

EVERGREEN METROPOLITAN DISTRICT

JEFFERSON COUNTY, COLORADO

AUDITED FINANCIAL STATEMENTS

DECEMBER 31, 2019

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, 2019, 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, 2019, 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, 2019, 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 26, 2020

**EVERGREEN METROPOLITAN DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
DECEMBER 31, 2019**

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, 2019, 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 2019 by \$51,122,345.
- The District's total net position increased by \$949,883. This increase is attributable to net income before depreciation of \$1,474,973 and depreciation expense of \$2,119,410. The District received net other income and capital contributions of \$1,594,320.
- The District's water rate revenues decreased \$181,847 (5.30%) and wastewater rate revenues increased \$71,413 (4.37%) from 2018 to 2019.
- The District's cost of operations and administration increased \$20,999 (0.484%) from 2018 to 2019. The increase was due primarily to an increase of \$49,296 in payroll and \$27,141 in employee benefits, an increase of \$51,048 in distribution costs, an increase of \$23,799 in legal costs, an increase of \$21,380 in supplies and maintenance costs, an increase of \$14,633 in sludge disposal costs, an increase of \$11,256 in chemical costs, an increase of \$2,249 in outside services, an increase of \$433 in sundry costs, a decrease of \$155,629 in power and telephone costs, a decrease of \$11,204 in water rights maintenance costs, a decrease of \$6,541 in election costs, a decrease of \$5,533 in engineering costs, a decrease of \$1,185 in collection costs, and a decrease of \$1,044 in insurance costs.
- The District's total debts outstanding are \$1,705,116 at December 31, 2019, which consists of two loans for \$775,995 from the State of Colorado Drinking Water Revolving Fund and a loan from the Water Pollution Control Revolving Fund outstanding of \$929,121 at December 31, 2019. Payments totaling \$544,774 were made on the loans from the State of Colorado Drinking Water Revolving Fund of which \$479,862 was applied to principal. Payments totaling \$102,976 were made on the loan from the Water Pollution Control Revolving Fund of which \$83,143 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 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.

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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,	Water		Wastewater	
	2019	2018	2019	2018
Assets				
Current assets	\$ 4,370,196	\$ 3,976,937	\$ 6,587,969	\$ 5,957,241
Current restricted assets	1,740	950	1,723	502
Other assets	1,499,008	1,648,909	-	-
Capital assets, net	<u>30,313,446</u>	<u>30,528,415</u>	<u>11,107,094</u>	<u>11,454,990</u>
Total assets	<u>36,184,390</u>	<u>36,155,211</u>	<u>17,696,786</u>	<u>17,412,733</u>
Liabilities				
Current liabilities	617,763	762,687	581,389	479,037
Long-term liabilities	392,477	897,558	957,202	1,040,200
Other liabilities	<u>210,000</u>	<u>216,000</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>1,220,240</u>	<u>1,876,245</u>	<u>1,538,591</u>	<u>1,519,237</u>
Net Position				
Invested in capital assets, net of related debt	29,537,451	29,272,558	10,177,973	10,442,727
Unrestricted	<u>5,426,699</u>	<u>5,006,408</u>	<u>5,980,222</u>	<u>5,450,769</u>
Total net position	<u>34,964,150</u>	<u>34,278,966</u>	<u>16,158,195</u>	<u>15,893,496</u>
Total liabilities and net position	\$ <u>36,184,390</u>	\$ <u>36,155,211</u>	\$ <u>17,696,786</u>	\$ <u>17,412,733</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 \$34,964,150 and \$16,158,195 for water and wastewater respectively.

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

REVIEW OF REVENUE, EXPENSES AND CHANGES IN NET POSITION

	Water		Wastewater	
	2019	2018	2019	2018
Revenue				
Operating revenue	\$ 3,406,054	\$ 3,584,495	\$ 2,240,888	\$ 2,155,336
Non-operating revenue	241,612	119,154	123,605	76,102
Total revenue	<u>3,647,666</u>	<u>3,703,649</u>	<u>2,364,493</u>	<u>2,231,438</u>
Expenses				
Operating expenses	1,873,573	1,930,692	1,430,364	1,375,611
Administrative and general	566,458	546,410	301,574	299,157
Depreciation	1,515,180	1,531,524	604,230	546,941
Non-operating expenses	43,076	56,556	-	-
Total expenses	<u>3,998,287</u>	<u>4,065,182</u>	<u>2,336,168</u>	<u>2,221,709</u>
Income (Loss) Before Contributions	<u>(350,621)</u>	<u>(361,533)</u>	<u>28,325</u>	<u>9,729</u>
Capital Contributions	<u>1,035,805</u>	<u>613,658</u>	<u>236,374</u>	<u>575,562</u>
Contributions-other districts	<u>-</u>	<u>4,200</u>	<u>-</u>	<u>2,238,840</u>
Change in Net Position	685,184	256,325	264,699	2,824,131
Net Position – Beginning of Year	<u>34,278,966</u>	<u>34,022,641</u>	<u>15,893,496</u>	<u>13,069,365</u>
Net Position – End of Year	<u>\$ 34,964,150</u>	<u>\$ 34,278,966</u>	<u>\$ 16,158,195</u>	<u>\$ 15,893,496</u>

**EVERGREEN METROPOLITAN DISTRICT
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The District's total water operating revenue decreased by 4.98% from 2018 to 2019 due to a decrease in sales and services to customers and to other districts. The District's water revenue decreased \$181,847 from 2018 to 2019 compared to the increase of \$170,984 from 2017 to 2018 primarily due to the drought billing in 2018. The rate increases to customers and other districts included an increase in the base rate to \$29.50 for 2019 from \$28.50 for 2018. The usage rates in effect for 2019 remained the same as 2018 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 2019 increased by 3.97% from 2019, primarily due to an increase in sales and services to customers and to other districts. The wastewater base rate increase for 2019 was \$1.00 per equivalent tap per month to a flat rate of \$48.00 for 2019 from a flat rate of \$47.00 for 2018.

The Developer activity during 2019 in the community included the completion of one water main improvement project. Investment income included in non-operating income increased in 2019 by 46.51% 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 and wastewater operations increased \$22,465 (2.66%). The increases in 2019 in general and administrative costs were primarily due to an increase of \$23,799 in legal costs, an increase of \$11,684 in payroll and employee benefits, an increase of \$5,721 in outside services costs, a decrease of \$11,154 in supplies, maintenance and utilities costs, a decrease of \$6,541 in election costs, and a decrease of \$1,044 in insurance costs.

