Chadwick, Steinkirchner, Davis & Co., P.C. Consultants and Certified Public Accountants

BUTTERMILK METROPOLITAN DISTRICT

FINANCIAL STATEMENTS AND REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

December 31, 2016

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

May 1, 2017

To the Board of Directors
Buttermilk Metropolitan District

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of Buttermilk Metropolitan District (the District) as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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 from 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.

Opinion
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 Buttermilk Metropolitan District as of December 31, 2016, and the respective changes in its financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

225 North 5th Street , Suite 401
Grand Junction, CO 81501-2645
www.csdcpa.com
e-mail info@csdcpa.com
970/245-3000
FAX 970/242-4716
TOLL FREE 877/245-8080

Board of Directors
Buttermilk Metropolitan District
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Other Matters

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 9 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 required supplementary information 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.

Supplementary and Other Information
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The proprietary fund budgetary comparison schedule and property tax schedule are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The proprietary fund budgetary comparison schedule is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the proprietary fund budgetary comparison schedule is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The property tax schedule has 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 it.

Chadwick, Steinkirchner, Davis + Co., P.C.

The Buttermilk Metropolitan District (the "District") was approved by voters on November 7, 2000, and formally organized by judicial decree on August 23, 2001 for the purpose of providing certain public infrastructure and municipal services for the benefit of the residents and property owners within the District. The District is located within Pitkin County, Colorado. The District serves the West Buttermilk Subdivision and Pfister tracts, which are both adjacent to the Buttermilk Ski Area, as well as the East Owl Creek Ranch and Owl Creek Ranch subdivisions. These areas include a mix of existing homes and vacant lots.

The management's discussion and analysis of the Buttermilk Metropolitan District's financial performance provides an overview of the District's financial activities for the year ending December 31, 2016. The intent of this discussion and analysis is to look at the District's financial performance as a whole; it should be read in conjunction with the basic financial statements and the auditor's notes to enhance the reader's understanding of the District's overall financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for the fiscal year 2016 are as follows:

- In total, the District's overall net position increased by $226,355, or 10.2% higher than the prior fiscal year. The Statement of Net Position can be found on page 10 of this report, and the Change in Net Position from 2015 to 2016 can be seen in the Statement of Activities on page 11.

- Total revenues increased by $51,368 or 6.4%, from the prior fiscal year. This is primarily due to an increase in property tax revenue/increased road mill levy and charges for water services. The summarized Statement of Activities can be found on page 11 of the financial statements.

- Overall expenses in 2016 decreased by $17,522 or 2.8%, compared to 2015. This is primarily due to a decrease in the water system maintenance from 2015.

USING THE BASIC FINANCIAL STATEMENTS

This annual report consists of three parts – *management's discussion and analysis* (this section), the *basic financial statements*, and *supplementary information*. The basic financial statements include two kinds of statements that present different views of the District.

- The first two statements are *government-wide financial statements* that provide both long-term and short-term information about the District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the District government, reporting the District's operations *in more detail* than the government-wide statements.

The financial statements also include *notes* (beginning on page 19) that explain some of the information in the financial statements and provide more detailed data. The statements are followed by *supplementary information* (page 31) that further explains and supports the information in the financial statements. Additional other information (page 32) has also been included to enhance the reader's understanding of the financial statements.

Government-wide Statements

The government-wide statements consist of the Statement of Net Position and the Statement of Activities. These statements report information about the District as a whole and include *all* assets, liabilities, and deferred inflows of resources using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are considered regardless of when cash is received or paid.

These two statements report the District's *net position* and changes in them. The District's net position – the difference between assets and liabilities and deferred inflows of resources – are one way to measure the District's financial health, or *financial position*. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. Other non-financial factors, however, such as changes in the District's property tax base and the condition of the infrastructure, are needed to assess the overall health of the District.

In the Statement of Net Position and the Statement of Activities, the District is divided into two kinds of activities:

- *Governmental activities* – The activity of the District's Road Fund is reported here, including interest and principal paid on outstanding bonds. Property taxes, specific ownership taxes, and interest income finance most of these activities.

- *Business-type activities* – The activity of the District's Water Enterprise is reported here, including interest and principal paid on outstanding bonds. Property taxes, specific ownership taxes, water usage charges, and interest income finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's *funds*, focusing on its most significant funds – not the District as a whole. The District's funds – governmental and proprietary – use different accounting approaches.

Governmental fund – The General (Road) Fund's activity is reported as a governmental fund, which focuses on how money flows into and out of this fund, and the balances left at year-end that are available for spending. This fund is reported using an accounting method called *modified accrual* accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statement provides a detailed *short-term view* of the District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. A description of the relationship (or differences) between governmental *activities* (reported in the Statement of Net Position and the Statement of Activities) and governmental *funds* is provided in a reconciliation at the bottom of the fund financial statements (see pages 12 and 14).

Proprietary funds – When the Enterprise (Water) Fund charges users for the services it provides, these services are reported in the proprietary fund. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the District's enterprise fund is the same as the business-type activities reported in the government-wide statements, but provide more detail and additional information, such as cash flows, for proprietary funds.

THE DISTRICT AS A WHOLE

Statement of Net Position

The perspective of the Statement of Net Position is of the District as a whole. Both the governmental activities (Road Fund) and the business-type activities (Water Fund) are presented, along with a total of the two, which represents the total primary government. Following is a summary of the District's net position for the fiscal year 2016 compared to 2015.

