

EVERGREEN METROPOLITAN DISTRICT

JEFFERSON COUNTY, COLORADO

AUDITED FINANCIAL STATEMENTS

DECEMBER 31, 2016



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EVERGREEN METROPOLITAN DISTRICT
AUDITED FINANCIAL STATEMENTS
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Evergreen Metropolitan District
Jefferson County, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of Evergreen Metropolitan District (the District) as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, financial position of Evergreen Metropolitan District, as of December 31, 2016, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages iii-ix be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplemental information and other supplemental information as listed in the table of contents is presented for purposes of additional analysis and legal requirements and is not a required part of the financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The supplemental information, other supplemental information, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information, the other supplemental information, and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 12, 2017, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Barnes Young & Associates, PC

Lakewood, Colorado
September 12, 2017

**EVERGREEN METROPOLITAN DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
DECEMBER 31, 2016**

This discussion and analysis by management of Evergreen Metropolitan District, is designed to provide readers of the District's financial statements a narrative overview and analysis of the financial condition and operating results for the fiscal year ended December 31, 2016, and to also inform the reader on the District's financial issues and activities. The Management's Discussion and Analysis (MD&A) should be read in conjunction with the District's basic financial statements.

Financial Highlights

- The total net position of the District exceeded its liabilities at the close of 2016 by \$46,729,053.
- The District's total net position increased by \$2,062,517. This increase is attributable to net income before depreciation of \$1,766,847 and depreciation expense of \$1,837,337. The District received net other income and capital contributions of \$2,133,007.
- The District's water rate revenues increased \$219,901 (7.49%) and wastewater rate revenues increased \$12,980 (0.86%) from 2015 to 2016.
- The District's cost of operations and administration decreased \$92,234 (2.48%) from 2015 to 2016. The decrease was due primarily to a decrease of \$68,257 for payroll and employee benefits, a decrease of \$26,490 for supplies and maintenance costs, a decrease of \$12,932 for collection costs, a decrease of \$8,905 for power costs, a decrease of \$6,893 for outside services, a decrease of \$5,094 for sludge disposal costs, a decrease of \$2,845 for truck costs, an increase of \$16,210 in legal costs, an increase of \$11,476 in chemical costs, an increase of \$5,450 in water rights maintenance costs, an increase of \$4,332 in distribution costs, an increase of \$2,770 for property and liability and workers' compensation insurance costs, and a decrease of \$1,056 in sundry costs.
- The District's total debts outstanding are \$3,568,319 at December 31, 2016, which consists of two loans for \$2,155,673 from the State of Colorado Drinking Water Revolving Fund and a loan from the Water Pollution Control Revolving Fund outstanding of \$1,412,646 at December 31, 2016. Payments totaling \$553,783 were made on the loans from the State of Colorado Drinking Water Revolving Fund of which \$430,839 was applied to principal. Payments totaling \$123,942 were made on the loan from the Water Pollution Control Revolving Fund of which \$94,273 was applied to principal.

Overview of the Financial Statements

The basic financial statements of the District are presented as a special purpose government engaged only in business type activities – providing water and sewer utility services.

The *Statement of Net Position* presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in the net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *Statements of Revenues, Expense and Changes in Net Position* present information which reflects how the District's net position changed during the past year. All Changes in the net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the

**EVERGREEN METROPOLITAN DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
DECEMBER 31, 2016**

related cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods.

The *Statements of Cash Flows* report the District's cash flows from operating, non-capital financing, capital and investing activities.

These financial statements distinguish functions of the District that will be principally supported by service charges. The functions of the District include effective and economical operation of water and wastewater systems within the jurisdictional boundaries of the District. In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information concerning the District's budgetary comparisons presented for legal compliance.

The notes to financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements.

NET POSITION

Year Ending December 31,	Water		Wastewater	
	2016	2015	2016	2015
Assets				
Current assets	\$ 3,350,059	\$ 2,674,664	\$ 4,216,452	\$ 3,586,240
Current restricted assets	950	500	501	501
Other assets	1,948,710	288,158	-	-
Capital assets, net	31,301,709	32,356,363	10,271,657	10,671,964
Total assets	36,601,428	35,319,685	14,488,610	14,258,705
Liabilities				
Current liabilities	597,876	608,087	295,679	309,860
Long-term liabilities	1,818,218	2,253,982	1,421,212	1,505,925
Other liabilities	228,000	234,000	-	-
Total liabilities	2,644,094	3,096,069	1,716,891	1,815,785
Net Position				
Invested in capital assets, net of related debt	29,146,036	29,769,851	8,859,011	9,165,045
Unrestricted	4,811,298	2,453,765	3,912,708	3,277,875
Total net position	33,957,334	32,223,616	12,771,719	12,442,920
Total liabilities and net position	\$ 36,601,428	\$ 35,319,685	\$ 14,488,610	\$ 14,258,705

As noted earlier, net position may serve over time as a useful indicator of the District's financial position. In the case of the District, assets exceeded liabilities by \$33,957,334 and \$12,771,719 for water and waste water respectively.

**EVERGREEN METROPOLITAN DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
DECEMBER 31, 2016**

The largest portion of the District's net position reflects its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to citizens; consequently these assets are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

REVIEW OF REVENUE, EXPENSES AND CHANGES IN NET POSITION

	Water		Wastewater	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Revenue				
Operating revenue	\$ 3,286,659	\$ 3,046,796	\$ 2,104,472	\$ 2,096,385
Non-operating revenue	<u>1,596,946</u>	<u>174,985</u>	<u>20,001</u>	<u>43,128</u>
Total revenue	<u>4,883,605</u>	<u>3,221,781</u>	<u>2,124,473</u>	<u>2,139,513</u>
Expenses				
Operating expenses	1,641,925	1,709,386	1,266,277	1,352,727
Administrative and general	473,104	428,455	242,978	225,950
Depreciation	1,359,584	1,333,799	477,753	456,575
Non-operating expenses	<u>63,904</u>	<u>61,204</u>	<u>20,000</u>	<u>28,333</u>
Total expenses	<u>3,538,517</u>	<u>3,532,844</u>	<u>2,007,008</u>	<u>2,063,585</u>
Income (Loss) Before Contributions	<u>1,345,088</u>	<u>(311,063)</u>	<u>117,465</u>	<u>75,928</u>
Capital Contributions	<u>388,630</u>	<u>272,790</u>	<u>211,334</u>	<u>163,886</u>
Change in Net Position	1,733,718	(38,273)	328,799	239,814
Net Position – Beginning of Year	<u>32,223,616</u>	<u>32,261,889</u>	<u>12,442,920</u>	<u>12,203,106</u>
Net Position – End of Year	<u>\$ 33,957,334</u>	<u>\$ 32,223,616</u>	<u>\$ 12,771,719</u>	<u>\$ 12,442,920</u>

**EVERGREEN METROPOLITAN DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
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The District's total water operating revenue increased by 7.87% from 2015 to 2016 due to an increase in sales and services to customers and to other districts. The increase was due primarily to an irrigation season with below average rainfall in 2016 compared to average rainfall during the irrigation season in 2015. The rate increases to customers and other districts included an increase in the base rate to \$26.50 for 2016 from \$25.50 for 2015. The usage rates in effect for 2016 remained the same as 2015 at \$2.90 per thousand for (1-14 thousand gallons per month) and at \$5.00 per thousand for (15 thousand gallons or more usage per month). The Developer activity during 2016 in the community included one water main improvement project. The total wastewater operating revenue for 2016 increased by 3.86% from 2015, primarily due to an increase in services to customers and other districts. The wastewater base rate increase for 2016 was \$1.00 per equivalent tap per month to a flat rate of \$45.00 for 2016 from a flat rate of \$44.00 for 2015. Investment income included in non-operating income increased in 2016 by 12.88% due to the yield for investments as a result of market conditions.

The District's general and administrative costs of the water operations increased \$44,650 (10.42%) and the general and administrative costs of the wastewater operations increased \$17,028 (7.54%). The increases in 2016 in general and administrative costs for water operations were primarily due to an increase of \$29,267 in payroll and employee benefits, an increase of \$15,294 in legal costs, an increase of \$2,607 in property and liability and workers' compensation insurance costs, an increase of \$1,471 in supplies and maintenance costs, a decrease of \$3,886 in outside services costs, and a decrease of \$103 in sundry administrative costs. The increases in 2016 in general and administrative expenses for wastewater operations were primarily due to an increase of \$17,933 in payroll and employee benefits, an increase of \$1,539 in supplies and maintenance costs, an increase of \$916 in legal costs, and a decrease of \$3,007 in outside services costs, and an decrease of \$353 in sundry administrative costs. Costs of the water operations decreased \$67,461 (3.95%) in 2016. The decrease was primarily due to a decrease of \$63,908 in payroll and employee benefits, a decrease of \$29,321 in supplies and maintenance costs, an increase of \$13,314 in chemical costs, an increase of \$5,450 in water rights maintenance, an increase of \$4,332 in distribution costs, and an increase of \$2,672 in sundry operating costs. Costs of the wastewater operations decreased \$86,450 (6.39%) in 2016. The decrease was primarily due to a decrease of \$51,549 in payroll and employee benefits, a decrease of \$12,932 in collection costs, a decrease of \$10,359 in power costs, a decrease of \$5,094 in sludge disposal costs, a decrease of \$2,337 in supplies and maintenance costs, a decrease of \$1,838 in chemical costs, and a decrease of \$2,341 in sundry operating costs.

Budgetary Highlights

The District prepares its budget on the modified accrual basis of accounting to recognize the fiscal impact of debt issuance, sale of assets and debt repayments, as well as capital outlay in addition to operations and non-operating revenue and contributions. Capital contributions of facilities and depreciation are not reflected on the budget since they do not affect "funds available".

