AGENDA ITEM or FINAL CONTRACT REVIEW SUBMITTAL FORM

Agenda Item: Amended and Restated Service Plans for the East Ri

Action Requested: Discussion

Parties to the Agreement:

Term Begins: **Term Ends:** **Grant Contract #:**

Summary:

BOCC approval for the Amended and Restated Service Plans for the East River Sanitation District and Skyland Metropolitan District, both prepared by White, Bear, Ankele, Tanaka and Waldron.

Fiscal Impact:

Submitted by: Laura Seymour for David Baumgarten **Submitter's Email Address:** lseymour@gunnisoncounty.org

Finance Review: (●) Required ( ) Not Required

Comments:
No concerns from Finance. ln

Reviewed by: GUNCOUNTY1\lNienhueser Discharge Date: 6/15/2017

County Attorney Review: (●) Required ( ) Not Required

Comments:
ok db 6/16/17

Reveiwed by: GUNCOUNTY1\dBaumgarten Discharge Date: 6/16/2017 Certificate of Insurance Required Yes ( ) No (●)

County Manager Review:

Comments:

Reveiwed by: GUNCOUNTY1\jost Discharge Date: 6/16/2017

( ) Consent Agenda (●) Regular Agenda ( ) Worksession Time Allotted: 10

Agenda Date: 6/20/2017

Revised April 2015

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May 22, 2017

Gunnison County
County Attorney's Office
Attn: David Baumgarten
200 East Virginia Avenue
Gunnison, CO 81230

RE: Amended and Restated Service Plans for the East River Regional Sanitation District and the Skyland Metropolitan District

Dear Mr. Baumgarten:

As you know, our office serves as general legal counsel to the East River Regional Sanitation District ("**ERRSD**") and the Skyland Metropolitan District ("**Skyland**"). On February 22, 2017, representatives of ERRSD and Skyland, along with myself, met with you and Gunnison County ("**County**") staff to discuss the possible submission of amended and restated service plans for both ERRSD and Skyland (the "**Service Plan Amendments**"). On March 14, 2017, representatives of both ERRSD and Skyland, along with myself, attended, and presented at, a Board of County Commissioners (the "**Commissioners**") work session. The focus of our presentation was to update the Commissioners on our plans to submit the Service Plan Amendments and answer any questions on special districts generally and any questions specific to ERRSD and Skyland.

At the March 14th work session, a request was made by ERRSD and Skyland to waive the Planning Commission review required under County Resolution No. 04-14 and Section 32-1-202, C.R.S. As of the date of this letter, we have not received guidance from the County on whether our request to waive Planning Commission review has been granted. As previously expressed, ERRSD and Skyland are both more than willing to proceed with a Planning Commission review but would like to receive guidance from the County on the process that will be required. Either way, ERRSD and Skyland hereby submit drafts of the Service Plan Amendments for review and processing by the County.

For background purposes, it's worth reiterating that ERRSD and Skyland were both formed in the early 1980's. Since their respective organizations, both have undergone significant growth and seen many changes. During this time, state statutes governing special districts have changed substantially and both ERRSD and Skyland felt that it was in their best interests to update their service plans and make them more consistent with the statutory and regulatory framework currently governing special districts. At the March 14th work session, there was a

question regarding the boundaries of ERRSD and whether certain property was included in the description of this district. This issue has been resolved by Mike Billingsley, the manager for both Skyland and ERRSD, and Mr. Billingsley has communicated with Matthew Birnie and County staff regarding the same. You will see that Exhibit A of both Service Plan Amendments provides a legal description for the particular district. These legal descriptions are accurate but are in a format that reflects the original legal description and subsequent boundary changes. Both ERRSD and Skyland are in the process of creating new, uniform legal descriptions that will have a more consistent format. We'll provide those legal descriptions as soon as they are completed by the surveyor.

Please provide guidance on the next steps that will be required of ERRSD and Skyland in this process. If you have any questions or concerns regarding this matter, please feel free to contact me at your earliest convenience.

Sincerely,

WHITE BEAR ANKELE TANAKA & WALDRON
Attorneys at Law

Blair M. Dickhoner, Esq.

cc: Cathie Pagano, Gunnison County
Mike Billingsley, District Manager

Enclosure

AMENDED AND RESTATED
SERVICE PLAN
FOR
SKYLAND METROPOLITAN DISTRICT
GUNNISON COUNTY, COLORADO

Prepared By:

WHITE BEAR ANKELE TANAKA & WALDRON
Attorneys at Law
2154 E. Commons Avenue, Suite 2000
Centennial, CO 80122

_____ ___, 2017

TABLE OF CONTENTS

I. INTRODUCTION 1
- A. Purpose and Intent 1
- B. Need for the District 1
- C. Objective of the County Regarding this Amended and Restated Service Plan 1

II. DEFINITIONS 2

III. BOUNDARIES 5

IV. PROPOSED LAND USE/POPULATION PROJECTIONS/ASSESSED VALUATION 5

V. DESCRIPTION OF PROPOSED POWERS, IMPROVEMENTS AND SERVICES 5
- A. Powers of the District and Service Plan Amendment. 5
  - 1. Operations and Maintenance of Public Improvements 6
  - 2. Construction Standards Limitation 6
  - 3. Privately Placed Debt Limitation 6
  - 4. Total Debt Issuance Limitation 6
  - 5. Imposition of Fees 6
  - 6. Bankruptcy Limitation 6
  - 7. Eminent Domain. 7
  - 8. Service Plan Amendment Requirement 7
- B. Current and Future Public Improvements. 7

VI. FINANCIAL PLAN 7
- A. General. 7
- B. Maximum Voted Interest Rate and Maximum Underwriting Discount. 8
- C. Maximum Mill Levy. 8
- D. Debt Repayment Sources. 9
- E. Security for Debt. 9
- F. TABOR Compliance. 9
- G. District Operating Costs. 9

VII. ANNUAL REPORT 9

VIII. DISSOLUTION 10

IX. DISCLOSURE TO PURCHASERS 10

X. CONCLUSION 10

LIST OF EXHIBITS

EXHIBIT A	Legal Description
EXHIBIT B	Vicinity Map
EXHIBIT C	District Boundary Map
EXHIBIT D-1	Existing Public Improvements
EXHIBIT D-2	Potential Future Public Improvements
EXHIBIT E-1	2015 Audited Financials
EXHIBIT E-2	Adopted 2017 Budget
EXHIBIT E-3	Estimated Future Public Improvement Costs

I. INTRODUCTION

A. Purpose and Intent

The District is an independent unit of local government, separate and distinct from the County, and, except as may otherwise be provided for by State or local law or this Amended and Restated Service Plan, its activities are subject to review by the County only insofar as they may deviate in a material matter from the requirements of this Amended and Restated Service Plan. The District's Original Service Plan was approved by the County in June, 1981. The circumstances under which the Original Service Plan was approved have changed over the years and Colorado law has evolved with respect to special districts. For those reasons, this Amended and Restated Service Plan has been approved to update the Original Service Plan and provide a service plan that is consistent with the current status of the District and Colorado law as it stands today. Water and Sanitation services and Roadways are available to ninety percent (90%) of the District and Parks and Recreation facilities are substantially complete. This Amended and Restated Service Plan shall provide for the ongoing administration, operation, maintenance and construction of the Public Improvements.

B. Need for the District

At the time of the District's organization, there were no other governmental entities, including the County, located in the immediate vicinity of the District that considered it desirable, feasible or practical to undertake the planning, design, acquisition, construction, installation, relocation, redevelopment, or financing of the Public Improvements. Formation of the District was therefore necessary in order for the Public Improvements required for the Project. As described in the Original Service Plan, the Project was to be comprised of a "variety of land uses proposed for the Skyland Subdivision including single family lots, duplex lots, multifamily tracts, an employee housing tract, a small commercial area, a clubhouse – recreation center, a lodge – convention center, and a complete eighteen hole golf course."

As the Project has built-out, the projected development plans have been modified. As of the date of this Amended and Restated Service Plan, approximately forty-nine percent (49%) of the Project has been built-out. At full build-out, the Project will consist of 509 units, covering an area of approximately 586.3 acres and is expected to have a population of approximately 1,527 people. The Project is currently served by the Public Improvements described in **Exhibit D-1** of this Amended and Restated Service Plan. There is a continuing need for the District to provide ongoing administration, operations and maintenance services with respect to the Public Improvements.

C. Objective of the County Regarding this Amended and Restated Service Plan

The County's objective in approving this Amended and Restated Service Plan is to provide the District with the continued authority to implement the necessary planning, design, acquisition, construction, installation, relocation and redevelopment actions with respect to the Public Improvements. This Amended and Restated Service Plan also allows the District to continue to administer, operate and maintain the Public Improvements in a manner that is consistent with the current status of the Project and the Special District Act. The District shall

continue to be permitted to rely on the proceeds of Debt it issues to finance the Public Improvements. All Debt issued by the District is expected to be repaid from revenue generated by *ad valorem* taxes, charges, fees and other revenue sources legally permissible under the Special District Act. The ongoing administrative, operations and maintenance responsibilities of the District shall also be supported by *ad valorem* taxes, charges, fees and other revenue sources legally permissible under the Special District Act. The District shall determine, in its sole discretion, how to utilize such revenue sources with respect to its Debt and any of its ongoing administrative, operational or maintenance responsibilities.

II. DEFINITIONS

In this Amended and Restated Service Plan, the following terms shall have the meanings indicated below, unless the context hereof clearly requires otherwise:

Amended and Restated Service Plan: means this service plan as approved by the Board of County Commissioners.

Approved Development Plan: means a development plan or other process established by the County for identifying, among other things, Public Improvements necessary for facilitating development of property within the Service Area, as approved by the County.

Board: means the Skyland Metropolitan District Board of Directors.

Board of County Commissioners: means the Gunnison County Board of County Commissioners.

Bond, Bonds or Debt: means bonds or other obligations for the payment of which the District has promised to impose an *ad valorem* property tax mill levy and/or collect Fee revenue.

County: means Gunnison County, Colorado.

District: means Skyland Metropolitan District.

District Boundaries: means the boundaries of the area described in the District Boundary Map.

District Boundary Map: means the map attached hereto as **Exhibit C**, describing the boundaries of the District.

External Financial Advisor: means a consultant that: (i) advises Colorado governmental entities on matters relating to the issuance of securities by Colorado governmental entities, including matters such as the pricing, sales and marketing of such securities and the procuring of bond ratings, credit enhancement and insurance in respect of such securities; (ii) shall be an underwriter, investment banker, or individual listed as a public finance advisor in the Bond Buyer's Municipal Market Place; and (iii) is not an officer or employee of the District and has not been otherwise engaged to provide services in connection with the transaction related to the applicable Debt.

Fees: means any fee imposed by the District for services, programs or facilities provided by the District, as described in Section V. below.

Financial Plan: means, for purposes of this Amended and Restated Service Plan, the District's 2015 audited financials, attached hereto as **Exhibit E-1**, the District's adopted 2017 budget, attached hereto as **Exhibit E-2**, and the projected future public improvement costs, attached hereto as **Exhibit E-3**.

General Obligation Bonds: means any general obligation Bonds and any general obligation refunding Bonds issued by the District as Debt.

Maximum Mill Levy: means the maximum mill levy the District is permitted to impose for payment of Debt or operations and maintenance costs, if any, as set forth in Section VI.C. below.

Mosquito Control: means the design, financing, acquisition, installation, construction, operation and maintenance of systems and methods for the elimination and control of mosquitoes, rodents and other pests.

Original Service Plan: means that certain Service Plan for the District approved by the Board of County Commissioners in June, 1981.

Parks and Recreation: means the design, financing, acquisition, installation, construction, operation and maintenance of public parks and recreation facilities or programs, including, without limitation, grading, soil preparation, sprinkler systems, playgrounds, playfields, golf courses, boat launch areas and docks, biking, hiking and nature trails, pedestrian and equestrian trails, pedestrian bridges, picnic areas, beaches, swimming pool facilities, lakes, open spaces, common area landscaping and weed control, outdoor lighting of all types, and other recreational facilities, together with all necessary, incidental and appurtenant facilities, land and easements, and all necessary extensions of and improvements to such facilities and systems within and without the boundaries of the District. All recreation facilities will be available to all members of the public on similar terms and conditions as applicable to in-District residents, at rates equivalent to in-District resident rates, but taking into account the tax subsidy of such District residents.

Project: means the development or property commonly referred to as Skyland.

Public Improvements: means a part or all of the improvements authorized to be planned, designed, acquired, constructed, installed, relocated, redeveloped, operated and maintained and financed as generally described in the Special District Act, except as specifically limited in Section V. below, to serve the current and future taxpayers and inhabitants of the Service Area as determined by the Board.

Revenue Bonds: means any revenue Bonds and any revenue refunding Bonds issued by the District as Debt.

Sanitation: means the design, financing, acquisition, installation, construction, operation and maintenance of storm and sanitary sewer systems, including, without limitation,

collection lines, lift stations, pump stations, lagoons, maintenance buildings, wastewater treatment facilities, flood and surface drainage, related disposal works and facilities, and solid waste disposal facilities or waste services, and all necessary equipment and improvements, together with all necessary, incidental and appurtenant facilities, land, water rights and easements, and all necessary extensions of and improvements to such facilities and systems within and without the boundaries of the District.

Service Area: means the property depicted on the District Boundary Map and any property subsequently included into the District after the approval of this Amended and Restated Service Plan.

Service Plan Amendment: means an amendment to this Amended and Restated Service Plan, as approved by the Board of County Commissioners.

Special District Act: means Section 32-1-101, *et seq.*, of the Colorado Revised Statutes, as amended from time-to-time.

State: means the State of Colorado.

Streets, Roadways and Drainage: means the design, financing, acquisition, installation, construction, operation, and maintenance of arterial, collector and local streets and other roadway improvements, including, without limitation, curbs, gutters, culverts, storm sewers systems, including without limitation, lines, channels, detention ponds, flood and surface drainage disposal works and facilities, retaining walls and appurtenances, and other drainage facilities, as well as sidewalks, bridges, parking, paving, lighting, grading, landscaping, entrance facilities, undergrounding of public utilities, and other street improvements, together with all necessary, incidental and appurtenant facilities, land and easements, and all necessary extensions of and improvements to such facilities and systems within and without the boundaries of the District.

Taxable Property: means real or personal property within the Service Area subject to *ad valorem* taxes imposed by the District.

Traffic and Safety Protection: means the design, financing, acquisition, installation, construction, operation and maintenance of traffic and safety protection facilities and services through traffic and safety controls and devices on all streets and roadways, as well as other facilities and improvements, including, without limitation, street lighting and signage, signalization at intersections, traffic, area identification, directional assistance, and driver information signs, and security systems and services, together with all necessary, incidental, and appurtenant facilities, land and easements, and all necessary extensions of and improvements to such facilities and systems within and without the boundaries of the District.

Transportation: means the design, financing, acquisition, installation, construction, operation and maintenance of public transportation system improvements, including, without limitation, infrastructure facilities (i.e., bus stops, parking areas) for transportation equipment, bus systems, parking lots, structures, roofs, covers, and facilities, together with all necessary incidental and appurtenant facilities, land and

easements, and all necessary extensions of and improvements to such facilities and systems within and without the boundaries of the District.

Water: means the design, financing, acquisition, installation, construction, operation and maintenance of water systems, including, without limitation, water distribution and transmission lines, hydrants, storage tanks, lakes and reservoirs, dams, water treatment, transmission and distribution facilities, wells, irrigation systems and pumping facilities, and all necessary equipment and improvements, together with all necessary, incidental and appurtenant facilities, land, water rights and easements, and all necessary extensions of and improvements to such facilities and systems within and without the boundaries of the District.

III. BOUNDARIES

The area of the District Boundaries includes approximately five hundred and eighty-six (586) acres. A legal description of the District Boundaries is attached hereto as **Exhibit A**. A vicinity map is attached hereto as **Exhibit B**. A map of the District Boundaries is attached hereto as **Exhibit C**. It is anticipated that the District's boundaries may change from time-to-time as they undergo inclusions and exclusions pursuant to Section 32-1-401, *et seq.*, C.R.S., and Section 32-1-501, *et seq.*, C.R.S.

IV. PROPOSED LAND USE/POPULATION PROJECTIONS/ASSESSED VALUATION

The Service Area currently consists of approximately five hundred and eighty-six (586) acres of residential and recreational land. The 2016 assessed valuation of the Service Area is $23,539,870 for purposes of this Amended and Restated Service Plan and, at build out, is expected to be sufficient to reasonably discharge the District's Debt. The current population of the District is 485 and at full build-out is estimated to be approximately 1,527.

Current and future development plans for the Project are consistent with the Approved Development Plan and are not altered, in any way, by this Amended and Restated Service Plan.

V. DESCRIPTION OF PROPOSED POWERS, IMPROVEMENTS AND SERVICES

A. Powers of the District and Service Plan Amendment.

The District shall have the power and authority to provide the Public Improvements and related operation and maintenance services within and without the boundaries of the District as such power and authority is described in the Special District Act, and other applicable statutes, common law and the Constitution, subject to the limitations set forth herein. More specifically, the County authorizes the District to provide the following services and/or facilities: Streets, Roadways and Drainage, Traffic and Safety Protection, Parks and Recreation, Sanitation, Water, Transportation and Mosquito Control.

The District shall also have the power and authority to provide the design, financing, acquisition, installation, construction, operation and maintenance of television relay and translator systems and related electronic and cable facilities, subject to intergovernmental

agreements with the County and any limitations in the Special District Act, together with all necessary, incidental, and appurtenant facilities, land and easements, and all necessary extensions of and improvements to such facilities and systems within and without the boundaries of the District.

The District may also provide, finance and pay for other services and facilities authorized under the Special District Act or by law if needed to serve the Project and not otherwise provided or planned to be provided by the County or other governmental entity.

1. Operations and Maintenance of Public Improvements. The purpose of the District is to plan for, design, acquire, construct, install, relocate, redevelop, finance, operate and maintain the Public Improvements. The District shall be authorized to operate and maintain any part or all of the Public Improvements unless the provision of such operation and maintenance is allocated to another public entity pursuant to an intergovernmental agreement.

2. Construction Standards Limitation. The District will ensure that the Public Improvements are designed and constructed in accordance with the standards and specifications of the County and of other governmental entities having proper jurisdiction.

3. Privately Placed Debt Limitation. Prior to the issuance of any privately placed Debt, the District shall obtain the certification of an External Financial Advisor substantially as follows:

> We are [I am] an External Financial Advisor within the meaning of the District's Service Plan.
>
> We [I] certify that (1) the net effective interest rate (calculated as defined in Section 32-1-103(12), C.R.S.) to be borne by [insert the designation of the Debt] does not exceed a reasonable current [tax-exempt] [taxable] interest rate, using criteria deemed appropriate by us [me] and based upon our [my] analysis of comparable high yield securities; and (2) the structure of [insert designation of the Debt], including maturities and early redemption provisions, is reasonable considering the financial circumstances of the District.

4. Total Debt Issuance Limitation. The District shall not issue Debt in excess of twelve million dollars ($12,000,000) or an amount equal to thirty percent (30%) of the District's assessed valuation at the time of issuance, whichever is greater, except as specifically permitted under Section VI (A) hereof.

5. Imposition of Fees. The District may impose and collect Fees as a source of revenue for repayment of Debt, capital costs, and/or for operations and maintenance.

6. Bankruptcy Limitation. All of the limitations contained in this Amended and Restated Service Plan, including, but not limited to, those pertaining to the Maximum Mill Levy, Maximum Mill Levy Imposition Term and the Fees have been established under the authority of the County to approve the Amended and Restated Service Plan with conditions pursuant to Section 32-1-203, C.R.S. It is expressly intended that such limitations:

(a) Shall not be subject to set-aside for any reason or by any court of competent jurisdiction, absent a Service Plan Amendment; and

(b) Are, together with all other requirements of Colorado law, included in the "political or governmental powers" reserved to the State under the U.S. Bankruptcy Code (11 U.S.C.) Section 903, and are also included in the "regulatory or electoral approval necessary under applicable nonbankruptcy law" as required for confirmation of a Chapter 9 Bankruptcy Plan under Bankruptcy Code Section 943(b)(6).

Any Debt, issued with a pledge or which results in a pledge, that exceeds the Maximum Mill Levy and the Maximum Mill Levy Imposition Term, shall be deemed a material modification of this Amended and Restated Service Plan pursuant to Section 32-1-207, C.R.S. and shall not be an authorized issuance of Debt unless and until such material modification has been approved by the County as part of a Service Plan Amendment.

7. Eminent Domain. The District shall have the powers of eminent domain and dominant eminent domain and shall be permitted to exercise such powers in accordance with Section 32-1-1004(4), C.R.S.

8. Service Plan Amendment Requirement. This Amended and Restated Service Plan has been designed with sufficient flexibility to enable the District to provide required services and facilities under evolving circumstances without the need for numerous amendments. Actions of the District which violate the limitations set forth in Section V. or Section VI. shall be deemed to be material modifications to this Amended and Restated Service Plan and the County shall be entitled to all remedies available under State and local law to enjoin such actions of the District.

B. Current and Future Public Improvements.

The District shall have authority to provide for the planning, design, acquisition, construction, installation, relocation, redevelopment, operation, maintenance and financing of the Public Improvements within and without the boundaries of the District, as may be more specifically defined in an Approved Development Plan. A summary of the existing Public Improvements as well as possible future Public Improvements, which may be planned for, designed, acquired, constructed, installed, relocated, redeveloped, operated, maintained or financed can be found in **Exhibits D-1** and **D-2**.

All of the Public Improvements have been or will be designed in such a way as to assure that the Public Improvements standards will be compatible with those of the County and shall be in accordance with the requirements of the Approved Development Plan. All construction cost estimates are based on the assumption that construction conforms to applicable local, State or Federal requirements.

VI. FINANCIAL PLAN

A. General.

The District shall be authorized to provide for the planning, design, acquisition, construction, installation, relocation and/or redevelopment of the Public Improvements from its revenues, grant funding and donations, and by and through the proceeds of Debt to be issued by the District. The Financial Plan for the District provides an overview of the District's current finances and illustrates the Debt that has previously been issued by the District and is currently outstanding. Any Debt issued in the future must, at the time of issuance, be able to be reasonably paid by the District imposing the Maximum Mill Levy within the Maximum Mill Levy Imposition Term and by use of other revenues derived by the imposition of Fees, rates, tolls or charges and other legally available revenues. The Financial Plan is an overview of existing Debt and future Debt may need to be issued to finance future Public Improvements. The total Debt that the District shall be permitted to issue shall not exceed twelve million dollars ($12,000,000) or an amount equal to thirty percent (30%) of the District's assessed valuation at the time of issuance, whichever is greater, and shall be permitted to be issued on a schedule and in such year or years as the District determines in its sole discretion. All Bonds and other Debt issued by the District may be payable from any and all legally available revenues of the District, including general *ad valorem* taxes and Fees to be imposed upon all Taxable Property. The District may also rely upon various other revenue sources authorized by law, including grants and donations. These will include the power to assess Fees, rates, tolls, penalties, or charges as provided in Section 32-1-1001(1), C.R.S., as amended from time-to-time. The District shall be permitted to request an increase in the Debt limitations contemplated herein by way of an administrative approval process with the County. Under no circumstances shall an administratively approved change in the Debt limitation be considered a material modification of this Service Plan.

B. Maximum Voted Interest Rate and Maximum Underwriting Discount.

The interest rate on any Debt is expected to be the market rate at the time the Debt is issued. In the event of a default, the proposed maximum interest rate on any Debt is not expected to exceed fourteen percent (14%). The proposed maximum underwriting discount will be five percent (5%). Debt, when issued, will comply with all relevant requirements of this Amended and Restated Service Plan, State law and Federal law as then applicable to the issuance of public securities.

C. Maximum Mill Levy.

The "Maximum Mill Levy" shall be the maximum mill levy a District is permitted to impose upon the Taxable Property for payment of Debt and any operations and maintenance costs, regardless of statutory changes to Section 32-1-1101, *et seq.*, C.R.S., shall be fifty (50.000) mills; provided, however, that if the ratio of actual valuation to assessed valuation for residential real property (as of 2003) is changed pursuant to Article X, section 3(1)(b) of the Colorado Constitution and legislation implementing such constitutional provision, the Maximum Mill Levy will be increased or decreased (as to all Taxable Property) to reflect such changes so that, to the extent possible, the actual tax revenues generated by the mill levy, as adjusted, are neither diminished nor enhanced as a result of such changes (Gallagher adjustment).

To the extent that the District is composed of one or more subdistricts, as permitted under Section 32-1-1101, C.R.S., the term "District" as used herein shall be deemed to

refer to the District and to each such subdistrict separately, so that each of the subdistricts shall be treated as a separate, independent district for purposes of the application of this definition.

D. Debt Repayment Sources.

The District may impose a mill levy on Taxable Property as a primary source of revenue for repayment of debt service and for operations and maintenance. The District may also rely upon various other revenue sources authorized by law. At the District's discretion, these may include the power to assess Fees, rates, tolls, penalties, or charges as provided in Section 32-1-1001(l), C.R.S., as amended from time-to-time. In no event shall the debt service mill levy in the District exceed the Maximum Mill Levy.

E. Security for Debt.

The District shall not pledge any revenue or property of the County as security for the indebtedness set forth in this Amended and Restated Service Plan. Approval of this Amended and Restated Service Plan shall not be construed as a guarantee by the County of payment of any of the District's obligations; nor shall anything in this Amended and Restated Service Plan be construed so as to create any responsibility or liability on the part of the County in the event of default by the District in the payment of any such obligation.

F. TABOR Compliance.

The District will comply with the provisions of TABOR and may operate an enterprise fund in accordance with TABOR. In the discretion of the Board, the District may set up other qualifying entities to manage, fund, construct and operate facilities, services, and programs. To the extent allowed by law, any entity created by the District will remain under the control of the District's Board.

G. District Operating Costs.

Section 32-1-202(2)(f), C.R.S. requires a general description of estimated costs of acquiring land, engineering services, legal services and administrative services, together with the estimated costs of the District's organization and initial operations. In this case, the District was organized in 1981 and these cost estimates required by Section 32-1-202(2)(f), C.R.S. are no longer applicable to the District. However, the District's budgeted expenses for administration, operations and maintenance in 2017 are detailed in **Exhibit E-2** of this Amended and Restated Service Plan.

VII. ANNUAL REPORT

The District shall be responsible for submitting an annual report in accordance with Section 32-1-207(3)(c), C.R.S. and Resolution Nos. 07-21 and 07-15, as adopted by the Board of County Commissioners, by no later than January 15th of each year reporting on events that occurred during the previous calendar year.

VIII. DISSOLUTION

Upon an independent determination of the Board of County Commissioners that the purposes for which the District was created have been accomplished, the District agrees to file a petition in the appropriate District Court for dissolution, pursuant to the applicable State statutes. In no event shall dissolution occur until the District has provided for the payment or discharge of all of its outstanding indebtedness and other financial obligations as required pursuant to State statutes.

IX. DISCLOSURE TO PURCHASERS

The District will use reasonable efforts to assure that all developers of the property located within the District provide written notice to all purchasers of property in the District in accordance with the provisions of Section 38-35.7-101, C.R.S. The issuance of this notice by the developers does not obligate the County in any way to investigate the contents of the notice to determine its completeness or accuracy. The County in no way warrants the accuracy of the information contained in the notice.

X. CONCLUSION

It is submitted that this Amended and Restated Service Plan for the District, as required by Section 32-1-203(2), C.R.S., establishes that:

1. There is sufficient existing and projected need for organized service in the area to be serviced by the District.

2. The existing service in the area to be served by the District is inadequate for present and projected needs.

3. The District is capable of providing economical and sufficient service to the area within its proposed boundaries.

4. The area to be included in the District does have, and will have, the financial ability to discharge the proposed indebtedness on a reasonable basis.

5. Adequate service is not, and will not be, available to the area through the County or other existing municipal or quasi-municipal corporations, including existing special districts, within a reasonable time and on a comparable basis.

6. The facility and service standards of the District are compatible with the facility and service standards of the County within which the special district is located.

7. The continued existence of the District is in the best interests of the area proposed to be served.

Respectfully submitted this 22nd day of May, 2017.

