

EVERGREEN METROPOLITAN DISTRICT

JEFFERSON COUNTY, COLORADO

AUDITED FINANCIAL STATEMENTS

DECEMBER 31, 2020

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, 2020, 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, 2020, 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, 2020, 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
September 30, 2021

**EVERGREEN METROPOLITAN DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
DECEMBER 31, 2020**

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, 2020, 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 2020 by \$52,327,217.
- The District's total net position increased by \$1,204,872. This increase is attributable to net income before depreciation of \$1,581,716 and depreciation expense of \$2,149,615. The District received net other income and capital contributions of \$1,772,771.
- The District's water rate revenues increased \$357,739 (11.01%) and wastewater rate revenues increased \$40,015 (2.35%) from 2019 to 2020.
- The District's cost of operations and administration increased \$226,578 (5.43%) from 2019 to 2020. The increase was due primarily to an increase of \$71,425 in payroll and employee benefits, an increase of \$72,565 in power and telephone costs, an increase of \$45,075 in chemicals, an increase of \$34,890 in water rights maintenance costs, an increase of \$27,625 in outside services, an increase of \$12,815 in supplies and maintenance costs, an increase of \$7,640 in insurance costs, an increase of \$2,605 in sundry costs, a decrease of \$20,135 in sludge disposal costs, a decrease of \$19,500 in distribution costs, a decrease of \$4,505 in collection costs, and a decrease of \$3,920 in legal costs.
- The District's total debts outstanding are \$1,107,741 at December 31, 2020, which consists of a 2002 loan from the State of Colorado Drinking Water Revolving Fund outstanding balance of \$263,435 and a 2009 loan from the Water Pollution Control Revolving Fund outstanding balance of \$844,306 at December 31, 2020. Payments totaling \$546,430 were made on the 2000 and 2002 loans from the State of Colorado Drinking Water Revolving Fund of which \$512,560 was applied to principal. The 2000 Loan and the corresponding Governmental Agency Bond were paid in full as of August 2020 and the District has no further obligation under the loan agreement. Payments totaling \$102,975 were made on the 2009 loan from the Water Pollution Control Revolving Fund of which \$84,815 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.

**EVERGREEN METROPOLITAN DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
DECEMBER 31, 2020**

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 | |
|--|---------------|---------------|-------------------|---------------|
| | 2020 | 2019 | 2020 | 2019 |
| Assets | | | | |
| Current assets | \$ 4,993,181 | \$ 4,370,196 | \$ 6,690,234 | \$ 6,587,969 |
| Current restricted assets | 3,351 | 1,740 | 3,028 | 1,723 |
| Other assets | 1,349,107 | 1,499,008 | - | - |
| Capital assets, net | 30,266,950 | 30,313,446 | 11,065,579 | 11,107,094 |
| Total assets | 36,612,589 | 36,184,390 | 17,758,841 | 17,696,786 |
| Liabilities | | | | |
| Current liabilities | 402,595 | 617,763 | 290,080 | 581,389 |
| Long-term liabilities | 271,558 | 392,477 | 875,980 | 957,202 |
| Other liabilities | 204,000 | 210,000 | - | - |
| Total liabilities | 878,153 | 1,220,240 | 1,166,060 | 1,538,591 |
| Net Position | | | | |
| Invested in capital assets, net of related debt | 30,003,515 | 29,537,451 | 10,221,273 | 10,177,973 |
| Unrestricted | 5,730,921 | 5,426,699 | 6,371,508 | 5,980,222 |
| Total net position | 35,734,436 | 34,964,150 | 16,592,781 | 16,158,195 |
| Total liabilities and net position | \$ 36,612,589 | \$ 36,184,390 | \$ 17,758,841 | \$ 17,696,786 |

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 \$35,734,436 and \$16,592,781 for water and wastewater respectively.

**EVERGREEN METROPOLITAN DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
DECEMBER 31, 2020**

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

REVIEW OF REVENUE, EXPENSES AND CHANGES IN NET POSITION

| | Water | | Wastewater | |
|---|----------------------|----------------------|----------------------|----------------------|
| | <u>2020</u> | <u>2019</u> | <u>2020</u> | <u>2019</u> |
| Revenue | | | | |
| Operating revenue | \$ 3,753,593 | \$ 3,406,054 | \$ 2,226,670 | \$ 2,240,888 |
| Non-operating revenue | <u>163,269</u> | <u>241,612</u> | <u>51,622</u> | <u>123,605</u> |
| Total revenue | <u>3,916,862</u> | <u>3,647,666</u> | <u>2,278,292</u> | <u>2,364,493</u> |
| Expenses | | | | |
| Operating expenses | 2,025,004 | 1,873,573 | 1,497,729 | 1,430,364 |
| Administrative and general | 570,724 | 566,458 | 305,090 | 301,574 |
| Depreciation | 1,532,210 | 1,515,180 | 617,405 | 604,230 |
| Non-operating expenses | <u>24,647</u> | <u>43,076</u> | <u>-</u> | <u>-</u> |
| Total expenses | <u>4,152,585</u> | <u>3,998,287</u> | <u>2,420,224</u> | <u>2,336,168</u> |
| Income (Loss) Before Contributions | <u>(235,723)</u> | <u>(350,621)</u> | <u>(141,932)</u> | <u>28,325</u> |
| Capital Contributions | <u>1,006,009</u> | <u>1,035,805</u> | <u>576,518</u> | <u>236,374</u> |
| Change in Net Position | 770,286 | 685,184 | 434,586 | 264,699 |
| Net Position – Beginning of Year | <u>34,964,150</u> | <u>34,278,966</u> | <u>16,158,195</u> | <u>15,893,496</u> |
| Net Position – End of Year | <u>\$ 35,734,436</u> | <u>\$ 34,964,150</u> | <u>\$ 16,592,781</u> | <u>\$ 16,158,195</u> |

**EVERGREEN METROPOLITAN DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
DECEMBER 31, 2020**

The District's total water operating revenue increased by 10.20% from 2019 to 2020 due to an increase in sales and services to customers and to other districts. The District's water revenue increased \$357,739 from 2019 to 2020 compared to the decrease of \$181,847 from 2018 to 2019 primarily due to the drought billing in 2018 and 2020. The rate increases to customers and other districts included an increase in the usage rates for 2020 to \$3.10 per thousand for (1-14 thousand gallons per month) from \$2.90 for 2019, and an increase to \$5.20 per thousand for (15 thousand gallons or more usage per month) from \$5.00, and the drought penalty rate remained the same for 2020 as 2019 at \$15.00 per thousand gallons per month over 14 thousand gallons per month.

The total wastewater operating revenue for 2020 decreased by 0.6345% from 2019, primarily due to a decrease in services to other districts due to the pandemic. The wastewater base rate increase for 2020 was \$1.00 per equivalent tap per month to a flat rate of \$49.00 for 2020 from a flat rate of \$48.00 for 2019.

The Developer activity during 2020 in the community included the completion of two water main improvement projects and one sewer main improvement project. Investment income included in non-operating income decreased in 2020 by 55.16% due primarily to the decrease in yield for Local Government Investment Pools and investments as a result of market conditions.

The District's 2020 general and administrative costs of the water and wastewater operations increased \$7,780 (.90%). The increases in 2020 in general and administrative costs were primarily due to an increase of \$16,525 in outside services costs, an increase of \$10,435 in maintenance, supplies and utilities costs, an increase of \$7,640 in insurance costs, and increase in election costs of \$1,925, a decrease of \$25,180 in payroll and employee benefits, and a decrease of \$3,565 in legal and auditing costs.

