

**GREATER BRIGHTON
FIRE PROTECTION DISTRICT
BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2016**



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GREATER BRIGHTON FIRE PROTECTION DISTRICT

TABLE OF CONTENTS

	<u>Page</u>
Management Discussion and Analysis	i-vii
Independent Auditors' Report	1
Statement of Net Position and Governmental Funds Balance Sheet	2
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	3
Statement of Activities and Governmental Funds Revenue, Expenditures and Changes in Fund Balance	4
Reconciliation of the Statement of Revenue, Expenditures and Changes in Fund Balance - Governmental Funds to the Statement of Activities	5
Notes to Financial Statements	6 - 23
Required Supplemental Information:	
General Fund - Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	24
Pension Trust Fund – Historical Data	25 - 26
FPPA Defined Benefit Pension Plan Historical Data	27
Other Supplemental Information:	
Capital Development Fund - Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	28
Statement of Fiduciary Net Position - Pension Trust Fund	29
Pension Trust Fund - Statement of Changes in Fiduciary Net Position - Budget and Actual	30

MANAGEMENT'S DISCUSSION AND ANALYSIS

This brief report is for the Greater Brighton Fire Protection District for the year ending December 31, 2016. The Management's Discussion and Analysis (MD&A) is designed to provide an overview of the financial activities of the district during 2016 and the integration of those activities within the long-term financial programs and plans of the district. The MD&A should be read in conjunction with the district's basic financial statements.

Background Information

The Fire District was created in 1981 from the former Rural District type local government and the Brighton City managed Volunteer Fire Department. The fund approach for the district was comprised of two basic funds, the general fund and a Volunteer Firefighter Pension – Benefit fund.

In 1998, a third fund was created to provide for the designation and segregation of funds for long-term capital development projects or programs. The Capital Development fund was actually first funded during the 1999 budget year. This fund has remained an active fund along with the prior general and pension funds.

In 2007 a fourth fund was established for health and wellness activities. The fund's original mission was to retain a strong fund balance with the intent of self-funded insurance programs in years to come. Because of the changing health and economic conditions, the fund closed in 2015 and was absorbed by the General Fund.

In May of 2000, the fire district asked the citizens of the district to approve the first property tax increase in the district since its creation. The voters approved a 9.295 mill levy for real property. The mill levy for the prior year was 4.295. The district received the first funds from the increased mill levy in the 2001 budget year.

On May 7, 2002 the voters of the fire district removed the restriction of the TABOR amendment for revenue and spending limitations. The action fixed the mill levy for the district at the May 2000 established rate of 9.295 mills.

On November 7, 2006 a 2.5 mill levy increase was approved by the voters of the fire district. The increased funding is to be used for upgraded equipment, additional firefighters and an increase to current wages to better align them with the pay scales of surrounding areas.

In 2013 the Fire District re-financed two capital lease agreements of which one was for construction of two new fire stations completed in 2004 and the other for construction to remodel an existing fire station which was completed in 2006. The purchase of a new engine and the costs to re-furbish an existing truck are also included in the capital lease agreement.

In 2015 DOLA awarded the district a \$2 million grant to supplement costs to build a new fire station as a replacement to an existing station. The proceeds will be used in 2016 and 2017.

In 2015 one firefighter position was added to the District in preparation for a Training Captain promotion in 2016.

In 2016 the district entered into a twenty year capital lease agreement to construct a new fire station and renovate two existing stations.

In 2016 the district and City of Brighton relinquished ownership of the Mobile Command and Communication Unit to the Adams County Sheriff's department.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the district's basic financial statements. The district's basic financial statements are comprised of two components: 1) government-wide financial statements and fund financial statements, and 2) notes to the financial statements.

Combined Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the district's finances in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the district's assets and liabilities, with differences between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the district is improving or declining.

The *statement of activities* presents information showing how the government's net assets changed during the past year. All changes in net assets are reported as soon as the underlying event occurs regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the district that will be principally supported by taxes and intergovernmental revenues. The function of the district is fire prevention, fire protection and life safety.

The government-wide financial statements are combined with the fund financial statements and can be found on pages 2 - 5 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The district, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The funds of the district are a governmental fund and a fiduciary fund.

Governmental Funds

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

Because the focus of *governmental funds* is narrower than that of the government-wide financial statements, it is useful to compare the information presented for government funds with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The district adopts an annual appropriated budget for all funds. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements are combined with the government-wide financial statements and can be found on pages 2 - 5 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 6-23 of this report.

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the district, assets exceeded liabilities by \$13,496,838

The largest portion of the district's net assets reflects its investment in capital assets, less any related debt used to acquire those assets that is outstanding. The district uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending.

Financial Efforts of 2016

District's Net Assets at December 31:

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Current and Other Assets	\$20,451,228	\$15,132,792	\$11,257,142
Capital Assets	<u>11,288,023</u>	<u>7,216,181</u>	<u>7,610,943</u>
Total Assets	<u>\$31,739,251</u>	<u>\$22,348,973</u>	<u>\$18,868,085</u>
Long-term Liabilities Outstanding	\$ 7,290,271	\$ 794,906	\$ 1,324,490
Other Liabilities	<u>10,952,142</u>	<u>11,639,796</u>	<u>7,468,709</u>
Total Liabilities	<u>\$ 18,242,413</u>	<u>\$ 12,434,702</u>	<u>\$ 8,793,199</u>
Net Assets:			
Invested in Capital Assets	\$ 3,428,351	\$ 5,876,996	\$ 5,750,155
Unrestricted	<u>\$10,068,487</u>	<u>\$ 4,037,275</u>	<u>\$ 4,324,731</u>
Total Net Assets	<u>\$13,496,838</u>	<u>\$ 9,914,271</u>	<u>\$10,074,886</u>

At the end of 2016, the district reported positive balances in both categories of net assets. The same situation held true for the prior years. The government's net assets increased \$3,582,567 during 2016 and increased \$4,291,199 from 2014 to 2016 with the ending balance of \$13,496,838.

Governmental Activities

Property tax revenues increased 60% from 2014 to 2016 because of various economic conditions and the increase in oil and gas production. In 2016 \$3 M was considered one time revenue due to a large volume of oil and gas production. These funds were used for equipment and other capital projects. Total fire protection operational expenses increased by \$1,047,763 from 2014 to 2016. This 14% increase was due to four additional positions, provision of advanced life support services at three of its five stations, conservative spending, and inflationary increases of insurance and general operating costs.

