

Eagle Bend Metropolitan District #2
Financial Statements

June 30, 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 June 30, 2016 and the related Statements of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Governmental and Enterprise Funds for the six 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.

July 18, 2016

Eagle Bend Metropolitan District #2
Balance Sheet - Governmental Funds and Account Groups
June 30, 2016

See Accountant's Compilation Report

	General Fund	Water Enterprise Fund	Debt Service Fund	Account Groups	Total All Funds
Assets					
Current assets					
Cash in checking	\$ 119,154	\$ -	\$ -	\$ -	\$ 119,154
Cash in money market	1,000,000	-	398,465	-	1,398,465
Colostrust	1,482,672	1,525,474	659,641	-	3,667,787
Cash with Trustee	-	-	-	-	-
Accounts receivable-HOA	-	57,673	-	-	57,673
Taxes receivable	202,056	-	463,046	-	665,102
Prepaid expenses	-	-	-	-	-
	2,803,882	1,583,147	1,521,152	-	5,908,181
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	-	-	-	1,521,152	1,521,152
Amount to be provided for retirement of debt	-	-	-	30,063,848	30,063,848
	-	1,038,135	-	36,582,693	37,620,828
	\$ 2,803,882	2,621,282	\$ 1,521,152	\$ 36,582,693	\$ 43,529,009
Liabilities and Equity					
Current liabilities					
Accounts payable	\$ 71,338	-	\$ -	\$ -	\$ 71,338
Accounts payable-payroll withholding	321	-	-	-	321
Accounts payable - COA ECCV	-	249,942	-	-	249,942
	71,659	249,942	-	-	321,601
General obligation bonds 2016	-	-	-	15,030,000	15,030,000
General obligation loan - 2012	-	-	-	16,555,000	16,555,000
Total liabilities	71,659	249,942	-	31,585,000	31,906,601
Fund Equity					
Investment in fixed assets	-	1,038,135	-	4,997,693	6,035,828
Fund balance	2,732,223	1,333,205	1,521,152	-	5,586,580
	2,732,223	2,371,340	1,521,152	4,997,693	11,622,408
	\$ 2,803,882	2,621,282	\$ 1,521,152	\$ 36,582,693	\$ 43,529,009

Eagle Bend Metropolitan District #2
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds - Budget and Actual
For the Six Months Ended June 30, 2016
General Fund

See Accountant's Compilation Report

	Amended Annual <u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues			
Property taxes	\$ 755,458	\$ 741,496	\$ (13,962)
Specific ownership taxes	50,693	29,886	(20,807)
Potential Abatements	(31,275)	-	31,275
Miscellaneous Income	-	-	-
Interest income	122	134	12
	<u>774,998</u>	<u>771,516</u>	<u>(3,482)</u>
Expenditures			
Audit	7,000	5,650	1,350
Accounting	13,000	3,887	9,113
Legal	35,000	10,552	24,448
Insurance	10,000	6,219	3,781
Election Expense	30,000	33,568	(3,568)
Director fees	3,700	2,100	1,600
Payroll tax expenses	450	321	129
Administration-management	60,000	20,601	39,399
Communications			
Expenses	25,000	9,411	15,589
Management	-	3,439	(3,439)
Meetings	10,000	1,574	8,426
Miscellaneous	5,000	3,211	1,789
County collection fees	10,863	11,124	(261)
Landscaping			
Utilities	10,000	1,509	8,491
Maintenance	50,000	47,295	2,705
Tree improvements	50,000	-	50,000
Center Medians	50,000	-	50,000
HOA Projects - cost sharing	50,000	11,941	38,059
Emerging opportunitites	-	-	-
Long range planning	-	-	-
Transfers & Reserve			
Transfer to Water Enterprise Fund	39,333	-	39,333
Transfer to Debt Service Fund	2,370,000	-	2,370,000
Statutory Reserve - TABOR	12,600	-	12,600
Reserve - debt service	15,740	-	15,740
	<u>2,857,686</u>	<u>172,402</u>	<u>2,685,284</u>
Excess (deficiency) of revenues over expenditures	(2,082,688)	599,114	2,681,802
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>2,732,223</u></u>	\$ <u><u>2,732,223</u></u>

