

**NORTH METRO FIRE RESCUE DISTRICT**

**BASIC FINANCIAL STATEMENTS**

**DECEMBER 31, 2014**

**NORTH METRO FIRE RESCUE DISTRICT**

**TABLE OF CONTENTS**

	<u>Page</u>
<b>Management’s Discussion and Analysis</b>	i - vii
<b>Independent Auditors' Report</b>	1
<b>Statement of Net Position and Governmental Funds Balance Sheet</b>	2
<b>Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position</b>	3
<b>Statement of Activities and Governmental Funds Revenue, Expenditures and Changes in Fund Balance</b>	4
<b>Reconciliation of the Statement of Revenue, Expenditures and Changes in Fund Balance - Governmental Funds to the Statement of Activities</b>	5
<b>Statement of Fiduciary Net Position</b>	6
<b>Statement of Changes in Fiduciary Net Position - Budget and Actual - Pension Trust Fund</b>	7
<b>Statement of Changes in Fiduciary Net Position - Budget and Actual – Private Purpose Trust</b>	8
<b>Statement of Changes in Fiduciary Net Position - Budget and Actual – Community Foundation Fund</b>	9
<b>Notes to Financial Statements</b>	10 - 32
<b>Required Supplemental Information:</b>	
<b>General Fund - Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual</b>	33
<b>Other Supplemental Information:</b>	
<b>Capital Project Funds and Debt Service Fund – Certificates of Participation - Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual</b>	34
<b>Debt Service Fund – Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual</b>	35
<b>“Old Hire” Pension Plan Historical Information</b>	36

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

This report is for the North Metro Fire Rescue District for the year ending December 31, 2014. The Management Discussion and Analysis (M D & A) is designed to provide an overview of the financial activities of the District during 2014 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 six funds:

- General Fund
- Old Hire Firefighter Pension Fund (for fire personnel hired before February 1977)
- Ambulance Membership Fund
- Debt Service Fund (which is used to accumulate property taxes levied to repay 2006 and 2009 General Obligation Bond issuances)
- Debt Service Fund – Certificates of Participation (which is used to account for the payment of the Certificates of Participation Series 2010)
- Long-term Capital Projects 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.

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.

## **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 assets presents information on all of the District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets 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 assets have changed during the past year. All changes in net assets 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 assets may serve over time as a useful indicator of a government’s financial position. In the case of the District, assets exceeded liabilities by \$5,289,360 at the close of the year.

The largest portion of the District’s net assets reflects its investment in capital assets, less any related debt used to acquire those assets that are still outstanding.

**Financial Efforts of 2014**

The table below shows the condensed comparison of revenues and expenses for 2012, 2013 and 2014.

**District’s Net Assets as of December 31, 2012, 2013 and 2014**

	2012	2013	2014
Current and other assets	\$29,278,243	\$23,392,494	\$28,200,668
Capital assets	33,752,474	32,171,787	30,290,216
Total assets	\$63,030,717	\$55,564,281	\$58,490,884
Long-term liabilities outstanding	\$35,701,168	\$30,013,312	\$29,010,456
Deferred Property Taxes	14,970,037	16,045,293	20,903,249
Other liabilities	4,231,188	3,280,422	3,287,819
Total liabilities	\$54,902,393	\$49,339,027	\$53,201,524
Net Assets:			
Invested in Capital Assets	\$ 2,612,526	\$ 2,761,787	\$ 1,835,216
Restricted for Capital Projects	5,515,798	3,463,467	3,454,144
Unrestricted	-	-	-
	\$ 8,128,324	\$ 6,225,254	\$ 5,289,360
General Revenues:			
General Property Taxes	\$14,490,052	\$14,968,411	\$15,790,693
Specific Ownership Taxes	844,819	912,447	977,225
Delinquent Interest & Taxes	28,905	62,876	42,663
Grant Revenue	18,889	109,721	4,148
Investment earnings	91,207	113,178	20,834
Sale of fixed assets	-	(535)	(162)
Unrealized gain (loss)	-	-	-
Other Revenues	3,453,340	3,489,563	3,676,018
Total	\$18,927,212	\$19,655,661	\$20,511,419

Expenses:			
Fire Protection – Operations	\$16,747,810	\$18,095,151	\$18,186,439
Depreciation	1,809,689	1,950,846	1,945,085
Debt Service	1,668,502	1,512,734	1,315,789
Total Expenses	\$20,226,001	\$21,558,731	\$21,447,313
<b>Changes in Net Assets</b>	<b>\$ (1,298,789)</b>	<b>\$ (1,903,070)</b>	<b>\$ (935,894)</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 2014 were:

1. Salaries and benefits for all existing full time personnel of the District.
2. Normal operational costs of the District.
3. An overall assessment of the future financial needs of the District was completed during 2014. The Board and Staff of the District determined that the District would need additional property tax revenue to sustain the current service levels of the District and to provide a revenue stream for future capital needs. 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 in November 2014.

**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:**

### **Long-term Capital Projects Fund**

The Long-term Capital Projects 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 Long-term Capital Projects funds during the year were as follows:

- Bunker gear replacement
- Self-contained breathing apparatus mask replacement
- Additional radio tower equipment
- Purchase of Emergency Medical Service equipment
- Purchase of Computers and Equipment

Capital assets are classified as follows (net of depreciation) as of December 31, 2012, 2013 and 2014:

	2012	2013	2014
Land/Buildings	\$28,375,865	\$27,086,189	\$25,739,662
Construction in Progress	93,361	-	34,110
Vehicles	4,185,680	4,155,300	3,850,350
Equipment	806,483	639,713	437,905
Computers	291,075	290,585	228,189
Total assets	<u>\$33,752,464</u>	<u>\$32,171,787</u>	<u>\$30,290,216</u>

### **Long-Term Debt**

#### Certificates of Participation Series 2010

On August 1, 2010 the District issued \$7,785,000 in Certificates of Participation, Series 2010. The certificates were issued under a Lease Purchase Agreement between the District and UMB Bank, as Trustee. The interest is payable semi-annually on February 1 and August 1 each year, commencing on February 1, 2011 through September 1, 2028. The net proceeds of \$8,497,382 (net of \$43,334 of reoffering premium, \$50,884 of Underwriters Discount and \$719,933 of Base Rental Reserve from the Series 2003 Certificates) will be used to repay the \$7,649,650 of principal and interest due to Wells Fargo Bank on August 1, 2013, \$9,000 of bank service fees to Wells Fargo Bank and to fund a Base Rental Reserve for UMB Bank of \$778,500. The District entered into a Refunding Escrow Agreement on September 29, 2010 with Wells Fargo Bank. The Agreement states that a portion of the net proceeds of the Certificates of Participation Series 2010 will be deposited in a separate account to be used to refund and pay the Refunded Certificates of Participation Series 2003. The Refunded Certificates maturing on or after August 1, 2014 were subject to prior redemption on August 1, 2013 and were redeemed on this date.

