

NORTH METRO FIRE RESCUE DISTRICT

BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2017

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**NORTH METRO FIRE RESCUE DISTRICT
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MANAGEMENT'S DISCUSSION AND ANALYSIS

This report is for the North Metro Fire Rescue District for the year ending December 31, 2017. The Management Discussion and Analysis ("M D & A") is designed to provide an overview of the financial activities of the District during 2017 and the integration of those activities within the long term financial programs and planning of the District. The M D & A should be read in conjunction with the District's financial statements.

BACKGROUND INFORMATION

The Fire District was created in 1946 by a number of concerned citizens about fire protection for their homes and businesses. The District is comprised of the following seven funds:

- General Fund
- Old Hire Firefighter Pension Fund (for fire personnel hired before February 1977)
- Ambulance Membership Fund
- Absence Reserve Fund
- Debt Service Fund (which is used to accumulate property taxes levied to repay General Obligation Bond issuances, originally issued in 2006 and 2009, refinanced in 2015)
- Debt Service Fund – Certificates of Participation (which is used to account for the payment of the Certificates of Participation Series 2010 which were refinanced in 2015)
- Capital Improvements Fund (which is used to expend funds designated for capital projects)

In May 1989, the District Board asked the taxpayers to support a \$2.8 million Bond question to build a new fire station, remodel existing stations, and replace fire apparatus. In 1999 the bond issue was refunded to take advantage of lower interest rates; and, the debt was retired in 2004.

In 1998, the District Board of Directors submitted a ballot question to the taxpayers requesting to remove the Tabor limits that were imposed by Colorado Constitutional Amendment on the District in 1994. This ballot question was approved by the taxpayers in the election.

In May 2006, the District Board of Directors submitted a ballot question to the taxpayers to support a \$26 million Bond question to purchase apparatus and equipment, construction of new fire stations, administrative, maintenance and training facilities. Bonds totaling \$25,250,000 were issued on June 27, 2006 and the remaining \$750,000 of Bonds were issued on July 2, 2009. All of the Bonds will be repaid with a Debt Service mill levy of 1.4. These Bonds were refinanced in 2015 to take advantage of a lower interest rate offered for the refinancing.

Additionally in May 2006, the District Board of Directors submitted a ballot question to the taxpayers to increase the Districts' General Mill levy by 1.85 mills. The ballot question was approved by the taxpayers in the election.

In November 2014, the District Board of Directors submitted a ballot question to the taxpayers to increase the Districts' General Mill levy by 3.5 mills. The ballot question was approved by the taxpayers in the election.

Financial Highlights

- The assets of North Metro Fire Protection District exceeded its liabilities at the close of the most recent fiscal year (net position) by \$17,704,376.
- Of this amount \$11,096,057 may be used to meet the government's ongoing obligations to the citizens and creditors.
- The government's total change in net position increased by \$3,601,202.
- As of the close of the current fiscal year, the North Metro Fire Protection District's governmental funds reported combined ending fund balances of \$14,738,427, an increase of \$2,280,532 from current year activities.
- At the end of the current fiscal year, unrestricted fund balance for the general fund is \$9,079,785 or 37% of total general fund expenditures budgeted for 2018.
- The District paid \$2,255,000 of Certificates of Participation and General Obligation Bond debt.

Overview of the Financial Statements

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

Government-Wide and Fund 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 position presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator on whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the net position has changed during the past year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the cash flows. Therefore, the 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 functions of the District so funded are fire prevention, fire protection and emergency medical services. The government-wide financial statements are combined with the fund financial statements and can be found in this report.

Fund Financial Statements - A fund is a group of accounts used to maintain control over resources that have been set aside for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and to demonstrate compliance with finance-related legal requirements. The funds of the District are a governmental fund and 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 expendable 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. The readers will have a better understanding of 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.

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 in this report.

Government-Wide Financial Analysis

The net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$17,704,376 at the close of the year. The largest portion of the District's net position reflects its investment in capital assets, less any related debt used to acquire those assets that is still outstanding.

Financial Efforts of 2017

The table below shows the condensed comparison of revenues, expenses and District's Net Position as of December 31, 2015, 2016 and 2017.

	2015	2016	2017
Current and other assets	\$ 54,210,357	\$ 40,173,323	\$ 45,063,876
Capital assets	29,414,983	29,417,259	30,013,319
Total assets	\$ 83,625,340	\$ 69,590,582	\$ 75,077,195
Long-term liabilities outstanding	\$ 46,325,000	\$ 23,405,000	\$ 21,060,000
Deferred Property Taxes	23,454,125	23,739,127	26,308,990
Other liabilities	4,265,271	8,343,281	10,003,829
Total liabilities	\$ 74,044,396	\$ 55,487,408	\$ 57,372,819
Net position:			
Invested in Capital Assets	\$(16,910,017)	\$ 3,757,259	\$ 6,608,319
Restricted	26,490,961	10,345,915	11,096,057
Unrestricted	-	-	-
Total Net position	\$ 9,580,944	\$ 14,103,174	\$ 17,704,376

Financial Efforts of 2017 (continued)

	2015	2016	2017
Revenues:			
General Property Taxes	\$ 20,964,799	\$ 23,460,262	\$ 23,819,219
Specific Ownership Taxes	1,433,666	1,528,742	1,840,359
Delinquent Interest & Taxes	6,740	41,863	13,870
Grant Revenue	-	-	29,944
Investment earnings	101,931	587,565	158,678
Sale of fixed assets	(108,360)	(21,915)	4,421
Unrealized gain (loss)	(145,235)	127,376	(4,363)
Other Revenues	3,446,678	4,745,024	4,558,501
Total	\$ 25,700,219	\$ 30,468,917	\$ 30,420,629
Expenses:			
Fire Protection – Operations	\$ 18,932,216	\$ 22,300,089	\$ 24,102,115
Depreciation	1,941,657	2,153,113	2,210,195
Debt Service	1,397,070	1,493,485	507,117
Total Expenses	\$ 22,270,943	\$ 25,946,687	\$ 26,819,427
Changes in Net Position	\$ 3,429,276	\$ 4,522,230	\$ 3,601,202

General Fund

The general fund was established and is continually funded to provide for the daily activities, salaries, expenses, and operating costs of the District. This fund provides for functional areas of the organization – administration, firefighting, fire prevention, training, vehicle maintenance, and facility maintenance. The general fund also provides for such other items as 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 income on reserved funds and fees for permits, plan reviews, and medic transport fees. The primary projects or program efforts for establishing needed funding during 2017 were:

1. Salaries and benefits for all existing full time personnel of the District.
2. Normal operational costs of the District.
3. Rebuilding our General Fund reserves.
4. Completing Capital Projects without adding any additional debt.

General Fund Budgetary Highlights

It should be noted that the District's budget format is designed to establish and monitor divisional functions of the Fire District's operations to more closely align expenses with the areas of responsibility. These divisions are set up as cost centers for accountability in each of the following areas:

- Administration
- Emergency Services
- Fire Prevention
- Fire Training
- Transportation and Fleet Maintenance
- Information Technology

CAPITAL ASSETS AND DEBT ADMINISTRATION:

Capital Improvements Fund

The Capital Improvements Fund is used to expend funds designated for capital projects for the District. Capital Funds not expended in the budgeted fiscal year are rolled into the next succeeding year's Capital budget and must be re-budgeted and re-approved by the Board of Directors for the next fiscal year.

The major capital assets purchased from the Capital Improvements funds during the year were as follows:

- Remodeling of Station 63 was begun in 2017 to be completed in 2018
- Cardiac monitors
- Bunker gear replacement
- Staff vehicles purchase
- New servers and video conferencing equipment

Capital assets are classified as follows (net of depreciation) as of December 31, 2015, 2016 and 2017:

	2015	2016	2016
Land/Buildings	\$24,644,649	\$23,380,973	\$22,116,179
Construction in Progress	0	0	2,160,837
Vehicles	3,971,263	4,651,413	4,171,291
Equipment	615,522	1,136,954	1,388,103
Computers	<u>183,549</u>	<u>247,919</u>	<u>176,909</u>
Total assets	<u>\$29,414,982</u>	<u>\$29,417,259</u>	<u>\$30,013,319</u>

CAPITAL ASSETS AND DEBT ADMINISTRATION (continued)

Long-Term Debt

Certificates of Participation Series 2015

On November 20, 2015, the District issued \$6,790,000 in Certificates of Participation, Series 2015. Interest is payable semi-annually on February 1 and August 1 each year, commencing on February 1, 2016 through August 1, 2028. The net proceeds of \$6,712,764 (net of costs of issuance of \$77,236) were restricted for repayment of the Certificates of Participation, Series 2010. As of December 31, 2017, the Fire District had an outstanding balance for the Certificates of Participation Series 2015 of \$5,840,000.

