

BENNETT FIRE PROTECTION DISTRICT
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016

**BENNETT FIRE PROTECTION DISTRICT
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YEAR ENDED DECEMBER 31, 2016**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Bennett Fire Protection District
Arapahoe and Adams Counties, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the general fund, and the remaining fund information of the Bennett Fire Protection District (the District), as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the general fund, and the remaining fund information of the District as of December 31, 2016, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on page 28 and the pension schedules on pages 29-32 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.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The budgetary comparison information is presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The statistical information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.



CliftonLarsonAllen LLP

Greenwood Village, Colorado
March 15, 2017

BASIC FINANCIAL STATEMENTS

**BENNETT FIRE PROTECTION DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2016**

ASSETS

Cash Deposits	\$ 115,461
Investments	1,302,495
Restricted Deposits	6,048
Receivables:	
Property Tax	1,766,067
Service Fees, Net of Allowance for Doubtful Accounts of \$153,123	129,564
Prepaid Expenses	36,300
Capital Assets, Not Being Depreciated	114,365
Capital Assets, Being Depreciated (Net of Accumulated Depreciation)	2,052,877
Net Pension Asset	<u>415,492</u>
 Total Assets	 <u>5,938,669</u>

DEFERRED OUTFLOWS OF RESOURCES

Contributions Subsequent to Measurement Date	50,583
Change in Experience	12,181
Change in Assumptions	23,658
Change in Investment Earnings	120,091
Total Deferred Outflows of Resources	<u>206,513</u>

LIABILITIES

Accounts Payable	19,290
Accrued Interest	16,718
Accrued Wages	16,163
Deposits Held for Others	6,048
Long-Term Liabilities:	
Due Within One Year	61,885
Due Within More Than One Year	628,200
Total Liabilities	<u>748,304</u>

DEFERRED INFLOWS OF RESOURCES

Deferred Property Tax	1,766,067
Change in Proportionate Share	193
Change in Experience	7,783
Total Deferred Inflows of Resources	<u>1,774,043</u>

NET POSITION

Net Investment in Capital Assets	1,534,177
Restricted for Emergencies	68,120
Restricted for Net Pension Asset	614,029
Unrestricted	<u>1,406,509</u>
 Total Net Position	 <u>\$ 3,622,835</u>

See accompanying Notes to Financial Statements.

**BENNETT FIRE PROTECTION DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2016**

Functions/Programs	Expenses	Program Revenues		Net Revenue (Expense) and Changes in Net Position
		Charges for Services	Capital Grants and Contributions	
Public Safety	\$ 1,812,978	\$ 278,314	\$ 35,619	\$ (1,499,045)
Interest and Fiscal Charges	20,385	-	-	(20,385)
Total	\$ 1,833,363	\$ 278,314	\$ 35,619	(1,519,430)
General Revenues:				
Taxes:				
Property Taxes, Levied for General Purpose				1,791,318
Specific Ownership Taxes				158,117
Investment Earnings				6,515
Miscellaneous				46,044
Total General Revenues				2,001,994
Change in Net Position				482,564
Net Position - Beginning				3,140,271
Net Position - Ending				\$ 3,622,835

See accompanying Notes to Financial Statements.

**BENNETT FIRE PROTECTION DISTRICT
BALANCE SHEET – GOVERNMENTAL FUNDS
DECEMBER 31, 2016**

	General	Other Governmental Fund	Total Governmental Funds
ASSETS			
ASSETS			
Cash Deposits	\$ 91,394	\$ 24,067	\$ 115,461
Investments	1,302,495	-	1,302,495
Restricted Deposits	6,048	-	6,048
Accounts Receivable, Net of Allowance for Uncollectible of \$153,123	129,564	-	129,564
Prepaid Items	36,300	-	36,300
Property Tax Receivable	1,766,067	-	1,766,067
Total Assets	<u>\$ 3,331,868</u>	<u>\$ 24,067</u>	<u>\$ 3,355,935</u>
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ 19,290	\$ -	\$ 19,290
Accrued Wages and Payroll Liabilities	16,163	-	16,163
Deposits Held for Others	6,048	-	6,048
Total Liabilities	41,501	-	41,501
DEFERRED INFLOWS OF RESOURCES			
Deferred Property Tax	1,766,067	-	1,766,067
Deferred EMS Billing Revenue	93,915	-	93,915
Total Deferred Inflows of Resources	1,859,982	-	1,859,982
FUND BALANCES			
Nonspendable	36,300	-	36,300
Restricted	67,398	722	68,120
Assigned	599,283	-	599,283
Committed	-	23,345	23,345
Unassigned	727,404	-	727,404
Total Fund Balances	1,430,385	24,067	1,454,452
Total Liabilities, Deferred Inflows, and Fund Balances	<u>\$ 3,331,868</u>	<u>\$ 24,067</u>	<u>\$ 3,355,935</u>

See accompanying Notes to Financial Statements.

**BENNETT FIRE PROTECTION DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2016**

Amounts reported for governmental activities in the statement of net position are different because:

Total Fund Balances of the Governmental Funds	\$ 1,454,452
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:	
Capital Assets, net	2,167,242
Certain revenues not available to pay liabilities of the current period are deferred in the governmental funds:	
Emergency Medical Service Fees	93,915
Certain assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds:	
Net Pension Asset	415,492
Deferred outflows of resources used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds:	
Contributions Subsequent to the Measurement Date	50,583
Change in Investment Earnings	120,091
Change in Assumptions	23,658
Change in Experience	12,181
Deferred inflows of resources used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds:	
Change in Experience	(7,783)
Change in Proportionate Share	(193)
Some liabilities, including leases payable, accrued interest payable and compensated absences, are not due and payable in the current period and, therefore, are not reported in the fund balance sheet.	
Capital Lease Obligation	(633,065)
Interest Payable	(16,718)
Compensated Absences	(57,020)
Net Position of Governmental Activities	<u>\$ 3,622,835</u>

See accompanying Notes to Financial Statements.

