

West Jefferson County Metropolitan District
FINANCIAL STATEMENTS
AND
SUPPLEMENTAL INFORMATION
Years Ended December 31, 2017 and 2016

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July 26, 2018

West Jefferson County Metropolitan District

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Years Ended December 31, 2017 and 2016

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of West Jefferson County Metropolitan District (the District) as of and for the years ended December 31, 2017 and 2016, 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 West Jefferson County Metropolitan District, as of December 31, 2017 and 2016, and the changes in financial position and cash flows thereof for the years 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 i through vii be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to 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 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
June 11, 2018

**WEST JEFFERSON COUNTY METROPOLITAN DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
DECEMBER 31, 2017**

The discussion and analysis of West Jefferson County Metropolitan District's financial performance provides an overall review of the District's financial activities for the year ended December 31, 2017. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should review the information presented here in conjunction with the notes to the basic financial statements and the financial statements to enhance their understanding of the District's performance.

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

Financial Highlights

- Assets of the District exceeded its liabilities at the close of the fiscal year by \$13,790,072 (net position). Of this amount, \$4,465,788 (unrestricted net position) may be used to meet the government's ongoing obligations to its citizens and creditors.
- The District's total net position decreased by \$242,862 from the prior fiscal year.
- Water operating revenues increased \$4,949 from the prior year. Water operating revenues are made up of metered water sales, water system development fees, inclusion fees, cost recovery fees, connection and inspection fees, and service charges. The metered water sales increased \$22,751, service charges decreased \$530, and connection and inspection fees decreased \$2,772. System development fees decreased \$24,000, inclusion fees increased \$5,000, and cost recovery fees increased \$4,500.
- Wastewater operating revenues increased \$34,339 over the prior year. The increase was due to an increase in the West Jeff wastewater base rate and an increase in number of taps receiving service for a revenue increase of \$30,109 and an increase in the El Rancho wastewater base rate and an increase in the number of taps receiving service for a revenue increase of \$4,230.
- Total Operating expenses decreased \$78,513. Total Operating expenses include water operating expenses, wastewater operating expenses, administrative expenses and depreciation and amortization.
- Water operating expenses are made up of metered water purchases, water system development fees, inclusion fees, cost recovery fees, connections and inspection fees, and service charges. Water operating expenses increased \$4,949 over the prior year which was due to an increase in metered water purchases of \$22,751, a decrease in service charges of \$530, and a decrease in connection and inspection fees of \$2,772. System development fees decreased \$24,000, inclusion fees increased \$5,000, and cost recovery fees increased \$4,500.

**WEST JEFFERSON COUNTY METROPOLITAN DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
DECEMBER 31, 2017**

- Wastewater operating expenses decreased \$88,039 over the prior year primarily due to a decrease in treatment plant and supervision labor of \$53,330, a decrease in collection repairs and maintenance for mains of \$20,642, a decrease in treatment plant utilities of \$8,085, a decrease in sludge disposal of \$5,415, a decrease in treatment plant repairs and maintenance of \$3,747, and an increase in other maintenance, utilities and miscellaneous expenses of \$3,180.
- Administrative expenses decreased \$9,174 over the prior year primarily due to a decrease in administrative expenses including office supplies, stenography, meetings, dues, and miscellaneous expenses of \$5,117, a decrease in labor, operating, and billing expenses of \$3,516, a decrease in election expenses of \$1,394, and an increase in other administrative expenses of \$853.
- Depreciation expenses increased \$13,751 in 2017.
- Wastewater system development fees generated \$73,000 in revenue in 2017.

Overview of the Financial Statements

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

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

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

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

**WEST JEFFERSON COUNTY METROPOLITAN DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
DECEMBER 31, 2017**

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

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

Supplemental Information.

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

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

Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of West Jefferson County Metropolitan District, assets exceeded liabilities by \$13,790,072 at the close of the most recent fiscal year.

**WEST JEFFERSON COUNTY METROPOLITAN DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
DECEMBER 31, 2017**

**West Jefferson County Metropolitan District
Net Position**

	2017	2016
Assets		
Current assets	\$ 4,569,733	\$ 4,512,421
Capital assets	9,324,284	9,674,684
Total Assets	13,894,017	14,187,105
 Liabilities		
Current and other liabilities	103,945	154,171
Total Liabilities	103,945	154,171
 Net Position		
Net investment in Capital Assets	9,324,284	9,674,684
Unrestricted	4,465,788	4,358,250
Total Net Position	\$ 13,790,072	\$ 14,032,934

- The largest portion of the District's net position (68 percent) reflects its investment in capital assets (e.g., disposal facilities, collection, transmission and distribution lines and equipment); less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to citizens; consequently, these net position assets are *not* available for future spending. As the District has no outstanding debt, its investment in capital assets reflects book value.

**WEST JEFFERSON COUNTY METROPOLITAN DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
DECEMBER 31, 2017**

Changes in Net Position		
	<u>2017</u>	<u>2016</u>
Operating revenues		
Charges for services	\$ 2,656,536	\$ 2,618,120
Nonoperating revenues		
Net investment income	46,033	37,903
System development fees	73,000	128,000
Other income	5,315	7,544
Total Revenues	<u>2,780,884</u>	<u>2,791,567</u>
 Operating expenses		
Water purchases	1,639,403	1,634,454
Operating expenses	687,417	775,456
Administrative expenses	196,919	206,093
Depreciation and amortization	500,007	486,256
Total Expenses	<u>3,023,746</u>	<u>3,102,259</u>
Change in Net Position	(242,862)	(310,692)
Net Position-Beginning	<u>14,032,934</u>	<u>14,343,626</u>
Net Position-Ending	<u>\$ 13,790,072</u>	<u>\$ 14,032,934</u>

The District's development activity continues to be slow due to the recovering economy. The wastewater system development fees received of \$73,000 for 2017 were \$175,600 less than budgeted and the water system development fees of \$72,000 were \$180,600 less than budgeted for 2017. The District's total net position decreased by \$242,862 from the prior fiscal year.