General Obligation Bonds Series 2015/ Debt Service Fund

On October 28, 2015, the District issued \$20,010,000 in General Obligation Bonds, Series 2015. The interest is payable semi-annually on June 1 and December 1 each year, commencing June 1, 2016 through December 1, 2025. The net proceeds of \$19,991,962 (net of costs of issuance of \$118,038) were restricted to repay the general obligation bonds, Series 2006 and 2009. The 2009 bonds were repaid in 2015 and the 2006 bonds were repaid in 2016. As of December 31, 2017, the Fire District had an outstanding balance in its' General Obligation Bonds Series 2015 of \$17,565,000.

FIDUCIARY FUND ACTIVITIES:

Pension Fund

The Pension Fund was established and is continually funded to provide for the provision of retirement pension benefit for Old Hire (hired pre-February, 1977) firefighters of the District. The fund provides for the payment of benefits and the expenses of providing of those benefits. The fund is closed and contains only members receiving benefits. The primary funding source for the pension is an annual contribution from the General Fund, as designated by the Fire District Board of Directors, which is necessary to meet actuarial soundness of the fund as required by the Colorado Revised Statutes. Additional funding is derived from the interest and earnings from previously invested assets of the fund.

1. The Pension Fund investments did not accumulate substantial amounts of interest and earnings in recent years due to the economic conditions of the United States in general.
2. The Pension Fund maintained a normal course of investment activity to meet investment/earnings objectives as defined by the Board of Directors of the District.
3. Actuarial valuations are completed every other year with the most recent valuation as of December 31, 2017.

FIDUCIARY FUND ACTIVITIES (continued)

Community Foundation Fund

The North Metro Fire Rescue District Community Foundation is a 501(c) 3 Non-Profit Corporation. It was established to administer community projects including 9-11 Memorial Program, Endangered Child Decontamination Trailer Program, Child Safety Seat Program, the Community Automatic External Defibrillator Program and a community project which will help address emergency financial needs of full-time employees of the Broomfield Police Department and the North Metro Fire Rescue District who are killed or seriously injured in the line of duty and the emergency financial need of their immediate family. It has been included with the other funds of North Metro Fire Rescue District because it is considered a “Blended Component Unit” in accordance with GASB #14.

ECONOMIC FACTORS AND NEXT YEAR’S BUDGETS AND RATES:

In comparison to the 2017 budget year, the 2018 budget year reflects a 5.3% increase in approved general fund expenditures. This increase is primarily due increased personnel wages and benefits. This increase will be funded by the increased property tax revenues.

- The District’s budget for **2017** reflects general property tax revenue of \$21,440,980 (based on an assessed valuation for the District of \$1,606,972,495 and a mill levy of 13.226 mills) with a budget of \$27,491,371 in 2017.
- The District’s budget for **2018** reflects general property tax revenue of \$23,723,534 (based on an assessed valuation for the District of \$1,791,332,649 and a mill levy of 13.226 mills) with a budget of \$30,019,028 in 2018.

Summary

The North Metro Fire Rescue District successfully placed into operation or completed all project or program efforts funded with the 2017 annual budget.

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INDEPENDENT AUDITORS' REPORT

**Board of Directors
North Metro Fire Rescue District
Broomfield, Colorado**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the North Metro Fire Rescue District (the District) as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 North Metro Fire Rescue District, as of December 31, 2017, and the respective changes in financial position thereof 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 management's discussion and analysis, General Fund budgetary comparison information, and pension plan historical information on pages i through vii and 34 through 37 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 Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements as a whole. The other supplementary information on pages 38 and 39 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 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.

Fis : Co., P. C.

CERTIFIED PUBLIC ACCOUNTANTS
Brighton, CO

May 10, 2018

NORTH METRO FIRE RESCUE DISTRICT
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET
DECEMBER 31, 2017

	General Fund	Other Funds	Total	Adjustments (Page 3)	Statement of Net Position
<u>Assets and deferred outflows of resources</u>					
Assets:					
Cash (Note 3)	\$ 7,383,926	\$ 5,925,849	\$ 13,309,775	\$ -	\$ 13,309,775
Property tax receivable	147,180	2,584,702	2,731,882	-	2,731,882
Accrued property taxes	23,724,288	-	23,724,288	-	23,724,288
Other receivables	1,105,857	23,629	1,129,486	-	1,129,486
Prepaid expenses	568,903	-	568,903	-	568,903
Inventory	79,822	-	79,822	-	79,822
Capital assets, net of accumulated depreciation	-	-	-	30,013,319	30,013,319
Due from fiduciary funds	-	-	-	-	-
Due from other funds	11,014	-	11,014	(11,014)	-
Total assets	33,020,990	8,534,180	41,555,170	30,002,305	71,557,475
Deferred outflows of resources:					
Deferred outflow - Pensions	-	-	-	3,519,720	3,519,720
Total deferred outflows of resources	-	-	-	3,519,720	3,519,720
Total assets and deferred outflows of resources	\$ 33,020,990	\$ 8,534,180	\$ 41,555,170	\$ 33,522,025	\$ 75,077,195
<u>Liabilities and deferred inflows of resources</u>					
Liabilities:					
Accounts payable	\$ 216,917	\$ 279,822	\$ 496,739	\$ -	\$ 496,739
Accrued interest payable	-	-	-	94,981	94,981
Due to other funds	-	11,014	11,014	(11,014)	-
Long-term liabilities:					
Due within one year	-	-	-	2,345,000	2,345,000
Due after one year	-	-	-	21,060,000	21,060,000
Unamortized bond premium	-	-	-	569,552	569,552
Net Pension Liability	-	-	-	2,972,801	2,972,801
Accrued absences payable (Note 10)	-	-	-	3,345,057	3,345,057
Total liabilities	216,917	290,836	507,753	30,376,377	30,884,130
Deferred inflows of resources:					
Deferred inflow - Pensions	-	-	-	179,699	179,699
Deferred property taxes	23,724,288	2,584,702	26,308,990	-	26,308,990
Total deferred inflows of resources	23,724,288	2,584,702	26,308,990	179,699	26,488,689
Total liabilities and deferred inflows of resources	23,941,205	2,875,538	26,816,743	30,556,076	57,372,819
<u>Fund Balances/Net Position</u>					
Fund balances:					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	9,005,708	5,322,622	14,328,330	(14,328,330)	-
Assigned	74,077	336,020	410,097	(410,097)	-
Unassigned	-	-	-	-	-
Total fund balance/net position	9,079,785	5,658,642	14,738,427	(14,738,427)	-
Total liabilities, deferred inflows of resources, and fund balance	\$ 33,020,990	\$ 8,534,180	\$ 41,555,170		
Net position:					
Invested in capital assets				6,608,319	6,608,319
Restricted				11,096,057	11,096,057
Total net position				\$ 17,704,376	\$ 17,704,376

See independent auditors' report.
The accompanying notes on pages 10 to 33 are an
integral part of the financial statements.

**NORTH METRO FIRE RESCUE DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2017**

Fund balance per Statement of Net Position	\$ 14,738,427
Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund balance sheet	30,013,319
Net pension asset or liability and related deferred inflows and outflows are not due and payable in the current period and therefore are not reported in the balance sheet	367,220
Some liabilities, including compensated absences, are not due and payable in the current period and therefore are not reported in the balance sheet	<u>(27,414,590)</u>
Net position per Statement of Net Position	<u><u>\$ 17,704,376</u></u>

See independent auditors' report.
The accompanying notes on pages 10 to 33 are an
integral part of the financial statements.