BENNETT FIRE PROTECTION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2016

	General Fund	Other Governmental Fund	Total Governmental Funds
REVENUES			
Property Taxes	\$ 1,791,318	\$ -	\$ 1,791,318
Specific Ownership Taxes	158,117	-	158,117
Charges for Services	-	24,062	24,062
Interest	6,510	5	6,515
Emergency Medical Services	192,489	-	192,489
Grants and Contributions	16,094	-	16,094
Outside Fleet Maintenance Income	36,040	-	36,040
Other	46,044	-	46,044
Total Revenues	<u>2,246,612</u>	<u>24,067</u>	<u>2,270,679</u>
EXPENDITURES			
Public Safety			
Directors' Fees	5,900	-	5,900
Accounting and Legal	60,030	-	60,030
Administration Supplies	4,487	-	4,487
Insurance	86,271	-	86,271
Telephone	4,628	-	4,628
County Treasurers' Collection Fees	27,091	-	27,091
Utilities	22,876	-	22,876
Dispatch Fees	47,401	-	47,401
Operating Supplies	177,810	-	177,810
Fuel and Oil	28,963	-	28,963
Repairs and Maintenance	61,735	-	61,735
Miscellaneous	20,646	-	20,646
Elections	15,622	-	15,622
Training - Fire	5,354	-	5,354
Training - Medical	4,498	-	4,498
Training - Fire Academy	8,438	-	8,438
Training - Haz Mat	870	-	870
Training - District	1,947	-	1,947
Training - Travel	7,744	-	7,744
Payroll - Salaries and Taxes	962,191	-	962,191
EMS Billing Service	13,745	-	13,745
Contribution to Volunteers' Pension Fund	10,000	-	10,000
VFIS Volunteer Payments	10,275	-	10,275
Professional Services	22,709	-	22,709
Capital Improvement/Emergency Reserve	27,641	-	27,641
Capital Outlay	268,156	-	268,156
Debt Service			
Principal	59,983	-	59,983
Interest	21,970	-	21,970
Total Expenditures	<u>1,988,981</u>	<u>-</u>	<u>1,988,981</u>
EXCESS REVENUE OVER (UNDER) EXPENDITURES	257,631	24,067	281,698
NET CHANGE IN FUND BALANCE	257,631	24,067	281,698
Fund Balance - Beginning	<u>1,172,754</u>	<u>-</u>	<u>1,172,754</u>
FUND BALANCE - ENDING	<u>\$ 1,430,385</u>	<u>\$ 24,067</u>	<u>\$ 1,454,452</u>

See accompanying Notes to Financial Statements.

BENNETT FIRE PROTECTION DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2016

A reconciliation reflecting the differences between the governmental funds deficiencies in revenues over expenditures and changes in net position reported for governmental activities in the statement of activities is as follows:

Net Change in Fund Balances - Total Governmental Funds	\$	281,698
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital Outlay		214,901
Depreciation		(182,399)

The effect of various transactions involving capital assets (i.e. donations) is to increase (decrease) net position.

Donation		19,525
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Principal Payments		59,983
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds.

Emergency Medical Services		25,723
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Some items reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Change in Contributions Subsequent to the Measurement Date		7,448
Pension Expense		24,745
Employer Contributions		43,135

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Compensated Absences		(13,780)
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Accrued interest as reported in the statement of activities does not require the use of current financial resources and, therefore, the change in accrued interest is not reported as an expenditure in the governmental funds.

		1,585
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Change in Net Position	\$	482,564
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**BENNETT FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Definition of Reporting Entity

Bennett Fire Protection District (the District) is a quasi-municipal corporation, governed pursuant to provisions of the Colorado Special District Act. The District was established to provide fire protection services and paramedic rescue services to parts of Arapahoe and Adams Counties.

The District follows the Governmental Accounting Standards Board (GASB) accounting pronouncements, which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

The District is not financially accountable for any other organization. The District is not a component unit of any other primary governmental entity, including the Town of Bennett.

Significant accounting policies of the District are described as follows:

Government-Wide and Fund Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These financial statements include all of the activities of the District except for the fiduciary activities. Governmental activities are normally supported by taxes and emergency medical service revenue.

The statement of net position reports all financial and capital resources of the District. The difference between the assets, deferred outflows of resources, liabilities and deferred inflows of resources of the District is reported as net position.

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues, including emergency medical services, are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met. Depreciation is computed and recorded as an operating expense.

**BENNETT FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Expenditures for property and equipment are shown as increases in assets and payment of compensated absences are recorded as a reduction in liabilities. Employer and plan member contributions are recognized in the period that contributions are due.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are property tax and emergency medical service fees. Expenditures, other than interest on long-term obligations are recorded when the liability is incurred or when the long-term obligation is paid. All other revenue items are considered to be measurable and available only when cash is received by the District.

The District reports the following major governmental fund:

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

The District reports the following non-major governmental fund:

The *Capital Expansion Fund* is a capital projects fund and accounted for development fees that were to be used for the acquisition, construction or expansion of major capital facilities and for the acquisition of vehicles and equipment. This is labeled as Other Governmental Fund in the financial statements.

Budgets

In accordance with the State Budget Law, the District's board of directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures and other financing uses level and lapses at year-end. The District's board of directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated. During 2016, the District did not adopt a budget for the Capital Expansion Fund, as there were no expenditures from the fund.

Cash and Investments

Cash on hand, cash in the bank and all highly liquid investments with a maturity of three months or less when purchases or subject to withdrawal, are considered cash and cash equivalents.

Investments are carried at fair value.

**BENNETT FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property Taxes

Property taxes are levied by the District board of directors. The levy is based on assessed valuations determined by the County Assessors generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year.