Enterprise Fund Budgetary Highlights

In accordance with the State Budget Law, the District's Board of Directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing years. The Board of Directors can only amend appropriation resolutions upon completion of notification and publication requirements. No changes were made to the original approved budget for 2017.

- Special development fee revenue and expenditures of \$545,000 were budgeted in 2017 for the water and wastewater funds and none were received or paid. Therefore, revenue and expenditures for these items were \$545,000 less than budgeted amounts. Also, system development fee revenue and expenditures of \$252,600 were budgeted for the water fund. The District received and paid \$72,000 for water system development fees in 2017. Also, revenue for wastewater system development fees of \$248,600 was budgeted and the District received \$73,000 for wastewater system development fees in 2017.

**WEST JEFFERSON COUNTY METROPOLITAN DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
DECEMBER 31, 2017**

Capital Asset and Debt Administration

Capital assets. The West Jefferson County Metropolitan District's investment in capital assets for business type activities as of December 31, 2017 amounts to \$9,324,284 (net of accumulated depreciation). This investment in capital assets includes land, disposal facilities and equipment. The disposal facilities include infrastructure for collection and transmission.

	2017	2016
Capital Assets:		
Land	\$ 62,631	\$ 62,631
Disposal facilities	6,407,211	6,278,445
Collection and transmission lines	11,603,104	11,421,896
Equipment and Buildings	760,303	740,453
Construction in progress	9,446	189,663
Mapping	27,678	27,678
Less: Accumulated depreciation	(9,546,089)	(9,046,082)
Total Capital Assets	\$ 9,324,284	\$ 9,674,684

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

- The District's major capital projects in 2017 included the El Rancho lift station #1 lining of two tanks project at \$181,209, the utility plan engineering at \$25,406 for 2017 for a total cost to date of \$45,138, the chemical storage system at \$19,850, and treatment plant equipment at \$4,470. The grit classifier/disposal system was in progress at the end of 2016 with expenditures of \$166,915 and completed in 2017 with costs of \$4,384 for a total cost of \$171,299. The expenditures were shared as follows: for West Jefferson County Metro District, \$78,797 (46%), for Evergreen Metro District, \$78,797 (46%), and for Kittredge Sanitation and Water District, \$13,704 (8%). Evergreen Metro District and Kittredge Sanitation and Water District paid their share of the expenditures to West Jefferson County Metro District in 2017. The biosolids study was in progress at the end of the year by the District with expenditures of \$5,919 for 2017 and \$3,017 for 2016 for a total cost to date of \$8,936.
- The District's water and sewer mains are in average to good condition. The District's major capital projects for 2018 are the engineering for the aeration basin wall design budgeted for \$200,000, the turbo blower budgeted for \$275,000, sewer line replacement budgeted for \$75,000, the forced air furnace for the office budgeted for \$10,500, the El Rancho lift station #1 flow measurement device budgeted for \$9,000, the force main investigation budgeted for \$5,000, and miscellaneous infrastructure improvements and equipment budgeted for \$58,100.

**WEST JEFFERSON COUNTY METROPOLITAN DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
DECEMBER 31, 2017**

Economic Factors and Next Year's Budget

- The District's legal counsel monitors all proposed legislation. At this time, no legislation that poses a significant negative impact to the District is anticipated.
- The water rate in effect for 2018 will be a new base rate of \$28.50 per month increasing from \$27.50 for 2017. The usage rates for 2018 will remain the same as 2017 at \$2.90 per thousand gallons (1-14 thousand gallons per month) and usage rates for 2018 remaining the same as 2017 at \$5.00 per thousand gallons (over 14 thousand gallons per month).
- The wastewater base rate in effect for West Jeff customers for 2018 will be a new base rate of \$32.00 per month increasing from \$31.00 for 2017. The wastewater base rate in effect for El Rancho customers for 2018 will be a new base rate of \$48.00 per month increasing from \$47.00 for 2017.
- The residential wastewater system development tap fee in effect for 2018 for Single family dwelling and Multi-unit dwelling will remain the same as 2017 at \$18,000 per tap for unit size greater than 1,250 square feet and \$9,000 per tap for unit size less than 1,250 square feet. The non-residential system development tap fee in effect for 2018 is the same as 2017 at \$18,000 per tap. The District adopted a 1% declining rate discount for non-residential taps after the first tap with a 10% maximum discount rate for multiple taps which became effective May 29, 2014.
- The District has budgeted for 13 West Jeff wastewater taps at \$207,000 which includes 9 residential taps at \$162,000, 3 multi-use residential taps at \$27,000 and 1 multi-use residential tap at \$18,000.
- The District adopted an amendment and replaced in its entirety the regulations for Inactive Service effective January 21, 2016. Inactive water or wastewater service is authorized for water and wastewater taps that have been designated as inactive as of January 21, 2016. No new inactive taps will be authorized after January 21, 2016. All water and wastewater taps designated as inactive as of January 21, 2016 shall expire on December 31, 2020, and thereafter will be treated as an active tap and be subject to standard rates, fees and charges applicable to all water and wastewater taps.
- The Evergreen Metropolitan District adopted an amendment to the water residential system development fees structure effective December 16, 2016.
 - Single Family Dwelling: For unit size greater than 1,250 square feet, \$18,000 per tap for water. For unit size less than 1,250 square feet, \$9,000 per tap for water.
 - Multi-unit Dwelling: For unit size 2,000 square feet or greater, \$18,000 per tap for water. For unit size 1,250-2,000 square feet, \$15,000 per tap for water. For unit size less than 1,250 square feet, \$9,000 per tap for water.

