

Eagle Bend Metropolitan District #2
Financial Statements

December 31, 2015

Accountants

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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, 2015 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.



January 19, 2016

Eagle Bend Metropolitan District #2
Balance Sheet - Governmental Funds and Account Groups
December 31, 2015

See Accountant's Compilation Report

| | General Fund | Water Enterprise Fund | Debt Service Fund | Account Groups | Total All Funds |
|--|---------------------|-----------------------------|-------------------------|----------------------|----------------------|
| Assets | | | | | |
| Current assets | | | | | |
| Cash in checking | \$ 62,508 | \$ - | \$ - | \$ - | \$ 62,508 |
| Cash in money market | - | 1,350,000 | 47,222 | - | 1,397,222 |
| Colotrust | 2,139,653 | 93,310 | 67,033 | - | 2,299,996 |
| Cash with Trustee | - | - | 1 | - | 1 |
| Accounts receivable-HOA | - | - | - | - | - |
| Taxes receivable | 2,828 | - | 8,720 | - | 11,548 |
| Prepaid expenses | 255 | - | - | - | 255 |
| | <u>2,205,244</u> | <u>1,443,310</u> | <u>122,976</u> | <u>-</u> | <u>3,771,530</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 | - | - | - | 122,976 | 122,976 |
| Amount to be provided for retirement of debt | - | - | - | 31,897,024 | 31,897,024 |
| | <u>-</u> | <u>1,038,135</u> | <u>-</u> | <u>37,017,693</u> | <u>38,055,828</u> |
| | <u>\$ 2,205,244</u> | <u>2,481,445</u> | <u>\$ 122,976</u> | <u>\$ 37,017,693</u> | <u>\$ 41,827,358</u> |
| Liabilities and Equity | | | | | |
| Current liabilities | | | | | |
| Accounts payable | \$ 28,902 | - | \$ - | \$ - | \$ 28,902 |
| Accounts payable-payroll withholding | 230 | - | - | - | 230 |
| Accounts payable - COA ECCV | - | 254,057 | - | - | 254,057 |
| | <u>29,132</u> | <u>254,057</u> | <u>-</u> | <u>-</u> | <u>283,189</u> |
| General obligation bonds 2005 | - | - | - | 15,465,000 | 15,465,000 |
| General obligation loan - 2012 | - | - | - | 16,555,000 | 16,555,000 |
| Total liabilities | <u>29,132</u> | <u>254,057</u> | <u>-</u> | <u>32,020,000</u> | <u>32,303,189</u> |
| Fund Equity | | | | | |
| Investment in fixed assets | - | 1,038,135 | - | 4,997,693 | 6,035,828 |
| Fund balance | 2,176,112 | 1,189,253 | 122,976 | - | 3,488,341 |
| | <u>2,176,112</u> | <u>2,227,388</u> | <u>122,976</u> | <u>4,997,693</u> | <u>9,524,169</u> |
| | <u>\$ 2,205,244</u> | <u>2,481,445</u> | <u>\$ 122,976</u> | <u>\$ 37,017,693</u> | <u>\$ 41,827,358</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, 2015
General Fund

See Accountant's Compilation Report

| | Annual Budget | Actual | Variance Favorable (Unfavorable) |
|--|--------------------|----------------------------|--|
| Revenues | | | |
| Property taxes | \$ 682,203 | \$ 681,479 | \$ (724) |
| Specific ownership taxes | 47,754 | 51,471 | 3,717 |
| Shared Costs | - | 7,810 | 7,810 |
| Miscellaneous Income | - | 3,981 | 3,981 |
| Interest income | 122 | 733 | 611 |
| | <u>730,079</u> | <u>745,474</u> | <u>15,395</u> |
| Expenditures | | | |
| Audit | 7,000 | 5,400 | 1,600 |
| Accounting | 12,000 | 8,594 | 3,406 |
| Legal | 25,000 | 29,434 | (4,434) |
| Insurance | 10,000 | 6,245 | 3,755 |
| Election Expense | - | 101,108 | (101,108) |
| Director fees | 3,700 | 4,050 | (350) |
| Payroll tax expenses | 450 | 642 | (192) |
| Administration-management | 107,000 | 31,050 | 75,950 |
| Communications | | | |
| Expenses | 25,000 | 9,313 | 15,687 |
| Management | - | 3,182 | (3,182) |
| Meetings | 10,000 | 3,404 | 6,596 |
| Miscellaneous | 5,000 | 4,310 | 690 |
| County collection fees | 10,233 | 10,233 | - |
| Landscaping | | | |
| Utilities | 10,000 | 3,099 | 6,901 |
| Maintenance | 50,000 | 46,399 | 3,601 |
| Tree improvements | 50,000 | - | 50,000 |
| Center Medians | 50,000 | - | 50,000 |
| HOA Projects - cost sharing | 700,000 | 16,513 | 683,487 |
| Emerging oppurtunites | 125,000 | 7,008 | 117,992 |
| Long range planning | 30,000 | - | 30,000 |
| Transfers & Reserve | | | |
| Transfer to Water Enterprise Fund | 39,792 | - | 39,792 |
| Working Capital | 300,000 | - | 300,000 |
| Statutory Reserve - TABOR | 36,911 | - | 36,911 |
| Statutory Reserve - Other | 569,799 | - | 569,799 |
| | <u>2,176,885</u> | <u>289,984</u> | <u>1,886,901</u> |
| Excess (deficiency) of revenues over expenditures | (1,446,806) | 455,490 | 1,902,296 |
| Fund balance beginning | <u>1,446,806</u> | <u>1,720,622</u> | <u>273,816</u> |
| Fund balance ending | \$ <u><u>-</u></u> | \$ <u><u>2,176,112</u></u> | \$ <u><u>2,176,112</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, 2015
Water Enterprise Fund