The County Treasurers collect the determined taxes during the ensuing calendar year. The taxes are payable by April or if in equal installments, at the taxpayer's election, in February and June. Delinquent taxpayers are notified in August and generally, sales of the tax liens on delinquent properties are held in November or December. The County Treasurers remit the taxes collected monthly to the District.

Property taxes, net of estimated uncollectible taxes, are recorded initially as a deferred inflow in the year they are levied and measurable. The deferred inflow property tax revenues are recorded as revenue in the year they are available or collected.

Other Receivables

All service fees related receivables are shown net of an allowance for doubtful accounts. The District's policy is to establish an allowance for uncollectible accounts based on historical collection trends.

Capital Assets

Capital assets, which include land, buildings, fire trucks and equipment, and office equipment, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable. Depreciation expense has been computed using the straight-line method over the estimated economic useful lives:

Buildings	50 Years
Fire Trucks and Equipment	5 – 30 Years
Office Equipment	3 – 5 Years

Deferred Outflows of Resources

In addition to assets, the statement of net position will sometimes report separate sections for deferred outflows of resources. A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period. A deferred outflow of resources related to GASB Statement No. 68 has been recorded as of December 31, 2016, which consists of four components: 1) contributions subsequent to measurement date; 2) change in experience; 3) change in assumptions; and 4) change in investment earnings. (See Notes 6 and 7 for additional information.)

**BENNETT FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences

The District has a policy that allows employees to accumulate unused vacation, sick pay and compensatory time benefits up to certain maximum hours. Compensated absences are accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The District's General Fund is used to liquidate compensated absences of the governmental activities.

Deferred Inflows of Resources

In addition to liabilities, the statement of net position will sometimes report separate sections for deferred inflows of resources. A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. The District has three items that qualify for reporting as deferred inflows of resources. Property tax revenue is considered a deferred inflow of resources in the year the taxes are levied and measurable, and are recognized as an inflow of resources in the period they are collected. EMS revenue is considered a deferred inflow of resources for amounts not collected within the period of availability or 60 days as determined by the District. A deferred inflow related to GASB Statement No. 68 has been recorded as of December 31, 2016, which consists of two components: 1) change in experience; and 2) change in proportionate share. (See Notes 6 and 7 for additional information.)

Fund Balance

The District reports fund balances in the governmental funds in accordance with Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54). This Statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes. Per GASB 54, as of December 31, 2016, fund balances of governmental funds are classified as follows:

Nonspendable – amounts that cannot be spent either because they are not spendable in form or because they are legally or contractually required to be maintained intact. The District had \$36,300 in nonspendable resources related to prepaid expenditures.

Restricted – amounts that are subject to externally enforceable legal purpose restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments; or through constitutional provisions or enabling legislation. Emergency reserves have been provided for as required under Article X, Section 20 of the Constitution of the state of Colorado (see Note 9). For the year ended December 31, 2016, the District had \$68,120 in the general fund and capital expansion fund that have been restricted in compliance with this requirement. In addition, the District had \$614,029 restricted for net pension asset. This balance represents the difference between the net pension asset and deferred outflows of resources, less the deferred inflows associated with the FPPA pension plans.

Committed – amounts that are subject to a purpose constraint imposed by a formal action of the board of directors. The board is the highest level of decision-making authority for the District. Commitments may be established, modified or rescinded only through resolutions approved by the board. For the year ended December 31, 2016, the District had \$23,345 in funds which fall under the classification of committed.

**BENNETT FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assigned – amounts that are subject to a purpose constraint that represents an intended use established by the District in its budget process. The purpose of the assignment must be narrower than the purpose of the General Fund. The District has \$599,283 in assigned fund balance as of December 31, 2016 as 2017 budgeted expenditures exceeded 2017 budgeted revenues by \$599,283.

Unassigned – represents the residual classification for the District’s General Fund and could report a surplus or deficit. The District has \$727,404 of fund balance in the General Fund for subsequent year expenditures.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, restricted fund balance is considered expended. For expenditures in which any unrestricted fund balance classification could be used, committed fund balance is considered first expended, then assigned, then unassigned.

GASB Statement Implementation

For the year ended December 31, 2016, the District adopted the provisions of GASB Statement No. 72, *Fair Value Measurement and Application*, which is effective for financial statement periods beginning after June 15, 2015. GASB Statement No. 72 requires disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. The District’s fair value measurements have not changed as a result of the implementation.

NOTE 2 CASH AND INVESTMENTS

Cash and investments as of December 31, 2016 consist of the following:

Deposits with Financial Institutions	\$ 115,461
Restricted Deposits with Financial Institutions	6,048
Investments	1,302,495
Total Cash and Investments	<u>\$ 1,424,004</u>

Cash Deposits

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least equal to the aggregate uninsured deposits.

The State Commissioners for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

At December 31, 2016, the District’s cash deposits had a carrying balance of \$115,461.

Restricted deposits represent monies held on behalf of the District’s volunteer organization, Bennett Fire and Rescue.

**BENNETT FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Investments

Credit Risk

The District has not adopted a formal investment policy; however, the District follows state statutes regarding investments.

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

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

The investments in local government investment pools, described further below, include the Colorado Local Government Liquid Asset Trust – PLUS and the Colorado Local Government Liquid Asset Trust – PRIME, and are all rated AAAM by Standard & Poor's.

Interest Rate Risk

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the board of directors. Such actions are generally associated with a debt service reserve or sinking fund requirements. Revenue bonds of local government securities, corporate and bank securities and guaranteed investment contracts not purchased with bond proceeds are limited to maturities of three years or less.

As of December 31, 2016, the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Fair Value</u>
Colorado Local Government Liquid Asset Trust - PLUS	Less than One Year	\$ 618,246
Colorado Local Government Liquid Asset Trust - PRIME	Less than One Year	684,249
Total		<u>\$ 1,302,495</u>

COLOTRUST

As of December 31, 2016, the District had invested \$618,246 in the Colorado Local Government Liquid Asset Trust - PLUS, and \$684,249 in the Colorado Local Government Liquid Asset Trust - PRIME, (together referred to as COLOTRUST), which are investment vehicles established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing COLOTRUST. COLOTRUST operates similarly to a money market fund and each share is equal in value to \$1.00.

