

CRESTED BUTTE FIRE PROTECTION DISTRICT

**Financial Statements
with
Independent Auditors' Report**

**For the Year Ended
December 31, 2016**



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Crested Butte Fire Protection District

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CRESTED BUTTE FIRE PROTECTION DISTRICT

Management's Discussion and Analysis

December 31, 2016

The Management Discussion and Analysis (MD&A) is designed to provide an easy-to-read discussion of the District's financial condition and operating results and to disclose to the reader important financial activities and issues related to the District's basic operations and mission. The MD&A should be read in conjunction with the District's basic financial statements.

Within the government type activities, the District has a general fund, a capital projects fund and a debt service fund. During 2016 the capital projects fund and the debt service fund had no activity. The government type activities are funded primarily through the District's ad-valorem property tax.

DESCRIPTION OF FINANCIAL STATEMENTS

This annual report consists of four parts – *management's discussion and analysis* (this section), the *Basic Financial Statements*, *Required Supplementary Information*, and *Other Supplementary Information*. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements, Statement of Net Position and Statement of Activities, 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 basic financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data. The basic financial statements are followed by a section of *Required Supplementary Information* that provides a budget and actual comparison for the District's General fund. Following that is a section of *Other Supplementary Information* that provides budget and actual comparisons for the District's pension trust fund and a more detailed budget to actual comparison of the expenditures for the general fund. The *Other Supplementary Information* is not required by generally accepted accounting principles but is provided to satisfy state statute and to give the reader more detailed information about the operations of the general fund.

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 inflow 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 taken into account regardless of when cash is received or paid.

CRESTED BUTTE FIRE PROTECTION DISTRICT

Management's Discussion and Analysis

December 31, 2016

These two statements report the District's *net position* and changes in them. The District's net position – the difference between assets, liabilities and deferred inflow of resources – is 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 are needed to assess the overall health of the District.

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 activity in the governmental funds focuses on how money flows into and out of these funds. Currently the District only has one active governmental fund – the general fund. This fund is reported using an accounting method called modified accrual accounting, which measures cash and all of other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general governmental operations and the basic services it provides. Governmental fund information helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

HIGHLIGHTS OF GOVERNMENTAL ACTIVITIES

- As of December 31, 2016 the governmental funds held \$2,527,345 in assets that were readily convertible to cash..
- As of December 31, 2016, the District's governmental activities held \$2,102,216 in net investment in capital assets. As of December 31, 2016 the District had no debt on its capital assets.

CRESTED BUTTE FIRE PROTECTION DISTRICT
Management's Discussion and Analysis
December 31, 2016

STATEMENTS OF NET POSITION

The perspective of the statement of Net Position is of the District as a whole. The following is a summary of the District's Net Position for 2016 compared to 2015:

	Governmental Activities	
	12/31/2016	12/31/2015
ASSETS		
Current and Other Assets	\$ 4,006,163	\$ 4,199,054
Capital Assets	<u>2,102,216</u>	<u>2,248,266</u>
Total Assets	<u>6,108,379</u>	<u>6,447,320</u>
 DEFERRED OUTFLOWS	 <u>454,393</u>	 <u>218,244</u>
 LIABILITIES		
Current Liabilities	56,190	22,042
Noncurrent Liabilities	<u>162,305</u>	<u>125,871</u>
Total Liabilities	<u>218,495</u>	<u>147,913</u>
 DEFERRED INFOWS	 <u>1,379,614</u>	 <u>1,256,250</u>
 NET POSITION		
Net Investment in Capital Assets	2,102,216	2,225,951
Restricted	51,708	48,900
Unrestricted	<u>2,810,739</u>	<u>2,986,550</u>
Total Net Position	<u>\$ 4,964,663</u>	<u>\$ 5,261,401</u>

CRESTED BUTTE FIRE PROTECTION DISTRICT
Management's Discussion and Analysis
December 31, 2016

STATEMENT OF ACTIVITIES

The perspective of the statement of activities is of the District as a whole. The following table reflects the change in Net Position for fiscal year 2016 and 2015.

CONDENSED STATEMENT OF ACTIVITIES

	Governmental Activities	
	2016	2015
PROGRAM REVENUES		
Charges for Services	\$ 319,900	\$ 276,864
Operating Grants	1,100	109,251
Capital Grants	-	350
Total Program Revenues	<u>321,000</u>	<u>386,465</u>
GENERAL REVENUES		
Property Taxes	1,232,690	1,182,413
Specific Ownership Taxes	76,259	71,628
Interest Income	7,514	4,916
Other Revenues	<u>1,564</u>	<u>7,156</u>
Total General Revenues	<u>1,318,027</u>	<u>1,266,113</u>
Total Revenues	<u>1,639,027</u>	<u>1,652,578</u>
PROGRAM EXPENSES		
General Government	503,041	347,100
Fire Protection	1,380,978	678,256
Emergency Medical Services	<u>51,746</u>	<u>478,135</u>
Total Program Expenses	<u>1,935,765</u>	<u>1,503,491</u>
CHANGE IN NET POSITION	(296,738)	149,087
Net Position, Beginning	<u>5,261,401</u>	<u>5,112,314</u>
NET POSITION, ENDING	<u>\$ 4,964,663</u>	<u>\$ 5,261,401</u>

GOVERNMENTAL ACTIVITIES

The cost of governmental activities this year was \$1,936,000 compared to \$1,503,000 in the prior year. The table below presents the cost of each of the District's programs – general government, fire fighting, emergency medical services – and interest on debt as well as each program's net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions for the last year.

	Cost of Services	Net Cost of Services
General Government	\$ 503,041	\$ (182,041)
Fire Protection	1,380,978	(1,380,978)
Emergency medical services	<u>51,746</u>	<u>(51,746)</u>
Totals	<u>\$ 1,935,765</u>	<u>\$ (1,614,765)</u>

CRESTED BUTTE FIRE PROTECTION DISTRICT
Management's Discussion and Analysis
December 31, 2016

THE DISTRICT'S FUNDS

As the District completed the year, its general fund (shown on page 5 of the financial statements) reported a fund balance of \$2,652,000, a decrease of \$269,000 over the previous year. The decrease in 2015 was \$126,000. The District currently maintains an ending fund balance/reserves in excess of 100% of total annual expenditures.

GENERAL FUND BUDGETARY HIGHLIGHTS

The general fund expenditures were approximately \$220,000 more than budgeted (exclusive of contingency and reserves). General fund actual revenues were \$211,000 more than budgeted amounts. During the year the District did not amend its budget.

CAPITAL ASSETS AND DEBT ADMINISTRATION

CAPITAL ASSETS

At year end the District had \$5,866,000 invested in the cost of its capital assets. The most significant capital assets the District holds is its fleet of fire fighting vehicles and related equipment which accounts for approximately \$3,236,000. The table below summarizes the District's capital assets by category.