Costs of the water operations increased \$151,430 (8.08%) in 2020. The increase was primarily due to an increase of \$68,440 in power costs primarily due to the Xcel billing correction in 2018 and fees of \$58,815 waived by Xcel in 2019, an increase of \$57,270 in payroll and employee benefits, an increase of \$34,890 in water rights maintenance costs, an increase of \$10,090 in outside lab analysis costs, an increase of \$250 in supplies and maintenance costs, and a decrease of \$19,510 in distribution costs. Costs of the wastewater operations increased \$67,365 (4.71%) in 2020. The increase was primarily due to an increase of \$47,205 in chemical costs, an increase of \$39,335 in payroll and employee benefits, an increase of \$5,105 in power and telephone costs, an increase of \$360 in supplies and maintenance costs, a decrease of \$20,135 in sludge disposal, and a decrease of \$4,505 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

**EVERGREEN METROPOLITAN DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
DECEMBER 31, 2020**

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, 2020, totals \$41,332,529 (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 | | |
|--|---------------|---------------|----------------------|---------------|---------------|----------------------|
| | 2020 | 2019 | Percentage Change | 2020 | 2019 | 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 | 1,003,356 | 357,693 | 180.51% | 129,691 | 9,037 | 1335.11% |
| Operating System | 18,661,889 | 19,212,624 | -2.87% | 10,287,704 | 10,416,287 | -1.23% |
| Buildings and Improvements | 1,176,886 | 1,231,272 | -4.42% | 276,094 | 293,911 | -6.06% |
| Equipment and vehicles | 499,679 | 510,840 | -2.18% | 331,002 | 346,771 | -4.55% |
| Facilities Owned By Other Districts | 6,454,533 | 6,530,410 | -1.16% | | | |
| Total capital assets, net | \$ 30,266,950 | \$ 30,313,446 | | \$ 11,065,579 | \$ 11,107,094 | |

The major water capital assets acquired and projects completed during the year included water main replacements and upgrades of \$149,148, the purchase of water plant equipment for a total cost of \$58,697, the water treatment plant purchase of seven (7) wastewater taps at \$80,500, transportation equipment of \$93,920, office and computer equipment at \$7,156, and administration building improvements at \$6,558. The major water capital projects in progress at the end of the year included the water plant pump station project engineering costs at \$319,838, the dam outlet works project at \$305,595, the Hidden Valley project legal and engineering costs at \$183,225, the Buchanan Ponds water rights project legal and engineering costs at \$160,859, the Hodgson Ditch water rights purchase costs at \$18,320, the North Base pump station storage costs at \$8,228, the ANS wash station and monitoring projects costs at \$4,852, and the water treatment plant high service pump station project costs at \$2,711.

The major wastewater capital assets acquired and projects completed during the year included the TV inspection camera, software and trailer for a cost of \$42,135, transportation equipment of \$33,956, wastewater plant upgrades and equipment of \$16,692, sewer line upgrade costs of \$24,080, office and computer equipment costs of \$3,633, and administration building improvement costs of \$2,811. The major wastewater capital projects in progress at the end of the year included the Greystone lift station upgrade costs of \$84,211, the Greystone and Troutdale lift stations engineering costs of \$41,953, and the North Base pump station storage costs at \$3,526.

**EVERGREEN METROPOLITAN DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
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Long Term Debt

The principal balance of the 2002 Colorado Water Resources and Power Authority (CWR&PDA) loan as of December 31, 2020 is \$263,435. The principal balance of the 2009 Water Pollution Control Revolving Fund loan as of December 31, 2020 is \$844,306. 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 2021 are a base rate remaining the same as 2020 at \$29.50 per tap per month and usage rates for 2021 increasing to \$3.30 per thousand for (1-14 thousand gallons per month) from \$3.10 per thousand for 2020 and usage rates for 2021 increasing to \$6.00 per thousand for (15 thousand or more per month) from \$5.20 for 2020.
- The drought penalty rate Level 2 effective May 1, 2021 was revised to \$6.00 per thousand gallons over 5 thousand gallons up to 12 thousand gallons per month and \$15.00 per thousand gallons over 12 thousand gallons per month. The drought penalty rate Level 3 effective May 1, 2021 was revised to \$12.00 per thousand gallons over 5 thousand gallons up to 7.5 thousand gallons per month and \$30.00 per thousand gallons over 7.5 thousand gallons per month.
- The new wastewater rate in effect for 2021 is a flat rate increasing to \$50.00 per tap per month from a flat rate of \$49.00 for 2020.
- The following District charges and fees associated with various aspects of District administration and operations will remain the same as 2020. 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.
- The District has budgeted for 9 water taps for EMD at \$18,000 each for \$162,000, 2 El Rancho prepaid residential water taps for West Jefferson County Metro District at \$6,000 each for \$12,000 and a partial El Rancho tap fee of \$8,500, and 2 water taps for Kittredge at \$18,000 each for \$36,000, for a total budget for 2021 water system development fees of \$218,500.
- The District has budgeted for 10 wastewater taps at \$18,000 each at \$180,000, and 1 wastewater only tap at \$27,000, and 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 2021 for wastewater system development fees of \$305,500.
- The District's major capital Water projects and purchases for 2021 are the water plant pump station project budgeted for \$3,000,000, the water plant pump station project engineering budgeted for \$60,000, the dam downstream discharge pipe rehabilitation and valve replacement budgeted for \$503,520, culverts for sedimentation basins budgeted for \$250,000, water main replacements budgeted for \$150,000, water plant, distribution, lab and general equipment budgeted for \$123,740, Hidden Valley project legal and engineering budgeted for \$80,000, transportation equipment replacements budgeted for \$83,800, North Lake Trail system for \$67,200, SCADA software and equipment for \$36,000, and the water treatment plant purchase of seven (7) wastewater taps budgeted at \$80,500.

**EVERGREEN METROPOLITAN DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
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- The major capital Wastewater projects and purchases budgeted for 2021 are the Troutdale lift station upgrade budgeted for \$250,000, the El Pinal force main replacement phase 2 budgeted for \$200,000, sewer main replacements budgeted for \$150,000, transportation equipment replacements budgeted for \$81,975, wastewater plant and general equipment budgeted for \$52,330, and SCADA software and equipment for \$35,000.

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 General Manager, David W. Lighthart, Evergreen Metropolitan District, 30920 Stagecoach Blvd., Evergreen, CO 80439.

EVERGREEN METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2020

ASSETS

| | PROPRIETARY FUND | | TOTAL MEMORANDUM ONLY |
|---|----------------------|----------------------|-----------------------------|
| | ENTERPRISE FUND | | |
| | WATER | WASTEWATER | |
| CURRENT ASSETS | | | |
| Cash and Cash Equivalents | \$ 1,341,627 | \$ 3,181,873 | \$ 4,523,500 |
| Account Receivable | 561,573 | 204,706 | 766,279 |
| Investments | 2,913,923 | 3,216,753 | 6,130,676 |
| Accrued Interest Receivable | - | 871 | 871 |
| Inventory | 88,120 | 18,690 | 106,810 |
| Prepaid Expenses | 87,938 | 67,341 | 155,279 |
| Restricted Cash - Developers' Funds | 3,351 | 3,028 | 6,379 |
| Total Current Assets | <u>4,996,532</u> | <u>6,693,262</u> | <u>11,689,794</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 | 18,088,559 | 12,943,936 | 31,032,495 |
| Treatment Plants | 15,511,372 | 8,976,105 | 24,487,477 |
| Buildings and Improvements | 2,112,358 | 647,720 | 2,760,078 |
| General Equipment | 1,356,499 | 999,822 | 2,356,321 |
| Transportation Equipment | 444,175 | 591,486 | 1,035,661 |
| Maps and GIS/GPS | 178,531 | 70,979 | 249,510 |
| Facilities Improvements and Expansion Construction in Progress | 1,003,356 | 129,691 | 1,133,047 |
| Facilities Owned by Other Districts Subject to Reversionary Interest | 16,837,898 | - | 16,837,898 |
| Total | <u>58,003,355</u> | <u>24,400,827</u> | <u>82,404,182</u> |
| Less Accumulated Depreciation | <u>(27,736,405)</u> | <u>(13,335,248)</u> | <u>(41,071,653)</u> |
| Net Property, Plant and Equipment | <u>30,266,950</u> | <u>11,065,579</u> | <u>41,332,529</u> |
| OTHER ASSETS | | | |
| Other Intangible, Net of Accumulated Amortization | 1,349,107 | - | 1,349,107 |
| | <u>1,349,107</u> | <u>-</u> | <u>1,349,107</u> |
| TOTAL ASSETS | <u>\$ 36,612,589</u> | <u>\$ 17,758,841</u> | <u>\$ 54,371,430</u> |