See Accountant's Compilation Report

| | Annual <u>Budget</u> | Actual | Variance Favorable <u>(Unfavorable)</u> |
|--|-------------------------|-------------------------|---|
| Revenues | | | |
| HOA water sales - Fixed | \$ 200,000 | \$ 200,000 | \$ - |
| HOA water sales - Variable | 158,125 | 185,218 | 27,093 |
| Transfer from General Fund | <u>39,792</u> | <u>-</u> | <u>(39,792)</u> |
| Total revenues | <u>397,917</u> | <u>385,218</u> | <u>(12,699)</u> |
| Expenditures | | | |
| Water Operations | | | |
| Wells | | | |
| Electric | 69,000 | 63,026 | 5,974 |
| Water | 23,000 | 24,574 | (1,574) |
| Repair & maintenance-wells | 275,000 | 107,412 | 167,588 |
| Upgrades | 25,000 | - | 25,000 |
| Buchanan | | | |
| Water | 1,000 | 523 | 477 |
| ECCV pipeline meter | | | |
| Water | 74,865 | 18,425 | 56,440 |
| Repair & maintenance | 5,000 | - | 5,000 |
| Upgrades | 10,000 | - | 10,000 |
| Water management | 30,000 | 32,560 | (2,560) |
| Water projects | | | |
| Legal | 5,000 | - | 5,000 |
| Consultants | 10,000 | - | 10,000 |
| Emerging Opportunities | 50,000 | - | 50,000 |
| Administration | | | |
| Directors | 3,700 | 4,050 | (350) |
| Meetings | 7,000 | 3,391 | 3,609 |
| Miscellaneous | 4,000 | 2,823 | 1,177 |
| District Management | - | 19,403 | (19,403) |
| Contingency | 10,000 | - | 10,000 |
| Reserves for Future Water Resources | <u>769,104</u> | <u>-</u> | <u>769,104</u> |
| Total expenditures | <u>1,371,669</u> | <u>276,187</u> | <u>1,095,482</u> |
| Excess (deficiency) of revenues over expenditures | (973,752) | 109,031 | 1,082,783 |
| Fund balance beginning | <u>973,752</u> | <u>1,080,222</u> | <u>106,470</u> |
| Fund balance ending | <u>\$ -</u> | <u>\$ 1,189,253</u> | <u>\$ 1,189,253</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, 2015
Debt Service Fund

See Accountant's Compilation Report

| | Annual <u>Budget</u> | Actual | Variance Favorable <u>(Unfavorable)</u> |
|--|-------------------------|--------------------------|---|
| Revenues | | | |
| Property taxes | \$ 2,103,458 | \$ 2,101,226 | \$ (2,232) |
| Specific ownership taxes | 147,243 | 158,701 | 11,458 |
| Transfer from General Fund | - | - | - |
| Interest income | <u>68</u> | <u>9,422</u> | <u>9,354</u> |
| | <u>2,250,769</u> | <u>2,269,349</u> | <u>18,580</u> |
| Expenditures | | | |
| Bond interest-Series 2005 | 754,363 | 754,363 | - |
| Bond principal-Series 2005 | - | - | - |
| GO 2012 loan interest | 587,656 | 587,656 | - |
| GO 2012 loan principal | 780,000 | 780,000 | - |
| Legal | 10,000 | 1,251 | 8,749 |
| Trustee fees | 15,000 | - | 15,000 |
| County collection fees | <u>31,553</u> | <u>31,552</u> | <u>1</u> |
| | <u>2,178,572</u> | <u>2,154,822</u> | <u>23,750</u> |
| Excess (deficiency) of revenues over expenditures | 72,197 | 114,527 | 42,330 |
| Fund balance beginning | <u>26,970</u> | <u>8,449</u> | <u>(18,521)</u> |
| Fund balance ending | \$ <u><u>99,167</u></u> | \$ <u><u>122,976</u></u> | \$ <u><u>23,809</u></u> |