As of December 31, 2014, the Fire District had an outstanding balance for the Certificates of Participation Series 2010 of \$7,460,000. The principal and interest payments for the year ended December 31, 2014 were \$363,525.

## **CAPITAL ASSETS AND DEBT ADMINISTRATION (continued)**

### **Long-Term Debt (continued)**

#### General Obligation Bonds Series 2006/ Debt Service Fund

On June 27, 2006 the District issued \$25,250,000 in General Obligation Bonds, Series 2006. The interest is payable semi-annually on June 1 and December 1 each year, commencing December 1, 2006 through December 1, 2027. The net proceeds of \$25,850,507 (after payment of \$306,308 in underwriting fees, insurance and cost of issuance and contingency and the addition of premium paid for bonds \$906,815). Additionally, \$515,307 of the proceeds was deposited into the District's Debt Service bank account to be used for the first interest payment on December 1, 2006. The remaining proceeds of \$25,335,200 were restricted to be used for apparatus and equipment, construction of new fire stations, administrative, maintenance and training facilities. As of December 31, 2014 the Fire District had an outstanding balance in its' General Obligation Bonds Series 2006 of \$20,440,000. The principal and interest payments for the year ended December 31, 2014 were \$1,903,900, paid from the Debt Service Fund.

#### General Obligation Bonds Series 2009/ Debt Service Fund

On July 2, 2009 the District issued \$750,000 in General Obligation Bonds, Series 2009. The interest is payable semi-annually on June 1 and December 1 each year, commencing December 1, 2009 through December 1, 2027. The net proceeds of \$722,124 (after payment of \$29,800 in underwriting fees, insurance and cost of issuance and contingency and the addition of premium paid for bonds \$1,924). The proceeds of \$722,124 were restricted to be used for apparatus and equipment, construction of new fire stations, administrative, maintenance and training facilities. . As of December 31, 2014 the Fire District had an outstanding balance in its' General Obligation Bonds Series 2009 of \$555,000. The principal and interest payments for the year ended December 31, 2014 were \$55,344 paid from the Debt Service Fund.

### **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 primary funding source for the pension fund is split equally by the Fire District and the employees, both contributing 8% of salaries; and, the transfer of additional amounts necessary from the General Fund, as designated by the Fire District Board of Directors, 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 January 1, 2014.

## **FIDUCIARY FUND ACTIVITIES (Continued):**

### **Community Foundation Fund**

The North Metro Fire Rescue District Community Foundation is a 501(c) 3 Non-Profit Corporation. It was established to administer community projects including 9-11 Memorial Program, Endangered Child Decontamination Trailer Program, Child Safety Seat Program and the Community Automatic External Defibrillator Program. 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 2014 budget year, the 2015 budget year reflects a 19.4% increase in approved general fund expenditures. This increase is primarily due to the first transfer of \$2,200,000 to a new capital improvements fund as well as increases in personnel wages, benefits and training. This increase will be funded by the increased property tax revenues.

- The District’s budget for **2014** reflects general property tax revenue of \$ 14,013,805 (based on an assessed valuation for the District of \$ \$1,430,386,739 and a mill levy of 9.726 mills) with a budget of \$ 18,283,610 in 2014.
- The District’s budget for **2015** reflects general property tax revenue of \$18,902,120 (based on an assessed valuation for the District of \$ \$1,405,516,640 and a mill levy of 13.226 mills) with a budget of \$21,829,445 in 2015.

### **Summary**

The North Metro Fire Rescue District successfully placed into operation or completed all project or program efforts funded with the 2014 annual budget.

Lcm 04.28.15

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**INDEPENDENT AUDITORS' REPORT**

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the North Metro Fire Rescue District (the District) as of and for the year ended December 31, 2014 which collectively comprise the District's basic financial statements as listed in the table of contents, and the related notes to the financial statements.

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

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

**Auditor's Responsibility**

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

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

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

## Opinions

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the North Metro Fire Rescue District as of December 31, 2014 and the respective changes in financial position thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

## Other Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and General Fund budgetary comparison information on pages i through vii and 33 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements as a whole. The other supplementary information on pages 34 through 36 is presented for purposes of additional analysis and is not a required part of the financial statements. The other supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The other supplementary information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

*Lemke, Feis & Co., P.C.*

**CERTIFIED PUBLIC ACCOUNTANTS**  
*Brighton, CO*

May 19, 2015

**NORTH METRO FIRE RESCUE DISTRICT**  
**STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET**  
**DECEMBER 31, 2014**

