

EVERGREEN METROPOLITAN DISTRICT
JEFFERSON COUNTY, COLORADO
AUDITED FINANCIAL STATEMENTS
DECEMBER 31, 2017

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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

We have audited the accompanying financial statements of Evergreen Metropolitan District (the District) as of and for the year ended December 31, 2017 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 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. 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, the financial position of Evergreen Metropolitan District, as of December 31, 2017, 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 management's discussion and analysis on pages iii through 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 management's discussion and analysis in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements as a whole. The supplemental information and other supplemental information for the year ended December 31, 2017, 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.

Fiscal Focus Partners, LLC

Lakewood, Colorado
July 21, 2018

**EVERGREEN METROPOLITAN DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
DECEMBER 31, 2017**

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, 2017, 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 2017 by \$47,092,006.
- The District's total net position increased by \$362,952. This increase is attributable to net income before depreciation of \$1,685,859 and depreciation expense of \$1,982,614. The District received net other income and capital contributions of \$659,707.
- The District's water rate revenues increased \$105,876 (3.36%) and wastewater rate revenues increased \$47,676 (3.13%) from 2016 to 2017.
- The District's cost of operations and administration increased \$167,360 (4.62%) from 2016 to 2017. The increase was due primarily to an increase of \$88,091 in payroll and employee benefits, an increase of \$34,365 in distribution costs, an increase of \$27,156 in supplies and maintenance costs, an increase of \$17,219 in outside services, an increase of \$9,341 in water rights maintenance costs, an increase of \$5,848 in outside lab costs, an increase of \$5,506 in sludge disposal costs, a decrease of \$22,097 in chemical costs, a decrease of \$7,324 in truck costs, a decrease of \$5,733 in general legal costs, a decrease of \$4,194 in power costs, and an increase of \$19,182 in sundry costs.
- The District's total debts outstanding are \$3,030,429 at December 31, 2017, which consists of two loans for \$1,713,951 from the State of Colorado Drinking Water Revolving Fund and a loan from the Water Pollution Control Revolving Fund outstanding of \$1,316,478 at December 31, 2017. Payments totaling \$552,594 were made on the loans from the State of Colorado Drinking Water Revolving Fund of which \$441,722 was applied to principal. Payments totaling \$123,942 were made on the loan from the Water Pollution Control Revolving Fund of which \$96,168 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, 2017**

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	
	2017	2016	2017	2016
Assets				
Current assets	\$ 3,637,713	\$ 3,350,059	\$ 4,676,208	\$ 4,216,452
Current restricted assets	950	950	502	501
Other assets	1,798,810	1,948,710	-	-
Capital assets, net	30,787,396	31,301,709	10,092,945	10,271,657
Total assets	36,224,869	36,601,428	14,769,655	14,488,610
Liabilities				
Current liabilities	609,940	597,875	575,254	295,679
Long-term liabilities	1,370,288	1,818,218	1,125,036	1,421,212
Other liabilities	222,000	228,000	-	-
Total liabilities	2,202,228	2,644,093	1,700,290	1,716,891
Net Position				
Invested in capital assets, net of related debt	29,073,445	29,146,036	8,776,467	8,859,011
Unrestricted	4,949,196	4,811,299	4,292,898	3,912,708
Total net position	34,022,641	33,957,335	13,069,365	12,771,719
Total liabilities and net position	\$ 36,224,869	\$ 36,601,428	\$ 14,769,655	\$ 14,488,610

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 \$34,022,641 and \$13,069,365 for water and waste water respectively.

**EVERGREEN METROPOLITAN DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
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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>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Revenue				
Operating revenue	\$ 3,402,541	\$ 3,286,659	\$ 2,074,962	\$ 2,104,472
Non-operating revenue	<u>133,446</u>	<u>1,596,947</u>	<u>23,712</u>	<u>20,001</u>
Total revenue	<u>3,535,987</u>	<u>4,883,606</u>	<u>2,098,674</u>	<u>2,124,473</u>
Expenses				
Operating expenses	1,756,355	1,641,925	1,288,803	1,266,277
Administrative and general	481,173	473,104	265,313	242,978
Depreciation	1,505,519	1,359,584	477,095	477,753
Non-operating expenses	<u>61,204</u>	<u>63,904</u>	<u>16,667</u>	<u>20,000</u>
Total expenses	<u>3,804,251</u>	<u>3,538,517</u>	<u>2,047,878</u>	<u>2,007,008</u>
Income (Loss) Before Contributions	<u>(268,264)</u>	<u>1,345,089</u>	<u>50,796</u>	<u>117,465</u>
Capital Contributions	<u>333,570</u>	<u>388,630</u>	<u>246,850</u>	<u>211,334</u>
Change in Net Position	65,306	1,733,719	297,646	328,799
Net Position – Beginning of Year	<u>33,957,335</u>	<u>32,223,616</u>	<u>12,771,719</u>	<u>12,442,920</u>
Net Position – End of Year	\$ <u>34,022,641</u>	\$ <u>33,957,335</u>	\$ <u>13,069,365</u>	\$ <u>12,771,719</u>

**EVERGREEN METROPOLITAN DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
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The District's total water operating revenue increased by 3.53% from 2016 to 2017 due to an increase in sales and services to customers and to other districts. The rate increases to customers and other districts included an increase in the base rate to \$27.50 for 2017 from \$26.50 for 2016. The usage rates in effect for 2017 remained the same as 2016 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 2017 in the community included two water main improvement projects. The total wastewater operating revenue for 2017 decreased by 1.40% from 2016, primarily due to a decrease in services to other districts. The wastewater base rate increase for 2017 was \$1.00 per equivalent tap per month to a flat rate of \$46.00 for 2017 from a flat rate of \$45.00 for 2016. Investment income included in non-operating income increased in 2017 by 33.89% due to the yield for investments as a result of market conditions.

The District's general and administrative costs of the water operations increased \$8,068 (1.71%) and the general and administrative costs of the wastewater operations increased \$22,335 (9.19%). The increases in 2017 in general and administrative costs for water operations were primarily due to an increase of \$11,737 in payroll and employee benefits, an increase of \$8,900 in outside services costs, a decrease of \$13,209 in legal costs, a decrease of \$3,255 in property and liability and workers' compensation insurance costs, and an increase of \$3,895 in sundry administrative costs. The increases in 2017 in general and administrative expenses for wastewater operations were primarily due to an increase of \$8,319 in outside services costs, an increase of \$7,476 in legal costs, an increase of \$3,387 in insurance costs, an increase of \$1,347 in payroll and employee benefits, and an increase of \$1,806 in sundry administrative costs. Costs of the water operations increased \$114,430 (6.97%) in 2017. The increase was primarily due to an increase of \$63,960 in payroll and employee benefits, an increase of \$34,365 in distribution costs, an increase of \$18,046 in supplies and maintenance costs, an increase of \$9,351 in water rights maintenance, an increase of \$5,503 in outside lab costs, a decrease of \$23,283 in chemical costs, and an increase of \$6,488 in sundry operating costs. Costs of the wastewater operations increased \$22,526 (1.78%) in 2017. The increase was primarily due to an increase of \$11,048 in payroll and employee benefits, an increase of \$5,506 in sludge disposal costs, an increase of \$4,480 in collection costs, and an increase of \$1,492 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, 2017, totals \$40,880,341 (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:

