

Director of Local Government Audits,

Attached please find the Annual Financial Report for PCWRA for fiscal year 2022. The Authority's Board approved this financial report at its regular meeting held on Wednesday, April 26, 2023. If you have any questions or need additional information, please contact our office at 303-688-1991. Acknowledgement of receipt is appreciated.

Respectfully,

Lucinda Young  
Administrative Assistant II



PLUM CREEK WATER RECLAMATION AUTHORITY  
CASTLE ROCK, COLORADO

ANNUAL COMPREHENSIVE FINANCIAL REPORT  
For the years ended December 31, 2022 and 2021

Prepared by:  
Lissa Oelkers, Director of Administrative Services

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# **INTRODUCTORY SECTION**



April 26, 2023

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, 2022.

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, 2022, 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, 2022, 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 51 and 52, 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. With the pandemic coming to a close, demographic information is now more available and caught up from 2020 through 2022. Douglas County unemployment rate has had a decline since the 5% increase in 2021 with 2022 at 2.9% and 2023 starting out at 2.3%. The Town of Castle Rock reports population statistics of 75,563 from 2020 to 79,705 in 2021, a 5.5% growth then a bit of a slowdown in 2022 of 2.5% reporting 81,697 population estimate. Population estimates in Castle Pines North and the Village combined exploded by 16% from 2020 to 2021 reporting 17,485 and 20,313 respectively. 2022 was a much lower rate at 2.5% and a total of 20,820. The 2020 census for the area was finally available and is shown in the Statistical Section on page 62. The median household income for the county grew by approximately 6.4% with the Authority's service area experiencing the following median income growth rates from 2020 to 2021: Town of Castle Rock 6.9%, and the City of Castle Pines 5%. However, the Castle Pines Village has experienced a decline of 4.5% and an additional 20% from 2019 to 2020 to 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, commits 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.

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. All assets were contributed to the Authority in 2021 however, the retainage has not been paid nor the completion signed off as of March 2023. 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 was put on hold while the members evaluate future requirements. While planning for the 2023 budget, the PCWRA board approved requiring capital payments from the reuse users and to begin planning and obtaining a loan for the reservoir project. The Authority expects to begin this project in the late fall of 2023. To aid in long-term planning, the Authority put out an RFP in March 2023 for the creation of an updated Utility Plan with an expected completion timeframe of the summer of 2023. 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 alleviates a substantial amount of capital cost to the members beginning with the 2022 budget. Another CWRPDA loan will be paid off on August 1, 2023, leaving one final loan which matures in 2026. Additional information can be found in the Notes to the Financial Statements in Section C. Long-term debt on page 29.

### **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.

At the end of 2022 the Authority management presented a Reserve and Rate Stabilization Policy to the Board which was approved and put into practice as of the 2023 budget. The policy set a catastrophic failure reserve of 2% of fixed asset replacement cost value; an operating reserve equal to 90 days of O&M cost; rate

revenue stabilization reserve which identifies specific projects and expenses not normally considered for annual rate setting and will utilize the general reserves; and finally, a capital reserve which stipulates a flat contribution by the members increasing by \$100,000 every three years with a cap of \$800,000 per year and any requirements above the flat rate to be expended through the capital reserve funds.

### **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, 2021. This was the twenty-seventh 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**

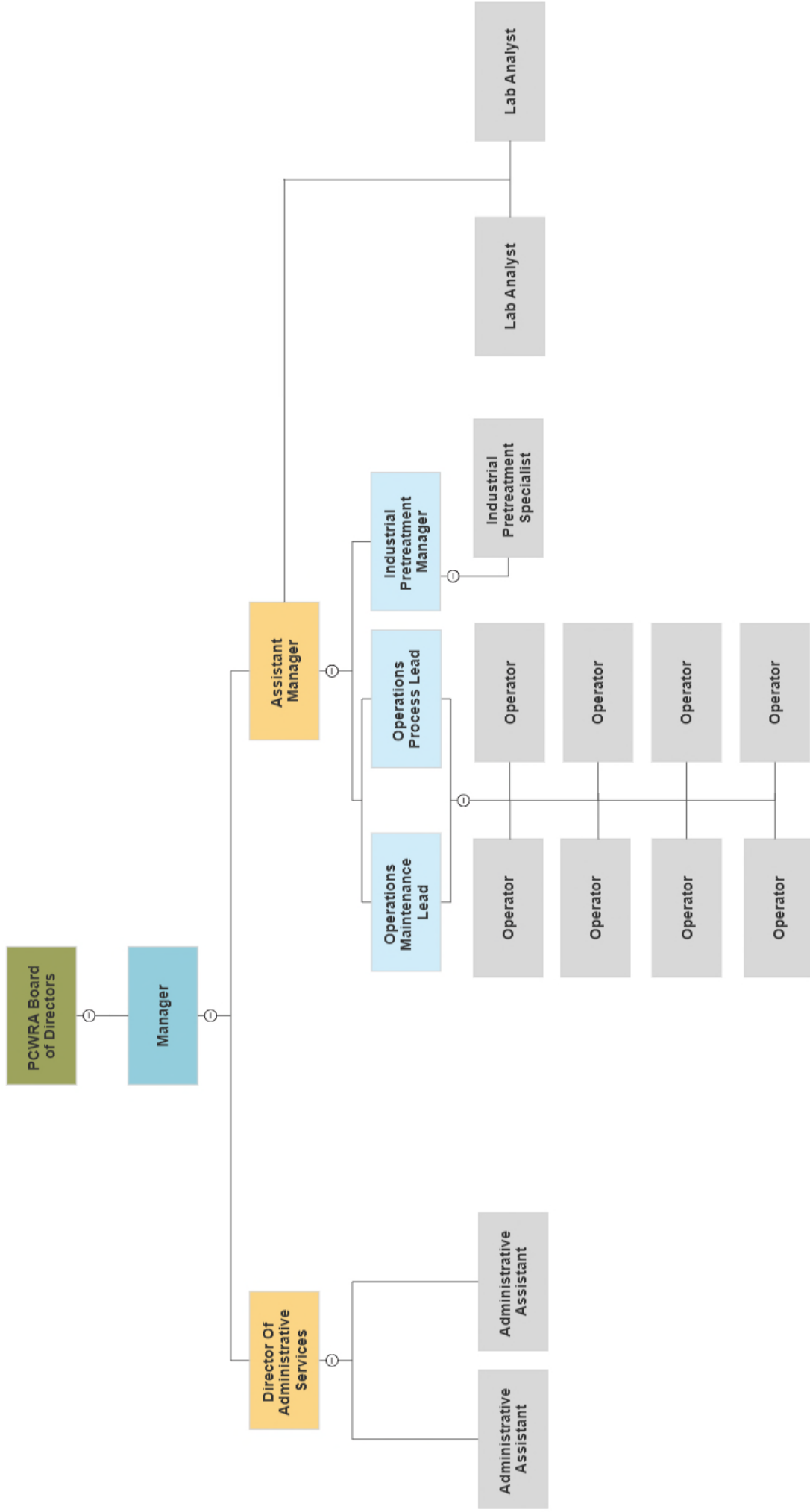
For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

December 31, 2021

*Christopher P. Morrill*

Executive Director/CEO

# Plum Creek Water Reclamation Authority – 2022



**PLUM CREEK WATER RECLAMATION AUTHORITY**  
**Appointed Officials - as of December 31, 2022**

APPOINTED OFFICIALS

PCWRA OFFICE

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

Secretary  
(President July - Dec)

Mr. Richard Munday  
**Castle Pines Metropolitan District**  
January 1, 2022 - June 27, 2022

Vice-President

Joshua Shackelford  
**Castle Pines Metropolitan District**  
June 28, 2022 - December 31, 2022

Vice-President

Mr. Jim Worley  
**Castle Pines North Metro District**  
January 1, 2022 - June 28, 2022

President

Mr. Nathan Travis  
**Castle Pines North Metro District**  
August 23, 2022 - December 31, 2022

Secretary

AUTHORITY MANAGER

Mr. Weston Martin

ASSISTANT AUTHORITY MANAGER

Mr. Kirby Clark

CONSULTANTS


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

# **FINANCIAL SECTION**



1221 W. Mineral Avenue, Suite 202  
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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, 2022 and 2021 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, 2022, and 2021, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of 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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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**

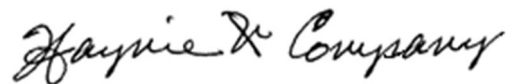
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's financial statements as a whole. The budgetary comparison schedules are presented for purposes of additional analysis and are not a required part of the financial statements.