By:_____
General Counsel to the District

EXHIBIT A

LEGAL DESCRIPTION

EXHIBIT I – Legal Description
Skyland Metropolitan District
Gunnison County, Colorado

The District is locatedin Gunnison County, Colorado, and is more particularly described as follows:

The Northeast Quarter, the Southeast Quarter and the East Half of the Northwest Quarter of Section 1, together with part of the North Half of Section 12, both of Township 14 South, Range 86 West, together with Lot 6 {being the Northwest Quarter of the Southwest Quarter) and Lot 7 (being the Southwest Quarter of the Southwest Quarter) of Section 6 together with a part of the Northwest Quarter of the Northwest Quarter of Section 7, both of Township 14 South, Range 85 West, all of the Sixth Principal Meridian, County of Gunnison, State of Colorado, more particularly described as follows:

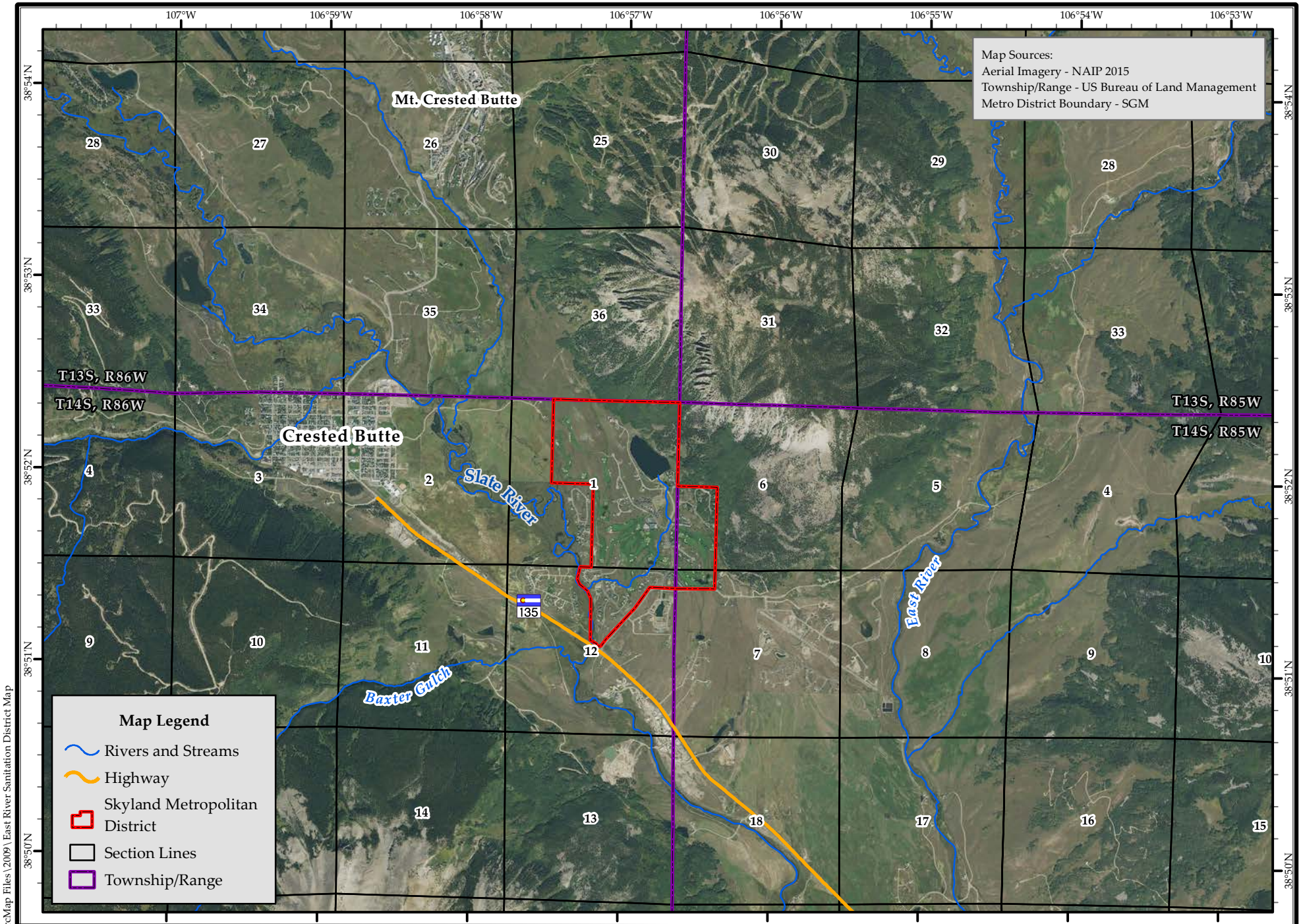
Beginning at the Northeast corner of said Section l; thence N 89° 31' 36″ W along the North line of said Northeast Quarter of Section l, 2654.51 feet to the Northwest corner of said Northeast: Quarter of Section 1; thence N 89° 13′ 34'' W along the North line of said East Ha1f of the Northwest Quarter 1326.47 feet; thence S 0° 25' 34″ W along the West line of said East Half of the Northwest Quarter, 2647.76 feet; thence S S9° 29' 48" E along the South line of said East Half of the Northwest Quarter 1322.57 feet; thence S 0° 30′ 37″ W along the West line of said Southeast Quarter of Section l, 2633.64 feet; thence N 89 09′ 47" W along the North line of said Section 12, and along a parcel described in Book 377, Page 289, of the Office of the Gunnison County Clerk, 356.26 feet to the East line of Riverbend Subdivision, a recorded plat, and the accepted centerline of the Slat River; thence along said Subdivision and said centerline the following four courses; S 11° 45′ 0" W, 390.75 feet; thence S 26° 4 2′ 0″ E, 192.5 feet; thence S 50° 44' 0" E, 301.0 feet; thence S 24° 59' 0" E, 287.0 feet to the West line of the Northeast Quarter of said Section 12;

Thence S 0° 17' 01" E along said West line of the Northeast Quarter of Section 12,]301.72 feet to the Northeasterly line of a parcel as described in Book 291, Page 45; thence along said parcel the following three courses: S 58° 30' 0" E, 230.26 feet; thence S 31° 30' 0" W, 50.00 feet; thence along a curve to the left having a radius of 1960.00 feet, a central angle of 1° 09' 56″, a chord of 39.87

feet, a chord bearing of S 53° 56' 00"E, 39.87 feet; thence N 88° 55' 33" E, 1.36.28 feet; thence N 35° 08′ 23" E, 270.17 feet; thence N 41° 56' 35" E,1244.61 feet to the Southwest corner of the Northeast Quarter of the Northeast Quarter of said Section 12; thence along the Northerly line of Tract I and Tract II as described in Book 268, Page 312, the following four courses: S 89° 12' 02" E, along the south line of said Northeast Quarter of the Northeast Quarter of Section 12, 15.65 feet; thence N 34° 29' 48″ E, 894.77 feet; thence S 88° 2 7′ 46" E, 812.75 feet to the East line of said Northeast Quarter of the Northeast Quarter of Section 12; thence N 89° 38' 54″ E, 1243.85 feet to the East line of said Northwest Quarter of the Northwest Quarter of Section 7; thence N 0° 1' 18" EJ along said Ea.st line of the Northwest Quarter of the Northwest Quarter of Section 7, S93.43 feet to the Southeast corner of Lot 7 (being the Southwest Quarter of the Southwest Quarter) of said Section 6, thence N 0° 36' 39" E along the East line of said Lot 7 and Lot 6 (being the Northwest Quarter of the Southwest Quarter) of Section 6, 2616.68 feet to the North line of said Southwest Quarter of Section 6; thence N 89° 16′ 12″ along said North line of the Southwest Quarter of Section 6 1 1255.42 feet; thence N 0° 16' 08'' E along the East line of said Northeast Quarter of Section l; 2642.90 feet to the Point of Beginning, containing 586.350 acres more or less.

EXHIBIT B

VICINITY MAP



BIKIS Water Consultants
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555 RiverGate Lane, Suite B4-82
Durango, CO 81301
(970) 385-2340 ph 385-2341fx
www.BikisWater.com

N

0 2,000 4,000 8,000 Feet

1 inch = 4,000 feet

Designed by: RZM
Detail by: DDS
Date: 03/28/2017
Scale: 1:24,000

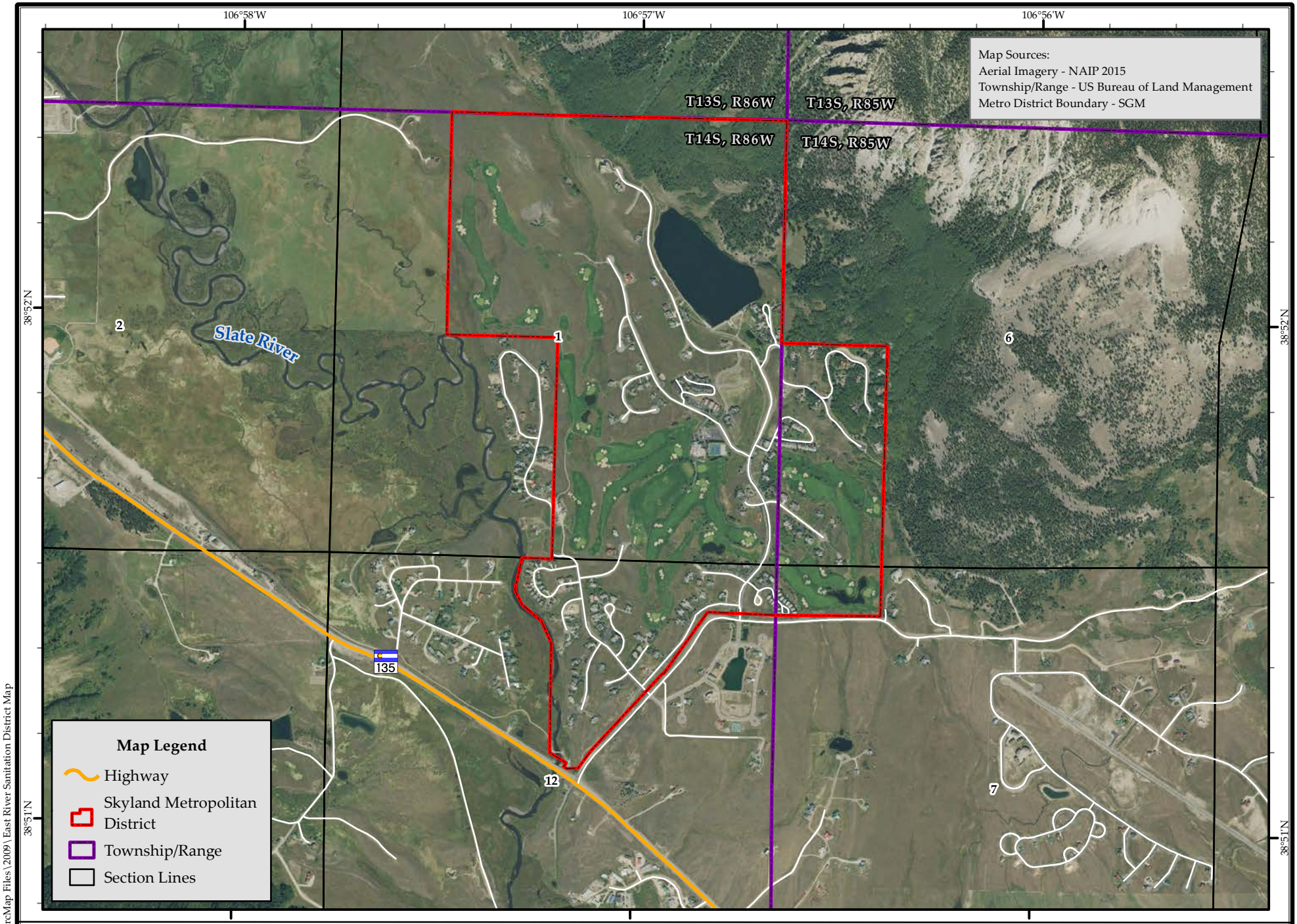
Skyland Metropolitan District Boundary Location Map

Exhibit II

015-06\Mapping\ArcMap Files\2009\East River Sanitation District Map

EXHIBIT C

DISTRICT BOUNDARY MAP



015-06\Mapping\ArcMap Files\2009\ East River Sanitation District Map

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N

0 750 1,500 3,000 Feet

1 inch = 1,500 feet

Designed by: RZM
Detail by: DDS
Date: 03/28/2017
Scale: 1:24,000

Skyland Metropolitan District Boundary

Exhibit III

EXHIBIT D-1

EXISTING PUBLIC IMPROVEMENTS

The Service Plan for Skyland Metropolitan District was approved by Gunnison County in June 1981. The Service Plan proposed the development of various types of housing and other properties in Skyland. The Service Plan also proposed the construction of various facilities, including roadway and drainage improvements, a central water and sanitation system, and a golf course.

Improvements to the infrastructure of the District since the organization of the District include, the construction and maintenance of a water treatment facility, construction and maintenance of water distribution lines, construction and maintenance of wastewater collection lines, construction of two water storage tanks, construction and upgrades to the high zone distribution system, acquisition of East River water rights, acquisition of Slate River water rights, increased storage capacity for Lake Grant, improvements and maintenance to Lake Grant, paving and maintenance of all Skyland roads, improvements to open space within Skyland, construction and maintenance of a recreation path within Skyland, construction and maintenance of a recreation path and bridge from Skyland towards Crested Butte, construction and perfection of water sources, several capacity and planning studies, and construction and maintenance of a hydrant based fire protection system.

EXHIBIT D-2

FUTURE PUBLIC IMPROVEMENTS

As of 2017, approximately 49% of the development within the District has been built out. Water and sanitation service and roads are available to 90% of the District, and recreational facilities are substantially complete. Skyland continues to improve its potable water system.

Future Public Improvements for the District may include the Following:

- Resurface remaining Skyland roads
- Eliminate Split Road on Upper Ridge Road
- Construction of new road to access Phase III development
- Bike Path to Town, continuation of paving into Town - Riverbend Section
- Bike Path to Town, continuation of bike path and paving into Town - Riverbend to Town
- Lake Grant dam hazard classification study
- Lake Grant dam inundation mapping
- Lake Grant level monitor measuring device
- Lake Grant spillway flow monitor measuring device
- Lake Grant golf course irrigation system flow meter
- Lake Grant surface water intake for golf course irrigation system
- Automate valve cluster at Decker and Lake Grant pipeline junction
- Upgrades to SCADA system
- East River Wells flow testing, water quality testing
- East River Wells pipeline alignment/engineering
- East River Wells pipeline construction
- Water Treatment Building, terminate pipeline into the clear well
- Water Treatment Building backup generator
- Improve fire flows on Forest Lane
- Improve water delivery for Forest Lane
- Backup generator for high zone distribution system
- Flow meters for gravity and pressure distribution lines
- Continuous chlorine residual monitoring station
- New storage tank on upper Phase III development for high zone pressure improvement
- New distribution lines to serve upper Phase III development
- New collection lines to serve upper Phase III development
- Spray lining interior of manholes to curtail inflow and infiltration

EXHIBIT E-1

2015 AUDITED FINANCIALS

Skyland Metropolitan District

Financial Report

December 31, 2015

Skyland Metropolitan District
Financial Report
December 31, 2015

Table of Contents

	Page
INDEPENDENT AUDITOR'S REPORT	A1 – A2
Management's Discussion and Analysis	B1 – B5
Government-wide Financial Statements:	
Statement of Net Position	C1
Statement of Activities	C2
Fund Financial Statements:	
Balance Sheet – Governmental Funds	C3
Reconciliation of the Governmental Funds Balance Sheet To the Statement of Net Position	C4
Statement of Revenues, Expenditures and Change in Fund Balance – Governmental Funds	C5
Reconciliation of the Statement of Revenues, Expenditures and Change in Fund Balance of Governmental Funds to the Statement of Activities	C6
Statement of Net Position - Proprietary Fund Type - Water and Sewer Fund	C7
Statement of Revenues, Expenses and Change in Fund Net Position – Proprietary Fund Type – Water and Sewer Fund	C8
Statement of Cash Flows – Proprietary Fund Type – Water and Sewer Fund	C9
Notes to the Financial Statements	D1 – D15
Required Supplementary Information:	
Schedule of Revenues, Expenditures and Change in Fund Balance – Budget (GAAP Basis) – General Fund	E1
Supplementary Information:	
Schedule of Revenues, Expenditures and Change in Fund Balance – Budget (Non-GAAP Basis) and Actual with Reconciliation to GAAP Basis – Debt Service Fund	F1
Schedule of Revenues and Expenditures - Budget (Non-GAAP Basis) and Actual with Reconciliation to GAAP Basis – Proprietary Fund Type – Water and Sewer Fund	F2

Skyland Metropolitan District
Financial Report
December 31, 2015

Table of Contents (continued)

	Page
Statistical Tables:	
Table II, History of District's Assessed Valuation; Table III, History of District's Mill Levy; Table IV, Property Tax Collections form the District	G1
Table VII, General Fund Comparative Statement of Revenue, Expenditures, and Changes in Net Assets, Years Ended December 31	G2
Table VIII, Enterprise Fund Comparative Statement of Revenue, Expenses, and Changes in Net Position, Years Ended December 31	G3

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E-mail: mcmahan@mcmahancpa.com

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Skyland Metropolitan District
Crested Butte, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, and each major fund of the Skyland Metropolitan District (the "District"), as of and for the year ended December 31, 2015, which collectively comprise the District's basic financial statements as listed in the table of contents, and the related notes to the financial statements.

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 of 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 the Skyland Metropolitan District as of December 31, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

INDEPENDENT AUDITOR'S REPORT
To the Board of Directors
Skyland Metropolitan District
Crested Butte, Colorado

Other Matters

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis in Section B be presented to supplement the basic financial statements. Such 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. We have applied certain limited procedures to the Management's Discussion and Analysis in Section B in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The budgetary comparison information in Section E is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. The budgetary comparison 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 statement 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.

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 individual fund budgetary comparison information found in Section F is presented for purposes of additional analysis and are not a required part of the financial statements. The individual fund budgetary comparison information found in Section F are the responsibility of management and were 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements taken as a whole. The statistical tables found in Section G are presented for purposes of additional analysis and are not a required part of the financial statements. The statistical tables have 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 them.

McMahan and Associates, L.L.C.
July 5, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

Skyland Metropolitan District

Management's Discussion and Analysis
December 31, 2015

As management of the Skyland Metropolitan District (the "District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended December 31, 2015.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. This report also contains other required supplementary information, supplementary information, and statistical tables in addition to the basic financial statements themselves.

Government-wide Financial Statements: The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all the District's assets, liabilities, and deferred inflows of resources. The difference between the total of asset and the total of liabilities and deferred inflows of resources is reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes).

Both of the government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the District include general government and highways and streets. The business-type activities of the District include the water system and sewer system.

The government-wide financial statements can be found on pages C1 and C2 of this report.

Fund Financial Statements: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of expendable resources, as well as on balances of expendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. The District's governmental funds include the General Fund and Debt Service Fund.

Overview of the Financial Statements (continued)

Governmental Funds (continued): Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. The Balance Sheet and the Statement of Revenues, Expenditures and Change in Fund Balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The basic governmental fund financial statements can be found on pages C3 through C6.

Proprietary Funds: The District maintains a proprietary fund commonly known as an enterprise fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements, only in more detail. The District uses the enterprise fund to account for its water and sewer operations.

The proprietary fund financial statements provide separate information for each of the business-type services provided by the District, each of which is considered to be a major fund of the District.

The basic proprietary fund financial statements can be found on pages C7 through C9 of this report.

Notes to the Financial Statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The Notes to the Financial Statements can be found in Section D of this report.

Other Information: The District adopts an annual appropriated budget for its General Fund, Debt Service Fund, and Water and Sewer Fund. Budgetary comparison schedules have been provided for all funds to demonstrate compliance with the budgets and are found on pages E1, F1, and F2.

Government-wide Financial Analysis

Skyland Metropolitan District's Net Position:

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Assets:						
Current and other assets	$ 2,006,311	1,998,337	384,481	524,597	2,390,792	2,522,934
Capital assets	789,768	650,864	7,456,583	7,462,169	8,246,351	8,113,033
Total Assets	2,796,079	2,649,201	7,841,064	7,986,766	10,637,143	10,635,967
Liabilities:						
Current and other liabilities	192,981	187,081	666,468	620,901	859,449	807,982
Long-term liabilities	2,701,954	2,861,250	-	-	2,701,954	2,861,250
Total Liabilities	2,894,935	3,048,331	666,468	620,901	3,561,403	3,669,232
Deferred Inflows of Resources	676,584	693,761	-	-	676,584	693,761
Net Position:						
Net invested in capital assets	789,768	650,864	7,456,583	7,462,169	8,246,351	8,113,033
Restricted for emergencies	16,000	17,000	-	-	16,000	17,000
Unrestricted	(1,581,208)	(1,760,754)	(281,987)	(96,305)	(1,863,195)	(1,857,059)
Total Net Position	$ (775,440)	(1,092,890)	7,174,596	7,365,864	6,399,156	6,272,974

Government-wide Financial Analysis (continued)

The largest portion of the District's assets is its capital assets. Roads and streets and the related infrastructure and the water and sewer system are necessary in order to deliver and/or provide services to the District's residents and visitors. The capital assets account for 78% of its total assets. These assets are not an available source for payment of future spending. The remaining $2,390,792 of assets consist of $16,000, or 3%, of the annual revenues for governmental activities that is restricted for use in the event of an emergency; $676,584 is property taxes receivable collectible in the subsequent year and is offset in the District's deferred inflows of resources and, therefore, is not available for future spending; $9,322 represents prepaid insurance and deposits, all of which have been spent; and $647,037 represents unearned water tank revenue which will not be available until a new water tank is built. The District has a deficit unrestricted net position of $1,863,195 as of December 31, 2015.

Governmental activities of the District had a negative net position total of $775,440 and business-type activities had a positive net position total of $7,174,596 which resulted in total government-wide net position of $6,399,156 as of December 31, 2015.

The District's net position increased $126,182 during the current fiscal year.

Skyland Metropolitan District's Change in Net Position

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program revenues:						
Charges for services	$ 118,493	103,503	194,761	196,955	313,254	300,458
Grants and contributions	-	-	40,828	37,466	40,828	37,466
General revenues:						
Property taxes	693,761	691,776	-	-	693,761	691,776
Other taxes	41,123	41,530	-	-	41,123	41,530
Interest	1,754	2,000	3,103	1,956	4,857	3,956
Miscellaneous	934	1,379	-	-	934	1,379
Special items:						
Gain/(loss) sale of asset	-	1,500	-	-	-	1,500
Total Revenues	856,065	841,688	238,692	236,377	1,094,757	1,078,065
Expenses:						
General government	268,368	242,833	-	-	268,368	242,833
Highways and streets	147,800	173,668	-	-	147,800	173,668
Interest on long-term debt	122,447	126,593	-	-	122,447	126,593
Water and sewer	-	-	429,960	442,637	429,960	442,637
Total Expenses	538,615	543,094	429,960	442,637	968,575	985,731
Change in Net Position	317,450	298,594	(191,268)	(206,260)	126,182	92,334
Net Position - Beginning	(1,092,890)	(1,391,484)	7,365,864	7,572,124	6,272,974	6,180,640
Net Position - Ending	$ (775,440)	(1,092,890)	7,174,596	7,365,864	6,399,156	6,272,974

Government-wide Financial Analysis (continued)

Governmental Activities: Governmental activities for 2015 increased the District's net position by $317,450.

Governmental revenues increased by $14,377 from 2014 levels and are mostly attributable to the following change:

- Charges for services increased $14,990

In 2015, total expenses for governmental activities decreased by $4,479. Expenses for highways and streets decreased $25,868, and interest on long-term decreased by $4,146. These decreases were offset by an increase in general government by $25,535.

Business-type Activities: Business-type activities for 2015 decreased the District's net position by $191,268. Key elements of the decrease are as follows:

The decrease in business-type activities revenues of $2,315 is mainly attributable to an increase in tap fees of $3,362 due to decrease in construction.

A decrease in business-type activities expenses of $12,677 is mainly attributable to a decrease in legal fees of $9,281.

Financial Analysis of the District's Funds

As mentioned earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds: The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the District's financing requirements. In particular, unrestricted fund balances may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of $11,306,535, an increase of $23,862 from the prior year ending fund balances.

Proprietary Fund: The District's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail.

Unreserved net position for the proprietary fund at the end of the current fiscal year was a deficit $281,987. The unreserved assets are available for spending at the District's discretion. In addition, $7,456,583 of net position at December 31, 2015 represents the District's investment in capital assets, net of related debt. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

Financial Analysis of the District's Funds (continued)

Budget Variances in the General Fund: The District amended the General Fund budget in 2015 to reflect additional revenues.

Significant budget variances for 2015 were as follows:

Account	Original Budget Variance Positive (Negative)	Reason
Revenues:		
Specific ownership taxes	$ 9,123	Higher taxes than anticipated
Expenditures:		
Snowplowing	40,965	Budgeted, but unspent
Maintenance - General	(66,058)	More in road paving and repairs than anticipated
Capital outlay:		
Open space	17,750	Budgeted, but unspent
Equipment	18,706	Budgeted, but unspent

Capital Assets: The District's capital assets increased government-wide by $133,318. Current year additions totaled $493,428, while 2015 depreciation expense was $360,110. Additional information as well as a detailed classification of the District's net capital assets can be found in the Notes to the Financial Statement in Section D of this report.

Long-term Debts: The District refunded its debt and also issued improvement bonds in the fiscal year 2010. In 2015, the long-term debt of the District decreased $155,000. The District's source of revenue to pay debt services is a mill levy on the property within the boundaries. Additional information as well as a detailed classification of the District's total long-term liabilities can be found in the Notes to the Financial Statements in Section D.

Next Year's Budget and Rates: The District's General Fund, fund balance at the end of fiscal year 2015 was $1,301,705. The 2016 budget reflects a decrease in General Fund balance of $23,791. The General Fund expenditures are budgeted to increase due to administrative wages, snow plowing and capital outlay; and the revenues are budgeted to increase based on higher property tax revenue.

Request for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the District Manager, Skyland Metropolitan District, 350 Country Club Drive, Suite 112, Crested Butte, Colorado 81224-9626.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Skyland Metropolitan District
Statement of Net Position
December 31, 2015

	Governmental Activities	Business-type Activities	Total
Assets:			
Cash and investments	1,327,751	338,081	1,665,832
Receivables:			
Property tax	676,584	-	676,584
Accounts, net of allowance	-	35,888	35,888
Other	3,166	-	3,166
Internal balances	(10,512)	10,512	-
Prepaid insurance	9,322	-	9,322
Capital assets not being depreciated	13,800	3,446,862	3,460,662
Capital assets, net of accumulated depreciation	775,968	4,009,721	4,785,689
Total Assets	2,796,079	7,841,064	10,637,143
Liabilities:			
Accounts payable and accrued liabilities	23,191	17,569	40,760
Accrued interest payable	9,790	-	9,790
Accrued compensated absences	-	1,862	1,862
Unearned water tank revenue	-	647,037	647,037
Bonds payable due within one year	160,000	-	160,000
Bonds payable due in more than one year	2,701,954	-	2,701,954
Total Liabilities	2,894,935	666,468	3,561,403
Deferred Inflows of Resources:			
Unavailable property tax revenue	676,584	-	676,584
Total Deferred Inflows of Resources	676,584	-	676,584
Net Position:			
Net invested in capital assets	789,768	7,456,583	8,246,351
Restricted for emergencies	16,000	-	16,000
Unrestricted	(1,581,208)	(281,987)	(1,863,195)
Total Net Position	(775,440)	7,174,596	6,399,156

The accompanying notes are an integral part of these financial statements.

Skyland Metropolitan District
Statement of Activities
For the Year Ended December 31, 2015

		Program Revenues		Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Functions/Programs:						
Governmental Activities:						
General government	268,368	118,493	-	(149,875)	-	(149,875)
Highways and streets	147,800	-	-	(147,800)	-	(147,800)
Interest on long-term debt	122,447	-	-	(122,447)	-	(122,447)
Total Governmental Activities	538,615	118,493	-	(420,122)	-	(420,122)
Business-type Activities:						
Water and sewer	429,960	194,761	40,828	-	(194,371)	(194,371)
Total Business-type Activities	429,960	194,761	40,828	-	(194,371)	(194,371)
Total	968,575	313,254	40,828	(420,122)	(194,371)	(614,493)
General Revenues:						
Property tax				693,761	-	693,761
Specific ownership tax				41,123	-	41,123
Interest				1,754	3,103	4,857
Miscellaneous				934	-	934
Total general revenues				737,572	3,103	740,675
Change in Net Position				317,450	(191,268)	126,182
Net Position - Beginning				(1,092,890)	7,365,864	6,272,974
Net Position - Ending				(775,440)	7,174,596	6,399,156

The accompanying notes are an integral part of these financial statements.

FUND FINANCIAL STATEMENTS

Skyland Metropolitan District
Balance Sheet
Governmental Funds
December 31, 2015

	General	Debt Service	Total Governmental Funds
Assets:			
Cash	1,312,408	15,342	1,327,750
Receivables:			
Property taxes assessed but not collected	463,875	212,709	676,584
Other	3,166	-	3,166
Prepaid insurance	9,322	-	9,322
Total Assets	1,788,771	228,051	2,016,822
Liabilities, Deferred Inflows of Resources, and Fund Balances:			
Liabilities:			
Accounts payable and accrued liabilities	23,191	-	23,191
Due to other fund	-	10,512	10,512
Total Liabilities	23,191	10,512	33,703
Deferred Inflows of Resources:			
Unavailable property tax revenue	463,875	212,709	676,584
Total Deferred Inflows of Resources	463,875	212,709	676,584
Fund Balances:			
Non-spendable:			
Prepaid expenses	9,322	-	9,322
Restricted:			
TABOR	16,000	-	16,000
Debt service	-	4,830	4,830
Unassigned	1,276,383	-	1,276,383
Total Fund Balances	1,301,705	4,830	1,306,535
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	1,788,771	228,051	2,016,822

The accompanying notes are an integral part of these financial statements.