	Balance			Balance
	12/31/15	Additions	Deletions	12/31/16
<u>Governmental-Type Activities</u>				
Capital Assets not being depreciated:				
Land	\$ 125,000	\$ -	\$ -	\$ 125,000
Capital Assets being depreciated:				
Buildings	1,689,455	-	-	1,689,455
Fire Equipment	3,128,551	107,318	-	3,235,869
Medical Equipment	741,780	-	-	741,780
Other Equipment	73,453	-	-	73,453
Total Capital Assets being depreciated	<u>5,633,239</u>	<u>107,318</u>	<u>-</u>	<u>5,740,557</u>
Less: Accumulated Depreciation				
Buildings	(818,321)	(29,890)	-	(848,211)
Fire Equipment	(2,213,908)	(149,417)	-	(2,363,325)
Medical Equipment	(426,606)	(51,746)	-	(478,352)
Other Equipment	<u>(73,453)</u>	<u>-</u>	<u>-</u>	<u>(73,453)</u>
Total Accumulated Depreciation	<u>(3,532,288)</u>	<u>(231,053)</u>	<u>-</u>	<u>(3,763,341)</u>
Net Capital Assets	<u>\$ 2,225,951</u>	<u>\$ (123,735)</u>	<u>\$ -</u>	<u>\$ 2,102,216</u>

CRESTED BUTTE FIRE PROTECTION DISTRICT
Management's Discussion and Analysis
December 31, 2016

DEBT OUTSTANDING

The District currently has no long-term debt outstanding except unpaid compensated absences and liabilities associated with the District's pension plans.

ECONOMIC AND OTHER FACTORS

Unlike municipalities, the District does not collect sales tax and has not benefited significantly from the increased tourism and visitation within the District. While the District's assessed valuation has begun the rebound, it is still dramatically lower than the 2011 high.

The District's Board of Directors remains attentive to maintaining a delicate balance between the increased demands of the community for services and the ability of a volunteer department to deliver the service. Similar to national trends, there has been an unfortunate decrease in volunteerism. The District has been forced to draw down on reserves to fund the need for full-time employees to staff the ambulance service and fire department. Four paramedics have been hired in the past four years to ensure that the District can maintain 100% advanced life support medical care at all times. The need for additional employees had lead the District to put forward a tax increase ballot question at the November, 2017 election to address the operating deficit and hire more full-time employees.

The District is debt free and has substantial reserves which has enabled it to cope with the need for full-time employees.

For the first time since 2003, the residential assessment ratio has decreased in Colorado by 9.5%. However, the Gunnison County Assessor estimates the decrease should be offset by increased valuations in the District and the District should see a 10% increase in assessed valuations.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the general public 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:

District Manager
CRESTED BUTTE FIRE PROTECTION DISTRICT
P.O. Box 1009
Crested Butte, Colorado 81224
Tel: (970) 349-5333
Fax: (970) 349-0438

FINANCIAL SECTION

Holscher, Mayberry & Company, LLC

Certified Public Accountants

Member of the American Institute of Certified Public Accountants
Governmental Audit Quality Center
and Private Company Practice Section

Board of Directors
Crested Butte Fire Protection District
Crested Butte, Colorado

Independent Auditors' Report

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Crested Butte Fire Protection District, as of and for the year ended December 31, 2016, and the related notes to the financial statements which collectively comprise the basic financial statements of the District, 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 the financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' 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 controls. 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 and each major fund of the Crested Butte Fire Protection District, as of December 31, 2016, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Crested Butte Fire Protection District's 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 30, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2015 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Required Supplementary Information – Management's Discussion and Analysis and Pension Schedules (Unaudited)

Accounting principles generally accepted in the United States of America require that the management, discussion and analysis on pages M1-M6 and pension schedules on pages 30-34 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.

Required Supplementary Information – Budgetary Comparison Schedules

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. Accounting principles generally accepted in the United States of America require that the budgetary comparison schedule on pages 35 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. The information 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. Such 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 basic 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.

Holscher, Mayhew + Company, LLC

Englewood, Colorado
May 18, 2017

Basic Financial Statements

CRESTED BUTTE FIRE PROTECTION DISTRICT

STATEMENT OF NET POSITION

DECEMBER 31, 2016

	GOVERNMENTAL ACTIVITIES
ASSETS AND DEFERRED OUTFLOWS	
ASSETS	
Current Assets	
Cash and Investments	
Cash	\$ 2,527,345
Investments	175,291
Receivables	
Property Tax Receivable	1,296,385
Cash with Fiscal Agent	5,434
Total Current Assets	<u>4,004,455</u>
Noncurrent Assets	
Capital Assets not being Depreciated	125,000
Capital Assets being Depreciated	5,740,557
Accumulated Depreciation	(3,763,341)
Net Pension Asset	1,708
Total Noncurrent Assets	<u>2,103,924</u>
TOTAL ASSETS	<u>6,108,379</u>
DEFERRED OUTFLOWS OF FINANCIAL RESOURCES	
Pension Contribution Timing	176,005
Pension Investment Earnings Timing	235,362
Pension Benefits Timing	16,199
Pension Change in Assumptions	26,827
TOTAL DEFERRED OUTFLOWS	<u>454,393</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>\$ 6,562,772</u>
LIABILITIES, DEFERRED INFLOWS AND NET POSITION	
LIABILITIES	
Current Liabilities	
Accounts Payable	\$ 56,190
Total Current Liabilities	<u>56,190</u>
Noncurrent Liabilities	
Due within one year	575,000
Due in more than one year	(412,695)
Total Noncurrent Liabilities	<u>162,305</u>
TOTAL LIABILITIES	<u>218,495</u>
DEFERRED INFLOWS OF FINANCIAL RESOURCES	
Deferred Property Taxes	1,296,385
Pension Benefits Timing	2,016
Pension External Change in Proportion	81,213
TOTAL DEFERRED INFLOWS	<u>1,379,614</u>
NET POSITION	
Net Investment in Capital Assets	2,102,216
Restricted Net Position	51,708
Unrestricted Net Position	2,810,739
TOTAL NET POSITION	<u>4,964,663</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	<u>\$ 6,562,772</u>

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

CRESTED BUTTE FIRE PROTECTION DISTRICT

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2016

	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION
		CHARGES FOR	OPERATING GRANTS AND	
	EXPENSES	SERVICES	CONTRIBUTIONS	GOVERNMENT ACTIVITIES
FUNCTIONS/PROGRAMS				
Government Activities				
Current:				
General Government	\$ 503,041	\$ 319,900	\$ 1,100	\$ (182,041)
Public Safety	1,380,978	-	-	(1,380,978)
Public Works	51,746	-	-	(51,746)
TOTAL GOVERNMENT	<u>\$ 1,935,765</u>	<u>\$ 319,900</u>	<u>\$ 1,100</u>	<u>(1,614,765)</u>
GENERAL REVENUES				
Property Taxes				1,232,690
Specific Ownership Taxes				76,259
Interest Income				7,514
Other Revenues				1,564
TOTAL GENERAL REVENUES AND TRANSFERS				<u>1,318,027</u>
CHANGE IN NET POSITION				(296,738)
NET POSITION - Beginning				<u>5,261,401</u>
NET POSITION - Ending				<u>\$ 4,964,663</u>

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

CRESTED BUTTE FIRE PROTECTION DISTRICT**BALANCE SHEET****GOVERNMENTAL FUNDS****DECEMBER 31, 2016****With Comparative Totals for December 31, 2015**

