

Eagle Bend Metropolitan District #2  
Financial Statements

March 31, 2016

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 March 31, 2016 and the related Statements of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Governmental and Enterprise Funds for the three months 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.*

May 12, 2016

Eagle Bend Metropolitan District #2  
Balance Sheet - Governmental Funds and Account Groups  
March 31, 2016

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>
<b>Assets</b>					
<b>Current assets</b>					
Cash in checking	\$ 68,677	\$ -	\$ -	\$ -	\$ 68,677
Cash in money market	-	789,166	608,722	-	1,397,888
Colostrust	2,301,247	700,000	98,742	-	3,099,989
Cash with Trustee	-	-	2	-	2
Accounts receivable-HOA	-	-	-	-	-
Taxes receivable	75,883	-	173,898	-	249,781
Prepaid expenses	-	-	-	-	-
	<u>2,445,807</u>	<u>1,489,166</u>	<u>881,364</u>	<u>-</u>	<u>4,816,337</u>
<b>Other assets</b>					
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	-	-	-	881,364	881,364
Amount to be provided for retirement of debt	-	-	-	31,138,636	31,138,636
	<u>-</u>	<u>1,038,135</u>	<u>-</u>	<u>37,017,693</u>	<u>38,055,828</u>
	<u>\$ 2,445,807</u>	<u>2,527,301</u>	<u>\$ 881,364</u>	<u>\$ 37,017,693</u>	<u>\$ 42,872,165</u>
<b>Liabilities and Equity</b>					
<b>Current liabilities</b>					
Accounts payable	\$ 31,659	-	\$ -	\$ -	\$ 31,659
Accounts payable-payroll withholding	291	-	-	-	291
Accounts payable - COA ECCV	-	254,057	-	-	254,057
	<u>31,950</u>	<u>254,057</u>	<u>-</u>	<u>-</u>	<u>286,007</u>
General obligation bonds 2005	-	-	-	15,465,000	15,465,000
General obligation loan - 2012	-	-	-	16,555,000	16,555,000
<b>Total liabilities</b>	<u>31,950</u>	<u>254,057</u>	<u>-</u>	<u>32,020,000</u>	<u>32,306,007</u>
<b>Fund Equity</b>					
Investment in fixed assets	-	1,038,135	-	4,997,693	6,035,828
Fund balance	2,413,857	1,235,109	881,364	-	4,530,330
	<u>2,413,857</u>	<u>2,273,244</u>	<u>881,364</u>	<u>4,997,693</u>	<u>10,566,158</u>
	<u>\$ 2,445,807</u>	<u>2,527,301</u>	<u>\$ 881,364</u>	<u>\$ 37,017,693</u>	<u>\$ 42,872,165</u>

Eagle Bend Metropolitan District #2  
Statement of Revenues, Expenditures and Changes in Fund Balance  
Governmental Funds - Budget and Actual  
For the Three Months Ended March 31, 2016  
General Fund

See Accountant's Compilation Report

	<u>Annual Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues</b>			
Property taxes	\$ 755,458	\$ 324,690	\$ (430,768)
Specific ownership taxes	50,693	16,241	(34,452)
Potential Abatements	(31,275)	-	31,275
Miscellaneous Income	-	-	-
Interest income	122	17	(105)
	<u>774,998</u>	<u>340,948</u>	<u>(434,050)</u>
<b>Expenditures</b>			
Audit	7,000	-	7,000
Accounting	13,000	1,844	11,156
Legal	35,000	6,131	28,869
Insurance	10,000	6,219	3,781
Election Expense	30,000	8,796	21,204
Director fees	3,700	950	2,750
Payroll tax expenses	450	145	305
Administration-management	60,000	9,081	50,919
Communications			
Expenses	25,000	9,411	15,589
Management	-	2,760	(2,760)
Meetings	10,000	1,250	8,750
Miscellaneous	5,000	2,385	2,615
County collection fees	10,863	4,871	5,992
Landscaping			
Utilities	10,000	320	9,680
Maintenance	50,000	5,993	44,007
Tree improvements	50,000	-	50,000
Center Medians	50,000	-	50,000
HOA Projects - cost sharing	50,000	44	49,956
Emerging opportunites	-	-	-
Long range planning	-	-	-
Transfers & Reserve			
Transfer to Water Enterprise Fund	39,333	-	39,333
Transfer to Debt Service Fund	370,000	-	370,000
Statutory Reserve - TABOR	12,600	-	12,600
Reserve - debt service	2,015,740	-	2,015,740
	<u>2,857,686</u>	<u>60,200</u>	<u>2,797,486</u>
Excess (deficiency) of revenues over expenditures	(2,082,688)	280,748	2,363,436
Fund balance beginning	<u>2,082,688</u>	<u>2,133,109</u>	<u>50,421</u>
Fund balance ending	\$ <u><u>-</u></u>	\$ <u><u>2,413,857</u></u>	\$ <u><u>2,413,857</u></u>