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL PRIMARY GOVERNMENT	
IN THOUSANDS	2016	2015	2016	2015	2016	2015
ASSETS:						
Current & Other Assets	$ 329	$ 317	$ 974	$ 947	$ 1,302	$ 1,264
Capital Assets, Net	615	643	2,844	2,930	3,459	3,573
Total Assets	944	960	3,818	3,877	4,762	4,837
LIABILITIES:						
Current & Other Liabilities	25	26	28	32	53	58
Long-term Debt - Current	63	63	237	237	300	300
Long-term Debt - Non-current	289	355	1,083	1,330	1,372	1,684
Total Liabilities	377	443	1,349	1,599	1,725	2,042
DEFERRED INFLOWS OF RESOURCES:						
Property Taxes	173	168	425	415	599	583
NET POSITION:						
Invested in Capital Assets, Net of Related Debt	263	225	1,524	1,363	1,787	1,589
Restricted for Emergencies	3	3	5	6	8	8
Unrestricted (Deficit)	127	121	515	493	643	614
Total Net Position	$ 393	$ 349	$ 2,044	$ 1,862	$ 2,437	$ 2,211

Total Assets decreased by $75,377 from 2015 to 2016, primarily due to decreases in accounts receivable, and capital assets, net of depreciation and amortization.

Total Liabilities decreased by $317,132 from 2015 to 2016, primarily due to decreases in bond debt.

Deferred Inflows of Resources increased by $15,400 from 2015 to 2016 (property taxes assessed, which are expected to be received in 2017).

Total Net Position for the District reflects an overall increase of approximately $226,355 or 10.2% from 2015 to 2016. This is due to a $44,559 increase in net position in Governmental Activities (Road Fund) and $181,796 increase in net position in the Business-type Activities (Water Fund). The amount reported as *Net Investment in Capital Assets,* is computed by adding Capital Asset costs (net of depreciation and amortization) and subtracting the outstanding bonds that were used to purchase the capital improvements.

Statement of Activities

The perspective of the Statement of Activities is of the District as a whole. The Statement of Activities reflects general property taxes and service revenues, and the cost of providing services to the District. The following summary reflects the overall change in net position for the fiscal year 2016 compared to 2015:

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL PRIMARY GOVERNMENT	
IN THOUSANDS	2016	2015	2016	2015	2016	2015
REVENUES:						
Charges for Services	$ 29	$ -	$ 206	$ 171	$ 235	$ 171
Property & Ownership Taxes	173	151	429	406	602	557
Capital Contributions	-	-	-	52	-	52
Interest Earnings & Other	6	14	4	2	10	16
Total Revenues	208	166	639	630	847	796
EXPENSES:						
Operations/Maintenance	62	67	214	255	276	322
Prof. Fees & Admin	49	29	66	49	114	78
County Treasurer's Fees	8	7	21	20	29	27
Capital Outlay	6	-	15	20	21	20
Amortization & Depreciation	29	27	107	114	136	141
Interest & Fiscal Charges	9	11	35	40	44	50
Total Expenses	164	141	457	498	621	639
CHANGE IN NET POSITION	$ 45	$ 25	$ 182	$ 133	$ 227	$ 157

Overall revenues increased by approximately $51,400 or 6.4%, from 2015 to 2016. This is primarily due to increases in property tax revenues from the increase in the road mill levy as well as increases in charges for services (metered water).

Overall expenses in 2016 decreased by approximately $18,000 compared to 2015. This is primarily due to a decrease in water systems maintenance expenses.

Governmental Activities

The operation of the Road Fund is defined as the governmental activity of the District. The focus of the District's governmental fund is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements.

The dependence on taxes and other general revenues to fund current program costs is apparent from the foregoing table. The residential community, as a whole, is the primary support for the District's governmental activities.

Business-Type Activities

The operations of the Water Fund are defined as the business-type activity of the District. Operations are supported by property taxes, water fees for usage, and other general revenues.

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 (Road) Fund *(see pages 6, 13, & 15 of this report for the following analysis)*

Gross General Fund (Road Fund) revenues were $208,277 in 2016, which reflects $173,431 from property taxes and specific ownership taxes net of property tax abatements. Other contributors to Road Fund revenues were $28,635 collected for heavy vehicle use fees at two properties within the District.

For the following comparison between 2015 and 2016, see specifically pages 6 and 13 of this report. General Fund (Road Fund) expenditures of $200,296 in 2016 reflect a decrease of $10,223 over the 2015 total expenditures of $210,519. As of the end of 2016, the District's governmental fund reported an ending fund balance of $131,330, reflecting an increase of $7,981 or 6.5%, over the 2015 fund balance. This increase in the fund balance is a result from realizing more revenues than expenditures in 2016. The ending fund balance of $131,330, (shown on page 13) is the amount of net resources available for future spending in the Road (Governmental) Fund.

Proprietary (Water) Fund *(see pages 6, 16, 17, 18, & 31 of this report for the following analysis)*

The ending net position of the Proprietary (Water) Fund increased to $2,044,051 from $1,862,255 (for a total increase of $181,796) during the fiscal year ending December 31, 2016. Current assets, consisting primarily of cash, investments, and receivables, increased by $30,531 in 2016 (from $943,020 in 2015 to a total of $973,551 in 2016). This increase is a net result in increased cash of $26,381 and $4,205 in prepaid expense. The increase in property taxes receivable of $9,816 is offset by a decrease in accounts receivable of $9,871.

