

EAGLE BEND METROPOLITAN DISTRICT
Arapahoe County, Colorado

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

YEAR ENDED DECEMBER 31, 2019

**EAGLE BEND METROPOLITAN DISTRICT
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YEAR ENDED DECEMBER 31, 2019**

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SCHILLING & COMPANY, INC.

Certified Public Accountants

P.O. Box 631579
HIGHLANDS RANCH, CO 80163

PHONE: 720.348.1086

FAX: 720.348.2920

Independent Auditor's Report

Board of Directors
Eagle Bend Metropolitan District
Arapahoe County, Colorado

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of Eagle Bend Metropolitan District (District) as of and for the year ended December 31, 2019, and the related notes to the financial statements which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of Eagle Bend Metropolitan District, as of December 31, 2019, and the respective changes in financial position and where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other-Matters

Required Supplementary Information

Management has omitted the management's discussion and analysis that governmental accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements as a whole. The supplementary information listed in the table of contents is presented for purposes of additional analysis and are not a required part of the financial statements.

The supplementary information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

The other information listed in the table of contents 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.

SCHILLING & COMPANY, INC.

Highlands Ranch, Colorado
July 23, 2020

BASIC FINANCIAL STATEMENTS

**EAGLE BEND METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2019**

	Governmental Activities	Business- Type Activities	Total
ASSETS			
Cash and Investments	\$ 586,687	\$ 1,754,648	\$ 2,341,335
Cash and Investments - Restricted	1,566,092	-	1,566,092
Receivable - County Treasurer	16,234	-	16,234
Interest Receivable	7,816	3,958	11,774
Prepaid Expense	5,412	-	5,412
Property Taxes Receivable	2,699,101	-	2,699,101
Prepaid Bond Insurance Costs	45,860	-	45,860
Capital Assets, Not Being Depreciated	1,175,568	324,432	1,500,000
Capital Assets, Net	2,410,221	949,586	3,359,807
Total Assets	8,512,991	3,032,624	11,545,615
DEFERRED OUTFLOWS OF RESOURCES			
Cost of Refunding, Net	1,314,647	-	1,314,647
Total Deferred Outflows of Resources	1,314,647	-	1,314,647
LIABILITIES			
Accounts Payable	1,104,209	25,172	1,129,381
Accrued Interest Payable	84,934	-	84,934
Noncurrent Liabilities:			
City of Aurora - ECCV	-	124,418	124,418
Due Within One Year	925,000	-	925,000
Due in More Than One Year	26,456,874	-	26,456,874
Total Liabilities	28,571,017	149,590	28,720,607
DEFERRED INFLOWS OF RESOURCES			
Deferred Property Tax Revenue	2,699,101	-	2,699,101
Total Deferred Inflows of Resources	2,699,101	-	2,699,101
NET POSITION			
Net Investment in Capital Assets	2,410,221	1,149,600	3,559,821
Restricted for:			
Emergency Reserve	12,700	-	12,700
Debt Service	398,696	-	398,696
Unrestricted	(24,264,097)	1,733,434	(22,530,663)
Total Net Position	\$ (21,442,480)	\$ 2,883,034	\$ (18,559,446)

See accompanying Notes to Basic Financial Statements.

**EAGLE BEND METROPOLITAN DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2019**

FUNCTIONS/PROGRAMS	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary Government:							
Governmental Activities:							
General Government	\$ 552,546	\$ -	\$ -	\$ -	\$ (552,546)	\$ -	\$ (552,546)
Interest on Long-Term Debt and Related Costs	1,141,013	-	-	-	(1,141,013)	-	(1,141,013)
Total Governmental Activities	<u>\$ 1,693,559</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	(1,693,559)	-	(1,693,559)
Business-Type Activities:							
Water Facilities	\$ 314,091	\$ 402,197	\$ -	\$ -	-	88,106	88,106
Total Business-Type Activities	<u>\$ 314,091</u>	<u>\$ 402,197</u>	<u>\$ -</u>	<u>\$ -</u>	-	88,106	88,106
GENERAL REVENUES							
Property Taxes					2,473,293	-	2,473,293
Specific Ownership Taxes					194,390	-	194,390
Net Investment Income					71,130	37,692	108,822
Other Revenues					23,592	-	23,592
Transfers					360,568	(360,568)	-
Total General Revenues and Transfers					<u>3,122,973</u>	<u>(322,876)</u>	<u>2,800,097</u>
CHANGES IN NET POSITION					1,429,414	(234,770)	1,194,644
Net Position - Beginning of Year					(22,871,894)	3,117,804	(19,754,090)
NET POSITION - END OF YEAR					<u>\$ (21,442,480)</u>	<u>\$ 2,883,034</u>	<u>\$ (18,559,446)</u>

See accompanying Notes to Basic Financial Statements.

**EAGLE BEND METROPOLITAN DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2019**

	General	Debt Service	Capital Projects	Total Governmental Funds
ASSETS				
Cash and Investments	\$ 586,687	\$ -	\$ -	\$ 586,687
Cash and Investments - Restricted	12,700	469,715	1,083,677	1,566,092
Receivable - County Treasurer	2,319	13,915	-	16,234
Interest Receivable	7,816	-	-	7,816
Prepaid Expense	5,412	-	-	5,412
Property Taxes Receivable	408,955	2,290,146	-	2,699,101
	<u>\$ 1,023,889</u>	<u>\$ 2,773,776</u>	<u>\$ 1,083,677</u>	<u>\$ 4,881,342</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 22,424	\$ -	\$ 1,081,785	\$ 1,104,209
Total Liabilities	22,424	-	1,081,785	1,104,209
DEFERRED INFLOWS OF RESOURCES				
Deferred Property Tax Revenue	408,955	2,290,146	-	2,699,101
Total Deferred Inflows of Resources	408,955	2,290,146	-	2,699,101
FUND BALANCES				
Nonspendable:				
Prepaid Expense	5,412	-	-	5,412
Restricted for:				
Emergency Reserves	12,700	-	-	12,700
Debt Service	-	483,630	-	483,630
Committed:				
Capital Projects	-	-	1,892	1,892
Unassigned	574,398	-	-	574,398
Total Fund Balances	<u>592,510</u>	<u>483,630</u>	<u>1,892</u>	<u>1,078,032</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 1,023,889</u>	<u>\$ 2,773,776</u>	<u>\$ 1,083,677</u>	
Amounts reported for governmental activities in the statement of net position are different because:				
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.				3,585,789
Other long-term assets are not available to pay for current period expenditures and, therefore, are not reported in the funds.				
Cost of Refunding, Net				1,314,647
Prepaid Bond Insurance Costs, Net				45,860
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.				
Accrued Bond Interest Payable				(84,934)
Bonds Payable, Net of Premium				(27,381,874)
Net Position of Governmental Activities				<u>\$ (21,442,480)</u>

