

**NORTH METRO FIRE RESCUE DISTRICT**

**BASIC FINANCIAL STATEMENTS  
And INDEPENDENT AUDITORS' REPORT**

**DECEMBER 31, 2019**

**NORTH METRO FIRE RESCUE DISTRICT  
TABLE OF CONTENTS**

|  | <u>Page</u>    |
|--|----------------|
| <b>Independent Auditors' Report</b>  | <b>1</b>       |
| <b>Management's Discussion and Analysis</b>  | <b>2 - 8</b>   |
| <b>Statement of Net Position and Governmental Funds<br/>Balance Sheet</b>  | <b>9</b>       |
| <b>Reconciliation of the Governmental Funds Balance<br/>Sheet to the Statement of Net Position</b>   | <b>10</b>      |
| <b>Statement of Activities and Governmental Funds<br/>Revenue, Expenditures and Changes in Fund Balance</b>  | <b>11</b>      |
| <b>Reconciliation of the Statement of Revenue,<br/>Expenditures and Changes in Fund Balance - Governmental<br/>Funds to the Statement of Activities</b>                                      | <b>12</b>      |
| <b>Statement of Fiduciary Net Position</b>   | <b>13</b>      |
| <b>Statement of Changes in Fiduciary Net Position -<br/>Budget and Actual - Pension Trust Fund</b>   | <b>14</b>      |
| <b>Statement of Changes in Fiduciary Net Position -<br/>Budget and Actual – Private Purpose Trust</b>  | <b>15</b>      |
| <b>Statement of Changes in Fiduciary Net Position -<br/>Budget and Actual – Community Foundation Fund</b>  | <b>16</b>      |
| <b>Notes to Financial Statements</b>   | <b>17 - 41</b> |
| <b>Required Supplemental Information:</b>  |                |
| <b>General Fund - Statement of Revenues, Expenditures<br/>    and Changes in Fund Balance - Budget and Actual</b>  | <b>42</b>      |
| <b>“Old Hire” Pension Plan Historical Information</b>  | <b>43 – 44</b> |
| <b>FPPA Defined Benefit Pension Plan Historical Information</b>  | <b>45</b>      |
| <b>Other Supplemental Information:</b>   |                |
| <b>Capital Improvements Fund and Debt Service Fund – Certificates of<br/>    Participation - Statement of Revenues, Expenditures and Changes<br/>    in Fund Balance - Budget and Actual</b> | <b>46</b>      |

**NORTH METRO FIRE RESCUE DISTRICT  
TABLE OF CONTENTS (Continued)**

|  | <u>Page</u>  |
|--|--------------|
| <b>Debt Service Fund – Statement of Revenues, Expenditures<br/>and Changes in Fund Balance – Budget and Actual</b> | <b>47</b>    |
| <b>Schedule of Expenditures of Federal Awards and Accompanying Notes</b>   | <b>48-49</b> |
| <b>Other Required Reports:</b>   |              |
| <b>Other Required Reports</b>  | <b>50-51</b> |
| <b>Schedule of Findings and Questioned Costs</b>   | <b>52-54</b> |

**FEIS & COMPANY, P.C.**

*CERTIFIED PUBLIC ACCOUNTANTS*  
193 SOUTH 27TH AVENUE, SUITE 100  
BRIGHTON, COLORADO 80601-2662  
(303) 659-1200 • FAX (303) 659-1204

MEMBER OF  
AMERICAN INSTITUTE OF CPAs  
COLORADO SOCIETY OF CPAs

ROBERT R. FEIS, CPA

**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, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

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

**Auditors' Responsibility**

Our responsibility is to express 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the North Metro Fire Rescue District, as of December 31, 2019, 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 2 through 8 and 42 through 45 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 opinions on the financial statements that collectively comprise the District's basic financial statements. The other supplementary information on pages 46 and 49 is presented for purposes of additional analysis and is not a required part of the financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements and Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic 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.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 18, 2020, on our consideration of North Metro Fire Rescue District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*Fis : Co., P.C.*

CERTIFIED PUBLIC ACCOUNTANTS  
Brighton, CO

May 18, 2020

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

This report is for the North Metro Fire Rescue District for the year ending December 31, 2019. The Management Discussion and Analysis ("M D & A") is designed to provide an overview of the financial activities of the District during 2019 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 eight funds:

- General Fund
- Old Hire Firefighter Pension Fund (for fire personnel hired before February 1977)
- Ambulance Membership Fund
- Absence Reserve Fund
- Private Purpose Trust 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) \$33,786,726
- Of this amount \$21,984,972 may be used to meet the government's ongoing obligations to the citizens and creditors.
- The government's total net position increased by \$6,647,542
- As of the close of the current fiscal year, the North Metro Fire Protection District's governmental funds reported combined ending fund balances of \$22,432,155, an increase of \$4,178,306 from current year activities.
- At the end of the current fiscal year, committed fund balance for the general fund is \$8,338,142 or 30% of total general fund expenditures budgeted for 2020.
- The District made principal payments of \$2,445,000 on the 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 \$33,786,726 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 2019**

The table below shows the condensed comparison of revenues, expenses and District's Net Position as of December 31, 2017, 2018 and 2019.

|                                   | 2017          | 2018          | 2019          |
|-----------------------------------|---------------|---------------|---------------|
| Current and other assets          | \$ 45,063,876 | \$ 51,124,301 | \$ 63,709,897 |
| Capital assets                    | 30,013,319    | 30,592,442    | 30,416,754    |
| Total assets                      | \$ 75,077,195 | \$ 81,716,743 | \$ 94,126,651 |
| Long-term liabilities outstanding | \$ 21,060,000 | \$ 18,615,000 | \$ 16,075,000 |
| Deferred Property Taxes           | 26,308,990    | 26,617,716    | 31,708,474    |
| Other liabilities                 | 10,003,829    | 9,344,843     | 12,556,451    |
| Total liabilities                 | \$ 57,372,819 | \$ 54,577,559 | \$ 60,339,925 |
| <b>Net position:</b>              |               |               |               |
| Invested in Capital Assets        | \$ 6,608,319  | \$ 9,532,442  | \$ 11,801,754 |
| Restricted                        | 11,096,057    | 17,606,742    | 21,984,972    |
| Unrestricted                      | -             | -             | -             |
| Total Net position                | \$ 17,704,376 | \$ 27,139,184 | \$ 33,786,726 |

**Financial Efforts of 2019 (continued)**

|                                | 2017                 | 2018                 | 2019                 |
|--------------------------------|----------------------|----------------------|----------------------|
| <b>Revenues:</b>               |                      |                      |                      |
| General Property Taxes         | \$ 23,819,219        | \$ 26,313,815        | \$ 26,601,491        |
| Specific Ownership Taxes       | 1,840,359            | 1,977,337            | 1,956,069            |
| Delinquent Interest & Taxes    | 13,870               | 28,940               | 11,260               |
| Grant Revenue                  | 29,944               | 160,407              | 279,099              |
| Investment earnings            | 158,678              | 321,991              | 491,027              |
| Sale of fixed assets           | 4,421                | -                    | (200)                |
| Unrealized gain (loss)         | (4,363)              | 1,898                | 18,489               |
| Other Revenues                 | 4,558,501            | 4,803,265            | 5,578,540            |
| <b>Total</b>                   | <b>\$ 30,420,629</b> | <b>\$ 33,607,653</b> | <b>\$ 34,935,775</b> |
| <b>Expenses:</b>               |                      |                      |                      |
| Fire Protection – Operations   | \$ 24,102,115        | \$ 21,372,510        | \$ 25,541,378        |
| Depreciation                   | 2,210,195            | 2,344,047            | 2,343,437            |
| Debt Service                   | 507,117              | 456,288              | 403,418              |
| <b>Total Expenses</b>          | <b>\$ 26,819,427</b> | <b>\$ 24,172,845</b> | <b>\$ 28,288,233</b> |
| <b>Changes in Net Position</b> | <b>\$ 3,601,202</b>  | <b>\$ 9,434,808</b>  | <b>\$ 6,647,542</b>  |

**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 2019 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 the outside of Station 62 which was completed in 2019
- Replacement of all mobile radios
- Replacement of bunker gear
- Replacement of extrication equipment
- Purchase of one new fire engine
- Staff vehicles purchases

Capital assets are classified as follows (net of depreciation) as of December 31, 2017, 2018 and 2019:

|                          | 2017                | 2018                | 2019                |
|--------------------------|---------------------|---------------------|---------------------|
| Land/Buildings           | \$22,116,178        | \$23,855,817        | \$22,468,006        |
| Construction in Progress | 2,160,837           | 89,715              | 394,522             |
| Vehicles                 | 4,171,292           | 5,255,552           | 6,056,306           |
| Equipment                | 1,388,104           | 1,221,552           | 1,409,991           |
| Computers                | 176,908             | 169,806             | 87,929              |
| Total assets             | <u>\$30,013,319</u> | <u>\$30,592,442</u> | <u>\$30,416,754</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, 2019, the Fire District had an outstanding balance for the Certificates of Participation Series 2015 of \$4,895,000.