THE ACCOMPANYING NOTES ARE AN INTEGRAL
PART OF THESE FINANCIAL STATEMENTS

EVERGREEN METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2020

LIABILITIES AND NET POSITION

| | PROPRIETARY FUND | | TOTAL MEMORANDUM ONLY |
|--|----------------------|----------------------|-----------------------------|
| | ENTERPRISE FUND | | |
| | WATER | WASTEWATER | |
| CURRENT LIABILITIES | | | |
| Accounts Payable and Accrued Expenses | \$ 259,418 | \$ 197,720 | \$ 457,138 |
| Accrued Interest Payable | 6,318 | 2,814 | 9,132 |
| Developers' Funds | 3,370 | 3,027 | 6,397 |
| Water Project Loan Payable - Current Portion | 126,229 | - | 126,229 |
| Wastewater Loan Payable - Current Portion | - | 86,519 | 86,519 |
| Open Space Agreement - Current Portion | 6,000 | - | 6,000 |
| Unearned Revenue | 1,260 | - | 1,260 |
| Total Current Liabilities | <u>402,595</u> | <u>290,080</u> | <u>692,675</u> |
| LONG TERM LIABILITIES | | | |
| Project Loan Payable - Drinking Water Revolving Fund | 137,206 | - | 137,206 |
| Wastewater Loan Payable - Water Pollution Revolving Fund | - | 757,787 | 757,787 |
| Accrued Employee Benefits Payable | 134,352 | 118,193 | 252,545 |
| Total Long Term Liabilities | <u>271,558</u> | <u>875,980</u> | <u>1,147,538</u> |
| OTHER LIABILITIES | | | |
| Unearned Revenue - Open Space Agreement | <u>204,000</u> | <u>-</u> | <u>204,000</u> |
| TOTAL LIABILITIES | <u>878,153</u> | <u>1,166,060</u> | <u>2,044,213</u> |
| NET POSITION | | | |
| Net investment in capital assets | 30,003,515 | 10,221,273 | 40,224,788 |
| Unrestricted | <u>5,730,921</u> | <u>6,371,508</u> | <u>12,102,429</u> |
| Total Net Position | <u>35,734,436</u> | <u>16,592,781</u> | <u>52,327,217</u> |
| TOTAL LIABILITIES AND NET POSITION | <u>\$ 36,612,589</u> | <u>\$ 17,758,841</u> | <u>\$ 54,371,430</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, 2020

| | PROPRIETARY FUND | | TOTAL MEMORANDUM ONLY |
|---|----------------------|----------------------|-----------------------------|
| | ENTERPRISE FUND | | |
| | WATER | WASTEWATER | |
| OPERATING INCOME | | | |
| Water Sales | \$ 1,185,418 | \$ - | \$ 1,185,418 |
| Water Service Charges | 24,334 | - | 24,334 |
| Water Sales to Other Districts | 2,396,897 | - | 2,396,897 |
| Sewage Treatment Income | - | 1,565,737 | 1,565,737 |
| Sewage Treatment Income to Other Districts | - | 50,145 | 50,145 |
| Sewage Treatment Income to Water Department | - | 129,360 | 129,360 |
| Sales and Services (Customers and Other Districts) | 125,008 | 478,828 | 603,836 |
| Tap Connection, Inspection and Inactive Fees | 21,936 | 2,600 | 24,536 |
| Total Operating Income | <u>3,753,593</u> | <u>2,226,670</u> | <u>5,980,263</u> |
| OPERATING EXPENSES | | | |
| Operating Expenses | 2,025,004 | 1,497,729 | 3,522,733 |
| Administrative Expenses | 570,724 | 305,090 | 875,814 |
| Total Operating Expenses | <u>2,595,728</u> | <u>1,802,819</u> | <u>4,398,547</u> |
| NET INCOME FROM OPERATIONS BEFORE DEPRECIATION | | | |
| | 1,157,865 | 423,851 | 1,581,716 |
| Depreciation expense | <u>(1,532,210)</u> | <u>(617,405)</u> | <u>(2,149,615)</u> |
| NET INCOME (LOSS) FROM OPERATIONS AFTER DEPRECIATION | | | |
| | <u>(374,345)</u> | <u>(193,554)</u> | <u>(567,899)</u> |
| NON-OPERATING INCOME (EXPENSE) | | | |
| Interest Income | 50,662 | 36,236 | 86,898 |
| Miscellaneous | 84,158 | 8,521 | 92,679 |
| CDPHE Source Water Protection Grant for ANS Station | 5,000 | - | 5,000 |
| Safety and Loss Prevention Grant | 2,941 | 1,165 | 4,106 |
| Gain on Disposal of Assets | 20,508 | 5,700 | 26,208 |
| Bond Administration Fee | (24,647) | - | (24,647) |
| Total Net Other Income (Expense) | <u>138,622</u> | <u>51,622</u> | <u>190,244</u> |
| INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS | | | |
| | <u>(235,723)</u> | <u>(141,932)</u> | <u>(377,655)</u> |
| CAPITAL CONTRIBUTIONS | | | |
| System Development Fees | 144,000 | 260,500 | 404,500 |
| Capital Participation Fees | 360,000 | - | 360,000 |
| Inclusions | 85,000 | - | 85,000 |
| Contributions of Facilities by Developers | 296,600 | 314,053 | 610,653 |
| Capital Contributions from Other Districts | - | 1,965 | 1,965 |
| Contractual Payments | 120,409 | - | 120,409 |
| Total Capital Contributions | <u>1,006,009</u> | <u>576,518</u> | <u>1,582,527</u> |
| CHANGE IN NET POSITION | | | |
| | 770,286 | 434,586 | 1,204,872 |
| NET POSITION - BEGINNING | | | |
| | <u>34,964,150</u> | <u>16,158,195</u> | <u>51,122,345</u> |
| NET POSITION - ENDING | | | |
| | <u>\$ 35,734,436</u> | <u>\$ 16,592,781</u> | <u>\$ 52,327,217</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, 2020

| | PROPRIETARY FUND | | TOTAL MEMORANDUM ONLY |
|---|---------------------|---------------------|-----------------------------|
| | ENTERPRISE FUND | | |
| | WATER | WASTEWATER | |
| CASH FLOW FROM OPERATING ACTIVITIES | | | |
| Cash received from customers | \$ 3,575,180 | \$ 1,569,953 | \$ 5,145,133 |
| Cash received for services to other Districts | 114,474 | 501,687 | 616,161 |
| Cash amounts paid from the water fund | - | 129,360 | 129,360 |
| Miscellaneous cash received | 84,158 | 8,521 | 92,679 |
| Cash payments made for salaries and benefit expense | (1,558,412) | (1,216,708) | (2,775,120) |
| Cash payments to suppliers | (917,777) | (915,626) | (1,833,403) |
| Net cash provided by operating activities | <u>1,297,623</u> | <u>77,187</u> | <u>1,374,810</u> |
| CASH FLOW FROM CAPITAL FINANCING ACTIVITIES | | | |
| Proceeds from sale of assets | 20,508 | 5,700 | 26,208 |
| Purchases of property, plant and equipment | (1,041,643) | (243,960) | (1,285,603) |
| Capital contributions from other districts | - | 1,965 | 1,965 |
| Contractual payments received | 120,409 | - | 120,409 |
| Interest and administrative loan fee paid | (33,870) | (18,160) | (52,030) |
| Payment to DWRP | (512,560) | - | (512,560) |
| Payment to CWRPDA | - | (84,815) | (84,815) |
| Funds received for system development fees | 144,000 | 260,500 | 404,500 |
| Funds received for capital participation fees | 360,000 | - | 360,000 |
| Funds received for inclusion fees and cost recovery | 85,000 | - | 85,000 |
| CDPHE Source Water Protection Grant-ANS Station | 5,000 | - | 5,000 |
| Safety and Loss Prevention Grant | 2,941 | 1,165 | 4,106 |
| Net cash (required) by capital financing activities | <u>(850,215)</u> | <u>(77,605)</u> | <u>(927,820)</u> |
| CASH FLOW FROM INVESTING ACTIVITIES | | | |
| Purchases of investments | (2,407,075) | (3,216,753) | (5,623,828) |
| Redemption of investment securities | 250,000 | - | 250,000 |
| Interest received on investments | 52,061 | 35,365 | 87,426 |
| Net cash (required) by investing activities | <u>(2,105,014)</u> | <u>(3,181,388)</u> | <u>(5,286,402)</u> |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | | | |
| | (1,657,606) | (3,181,806) | (4,839,412) |
| Cash, cash equivalents and restricted cash, beginning of year | <u>3,002,584</u> | <u>6,366,707</u> | <u>9,369,291</u> |
| Cash, cash equivalents and restricted cash, end of year | <u>\$ 1,344,978</u> | <u>\$ 3,184,901</u> | <u>\$ 4,529,879</u> |
| NON-CASH CAPITAL FINANCING ACTIVITIES | | | |
| Contributed capital assets | <u>\$ 296,600</u> | <u>\$ 314,053</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, 2020

