July 27, 2021 regular meeting. Funds were transferred on August 5, 2021. The EDGE portfolio performs very similarly to the Plus+ with the main differences in the liquidity of weekly and daily respectively. Also, the EDGE has a net asset value of approximately \$10 per share while the Plus+ has a net asset value of \$1 per share. With the volatility of the economy at the end of 2021, the Authority experienced an unrealized loss of \$3,100 in the EDGE portfolio while also outpacing the Plus+ interest income and earning \$2,009 in a few months.

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 2021, 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. COLOTRUST EDGE is a variable net asset value (NAV) local government investment pool that offers weekly liquidity to Participants. EDGE is suitable for a local government's strategic reserves/non-operating funds and has a NAV that is managed to approximate a \$10.00 transactional share price. COLOTRUST EDGE measures its investments at fair value so investments in EDGE are not required to be categorized within the fair value hierarchy. EDGE is rated 'AAAf/S1' by Fitch Ratings. As of December 31, 2021, COLOTRUST EDGE possessed a weighted average maturity of 44 days and a weighted average life of 71 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 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.

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B. Capital assets

Capital asset activity for the year ended December 31, 2021 was as follows:

	Balance 1/1/2021	Additions	Deletions	Balance 12/31/2021
Capital assets, not being depreciated:				
Land	\$ 3,514,347	\$ -	\$ -	\$ 3,514,347
Construction in progress	-	122,600	-	122,600
Total capital assets, not being depreciated	<u>3,514,347</u>	<u>122,600</u>	<u>-</u>	<u>3,636,947</u>
Capital assets, being depreciated:				
Buildings	17,735,796	7,167,154	-	24,902,950
Improvements other than buildings	18,193,577	780,061	(74,800)	18,898,838
Machinery and equipment	11,109,936	9,271,580	(917,193)	19,464,323
Vehicles	256,370	-	-	256,370
Total capital assets being depreciated	<u>47,295,679</u>	<u>17,218,795</u>	<u>(991,993)</u>	<u>63,522,481</u>
Less accumulated depreciation for:				
Buildings	7,123,215	484,040	-	7,607,255
Improvements other than buildings	6,669,882	465,189	(59,770)	7,075,301
Machinery and equipment	7,721,177	1,088,410	(859,566)	7,950,021
Vehicles	112,615	23,771	-	136,386
Total Accumulated depreciation	<u>21,626,889</u>	<u>2,061,410</u>	<u>(919,336)</u>	<u>22,768,963</u>
Total capital assets being depreciated, net	<u>25,668,790</u>	<u>15,157,385</u>	<u>(72,657)</u>	<u>40,753,518</u>
Total capital assets, net	<u>\$ 29,183,137</u>	<u>\$ 15,279,985</u>	<u>\$ (72,657)</u>	<u>\$ 44,390,465</u>

Total depreciation expense for the years 2021 and 2020 was \$2,061,410 and \$1,516,729, respectively. Capital assets with a value of \$991,993 were disposed of during 2021 resulting in a loss of \$69,658 for assets not fully depreciated. Most of the loss on capital assets were from replacements for the 3.0 Capacity Expansion Project equipment.

The Authority owns land for the purpose of disposing of biosolids. The land is leased to Denali 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 \$20,700 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, 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
Capacity	-	-	-	-
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>

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C. Long-term debt

The long-term debt activity for the years ended December 31, 2021 and 2020 is as follows:

	Balance 1/1/2021	Additions	Deletions	Balance 12/31/2021	Current Portion
CWRPDA Loan 2001	\$ 1,870,000	\$ -	\$ 1,870,000	\$ -	\$ -
CWRPDA Loan 2002	588,309	-	184,473	403,836	197,161
CWRPDA Loan 2005	508,391	-	80,000	428,391	83,718
Premium	54,746	-	38,583	16,163	16,163
Total long-term debt	\$ 3,021,446	\$ -	\$ 2,173,056	\$ 848,390	\$ 297,041

	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	\$ 5,083,329	\$ -	\$ 2,061,883	\$ 3,021,446	\$ 2,173,056

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 was made by the Authority on August 1, 2021.

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.

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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 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
2022	197,161	20,297
2023	206,675	2,770
Total	\$ 403,836	\$ 23,067

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 0.90 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.