	<u>Water</u>			<u>Wastewater</u>		
	<u>2017</u>	<u>2016</u>	<u>Percentage Change</u>	<u>2017</u>	<u>2016</u>	<u>Percentage Change</u>
Source of Supply	\$ 1,519,244	\$ 1,409,144	7.81 %	\$ --	\$ --	--
Land and Right of way	262,110	262,110	0 %	41,088	41,088	0%
Construction in progress	216,560	47,321	357.64%	66,309	24,186	174.16%
Operating System	20,085,260	20,615,518	-2.57%	9,406,659	9,605,056	-2.07%
Buildings and Improvements	1,310,885	1,348,542	-2.79%	324,859	344,874	-5.80%
Equipment and vehicles	314,149	217,776	44.25%	254,030	256,453	-0.94%
Facilities Owned By Other Districts	7,079,188	7,401,298	-4.35%			
Total capital assets, net	\$ 30,787,396	\$ 31,301,709		\$ 10,092,945	\$ 10,271,657	

The major water capital assets acquired and projects completed during the year included the purchase of six (6) Soda Lakes water right shares at \$110,100, the completion of the Moffat Road water main replacement at \$97,180 during 2017 for a total cost of \$107,486, the Ohtama water main replacement at \$14,454, the water treatment plant purchase of seven (7) wastewater taps at \$80,500, the Red Zone pump station VFD controls upgrade project at \$27,841, water plant equipment at \$46,171, water distribution equipment at \$21,262, office and computer equipment at \$17,764, the bin wall improvements at \$7,509, and the North lake trail system engineering study at \$12,500. The major water capital projects in progress at the end of the year included the Independence pump station upgrade at \$102,343 and the water rights legal and engineering at \$68,631. The major wastewater capital assets acquired and projects completed during the year included the West Jefferson County Metro District's completion of the grit classifier/disposal system and the District paid their 46% cost share of \$78,797, the utility plan engineering study at \$45,318 for 2017 for a total cost of \$69,504, collection and transmission repairs and equipment at \$13,686, wastewater treatment plant equipment at \$6,006, office and computer equipment at \$7,368, and the biosolids study at \$8,207. The major wastewater capital projects in progress at the end of the year included the sanitary sewer rehabilitation cured in place projects for Independence Trail and Buffalo Park at \$66,309. The major Collection and Distribution capital asset purchased in 2017 was the Wacker Neuson wheeled excavator and block heater at \$171,726. 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, 2017 is \$1,713,951. The principal balance of the 2009 Water Pollution Control Revolving Fund loan as of December 31, 2017 is \$1,316,478. Additional detail on debt is in Note 5 in the Notes to Financial Statements.

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Economic Factors and Next Year's Budget and Rates

- The water rates in effect for 2018 are a base rate increasing to \$28.50 per tap per month from \$27.50 for 2017 and usage rates for 2018 remaining the same as 2017 at \$2.90 per thousand for (1-14 thousand gallons per month) and usage rates for 2018 remaining the same as 2017 at \$5.00 per thousand for (15 thousand or more per month).
- The new wastewater rate in effect for 2018 is a flat rate increasing to \$47.00 per tap per month from a flat rate of \$46.00 for 2017.
- The following District charges and fees associated with various aspects of District administration and operations will remain the same as 2017. The fees and charges effective for 2018 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 2018, Replacement of Damaged Water Meter Fee after the one time replacement at no charge will increase to \$56.65 per hour from \$55.55 per hour for 2017 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 15 water taps for EMD at \$270,000, 10 water taps for West Jefferson County Metro District at \$180,000, 4 mixed use water taps for West Jefferson County Metro District at \$42,000, and inclusion and water rights surcharge fees of \$9,500, 1 water tap for Kittredge at \$18,000, and 2 water taps at \$18,000 for Habitat for Humanity, for a total budget for 2018 water system development and inclusion fees of \$537,500. The District has budgeted for 15 wastewater taps at \$270,000, 3 septic discounts at \$27,000, and 7 wastewater taps for the Water Department at \$80,500 for a total budget for 2017 for wastewater system development fees of \$377,500.

**EVERGREEN METROPOLITAN DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
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- The District's major capital Water projects and purchases for 2018 are the purchase of water rights budgeted at \$609,775, the Lewis Ridge Road water main replacement budgeted for \$235,000, the North lake trail system and bin wall budgeted for \$87,200, the water treatment plant purchase of seven (7) wastewater taps at \$80,500, and the completion of the Independence new pump station and engineering. The major capital Wastewater projects and purchases budget for 2018 are the El Pinal force main replacement budgeted for \$350,000 and the TV inspection camera budgeted for \$55,000. The major Collection and Distribution capital asset budgeted for 2018 is the dump truck budgeted for \$150,000.

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, 30920 Stagecoach Blvd., Evergreen, CO 80439.

EVERGREEN METROPOLITAN DISTRICT
JEFFERSON COUNTY, COLORADO
STATEMENT OF NET POSITION
DECEMBER 31, 2017

ASSETS

	PROPRIETARY FUND		TOTAL MEMORANDUM ONLY
	ENTERPRISE FUND		
	WATER	WASTEWATER	
CURRENT ASSETS			
Cash and Cash Equivalents	\$ 1,524,524	\$ 3,971,220	\$ 5,495,744
Account Receivable	354,899	203,877	558,776
Investments	1,274,894	430,634	1,705,528
Accrued Interest Receivable	3,072	253	3,325
FEMA and State Grants Receivables	298,013	-	298,013
Inventory	91,971	15,997	107,968
Prepaid Expenses	64,090	54,227	118,317
Deposits	26,250	-	26,250
Restricted Cash - Developers' Funds	950	502	1,452
Total Current Assets	<u>3,638,663</u>	<u>4,676,710</u>	<u>8,315,373</u>
PROPERTY, PLANT AND EQUIPMENT			
Land and Right of Way	262,110	41,088	303,198
Source of Supply	1,519,244	-	1,519,244
Infrastructure	17,391,922	8,069,634	25,461,556
Treatment Plants	15,124,185	8,891,865	24,016,050
Buildings and Improvements	2,041,192	636,162	2,677,354
General Equipment	1,080,455	651,082	1,731,537
Transportation Equipment	389,706	568,786	958,492
Maps and GIS/GPS	178,531	55,450	233,981
Facilities Improvements and Expansion Construction in Progress	216,560	66,309	282,869
Facilities Owned by Other Districts Subject to Reversionary Interest	16,325,647	-	16,325,647
Total	<u>54,529,552</u>	<u>18,980,376</u>	<u>73,509,928</u>
Less Accumulated Depreciation	<u>(23,742,156)</u>	<u>(8,887,431)</u>	<u>(32,629,587)</u>
Net Property, Plant and Equipment	<u>30,787,396</u>	<u>10,092,945</u>	<u>40,880,341</u>
OTHER ASSETS			
Other Intangible, Net of Accumulated Amortization	1,798,810	-	1,798,810
	<u>1,798,810</u>	<u>-</u>	<u>1,798,810</u>
TOTAL ASSETS	<u>\$ 36,224,869</u>	<u>\$ 14,769,655</u>	<u>\$ 50,994,524</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL
PART OF THESE FINANCIAL STATEMENTS