| | PROPRIETARY FUND | | TOTAL MEMORANDUM ONLY |
|---|---------------------|------------------|-----------------------------|
| | ENTERPRISE FUND | | |
| | WATER | WASTEWATER | |
| CASH FLOW FROM OPERATING ACTIVITIES | | | |
| Net (loss) income from operations after depreciation | \$ (374,345) | \$ (193,554) | \$ (567,899) |
| Adjustments to reconcile net operating (loss) income to net cash provided by operating activities | | | |
| Depreciation | 1,532,210 | 617,405 | 2,149,615 |
| Tower leases revenue | 64,439 | - | 64,439 |
| Insurance Refund | 9,243 | 6,552 | 15,795 |
| Miscellaneous | 10,476 | 1,969 | 12,445 |
| Changes in operating assets and liabilities: | | | |
| (Increase) decrease in account receivable | (65,779) | (26,976) | (92,755) |
| (Increase) decrease in inventory | (1,864) | 165 | (1,699) |
| (Increase) decrease in prepaid expenses | (58,883) | (40,941) | (99,824) |
| Increase (decrease) in accounts payable and accrued expenses | 174,976 | (294,036) | (119,060) |
| Increase (decrease) in accrued employee benefits payable | 5,310 | 5,297 | 10,607 |
| Increase (decrease) in deferred revenue | 210 | - | 210 |
| Increase (decrease) in developer funds | 1,630 | 1,306 | 2,936 |
| Net cash provided by operating activities | <u>\$ 1,297,623</u> | <u>\$ 77,187</u> | <u>\$ 1,374,810</u> |

THE ACCOMPANYING NOTES ARE AN INTEGRAL
PART OF THESE FINANCIAL STATEMENTS

EVERGREEN METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

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, 2020

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 Funds are 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, 2020

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 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. Donated capital assets are recorded at acquisition value at the date the donation.

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, 2020

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, 2020.

D) BUDGETS AND BUDGETARY ACCOUNTING

Formal budgetary integration is employed as a management control device during the year for the Enterprise Funds. 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, 2020.
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, 2020

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, 2020, the accumulated amortization is \$596,900 and the net book value is \$185,244.

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, 2020, the accumulated amortization is \$517,272 and the net book value is \$1,163,863.

NOTE 2 – CASH DEPOSITS, RESTRICTED CASH AND INVESTMENTS

Fair Value Measurement and Application

The District, when applicable, 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 local government investment pools, which include the Colorado Surplus Asset Fund Trust (CSAFE) and the Colorado Local Government Liquid Asset Trust (Colotrust). CSAFE records their investments at amortized costs, and Colotrust investments are recorded at net asset value.

EVERGREEN METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

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

Cash deposits, Restricted cash and Investments held by the District at December 31, 2020 are presented below:

| | Book Balance | Bank Balance |
|--|-------------------------|-------------------------|
| <i><u>Cash Deposits and Restricted Cash:</u></i> | | |
| Insured deposits | | |
| Bank deposits – unrestricted | \$ 490,374 | \$ 501,130 |
| Certificates of Deposit | 1,741,046 | 1,741,046 |
| Collateralized deposits | | |
| Bank deposits – unrestricted | 419,594 | 709,853 |
| Certificates of Deposit | 266,334 | 266,334 |
| | 2,917,348 | 3,218,363 |
| Insured deposits | | |
| Bank deposits – restricted | 6,379 | 6,379 |
| Collateralized deposits | | |
| Bank deposits - restricted | -0- | -0- |
| | | \$ 3,224,742 |
| Uncategorized: | | |
| Cash on hand | 226 | |
| Total cash deposits and restricted cash | \$ 2,923,953 | |
| <i><u>Investments</u></i> | | |
| Local Government Investment pools | \$ 7,736,602 | |
| Total investments | 7,736,602 | |
| Total cash and investments | \$ 10,660,555 | |

Cash deposits and investments are reflected on the December 31, 2020 Statement of Net Position as follows:

| | |
|-----------------------------------|---------------|
| Cash and cash equivalents | \$ 4,523,500 |
| Investments | 6,130,676 |
| Restricted cash – developer funds | 6,379 |
| Total | \$ 10,660,555 |

EVERGREEN METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

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, 2020, the District had invested \$4,132,452 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, 2020, the District has invested \$9,156 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, 2020, the District has invested \$4,123,296 in CORE.

As of December 31, 2020, the District had invested \$3,604,150 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, 2020

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.

Custodial Risk

As of December 31, 2020, the carrying amount of the District's deposits was \$2,924,027. 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, 2020. 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, 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.

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 (42.41%), Colorado Local Government Liquid Asset Trust (36.99%), and certificates of deposit (20.60%).

Interest Rate Risk

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

EVERGREEN METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 3 – DEVELOPERS’ FUNDS

Developer funds represent the unused portion of main extension deposits advanced to the District by Developers. The deposits are reflected in the asset section of the balance sheet as restricted cash – developers’ funds.

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

The schedules of changes in property, plant and equipment for 2020 are set forth below:

| <u>WATER FUND:</u> | Balance at January 1, 2020 | Transfers/ Increases | Transfers/ Decreases | Balance at December 31, 2020 |
|--|----------------------------------|-------------------------|-------------------------|------------------------------------|
| 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 | 357,693 | 645,663 | | 1,003,356 |
| Total capital assets not being depreciated | <u>2,828,300</u> | <u>645,663</u> | | <u>3,473,963</u> |
| Capital assets being depreciated: | | | | |
| Infrastructure | 17,939,411 | 149,148 | | 18,088,559 |
| Water Treatment plant | 15,373,186 | 138,186 | | 15,511,372 |
| Buildings and Improvements | 2,105,800 | 6,558 | | 2,112,358 |
| General Equipment | 1,344,761 | 11,738 | | 1,356,499 |
| Transportation Equipment | 435,652 | 93,920 | (85,397) | 444,175 |
| Maps | 148,360 | | | 148,360 |
| GIS Project | 30,171 | | | 30,171 |
| Facilities Owned by Other Districts | 16,541,297 | 296,601 | | 16,837,898 |
| Total capital assets being depreciated | <u>53,918,638</u> | <u>696,151</u> | <u>(85,397)</u> | <u>54,529,392</u> |
| Less accumulated depreciation for: | | | | |
| Infrastructure | (8,493,407) | (437,504) | | (8,930,911) |
| Water Treatment plant | (5,606,566) | (400,565) | | (6,007,131) |
| Buildings and Improvements | (874,528) | (60,944) | | (935,472) |
| General Equipment | (930,805) | (84,524) | | (1,015,329) |
| Transportation Equipment | (338,767) | (32,295) | 85,397 | (285,665) |
| Maps | (148,360) | | | (148,360) |
| GIS Project | (30,172) | | | (30,172) |
| Facilities Owned by Other Districts | (10,010,887) | (372,478) | | (10,383,365) |
| Total accumulated depreciation | <u>(26,433,492)</u> | <u>(1,388,310)</u> | <u>85,397</u> | <u>(27,736,405)</u> |
| Total capital assets being depreciated, net | <u>27,485,146</u> | <u>(692,159)</u> | | <u>26,792,987</u> |
| Capital assets, net | \$ <u>30,313,446</u> | \$ <u>(46,496)</u> | \$ | \$ <u>30,266,950</u> |

Additions during the year consist of infrastructure additions of \$149,148, the water treatment plant additions of \$54,116 and purchase of seven wastewater taps at \$80,500, transportation equipment of \$93,920, District construction in progress of \$645,663, facilities donated by developer of \$296,601 and sundry assets of \$18,296. Net interest costs of \$3,570 were capitalized for the water plant during 2020.