Costs of the water operations decreased \$57,119 (2.96%) in 2019. The decrease was primarily due to a decrease of \$159,528 in power costs primarily due to the Xcel billing correction of \$149,333 accrued at December 31, 2018 and \$58,813 waived by Xcel in 2019, an increase of \$51,048 in distribution costs, an increase of \$33,972 in payroll and employee benefits, an increase of \$31,441 in supplies and maintenance costs, an increase of \$5,408 in chemical costs, a decrease of \$11,204 in water rights maintenance costs, a decrease of \$5,533 in engineering costs, and a decrease of \$2,723 in outside lab analysis costs. Costs of the wastewater operations increased \$54,753 (3.98%) in 2019. The increase was primarily due to an increase of \$30,781 in payroll and employee benefits, an increase of \$14,633 in sludge disposal, an increase of \$5,848 in chemicals, an increase of \$3,456 in power and telephone costs, and an increase of \$35 in other 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, 2019, totals \$41,420,540 (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		
	2019	2018	Percentage Change	2019	2018	Percentage Change
Source of Supply	\$ 2,208,497	\$ 2,208,497	0 %	\$ --	\$ --	--
Land and Right of way	262,110	262,110	0 %	41,088	41,088	0%
Construction in progress	357,693	59,897	497.18%	9,037	176,828	-94.89%
Operating System	19,212,624	19,646,605	-2.21%	10,416,287	10,598,729	-1.72%
Buildings and Improvements	1,231,272	1,246,281	-1.20%	293,911	312,035	-5.81%
Equipment and vehicles	510,840	420,797	21.40%	346,771	326,310	6.27%
Facilities Owned By Other Districts	6,530,410	6,684,228	-2.30%			
Total capital assets, net	\$ 30,313,446	\$ 30,528,415		\$ 11,107,094	\$ 11,454,990	

The major water capital assets acquired and projects completed during the year included water main replacements and upgrades of \$254,700, the purchase of water plant equipment for a total cost of \$76,060, the water treatment plant purchase of seven (7) wastewater taps at \$80,500, contributions to the bridge to the lake house of \$20,166 during 2019 for a total cost of \$52,620, office and computer equipment at \$14,740, and buildings and improvements at \$5,163. The major water capital projects in progress at the end of the year included the dam outlet works project at \$137,470, the Hidden Valley project legal and engineering costs at \$109,620, the Buchanan Ponds water rights project legal and engineering costs at \$79,250, and the water plant pump station project engineering costs at \$31,353.

The major wastewater capital assets acquired and projects completed during the year included the completion of the El Pinal force main phase 1 project at costs of \$77,478 during 2019 for a total cost of \$254,307, manhole rehabilitation and sewer point repairs at \$32,700, Toyota truck at \$27,023, office and computer equipment at \$8,867, and building improvements at \$2,213.

The major Collection and Distribution capital assets purchased in 2019 were the Caterpillar front end loader at \$190,854 and locator at \$6,125. The major New Services/Administration capital asset purchased in 2019 was a Chevy truck at \$35,062. Additional information on the District’s capital assets can be found in Note 4 of this report.

Long Term Debt

The principal balance of the 2000 and 2002 Colorado Water Resources and Power Authority (CWR&PDA) loans as of December 31, 2019 is \$775,995. The principal balance of the 2009 Water

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Pollution Control Revolving Fund loan as of December 31, 2019 is \$929,121. 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 2020 are a base rate remaining the same as 2019 at \$29.50 per tap per month and usage rates for 2020 increasing to \$3.10 per thousand for (1-14 thousand gallons per month) from \$2.90 per thousand for 2019 and usage rates for 2020 increasing to \$5.20 per thousand for (15 thousand or more per month) from \$5.00 for 2019, and drought penalty rate for 2020 remaining the same as 2019 at \$15.00 per thousand gallons per month over 14 thousand gallons per month.
- The new wastewater rate in effect for 2020 is a flat rate increasing to \$49.00 per tap per month from a flat rate of \$48.00 for 2019.
- The following District charges and fees associated with various aspects of District administration and operations will remain the same as 2019. The fees and charges effective for 2020 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 \$33.58 per hour for District personnel time. For 2020, Replacement of Damaged Water Meter Fee after the one time replacement at no charge will be \$47.37 for District personnel time and the cost of the meter and supplies.
- 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 12 water taps for EMD at \$18,000 each for \$216,000, 3 water taps for West Jefferson County Metro District at \$18,000 each for \$54,000, 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 2020 water system development fees of \$384,000.
- The District has budgeted for the Hidden Valley Water District capital participation master meter tap purchase for 40 equivalent residential units/taps at \$9,000 per unit/tap for a total of \$360,000.
- The District has budgeted for 16 wastewater taps at \$18,000 each at \$288,000, 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 2020 for wastewater system development fees of \$386,500.
- The District's major capital Water projects and purchases for 2020 are the water plant pump station project engineering budgeted for \$180,000, the water plant pump station project budgeted for \$1,150,000, the dam downstream discharge pipe rehabilitation and valve replacement budgeted for \$503,520, the downtown water main replacement budgeted for \$125,000, water main replacements budgeted for \$100,000, Buchanan Ponds water rights legal and engineering costs budgeted for \$95,000, Hidden Valley project legal and engineering budgeted for \$70,000, water plant, distribution, lab and general equipment

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budgeted for \$121,650, engineering for new chlorination system budgeted for \$50,000, and the water treatment plant purchase of seven (7) wastewater taps budgeted at \$80,500.

- The major capital Wastewater projects and purchases budgeted for 2020 are the El Pinal force main replacement phase 2 budgeted for \$180,000, and sewer main replacements budgeted for \$150,000, Greystone lift station upgrade budgeted for \$100,000, and TV inspection camera budgeted for \$42,780.

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, 2019

ASSETS

	PROPRIETARY FUND		TOTAL MEMORANDUM ONLY
	ENTERPRISE FUND		
	WATER	WASTEWATER	
CURRENT ASSETS			
Cash and Cash Equivalents	\$ 3,000,844	\$ 6,364,984	\$ 9,365,828
Account Receivable	495,794	177,730	673,524
Investments	756,848	-	756,848
Accrued Interest Receivable	1,399	-	1,399
Inventory	86,256	18,855	105,111
Prepaid Expenses	29,055	26,400	55,455
Restricted Cash - Developers' Funds	1,740	1,723	3,463
Total Current Assets	<u>4,371,936</u>	<u>6,589,692</u>	<u>10,961,628</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	17,939,411	12,605,803	30,545,214
Treatment Plants	15,373,186	8,946,228	24,319,414
Buildings and Improvements	2,105,800	644,909	2,750,709
General Equipment	1,344,761	949,362	2,294,123
Transportation Equipment	435,652	582,157	1,017,809
Maps and GIS/GPS	178,531	70,979	249,510
Facilities Improvements and Expansion Construction in Progress	357,693	9,037	366,730
Facilities Owned by Other Districts Subject to Reversionary Interest	16,541,297	-	16,541,297
Total	<u>56,746,938</u>	<u>23,849,563</u>	<u>80,596,501</u>
Less Accumulated Depreciation	(26,433,492)	(12,742,469)	(39,175,961)
Net Property, Plant and Equipment	<u>30,313,446</u>	<u>11,107,094</u>	<u>41,420,540</u>
OTHER ASSETS			
Other Intangible, Net of Accumulated Amortization	1,499,008	-	1,499,008
	<u>1,499,008</u>	<u>-</u>	<u>1,499,008</u>
TOTAL ASSETS	<u>\$ 36,184,390</u>	<u>\$ 17,696,786</u>	<u>\$ 53,881,176</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL
PART OF THESE FINANCIAL STATEMENTS