	GENERAL FUND	
	2016	2015
ASSETS AND DEFERRED OUTFLOWS		
ASSETS		
Current Assets		
Cash and Investments		
Cash	\$ 2,527,345	\$ 2,763,114
Investments	175,291	174,159
Receivables		
Property Tax Receivable	1,296,385	-
Cash with Fiscal Agent	5,434	1,111,781
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>\$ 4,004,455</u>	<u>\$ 4,049,054</u>
LIABILITIES, DEFERRED INFLOWS AND NET POSITION		
LIABILITIES		
Current Liabilities		
Accounts Payable	\$ 56,190	\$ 22,042
DEFERRED INFLOWS OF FINANCIAL RESOURCES		
Deferred Property Taxes	<u>1,296,385</u>	<u>1,106,250</u>
FUND BALANCE		
Restricted Fund Balance	50,000	48,900
Unassigned Fund Balance	<u>2,601,880</u>	<u>2,871,862</u>
TOTAL FUND BALANCE	<u>2,651,880</u>	<u>2,920,762</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	<u>\$ 4,004,455</u>	<u>\$ 4,049,054</u>

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

CRESTED BUTTE FIRE PROTECTION DISTRICT

RECONCILIATION OF GOVERNMENTAL FUND BALANCE
TO GOVERNMENTAL ACTIVITIES NET POSITION
DECEMBER 31, 2016

Fund Balance - Governmental Funds \$ 2,651,880

Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds

Capital assets, not being depreciated	\$ 125,000	
Capital assets, being depreciated	5,740,557	
Accumulated depreciation	<u>(3,763,341)</u>	2,102,216

Certain long-term pension related costs and adjustments are not available to pay or are payable currently and are therefore not reported in the funds

Net pension asset	1,708	
Net pension liability	(129,063)	
Contributions subsequent to measurement date	176,005	
Difference between projected and actual investment returns on the pension plan	303,010	
Amortization of the investment return difference	(67,648)	
Difference between projected and actual pension plan experience	19,613	
Amortization of the experience difference	(3,414)	
Change in Assumptions	29,740	
Amortization of Change in Assumptions	(2,913)	
Difference between projected and actual pension plan experience	(2,488)	
Amortization of the experience difference	472	
Change in proportionate share of the net pension liability	(93,605)	
Amortization of the change in proportion	<u>12,392</u>	243,809

Internal Service operations primarily benefit Governmental Activities

Long-term liabilities are not due and payable in the current year and, therefore, are not reported in the funds.

Accrued compensated absences	<u>(33,242)</u>	<u>(33,242)</u>
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Total Net Position - Governmental Activities \$ 4,964,663

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

CRESTED BUTTE FIRE PROTECTION DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2016

With Comparative Totals for the Year Ended December 31, 2015

	GENERAL FUND	
	2016	2015
REVENUES		
Taxes	\$ 1,308,949	\$ 1,103,597
Intergovernmental Revenues	-	109,251
Charges for Services	319,900	276,864
Investment Earnings	7,514	4,916
Other Revenues	2,664	7,506
TOTAL REVENUES	<u>1,639,027</u>	<u>1,502,134</u>
EXPENDITURES		
Current:		
General Government	468,822	298,202
Public Safety	1,273,924	1,061,903
Capital Outlay	165,163	268,360
TOTAL EXPENDITURES	<u>1,907,909</u>	<u>1,628,465</u>
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	(268,882)	(126,331)
FUND BALANCE, BEGINNING	<u>2,920,762</u>	<u>3,047,093</u>
FUND BALANCE, ENDING	<u>\$ 2,651,880</u>	<u>\$ 2,920,762</u>

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

CRESTED BUTTE FIRE PROTECTION DISTRICT

RECONCILIATION OF GOVERNMENTAL FUNDS CHANGE IN FUND BALANCE
TO GOVERNMENTAL ACTIVITIES CHANGE IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2016

Change in Fund Balance - Governmental Funds \$ (268,882)

Capital assets used in governmental activities are expensed when purchased in the funds and depreciated at the activity level

Capitalized Asset Purchases	107,318	
Depreciation Expense	(231,053)	(123,735)

Pension expense at the fund level represents cash contributions to the defined benefit plan. For the activity level presentation, the amount represents the actuarial cost of the benefits for the fiscal year.

Change in contributions subsequent to the measurement date	(16,180)	
Current year projected to actual investment return difference	293,379	
Current year amortization of overall investment return differences	(65,625)	
Change in net pension asset/liability	(84,485)	
Current year projected to actual pension plan experience difference	(6,100)	
Current year amortization of overall experience differences	1,832	
Change in the changes of assumptions	26,827	
Current year change in proportionate share of cost-sharing plan asset/liability	(58,470)	
Current year amortization of overall proportionate share differences	<u>9,060</u>	100,208

Repayments of long-term liabilities are expensed in the fund and reduce outstanding liabilities at the activity level. In addition, proceeds from long-term debt issuances are reported as revenues in the funds and increase liabilities at the activity level

Change in accrued compensated absences	<u>(4,329)</u>	<u>(4,329)</u>
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Change in Net Position - Governmental Activities **\$ (296,738)**

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

CRESTED BUTTE FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Crested Butte Fire Protection District have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following summary of significant accounting policies is presented to assist the reader in evaluating the District's financial statements.

Reporting Entity

Crested Butte Fire Protection District is a political subdivision of the State of Colorado governed by a five member board of directors. As required by generally accepted accounting principles, these financial statements present the Crested Butte Fire Protection District (the primary government) and its component units. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable, or other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the District's financial statements to be misleading or incomplete. Based upon the foregoing criteria, there are no component units included in the accompanying financial statements.

Nature of Operations

The District provides fire and rescue services for citizens in and around the communities of Crested Butte, Colorado.

Basic Financial Statements

Basic financial statements are presented at both the government-wide and fund financial level. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

Government-wide financial statements report information about the reporting government as a whole. For the most part, the effect of interfund activity has been removed from these statements. These statements focus on the sustainability of the District as an entity and the change in aggregate financial position resulting from the activities of the year. These aggregated statements consist of the Statement of Net Position and the Statement of Activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or business-type activity. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or business-type activity and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or business type activity. Taxes and other items not included among program revenues are reported instead as general revenues.

CRESTED BUTTE FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basic Financial Statements (Continued)

Fund financial statements report information at the individual fund level. Each fund is considered to be a separate accounting entity. Funds are classified as governmental or fiduciary. Major individual governmental funds are reported as separate columns in the fund financial statements. Non-major funds are consolidated into a single column in the financial section of the basic financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days after year end. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, grant revenue, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. An exception to this general rule is principal and interest on general long-term debt which is recognized when due.

The District reports one major governmental fund:

General Fund

This fund accounts for the financial resources of the District which are not accounted for in any other fund. Principal sources of revenue are property taxes, intergovernmental revenue and interest. Primary expenditures are for fire protection and general administration.

CRESTED BUTTE FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgets

Generally annual budgets are adopted on a basis consistent with generally accepted accounting principles for all funds. Encumbrances are not employed by the District.