**EVERGREEN METROPOLITAN DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
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Capital Asset and Debt Administration

The District's capital assets at December 31, 2016, totals \$41,573,366 (net of accumulated depreciation). This investment in capital assets includes water rights, land and right of way, operating system, buildings and improvements, equipment and vehicles, and facilities owned by other districts. Analysis of changes in capital assets were as follows:

	Water			Wastewater		
	2016	2015	Percentage Change	2016	2015	Percentage Change
Source of Supply	\$ 1,409,144	\$ 1,409,144	0 %	\$ --	\$ --	--
Land and Right of way	262,110	262,110	0 %	41,088	41,088	0%
Construction in progress	47,321	221,452	-78.63%	24,186	40,516	-40.31%
Operating System	20,615,518	21,178,647	-2.66%	9,605,056	9,918,504	-3.16%
Buildings and Improvements	1,348,542	1,409,714	-4.34%	344,874	340,951	1.15%
Equipment and vehicles	217,776	212,405	2.53%	256,453	330,905	-22.50%
Facilities Owned By Other Districts	7,401,298	7,662,891	-3.41%			
Total capital assets, net	\$ 31,301,709	\$ 32,356,363		\$ 10,271,657	\$ 10,671,964	

The major water capital assets acquired and projects completed during the year included the dredging of the lake to remove sediment from the flood event in September 2013 at \$1,681,135, the water treatment plant purchase of seven (7) wastewater taps at \$80,500, the Ridge pump station diesel generator at \$60,602, the 2016 GMC utility truck with crane at \$52,954, water plant and distribution equipment at \$23,105, office and computer equipment at \$22,144, the Hidden Valley project at \$18,739, the cleaning of eleven (11) reservoirs at \$13,527, the water model engineering at \$5,445 and parking lot improvements at \$5,019. The major water capital project in progress at the end of the year included the Moffat Road main replacement. The remodel of the old filter building budgeted at \$100,000 was moved to 2017 from 2016. The major wastewater capital assets acquired and projects completed during the year included the aeration basin #2 diffuser system replacement at \$46,609, parking lot improvements at \$19,947, office and computer equipment at \$10,725, the mixing zone study at \$3,813, and the biosolids study at \$3,327. The major wastewater capital project in progress at the end of the year included the utility plan engineering. The District's share of the grit classifier/disposal system budgeted at \$75,000 was in progress at the end of the year by the West Jefferson County Metro District and will be paid in 2017 upon completion. Additional information on the District's capital assets can be found in Note 4 of this report.

Long Term Debt

The principal balance of the 2000 and 2002 Colorado Water Resources and Power Authority (CWR&PDA) loans as of December 31, 2016 is \$2,155,673. The principal balance of the 2009 Water Pollution Control Revolving Fund loan as of December 31, 2016 is \$1,412,646. Additional detail on debt is in Note 5 in the Notes to Financial Statements.

**EVERGREEN METROPOLITAN DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
DECEMBER 31, 2016**

Economic Factors and Next Year's Budget and Rates

- The water rates in effect for 2017 are a base rate increasing to \$27.50 per tap per month from \$26.50 for 2016 and usage rates for 2017 remaining the same as 2016 at \$2.90 per thousand for (1-14 thousand gallons per month) and usage rates for 2017 remaining the same as 2016 at \$5.00 per thousand for (15 thousand or more per month).
- The new wastewater rate in effect for 2017 is a flat rate increasing to \$46.00 per tap per month from a flat rate of \$45.00 for 2016.
- The following District charges and fees associated with various aspects of District administration and operations will remain the same as 2016. The fees and charges effective for 2017 include a Service Transfer Fee for \$25.00, Delinquent Account \$30.00 Turn-on/ \$30.00 Turn-off Fees; Property Inspections and Maintenance \$30.00 Turn-On/ \$30.00 Turn-off Fees; Monthly Fire Service Fees for \$2.00-\$8.00 per month based on the fire service line size; Miscellaneous Services Fees of \$25.00 or actual costs plus 12% for special services, and a Document Reproduction Fee of .25 per copy and \$30.00 per hour for District personnel time. For 2017, Replacement of Damaged Water Meter Fee after the one time replacement at no charge will decrease to \$55.55 per hour from \$57.00 per hour for 2016 for District personnel time and the cost of the meter and supplies.
- The District adopted an amendment to the residential system development fees structure effective December 16, 2016:
 - Single Family Dwelling: For unit size 1,250 square feet or greater, \$18,000 per tap for water and \$18,000 per tap for wastewater. For unit size less than 1,250 square feet, \$9,000 per tap for water and \$9,000 per tap for wastewater.
 - Multi-unit Dwelling: For unit size 2,000 square feet or greater, \$18,000 per tap for water and \$18,000 per tap for wastewater. For unit size 1,250 – 2,000 square feet, \$15,000 per tap for water and \$15,000 per tap for wastewater. For unit size less than 1,250 square feet, \$9,000 per tap for water and \$9,000 per tap for wastewater.

The District adopted a 1% declining rate discount for non-residential taps after the first tap with a 10% maximum discount rate for multiple taps which became effective on May 28, 2014.

- The District adopted an amendment and replaced in its entirety the regulations for Inactive Service effective December 28, 2015. Inactive water or wastewater service is authorized for water and wastewater taps that have been designated as inactive taps as of December 31, 2015. No new inactive taps will be authorized after December 31, 2015. All water and wastewater taps designated as inactive as of December 31, 2015 shall expire on December 31, 2020, and thereafter will be treated as an active tap and be subject to standard rates, fees and charges applicable to all water and wastewater taps.
- The District has budgeted for 8 water taps for EMD at \$144,000, 15 water taps for West Jefferson County Metro District at \$222,000 and inclusion and water rights surcharge fees of \$9,500, 6 water taps for El Rancho at \$30,600, 2 water taps for Kittredge at \$27,000, and 1 water tap at \$9,000 for Habitat for Humanity, for a total budget for 2017 water system development and inclusion fees of \$442,100. The District has budgeted for 10 wastewater taps at \$162,000 and 7 wastewater taps for the Water Department at \$80,500 for a total budget for 2017 for wastewater system development fees of \$242,500.

**EVERGREEN METROPOLITAN DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
DECEMBER 31, 2016**

- The District's major capital Water projects for 2017 are the Independence new pump station and engineering budgeted for \$200,000, the remodel of the filter building budgeted for \$100,000, and the dam resurfacing and sluice gate valve budgeted for \$108,000, and the North lake trail system and bin wall budgeted for \$87,200. The major capital Wastewater project for 2017 is the Tertiary filter rehabilitation/replacement budgeted for \$100,000. The major Collection and Distribution capital asset budgeted for 2017 is the excavator for \$205,000.

Requests for Information

This report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Financial Manager, Nancy A. Luzadder, Evergreen Metropolitan District, P.O. Box 3819, Evergreen, CO 80437-3819.

EVERGREEN METROPOLITAN DISTRICT
JEFFERSON COUNTY, COLORADO
STATEMENT OF NET POSITION
DECEMBER 31, 2016

ASSETS

	PROPRIETARY FUND		TOTAL MEMORANDUM ONLY
	ENTERPRISE FUND		
	WATER	WASTEWATER	
CURRENT ASSETS			
Cash and Cash Equivalents	\$ 427,724	\$ 3,002,127	\$ 3,429,851
Account Receivable	360,148	200,243	560,391
Investments	1,496,614	930,090	2,426,704
Accrued Interest Receivable	1,748	336	2,084
FEMA and State Grants Receivables	895,042	-	895,042
Inventory	91,543	16,477	108,020
Prepaid Expenses	75,753	66,541	142,294
Deposits	1,487	638	2,125
Restricted Cash - Developers' Funds	950	501	1,451
Total Current Assets	<u>3,351,009</u>	<u>4,216,953</u>	<u>7,567,962</u>
PROPERTY, PLANT AND EQUIPMENT			
Land and Right of Way	262,110	41,088	303,198
Source of Supply	1,409,144	-	1,409,144
Infrastructure	17,217,463	8,055,948	25,273,411
Treatment Plants	14,996,723	8,724,625	23,721,348
Buildings and Improvements	2,011,654	636,163	2,647,817
General Equipment	981,160	584,569	1,565,729
Transportation Equipment	386,261	566,931	953,192
Maps and GIS/GPS	178,531	55,450	233,981
Facilities Improvements and Expansion Construction in Progress	47,321	24,186	71,507
Facilities Owned by Other Districts Subject to Reversionary Interest	<u>16,254,577</u>	<u>-</u>	<u>16,254,577</u>
Total	<u>53,744,944</u>	<u>18,688,960</u>	<u>72,433,904</u>
Less Accumulated Depreciation	<u>(22,443,235)</u>	<u>(8,417,303)</u>	<u>(30,860,538)</u>
Net Property, Plant and Equipment	<u>31,301,709</u>	<u>10,271,657</u>	<u>41,573,366</u>
OTHER ASSETS			
Other Intangible, Net of Accumulated Amortization	<u>1,948,710</u>	<u>-</u>	<u>1,948,710</u>
	<u>1,948,710</u>	<u>-</u>	<u>1,948,710</u>
TOTAL ASSETS	<u>\$ 36,601,428</u>	<u>\$ 14,488,610</u>	<u>\$ 51,090,038</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL
PART OF THESE FINANCIAL STATEMENTS

EVERGREEN METROPOLITAN DISTRICT
JEFFERSON COUNTY, COLORADO
STATEMENT OF NET POSITION
DECEMBER 31, 2016

LIABILITIES AND NET POSITION

	PROPRIETARY FUND		TOTAL MEMORANDUM ONLY
	ENTERPRISE FUND		
	WATER	WASTEWATER	
CURRENT LIABILITIES			
Accounts Payable and Accrued Expenses	\$ 101,697	\$ 194,302	\$ 295,999
Accrued Interest Payable	46,457	4,709	51,166
Developers' Funds	950	500	1,450
Water Project Loan Payable - Current Portion	441,722	-	441,722
Wastewater Loan Payable - Current Portion	-	96,168	96,168
Open Space Agreement - Current Portion	6,000	-	6,000
Unearned Revenue	1,050	-	1,050
Total Current Liabilities	<u>597,876</u>	<u>295,679</u>	<u>893,555</u>
LONG TERM LIABILITIES			
Project Loan Payable - Drinking Water Revolving Fund	1,713,951	-	1,713,951
Wastewater Loan Payable - Water Pollution Revolving Fund	-	1,316,478	1,316,478
Accrued Employee Benefits Payable	104,267	104,734	209,001
Total Long Term Liabilities	<u>1,818,218</u>	<u>1,421,212</u>	<u>3,239,430</u>
OTHER LIABILITIES			
Unearned Revenue - Open Space Agreement	<u>228,000</u>	<u>-</u>	<u>228,000</u>
TOTAL LIABILITIES	<u>2,644,094</u>	<u>1,716,891</u>	<u>4,360,985</u>
NET POSITION			
Net investment in capital assets	29,146,036	8,859,011	38,005,047
Unrestricted	<u>4,811,298</u>	<u>3,912,708</u>	<u>8,724,006</u>
Total Net Position	<u>33,957,334</u>	<u>12,771,719</u>	<u>46,729,053</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 36,601,428</u>	<u>\$ 14,488,610</u>	<u>\$ 51,090,038</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL
PART OF THESE FINANCIAL STATEMENTS