Skyland Metropolitan District
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
For the Year Ended December 31, 2015

Governmental Funds Total Balance of Net Position are Different Because:		
Fund balance - total governmental funds (page C3)		1,306,535
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Details of these amounts are as follows:		
Capital assets	4,139,436	
Accumulated depreciation	(3,349,668)	
		789,768
Deferred charges such as and premiums and discounts on bonded debt, are treated as current transactions on the fund financial statements, but are capitalized and are amortized on the Statement of Net Position:		
Discounts and premiums on bonded debt	13,047	
		13,047
Long-term liabilities, including capital leases and bonds payable , are not due and payable in the current period and, therefore, are not reported in the funds. Details of these amounts are as follows:		
Bonds payable	(2,875,000)	
Accrued interest	(9,790)	
		(2,884,790)
Net Position of Governmental Activities		(775,440)

The accompanying notes are an integral part of these financial statements.

Skyland Metropolitan District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2015

	General	Debt Service	Total Governmental Funds
Revenues:			
Taxes	498,242	236,642	734,884
Reimbursements	34	-	34
Management fees	37,500	-	37,500
Availability of service fees	-	64,790	64,790
Legal agreement	-	16,202	16,202
Interest	1,754	-	1,754
Miscellaneous	900	-	900
Total Revenues	538,430	317,634	856,064
Expenditures:			
General government	228,323	10,512	238,835
Highways and streets	308,919	-	308,919
Debt Service:			
Principal	-	155,000	155,000
Interest	-	122,131	122,131
Trustee fees	-	200	200
Treasurer fees	-	7,117	7,117
Total Expenditures	537,242	294,960	832,202
Net Change in Fund Balances	1,188	22,674	23,862
Fund Balances - Beginning	1,300,517	(17,844)	1,282,673
Fund Balances - Ending	1,301,705	4,830	1,306,535

The accompanying notes are an integral part of these financial statements.

Skyland Metropolitan District
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2015

Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:

Net change in fund balance - total governmental funds (page C5)		23,862
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay during the year. Details of these differences are as follows:		
Capital additions	240,164	
Depreciation expense	(101,260)	
		138,904
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 governmental funds. Neither transaction, however, has any effect on Net Position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Repayment of principal on bonds	155,000	
Amortization of bond premium	753	
Amortization of bond discount	(1,457)	
Change in accrued interest	388	
		154,684
Change in Net Position of Governmental Activities		317,450

The accompanying notes are an integral part of these financial statements.

Skyland Metropolitan District
Statement of Net Position
Proprietary Fund Type
Water and Sewer Fund
For the Year Ended December 31, 2015

Assets:	
Current Assets:	
Cash and investments	338,081
Accounts receivable, net of allowance of $0	35,888
Due from other funds	10,512
Total Current Assets	384,481
Non-Current Assets:	
Property, plant, and equipment, net of accumulated depreciation	4,009,722
Water rights	3,310,732
Land easements	136,129
Total Non-Current Assets	7,456,583
Total Assets	7,841,064
Liabilities:	
Current Liabilities:	
Accounts payable and accrued liabilities	17,569
Accrued compensated absences	1,862
Unearned water tank revenue	647,037
Total Current Liabilities	666,468
Total Liabilities	666,468
Net Position:	
Net invested in capital assets	7,456,583
Unreserved	(281,987)
Total Net Position	7,174,596

The accompanying notes are an integral part of these financial statements.

Skyland Metropolitan District
Statement of Revenues, Expenditures and Changes in Net Position
Proprietary Fund Type
Water and Sewer Fund
For the Year Ended December 31, 2015

Operating Revenues:	
Service fees	189,657
Other	5,104
Total Operating Revenues	194,761
Operating Expenses:	
Repair and maintenance - Water and sewer	43,330
Dam and lake maintenance	8,766
Operational engineering	55
Legal fees	53,094
Utilities	21,585
Depreciation	258,850
Miscellaneous	517
Supplies and chemicals	1,380
Waste and water tests	1,146
Travel and education	1,568
Bad debts (recovery)	(5,428)
Wages and benefits	44,257
Water meter expense	840
Total Operating Expenses	429,960
Operating (Loss)	(235,199)
Non-Operating Revenues:	
Interest income	3,103
Net Non-Operating Revenues	3,103
(Loss) Before Contributions and Transfers	(232,096)
Tap fees	40,828
Change in Net Position	(191,268)
Total Net Position - Beginning	7,365,864
Total Net Position - Ending	7,174,596

The accompanying notes are an integral part of these financial statements.

Skyland Metropolitan District
Statement of Cash Flows
Proprietary Fund Type
Water and Sewer
For the Year Ended December 31, 2015

Cash Flows from Operating Activities:	
Cash received from customers	241,504
Cash payments for goods and services	(136,002)
Cash payments to employees and benefits	(43,784)
Net Cash Provided (Used) by Operating Activities	61,718
Cash Flows from Capital and Related Financing Activities:	
Tap and water tank fees received	40,828
Cash paid for capital improvements	(253,263)
Net Cash Provided (Used) by Capital and Related Financing Activities	(212,435)
Cash Flows from Investing Activities:	
Interest income	3,103
Net Cash Provided (Used) by Investing Activities	3,103
Net Change in Cash	(147,614)
Cash and Investments - Beginning	485,695
Cash and Investments - Ending	338,081
Reconciliation of Operating (Loss) to Net Cash Provided by Operating Activities:	
Operating (loss)	(235,199)
Adjustments to reconcile operating (loss) to net cash provided by operating activities:	
Depreciation	258,850
(Increase) decrease in accounts receivable	(7,498)
Increase (decrease) in accounts payable and accrued liabilities	(3,336)
Increase (decrease) in accrued compensated absences	89
Increase (decrease) in unearned water tank revenue	48,812
Total Adjustments	296,917
Net Cash Provided (Used) by Operating Activities	61,718

The accompanying notes are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

The Skyland Metropolitan District (the "District") is a quasi-municipal corporation organized and operated pursuant to provisions set forth in the Colorado Special District Act.

The District, located in Gunnison County, Colorado, was formed on October 26, 1981, for the purpose of providing water and sewage, fire protection, street, curb and gutter improvements, and safety protection functions to the residents of the District. Currently, sewer and fire protection services are not provided by the District.

The District's financial statements are prepared in accordance with generally accepted accounting principles ("GAAP"). The Governmental Accounting Standards Board ("GASB") is responsible for establishing GAAP for state and local governments through its pronouncements, (Statements and Interpretations). The more significant accounting policies established by GAAP used by the District are discussed below.

A. Reporting Entity

The reporting entity consists of (a) the primary government; i.e., the District, and (b) organizations for which the District is financially accountable. The District is considered financially accountable for legally separate organizations if it is able to appoint a voting majority of an organization's governing body and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the District. Consideration is also given to other organizations, which are fiscally dependent; i.e., unable to adopt a budget, levy taxes, or issue debt without approval by the District. Organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete are also included in the reporting entity.

Based on the criteria above, the District is not financially accountable for any other entity nor is the District a component unit of any other government.

B. Government-wide and Fund Financial Statements

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The District's administration and highways and streets are classified as governmental activities. The District's water and sewer are classified as a business-type activity.

The government-wide Statement of Activities reports both the gross and net cost of each of the District's functions and business-type activities (utilities). The functions are also supported by general government revenues (property and specific ownership taxes, investment earnings, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues and operating and capital contributions. Program revenues must be directly associated with the function (general government and highways and streets) or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific contributions.

The government-wide focus is on the sustainability of the District as an entity and the change in the District's net position resulting from the current year's activities.

I. Summary of Significant Accounting Policies (continued)

C. Fund Financial Statements

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses.

The fund focus is on current available resources and budget compliance.

The District reports the following governmental funds:

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

The *Debt Service Fund* accounts for the accumulation of financial resources to be used for the payment of long-term debt principal, interest, and related costs.

The District reports the following proprietary or business-type fund:

The *Water and Sewer Fund* accounts for the operations of the water and sewer systems.

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Measurement focus refers to whether financial statements measure changes in current resources only (current financial focus) or changes in both current and long-term resources (long-term economic focus). Basis of accounting refers to the point at which revenues, expenditures, or expenses are recognized in the accounts and reported in the financial statements. Financial statement presentation refers to classification of revenues by source and expenses by function.

1. Long-term Economic Focus and Accrual Basis

Both governmental and business-type activities in the government-wide financial statements and the proprietary financial statements use the long-term economic focus and are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of the related cash flows.

2. Current Financial Focus and Modified Accrual Basis

The governmental fund financial statements use the current financial focus and are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter (60 days) to be used to pay liabilities of the current period. Expenditures are generally recognized when the related liability is incurred. The exception to this general rule is that principal and interest on general long-term debt, if any, is recognized when due.

I. Summary of Significant Accounting Policies (continued)

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

3. Financial Statement Presentation

Amounts reported as program revenues include 1) charges to customers and others for goods, services or privileges provided, 2) capital contributions, including special assessments, and 3) operating grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

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. The principal operating revenues of the District's enterprise fund are charges to customers for sales and services. Operating expenses for the enterprise fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

E. Financial Statement Accounts

1. Cash and Cash Equivalents

Cash and cash equivalents are defined as deposits that can be withdrawn at any time without notice or penalty and investments with original maturities of three months or less.

2. Investments

Investments are stated at fair market value.

3. Receivables

Receivables are reported net of an allowance for uncollectible accounts. However, no allowance for uncollectible accounts has been established, as the District considers all accounts to be collectible.

4. Property Taxes

Property taxes are assessed in one year as a lien on the property, but not collected by the governmental unit until the subsequent year. In accordance with GAAP, the assessed but uncollected property taxes have been recorded as a receivable and as unearned revenue.

5. Prepaid Expenses

Prepaid expenses are amounts paid in the current year for expenses related to subsequent years.

I. Summary of Significant Accounting Policies (continued)

E. Financial Statement Accounts (continued)

6. Interfund Receivables and Payables

Balances at year-end between funds are reported as “due to / from other funds” in the fund financial statements. Any residual balances not eliminated between the governmental and business-type activities are reported as “internal balances” in the government-wide financial statements.

7. Capital Assets

Capital assets, which include roads, signs, bridges and paths, water systems, sewer systems and improvements are reported in the applicable governmental or business-type activity columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial cost of $1,000 or more and an estimated useful life in excess of two years. Such assets are recorded at historical cost. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Capital outlay for projects is capitalized as projects are constructed. Interest incurred during the construction phase is capitalized as part of the value of the assets.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Equipment, signs, and water meters	5 - 15
Roads and streets	20
Pedestrian bridge and paths	30
Water tank, water and sewer systems, and buildings and improvements	33 - 40

8. Compensated Absences

Earned but unused vacation benefits are accrued when incurred in the financial statements.

9. Long-term Obligations

Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of the governmental fund. The remaining portion of such obligations is reported in the governmental activities column of the government-wide financial statements. Long-term obligations for proprietary funds are recognized when the related liability is incurred, regardless of the timing of the related cash flows.

I. Summary of Significant Accounting Policies (continued)

E. Financial Statement Accounts (continued)

10. Deferred Inflows of Resources

In addition to liabilities, the statement of financial position will sometimes report 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(s) 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. Unavailable property tax revenue is reported in both the government-wide statement of net position and the governmental funds balance sheet. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available.

11. Categories and Classification of Fund Balance

Governmental accounting standards establish fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Fund balance classifications include Non-spendable, Restricted, Committed, Assigned, and Unassigned. These classifications reflect not only the nature of funds, but also provide clarity to the level of restriction placed upon fund balance. Fund Balance can have different levels of restraint, such as external versus internal compliance requirements. Unassigned fund balance is a residual classification within the general fund. The general fund should be the only fund that reports a positive unassigned balance. In all other funds, unassigned is limited to negative residual fund balance.

The District classifies governmental fund balances as follows:

Non-spendable - includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual requirements.

Spendable Fund Balance:

Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority which is Board of Directors. The District's original budget legislation begins with combining historical data, assessment of needs for the upcoming year and the Board of Directors platform to review, and/or make changes to each department's budget. Before year end, a budgetary committee will meet again with each department for final review and approval of preliminary budget. The Budget is then formally presented to Board of Directors via an advertised public process for their review, revisions and final approval by year end. All subsequent budget requests made during the year, after Board of Directors approval, must be presented via a public process and again approval by Board of Directors.

I. Summary of Significant Accounting Policies (continued)

E. Financial Statement Accounts (continued)

11. Categories and Classification of Fund Balance (continued)

Assigned – includes spendable fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the Board of Directors or its management designee.

Unassigned – includes residual positive fund balance within a general fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

The District uses restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the District would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made. The District does not have a formal minimum fund balance policy.

In addition to the above note disclosure, GASB 54 requires disclosure of the following fund definitions:

General Fund – The general fund is used to account for and report all financial resources not accounted for and reported in another fund.

Debt Service Funds – Debt service funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. Debt service funds should be used to report resources if legally mandated. Financial resources that are being accumulated for principal and interest maturing in future years also should be reported in debt service funds.

12. Tap Fees

Accounting and Financial Reporting for Nonexchange Transactions, GASB No. 33, requires that government entities that receives tap fees record the tap fees as revenue for accounting periods beginning after June 15, 2000. The District has reported tap fees for the year ended December 31, 2015 as revenue in the accompanying financial statements.

F. Significant Accounting Policies

1. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the District's management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenditures or expenses during the reporting period. Actual results could differ from those estimates.

I. Summary of Significant Accounting Policies (continued)

F. Significant Accounting Policies (continued)

2. Restricted and Unrestricted Resources

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

II. Stewardship, Compliance, and Accountability

A. Budgetary Information

Budgets are adopted on a basis consistent with GAAP, except for the proprietary funds. Annual appropriations are adopted for all funds. Expenditures may not legally exceed appropriations at the fund level. All appropriations lapse at year-end.

As required by Colorado Statutes, the District followed the required timetable noted below in preparing, approving, and enacting its budget for 2015.

1. For the 2015 budget year, prior to August 25, 2014, the County Assessor sent to the District an assessed valuation of all taxable property within the District's boundaries. The County Assessor may change the assessed valuation on or before December 10 only once by a single notification to the District.

2. The District Manager submitted to the Board, on or before October 15, 2014, a recommended budget which detailed the necessary property taxes needed along with other available revenues to meet the District's operating requirements.

3. Prior to December 15, 2014, a public hearing was held for the budget, the Board certified to the County Commissioners a levy rate that derived the necessary property taxes as computed in the proposed budget, and the Board adopted the proposed budget and an appropriating resolution that legally appropriated expenditures for the upcoming year.

4. After adoption of the budget resolution, the District may make the following changes: a) it may transfer appropriated money between funds; b) approve supplemental appropriations to the extent of revenues in excess of estimated revenues in the budget; c) approve emergency appropriations; and d) reduce appropriations for which originally estimated revenues are insufficient.

II. Stewardship, Compliance, and Accountability (continued)

A. Budgetary Information (continued)

Taxes levied in one year are collected in the succeeding year. Thus, taxes certified in 2014 were collected in 2015 and taxes certified in 2015 will be collected in 2016. Taxes are due on January 1st in the year of collection; however, they may be paid in either one installment (no later than April 30th) or two equal installments (not later than February 28th and June 15th) without interest or penalty. Taxes that are not paid within the prescribed time bear interest at the rate of one percent (1%) per month until paid. Unpaid amounts and the accrued interest thereon become delinquent on June 16th.

During the year, a supplemental appropriation ordinance was necessary. The budgetary comparison statements reflect the original budget and the final budget after legally authorized revisions were made.

The proprietary fund was adopted on a non-GAAP budgetary basis and has been reconciled below:

	Water and Sewer Fund	Debt Service Fund
Excess of revenues over expenditures and other financing (uses) - budget basis	$ (180,013)	33,186
Reconciliation to GAAP Basis:		
Bad debt expense	5,428	(10,512)
Water tank fees	(11,006)	-
Depreciation	(258,850)	-
Capital additions	253,262	-
Accrued compensated absences	(89)	-
Change in Net Position/Fund Balance - GAAP Basis	$ (191,268)	22,674

The District's Debt Service Fund had expenditures in excess of appropriations of $17.

B. TABOR Amendment - Revenue and Spending Limitation Amendment

In November 1992, Colorado voters amended Article X of the Colorado Constitution by adding Section 20; commonly known as the Taxpayer's Bill of Rights ("TABOR"). TABOR contains revenue, spending, tax and debt limitations which apply to the State of Colorado and local governments. TABOR requires, with certain exceptions, advance voter approval for any new tax, tax rate increase, mill levy above that for the prior year, extension of any expiring tax, or tax policy change directly causing a net tax revenue gain to any local government.

Except for refinancing bonded debt at a lower interest rate or adding new employees to existing pension plans, TABOR requires advance voter approval for the creation of any multiple-fiscal year debt or other financial obligation unless adequate present cash reserves are pledged irrevocably and held for payments in all future fiscal years.

TABOR also requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. These reserves are required to be 3% or more of fiscal year spending (excluding bonded debt service). The District has provided for an emergency reserve of $16,000, in the General Fund, in compliance with TABOR at December 31, 2015.

II. Stewardship, Compliance, and Accountability (continued)

B. TABOR Amendment - Revenue and Spending Limitation Amendment (continued)

The District's electors have passed ballot questions that permit:

1) An increase of up to $1,500,000 in the final year of a phased-in tax increase by the certification of additional mill levies for general fund operating expenses in addition to debt service, which increase may be levied and spent regardless of any limitations imposed by C.R.S. § 29-1-301, *et seq.* and Article X, Section 20 of the Colorado Constitution.

2) An increase in Skyland's revenues and spending up to $1,500,000 in any one fiscal year to the extent that revenues and spending in each such fiscal year are in excess of applicable revenue and spending limits.

The District's management believes that it is in compliance with the financial provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of its provisions, including the interpretation of how to calculate fiscal year spending limits, will require judicial interpretation.

III. Detailed Notes on All Funds

A. Deposits

The District's deposits are entirely covered by federal depository insurance ("FDIC") or by collateral held under Colorado's Public Deposit Protection Act ("PDPA"). The FDIC insures the first $250,000 of the Town's interest-bearing deposits at each financial institution. Non-interest bearing deposits are fully insured by the FDIC. Interest-bearing deposit balances over $250,000 are collateralized as required by PDPA. At year end, the District had the following investments and maturities:

			Maturities	
Type	**Rating**	**Carrying Amount**	**Less Than One Year**	**Less Than Five Years**
Deposits:				
Checking	Not Rated	$ 4,485	-	-
Money market	Not Rated	188,068	-	-
Investments:				
COLOTRUST investment pool	AAAm	1,473,279	1,473,279	-
		$ 1,665,832	1,473,279	-

COLOTRUST is a 2a7-like pool. The fair value of the pool is determined by the pool's share price. The District has no regulatory oversight for the pool.

1. Interest Rate Risk

As a means of limiting its exposure to interest rate risk, the District diversifies its investments by security type and institution, and limits holdings in any one type of investment with any one issuer. The District coordinates its investment maturities to closely match cash flow needs and restricts the maximum investment term to less than five years from the purchase date. As a result of the limited length of maturities the District has limited its interest rate risk.

III. Detailed Notes on All Funds (continued)

A. Deposits (continued)

2. Credit Risk

State law and District policy limit investments to those authorized by State statutes including U.S. Agencies and 2a7-like pools. The District's general investment policy is to apply the prudent-person rule: Investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and, in general, avoid speculative investments.

3. Concentration of Credit Risk

The District diversifies its investments by security type and institution.

Investments may only be made in those financial institutions which are insured by the Federal Deposit Insurance Corporation, the Federal Home Mortgage Association, the Federal Savings and Loan Insurance Corporation, Congressionally authorized mortgage lenders and investments that are federally guaranteed. Financial institutions holding District funds must provide the District with a statement of collateral in the form of a listing of securities pledged, and a copy of the certificate from the Banking Authority that states that the institution is an eligible public depository. Colorado's PDPA requirement noted above mitigates concentration of credit risk.

B. Receivables

Receivables as of year-end for the District's funds, including applicable allowances for uncollectible accounts, are as follows:

	General	Debt Service	Water and Sewer	Total
Receivables:				
Property tax	$ 463,875	212,709	-	676,584
Accounts	-	-	35,888	35,888
Other	3,166	-	-	3,166
Gross receivables	467,041	212,709	35,888	715,638
Less: allowance for uncollectible	-	-	-	-
Net Receivables	$ 467,041	212,709	35,888	715,638

Governmental funds report *unavailable revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. The $676,584 of unavailable revenue is property taxes levied in 2015 but not available until 2016.

III. Detailed Notes on All Funds (continued)

C. Interfund Receivables and Payables

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. The balances result from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.

The Water and Sewer Fund had an interfund receivable from the Debt Service Fund of $10,512 as as of December 31, 2015

D. Capital Assets

Capital asset activity for the year ended December 31, 2015 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	$ 13,800	-	-	13,800
Total Capital Assets, Not Being Depreciated	13,800	-	-	13,800
Capital Assets, Being Depreciated:				
Equipment	93,217	6,294	-	99,511
Roads	3,255,750	229,996	-	3,485,746
Signs	34,222	3,874	-	38,096
Pedestrian bridge and paths	279,009	-	-	279,009
Buildings and Improvements	223,273	-	-	223,273
Total Capital Assets Being Depreciated	3,885,471	240,164	-	4,125,635
Less Accumulated Depreciation for:				
Equipment	(62,614)	(12,462)	-	(75,076)
Roads	(3,044,312)	(57,134)	-	(3,101,446)
Signs	(31,079)	(1,731)	-	(32,810)
Pedestrian bridge and paths	(88,682)	(13,950)	-	(102,632)
Building and Improvements	(21,720)	(15,983)	-	(37,703)
Total Accumulated Depreciation	(3,248,407)	(101,260)	-	(3,349,667)
Total Capital Assets, Being Depreciated, Net	637,064	138,904	-	775,968
Governmental Activities Capital Assets, Net	$ 650,864	138,904	-	789,768

III. Detailed Notes on All Funds (continued)

D. Capital Assets (continued)

Depreciation expense and were charged to functions of the District as follows:

Governmental activities:	Depreciation Expense
General government	$ 22,214
Public works	79,046
Total depreciation expense - governmental activities	$ 101,260

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities:				
Capital Assets, Not Being Depreciated:				
Water rights	$ 3,310,732	-	-	3,310,732
Land easements	136,130	-	-	136,130
Construction in progress	51,860	-	(51,860)	-
Total Capital Assets, Not Being Depreciated	3,498,722	-	(51,860)	3,446,862
Capital Assets, Being Depreciated:				
Water meters	70,437	-	-	70,437
Dam projects	1,774,275	294,900	-	2,069,175
Equipment	23,156	-	-	23,156
Water system	4,421,986	10,222	-	4,432,208
Water tank	706,914	-	-	706,914
Wells	197,010	-	-	197,010
Sewer collection system	1,064,995	-	-	1,064,995
Total Capital Assets Being Depreciated	8,258,773	305,122	-	8,563,895
Less Accumulated Depreciation for:				
Water meters	(44,610)	(4,695)	-	(49,305)
Dam projects	(990,730)	(53,766)	-	(1,044,496)
Equipment	(7,383)	(2,102)	-	(9,485)
Water system	(2,112,754)	(134,154)	-	(2,246,908)
Water tank	(277,586)	(21,422)	-	(299,008)
Wells	(33,001)	(10,438)	-	(43,439)
Sewer collection system	(829,260)	(32,273)	-	(861,533)
Total Accumulated Depreciation	(4,295,324)	(258,850)	-	(4,554,174)
Total Capital Assets, Being Depreciated, Net	3,963,449	46,272	-	4,009,721
Business-type Activities Capital Assets, Net	$ 7,462,171	46,272	(51,860)	7,456,583

The District operates and receives user and availability of service fees for the water systems. The District owns, but does not operate the sewer collection system and does not receive any related sewer revenues. The District maintains the sewer collection system and incurred depreciation expenses of $32,273 for the year ended December 31, 2015. The sewer plant and collection system is operated by East River Regional Sanitation District. The District does not charge East River Regional Sanitation District any fee for the use of its sewer collection system.

III. Detailed Notes on All Funds (continued)

E. Long-term Liabilities – Governmental Activities

The District has the following long-term debt outstanding for governmental activities:

1. General Obligation Refunding and Improvement Bonds, Series 2010

On June 10, 2010, the District issued General Obligation Refunding and Improvement Bonds, Series 2010 in the amount of $3,765,000. $1,490,000 of bond proceeds was used to refund the outstanding balance of the General Obligation (Limited Tax) Refunding Bonds, Series 2003; the proceeds were applied immediately to redeem the old debt. $2,275,000 of bond proceeds was used to finance extensions and improvements to the water system purchase water rights, and the construction of associated structures of the District. The present value savings on the bond refunding was $265,212.

2. Schedule of Future Payments

The District's debt service requirements to maturity at December 31, 2015, are as follows:

Year	Principal	Interest	Total
2016	$ 160,000	117,481	277,481
2017	165,000	111,881	276,881
2018	170,000	105,694	275,694
2019	175,000	98,894	273,894
2020	185,000	91,894	276,894
2021 - 2025	1,035,000	343,070	1,378,070
2026 - 2029	985,000	110,249	1,095,249
Total	2,875,000	979,163	3,854,163
	(13,046)	Less: Unamortized bond discount and premium - net	
	$ 2,861,954	**Total Debt**	

3. Changes in Long-term Debt

Long-term liability activity for the year ended December 31, 2015 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
General Obligation Refunding and Improvement Bonds Series 2010	$ 3,030,000	-	(155,000)	2,875,000	160,000
Total Governmental Activities	$ 3,030,000	-	(155,000)	2,875,000	160,000

IV. Other Information

A. District Management

The management of the District is primarily accomplished through an elected Board of Directors which oversees administration, operations, and maintenance functions.

B. Risk Management

The District is exposed to various risks of loss related to workers compensation, general liability, unemployment, torts, theft of, damage to, and destruction of assets, and errors and omissions. The District carries commercial coverage for these risks and claims and does not expect claims to exceed their coverage.

C. Contingencies - Claims

During the normal course of business, the District incurs claims and other assertions against it from various agencies and individuals. Management of the District and their legal representatives feel none of these claims or assertions are significant enough that they would materially affect the fairness of the presentation of the financial statements at December 31, 2015.

D. Section 401(a) Retirement Plan

The District offers its employees a retirement savings plan created in accordance with Internal Revenue Code Section 401(a) (the “Plan”). The Plan is administered and invested by Colorado County Officials and Employees Retirement Association (“CCOERA”). The benefits a participant will receive depend solely on the amount contributed to the participant's account and the returns earned on investments of those contributions.

Employees of the District, who work at least 12 months per year and 24 hour per week, with 12 months of continuous service, are eligible to participate in the Plan. All participants make required contributions equal to 5% of compensation, as defined in the Plan, and the District makes a matching contribution of 5%. The District’s contributions vest 25% after two years, and the vesting percentage increase 25% each year after that, and become fully vested after five years.

The District's 2015 covered payroll was $116,813 and, during 2015, the District's required and actual contributions amounted to $5,841 . No forfeited contributions were used to reduce the District’s contributions. Participants' required and actual contributions for 2015 amounted to $5,841.

As of December 31, 2015, there were no outstanding contribution liabilities.

E. Section 457 Deferred Compensation Plan

The District has adopted an IRC Section 457 deferred compensation plan administered by CCOERA. Participants may defer up to the lesser of $18,000 or 100% of the participant’s includable compensation. The District has elected not to make employer contributions under the plan. Participants over age 50 are eligible to contribute more than the $18,000 limit due to a catch up provision in the plan. The District is neither the trustee nor the administrator and has no liability under the plan.

IV. Other Information

F. Agreement for Payment in Lieu of Taxes, Availability of Service Fees, Water and Sewer Fees, and Tap Fees

In September 2015, the Districted entered into an agreement with a property owner in which the District received $16,202 in compensation for approving the owner's vacation of a property lot line on taxable property within the District.

REQUIRED SUPPLEMENTARY INFORMATION

Skyland Metropolitan District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget (GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2015
(With Comparative Actual Amounts for 2014)

	2015				2014
	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
Revenues:					
Taxes:					
Property taxes	457,111	457,111	457,119	8	478,916
Specific ownership taxes	32,000	33,982	41,123	7,141	41,530
Total Taxes	489,111	491,093	498,242	7,149	520,446
Other:					
Reimbursements	50	50	34	(16)	1,979
Management fees	37,500	37,500	37,500	-	37,500
Interest	2,500	2,000	1,754	(246)	2,000
Miscellaneous	900	900	900	-	900
Total Other	40,950	40,450	40,188	(262)	42,379
Total Revenues	530,061	531,543	538,430	6,887	562,825
Expenditures:					
General Government:					
Administrative wages and benefits	143,000	132,200	130,231	1,969	125,607
Accounting and auditing	13,400	14,900	13,004	1,896	10,855
Directors' fees	7,000	6,000	5,700	300	6,000
Legal fees	40,000	40,000	33,469	6,531	38,004
Insurance	16,000	17,050	18,361	(1,311)	15,303
Telephone	2,500	2,500	2,647	(147)	2,307
Office supplies	9,000	7,000	5,576	1,424	6,292
Training and education	2,500	1,000	552	448	1,384
Other	2,850	1,850	2,774	(924)	2,065
Truck expense	6,000	6,000	2,261	3,739	2,718
Treasurer's fees	13,800	13,800	13,748	52	14,454
Total General Government	256,050	242,300	228,323	13,977	224,989
Highways and Streets:					
Snowplowing	60,000	30,000	19,035	10,965	41,338
Maintenance - General	201,000	270,100	267,058	3,042	43,156
Maintenance - Landscaping	18,500	13,000	10,407	2,593	12,436
Capital outlay:					
Signs	1,000	4,000	3,875	125	1,426
Base map	500	500	-	500	-
Open space	20,000	12,000	2,250	9,750	2,567
Equipment	25,000	15,000	6,294	8,706	-
Total Highways and Streets	326,000	344,600	308,919	35,681	100,923
Net Change in Fund Balance	(51,989)	(55,357)	1,188	56,545	236,913
Fund Balance - Beginning	1,300,516	1,300,516	1,300,517	1	1,063,604
Fund Balance - Ending	1,248,527	1,245,159	1,301,705	56,546	1,300,517

The accompanying notes are an integral part of these financial statements.