Requests for Information

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

WEST JEFFERSON COUNTY METROPOLITAN DISTRICT

STATEMENTS OF NET POSITION

December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
ASSETS		
CURRENT OPERATING ASSETS		
Cash and cash equivalents	\$ 1,536,852	\$ 1,202,156
Investments	2,846,862	3,133,270
Accrued interest receivable	7,366	6,126
Trade accounts receivable, net of \$ 0 allowance	137,598	135,152
Accounts receivable - other	1,430	1,111
Prepaid expenses and sundry receivables	37,261	32,242
Total current assets	<u>4,567,369</u>	<u>4,510,057</u>
CURRENT RESTRICTED ASSETS		
Restricted cash - developer funds	<u>2,364</u>	<u>2,364</u>
CAPITAL ASSETS		
PROPERTY, PLANT AND EQUIPMENT		
Land	62,631	62,631
Disposal facilities	6,407,211	6,278,445
Collection, transmission and distribution lines	11,603,104	11,421,896
Construction in Progress	9,446	189,663
Equipment	760,303	740,453
Mapping	27,678	27,678
Total property, plant and equipment	<u>18,870,373</u>	<u>18,720,766</u>
Less accumulated depreciation	<u>(9,546,089)</u>	<u>(9,046,082)</u>
Net property, plant and equipment	<u>9,324,284</u>	<u>9,674,684</u>
TOTAL ASSETS	\$ <u>13,894,017</u>	\$ <u>14,187,105</u>
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 101,614	151,840
Developer funds	<u>2,331</u>	<u>2,331</u>
Total current liabilities	<u>103,945</u>	<u>154,171</u>
NET POSITION		
Net investment in capital assets	9,324,284	9,674,684
Unrestricted	<u>4,465,788</u>	<u>4,358,250</u>
Total net position	<u>13,790,072</u>	<u>14,032,934</u>
TOTAL LIABILITIES AND NET POSITION	\$ <u>13,894,017</u>	\$ <u>14,187,105</u>

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

WEST JEFFERSON COUNTY METROPOLITAN DISTRICT

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
OPERATING REVENUE		
Water operating revenues and service charges	\$ 1,639,403	\$ 1,634,454
Wastewater treatment charges	1,016,379	982,040
Connection fees	754	1,626
Total operating revenue	<u>2,656,536</u>	<u>2,618,120</u>
OPERATING AND ADMINISTRATIVE EXPENSES		
Water purchases	1,639,403	1,634,454
Operating expenses	687,417	775,456
Administrative expenses	196,919	206,093
Depreciation and amortization	500,007	486,256
Total operating expenses	<u>3,023,746</u>	<u>3,102,259</u>
OPERATING LOSS	<u>(367,210)</u>	<u>(484,139)</u>
NON-OPERATING REVENUE (EXPENSE)		
Net investment income	46,033	37,903
Wastewater system development fees sold	73,000	128,000
Availability to serve	2,160	2,790
Other income	1,368	3,896
Safety & Loss Prevention Grant	787	858
Inclusions	1,000	-
Total non-operating revenue	<u>124,348</u>	<u>173,447</u>
CHANGE IN NET POSITION	(242,862)	(310,692)
NET POSITION - BEGINNING	<u>14,032,934</u>	<u>14,343,626</u>
NET POSITION - ENDING	<u>\$ 13,790,072</u>	<u>\$ 14,032,934</u>

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

WEST JEFFERSON COUNTY METROPOLITAN DISTRICT

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers and users	\$ 2,653,771	\$ 2,610,261
Cash paid to suppliers	<u>(2,578,984)</u>	<u>(2,594,018)</u>
Net cash provided (required) by operating activities	<u>74,787</u>	<u>16,243</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
System development fees received	73,000	128,000
Inclusion fees received	1,000	-
Other income	2,155	4,754
Availability to serve	2,160	2,790
Treatment plant and equipment purchases	<u>(149,607)</u>	<u>(523,426)</u>
Net cash provided (required) by capital financing activities	<u>(71,292)</u>	<u>(387,882)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Maturity of long-term investments	1,085,000	2,823,034
Purchase of long-term investments	<u>(798,591)</u>	<u>(2,738,270)</u>
Interest income received	44,792	38,651
Net cash provided (required) by investing activities	<u>331,201</u>	<u>123,415</u>
NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	334,696	(248,224)
Cash, cash equivalents and restricted cash, beginning of year	<u>1,204,520</u>	<u>1,452,744</u>
Cash, cash equivalents and restricted cash, end of year	\$ <u><u>1,539,216</u></u>	\$ <u><u>1,204,520</u></u>
RECONCILIATION OF OPERATING TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating loss	\$ <u>(367,210)</u>	\$ <u>(484,139)</u>
ADJUSTMENTS TO RECONCILE NET OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Depreciation and amortization	500,007	486,256
Changes in operating assets and liabilities:		
(Increase) decrease in trade accounts receivable	(2,446)	(7,248)
(Increase) decrease in accounts receivable - other	(319)	(611)
(Increase) in prepaid expenses and sundry receivables	(5,019)	(11,986)
Increase (decrease) in accounts payable & accrued expenses	<u>(50,226)</u>	<u>33,971</u>
Total adjustments	<u>441,997</u>	<u>500,382</u>
Net cash provided (required) by operating activities	\$ <u><u>74,787</u></u>	\$ <u><u>16,243</u></u>

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

WEST JEFFERSON COUNTY METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 and 2016

Note 1 - Summary of Significant Accounting Policies

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

The West Jefferson County Metropolitan District is a quasi-municipal corporation and is governed pursuant to provisions of the Colorado Special District Act. The District provides water and sanitation services. As more fully described in Note 5 to the financial statements, the District purchases water, water management services, and sanitation management services from the Evergreen Metropolitan District. The District has an elected Board of Directors. The District has no employees, all operations and administrative functions are contracted out.