**BENNETT FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Fair Value

The District categorized its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices; Level 3 inputs are significant unobservable inputs.

The District has the following fair value measurements as of December 31, 2016:

		Fair Value Measurement Using		
		Level 1	Level 2	Level 3
COLOTRUST	\$ 1,302,495	\$ -	\$ 1,302,495	\$ -
Total Investments by Fair Value Level	<u>\$ 1,302,495</u>	<u>\$ -</u>	<u>\$ 1,302,495</u>	<u>\$ -</u>

NOTE 3 PROPERTY AND EQUIPMENT

An analysis of the changes in capital assets for the year ended December 31, 2016 follows:

	Balance at January 1, 2016	Additions	Deletions	Balance December 31, 2016
Governmental Activities				
Capital Assets, not Being Depreciated				
Land	\$ 114,365	\$ -	\$ -	\$ 114,365
Total Capital Assets, not Being Depreciated	<u>114,365</u>	<u>-</u>	<u>-</u>	<u>114,365</u>
Capital Assets, Being Depreciated				
Buildings and Improvements	583,006	107,469	-	690,475
Fire Trucks and Equipment	3,163,206	126,957	-	3,290,163
Office Equipment	11,411	-	-	11,411
Total Capital Assets, Being Depreciated	<u>3,757,623</u>	<u>234,426</u>	<u>-</u>	<u>3,992,049</u>
Less Accumulated Depreciation for				
Buildings	261,232	12,597	-	273,829
Fire Trucks and Equipment	1,484,130	169,802	-	1,653,932
Office Equipment	11,411	-	-	11,411
Total Accumulated Depreciation	<u>1,756,773</u>	<u>182,399</u>	<u>-</u>	<u>1,939,172</u>
Total Capital Assets, Being Depreciated, Net	<u>2,000,850</u>	<u>52,027</u>	<u>-</u>	<u>2,052,877</u>
Government Capital Assets, Net	<u>\$ 2,115,215</u>	<u>\$ 52,027</u>	<u>\$ -</u>	<u>\$ 2,167,242</u>

All depreciation expense is charged to the public safety function/program.

**BENNETT FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 4 LONG-TERM DEBT

The following is an analysis of changes in the District's long-term obligations for the year ended December 31, 2016:

	Balance at January 1, 2016	Additions	Reductions	Balance December 31, 2016	Due Within One Year
Fire Truck - Capital Lease	\$ 693,048	\$ -	\$ 59,983	\$ 633,065	\$ 61,885
Compensated Absences	43,240	13,780	-	57,020	-
Total Long-Term Obligations	<u>\$ 736,288</u>	<u>\$ 13,780</u>	<u>\$ 59,983</u>	<u>\$ 690,085</u>	<u>\$ 61,885</u>

Capital Lease

On February 26, 2015, the District entered into a lease to purchase agreement for a new fire truck and associated equipment for \$793,048. A down payment of \$100,000 was made, with the amount financed through the lease to purchase agreement being \$693,048. The lease requires principal and interest payments in the aggregate amount of \$81,953 annually with interest at 3.0%. The final payment is due in 2025. The District has the option to purchase all the equipment covered by the lease agreement on any rent payment due date by paying the full outstanding balance of the lease, plus the termination value amount set forth in the lease agreement.

The lease purchase agreement does not constitute a general obligation debt of the District as defined by Colorado Revised Statutes as there are annual appropriation clauses in the lease agreement.

Future minimum lease obligations and the net present value of these lease payments as of December 31, 2016 are as follows:

<u>Year Ending December 31.</u>	Net Present		
	Value	Interest	Total
2017	\$ 61,885	\$ 20,068	\$ 81,953
2018	63,846	18,106	81,953
2019	65,870	16,082	81,953
2020	67,958	13,994	81,953
2021	70,113	11,840	81,953
2022-2026	303,392	24,419	327,811
Total Minimum Lease Payments	<u>\$ 633,065</u>	<u>\$ 104,510</u>	<u>\$ 737,575</u>

As of December 31, 2016, the fire truck and associated equipment had a net book value of \$720,352 with accumulated depreciation of \$72,696.

**BENNETT FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 5 NET POSITION

The District has net position consisting of three components – net investment in capital assets, restricted, and unrestricted.

Net investment in capital assets consists of capital assets, net of accumulated depreciation. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. If there were any outstanding borrowings that were attributable to the acquisition, construction or improvement of those assets, this amount would be reduced by such borrowings.

As of December 31, 2016, the District had \$633,065 outstanding related to the fire truck capitalized in 2015. Total amount of net position invested in capital assets as of December 31, 2016 was \$1,534,177.

Restricted net position includes resources that are restricted for use by external sources, such as creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. As noted in Note 9, the District was required to establish emergency reserves in the amount of \$68,120 as of December 31, 2016.

NOTE 6 VOLUNTEERS' PENSION FUND

Plan Descriptions and Provisions

The District, on behalf of its volunteer firefighters, contributes to a defined benefit pension plan which is administered by FPPA. Assets of the plan are commingled for investment purposes in the Fire and Police Member's Benefit Fund, an agent multiple-employer defined benefit pension plan administered by FPPA. The plan provides retirement benefits for members and beneficiaries according to the plan provisions as enacted and governed by the pension fund board of trustees. Colorado Revised Statutes (CRS), as amended, establishes basic benefit provisions under the plan. FPPA issues a publicly available annual financial report that includes the assets of the volunteer plan. That report may be obtained by calling FPPA at 303-770-3772 in the Denver Metro area or 1-800-332-FPPA (3772) from outside the metro area.

