

EVERGREEN METROPOLITAN DISTRICT
Jefferson County, Colorado

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

YEAR ENDED DECEMBER 31, 2022

**EVERGREEN METROPOLITAN DISTRICT
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YEAR ENDED DECEMBER 31, 2022**

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Evergreen Metropolitan District
Evergreen, Colorado

Opinion

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, 2022, 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, 2022, 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 Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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

Evergreen Metropolitan District's 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 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, 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 IV through VIII 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.

Supplementary 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 Schedules of Revenues, Expenditures and Changes in Fund Balance (water and wastewater) and Schedule of Debt Service Requirements to Maturity, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedules of Revenues, Expenditures and Changes in Fund Balance (water and wastewater) and Schedule of Debt Service Requirements to Maturity 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 Schedules of Revenues, Expenditures and Changes in Fund Balance (water and wastewater) and Schedule of Debt Service Requirements to Maturity are fairly stated in all material respects in relation to the basic financial statements as a whole.

Watson Coon Ryan, LLC

CENTENNIAL, COLORADO
JULY 21, 2023

**EVERGREEN METROPOLITAN DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED DECEMBER 31, 2022**

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, 2022.

Financial Highlights

- The District's total net position increased by \$479,649, \$165,156 from water and \$314,493 from wastewater.
- Compared to the prior year, the District's revenues for water increased \$139,934 (3.60%) and revenues for wastewater increased \$112,569 (4.78%).
- The District's expenses, inclusive of depreciation expense, increased \$255,206 (6.07%) and \$219,994 (8.79%) for water and wastewater, respectively.
- Total net operating loss of \$729,253 was an increase of \$222,697 from last year. Excluding depreciation, net operating income was \$1,349,404.
- The District's total debt outstanding as of December 31, 2022 was \$3,617,618, which consists of a 2009 loan from the Water Pollution Control Revolving Fund (\$669,528), and a 2021 loan from the Drinking Water Revolving Fund (\$2,948,090). See Note 6 (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, 2022**

The District's net position increased \$165,156 for water and \$314,493 for wastewater in 2022. 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 6 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, 2022, assets exceeded total liabilities by \$36,104,146 and \$17,069,257 for water and wastewater, respectively.

Statement of Net Position

Year Ending December 31,	Water		Wastewater	
	2022	2021	2022	2021
ASSETS				
Current Assets	\$ 5,100,744	\$ 5,837,231	\$ 7,598,644	\$ 7,171,828
Other Assets	2,176,838	1,199,206	-	-
Capital Assets, Net	33,467,273	31,495,533	10,441,561	10,636,968
Total Assets	40,744,855	38,531,970	18,040,205	17,808,796
LIABILITIES				
Current Liabilities	331,886	661,698	266,350	272,283
Other Liabilities	192,000	198,000	-	-
Deferred Inflow of Resources	1,114,692	-	-	-
Long-Term Liabilities	3,002,131	1,733,282	704,598	781,749
Total Liabilities	4,640,709	2,592,980	970,948	1,054,032
NET POSITION				
Net Position Invested in Capital Assets	30,519,183	29,699,928	9,772,033	9,879,181
Restricted Net Position	721,348	710,890	-	-
Unrestricted Net Position	4,863,615	5,528,172	7,297,224	6,875,583
Total Net Position	\$ 36,104,146	\$ 35,938,990	\$ 17,069,257	\$ 16,754,764

**EVERGREEN METROPOLITAN DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED DECEMBER 31, 2022**

Water operating revenue increased by \$40,456 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 2022 to \$3.46 from \$3.30 per thousand gallons for tier 1 (0-14 thousand gallons per month) and an crease to \$6.30 from \$6.00 per thousand gallons for tier 2 (over 14 thousand gallons per month).

Wastewater operating revenue increased by \$30,087 due to the wastewater base rate increase, from \$50.00 to \$51.50 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 increased \$99,478 and \$82,482 for water and wastewater, respectively. The main factor for the increase in system development fees collected in 2022 as compared to 2021 is due to the timing of development.

Operating expenses increased by \$184,265 and \$209,564 for water and wastewater, respectively, in conjunction with the increases in revenues. General and administrative, depreciation and other non-operating expenses increased \$47,938 for water and decreased \$7,525 for wastewater.

Review of Change in Net Position

Year Ending December 31,	Water		Wastewater	
	2022	2021	2022	2021
REVENUES				
Operating Revenue	\$ 3,885,121	\$ 3,844,665	\$ 2,369,728	\$ 2,339,641
Nonoperating Revenue	146,264	46,786	99,416	16,934
Total Revenues	<u>4,031,385</u>	<u>3,891,451</u>	<u>2,469,144</u>	<u>2,356,575</u>
EXPENSES				
Operating Expenses	809,067	2,064,216	1,204,410	1,585,153
General and Administrative	2,077,321	589,969	893,583	310,801
Depreciation	1,439,414	1,544,663	590,307	590,308
Non-Operating Expenses	132,693	4,441	34,051	16,095
Total Expenses	<u>4,458,495</u>	<u>4,203,289</u>	<u>2,722,351</u>	<u>2,502,357</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS	(427,110)	(311,838)	(253,207)	(145,782)
CAPITAL CONTRIBUTIONS	592,266	516,392	567,700	307,765
CHANGE IN NET POSITION	165,156	204,554	314,493	161,983
Net Position - Beginning of Year	<u>35,938,990</u>	<u>35,734,436</u>	<u>16,754,764</u>	<u>16,592,781</u>
NET POSITION - END OF YEAR	<u>\$ 36,104,146</u>	<u>\$ 35,938,990</u>	<u>\$ 17,069,257</u>	<u>\$ 16,754,764</u>

**EVERGREEN METROPOLITAN DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED DECEMBER 31, 2022**

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 higher than the original budgeted revenue by \$1,248,954 mainly due to the requisition timing of the 2021 loan proceeds. Total actual expenditures were \$1,114,348 more than the original appropriation, which is due to a higher amount spent for capital expenditures, mainly due to timing of the anticipated capital projects. The 2022 budget has been amended.

For wastewater, actual revenue of the District was higher than the budgeted revenue by \$205,072 mainly due to receipts in system development fees and higher interest income earned on investments. Total actual expenditures were \$785,305 less than the original appropriation, which includes a positive variance of \$684,459 for capital expenditures. The District amended it's budget for the year ended December 31, 2022.