SUPPLEMENTARY INFORMATION

Skyland Metropolitan District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
With Reconciliation to GAAP Basis
Debt Service Fund
For the Year Ended December 31, 2015
(With Comparative Actual Amounts for 2014)

	2015				2014
	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
Revenues:					
Taxes:					
Property taxes	236,650	236,650	236,642	(8)	212,859
Total Taxes	236,650	236,650	236,642	(8)	212,859
Other:					
Availability of service fees	65,968	64,850	64,790	(60)	66,003
Legal agreement	-	16,202	16,202	-	-
Total Other	65,968	81,052	80,992	(60)	66,003
Total Revenues	302,618	317,702	317,634	(68)	278,862
Expenditures:					
Debt Service:					
Principal	155,000	155,000	155,000	-	150,000
Interest	122,131	122,131	122,131	-	126,256
Trustee fees	700	200	200	-	700
Treasurer's fees	7,100	7,100	7,117	(17)	6,424
Total Expenditures	284,931	284,431	284,448	(17)	283,380
Excess of Revenues Over Expenditures	17,687	33,271	33,186	(85)	(4,518)
Reconciliation to GAAP Basis:					
Bad debt expense			(10,512)		-
Net Change in Fund Balance - GAAP Basis			22,674		(4,518)

The accompanying notes are an integral part of these financial statements.

Skyland Metropolitan District
Schedule of Revenues and Expenditures
Budget (Non-GAAP Basis) and Actual
With Reconciliation to GAAP Basis
Proprietary Fund Type - Water and Sewer Fund
For the Year Ended December 31, 2015
(With Comparative Actual Amounts for 2014)

	2015				2014
	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
Revenues:					
User fees	190,010	188,030	189,657	1,627	193,673
Interest - Customers	1,200	2,500	2,458	(42)	2,515
Tap fees	23,470	40,828	40,828	-	37,466
Water tank tap fee	-	-	11,006	11,006	48,088
Other	50	1,092	1,892	800	-
Water meter revenue	500	755	755	-	767
Interest income	3,000	2,500	3,103	603	1,956
Total Revenues	218,230	235,705	249,699	13,994	284,465
Expenditures:					
Repair and maintenance - Water and sewer	75,000	35,000	25,785	9,215	27,052
Repair and maintenance - Equipment	1,000	500	107	393	310
Dam and lake maintenance	30,000	20,000	18,989	1,011	10,889
Capital engineering	15,000	20,000	18,629	1,371	62
Operational engineering	30,000	1,000	55	945	3,988
Legal fees	70,000	60,000	53,094	6,906	62,375
Utilities	25,000	25,000	21,585	3,415	25,289
Miscellaneous	1,000	550	517	33	515
Supplies and chemicals	2,750	1,750	1,380	370	1,251
Waste and water tests	2,500	1,750	1,146	604	1,960
Travel and education	5,000	2,000	1,568	432	331
Wages and benefits	46,950	43,800	44,167	(367)	42,390
Water meter expense	3,000	1,000	840	160	673
Capital outlay	75,000	280,000	241,850	38,150	102,353
Total Expenditures	382,200	492,350	429,712	62,638	279,438
Net Change in Net Position	(163,970)	(256,645)	(180,013)	76,632	5,027
Reconciliation to GAAP Basis:					
Bad debts (recovery)			5,428		10,070
Water tank fees			(11,006)		(48,088)
Depreciation			(258,850)		(251,759)
Capital additions			253,262		253,036
Accrued compensated absences			(89)		(17)
Change in Net Position - GAAP Basis			(191,268)		(31,731)

The accompanying notes are an integral part of these financial statements.

STATISTICAL TABLES

Table II
History of District's Assessed Valuation

Levy/Collection Year	Assessed Valuation	Percent Change
2008/2009	$32,557,130	1.03%
2009/2010	$36,841,950	13.16%
2010/2011	$37,062,530	0.60%
2011/2012	$24,935,930	-32.72%
2012/2013	$24,606,170	-1.32%
2013/2014	$19,192,540	-22.00%
2014/2015	$19,247,630	0.29%
2015/2016	$23,579,320	22.51%

Table III
History of District's Mill Levy

Levy/Collection Year	General Revenue	Bond Redemption	Total
2008/2009	18.667	3.413	22.08
2009/2010	14.927	7.153	22.08
2010/2011	16.317	5.763	22.08
2011/2012	19.945	7.135	27.08
2012/2013	19.42	7.66	27.08
2013/2014	24.952	11.092	36.044
2014/2015	23.749	12.295	36.044
2015/2016	19.673	9.021	28.694

Table IV
Property Tax Collections for the District

Levy/Collection Year	Taxes Levied	Taxes Collected	Total Collections as a Percentage of Taxes Levied
2008/2009	$718,861	$716,848	99.72
2009/2010	$813,469	$799,389	98.27
2010/2011	$818,340	$801,376	97.93
2011/2012	$675,264	$690,831	102.31
2012/2013	$666,334	$669,400	100.46
2013/2014	$691,775	$691,776	100.00
2014/2015	$693,761	$693,761	100.00

TABLE VII
General Fund Comparative Statement of Revenue, Expenditures, and Changes in Fund Balance
Years Ended December 31

	2009	2010	2011	2012	2013	2014	2015
Revenues							
Property taxes	$ 606,044	$ 540,419	$ 592,217	$ 508,797	$ 480,026	$ 478,916	$ 457,119
Specific ownership taxes	37,181	35,686	33,167	31,719	35,262	41,530	41,123
Reimbursements	95,934	50	-	-	328	1,979	34
Management fees	28,655	31,875	32,500	32,500	37,083	37,500	37,500
Capital Improvement fees	7,500	-	-	7,500	-	-	-
Other	3,834	3,984	2,952	8,396	5,399	2,900	2,654
Total Revenues	779,148	612,014	660,836	588,912	558,098	562,825	538,430
Expenditures							
General government	316,849	275,661	256,378	249,223	225,553	224,989	228,323
Highways and streets	317,247	169,668	92,362	138,713	191,690	100,923	308,919
Debt service	13,348	7,787	-	-	-	-	-
Total Expenditures	647,444	453,116	348,740	387,936	417,243	325,912	537,242
Net Change in Fund Balance	131,704	158,898	312,096	200,976	140,855	236,913	1,188
Fund Balance-Beginning	119,074	250,778	409,676	721,772	922,749	1,063,604	1,300,517
Fund Balance-Ending	$ 250,778	$ 409,676	$ 721,772	$ 922,748	$ 1,063,604	$ 1,300,517	$ 1,301,705

Sources: District Audited Financial Reports 2009-2015

TABLE VIII
Enterprise Fund Comparative Statement of Revenue, Expenses, and Changes in Net Position
Years Ended December 31

	2009	2010	2011	2012	2013	2014	2015
Operating Revenues							
Service fees	$ 183,514	$ 194,009	$ 191,875	$ 192,870	$ 188,291	$ 193,673	$ 189,657
Other	1,982	2,748	2,033	1,863	2,711	3,282	5,104
Total Operating Revenues	185,496	196,757	193,908	194,733	191,002	196,955	194,761
Operating Expenses							
Repair and maintenance	52,038	43,865	51,326	41,441	28,548	51,210	43,330
Dam and lake maintenance	12,733	5,733	59,142	23,668	2,337	10,889	8,766
Capital engineering	35,686	-	-	-	-	-	-
Operational engineering	-	10,170	2,526	1,023	15,545	4,049	55
Legal	48,764	41,977	57,910	101,314	-	62,375	53,094
Utilities	12,215	11,680	12,990	16,989	24,246	25,289	21,585
Depreciation	218,644	218,788	218,933	234,536	250,248	251,759	258,850
Miscellaneous	1,806	1,893	2,024	1,145	483	514	517
Supplies and chemicals	1,136	552	2,260	1,474	1,309	1,251	1,380
Waste and water tests	2,411	640	723	2,494	2,445	1,960	1,146
Travel and education	2,038	1,508	1,776	155	1,532	331	1,568
Bad debts (recovery)	42,529	38,547	39,612	39,684	5,058	(10,070)	(5,428)
Wages and benefits	2,067	553	1,803	4,953	42,267	42,407	44,257
Water meter expense	-	-	4,038	-	102	673	840
Water system	2,900	-	-	-	-	-	-
Total Operating Expenses	434,967	375,906	455,063	468,876	374,120	442,637	429,960
Operating Loss	(249,471)	(179,149)	(261,155)	(274,143)	(183,118)	(245,682)	(235,199)
Non-Operating Revenues							
Interest income	4,468	3,974	1,936	3,501	2,005	1,956	3,103
Net Non-Operating Revenues	4,468	3,974	1,936	3,501	2,005	1,956	3,103
Loss Before Contributions and Transfers	(245,003)	(175,175)	(259,219)	(270,642)	(181,113)	(243,726)	(232,096)
Tap fees	94,372	52,890	-	19,486	78,872	37,466	40,828
Transfers In	-	2,275,000	-	-	-	-	-
Change in Net Position	(150,631)	2,152,715	(259,219)	(251,156)	(102,241)	(206,260)	(191,268)
Total Net Position-Beginning	6,182,656	6,032,025	8,184,740	7,925,521	7,674,365	7,572,124	7,365,864
Total Net Position-Ending	$ 6,032,025	$ 8,184,740	$ 7,925,521	$ 7,674,365	$ 7,572,124	$ 7,365,864	$ 7,174,596

Sources: District Audited Financial Reports 2009-2015

EXHIBIT E-2

ADOPTED 2017 BUDGET

RESOLUTION
ADOPTING BUDGET, IMPOSING MILL LEVY AND APPROPRIATING FUNDS

(2017)

The Board of Directors of Skyland Metropolitan District (the "**Board**"), Gunnison County, Colorado (the "**District**") held a regular meeting at 350 Country Club Drive, Suite 112A, Crested Butte, Colorado, on November 16, 2016, at the hour of 4:00 P.M.

Prior to the meeting, each of the directors was notified of the date, time and place of the budget meeting and the purpose for which it was called and a notice of the meeting was posted or published in accordance with §29-1-106, C.R.S.

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FOR BILLING DEPARTMENT:

Agency: Skyland Metro Dist
Department
Publication Date: 11.11.16 + 11.4.16
Ad Description:
Hearing Nov. 16
Cost: 85.75

PROOF OF PUBLICATION

STATE OF COLORADO)
) ss.
COUNTY OF GUNNISON)

I, Melissa Ruch, certify that:

I am the publisher of the Crested Butte Chronicle & Pilot/CB News, a newspaper of general circulation published in Crested Butte (printed in Salida) in said State and County:

The attached advertisement, which is a printed copy taken from said newspaper, was published in said newspaper on the 4, 11 day of November, 2016; and

said advertisement was published in said newspaper proper and not in any supplement thereof:

Signature

Subscribed and sworn before me this 18 day of November, 2016 by Melissa Ruch.

Notary Public

L R CLAIR
ARY PUBLIC
OF COLORADO
ID 20054044048
PIRES DECEMBER 04, 2017

—NOTICE OF PUBLIC HEARING—
2016 AMENDED BUDGET, 2017 PROPOSED BUDGET
NOVEMBER 16, 2016 ~ 4:00 PM
SKYLAND METROPOLITAN DISTRICT
SKYLAND LODGE
350 COUNTRY CLUB DRIVE, SUITE 112A
CRESTED BUTTE, COLORADO 81224

Pursuant to C.R.S. 29-1-106, notice is hereby given that the proposed 2016 amended budget and the proposed 2017 budget have been submitted to the Board of Directors of the Skyland Metropolitan District. Copies of the proposed budgets have been filed in the office of the District, Skyland Lodge, 350 Country Club Drive, Suite 112A, Crested Butte, Colorado 81224, where they are open for public inspection. The proposed budgets will be considered at the regular meeting of the Board of Directors of the District to be held at Skyland Lodge, 350 Country Club Drive, Suite 112A, Crested Butte, Colorado 81224 on November 16, 2016 at 4:00 P.M. The Board will hold a public hearing at such meeting during which all interested parties may be heard.

Any interested elector of the Skyland Metropolitan District may inspect the proposed budgets and file any objections thereto at any time prior to the final adoption of the budgets by the Board of Directors.

Respectfully submitted,
Greg Wiggins, Chairman

Published in the *Crested Butte News*, Issues of November 4 and 11, 2016.
#110411

Thereupon, Director Woody Sherwood introduced and moved the adoption of the following Resolution:

RESOLUTION

A RESOLUTION SUMMARIZING EXPENDITURES AND REVENUES FOR EACH FUND AND ADOPTING A BUDGET AND APPROPRIATING SUMS OF MONEY TO EACH FUND IN THE AMOUNTS AND FOR THE PURPOSES SET FORTH HEREIN FOR THE DISTRICT FOR THE CALENDAR YEAR BEGINNING ON THE FIRST DAY OF JANUARY 2017 AND ENDING ON THE LAST DAY OF DECEMBER 2017.

WHEREAS, the Board has authorized its treasurer, manager and/or legal counsel to prepare and submit a proposed budget to the Board in accordance with Colorado law; and

WHEREAS, the proposed budget has been submitted to the Board for its review and consideration; and

WHEREAS, upon due and proper notice, provided in accordance with Colorado law, said proposed budget was open for inspection by the public at a designated place, a public hearing was held on November 16, 2016, interested electors were given the opportunity to file or register any objections to said proposed budget and no written objections were filed prior to the public hearing; and

WHEREAS, the budget being adopted by the Board has been prepared based on the best information available to the Board regarding the effects of § 29-1-101, *et seq*., C.R.S., as applicable, and Article X, § 20 of the Colorado Constitution.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD AS FOLLOWS:

Section 1. Summary of 2017 Revenues and 2017 Expenditures. The estimated revenues and expenditures for each fund for fiscal year 2017, as more specifically set forth in the budget attached hereto, are accepted and approved.

Section 2. Adoption of Budget. The budget as submitted, amended, attached hereto and incorporated herein is approved and adopted as the budget of the District for fiscal year 2017.

In the event of recertification of values by the County Assessor's Office after the date of adoption hereof, staff is hereby directed to modify and/or adjust the budget and certification to reflect the recertification without the need for additional Board authorization. Any such modification to the budget or certification as contemplated by this Section 2 shall be deemed ratified by the Board.

Section 3. Levy for General Operating Expenses. For the purpose of meeting all general operating expenses of the District during the 2017 budget year, there is hereby levied a tax of nineteen and four hundred eighty-three thousandths (19.483) mills upon each dollar of the total valuation of assessment of all taxable property within the District.

Section 4. Levy for Debt Service Obligations. For the purposes of meeting all debt service obligations of the District during the 2017 budget year, there is hereby levied a tax of nine and two hundred eleven thousandths (9.211) mills upon each dollar of the total valuation of assessment of all taxable property within the District.

Section 5. Levy for Contractual Obligation Expenses. For the purposes of meeting all contractual obligations of the District during the 2017 budget year, there is hereby levied a tax of zero (0.000) mills upon each dollar of the total valuation of assessment of all taxable property within the District.

Section 6. Levy for Capital Project Expenses. For the purposes of meeting all capital project obligations of the District during the 2017 budget year, there is hereby levied a tax of zero (0.000) mills upon each dollar of the total valuation of assessment of all taxable property within the District.

Section 7. Certification to County Commissioners. The Board directs its legal counsel, manager, accountant or other designee to certify to the Board of County Commissioners of Gunnison County, Colorado the mill levies for the District as set forth herein. Such certification shall be in compliance with the requirements of Colorado law.

Section 8. Appropriations. The amounts set forth as expenditures and balances remaining, as specifically allocated in the budget attached hereto and incorporated herein, are hereby appropriated for the purposes thereof and no other.

Section 9. Filing of Budget and Budget Message. The Board hereby directs its legal counsel, manager or other designee to file a certified copy of the adopted budget resolution, the budget and budget message with the Division of Local Government by January 30 of the ensuing year.

Section 10. Budget Certification. The budget shall be certified by a member of the District, or a person appointed by the District, and made a part of the public records of the District.

The foregoing Resolution was seconded by Director Bill Reimer.

[Remainder of page intentionally left blank.]

ADOPTED THIS 16TH DAY OF NOVEMBER, 2016.

SKYLAND METROPOLITAN DISTRICT

President

ATTEST:

Secretary

APPROVED AS TO FORM:

WHITE BEAR ANKELE TANAKA & WALDRON
Attorneys at Law

General Counsel to the District

STATE OF COLORADO
COUNTY OF GUNNISON
SKYLAND METROPOLITAN DISTRICT

I hereby certify that the foregoing resolution constitutes a true and correct copy of the record of proceedings of the Board adopted at a District meeting held on December 14, 2016, at 350 Country Club Drive, Suite 112A, Crested Butte, Colorado, as recorded in the official record of the proceedings of the District.

IN WITNESS WHEREOF, I have hereunto subscribed my name this 14th day of December, 2016.

EXHIBIT A

BUDGET DOCUMENT

BUDGET MESSAGE

SKYLAND METROPOLITAN DISTRICT
2016 AMENDED BUDGET
2017 PROPOSED BUDGET

					Date:	12-Dec-16		
					Current Budget Le	BUD1		
					through:	12-Dec-16		
	ACCOUNT NUMBER	**ACCOUNT DESCRIPTION**	**ACTUAL (2014)**	**ACTUAL (2015)**	**2016 BUDGET**	**2016 YEAR TO DATE ACTUAL**	**2016 AMENDED BUDGET**	**2017 PROPOSED BUDGET**
1	**DEBT SERVICE FUND**							
2		**DEBT SERVICE FUND BEGINNING BALANCE**	**$ (13,325)**	**$ (17,843)**	**$ 15,343**	**$ 15,343**	**$ 15,343**	**$ 5,826**
3	**Revenue**							
4		Taxes:						
5	2-350	Property Taxes	$ 212,859	$ 236,642	$ 212,709	$ 212,719	$ 212,709	$ 216,825
6	2-355	Specific Ownership Taxes	$ -	$ -	$ -	$ -	$ -	$ -
7		Interest:						
8	2-345	Interest Income	$ -	$ -	$ -	$ -	$ -	$ -
9	2-340	Interest Income, Property Tax	$ -	$ -	$ -	$ -	$ -	$ -
10		Service Charge:						
11	2-315	Availability of Service Fee	$ 66,003	$ 64,790	$ 63,847	$ 56,684	$ 61,936	$ 61,035
12		Fees:						
13	2-365	Capital Improvement Fee	$ -	$ -	$ -	$ -	$ -	$ -
14	2-352	Bond Proceeds	$ -	$ -	$ -	$ -	$ -	$ -
15	2-353	Bond Premium	$ -	$ -	$ -	$ -	$ -	$ -
16	2-358	Legal Agreement	$ -	$ 16,202	$ -	$ -	$ -	$ -
17		Transfers Into Fund:						
18	2-391	Transfer from Water Fund	$ -	$ -	$ -	$ -	$ -	$ -
19	2-393	Transfer from General Fund	$ -	$ -	$ -	$ -	$ -	$ -
20		**Revenue Totals:**	**$ 278,862**	**$ 317,634**	**$ 276,556**	**$ 269,403**	**$ 274,645**	**$ 277,860**
21	**Expenditures**							
22		Administration:						
23	2-620	Treasurer Fees	$ 6,424	$ 7,117	$ 6,381	$ 6,391	$ 6,481	$ 6,605
24		Debt Service:						
25	2-545	Bond Principal and Interest	$ 276,256	$ 277,131	$ 277,481	$ 277,481	$ 277,481	$ 276,881
26	2-430	Bond Trustee	$ 700	$ 200	$ 200	$ 200	$ 200	$ 200
27	2-425	Bond Redemption	$ -	$ -	$ -	$ -	$ -	$ -
28	2-550	Bond Issue Cost	$ -	$ -	$ -	$ -	$ -	$ -
29		Transfers Out of Fund:						
30	2-900	Transfer to General Fund	$ -	$ -	$ -	$ -	$ -	$ -
31	2-901	Transfer to Water Fund	$ -	$ -	$ -	$ -	$ -	$ -
32		**Expenditure Totals:**	**$ 283,380**	**$ 284,448**	**$ 284,062**	**$ 284,072**	**$ 284,162**	**$ 283,686**
33		**DEBT SERVICE FUND ENDING BALANCE:**	**$ (17,843)**	**$ 15,343**	**$ 7,837**	**$ 674**	**$ 5,826**	**$ 0**

SKYLAND METROPOLITAN DISTRICT
2016 AMENDED BUDGET
2017 PROPOSED BUDGET

	ACCOUNT NUMBER	ACCOUNT DESCRIPTION	ACTUAL (2014)	ACTUAL (2015)	2016 BUDGET	2016 YEAR TO DATE ACTUAL	2016 AMENDED BUDGET	2017 PROPOSED BUDGET
34	**WATER FUND**							
35		**WATER FUND BEGINNING BALANCE**	**$ 372,709**	**$ 377,736**	**$ 197,723**	**$ 197,723**	**$ 197,723**	**$ 261,401**
36	**Operating Revenues**							
37	3-303	Excess Water Usage Fee	$ -	$ -	$ -	$ -	$ -	$ -
38	3-304	Special Water Permit Fee	$ -	$ 30	$ 10	$ 10	$ 10	$ 10
39	3-305	User Fees	$ 193,673	$ 189,627	$ 190,000	$ 178,917	$ 190,000	$ 190,000
40	3-361	Water Tank User Fees	$ -	$ -	$ -	$ -	$ -	$ -
41		**Total Operating Revenues:**	**$ 193,673**	**$ 189,657**	**$ 190,010**	**$ 178,927**	**$ 190,010**	**$ 190,010**
42	**Operating Expenses**							
43		Repair and Maintenance - Water and Sewer						
44	3-580	Repair and Maintenance - Water	$ 27,052	$ 11,898	$ 50,000	$ 27,121	$ 50,000	$ 50,000
45	3-581	Repair and Maintenance - Sewer	$ -	$ 13,887	$ 25,000	$ 8,221	$ 12,000	$ 25,000
46	3-536	Dam and Lake Maintenance	$ 10,889	$ 18,989	$ 20,000	$ 3,637	$ 15,000	$ 20,000
47	3-535	Equipment Repairs	$ 310	$ 107	$ 1,000	$ 85	$ 1,000	$ 1,000
48	3-531	Operational Engineering	$ 3,988	$ 55	$ 10,000	$ 6,652	$ 10,000	$ 20,000
49	3-540	Insurance - Workers' Comp.	$ 3,503	$ 3,974	$ 4,500	$ 4,349	$ 4,500	$ 4,500
50	3-650	Utilities	$ 25,289	$ 21,585	$ 25,000	$ 27,155	$ 28,500	$ 29,000
51	3-550	Legal	$ 62,375	$ 53,094	$ 50,000	$ 33,615	$ 40,000	$ 40,000
52	3-560	Miscellaneous	$ -	$ -	$ -	$ -	$ -	$ -
53	3-420	Bank Charges	$ 515	$ 517	$ 750	$ 264	$ 750	$ 750
54	3-595	Snowplowing	$ -	$ -	$ -	$ -	$ -	$ -
55		Supplies and Chemicals						
56	3-600	Supplies	$ 1,119	$ 659	$ 2,000	$ 407	$ 1,000	$ 2,000
57	3-605	Chemicals	$ 132	$ 721	$ 1,000	$ -	$ 50	$ 1,000
58	3-635	Water Treatment & Chemical	$ -	$ -	$ -	$ -	$ -	$ -
59	3-630	Waste and Water Tests	$ 1,960	$ 1,146	$ 2,500	$ 1,048	$ 1,500	$ 2,500
60	3-555	Office Supplies and Expense	$ -	$ -	$ -	$ -	$ -	$ -
61	3-640	Travel and Education	$ 331	$ 1,568	$ 5,000	$ 170	$ 500	$ 5,000
62		Wages and Benefits						
63	3-700	Wages and Benefits	$ 22,426	$ 23,093	$ 23,500	$ 22,006	$ 23,500	$ 23,500
64	3-710	Payroll Tax	$ 10,794	$ 11,259	$ 11,500	$ 11,247	$ 11,500	$ 11,500
65	3-712	Retirement Expense	$ 5,667	$ 5,841	$ 6,000	$ 5,763	$ 6,000	$ 6,000
66		**Total Operating Expenses**	**$ 176,350**	**$ 168,393**	**$ 237,750**	**$ 151,740**	**$ 205,800**	**$ 241,750**

SKYLAND METROPOLITAN DISTRICT
2016 AMENDED BUDGET
2017 PROPOSED BUDGET

	ACCOUNT NUMBER	ACCOUNT DESCRIPTION	ACTUAL (2014)	ACTUAL (2015)	2016 BUDGET	2016 YEAR TO DATE ACTUAL	2016 AMENDED BUDGET	2017 PROPOSED BUDGET
67		**Operating Gain (Loss)**	**$ 17,323**	**$ 21,264**	**$ (47,740)**	**$ 27,187**	**$ (15,790)**	**$ (51,740)**
68	**Non-Operating Revenues**							
69		Interest:						
70	3-340	Interest Income - Savings	$ 1,956	$ 3,103	$ 2,000	$ 8,600	$ 9,000	$ 7,000
71	3-345	Interest Income - Customers	$ 2,515	$ 2,458	$ 1,500	$ 189	$ 200	$ 1,500
72	3-352	Bond Proceeds	$ -	$ -	$ -	$ -	$ -	$ -
73		Tap fees:						
74	3-360	Tap Fees - Water	$ 37,466	$ 40,828	$ 18,558	$ 102,069	$ 102,069	$ 37,116
75	3-361	Tap Fees - Water Tank	$ 48,088	$ 11,006	$ -	$ -	$ -	$ -
76	2-365	Capital Improvement Fee	$ -	$ -	$ -	$ -	$ -	$ -
77		Miscellaneous:						
78	3-361	Water Tank Fund	$ -	$ -	$ -	$ -	$ -	$ -
79	3-370	Miscellaneous Revenue	$ -	$ 1,892	$ 100	$ 328	$ 328	$ 100
80	3-381	Engineering Fee Reimbursements	$ -	$ -	$ -	$ -	$ -	$ -
81	3-382	Sign Damage Restitution	$ -	$ -	$ -	$ -	$ -	$ -
82	3-383	Water Meter Revenue	$ 767	$ 755	$ 500	$ 793	$ 793	$ 500
83	3-350	Property Taxes	$ -	$ -	$ -	$ -	$ -	$ -
84		**Total Non-Operating Revenues**	**$ 90,792**	**$ 60,042**	**$ 22,658**	**$ 111,979**	**$ 112,390**	**$ 46,216**
85	**Non-Operating Expenses**							
86	3-415	Bad Debts	$ -	$ -	$ -	$ -	$ -	$ -
87	3-620	Collection Fees (County Treasurer)	$ -	$ -	$ -	$ -	$ -	$ -
88	3-655	Water meter purchases	$ 673	$ 840	$ 1,000	$ 2,922	$ 2,922	$ 1,000
89	3-552	Bond Discount	$ -	$ -	$ -	$ -	$ -	$ -
90	3-553	Bond Issue Costs	$ -	$ -	$ -	$ -	$ -	$ -
91	3-570	Outside services	$ -	$ -	$ -	$ -	$ -	$ -
92		Capital Outlay:						
93	3-440	Capital Outlay - Water System	$ 102,353	$ 241,850	$ 50,000	$ 13,000	$ 20,000	$ 250,000
94	3-441	Capital Outlay - Dam	$ -	$ -	$ -	$ -	$ -	$ -
95	3-470	Capital Outlay - Equipment	$ -	$ -	$ -	$ -	$ -	$ -
96	3-530	Capital Engineering	$ 62	$ 18,629	$ 20,000	$ 4,842	$ 10,000	$ 30,000
97	3-575	Water Tank	$ -	$ -	$ -	$ -	$ -	$ -
98		**Total Non-Operating Expenses**	**$ 103,088**	**$ 261,319**	**$ 71,000**	**$ 20,764**	**$ 32,922**	**$ 281,000**
99		**Net Non-Operating Gain (Loss)**	**$ (12,296)**	**$ (201,277)**	**$ (48,342)**	**$ 91,215**	**$ 79,468**	**$ (234,784)**
100		**Net Gain or Loss Before Transfers**	**$ 5,027**	**$ (180,013)**	**$ (96,082)**	**$ 118,402**	**$ 63,678**	**$ (286,524)**

