

**EVERGREEN METROPOLITAN
DISTRICT
Jefferson County, Colorado**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2021

**EVERGREEN METROPOLITAN DISTRICT
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INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners
Evergreen Metropolitan District
Evergreen, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of Evergreen Metropolitan District, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise Evergreen Metropolitan District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the business-type activities of Evergreen Metropolitan District, as of December 31, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Evergreen Metropolitan District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Evergreen Metropolitan District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Evergreen Metropolitan District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Evergreen Metropolitan District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages III through VII be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Evergreen Metropolitan District's basic financial statements. The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual and the Schedule of Expenditures of Federal Awards, as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual and the Schedule of Expenditures of Federal Awards 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. Such 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 Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual and the Schedule of Expenditures of Federal Awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 21, 2022 on our consideration of Evergreen Metropolitan District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Evergreen Metropolitan District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Evergreen Metropolitan District's internal control over financial reporting and compliance.

Watson Coon Ryan, LLC

CENTENNIAL, COLORADO
JULY 21, 2022

**EVERGREEN METROPOLITAN DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED DECEMBER 31, 2021**

The management of Evergreen Metropolitan District (the District) offers the readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended December 31, 2021.

Financial Highlights

- The District's total net position increased by \$366,537, \$204,554 from water and \$161,983 from wastewater.
- Compared to the prior year, the District's revenues for water decreased \$25,411 (0.65%) and revenues for wastewater increased \$78,283 (3.44%).
- The District's expenses, inclusive of depreciation expense, increased \$50,704 (1.22%) and \$82,133 (3.39%) for water and wastewater, respectively.
- Total net operating loss of \$457,620 was an increase of \$79,965 from last year. Excluding depreciation, net operating income was \$1,677,351.
- The District's total debt outstanding as of December 31, 2021 was \$2,553,392, which consists of a 2002 loan from the Drinking Water Revolving Fund (\$137,206), a 2009 loan from the Water Pollution Control Revolving Fund (\$757,787), and a 2021 loan from the Drinking Water Revolving Fund (\$1,658,399). See Note 5 (Long-Term Obligations) for additional detail of the loans.

Overview of the Financial Statements

Management's discussions and analysis is intended to serve as an introduction to the District's basic financial statements. The basic financial statements are comprised of financial statements and notes to financial statements. This report also contains other supplemental information and continuing disclosure annual financial information in addition to the basic financial statements themselves.

The 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 being 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, expenses, and changes in net position presents information that 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, revenue and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods.

The statement of cash flows reports the District's cash flows from operating, noncapital financing, capital, and investing activities.

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

The supplementary information contained in this report provides a schedule of revenues, expenses, and change in net position, budget and actual information, and debt service requirements.

**EVERGREEN METROPOLITAN DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED DECEMBER 31, 2021**

The District's net position increased \$204,554 for water and \$161,983 for wastewater in 2021. The main reason for this increase is from the receipts of system development fees reported in capital contributions. The restricted component of net position, which includes assets that are restricted for use, consists of the operation and maintenance reserve imposed pursuant to the 2021 loan agreement with the Colorado Water Resources and Power Development Authority (see Note 5 Long-Term Obligations for additional detail). As noted earlier, change in net position may serve over time as a useful indicator of the District's financial position.

As of December 31, 2021, assets exceeded total liabilities by \$35,938,990 and \$16,754,764 for water and wastewater, respectively.

Statement of Net Position

Year Ending December 31,	Water		Wastewater	
	2021	2020	2021	2020
ASSETS				
Current Assets	\$ 5,837,231	\$ 4,996,532	\$ 7,171,828	\$ 6,693,262
Other Assets	1,199,206	1,349,107	-	-
Capital Assets, Net	31,495,533	30,266,950	10,636,968	11,065,579
Total Assets	38,531,970	36,612,589	17,808,796	17,758,841
LIABILITIES				
Current Liabilities	661,698	402,595	272,283	290,080
Other Liabilities	198,000	204,000	-	-
Long-Term Liabilities	1,733,282	271,558	781,749	875,980
Total Liabilities	2,592,980	878,153	1,054,032	1,166,060
NET POSITION				
Net Position Invested in Capital Assets	29,699,928	30,003,515	9,879,181	10,221,273
Restricted Net Position	710,890	-	-	-
Unrestricted Net Position	5,528,172	5,730,921	6,875,583	6,371,508
Total Net Position	\$ 35,938,990	\$ 35,734,436	\$ 16,754,764	\$ 16,592,781

**EVERGREEN METROPOLITAN DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED DECEMBER 31, 2021**

Water operating revenue increased by \$91,072 due to an increase in sales and services to customers and other districts. The rate increases to customers and other districts included an increase in the usage rates for 2021 to \$3.30 from \$3.10 per thousand gallons for tier 1 (0-14 thousand gallons per month) and an crease to \$6.00 from \$5.20 per thousand gallons for tier 2 (over 14 thousand gallons per month).

Wastewater operating revenue increased by \$112,971 due to the wastewater base rate increase, from \$49.00 to \$50.00 per equivalent tap per month. Revenue from system development fees, inclusions and cost recovery, contractual payments, proceeds of sale of assets, interest income, grants and other non-operating revenue decreased \$606,100 and \$303,441 for water and wastewater, respectively. The main factor for the decrease in system development fees collected in 2021 as compared to 2020 is due to the timing of development.

Operating expenses increased by \$39,212 and \$87,424 for water and wastewater, respectively, in conjunction with the increases in revenues. General and administrative, depreciation and other non-operating expenses increased \$11,492 for water and decreased \$5,291 for wastewater.

Review of Change in Net Position

Year Ending December 31,	Water		Wastewater	
	2021	2020	2021	2020
REVENUES				
Operating Revenue	\$ 3,844,665	\$ 3,753,593	\$ 2,339,641	\$ 2,226,670
Nonoperating Revenue	46,786	163,269	16,934	51,622
Total Revenues	3,891,451	3,916,862	2,356,575	2,278,292
EXPENSES				
Operating Expenses	2,064,216	2,025,004	1,585,153	1,497,729
General and Administrative	589,969	570,724	310,801	305,090
Depreciation	1,544,663	1,532,210	590,308	617,405
Non-Operating Expenses	4,441	24,647	16,095	-
Total Expenses	4,203,289	4,152,585	2,502,357	2,420,224
INCOME (LOSS) BEFORE CONTRIBUTIONS	(311,838)	(235,723)	(145,782)	(141,932)
CAPITAL CONTRIBUTIONS	516,392	1,006,009	307,765	576,518
CHANGE IN NET POSITION	204,554	770,286	161,983	434,586
Net Position - Beginning of Year	35,734,436	34,964,150	16,592,781	16,158,195
NET POSITION - END OF YEAR	<u>\$ 35,938,990</u>	<u>\$ 35,734,436</u>	<u>\$ 16,754,764</u>	<u>\$ 16,592,781</u>

**EVERGREEN METROPOLITAN DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED DECEMBER 31, 2021**

Budgetary Highlights

The District prepares its budget on the modified accrual basis of accounting to recognize the fiscal impact of debt issuance, sale of assets and debt repayments, as well as capital outlay in addition to operations and nonoperating revenue and contributions. This budgetary accounting is required by state statutes.

For water, actual revenue of the District was lower than the budgeted revenue by \$1,202,506 mainly due to the requisitions of the 2021 loan proceeds being lower than the \$3,000,000 budget. Total actual expenditures was \$2,433,703 less than the appropriation, which includes a positive variance of \$2,050,810 for capital expenditures, mainly due to timing of the anticipated capital projects.

For wastewater, actual revenue of the District was lower than the budgeted revenue by \$86,801 mainly due to services to districts and late charges being under budget. Total actual expenditures was \$819,737 less than the appropriation, which includes a positive variance of \$786,487 for capital expenditures.

