

West Jefferson County Metropolitan District
FINANCIAL STATEMENTS
AND
SUPPLEMENTAL INFORMATION
Years Ended December 31, 2016 and 2015



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West Jefferson County Metropolitan District

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Certified Public Accountants and Business Consultants

INDEPENDENT AUDITOR'S REPORT

Board of Directors
West Jefferson County Metropolitan District
Jefferson County, Colorado

We have audited the accompanying financial statements of West Jefferson County Metropolitan District, as of and for the year ended December 31, 2016 and 2015, and the related notes to the 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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of West Jefferson County Metropolitan District, as of December 31, 2016 and 2015, 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 i through vii 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 on pages i through vii 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 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 basic financial statements. The 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 information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Larner Griggs & Associates, PC

Lakewood, Colorado
July 26, 2017

**WEST JEFFERSON COUNTY METROPOLITAN DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
DECEMBER 31, 2016**

The discussion and analysis of West Jefferson County Metropolitan District's financial performance provides an overall review of the District's financial activities for the year ended December 31, 2016. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should review the information presented here in conjunction with the notes to the basic financial statements and the financial statements to enhance their understanding of the District's performance.

The Management Discussion and Analysis (MD&A) is an element of the new reporting model adopted by the Governmental Accounting Standard Board (GASB) in their Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments, issued June 1999.

Financial Highlights

- Assets of the District exceeded its liabilities at the close of the fiscal year by \$14,032,934 (net position). Of this amount, \$4,358,250 (unrestricted net position) may be used to meet the government's ongoing obligations to its citizens and creditors.
- The District's total net position decreased by \$310,692 from the prior fiscal year.
- Water operating revenues increased \$98,516 from the prior year. Water operating revenues are made up of metered water sales, water system development fees, inclusion fees, cost recovery fees, connection and inspection fees, and service charges. The metered water sales increased \$128,217, service charges increased \$245, connection and inspection fees increased \$54, and system development fees decreased \$30,000. The inclusion fees and cost recovery fees remained the same as the prior year at \$-0- for 2016.
- Wastewater operating revenues increased \$33,299 over the prior year. The increase was due to an increase in the West Jeff wastewater base rate and a decrease in number of taps receiving service for a revenue increase of \$29,665 and an increase in the El Rancho wastewater base rate and an increase in the number of taps receiving service for a revenue increase of \$3,634.
- Total Operating expenses increased \$130,276. Total Operating expenses include water operating expenses, wastewater operating expenses, administrative expenses and depreciation and amortization.
- Water operating expenses are made up of metered water purchases, water system development fees, inclusion fees, cost recovery fees, connections and inspection fees, and service charges. Water operating expenses increased \$98,516 over the prior year which was due to an increase in metered water purchases of \$128,217, an increase in service charges of \$245, an increase in connection and inspection fees of \$54, and a decrease in system development fees of \$30,000. The inclusion fees and cost recovery fees remained the same as the prior year at \$-0- for 2016.

**WEST JEFFERSON COUNTY METROPOLITAN DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
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- Wastewater operating expenses decreased \$33,844 over the prior year primarily due to a decrease in lift station repairs and maintenance of \$25,894, a decrease in treatment repairs and maintenance of \$8,543, a decrease in sludge disposal of \$5,072, a decrease in lift station utilities of \$2,119, an increase in collection repairs and maintenance for mains of \$5,038, an increase in treatment plant supervision and labor of \$4,479, and a decrease in other maintenance and miscellaneous expenses of \$1,733.
- Administrative expenses increased \$24,874 over the prior year primarily due to an increase in administration expenses including labor, operating, and billing of \$18,090, an increase in legal expenses of \$6,216, an increase in office supplies of \$1,660, an increase in election expenses of \$1,394, a decrease in insurance expenses of \$2,085, and a decrease in other miscellaneous expenses of \$401.
- Depreciation expenses increased \$40,730 in 2016.
- Wastewater system development fees generated \$128,000 in revenue in 2016.

Overview of the Financial Statements

The West Jefferson County Metropolitan District basic financial statements included in this report are those of a special purpose government engaged in a business-type activity, providing Water and Wastewater Treatment Services. The statements are comprised of two components: 1) basic financial statements and 2) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Basic Financial Statements. The basic financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

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 net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *Statement of Revenues, Expenses and Changes in Net Position* presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported in the year the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. The statement reports the District's operating and nonoperating revenue by source along with operating and nonoperating expenses and capital contributions.

**WEST JEFFERSON COUNTY METROPOLITAN DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
DECEMBER 31, 2016**

The *Statement of Cash Flows* reports the District's cash flows from operating activities, investing, capital and noncapital activities.

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

Supplemental Information.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. West Jefferson County Metropolitan District, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. West Jefferson County Metropolitan District maintains a single enterprise fund to account for Wastewater and Water services.

West Jefferson County Metropolitan District adopts an annual appropriated budget for the enterprise fund. A budgetary comparison statement has been provided in the supplemental information to demonstrate compliance with the budget.

Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of West Jefferson County Metropolitan District, assets exceeded liabilities by \$14,032,934 at the close of the most recent fiscal year.

**West Jefferson County Metropolitan District
Net Position**

	2016	2015
Assets		
Current assets	\$ 4,512,421	\$ 4,826,311
Capital assets	9,674,684	9,637,515
Total Assets	14,187,105	14,463,826
Liabilities		
Current and other liabilities	154,171	120,200
Long-term liabilities outstanding	0	0
Total Liabilities	154,171	120,200
Net Position		
Net investment in Capital Assets	9,674,684	9,637,515
Unrestricted	4,358,250	4,706,111
Total Net Position	\$ 14,032,934	\$ 14,343,626

**WEST JEFFERSON COUNTY METROPOLITAN DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
DECEMBER 31, 2016**

- The largest portion of the District’s net position (69 percent) reflects its investment in capital assets (e.g., disposal facilities, collection, transmission and distribution lines and equipment); 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 net position assets are *not* available for future spending. As the District has no outstanding debt, its investment in capital assets reflects book value.