	<u>General Fund</u>	<u>Other Funds</u>	<u>Total</u>	<u>Adjustments (Page 3)</u>	<u>Statement of Net Position</u>
<b><u>Assets and deferred outflows of resources</u></b>					
<b>Assets:</b>					
Cash (Note 3)	\$ 4,448,571	\$ 1,506,494	\$ 5,955,065	\$ -	\$ 5,955,065
Property tax receivable	80,568	2,001,128	2,081,696	-	2,081,696
Accrued property taxes	18,902,121	-	18,902,121	-	18,902,121
Other receivables	767,717	-	767,717	-	767,717
Prepaid expenses	457,937	-	457,937	-	457,937
Inventory	35,358	-	35,358	-	35,358
Capital assets, net of accumulated depreciation	-	-	-	30,290,216	30,290,216
Due from fiduciary funds	774	-	774	-	774
Due from other funds	4,426	-	4,426	(4,426)	-
<b>Total assets</b>	<u>24,697,472</u>	<u>3,507,622</u>	<u>28,205,094</u>	<u>30,285,790</u>	<u>58,490,884</u>
<b>Deferred outflows of resources:</b>	-	-	-	-	-
<b>Total assets and deferred outflows of resources</b>	<u>\$ 24,697,472</u>	<u>\$ 3,507,622</u>	<u>\$ 28,205,094</u>	<u>\$ 30,285,790</u>	<u>\$ 58,490,884</u>
<b><u>Liabilities and deferred inflows of resources</u></b>					
<b>Liabilities:</b>					
Accounts payable	\$ 279,554	\$ -	\$ 279,554	\$ -	\$ 279,554
Accrued interest payable	-	-	-	206,032	206,032
Due to other funds	-	10,667	10,667	(4,426)	6,241
<b>Long-term liabilities:</b>					
Due within one year	-	-	-	1,025,000	1,025,000
Due after one year	-	-	-	27,430,000	27,430,000
Unamortized bond premium	-	-	-	555,456	555,456
Unearned revenue	137,767	-	137,767	-	137,767
Accrued absences payable (Note 10)	-	-	-	2,658,225	2,658,225
<b>Total liabilities</b>	<u>417,321</u>	<u>10,667</u>	<u>427,988</u>	<u>31,870,287</u>	<u>32,298,275</u>
<b>Deferred inflows of resources:</b>					
Deferred property taxes	18,902,121	2,001,128	20,903,249	-	20,903,249
<b>Total deferred inflows of resources</b>	<u>18,902,121</u>	<u>2,001,128</u>	<u>20,903,249</u>	<u>-</u>	<u>20,903,249</u>
<b>Total liabilities and deferred inflows of resources</b>	<u>19,319,442</u>	<u>2,011,795</u>	<u>21,331,237</u>	<u>31,870,287</u>	<u>53,201,524</u>
<b><u>Fund Balances/Net Position</u></b>					
<b>Fund balances:</b>					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	3,943,009	445,940	4,388,949	(4,388,949)	-
Assigned	1,435,021	1,049,887	2,484,908	(2,484,908)	-
Unassigned	-	-	-	-	-
<b>Total fund balance/net position</b>	<u>5,378,030</u>	<u>1,495,827</u>	<u>6,873,857</u>	<u>(6,873,857)</u>	<u>-</u>
<b>Total liabilities, deferred inflows of resources, and fund balance</b>	<u>\$ 24,697,472</u>	<u>\$ 3,507,622</u>	<u>\$ 28,205,094</u>		
<b>Net position:</b>					
Invested in capital assets				1,835,216	1,835,216
Restricted				3,454,144	3,454,144
<b>Total net position</b>				<u>\$ 5,289,360</u>	<u>\$ 5,289,360</u>

See independent auditors' report.  
The accompanying notes on pages 10 to 32 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, 2014**

<b>Fund balance per Statement of Net Position</b>	<b>\$ 6,873,857</b>
<b>Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund balance sheet</b>	<b>30,290,216</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>	<u><b>(31,874,713)</b></u>
<b>Net position per Statement of Net Position</b>	<u><u><b>\$ 5,289,360</b></u></u>

**See independent auditors' report.  
The accompanying notes on pages 10 to 32 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, 2014**

	General Fund	Other Funds	Total	Adjustments (Page 5)	Statement of Activities
<b>Revenues:</b>					
General property taxes	\$ 13,816,326	\$ 1,974,367	\$ 15,790,693	\$ -	\$ 15,790,693
Specific ownership taxes	977,225	-	977,225	-	977,225
Delinquent interest and taxes	42,663	-	42,663	-	42,663
Grant revenue	4,148	-	4,148	-	4,148
Sales of assets	-	-	-	(162)	(162)
Investment earnings	18,004	2,830	20,834	-	20,834
Unrealized gain (loss) on investments	-	-	-	-	-
Other revenues	3,312,415	363,603	3,676,018	-	3,676,018
Total revenues	<u>18,170,781</u>	<u>2,340,800</u>	<u>20,511,581</u>	<u>(162)</u>	<u>20,511,419</u>
<b>Expenditures/expenses:</b>					
<b>Fire protection:</b>					
Administration	5,454,135	31,570	5,485,705	268,076	5,753,781
Emergency services	10,171,780	-	10,171,780	114,873	10,286,653
Fire prevention	575,837	-	575,837	-	575,837
Training	591,801	-	591,801	-	591,801
Vehicle maintenance	640,409	-	640,409	-	640,409
Information technology	337,958	-	337,958	-	337,958
Depreciation	-	-	-	1,945,085	1,945,085
Capital outlay	19,155	159,394	178,549	(178,549)	-
<b>Debt service:</b>					
Principal	-	955,000	955,000	(955,000)	-
Interest	-	1,367,769	1,367,769	(4,124)	1,363,645
Amortization of bond premium	-	-	-	(47,856)	(47,856)
Total expenditures/ expenses	<u>17,791,075</u>	<u>2,513,733</u>	<u>20,304,808</u>	<u>1,142,505</u>	<u>21,447,313</u>
Excess (deficiency) of revenues over expenditures	379,706	(172,933)	206,773	(1,142,667)	(935,894)
<b>Other financing sources/uses:</b>					
Bond Proceeds	-	-	-	-	-
Transfers-internal activities	-	-	-	-	-
Total other financing sources/uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and transfers in over expenditures and transfers out	379,706	(172,933)	206,773	(206,773)	-
Change in net position	-	-	-	(935,894)	(935,894)
Fund balance/net position, beginning of year	<u>4,998,324</u>	<u>1,668,760</u>	<u>6,667,084</u>	<u>(441,830)</u>	<u>6,225,254</u>
Fund balance/net position, end of year	<u>\$ 5,378,030</u>	<u>\$ 1,495,827</u>	<u>\$ 6,873,857</u>	<u>\$ (1,584,497)</u>	<u>\$ 5,289,360</u>

See independent auditors' report.  
The accompanying notes on pages 10 to 32 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, 2014**

<b>Excess (deficiency) of revenues and transfers in over expenditures and transfers out - governmental funds and other funds</b>	<b>\$ 206,773</b>
<b>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:</b>	
<b>Adjustment for increase in compensated absences</b>	<b>(268,076)</b>
<b>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:</b>	
<b>Capital outlay (capitalized and depreciated)</b>	<b>63,676</b>
<b>Depreciation</b>	<b>(1,945,085)</b>
<b>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 assets 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.</b>	
<b>Net book value of capital assets</b>	<b>(162)</b>
<b>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.</b>	
<b>Principal payments made</b>	<b>955,000</b>
<b>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 assets and does not affect the statement of activities.</b>	
<b>General Obligation Bond proceeds</b>	<b>-</b>
<b>Amortization of bond premium</b>	<b>47,856</b>
<b>Interest expense in the statement of activities differs from the amount reported in governmental funds. Additional accrued interest was calculated for bonds payable.</b>	
<b>Decrease in accrued interest</b>	<b>4,124</b>
<b>Change in net position</b>	<b>\$ <u>(935,894)</u></b>

See independent auditors' report.  
The accompanying notes on pages 10 to 32 are an  
Integral part of the financial statements.