#### **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, 2019, the Fire District had an outstanding balance in its' General Obligation Bonds Series 2015 of \$13,720,000.

### **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, 2019.

#### **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 2019 budget year, the 2020 budget year reflects a 7.3% 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 **2019** reflects general property tax revenue of \$23,987,132 (based on an assessed valuation for the District of \$1,808,512,157 and a mill levy of 13.226 mills) with a total general fund budget for fund transfers and expenditures of \$30,752,509 in 2019.
- The District’s budget for **2020** reflects general property tax revenue of \$28,556,341 (based on an assessed valuation for the District of \$2,162,073,821 and a mill levy of 13.226 mills) with a total general fund budget for fund transfers and expenditures of \$36,663,807 in 2020.

#### **Summary**

The North Metro Fire Rescue District successfully placed into operation or completed all project or program efforts funded with the 2019 annual budget.

LCW 050820

NORTH METRO FIRE RESCUE DISTRICT  
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET  
DECEMBER 31, 2019

|   | General<br>Fund      | Other<br>Funds       | Total                | Adjustments<br>(Page 3) | Statement of<br>Net Position |
|---|----------------------|----------------------|----------------------|-------------------------|------------------------------|
| <b><u>Assets and deferred outflows of resources</u></b>                   |                      |                      |                      |                         |                              |
| Assets:   |                      |                      |                      |                         |                              |
| Cash (Note 3)   | \$ 9,581,444         | \$ 11,864,581        | \$ 21,446,025        | \$ -                    | \$ 21,446,025                |
| Property tax receivable   | 162,775              | -                    | 162,775              | -                       | 162,775                      |
| Accrued property taxes  | 28,556,863           | 3,151,611            | 31,708,474           | -                       | 31,708,474                   |
| Other receivables   | 465,304              | 110,537              | 575,841              | -                       | 575,841                      |
| Prepaid expenses  | 761,375              | 21,321               | 782,696              | -                       | 782,696                      |
| Inventory   | 85,300               | -                    | 85,300               | -                       | 85,300                       |
| Capital assets, net of<br>accumulated depreciation                        | -                    | -                    | -                    | 30,416,754              | 30,416,754                   |
| Due from fiduciary funds  | 35,427               | -                    | 35,427               | -                       | 35,427                       |
| Due from other funds  | 4,922                | -                    | 4,922                | (4,922)                 | -                            |
| <b>Total assets</b>   | <b>39,653,410</b>    | <b>15,148,050</b>    | <b>54,801,460</b>    | <b>30,411,832</b>       | <b>85,213,292</b>            |
| Deferred outflows of resources:   |                      |                      |                      |                         |                              |
| Deferred outflow - Pensions   | -                    | -                    | -                    | 8,913,359               | 8,913,359                    |
| <b>Total deferred outflows of resources</b>                               | <b>-</b>             | <b>-</b>             | <b>-</b>             | <b>8,913,359</b>        | <b>8,913,359</b>             |
| <b>Total assets and deferred outflows of resources</b>                    | <b>\$ 39,653,410</b> | <b>\$ 15,148,050</b> | <b>\$ 54,801,460</b> | <b>\$ 39,325,191</b>    | <b>\$ 94,126,651</b>         |
| <b><u>Liabilities and deferred inflows of resources</u></b>               |                      |                      |                      |                         |                              |
| Liabilities:  |                      |                      |                      |                         |                              |
| Accounts payable  | \$ 167,592           | \$ 426,112           | \$ 593,704           | \$ -                    | \$ 593,704                   |
| Accrued interest payable  | -                    | -                    | -                    | 77,815                  | 77,815                       |
| Due to other funds  | -                    | 4,922                | 4,922                | (4,922)                 | -                            |
| Long-term liabilities:  |                      |                      |                      |                         |                              |
| Due within one year   | -                    | -                    | -                    | 2,540,000               | 2,540,000                    |
| Due after one year  | -                    | -                    | -                    | 16,075,000              | 16,075,000                   |
| Unamortized bond premium  | -                    | -                    | -                    | 438,838                 | 438,838                      |
| Net Pension Liability   | -                    | -                    | -                    | 3,679,601               | 3,679,601                    |
| Unearned revenue  | 62,205               | -                    | 62,205               | -                       | 62,205                       |
| Accrued absences payable (Note 10)  | -                    | -                    | -                    | 3,755,673               | 3,755,673                    |
| <b>Total liabilities</b>  | <b>229,797</b>       | <b>431,034</b>       | <b>660,831</b>       | <b>26,562,005</b>       | <b>27,222,836</b>            |
| Deferred inflows of resources:  |                      |                      |                      |                         |                              |
| Deferred inflow - Pensions  | -                    | -                    | -                    | 1,408,615               | 1,408,615                    |
| Deferred property taxes   | 28,556,863           | 3,151,611            | 31,708,474           | -                       | 31,708,474                   |
| <b>Total deferred inflows of resources</b>                                | <b>28,556,863</b>    | <b>3,151,611</b>     | <b>31,708,474</b>    | <b>1,408,615</b>        | <b>33,117,089</b>            |
| <b>Total liabilities and deferred inflows of resources</b>                | <b>28,786,660</b>    | <b>3,582,645</b>     | <b>32,369,305</b>    | <b>27,970,620</b>       | <b>60,339,925</b>            |
| <b><u>Fund Balances/Net Position</u></b>                                  |                      |                      |                      |                         |                              |
| Fund balances:  |                      |                      |                      |                         |                              |
| Nonspendable  | 846,675              | 21,321               | 867,996              | (867,996)               | -                            |
| Restricted  | -                    | -                    | -                    | -                       | -                            |
| Committed   | 8,338,142            | 10,614,811           | 18,952,953           | (18,952,953)            | -                            |
| Assigned  | 1,681,933            | 929,273              | 2,611,206            | (2,611,206)             | -                            |
| Unassigned  | -                    | -                    | -                    | -                       | -                            |
| <b>Total fund balance/net position</b>                                    | <b>10,866,750</b>    | <b>11,565,405</b>    | <b>22,432,155</b>    | <b>(22,432,155)</b>     | <b>-</b>                     |
| <b>Total liabilities, deferred inflows of resources, and fund balance</b> | <b>\$ 39,653,410</b> | <b>\$ 15,148,050</b> | <b>\$ 54,801,460</b> |                         |                              |
| Net position:   |                      |                      |                      |                         |                              |
| Net investment in capital assets  |                      |                      |                      | 11,362,916              | 11,362,916                   |
| Restricted  |                      |                      |                      | 22,423,810              | 22,423,810                   |
| <b>Total net position</b>   |                      |                      |                      | <b>\$ 33,786,726</b>    | <b>\$ 33,786,726</b>         |

See independent auditors' report.  
The accompanying notes on pages 17 to 41 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, 2019**

|   |                                    |
|---|------------------------------------|
| <b>Fund balance per Statement of Net Position</b>   | <b>\$ 22,432,155</b>               |
| <b>Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund balance sheet</b>  | <b>30,416,754</b>                  |
| <b>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</b> | <b>3,825,143</b>                   |
| <b>Some liabilities, including compensated absences, are not due and payable in the current period and therefore are not reported in the balance sheet</b>                        | <b><u>(22,887,326)</u></b>         |
| <b>Net position per Statement of Net Position</b>   | <b><u><u>\$ 33,786,726</u></u></b> |