EVERGREEN METROPOLITAN DISTRICT
JEFFERSON COUNTY, COLORADO
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2016

	PROPRIETARY FUND		TOTAL MEMORANDUM ONLY
	ENTERPRISE FUND		
	WATER	WASTEWATER	
OPERATING INCOME			
Water Sales	\$ 1,048,307	\$ -	\$ 1,048,307
Water Service Charges	49,250	-	49,250
Water Sales to Other Districts	2,056,340	-	2,056,340
Sewage Treatment Income	-	1,209,308	1,209,308
Sewage Treatment Income to Other Districts	-	192,887	192,887
Sewage Treatment Income to Water Department	-	118,800	118,800
Sales and Services (Customers and Other Districts)	106,433	580,175	686,608
Tap Connection, Inspection and Inactive Fees	26,329	3,302	29,631
Total Operating Income	<u>3,286,659</u>	<u>2,104,472</u>	<u>5,391,131</u>
OPERATING EXPENSES			
Operating Expenses	1,641,925	1,266,277	2,908,202
Administrative Expenses	473,103	242,978	716,081
Total Operating Expenses	<u>2,115,028</u>	<u>1,509,255</u>	<u>3,624,283</u>
NET INCOME FROM OPERATIONS BEFORE DEPRECIATION			
	1,171,631	595,217	1,766,848
Depreciation expense	<u>(1,359,584)</u>	<u>(477,753)</u>	<u>(1,837,337)</u>
NET INCOME (LOSS) FROM OPERATIONS AFTER DEPRECIATION			
	<u>(187,953)</u>	<u>117,464</u>	<u>(70,489)</u>
NON-OPERATING INCOME (EXPENSE)			
Interest Income	20,399	15,059	35,458
Miscellaneous	76,017	3,975	79,992
FEMA and State Grants - Flood Mitigation	1,490,791	-	1,490,791
Safety and Loss Prevention Grant	2,277	880	3,157
Sale of Assets	7,462	87	7,549
Loss on Assets Traded in	(2,700)	-	(2,700)
Bond Administration Fee	(61,204)	(20,000)	(81,204)
Total Net Other Income (Expense)	<u>1,533,042</u>	<u>1</u>	<u>1,533,043</u>
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS			
	<u>1,345,089</u>	<u>117,465</u>	<u>1,462,554</u>
CAPITAL CONTRIBUTIONS			
System Development Fees	255,000	179,500	434,500
Inclusions	5,250	2,750	8,000
Contributions of Facilities by Developers	128,380	-	128,380
Capital Contributions from Other Districts	-	29,084	29,084
Total Capital Contributions	<u>388,630</u>	<u>211,334</u>	<u>599,964</u>
CHANGE IN NET POSITION			
	1,733,719	328,799	2,062,518
NET POSITION - BEGINNING			
	<u>32,223,616</u>	<u>12,442,920</u>	<u>44,666,536</u>
NET POSITION - ENDING			
	<u>\$ 33,957,335</u>	<u>\$ 12,771,719</u>	<u>\$ 46,729,054</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL
PART OF THESE FINANCIAL STATEMENTS

EVERGREEN METROPOLITAN DISTRICT
JEFFERSON COUNTY, COLORADO
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2016

	PROPRIETARY FUND		TOTAL MEMORANDUM ONLY
	ENTERPRISE FUND		
	WATER	WASTEWATER	
CASH FLOW FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 3,180,238	\$ 1,401,706	\$ 4,581,944
Cash received for services to other Districts	101,957	600,274	702,231
Cash amounts paid from the water fund	-	118,800	118,800
Miscellaneous cash received	76,017	3,975	79,992
Cash payments made for salaries and benefit expense	(1,296,675)	(1,023,910)	(2,320,585)
Cash payments to suppliers	(845,269)	(516,435)	(1,361,704)
Net cash provided by operating activities	<u>1,216,268</u>	<u>584,410</u>	<u>1,800,678</u>
CASH FLOW FROM CAPITAL FINANCING ACTIVITIES			
Proceeds from sale of assets	7,462	87	7,549
Purchases of property, plant and equipment	(1,789,039)	(68,092)	(1,857,131)
Capital facilities contributions received	-	29,084	29,084
Interest and administrative loan fee paid	(122,944)	(29,669)	(152,613)
Payment to DWRP	(430,839)	-	(430,839)
Payment to CWRPDA	-	(94,273)	(94,273)
Funds received for system development fees	255,000	179,500	434,500
Funds received for inclusion fees	5,250	2,750	8,000
FEMA and State Grants received	623,538	-	623,538
Safety and Loss Prevention Grant	2,277	880	3,157
Net cash (required) by capital financing activities	<u>(1,449,295)</u>	<u>20,267</u>	<u>(1,429,028)</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of investments	(746,382)	(255,090)	(1,001,472)
Redemption of investment securities	811,984	927,783	1,739,767
Interest received on investments	21,262	19,939	41,201
Net cash provided by investing activities	<u>86,864</u>	<u>692,632</u>	<u>779,496</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(146,163)	1,297,309	1,151,146
Cash, cash equivalents and restricted cash, beginning of year	<u>574,837</u>	<u>1,705,319</u>	<u>2,280,156</u>
Cash, cash equivalents and restricted cash, end of year	<u>\$ 428,674</u>	<u>\$ 3,002,628</u>	<u>\$ 3,431,302</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL
PART OF THESE FINANCIAL STATEMENTS

EVERGREEN METROPOLITAN DISTRICT
JEFFERSON COUNTY, COLORADO
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2016

	PROPRIETARY FUND		TOTAL MEMORANDUM ONLY
	ENTERPRISE FUND		
	WATER	WASTEWATER	
CASH FLOW FROM OPERATING ACTIVITIES			
Net (loss) income from operations after depreciation	\$ (187,953)	\$ 117,464	\$ (70,489)
Adjustments to reconcile net operating (loss) income to net cash provided by operating activities			
Depreciation	1,359,584	477,753	1,837,337
Tower leases revenue	54,924	-	54,924
Pension fund forfeitures	3,119	1,680	4,799
Miscellaneous	17,974	2,295	20,269
Changes in operating assets and liabilities:			
(Increase) decrease in account receivable	(1,539)	16,946	15,407
(Increase) decrease in inventory	(32)	(1,469)	(1,501)
(Increase) decrease in prepaid expenses	(18,162)	(25,314)	(43,476)
(Increase) decrease in deposits for furniture	(1,487)	(638)	(2,125)
Increase (decrease) in accounts payable and accrued expenses	(13,192)	(15,762)	(28,954)
Increase (decrease) in accrued employee benefits payable	5,958	11,455	17,413
Increase (decrease) in deferred revenue	(2,375)	-	(2,375)
Increase (decrease) in customer deposits	(1,000)	-	(1,000)
Increase (decrease) in developer funds	450	-	450
Net cash provided by operating activities	<u>\$ 1,216,269</u>	<u>\$ 584,410</u>	<u>\$ 1,800,679</u>

Supplemental disclosure of non-cash data:

The water fund received \$128,380 and \$104,790 in contributed facilities from developers during the years ended December 31, 2016 and 2015, respectively. The sewer fund received \$-0- and \$-0- in contributed assets from other developers during the years ended December 31, 2016 and 2015, respectively.

THE ACCOMPANYING NOTES ARE AN INTEGRAL
PART OF THESE FINANCIAL STATEMENTS

EVERGREEN METROPOLITAN DISTRICT
JEFFERSON COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A) PRINCIPLES DETERMINING SCOPE OF REPORTING ENTITY

The District is a quasi-municipal corporation and political subdivision established under the State of Colorado Special District Act. The District provides water and sanitation service and facilities within the jurisdictional boundaries of the District and in other areas in conjunction with other Districts. It has an elected Board of Directors. The District derives its revenues principally from water and sewer service charges. The District entered into a cooperative agreement in 1980 with the City and County of Denver in which the District has the responsibility for the operation and maintenance of the Evergreen Lake and Evergreen Dam. The initial term of this agreement is 50 years and contains a provision for an additional renewal period of 25 years upon mutual agreement by both parties.

The District follows the Governmental Accounting Standards Board (GASB) accounting pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

The District is not financially accountable for any other organization, nor is the District a component unit of any other primary governmental entity.

B) MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The accounting policies of the District conform to accounting principles generally accepted in the United States of America as applicable to governmental units accounted for as a proprietary enterprise funds. The Governmental Accounting Standards Board is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the USA. The enterprise fund is used since the District's powers are related to those operated in a manner similar to a private utility system where net income and capital maintenance are appropriate determinations of accountability.

EVERGREEN METROPOLITAN DISTRICT
JEFFERSON COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

B) MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION – (continued)

The District's records are maintained on the accrual basis of accounting. Revenue is recognized when earned and expenses are recognized when the liability is incurred. Depreciation is computed and recorded as an operating expense, expenditures for property, plant and equipment are shown as increases in assets.

The District distinguishes between *operating* revenues and expenses and *non-operating items*. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the District's principal ongoing business of providing water and wastewater services. The primary operating revenues are for charges to customers and sales and services. Operating expenses include the cost of sales and services, administrative expenses, and depreciation of assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Fund Accounting

The accounts of the District are recognized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The District has only one proprietary fund.

Proprietary Funds

Enterprise Fund – Enterprise Fund is used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or service to the general public on a continuing basis be financed or recovered primarily through user charges.