EVERGREEN METROPOLITAN DISTRICT
JEFFERSON COUNTY, COLORADO
STATEMENT OF NET POSITION
DECEMBER 31, 2017

LIABILITIES AND NET POSITION

	PROPRIETARY FUND		TOTAL MEMORANDUM ONLY
	ENTERPRISE FUND		
	WATER	WASTEWATER	
CURRENT LIABILITIES			
Accounts Payable and Accrued Expenses	\$ 104,130	\$ 266,208	\$ 370,338
Accrued Interest Payable	39,716	4,332	44,048
Developers' Funds	950	500	1,450
Water Project Loan Payable - Current Portion	458,094	-	458,094
Wastewater Loan Payable - Current Portion	-	304,214	304,214
Open Space Agreement - Current Portion	6,000	-	6,000
Unearned Revenue	1,050	-	1,050
Total Current Liabilities	<u>609,940</u>	<u>575,254</u>	<u>1,185,194</u>
LONG TERM LIABILITIES			
Project Loan Payable - Drinking Water Revolving Fund	1,255,857	-	1,255,857
Wastewater Loan Payable - Water Pollution Revolving Fund	-	1,012,264	1,012,264
Accrued Employee Benefits Payable	114,431	112,772	227,203
Total Long Term Liabilities	<u>1,370,288</u>	<u>1,125,036</u>	<u>2,495,324</u>
OTHER LIABILITIES			
Unearned Revenue - Open Space Agreement	<u>222,000</u>	<u>-</u>	<u>222,000</u>
TOTAL LIABILITIES	<u>2,202,228</u>	<u>1,700,290</u>	<u>3,902,518</u>
NET POSITION			
Net investment in capital assets	29,073,445	8,776,467	37,849,912
Unrestricted	4,949,196	4,292,898	9,242,094
Total Net Position	<u>34,022,641</u>	<u>13,069,365</u>	<u>47,092,006</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 36,224,869</u>	<u>\$ 14,769,655</u>	<u>\$ 50,994,524</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, 2017

	PROPRIETARY FUND		TOTAL MEMORANDUM ONLY
	ENTERPRISE FUND		
	WATER	WASTEWATER	
OPERATING INCOME			
Water Sales	\$ 1,111,225	\$ -	\$ 1,111,225
Water Service Charges	47,089	-	47,089
Water Sales to Other Districts	2,101,459	-	2,101,459
Sewage Treatment Income	-	1,241,985	1,241,985
Sewage Treatment Income to Other Districts	-	205,246	205,246
Sewage Treatment Income to Water Department	-	121,440	121,440
Sales and Services (Customers and Other Districts)	113,340	503,343	616,683
Tap Connection, Inspection and Inactive Fees	29,428	2,948	32,376
Total Operating Income	<u>3,402,541</u>	<u>2,074,962</u>	<u>5,477,503</u>
OPERATING EXPENSES			
Operating Expenses	1,756,355	1,288,803	3,045,158
Administrative Expenses	481,173	265,313	746,486
Total Operating Expenses	<u>2,237,528</u>	<u>1,554,116</u>	<u>3,791,644</u>
NET INCOME FROM OPERATIONS BEFORE DEPRECIATION	1,165,013	520,846	1,685,859
Depreciation expense	<u>(1,505,519)</u>	<u>(477,095)</u>	<u>(1,982,614)</u>
NET INCOME (LOSS) FROM OPERATIONS AFTER DEPRECIATION	<u>(340,506)</u>	<u>43,751</u>	<u>(296,755)</u>
NON-OPERATING INCOME (EXPENSE)			
Interest Income	29,115	18,358	47,473
Miscellaneous	59,099	1,069	60,168
Safety and Loss Prevention Grant	1,912	1,305	3,217
Sale of Assets	43,320	2,980	46,300
Bond Administration Fee	<u>(61,204)</u>	<u>(16,667)</u>	<u>(77,871)</u>
Total Net Other Income (Expense)	<u>72,242</u>	<u>7,045</u>	<u>79,287</u>
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	<u>(268,264)</u>	<u>50,796</u>	<u>(217,468)</u>
CAPITAL CONTRIBUTIONS			
System Development Fees	178,000	206,500	384,500
Inclusions and Cost Recovery	9,500	-	9,500
Contributions of Facilities by Developers	71,070	-	71,070
Capital Contributions from Other Districts	-	40,350	40,350
Contractual Payments	<u>75,000</u>	<u>-</u>	<u>75,000</u>
Total Capital Contributions	<u>333,570</u>	<u>246,850</u>	<u>580,420</u>
CHANGE IN NET POSITION	65,306	297,646	362,952
NET POSITION - BEGINNING	<u>33,957,335</u>	<u>12,771,719</u>	<u>46,729,054</u>
NET POSITION - ENDING	<u>\$ 34,022,641</u>	<u>\$ 13,069,365</u>	<u>\$ 47,092,006</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, 2017

	PROPRIETARY FUND		TOTAL MEMORANDUM ONLY
	ENTERPRISE FUND		
	WATER	WASTEWATER	
CASH FLOW FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 3,305,187	\$ 1,447,750	\$ 4,752,937
Cash received for services to other Districts	102,603	502,776	605,379
Cash amounts paid from the water fund	-	121,440	121,440
Miscellaneous cash received	59,099	1,069	60,168
Cash payments made for salaries and benefit expense	(1,367,251)	(1,038,583)	(2,405,834)
Cash payments to suppliers	(871,208)	(422,795)	(1,294,003)
Net cash provided by operating activities	<u>1,228,430</u>	<u>611,657</u>	<u>1,840,087</u>
CASH FLOW FROM CAPITAL FINANCING ACTIVITIES			
Proceeds from sale of assets	43,320	2,980	46,300
Purchases of property, plant and equipment	(733,309)	(287,652)	(1,020,961)
Capital facilities contributions received	-	40,350	40,350
Contractual payments received	75,000	-	75,000
Interest and administrative loan fee paid	(110,872)	(27,774)	(138,646)
Payment to DWRP	(441,722)	-	(441,722)
Payment to CWRPDA	-	(96,168)	(96,168)
Funds received for system development fees	178,000	206,500	384,500
Funds received for inclusion fees and cost recovery	9,500	-	9,500
FEMA and State Grants received	597,029	-	597,029
Safety and Loss Prevention Grant	1,912	1,305	3,217
Net cash (required) by capital financing activities	<u>(381,142)</u>	<u>(160,459)</u>	<u>(541,601)</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of investments	(255,722)	(2,925)	(258,647)
Redemption of investment securities	477,442	502,382	979,824
Interest received on investments	27,792	18,439	46,231
Net cash provided by investing activities	<u>249,512</u>	<u>517,896</u>	<u>767,408</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,096,800	969,094	2,065,894
Cash, cash equivalents and restricted cash, beginning of year	<u>428,674</u>	<u>3,002,628</u>	<u>3,431,302</u>
Cash, cash equivalents and restricted cash, end of year	<u>\$ 1,525,474</u>	<u>\$ 3,971,722</u>	<u>\$ 5,497,196</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, 2017