NORTH METRO FIRE RESCUE DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
DECEMBER 31, 2014

<u>Assets and deferred outflows of resources</u>	Community Foundation Fund	Private Purpose Trust	Old Hire Firefighters Pension Trust Fund	Total
<b>Assets:</b>				
Cash	\$ 836	\$ 73,568	\$ 15,166	\$ 89,570
Investments	-	-	2,713,640	2,713,640
Other receivables	-	-	-	-
Property tax receivable	-	-	41	41
Accounts receivable	1,537	-	-	1,537
Due from other funds	-	-	6,005	6,005
Prepaid expenses	-	-	29,076	29,076
<b>Total assets</b>	<u>\$ 2,373</u>	<u>\$ 73,568</u>	<u>\$ 2,763,928</u>	<u>\$ 2,839,869</u>
<b>Deferred outflows of resources:</b>	-	-	-	-
<b>Total assets and deferred outflows of resources</b>	<u>\$ 2,373</u>	<u>\$ 73,568</u>	<u>\$ 2,763,928</u>	<u>\$ 2,839,869</u>
 <u>Liabilities and deferred inflows of resources</u>				
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	539	-	-	539
<b>Total Liabilities</b>	<u>539</u>	<u>-</u>	<u>-</u>	<u>539</u>
<b>Deferred inflows of resources:</b>				
Deferred property taxes	-	-	41	41
<b>Total liabilities and deferred inflows of resources</b>	<u>539</u>	<u>-</u>	<u>41</u>	<u>580</u>
 <u>Net Position</u>				
<b>Net position - reserved</b>				
Reserved for trust expenses	-	73,568	-	73,568
Reserved for retirement benefits	-	-	2,763,887	2,763,887
Reserved for memorial benefits	1,834	-	-	1,834
<b>Total Net Position</b>	<u>1,834</u>	<u>73,568</u>	<u>2,763,887</u>	<u>2,839,289</u>
<b>Total liabilities, deferred inflows of resources, and net position</b>	<u>\$ 2,373</u>	<u>\$ 73,568</u>	<u>\$ 2,763,928</u>	<u>\$ 2,839,869</u>

See independent auditors' report.  
The accompanying notes on pages 10 to 32 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, 2014**

	Budget		Actual	Variance- favorable (unfavorable)
	Original	Final		
<b>Additions:</b>				
General property taxes	\$ 924	\$ 924	\$ 923	\$ (1)
Specific ownership taxes	55	55	71	16
Delinquent taxes	-	-	-	-
Interest income	65,000	65,000	73,085	8,085
Contributions	100,000	100,000	100,000	-
Other income	-	-	-	-
<b>Total Additions</b>	<u>165,979</u>	<u>165,979</u>	<u>174,079</u>	<u>8,100</u>
<b>Deductions:</b>				
Administration	2,520	2,520	-	2,520
Pension benefits	422,091	422,091	422,091	-
Legal fees	2,000	2,000	-	2,000
Auditing	3,600	3,600	3,600	-
Actuarial	-	-	5,000	(5,000)
Treasurer's fees	14	14	14	-
Management fees	-	25,000	24,694	306
Insurance	4,800	4,800	100	4,700
Miscellaneous	200	200	15	185
<b>Total Deductions</b>	<u>435,225</u>	<u>460,225</u>	<u>455,514</u>	<u>4,711</u>
<b>Other Additions (Deductions):</b>				
Unrealized gain (loss) on investments	-	-	75,953	75,953
<b>Changes in plan net position</b>	<b>(269,246)</b>	<b>(294,246)</b>	<b>(205,482)</b>	<b>88,764</b>
<b>Net position, beginning of year</b>	<u>2,969,369</u>	<u>2,969,369</u>	<u>2,969,369</u>	<u>-</u>
<b>Net position, end of year</b>	<u>\$ 2,700,123</u>	<u>\$ 2,675,123</u>	<u>\$ 2,763,887</u>	<u>\$ 88,764</u>

See independent auditors' report.  
The accompanying notes on pages 10 to 32 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, 2014**

	<u>Original</u>	<u>Budget Final</u>	<u>Actual</u>	<u>Variance- favorable (unfavorable)</u>
<b>Additions:</b>				
Interest income	\$ 50	\$ 50	\$ 49	\$ (1)
Grant revenue	-	-	-	-
Other revenue	<u>124,769</u>	<u>124,769</u>	<u>124,769</u>	-
Total Additions	<u>124,819</u>	<u>124,819</u>	<u>124,818</u>	<u>(1)</u>
<b>Deductions:</b>				
Administration	1,300	1,300	1,250	50
Expenditures	<u>122,769</u>	<u>122,769</u>	<u>122,769</u>	-
Total Deductions	<u>124,069</u>	<u>124,069</u>	<u>124,019</u>	<u>50</u>
Changes in plan net position	750	750	799	49
Net position, beginning of year	<u>72,769</u>	<u>72,769</u>	<u>72,769</u>	-
Net position, end of year	<u>\$ 73,519</u>	<u>\$ 73,519</u>	<u>\$ 73,568</u>	<u>\$ 49</u>

See independent auditors' report.  
The accompanying notes on pages 10 to 32 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, 2014**

<b>Additions:</b>	<b>Budget Original and Final</b>	<b>Actual</b>	<b>Variance favorable (unfavorable)</b>
Sales revenue	\$ -	\$ -	\$ -
Interest income	-	1	1
Donation revenue	-	1,323	1,323
Grant revenue	-	1,532	1,532
Other revenue	-	-	-
Total Additions	<u>-</u>	<u>2,856</u>	<u>2,856</u>
<b>Deductions:</b>			
Administration	-	-	-
Sculpture expenses	-	-	-
Miscellaneous	-	3,980	(3,980)
Total Deductions	<u>-</u>	<u>3,980</u>	<u>(3,980)</u>
Changes in plan net position	-	(1,124)	(1,124)
Net position, beginning of year	<u>2,958</u>	<u>2,958</u>	<u>-</u>
Net position, end of year	<u>\$ 2,958</u>	<u>\$ 1,834</u>	<u>\$ (1,124)</u>

See independent auditors' report.  
The accompanying notes on pages 10 to 32 are an  
integral part of the financial statements.

