



**Snowmass-Wildcat Fire Protection District
Snowmass Village, Colorado**

**Financial Statements
December 31, 2017**

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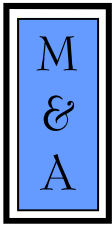
Office of the State Auditor

June 27, 2018

**Snowmass-Wildcat Fire Protection District
Financial Report
December 31, 2017**

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INDEPENDENT AUDITOR'S REPORT

Board of Directors Snowmass-Wildcat Fire Protection District Snowmass Village, Colorado

We have audited the accompanying financial statements of the governmental activities and each major fund of the Snowmass-Wildcat Fire Protection District (the "District"), as of and for the year ended December 31, 2017, which collectively comprise the District's basic financial statements as listed in the table of contents, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Snowmass-Wildcat Fire Protection District as of December 31, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Member: American Institute of Certified Public Accountants

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Other Matters

The budgetary comparison information in section E is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis in Section B and Schedule of Changes in Net Pension Asset / Liability, Schedule of Employer's Proportionate Share of the Net Pension Asset / Liability and the Schedules of District Contributions in section E, 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements as a whole. The budgetary comparison information found in Section F is presented for purposes of additional analysis and is not a required part of the financial statements. The budgetary comparison information in Section F is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

McMahan and Associates, L.L.C.

**McMahan and Associates, L.L.C.
June 21, 2018**

MANAGEMENT'S DISCUSSION AND ANALYSIS

Snowmass-Wildcat Fire Protection District

Management's Discussion and Analysis December 31, 2017

As management of the Snowmass-Wildcat Fire Protection District, (the "District"), we offer readers of the District's financial statements this narrative summary of the financial activities of the District for the fiscal year ended December 31, 2017.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's financial statements are comprised of two components: 1) Financial Statements; and 2) Notes to the Financial Statements. These components are discussed below.

Financial statements: The financial statements are designed to provide readers with an overview of the District's finances, from both a short-term fund perspective and a long-term economic perspective.

The Balance Sheet/Statement of Net Position presents information on all the District's assets and liabilities (both short-term and long-term), with the difference between the two reported as fund balance or net position. The Balance Sheet columns present the financial position focusing on short-term available resources and are reported on a modified accrual basis of accounting. The Statement of Net Position column presents the financial position focusing on long-term economic resources and is reported on a full accrual basis. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Revenues, Expenditures and Changes in Fund Balance/Statement of Activities shows how the government's fund balance and net position changed during the most recent fiscal year. Again, the Statement of Revenues, Expenditures and Changes in Fund Balance column focuses on short-term available resources and is reported on a modified accrual basis. The Statement of Activities column focuses on long-term economic resources and is reported on a full accrual basis.

The District's financial statements can be found in section C of this report.

The District reports a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position on pages C3 and C4, respectively, for the District's Volunteer Pension Fund. Since the pension fund's resources are not available to support the District's activities, it is reported separately from the District's financial statements.

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

Financial Analysis of the District

Snowmass-Wildcat Fire Protection District's Net Position

Assets:	2017	2016
Current and other assets	\$ 24,599,849	\$ 11,650,317
Net pension assets	135,704	181,122
Capital assets	8,584,824	3,189,345
Total Assets	33,320,377	13,590,766
Deferred Outflows of Resources:		
Pension related deferred outflows	671,152	496,430
	<u>671,152</u>	<u>496,430</u>
Liabilities:		
Current liabilities	1,435,270	419,890
Long-term liabilities:		
Due within one year	500,000	-
Due after one year	16,878,385	-
Total Liabilities	18,813,655	419,890
Deferred Inflows of Resources:		
Property tax revenues	4,857,521	4,550,724
Pension related deferred inflows	82,160	48,896
	<u>4,939,681</u>	<u>4,599,620</u>
Net Position:		
Net investment in capital assets	4,754,382	3,189,345
Restricted for capital projects	796,379	2,444,426
Restricted for debt service	13,207	-
Restricted for emergencies	108,057	106,121
Restricted for pensions	135,704	181,122
Unrestricted	4,430,464	4,576,690
Total Net Position	\$ 10,238,193	\$ 10,497,704

Approximately 68% of the District's net position reflect its investment in capital assets, which includes land, fire stations, vehicles, and equipment.

At the end of the 2017, the District is able to report positive balances in all categories of net position. Overall, the District's net position increased during the most recent fiscal year. Governmental Accounting Standards Board Statement No. 34 requires asset acquisitions to be capitalized and depreciated over their respective estimated useful lives. For 2017, the District capitalized \$5,765,000 of new assets and reported depreciation expense in the amount of \$350,664.

Financial Analysis of the District (continued)

Snowmass-Wildcat Fire Protection District's Change in Net Position

Revenues:	2017	2016
Property taxes	\$ 4,550,491	\$ 3,769,446
Specific ownership taxes	163,128	124,648
Interest on delinquent taxes	6,939	6,063
Emergency medical services	497,672	562,161
Investment income	116,086	37,035
Grants and contributions	82,458	106,675
Wildfire contracts	236	59,700
Special event	17,539	37,623
Plan review and permit fees	83,855	24,069
Condominium rentals	11,300	10,100
Intergovernmental reimbursements	-	1,802
Scholarship Income	23,581	16,485
Other	3,179	5,827
Total Revenues	<u>5,556,464</u>	<u>4,761,634</u>
Expenditures/Expenses:		
Personnel services	2,758,989	2,481,763
General and administrative	448,377	506,285
Provision for uncollectible EMS charges	182,988	183,905
Fire and emergency medical services	445,859	330,135
Equipment	131,376	193,556
Station	654,442	209,850
Scholarship awards	5,477	103,520
Debt Service:		
Interest and fiscal charges	349,961	-
Debt issuance costs	165,465	-
Total Expenditures/Expenses	<u>5,142,934</u>	<u>4,009,014</u>
Other Financing Uses:		
Sale of assets	<u>22,322</u>	<u>37,800</u>
Change in Net Position	435,852	790,420
Net Position - January 1	10,497,704	9,707,284
Prior Period Pension Adjustment	(695,363)	-
Net Position - January 1 (as restated)	<u>9,802,341</u>	<u>9,707,284</u>
Net Position - December 31	<u>\$ 10,238,193</u>	<u>\$ 10,497,704</u>

Property taxes were the most significant sources of revenues, accounting for 82% of total revenues. EMS revenue accounted for 9% of total revenue. Specific ownership tax revenue accounted for 3% of the total revenues.

When compared to 2016, overall revenues increased by \$794,830 in 2017 mainly due to the addition of the debt service mill levy.

Personnel expenses of \$2,758,989 in 2017 accounted for 54% of the total expense incurred by the District, and includes wages as well as employee benefits provided by the District.

Budget Variances in the General Fund

General Fund revenues were higher than anticipated, as increases in grants and contributions (\$82,458 higher than budgeted), plan review and permit fees (\$83,855 higher than budgeted), and specific ownership taxes (\$31,681 higher than budgeted) were experienced.

District operational expenses were under budget by \$47,603, as several line items had small variances from budget. Most notably, the District's other services and contracts were \$85,637 under budget, and medical billing were \$40,072 under budget. These expenses were primarily offset by salaries and wages which were \$114,753 over budget and fire mitigation which was \$110,479 over budget.

Capital Asset and Debt Administration

Capital assets: The District's capital assets, net of accumulated depreciation, totaled \$8,584,824, with capital purchases of \$5,765,000 occurring in 2017. Capital asset additions were comprised of the construction of the new fire station. Additional information as well as a detailed classification of the District's net capital assets can be found in the Notes to the Financial Statements in section D.

Request for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the District's Administrative Offices, 5727 Owl Creek Road/P.O. Box 6436 Snowmass Village, CO 81615.

FINANCIAL STATEMENTS

Snowmass-Wildcat Fire Protection District
Governmental Funds Balance Sheet/Statement of Net Position
December 31, 2017

Governmental Funds Balance Sheet						
	General Fund	Capital Projects	Debt Service Fund	Total	Adjustments	Statement of Net Position
Assets:						
Cash and cash equivalents	4,535,609	3,028,367	13,207	7,577,183	-	7,577,183
Investments	402,024	11,602,061	-	12,004,085	-	12,004,085
Due from County Treasurer	12,243	-	-	12,243	-	12,243
Assessed taxes receivable	3,255,436	369,712	1,232,373	4,857,521	-	4,857,521
Accounts receivable, net of allowance of \$298,509	71,165	-	-	71,165	-	71,165
Other receivable	-	38,919	-	38,919	-	38,919
Prepaid expenses	7,629	-	-	7,629	-	7,629
Due from other governments	31,104	-	-	31,104	-	31,104
Net pension asset- hybrid plan	-	-	-	-	135,704	135,704
Capital assets, net of accumulated depreciation	-	-	-	-	8,584,824	8,584,824
Total Assets	8,315,210	15,039,059	1,245,580	24,599,849	8,720,528	33,320,377
Deferred Outflows of Resources:						
Pension related deferred outflows - hybrid plan	-	-	-	-	195,372	195,372
Pension related deferred outflows - defined benefit	-	-	-	-	475,780	475,780
Total Deferred Outflows of Resources	-	-	-	-	671,152	671,152
Total Assets and Deferred Outflows	8,315,210	15,039,059	1,245,580	24,599,849	9,391,680	33,991,529
Liabilities:						
Accounts payable	125,516	1,060,910	-	1,186,426	-	1,186,426
Deposits	940	-	-	940	-	940
Accrued interest payable	-	-	-	-	55,060	55,060
Compensated absences	-	-	-	-	192,844	192,844
Bonds payable, due within one year	-	-	-	-	500,000	500,000
Bonds payable	-	-	-	-	14,435,000	14,435,000
Bond premium, net of amortization of \$156,797	-	-	-	-	1,707,500	1,707,500
Net pension liability- defined benefit plan	-	-	-	-	85,044	85,044
Total pension liability- volunteer plan	-	-	-	-	650,841	650,841
Total Liabilities	126,456	1,060,910	-	1,187,366	17,626,289	18,813,655
Deferred Inflows of Resources:						
Unavailable property tax revenues	3,255,436	369,712	1,232,373	4,857,521	-	4,857,521
Pension related deferred inflows - hybrid plan	-	-	-	-	13,365	13,365
Pension related deferred inflows - defined benefit	-	-	-	-	68,795	68,795
Total Deferred Inflows of Resources	3,255,436	369,712	1,232,373	4,857,521	82,160	4,939,681
Fund Balances / Net Position:						
Fund Balances:						
Restricted for emergencies	108,057	-	-	108,057	(108,057)	-
Restricted for capital projects	-	13,608,437	-	13,608,437	(13,608,437)	-
Restricted for debt service	-	-	13,207	13,207	(13,207)	-
Unassigned	4,825,261	-	-	4,825,261	(4,825,261)	-
Total Fund Balances	4,933,318	13,608,437	13,207	18,554,962	(18,554,962)	-
Total Liabilities and Fund Balances	8,315,210	15,039,059	1,245,580	24,599,849		
Net Position:						
Net investment in capital assets					4,754,382	4,754,382
Restricted for capital projects					796,379	796,379
Restricted for debt service					13,207	13,207
Restricted for emergencies					108,057	108,057
Restricted for pensions					135,704	135,704
Unrestricted					4,430,464	4,430,464
Total Net Position					10,238,193	10,238,193