	PROPRIETARY FUND		TOTAL MEMORANDUM ONLY
	ENTERPRISE FUND		
	WATER	WASTEWATER	
CASH FLOW FROM OPERATING ACTIVITIES			
Net (loss) income from operations after depreciation	\$ (340,506)	\$ 43,751	\$ (296,755)
Adjustments to reconcile net operating (loss) income to net cash provided by operating activities			
Depreciation	1,505,519	477,095	1,982,614
Tower leases revenue	57,793	-	57,793
Pension fund forfeitures	605	499	1,104
Miscellaneous	701	570	1,271
Changes in operating assets and liabilities:			
(Increase) decrease in account receivable	5,249	(3,634)	1,615
(Increase) decrease in inventory	(428)	480	52
(Increase) decrease in prepaid expenses	11,663	12,314	23,977
(Increase) decrease in deposits	(24,763)	638	(24,125)
Increase (decrease) in accounts payable and accrued expenses	2,433	71,906	74,339
Increase (decrease) in accrued employee benefits payable	10,164	8,038	18,202
Net cash provided by operating activities	<u>\$ 1,228,430</u>	<u>\$ 611,657</u>	<u>\$ 1,840,087</u>

Supplemental disclosure of non-cash data:

The water fund received \$71,070 and \$128,380 in contributed facilities from developers during the years ended December 31, 2017 and 2016, respectively. The sewer fund received \$-0- and \$-0- in contributed assets from other developers during the years ended December 31, 2017 and 2016, respectively.

THE ACCOMPANYING NOTES ARE AN INTEGRAL
PART OF THESE FINANCIAL STATEMENTS

EVERGREEN METROPOLITAN DISTRICT
JEFFERSON COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

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, 2017

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, 2017

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, 2017

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, 2017.

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, 2017.

EVERGREEN METROPOLITAN DISTRICT
JEFFERSON COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

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, 2017, the accumulated amortization is \$535,151 and the net book value is \$246,993.

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 began 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, 2017, the accumulated amortization is \$129,318 the net book value is \$1,551,817.

EVERGREEN METROPOLITAN DISTRICT
JEFFERSON COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

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, and Colotrust which are recorded at net asset value.

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, 2017 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	1,355,634	1,355,634
Collateralized deposits		
Bank deposits – unrestricted	1,989,430	2,062,081
Certificates of Deposit	109,894	109,894
	<u>4,205,813</u>	<u>4,278,464</u>
Insured deposits		
Bank deposits – restricted	1,452	1,452
Collateralized deposits		
Bank deposits - restricted	-0-	-0-
		\$ <u>4,279,916</u>
Uncategorized:		
Cash on hand	<u>278</u>	
Total cash deposits and restricted cash	\$ <u>4,207,543</u>	

EVERGREEN METROPOLITAN DISTRICT
JEFFERSON COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

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

Investments

U.S. Government Agency Securities	\$	240,000
Local Government Investment pool		<u>2,755,181</u>
Total investments		<u>2,995,181</u>
Total cash and investments	\$	<u>7,202,724</u>

Cash deposits and investments are reflected on the December 31, 2017 Statement of Net Position as follows:

Total cash deposits and investments	\$	7,202,724
Less: restricted cash and cash equivalents		(1,452)
Less: long-term investments		<u>(1,705,528)</u>
Cash and cash equivalents	\$	<u>5,495,744</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, 2017, investments consist of U.S. Government Agency Securities and certificates of deposit with original maturities in excess of 90 days.

As of December 31, 2017, the District had invested \$2,755,181 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 operates similarly to a money market fund and each share is equal in value to \$1.00. 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. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

EVERGREEN METROPOLITAN DISTRICT
JEFFERSON COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

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

Custodial Risk

As of December 31, 2017, the carrying amount of the District's deposits was \$4,207,543. 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, 2017. 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, 2017, 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 (85.93%) and Federal Home Loan Mortgage Corp Bonds (14.07%).

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, 2017

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 2017 are set forth below:

<u>WATER FUND:</u>	Balance at January 1, 2017	Transfers/ Increases	Transfers/ Decreases	Balance at December 31, 2017
Capital assets not being depreciated:				
Source of Supply	\$ 1,409,144	\$ 110,100	\$ -	\$ 1,519,244
Land and Right of Way	262,110			262,110
Construction in progress	47,321	276,725	(107,486)	216,560
Total capital assets not being depreciated	<u>1,718,575</u>	<u>386,825</u>	<u>(107,486)</u>	<u>1,997,914</u>
Capital assets being depreciated:				
Infrastructure	17,217,463	174,459		17,391,922
Water Treatment plant	14,996,723	19,976	107,486	15,124,185
Buildings and Improvements	2,011,654	29,538		2,041,192
General Equipment	981,160	161,992	(62,697)	1,080,455
Transportation Equipment	386,261	3,445		389,706
Maps	148,360			148,360
GIS Project	30,171			30,171
Facilities Owned by Other Districts	16,254,577	71,070		16,325,647
Total capital assets being depreciated	<u>52,026,369</u>	<u>460,480</u>	<u>44,789</u>	<u>52,531,638</u>
Less accumulated depreciation for:				
Infrastructure	(7,163,528)	(443,746)		(7,607,274)
Water Treatment plant	(4,435,140)	(388,433)		(4,823,573)
Buildings and Improvements	(663,112)	(67,193)		(730,307)
General Equipment	(851,717)	(44,297)	62,697	(833,317)
Transportation Equipment	(299,369)	(23,901)		(323,270)
Maps	(146,918)	(865)		(147,784)
GIS Project	(30,172)	-0-		(30,172)
Facilities Owned by Other Districts	(8,853,279)	(393,183)		(9,246,459)
Total accumulated depreciation	<u>(22,443,235)</u>	<u>(1,361,618)</u>	<u>62,697</u>	<u>(23,742,156)</u>
Total capital assets being depreciated, net	<u>29,583,134</u>	<u>(901,138)</u>	<u>107,486</u>	<u>28,789,482</u>
Capital assets, net	\$ <u>31,301,709</u>	\$ <u>(514,313)</u>	\$ <u>-0-</u>	\$ <u>30,787,396</u>

Additions during the year consist of infrastructure additions of \$164,152, water rights purchase of \$110,100, the water treatment plant purchase of seven wastewater taps at \$80,500, construction equipment of \$111,622, construction in progress of \$179,546, capital facilities contributions from developers of \$71,070, and sundry assets of \$87,389. Net interest costs of \$42,926 were capitalized for the water plant during 2017.

EVERGREEN METROPOLITAN DISTRICT
JEFFERSON COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

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

WASTEWATER FUND:	Balance at January 1, 2017	Transfers/ Increases	Transfers/ Decreases	Balance at December 31, 2017
Capital assets not being depreciated:				
Land and Right of Way	\$ 41,088	\$	\$	\$ 41,088
Construction in progress	24,186	111,627	(69,504)	66,309
Total capital assets not being depreciated	65,274	111,627	(69,504)	107,397
Capital assets being depreciated:				
Infrastructure	8,055,948	13,686		8,069,634
Wastewater Treatment plant	8,724,625	97,736	69,504	8,891,865
Buildings and Improvements	636,163			636,163
General Equipment	584,569	73,479	(6,966)	651,082
Transportation Equipment	566,931	1,855		568,786
Maps	29,211			29,211
GIS Project	26,239			26,239
Total capital assets being depreciated	18,623,686	186,756	62,538	18,872,980
Less accumulated depreciation for:				
Infrastructure	(3,935,521)	(161,217)		(4,096,738)
Wastewater Treatment plant	(3,239,996)	(218,107)		(3,458,103)
Buildings and Improvements	(291,289)	(20,014)		(311,303)
General Equipment	(531,478)	(16,332)	6,966	(540,844)
Transportation Equipment	(363,851)	(61,229)		(425,080)
Maps	(28,930)	(196)		(29,126)
GIS Project	(26,238)			(26,238)
Total accumulated depreciation	(8,417,303)	(477,095)	6,966	(8,887,432)
Total capital assets being depreciated, net	10,206,383	(290,339)	69,504	9,985,548
Capital assets, net	\$ 10,271,657	\$ (178,712)	\$ -0-	\$ 10,092,945

Additions during the year consist of \$132,323 to the wastewater treatment plant, infrastructure additions of \$13,686, construction equipment of \$60,104, District construction in progress of \$66,309, and sundry assets of \$15,230. Net interest costs of \$10,731 were capitalized during 2017.