Changes in Net Position		<u>2016</u>	<u>2015</u>
Operating revenues			
Charges for services	\$	2,618,120	\$ 2,485,995
Nonoperating revenues			
Net investment income		37,903	34,700
System development fees		128,000	112,500
Contributions by developers		-0-	65,960
Other income		7,544	25,218
Total Revenues		<u>2,791,567</u>	<u>2,724,373</u>
 Operating expenses			
Water purchases		1,634,454	1,535,938
Operating expenses		775,456	809,300
Administrative expenses		206,093	181,219
Depreciation and amortization		486,256	445,526
Total Expenses		<u>3,102,259</u>	<u>2,971,983</u>
Change in Net Position		(310,692)	(247,610)
Net Position-Beginning		<u>14,343,626</u>	<u>14,591,236</u>
Net Position-Ending	\$	<u>14,032,934</u>	\$ <u>14,343,626</u>

The District’s development activity continues to be slow due to the recovering economy. The wastewater system development fees received of \$128,000 for 2016 were \$2,500 less than budgeted and the water system development fees of \$96,000 were \$36,000 less than budgeted for 2016. The District’s total net position decreased by \$310,692 from the prior fiscal year.

Enterprise Fund Budgetary Highlights

In accordance with the State Budget Law, the District’s Board of Directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing years. The Board of Directors can only amend appropriation resolutions upon completion of

**WEST JEFFERSON COUNTY METROPOLITAN DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
DECEMBER 31, 2016**

notification and publication requirements. No changes were made to the original approved budget for 2016.

- Special development fee revenue and expenditures of \$545,000 were budgeted in 2016 for the water and wastewater funds and none were received or paid. Therefore, revenue and expenditures for these items were \$545,000 less than budgeted amounts. Also, system development fee revenue and expenditures of \$132,000 were budgeted for the water fund. The District received and paid \$96,000 for water system development fees in 2016. Also, revenue for wastewater system development fees of \$130,500 was budgeted and the District received \$128,000 for wastewater system development fees in 2016.

Capital Asset and Debt Administration

Capital assets. The West Jefferson County Metropolitan District’s investment in capital assets for business type activities as of December 31, 2016 amounts to \$9,674,684 (net of accumulated depreciation). This investment in capital assets includes land, disposal facilities and equipment. The disposal facilities include infrastructure for collection and transmission.

	2016	2015
Capital Assets:		
Land	\$ 62,631	\$ 62,631
Disposal facilities	6,278,445	6,004,781
Collection and transmission lines	11,421,896	11,389,300
Equipment and Buildings	740,453	706,459
Construction in progress	189,663	6,491
Mapping	27,678	27,678
Less: Accumulated depreciation	(9,046,082)	(8,559,825)
Total Capital Assets	\$ 9,674,684	\$ 9,637,515

Major capital asset projects during the current year included the following:

- The District’s major capital projects in 2016 included the clarifier #1 project at \$218,732, the clarifier #2 project at \$1,045, the aeration basin centrifugal blower #2 at \$26,190, the variable frequency drive upgrade package at \$23,921, the Sullair compressor at \$20,993, sewer line and manhole repairs at \$20,880, utility plan engineering at \$19,732, paving at the West Jeff plant at \$13,000, lift station pump at \$7,903, biosolids and mixing zone studies at \$3,617, and engineering for secondary walls & infrastructure at \$498. The grit classifier/disposal system was in progress at the end of the year by the District. The expenditures in 2016 were \$166,915 which will be shared 46% with Evergreen Metro District and 8% with Kittredge Sanitation and Water District and will be paid in 2017 upon completion.

**WEST JEFFERSON COUNTY METROPOLITAN DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
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- The District's water and sewer mains are in average to good condition. The District's major capital projects for 2017 are the El Rancho lift station #1 tanks and engineering budgeted for \$360,000, the El Rancho force main engineering and design review budgeted for \$30,000, sewer line replacement budgeted for \$50,000, the engineering for secondary walls & infrastructure budgeted for \$25,000, the biosolids study budgeted for \$6,000, and miscellaneous infrastructure improvements and equipment budgeted for \$154,000.

Economic Factors and Next Year's Budget

- The District's legal counsel monitors all proposed legislation. At this time, no legislation that poses a significant negative impact to the District is anticipated.
- The water rate in effect for 2017 will be a new base rate of \$27.50 per month increasing from \$26.50 for 2016. The usage rates for 2017 will remain the same as 2016 at \$2.90 per thousand gallons (1-14 thousand gallons per month) and usage rates for 2017 remaining the same as 2016 at \$5.00 per thousand gallons (over 14 thousand gallons per month).
- The wastewater base rate in effect for West Jeff customers for 2017 will be a new base rate of \$31.00 per month increasing from \$30.00 for 2016. The wastewater base rate in effect for El Rancho customers for 2017 will be a new base rate of \$47.00 per month increasing from \$46.00 for 2016.
- The residential wastewater system development tap fee in effect for 2017 for Single family dwelling and Multi-unit dwelling will remain the same as 2016 at \$18,000 per tap for unit size greater than 1,250 square feet and \$9,000 per tap for unit size less than 1,250 square feet. The non-residential system development tap fee in effect for 2017 is the same as 2016 at \$18,000 per tap. 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 May 29, 2014.
- The District has budgeted for 16 West Jeff wastewater taps at \$227,000 which includes 8 residential taps at \$144,000, 2 residential septic system replacement taps at \$20,000, 5 multi-use residential taps at \$45,000 and 1 multi-use residential tap at \$18,000. The District has budgeted for 6 El Rancho commercial taps at the 1% declining rate discount for every tap after the first one for a total of \$102,600. West Jeff will pay the Rann Group \$13,500 for each El Rancho commercial tap paid per the Consolidation agreement for a total payment of \$81,000. The remaining balance of \$21,600 for the commercial taps will be tap revenue to West Jeff.
- The District adopted an amendment and replaced in its entirety the regulations for Inactive Service effective January 21, 2016. Inactive water or wastewater service is authorized for water and wastewater taps that have been designated as inactive as of January 21, 2016. No new inactive taps will be authorized after January 21, 2016. All water and wastewater taps designated as inactive as of January 21, 2016 shall expire on December 31, 2020, and thereafter will be treated as an active tap and be subject to standard rates, fees and changes applicable to all water and wastewater taps.
- The Evergreen Metropolitan District adopted an amendment to the water residential system development fees structure effective December 16, 2016.