EVERGREEN METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

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

| WASTEWATER FUND: | Balance at January 1, 2020 | Transfers/ Increases | Transfers/ Decreases | Balance at December 31, 2020 |
|---|----------------------------------|-------------------------|-------------------------|------------------------------------|
| Capital assets not being depreciated: | | | | |
| Land and Right of Way | \$ 41,088 | \$ | \$ | \$ 41,088 |
| Construction in progress | 9,037 | 120,654 | | 129,691 |
| Total capital assets not being depreciated | 50,125 | 120,654 | | 170,779 |
| Capital assets being depreciated: | | | | |
| Infrastructure | 12,605,803 | 338,133 | | 12,943,936 |
| Wastewater Treatment plant | 8,946,228 | 29,877 | | 8,976,105 |
| Buildings and Improvements | 644,909 | 2,811 | | 647,720 |
| General Equipment | 949,362 | 50,460 | | 999,822 |
| Transportation Equipment | 582,157 | 33,955 | (24,626) | 591,486 |
| Maps | 29,211 | | | 29,211 |
| GIS Project | 41,768 | | | 41,768 |
| Total capital assets being depreciated | 23,799,438 | 455,236 | (24,626) | 24,230,048 |
| Less accumulated depreciation for: | | | | |
| Infrastructure | (7,200,257) | (255,790) | | (7,456,047) |
| Wastewater Treatment plant | (3,935,487) | (240,803) | | (4,176,290) |
| Buildings and Improvements | (350,997) | (20,629) | | (371,626) |
| General Equipment | (716,579) | (47,268) | | (763,847) |
| Transportation Equipment | (468,172) | (52,915) | 24,626 | (496,461) |
| Maps | (29,210) | | | (29,210) |
| GIS Project | (41,767) | | | (41,767) |
| Total accumulated depreciation | (12,742,469) | (617,405) | 24,626 | (13,335,248) |
| Total capital assets being depreciated, net | 11,056,969 | (162,169) | | 10,894,800 |
| Capital assets, net | \$ 11,107,094 | \$ (41,515) | \$ | \$ 11,065,579 |

Additions during the year consist of infrastructure additions of \$24,080, the wastewater treatment plant additions of \$12,000, general and plant equipment of \$50,460, transportation equipment of \$33,955, building improvements of \$2,811, District construction in progress of \$120,654, and facilities donated by developer of \$314,053. Net interest costs of \$17,877 were capitalized during 2020.

EVERGREEN METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 5 – LONG-TERM DEBT

The District’s long-term debt as of December 31, 2020 and its 2020 debt transactions are as follows:

| | <u>Balance at</u> <u>January 1, 2020</u> | <u>Additions</u> | <u>Retirements</u> | <u>Balance at</u> <u>December 31,</u> <u>2020</u> | <u>Current</u> <u>Portion</u> |
|---|---|----------------------|---------------------|---|----------------------------------|
| <u>Project Loan Payable Drinking</u> <u>Water Revolving Fund</u> | \$ <u>775,995</u> | \$ <u>--</u> | \$ <u>(512,560)</u> | \$ <u>263,435</u> | \$ <u>126,229</u> |
| Current portion | <u>(512,560)</u> | | | <u>(126,229)</u> | |
| Long-term portion | <u>\$ 263,435</u> | | | <u>\$ 137,206</u> | |
| | | | | | |
| <u>Water Pollution Control</u> <u>Revolving Fund</u> | \$ <u>929,121</u> | \$ <u> </u> | \$ <u>(84,815)</u> | \$ <u>844,306</u> | \$ <u>86,519</u> |
| Current Portion | <u>(84,815)</u> | | | <u>(86,519)</u> | |
| Long-term portion | <u>\$ 844,306</u> | | | <u>\$ 757,787</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.

The 2000 Loan and the corresponding Governmental Agency Bond were paid in full as of August 2020 and the District has no further obligation under the loan agreement.

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, 2020

NOTE 5 – LONG-TERM DEBT – (continued)

The following tables summarize debt service requirement for debt outstanding as of December 31, 2020.

Project Loan Payable – Drinking Water Revolving Fund

| <u>Year</u> | <u>Principal</u> | <u>Fees</u> | <u>Interest</u> | <u>Total Annual Requirements</u> |
|-------------|------------------|-------------|-----------------|----------------------------------|
| 2021 | 126,229 | 12,511 | (1,752) | 136,988 |
| 2022 | 137,206 | 3,631 | (9,694) | 131,143 |
| TOTAL | \$ 263,435 | \$ 16,142 | \$ (11,446) | \$ 268,131 |

Water Pollution Control Revolving Fund

| <u>Year</u> | <u>Principal</u> | <u>Interest</u> | <u>Total Annual Requirements</u> |
|-------------|------------------|-----------------|----------------------------------|
| 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 | 93,688 | 9,287 | 102,975 |
| 2026-2029 | 393,966 | 17,934 | 411,900 |
| TOTAL | \$ 844,306 | \$ 82,469 | \$ 926,775 |

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.

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.

EVERGREEN METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 7 - DEFINED CONTRIBUTION PLAN – (continued)

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 2020 was \$2,046,418. The District's contributions were calculated using the base salary amount of \$1,684,004. The District made the required contribution of \$134,720. The District's forfeitures for the year were \$1,395.

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, 2020, the date of the last issued report by the plan is \$2,663,130.

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 (West Jefferson). 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.

Amendment of the Water Distribution Agreement

The consolidation of the El Rancho Metropolitan District (El Rancho) 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.

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, 2020, the Evergreen Metropolitan District has reimbursed the Developer for 45 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.

EVERGREEN METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

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 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 – DISCLOSURE OF CONTINGENCY

The District received a change order from the contractor for the Evergreen Lake dam outlet structure project for additional project services that were neither part of the contract agreement nor approved per the contract agreement. At the July 28, 2021 board meeting, the Directors approved a bathymetric survey which will help determine if any benefit from the additional services performed by the contractor can be quantified. An estimate for liability for the additional services cannot be reasonably estimated prior to the issuance of the financial statements.

NOTE 13 – EVALUATION OF SUBSEQUENT EVENTS

The District has evaluated subsequent events through September 30, 2021 the date which the financial statements were available to be issued. The Subsequent events that required recognition or additional disclosure are described below.

EVERGREEN METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 13 – EVALUATION OF SUBSEQUENT EVENTS – (continued)

The District entered into a Loan Agreement with the Colorado Water Resources and Power Development Authority on May 18, 2021 for the purpose of financing the water treatment facility improvement project. The principal amount of the loan is \$3,000,000 and has an interest rate of 2.25% for 30 years and is payable semi-annually on May 1 and November 1 of each year beginning May 2022. The District received reimbursements from the loan in June 2021 for 2020 project expenses of \$291,107.

On February 24, 2021, the Evergreen Metropolitan District Board of Directors approved a temporary moratorium on multi-tap purchases in the El Rancho area of the West Jefferson County Metropolitan District. The temporary moratorium will be for a period of 8-10 months while the Water Infrastructure Master Plan is being updated.

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.

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, 2020

WATER REVENUE

| | |
|--|--------------|
| Total actual water revenue per budget | \$ 8,527,293 |
| Budgeted revenue not included in net income (GAAP Basis) | (3,901,022) |
| Subtotal | 4,626,271 |

WATER EXPENDITURES

| | |
|--|-------------|
| Total actual water expenditures per budget | 4,183,801 |
| Budgeted expenditures not included in net income (GAAP Basis) | |
| Capital expenditures | (1,041,643) |
| Payments on loan to the Drinking Water Revolving Fund | (512,560) |
| Income and expense items shown on Statement of Revenue and Income and expenses not included in budget | |
| Depreciation | 1,532,210 |
| Contributions of Facilities by Developers | (296,600) |
| Construction interest capitalized | (3,570) |
| Change in accrued interest payable | (5,653) |
| Subtotal | 3,855,985 |
| Change in net position (GAAP BASIS) | \$ 770,286 |