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LIABILITIES AND NET POSITION

	PROPRIETARY FUND		TOTAL MEMORANDUM ONLY
	ENTERPRISE FUND		
	WATER	WASTEWATER	
CURRENT LIABILITIES			
Accounts Payable and Accrued Expenses	\$ 84,442	\$ 491,756	\$ 576,198
Accrued Interest Payable	11,971	3,097	15,068
Developers' Funds	1,740	1,721	3,461
Water Project Loan Payable - Current Portion	512,560	-	512,560
Wastewater Loan Payable - Current Portion	-	84,815	84,815
Open Space Agreement - Current Portion	6,000	-	6,000
Unearned Revenue	1,050	-	1,050
Total Current Liabilities	<u>617,763</u>	<u>581,389</u>	<u>1,199,152</u>
LONG TERM LIABILITIES			
Project Loan Payable - Drinking Water Revolving Fund	263,435	-	263,435
Wastewater Loan Payable - Water Pollution Revolving Fund	-	844,306	844,306
Accrued Employee Benefits Payable	129,042	112,896	241,938
Total Long Term Liabilities	<u>392,477</u>	<u>957,202</u>	<u>1,349,679</u>
OTHER LIABILITIES			
Unearned Revenue - Open Space Agreement	<u>210,000</u>	<u>-</u>	<u>210,000</u>
TOTAL LIABILITIES	<u>1,220,240</u>	<u>1,538,591</u>	<u>2,758,831</u>
NET POSITION			
Net investment in capital assets	29,537,451	10,177,973	39,715,424
Unrestricted	<u>5,426,699</u>	<u>5,980,222</u>	<u>11,406,921</u>
Total Net Position	<u>34,964,150</u>	<u>16,158,195</u>	<u>51,122,345</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 36,184,390</u>	<u>\$ 17,696,786</u>	<u>\$ 53,881,176</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, 2019

	PROPRIETARY FUND		TOTAL MEMORANDUM ONLY
	ENTERPRISE FUND		
	WATER	WASTEWATER	
OPERATING INCOME			
Water Sales	\$ 1,109,454	\$ -	\$ 1,109,454
Water Service Charges	24,386	-	24,386
Water Sales to Other Districts	2,115,070	-	2,115,070
Sewage Treatment Income	-	1,528,995	1,528,995
Sewage Treatment Income to Other Districts	-	49,512	49,512
Sewage Treatment Income to Water Department	-	126,720	126,720
Sales and Services (Customers and Other Districts)	130,582	533,281	663,863
Tap Connection, Inspection and Inactive Fees	26,562	2,380	28,942
Total Operating Income	<u>3,406,054</u>	<u>2,240,888</u>	<u>5,646,942</u>
OPERATING EXPENSES			
Operating Expenses	1,873,573	1,430,364	3,303,937
Administrative Expenses	566,458	301,574	868,032
Total Operating Expenses	<u>2,440,031</u>	<u>1,731,938</u>	<u>4,171,969</u>
NET INCOME FROM OPERATIONS BEFORE DEPRECIATION			
	966,023	508,950	1,474,973
Depreciation expense	<u>(1,515,180)</u>	<u>(604,230)</u>	<u>(2,119,410)</u>
NET INCOME (LOSS) FROM OPERATIONS AFTER DEPRECIATION			
	<u>(549,157)</u>	<u>(95,280)</u>	<u>(644,437)</u>
NON-OPERATING INCOME (EXPENSE)			
Interest Income	92,604	101,188	193,792
Miscellaneous	65,094	17,905	82,999
FEMA Grant - Flood Mitigation-Closeout Adjustment	9,346	-	9,346
Safety and Loss Prevention Grant	3,159	762	3,921
CWCB Dam Feasibility Study Grant	46,719	-	46,719
Gain on Disposal of Assets	24,690	3,750	28,440
Bond Administration Fee	(43,076)	-	(43,076)
Total Net Other Income (Expense)	<u>198,536</u>	<u>123,605</u>	<u>322,141</u>
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS			
	<u>(350,621)</u>	<u>28,325</u>	<u>(322,296)</u>
CAPITAL CONTRIBUTIONS			
System Development Fees	650,500	233,500	884,000
Contributions of Facilities by Developers	215,650	-	215,650
Capital Contributions from Other Districts	-	2,874	2,874
Contractual Payments	169,655	-	169,655
Total Capital Contributions	<u>1,035,805</u>	<u>236,374</u>	<u>1,272,179</u>
CHANGE IN NET POSITION			
	685,184	264,699	949,883
NET POSITION - BEGINNING			
	<u>34,278,966</u>	<u>15,893,496</u>	<u>50,172,462</u>
NET POSITION - ENDING			
	<u>\$ 34,964,150</u>	<u>\$ 16,158,195</u>	<u>\$ 51,122,345</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, 2019

	PROPRIETARY FUND		TOTAL MEMORANDUM ONLY
	ENTERPRISE FUND		
	WATER	WASTEWATER	
CASH FLOW FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 3,196,454	\$ 1,583,780	\$ 4,780,234
Cash received for services to other Districts	116,547	555,578	672,125
Cash amounts paid from the water fund	-	126,720	126,720
Miscellaneous cash received	65,094	17,905	82,999
Cash payments made for salaries and benefit expense	(1,512,066)	(1,164,697)	(2,676,763)
Cash payments to suppliers	(1,087,010)	(470,459)	(1,557,469)
Net cash provided by operating activities	<u>779,019</u>	<u>648,827</u>	<u>1,427,846</u>
CASH FLOW FROM CAPITAL FINANCING ACTIVITIES			
Purchases of property, plant and equipment	(909,468)	(233,029)	(1,142,497)
Capital contributions from other districts	-	2,874	2,874
Contractual payments received	169,655	-	169,655
Interest and administrative loan fee paid	(64,912)	(19,832)	(84,744)
Payment to DWRP	(479,862)	-	(479,862)
Payment to CWRPDA	-	(83,144)	(83,144)
Funds received for system development fees	650,500	233,500	884,000
FEMA and State Grants received	265,330	-	265,330
CWCB Dam Feasibility Study Grant	46,719	-	46,719
Safety and Loss Prevention Grant	3,159	762	3,921
Net cash (required) by capital financing activities	<u>(318,879)</u>	<u>(98,869)</u>	<u>(417,748)</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Purchases of investments	(400,449)	-	(400,449)
Redemption of investment securities	341,741	150,000	491,741
Interest received on investments	91,723	101,454	193,177
Net cash provided by investing activities	<u>33,015</u>	<u>251,454</u>	<u>284,469</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	493,155	801,412	1,294,567
Cash, cash equivalents and restricted cash, beginning of year	<u>2,509,429</u>	<u>5,565,295</u>	<u>8,074,724</u>
Cash, cash equivalents and restricted cash, end of year	<u>\$ 3,002,584</u>	<u>\$ 6,366,707</u>	<u>\$ 9,369,291</u>
NON-CASH CAPITAL FINANCING ACTIVITIES			
Contributed capital assets	<u>\$ 215,650</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, 2019