**WEST JEFFERSON COUNTY METROPOLITAN DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
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- Single Family Dwelling: For unit size greater than 1,250 square feet, \$18,000 per tap for water. For unit size less than 1,250 square feet, \$9,000 per tap for water.
- Multi-unit Dwelling: For unit size 2,000 square feet or greater, \$18,000 per tap for water. For unit size 1,250-2,000 square feet, \$15,000 per tap for water. For unit size less than 1,250 square feet, \$9,000 per tap for water.

Requests for Information

This financial report is designed to provide a general overview of West Jefferson County Metropolitan District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Financial Manager, Nancy A. Luzadder, West Jefferson County Metropolitan District, P.O. Box 1717, Evergreen, Colorado 80437-1717.

WEST JEFFERSON COUNTY METROPOLITAN DISTRICT

STATEMENTS OF NET POSITION

December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
ASSETS		
CURRENT OPERATING ASSETS		
Cash and cash equivalents	\$ 1,202,156	\$ 1,450,381
Investments	3,133,270	3,218,034
Accrued interest receivable	6,126	6,874
Trade accounts receivable, net of \$ 0 allowance	135,152	127,904
Accounts receivable - other	1,111	500
Prepaid expenses and sundry receivables	32,242	20,255
Total current assets	<u>4,510,057</u>	<u>4,823,948</u>
CURRENT RESTRICTED ASSETS		
Restricted cash - developer funds	<u>2,364</u>	<u>2,363</u>
CAPITAL ASSETS		
PROPERTY, PLANT AND EQUIPMENT		
Land	62,631	62,631
Disposal facilities	6,278,445	6,004,781
Collection, transmission and distribution lines	11,421,896	11,389,300
Construction in Progress	189,663	6,491
Equipment	740,453	706,459
Mapping	27,678	27,678
Total property, plant and equipment	<u>18,720,766</u>	<u>18,197,340</u>
Less accumulated depreciation	<u>(9,046,082)</u>	<u>(8,559,825)</u>
Net property, plant and equipment	<u>9,674,684</u>	<u>9,637,515</u>
TOTAL ASSETS	\$ <u>14,187,105</u>	\$ <u>14,463,826</u>
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 151,840	117,869
Developer funds	2,331	2,331
Total current liabilities	<u>154,171</u>	<u>120,200</u>
NET POSITION		
Net investment in capital assets	9,674,684	9,637,515
Unrestricted	4,358,250	4,706,111
Total net position	<u>14,032,934</u>	<u>14,343,626</u>
TOTAL LIABILITIES AND NET POSITION	\$ <u>14,187,105</u>	\$ <u>14,463,826</u>

The Notes to Financial Statements
are an integral part of these statements.

WEST JEFFERSON COUNTY METROPOLITAN DISTRICT

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

Years Ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
OPERATING REVENUE		
Water operating revenues and service charges	\$ 1,634,454	\$ 1,535,938
Wastewater treatment charges	982,040	948,741
Connection fees	1,626	1,316
Total operating revenue	<u>2,618,120</u>	<u>2,485,995</u>
OPERATING AND ADMINISTRATIVE EXPENSES		
Water purchases	1,634,454	1,535,938
Operating expenses	775,456	809,300
Administrative expenses	206,093	181,219
Depreciation and amortization	486,256	445,526
Total operating expenses	<u>3,102,259</u>	<u>2,971,983</u>
OPERATING LOSS	<u>(484,139)</u>	<u>(485,988)</u>
NON-OPERATING REVENUE (EXPENSE)		
Net investment income	37,903	34,700
Wastewater system development fees sold	128,000	112,500
Contributions of facilities by developers	-	65,960
Availability to serve	2,790	2,040
Other income	3,896	4,846
Gain from trade-in of asset	-	17,480
Safety & Loss Prevention Grant	858	852
Total non-operating revenue	<u>173,447</u>	<u>238,378</u>
CHANGE IN NET POSITION	(310,692)	(247,610)
NET POSITION - BEGINNING	<u>14,343,626</u>	<u>14,591,236</u>
NET POSITION - ENDING	<u>\$ 14,032,934</u>	<u>\$ 14,343,626</u>

The Notes to Financial Statements
are an integral part of these statements.