Capital Assets Activity

The activity related to capital assets is as follows:

	Water		Wastewater	
	2021	2020	2021	2020
Source of Supply	\$ 2,208,497	\$ 2,208,497	\$ -	\$ -
Land and Right of Way	244,575	262,110	33,573	41,088
Construction in Progress	3,390,882	1,003,356	175,204	129,691
Operating System	17,940,856	18,661,889	9,859,168	10,287,704
Buildings and Improvements	1,118,127	1,176,886	254,903	276,094
Equipment and Vehicles	513,571	499,679	314,120	331,002
Facilities Owned by Other Districts	6,079,025	6,454,533	-	-
Total Capital Assets, Net	<u>\$ 31,495,533</u>	<u>\$ 30,266,950</u>	<u>\$ 10,636,968</u>	<u>\$ 11,065,579</u>

Additional information on the District's capital assets can be found in Note 4 of this report.

Long-Term Debt

All scheduled payments of principal and interest on the District's outstanding debt were paid as required during 2021.

Additional detail on the District's debt is in Note 5 of this report.

**EVERGREEN METROPOLITAN DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED DECEMBER 31, 2021**

Economic Factors and Next Year's Budgets and Rates

For 2022, the District has budgeted revenue for water and wastewater of \$3,939,927 and \$2,431,772, respectively, which are \$113,407 and \$9,972 higher compared with 2021 budgeted figures.

The water revenue increase consists of rate increases to customers and other districts as follows:

- Increase in the monthly base rate per tap from \$29.50 to \$30.00
- Increase in the usage rates to \$3.46 from \$3.30 per thousand gallons for tier 1 (0-14 thousand gallons per month) and an increase to \$6.30 from \$6.00 per thousand gallons for tier 2 (over 14 thousand gallons per month).
- Increase in drought penalty rates

The wastewater revenue increase consists of the monthly base rate increase, from \$50.00 to \$51.50 per equivalent tap per month.

2022 operating expenses are budgeted at \$3,107,970 for water and \$2,198,210 for wastewater, which are \$264,411 and \$269,546 higher compared with 2021 budget amounts. The main factor for these increases is related to the current general market condition of rising costs of labor and supply.

Request 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:

Evergreen Metropolitan District
30920 Stagecoach Blvd.,
Evergreen, Colorado 80439

BASIC FINANCIAL STATEMENTS

**EVERGREEN METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2021**

ASSETS	<u>Water</u>	<u>Wastewater</u>	<u>Total</u>
CURRENT ASSETS			
Cash and Cash Equivalents	\$ 4,056,561	\$ 6,112,523	\$ 10,169,084
Cash and Cash Equivalents - Restricted	714,241	3,028	717,269
Certificates of Deposits	495,000	745,000	1,240,000
Accounts Receivable	426,577	249,094	675,671
Accrued Interest Receivable	3,293	1,231	4,524
Inventory	88,423	19,630	108,053
Prepaid Expenses	53,136	41,322	94,458
Total Current Assets	<u>5,837,231</u>	<u>7,171,828</u>	<u>13,009,059</u>
OTHER ASSETS			
Other Intangible, Net	1,199,206	-	1,199,206
Total Other Assets	<u>1,199,206</u>	<u>-</u>	<u>1,199,206</u>
CAPITAL ASSETS, NET			
	<u>31,495,533</u>	<u>10,636,968</u>	<u>42,132,501</u>
Total Assets	<u>\$ 38,531,970</u>	<u>\$ 17,808,796</u>	<u>\$ 56,340,766</u>
LIABILITIES AND NET POSITION			
CURRENT LIABILITIES			
Accounts Payable and Accrued Expenses	\$ 472,012	\$ 178,546	\$ 650,558
Accrued Interest Payable	-	2,453	2,453
Developers' Funds	3,310	3,026	6,336
Loan Payable - Current Portion	179,116	88,258	267,374
Open Space Agreement - Current Portion	6,000	-	6,000
Deferred Revenue	1,260	-	1,260
Total Current Liabilities	<u>661,698</u>	<u>272,283</u>	<u>933,981</u>
OTHER LIABILITIES			
Unearned Revenue - Open Space Agreement	198,000	-	198,000
Total Other Assets	<u>198,000</u>	<u>-</u>	<u>198,000</u>
LONG-TERM OBLIGATIONS			
Loan Payable	1,616,489	669,529	2,286,018
Accrued Employee Benefits Payable	116,793	112,220	229,013
Total Long-Term Obligations	<u>1,733,282</u>	<u>781,749</u>	<u>2,515,031</u>
NET POSITION			
Net Investment in Capital Assets	29,699,928	9,879,181	39,579,109
Restricted	710,890	-	710,890
Unrestricted	5,528,172	6,875,583	12,403,755
Total Net Position	<u>35,938,990</u>	<u>16,754,764</u>	<u>52,693,754</u>
Total Liabilities and Net Position	<u>\$ 38,531,970</u>	<u>\$ 17,808,796</u>	<u>\$ 56,340,766</u>

See accompanying Notes to Basic Financial Statements.

**EVERGREEN METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION
YEARS ENDED DECEMBER 31, 2021**

	<u>Water</u>	<u>Wastewater</u>	<u>Total</u>
OPERATIONS			
Service Revenues	\$ 3,844,665	\$ 2,339,641	\$ 6,184,306
Direct Expenses	<u>2,064,216</u>	<u>1,585,153</u>	<u>3,649,369</u>
GROSS PROFIT FROM OPERATIONS	1,780,449	754,488	2,534,937
GENERAL AND ADMINISTRATIVE EXPENSES			
General and Administrative	589,969	310,801	900,770
Depreciation and Amortization	<u>1,544,663</u>	<u>590,308</u>	<u>2,134,971</u>
NET LOSS FROM OPERATIONS	(354,183)	(146,621)	(500,804)
NONOPERATING REVENUES	46,786	16,934	63,720
NONOPERATING EXPENSES	<u>4,441</u>	<u>16,095</u>	<u>20,536</u>
LOSS BEFORE CONTRIBUTIONS	(311,838)	(145,782)	(457,620)
CAPITAL CONTRIBUTIONS	<u>516,392</u>	<u>307,765</u>	<u>824,157</u>
CHANGE IN NET POSITION	204,554	161,983	366,537
Net Position - Beginning of Year	<u>35,734,436</u>	<u>16,592,781</u>	<u>52,327,217</u>
NET POSITION - END OF YEAR	<u><u>\$ 35,938,990</u></u>	<u><u>\$ 16,754,764</u></u>	<u><u>\$ 52,693,754</u></u>

See accompanying Notes to Basic Financial Statements.

**EVERGREEN METROPOLITAN DISTRICT
STATEMENT OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021**

	Water	Wastewater	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers	\$ 3,587,657	\$ 1,659,315	\$ 5,246,972
Receipts for Sales and Services (Customers and Other Districts)	167,967	540,020	707,987
Receipts from Water Fund	-	132,000	132,000
Other Receipts	89,041	8,306	97,347
Payments to Suppliers	(739,903)	(758,079)	(1,497,982)
Payments to Employees and Related Expenses	(1,549,813)	(1,182,331)	(2,732,144)
Net Cash Provided by Operating Activities	<u>1,554,949</u>	<u>399,231</u>	<u>1,954,180</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Proceeds from Sale of Assets	15,501	6,750	22,251
Acquisition of Property, Plant, and Equipment	(2,638,107)	(164,488)	(2,802,595)
Loan Proceeds	1,658,399	-	1,658,399
Contractual Payments Received	62,642	-	62,642
System Development Fees Received	414,000	306,000	720,000
Inclusion Fees and Cost Recovery Payments Received	39,750	1,765	41,515
Other Grants and Receipts	30,842	3,250	34,092
Loan Interest and Administrative Fees	(13,836)	(16,456)	(30,292)
Loan Principal Reduction	(123,152)	(86,519)	(209,671)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(553,961)</u>	<u>50,302</u>	<u>(503,659)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investments Included in Cash and Cash Equivalents	1,668,926	2,471,753	4,140,679
Certificates of Deposits Matured	1,250,000	-	1,250,000
Certificates of Deposits Purchased	(500,000)	-	(500,000)
Net Investment Income Received	5,910	9,364	15,274
Net Cash Provided by Investing Activities	<u>2,424,836</u>	<u>2,481,117</u>	<u>4,905,953</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	3,425,824	2,930,650	6,356,474
Cash and Cash Equivalents - Beginning of Year	<u>1,344,978</u>	<u>3,184,901</u>	<u>4,529,879</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 4,770,802</u>	<u>\$ 6,115,551</u>	<u>\$ 10,886,353</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Loss from Operations	\$ (354,183)	\$ (146,621)	\$ (500,804)
Adjustments to Reconcile Loss from Operations to Net Cash Provided by Operating Activities:			
Depreciation	1,544,663	590,308	2,134,971
Decrease (Increase) in Inventory	(304)	(940)	(1,244)
Decrease (Increase) in Prepaid Expenses	34,802	26,019	60,821
Decrease (Increase) in Accounts Receivable	134,996	(44,388)	90,608
Increased (Decrease) in Developer Funds	(60)	-	(60)
Increase (Decrease) in Accounts Payable and Accrued Expenses	212,594	(19,174)	193,420
Increase (Decrease) in Accrued Employee Benefits Payable	(17,559)	(5,973)	(23,532)
Net Cash Provided by Operating Activities	<u>\$ 1,554,949</u>	<u>\$ 399,231</u>	<u>\$ 1,954,180</u>

See accompanying Notes to Basic Financial Statements.