For the following comparison between 2015 and 2016, see specifically pages 6 and 17 of this report. In the Proprietary Fund, total operating revenues from water usage charges were $206,422, an increase of $35,243, compared to 2015. This is due to increased water usage fees. Non-operating revenues, consisting of property and specific ownership taxes and interest income, increased by $24,987, from $407,662 in 2015 to $432,649 in 2016.

The Proprietary Fund's operating expenses (excluding depreciation, amortization, bad debt, and capital outlay) totaled $263,281, in 2016, reflecting a decrease of $40,619, or 13.4%, over 2015, primarily due to decreases in the costs associated with water operations and maintenance. Other operating expenses decreased, consisting of capital outlay, which decreased by $5,281. The Proprietary Fund Statement of Cash Flows (page 18) indicates an ending cash balance of $521,538 available for future spending in the Proprietary (Water) Fund.

BUDGET VARIANCES

Governmental (Road) Fund

Total revenues in the Road Fund are over budget by $31,559 primarily due to increased road heavy vehicle use fees of $19,650, as well as increases in property taxes of $22,302. Total expenditures in 2016 were $200,296 - under budget by 11.9%, or $27,112, with budget savings realized in all expense categories with the exception of accounting and auditing, insurance, legal, treasurer fees, debt service principal and interest. A budget-to-actual statement for the General Fund can be found on page 15 of this report.

Proprietary (Water) Fund

Water service charges (revenues) totaled $205,458 or 41.7% more than budgeted, due to an increase in water usage for the year. In addition to water service charges, miscellaneous income brought in $964. Non-operating revenues, consisting of property taxes, specific ownership taxes, and interest income, exceeded budget by $8,271 primarily due to an excess of specific ownership taxes. Overall, Proprietary Fund revenues – operating plus non-operating – came in over budget expectations by $68,693 or 12.0%. Operating and non-operating expenses, as a whole, came in under budget by $48,592 or 7.3%. Budget savings were realized in the areas of management fees, engineering, contingency and all non-operating expenses. Budget overages occurred in operations and maintenance expense for $23,632, miscellaneous expense for $13,467, and legal for $7,383. Other minimal budget overages occurred in accounting and auditing and insurance for a total of $996. A summary of budget to actual expenses for the Proprietary Fund can be found on page 31 of this report.

CAPITAL ASSETS

The District's net capital assets decreased by $85,539 in business-type activities (water system) and decreased by $28,244 in governmental activities (road system). These changes were due to current-year depreciation offset by capital additions, construction in progress, and a net loss on disposal of an asset for 2016. 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 on page 27 of this report.

DEBT ADMINISTRATION

As of December 31, 2016, the District has $1,672,057 in General Obligation Bonds, of which $352,012 is carried in governmental activities (Road Fund) and $1,320,045 is carried in the business-type activities (Water Fund) of the District. The original bonds were issued in 2002 to finance the construction of a potable water system and accompanying road improvements, and were refinanced in 2011. Debt service payments, due June 1st and December 1st, are allocated in the same proportions as the bond principal. The final maturity date is December 1, 2021. For a detailed discussion on the bond refinancing, see Note D, beginning on page 28 of this report.

REQUEST FOR INFORMATION

This financial report is designed to provide our residents, customers, taxpayers, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have any questions regarding this report or need additional financial information, please contact the:

Buttermilk Metropolitan District Manager
c/o The Romero Group, LLC
208 Midland Avenue, PO Box 4100
Basalt, CO 81621-4100
Telephone: (970) 273-3100
Fax: (970) 797-1851

Buttermilk Metropolitan District

STATEMENT OF NET POSITION

December 31, 2016

	Governmental Activities	Business-type Activities	Total
ASSETS			
Equity in pooled cash and investments	$ 151,058	$ 521,538	$ 672,596
Receivables			
Accounts receivable	-	22,495	22,495
Property taxes	173,494	425,313	598,807
Prepaid expenses	4,205	4,205	8,410
Capital assets (net of accumulated depreciation)			
Capital assets	614,895	2,844,326	3,459,221
Other assets (net of accumulated amortization)			
Organization costs	-	-	-
Total Assets	943,652	3,817,877	4,761,529
LIABILITIES			
Accounts payable	23,933	25,099	49,032
Accrued interest payable	895	3,369	4,264
Non-current liabilities, due within one year			
Bonds payable	63,158	236,842	300,000
Non-current liabilities, due after one year			
Bonds payable and bond premium	288,854	1,083,203	1,372,057
Total Liabilities	376,840	1,348,513	1,725,353
DEFERRED INFLOWS OF REOSOURCES			
Property taxes	173,494	425,313	598,807
Total Deferred Inflows of Resources	173,494	425,313	598,807
NET POSITION			
Net investment in capital assets	262,883	1,524,281	1,787,164
Restricted for emergencies	3,134	4,561	7,695
Unrestricted	127,301	515,209	642,510
Total Net Position	$ 393,318	$ 2,044,051	$ 2,437,369

The accompanying notes are an integral part of this statement.