**See independent auditors' report.  
The accompanying notes on pages 17 to 41 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, 2019**

|   | General<br>Fund      | Other<br>Funds       | Total                | Adjustments<br>(Page 5) | Statement of<br>Activities |
|---|----------------------|----------------------|----------------------|-------------------------|----------------------------|
| <b>Revenues:</b>  |                      |                      |                      |                         |                            |
| General property taxes  | \$ 23,988,627        | \$ 2,612,864         | \$ 26,601,491        | \$ -                    | \$ 26,601,491              |
| Specific ownership taxes  | 1,956,069            | -                    | 1,956,069            | -                       | 1,956,069                  |
| Delinquent interest and taxes   | 11,260               | -                    | 11,260               | -                       | 11,260                     |
| Grant revenue   | -                    | 279,099              | 279,099              | -                       | 279,099                    |
| Sales of assets   | -                    | -                    | -                    | (200)                   | (200)                      |
| Investment earnings   | 239,428              | 251,599              | 491,027              | -                       | 491,027                    |
| Unrealized gain (loss)<br>on investments  | 3,005                | 15,484               | 18,489               | -                       | 18,489                     |
| Other revenues  | 4,958,932            | 619,608              | 5,578,540            | -                       | 5,578,540                  |
| <b>Total revenues</b>   | <u>31,157,321</u>    | <u>3,778,654</u>     | <u>34,935,975</u>    | <u>(200)</u>            | <u>34,935,775</u>          |
| <b>Expenditures/expenses:</b>   |                      |                      |                      |                         |                            |
| <b>Fire protection:</b>   |                      |                      |                      |                         |                            |
| Administration  | 3,758,391            | 41,044               | 3,799,435            | (125,827)               | 3,673,608                  |
| Emergency services  | 18,075,580           | -                    | 18,075,580           | 471,140                 | 18,546,720                 |
| Fire prevention   | 1,123,439            | -                    | 1,123,439            | -                       | 1,123,439                  |
| Training  | 1,161,130            | -                    | 1,161,130            | -                       | 1,161,130                  |
| Vehicle maintenance   | 557,372              | -                    | 557,372              | -                       | 557,372                    |
| Information technology  | 479,109              | -                    | 479,109              | -                       | 479,109                    |
| Depreciation  | -                    | -                    | -                    | 2,343,437               | 2,343,437                  |
| Capital outlay  | 80,129               | 2,558,960            | 2,639,089            | (2,639,089)             | -                          |
| <b>Debt service:</b>  |                      |                      |                      |                         |                            |
| Principal   | -                    | 2,445,000            | 2,445,000            | (2,445,000)             | -                          |
| Interest  | -                    | 477,515              | 477,515              | (8,740)                 | 468,775                    |
| Cost of issuance  | -                    | -                    | -                    | -                       | -                          |
| Amortization of<br>bond premium   | -                    | -                    | -                    | (65,357)                | (65,357)                   |
| <b>Total expenditures/<br/>expenses</b>   | <u>25,235,150</u>    | <u>5,522,519</u>     | <u>30,757,669</u>    | <u>(2,469,436)</u>      | <u>28,288,233</u>          |
| <b>Excess (deficiency) of revenues<br/>over expenditures</b>  | <b>5,922,171</b>     | <b>(1,743,865)</b>   | <b>4,178,306</b>     | <b>2,469,236</b>        | <b>6,647,542</b>           |
| <b>Other financing sources/uses:</b>  |                      |                      |                      |                         |                            |
| Proceeds from refundings  | -                    | -                    | -                    | -                       | -                          |
| Transfers-internal activities   | (4,590,000)          | 4,590,000            | -                    | -                       | -                          |
| <b>Total other financing sources/uses</b>   | <u>(4,590,000)</u>   | <u>4,590,000</u>     | <u>-</u>             | <u>-</u>                | <u>-</u>                   |
| <b>Excess (deficiency) of revenues<br/>and transfers in over<br/>expenditures and transfers out</b> | <b>1,332,171</b>     | <b>2,846,135</b>     | <b>4,178,306</b>     | <b>(4,178,306)</b>      | <b>-</b>                   |
| <b>Change in net position</b>   | <b>-</b>             | <b>-</b>             | <b>-</b>             | <b>6,647,542</b>        | <b>6,647,542</b>           |
| <b>Fund balance/net position,<br/>beginning of year</b>   | <u>9,534,579</u>     | <u>8,719,270</u>     | <u>18,253,849</u>    | <u>8,885,335</u>        | <u>27,139,184</u>          |
| <b>Fund balance/net position, end<br/>of year</b>   | <u>\$ 10,866,750</u> | <u>\$ 11,565,405</u> | <u>\$ 22,432,155</u> | <u>\$ 11,354,571</u>    | <u>\$ 33,786,726</u>       |

See independent auditors' report.  
The accompanying notes on pages 17 to 41 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, 2019

|   |                     |
|---|---------------------|
| Excess (deficiency) of revenues and transfers in over expenditures and transfers out - governmental funds and other funds   | \$ 4,178,306        |
| <br>  |                     |
| 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   | (90,560)            |
| Adjustment for pension assets and liabilities   | 216,387             |
| <br>  |                     |
| 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)  | 2,167,949           |
| Depreciation  | (2,343,437)         |
| <br>  |                     |
| 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  | (200)               |
| <br>  |                     |
| 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   | 2,445,000           |
| <br>  |                     |
| 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              |
| <br>  |                     |
| 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>8,740</u>        |
| Change in net position  | <u>\$ 6,647,542</u> |

See independent auditors' report.  
The accompanying notes on pages 17 to 41 are an  
Integral part of the financial statements.

**NORTH METRO FIRE RESCUE DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
DECEMBER 31, 2019**

| <u>Assets and deferred outflows of resources</u>                              | Community<br>Foundation<br>Fund | Private Purpose<br>Trust | Old Hire<br>Firefighters<br>Pension<br>Trust Fund | Total               |
|---|---------------------------------|--------------------------|---|---------------------|
| <b>Assets:</b>  |                                 |                          |   |                     |
| Cash  | \$ 13,405                       | \$ 74,067                | \$ 1,679  | \$ 89,151           |
| Investments   | -                               | -                        | 3,017,064   | 3,017,064           |
| Other receivables   | -                               | -                        | -   | -                   |
| Property tax receivable   | -                               | -                        | -   | -                   |
| Accounts receivable   | -                               | -                        | -   | -                   |
| Due from other funds  | -                               | -                        | -   | -                   |
| Prepaid expenses  | -                               | -                        | 32,284  | 32,284              |
| <b>Total assets</b>   | <u>13,405</u>                   | <u>74,067</u>            | <u>3,051,027</u>                                  | <u>3,138,499</u>    |
| <b>Deferred outflows of resources:</b>  | -                               | -                        | -   | -                   |
| <b>Total assets and deferred outflows of resources</b>                        | <u>\$ 13,405</u>                | <u>\$ 74,067</u>         | <u>\$ 3,051,027</u>                               | <u>\$ 3,138,499</u> |
| <br><u>Liabilities and deferred inflows of resources</u>                      |                                 |                          |   |                     |
| <b>Liabilities:</b>   |                                 |                          |   |                     |
| Accounts payable  | \$ -                            | \$ -                     | \$ -  | \$ -                |
| Due to other funds  | 427                             | -                        | 35,000  | 35,427              |
| <b>Total Liabilities</b>  | <u>427</u>                      | <u>-</u>                 | <u>35,000</u>                                     | <u>35,427</u>       |
| <b>Deferred inflows of resources:</b>   |                                 |                          |   |                     |
| Deferred property taxes   | -                               | -                        | -   | -                   |
| <b>Total liabilities and deferred inflows of resources</b>                    | <u>427</u>                      | <u>-</u>                 | <u>35,000</u>                                     | <u>35,427</u>       |
| <br><u>Net Position</u>   |                                 |                          |   |                     |
| <b>Net position - reserved</b>  |                                 |                          |   |                     |
| Reserved for trust expenses   | -                               | 74,067                   | -   | 74,067              |
| Reserved for retirement benefits  | -                               | -                        | 3,016,027   | 3,016,027           |
| Reserved for memorial benefits  | 12,978                          | -                        | -   | 12,978              |
| <b>Total Net Position</b>   | <u>12,978</u>                   | <u>74,067</u>            | <u>3,016,027</u>                                  | <u>3,103,072</u>    |
| <br><b>Total liabilities, deferred inflows of resources, and net position</b> | <u>\$ 13,405</u>                | <u>\$ 74,067</u>         | <u>\$ 3,051,027</u>                               | <u>\$ 3,138,499</u> |