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 14, 2023

## 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, 2022. 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 \$50,800,418. This reflects a decrease in net position from 2021 to 2022 of \$164,189. Total Operating Expenses increased from 2021 to 2022 by \$493,432. Some of the assets contributed from the 3.0 Capacity Expansion project had a larger depreciation due to the date of acquisition. Additionally, a new generator was contributed, and a new vehicle added which increased the overall depreciation expense by \$99,936 year over year. Due to the economic conditions of 2022, Power & Heat as well as Operating Supplies costs increased by more than \$90,000 each and to keep up with inflation and health care costs, Personnel Services expense increased by \$291,859. 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 \$237,937 and total deferred outflow decreasing by \$170,094 from 2021 to 2022. According to the actuarial calculations provided, the Authority's investment in PERA went from a net liability of \$788,528 in 2021 to a net asset of \$122,371 in 2022. Since PERA reports one year in arrears, the changes in investment are reflected for 2021. The Authority began reporting the PERA liability as of 2017. The change in total liability from 2021 to 2022 decreased \$997,072 and was reflected mostly in the noncurrent liabilities of Pension and OPEB, net liabilities decrease of \$927,791. Additional information regarding PERA can be found in Section IV of the Notes on pages 31 – 47.

The nonoperating revenues/expenses reflect a large revenue decrease of \$16,673,854 from 2021 to 2022 as the new equipment from the 3.0 Capacity Expansion project was contributed to PCWRA as of February 2021 and only the value of \$210,000 for a new generator was contributed in 2022. A small number of assets were disposed in 2022 which held a book value resulting in a small loss on retirement of assets which was much less than 2021. 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 increase with the financial climate in 2022 as interest rates began to rise significantly.

As the loans from the 2005 expansion come to a close and the 3.0 Expansion Project draws to a close, the Authority is reviewing options to fund a Reuse Reservoir Rehabilitation and Pump Station Project. The exact cost of this project is still unknown but expected to be approximately \$6,000,000. Users of the reuse system began paying into a capital reserve in 2023 to plan for future capital replacement projects.

### 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 20 - 48 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 49 – 52.

## **Financial Analysis**

As noted, net position may, over time, serve as a useful indicator of the Authority's financial position. Assets exceeded liabilities by \$50,800,418 at the close of the most recent fiscal year and by \$50,964,607 at the close of the 2021 fiscal year.

By far, the largest portion (83 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

Conversely to past fiscal years, the Authority reports a decrease to the net position of \$164,189 from 2021 to 2022 compared to increasing by \$17,574,189 from 2020 to 2021 and by \$1,541,924 from 2019 to 2020.

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Current and other assets	\$ 11,527,879	\$ 10,682,409	\$ 14,046,520
Capital assets	42,791,765	44,390,465	29,183,137
Total current and other assets	<u>54,319,644</u>	<u>55,072,874</u>	<u>43,229,657</u>
Deferred outflow of resources - Pension	213,339	384,285	215,060
Deferred outflow of resources - OPEB	13,655	12,803	12,701
Total assets and deferred outflows of resources	<u>54,546,638</u>	<u>55,469,962</u>	<u>43,457,418</u>
Current liabilities	2,241,649	2,143,483	7,416,117
Noncurrent liabilities	352,365	1,447,603	2,078,647
Total liabilities	<u>2,594,014</u>	<u>3,591,086</u>	<u>9,494,764</u>
Deferred inflow of resources - Pension	1,104,040	867,653	535,719
Deferred inflow of resources - OPEB	48,166	46,616	36,517
Total liabilities and deferred inflows of resources	<u>3,746,220</u>	<u>4,505,355</u>	<u>10,067,000</u>
Net position	<u><u>50,800,418</u></u>	<u><u>50,964,607</u></u>	<u><u>33,390,418</u></u>
Net investment in capital assets	42,240,416	43,542,075	26,161,691
Restricted	1,200,000	994,625	935,375
Unrestricted	7,360,002	6,427,907	6,293,352
Total net position	<u><u>\$ 50,800,418</u></u>	<u><u>\$ 50,964,607</u></u>	<u><u>\$ 33,390,418</u></u>

The restricted asset is a requirement from the Colorado Water Resources and Power Development Authority (CWRPDA) for two loans obtained in 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>2022</u>	<u>2021</u>	<u>2020</u>
Revenues:			
Charges for services	\$ 5,692,751	\$ 6,263,843	\$ 6,708,779
Other	438,689	17,281,281	269,452
Total revenues	6,131,440	23,545,124	6,978,231
Expenses:			
Operating			
Personnel & administrative fee	1,804,620	1,513,661	1,457,134
Power & heat	982,702	891,823	599,519
Biosolids hauling	153,625	132,098	287,742
Chemicals	529,358	452,795	170,188
Operating supplies	169,447	76,883	89,490
Repairs & maintenance	160,149	115,131	109,587
Capital replacement	130,726	107,366	251,942
Legal fees	32,070	15,925	24,174
Engineering fees	53,710	54,714	25,905
Household Hazardous Waste	-	-	33,000
Administrative overhead	384,940	332,087	329,469
Pension (Income)Expense	(309,350)	6,018	30,697
Depreciation	2,161,346	2,061,410	1,516,729
Total operating expenses	6,253,343	5,759,911	4,925,576
Nonoperating			
Interest	41,500	141,366	288,801
Other	786	69,658	221,929
Total nonoperating expenses	42,286	211,024	510,730
Total expenses	6,295,629	5,970,935	5,436,306
Changes in net position	(164,189)	17,574,189	1,541,925
Net position, January 1	50,964,607	33,390,418	31,848,493
Net position, December 31	<u>\$ 50,800,418</u>	<u>\$ 50,964,607</u>	<u>\$ 33,390,418</u>

In 2020, the Authority maintained an average of 17 FTEs, grew to 18 FTEs in 2022 and continues to focus on employee retention. For the first time since 2019, the reports from PERA actuaries provided pension income in 2022 rather than expense due, in part, to investment earnings. PERA reports in arrears therefore this income is stated for 2021 and reported in the Authority's 2022 financials. 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: the 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. Again in 2022, \$130,726 in capital replacement/repairs occurred which were expensed rather than capitalized. Those projects were: painting the exterior of all facility buildings; centrifuge repairs; asphalt repairs; filling a void in the ground under the trailer bay; and an emergency potable water line inspection and repair. The largest operating expense increases were: personnel, power & heat, and operating supplies due to the economic conditions of 2022. Chemicals increased from 2020 to 2021 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. Costs for those chemicals continued to rise in 2022. Depreciation of the capital contributions 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 with a subsequent full depreciation in 2022.

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

**Capital Assets** The Authority's investment in capital assets as of December 31, 2022 was \$42,791,765 (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 \$691,031. The majority of this value was from a \$210,000 generator contributed capital from the startup of the 3.0 Capacity Expansion project. The lighting upgrades throughout the plant for \$122,600, which were recorded in CIP in 2021, was completed in early 2022 finalizing the value at \$127,018. Three other purchases over \$20,000 were the Ditch 1 Upgrade Project for \$111,357; a 6-inch Gorman Rupp pump for \$69,843; and an AQ400 Discrete Analyzer for the laboratory at \$47,425. The Authority disposed of old equipment valued at \$370,763 most of which was fully depreciated and from very old plant processes and replaced with the new 3.0 Expansion Project. Between trade-ins and the small amount of book value left, there was a small net loss of \$786.

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 capacity. 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 Colostrust. 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 2022, the escrow held a balance of \$1,682,326. Substantial completion was reached in February 2021. However, as of April 14, 2023, final completion has not been signed off and full retainage not paid while management awaits a resolution to the functionality of the Parkson Filters. 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 \$551,349. The Authority paid \$280,879 toward the long-term debt during 2022. The Authority paid off the 2001 loan, the largest annual principal debt the Authority held, 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 \$206,675 at the end of 2022 and the other with a loan principal of \$344,673 at the end of 2022 and paid off in 2026.

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

### **Risks & Uncertainties**

With the 2020 coronavirus pandemic essentially over, the Authority's service area has bounced back with restaurants and businesses open for business. While median and per capita income saw a decline

in most of the service area in 2020, there was a resurgence in 2021 rising above 2019 levels however there was no data yet available for 2022. The population continued to climb throughout the pandemic with a 4% increase in 2020, 7.5% increase in 2021 and another 2.5% in 2022 for the Authority's service area. During 2022 and continuing into 2023, inflation and supply chain issues are the biggest concern and contribute to higher operating costs.