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

Year Ending December 31,	Principal	Interest
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	\$ 428,392	\$ 57,759

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The Authority is not in default of its covenants and obligations under these loans. The Authority maintained operation and maintenance reserve funds totaling \$994,625 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

	<u>2021</u>	<u>2020</u>
Net Income, Non-GAAP Basis	<u>\$ 2,268,869</u>	<u>\$ 1,143,404</u>
Adjustments:		
Capital Outlay	-	(5,180)
Principal Paid on Loan	280,878	2,134,473
Bond Premium Amortization	38,583	38,583
Contributed Capital	17,122,945	-
Loss on Retirement of Assets	(69,658)	(221,930)
Pension Expense	(6,018)	(30,697)
Depreciation	<u>(2,061,410)</u>	<u>(1,516,729)</u>
Total Adjustments	<u>15,305,320</u>	<u>398,520</u>
Net Income, GAAP Basis	<u><u>\$17,574,189</u></u>	<u><u>\$ 1,541,924</u></u>

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, 2021.

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

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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, 2020

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.

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, 2020, 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 2020 is 1.25 percent for all benefit recipients. Thereafter, benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007 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 lessor 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, 2021: Eligible employees and the Authority are required to contribute to the LGDTF at a rate set by Colorado statute. The contribution requirements are established

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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, 2020 through June 30, 2020	July 1, 2020 through December 31, 2020	January 1, 2021 through December 31, 2021
Employee contribution	8.00%	8.50%	8.50%

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

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

	January 1, 2020 Through June 30, 2020	July 1, 2020 Through December 31, 2020	January 1, 2021 Through June 30, 2021	July 1, 2021 Through December 31, 2021
Employer contribution rate	10.00%	10.50%	10.50%	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)%	(1.02)%	(1.02)%
Amount apportioned to the LGDTF	8.98%	9.48%	9.48%	9.48%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	2.20%	2.20%	2.20%	2.20%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	1.50%	1.50%	1.50%	1.50%
Defined Contribution Supplement as specified in C.R.S. § 24-51-415	N/A	N/A	0.02%	0.02%
Total employer contribution rate to the LGDTF	12.68%	13.18%	13.20%	13.20%

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 \$138,121 for the year ended December 31, 2021.

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

At December 31, 2021, the Authority reported a liability of \$788,528 for its proportionate share of the net pension liability. The net pension liability for the LGDTF was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. Standard update procedures were used to roll-forward the total pension liability to December 31, 2020. The Authority's proportion of the net pension liability was based on the Authority's contributions to the LGDTF for the calendar year 2020 relative to the total contributions of participating employers to the LGDTF.

At December 31, 2020, the Authority's proportion was 0.15 percent, which remains the same percent from its proportion measured as of December 31, 2019.

For the year ended December 31, 2021, the Authority recognized pension expense of \$5,593.

At December 31, 2021, 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	\$ 38,125	\$ -
Changes of assumptions or other inputs	190,557	-
Net difference between projected vs. actual earnings	-	852,750
Change in proportion and differences between contributions recognized and proportionate share of contributions	-	14,903
Contributions subsequent to the measurement date	155,603	-
Total	\$ 384,285	\$ 867,653

The \$155,603 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, 2022. 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,	
2022	\$ (112,698)
2023	(102,624)
2024	(289,067)
2025	(134,583)
	\$ (638,972)

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

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	\$ -
Changes in assumptions or other input	-	-
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)
Thereafter	-
	\$ (463,634)

Actuarial assumptions

The total pension liability in the December 31, 2019 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 ¹	Financed by the Annual Increase Reserve

¹ Post-retirement benefit increases are provided by the AIR, accounted separately within each Division Trust Fund, and subject to moneys being available; therefore, liabilities related to increases for members of these benefit tiers can never exceed available assets.

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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.

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, 2019, 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.

Based on the 2020 experience analysis, dated October 28, 2020, for the period January 1, 2016, through December 31, 2019, revised economic and demographic assumptions were adopted by PERA's Board on November 20, 2020, and were effective as of December 31, 2020. The assumptions shown below were reflected in the roll forward calculation of the total pension liability from December 31, 2019, to December 31, 2020.

Actuarial cost method	Entry age
Price inflation	2.30 percent
Real wage growth	0.70 percent
Wage inflation	3.00 percent
Salary increases, including wage inflation:	
Members other than State Troopers	3.20-11.30 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
PERA benefit structure hired after 12/31/06 ¹	Financed by the AIR

¹ Post-retirement benefit increases are provided by the AIR, accounted separately within each Division Trust Fund, and subject to moneys being available; therefore, liabilities related to increases for members of these benefit tiers can never exceed available assets.

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Salary scale assumptions were revised to align with revised economic assumptions and to more closely reflect actual experience.

Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.