WEST JEFFERSON COUNTY METROPOLITAN DISTRICT

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers and users	\$ 2,610,261	\$ 2,506,440
Cash paid to suppliers	<u>(2,594,018)</u>	<u>(2,493,502)</u>
Net cash provided (required) by operating activities	<u>16,243</u>	<u>12,938</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
System development fees received	128,000	112,500
Other income	4,754	5,698
Availability to serve	2,790	2,040
Treatment plant and equipment purchases	<u>(523,426)</u>	<u>(411,050)</u>
Net cash provided (required) by capital financing activities	<u>(387,882)</u>	<u>(290,812)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Maturity of long-term investments	2,823,034	1,300,000
Purchase of long-term investments	<u>(2,738,270)</u>	<u>(1,210,244)</u>
Interest income received	38,651	45,403
Net cash provided (required) by investing activities	<u>123,415</u>	<u>135,159</u>
NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	<u>(248,224)</u>	<u>(142,715)</u>
Cash, cash equivalents and restricted cash, beginning of year	<u>1,452,744</u>	<u>1,595,459</u>
Cash, cash equivalents and restricted cash, end of year	\$ <u><u>1,204,520</u></u>	\$ <u><u>1,452,744</u></u>
RECONCILIATION OF OPERATING TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating loss	\$ <u>(484,139)</u>	\$ <u>(485,988)</u>
ADJUSTMENTS TO RECONCILE NET OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Depreciation and amortization	486,256	445,526
Changes in operating assets and liabilities:		
(Increase) decrease in trade accounts receivable	(7,248)	17,950
(Increase) decrease in accounts receivable - other	(611)	2,525
(Increase) in prepaid expenses and sundry receivables	(11,986)	1,646
Increase (decrease) in accounts payable & accrued expenses	<u>33,971</u>	<u>31,309</u>
Total adjustments	<u>500,382</u>	<u>498,956</u>
Net cash provided (required) by operating activities	\$ <u><u>16,243</u></u>	\$ <u><u>12,968</u></u>

The Notes to Financial Statements
are an integral part of these statements.

WEST JEFFERSON COUNTY METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 and 2015

Note 1 - Summary of Significant Accounting Policies

The accompanying financial statements have been prepared in accordance with generally accepted accounting principles applicable to governmental units. A summary of the District's significant accounting policies consistently applied in the preparation of these financial statements follows:

The West Jefferson County Metropolitan District is a quasi-municipal corporation and is governed pursuant to provisions of the Colorado Special District Act. The District provides water and sanitation services. As more fully described in Note 6 to the financial statements, the District purchases water, water management services, and sanitation management services from the Evergreen Metropolitan District. The District has an elected Board of Directors. The District has no employees, all operations and administrative functions are contracted out.

A. Principles Determining Scope of Reporting Entity

The District follows the Governmental Accounting Standards Board (GASB) accounting pronouncements which provide guidance for determining which government 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 foregoing criteria are used to determine whether an entity is a component of another governmental entity or whether the agency or organization should be included in reports of this reporting entity.

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 generally accepted accounting principles as applicable to governmental units accounted for as proprietary enterprise funds. 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.

WEST JEFFERSON COUNTY METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 and 2015

Note 1 - Summary of Significant Accounting Policies - (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 an increase in assets.

The District distinguishes between *operating* revenues and expenses and *nonoperating 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 for sales and services. Operating expenses include the cost of sales and services, administrative expenses, and depreciation of assets. All revenue and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources, as they are needed.

C. Assets, Liabilities and Net Position

Cash Deposits and Investments

The District considers all highly liquid investments of three months or less to be cash equivalents.

The District has implemented the accounting and reporting requirements of Governmental Accounting Standard's Board (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.

At December 31, 2016 the carrying amount of investments approximates fair value.

Property, Plant and Equipment

The District defines capital assets as assets with an initial, individual cost of more than \$2,500 and an estimated useful life in excess of two years. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 and 2015

Note 1 - Summary of Significant Accounting Policies - (continued)

Property, Plant and Equipment

Property, plant and equipment are recorded at the cost to the District if purchased or the developer's cost if contributed. Assets contributed to the District prior to 1967 were not capitalized. Depreciation of exhaustible fixed assets is being provided over the estimated useful lives of the assets using the straight line method. Estimated useful lives of the assets placed in service are as follows:

Water Lines and Wastewater Lines	50 Years
Disposal Facilities	50 Years
Operating and Office Equipment	3-20 Years

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 was assessed for the year ended December 31, 2016.
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 budgets in the financial statement are as adopted by the Board of Directors. No changes were made to the originally adopted budget. A single budget is adopted for one enterprise fund. The adopted budget is shown on pages 18 - 24 of the Supplemental Information. Additional budget presentations for the Water and Wastewater departments are also included for informational purposes only.

WEST JEFFERSON COUNTY METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 and 2015

Note 1 - Summary of Significant Accounting Policies - (continued)

E. System Development Fees

System development fees represent amounts collected from customers and developers in order to develop or access District water and collection lines. System development fees are reflected as non-operating revenue.

F. 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.

Note 2 - Cash Deposits and Investments

Cash Deposits - As of December 31, 2016, the carrying amount of the District's cash deposits were \$2,447,933 and the bank balance of these deposits were \$2,547,103. These cash deposits are comprised of demand deposits held at financial institutions and certificates of deposit. Of the carrying amount, \$2,089,663 was covered by federal depository insurance. Of the bank balance, \$2,115,136 was covered by federal depository insurance. The insured amount does not include pooled investments in Colorado Surplus Asset Fund Trust (CSAFE) of \$739,637 and Colorado Local Government Liquid Asset Trust (Colotrust) of \$10,219, investments in Federal Home Loan Mortgage Corp Notes of \$840,000, and Federal Home Loan Bank Notes of \$300,000.

Colorado State statutes govern the entity's deposit of cash. The Colorado Public Deposit Protection Act (PDPA) requires the state regulators to certify eligible depositories for public deposit. The act requires the eligible depositories with public deposits in excess of the federal insurance levels to create a single institutional collateral pool of obligations of the State of Colorado or local Colorado governments and obligations secured by first lien mortgages on real property located in the State. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the assets in the pool must be equal to 102% of the uninsured deposits.

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. District policy is to hold investments until maturity.

WEST JEFFERSON COUNTY METROPOLITAN DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2016 and 2015

Note 2 - Cash Deposits and Investments - (continued)

Local Government Investment Pools - Pooled investment funds (trusts) are supervised by the participation governments and must comply with the same restrictions on cash deposits and investments explained in the preceding paragraphs. Investment funds or money market funds are not categorized because they are not evidenced by securities that exist in physical or book form.

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 District has invested in COLOTRUST, an external investment pool that records its investments at fair value and measures fair value using Level 2 inputs.