### **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, 2022 and 2021

<b>ASSETS</b>	<b>2022</b>	<b>2021</b>
<b>Current Assets:</b>		
Cash and Investments	\$ 8,160,928	\$ 7,632,620
Receivables - From Other Governments	489,008	509,134
Other Receivable	9,377	6,923
Prepays	449	1,500
Inventories	160,330	165,855
3.0 Expansion Member Contributions	1,385,416	1,371,752
<b>Total Current Assets</b>	<u>10,205,508</u>	<u>9,687,784</u>
<b>Noncurrent Assets:</b>		
Restricted Assets:		
Investments - Debt Service <sub>1</sub>	1,200,000	994,625
Capital Assets:		
Non-Depreciable Assets:		
Land & Capacity	3,514,347	3,514,347
Construction in Progress	-	122,600
Buildings	24,910,111	24,902,950
Improvements Other Than Buildings	19,164,263	18,898,838
Machinery and Equipment	19,504,960	19,464,323
Vehicle	263,415	256,370
Total Capital Assets	67,357,096	67,159,428
Less Accumulated Depreciation	(24,565,331)	(22,768,963)
Total Capital Assets Net of Depreciation	42,791,765	44,390,465
Pension Asset, Net	122,371	-
Total Pension Asset, Net	122,371	-
<b>Total Noncurrent Assets</b>	<u>44,114,136</u>	<u>45,385,090</u>
<b>TOTAL ASSETS</b>	<u>54,319,644</u>	<u>55,072,874</u>
<b>Deferred Outflow of Resources</b>		
Deferred Outflow Related to Pension	213,339	384,285
Deferred Outflow Related to OPEB	13,655	12,803
<b>Total Deferred Outflow of Resources</b>	<u>226,994</u>	<u>397,088</u>
<b>Total Assets and Deferred Outflow of Resources</b>	<u>54,546,638</u>	<u>55,469,962</u>
<b>LIABILITIES</b>		
<b>Current Liabilities:</b>		
Accounts Payable	420,097	295,571
3.0 Expansion Project	1,385,416	1,371,752
Accrued Benefits	137,343	161,062
Accrued Interest Payable	8,975	18,057
Current Portion of the Long-Term Debt	289,818	297,041
<b>Total Current Liabilities</b>	<u>2,241,649</u>	<u>2,143,483</u>
<b>Noncurrent Liabilities:</b>		
Revenue Loan Payable, Net	261,531	551,349
Pension Liability, Net	-	788,528
OPEB Liability, Net	90,834	107,726
<b>Total Noncurrent Liabilities</b>	<u>352,365</u>	<u>1,447,603</u>
<b>TOTAL LIABILITIES</b>	<u>2,594,014</u>	<u>3,591,086</u>
<b>Deferred Inflow of Resources</b>		
Deferred Inflow Related to Pension	1,104,040	867,653
Deferred Inflow Related to OPEB	48,166	46,616
<b>Total Deferred Inflow of Resources</b>	<u>1,152,206</u>	<u>914,269</u>
<b>Total Liabilities and Deferred Inflow of Resources</b>	<u>3,746,220</u>	<u>4,505,355</u>
<b>NET POSITION</b>		
Net Investment in Capital Assets	42,240,416	43,542,075
Restricted - Debt Service <sub>1</sub>	1,200,000	994,625
Unrestricted	7,360,002	6,427,907
<b>Total Net Position</b>	<u>\$ 50,800,418</u>	<u>\$ 50,964,607</u>

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

<sub>1</sub> See Note I.C.6. Restricted Assets for loan agreements.

**PLUM CREEK WATER RECLAMATION AUTHORITY**  
**Statements of Revenues, Expenses and Changes in Net Position**  
**for the**  
**Fiscal Years Ended December 31, 2022 and 2021**

	<b>2022</b>	<b>2021</b>
<b>Operating Revenue :</b>		
Service Charges	\$ 5,692,751	\$ 6,263,843
<b>Total Operating Revenues</b>	<b>5,692,751</b>	<b>6,263,843</b>
<b>Operating Expenses:</b>		
Personnel Services	1,801,120	1,509,261
Administrative Fees	3,500	4,400
Power & Heat	982,702	891,823
Biosolids Hauling	153,625	132,098
Telephone	30,686	32,602
Chemicals	529,358	452,795
Operating Supplies	169,447	76,883
Gas & Oil	30,694	6,274
Uniform	17,725	15,171
Repair & Maintenance Supplies	26,486	9,696
Repair & Maintenance Services	133,663	105,435
Permits & Fees	33,613	27,743
Legal Fees	32,070	15,925
Auditing	11,200	10,200
Engineering Fees	53,710	54,714
USGS Monitoring	17,746	17,376
Laboratory Fees	32,898	36,700
Insurance	67,336	63,088
Membership Fees	77,553	72,455
Office Expenses	64,943	49,955
Repair & Replacement	130,726	107,366
Pension (Income)Expense	(309,350)	6,018
Contingency	546	523
Depreciation	2,161,346	2,061,410
<b>Total Operating Expenses</b>	<b>6,253,343</b>	<b>5,759,911</b>
<b>Operating Income (Loss)</b>	<b>(560,592)</b>	<b>503,932</b>
<b>Nonoperating Revenues (Expenses):</b>		
Investment Earnings	138,031	2,305
Interest Expense	(41,500)	(141,366)
Loss on Retirement of Assets	(786)	(69,658)
Contributed Capital	210,000	17,122,945
Lease Income	35,700	35,700
Bond Premium Amortization	16,163	38,583
Forgiveness of Interest	14,187	52,182
Miscellaneous Income	24,608	29,566
<b>Total Nonoperating Revenues (Expenses)</b>	<b>396,403</b>	<b>17,070,257</b>
<b>Change in Net Position</b>	<b>(164,189)</b>	<b>17,574,189</b>
<b>Total Net Position - Beginning of Year</b>	<b>50,964,607</b>	<b>33,390,418</b>
<b>Total Net Position - End of Year</b>	<b>\$ 50,800,418</b>	<b>\$ 50,964,607</b>

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

**PLUM CREEK WATER RECLAMATION AUTHORITY**  
**Statements of Cash Flows**  
for the Fiscal Years Ended December 31, 2022 and 2021

	<b>2022</b>	<b>2021</b>
<b>Cash Flows from Operating Activities:</b>		
Receipts from Customers and Users	\$ 5,712,877	\$ 6,825,541
Payments to Suppliers	(4,505,425)	(3,784,172)
Other Receipts	23,205	38,433
	<u>1,230,657</u>	<u>3,079,802</u>
<b>Net Cash Provided by Operating Activities</b>		
<b>Cash Flows from Capital and Related Financing Activities:</b>		
Acquisition and Construction of Capital Assets	(353,432)	(215,451)
Principal Paid on Capital Debt	(280,878)	(2,134,473)
Interest Paid on Capital Debt	(36,395)	(126,323)
	<u>(670,705)</u>	<u>(2,476,247)</u>
<b>Net Cash (Used) in Capital and Related Financing Activities</b>		
<b>Cash Flows from Noncapital Financing Activities:</b>		
Lease Income	35,700	35,700
	<u>35,700</u>	<u>35,700</u>
<b>Net Cash Provided by Noncapital Financing Activities</b>		
<b>Cash Flows from Investing Activities:</b>		
Purchase of Investments	(9,132)	(3,100)
Interest Received	147,163	5,405
	<u>138,031</u>	<u>2,305</u>
<b>Net Cash Provided by Investing Activities</b>		
<b>Net Increase in Cash and Cash Equivalents</b>	<b>733,683</b>	<b>641,560</b>
<b>Cash and Cash Equivalents</b>		
Beginning of Year	8,627,245	7,985,685
End of Year	<u>\$ 9,360,928</u>	<u>\$ 8,627,245</u>
<b>Detail of Cash and Cash Equivalents:</b>		
Cash and Investments	8,160,928	7,632,620
Restricted Investments - Debt Service	1,200,000	994,625
<b>Total Cash and Cash Equivalents</b>	<u>\$ 9,360,928</u>	<u>\$ 8,627,245</u>
<b>Net Cash Provided by Operating Activities:</b>		
Operating Income (Loss)	<u>\$ (560,592)</u>	<u>\$ 503,932</u>
<b>Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:</b>		
Depreciation and Amortization	2,161,346	2,061,410
Miscellaneous Income	24,608	29,566
(Increase) Decrease in Current Assets:		
Accounts Receivable - Other Governments	20,126	561,698
Other Receivable	(1,403)	8,867
Inventory	5,525	(80,452)
(Increase) Decrease in Deferred Outflow of Resources:		
Deferred Outflow Related to Pension	170,946	(169,225)
Deferred Outflow Related to OPEB	(852)	(102)
Increase (Decrease) in Current Liabilities:		
Accounts Payable	124,526	167,697
Accrued Benefits	(23,719)	(11,619)
Pension Liability	(927,791)	(334,003)
Due to Other Governments	-	-
Deferred Inflow Related to Pension	236,387	331,934
Deferred Inflow Related to OPEB	1,550	10,099
Total Adjustments	<u>1,791,249</u>	<u>2,575,870</u>
<b>Net Cash Provided by Operating Activities</b>	<u>\$ 1,230,657</u>	<u>\$ 3,079,802</u>

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, 2022 and 2021

### 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, 2022 and 2021

### 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, 2022 and 2021 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, 2022 and 2021

### 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 2022.

### 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 once CDPHE finalizes a new permit for PCWRA. The final total contribution from each member for this project was: 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. If any funds remain, they will be reimbursed to each member accordingly.

All funds and their earned interest are tracked by member in an escrow account in Colotrust. Expenditures totaled \$35,333,960 as of December 31, 2022, and \$35,318,571 as of December 31, 2021. The total balance in the escrow account is \$1,682,326 as of December 31, 2022, and \$1,668,172 as of December 31, 2021.