Capital Assets Activity

The activity related to capital assets is as follows:

	<u>Water</u>		<u>Wastewater</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Source of Supply	\$ 2,208,497	\$ 2,208,497	\$ -	\$ -
Land and Right of Way	244,575	244,575	33,573	33,573
Construction in Progress	6,262,437	3,390,882	295,429	175,204
Operating System	17,421,083	17,940,856	9,555,208	9,859,168
Buildings and Improvements	1,063,029	1,118,127	233,712	254,903
Equipment and Vehicles	562,105	513,571	323,639	314,120
Facilities Owned by Other Districts	5,705,547	6,079,025	-	-
Total Capital Assets, Net	<u>\$ 33,467,273</u>	<u>\$ 31,495,533</u>	<u>\$ 10,441,561</u>	<u>\$ 10,636,968</u>

Additional information on the District's capital assets can be found in Note 5 of this report.

Long-Term Debt

All scheduled payments of principal and interest on the District's outstanding debt were paid as required during 2022.

Additional detail on the District's debt is in Note 6 of this report.

**EVERGREEN METROPOLITAN DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED DECEMBER 31, 2022**

Economic Factors and Next Year's Budgets and Rates

For 2023, the District has budgeted operating revenue for water and wastewater of \$4,152,727 and \$2,758,087, respectively, which are \$212,800 and \$326,315 higher compared with 2022 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 \$30.00 to \$31.50
- Increase in the usage rates to \$3.63 from \$3.46 per thousand gallons for tier 1 (0-14 thousand gallons per month) and an increase to \$6.62 from \$6.30 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 \$51.50 to \$54.50 per equivalent tap per month.

2023 operating expenses are budgeted at \$3,135,990 for water and \$2,266,500 for wastewater, which are \$28,020 and \$68,290 higher compared with 2022 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, 2022**

ASSETS	<u>Water</u>	<u>Wastewater</u>	<u>Total</u>
CURRENT ASSETS			
Cash and Cash Equivalents	\$ 3,620,860	\$ 7,107,462	\$ 10,728,322
Cash and Cash Equivalents - Restricted	721,348	-	721,348
Accounts Receivable	689,106	443,672	1,132,778
Accrued Interest Receivable	2,031	-	2,031
Prepaid Expenses	67,399	47,510	114,909
Total Current Assets	<u>5,100,744</u>	<u>7,598,644</u>	<u>12,699,388</u>
OTHER ASSETS			
Other Intangible, Net	1,049,306	-	1,049,306
Tower Lease Receivable	1,127,532	-	1,127,532
Total Other Assets	<u>2,176,838</u>	<u>-</u>	<u>2,176,838</u>
CAPITAL ASSETS, NET	<u>33,467,273</u>	<u>10,441,561</u>	<u>43,908,834</u>
Total Assets	<u><u>\$ 40,744,855</u></u>	<u><u>\$ 18,040,205</u></u>	<u><u>\$ 58,785,060</u></u>
LIABILITIES AND NET POSITION			
CURRENT LIABILITIES			
Accounts Payable and Accrued Expenses	\$ 237,070	\$ 171,135	\$ 408,205
Accrued Interest Payable	11,025	2,157	13,182
Developers' Funds	3,250	3,026	6,276
Loan Payable - Current Portion	73,281	90,032	163,313
Open Space Agreement - Current Portion	6,000	-	6,000
Deferred Revenue	1,260	-	1,260
Total Current Liabilities	<u>331,886</u>	<u>266,350</u>	<u>598,236</u>
OTHER LIABILITIES			
Unearned Revenue - Open Space Agreement	192,000	-	192,000
Total Other Liabilities	<u>192,000</u>	<u>-</u>	<u>192,000</u>
Deferred Inflow of Resources			
Tower Lease	1,114,692	-	1,114,692
Total Deferred Inflow of Resources	<u>1,114,692</u>	<u>-</u>	<u>1,114,692</u>
LONG-TERM OBLIGATIONS			
Loan Payable, Net of Current	2,874,809	579,496	3,454,305
Accrued Employee Benefits Payable	127,322	125,102	252,424
Total Long-Term Obligations	<u>3,002,131</u>	<u>704,598</u>	<u>3,706,729</u>
NET POSITION			
Net Investment in Capital Assets	30,519,183	9,772,033	40,291,216
Restricted	721,348	-	721,348
Unrestricted	<u>4,863,615</u>	<u>7,297,224</u>	<u>12,160,839</u>

See accompanying Notes to Basic Financial Statements.

**EVERGREEN METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION
YEAR ENDED DECEMBER 31, 2022**

	<u>Water</u>	<u>Wastewater</u>	<u>Total</u>
OPERATIONS			
Service Revenues	\$ 3,885,121	\$ 2,369,728	\$ 6,254,849
Direct Expenses	<u>809,067</u>	<u>1,204,410</u>	<u>2,013,477</u>
GROSS PROFIT FROM OPERATIONS	3,076,054	1,165,318	4,241,372
GENERAL AND ADMINISTRATIVE EXPENSES			
General and Administrative	2,077,321	893,583	2,970,904
Depreciation and Amortization	<u>1,439,414</u>	<u>590,307</u>	<u>2,029,721</u>
NET LOSS FROM OPERATIONS	(440,681)	(318,572)	(759,253)
NONOPERATING REVENUES	146,264	99,416	245,680
NONOPERATING EXPENSES	<u>132,693</u>	<u>34,051</u>	<u>166,744</u>
LOSS BEFORE CONTRIBUTIONS	(427,110)	(253,207)	(680,317)
CAPITAL CONTRIBUTIONS	<u>592,266</u>	<u>567,700</u>	<u>1,159,966</u>
CHANGE IN NET POSITION	165,156	314,493	479,649
Net Position - Beginning of Year	<u>35,938,990</u>	<u>16,754,764</u>	<u>52,693,754</u>
NET POSITION - END OF YEAR	<u><u>\$ 36,104,146</u></u>	<u><u>\$ 17,069,257</u></u>	<u><u>\$ 53,173,403</u></u>

See accompanying Notes to Basic Financial Statements.