See independent auditors' report.  
The accompanying notes on pages 17 to 41 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, 2019**

|  | Budget       |              | Actual       | Variance-<br>favorable<br>(unfavorable) |
|--|--------------|--------------|--------------|---|
|  | Original     | Final        |              |   |
| <b>Additions:</b>                        |              |              |              |   |
| General property taxes                   | \$ -         | \$ -         | \$ -         | \$ -                                    |
| Specific ownership taxes                 | -            | -            | -            | -                                       |
| Delinquent taxes                         | -            | -            | -            | -                                       |
| Interest income                          | 70,000       | 70,000       | 89,167       | 19,167                                  |
| Contributions                            | 500,000      | 500,000      | 500,000      | -                                       |
| Other income                             | -            | -            | -            | -                                       |
| Total Additions                          | 570,000      | 570,000      | 589,167      | 19,167                                  |
| <b>Deductions:</b>                       |              |              |              |   |
| Administration                           | -            | -            | -            | -                                       |
| Pension benefits                         | 449,563      | 449,563      | 449,563      | -                                       |
| Legal fees                               | 6,000        | 6,000        | -            | 6,000                                   |
| Auditing                                 | 3,600        | 3,600        | 3,600        | -                                       |
| Actuarial                                | -            | -            | -            | -                                       |
| Treasurer's fees                         | -            | -            | -            | -                                       |
| Management fees                          | 20,000       | 20,000       | 19,598       | 402                                     |
| Insurance                                | 4,700        | 4,700        | 4,100        | 600                                     |
| Miscellaneous                            | 200          | 200          | -            | 200                                     |
| Total Deductions                         | 484,063      | 484,063      | 476,861      | 7,202                                   |
| <b>Other Additions (Deductions):</b>     |              |              |              |   |
| Unrealized gain (loss) on<br>investments | -            | -            | 397,913      | 397,913                                 |
| Changes in plan net position             | 85,937       | 85,937       | 510,219      | 424,282                                 |
| Net position, beginning of year          | 2,505,808    | 2,505,808    | 2,505,808    | -                                       |
| Net position, end of year                | \$ 2,591,745 | \$ 2,591,745 | \$ 3,016,027 | \$ 424,282                              |

See independent auditors' report.  
The accompanying notes on pages 17 to 41 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, 2019

|  | Budget           |                  | <u>Actual</u>    | Variance-<br>favorable<br>(unfavorable) |
|--|------------------|------------------|------------------|---|
|  | <u>Original</u>  | <u>Final</u>     |                  |   |
| <b>Additions:</b>                      |                  |                  |                  |   |
| Interest income                        | \$ 150           | \$ 150           | \$ 358           | \$ 208                                  |
| Grant revenue                          | -                | -                | -                | -                                       |
| Other revenue                          | <u>137,553</u>   | <u>137,553</u>   | <u>137,553</u>   | -                                       |
| <b>Total Additions</b>                 | <u>137,703</u>   | <u>137,703</u>   | <u>137,911</u>   | <u>208</u>                              |
| <b>Deductions:</b>                     |                  |                  |                  |   |
| Administration                         | 2,000            | 2,000            | 1,500            | 500                                     |
| Expenditures                           | <u>135,352</u>   | <u>135,352</u>   | <u>135,353</u>   | <u>(1)</u>                              |
| <b>Total Deductions</b>                | <u>137,352</u>   | <u>137,352</u>   | <u>136,853</u>   | <u>499</u>                              |
| <b>Changes in plan net position</b>    | 351              | 351              | 1,058            | 707                                     |
| <b>Net position, beginning of year</b> | <u>73,009</u>    | <u>73,009</u>    | <u>73,009</u>    | -                                       |
| <b>Net position, end of year</b>       | <u>\$ 73,360</u> | <u>\$ 73,360</u> | <u>\$ 74,067</u> | <u>\$ 707</u>                           |

See independent auditors' report.  
The accompanying notes on pages 17 to 41 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, 2019**

| <b>Additions:</b>                | <b>Budget<br/>Original<br/>&amp; Final</b> | <b>Actual</b>    | <b>Variance<br/>favorable<br/>(unfavorable)</b> |
|----------------------------------|--|------------------|---|
| Sales revenue                    | \$ -                                       | \$ -             | \$ -  |
| Interest income                  | -  | -                | -   |
| Donation revenue                 | 30,287                                     | 30,287           | -   |
| Grant revenue                    | -  | -                | -   |
| Other revenue                    | -  | -                | -   |
| <b>Total Additions</b>           | <u>30,287</u>                              | <u>30,287</u>    | <u>-</u>  |
| <b>Deductions:</b>               |  |                  |   |
| Administration                   | -  | -                | -   |
| Miscellaneous                    | 24,734                                     | 24,734           | -   |
| <b>Total Deductions</b>          | <u>24,734</u>                              | <u>24,734</u>    | <u>-</u>  |
| <br>Changes in fund net position | <br>5,553                                  | <br>5,553        | <br>-   |
| Net position, beginning of year  | <u>7,425</u>                               | <u>7,425</u>     | <u>-</u>  |
| Net position, end of year        | <u>\$ 12,978</u>                           | <u>\$ 12,978</u> | <u>\$ -</u>                                     |

See independent auditors' report.  
The accompanying notes on pages 17 to 41 are an  
integral part of the financial statements.

**NORTH METRO FIRE RESCUE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**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, 2019**

**1. Summary of Significant Accounting Policies (Continued)**

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

The following funds were used by the District during 2019:

**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, 2019**

**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 a community project which addresses emergency needs of Broomfield Police and North Metro Fire employees killed or injured in the line of duty. This fund is accounted for in the same manner as other fiduciary 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, 2019**

**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, 2019**

**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 fair value or net asset value in all 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, 2019.

**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, 2019**

**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, 2019**

**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 \$8,338,142 in the General Fund for subsequent year expenditures and \$10,614,811 in the Capital Improvements Fund for future capital expenditures. Assigned fund balances consist of \$2,528,608 in the General Fund for future needs of the District and \$950,594 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:

See independent auditors' report.

**NORTH METRO FIRE RESCUE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**2. Reporting Entity (Continued)**

**Blended Component Units**

**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.

**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 | \$ 21,446,025    |
| Total Cash Fiduciary Funds       | 89,151           |
| Trust Investment                 | <u>3,017,064</u> |

|  |                      |
|--|----------------------|
| Total Cash Deposits and Investments (Book Balance) | <u>\$ 24,552,240</u> |
|--|----------------------|

**Footnote**

|                                       |                  |
|---------------------------------------|------------------|
| Total Cash and Short-term Investments | \$ 21,535,176    |
| Trust Investments                     | <u>3,017,064</u> |

|  |                      |
|--|----------------------|
| Total Cash Deposits and Investments (Footnote) | <u>\$ 24,552,240</u> |
|--|----------------------|

See independent auditors' report.

**NORTH METRO FIRE RESCUE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**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, 2019, the District had cash balances with maturities less than one year stated at cost as follows:

|   |    |                       |
|---|----|-----------------------|
| Insured (Category 1)                            | \$ | 669,384               |
| Deposits/short-term investments                 |    |                       |
| Collateralized in single institutional pool (s) |    | <u>20,864,442</u>     |
| <br>Total Cash Deposits                         |    | <br>21,533,826        |
| <br>Cash on hand                                |    | <br><u>1,350</u>      |
| <br>Total Cash                                  | \$ | <br><u>21,535,176</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, 2019**

**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, 2019, all investments are considered category 1.

|                          | <u>Carrying<br/>Amount</u> | <u>Fair<br/>Value</u> | <u>Credit<br/>Ratings</u> |
|--------------------------|----------------------------|-----------------------|---------------------------|
| <b>Investments:</b>      |                            |                       |                           |
| <b>Pension Trust</b>     | \$ <u>3,017,064</u>        | \$ <u>3,017,064</u>   | BBB-AA                    |
| <b>Total Investments</b> | \$ <u>3,017,064</u>        | \$ <u>3,017,064</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, 2019**

**3. 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.**

**4. Fair Value Measurements**

The carrying amounts reported in the statement of financial position for cash and cash equivalents, accounts receivable, accounts payable and accrued expenses approximate fair value because of the immediate or short term maturities of these financial instruments.

In accordance with Statement of Financial Accounting Standards Codification 820, *Fair Value Measurements*, the Organization's investments are measured at fair value using a hierarchal disclosure framework which prioritizes and ranks the level of market price observability used. Market price observability is impacted by a number of factors, including the type of investment and the characteristics specific to the investment. Investments with readily available active quoted prices or for which fair value can be measured from actively quoted prices generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value.