See accompanying Notes to Basic Financial Statements.

**EAGLE BEND METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2019**

	General	Debt Service	Capital Projects	Total Governmental Funds
REVENUES				
Property Taxes	\$ 353,328	\$ 2,119,965	\$ -	\$ 2,473,293
Specific Ownership Taxes	27,769	166,621	-	194,390
Net Investment Income	38,967	30,271	1,892	71,130
HOA Cost Sharing	22,674	-	-	22,674
Other Income	918	-	-	918
Total Revenues	<u>443,656</u>	<u>2,316,857</u>	<u>1,892</u>	<u>2,762,405</u>
EXPENDITURES				
Accounting	32,708	-	-	32,708
Audit	5,800	-	-	5,800
Director's Fee	6,100	-	-	6,100
County Treasurer's Fees	5,303	31,820	-	37,123
Dues and Memberships	1,306	-	-	1,306
District Management	29,845	-	-	29,845
Insurance	5,427	-	-	5,427
Legal	36,023	-	-	36,023
Payroll Tax	1,297	-	-	1,297
Meetings	1,608	-	-	1,608
Landscape and Maintenance	48,267	-	-	48,267
HOA Projects - Cost Sharing	45,429	-	-	45,429
Communications Expense	2,425	-	-	2,425
Utilities	4,370	-	-	4,370
Miscellaneous	3,204	-	-	3,204
Paying Agent Fees	-	300	-	300
Debt Service	-	3,583,990	-	3,583,990
Capital Expenditures	-	-	116,049	116,049
Capital Contribution to Other Entity	-	-	1,059,519	1,059,519
Total Expenditures	<u>229,112</u>	<u>3,616,110</u>	<u>1,175,568</u>	<u>5,020,790</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	214,544	(1,299,253)	(1,173,676)	(2,258,385)
OTHER FINANCING SOURCES (USES)				
Transfers In	-	1,000,000	1,175,568	2,175,568
Transfers Out	(1,815,000)	-	-	(1,815,000)
Total Other Financing Sources (Uses)	<u>(1,815,000)</u>	<u>1,000,000</u>	<u>1,175,568</u>	<u>360,568</u>
NET CHANGE IN FUND BALANCES	(1,600,456)	(299,253)	1,892	(1,897,817)
Fund Balances - Beginning of Year	<u>2,192,966</u>	<u>782,883</u>	<u>-</u>	<u>2,975,849</u>
FUND BALANCES - END OF YEAR	<u>\$ 592,510</u>	<u>\$ 483,630</u>	<u>\$ 1,892</u>	<u>\$ 1,078,032</u>

See accompanying Notes to Basic Financial Statements.

**EAGLE BEND METROPOLITAN DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2019**

Net Change in Fund Balances - Total Governmental Funds \$ (1,897,817)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. In the statement of activities capital outlay is not reported as an expenditure. However, the statement of activities will report as depreciation expense the allocation of the cost of any depreciable asset over the estimated useful life of the asset.

Capital expenditures	1,175,568
Depreciation	(323,434)

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of government funds. Neither transaction, however, has any effect on net position.

Bond Principal - Current Year	2,515,000
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Accrued Bond Interest Payable - Change in Liability	6,746
Amortization of Bond Insurance Costs	(2,702)
Amortization of Bond Premium	48,131
Amortization of Cost of Bond Refunding	(92,078)
	(39,903)

Changes in Net Position of Governmental Activities	\$ 1,429,414
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**EAGLE BEND METROPOLITAN DISTRICT
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2019**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property Taxes	\$ 354,219	\$ 354,219	\$ 353,328	\$ (891)
Specific Ownership Taxes	23,879	27,000	27,769	769
Net Investment Income	1,000	22,000	38,967	16,967
HOA Cost Sharing	-	24,750	22,674	(2,076)
Other Revenue	-	-	918	918
Total Revenues	<u>379,098</u>	<u>427,969</u>	<u>443,656</u>	<u>15,687</u>
EXPENDITURES				
Accounting	18,000	18,000	32,708	(14,708)
Audit	7,000	7,000	5,800	1,200
Director's Fee	6,000	4,000	6,100	(2,100)
County Treasurer's Fees	5,313	5,313	5,303	10
Dues and Memberships	-	1,238	1,306	(68)
District Management	48,000	25,598	29,845	(4,247)
Insurance	10,000	6,582	5,427	1,155
Legal	42,000	22,086	36,023	(13,937)
Payroll Tax	1,000	1,000	1,297	(297)
Meetings	3,000	3,000	1,608	1,392
Economic Development	15,000	-	-	-
Landscape and Maintenance	45,000	52,000	48,267	3,733
HOA Projects - Cost Sharing	50,000	45,429	45,429	-
Communications Expense	5,000	500	2,425	(1,925)
Utilities - Landscaping Water	7,500	4,000	4,143	(143)
Utilities - Landscaping Electric	-	250	227	23
Miscellaneous	5,987	5,987	3,204	2,783
Contingency and Reserves	2,245,136	50,000	-	50,000
Total Expenditures	<u>2,513,936</u>	<u>251,983</u>	<u>229,112</u>	<u>22,871</u>
EXCESS OF REVENUES OVER EXPENDITURES	(2,134,838)	175,986	214,544	38,558
OTHER FINANCING SOURCES (USES)				
Transfers Out	<u>(34,000)</u>	<u>(1,815,000)</u>	<u>(1,815,000)</u>	-
Total Other Financing Uses	<u>(34,000)</u>	<u>(1,815,000)</u>	<u>(1,815,000)</u>	-
NET CHANGE IN FUND BALANCE	(2,168,838)	(1,639,014)	(1,600,456)	38,558
Fund Balance - Beginning of Year	<u>2,168,838</u>	<u>2,192,966</u>	<u>2,192,966</u>	-
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ 553,952</u>	<u>\$ 592,510</u>	<u>\$ 38,558</u>

See accompanying Notes to Basic Financial Statements.