**EVERGREEN METROPOLITAN DISTRICT
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2022**

	<u>Water</u>	<u>Wastewater</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers	\$ 3,639,449	\$ 1,713,521	\$ 5,352,970
Receipts for Sales and Services (Customers and Other Districts)	183,916	518,758	702,674
Receipts from Water Fund	-	135,960	135,960
Other Receipts	18,782	1,489	20,271
Payments to Suppliers	(1,689,154)	(989,297)	(2,678,451)
Payments to Employees and Related Expenses	<u>(1,698,499)</u>	<u>(1,303,991)</u>	<u>(3,002,490)</u>
Net Cash Provided by Operating Activities	454,494	76,440	530,934
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Proceeds from Sale of Assets	8,175	12,000	20,175
Acquisition of Property, Plant, and Equipment	(3,246,580)	(394,900)	(3,641,480)
Loan Proceeds	1,331,601	-	1,331,601
Receipts from Leases	42,974	-	42,974
Contractual Payments Received	69,566	-	69,566
System Development Fees Received	509,500	563,500	1,073,000
Tap Transfer Fees Received	4,200	4,200	8,400
Inclusion Fees and Cost Recovery Payments Received	9,000	-	9,000
Other Grants and Receipts	28,170	5,435	33,605
Loan Interest and Administrative Fees	(60,321)	(13,486)	(73,807)
Loan Principal Reduction	<u>(169,421)</u>	<u>(88,259)</u>	<u>(257,680)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	(1,473,136)	88,490	(1,384,646)
CASH FLOWS FROM INVESTING ACTIVITIES			
Certificates of Deposits Matured	495,000	745,000	1,240,000
Net Investment Income Received	95,048	81,981	177,029
Net Cash Provided by Investing Activities	<u>590,048</u>	<u>826,981</u>	<u>1,417,029</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(428,594)	991,911	563,317
Cash and Cash Equivalents - Beginning of Year	<u>4,770,802</u>	<u>6,115,551</u>	<u>10,886,353</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 4,342,208</u>	<u>\$ 7,107,462</u>	<u>\$ 11,449,670</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Loss from Operations	\$ (440,681)	\$ (318,572)	\$ (759,253)
Adjustments to Reconcile Loss from Operations to Net Cash Provided by Operating Activities:			
Depreciation and Amortization	1,439,414	590,307	2,029,721
Tower Lease Revenue	(42,974)	-	(42,974)
Decrease (Increase) in Prepaid Expenses	(14,263)	(6,188)	(20,451)
Decrease (Increase) in Accounts Receivable	(262,529)	(194,578)	(457,107)
Increased (Decrease) in Developer Funds	(60)	-	(60)
Increase (Decrease) in Accounts Payable and Accrued Expenses	(234,942)	(7,411)	(242,353)
Increase (Decrease) in Accrued Employee Benefits Payable	<u>10,529</u>	<u>12,882</u>	<u>23,411</u>
Net Cash Provided by Operating Activities	<u>\$ 454,494</u>	<u>\$ 76,440</u>	<u>\$ 530,934</u>
NONCASH ACTIVITIES			
Lease Receivable Obtained in Exchange for Deferred Inflow of Resources	1,156,989	-	-
Net Noncash Activities	<u>\$ 1,156,989</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying Notes to Basic Financial Statements.

**EVERGREEN METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 1 DEFINITION OF REPORTING ENTITY

Evergreen Metropolitan District (the 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, 2022**

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.

Adoption of New Accounting Standards

In June 2017, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 87, Leases. This standard requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this standard, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

The District adopted the requirements of the guidance effective January 1, 2022, and has elected to apply the provisions of this standard to the beginning of the period of adoption.

Leases

The District determines if an arrangement is a lease at inception. Leases are included in lease receivables and deferred inflows of resources in the statement of net position.

Lease receivables represent the District's claim to receive lease payments over the lease term, as specified in the contract, in an exchange or exchange-like transaction. Lease receivables are recognized at commencement date based on the present value of expected lease payments over the lease term, reduced by any provision for estimated uncollectible amounts. Interest revenue is recognized ratably over the contract term.

Deferred inflows of resources related to leases are recognized at the commencement date based on the initial measurement of the lease receivable, plus any payments received from the lessee at or before the commencement of the lease term that relate to future periods, less any lease incentives paid to, or on behalf of, the lessee at or before the commencement of the lease term. The deferred inflows related to leases are recognized as lease revenue in a systematic and rational manner over the lease term.

Amounts to be received under residual value guarantees that are not fixed in substance are recognized as a receivable and an inflow of resources if (a) a guarantee payment is required and (b) the amount can be reasonably estimated. Amounts received for the exercise price of a purchase option or penalty for lease termination are recognized as a receivable and an inflow of resources when those options are exercised.

**EVERGREEN METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

The District has elected to recognize payments received for short-term leases with a lease term of 12 months or less as revenue as the payments are received. These leases are not included as lease receivables or deferred inflows on the statement of net position.

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the District has elected to use their incremental borrowing rate to calculate the present value of expected lease payments.

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.

The District has amended its annual budget for the year ended December 31, 2022.

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 has been primarily valued at the lower of either cost, using the first-in first-out method, or market. During 2022, the District has changed accounting methods, from the consumption method to the purchases methods. In future years, materials and supplies are reported as an expenditure when purchased.

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, 2022**

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, 2022**

NOTE 3 CASH AND INVESTMENTS

Cash and investments as of December 31, 2022 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	\$ 3,620,860	\$ 7,107,462	\$ 10,728,322
Cash and Cash Equivalents - Restricted	721,348	-	721,348
Total Cash and Investments	<u>\$ 4,342,208</u>	<u>\$ 7,107,462</u>	<u>\$ 11,449,670</u>

Cash and cash equivalents as of December 31, 2022 consist of the following:

	<u>Water</u>	<u>Wastewater</u>	<u>Total</u>
Deposits with Financial Institutions	\$ 674,176	\$ 9,890	\$ 684,066
Cash on Hand	200	-	200
Investments	3,667,832	7,097,572	10,765,404
Total Cash and Cash Equivalents	<u>\$ 4,342,208</u>	<u>\$ 7,107,462</u>	<u>\$ 11,449,670</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, 2022 the District had the following deposits with financial institutions:

	<u>Bank Balance</u>	<u>Carrying Balance</u>
Insured Deposits	\$ 591,539	\$ 497,707
Deposits Collateralized in Single Institution Pools	207,957	186,360
Total Deposits with Financial Institutions	<u>\$ 799,496</u>	<u>\$ 684,066</u>

**EVERGREEN METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

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, 2022, 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	\$ 790,374
Colorado Liquid Asset Trust (COLOTRUST)	Weighted-Average Under 60 Days	9,975,030
Total		<u>\$ 10,765,404</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, 2022**

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, 2022**

NOTE 4 LEASES RECEIVABLES

The District, acting as lessor, entered into the following lease agreements with various cellular companies (as lessees) for the operation of the lessees' communications facilities.

- Property at 4647 Forest Hill Road – entered into with Verizon Wireless (Verizon) and commenced in June 2011. The lease agreement has an initial lease term of five years and automatically be extended for four additional five-year terms and continue unless notified by either party. The incremental borrowing rate at the commencement of the agreement was 3.25%.
- Property at 4647 Forest Hill Road – entered into with SBA 2012 TC Assets, LLC (SBA) and amended in March 2014. The agreement was amended to include three additional five-year terms starting in March 2027. The incremental borrowing rate at the commencement of the agreement was 4.75%.
- Property at 4647 Forest Hill Road – entered into with New Cingular Wireless PCS, LLC (AT&T) and amended in March 2014. The lease agreement has an initial lease term of five years and automatically be extended for four additional five-year terms and continue unless notified by either party. The incremental borrowing rate at the commencement of the agreement was 3.25%.
- Property at 4671 County Road 73 – entered into with New Cingular Wireless PCS, LLC (AT&T) and commenced in June 2014. The lease agreement has an initial lease term of five years and automatically be extended for four additional five-year terms and continue unless notified by either party. The incremental borrowing rate at the commencement of the agreement was 3.25%.