Investments measured and reported at fair value are classified and disclosed in one of the following categories:

Level 1- Quoted prices are available in active markets for identical investments as of the reporting date. The types of investments included in Level 1 include mutual funds, listed equities, listed derivatives, cash, and cash equivalents.

Level 2- Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies. Investments which are generally included in this category include corporate and government bonds, less liquid and restricted equity securities, certain over-the-counter derivatives, and money market funds.

See independent auditors' report.

**NORTH METRO FIRE RESCUE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**4. Fair Value Measurements (Continued)**

Level 3- Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment or estimation. Investments that are included in this category generally include limited partnership interests in corporate private equity and real estate funds, funds of hedge funds, and distressed debt.

In certain cases, the inputs used to measure fair value may fall in to different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

**5. 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, 2019 was as follows:

|                                 | <u>Balance</u><br><u>12/31/18</u> | <u>Additions</u>        | <u>Deletions &amp;</u><br><u>Adjustments</u> | <u>Balance</u><br><u>12/31/19</u> |
|---------------------------------|-----------------------------------|-------------------------|--|-----------------------------------|
| <b>Governmental activities:</b> |                                   |                         |  |                                   |
| Buildings/Improvements          | \$ 38,870,294                     | \$ 13,783               | \$ ---                                       | \$ 38,884,077                     |
| Construction in Progress        | 89,715                            | 304,807                 | ---  | 394,522                           |
| Vehicles                        | 10,270,298                        | 1,375,537               | ---  | 11,645,835                        |
| Equipment                       | 4,148,141                         | 451,806                 | (2,900)                                      | 4,597,047                         |
| Computers                       | <u>864,864</u>                    | <u>22,016</u>           | <u>(1,830)</u>                               | <u>885,050</u>                    |
| <b>Total at Historical Cost</b> | <u><b>54,243,312</b></u>          | <u><b>2,167,949</b></u> | <u><b>(4,730)</b></u>                        | <u><b>56,406,531</b></u>          |

See independent auditors' report.

**NORTH METRO FIRE RESCUE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**5. Capital Assets (Continued)**

**Less Accumulated**

**Depreciation for:**

|   |                             |                            |                        |                             |
|---|-----------------------------|----------------------------|------------------------|-----------------------------|
| <b>Buildings/Improvements</b>   | (15,014,477)                | (1,401,594)                | ---                    | (16,416,071)                |
| <b>Vehicles</b>   | (5,014,746)                 | (574,783)                  | ---                    | (5,589,529)                 |
| <b>Equipment</b>  | (2,926,589)                 | (263,367)                  | 2,900                  | (3,187,056)                 |
| <b>Computers</b>  | <u>(695,058)</u>            | <u>(103,693)</u>           | <u>1,630</u>           | <u>(797,121)</u>            |
| <b>Total Accumulated<br/>Depreciation</b>   | <u>(23,650,870)</u>         | <u>(2,343,437)</u>         | <u>4,530</u>           | <u>(25,989,777)</u>         |
| <b>Governmental Activities<br/>Capital Assets, Net of<br/>Accum. Depreciation</b> | <b>\$ <u>30,592,442</u></b> | <b>\$ <u>(175,488)</u></b> | <b>\$ <u>(200)</u></b> | <b>\$ <u>30,416,754</u></b> |

Depreciation expense for the year ended December 31, 2019 was \$2,343,437.

**6. 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 \$619,608 for 2019. As the Corporation is reflected as a part of the District, all fixed assets owned by both the District and the Corporation are reflected in the General Fixed Assets. 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, 2019**

**7. 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, 2019, 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, 2019**

**7. Long-Term Debt (Continued)**

Long-term debt activity for the year ended December 31, 2019, was as follows:

**Governmental Activities:**

|                                  | <u>Balance</u><br><u>12/31/18</u> | <u>Additions</u>        | <u>Retirements</u>           | <u>Balance</u><br><u>12/31/19</u> |
|----------------------------------|-----------------------------------|-------------------------|------------------------------|-----------------------------------|
| <b>Governmental activities:</b>  |                                   |                         |                              |                                   |
| Certificates of Participation    | \$ 5,375,000                      | \$ ---                  | \$ (480,000)                 | \$ 4,895,000                      |
| General Obligation Bonds         | 15,685,000                        | ---                     | (1,965,000)                  | 13,720,000                        |
| Accrued Absences                 | <u>3,665,113</u>                  | <u>90,560</u>           | <u>---</u>                   | <u>3,755,673</u>                  |
| <b>Totals at Historical Cost</b> | <b>\$ <u>24,725,113</u></b>       | <b>\$ <u>90,560</u></b> | <b>\$ <u>(2,445,000)</u></b> | <b>\$ <u>22,370,673</u></b>       |

The amounts due within one year are as follows:

**Governmental activities:**

|                                  |                            |
|----------------------------------|----------------------------|
| Certificates of Participation    | \$ 490,000                 |
| General Obligation Bonds         | 2,050,000                  |
| Accrued Absences                 | <u>3,755,673</u>           |
| <b>Total due within one year</b> | <b>\$ <u>6,295,673</u></b> |

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 debt service fund.

The annual requirements to amortize long-term debt outstanding as of December 31, 2019, including interest payments to maturity, are as follows:

|                   | <u>Principal</u>            | <u>Interest</u>            |
|-------------------|-----------------------------|----------------------------|
| December 31, 2020 | \$ 2,540,000                | \$ 422,739                 |
| 2021              | 2,645,000                   | 365,876                    |
| 2022              | 2,755,000                   | 306,685                    |
| 2023              | 2,860,000                   | 245,084                    |
| 2024              | 2,980,000                   | 181,155                    |
| 2025 - 2028       | <u>4,835,000</u>            | <u>206,973</u>             |
| <b>Total</b>      | <b>\$ <u>18,615,000</u></b> | <b>\$ <u>1,728,512</u></b> |

See independent auditors' report.

**NORTH METRO FIRE RESCUE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**8. Restricted and Reserved Fund Equity**

Through a resolution of the District's Board of Directors, fund equity has been reserved at December 31, 2019 in accordance with Article X, Section 20 of the Colorado Constitution. The total restricted and reserved fund equity was \$18,952,953 including an emergency TABOR reserve of \$833,814 and an estimate for possible excess TABOR revenues collected.

**9. Pension Plans**

There are two active or existing pension plans for the District's firefighters (one for full-time salaried employees and one for old hire 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.

As of December 31, 2019, the assets and liabilities from pension plans are as follows:

|                     | <u>Net Pension<br/>Liability/(Asset)</u> | <u>Deferred Outflows<br/>of Resources</u> | <u>Deferred Inflows<br/>of Resources</u> |
|---------------------|--|---|--|
| Old Hire Plan       | \$ 1,462,195                             | \$ 696,483                                | \$ 311,926                               |
| FPPA Statewide Plan | 2,318,980                                | 8,102,768                                 | 1,082,607                                |
| FPPA Hybrid Plan    | <u>(101,574)</u>                         | <u>114,108</u>                            | <u>14,082</u>                            |
| Total               | \$ <u>3,679,601</u>                      | \$ <u>8,913,359</u>                       | \$ <u>1,408,615</u>                      |

See independent auditors' report.

**NORTH METRO FIRE RESCUE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**9. Pension Plans (Continued)**

As of December 31, 2019, 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 | \$ 2,427,461               |
| Difference between actual and expected experience           | 2,655,642                  |
| Changes in assumptions                                      | 1,981,907                  |
| Changes in allocation percentages                           | 327,822                    |
| Contributions received after measurement date               | <u>1,520,527</u>           |
| <b>Total deferred outflows of resources</b>                 | <b>\$ <u>8,913,359</u></b> |

**Deferred inflows of resources:**

|   |                            |
|---|----------------------------|
| Difference between actual and projected experience          | \$ 20,306                  |
| Difference between actual and projected investment earnings | 1,384,214                  |
| Changes in allocation percentages                           | <u>4,095</u>               |
| <b>Total deferred inflows of resources</b>                  | <b>\$ <u>1,408,615</u></b> |

The balance of deferred outflows that will be recognized as a reduction of the net pension liability is \$1,520,527. Deferred inflows and outflows of resources will be recognized in pension expense in future years as follows:

|                   |                            |
|-------------------|----------------------------|
| December 31, 2020 | \$ 1,025,184               |
| 2021              | 880,146                    |
| 2022              | 1,452,196                  |
| 2023              | 686,258                    |
| 2024              | 659,379                    |
| Thereafter        | <u>1,281,054</u>           |
| <b>Total</b>      | <b>\$ <u>5,984,217</u></b> |