	PROPRIETARY FUND		TOTAL MEMORANDUM ONLY
	ENTERPRISE FUND		
	WATER	WASTEWATER	
CASH FLOW FROM OPERATING ACTIVITIES			
Net (loss) income from operations after depreciation	\$ (549,157)	\$ (95,280)	\$ (644,437)
Adjustments to reconcile net operating (loss) income to net cash provided by operating activities			
Depreciation	1,515,180	604,230	2,119,410
Tower leases revenue	61,471	-	61,471
Miscellaneous	3,623	17,905	21,528
Changes in operating assets and liabilities:			
(Increase) decrease in account receivable	(93,843)	23,969	(69,874)
(Increase) decrease in inventory	(791)	(3,162)	(3,953)
(Increase) decrease in prepaid expenses	(2,656)	(1,610)	(4,266)
Increase (decrease) in accounts payable and accrued expenses	(163,076)	99,737	(63,339)
Increase (decrease) in accrued employee benefits payable	7,478	1,817	9,295
Increase (decrease) in developer funds	790	1,221	2,011
Net cash provided by operating activities	<u>\$ 779,019</u>	<u>\$ 648,827</u>	<u>\$ 1,427,846</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL
PART OF THESE FINANCIAL STATEMENTS

EVERGREEN METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

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, 2019

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, 2019

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, 2019

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 recorded these contributed lines as revenue for the year ended December 31, 2019.

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, 2019.
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, 2019

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, 2019, the accumulated amortization is \$576,317 and the net book value is \$205,827.

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, 2019, the accumulated amortization is \$387,954 the net book value is \$1,293,181.

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, 2019

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

Cash deposits, Restricted cash and Investments held by the District at December 31, 2019 are presented below:

	Book Balance	Bank Balance
<i><u>Cash Deposits and Restricted Cash:</u></i>		
Insured deposits		
Bank deposits – unrestricted	\$ 505,287	\$ 505,610
Certificates of Deposit	500,000	500,000
Collateralized deposits		
Bank deposits – unrestricted	699,928	760,908
Certificates of Deposit	256,848	256,848
	1,962,063	2,023,366
Insured deposits		
Bank deposits – restricted	3,463	1,002
Collateralized deposits		
Bank deposits - restricted	-0-	-0-
		\$ 2,024,368
Uncategorized:		
Cash on hand	300	
Total cash deposits and restricted cash	\$ 1,965,826	
<i><u>Investments</u></i>		
Local Government Investment pools	\$ 8,160,313	
Total investments	8,160,313	
Total cash and investments	\$ 10,126,139	

Cash deposits and investments are reflected on the December 31, 2019 Statement of Net Position as follows:

Cash and cash equivalents	\$ 9,365,828
Investments	756,848
Restricted cash – developer funds	3,463
Total	\$ 10,126,139

EVERGREEN METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

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, 2019, investments consist of U.S. Government Agency Securities and certificates of deposit with original maturities in excess of 90 days.

At December 31, 2019, the District had invested \$4,532,647 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, 2019, the District has invested \$949,446 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 AA Af/S1 by Fitch Ratings. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period. At December 31, 2019, the District has invested \$3,583,201 in CORE.

As of December 31, 2019, the District had invested \$3,627,666 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, 2019

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, 2019, the carrying amount of the District's deposits was \$1,965,826. 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, 2019. 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.

EVERGREEN METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

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 (50.83%), Colorado Local Government Liquid Asset Trust (40.68%), and certificates of deposit (8.49%).

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, 2019

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

The schedules of changes in property, plant and equipment for 2019 are set forth below:

<u>WATER FUND:</u>	Balance at January 1, 2019	Transfers/ Increases	Transfers/ Decreases	Balance at December 31, 2019
Capital assets not being depreciated:				
Source of Supply	\$ 2,208,497	\$	\$	\$ 2,208,497
Land and Right of Way	262,110			262,110
Construction in progress	59,897	350,416	(52,620)	357,693
Total capital assets not being depreciated	<u>2,530,504</u>	<u>350,416</u>	<u>(52,620)</u>	<u>2,828,300</u>
Capital assets being depreciated:				
Infrastructure	17,684,711	254,700		17,939,411
Water Treatment plant	15,230,413	142,773		15,373,186
Buildings and Improvements	2,048,016	5,164	52,620	2,105,800
General Equipment	1,210,226	163,064	(28,529)	1,344,761
Transportation Equipment	428,686	24,543	(17,577)	435,652
Maps	148,360			148,360
GIS Project	30,171			30,171
Facilities Owned by Other Districts	16,325,647	215,650		16,541,297
Total capital assets being depreciated	<u>53,106,230</u>	<u>805,894</u>	<u>6,514</u>	<u>53,918,638</u>
Less accumulated depreciation for:				
Infrastructure	(8,054,776)	(438,631)		(8,493,407)
Water Treatment plant	(5,213,742)	(392,824)		(5,606,566)
Buildings and Improvements	(801,735)	(72,793)		(874,528)
General Equipment	(889,181)	(70,153)	28,529	(930,805)
Transportation Equipment	(328,957)	(27,387)	17,577	(338,767)
Maps	(148,337)	(23)		(148,360)
GIS Project	(30,172)			(30,172)
Facilities Owned by Other Districts	(9,641,419)	(369,468)		(10,010,887)
Total accumulated depreciation	<u>(25,108,319)</u>	<u>(1,371,279)</u>	<u>46,106</u>	<u>(26,433,492)</u>
Total capital assets being depreciated, net	<u>27,997,911</u>	<u>(565,385)</u>	<u>52,620</u>	<u>27,485,146</u>
Capital assets, net	<u>\$ 30,528,415</u>	<u>\$ (214,969)</u>	<u>\$</u>	<u>\$ 30,313,446</u>

Additions during the year consist of infrastructure additions of \$254,700, the water treatment plant additions of \$55,773 and purchase of seven wastewater taps at \$80,500, construction equipment of \$128,037, transportation equipment of \$24,543, buildings and improvements of \$57,784, District construction in progress of \$350,416, facilities donated by developer of \$215,650 and sundry assets of \$35,027. Net interest costs of \$6,500 were capitalized for the water plant during 2019.