Review of Statement of Activities for the Years Ended:

	<u>Dec. 31, 2016</u>	<u>Dec. 31, 2015</u>	<u>Dec. 31, 2014</u>
General Revenues:			
General Property Taxes	\$10,795,174	\$6,617,590	\$6,541,869
Specific Ownership Taxes	812,546	623,359	598,455
Delinquent Interest and Taxes	4,453	14,395	11,585
Investment Earnings	64,213	34,084	25,804
Sale of Assets	5,100	13,159	0
Grant Revenue	837,621	47,998	334,694
Other Income	173,744	179,166	339,845
Charges for Services	<u>70,017</u>	<u>51,083</u>	<u>62,009</u>
Total Revenues	<u>\$12,762,868</u>	<u>\$7,580,834</u>	<u>\$7,914,261</u>

	<u>Dec. 31, 2016</u>	<u>Dec. 31, 2015</u>	<u>Dec. 31, 2014</u>
Expenses:			
Fire Protection – Operations	\$8,052,172	\$6,975,114	\$7,004,409
Capital Outlay (net of grant income)	175,288	27,348	50,428
Debt Service (interest & amort cost)	162,021	39,367	47,241
Depreciation	<u>790,820</u>	<u>698,471</u>	<u>694,052</u>
Total Expenses	<u>\$9,180,301</u>	<u>\$7,740,300</u>	<u>\$7,796,130</u>
Governmental Activities	\$ 3,582,567	\$ (160,615)	\$ 118,257
Net Assets, End of Year	\$13,496,838	\$ 9,914,271	\$10,074,886

General Fund

The General Fund was established and continually funded to provide for the daily activities – salaries, expenses, and operating cost of on-going activities of the district. This fund provides for functional areas of the organization – administration, firefighting, fire prevention, training, communications, and the maintenance of facilities and apparatus. The general fund also provides for insurance, utilities and other costs the district incurs. The primary funding source for the general fund is taxation of real property. Other sources of income for the general fund include interest returns on reserved funds, plan reviews for building construction and grant revenue.

The primary projects or program efforts established for funding during 2016 were:

1. Salaries and benefits for new and existing full and/or part time personnel of the district
2. Normal and continuous operational costs of the district
3. Increased public education and outreach programs aimed at improving the overall safety of the community.

General Fund Budgetary Highlights

Significant changes were made in 2016 as outlined below.

1. A Public Information Officer was added for media coverage, social networking support, and communications for the district
2. One Lieutenant was promoted to the rank of Fire Captain - Training
3. Four employees attended academy two of which were additional positions
4. A fire inspector was promoted to Deputy Fire Marshal and one additional fire inspector was added
5. Updated radios were purchased for staff and fleet

Capital Assets and Debt Administration:

Capital Development Fund

The Capital Development Fund was established and continually funded to provide for segregation and designation of funds for purposes of long term – large projects and program efforts for the district. The primary funding areas include apparatus development or purchase, station and facility development or construction and other large capital purchases such as new self-contained breathing apparatus or radio communication equipment. The primary funding source for the Capital Development Fund is the transfer of funds from the General Fund as designated by the Fire District Board of Directors. Funds not expended in a single fiscal year are carried over to the following fiscal year for the originally designated purpose for funding unless authorized by the Fire District Board of Directors.

The district's investment in capital assets at December 31, 2016 amounts to \$11,288,023 (net of accumulated depreciation). This investment in capital assets includes land, buildings, building improvements, equipment, firefighting vehicles and vehicles.

The major capital assets purchased during the year were as follows:

1. The start of construction of a new fire station to replace an existing station
2. One new vehicle for the command staff and one new vehicle for fire investigation
3. One LifePak 15 heart monitor & accessories
4. One chest compressor
5. One commercial treadmill and upright bicycle
6. Apparatus cameras
7. One neoprene boat and accessories
8. Ballistic equipment – partially funded through a state grant

Capital assets are classified as follows (net of depreciation):

	<u>Dec. 31, 2016</u>	<u>Dec. 31, 2015</u>	<u>Dec 31, 2014</u>
Land	\$ 971,714	\$ 202,383	\$ 202,383
Buildings and Improvements	6,474,038	3,170,009	3,294,229
Equipment	3,842,271	3,806,119	4,038,992
Donated Equipment	0	37,670	75,339

Additional information on the district's capital assets can be found in Note 8 on page 21 of this report.

Long-term Debt

A twenty year capital lease was signed in 2016 for the construction of a new fire station and renovations to existing stations. Debt service payments for the fourth year of a five year capital lease for the re-finance of capital leases for two stations, re-model of one, a pumper truck and re-furbishment of an existing ladder truck were made as well.

Fiduciary Fund Activities

Pension Fund

The Pension Fund was established and continually funded to provide for the provision of retirement pension benefit for Volunteer Firefighters of the district. The fund provides payment of benefits and the associated expenses. The primary funding source for the Pension Fund is the transfer of amounts of funds from the General Fund as designated by the Fire District Board of Directors. Additional funding is derived from the interest from previously invested assets of the fund and from a State of Colorado funding mechanism specifically developed for these benefit efforts.

1. Other than funding an increased number of benefit recipients, the Pension Fund maintained a normal course of activity.

Overall Summary

The \$2 million grant awarded from DOLA in 2016 and the one time oil and gas revenue surplus is assisting in the costs of the new fire station to be completed in 2017. Advanced life support services are now available at three of the five stations.

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Greater Brighton Fire Protection District
Brighton, Colorado

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Greater Brighton Fire Protection District (the District) as of and for the year ended December 31, 2016, 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 basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Greater Brighton Fire Protection District as of December 31, 2016, and the respective changes in financial position thereof for the year then ended, in conformity 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 management's discussion and analysis, budgetary comparison information, and pension information on pages i through vii and 24 through 27 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.

Other Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements as a whole. The Other Supplementary information on pages 28 through 30 is presented for purposes of additional analysis and is not a required part of the financial statements. The other 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. The other supplementary 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 them.

Feis & Co., P.C.

CERTIFIED PUBLIC ACCOUNTANTS
Brighton, Colorado

July 12, 2017

GREATER BRIGHTON FIRE PROTECTION DISTRICT
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET
DECEMBER 31, 2016

	General Fund	Capital Fund	Total	Adjustments (Page 3)	Statement of Net Position
Assets and deferred outflows of resources					
Assets:					
Cash (Note 2)	\$ 1,453,656	\$ 2,825,628	\$ 4,279,284	\$ -	\$ 4,279,284
Due from county treasurer	61,530	-	61,530	-	61,530
Investments (Note 2)	1,296,322	4,043,797	5,340,119	-	5,340,119
Accounts receivable	18,364	86,387	104,751	-	104,751
Prepaid expenditures	5,277	13,783	19,060	-	19,060
Accrued property taxes	9,129,550	-	9,129,550	-	9,129,550
Land	-	-	-	971,714	971,714
Other capital assets, net of accumulated depreciation	-	-	-	10,316,309	10,316,309
Due from other funds	-	38	38	(38)	-
Total assets	\$ 11,964,699	\$ 6,969,633	\$ 18,934,332	\$ 11,287,985	\$ 30,222,317
Deferred outflows of resources:					
Deferred outflow - pensions	-	-	-	1,516,934	1,516,934
Total deferred outflows of resources	-	-	-	1,516,934	1,516,934
Total assets and deferred outflows of resources	\$ 11,964,699	\$ 6,969,633	\$ 18,934,332	\$ 12,804,919	\$ 31,739,251
Liabilities and deferred inflows of resources					
Liabilities:					
Accounts payable	\$ 79,165	\$ 803,198	\$ 882,363	\$ -	\$ 882,363
Accrued interest	-	-	-	20,120	20,120
Due to other funds	38	-	38	(38)	-
Accrued absences (Note 5)	-	-	-	80,510	80,510
Long-term liabilities:	-	-	-	-	-
Due within one year	-	-	-	816,340	816,340
Due after one year	-	-	-	7,065,375	7,065,375
Debt Issuance Costs	-	-	-	(22,043)	(22,043)
Net pension liability	-	-	-	246,939	246,939
Total liabilities	79,203	803,198	882,401	8,207,203	9,089,604
Deferred inflows of resources:					
Deferred inflow - pensions	-	-	-	23,259	23,259
Deferred property taxes	9,129,550	-	9,129,550	-	9,129,550
Total deferred inflows of resources	9,129,550	-	9,129,550	23,259	9,152,809
Total liabilities and deferred inflows of resources	9,208,753	803,198	10,011,951	8,230,462	18,242,413
Fund Balances/Net Position					
Fund Balances:					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	278,919	6,166,435	6,445,354	(6,445,354)	-
Unassigned	2,477,027	-	2,477,027	(2,477,027)	-
Total fund balance/net position	2,755,946	6,166,435	8,922,381	(8,922,381)	-
Total liabilities, deferred inflows of resources, and fund balance	\$ 11,964,699	\$ 6,969,633	\$ 18,934,332		
Net position:					
Invested in capital assets, net of debt				3,428,351	3,428,351
Restricted for debt service				-	-
Unrestricted				10,068,487	10,068,487
Total net position				\$ 13,496,838	\$ 13,496,838