### 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 \$134,912 at December 31, 2022 and \$114,038 at December 31, 2021. 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. The final amortized amount of \$16,163 was expensed in 2022.

# PLUM CREEK WATER RECLAMATION AUTHORITY

## Notes to the Financial Statements

December 31, 2022 and 2021

### 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 April 14, 2023, the date which these financial statements were available for management review.

### 12. Risks & Uncertainties

Restrictions from the covid pandemic had fully lifted in 2022 and most businesses were able to return to normal operations. The unemployment rate for Colorado at the end of 2021 fell to 4.2% and trended down again to 2.8% at the end of 2022. However, inflation and continued supply chain issues have created new risks and uncertainties for all industries. The cost of operating the facility has gone up significantly due to increased costs for chemicals, fuel, and commodities such as electricity and natural gas. Additionally, these same economic conditions create a difficult environment for living in the Castle Rock area thus constraints on the livelihood of current staff as well as recruiting new employees to the area.

## D. New Accounting Pronouncements

The GASB issued the following Statements with a 2022 implementation: No. 87, "Leases" – the Authority and its auditors have evaluated any existing leases and believe them 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 has evaluated the impact and deems it 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.

# PLUM CREEK WATER RECLAMATION AUTHORITY

## Notes to the Financial Statements

December 31, 2022 and 2021

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, 2022 and 2021 statement of net position as follows:

	<u>2022</u>	<u>2021</u>
Current Assets:		
Cash and Investments	\$ 8,160,928	\$ 7,632,620
Restricted Assets:		
Investments-Debt Service	1,200,000	994,625
	<u>\$ 9,360,928</u>	<u>\$ 8,627,245</u>

Cash deposits and investments by classification as of the December 31, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Cash in Bank	\$ 263,500	\$ 292,632
Cash Equivalents - State Pool	9,097,428	8,334,613
Total	<u>\$9,360,928</u>	<u>\$8,627,245</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, 2022, 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, 2022, the Authority's carrying amount of bank deposits was

# PLUM CREEK WATER RECLAMATION AUTHORITY

## Notes to the Financial Statements

December 31, 2022 and 2021

\$336,750 with a book balance of \$263,500. On December 31, 2021, the Authority's carrying amount of bank deposits was \$283,404, with a book balance of \$292,632.

As of December 31, 2022, and 2021, the Authority had \$5,865,999 and \$5,236,992 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. As of December 31, 2022, COLOTRUST Plus+ was rated AAAM by Standard & Poor's. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST at net asset value as determined by fair value. There are no unfunded commitments, the redemption frequency is daily or weekly, and there is no redemption notice period.

## 2. Investments

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

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

After research into 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. The Authority moved its capital reserve funds from COLOTRUST Plus+ to COLOTRUST EDGE on August 5, 2021 with \$3,097,621 invested as of December 31, 2021 and \$3,231,429 as of December 31, 2022. This trust operates similarly to money market funds, with each share maintaining a variable value of \$10.00. As of December 31, 2022, the share value was \$9.96. 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.colotruster.com](http://www.colotruster.com). As of December 31, 2022, EDGE was rated AAAs/S1 by Fitch Ratings. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST at net asset value as determined by fair value. There are no unfunded commitments, the redemption frequency is daily or weekly, and there is no redemption notice period.

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

# PLUM CREEK WATER RECLAMATION AUTHORITY

## Notes to the Financial Statements

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2022, the Authority experienced a year-to-date unrealized loss of \$9,132 in the EDGE portfolio while booking \$48,757 year-to-date earned income.

*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 2022, 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 and is rated 'AAAf/S1' by Fitch Ratings. As of December 31, 2022, 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, 2022 was as follows:

	Balance 1/1/2022	Additions	Deletions	Balance 12/31/2022
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>3,636,947</u>	<u>-</u>	<u>(122,600)</u>	<u>3,514,347</u>
Capital assets, being depreciated:				
Buildings	24,902,950	7,161	-	24,910,111
Improvements other than buildings	18,898,838	289,425	(24,000)	19,164,263
Machinery and equipment	19,464,323	373,497	(332,860)	19,504,960
Vehicles	256,370	20,948	(13,903)	263,415
Total capital assets being depreciated	<u>63,522,481</u>	<u>691,031</u>	<u>(370,763)</u>	<u>63,842,749</u>
Less accumulated depreciation for:				
Buildings	7,607,255	500,694	-	8,107,949
Improvements other than buildings	7,075,301	483,463	(24,000)	7,534,764
Machinery and equipment	7,950,021	1,155,635	(327,075)	8,778,581
Vehicles	136,386	21,554	(13,903)	144,037
Total Accumulated depreciation	<u>22,768,963</u>	<u>2,161,346</u>	<u>(364,978)</u>	<u>24,565,331</u>
Total capital assets being depreciated, net	<u>40,753,518</u>	<u>(1,470,315)</u>	<u>(5,785)</u>	<u>39,277,418</u>
Total capital assets, net	<u>\$ 44,390,465</u>	<u>\$ (1,470,315)</u>	<u>\$ (128,385)</u>	<u>\$ 42,791,765</u>

Total depreciation expense for the years 2022 and 2021 was \$2,161,346 and \$2,061,410, respectively. Capital assets with a value of \$370,763 were disposed of during 2022 resulting in a net loss of \$786 for assets not fully depreciated. A discrete analyzer for the lab and a vehicle were traded in offsetting total losses by \$5,000.

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 T-Mobile 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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## Notes to the Financial Statements

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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	3,514,347	122,600	-	3,636,947
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	47,295,679	17,218,795	(991,993)	63,522,481
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	21,626,889	2,061,410	(919,336)	22,768,963
Total capital assets being depreciated, net	25,668,790	15,157,385	(72,657)	40,753,518
Total capital assets, net	\$ 29,183,137	\$ 15,279,985	\$ (72,657)	\$ 44,390,465

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## Notes to the Financial Statements

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### C. Long-term debt

The long-term debt activity for the years ended December 31, 2022 and 2021 is as follows:

	Balance 1/1/2022	Additions	Deletions	Balance 12/31/2022	Current Portion
CWRPDA Loan 2002	\$ 403,836	\$ -	\$ 197,161	\$ 206,675	\$ 206,675
CWRPDA Loan 2005	428,391	-	83,718	344,673	83,143
Premium	16,163	-	16,163	-	-
<b>Total long-term debt</b>	<b>\$ 848,390</b>	<b>\$ -</b>	<b>\$ 297,042</b>	<b>\$ 551,348</b>	<b>\$ 289,818</b>

	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
<b>Total long-term debt</b>	<b>\$ 3,021,446</b>	<b>\$ -</b>	<b>\$ 2,173,056</b>	<b>\$ 848,390</b>	<b>\$ 297,041</b>

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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## Notes to the Financial Statements

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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 aforementioned letter dated February 28, 2013 originally provided a payment schedule which presented the interest payments becoming negative in the later years. The schedule was rewritten 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
2023	206,675	2,770
Total	\$ 206,675	\$ 2,770

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 aforementioned letter dated February 28, 2013 originally provided a payment schedule which presented the interest payments becoming negative in the later years. The schedule was rewritten 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
2023	83,143	15,423
2024	80,573	12,080
2025	85,607	9,658
2026	95,350	4,500
Total	\$ 344,673	\$ 41,661

# PLUM CREEK WATER RECLAMATION AUTHORITY

## Notes to the Financial Statements

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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.

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

	2022	2021
<b>Net Income, Non-GAAP Basis</b>	<u>\$ 1,172,612</u>	<u>\$ 2,268,869</u>
<b>Adjustments:</b>		
Principal Paid on Loan	289,818	280,878
Bond Premium Amortization	16,163	38,583
Contributed Capital	210,000	17,122,945
Loss on Retirement of Assets	(786)	(69,658)
Pension Income (Expense)	309,350	(6,018)
Depreciation	<u>(2,161,346)</u>	<u>(2,061,410)</u>
<b>Total Adjustments</b>	<u>(1,336,801)</u>	<u>15,305,320</u>
<b>Net Income, GAAP Basis</b>	<u>\$ (164,189)</u>	<u>\$ 17,574,189</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 (FNP) and additions to/deductions from the FNP 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.

### B. General information about the Pension Plan

#### Plan Description

Eligible employees of the Authority are provided with pensions through the LGDTF—a cost-sharing multiple-employer defined benefit pension plan administered by PERA. Plan benefits are specified in Title 24, Article 51 of the Colorado Revised Statutes (C.R.S.), administrative rules set forth at 8 C.C.R. 1502-1, and applicable provisions of the federal Internal Revenue Code. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

#### Benefits provided as of December 31, 2021

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

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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.

Upon meeting certain criteria, benefit recipients who elect to receive a lifetime retirement benefit generally receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S. Subject to the automatic adjustment provision (AAP) under C.R.S. § 24-51-413, eligible benefit recipients under the PERA benefit structure who began membership before January 1, 2007, will receive the maximum annual increase (AI) or AI cap of 1.00% unless adjusted by the AAP. Eligible benefit recipients under the PERA benefit structure who began membership on or after January 1, 2007, will receive the lesser of an annual increase of the 1.00% AI cap or the average increase of the Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed a determined increase that would exhaust 10% of PERA's Annual Increase Reserve (AIR) for the LGDTF. The AAP may raise or lower the aforementioned AI cap by up to 0.25% 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.