EVERGREEN METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

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

WASTEWATER FUND:	Balance at January 1, 2019	Transfers/ Increases	Transfers/ Decreases	Balance at December 31, 2019
Capital assets not being depreciated:				
Land and Right of Way	\$ 41,088	\$	\$	\$ 41,088
Construction in progress	176,828	86,515	(254,306)	9,037
Total capital assets not being depreciated	<u>217,916</u>	<u>86,515</u>	<u>(254,306)</u>	<u>50,125</u>
Capital assets being depreciated:				
Infrastructure	12,318,797	32,700	254,306	12,605,803
Wastewater Treatment plant	8,926,673	19,555		8,946,228
Buildings and Improvements	642,697	2,212		644,909
General Equipment	871,552	77,810		949,362
Transportation Equipment	588,373	37,542	(43,758)	582,157
Maps	29,211			29,211
GIS Project	41,768			41,768
Total capital assets being depreciated	<u>23,419,071</u>	<u>169,819</u>	<u>210,548</u>	<u>23,799,438</u>
Less accumulated depreciation for:				
Infrastructure	(6,951,566)	(248,691)		(7,200,257)
Wastewater Treatment plant	(3,695,173)	(240,314)		(3,935,487)
Buildings and Improvements	(330,661)	(20,336)		(350,997)
General Equipment	(678,814)	(37,765)		(716,579)
Transportation Equipment	(454,822)	(57,108)	43,758	(468,172)
Maps	(29,194)	(16)		(29,210)
GIS Project	(41,767)			(41,767)
Total accumulated depreciation	<u>(12,181,997)</u>	<u>(604,230)</u>	<u>43,758</u>	<u>(12,742,469)</u>
Total capital assets being depreciated, net	<u>11,237,074</u>	<u>(434,411)</u>	<u>254,306</u>	<u>11,056,969</u>
Capital assets, net	<u>\$ 11,454,990</u>	<u>\$ 347,896</u>	<u>\$</u>	<u>\$ 11,107,094</u>

Additions during the year consist of infrastructure additions of \$287,006, construction equipment of \$68,942, transportation equipment of \$37,542, District construction in progress of \$86,515, and sundry assets of \$11,080. Net interest costs of \$19,555 were capitalized during 2019.

EVERGREEN METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 5 – LONG-TERM DEBT

The District's long-term debt as of December 31, 2019 and its 2019 debt transactions are as follows:

	<u>Balance at</u> <u>January 1, 2019</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance at</u> <u>December 31,</u> <u>2019</u>	<u>Current</u> <u>Portion</u>
<u>Project Loan Payable Drinking</u> <u>Water Revolving Fund</u>	\$ 1,255,856	\$ --	\$ (479,861)	\$ 775,995	\$ 512,560
	<u>1,255,856</u>	<u>--</u>	<u>(479,861)</u>	<u>775,995</u>	<u>512,560</u>
Current portion	<u>(479,862)</u>			<u>(512,560)</u>	
Long-term portion	\$ <u>775,994</u>			\$ <u>263,435</u>	
<u>Water Pollution Control</u> <u>Revolving Fund</u>	\$ 1,012,264	\$ --	\$ (83,143)	\$ 929,121	\$ 84,815
	<u>1,012,264</u>	<u>--</u>	<u>(83,143)</u>	<u>929,121</u>	<u>84,815</u>
Current Portion	<u>(83,143)</u>			<u>(84,815)</u>	
Long-term portion	\$ <u>929,121</u>			\$ <u>844,306</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, 2019

NOTE 5 – LONG-TERM DEBT – (continued)

The following tables summarize debt service requirement for debt outstanding as of December 31, 2019.

Project Loan Payable – Drinking Water Revolving Fund

<u>Year</u>	<u>Principal</u>	<u>Fees</u>	<u>Interest</u>	<u>Total Annual Requirements</u>
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	\$ 775,994	\$ 49,456	\$ (10,890)	\$ 814,560

Water Pollution Control Revolving Fund

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Annual Requirements</u>
2020	84,815	18,160	102,975
2021	86,519	16,456	102,975
2022	88,259	14,716	102,975
2023	90,032	12,943	102,975
2024	91,842	11,133	102,975
2025-2029	487,654	27,222	514,876
TOTAL	\$ 929,121	\$ 100,630	\$ 1,029,751

EVERGREEN METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

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 2019 was \$2,061,526. The District's contributions were calculated using the base salary amount of \$1,788,613. The District made the required contribution of \$143,089. 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, 2019, the date of the last issued report by the plan is \$2,361,345

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, 2019

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, 2019, 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, 2019

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, 2019

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.

On July 17, 2019, DHSEM submitted the official notice that Project #505 for the Evergreen Metropolitan District was closed out by FEMA. The final eligible obligated amount was \$1,639,082 and reflects a reduction of \$42,030 from the State recommendation for adjustments. The District received the final project closeout payment of \$265,330 on August 15, 2019.

NOTE 13 – EVALUATION OF SUBSEQUENT EVENTS

The District has evaluated subsequent events through July 26, 2020 the date which the financial statements were available to be issued.

NOTE 14 – TAX, SPENDING AND DEBT LIMITATIONS

Colorado voters passed an amendment to the State Constitution, Article X, Section 20 ("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, 2019

NOTE 14 – 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, 2019

WATER REVENUE

Total actual water revenue per budget	\$ 7,803,812
Budgeted revenue not included in net income (GAAP Basis)	(3,360,681)
Subtotal	4,443,131

WATER EXPENDITURES

Total actual water expenditures per budget	3,902,790
Budgeted expenditures not included in net income (GAAP Basis)	
Capital expenditures	(917,985)
Payments on loan to the Drinking Water Revolving Fund	(479,862)
Income and expense items shown on Statement of Revenue and Income and expenses not included in budget	
Depreciation	1,515,180
Contributions of Facilities by Developers	(215,650)
Gain on Disposal of Assets	(24,690)
Construction interest capitalized	(6,500)
Change in accrued interest payable	(15,336)
Subtotal	3,757,947
Change in net position (GAAP BASIS)	\$ 685,184

EVERGREEN METROPOLITAN DISTRICT
COMPARISON OF WATER REVENUE AND EXPENDITURES WITH BUDGET
FOR THE YEAR ENDED DECEMBER 31, 2019