**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, 2019**

**9. 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 2019 was \$0. In 2019, the District contributions were \$500,000 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, 2019. This is also the measurement date of the net pension liability. 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 percentage of payroll, 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, 2019, 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, 2019**

**9. Pension Plans (Continued)**

**A. Paid Firefighters (Old Hire) (Continued)**

The pension plan expense for 2019 was \$16,919 and the money-weighted rate of return on investments was 16.93%. The net pension liability is impacted by a change in the discount rate as follows:

|                       | 1% Decrease<br>(5.50%) | Current Rate<br>(6.50%) | 1% Increase<br>(7.50%) |
|-----------------------|------------------------|-------------------------|------------------------|
| Net pension liability | \$ 1,814,676           | \$ 1,462,195            | \$ 1,153,316           |

**Changes in Net Pension Liability for the year ended December 31, 2019:**

**Total Pension Liability:**

|   |                     |
|---|---------------------|
| Service cost                                      | \$ ---              |
| Interest  | 296,437             |
| Change in benefit terms                           | ---                 |
| Difference between actual and expected experience | 100,349             |
| Changes in assumptions                            | (254,348)           |
| Benefit payments                                  | <u>(449,563)</u>    |
| Net change in total pension liability             | (307,125)           |
| Total pension liability – beginning               | <u>4,785,347</u>    |
| Total pension liability – ending (a)              | \$ <u>4,478,222</u> |

**Plan Fiduciary Net Position:**

|   |                     |
|---|---------------------|
| Contributions – employer                  | \$ 500,000          |
| Net investment income                     | 467,482             |
| Benefit payments                          | (449,563)           |
| Administrative expense                    | (7,700)             |
| Other                                     | ---                 |
| Net change in plan fiduciary net position | <u>510,219</u>      |
| Plan fiduciary net position – beginning   | <u>2,505,808</u>    |
| Plan fiduciary net position – ending (b)  | \$ <u>3,016,027</u> |
| Net pension liability – ending (a)-(b)    | \$ <u>1,462,195</u> |

Plan fiduciary net position as a percentage of total pension liability 67.35%

See independent auditors' report.

**NORTH METRO FIRE RESCUE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**9. 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, 2019**

**9. 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 12.5% 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 10.5% of their salary to the plan and the District matches 8.0%. For the year ended December 31, 2019, covered employees contributed \$1,323,587 on a base salary of \$12,605,588. The District contributed an additional \$1,008,447 to the plan on covered employees' behalf.

The following is based on an actuarial study completed as of January 1, 2019. The measurement date is December 31, 2018. The following assumptions were used in computing the pension benefit obligation for this plan:

- (1) Rate of return on investments and discount rate      7.0%
- (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:      4.25%-11.25%

The employer share of net pension liability/(asset) as of December 31, 2018 was \$2,318,980. The employer portion was 1.83% based on Employer Contributions. This is a decrease from the prior year when the percentage was 2.11%. The pension expense for 2018 was \$254,004

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

|                       | 1% Decrease<br>(6.00%) | Current Rate<br>(7.00%) | 1% Increase<br>(8.00%) |
|-----------------------|------------------------|-------------------------|------------------------|
| Net pension liability | \$ 490,270,474         | \$ 126,427,453          | \$ (175,373,752)       |

See independent auditors' report.

**NORTH METRO FIRE RESCUE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**10. 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, 2019 the District contributed \$160,150 on a base salary of \$8,007,500.

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.

**11. Accrued Absences**

The personnel policies of the District provide for the accrual of sick leave and unused vacation time. As of December 31, 2019, the total liability for accrued absences is \$3,755,673.

**12. 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.

**13. 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 2019 were \$338,927.

The Center's financial statements at December 31, 2019, 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, 2019**

**14. 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 2019 were \$529,046.

**15. 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.

**16. 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, 2019**

**16. 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 14.730 mills for property taxes to be collected in 2019. 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, 2019 totaling \$833,814 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.

See independent auditors' report.

**NORTH METRO FIRE RESCUE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**17. Due to/from Other Funds**

As of December 31, 2019, the Pension Fund owes the General Fund \$35,000 for member benefits. The Community Foundation owes the General Fund \$457 for operation costs. The Ambulance Fund owes the General Fund \$4,303 for member ambulance usage. The Absence Reserve Fund owes the General Fund \$38,410 for benefits paid. The Capital Improvements Fund owes the General Fund \$5,132 for capital expenditures. In addition, the General Fund owes the Debt Service Fund \$210 for property taxes received by the General Fund.

**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 identified the following subsequent event requiring disclosure.

The COVID-19 outbreak, which was declared a worldwide pandemic on March 11, 2020 by the World Health Organization ("WHO"), has caused business disruption in a variety of industries, markets, and geographic regions. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration. The extent to which the District's operational and financial performance will be affected is also uncertain. Therefore, while the District expects this matter to negatively impact their results of operations and financial position, the related financial impact cannot be reasonably estimated at this time.

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, 2019

|  | Budget             | General            | Absence           | Ambulance        | Total                | Variance                   |
|--|--------------------|--------------------|-------------------|------------------|----------------------|----------------------------|
|  | Original           | Final              | Reserve           | Fund             |                      | favorable<br>(unfavorable) |
| <b>Revenues:</b>   |                    |                    |                   |                  |                      |                            |
| General property taxes   | \$ 23,987,132      | \$ 23,987,132      | \$ -              | \$ -             | \$ 23,988,627        | \$ 1,495                   |
| Specific ownership taxes   | 1,800,000          | 1,800,000          | -                 | -                | 1,956,069            | 156,069                    |
| Delinquent taxes   | 20,000             | 20,000             | -                 | -                | 11,260               | (8,740)                    |
| Grant Revenue  | -                  | -                  | -                 | -                | -                    | -                          |
| Interest income  | 105,000            | 105,000            | 8,964             | -                | 239,428              | 134,428                    |
| Unrealized gain (loss)<br>on investments   | -                  | -                  | -                 | -                | 3,005                | 3,005                      |
| Other fees and income  | 4,069,569          | 4,069,569          | -                 | 69,631           | 4,958,932            | 889,363                    |
| <b>Total revenues</b>  | <b>29,981,701</b>  | <b>29,981,701</b>  | <b>8,964</b>      | <b>69,631</b>    | <b>31,157,321</b>    | <b>1,175,620</b>           |
| <b>Expenditures:</b>   |                    |                    |                   |                  |                      |                            |
| Fire administration  | 4,117,108          | 4,117,108          | 195,410           | 1,974            | 3,758,391            | 358,717                    |
| Emergency services   | 18,519,346         | 18,519,346         | -                 | 70,692           | 18,075,580           | 443,766                    |
| Fire prevention  | 1,117,685          | 1,117,685          | -                 | -                | 1,123,439            | (5,754)                    |
| Training   | 1,260,789          | 1,260,789          | -                 | -                | 1,161,130            | 99,659                     |
| Vehicle maintenance  | 568,034            | 568,034            | -                 | -                | 557,372              | 10,662                     |
| Information technology   | 517,166            | 517,166            | -                 | -                | 479,109              | 38,057                     |
| Capital outlay   | 91,431             | 91,431             | -                 | -                | 80,129               | 11,302                     |
| <b>Total expenditures/expenses</b>   | <b>26,191,559</b>  | <b>26,191,559</b>  | <b>195,410</b>    | <b>72,666</b>    | <b>25,235,150</b>    | <b>956,409</b>             |
| <b>Excess (deficiency) of revenues<br/>over expenditures</b>                                     | <b>3,790,142</b>   | <b>3,790,142</b>   | <b>(186,446)</b>  | <b>(3,035)</b>   | <b>5,922,171</b>     | <b>2,132,029</b>           |
| <b>Other financing sources/uses:</b>   |                    |                    |                   |                  |                      |                            |
| Transfers from (to) other funds  | (4,590,000)        | (4,590,000)        | 220,000           | 25,000           | (4,590,000)          | -                          |
| <b>Total other sources:</b>  | <b>(4,590,000)</b> | <b>(4,590,000)</b> | <b>220,000</b>    | <b>25,000</b>    | <b>(4,590,000)</b>   | <b>-</b>                   |
| <b>Excess (deficiency) of revenues and<br/>and other financing sources over<br/>expenditures</b> | <b>(799,858)</b>   | <b>(799,858)</b>   | <b>33,554</b>     | <b>21,965</b>    | <b>1,332,171</b>     | <b>2,132,029</b>           |
| <b>Fund balance/net position, beginning<br/>of year</b>  | <b>9,534,579</b>   | <b>9,534,579</b>   | <b>368,012</b>    | <b>(10,956)</b>  | <b>9,534,579</b>     | <b>-</b>                   |
| <b>Fund balance/net position, end of year \$</b>   | <b>8,734,721</b>   | <b>8,734,721</b>   | <b>\$ 401,566</b> | <b>\$ 11,009</b> | <b>\$ 10,866,750</b> | <b>\$ 2,132,029</b>        |

See independent auditors' report.  
The accompanying notes on pages 17 to 41 are an  
integral part of the financial statements.