**EVERGREEN METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 1 DEFINITION OF REPORTING ENTITY

Evergreen Metropolitan District (District), a quasi-municipal corporation and political subdivision of the state of Colorado was organized by order and decree of the District Court for Jefferson County and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Section 1, Colorado Revised Statutes). The District provides water and sanitation services 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. 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 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.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The more significant accounting policies of the District are described as follows:

The accounting policies of the District conform to generally accepted accounting principles as applicable to governmental units accounted for as a proprietary enterprise fund. 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.

Basis of Accounting

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 capital assets are shown as increases in assets and redemption of bonds and loans is recorded as a reduction in liabilities. Tap fees and contributed assets from developers are recorded as capital contributions when received.

**EVERGREEN METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Operating Revenues and Expenses

The District distinguishes between operating revenues and expenses and nonoperating items in the statements of revenues, expenses and change in net position. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the District's purpose of providing water and sanitation services to its customers. Operating revenues consist of charges to customers for service provided. Operating expenses include the cost of service, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses or capital contributions.

Budgets

In accordance with the State Budget Law, the District's Board of Directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures and other financing uses level and lapses at year end. The District's Board of Directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated.

Cash Equivalents

For purposes of the statement of cash flows, the District considers cash deposits and highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

Inventory

Inventory is primarily valued at the lower of either cost, using the first-in first-out method, or market.

Capital Assets

Capital assets, which include source of supply, land and right of way, plant and buildings, distribution and collection systems, and machinery and equipment, are reported by the District. Capital assets are defined by the District as assets within an initial, individual cost of more than \$2,500. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Depreciation expense has been computed using the straight-line method over the estimated economic useful lives of the assets ranging from 5 to 50 years.

**EVERGREEN METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Tap Fees and Contributed Lines

Tap fees are recorded as capital contribution when received. Lines contributed to the District by Developers are recorded as capital contributions and additions to the systems at acquisition value when received. The District is then responsible for the maintenance and operations of the lines.

Compensated Absences

Accumulated unpaid vacation and sick pay is recorded when earned.

Equity

Net Position

For presentation purposes when both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first, then unrestricted resources as they are needed.

Estimates

The presentation of financial statements in conformity with generally accepted accounting principles require 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

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).

The District completed a dredge project in 2016 to remove sediment from the 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 then then remaining life of the cooperative agreement with the City and County of Denver (13 years).

**EVERGREEN METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 CASH AND INVESTMENTS

Cash and investments as of December 31, 2021 are classified in the accompanying financial statements as follows:

	<u>Water</u>	<u>Wastewater</u>	<u>Total</u>
Statement of Net Position:			
Cash and Cash Equivalents	\$ 4,056,561	\$ 6,112,523	\$ 10,169,084
Cash and Cash Equivalents - Restricted	714,241	3,028	717,269
Total Cash and Investments	<u>\$ 4,770,802</u>	<u>\$ 6,115,551</u>	<u>\$ 10,886,353</u>

Cash and cash equivalents as of December 31, 2021 consist of the following:

	<u>Water</u>	<u>Wastewater</u>	<u>Total</u>
Deposits with Financial Institutions	\$ 845,956	\$ 341,845	\$ 1,187,801
Cash on Hand	200	-	200
Investments	3,924,646	5,773,706	9,698,352
Total Cash and Cash Equivalents	<u>\$ 4,770,802</u>	<u>\$ 6,115,551</u>	<u>\$ 10,886,353</u>

Deposits with Financial Institutions

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government 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 102% of the aggregate uninsured deposits.

The State Commissioners 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, 2021 the District had the following deposits with financial institutions:

	<u>Bank Balance</u>	<u>Carrying Balance</u>
Insured Deposits	\$ 757,232	\$ 558,411
Deposits Collateralized in Single Institution Pools	652,211	629,390
Total Deposits with Financial Institutions	<u>\$ 1,409,443</u>	<u>\$ 1,187,801</u>

**EVERGREEN METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Investments

The District generally limits its concentration of investments to those noted with an asterisk (*) below, which are believed to have minimal credit risk, minimal interest rate risk, and no foreign currency risk. Additionally, the District is not subject to concentration risk disclosure requirements for investments that are in the possession of another party.

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the board of directors, such actions are generally associated with a debt service reserve or sinking fund requirements.

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

- . Obligations of the United States, certain U.S. government agency securities, and securities of the World Bank
- . General obligation and revenue bonds of U.S. local government entities
- . Certain certificates of participation
- . Certain securities lending agreements
- . Bankers' acceptances of certain banks
- . Commercial paper
- . Written repurchase agreements and certain reverse repurchase agreements collateralized by certain authorized securities
- . Certain money market funds
- . Guaranteed investment contracts
- * Local government investment pools

As of December 31, 2021, the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Colorado Surplus Asset Fund Trust (CSAFE)	Weighted-Average Under 60 Days	\$ 4,344,862
Colorado Liquid Asset Trust (COLOTRUST)	Weighted-Average Under 60 Days	5,353,490
Total		<u>\$ 9,698,352</u>

COLOTRUST

The District invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST) (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust currently offers three portfolios – COLOTRUST PRIME, COLOTRUST PLUS+, and COLOTRUST EDGE.

COLOTRUST PRIME and COLOTRUST PLUS+, which operate similarly to a money market fund and each share is equal in value to \$1.00, offer daily liquidity. Both portfolios may invest in U.S. Treasury securities and 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.

**EVERGREEN METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

COLOTRUST (Continued)

COLOTRUST EDGE, a variable Net Asset Value (NAV) Local Government Investment Pool, offers weekly liquidity and is managed to approximate a \$10.00 transactional share price. COLOTRUST EDGE may invest in securities authorized by CRS 24-75-601, including U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies, highest rated commercial paper, and any security allowed under CRS 24-75-601.

A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. COLOTRUST is rated AAAM by Standard & Poor's. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST at net asset value as determined by fair value. There are no unfunded commitments, the redemption frequency is daily or weekly, and there is no redemption notice period.

CSAFE

The District invested in the Colorado Surplus Asset Fund Trust (CSAFE) (the Trust), which is an investment vehicle established by state statute for local government entities to pool surplus assets. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust currently offers two portfolios – CSAFE CASH FUND and CSAFE CORE.

CSAFE CASH FUND operations similar to a money market fund, with each share valued at \$1.00. CSAFE may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain money market funds and highest rated commercial paper, any security allowed under CRS 24-75-601.