Volunteer firefighters who complete the minimum annual training required by the District and are members in good standing of the volunteer organization, are eligible to participate in the plan for that year. Volunteers' rights to a benefit vest after ten years of service. Volunteers who retire at, or after the age of 50, with twenty years of credited service, are entitled to a benefit. Volunteers who retire with ten years of credited service are entitled to a partial benefit. Surviving spouses are entitled to a 50% benefit. In addition, the plan provides death and disability benefits funded by insurance policies.

Volunteers Covered by Benefit Terms

At December 31, 2016, the following employees were covered by the benefit terms:

Retirees or Beneficiaries Currently Receiving Benefits	22
Inactive Employees Entitled to but not Yet Receiving Benefits	7
Active Employees	18
Total	<u>47</u>

**BENNETT FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 6 VOLUNTEERS' PENSION FUND (CONTINUED)

Contributions

Contributions are determined by the FPPA actuary, using the entry age normal cost method as of January 1, 2015. Contributions into the pension fund are derived from two sources: contributions directly from the District and contributions from the State based on assessed property values and other formulas. For the year ended December 31, 2016, the Annual Required Contributions (ARC) measured in the most recent actuary report for the District was \$19,000.

Net Pension Liability (Asset)

The District's net pension liability (asset) was measured by an actuarial valuation with a measurement date of December 31, 2015.

Actuarial assumptions. The total pension liability (asset) in the January 1, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary Increases	N/A
Investment Rate of Return	7.50%

Mortality rates were based on the following:

- Pre-retirement: RP-2000 Combined Mortality Table with Blue Collar Adjustment, 40% multiplier for off-duty mortality.
- Post-retirement: RP-2000 Combined Mortality Table with Blue Collar Adjustment
- Disabled: RP-2000 Disabled Mortality Table

All tables were projected and based on Scale AA.

The total pension liability (asset) is based on an actuarial valuation performed as of January 1, 2015 and a measurement date of December 31, 2015. This measurement date is within one year of the plan sponsor's fiscal year-end of December 31, 2016 and may be used for December 31, 2016 reporting purposes.

For the purpose of this valuation, the long-term expected rate of return on pension plan investments is 7.50%; the municipal bond rate is 3.65% (based on the weekly rate closest to but not later than the measurement date of the "state & local bonds" rate from Federal Reserve statistical release (H.15)); and the resulting Single Discount Rate is 7.5%.

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).

**BENNETT FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 6 VOLUNTEERS' PENSION FUND (CONTINUED)

Changes in the Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balance at December 31, 2015	\$ 483,219	\$ 905,860	\$ (422,641)
Changes for the Year			
Service Cost	4,981	-	4,981
Interest	35,300	-	35,300
Difference Between Expected and Actual Experience	-	-	-
Contributions – Employer	-	10,000	(10,000)
Contributions – Employee	-	-	-
Net Investment Income	-	16,354	(16,354)
Benefit Payments, Including Refunds of			
Employee Contributions	(30,561)	(30,561)	-
Administrative Expenses	-	(3,728)	3,728
State of Colorado Supplemental Discretionary Payment	-	9,000	(9,000)
Net Changes	<u>9,720</u>	<u>1,065</u>	<u>8,655</u>
Balance at December 31, 2016	<u>\$ 492,939</u>	<u>\$ 906,925</u>	<u>\$ (413,986)</u>

Sensitivity of the net pension liability to the changes in the discount rate. The following table presents the net pension liability of the District, calculated using the discount rate of 7.5%, as well as what the District's net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.5%) or one percentage point higher (8.5%) than the current rate.

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
District's Net Pension Liability (Asset)	\$ (359,664)	\$ (413,986)	\$ (459,502)

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

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

For the year ended December 31, 2016, the District recognized pension expense of (\$48,554) for the Volunteer Pension Plan. At December 31, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ 6,134
Changes of Assumptions	-	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	44,461	-
District Contributions Subsequent to the Measurement Date	10,000	-
Total	<u>\$ 54,461</u>	<u>\$ 6,134</u>

**BENNETT FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 6 VOLUNTEERS' PENSION FUND (CONTINUED)

\$10,000 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31,</u>	<u>Deferred Amounts</u>
2017	\$ 5,286
2018	11,420
2019	11,418
2020	10,203
2021	-
Thereafter	-
Total	<u>\$ 38,327</u>

On July 1, 1992, the District purchased annuity contracts for the benefit of retired volunteers as of July 1, 1992. The annuity contracts are in the name of the District. The insurance company has assumed responsibility for paying benefits to this group of retired volunteers. For legal compliance purposes, the annuity contracts list the District as both the owner and beneficiary of the contract in that, if a retiree dies within the first ten years of the contract, the remaining contract is paid to the District. Such payments, if any, will be recorded as revenue when received. In July 2015, the Board of Directors decided to increase the payments for retirees under this agreement beyond the amount being paid by the annuity, effective January 1, 2016. The additional payments to the members of the class under the District's prior Length of Service Award Program were approved to be made from the General Fund. The payments will be made on a quarterly basis subject to annual appropriation. Total payments during 2016 were \$10,275.

NOTE 7 STATE FIRE AND POLICE PENSION PLAN

Plan Descriptions and Provisions

The District contributes to the Statewide Defined Benefit Plan (SDBP), a cost-sharing multiple-employer defined benefit pension plan administered by the Fire and Police Pension Association (FPPA). 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 SDBP 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.

The Plan covers substantially all full-time employees of participating fire or police departments in Colorado hired on or after April 8, 1978, provided that they are not already covered by a statutorily exempt plan. As of August 1, 2003, the Plan may include clerical and other personnel from fire districts whose services are auxiliary to fire protection.

**BENNETT FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 7 STATE FIRE AND POLICE PENSION PLANS (CONTINUED)

The Plan was established in 1980 pursuant to Colorado Revised Statutes. Employers once had the option to elect to withdraw from the Plan, but a change in state statutes permitted no further withdrawals after January 1, 1988.