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 the Experience Study report dated October 28, 2020. As a result of the November 20, 2020, PERA Board meeting, the following economic assumptions were changed, effective December 31, 2020:

- Price inflation assumption decreased from 2.40 percent per year to 2.30 percent per year.
- Real rate of investment return assumption increased from 4.85 percent per year, net of investment expenses to 4.95 percent per year, net of investment expenses.
- Wage inflation assumption decreased from 3.50 percent per year to 3.00 percent per year.

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.

The PERA Board first adopted the 7.25 percent long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the Board's November 15, 2019, meeting, to be effective January 1, 2020. As of the most recent reaffirmation of the long-term rate of return, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
Global Equity	54.00%	5.60%
Fixed Income	23.00%	1.30%
Private Equity	8.50%	7.10%
Real Estate	8.50%	4.40%
Alternatives ¹	6.00%	4.70%
Total	100.00%	

¹ The Opportunity Fund's name changed to Alternatives, effective January 1, 2020.

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.

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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 3.00%.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increase in SB 18-200. 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 scheduled increase in SB 18-200. 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 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.
- 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.

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

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

	Discount Rate	Authority's proportionate share of net pension liability
1% Decrease current Discount rate	6.25%	1,200,469
	7.25%	521,127
1% Increase	8.25%	(46,035)

Pension plan fiduciary net position

Detailed information about the LGDTF's fiduciary net position is available in PERA's Annual Report which can be obtained at www.copera.org/investments/pera-financial-reports.

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, 2021 and 2020, members contributed \$770 and \$1,040 to the plan, respectively.

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.

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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, 2021 and 2020, members contributed \$11,873 and \$4,501 to the plan, respectively.

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 Annual Report as referred to above.

Funding policy

All participating employees in the PERA DC Plan and the Authority are required to contribute a percentage of the participating employees' PERA-includable salary to the PERA DC Plan. The employee and employer contribution rates for the period January 1, 2020 through December 31, 2021 are summarized in the tables below:

	January 1, 2020 Through June 30, 2020	July 1, 2020 Through December 31, 2020	January 1, 2021 Through December 31, 2021
Employee Contribution Rates:	8.00%	8.50%	8.50%
Employer Contribution Rates:	10.00%	10.00%	10.00%

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

	January 1, 2020 Through June 30, 2020	July 1, 2020 Through December 31, 2020	January 1, 2021 Through June 30, 2021	July 1, 2021 Through December 31, 2021
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411 ¹	2.20%	2.20%	2.20%	2.20%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411 ¹	1.50%	1.50%	1.50%	1.50%
Automatic Adjustment Provision (AAP), as specified in C.R.S. § 24-51-413 ¹	N/A	0.50%	0.50%	0.50%
Defined Contribution Supplement as specified in C.R.S. § 24-51-415	N/A	N/A	0.02%	0.02%
Total employer contribution rate to the LGDTF¹	3.70%	4.20%	4.22%	4.22%

¹Contribution rate for the DC Plan are expressed as a percentage of salary as defined in CRS 24-51-101(42)

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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 \$5,111.

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

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

General information about the OPEB Plan

Plan description

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

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structure are eligible for a premium subsidy, if enrolled in a health care plan under PERACare. Upon the death of a DPS benefit structure retiree, no further subsidy is paid.

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

PERA benefit structure

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

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

The maximum service-based premium subsidy is \$230 per month for retirees who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is \$115 per month for retirees who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The maximum subsidy, in each case, is for retirees 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 retiree pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

For retirees who have not participated in Social Security and who are not otherwise eligible for premium-free Medicare Part A for hospital-related services, the HCTF or the DPS HCTF pays an alternate service-based premium subsidy. Each individual retiree meeting these conditions receives the maximum \$230 per month subsidy reduced appropriately for service less than 20 years, as described above. Retirees who do not have Medicare Part A pay the difference between the total premium and the monthly subsidy.

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 \$10,693 for the year ended December 31, 2021.

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

At December 31, 2021, the Authority reported a liability of \$107,726 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2019. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2020. The Authority's proportion of the net OPEB liability was based on the Authority's contributions to the HCTF for the calendar year 2020 relative to the total contributions of participating employers to the HCTF.

At December 31, 2020, the Authority's proportion was 0.011 percent, which was a decrease of 0.0001 percent from its proportion measured as of December 31, 2019.