CSAFE CORE, a variable Net Asset Value (NAV) Local Government Investment Pool, offers weekly liquidity and is managed to approximate a \$2.00 transactional share price. CSAFE CORE may invest in securities authorized by CRS 24-75-601, including U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, 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 CSAFE's portfolio pursuant to a custodian agreement. The custodian acts as safekeeping agent for CSAFE's investment portfolio and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by CSAFE. CSAFE is rated AAAMmf by Fitch Ratings. CSAFE records its investments at amortized cost and the District records its investments in CSAFE using the amortized cost method. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

**EVERGREEN METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 4 CAPITAL ASSETS

An analysis of the changes in water capital assets for the year ended December 31, 2021 follows:

	Balance December 31, 2020	Additions	Retirements	Balance December 31, 2021
Capital Assets, Not Being Depreciated:				
Source of Supply	\$ 2,208,497	\$ -	\$ -	\$ 2,208,497
Land and Right of Way	262,110	-	(17,535)	244,575
Construction in Progress	<u>1,003,356</u>	<u>2,387,526</u>	<u>-</u>	<u>3,390,882</u>
Total Capital Assets, Not Being Depreciated	3,473,963	2,387,526	(17,535)	5,843,954
Capital Assets, Being Depreciated:				
Infrastructure	18,088,559	88,040	-	18,176,599
Water Treatment Plant	15,511,372	32,930	-	15,544,302
Buildings and Improvements	2,112,358	-	-	2,112,358
General Equipment	1,356,499	82,538	-	1,439,037
Transportation Equipment	444,175	55,847	(38,644)	461,378
Maps	148,360	-	-	148,360
GIS Project	30,171	-	-	30,171
Facilities Owned by Other Districts	<u>16,837,898</u>	<u>-</u>	<u>-</u>	<u>16,837,898</u>
Total Capital Assets, Being Depreciated	54,529,392	259,355	(38,644)	54,750,103
Less Accumulated Depreciation For:				
Infrastructure	(8,930,911)	(435,153)	-	(9,366,064)
Water Treatment Plant	(6,007,131)	(406,850)	-	(6,413,981)
Buildings and Improvements	(935,472)	(58,759)	-	(994,231)
General Equipment	(1,015,329)	(78,525)	-	(1,093,854)
Transportation Equipment	(285,665)	(45,968)	38,644	(292,989)
Maps	(148,360)	-	-	(148,360)
GIS Project	(30,172)	-	-	(30,172)
Facilities Owned by Other Districts	<u>(10,383,365)</u>	<u>(375,508)</u>	<u>-</u>	<u>(10,758,873)</u>
Total Accumulated Depreciation	<u>(27,736,405)</u>	<u>(1,400,763)</u>	<u>38,644</u>	<u>(29,098,524)</u>
Capital Assets, Net	<u>\$ 30,266,950</u>	<u>\$ 1,246,118</u>	<u>\$ (17,535)</u>	<u>\$ 31,495,533</u>

Depreciation expense for the year ended December 31, 2021 was \$1,400,763.

**EVERGREEN METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 4 CAPITAL ASSETS (CONTINUED)

An analysis of the changes in wastewater capital assets for the year ended December 31, 2021 follows:

	Balance December 31, 2020	Additions	Retirements/ Reclassi- fications	Balance December 31, 2021
Capital Assets, Not Being Depreciated:				
Land and Right of Way	\$ 41,088	\$ -	\$ (7,515)	\$ 33,573
Construction in Progress	129,691	45,513	-	175,204
Total Capital Assets, Not Being Depreciated	170,779	45,513	(7,515)	208,777
Capital Assets, Being Depreciated:				
Infrastructure	12,943,936	39,878	-	12,983,814
Wastewater Treatment Plant	8,976,105	20,347	-	8,996,452
Buildings and Improvements	647,720	-	-	647,720
General Equipment	999,822	33,402	-	1,033,224
Transportation Equipment	591,486	30,072	(20,809)	600,749
Maps	29,211	-	-	29,211
GIS Project	41,768	-	-	41,768
Total Capital Assets, Being Depreciated	24,230,048	123,699	(20,809)	24,332,938
Less Accumulated Depreciation For:				
Infrastructure	(7,456,047)	(262,973)	-	(7,719,020)
Wastewater Treatment Plant	(4,176,290)	(225,788)	-	(4,402,078)
Buildings and Improvements	(371,626)	(21,191)	-	(392,817)
General Equipment	(763,847)	(55,587)	-	(819,434)
Transportation Equipment	(496,461)	(24,769)	20,809	(500,421)
Maps	(29,210)	-	-	(29,210)
GIS Project	(41,767)	-	-	(41,767)
Total Accumulated Depreciation	(13,335,248)	(590,308)	20,809	(13,904,747)
Capital Assets, Net	<u>\$ 11,065,579</u>	<u>\$ (421,096)</u>	<u>\$ (7,515)</u>	<u>\$ 10,636,968</u>

Depreciation expense for the year ended December 31, 2021 was \$590,308.

**EVERGREEN METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 5 LONG-TERM OBLIGATIONS

The following is an analysis of the changes in the District's long-term obligations for the year ended December 31, 2021:

	Balance December 31, 2020	Additions	Reductions	Balance December 31, 2021	Amounts Due Within One Year
Notes/Loans From Direct					
Borrowings and Placements					
Water:					
CWRPDA Loan (2002) - D02A040 Drinking Water Revolving Fund	\$ 263,435	\$ -	\$ 126,229	\$ 137,206	\$ 137,206
CWRPDA Loan (2021) - D21F040 Drinking Water Revolving Fund	-	1,658,399	-	1,658,399	41,910
Subtotal - Water	263,435	1,658,399	126,229	1,795,605	179,116
Wastewater:					
CWRPDA Loan (2009) - F09F040 Water Pollution Control Revolving Fund	844,306	-	86,519	757,787	88,258
Subtotal - Wastewater	844,306	-	86,519	757,787	88,258
Total Long-Term Obligations	\$ 1,107,741	\$ 1,658,399	\$ 212,748	\$ 2,553,392	\$ 267,374

The detail of the District's long-term obligations is as follows:

Drinking Water Revolving Fund – 2002 Loan

The District obtained two loans totaling \$7,500,000 from the Colorado Water Resources and Power Development Authority (CWRPDA) through the State of Colorado Drinking Water Revolving Fund Program 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.

Water Pollution Control Revolving Fund – 2009 Loan

The District obtained a loan totaling \$2,000,000 from the CWRPDA 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 CWRPDA, dated July 24, 2009, has an interest rate of 2.00% for 20 years. The 2009 Loan is payable semi-annually on May 1 and November 1.

**EVERGREEN METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Drinking Water Revolving Fund – 2021 Loan

On May 18, 2021 the District entered into a loan agreement with the CWRPDA to obtain a \$3,000,000 loan through the State of Colorado Drink Water Revolving Fund Program for the purposes of constructing a new high service pump station, improvements to the existing treatment plant including demolition of the solids pump station, installation of a new water main connection to the distribution system, and installation of a parallel water main to serve the south end of the system. The 2021 Loan has a 30-year term with an effective interest rate of 2.25% and is payable semi-annually on May 1 and November 1, beginning May 1, 2022. Pursuant to the loan agreement, the District shall maintain an operation and maintenance reserve in an amount equal to three months of operation and maintenance expenses, excluding depreciation, of the water fund's annual budget for the current fiscal year.

The District's 2002 Loan principal and interest will mature as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 137,206	\$ (6,063)	\$ 131,143
Total	<u>\$ 137,206</u>	<u>\$ (6,063)</u>	<u>\$ 131,143</u>

The District's 2009 Loan principal and interest will mature as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 88,258	\$ 14,717	\$ 102,975
2023	90,032	12,943	102,975
2024	91,842	11,133	102,975
2025	93,688	9,287	102,975
2026	95,571	7,404	102,975
2027-2029	298,395	10,530	308,925
Total	<u>\$ 757,786</u>	<u>\$ 66,014</u>	<u>\$ 823,800</u>

The District's 2021 Loan principal and interest will mature as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 41,910	\$ 39,309	\$ 81,219
2023	73,281	66,147	139,428
2024	74,939	64,489	139,428
2025	76,635	62,793	139,428
2026	78,369	61,059	139,428
2027-2031	419,258	277,883	697,141
2032-2036	468,885	228,255	697,140
2037-2041	524,388	172,754	697,142
2042-2046	586,459	110,683	697,142
2047-2051	655,876	41,263	697,139
Total	<u>\$ 3,000,000</u>	<u>\$ 1,124,635</u>	<u>\$ 4,124,635</u>

Note: The 2021 Loan schedule assumes that all of the \$3,000,000 available loan proceeds are drawn.

**EVERGREEN METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 6 NET POSITION

The District has net position consisting of three components – net investment in capital assets, restricted, and unrestricted.