See independent auditors' report.
The accompanying notes on pages 6 to 23 are an
integral part of the financial statements.

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

Fund balance per Statement of Net Position	\$ 8,922,381
Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund balance sheet	11,288,023
Net asset or liability resulting from pension plans and related deferred inflows and outflows are not due and payable in the current period and therefore are not reported in the balance sheet	1,246,736
Some liabilities, including compensated absences, are not due and payable in the current period and therefore are not reported in the balance sheet	<u>(7,960,302)</u>
Net position per Statement of Net Position	\$ <u><u>13,496,838</u></u>

See independent auditors' report.
The accompanying notes on pages 6 to 23 are an
integral part of the financial statements.

**GREATER BRIGHTON FIRE PROTECTION DISTRICT
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS REVENUE
EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2016**

	General Fund	Capital Fund	Total	Adjustments (Page 5)	Statement of Activities
Revenues:					
General property taxes	\$ 10,865,174	\$ -	\$ 10,865,174	\$ (70,000)	\$ 10,795,174
Specific ownership taxes	812,546	-	812,546	-	812,546
Delinquent interest and taxes	4,453	-	4,453	-	4,453
Investment earnings	46,896	17,317	64,213	-	64,213
Charges for services	70,017	-	70,017	-	70,017
Grant revenue	27,245	810,376	837,621	-	837,621
Other Income	173,744	-	173,744	-	173,744
Total revenues	<u>12,000,075</u>	<u>827,693</u>	<u>12,827,768</u>	<u>(70,000)</u>	<u>12,757,768</u>
Expenditures/expenses:					
Fire protection:					
Current:					
Administration	1,894,286	1,261	1,895,547	5,877	1,901,424
Fire fighting	4,884,029	-	4,884,029	15,375	4,899,404
Fire prevention	222,548	-	222,548	-	222,548
Training	187,696	-	187,696	-	187,696
Communications	401,128	-	401,128	-	401,128
Repair services	266,929	-	266,929	-	266,929
Building and grounds	173,043	-	173,043	-	173,043
Depreciation	-	-	-	790,820	790,820
Capital outlay	13,462	5,024,488	5,037,950	(4,862,662)	175,288
Debt service:					
Principal	-	678,208	678,208	(678,208)	-
Interest	-	128,903	128,903	18,423	147,326
Amortization of lease issuance costs	-	-	-	14,695	14,695
Total expenditures/ expenses	<u>8,043,121</u>	<u>5,832,860</u>	<u>13,875,981</u>	<u>(4,695,680)</u>	<u>9,180,301</u>
Excess (deficiency) of revenues over expenditures	<u>3,956,954</u>	<u>(5,005,167)</u>	<u>(1,048,213)</u>	<u>4,625,680</u>	<u>3,577,467</u>
Other financing sources/uses:					
Sale of assets	-	5,100	5,100	-	5,100
Proceeds from capital leases	-	7,184,000	7,184,000	(7,184,000)	-
Transfers-internal activities	(3,470,000)	3,400,000	(70,000)	70,000	-
Total other financing sources (uses)	<u>(3,470,000)</u>	<u>10,589,100</u>	<u>7,119,100</u>	<u>(7,114,000)</u>	<u>5,100</u>
Excess (deficiency) of revenues and transfers in over expenditures and transfers out	486,954	5,583,933	6,070,887	(6,070,887)	-
Change in net position	-	-	-	3,582,567	3,582,567
Fund balance/net position, beginning of year	<u>2,268,992</u>	<u>582,502</u>	<u>2,851,494</u>	<u>7,062,777</u>	<u>9,914,271</u>
Fund balance/net position, end of year	<u>\$ 2,755,946</u>	<u>\$ 6,166,435</u>	<u>\$ 8,922,381</u>	<u>\$ 4,574,457</u>	<u>\$ 13,496,838</u>

See independent auditors' report.
The accompanying notes on pages 6 to 23 are an
integral part of the financial statements.

**GREATER BRIGHTON FIRE PROTECTION DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUE,
EXPENDITURES AND CHANGES IN FUND BALANCE -
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2016**

Excess (deficiency) of revenues and transfers in over expenditures and transfers out - governmental funds	\$	6,070,887
 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:		
Change in compensated absences		(5,877)
Change in pension assets and liabilities		(15,375)
 Repayment of lease principal is reported as an expenditure in governmental funds and, thus, has the effect of reducing fund balance because current financial resources have been used. The principal payments and other debt transactions change the liabilities in the statement of net assets and do not result in an expense in the statement of activities.		
Proceeds from Capital Leases		(7,184,000)
Principal payments made		678,208
Amortization of Lease Issuance Costs		(14,695)
 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 and reported as depreciation expense:		
Capital outlay		4,862,662
Depreciation		(790,820)
Sale of assets		-
 Interest expense in the statement of activities differs from the amount reported in governmental funds. Additional accrued interest was calculated for bonds payable and capital leases.		
Decrease in accrued interest		<u>(18,423)</u>
Change in net position	\$	<u><u>3,582,567</u></u>

See independent auditors' report.
The accompanying notes on pages 6 to 23 are an
integral part of the financial statements.

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

1. Summary of Significant Accounting Policies

The Greater Brighton Fire Protection District operates under a governing Board of Directors and is considered a separate political subdivision of the State of Colorado providing fire protection services in Adams and Weld Counties.

The District's basic financial statements include all accounts and funds of the District. The accounting policies of the District conform to accounting principles generally accepted in the United States of America. The following is a summary of such significant policies:

A. Principles Determining Scope of Reporting Entity

The financial statements of the District consist only of the funds and account groups of the District. The District is the primary government because it has a separately elected governing body, it is legally separate and it is fiscally independent. The District has no oversight responsibility for any other governmental entity since no other entities are considered to be controlled by or dependent on the District. Therefore, in accordance with Governmental Accounting Standards Board Statement No. 14, the District is considered a stand-alone entity for financial reporting purposes.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Government-Wide financial statements (i.e. the statement of activities) report information on all of the non-fiduciary activities of the government. The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues.

The Government-Wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred regardless of the timing of the related cash flows.

Fund Financial Statements

The accounts of the District are organized on the basis of funds and account groups. Each fund and account group is considered an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and/or other assets together with all related liabilities, obligations, reserves and equities which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

See independent auditors' report.