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

**Snowmass-Wildcat Fire Protection District
Governmental Funds Statement of Revenues, Expenditures and
Changes in Fund Balances/Statement of Activities
For the Year Ended December 31, 2017**

**Governmental Funds Statement of Revenues,
Expenditures and Changes in Fund Balances**

	<u>General Fund</u>	<u>Capital Projects</u>	<u>Debt Service Fund</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
Revenues:						
Property taxes	3,328,323	377,213	844,955	4,550,491	-	4,550,491
Specific ownership taxes	121,681	12,792	28,655	163,128	-	163,128
Interest on delinquent taxes	5,073	576	1,290	6,939	-	6,939
Charges for services:						
Emergency medical services	314,684	-	-	314,684	182,988	497,672
Investment income	7,384	101,339	7,363	116,086	-	116,086
Grants and contributions	82,458	-	-	82,458	-	82,458
Wildfire contracts	236	-	-	236	-	236
Miscellaneous:						
Special event	17,539	-	-	17,539	-	17,539
Plan review and permit fees	83,855	-	-	83,855	-	83,855
Condominium rentals	11,300	-	-	11,300	-	11,300
Scholarship income	23,581	-	-	23,581	-	23,581
Other	3,179	-	-	3,179	-	3,179
Total Revenues	<u>3,999,293</u>	<u>491,920</u>	<u>882,263</u>	<u>5,373,476</u>	<u>182,988</u>	<u>5,556,464</u>
Expenditures/Expenses:						
Personnel services	2,778,327	-	-	2,778,327	(19,338)	2,758,989
General and administrative	368,093	37,648	42,356	448,097	280	448,377
Provision for uncollectible EMS charges	-	-	-	-	182,988	182,988
Fire and emergency medical services	209,580	-	-	209,580	236,279	445,859
Equipment	82,693	48,683	-	131,376	-	131,376
Station	54,927	485,410	-	540,337	114,105	654,442
Scholarship awards	5,477	-	-	5,477	-	5,477
Debt service:						
Principal	-	-	375,000	375,000	(375,000)	-
Interest and fiscal charges	-	-	451,700	451,700	(101,739)	349,961
Debt issuance costs	-	165,465	-	165,465	-	165,465
Capital outlay	-	5,765,000	-	5,765,000	(5,765,000)	-
Total Expenditures/Expenses	<u>3,499,097</u>	<u>6,502,206</u>	<u>869,056</u>	<u>10,870,359</u>	<u>(5,727,425)</u>	<u>5,142,934</u>
Excess (Deficiency) of Revenues Over Expenditures	500,196	(6,010,286)	13,207	(5,496,883)	5,910,413	413,530
Other Financing Sources (Uses):						
Bond proceeds	-	15,310,000	-	15,310,000	(15,310,000)	-
Premium on issuance	-	1,864,297	-	1,864,297	(1,864,297)	-
Sale of assets	41,179	-	-	41,179	(18,857)	22,322
Total Other Financing Sources (Uses)	<u>41,179</u>	<u>17,174,297</u>	<u>-</u>	<u>17,215,476</u>	<u>(17,193,154)</u>	<u>22,322</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing (Uses)	541,375	11,164,011	13,207	11,718,593	(11,718,593)	
Changes in Net Position					435,852	435,852
Fund Balances/Net Position:						
Beginning of Year	4,391,943	2,444,426	-	6,836,369		10,497,704
Prior Period Pension Adjustment	-	-	-	-		(695,363)
Beginning of Year (as restated)	<u>4,391,943</u>	<u>2,444,426</u>	<u>-</u>	<u>6,836,369</u>		<u>9,802,341</u>
End of Year	<u>4,933,318</u>	<u>13,608,437</u>	<u>13,207</u>	<u>18,554,962</u>		<u>10,238,193</u>

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

**Snowmass-Wildcat Fire Protection District
Statement of Assets and Liabilities
Volunteer Firefighters Pension Agency Fund
December 31, 2017**

Assets:

Investments	420,870
Total Assets	<u>420,870</u>

Liabilities:

Pension obligations	420,870
Total Liabilities	<u>420,870</u>

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

NOTES TO THE FINANCIAL STATEMENTS

Snowmass-Wildcat Fire Protection District
Notes to the Financial Statements
December 31, 2017

I. Summary of Significant Accounting Policies

The Snowmass-Wildcat Fire Protection District (the "District") is a quasi-municipal corporation organized and operated pursuant to provisions set forth in the Colorado Special District Act. The District was established to provide fire protection within the Town of Snowmass Village and the surrounding area.

The financial statements of the District have been prepared in conformity with U.S. 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 more significant accounting policies established by GAAP used by the District are discussed below.

A. Reporting Entity

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

The District has no component units, and it is not a component unit of any other entity.

B. Government-wide and Fund Financial Statements

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. However, the District does not have any business-type activities, only governmental activities.

1. Government-wide Financial Statements

In the Governmental Funds Balance Sheet/Statement of Net Position, the Statement of Net Position column is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net position is reported in three parts—investment in capital assets; restricted net position; and unrestricted net position.

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. The effect of interfund activity has been eliminated from the government-wide financial statements.

Snowmass-Wildcat Fire Protection District
Notes to the Financial Statements
December 31, 2017
(Continued)

I. Summary of Significant Accounting Policies (continued)

B. Government-wide and Fund Financial Statements (continued)

2. 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, liabilities, reserves, fund equity, revenues and expenditures/expenses. The fund focus is on current available resources and budget compliance.

The District reports the following governmental funds:

The *General Fund* is the District's primary operating fund. It accounts for all financial resources not required to be accounted for in another fund.

The *Capital Projects Fund* is used to account for financial resources to be used for the acquisition or construction of major capital facilities.

The *Debt Service Fund* accounts for property taxes collected for the payment of principal and interest on bonds and related costs.

The District reports the following agency fund which is not included in the government-wide statements since the resources of the fund are not available to the District:

The *Pension Fund* accounts for the volunteer pension investments.

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

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

1. Long-term Economic Focus and Accrual Basis

Governmental activities in the government-wide financial statements and fiduciary fund 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.

Snowmass-Wildcat Fire Protection District
Notes to the Financial Statements
December 31, 2017
(Continued)

I. Summary of Significant Accounting Policies (continued)

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

2. Current Financial Focus and Modified Accrual Basis

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

D. Financial Statement Accounts

1. Cash and Cash Equivalents

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

2. Investments

Investments are stated at fair value. The change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

3. Receivables

Receivables are reported net of an allowance for uncollectible accounts. The District's policy is to establish an allowance for uncollectible accounts based on historical experience and individual analysis of accounts.

4. Property Taxes

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

5. Interfund Receivables and Payables

Balances at year-end between funds are reported as "internal receivables" and "internal payables" in the fund financial statements and are eliminated in the government-wide financial statements.

Snowmass-Wildcat Fire Protection District
Notes to the Financial Statements
December 31, 2017
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

6. Capital Assets

Capital assets, which include land, fire stations and improvements, equipment, and vehicles, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial cost of \$5,000 or more and an estimated useful life in excess of four years. Such assets are recorded at historical cost. Donated capital assets are recorded at estimated fair value at the date of donation.

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

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

<u>Assets</u>	<u>Years</u>
Buildings and improvements	4 - 35
Equipment	5 - 20
Vehicles	5 - 20

7. Pensions

The District participates in the Statewide Hybrid Plan and the Statewide Defined Benefit Plan, both administered by the Fire and Police Pension Association of Colorado ("FPPA"). The Statewide Hybrid Plan is comprised of two components: Defined Benefit and Money Purchase. The Statewide Defined Benefit Plan is a cost-sharing multiple-employer defined benefit pension plan. The net pension asset, 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 plans have been determined using the economic resources measurement focus and the accrual basis of accounting. 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.

8. Compensated Absences

The District permits employees to accumulate earned but unused vacation time, subject to certain limits in amount. Accumulated, unpaid time is accrued when incurred in the government-wide financial statements.

Snowmass-Wildcat Fire Protection District
Notes to the Financial Statements
December 31, 2017
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

9. Deferred Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The District has one item that qualifies for reporting in this category, which is the pension-related deferred outflow reported in the government-wide statement of net position.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has two items that qualify for this type of reporting, pension-related deferred inflows and unavailable revenues from property taxes.