**NORTH METRO FIRE RESCUE DISTRICT  
HISTORICAL INFORMATION  
"OLD HIRE" FIREFIGHTERS PENSION PLAN  
DECEMBER 31, 2019**

| <b>Year</b> | <b>Total Pension Liability</b> | <b>Plan Net Position</b> | <b>Net Pension Liability</b> | <b>Net Position as a % of Total Liability</b> | <b>Money-weighted Rate of Return</b> |
|-------------|--------------------------------|--------------------------|------------------------------|---|--------------------------------------|
| 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%  | -3.74%                               |
| 2016        | 4,298,948                      | 2,458,590                | 1,840,358                    | 57.19%  | 7.27%                                |
| 2017        | 4,922,687                      | 2,621,757                | 2,300,930                    | 53.26%  | 13.79%                               |
| 2018        | 4,785,347                      | 2,505,808                | 2,279,539                    | 52.36%  | -6.08%                               |
| 2019        | 4,478,222                      | 3,016,027                | 1,462,195                    | 67.35%  | 16.93%                               |

| <b>Year</b> | <b>Actuarially Determined Contribution</b> | <b>Actual Contribution</b> | <b>Contribution Shortfall (Excess)</b> |
|-------------|--|----------------------------|--|
| 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                                 |
| 2018        | 323,149                                    | 500,000                    | (176,851)                              |
| 2019        | 323,149                                    | 500,000                    | (176,851)                              |

\* These schedules are to be built prospectively until it contains ten years of data.

See independent auditors' report.  
The accompanying notes on pages 17 to 41 are an  
integral part of the financial statements.

NORTH METRO FIRE RESCUE DISTRICT  
HISTORICAL INFORMATION  
"OLD HIRE" FIREFIGHTERS PENSION PLAN  
DECEMBER 31, 2019

|   | 2019         | 2018         | 2017         | 2016         | 2015         |
|---|--------------|--------------|--------------|--------------|--------------|
| Change in Net Pension Liability:                              |              |              |              |              |              |
| Total Pension Liability:                                      |              |              |              |              |              |
| Service Cost  | \$ 296,437   | \$ 305,580   | \$ 305,826   | \$ 315,092   | \$ 308,892   |
| Interest  | -            | -            | -            | -            | 128,697      |
| Change in Benefit Terms                                       | 100,349      | -            | 206,634      | -            | 73,509       |
| Difference Between Actual and Expected Experience             | (254,348)    | -            | 553,818      | -            | -            |
| Change in Assumptions   | (449,563)    | (442,920)    | (442,539)    | (434,754)    | (422,091)    |
| Benefit Payments  | (307,125)    | (137,340)    | 623,739      | (119,662)    | 89,007       |
| Net Change in Total Pension Liability                         | 4,785,347    | 4,922,687    | 4,298,948    | 4,418,610    | 4,329,603    |
| Total Pension Liability - Beginning                           | 4,478,222    | 4,785,347    | 4,922,687    | 4,298,948    | 4,418,610    |
| Total Pension Liability - Ending                              | \$ 500,000   | \$ 500,000   | \$ 263,000   | \$ 250,000   | \$ 250,000   |
| Plan Fiduciary Net Position:                                  |              |              |              |              |              |
| Contributions - Employer                                      | 467,482      | (155,765)    | 350,256      | 179,575      | (98,071)     |
| Net Investment Income   | (449,563)    | (442,920)    | (442,539)    | (434,754)    | (422,091)    |
| Benefit Payments  | (7,700)      | (17,264)     | (7,550)      | (18,982)     | (10,975)     |
| Administrative Expenses                                       | -            | -            | -            | -            | -            |
| Other   | 510,219      | (115,949)    | 163,167      | (24,161)     | (281,137)    |
| Net Change in Plan Fiduciary Net Position                     | 2,505,808    | 2,621,757    | 2,458,590    | 2,482,751    | 2,763,888    |
| Plan Fiduciary Net Position - Beginning                       | 3,016,027    | 2,505,808    | 2,621,757    | 2,458,590    | 2,482,751    |
| Plan Fiduciary Net Position - Ending                          | \$ 1,462,195 | \$ 2,279,539 | \$ 2,300,930 | \$ 1,840,358 | \$ 1,935,859 |
| Plan Fiduciary Net Position as a % of Total Pension Liability | 67.35%       | 52.36%       | 53.26%       | 57.19%       | 56.19%       |

\* This schedule is to be built prospectively until it contains ten years of data.

See independent auditors' report.  
The accompanying notes on pages 17 to 41 are an  
integral part of the financial statements.

**NORTH METRO FIRE RESCUE DISTRICT  
HISTORICAL INFORMATION  
FPPA DEFINED BENEFIT PENSION PLAN  
DECEMBER 31, 2019**

| <b>Year</b> | <b>Employer's<br/>Portion of Net<br/>Pension<br/>Liability<br/>(Asset)</b> | <b>Employer's<br/>Proportionate<br/>Share of Net<br/>Pension Liability<br/>(Asset)</b> | <b>Employer's<br/>Covered Payroll</b> | <b>Net Pension<br/>Liability as a %<br/>of Covered<br/>Payroll</b> | <b>Plan Fiduciary<br/>Net Position as<br/>a % of Total<br/>Pension<br/>Liability</b> |
|-------------|--|--|---------------------------------------|--|--|
| 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%   |
| 2018        | 1.93%  | (3,179,774)  | 12,433,372                            | -25.57%  | 106.30%  |
| 2019        | 1.83%  | 2,318,980  | 12,605,588                            | 18.40%   | 95.20%   |

| <b>Year</b> | <b>Required<br/>Employer<br/>Contribution</b> | <b>Contributions<br/>in Relation to<br/>Required</b> | <b>Contribution<br/>Shortfall</b> | <b>Employer's<br/>Covered Payroll</b> | <b>Contributions<br/>as a % of<br/>Covered<br/>Payroll</b> |
|-------------|---|--|-----------------------------------|---------------------------------------|--|
| 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%  |
| 2018        | 994,670                                       | 994,670  | -                                 | 12,433,372                            | 8.00%  |
| 2019        | 1,008,447                                     | 1,008,447  | -                                 | 12,605,588                            | 8.00%  |

\* These schedules are to be built prospectively until it contains ten years of data.

See independent auditors' report.  
The accompanying notes on pages 17 to 41 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, 2019