Budgetary Practices

The District adheres to the following procedures in establishing budgets reflected in the financial statements:

- From September through November, the designated budget officer assembles the information for the budget related to the ensuing year.
- Public hearings are held to obtain taxpayer comment.
- Prior to December 31, the budget is adopted by formal resolution.
- Appropriations lapse at year end.
- The Board of Directors may amend the budget during the year.

Cash and Equivalents

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments

Investments are stated at fair value based on quoted market values, with the exception of money market funds and external investment pools. These are stated at cost, which is equal to fair value.

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received.

Governmental funds report deferred inflows of resources, as further described below in connection with receivables for revenues that are deferred for use during the next fiscal year. At the end of the current year, these receivables consisted of property taxes levied in 2016 and due in 2017.

CRESTED BUTTE FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

Capital assets, which include land, buildings, vehicles and equipment, are reported in the governmental activities column of the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and a useful life of more than three year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated or annexed capital assets are recorded at estimated market value at the date of donation or annexation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Depreciation on exhaustible assets is recorded as an allocated expense in the Statement of Activities with accumulated depreciation reflected in the Statement of Net Position. Depreciation on the remaining capital assets is provided on the straight-line basis over the following estimated useful lives:

Buildings	35-40 years
Fire Equipment	5-20 years
Medical Equipment	5-20 years
Other Equipment	5-7 years

Compensated Absences

The District has the following policy for compensated vacation pay.

1 st year of employment	½ day per month
2 nd - 5 th year of employment	1 day per month
After 5 years	1 ½ days per month

Deferred Outflows and Inflows of Resources

In addition to assets and liabilities, the statement of net position will sometimes report a separate section for deferred outflows and inflows of resources. These separate financial statement elements, deferred outflows of financial resources and deferred inflows of financial resources, represent a usage or acquisition of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) or inflow of resources (revenue) until a future period. The government has two types of items, which arise under the full accrual and modified accrual basis of accounting. Deferred property taxes are reported as a deferred inflow for both the governmental activities presentation and governmental funds balance sheet.

CRESTED BUTTE FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Outflows and Inflows of Resources (Continued)

The unavailable property taxes are deferred and will be recognized as an outflow or inflow of resources in the period that the amounts become recognizable as an expense or available, respectively. Since property tax revenues are collected in arrears during the succeeding year, a receivable and corresponding deferred inflow is recorded at December 31. As the tax is collected in the succeeding year, the deferred inflow is recognized as revenue and the receivable is reduced. The other item, deferred charge on refunding, is reported in the governmental activities net position. The charge will be recognized proportionately as the outstanding principal is repaid.

Long-Term Obligation

Long-term debt is reported at face value, net of applicable discounts and deferred charge on refunding. Costs related to the issuance of debt are expensed when incurred. Long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statements of net position.

Net Position/Fund Balances Flow Assumptions

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Net Position/Fund Balances

In the government-wide financial statements, net position is either shown as net investment in capital assets, with these assets essentially being nonexpendable; restricted when constraints placed on the net position are externally imposed; or unrestricted.

For the governmental fund presentation, fund balances that are classified as "nonspendable" include amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example, inventories and prepaid amounts.

Amounts are reported as "restricted" when constraints placed on the use of resources are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

CRESTED BUTTE FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position/Fund Balances (Continued)

Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the Board of Directors, reported and at their highest level of action are reported as "committed" fund balance. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action (for example, legislation, resolution, ordinance) it employed to previously commit those amounts.

Amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed, are reported as "assigned" fund balance. Intent should be expressed by (a) the governing body itself or (b) a body (a budget or finance committee, for example) or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes.

All remaining governmental balances or deficits in other governmental funds are presented as unassigned.

Program Revenues

Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Property Taxes

Property taxes are levied on November 1 and attach as an enforceable lien on property on January 1. Taxes are payable in full on April 30 or in two installments on February 28 and June 15. The County Treasurer's office collects property taxes and remits to the District on a monthly basis.

Accumulated Unused Leave/Compensated Absences

The District permits an employee to carry over unused personal leave to the next calendar year. The District will compensate an employee for any unused vacation and compensatory time at their current rate of pay upon termination or resignation. The District does not payout unused sick leave upon termination.

Use of Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates that affect amounts reported in the financial statements during the reporting period. Actual results could differ from such estimates.

CRESTED BUTTE FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 2: CASH AND INVESTMENTS

The District's cash and investment balances as of the year ended December 31, 2016 are as follows:

Deposits	\$ 2,527,345
Investments	<u>175,291</u>
Total Cash and Investments	<u>\$ 2,702,636</u>

DEPOSITS

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of bank failure, the government's deposits may not be returned to it. The District's deposit policy is in accordance with CRS 11-10.5-101, The Colorado Public Deposit Protection Act (PDPA), which governs the investment of public funds. PDPA requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels (\$250,000) must be collateralized by eligible collateral as determined by the PDPA. The financial institution is allowed to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. The institution's internal records identify collateral by depositor and as such, these deposits are considered uninsured but collateralized. The State Regulatory Commissions for banks and financial services are required by statute to monitor the naming of eligible depositories and December 31, 2016, all of the District's deposits as shown below were either insured by federal depository insurance or collateralized under PDPA and are therefore not deemed to be exposed to custodial credit risk.

At December 31, 2016 the District's deposits are categorized as follows:

	<u>Bank Balance</u>	<u>Carrying Balance</u>
FDIC Insured	\$ 250,000	\$ 250,000
PDPA Collateralized (not in District's name)	<u>2,295,838</u>	<u>2,277,345</u>
Total	<u>\$ 2,545,838</u>	<u>\$ 2,527,345</u>

CRESTED BUTTE FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 2: CASH AND INVESTMENTS (Continued)

INVESTMENTS

The following is a summary of District policies related to investments.

The District's investment policy limits its investments to those allowed by Colorado Revised Statute 24-75-601.1 as described above.

The following are the major categories of assets and liabilities measured at fair value on a recurring basis during the year ended December 31, 2016 using quoted market prices in active markets (Level 1), significant observable inputs for similar assets (Level 2) and significant unobservable inputs (Level 3):

	Level 1	Level 2	Level 3	Total	Weighted Avg. Maturity (Yrs)	Rating
Local Govt Pool - Colotrust	-	175,291	-	175,291	N/A	AAAm

Following is a description of the valuation methodologies used for assets measured at fair value on a recurring basis:

- Investment Pools - Valued at the proportionate share of ownership of the quoted market prices of the underlying assets.

The District recognizes transfers between levels in the fair value hierarchy at the end of the reporting period. During 2016, there were no changes in the methods or assumptions utilized to derive the fair value of the District's assets and liabilities.

Credit Risk

Colorado statutes specify which instruments units of local government may invest, which include:

- Obligations of the United States and certain U.S. government agency securities
- Certain international agency securities
- General obligation and revenue bonds of the U.S. local government entities
- Bankers' acceptances of certain banks
- Commercial paper
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts

CRESTED BUTTE FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 2: CASH AND INVESTMENTS (Continued)

INVESTMENTS

During the year ended December 31, 2016, the Town invested funds in the Colotrust. As investment pools, they operate under the Colorado Revised Statutes (24-75-701) and are overseen by the Colorado Securities Commissioner. They invest in securities that are specified by Colorado Revised Statutes (24-75-601). Authorized securities include U.S. Treasuries, U.S. Agencies, commercial paper (rated A1 or better) and bank deposits (collateralized through PDPA). The pools operate similar to a 2a-7-like money market fund with a share value equal to \$1.00 and a maximum weighted average maturity of 60 days. These funds are rated AAAM by the Standard and Poor's Corporation.