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

1. Summary of Significant Accounting Policies (continued)

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

The following funds were used by the District during 2016:

GOVERNMENTAL FUNDS

General Fund - To account for all financial resources except those required to be accounted for in another fund.

Capital Development Fund - To account for financial resources to be used for major capital projects and acquisitions.

FIDUCIARY FUNDS

Pension Trust Fund - To account for assets held by the District in a trustee capacity for the volunteer firefighters' retirement system. (Presented in other supplemental information.)

C. Basis of Accounting

The modified accrual basis of accounting is used for all governmental fund types. The following are modifications of the accrual basis method:

Expenditures other than accrued interest on general long-term debt are recognized at the same time the liabilities are incurred. Interest on long-term debt is recorded only when due.

Revenue is recorded when received in cash except for revenue that is not received but is measurable and available and therefore susceptible to accrual.

The accrual basis of accounting is used for reporting purposes of the Pension Trust Fund. Revenues are taken into account when they are earned, regardless of when they are collected; expenditures are reflected as soon as the liabilities are incurred, regardless of when they are paid.

D. Budgets and Budgetary Accounting

The District follows these procedures in establishing the budgeting data reflected in the financial statements:

See independent auditors' report.

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

1. Summary of Significant Accounting Policies (continued)

D. Budgets and Budgetary Accounting (continued)

- 1. Prior to September 30, the budget committee submits to the Board of Directors a proposed operating budget for each fund for the fiscal year commencing the following January. The operating budget for each fund includes proposed expenditures and the means of financing them.**
- 2. A public hearing is conducted by the District Board of Directors to obtain taxpayer comments.**
- 3. Prior to December 15, the budget is legally enacted through passage of a resolution for each fund. The Board for unforeseen circumstances can adjust the resolutions. The Board must approve equal line item adjustments. The appropriation resolutions are reflected in each fund.**
- 4. Formal budgetary integration is employed as a management control device during the year for all funds.**
- 5. Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).**
- 6. The District Board of Directors approves all expenditures.**
- 7. All appropriations for all funds lapse at year-end.**
- 8. Budgeted line items for the different expenditures are for management use only.**

E. Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the appropriation, is employed in the General Fund. Encumbrances outstanding at year-end are reported as reservations of fund balances since they do not constitute expenditures or liabilities.

See independent auditors' report.

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

1. Summary of Significant Accounting Policies (continued)

F. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles (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 amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

G. Comparative Data

Comparative total data for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the District's financial position and operations. However, comparative data have not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read.

H. Fund Equity

The District has implemented GASB Statement No. 54, "*Fund Balance Reporting and Governmental Fund Type Definitions*." This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

- **Nonspendable fund balance**—amounts that are not in nonspendable form (such as inventory) or are required to be maintained intact.
- **Restricted fund balance**—amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- **Committed fund balance**—amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority (i.e., Board of Directors). To be reported as committed, amounts cannot be used for any other purpose unless the District takes the same highest level action to remove or change the constraint.

See independent auditors' report.

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

1. Summary of Significant Accounting Policies (continued)

H. Fund Equity (continued)

- **Assigned fund balance**—amounts the District intends to use for a specific purpose. Intent can be expressed by the Board of directors or by an official or body to which the Board delegates the authority.
- **Unassigned fund balance**—amounts that are available for any purpose. Positive amounts are reported only in the general fund.

When expenses are incurred for which restricted and unrestricted funds are available, the District considers restricted funds to be expended first. In a similar way, restricted fund balance is expended first, followed by committed, assigned, and unassigned fund balance.

District's Board establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund. Assigned fund balance is established by District's Board through adoption or amendment of the budget as intended for specific purpose (such as the purchase of fixed assets, construction, debt service, or for other purposes).

2. Cash Deposits and Investments

A. 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 regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral determined by the PDPA. The institution is allowed to create a single collateral pool for all public funds held. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits.

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits would not be returned to it. The District does not have a deposit policy for custodial credit risk. As of year-end the District's bank balance was either insured or collateralized with securities held by the pledging financial institution through PDPA.

See independent auditors' report.

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

2. Cash Deposits and Investments (continued)

A. Cash Deposits (continued)

At December 31, 2016, the District had cash balances with maturities less than one year stated at cost as follows:

Insured	\$ 502,373
Deposits Collateralized in single institution pool (s)	<u>3,776,514</u>
Total cash deposits	4,278,887
Cash on hand	<u>397</u>
Total Cash	<u>\$ 4,279,284</u>

The bank balance of the deposits listed above is classified in three categories of credit risk as follows: 1) Uncollateralized; 2) Collateralized with securities held by the pledging financial institution; 3) Collateralized with securities held by pledging financial institution's trust department or agent but not in the depositor-government's name.

B. Investments

The District's investments are categorized as either (1) insured or registered, or for which the securities are held by the District or its agent in the District's name, (2) uninsured and unregistered for which the securities are held by the counterpart's trust department or agent in the District's name or (3) uninsured and unregistered for which the securities are held by the counterpart or by its trust department or agent but not in the District's name. As of December 31, 2016, all investments are considered category 1.

As of December 31, 2016, the District had \$4,148,029 invested in Colorado Surplus Asset Fund Trust (CSAFE), a local government investment pool. As an investment pool, CSAFE operates under the Colorado Revised Statutes (24-75-701) and is overseen by the Colorado Securities Commissioner. CSAFE invests in securities that are specified by the Colorado Revised Statutes (24-75-601). Authorized securities include U.S. Treasuries, U.S. Agencies, commercial paper (rated A1 or better) and bank deposits collateralized through PDPA. CSAFE operates similar to a 2a-7-like money market fund with a share value equal to \$1.00 and a maximum weighted average maturity of 60 days. CSAFE is rated AAAM by the Standard & Poor's Corporation. U.S. Bank provides banking services and trust custody for securities held on behalf of the participating governments in CSAFE. The custodian's internal records identify the investments owned by the participating governments.

See independent auditors' report.

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

2. Cash Deposits and Investments (continued)

B. Investments (continued)

As of December 31, 2016, the District has \$1,192,090 invested in Colorado Local Government Liquid Asset Trust (COLOTRUST). COLOTRUST is an investment vehicle established for local government entities in Colorado to pool surplus funds for investment purposes. COLOTRUST is routinely monitored by the Colorado Division of Securities with regard to its operations and investments, which are also subject to provisions of C.R.S Title 24, Article 75, Section 6. The fair value of the investments in COLOTRUST is the same as the value of the pool shares. None of these types of investments are categorized because they are not evidenced by securities that exist in physical or book entry form. COLOTRUST is rated AAAM from Standard and Poor's Corporation.

<u>Investments</u>	<u>Maturity Year</u>	<u>Fair Value</u>	<u>Credit Ratings</u>
CSAFE	Variable	\$ 4,148,029	AAAm
COLOTRUST	Variable	1,192,090	AAAm
Pension Trust	N/A	<u>3,564,374</u>	N/A
Total Investments		<u>\$ 8,904,493</u>	

The District's investments in the pension trust are held by the plan administrator, but not in the District's name.

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

Repurchase Agreements,

Obligations of the United States or obligations unconditionally guaranteed by the United States, federally insured mortgages and student loans. Participation with other local governments in pooled investment funds (trusts), these trusts are supervised by participating governments, and must comply with the same restrictions on cash deposits and investments.