Buttermilk Metropolitan District

STATEMENT OF ACTIVITIES

Year ended December 31, 2016

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
Function/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	$ 154,429	$ 28,635	$ -	$ -	$ (125,794)	$ -	$ (125,794)
Interest on long-term debt	9,289	-	-	-	(9,289)	-	(9,289)
Total governmental activities	163,718	28,635	-	-	(135,083)	-	(135,083)
Business-type activities:							
Water	457,304	206,422	-	30		(250,852)	(250,852)
Total business-type activities	457,304	206,422	-	30		(250,852)	(250,852)
Total	$ 621,022	$ 235,057	$ -	$ 30	(135,083)	(250,852)	(385,935)
General revenues:							
Property taxes					173,431	428,518	601,949
Interest earnings					1,211	4,130	5,341
Miscellaneous					5,000	-	5,000
Total general revenues					179,642	432,648	612,290
Change in net position					44,559	181,796	226,355
Net position - beginning					348,759	1,862,255	2,211,014
Net position - ending					$ 393,318	$ 2,044,051	$ 2,437,369

The accompanying notes are an integral part of this statement.

Buttermilk Metropolitan District

BALANCE SHEET - GOVERNMENTAL FUNDS

December 31, 2016

	General		Total Governmental Funds	
ASSETS				
Equity in pooled cash and investments	$	151,058	$	151,058
Receivables				
Property taxes		173,494		173,494
Prepaid expenses		4,205		4,205
Total Assets		328,757		328,757
LIABILITIES				
Accounts payable		23,933		23,933
Total Liabilities		23,933		23,933
DEFERRED INFLOWS OF RESOURCES				
Property taxes		173,494		173,494
Total Deferred Inflows of Resources		173,494		173,494
FUND EQUITY				
Nonspendable		4,205		4,205
Restricted for emergencies		3,134		3,134
Unassigned		123,991		123,991
Total Fund Equity	$	131,330	$	131,330

Fund equity (as reported above)	$	131,330
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets, net of accumulated depreciation, are not financial resources, and therefore, are not reported in the fund.		614,895
Long-term debt is not due and payable in the current period, and therefore, is not reported in the fund.		(352,012)
Accrued interest is not due and payable in the current period, and therefore, is not reported in the fund.		(895)
Net position of governmental activities	$	393,318

The accompanying notes are an integral part of this statement.

Buttermilk Metropolitan District

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

Year ended December 31, 2016

	General	Total Governmental Funds
Revenues		
Taxes	$ 173,431	$ 173,431
Interest	1,211	1,211
Road heavy vehicle fee	28,635	28,635
Miscellaneous	5,000	5,000
Total revenues	208,277	208,277
Expenditures		
General government	118,831	118,831
Debt service		
Principal	63,158	63,158
Interest	12,007	12,007
Capital outlay	6,300	6,300
Total expenditures	200,296	200,296
Excess of Revenues Over (Under) Expenditures	7,981	7,981
Fund Balance - beginning	123,349	123,349
Fund Balance - ending	$ 131,330	$ 131,330

The accompanying notes are an integral part of this statement.

Buttermilk Metropolitan District

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Year ended December 31, 2016

Amounts reported for governmental activities in the Statement of Activities are different because:	
Net Change in Fund Balances - Governmental Funds	$ 7,981
Governmental funds report organization costs as expenditures; however, in the Statement of Activities, the costs are deferred and amortized over an estimated period.	(1,054)
Governmental funds do not 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. This is the amount by which current year capitalized capital outlay was less than current year depreciation. ($0-$28,244)	(28,244)
Governmental funds report bond premium proceeds as an increase in fund balance. In the Statement of Net Position, the premium increases long-term debt and its amortization reduces interest expense in the Statement of Activities over the life of the bonds issued.	2,613
Change in accrued interest on long-term debt is not recorded in the funds.	105
Governmental funds report principal payments on long-term debt as reductions in fund balance. These payments reduce long-term debt in the Statement of Net Position.	63,158
Change in net position of governmental activities	$ 44,559

The accompanying notes are an integral part of this statement.

Buttermilk Metropolitan District

STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND

Year ended December 31, 2016

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Property taxes	$ 167,910	$ 167,910	$ -
Specific ownership taxes	3,358	5,521	2,163
Interest earnings	450	1,211	761
Road heavy vehicle fee	-	28,635	28,635
Miscellaneous income	5,000	5,000	-
Total revenues	176,718	208,277	31,559
Expenditures			
Management fees and office	21,388	16,925	4,463
Accounting and auditing	14,200	14,765	(565)
Engineering	5,500	95	5,405
Insurance	4,070	4,501	(431)
Legal	3,625	10,693	(7,068)
Repairs and maintenance	67,670	61,901	5,769
Treasurer fees	8,396	8,397	(1)
Miscellaneous	12,815	1,554	11,261
Interest expense	12,000	12,007	(7)
Debt service principal	63,000	63,158	(158)
Contingency	3,945	-	3,945
Capital outlay	10,799	6,300	4,499
Total expenditures	227,408	200,296	27,112
Excess of Revenues Over (Under) Expenditures	(50,690)	7,981	58,671
Fund balance, beginning	38,676	123,349	84,673
Fund balance, ending	$ (12,014)	$ 131,330	$ 143,344

The accompanying notes are an integral part of this statement.

Buttermilk Metropolitan District

STATEMENT OF NET POSITION - PROPRIETARY FUND

December 31, 2016

ASSETS			
Current assets			
Cash and cash equivalents		$	521,538
Receivables			
Accounts receivable			22,495
Property taxes			425,313
Prepaid expenses			4,205
	Total current assets		973,551
Noncurrent assets			
Organization costs, net of amortization			-
Capital assets, net of depreciation			2,844,326
	Total assets		3,817,877
LIABILITIES			
Current liabilities			
Accounts payable			25,099
Accrued interest payable			3,369
Current portion of bonds payable			236,842
	Total current liabilities		265,310
Bonds payable, less current portion			1,083,203
	Total liabilities		1,348,513
DEFERRED INFLOWS OF RESOURCES			
Property taxes			425,313
	Total deferred inflows of resources		425,313
NET POSITION			
Net investment in capital assets			1,524,281
Restricted for emergencies			4,561
Unrestricted			515,209
	Total net position	$	2,044,051

The accompanying notes are an integral part of this statement.