EVERGREEN METROPOLITAN DISTRICT
JEFFERSON COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

C) ASSETS, LIABILITIES AND NET POSITION

Cash deposits and Restricted cash

Cash deposits and restricted cash are highly liquid investments with maturity dates of three months or less when acquired.

Investments

The District has implemented the accounting and reporting requirements of GASB No. 79, *Certain External Investment Pools and Pool Participants*. The GASB 79 statement allows many state and local government external investment pools to qualify for amortized cost accounting. Certificates of deposit with an original maturity of one year or less are reported at amortized cost, which approximates fair value. Asset backed securities such as Federal Home Loan Mortgage Corporation and Government National Mortgage Association notes are reported at cost, which approximates fair value.

Restricted Assets

The District restricts the balance of developer projects that are in process at the end of the year. The costs of these projects are funded by the developer and deeded to the District at the completion of a project.

Inventory

Inventory is primarily valued at the lower of cost or market and is charged to expense on a first-in, first-out basis of accounting.

Property, Plant and Equipment

Property, plant and equipment are recorded at the cost to the District or the Developer and include engineering and legal fees. Improvements and betterments are capitalized and depreciated over their useful lives. The District defines capital assets as assets with an initial, individual cost of more than \$2,500. Expenditures deemed to be repairs are charged to current year's expense.

EVERGREEN METROPOLITAN DISTRICT
JEFFERSON COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

C) ASSETS, LIABILITIES AND NET POSITION – (continued)

Depreciation is calculated on the straight-line method over estimated useful lives of the assets ranging from 5 to 50 years.

Accrued Vacation and Sick Pay

Accumulated unpaid vacation and sick pay is recorded when earned.

Contributed Capital

The District has agreements with developers whereby extensions to existing lines are constructed and funded by the developer and then donated to the District. The District is then responsible for the maintenance and operations of the lines. In accordance with the requirements of Governmental Accounting Standards Board Statement 33, Accounting and Financial Reporting for Non-exchange Transactions, the District recorded these contributed lines as revenue for the year ended December 31, 2016.

D) BUDGETS AND BUDGETARY ACCOUNTING

Formal budgetary integration is employed as a management control device during the year for the Enterprise Fund. Formal budgetary integration is also employed to comply with the State of Colorado Budget Law.

The District follows these procedures in establishing the budgetary data reflected in the financial statements.

1. Budgets are required by state law for all proprietary funds. Prior to October 15, a proposed operating budget for each fund is submitted to the Directors for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted by the Board of Directors to obtain taxpayer comments. The budget is formally adopted by resolution after considering comments received.
3. No mill levy is assessed for the year ended December 31, 2016.

EVERGREEN METROPOLITAN DISTRICT
JEFFERSON COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

D) BUDGETS AND BUDGETARY ACCOUNTING – (continued)

4. The expenditures are appropriated by December 31 for the ensuing year. The appropriation is at the total fund level and lapses at year end.
5. Expenditures may not legally exceed appropriations at the fund level. However, administrative control of the budget is exercised by the Board of Directors. Board approval is required for any revisions that alter total expenditures.
6. The budget is adopted on a budgetary basis not consistent with generally accepted accounting principles (GAAP).

E) ESTIMATES

The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

F) OTHER INTANGIBLES

The District completed a dredge project in 1991 at a cost of \$782,144. The District began amortizing the cost of this project, in 1992, on a straight-line basis over the then remaining life of the cooperative agreement with the City and County of Denver (38 years). As of December 31, 2016, the accumulated amortization is \$493,986 and the net book value is \$288,158.

The District completed a dredge project in 2016 to remove sediment from the September 2013 flood event at a cost of \$1,681,135. The District will begin amortizing the cost of this project, in 2017, on a straight-line basis over the then remaining life of the cooperative agreement with the City and County of Denver (13 years). As of December 31, 2016, the net book value is \$1,681,135.

EVERGREEN METROPOLITAN DISTRICT
JEFFERSON COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 2 – CASH DEPOSITS, RESTRICTED CASH AND INVESTMENTS

Fair Value Measurement and Application

The District 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. Investments not measured at fair value and not categorized include governmental money market funds (PFM Funds Governmental Select series); money market funds (generally held by Bank Trust Departments in their role as paying agent or trustee); and CSAFE which record their investments at amortized costs.

The local government investment pools, which include the Colorado Surplus Asset Fund Trust (CSAFE) and the Colorado Local Government Liquid Asset Trust (Colotrust), are both rated AAAM by Standard & Poor’s.

Cash deposits, Restricted cash and Investments held by the District at December 31, 2016 are presented below:

	<u>Book Balance</u>	<u>Bank Balance</u>
<u>Cash Deposits and Restricted Cash:</u>		
Insured deposits		
Bank deposits – unrestricted	\$ 750,855	\$ 750,855
Certificates of Deposit	2,077,709	2,077,709
Collateralized deposits		
Bank deposits – unrestricted	1,450,354	1,556,821
Certificates of Deposit	108,996	108,996
	<u>4,387,914</u>	<u>4,494,381</u>
Insured deposits		
Bank deposits – restricted	1,451	1,451
Collateralized deposits		
Bank deposits - restricted	-0-	-0-
		\$ <u>4,495,832</u>
Uncategorized:		
Cash on hand	<u>278</u>	
Total cash deposits and restricted cash	\$ <u>4,389,643</u>	

EVERGREEN METROPOLITAN DISTRICT
JEFFERSON COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

		<u>Fair Value</u>
<i>Investments</i>		
U.S. Government Agency Securities	\$	240,000
Local Government Investment pool		<u>1,228,363</u>
Total cash and investments	\$	<u>5,858,006</u>

Cash deposits and investments are reflected on the December 31, 2016 Statement of Net Position as follows:

Total cash deposits and investments	\$	5,858,006
Less: restricted cash and cash equivalents		(1,451)
Less: long-term investments		<u>(2,426,704)</u>
Cash and cash equivalents	\$	<u>3,429,851</u>

Eligible Investments

Colorado State Statutes define eligible investments for local governments. These include U.S. Treasury obligations, repurchase agreements, State of Colorado and local government obligations, and others. The statutes allow participation with other local governments in pooled investment funds managed by mutual agreement with the same restrictions on deposits and investments. The State Regulatory Commission for banks and financial services are required by Statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

At December 31, 2016, investments consist of U.S. Government Agency Securities and certificates of deposit with original maturities in excess of 90 days.

As of December 31, 2016, the District had invested \$1,228,363 in the Colorado Surplus Asset Fund Trust (CSAFE), an investment vehicle established for local government entities in Colorado to pool surplus funds. As an investment pool, CSAFE operates under the Colorado Revised Statutes (24-75-701) and is overseen by the Colorado Securities Commissioner. CSAFE invests in securities that are specified by the Colorado Revised Statutes (24-75-601). Authorized securities include U.S. Treasuries, U.S. Agencies, commercial paper (rated A1 or better) and bank deposits (collateralized through PDPA). CSAFE adheres to the guidelines outlined in GASB 79 regarding liquidity, maturity, quality, diversifications and shadow NAV pricing. CSAFE measures all of its investments at amortized cost with a weighted average maturity of 60 days or less. CSAFE is rated AAAM by the Standard & Poor's Corporation. Information related to CSAFE, including their annual audited financial statements, can be found at their website, www.csafe.org. Information related to Standard & Poor's ratings can be obtained from Standard and Poor's.

EVERGREEN METROPOLITAN DISTRICT
JEFFERSON COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 2 – CASH DEPOSITS, RESTRICTED CASH AND INVESTMENTS – (continued)

Custodial Risk

As of December 31, 2016, the carrying amount of the District's deposits was \$4,389,643. The District's cash demand deposits are held at financial institutions in which deposits are insured up to \$250,000 per institution by the Federal Deposit Insurance Corporation. The District's deposits are categorized to give an indication of the level of risk assumed by the District at December 31, 2016. The Colorado Public Deposit Protection Act (PDPA) requires local governments deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least equal to the aggregate uninsured deposits.

Credit Risk

State statutes authorize the District to only invest in bank deposits, general obligations of the U.S. Government and its agencies rated AAA, repurchase agreements of less than 180 days and collateralized by U.S. Treasury or Federal Instrumentality Securities with a maturity not exceeding 5 years, highest rated commercial paper, certain banker's acceptances, local government investment pools, money market funds and certificates of deposit. The District's formal investment policy also restricts investments to only those permitted by the state statute. On August 8, 2011, Standard & Poor's downgraded the United States sovereign debt from AAA to AA+. Securities issued by entities directly tied to federal government also were downgraded one-notch, including Government Sponsored Enterprises (GSEs), full faith and credit agencies, FDIC, TARP, and thousands of municipalities. On March 7, 2012, Colorado House Bill 1005 legislation passed which allows counties and other local governments to invest in U.S. securities that have been downgraded effective immediately. The statutes allow participation with other local governments in pooled investment funds managed by mutual agreement with the same restrictions on deposits and investments. As of December 31, 2016, the District had \$240,000 invested in Federal Home Loan Mortgage Corp Bonds.

Concentration Risk

The District's investment policy calls for investment diversification within the portfolio to avoid unreasonable risks inherent in over investing in specific investments, individual financial institutions or maturities. The District's investments are concentrated in certificates of deposit (90.11%) and Federal Home Loan Mortgage Corp Bonds (9.89%).

Interest Rate Risk

Colorado Revised Statutes limit the District's investment maturities to 5 years or less from the date of purchase. This limit on investment maturities is a means of limiting exposure to fair values arising from interest rates.

EVERGREEN METROPOLITAN DISTRICT
JEFFERSON COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 3 – DEVELOPERS’ FUNDS

Developer funds represent the unused portion of main extension deposits advanced to the District by Developers. The deposits are reflected in the asset section of the balance sheet as restricted cash – developers’ funds.