SKYLAND METROPOLITAN DISTRICT
2016 AMENDED BUDGET
2017 PROPOSED BUDGET

	ACCOUNT NUMBER	ACCOUNT DESCRIPTION	ACTUAL (2014)	ACTUAL (2015)	2016 BUDGET	2016 YEAR TO DATE ACTUAL	2016 AMENDED BUDGET	2017 PROPOSED BUDGET
101	**Fund Transfers**							
102		**Transfers Into Fund:**						
103	3-395	Transfer from Capital Reserve	$ -	$ -	$ -	$ -	$ -	$ -
104	3-398	Transfer from Debt Service Fund	$ -	$ -	$ -	$ -	$ -	$ -
105		**Total Transfers In**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
106		**Transfers out of Fund:**						
107	3-501	Transfer to General Fund	$ -	$ -	$ -	$ -	$ -	$ -
108	3-503	Transfer to Debt Service Fund	$ -	$ -	$ -	$ -	$ -	$ -
109	3-500	Transfer to Capital Reserve	$ -	$ -	$ -	$ -	$ -	$ -
110		**Total Transfers Out**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
111		**Net Transfers**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
112		**WATER FUND ENDING BALANCE**	**$ 377,736**	**$ 197,723**	**$ 101,641**	**$ 316,125**	**$ 261,401**	**$ (25,123)**
113		*Total of Non-Transfer Revenues:*	$ 284,465	$ 249,699	$ 212,668	$ 290,906	$ 302,400	$ 236,226
114		*Total of Non-Transfer Expenses:*	$ 279,438	$ 429,712	$ 308,750	$ 172,504	$ 238,722	$ 522,750
115		*Total of Revenues, With Transfers:*	$ 284,465	$ 249,699	$ 212,668	$ 290,906	$ 302,400	$ 236,226
116		*Total of Expenses, With Transfers*	$ 279,438	$ 429,712	$ 308,750	$ 172,504	$ 238,722	$ 522,750
117	**GENERAL FUND**							
118		**GENERAL FUND BEGINNING BALANCE**	**$ 1,063,603**	**$ 1,300,516**	**$ 1,301,704**	**$ 1,301,704**	**$ 1,301,704**	**$ 1,341,210**
119	**Revenue**							
120		Taxes:						
121	4-350	Property Taxes	$ 478,916	$ 457,119	$ 463,875	$ 463,867	$ 463,875	$ 458,627
122	4-355	Specific Ownership Tax	$ 41,530	$ 41,123	$ 34,000	$ 36,383	$ 36,383	$ 34,000
123		Interest						
124	4-340	Interest Income, Property Tax	$ 2,000	$ 1,754	$ 2,000	$ 991	$ 1,200	$ 2,000
125	4-345	Interest Income	$ -	$ -	$ -	$ -	$ -	$ -
126		Fees						
127	4-365	Capital Improvement Fees	$ -	$ -	$ -	$ -	$ -	$ -
128		Inter-Gov. Revenue:						
129	4-377	Reimbursement from East River R.S.D.	$ -	$ -	$ -	$ -	$ -	$ -
130		Miscellaneous:						
131	4-375	M-2 Road Improvement Fee	$ -	$ -	$ -	$ -	$ -	$ -
132	4-376	Income - Newport Water	$ -	$ -	$ -	$ -	$ -	$ -
133	4-380	Conservation Trust Fund	$ -	$ -	$ -	$ -	$ -	$ -
134	4-372	Management Fees	$ 37,500	$ 37,500	$ 37,500	$ 36,458	$ 40,000	$ 40,000

SKYLAND METROPOLITAN DISTRICT
2016 AMENDED BUDGET
2017 PROPOSED BUDGET

	ACCOUNT NUMBER	ACCOUNT DESCRIPTION	ACTUAL (2014)	ACTUAL (2015)	2016 BUDGET	2016 YEAR TO DATE ACTUAL	2016 AMENDED BUDGET	2017 PROPOSED BUDGET
135	4-373	Bobcat Revenue	$ -	$ -	$ -	$ -	$ -	$ -
136	4-378	Reimbursement from Frank	$ -	$ -	$ -	$ -	$ -	$ -
137	4-368	Rental Income	$ 900	$ 900	$ 900	$ 825	$ 900	$ 900
138	4-370	Other revenue	$ 1,979	$ 34	$ 50	$ -	$ 50	$ 50
139		Transfer from other funds:						
140	4-395	Transfer from Debt Service Fund	$ -	$ -	$ -	$ -	$ -	$ -
141	4-396	Transfer from Water Fund	$ -	$ -	$ -	$ -	$ -	$ -
142		**Revenue Totals:**	**$ 562,825**	**$ 538,430**	**$ 538,325**	**$ 538,524**	**$ 542,408**	**$ 535,577**
143	**Expenditures**							
144		Accounting and Auditing:						
145	4-405	Accounting	$ 1,920	$ 4,204	$ 3,000	$ 1,920	$ 3,000	$ 3,000
146	4-410	Auditing Expense	$ 8,935	$ 8,800	$ 10,500	$ 9,000	$ 9,000	$ 10,500
147	4-620	Treasurer Fees	$ 14,454	$ 13,748	$ 13,916	$ 13,936	$ 14,016	$ 13,859
148	4-415	Bad Debts	$ -	$ -	$ -	$ -	$ -	$ -
149	4-700	Administrative Wages	$ 108,576	$ 113,069	$ 120,000	$ 104,061	$ 120,000	$ 120,000
150	4-520	Developer Agreement Neg.	$ -	$ -	$ -	$ -	$ -	$ -
151	4-525	Directors Fees	$ 6,000	$ 5,700	$ 7,000	$ 4,400	$ 6,000	$ 7,000
152	4-527	Consulting Fees	$ -	$ -	$ -	$ -	$ -	$ -
153	4-510	Treasurer Fees	$ -	$ -	$ -	$ -	$ -	$ -
154	4-565	Bobcat Lease	$ -	$ -	$ -	$ -	$ -	$ -
155	4-595	Snowplowing	$ 41,338	$ 19,035	$ 60,000	$ 18,057	$ 40,000	$ 60,000
156	4-580	Maintenance - Capital	$ -	$ -	$ 1,000	$ -	$ 50	$ 1,000
157	4-585	Maintenance - Roads	$ 43,156	$ 267,058	$ 200,000	$ 146,765	$ 175,000	$ 200,000
158	4-590	Maintenance - Landscape	$ 12,436	$ 10,407	$ 18,500	$ 14,555	$ 18,500	$ 18,500
159	4-550	Legal	$ 38,004	$ 33,469	$ 40,000	$ 17,323	$ 20,000	$ 40,000
160		Office Supplies:						
161	4-555	Office Supplies and Expense	$ 6,292	$ 5,576	$ 9,000	$ 7,698	$ 9,000	$ 9,000
162	4-600	Supplies	$ -	$ -	$ -	$ -	$ -	$ -
163	4-610	Taxes and Licenses	$ 640	$ 341	$ 500	$ 974	$ 1,000	$ 500
164		Insurance:						
165	4-540	Insurance:	$ 15,303	$ 18,361	$ 17,100	$ 17,889	$ 18,000	$ 17,100
166	4-541	Employee Health Insurance	$ 17,031	$ 17,162	$ 17,000	$ 14,101	$ 17,000	$ 17,500
167	4-656	Truck Expense	$ 2,718	$ 2,261	$ 6,000	$ 1,307	$ 3,000	$ 6,000
168	4-570	Basemap	$ -	$ -	$ 100	$ -	$ 100	$ 100
169		Other:						
170	4-560	Miscellaneous Expense	$ 1,425	$ 2,433	$ 2,500	$ 1,442	$ 1,000	$ 2,500
171	4-640	Travel and Education	$ 1,384	$ 552	$ 2,500	$ 391	$ 1,000	$ 2,500
172	4-645	Telephone	$ 2,307	$ 2,647	$ 2,500	$ 1,894	$ 2,500	$ 2,500
173		Capital Outlay:						

SKYLAND METROPOLITAN DISTRICT
2016 AMENDED BUDGET
2017 PROPOSED BUDGET

	ACCOUNT NUMBER	ACCOUNT DESCRIPTION	ACTUAL (2014)	ACTUAL (2015)	2016 BUDGET	2016 YEAR TO DATE ACTUAL	2016 AMENDED BUDGET	2017 PROPOSED BUDGET
174	4-445	Capital Outlay - Roads	$ -	$ -	$ -	$ -	$ -	$ -
175	4-450	Capital Outlay - Open Space	$ 2,567	$ 2,250	$ 20,000	$ 2,438	$ 5,000	$ 60,000
176	4-460	Capital Outlay - Communications	$ -	$ -	$ -	$ -	$ -	$ -
177	4-470	Capital Outlay - Equipment	$ -	$ 6,294	$ 10,000	$ 38,736	$ 38,736	$ 10,000
178	4-480	Capital Outlay - Signs	$ 1,426	$ 3,875	$ 1,000	$ -	$ 1,000	$ 1,000
179	4-530	Capital Engineering	$ -	$ -	$ -	$ -	$ -	$ -
180		Transfer to Other Funds:						
181	4-506	Transfer to Debt Service Fund	$ -	$ -	$ -	$ -	$ -	$ -
182		**Expenditure Totals:**	**$ 325,912**	**$ 537,242**	**$ 562,116**	**$ 416,887**	**$ 502,902**	**$ 602,559**
183		**GENERAL FUND ENDING BALANCE:**	**$ 1,300,516**	**$ 1,301,704**	**$ 1,277,913**	**$ 1,423,341**	**$ 1,341,210**	**$ 1,274,228**
184		**TOTAL ENDING BALANCES**	**$ 1,660,409**	**$ 1,514,770**	**$ 1,387,391**	**$ 1,740,140**	**$ 1,608,437**	**$ 1,249,105**
185	**Allocation of Reserves**							
186		**Emergency Reserve**	$ 9,777	$ 16,117	$ 16,863	$ 12,507	$ 15,087	$ 18,077
187		**Operating Reserve***						
188		**General Contingency & Operating Reserve***	$ 1,650,632	$ 1,498,653	$ 1,370,528	$ 1,727,633	$ 1,593,350	$ 1,231,029
189		**Total**	**$ 1,660,409**	**$ 1,514,770**	**$ 1,387,391**	**$ 1,740,140**	**$ 1,608,437**	**$ 1,249,105**
190		Net Change in Reserves	$ 237,424	$ (145,639)	$ (127,379)	$ 225,370	$ 93,667	**$ (359,332)**
191	**TABOR Limitations (General Fund)**							
192		*"De-Bruced" TABOR Revenue / Spending Limits*	$ 1,748,771	$ 1,753,498	$ 1,760,849	$ 1,760,849	$ 1,760,849	$ 1,768,675
193		*Amount Revenue/Spending +/- TABOR Limits*	$ (1,186,846)	$ (1,215,967)	$ (1,223,424)	$ (1,223,150)	$ (1,219,341)	$ (1,233,998)

* The District's bonds no longer require it to maintain separate operating and capital reserves. The Amended Budget for 2003 consolidated those reserves and the District's General Contingency Reserve.

EXHIBIT A

SKYLAND METROPOLITAN DISTRICT

2017 BUDGET MESSAGE

DISTRICT SERVICES: The District provides water and sanitation facilities to its residents, as well as park, recreational and fire protection services to its residents.

BASIS OF ACCOUNTING: The basis of accounting utilized in the preparation of the 2017 budget for the District is a modified accrual method. The District's 2017 budget includes projected revenues and expenditures for its general fund, water fund, and debt service fund.

BUDGET FEATURES:

1. Total Revenues and Expenditures: In compliance with Amendment 1, the District's electorate has approved the issuance of refunding and general obligation bonds and the increase of taxes, revenues, and expenditures over the 2016 taxes, revenues, and expenditures, as may be necessary to pay for debt service and operating expenses in 2017.

2. General Fund: The expenditures of the District in 2017 reflect a decrease in capital outlay for equipment from the prior year's budget. The District's expenses for snowplowing, road maintenance, and capital outlay for open space have increased.

In compliance with Amendment 1, the District has previously established an emergency reserve equal to at least 3% of the District's expenditures, excluding those for bonded debt service, spending from gifts, federal funds, collections from another government, pension contributions by employees and pension fund earnings, reserve transfers or expenditures, damage awards or property sales.

3. Water Fund: The District's 2017 budget includes operating expenses that are greater than those incurred in 2016, and non-operating expenses greater than those incurred in 2016. The budget includes an increase in expenses for operational engineering, dam and lake maintenance, and capital outlay for the water system. The budget includes a decrease in expenses for water meter purchases. The District will continue to work to strengthen its water resources by implementing new water plans, maintaining and upgrading the water system, and acquiring new water rights as necessary.

4. Debt Service Fund: On or about February 7, 2003, the District issued $1,890,000 in General Obligation (Limited Tax) Refunding Bonds, Series 2003 ("Series 2003 Bonds"), dated January 1, 2003. The Series 2003 Bonds completely refunded the outstanding balance on the District's $5,300,000 General Obligation (Limited Tax)

Refunding Bonds, Series 1993. The Series 2003 Bonds bore interest at the rate of 6.75% per annum and would have matured on December 1, 2022. Pursuant to the terms of the Series 2003 Bonds, the District's annual principal and interest payments would not exceed $175,500.

On May 4, 2004, in the special district election, the electors of the District approved a ballot question authorizing the District to incur additional bonded indebtedness not to exceed $2,750,000 to finance capital improvements.

On November 23, 2009, the District passed a resolution authorizing the issuance of General Obligation Refunding Bonds in an aggregate principal amount not to exceed $1,500,000 for the purpose of refunding, paying and discharging all or a portion of the District's outstanding Limited Tax General Obligation Bonds, Series 2003. The resolution also authorized the issuance of General Obligation Bonds in an aggregate principal amount not to exceed $2,750,000, the amount authorized by the May 4, 2004 ballot question, for the purpose of financing additions and improvements to the water system of the District.

As authorized by the resolution, the District issued General Obligation Refunding and Improvement Bonds 2010 Series in the amount of $3,765,000 in 2010.

The District imposed an ad valorem property tax levy of 28.694 mills in 2017. The District agreed with the owners of the bonds it issued that some or all of the tax revenues may be used for the District's operation and maintenance expenses. Of the 28.694 mills imposed, 9.211 mills are directly allocated to fund the District's debt service in 2017.

EXHIBIT E-3

ESTIMATED FUTURE PUBLIC IMPROVEMENT COSTS

Project List	Project Description	Cost Estimate	Paid By
Roads	Resurface remaining Skyland roads	$1,000,000	District
Roads	Eliminate Split Road on Upper Ridge Road	$70,000	District
Roads	New road to upper Phase III	$300,000	Developer
Open Space - Bike Path to Town	Continuation of Paving into Town - Riverbend Section	$60,000	Shared by District, Brush Creek Subdivisions, County, and Met Rec District
Open Space - Bike Path to Town	Continuation of Bike Path and Paving into Town - Riverbend to Town	$100,000	Shared by District, Brush Creek Subdivisions, County, and Met Rec District
Water System - Lake Grant	Hazard classification study - Dam	$25,000	District
Water System - Lake Grant	Inundation Mapping - Dam	$25,000	District
Water System - Lake Grant	Lake Level Monitor	$15,000	District
Water System - Lake Grant	Spillway Flow Monitor	$15,000	District
Water System - Lake Grant	Real Time Golf Course Usage	$5,000	District
Water System - Lake Grant	Surface Water Intake - Golf Course Irrigation	$75,000	Shared by District and Community Association
Water System - Entrance Wells	Automate valve cluster at Decker and Lake Grant junction	$50,000	District
Water System - Entrance Wells	Upgrades to SCADA system	$20,000	District
Water System - East Wells	Purchase access easement and build access road through Buckhorn open space for year round vehicle access. Could be a split project with SMD for East River Well diligence.	$50,000	District
Water System - East Wells	Flow testing, water quality testing.	$10,000	District
Water System - East Wells	Pipeline alignment/engineering	$10,000	District
Water System - East Wells	Pipeline Construction	$700,000	District
Water Syatem - Decker Building	Terminate pipeline into the clearwell.	$30,000	District
Water Syatem - Decker Building	Backup generator	$100,000	District
Water System - Distribution System	Improve Fire Flows on Forest Lane	$50,000	District
Water System - Distribution System	Improve Water Delivery for Forest Lane	$150,000	District
Water System - Distribution System	Backup generator	$100,000	District
Water System - Distribution System	Flow meters for gravity and pressure distribution lines.	$50,000	District
Water System - Distribution System	Continuos Chlorine Residual Reading	$10,000	District
Water System - Storage Tank	New Tank on upper Phase III for high zone	$600,000	Shared by District and Developer
Distribution System	New distribution lines to serve upper Phase III	$400,000	Developer
Collection System	New collection lines to serve ipper Phase III	$400,000	Developer
Collection System	Spray line manholes to curtail inflow and infiltration	$200,000	District

AMENDED AND RESTATED
SERVICE PLAN
FOR
EAST RIVER REGIONAL SANITATION DISTRICT
GUNNISON COUNTY, COLORADO

Prepared By:

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_____ ___, 2017

TABLE OF CONTENTS

I. INTRODUCTION 1
- A. Purpose and Intent 1
- B. Need for the District 1
- C. Objective of the County Regarding this Amended and Restated Service Plan 1

II. DEFINITIONS 2

III. BOUNDARIES 4

IV. PROPOSED LAND USE/POPULATION PROJECTIONS/ASSESSED VALUATION 4

V. DESCRIPTION OF PROPOSED POWERS, IMPROVEMENTS AND SERVICES 4
- A. Powers of the District and Service Plan Amendment. 4
  - 1. Operations and Maintenance of Public Improvements 5
  - 2. Construction Standards Limitation 5
  - 3. Privately Placed Debt Limitation 5
  - 4. Total Debt Issuance Limitation 5
  - 5. Imposition of Fees 5
  - 6. Bankruptcy Limitation 5
  - 7. Eminent Domain. 6
  - 8. Service Plan Amendment Requirement 6
- B. Current and Future Public Improvements. 6

VI. FINANCIAL PLAN 6
- A. General. 6
- B. Maximum Voted Interest Rate and Maximum Underwriting Discount. 7
- C. Maximum Mill Levy. 7
- D. Debt Repayment Sources. 7
- E. Security for Debt. 8
- F. TABOR Compliance. 8
- G. District Operating Costs. 8

VII. ANNUAL REPORT 8

VIII. DISSOLUTION 8

IX. DISCLOSURE TO PURCHASERS 9

X. CONCLUSION 9

LIST OF EXHIBITS

EXHIBIT A	Legal Description
EXHIBIT B	Vicinity Map
EXHIBIT C	District Boundary Map
EXHIBIT D-1	Existing Public Improvements
EXHIBIT D-2	Potential Future Public Improvements
EXHIBIT E-1	2015 Audited Financials
EXHIBIT E-2	Adopted 2017 Budget
EXHIBIT E-3	Estimated Future Public Improvement Costs

I. INTRODUCTION

A. Purpose and Intent

The District is an independent unit of local government, separate and distinct from the County, and, except as may otherwise be provided for by State or local law or this Amended and Restated Service Plan, its activities are subject to review by the County only insofar as they may deviate in a material matter from the requirements of this Amended and Restated Service Plan. The District's Original Service Plan was approved by the County in June, 1983. The circumstances under which the Original Service Plan was approved have changed over the years and Colorado law has evolved with respect to special districts. For those reasons, this Amended and Restated Service Plan has been approved to update the Original Service Plan and provide a service plan that is consistent with the current status of the District and Colorado law as it stands today. All Public Improvements have previously been constructed for the use and benefit of all inhabitants and taxpayers of the District. This Amended and Restated Service Plan shall provide for the ongoing administration, operation, maintenance and construction of the Public Improvements.

B. Need for the District

At the time of the District's organization, there were no other governmental entities, including the County, located in the immediate vicinity of the District that considered it desirable, feasible or practical to undertake the planning, design, acquisition, construction, installation, relocation, redevelopment, or financing of the Public Improvements. Formation of the District was therefore necessary in order for the Public Improvements required for the Project. The Original Service Plan was approved to govern the provision of wastewater services and facilities to communities within the District and thereby promote public health, safety and the general welfare of the community. To carry out this mission, the District was empowered by the Original Service Plan to finance, construct, own, operate and maintain certain wastewater facilities, including interceptor lines, outfall lines, pump stations, force mains and a treatment plant. Skyland was to be responsible for the ownership, operation and maintenance of the collector lines within Skyland. As such, the boundaries of the District and Skyland overlap substantially but there has never been a duplication of services. At the time of the District's organization, development plans within the boundaries of the District included 1,287 dwelling units with a projected population of 3,876 people, all to be served by the District.

As the Community has grown, the projected development plans have been modified. As of the date of this Amended and Restated Service Plan, the Service Area currently consists of the communities of Skyland, Buckhorn, Silversage, Rivergreen, Larkspur, Whetstone Vista, Brush Creek Estates and Riverbend, covering an area of approximately one thousand, one hundred and five (1,105) acres and is expected to have a population of approximately 4,000 at full build-out. The Community is currently served by the Public Improvements described in **Exhibit D-1** of this Amended and Restated Service Plan. There is a continuing need for the District to provide ongoing administration, construction, operations and maintenance services with respect to the Public Improvements.

C. Objective of the County Regarding this Amended and Restated Service Plan

The County's objective in approving this Amended and Restated Service Plan is to provide the District with the continued authority to implement the necessary planning, design, acquisition, construction, installation, relocation and redevelopment actions with respect to the Public Improvements. This Amended and Restated Service Plan also allows the District to continue to administer, operate and maintain the Public Improvements in a manner that is consistent with the current status of the Community and the Special District Act. The District shall continue to be permitted to rely on the proceeds of Debt it issues to finance the Public Improvements. All Debt issued by the District is expected to be repaid from revenue generated by *ad valorem* taxes, charges, fees and other revenue sources legally permissible under the Special District Act. The ongoing administrative, operations and maintenance responsibilities of the District shall also be supported by *ad valorem* taxes, charges, fees and other revenue sources legally permissible under the Special District Act. The District shall determine, in its sole discretion, how to utilize such revenue sources with respect to its Debt and any of its ongoing administrative, operational or maintenance responsibilities.

II. DEFINITIONS

In this Amended and Restated Service Plan, the following terms shall have the meanings indicated below, unless the context hereof clearly requires otherwise:

Amended and Restated Service Plan: means this service plan as approved by the Board of County Commissioners.

Board: means the East River Regional Sanitation District Board of Directors.

Board of County Commissioners: means the Gunnison County Board of County Commissioners.

Bond, Bonds or Debt: means bonds or other obligations for the payment of which the District has promised to impose an *ad valorem* property tax mill levy and/or collect Fee revenue.

County: means Gunnison County, Colorado.

Community: means the developed areas receiving services from the District.

District: means the East River Regional Sanitation District.

District Boundaries: means the boundaries of the area described in the District Boundary Map.

District Boundary Map: means the map attached hereto as **Exhibit C**, describing the boundaries of the District.

External Financial Advisor: means a consultant that: (i) advises Colorado governmental entities on matters relating to the issuance of securities by Colorado governmental entities, including matters such as the pricing, sales and marketing of such securities and the procuring of bond ratings, credit enhancement and insurance in respect of such

securities; (ii) shall be an underwriter, investment banker, or individual listed as a public finance advisor in the Bond Buyer's Municipal Market Place; and (iii) is not an officer or employee of the District and has not been otherwise engaged to provide services in connection with the transaction related to the applicable Debt.

Fees: means any fee imposed by the District for services, programs or facilities provided by the District, as described in Section V. below.

Financial Plan: means, for purposes of this Amended and Restated Service Plan, the District's 2015 audited financials, attached hereto as **Exhibit E-1**, the District's adopted 2017 budget, attached hereto as **Exhibit E-2**, and the projected future public improvement costs, attached hereto as **Exhibit E-3**.

General Obligation Bonds: means any general obligation Bonds and any general obligation refunding Bonds issued by the District as Debt.

Maximum Mill Levy: means the maximum mill levy the District is permitted to impose for payment of Debt or operations and maintenance costs, if any, as set forth in Section VI.C. below.

Original Service Plan: means that certain Service Plan for the District approved by the Board of County Commissioners in June, 1983.

Public Improvements: means a part or all of the improvements authorized to be planned, designed, acquired, constructed, installed, relocated, redeveloped, operated and maintained and financed as generally described in the Special District Act, except as specifically limited in Section V. below, to serve the current and future taxpayers and inhabitants of the Service Area as determined by the Board.

Revenue Bonds: means any revenue Bonds and any revenue refunding Bonds issued by the District as Debt.

Sanitation: means the design, financing, acquisition, installation, construction, operation and maintenance of storm and sanitary sewer systems, including, without limitation, collection lines, lift stations, pump stations, lagoons, wastewater treatment facilities, maintenance buildings, flood and surface drainage, related disposal works and facilities, and solid waste disposal facilities or waste services, and all necessary equipment and improvements, together with all necessary, incidental and appurtenant facilities, land, wells, water rights and easements, and all necessary extensions of and improvements to such facilities and systems within and without the boundaries of the District.

Service Area: means the property depicted on the District Boundary Map and any property subsequently included into the District after the approval of this Amended and Restated Service Plan.

Service Plan Amendment: means an amendment to this Amended and Restated Service Plan, as approved by the Board of County Commissioners.

Skyland: means the Skyland Metropolitan District, a quasi-municipal corporation and political subdivision of the State.

Special District Act: means Section 32-1-101, *et seq.*, of the Colorado Revised Statutes, as amended from time-to-time.

State: means the State of Colorado.

Taxable Property: means real or personal property within the Service Area subject to *ad valorem* taxes imposed by the District.

Water: means the design, financing, acquisition, installation, construction, operation and maintenance of water systems, including, without limitation, water distribution and transmission lines, hydrants, storage tanks, lakes and reservoirs, dams, water treatment, transmission and distribution facilities, wells, irrigation systems and pumping facilities, and all necessary equipment and improvements, together with all necessary, incidental and appurtenant facilities, land, water rights and easements, and all necessary extensions of and improvements to such facilities and systems within and without the boundaries of the District.

III. BOUNDARIES

The area of the District Boundaries includes approximately eight hundred and sixty-four (864) acres. A legal description of the District Boundaries is attached hereto as **Exhibit A**. A vicinity map is attached hereto as **Exhibit B**. A map of the District Boundaries is attached hereto as **Exhibit C**. It is anticipated that the District's boundaries may change from time-to-time as they undergo inclusions and exclusions pursuant to Section 32-1-401, *et seq.*, C.R.S., and Section 32-1-501, *et seq.*, C.R.S.

IV. PROPOSED LAND USE/POPULATION PROJECTIONS/ASSESSED VALUATION

The Service Area currently consists of approximately eight hundred and sixty-four (864) acres of residential and recreational land. The 2016 assessed valuation of the Service Area is $31,324,290 for purposes of this Amended and Restated Service Plan and, at build out, is expected to be sufficient to reasonably discharge the District's Debt. The current population of the District is approximately 1,000 and could eventually reach approximately 4,000.

V. DESCRIPTION OF PROPOSED POWERS, IMPROVEMENTS AND SERVICES

A. Powers of the District and Service Plan Amendment.

The District shall have the power and authority to provide the Public Improvements and related operation and maintenance services within and without the boundaries of the District as such power and authority is described in the Special District Act, and other applicable statutes, common law and the Constitution, subject to the limitations set forth herein. More specifically, the County authorizes the District to provide the following services and/or facilities: Sanitation and Water.

The District may also provide, finance and pay for other services and facilities authorized under the Special District Act or by law if needed to serve the Project and not otherwise provided or planned to be provided by the County or other governmental entity.

1. Operations and Maintenance of Public Improvements. The purpose of the District is to plan for, design, acquire, construct, install, relocate, redevelop, finance, operate and maintain the Public Improvements. The District shall be authorized to operate and maintain any part or all of the Public Improvements unless the provision of such operation and maintenance is allocated to another public entity pursuant to an intergovernmental agreement.

2. Construction Standards Limitation. The District will ensure that the Public Improvements are designed and constructed in accordance with the standards and specifications of the County and of other governmental entities having proper jurisdiction.

3. Privately Placed Debt Limitation. Prior to the issuance of any privately placed Debt, the District shall obtain the certification of an External Financial Advisor substantially as follows:

> We are [I am] an External Financial Advisor within the meaning of the District's Service Plan.
>
> We [I] certify that (1) the net effective interest rate (calculated as defined in Section 32-1-103(12), C.R.S.) to be borne by [insert the designation of the Debt] does not exceed a reasonable current [tax-exempt] [taxable] interest rate, using criteria deemed appropriate by us [me] and based upon our [my] analysis of comparable high yield securities; and (2) the structure of [insert designation of the Debt], including maturities and early redemption provisions, is reasonable considering the financial circumstances of the District.

4. Total Debt Issuance Limitation. The District shall not issue Debt in excess of twelve million dollars ($12,000,000) or an amount equal to thirty percent (30%) of the District's assessed valuation at the time of issuance, whichever is greater, except as specifically permitted under Section VI (A) hereof.

5. Imposition of Fees. The District may impose and collect Fees as a source of revenue for repayment of Debt, capital costs, and/or for operations and maintenance.