**EAGLE BEND METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUND
DECEMBER 31, 2019**

	Enterprise
ASSETS	
Cash and Investments	\$ 1,754,648
Interest Receivable	3,958
Capital Assets, Not Being Depreciated	324,432
Capital Assets, Net	949,586
Total Assets	3,032,624
LIABILITIES	
Accounts Payable	25,172
Long-term payable - COA-ECCV pipeline	124,418
Total Liabilities	149,590
NET POSITION	
Net Investment in Capital Assets	1,149,600
Unrestricted	1,733,434
Total Net Position	\$ 2,883,034

See accompanying Notes to Basic Financial Statements.

**EAGLE BEND METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUND
YEAR ENDED DECEMBER 31, 2019**

	Enterprise
OPERATING REVENUES	
Service Charges	\$ 402,197
Total Operating Revenues	402,197
OPERATING EXPENSES	
District Management	16,786
Legal Services	11,585
Repair and Maintenance - Wells	7,501
Water Operations Management	49,572
Consulting	37,238
Utilities	139,896
Miscellaneous	2,081
Depreciation	49,432
Total Operating Expenses	314,091
OPERATING INCOME	88,106
NONOPERATING REVENUES AND EXPENSES	
Net Investment Income	37,692
Transfers In (Out)	(360,568)
Total Nonoperating Revenues and Expenses	(322,876)
CHANGE IN NET POSITION	(234,770)
Total Net Position - Beginning of Year	3,117,804
TOTAL NET POSITION - END OF YEAR	\$ 2,883,034

See accompanying Notes to Basic Financial Statements.

**EAGLE BEND METROPOLITAN DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED DECEMBER 31, 2019**

	Enterprise
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from Customers	\$ 402,197
Payments to Suppliers	<u>(342,584)</u>
Net Cash Provided by Operating Activities	59,613
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers In (Out)	<u>(360,568)</u>
Net Cash Used by Nonfinancing Financing Activities	(360,568)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Payments to City of Aurora - ECCV	<u>(17,954)</u>
Net Cash Used by Capital and Related Financing Activities	(17,954)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest Received	<u>33,735</u>
Net Cash Provided by Investing Activities	<u>33,735</u>
DECREASE IN CASH AND CASH EQUIVALENTS	(285,174)
Cash and Cash Equivalents - Beginning of Year	<u>2,039,822</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 1,754,648</u></u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating Income	\$ 88,106
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation	49,432
Increase (Decrease) in:	
Accounts Payable	<u>(77,925)</u>
Net Cash Provided by Operating Activities	<u><u>\$ 59,613</u></u>

See accompanying Notes to Basic Financial Statements.

**EAGLE BEND METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 1 DEFINITION OF REPORTING ENTITY

Eagle Bend Metropolitan District (the District) (formerly Eagle Bend Metropolitan District No. 2) is a quasi-municipal corporation and political subdivision of the State of Colorado organized by order and decree of the District Court for Arapahoe County on November 5, 1998, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District's service area is located in Arapahoe County, Colorado. The District was established to develop and provide streets, water and sanitation, safety controls, television relay, translator and parks and recreation services to users in the service area.

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 has no employees and contracts for all of its management and professional services.

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:

Government-Wide and Fund Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These financial statements include all of the activities of the District. Both statements distinguish between governmental activities, which normally are supported by taxes and intergovernmental revenues, and business-type activities, which rely to a significant extent on fees and charges for support.

The statement of net position reports all financial and capital resources of the District. The difference between the sum of assets and deferred outflows and the sum of liabilities and deferred inflows is reported as net position.

**EAGLE BEND METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements (Continued)

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are property taxes. All other revenue items are considered to be measurable and available only when cash is received by the District. Expenditures, other than interest on long-term obligations are recorded when the liability is incurred or the long-term obligation is due.

The District reports the following major governmental funds:

The General Fund is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term debt of the governmental funds.

The Capital Projects Fund is used to account for financial resources to be used for the acquisition and construction of capital equipment and facilities.

**EAGLE BEND METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation
(Continued)**

The District reports the following major proprietary fund:

The Enterprise Fund accounts for operations that are financed and operated in a manner where the intent of the District is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating revenues consist of charges to customers for service provided. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating 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 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, 2019.

Pooled Cash and Investments

The District follows the practice of pooling cash and investments of all funds to maximize investment earnings. Except when required by trust or other agreements, all cash is deposited to and disbursed from a single bank account. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility. Investment earnings are allocated periodically to the participating funds based upon each fund's average equity balance in the total cash and investments.

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.

**EAGLE BEND METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property Taxes

Property taxes are levied by the District's Board of Directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April or if in equal installments, at the taxpayer's election, in February and June. Delinquent taxpayers are notified in August, and generally, sales of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the District.

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred inflow of resources in the year they are levied and measurable. The unearned property tax revenues are recorded as revenue in the year they are available or collected.

Accounts Receivable, Allowance for Doubtful Accounts

User fees constitute a perpetual lien on or against the property served until paid. Such liens may be foreclosed upon as provided by the State of Colorado. Therefore, no provision for uncollectible receivables has been made in the financial statements.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Capital assets being constructed and/or donated capital assets are recorded at acquisition value at the date of donation.