NOTE 4 - SCHEDULE OF CHANGES IN PROPERTY, PLANT AND EQUIPMENT

The schedules of changes in property, plant and equipment for 2016 are set forth below:

<u>WATER FUND:</u>	Balance at January 1, 2016	Transfers/ Increases	Transfers/ Decreases	Balance at December 31, 2016
Capital assets not being depreciated:				
Source of Supply	\$ 1,409,144	\$	\$	\$ 1,409,144
Land and Right of Way	262,110			262,110
Construction in progress	221,452	1,507,004	(1,681,135)	47,321
Total capital assets not being depreciated	<u>1,892,706</u>	<u>1,507,004</u>	<u>(1,681,135)</u>	<u>1,718,575</u>
Capital assets being depreciated:				
Infrastructure	17,099,446	118,017		17,217,463
Water Treatment plant	14,863,461	137,262	(4,000)	14,996,723
Buildings and Improvements	2,006,636	5,018		2,011,654
General Equipment	963,338	25,546	(7,724)	981,160
Transportation Equipment	358,310	52,954	(25,003)	386,261
Maps	148,360			148,360
GIS Project	30,171			30,171
Facilities Owned by Other Districts	16,126,197	128,380		16,254,577
Total capital assets being depreciated	<u>51,595,919</u>	<u>467,177</u>	<u>(36,727)</u>	<u>52,026,369</u>
Less accumulated depreciation for:				
Infrastructure	(6,732,922)	(430,606)		(7,163,528)
Water Treatment plant	(4,051,338)	(385,102)	1,300	(4,435,140)
Buildings and Improvements	(596,922)	(66,190)		(663,112)
General Equipment	(808,127)	(51,314)	7,724	(851,717)
Transportation Equipment	(304,959)	(19,413)	25,003	(299,369)
Maps	(144,916)	(2,002)		(146,918)
GIS Project	(29,772)	(400)		(30,172)
Facilities Owned by Other Districts	(8,463,306)	(389,973)		(8,853,279)
Total accumulated depreciation	<u>(21,132,262)</u>	<u>(1,345,000)</u>	<u>34,027</u>	<u>(22,443,235)</u>
Total capital assets being depreciated, net	<u>30,463,657</u>	<u>(877,823)</u>	<u>(2,700)</u>	<u>29,583,134</u>
Capital assets, net	<u>\$ 32,356,363</u>	<u>\$ 629,181</u>	<u>\$ (1,683,835)</u>	<u>\$ 31,301,709</u>

Additions during the year consist of the dredge project of \$1,492,022, infrastructure additions of \$118,017, the water treatment plant purchase of seven wastewater taps at \$80,500, construction in progress of \$14,982, capital facilities contributions from developers of \$128,380, and sundry assets of \$83,518. Net interest costs of \$56,762 were capitalized for the water plant during 2016.

EVERGREEN METROPOLITAN DISTRICT
JEFFERSON COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 4 - SCHEDULE OF CHANGES IN PROPERTY, PLANT AND EQUIPMENT – (continued)

<u>WASTEWATER FUND:</u>	Balance at January 1, 2016	Transfers/ Increases	Transfers/ Decreases	Balance at December 31, 2016
Capital assets not being depreciated:				
Land and Right of Way	\$ 41,088	\$	\$	\$ 41,088
Construction in progress	40,516	34,092	(50,422)	24,186
Total capital assets not being depreciated	81,604	34,092	(50,422)	65,274
Capital assets being depreciated:				
Infrastructure	8,052,135	3,813		8,055,948
Wastewater Treatment plant	8,665,334	59,291		8,724,625
Buildings and Improvements	616,216	19,947		636,163
General Equipment	576,418	10,726	(2,575)	584,569
Transportation Equipment	566,931			566,931
Maps	29,211			29,211
GIS Project	26,239			26,239
Total capital assets being depreciated	18,532,484	93,777	(2,575)	18,623,686
Less accumulated depreciation for:				
Infrastructure	(3,775,012)	(160,509)		(3,935,521)
Wastewater Treatment plant	(3,023,953)	(216,043)		(3,239,996)
Buildings and Improvements	(275,265)	(16,024)		(291,289)
General Equipment	(515,731)	(18,322)	2,575	(531,478)
Transportation Equipment	(297,694)	(66,157)		(363,851)
Maps	(28,631)	(299)		(28,930)
GIS Project	(25,838)	(400)		(26,238)
Total accumulated depreciation	(7,942,124)	(477,754)	2,575	(8,417,303)
Total capital assets being depreciated, net	10,590,360	(383,977)	-0-	10,206,383
Capital assets, net	\$ 10,671,964	\$ (349,885)	\$ (50,422)	\$ 10,271,657

Additions during the year consist of \$49,936 to the wastewater treatment plant, infrastructure additions of \$3,813, District construction in progress of \$24,186, and sundry assets of \$30,673. Net interest costs of \$9,355 were capitalized during 2016.

EVERGREEN METROPOLITAN DISTRICT
JEFFERSON COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 5 – LONG-TERM DEBT

The District’s long-term debt as of December 31, 2016 and its 2016 debt transactions are as follows:

	Balance at January 1, 2016	Additions	Retirements	Balance at December 31, 2016	Current Portion
<u>Project Loan Payable Drinking Water Revolving Fund</u>	\$ 2,586,512	\$ --	\$ (430,839)	\$ 2,155,673	\$ 441,722
	<u>2,586,512</u>	<u>--</u>	<u>(430,839)</u>	<u>2,155,673</u>	<u>441,722</u>
Current portion	<u>(430,839)</u>			<u>(441,722)</u>	
Long-term portion	\$ <u>2,155,673</u>			\$ <u>1,713,951</u>	
 <u>Water Pollution Control Revolving Fund</u>	\$ 1,506,919	\$ --	\$ (94,273)	\$ 1,412,646	\$ 96,168
	<u>1,506,919</u>	<u>--</u>	<u>(94,273)</u>	<u>1,412,646</u>	<u>96,168</u>
Current Portion	<u>(94,273)</u>			<u>(96,168)</u>	
Long-term portion	\$ <u>1,412,646</u>			\$ <u>1,316,478</u>	

Project Loan Payable – Drinking Water Revolving Fund

The District obtained two loans totaling \$7,500,000 from the State of Colorado Drinking Water Revolving Fund for the purpose of financing water quality improvements to the Evergreen water treatment plant and to upgrade appurtenant water transmission and reservoir systems. The 2000 Loan was refunded on April 28, 2005. The effective interest rate following the refunding is approximately 4.17% and includes all fees and interest. The 2002 Loan was refunded on February 21, 2013. The loan has a nine year call feature. The effective interest rate following the refunding is 1.66% and includes all fees and interest. Principal, interest and administrative fees are payable semi-annually on February 1 and August 1 of each year.

Water Pollution Control Revolving Fund Loan

The District obtained a loan totaling \$2,000,000 from the Colorado Water Resources and Power Development Authority through the Water Pollution Control Revolving Fund Program for the purpose of removing and replacing the twin tee roof, concrete block wall and blower room roof of the District’s secondary wastewater treatment plant. The loan agreement between the District and the Colorado Water Resources and Power Development Authority dated July 24, 2009 has an interest rate of 2.0% for 20 years and is payable semi-annually on May 1 and November 1 of each year.

EVERGREEN METROPOLITAN DISTRICT
JEFFERSON COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 5 – LONG-TERM DEBT – (continued)

The following tables summarize debt service requirement for debt outstanding as of December 31, 2016.

Project Loan Payable – Drinking Water Revolving Fund

<u>Year</u>	<u>Principal</u>	<u>Fees</u>	<u>Interest</u>	<u>Total Annual Requirements</u>
2017	441,722	61,204	49,668	552,594
2018	458,094	61,204	33,489	552,787
2019	479,862	50,048	14,864	544,774
2020	512,560	33,314	556	546,430
2021	126,229	12,511	(1,752)	136,988
2022	137,206	3,631	(9,694)	131,143
TOTALS	\$ <u>2,155,673</u>	\$ <u>221,912</u>	\$ <u>87,131</u>	\$ <u>2,464,716</u>

Water Pollution Control Revolving Fund

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Annual Requirements</u>
2017	96,168	27,774	123,942
2018	98,101	25,842	123,943
2019	100,073	23,870	123,943
2020	102,084	21,858	123,942
2021	104,136	19,806	123,942
2022-2026	552,931	66,780	619,711
2027-2029	359,153	12,675	371,828
TOTALS	\$ <u>1,412,646</u>	\$ <u>198,605</u>	\$ <u>1,611,251</u>

EVERGREEN METROPOLITAN DISTRICT
JEFFERSON COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 6 - DEFERRED COMPENSATION PLAN

The District has a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Public Employees Benefit Service Corporation administers this plan. Participation in the plan is optional for all employees. The plan allows employees the ability to defer a portion of their salary until future years. The deferred compensation is not available to the employee until termination, retirement, death or unforeseen emergencies.

On December 26, 1996, the administrator amended the Section 457 deferred compensation plan to require all amounts deferred to be held in trust for the exclusive benefit of participating employees and not be accessible by the District or its creditors.

NOTE 7 - DEFINED CONTRIBUTION PLAN

The District provides pension benefits for all of its regularly employed employees through the Evergreen Metropolitan District Money Purchase Plan, a defined contribution plan. In this defined contribution plan, benefits depend solely on amounts contributed by the District to the plan plus investment earnings. The District is required to make annual contributions equal to 8 percent of the annual base compensation, not including overtime or bonuses, of each eligible participant. Eligible participants become 100 percent vested after completing three years of service.

District contributions and investment earnings forfeited by employees who leave employment before becoming fully vested are used to reduce the District's current-period contribution requirement. The District's total payroll in fiscal year 2016 was \$1,764,030. The District's contributions were calculated using the base salary amount of \$1,584,268. The District made the required contribution of \$126,742. The District's forfeitures for the year were \$4,799.

The plan is not reported as part of the District's financial statements because the District does not exercise oversight responsibility or have significant influence on the financial operations of the plan. Net assets available for plan benefits as of December 31, 2016, the date of the last issued report by the plan is \$1,704,211.

NOTE 8 - WATER DISTRIBUTION AGREEMENTS

The District has entered into separate water distribution and service agreements with the following metropolitan or water and sanitation districts: Kittredge, West Jefferson County and Upper Bear Creek districts. These agreements transfer the title of certain water assets located within those district's boundaries to those districts. The agreements also contain a reversionary clause whereby title to all of the referenced water facilities would revert back to Evergreen Metropolitan District should the agreement be terminated. The District charges each of the contracting districts water service charges equivalent to the District's existing water rates.