The Plan assets are included in the Fire and Police Members' Investment Fund and the Fire and Police Members' Self-Directed Investment Fund.

Members included are active employees who are full-time salaried employees of a participating municipality, fire protection district, fire authority, or county improvement district normally serving at least 1,600 hours in a calendar year and whose duties are directly involved with the provision of police or fire protection. Also included are employees of any employer that covers members under the federal Social Security Act or any county that chooses to affiliate with the Fire and Police Pension Association and that covers salaried employees whose duties are directly involved with the provision of law enforcement or fire protection as certified by the county under the federal Social Security Act.

Contributions

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

Members of this Plan and their employers are contributing at the rate of 8% of base salary for a total contribution rate of 16% through 2014. In 2014, the members elected to increase the member contribution rate to the Plan beginning in 2015. Member contribution rates will increase .5% annually 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 in 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 increased .5% annually beginning in 2015 through 2022 for a total combined member and employer contribution rate of 24%. Contributions to the pension plan from the District were \$40,583 for the year ended December 31, 2016.

Pension Liability (Asset), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2016, the District reported a net pension liability (asset) of (\$1,506) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2015, and the total pension liability (asset) used to calculate the net pension liability (asset) was determined by an actuarial valuation as of January 1, 2016. The District's proportion of the net pension liability (asset) was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At December 31, 2015, the District's proportion was 0.085%, which was a decrease of 0.002% from its proportion measured as of December 31, 2014.

**BENNETT FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 7 STATE FIRE AND POLICE PENSION PLANS (CONTINUED)

For the year ended December 31, 2016, the District recognized pension expense of \$23,809. At December 31, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 12,181	\$ 1,649
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	75,630	-
Changes of assumptions or other inputs	23,658	
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions		193
District Contributions Subsequent to the Measurement Date	40,583	-
Total	<u>\$ 152,052</u>	<u>\$ 1,842</u>

\$40,583 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30</u>	Deferred Amounts
2017	\$ 22,954
2018	22,954
2019	22,954
2020	21,396
2021	3,657
Thereafter	15,712
Total	<u>\$ 109,627</u>

Actuarial assumptions. The total pension asset in the January 1, 2016 actuarial valuation was determined using the following actuarial valuation was determined using the following actuarial assumption, applied to all periods included in the measurement:

Inflation	2.5%
Salary Increases	4.0% - 14.0%
Investment Rate of Return	7.5%, Net of Pension Plan Investment Expense, Including Inflation

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. The RP-2014 Mortality Table for Blue Collar Employees, projected with Scale BB is used in the projection 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. For post-retirement members ages 55 through 64, a blend of the previous tables is used.

**BENNETT FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 7 STATE FIRE AND POLICE PENSION PLANS (CONTINUED)

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

At least every five years the FPPA'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 FPPA'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 roll forward 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.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	37.0%	6.5%
Equity Long/Short	10.0%	4.7%
Illiquid Alternatives	20.0%	8.0%
Fixed Income	16.0%	1.5%
Absolute Return	11.0%	4.1%
Managed Futures	4.0%	3.0%
Cash	2.0%	0.0%
Totals	<u>100.0%</u>	

Discount rate. The discount rate used to measure the total pension liability was 7.5%. 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.

**BENNETT FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 7 STATE FIRE AND POLICE PENSION PLANS (CONTINUED)

Sensitivity of the District's proportionate share of the net pension liability (asset) to changes in the discount rate. The following presents the District's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.5%, as well as what the District's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5%) or 1-percentage-point higher (8.5%) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
District's Proportionate Share of the Net Pension Liability (asset)	\$ 210,993	\$ (1,506)	\$ (177,767)

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

Deferred Compensation Plan

The District has two deferred compensation plans created in accordance with Internal Revenue Code Section 457 in which employees can participate. The plans allow employees to defer a portion of their salary until future years. The first plan is administered by FPPA and participation in the plan is optional for all firefighting employees.

In 2012, the District started a second deferred compensation plan which is administered by Lincoln Financial Group. The plan was primarily established for administrative personnel not covered by FPPA. For the year ended December 31, 2016, the District contributed \$800 into the plan for administrative personnel, with a continuing 1.8% matching contribution in future years. Any other full-time employees who are covered by FPPA can participate in this plan with no matching funds from the District.

NOTE 8 RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to volunteers; or acts of God. The District maintains commercial insurance coverage for all risks of loss. The District did not have any claim settlements in excess of coverage for each of the past three years.

NOTE 9 COMMITMENTS AND CONTINGENCIES

State Grants

Under the terms of state grants, periodic audits may be required, and certain costs may be questioned as not being appropriate expenditures. Such audits could lead to reimbursements to the grantor agencies. The District's management is not aware of any wrongful spending for which they would have to reimburse the grantor agencies for expenditures.

**BENNETT FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 9 COMMITMENTS AND CONTINGENCIES (CONTINUED)

Tax, Spending, and Debt Limitations

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights (TABOR) contains tax, spending, revenue and debt limitations which apply to the state of Colorado and all local governments.

Spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

The District's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits will require judicial interpretation.

On November 4, 1997, a majority of the District's electors authorized the District to collect, retain and expend, without imposing any new taxes or increases in its present mill levy on general property, the full revenue generated by its existing mill levy (6.257 mills), nonfederal grants, fees and any other excess revenue commencing January 1, 1996 and each subsequent year, notwithstanding any state restriction on Fiscal Year Spending, including without limitation, the restrictions of Article X, Section 20 of the Colorado Constitution and spent as voter approved revenue changes and an exception to the limits which would otherwise apply for (a) equipment purchase, repair and maintenance, (b) capital improvements, and (c) District services, without limiting in any year the amount of other revenue that may be collected and spent by the District.

On October 14, 1999, the Division of Local Government reviewed the District's November 1997 election question and found the language of the ballot question sufficient to waive the 5.5% property tax revenue limitation.

