

EVERGREEN METROPOLITAN DISTRICT

JEFFERSON COUNTY, COLORADO

AUDITED FINANCIAL STATEMENTS

DECEMBER 31, 2018

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, 2018, 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, 2018, 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.

Supplemental and Other Supplemental 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 (together, the information) for the year ended December 31, 2018, 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 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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

Greenwood Village, Colorado
July 6, 2019

**EVERGREEN METROPOLITAN DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
DECEMBER 31, 2018**

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, 2018, 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 2018 by \$50,172,462.
- The District's total net position increased by \$3,080,456. This increase is attributable to net income before depreciation of \$1,587,961 and depreciation expense of \$2,078,465. The District received net other income and capital contributions of \$1,327,920. Net position of \$2,243,040 was transferred to the District from the consolidation with Upper Bear Creek Water and Sanitation District.
- The District's water rate revenues increased \$170,984 (5.25%) and wastewater rate revenues increased \$65,143 (4.15%) from 2017 to 2018.
- The District's cost of operations and administration increased \$360,226 (9.50%) from 2017 to 2018. The increase was due primarily to an increase of \$128,452 in payroll and \$69,047 in employee benefits which included an additional 2.5 employees participating in insurance benefits, an increase of \$145,012 in water power costs and \$10,611 in wastewater power costs, an increase of \$25,803 in supplies and maintenance costs, an increase of \$10,867 in insurance costs, an increase of \$8,656 in dues, subscriptions and training costs, an increase of \$7,253 in truck costs, an increase of \$6,541 in election costs, an increase of \$2,876 in chemical costs, an increase of \$808 in general legal costs, a decrease of \$34,470 in distribution costs, a decrease of \$10,108 in sludge disposal costs, a decrease of \$6,119 in collection costs, a decrease of \$4,224 in water rights maintenance costs, a decrease of \$2,474 in outside lab costs, a decrease of \$1,263 in outside services, and an increase of \$2,670 in sundry costs.
- The District's total debts outstanding are \$2,268,120 at December 31, 2018, which consists of two loans for \$1,255,856 from the State of Colorado Drinking Water Revolving Fund and a loan from the Water Pollution Control Revolving Fund outstanding of \$1,012,264 at December 31, 2018. Payments totaling \$552,787 were made on the loans from the State of Colorado Drinking Water Revolving Fund of which \$458,094 was applied to principal. Payments totaling \$326,416 were made on the loan from the Water Pollution Control Revolving Fund of which \$304,214 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 *Statement of Revenues, Expense and Changes in Net Position* presents 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

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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 *Statement of Cash Flows* reports 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,	<u>Water</u>		<u>Wastewater</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Assets				
Current assets	\$ 3,976,937	\$ 3,637,713	\$ 5,957,241	\$ 4,676,208
Current restricted assets	950	950	502	502
Other assets	1,648,909	1,798,810	-	-
Capital assets, net	<u>30,528,415</u>	<u>30,787,396</u>	<u>11,454,990</u>	<u>10,092,945</u>
Total assets	<u>36,155,211</u>	<u>36,224,869</u>	<u>17,412,733</u>	<u>14,769,655</u>
Liabilities				
Current liabilities	762,687	609,940	479,037	575,254
Long-term liabilities	897,558	1,370,288	1,040,200	1,125,036
Other liabilities	<u>216,000</u>	<u>222,000</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>1,876,245</u>	<u>2,202,228</u>	<u>1,519,237</u>	<u>1,700,290</u>
Net Position				
Invested in capital assets, net of related debt	29,272,558	29,073,445	10,442,727	8,776,467
Unrestricted	<u>5,006,408</u>	<u>4,949,196</u>	<u>5,450,769</u>	<u>4,292,898</u>
Total net position	<u>34,278,966</u>	<u>34,022,641</u>	<u>15,893,496</u>	<u>13,069,365</u>
Total liabilities and net position	<u>\$ 36,155,211</u>	<u>\$ 36,224,869</u>	<u>\$ 17,412,733</u>	<u>\$ 14,769,655</u>

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 \$34,278,966 and \$15,893,496 for water and wastewater respectively.

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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	
	2018	2017	2018	2017
Revenue				
Operating revenue	\$ 3,584,495	\$ 3,402,541	\$ 2,155,336	\$ 2,074,962
Non-operating revenue	119,154	133,446	76,102	23,712
Total revenue	<u>3,703,649</u>	<u>3,535,987</u>	<u>2,231,438</u>	<u>2,098,674</u>
Expenses				
Operating expenses	1,930,692	1,756,355	1,375,611	1,288,803
Administrative and general	546,410	481,173	299,157	265,313
Depreciation	1,531,524	1,505,519	546,941	477,095
Non-operating expenses	56,556	61,204	0	16,667
Total expenses	<u>4,065,182</u>	<u>3,804,251</u>	<u>2,221,709</u>	<u>2,047,878</u>
Income (Loss) Before Contributions	<u>(361,533)</u>	<u>(268,264)</u>	<u>9,729</u>	<u>50,796</u>
Capital Contributions	613,658	333,570	575,562	246,850
Contributions from other districts	<u>4,200</u>	<u>0</u>	<u>2,238,840</u>	<u>0</u>
Change in Net Position	256,325	65,306	2,824,131	297,646
Net Position – Beginning of Year	<u>34,022,641</u>	<u>33,957,335</u>	<u>13,069,365</u>	<u>12,771,719</u>
Net Position – End of Year	<u>\$ 34,278,966</u>	<u>\$ 34,022,641</u>	<u>\$ 15,893,496</u>	<u>\$ 13,069,365</u>

**EVERGREEN METROPOLITAN DISTRICT
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The District's total water operating revenue increased by 5.35% from 2017 to 2018 due to an increase in sales and services to customers and to other districts. The District's water revenue increased \$169,038 (49%) from 2017 to 2018 during the drought billing period of August–November 2018. The rate increases to customers and other districts included an increase in the base rate to \$28.50 for 2018 from \$27.50 for 2017. The usage rates in effect for 2018 remained the same as 2017 at \$2.90 per thousand for (1-14 thousand gallons per month), \$5.00 per thousand for (15 thousand gallons or more usage per month), and the drought penalty rate at \$15.00 per thousand gallons per month over 14 thousand gallons per month.

The total wastewater operating revenue for 2018 increased by 3.87% from 2017, primarily due to an increase in sales and services to customers and to other districts. The wastewater base rate increase for 2018 was \$1.00 per equivalent tap per month to a flat rate of \$47.00 for 2018 from a flat rate of \$46.00 for 2017.

The Developer activity during 2018 in the community included construction in progress on one water main improvement project. Investment income included in non-operating income increased in 2018 by 178.63% due primarily to the yield for Local Government Investment Pools and investments as a result of market conditions.

The District's general and administrative costs of the water operations increased \$65,237 (13.56%) and the general and administrative costs of the wastewater operations increased \$33,844 (12.76%). The increases in 2018 in general and administrative costs for water operations were primarily due to an increase of \$55,858 in payroll and employee benefits, an increase of \$11,606 in insurance costs, an increase of \$8,233 in dues, subscriptions, training, and meetings, an increase of \$4,500 in general legal costs, an increase of \$3,202 in election costs, a decrease of \$8,690 in postage costs, a decrease of \$7,370 in outside services costs, and a decrease of \$2,102 in supplies, maintenance and utilities costs.

The increases in 2018 in general and administrative expenses for wastewater operations were primarily due to an increase of \$24,311 in payroll and employee benefits, an increase of \$6,481 in outside services costs, an increase of \$4,853 in dues, subscriptions, training, and meetings, an increase of \$3,339 in election costs, an increase of \$2,386 in supplies and maintenance and utilities costs, a decrease of \$3,692 in legal costs, a decrease of \$3,095 in postage costs, and a decrease of \$739 in insurance costs.