The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. As of December 31, 2021, the District had the following net investment in capital assets, calculated as follows:

	Water	Wastewater	Total
Net Investment in Capital Assets:			
Capital Assets, Net	\$ 31,495,533	\$ 10,636,968	\$ 42,132,501
Current Portion of Long-Term Obligations	(179,116)	(88,258)	(267,374)
Noncurrent Portion of Long-Term Obligations	(1,616,489)	(669,529)	(2,286,018)
Total	\$ 29,699,928	\$ 9,879,181	\$ 39,579,109

Restricted assets include net position that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The District had a restricted net position of \$710,890 as of December 31, 2021 for the operation and maintenance reserve as required by the 2021 loan from the Drink Water Revolving Fund.

The unrestricted net position as of December 31, 2021 for water and wastewater were \$5,528,172 and \$6,875,583, respectively.

NOTE 7 EMPLOYEE BENEFIT PLAN

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.

Defined Contribution Plan

The District provides pension benefits for all of its regularly employed employees through the 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% vested after completing three years of service.

**EVERGREEN METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 7 EMPLOYEE BENEFIT PLAN (CONTINUED)

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 plan is not reported as part of the District's financial statements because the District does not exercise oversight responsibilities or have significant influence on the financial operations of the plan.

NOTE 8 AGREEMENTS

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 (KSWD) and West Jefferson County Metropolitan District (WJCMD). These agreements transfer the title of certain water assets located within the boundaries of those districts. The agreements also contain a reversionary clause whereby title to all of the referenced water facilities would revert back to the 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.

The consolidation of El Rancho Metropolitan District (ERMD) and the WJCMD 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 WJCMD and became effective as of January 1, 2014. The Districts entered into an amendment of the Water Agreement between ERMD and the District that imposes responsibility for the operation, maintenance, repair and replacement of the water distribution system in the ERMD service boundary area upon the District to the same extent as provided under the Water Agreement between WJCMD and the District.

Water Distribution and Wastewater Service Agreement

The District has entered into a water distribution and service agreement with WJCMD to provide water and waste water service based on the agreed upon fee schedule. Under the terms of the agreement, the District provides complete management of the water system for WJCMD, including maintenance, administrative services, collection of revenue and the issuance of water taps. Furthermore, the District's management and administrative services to WJCMD include operating, pretreatment, locates, billing, collection, accounting, general management, administrative functions, and administrative operating expenses. WJCMD does not derive any revenues in excess of expenditures from the water system because the fees charged to WJCMD's customers equals the fees charged by the District for services rendered.

**EVERGREEN METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 8 AGREEMENTS (CONTINUED)

El Rancho Prepaid Water Taps

As part of the merger between WJCMD and ERMD effective January 1, 2014, the 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 District retains the remainder. As of December 31, 2021, the 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 ERMD service boundary.

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 75-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.

**EVERGREEN METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 9 RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees; or acts of God.

The District is a member of the Colorado Special Districts Property and Liability Pool (the Pool) as of December 31, 2021. The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials' liability, boiler and machinery, and workers' compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years.

The District pays annual premiums to the Pool for liability, property, public officials' liability, and workers' compensation coverage. In the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool, the Pool may require additional contributions from the Pool members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula.

NOTE 10 TAX, SPENDING, AND DEBT LIMITATIONS

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights (TABOR), contains tax, spending, revenue, and debt limitations which apply to the state of Colorado and all local governments.

Enterprises, defined as government-owned businesses authorized to issue revenue bonds and receiving less than 10% of annual revenue in grants from all state and local governments combined, are excluded from the provisions of TABOR. The District's management believes a significant portion of its operations qualifies for this exclusion.

Spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

The District's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits and qualifications as an Enterprise will require judicial interpretation.

**EVERGREEN METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 11 COMMITMENTS AND CONTINGENCIES

Construction Commitments

As of December 31, 2021, the District had construction related contract commitments as follows:

	<u>Retainage</u>	<u>Contract Balance</u>
Stanek Constructors	<u>\$ 90,418</u>	<u>\$ 956,932</u>

SUPPLEMENTARY INFORMATION

**EVERGREEN METROPOLITAN DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN NET POSITION
YEAR ENDED DECEMBER 31, 2021**

	<u>Water</u>	<u>Wastewater</u>	<u>Total</u>
OPERATIONS			
Revenues:			
Water Sales	\$ 3,553,885	\$ -	\$ 3,553,885
Water Sales to Hidden Valley	33,772	-	33,772
Wastewater Treatment Charges	-	1,608,217	1,608,217
Pretreatment Revenue	-	51,098	51,098
Tap Purchase Agreements	3,000	-	3,000
Late Charges and Service Charges	28,306	3,566	31,872
Services to Developers/Public	831	124	955
Services to Districts	117,757	532,968	650,725
Services to Water Department	-	132,000	132,000
Connections and Inspections	18,073	3,362	21,435
Tower Leases Revenue	65,909	-	65,909
Miscellaneous	23,132	8,306	31,438
Total Revenues	<u>3,844,665</u>	<u>2,339,641</u>	<u>6,184,306</u>
Direct Expenses:			
Depreciation and Amortization	1,544,663	590,308	2,134,971
Source of Supply	89,305	-	89,305
Treatment Plant	902,367	1,002,675	1,905,042
Transmission and Distribution	133,103	-	133,103
New Services, Environmental and Pretreatment	217,908	134,855	352,763
Collection and Distribution	443,625	222,994	666,619
Customer Service / Meter Reading & Billing	277,908	-	277,908
Lift Stations	-	56,325	56,325
Sludge Processing	-	168,304	168,304
Total Direct Expenses	<u>3,608,879</u>	<u>2,175,461</u>	<u>5,784,340</u>
GROSS PROFIT FROM OPERATIONS	235,786	164,180	399,966
GENERAL AND ADMINISTRATIVE EXPENSES			
Audit	8,015	3,435	11,450
Insurance	72,599	52,154	124,753
Legal	46,768	21,057	67,825
Office Supplies	3,228	1,383	4,611
Postage	1,036	444	1,480
Operating Supplies	20,817	7,074	27,891
Outside Services	50,134	33,396	83,530
Outsourcing/Billing	-	37,534	37,534
Repairs and Maintenance	7,735	4,105	11,840
Telephone	8,463	3,637	12,100
Power	5,447	2,334	7,781
Dues, Subscriptions and Training	9,577	5,214	14,791
Directors' Fees	8,400	3,600	12,000
Miscellaneous	12,918	1,972	14,890
Directors' Payroll Taxes and Other	720	308	1,028
Travel, Meetings and Conferences	3,112	1,311	4,423
Employee Expense	331,000	131,843	462,843
Total General and Administrative Expenses	<u>589,969</u>	<u>310,801</u>	<u>900,770</u>
NET INCOME (LOSS) FROM OPERATIONS	(354,183)	(146,621)	(500,804)

**EVERGREEN METROPOLITAN DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN NET POSITION (CONTINUED)
YEAR ENDED DECEMBER 31, 2021**

	<u>Water</u>	<u>Wastewater</u>	<u>Total</u>
NONOPERATING REVENUES			
Interest Income	\$ 9,203	\$ 9,724	\$ 18,927
Development Review	3,000	-	3,000
Grants	25,720	3,250	28,970
Proceeds from Water Meter Recycling	2,122	-	2,122
Proceeds from Sale of Assets	6,741	3,960	10,701
Total Nonoperating Revenues	<u>46,786</u>	<u>16,934</u>	<u>63,720</u>
NONOPERATING EXPENSES			
Loan Interest and Administrative Fees	<u>4,441</u>	<u>16,095</u>	<u>20,536</u>
Total Nonoperating Expenses	<u>4,441</u>	<u>16,095</u>	<u>20,536</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS	(311,838)	(145,782)	(457,620)
CAPITAL CONTRIBUTIONS			
System Development Fees	414,000	306,000	720,000
Inclusions and Cost Recovery	39,750	1,765	41,515
Contractual Payments	62,642	-	62,642
Total Capital Contributions	<u>516,392</u>	<u>307,765</u>	<u>824,157</u>
CHANGE IN NET POSITION	<u>\$ 204,554</u>	<u>\$ 161,983</u>	<u>\$ 366,537</u>

**EVERGREEN METROPOLITAN DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUNDS AVAILABLE –
BUDGET AND ACTUAL (BUDGETARY BASIS) – WATER
YEAR ENDED DECEMBER 31, 2021**