Total future minimum lease payments to be received under lease agreements are as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 28,858	\$ 40,368	\$ 69,226
2024	34,423	39,424	73,847
2025	38,005	38,061	76,066
2026	41,099	36,732	77,831
2027	47,185	35,223	82,408
2028-2032	307,783	147,471	455,254
2033-2037	423,585	81,353	504,938
2038-2042	206,594	15,011	221,605
Total	<u>\$ 1,127,532</u>	<u>\$ 433,643</u>	<u>\$ 1,561,175</u>

**EVERGREEN METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 5 CAPITAL ASSETS

An analysis of the changes in water capital assets for the year ended December 31, 2022 follows:

	Balance December 31, 2021	Additions	Retirements	Balance December 31, 2022
Capital Assets, Not Being Depreciated:				
Source of Supply	\$ 2,208,497	\$ -	\$ -	\$ 2,208,497
Land and Right of Way	244,575	-	-	244,575
Construction in Progress	3,390,882	2,871,555	-	6,262,437
Total Capital Assets, Not Being Depreciated	5,843,954	2,871,555	-	8,715,509
Capital Assets, Being Depreciated:				
Infrastructure	18,176,599	230,081	-	18,406,680
Water Treatment Plant	15,544,302	9,870	-	15,554,172
Buildings and Improvements	2,112,358	-	-	2,112,358
General Equipment	1,439,037	127,831	-	1,566,868
Transportation Equipment	461,378	27,917	(11,864)	477,431
Maps	148,360	-	-	148,360
GIS Project	30,171	-	-	30,171
Facilities Owned by Other Districts	16,837,898	-	-	16,837,898
Total Capital Assets, Being Depreciated	54,750,103	395,699	(11,864)	55,133,938
Less Accumulated Depreciation For:				
Infrastructure	(9,366,064)	(367,980)	-	(9,734,044)
Water Treatment Plant	(6,413,981)	(391,744)	-	(6,805,725)
Buildings and Improvements	(994,231)	(55,098)	-	(1,049,329)
General Equipment	(1,093,854)	(71,836)	-	(1,165,690)
Transportation Equipment	(292,989)	(35,378)	11,864	(316,503)
Maps	(148,360)	-	-	(148,360)
GIS Project	(30,172)	-	-	(30,172)
Facilities Owned by Other Districts	(10,758,873)	(373,478)	-	(11,132,351)
Total Accumulated Depreciation	(29,098,524)	(1,295,514)	11,864	(30,382,174)
Capital Assets, Net	<u>\$ 31,495,533</u>	<u>\$ 1,971,740</u>	<u>\$ -</u>	<u>\$ 33,467,273</u>

Depreciation expense for the year ended December 31, 2022 was \$1,295,514.

**EVERGREEN METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 5 CAPITAL ASSETS (CONTINUED)

An analysis of the changes in wastewater capital assets for the year ended December 31, 2022 follows:

	Balance December 31, 2021	Additions	Retirements/ Reclassi- fications	Balance December 31, 2022
Capital Assets, Not Being Depreciated:				
Land and Right of Way	\$ 33,573	\$ -	\$ -	\$ 33,573
Construction in Progress	175,204	120,225	-	295,429
Total Capital Assets, Not Being Depreciated	208,777	120,225	-	329,002
Capital Assets, Being Depreciated:				
Infrastructure	12,983,814	15,259	-	12,999,073
Wastewater Treatment Plant	8,996,452	169,540	-	9,165,992
Buildings and Improvements	647,720	-	-	647,720
General Equipment	1,033,224	40,980	-	1,074,204
Transportation Equipment	600,749	48,896	(24,063)	625,582
Maps	29,211	-	-	29,211
GIS Project	41,768	-	-	41,768
Total Capital Assets, Being Depreciated	24,332,938	274,675	(24,063)	24,583,550
Less Accumulated Depreciation For:				
Infrastructure	(7,719,020)	(262,971)	-	(7,981,991)
Wastewater Treatment Plant	(4,402,078)	(225,788)	-	(4,627,866)
Buildings and Improvements	(392,817)	(21,191)	-	(414,008)
General Equipment	(819,434)	(55,587)	-	(875,021)
Transportation Equipment	(500,421)	(24,770)	24,063	(501,128)
Maps	(29,210)	-	-	(29,210)
GIS Project	(41,767)	-	-	(41,767)
Total Accumulated Depreciation	(13,904,747)	(590,307)	24,063	(14,470,991)
Capital Assets, Net	<u>\$ 10,636,968</u>	<u>\$ (195,407)</u>	<u>\$ -</u>	<u>\$ 10,441,561</u>

Depreciation expense for the year ended December 31, 2022 was \$590,307.

**EVERGREEN METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 6 LONG-TERM OBLIGATIONS

The following is an analysis of the changes in the District’s long-term obligations for the year ended December 31, 2022:

	Balance December 31, 2021	Additions	Reductions	Balance December 31, 2022	Amounts Due Within One Year
Notes/Loans From Direct Borrowings and Placements					
Water:					
CWRPDA Loan (2002) - D02A040 Drinking Water Revolving Fund	\$ 137,206	\$ -	\$ 137,206	\$ -	\$ -
CWRPDA Loan (2021) - D21F040 Drinking Water Revolving Fund	1,658,399	1,331,601	41,910	2,948,090	73,281
Subtotal - Water	1,795,605	1,331,601	179,116	2,948,090	73,281
Wastewater:					
CWRPDA Loan (2009) - F09F040 Water Pollution Control Revolving Fund	757,787	-	88,259	669,528	90,032
Subtotal - Wastewater	757,787	-	88,259	669,528	90,032
Total Long-Term Obligations	\$ 2,553,392	\$ 1,331,601	\$ 267,375	\$ 3,617,618	\$ 163,313

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. As of December 31, 2022, the 2002 Loan was paid in full.