Costs of the water operations increased \$174,337 (9.93%) in 2018. The increase was primarily due to an increase of \$52,107 in payroll and employee benefits, an increase of \$145,012 in power costs primarily due to Xcel billing correction for prior 24 months and corrected billing for July – December 2018, an increase of \$15,869 in supplies and maintenance costs, a decrease of \$34,470 in distribution costs, and a decrease of \$4,181 in water rights maintenance. Costs of the wastewater operations increased \$86,808 (6.74%) in 2018. The increase was primarily due to an increase of \$65,511 in payroll and employee benefits which included vacation and sick payout for a retired employee, an increase of \$26,913 in supplies and maintenance, an increase of \$10,611 in power costs, a decrease of \$10,108 in sludge disposal costs, and a decrease of \$6,119 in collection costs.

Enterprise Fund Budgetary Highlights

The District operates as a water activity enterprise in conformance with the provisions of Article 45.1 of Title 37, C.R.S. The District prepares its budget on the modified accrual basis of accounting to

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recognize 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”.

Capital Asset and Debt Administration

The District’s capital assets at December 31, 2018, totals \$41,983,405 (net of accumulated depreciation). This investment in capital assets includes water rights, land and right of way, operating system, buildings and improvements, equipment and vehicles, and facilities owned by other districts. Analysis of changes in capital assets were as follows:

	Water			Wastewater		
	2018	2017	Percentage Change	2018	2017	Percentage Change
Source of Supply	\$ 2,208,497	\$ 1,519,244	50.11 %	\$ --	\$ --	--
Land and Right of way	262,110	262,110	0 %	41,088	41,088	0%
Construction in progress	59,897	216,560	-72.34%	176,828	66,309	166.67%
Operating System	19,646,605	20,085,260	-2.18%	10,598,729	9,406,659	12.67%
Buildings and Improvements	1,246,281	1,310,885	-4.93%	312,035	324,859	-3.95%
Equipment and vehicles	420,797	314,149	33.92%	326,310	254,030	28.45%
Facilities Owned By Other Districts	6,684,228	7,079,188	-5.58%			
Total capital assets, net	\$ 30,528,415	\$ 30,787,396		\$ 11,454,990	\$ 10,092,945	

The major water capital assets acquired and projects completed during the year included the purchase of 44 inches of the Robert Lewis Ditch Water Right at \$657,322 during 2018 for a total cost of \$725,953 with legal and engineering costs, the completion of the Independence pump station at \$126,013 during 2018 for a total cost of \$228,356, the water treatment plant purchase of seven (7) wastewater taps at \$80,500, the Yellow Zone pump station VFDs at \$38,890, water plant equipment at \$10,319, water distribution equipment at \$10,393, lake improvements and engineering costs for 404 permit at \$2,968 during 2018 for a total cost of \$15,151, water lab equipment at \$3,665, Toyota truck at \$32,066, office and computer equipment at \$24,625, and buildings and improvements at \$6,825. The major water capital projects in progress at the end of the year included the Hidden Valley project legal costs at \$19,105 and the dam outlet works project at \$7,387.

The major wastewater capital assets acquired and projects completed during the year included the sanitary sewer rehabilitation cured in place project for Buffalo Park at \$3,800 during 2018 for a total cost of \$59,671, the sanitary sewer rehabilitation cured in place project for Independence Trail at \$24,651 during 2018 for a total cost of \$35,080, the Troutdale gravity main replacement at \$41,500, manhole rehabilitation on Highway 73 at \$31,971, wastewater treatment plant equipment at \$12,494, wastewater lab equipment at \$5,901, GMC truck at \$38,157, office and computer equipment at \$13,056, and building improvements at \$6,534. The major wastewater capital projects in progress at the end of the year included the El Pinal force main project at \$176,828.

The major Collection and Distribution capital assets purchased in 2018 were the Peterbilt dump truck at \$148,649 and the GMC truck at \$35,253. Additional information on the District’s capital assets can be found in Note 4 of this report.

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Long Term Debt

The principal balance of the 2000 and 2002 Colorado Water Resources and Power Authority (CWR&PDA) loans as of December 31, 2018 is \$1,255,856. The principal balance of the 2009 Water Pollution Control Revolving Fund loan as of December 31, 2018 is \$1,012,264. Additional detail on debt is in Note 5 in the Notes to Financial Statements.

Economic Factors and Next Year's Budget and Rates

- The water rates in effect for 2019 are a base rate increasing to \$29.50 per tap per month from \$28.50 for 2018 and usage rates for 2019 remaining the same as 2018 at \$2.90 per thousand for (1-14 thousand gallons per month), usage rates for 2019 remaining the same as 2018 at \$5.00 per thousand for (15 thousand or more per month), and drought penalty rate for 2019 remaining the same as 2018 at \$15.00 per thousand gallons per month over 14 thousand gallons per month.
- The new wastewater rate in effect for 2019 is a flat rate increasing to \$48.00 per tap per month from a flat rate of \$47.00 for 2018.
- The following District charges and fees associated with various aspects of District administration and operations will remain the same as 2018. The fees and charges effective for 2019 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 2019, Replacement of Damaged Water Meter Fee after the one time replacement at no charge will increase to \$58.25 per hour from \$56.65 per hour for 2018 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 7 water taps for EMD at \$18,000 each for \$126,000, 4 water taps for West Jefferson County Metro District at \$18,000 each for \$72,000, 2 mixed use water taps for West Jefferson County Metro District at \$18,000 each for \$36,000, 8 water taps for

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West Jefferson County Metro District at \$15,000 each for \$120,000, 2 El Rancho prepaid residential water taps for West Jefferson County Metro District at \$12,000, 20 El Rancho prepaid discounted commercial water taps for West Jefferson County Metro District at \$84,000, and 1 water tap for Kittredge at \$18,000, for a total budget for 2019 water system development fees of \$468,000.

- The District has budgeted for 11 wastewater taps at \$18,000 each at \$198,000, 2 septic discounts at \$9,000 each at \$18,000, and 7 wastewater taps for the Water Department at \$80,500 for a total budget for 2019 for wastewater system development fees of \$296,500.
- The District's major capital Water projects and purchases for 2019 are the Lewis Ridge Road water main replacement budgeted for \$250,000, the Camel Heights water main upgrade budgeted for \$90,000, the Highway 73 water main upgrade budgeted for \$80,000, the upgrade of the water mains from the water treatment plant to the garden and creek budgeted for \$180,000, the dam outlet structure improvements budgeted for \$250,000, and the water treatment plant purchase of seven (7) wastewater taps at \$80,500.
- The major capital Wastewater projects and purchases budgeted for 2019 are the completion of the El Pinal force main replacement phase 1 budgeted for \$112,115, the El Pinal force main replacement phase 2 budgeted for \$150,000, and sewer main replacements budgeted for \$75,000. The major Collection and Distribution capital asset budgeted for 2019 is the front end loader budgeted for \$200,000.