	Original and Final Budget	Actual	Variance
WATER OPERATING REVENUE			
Water Sales	\$ 3,540,900	\$ 3,553,885	\$ 12,985
Water Sales to Hidden Valley	32,750	33,772	1,022
Tap Purchase Agreements	3,000	3,000	-
Late Charges and Service Charges	22,800	28,306	5,506
Services to Developers/Public	4,500	831	(3,669)
Services to Districts	129,500	117,757	(11,743)
Connections and Inspections	14,660	18,073	3,413
Tower Leases Revenue	65,910	67,169	1,259
Interest Income	8,000	5,910	(2,090)
Miscellaneous	4,500	23,132	18,632
Total Water Operating Revenue	3,826,520	3,851,835	25,315
WATER OPERATING EXPENSES			
Source of Supply			
Supplies and Maintenance	30,000	17,218	12,782
Engineering	7,000	16,743	(9,743)
Water Rights Maintenance	50,000	55,344	(5,344)
Treatment Plant			
Chemicals	68,000	64,250	3,750
Supplies and Maintenance	69,000	51,914	17,086
Power	100,000	115,217	(15,217)
Truck Expense	10,000	12,906	(2,906)
Lab Supplies and Maintenance	12,000	9,038	2,962
Lab Outside Services	15,000	11,498	3,502
Wastewater Treatment Services	132,000	132,000	-
Employee Expense	488,700	505,544	(16,844)
Transmission and Distribution			
Supplies and Maintenance	22,100	22,792	(692)
Engineering	2,000	-	2,000
Power (Utilities)	106,600	106,242	358
Safety	3,500	4,069	(569)
New Services, Environmental and Pretreatment			
Supplies and Maintenance	3,800	9,433	(5,633)
Truck Expense	2,000	3,007	(1,007)
Lab Supplies and Maintenance	300	-	300
Lab Outside Services	500	3,895	(3,395)
New Service Supplies	12,000	14,463	(2,463)
Equipment Maintenance	1,000	-	1,000
Employee Expense	247,700	186,274	61,426
Collection and Distribution			
Supplies and Maintenance	18,000	15,434	2,566
Telephone (Utilities)	7,200	5,732	1,468
Truck Expense	5,500	3,406	2,094
Equipment Maintenance	15,000	19,126	(4,126)
Distribution Expense	75,000	67,217	7,783
Safety	2,300	3,909	(1,609)
Employee Expense	400,800	329,941	70,859

**EVERGREEN METROPOLITAN DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUNDS AVAILABLE –
BUDGET AND ACTUAL (BUDGETARY BASIS) – WATER (CONTINUED)
YEAR ENDED DECEMBER 31, 2021**

	Original and Final Budget	Actual	Variance
WATER OPERATING EXPENSES (CONTINUED)			
Customer Service / Meter Reading & Billing			
Supplies and Maintenance	\$ 12,000	\$ 17,434	\$ (5,434)
Equipment Maintenance	1,500	-	1,500
Meter & T2 Change Out Inventory	75,000	68,589	6,411
Safety	400	11	389
Outsourcing/Billing	14,900	12,379	2,521
Employee Expense	201,600	179,495	22,105
Total Water Operating Expenses	<u>2,212,400</u>	<u>2,064,520</u>	<u>147,880</u>
GROSS PROFIT FROM WATER OPERATIONS	1,614,120	1,787,315	173,195
WATER CAPITAL REVENUE			
System Development Fees	218,500	414,000	195,500
Interest Income	10,000	-	(10,000)
Inclusions and Cost Recovery	100,000	39,750	(60,250)
Contractual Payments	87,500	62,642	(24,858)
Lease of Storage Space	4,455	-	(4,455)
Development Review	-	3,000	3,000
Proceeds from Water Meter Recycling	-	2,122	2,122
Proceeds from Sale of Assets	2,000	15,501	13,501
Grants	26,500	25,720	(780)
CWRPDA Loan Proceeds	3,000,000	1,658,399	(1,341,601)
Total Water Capital Revenue	<u>3,448,955</u>	<u>2,221,134</u>	<u>(1,227,821)</u>
WATER GENERAL AND ADMINISTRATIVE EXPENSES			
Audit	15,265	8,015	7,250
Insurance	65,200	72,599	(7,399)
Legal	72,000	46,768	25,232
Office Supplies	4,100	3,228	872
Postage	1,550	1,036	514
Operating Supplies	13,700	18,524	(4,824)
Outside Services	34,700	50,134	(15,434)
Repairs and Maintenance	14,300	7,735	6,565
Telephone	7,500	8,463	(963)
Power	5,200	5,447	(247)
Dues, Subscriptions and Training	13,000	9,577	3,423
Directors' Fees	8,400	8,400	-
Miscellaneous	500	12,918	(12,418)
Directors' Payroll Taxes and Other	644	720	(76)
Travel, Meetings and Conferences	5,100	3,112	1,988
Employee Expense	370,000	331,000	39,000
Total Water General and Administrative Expenses	<u>631,159</u>	<u>587,676</u>	<u>43,483</u>
WATER DEBT SERVICE			
DWRF Loan Principal	243,487	123,152	120,335
DWRF Loan Interest	72,520	1,325	71,195
DWRF Loan Administrative Fees	12,511	12,511	-
Total Debt Service	<u>328,518</u>	<u>136,988</u>	<u>191,530</u>

**EVERGREEN METROPOLITAN DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUNDS AVAILABLE –
BUDGET AND ACTUAL (BUDGETARY BASIS) – WATER (CONTINUED)
YEAR ENDED DECEMBER 31, 2021**

	Original and Final Budget	Actual	Variance
WATER CAPITAL OUTLAY			
Main Replacements	\$ 150,000	\$ 68,560	\$ 81,440
Culverts for Sedimentation Basins	250,000	-	250,000
Dam Downstream Discharge Pipe Rehab & Valve Replace	503,520	10,214	493,306
General, Office, Computer Equipment and Software	30,000	13,108	16,892
Administration Building and Improvements	14,700	7,341	7,359
Administration Building Boiler Replacements	17,500	-	17,500
Billing/Customer Service Software	49,000	-	49,000
Operations/Administration Maintenance Software	20,000	-	20,000
Water Plant Pump Station & Discharge Piping Engineering	60,000	126,828	(66,828)
Treated Water Pumping & Discharge Piping	3,000,000	1,884,244	1,115,756
Treatment Plant, Lab, and General Equipment	3,000	-	3,000
Safety Equipment	5,000	-	5,000
C&D Trucks	83,800	47,073	36,727
Fire Hydrant Replacements	12,000	-	12,000
Reservoir Cleaning	20,000	19,480	520
ANS Wash Station and Monitoring Program	10,000	7,336	2,664
North Lake Trail System	67,200	-	67,200
Hidden Valley Project	80,000	60,689	19,311
Water Rights	15,000	3,004	11,996
Wastewater Taps	80,500	-	80,500
Tank Radio Network Upgrade	10,000	-	10,000
SCADA Computer and Upgrade	36,000	36,383	(383)
Forest Hill PRV Monitoring	10,500	-	10,500
Turbidimeter Replacement	31,000	29,341	1,659
Sullair Compressor Replacement	18,500	-	18,500
West Jeff Concrete for Driveway	22,750	-	22,750
Membrane Vertical Flocculator Motor Drive Replacement	25,000	32,930	(7,930)
Cyber Security Assessment	7,500	6,000	1,500
Annual Replacement per Asset Schedule	8,740	-	8,740
Cellular Meter Project	-	188,923	(188,923)
Water Master Plan Study	-	80,744	(80,744)
Development Review	-	18,202	(18,202)
Miscellaneous	50,000	-	50,000
Total Water Capital Outlay	<u>4,691,210</u>	<u>2,640,400</u>	<u>2,050,810</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES			
	(587,812)	643,385	1,231,197
Funds Available - Beginning of Year	<u>4,060,361</u>	<u>4,343,492</u>	<u>283,131</u>
FUNDS AVAILABLE - END OF YEAR			
	<u>\$ 3,472,549</u>	<u>\$ 4,986,877</u>	<u>\$ 1,514,328</u>
END OF YEAR RESOURCES			
Operating Reserves	\$ 948,894	\$ 1,516,205	\$ 567,311
Repair and Replacement Reserves	1,289,041	2,181,631	892,590
Capital Reserves	1,234,614	1,289,041	54,427
Total End of Year Resources	<u>\$ 3,472,549</u>	<u>\$ 4,986,877</u>	<u>\$ 1,514,328</u>