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*Contributions provisions as of December 31, 2022:* Eligible employees of the Authority are required to contribute to the LGDTF at a rate set by Colorado statute. The contribution requirements for the LGDTF are established under C.R.S. § 24-51-401, *et seq.* and § 24-51-413. Employee contribution rates for the period of January 1, 2021 through December 31, 2022 are summarized in the table below:

	January 1, 2021 through December 31, 2021	January 1, 2022 through June 30, 2022	July 1, 2022 through December 31, 2022
Employee contribution	8.50%	8.50%	9.00%

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, 2021 Through December 31, 2021	January 1, 2022 Through June 30, 2022	July 1, 2022 Through December 31, 2022
Employer contribution rate	10.50%	10.50%	11.00%
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)%
Amount apportioned to the LGDTF	9.48%	9.48%	9.98%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	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%
Defined Contribution Supplement as specified in C.R.S. § 24-51-415	0.02%	0.03%	0.03%
<b>Total employer contribution rate to the LGDTF</b>	<b>13.20%</b>	<b>13.21%</b>	<b>13.71%</b>

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 \$165,877 for the year ended December 31, 2022.

# PLUM CREEK WATER RECLAMATION AUTHORITY

## Notes to the Financial Statements

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

At December 31, 2022, the Authority reported an asset of \$122,371 for its proportionate share of the net pension asset. The net pension asset for the LGDTF was measured as of December 31, 2021, and the total pension liability (TPL) used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2020. Standard update procedures were used to roll-forward the TPL to December 31, 2021. The Authority's proportion of the net pension asset was based on the Authority's contributions to the LGDTF for the calendar year 2021 relative to the total contributions of participating employers to the LGDTF.

At December 31, 2021, the Authority's proportion was 0.14 percent, which was a decrease of 0.01 percent from its proportion measured as of December 31, 2020.

For the year ended December 31, 2022, the Authority recognized pension income of \$337,689.

At December 31, 2022, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 5,981	\$ 2,044
Changes of assumptions or other inputs	41,481	-
Net difference between projected vs. actual earnings on pension plan investments	-	1,058,531
Change in proportion and differences between contributions recognized and proportionate share of contributions	-	43,466
Contributions subsequent to the measurement date	165,877	-
<b>Total</b>	<b>\$ 213,339</b>	<b>\$ 1,104,041</b>

The \$165,877 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

<b>Year Ending December 31,</b>	
2023	\$ (262,628)
2024	(437,291)
2025	(228,210)
2026	(128,449)
	<b>\$ (1,056,579)</b>

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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 TPL 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 TPL 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:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 38,125	\$ -
Changes in assumptions or other input	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:

<b>Year Ending December 31,</b>	
2022	\$ (112,698)
2023	(102,624)
2024	(289,067)
2025	(134,583)
	\$ (638,972)

### **Actuarial assumptions**

The TPL in the December 31, 2020 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions, and other inputs:

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	3.20 – 11.30 percent

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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	1.00 percent
PERA benefit structure hired after 12/31/06 <sup>1</sup>	Financed by the Annual Increase Reserve

<sup>1</sup> 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.

The TPL as of December 31, 2021, includes the anticipated adjustments to contribution rates and the AI cap, resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022.

The mortality tables described below are generational mortality tables developed on a benefit-weighted basis.

Pre-retirement mortality assumptions were based upon the PubG-2010 Employee Table with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions were based upon the PubG-2010 Healthy Retiree Table, adjusted as follows:

- **Males:** 94% of the rates prior to age 80 and 90% of the rates for ages 80 and older, with generational projection using scale MP-2019.
- **Females:** 87% of the rates prior to age 80 and 107% of the rates for ages 80 and older, with generational projection using scale MP-2019.

Post-retirement non-disabled beneficiary mortality assumptions were based upon the Pub-2010 Contingent Survivor Table, adjusted as follows:

- **Males:** 97% of the rates for all ages, with generational projection using scale MP-2019.
- **Females:** 105% of the rates for all ages, with generational projection using scale MP-2019.

Disabled mortality assumptions were based upon the PubNS-2010 Disabled Retiree Table using 99% of the rates for all ages with generational projection using scale MP-2019.

The actuarial assumptions used in the December 31, 2020 valuation were based on the results of the 2020 experience analysis for the period January 1, 2016 through December 31, 2019 and were reviewed and adopted by the PERA Board at their November 20, 2020 meeting.

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.

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## Notes to the Financial Statements

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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 <sup>1</sup>	6.00%	4.70%
<b>Total</b>	<b>100.00%</b>	

Note: 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.

### Discount rate

The discount rate used to measure the TPL 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 required adjustments resulting from the 2018 AAP assessment, and the additional 0.50% resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022. 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 required adjustments resulting from the 2018 AAP assessment, and the additional 0.50% resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022. Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further

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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 FNP, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.
- The projected benefit payments reflect the lowered AI cap, from 1.25% to 1.00%, resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022.
- Benefit payments and contributions were assumed to be made at the middle of the year.

Based on the above assumptions and methods, LGDTF's FNP 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 TPL. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25 percent. There was no change in the discount rate from the prior measurement date.

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

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

	<b>Discount Rate</b>	<b>Authority's proportionate share of net pension liability (asset)</b>
1% Decrease current	6.25%	839,045
Discount rate	7.25%	(122,371)
1% Increase	8.25%	(926,553)

### **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](http://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

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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 ACFR which includes additional information on the Voluntary Investment Program. That report may be obtained at [www.copera.org/investments/pera-financial-reports..](http://www.copera.org/investments/pera-financial-reports..)

### Funding Policy

The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the CRS, as amended. For the year ended December 31, 2022 and 2021, members contributed \$650 and \$770 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. Information on the 457 plan may be obtained online at [www.copera.org](http://www.copera.org) or by writing to Colorado PERA, 1300 Logan Street, Denver, Colorado 80203, or by calling PERA at 393-832-9550 or 1-800-759- PERA (7372).

#### Funding policy

The plan allows employees to defer a portion of their salary until future years. All amounts deferred are held in trust for the exclusive benefit of participating employees. For the year ended December 31, 2022 and 2021, members contributed \$29,282 and \$11,873 to the plan, respectively.

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

#### Plan description

Eligible employees of the LGDTF hired on or after January 1, 2019, have the option to participate in the LGDTF, a cost-sharing multiple-employer defined benefit pension plan, 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 ACFR 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, 2021 through December 31, 2022 are summarized in the tables below:

	January 1, 2021 Through December 31, 2021	January 1, 2022 Through June 30, 2022	July 1, 2022 Through December 31, 2022
Employee Contribution Rates:	8.50%	8.50%	9.00%
Employer Contribution Rates:	10.00%	10.00%	10.00%

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

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

	January 1, 2021 Through December 31, 2021	January 1, 2022 Through June 30, 2022	July 1, 2022 Through December 31, 2022
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411 <sup>1</sup>	2.20%	2.20%	2.20%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411 <sup>1</sup>	1.50%	1.50%	1.50%
Automatic Adjustment Provision (AAP), as specified in C.R.S. § 24-51-413 <sup>1</sup>	0.50%	0.50%	1.00%
Defined Contribution Supplement as specified in C.R.S. § 24-51-415	0.02%	0.03%	0.03%
<b>Total employer contribution rate to the LGDTF<sup>1</sup></b>	<b>4.22%</b>	<b>4.23%</b>	<b>4.73%</b>

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

Contribution requirements are established under Title 24, Article 51, Section 1505 of the CRS, as amended. Participating employees of the PERA DC Plan are immediately vested in their own contributions and investment earnings and are immediately 50 percent vested in the amount of employer contributions made on their behalf. For each full year of participation, vesting of employer contributions increases by 10 percent. Forfeitures are used to pay expenses of the PERA DC Plan in accordance with PERA Rule 16.80 as adopted by the PERA Board of Trustees in accordance with Title 24, Article 51, Section 204 of the CRS. As a result, forfeitures do not reduce pension expense. Participating employees in the PERA DC Plan contributed \$23,417 and the Authority recognized pension expense of \$26,762 which is included in total pension income on the Statement of Revenues, Expenses, and Changes in Net Position.

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

The 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 (FNP) and additions to/deductions from the FNP 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

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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, and 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 annual comprehensive financial report (ACFR) that can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

### **Benefits provided**

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

C.R.S. § 24-51-1202 et seq. specifies the eligibility for enrollment in the health care plans offered by PERA and the amount of the premium subsidy. The law governing a benefit recipient's eligibility for the subsidy and the amount of the subsidy differs slightly depending under which benefit structure the benefits are calculated. All benefit recipients under the PERA benefit structure and all retirees under the DPS benefit structure are eligible for a premium subsidy, if enrolled in a health care plan under PERACare.