On May 6, 2008, a majority of the District's electors authorized the District to increase the existing mill levy by 2.650 mills, to provide fire, rescue, emergency medical and other emergency services, resulting in a total District mill levy rate exclusive of refunds, abatements or debt service, not to exceed 8.907 mills and shall the District be authorized to collect, retain and spend the tax revenue collected from such total property tax rate, and all other revenue received from any source; commencing with taxes payable January 1, 2009, and continuing thereafter; as a voter-approved revenue change, offset and exception to the limits which would otherwise apply under Article X, Section 20 of the Colorado Constitution (TABOR), or any other law, and as a permanent waiver of the 5.5% limitation under Section 29-1-301, C.R.S.

**BENNETT FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 10 ECONOMIC DEPENDENCY

The District currently receives property tax revenue from two counties - Adams and Arapahoe. For Adams County, one taxpayer comprises 33% of the County's total taxable assessed valuation. Loss of this taxpayer to the County would greatly reduce the taxable assessed valuation, thus reducing the amount of property tax revenue received by the District from the County.

NOTE 11 SUBSEQUENT EVENT

Section 3(1)(b) of article X of the Colorado Constitution and § 39-1-104.2(5)(a), C.R.S., require an adjustment in the residential assessment rate in order to maintain a consistent relationship between the total assessed value of residential compared to non-residential property. Since 2003-2004, the actual assessed value of residential property has been multiplied by 7.96 percent, a rate enacted by law, to calculate the assessed valuation of residential property. As actual values are anticipated to increase, a preliminary study by the Colorado Department of Local Affairs projects changing the rate for the 2017-2018 tax years to 6.56 percent and would impact taxes collectible in calendar year 2018. The potential change in the residential assessment rate could have a large impact on the District as approximately 77 percent of total revenue for fiscal year 2016 was derived from property taxes.

REQUIRED SUPPLEMENTARY INFORMATION

**BENNETT FIRE PROTECTION DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – GENERAL FUND
YEAR ENDED DECEMBER 31, 2016**

	Budgeted Amounts Original and Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property Taxes	\$ 1,844,262	\$ 1,791,318	\$ (52,944)
Specific Ownership Taxes	60,000	158,117	98,117
Interest	500	6,510	6,010
Emergency Medical Services	160,000	192,489	32,489
Haz Mat Fee	500	2,608	2,108
Grants and Contributions	-	16,094	16,094
Outside Fleet Maintenance Income	5,000	36,040	31,040
Other	2,000	43,436	41,436
Total Revenues	<u>2,072,262</u>	<u>2,246,612</u>	<u>174,350</u>
EXPENDITURES			
Public Safety:			
Directors' Fees	7,000	5,900	1,100
Accounting and Legal	63,500	60,030	3,470
Administration Supplies	5,000	4,487	513
Insurance	155,000	86,271	68,729
Telephone	6,500	4,628	1,872
County Treasurers' Collection Fees	28,000	27,091	909
Utilities	29,000	22,876	6,124
Dispatch Fees	47,500	47,401	99
Operating Supplies	226,510	177,810	48,700
Fuel and Oil	47,000	28,963	18,037
Repairs and Maintenance	50,000	61,735	(11,735)
Preventive Maintenance	30,000	-	30,000
Miscellaneous	11,000	20,646	(9,646)
Elections	12,000	15,622	(3,622)
Training - Fire	8,000	5,354	2,646
Training - Medical	8,000	4,498	3,502
Training - Fire Academy	10,000	8,438	1,562
Training - Haz Mat	3,500	870	2,630
Training - District	3,000	1,947	1,053
Training - Paramedic	11,000	-	11,000
Training - Travel	9,000	7,744	1,256
Payroll - Salaries and Taxes	1,035,000	962,191	72,809
EMS Billing Service	15,000	13,745	1,255
Contribution to Volunteers' Pension Fund	10,000	10,000	-
VFIS Volunteer Payments	18,000	10,275	7,725
Professional Services	40,000	22,709	17,291
Capital Lease	82,000	81,953	47
Capital Improvement/Emergency Reserve	450,000	27,641	422,359
Capital Outlay	204,000	268,156	(64,156)
Total Expenditures	<u>2,624,510</u>	<u>1,988,981</u>	<u>635,529</u>
EXCESS REVENUE OVER (UNDER)			
EXPENDITURES	(552,248)	257,631	809,879
NET CHANGE IN FUND BALANCE	(552,248)	257,631	809,879
Fund Balance - Beginning	1,057,194	1,172,754	115,560
FUND BALANCE - ENDING	<u>\$ 504,946</u>	<u>\$ 1,430,385</u>	<u>\$ 925,439</u>

**BENNETT FIRE PROTECTION DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY (ASSET)
FIRE AND POLICE PENSION ASSOCIATION STATEWIDE DEFINED BENEFIT PLAN
LAST THREE FISCAL YEARS**

	<u>2015</u>	<u>2014</u>	<u>2013*</u>
District's Proportion of the Net Pension Liability (Asset)	0.085%	0.088%	0.084%
District's Proportionate Share of the Net Pension Liability (Asset)	(1,506)	(98,816)	(75,244)
District's Covered-Employee Payroll	414,188	393,747	365,486
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	0.36%	25.10%	20.59%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	100.10%	106.80%	105.80%

*The amounts presented for year fiscal year were determined as of December 31. Information prior to 2013 is not available.