10. Fund Balance

The District classifies governmental fund balances as follows:

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

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

Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority which is the Board of Directors.

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

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

Snowmass-Wildcat Fire Protection District
Notes to the Financial Statements
December 31, 2017
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

10. Fund Balance (continued)

The District uses restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the District first uses committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The District does not have a formal minimum fund balance policy. However, the District's budget includes a calculation of a targeted reserve position and management calculates targets and reports them annually to the Board of Directors.

11. Use of Estimates

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

II. Reconciliation of Government-wide and Fund Financial Statements

A. Explanation of differences between the governmental fund Balance Sheet and the government-wide Statement of Net Position

The Governmental Funds Balance Sheet and the government-wide Statement of Net Position include an adjustment column. One element of the adjustment column accounts for capital assets used in governmental activities that are not financial resources and, therefore, are not reported in the funds. \$ 8,584,824 represents the book value of capital assets at December 31, 2017.

Another element of the adjustment column accounts for net pension assets/liabilities that are not a financial resource and, therefore, are not reported in the funds. The District's net pension asset is \$135,704 and the net pension liabilities are \$85,044 for the defined benefit plan and \$650,841 for the volunteer plan at December 31, 2017. Similarly, pension related deferred outflows are not financial resources and are also not reported in the funds. The pension related deferred outflows are \$671,152 at December 31, 2017. The District also had bonds payable of \$14,935,000, including the original issuance premium of \$1,707,500, net of accumulated amortization of \$156,797 shown as reconciling items.

Certain amounts reported in the Statement of Net Position, including accrued compensated absences, accrued interest and pension related deferred inflows, do not require the use of current financial resources and therefore are not recorded in the governmental funds financial statements. The balance of accrued compensated absences is \$192,844, accrued interest is \$55,060 and pension related deferred inflows is \$82,160 at December 31, 2017.

Snowmass-Wildcat Fire Protection District
Notes to the Financial Statements
December 31, 2017
(Continued)

II. Reconciliation of Government-wide and Fund Financial Statements (continued)

B. Explanation of differences between the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances and the government-wide Statement of Activities

Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. The positive numbers below represent depreciation expense while the negative number represents capital outlay.

General and administrative: depreciation	\$ 280
Fire and Emergency Medical Services: depreciation	236,279
Station: depreciation	114,105
Capital outlay: assets capitalized	(5,765,000)

Some expenses reported in the Statement of Activities, including the change in accrued compensated absences, the provision for uncollectible ambulance revenue, the change in net pension assets and debt principal payments do not require the use of current financial resources and therefore are not recorded as expenditures in governmental funds. The provision for uncollectible ambulance revenues is netted against total EMS charges in governmental funds, representing collections under the modified accrual basis.

Personnel services (compensated absences)	\$ 36,179
Change in net pension assets/liabilities	<u>(55,518)</u>
Net change in personnel services	<u>(19,339)</u>

Provision for uncollectible EMS charges	182,988
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Governmental funds report sale of assets for the full amount of cash received, while the Statement of Activities reports the gain on sale of assets, after the net book value of the asset is removed. This results in an adjustment to sale of assets of \$(18,857).

The issuance of long-term debt (e.g., leases and bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.

Principal payments	\$ (375,000)
Proceeds of 2017 bonds	(15,310,000)
Premium on bond issuance	(1,864,297)

Governmental funds report bond interest when paid; while the Statement of Activities accrues interest expense as incurred. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas those amounts are deferred and amortized in the Statement of Activities. Below are the adjustments for accrued interest and the amortization of premium:

Accrued interest	\$ 55,058
Amortization of premium	(156,797)

Snowmass-Wildcat Fire Protection District
Notes to the Financial Statements
December 31, 2017
(Continued)

III. Stewardship, Compliance, and Accountability

A. 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 funds and the fiduciary fund are adopted on a basis consistent with U.S. GAAP.

- (1) For the 2017 budget, prior to August 25, 2016, the County Assessor sent to the District a certified assessed valuation of all taxable property within the District's boundaries. The County Assessor may change the assessed valuation on or before December 10, 2016, only once by a single notification to the District.
- (2) On or before October 15, 2016, the District's budget officer 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) For the 2017 budget, prior to December 15, 2016, the District computed and certified to the County Commissioners a rate of a levy that derived the necessary property taxes as computed in the proposed budget.
- (4) After a required publication of "Notice of Proposed Budget" and a public hearing, the District adopted the proposed budget and an appropriating resolution, which legally appropriated expenditures for the upcoming year.
- (5) 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) it may approve supplemental appropriations to the extent of revenues in excess of the estimate in the budget; (c) it may approve emergency appropriations; and (d) it may approve the reduction of appropriations for which originally estimated revenues are insufficient.
- (6) All appropriations lapse at a year-end.

Taxes levied in one year are collected in the succeeding year. Thus taxes certified in 2016 were collected in 2017 and taxes certified in 2017 will be collected in 2018. Taxes are due on January 1st in the year of collection; however, they may be paid in either one installment (no later than April 30th) or two equal installments (no later than February 28th and June 15th) without interest or penalty. Taxes that are not paid within the prescribed time bear interest at the rate of one percent (1%) per month until paid. Unpaid amounts and the accrued interest thereon become delinquent on June 15th.

B. TABOR Amendment - Revenue and Spending Limitation Amendment

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

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

Snowmass-Wildcat Fire Protection District
Notes to the Financial Statements
December 31, 2017
(Continued)

III. Stewardship, Compliance, and Accountability (continued)

B. TABOR Amendment - Revenue and Spending Limitation 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 fiscal year spending (excluding bonded debt service). The District has reserved a portion of its December 31, 2017, year-end fund balance in the General Fund for emergencies as required under TABOR in the amount of \$108,057, which is the approximate required reserve at December 31, 2017.

The initial base for local government spending and revenue limits is December 31, 1992, fiscal year spending. 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.

The District's voters approved the following ballot question on May 5, 1998:

Shall the Snowmass-Wildcat Fire Protection District be authorized to collect, keep and expend all revenues from all voter approved taxes and all District revenues received in 1998 and each year thereafter as a voter-approved revenue change and exception to the spending, revenue-raising, or other limitations in Article X, Section 20 of the Colorado Constitution and other laws of the State?

The District's voters approved the following ballot question on November 5, 2002:

Shall Snowmass-Wildcat Fire Protection District taxes increase \$363,000 annually (first full fiscal year) or such other amount as may be received from the levy of an additional property tax at a rate of not to exceed 1.00 mill for the purpose of paying the costs of operations including recruiting, hiring and retaining fire fighters to enhance community and fire fighter safety and shall the District be authorized to collect, keep and expend all revenues from such additional tax received in 2003 and each year thereafter as a voter-approved revenue change and exception to the spending, revenue-raising, or other limitations in Article X, Section 20 of the Colorado Constitution and notwithstanding the property tax revenue limits of Section 29-1-301, C.R.S or other laws of the State?

The District's voters approved the following ballot question on May 2, 2006:

Shall Snowmass-Wildcat Fire Protection District taxes increase \$288,991 annually (first full fiscal year) or such other amount as may be received from the levy of an additional property tax at a rate of not to exceed .750 mill for the purpose of a capital replacement fund and shall the District be authorized to collect, keep and expend all revenues from such additional tax received in 2007 and each year thereafter for 20 years or until 2027 as a voter-approved revenue change and exception to the spending, revenue-raising, or other limitations in Article X, Section 20 of the Colorado Constitution and notwithstanding the property tax revenue limits of Section 29-1-301, C.R.S. or other laws of the State?

The District's voters approved the following ballot questions on November 2, 2010:

Snowmass-Wildcat Fire Protection District
Notes to the Financial Statements
December 31, 2017
(Continued)

III. Stewardship, Compliance, and Accountability (continued)

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

Shall Snowmass-Wildcat Fire Protection District taxes be increased \$75,000 annually, or by such lesser amount as may be necessary, in the judgment of the District Board, to offset the decrease in revenues to the District from all sources caused by the implementation of Proposition 101 if approved by the voters of the State of Colorado at the general election held on November 2, 2010, in order to avoid significant reductions in the fire protection and ambulance services provided by the District and provided that if Proposition 101 is not approved by voters this question shall have no effect: such taxes to consist of an ad valorem mill levy imposed without limitation of rate or with such limitations as may be determined by the District Board, and in amounts sufficient to produce the annual increase set forth above; and shall the proceeds of such taxes be collected and spent by the District as a voter-approved revenue change in 2011 and in each year thereafter, without regard to any spending, revenue-raising, or other limitation contained within Article X Section 20 of the Colorado Constitution, or Section 29-1-301, Colorado Revised Statutes?

Shall the Snowmass-Wildcat Fire Protection District taxes be increased \$1,497,961 annually, or by such lesser annual amount as may be collected, by authorizing the District to retain and spend any and all amounts collected by the District as ad valorem taxes and shall such approval constitute a future action to keep excess property taxes that shall not be effective until January 1, 2011, and shall only take effect if Amendment 60 is approved by the voters of the State of Colorado at the general election held on November 2, 2010, and shall the proceeds of such taxes be collected and spent by the District as a voter-approved revenue change, without regard to any spending, revenue-raising, or other limitation contained within Article X, Section 20 of the Colorado Constitution, or Section 29-1-301, Colorado Revised Statutes that shall expire after four years?

The District's voters approved the following ballot question on November 6, 2012:

Shall Snowmass-Wildcat Fire Protection District taxes be increased by up to \$800,000 in 2013, and by such amounts as may be collected annually thereafter by imposition of an additional mill levy of not to exceed 3 mills; and shall the proceeds of such taxes be collected and spent by the District without regard to the 5.5% revenue limit of Section 29-1-301, Colorado Revised Statutes?