Enrollment in the PERACare health benefits program 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 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.

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### 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 \$10,284 for the year ended December 31, 2021 and \$11,637 for December 31, 2022.

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

At December 31, 2022, the Authority reported a liability of \$90,834 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2021, and the total OPEB liability (TOL) used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2020. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2021. The Authority's proportion of the net OPEB liability was based on the Authority's contributions to the HCTF for the calendar year 2021 relative to the total contributions of participating employers to the HCTF.

At December 31, 2021, the Authority's proportion was 0.0105 percent, which was a decrease of 0.0008 percent from its proportion measured as of December 31, 2020.

For the year ended December 31, 2022, the Authority recognized OPEB expense of \$4,558. At December 31, 2022, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 138	\$ 21,538
Changes in assumptions or other inputs	1,881	4,927
Net difference between projected and actual earnings on OPEB plan investments	-	5,623
Change in proportion and differences between contributions recognized and proportionate share of contributions	-	16,078
Contributions subsequent to the measurement date	11,636	-
Total	<u>\$ 13,655</u>	<u>\$ 48,166</u>

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\$11,636 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<b>December 31,</b>	
2023	\$ (12,300)
2024	(13,008)
2025	(13,698)
2026	(6,221)
2027	(805)
Thereafter	(114)
	<u>\$ (46,147)</u>

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:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
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	-
<b>Total</b>	<b>\$ 12,803</b>	<b>\$ 46,616</b>

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\$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:

<b>Year Ending December 31,</b>	
2022	\$ (10,461)
2023	(9,846)
2024	(10,611)
2025	(11,261)
2026	(3,164)
Therafter	<u>(181)</u>
Total	<u>\$ (45,525)</u>

### Actuarial assumptions

The TOL in the December 31, 2020 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

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%
Long-term investment rate of return, net of OPEB	
plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Health care cost trend rates	
PERA benefit structure:	
Service-based premium subsidy	0.00%
PERACare Medicare plans	4.5% in 2021, 6% in 2022 gradually decreasing to 4.50 percent in 2029
Medicare Part A premiums	3.75% for 2021, gradually increasing to 4.50% in 2029

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

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## Notes to the Financial Statements

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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 in the December 31, 2020 valuation, the following monthly costs/premiums are assumed for 2021 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	\$633	\$230	\$591
Kaiser Permanente Medicare Advantage HMO	596	199	562

The 2021 Medicare Part A premium is \$471 (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, 2020, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

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

Year	PERACare Medicare Plans	Medicare Part A Premiums
2021	4.50%	3.75%
2022	6.00%	3.75%
2023	5.80%	4.00%
2024	5.60%	4.00%
2025	5.40%	4.00%
2026	5.10%	4.25%
2027	4.90%	4.25%
2028	4.70%	4.25%
2029+	4.50%	4.50%

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Mortality assumptions used in the December 31, 2020 valuation for the determination of the total pension liability for each of the Division Trust Funds as shown below, reflect generational mortality and were applied, as applicable, in the determination of the TOL for the HCTF, but developed using a headcount-weighted basis. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

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

Post-retirement non-disabled mortality assumptions for the State and Local Government Divisions were based on the PubG-2010 Healthy Retiree Table, adjusted as follows:

- **Males:** 94% of the rates prior to age 80 and 90% of the rates for ages 80 and older, with generational projection using scale MP-2019.
- **Females:** 87% of the rates prior to age 80 and 107% of the rates for ages 80 and older, with generational projection using scale MP-2019.

Post-retirement non-disabled beneficiary mortality assumptions were based upon the Pub-2010 Contingent Survivor Table, adjusted as follows:

- **Males:** 97% of the rates for all ages, with generational projection using scale MP-2019.
- **Females:** 105% of the rates for all ages, with generational projection using scale MP-2019.

Disabled mortality assumptions were based upon the PubNS-2010 Disabled Retiree Table using 99% of the rates for all ages with generational projection using scale MP-2019.

The following health care costs assumptions were updated and used in the roll-forward calculation for the Trust Fund:

- 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 2021 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 PERA Board's actuary, as discussed above.

The actuarial assumptions used in the December 31, 2020 valuation were based on the results of the 2020 experience analysis for the period January 1, 2016, through December 31, 2019 and were reviewed and adopted by the PERA Board at their November 20, 2020 Board meeting.

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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.

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.

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	6.00%	4.70%
<b>Total</b>	<b>100.00%</b>	

Note: 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	3.50%	4.50%	5.50%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	2.75%	3.75%	4.75%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	\$88,225	\$90,834	\$93,856

### Discount rate

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2021 measurement date.

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- 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 HCTF’s FNP 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 TOL. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25 percent. There was no change in the discount rate from the prior measurement date.

**Sensitivity of the Authority’s proportionate share of the net 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	\$ 105,494	\$90,834	\$78,311

**OPEB plan fiduciary net position**

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

**V: Other information**

**A. Risk management**

The Authority is exposed to various risks of torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. In order to manage these risks, the Authority is a member of the Colorado Special Districts Property and Liability Pool (Pool). The Pool was established by the Colorado Special District Association (SDA) to provide property, liability, public official’s liability, boiler and machinery and worker compensation coverage to its members. The Pool provides coverage for property claims up to \$43,508,334 and liability coverage for claims up to \$2,000,000. In addition, the Authority opted for \$5,000,000 earthquake, as well as \$15,000,000 flood coverage.

The Authority pays annual premiums to the Pool for liability, property, and public official’s coverage, which are recorded as expenses. In the event the aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool, the Pool may

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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 (Asset)</u>	<u>Proportionate Share of the Net Pension Liability (Asset)</u>	<u>Actual Covered Payroll</u>	<u>Net Pension Liability (Asset) as a Percentage of Covered Payroll</u>	<u>Fiduciary Net Position as a Percentage of Total Pension Liability(Asset)</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%
12/31/2022	0.143%	(122,371)	1,109,911	-11.03%	101.49%

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

\* The data provided in this schedule is based as of the measurement date of the Authority's net 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%
12/31/2022	140,187	155,603	15,416	1,176,376	13.2%

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	0.011%	129,010	1,054,394	12.24%	24.49%
12/31/2021	0.011%	107,726	1,063,531	10.13%	32.78%
12/31/2022	0.010%	90,834	1,109,911	8.18%	39.40%

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%
12/31/2022	10,284	11,712	1,428	1,176,376	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 Funds Available  
Budget and Actual - Budgetary (Non-GAAP) Basis  
December 31, 2022

	<b>Original and Final Budget</b>	<b>Actual</b>	<b>Variance</b>
<b>Operating Revenue :</b>			
Service Charges	\$ 5,700,246	\$ 5,692,751	\$ (7,495)
<b>Total Operating Revenues</b>	<u>5,700,246</u>	<u>5,692,751</u>	<u>(7,495)</u>
<b>Operating Expenses:</b>			
Personnel Services	2,076,000	1,801,120	274,880
Administrative Fee	5,000	3,500	1,500
Power & Heat	965,000	982,702	(17,702)
Biosolids Hauling	150,000	153,625	(3,625)
Telephone	45,000	30,686	14,314
Chemicals	720,000	529,358	190,642
Operating Supplies	176,000	169,447	6,553
Gas & Oil	43,000	30,694	12,306
Uniforms	17,000	17,725	(725)
Repair & Maintenance Supplies	-	26,486	(26,486)
Repair & Maintenance Services	137,000	133,663	3,337
Permits & Fees	35,000	33,613	1,387
Legal Fee	30,000	32,070	(2,070)
Auditing	11,500	11,200	300
Engineering Fee	44,000	53,710	(9,710)
USGS Monitoring	17,500	17,746	(246)
Laboratory Fee	38,500	32,898	5,602
Insurance	74,000	67,336	6,664
Membership Fees	74,000	77,553	(3,553)
Office Expenses	88,500	64,943	23,557
Household Hazardous Waste Roundup	33,000	-	33,000
Repair & Replacement	566,672	130,726	435,946
Contingency	20,000	546	19,454
<b>Total Operating Expenses</b>	<u>5,366,672</u>	<u>4,401,347</u>	<u>965,325</u>
<b>Total Operating Income</b>	<u>333,574</u>	<u>1,291,404</u>	<u>957,830</u>
<b>Nonoperating Revenues(Expenses) :</b>			
Interest Income	6,000	138,031	132,031
Lease Income	35,700	35,700	-
Miscellaneous Income	20,000	24,608	4,608
Principal Paid on Loan	(217,458)	(289,818)	(72,360)
Interest Paid on Loan	(99,816)	(27,313)	72,503
Capital Outlay	(75,000)	-	75,000
<b>Total Nonoperating Revenues(Expenses)</b>	<u>(330,574)</u>	<u>(118,792)</u>	<u>211,782</u>
<b>Net Income, Non-GAAP Basis</b>	3,000	1,172,612	1,169,612
<b>Funds Available - Beginning of Year</b>	8,818,790	7,705,363	(1,113,427)
<b>Funds Available - End of Year</b>	<u>\$ 8,821,789</u>	<u>\$ 8,877,975</u>	<u>\$ 56,186</u>
<b>Net Income, Non-GAAP Basis</b>		<u>\$ 1,172,612</u>	
<b>Adjustments:</b>			
Principal Paid on Loan		289,818	
Bond Premium Amortization		16,163	
Contributed Capital		210,000	
Loss on Retirement of Assets		(786)	
Pension Income		309,350	
Depreciation		(2,161,346)	
<b>Total Adjustments</b>		<u>(1,336,801)</u>	
<b>Net Expense, GAAP Basis</b>		<u>\$ (164,189)</u>	

See the independent auditors' report.