EVERGREEN METROPOLITAN DISTRICT
JEFFERSON COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 5 – LONG-TERM DEBT

The District's long-term debt as of December 31, 2017 and its 2017 debt transactions are as follows:

	<u>Balance at January 1, 2017</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance at December 31, 2017</u>	<u>Current Portion</u>
<u>Project Loan Payable Drinking Water Revolving Fund</u>	\$ 2,155,673	\$ --	\$ (441,722)	\$ 1,713,951	\$ 458,094
	<u>2,155,673</u>	<u>--</u>	<u>(441,722)</u>	<u>1,713,951</u>	<u>458,094</u>
Current portion	<u>(441,722)</u>			<u>(458,094)</u>	
Long-term portion	\$ <u>1,713,951</u>			\$ <u>1,255,857</u>	
 <u>Water Pollution Control Revolving Fund</u>	 \$ 1,412,646	 \$ --	 \$ (96,168)	 \$ 1,316,478	 \$ 304,214
	<u>1,412,646</u>	<u>--</u>	<u>(96,168)</u>	<u>1,316,478</u>	<u>304,214</u>
Current Portion	<u>(96,168)</u>			<u>(304,214)</u>	
Long-term portion	\$ <u>1,316,478</u>			\$ <u>1,012,264</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, 2017

NOTE 5 – LONG-TERM DEBT – (continued)

The following tables summarize debt service requirement for debt outstanding as of December 31, 2017.

Project Loan Payable – Drinking Water Revolving Fund

<u>Year</u>	<u>Principal</u>	<u>Fees</u>	<u>Interest</u>	<u>Total Annual Requirements</u>
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>1,713,951</u>	\$ <u>160,708</u>	\$ <u>37,463</u>	\$ <u>1,912,122</u>

Water Pollution Control Revolving Fund

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Annual Requirements</u>
2018	304,214	22,202	326,416
2019	83,143	19,832	102,975
2020	84,815	18,160	102,975
2021	86,519	16,456	102,975
2022	88,258	14,717	102,975
2023-2027	468,626	46,249	514,875
2028-2029	200,903	5,047	205,950
TOTALS	\$ <u>1,316,478</u>	\$ <u>142,663</u>	\$ <u>1,459,141</u>

EVERGREEN METROPOLITAN DISTRICT
JEFFERSON COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

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 2017 was \$1,807,444. The District's contributions were calculated using the base salary amount of \$1,565,497. The District made the required contribution of \$125,240. The District's forfeitures for the year were \$1,105.

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, 2017, the date of the last issued report by the plan is \$2,054,811.

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, 2017

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 \$2,000,000 with a \$5,000,000 excess limit.

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, 2017

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, 2017

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, 2017, 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, 2017, reimbursements of \$1,129,990 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.

On April 27, 2018, DHSEM submitted the Closeout Request to FEMA for an amount of \$1,681,112. FEMA has a large backlog of Closeout Requests and it is difficult to estimate when FEMA will begin working on the Closeout Request.

NOTE 13 – EVALUATION OF SUBSEQUENT EVENTS

The District has evaluated subsequent events through July 21, 2018 the date which the financial statements were available to be issued. Subsequent events that required recognition or additional disclosure are described below.

On January 2, 2018, the District received a prepayment of \$243,062 from the Upper Bear Creek Water and Sanitation District for prepayment of their pro rata share of 18.4% of the Evergreen Metropolitan District's 2009 wastewater treatment plant capital improvements. The Evergreen Metropolitan District requested to prepay their loan from the Colorado Water Resources and Power Development Authority dated July 24, 2009 in part without penalty. The prepayment in the amount of \$243,062 was paid on January 8, 2018 and applied towards the principal and interest portion of the District's loan. The Evergreen Metropolitan District received a revised loan repayment schedule for the Water Pollution Control Revolving Fund Direct Loan.

The consolidation of the Evergreen Metropolitan District and the Upper Bear Creek Water and Sanitation District was approved by a majority of electors voting at the regular special district elections held on May 8, 2018. The organizational Board of the Consolidated District shall file a petition with the Court and the Court shall issue an Order creating the Consolidated District. The name of the Consolidated District shall be Evergreen Metropolitan District. All operations, facilities, assets and liabilities of Evergreen Metropolitan District and Upper Bear Creek Water and Sanitation District will be consolidated for purposes of economy and will become the

EVERGREEN METROPOLITAN DISTRICT
JEFFERSON COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 13 – EVALUATION OF SUBSEQUENT EVENTS – (continued)

property of, and operated and managed by the Consolidated District. Upper Bear Creek Water and Sanitation District will transfer approximately \$720,000 from the wastewater fund reserves to the Evergreen Metropolitan District for deposit in its wastewater activity enterprise fund upon completion of the 2018 short year audit of the Upper Bear Creek Water and Sanitation District's Financial Statements.

Evergreen Metropolitan District (EMD) and Mount Carbon Metropolitan District (Mt. Carbon) contracted on May 17, 2017 that certain Water Rights Purchase and Option Agreement ("Purchase Agreement") for EMD's purchase of water rights known as the Robert Lewis Ditch, Priority 19 on Bear Creek, Jefferson County, Colorado. The First Amendment Water Rights Purchase and Option Agreement was made and entered into on October 27, 2017, by and between Mount Carbon Metropolitan District and Evergreen Metropolitan District. EMD determined that it desires to purchase and Mt. Carbon desires to sell the entire 44 inches (39.63 acre-feet) of the Robert Lewis Ditch water right. The Purchase Agreement was amended and replaced with: If EMD notifies Mt Carbon of its intent to purchase all or a portion of the water rights by the end of the Option Period, a Closing on the purchase of the water rights will occur on or before January 31, 2018, unless extended to a later date. The purchase price at Closing for the Robert Lewis Ditch rights shall be Six-Hundred Six Thousand and Twenty-Five Dollars (\$606,025.00). The Closing on the Water Rights Purchase and Option Agreement, dated May 17, 2017, as amended occurred on January 24, 2018.