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 and investments held by the District at December 31, 2016 were as follows:

	Book Balance	Bank Balance
<i>Cash Deposits</i>		
Demand deposits - unrestricted	\$ 452,299	\$ 551,469
Demand deposits - restricted	2,364	2,364
Certificates of deposits	1,993,270	1,993,270
Total cash deposits	\$ 2,447,933	\$ 2,547,103
Fair Value		
<i>Investments</i>		
U.S. Government Agency Securities	\$ 1,140,000	
Uncategorized:		
Pooled investment trust	749,857	
Total investments	\$ 1,889,857	
Total cash deposits and investments	\$ 4,337,790	

WEST JEFFERSON COUNTY METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 and 2015

Note 2 - Cash Deposits and Investments - (continued)

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

At December 31, 2016, the District had invested \$10,219 in the Colorado Local Government Liquid Asset Trust (the Trust), a local government investment pool. As an investment pool, the Trust operates under the Colorado Revised Statutes (24-75-701) and is overseen by the Colorado Securities Commissioner. The Trust is exempt from registration with the Securities and Exchange Commission. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS +. Both portfolios are rated AAAM by Standard and Poor's and may invest in U.S. Treasury Securities, repurchase agreements collateralized by U. S. Treasury Securities and the highest rated commercial paper. Wells Fargo Bank serves as custodian for the Trust's portfolios and provides services as the depository in connection with direct investments owned by the Trust. Separate financial statements can be obtained by calling (303) 864-7474 or going to www.colotrust.com.

At December 31, 2016, the District had invested \$739,637 in Colorado Surplus Asset Fund Trust (CSAFE), a local government investment pool. 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.

Credit Risk -State statutes authorize the District to only invest in bank deposits, general obligations of the U.S. Government and its agencies, 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 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 grade, 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's investments in Federal Home Loan Mortgage Corp Notes and Federal Home Loan Bank Notes of \$1,140,000 were rated Aaa by Moody's and AA+ by Standard & Poor's.

WEST JEFFERSON COUNTY METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 and 2015

Note 2 - Cash Deposits and Investments - (continued)

Concentration Risk - The District's investment policy calls for investment diversification within the portfolio to avoid unreasonable risks inherent in over-investing in specific instruments, individual financial institutions or maturities. The District's investments are concentrated in certificates of deposit.

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.

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

Total cash deposits and investments	\$ 4,337,790
Less long-term investments	<u>3,133,270</u>
Cash and cash equivalents	<u>\$ 1,204,520</u>

Note 3 - Capital Assets

Activity for capital assets which are capitalized by the District is summarized below:

	Balances January 1, 2016	Transfers/ Additions	Transfers/ Decreases	Balances December 31, 2016
Capital assets not being depreciated:				
Land	\$ 62,631	\$	\$	\$ 62,631
Construction in progress	<u>6,491</u>	<u>190,761</u>	<u>(7,589)</u>	<u>189,663</u>
Total capital assets not being depreciated	<u>69,122</u>	<u>190,761</u>	<u>(7,589)</u>	<u>252,294</u>
Capital assets being depreciated:				
Disposal facilities	6,004,782	273,663		6,278,445
Infrastructure	11,389,299	32,597		11,421,896
Other equipment and buildings	706,459	33,994		740,453
Mapping	<u>27,678</u>	<u>-0-</u>		<u>27,678</u>
Total capital assets being depreciated	<u>18,128,218</u>	<u>340,254</u>	<u>-0-</u>	<u>18,468,472</u>
Less accumulated depreciation for:				
Disposal facilities	2,657,242	165,205		2,822,447
Infrastructure	5,494,879	259,062		5,753,941
Other equipment and buildings	<u>407,704</u>	<u>61,990</u>		<u>469,694</u>
Total accumulated depreciation	<u>8,559,825</u>	<u>486,257</u>	<u>-0-</u>	<u>9,046,082</u>
Capital assets, net	<u>\$ 9,637,515</u>	<u>\$ 44,758</u>	<u>\$ (7,589)</u>	<u>\$ 9,674,684</u>

WEST JEFFERSON COUNTY METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 and 2015

Note 4 - Developer Funds and Restricted Cash - Developer Funds

The District acts in a construction management capacity for wastewater line extension projects within its boundaries. Developers advance funds to the District based on construction estimates and bids as well as other costs relating to the project. The District disburses the funds based on applications for payment provided by the engineering firm. Separate records are maintained for each project, along with records detailing developer funds advanced and expended to date. Projects are not recorded on the books of the District until complete and accepted for maintenance. The balances in developer funds and restricted cash - developer funds as of December 31, 2016, represent unexpended advances held as of those dates and related cash.

Note 5 - Water Distribution and Wastewater Service Agreements

The District has entered into a water distribution and service agreement with the Evergreen Metropolitan District to provide water and water service based on an agreed upon fee schedule. Under the terms of the agreement, the Evergreen Metropolitan District provides complete management of the water system for the District, including maintenance, administrative services, collection of revenue and the issuance of water taps. The District does not derive any revenues in excess of expenditures from the water system because the fees charged to District customers equals the fees charged by Evergreen Metropolitan District for services rendered.

The cost of the water transmission lines and the related depreciation is not reflected in these financial statements since ownership of the lines remains with the Evergreen Metropolitan District upon termination of the agreement or dissolution of the District.

The District has a contract with the Evergreen Metropolitan District whereby Evergreen Metropolitan District provides management and administrative services to the District. These services include operating, pretreatment, locates, billing, collection, accounting, general management, administrative functions, and administrative operating expenses. During the year ended December 31, 2016 the District paid a total of \$585,410 for these services and also provided laboratory facilities to the Evergreen Metropolitan District.

The District is party to several agreements with the Evergreen Metropolitan District and various developers of property within the District's boundaries through which the District has agreed to bill and collect water system development fees to be used to fund the construction of water main extensions, a pumping station, a treated-water storage reservoir, and related facilities. The District transfers all of the fees collected to the Evergreen Metropolitan District. During the year ended December 31, 2016, system development fees of \$96,000 were collected and transferred under the terms of these agreements.