Capital assets which are anticipated to be conveyed to other governmental entities are recorded as construction in progress, and are not included in the calculation of the net investment in capital assets.

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 following estimated economic useful lives:

Well Equipment	8-10 Years
Wells and Pipeline	40 Years
Landscaping	20 Years

**EAGLE BEND METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Amortization

Original Issue Discount/Premium

In the government-wide financial statements, bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method.

Cost of Bond Refunding

In the government-wide financial statements, the deferred cost of bond refunding is being amortized using the straight-line method over the life of the defeased debts. The amortization amount is a component of interest expense and the unamortized deferred cost is reflected as a deferred outflow of resources.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense) until that time. The District has one item that qualifies for reporting in this category. Accordingly, the item, *cost of refunding*, is deferred and recognized as an outflow of resources in the period that the amount is incurred.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category. Accordingly, the item, *deferred property tax revenue*, is deferred and recognized as an inflow of resources in the period that the amount becomes available.

Equity

Net Position

For government-wide 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.

Fund Balance

Fund balance for governmental funds should be reported in classifications that comprise a hierarchy based on the extent to which the government is bound to honor constraints on the specific purposes for which spending can occur. Governmental funds report up to five classifications of fund balance: nonspendable, restricted, committed, assigned, and unassigned. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications describe the relative strength of the spending constraints:

Nonspendable Fund Balance – The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts or inventory) or legally or contractually required to be maintained intact.

**EAGLE BEND METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity (Continued)

Fund Balance (Continued)

Restricted Fund Balance – The portion of fund balance that is constrained to being used for a specific purpose by external parties (such as bondholders), constitutional provisions, or enabling legislation.

Committed Fund Balance – The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the government’s highest level of decision-making authority, the Board of Directors. The constraint may be removed or changed only through formal action of the Board of Directors.

Assigned Fund Balance – The portion of fund balance that is constrained by the government’s intent to be used for specific purposes, but is neither restricted nor committed. Intent is expressed by the Board of Directors to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.

Unassigned Fund Balance – The residual portion of fund balance that does not meet any of the criteria described above.

If more than one classification of fund balance is available for use when an expenditure is incurred, it is the District’s practice to use the most restrictive classification first.

NOTE 3 CASH AND INVESTMENTS

Cash and investments as of December 31, 2019 are classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash and Investments	\$ 2,341,335
Cash and Investments - Restricted	<u>1,566,092</u>
Total Cash and Investments	<u><u>\$ 3,907,427</u></u>

Cash and investments as of December 31, 2019 consist of the following:

Deposits with Financial Institutions	\$ 1,346,673
Investments	<u>2,560,754</u>
Total Cash and Investments	<u><u>\$ 3,907,427</u></u>

**EAGLE BEND METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

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, 2019, the District's cash deposits had a bank statement balance of \$1,347,733 and a carrying balance of \$1,346,673.

Investments

The District has not adopted a formal investment policy, but does follow state statutes regarding 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 or investment custodial 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.

**EAGLE BEND METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Investments (Continued)

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, 2019, the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Colorado Local Government Liquid Asset Trust (COLOTRUST)	Weighted Average Under 60 Days	<u>\$ 2,560,754</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 operates similarly to a money market fund and each share is equal in value to \$1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. 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. 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 using the net asset value method. There are no unfunded commitments, the redemption frequency is daily, and there is no redemption notice period.

**EAGLE BEND METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 4 CAPITAL ASSETS

An analysis of the changes in capital assets for the year ended December 31, 2019 follows:

	Balance at December 31, 2018	Increases	Decreases	Balance at December 31, 2019
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Construction in Progress:				
Raw Water Line	\$ -	\$ 1,175,568	\$ -	\$ 1,175,568
Total Capital Assets, Not Being Depreciated	-	1,175,568	-	1,175,568
Capital Assets, Being Depreciated:				
Landscaping	6,468,676	-	-	6,468,676
Total Capital Assets, Being Depreciated	6,468,676	-	-	6,468,676
Less Accumulated Depreciation for:				
Landscaping	3,735,021	323,434	-	4,058,455
Total Accumulated Depreciation	3,735,021	323,434	-	4,058,455
Total Capital Assets, Being Depreciated, Net	2,733,655	(323,434)	-	2,410,221
Governmental Activities Capital Assets, Net	<u>\$ 2,733,655</u>	<u>\$ 852,134</u>	<u>\$ -</u>	<u>\$ 3,585,789</u>

**EAGLE BEND METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 4 CAPITAL ASSETS (CONTINUED)

	Balance at December 31, 2018	Increases	Decreases	Balance at December 31, 2019
Business-Type Activities:				
Capital Assets, Not Being Depreciated:				
Construction in Progress	\$ 324,432	\$ -	\$ -	324,432
Total Capital Assets, Not Being Depreciated	324,432	-	-	324,432
Capital Assets, Being Depreciated:				
Wells and Equipment	639,448	-	-	639,448
ECCV Pipeline	686,758	-	-	686,758
Total Capital Assets, Being Depreciated	1,326,206	-	-	1,326,206
Less Accumulated Depreciation for:				
Wells and Equipment	164,082	32,263	-	196,345
ECCV Pipeline	163,106	17,169	-	180,275
Total Accumulated Depreciation	327,188	49,432	-	376,620
Total Capital Assets, Being Depreciated, Net	999,018	(49,432)	-	949,586
Business-Type Activities Capital Assets, Net	<u>\$ 1,323,450</u>	<u>\$ (49,432)</u>	<u>\$ -</u>	<u>\$ 1,274,018</u>

Upon completion of the raw water pipeline (currently recorded as Construction in Progress), the costs of designing and constructing it will be removed from the District's books. The City of Aurora will own and maintain such facilities.