The District's voters approved the following ballot question on November 8, 2016:

Shall Snowmass Wildcat Fire Protection District debt be increased \$17 million, with repayment cost of up to \$28 million, and shall district taxes be increased \$1.5 million annually to pay such debt, such debt to be used for capital improvements of the district, including demolishing the existing fire station 71 facility and acquiring, constructing, equipping and improving a new fire station 71 facility on the existing site?

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.

Snowmass-Wildcat Fire Protection District
Notes to the Financial Statements
December 31, 2017
(Continued)

IV. Detailed Notes on All Funds

A. Deposits and Investments

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

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments, and entities such as the District, may invest which include:

- Obligations of the U.S. and certain U.S. governmental agency securities
- Certain international agency securities
- General obligation and revenue bonds for U.S. local governmental 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

Fair Value of Investments

The District measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- *Level 1:* Quoted prices for identical investments in active markets;
- *Level 2:* Observable inputs other than quoted market prices; and,
- *Level 3:* Unobservable inputs.

At December 31, 2017, the District had the following recurring fair value measurements:

Investments Measured at Fair Value	Total	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Certificates of deposit	1,488,638	-	1,488,638	-
Asset backed securities	1,840,125	1,840,125	-	-
US Treasury/Agency securities	8,675,322	8,675,322	-	-

Snowmass-Wildcat Fire Protection District
Notes to the Financial Statements
December 31, 2017
(Continued)

IV. Detailed Notes on All Funds (continued)

A. Deposits and Investments (continued)

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

	Standard & Poors Rating	Carrying Amounts	Maturities	
			Less than one year	One to five years
<i>Deposits:</i>				
Petty cash	Not rated	\$ 350	\$ 350	\$ -
Deposits	Not rated	3,305,397	3,300,394	-
Money market	Not rated	4,271,436	4,271,436	-
<i>Investments:</i>				
Certificates of deposit	Not rated	1,488,638		1,488,638
Asset backed securities	Not rated	1,840,125	-	1,840,125
US Agency securities	AA+	5,670,053	4,487,462	1,182,591
US Treasury securities	AA+	3,005,269	3,005,269	-
		<u>\$ 19,581,268</u>	<u>\$ 15,064,911</u>	<u>\$ 4,511,354</u>

Interest Rate Risk. As a means of limiting its exposure to interest rate risk, the District coordinates its investment maturities to closely match cash flow needs and restricts the maximum investment term to less than ten years.

B. Capital Assets

Capital asset activity for the year ended December 31, 2017, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 73,575	\$ -	\$ -	\$ 73,575
Construction in progress	730,430	5,765,000	-	6,495,430
Total capital assets, not being depreciated	<u>804,005</u>	<u>5,765,000</u>	<u>-</u>	<u>6,569,005</u>
Capital assets, being depreciated:				
Fire stations and improvements	2,642,388	-	-	2,642,388
Equipment	589,801	-	-	589,801
Vehicles	2,555,277	-	(129,304)	2,425,973
Total capital assets being depreciated	<u>5,787,466</u>	<u>-</u>	<u>(129,304)</u>	<u>5,658,162</u>
Less accumulated depreciation:				
Fire stations and improvements	(1,973,321)	(114,105)	-	(2,087,426)
Equipment	(466,475)	(48,594)	-	(515,069)
Vehicles	(962,330)	(187,965)	110,447	(1,039,848)
Total accumulated depreciation	<u>(3,402,126)</u>	<u>(350,664)</u>	<u>110,447</u>	<u>(3,642,343)</u>
Total capital assets, being depreciated, net	<u>2,385,340</u>	<u>(350,664)</u>	<u>(18,857)</u>	<u>2,015,819</u>
Total Capital Assets, Net	<u>\$ 3,189,345</u>	<u>\$ 5,414,336</u>	<u>\$ (18,857)</u>	<u>\$ 8,584,824</u>

Snowmass-Wildcat Fire Protection District
Notes to the Financial Statements
December 31, 2017
(Continued)

IV. Detailed Notes on All Funds (continued)

B. Capital Assets (continued)

Depreciation expense was charged to functions of the District as follows:

General and administrative	\$ 280
Fire and Emergency Medical Services	236,279
Station	114,105
Total Depreciation Expense	<u>\$ 350,664</u>

C. Long-term Obligations

1. General Obligation Bonds, Series 2017

On March 15, 2017, the Snowmass-Wildcat Fire Protection District issued \$15,310,000 of general obligation bonds, the proceeds of which will be used to finance capital improvements of the District. These bonds bear interest at annual rates ranging from 3.0% to 5.0%. Starting in 2017, principal payments ranging from \$375,000 to \$1,105,000 are due annually on December 1 and interest payments are due annually on June 1 and December 1 through 2037.

These bonds constitute general obligations of the Snowmass-Wildcat Fire Protection District.

The portion of the 2017 bond issue remaining is as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 500,000	\$ 660,700	\$ 1,160,700
2019	515,000	645,700	1,160,700
2020	535,000	625,100	1,160,100
2021	560,000	603,700	1,163,700
2022	580,000	581,300	1,161,300
2023-2027	3,215,000	2,595,400	5,810,400
2028-2032	4,005,000	1,800,450	5,805,450
2033-2037	5,025,000	778,250	5,803,250
	<u>\$14,935,000</u>	<u>\$ 8,290,600</u>	<u>\$23,225,600</u>

2. Changes in Long-term Obligations

The following is an analysis of changes in long-term obligations for the year ended December 31, 2017:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
GO Bonds, Series 2017	\$ -	\$ 15,310,000	\$ (375,000)	\$ 14,935,000	\$ 500,000
Unamortized premium	-	1,864,297	(156,797)	1,707,500	-
Compensated absences	156,666	36,178	-	192,844	48,211
Net pension liability-defined benefit	-	85,044	-	85,044	-
Net pension liability-volunteer	-	650,841	-	650,841	-
Total Long-term Obligations	<u>\$ 156,666</u>	<u>\$ 17,946,360</u>	<u>\$ (531,797)</u>	<u>\$ 17,571,229</u>	<u>\$ 548,211</u>

Snowmass-Wildcat Fire Protection District
Notes to the Financial Statements
December 31, 2017
(Continued)

IV. Detailed Notes on All Funds (continued)

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

1. FPPA Statewide Defined Benefit Plan

Plan Description The Plan is a cost-sharing multiple-employer defined benefit pension plan covering substantially all full-time employees of participating fire or police departments in Colorado hired on or after April 8, 1978 (New Hires), provided they are not already covered by a statutorily exempt plan. As of August 1, 2003, the SDBP may include clerical and other personnel from fire districts whose services are auxiliary to fire protection.

Contributions Determined by state statute or by election of the members, contributions are set at a level that enables all benefits to be fully funded at the retirement date of all members. Employees and employers are contributing at a rate of 8% and 9%, respectively, of base salary for a total contribution rate of 17% through 2016. In 2014, the members elected to increase the member contribution rate 0.5% annually from 2015 through 2022 to a total of 12% of base salary. Employer contributions will remain at 8% resulting in a combined contribution rate of 20% in 2022.

Contributions from members and employers of plans re-entering the system are established by resolution and approved by the FPPA Board of Directors. The reentry group has a combined contribution rate of 20.5% of base salary through 2015. It is a local decision on who pays the additional 4% contribution. Per the 2014 member election, the reentry group will also have their required member contribution rate increase 0.5% annually beginning in 2015 through 2022 for a total combined member and employer contribution rate of 24% in 2022.

Benefits On May 23, 1983, the Colorado Revised Statutes were amended to allow the Trustees of the Plan to change the retirement age on an annual basis, depending upon the results of the actuarial valuation and other circumstances. The amended statutes state that retirement age should not be less than age 55 or more than age 60. The Trustees subsequently elected to amend the retirement provisions, effective July 1, 1983, such that any member with at least 25 years of service may retire at any time after age 55 and shall be eligible for a normal retirement pension.

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. 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.

Snowmass-Wildcat Fire Protection District
Notes to the Financial Statements
December 31, 2017
(Continued)

IV. Detailed Notes on All Funds (continued)

D. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

1. FPPA Statewide Defined Benefit Plan (continued)

In addition, upon retirement a member may receive additional benefits credited to the member's "Separate Retirement Account" each year after January 1, 1988. These are attributable to contributions in excess of the actuarially determined pension cost and the allocation of the net Fire & Police Members' Benefit Investment Fund earnings and losses thereon. Members do not vest in amounts credited to their Separate Retirement Account until retirement, and the Plan may use such stabilization reserve amounts to reduce pension cost in the event such cost exceeds contributions. It was previously mentioned that reentry members have a higher contribution rate. As a result their Separate Retirement Account (SRA) has two components; the standard SRA and the reentry SRA.

The component of a member's SRA attributable to the higher contribution rate is considered the reentry SRA. The reentry SRA cannot be used to subsidize the costs for the non-reentry members. Effective July 1, 2014, the standard Separate Retirement Account contribution rate for members of the Statewide Defined Benefit Plan was set at 0 percent. The reentry Separate Retirement Account contribution rate was set at 3.60 percent.

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.

Net Pension Liability: At December 31, 2017, the District reported a liability of \$85,044 for its proportionate share of the net pension liability. The Plan's fiduciary net position currently is exceeded by the total pension liability, resulting in a liability reported by the District. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2017. The District's proportion of the net pension liability was based on District contributions to the Plan for the calendar year 2016 relative to the total contributions of participating employers to the Plan.