Buttermilk Metropolitan District

STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN FUND NET POSITION - PROPRIETARY FUND

Year ended December 31, 2016

		Business-type Activities- Enterprise Fund
Operating revenues		
Water service charges		$ 205,458
Miscellaneous income		964
	Total operating revenues	206,422
Operating expenses		
Operations and maintenance		99,657
Depreciation and amortization		106,052
Management fees		21,288
Accounting		14,765
Water quality testing		3,063
Utilities		15,105
Legal fees		11,008
Water augmentation		90,443
Insurance		4,501
Engineering		173
Miscellaneous expenses		18,646
Capital outlay		15,031
	Total operating expenses	399,732
	Operating income (loss)	(193,310)
Nonoperating revenues (expenses)		
Taxes		428,518
Interest income		4,130
Loss on disposal of capital assets		(1,857)
Treasurer fees		(20,741)
Interest expense		(34,974)
	Total nonoperating revenues (expenses)	375,076
	Income (loss) before contributions	181,766
Capital contributions		
Tap fees		30
	Total capital contributions	30
	Change in net position	181,796
Net position - beginning		1,862,255
Net position - ending		$ 2,044,051

The accompanying notes are an integral part of this statement.

Buttermilk Metropolitan District

STATEMENT OF CASH FLOWS
PROPRIETARY FUND

Year ended December 31, 2016

		Business-type Activities- Enterprise Fund
Cash flows from operating activities		
Cash received from customers and users	$	215,328
Cash paid to suppliers		(301,447)
Other miscellaneous receipts		964
Net cash provided (used) by operating activities		(85,155)
Cash flows from non-capital financing activities		
Property taxes		428,518
Treasurer fees		(20,741)
Net cash provided (used) by non-capital financing activities		407,777
Cash flows from capital and related financing activities		
Tap fees received		30
Interest paid		(45,168)
Purchase of capital assets		(18,391)
Principal payments on long-term debt		(236,842)
Net cash provided (used) by capital and related financing activities		(300,371)
Cash flow from investing activities		
Investment income received		4,130
Net cash provided (used) by investing activities		4,130
Net increase (decrease) in cash		26,381
Cash - beginning		495,157
Cash - ending	$	521,538
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	$	(193,310)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation and amortization		106,052
(Increase) decrease in accounts receivable		9,870
(Increase) decrease in prepaid expenses		(4,205)
Increase (decrease) in accounts payable		(3,562)
Total adjustments		108,155
Net cash provided (used) by operating activities	$	(85,155)

The accompanying notes are an integral part of this statement.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Organization

The Buttermilk Metropolitan District (the "District") was approved by voters on November 7, 2000, and formally organized by judicial decree on August 23, 2001. The District is a quasi-municipal corporation and political subdivision of the State of Colorado organized pursuant to the requirements of the Special District Act. The District was formed to provide certain public infrastructure and municipal services for the benefit of the residents and property owners within the District. The District is located within Pitkin County, Colorado. The District serves the West Buttermilk Subdivision, Eagle Pines, and the Pfister tracts, which are adjacent to the Buttermilk Ski Area, as well as East Owl Creek Ranch and Owl Creek Ranch. These areas include a mix of existing homes and vacant lots. The governing body of the District is elected by the registered voters within the District and consists of a five-member board of directors. The District has no employees and all operations and administrative functions are contracted.

The financial statements of the District have been prepared in conformity with generally accepted accounting principles ("GAAP") as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

2. 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 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.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

3. 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. Currently, the District has governmental and business-type activities.

Government-wide Financial Statements

In the government-wide Statement of Net Position, the governmental activities column is reported on a full accrual, economic resource basis, which recognizes all long-term assets, deferred outflows of resources, and receivables as well as long-term debts, deferred inflows of resources, and obligations. The District's net position is reported as net investment in capital assets; restricted for emergencies; and, unrestricted.

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.

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 comprises its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues and expenditures/expenses.

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

4. Fund Accounting

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The District currently has one General Fund, which is a governmental fund, and one Water Fund, which is a proprietary fund.

Governmental Funds

Governmental funds are those through which most governmental functions typically are financed. Governmental funds reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference among governmental fund assets, deferred outflows, liabilities, and deferred inflows is reported as fund balance.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

The District reports the following major governmental fund:

General Fund – The General Fund is used to account for all financial resources of the District except those required to be accounted for in another fund. The General Fund fund balance is available to the District for any purpose provided it is expended or transferred according to the general laws of Colorado and the bylaws of the District.

Proprietary Fund

Enterprise Fund – The Enterprise Fund accounts for operations that are financed and operated in a manner where the intent of the District is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the District has decided that periodic determination of revenue earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. Operating revenues and expenses for enterprise funds are those that result from providing services. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

For purposes of the statement of cash flows, the District considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

5. Measurement Focus and Basis of Accounting

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.

Long-Term Economic Focus and Accrual Basis

Governmental activities in the government-wide 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.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Current Financial Focus and Modified Accrual Basis

The governmental fund financial statements use the current financial resources 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 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 long-term debt, if any, is recognized when due.