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
STATEMENT OF NET POSITION
DECEMBER 31, 2018

ASSETS

	PROPRIETARY FUND		TOTAL MEMORANDUM ONLY
	ENTERPRISE FUND		
	WATER	WASTEWATER	
CURRENT ASSETS			
Cash and Cash Equivalents	\$ 2,508,479	\$ 5,564,793	\$ 8,073,272
Account Receivable	401,951	201,699	603,650
Investments	698,141	150,000	848,141
Accrued Interest Receivable	518	266	784
FEMA and State Grants Receivables	255,984	-	255,984
Inventory	85,465	15,693	101,158
Prepaid Expenses	26,399	24,790	51,189
Restricted Cash - Developers' Funds	950	502	1,452
Total Current Assets	<u>3,977,887</u>	<u>5,957,743</u>	<u>9,935,630</u>
PROPERTY, PLANT AND EQUIPMENT			
Land and Right of Way	262,110	41,088	303,198
Source of Supply	2,208,497	-	2,208,497
Infrastructure	17,684,711	12,318,797	30,003,508
Treatment Plants	15,230,413	8,926,673	24,157,086
Buildings and Improvements	2,048,016	642,697	2,690,713
General Equipment	1,210,226	871,552	2,081,778
Transportation Equipment	428,686	588,373	1,017,059
Maps and GIS/GPS	178,531	70,979	249,510
Facilities Improvements and Expansion Construction in Progress	59,897	176,828	236,725
Facilities Owned by Other Districts Subject to Reversionary Interest	16,325,647	-	16,325,647
Total	<u>55,636,734</u>	<u>23,636,987</u>	<u>79,273,721</u>
Less Accumulated Depreciation	<u>(25,108,319)</u>	<u>(12,181,997)</u>	<u>(37,290,316)</u>
Net Property, Plant and Equipment	<u>30,528,415</u>	<u>11,454,990</u>	<u>41,983,405</u>
OTHER ASSETS			
Other Intangible, Net of Accumulated Amortization	1,648,909	-	1,648,909
	<u>1,648,909</u>	<u>-</u>	<u>1,648,909</u>
TOTAL ASSETS	\$ <u>36,155,211</u>	\$ <u>17,412,733</u>	\$ <u>53,567,944</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL
PART OF THESE FINANCIAL STATEMENTS

EVERGREEN METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
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LIABILITIES AND NET POSITION

	PROPRIETARY FUND		TOTAL MEMORANDUM ONLY
	ENTERPRISE FUND		
	WATER	WASTEWATER	
CURRENT LIABILITIES			
Accounts Payable and Accrued Expenses	\$ 247,518	\$ 392,020	\$ 639,538
Accrued Interest Payable	27,307	3,374	30,681
Developers' Funds	950	500	1,450
Water Project Loan Payable - Current Portion	479,862	-	479,862
Wastewater Loan Payable - Current Portion	-	83,143	83,143
Open Space Agreement - Current Portion	6,000	-	6,000
Unearned Revenue	1,050	-	1,050
Total Current Liabilities	<u>762,687</u>	<u>479,037</u>	<u>1,241,724</u>
LONG TERM LIABILITIES			
Project Loan Payable - Drinking Water Revolving Fund	775,994	-	775,994
Wastewater Loan Payable - Water Pollution Revolving Fund	-	929,121	929,121
Accrued Employee Benefits Payable	121,564	111,079	232,643
Total Long Term Liabilities	<u>897,558</u>	<u>1,040,200</u>	<u>1,937,758</u>
OTHER LIABILITIES			
Unearned Revenue - Open Space Agreement	<u>216,000</u>	<u>-</u>	<u>216,000</u>
TOTAL LIABILITIES	<u>1,876,245</u>	<u>1,519,237</u>	<u>3,395,482</u>
NET POSITION			
Net investment in capital assets	29,272,558	10,442,727	39,715,285
Unrestricted	<u>5,006,408</u>	<u>5,450,769</u>	<u>10,457,177</u>
Total Net Position	<u>34,278,966</u>	<u>15,893,496</u>	<u>50,172,462</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 36,155,211</u>	<u>\$ 17,412,733</u>	<u>\$ 53,567,944</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL
PART OF THESE FINANCIAL STATEMENTS

EVERGREEN METROPOLITAN DISTRICT
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2018

	PROPRIETARY FUND		TOTAL MEMORANDUM ONLY
	ENTERPRISE FUND		
	WATER	WASTEWATER	
OPERATING INCOME			
Water Sales	\$ 1,143,750	\$ -	\$ 1,143,750
Water Service Charges	23,426	-	23,426
Water Sales to Other Districts	2,263,581	-	2,263,581
Sewage Treatment Income	-	1,386,438	1,386,438
Sewage Treatment Income to Other Districts	-	123,296	123,296
Sewage Treatment Income to Water Department	-	124,080	124,080
Sales and Services (Customers and Other Districts)	122,661	517,498	640,159
Tap Connection, Inspection and Inactive Fees	31,077	4,024	35,101
Total Operating Income	<u>3,584,495</u>	<u>2,155,336</u>	<u>5,739,831</u>
OPERATING EXPENSES			
Operating Expenses	1,930,692	1,375,611	3,306,303
Administrative Expenses	546,410	299,157	845,567
Total Operating Expenses	<u>2,477,102</u>	<u>1,674,768</u>	<u>4,151,870</u>
NET INCOME FROM OPERATIONS BEFORE DEPRECIATION			
	1,107,393	480,568	1,587,961
Depreciation expense	<u>(1,531,524)</u>	<u>(546,941)</u>	<u>(2,078,465)</u>
NET INCOME (LOSS) FROM OPERATIONS AFTER DEPRECIATION			
	<u>(424,131)</u>	<u>(66,373)</u>	<u>(490,504)</u>
NON-OPERATING INCOME (EXPENSE)			
Interest Income	71,293	60,983	132,276
Miscellaneous	69,530	6,723	76,253
FEMA Grant - Flood Mitigation-Closeout Adjustment	(42,030)	-	(42,030)
Safety and Loss Prevention Grant	1,020	2,646	3,666
CWCB Dam Feasibility Study Grant	3,281	-	3,281
Sale of Assets	16,060	5,750	21,810
Bond Administration Fee	(56,556)	-	(56,556)
Total Net Other Income (Expense)	<u>62,598</u>	<u>76,102</u>	<u>138,700</u>
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS			
	<u>(361,533)</u>	<u>9,729</u>	<u>(351,804)</u>
CAPITAL CONTRIBUTIONS			
System Development Fees	468,600	332,500	801,100
Capital Contributions from Other Districts	-	243,062	243,062
Contractual Payments	145,058	-	145,058
Total Capital Contributions	<u>613,658</u>	<u>575,562</u>	<u>1,189,220</u>
SPECIAL ITEM			
Net position transferred from merged government	<u>4,200</u>	<u>2,238,840</u>	<u>2,243,040</u>
CHANGE IN NET POSITION			
	256,325	2,824,131	3,080,456
NET POSITION - BEGINNING			
	<u>34,022,641</u>	<u>13,069,365</u>	<u>47,092,006</u>
NET POSITION - ENDING			
	<u>\$ 34,278,966</u>	<u>\$ 15,893,496</u>	<u>\$ 50,172,462</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL
PART OF THESE FINANCIAL STATEMENTS

EVERGREEN METROPOLITAN DISTRICT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2018

	PROPRIETARY FUND		TOTAL MEMORANDUM ONLY
	ENTERPRISE FUND		
	WATER	WASTEWATER	
CASH FLOW FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 3,426,853	\$ 1,495,186	\$ 4,922,039
Cash received for services to other Districts	110,590	538,248	648,838
Cash amounts paid from the water fund	-	124,080	124,080
Miscellaneous cash received	69,530	6,723	76,253
Cash payments made for salaries and benefit expense	(1,475,072)	(1,139,129)	(2,614,201)
Cash payments to suppliers	(781,063)	(381,780)	(1,162,843)
Net cash provided by operating activities	<u>1,350,838</u>	<u>643,328</u>	<u>1,994,166</u>
CASH FLOW FROM CAPITAL FINANCING ACTIVITIES			
Proceeds from sale of assets	52,760	5,750	58,510
Purchases of property, plant and equipment	(1,139,615)	(426,264)	(1,565,879)
Capital contributions from other districts	4,200	777,363	781,563
Capital facilities contributions received	-	243,062	243,062
Contractual payments received	145,058	-	145,058
Interest and administrative loan fee paid	(94,693)	(22,202)	(116,895)
Payment to DWRP	(458,094)	-	(458,094)
Payment to CWRPDA	-	(304,214)	(304,214)
Funds received for system development fees	468,600	332,500	801,100
CWCB Dam Feasibility Study Grant	3,281	-	3,281
Safety and Loss Prevention Grant	1,020	2,646	3,666
Net cash (required) by capital financing activities	<u>(1,017,483)</u>	<u>608,641</u>	<u>(408,842)</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Purchases of investments	(7,634)	-	(7,634)
Redemption of investment securities	584,387	280,634	865,021
Interest received on investments	73,847	60,970	134,817
Net cash provided by investing activities	<u>650,600</u>	<u>341,604</u>	<u>992,204</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS			
	983,955	1,593,573	2,577,528
Cash, cash equivalents and restricted cash, beginning of year	<u>1,525,474</u>	<u>3,971,722</u>	<u>5,497,196</u>
Cash, cash equivalents and restricted cash, end of year	<u>\$ 2,509,429</u>	<u>\$ 5,565,295</u>	<u>\$ 8,074,724</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL
PART OF THESE FINANCIAL STATEMENTS

