

# Sacramento Metropolitan Fire District

CALIFORNIA



## **COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2017**



**SPECIAL THANKS TO –**

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*Fire demonstration at Metro Fire's Station 52*

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*Engineer training*

**Report Design:** R Marie Bernal, Accounting Specialist

# Sacramento Metropolitan Fire District



CALIFORNIA

## COMPREHENSIVE ANNUAL FINANCIAL REPORT For the Fiscal Year Ended June 30, 2017

Prepared by the  
Finance Division

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# Introductory Section

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# Sacramento Metropolitan Fire District

10545 Armstrong Ave., Suite 200 • Mather, CA 95655 • Phone (916) 859-4300 • Fax (916) 859-3702

**TODD HARMS**  
*Fire Chief*

December 13, 2017

Board of Directors  
Sacramento Metropolitan Fire District  
10545 Armstrong Ave, Suite 200  
Mather, California 95655

Members of the Board:

We are pleased to present the Sacramento Metropolitan Fire District (“Metro Fire”) Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2017. This report has been prepared by the Finance Division following the guidelines recommended by the Government Finance Officers Association (GFOA) and is in conformance with generally accepted accounting principles (GAAP) for state and local government entities established by the Governmental Accounting Standards Board (GASB). Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that management has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Richardson & Company, LLP, Certified Public Accountants, have issued an unmodified (“clean”) opinion on Metro Fire’s financial statements for the year ended June 30, 2017. The independent auditor’s report is located at the front of the financial section of this report. Management’s discussion and analysis (MD&A) immediately follows the independent auditor’s report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

## **PROFILE OF SACRAMENTO METROPOLITAN FIRE DISTRICT**

### **REPORTING ENTITY**

Metro Fire is an autonomous Special District established under California Health and Safety Code Section 13800 on December 1, 2000. Metro Fire is the result of the reorganization of the American River and Sacramento County Fire Protection Districts, which brought together 16 predecessor fire districts including Arcade, Arden, Carmichael, Citrus Heights, Elverta, Fair Oaks, Florin, Mather Field, McClellan Field, Michigan Bar, Mills, North Highlands, Orangevale, Rancho Cordova, Rio Linda, and Sloughhouse. Metro Fire provides fire suppression and emergency medical services (EMS) along with various other public safety and hazard mitigation community services.

As a special district, Metro Fire is governed by a Board of Directors; each member is elected by the voters within a geographical area, or division, of Metro Fire’s operational area. The Fire Chief oversees the general operations of Metro Fire in accordance with the policy direction prescribed by the Board of Directors. The Fire Chief is supported by his executive staff consisting of the Board Clerk and three Deputy Chiefs that manage the Operations, Administration, and Support Services Branches of Metro Fire.

## SERVICE AREA AND SERVICES

Today, Metro Fire is the largest fire agency in the County of Sacramento and 7th largest in the State. Metro Fire serves a population of about 745,000 in a service area encompassing 359 square miles that include unincorporated Sacramento County, the cities of Citrus Heights and Rancho Cordova, and a portion of Placer County. Within the boundaries of Metro Fire are wildland areas, single and multi-family residential units, commercial and light industrial occupancies, hotels, regional hospitals, institutional buildings, local airfields, numerous convalescent/assisted living facilities, equestrian areas, and open space areas including hiking trails. Several major interstate highways also traverse Metro Fire's jurisdiction, along with the American River, a major recreation resource for area residents.

Metro Fire provides all-hazard emergency services to the communities it serves. Additionally, mutual aid agreements to provide fire and/or emergency medical assistance between Metro Fire and other public safety agencies are in place and are honored by Metro Fire. Metro Fire staff is also routinely deployed to local, state, and federal emergencies around the country.

Metro Fire's philosophy with regard to all-hazard emergencies is one of a rapid and effective deployment of appropriate resources to mitigate any emergency. Metro Fire's response goal as approved by the Board of Directors is for a 4-minute travel time to 90% of all major emergencies (in addition to a 1 minute dispatch and 2 minute turnout time).

Metro Fire is organized into three branches - Operations, and Support Services, and Administration.

## OPERATIONS

The all-hazard nature of Metro Fire is exemplified by the Operations Branch, which consists of Suppression, EMS, Special Operations, Training, Safety, Health & Fitness, and Emergency Planning.

- Suppression oversees all aspects of Metro Fire's all-hazard emergency services delivered from 41 stations with daily shift staffing of 192 personnel. The Operations Branch answered over 100,000 calls for service in 2017; a number that has steadily increased in recent years.
- The EMS Division is responsible for the management of the emergency medical system which ensures that our emergency medical technician (EMT) and paramedic personnel are trained and equipped to serve the public at the highest levels. EMTs are certified health care professionals trained to provide basic life support in accordance with the State of California Scope of Practice for EMTs, while Paramedics are licensed by the State of California to provide advanced life support (ALS). The provision of ALS services is accomplished through the strategic deployment of dual-role fire department medic units (FDM) and the single role paramedic program (SRPP). Metro Fire employs over 400 paramedics who are assigned on engines, trucks, ambulances, helicopters, Aircraft Rescue and Fire Fighting (ARFF) units, boats, and bicycles. On a daily basis, all ambulances and suppression apparatus are staffed with at least one paramedic.

As of June 30, 2017, Metro Fire deployed 14 24-hour FDM units that are staffed by Firefighter/Paramedics and Firefighter/EMTs, along with six reserve ambulances that are available if needed to be staffed and placed in service. The additional ambulances provide surge protection during periods of high call volume. There are 35 ALS engine companies and seven ALS truck companies in service on a 24-hour basis. These apparatus responded to calls for emergency medical service with paramedics who assist with critically ill or injured patients if needed.

In fiscal year 2012/13, Metro Fire introduced the SRPP. This program enhances emergency medical services within the community by providing four additional 24-hour ALS ambulances along with five peak time ambulances to augment the EMS system during times of high demand. The SRPP units are staffed with non-firefighter EMT and paramedic personnel.

- Metro Fire has several Special Operations programs that are managed under the Operations Division. These programs include Hazardous Materials (HAZMAT), Technical Rescue, Urban Search and Rescue (US&R), Swift Water Rescue, Tactical Emergency Medical Support (TEMS), Aviation and Dozer programs. Metro Fire's HAZMAT and Technical Rescue programs are certified by the California Office of Emergency Services for Type I statewide response. The US&R program is a member of California Urban Search and Rescue Task Force 7 (CA TF-7), one of 27 US&R task forces in the nation, and one of eight in California. Metro Fire's aviation and dozer programs are the only ones of their kind regionally, and provide critical response capabilities to the region. Metro Fire's TEMS program, also the only one of its kind regionally, provides tactical medical support to the Sacramento County Sheriff's Department, Citrus Heights Police Department, and FBI SWAT Teams. Additionally, Metro Fire is a member of the FBI Joint Terrorism Task Force, Regional Fusion Center and Urban Area Security Initiative's Urban Area Working Group.
- The Training Division's mission is to improve service delivery to the community by providing realistic, ongoing, and verifiable training to Metro Fire personnel and assisting them to develop and strengthen essential job skills. Training strives to ensure all-hazard operational readiness and enhance the ability of our members to provide quality public service.

## SUPPORT SERVICES

The Support Services branch of Metro Fire comprises five divisions: Fleet, Facilities, Logistics, Information Technology, and Communications. Each division has specific duties within Metro Fire ranging from construction projects and building maintenance to fire inspections.

- The Fleet Maintenance Division maintains a fleet of about 330 emergency and support vehicles in a modern facility that contains 30 functional working bays. The majority of the fleet services and repairs are performed at this facility and range from routine service and maintenance to full engine in-frame and pump overhauls. A Mobile Repair Program provides limited field repairs in an effort to reduce inconvenience and downtime to emergency apparatus.
- The Facilities Division has the responsibility of providing repairs, improvements and maintenance for all of Metro Fire's existing fire stations, support and administrative facilities.
- Logistics is responsible for ordering, receiving and storing of fire suppression equipment, emergency medical equipment and other essential supplies that are used on a daily basis.
- Information Technology is responsible for providing data, voice, and video communications to 41 fire stations, four administrative buildings, and over 330 vehicles.
- Communications oversees radio communications throughout Metro Fire's fire stations, administrative buildings, and vehicles.