Eagle Bend Metropolitan District #2
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds - Budget and Actual
For the Six Months Ended June 30, 2016
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	\$ 173,868	\$ (26,132)
HOA water sales - Variable	154,000	-	(154,000)
Transfer from General Fund	39,333	-	(39,333)
Enterprise Borrowing - 3rd well	<u>800,000</u>	<u>-</u>	<u>(800,000)</u>
 Total revenues	 <u>1,193,333</u>	 <u>173,868</u>	 <u>(1,019,465)</u>
 Expenditures			
Water Operations			
Wells			
Electric	69,000	23,216	45,784
Water	18,816	7,066	11,750
Repair & maintenance-wells	160,000	2,886	157,114
Upgrades	20,000	-	20,000
Buchanan			
Water	1,000	261	739
ECCV pipeline meter			
Water	33,152	2,015	31,137
Repair & maintenance	5,000	-	5,000
Upgrades	5,000	-	5,000
Water management	-	14,849	(14,849)
Water projects			
Legal	5,000	-	5,000
Consultants	5,000	-	5,000
3rd Well	1,765,800	-	1,765,800
Administration			
Directors	3,700	2,100	1,600
Meetings	6,000	1,553	4,447
Miscellaneous	4,000	1,263	2,737
District Management	35,000	17,510	17,490
ECCV Payment	39,536	-	39,536
Contingency	10,000	-	10,000
Reserves for Future Water Resources	<u>124,765</u>	<u>-</u>	<u>124,765</u>
 Total expenditures	 <u>2,310,769</u>	 <u>72,719</u>	 <u>2,238,050</u>
 Excess (deficiency) of revenues over expenditures	 (1,117,436)	 101,149	 1,218,585
 Fund balance beginning	 <u>1,117,436</u>	 <u>1,232,056</u>	 <u>114,620</u>
 Fund balance ending	 <u>\$ -</u>	 <u>\$ 1,333,205</u>	 <u>\$ 1,333,205</u>

Eagle Bend Metropolitan District #2
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds - Budget and Actual
For the Six Months Ended June 30, 2016
Debt Service Fund

See Accountant's Compilation Report

	Annual Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Property taxes	\$ 1,731,258	\$ 1,699,371	\$ (31,887)
Specific ownership taxes	116,171	68,488	(47,683)
Potential abatements	(71,673)	-	71,673
Transfer from General Fund	2,370,000	-	(2,370,000)
Bond Proceeds - Series 2016	15,030,000	15,030,000	-
Bond Premium - Series 2016	994,822	994,822	-
Interest income	2,000	9,487	7,487
	<u>20,172,578</u>	<u>17,802,168</u>	<u>(2,370,410)</u>
Expenditures			
Bond interest-Series 2005	291,268	291,268	-
Bond principal-Series 2005	-	-	-
GO 2012 loan interest	561,215	280,607	280,608
GO 2012 loan principal	805,000	-	805,000
2016 Bond Principal	-	-	-
2016 Extraordinary Redemption	2,000,000	-	2,000,000
2016 - Bond Interest	382,986	71,051	311,935
Issuance Costs	278,555	267,074	11,481
Defease Series 2005 Bond	15,465,000	15,465,000	-
Legal	-	-	-
Miscellaneous	-	-	-
Trustee fees	15,000	3,498	11,502
County collection fees	24,894	25,495	(601)
	<u>19,823,918</u>	<u>16,403,993</u>	<u>3,419,925</u>
Excess (deficiency) of revenues over expenditures	348,660	1,398,175	1,049,515
Fund balance beginning	70,454	122,977	52,523
Fund balance ending	\$ 419,114	\$ 1,521,152	\$ 1,102,038