6. Bankruptcy Limitation. All of the limitations contained in this Amended and Restated Service Plan, including, but not limited to, those pertaining to the Maximum Mill Levy, Maximum Mill Levy Imposition Term and the Fees have been established under the authority of the County to approve the Amended and Restated Service Plan with conditions pursuant to Section 32-1-203, C.R.S. It is expressly intended that such limitations:

(a) Shall not be subject to set-aside for any reason or by any court of competent jurisdiction, absent a Service Plan Amendment; and

(b) Are, together with all other requirements of Colorado law, included in the "political or governmental powers" reserved to the State under the U.S. Bankruptcy Code (11 U.S.C.) Section 903, and are also included in the "regulatory or electoral approval necessary under applicable nonbankruptcy law" as required for confirmation of a Chapter 9 Bankruptcy Plan under Bankruptcy Code Section 943(b)(6).

Any Debt, issued with a pledge or which results in a pledge, that exceeds the Maximum Mill Levy and the Maximum Mill Levy Imposition Term, shall be deemed a material modification of this Amended and Restated Service Plan pursuant to Section 32-1-207, C.R.S. and shall not be an authorized issuance of Debt unless and until such material modification has been approved by the County as part of a Service Plan Amendment.

7. Eminent Domain. The District shall have the powers of eminent domain and dominant eminent domain and shall be permitted to exercise such powers in accordance with Section 32-1-1006(1)(f), C.R.S.

8. Service Plan Amendment Requirement. This Amended and Restated Service Plan has been designed with sufficient flexibility to enable the District to provide required services and facilities under evolving circumstances without the need for numerous amendments. Actions of the District which violate the limitations set forth in Section V. or Section VI. shall be deemed to be material modifications to this Amended and Restated Service Plan and the County shall be entitled to all remedies available under State and local law to enjoin such actions of the District.

B. Current and Future Public Improvements.

The District shall have authority to provide for the planning, design, acquisition, construction, installation, relocation, redevelopment, operation, maintenance and financing of the Public Improvements within and without the boundaries of the District. A summary of the existing Public Improvements as well as possible future Public Improvements, which may be planned for, designed, acquired, constructed, installed, relocated, redeveloped, operated, maintained or financed can be found in **Exhibits D-1** and **D-2**.

All of the Public Improvements have been or will be designed in such a way as to assure that the Public Improvements standards will be compatible with those of the County. All construction cost estimates are based on the assumption that construction conforms to applicable local, State or Federal requirements.

VI. FINANCIAL PLAN

A. General.

The District shall be authorized to provide for the planning, design, acquisition, construction, installation, relocation and/or redevelopment of the Public Improvements from its revenues, grant funding and donations, and by and through the proceeds of Debt to be issued by the District. The Financial Plan for the District provides an overview of the District's current finances and illustrates the Debt that has previously been issued by the District and is currently

outstanding. Any Debt issued in the future must, at the time of issuance, be able to be reasonably paid by the District imposing the Maximum Mill Levy within the Maximum Mill Levy Imposition Term and by use of other revenues derived by the imposition of Fees, rates, tolls or charges and other legally available revenues. The Financial Plan is an overview of existing Debt and future Debt may need to be issued to finance future Public Improvements. The total Debt that the District shall be permitted to issue shall not exceed twelve million dollars ($12,000,000) or an amount equal to thirty percent (30%) of the District's assessed valuation at the time of issuance, whichever is greater, and shall be permitted to be issued on a schedule and in such year or years as the District determines in its sole discretion. All Bonds and other Debt issued by the District may be payable from any and all legally available revenues of the District, including general *ad valorem* taxes and Fees to be imposed upon all Taxable Property. The District may also rely upon various other revenue sources authorized by law, including grants and donations. These will include the power to assess Fees, rates, tolls, penalties, or charges as provided in Section 32-1-1001(1), C.R.S., as amended from time-to-time. The District shall be permitted to request an increase in the Debt limitations contemplated herein by way of an administrative approval process with the County. Under no circumstances shall an administratively approved change in the Debt limitation be considered a material modification of this Service Plan.

B. Maximum Voted Interest Rate and Maximum Underwriting Discount.

The interest rate on any Debt is expected to be the market rate at the time the Debt is issued. In the event of a default, the proposed maximum interest rate on any Debt is not expected to exceed fourteen percent (14%). The proposed maximum underwriting discount will be five percent (5%). Debt, when issued, will comply with all relevant requirements of this Amended and Restated Service Plan, State law and Federal law as then applicable to the issuance of public securities.

C. Maximum Mill Levy.

The "Maximum Mill Levy" shall be the maximum mill levy a District is permitted to impose upon the Taxable Property for payment of Debt and any operations and maintenance costs, regardless of statutory changes to Section 32-1-1101, *et seq.*, C.R.S., shall be fifty (50.000) mills; provided, however, that if the ratio of actual valuation to assessed valuation for residential real property (as of 2003) is changed pursuant to Article X, section 3(1)(b) of the Colorado Constitution and legislation implementing such constitutional provision, the Maximum Mill Levy will be increased or decreased (as to all Taxable Property) to reflect such changes so that, to the extent possible, the actual tax revenues generated by the mill levy, as adjusted, are neither diminished nor enhanced as a result of such changes (Gallagher adjustment).

To the extent that the District is composed of one or more subdistricts, as permitted under Section 32-1-1101, C.R.S., the term "District" as used herein shall be deemed to refer to the District and to each such subdistrict separately, so that each of the subdistricts shall be treated as a separate, independent district for purposes of the application of this definition.

D. Debt Repayment Sources.

The District may impose a mill levy on Taxable Property as a primary source of revenue for repayment of debt service and for operations and maintenance. The District may also rely upon various other revenue sources authorized by law. At the District's discretion, these may include the power to assess Fees, rates, tolls, penalties, or charges as provided in Section 32-1-1001(l), C.R.S., as amended from time-to-time. In no event shall the debt service mill levy in the District exceed the Maximum Mill Levy.

E. Security for Debt.

The District shall not pledge any revenue or property of the County as security for the indebtedness set forth in this Amended and Restated Service Plan. Approval of this Amended and Restated Service Plan shall not be construed as a guarantee by the County of payment of any of the District's obligations; nor shall anything in this Amended and Restated Service Plan be construed so as to create any responsibility or liability on the part of the County in the event of default by the District in the payment of any such obligation.

F. TABOR Compliance.

The District will comply with the provisions of TABOR and may operate an enterprise fund in accordance with TABOR. In the discretion of the Board, the District may set up other qualifying entities to manage, fund, construct and operate facilities, services, and programs. To the extent allowed by law, any entity created by the District will remain under the control of the District's Board.

G. District Operating Costs.

Section 32-1-202(2)(f), C.R.S. requires a general description of estimated costs of acquiring land, engineering services, legal services and administrative services, together with the estimated costs of the District's organization and initial operations. In this case, the District was organized in 1983 and these cost estimates required by Section 32-1-202(2)(f), C.R.S. are no longer applicable to the District. However, the District's budgeted expenses for administration, operations and maintenance in 2017 are detailed in **Exhibit E-2** of this Amended and Restated Service Plan.

VII. ANNUAL REPORT

The District shall be responsible for submitting an annual report in accordance with Section 32-1-207(3)(c), C.R.S. and Resolution Nos. 07-21 and 07-15, as adopted by the Board of County Commissioners, by no later than January 15th of each year reporting on events that occurred during the previous calendar year.

VIII. DISSOLUTION

Upon an independent determination of the Board of County Commissioners that the purposes for which the District was created have been accomplished, the District agrees to file a petition in the appropriate District Court for dissolution, pursuant to the applicable State statutes. In no event shall dissolution occur until the District has provided for the payment or discharge of

all of its outstanding indebtedness and other financial obligations as required pursuant to State statutes.

IX. DISCLOSURE TO PURCHASERS

The District will use reasonable efforts to assure that all developers of the property located within the District provide written notice to all purchasers of property in the District in accordance with the provisions of Section 38-35.7-101, C.R.S. The issuance of this notice by the developers does not obligate the County in any way to investigate the contents of the notice to determine its completeness or accuracy. The County in no way warrants the accuracy of the information contained in the notice.

X. CONCLUSION

It is submitted that this Amended and Restated Service Plan for the District, as required by Section 32-1-203(2), C.R.S., establishes that:

1. There is sufficient existing and projected need for organized service in the area to be serviced by the District.

2. The existing service in the area to be served by the District is inadequate for present and projected needs.

3. The District is capable of providing economical and sufficient service to the area within its proposed boundaries.

4. The area to be included in the District does have, and will have, the financial ability to discharge the proposed indebtedness on a reasonable basis.

5. Adequate service is not, and will not be, available to the area through the County or other existing municipal or quasi-municipal corporations, including existing special districts, within a reasonable time and on a comparable basis.

6. The facility and service standards of the District are compatible with the facility and service standards of the County within which the special district is located.

7. The continued existence of the District is in the best interests of the area proposed to be served.

Respectfully submitted this 22nd day of May, 2017.

By: _____
General Counsel to the District

EXHIBIT A

LEGAL DESCRIPTION

EXHIBIT A

Skyland Properties- Parcel 1

A PART OF SECTIONS 1 AND 12, TOWNSHIP 14 SOUTH, RANGE 86 WEST AND OF SECTIONS 6 AND 7, TOWNSHIP 14 SOUTH, RANGE 85 WEST, SIXTH PRINCIPAL MERIDIAN, COUNTY OF GUNNISON, STATE OF COLORADO, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTH 1/4 CORNER OF SAID SECTION 12, THENCE N89°09'47"W ALONG THE NORTH LINE OF THE NORTHWEST QUARTER OF SAID SECTION 12 A DISTANCE OF 356.26 FEET TO THE CENTERLINE OF THE SLATE RIVER, SAID CENTERLINE ALSO BEING THE EASTERLY LINE OF RIVERBEND SUBDIVISION AS PLATTED; THENCE ALONG SAID CENTERLINE AND SAID EASTERLY LINE OF RIVERBEND SUBDIVISION THE FOLLOWING FOUR COURSES: (1) THENCE S11°45'00"W, 340.75 FEET, (2) THENCE S26°42'00"E, 192.50 FEET; (3) THENCE S50°44'00"E, 301.00 FEET; (4) THENCE S24°59'00E, 287.00 FEET TO THE WEST LINE OF SAID NORTHEAST QUARTER OF SECTION 12; THENCE S0°17'01"E ALONG THE WEST LINE OF SAID NORTHEAST QUARTER A DISTANCE OF 1303.23 FEET TO THE NORTHERLY LINE OF THAT PARCEL DESCRIBED IN BOOK 291 AT PAGE 45 OF THE GUNNISON COUNTY RECORDS; THENCE ALONG SAID NORTHERLY LINE OF SAID PARCEL THE FOLLOWING THREE COURSES: (1) THENCE S58°26'31"E, 223.14 FEET; (2) THENCE S31°33'29"W, 50.00 FEET; (3) THENCE ALONG A NON-TANGENT CURVE TO THE RIGHT HAVING A RADIUS OF 1960.00 FEET, A CENTRAL ANGLE OF 1°23'45", A CHORD LENGTH OF 47.74 FEET, A CHORD BEARING OF S57°44'28"E, AN ARC LENGTH OF 47.75 FEET; THENCE PROCEEDING ALONG THE NORTHERLY RIGHT-OF-WAY BOUNDARY OF GUNNISON COUNTY ROAD NO. 738, FIRST N88°55'33"E, 134.36 FEET; THENCE N35°08'23"E, 270.17 FEET; THENCE N41°56'35"E, 1244.61 FEET TO THE NORTHWEST CORNER OF THE SOUTHEAST QUARTER OF THE NORTHEAST QUARTER OF SAID SECTION 12, THENCE S89°12'02"E ALONG THE NORTH LINE OF SAID SOUTHEAST QUARTER OF THE NORTHEAST QUARTER OF SECTION 12 A DISTANCE OF 15.65 FEET TO THE WESTERLY LINE OF SAID TRACT DESCRIBED IN BOOK 268 AT PAGE 312 OF THE GUNNISON COUNTY RECORDS, THENCE ALONG SAID TRACT DESCRIBED IN BOOK 268 PAGE 312 THE FOLLOWING THREE COURSES: (1) THENCE N34°29'48"E, 894.77 FEET; (2) THENCE S88°27'46"E, 812.75 FEET TO THE WESTERLY LINE OF LOT I OF SAID SECTION 7, (3) THENCE N89°38'54"E, 1275.84 FEET TO THE EASTERLY LINE OF SAID LOT 1 SECTION 7 A DISTANCE OF 582.52 FEET TO THE SOUTHEAST CORNER OF LOT VIII of SAID SECTION 6; THENCE N0°20'16"W ALONG THE EASTERLY LINE OF SAID LOT VII AND LOT VI OF SAID SECTION 6 A DISTANCE OF 2645.00 FEET TO THE NORTHEAST CORNER OF SAID LOT VI; THENCE S89°55'16"W ALONG THE NORTH LINE OF SAID LOT VI A DISTANCE OF 1242.05 FEET TO THE EAST 1/4 CORNER OF SAID SECTION 1; THENCE N0°16'08"E ALONG THE EAST LINE OF SAID NORTHEAST QUARTER OF SECTION 1; 650.00 FEET; THENCE

N89°43'52"W, 175.00 FEET, THENCE S0°16'08"W, 71.36 FEET; THENCE S57°38'50"W, 257.04 FEET, THENCE S32°21'10"E, 210.00 FEET; THENCE S43°02'33"W, 297.55 FEET; THENCE ALONG A CURVE TO THE LEFT HAVING A RADIUS OF 586.58 FEET, A CENTRAL ANGLE OF 17°34'57", A CHORD BEARING OF N67°52'08"W, A CHORD OF 179.30 FEET, 180.01 FEET; THENCE N67°39'36"W, 150.01 FEET; THENCE ALONG A CURVE TO THE RIGHT A DISTANCE OF 631.42 FEET, SAID CURVE HAVING A RADIUS OF 798.04 FEET, A CHORD WHICH BEARS N53°59'36"W 615.08 FEET AND A CENTRAL ANGLE OF 45°20'00"; THENCE N31°19'36"W 106.57 FEET; THENCE S58°40'24"W 80.00 FEET, THENCE S31°19'36"E 106.57 FEET; THENCE ALONG A CURVE TO THE LEFT A DISTANCE OF 694.72 FEET, SAID CURVE HAVING A RADIUS OF 878.04 FEET, A CORD WHICH BEARS S53°59'36"E 150.01 FEET; THENCE ALONG A CURVE TO THE RIGHT A DISTANCE OF 456.81 FEET, SAID CURVE HAVING A RADIUS OF 506.58 FEET, A CHORD WHICH BEARS S50°49'36"E 441.49 FEET, AND A CENTRAL ANGLE OF 51°40'00"; THENCE S24°59'38"E 326.97 FEET; THENCE ALONG A CURVE TO THE RIGHT A DISTANCE OF 274.83 FEET; SAID CURVE HAVING A RADIUS OF 335.00 FEET, A CHORD WHICH BEARS S01°29'28"E 267.19 FEET, AND A CENTRAL ANGLE OF 47°00'17"; THENCE S22°01'41"W 504.74 FEET; THENCE ON A CURVE TO THE RIGHT A DISTANCE OF 39.27 FEET, SAID CURVE HAVING A RADIUS OF 25.00 FEET, A CHORD WHICH BEARS S67°00'41W 35.36 FEET, AND A CENTRAL ANGLE OF 90°00'00"; THENCE N67°59'19"W 75.00 FEET; THENCE ALONG A CURVE TO THE RIGHT A DISTANCE OF 193.58 FEET; SAID CURVE HAVING A RADIUS OF 235.98 FEET, A CHORD WHICH BEARS N44°29'19"W 188.19 FEET, AND A CENTRAL ANGLE OF 47°00"00"; THENCE ALONG A CURVE TO THE LEFT A DISTANCE OF 451.31 FEET, SAID CURVE HAVING A RADIUS OF 550.18 FEET, A CHORD WHICH BEARS N44°29'19"W 438.77 FEET, AND A CENTRAL ANGLE OF 47°00'00"; THENCE N67°59'19"W 284.74 FEET; THENCE S22°00'41"W 80.00 FEET, THENCE S67°59'19"E 161.34 FEET; THENCE S22°00'41"W 47.50 FEET; THENCE S72°17'40"W 871.26 FEET; THENCE N57°02'44"W 207.68 FEET; THENCE N04°06'49"E 373.11 FEET; THENCE N17°05'20"W 575.27 FEET; THENCE N17°30'47"E 640.06 FEET; THENCE N18°18'05"W 447.21 FEET; THENCE N60°18'00"W 209.65 FEET; THENCE S74°08'26"W 223.31 FEET; THENCE N53°54'12"W 288.43 FEET; THENCE N28°22'14"W 1755.06 FEET TO THE NORTH LINE OF THE EAST HALF OF THE NORTHEAST QUARTER OF SAID SECTION 1; THENCE N89°13'34"W ALONG THE NORTH LINE OF SAID LAST HALF OF THE NORTHWEST QUARTER 340.00 FEET TO THE NORTHWEST CORNER OF SAID EAST HALF OF THE NORTHWEST QUARTER, THENCE S0°25'34"W ALONG THE WEST LINE OF SAID EAST HALF OF THE NORHTWEST QUARTER 2647.76 FEET TO THE SOUTHWEST CORNER OF SAID EAST HALF OF THE NORTHWEST QUARTER; THENCE S89°29'48"E ALONG THE SOUTH LINE OF SAID EAST HALF OF THE NOTHWEST QUARTER, 1322.57 FEET TO THE CENTER 1/4 CORNER OF SAID SECTION 1; THENCE S0°30'37W ALONG THE WEST LINE OF THE SOUTHEAST QUARTER OF SAID SECTION 1 A DISTANCE OF 2633.64 FEET TO THE POINT OF BEGINNING, CONTAINING 381.820 ACRES MORE OR LESS.

Skyland Properties - Parcel 2

E1/2, E1/2 NW1/4, Section 1, Township 14 South, Range 86 West, Sixth Principal Meridian;

N1/2 NE1/4, Section 12, Township 14 South, Range 86 West, Sixth Principal Meridian, except that portion previously conveyed by Quit Claim Deed recorded December 6, 1946, in Book 268, at page 312, of the records of Gunnison County, Colorado;

SW1/4 NE1/4, Section 12, Township 14 South, Range 86 West, Sixth Principal Meridian, except that portion lying South and West of the Southwest boundary line of Colorado State Highway No. 135;

Lot 6, being the NW1/4 SW1/4, and Lot 7, being the SW1/4 SW1/4, Section 6, Township 14 South, Range 85 West, Sixth Principal Meridian;
NW1/4 NW1/4, Section 7, Township 14 South, Range 85 West, Sixth Principal Meridian, except that portion previously conveyed by Quit Claim Deed recorded December 6, 1946, in Book 268, at page 312, of the records of Gunnison County, Colorado.

Avion - Tract 1

A parcel of land located in the NE1/4 and the N1/2 SE1/4 of Section 7 and the W1/2 NW1/4 and the NW1/4 SW1/4 of Section 8, all in Township 14 South, Range 85 West, Sixth Principal Meridian, County of Gunnison, State of Colorado, more particularly described as follows:

BEGINNING at the northeast corner of said Section 7;
THENCE N88°30'29"E a distance of 1,350.36 feet to the northeast corner of the said W1/2 NW1/4 of Section 8 as set by L.S. 5329 as were all original boundary corners;
THENCE S00°32'52"W a distance of 2,570.93 feet to the southeast corner of said W1/2 NW1/4;
THENCE S00°36'21"W a distance of 1,365.79 feet to the southeast corner of the said NW1/4 SW1/4 Section 8;
THENCE S88°24'11"W a distance of 1,328.21 feet to the southwest corner of the said NW1/4 SW1/4 Section 8;
THENCE S89°30'55"W a distance of 2,695.79 feet to the southwest corner of the said N1/2 SE1/4 Section 7;
THENCE N00°39'17"E a distance of 2,713.17 feet to the point of intersection between an east west fence line extended and the north south center line of said Section 7 as set by L.S. 5329;

THENCE N89°39'14"E along said fence line a distance of 140.24 feet;
THENCE S89°56'11"E along said fence line a distance of 1,097.58 feet;
THENCE S89°45'54"E along said fence line a distance of 100.00 feet;
THENCE S89°55'06"E along said fence line a distance of 911.71 feet;
THENCE S89°28'58'E a distance of 426.28 feet to a point which is the intersection of the said east west fence line, extended, and the east line of said Section 7 as set by L.S. 5329;
THENCE N00°15'53"E a distance of 1,270.04 feet to the POINT OF BEGINNING, containing 287.23 acres. Bearings are based on a bearing of N00°15'53"E between the northeast corner of the SW1/4 NW1/4 of said Section 8 and the northwest corner of said Section 8.

EXCLUDING THEREFROM the following described property:

A parcel of land known as Parcel B and more completely described in Book 514 at page 807 of the records of the Clerk and Recorder of Gunnison County, Colorado, and

A parcel of land located in the NE1/4 of Section 7, Township 14 South, Range 85 West, 6th P.M., County of Gunnison, State of Colorado, containing 5.29 acres and more completely described in Book 603 at page 473 of the records of the Clerk and Recorder of Gunnison County, Colorado.

Silver Sage

A tract of land being all that part of the Northeast Quarter of the Southwest Quarter (NE1/4SW1/4) of Section One (1), Township Fourteen (14) South, Range Eighty-six (86) West of the Sixth Principal Meridian (6th P.M.), lying east of the centerline of Slate River, Gunnison County, Colorado, and being described as follows:

Beginning at the Center Quarter Corner of said Section 1, said beginning point being marked as is each of the other corners and witness corners of said tract, by a 5/8 inch steel reinforcing bar two feet long driven in the ground and having a one and one-half inch aluminum cap; thence proceeding around said tract South 0°30' West along the north-south centerline of said Section 1 a distance of 1316.5

feet, to the southerly boundary of said NE1/4SW1/4; thence North 89°23' West along said southerly boundary 786.7 feet to a witness corner; thence continuing North 89°23' West along said boundary 40 feet more or less to the centerline of Slate River; thence northwesterly along said centerline to the westerly boundary of said NE1/4SW1/4; thence North 0°25' East along said westerly boundary for an additional 36.5 feet to the centerline of said Section 1; thence South 89°30' East along said centerline 1321.9 feet to the point of beginning; containing 29 acres more or less.

Brush Creek Estates

Land owned by James R. Talbot, Danielle M. Talbot and James Brittan Taylor immediately adjacent to the existing boundaries of the District, known as Brush Creek Estates, situated in Gunnison County, Colorado describes as 36.523 acres in the N Y.z NE 14 and NE 1,4 NW 1,4 of Section 7, Township 14 South, Range 85 west of the Sixth Principal Meridian, Gunnison County, State of Colorado shall now be included territory within the East River Sanitation District.

Whetstone Vista

Land owned by-Whetstone Vista, LLC. and immediately adjacent to the existing boundaries of the District, known as Whetstone Vista, situated in Gunnison County, Colorado describes as 36.594 acres N ½ NE ¼ NW ¼ Section 7, Township 14 South, Range 85 west of the Sixth Principal Meridian, Gunnison County, State of Colorado.

River Green

River Green situated in Gunnison County, Colorado describes as N ½ SE ¼ SW ¼ Section 1, Township 14 South, Range 86 West of the Sixth Principal Meridian.

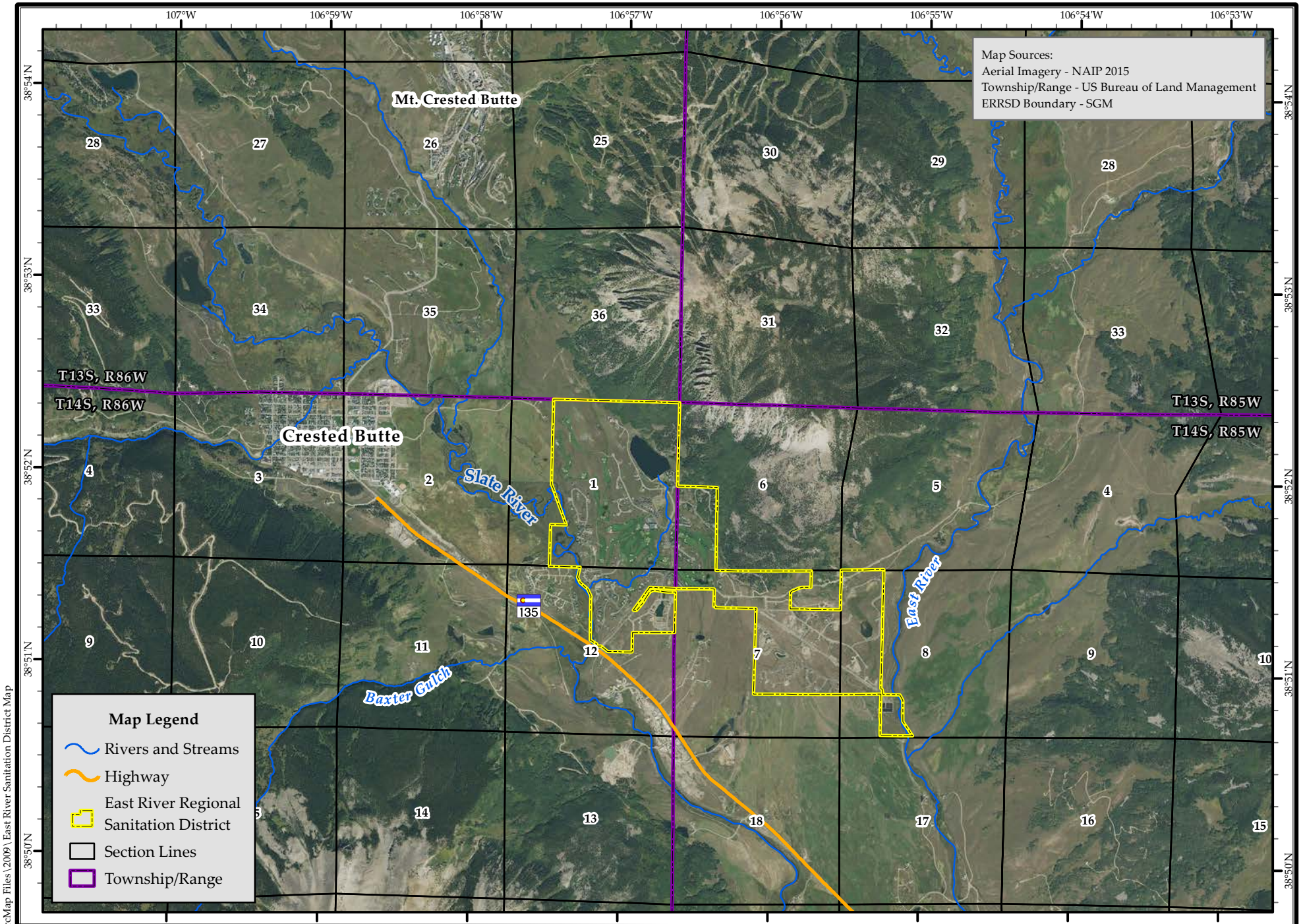
Exhibit A

EXHIBIT A

A tract of land within the: E1/2 NE1/4 of Section 12, Township 14 South, Range 86 West of the Sixth Principal Meridian, Gunnison County, Colorado, said tract being more particularly described as follows: Beginning at a Point which is the southeast corner of the N1/2 SE1/4 NE1/4 of said Section 12, from which the southeast corner of the NE1/4 of said Section 12, said corner being monumented by a 3" USGLO brass cap, bears South 0degrees 16'54" West 661.07 feet, thence the following courses: 1. South 0degrees 16'54" West 40.00 feet along the east line of said NE1/4; 2. North 89degrees 12'50" West 1327.56 to the west line of SE1/4 NE1/4; 3. North 0degrees 00'28" West 40.00 feet to the southwest corner of the N1/2 SE1/4 NE1/4 of said Section 12; 4. North 0degrees 00'28" West 660.61 feet to the northwest corner of said SE1/4 NE1/4; 5. South 89degrees 14'08" East 66.09 feet along the north boundary of said SE1/4 NE1/4 to the boundary of Gunnison County land as described in a Special Warranty Deed, said Deed having a reception number of 488136 in the records of Gunnison County; Courses 6 through 18 are along the boundary of said Gunnison County land. 6. South 89degrees 14' 08" East 43.82 feet; 7. North 41degrees 03' 16" East 194.18 feet; 8. 177.71 feet along the arc of a curve to the left, said curve having a radius of 985.54 feet, a central angle of 10degrees 19' 54", and a chord which bears North 35degrees 53' 19" East 177.47 feet; 9. North 30degrees 43' 22" East 187.47 feet; 10. North 31degrees 34' 18" East 71.55 feet; 11. 92.82 feet along the arc of a non-tangent curve to the right, said curve having a radius of 435.63 feet, a central angle of 12degrees 12' 29", and a chord which bears North 37degrees 40' 32" East 92.64 feet; 12. North 43degrees 46' 47" east 11.00 feet; 13. 159.36 feet along the arc of a curve to the right, said curve having a radius of 166.38 feet, a central angle of 54degrees 52' 37", and a chord which bears North 71degrees 12' 39" East 153.33 feet; 14. South 82degrees 16' 09" East 112.23 feet; 15. South 84degrees 11' 38" East 151.49 feet; 16. South 86degrees 07' 07" East 150.53 feet; 17. South 87degrees 52' 09" East 182.79 feet; 18. 55.12 feet along the arc of a curve to the left, said curve having a radius of 867.96 feet, a central angle of 3degrees 38' 18", and a chord which bears South 89degrees 41' 18" East 55.11 feet, to the east boundary of said Section 12; 19. South 0degrees 16' 54" West 1272.63 feet to the Point of beginning of the herein described tract. Gunnison County, Colorado.For Informational Purposes Only: TBD County Road 738, Crested Butte, Colorado 81224