## ADMINISTRATION

The Administration Branch comprises three divisions: Community Risk Reduction Division, Human Resources, and Finance.

- Under the direction of the Fire Marshal, the Community Risk Reduction Division (CRRD) works with developers and citizens to make the community safe through activities such as Plan Review, Fire Inspections, Code Enforcement, Fire Investigation and Exterior Fire Hazard Mitigation.
- Providing the highest quality of service to the citizens of Metro Fire depends on having a dedicated, well-qualified group of employees. The Human Resources Division seeks to recruit and maintain a diverse workforce that reflects the community served, and strives to support Metro Fire’s mission of providing professional and compassionate protection, education, and service to the community.
- The Finance Division oversees all financial aspects of Metro Fire’s multi-million dollar operation. Processes are in place to safeguard Metro Fire’s assets, track spending, properly pay employees, collect all revenue and cost reimbursements, and produce quality reporting of all transactions. This Division also guides the very important budget process to see resources are properly allocated for optimum public service levels.

## APPARATUS

Metro Fire has in place a 20-year rolling vehicle/apparatus replacement plan which measures the proper utilization period for each piece of apparatus and identifies when replacements should occur. Metro Fire’s fleet is made up of emergency vehicles and apparatus which must be kept in a constant state of readiness.

<u>Apparatus Type</u>	<u>No. In Service</u>	<u>Apparatus Type</u>	<u>No. in Service</u>
Engine	37	Aircraft Rescue Firefighting Unit	2
Wildland Engine	31	Ambulance	22
Ladder Truck	5	Dozer	2
Hazmat Truck	1	Rescue Boat	2
Rescue Truck	1	Helicopter	2
Water Tender	5	Support/Other Vehicles	134
Decontamination Unit	1		

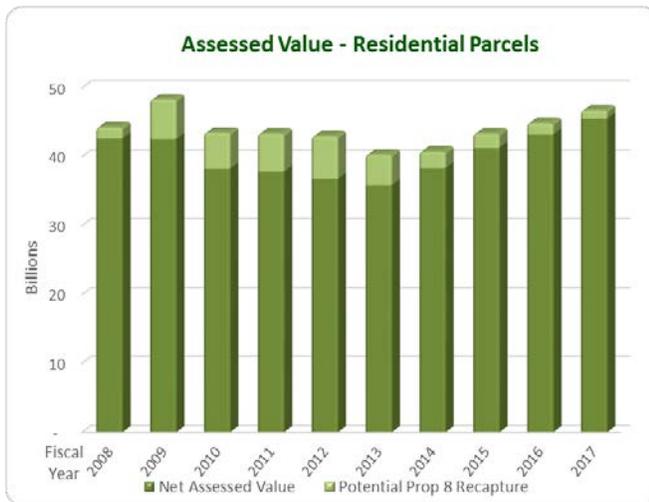
Metro Fire’s fire suppression apparatus have been equipped to the highest industry standards for fighting and extinguishing structural type fires, and rendering assistance to patients on medical emergency incidents. Metro Fire’s fire engines are capable of delivering water at rates up to 1,500 gallons per minute. Metro Fire's philosophy related to wildland fires revolves around strategically located, specialized "off road" wildland apparatus specifically designed to combat these difficult fires. Because of the potential for major wildland fires, Metro Fire deploys water tender units capable of supplying smaller attack vehicles during large incidents. These units are strategically placed within Metro Fire’s service area for maximum effectiveness.

Metro Fire is the only fire agency in the region with aircraft and dozer response programs. Because of this, these apparatus are critical assets to the region and enhance regional capabilities. Other support vehicles include mobile air units, fuel trucks, helicopter tender, an aircraft tow vehicle, battalion chief and staff vehicles, a Self-Contained Breathing Apparatus (SCBA) repair unit, trailers, flatbeds, forklifts, a pallet jack, a scissor lift, tractors, and tow vehicles.

# ECONOMIC OUTLOOK

## LOCAL ECONOMY

Metro Fire’s primary source of funding is property tax revenue and, as such, the resources available to support its operations are significantly affected by assessed property values. The last four years have seen a gradual recovery of assessed property values within the District resulting from improved economic conditions. Fiscal year 2016/17 total assessed property value within the District’s jurisdiction was 4.9% higher than the prior year, with the largest factor contributing to the increase (1.7%) being transfers of ownership at a market value higher than the previously assessed value. Other factors contributing to the increase were Proposition 8 recaptured value (1.5%) and Consumer Price Index escalation (1%). The increase in assessed value translated to an increase of about 5% in property tax revenues in fiscal year 2016/17.



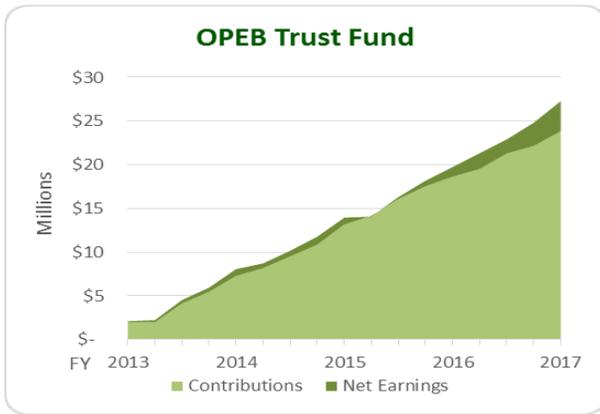
In 1978 California voters approved Proposition 8 that allows county assessors to reduce the value of properties below their Proposition 13 taxable values when the real estate market declines. Such reductions are to be restored as the real estate market improves. Now after five years of declining and four years of improved real estate values, the Sacramento County Assessor has restored approximately 77.7% of property values that were lowered during the recession under Proposition 8. This means that the impact of future increases is expected to be smaller. Looking ahead, Metro Fire is projecting a 6.2% increase in property tax revenues for the upcoming year based on published assessed values. Metro Fire will continue to monitor trends that impact property values in order to develop realistic projections of property tax revenues upon which budgeting and service level decisions can be made.

Another major source of funding for Metro Fire is cost recovery associated with providing emergency medical services. Metro Fire bills approximately \$120 million annually for these services, with a collection rate of close to 30%, which is typical for these services due to lower reimbursement rates for patients covered by Medi-Cal and Medicare. As property tax revenues declined during the recession, greater emphasis was placed on cost recovery, and this revenue source has steadily increased over recent years.

## LONG-TERM FINANCIAL PLANNING AND SUSTAINABILITY

The Board of Directors, command staff and employees have a track record of working together to not only address the immediate fiscal challenges that were presented by the most recent economic recession, but also to establish and maintain policies and practices to ensure Metro Fire’s long-term financial sustainability. Metro Fire’s long-term financial planning efforts have identified key issues that, if left unaddressed, would create fiscal uncertainty and likely result in a disruption in future service delivery. Two of these critical issues are the liabilities associated

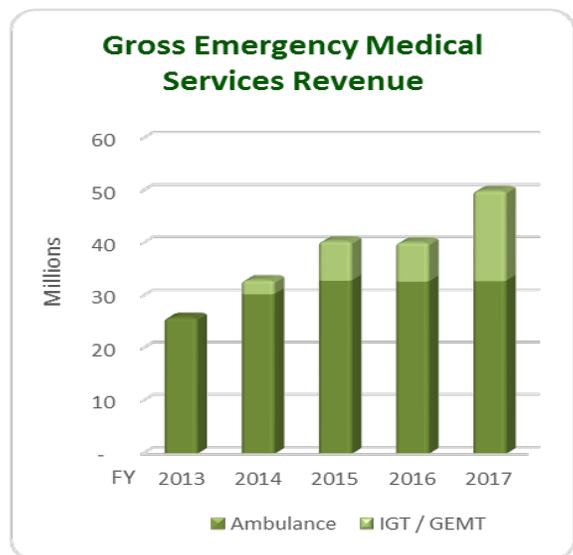
with retiree medical benefits and pensions, including the retirement of \$70 million of pension obligation bonds originally issued in 2004.