When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the District's policy is to first apply the expense toward restricted resources and then toward unrestricted resources. In governmental funds, the District's policy is to first apply the expenditure toward restricted fund balance and then to other, less-restrictive classifications—committed and then assigned fund balances before using unassigned fund balances.

The accrual basis of accounting is utilized in the proprietary fund type. Revenue is recognized when earned and expenses are recognized when the liability is incurred. Depreciation is computed and recorded as an operating expense and expenditures for property and equipment are shown as increases in assets.

6. Use of Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows, liabilities, deferred inflows and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

7. Stewardship, Compliance, and Accountability

Budgets and Budgetary Accounting

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 budget for the governmental fund is adopted on a basis consistent with generally accepted accounting principles ("GAAP"). The budget for the proprietary fund is adopted on the budgetary basis of accounting, which differs from the GAAP basis in that depreciation and amortization are excluded from expenditures, and outlays for the acquisition of capital assets and debt service principal are included as expenditures.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

As required by Colorado statutes, the District followed the timetable below in approving and enacting the budgets for the ensuing year:

(1) For the 2016 budget year, prior to August 25, 2015, the County Assessor sent the District the assessed valuation of all taxable property within the District's boundaries.

(2) On or before October 15, 2015, the District's accountant submitted to the District's Board of Directors a recommended budget which detailed the necessary property taxes needed along with other available revenues to meet the District's operating requirements.

(3) The Board held a public hearing on the proposed budget and capital program no later than 45 days prior to the close of the fiscal year.

(4) For the 2016 budget, prior to December 15, 2015, the District computed and certified to the County Commissioners a rate of levy that derived the necessary property taxes as computed in the proposed budget.

(5) For the 2016 budget, the final budget and appropriating resolution was adopted prior to December 31, 2015.

(6) After adoption of the budget resolution, the District may make the following changes: a) it may transfer appropriated monies between funds or between spending agencies within a fund, as determined by the original appropriation level; b) supplemental appropriations to the extent of revenues in excess of those estimated in the budget; c) emergency appropriations; and d) reduction of appropriations for which originally estimated revenues are insufficient.

The District did not have any supplemental appropriations for 2016.

The level of control in the budget at which expenditures exceed appropriations is at the fund level. All appropriations lapse at year-end.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

8. Capital Assets

Capital assets are reported in the applicable governmental activities columns in the Government-wide Financial Statements. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are completed. The District's capitalization policy is $5,000.

Depreciation is computed using the straight-line method over estimated useful lives, as follows:

	Estimated Lives
Road system	10 to 40 years
Water system	5 to 40 years

9. Property Taxes

Property taxes for 2016, collectible in 2017, were certified by the Pitkin County Commissioners before December 31, 2016. Property taxes attached as an enforceable lien on January 1, 2017 and are due in total April 30, 2017 or in equal installments February 28, 2017 and June 15, 2017, at the option of the taxpayer. Property taxes for 2016, collectible in 2017, are shown as property taxes receivable and deferred inflows of resources on the statement of net position in the amount of the assessed taxes. The County Treasurer remits taxes collected monthly to the District.

10. Accounts Receivable

The District considers accounts receivable to be fully collectible. Accordingly, no allowance for doubtful accounts is required.

11. Organization Costs

Organization costs are amortized using the straight-line method over 15 years.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

12. Fund Equity

GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions" provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. In the fund financial statements classifications on the following page describe the relative strength of the spending constraints.

- *Non-spendable fund balance* - The portion of fund balance that cannot be spent because it is either not in spendable form (such as inventory) or is legally or contractually required to be maintained intact.
- *Restricted fund balance* - The portion of fund balance constrained to being used for a specific purpose by external parties (such as grantors or bondholders), constitutional provisions or enabling legislation.
- *Committed fund balance* - The portion of fund balance constrained for specific purposes according to limitations imposed by the District's highest level of decision making authority, the Board, prior to the end of the current fiscal year. The constraint may be removed or changed only through formal action of the Board.
- *Assigned fund balance* - The portion of fund balance set aside for planned or intended purposes. The intended use may be expressed by the Board or other individuals authorized to assign funds to be used for a specific purpose. Assigned fund balances in special revenue funds will also include any remaining fund balance that is not restricted or committed. This classification is necessary to indicate that those funds are, at a minimum intended to be used for the purpose of that particular fund.
- *Unassigned fund balance* - The residual portion of fund balance that does not meet any of the above criteria. The District will only report a positive unassigned fund balance in the General Fund.

NOTE B – CASH AND INVESTMENTS

The District maintains a cash pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the statement of net position as "Equity in pooled cash and investments."

Deposits

At year-end, the carrying amount of the District's cash deposits was $23,806 and the bank balance was $27,243. The bank balance was covered by federal depository insurance.

Statutes require that any public depository which accepts and holds public funds maintain, as security for public deposits accepted and held by it, not insured by federal depository insurance, eligible collateral having a market value, at all times, equal to at least 102 percent of the amount of public deposits. Banking institutions are monitored by the State of Colorado Banking Commission and must report monthly on all public deposits held. Pledged collateral must be held in joint custody of the bank and of the Public Deposit Protection Act in a safekeeping account held by a third party, usually the Federal Reserve Bank. The pledged collateral cannot be released unless approval is obtained by the banking commission. Savings and Loan institutions are monitored by the State of Colorado Commissioner of Savings and Loan Associations and must report quarterly on all public deposits held. Pledged collateral, usually in the form of mortgages, must be held by a third party institution for the benefit of the commissioner.