EVERGREEN METROPOLITAN DISTRICT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2018

	PROPRIETARY FUND ENTERPRISE FUND		TOTAL MEMORANDUM ONLY
	WATER	WASTEWATER	
CASH FLOW FROM OPERATING ACTIVITIES			
Net (loss) income from operations after depreciation	\$ (424,131)	\$ (66,373)	\$ (490,504)
Adjustments to reconcile net operating (loss) income to net cash provided by operating activities			
Depreciation	1,531,524	546,941	2,078,465
Tower leases revenue	57,689	-	57,689
Miscellaneous	11,841	6,723	18,564
Changes in operating assets and liabilities:			
(Increase) decrease in account receivable	(47,052)	2,178	(44,874)
(Increase) decrease in inventory	6,506	304	6,810
(Increase) decrease in prepaid expenses	37,691	29,437	67,128
(Increase) decrease in deposits	26,250	-	26,250
Increase (decrease) in accounts payable and accrued expenses	143,387	125,811	269,198
Increase (decrease) in accrued employee benefits payable	7,133	(1,693)	5,440
Net cash provided by operating activities	<u>\$ 1,350,838</u>	<u>\$ 643,328</u>	<u>\$ 1,994,166</u>

Supplemental disclosure of non-cash data:

The water fund received \$4,200 and the wastewater fund received \$2,238,840 from net position transferred from merged government.

THE ACCOMPANYING NOTES ARE AN INTEGRAL
PART OF THESE FINANCIAL STATEMENTS

EVERGREEN METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

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 in Jefferson and Clear Creek counties of Colorado 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.

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

EVERGREEN METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

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

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

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.

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.

EVERGREEN METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

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

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

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.

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.

EVERGREEN METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

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

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

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 records these contributed lines as revenue for the year contributed. There were no contributed lines for the year ended December 31, 2018 to be recorded by the District.

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, 2018.
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).

EVERGREEN METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

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

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, 2018, the accumulated amortization is \$555,734 and the net book value is \$226,410.

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, 2018, the accumulated amortization is \$258,636 the net book value is \$1,422,499.

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.

EVERGREEN METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

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

Cash deposits, Restricted cash and Investments held by the District at December 31, 2018 are presented below:

	<u>Book Balance</u>	<u>Bank Balance</u>
<u>Cash Deposits and Restricted Cash:</u>		
Insured deposits		
Bank deposits – unrestricted	\$ 505,222	\$ 505,510
Certificates of Deposit	603,558	603,558
Collateralized deposits		
Bank deposits – unrestricted	823,154	856,755
Certificates of Deposit	4,583	4,583
	<u>1,936,517</u>	<u>1,970,406</u>
Insured deposits		
Bank deposits – restricted	1,452	1,452
Collateralized deposits		
Bank deposits - restricted	-0-	-0-
		<u>\$ 1,971,858</u>
Uncategorized:		
Cash on hand	<u>278</u>	
Total cash deposits and restricted cash	<u>\$ 1,938,247</u>	
<u>Investments</u>		
U.S. Government Agency Securities	\$ 240,000	
Local Government Investment pools	<u>6,744,618</u>	
Total investments	<u>6,984,618</u>	
Total cash and investments	<u>\$ 8,922,865</u>	

Cash deposits and investments are reflected on the December 31, 2018 Statement of Net Position as follows:

Cash and cash equivalents	\$ 8,073,272	
Investments	848,141	
Restricted cash – developer funds	<u>1,452</u>	
Total	<u>\$ 8,922,865</u>	

EVERGREEN METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

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

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, 2018, investments consist of U.S. Government Agency Securities and certificates of deposit with original maturities in excess of 90 days.

At December 31, 2018, the District had invested \$4,532,129 in Colorado Surplus Asset Fund Trust (the Trust). The Trust offers funds in two portfolios, CSAFE Cash (CSAFE) and CSAFE Colorado Core (CORE). 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 invests in securities that are specified by the Colorado Revised Statutes (24-75-601). CSAFE 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 frequent is daily and there is no redemption notice period. At December 31, 2018, the District has invested \$1,032,898 in CSAFE. CORE authorized securities primarily include highly rated commercial paper and corporate bonds, bank deposits (collateralized through PDPA) and other Colorado LGIP funds inclusive of other funds offered by the Trust as allowed. CORE operates similarly to a money market fund and each share is equal in value to \$2.00. CORE measures all of its investments at amortized cost with a weighted average maturity of 180 days or less. CORE is rated AAAs/S1 by Fitch Ratings. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period. At December 31, 2018, the District has invested \$3,499,231 in CORE.

As of December 31, 2018, the District had invested \$2,212,489 in the COLOTRUST PLUS+ portfolio of 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+.

EVERGREEN METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

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

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.

Custodial Risk

As of December 31, 2018, the carrying amount of the District's deposits was \$1,938,247. 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, 2018. 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, 2018, the District had \$240,000 invested in Federal Home Loan Mortgage Corp Bonds.

EVERGREEN METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

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

Concentration Risk

The District's investment policy calls for investment diversification within the portfolio to avoid unreasonable risks inherent in over investing in specific investments, individual financial institutions or maturities. The District's investments are concentrated in Colorado Surplus Asset Fund Trust (59.70%), Colorado Local Government Liquid Asset Trust (29.10%), certificates of deposit (8.00%) and Federal Home Loan Mortgage Corp Bonds (3.20%).

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.

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.

EVERGREEN METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

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

The schedules of changes in property, plant and equipment for 2018 are set forth below:

<u>WATER FUND:</u>	<u>Balance at</u> <u>January 1,</u> <u>2018</u>	<u>Transfers/</u> <u>Increases</u>	<u>Transfers/</u> <u>Decreases</u>	<u>Balance at</u> <u>December 31,</u> <u>2018</u>
Capital assets not being depreciated:				
Source of Supply	\$ 1,519,244	\$ 725,953	\$ (36,700)	\$ 2,208,497
Land and Right of Way	262,110			262,110
Construction in progress	216,560	812,796	(969,459)	59,897
Total capital assets not being depreciated	<u>1,997,914</u>	<u>1,538,749</u>	<u>(1,006,159)</u>	<u>2,530,504</u>
Capital assets being depreciated:				
Infrastructure	17,391,922	292,789		17,684,711
Water Treatment plant	15,124,185	106,228		15,230,413
Buildings and Improvements	2,041,192	6,824		2,048,016
General Equipment	1,080,455	135,231	(5,460)	1,210,226
Transportation Equipment	389,706	54,980	(16,000)	428,686
Maps	148,360			148,360
GIS Project	30,171			30,171
Facilities Owned by Other Districts	16,325,647			16,325,647
Total capital assets being depreciated	<u>52,531,638</u>	<u>596,052</u>	<u>(21,460)</u>	<u>53,106,230</u>
Less accumulated depreciation for:				
Infrastructure	(7,607,274)	(447,502)		(8,054,776)
Water Treatment plant	(4,823,573)	(390,169)		(5,213,742)
Buildings and Improvements	(730,307)	(71,428)		(801,735)
General Equipment	(833,317)	(61,324)	5,460	(889,181)
Transportation Equipment	(323,270)	(21,687)	16,000	(328,957)
Maps	(147,784)	(553)		(148,337)
GIS Project	(30,172)			(30,172)
Facilities Owned by Other Districts	(9,246,459)	(394,960)		(9,641,419)
Total accumulated depreciation	<u>(23,742,156)</u>	<u>(1,387,623)</u>	<u>21,460</u>	<u>(25,108,319)</u>
Total capital assets being depreciated, net	<u>28,789,482</u>	<u>(791,571)</u>		<u>27,997,911</u>
Capital assets, net	<u>\$ 30,787,396</u>	<u>\$ 747,178</u>	<u>\$ (1,006,159)</u>	<u>\$ 30,528,415</u>

Additions during the year consist of water rights purchase of \$725,953, infrastructure additions \$292,789, the water treatment plant purchase of seven wastewater taps at \$80,500, construction equipment of \$96,622, transportation equipment of \$54,980, District construction in progress of \$26,493, and sundry assets of \$45,434. Net interest costs of \$25,728 were capitalized for the water plant during 2018.