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

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Operating Revenue :</b>			
Service Charges	\$ 6,301,296	\$ 6,263,843	\$ (37,453)
<b>Total Operating Revenues</b>	<u>6,301,296</u>	<u>6,263,843</u>	<u>(37,453)</u>
<b>Operating Expenses:</b>			
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	500,000	107,366	392,634
Contingency	5,000	523	4,477
<b>Total Operating Expenses</b>	<u>4,478,500</u>	<u>3,692,483</u>	<u>786,017</u>
<b>Total Operating Income</b>	<u>1,822,796</u>	<u>2,571,360</u>	<u>748,564</u>
<b>Nonoperating Revenues(Expenses) :</b>			
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
<b>Total Nonoperating Revenues(Expenses)</b>	<u>(2,232,796)</u>	<u>(302,491)</u>	<u>1,930,305</u>
<b>Net Income, Non-GAAP Basis</b>	(410,000)	2,268,869	2,678,869
<b>Funds Available - Beginning of Year</b>	9,228,790	10,045,941	817,151
<b>Funds Available - End of Year</b>	<u>\$ 8,818,790</u>	<u>\$ 12,314,810</u>	<u>\$ 3,496,020</u>
<b>Net Income, Non-GAAP Basis</b>		<u>\$ 2,268,869</u>	
<b>Adjustments:</b>			
Principal Paid on Loan		280,878	
Bond Premium Amortization		38,583	
Contributed Capital		17,122,945	
Gain on Retirement of Assets		(69,658)	
Pension Expense		(6,018)	
Depreciation		(2,061,410)	
<b>Total Adjustments</b>		<u>15,305,320</u>	
<b>Net Income, GAAP Basis</b>		<u>\$ 17,574,189</u>	

See the independent auditors' report.

# **STATISTICAL SECTION**

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

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

<b>Fiscal Year</b>	<b>Net Investment in Capital Assets</b>	<b>Restricted</b>	<b>Unrestricted</b>	<b>Business-Type Activities Net Position</b>
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
2022	\$ 42,240,416	1,200,000	7,360,002	\$ 50,800,418

**PLUM CREEK WATER RECLAMATION AUTHORITY**

Changes in Net Position  
(Accrual Basis of Accounting)

Last Ten Years  
Unaudited

Fiscal Year	Operating Revenues	Operating Expenses	Operating Income	Total		Income/(Loss) before Capital Contributions	Capital Contributions	Change in Net Position
				Nonoperating Revenues/(Expenses)				
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 (1)	(126,790)		(61,617)	208,579	\$ 146,962
2018	\$ 6,525,479	5,063,790	1,461,689	(177,381)		1,284,308	-	\$ 1,284,308
2019	\$ 6,578,342	4,332,098	2,246,244	(105,615)		2,140,629	-	\$ 2,140,629
2020	\$ 6,708,779	4,925,576	1,783,203	(241,279)		1,541,924	-	\$ 1,541,924
2021	\$ 6,263,843	5,759,911	503,932 (2)	17,070,257		451,244	17,122,945	\$ 17,574,189
2022	\$ 5,692,751	6,253,343	(560,592) (3)	396,403		(374,189)	210,000	\$ (164,189)

(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.

(3) Economic conditions in 2022 presented challenges with inflation and supply chain issues impacting Operating Expenses.

**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>
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
2022	\$ 5,499,320	200,926	\$ 5,700,246

**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 (Income)	Subtotal, Expenses before Depreciation	Depreciation	Total Operating Expenses
2013	\$ 1,228,271	595,708	203,684	132,073	167,444	33,212	147,048	-	439,135	-	2,946,575	1,272,437	\$ 4,219,012
2014	\$ 1,296,714	595,435	209,730	133,927	133,341	33,000	124,406	-	557,827	-	3,084,380	1,340,045	\$ 4,424,425
2015	\$ 1,225,086	603,660	198,104	133,371	144,633	33,000	146,266	-	502,262	-	2,986,382	1,356,936	\$ 4,343,318
2016	\$ 1,200,224	589,946	217,880	135,813	154,673	33,000	124,191	-	355,598	-	2,811,325	1,246,715	\$ 4,058,040
2017	\$ 1,334,690	567,235	217,080	152,046	138,509	34,878	74,310	31,764	469,842	(1) 1,965,471	4,985,824	1,275,224	\$ 6,261,048
2018	\$ 1,422,370	600,969	269,204	139,706	144,104	33,000	180,683	-	414,276	326,388	3,530,700	1,533,090	\$ 5,063,790
2019	\$ 1,362,498	559,717	270,974	188,058	108,631	33,000	155,801	-	353,444	(50,423)	2,981,700	1,350,398	\$ 4,332,098
2020	\$ 1,457,134	599,519	287,742	170,188	89,490	33,000	109,587	251,942	379,548	30,697	3,408,847	1,516,729	\$ 4,925,576
2021	\$ 1,513,661	891,823	132,098	452,795	76,883	-	115,131	107,366	402,726	(2) 6,018	3,698,501	2,061,410	\$ 5,759,911
2022	\$ 1,804,620	982,702	153,625	529,358	169,447	-	160,149	130,726	470,720	(3) (309,350)	4,091,997	2,161,346	\$ 6,253,343

(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.

(3) Due to inflation and supply chain issues in 2022, Personnel/Administrative; Power/Heat; Operating Supplies; and Chemicals costs were all impacted by increases. Depreciation will remain high while the 3.0 Expansion equipment depreciates over time.

**PLUM CREEK WATER RECLAMATION AUTHORITY**  
**Nonoperating Revenue and Expenses**

Last Ten Years  
 Unaudited

YEAR	Interest and Fiscal Charges	Interest Income	Miscellaneous Income	Bond Premium	Lease Income	Gain (Loss) on Disposal of Capital Assets	Contribution	Total Non Operating (Expenses)/Revenue
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
2022 (4)	(27,313)	138,031	24,608	16,163	35,700	(786)	210,000	396,403

(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.

(4) A new 900kw generator was donated from the 3.0 Expansion Project. Interest rates began to rise in 2022.

**PLUM CREEK WATER RECLAMATION AUTHORITY**

Sewer and Reuse Rates

Last Ten Years

Unaudited

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Sewer Rates</b>										
Town of Castle Rock	\$ 4.08	\$ 4.17	\$ 3.95	\$ 3.71	\$ 3.45	\$ 3.43	\$ 3.48	\$ 3.49	\$ 3.40	\$ 2.87
Castle Pines Metro District	2.26	2.46	2.64	2.49	2.38	2.42	2.68	2.70	2.71	3.09
Castle Pines North Metro District	2.93	3.08	3.29	3.08	2.84	3.02	3.25	3.20	3.14	2.95
Castleton Center	2.71	2.93	2.72	2.53	4.61	4.75	4.11	3.92	4.27	5.94
Silver Heights	2.61	2.79	2.74	2.61	2.83	2.53	2.61	2.76	2.66	2.71
<b>Reuse Rates</b>										
The International Golf Club	\$ 1.47	\$ 1.54	\$ 1.57	\$ 1.88	\$ 1.59	\$ 1.82	\$ 1.78	\$ 1.38	\$ 0.99	\$ 1.05
Country Club at Castle Pines	1.48	1.48	1.62	1.87	1.72	1.88	1.71	1.23	0.85	0.90
The Ridge Golf Club at CPN	1.49	1.48	1.63	1.88	1.71	1.86	1.72	1.28	0.87	0.92
Red Hawk Golf Club <sup>(1)</sup>							1.16	1.16	0.74	0.78

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

Note: sewer rates are per 1k gallon projected flows; reuse rates are per 1k gallon used

**PLUM CREEK WATER RECLAMATION AUTHORITY**

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

Last Ten Years

Unaudited

	<u>Town of Castle Rock</u>		<u>Balance from Other Members</u>		<u>Grand Total</u>	
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%
2022	\$ 4,469,446	79%	1,223,305	21%	\$ 5,692,751	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 Loan 2001	CWRPDA Loan 2002	CWRPDA Loan 2005	Premium	Total	Service Charges	Percent Service Charges to Debt Service
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	\$ 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%
2022	-	206,675	344,673	-	\$ 551,348	\$ 5,692,751	1033%

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

## PLUM CREEK WATER RECLAMATION AUTHORITY

### Pledged Revenue Debt Coverage

Last Ten Years

Unaudited

Fiscal Year	Gross Revenue	Operating Expenses <sup>(1)</sup>	Net Revenue Available for Debt Services	Debt Service Requirements			Coverage
				Principal	Interest	Total	
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 <sup>(2)</sup>	\$ 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
2022 <sup>(3)</sup>	\$ 5,921,440	4,091,997	1,829,443	280,879	41,500	\$ 322,379	5.67

(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.