A. Principles Determining Scope of Reporting Entity

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

The foregoing criteria are used to determine whether an entity is a component of another governmental entity or whether the agency or organization should be included in reports of this reporting entity.

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

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The accounting policies of the District conform to generally accepted accounting principles as applicable to governmental units accounted for as proprietary enterprise funds. The enterprise fund is used since the District's powers are related to those operated in a manner similar to a private utility system where net income and capital maintenance are appropriate determinations of accountability.

WEST JEFFERSON COUNTY METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 and 2016

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

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

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

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

C. Assets, Liabilities and Net Position

Cash Deposits and Investments

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

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

At December 31, 2017 the carrying amount of investments approximates fair value.

Property, Plant and Equipment

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

WEST JEFFERSON COUNTY METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 and 2016

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

Property, Plant and Equipment

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

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

D. Budgets and Budgetary Accounting

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

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

1. Budgets are required by state law for all proprietary funds. Prior to October 15, a proposed operating budget for each fund is submitted to the Directors for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted by the Board of Directors to obtain taxpayer comments. The budget is formally adopted by resolution after considering comments received.
3. No Mill levy was assessed for the year ended December 31, 2017.
4. The expenditures are appropriated by December 31 for the ensuing year. The appropriation is at the total fund level and lapses at year end.
5. Expenditures may not legally exceed appropriations at the fund level. However, administrative control of the budget is exercised by the Board of Directors. Board approval is required for any revisions that alter total expenditures.
6. The budgets in the financial statement are as adopted by the Board of Directors. No changes were made to the originally adopted budget. A single budget is adopted for one enterprise fund. The adopted budget is shown on pages 17 - 24 of the Supplemental Information. Additional budget presentations for the Water and Wastewater departments are also included for informational purposes only.

WEST JEFFERSON COUNTY METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 and 2016

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

E. System Development Fees

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

F. Estimates

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

Note 2 – Cash and Investments

Cash Deposits - As of December 31, 2017, the carrying amount of the District's cash deposits were \$2,143,891 and the bank balance of these deposits were \$2,143,983. These cash deposits are comprised of demand deposits held at financial institutions and certificates of deposit. Of the carrying amount, \$1,774,827 was covered by federal depository insurance. Of the bank balance, \$1,774,919 was covered by federal depository insurance. The insured amount does not include pooled investments in Colorado Surplus Asset Fund Trust (CSAFE) of \$1,391,888 and Colorado Local Government Liquid Asset Trust (Colotrust) of \$10,299, investments in Federal Home Loan Mortgage Corp Notes of \$540,000, and Federal Home Loan Bank Notes of \$300,000.

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

Investments - Colorado State Statutes define eligible investments for local governments. These include U.S. Treasury obligations, repurchase agreements, State of Colorado and local government obligations, and others. The statutes allow participation with other local governments in pooled investment funds managed by mutual agreement with the same restrictions on deposits and investments. District policy is to hold investments until maturity.

WEST JEFFERSON COUNTY METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 and 2016

Note 2 – Cash and Investments - (continued)

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

Fair Value Measurement and Application

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. Investments not measured at fair value and not categorized include governmental money market funds (PFM Funds Governmental Select series); money market funds (generally held by Bank Trust Departments in their role as paying agent or trustee); and CSAFE which record their investments at amortized costs, 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 and investments held by the District at December 31, 2017 were as follows:

	<u>Book Balance</u>	<u>Bank Balance</u>
<i>Cash Deposits</i>		
Demand deposits - unrestricted	\$ 134,665	\$ 134,757
Demand deposits - restricted	2,364	2,364
Certificates of deposits	<u>2,006,862</u>	<u>2,006,862</u>
Total cash deposits	<u>\$ 2,143,891</u>	<u>\$ 2,143,983</u>
<i>Investments</i>		
U.S. Government Agency Securities	\$ 840,000	
Uncategorized:		
Pooled investment trust	<u>1,402,187</u>	
Total investments	<u>\$ 2,242,187</u>	
Total cash deposits and investments	<u>\$ 4,386,078</u>	

WEST JEFFERSON COUNTY METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 and 2016

Note 2 – Cash and Investments - (continued)

At December 31, 2017, investments consist of U.S. Government Agency Securities and certificates of deposit with original maturities in excess of 90 days.

At December 31, 2017, the District had invested \$10,299 in the Colorado Local Government Liquid Asset Trust (the Trust), a local government investment pool. As an investment pool, the Trust operates under the Colorado Revised Statutes (24-75-701) and is overseen by the Colorado Securities Commissioner. The Trust is exempt from registration with the Securities and Exchange Commission. The Trust operates similarly to a money market fund and each share is equal in value to \$1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios are rated AAAM by Standard and Poor's and may invest in U.S. Treasury Securities, repurchase agreements collateralized by U. S. Treasury Securities. COLOTRUST Plus+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and any security allowed under CRS 24-75-601. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST using the net asset value method.