EVERGREEN METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

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

<u>WASTEWATER FUND:</u>	Balance at January 1, 2018	Transfers/ Increases	Transfers/ Decreases	Balance at December 31, 2018
Capital assets not being depreciated:				
Land and Right of Way	\$ 41,088	\$	\$	\$ 41,088
Construction in progress	66,309	205,280	(94,761)	176,828
Total capital assets not being depreciated	107,397	205,280	(94,761)	217,916
Capital assets being depreciated:				
Infrastructure	8,069,634	4,249,163		12,318,797
Wastewater Treatment plant	8,891,865	34,808		8,926,673
Buildings and Improvements	636,163	6,534		642,697
General Equipment	651,082	220,470		871,552
Transportation Equipment	568,786	50,495	(30,908)	588,373
Maps	29,211			29,211
GIS Project	26,239	15,529		41,768
Total capital assets being depreciated	18,872,980	4,576,999	(30,908)	23,419,071
Less accumulated depreciation for:				
Infrastructure	(4,096,738)	(2,854,828)		(6,951,566)
Wastewater Treatment plant	(3,458,103)	(237,070)		(3,695,173)
Buildings and Improvements	(311,303)	(19,358)		(330,661)
General Equipment	(540,844)	(139,763)	1,793	(678,814)
Transportation Equipment	(425,080)	(60,650)	30,908	(454,822)
Maps	(29,126)	(68)		(29,194)
GIS Project	(26,238)	(15,529)		(41,767)
Total accumulated depreciation	(8,887,432)	(3,327,266)	32,701	(12,181,997)
Total capital assets being depreciated, net	9,985,548	1,249,733	1,793	11,237,074
Capital assets, net	\$ 10,092,945	\$ 1,455,013	\$ (92,968)	\$ 11,454,990

Additions during the year consist of infrastructure additions of \$168,232, wastewater treatment plant additions of \$13,564, construction equipment of \$52,027, transportation equipment of \$50,496, District construction in progress of \$176,828, and sundry assets of \$31,426. Net interest costs of \$21,244 were capitalized during 2018.

EVERGREEN METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 5 – LONG-TERM DEBT

The District’s long-term debt as of December 31, 2018 and its 2018 debt transactions are as follows:

	<u>Balance at January 1, 2018</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance at December 31, 2018</u>	<u>Current Portion</u>
<u>Project Loan Payable Drinking Water Revolving Fund</u>	\$ 1,713,951	\$ --	\$ (458,094)	\$ 1,255,856	\$ 479,862
	<u>1,713,951</u>	<u>--</u>	<u>(458,094)</u>	<u>1,255,856</u>	<u>479,862</u>
Current portion	<u>(458,094)</u>			<u>(479,862)</u>	
Long-term portion	\$ <u>1,255,857</u>			\$ <u>775,994</u>	
 <u>Water Pollution Control Revolving Fund</u>	 \$ 1,316,478	 \$ --	 \$ (304,214)	 \$ 1,012,264	 \$ 83,143
Current Portion	<u>(304,214)</u>			<u>(83,143)</u>	
Long-term portion	\$ <u>1,012,264</u>			\$ <u>929,121</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
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 5 – LONG-TERM DEBT – (continued)

The following tables summarize debt service requirement for debt outstanding as of December 31, 2018.

Project Loan Payable – Drinking Water Revolving Fund

<u>Year</u>	<u>Principal</u>	<u>Fees</u>	<u>Interest</u>	<u>Total Annual Requirements</u>
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	137,205	3,631	(9,694)	131,142
TOTAL	\$ <u>1,255,856</u>	\$ <u>99,504</u>	\$ <u>3,974</u>	\$ <u>1,359,334</u>

Water Pollution Control Revolving Fund

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Annual Requirements</u>
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	90,032	12,943	102,975
2024-2028	478,045	36,830	514,875
2029	101,452	1,523	102,975
TOTAL	\$ <u>1,012,264</u>	\$ <u>120,461</u>	\$ <u>1,132,725</u>

EVERGREEN METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

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 2018 was \$1,931,822. The District's contributions were calculated using the base salary amount of \$1,701,354. The District made the required contribution of \$136,108. The District's forfeitures for the year were \$-0-.

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, 2018, the date of the last issued report by the plan is \$1,938,120.

NOTE 8 - WATER DISTRIBUTION AGREEMENTS

The District has entered into separate water distribution and service agreements with the following water and sanitation or metropolitan districts: Kittredge Sanitation and Water District and West Jefferson County Metropolitan District. 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
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

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 – EL RANCHO PREPAID WATER TAPS

As part of the merger between West Jefferson County Metropolitan District and El Rancho Metropolitan District effective January 1, 2014, the Evergreen Metropolitan District administers the sale and resulting reimbursement to the Developer for 120 prepaid water taps. For each of the taps sold, the Developer receives \$12,000 and the Evergreen Metropolitan District retains the remainder. As of December 31, 2018, the Evergreen Metropolitan District has reimbursed the Developer for 42 taps. There is no termination date with respect to the sharing of revenue from the sale of prepaid water taps within the El Rancho service boundary.

NOTE 10 - 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 11 - 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

EVERGREEN METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 11 - RISK MANAGEMENT – (continued)

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.

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 (DHSEM) grant agreement from the FEMA Public Assistance Program effective July 7, 2014. The grant agreement was for \$915,897 for the dredging of the lake to remove sediment. The Federal share was 75% and the State share was 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 was 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 was for \$915,897 and the revised amount requested for the Scope Change was \$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 was 100% complete, DHSEM is deferring the Scope Change Request to closeout.

EVERGREEN METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 12 – FEMA AND STATE GRANTS – (continued)

On February 22, 2017, the District submitted a Closeout Request to DHSEM for review of all the lake dredging project documentation. After the completion of the DHSEM review, the documentation was advanced to FEMA for review. During closeout, FEMA reconciled 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 was 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 was \$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.

On April 27, 2018, DHSEM submitted the Closeout Request to FEMA for an amount of \$1,681,112. As of April 23, 2019, the FEMA Closeout final review was completed and FEMA found the project to be in compliance with the terms of the grant. FEMA deemed the final total eligible large project cost as \$1,639,082. The total funding for the project resulted with an under budget variance of (\$67,390). The Closeout version was written with three (3) FEMA adjustments in funding based on a final reconciliation on February 26, 2019. Adjustments of \$42,030 were made following FEMA's final review.

NOTE 13 – CONSOLIDATION OF EVERGREEN METROPOLITAN DISTRICT AND UPPER BEAR CREEK WATER AND SANITATION DISTRICT

The District entered into a Pre-consolidation Agreement between Evergreen Metropolitan District and Upper Bear Creek Water and Sanitation District as of December 19, 2017. 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 consolidation of the Evergreen Metropolitan District and Upper Bear Creek Water and Sanitation District was final and effective as of July 1, 2018. The name of the Consolidated District is EVERGREEN METROPOLITAN DISTRICT.