EVERGREEN METROPOLITAN DISTRICT
JEFFERSON COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 8 - WATER DISTRIBUTION AGREEMENTS - (continued)

Amendment of the Water Distribution Agreement

The consolidation of the El Rancho Metropolitan District and the West Jefferson County Metropolitan District was approved by a majority of the electors voting at the Special Consolidation Elections held on October 8, 2013. The name of the Consolidated District is West Jefferson County Metropolitan District and became effective as of January 1, 2014. The Districts entered into an amendment of the Water Agreement between El Rancho and Evergreen that imposes responsibility for the operation, maintenance, repair and replacement of the water distribution system in the El Rancho service boundary area upon Evergreen to the same extent as provided under the Water Agreement between West Jefferson and Evergreen. Upon completion of the 2013 audit of the El Rancho Financial Statements, El Rancho transferred \$99,461 from the water fund reserves to the Evergreen Metropolitan District for deposit in its water activity enterprise fund and water mains and equipment net of accumulated depreciation of \$1,780,744.

NOTE 9 - LEASE AGREEMENT

During March of 1981, the District entered into an agreement with the County of Jefferson, State of Colorado. The agreement calls for the District to grant to the County the right to provide recreational facilities and programs at Evergreen Lake. The terms call for the County to pay the District \$6,000 per year for 75 years. This amount was paid in a lump sum of \$450,000 and is being taken into income over the seventy-five year period on a straight-line basis (\$6,000 per year). The District has agreed not to raise the level of the lake without taking appropriate measures to protect existing improvements and to prevent the reduction of the usable land area. The agreement also requires that the District refund to the County a pro-rata portion of the prepaid fees for the unexpired portion of the term should the agreement be terminated by the parties.

NOTE 10 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets; errors or omissions; injuries to agents; and natural disasters. The Colorado Special Districts Property and Liability Pool (the Pool) is an organization created by intergovernmental agreement to provide common liability and casualty insurance coverage to its members at a cost that is considered economically appropriate.

It provides coverage for property claims up to the values declared, and liability claims for up to \$1,000,000. It is reinsured for up to 80% of the first \$250,000 of each casualty claim and for 100% of the excess. Public official liability claims are reinsured for the full limit of \$1,000,000.

The District pays annual premiums to the Pool for auto, public official's liability, and property and general liability coverage. In the event aggregated losses incurred by the Pool exceed its amounts recoverable from reinsurance contracts and its accumulated reserves, the District may be called upon to make additional contributions to the Pool on the basis proportionate to other members.

EVERGREEN METROPOLITAN DISTRICT
JEFFERSON COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 11 - COMMITMENTS AND CONTINGENCIES

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations including revenue raising, spending abilities, and other specific requirements of state and local governments.

On May 2, 2000, the District's voters approved the elimination of the limitations on terms of office contained in Article XVIII, Section 11(2) of the Colorado Constitution as applied to the Evergreen Metropolitan District. In addition, voters authorized the District to collect, retain and spend each year all revenue from all sources without regard to any limitations under TABOR and any other law. The amendment excludes from its provisions Enterprises. Enterprises are defined as government-owned businesses, which are authorized to issue revenue bonds and receive less than 10 percent of their annual revenue in grants from state and local governments. The District believes that a significant portion of its operations qualifies for the enterprise exclusion.

NOTE 12 – FEMA AND STATE GRANTS-

During the flood event in September 2013, the increased flow deposited sediment into Evergreen Lake which greatly reduced the lake's retaining capacity for the drinking water supply. The District received a Colorado Division of Homeland Security and Emergency Management grant agreement from the FEMA Public Assistance Program effective July 7, 2014. The grant agreement is for \$915,897 for the dredging of the lake to remove sediment. The Federal share is 75% and the State share is 12.5%. The District received a Nutrients Grant from the Colorado Department of Public Health and Environment effective October 27, 2014 for \$114,487 which is the District's grantee match requirement of 12.5% for the FEMA grant.

On June 12, 2015, the District submitted a request for a Scope Change Request to FEMA for the lake dredging project due to constraints identified from the engineering planning and project permitting process that requires a change in the method of dredging and costs overrun. The original FEMA grant amount is for \$915,897 and the revised amount requested for the Scope Change is \$1,933,127. On December 23, 2015, FEMA approved the proposed Scope Change of work, but did not approve the full amount requested. The additional amount approved was \$790,576 for a total project amount of \$1,706,473. A Time Extension Request for a completion date of December 1, 2016 was submitted to DHSEM in March 2016 and was approved on May 2, 2016 by DHSEM.

On August 12, 2015, the District submitted a request to the Colorado Department of Public Health and Environment for additional funding of \$130,463 from the Nutrients Grant due to the scope change and cost overrun. The contract was amended on September 14, 2015 and the grant was increased by \$130,463 for a maximum amount of \$244,950 to be used for the term of October 27, 2014 through June 30, 2016

On January 5, 2017, the District submitted a Scope Change Request to DHSEM to reconcile the final costs for the lake dredging project. Since the work is 100% complete, DHSEM is deferring

EVERGREEN METROPOLITAN DISTRICT
JEFFERSON COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 12 – FEMA AND STATE GRANTS – (continued)

the Scope Change Request to closeout. At closeout, DHSEM will review the Scope Change Request and make a recommendation to FEMA.

On February 22, 2017, the District submitted a Closeout Request to DHSEM for review of all the lake dredging project documentation. The DHSEM review will take several months and will then be advanced to FEMA for review. During closeout, FEMA will reconcile the CDPHE grant funds paid for the District's 12.5% share of the eligible work for the project and the FEMA grant funds paid to ensure there is no duplication of benefits.

As of December 31, 2016, the District had incurred total expenditures of \$1,681,135 for the Dredge project and the amount eligible for reimbursement from the FEMA Grant and from the Nutrients Grant is \$1,671,788. As of December 31, 2016, reimbursements of \$532,961 were received from FEMA and reimbursements of \$243,785 were received from the Nutrients Grant. The contractor began the initial mobilization for the dredge work on May 16, 2016 and all physical work and costs were completed by November 1, 2016.

NOTE 13 – EVALUATION OF SUBSEQUENT EVENTS

The District has evaluated subsequent events through August 18, 2017, the date which the financial statements were available to be issued.

NOTE 14 – TAX, SPENDING AND DEBT LIMITATIONS

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations including revenue raising, spending abilities, and other specific requirements of state and local governments.

The District's financial activity provides the basis for calculation of limitations adjusted for allowable increases tied to inflation and local growth.

The amendment is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of the amendment. The District has made certain interpretations in the amendment's language in order to determine its compliance. The District believes that a significant portion of its operation qualifies for the enterprise exclusion under the amendment.

On May 2, 2000, the District's voters approved the elimination of the limitations on terms of office contained in Article XVIII, Section 11(2) of the Colorado Constitution as applied to the Evergreen Metropolitan District.

In addition, voters authorized the District to collect, retain and spend each year all revenue from all sources without regard to any limitations under TABOR and any other law.

SUPPLEMENTAL INFORMATION

EVERGREEN METROPOLITAN DISTRICT
JEFFERSON COUNTY, COLORADO
RECONCILIATION OF WATER BUDGET TO STATEMENT
OF REVENUE AND EXPENSES (GAAP BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2016

WATER REVENUE

Total actual water revenue per budget	\$	7,395,674
Budgeted revenue not included in net income (GAAP Basis)		(2,267,247)
Subtotal		5,128,427

WATER EXPENDITURES

Total actual water expenditures per budget		4,457,851
Budgeted expenditures not included in net income (GAAP Basis)		
Capital expenditures		(1,789,039)
Payments on loan to the Drinking Water Revolving Fund		(430,839)
Income and expense items shown on Statement of Revenue and Income and expenses not included in budget		
Loss on the sale of assets		2,700
Depreciation		1,359,584
Contributions of Facilities by Developers		(128,380)
Insurance Refund Receivable - Water Treatment Plant Equipment Damage		(15,428)
Construction interest capitalized		(56,762)
Change in accrued interest payable		(4,978)
Subtotal		3,394,709
Net Income (GAAP BASIS)	\$	1,733,718

EVERGREEN METROPOLITAN DISTRICT
JEFFERSON COUNTY, COLORADO
COMPARISON OF WATER REVENUE AND EXPENDITURES WITH BUDGET
FOR THE YEAR ENDED DECEMBER 31, 2016

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUE			
<u>OPERATING REVENUE</u>			
Water Sales	\$ 2,950,960	\$ 3,104,647	\$ 153,687
Inactive Fees - Tap Purchase Agreements	3,540	3,540	-
Late Fees and Collection Charges	44,000	49,250	5,250
Services to Developers/Public	1,500	4,476	2,976
Services to Districts	103,250	101,957	(1,293)
Connections and Inspections	21,425	22,789	1,364
Interest	3,500	8,799	5,299
Tower Leases Revenue	55,925	54,924	(1,001)
Miscellaneous and Pension Plan Forfeitures	3,260	5,665	2,405
Transfer of Operating Reserves to Capital	(150,000)	(150,000)	-
Transfer of Operating Reserves to Repair and Replacement	(200,000)	(200,000)	-
TOTAL OPERATING REVENUE	<u>2,837,360</u>	<u>3,006,047</u>	<u>168,687</u>
<u>CAPITAL REVENUE</u>			
System Development Fees	303,000	255,000	(48,000)
Proceeds from the Sale of Assets	1,000	7,462	6,462
Interest	11,600	11,600	-
Safety and Loss Prevention Grant	1,000	2,277	1,277
FEMA and State Grants	1,790,540	1,490,791	(299,749)
CDPHE Grant-Watershed Assessment of River Stability	3,055	-	(3,055)
Inclusions and Cost Recovery	9,500	5,250	(4,250)
Transfer of Operating Reserves to Capital	150,000	150,000	-
Transfer of Operating Reserves to Repair and Replacement	200,000	200,000	-
TOTAL CAPITAL REVENUE	<u>2,469,695</u>	<u>2,122,380</u>	<u>(347,315)</u>
<u>BEGINNING RESOURCES AVAILABLE</u>			
Operating	221,168	298,988	77,820
Capital	1,819,280	1,879,218	59,938
Repair and Replacement	102,707	89,041	(13,666)
TOTAL BEGINNING RESOURCES	<u>2,143,155</u>	<u>2,267,247</u>	<u>124,092</u>
TOTAL RESOURCES AVAILABLE	<u>\$ 7,450,210</u>	<u>\$ 7,395,674</u>	<u>\$ (54,536)</u>