Snowmass-Wildcat Fire Protection District
Notes to the Financial Statements
December 31, 2017
(Continued)

IV. Detailed Notes on All Funds (continued)

D. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

1. FPPA Statewide Defined Benefit Plan (continued)

At December 31, 2016, the District proportion was 0.235359%, as compared to 0.203747% at December 31, 2015. For the year ended December 31, 2017, the District recognized pension (revenues) expense of \$(403). At December 31, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	75,934	4,325
Changes of assumptions or other inputs	58,092	-
Net difference between projected and actual earnings on pension plan investments	229,552	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	-	62,058
Contributions subsequent to the measurement date	112,202	2,412
Total	\$ 475,780	68,795

Contributions subsequent to the measurement date of December 31, 2016, which are reported as deferred outflows of resources related to pensions, will be recognized as an adjustment against the net pension liability in the subsequent year. 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 ending December 31:	
2018	\$ 80,000
2019	80,000
2020	74,764
2021	25,899
2022	7,778
Thereafter	26,342
	\$ 294,783

Snowmass-Wildcat Fire Protection District
Notes to the Financial Statements
December 31, 2017
(Continued)

IV. Detailed Notes on All Funds (continued)

D. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

1. FPPA Statewide Defined Benefit Plan (continued)

Actuarial assumptions. The collective total pension liability and actuarially determined contributions in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions and other inputs:

	Total Pension Liability	Actuarially Determined Contributions
Actuarial Valuation Date	January 1, 2017	January 1, 2016
Actuarial Method	Entry Age Normal	Entry Age Normal
Amortization Method	Level % of Payroll, Open	Level % of Payroll, Open
Amortization Period	30 Years	30 Years
Long-term investment Rate of Return *	7.5%	7.5%
Projected Salary Increases	4.0% to 14.0%	4.0% - 14.0%
Cost of Living Adjustments	0.0%	0.0%
* Includes Inflation at	2.5%	2.5%

Effective January 1, 2016, the post-retirement mortality tables for non-disabled retirees is a blend of the Annuitant and Employee RP-2014 generational mortality tables with blue collar adjustment projected with Scale BB. The occupationally disabled post-retirement mortality assumption uses the same table as used for healthy annuitants, except that is a three year set-forward, meaning a disabled member age 70 will be valued as if they were a 73 year old healthy retiree. The totally disabled post-retirement mortality assumption uses the RP-2014 generational mortality tables for disabled annuitants, except an additional provision to apply a minimum 3% mortality probability to males and 2% mortality probability for females is included to reflect substantial impairment for this population. The pre-retirement off-duty mortality tables are adjusted to 55% of the RP-2014 mortality tables for active employees. The on-duty mortality rate is 0.00020.

At least every five years the Fire & Police Pension Association's Board of Directors, in accordance with best practices, reviews its economic and demographic actuarial assumptions. At its July 2015 meeting, the Board of Directors reviewed and approved recommended changes to the actuarial assumptions. The recommendations were made by the Fire & Police Pension Association's actuaries, Gabriel, Roeder, Smith & Co., based upon their analysis of past experience and expectations of the future.

The assumption changes were effective for actuarial valuations beginning January 1, 2016 and were used in the rollforward calculation of total pension liability as of December 31, 2015. Actuarial assumptions effective for actuarial valuations prior to January 1, 2016 were used in the determination of the actuarially determined contributions as of December 31, 2015. The actuarial assumptions impact actuarial factors for benefit purposes such as purchases of service credit and other benefits where actuarial factors are used.

Snowmass-Wildcat Fire Protection District
Notes to the Financial Statements
December 31, 2017
(Continued)

IV. Detailed Notes on All Funds (continued)

D. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

1. FPPA Statewide Defined Benefit Plan (continued)

Actuarial Assumptions (continued). 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, 2016 are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Global Equity	36%	9.3%
Equity Long/Short	10%	7.4%
Illiquid Alternatives	23%	10.5%
Fixed Income	15%	4.1%
Absolute Return	10%	6.6%
Managed Futures	4%	5.5%
Cash	2%	0.0%
Total	100%	

* While the expected inflation exceeds the expected real rate of return for cash, a 0.0 percent real rate of return is utilized.

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.

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 3.78% (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%.

Snowmass-Wildcat Fire Protection District
Notes to the Financial Statements
December 31, 2017
(Continued)

IV. Detailed Notes on All Funds (continued)

D. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

1. FPPA Statewide Defined Benefit Plan (continued)

Sensitivity of the City's proportionate share of the net pension liability to changes in the discount rate. The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Collective pension liability (asset)	\$ 307,440,992	\$ 36,133,840	\$ (189,200,101)
Proportionate share of net pension liability (asset)	\$ 723,589	\$ 85,044	\$ (445,299)

Pension plan fiduciary net position. Detailed information about the Plan's fiduciary net position is available in FPPA's comprehensive annual financial report which can be obtained at http://www.fppaco.org/annual_reports.htm.

2. FPPA Statewide Hybrid Plan

Plan Description The Plan was established January 1, 2004 as a cost-sharing multiple-employer pension plan covering full-time firefighters and police officers from departments that elect coverage. The Plan may also cover clerical staff or other fire district personnel whose services are auxiliary to fire protection. The Plan is comprised of two components: Defined Benefit and Money Purchase. With the latter component, employees have the option of choosing among various mutual funds offered by an outside investment manager. The Plan currently has 37 participating employer departments.

Employers may not withdraw from the Plan once affiliated. The Plan assets associated with the Defined Benefit component are included in the Fire & Police Members' Benefit Investment Fund and the Plan assets associated with the Money Purchase component and Deferred Retirement Option Plan "DROP" assets are included in the Fire & Police Members' Self-Directed Investment Fund.

Contributions The Plan sets contribution rates at a level that enables all benefits to be fully funded at the retirement date of all members. The members of this Plan and their employers are currently each contributing at the rate determined by the individual employer, however, the rate for both employer and members must be at least 8 percent of the member's base salary. The amount allocated to the Defined Benefit Component is set annually by the Fire & Police Pension Association Board of Directors. Excess contributions fund the Money Purchase Component of the Plan. The Defined Benefit Component contribution rate from July 1, 2016 through June 30, 2017 is 13.5 percent. The Defined Benefit Component contribution rate from July 1, 2015 through June 30, 2016 was 12.6 percent.

Snowmass-Wildcat Fire Protection District
Notes to the Financial Statements
December 31, 2017
(Continued)

IV. Detailed Notes on All Funds (continued)

D. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

2. FPPA Statewide Hybrid Plan (continued)

Within the Money Purchase Component, members are always fully vested in their own contributions, as well as the earnings on those contributions. Vesting in the employer's contributions within the Money Purchase Component, and earnings on those contributions occurs according to the vesting schedule set by the plan document at 20 percent per year after the first year of service to be 100 percent vested after 5 years of service. Employer and member contributions are invested in funds at the discretion of members.

A member may elect to make voluntary after-tax contributions to the Money Purchase Component of the Plan.

Benefits The Plan document states that any member may retire from further service and become eligible for a normal retirement pension at any time after age 55, if the member has at least 25 years of service.

The annual normal pension of the Defined Benefit Component is 1.5 percent of the average of the member's highest three years' base salary for each year of credited service. Benefits paid to retired members of the Defined Benefit Component are evaluated and may be re-determined annually on October 1. The amount of any increase is based on the Board's discretion and can range from 0 to 3 percent.

A member is eligible for early retirement at age 50 or after of 30 years of service. The early retirement benefit equals the normal retirement benefit reduced on an actuarially equivalent basis. Upon termination, a member may elect to have all contributions, along with 5 percent as interest, returned as a lump sum distribution from the Defined Benefit Component.

Alternatively, a member with at least five years of accredited service may leave contributions with the Defined Benefit Component of the Plan and remain eligible for a retirement pension at age 55 equal to 1.5 percent of the average of the member's highest three years' base salary for each year of credited service. In addition, upon termination, the vested account balance within the Money Purchase Component becomes available to the member.

Net Pension Asset At December 31, 2017, the District reported an asset of \$135,704 for its proportionate share of the net pension asset. (The District reported an asset because the Plan's fiduciary net position exceeds the total pension liability.) The net pension asset was measured as of December 31, 2016, and the total pension asset used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2017. The District proportion of the net pension asset was based on District contributions to the Plan for the calendar year 2016 relative to the total contributions of participating employers to the Plan.

At December 31, 2016, the District proportion was 1.246679% as compared to 1.685480% at December 31, 2015.

Snowmass-Wildcat Fire Protection District
Notes to the Financial Statements
December 31, 2017
(Continued)

IV. Detailed Notes on All Funds (continued)

D. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

2. FPPA Statewide Hybrid Plan (continued)

For the year ended December 31, 2017, the District recognized pension (revenue) expense of \$(10,592). At December 31, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	69,853	-
Changes of assumptions or other inputs	6,020	-
Net difference between projected and actual earnings on pension plan investments	30,103	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	70,476	13,365
Contributions subsequent to the measurement date	18,920	-
Total	\$ 195,372	13,365

Contributions subsequent to the measurement date of December 31, 2016, which are reported as deferred outflows of resources related to pensions, will be recognized as a reduction of the net pension liability in the year ended December 31, 2018.