All operations, facilities, assets and liabilities of Evergreen Metropolitan District and Upper Bear Creek Water and Sanitation District were consolidated for purposes of economy and are the property of, and operated and managed by the Consolidated District. The Consolidated District shall continue to furnish water and wastewater services, operate, maintain, replace, improve and enlarge the facilities for the benefit of all users within the current service boundary of each District, subject to any limitations, terms and conditions set forth in the Preconsolidation Agreement and Court Order. In 2018, Upper Bear Creek Water and Sanitation contributed \$777,363 from wastewater fund reserves and \$4,200 from water fund reserves to the Evergreen Metropolitan District for deposit in its wastewater and water activity enterprises. Upper Bear Creek Water and Sanitation contributed wastewater mains and equipment net of accumulated depreciation of \$1,461,477.

EVERGREEN METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 13 – CONSOLIDATION OF EVERGREEN METROPOLITAN DISTRICT AND UPPER BEAR CREEK WATER AND SANITATION DISTRICT – (continued)

The amounts recognized by the Consolidated District, Evergreen Metropolitan District, for the Upper Bear Creek Water and Sanitation District as of July 1, 2018 are as follows

	Upper Bear Creek
Assets	
Current assets	\$ 781,976
Capital assets	1,461,477
Total Assets	2,243,453
Liabilities	
Payroll Taxes Payable	413
Total Liabilities	413
Net Position	
Net investment in capital assets	1,461,477
Unrestricted	781,563
Total Net Position	\$ 2,243,040

NOTE 14 – EVALUATION OF SUBSEQUENT EVENTS

The District has evaluated subsequent events through July 7, 2019 the date which the financial statements were available to be issued.

NOTE 15 – TAX, SPENDING AND DEBT LIMITATIONS

Colorado voters passed an amendment to the State Constitution, Article X, Section 20 (“TABOR”), 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 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.

EVERGREEN METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 15 – TAX, SPENDING AND DEBT LIMITATIONS – (continued)

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 District operates as a water activity enterprise in conformance with the provisions of Article 45.1 of Title 37 C.R.S., and is therefore exempt from TABOR. The District believes it is in compliance with the requirements of the amendment. 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.

SUPPLEMENTAL INFORMATION

EVERGREEN METROPOLITAN DISTRICT
RECONCILIATION OF WATER BUDGET TO STATEMENT
OF REVENUE AND EXPENSES (GAAP BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2018

WATER REVENUE

Total actual water revenue per budget	\$ 7,530,186
Budgeted revenue not included in net income (GAAP Basis)	(3,212,879)
Subtotal	4,317,307

WATER EXPENDITURES

Total actual water expenditures per budget	4,169,505
Budgeted expenditures not included in net income (GAAP Basis)	
Capital expenditures	(1,139,615)
Payments on loan to the Drinking Water Revolving Fund	(458,094)
Income and expense items shown on Statement of Revenue and Income and expenses not included in budget	
Depreciation	1,531,524
Contributions of Facilities by Developers	-
Construction interest capitalized	(25,728)
Change in accrued interest payable	(12,410)
Net position transferred from merged government, which is income	(4,200)
Subtotal	4,060,982
Change in net position (GAAP BASIS)	\$ 256,325

EVERGREEN METROPOLITAN DISTRICT
COMPARISON OF WATER REVENUE AND EXPENDITURES WITH BUDGET
FOR THE YEAR ENDED DECEMBER 31, 2018

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUE			
<u>OPERATING REVENUE</u>			
Water Sales	\$ 3,277,100	\$ 3,407,331	\$ 130,231
Inactive Fees - Tap Purchase Agreements	3,540	4,035	495
Late Fees and Collection Charges	23,400	23,426	26
Services to Developers/Public	1,500	12,071	10,571
Services to Districts	112,000	110,590	(1,410)
Connections and Inspections	21,070	27,042	5,972
Interest	9,000	28,500	19,500
Tower Leases Revenue	57,690	57,689	(1)
Miscellaneous	2,500	11,841	9,341
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>2,957,800</u>	<u>3,132,525</u>	<u>174,725</u>
<u>CAPITAL REVENUE</u>			
System Development Fees	528,000	468,600	(59,400)
Proceeds from the Sale of Assets	52,000	16,060	(35,940)
Interest	18,000	42,793	24,793
Safety and Loss Prevention Grant	1,000	1,020	20
FEMA and State Grants		(42,030)	(42,030)
CWCB Feasibility Study Grant	-	3,281	3,281
Inclusions and Cost Recovery	9,500	-	(9,500)
Contractual Payments from EPRD	150,000	145,058	(4,942)
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>1,308,500</u>	<u>1,184,782</u>	<u>(123,718)</u>
<u>BEGINNING RESOURCES AVAILABLE</u>			
Operating	705,823	764,371	58,548
Capital	1,841,663	1,959,467	117,804
Repair and Replacement	489,041	489,041	-
TOTAL BEGINNING RESOURCES	<u>3,036,527</u>	<u>3,212,879</u>	<u>176,352</u>
TOTAL RESOURCES AVAILABLE	<u>\$ 7,302,827</u>	<u>\$ 7,530,186</u>	<u>\$ 227,359</u>

EVERGREEN METROPOLITAN DISTRICT
 COMPARISON OF WATER REVENUE AND EXPENDITURES WITH BUDGET
 FOR THE YEAR ENDED DECEMBER 31, 2018

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
EXPENDITURES			
<u>OPERATIONS AND MAINTENANCE</u>			
SOURCE OF SUPPLY			
Supplies and Maintenance	\$ 34,000	\$ 16,740	\$ 17,260
Engineering	7,000	6,443	557
Water Rights Maintenance	30,000	41,571	(11,571)
WATER TREATMENT PLANT			
Chemicals	65,000	53,859	11,141
Supplies and Maintenance	76,000	53,694	22,306
Power	45,000	194,592	(149,592)
Truck Expense	16,000	12,038	3,962
Lab Supplies and Maintenance	18,000	15,040	2,960
Lab Outside Services	20,000	12,540	7,460
Wastewater Treatment Services	124,080	124,080	-
Employee Expense	485,000	479,583	5,417
PUMP STATIONS/PRESSURE CONTROL			
Supplies and Maintenance	23,500	16,226	7,274
Engineering	2,000	-	2,000
Utilities	116,000	97,917	18,083
Safety	3,500	3,197	303
NEW SERVICES, ENVIRONMENTAL & PRETREATMENT			
Supplies and Maintenance	3,700	3,295	405
Truck Expense	3,000	3,214	(214)
Lab Supplies and Maintenance	300	-	300
Lab Outside Services	300	-	300
New Services Supplies	11,000	10,739	261
Equipment Maintenance	300	-	300
Employee Expense	145,000	140,117	4,883
COLLECTION AND DISTRIBUTION			
Supplies and Maintenance	15,500	15,335	165
Engineering	2,500	-	2,500
Telephone and Utilities	7,800	6,192	1,608
Truck Expense	10,000	5,292	4,708
Equipment Maintenance Expense	10,000	22,088	(12,088)
Distribution Expense	70,000	30,484	39,516
Safety	1,750	1,884	(134)
Employee Expense	375,000	347,900	27,100
TOTAL OPERATIONS AND MAINTENANCE EXPENDITURES	\$ 1,721,230	\$ 1,714,060	\$ 7,170

EVERGREEN METROPOLITAN DISTRICT
COMPARISON OF WATER REVENUE AND EXPENDITURES WITH BUDGET
FOR THE YEAR ENDED DECEMBER 31, 2018