Concentration of Credit Risk

The District places no limit on the amount that may be invested in any one issuer.

Interest Rate Risk

Colorado Statutes require that no investment may have a maturity in excess of five years from the date of purchase unless authorized by the local board. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates, other than those contained in state statutes.

Custodial Credit Risk – Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of December 31, 2016, the District did not have any investments requiring safekeeping.

CRESTED BUTTE FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 3: CAPITAL ASSETS

Changes in governmental activities capital assets for the year ended December 31, 2016 was as follows:

	Balance 12/31/15	Additions	Deletions	Balance 12/31/16
<u>Governmental-Type Activities</u>				
Capital Assets not being depreciated:				
Land	\$ 125,000	\$ -	\$ -	\$ 125,000
Capital Assets being depreciated:				
Buildings	1,689,455	-	-	1,689,455
Fire Equipment	3,128,551	107,318	-	3,235,869
Medical Equipment	741,780	-	-	741,780
Other Equipment	73,453	-	-	73,453
Total Capital Assets being depreciated	<u>5,633,239</u>	<u>107,318</u>	<u>-</u>	<u>5,740,557</u>
Less: Accumulated Depreciation				
Buildings	(818,321)	(29,890)	-	(848,211)
Fire Equipment	(2,213,908)	(149,417)	-	(2,363,325)
Medical Equipment	(426,606)	(51,746)	-	(478,352)
Other Equipment	(73,453)	-	-	(73,453)
Total Accumulated Depreciation	<u>(3,532,288)</u>	<u>(231,053)</u>	<u>-</u>	<u>(3,763,341)</u>
Net Capital Assets	<u>\$ 2,225,951</u>	<u>\$ (123,735)</u>	<u>\$ -</u>	<u>\$ 2,102,216</u>

Depreciation has been allocated on the statement of activities as follows:

General Government	\$ 29,890
Fire Fighting and Prevention	149,417
Emergency Medical Services	<u>51,746</u>
Total Depreciation	<u>\$ 231,053</u>

CRESTED BUTTE FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 4: PENSION OBLIGATIONS

Statewide Defined Benefit Pension Plan (FPPA)

Summary of Significant Accounting Policies

Pensions. The District participates in the Statewide Defined Benefit Plan (SWDB), a cost-sharing multiple-employer defined benefit pension fund administered by the Fire & Police Pension Association of Colorado ("FPPA"). The net pension asset or liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the SWDB have been determined using the accrual basis of accounting as required by the accounting principles and reporting guidelines as set forth by the Governmental Accounting Standards Board. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

General Information about the Pension Plan

Plan description. Eligible employees of the District are provided with pensions through the Statewide Defined Benefit Plan (SWDB) - a cost-sharing multiple-employer defined benefit pension plan administered by FPPA. Plan benefits are specified in Title 31, Articles 30, 30.5 and 31 of the Colorado Revised Statutes (C.R.S.), rules and regulations codified by the Fire and Police Pension Association, and applicable provisions of the federal Internal Revenue Code. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. FPPA issues a publicly available comprehensive annual financial report, the most recent of which is for the fiscal year ended December 31, 2015, that can be obtained at:

http://fppaco.org/pdfs/annual_audit_actuarial_reports/annual%20reports/2014%20FPPA%20CAFR.pdf.

Benefits provided. A member is eligible for a normal retirement pension once the member has completed twenty-five years of credited service and has attained the age of 55.

The annual normal retirement benefit is 2 percent of the average of the member's highest three years' base salary for each year of credited service up to ten years, plus 2.5 percent for each year of service thereafter. The benefit earned prior to January 1, 2007 for members of affiliated Social Security employers will be reduced by the amount of Social Security income payable to the member annually. Effective January 1, 2007, members currently covered under Social Security will receive half the benefit when compared to the Statewide Defined Benefit Plan. Benefits paid to retired members are evaluated and may be re-determined every October 1. The amount of any increase is based on the Board's discretion and can range from 0 to the higher of 3 percent or the Consumer Price Index.

CRESTED BUTTE FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 4: PENSION OBLIGATIONS (Continued)

Statewide Defined Benefit Pension Plan (FPPA) (Continued)

General Information about the Pension Plan (Continued)

A member is eligible for an early retirement at age 50 or after 30 years of service. The early retirement benefit equals the normal retirement benefit reduced on an actuarially equivalent basis. Upon termination, an employee may elect to have member contributions, along with 5 percent as interest, returned as a lump sum distribution. Alternatively, a member with at least five years of accredited service may leave contributions with the Plan and remain eligible for a retirement pension at age 55 equal to 2 percent of the member's average highest three years' base salary for each year of credited service up to ten years, plus 2.5 percent for each year of service thereafter.

Contributions. The Plan sets contribution rates at a level that enables all benefits to be fully funded at the retirement date of all members. Contribution rates for the SWDB plan are set by state statute. Employer contribution rates can only be amended by state statute. Member contribution rates can be amended by state statute or election of the membership.

Members of the SWDB plan and their employers are contributing at the rate of 8 percent of base salary for a total contribution rate of 16 percent through 2015. Member contribution rates will increase 0.5 percent annually through 2022 to a total of 12 percent of base salary. Employer contributions will remain at 8 percent resulting in a combined contribution rate of 20 percent in 2022.

Contributions from members and employers of departments re-entering the system are established by resolution and approved by the FPPA Board of Directors. The re-entry group has a combined contribution rate of 20 percent of base salary through 2015. It is a local decision as to whether the member or employer pays the additional 4 percent contribution. Per the 2015 member election, the re-entry group will also have their required member contribution rate increase 0.5 percent annually beginning in 2015 through 2022 for a total combined member and employer contribution rate of 24 percent in 2022.

The contribution rate for members and employers of affiliated social security employers is 4 percent of base salary for a total contribution rate of 8 percent through 2014. Per the 2015 member election, members of the affiliate social security group will have their required contribution rate increase 0.25 percent annually beginning in 2015 through 2022 to a total of 6 percent of base salary. Employer contributions will remain at 4 percent resulting in a combined contribution rate of 10 percent in 2022.

Employer contributions are recognized by FPPA in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to FPPA. Employer contributions recognized by the FPPA from the District were \$15,072 for the plan year ended December 31, 2015 and \$15,562 for the fiscal year ended December 31, 2016. The current year contributions will be expensed in 2016 for FPPA purposes and are a timing difference at year end.

CRESTED BUTTE FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 4: PENSION OBLIGATIONS (Continued)

Statewide Defined Benefit Pension Plan (FPPA) (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2016, the District reported an asset of \$1,708 for its proportionate share of the SWDB's net pension asset. The net pension asset or liability was measured as of December 31, 2014, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2014. Standard update procedures were used to roll forward the total pension liability to December 31, 2015. The District's proportion of the net pension asset was based on District's contributions to the SWDB for the calendar year 2015 relative to the total contributions of participating employers to the SWDB.