At December 31, 2017, the District had invested \$1,391,888 in Colorado Surplus Asset Fund Trust (CSAFE), a local government investment pool. As an investment pool, CSAFE operates under the Colorado Revised Statutes (24-75-701) and is overseen by the Colorado Securities Commissioner. CSAFE invests in securities that are specified by the Colorado Revised Statutes (24-75-601). Authorized securities include U.S. Treasuries, U.S. Agencies, commercial paper (rated A1 or better) and bank deposits (collateralized through PDPA). CSAFE 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.

Credit Risk -State statutes authorize the District to only invest in bank deposits, general obligations of the U.S. Government and its agencies, repurchase agreements of less than 180 days and collateralized by U.S. Treasury or Federal Instrumentality Securities with a maturity not exceeding 5 years, highest rated commercial paper, certain banker's acceptances, local government investment pools, money market funds and certificates of deposit. The District's formal investment policy also restricts investments to only those permitted by state statute. On August 8, 2011, Standard & Poor's downgraded the United States sovereign debt from AAA to AA+. Securities issued by entities directly tied to federal government also were downgraded one grade, including Government Sponsored Enterprises (GSEs), full faith and credit agencies, FDIC, TARP, and thousands of municipalities. On March 7, 2012, Colorado House Bill 1005 legislation passed which allows counties and other local governments to invest in U.S. securities that have been downgraded effective immediately. The statutes allow participation with other local governments in pooled investment funds managed by mutual agreement with the same restrictions on deposits and investments. As of December 31, 2017,

WEST JEFFERSON COUNTY METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 and 2016

Note 2 – Cash and Investments - (continued)

the District’s investments in Federal Home Loan Mortgage Corp Notes and Federal Home Loan Bank Notes of \$840,000 were rated Aaa by Moody’s and AA+ by Standard & Poor’s.

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

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

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

Total cash deposits and investments	\$ 4,386,078
Less long-term investments	<u>2,846,862</u>
Cash and cash equivalents	<u>\$ 1,539,216</u>

Note 3 - Capital Assets

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

	Balances January 1, 2017	Transfers/ Additions	Transfers/ Decreases	Balances December 31, 2017
Capital assets not being depreciated:				
Land	\$ 62,631	\$	\$	\$ 62,631
Construction in progress	<u>189,663</u>	<u>31,835</u>	<u>(212,052)</u>	<u>9,446</u>
Total capital assets not being depreciated	<u>252,294</u>	<u>31,835</u>	<u>(212,052)</u>	<u>72,077</u>
Capital assets being depreciated:				
Disposal facilities	6,278,445	128,766		6,407,211
Infrastructure	11,421,896	181,208		11,603,104
Other equipment and buildings	740,453	19,850		760,303
Mapping	<u>27,678</u>	<u>-0-</u>		<u>27,678</u>
Total capital assets being depreciated	<u>18,468,472</u>	<u>329,824</u>	<u>-0-</u>	<u>18,798,296</u>
Less accumulated depreciation for:				
Disposal facilities	2,822,447	175,965		2,998,412
Infrastructure	5,753,941	257,872		6,011,813
Other equipment and buildings	<u>469,694</u>	<u>66,170</u>		<u>535,864</u>
Total accumulated depreciation	<u>9,046,082</u>	<u>500,007</u>	<u>-0-</u>	<u>9,546,089</u>
Capital assets, net	<u>\$ 9,674,684</u>	<u>\$ (138,348)</u>	<u>\$ (212,052)</u>	<u>\$ 9,324,284</u>

WEST JEFFERSON COUNTY METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 and 2016

Note 4 - Developer Funds and Restricted Cash - Developer Funds

The District acts in a construction management capacity for wastewater line extension projects within its boundaries. Developers advance funds to the District based on construction estimates and bids as well as other costs relating to the project. The District disburses the funds based on applications for payment provided by the engineering firm. Separate records are maintained for each project, along with records detailing developer funds advanced and expended to date. Projects are not recorded on the books of the District until complete and accepted for maintenance. The balances in developer funds and restricted cash - developer funds as of December 31, 2017, represent unexpended advances held as of those dates and related cash.

Note 5 - Water Distribution and Wastewater Service Agreements

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

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

The District has a contract with the Evergreen Metropolitan District whereby Evergreen Metropolitan District provides management and administrative services to the District. These services include operating, pretreatment, locates, billing, collection, accounting, general management, administrative functions, and administrative operating expenses. During the year ended December 31, 2017 the District paid a total of \$508,717 for these services and also provided laboratory facilities to the Evergreen Metropolitan District.

The District is party to several agreements with the Evergreen Metropolitan District and various developers of property within the District's boundaries through which the District has agreed to bill and collect water system development fees to be used to fund the construction of water main extensions, a pumping station, a treated-water storage reservoir, and related facilities. The District transfers all of the fees collected to the Evergreen Metropolitan District. During the year ended December 31, 2017, system development fees of \$73,000 were collected and transferred under the terms of these agreements.

WEST JEFFERSON COUNTY METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 and 2016

Note 6 - Intergovernmental Agreement for Shared Use Facility

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

The District entered into an Intergovernmental Agreement for Shared-Use Facility (Grit Classifier and Disposal System) as of May 18, 2017 with the Evergreen Metropolitan District (EMD), Kittredge Sanitation and Water District (KSWD) whereby WJCMD has constructed and installed a grit classifier and disposal system on a portion of the WJCMD's Facility. The three Districts have agreed to share the costs of use, operation, maintenance and repair for their common benefit. The agreement terminates on December 31, 2030, but provides for automatic renewal on an annual basis after the end of the initial term.