EVERGREEN METROPOLITAN DISTRICT
COMPARISON OF WATER REVENUE AND EXPENDITURES WITH BUDGET
FOR THE YEAR ENDED DECEMBER 31, 2020

| | Original and Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|---|------------------------------|---------------------|---|
| REVENUE | | | |
| <u>OPERATING REVENUE</u> | | | |
| Water Sales | \$ 3,367,800 | \$ 3,566,560 | \$ 198,760 |
| Water Sales to Hidden Valley - (\$29.50 Base Rate for 2020) | 14,900 | 15,754 | 854 |
| Inactive Fees - Tap Purchase Agreements | 3,900 | 3,165 | (735) |
| Late Fees and Collection Charges | 23,875 | 24,695 | 820 |
| Services to Developers/Public | 4,500 | 10,535 | 6,035 |
| Services to Districts | 125,500 | 114,113 | (11,387) |
| Connections and Inspections | 26,000 | 18,771 | (7,229) |
| Interest | 16,500 | 14,612 | (1,888) |
| Tower Leases Revenue | 64,440 | 64,439 | (1) |
| Miscellaneous | 3,100 | 19,719 | 16,619 |
| 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>3,100,515</u> | <u>3,302,363</u> | <u>201,848</u> |
| <u>CAPITAL REVENUE</u> | | | |
| System Development Fees | 384,000 | 144,000 | (240,000) |
| Capital Participation Fees from Hidden Valley | 360,000 | 360,000 | - |
| Proceeds from the Sale of Assets | 2,000 | 20,508 | 18,508 |
| Interest | 30,000 | 36,050 | 6,050 |
| Safety and Loss Prevention Grant | 1,000 | 2,941 | 1,941 |
| Source Water Protection Grant for ANS Station | - | 5,000 | 5,000 |
| Inclusions and Cost Recovery | 24,500 | 85,000 | 60,500 |
| Contractual Payments from EPRD | 47,500 | 40,805 | (6,695) |
| Contractual Payments from Hidden Valley | 70,000 | 73,604 | 3,604 |
| Capital Contributions from Skyline Ridge Holdings | - | 6,000 | 6,000 |
| Lease of Storage Space to Hidden Valley | 2,230 | - | (2,230) |
| 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>1,471,230</u> | <u>1,323,908</u> | <u>(147,322)</u> |
| <u>BEGINNING RESOURCES AVAILABLE</u> | | | |
| Operating | 677,350 | 843,349 | 165,999 |
| Capital | 1,905,490 | 2,168,632 | 263,142 |
| Repair and Replacement | 889,041 | 889,041 | - |
| TOTAL BEGINNING RESOURCES | <u>3,471,881</u> | <u>3,901,022</u> | <u>429,141</u> |
| TOTAL RESOURCES AVAILABLE | <u>\$ 8,043,626</u> | <u>\$ 8,527,293</u> | <u>\$ 483,667</u> |

EVERGREEN METROPOLITAN DISTRICT
COMPARISON OF WATER REVENUE AND EXPENDITURES WITH BUDGET
FOR THE YEAR ENDED DECEMBER 31, 2020

| | Original and Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|---|------------------------------|---------------------|---|
| EXPENDITURES | | | |
| <u>OPERATIONS AND MAINTENANCE</u> | | | |
| SOURCE OF SUPPLY | | | |
| Supplies and Maintenance | \$ 43,000 | \$ 14,598 | \$ 28,402 |
| Engineering | 7,000 | - | 7,000 |
| Water Rights Maintenance | 40,000 | 66,168 | (26,168) |
| WATER TREATMENT PLANT | | | |
| Chemicals | 65,000 | 57,138 | 7,862 |
| Supplies and Maintenance | 70,000 | 58,238 | 11,762 |
| Power | 100,000 | 102,607 | (2,607) |
| Truck Expense | 16,000 | 11,159 | 4,841 |
| Lab Supplies and Maintenance | 19,000 | 12,295 | 6,705 |
| Lab Outside Services | 13,000 | 18,743 | (5,743) |
| Wastewater Treatment Services | 129,400 | 129,360 | 40 |
| Employee Expense | 520,200 | 476,404 | 43,796 |
| PUMP STATIONS/PRESSURE CONTROL | | | |
| Supplies and Maintenance | 21,000 | 16,370 | 4,630 |
| Engineering | 2,000 | - | 2,000 |
| Utilities | 102,900 | 98,487 | 4,413 |
| Safety | 3,000 | 4,605 | (1,605) |
| NEW SERVICES, ENVIRONMENTAL & PRETREATMENT | | | |
| Supplies and Maintenance | 3,700 | 6,334 | (2,634) |
| Truck Expense | 2,000 | 2,086 | (86) |
| Lab Supplies and Maintenance | 300 | - | 300 |
| Lab Outside Services | 300 | 1,162 | (862) |
| New Services Supplies | 13,000 | 7,032 | 5,968 |
| Equipment Maintenance | 1,000 | - | 1,000 |
| Employee Expense | 159,150 | 163,395 | (4,245) |
| COLLECTION AND DISTRIBUTION | | | |
| Supplies and Maintenance | 17,000 | 17,062 | (63) |
| Telephone and Utilities | 9,600 | 6,523 | 3,077 |
| Truck Expense | 8,000 | 4,782 | 3,218 |
| Equipment Maintenance Expense | 15,000 | 14,304 | 696 |
| Distribution Expense | 70,000 | 56,740 | 13,260 |
| Safety | 1,750 | 3,582 | (1,832) |
| Employee Expense | 400,800 | 401,794 | (994) |
| TOTAL OPERATIONS AND MAINTENANCE EXPENDITURES | \$ 1,853,100 | \$ 1,750,968 | \$ 102,132 |

EVERGREEN METROPOLITAN DISTRICT
COMPARISON OF WATER REVENUE AND EXPENDITURES WITH BUDGET
FOR THE YEAR ENDED DECEMBER 31, 2020

| | 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 | \$ 5,800 | \$ 10,615 | \$ (4,815) |
| Equipment Maintenance Expense | 1,500 | - | 1,500 |
| Meter Change Out Inventory | 40,000 | 55,960 | (15,960) |
| Outsourcing / Billing | 15,600 | 12,521 | 3,079 |
| Employee Expense | 205,400 | 194,940 | 10,460 |
| TOTAL CUSTOMER SERVICE/METER READING | <u>268,300</u> | <u>274,036</u> | <u>(5,736)</u> |
| <u>WATER EXPENDITURES - ADMINISTRATION</u> | | | |
| Audit | 7,925 | 8,015 | (90) |
| Insurance | 69,500 | 59,289 | 10,211 |
| Legal | 72,500 | 71,695 | 805 |
| Office Supplies | 5,000 | 3,125 | 1,875 |
| Postage | 2,000 | 1,037 | 963 |
| Operating Supplies | 13,100 | 12,442 | 658 |
| Outside Services | 44,500 | 33,994 | 10,506 |
| Repairs and Maintenance | 10,000 | 16,415 | (6,415) |
| Telephone | 7,750 | 7,096 | 654 |
| Power | 6,011 | 4,725 | 1,286 |
| Dues, Subscriptions and Training | 14,650 | 8,708 | 5,942 |
| Directors' Fees | 8,250 | 8,213 | 37 |
| Miscellaneous | 500 | 42 | 458 |
| Directors' Payroll Taxes | 1,300 | 628 | 672 |
| Travel, Meetings and Conferences | 7,500 | 901 | 6,599 |
| Election Expense | 8,500 | 1,349 | 7,151 |
| Employee Expense | 380,200 | 333,050 | 47,150 |
| TOTAL ADMINISTRATION EXPENDITURES | <u>659,186</u> | <u>570,724</u> | <u>88,462</u> |
| TOTAL OPERATIONS & MAINTENANCE, CUSTOMER SERVICE & METER READING & ADMINISTRATION EXPENDITURES | <u>2,780,585</u> | <u>2,595,728</u> | <u>184,857</u> |
| <u>DEBT SERVICE</u> | | | |
| DWRF Project Loan Principal | 512,560 | 512,560 | - |
| DWRF Project Loan Administrative Fees | 33,314 | 33,314 | - |
| DWRF Project Loan Interest | 556 | 556 | - |
| TOTAL DEBT SERVICE | <u>\$ 546,430</u> | <u>\$ 546,430</u> | <u>\$ -</u> |