EXHIBIT B

VICINITY MAP



015-06\Mapping\ArcMap Files\2009\East River Sanitation District Map

BIKIS Water Consultants
a division of SGM
555 RiverGate Lane, Suite B4-82
Durango, CO 81301
(970) 385-2340 ph 385-2341fx
www.BikisWater.com

N

0 2,000 4,000 8,000 Feet

1 inch = 4,000 feet

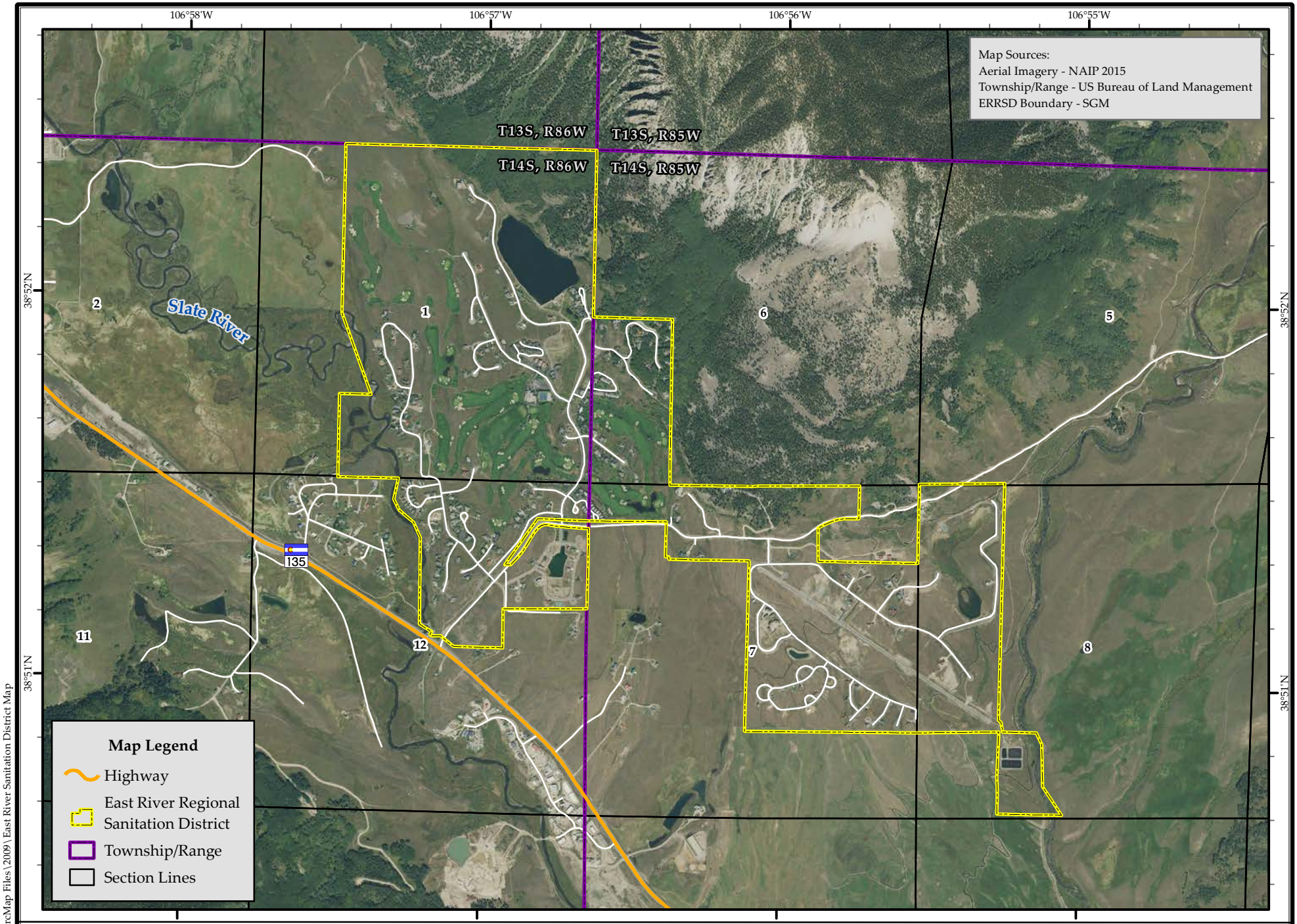
Designed by: RZM
Detail by: DDS
Date: 03/28/2017
Scale: 1:24,000

East River Regional Sand District Boundary Location Map

Exhibit II

EXHIBIT C

DISTRICT BOUNDARY MAP



015-06\Mapping\ArcMap Files\2009\ East River Sanitation District Map

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N

0 1,000 2,000 4,000 Feet

1 inch = 2,000 feet

Designed by: RZM
Detail by: DDS
Date: 03/28/2017
Scale: 1:24,000

East River Regional Sanitation District Boundary

Exhibit III

EXHIBIT D-1

EXISTING PUBLIC IMPROVEMENTS

The Service Plan for the East River Regional Sanitation District was approved by Gunnison County in June 1983. The Service Plan proposed providing wastewater service and facilities for Skyland, Avion, and Silver Sage developments. The Service Plan intended to allow for additional areas outside the original District boundaries to become a part of the District and receive wastewater services.

Territories included into the District since the organization of the District include, Rivergreen, Whetstone Vista, Brush Creek Estates, and Larkspur. The District also serves the subdivision of Riverbend through a service contract which expires in 2020.

Improvements to the infrastructure of the District since its organization include, the purchase of the treatment facility property, construction of the wastewater treatment facility, construction of a lift station and forced main, several capacity and planning studies, upgrades to the wastewater treatment facility lagoon aeration system, lagoon liner repairs, construction of a rag removal system, and upgrades to the lift station. The District is currently engaged in a Master Plan Capacity and Planning Study.

EXHIBIT D-2

FUTURE PUBLIC IMPROVEMENTS

The East River Regional Sanitation District is currently updating its Master Plan Capacity and Planning Study. The most recent Master Plan was completed in February 2009 just after completion of the lagoon aeration upgrade project. The District anticipates a need at some point in the future to upgrade the existing wastewater treatment plant from a facultative lagoon to a mechanical plant. The trigger for the upgrade will be from either taps coming online in the existing developed service area, development of undeveloped parcels in the existing service area, and/or inclusion of new developments into the existing service area. The District anticipates the burden of required upgrades to the infrastructure to be proportionately borne by the developer of undeveloped parcels both within the existing service area and new inclusions coming into the existing service area.

Future public improvements for the District include;

- Replacement of vacuum release valves in the force main
- Procurement of an easement and construction of a road for year-round access to the wastewater treatment plant
- Replacement of the lift station electric and control panel
- Dredging and dewatering of sludge from the lagoons
- Wastewater treatment plant upgrade from a facultative lagoon system to a mechanical plant
- Lift station pump replacement
- Metering devices to measure influent from each subdivision
- Program to identify and curtail inflow and infiltration from all subdivisions

EXHIBIT E-1

2015 AUDITED FINANCIALS

East River Regional Sanitation District

Financial Report

December 31, 2015 and 2014

East River Regional Sanitation District
Financial Report
December 31, 2015 and 2014

Table of Contents

	Page
INDEPENDENT AUDITOR'S REPORT	A1 – A2
Management's Discussion and Analysis	B1 – B4
Financial Statements:	
Statement of Net Position	C1
Statement of Revenues, Expenses and Changes in Fund Net Position	C2
Statement of Cash Flows	C3
Notes to the Financial Statements	D1 – D11
Supplementary Information:	
Schedule of Revenues and Expenditures - Budget (Non-GAAP Basis) and Actual With Reconciliation to GAAP Basis	E1

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
East River Regional Sanitation District
Crested Butte, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of the East River Regional Sanitation District (the "District"), as of and for the years ended December 31, 2015 and 2014, as listed in the table of contents, and the related notes to the financial statements.

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 of 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 financial position of East River Regional Sanitation District as of December 31, 2015 and 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

INDEPENDENT AUDITOR'S REPORT
To the Board of Directors
East River Regional Sanitation District
Crested Butte, Colorado

Other Matters

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis in Section B be presented to supplement the basic financial statements. Such 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. We have applied certain limited procedures to the Management's Discussion and Analysis in Section B in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The budgetary comparison information listed in the accompanying table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The budgetary comparison is the responsibility of management and was derived from and relates 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 basic 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 U.S. generally accepted auditing standards. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

McMahan and Associates, L.L.C.
July 5, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

EAST RIVER REGIONAL SANITATION DISTRICT

Management's Discussion and Analysis
December 31, 2015

We, the financial managers of the East River Regional Sanitation District (the "District"), offer readers of the District's financial statements this narrative summary of the financial activities of the District for the fiscal year ended December 31, 2015.

Overview of the Financial Statements
This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of two components: 1) financial statements; and 2) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements. These components are discussed below.

Financial Statements: The financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all the District's assets, liabilities, and deferred inflows of resources. The difference between the total of asset and the total of liabilities and deferred inflows of resources is reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Revenues, Expenses and Changes in Fund Net Position shows how the government's net position changed during the year presented. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes.)

The Statement of Cash Flows shows the District's sources of cash inflows and outflows during the years presented. Cash flows are categorized among operating, non-capital financing, capital and related financing and investing activities, and unlike items reported in the Statement of Revenues, Expenses and Changes in Fund Net Position, these amounts are reported on the cash basis of accounting.

The District's financial statements can be found on pages C1 through C3 of this report.

Proprietary Funds: The District maintains a proprietary fund commonly known as an enterprise fund. Enterprise funds are used to report business-type activities. The District uses an enterprise fund to account for its sanitation services.

Notes to the Financial Statements: The notes provide a background of the entity, certain required statutes, and accounting policies utilized by the District. They also provide additional information that will aid in the interpretation of the financial statements. The Notes to the Financial Statements can be found in Section D of this report.

Other Information: The Schedule of Revenues and Expenditures - Budget (Non-GAAP Basis) and Actual with Reconciliation to GAAP Basis on page E1 provides a detailed comparison of the District's actual revenues and expenditures to budgeted amounts. As the District's budget was adopted in a manner that is not consistent with generally accepted accounting principles ("GAAP"), this schedule is presented on a non-GAAP basis with reconciliation to GAAP basis.

The business-type activity of the District relates to sanitation services. There are currently no governmental-type activities occurring at the District.

Financial Analysis of the District:

The following chart shows the District's assets, liabilities, and net position for December 31, 2015 and 2014:

East River Regional Sanitation District's Net Position

	2015	2014
Assets:		
Current assets	$3,315,400	3,153,483
Capital assets	1,398,007	1,484,223
Total Assets	4,713,407	4,637,706
Liabilities:		
Current liabilities	15,095	21,247
Total Liabilities	15,095	21,247
Deferred Inflows of Resources	80,953	110,785
Net Position:		
Net invested in capital assets	1,398,007	1,484,223
Restricted	14,000	12,000
Unrestricted	3,205,352	3,009,451
Total Net Position	$4,617,359	4,505,674

The District's assets increased $75,701 during 2015. Property tax receivables decreased $29,832. Cash and investments increased $191,890, and a decrease occurred in capital assets of $86,216.

In 2015, the District's net position increased $111,685. Non-operating revenues exceeded non-operating expenses by $121,729 in 2015, while tap fees totaled $86,437. These changes in net position were partially offset by an operating loss of $96,481.

The District's decrease in liabilities of $6,152 in 2015, and the decrease in deferred inflows of resources was attributable to a decrease of $29,832 in unavailable property tax liability.

Approximately 30% of the District's net position reflects its investment in capital assets, as of December 31, 2015.

At the end of the years 2014 and 2015, the District reported positive balances in all three categories of net position.

Financial Analysis of the District (continued):

The following chart is a summary of information relating to the District's Statement of Revenues, Expenses and Changes in Fund Net Position:

EAST RIVER REGIONAL SANITATION DISTRICT'S CHANGE IN FUND NET POSITION

	2015	2014
Revenues:		
Program revenues:		
Service fees	$ 240,404	237,261
Rents	900	900
Miscellaneous revenues	1,502	2,668
Total Programs Revenues	242,806	240,829
General Revenues:		
Tap fees	86,437	42,154
Property taxes	113,459	106,469
Specific ownership taxes	6,561	6,745
Interest income	5,218	3,335
Total General Revenues	211,675	158,703
Total Revenues	454,481	399,532
Expenses:		
Operating expenses	232,371	245,044
Depreciation	106,916	106,513
Treasurers fees	3,509	3,286
Total Expenses	342,796	354,843
Change in Net Position	111,685	44,689
Net Position - Beginning	4,505,674	4,460,985
Net Position - Ending	$ 4,617,359	4,505,674

As mentioned earlier, the increase in net position is partially attributable to $86,437 of tap fees received by the District in 2015. These tap fees, which are set in excess of actual costs, are used for capital purposes.

There was no significant change in service revenues from the prior year.

When compared to 2014, total 2015 general revenues increased by $52,972. The increase was due to the increase in tap fees of $44,283 and an increase in property taxes of $6,990.

Total expenses of the District for 2015 decreased $12,047 from 2014 levels. Legal fees, salaries and payroll benefits totaled $150,399 in 2015, or expressed as a percentage, represented 65% of the operating expenses incurred by the District in 2015; and depreciation accounted for 31% of the total expenses of the District in 2015.

Financial Analysis of the District (continued):

Budget Variances in the Enterprise Fund

The District amended the budget for the 2015 fiscal year to reflect additional revenues and a decrease in total expenditures; the expenses of the District's enterprise fund did not exceed the final budget.

Significant budget variances were as follows:

Account	Original Budget Variance Positive (Negative)	Reason
Revenues:		
Tap fees	$ 64,783	There were more new home starts in the District than anticipated
Expenditures:		
Repair and maintenance	44,750	Budgeted, but unspent
Legal	33,157	Budgeted, but unspent

Capital Asset and Debt Administration

Capital Assets. The District traded in one truck for another one during 2015. Additional information as well as a detailed classification of the District's net capital assets can be found in the Notes to the Financial Statements in Section D.

Long-term Debts. The District has no long-term debt at December 31, 2015.

Next Year's Budget and Rates

The District's budgeted net position at the end of the current fiscal year was $3,185,447. The District's 2016 budget anticipates an ending balance of approximately $3,174,618. This anticipated decrease in net position is due to increase in expenditures for repairs and maintenance, supplies and chemicals, and operational engineering, and decreases in property tax revenue and tap fees.

Request for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to: East River Regional Sanitation District, 350 Country Club Drive, Suite 112A, Crested Butte, CO 81224.

FINANCIAL STATEMENTS

East River Regional Sanitation District
Statement of Net Position
December 31, 2015 and 2014

	2015	2014
Assets:		
Current Assets:		
Cash and investments	3,225,788	3,033,898
Property taxes receivable	80,953	110,785
Accounts receivable - Customers, net of allowance of $0 in 2015 and 2014	498	1,259
Due from County Treasurer	506	440
Prepaid insurance	7,155	6,601
Other prepaids	500	500
Total Current Assets	3,315,400	3,153,483
Non-Current Assets:		
Capital Assets:		
Land	128,842	128,842
Office space	61,087	61,087
Plant and collection system	3,316,850	3,332,382
Total Capital Assets at Cost	3,506,779	3,522,311
Less accumulated depreciation	2,108,772	2,038,088
Total Non-Current Assets	1,398,007	1,484,223
Total Assets	4,713,407	4,637,706
Liabilities:		
Current Liabilities:		
Accounts payable	9,578	16,398
Accrued payroll taxes	3,282	3,149
Prepaid revenue	1,254	747
Accrued compensated absences	981	953
Total Current Liabilities	15,095	21,247
Total Liabilities	15,095	21,247
Deferred Inflows of Resources:		
Unavailable property tax revenue	80,953	110,785
Total Deferred Inflows of Resources	80,953	110,785
Net Position:		
Net invested in capital assets	1,398,007	1,484,223
Restricted for emergencies	14,000	12,000
Unrestricted	3,205,352	3,009,451
Total Net Position	4,617,359	4,505,674

The accompanying notes are an integral part of these financial statements.

East River Regional Sanitation District
Statement of Revenues, Expenses and Changes in Fund Net Position
For the Years Ended December 31, 2015 and 2014

	2015	2014
Operating Revenues:		
Service fees	240,404	237,261
Rents	900	900
Miscellaneous revenues	1,502	2,668
Total Operating Revenues	242,806	240,829
Operating Expenses:		
Accounting and auditing	9,769	7,795
Salaries and payroll benefits	123,556	115,497
Directors' fees	5,700	6,000
Repair and maintenance	5,836	20,025
Legal services	26,843	29,333
Utilities	23,992	24,896
Insurance	9,390	8,684
Office expense	6,467	6,771
Fees and dues	2,372	2,350
Travel and education	487	-
Tests	4,466	4,130
Supplies and chemicals	1,485	4,639
Engineering and consulting	1,854	4,098
Telephone	4,062	4,023
Depreciation	106,916	106,513
Miscellaneous expense	1,712	1,737
Truck expense	4,380	5,066
Total Operating Expenses	339,287	351,557
Operating (Loss)	(96,481)	(110,728)
Non-Operating Revenues (Expenses):		
Property taxes	113,459	106,469
Specific ownership taxes	6,561	6,745
Interest income	5,218	3,335
Treasurer's fees	(3,509)	(3,286)
Net Non-Operating Revenues	121,729	113,263
Net Income	25,248	2,535
Contributions - Tap Fees	86,437	42,154
Change in Net Position	111,685	44,689
Net Position - Beginning	4,505,674	4,460,985
Net Position - Ending	4,617,359	4,505,674

The accompanying notes are an integral part of these financial statements.

East River Regional Sanitation District
Statement Cash Flows
For the Years Ended December 31, 2015 and 2014

	2015	2014
Cash Flows From Operating Activities:		
Cash received from customers	241,672	236,157
Other cash received	2,402	3,568
Cash payments for goods and services	(116,189)	(130,164)
Cash payments to employees - Salaries and benefits	(123,395)	(114,911)
Net Cash Provided (Used) by Operating Activities	4,490	(5,350)
Cash Flows From Non-Capital Financing Activities:		
Property and specific ownership taxes, net of collection fees	116,445	110,102
Net Cash Provided by Non-Capital Financing Activities	116,445	110,102
Cash Flows From Capital and Related Financing Activities:		
Tap fees collected	86,437	42,154
Capital outlay	(20,700)	(27,092)
Net Cash Provided (Used) by Capital and Related Financing Activities	65,737	15,062
Cash Flows From Investing Activities:		
Interest	5,218	3,335
Net Cash Provided by Investing Activities	5,218	3,335
Net Change in Cash and Cash Equivalents	191,890	123,149
Cash and Investments - Beginning	3,033,898	2,910,749
Cash and Investments - Ending	3,225,788	3,033,898
Reconciliation of Operating (Loss) to Net Cash From Operating Activities:		
Operating (loss)	(96,481)	(110,728)
Adjustments to reconcile operating (loss) to net cash from operating activities:		
Depreciation	106,915	106,513
(Increase) decrease in prepaid expenses	(554)	(217)
(Increase) decrease in accounts receivable	761	(351)
Increase (decrease) in accounts payable and accrued payroll taxes	(6,686)	158
Increase (decrease) in prepaid revenue	507	(753)
Increase (decrease) in accrued compensated absences	28	28
Total Adjustments	100,971	105,378
Net Cash From Operating Activities	4,490	(5,350)

The accompanying notes are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

The East River Regional Sanitation District (the "District") is a quasi-governmental corporation and governmental subdivision of the State of Colorado located in Gunnison, Colorado. The District was organized on April 25, 1984, for the purpose of providing waste water treatment and transmission service facilities for the District. The District currently is comprised of seven subdivisions covering an area of approximately 1,000 acres.

The District's financial statements are prepared in accordance with generally accepted accounting principles ("GAAP"). The Governmental Accounting Standards Board ("GASB") is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established by GAAP used by the District are discussed below.

A. Reporting Entity

The reporting entity consists of (a) the primary government; i.e., the District, and (b) organizations for which the District is financially accountable. The District is considered financially accountable for legally separate organizations if it is able to appoint a voting majority of an organization's governing body and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the District. Consideration is also given to other organizations, which are fiscally dependent; i.e., unable to adopt a budget, levy taxes, or issue debt without approval by the District. Organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete are also included in the reporting entity.

Based on the criteria above, the District is not financially accountable for any other entity nor is the District a component unit of any other government.

B. Accounting Policies

The District uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions and activities. A fund is a separate accounting entity with a self-balancing set of accounts.

The District uses a proprietary fund-type, an enterprise fund, to account for its sole activity, providing sewage disposal services to taxpayers within the District's boundaries. Enterprise funds are used to account for operations (a) which are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

I. Summary of Significant Accounting Policies (continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Measurement focus refers to whether financial statements measure changes in current resources only (current financial focus) or changes in both current and long-term resources (long-term economic focus). Basis of accounting refers to the point at which revenues, expenditures, or expenses are recognized in the accounts and reported in the financial statements. Financial statement presentation refers to classification of revenues by source and expenses by function.

1. Long-term Economic Focus and Accrual Basis

Proprietary funds use the long-term economic focus and are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of the related cash flows.

2. Financial Statement Presentation

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. The principal operating revenues of the District's enterprise fund are charges to customers for sales and services. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. Financial Statement Accounts

1. Cash and Cash Equivalents

All short-term investments that are considered highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash, and at the day of purchase, they have a maturity date no longer than three months.

2. Investments

Investments are stated at fair market value.

3. Receivables

Receivables are reported net of an allowance for uncollectible accounts. However, no allowance for uncollectible accounts has been established at December 31, 2015 and 2014.

4. Property Taxes

Property taxes are assessed in one year as a lien on the property, but not collected by governmental units until the subsequent year. In accordance with generally accepted accounting principles, the assessed but uncollected property taxes have been recorded as a receivable and as unavailable revenue.

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

5. Prepaid Expenses

Prepaid expenses are amounts paid in advance for expenses related to subsequent years.

6. Capital Assets

Capital assets, which include land, sewer collection systems and related improvements and equipment, are reported in the financial statements. The District defines capital assets as assets with an initial cost of $1,000 or more and an estimated useful life in excess of two years. Such assets are recorded at historical cost. Donated capital assets are recorded at estimated fair value at the date of donation.

Capital outlay for projects is capitalized as projects are constructed.

The land and easements on which the waste water treatment plant is situated is recorded at cost plus legal fees incurred for acquisition.

The treatment and sewer collection facilities are recorded at their cost, which includes engineering and capitalized net interest costs and legal fees.

Sewer collection systems and improvements and equipment are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Sewer collection system and improvements	10-33
Equipment	3-10

7. Compensated Absences

Earned but unused vacation benefits are accrued when incurred in the financial statements.

8. Deferred Inflows of Resources

In addition to liabilities, the statement of financial position will sometimes report 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(s) 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. This amount is deferred and recognized as an inflow of resources in the period that these amounts become available.

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

9. Tap Fees

Accounting and Financial Reporting for Non-Exchange Transactions, GASB 33, requires that government entities that receive tap fees record the tap fees as revenue for accounting periods beginning after June 15, 2000. The District has reported tap fees for the year ended December 31, 2015 as revenue in the accompanying financial statements; for periods prior to December 31, 2001, the tap fees were recorded as contributed capital by the District.

E. Significant Accounting Policies

1. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the District's management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenditures or expenses during the reporting period. Actual results could differ from those estimates.

2. Restricted and Unrestricted Resources

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

II. Stewardship, Compliance, and Accountability

A. Budgetary Information

In the fall of each year, the District's Board of Directors formally adopts a budget with appropriations by fund for the ensuing year pursuant to the Colorado Local Budget Law. The proprietary fund was adopted on a non-GAAP budgetary basis and has been reconciled to a GAAP basis in the financial statements.

Annual appropriations are adopted for all funds. Expenditures may not legally exceed appropriations at the fund level and all appropriations lapse at year-end.

II. Stewardship, Compliance, and Accountability (continued)

A. Budgetary Information (continued)

As required by Colorado statutes, the District followed the required timetable noted below in preparing, approving, and enacting its budget for 2015.

1. For the 2015 budget year, prior to August 25, 2014, the County Assessor sent to the District an assessed valuation of all taxable property within the District's boundaries. The County Assessor may change the assessed valuation on or before December 10 only once by a single notification to the District.

2. The Manager of the District submitted, on or before October 15, 2014, a recommended budget that detailed the necessary property taxes needed along with other available revenues to meet the District's operating requirements.

3. Prior to December 15, 2014, after a required publication of "Notice of Proposed Budget" and a public hearing, the District certified to the County Commissioners a levy rate that derived the necessary property taxes as computed in the proposed budget, and the District adopted the proposed budget and an appropriating resolution that legally appropriated expenditures for the upcoming year.

4. After adoption of the budget resolution, the District may make the following changes: a) approve supplemental appropriations to the extent of revenues in excess of estimated revenues in the budget; supplemental appropriations were made for the year 2014; b) approve emergency appropriations; and c) reduce appropriations for which originally estimated revenues are insufficient.

Taxes levied in one year are collected in the succeeding year. Thus, taxes certified in 2014 were collected in 2015 and taxes certified in 2015 will be collected in 2016. Taxes are due on January 1st in the year of collection; however, they may be paid in either one installment (no later than April 30th) or two equal installments (not later than February 28th and June 15th) without interest or penalty. Taxes that are not paid within the prescribed time bear interest at the rate of one percent (1%) per month until paid. Unpaid amounts and the accrued interest thereon become delinquent on June 16th.

During the year, a supplemental appropriation ordinance was necessary. The budgetary comparison statements reflect the original budget and the final budget after legally authorized revisions were made.

II. Stewardship, Compliance, and Accountability (continued)

A. Budgetary Information (continued)

The budget for the proprietary fund is adopted on a Non-GAAP budgetary basis and is reconciled to GAAP basis on the budget to actual statement and as presented below for 2015:

Excess of Revenues Over Expenditures	$ 197,930
Reconciliation to GAAP Basis:	
Capital outlay	20,700
Depreciation	(106,916)
Accrued compensated absences	(29)
Net GAAP Adjustments	(86,245)
Change in Net Position - GAAP Basis	$ 111,685

The reconciliation for 2014 is as follows:

Excess of Revenues Over Expenditures	$ 124,138
Reconciliation to GAAP Basis:	
Capital outlay	27,092
Depreciation	(106,513)
Accrued compensated absences	(28)
Net GAAP Adjustments	(79,449)
Change in Net Position - GAAP Basis	$ 44,689

B. TABOR Amendment

In November 1992, Colorado voters amended Article X of the Colorado Constitution by adding Section 20; commonly known as the Taxpayer's Bill of Rights (“TABOR”). TABOR contains revenue, spending, tax and debt limitations that apply to the State of Colorado and local governments. TABOR requires, with certain exceptions, advance voter approval for any new tax, tax rate increase, mill levy above that for the prior year, extension of any expiring tax, or tax policy change directly causing a net tax revenue gain to any local government.

Except for refinancing bonded debt at a lower interest rate or adding new employees to existing pension plans, TABOR requires advance voter approval for the creation of any multiple-fiscal year debt or other financial obligation unless adequate present cash reserves are pledged irrevocably and held for payments in all future fiscal years.

TABOR also requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. These reserves are required to be 3% or more of fiscal year spending (excluding bonded debt service). The District has provided for an emergency reserve of $14,000 in compliance with TABOR at December 31, 2015.

II. Stewardship, Compliance, and Accountability (continued)

B. TABOR Amendment (continued)

The electorate of the District approved the following ballot questions:

1) An increase of up to $700,000 in the final year of a phased-in tax increase by a certification of additional mill levies for general fund operating expenses in addition to debt service, which increase may be levied and spend regardless of any limitations imposed by C.R.S. § 29-1-301, *et seq.* and Article X, Section 20 of the Colorado Constitution; and

2) An increase in East River's revenues and spending up to $700,000 in any one fiscal year to the extent that revenues and spending in each fiscal year are in excess of applicable revenue and spending limits.

The District's management believes that it is in compliance with the financial provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of its provisions, including the interpretation of how to calculate fiscal year spending limits, will require judicial interpretation.

III. Detailed Notes on All Funds

A. Deposits

The District's deposits are entirely covered by federal depository insurance ("FDIC") or by collateral held under Colorado's Public Deposit Protection Act ("PDPA"). The FDIC insures the first $250,000 of all of the District's deposits at each financial institution. All deposit balances over $250,000 are collateralized as required by PDPA.