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 ending December 31:	
2018	\$ 29,277
2019	29,277
2020	28,703
2021	22,279
2022	19,858
Thereafter	33,693
	\$ 163,087

Snowmass-Wildcat Fire Protection District
Notes to the Financial Statements
December 31, 2017
(Continued)

IV. Detailed Notes on All Funds (continued)

D. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

2. FPPA Statewide Hybrid Plan (continued)

Actuarial Assumptions The collective total pension asset as of December 31, 2016 is based upon the January 1, 2017 actuarial valuation. The actuarially determined contributions as of December 31, 2016 are based upon the January 1, 2016 actuarial valuation. The valuations were determined using the following actuarial assumptions and other inputs:

Actuarial Method	Entry Age Normal
Amortization Method	Level % of Payroll, Open
Amortization Period	30 Years
Long-term investment Rate of Return*	7.5%
Projected Salary Increases	4.0% - 14.0%
Cost of Living Adjustments	0.0%
* Includes Inflation at	2.5%

Effective January 1, 2016, the post-retirement mortality tables for non-disabled retirees is a blend of the Annuitant and Employee RP-2014 generational mortality tables with blue collar adjustment projected with Scale BB. The occupationally disabled post-retirement mortality assumption uses the same table as used for healthy annuitants, except there is a three year set-forward, meaning a disabled member age 70 will be valued as if they were a 73 year old healthy retiree. The totally disabled post-retirement mortality assumption uses the RP-2014 generational mortality tables for disabled annuitants, except an additional provision to apply a minimum 3% mortality probability to males and 2% mortality probability for females is included to reflect substantial impairment for this population. The pre-retirement off-duty mortality tables are adjusted to 55% of the RP-2014 mortality tables for active employees. The on-duty mortality rate is 0.00020.

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:

Snowmass-Wildcat Fire Protection District
Notes to the Financial Statements
December 31, 2017
(Continued)

IV. Detailed Notes on All Funds (continued)

D. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

2. FPPA Statewide Hybrid Plan (continued)

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Global Equity	36%	9.25%
Equity Long/Short	10%	7.35%
Illiquid Alternatives	23%	10.75%
Fixed Income	15%	4.10%
Absolute Return	10%	6.55%
Managed Futures	4%	5.00%
Cash	2%	0.00%
Total	<u>100%</u>	

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 SWH 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.

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 3.78% (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%.

Snowmass-Wildcat Fire Protection District
Notes to the Financial Statements
December 31, 2017
(Continued)

IV. Detailed Notes on All Funds (continued)

D. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

2. FPPA Statewide Hybrid Plan (continued)

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

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Collective pension liability (asset)	\$ (5,788,364)	\$ (10,885,237)	\$ (15,137,325)
Proportionate share of net pension liability (asset)	\$ (72,162)	\$ (135,704)	\$ (188,714)

Pension plan fiduciary net position. Detailed information about the Plan's fiduciary net position is available in FPPA's comprehensive annual financial report which can be obtained at http://www.fppaco.org/annual_reports.htm.

3. Volunteer Firefighters Plan

Plan Description The plan is a single-employer defined benefit pension plan available to provide retirement income for volunteer fire fighters in recognition of their service to the District. The plan is administered by a Board of Trustees composed of the Board of Directors and two members of the Fire Department in accordance with Colorado State Statutes.

Plan Provisions

Eligibility - Any firefighter who renders service to the Fire Protection District, and who does not receive compensation under an employment contract as a firefighter is a Member of the Pension Fund, including any Member on Leave of Absence. Paid administrative employees of the Fire Protection District will not be eligible to participate in this Plan effective February 20, 2009.

Service - One year of Credited Service is granted for any Calendar Year after December 31, 1977 in which a Member completes a minimum of 36 hours of training. Credited Service before January 1, 1978 is granted for each period of service to the Fire Protection District as a volunteer firefighter. Credited Service for paid employees is based on periods of service with the district for which they have received wages.

Service Retirement - Attainment of age 50 and completion of 10 years of service. Each firefighter who retires on or after his retirement eligibility date receives a monthly retirement income equal to \$450 if the member had 20 years of Credited Service upon retirement. The \$450 benefit is reduced by 5% for each year of service less than 20 years upon termination or retirement.

Snowmass-Wildcat Fire Protection District
Notes to the Financial Statements
December 31, 2017
(Continued)

IV. Detailed Notes on All Funds (continued)

D. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

3. Volunteer Firefighters Plan (continued)

Plan Provisions (continued):

Disability Retirement - A Member who is injured in the line of duty is entitled to a monthly Disability Benefit in an amount equal to \$150, payable for not more than 12 months. For periods of injury-related Disability that last longer than 12 months, the Board of Trustees, in their discretion, can continue Disability Benefit in amounts that are necessary and proper.

Vested Termination Benefit - Upon a firefighter's termination, he is eligible for a deferred benefit if he has completed at least 10 years of service. The benefit is equal to his service retirement benefit determined as of the date of separation from service, reduced by 5% for each year of service less than 20 years. Benefits may not commence prior to the date the firefighter attains age 50.

As of December 31, 2017, the latest actuarial valuation date, there were no active members and 12 service retirees receiving benefits.

Funding Policy The funding of the plan by the District is authorized by the Board of Trustees. If necessary, the District makes contributions based upon funding requirements reported in an actuarial study and District established benefits. The plan has no funding obligation, nor has a trust been created.

Effective April 2015 the plan was closed to new members.

During the year ended December 31, 2017, the Plan recognized the following changes in the net pension liability:

Total pension liability December 31, 2016	\$ 695,363
Interest	21,255
Differences between expected and actual experience	(20,304)
Benefit payments	(45,473)
Total pension liability December 31, 2017	<u>\$ 650,841</u>

For the year ended December 31, 2017, the District recognized pension expense (revenue) of \$951. At December 31, 2017, the District did not report any deferred outflows of resources and deferred inflows of resources related to pensions.

Actuarial Information The significant assumptions used in the valuation as of December 31, 2017 were:

Economic Assumptions:

- a. Investment Return – N/A
- b. GASB discount rate – 3.16% per annum

Snowmass-Wildcat Fire Protection District
Notes to the Financial Statements
December 31, 2017
(Continued)

IV. Detailed Notes on All Funds (continued)

D. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

3. Volunteer Firefighters Plan (continued)

Demographic Assumptions:

- a. Retirement – N/A
- b. Termination – None assumed
- c. Disability rates – None assumed
- d. Mortality – RP-2014 Blue Collar Mortality tables adjusted backward to 2006 with Scale MP-2014 and projected with Scale MP-2017
- e. Marital status – Actual marriage information is used

Methods:

- a. Valuation date – December 31, 2017
- b. Asset valuation method – N/A
- c. Entry age normal actuarial cost method – The present value of the projected benefit (PVB) is determined as of the date the member entered the plan (or would have entered if the plan had always been in effect). The present value of future salary (PVFS) is also determined at entry age. The percentage of the PVFS represented by the PVB is the level percent of pay which, if contributed every year, would exactly fund the benefit if the valuation actuarial assumptions were realized. The actuarial accrued liability (AAL) is the theoretical value of assets which would result from the accumulation of these contributions from the plan entry until the valuation date.
- d. Amortization method – Since there are no active members, any experience gain/loss or assumption change is recognized immediately

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability calculated using the discount rate of 3.16 percent, as well as the net pension liability if it were calculated using a discount rate that is 1-percentage-point lower (2.16 percent) or 1-percentage-point higher (4.16 percent) than the current rate:

	1% Decrease 2.16%	Current Discount Rate of 3.16%	1% Increase 4.16%
Net Pension Liability	\$ 726,846	\$ 650,841	\$ 587,566

4. Section 457 Deferred Compensation Plan

The District adopted an IRC Section 457 deferred compensation plan administered by the Fire and Police Pension Association of Colorado (“FPPA”). Participants may defer up to the lesser of \$11,000 or 100% of the participant’s includable compensation. Participants over age 50 are eligible to contribute more than the \$11,000 limit due to a catch up provision in the plan. The District is neither the trustee nor the administrator and has no liability under the plan.

Snowmass-Wildcat Fire Protection District
Notes to the Financial Statements
December 31, 2017
(Continued)

V. Other Information

A. Risk Management

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

The District participates in the Western Slope Health Care Group, currently with 13 local government members, for employee health and accident coverage. The plan self-insures up to \$65,000 per employee and carries commercial coverage for claims in excess of \$65,000.

B. Intergovernmental Agreements

1. Regional Emergency Dispatch Center

In April 2014 the District entered into an intergovernmental agreement (IGA) with Pitkin County, the City of Aspen, Town of Snowmass Village, and the Town of Basalt, and the Special Districts of Aspen Fire Protection District, Basalt and Rural Fire Protection District, Aspen Ambulance District, and Carbondale and Rural Fire Protection District (the "Participating Members") for the operation, administration, and financial support of the Pitkin County Regional Emergency Dispatch Center (the "Center").

The Center is governed by a Communications Board comprised of individual Participating Members. The purpose of the Board is to provide representatives of the Participating Members with a means to offer advice, suggestions and recommendations to the Director and the County with respect to the operation and management of the Center to ensure the efficient operation of the Center. The Center will remain a department of Pitkin County.

The initial term of this IGA commenced on May 1, 2014, and is set to expire on December 31, 2018, with automatic five-year renewals. Annual operating costs of the Center including salaries, utilities, maintenance, insurance premiums and deductibles and any other expenses related to the operation and administration of the Center will be allocated to each Participating Member as set forth in the IGA.

2. Fire Chief

The District entered into an IGA with Basalt and Rural Fire Protection District to share in the cost of a full-time fire chief. The Districts intend to share the use of the Fire Chief on an equal basis by having the Fire Chief spend fifty percent of his time in service to the District in consideration of the District's reimbursement of fifty percent of the actual cost of all the Fire Chief's employee wages, benefits, and other remuneration. The Fire Chief will continue to be employed as a full-time, at-will, exempt paid employee of Basalt Fire and will be considered an independent contractor to the District.

The Districts will implement their own set of duties and requirements for the Fire Chief. The Fire Chief will report independently to the respective Boards of Directors for each District for matters exclusively related to the independent operation of each fire protection district, as well as a subcommittee comprised of Board members of both Basalt Fire and the District.

Snowmass-Wildcat Fire Protection District
Notes to the Financial Statements
December 31, 2017
(Continued)

V. Other Information (continued)

B. Intergovernmental Agreements (continued)

2. Fire Chief (continued)

The agreement was effective March 1, 2014, and is set to expire December 31, 2014, with automatic one-year renewals. The agreement may be terminated by either party for any reason upon sixty days' prior written notice or upon resignation of the Fire Chief.