**EVERGREEN METROPOLITAN DISTRICT
RECONCILIATION OF BUDGETARY BASIS (ACTUAL) TO STATEMENT OF REVENUES,
EXPENSES, AND CHANGE IN NET POSITION – WATER
YEAR ENDED DECEMBER 31, 2021**

Revenues (Budgetary Basis)	\$ 6,072,969
Loan Proceeds	(1,658,399)
Deferred Tower Leases Revenue	(1,260)
Change in Proceeds from Sale of Assets	(8,760)
Accrued Interest Income	3,293
Total Revenues per Statement of Revenues, Expenses, and Change in Net Position	4,407,843
Expenditures (Budgetary Basis)	5,429,584
Depreciation	1,544,663
Change in Inventory	(304)
Change in Loan Administrative Fee and Interest Credit	(9,395)
Capital Outlay	(2,638,107)
Loan Principal	(123,152)
Total Expenses per Statement of Revenues, Expenses, and Change in Net Position	4,203,289
Change in Net Position per Statement of Revenues, Expenses, and Change in Net Position	\$ 204,554

**EVERGREEN METROPOLITAN DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUNDS AVAILABLE –
BUDGET AND ACTUAL (BUDGETARY BASIS) – WASTEWATER
YEAR ENDED DECEMBER 31, 2021**

	Original and Final Budget	Actual	Variance
WASTEWATER OPERATING REVENUE			
Wastewater Treatment Charges	\$ 1,606,700	\$ 1,608,217	\$ 1,517
Pretreatment Revenue	50,280	51,098	818
Late Charges and Service Charges	22,800	3,566	(19,234)
Services to Water Department	132,000	132,000	-
Services to Developers/Public	4,500	124	(4,376)
Services to Districts	592,900	532,968	(59,932)
Connections and Inspections	3,220	3,362	142
Interest Income	8,800	8,493	(307)
Miscellaneous	600	8,306	7,706
Total Wastewater Operating Revenue	<u>2,421,800</u>	<u>2,348,134</u>	<u>(73,666)</u>
WASTEWATER OPERATING EXPENSES			
Lift Stations			
Supplies and Maintenance	33,400	35,044	(1,644)
Utilities	21,800	21,281	519
Treatment Plant			
Chemicals	65,500	36,240	29,260
Supplies and Maintenance	52,900	52,187	713
Power	102,975	100,155	2,820
Truck Expense	12,000	14,554	(2,554)
Lab Supplies and Maintenance	13,500	7,944	5,556
Lab Outside Services	1,000	1,491	(491)
Safety	2,000	6,943	(4,943)
Employee Expense	757,500	783,161	(25,661)
New Services, Environmental and Pretreatment			
Supplies and Maintenance	1,500	3,077	(1,577)
Truck Expense	1,200	1,238	(38)
Lab Supplies and Maintenance	400	-	400
Lab Outside Services	550	1,553	(1,003)
New Service Supplies	500	905	(405)
Safety	250	123	127
Equipment Maintenance	250	-	250
Bear Creek Watershed Dues	20,000	37,915	(17,915)
CDH Discharge Permit	5,000	6,926	(1,926)
Employee Expense	106,900	83,118	23,782
Collection and Distribution			
Supplies and Maintenance	9,300	8,734	566
Telephone (Utilities)	3,850	3,087	763
Truck Expense	4,000	1,919	2,081
Equipment Maintenance	15,000	16,605	(1,605)
Collection Expense	12,000	13,248	(1,248)
Safety	1,250	2,105	(855)
Employee Expense	213,500	178,236	35,264

**EVERGREEN METROPOLITAN DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUNDS AVAILABLE –
BUDGET AND ACTUAL (BUDGETARY BASIS) – WASTEWATER (CONTINUED)
YEAR ENDED DECEMBER 31, 2021**

	Original and Final Budget	Actual	Variance
Sludge Processing			
Biosolids Permit Fee	\$ 600	\$ -	\$ 600
Landfill Expense/Sludge Disposal	120,000	167,061	(47,061)
Truck Expense	8,000	1,243	6,757
Total Wastewater Operating Expenses	<u>1,586,625</u>	<u>1,586,093</u>	<u>532</u>
GROSS PROFIT FROM WATER OPERATIONS	835,175	762,041	(73,134)
WASTEWATER CAPITAL REVENUE			
System Development Fees	305,500	306,000	500
Interest Income	13,200	-	(13,200)
Proceeds from Sale of Assets	2,000	6,750	4,750
Capital Contributions	8,700	-	(8,700)
Inclusions	-	1,765	1,765
Grants	1,500	3,250	1,750
Total Wastewater Capital Revenue	<u>330,900</u>	<u>317,765</u>	<u>(13,135)</u>
WASTEWATER NONOPERATING EXPENSES			
Audit	6,550	3,435	3,115
Insurance	44,680	52,154	(7,474)
Legal	20,000	21,057	(1,057)
Office Supplies	1,600	1,383	217
Postage	850	444	406
Operating Supplies	5,300	5,596	(296)
Outside Services	22,665	33,396	(10,731)
Outsourcing/Billing	14,900	37,534	(22,634)
Repairs and Maintenance	6,570	4,105	2,465
Telephone	3,300	3,637	(337)
Power	2,200	2,334	(134)
Dues, Subscriptions and Training	7,400	5,214	2,186
Directors' Fees	3,600	3,600	-
Miscellaneous	500	1,972	(1,472)
Directors' Payroll Taxes and Other	275	308	(33)
Travel, Meetings and Conferences	3,150	1,311	1,839
Employee Expense	198,500	131,843	66,657
Total Wastewater Nonoperating Expenses	<u>342,040</u>	<u>309,323</u>	<u>32,717</u>
WATER DEBT SERVICE			
WPCRF Loan Principal	86,519	86,519	-
WPCRF Loan Interest	16,457	16,456	1
Total Debt Service	<u>102,976</u>	<u>102,975</u>	<u>1</u>

**EVERGREEN METROPOLITAN DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUNDS AVAILABLE –
BUDGET AND ACTUAL (BUDGETARY BASIS) – WASTEWATER (CONTINUED)
YEAR ENDED DECEMBER 31, 2021**

	Original and Final Budget	Actual	Variance
WASTEWATER CAPITAL OUTLAY			
Sewer Line Replacement	\$ 150,000	\$ 39,878	\$ 110,122
General, Office, Computer Equipment and Software	20,000	8,389	11,611
SCADA Computer and Upgrade	35,000	20,492	14,508
Administration Building and Improvements	4,800	3,146	1,654
Administration Building Boiler Replacements	7,500	-	7,500
Administration Security	1,500	-	1,500
Billing/Customer Service Software	21,000	-	21,000
Operations/Administration Maintenance Software	8,600	-	8,600
C&D Trucks	44,975	25,347	19,628
WW Trucks	37,000	-	37,000
EI Pinal Phase 2	200,000	-	200,000
Troutdale LS Upgrade	250,000	42,367	207,633
Backwash Pumps Replacements	25,000	-	25,000
Anoxic/Anaerobic Walls	10,000	-	10,000
WWTP Valve Replacement	12,350	-	12,350
West Jeff Concrete for Driveway	12,250	-	12,250
Cyber Security Assessment	7,500	6,000	1,500
Annual Replacement per Asset Schedule	4,978	-	4,978
Miscellaneous	100,000	20,347	79,653
Total Wastewater Capital Outlay	<u>952,453</u>	<u>165,966</u>	<u>786,487</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES			
	(231,394)	501,542	732,936
Funds Available - Beginning of Year	<u>5,228,938</u>	<u>5,255,328</u>	<u>26,390</u>
FUNDS AVAILABLE - END OF YEAR			
	<u>\$ 4,997,544</u>	<u>\$ 5,756,870</u>	<u>\$ 759,326</u>
END OF YEAR RESOURCES			
Operating Reserves	\$ 1,064,387	\$ 987,587	\$ (76,800)
Capital Reserves	<u>3,933,157</u>	<u>4,769,283</u>	<u>836,126</u>
Total End of Year Resources	<u>\$ 4,997,544</u>	<u>\$ 5,756,870</u>	<u>\$ 759,326</u>