At December 31, 2016, the District's proportion was .09688%, which was an increase of .04896% from its proportion measured as of December 31, 2015.

For the year ended December 31, 2016 the District recognized pension expense of \$26,051. At December 31, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience	\$ 13,813	\$ (2,016)
Changes of assumptions or other inputs	\$ 26,827	\$ -
Net difference between projected and actual earnings on pension plan	\$ 86,924	\$ -
Changes in proportion and differences between contributions recognized and proportionate share of contributions - Plan Basis	\$ -	\$ (81,213)
Contributions subsequent to the measurement date	\$ 33,274	\$ -
Total	\$ 160,838	\$ (83,229)

\$33,274 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as an adjustment of the net pension asset in the year ended December 31, 2016.

CRESTED BUTTE FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 4: PENSION OBLIGATIONS (Continued)

Statewide Defined Benefit Pension Plan (FPPA) (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31:	Fiscal year Total
2017	\$ (17,387)
2018	(17,387)
2019	(17,388)
2020	(15,230)
2021	4,883
Thereafter	18,174
Total	\$ (44,335)

Actuarial assumptions. The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions and other inputs:

Actuarial cost method	Entry Age, Normal
Amortization method	Level % of Payroll, Open
Amortization period	30 years
Asset valuation method	5-Year Smoothed Fair Value
Long-term investment rate of return *	7.50%
Salary increase, including wage inflation	4.00-14.00%
Cost of Living Adjustments (COLA)	0.00%
* Includes inflation at	2.50%

Mortality rates were based on the RP-2000 Combined Mortality Table with Blue Collar Adjustment, projected with Scale AA, 40 percent multiplier for off-duty mortality is used in the valuation for off-duty mortality of active members. On-duty related mortality is assumed to be 0.00020 per year for all members. The RP-2000 Combined Mortality Table with Blue Collar Adjustment, projected with Scale AA is used in the projection of post-retirement benefits.

The actuarial assumptions used in the December 31, 2014 valuation were based on the results of an actuarial experience study adopted by FPPA's Board in July, 2011. The assumption changes were effective for actuarial valuations beginning January 1, 2012. The actuarial assumptions impacted actuarial factors for benefit purposes such as purchases of service credit and other benefits where actuarial factors are used. The date the new actuarial assumptions were effective for benefit purposes was October 1, 2012.

CRESTED BUTTE FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 4: PENSION OBLIGATIONS (Continued)

Statewide Defined Benefit Pension Plan (FPPA) (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Effective with the January 1, 2014 valuations, the Board adopted a five-year smoothing methodology in the determination of the actuarial value of assets. Beginning in the January 1, 2014 valuations, the married assumption for active members was increased from 80% to 85% to reflect the passage of the Colorado Civil Union Act.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Fund's target asset allocation as of December 31, 2015 are summarized in the following table:

Asset Class	Target Allocation	10 Year Expected Geometric Rate of Return
Global Equity	37.00%	6.50%
Equity Long/Short	10.00%	4.70%
Illiquid Alternatives	20.00%	8.00%
Fixed Income	16.00%	1.50%
Absolute Return	11.00%	4.10%
Managed Futures	4.00%	3.00%
Cash	2.00%	0.00%
Total	100.00%	

The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the Board's funding policy, which establishes the contractually required rates under Colorado statutes. Based on those assumptions, the SWDB plan fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CRESTED BUTTE FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 4: PENSION OBLIGATIONS (Continued)

Statewide Defined Benefit Pension Plan (FPPA) (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Discount rate. Projected benefit payments are required to be discounted to their actuarial present values using a Single Discount Rate that reflects (1) a long-term expected rate of return on pension plan investments (to the extent that the plan's fiduciary net position is projected to be sufficient to pay benefits) and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the plan's projected fiduciary net position is not sufficient to pay benefits).

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.50%; the municipal bond rate is 3.65% (based on the weekly rate closest to but not later than the measurement date of the "state & local bonds" rate from Federal Reserve statistical release (H.15)); and the resulting Single Discount Rate is 7.50%.

Sensitivity of the proportionate share of the net pension asset (liability) to changes in the discount rate. The following presents the plan's net pension liability, calculated using a Single Discount Rate of 7.50%, as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is one percent lower or one percent higher:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Proportionate share of the net pension asset (liability)	\$ (239,252)	\$ 1,708	\$ 201,576

CRESTED BUTTE FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 4: PENSION OBLIGATIONS (Continued)

Volunteer Firefighters Pension Plan

Plan Description

The Volunteer Firefighters Pension Plan is a defined benefit, agent multiple-employer plan affiliated with the Colorado Fire and Police Pension Association (FPPA). Assets of the Plan are commingled for investment purposes in the Fire and Police Member's Benefit Fund, an agent multiple-employer defined benefit pension Plan administered by FPPA.

Description of Benefits

The Plan provides retirement benefits for Members and beneficiaries according to Plan provisions as enacted and governed by the Firefighters Pension Board. Colorado Revised Statutes (CRS), as amended, establishes basic benefit provisions under the Plan. In 2016, the regular benefit was \$680 per month. A participant becomes fully vested after 10 years of active service and reaching age 50. Pre-retirement death and disability benefits are only available if incurred in the line of duty. The plan also provides for a lump-sum burial benefit upon the death of an active or retired firefighter. FPPA issues independent annual reports that may be obtained by calling FPPA at (303) 770-3772 in the Denver metro area and 1-800-332-FPPA (3772) from outside the metro area.

Contributions

The District funds the Plan per provisions in the Plan document and Colorado statutes. The District shall contribute amounts required to fund the benefits provided by the Plan on a sound actuarial basis. The District contributes to the Volunteer Fire Department Pension Fund at a rate determined in the following manner: at least every three (3) years, the Volunteer Fire Department Pension Fund shall have an actuarial study prepared to determine the funds required. The required funds will be paid annually from general revenues of the District into the Volunteer Fire Department Pension Fund. The Volunteer Firefighter's Pension Plan receives contributions from the District in an amount not to exceed one half mill of property tax revenue.

As established by the legislature, the State of Colorado contributes up to ninety percent of the District's contribution. The contributions are not actuarially determined.

The Plan is administered by a Retirement Board composed of seven members, the District's five elected board members plus two members elected by the volunteers.

The financial statements of the volunteer Plan are prepared using the accrual basis of accounting. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. The investments are presented at fair value except for short-term investments that are recorded at cost, which approximates fair value.

Administrative costs of the Plan are paid from the pension fund (CRS 31-30.5-204(3)). There are no investments in, loans to, or leases with parties related to the Plan.