Metro Fire’s retiree medical or other post-employment benefits (OPEB) funding plan involves a combination of contributions to a trust and cost-saving measures agreed to by Metro Fire employees that both lower the long-term cost of OPEB and provides for funding the annual required contribution (ARC) associated with the explicit rate subsidy for retiree medical premiums. To help finance future costs with investment earnings, Metro Fire makes contributions to California Employers’ Benefit Trust (CERBT) Fund managed by California Public Employees’ Retirement System (CalPERS).

With respect to pension liability, Metro Fire continues to make the required contributions to CalPERS each year to fund both the normal cost and amortization of the unfunded liability for its miscellaneous and safety plans. CalPERS’ December 2016 decision to reduce the assumed rate of return on investments from 7.5% to 7.0% will result in an increase in required future contributions made by Metro Fire and its employees, and will have a significant impact on future budgeting decisions. Additionally, Metro Fire is currently in discussions with Sacramento County Employees’ Retirement System (SCERS) to address the liability of that plan. Finally, Metro Fire has set aside \$22 million to date as part of its longstanding policy to set aside funds each year, in addition to the annual debt service required by the bond documents, so as to accumulate the necessary funds to fully retire two series of pension bonds which are eligible to be paid off in 2018 and 2025. Combined with scheduled principal and interest payments on a third series of pension bonds, also issued in 2004, Metro Fire’s pension bond debt is expected to be fully retired by 2025.

Another key component of Metro Fire’s long-term financial sustainability is looking ahead and planning for the needs of future development. Based on information provided by regional planning departments about current and future development plans, Metro Fire is actively planning for the facility and service needs of those future developments. The cost of future capital needs will be funded with revenue generated from a Capital Facilities Fee that was implemented in fiscal year 2014/15 specifically to address the impacts of new development and to date has generated nearly \$3 million in available funding. To the extent that property tax revenues expected to be generated by new development would not be sufficient to fund the expected operating cost to provide service, Metro Fire will explore alternative funding mechanisms to ensure that adequate service is provided and to avoid any degradation of service to existing communities.



Metro Fire has made great strides in recent years in identifying new funding mechanisms to ensure greater recovery of costs for the services provided. Metro Fire led a statewide effort to increase the cost recovery associated with emergency medical transport services by sponsoring state legislation allowing ground emergency medical transporters (GEMT) in California to seek additional reimbursement from the federal government related to fee-for-service Medi-Cal patients. In addition, Metro Fire has participated in an Inter-Governmental Transfer

(IGT) program that allows Metro Fire to receive federal matching funds for medical transports related to Medi-Cal Managed Care beneficiaries. For FY 2016/17, net revenue from these two sources totaled over \$7 million.

Metro Fire’s approach to financial sustainability encompasses both ensuring maximum cost recovery for the fee-based services provided as well as identifying and sustainably funding long-term liabilities, with an overall goal of annually aligning revenues and expenditures such that reserves sufficient to cover future contingencies are established and maintained.

## **AWARDS AND ACKNOWLEDGEMENTS**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Metro Fire for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2016. This is the third consecutive year that Metro Fire has achieved this prestigious award. In order to be awarded a Certificate of Achievement, Metro Fire had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable program requirements.

A Certificate of Achievement for Excellence in Financial Reporting is valid for a period of one year only. However, we believe that our current CAFR continues to meet the Certificate of Achievement for Excellence in Financial Reporting Program’s requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

In July 2017, Metro Fire received the District Transparency Certificate of Excellence issued by the Special District Leadership Foundation in recognition of its outstanding efforts to promote transparency and good governance. To receive the award, a special district must demonstrate the completion of essential governance transparency requirements, including conducting ethics training for all board members, properly conducting open and public meetings, and filing financial transactions and compensation reports to the State Controller in a timely manner. In addition, there are also over fifteen website requirements, which includes providing readily available information to the public, such as current district budget information and the most recent financial audit.

The preparation of this report reflects the combined and dedicated effort of Metro Fire staff. We especially want to recognize the Finance Division staff, along with Metro Fire’s independent auditors, Richardson & Company, LLP for their contributions to provide complete, reliable, open and transparent financial information, and for fostering the enhanced stewardship of public funds.

We would like to take this opportunity to express our thanks and sincere appreciation to the Board of Directors for their continued support, trust, and guidance. Together, Metro Fire’s leadership and staff bring an effective combination of skills, experience and dedication to carry out Metro Fire’s mission:

***“TO PROVIDE PROFESSIONAL AND COMPASSIONATE  
PROTECTION, EDUCATION AND SERVICE TO OUR COMMUNITY.”***

Respectfully submitted,



Todd Harms  
Fire Chief



Amanda Thomas  
Chief Financial Officer



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**Sacramento Metropolitan Fire District  
California**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2016**