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, 2022**

NOTE 6 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 2009 Loan principal and interest will mature as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	97,492	5,483	102,975
2028-2029	200,903	5,047	205,950
Total	<u>\$ 669,528</u>	<u>\$ 51,297</u>	<u>\$ 720,825</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>
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	80,142	59,286	139,428
2028-2032	428,744	268,397	697,141
2033-2037	479,495	217,646	697,141
2038-2042	536,253	160,889	697,142
2043-2047	599,728	97,413	697,141
2048-2051	530,504	27,207	557,711
Total	<u>\$ 2,958,090</u>	<u>\$ 1,085,326</u>	<u>\$ 4,043,416</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, 2022**

NOTE 7 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, 2022, the District had the following net investment in capital assets, calculated as follows:

	Water	Wastewater	Total
Net Investment in Capital Assets:			
Capital Assets, Net	\$ 33,467,273	\$ 10,441,561	\$ 43,908,834
Current Portion of Long-Term Obligations	(73,281)	(90,032)	(163,313)
Noncurrent Portion of Long-Term Obligations	<u>(2,874,809)</u>	<u>(579,496)</u>	<u>(3,454,305)</u>
Total	<u>\$ 30,519,183</u>	<u>\$ 9,772,033</u>	<u>\$ 40,291,216</u>

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 \$721,348 as of December 31, 2022 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, 2022 for water and wastewater were \$4,863,615 and \$7,297,224, respectively.

NOTE 8 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% 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, 2022**

NOTE 8 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 9 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, 2022**

NOTE 9 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, 2022, 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 taking 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 prorata portion of the prepaid fees for the unexpired portion of the term should the agreement be terminated by the parties.

NOTE 10 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, 2022. 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.

**EVERGREEN METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 11 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.

SUPPLEMENTARY INFORMATION

**EVERGREEN METROPOLITAN DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN NET POSITION
YEAR ENDED DECEMBER 31, 2022**

	<u>Water</u>	<u>Wastewater</u>	<u>Total</u>
OPERATIONS			
Revenues:			
Water Sales	\$ 3,605,252	\$ -	\$ 3,605,252
Water Sales to Hidden Valley	34,197	-	34,197
Wastewater Treatment Charges	-	1,659,869	1,659,869
Pretreatment Revenue	-	53,652	53,652
Tap Purchase Agreements	3,000	-	3,000
Late Charges and Service Charges	26,804	1,410	28,214
Services to Developers/Public	3,679	8,994	12,673
Services to Districts	126,945	504,928	631,873
Services to Water Department	-	135,960	135,960
Connections and Inspections	23,488	3,426	26,914
Tower Leases Revenue	42,974	-	42,974
Miscellaneous	18,782	1,489	20,271
Total Revenues	<u>3,885,121</u>	<u>2,369,728</u>	<u>6,254,849</u>
Direct Expenses:			
Source of Supply	48,992	-	48,992
Treatment Plant	1,075,421	1,158,523	2,233,944
Transmission and Distribution	148,887	-	148,887
New Services, Environmental and Pretreatment	239,740	104,367	344,107
Collection and Distribution	498,320	254,328	752,648
Customer Service / Meter Reading & Billing	237,121	55,151	292,272
Lift Stations	-	32,231	32,231
Sludge Processing	-	190,117	190,117
Total Direct Expenses	<u>2,248,481</u>	<u>1,794,717</u>	<u>4,043,198</u>
GROSS PROFIT FROM OPERATIONS	1,636,640	575,011	2,211,651
GENERAL AND ADMINISTRATIVE EXPENSES			
Audit	12,460	5,340	17,800
Accounting	39,988	17,138	57,126
Depreciation and Amortization	1,439,414	590,307	2,029,721
Insurance	56,474	42,763	99,237
Legal	54,357	17,988	72,345
General Office	33,794	14,483	48,277
Outside Services	52,201	37,868	90,069
Repairs and Maintenance	14,691	6,296	20,987
Dues, Subscriptions and Training	4,117	1,765	5,882
Directors' Fees and Payroll Taxes	9,139	3,917	13,056
Miscellaneous	303	130	433
Travel, Meetings and Conferences	8,062	3,479	11,541
Elections	5,239	2,245	7,484
Engineering	19,280	9,550	28,830
Employee Expense	327,802	140,314	468,116
Total General and Administrative Expenses	<u>2,077,321</u>	<u>893,583</u>	<u>2,970,904</u>

**EVERGREEN METROPOLITAN DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN NET POSITION (CONTINUED)
YEAR ENDED DECEMBER 31, 2022**

	<u>Water</u>	<u>Wastewater</u>	<u>Total</u>
NONOPERATING REVENUES			
Interest Income	\$ 109,919	\$ 81,981	\$ 191,900
Development Review	3,500	-	3,500
Grants	3,354	5,435	8,789
Proceeds from Water Meter Recycling	21,316	-	21,316
Proceeds from Sale of Assets	8,175	12,000	20,175
Total Nonoperating Revenues	<u>146,264</u>	<u>99,416</u>	<u>245,680</u>
NONOPERATING EXPENSES			
Loan Interest and Administrative Fees	44,270	14,421	58,691
Inventory Expense	88,423	19,630	108,053
Total Nonoperating Expenses	<u>132,693</u>	<u>34,051</u>	<u>166,744</u>
LOSS BEFORE CONTRIBUTIONS	(427,110)	(253,207)	(680,317)
CAPITAL CONTRIBUTIONS			
System Development Fees	509,500	563,500	1,073,000
Tap Transfer Fee	4,200	4,200	8,400
Inclusions and Cost Recovery	9,000	-	9,000
Contractual Payments	69,566	-	69,566
Total Capital Contributions	<u>592,266</u>	<u>567,700</u>	<u>1,159,966</u>
CHANGE IN NET POSITION	<u>\$ 165,156</u>	<u>\$ 314,493</u>	<u>\$ 479,649</u>

**EVERGREEN METROPOLITAN DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUNDS AVAILABLE –
BUDGET AND ACTUAL (BUDGETARY BASIS) – WATER
YEAR ENDED DECEMBER 31, 2022**