**BENNETT FIRE PROTECTION DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
FIRE AND POLICE PENSION ASSOCIATION STATEWIDE DEFINED BENEFIT PLAN
LAST TEN FISCAL YERAS**

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Contractually Required Contribution	\$ 40,583	\$ 33,135	\$ 31,500	\$ 29,239	\$ 28,836	\$ 19,849	\$ 14,874	\$ 12,908	\$ 10,267	\$ 14,281
Contributions in Relation to the Contractually Required Contribution	<u>40,583</u>	<u>33,135</u>	<u>31,500</u>	<u>29,239</u>	<u>28,836</u>	<u>19,849</u>	<u>14,874</u>	<u>12,908</u>	<u>10,267</u>	<u>14,281</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered-Employee Payroll	\$ 507,287	\$ 414,188	\$ 393,747	\$ 365,486	\$ 360,450	\$ 248,113	\$ 185,925	\$ 161,350	\$ 128,338	\$ 178,513
Contributions as a Percentage of Covered Employee Payroll	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%

*The amounts for each fiscal year were determined as of December 31.

**BENNETT FIRE PROTECTION DISTRICT
SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET) AND RELATED RATIOS
FIRE AND POLICE PENSION ASSOCIATION VOLUNTEER PENSION FUND
LAST TWO FISCAL YEARS**

	<u>2015</u>	<u>2014*</u>
Total Pension Liability		
Service Cost	\$ 4,981	\$ 4,459
Interest	35,300	38,845
Changes in Benefit Terms	-	-
Differences Between Expected and Actual Experience	-	(61,344)
Changes of Assumptions	-	-
Benefit Payments, Including Refunds of Employee Contributions	<u>(30,561)</u>	<u>(28,455)</u>
Net Change in Total Pension Liability	9,720	(46,495)
Total Pension Liability - Beginning of Year	<u>483,219</u>	<u>529,714</u>
Total Pension Liability - End of Year	<u>492,939</u>	<u>483,219</u>
 Plan Fiduciary Net Position		
Contributions - Employer	10,000	10,000
Net Investment Income	16,354	57,947
Benefit Payments, Including Refunds of Employee Contributions	(30,561)	(28,455)
Administrative Expenses	(3,728)	(1,718)
State of Colorado Supplemental Discretionary Payment	<u>9,000</u>	<u>9,000</u>
Net Change in Plan Fiduciary Net Position	1,065	46,774
Plan Fiduciary Net Position - Beginning of Year	<u>905,860</u>	<u>859,086</u>
Plan Fiduciary Net Position - End of Year	<u>906,925</u>	<u>905,860</u>
 Net Pension Liability (asset) - End of Year	 <u>\$ (413,986)</u>	 <u>\$ (422,641)</u>
 Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	 183.98%	 187.46%
 Covered Employee Payroll	 N/A	 N/A
 County's Net Pension Liability as a Percentage of Covered Payroll	 N/A	 N/A

*Information prior to 2014 is unavailable.

**BENNETT FIRE PROTECTION DISTRICT
SCHEDULE OF PENSION CONTRIBUTIONS
FIRE AND POLICE PENSION ASSOCIATION VOLUNTEER PENSION FUND
LAST TEN FISCAL YEARS**

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Actuarially Determined Contribution	\$ 19,000	\$ 19,000	\$ 19,000	\$ 19,000	\$ 28,000	\$ 38,000	\$ 38,000	\$ 38,000	\$ 38,000	\$ 38,000
Contributions in Relation to the Actuarially Determined Contribution	19,000	19,000	19,000	19,000	28,000	38,000	38,000	38,000	38,000	38,000
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-Employee Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a Percentage of Covered-Employee Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Notes to Schedule:

Valuation Date:

Actuarially determined contribution rates are calculated as of January 1, every other fiscal year. Most recent valuation date was January 1, 2015.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar, Open
Remaining Amortization Period	20 Years
Asset Valuation Method	5-Year Smoothed Fair Value
Inflation	3.0%
Salary Increases	N/A
Investment Rate of Return	7.50%
Retirement Age	50% Per Year of Eligibility until 100% at Age 65.
Mortality	Pre-Retirement: RP-2000 Combined Mortality Table with Blue Collar Adjustment, 40% multiplier for off-duty mortality. Post-retirement: RP-2000 Combined Mortality Table, with Blue Collar Adjustment. Disabled: RP-2000 Disabled Mortality Table. All tables projected with Scale AA.

SUPPLEMENTARY INFORMATION

**BENNETT FIRE PROTECTION DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – CAPITAL EXPANSION FUND
YEAR ENDED DECEMBER 31, 2016**

	Budgeted Amounts Original and Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Development Fees	\$ -	\$ 24,062	\$ 24,062
Interest	-	5	5
Total Revenues	<u>-</u>	<u>24,067</u>	<u>24,067</u>
EXCESS REVENUE OVER (UNDER)			
EXPENDITURES	-	24,067	24,067
NET CHANGE IN FUND BALANCE	-	24,067	24,067
Fund Balance - Beginning	-	-	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ 24,067</u>	<u>\$ 24,067</u>

STATISTICAL INFORMATION

**BENNETT FIRE PROTECTION DISTRICT
SUMMARY OF ASSESSED VALUATION, MILL LEVY, AND
PROPERTY TAXES COLLECTED (UNAUDITED)
DECEMBER 31, 2016**

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Tax Levy	Mills Levied	Total Property Taxes		Percent Collected to Levied
			Levied	Collected Currently	
	(1)				
2012	\$ 118,257,660	8.907	\$ 1,053,321	\$ 1,054,059	100.07%
2013	126,826,630	8.907	1,129,645	1,112,302	98.46%
2014	132,170,750	8.907	1,177,245	1,178,393	100.10%
2015	149,866,557	8.907	1,334,861	1,306,423	97.87%
2016	207,057,662	8.907	1,844,263	1,791,663	97.15%
Estimated for the					
Year Ending					
December 31, 2017	\$ 194,865,584	9.063	\$ 1,766,067		

NOTE:

Property taxes collected in any one year include collection of delinquent property taxes levied and/or abatements of valuations in prior years. Information received from the County Treasurers does not permit identification of specific year of assessment.

- (1) On October 14, 1999, the Division of Local Government reviewed the District's November 1997 election question and found the language of the ballot question sufficient to waive the 5.5% property tax revenue limitation.