WEST JEFFERSON COUNTY METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 and 2015

Note 6 - Intergovernmental Agreement for Shared Use Facility

The District entered into an Intergovernmental Agreement for Shared-Use Facility as of April 25, 2007 with Evergreen Metropolitan District (EMD) whereby EMD has constructed a garage and maintenance facility on District property. Use of the facility will be shared by both Districts. EMD will pay all the necessary expenses associated with the construction, operation and maintenance of the facility. EMD will also provide all necessary in house laboratory analysis required for the operation of the District wastewater treatment plant at no charge to the District. The agreement terminates on December 31, 2037, but provides for automatic renewal for up to 45 one year terms subsequent to December 31, 2037.

Note 7 - Insurance Risk Pool

The District is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to agents; and natural disasters. The District is a member and obtains insurance coverage from the Colorado Special Districts Property and Liability Pool. The Colorado Special Districts Property and Liability 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. Claims have not exceeded coverage in any of the last three years.

Note 8 - 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.

Note 8 - Tax, Spending and Debt Limitations – (continued)

WEST JEFFERSON COUNTY METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 and 2015

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 West Jefferson County 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.

Note 9 – Subsequent Events

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

SUPPLEMENTAL INFORMATION

WEST JEFFERSON COUNTY METROPOLITAN DISTRICT
 COMBINED STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUNDS
 AVAILABLE (BUDGETARY BASIS)
 For the Year Ended December 31, 2016

Description	Combined ORIGINAL & FINAL Budget	Combined ACTUAL	Favorable (Unfavorable)
WASTEWATER OPERATING REVENUE			
Treatment Charges	\$ 878,135	\$ 878,003	\$ (132)
- El Rancho	107,590	106,827	(763)
Inspection and Connection	1,726	1,626	(100)
Interest Income	30,000	37,903	7,903
Other Income	1,500	2,396	896
TOTAL WASTEWATER OPERATING REVENUE	<u>1,018,951</u>	<u>1,026,755</u>	<u>7,804</u>
WASTEWATER CAPITAL REVENUE			
System Development Fees	130,500	128,000	(2,500)
Safety & Loss Prevention Grant	500	858	358
Proceeds from the Sale of Assets	1,000	-	(1,000)
Insurance Reimbursements	-	1,500	1,500
Special Developments	300,000	-	(300,000)
TOTAL WASTEWATER CAPITAL REVENUE	<u>432,000</u>	<u>130,358</u>	<u>(301,642)</u>
Water Sales	1,388,200	1,522,321	134,121
Delinquent Charges	12,000	9,286	(2,714)
Inspection & Connection	6,350	6,847	497
System Development Fees	132,000	96,000	(36,000)
Special Developments	245,000	-	(245,000)
TOTAL WATER REVENUE	<u>1,783,550</u>	<u>1,634,454</u>	<u>(149,096)</u>
BEGINNING RESOURCES - January 1	<u>4,516,981</u>	<u>4,490,901</u>	<u>(26,080)</u>
TOTAL AVAILABLE RESOURCES	<u>7,751,482</u>	<u>\$ 7,282,468</u>	<u>\$ (469,014)</u>

WEST JEFFERSON COUNTY METROPOLITAN DISTRICT
 COMBINED STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUNDS
 AVAILABLE (BUDGETARY BASIS)
 For the Year Ended December 31, 2016

Description	Combined ORIGINAL & FINAL Budget	Combined ACTUAL	Favorable (Unfavorable)
WASTEWATER EXPENDITURES			
OPERATIONS & MAINTENANCE-			
Pretreatment	\$ 42,530	\$ 42,396	\$ 134
COLLECTION SYSTEM			
Repairs and Maintenance - Mains	85,000	99,820	(14,820)
Repairs and Maintenance - Lift Stations	65,000	54,323	10,677
Inspection & Connection	1,726	1,626	100
Utilities - Lift Stations	30,850	25,550	5,300
TREATMENT PLANT			
Chemicals	34,600	30,370	4,230
Supervision and Labor	235,000	238,276	(3,276)
Repairs, Maintenance and Supplies	75,000	46,183	28,817
Utilities	160,000	142,932	17,068
Truck Expense	3,500	1,439	2,061
Sludge Disposal	81,800	75,685	6,115
Permits	4,000	3,795	205
Lab Analysis, Supplies and Maintenance	1,000	591	409
Training and Safety	500	-	500
Bear Creek Study	12,500	12,470	30
TOTAL OPERATIONS AND MAINTENANCE	<u>833,006</u>	<u>775,456</u>	<u>57,550</u>
WATER EXPENDITURES			
OPERATIONS & MAINTENANCE			
Water Purchases	1,388,200	1,522,321	(134,121)
Delinquent Charges	12,000	9,286	2,714
Inspection & Connection	6,350	6,847	(497)
System Development Fees	132,000	96,000	36,000
TOTAL OPERATIONS AND MAINTENANCE	<u>1,538,550</u>	<u>1,634,454</u>	<u>(95,904)</u>
TOTAL OPERATING EXPENDITURES	<u>\$ 2,371,556</u>	<u>\$ 2,409,910</u>	<u>\$ (38,354)</u>

WEST JEFFERSON COUNTY METROPOLITAN DISTRICT
 COMBINED STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUNDS
 AVAILABLE (BUDGETARY BASIS)
 For the Year Ended December 31, 2016