Depreciation expense was charged to functions/programs of the District as follows:

Governmental Activities	
General Government	<u>\$ 323,434</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 323,434</u>
Business-Type Activities	
Water Facilities	<u>\$ 49,432</u>
Total Depreciation Expense - Business-Type Activities	<u>\$ 49,432</u>

**EAGLE BEND METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

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, 2019:

	Balance at December 31, 2018	Additions	Reductions	Balance at December 31, 2019	Due Within One Year
Governmental Activities					
General Obligation Loan/Bonds:					
Series 2012 Refunding Loan	\$ 14,050,000	\$ -	\$ 890,000	\$ 13,160,000	\$ 925,000
Series 2016 Refunding Bonds	15,030,000	-	1,625,000	13,405,000	-
Bond Premium	865,005	-	48,131	816,874	-
	<u>\$ 29,945,005</u>	<u>\$ -</u>	<u>\$ 2,563,131</u>	<u>\$ 27,381,874</u>	<u>\$ 925,000</u>
Business-Type Activities					
City of Aurora - ECCV	\$ 142,372	\$ -	\$ 17,954	\$ 124,418	\$ -
	<u>\$ 142,372</u>	<u>\$ -</u>	<u>\$ 17,954</u>	<u>\$ 124,418</u>	<u>\$ -</u>

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

General Obligation Refunding Loan – Series 2012

On April 27, 2012, the District advance refunded its outstanding Series 2003 Bonds totaling \$17,625,000 with a \$19,000,000 loan. The loan carries a coupon rate of 3.39% and calls for interest payments on June 1 and December 1, commencing December 1, 2012. Principal payments are due annually on December 1, commencing December 1, 2012 through 2033. The loan is subject to optional redemption on or after April 27, 2022 with no redemption premium. The refunding resulted in a present value savings of approximately \$1,072,000 to the District.

General Obligation Refunding Bonds – Series 2016

On April 20, 2016, the District issued \$15,030,000 of General Obligation Refunding Bonds Series 2016 (Bonds) to defease the District's Series 2005 Bonds. The Bonds bear interest at rates ranging from 3.125% to 5.00%, payable semiannually on each June 1 and December 1, commencing on June 1, 2016. The Bonds are subject to a mandatory sinking fund redemption commencing on December 1, 2029. The Bonds are subject to an early redemption at the option of the District commencing December 1, 2026, at a price equal to the principal amount plus accrued interest without redemption premium. The Bonds scheduled to mature from December 1, 2029 through 2032 in the total amount of \$2,115,000 are subject to extraordinary redemption after July 20, 2016 through April 20, 2019 at a price equal to the principal amount plus accrued interest without redemption premium. The Bonds are rated by S&P at an underlying credit rating of "A-" with bond insurance from Build America Mutual with a rating of "AA" by S&P.

On April 20, 2019, the District redeemed \$1,625,000 in principal under the extraordinary redemption provisions described above.

**EAGLE BEND METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

General Obligation Refunding Bonds – Series 2016 (Continued)

As a result of the issuance of the Bonds, the refunded bonds are considered to be defeased and the liabilities have been removed from the governmental activities column of the statement of net position. The reacquisition price of the old debt exceeded the net carrying amount by \$252,227. This amount is recorded as a deferred outflow and is being amortized over the life of the refunded bonds. The refunding resulted in an economic gain of \$1,862,419 due to the average interest rate of the Bonds being lower than the refunded bonds.

The District's long-term obligations will mature as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 925,000	\$ 1,019,211	\$ 1,944,211
2021	960,000	987,855	1,947,855
2022	990,000	955,311	1,945,311
2023	1,020,000	921,749	1,941,749
2024	1,055,000	887,172	1,942,172
2025-2029	5,285,000	3,873,117	9,158,117
2030-2034	5,505,000	3,055,604	8,560,604
2035-2039	8,775,000	1,466,500	10,241,500
2040	2,050,000	71,750	2,121,750
Total	<u>\$ 26,565,000</u>	<u>\$ 13,238,269</u>	<u>\$ 39,803,269</u>

On November 3, 1998, a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed \$45,500,000 for the financing of new improvements and \$45,500,000 for the purposes of debt refunding. At December 31, 2019, the District had issued all of general obligation debt authorized by its service plan, and had authorized but unissued indebtedness remaining in the amounts of \$4,455,000 for the purposes of debt refunding.

Payable to City of Aurora

The District owes the City of Aurora \$124,418 as of December 31, 2019 under a 2007 agreement related to the design and construction of a water line. See Note 8 for additional information.

NOTE 6 INTERFUND TRANSFERS

The transfers from the General Fund and Enterprise Fund to the Capital Projects Fund were to support budgeted capital expenditures.

The transfer from General Fund to the Debt Service Fund was to support an early redemption made on Series 2016 Bonds.

The transfer from the General Fund to the Enterprise Fund was to support operating expenses of the water facilities.

**EAGLE BEND METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 7 NET POSITION

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

Net investment in capital assets 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, 2019, the District had net investment in capital assets as follows:

	Governmental Activities	Business- Type Activities
Net Investment in Capital Assets	\$ 2,410,221	\$ 1,149,600

The restricted component of net position consists of assets 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 restricted net position as of December 31, 2019 as follows:

	Governmental Activities	Business- Type Activities
Restricted Net Position:		
Emergencies	\$ 12,700	\$ -
Debt Service	398,696	-
Total Restricted Net Position	\$ 411,396	\$ -

The District has a deficit in unrestricted net position for governmental activities. The deficit amount in the governmental activities is a result of the District being responsible for repayment of bonds issued for public improvements which were conveyed to other governmental entities, which costs were removed from the District's financial records.