NORTH METRO FIRE RESCUE DISTRICT
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS REVENUE,
EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2017

	General Fund	Other Funds	Total	Adjustments (Page 5)	Statement of Activities
Revenues:					
General property taxes	\$ 21,525,012	\$ 2,294,207	\$ 23,819,219	\$ -	\$ 23,819,219
Specific ownership taxes	1,840,359	-	1,840,359	-	1,840,359
Delinquent interest and taxes	13,870	-	13,870	-	13,870
Grant revenue	-	29,944	29,944	-	29,944
Sales of assets	-	-	-	4,421	4,421
Investment earnings	113,570	45,108	158,678	-	158,678
Unrealized gain (loss) on investments	(2,634)	(1,729)	(4,363)	-	(4,363)
Other revenues	3,939,338	619,163	4,558,501	-	4,558,501
Total revenues	<u>27,429,515</u>	<u>2,986,693</u>	<u>30,416,208</u>	<u>4,421</u>	<u>30,420,629</u>
Expenditures/expenses:					
Fire protection:					
Administration	3,304,061	37,579	3,341,640	1,603,920	4,945,560
Emergency services	16,038,218	-	16,038,218	333,016	16,371,234
Fire prevention	922,878	-	922,878	-	922,878
Training	831,762	-	831,762	-	831,762
Vehicle maintenance	614,167	-	614,167	-	614,167
Information technology	416,514	-	416,514	-	416,514
Depreciation	-	-	-	2,210,195	2,210,195
Capital outlay	151,621	2,983,229	3,134,850	(3,134,850)	-
Debt service:					
Principal	-	2,255,000	2,255,000	(2,255,000)	-
Interest	-	580,647	580,647	(8,173)	572,474
Cost of issuance	-	-	-	-	-
Amortization of bond premium	-	-	-	(65,357)	(65,357)
Total expenditures/ expenses	<u>22,279,221</u>	<u>5,856,455</u>	<u>28,135,676</u>	<u>(1,316,249)</u>	<u>26,819,427</u>
Excess (deficiency) of revenues over expenditures	5,150,294	(2,869,762)	2,280,532	1,320,670	3,601,202
Other financing sources/uses:					
Proceeds from refundings	-	-	-	-	-
Transfers-internal activities	(4,200,000)	4,200,000	-	-	-
Total other financing sources/uses	<u>(4,200,000)</u>	<u>4,200,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and transfers in over expenditures and transfers out	950,294	1,330,238	2,280,532	(2,280,532)	-
Change in net position	-	-	-	3,601,202	3,601,202
Fund balance/net position, beginning of year	<u>8,129,491</u>	<u>4,328,404</u>	<u>12,457,895</u>	<u>1,645,279</u>	<u>14,103,174</u>
Fund balance/net position, end of year	<u>\$ 9,079,785</u>	<u>\$ 5,658,642</u>	<u>\$ 14,738,427</u>	<u>\$ 2,965,949</u>	<u>\$ 17,704,376</u>

See independent auditors' report.
The accompanying notes on pages 10 to 33 are an
integral part of the financial statements.

**NORTH METRO FIRE RESCUE 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, 2017**

Excess (deficiency) of revenues and transfers in over expenditures and transfers out - governmental funds and other funds	\$ 2,280,532
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:	
Adjustment for increase in compensated absences	(203,936)
Adjustment for pension assets and liabilities	(1,399,984)
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 (capitalized and depreciated)	2,801,834
Depreciation	(2,210,195)
Governmental funds report the proceeds from the sale of fixed assets as revenue (as a special item). However, the net book value of capital assets is removed from the capital assets account in the statement of net position and offset against the sales proceeds resulting in a "loss on sale of capital assets" in the statement of activities. Thus, more revenue in the governmental funds than loss in the statement of activities.	
Net book value of capital assets	4,421
Repayment of bond 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 reduce the liabilities in the statement of net assets and do not result in an expense in the statement of activities.	
Principal payments made	2,255,000
General Obligation Bond proceeds are reported as financing sources in government-wide statements, however issuing debt increases long-term liabilities in the statement of net position and does not affect the statement of activities.	
General Obligation Bond proceeds	-
Amortization of bond premium	65,357
Interest expense in the statement of activities differs from the amount reported in governmental funds. Additional accrued interest was calculated for bonds payable.	
Decrease in accrued interest	<u>8,173</u>
Change in net position	<u><u>\$ 3,601,202</u></u>

See independent auditors' report.
The accompanying notes on pages 10 to 33 are an
Integral part of the financial statements.

NORTH METRO FIRE RESCUE DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
DECEMBER 31, 2017

<u>Assets and deferred outflows of resources</u>	Community Foundation Fund	Private Purpose Trust	Old Hire Firefighters Pension Trust Fund	Total
Assets:				
Cash	\$ 4,603	\$ 71,987	\$ 60,455	\$ 137,045
Investments	-	-	2,530,346	2,530,346
Other receivables	-	-	-	-
Property tax receivable	-	-	-	-
Accounts receivable	-	-	-	-
Due from other funds	-	-	-	-
Prepaid expenses	-	-	30,955	30,955
Total assets	<u>4,603</u>	<u>71,987</u>	<u>2,621,756</u>	<u>2,698,346</u>
Deferred outflows of resources:	-	-	-	-
Total assets and deferred outflows of resources	<u>\$ 4,603</u>	<u>\$ 71,987</u>	<u>\$ 2,621,756</u>	<u>\$ 2,698,346</u>
 <u>Liabilities and deferred inflows of resources</u>				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred inflows of resources:				
Deferred property taxes	-	-	-	-
Total liabilities and deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 <u>Net Position</u>				
Net position - reserved				
Reserved for trust expenses	-	71,987	-	71,987
Reserved for retirement benefits	-	-	2,621,756	2,621,756
Reserved for memorial benefits	4,603	-	-	4,603
Total Net Position	<u>4,603</u>	<u>71,987</u>	<u>2,621,756</u>	<u>2,698,346</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 4,603</u>	<u>\$ 71,987</u>	<u>\$ 2,621,756</u>	<u>\$ 2,698,346</u>

See independent auditors' report.
The accompanying notes on pages 10 to 33 are an
integral part of the financial statements.

**NORTH METRO FIRE RESCUE DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY
NET POSITION
PENSION TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Budget		Actual	Variance- favorable (unfavorable)
	Original	Final		
Additions:				
General property taxes	\$ -	\$ -	\$ -	\$ -
Specific ownership taxes	-	-	-	-
Delinquent taxes	-	-	-	-
Interest income	70,000	70,000	79,535	9,535
Contributions	263,000	263,000	263,000	-
Other income	-	-	-	-
Total Additions	<u>333,000</u>	<u>333,000</u>	<u>342,535</u>	<u>9,535</u>
Deductions:				
Administration	2,520	2,520	-	2,520
Pension benefits	447,796	447,796	442,539	5,257
Legal fees	6,000	6,000	-	6,000
Auditing	3,600	3,600	3,450	150
Actuarial	-	-	-	-
Treasurer's fees	-	-	-	-
Management fees	18,000	18,000	18,798	(798)
Insurance	4,700	4,700	4,100	600
Miscellaneous	200	200	-	200
Total Deductions	<u>482,816</u>	<u>482,816</u>	<u>468,887</u>	<u>13,929</u>
Other Additions (Deductions):				
Unrealized gain (loss) on investments	-	-	289,518	289,518
Changes in plan net position	(149,816)	(149,816)	163,166	312,982
Net position, beginning of year	<u>2,458,590</u>	<u>2,458,590</u>	<u>2,458,590</u>	<u>-</u>
Net position, end of year	<u>\$ 2,308,774</u>	<u>\$ 2,308,774</u>	<u>\$ 2,621,756</u>	<u>\$ 312,982</u>

See independent auditors' report.
The accompanying notes on pages 10 to 33 are an
integral part of the financial statements.