Evergreen Metropolitan District (EMD) and Evergreen Park and Recreation District (EPRD) made and entered into an Intergovernmental Agreement for Use of Buchanan Ponds, Administration of Water Rights and Cost Sharing on December 5, 2017. The purpose of the Agreement is to provide authorization to EMD and EPRD for access to and the use of Buchanan Ponds as necessary to fill and maintain water storage, installation of necessary measuring devices, and the operation, maintenance, and repair of the Buchanan Ponds. To integrate the Buchanan Ponds, which are owned by EPRD, into the EMD water system in order to provide for source and administration of water supply for Buchanan Ponds. To establish the terms and conditions for sharing the costs of the acquisition and adjudication of water rights. EPRD agrees to pay \$75,000 of the estimated capital costs incurred in 2017 by EMD on or before December 31, 2017. After the closing on the acquisition of the Robert Lewis Ditch water rights occurs in early 2018, EMD will have incurred expenses in excess of \$600,000 for the purchase. EPRD agrees to pay EMD the balance of its capital contribution for such acquisition, which will be \$125,000, on or before April 30, 2018. If the Adjudication Costs exceed \$100,000, EMD will issue quarterly invoices to EPRD for 50% of such additional costs as they are incurred. The costs of installing measurement devices and improvements is estimated at \$25,000 and will be paid by EMD as incurred and EPRD will reimburse EMD following completion of installation.

EVERGREEN METROPOLITAN DISTRICT
JEFFERSON COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

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, 2017

WATER REVENUE

Total actual water revenue per budget	\$	6,736,310
Budgeted revenue not included in net income (GAAP Basis)		(2,937,823)
Subtotal		3,798,487

WATER EXPENDITURES

Total actual water expenditures per budget		3,523,431
Budgeted expenditures not included in net income (GAAP Basis)		
Capital expenditures		(733,309)
Payments on loan to the Drinking Water Revolving Fund		(441,722)
Income and expense items shown on Statement of Revenue and		
Income and expenses not included in budget		
Depreciation		1,505,519
Contributions of Facilities by Developers		(71,070)
Construction interest capitalized		(42,926)
Change in accrued interest payable		(6,741)
Subtotal		3,733,181
Change in net position (GAAP BASIS)	\$	65,306

EVERGREEN METROPOLITAN DISTRICT
JEFFERSON COUNTY, COLORADO
COMPARISON OF WATER REVENUE AND EXPENDITURES WITH BUDGET
FOR THE YEAR ENDED DECEMBER 31, 2017

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUE			
<u>OPERATING REVENUE</u>			
Water Sales	\$ 3,133,000	\$ 3,212,684	\$ 79,684
Inactive Fees - Tap Purchase Agreements	3,540	3,540	-
Late Fees and Collection Charges	46,200	47,089	889
Services to Developers/Public	1,500	10,737	9,237
Services to Districts	108,750	102,603	(6,147)
Connections and Inspections	24,825	25,888	1,063
Interest	4,500	6,630	2,130
Tower Leases Revenue	58,690	57,793	(897)
Miscellaneous and Pension Plan Forfeitures	2,500	1,306	(1,194)
Transfer of Operating Reserves to Capital	(350,000)	(350,000)	-
Transfer of Operating Reserves to Repair and Replacement	(200,000)	(200,000)	-
TOTAL OPERATING REVENUE	<u>2,833,505</u>	<u>2,918,270</u>	<u>84,765</u>
<u>CAPITAL REVENUE</u>			
System Development Fees	432,600	178,000	(254,600)
Proceeds from the Sale of Assets	1,000	43,320	42,320
Interest	13,000	22,485	9,485
Safety and Loss Prevention Grant	1,000	1,912	912
Inclusions and Cost Recovery	9,500	9,500	-
Contractual Assessments	-	75,000	75,000
Transfer of Operating Reserves to Capital	350,000	350,000	-
Transfer of Operating Reserves to Repair and Replacement	200,000	200,000	-
TOTAL CAPITAL REVENUE	<u>1,007,100</u>	<u>880,217</u>	<u>(126,883)</u>
<u>BEGINNING RESOURCES AVAILABLE</u>			
Operating	483,191	636,223	153,032
Capital	2,102,388	2,012,559	(89,829)
Repair and Replacement	289,041	289,041	-
TOTAL BEGINNING RESOURCES	<u>2,874,620</u>	<u>2,937,823</u>	<u>63,203</u>
TOTAL RESOURCES AVAILABLE	<u>\$ 6,715,225</u>	<u>\$ 6,736,310</u>	<u>\$ 21,085</u>

EVERGREEN METROPOLITAN DISTRICT
JEFFERSON COUNTY, COLORADO
COMPARISON OF WATER REVENUE AND EXPENDITURES WITH BUDGET
FOR THE YEAR ENDED DECEMBER 31, 2017

	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	\$ 14,885	\$ 20,015
Engineering	3,500	6,400	(2,900)
Water Rights Maintenance	30,000	45,795	(15,795)
WATER TREATMENT PLANT			
Chemicals	85,000	51,019	33,981
Supplies and Maintenance	68,000	64,937	3,063
Power	45,000	40,767	4,233
Truck Expense	20,000	14,063	5,937
Lab Supplies and Maintenance	16,500	15,302	1,198
Lab Outside Services	26,000	15,700	10,300
Wastewater Treatment Services	121,440	121,440	-
Employee Expense	470,000	461,676	8,324
PUMP STATIONS/PRESSURE CONTROL			
Supplies and Maintenance	22,000	27,764	(5,764)
Engineering	2,000		2,000
Utilities	116,000	106,262	9,738
Safety	3,000	3,494	(494)
NEW SERVICES, ENVIRONMENTAL & PRETREATMENT			
Supplies and Maintenance	4,550	3,183	1,367
Truck Expense	3,000	2,381	619
Lab Supplies and Maintenance	300	-	300
Lab Outside Services	300	-	300
New Services Supplies	9,000	9,119	(119)
Equipment Maintenance	300	-	300
Employee Expense	143,000	140,689	2,311
COLLECTION AND DISTRIBUTION			
Supplies and Maintenance	14,500	13,256	1,244
Engineering	1,000	-	1,000
Telephone and Utilities	7,700	6,659	1,041
Truck Expense	12,500	3,679	8,821
Equipment Maintenance Expense	14,000	7,013	6,987
Distribution Expense	50,000	67,594	(17,594)
Safety	1,500	2,166	(666)
Employee Expense	352,000	322,664	29,336
TOTAL OPERATIONS AND MAINTENANCE EXPENDITURES	\$ 1,676,990	\$ 1,567,907	\$ 109,083

EVERGREEN METROPOLITAN DISTRICT
JEFFERSON COUNTY, COLORADO
COMPARISON OF WATER REVENUE AND EXPENDITURES WITH BUDGET
FOR THE YEAR ENDED DECEMBER 31, 2017