EVERGREEN METROPOLITAN DISTRICT
COMPARISON OF WATER REVENUE AND EXPENDITURES WITH BUDGET
FOR THE YEAR ENDED DECEMBER 31, 2020

| | Original and Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|---|------------------------------|---------------------|---|
| WATER EXPENDITURES - CAPITAL | | | |
| Main Replacements | \$ 6,447 | \$ - | \$ 6,447 |
| Downtown Water Main Replacement | 125,000 | - | 125,000 |
| Main Upgrade - Highway 73 | 80,183 | 80,183 | - |
| Skyline Ridge Water Line Tie-in | 13,370 | 13,370 | - |
| Membrane PLC Contents Upgrade Phase 2 | 40,000 | 34,293 | 5,707 |
| Greenwood Pump Station Upgrade to Grundfos | 15,000 | 17,705 | (2,705) |
| New Chlorination System Engineering | 50,000 | - | 50,000 |
| Dam Downstream Discharge Pipe Rehab & Valve Replace | 503,520 | - | 503,520 |
| Dam Sluice Gate Valve / Dam Outlet Structure Improvements | - | 168,125 | (168,125) |
| General, Office and Computer Equipment | 45,000 | 7,156 | 37,844 |
| Buildings and Improvements | 27,000 | 14,786 | 12,214 |
| NSE Truck #86 | 26,250 | 18,131 | 8,119 |
| Water Plant Pump Station & Discharge Piping Engineering | 180,000 | 288,485 | (108,485) |
| WTP Treated Water Pumping & Discharge Piping | 1,150,000 | 2,711 | 1,147,289 |
| Treatment Plant, Lab and General Equipment | 21,650 | 4,581 | 17,069 |
| WTP Trucks #82, #84 and #85 | 49,357 | 75,789 | (26,432) |
| Safety Equipment | 5,000 | - | 5,000 |
| Fire Hydrant Replacements | 12,000 | 17,999 | (5,999) |
| C&D Truck #36 (Utility Truck) | 42,250 | - | 42,250 |
| ANS Wash Station and Monitoring Program (at Lake) | 20,000 | 4,582 | 15,418 |
| Hidden Valley Project | 70,000 | 73,604 | (3,604) |
| Water Rights Purchase-Buchanan Ponds | 95,000 | 81,609 | 13,391 |
| Water Rights Release Bypass Pipe and Controls | 25,000 | 19,891 | 5,109 |
| Water Rights Purchase-Hodgson Ditch | 18,320 | 18,320 | - |
| Hydraulic Water Model Analysis | 19,823 | 19,823 | - |
| Wastewater Taps | 80,500 | 80,500 | - |
| Annual Replacements per Asset Schedule | 102,200 | - | 102,200 |
| TOTAL CAPITAL EXPENDITURES | <u>2,822,870</u> | <u>1,041,643</u> | <u>1,781,227</u> |
| TOTAL EXPENDITURES | <u>\$ 6,149,885</u> | <u>\$ 4,183,801</u> | <u>\$ 1,966,084</u> |
| ENDING BALANCE, DECEMBER 31 | <u>\$ 1,893,741</u> | <u>\$ 4,343,492</u> | <u>\$ 2,449,751</u> |
| <u>ENDING RESOURCES</u> | | | |
| Operating Reserves | 450,850 | \$ 1,003,554 | 552,704 |
| Capital Reserves | 353,850 | 2,250,897 | 1,897,047 |
| Repair and Replacement Reserves | 1,089,041 | 1,089,041 | - |
| TOTAL ENDING RESOURCES | <u>\$ 1,893,741</u> | <u>\$ 4,343,492</u> | <u>\$ 2,449,751</u> |

EVERGREEN METROPOLITAN DISTRICT
RECONCILIATION OF WASTEWATER BUDGET TO STATEMENT
OF REVENUE AND EXPENSES (GAAP BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2020

WASTEWATER REVENUE

| | |
|--|--------------------|
| Total actual wastewater revenue per budget | \$ 7,405,082 |
| Budgeted revenue not included in net income (GAAP Basis) | <u>(4,864,325)</u> |
| Subtotal | <u>2,540,757</u> |

WASTEWATER EXPENDITURES

| | |
|---|-------------------|
| Total actual wastewater expenditures per budget | 2,149,754 |
| Budgeted expenditures not included in net income (GAAP Basis) | |
| Capital expenditures | (243,960) |
| Debt Repayment to CWRPDA | (84,815) |
| Income and expense items shown on Statement of Revenue and Expenses not included in budget | |
| Depreciation | 617,405 |
| Gain on Disposal of Assets | (5,700) |
| Construction Interest Capitalized | (17,877) |
| Change in accrued interest payable | <u>(283)</u> |
| Subtotal | <u>2,100,471</u> |
| Change in net position (GAAP BASIS) | <u>\$ 440,286</u> |

EVERGREEN METROPOLITAN DISTRICT
 COMPARISON OF WASTEWATER REVENUE AND EXPENDITURES WITH BUDGET
 FOR THE YEAR ENDED DECEMBER 31, 2020

| | Original and Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|---|------------------------------|---------------------|---|
| REVENUE | | | |
| <u>OPERATING REVENUE</u> | | | |
| Wastewater Treatment Charges | \$ 1,565,330 | \$ 1,565,737 | \$ 407 |
| Pretreatment Revenue | 49,510 | 50,145 | 635 |
| Late Charges and Service Charges | 23,875 | 23,973 | 98 |
| Services to Districts | 586,900 | 451,903 | (134,997) |
| Service to Water Department | 129,360 | 129,360 | - |
| Services to Developers/Public | 1,000 | 2,952 | 1,952 |
| Connections and Inspections | 4,960 | 2,600 | (2,360) |
| Interest | 21,000 | 8,172 | (12,828) |
| Miscellaneous | 500 | 8,521 | 8,021 |
| Transfer of Operating Reserves to Capital | <u>(350,000)</u> | <u>(350,000)</u> | <u>-</u> |
| TOTAL OPERATING REVENUE | <u>2,032,435</u> | <u>1,893,363</u> | <u>(139,072)</u> |
| <u>CAPITAL REVENUE</u> | | | |
| Interest | 60,000 | 28,064 | (31,936) |
| System Development Fees | 386,500 | 260,500 | (126,000) |
| Contractual Contributions | 6,000 | 1,965 | (4,035) |
| Proceeds from the Sale of Assets | 2,000 | 5,700 | 3,700 |
| Safety and Loss Prevention Grant | 1,000 | 1,165 | 165 |
| Transfer of Operating Reserves to Capital | <u>350,000</u> | <u>350,000</u> | <u>-</u> |
| TOTAL CAPITAL REVENUE | <u>805,500</u> | <u>647,394</u> | <u>(158,106)</u> |
| BEGINNING RESOURCES AVAILABLE | | | |
| Operating | 978,844 | 1,000,275 | 21,431 |
| Capital | <u>3,851,680</u> | <u>3,864,050</u> | <u>12,370</u> |
| TOTAL BEGINNING RESOURCES | <u>4,830,524</u> | <u>4,864,325</u> | <u>33,801</u> |
| TOTAL RESOURCES AVAILABLE | <u>\$ 7,668,460</u> | <u>\$ 7,405,082</u> | <u>\$ (263,378)</u> |

EVERGREEN METROPOLITAN DISTRICT
 COMPARISON OF WASTEWATER REVENUE AND EXPENDITURES WITH BUDGET
 FOR THE YEAR ENDED DECEMBER 31, 2020

| | Original and Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|--|------------------------------|---------------------|---|
| EXPENDITURES | | | |
| <u>OPERATIONS AND MAINTENANCE</u> | | | |
| LIFT STATIONS | | | |
| Supplies and Maintenance | \$ 31,000 | \$ 26,270 | \$ 4,730 |
| Utilities | 22,500 | 17,751 | 4,749 |
| NEW SERVICES, ENVIRONMENTAL AND PRETREATMENT | | | |
| Supplies and Maintenance | 1,500 | 2,089 | (589) |
| Truck Expense | 1,200 | 902 | 298 |
| Lab Supplies and Maintenance | 400 | - | 400 |
| Lab Outside Services | 550 | 669 | (119) |
| New Services Supplies | 500 | 449 | 51 |
| Safety | 250 | 136 | 114 |
| Equipment Maintenance | 250 | - | 250 |
| Bear Creek Watershed Dues | 20,000 | 19,320 | 680 |
| CDH Discharge Permit | 5,200 | 4,630 | 570 |
| Employee Expense | 70,100 | 69,902 | 198 |
| COLLECTION AND DISTRIBUTION | | | |
| Supplies and Maintenance | 9,100 | 9,157 | (57) |
| Telephone and Utilities | 5,500 | 3,512 | 1,988 |
| Truck Expense | 4,300 | 2,575 | 1,725 |
| Equipment Maintenance Expense | 22,000 | 13,314 | 8,686 |
| Collection Expense | 15,000 | 5,302 | 9,698 |
| Safety | 1,250 | 1,929 | (679) |
| Employee Expense | 218,900 | 217,405 | 1,495 |
| WASTEWATER TREATMENT PLANT | | | |
| Chemicals | 45,000 | 83,266 | (38,266) |
| Supplies and Maintenance | 56,000 | 52,058 | 3,942 |
| Power | 99,010 | 98,128 | 882 |
| Truck Expense | 15,500 | 11,130 | 4,370 |
| Lab Supplies and Maintenance | 13,500 | 9,081 | 4,419 |
| Lab Outside Services | 1,500 | 473 | 1,027 |
| Employee Expense | 708,000 | 739,267 | (31,267) |
| SLUDGE PROCESSING | | | |
| Biosolids Permit Fee | 600 | 308 | 292 |
| Landfill Expense/Sludge Disposal | 141,400 | 105,802 | 35,598 |
| Truck Expense | 8,000 | 376 | 7,624 |
| SAFETY | | | |
| | <u>2,000</u> | <u>2,528</u> | <u>(528)</u> |
| TOTAL | <u>1,520,009</u> | <u>1,497,729</u> | <u>22,280</u> |
| TOTAL OPERATIONS AND MAINTENANCE EXPENDITURES | <u>\$ 1,520,009</u> | <u>\$ 1,497,729</u> | <u>\$ 22,280</u> |