Executive Director/CEO

## Board of Directors

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**PRESIDENT**



**Ted Wood**  
Division 4

**VICE-PRESIDENT**



**Jim Barnes**  
Division 9

**SECRETARY**



**Gay Jones**  
Division 8



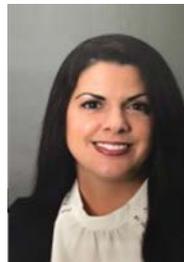
**Frederick Gayle**  
Division 1



**Grant B. Goold**  
Division 2



**Randy Orzalli**  
Division 3



**Jennifer Sheetz**  
Division 5



**D'Elman Clark**  
Division 6



**Matt Kelly**  
Division 7

## Executive Staff

---

**Todd Harms**



**FIRE CHIEF**

**Greg Casentini**  
DEPUTY CHIEF  
ADMINISTRATION

**Eric Bridge**  
DEPUTY CHIEF  
OPERATIONS

**Brian Shannon**  
DEPUTY CHIEF  
SUPPORT SERVICES

**Amanda Thomas**  
CHIEF FINANCIAL OFFICER

## Assistant Chiefs

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**Chris Quinn**  
A SHIFT

**Tylor Wagaman**  
B SHIFT

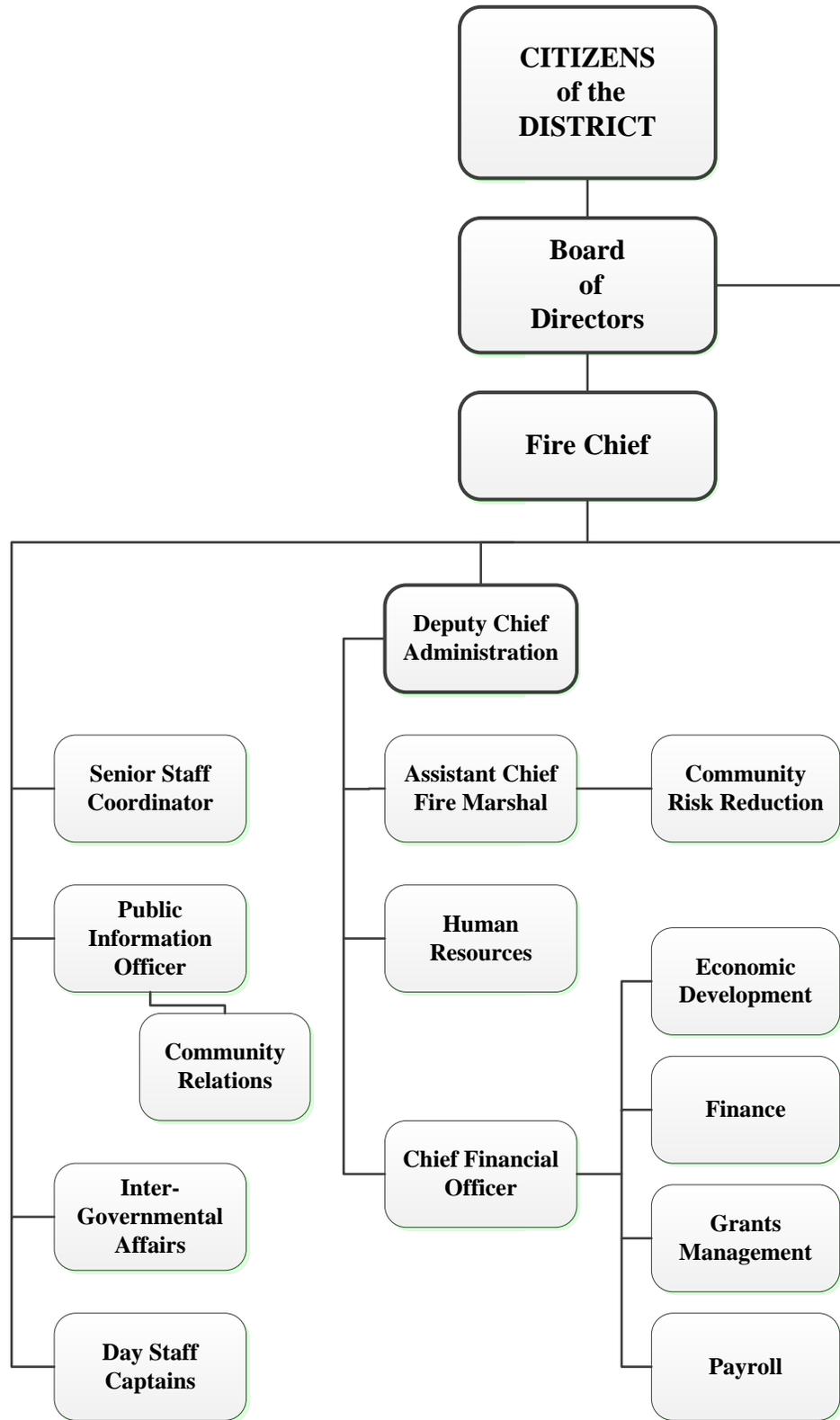
**Tom Neville**  
C SHIFT

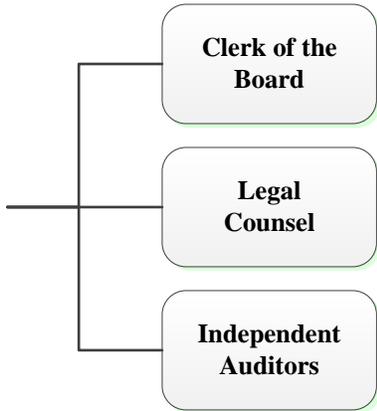
**Randy Hein**  
EMS

**Maurice Johnson**  
FIRE MARSHAL

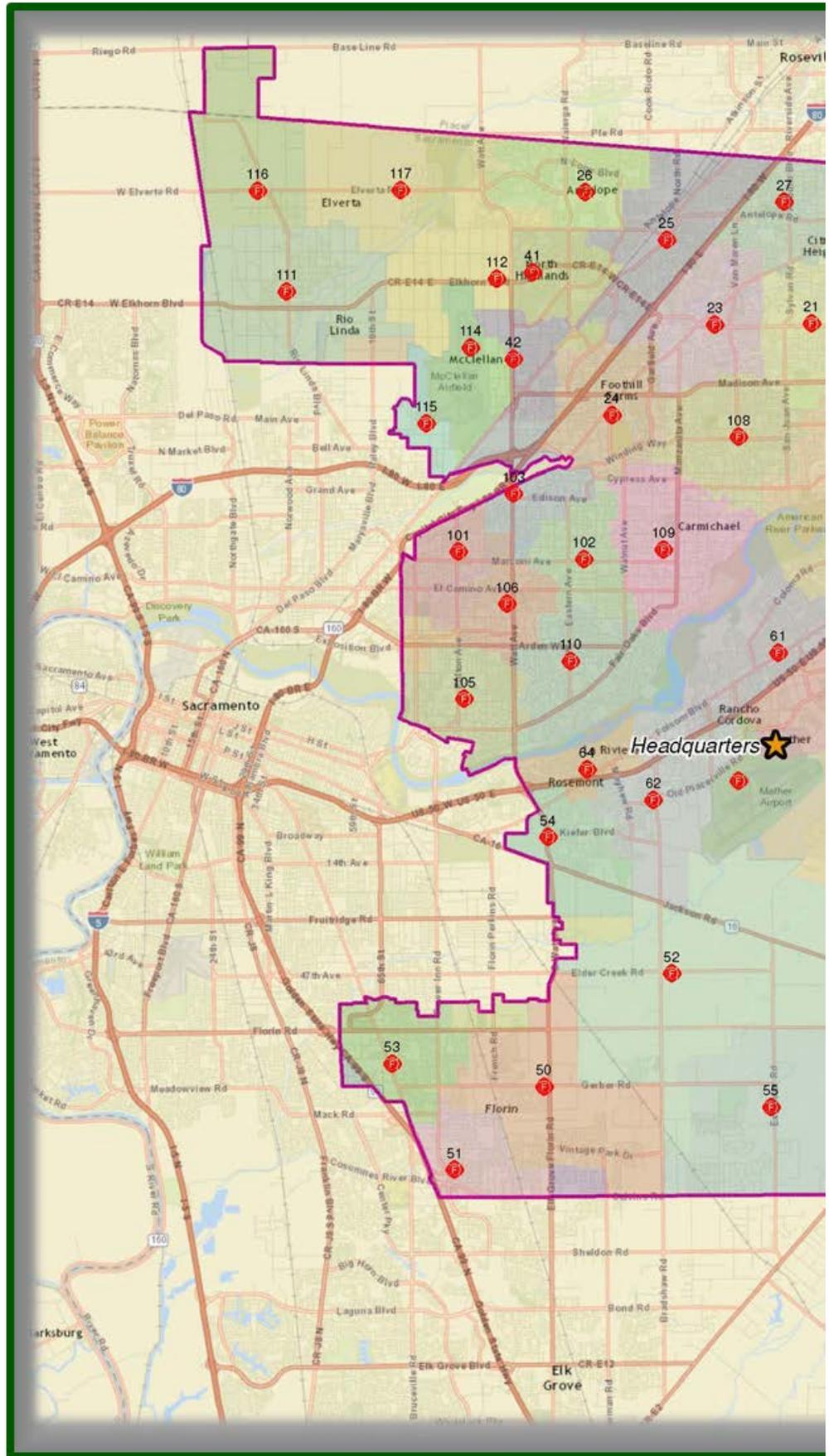
**Larry Savage**  
TRAINING/SAFETY

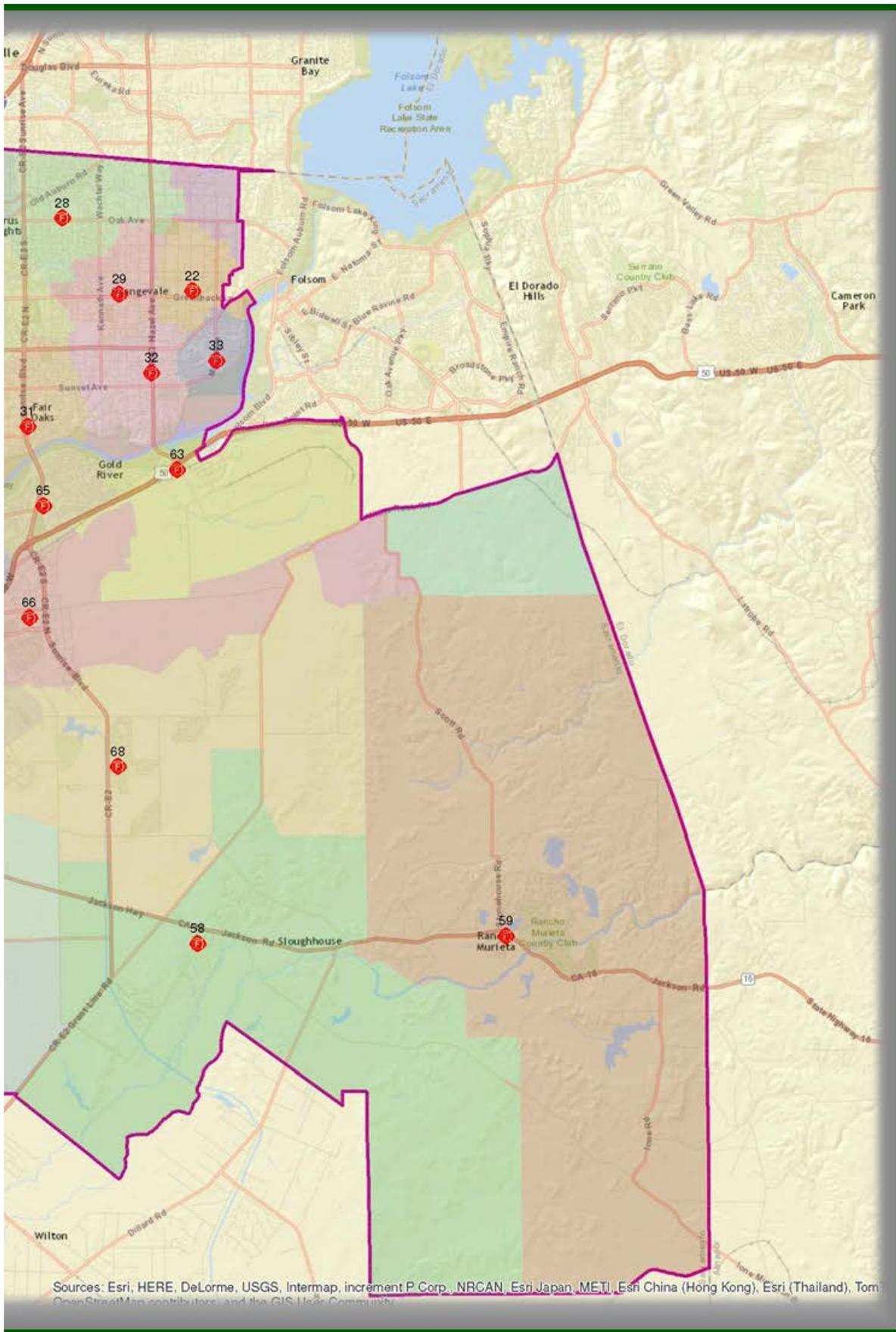
# Organizational Chart





# District Map





# Stations and Facilities

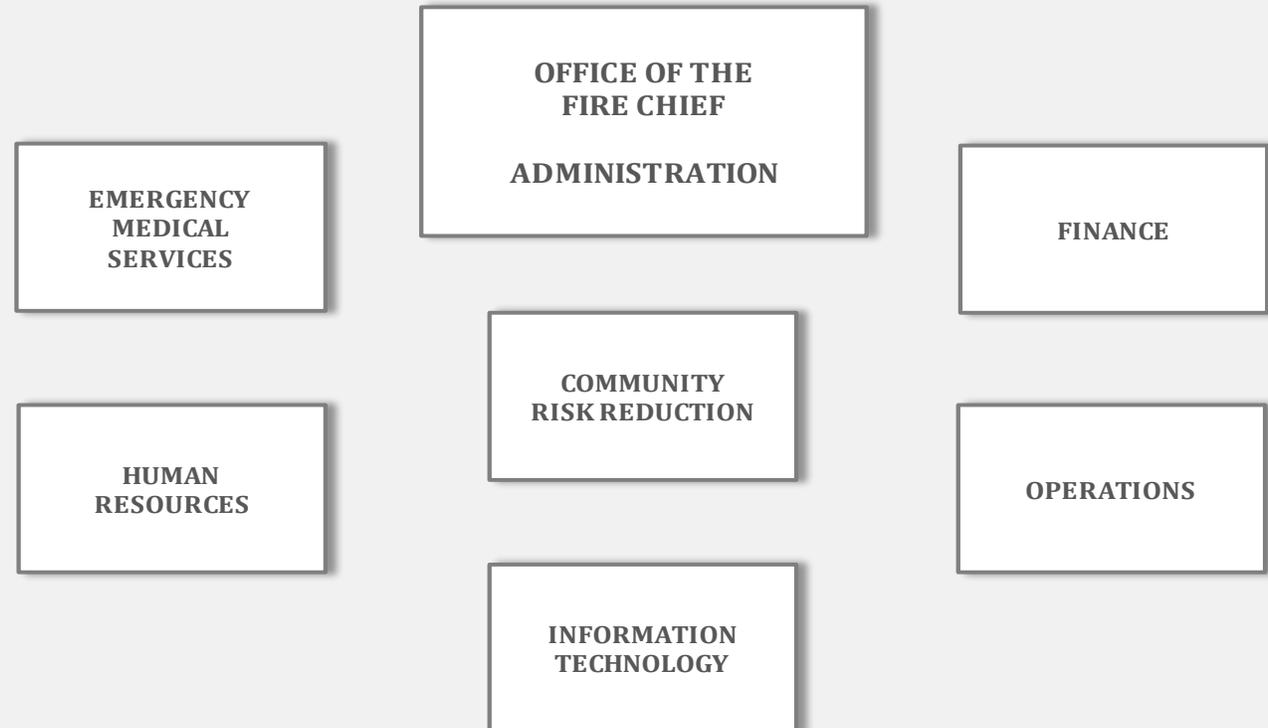


## **HEADQUARTERS**

---

10545 Armstrong Avenue, Suite #200  
Mather, California 95655

## HEADQUARTERS DIVISIONS



**COMMUNICATIONS/FACILITIES/FLEET**  
4425 Dudley Blvd.  
McClellan



**LOGISTICS/TRAINING/SAFETY**  
3012 Gold Canal Drive  
Rancho Cordova



**STATION #21**  
7641 Greenback Lane  
Citrus Heights



**STATION #22**  
6248 Chestnut Avenue  
Orangevale



**STATION #23**  
6421 Greenback Lane  
Citrus Heights



**STATION #24**  
4942 College Oak Drive  
Sacramento



**STATION #25**  
7352 Roseville Road  
Sacramento



**STATION #26**  
8000 Palmerson Drive  
Antelope



**STATION #27**  
7474 Grand Oaks Blvd.  
Citrus Heights



**STATION #28**  
8189 Oak Avenue  
Citrus Heights



**STATION #29**  
8681 Greenback Lane  
Orangevale