**EAGLE BEND METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 8 AGREEMENTS

Memorandum of Understanding with the City of Aurora Water Department for the Alternate Water Source to Irrigate the Golf Course

The District and the City of Aurora Water Department entered into an agreement on August 22, 2007 to fund and construct a connection to the East Cherry Creek Valley (ECCV Connection) waterline. The District is to reimburse the City of Aurora \$557,089 for design and construction costs associated with the ECCV Connection through water rate charges and a one-time down payment of \$100,000. Reimbursement for the project costs will be charged to the District based on the difference between the current City domestic irrigation rate less the City raw water rate. When the project costs have been reimbursed, the City will charge all water delivered through the ECCV connection to the District at the then current City raw water rate. As of December 31, 2019, the amount payable to the City was \$124,418. This balance will be subsequently added to the reimbursement related to the Intergovernmental Agreement with the City of Aurora dated August 7, 2018 as detailed below.

Intergovernmental Agreement with the City of Aurora

The District and the City of Aurora entered into an agreement on August 7, 2018 to construct a pipeline connection to the Rampart raw water supply (Raw Water Pipeline) waterline. The agreement allows the District to use and withdraw groundwater from two existing wells including potable water from the Buchanan Tap and raw water from the Raw Water Pipeline. Pursuant to the agreement, the District agreed to incur the fees related to the design, engineering, and cost estimation (District Costs) of the project. As of December 31, 2019, the total District Costs are \$440,481. The District is to reimburse the City of Aurora for construction costs (currently estimated at approximately \$3,090,000) through a one-time down payment of \$1,500,000, less the District Costs incurred by the District. Reimbursement for the remaining project construction costs will be made by the District through monthly payments over a twenty-nine year period estimated to begin August 2020, along with the remaining reimbursement due under the ECCV Connection. Interest related to the monthly payment is currently estimated at a 3.5% interest rate. The interest rate and reimbursement obligation is subject to change once construction is complete and final costs are determined.

The District is anticipated to pay an additional \$1,250,000 in 2020.

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 (Pool). 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.

**EAGLE BEND METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 9 RISK MANAGEMENT (CONTINUED)

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 LIMITATION

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. On November 3, 1998, a majority of the District's electors authorized the District to collect and spend or retain in a reserve all currently levied taxes and other revenue without regard to any limitations under TABOR.

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 qualification as an enterprise, will require judicial interpretation.

SUPPLEMENTARY INFORMATION

**EAGLE BEND METROPOLITAN DISTRICT
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2019**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property Taxes	\$ 2,125,310	\$ 2,125,310	\$ 2,119,965	\$ (5,345)
Specific Ownership Taxes	143,278	162,000	166,621	4,621
Investment Income	50,000	18,000	30,271	12,271
Total Revenues	<u>2,318,588</u>	<u>2,305,310</u>	<u>2,316,857</u>	<u>11,547</u>
EXPENDITURES				
Bond Interest	623,869	595,000	592,695	2,305
Bond Principal	-	1,625,000	1,625,000	-
Loan Interest	476,295	476,295	476,295	-
Loan Principal	890,000	890,000	890,000	-
County Treasurer's Fees	31,880	31,880	31,820	60
Paying Agent Fees	4,923	300	300	-
Total Expenditures	<u>2,026,967</u>	<u>3,618,475</u>	<u>3,616,110</u>	<u>2,365</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	291,621	(1,313,165)	(1,299,253)	13,912
OTHER FINANCING SOURCES (USES)				
Transfers In	-	1,000,000	1,000,000	-
Total Other Financing Sources	<u>-</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	291,621	(313,165)	(299,253)	13,912
Fund Balance - Beginning of Year	<u>759,261</u>	<u>782,883</u>	<u>782,883</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 1,050,882</u></u>	<u><u>\$ 469,718</u></u>	<u><u>\$ 483,630</u></u>	<u><u>\$ 13,912</u></u>

**EAGLE BEND METROPOLITAN DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2019**

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES				
Net Investment Income	\$ -	\$ 1,900	\$ 1,892	\$ (8)
Total Revenues	-	1,900	1,892	(8)
EXPENDITURES				
Capital Expenditures	-	120,000	116,049	3,951
Capital Contribution to Other Entity	-	1,100,000	1,059,519	40,481
Total Expenditures	-	1,220,000	1,175,568	44,432
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(1,218,100)	(1,173,676)	44,424
OTHER FINANCING SOURCES (USES)				
Transfers In	-	1,220,000	1,175,568	(44,432)
Total Other Financing Sources (Uses)	-	1,220,000	1,175,568	(44,432)
NET CHANGE IN FUND BALANCE	-	1,900	1,892	(8)
Fund Balance - Beginning of Year	-	-	-	-
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ 1,900</u>	<u>\$ 1,892</u>	<u>\$ (8)</u>

**EAGLE BEND METROPOLITAN DISTRICT
 PROPRIETARY FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUNDS AVAILABLE –
 BUDGET AND ACTUAL (BUDGETARY BASIS)
 YEAR ENDED DECEMBER 31, 2019**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
HOA Water Sales - Fixed	\$ 228,000	\$ 228,000	\$ -
HOA Water Sales - Variable	135,000	174,197	39,197
Net Investment Income	-	37,692	37,692
Total Revenues	<u>363,000</u>	<u>439,889</u>	<u>76,889</u>
EXPENDITURES			
District Management	32,000	16,786	15,214
Legal	20,000	11,585	8,415
Meetings	2,000	-	2,000
Repair and Maintenance - Wells	100,000	7,501	92,499
Water Operations Management	75,000	49,572	25,428
Consulting	12,000	37,238	(25,238)
Utilities - Well Water Lease	32,000	11,896	20,104
Utilities - Well Electric Costs	75,000	71,512	3,488
Utilities - Buchanan Water Meter	40,000	29,949	10,051
Utilities - ECCV Aurora Water	-	26,539	(26,539)
ECCV Payments	-	17,954	(17,954)
Raw Water Line	1,250,000	-	1,250,000
Miscellaneous	4,000	2,081	1,919
Contingency and Reserves	509,471	-	509,471
Total Expenditures	<u>2,151,471</u>	<u>282,613</u>	<u>1,868,858</u>
EXCESS OF REVENUES OVER (UNDER) OVER (UNDER) EXPENDITURES	(1,788,471)	157,276	1,945,747
OTHER FINANCING SOURCES (USES)			
Transfers In	34,000	34,000	-
Transfers Out	-	(394,568)	(394,568)
Total Other Financing Sources (Uses)	<u>34,000</u>	<u>(360,568)</u>	<u>(394,568)</u>
NET CHANGE IN FUNDS AVAILABLE	(1,754,471)	(203,292)	1,551,179
FUNDS AVAILABLE - BEGINNING	1,754,471	1,936,725	182,254
FUNDS AVAILABLE - ENDING	<u>\$ -</u>	<u>\$ 1,733,433</u>	<u>\$ 1,733,433</u>