EVERGREEN METROPOLITAN DISTRICT
COMPARISON OF WASTEWATER REVENUE AND EXPENDITURES WITH BUDGET
FOR THE YEAR ENDED DECEMBER 31, 2020

| | Original and Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|--|------------------------------|---------------------|---|
| WASTEWATER EXPENDITURES - ADMINISTRATION | | | |
| Auditing | \$ 3,400 | \$ 3,435 | \$ (35) |
| Insurance | 44,000 | 42,161 | 1,839 |
| Legal | 22,000 | 14,652 | 7,348 |
| Office Supplies | 3,000 | 1,339 | 1,661 |
| Postage | 1,000 | 445 | 555 |
| Operating Supplies | 5,500 | 5,325 | 175 |
| Outside Services | 21,500 | 21,340 | 160 |
| Outsourcing/Billing | 15,600 | 12,521 | 3,079 |
| Repairs and Maintenance | 8,100 | 8,447 | (347) |
| Telephone | 4,000 | 3,030 | 970 |
| Power | 2,700 | 2,025 | 675 |
| Dues, Subscriptions and Training | 7,300 | 4,807 | 2,493 |
| Directors' Fees | 3,550 | 3,520 | - |
| Miscellaneous | 500 | 18 | 482 |
| Directors' Payroll Taxes | 550 | 269 | 281 |
| Travel, Meetings and Conferences | 3,100 | 386 | 2,714 |
| Election Expense | 3,650 | 578 | 3,072 |
| Employee Expense | 206,800 | 180,792 | 26,008 |
| TOTAL ADMINISTRATION EXPENDITURES | 356,250 | 305,090 | 51,160 |
| TOTAL OPERATIONS AND MAINTENANCE, NEW SERVICES & CONSTRUCTION & ADMINISTRATION EXPENDITURES | | | |
| | 1,876,259 | 1,802,819 | 73,440 |
| DEBT SERVICE | | | |
| CWRPDA Project Loan Principal | 84,815 | 84,815 | - |
| CWRPDA Project Loan Interest | 18,160 | 18,160 | - |
| TOTAL DEBT SERVICE | 102,975 | 102,975 | - |
| CAPITAL | | | |
| Sewer Line Replacement | 150,000 | 24,080 | 125,920 |
| Elks Club Sewer Rehab | 12,000 | - | 12,000 |
| NSE Truck | 11,250 | 7,770 | 3,480 |
| WW Truck | 37,000 | 26,185 | 10,815 |
| Miscellaneous | 67,083 | - | 67,083 |
| Administration Buildings & Improvements | 13,100 | 6,337 | 6,763 |
| General, Office, Safety and Computer Equipment | 19,500 | 3,633 | 15,867 |
| El Pinal Phase 2 | 180,000 | - | 180,000 |
| C&D Truck #36 (Utility Truck) | 22,750 | - | 22,750 |
| Treatment Plant, Lab, and General Equipment | 6,850 | 4,692 | 2,158 |
| TV Inspection Camera | 42,780 | 42,135 | 645 |
| Backwash pumps replacements (4) | 25,000 | - | 25,000 |
| Greystone and Troutdale Lift Station Engineering Analysis | 32,917 | 32,917 | - |
| Greystone LS Upgrade | 100,000 | 84,211 | 15,789 |
| Bio Bed | 40,000 | 12,000 | 28,000 |
| Anoxic / Anaerobic Walls | 10,000 | - | 10,000 |
| Headworks Slide Gate Replacement | 10,000 | - | 10,000 |
| Annual Replacements Per Asset | 11,950 | - | 11,950 |
| TOTAL CAPITAL EXPENDITURES | 792,180 | 243,960 | 548,220 |
| TOTAL EXPENDITURES | \$ 2,771,414 | \$ 2,149,754 | \$ 621,660 |
| ENDING BALANCE, DECEMBER 31 | \$ 4,897,046 | \$ 5,255,328 | \$ 358,282 |
| ENDING RESOURCES | | | |
| Operating Reserves | \$ 987,844 | | |
| Capital Reserves | | 4,267,484 | |
| TOTAL ENDING RESOURCES | \$ 5,255,328 | | |

OTHER SUPPLEMENTAL INFORMATION

EVERGREEN METROPOLITAN DISTRICT
SCHEDULE OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020

| | <u>WATER</u> | <u>WASTEWATER</u> | <u>TOTAL</u> |
|--|---------------------|---------------------|---------------------|
| Customer Service | \$ 274,036 | \$ - | \$ 274,036 |
| Salaries | 781,604 | 769,609 | 1,551,213 |
| Water Rights Maintenance | 66,168 | - | 66,168 |
| Chemicals | 57,138 | 83,266 | 140,404 |
| Supplies and Maintenance | 154,421 | 117,011 | 271,432 |
| Power and Telephones | 207,616 | 119,391 | 327,007 |
| Distribution Expense | 186,100 | - | 186,100 |
| Collection Expense | - | 5,302 | 5,302 |
| Truck Expenses | 18,028 | 14,983 | 33,011 |
| Sludge Disposal | - | 105,802 | 105,802 |
| Bear Creek Watershed Dues | - | 19,320 | 19,320 |
| CDH Permits | - | 4,938 | 4,938 |
| Outside Lab Analysis | 19,905 | 1,142 | 21,047 |
| Pension and Employee Benefits and Expenses | 201,201 | 198,118 | 399,319 |
| Payroll Taxes | 58,787 | 58,847 | 117,634 |
| | <u>2,025,004</u> | <u>1,497,729</u> | <u>3,522,733</u> |
| Total Operating Expenses | \$ <u>2,025,004</u> | \$ <u>1,497,729</u> | \$ <u>3,522,733</u> |

EVERGREEN METROPOLITAN DISTRICT
SCHEDULE OF ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020

| | <u>WATER</u> | <u>WASTEWATER</u> | <u>TOTAL</u> |
|----------------------------------|-------------------|-------------------|-------------------|
| Auditing | \$ 8,015 | \$ 3,435 | \$ 11,450 |
| Insurance | 59,289 | 42,161 | 101,450 |
| Legal | 71,696 | 14,652 | 86,348 |
| Office Supplies | 3,125 | 1,324 | 4,449 |
| Postage | 1,037 | 445 | 1,482 |
| Operating Supplies | 12,442 | 5,340 | 17,782 |
| Outside Services | 34,036 | 21,358 | 55,394 |
| Outsourcing/Billing | - | 12,521 | 12,521 |
| Repairs and Maintenance | 16,415 | 8,447 | 24,862 |
| Telephone | 7,096 | 3,030 | 10,126 |
| Power | 4,725 | 2,025 | 6,750 |
| Dues, Subscriptions and Training | 8,707 | 4,806 | 13,513 |
| Directors' Fees | 8,213 | 3,520 | 11,733 |
| Directors' Payroll Taxes | 628 | 269 | 897 |
| Travel, Meetings and Conferences | 900 | 386 | 1,286 |
| Elections | 1,349 | 578 | 1,927 |
| Salaries | 243,858 | 129,887 | 373,745 |
| Pension and Employee Benefits | 71,066 | 41,244 | 112,310 |
| Payroll Taxes | 18,127 | 9,662 | 27,789 |
| | <u>570,724</u> | <u>305,090</u> | <u>875,814</u> |
| Total Administrative Expenses | \$ <u>570,724</u> | \$ <u>305,090</u> | \$ <u>875,814</u> |