Description	Combined ORIGINAL & FINAL Budget	Combined ACTUAL	Favorable (Unfavorable)
EXPENDITURES - CONTINUED			
OPERATIONS & MAINTENANCE-			
ADMINISTRATION			
Administration Expenses-Labor and Operating	\$ 123,600	\$ 128,167	\$ (4,567)
Insurance and Bonds	16,000	15,077	923
Office Supplies	2,400	3,772	(1,372)
Miscellaneous, Stenography, Training & Telephone	8,000	8,679	(679)
Audit	6,500	5,623	877
Legal	25,000	18,569	6,431
Election	5,000	1,394	3,606
Directors' Fees	6,000	5,400	600
Directors' Payroll Taxes	460	413	47
Billing Expense	19,500	18,999	501
TOTAL ADMINISTRATION EXPENDITURES	<u>212,460</u>	<u>206,093</u>	<u>6,367</u>
RESERVES AND CAPITAL			
General and System Reserves	3,588,566	-	3,588,566
Sewer Line Replacement	100,000	20,880	79,120
West Jeff Clarifier #1	255,000	219,777	35,223
Aeration Basin Centrifugal Blower #2	26,190	26,190	-
El Rancho #1 - Tanks & Engineering	360,000	-	360,000
Grit Classifier/Disposal System (Split with EMD & KSWD)	146,654	166,915	(20,261)
Engineering for Secondary Walls & Infrastructure	25,000	498	24,502
Contact Chamber Channels	6,000	-	6,000
Biosolids Study (Split with EMD and KSWD)	6,900	3,017	3,883
Mixing Zone Study	600	600	-
Paving Replacement Project at West Jeff Plant	26,000	13,000	13,000
Sullair Compressor	30,000	20,993	9,007
VFD Upgrade Package	23,921	23,921	-
Utility Plan Engineering	19,732	19,732	-
Collection and Transmission Equipment	7,903	7,903	-
Special Developments	545,000	-	545,000
TOTAL RESERVES and CAPITAL	<u>5,167,466</u>	<u>523,426</u>	<u>4,644,040</u>
TOTAL EXPENDITURES	<u>\$ 7,751,482</u>	<u>\$ 3,139,429</u>	<u>\$ 4,612,053</u>
SUMMARY			
Total Resources	\$ 7,751,482	\$ 7,282,468	\$ (469,014)
Total Expenditures	(7,751,482)	(3,139,429)	4,612,053
DISTRICT YEAR-END STATUS	<u>\$ -</u>	<u>\$ 4,143,039</u>	<u>\$ 4,143,039</u>

WEST JEFFERSON COUNTY METROPOLITAN DISTRICT
 COMBINED STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUNDS
 AVAILABLE (BUDGETARY BASIS)
 For the Year Ended December 31, 2016

Description	Combined ORIGINAL & FINAL Budget	Combined ACTUAL	Favorable (Unfavorable)
SUMMARY			
Operating Revenue	\$ 2,802,501	\$ 2,661,209	\$ (141,292)
Less Operating Expenditures	(2,584,016)	(2,616,003)	(31,987)
Excess/(Deficit) of Operating Revenue over Operating Expenditures	<u>218,485</u>	<u>45,206</u>	<u>(173,279)</u>
Capital Revenue	432,000	130,358	(301,642)
Beginning Resources - January 1	4,516,981	4,490,901	(26,080)
Net Available Resources	<u>5,167,466</u>	<u>4,666,465</u>	<u>(501,001)</u>
Capital Expenditures and Reserves			
General and System Reserves	(3,588,566)	-	3,588,566
Capital Projects, Equipment and Collection	(1,033,900)	(523,426)	510,474
Special Developments	(545,000)	-	545,000
DISTRICT YEAR-END STATUS	<u>\$ -</u>	<u>\$ 4,143,039</u>	<u>\$ 4,143,039</u>

WEST JEFFERSON COUNTY METROPOLITAN DISTRICT
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUNDS
AVAILABLE - BUDGET AND ACTUAL (BUDGETARY BASIS)
For the Year Ended December 31, 2016
WASTEWATER DEPARTMENT

Description	Original & Final Budget	Actual	Favorable (Unfavorable)
REVENUE			
OPERATING REVENUE			
Treatment Charges	\$ 876,095	\$ 875,213	\$ (882)
- El Rancho	107,590	106,827	(763)
Inspection and Connection	1,726	1,626	(100)
Interest Income	30,000	37,903	7,903
Availability to Serve	2,040	2,790	750
Miscellaneous	1,500	2,396	896
Total Operating Revenue	<u>1,018,951</u>	<u>1,026,755</u>	<u>7,804</u>
CAPITAL REVENUE			
System Development Fees	130,500	128,000	(2,500)
Safety & Loss Prevention Grant	500	858	358
Proceeds from the Sale of Assets	1,000	-	(1,000)
Insurance Reimbursement	-	1,500	1,500
Special Developments	300,000	-	(300,000)
Total Capital Revenue	<u>432,000</u>	<u>130,358</u>	<u>(301,642)</u>
TOTAL REVENUE	1,450,951	1,157,113	(293,838)
Beginning Resources - January 1	<u>4,516,981</u>	<u>4,490,901</u>	<u>(26,080)</u>
Ending Resources	<u>\$ 5,967,932</u>	<u>\$ 5,648,014</u>	<u>\$ (319,918)</u>

WEST JEFFERSON COUNTY METROPOLITAN DISTRICT
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUNDS
AVAILABLE - BUDGET AND ACTUAL (BUDGETARY BASIS)
For the Year Ended December 31, 2016
WASTEWATER DEPARTMENT