For the year ended December 31, 2021, the Authority recognized OPEB expense of \$425. At December 31, 2021, 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	\$ 286	\$ 23,683
Changes in assumptions or other inputs	805	6,606
Net difference between projected and actual earnings on OPEB plan	-	4,402
Change in proportion and differences between contributions recognized and proportionate share of contributions	-	11,925
Contributions subsequent to the measurement date	11,712	-
Total	\$ 12,803	\$ 46,616

\$11,712 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, 2022. 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,	
2022	\$ (10,461)
2023	(9,846)
2024	(10,611)
2025	(11,261)
2026	(3,164)
Thereafter	(182)
	\$ (45,525)

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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	\$ 12,701	\$ 36,517

\$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, 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:

Year Ending December 31,			
2021	\$	(6,889)	
2022		(6,888)	
2023		(6,265)	
2024		(7,041)	
2025		(7,683)	
Therafter		(252)	
Total	\$	(35,018)	

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Actuarial assumptions

The total OPEB liability in the December 31, 2019 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	8.10 percent in 2020, gradually decreasing to 4.50 percent in 2029
Medicare Part A premiums	3.50 percent for 2020, gradually increasing to 4.50 percent in 2029

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 2020 for the PERA Benefit Structure:

Medicare Plan	Initial Costs for Members without Medicare Part A		
	Monthly Cost	Monthly Premium	Monthly Cost Adjusted to Age 65
Medicare Advantage/Self-Insured Rx	\$588	\$227	\$550
Kaiser Permanente Medicare Advantage HMO	621	232	586

The 2020 Medicare Part A premium is \$458 (actual dollars) per month.

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, 2019, the

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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
2020	8.60%	3.50%
2021	7.30%	3.75%
2022	6.00%	3.75%
2023	5.70%	3.75%
2024	5.50%	4.00%
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:

- 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, 2019, valuation were based on the results of the 2016 experience analysis for the period January 1, 2012, through December 31, 2015, as well as the October 28, 2016, actuarial assumptions workshop and were adopted by PERA's Board during the November 18, 2016, Board meeting.

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Based on the 2020 experience analysis, dated October 28, 2020, and November 4, 2020, for the period of January 1, 2016, through December 31, 2019, revised economic and demographic assumptions were adopted by PERA's Board on November 20, 2020, and were effective as of December 31, 2020. The assumptions shown below were reflected in the roll forward calculation of the total OPEB liability from December 31, 2019, to December 31, 2020.

	Local Government Division
Actuarial cost method	Entry age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation:	3.20%-11.30%

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.

Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.

Mortality assumptions used in the roll forward calculations for the determination of the total pension liability for each of the Division Trust Funds as shown below were applied, as applicable, in the roll forward calculation for the HCTF, using a headcount-weighted basis.

Pre-retirement mortality assumptions for the State and Local Government Divisions (Members other than State Troopers) were based upon the PubG-2010 Employee Table with generational projection using scale MP-2019.

The following health care costs assumptions were updated and used in the roll forward calculation 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 2020 plan year.
- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then-current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

Actuarial assumptions pertaining to per capita health care costs and their related trend rates are analyzed and updated annually by the Board's actuary, as discussed above.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four to five years for PERA. Recently this assumption has been reviewed more frequently. The most recent analyses were outlined in the Experience Study report dated October 28, 2020. As a result of the November 20, 2020, PERA Board meeting, the following economic assumptions were changed, effective December 31, 2020:

- Price inflation assumption decreased from 2.40 percent per year to 2.30 percent per year.

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- Real rate of investment return assumption increased from 4.85 percent per year, net of investment expenses to 4.95 percent per year, net of investment expenses.
- Wage inflation assumption decreased from 3.50 percent per year to 3.00 percent per year.

Several factors are considered in evaluating the long-term rate of return assumption, 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 percentages and then adding expected inflation.

The PERA Board first adopted the 7.25 percent long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the Board's November 15, 2019, meeting, to be effective January 1, 2020. As of the most recent reaffirmation of the long-term rate of return, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
Global Equity	54.00%	5.60%
Fixed Income	23.00%	1.30%
Private Equity	8.50%	7.10%
Real Estate	8.50%	4.40%
Alternatives ¹	6.00%	4.70%
Total	100.00%	

¹ The Opportunity Fund's name changed to Alternatives, effective January 1, 2020.

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 nominal 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	7.10%	8.10%	9.10%
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%	4.50%	5.50%
Net OPEB Liability	\$123,402	\$107,726	\$94,332

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:

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- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2020, 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 3.00 percent.
- 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.
- Estimated transfers of dollars into the HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.
- 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	\$ 123,402	\$107,726	\$94,332

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 \$36,840,987 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.

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The Authority pays annual premiums to the Pool for liability, property, and public official's coverage, which are recorded as expenses. In the event the aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool, the Pool may require additional contributions from Pool members. Any excess funds, that the Pool determines are not needed for purpose of the Pool, may be returned to the members pursuant to a distribution formula. Settled claims have not exceeded this coverage in any of the last three fiscal years.