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUE			
<u>OPERATING REVENUE</u>			
Water Sales	\$ 3,392,500	\$ 3,224,524	\$ (167,976)
Inactive Fees - Tap Purchase Agreements	3,900	3,770	(130)
Late Fees and Collection Charges	23,500	24,386	886
Services to Developers/Public	1,500	14,035	12,535
Services to Districts	117,065	116,547	(518)
Connections and Inspections	24,970	22,792	(2,178)
Interest	28,000	40,000	12,000
Tower Leases Revenue	59,789	61,471	1,682
Miscellaneous	2,500	3,623	1,123
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>3,103,724</u>	<u>2,961,148</u>	<u>(142,576)</u>
<u>CAPITAL REVENUE</u>			
System Development Fees	468,000	650,500	182,500
Proceeds from the Sale of Assets	2,000	-	(2,000)
Interest	20,000	52,604	32,604
Safety and Loss Prevention Grant	1,000	3,159	2,159
FEMA and State Grants	-	9,346	9,346
CWCB Feasibility Study Grant	-	46,719	46,719
Contractual Payments from EPRD	17,500	39,625	22,125
Contractual Payments from Hidden Valley	25,000	130,030	105,030
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>1,083,500</u>	<u>1,481,983</u>	<u>398,483</u>
<u>BEGINNING RESOURCES AVAILABLE</u>			
Operating	798,758	867,006	68,248
Capital	1,754,278	1,804,634	50,356
Repair and Replacement	689,041	689,041	-
TOTAL BEGINNING RESOURCES	<u>3,242,077</u>	<u>3,360,681</u>	<u>118,604</u>
TOTAL RESOURCES AVAILABLE	<u>\$ 7,429,301</u>	<u>\$ 7,803,812</u>	<u>\$ 374,511</u>

EVERGREEN METROPOLITAN DISTRICT
COMPARISON OF WATER REVENUE AND EXPENDITURES WITH BUDGET
FOR THE YEAR ENDED DECEMBER 31, 2019

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
EXPENDITURES			
<u>OPERATIONS AND MAINTENANCE</u>			
SOURCE OF SUPPLY			
Supplies and Maintenance	\$ 20,000	\$ 13,655	\$ 6,345
Engineering	7,000	677	6,323
Water Rights Maintenance	30,000	30,367	(367)
WATER TREATMENT PLANT			
Chemicals	65,000	59,266	5,734
Supplies and Maintenance	76,000	53,371	22,629
Power	171,900	39,325	132,575
Truck Expense	16,000	12,394	3,606
Lab Supplies and Maintenance	18,000	13,993	4,007
Lab Outside Services	16,500	9,500	7,000
Wastewater Treatment Services	126,800	126,720	80
Employee Expense	505,250	478,728	26,522
PUMP STATIONS/PRESSURE CONTROL			
Supplies and Maintenance	23,500	17,514	5,986
Engineering	2,000	232	1,768
Utilities	104,790	93,016	11,774
Safety	3,500	2,870	630
NEW SERVICES, ENVIRONMENTAL & PRETREATMENT			
Supplies and Maintenance	3,700	3,827	(127)
Truck Expense	3,000	2,146	854
Lab Supplies and Maintenance	300	-	300
Lab Outside Services	300	317	(17)
New Services Supplies	11,000	17,739	(6,739)
Equipment Maintenance	1,000	-	1,000
Employee Expense	147,730	148,004	(274)
COLLECTION AND DISTRIBUTION			
Supplies and Maintenance	16,500	15,910	590
Telephone and Utilities	7,800	6,833	967
Truck Expense	9,000	4,853	4,147
Equipment Maintenance Expense	12,000	12,883	(883)
Distribution Expense	50,000	78,892	(28,892)
Safety	1,750	2,504	(754)
Employee Expense	380,750	368,889	11,861
TOTAL OPERATIONS AND MAINTENANCE EXPENDITURES	\$ 1,831,070	\$ 1,614,425	\$ 216,645

EVERGREEN METROPOLITAN DISTRICT
COMPARISON OF WATER REVENUE AND EXPENDITURES WITH BUDGET
FOR THE YEAR ENDED DECEMBER 31, 2019

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>WATER EXPENDITURES - CUSTOMER SERVICE/ METER READING & BILLING</u>			
Supplies and Maintenance	\$ 5,800	\$ 13,060	\$ (7,260)
Equipment Maintenance Expense	1,500	-	1,500
Meter Change Out Inventory	7,000	42,699	(35,699)
Outsourcing / Billing	26,870	19,746	7,124
Employee Expense	200,250	183,643	16,607
TOTAL CUSTOMER SERVICE/METER READING	<u>241,420</u>	<u>259,148</u>	<u>(17,728)</u>
 <u>WATER EXPENDITURES - ADMINISTRATION</u>			
Audit	7,650	7,770	(120)
Insurance	63,000	57,099	5,901
Legal	60,000	69,069	(9,069)
Office Supplies	5,200	2,555	2,645
Postage	2,350	1,236	1,114
Operating Supplies	11,000	10,562	438
Outside Services	38,600	25,272	13,328
Repairs and Maintenance	12,300	7,189	5,111
Telephone	7,050	7,317	(267)
Power	6,200	5,184	1,016
Dues, Subscriptions and Training	10,600	7,623	2,977
Directors' Fees	8,400	7,840	560
Miscellaneous	500	-	500
Directors' Payroll Taxes	643	600	43
Travel, Meetings and Conferences	8,300	5,367	2,933
Employee Expense	365,630	351,775	13,855
TOTAL ADMINISTRATION EXPENDITURES	<u>607,423</u>	<u>566,458</u>	<u>40,965</u>
 TOTAL OPERATIONS & MAINTENANCE, CUSTOMER SERVICE & METER READING & ADMINISTRATION EXPENDITURES			
	<u>2,679,913</u>	<u>2,440,031</u>	<u>239,882</u>
 <u>DEBT SERVICE</u>			
DWRF Project Loan Principal	479,862	479,862	-
DWRF Project Loan Administrative Fees	50,048	50,048	-
DWRF Project Loan Interest	14,864	14,864	-
TOTAL DEBT SERVICE	<u>\$ 544,774</u>	<u>\$ 544,774</u>	<u>-</u>

EVERGREEN METROPOLITAN DISTRICT
COMPARISON OF WATER REVENUE AND EXPENDITURES WITH BUDGET
FOR THE YEAR ENDED DECEMBER 31, 2019