EVERGREEN METROPOLITAN DISTRICT
JEFFERSON COUNTY, COLORADO
COMPARISON OF WATER REVENUE AND EXPENDITURES WITH BUDGET
FOR THE YEAR ENDED DECEMBER 31, 2016

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
EXPENDITURES			
<u>OPERATIONS AND MAINTENANCE</u>			
SOURCE OF SUPPLY			
Supplies and Maintenance	\$ 34,900	\$ 14,957	\$ 19,943
Engineering	3,500	725	2,775
Water Rights Maintenance	30,000	36,444	(6,444)
WATER TREATMENT PLANT			
Chemicals	78,000	74,302	3,698
Supplies and Maintenance	68,000	61,812	6,188
Power	46,200	40,653	5,547
Truck Expense	24,000	14,269	9,731
Lab Supplies and Maintenance	15,500	14,867	633
Lab Outside Services	25,000	10,197	14,803
Wastewater Treatment Services	118,800	118,800	-
Employee Expense	475,500	447,002	28,498
PUMP STATIONS/PRESSURE CONTROL			
Supplies and Maintenance	22,000	14,518	7,482
Engineering	2,000	583	1,417
Utilities	115,500	107,819	7,681
Safety	3,000	2,952	48
NEW SERVICES, ENVIRONMENTAL & PRETREATMENT			
Supplies and Maintenance	3,300	3,333	(33)
Truck Expense	2,800	2,688	112
Lab Supplies and Maintenance	500	-	500
Lab Outside Services	500	-	500
New Services Supplies	8,500	9,501	(1,001)
Equipment Maintenance	500	-	500
Employee Expense	162,000	127,647	34,353
COLLECTION AND DISTRIBUTION			
Supplies and Maintenance	14,000	4,702	9,298
Engineering	1,000	-	1,000
Telephone and Utilities	7,500	6,605	895
Truck Expense	12,500	7,935	4,565
Equipment Maintenance Expense	12,500	10,314	2,186
Distribution Expense	50,000	35,869	14,131
Safety	1,500	1,348	152
Employee Expense	355,000	294,720	60,280
TOTAL OPERATIONS AND MAINTENANCE EXPENDITURES	\$ 1,694,000	\$ 1,464,562	\$ 229,438

EVERGREEN METROPOLITAN DISTRICT
JEFFERSON COUNTY, COLORADO
COMPARISON OF WATER REVENUE AND EXPENDITURES WITH BUDGET
FOR THE YEAR ENDED DECEMBER 31, 2016

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>WATER EXPENDITURES - CUSTOMER SERVICE/ METER READING & BILLING</u>			
Supplies and Maintenance	\$ 15,630	\$ 13,553	\$ 2,077
Equipment Maintenance Expense	3,500	618	2,882
Meter Change Out Inventory	5,500	3,336	2,164
Employee Expense	167,500	159,856	7,644
TOTAL CUSTOMER SERVICE/METER READING	192,130	177,363	14,767
 <u>WATER EXPENDITURES - ADMINISTRATION</u>			
Audit	8,750	6,930	1,820
Insurance	52,750	49,662	3,088
Legal	45,000	55,801	(10,801)
Office Supplies	5,200	3,739	1,461
Postage	15,750	15,107	643
Operating Supplies	9,600	6,401	3,199
Outside Services	24,000	23,590	410
Rents, Repairs and Maintenance	14,000	7,401	6,599
Telephone	6,550	6,222	328
Power	6,825	5,049	1,776
Dues, Subscriptions and Training	4,000	2,311	1,689
Directors' Fees	5,600	5,226	374
Miscellaneous	500	222	278
Directors' Payroll Taxes	428	400	28
Travel, Meetings and Conferences	12,500	4,938	7,562
Election Expense	8,500	688	7,812
Employee Expense	300,000	279,417	20,583
TOTAL ADMINISTRATION EXPENDITURES	519,953	473,104	46,849
TOTAL OPERATIONS & MAINTENANCE, CUSTOMER SERVICE & METER READING & ADMINISTRATION EXPENDITURES	2,406,083	2,115,029	291,054
 <u>DEBT SERVICE</u>			
DWRF Project Loan Principal	430,839	430,839	-
DWRF Project Loan Administrative Fees	61,204	61,204	-
DWRF Project Loan Interest	61,740	61,740	-
TOTAL DEBT SERVICE	\$ 553,783	\$ 553,783	\$ -

EVERGREEN METROPOLITAN DISTRICT
JEFFERSON COUNTY, COLORADO
COMPARISON OF WATER REVENUE AND EXPENDITURES WITH BUDGET
FOR THE YEAR ENDED DECEMBER 31, 2016

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
WATER EXPENDITURES - CAPITAL			
Main Replacements	150,000	10,307	\$ 139,693
Collection, Transmission and Distribution Improvements	6,788	6,788	-
General, Office and Computer Equipment	30,000	22,142	7,858
Meter Reading / Accessories	5,000	-	5,000
Buildings and Improvements	12,780	5,019	7,761
Remodel of Old Filter Building	100,000	-	100,000
Treatment Plant, Lab and General Equipment	3,402	3,402	-
Water Department Utility Vehicle	70,000	52,954	17,046
Safety Equipment	5,000	-	5,000
Miscellaneous	154,065	-	154,065
Fire Hydrant Replacements	25,000	12,915	12,085
Lighting for C&D Building	6,500	-	6,500
Ridge Pump Station Generator	250,000	60,602	189,398
Reservoir Cleaning	16,000	13,527	2,473
Lake Dredging	1,790,540	1,492,022	298,518
Bridge to Lakehouse	22,000	116	21,884
Upstream Water Mitigation	10,000	-	10,000
Watershed Assessment of River Stability & Sediment Supply	3,055	-	3,055
Water Model Engineering	5,445	5,445	-
Engineering for 404 Permit for Evergreen Lake	818	818	-
Independence Pump Station Engineering	2,793	2,793	-
Water Plant Pump Station Engineering	950	950	-
Hidden Valley Project	18,739	18,739	-
Wastewater Taps	80,500	80,500	-
TOTAL CAPITAL EXPENDITURES	2,769,375	1,789,039	980,336
TOTAL EXPENDITURES	\$ 5,729,241	\$ 4,457,851	\$ 1,271,390
ENDING BALANCE, DECEMBER 31	\$ 1,720,969	\$ 2,937,823	\$ 1,216,854
<u>ENDING RESOURCES</u>			
Operating Reserves	98,662	\$ 636,223	537,561
Capital Reserves	1,319,600	2,012,559	692,959
Repair and Replacement Reserves	302,707	289,041	(13,666)
TOTAL ENDING RESOURCES	\$ 1,720,969	\$ 2,937,823	\$ 1,216,854

EVERGREEN METROPOLITAN DISTRICT
JEFFERSON COUNTY, COLORADO
RECONCILIATION OF WASTEWATER BUDGET TO STATEMENT
OF REVENUE AND EXPENSES (GAAP BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2016

WASTEWATER REVENUE

Total actual wastewater revenue per budget	\$ 5,268,561
Budgeted revenue not included in net income (GAAP Basis)	<u>(2,932,754)</u>
Subtotal	<u>2,335,807</u>

WASTEWATER EXPENDITURES

Total actual wastewater expenditures per budget	1,701,290
Budgeted expenditures not included in net income (GAAP Basis)	
Capital expenditures	(68,092)
Debt Repayment to CWRPDA	(94,273)
Income and expense items shown on Statement of Revenue and Expenses not included in budget	
Depreciation	477,753
Construction Interest Capitalized	(9,355)
Change in accrued interest payable	<u>(315)</u>
Subtotal	<u>2,007,008</u>
Net Income (GAAP BASIS)	<u>\$ 328,799</u>

EVERGREEN METROPOLITAN DISTRICT
JEFFERSON COUNTY, COLORADO
COMPARISON OF WASTEWATER REVENUE AND EXPENDITURES WITH BUDGET
FOR THE YEAR ENDED DECEMBER 31, 2016

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUE			
<u>OPERATING REVENUE</u>			
Wastewater Treatment Charges	\$ 1,211,240	\$ 1,209,308	\$ (1,932)
-UBC District	143,220	143,711	491
Pretreatment Revenue	49,655	49,176	(479)
Services to Districts	610,600	579,240	(31,360)
Service to Water Department	118,800	118,800	-
Services to Developers/Public	1,500	321	(1,179)
Connections and Inspections	3,906	3,302	(604)
Interest	4,500	4,500	-
Miscellaneous	1,200	4,589	3,389
Transfer of Operating Reserves to Capital	(350,000)	(350,000)	-
TOTAL OPERATING REVENUE	<u>1,794,621</u>	<u>1,762,947</u>	<u>(31,674)</u>
<u>CAPITAL REVENUE</u>			
Interest	8,500	10,559	2,059
System Development Fees	188,500	179,500	(9,000)
Contractual Agreements	128,335	29,084	(99,251)
Proceeds from the Sale of Assets	1,000	87	(913)
Safety and Loss Prevention Grant	1,000	880	(120)
Inclusions		2,750	2,750
Transfer of Operating Reserves to Capital	350,000	350,000	-
TOTAL CAPITAL REVENUE	<u>677,335</u>	<u>572,860</u>	<u>(104,475)</u>
BEGINNING RESOURCES AVAILABLE			
Operating	828,675	908,042	79,367
Capital	2,043,479	2,024,712	(18,767)
TOTAL BEGINNING RESOURCES	<u>2,872,154</u>	<u>2,932,754</u>	<u>60,600</u>
TOTAL RESOURCES AVAILABLE	<u>\$ 5,344,110</u>	<u>\$ 5,268,561</u>	<u>\$ (75,549)</u>

EVERGREEN METROPOLITAN DISTRICT
JEFFERSON COUNTY, COLORADO
COMPARISON OF WASTEWATER REVENUE AND EXPENDITURES WITH BUDGET
FOR THE YEAR ENDED DECEMBER 31, 2016