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>WATER EXPENDITURES - CUSTOMER SERVICE/</u>			
<u>METER READING & BILLING</u>			
Supplies and Maintenance	\$ 15,000	\$ 15,999	\$ (999)
Equipment Maintenance Expense	3,500	-	3,500
Meter Change Out Inventory	5,500	4,293	1,207
Employee Expense	169,000	168,155	845
TOTAL CUSTOMER SERVICE/METER READING	<u>193,000</u>	<u>188,447</u>	<u>4,553</u>
 <u>WATER EXPENDITURES - ADMINISTRATION</u>			
Audit	10,150	9,468	682
Insurance	56,000	46,407	9,593
Legal	60,000	42,592	17,408
Office Supplies	3,200	2,422	778
Postage	16,050	14,648	1,402
Operating Supplies	10,000	8,078	1,922
Outside Services	36,000	32,490	3,510
Rents, Repairs and Maintenance	14,000	7,800	6,200
Telephone	8,750	8,387	363
Power	5,700	4,999	701
Dues, Subscriptions and Training	4,400	2,885	1,515
Directors' Fees	5,600	5,413	187
Miscellaneous	500	172	328
Directors' Payroll Taxes	428	414	14
Travel, Meetings and Conferences	12,500	3,844	8,656
Employee Expense	318,000	291,155	26,845
TOTAL ADMINISTRATION EXPENDITURES	<u>561,278</u>	<u>481,174</u>	<u>80,104</u>
TOTAL OPERATIONS & MAINTENANCE, CUSTOMER SERVICE & METER READING & ADMINISTRATION EXPENDITURES	<u>2,431,268</u>	<u>2,237,528</u>	<u>193,740</u>
 <u>DEBT SERVICE</u>			
DWRF Project Loan Principal	441,722	441,722	-
DWRF Project Loan Administrative Fees	61,204	61,204	-
DWRF Project Loan Interest	49,668	49,668	-
TOTAL DEBT SERVICE	<u>\$ 552,594</u>	<u>\$ 552,594</u>	<u>\$ -</u>

EVERGREEN METROPOLITAN DISTRICT
JEFFERSON COUNTY, COLORADO
COMPARISON OF WATER REVENUE AND EXPENDITURES WITH BUDGET
FOR THE YEAR ENDED DECEMBER 31, 2017

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
WATER EXPENDITURES - CAPITAL			
Main Replacements	100,000	111,633	\$ (11,633)
Dam Sluice Gate Valve	35,000	8,200	26,800
Dam Resurfacing	73,000		73,000
General, Office and Computer Equipment	30,000	17,764	12,236
Administration Buildings Improvements	35,000		35,000
Remodel of Old Filter Building	100,000		100,000
Preliminary Engineering for WTP Pump	50,000		50,000
Treatment Plant, Lab and General Equipment	23,602	23,602	-
Chemical Building Heater Replacement	13,040	13,040	-
Dock Leveling plate and insallation	11,500	9,529	1,971
Safety Equipment	5,000		5,000
Miscellaneous	-		-
C & D Excavator	133,250	111,622	21,628
Fire Hydrant Replacements	25,000	13,062	11,938
C&D Capital Expenditures	3,250	3,445	(195)
Lighting for C&D Building	1,500		1,500
Bridge to Lakehouse	37,000		37,000
North Lake Trail System-EPRD	67,200	12,500	54,700
Bin Wall and hand rail - temporary fix	20,000	7,509	12,491
Upstream Water Mitigation	10,000		10,000
Water Model Engineering	1,745	1,745	-
Engineering for 404 Permit for Evergreen Lake	20,000	11,365	8,635
Independence Pump Station Engineering and New Pump Station	200,000	99,550	100,450
Red Zone Pump Station VFD Upgrade	27,841	27,841	-
Hidden Valley Project	1,671	1,671	-
Water Rights Purchase	57,351	178,731	(121,380)
Wastewater Taps	80,500	80,500	-
TOTAL CAPITAL EXPENDITURES	<u>1,162,450</u>	<u>733,309</u>	<u>429,141</u>
TOTAL EXPENDITURES	<u>\$ 4,146,312</u>	<u>\$ 3,523,431</u>	<u>\$ 622,881</u>
ENDING BALANCE, DECEMBER 31	<u>\$ 2,568,913</u>	<u>\$ 3,212,879</u>	<u>\$ 643,966</u>
ENDING RESOURCES			
Operating Reserves	132,834	\$ 764,371	631,537
Capital Reserves	1,947,038	1,959,467	12,429
Repair and Replacement Reserves	489,041	489,041	-
TOTAL ENDING RESOURCES	<u>\$ 2,568,913</u>	<u>\$ 3,212,879</u>	<u>\$ 643,966</u>

EVERGREEN METROPOLITAN DISTRICT
JEFFERSON COUNTY, COLORADO
RECONCILIATION OF WASTEWATER BUDGET TO STATEMENT
OF REVENUE AND EXPENSES (GAAP BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2017

WASTEWATER REVENUE

Total actual wastewater revenue per budget	\$ 5,912,794
Budgeted revenue not included in net income (GAAP Basis)	
	<u>(3,567,271)</u>
Subtotal	<u>2,345,523</u>

WASTEWATER EXPENDITURES

Total actual wastewater expenditures per budget	1,965,710
Budgeted expenditures not included in net income (GAAP Basis)	
Capital expenditures	(287,652)
Debt Repayment to CWRPDA	(96,168)
Income and expense items shown on Statement of Revenue and Expenses not included in budget	
Depreciation	477,095
Construction Interest Capitalized	(10,731)
Change in accrued interest payable	(377)
Subtotal	<u>2,047,877</u>
Change in net position (GAAP BASIS)	<u>\$ 297,646</u>

EVERGREEN METROPOLITAN DISTRICT
JEFFERSON COUNTY, COLORADO
COMPARISON OF WASTEWATER REVENUE AND EXPENDITURES WITH BUDGET
FOR THE YEAR ENDED DECEMBER 31, 2017

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUE			
<u>OPERATING REVENUE</u>			
Wastewater Treatment Charges	\$ 1,237,300	\$ 1,241,985	\$ 4,685
-UBC District	148,225	156,011	7,786
Pretreatment Revenue	49,260	49,234	(26)
Services to Districts	623,600	495,784	(127,816)
Service to Water Department	121,440	121,440	-
Services to Developers/Public	2,000	7,105	5,105
Connections and Inspections	5,670	2,948	(2,722)
Interest	6,000	5,200	(800)
Miscellaneous	1,200	1,523	323
Transfer of Operating Reserves to Capital	(350,000)	(350,000)	-
TOTAL OPERATING REVENUE	<u>1,844,695</u>	<u>1,731,230</u>	<u>(113,465)</u>
<u>CAPITAL REVENUE</u>			
Interest	15,000	13,158	(1,842)
System Development Fees	242,500	206,500	(36,000)
Contractual Contributions	43,965	40,350	(3,615)
Proceeds from the Sale of Assets	1,000	2,980	1,980
Safety and Loss Prevention Grant	1,000	1,305	305
Transfer of Operating Reserves to Capital	350,000	350,000	-
TOTAL CAPITAL REVENUE	<u>653,465</u>	<u>614,293</u>	<u>(39,172)</u>
BEGINNING RESOURCES AVAILABLE			
Operating	987,297	1,037,791	50,494
Capital	2,530,447	2,529,480	(967)
TOTAL BEGINNING RESOURCES	<u>3,517,744</u>	<u>3,567,271</u>	<u>49,527</u>
TOTAL RESOURCES AVAILABLE	<u>\$ 6,015,905</u>	<u>\$ 5,912,794</u>	<u>\$ (103,111)</u>

EVERGREEN METROPOLITAN DISTRICT
JEFFERSON COUNTY, COLORADO
COMPARISON OF WASTEWATER REVENUE AND EXPENDITURES WITH BUDGET
FOR THE YEAR ENDED DECEMBER 31, 2017