**STATION #31**  
7950 California Avenue  
Fair Oaks



**STATION #32**  
8890 Roediger Lane  
Fair Oaks



**STATION #41**  
6900 Thomas Drive  
North Highlands



**STATION #42**  
5608 North Haven  
North Highlands



**STATION #50**  
8880 Gerber Road  
Sacramento



**STATION #51**  
8210 Meadowhaven Drive  
Sacramento



**STATION #53**  
6722 Fleming Avenue  
Sacramento



**STATION #54**  
8900 Fredic Avenue  
Sacramento



**STATION #55**  
7776 Excelsior Road  
Sacramento



**STATION #58**  
7250 Sloughhouse Road  
Elk Grove



**STATION #59**  
7210 Murieta Drive  
Rancho Murieta



**STATION #61**  
10595 Folsom Blvd.  
Rancho Cordova



**STATION #62**  
3646 Bradshaw Road  
Sacramento



**STATION #63**  
12395 Folsom Blvd.  
Rancho Cordova



**STATION #64**  
9116 Vancouver Drive  
Sacramento



**STATION #65**  
11201 Coloma Road  
Rancho Cordova



**STATION #66**  
3180 Kilgore Road  
Rancho Cordova



**STATION #68**  
4381 Anatolia Drive  
Rancho Cordova



**STATION #101**  
3000 Fulton Avenue  
Sacramento



**STATION #102**  
4501 Marconi Avenue  
Sacramento



**STATION #103**  
3824 Watt Avenue  
Sacramento



**STATION #105**  
2691 Northrop Avenue  
Sacramento



**STATION #106**  
2200 Park Towne Circle  
Sacramento



**STATION #108**  
6701 Winding Way  
Fair Oaks



**STATION #109**  
5634 Robertson Avenue  
Carmichael



**STATION #110**  
1432 Eastern Avenue  
Sacramento



**STATION #111**  
6609 Rio Linda Blvd.  
Rio Linda



**STATION #112**  
6801 34th Street  
North Highlands



**STATION #114**  
5824 Kelly Way  
McClellan



**STATION #115**  
4727 Kilzer Avenue  
McClellan



**STATION #116**  
7995 Elwyn Avenue  
Elverta



**STATION #117**  
7961 Cherry Brook Drive  
Elverta

# District History

**1918-** **Mather Air Force Base Fire Department** was established in 1918, named after a WWI test pilot, Carl Mather.

**1922-** Established in June 1922, the **Mills Fire Department** covered approximately 55 square miles. Its original budget was in the \$3,000 range.