B. Tax, spending, and debt limitation

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

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

Enterprises, defined by TABOR as government-owned businesses authorized to issue revenue bonds and receiving less than 10% of annual revenue in grants from all state and local governments combined, are excluded from the provisions of TABOR. The Authority's management believes the Authority qualifies for this exclusion. However, TABOR is complex and subject to interpretation. Many of its provisions, including qualification as an enterprise, may require further judicial review.

Required Supplementary Information

PLUM CREEK WATER RECLAMATION AUTHORITY
Retirement Plan Supplementary Information

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

<u>Year Ending*</u>	<u>Proportion of the Net Pension Liability</u>	<u>Proportionate Share of the Net Pension Liability</u>	<u>Actual Covered Payroll</u>	<u>Net Pension Liability as a Percentage of Covered Payroll</u>	<u>Fiduciary Net Position as a Percentage of Total Pension Liability</u>
12/31/2017	0.138%	\$ 1,863,308	\$ 836,381	222.78%	73.65%
12/31/2018	0.161%	1,792,599	1,015,651	176.50%	79.40%
12/31/2019	0.167%	2,105,281	1,098,341	191.68%	75.96%
12/31/2020	0.151%	1,101,247	1,054,394	104.44%	86.26%
12/31/2021	0.151%	788,528	1,063,531	74.14%	90.88%

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%
12/31/2021	138,121	142,974	4,853	1,109,911	12.9%

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%
12/31/2021	0.113%	107,726	1,063,531	10.13%	32.78%

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%
12/31/2021	10,693	11,203	510	1,109,911	1.0%

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

Supplementary Information

PLUM CREEK WATER RECLAMATION AUTHORITY
Schedule of Revenues, Expenditures and Changes in Net Position
Budget Actual - Budgetary (Non-GAAP) Basis
December 31, 2021

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Operating Revenue :			
Service Charges	\$ 6,301,296	\$ 6,263,843	\$ (37,453)
Total Operating Revenues	<u>6,301,296</u>	<u>6,263,843</u>	<u>(37,453)</u>
Operating Expenses:			
Personnel Services	1,799,000	1,509,261	289,739
Administrative Fee	4,000	4,400	(400)
Power & Heat	940,000	891,823	48,177
Biosolids Hauling	190,000	132,098	57,902
Telephone	32,500	32,602	(102)
Chemicals	305,000	452,795	(147,795)
Operating Supplies	105,000	76,883	28,117
Gas & Oil	22,000	6,274	15,726
Uniforms	17,000	15,171	1,829
Repair & Maintenance Supplies	-	9,696	(9,696)
Repair & Maintenance Services	109,000	105,435	3,565
Permits & Fees	28,000	27,743	257
Legal Fee	30,000	15,925	14,075
Auditing	10,000	10,200	(200)
Engineering Fee	44,000	54,714	(10,714)
USGS Monitoring	17,000	17,376	(376)
Laboratory Fee	33,000	36,700	(3,700)
Insurance	74,000	63,088	10,912
Membership Fees	80,000	72,455	7,545
Office Expenses	101,000	49,955	51,045
Household Hazardous Waste Roundup	33,000	-	33,000
Repair & Replacement	567,000	107,366	459,634
Contingency	5,000	523	4,477
Total Operating Expenses	<u>4,545,500</u>	<u>3,692,483</u>	<u>853,017</u>
Total Operating Income	<u>1,755,796</u>	<u>2,571,360</u>	<u>815,564</u>
Nonoperating Revenues(Expenses) :			
Interest Income	25,000	2,305	(22,695)
Lease Income	33,000	35,700	2,700
Miscellaneous Income	30,000	22,559	(7,441)
Revenue Rebate	\$10,000	7,007	(2,993)
Principal Paid on Loan	(1,994,553)	(280,878)	1,713,675
Interest Paid on Loan	(266,243)	(89,184)	177,059
Capital Outlay	(70,000)	-	70,000
Total Nonoperating Revenues(Expenses)	<u>(2,232,796)</u>	<u>(302,491)</u>	<u>1,930,305</u>
Net Income, Non-GAAP Basis	(477,000)	2,268,869	2,745,869
Net Position - Beginning of Year	9,228,790	9,228,790	-
Net Position - End of Year	<u>\$ 8,751,790</u>	<u>\$ 11,497,659</u>	<u>\$ 2,745,869</u>
Net Income, Non-GAAP Basis		<u>\$ 2,268,869</u>	
Adjustments:			
Principal Paid on Loan		280,878	
Bond Premium Amortization		38,583	
Contributed Capital		17,122,945	
Loss on Retirement of Assets		(69,658)	
Pension Expense		(6,018)	
Depreciation		<u>(2,061,410)</u>	
Total Adjustments		<u>15,305,320</u>	
Net Income, GAAP Basis		<u>\$ 17,574,189</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, 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		(1,516,729)	
Total Adjustments		<u>398,520</u>	
Net Income, GAAP Basis		<u>\$ 1,541,924</u>	

See the independent auditors' report.