See independent auditors' report.

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

2. Cash Deposits and Investments (continued)

B. Investments (continued)

Credit Risk – State law limits investments for fire districts to U.S. treasury issues, other federally backed notes and credits, and other agency offerings (not based on derivatives) without limitation. Other investment instruments including bank obligations, general obligation bonds, and commercial paper are limited to at least one of the highest rating categories of at least one nationally recognized rating agency. State law further limits investments in money market funds that are organized according to Federal Investment Company Act of 1940, as specified in rule 2a-7, as amended, as long as such rule does not increase remaining maturities beyond a maximum of three years. Investments in these funds require that the institution have assets in excess of \$1 billion or the highest credit rating from one or more nationally recognized rating agency.

Interest Rate Risk – The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value loss resulting from increasing interest rates. The Colorado revised statute 24-75-601 limits investment maturities to five years or less without governing board approval.

C. Reconciliation of Cash, Cash Equivalents, and Investments

The following is a reconciliation between the cash and investments recorded in the financial statements and the amounts reported in this footnote:

Financial Statements

Total Cash and Short-term	
Investments –Governmental Funds	\$ 9,619,403
Total Cash Fiduciary Funds	---
Trust Investments	<u>3,564,374</u>

Total Cash Deposits and	
Investments (Book Balance)	<u>\$13,183,777</u>

Footnote

Total Cash	\$ 4,279,284
Total Investments	<u>8,904,493</u>

Total Cash Deposits and	
Investments (Footnote)	<u>\$ 13,183,777</u>

See independent auditors' report.

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

3. Property Taxes

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on January 1 and are due and payable at that time. All unpaid taxes levied January 1 become delinquent April 30 or June 15 of the current year. The District is permitted to levy taxes for general governmental services and pension payments for volunteer firefighters. The combined tax rate to finance these services for the year ended December 31, 2016 was \$11.795 per \$1,000 of assessed valuation. This raised \$10,865,174 on an assessed valuation of \$1,029,435,090. Tax revenues for the District are recognized as they become available and are collected the following month. The District believes the actual revenue collected is within the TABOR limitations.

4. Retirement Commitments

The District currently maintains two separate pension plans. One plan is maintained for the paid personnel and one plan is maintained for the volunteer firefighters. In addition, a deferred compensation plan is available to all employees under Internal Revenue Code Section 457 (a 457 Plan).

As of December 31, 2016, the assets and liabilities from pension plans are as follows:

	<u>Net Pension Liability/(Asset)</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Volunteer Plan	\$ 261,973	\$ 253,386	\$ ---
Paid Personnel	<u>(15,034)</u>	<u>1,263,548</u>	<u>23,259</u>
Total	\$ <u>246,939</u>	\$ <u>1,516,934</u>	\$ <u>23,259</u>

As of December 31, 2016, the deferred inflows and outflows of resources resulting from all pension plans are comprised as follows:

Deferred outflows of resources:	
Difference between actual and projected investment earnings	\$ 752,509
Difference between actual and expected experience	108,385
Changes in assumptions	210,496
Contributions received after measurement date	<u>445,544</u>
Total deferred outflows of resources	<u>\$1,516,934</u>
Deferred inflows of resources:	
Difference between actual and projected experience	\$ 15,672
Changes in allocation percentages	<u>7,587</u>
Total deferred inflows of resources	<u>\$ 23,259</u>

See independent auditors' report.

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

4. Retirement Commitments (continued)

Deferred inflows and outflows of resources will be recognized in pension expense in future years as follows:

December 31, 2017	\$ 723,737
2018	278,194
2019	259,220
2020	76,401
2021	36,772
Thereafter	<u>119,351</u>
Total	<u>\$1,493,675</u>

Paid Personnel Plan

The District contributes to the Statewide Defined Benefit Plan, a cost-sharing multiple-employer defined benefit pension plan administered by the Colorado Fire and Police Pension Association (FPPA). The Statewide Defined Benefit Plan provides retirement benefits for members and beneficiaries. Colorado statutes assign the authority to establish benefit provisions to the state legislature. FPPA issues a publicly available annual financial report that includes financial statements and required supplementary information for the Plan, which is available by directly contacting the FPPA.

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

The District's total payroll for the year ended December 31, 2016 was \$5,054,737. The District's contributions were calculated using the gross salary amount of \$4,694,300. Covered employees made the required 9.0% contribution totaling \$422,487 while the District made the required 8% matching contribution of \$375,544, or \$700,411 in total. For the years ended December 31, 2016 and 2015, the District contributions totaled \$375,544 and \$339,593, respectively.

The following is based on an actuarial study completed as of January 1, 2016. The measurement date is December 31, 2015. The following assumptions were used in computing the pension benefit obligation for this plan:

See independent auditors' report.

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

4. Retirement Commitments (continued)

Paid Personnel Plan (continued)

- (1) Rate of return on investments and discount rate 7.5%
- (2) Actuarial Method - Entry Age, Normal.
- (3) Amortization Method - Level % of payroll, open.
 Remaining period: 30 years.
- (4) Mortality: RP-2014 Combined Mortality Table with Blue Collar Adjustment.
- (5) Projected earnings increases for all ages due to
 inflation and merit or seniority: 2.5%-14%

The employer share of net pension liability/(asset) as of December 31, 2015 was \$(15,034). The employer portion was 0.85% based on Employer Contributions, an increase from the prior year when the portion was 0.84%. The pension expense for 2015 was 9,484.

The net pension liability is impacted by a change in the discount rate as follows:

	1% Decrease (6.50%)	Current Rate (7.50%)	1% Increase (8.50%)
Net pension liability	\$ 246,949,671	\$ (1,762,854)	\$ (208,061,345)

Volunteer Pension Plan

The District, on behalf of its volunteer firefighters, contributes to a defined benefit pension plan, which is affiliated with and administered by the Colorado Fire and Police Pension Association (FPPA). Assets of the plan are combined 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 Board of Directors of the District Pension Fund. 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, which is available by directly contacting the FPPA.

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

District contributions are a fixed amount not to exceed an allocation of .50 mills of the annual mill levy and a matching contribution by the State of Colorado based on statute. Plan members do not contribute to this plan. The plan is closed to new participants.

See independent auditors' report.

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

4. Retirement Commitments (continued)

Volunteer Pension Plan (continued)

Total covered payroll for this plan for 2016 was \$0. In 2016, the District contributions were \$70,000 towards meeting the unfunded liability. In addition, the State contribution was \$56,649.

An actuarial valuation is performed every two years to determine the pension benefit obligation. The latest available actuarial valuation was performed as of January 1, 2015. The measurement date was December 31, 2015. The following assumptions were used in computing the pension benefit obligation for this plan:

- (1) Rate of return on investments and discount rate 7.5%
- (2) Actuarial Method - Entry Age, Normal.
- (3) Amortization Method - Level amount open.
 Remaining period: 20 years.
- (4) Mortality: RP-2000 Combined Mortality Table with Blue Collar Adjustment.
- (5) Projected earnings increases for all ages due to
 inflation and merit or seniority:

Percent Increase in Earnings			
Ages	Merit	Inflation	Total
All	0%	3.0%	3.0%

Plan membership as of December 31, 2016 was as follows:

Active Members	---
Inactive Members receiving benefits	39
Inactive Members not yet receiving benefits	<u>6</u>
Total	<u>45</u>

See independent auditors' report.