3. Basalt-Snowmass Fire Rescue Authority Creation Agreement

On December 18, 2017, the Basalt-Snowmass Fire Rescue Authority (the "Authority") was created by an intergovernmental agreement between Snowmass-Wildcat Fire Protection District and Basalt and Rural Fire Protection (the "parties"). The Authority is a separate legal entity whose boundaries cover the combined territory of the fire districts. Operations of both parties will begin combining under the Authority during 2018 and start fully unified operations beginning January 1, 2019.

The Authority is governed by six appointed directors, who each cast one vote on matters that come before the board. Each party will appoint three directors. The purposes of the Authority are to provide fire rescue services on behalf of the parties, take assignment of all existing assets of the parties unless otherwise specifically exempt by the agreement, and to employ, supervise, and manage all employees and volunteers of the parties.

The Authority shall have no power to levy taxes of any kind, but can fix, maintain and revise fees, rates and charges for functions, services or facilities provided by the Authority.

Unless otherwise agreed to by the parties, the parties shall continue to certify, in addition to the maximum mill levy allowed for refunds and abatements, their existing mill levies as set forth in the agreement. The Authority will be funded by each party in quarterly installments beginning January 1, 2019. The parties will retain enough funds from their mill levy rates within their respective boundaries to cover administrative expenses associated with their individual management, such as Director's fees, legal fees, accounting and auditing fees, business operations, pension administration, membership fees, and conferences. All other funds will be conveyed to the Authority. Debt and other liabilities incurred by the Authority will not be obligations of the parties unless the parties provide written consent. The agreement can be terminated effective January 1 of any year, following written notice at least twelve months in advance. In the event of termination, the assets assigned to the Authority by each party will be returned to the assigning party. Assets acquired by the Authority and other financial assets will be liquidated and conveyed to each party in proportion to the total amounts paid to the Authority by each party during the term of the agreement.

Snowmass-Wildcat Fire Protection District
Notes to the Financial Statements
December 31, 2017
(Continued)

V. Other Information (continued)

C. Capital Project Commitment

The District has an active capital project, the construction of the new fire station, as of December 31, 2017. The District has entered into an agreement with FCI Constructors Inc. for the construction of the fire station. The aggregate remaining amount of this agreement is \$9,377,340.

D. Net Position Restatement

For the year ended December 31, 2017, the District adopted the provisions of GASB Statement No. 73 *Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, which is effective for financial statements for periods beginning after June 15, 2016. GASB 73 will improve financial reporting by establishing a single framework for the presentation of information about pensions, which will enhance the comparability of pension-related information reported by employers and non-employer contributing entities.

For the District, the effect of implementing this standard was to change how it accounts for and reports the total pension liability. Implementation of the standard resulted in a restatement of the prior period Net Position as follows:

	Governmental Activities
Net Position, December 31, 2016, as originally stated	\$ 10,497,704
Net pension liability - volunteer pension plan	(695,363)
Net Position, December 31, 2016, as restated	\$ 9,802,341

REQUIRED SUPPLEMENTARY INFORMATION

Snowmass-Wildcat Fire Protection District
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
General Fund
For the Year Ended December 31, 2017
With Comparative Actual Amounts for 2016

	2017			Variance Positive (Negative)	2016
	Original Budget	Final Budget	Actual		Actual
Revenues:					
Property taxes	3,329,606	3,329,606	3,328,323	(1,283)	3,390,703
Specific ownership taxes	90,000	90,000	121,681	31,681	124,648
Interest on delinquent taxes	-	-	5,073	5,073	6,063
Charges for services:					
Emergency medical services	450,000	450,000	314,684	(135,316)	378,256
Investment income	10,000	10,000	7,384	(2,616)	26,725
Grants and contributions	-	-	82,458	82,458	-
Wildfire contracts	-	-	236	236	59,700
Miscellaneous:					
Special event	-	-	17,539	17,539	37,623
Plan review and permit fees	-	-	83,855	83,855	24,069
Condominium rentals	-	-	11,300	11,300	10,100
Intergovernmental reimbursements	-	-	-	-	1,802
Scholarship Income	195,363	195,363	23,581	(171,782)	16,485
Other	-	-	3,179	3,179	5,827
Total Revenues	<u>4,074,969</u>	<u>4,074,969</u>	<u>3,999,293</u>	<u>(75,676)</u>	<u>4,082,001</u>
Expenditures:					
Personnel Services:					
Salaries and wages	1,959,400	1,959,400	2,074,153	(114,753)	1,887,827
Health and disability benefits	365,500	365,500	343,779	21,721	345,012
Pension benefits	154,000	154,000	173,271	(19,271)	132,771
Workmen's compensation	91,250	91,250	70,394	20,856	63,386
Incentives	8,600	8,600	18,093	(9,493)	9,016
Payroll taxes	38,900	38,900	39,943	(1,043)	38,922
Board members	3,000	3,000	2,550	450	2,950
Unemployment insurance	6,250	6,250	6,144	106	5,691
Pension contribution	50,000	50,000	50,000	-	50,000
Total Personnel Services	<u>2,676,900</u>	<u>2,676,900</u>	<u>2,778,327</u>	<u>(101,427)</u>	<u>2,535,575</u>
General and Administrative:					
Insurance	47,500	47,500	42,324	5,176	43,843
Treasurer's fees	167,000	167,000	166,519	481	169,888
Legal	16,500	16,500	18,159	(1,659)	11,638
Accounting and audit	69,000	69,000	31,206	37,794	46,589
Dues and subscriptions	10,500	10,500	10,990	(490)	6,746
Bank fees	3,500	3,500	1,053	2,447	1,344
Communication services	-	-	1,875	(1,875)	50,966
Medical billing	66,300	66,300	26,228	40,072	55,542
Supplies and expenses	14,000	14,000	9,176	4,824	21,797
Other services and contracts	146,200	146,200	60,563	85,637	78,759
Total General and Administrative	<u>540,500</u>	<u>540,500</u>	<u>368,093</u>	<u>172,407</u>	<u>487,112</u>

(continued)

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

Snowmass-Wildcat Fire Protection District
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
General Fund
For the Year Ended December 31, 2017
With Comparative Actual Amounts for 2016
(Continued)

	2017			Variance Positive (Negative)	2016
	Original Budget	Final Budget	Actual		Actual
Expenditures (continued):					
Fire and Emergency Medical Services:					
Physician advisor	6,000	6,000	5,491	509	5,400
Supplies and expenses	48,000	48,000	37,286	10,714	29,110
Equipment	25,500	25,500	29,643	(4,143)	26,919
Training and conferences	27,500	27,500	23,319	4,181	23,065
Wildfire expenses	10,000	10,000	3,362	6,638	1,474
Fire mitigation	-	-	110,479	(110,479)	-
Total Firefighting	<u>117,000</u>	<u>117,000</u>	<u>209,580</u>	<u>(92,580)</u>	<u>85,968</u>
Equipment:					
Vehicle repairs	45,000	45,000	47,125	(2,125)	65,374
Equipment repairs	8,000	8,000	8,349	(349)	5,522
Gas and oil	28,000	28,000	27,219	781	21,159
Total Equipment	<u>81,000</u>	<u>81,000</u>	<u>82,693</u>	<u>(1,693)</u>	<u>92,055</u>
Other:					
Scholarship Awards	30,000	30,000	5,477	24,523	103,520
Total Other	<u>30,000</u>	<u>30,000</u>	<u>5,477</u>	<u>24,523</u>	<u>103,520</u>
Station:					
Maintenance	27,500	27,500	4,269	23,231	24,654
Supplies	8,000	8,000	3,812	4,188	5,531
Utilities	65,800	65,800	46,846	18,954	64,353
Total Station	<u>101,300</u>	<u>101,300</u>	<u>54,927</u>	<u>46,373</u>	<u>94,538</u>
Total Expenditures	<u>3,546,700</u>	<u>3,546,700</u>	<u>3,499,097</u>	<u>47,603</u>	<u>3,398,768</u>
Excess (Deficiency) of Revenues Over Expenditures	528,269	528,269	500,196	(28,073)	683,233
Other Financing Sources (Uses):					
Sale of assets	-	-	41,179	41,179	37,800
Transfer from (to) other funds	(500,000)	(500,000)	-	500,000	(275,856)
Total Other Financing Sources (Uses)	<u>(500,000)</u>	<u>(500,000)</u>	<u>41,179</u>	<u>541,179</u>	<u>(238,056)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing (Uses)	28,269	28,269	541,375	513,106	445,177
Fund Balances - Beginning	<u>4,379,125</u>	<u>4,379,125</u>	<u>4,391,943</u>	<u>12,818</u>	<u>3,946,766</u>
Fund Balances - Ending	<u>4,407,394</u>	<u>4,407,394</u>	<u>4,933,318</u>	<u>525,924</u>	<u>4,391,943</u>

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

Snowmass-Wildcat Fire Protection District
Schedule of Employer's Proportionate Share of Net Pension Asset / Liability
Fire and Police Association of Colorado
Last 10 Fiscal Years *

Defined Benefit:	2016	2015	2014	2013
District's portion of the net pension asset	0.235359%	0.203747%	0.186208%	0.176654%
District's proportionate share of the net pension asset (liability)	\$ (85,044)	\$ 3,592	\$ 210,150	\$ 157,961
District's covered payroll	\$ 1,153,907	\$ 889,054	\$ 800,877	\$ 710,650
District's proportionate share of the net pension asset as a percentage of its covered payroll	-7.4%	0.4%	26.2%	22.2%
Plan fiduciary net position as a percentage of the total pension asset/(liability)	98.2%	106.8%	106.8%	105.8%
Hybrid:	2016	2015	2014	2013
District's portion of the net pension asset	1.246679%	1.685480%	1.765584%	1.574854%
District's proportionate share of the net pension asset	\$ 135,704	\$ 177,530	\$ 209,392	\$ 160,638
District's covered payroll	\$ 161,220	\$ 221,963	\$ 218,556	\$ 203,741
District's proportionate share of the net pension asset as a percentage of its covered payroll	84.2%	80.0%	95.8%	78.8%
Plan fiduciary net position as a percentage of the total pension asset	125.8%	140.6%	140.6%	139.0%

* Information is only available beginning in fiscal year 2014.