**NORTH METRO FIRE RESCUE DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY
NET POSITION
PRIVATE PURPOSE TRUST
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Budget		<u>Actual</u>	Variance- favorable (unfavorable)
	<u>Original</u>	<u>Final</u>		
Additions:				
Interest income	\$ 40	\$ 40	\$ 194	\$ 154
Grant revenue	-	-	-	-
Other revenue	<u>131,107</u>	<u>131,107</u>	<u>131,107</u>	-
Total Additions	<u>131,147</u>	<u>131,147</u>	<u>131,301</u>	<u>154</u>
Deductions:				
Administration	2,000	2,000	1,500	500
Expenditures	<u>128,907</u>	<u>128,907</u>	<u>128,907</u>	-
Total Deductions	<u>130,907</u>	<u>130,907</u>	<u>130,407</u>	<u>500</u>
Changes in plan net position	240	240	894	654
Net position, beginning of year	<u>71,093</u>	<u>71,093</u>	<u>71,093</u>	-
Net position, end of year	<u>\$ 71,333</u>	<u>\$ 71,333</u>	<u>\$ 71,987</u>	<u>\$ 654</u>

See independent auditors' report.
The accompanying notes on pages 10 to 33 are an
integral part of the financial statements.

NORTH METRO FIRE RESCUE DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY
NET POSITION
COMMUNITY FOUNDATION FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

Additions:	Budget		Actual	Variance favorable (unfavorable)
	Original	Final		
Sales revenue	\$ -	\$ -	\$ -	\$ -
Interest income	-	-	-	-
Donation revenue	1,000	1,000	1,693	693
Grant revenue	10,000	10,000	-	(10,000)
Other revenue	-	-	-	-
Total Additions	<u>11,000</u>	<u>11,000</u>	<u>1,693</u>	<u>(9,307)</u>
Deductions:				
Administration	50	50	10	40
Miscellaneous	10,000	10,000	-	10,000
Total Deductions	<u>10,050</u>	<u>10,050</u>	<u>10</u>	<u>10,040</u>
Changes in plan net position	950	950	1,683	733
Net position, beginning of year	<u>2,920</u>	<u>2,920</u>	<u>2,920</u>	<u>-</u>
Net position, end of year	<u>\$ 3,870</u>	<u>\$ 3,870</u>	<u>\$ 4,603</u>	<u>\$ 733</u>

See independent auditors' report.
The accompanying notes on pages 10 to 33 are an
integral part of the financial statements.

**NORTH METRO FIRE RESCUE DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

1. Summary of Significant Accounting Policies

The accounting policies of North Metro Fire Rescue District (formerly the West Adams County Fire Protection District) conform to accounting principles generally accepted (GAAP) in the United States of America as applicable to governmental units.

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.

B. Government-Wide and Fund Financial Statements

The Government-Wide financial statements (i.e. the statement of activities) report information on all of the nonfiduciary 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. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts which constitute its assets, liabilities, fund equity, revenues and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary and fiduciary.

See independent auditors' report.

**NORTH METRO FIRE RESCUE DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

1. Summary of Significant Accounting Policies (Continued)

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

The following funds were used by the District during 2017:

GOVERNMENTAL FUNDS

General Fund - This fund is used to account for general operations and for financial resources of the District, which are not accounted for in other funds. Primary sources of revenue are property taxes, ambulance fee revenue, and interest on deposits. The major expenditures by the District are for fire protection salaries, related supplies and services.

Debt Service Fund – Certificates of Participation – This fund is used to account for the payment of Certificates of Participation principal and interest. The primary source of revenue is the proceeds from the Certificates of Participation Series 2015.

Ambulance Membership Program Fund – This fund is used to account for the Ambulance Membership program and related revenues from the members and direct expenses of providing ambulance services to the members.

Debt Service Fund – This fund is used to account for the accumulation of resources for and the payment of general obligation bond principal, interest, and related costs. The primary sources of revenues are property taxes, levied specifically to retire general obligation bonds and interest on deposits.

Capital Improvements Fund – This fund is used to account for capital improvement projects of the District. The primary source of funds is transfers from the General Fund.

Absence Reserve Fund – This fund is used to accumulate funds for severance payouts, including accumulated vacation and sick leave. The primary source of funds is transfers from the General Fund.

FIDUCIARY FUNDS

Pension Trust Fund - The Pension Trust funds are used to account for assets held by the District in a trustee capacity or as an agent for former employees of the District to fund their retirement benefits. This fund is accounted for under the measurement focus discussed later.

See independent auditor's report.

**NORTH METRO FIRE RESCUE DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

1. Summary of Significant Accounting Policies (Continued)

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

Private Purpose Trust Fund - The Private Purpose Trust Fund is used to account for assets held by the District. As an expendable trust, the District may expend principal. This fund is accounted for in the same manner as other governmental funds.

Community Foundation Fund - The Community Foundation Fund is used to account for assets held by the District to administer community projects including the 9-11 memorial program. This fund is accounted for in the same manner as other governmental funds.

C. Measurement Focus and Basis of Accounting

Measurement Focus

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. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when the payment is due. The major source of revenue susceptible to accrual is property tax. All revenue items are considered to be measurable and available only when cash is received by the District.

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

- 1. 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.**
- 2. 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.

See independent auditors' report.

**NORTH METRO FIRE RESCUE DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

1. Summary of Significant Accounting Policies (Continued)

D. Unearned Revenue

The District reports unearned revenues on its statement of net position. Unearned revenues arise when potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. Unearned revenues also arise when resources are received by the government before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for unearned revenue is removed from the combined balance sheet and revenue is recognized.

E. Property Taxes

Property taxes are levied on November 15, and attach as an enforceable lien on property the following January 1. They are payable in full by April 30, or in two equal installments due February 28 and June 15. The counties bill and collect property taxes for the District. The property tax receipts collected by the counties are remitted to the District in the subsequent month. Property taxes are reported as a receivable and as deferred revenue when levied and as revenue when collected in the following year.

F. Budgets and Budgetary Accounting

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. All annual appropriations are at total fund level and lapse at fiscal year-end.

Prior to October, the Chief submits to the Board of Directors, a proposed operating budget for the year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them. Public hearings are conducted to obtain taxpayer comments. Prior to December 31, the budget is legally enacted through passage of a resolution. Formal budgetary integration is employed as a management control tool during the year for the District's funds.

See independent auditors' report.

**NORTH METRO FIRE RESCUE DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

1. Summary of Significant Accounting Policies (Continued)

G. Cash and Investments

Cash includes amounts in demand deposits and short-term investments in certificates of deposits. Investments are reported at market value in the Pension Fund and at the lower of aggregate cost or market for all other funds.

H. Capital Assets

Capital assets include land, buildings, building improvements, furniture and equipment, firefighting equipment, fire engines and vehicles and all other assets that are used in operations and that have initial useful lives extending beyond a single reporting period.

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. When capital assets are purchased, they are capitalized and depreciated in the government-wide financial statements. The District capitalizes all assets with a cost of \$1,000 or greater and a useful life of at least two years. Capital assets are recorded as expenditures of the current period in the government fund financial statements.

I. Encumbrances

Encumbrance accounting is not used.

J. Accrued Benefits

Accrued absences payable represents amounts earned for sick leave and vacation time but not paid or taken as of December 31, 2017.

K. Capitalized Interest

Interest incurred on the construction of fixed assets is not capitalized.

L. Inventory

Inventories are stated at the lower of cost or market using the FIFO cost method.

See independent auditors' report.

**NORTH METRO FIRE RESCUE DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

1. Summary of Significant Accounting Policies (Continued)

M. Fund Equity

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

- **Non-spendable fund balance**—amounts that are not in non-spendable 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.
- **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.

The 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).

See independent auditors' report.

NORTH METRO FIRE RESCUE DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

1. Summary of Significant Accounting Policies (Continued)

M. Fund Equity (Continued)

The District considers funds as expended from restricted funds before unrestricted funds are reduced, when an expenditure can come from either category. Within unrestricted funds, the District reduces committed amounts first, followed by assigned, and unassigned last, when an expenditure can come from any of those categories.

In the general fund, the District strives to maintain a committed fund balance to be used for unanticipated emergencies of approximately twenty seven percent (27%) of the actual GAAP basis expenditures and other financing sources and uses.

Committed fund balances consist of \$9,005,708 in the General Fund for subsequent year expenditures and \$5,322,622 in the Capital Improvements Fund for future capital expenditures. Assigned fund balances consist of \$74,077 in the General Fund for future needs of the District and \$336,020 from the debt service funds for future debt service payments.