**1923-** In May 1923, the first meeting was held to form the **Rio Linda Outpost of Fire Protection** which had a roster of 13 volunteers and a newly purchased soda and acid type fire engine, affectionately known as “Old Betsy”.

**1925-** The **Elverta Fire District** was formed in October 1925. A Graham Dodge truck was later purchased and modified to serve

as its first fire truck. On its main fire station, a siren was installed with a button on the outside of the building – the first person to hear of a fire would run to the station to push it and activate the siren.

**1933-** The **Orangevale Volunteer Fire Dept.** was formed in 1933 with a single fire station located on Hazel Avenue and Greenback Lane. Its first fire engine was a converted 1917 REO touring car purchased for \$650 by volunteers.



**1935-** While onlookers stood by helplessly as a barn burned to the ground on December 31, 1933, talk began on the need for fire protection. In 1935, the non-profit corporation called the **Citrus Heights Fire District** was formed. Amidst the depression and lack of funds, everything pertaining to the District was purchased with funds from the local residents rather than county taxes. This was the only source of income until 1941.

**1938-** In late December 1938, the first piece of firefighting equipment was put into service at the Sacramento Air Depot and staffed by temporary firefighters. In 1939, staff was replaced with an all-civilian fire department and the base and was ultimately renamed to McClellan Air Force Base. **McClellan AFB Fire Department** grew to a maximum of six fire stations with personnel in excess of 30. It was augmented early on by over 125 airmen.

**1942-** In January 1942, a temporary Board of Commissioners was elected and in July of that same year, a groundbreaking ceremony was held for Station 1 of the newly formed **Arcade Fire Protection District**. The construction of the station began with volunteer labor and donated materials. In the summer of 1952, Station 2 was built, Station 3 was purchased from the San Juan School District in 1957, and Station 4 was converted from a portion of a warehouse in 1973.

**1942-** In 1935, several concerned citizens conceived the idea of fire protection and received eight donated Indian back pumps. In 1938, the community appropriated \$250 for the purchase of a 1932 Model “B” Ford pickup with a small water tank, pump and hose. In 1942, the **Fair Oaks Fire District** was legally formed. Ten volunteer firemen served the area and in 1947 the first voluntary Fire Chief was appointed.

**1942-** Local merchants and citizens, seeing the need for fire protection, purchased a hand drawn chemical cart for \$950 in 1918. In the 1930s, the cart was no longer serviceable and the area was without any organized fire protection. On July 26, 1942, the **Florin Fire District** was formally organized and the first

official act of the Board of Directors was to appoint a Fire Chief.

**1942-** Mr. Daniel W. Carmichael developed the Carmichael Colony in 1909 with the purchase of 2,000 acres of land north and west of the American River. Two years later, he acquired an additional 1,000 acres. Fire prevention at that time was a community endeavor. In 1927 a local businessman instituted a more formal volunteer firefighting force, purchasing a Model T fire engine which held 30 gallons of water, 100 feet of hose and other tools and equipment. In 1942, the **Carmichael Fire District** was officially organized and the area that was known as Donovan's Corners became Fire Station 1.

**1943-** County maps refer to Arden as "Rancho del Paso." It is a community of approximately 2,000 people which included two stores, two service stations, three large hop ranches, and one school in a nine-square mile agricultural area. On January 4, 1943, from the efforts of a close-knit group of citizens, a petition for formation of a fire district was submitted and approved by the Sacramento County Board of Supervisors and the **Arden Fire District** was born.

**1945-** The **Citrus Heights Fire Protection District** became a legal governmental entity in 1945 with the merger of the Citrus Heights Fire District and the Orangevale Volunteer Fire Department.

**1947-** The **Sloughhouse Fire Protection District** was formed in 1947 with volunteers and donated equipment. Without a formal fire station, the pumper and other apparatus were housed at Riella Ranch and the Sloughhouse Grocery Store until 1965 when volunteers built a station on Sloughhouse Road.

**1951-** The first firehouse for the **North Highlands Village Fire District**, which was formed in September 1951, was located next to the Flying A gasoline station on North Haven Drive. Daytime alarms were received by telephone at the Flying A gasoline station and night calls were answered at an apartment across the street. This District remained an all-volunteer

district until July, 1957 when three firefighters were hired at \$340 per month.

**1958-** The Rancho Cordova community was protected by the Mills Fire Dept. In 1958, the name of the department was changed to the **Rancho Cordova Fire Protection District**.

**1983-** The **American River Fire Protection District** was formed on August 1, 1983 by the consolidation of the Arden and Carmichael Fire Districts. At conception, the District had six fire stations and served 26 square miles. It responded to 3,715 alarms during the inaugural year.

**1984-** In 1983 the Board of Directors voted to merge the Citrus Heights and North Highlands Fire Districts. It was approved and on February 4, 1984, the North Highlands Village Fire District became part of the Citrus Heights Fire Protection District.

**1989-** The **Sacramento County Fire Protection District** was organized with the consolidation of the Rancho Cordova Fire Protection District and the Citrus Heights Fire Protection District in July 1989. Emergency services were provided to the community through 20 fire stations.

**2000-** On December 1, 2000, the **Sacramento Metropolitan Fire District** was formed from the consolidation of 16 historic fire districts. Now commonly known as Metro Fire, it is the seventh largest local fire district in the State of California and the largest in Sacramento County. For more detail on the merge, please see the Letter of Transmittal in this report.



[www.metrofire.ca.gov](http://www.metrofire.ca.gov)



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# Financial Section

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Sacramento Metropolitan Fire District  
Sacramento, California

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Sacramento Metropolitan Fire District (Metro Fire) as of and for the year ended June 30 2017, and the related notes to the financial statements, which collectively comprise Metro Fire's financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the State Controller's Minimum Audit Requirements for California Special Districts. 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 Metro Fire as of June 30, 2017 and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America as well as accounting systems prescribed by the State Controller's Office and state regulations governing special districts.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, Schedule of Funding Progress – Other Post-Employment Benefits Plan, Schedule of Changes in Net Pension Liability – CalPERS Safety Plan, Schedule of Plan's Proportionate Share of Net Pension Liability – CalPERS Miscellaneous Plans and SCERS Plan and Schedule of Employer Contributions on pages 6 to 18 and 56 to 60 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Metro Fire's basic financial statements. The introductory section, other supplementary information and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The budgetary comparison schedule for the Capital Facilities and Grant Funds and combining and individual nonmajor governmental funds financial statements and schedules are the responsibility of management and were derived from and relate 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 other supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have 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.

To the Board of Directors  
Sacramento Metropolitan Fire District

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2017 on our consideration of Metro Fire’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations and contracts and grant agreements and other matters. The purpose of that report is 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 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 Metro Fire’s internal control over financial reporting and compliance.

*Richardson & Company, LLP*

December 13, 2017



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# Management's Discussion and Analysis

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the Sacramento Metropolitan Fire District (Metro Fire) provides the reader with a narrative overview of Metro Fire's financial position and performance for the fiscal year ended June 30, 2017. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i-vii of this report.