Note 7 - Insurance Risk Pool

The District is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to agents; and natural disasters. The District is a member and obtains insurance coverage from the Colorado Special Districts Property and Liability Pool. The Colorado Special Districts Property and Liability Pool is an organization created by intergovernmental agreement to provide common liability and casualty insurance coverage to its members at a cost that is considered economically appropriate. It provides coverage for property claims up to the values declared, and liability claims for up to \$2,000,000 with a \$2,000,000 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. Claims have not exceeded coverage in any of the last three years.

WEST JEFFERSON COUNTY METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 and 2016

Note 8 - Tax, Spending and Debt Limitations

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

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

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

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

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

Note 9 – Subsequent Events

The District has evaluated subsequent events through July 8, 2018, the date which the financial statements were available to be issued.

SUPPLEMENTAL INFORMATION

WEST JEFFERSON COUNTY METROPOLITAN DISTRICT
 COMBINED STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUNDS
 AVAILABLE (BUDGETARY BASIS)
 For the Year Ended December 31, 2017

Description	Combined ORIGINAL & FINAL Budget	Combined ACTUAL	Favorable (Unfavorable)
WASTEWATER OPERATING REVENUE			
Treatment Charges	\$ 907,760	\$ 907,482	\$ (278)
- El Rancho	110,965	111,057	92
Inspection and Connection	2,280	754	(1,526)
Interest Income	42,750	46,033	3,283
Other Income	1,500	1,368	(132)
TOTAL WASTEWATER OPERATING REVENUE	<u>1,065,255</u>	<u>1,066,694</u>	<u>1,439</u>
WASTEWATER CAPITAL REVENUE			
System Development Fees	248,600	73,000	(175,600)
Inclusion Fees	1,000	1,000	-
Safety & Loss Prevention Grant	500	787	287
Proceeds from the Sale of Assets	1,000	-	(1,000)
Special Developments	300,000	-	(300,000)
TOTAL WASTEWATER CAPITAL REVENUE	<u>551,100</u>	<u>74,787</u>	<u>(476,313)</u>
Water Sales	1,547,300	1,545,072	(2,228)
Delinquent Charges	9,300	8,756	(544)
Inspection & Connection	10,575	4,075	(6,500)
System Development Fees	252,600	72,000	(180,600)
Inclusion Fees	5,000	5,000	-
Cost Recovery	4,500	4,500	-
Special Developments	245,000	-	(245,000)
TOTAL WATER REVENUE	<u>2,074,275</u>	<u>1,639,403</u>	<u>(434,872)</u>
BEGINNING RESOURCES - January 1	<u>4,242,575</u>	<u>4,143,039</u>	<u>(99,536)</u>
TOTAL AVAILABLE RESOURCES	<u>7,933,205</u>	<u>\$ 6,923,923</u>	<u>\$ (1,009,282)</u>

WEST JEFFERSON COUNTY METROPOLITAN DISTRICT
 COMBINED STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUNDS
 AVAILABLE (BUDGETARY BASIS)
 For the Year Ended December 31, 2017

Description	Combined ORIGINAL & FINAL Budget	Combined ACTUAL	Favorable (Unfavorable)
WASTEWATER EXPENDITURES			
OPERATIONS & MAINTENANCE-			
Pretreatment	\$ 42,460	\$ 42,514	\$ (54)
COLLECTION SYSTEM			
Repairs and Maintenance - Mains	95,000	79,178	15,822
Repairs and Maintenance - Lift Stations	50,000	56,301	(6,301)
Inspection & Connection	2,280	754	1,526
Utilities - Lift Stations	28,500	27,012	1,488
TREATMENT PLANT			
Chemicals	31,800	29,647	2,153
Supervision and Labor	245,000	184,946	60,054
Repairs, Maintenance and Supplies	65,000	42,436	22,564
Utilities	152,000	134,847	17,153
Truck Expense	3,500	1,210	2,290
Sludge Disposal	81,000	70,270	10,730
Permits	5,000	3,795	1,205
Lab Analysis, Supplies and Maintenance	1,000	604	396
Training and Safety	500	251	249
Bear Creek Study	13,650	13,652	(2)
TOTAL OPERATIONS AND MAINTENANCE	<u>816,690</u>	<u>687,417</u>	<u>129,273</u>
WATER EXPENDITURES			
OPERATIONS & MAINTENANCE			
Water Purchases	1,547,300	1,545,072	2,228
Delinquent Charges	9,300	8,756	544
Inspection & Connection	10,575	4,075	6,500
System Development Fees	252,600	72,000	180,600
Inclusion Fees	5,000	5,000	-
Cost Recovery	4,500	4,500	-
TOTAL OPERATIONS AND MAINTENANCE	<u>1,829,275</u>	<u>1,639,403</u>	<u>189,872</u>
TOTAL OPERATING EXPENDITURES	<u>\$ 2,645,965</u>	<u>\$ 2,326,820</u>	<u>\$ 319,145</u>

WEST JEFFERSON COUNTY METROPOLITAN DISTRICT
 COMBINED STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUNDS
 AVAILABLE (BUDGETARY BASIS)
 For the Year Ended December 31, 2017