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

4. Retirement Commitments (continued)

Volunteer Pension Plan (continued)

Changes in Net Pension Liability for the year ended December 31, 2015:

Total Pension Liability:

Service cost	\$ ---
Interest	283,672
Change in benefit terms	---
Difference between actual and expected experience	---
Changes in assumptions	---
Benefit payments	<u>(348,479)</u>
Net change in total pension liability	(64,807)
Total pension liability – beginning	3,953,389
Total pension liability – ending (a)	\$ 3,888,582

Plan Fiduciary Net Position:

Contributions – employer	\$ 70,000
Net investment income	68,136
Benefit payments	(348,479)
Administrative expense	(10,799)
State of Colorado supplemental discretionary payment	<u>56,649</u>
Net change in plan fiduciary net position	(164,493)
Plan fiduciary net position – beginning	3,791,102
Plan fiduciary net position – ending (b)	\$ 3,626,609
Net pension liability – ending (a)-(b)	\$ 261,973
Plan fiduciary net position as a percentage of total pension liability	93.26%

The pension plan expense for 2015 was \$9,342 and the money-weighted rate of return on investments was 2.61%. The net pension liability is impacted by a change in the discount rate as follows:

	1% Decrease (6.50%)	Current Rate (7.50%)	1% Increase (8.50%)
Net pension liability	\$ 602,490	\$ 261,973	\$ (30,044)

See independent auditors' report.

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

5. Compensated Absences

The District accrues a long-term liability for unused employee vacation time. Employees are allowed to carryover unused vacation time as of December 31 of each year. As of December 31, 2016, the total vacation accrual was \$80,510. Employees are allowed to accrue sick time from year-to-year, however, upon employment termination; amounts for unused sick time are not paid to the employees unless an employee has served twenty years or more.

6. Adams County Communications Center, Inc.

The District is a participant in an intra-governmental agreement with Adams County Communication Center, Inc., (ADCOM), for the provision of emergency communication services ("911") throughout Adams County. Communication service fees paid by the District to ADCOM during 2016 were \$370,334.

7. General Long-Term Debt

Obligation under Capital Lease-Stations

On July 9, 2013, the District entered into a Lease Purchase Agreement to refinance the 2003 and 2005 station leases and purchase additional equipment with HSE Leasing, LLC, lessor in the principal amount of \$2,706,171. The lease agreement calls for quarterly payments of \$140,408 commencing September 1, 2013 through June 1, 2018.

Obligation under Capital Lease-Station 52

On June 9, 2016, the District entered into a Lease Purchase Agreement for the construction of a new Station 52 and renovation projects with HSE Leasing, LLC, lessor in the principal amount of \$7,184,000. The lease agreement calls for semi-annual principal and interest payments of \$245,480 commencing December 1, 2016 through June 1, 2036.

Long-term debt for the year ended December 31, 2016, was as follows:

	<u>Balance</u> <u>12/31/15</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>12/31/16</u>	<u>Due Within</u> <u>1 Year</u>
Governmental Activities:					
Compensated Absences	\$ 74,633	\$ 5,877	\$ ---	\$ 80,510	\$ 80,510
Capital Lease – Stations	<u>1,375,923</u>	<u>7,184,000</u>	<u>678,208</u>	<u>7,881,715</u>	<u>816,340</u>
Totals	<u>\$ 1,450,556</u>	<u>\$ 7,189,877</u>	<u>\$ 678,208</u>	<u>\$ 7,962,225</u>	<u>\$ 896,850</u>

See independent auditors' report

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

7. General Long-Term Debt (continued)

Debt Service Requirements

The annual requirements to amortize such long-term debt outstanding as of December 31, 2016, including interest payments to maturity, are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
December 31, 2017	\$ 816,340	\$ 236,252	\$ 1,052,592
2018	551,874	219,902	771,776
2019	281,541	209,420	490,961
2020	290,765	200,195	490,960
2021	300,292	190,669	490,961
2022-2026	1,655,649	799,154	2,454,803
2027-2031	1,945,243	509,560	2,454,803
2032-2036	<u>2,040,011</u>	<u>169,312</u>	<u>2,209,323</u>
Total	<u>\$ 7,881,715</u>	<u>\$2,534,464</u>	<u>\$ 10,416,179</u>

8. Capital Assets

Capital assets are recorded at cost. Depreciation is computed on the straight-line basis over the estimated useful lives of the assets, which are as follows:

Building/Improvements	25
Machinery and Equipment	5
Office Equipment and Furniture	3 - 7
Firefighting Vehicles	25
Vehicles - Other	5

See independent auditors' report

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

8. Capital Assets (continued)

Capital asset activity for the year ended December 31, 2016 was as follows:

	<u>Balance</u> <u>12/31/15</u>	<u>Additions</u>	<u>Transfers/</u> <u>Deletions</u>	<u>Balance</u> <u>12/31/16</u>
Governmental Activities:				
Land – all stations	\$ 202,383	\$ 769,331	\$ ---	\$ 971,714
Buildings/Improvements –all stations	7,729,877	3,620,669	---	11,350,546
Machinery & equipment	986,558	360,704	(288,761)	1,058,501
Office equipment and furniture	164,327	11,872	(19,000)	157,199
Firefighting vehicles	5,093,691	---	---	5,093,691
Vehicles – other	369,132	100,086	---	469,218
Donated equipment	<u>439,905</u>	<u>---</u>	<u>---</u>	<u>439,905</u>
Total at Historical Cost	<u>14,985,873</u>	<u>4,862,662</u>	<u>(307,761)</u>	<u>19,540,774</u>
Less: Accumulated Depreciation				
Buildings/Improvements	4,559,868	316,640	---	4,876,508
Machinery & equipment	782,636	160,965	(288,761)	654,840
Office equipment and furniture	126,979	8,303	(19,000)	116,282
Firefighting vehicles	1,607,568	228,678	---	1,836,246
Vehicles – other	290,406	38,564	---	328,970
Donated equipment	<u>402,235</u>	<u>37,670</u>	<u>---</u>	<u>439,905</u>
Total Accumulated Depreciation	<u>7,769,692</u>	<u>790,820</u>	<u>(307,761)</u>	<u>8,252,751</u>
Capital Assets, Net of Accumulated Depreciation	<u>\$ 7,216,181</u>	<u>\$ 4,071,842</u>	<u>\$ ---</u>	<u>\$ 11,288,023</u>

Depreciation expense for the year ended December 31, 2016 was \$790,820.

9. Risk Management

The District is exposed to various risks of loss related to torts; damage to and destruction of assets; errors and omissions and natural disasters for which the District carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

See independent auditors' report.

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

10. Tax, Spending and Debt Limitations

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments. The District's financial activity provides the basis for calculation of limitations adjusted for allowable increases tied to inflation and local growth. Fiscal year spending is generally defined as expenditures plus reserve increases with certain exceptions. In effect, it has been generally interpreted that fiscal year spending approximates nonexempt revenue or receipts. Spending excludes spending from certain revenue and financial sources such as federal funds, gifts, property sales, fund transfers, damage awards, and fund reserves.