Investments

Colorado state statutes authorize the District to invest in U.S. Treasury bills, obligations of any other U.S. agencies, obligations of the World Bank, general obligation bonds of any state or any of their subdivisions, revenue bonds of any state or any of their subdivisions, bankers acceptance notes, commercial paper, repurchase agreements, money market funds and guaranteed investment contracts. All investments must be held by the District, in their name, or in custody of a third party on behalf of the local government.

The District had invested $648,790 in the Colorado Local Government Liquid Asset Trust, (Colotrust), an investment vehicle established for local government entities in Colorado to pool surplus funds. Colotrust operates similarly to a money market fund and each share is equal in value to $1.00. A designated custodial bank provides safekeeping and depository services to Colotrust in connection with the direct investment and withdrawal functions of Colotrust. Substantially all securities owned by Colotrust are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by Colotrust. Colotrust funds carry a Standard & Poor's AAAm rating. There is no custodial, interest rate or foreign currency risk exposure. Colotrust is a Level 2 investment in the fair value hierarchy established by GASB Statement No. 72 and is valued using significant observable inputs other than quoted market prices in active markets for identical securities.

NOTE B – CASH AND INVESTMENTS – CONTINUED

A reconciliation of the carrying value of deposits and investments reported above to the Statement of Net Position is as follows:

Deposits	$ 23,806
Investments	648,790
Total equity in pooled cash and investments	$ 672,596

NOTE C – CAPITAL ASSETS

A summary of changes in capital assets follows:

	Balance 12/31/15	Additions	Dispositions	Balance 12/31/16
Governmental activities				
Road system	$ 910,251	$ –	$ –	$ 910,251
Less: accumulated depreciation	(267,112)	(28,244)	–	(295,356)
Governmental activities capital assets, net	$ 643,139	$ (28,244)	$ –	$ 614,895
Business-type activities				
Capital assets not being depreciated				
Construction in progress	$ –	$ 18,391	$ –	$ 18,391
Land	83,598	–	–	83,598
Total capital assets not being depreciated	83,598	18,391	–	101,989
Capital assets being depreciated				
Water system	3,985,815	–	(3,377)	3,982,438
Less: accumulated depreciation	(1,139,548)	(102,073)	1,520	(1,240,101)
Total capital assets being depreciated	2,846,267	(102,073)	(1,857)	2,742,337
Business-type activities capital assets, net	$ 2,929,865	$ (83,682)	$ (1,857)	$ 2,844,326

Depreciation expense for the governmental activities and business-type activities for 2016 was $28,244 and $102,073, respectively. All governmental activity depreciation is allocated to the general government function.

NOTE D – LONG-TERM OBLIGATIONS

A summary of the District's Long-term Debt Obligations follows:

	Balance 12/31/15	Additions	Reductions	Balance 12/31/16	Amounts Due Within One Year
General Obligation Bonds:					
Governmental activities					
Bonds	$ 402,105	$ –	$ 63,158	$ 338,947	$ 63,158
Bond premium	15,678	–	2,613	13,065	–
Total governmental activities	417,783	–	65,771	352,012	63,158
Business-type activities					
Bonds	1,507,895	–	236,842	1,271,053	236,842
Bond premium	58,791	–	9,799	48,992	–
Total business-type activities	1,566,686	–	246,641	1,320,045	236,842
Total General Obligation Bonds	$ 1,984,469	$ –	$ 312,412	$ 1,672,057	$ 300,000

2011 Series Refunding Bonds

On September 7, 2011, the District issued $2,850,000 in general obligation refunding bonds with interest rates ranging between 2.0% and 4.0%. The District issued the bonds to advance refund $2,665,000 of the outstanding series 2002 general obligation bonds with interest rates ranging between 2.0% to 5.75%.

The annual requirements to amortize the 2011 bonds are as follows:

Year	Principal	Interest	Total
2017	$ 300,000	$ 51,175	$ 351,175
2018	315,000	44,425	359,425
2019	325,000	36,550	361,550
2020	330,000	26,800	356,800
2021	340,000	13,600	353,600
	$ 1,610,000	$ 172,550	$ 1,782,550

The reconciliation of general obligation bonds outstanding as of December 31, 2016 and future debt service requirements disclosed in the schedule immediately preceding this reconciliation follows:

Principal portion of total debt service requirements	$ 1,610,000
Bond premium	62,057
Total general obligation debt outstanding	$ 1,672,057

NOTE E – COMMITMENTS AND CONTINGENCIES

During the normal course of business, the District may incur claims and other assertions against it from various agencies and individuals. Management of the District and their legal representatives have disclosed that there are no material outstanding claims against the District at December 31, 2016.

NOTE F – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omission; and general liability. The District is a member of the Colorado Special District Property and Liability Pool ("Pool") for property and liability insurance.

The Pool was formed by an intergovernmental agreement to provide public officials, property, general and automobile liability coverage for claims up to $1,000,000, except if the claim falls within the government immunity statute, then the coverage is $150,000 per person and a $600,000 aggregate claim. The Pool is reinsured for 80% of the first $250,000 of all claims and 100% for claims in excess of $250,000. The District may be required to make additional contributions in the event aggregate losses incurred by the Pool exceed amounts recoverable from reinsurance contracts. Any excess funds, which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula. Any settled claims are not expected to exceed coverage. A summary of audited statutory basis financial information for the Pool as of and for the year ended December 31, 2015 (latest information available) is as follows:

Assets	$ 44,054,744
Liabilities	$ 24,739,781
Capital and surplus	19,314,963
Total	$ 44,054,744
Revenues	$ 16,356,266
Investment income and other	205,186
Total revenue	16,561,452
Expenses	14,839,993
Excess of revenues over expenses	$ 1,721,459

NOTE G – 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 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 of the prior year, extension of any expiring tax, or tax policy change directly causing a new 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 or other financial obligation unless adequate present cash reserves are pledged irrevocably and held for payments in future years.