CRESTED BUTTE FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 4: PENSION OBLIGATIONS (Continued)

Volunteer Firefighters Pension Plan(Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2016, the District reported a net pension liability of \$129,063. The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

For the year ended December 31, 2016, the District recognized pension expense of \$50,136. At December 31, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience	\$ 2,386	\$ -
Net difference between projected and actual earnings on pension plan investments	\$ 148,438	\$ -
Contributions subsequent to the measurement date	\$ 150,443	
Total	\$ 301,267	\$ -

\$150,443 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31:	Fiscal Year Total
2017	\$ (39,289)
2018	(39,289)
2019	(38,805)
2020	(33,441)
Total	\$ (150,824)

Actuarial Assumptions

The January 1, 2015 actuarial valuation was used to determine the Actuarially Determined Contribution for the fiscal year ending December 31, 2015. The valuation used the following actuarial assumption and other inputs:

CRESTED BUTTE FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 4: PENSION OBLIGATIONS (Continued)

Volunteer Firefighters Pension Plan(Continued)

Actuarial Assumptions (Continued)

Actuarial Method	Entry Age Normal
Amortization Method	Level Dollar, Open*
Amortization Period	20 Years*
Asset Valuation Method	5-Year Smoothed Fair Value
Long-term investment Rate of Return	7.50%
Mortality	Pre-retirement: RP-2000 Combined Mortality Table with Blue Collar Adjustment, 40% multiplier for off duty mortality
	Post-retirement: RP-2000 Combined Mortality Table with Blue Collar Adjustment
	Disabled: RP2000 Disabled Mortality Table
Salary increase, including wage inflation	N/A
Retirement Age	50% per year of eligibility until 100% at age 65
Inflation	3.00%
* Plans that are heavily weighted with retiree liabilities use an amortization period based on the expected remaining lifetime of the participants	

Long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Fund's target asset allocation as of December 31, 2015 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Global Equity	37.00%	6.50%
Equity Long/Short	10.00%	4.70%
Illiquid Alternatives	20.00%	8.00%
Fixed Income	16.00%	1.50%
Absolute Return	11.00%	4.10%
Managed Futures	4.00%	3.00%
Cash	2.00%	0.00%
Total	100.00%	

CRESTED BUTTE FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 4: PENSION OBLIGATIONS (Continued)

Volunteer Firefighters Pension Plan(Continued)

Discount Rate

Projected benefit payments are required to be discounted to their actuarial present values using a Single Discount Rate that reflects (1) a long-term expected rate of return on pension plan investments (to the extent that the plan's fiduciary net position is projected to be sufficient to pay benefits) and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the plan's projected fiduciary net position is not sufficient to pay benefits).

For the purpose of this valuation, the long-term expected rate of return on pension plan investments is 7.50%; the municipal bond rate is 3.65% (based on the weekly rate closest to but not later than the measurement date of the "state & local bonds" rate from Federal Reserve statistical release (H.15)); and the resulting Single Discount Rate is 7.50%.

Sensitivity of the District's Net Pension Liability to Changes in the Discount Rate

The following presents the District's net pension liability calculated using the discount rate of 7.50%, as well as what the District's net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Net pension asset (liability)	\$ (491,845)	\$ (96,958)	\$ 228,131

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued FPPA financial report.

Changes in net pension liability for the District's agent multiple-employer plan is listed below:

CRESTED BUTTE FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 4: PENSION OBLIGATIONS (Continued)

Volunteer Firefighters Pension Plan(Continued)

Pension Plan Fiduciary Net Position

Schedule of Changes in District's Net Pension Liability	
<u>Total Pension Liability</u>	<u>2016</u>
Service cost	\$ 42,490
Interest	221,115
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions	-
Benefit payments	(143,402)
Net changes in total pension liability	120,203
Total Pension Liability - beginning	2,997,750
Total Pension Liability - ending (a)	<u>\$ 3,117,953</u>
 <u>Plan Fiduciary Net Position</u>	
Contributions - employer	\$ 145,947
Contributions - State of Colorado (discretionary)	40,500
Net investment Income	51,695
Benefit payments, including refunds of employee contributions	(143,402)
Administrative expense	(6,642)
Other	-
Net change in plan fiduciary net position	88,098
Plan fiduciary net position - beginning	2,900,792
Plan fiduciary net position - ending (b)	<u>\$ 2,988,890</u>
 District's net pension liability - ending (a)-(b)	 <u>\$ 129,063</u>

There were no changes in the benefit terms, assumptions or other inputs during the fiscal year.

Membership

As of the December 31, 2015 measurement date, pension plan membership consisted of the following:

Retirees and Beneficiaries	22
Inactive, Nonretired Members	8
Active Members	<u>32</u>
Total	<u>62</u>

CRESTED BUTTE FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 5: LONG-TERM OBLIGATIONS

The following is a schedule of changes in debt for the year ended December 31, 2016:

	<u>Balance</u> <u>1/1/16</u>	<u>Advances</u>	<u>Repayments</u>	<u>Balance</u> <u>12/31/16</u>	<u>Current</u> <u>Portion</u>
Compensated Absences	\$ 28,913	\$ 4,329	\$ -	\$ 33,242	\$ -

NOTE 6: FUND BALANCE RESERVATIONS/APPROPRIATIONS

Emergency Reserve

On November 3, 1992, the voters of Colorado approved Amendment 1, commonly known as the TABOR Amendment, which adds a new Section 20 to Article X of the Colorado Constitution. TABOR contains tax, spending, revenue and debt limitations, which apply to the State of Colorado, all local governments, and special districts.

The District's financial activity for the year ended December 31, 2016 will provide the basis for calculation of future limitations adjusted for allowable increases tied to inflation and local growth. Subsequent to December 31, 2016, revenue in excess of the District's "spending limit" must be refunded unless voters approve the retention of such excess revenue. TABOR generally requires voter approval for any new tax, tax increases, and new debt.

At a November 4, 1997 election, the electors of the District authorized the District to collect, retain and expend the full amount of the revenues from all sources during 1997, as well as the full amount of all revenues generated by all sources for each subsequent year. This election authorized the spending of such revenues in each year without limitation under Article X, Section 20 of the Colorado Constitution.

TABOR is extremely complex and subject to interpretation. Ultimate implementation may depend upon litigation and legislative guidance.

The Article requires an emergency reserve be set aside for 2016 in the amount of 3% or more of its fiscal year spending. At December 31, 2016, the District has reserved the following for emergencies:

General Fund	<u>\$50,000</u>
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The District believes it is in compliance with the provisions of the TABOR Amendment.

CRESTED BUTTE FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 7: RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to firemen; and natural disasters. The District purchases commercial insurance for all risks of loss. Settled claims have not exceeded this insurance coverage in any of the past three fiscal years.

NOTE 8: BUDGET VIOLATION

The District's expenditures exceeded budgeted amounts in the General Fund in the amount of \$219,740, which may be a violation of state statutes.

REQUIRED SUPPLEMENTARY INFORMATION
(Pension Schedules Unaudited)

CRESTED BUTTE FIRE PROTECTION DISTRICT

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE
NET PENSION ASSET (LIABILITY)
FPPA Pension Plan
Last 10 Fiscal Years⁽¹⁾**

	<u>12/31/16</u>	<u>12/31/15</u>	<u>12/31/14</u>
District's proportion of the net pension asset (liability)	0.096883%	0.047925%	0.008633%
District's proportionate share of the net pension asset (liability)	\$ 1,708	\$ 54,087	\$ 7,720
District's covered-employee payroll	\$ 469,663	\$ 215,521	\$ 37,497
District's proportionate share of the net pension asset (liability) as a percentage of covered-employee payroll	0.36%	25.10%	20.59%
Plan fiduciary net position as a percentage of the total pension liability	100.10%	106.83%	105.83%

Note: All amounts are as of plan calculation dates which are one fiscal year prior to the date shown.