The Amendment requires, with certain exceptions, voter approval prior to imposing new taxes, increasing tax rates, increasing a mill levy above that for the prior year, extending an expiring tax, or implementing a tax policy change directly causing a net tax revenue gain to any local government. The District had levied 5.399 mills for property taxes to be collected for the years 1993 through 1995, 5.14 mills for 1996 and 1997, 5.005 for 1998 and 1999, and 4.795 for 2000, 9.295 for 2001, 8.22 for 2002 and 9.295 for 2003 and 2004. For the years ended December 31, 2005 and December 31, 2006 the mill levy was 9.295. For the years ended December 31, 2010 through 2016 the mill levy was 11.795.

Except for bond refinancing at lower interest rates or adding employees to existing pension plans, the Amendment specifically prohibits the creation of multiple-fiscal year debt or other financial obligations without voter approval or irrevocably pledging present cash reserves for all future payments.

The Amendment requires that an Emergency Reserve be established. The reserve must be at least 3 percent of Fiscal Year Spending (excluding bonded debt service). The emergency reserve as of December 31, 2016 is \$278,919 and has been included as a restriction of fund balance in the General Fund. The District is not allowed to use the emergency reserve to compensate for economic conditions, revenue shortfalls, or salary and/or benefit increases.

The Amendment is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of the amendment. However, the District has made certain interpretations in the amendment's language in order to determine its compliance.

On May 2, 2000, the voters of the Greater Brighton Fire Protection District approved an increase in the existing mill levy of by up to 4.5 mills, resulting in a total maximum mill levy (existing plus new) of 9.295 mills, commencing January 1, 2001. The additional general property tax revenues resulting from the mill levy increase are to be used by the District for improvements in fire protection, fire suppression, rescue, hazardous materials and emergency medical services through capital improvements and the implementation of a combined paid and volunteer fire department.

See independent auditors' report.

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

10. Tax, Spending and Debt Limitations (continued)

On May 7, 2002, the voters of the District approved to be exempt from the TABOR amendment for revenue and spending limitations and allowed the district to maintain a 9.295 mill levy.

On November 7, 2006, the voters of the District approved an increase in the mill levy from 9.295 to 11.795, or 2.5 mills.

11. Grant Revenue

The Greater Brighton Fire Protection District was awarded several grants and received funds from grants previously awarded in prior years. As shown below, grant proceeds received during the year ended December 31, 2016 totaled \$837,621 and were used to provide support for emergency services to residents of the District and construction of a new fire station.

<u>Grant sources:</u>	<u>Amount</u>
Federal grants	\$ ---
Local grants	<u>837,621</u>
Current Year Total	\$ <u>837,621</u>

12. Subsequent Events

For the year ended December 31, 2016, the District has evaluated subsequent events for potential recognition and disclosure through July 12, 2017, the date of the financial statement issuance. The District did not identify any subsequent events requiring disclosure.

See independent auditors' report.

**REQUIRED SUPPLEMENTAL
INFORMATION**

**GREATER BRIGHTON FIRE PROTECTION DISTRICT
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

	2016				Actual 2015 Memorandum Only
	Budget		Actual	Variance favorable (unfavorable)	
	Original	Final			
Revenues:					
General property taxes	\$ 10,879,056	\$ 10,879,056	\$ 10,865,174	\$ (13,882)	\$ 6,687,590
Specific ownership taxes	640,000	640,000	812,546	172,546	623,359
Delinquent interest and taxes	4,500	4,500	4,453	(47)	14,395
Investment earnings	14,000	14,000	46,896	32,896	5,848
Other income	238,114	238,114	243,761	5,647	206,672
Grant revenue	41,000	41,000	27,245	(13,755)	47,998
Total revenues	<u>11,816,670</u>	<u>11,816,670</u>	<u>12,000,075</u>	<u>183,405</u>	<u>7,585,862</u>
Expenditures:					
Administration	2,000,148	2,000,148	1,894,286	105,862	691,275
Firefighting	4,928,913	4,928,913	4,884,029	44,884	4,521,208
Fire Prevention	367,818	367,818	222,548	145,270	270,534
Training	261,565	261,565	187,696	73,869	143,574
Communications	405,226	405,226	401,128	4,098	388,021
Repair services	299,699	299,699	266,929	32,770	216,503
Building and grounds	190,019	190,019	173,043	16,976	171,897
Capital outlay	11,600	11,600	13,462	(1,862)	5,903
Debt Service - Principal	-	-	-	-	-
Debt Service - Interest	-	-	-	-	-
Total expenditures/expenses	<u>8,464,988</u>	<u>8,464,988</u>	<u>8,043,121</u>	<u>421,867</u>	<u>6,408,915</u>
Excess (deficiency) of revenues over expenditures	<u>3,351,682</u>	<u>3,351,682</u>	<u>3,956,954</u>	<u>605,272</u>	<u>1,176,947</u>
Other financing sources/uses:					
Transfers to other funds	<u>(3,270,000)</u>	<u>(3,270,000)</u>	<u>(3,470,000)</u>	<u>(200,000)</u>	<u>(1,152,509)</u>
Total other sources:	<u>(3,270,000)</u>	<u>(3,270,000)</u>	<u>(3,470,000)</u>	<u>(200,000)</u>	<u>(1,152,509)</u>
Excess (deficiency) of revenues and and other financing sources over expenditures	81,682	81,682	486,954	405,272	24,438
Fund balance/net position, beginning of year	<u>2,268,992</u>	<u>2,268,992</u>	<u>2,268,992</u>	<u>-</u>	<u>2,244,554</u>
Fund balance/net position, end of year	<u>\$ 2,350,674</u>	<u>\$ 2,350,674</u>	<u>\$ 2,755,946</u>	<u>\$ 405,272</u>	<u>\$ 2,268,992</u>

See independent auditors' report.
The accompanying notes on pages 6 to 23 are an
integral part of the financial statements.

**GREATER BRIGHTON FIRE PROTECTION DISTRICT
HISTORICAL INFORMATION
VOLUNTEER FIREFIGHTERS PENSION PLAN
DECEMBER 31, 2016
(Unaudited)**

Year	Total Pension Liability	Plan Net Position	Net Pension Liability	Net Position as a % of Total Liability	Money- weighted Rate of Return
2005	\$ 2,927,952	\$ 3,280,144	\$ (352,192)	112%	
2007	3,329,702	3,898,429	(568,727)	117%	
2009	3,621,151	3,509,350	111,801	97%	
2011	3,617,492	3,556,418	61,074	98%	
2013	3,623,249	3,599,270	23,979	99%	
2014	3,953,389	3,791,102	162,287	96%	6.50%
2015	3,888,582	3,626,609	261,973	93%	2.61%

Year	Actuarially Determined Contribution	Actual Contribution	Contribution (Addition)/Shortfall
2007		\$ 126,649	
2008		126,649	
2009		126,649	
2010		126,649	
2011		126,649	
2012		126,649	
2013		126,649	
2014	\$ -	126,649	\$ (126,649)
2015	-	126,649	(126,649)
2016	-	126,649	(126,649)

See independent auditors' report.
The accompanying notes on pages 6 to 23 are an
integral part of the financial statements.