N. 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.

2. Reporting Entity

In accordance with GASB No. 14, the following entities are included within the reporting entity (primary governmental unit) because of the significance of their financial relationships with the District:

Blended Component Units

See independent auditors' report.

**NORTH METRO FIRE RESCUE DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

2. Reporting Entity (Continued)

Adams County Fire Department Mutual Aid System

Blended with the Fiduciary Funds. The Adams County Fire Department Mutual Aid System is a volunteer unit for hazardous material response started in 1981 as a nonprofit entity under the laws of Colorado. In 1991, the non-profit status was dissolved, however, operations continue. The North Metro Fire Rescue District has been named trustee of the Organization. The unit meets the criteria for inclusion and has been included in the District's basic financial statements as an expendable trust. Fund balance prior to inclusion of \$160,615 has not been audited. Accordingly, no opinion is expressed on this amount.

3. Cash Deposits 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	\$ 13,309,775
Total Cash Fiduciary Funds	137,045
Trust Investment	<u>2,530,346</u>

Total Cash Deposits and Investments (Book Balance)	<u>\$ 15,977,166</u>
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Footnote

Total Cash and Short-term Investments	\$ 13,446,820
Trust Investments	<u>2,530,346</u>

Total Cash Deposits and Investments (Footnote)	<u>\$ 15,977,166</u>
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See independent auditors' report.

**NORTH METRO FIRE RESCUE DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

3. Cash Deposits and Investments (Continued)

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 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.

A. Cash Deposits

At December 31, 2017, the District had cash balances with maturities less than one year stated at cost as follows:

Insured (Category 1)	\$ 978,066
Deposits/short-term investments	
Collateralized in single institutional pool (s)	<u>12,467,404</u>
 Total Cash Deposits	 13,445,470
 Cash on hand	 <u>1,350</u>
 Total Cash	 \$ <u>13,446,820</u>

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

See independent auditors' report.

**NORTH METRO FIRE RESCUE DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

3. Cash Deposits and Investments (Continued)

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, 2017, all investments are considered category 1.

	<u>Carrying Amount</u>	<u>Fair Value</u>	<u>Credit Ratings</u>
Investments:			
Pension Trust	\$ <u>2,530,346</u>	\$ <u>2,530,346</u>	BBB-AA
Total Investments	\$ <u>2,530,346</u>	\$ <u>2,530,346</u>	

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.

Interest Rate Risk – The District has 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.

See independent auditors' report.

**NORTH METRO FIRE RESCUE DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

3. Cash Deposits and Investments (Continued)

B. Investments

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.

4. 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	10-25
Vehicles	7-25
Equipment	5-10
Computers	3-5

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

	<u>Balance</u> <u>12/31/16</u>	<u>Additions</u>	<u>Deletions &</u> <u>Adjustments</u>	<u>Balance</u> <u>12/31/17</u>
Governmental activities:				
Buildings/Improvements	\$ 35,678,657	\$ 50,406	\$ ---	\$ 35,729,063
Construction in Progress	---	2,160,837	---	2,160,837
Vehicles	8,569,464	41,790	---	8,611,254
Equipment	3,537,811	520,048	---	4,057,859
Computers	<u>787,195</u>	<u>28,753</u>	<u>(17,771)</u>	<u>798,177</u>
Total at Historical Cost	<u>48,573,127</u>	<u>2,801,834</u>	<u>(17,771)</u>	<u>51,357,190</u>

See independent auditors' report.

**NORTH METRO FIRE RESCUE DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

4. Capital Assets (Continued)

Less Accumulated

Depreciation for:

Buildings/Improvements	(12,297,684)	(1,315,200)	---	(13,612,884)
Vehicles	(3,918,051)	(526,353)	4,441	(4,439,963)
Equipment	(2,400,857)	(268,899)	---	(2,669,756)
Computers	<u>(539,276)</u>	<u>(99,743)</u>	<u>17,751</u>	<u>(621,268)</u>
Total Accumulated Depreciation	<u>(19,155,868)</u>	<u>(2,210,195)</u>	<u>22,192</u>	<u>(21,343,871)</u>
Governmental Activities Capital Assets, Net of Accum. Depreciation	\$ <u>29,417,259</u>	\$ <u>591,639</u>	\$ <u>4,421</u>	\$ <u>30,013,319</u>

Depreciation expense for the year ended December 31, 2017 was \$2,210,195.

5. Lease Purchase Agreement

On January 24, 2003, North Metro Fire Rescue Capital Finance Corporation was created. On January 1, 2003 the District entered into a Lease Purchase Agreement with the Corporation. The District conveys title to certain fire trucks and equipment of the District to the Corporation. The District then leases back the fire trucks and equipment from the corporation. The lease expenditure incurred by the General Fund and the lease revenue for the Corporation was \$619,163 for 2017. As the Corporation is reflected as a blended unit, all fixed assets owned by both the District and the Corporation are reflected in the General Fixed Asset account group. The Corporation then issued \$9,540,000 of Certificates of Participation (see Note 6) using the above noted real and personal property as collateral for the debt issued. This debt was refunded on August 1, 2010 and again on November 20, 2015 (see Note 6).

On September 1, 2010 the District entered into a Lease Purchase Agreement with UMB Bank. The District conveys title to two Fire Stations to UMB Bank. The District then leases back the Fire Stations from UMB Bank. The transactions related to the Certificates of Participation were recorded in the Capital Finance Corporation for 2011. The District made the first payment to UMB Bank on February 1, 2011. The 2003 Certificates of Participation were refunded in the amount of \$7,785,000 on August 1, 2010 using the above noted real property as collateral for the debt issued (see Note 6).

See independent auditors' report.

**NORTH METRO FIRE RESCUE DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

6. Long-Term Debt

The District has the authority to issue revenue obligations from the net revenue of District facilities, to enter into obligations, which do not extend beyond the current fiscal year and to incur certain other obligations. As of December 31, 2017, the District had no such outstanding financial obligations.

General Obligation Bonds Series 2015

On October 28, 2015, the District issued \$20,010,000 in General Obligation Bonds, Series 2015. The interest is payable at 2.15% semi-annually on June 1 and December 1 each year, commencing June 1, 2016 through December 1, 2025. The net proceeds of \$19,991,962 (net of costs of issuance of \$118,038) were restricted to repay the general obligation bonds, Series 2006 and 2009.

Certificates of Participation Series 2015

On November 20, 2015, the District issued \$6,790,000 in Certificates of Participation, Series 2015. Interest is payable at 2.61% semi-annually on February 1 and August 1 each year, commencing on February 1, 2016 through August 1, 2028. The net proceeds of \$6,712,764 (net of costs of issuance of \$77,236) were restricted for repayment of the Certificates of Participation, Series 2010.

Bond "Rebate Amount"

In relation to the issuance of the General Obligation Bonds, Section 148(f) of the Internal Revenue Code requires the calculation and payment of a Rebate Amount to the United States of America. This rebate amount is calculated as the excess of the amount earned on the investment of Gross Proceeds in Non-purpose Investments over the amount that would have been earned on such investments had the amount so invested been invested at a rate equal to the Bond Yield, together with any income attributable to such excess. Therefore, the rebate amount for the District will be the difference between the coupon rate paid on the General Obligation Bonds and interest rate earned on the invested proceeds from the Bonds. The rebate amount is due within 60 days after each Installment Computation Date (last day of the fifth Bond Year and each succeeding fifth bond year).

See independent auditors' report.

**NORTH METRO FIRE RESCUE DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

6. Long-Term Debt (Continued)

Long-term debt activity for the year ended December 31, 2017, was as follows:

Governmental Activities:

	<u>Balance</u> <u>12/31/16</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>12/31/17</u>
Governmental activities:				
Certificates of Participation	\$ 6,295,000	\$ ---	\$ (455,000)	\$ 5,840,000
General Obligation Bonds	19,365,000	---	(1,800,000)	17,565,000
Accrued Absences	<u>3,141,121</u>	<u>203,936</u>	<u>---</u>	<u>3,345,057</u>
Totals at Historical Cost	\$ <u>28,801,121</u>	\$ <u>203,936</u>	\$ <u>(2,255,000)</u>	\$ <u>26,750,057</u>

The amounts due within one year are as follows:

Governmental activities:

Certificates of Participation	\$ 465,000
General Obligation Bonds	1,880,000
Accrued Absences	<u>3,345,057</u>
Total due within one year	\$ <u>5,690,057</u>

Payments on the general obligation bonds payable are made by the debt service fund. Payments on capital lease obligations are made by the general fund and capital projects fund.