Description	Combined ORIGINAL & FINAL Budget	Combined ACTUAL	Favorable (Unfavorable)
EXPENDITURES - CONTINUED			
OPERATIONS & MAINTENANCE-			
ADMINISTRATION			
Administration Expenses-Labor and Operating	\$ 130,600	\$ 124,614	\$ 5,986
Insurance and Bonds	15,700	14,581	1,119
Office Supplies	2,500	2,681	(181)
Miscellaneous, Stenography, Training & Telephone	9,000	4,653	4,347
Audit	6,600	5,795	805
Legal	25,000	19,423	5,577
Directors' Fees	6,000	5,700	300
Directors' Payroll Taxes	460	436	24
Billing Expense	20,100	19,036	1,064
TOTAL ADMINISTRATION EXPENDITURES	<u>215,960</u>	<u>196,919</u>	<u>19,041</u>
RESERVES AND CAPITAL			
General and System Reserves	3,901,280	-	3,901,280
Sewer Line Replacement	50,000	-	50,000
Aeration Basin Centrifugal Blower #2	360	360	-
Treatment Plant Equipment	4,470	4,470	-
Chemical Storage System	19,850	19,850	-
El Rancho #1 - Tanks & Engineering	360,000	181,209	178,791
Grit Classifier/Disposal System (Split with EMD & KSWD)	-	(88,117)	88,117
Engineering for Secondary Walls & Infrastructure	25,000	-	25,000
Biosolids Study	6,000	5,919	81
Turbo Blower	510	510	-
Reject pump rail systems	4,000	-	4,000
Utility Plan Engineering	25,406	25,406	-
El Rancho Force Main Engineering Design/Review	30,000	-	30,000
Miscellaneous	99,404	-	99,404
Special Developments	545,000	-	545,000
TOTAL RESERVES and CAPITAL	<u>5,071,280</u>	<u>149,607</u>	<u>4,921,673</u>
TOTAL EXPENDITURES	<u>\$ 7,933,205</u>	<u>\$ 2,673,346</u>	<u>\$ 5,259,859</u>
SUMMARY			
Total Resources	\$ 7,933,205	\$ 6,923,923	\$ (1,009,282)
Total Expenditures	(7,933,205)	(2,673,346)	5,259,859
DISTRICT YEAR-END STATUS	<u>\$ -</u>	<u>\$ 4,250,577</u>	<u>\$ 4,250,577</u>

WEST JEFFERSON COUNTY METROPOLITAN DISTRICT
 COMBINED STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUNDS
 AVAILABLE (BUDGETARY BASIS)
 For the Year Ended December 31, 2017

<u>Description</u>	<u>Combined ORIGINAL & FINAL Budget</u>	<u>Combined ACTUAL</u>	<u>Favorable (Unfavorable)</u>
SUMMARY			
Operating Revenue	\$ 3,139,530	\$ 2,706,097	\$ (433,433)
Less Operating Expenditures	(2,861,925)	(2,523,739)	338,186
Excess/(Deficit) of Operating Revenue over Operating Expenditures	<u>277,605</u>	<u>182,358</u>	<u>(95,247)</u>
Capital Revenue	551,100	74,787	(476,313)
Beginning Resources - January 1	<u>4,242,575</u>	<u>4,143,039</u>	<u>(99,536)</u>
Net Available Resources	<u>5,071,280</u>	<u>4,400,184</u>	<u>(671,096)</u>
Capital Expenditures and Reserves			
General and System Reserves	(3,901,280)	-	3,901,280
Capital Projects, Equipment and Collection	(625,000)	(149,607)	475,393
Special Developments	(545,000)	-	545,000
DISTRICT YEAR-END STATUS	<u>\$ -</u>	<u>\$ 4,250,577</u>	<u>\$ 4,250,577</u>

WEST JEFFERSON COUNTY METROPOLITAN DISTRICT
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUNDS
AVAILABLE - BUDGET AND ACTUAL (BUDGETARY BASIS)
For the Year Ended December 31, 2017
WASTEWATER DEPARTMENT

Description	Original & Final Budget	Actual	Favorable (Unfavorable)
REVENUE			
OPERATING REVENUE			
Treatment Charges	\$ 905,600	\$ 905,322	\$ (278)
- El Rancho	110,965	111,057	92
Inspection and Connection	2,280	754	(1,526)
Interest Income	42,750	46,033	3,283
Availability to Serve	2,160	2,160	-
Miscellaneous	1,500	1,368	(132)
Total Operating Revenue	<u>1,065,255</u>	<u>1,066,694</u>	<u>1,439</u>
CAPITAL REVENUE			
System Development Fees	248,600	73,000	(175,600)
Inclusion Fees	1,000	1,000	-
Safety & Loss Prevention Grant	500	787	287
Proceeds from the Sale of Assets	1,000	-	(1,000)
Special Developments	300,000	-	(300,000)
Total Capital Revenue	<u>551,100</u>	<u>74,787</u>	<u>(476,313)</u>
TOTAL REVENUE	1,616,355	1,141,481	(474,874)
Beginning Resources - January 1	<u>4,242,575</u>	<u>4,143,039</u>	<u>(99,536)</u>
Ending Resources	<u>\$ 5,858,930</u>	<u>\$ 5,284,520</u>	<u>\$ (574,410)</u>

WEST JEFFERSON COUNTY METROPOLITAN DISTRICT
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUNDS
AVAILABLE - BUDGET AND ACTUAL (BUDGETARY BASIS)
For the Year Ended December 31, 2017
WASTEWATER DEPARTMENT