**NORTH METRO FIRE RESCUE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

**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 and North Metro Fire Rescue Capital Finance Corporation.

**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 separate accounting entities. 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, 2014**

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

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

The following funds were used by the District during 2014:

**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.**

**Long-term Capital Projects Fund – This fund is used to account for the proceeds of the 2006 and 2009 issue of general obligation bonds. The funds remaining are the unexpended portion of the bonds. The projects funded by this bond issue are not completed.**

**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 2010.**

**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.**

See independent auditor's report.

**NORTH METRO FIRE RESCUE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

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

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

**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.**

**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.**

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

**C. Measurement Focus and Basis of Accounting**

**Measurement Focus**

**Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when the payment is due. The major source of revenue susceptible to accrual is property tax. All revenue items are considered to be measurable and available only when cash is received by the District.**

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

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

**See independent auditors' report.**

**NORTH METRO FIRE RESCUE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

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

**C. Measurement Focus and Basis of Accounting (Continued)**

- 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.

**D. Deferred Revenue**

The District reports deferred revenues on its statement of net assets. Deferred revenues arise when potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. Deferred 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 liabilities for deferred 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.

See independent auditors' report.

**NORTH METRO FIRE RESCUE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

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

**F. Budgets and Budgetary Accounting (Continued)**

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.

**G. Cash and Investments**

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

**H. Capital Assets**

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

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

**I. Encumbrances**

Encumbrance accounting is not used.

See independent auditors' report.

**NORTH METRO FIRE RESCUE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

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

**J. Accrued Benefits**

Accrued absences payable represents amounts earned for sick leave and vacation time but not paid or taken as of December 31, 2014.

**K. Capitalized Interest**

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

**L. 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.

See independent auditors' report.

**NORTH METRO FIRE RESCUE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

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

**L. Fund Equity (Continued)**

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).

In the general fund, the District strives to maintain a committed fund balance to be used for unanticipated emergencies of approximately three percent (3%) of the actual GAAP basis expenditures and other financing sources and uses.

**2. Reporting Entity**

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

**Blended Component Units**

**Adams County Fire Department Mutual Aid System**

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

Not included within the reporting entity: The New Hire Pension Plan was considered for inclusion, but omitted because the plan did not meet the criteria for inclusion per GASB No. 14.

See independent auditors' report.

**NORTH METRO FIRE RESCUE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

**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**

<b>Total Cash and Short term</b>	
<b>Investments – Governmental Funds</b>	<b>\$ 5,955,065</b>
<b>Total Cash Fiduciary Funds</b>	<b>89,570</b>
<b>Trust Investment</b>	<b><u>2,713,640</u></b>

<b>Total Cash Deposits and</b>	
<b>Investments (Book Balance)</b>	<b><u>\$ 8,758,275</u></b>

**Footnote**

<b>Total Cash and Short-term</b>	
<b>Investments</b>	<b>\$ 6,044,635</b>
<b>Trust Investments</b>	<b><u>2,713,640</u></b>

<b>Total Cash Deposits and</b>	
<b>Investments (Footnote)</b>	<b><u>\$ 8,758,275</u></b>

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 not be returned to it. The District does not have a deposit policy for custodial credit risk. As of year-end the District's bank balance was either insured or collateralized with securities held by the pledging financial institution through PDPA.

See independent auditors' report.

**NORTH METRO FIRE RESCUE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

**3. Cash Deposits and Investments (Continued)**

**A. Cash Deposits**

At December 31, 2014, the District had cash balances with maturities less than one year stated at cost as follows:

Insured (Category 1)	\$ 1,515,369
Deposits Collateralized in single institutional pool (s)	<u>4,527,966</u>
<b>Total Cash Deposits</b>	<b>6,043,335</b>
 Cash on hand	 <u>1,300</u>
 <b>Total Cash</b>	 <b>\$ <u>6,044,635</u></b>

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.

**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, 2014, all investments are considered category 1

See independent auditors' report.

**NORTH METRO FIRE RESCUE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

**3. Cash Deposits and Investments (Continued)**

**C. Investments (Continued)**

	<u>Carrying Amount</u>	<u>Fair Value</u>
<b>Investments:</b>		
Pension Trust	\$ <u>2,713,640</u>	\$ <u>2,713,640</u>
<b>Total Investments</b>	\$ <u>2,713,640</u>	\$ <u>2,713,640</u>

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

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

Repurchase Agreements,

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

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, 2014**

**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. 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:**

<b>Building/Improvements</b>	<b>10-25</b>
<b>Vehicles</b>	<b>7-25</b>
<b>Equipment</b>	<b>5-10</b>
<b>Computers</b>	<b>3-5</b>

**See independent auditors' report.**

**NORTH METRO FIRE RESCUE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

**4. Capital Assets (continued)**

Capital asset activity for the year ended December 31, 2014 was as follows:

	<u>Balance</u> <u>12/31/13</u>	<u>Additions</u>	<u>Deletions &amp;</u> <u>Adjustments</u>	<u>Balance</u> <u>12/31/14</u>
<b>Governmental activities:</b>				
Buildings/Improvements	\$ 35,340,098	\$ ---	\$ ---	\$ 35,340,098
Construction in Progress	---	34,110	---	34,110
Vehicles	7,002,115	---	---	7,002,115
Equipment	2,397,841	20,736	(772)	2,417,805
Computers	<u>921,122</u>	<u>8,830</u>	<u>(4,731)</u>	<u>925,221</u>
<b>Total at Historical Cost</b>	<u>45,661,176</u>	<u>63,676</u>	<u>\$ (5,503)</u>	<u>\$ 45,719,349</u>
<b>Less Accumulated</b>				
<b>Depreciation for:</b>				
Buildings/Improvements	(8,253,908)	(1,346,528)	---	(9,600,436)
Vehicles	(2,846,817)	(304,948)	---	(3,151,765)
Equipment	(1,758,128)	(222,544)	772	(1,979,900)
Computers	<u>(630,536)</u>	<u>(71,065)</u>	<u>4,569</u>	<u>(697,032)</u>
<b>Total Accumulated</b>				
<b>Depreciation</b>	<u>(13,489,389)</u>	<u>(1,945,085)</u>	<u>5,341</u>	<u>(15,429,133)</u>
<b>Governmental Activities</b>				
<b>Capital Assets, Net of</b>				
<b>Accum. Depreciation</b>	<u>\$ 32,171,787</u>	<u>\$(1,881,409)</u>	<u>\$ (162)</u>	<u>\$ 30,290,216</u>

Depreciation expense for the year ended December 31, 2014 was \$1,945,085.