The annual requirements to amortize long-term debt outstanding as of December 31, 2017, including interest payments to maturity, are as follows:

	<u>Principal</u>	<u>Interest</u>
December 31, 2018	\$ 2,345,000	\$ 530,072
2019	2,445,000	477,515
2020	2,540,000	422,739
2021	2,645,000	365,876
2022	2,755,000	306,685
2023 – 2027	10,075,000	617,551
2028	<u>600,000</u>	<u>15,660</u>
Total	\$ <u>23,405,000</u>	\$ <u>2,736,098</u>

See independent auditors' report.

**NORTH METRO FIRE RESCUE DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

7. Restricted and Reserved Fund Equity

Through a resolution of the District's Board of Directors, fund equity has been reserved at December 31, 2017 in accordance with Article X, Section 20 of the Colorado Constitution. The total restricted and reserved fund equity was \$14,738,427 including an emergency TABOR reserve of \$727,171 and an estimate for possible excess TABOR revenues collected.

8. Pension Plans

There are two active or existing pension plans for the District's firefighters (one for full-time salaried employees). The investments for one plan are held by an outside trustee and the plan is administered by a separate trustee. The investments of the other plan are held by the District and administered by the District's Pension Board. In addition, there is a "Money Purchase Pension Plan" for general and administrative personnel, which is administered by a separate trustee. On August 16, 2005, the District's Money Purchase and "new hire" Pension Fund affiliated with the Fire and Police Pension Associations' (FPPA) Fire and Police Members' Benefit Fund under the Colorado Revised Statutes, 31-31-1101 as amended, at which time all plan assets were transferred to FPPA.

Under the FPPA affiliation agreement, the District is responsible for the collection and transmission of all contributions to the local Pension Fund. The FPPA is responsible for the physical safekeeping and investing of such contributions as well as for making the appropriate and legally authorized payments of pension benefits and other expenses of the plan. The District Pension Board is no longer responsible for administering the plan assets of the volunteer pension fund.

As of December 31, 2017, 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>
Old Hire Plan	\$ 2,300,930	\$ 121,947	\$ 138,905
FPPA Statewide Plan	763,830	3,328,783	34,504
FPPA Hybrid Plan	<u>(91,959)</u>	<u>68,990</u>	<u>6,290</u>
Total	\$ <u>2,972,801</u>	\$ <u>3,519,720</u>	\$ <u>179,699</u>

See independent auditors' report.

**NORTH METRO FIRE RESCUE DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

8. Pension Plans (Continued)

As of December 31, 2017, 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	\$ 1,549,037
Difference between actual and expected experience	642,299
Changes in assumptions	461,657
Changes in allocation percentages	9,519
Contributions received after measurement date	<u>857,208</u>
Total deferred outflows of resources	<u>\$3,519,720</u>

Deferred inflows of resources:

Difference between actual and projected experience	\$ 33,699
Difference between actual and projected investment earnings	138,905
Changes in allocation percentages	<u>7,095</u>
Total deferred inflows of resources	<u>\$ 179,699</u>

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

December 31, 2018	\$ 1,685,786
2019	781,165
2020	276,956
2021	110,178
2022	146,080
Thereafter	<u>339,856</u>
Total	<u>\$ 3,340,021</u>

A. Paid Firefighters (Old Hire)

This plan is a District Plan established by resolution of the District. Firefighters hired prior to April 8, 1978, who elected not to change to the "State Plan", are covered by the District Plan. Assets are held and invested by the District Pension Board. Investments in this plan are rated BA or higher.

See independent auditors' report.

**NORTH METRO FIRE RESCUE DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

8. Pension Plans (Continued)

A. Paid Firefighters (Old Hire) (Continued)

Members attaining the age of 50 years and who have 10 years or more of credited service may retire. Upon retirement a member is eligible for a monthly pension based on his monthly salary at the date of his retirement. The minimum number of years of service to receive benefits is ten, with the participant receiving 25% of his monthly salary at retirement. The monthly percentage is 2.5% for each additional year over ten, up to a maximum of 75% at 30 or more years of service. The plan is closed to new participants.

Total covered payroll for this plan for 2017 was \$0. In 2017, the District contributions were \$263,000 towards meeting the unfunded liability.

An actuarial valuation is performed every two years to determine the pension benefit obligation. The latest available actuarial valuation was performed as of December 31, 2017. This is also the measurement date. The following assumptions were used in computing the pension benefit obligation for this plan:

- (1) Rate of return on investments and discount rate 6.5%
- (2) Actuarial Method - Entry Age Normal.
- (3) Amortization Method - Level amount closed.
 Remaining period: 10 years.
- (4) Mortality: RP-2014 for Blue Collar Employees.
- (5) Projected earnings increases for all ages due to
 inflation and merit or seniority:

<u>Ages</u>	<u>Percent Increase in Earnings</u>		
	<u>Merit</u>	<u>Inflation</u>	<u>Total</u>
All	0%	1.5 %	1.5%

As of December 31, 2017, plan participants are as follows:

Inactive plan members or beneficiaries receiving benefits	10
Inactive plan members entitled, but not yet receiving benefits	---
Active plan members	---
Total plan members	<u>10</u>

See independent auditors' report.

**NORTH METRO FIRE RESCUE DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

8. Pension Plans (Continued)

A. Paid Firefighters (Old Hire) (Continued)

The pension plan expense for 2017 was \$922,646 and the money-weighted rate of return on investments was 14.80%. A change of assumptions was made in 2017 reducing the expected rate of return from 7.5% to 6.5%. The net pension liability is impacted by a change in the discount rate as follows:

	1% Decrease (5.50%)	Current Rate (6.50%)	1% Increase (7.50%)
Net pension liability	\$ 2,739,537	\$ 2,300,930	\$ 1,921,647

Changes in Net Pension Liability for the year ended December 31, 2017:

Total Pension Liability:

Service cost	\$ ---
Interest	305,826
Change in benefit terms	---
Difference between actual and expected experience	206,634
Changes in assumptions	553,818
Benefit payments	<u>(442,539)</u>
Net change in total pension liability	623,739
Total pension liability – beginning	4,298,948
Total pension liability – ending (a)	\$ 4,922,687

Plan Fiduciary Net Position:

Contributions – employer	\$ 263,000
Net investment income	350,256
Benefit payments	(442,539)
Administrative expense	(7,550)
Other	<u>---</u>
Net change in plan fiduciary net position	163,167
Plan fiduciary net position – beginning	2,458,590
Plan fiduciary net position – ending (b)	\$ 2,621,757
Net pension liability – ending (a)-(b)	\$ 2,300,930
Plan fiduciary net position as a percentage of total pension liability	53.26%

See independent auditors' report.

**NORTH METRO FIRE RESCUE DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

8. Pension Plans (Continued)

B. Statewide Defined Benefit Plan

All paid firefighters hired after 1978 and all full time salaried employees participate in the Statewide Defined Benefit Plan.

The District contributes to the Statewide Defined Benefit Plan, 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 System, 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.

Disability and survivor benefits with respect to death and disability are funded by the State and are disbursed by FPPA according to State statute. Participants' contributions are fully refundable with simple interest of 5% upon request or termination of employment. Employer contributions remain with the plan to help provide benefits to remaining participants.

The members who were active on the effective date of entry were offered the right to select one of three options (1) participation in the Statewide Defined Benefit Plan (2) participation in the Statewide Hybrid Plan with the right to select participation in both the Defined Benefit Component and the Money Purchase Component; or (3) participation in the Statewide Hybrid Plan with the right to select participation in only the Money Purchase Component.

See independent auditors' report.

**NORTH METRO FIRE RESCUE DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

8. Pension Plans (Continued)

B. Statewide Defined Benefit Plan (Continued)

Members who were active on the effective date and chose the Statewide Benefit Plan are required by State statute to contribute 11.5% of their salary to the plan and the District matches 10.0%. Members who were active on the effective date and chose the Statewide Hybrid Plan and future members are required by State statute to contribute 9.5% of their salary to the plan and the District matches 8.0%. For the year ended December 31, 2017, covered employees contributed \$1,088,683 on a base salary of \$10,715,100. The District contributed an additional \$857,208 to the plan on covered employees' behalf.