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
EXPENDITURES			
<u>OPERATIONS AND MAINTENANCE</u>			
LIFT STATIONS			
Supplies and Maintenance	\$ 12,000	\$ 3,769	\$ 8,231
Utilities	20,950	14,662	6,288
NEW SERVICES, ENVIRONMENTAL AND PRETREATMENT			
Supplies and Maintenance	1,500	1,274	226
Truck Expense	1,200	1,149	51
Lab Supplies and Maintenance	200	-	200
Lab Outside Services	250	-	250
New Services Supplies	1,200	434	766
Safety	250	10	240
Equipment Maintenance	250	-	250
Bear Creek Monitoring Study	18,025	18,025	-
CDH Discharge Permit	4,000	3,795	205
Employee Expense	72,000	58,702	13,298
COLLECTION AND DISTRIBUTION			
Supplies and Maintenance	7,000	7,286	(286)
Telephone and Utilities	4,300	3,572	728
Truck Expense	8,000	4,273	3,727
Equipment Maintenance Expense	16,000	13,614	2,386
Collection Expense	25,000	12,630	12,370
Safety	1,000	726	274
Employee Expense	195,000	171,442	23,558
WASTEWATER TREATMENT PLANT			
Chemicals	40,000	28,990	11,010
Supplies and Maintenance	70,000	44,748	25,252
Power	102,000	84,719	17,281
Truck Expense	20,000	12,879	7,121
Lab Supplies and Maintenance	11,000	10,099	901
Lab Outside Services	2,000	198	1,802
Employee Expense	670,000	649,753	20,247
SLUDGE PROCESSING			
Biosolids Permit Fee	500	369	131
Supplies and Maintenance	300	-	300
Landfill Expense/Sludge Disposal	126,000	115,908	10,092
Truck Expense	2,700	1,573	1,127
SAFETY	2,000	1,678	322
TOTAL	1,434,625	1,266,277	168,348
TOTAL OPERATIONS AND MAINTENANCE EXPENDITURES	\$ 1,434,625	\$ 1,266,277	\$ 168,348

EVERGREEN METROPOLITAN DISTRICT
JEFFERSON COUNTY, COLORADO
COMPARISON OF WASTEWATER REVENUE AND EXPENDITURES WITH BUDGET
FOR THE YEAR ENDED DECEMBER 31, 2016

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
WASTEWATER EXPENDITURES - ADMINISTRATION			
Legal	\$ 20,000	\$ 15,590	4,410
Insurance	39,025	34,192	4,833
Rents, Repairs and Maintenance	9,270	6,899	2,371
Office Supplies	2,400	1,602	798
Telephone	2,500	2,226	274
Power	3,400	2,164	1,236
Auditing	3,750	2,970	780
Operating Supplies	4,200	2,799	1,401
Postage	6,750	6,448	302
Outside Services	8,000	3,322	4,678
Dues, Subscriptions and Training	1,400	943	457
Directors' Fees	2,400	2,240	160
Directors' Payroll Taxes	184	171	13
Travel, Meetings and Conferences	5,350	2,143	3,207
Elections	3,600	295	3,305
Miscellaneous	500	-	500
Employee Expense	175,000	158,975	16,025
TOTAL ADMINISTRATION EXPENDITURES	287,729	242,979	44,750
TOTAL OPERATIONS AND MAINTENANCE, NEW SERVICES & CONSTRUCTION & ADMINISTRATION EXPENDITURES	1,722,354	1,509,256	213,098
<u>DEBT SERVICE</u>			
CWRPDA Project Loan Principal	94,273	94,273	-
CWRPDA Project Loan Administrative Fees	20,000	20,000	-
CWRPDA Project Loan Interest	9,669	9,669	-
TOTAL DEBT SERVICE	123,942	123,942	-
<u>CAPITAL</u>			
Sewer Line Replacement	150,000	-	150,000
Aeration Basin #2 Diffuser Replacement	9,306	9,306	-
Miscellaneous	51,441	-	51,441
Buildings & Improvements	19,947	19,947	-
General, Office, Safety and Computer Equipment	15,140	10,726	4,414
Wastewater Plant Equipment and Lab Equipment	4,300	-	4,300
Lighting for C&D Building	3,500	-	3,500
Grit Dump Bay at WJCMD (Split with WJCMD)	150,000	-	150,000
Tertiary Filter Rehab	100,000	-	100,000
Biosolids Study (Split with WJCMD and KSWD)	15,000	3,327	11,673
Downtown Sewer Engineering Study	15,000	-	15,000
Mixing Zone Study (Split with WJCMD and KSWD)	600	600	-
Utility Plan Engineering	24,186	24,186	-
TOTAL CAPITAL EXPENDITURES	558,420	68,092	490,328
TOTAL EXPENDITURES	\$ 2,404,716	\$ 1,701,290	\$ 703,426
ENDING BALANCE, DECEMBER 31	\$ 2,939,394	\$ 3,567,271	\$ 627,877
<u>ENDING RESOURCES</u>			
Operating Reserves		\$ 1,037,791	
Capital Reserves		2,529,480	
TOTAL ENDING RESOURCES		\$ 3,567,271	

EVERGREEN METROPOLITAN DISTRICT
 JEFFERSON COUNTY, COLORADO
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED DECEMBER 31, 2016

<u>Federal Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
Department of Homeland Security and Emergency Management:			
Passed through the State of Colorado Department of Public Safety:			
FEMA-DR-4145-CO Presidential Disaster Declaration	97.036	N/A	\$ 1,305,519

EVERGREEN METROPOLITAN DISTRICT
JEFFERSON COUNTY, COLORADO
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
DECEMBER 31, 2016

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (“Schedule”) includes the federal grant activity of Evergreen Metropolitan District under programs of the federal government for the year ended December 31, 2016. The information in the Schedule is presented in accordance with the requirements of the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards 2 CFR 200 (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Evergreen Metropolitan District, it is not intended to and does not present the financial position, changes in net position or cash flows of the Evergreen Metropolitan District.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, Cost Principles for State, Local, and Indian Tribal Governments, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The 10% de minimus cost rate, as allowed in Section 200.414 of Subpart E of the Uniform Guidance, was not elected.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING
STANDARDS*

To the Board of Directors
Evergreen Metropolitan District
Jefferson County, Colorado

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Evergreen Metropolitan District, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated September 12, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Garner Huggins & Associates, P.C.

Lakewood, Colorado
September 12, 2017

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Directors
Evergreen Metropolitan District
Jefferson County, Colorado

Report on Compliance for Each Major Federal Program

We have audited the Evergreen Metropolitan District's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended December 31, 2016. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Evergreen Metropolitan District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

In our opinion, the Evergreen Metropolitan District, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2016.

Report on Internal Control over Compliance

Management of the District, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Barnes Suggs & Associates, PC

Lakewood, Colorado
September 12, 2017

Evergreen Metropolitan District
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2016

Section I - Summary of Auditor's Results

Financial Statements

1. An unqualified opinion was issued on District's basic financial statements.
2. Internal control over financial reporting
 - a) Material weaknesses identified? Yes No
 - b) Significant deficiencies identified? Yes No
3. Noncompliance material to financial statements noted? Yes No

Federal Awards

1. Internal control over major programs:
 - a) Material weaknesses identified? Yes No
 - b) Significant deficiencies identified that are not considered to be material weaknesses? Yes No
2. An unqualified opinion was issued on compliance for the major federal award programs for District.
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516? Yes No
4. Identification of Major programs:
 - a) CFDA 97.036 FEMA-DR-4145-CO Presidential Disaster Declaration
5. Dollar threshold used to distinguish between type A and type B programs: \$750,000
 - a) Does the Auditee qualify as a low risk auditee? Yes No

OTHER SUPPLEMENTAL INFORMATION

EVERGREEN METROPOLITAN DISTRICT
JEFFERSON COUNTY, COLORADO
SCHEDULE OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>WATER</u>	<u>WASTEWATER</u>	<u>TOTAL</u>
Customer Service	\$ 177,363	\$ -	\$ 177,363
Salaries	621,346	646,716	1,268,062
Engineering	1,308	-	1,308
Water Rights Maintenance	36,444	-	36,444
Chemicals	74,302	28,990	103,292
Supplies and Maintenance	138,304	83,638	221,942
Power and Pumping	155,078	102,953	258,031
Distribution Expense	154,669	-	154,669
Collection Expense	-	12,630	12,630
Truck Expenses	24,892	19,874	44,766
Sludge Disposal	-	115,908	115,908
Bear Creek Study	-	18,025	18,025
CDH Permits	-	4,164	4,164
Outside Lab Analysis	10,197	198	10,395
Pension and Employee Benefits and Expenses	196,677	182,409	379,086
Payroll Taxes	51,345	50,772	102,117
	<u>1,641,925</u>	<u>1,266,277</u>	<u>2,908,202</u>
Total Operating Expenses	\$ <u>1,641,925</u>	\$ <u>1,266,277</u>	\$ <u>2,908,202</u>

EVERGREEN METROPOLITAN DISTRICT
JEFFERSON COUNTY, COLORADO
SCHEDULE OF ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>WATER</u>	<u>WASTEWATER</u>	<u>TOTAL</u>
Legal	\$ 55,801	\$ 15,590	\$ 71,391
Insurance	49,662	34,192	83,854
Rents, Repairs and Maintenance	7,400	6,902	14,302
Postage	15,107	6,448	21,555
Office Supplies	3,739	1,602	5,341
Telephone	6,222	2,226	8,448
Auditing	6,930	2,970	9,900
Operating Supplies	7,098	2,795	9,893
Outside Services	23,590	3,322	26,912
Utilities	5,049	2,164	7,213
Dues, Subscriptions and Training	1,837	943	2,780
Directors' Fees	5,226	2,240	7,466
Directors' Payroll Taxes	400	171	571
Travel, Meetings and Conferences	4,938	2,143	7,081
Elections	688	295	983
Salaries	209,396	118,429	327,825
Pension and Employee Benefits	53,061	31,237	84,298
Payroll Taxes	16,960	9,309	26,269
	<hr/>	<hr/>	<hr/>
Total Administrative Expenses	\$ <u>473,104</u>	\$ <u>242,978</u>	\$ <u>716,082</u>