STATISTICAL SECTION

PLUM CREEK WATER RECLAMATION AUTHORITY
STATISTICAL SECTION
TABLE OF CONTENTS

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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
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
2021	\$ 43,542,075	994,625	6,427,907	\$ 50,964,607

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		Income/(Loss) before Capital Contributions	Capital Contributions	Change in Net Position
				Nonoperating Revenues/(Expenses)				
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	(126,790)	(1)	(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
2021	\$ 6,263,843	5,759,911	503,932	17,070,257	(2)	451,244	17,122,945	\$ 17,574,189

(1) 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.

(2) The 3.0 Capacity Expansion project was put into service during 2021 and equipment was contributed from the members to PCWRA through the 3.0 Capacity Expansion Agreement dated December 18, 2018.

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>
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
2021	\$ 6,108,860	192,436	\$ 6,301,296

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 Expensed	Administrative Costs	PERA Pension Expense	Subtotal, Expenses before Depreciation	Depreciation	Total Operating Expenses
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)	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
2021	\$ 1,513,661	891,823	132,098	452,795	76,883	-	115,131	107,366	402,726	(2)	3,698,501	2,061,410	\$ 5,759,911

(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.

(2) Startup of the 3.0 Capacity Expansion project and changes to the process. Electricity and Chemical costs increased and Biosolids Hauling decreased. Depreciation expenses increased due to putting a equipment in service early in the year at a large value and depreciating that value over the year.

PLUM CREEK WATER RECLAMATION AUTHORITY
Nonoperating Revenue and Expenses

Last Ten Years

Unaudited

YEAR	Interest and		Interest Income	Miscellaneous Income	Bond Premium	Lease Income	Gain (Loss) on		Contribution	Total Non Operating (Expenses) Revenue
	Fiscal Charges	Disposal of Capital Assets								
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 (1)	(554,945)	53,640	25,392	38,583	33,000	1,980	-	(402,350)		
2017 (2)	(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)		
2021 (3)	(89,184)	2,305	29,566	38,583	35,700	(69,658)	17,122,945	17,070,257		

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

(2) 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.

(3) The 3.0 Capacity Expansion project was put into service during 2021 and equipment was contributed from the members to PCWRA through the 3.0 Capacity Expansion Agreement dated December 18, 2018.

PLUM CREEK WATER RECLAMATION AUTHORITY

Sewer and Reuse Rates

Last Ten Years

Unaudited

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Sewer Rates										
Town of Castle Rock	\$ 3.94	\$ 4.08	\$ 4.17	\$ 3.95	\$ 3.71	\$ 3.45	\$ 3.43	\$ 3.48	\$ 3.49	\$ 3.40
Castle Pines Metro District	2.19	2.26	2.46	2.64	2.49	2.38	2.42	2.68	2.70	2.71
Castle Pines North Metro District	2.89	2.93	3.08	3.29	3.08	2.84	3.02	3.25	3.20	3.14
Castleton Center	2.62	2.71	2.93	2.72	2.53	4.61	4.75	4.11	3.92	4.27
Silver Heights	2.50	2.61	2.79	2.74	2.61	2.83	2.53	2.61	2.76	2.66
Reuse Rates										
The International Golf Club	\$ 1.49	\$ 1.47	\$ 1.54	\$ 1.57	\$ 1.88	\$ 1.59	\$ 1.82	\$ 1.78	\$ 1.38	\$ 0.99
Country Club at Castle Pines	1.50	1.48	1.48	1.62	1.87	1.72	1.88	1.71	1.23	0.85
The Ridge Golf Club at CPN	1.52	1.49	1.48	1.63	1.88	1.71	1.86	1.72	1.28	0.87
Red Hawk Golf Club ⁽¹⁾								1.16	1.16	0.74

⁽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>	
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%
2021	\$ 5,109,483	82%	1,154,360	18%	\$ 6,263,843	100%

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

PLUM CREEK WATER RECLAMATION AUTHORITY

Ratios of Outstanding Debt to Service Charges

Last Ten Years

Unaudited

Fiscal Year End December 31,	CWRPDA	CWRPDA	CWRPDA	Premium	Total	Service	Percent Service Charges to Debt Service
	Loan 2001	Loan 2002	Loan 2005			Charges	
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%
2021	\$ -	403,836	428,391	16,163	\$ 848,390	\$ 6,263,843	738%