** Includes both plan sponsor and State of Colorado Supplemental Discretionary Payment

**Snowmass-Wildcat Fire Protection District
Schedule of District Contributions
Fire and Police Pension Association of Colorado
Last 10 Fiscal Years ***

Defined Benefit:

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Statutorily required contribution	\$ 96,362	\$ 79,017	\$ 66,991	\$ 61,382
Contributions in relation to the statutorily required contribution	<u>(96,362)</u>	<u>(79,017)</u>	<u>(66,991)</u>	<u>(61,382)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 1,153,907	\$ 889,054	\$ 800,877	\$ 710,650
Contributions as a percentage of covered payroll	8.4%	8.9%	8.4%	8.6%

Hybrid:

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Statutorily required contribution	\$ 16,122	\$ 22,196	\$ 21,855	\$ 20,374
Contributions in relation to the statutorily required contribution	<u>(16,122)</u>	<u>(22,196)</u>	<u>(21,855)</u>	<u>(20,374)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 161,220	\$ 221,963	\$ 218,556	\$ 203,741
Contributions as a percentage of covered payroll	10.0%	10.0%	10.0%	10.0%

* Information is only available beginning in fiscal year 2014.

** Includes both plan sponsor and State of Colorado Supplemental Discretionary Payment

**Snowmass-Wildcat Fire Protection District
Schedule of Changes in Total Pension Liability
Volunteer Firefighter's Pension
Last 10 Fiscal Years ***

	2017
Total Pension Liability, beginning	\$ 695,363
Interest	21,255
Experience	(20,304)
Benefit payments	(45,473)
Total Pension Liability, ending	\$ 650,841

* Information is only available beginning in fiscal year 2017.

**Snowmass-Wildcat Fire Protection District
Schedule of Employer's Total Pension Liability
Volunteer Firefighter's Pension
Last 10 Fiscal Years ***

	<u>2017</u>
Total pension liability	\$ 650,841
District's covered payroll	N/A
District's proportionate share of the net pension asset as a percentage of its covered payroll	N/A

* Information is only available beginning in fiscal year 2017.

There are no assets accumulated in an irrevocable trust to pay pension benefits.

**Snowmass-Wildcat Fire Protection District
Notes to the Required Supplementary Information
Statewide Defined Benefit Plan
December 31, 2017**

I. Schedule of Employer's Proportionate Share of the Net Pension Liability

A. Changes to assumptions or other inputs

1. Changes Since the January 1, 2015 Actuarial Valuation are as Follows:

- Effective January 1, 2016, the post-retirement mortality tables for non-disabled retirees is a blend of the Annuitant and Employee RP-2014 generational mortality tables with blue collar adjustment projected with Scale BB. The occupationally disabled post-retirement mortality assumption uses the same table as used for healthy annuitants, except that is a three year set-forward, meaning a disabled member age 70 will be valued as if they were a 73 year old healthy retiree. The totally disabled post-retirement mortality assumption uses the RP-2014 generational mortality tables for disabled annuitants, except an additional provision to apply a minimum 3% mortality probability to males and 2% mortality probability for females is included to reflect substantial impairment for this population. The pre-retirement off-duty mortality tables are adjusted to 55% of the RP-2014 mortality tables for active employees. The on-duty mortality rate is 0.00020.

2. Changes Since the January 1, 2014 Actuarial Valuation are as Follows:

- For determining the total pension liability, the RP-2014 Mortality Tables for Blue Collar Employees, projected with Scale BB, 55 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 of post-retirement benefits for members under age 55. For post-retirement members ages 65 and older, the RP-2014 Mortality Tables for Blue Collar Healthy Annuitants, projected with Scale BB are used.

B. Changes of benefit terms

No changes during the years presented.

C. Changes of size or composition of population covered by benefit terms

No changes during the years presented.

II. Notes to the Schedule of District Contributions

A. Changes to assumptions or other inputs

No changes during the years presented.

B. Changes of benefit terms.

No changes during the years presented.

C. Changes of size or composition of population covered by benefit terms.

No changes during the years presented.

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

SUPPLEMENTARY INFORMATION

Snowmass-Wildcat Fire Protection District
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
Capital Projects Fund
For the Year Ended December 31, 2017
With Comparative Actual Amounts for 2016

	2017			Variance Positive (Negative)	2016
	Original Budget	Final Budget	Actual		Actual
Revenues:					
Property tax	368,866	368,866	377,213	8,347	378,743
Specific ownership tax	-	-	12,792	12,792	-
Interest on delinquent taxes	500	500	576	576	(988)
Net investment income	3,600	3,600	53,437	49,837	11,298
Unrealized gain/(loss) on investments	-	-	47,902	47,902	-
Grants and contributions	-	-	-	-	106,675
Total Revenues	<u>372,966</u>	<u>372,966</u>	<u>491,920</u>	<u>119,454</u>	<u>495,728</u>
Expenditures:					
Building and grounds	800,000	800,000	485,410	314,590	641,010
Communications equipment	100,000	100,000	48,683	51,317	85,557
Equipment - other	25,000	25,000	-	25,000	21,186
Vehicles	60,000	60,000	-	60,000	390,503
General and administrative	23,000	23,200	37,648	(14,448)	18,893
Debt issuance costs	-	174,297	165,465	8,832	-
Capital outlay	-	6,000,000	5,765,000	235,000	-
Total Expenditures	<u>1,008,000</u>	<u>7,182,497</u>	<u>6,502,206</u>	<u>680,291</u>	<u>1,157,149</u>
Excess (Deficiency) of Revenues Over Expenditures	(635,034)	(6,809,531)	(6,010,286)	799,745	(661,421)
Other Financing Sources (Uses):					
Bond proceeds	-	15,310,000	15,310,000	-	-
Premium on issuance	-	1,864,297	1,864,297	-	-
Operating transfers in	500,000	500,000	-	(500,000)	500,000
Total Other Financing Sources (Uses)	<u>500,000</u>	<u>17,674,297</u>	<u>17,174,297</u>	<u>(500,000)</u>	<u>500,000</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures	(135,034)	10,864,766	11,164,011	299,745	(161,421)
Fund Balances - Beginning	<u>2,563,650</u>	<u>2,563,650</u>	<u>2,444,426</u>	<u>(119,224)</u>	<u>2,605,847</u>
Fund Balances - Ending	<u>2,428,616</u>	<u>13,428,416</u>	<u>13,608,437</u>	<u>180,521</u>	<u>2,444,426</u>

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

Snowmass-Wildcat Fire Protection District
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
Debt Service Fund
For the Year Ended December 31, 2017
With Comparative Actual Amounts for 2016

	2017			Variance Positive (Negative)	2016
	Original Budget	Final Budget	Actual		Actual
Revenues:					
Property tax	845,000	846,250	844,955	(1,295)	-
Specific ownership tax	11,000	28,700	28,655	(45)	-
Interest on delinquent taxes	-	-	1,290	1,290	-
Investment income	100	14,600	7,363	(7,237)	-
Miscellaneous income	-	-	-	-	-
Total Revenues	<u>856,100</u>	<u>889,550</u>	<u>882,263</u>	<u>(7,287)</u>	<u>-</u>
Expenditures:					
General and administrative	200	-	40	(40)	-
County Treasurer's fees	25,000	42,230	42,316	(86)	-
Debt service:					
Principal	450,000	450,000	375,000	75,000	-
Interest and fiscal charges	395,000	395,000	451,700	(56,700)	-
Capital outlay	6,000,000	-	-	-	-
Total Expenditures	<u>6,870,200</u>	<u>887,230</u>	<u>869,056</u>	<u>18,174</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	(6,014,100)	2,320	13,207	10,887	-
Fund Balances - Beginning	<u>17,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances - Ending	<u>10,985,900</u>	<u>2,320</u>	<u>13,207</u>	<u>10,887</u>	<u>-</u>

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

Snowmass-Wildcat Fire Protection District
Schedule of Revenues, Expenditures and Changes in Fund Net Position
Budget and Actual
Pension Fund
For the Year Ended December 31, 2017
With Comparative Actual Amounts for 2016

	2017			Variance Positive (Negative)	2016
	Original Budget	Final Budget	Actual		Actual
Additions:					
Contributions	50,000	50,000	50,000	-	50,000
Net investment income	4,000	4,000	7,575	3,575	7,209
Total Additions	<u>54,000</u>	<u>54,000</u>	<u>57,575</u>	<u>3,575</u>	<u>57,209</u>
Deductions:					
Benefits	48,000	48,000	45,473	2,527	47,520
Administration	2,000	2,000	-	2,000	1,875
Total Deductions	<u>50,000</u>	<u>50,000</u>	<u>45,473</u>	<u>4,527</u>	<u>49,395</u>
Change in Net Position	4,000	4,000	12,102	8,102	7,814
Net Position - Beginning	<u>407,617</u>	<u>407,617</u>	<u>408,768</u>	<u>1,151</u>	<u>400,954</u>
Net Position - Ending	<u><u>411,617</u></u>	<u><u>411,617</u></u>	<u><u>420,870</u></u>	<u><u>9,253</u></u>	<u><u>408,768</u></u>

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