Description	Original & Final Budget	Actual	Favorable (Unfavorable)
EXPENDITURES			
OPERATIONS AND MAINTENANCE - WASTEWATER			
Pretreatment	\$ 42,460	\$ 42,514	\$ (54)
Collection System			
Repairs and Maintenance - Mains	95,000	79,178	15,822
Repairs and Maintenance - Lift Stations	50,000	56,301	(6,301)
Inspection and Connection	2,280	754	1,526
Utilities - Lift Stations	28,500	27,012	1,488
Treatment Plant			
Chemicals	31,800	29,647	2,153
Supervision and Labor	245,000	184,946	60,054
Repairs, Maintenance and Supplies	65,000	42,436	22,564
Utilities	152,000	134,847	17,153
Truck Expense	3,500	1,210	2,290
Sludge Disposal	81,000	70,270	10,730
Permits	5,000	3,795	1,205
Lab Analysis, Supplies and Maintenance	1,000	604	396
Training and Safety	500	251	249
Bear Creek Study	13,650	13,652	(2)
Total Operations and Maintenance - Wastewater	816,690	687,417	129,273
OPERATIONS AND MAINTENANCE - ADMINISTRATION			
Audit	6,600	5,795	805
Miscellaneous, Stenography, Meetings, Training & Dues	9,000	4,653	4,347
Insurance and Bonds	15,700	14,581	1,119
Legal	25,000	19,423	5,577
Office Supplies	2,500	2,681	(181)
Administration Expenses-Labor and Operating	130,600	124,614	5,986
Billing Expense	20,100	19,036	1,064
Directors' Fees	6,000	5,700	300
Director's Payroll Taxes	460	436	24
Total Operations and Maintenance - Administration	215,960	196,919	19,041
TOTAL OPERATING EXPENDITURES	1,032,650	884,336	148,314
RESERVES and CAPITAL			
General and System Reserves	3,901,280	-	3,901,280
Special Developments	300,000	-	300,000
Sewer Line Replacement	50,000	-	50,000
Aeration Systems and Mixers	360	360	-
Treatment Plant Equipment	4,470	4,470	-
Chemical Storage System	19,850	19,850	-
El Rancho #1-Tanks Lining Project	360,000	181,209	178,791
Grit Classifier/Disposal System (Split with EMD & KSWD)	-	(88,117)	88,117
Engineering for Secondary Walls & Infrastructure	25,000	-	25,000
Biosolids Study	6,000	5,919	81
Turbo Blower	510	510	-
Reject pump rail systems	4,000	-	4,000
Utility Plan Engineering	25,406	25,406	-
El Rancho Force Main Engineering Design/Review	30,000	-	30,000
Miscellaneous	99,404	-	99,404
TOTAL RESERVES and CAPITAL	4,826,280	149,607	4,676,673
TOTAL EXPENDITURES	\$ 5,858,930	\$ 1,033,943	\$ 4,824,987
SUMMARY			
Total Resources	\$ 5,858,930	\$ 5,284,520	
Total Expenditures	(5,858,930)	(1,033,943)	
DISTRICT YEAR-END STATUS	\$ 0	\$ 4,250,577	

WEST JEFFERSON COUNTY METROPOLITAN DISTRICT
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUNDS
AVAILABLE - BUDGET AND ACTUAL (BUDGETARY BASIS)
For the Year Ended December 31, 2017
WATER DEPARTMENT

Description	Original & Final Budget	Actual	Favorable (Unfavorable)
REVENUE			
OPERATING REVENUE			
Water Sales	\$ 1,547,300	\$ 1,545,072	\$ (2,228)
Delinquent Charges	9,300	8,756	(544)
Inspection and Connection	10,575	4,075	(6,500)
Total Operating Revenue	<u>1,567,175</u>	<u>1,557,903</u>	<u>(9,272)</u>
CAPITAL REVENUE			
System Development Fees	252,600	72,000	(180,600)
Inclusion Fees	5,000	5,000	-
Cost Recovery	4,500	4,500	-
Special Developments	245,000	-	(245,000)
Total Capital Revenue	<u>507,100</u>	<u>81,500</u>	<u>(425,600)</u>
TOTAL REVENUE	2,074,275	1,639,403	(434,872)
Beginning Resources - January 1	-	-	-
Ending Resources	<u>\$ 2,074,275</u>	<u>\$ 1,639,403</u>	<u>\$ (434,872)</u>
EXPENDITURES			
OPERATIONS AND MAINTENANCE - WATER			
Water Purchases	\$ 1,547,300	\$ 1,545,072	\$ 2,228
Delinquent Charges	9,300	8,756	544
Inspection and Connection	10,575	4,075	6,500
System Development Fees	252,600	72,000	180,600
Inclusion Fees	5,000	5,000	-
Cost Recovery	4,500	4,500	-
Special Developments	245,000	-	245,000
TOTAL EXPENDITURES	<u>\$ 2,074,275</u>	<u>\$ 1,639,403</u>	<u>\$ 434,872</u>
SUMMARY			
Total Resources	\$ 2,074,275	\$ 1,639,403	
Total Expenditures	<u>(2,074,275)</u>	<u>(1,639,403)</u>	
DISTRICT YEAR-END STATUS	<u>\$ -</u>	<u>\$ -</u>	

WEST JEFFERSON COUNTY METROPOLITAN DISTRICT
RECONCILIATION OF (BUDGETARY BASIS) FUNDS AVAILABLE
TO (GAAP BASIS) CHANGE IN NET POSITION
Year ended December 31, 2017

	<u>Water</u>	<u>Wastewater</u>	<u>Total</u>
Total Resources - Budgetary Basis	\$ 1,639,403	\$ 5,284,520	\$ 6,923,923
Total Expenditures - Budgetary Basis	<u>(1,639,403)</u>	<u>(1,033,943)</u>	<u>(2,673,346)</u>
Excess of Revenue over Expenditures - Budgetary Basis	<u>\$ -</u>	<u>\$ 4,250,577</u>	4,250,577
 Adjustments to GAAP net assets:			
Deduct beginning resources, which are not revenue			(4,143,039)
Deduct depreciation, which is an expense			(500,007)
Add capital asset purchases, which are not expenses			<u>149,607</u>
CHANGE IN NET POSITION (GAAP BASIS)			<u>\$ (242,862)</u>