See independent auditors' report.

**NORTH METRO FIRE RESCUE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

**5. Lease Purchase Agreement**

On January 24, 2003, North Metro Fire Rescue Capital Finance Corporation was created. On January 1, 2003 the District entered into a Lease Purchase Agreement with the Corporation. The District conveys title to certain fire trucks and equipment of the District to the Corporation. The District then leases back the fire trucks and equipment from the corporation. The lease expenditure incurred by the General Fund and the lease revenue for the Corporation was \$363,317 for 2014. As the Corporation is reflected as a blended unit, all fixed assets owned by both the District and the Corporation are reflected in the General Fixed Asset account group. The Corporation then issued \$9,540,000 of Certificates of Participation (see Note 6) using the above noted real and personal property as collateral for the debt issued. This debt was refunded on August 1, 2010 (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 are 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).

**6. Long-Term Debt**

The District has the authority to issue revenue obligations from the net revenue of District facilities, to enter into obligations, which do not extend beyond the current fiscal year and to incur certain other obligations. As of December 31, 2014, the District had no such outstanding financial obligations.

**General Obligation Bonds Series 2006**

On June 27, 2006 the District issued \$25,250,000 in General Obligation Bonds, Series 2006. The interest is payable semi-annually on June 1 and December 1 each year, commencing December 1, 2006 through December 1, 2027. The net proceeds of \$25,850,507 (after payment of \$306,308 in underwriting fees, insurance and cost of issuance and contingency and the addition of premium paid for bonds \$906,815). Additionally, \$515,307 of the proceeds was deposited into the District's Debt Service bank account to be used for the first interest payment on December 1, 2006. The remaining proceeds of \$25,335,200 were restricted to be used for apparatus and equipment, construction of new fire stations, administrative, maintenance and training facilities.

See independent auditors' report.

**NORTH METRO FIRE RESCUE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

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

**General Obligation Bonds Series 2009**

On July 2, 2009 the District issued \$750,000 in General Obligation Bonds, Series 2009. The interest is payable semi-annually on June 1 and December 1 each year, commencing December 1, 2009 through December 1, 2027. The net proceeds of \$722,124 (after payment of \$29,800 in underwriting fees, insurance and cost of issuance and contingency and the addition of premium paid for bonds \$1,924). The proceeds of \$722,124 were restricted to be used for apparatus and equipment, construction of new fire stations, administrative, maintenance and training facilities.

**Certificates of Participation Series 2010**

On August 1, 2010 the District issued \$7,785,000 in Certificates of Participation, Series 2010. The certificates were issued under a Lease Purchase Agreement between the District and UMB Bank, as Trustee. The interest is payable semi-annually on February 1 and August 1 each year, commencing on February 1, 2011 through September 1, 2028. The net proceeds of \$8,497,382 (net of \$43,334 of reoffering premium, \$50,884 of Underwriters Discount and \$719,933 of Base Rental Reserve from the Series 2003 Certificates) will be used to repay the \$7,649,650 of principal and interest due to Wells Fargo Bank on August 1, 2013, \$9,000 of bank service fees to Wells Fargo Bank and to fund a Base Rental Reserve for UMB Bank of \$778,500.

**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, 2014**

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

Long-term debt activity for the year ended December 31, 2014, was as follows:

<b>Governmental Activities:</b>	<b>Balance</b>			<b>Balance</b>
	<u>12/31/13</u>	<u>Additions</u>	<u>Retirements</u>	<u>12/31/14</u>
<b>Governmental activities:</b>				
Certificates of Participation	\$ 7,535,000	\$ ---	\$ (75,000)	\$ 7,460,000
General Obligation Bonds	21,875,000	---	(880,000)	20,995,000
Accrued Absences	<u>2,390,149</u>	<u>268,076</u>	<u>---</u>	<u>2,658,225</u>
<b>Totals at Historical Cost</b>	<b>\$ <u>31,800,149</u></b>	<b>\$ <u>268,076</u></b>	<b>\$ <u>(955,000)</u></b>	<b>\$ <u>31,113,225</u></b>

The amounts due within one year are as follows:

<b>Governmental activities:</b>	
Certificates of Participation	\$ 75,000
General Obligation Bonds	950,000
Accrued Absences	<u>---</u>
<b>Total due within one year</b>	<b>\$ <u>1,025,000</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 capital projects fund.

The annual requirements to amortize long-term debt outstanding as of December 31, 2014, including interest payments to maturity, are as follows:

	<b><u>Principal</u></b>	<b><u>Interest</u></b>
December 31, 2015	\$ 1,025,000	\$ 1,327,281
2016	1,435,000	1,278,619
2017	1,535,000	1,211,394
2018	1,660,000	1,138,863
2019	1,790,000	1,060,331
2020 - 2024	11,015,000	3,968,225
2025 - 2028	<u>9,995,000</u>	<u>1,066,218</u>
<b>Total</b>	<b>\$ <u>28,455,000</u></b>	<b>\$ <u>11,050,931</u></b>

See independent auditors' report.

**NORTH METRO FIRE RESCUE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

**7. Restricted and Reserved Fund Equity**

Through a resolution of the District's Board of Directors, fund equity has been reserved at December 31, 2014 in accordance with Article X, Section 20 of the Colorado Constitution. The total restricted and reserved fund equity was \$6,873,857 including an emergency TABOR reserve of \$567,793 and an estimate for possible excess TABOR revenues collected.

**8. Pension Plans**

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

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

**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.

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.

See independent auditors' report.

**NORTH METRO FIRE RESCUE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

**8. Pension Plans (Continued)**

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

The employee contributions without interest are refunded to firefighters who terminate employment prior to completing 10 years of service.

Employees participating in this Plan must contribute 8% of their salaries, which is mandatorily matched by the District.

Total covered payroll for this plan for 2014 was \$0. In 2014, the District contributions were \$100,000 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 January 1, 2014. The following assumptions were used in computing the pension benefit obligation for this plan:

- (1) Rate of return on investments      7.5%
- (2) Actuarial Method - Entry Age or Aggregate.
- (3) Amortization Method - Level amount closed.  
    Remaining period: 5 years, up to a maximum of 40 years.
- (4) 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%	3.5%	3.5%

**Determination of Pension Benefit Obligation - the amount shown on the next page as "Net Pension Liability" is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of protected salary increases, estimated to be payable in the future as a result of employee service to date.**

See independent auditors' report.