	Budget Amounts		Actual	Variance
	Original	Final		
WATER OPERATING REVENUE				
Water Sales	\$ 3,657,000	\$ 3,605,252	\$ 3,605,252	\$ -
Water Sales to Hidden Valley	34,000	34,197	34,197	-
Tap Purchase Agreements	3,000	3,000	3,000	-
Late Charges and Service Charges	25,000	26,804	26,804	-
Services to Developers/Public	4,500	3,679	3,679	-
Services to Districts	115,000	126,945	126,945	-
Connections and Inspections	16,000	23,488	23,488	-
Tower Leases Revenue	69,227	69,351	69,351	-
Interest Income	1,200	68,671	68,671	-
Miscellaneous	15,000	18,782	18,782	-
Total Water Operating Revenue	3,939,927	3,980,169	3,980,169	-
WATER OPERATING EXPENSES				
Source of Supply				
Supplies and Maintenance	18,000	13,363	13,363	-
Engineering	8,400	-	-	-
Water Rights Maintenance	61,600	35,629	35,629	-
Treatment Plant				
Chemicals	75,000	88,162	88,162	-
Supplies and Maintenance	50,000	79,120	79,120	-
Power	100,000	128,382	128,382	-
Truck Expense	10,000	14,243	14,243	-
Laboratory	32,000	23,334	23,334	-
Wastewater Treatment Services	135,000	135,960	135,960	-
Employee Expense	661,200	606,220	606,220	-
Transmission and Distribution				
Supplies and Maintenance	25,000	26,884	26,884	-
Engineering	6,000	-	-	-
Power (Utilities)	102,000	117,359	117,359	-
Safety	4,500	4,644	4,644	-
New Services, Environmental and Pretreatment				
Supplies and Maintenance	9,000	17,076	17,076	-
Truck Expense	2,000	2,672	2,672	-
Laboratory	1,300	-	-	-
New Service Supplies	19,000	8,959	8,959	-
Equipment Maintenance	1,000	-	-	-
Safety	-	203	203	-
Employee Expense	236,250	210,830	210,830	-
Collection and Distribution				
Supplies and Maintenance	20,000	21,698	21,698	-
Telephone (Utilities)	6,500	6,633	6,633	-
Truck Expense	5,500	2,884	2,884	-
Equipment Maintenance	18,000	32,079	32,079	-
Distribution Expense	75,000	80,675	80,675	-
Safety	3,500	3,329	3,329	-
Employee Expense	409,825	350,025	350,025	-

**EVERGREEN METROPOLITAN DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUNDS AVAILABLE –
BUDGET AND ACTUAL (BUDGETARY BASIS) – WATER (CONTINUED)
YEAR ENDED DECEMBER 31, 2022**

	Budget Amounts		Actual	Variance
	Original	Final		
WATER OPERATING EXPENSES (CONTINUED)				
Customer Service / Meter Reading & Billing				
Supplies and Maintenance	\$ 12,000	\$ 9,917	\$ 9,917	\$ -
Meter & T2 Change Out Inventory	15,000	-	-	-
Safety	400	-	-	-
Outsourcing/Billing	12,000	13,053	13,053	-
Employee Expense	247,950	214,151	214,151	-
Total Water Operating Expenses	<u>2,382,925</u>	<u>2,247,484</u>	<u>2,247,484</u>	<u>-</u>
GROSS PROFIT FROM WATER OPERATIONS	1,557,002	1,732,685	1,732,685	-
WATER CAPITAL REVENUE				
System Development Fees	581,000	509,500	509,500	-
Tap Transfer Fee	-	4,200	4,200	-
Interest Income	3,500	-	-	-
Inclusions and Cost Recovery	85,000	9,000	9,000	-
Contractual Payments	80,000	69,566	69,566	-
Development Review	-	3,500	3,500	-
Proceeds from Water Meter Recycling	-	21,316	21,316	-
Proceeds from Sale of Assets	2,000	8,175	8,175	-
Grants	-	3,354	3,354	-
CWRPDA Loan Proceeds	-	1,331,601	1,331,601	-
Total Water Capital Revenue	<u>751,500</u>	<u>1,960,212</u>	<u>1,960,212</u>	<u>-</u>
WATER GENERAL & ADMINISTRATIVE EXPENSES				
Audit	14,400	12,460	12,460	-
Accounting	37,000	39,988	39,988	-
Insurance	64,000	56,474	56,474	-
Legal	75,000	54,357	54,357	-
General Office	32,000	33,794	33,794	-
Outside Services	64,000	52,201	52,201	-
Repairs and Maintenance	17,000	14,691	14,691	-
Dues, Subscriptions and Training	13,000	4,117	4,117	-
Directors' Fees and Payroll Taxes	14,545	9,139	9,139	-
Miscellaneous	500	303	303	-
Travel, Meetings and Conferences	5,100	8,062	8,062	-
Elections	14,000	5,239	5,239	-
Engineering	-	19,280	19,280	-
Employee Expense	374,500	327,802	327,802	-
Total Water General & Administrative Expenses	<u>725,045</u>	<u>637,907</u>	<u>637,907</u>	<u>-</u>
WATER DEBT SERVICE				
DWRF 2002 Loan Principal	127,511	127,511	127,511	-
DWRF 2002 Loan Administrative Fees	3,631	3,631	3,631	-
CWRPDA 2021 Loan Principal	41,910	41,910	41,910	-
CWRPDA 2021 Loan Interest	39,309	39,309	39,309	-
Total Debt Service	<u>212,361</u>	<u>212,361</u>	<u>212,361</u>	<u>-</u>

**EVERGREEN METROPOLITAN DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUNDS AVAILABLE –
BUDGET AND ACTUAL (BUDGETARY BASIS) – WATER (CONTINUED)
YEAR ENDED DECEMBER 31, 2022**

	Budget Amounts		Actual	Variance
	Original	Final		
WATER CAPITAL OUTLAY				
Main Replacements	\$ 150,000	\$ 23,367	\$ 23,367	\$ -
Culverts for Sedimentation Basins	250,000	-	-	-
Dam Outlet Structure Improvements	165,000	111,502	111,502	-
General, Office, Computer Equip. and Software	21,000	21,734	21,734	-
Administration Building and Improvements	42,000	40,289	40,289	-
HSPS Improvement Project	-	881,059	881,059	-
Operations/Administration Maintenance Software	35,000	15,425	15,425	-
Permeate Header Piping Reconfigure	-	6,192	6,192	-
Treatment Plant, Lab, and General Equipment	63,500	-	-	-
Safety Equipment	5,000	8,502	8,502	-
C&D Trucks	29,400	-	-	-
Truck Replacement	22,750	28,914	28,914	-
Fire Hydrant Replacements	15,000	-	-	-
North Lake Trail System	200,000	-	-	-
Hidden Valley Project	-	69,566	69,566	-
Water Rights	-	116	116	-
Wastewater Taps	80,500	161,000	161,000	-
Tank Radio Network Upgrade	13,000	7,588	7,588	-
Distribution System Pressure Monitoring	10,000	-	-	-
Membrane Equipment Replacement	-	9,870	9,870	-
Turbidimeter Replacement	-	5,170	5,170	-
Lookout Mtn Interconnect	-	39,523	39,523	-
Cyber Security Assessment	10,000	12,000	12,000	-
Annual Replacement per Asset Schedule	150,000	-	-	-
Cellular Meter Project	525,000	1,740,860	1,740,860	-
Skid Steers and Trailer	27,000	23,730	23,730	-
Lake Aeration Blower Installation	34,000	-	-	-
Development Review	12,500	7,488	7,488	-
Miscellaneous	50,000	33,682	33,682	-
Total Water Capital Outlay	<u>1,910,650</u>	<u>3,247,577</u>	<u>3,247,577</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(539,554)	(404,948)	(404,948)	-
Funds Available - Beginning of Year	<u>4,581,717</u>	<u>4,986,877</u>	<u>4,986,877</u>	<u>-</u>
FUNDS AVAILABLE - END OF YEAR	<u>\$ 4,042,163</u>	<u>\$ 4,581,929</u>	<u>\$ 4,581,929</u>	<u>\$ -</u>
END OF YEAR RESOURCES				
Operating Reserves	\$ 1,512,828	\$ 1,848,622	\$ 1,848,622	\$ -
Repair and Replacement Reserves	1,489,041	1,244,266	1,244,266	-
Capital Reserves	1,040,294	1,489,041	1,489,041	-
Total End of Year Resources	<u>\$ 4,042,163</u>	<u>\$ 4,581,929</u>	<u>\$ 4,581,929</u>	<u>\$ -</u>

