

Eagle Bend Metropolitan District #2
Financial Statements

December 31, 2013

ACCOUNTANT'S COMPILATION REPORT

Board of Directors
Eagle Bend Metropolitan District #2

We have compiled the accompanying Balance Sheet – Governmental Funds and Account Groups of the Eagle Bend Metropolitan District #2 as of December 31, 2013 and the related Statements of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Governmental and Enterprise Funds for the year then ended. We have not audited or reviewed the accompanying financial statements and, accordingly, we do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

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 designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist the management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

Management has elected to omit the Statements of Net Position, Statement of Activities, Cash Flows, Management Discussion and Analysis and all of the disclosures required by accounting principles generally accepted in the United States of America. Accordingly, the accompanying financial statements are not intended to be used by readers who are not familiar with the District's financial affairs or informed about such matters that would be disclosed in complete financial statements.

We are not independent with respect to Eagle Bend Metropolitan District #2 because we performed certain accounting services that impaired our independence.

Simmons & Wheeler P.C.

January 20, 2014

Eagle Bend Metropolitan District #2
Balance Sheet - Governmental Funds and Account Groups
December 31, 2013

See Accountant's Compilation Report

	<u>General Fund</u>	<u>Water Enterprise Fund</u>	<u>Debt Service Fund</u>	<u>Account Groups</u>	<u>Total All Funds</u>
Assets					
Current assets					
Cash in checking	\$ 54,346	\$ -	\$ -	\$ -	\$ 54,346
Cash in money market	-	718,433	527,210	-	1,245,643
Colotrust	2,182,702	439,000	277,895	-	2,899,597
Cash with Trustee	-	-	1	-	1
Accounts receivable-HEB HOA	-	5,227	-	-	5,227
Taxes receivable	4,030	-	12,425	-	16,455
Prepaid expenses	194	-	-	-	194
Deposits - The Gardens IRR	-	-	-	-	-
	<u>2,241,272</u>	<u>1,162,660</u>	<u>817,531</u>	<u>-</u>	<u>4,221,463</u>
Other assets					
Fixed assets	-	1,137,387	-	6,468,676	7,606,063
Construction in progress	-	-	-	-	-
Accumulated depreciation	-	(99,252)	-	(1,470,983)	(1,570,235)
Amount available in debt service fund	-	-	-	817,531	817,531
Amount to be provided for retirement of debt	-	-	-	34,472,469	34,472,469
	<u>-</u>	<u>1,038,135</u>	<u>-</u>	<u>40,287,693</u>	<u>41,325,828</u>
	<u>\$ 2,241,272</u>	<u>2,200,795</u>	<u>\$ 817,531</u>	<u>\$ 40,287,693</u>	<u>\$ 45,547,291</u>
Liabilities and Equity					
Current liabilities					
Accounts payable	\$ 9,546	-	\$ -	\$ -	\$ 9,546
Accounts payable-payroll withholding	612	-	-	-	612
Accounts payable - COA ECCV	-	309,243	-	-	309,243
	<u>10,158</u>	<u>309,243</u>	<u>-</u>	<u>-</u>	<u>319,401</u>
General obligation bonds 2004	-	-	-	1,755,000	1,755,000
General obligation bonds 2005	-	-	-	15,465,000	15,465,000
General obligation loan - 2012	-	-	-	18,070,000	18,070,000
Total liabilities	<u>10,158</u>	<u>309,243</u>	<u>-</u>	<u>35,290,000</u>	<u>35,609,401</u>
Fund Equity					
Investment in fixed assets	-	1,038,135	-	4,997,693	6,035,828
Fund balance	2,231,114	853,417	817,531	-	3,902,062
	<u>2,231,114</u>	<u>1,891,552</u>	<u>817,531</u>	<u>4,997,693</u>	<u>9,937,890</u>
	<u>\$ 2,241,272</u>	<u>2,200,795</u>	<u>\$ 817,531</u>	<u>\$ 40,287,693</u>	<u>\$ 45,547,291</u>

Eagle Bend Metropolitan District #2
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds - Budget and Actual
For the Twelve Months Ended December 31, 2013
General Fund