(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	
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
2021	\$ 6,422,179	3,698,501	2,723,678	2,134,473	141,366	\$ 2,275,839	1.20

(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*	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 & 2021 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
2012	51,600	14,550	66,150	48,231	3,614	10,360	62,205
2013	53,600	14,600	68,200	not available	not available	not available	not available
2014	58,000	15,245	73,245	not available	not available	not available	not available
2015	60,145	15,340	75,485	not available	not available	not available	not available
2016	62,700	15,375	78,075	not available	not available	not available	not available
2017	65,015	15,440	80,455	not available	not available	not available	not available
2018	69,300	15,940	85,240	not available	not available	not available	not available
2019	73,070	16,440	89,510	not available	not available	not available	not available
2020	75,563	17,485	93,048	not available	not available	not available	not available
2021	79,705	not available	not available	not available	not available	not available	not available

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

	2020				2019				2018				2017				2016				2015				2014				2013			
	Approx. # of employees	Rank	%Total Employment	Approx. # of employees	Rank	%Total Employment	Approx. # of employees	Rank	Approx. # of employees	Rank	%Total Employment	Approx. # of employees	Rank	Approx. # of employees	Rank	%Total Employment	Approx. # of employees	Rank	Approx. # of employees	Rank	%Total Employment	Approx. # of employees	Rank	Approx. # of employees	Rank	%Total Employment	Approx. # of employees	Rank	Approx. # of employees	Rank	%Total Employment	
Top Ten Employers in the Authority's Service Area	1482	1	6	1525	1	7	1550	1	1550	1	8	1550	1	1550	1	8	1555	1	1555	1	8	1430	1	1430	1	1430	1	1430	1	9		
Douglas County School District	1326	2	6	1290	2	6	1235	2	1235	2	6	1195	2	1195	2	6	1195	2	1195	2	6	1100	2	1100	2	1100	2	1100	2	7		
Douglas County Government	793	3	3	825	3	4	755	3	755	3	4	720	3	720	3	3	720	3	720	3	3	550	3	550	3	550	3	550	3	3		
Town of Castle Rock Government	333	7	1	295	6	1	300	6	300	6	1	300	5	300	5	1	300	5	300	5	1	310	5	310	5	310	5	310	5	2		
Wal-Mart	563	4	2	570	5	2	470	4	470	4	2	420	4	420	4	2	420	4	420	4	2	400	4	400	4	400	4	400	4	2		
King Soopers (3 stores)				165	8	1	160	10	160	10	1	160	9	160	9	1	160	9	160	9	1	150	8	150	8	150	8	150	8	1		
Brookside Inn (nursing home)				163	9	1																150	9	150	9	150	9	150	9	1		
Home Depot	232	10	1																			140	10	140	10	140	10	140	10	1		
Castle Pines Golf Club	501	5	2	580	4	2																240	6	240	6	240	6	240	6	1		
Hudick Excavating Inc.	269	9	1																			145	7	145	7	145	7	145	7	1		
Kraemer North America LLC	281	8	1	280	7	1																										
Castle Rock Adventist Hospital	160	10	1	160	10	1																										
Sam's Club	361	6	2																													
Rocky Mountain Excavating																																
Top Ten Employers in the Authority's Service Area	1550	1	7	1550	1	8	1550	1	1550	1	8	1550	1	1550	1	8	1555	1	1555	1	8	1430	1	1430	1	1430	1	1430	1	9		
Douglas County School District	1260	2	6	1235	2	6	1195	2	1195	2	6	1195	2	1195	2	6	1195	2	1195	2	6	1100	2	1100	2	1100	2	1100	2	7		
Douglas County Government	785	3	4	755	3	4	720	3	720	3	4	720	3	720	3	3	720	3	720	3	3	550	3	550	3	550	3	550	3	3		
Town of Castle Rock Government	280	7	1	280	7	1	280	7	280	7	1	280	7	280	7	1	280	7	280	7	1	245	7	245	7	245	7	245	7	1		
Wal-Mart	520	4	2	470	4	2	420	4	420	4	2	420	4	420	4	2	420	4	420	4	2	400	4	400	4	400	4	400	4	2		
King Soopers (3 stores)				160	10	1																										