**EVERGREEN METROPOLITAN DISTRICT
RECONCILIATION OF BUDGETARY BASIS (ACTUAL) TO STATEMENT OF REVENUES,
EXPENSES, AND CHANGE IN NET POSITION – WATER
YEAR ENDED DECEMBER 31, 2022**

Revenues (Budgetary Basis)	\$ 5,940,381
Loan Proceeds	<u>(1,331,601)</u>
Total Revenues per Statement of Revenues, Expenses, and Change in Net Position	4,608,780
Expenditures (Budgetary Basis)	6,345,329
Depreciation	1,439,414
Change in Inventory	88,423
Change in Loan Administrative Fee and Interest Credit	(9,695)
Change in Accrued Interest Expense	11,025
Change in Tower Lease Income and Receivable	(14,871)
Capital Outlay	(3,246,580)
Loan Principal	<u>(169,421)</u>
Total Expenses per Statement of Revenues, Expenses, and Change in Net Position	<u>4,443,624</u>
Change in Net Position per Statement of Revenues, Expenses, and Change in Net Position	<u><u>\$ 165,156</u></u>

**EVERGREEN METROPOLITAN DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUNDS AVAILABLE –
BUDGET AND ACTUAL (BUDGETARY BASIS) – WASTEWATER
YEAR ENDED DECEMBER 31, 2022**

	Budget Amounts		Actual	Variance
	Original	Final		
WASTEWATER OPERATING REVENUE				
Wastewater Treatment Charges	\$ 1,658,000	\$ 1,659,869	\$ 1,659,869	\$ -
Pretreatment Revenue	51,000	53,652	53,652	-
Late Charges and Service Charges	14,000	1,410	1,410	-
Services to Water Department	135,000	135,960	135,960	-
Services to Developers/Public	3,000	8,994	8,994	-
Services to Districts	562,772	504,928	504,928	-
Connections and Inspections	2,000	3,426	3,426	-
Interest Income	1,000	81,981	81,981	-
Miscellaneous	5,000	1,489	1,489	-
Total Wastewater Operating Revenue	2,431,772	2,451,709	2,451,709	-
WASTEWATER OPERATING EXPENSES				
Lift Stations				
Supplies and Maintenance	32,000	9,854	9,854	-
Utilities	22,000	22,377	22,377	-
Treatment Plant				
Chemicals	50,000	41,983	41,983	-
Supplies and Maintenance	52,000	112,280	112,280	-
Power	105,000	117,961	117,961	-
Truck Expense	12,000	22,767	22,767	-
Laboratory	15,000	10,139	10,139	-
Employee Expense	915,000	853,393	853,393	-
New Services, Environmental and Pretreatment				
Supplies and Maintenance	3,000	5,874	5,874	-
Truck Expense	1,200	1,145	1,145	-
Laboratory	500	-	-	-
New Service Supplies	1,500	58	58	-
Safety	250	87	87	-
Bear Creek Watershed Dues	20,000	-	-	-
CDH Discharge Permit	6,000	4,630	4,630	-
Employee Expense	101,160	92,573	92,573	-
Collection and Distribution				
Supplies and Maintenance	15,000	11,748	11,748	-
Telephone (Utilities)	4,500	3,572	3,572	-
Truck Expense	4,000	1,553	1,553	-
Equipment Maintenance	18,000	27,244	27,244	-
Collection Expense	8,000	17,625	17,625	-
Safety	2,000	1,793	1,793	-
Employee Expense	220,675	189,802	189,802	-

**EVERGREEN METROPOLITAN DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUNDS AVAILABLE –
BUDGET AND ACTUAL (BUDGETARY BASIS) – WASTEWATER (CONTINUED)
YEAR ENDED DECEMBER 31, 2022**

	Budget Amounts		Actual	Variance
	Original	Final		
Sludge Processing				
Biosolids Permit Fee	\$ 600	\$ 312	\$ 312	\$ -
Landfill Expense/Sludge Disposal	156,000	181,487	181,487	-
Safety	3,000	2,801	2,801	-
Truck Expense	4,000	5,517	5,517	-
Customer Service / Meter Reading & Billing				
Supplies and Maintenance	-	1,307	1,307	-
Outsourcing/Billing	-	13,053	13,053	-
Employee Expense	-	40,791	40,791	-
Total Wastewater Operating Expenses	<u>1,772,385</u>	<u>1,793,726</u>	<u>1,793,726</u>	<u>-</u>
GROSS PROFIT FROM WATER OPERATIONS	659,387	657,983	657,983	-
WASTEWATER CAPITAL REVENUE				
System Development Fees	392,000	563,500	563,500	-
Tap Transfer Fee	-	4,200	4,200	-
Interest Income	3,000	-	-	-
Proceeds from Sale of Assets	2,000	12,000	12,000	-
Capital Contributions	2,000	-	-	-
Grants	1,000	5,435	5,435	-
Total Wastewater Capital Revenue	<u>400,000</u>	<u>585,135</u>	<u>585,135</u>	<u>-</u>
WASTEWATER NONOPERATING EXPENSES				
Audit	4,000	5,340	5,340	-
Accounting	35,000	17,138	17,138	-
Insurance	47,000	42,763	42,763	-
Legal	20,000	17,988	17,988	-
General Office	13,550	14,483	14,483	-
Outside Services	54,000	37,868	37,868	-
Outsourcing/Billing	12,000	-	-	-
Repairs and Maintenance	8,000	6,296	6,296	-
Dues, Subscriptions and Training	7,400	1,765	1,765	-
Directors' Fees and Payroll Taxes	7,875	3,917	3,917	-
Miscellaneous	500	130	130	-
Travel, Meetings and Conferences	2,500	3,479	3,479	-
Elections	6,000	2,245	2,245	-
Engineering	-	9,550	9,550	-
Employee Expense	208,000	140,314	140,314	-
Total Wastewater Nonoperating Expenses	<u>425,825</u>	<u>303,276</u>	<u>303,276</u>	<u>-</u>
WATER DEBT SERVICE				
WPCRF Loan Principal	86,519	88,259	88,259	-
WPCRF Loan Interest	16,456	15,078	15,078	-
Total Debt Service	<u>102,975</u>	<u>103,337</u>	<u>103,337</u>	<u>-</u>