### FINANCIAL HIGHLIGHTS

#### Government-wide:

- ❖ During the year, Metro Fire recognized \$203,400,944 in taxes and other revenues from governmental activities, which was \$18,687,609 less than related expenses.
- ❖ Metro Fire's net position as of the end of the year is a net *deficit* of \$356,428,730 mainly due to unfunded pension and other post-employment benefits obligations. Offsetting these amounts are net investments in capital assets of \$70,896,618.
- ❖ Overall outstanding long-term liabilities increased by \$81,327,555 during the year. This was mainly the result of increases in net pension liability due to interest on the prior unfunded balance. In addition, an implicit subsidy liability for other post-employment benefits (OPEB) was first recognized in the current year.

#### Fund level:

- ❖ Metro Fire's governmental funds reported combined fund balances of \$59,468,275, an increase of \$5,985,367 in comparison with the prior year. Approximately 40% of this amount is available for spending at the government's discretion (*unassigned fund balance*).
- ❖ Unassigned fund balance for the general fund was \$23,743,576 or approximately 12.4% of total general fund expenditures.

### ANNUAL REPORT OVERVIEW

The discussion and analysis provided herein is intended to serve as an introduction to Metro Fire's basic financial statements. The basic financial statements consist of three components:

- Government-wide financial statements
- Fund financial statements including budgetary comparison statements
- Notes to financial statements.

### GOVERNMENT-WIDE FINANCIAL STATEMENTS

The *government-wide financial statements* comprise the *Statement of Net Position* and the *Statement of Activities* which provide broad financial information and present a longer-term view of Metro Fire's finances. These statements are reported using the accrual basis of accounting which is similar to the accounting used by most private sector companies. The government-wide financial statements can be found on pages 20-21 of this report.

The *Statement of Net Position* presents information on all of Metro Fire's assets and deferred outflows, and liabilities and deferred inflows, with the difference between them reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial health of Metro Fire is improving or deteriorating.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The *Statement of Activities* presents information showing how Metro Fire's net position changed during the most recent fiscal 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 related cash flows. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

### GOVERNMENTAL FUND FINANCIAL STATEMENTS

A fund is a grouping of related accounts used to maintain control over resources segregated for specific activities or objectives. Metro Fire uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

*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 spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in assessing 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 *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions.

The governmental fund financial statements comprise the *Balance Sheet* and the *Statement of Revenues, Expenditures, and Changes in Fund Balances* both of which provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*. The modified accrual basis of accounting is used to measure cash and all other financial assets that can readily be converted into cash. It helps determine the availability of financial resources that can be spent in the near future to finance programs. The governmental fund financial statements can be found on pages 22-26 of this report.

### NOTES TO THE FINANCIAL STATEMENTS

Financial statement notes are an important part of the basic financial statements and 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 basic financial statements can be found on pages 27-54 of this report.

In addition to the Basic Financial Statements and accompanying notes, this report also includes supplementary information intended to furnish additional detail to support the basic financial statements. A Statistical Section is also included which provides various financial schedules as well as historical trend data.

### FINANCIAL ACTIVITIES OF METRO FIRE AS A WHOLE

This analysis focuses on the net position and changes in net position of Metro Fire's Governmental Activities presented in the Government-Wide Statement of Net Position and Statement of Activities.

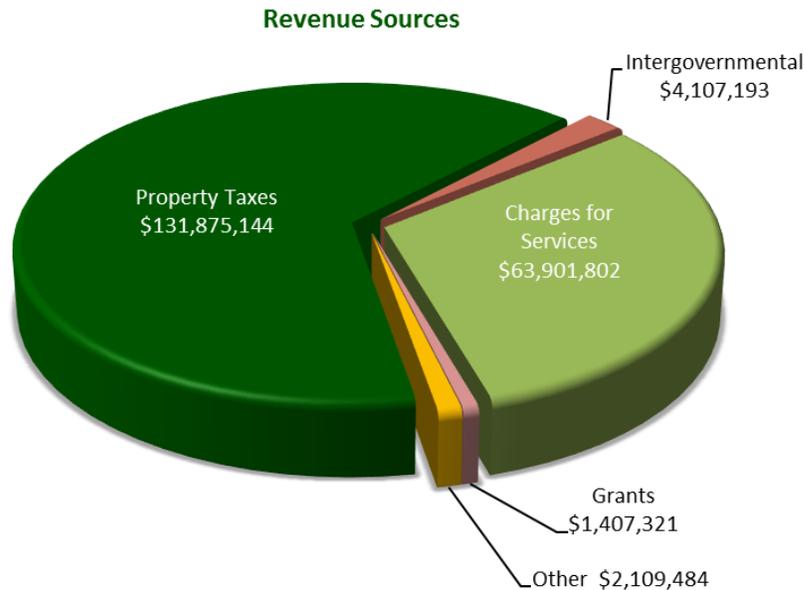
### GENERAL AND PROGRAM REVENUES

The primary source of funding for the services provided by Metro Fire comes from property taxes, which comprised about 65% of total revenues for the year. A summary of revenue sources for the fiscal years ended June 30, 2017 and 2016 is presented on the next page.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

**Table 1**  
**Condensed Schedule of Revenues**  
*(in thousands)*

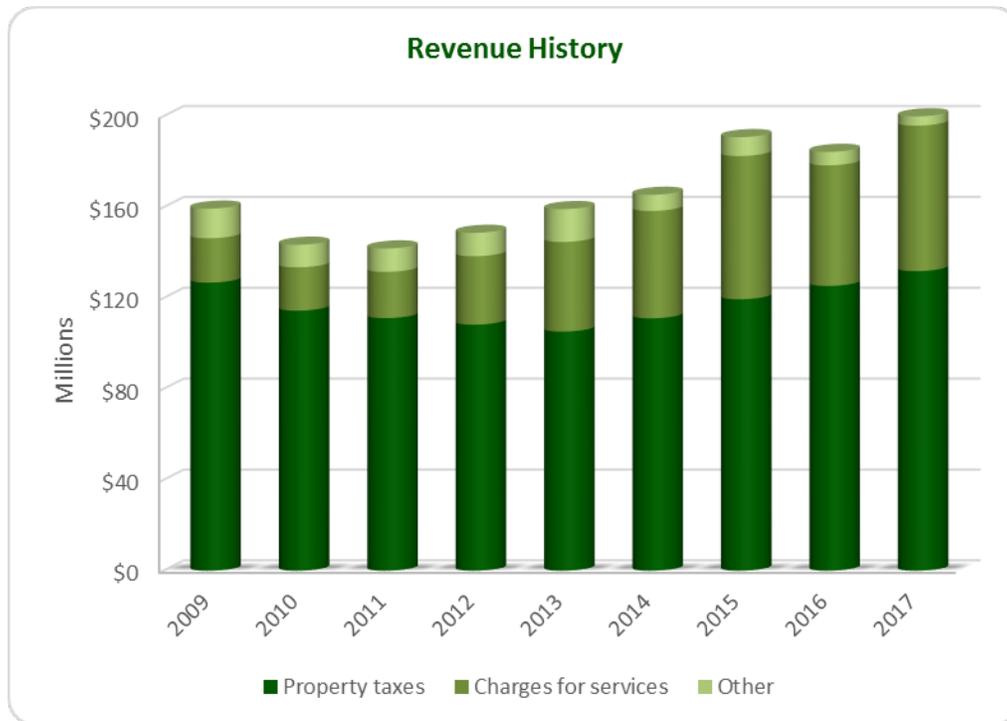
	2017	2016	\$ Change	% Change
<b>General revenues</b>				
Property taxes	\$ 131,875	\$ 125,343	\$ 6,532	5%
Intergovernmental	4,107	3,554	553	16%
Rentals and other income	951	1,353	(402)	(30%)
Miscellaneous	1,159	446	713	160%
Total general revenues	138,092	130,696	7,396	6%
<b>Program revenues</b>				
Charges for services	63,902	53,124	10,778	20%
Operating grants and contributions	1,037	333	704	211%
Capital grants and contributions	370	206	164	80%
Total program revenues	65,309	53,663	11,646	22%
<b>Total revenues</b>	\$ 203,401	\$ 184,359	\$ 19,042	10%



Metro Fire monitors property tax valuation closely with a property tax consultant to identify trends and develop forecasts of this critical revenue source. In fiscal year 2008/09, assessed property values in Metro Fire’s service area reached a high point of \$57.8 billion. The real estate market in the region since then was hit hard by the recession, and assessed property values within Metro Fire’s boundaries steadily declined to \$49.5 billion in 2012/13; a reduction of \$8.3 billion, or 14%. Annual property tax revenue during this time declined from its peak of \$129 million to \$105 million in 2012/13; a drop of \$24 million, or 19%. Since then, Metro Fire experienced 4 straight years of growth in assessed property values, increasing by \$2.8 billion in the most recent fiscal year to a total of \$59.4 billion. Property tax revenue in 2016/17 grew by \$6.5 million, or 5%.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

While management expects to see modest growth in future property taxes, it continues to find ways to lessen its fiscal dependency on property tax revenues. The chart below presents Metro Fire's revenue history for past nine fiscal years.