⁽¹⁾ - Additional years will be added to this schedule as they become available.

See the accompanying Independent Auditors' Report.

CRESTED BUTTE FIRE PROTECTION DISTRICT

SCHEDULE OF DISTRICT CONTRIBUTIONS

**FPPA Pension Plan
Last 10 Fiscal Years⁽¹⁾**

	<u>12/31/16</u>	<u>12/31/15</u>	<u>12/31/14</u>
Contractually required contributions	\$ 37,573	\$ 17,242	\$ 3,000
Actual contributions	<u>(37,573)</u>	<u>(17,242)</u>	<u>(3,000)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 469,663	\$ 215,521	\$ 37,497
Contributions as a percentage of covered-employee payroll	8.00%	8.00%	8.00%

Note: All amounts are as of plan calculation dates which are one fiscal year prior to the date shown.

⁽¹⁾ - Additional years will be added to this schedule as they become available.

See the accompanying Independent Auditors' Report.

CRESTED BUTTE FIRE PROTECTION DISTRICT**SCHEDULE OF CHANGES IN THE DISTRICT'S NET PENSION LIABILITY****Volunteer Pension Plan****Last 10 Fiscal Years⁽¹⁾**

	<u>12/31/2016</u>	<u>12/31/2015</u>
<u>Total Pension Liability</u>		
Service cost	\$ 42,490	\$ 41,350
Interest	221,115	212,260
Changes of benefit terms	-	-
Differences between expected and actual experience	-	4,300
Changes of assumptions	-	-
Benefit payments	<u>(143,402)</u>	<u>(137,491)</u>
Net changes in total pension liability	120,203	120,419
Total Pension Liability - beginning	<u>2,997,750</u>	<u>2,877,331</u>
Total Pension Liability - ending (a)	<u>\$3,117,953</u>	<u>\$ 2,997,750</u>
 <u>Plan Fiduciary Net Position</u>		
Contributions - employer	\$ 145,947	\$ 144,958
Contributions - State of Colorado (Discretionary)	40,500	40,500
Net investment Income	51,695	178,088
Benefit payments,including refunds of employee contributions	(143,402)	(137,491)
Administrative expense	(6,642)	(4,519)
Other	<u>-</u>	<u>-</u>
Net change in plan fiduciary net position	88,098	221,536
Plan fiduciary net position - beginning	<u>2,900,792</u>	<u>2,679,256</u>
Plan fiduciary net position - ending(b)	<u>\$2,988,890</u>	<u>\$ 2,900,792</u>
 District's net pension liability - ending (a)-(b)	<u>\$ 129,063</u>	<u>\$ 96,958</u>

Note: There were no factors that significantly affected trends in the amounts reported.

(1) - Additional years will be added to this schedule as they become available.

See the accompanying Independent Auditors' Report.

CRESTED BUTTE FIRE PROTECTION DISTRICT**SCHEDULE OF THE DISTRICT'S NET PENSION LIABILITY AND RELATED RATIOS****Volunteer Pension Plan****Last 10 Fiscal Years⁽¹⁾**

	<u>12/31/2016</u>	<u>12/31/2015</u>	<u>12/31/2014</u>
Total Pension Liability	\$ 3,117,953	\$ 2,997,750	\$ 2,877,331
Plan's Fiduciary Net Position	<u>(2,988,890)</u>	<u>(2,900,792)</u>	<u>(2,679,256)</u>
Net Pension Liability	<u>\$ 129,063</u>	<u>\$ 96,958</u>	<u>\$ 198,075</u>
Plan's Fiduciary Net Position as % of Total Pension Liability	<u>95.86%</u>	<u>96.77%</u>	<u>93.12%</u>
Covered-Employee Payroll	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net Pension Liability as a % of Covered-employee Payroll	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

Note: There were no factors that significantly affected trends in the amounts reported.

(1) - Additional years will be added to this schedule as they become available.

See the accompanying Independent Auditors' Report.

CRESTED BUTTE FIRE PROTECTION DISTRICT

SCHEDULE OF ACTUARIAL DETERMINED AND ACTUAL CONTRIBUTIONS

Volunteer Pension Plan

Last 10 Fiscal Years⁽¹⁾

	<u>2015</u>	<u>2014</u>
Actuarially determined contributions	\$ 70,224	\$ 70,224
Actual contributions ⁽²⁾	<u>186,447</u>	<u>185,458</u>
Contribution deficiency (excess)	<u>\$ (116,223)</u>	<u>\$ (115,234)</u>
District's covered-employee payroll	<u>N/A</u>	<u>N/A</u>
Contributions as a percentage of covered-employee payroll	<u>N/A</u>	<u>N/A</u>

Note: See Note 4 of the Basic Financial Statements for significant methods and assumptions used in calculating the actuarially determined calculations. There were no factors that significantly affected trends in the amounts reported.

⁽¹⁾ - Additional years will be added to this schedule as they become available.

⁽²⁾ - Includes both employer and State of Colorado Discretionary Payment.

See the accompanying Independent Auditors' Report.

Required Supplementary Information

CRESTED BUTTE FIRE PROTECTION DISTRICT

BUDGETARY COMPARISON SCHEDULE

General Fund

FOR THE YEAR ENDED DECEMBER 31, 2016

With Comparative Totals for the Year Ended December 31, 2015

	2016		
	Original/Final	Variance	2015
	Budget	With Final	Actual
	Budget	Budget	Actual
REVENUES			
Taxes			
Property Taxes	\$ 1,106,250	\$ 1,232,690	\$ 1,031,970
Specific Ownership Taxes	70,000	76,259	71,628
Total Tax Revenue	1,176,250	1,308,949	1,103,598
Intergovernmental Revenues			
State Grants	-	-	109,251
Charges for Services			
Rents	150	125	130
Other Charges for Services	246,000	319,775	276,734
Total Charges for Services	246,150	319,900	276,864
Investment Earnings	4,000	7,514	4,916
Other Revenues			
Donations	1,500	1,100	350
Sale of Capital Assets	-	-	4,926
Other Miscellaneous Revenue	-	1,564	2,230
Total Other Revenue	1,500	2,664	7,506
TOTAL REVENUES	1,427,900	1,639,027	1,502,135
EXPENDITURES			
General Government			
General government	346,275	468,822	298,203
Public Safety			
Fire fighting and prevention	646,767	627,274	559,310
Emergency medical services	645,108	646,650	502,593
Total Public Safety	1,291,875	1,273,924	1,061,903
Capital Outlay			
Public Safety Capital Outlay	46,935	165,163	268,360
TOTAL EXPENDITURES	1,685,085	1,907,909	1,628,466
NET CHANGE IN FUND BALANCE - GAAP BASIS		(268,882)	(126,331)
FUND BALANCE, BEGINNING		2,920,762	3,047,093
FUND BALANCE, ENDING		\$ 2,651,880	\$ 2,920,762

See accompanying Independent Auditors' Report.