The following is based on an actuarial study completed as of January 1, 2017. The measurement date is December 31, 2016. 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 % of payroll, Open.
 Remaining period: 30 years.
- (4) Mortality: RP-2014 Mortality Tables for Blue Collar Employees.
- (5) Projected earnings increases for all ages due to
 inflation and merit or seniority: 4%-14%

The employer share of net pension liability/(asset) as of December 31, 2016 was \$671,871. The employer portion was 2.66% based on Employer Contributions. The pension expense for 2017 was 1,165,052.

The net pension liability (asset) 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	\$ 301,652,628	\$ 25,248,603	\$ (204,337,426)

See independent auditors' report.

**NORTH METRO FIRE RESCUE DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

9. Deferred Compensation Plan

The District offers a deferred compensation plan, administered by two different companies effective August 2010, which was created in accordance with Internal Revenue Code Section 457. The plan, available to all District employees, permits them to defer a portion of their salary until future years. The District will match a non-probationary employee's contribution toward that individual employee's account. The Plan allows the District up to a maximum of 2% of the employees' base pay. For the year ended December 31, 2017 the District contributed \$123,507 on a base salary of \$6,175,350.

All property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) held in the Deferred Compensation Plan Trusts for exclusive benefit of the participants and their beneficiaries. The District has no ownership interest in the plan nor is the District liable for losses under the deferred compensation plan.

10. Accrued Absences

The personnel policies of the District provide for the accrual of sick leave and unused vacation time. As of December 31, 2017, the total liability for accrued absences is \$3,345,057.

11. 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.

12. Adams County Communications Center, Inc.

The District is a participant in an intergovernmental agreement with Adams County Communications Center, Inc., (ADCOM), for the provision of emergency communication services ("911") throughout Adams County. Communication service fees paid by the District to ADCOM during 2017 were \$324,243.

The Center's financial statements at December 31, 2017, and for the year then ended, are issued under separate cover and are available from the Center.

See independent auditors' report.

**NORTH METRO FIRE RESCUE DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

13. City and County of Broomfield Communications Center

The District is a participant in an intergovernmental agreement with the City and County of Broomfield, for the provision of Fire Services Emergency Communication Services throughout the City and County of Broomfield. Fees paid by the District to Broomfield during 2017 were \$468,139.

14. Waterline Agreements

The District has constructed a waterline to the District's Training Center in order to receive water services from the City and County of Broomfield at a total cost of \$1,385,821.

The development of the project included, with approval of all parties, constructing the waterline on properties of unrelated third parties. The District has entered into three separate reimbursement agreements with these parties. These agreements call for the contracted parties to reimburse the District for construction costs associated with the development/construction of the waterline on their properties as development of their properties occur. The District has also entered into a reimbursement agreement with a local Church who has agreed to reimburse the District \$50,000 of the approximate \$102,000 waterline construction costs. These funds were received in April 2010.

In June 2011, the District and the City and County of Broomfield entered into a reimbursement agreement which will cover the costs incurred by the District for the portions of the Waterline on Broomfield Property. The agreement will allow for the County to reimburse the District the tap fees collected for taps on the waterline constructed by the District.

15. 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.

See independent auditors' report.

**NORTH METRO FIRE RESCUE DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

15. Tax, Spending and Debt Limitations (Continued)

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 levied 14.810 mills for property taxes to be collected in 2017. In November 2014, the voters approved a mill levy increase of 3.5 mills.

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 Emergency Reserves be established. These reserves must be at least 3 percent of Fiscal Year Spending (excluding bonded debt service). Emergency reserves as of December 31, 2017 totaling \$727,171 have been included as a restriction of fund balance in the following funds: General Fund. The District is not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary, or benefit increases.

On May 2, 2000, District voters approved a ballot issue removing the related revenue and spending limitations of the TABOR Amendment without raising the existing mill levy of the District effective January 1, 2000 and continuing thereafter, as may be provided by law, for the purposes of capital construction and general operation purposes.

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.

16. Due to/from Other Funds

As of December 31, 2017, the Ambulance Fund owes the General Fund \$5,970 for member ambulance usage. The Capital Improvements Fund owes the General Fund \$11,106 for capital purchases paid for by the General Fund. In addition, the General Fund owes the Debt Service Fund \$92 for property taxes received by the General Fund.

See independent auditors' report.

**NORTH METRO FIRE RESCUE DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

17. Supplemental Budgets

For the year ended December 31, 2017, the District issued a resolution to appropriate additional funds from existing reserves of the Absence Reserve Fund, Ambulance Membership Fund, and Debt Service Fund totaling \$47,000, \$9,150, and \$1,295, respectively, to account for an increase in costs.

18. Subsequent Events

In accordance with Governmental Accounting Standards Board Statement 62, management has evaluated, through the date the financial statements are issued or are available to be issued, events or transactions that may require recognition or disclosure in the financial statements. The District's financial statements were available to be issued on the date of the Independent Auditors' Report, and this is the date through which subsequent events were evaluated. The District did not identify any subsequent events requiring disclosure.

See independent auditors' report.

**REQUIRED
SUPPLEMENTAL
INFORMATION**

NORTH METRO FIRE RESCUE DISTRICT
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2017

	Original	Budget	Final	General Fund	Absence Reserve	Ambulance Fund	Total	Variance favorable (unfavorable)
Revenues:								
General property taxes	\$ 21,440,980	\$ 21,440,980	\$ 21,440,980	\$ 21,525,012	\$ -	\$ -	\$ 21,525,012	\$ 84,032
Specific ownership taxes	1,500,000	1,500,000	1,500,000	1,840,359	-	-	1,840,359	340,359
Delinquent taxes	20,000	20,000	20,000	13,870	-	-	13,870	(6,130)
Grant Revenue	-	-	-	-	-	-	-	-
Interest income	28,000	28,000	28,000	111,760	1,810	-	113,570	85,570
Unrealized gain (loss) on investments	-	-	-	(2,634)	-	-	(2,634)	(2,634)
Other fees and income	3,504,635	3,504,635	3,504,635	3,868,234	-	71,104	3,939,338	434,703
Total revenues	26,493,615	26,493,615	26,493,615	27,356,601	1,810	71,104	27,429,515	935,900
Expenditures:								
Fire administration	3,637,823	3,684,873	3,684,873	3,189,752	111,775	2,534	3,304,061	380,812
Emergency services	16,213,779	16,222,879	16,222,879	15,956,618	-	81,600	16,038,218	184,661
Fire prevention	980,695	980,695	980,695	922,878	-	-	922,878	57,817
Training	983,744	983,744	983,744	831,762	-	-	831,762	151,982
Vehicle maintenance	691,838	691,838	691,838	614,167	-	-	614,167	77,671
Information technology	460,892	460,892	460,892	416,514	-	-	416,514	44,378
Capital outlay	199,598	199,598	199,598	151,621	-	-	151,621	47,977
Total expenditures/expenses	23,168,369	23,224,519	23,224,519	22,083,312	111,775	84,134	22,279,221	945,298
Excess (deficiency) of revenues over expenditures	3,325,246	3,269,096	3,269,096	5,273,289	(109,965)	(13,030)	5,150,294	1,881,198
Other financing sources/uses:								
Transfers from (to) other funds	(4,223,000)	(4,223,000)	(4,223,000)	(4,440,000)	220,000	20,000	(4,200,000)	23,000
Total other sources:	(4,223,000)	(4,223,000)	(4,223,000)	(4,440,000)	220,000	20,000	(4,200,000)	23,000
Excess (deficiency) of revenues and other financing sources over expenditures	(897,754)	(953,904)	(953,904)	833,289	110,035	6,970	950,294	1,904,198
Fund balance/net position, beginning of year	8,129,491	8,129,491	8,129,491	8,053,767	84,998	(9,274)	8,129,491	-
Fund balance/net position, end of year	7,231,737	7,175,587	7,175,587	8,887,056	195,033	(2,304)	9,079,785	1,904,198

See independent auditors' report.
The accompanying notes on pages 10 to 33 are an integral part of the financial statements.