**NORTH METRO FIRE RESCUE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

**8. Pension Plans (Continued)**

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

The "net pension liability" was determined as part of an actuarial valuation at January 1, 2014 in accordance with Statements No. 27 and 67 of the Governmental Accounting Standards Board (GASB). The actuarial assumptions used are the same as those used for the actuarial valuation. At January 1, 2014 the net pension obligation is as follows:

**GASB Statement No. 27**

Estimated employer annual required contribution	<u>\$ 353,957</u>
---	-------------------

**Net Pension Obligation:**

a) Net pension obligation as of January 1, 2014	\$ 410,426
b) Interest on net pension obligation	30,782
c) Adjustment to annual required contribution	(94,365)
d) Estimated annual required contribution	353,957
e) Estimated contributions for 2014 plan year	<u>(353,957)</u>
f) Estimated net pension obligation - December 31, 2014	<u>\$ 346,843</u>

For 2014, the rate of return on investments was 5.27%.

**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.

See independent auditors' report.

**NORTH METRO FIRE RESCUE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

**8. Pension Plans (Continued)**

**C. Statewide Defined Benefit Plan (Continued)**

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.

Members who were active on the effective date and chose the Statewide Benefit Plan are required by State statute to contribute 10% of their salary to the plan and the District matches 10%. Members who were active on the effective date and chose the Statewide Hybrid Plan and future members are required by State statute to contribute 8% of their salary to the plan and the District matches 8%. For the year ended December 31, 2014, covered employees contributed \$861,568 on a base salary of \$10,769,600. The District contributed an additional \$861,568 to the plan on covered employees' behalf.

See independent auditors' report.

**NORTH METRO FIRE RESCUE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

**9. Deferred Compensation Plan**

The District offers a deferred compensation plan, administered by two different companies effective August 2010, which was created in accordance with Internal Revenue Code Section 457. The plan, available to all District employees, permits them to defer a portion of their salary until future years. The District will match a non-probationary employee's contribution toward that individual employee's account. The Plan allows the District up to a maximum of 2% of the employees' base pay. For the year ended December 31, 2014 the District contributed \$88,999 on a base salary of \$4,449,950.

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

**10. Accrued Absences**

The personnel policies of the District provide for the accrual of sick leave and unused vacation time. As of December 31, 2014, the total liability for accrued absences is \$2,658,225.

**11. Risk Management**

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

**12. Adams County Communications Center, Inc.**

The District is a participant in an intergovernmental agreement with Adams County Communications Center, Inc., (ADCOM), for the provision of emergency communication services ("911") throughout Adams County. Communication service fees paid by the District to ADCOM during 2014 were \$272,789.

The Center's financial statements at December 31, 2014, 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, 2014**

**13. City and County of Broomfield Communications Center**

The District is a participant in an intergovernmental agreement with the City and County of Broomfield, for the provision of Fire Services Emergency Communication Services throughout the City and County of Broomfield. Fees paid by the District to Broomfield during 2014 were \$457,630.

**14. Northwest Parkway Public Highway Authority Intergovernmental Agreement**

The District entered into an Intergovernmental Agreement with the Northwest Parkway Public Highway Authority (“Authority”) on November 4, 2003. Pursuant to the agreement the District shall provide medical services to the Parkway for a period of ten years. The Authority agreed to reimburse the District of all reasonable costs incurred annually.

**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 currently 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 have 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.

See independent auditors' report.

**NORTH METRO FIRE RESCUE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

**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.

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 11.676 mills for property taxes to be collected in 2014. 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, 2014 totaling \$567,793 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, 2014**

**17. Supplemental Budgets**

For the year ended December 31, 2014, the District issued a resolution to appropriate additional funds from existing reserves of the Pension Trust Fund and Debt Service Fund totaling \$25,000 and \$6,500, respectively, to account for an increased overhead costs.

**18. Subsequent Events**

The District has adopted the provisions of Statement of Financial Accounting Standards Codification 855, *Subsequent Events*. This statement requires management to evaluate, 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, and to disclose the date through which subsequent events were evaluated. The District's financial statements were available to be issued on May 19, 2015, and this is the date through which subsequent events were evaluated. The District did not identify any subsequent events requiring disclosure.

See independent auditors' report.

**REQUIRED  
SUPPLEMENTAL  
INFORMATION**

NORTH METRO FIRE RESCUE DISTRICT  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2014

	Budget		General Fund	Ambulance Fund	Total	Variance favorable (unfavorable)
	Original	Final				
<b>Revenues:</b>						
General property taxes	\$ 14,013,805	\$ 14,013,805	\$ 13,816,326	\$ -	\$ 13,816,326	\$ (197,479)
Specific ownership taxes	900,000	900,000	977,225	-	977,225	77,225
Delinquent taxes	28,000	28,000	42,663	-	42,663	14,663
Grant Revenue	-	-	4,148	-	4,148	4,148
Interest income	13,020	13,020	18,002	2	18,004	4,984
Other fees and income	2,884,920	2,884,920	3,261,680	50,735	3,312,415	427,495
<b>Total revenues</b>	<b>17,839,745</b>	<b>17,839,745</b>	<b>18,120,044</b>	<b>50,737</b>	<b>18,170,781</b>	<b>331,036</b>
<b>Expenditures:</b>						
Fire administration	5,853,729	5,853,729	5,454,135	-	5,454,135	399,594
Emergency services	10,265,187	10,265,187	10,090,996	80,784	10,171,780	93,407
Fire prevention	625,913	625,913	575,837	-	575,837	50,076
Training	658,115	658,115	591,801	-	591,801	66,314
Vehicle maintenance	595,260	595,260	640,409	-	640,409	(45,149)
Information technology	344,457	344,457	337,958	-	337,958	6,499
Capital outlay	32,502	32,502	19,155	-	19,155	13,347
<b>Total expenditures/expenses</b>	<b>18,375,163</b>	<b>18,375,163</b>	<b>17,710,291</b>	<b>80,784</b>	<b>17,791,075</b>	<b>584,088</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(535,418)</b>	<b>(535,418)</b>	<b>409,753</b>	<b>(30,047)</b>	<b>379,706</b>	<b>915,124</b>
<b>Other financing sources/uses:</b>						
Transfers from (to) other funds	-	-	(24,500)	24,500	-	-
<b>Total other sources:</b>	<b>-</b>	<b>-</b>	<b>(24,500)</b>	<b>24,500</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of revenues and other financing sources over expenditures</b>	<b>(535,418)</b>	<b>(535,418)</b>	<b>385,253</b>	<b>(5,547)</b>	<b>379,706</b>	<b>915,124</b>
<b>Fund balance/net position, beginning of year</b>	<b>4,998,324</b>	<b>4,998,324</b>	<b>4,982,586</b>	<b>15,738</b>	<b>4,998,324</b>	<b>-</b>
<b>Fund balance/net position, end of year \$</b>	<b>4,462,906</b>	<b>4,462,906</b>	<b>5,367,839</b>	<b>10,191</b>	<b>5,378,030</b>	<b>915,124</b>

See independent auditors' report.  
The accompanying notes on pages 10 to 32 are an integral part of the financial statements.