**EVERGREEN METROPOLITAN DISTRICT
RECONCILIATION OF BUDGETARY BASIS (ACTUAL) TO STATEMENT OF REVENUES,
EXPENSES, AND CHANGE IN NET POSITION – WASTEWATER
YEAR ENDED DECEMBER 31, 2021**

Revenues (Budgetary Basis)	\$ 2,665,899
Change in Proceeds from Sale of Assets	(2,790)
Accrued Interest Income	1,231
Total Revenues per Statement of Revenues, Expenses, and Change in Net Position	2,664,340
Expenditures (Budgetary Basis)	2,164,357
Depreciation	590,308
Change in Inventory	(940)
Change in Accrued Interest Expense	(361)
Capital Outlay	(164,488)
Loan Principal	(86,519)
Total Expenses per Statement of Revenues, Expenses, and Change in Net Position	2,502,357
Change in Net Position per Statement of Revenues, Expenses, and Change in Net Position	\$ 161,983

**EVERGREEN METROPOLITAN DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
YEAR ENDED DECEMBER 31, 2021**

<u>Year Ending December 31,</u>	Loan No. D02A040 Colorado Water Resources and Power Development Authority Drinking Water Revolving Fund Leveraged Loan Program Rate of 1.66% Principal and Interest Payable February 1 and August 1		Loan No. F09F040 Colorado Water Resources and Power Development Authority Water Pollution Control Revolving Fund Direct Loan Program Rate of 2.00% Principal and Interest Payable May 1 and November 1	
	<u>Principal</u>	<u>Interest *</u>	<u>Principal</u>	<u>Interest</u>
	2022	\$ 137,206	\$ (6,063)	\$ 88,258
2023	-	-	90,032	12,943
2024	-	-	91,842	11,133
2025	-	-	93,688	9,287
2026	-	-	95,571	7,404
2027	-	-	97,492	5,483
2028	-	-	99,452	3,523
2029	-	-	101,451	1,524
2030	-	-	-	-
2031	-	-	-	-
2032	-	-	-	-
2033	-	-	-	-
2034	-	-	-	-
2035	-	-	-	-
2036	-	-	-	-
2037	-	-	-	-
2038	-	-	-	-
2039	-	-	-	-
2040	-	-	-	-
2041	-	-	-	-
2042	-	-	-	-
2043	-	-	-	-
2044	-	-	-	-
2045	-	-	-	-
2046	-	-	-	-
2047	-	-	-	-
2048	-	-	-	-
2049	-	-	-	-
2050	-	-	-	-
2051	-	-	-	-
Total	<u>\$ 137,206</u>	<u>\$ (6,063)</u>	<u>\$ 757,786</u>	<u>\$ 66,014</u>

* NOTE: Drinking Water Revolving Fund Loan interest amount reflects refunding savings.

**EVERGREEN METROPOLITAN DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY (CONTINUED)
YEAR ENDED DECEMBER 31, 2021**

Loan No. D21F040 Colorado Water Resources and Power Development Authority Drinking Water Revolving Fund Leveraged Loan Program Rate of 2.25%				
Principal and Interest Payable May 1 and November 1				
Year Ending December 31,	Principal		Total	
	Principal	Interest	Principal	Interest
2022	\$ 41,910	\$ 39,309	\$ 267,374	\$ 47,963
2023	73,281	66,147	163,313	79,090
2024	74,939	64,489	166,781	75,622
2025	76,635	62,793	170,323	72,080
2026	78,369	61,059	173,940	68,463
2027	80,142	59,286	177,634	64,769
2028	81,955	57,473	181,407	60,996
2029	83,810	55,619	185,261	57,143
2030	85,706	53,722	85,706	53,722
2031	87,645	51,783	87,645	51,783
2032	89,628	49,800	89,628	49,800
2033	91,656	47,772	91,656	47,772
2034	93,730	45,698	93,730	45,698
2035	95,851	43,577	95,851	43,577
2036	98,020	41,408	98,020	41,408
2037	100,238	39,191	100,238	39,191
2038	102,506	36,923	102,506	36,923
2039	104,825	34,603	104,825	34,603
2040	107,197	32,231	107,197	32,231
2041	109,622	29,806	109,622	29,806
2042	112,103	27,326	112,103	27,326
2043	114,639	24,789	114,639	24,789
2044	117,233	22,195	117,233	22,195
2045	119,886	19,543	119,886	19,543
2046	122,598	16,830	122,598	16,830
2047	125,372	14,056	125,372	14,056
2048	128,209	11,219	128,209	11,219
2049	131,110	8,318	131,110	8,318
2050	134,076	5,352	134,076	5,352
2051	137,109	2,318	137,109	2,318
Total	\$ 3,000,000	\$ 1,124,635	\$ 3,894,992	\$ 1,184,586

NOTE: The Series 2021 Drinking Water Revolving Fund Loan schedule assumes that all of the \$3,000,000 available loan proceeds are drawn.

SINGLE AUDIT REPORTS AND SCHEDULES

**EVERGREEN METROPOLITAN DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2021
(SEE INDEPENDENT AUDITORS' REPORT)**

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
Environmental Protection Agency				
Passed Through the Colorado Water Resources and Power Development Authority				
Drinking Water State Revolving Fund Cluster:				
Capitalization Grants for Drinking Water State Revolving Funds	66.468	D21F040	\$ -	\$ 1,173,217 *
Total Expenditures of Federal Awards			<u>\$ -</u>	<u>\$ 1,173,217</u>

*Major Program

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**EVERGREEN METROPOLITAN DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2021**

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Evergreen Metropolitan District (the District) under programs of the federal government for the year ended December 31, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, (*Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*) (Uniform Guidance). Because the Schedule represents only a portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position or cash flows of the District.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Therefore, some amounts presented in the schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements or reports to federal agencies and pass through grantors.

NOTE 3 INDIRECT COST RATE

The District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING
STANDARDS***

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Evergreen Metropolitan District
Evergreen, Colorado

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of Evergreen Metropolitan District as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise Evergreen Metropolitan District's basic financial statements, and have issued our report thereon date July 21, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Evergreen Metropolitan District's internal control over financial reporting (internal control) as a basis for designing procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Evergreen Metropolitan District's internal control. Accordingly, we do not express an opinion on the effectiveness of Evergreen Metropolitan District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Evergreen Metropolitan District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed

no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Watson Coon Ryan, LLC

CENTENNIAL, COLORADO
July 21, 2022

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON
INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Evergreen Metropolitan District
Evergreen, Colorado

Report on Compliance for Each Major Federal Program

We have audited Evergreen Metropolitan District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Evergreen Metropolitan District's major federal programs for the year ended December 31, 2021. Evergreen Metropolitan District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Evergreen Metropolitan District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Evergreen Metropolitan District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Evergreen Metropolitan District's compliance.

Opinion on Each Major Federal Program

In our opinion, Evergreen Metropolitan District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2021.

Report on Internal Control over Compliance

Management of Evergreen Metropolitan District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Evergreen Metropolitan District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Evergreen Metropolitan District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Respectfully,

Watson Coon Ryan, LLC

CENTENNIAL, COLORADO
JULY 21, 2022

EVERGREEN METROPOLITAN DISTRICT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED DECEMBER 31, 2021

SUMMARY OF AUDITORS RESULTS

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weaknesses identified?	___ Yes	_x_ No
Significant deficiencies identified?	___ Yes	_x_ None reported
Noncompliance material to financial statements noted?	___ Yes	_x_ No

Federal Awards

Internal control over major federal programs:

Material weaknesses identified?	___ Yes	_x_ No
Significant deficiencies identified?	___ Yes	_x_ None reported
Type of auditor's report issued on compliance for major federal programs:	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	___ Yes	_x_ No
Identification of major federal programs:	66.468 Capitalization Grants for Drinking Water State Revolving Funds	
Dollar threshold used to distinguish between type A and type B programs:	\$ <u>750,000</u>	
Auditee qualified as a low-risk auditee?	___ Yes	_x_ No

EVERGREEN METROPOLITAN DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2021

Section II: Financial Statement Findings

There were no findings.

Section III: Federal Awards Findings

There were no findings.

Section IV: Status of Prior Year Findings

There were no findings for the year ended December 31, 2020.