Brookside Inn (nursing home)																																
Douglas Cty Library (CR & CPN)	175	9	1	160	10	1																										
Home Depot	190	8	1	225	8	1																										
TPM Staffing Services	390	5	2	240	7	1																										
Hudick Excavating Inc.	290	6	1	295	5	1																										
Kraemer North America LLC	160	10	1	180	9	1																										
Castle Rock Adventist Hospital																																
Sam's Club																																
Top Ten Employers in the Authority's Service Area	1520	1	8	1470	1	8	1470	1	1470	1	8	1470	1	1470	1	8	1430	1	1430	1	8	1430	1	1430	1	1430	1	1430	1	9		
Douglas County School District	1150	2	6	1100	2	6	1100	2	1100	2	6	1100	2	1100	2	6	1100	2	1100	2	6	1100	2	1100	2	1100	2	1100	2	7		
Douglas County Government	670	3	3	600	3	3	600	3	600	3	3	600	3	600	3	3	600	3	600	3	3	550	3	550	3	550	3	550	3	3		
Town of Castle Rock Government	290	5	1	290	5	1	290	5	290	5	1	290	5	290	5	1	290	5	290	5	1	310	5	310	5	310	5	310	5	2		
Wal-Mart	420	4	2	400	4	2	400	4	400	4	2	400	4	400	4	2	400	4	400	4	2	400	4	400	4	400	4	400	4	2		
King Soopers (3 stores)	160	8	1	155	7	1	155	7	155	7	1	155	7	155	7	1	155	7	155	7	1	150	8	150	8	150	8	150	8	1		
Brookside Inn (nursing home)				145	9	1	145	9	145	9	1	145	9	145	9	1	145	9	145	9	1	140	9	140	9	140	9	140	9	1		
Douglas Cty Library (CR & CPN)																																
Home Depot	260	6	1	240	6	1	240	6	240	6	1	240	6	240	6	1	240	6	240	6	1	240	6	240	6	240	6	240	6	1		
Castle Pines Golf Club	175	7	1	145	10	1	145	10	145	10	1	145	10	145	10	1	145	10	145	10	1	140	10	140	10	140	10	140	10	1		
TPM Staffing Services	145	9	1																													
Hudick Excavating Inc.																																
Kraemer North America LLC																																
Top Ten Employers in the Authority's Service Area	1400	1	9	1420	1	9	1420	1	1420	1	9	1420	1	1420	1	9	1420	1	1420	1	9	1420	1	1420	1	1420	1	1420	1	9		
Douglas County School District	1090	2	7	1070	2	7	1070	2	1070	2	7	1070	2	1070	2	7	1070	2	1070	2	7	1070	2	1070	2	1070	2	1070	2	7		
Douglas County Government	530	3	3	520	3	3	520	3	520	3	3	520	3	520	3	3	520	3	520	3	3	520	3	520	3	520	3	520	3	3		
Town of Castle Rock Government	340	5	2	330	5	2	330	5	330	5	2	330	5	330	5	2	330	5	330	5	2	330	5	330	5	330	5	330	5	2		
Wal-Mart	370	4	2	370	4	2	370	4	370	4	2	370	4	370	4	2	370	4	370	4	2	370	4	370	4	370	4	370	4	2		
King Soopers (3 stores)	180	6	1	170	6	1	170	6	170	6	1	170	6	170	6	1	170	6	170	6	1	170	6	170	6	170	6	170	6	1		
Brookside Inn (nursing home)	140	8	1	140	8	1	140	8	140	8	1	140	8	140	8	1	140	8	140	8	1	140	8	140	8	140	8	140	8	1		
Douglas Cty Library (CR & CPN)	130	9	1	140	9	1	140	9	140	9	1	140	9	140	9	1	140	9	140	9	1	140	9	140	9	140	9	140	9	1		
Safeway (2 stores)	140	7	1	145	7	1	145	7	145	7	1	145	7	145	7	1	145	7	145	7	1	145	7	145	7	145	7	145	7	1		
Home Depot	130	10	1	120	10	1	120	10	120	10	1	120	10	120	10	1	120	10	120	10	1	120	10	120	10	120	10	120	10	1		
Castle Pines Golf Club																																

PLUM CREEK WATER RECLAMATION AUTHORITY

Operating and Capital Indicators

Last Ten Years

Unaudited

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
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)	1453	1473	1540	1700	1708	1669	1678	1754	1827	1907
Unused Permitted Capacity (MG)	898	878	811	651	648	682	673	597	524	444
Percentage of Permitted Hydraulic Capacity Utilized	62%	63%	66%	72%	72%	71%	71%	75%	78%	81%
Treatment Costs per Million Gallons (Operating Expenses less capital replacement, depreciation and debt service)	\$ 2,064	\$ 1,978	\$ 1,981	\$ 1,757	\$ 1,651	\$ 2,968	\$ 2,104	\$ 1,700	\$ 1,728	\$ 1,883

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

Sources: PCWRA Operation Flow Data
GDPHE Permit # CO0038547