|   | Budget       |              | Capital<br>Improvements<br>Fund | Debt Service<br>Fund -<br>Certificates of<br>Participation | Total         | Variance<br>favorable<br>(unfavorable) |
|---|--------------|--------------|---------------------------------|--|---------------|--|
|   | Original     | Final        |                                 |  |               |  |
| <b>Revenues:</b>  |              |              |                                 |  |               |  |
| Interest income   | \$ 33,350    | \$ 33,350    | \$ 211,145                      | \$ 580   | \$ 211,725    | \$ 178,375                             |
| Grant revenue   | 325,000      | 325,000      | 279,099                         | -  | 279,099       | (45,901)                               |
| Unrealized gain (loss)<br>on investments  | -            | -            | 12,913                          | -  | 12,913        | 12,913                                 |
| Other income  | 620,288      | 620,288      | -                               | 619,608  | 619,608       | (680)                                  |
| Total revenues  | 978,638      | 978,638      | 503,157                         | 620,188  | 1,123,345     | 144,707                                |
| <b>Expenditures:</b>  |              |              |                                 |  |               |  |
| Administration  | 125          | 125          | -                               | 42   | 42            | 83                                     |
| Retirement of long-term debt  | 620,288      | 620,288      | -                               | 620,288  | 620,288       | -                                      |
| Cost of issuance  | -            | -            | -                               | -  | -             | -                                      |
| Capital outlay  | 6,137,500    | 6,137,500    | 2,558,960                       | -  | 2,558,960     | 3,578,540                              |
| Total expenditures/expenses   | 6,757,913    | 6,757,913    | 2,558,960                       | 620,330  | 3,179,290     | 3,578,623                              |
| Excess (deficiency) of revenues<br>over expenditures                                    | (5,779,275)  | (5,779,275)  | (2,055,803)                     | (142)  | (2,055,945)   | 3,723,330                              |
| <b>Other financing sources/uses:</b>  |              |              |                                 |  |               |  |
| Proceeds from refunding   | -            | -            | -                               | -  | -             | -                                      |
| Transfers from (to) other funds   | 4,590,000    | 4,590,000    | 4,590,000                       | -  | 4,590,000     | -                                      |
| Total other sources:  | 4,590,000    | 4,590,000    | 4,590,000                       | -  | 4,590,000     | -                                      |
| Excess (deficiency) of revenues and<br>and other financing sources over<br>expenditures | (1,189,275)  | (1,189,275)  | 2,534,197                       | (142)  | 2,534,055     | 3,723,330                              |
| Fund balance, beginning<br>of year  | 8,081,846    | 8,081,846    | 8,080,614                       | 1,232  | 8,081,846     | -                                      |
| Fund balance, end of year   | \$ 6,892,571 | \$ 6,892,571 | \$ 10,614,811                   | \$ 1,090   | \$ 10,615,901 | \$ 3,723,330                           |

See independent auditors' report.  
 The accompanying notes on pages 17 to 41 are an  
 integral part of the financial statements.

NORTH METRO FIRE RESCUE DISTRICT  
DEBT SERVICE FUND  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2019

|   | Budget            |                   | Actual            | Variance<br>favorable<br>(unfavorable) |
|---|-------------------|-------------------|-------------------|--|
|   | Original          | Final             |                   |  |
| <b>Revenues:</b>  |                   |                   |                   |  |
| Property taxes  | \$ 2,616,494      | \$ 2,616,494      | \$ 2,612,864      | \$ (3,630)                             |
| Delinquent taxes  | -                 | -                 | -                 | -                                      |
| Interest income   | 20,000            | 20,000            | 39,874            | 19,874                                 |
| Unrealized gain (loss)<br>on investments  | -                 | -                 | 2,571             | 2,571                                  |
| Total revenues  | <u>2,636,494</u>  | <u>2,636,494</u>  | <u>2,655,309</u>  | <u>18,815</u>                          |
| <b>Expenditures:</b>  |                   |                   |                   |  |
| Administration  | 41,247            | 41,247            | 41,002            | 245                                    |
| Bond principal & interest   | 2,302,228         | 2,302,228         | 2,302,227         | 1                                      |
| Cost of issuance  | -                 | -                 | -                 | -                                      |
| Amortization of bond premium  | -                 | -                 | -                 | -                                      |
| Total expenditures/expenses   | <u>2,343,475</u>  | <u>2,343,475</u>  | <u>2,343,229</u>  | <u>246</u>                             |
| Excess (deficiency) of revenues<br>over expenditures                                    | 293,019           | 293,019           | 312,080           | 19,061                                 |
| <b>Other financing sources/uses:</b>  |                   |                   |                   |  |
| Proceeds from refunding   | -                 | -                 | -                 | -                                      |
| Transfers from (to) other funds   | -                 | -                 | -                 | -                                      |
| Total other sources:  | <u>-</u>          | <u>-</u>          | <u>-</u>          | <u>-</u>                               |
| Excess (deficiency) of revenues and<br>and other financing sources over<br>expenditures | 293,019           | 293,019           | 312,080           | 19,061                                 |
| Fund balance, beginning of year   | <u>637,424</u>    | <u>637,424</u>    | <u>637,424</u>    | <u>-</u>                               |
| Fund balance, end of year   | <u>\$ 930,443</u> | <u>\$ 930,443</u> | <u>\$ 949,504</u> | <u>\$ 19,061</u>                       |

See independent auditors' report.  
The accompanying notes on pages 17 to 41 are an  
integral part of the financial statements.

**NORTH METRO FIRE RESCUE DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

| <b>Federal Grantor/Pass-through Grantor/Program or Cluster Title</b> | <b>Federal CFDA Number</b> | <b>Pass-through Entity Identifying Number</b> | <b>Federal Expenditures</b> |
|--|----------------------------|---|-----------------------------|
| U.S. Department of Health & Human Services                           |                            |   |                             |
| State of Colorado: Medical Assistance Program                        | 93.778                     | N/A   | \$ 890,132                  |
| <b>Total U.S. Department of Health &amp; Human Services</b>          |                            |   | <b>\$ 890,132</b>           |

See accompanying notes to schedule of expenditures of federal awards on page 49.

**NORTH METRO FIRE RESCUE DISTRICT  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**NOTE A—BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the North Metro Fire Rescue District under programs of the federal government for the year ended December 31, 2019. The information in this Schedule is presented in accordance with the requirements of 2 CFR, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the North Metro Fire Rescue District, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the North Metro Fire Rescue District.

**NOTE B—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

(1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in 2 CFR, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Additional funds for expenditures incurred in 2019 may be received in future years, but the amount of reimbursement is not determinable at this time and has not been accrued.

(2) Pass-through entity identifying numbers are presented where available.

**NOTE C—SUBRECIPIENTS**

Of the federal expenditures presented in the schedule, North Metro Fire Rescue District has not provided federal awards to subrecipients.

**NOTE D—INDIRECT COST RATE**

The North Metro Fire Rescue District did not elect to use the 10% de minimis cost rate allowed under the Uniform Guidance.

**OTHER REQUIRED  
REPORTS**

FEIS & COMPANY, P.C.

---

CERTIFIED PUBLIC ACCOUNTANTS  
193 SOUTH 27TH AVENUE, SUITE 100  
BRIGHTON, COLORADO 80601-2662  
(303) 659-1200 • FAX (303) 659-1204

MEMBER OF  
AMERICAN INSTITUTE OF CPAs  
COLORADO SOCIETY OF CPAs

ROBERT R. FEIS, CPA

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED  
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS***

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the North Metro Fire Rescue District, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated May 18, 2020.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies.

Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Leis & Co., P.C.*

**CERTIFIED PUBLIC ACCOUNTANTS**

Brighton, Colorado

May 18, 2020

FEIS & COMPANY, P.C.

CERTIFIED PUBLIC ACCOUNTANTS  
193 SOUTH 27TH AVENUE, SUITE 100  
BRIGHTON, COLORADO 80601-2662  
(303) 659-1200 • FAX (303) 659-1204

MEMBER OF  
AMERICAN INSTITUTE OF CPAs  
COLORADO SOCIETY OF CPAs

ROBERT R. FEIS, CPA

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY  
THE UNIFORM GUIDANCE**

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

**Report on Compliance for Each Major Federal Program**

We have audited the North Metro Fire Rescue District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended December 31, 2019. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

**Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

### Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2019.

### Report on Internal Control over Compliance

Management of the District, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Leis & Co., P.C.*

**CERTIFIED PUBLIC ACCOUNTANTS**

**Brighton, Colorado**

**May 18, 2020**



**NORTH METRO FIRE RESCUE DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR YEAR ENDED DECEMBER 31, 2019**

**Section I—Summary of Auditor's Results (Continued)**

*Federal Awards (Continued)*

7. The District's major program was:

| Federal Grantor/Pass-through<br>Grantor/Program or Cluster Title | Federal CFDA<br>Number |
|--|------------------------|
| U.S. Department of Health & Human Services                       |                        |
| State of Colorado: Medical Assistance<br>Program                 | 93.778                 |

8. Dollar threshold used to distinguish  
between type A and type B programs:

\$ 750,000

9. Auditee qualified as low-risk auditee?

Yes       No

**Section II—Financial Statement Findings**

| Reference<br>Number | Finding                           | Questioned<br>Costs |
|---------------------|-----------------------------------|---------------------|
|                     | No material matters are reported. |                     |

**NORTH METRO FIRE RESCUE DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR YEAR ENDED DECEMBER 31, 2019**

**Section III—Federal Award Findings and Questioned Costs**

| <b>Reference<br/>Number</b> | <b>Finding</b>                           | <b>Questioned<br/>Costs</b> |
|-----------------------------|--|-----------------------------|
|                             | <b>No material matters are reported.</b> |                             |