At year end, the District had the following investments and maturities:

December 31, 2015

			Maturities	
Type	**Rating**	**Carrying Amount**	**Less Than One Year**	**Less Than Five Years**
Deposits:				
Checking	Not rated	$ 4,378	-	-
Money market	Not rated	346,718	-	-
Investments:				
COLOTRUST investment pool	AAAm	2,874,692	2,874,692	-
		$ 3,225,788	2,874,692	-

III. Detailed Notes on All Funds (continued)

A. Deposits (continued)

December 31, 2014				
			Maturities	
Type	Rating	Carrying Amount	Less Than One Year	Less Than Five Years
Deposits:				
Checking	Not rated	$ 7,251	-	-
Money market	Not rated	156,998	-	-
Investments:				
COLOTRUST investment pool	AAAm	2,869,649	2,869,649	-
		$ 3,033,898	2,869,649	-

COLOTRUST is a 2a7-like pool. The fair value of the pool is determined by the pool's share price. The District has no regulatory oversight for the pool.

1. Interest Rate Risk

As a means of limiting its exposure to interest rate risk, the District diversifies its investments by security type and institution, and limits holdings in any one type of investment with any one issuer. The District coordinates its investment maturities to closely match cash flow needs and restricts the maximum investment term to less than five years from the purchase date. As a result of the limited length of maturities the District has limited its interest rate risk.

2. Credit Risk

State law and District policy limit investments to those authorized by State statutes including U.S. Agencies and 2a7-like pools. The District's general investment policy is to apply the prudent-person rule: Investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and, in general, avoid speculative investments.

3. Concentration of Credit Risk

The District diversifies its investments by security type and institution.

Investments may only be made in those financial institutions which are insured by the Federal Deposit Insurance Corporation, the Federal Home Mortgage Association, the Federal Savings and Loan Insurance Corporation, Congressionally authorized mortgage lenders and investments that are federally guaranteed.

Financial institutions holding District funds must provide the District with a statement of collateral in the form of a listing of securities pledged, and a copy of the certificate from the Banking Authority that states that the institution is an eligible public depository. Colorado's PDPA requirement noted above mitigates concentration of credit risk.

III. Detailed Notes on All Funds (continued)

B. Capital Assets

Capital asset activity for the year ended December 31, 2015 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets, not being depreciated:				
Land	$ 128,842	-	-	128,842
Total capital assets not being depreciated	128,842	-	-	128,842
Capital assets, being depreciated:				
Office space	61,087	-	-	61,087
Equipment	139,800	20,700	(36,232)	124,268
Plant and collection system	3,192,582	-	-	3,192,582
Total capital assets being depreciated	3,393,469	20,700	(36,232)	3,377,937
Less accumulated depreciation for:				
Office space	(25,226)	(2,036)	-	(27,262)
Equipment	(113,485)	(6,506)	36,232	(83,759)
Plant and collection system	(1,899,377)	(98,374)	-	(1,997,751)
Total accumulated depreciation	(2,038,088)	(106,916)	36,232	(2,108,772)
Total capital assets being depreciated, net	1,355,381	(86,216)	-	1,269,165
Total capital assets, net	$ 1,484,223	(86,216)	-	1,398,007

III. Detailed Notes on All Funds (continued)

B. Capital Assets (continued)

Capital asset activity for the year ended December 31, 2014 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets, not being depreciated:				
Land	$ 128,842	-	-	128,842
Total capital assets not being depreciated	128,842	-	-	128,842
Capital assets, being depreciated:				
Office space	61,087	-	-	61,087
Equipment	130,468	27,092	(17,760)	139,800
Plant and collection system	3,192,582	-	-	3,192,582
Total capital assets being depreciated	3,384,137	27,092	(17,760)	3,393,469
Less accumulated depreciation for:				
Office space	(23,190)	(2,036)	-	(25,226)
Equipment	(125,142)	(6,103)	17,760	(113,485)
Plant and collection system	(1,801,003)	(98,374)	-	(1,899,377)
Total accumulated depreciation	(1,949,335)	(106,513)	17,760	(2,038,088)
Total capital assets being depreciated, net	1,434,802	(79,421)	-	1,355,381
Total capital assets, net	$ 1,563,644	(79,421)	-	1,484,223

IV. Other Information

A. Risk Management

The District is exposed to various risks of loss related to workers compensation; general liability, unemployment, torts, theft of, damage to, and destruction of assets; and errors and omissions. The District has acquired commercial coverage for these risks and claims, if any, are not expected to exceed the commercial insurance coverage.

IV. Other Information (continued)

B. Section 401(a) Retirement Plan

The District offers its employees a retirement savings plan created in accordance with Internal Revenue Code Section 401(a) (the "Plan"). The Plan is administered and invested by Colorado County Officials and Employees Retirement Association. The benefits a participant will receive depend solely on the amount contributed to the participant's account and the returns earned on investments of those contributions.

Employees of the District, who work at least 12 months per year and 24 hour per week, with 12 months of continuous service, are eligible to participate in the Plan. All participants make required contributions equal to 5% of compensation, as defined in the Plan, and the District makes a matching contribution of 5%. The District's contributions vest 25% after two years, and the vesting percentage increase 25% each year after that, and become fully vested after five years.

The District's 2015 and 2014 covered payroll was $77,582 and $75,334, respectively. During 2015 and 2014, the District's required and actual contributions amounted to $3,879 and $3,767,respectively. No forfeited contributions were used to reduce the District's contributions. Participants' required and actual contributions for 2015 and 2014 amounted to $3,879 and $3,767, respectively.

As of December 31, 2015 and 2014, there were no outstanding contribution liabilities.

SUPPLEMENTARY INFORMATION

East River Regional Sanitation District
Schedule of Revenues and Expenditures
Budget (Non-GAAP Basis) and Actual
With Reconciliation to GAAP Basis
For the Year Ended December 31, 2015
(With Comparative Totals for 2014)

	2015				2014
	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
Revenues:					
Service fees	239,162	240,404	240,404	-	237,261
Property taxes	110,785	111,842	113,459	1,617	106,469
Specific ownership taxes	7,000	6,500	6,561	61	6,745
Interest	3,000	3,870	5,218	1,348	3,335
Tap fees	27,251	86,437	86,437	-	42,154
Miscellaneous and rents	2,500	2,450	2,402	(48)	3,568
Total Revenues	389,698	451,503	454,481	2,978	399,532
Expenditures:					
Accounting and auditing	9,600	9,723	9,769	(46)	7,795
Salaries and payroll benefits	126,500	122,700	123,527	(827)	115,469
Directors' fees	7,000	6,000	5,700	300	6,000
Treasurer's fees	3,324	3,376	3,509	(133)	3,286
Repair and maintenance	50,000	10,000	5,250	4,750	20,025
Legal	60,000	30,000	26,843	3,157	29,333
Utilities	27,000	27,000	23,992	3,008	24,896
Insurance	8,500	8,500	9,390	(890)	8,684
Office expense	10,000	8,000	6,467	1,533	6,771
Operational engineering and consulting	10,000	3,000	1,854	1,146	4,098
Fees and dues	4,200	3,000	2,372	628	2,350
Tests	4,000	4,400	4,466	(66)	4,130
Chemicals and supplies	5,000	1,500	1,485	15	4,639
Miscellaneous expense	1,000	500	1,712	(1,212)	1,737
Telephone	4,500	4,500	4,062	438	4,023
Travel and education	3,000	750	487	263	-
Truck expense	10,500	6,000	4,380	1,620	5,066
Capital outlay	40,000	27,000	21,286	5,714	27,092
Total Expenditures	384,124	275,949	256,551	19,398	275,394
Excess of Revenues Over Expenditures	5,574	175,554	197,930	22,376	124,138
Reconciliation to GAAP Basis:					
Capitalized assets			20,700		27,092
Depreciation			(106,916)		(106,513)
Accrued compensated absences			(29)		(28)
Net GAAP Basis Adjustments			(86,245)		(79,449)
Change in Net Position			111,685		44,689

The accompanying notes are an integral part of these financial statements.

EXHIBIT E-2

ADOPTED 2017 BUDGET

RESOLUTION
ADOPTING BUDGET, IMPOSING MILL LEVY AND APPROPRIATING FUNDS

(2017)

The Board of Directors of East River Regional Sanitation District (the "**Board**"), Gunnison County, Colorado (the "**District**") held a regular meeting at 350 Country Club Drive, Suite 112A, Crested Butte, Colorado, on November 16, 2016, at the hour of 4:00 P.M.

Prior to the meeting, each of the directors was notified of the date, time and place of the budget meeting and the purpose for which it was called and a notice of the meeting was posted or published in accordance with §29-1-106, C.R.S.

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FOR BILLING DEPARTMENT:

Agency: East River San.
Department _____
Publication Date: 11.11.16 + 11.4.16
Ad Description:
Hearing NOV. 16
Cost: 45.20

PROOF OF PUBLICATION

STATE OF COLORADO)
) ss.
COUNTY OF GUNNISON)

I, Melissa Ruch, certify that:

I am the publisher of the Crested Butte Chronicle & Pilot/CB News, a newspaper of general circulation published in Crested Butte (printed in Salida) in said State and County:

The attached advertisement, which is a printed copy taken from said newspaper, was published in said newspaper on the 4, 11 day of NOV, 2016; and

said advertisement was published in said newspaper proper and not in any supplement thereof:

Signature

Subscribed and sworn before me this 18 day of NOV, 2016
by Melissa Ruch.

Notary Public

JILL R CLAIR
NOTARY PUBLIC

—NOTICE OF PUBLIC HEARING—
2016 AMENDED BUDGET, 2017 PROPOSED BUDGET
NOVEMBER 16, 2016 ~ 4:00 PM
EAST RIVER REGIONAL SANITATION DISTRICT
SKYLAND LODGE
350 COUNTRY CLUB DRIVE, SUITE 112A
CRESTED BUTTE, COLORADO 81224

Pursuant to C.R.S. 29-1-106, notice is hereby given that the proposed 2016 amended budget and the proposed 2017 budget have been submitted to the Board of Directors of the East River Regional Sanitation District. Copies of the proposed budgets have been filed in the office of the District, Skyland Lodge, 350 Country Club Drive, Suite 112A, Crested Butte, Colorado 81224, where they are open for public inspection. The proposed budgets will be considered at the regular meeting of the Board of Directors of the District to be held at Skyland Lodge, 350 Country Club Drive, Suite 112A, Crested Butte, Colorado 81224 on November 16, 2016 at 4:00 P.M. The Board will hold a public hearing at such meeting during which all interested parties may be heard.

Any interested elector of the East River Regional Sanitation District may inspect the proposed budgets and file any objections thereto at any time prior to the final adoption of the budgets by the Board of Directors.

Respectfully submitted,
Greg Wiggins, Chairman

Published in the *Crested Butte News*, Issues of November 4 and 11, 2016, #110410

Thereupon, Director Bill Reimer introduced and moved the adoption of the following Resolution:

RESOLUTION

A RESOLUTION SUMMARIZING EXPENDITURES AND REVENUES FOR EACH FUND AND ADOPTING A BUDGET AND APPROPRIATING SUMS OF MONEY TO EACH FUND IN THE AMOUNTS AND FOR THE PURPOSES SET FORTH HEREIN FOR THE DISTRICT FOR THE CALENDAR YEAR BEGINNING ON THE FIRST DAY OF JANUARY 2017 AND ENDING ON THE LAST DAY OF DECEMBER 2017.

WHEREAS, the Board has authorized its treasurer, manager and/or legal counsel to prepare and submit a proposed budget to the Board in accordance with Colorado law; and

WHEREAS, the proposed budget has been submitted to the Board for its review and consideration; and

WHEREAS, upon due and proper notice, provided in accordance with Colorado law, said proposed budget was open for inspection by the public at a designated place, a public hearing was held on November 16, 2016, interested electors were given the opportunity to file or register any objections to said proposed budget and no written objections were filed prior to the public hearing; and

WHEREAS, the budget being adopted by the Board has been prepared based on the best information available to the Board regarding the effects of § 29-1-101, *et seq*., C.R.S., as applicable, and Article X, § 20 of the Colorado Constitution.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD AS FOLLOWS:

Section 1. Summary of 2017 Revenues and 2017 Expenditures. The estimated revenues and expenditures for each fund for fiscal year 2017, as more specifically set forth in the budget attached hereto, are accepted and approved.

Section 2. Adoption of Budget. The budget as submitted, amended, attached hereto and incorporated herein is approved and adopted as the budget of the District for fiscal year 2017.

In the event of recertification of values by the County Assessor's Office after the date of adoption hereof, staff is hereby directed to modify and/or adjust the budget and certification to reflect the recertification without the need for additional Board authorization. Any such modification to the budget or certification as contemplated by this Section 2 shall be deemed ratified by the Board.

Section 3. Levy for General Operating Expenses. For the purpose of meeting all general operating expenses of the District during the 2017 budget year, there is hereby levied a tax of two and six hundred eight thousandths (2.608) mills upon each dollar of the total valuation of assessment of all taxable property within the District.

Section 4. Levy for Debt Service Obligations. For the purposes of meeting all debt service obligations of the District during the 2017 budget year, there is hereby levied a tax of zero (0.000) mills upon each dollar of the total valuation of assessment of all taxable property within the District.

Section 5. Levy for Contractual Obligation Expenses. For the purposes of meeting all contractual obligations of the District during the 2017 budget year, there is hereby levied a tax of zero (0.000) mills upon each dollar of the total valuation of assessment of all taxable property within the District.

Section 6. Levy for Capital Project Expenses. For the purposes of meeting all capital project obligations of the District during the 2017 budget year, there is hereby levied a tax of zero (0.000) mills upon each dollar of the total valuation of assessment of all taxable property within the District.

Section 7. Certification to County Commissioners. The Board directs its legal counsel, manager, accountant or other designee to certify to the Board of County Commissioners of Gunnison County, Colorado the mill levies for the District as set forth herein. Such certification shall be in compliance with the requirements of Colorado law.

Section 8. Appropriations. The amounts set forth as expenditures and balances remaining, as specifically allocated in the budget attached hereto and incorporated herein, are hereby appropriated for the purposes thereof and no other.

Section 9. Filing of Budget and Budget Message. The Board hereby directs its legal counsel, manager or other designee to file a certified copy of the adopted budget resolution, the budget and budget message with the Division of Local Government by January 30 of the ensuing year.

Section 10. Budget Certification. The budget shall be certified by a member of the District, or a person appointed by the District, and made a part of the public records of the District.

The foregoing Resolution was seconded by Director Pat Golden.

[Remainder of page intentionally left blank.]

ADOPTED THIS 16TH DAY OF NOVEMBER, 2016.

EAST RIVER REGIONAL SANITATION DISTRICT

Officer of District

ATTEST:

APPROVED AS TO FORM:

WHITE BEAR ANKELE TANAKA & WALDRON
Attorneys at Law

General Counsel to the District

STATE OF COLORADO
COUNTY OF GUNNISON
EAST RIVER REGIONAL SANITATION DISTRICT

I hereby certify that the foregoing resolution constitutes a true and correct copy of the record of proceedings of the Board adopted at a District meeting held on November 16, 2016, at 350 Country Club Drive, Suite 112A, Crested Butte, Colorado, as recorded in the official record of the proceedings of the District.

IN WITNESS WHEREOF, I have hereunto subscribed my name this 14th day of December, 2016.

EXHIBIT A

BUDGET DOCUMENT

BUDGET MESSAGE

EAST RIVER REGIONAL SANITATION DISTRICT
2016 AMENDED BUDGET
2017 APPROVED BUDGET

					Date:	12-Dec-16			
					Current Budget Level:	BUD1			
					Year to date through:	12-Dec-16			
	ACCOUNT NUMBER	**ACCOUNT DESCRIPTION**	**ACTUAL (2014)**	**ACTUAL (2015)**	**2016 BUDGET**	**2016 YEAR TO DATE ACTUAL**	**2016 AMENDED BUDGET**	**2017 APPROVED BUDGET**	
	ENTERPRISE FUND								
1		**Beginning Fund Balance:**	**$ 2,885,755**	**$ 3,009,893**	**$ 3,207,823**	**$ 3,207,823**	**$ 3,207,823**	**$ 3,440,804**	
2	**Operating Revenue**								
3									
4	310	Service Fees (User Fees)	$ 237,261	$ 240,404	$ 240,846	$ 243,659	$ 243,659	$ 245,403	
5	368	Rental Income	$ 900	$ 900	$ 900	$ 900	$ 900	$ 900	
6		Miscellaneous:							
7	365	REA Refund	$ -	$ -	$ -	$ -	$ -	$ -	
8	371	Eng. Fee Reimb.	$ -	$ -	$ -	$ -	$ -	$ -	
9	375	Miscellaneous Revenue	$ 2,091	$ 452	$ 500	$ 438	$ 500	$ 500	
10		**Total Operating Revenues:**	**$ 240,252**	**$ 241,756**	**$ 242,246**	**$ 244,997**	**$ 245,059**	**$ 246,803**	
11	**Operating Expenses:**								
12		Accounting and Auditing:							
13	405	Accounting	$ 1,760	$ 3,869	$ 2,100	$ 1,760	$ 2,100	$ 2,100	
14	410	Audit Expense	$ 6,035	$ 5,900	$ 7,500	$ 6,050	$ 7,500	$ 7,500	
15		Salaries and Payroll Benefits:							
16	710	Payroll Tax Expense	$ 7,243	$ 7,549	$ 8,500	$ 7,548	$ 8,500	$ 8,500	
17	720	Wages-Plant Manager	$ 14,952	$ 14,842	$ 15,000	$ 14,671	$ 15,000	$ 15,000	
18	700	Wages - Admin	$ 71,497	$ 74,966	$ 77,000	$ 68,220	$ 77,000	$ 77,000	
19	715	Retirement Expense	$ 3,767	$ 3,879	$ 4,000	$ 3,832	$ 4,000	$ 4,000	
20	525	Directors Fees	$ 6,000	$ 5,700	$ 7,000	$ 4,400	$ 6,000	$ 7,000	
21	580	Repair & Maintenance	$ 20,025	$ 5,250	$ 50,000	$ 23,334	$ 30,000	$ 50,000	
22									
23	550	Legal Services	$ 29,333	$ 26,843	$ 35,000	$ 16,237	$ 25,000	$ 30,000	
24	650	Utilities - Electricity	$ 24,896	$ 23,992	$ 27,000	$ 24,725	$ 27,000	$ 27,000	
25									
26	540	Insurance	$ 8,684	$ 9,390	$ 8,500	$ 11,079	$ 11,079	$ 10,000	
27	541	Emp Health Insurance	$ 15,767	$ 18,492	$ 17,000	$ 15,511	$ 17,000	$ 17,000	
28	542	Work Comp Insurance	$ 2,243	$ 3,799	$ 3,500	$ 2,919	$ 3,500	$ 3,500	
29									
30	555	Office Expense	$ 6,771	$ 6,467	$ 10,000	$ 8,298	$ 10,000	$ 10,000	
31	610	Fees & Dues	$ 2,350	$ 2,372	$ 3,000	$ 1,986	$ 3,000	$ 3,000	
32	585	Sewer Discharge Tests	$ 4,130	$ 4,466	$ 4,500	$ 3,911	$ 4,500	$ 4,500	
33	600	Supplies & Chemicals	$ 4,639	$ 1,485	$ 5,000	$ 1,631	$ 3,000	$ 5,000	
34		Engineering and Consulting:							

EAST RIVER REGIONAL SANITATION DISTRICT
2016 AMENDED BUDGET
2017 APPROVED BUDGET

	ACCOUNT NUMBER	ACCOUNT DESCRIPTION	ACTUAL (2014)	ACTUAL (2015)	2016 BUDGET	2016 YEAR TO DATE ACTUAL	2016 AMENDED BUDGET	2017 APPROVED BUDGET
35	531	Operational Engineering	$ 4,098	$ 1,854	$ 10,000	$ -	$ 5,000	$ 10,000
36	527	Consulting Fees	$ -	$ -	$ -	$ -	$ -	$ -
37								
38	645	Telephone	$ 4,023	$ 4,062	$ 4,500	$ 3,942	$ 4,500	$ 4,500
39		Miscellaneous:						
40	560	Miscellaneous	$ 1,340	$ 1,155	$ -	$ -	$ -	$ -
41	420	Bank Charges	$ 390	$ 556	$ 750	$ 377	$ 750	$ 750
42	655	Truck Expense	$ 5,066	$ 4,380	$ 8,000	$ 1,705	$ 3,000	$ 8,000
43	635	Inspection Fee Expense	$ -	$ -	$ -	$ -	$ -	$ -
44	570	Outside Services	$ -	$ -	$ -	$ -	$ -	$ -
45	640	Travel & Education	$ -	$ 487	$ 3,000	$ 1,382	$ 1,500	$ 3,000
46	415	Allowance for Bad Debt	$ 7	$ 1	$ -	$ -	$ -	$ -
47		**Total Operating Expenses**	**$ 245,016**	**$ 231,756**	**$ 310,850**	**$ 223,518**	**$ 268,929**	**$ 307,350**
48		**Operating Gain (Loss)**	**$ (4,764)**	**$ 10,000**	**$ (68,604)**	**$ 21,479**	**$ (23,870)**	**$ (60,547)**
49	**Non-Operating Revenues**							
50								
51	305	Property Taxes	$ 106,469	$ 113,459	$ 80,953	$ 80,632	$ 80,953	$ 81,693
52	355	Specific Ownership Taxes	$ 6,745	$ 6,561	$ 7,000	$ 4,618	$ 5,000	$ 7,000
53	360	Tap Fees	$ 42,154	$ 86,437	$ 27,251	$ 196,720	$ 196,720	$ 27,251
54	315	Availability of Service Fees - Total	$ -	$ -	$ -	$ -	$ -	$ -
55	370	Inspection Fee Revenue	$ -	$ -	$ -	$ -	$ -	$ -
56		Interest:						
57	340	Interest Income - Savings	$ 3,335	$ 5,218	$ 3,500	$ 16,866	$ 17,500	$ 10,000
58	345	Interest Income - Customers	$ 251	$ 223	$ 500	$ 205	$ 300	$ 500
59	350	Interest Income - Property Tax	$ 326	$ 827	$ 1,000	$ 158	$ 500	$ 1,000
60		**Total Non-Operating Revenues:**	**$ 159,280**	**$ 212,725**	**$ 120,204**	**$ 299,199**	**$ 300,973**	**$ 127,444**
61	**Non-Operating Expenses**							
62		Debt Service						
63	422	Interest - Lease Payment	$ -	$ -	$ -	$ -	$ -	$ -
64	421	Lease Principal Payment	$ -	$ -	$ -	$ -	$ -	$ -
65	424	Excess Bond Redemption	$ -	$ -	$ -	$ -	$ -	$ -
66	425	Bond Redemption	$ -	$ -	$ -	$ -	$ -	$ -
67	545	Bond Interest Expense	$ -	$ -	$ -	$ -	$ -	$ -
68	430	Bond Trustee Fees	$ -	$ -	$ -	$ -	$ -	$ -
69		Capital Outlay:						
70	440	Capital Outlay - Service Plant	$ -	$ -	$ 50,000	$ 23,421	$ 30,000	$ 300,000
71	450	Capital Outlay - Engineering	$ -	$ 586	$ 5,000	$ 1,487	$ 3,000	$ 20,000

EAST RIVER REGIONAL SANITATION DISTRICT
2016 AMENDED BUDGET
2017 APPROVED BUDGET

	ACCOUNT NUMBER	ACCOUNT DESCRIPTION	ACTUAL (2014)	ACTUAL (2015)	2016 BUDGET	2016 YEAR TO DATE ACTUAL	2016 AMENDED BUDGET	2017 APPROVED BUDGET
72		Capital Outlay - Office	$ -	$ -	$ -	$ -	$ -	$ -
73	470	Capital Outlay - Equipment	$ 27,092	$ 20,700	$ 5,000	$ 8,609	$ 8,609	$ 5,000
74	620	Collection Fees (County Treasurer)	$ 3,286	$ 3,509	$ 2,429	$ 2,424	$ 2,513	$ 2,551
75		**Total Non-Operating Expenses:**	**$ 30,378**	**$ 24,795**	**$ 62,429**	**$ 35,941**	**$ 44,122**	**$ 327,551**
76								
77		**Non-Operating Gain (Loss)**	**$ 128,902**	**$ 187,930**	**$ 57,775**	**$ 263,258**	**$ 256,851**	**$ (200,107)**
78								
79		**ENDING BALANCE**	**$ 3,009,893**	**$ 3,207,823**	**$ 3,196,994**	**$ 3,492,560**	**$ 3,440,804**	**$ 3,180,150**
80								
81		*Total of all Revenues:*	$ 399,532	$ 454,481	$ 362,450	$ 544,196	$ 546,032	$ 374,247
82		*Total of all Expenses:*	$ 275,394	$ 256,551	$ 373,279	$ 259,459	$ 313,051	$ 634,901
83	**Allocation of Reserves***							
84		**Lease Payment Reserve**	$ -		$ -		$ -	$ -
85		**Capital Reserve**	$ -		$ -		$ -	$ -
86		**Emergency Reserve**	$ 14,000	$ 14,000	$ 11,198	$ -	$ 9,392	$ 19,047
87		**Operating Reserve**	$ -		$ -		$ -	$ -
88		**Sewer Plant Planning Reserve**	$ -		$ -		$ -	$ -
89		**General Contingency & Operating Reserve**	$ 2,995,893	$ 3,193,823	$ 3,185,796	$ 3,492,560	$ 3,431,412	$ 3,161,103
90		**Total**	**$ 3,009,893**	**$ 3,207,823**	**$ 3,196,994**	**$ 3,492,560**	**$ 3,440,804**	**$ 3,180,150**
		Net Change in Reserves	$ 124,138	$ 197,930	(10,829)	$ 284,737	$ 232,981	(260,654)
91	**TABOR Limitations**							
92		*"De-Bruced" TABOR Revenue / Spending Limits*	$ 1,198,597	$ 1,106,535	$ 1,118,325	$ 1,118,325	$ 1,118,325	$ 1,130,874
93		*Amount Revenue/Spending +/- TABOR Limits*	$ (799,642)	$ (653,105)	$ (757,375)	$ (574,492)	$ (573,093)	$ (758,127)

* In the 2003 Amended Budget, the District consolidated its Capital Reserve, Operating Reserve, and General

EAST RIVER REGIONAL SANITATION DISTRICT
2016 AMENDED BUDGET
2017 APPROVED BUDGET

	ACCOUNT NUMBER	ACCOUNT DESCRIPTION	ACTUAL (2014)	ACTUAL (2015)	2016 BUDGET	2016 YEAR TO DATE ACTUAL	2016 AMENDED BUDGET	2017 APPROVED BUDGET	
			Contingency Reserve. The District no longer has bond obligations that require it to maintain separately designated						
			Operating and Capital Reserves.						

EXHIBIT A

EAST RIVER REGIONAL SANITATION DISTRICT

2017 BUDGET MESSAGE

DISTRICT SERVICES: The District provides sewage treatment for all residents of the District and certain sewage treatment for areas of the District that are not within Skyland Metropolitan District.

BASIS OF ACCOUNTING: The basis of accounting utilized in the preparation of the 2017 budget for the District is the modified accrual method. The District's 2017 budget includes projected revenues and expenditures for its enterprise fund.

BUDGET FEATURES:

1. Total Revenues and Expenditures: In compliance with Amendment 1, the District's electorate has approved the issuance of refunding bonds and the increase of taxes, revenues, and expenditures over the 2016 taxes, revenues, and expenditures, as may be necessary to pay for debt service and operating expenses in 2017. The District's expenses and revenues may be increased up to $700,000 in any one fiscal year to the extent that the revenues and expenses are in excess of the limitations imposed by Article X, Section 20 of the Colorado Constitution and State Statutes.

The District's 2017 expenses are anticipated to be $634,901, an increase of $321,850 over the District's 2016 expenses. The District's 2017 revenues are anticipated to be $374,247 a decrease of $171,785 over the District's 2016 revenues. The District imposes an operational mill levy of 2.608 mills on all taxable property within the District in order to meet the District's operating expenses and fund its reserves.

2. Enterprise Fund: The District's operating expenses for 2017 are anticipated to be more than its operating and maintenance expenses for 2016. The District's non-operating expenses for 2017 are anticipated to be more than its non-operating expenses in 2016.

3. General Contingency and Operating Reserve and Emergency Reserve: The District needs have mandated the construction of a new wastewater treatment facility. In addition to the reserves placed into an Emergency Reserve, the District has placed its reserves into a General Contingency and Operating Reserve to decrease the impact of future debt issues required to finance the new wastewater treatment facility.

EXHIBIT E-3

ESTIMATED FUTURE PUBLIC IMPROVEMENT COSTS

Project List	Project Description	Cost Estimate	Paid By
Lift Station	Rework Motor Controls and Wiring	$20,000	District
Access Easement and Road	Purchase access easement and build access road through Buckhorn open space for year round vehicle access. Purchase a lot or lots for access.	$400,000	District
Forced Main	Replace vacuum release valves	$20,000	District
Treatment Plant	Dredge and dewater lagoons	$300,000	District
Treatment Plant	Build new mechanical plant for increased demands	$9,000,000	Shared between District and Developers
Lift Station	Capacity Upgrade	$1,000,000	Shared between District and Developers
Lift Station	Pump Replacement	$150,000	District
Treatment Plant	Install metering devices to measure influent flow from each subdvision	$75,000	Shared between District and Subdivisions served
Treatment Plant	Program to identify and curtail inflow and infiltration from all subdivisions	$100,000	Shared between District and Subdivisions served