	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	\$ 15,200	\$ 22,061	\$ (6,861)
Equipment Maintenance Expense	2,500	-	2,500
Meter Change Out Inventory	3,500	16,881	(13,381)
Employee Expense	179,000	177,691	1,309
TOTAL CUSTOMER SERVICE/METER READING	<u>200,200</u>	<u>216,633</u>	<u>(16,433)</u>
 <u>WATER EXPENDITURES - ADMINISTRATION</u>			
Audit	8,050	7,420	630
Insurance	55,500	58,013	(2,513)
Legal	60,000	47,093	12,907
Office Supplies	5,200	701	4,499
Postage	15,800	5,958	9,842
Operating Supplies	14,650	10,552	4,098
Outside Services	26,500	27,168	(668)
Repairs and Maintenance	14,240	6,121	8,119
Telephone	6,400	7,010	(610)
Power	5,500	5,225	275
Dues, Subscriptions and Training	5,600	8,024	(2,424)
Directors' Fees	5,600	5,600	(0)
Miscellaneous	500	355	145
Directors' Payroll Taxes	428	428	0
Travel, Meetings and Conferences	7,100	6,730	370
Election Expense	8,500	3,201	5,299
Employee Expense	340,000	346,811	(6,811)
TOTAL ADMINISTRATION EXPENDITURES	<u>579,568</u>	<u>546,410</u>	<u>33,158</u>
 TOTAL OPERATIONS & MAINTENANCE, CUSTOMER SERVICE & METER READING & ADMINISTRATION EXPENDITURES	 <u>2,500,998</u>	 <u>2,477,103</u>	 <u>23,895</u>
 <u>DEBT SERVICE</u>			
DWRF Project Loan Principal	458,094	458,094	-
DWRF Project Loan Administrative Fees	61,204	61,204	-
DWRF Project Loan Interest	33,489	33,489	-
TOTAL DEBT SERVICE	<u>\$ 552,787</u>	<u>\$ 552,787</u>	<u>\$ -</u>

EVERGREEN METROPOLITAN DISTRICT
 COMPARISON OF WATER REVENUE AND EXPENDITURES WITH BUDGET
 FOR THE YEAR ENDED DECEMBER 31, 2018

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
WATER EXPENDITURES - CAPITAL			
Main Replacements-Lewis Ridge Road	\$ 235,000	\$ -	\$ 235,000
Yellow Zone Pump Station VFDs	31,000	38,890	(7,890)
Dam Outlet Works Project	7,387	7,387	-
General, Office and Computer Equipment	29,850	18,779	11,071
Water Department Computer Equipment	5,500	5,846	(346)
Administration Buildings Improvements	5,446	5,446	-
Administration Building Boiler	12,600	-	12,600
Water Plant Site Plan	30,000	-	30,000
Insertion Valves for WTP Discharge	20,000	-	20,000
Treatment Plant, Lab and General Equipment	13,984	13,984	-
Water Department Vehicles	35,000	32,066	2,934
Safety Equipment	5,000	-	5,000
C&D Truck	22,750	22,914	(164)
C&D Dump Truck (25 years old)	97,500	96,622	878
Fire Hydrant Replacements	20,000	10,393	9,607
North Lake Trail System-EPRD	67,200	-	67,200
Bin Wall and hand rail - temporary fix	20,000	1,379	18,621
Upstream Water Mitigation	10,000	-	10,000
Evergreen Lake Improvements	2,968	2,968	-
Independence Pump Station Engineering and New Pump Station	-	126,013	(126,013)
Hidden Valley Project	-	19,106	(19,106)
Water Rights Purchase	629,990	657,322	(27,332)
Wastewater Taps	80,500	80,500	-
TOTAL CAPITAL EXPENDITURES	<u>1,381,675</u>	<u>1,139,615</u>	<u>242,060</u>
TOTAL EXPENDITURES	<u>\$ 4,435,460</u>	<u>\$ 4,169,505</u>	<u>\$ 265,955</u>
ENDING BALANCE, DECEMBER 31	<u>\$ 2,867,367</u>	<u>\$ 3,360,681</u>	<u>\$ 493,314</u>
<u>ENDING RESOURCES</u>			
Operating Reserves	609,838	\$ 867,006	257,168
Capital Reserves	1,568,488	1,804,634	236,146
Repair and Replacement Reserves	689,041	689,041	-
TOTAL ENDING RESOURCES	<u>\$ 2,867,367</u>	<u>\$ 3,360,681</u>	<u>\$ 493,314</u>

EVERGREEN METROPOLITAN DISTRICT
RECONCILIATION OF WASTEWATER BUDGET TO STATEMENT
OF REVENUE AND EXPENSES (GAAP BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2018

WASTEWATER REVENUE

Total actual wastewater revenue per budget	\$ 6,754,082
Budgeted revenue not included in net income (GAAP Basis)	<u>(3,947,084)</u>
Subtotal	<u>2,806,998</u>

WASTEWATER EXPENDITURES

Total actual wastewater expenditures per budget	2,427,448
Budgeted expenditures not included in net income (GAAP Basis)	
Capital expenditures	(426,264)
Debt Repayment to CWRPDA	(304,214)
Income and expense items shown on Statement of Revenue and Expenses not included in budget	
Depreciation	546,941
Construction Interest Capitalized	(21,246)
Change in accrued interest payable	(958)
Net position transferred from merged government, which is income	<u>(2,238,840)</u>
Subtotal	<u>(17,133)</u>
Change in net position (GAAP BASIS)	<u>\$ 2,824,131</u>

EVERGREEN METROPOLITAN DISTRICT
 COMPARISON OF WASTEWATER REVENUE AND EXPENDITURES WITH BUDGET
 FOR THE YEAR ENDED DECEMBER 31, 2018

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUE			
<u>OPERATING REVENUE</u>			
Wastewater Treatment Charges	\$ 1,271,350	\$ 1,386,438	\$ 115,088
-UBC District	148,030	73,920	(74,110)
Pretreatment Revenue	49,390	49,376	(14)
Late Charges and Service Charges	23,400	23,426	26
Services to Districts	523,000	494,070	(28,930)
Service to Water Department	124,080	124,080	-
Services to Developers/Public	2,000	-	(2,000)
Connections and Inspections	5,230	4,024	(1,206)
Interest	7,000	18,300	11,300
Miscellaneous	700	6,723	6,023
Transfer of Operating Reserves to Capital	(350,000)	(350,000)	-
TOTAL OPERATING REVENUE	<u>1,804,180</u>	<u>1,830,357</u>	<u>26,177</u>
<u>CAPITAL REVENUE</u>			
Interest	17,000	42,683	25,683
System Development Fees	377,500	332,500	(45,000)
Contractual Contributions	256,830	243,062	(13,768)
Proceeds from the Sale of Assets	2,000	5,750	3,750
Safety and Loss Prevention Grant	1,000	2,646	1,646
Transfer of Operating Reserves to Capital	350,000	350,000	-
TOTAL CAPITAL REVENUE	<u>1,004,330</u>	<u>976,641</u>	<u>(27,689)</u>
BEGINNING RESOURCES AVAILABLE			
Operating	1,050,481	1,090,963	40,482
Capital	2,829,277	2,856,121	26,844
TOTAL BEGINNING RESOURCES	<u>3,879,757</u>	<u>3,947,084</u>	<u>67,327</u>
TOTAL RESOURCES AVAILABLE	<u>\$ 6,688,267</u>	<u>\$ 6,754,082</u>	<u>\$ 65,815</u>

EVERGREEN METROPOLITAN DISTRICT
COMPARISON OF WASTEWATER REVENUE AND EXPENDITURES WITH BUDGET
FOR THE YEAR ENDED DECEMBER 31, 2018