Eagle Bend Metropolitan District #2  
Statement of Revenues, Expenditures and Changes in Fund Balance  
Governmental Funds - Budget and Actual  
For the Three Months Ended March 31, 2016  
Debt Service Fund

See Accountant's Compilation Report

	<u>Annual Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues</b>			
Property taxes	\$ 1,731,258	\$ 744,191	\$ (987,067)
Specific ownership taxes	116,171	37,219	(78,952)
Potential abatements	(71,673)	-	71,673
Transfer from General Fund	370,000	-	(370,000)
Interest income	<u>2,000</u>	<u>3,669</u>	<u>1,669</u>
	<u>2,147,756</u>	<u>785,079</u>	<u>(1,362,677)</u>
<b>Expenditures</b>			
Bond interest-Series 2005	754,363	-	754,363
Bond principal-Series 2005	-	-	-
GO 2012 loan interest	561,215	-	561,215
GO 2012 loan principal	805,000	-	805,000
Legal	10,000	12,031	(2,031)
Trustee fees	15,000	3,498	11,502
County collection fees	<u>24,894</u>	<u>11,163</u>	<u>13,731</u>
	<u>2,170,472</u>	<u>26,692</u>	<u>2,143,780</u>
Excess (deficiency) of revenues over expenditures	(22,716)	758,387	781,103
Fund balance beginning	<u>70,454</u>	<u>122,977</u>	<u>52,523</u>
Fund balance ending	\$ <u><u>47,738</u></u>	\$ <u><u>881,364</u></u>	\$ <u><u>833,626</u></u>

Eagle Bend Metropolitan District #2  
Statement of Revenues, Expenditures and Changes in Fund Balance  
Governmental Funds - Budget and Actual  
For the Three Months Ended March 31, 2016  
Water Enterprise Fund

See Accountant's Compilation Report

	<u>Annual Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues</b>			
HOA water sales - Fixed	\$ 200,000	\$ 25,000	\$ (175,000)
HOA water sales - Variable	154,000	-	(154,000)
Transfer from General Fund	39,333	-	(39,333)
Enterprise Borrowing - 3rd well	800,000	-	(800,000)
	<u>1,193,333</u>	<u>25,000</u>	<u>(1,168,333)</u>
<b>Total revenues</b>			
<b>Expenditures</b>			
<b>Water Operations</b>			
<b>Wells</b>			
Electric	69,000	2,912	66,088
Water	18,816	-	18,816
Repair & maintenance-wells	160,000	1,798	158,202
Upgrades	20,000	-	20,000
<b>Buchanan</b>			
Water	1,000	131	869
<b>ECCV pipeline meter</b>			
Water	33,152	-	33,152
Repair & maintenance	5,000	-	5,000
Upgrades	5,000	-	5,000
Water management	-	4,604	(4,604)
<b>Water projects</b>			
Legal	5,000	-	5,000
Consultants	5,000	-	5,000
3rd Well	1,765,800	-	1,765,800
<b>Administration</b>			
Directors	3,700	950	2,750
Meetings	6,000	1,289	4,711
Miscellaneous	4,000	1,263	2,737
District Management	35,000	9,000	26,000
ECCV Payment	39,536	-	39,536
Contingency	10,000	-	10,000
Reserves for Future Water Resources	124,765	-	124,765
	<u>2,310,769</u>	<u>21,947</u>	<u>2,288,822</u>
<b>Total expenditures</b>			
Excess (deficiency) of revenues over expenditures	(1,117,436)	3,053	1,120,489
Fund balance beginning	<u>1,117,436</u>	<u>1,232,056</u>	<u>114,620</u>
Fund balance ending	<u>\$ -</u>	<u>\$ 1,235,109</u>	<u>\$ 1,235,109</u>