See Accountant's Compilation Report

	<u>Annual Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues			
Property taxes	\$ 692,382	\$ 683,218	\$ (9,164)
Specific ownership taxes	48,467	47,587	(880)
Shared Costs	-	20,571	20,571
Miscellaneous Income	-	5,331	5,331
Interest income	135	465	330
	<u>740,984</u>	<u>757,172</u>	<u>16,188</u>
Expenditures			
Audit	7,000	5,300	1,700
Accounting	12,000	8,171	3,829
Finance management	20,000	-	20,000
Legal	25,000	11,173	13,827
Insurance	8,000	3,015	4,985
Director fees	3,000	3,250	(250)
Payroll tax expenses	376	249	127
Administration -management	27,000	5,308	21,692
Communications	22,500	8,055	14,445
Communications-management	15,000	-	15,000
Meetings	10,000	4,193	5,807
Miscellaneous	4,000	2,772	1,228
County collection fees	10,386	10,256	130
Landscaping			
Management	15,000	-	15,000
Utilities	20,000	2,996	17,004
Maintenance	50,000	49,022	978
Tree improvements	25,000	-	25,000
Center Medians	25,000	-	25,000
HOA Projects - cost sharing	520,000	164,998	355,002
Emerging oppurtunites	100,000	7,050	92,950
Working capital	300,000	-	300,000
Long range planning	30,000	-	30,000
Transfer to Debt Service Fund	630,000	200,000	430,000
Transfer to Water Enterprise Fund	-	39,000	(39,000)
Contingency	499,825	-	499,825
Emergency reserve	28,478	-	28,478
	<u>2,407,565</u>	<u>524,808</u>	<u>1,882,757</u>
Excess (deficiency) of revenues over expenditures	(1,666,581)	232,364	1,898,945
Fund balance beginning	<u>1,666,581</u>	<u>1,998,750</u>	<u>332,169</u>
Fund balance ending	\$ <u><u>-</u></u>	\$ <u><u>2,231,114</u></u>	\$ <u><u>2,231,114</u></u>

Eagle Bend Metropolitan District #2
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds - Budget and Actual
For the Twelve Months Ended December 31, 2013
Water Enterprise Fund

See Accountant's Compilation Report

	<u>Annual Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
HOA water sales	\$ 360,000	\$ 357,697	\$ (2,303)
Transfer from General Fund	-	39,000	39,000
	<hr/>	<hr/>	<hr/>
Total revenues	360,000	396,697	36,697
Expenditures			
Water Operations			
Wells			
Electric	55,106	66,530	(11,424)
Water	26,400	27,307	(907)
Repair & maintenance-wells	78,000	114,826	(36,826)
Upgrades	5,000	-	5,000
Buchanan			
Water	1,000	523	477
ECCV pipeline meter			
Water	97,650	10,612	87,038
Repair & maintenance	5,000	-	5,000
Upgrades	10,000	-	10,000
Water management	25,000	47,313	(22,313)
Water projects			
Legal	5,000	-	5,000
Consultants	10,000	-	10,000
Administration			
Management	20,000	-	20,000
Directors	3,000	3,250	(250)
Meetings	7,000	4,176	2,824
Miscellaneous	2,000	1,377	623
Contingency	10,000	-	10,000
	<hr/>	<hr/>	<hr/>
Total expenditures	360,156	275,914	84,242
Excess (deficiency) of revenues over expenditures	(156)	120,783	120,939
Fund balance beginning	<hr/>	<hr/>	<hr/>
	618,026	732,634	114,608
Fund balance ending	<u>\$ 617,870</u>	<u>\$ 853,417</u>	<u>\$ 235,547</u>

Eagle Bend Metropolitan District #2
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds - Budget and Actual
For the Twelve Months Ended December 31, 2013
Debt Service Fund

See Accountant's Compilation Report

	<u>Annual Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Property taxes	\$ 2,134,845	\$ 2,106,590	\$ (28,255)
Specific ownership taxes	149,439	146,728	(2,711)
Transfer from General Fund	630,000	200,000	(430,000)
Interest income	<u>10,000</u>	<u>9,928</u>	<u>(72)</u>
	<u>2,924,284</u>	<u>2,463,246</u>	<u>(461,038)</u>
Expenditures			
Bond interest-Series 2004	98,000	98,000	-
Bond principal-Series 2004	205,000	205,000	-
Bond interest-Series 2005	754,363	754,363	-
Bond principal-Series 2005	-	-	-
GO 2012 loan interest	635,795	635,795	-
GO 2012 loan principal	685,000	685,000	-
Trustee fees	20,000	12,720	7,280
County collection fees	<u>32,011</u>	<u>31,623</u>	<u>388</u>
	<u>2,430,169</u>	<u>2,422,501</u>	<u>7,668</u>
Excess (deficiency) of revenues over expenditures	494,115	40,745	(453,370)
Fund balance beginning	<u>697,837</u>	<u>776,786</u>	<u>78,949</u>
Fund balance ending	<u>\$ 1,191,952</u>	<u>\$ 817,531</u>	<u>\$ (374,421)</u>