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
EXPENDITURES			
<u>OPERATIONS AND MAINTENANCE</u>			
LIFT STATIONS			
Supplies and Maintenance	\$ 9,000	\$ 9,168	\$ (168)
Utilities	15,000	14,392	608
NEW SERVICES, ENVIRONMENTAL AND PRETREATMENT			
Supplies and Maintenance	1,350	1,256	94
Truck Expense	1,200	1,376	(176)
Lab Supplies and Maintenance	200	-	200
Lab Outside Services	250	-	250
New Services Supplies	120	418	(298)
Safety	250	18	232
Equipment Maintenance	250	-	250
Bear Creek Watershed Dues	19,765	18,586	1,179
CDH Discharge Permit	5,000	4,232	768
Employee Expense	64,500	60,071	4,429
COLLECTION AND DISTRIBUTION			
Supplies and Maintenance	8,000	8,258	(258)
Telephone and Utilities	4,000	3,336	664
Truck Expense	5,000	2,836	2,164
Equipment Maintenance Expense	14,000	25,479	(11,479)
Collection Expense	16,000	10,991	5,009
Safety	1,250	1,015	235
Employee Expense	205,500	187,330	18,170
WASTEWATER TREATMENT PLANT			
Chemicals	35,000	30,212	4,788
Supplies and Maintenance	57,300	48,154	9,146
Power	90,000	93,101	(3,101)
Truck Expense	17,000	19,389	(2,389)
Lab Supplies and Maintenance	11,000	11,857	(857)
Lab Outside Services	2,000	1,229	771
Employee Expense	678,000	709,055	(31,055)
SLUDGE PROCESSING			
Biosolids Permit Fee	600	328	272
Supplies and Maintenance	300	-	300
Landfill Expense/Sludge Disposal	120,000	111,306	8,694
Truck Expense	2,000	551	1,449
SAFETY	2,000	1,667	333
TOTAL	1,385,835	1,375,611	10,224
TOTAL OPERATIONS AND MAINTENANCE EXPENDITURES	\$ 1,385,835	\$ 1,375,611	\$ 10,224

EVERGREEN METROPOLITAN DISTRICT
COMPARISON OF WASTEWATER REVENUE AND EXPENDITURES WITH BUDGET
FOR THE YEAR ENDED DECEMBER 31, 2018

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
WASTEWATER EXPENDITURES - ADMINISTRATION			
Auditing	\$ 3,450	\$ 6,480	\$ (3,030)
Insurance	44,300	36,840	7,460
Legal	20,000	19,374	626
Office Supplies	3,000	308	2,692
Postage	6,600	3,103	3,497
Operating Supplies	7,100	4,058	3,042
Outside Services	16,800	15,700	1,100
Repairs and Maintenance	9,760	9,783	(23)
Telephone	3,000	2,942	58
Power	2,500	2,239	261
Dues, Subscriptions and Training	2,400	4,549	(2,149)
Directors' Fees	2,400	2,400	--
Miscellaneous	500	153	347
Directors' Payroll Taxes	184	184	--
Travel, Meetings and Conferences	3,600	3,159	441
Election Expense	3,600	3,339	261
Employee Expense	186,500	184,546	1,954
TOTAL ADMINISTRATION EXPENDITURES	<u>315,694</u>	<u>299,157</u>	<u>16,537</u>
TOTAL OPERATIONS AND MAINTENANCE, NEW SERVICES & CONSTRUCTION & ADMINISTRATION EXPENDITURES	<u>1,701,528</u>	<u>1,674,768</u>	<u>26,760</u>
<u>DEBT SERVICE</u>			
CWRPDA Project Loan Principal	98,101	304,214	(206,113)
CWRPDA Project Loan Interest	25,841	22,202	3,639
TOTAL DEBT SERVICE	<u>123,942</u>	<u>326,416</u>	<u>(202,474)</u>
<u>CAPITAL</u>			
Sewer Line Replacement	350,000	237,251	112,749
Troutdale Gravity Main	25,740	41,500	(15,760)
Administration Buildings & Improvements	2,334	2,334	-
Administration Building Boiler	5,400	-	5,400
WW Truck #28 replacement (10 years)	40,000	38,157	1,843
General, Office, Safety and Computer Equipment	14,350	13,056	1,294
SCADA Computer Replacement	4,500	-	4,500
Wastewater Plant Equipment and Lab Equipment	4,500	5,901	(1,401)
General Equipment	4,456	4,456	-
C&D Truck #25 replacement (21 years)	12,250	12,339	(89)
C&D Dump Truck (25 years old)	52,500	52,027	473
TV Inspection Camera	55,000	-	55,000
Tanoa Lift Station Pump Rebuild (2)	10,000	-	10,000
Backwash pumps replacements (4)	20,000	-	20,000
Odor Control Ion Tubes replacements	7,000	6,860	140
UV Bulbs and Sleeves replacements	5,500	5,634	(134)
Discharge Valve installation	5,000	-	5,000
Biosolids Study	1,070	1,070	-
Snow Blower	2,500	1,479	1,021
Downtown Sewer Engineering Study	15,000	-	15,000
Parking lot seal coating at West Jeff WWTP (split 50/50)	4,000	4,200	(200)
TOTAL CAPITAL EXPENDITURES	<u>641,100</u>	<u>426,264</u>	<u>214,836</u>
TOTAL EXPENDITURES	<u>\$ 2,466,570</u>	<u>\$ 2,427,448</u>	<u>\$ 39,122</u>
ENDING BALANCE, DECEMBER 31	<u>\$ 4,221,697</u>	<u>\$ 4,326,634</u>	<u>\$ 104,937</u>
<u>ENDING RESOURCES</u>			
Operating Reserves	\$	920,136	
Capital Reserves		3,406,498	
TOTAL ENDING RESOURCES	<u>\$</u>	<u>4,326,634</u>	

OTHER SUPPLEMENTAL INFORMATION

EVERGREEN METROPOLITAN DISTRICT
SCHEDULE OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>WATER</u>	<u>WASTEWATER</u>	<u>TOTAL</u>
Customer Service	\$ 216,633	\$ -	\$ 216,633
Salaries	708,565	718,619	1,427,184
Engineering	6,443	-	6,443
Water Rights Maintenance	41,571	-	41,571
Chemicals	53,859	30,212	84,071
Supplies and Maintenance	158,238	107,290	265,528
Power and Pumping	298,701	110,830	409,531
Distribution Expense	154,564	-	154,564
Collection Expense	-	10,991	10,991
Truck Expenses	20,543	24,152	44,695
Sludge Disposal	-	111,306	111,306
Bear Creek Study	-	18,586	18,586
CDH Permits	-	4,559	4,559
Outside Lab Analysis	12,540	1,229	13,769
Pension and Employee Benefits and Expenses	203,718	181,160	384,878
Payroll Taxes	55,317	56,677	111,994
	<u>1,930,692</u>	<u>1,375,611</u>	<u>3,306,303</u>
Total Operating Expenses	\$ <u>1,930,692</u>	\$ <u>1,375,611</u>	\$ <u>3,306,303</u>

EVERGREEN METROPOLITAN DISTRICT
SCHEDULE OF ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>WATER</u>	<u>WASTEWATER</u>	<u>TOTAL</u>
Auditing	\$ 7,420	\$ 6,480	\$ 13,900
Insurance	58,013	36,840	94,853
Legal	47,093	19,374	66,467
Office Supplies	701	308	1,009
Postage	5,958	3,103	9,061
Operating Supplies	10,552	4,058	14,610
Outside Services	27,168	15,700	42,868
Repairs and Maintenance	6,121	9,783	15,904
Telephone	7,010	2,942	9,952
Power	5,225	2,239	7,464
Dues, Subscriptions and Training	8,024	4,549	12,573
Directors' Fees	5,600	2,400	8,000
Miscellaneous	355	153	508
Directors' Payroll Taxes	428	184	612
Travel, Meetings and Conferences	6,730	3,159	9,889
Elections	3,201	3,339	6,540
Salaries	246,897	130,219	377,116
Pension and Employee Benefits	80,605	44,122	124,727
Payroll Taxes	19,309	10,205	29,514
	<u>546,410</u>	<u>299,157</u>	<u>845,567</u>
Total Administrative Expenses	\$ <u>546,410</u>	\$ <u>299,157</u>	\$ <u>845,567</u>