**EAGLE BEND METROPOLITAN DISTRICT
 PROPRIETARY FUND
 RECONCILIATION OF BUDGETARY BASIS TO
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
 YEAR ENDED DECEMBER 31, 2019**

	<u>Actual Amounts</u>
NET CHANGE IN FUNDS AVAILABLE (BUDGETARY BASIS)	\$ (203,292)
Add:	
Payment to City of Aurora - ECCV	17,954
Deduct:	
Depreciation	(49,432)
CHANGE IN NET POSITION	(234,770)
Total Net Position - Beginning of Year	3,117,804
TOTAL NET POSITION - END OF YEAR	\$ 2,883,034

**EAGLE BEND METROPOLITAN DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
DECEMBER 31, 2019**

Bonds and Interest Maturing in the Year Ending December 31,	\$15,030,000 General Obligation Refunding Bonds Interest Rate - 3.125% to 5.00% Series 2016 Dated April 20, 2016 Interest Payable June 1 and December 1 Principal Payable December 1			\$19,000,000 General Obligation Refunding Loan Interest Rate - 3.39% Series 2012 Dated April 27, 2012 Interest payable June 1 and December 1 Principal payable December 1		
	Principal	Interest	Total	Principal	Interest	Total
2020	\$ -	\$ 573,088	\$ 573,088	\$ 925,000	\$ 446,123	\$ 1,371,123
2021	-	573,088	573,088	960,000	414,767	1,374,767
2022	-	573,088	573,088	990,000	382,223	1,372,223
2023	-	573,088	573,088	1,020,000	348,661	1,368,661
2024	-	573,088	573,088	1,055,000	314,084	1,369,084
2025	-	573,088	573,088	1,095,000	278,319	1,373,319
2026	-	573,088	573,088	1,130,000	241,198	1,371,198
2027	-	573,088	573,088	1,170,000	202,892	1,372,892
2028	-	573,088	573,088	1,215,000	163,228	1,378,228
2029	-	573,088	573,088	675,000	122,040	797,040
2030	-	573,088	573,088	700,000	99,158	799,158
2031	-	573,088	573,088	720,000	75,428	795,428
2032	490,000	573,088	1,063,088	740,000	51,020	791,020
2033	615,000	557,775	1,172,775	765,000	25,934	790,934
2034	1,475,000	527,025	2,002,025	-	-	-
2035	1,550,000	453,275	2,003,275	-	-	-
2036	1,665,000	375,775	2,040,775	-	-	-
2037	1,745,000	292,525	2,037,525	-	-	-
2038	1,875,000	205,275	2,080,275	-	-	-
2039	1,940,000	139,650	2,079,650	-	-	-
2040	2,050,000	71,750	2,121,750	-	-	-
Total	<u>\$ 13,405,000</u>	<u>\$ 10,073,194</u>	<u>\$ 23,478,194</u>	<u>\$ 13,160,000</u>	<u>\$ 3,165,075</u>	<u>\$ 16,325,075</u>

**EAGLE BEND METROPOLITAN DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY (CONTINUED)
DECEMBER 31, 2019**

Bonds and Interest Maturing in the Year Ending December 31,	Total		
	Principal	Interest	Total
2020	\$ 925,000	\$ 1,019,211	\$ 1,944,211
2021	960,000	987,855	1,947,855
2022	990,000	955,311	1,945,311
2023	1,020,000	921,749	1,941,749
2024	1,055,000	887,172	1,942,172
2025	1,095,000	851,407	1,946,407
2026	1,130,000	814,286	1,944,286
2027	1,170,000	775,980	1,945,980
2028	1,215,000	736,316	1,951,316
2029	675,000	695,128	1,370,128
2030	700,000	672,246	1,372,246
2031	720,000	648,516	1,368,516
2032	1,230,000	624,108	1,854,108
2033	1,380,000	583,709	1,963,709
2034	1,475,000	527,025	2,002,025
2035	1,550,000	453,275	2,003,275
2036	1,665,000	375,775	2,040,775
2037	1,745,000	292,525	2,037,525
2038	1,875,000	205,275	2,080,275
2039	1,940,000	139,650	2,079,650
2040	2,050,000	71,750	2,121,750
Total	<u>\$ 26,565,000</u>	<u>\$ 13,238,269</u>	<u>\$ 39,803,269</u>