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
WATER EXPENDITURES - CAPITAL			
Main Replacements	\$ 250,000	\$ 143,745	\$ 106,255
Main Upgrade - Camel Heights	90,000	101,387	(11,387)
Main Upgrade - Highway 73	80,000	-	80,000
Camel Heights / Cubmont Customer PRV Improvement	7,500	2,589	4,911
Water Mains - Plant / Garden / Creek to include Valves	180,000	-	180,000
Ridge Tank Hatch Replacement	6,500	-	6,500
Membrane PLC Contents Upgrade Phase 1	30,000	18,822	11,178
Greenwood Pump Station Upgrade to Grundfos	25,000	6,978	18,022
Scraper Drive and Electrical	200,000	29,575	170,425
New Chlorination System Engineering	50,000	-	50,000
Dam Sluice Gate Valve / Dam Outlet Structure Improvements	250,000	130,083	119,917
General, Office and Computer Equipment	20,000	14,740	5,260
Administration Buildings Improvements	5,100	5,163	(63)
Administration Building Boiler	12,600	-	12,600
Administration Security	3,500	-	3,500
Billing / Customer Service Software	4,200	-	4,200
NSE / Administration Jeep Replacement	24,500	22,793	1,707
Water Plant Pump Station & Discharge Piping Engineering	50,000	30,403	19,597
Treatment Plant, Lab and General Equipment	27,663	27,663	-
Safety Equipment	5,000	-	5,000
Miscellaneous	22,337	-	22,337
ESRI Software & equipment	5,000	-	5,000
Pipe Locator	4,550	3,981	569
C&D Front End Loader Replacement	130,000	109,632	20,368
Fire Hydrant Replacements	11,000	-	11,000
Bridge to Lakehouse	22,000	20,166	1,834
Hidden Valley Project	30,000	90,515	(60,515)
Water Rights Purchase-Buchanan Ponds	60,000	79,250	(19,250)
Wastewater Taps	80,500	80,500	-
Annual Replacements per Asset Schedule	223,000	-	223,000
TOTAL CAPITAL EXPENDITURES	<u>1,909,950</u>	<u>917,985</u>	<u>991,965</u>
TOTAL EXPENDITURES	<u>\$ 5,134,637</u>	<u>\$ 3,902,790</u>	<u>\$ 1,231,847</u>
ENDING BALANCE, DECEMBER 31	<u>\$ 2,294,664</u>	<u>\$ 3,901,022</u>	<u>\$ 1,606,358</u>
ENDING RESOURCES			
Operating Reserves	677,795	\$ 843,349	165,554
Capital Reserves	727,828	2,168,632	1,440,804
Repair and Replacement Reserves	889,041	889,041	-
TOTAL ENDING RESOURCES	<u>\$ 2,294,664</u>	<u>\$ 3,901,022</u>	<u>\$ 1,606,358</u>

EVERGREEN METROPOLITAN DISTRICT
RECONCILIATION OF WASTEWATER BUDGET TO STATEMENT
OF REVENUE AND EXPENSES (GAAP BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2019

WASTEWATER REVENUE

Total actual wastewater revenue per budget	\$ 6,923,750
Budgeted revenue not included in net income (GAAP Basis)	
	<u>(4,326,634)</u>
Subtotal	<u>2,597,116</u>

WASTEWATER EXPENDITURES

Total actual wastewater expenditures per budget	2,059,425
Budgeted expenditures not included in net income (GAAP Basis)	
Capital expenditures	(224,513)
Debt Repayment to CWRPDA	(83,144)
Income and expense items shown on Statement of Revenue and Expenses not included in budget	
Depreciation	604,230
Gain on Disposal of Assets	(3,750)
Construction Interest Capitalized	(19,554)
Change in accrued interest payable	(277)
Subtotal	<u>2,332,417</u>
Change in net position (GAAP BASIS)	\$ <u>264,699</u>

EVERGREEN METROPOLITAN DISTRICT
 COMPARISON OF WASTEWATER REVENUE AND EXPENDITURES WITH BUDGET
 FOR THE YEAR ENDED DECEMBER 31, 2019

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUE			
OPERATING REVENUE			
Wastewater Treatment Charges	\$ 1,529,800	\$ 1,528,995	\$ (805)
Pretreatment Revenue	49,600	49,511	(89)
Late Charges and Service Charges	23,500	24,386	886
Services to Districts	545,350	499,290	(46,060)
Service to Water Department	126,720	126,720	-
Services to Developers/Public	1,000	9,606	8,606
Connections and Inspections	4,100	2,380	(1,720)
Interest	23,000	24,000	1,000
Miscellaneous	1,000	163	(837)
Transfer of Operating Reserves to Capital	(350,000)	(350,000)	-
TOTAL OPERATING REVENUE	<u>1,954,070</u>	<u>1,915,051</u>	<u>(39,019)</u>
CAPITAL REVENUE			
Interest	70,000	77,188	7,188
System Development Fees	296,500	233,500	(63,000)
Contractual Contributions	6,900	2,873	(4,027)
Proceeds from the Sale of Assets	2,000	-	(2,000)
Safety and Loss Prevention Grant	1,000	762	(238)
Insurance Refund for Vehicle	-	17,742	17,742
Transfer of Operating Reserves to Capital	350,000	350,000	-
TOTAL CAPITAL REVENUE	<u>726,400</u>	<u>682,065</u>	<u>(44,335)</u>
BEGINNING RESOURCES AVAILABLE			
Operating	934,241	920,136	(14,105)
Capital	3,465,051	3,406,498	(58,553)
TOTAL BEGINNING RESOURCES	<u>4,399,292</u>	<u>4,326,634</u>	<u>(72,658)</u>
TOTAL RESOURCES AVAILABLE	<u>\$ 7,079,762</u>	<u>\$ 6,923,750</u>	<u>\$ (156,012)</u>

EVERGREEN METROPOLITAN DISTRICT
 COMPARISON OF WASTEWATER REVENUE AND EXPENDITURES WITH BUDGET
 FOR THE YEAR ENDED DECEMBER 31, 2019

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
EXPENDITURES			
<u>OPERATIONS AND MAINTENANCE</u>			
LIFT STATIONS			
Supplies and Maintenance	\$ 15,000	\$ 28,333	\$ (13,333)
Utilities	20,500	18,246	2,254
NEW SERVICES, ENVIRONMENTAL AND PRETREATMENT			
Supplies and Maintenance	1,500	1,316	184
Truck Expense	1,200	965	235
Lab Supplies and Maintenance	400	-	400
Lab Outside Services	550	8	542
New Services Supplies	500	9	491
Safety	250	-	250
Equipment Maintenance	250	-	250
Bear Creek Watershed Dues	18,570	18,570	-
CDH Discharge Permit	4,650	4,630	20
Employee Expense	65,600	63,430	2,170
COLLECTION AND DISTRIBUTION			
Supplies and Maintenance	8,500	8,567	(67)
Telephone and Utilities	4,300	3,679	621
Truck Expense	5,000	2,572	2,428
Equipment Maintenance Expense	20,000	16,088	3,912
Collection Expense	18,000	9,806	8,194
Safety	1,250	1,348	(98)
Employee Expense	208,900	198,633	10,267
WASTEWATER TREATMENT PLANT			
Chemicals	38,500	36,060	2,440
Supplies and Maintenance	56,000	45,873	10,127
Power	96,000	92,360	3,640
Truck Expense	15,500	13,800	1,700
Lab Supplies and Maintenance	13,000	11,315	1,685
Lab Outside Services	1,500	473	1,027
Employee Expense	714,550	725,174	(10,624)
SLUDGE PROCESSING			
Biosolids Permit Fee	600	378	222
Supplies and Maintenance	300	-	300
Landfill Expense/Sludge Disposal	130,000	125,939	4,061
Truck Expense	8,000	308	7,692
SAFETY	<u>2,000</u>	<u>2,484</u>	<u>(484)</u>
TOTAL	<u>1,470,870</u>	<u>1,430,364</u>	<u>40,506</u>
TOTAL OPERATIONS AND MAINTENANCE EXPENDITURES	<u>\$ 1,470,870</u>	<u>\$ 1,430,364</u>	<u>\$ 40,506</u>