Description	Original & Final Budget	Actual	Favorable (Unfavorable)
EXPENDITURES			
OPERATIONS AND MAINTENANCE - WASTEWATER			
Pretreatment	\$ 42,530	\$ 42,396	\$ 134
Collection System			
Repairs and Maintenance - Mains	85,000	99,820	(14,820)
Repairs and Maintenance - Lift Stations	65,000	54,323	10,677
Inspection and Connection	1,726	1,626	100
Utilities - Lift Stations	30,850	25,550	5,300
Treatment Plant			
Chemicals	34,600	30,370	4,230
Supervision and Labor	235,000	238,276	(3,276)
Repairs, Maintenance and Supplies	75,000	46,183	28,817
Utilities	160,000	142,932	17,068
Truck Expense	3,500	1,439	2,061
Sludge Disposal	81,800	75,685	6,115
Permits	4,000	3,795	205
Lab Analysis, Supplies and Maintenance	1,000	591	409
Training and Safety	500	-	500
Bear Creek Study	12,500	12,470	30
Total Operations and Maintenance - Wastewater	<u>833,006</u>	<u>775,456</u>	<u>57,550</u>
OPERATIONS AND MAINTENANCE - ADMINISTRATION			
Audit	6,500	5,623	877
Miscellaneous, Stenography, Meetings, Training & Dues	8,000	8,679	(679)
Insurance and Bonds	16,000	15,077	923
Legal	25,000	18,569	6,431
Office Supplies	2,400	3,772	(1,372)
Administration Expenses-Labor and Operating	123,600	128,167	(4,567)
Billing Expense	19,500	18,999	501
Election	5,000	1,394	3,606
Directors' Fees	6,000	5,400	600
Director's Payroll Taxes	460	413	47
Total Operations and Maintenance - Administration	<u>212,460</u>	<u>206,093</u>	<u>6,367</u>
TOTAL OPERATING EXPENDITURES	<u>1,045,466</u>	<u>981,549</u>	<u>63,917</u>
RESERVES and CAPITAL			
General and System Reserves	3,588,566	-	3,588,566
Special Developments	300,000	-	300,000
Sewer Line Replacement	100,000	20,880	79,120
West Jeff Clarifier #1	255,000	219,777	35,223
Aeration Basin Centrifugal Blower #2	26,190	26,190	-
El Rancho #1-Tanks & Engineering	360,000	-	360,000
Grit Classifier/Disposal System (Split with EMD & KSWD)	146,654	166,915	(20,261)
Engineering for Secondary Walls & Infrastructure	25,000	498	24,502
Contact Chamber Channels	6,000	-	6,000
Biosolids Study (Split with EMD and KSWD)	6,900	3,017	3,883
Mixing Zone Study	600	600	-
Paving Replacement Project at West Jeff Plant	26,000	13,000	13,000
Sullair Compressor	30,000	20,993	9,007
VFD Upgrade Package	23,921	23,921	-
Utility Plan Engineering	19,732	19,732	-
Collection and Transmission Equipment	7,903	7,903	-
TOTAL RESERVES and CAPITAL	<u>4,922,466</u>	<u>523,426</u>	<u>4,399,040</u>
TOTAL EXPENDITURES	<u>\$ 5,967,932</u>	<u>\$ 1,504,975</u>	<u>\$ 4,462,957</u>
SUMMARY			
Total Resources	\$ 5,967,932	\$ 5,648,014	
Total Expenditures	<u>(5,967,932)</u>	<u>(1,504,975)</u>	
DISTRICT YEAR-END STATUS	<u>\$ -</u>	<u>\$ 4,143,039</u>	

WEST JEFFERSON COUNTY METROPOLITAN DISTRICT
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUNDS
AVAILABLE - BUDGET AND ACTUAL (BUDGETARY BASIS)
For the Year Ended December 31, 2016
WATER DEPARTMENT

Description	Original & Final Budget	Actual	Favorable (Unfavorable)
REVENUE			
OPERATING REVENUE			
Water Sales	\$ 1,388,200	\$ 1,522,321	\$ 134,121
Delinquent Charges	12,000	9,286	(2,714)
Inspection and Connection	6,350	6,847	497
Total Operating Revenue	<u>1,406,550</u>	<u>1,538,454</u>	<u>131,904</u>
CAPITAL REVENUE			
System Development Fees	132,000	96,000	(36,000)
Special Developments	245,000	-	(245,000)
Total Capital Revenue	<u>377,000</u>	<u>96,000</u>	<u>(281,000)</u>
TOTAL REVENUE	1,783,550	1,634,454	(149,096)
Beginning Resources - January 1	<u>-</u>	<u>-</u>	<u>-</u>
Ending Resources	<u>\$ 1,783,550</u>	<u>\$ 1,634,454</u>	<u>\$ (149,096)</u>
EXPENDITURES			
OPERATIONS AND MAINTENANCE - WATER			
Water Purchases	\$ 1,388,200	\$ 1,522,321	\$ (134,121)
Delinquent Charges	12,000	9,286	2,714
Inspection and Connection	6,350	6,847	(497)
System Development Fees	132,000	96,000	36,000
Special Developments	245,000	-	245,000
TOTAL EXPENDITURES	<u>\$ 1,783,550</u>	<u>\$ 1,634,454</u>	<u>\$ 149,096</u>
SUMMARY			
Total Resources	\$ 1,783,550	\$ 1,634,454	
Total Expenditures	<u>(1,783,550)</u>	<u>(1,634,454)</u>	
DISTRICT YEAR-END STATUS	<u>\$ -</u>	<u>\$ -</u>	

WEST JEFFERSON COUNTY METROPOLITAN DISTRICT
RECONCILIATION OF (BUDGETARY BASIS) FUNDS AVAILABLE
TO (GAAP BASIS) CHANGE IN NET POSITION
Year ended December 31, 2016

	Water	Wastewater	Total
Total Resources - Budgetary Basis	\$ 1,634,454	\$ 5,648,014	\$ 7,282,468
Total Expenditures - Budgetary Basis	(1,634,454)	(1,504,975)	(3,139,429)
Excess of Revenue over Expenditures - Budgetary Basis	\$ -	\$ 4,143,039	4,143,039
Adjustments to GAAP net assets:			
Deduct beginning resources, which are not revenue			(4,490,901)
Deduct depreciation, which is an expense			(486,256)
Add capital asset purchases, which are not expenses			523,426
CHANGE IN NET POSITION (GAAP BASIS)			\$ (310,692)