**EVERGREEN METROPOLITAN DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUNDS AVAILABLE –
BUDGET AND ACTUAL (BUDGETARY BASIS) – WASTEWATER (CONTINUED)
YEAR ENDED DECEMBER 31, 2022**

	Budget Amounts		Actual	Variance
	Original	Final		
WASTEWATER CAPITAL OUTLAY				
Sewer Line Replacement	\$ 150,000	\$ 3,245	\$ 3,245	\$ -
General, Office, Computer Equipment and Software	25,000	8,416	8,416	-
PLC Upgrades	-	1,006	1,006	-
Administration Building and Improvements	23,000	17,267	17,267	-
Collections System Flow Meter	-	11,009	11,009	-
Safety Equipment	-	4,578	4,578	-
Greystone Upgrade	-	4,969	4,969	-
Troutdale Upgrade	-	97,989	97,989	-
SCADA Upgrade	-	1,706	1,706	-
Operations/Administration Maintenance Software	15,000	6,941	6,941	-
Truck Replacements	22,350	33,864	33,864	-
El Pinal Phase 2	200,000	-	-	-
El Pinal Standby Generator	250,000	-	-	-
Backwash Pumps Replacements	25,000	-	-	-
Anoxic/Anaerobic Walls	20,000	-	-	-
Skid Steers and Trailer	63,000	11,511	11,511	-
Sewer System Remodeling	12,000	-	-	-
Replacement of Bar Screen in EMD Headworks	175,000	134,539	134,539	-
Miscellaneous	100,000	317,292	58,851	258,441
Total Wastewater Capital Outlay	<u>1,080,350</u>	<u>654,332</u>	<u>395,891</u>	<u>258,441</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(549,763)	182,173	440,614	258,441
Funds Available - Beginning of Year	<u>5,659,704</u>	<u>5,756,870</u>	<u>5,756,870</u>	<u>-</u>
FUNDS AVAILABLE - END OF YEAR	<u>\$ 5,109,941</u>	<u>\$ 5,939,043</u>	<u>\$ 6,197,484</u>	<u>\$ 258,441</u>
END OF YEAR RESOURCES				
Operating Reserves	\$ 848,240	\$ 848,240	\$ 888,957	\$ 40,717
Capital Reserves	4,261,701	4,261,701	5,308,527	1,046,826
Total End of Year Resources	<u>\$ 5,109,941</u>	<u>\$ 5,109,941</u>	<u>\$ 6,197,484</u>	<u>\$ 1,087,543</u>

**EVERGREEN METROPOLITAN DISTRICT
RECONCILIATION OF BUDGETARY BASIS (ACTUAL) TO STATEMENT OF REVENUES,
EXPENSES, AND CHANGE IN NET POSITION – WASTEWATER
YEAR ENDED DECEMBER 31, 2022**

Revenues (Budgetary Basis)	\$ 3,036,844
Total Revenues per Statement of Revenues, Expenses, and Change in Net Position	3,036,844
Expenditures (Budgetary Basis)	2,596,230
Depreciation and Amortization	590,307
Change in Inventory	19,630
Change in Accrued Interest Expense	(657)
Capital Outlay	(394,900)
Loan Principal	(88,259)
Total Expenses per Statement of Revenues, Expenses, and Change in Net Position	2,722,351
Change in Net Position per Statement of Revenues, Expenses, and Change in Net Position	\$ 314,493

**EVERGREEN METROPOLITAN DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
YEAR ENDED DECEMBER 31, 2022**

<u>Year Ending December 31,</u>	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		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	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
	Principal	Interest	Principal	Interest
2023	\$ 90,032	\$ 12,943	\$ 73,281	\$ 66,147
2024	91,842	11,133	74,939	64,489
2025	93,688	9,287	76,635	62,793
2026	95,571	7,404	78,369	61,059
2027	97,492	5,483	80,142	59,286
2028	99,452	3,523	81,955	57,473
2029	101,451	1,524	83,810	55,619
2030	-	-	85,706	53,722
2031	-	-	87,645	51,783
2032	-	-	89,628	49,800
2033	-	-	91,656	47,772
2034	-	-	93,730	45,698
2035	-	-	95,851	43,577
2036	-	-	98,020	41,408
2037	-	-	100,238	39,191
2038	-	-	102,506	36,923
2039	-	-	104,825	34,603
2040	-	-	107,197	32,231
2041	-	-	109,622	29,806
2042	-	-	112,103	27,326
2043	-	-	114,639	24,789
2044	-	-	117,233	22,195
2045	-	-	119,886	19,543
2046	-	-	122,598	16,830
2047	-	-	125,372	14,056
2048	-	-	128,209	11,219
2049	-	-	131,110	8,318
2050	-	-	134,076	5,352
2051	-	-	137,109	2,318
Total	<u>\$ 669,528</u>	<u>\$ 51,297</u>	<u>\$ 2,958,090</u>	<u>\$ 1,085,326</u>

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

**EVERGREEN METROPOLITAN DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
YEAR ENDED DECEMBER 31, 2022**

<u>Year Ending December 31,</u>	<u>Total</u>	
	<u>Principal</u>	<u>Interest</u>
2023	\$ 163,313	\$ 79,090
2024	166,781	75,622
2025	170,323	72,080
2026	173,940	68,463
2027	177,634	64,769
2028	181,407	60,996
2029	185,261	57,143
2030	85,706	53,722
2031	87,645	51,783
2032	89,628	49,800
2033	91,656	47,772
2034	93,730	45,698
2035	95,851	43,577
2036	98,020	41,408
2037	100,238	39,191
2038	102,506	36,923
2039	104,825	34,603
2040	107,197	32,231
2041	109,622	29,806
2042	112,103	27,326
2043	114,639	24,789
2044	117,233	22,195
2045	119,886	19,543
2046	122,598	16,830
2047	125,372	14,056
2048	128,209	11,219
2049	131,110	8,318
2050	134,076	5,352
2051	137,109	2,318
Total	<u>\$ 3,627,618</u>	<u>\$ 1,136,623</u>