EVERGREEN METROPOLITAN DISTRICT
COMPARISON OF WASTEWATER REVENUE AND EXPENDITURES WITH BUDGET
FOR THE YEAR ENDED DECEMBER 31, 2019

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
WASTEWATER EXPENDITURES - ADMINISTRATION			
Auditing	\$ 5,300	\$ 3,330	\$ 1,970
Insurance	46,050	36,711	9,339
Legal	22,000	21,196	804
Office Supplies	3,000	1,060	1,940
Postage	1,000	530	470
Operating Supplies	7,000	4,332	2,668
Outside Services	20,770	18,456	2,314
Outsourcing/Billing	11,520	7,661	3,859
Repairs and Maintenance	6,075	4,783	1,292
Telephone	4,000	3,136	864
Power	5,000	2,222	2,778
Dues, Subscriptions and Training	5,000	4,315	685
Directors' Fees	3,600	3,360	-
Miscellaneous	500	-	500
Directors' Payroll Taxes	275	257	-
Travel, Meetings and Conferences	3,100	2,403	697
Employee Expense	199,420	187,820	11,600
TOTAL ADMINISTRATION EXPENDITURES	343,610	301,572	42,038
TOTAL OPERATIONS AND MAINTENANCE, NEW SERVICES & CONSTRUCTION & ADMINISTRATION EXPENDITURES	1,814,480	1,731,936	82,544
DEBT SERVICE			
CWRPDA Project Loan Principal	83,144	83,144	-
CWRPDA Project Loan Interest	19,832	19,832	-
TOTAL DEBT SERVICE	102,976	102,976	-
CAPITAL			
Sewer Line Replacement	75,000	32,700	42,300
Administration Building ATS for Generator	2,280	-	2,280
NSE / Administration Jeep Replacement	10,500	9,768	732
Billing / Customer Service Software	1,800	-	1,800
Administration Security	1,500	-	1,500
Miscellaneous	65,477	-	65,477
Administration Buildings & Improvements	2,213	2,213	-
Administration Building Boiler	5,400	-	5,400
WW Truck #66 replacement	23,273	23,273	-
General, Office, Safety and Computer Equipment	13,000	8,868	4,132
C&D Front End Loader Replacement	70,000	59,032	10,968
Pipe Locator	2,450	2,144	306
TV IT Pipes Software & Hardware	30,000	-	30,000
El Pinal Phase 1	112,115	77,478	34,637
El Pinal Phase 2	150,000	-	150,000
Tanoa Lift Station Pump Rebuild (2)	20,000	-	20,000
Backwash pumps replacements (4)	25,000	-	25,000
Concrete Pan in Driveway at West Jeff WWTP (split 50/50)	16,000	-	16,000
Discharge Valve installation	7,500	-	7,500
Primary Clarifier Bypass Valve	7,500	-	7,500
Headworks Slide Gate Replacement	10,000	-	10,000
Greystone and Troutdale Lift Station Engineering Analysis	9,037	9,037	-
Annual Replacements Per Asset	30,988	-	30,988
TOTAL CAPITAL EXPENDITURES	691,033	224,513	466,520
TOTAL EXPENDITURES	\$ 2,608,489	\$ 2,059,425	\$ 549,064
ENDING BALANCE, DECEMBER 31	\$ 4,471,273	\$ 4,864,325	\$ 393,052
ENDING RESOURCES			
Operating Reserves	\$ 1,000,275		
Capital Reserves	3,864,050		
TOTAL ENDING RESOURCES	\$ 4,864,325		

OTHER SUPPLEMENTAL INFORMATION

EVERGREEN METROPOLITAN DISTRICT
SCHEDULE OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>WATER</u>	<u>WASTEWATER</u>	<u>TOTAL</u>
Customer Service	\$ 259,148	\$ -	\$ 259,148
Salaries	727,551	727,745	1,455,296
Engineering	910	-	910
Water Rights Maintenance	30,367	-	30,367
Chemicals	59,267	36,060	95,327
Supplies and Maintenance	154,266	115,333	269,599
Power and Telephones	139,173	114,286	253,459
Distribution Expense	205,612	-	205,612
Collection Expense	-	9,806	9,806
Truck Expenses	19,393	17,645	37,038
Sludge Disposal	-	125,939	125,939
Bear Creek Watershed Dues	-	18,570	18,570
CDH Permits	-	5,008	5,008
Outside Lab Analysis	9,817	480	10,297
Pension and Employee Benefits and Expenses	209,235	200,214	409,449
Payroll Taxes	58,834	59,278	118,112
	<u>1,873,573</u>	<u>1,430,364</u>	<u>3,303,937</u>
Total Operating Expenses	\$ <u>1,873,573</u>	\$ <u>1,430,364</u>	\$ <u>3,303,937</u>

EVERGREEN METROPOLITAN DISTRICT
SCHEDULE OF ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>WATER</u>	<u>WASTEWATER</u>	<u>TOTAL</u>
Auditing	\$ 7,770	\$ 3,330	\$ 11,100
Insurance	57,098	36,711	93,809
Legal	69,069	21,196	90,265
Office Supplies	2,555	1,104	3,659
Postage	1,236	530	1,766
Operating Supplies	10,562	4,289	14,851
Outside Services	25,272	18,456	43,728
Outsourcing/Billing	-	7,661	7,661
Repairs and Maintenance	7,189	4,783	11,972
Telephone	7,317	3,136	10,453
Power	5,184	2,222	7,406
Dues, Subscriptions and Training	7,624	4,315	11,939
Directors' Fees	7,840	3,360	11,200
Directors' Payroll Taxes	600	257	857
Travel, Meetings and Conferences	5,367	2,403	7,770
Salaries	247,715	130,419	378,134
Pension and Employee Benefits	84,137	46,868	131,005
Payroll Taxes	19,923	10,534	30,457
	<u>566,458</u>	<u>301,574</u>	<u>868,032</u>
Total Administrative Expenses	\$ <u>566,458</u>	\$ <u>301,574</u>	\$ <u>868,032</u>