**OTHER SUPPLEMENTAL  
INFORMATION**

NORTH METRO FIRE RESCUE DISTRICT  
 CAPITAL PROJECT FUNDS 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, 2014

	Budget		Long-Term Capital Projects Fund	Debt Service Fund - Certificates of Participation	Total	Variance favorable (unfavorable)
	Original	Final				
<b>Revenues:</b>						
Interest income	\$ 2,650	\$ 2,650	\$ 2,019	64	\$ 2,083	\$ (567)
Unrealized gain (loss) on investments	-	-	-	-	-	-
Other income	363,526	363,526	286	363,317	363,603	77
Total revenues	<u>366,176</u>	<u>366,176</u>	<u>2,305</u>	<u>363,381</u>	<u>365,686</u>	<u>(490)</u>
<b>Expenditures:</b>						
Administration	125	125	-	18	18	107
Retirement of long-term debt	363,526	363,526	-	363,525	363,525	1
Capital outlay	235,031	235,031	159,394	-	159,394	75,637
Total expenditures/expenses	<u>598,682</u>	<u>598,682</u>	<u>159,394</u>	<u>363,543</u>	<u>522,937</u>	<u>75,745</u>
Excess (deficiency) of revenues over expenditures	(232,506)	(232,506)	(157,089)	(162)	(157,251)	75,255
<b>Other financing sources/uses:</b>						
Bond proceeds	-	-	-	-	-	-
Transfers from (to) other funds	-	-	-	-	-	-
Total other sources:	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and and other financing sources over expenditures	(232,506)	(232,506)	(157,089)	(162)	(157,251)	75,255
Fund balance, beginning of year	<u>1,382,086</u>	<u>1,382,086</u>	<u>603,029</u>	<u>779,057</u>	<u>1,382,086</u>	<u>-</u>
Fund balance, end of year	<u>\$ 1,149,580</u>	<u>\$ 1,149,580</u>	<u>\$ 445,940</u>	<u>778,895</u>	<u>\$ 1,224,835</u>	<u>\$ 75,255</u>

See independent auditors' report.  
 The accompanying notes on pages 10 to 32 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 YEARS ENDED DECEMBER 31, 2014**

	Budget			Variance favorable (unfavorable)
	Original	Final	Actual	
<b>Revenues:</b>				
Property taxes	\$ 2,022,988	\$ 2,016,488	\$ 1,974,367	\$ (42,121)
Interest income	1,600	1,600	747	(853)
Total revenues	<u>2,024,588</u>	<u>2,018,088</u>	<u>1,975,114</u>	<u>(42,974)</u>
<b>Expenditures:</b>				
Administration	32,472	32,472	31,552	920
Bond principal & interest	1,959,244	1,959,244	1,959,244	-
Total expenditures/expenses	<u>1,991,716</u>	<u>1,991,716</u>	<u>1,990,796</u>	<u>920</u>
Excess (deficiency) of revenues over expenditures	32,872	26,372	(15,682)	(42,054)
<b>Other financing sources/uses:</b>				
Transfers from (to) other funds	-	-	-	-
Total other sources:	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and and other financing sources over expenditures	32,872	26,372	(15,682)	(42,054)
Fund balance, beginning of year	<u>286,674</u>	<u>286,674</u>	<u>286,674</u>	<u>-</u>
Fund balance, end of year	<u>\$ 319,546</u>	<u>\$ 313,046</u>	<u>\$ 270,992</u>	<u>\$ (42,054)</u>

See independent auditors' report.  
The accompanying notes on pages 10 to 32 are an  
integral part of the financial statements.

**NORTH METRO FIRE RESCUE DISTRICT  
HISTORICAL INFORMATION  
"OLD HIRE" FIREFIGHTERS PENSION PLAN  
DECEMBER 31, 2014  
(Unaudited)**

Year	Beginning Net Pension Liability	Employer Contributions	Net Investment Earnings	Property Taxes	Admin Expenses	Benefit Payments	Ending Net Pension Liability
2004	(1,170,032)	83,070	153,643	13,158	35,840	87,744	(1,296,319)
2005	(1,296,319)	78,587	163,973	13,629	41,471	254,204	(1,256,833)
2006	(1,256,833)	114,082	152,782	6,201	33,046	903,263	(593,589)
2007	(593,609)	222,837	159,877	5,909	44,827	558,938	(378,467)
2008	(378,467)	216,331	129,445	5,774	36,106	537,535	(156,376)
2009	(156,376)	206,072	91,646	6,711	24,990	1,104,167	668,352
2010	668,352	200,000	83,477	3,768	14,001	423,727	818,835
2011	818,835	200,000	86,099	1,606	11,392	423,727	966,249
2012	966,249	100,000	89,734	1,481	11,132	423,727	1,209,893
2012	1,209,893	100,000	77,542	1,674	12,496	422,363	1,465,536
2014	1,465,536	100,000	149,038	994	33,423	422,091	1,671,018

Year	Total Pension Liability	Plan Net Position	Net Pension Liability	Net Position as a % of Total Liability	Money-weighted Rate of Return
2004	5,076,353	4,118,538	957,815	81%	
2006	4,923,683	3,859,393	1,064,290	78%	
2008	5,778,259	4,558,675	919,584	79%	
2010	4,652,648	3,064,425	1,588,223	66%	
2012	4,580,379	2,920,504	1,659,875	64%	
2014	4,434,905	2,763,887	1,671,018	62%	5.27%

Year	Actuarially Determined Contribution	Actual Contribution	Contribution Shortfall
2004		83,070	
2005		78,587	
2006		114,082	
2007		222,837	
2008		216,331	
2009		206,072	
2010		200,000	
2011		200,000	
2012		100,000	
2013		100,000	
2014	353,957	100,000	253,957