**NORTH METRO FIRE RESCUE DISTRICT
HISTORICAL INFORMATION
"OLD HIRE" FIREFIGHTERS PENSION PLAN
DECEMBER 31, 2017
(Unaudited)**

Year	Total Pension Liability	Plan Net Position	Net Pension Liability	Net Position as a % of Total Liability	Money-weighted Rate of Return
2008	\$ 5,778,259	\$ 4,558,675	\$ 919,584	78.89%	
2010	4,652,648	3,064,425	1,588,223	65.86%	
2012	4,580,379	2,920,504	1,659,875	63.76%	
2014	4,434,905	2,763,887	1,671,018	62.32%	5.27%
2015	4,418,610	2,482,751	1,935,859	56.19%	-3.67%
2016	4,298,948	2,458,590	1,840,358	57.19%	7.50%
2017	4,922,687	2,621,757	2,300,930	53.26%	14.80%

Year	Actuarially Determined Contribution	Actual Contribution	Contribution Shortfall
2008	\$ 155,935	\$ 216,331	\$ (60,396)
2009	155,935	206,072	(50,137)
2010	362,610	200,000	162,610
2011	362,610	200,000	162,610
2012	304,521	100,000	204,521
2013	304,521	100,000	204,521
2014	353,957	100,000	253,957
2015	353,957	250,000	103,957
2016	282,011	250,000	32,011
2017	282,011	263,000	19,011

See independent auditors' report.
The accompanying notes on pages 10 to 33 are an
integral part of the financial statements.

**NORTH METRO FIRE RESCUE DISTRICT
HISTORICAL INFORMATION
"OLD HIRE" FIREFIGHTERS PENSION PLAN
DECEMBER 31, 2017
(Unaudited)**

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Change in Net Pension Liability:			
Total Pension Liability:			
Service Cost	\$ -	\$ -	\$ -
Interest	305,826	315,092	308,892
Change in Benefit Terms	-	-	128,697
Difference Between Actual and Expected Experience	206,634	-	73,509
Change in Assumptions	553,818	-	-
Benefit Payments	<u>(442,539)</u>	<u>(434,754)</u>	<u>(422,091)</u>
Net Change in Total Pension Liability	623,739	(119,662)	89,007
Total Pension Liability - Beginning	4,298,948	4,418,610	4,329,603
Total Pension Liability - Ending	\$ 4,922,687	\$ 4,298,948	\$ 4,418,610
 Plan Fiduciary Net Position:			
Contributions - Employer	\$ 263,000	\$ 250,000	\$ 250,000
Net Investment Income	350,256	179,575	(98,071)
Benefit Payments	(442,539)	(434,754)	(422,091)
Administrative Expenses	(7,550)	(18,982)	(10,975)
Other	-	-	-
Net Change in Plan Fiduciary Net Position	<u>163,167</u>	<u>(24,161)</u>	<u>(281,137)</u>
Plan Fiduciary Net Position - Beginning	2,458,590	2,482,751	2,763,888
Plan Fiduciary Net Position - Ending	2,621,757	2,458,590	2,482,751
Net Pension Liability - Ending	\$ 2,300,930	\$ 1,840,358	\$ 1,935,859
Plan Fiduciary Net Position as a % of Total Pension Liability	53.26%	57.19%	56.19%

See independent auditors' report.
The accompanying notes on pages 10 to 33 are an
integral part of the financial statements.

**NORTH METRO FIRE RESCUE DISTRICT
HISTORICAL INFORMATION
FPPA DEFINED BENEFIT PENSION PLAN
DECEMBER 31, 2017
(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	2.03%	\$ (2,428,023)	\$ 11,540,738	-21.04%	106.80%
2016	0.97%	(119,601)	12,473,675	-0.96%	100.10%
2017	2.66%	671,871	10,715,100	6.27%	98.21%

Year	Required Employer Contribution	Contributions in Relation to Required	Contribution Shortfall	Employer's Covered Payroll	Contributions as a % of Covered Payroll
2015	\$ 923,259	\$ 923,259	\$ -	\$ 11,540,738	8.00%
2016	997,894	997,894	-	12,473,675	8.00%
2017	857,208	857,208	-	10,715,100	8.00%

See independent auditors' report.
The accompanying notes on pages 10 to 33 are an
integral part of the financial statements.

**OTHER SUPPLEMENTAL
INFORMATION**

NORTH METRO FIRE RESCUE DISTRICT
 CAPITAL IMPROVEMENTS FUND AND NORTH METRO FIRE RESCUE
 DEBT SERVICE FUND - CERTIFICATES OF PARTICIPATION
 STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 FOR THE YEAR ENDED DECEMBER 31, 2017

	Original	Budget	Final	Capital Improvements Fund	Debt Service Fund - Certificates of Participation	Total	Variance favorable (unfavorable)
Revenues:							
Interest income	\$ 19,600	\$ 19,600	\$ 19,600	\$ 26,540	\$ 510	\$ 27,050	\$ 7,450
Unrealized gain (loss) on investments	-	-	-	5,110	-	5,110	5,110
Other income	719,300	719,300	719,300	29,944	619,163	649,107	(70,193)
Total revenues	738,900	738,900	738,900	61,594	619,673	681,267	(57,633)
Expenditures:							
Administration	125	125	125	-	63	63	62
Retirement of long-term debt	619,300	619,300	619,300	-	619,300	619,300	-
Cost of issuance	-	-	-	-	-	-	-
Capital outlay	4,680,245	4,680,245	4,680,245	2,983,229	-	2,983,229	1,697,016
Total expenditures/expenses	5,299,670	5,299,670	5,299,670	2,983,229	619,363	3,602,592	1,697,078
Excess (deficiency) of revenues over expenditures	(4,560,770)	(4,560,770)	(4,560,770)	(2,921,635)	310	(2,921,325)	1,639,445
Other financing sources/uses:							
Proceeds from refunding	-	-	-	-	-	-	-
Transfers from (to) other funds	4,200,000	4,200,000	4,200,000	4,200,000	-	4,200,000	-
Total other sources:	4,200,000	4,200,000	4,200,000	4,200,000	-	4,200,000	-
Excess (deficiency) of revenues and other financing sources over expenditures	(360,770)	(360,770)	(360,770)	1,278,365	310	1,278,675	1,639,445
Fund balance, beginning of year	4,045,030	4,045,030	4,045,030	4,044,257	773	4,045,030	-
Fund balance, end of year	\$ 3,684,260	\$ 3,684,260	\$ 3,684,260	\$ 5,322,622	\$ 1,083	\$ 5,323,705	\$ 1,639,445

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NORTH METRO FIRE RESCUE DISTRICT
DEBT SERVICE FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEARS ENDED DECEMBER 31, 2017

	Budget		Actual	Variance favorable (unfavorable)
	Original	Final		
Revenues:				
Property taxes	\$ 2,296,672	\$ 2,296,672	\$ 2,294,207	\$ (2,465)
Delinquent taxes	-	-	-	-
Interest income	2,000	2,000	18,058	16,058
Unrealized gain (loss) on investments	-	-	(6,839)	(6,839)
Total revenues	<u>2,298,672</u>	<u>2,298,672</u>	<u>2,305,426</u>	<u>6,754</u>
Expenditures:				
Administration	36,450	37,745	37,516	229
Bond principal & interest	2,216,348	2,216,348	2,216,347	1
Cost of issuance	-	-	-	-
Amortization of bond premium	-	-	-	-
Total expenditures/expenses	<u>2,252,798</u>	<u>2,254,093</u>	<u>2,253,863</u>	<u>230</u>
Excess (deficiency) of revenues over expenditures	45,874	44,579	51,563	6,984
Other financing sources/uses:				
Proceeds from refunding	-	-	-	-
Transfers from (to) other funds	-	-	-	-
Total other sources:	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and and other financing sources over expenditures	45,874	44,579	51,563	6,984
Fund balance, beginning of year	<u>283,374</u>	<u>283,374</u>	<u>283,374</u>	<u>-</u>
Fund balance, end of year	<u>\$ 329,248</u>	<u>\$ 327,953</u>	<u>\$ 334,937</u>	<u>\$ 6,984</u>

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