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
EXPENDITURES			
<u>OPERATIONS AND MAINTENANCE</u>			
LIFT STATIONS			
Supplies and Maintenance	\$ 9,000	\$ 2,601	\$ 6,399
Utilities	20,000	12,652	7,348
NEW SERVICES, ENVIRONMENTAL AND PRETREATMENT			
Supplies and Maintenance	1,200	1,208	(8)
Truck Expense	1,200	1,020	180
Lab Supplies and Maintenance	200	-	200
Lab Outside Services	250	-	250
New Services Supplies	120	-	120
Safety	250	164	86
Equipment Maintenance	250	-	250
Bear Creek Monitoring Study	19,765	19,763	2
CDH Discharge Permit	5,000	3,795	1,205
Employee Expense	63,500	60,295	3,205
COLLECTION AND DISTRIBUTION			
Supplies and Maintenance	7,500	7,186	314
Telephone and Utilities	4,100	3,597	503
Truck Expense	7,500	1,981	5,519
Equipment Maintenance Expense	16,000	11,448	4,552
Collection Expense	22,000	17,110	4,890
Safety	1,000	1,190	(190)
Employee Expense	194,000	172,843	21,157
WASTEWATER TREATMENT PLANT			
Chemicals	35,000	30,176	4,824
Supplies and Maintenance	56,000	53,264	2,736
Power	95,000	83,740	11,260
Truck Expense	17,000	12,654	4,346
Lab Supplies and Maintenance	11,000	8,400	2,600
Lab Outside Services	2,000	543	1,457
Employee Expense	650,000	657,806	(7,806)
SLUDGE PROCESSING			
Biosolids Permit Fee	500	389	111
Supplies and Maintenance	300	-	300
Landfill Expense/Sludge Disposal	138,000	121,414	16,586
Truck Expense	2,700	1,666	1,034
SAFETY	2,000	1,898	102
TOTAL	1,382,335	1,288,803	93,532
TOTAL OPERATIONS AND MAINTENANCE EXPENDITURES	\$ 1,382,335	\$ 1,288,803	\$ 93,532

EVERGREEN METROPOLITAN DISTRICT
JEFFERSON COUNTY, COLORADO
COMPARISON OF WASTEWATER REVENUE AND EXPENDITURES WITH BUDGET
FOR THE YEAR ENDED DECEMBER 31, 2017

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
WASTEWATER EXPENDITURES - ADMINISTRATION			
Legal	\$ 20,000	\$ 23,066	(3,066)
Insurance	40,200	37,579	2,621
Rents, Repairs and Maintenance	8,800	7,015	1,785
Office Supplies	1,500	1,040	460
Telephone	3,400	3,262	138
Power	2,415	2,142	273
Auditing	4,350	4,058	292
Operating Supplies	5,300	3,562	1,738
Postage	6,850	6,198	652
Outside Services	15,175	11,640	3,535
Dues, Subscriptions and Training	1,800	1,240	560
Directors' Fees	2,400	2,320	80
Directors' Payroll Taxes	184	177	7
Travel, Meetings and Conferences	5,350	1,615	3,735
Miscellaneous	500	77	423
Employee Expense	177,000	160,322	16,678
TOTAL ADMINISTRATION EXPENDITURES	295,224	265,313	29,909
TOTAL OPERATIONS AND MAINTENANCE, NEW SERVICES & CONSTRUCTION & ADMINISTRATION EXPENDITURES	1,677,559	1,554,116	123,441
<u>DEBT SERVICE</u>			
CWRPDA Project Loan Principal	96,168	96,168	-
CWRPDA Project Loan Administrative Fees	20,000	20,000	-
CWRPDA Project Loan Interest	7,774	7,774	-
TOTAL DEBT SERVICE	123,942	123,942	-
<u>CAPITAL</u>			
Sewer Line Replacement	75,059	75,059	-
EI Pinal Lift Station Equipment	1,432	4,384	(2,952)
Admin Buildings & Improvements	15,000	-	15,000
General, Office, Safety and Computer Equipment	16,640	7,369	9,271
Wastewater Plant Equipment and Lab Equipment	4,300	6,006	(1,706)
C & D Excavator	71,750	60,104	11,646
C&D Capital Expenditures	1,750	1,855	(105)
Lighting for C&D Building	800	-	800
Grit Dump Bay at WJCMD (Split with WJCMD)	74,941	78,797	(3,856)
Tertiary Filter Rehab	100,000	-	100,000
Biosolids Study	8,207	8,207	-
Downtown Sewer Engineering Study	15,000	-	15,000
Utility Plan Engineering	45,318	45,318	-
Force Main Investigation	553	553	-
TOTAL CAPITAL EXPENDITURES	430,750	287,652	143,098
TOTAL EXPENDITURES	\$ 2,232,251	\$ 1,965,710	\$ 266,539
ENDING BALANCE, DECEMBER 31	\$ 3,783,653	\$ 3,947,084	\$ 163,428
<u>ENDING RESOURCES</u>			
Operating Reserves		\$ 1,090,963	
Capital Reserves		2,856,121	
TOTAL ENDING RESOURCES		\$ 3,947,084	

OTHER SUPPLEMENTAL INFORMATION

EVERGREEN METROPOLITAN DISTRICT
JEFFERSON COUNTY, COLORADO
SCHEDULE OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>WATER</u>	<u>WASTEWATER</u>	<u>TOTAL</u>
Customer Service	\$ 188,447	\$ -	\$ 188,447
Salaries	674,573	660,483	1,335,056
Engineering	6,400	-	6,400
Water Rights Maintenance	45,795	-	45,795
Chemicals	51,019	30,176	81,195
Supplies and Maintenance	161,120	87,129	248,249
Power and Pumping	153,689	100,219	253,908
Distribution Expense	189,034	-	189,034
Collection Expense	-	17,110	17,110
Truck Expenses	20,122	17,320	37,442
Sludge Disposal	-	121,414	121,414
Bear Creek Study	-	19,763	19,763
CDH Permits	-	4,184	4,184
Outside Lab Analysis	15,700	543	16,243
Pension and Employee Benefits and Expenses	197,751	178,150	375,901
Payroll Taxes	52,705	52,312	105,017
	<u>1,756,355</u>	<u>1,288,803</u>	<u>3,045,158</u>
Total Operating Expenses	\$ <u>1,756,355</u>	\$ <u>1,288,803</u>	\$ <u>3,045,158</u>

EVERGREEN METROPOLITAN DISTRICT
JEFFERSON COUNTY, COLORADO
SCHEDULE OF ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>WATER</u>	<u>WASTEWATER</u>	<u>TOTAL</u>
Legal	\$ 42,592	\$ 23,066	\$ 65,658
Insurance	46,407	37,579	83,986
Rents, Repairs and Maintenance	7,800	7,015	14,815
Postage	14,648	6,198	20,846
Office Supplies	2,422	1,038	3,460
Telephone	8,387	3,262	11,649
Auditing	9,468	4,058	13,526
Operating Supplies	8,472	3,639	12,111
Outside Services	32,490	11,641	44,131
Utilities	4,999	2,143	7,142
Dues, Subscriptions and Training	2,663	1,240	3,903
Directors' Fees	5,413	2,320	7,733
Directors' Payroll Taxes	414	177	591
Travel, Meetings and Conferences	3,844	1,615	5,459
Salaries	227,249	121,261	348,510
Pension and Employee Benefits	46,126	29,549	75,675
Payroll Taxes	17,779	9,512	27,291
	<u>481,173</u>	<u>265,313</u>	<u>746,486</u>
Total Administrative Expenses	\$ <u>481,173</u>	\$ <u>265,313</u>	\$ <u>746,486</u>