**CONTINUING DISCLOSURE ANNUAL INFORMATION
REQUIRED BY
GENERAL OBLIGATION REFUNDING BONDS, SERIES 2016**

**EAGLE BEND METROPOLITAN DISTRICT
CONTINUING DISCLOSURE ANNUAL INFORMATION
YEAR ENDED DECEMBER 31, 2019**

**STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GENERAL FUND
(UNAUDITED)**

	2015	2016	2017	2018	2019
REVENUES					
Property Taxes	\$ 681,479	\$ 747,315	\$ 309,444	\$ 377,718	\$ 353,328
Specific Ownership Taxes	51,471	57,914	26,527	27,492	27,769
Net Investment Income	736	178	98	496	38,967
HOA Cost Sharing	7,810	-	-	-	22,674
Other Income	3,981	5,921	3,568	11,581	918
Total Revenues	<u>745,477</u>	<u>811,328</u>	<u>339,637</u>	<u>417,287</u>	<u>443,656</u>
EXPENDITURES					
Accounting and Audit	13,994	12,857	16,594	13,067	38,508
County Treasurer's Fees	10,233	11,212	4,643	5,672	5,303
Dues and Subscriptions	-	-	-	-	1,306
Director's Fee	4,300	4,000	2,700	2,400	6,100
Insurance	6,245	6,219	6,097	6,673	5,427
Legal	29,434	37,486	32,643	20,195	36,023
Payroll Tax	392	251	182	159	1,297
District Management	31,050	38,986	27,426	23,429	29,845
Meetings	3,404	1,842	675	1,911	1,608
Election	92,248	36,972	-	4,402	-
Traffic Study	-	3,598	-	-	-
Landscape and Maintenance	73,019	74,297	57,024	230,787	48,267
HOA Projects - Cost Sharing	-	12,030	-	-	45,429
Communications Expense	12,495	14,651	262	462	2,425
Utilities	-	-	-	-	4,370
Miscellaneous	4,510	4,804	5,690	2,493	3,204
Total Expenditures	<u>281,324</u>	<u>259,205</u>	<u>153,936</u>	<u>311,650</u>	<u>229,112</u>
EXPENDITURES	464,153	552,123	185,701	105,637	214,544
OTHER FINANCING SOURCES (USES)					
Operating Transfers In (Out)	<u>(42,802)</u>	<u>(39,333)</u>	<u>(719,132)</u>	<u>(34,000)</u>	<u>(1,815,000)</u>
Total Other Financing Uses	<u>(42,802)</u>	<u>(39,333)</u>	<u>(719,132)</u>	<u>(34,000)</u>	<u>(1,815,000)</u>
NET CHANGE IN FUND BALANCES	421,351	512,790	(533,431)	71,637	(1,600,456)
Fund Balances - Beginning of Year	<u>1,720,619</u>	<u>2,141,970</u>	<u>2,654,760</u>	<u>2,121,329</u>	<u>2,192,966</u>
FUND BALANCES - END OF YEAR	<u>\$ 2,141,970</u>	<u>\$ 2,654,760</u>	<u>\$ 2,121,329</u>	<u>\$ 2,192,966</u>	<u>\$ 592,510</u>

**EAGLE BEND METROPOLITAN DISTRICT
CONTINUING DISCLOSURE ANNUAL INFORMATION
YEAR ENDED DECEMBER 31, 2019**

**STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - DEBT SERVICE FUND
(UNAUDITED)**

	2015	2016	2017	2018	2019
REVENUES					
Property Taxes	\$ 2,101,226	\$ 1,712,705	\$ 1,951,367	\$ 2,184,343	\$ 2,119,965
Specific Ownership Taxes	158,701	132,719	167,120	158,987	166,621
Investment Income	9,422	26,022	47,429	107,204	30,271
Total Revenues	<u>2,269,349</u>	<u>1,871,446</u>	<u>2,165,916</u>	<u>2,450,534</u>	<u>2,316,857</u>
EXPENDITURES					
County Treasurer's Fees	31,552	25,696	29,284	32,802	31,820
Debt Service	2,122,019	2,016,273	1,992,795	1,994,489	3,583,990
Paying Agent Fees	-	3,498	1,150	555	300
Miscellaneous	1,251	-	-	-	-
Total Expenditures	<u>2,154,822</u>	<u>2,045,467</u>	<u>2,023,229</u>	<u>2,027,846</u>	<u>3,616,110</u>
EXPENDITURES	114,527	(174,021)	142,687	422,688	(1,299,253)
OTHER FINANCING SOURCES (USES)					
Bond Issuance	-	15,030,000	-	-	-
Bond Premium	-	994,822	-	-	-
Payment to Refunding Escrow Agent	-	(15,756,268)	-	-	-
Transfers In (Out)	-	-	-	-	1,000,000
Total Other Financing Sources	<u>-</u>	<u>268,554</u>	<u>-</u>	<u>-</u>	<u>1,000,000</u>
NET CHANGE IN FUND BALANCES	114,527	94,533	142,687	422,688	(299,253)
Fund Balances - Beginning of Year	<u>8,448</u>	<u>122,975</u>	<u>217,508</u>	<u>360,195</u>	<u>782,883</u>
FUND BALANCES - END OF YEAR	<u>\$ 122,975</u>	<u>\$ 217,508</u>	<u>\$ 360,195</u>	<u>\$ 782,883</u>	<u>\$ 483,630</u>

**EAGLE BEND METROPOLITAN DISTRICT
CONTINUING DISCLOSURE ANNUAL INFORMATION
YEAR ENDED DECEMBER 31, 2019**

**HISTORY OF ASSESSED VALUATIONS AND MILL LEVIES FOR THE DISTRICT
(UNAUDITED)**

Levy/ Collection Year	Assessed Valuation		Mill Levies		
	Assessed Valuation	Percent Change	General Fund	Debt Service	Total
2013/2014	\$ 56,040,280	-2.9%	12.000	37.000	49.000
2014/2015	56,850,230	1.4%	12.000	37.000	49.000
2015/2016	62,954,844	10.7%	12.000	27.500	39.500
2016/2017	61,957,431	-1.6%	5.000	31.500	36.500
2017/2018	69,453,219	12.1%	5.447	31.500	36.947
2018/2019	70,843,678	2.0%	5.000	30.000	35.000
2019/2020	81,790,932	15.5%	5.000	28.000	33.000

**HISTORY OF PROPERTY TAX COLLECTIONS FOR THE DISTRICT
(UNAUDITED)**

Levy/ Collection Year	Taxes Levied	Current Tax Collections	Collection Rate
2013/2014	\$ 2,745,974	\$ 2,695,714	98.17%
2014/2015	\$ 2,785,661	\$ 2,782,705	99.89%
2015/2016	\$ 2,486,716	\$ 2,460,020	98.93%
2016/2017	\$ 2,261,446	\$ 2,260,811	99.97%
2017/2018	\$ 2,566,088	\$ 2,562,061	99.84%
2018/2019	\$ 2,479,529	\$ 2,473,293	99.75%