NOTE G – TABOR AMENDMENT – CONTINUED

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 the fiscal year spending (excluding bonded debt service) for fiscal years ended after December 31, 1994. At December 31, 2016, a reserve of $3,134 was required for the General Fund and $4,561 was required for the Enterprise (Water) Fund.

Under TABOR, the initial base for local government spending and revenue limits is December 31, 1992 fiscal year spending. The District's first year of operations ended December 31, 2003. Future spending and revenue limits are determined based on the prior year's fiscal year spending adjusted for inflation in the prior calendar year plus annual local growth. Fiscal year spending is generally defined as expenditures and reserve increases with certain exceptions. Revenue, if any, in excess of the fiscal year spending limit must be refunded in the next fiscal year unless voters approve retention of such revenue.

In 2000 the District's electorate voted to allow the District to collect, retain, and expend revenues notwithstanding any of TABOR's restrictions.

The District's management believes 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.

SUPPLEMENTARY INFORMATION

Buttermilk Metropolitan District

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) - PROPRIETARY FUND

Year ended December 31, 2016

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Operating revenues			
Water service charges	$ 145,000	$ 205,458	$ 60,458
Miscellaneous income	1,000	964	(36)
Total operating revenues	146,000	206,422	60,422
Operating expenses			
Operations and maintenance	183,350	206,982	(23,632)
Management fees and office	22,588	21,288	1,300
Accounting and auditing	14,200	14,765	(565)
Legal	3,625	11,008	(7,383)
Insurance	4,070	4,501	(431)
Engineering	5,500	173	5,327
Miscellaneous expenses	5,179	18,646	(13,467)
Contingency	39,378	1,286	38,092
Total operating expenses	277,890	278,649	(759)
Excess of operating revenues over (under) operating expenses	(131,890)	(72,227)	59,663
Nonoperating revenues			
Property taxes, less abatements	415,497	414,750	(747)
Specific ownership taxes	8,310	13,768	5,458
Tap fees	-	30	30
Interest income	600	4,130	3,530
Total nonoperating revenues	424,407	432,678	8,271
Nonoperating expenses			
Treasurer fees	20,775	20,741	34
Interest expense	45,175	44,773	402
Debt service principal	237,000	236,842	158
Capital outlay	82,179	33,422	48,757
Total nonoperating expenses	385,129	335,778	49,351
Excess of revenues over (under) expenses	$ (92,612)	24,673	$ 117,285
Adjustments to GAAP basis			
Amortization of bond premium		9,799	
Depreciation and amortization		(106,052)	
Loss on disposal of capital assets		(1,857)	
Capital outlay (capitalized)		18,391	
Debt service principal		236,842	
Change in net position		$ 181,796	

OTHER INFORMATION

Buttermilk Metropolitan District

SCHEDULE OF ASSESSED VALUATION, MILL LEVY AND PROPERTY TAXES COLLECTED

December 31, 2016

Calendar Year Ended December 31	Prior Year Assessed Valuation for Current Year Property Tax Levy	Mills Levied	Total Property Taxes Levied	Total Property Taxes Collected	Percent Collected to Levied
General Fund					
2005	$ 21,700,340	7.252	$ 157,371	$ 157,371	100.00%
2006	22,022,380	7.650	168,469	160,739	95.41%
2007	23,970,671	7.630	182,902	182,896	100.00%
2008	27,104,380	6.951	188,403	188,382	99.99%
2009	29,748,430	6.951	206,782	206,787	100.00%
2010	47,852,030	4.305	206,003	200,450	97.30%
2011	45,950,290	4.305	197,816	196,789	99.48%
2012	32,806,970	4.305	141,235	141,234	99.99%
2013	32,024,020	4.305	137,863	135,010	97.93%
2014	32,728,180	4.305	140,895	140,336	99.60%
2015	33,919,820	4.305	146,025	146,024	100.00%
2016	31,651,330	5.305	167,910	167,910	100.00%
2017	32,703,790	5.305	173,494		
Proprietary Fund					
2005	30,225,180	13.162	397,823	397,824	100.00%
2006	30,914,740	13.522	418,031	403,781	96.59%
2007	31,735,231	13.434	426,335	427,283	100.22%
2008	40,992,790	10.594	434,278	434,252	99.99%
2009	41,761,950	10.594	442,426	442,426	100.00%
2010	58,476,600	7.573	442,843	438,229	98.96%
2011	57,608,370	7.573	436,266	420,905	96.48%
2012	40,619,120	9.900	402,129	393,516	97.86%
2013	37,689,410	9.900	373,125	371,943	99.68%
2014	38,859,520	9.900	384,709	384,709	100.00%
2015	39,843,390	9.900	394,450	393,977	99.88%
2016	41,969,350	9.900	415,497	414,750	99.82%
2017	42,960,980	9.900	425,313		

Note:

Property taxes collected in any one year include collection of delinquent property taxes levied in prior years. Information received from the County Treasurer does not permit identification of specific year of levy.