**GREATER BRIGHTON FIRE PROTECTION DISTRICT
HISTORICAL INFORMATION
VOLUNTEER FIREFIGHTERS PENSION PLAN
DECEMBER 31, 2016
(Unaudited)**

	<u>2015</u>	<u>2014</u>
Change in Net Pension Liability:		
Total Pension Liability:		
Service Cost	\$ -	\$ 1,228
Interest	283,672	254,064
Change in Benefit Terms	-	440,183
Difference Between Actual and Expected Experience	-	46,572
Change in Assumptions	-	-
Benefit Payments	<u>(348,479)</u>	<u>(344,906)</u>
Net Change in Total Pension Liability	(64,807)	397,141
Total Pension Liability - Beginning	3,953,389	3,556,248
Total Pension Liability - Ending	\$ 3,888,582	\$ 3,953,389
Plan Fiduciary Net Position:		
Contributions - Employer	\$ 70,000	\$ 68,950
Net Investment Income	68,136	245,813
Benefit Payments	(348,479)	(344,906)
Administrative Expenses	(10,799)	(9,080)
State of Colorado supplemental discretionary payment	<u>56,649</u>	<u>56,649</u>
Net Change in Plan Fiduciary Net Position	(164,493)	17,426
Plan Fiduciary Net Position - Beginning	3,791,102	3,773,676
Plan Fiduciary Net Position - Ending	3,626,609	3,791,102
Net Pension Liability - Ending	\$ 261,973	\$ 162,287
Plan Fiduciary Net Position as a % of Total Pension Liability	93.26%	95.89%

See independent auditors' report.
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integral part of the financial statements.

**GREATER BRIGHTON FIRE PROTECTION DISTRICT
HISTORICAL INFORMATION
FPPA DEFINED BENEFIT PENSION PLAN
DECEMBER 31, 2016
(Unaudited)**

Year	Employer's Portion of Net Pension Liability (Asset)	Employer's Proportionate Share of Net Pension Liability (Asset)	Employer's Covered Payroll	Net Pension Liability as a % of Covered Payroll	Plan Fiduciary Net Position as a % of Total Pension Liability
2015	0.84%	\$ (952,985)	\$ 4,244,912	-22.45%	106.80%
2016	0.85%	(15,034)	4,694,300	-0.32%	100.10%

Year	Required Employer Contribution	Contributions in Relation to Required	Contribution Shortfall	Employer's Covered Payroll	Contributions as a % of Covered Payroll
2015	\$ 339,593	\$ 339,593	\$ -	\$ 4,244,912	8.00%
2016	375,544	375,544	-	4,694,300	8.00%

See independent auditors' report.
The accompanying notes on pages 6 to 23 are an
integral part of the financial statements.

**GREATER BRIGHTON FIRE PROTECTION DISTRICT
CAPITAL DEVELOPMENT FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

	2016			Variance with Final Budget favorable (unfavorable)	Actual 2015 Memorandum Only
	Budget		Actual		
	Original	Final			
Revenues:					
Investment earnings	\$ 6,775	\$ 6,775	\$ 17,317	\$ 10,542	\$ 1,492
Grant Revenue	2,197,365	2,197,365	810,376	(1,386,989)	-
Other Income	-	-	-	-	19,540
Total revenues	<u>2,204,140</u>	<u>2,204,140</u>	<u>827,693</u>	<u>(1,376,447)</u>	<u>21,032</u>
Expenditures:					
Administration	1,050	1,050	1,261	(211)	795
Capital outlay	7,457,120	7,457,120	5,024,488	2,432,632	326,303
Debt service:					
Principal	781,659	781,659	678,208	103,451	536,298
Interest	-	-	128,903	(128,903)	25,333
Total expenditures/expenses	<u>8,239,829</u>	<u>8,239,829</u>	<u>5,832,860</u>	<u>2,406,969</u>	<u>888,729</u>
Excess (deficiency) of revenues over expenditures	<u>(6,035,689)</u>	<u>(6,035,689)</u>	<u>(5,005,167)</u>	<u>1,030,522</u>	<u>(867,697)</u>
Other financing sources/uses:					
Sale of assets	-	-	5,100	5,100	-
Proceeds from capital leases	6,000,000	6,000,000	7,184,000	1,184,000	-
Transfers from other funds	3,000,000	3,000,000	3,400,000	400,000	425,000
Total other sources:	<u>9,000,000</u>	<u>9,000,000</u>	<u>10,589,100</u>	<u>1,589,100</u>	<u>425,000</u>
Excess (deficiency) of revenues and and other financing sources over expenditures	<u>2,964,311</u>	<u>2,964,311</u>	<u>5,583,933</u>	<u>2,619,622</u>	<u>(442,697)</u>
Fund balance, beginning of year	<u>582,502</u>	<u>582,502</u>	<u>582,502</u>	<u>-</u>	<u>1,025,199</u>
Fund balance, end of year	<u>\$ 3,546,813</u>	<u>\$ 3,546,813</u>	<u>\$ 6,166,435</u>	<u>\$ 2,619,622</u>	<u>\$ 582,502</u>

See independent auditors' report.
The accompanying notes on pages 6 to 23 are an
integral part of the financial statements.

**OTHER SUPPLEMENTAL
INFORMATION**

**GREATER BRIGHTON FIRE PROTECTION DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
PENSION TRUST FUND
DECEMBER 31, 2016**

Assets

Cash	\$	-
Investments		3,564,374
Accrued interest receivable		-
Due from other funds		-
Total Assets	\$	<u>3,564,374</u>

Liabilities

Accounts payable	\$	<u>-</u>
Total Liabilities		<u>-</u>

Net Position

Net position - reserved		
Reserved for retirement benefits		3,564,374
Total Net Position		<u>3,564,374</u>
Total Liabilities and Net Position	\$	<u>3,564,374</u>

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integral part of the financial statements.

**GREATER BRIGHTON FIRE PROTECTION DISTRICT
PENSION TRUST FUND
STATEMENT OF CHANGES IN FIDUCIARY
NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

	2016			Variance favorable (unfavorable)	Actual 2015 Memorandum Only
	Budget		Actual		
	Original	Final			
Additions:					
General property taxes	\$ 70,000	\$ 70,000	\$ 70,000	\$ -	\$ 70,000
Earnings on investments	10,000	10,000	50,729	40,729	70,511
Contributions from the State of Colorado	56,649	56,649	56,649	-	56,649
Total Additions	<u>136,649</u>	<u>136,649</u>	<u>177,378</u>	<u>40,729</u>	<u>197,160</u>
Deductions:					
Benefits paid to retirees	366,225	366,225	361,950	4,275	348,479
Administration of fund	32,250	32,250	34,312	(2,062)	36,386
Other expenses	6,550	6,550	4,465	2,085	3,150
Total Deductions	<u>405,025</u>	<u>405,025</u>	<u>400,727</u>	<u>4,298</u>	<u>388,015</u>
Other Additions (Deductions):					
Realized gain (loss) on investments	35,000	35,000	76,642	41,642	117,215
Unrealized gain (loss) on investments	-	-	84,472	84,472	(90,853)
Changes in plan net position	<u>(233,376)</u>	<u>(233,376)</u>	<u>(62,235)</u>	<u>171,141</u>	<u>(164,493)</u>
Net position, beginning of year	<u>3,626,609</u>	<u>3,626,609</u>	<u>3,626,609</u>	<u>-</u>	<u>3,791,102</u>
Net position, end of year	<u>\$ 3,393,233</u>	<u>\$ 3,393,233</u>	<u>\$ 3,564,374</u>	<u>\$ 171,141</u>	<u>\$ 3,626,609</u>

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