(3) The Authority's largest loan was paid off in 2021 leaving two smaller loans in debt service.

# PLUM CREEK WATER RECLAMATION AUTHORITY

## Demographic and Economic Indicators

Last Ten Years (where available)

Undaudited

### Median Household Income

	Douglas County*	Town of Castle Rock**	Castle Pines Village**(1)	City of Castle Pines**(1)
2000(2)	\$ 82,929	\$ 64,138	\$ 138,035	\$ -
2012	102,961	86,280	206,343	138,349
2013	103,226	86,563	203,976	137,426
2014	103,226	86,563	203,976	137,426
2015	107,650	88,294	216,384	130,609
2016	109,292	93,153	221,071	140,764
2017	111,482	101,122	221,250	157,550
2018	119,615	104,642	228,800	156,144
2019	127,476	109,700	236,016	163,819
2020	121,492	113,585	225,278	178,036
2021	129,299	121,388	179,882	186,976

### Per Capita Income

	Douglas County*	Town of Castle Rock**	Castle Pines Village**(1)	City of Castle Pines**(1)
2000(2)	\$ 34,848	\$ 26,760	\$ 70,456	\$ -
2012	44,419	35,173	103,040	55,845
2013	44,704	35,779	80,215	57,040
2014	44,704	35,779	80,215	57,040
2015	45,500	37,800	106,285	59,110
2016	49,724	38,610	100,389	62,070
2017	49,790	40,236	101,115	61,798
2018	53,900	42,611	107,134	64,580
2019	55,579	44,250	114,448	66,140
2020	53,836	44,419	102,342	64,910
2021	59,027	49,138	108,989	72,139

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

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

(2) 2000 Census data for reference - Douglas County began keeping their own Income statistics in 2005

2022 Income information not yet available

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

### Population Estimates

	Town of Castle Rock & Silver Heights	Castle Pines Village & North	Total Area
2013	53,600	14,600	68,200
2014	58,000	15,245	73,245
2015	60,145	15,340	75,485
2016	62,700	15,375	78,075
2017	65,015	15,440	80,455
2018	69,300	15,940	85,240
2019	73,070	16,440	89,510
2020	75,563	17,485	93,048
2021	79,705	20,313	100,018
2022	81,697	20,820	102,517

Source: Douglas County Community Planning and Sustainable Development

### Census Population

	Town of Castle Rock	Castle Pines Village	City of Castle Pines	Total Area
2010	48,231	3,614	10,360	62,205
2020	65,176	4,558	11,036	80,770

Percent difference in population with 2020 Census: 27%

Source: U.S. Census Bureau

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

**PLUM CREEK WATER RECLAMATION AUTHORITY**  
Principal Employers in the Authority's Service Area

Ten Year Period

Unaudited

Top Ten Employers in the Authority's Service Area	2022			2021			Douglas County Unemployment Rates		
	Approx. # of employees	Rank	%Total Employment	Approx. # of employees	Rank	%Total Employment			
Douglas County School District	1517	1	6.56	1500	1	6.21	2013	5.3%	
Douglas County Government	1337	2	5.55	1343	2	5.56	2014	4.0%	
Town of Castle Rock Government	999	3	3.55	955	3	3.32	2015	3.1%	
Wal-Mart	366	6	1.27	375	6	1.4	2016	2.6%	
King Soopers (3 stores)	516	5	2.45	545	5	2.36	2017	2.3%	
Brookside Inn (nursing home)	107			123			2018	2.9%	
Home Depot	204			238			2019	2.4%	
Castle Pines Golf Club	255	9	1	266	10	0.97	2020	2.4%	
Hudick Excavating Inc.	571	4	2.5	553	4	2.1	2021	5.0%	
Kraemer North America LLC	265	8	1	283	9	1.13	2022	2.9%	
Castle Rock Adventist Hospital	280	7	1.21	278	8	1.18	2023	2.3%	
Rocky Mountain Excavating	225	10	1	336	7	1.39			
	2020			2019			2018		
Top Ten Employers in the Authority's Service Area	Approx. # of employees	Rank	%Total Employment	Approx. # of employees	Rank	%Total Employment	Approx. # of employees	Rank	%Total Employment
Douglas County School District	1482	1	6	1525	1	7	1550	1	7
Douglas County Government	1326	2	6	1290	2	6	1260	2	6
Town of Castle Rock Government	793	3	3	825	3	4	785	3	4
Wal-Mart	333	7	1	295	6	1	280	7	1
King Soopers (3 stores)	563	4	2	570	5	2	520	4	2
Brookside Inn (nursing home)				165	8	1			
Home Depot				163	9	1	175	9	1
Castle Pines Golf Club	232	10	1						
TPM Staffing Services							190	8	1
Hudick Excavating Inc.	501	5	2	580	4	2	390	5	2
Kraemer North America LLC	269	9	1						
Castle Rock Adventist Hospital	281	8	1	280	7	1	290	6	1
Sam's Club	160	10	1	160	10	1	160	10	1
Rocky Mountain Excavating	361	6	2						
	2017			2016			2015		
Top Ten Employers in the Authority's Service Area	Approx. # of employees	Rank	%Total Employment	Approx. # of employees	Rank	%Total Employment	Approx. # of employees	Rank	%Total Employment
Douglas County School District	1550	1	8	1555	1	8	1520	1	8
Douglas County Government	1235	2	6	1195	2	6	1150	2	6
Town of Castle Rock Government	755	3	4	720	3	3	670	3	3
Wal-Mart	300	6	1	300	5	1	290	5	1
King Soopers (3 stores)	470	4	2	420	4	2	420	4	2
Brookside Inn (nursing home)	160	9	1	160	9	1	160	8	1
Douglas Cty Library (CR & CPN)				150	10	1			
Home Depot	160	10	1				145	10	1
TPM Staffing Services	225	8	1	230	8	1	260	6	1
Hudick Excavating Inc.	240	7	1	245	7	1	175	7	1
Kraemer North America LLC	145	9	1	145	9	1	145	9	1
Castle Rock Adventist Hospital	295	5	1	285	6	1			
Sam's Club	180	9	1						
Rocky Mountain Excavating									
	2014			2013					
Top Ten Employers in the Authority's Service Area	Approx. # of employees	Rank	%Total Employment	Approx. # of employees	Rank	%Total Employment			
Douglas County School District	1470	1	8	1430	1	9			
Douglas County Government	1100	2	6	1100	2	7			
Town of Castle Rock Government	600	3	3	550	3	3			
Wal-Mart	300	5	2	310	5	2			
King Soopers (3 stores)	400	4	2	400	4	2			
Brookside Inn (nursing home)	155	7	1	170	7	1			
Douglas Cty Library (CR & CPN)	150	8	1	150	8	1			
Home Depot	145	9	1	150	9	1			
Castle Pines Golf Club				140	10	1			
TPM Staffing Services	240	6	1	240	6	1			
Hudick Excavating Inc.	145	10	1						

Source: Douglas County Community Planning and Sustainable Development (2021 employment information was not available at the time this report was created)

**PLUM CREEK WATER RECLAMATION AUTHORITY**

Operating and Capital Indicators

Last Ten Years

Unaudited

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Wastewater Treatment</b>										
Miles of Sewers	0	0	0	0	0	0	0	0	0	0
Number of Treatment Plants	1	1	1	1	1	1	1	1	1	1
Number of Service Connections (Wholesale)	5	5	5	5	5	5	5	5	5	5
Treatment Capacity (MGD)	6.44	6.44	6.44	6.44	6.44	6.44	6.44	6.44	6.44	6.44
Annual Engineering Maximum Plant Capacity (MG)	2351	2351	2351	2351	2351	2351	2351	2351	2351	2351 <sup>(1)</sup>
Amount Treated Annually (MG)	1473	1540	1700	1708	1669	1678	1754	1827	1907	1918
Unused Permitted Capacity (MG)	878	811	651	648	682	673	597	524	444	433
Percentage of Permitted Hydraulic Capacity Utilized	63%	66%	72%	72%	71%	71%	75%	78%	81%	82%
Treatment Costs per Million Gallons (Operating Expenses less capital replacement, depreciation and debt service)	\$ 1,978	\$ 1,981	\$ 1,757	\$ 1,651	\$ 2,968	\$ 2,104	\$ 1,700	\$ 1,728	\$ 1,883	\$ 2,065

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

Sources: PCWRA Operation Flow Data  
CDPHE Permit # CO0038547

(1) The Authority completed an expansion project for an additional 3 MGD in 2021 however, CDPHE has not permitted the facility to the new capacity of 9.44MGD.