As reflected in the chart, non-property tax related revenue grew from \$33 million in 2009/10 to \$72 million in 2016/17; an increase of \$39 million, or over 125% compared to the 2008/09 level. The introduction of the Single-Role Paramedic Program (SRPP), supplemental medical transport cost reimbursements, and other changes relative to delivery of emergency medical transport services have resulted in a substantial increase in cost recovery for emergency medical services. As a result of the efforts mentioned above, charges for services amounting to \$64 million now comprise 31% of total revenues.

Starting in 2013/14, Metro Fire participated in the Ground Emergency Medical Transport (GEMT) Program that allows qualified public entities to collect federal matching funds for services provided to Medi-Cal beneficiaries that are part of the Fee for Service (FFS) Program. This program accounts for approximately 6% of the medical patients seen by Metro Fire. For the past 3 fiscal years, Metro Fire was able to receive federal matching funds for the rest of its Medi-Cal patients consisting of managed care Health Maintenance Organization (HMO) beneficiaries through a mechanism called Rate Range Intergovernmental Transfer (IGT). As a governmental entity, Metro Fire is allowed to partner with the Federal Medicaid program to receive additional funding as a result of services provided to Medi-Cal managed care beneficiaries. The GEMT and IGT programs provided gross reimbursements of \$1.6 million and \$15.5 million (before related fees), respectively. The gross revenue from the IGT program was about \$9 million higher compared to the prior fiscal year due to changes in the reimbursement formula and time frame covered. After related fees, the net reimbursement from the IGT program was \$6.1 million, about \$4 million higher than the prior fiscal year.

During the year, operating and capital grants increased by \$900 thousand or about 161% compared to the prior year. The increase is mainly attributable to a new Staffing for Adequate Fire and Emergency Response (SAFER) grant award covering two years.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

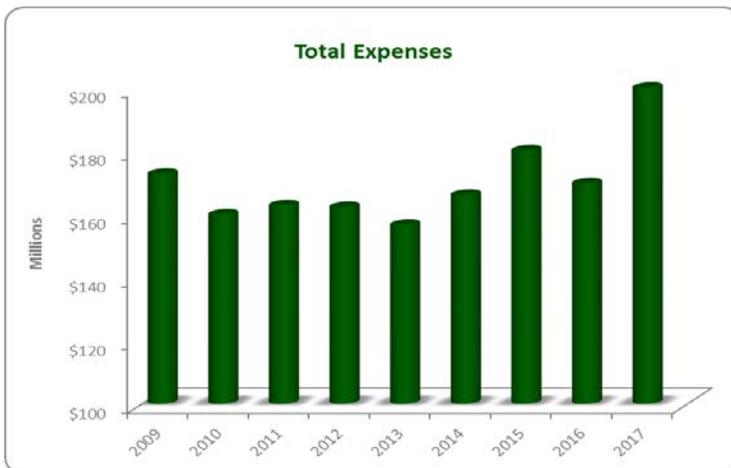
## EXPENSES

As a public safety provider, the majority of Metro Fire's operating expense relates to labor costs, which comprise about 81% of total expenses. A summary of Metro Fire's expenses for the fiscal years ended June 30, 2017 and 2016 and a history of total expenses are presented below:

**Table 2**  
**Condensed Schedule of Expenses**  
*(in thousands)*

	2017	2016	\$ Change	% Change
<b>Public protection</b>				
Salaries and benefits	\$ 178,385	\$ 133,443	\$ 44,942	34%
Services and supplies	32,615	25,080	7,535	30%
Other	2,097	2,361	(264)	(11%)
Subtotal	<u>213,097</u>	<u>160,884</u>	<u>52,213</u>	32%
<b>Interest</b>	4,271	4,338	(67)	(2%)
<b>Loss on disposal of capital assets</b>	-	448	(448)	(100%)
<b>Depreciation</b>	<u>4,721</u>	<u>4,070</u>	<u>651</u>	16%
<b>TOTAL EXPENSES</b>	<u>\$ 222,089</u>	<u>\$ 169,740</u>	<u>\$ 52,349</u>	31%

Public protection expenses for the year were \$213 million, or 32% more than the prior year. The majority of the expenses relates to salaries and benefits which increased by about 34%, primarily due to increases in the net pension liability and changes to the related deferred outflows and inflows which in turn is due to lower than expected investment returns and differences between expected and actual experience. The pension expense used for financial reporting is usually larger than the required employer contributions and will likely be more volatile from year-to-year as both favorable and unfavorable results flow through the statements on an accelerated basis.



The other significant program expense is services and supplies which amounted to \$32.6 million, an increase of \$7.5 million or 30% from the prior year. The increase is mainly due to higher costs associated with the IGT program. The program required Metro Fire to transfer \$9.3 million to the State of California for its matching contribution to fund the IGT plus the State's fee, compared to \$4.2 million in the prior year. The State drew down the federal share of matching funds for payment to the Managed Care Plans. The Plans then distributed \$15.4 million to Metro Fire for a net revenue of \$6.1 million.

As Metro Fire's available resources at its disposal are dictated mainly by property values which are subject to cyclical changes, management will continue to work collaboratively with the Board and Labor to aggressively seek out new sources of revenue and cost-saving opportunities.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

## ANALYSIS OF NET POSITION

This analysis focuses on the net position and changes in net position of Metro Fire's Governmental Activities, as presented below in the government-wide Statement of Net Position and Statement of Activities as of and for the years ended June 30, 2017 and 2016.

**Table 3**  
**Condensed Schedule of Net Position**  
*(in thousands)*

	2017	2016	\$ Change	% Change
<b>Assets:</b>				
Cash and investments	\$ 61,744	\$ 52,652	\$ 9,092	17%
Other current assets	17,508	16,519	989	6%
Capital assets	94,402	91,873	2,529	3%
Total Assets	173,654	161,044	12,610	8%
<b>Deferred outflows of resources</b>	80,217	39,417	40,800	104%
<b>Liabilities:</b>				
Current and other liabilities	11,844	9,924	1,920	19%
Long-Term liabilities	583,488	502,160	81,328	16%
Total Liabilities	595,332	512,084	83,248	16%
<b>Deferred inflows of resources</b>	14,968	26,118	(11,150)	(43%)
<b>Net position:</b>				
Net investment in capital assets	70,897	71,132	(236)	(0%)
Restricted	5,974	3,673	2,301	63%
Unrestricted	(433,299)	(412,546)	(20,753)	(5%)
<b>Total net position</b>	\$ (356,429)	\$ (337,741)	\$ (18,688)	(6%)

**Table 4**  
**Schedule of Changes in Net Position**  
*(in thousands)*

	2017	2016	\$ Change	% Change
Total revenues	\$ 203,401	\$ 184,359	\$ 19,042	10%
Total expenses	(222,089)	(169,740)	(52,349)	(31%)
Excess (Deficiency)	(18,688)	14,619	(33,307)	(228%)
Beginning net position	(337,741)	(352,360)	14,619	4%
Ending net position	\$ (356,429)	\$ (337,741)	\$ (18,688)	(6%)

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Metro Fire's net position decreased by \$19 million or 6% during the year mainly due to changes in unrestricted net position.

### Net Investment in Capital Assets

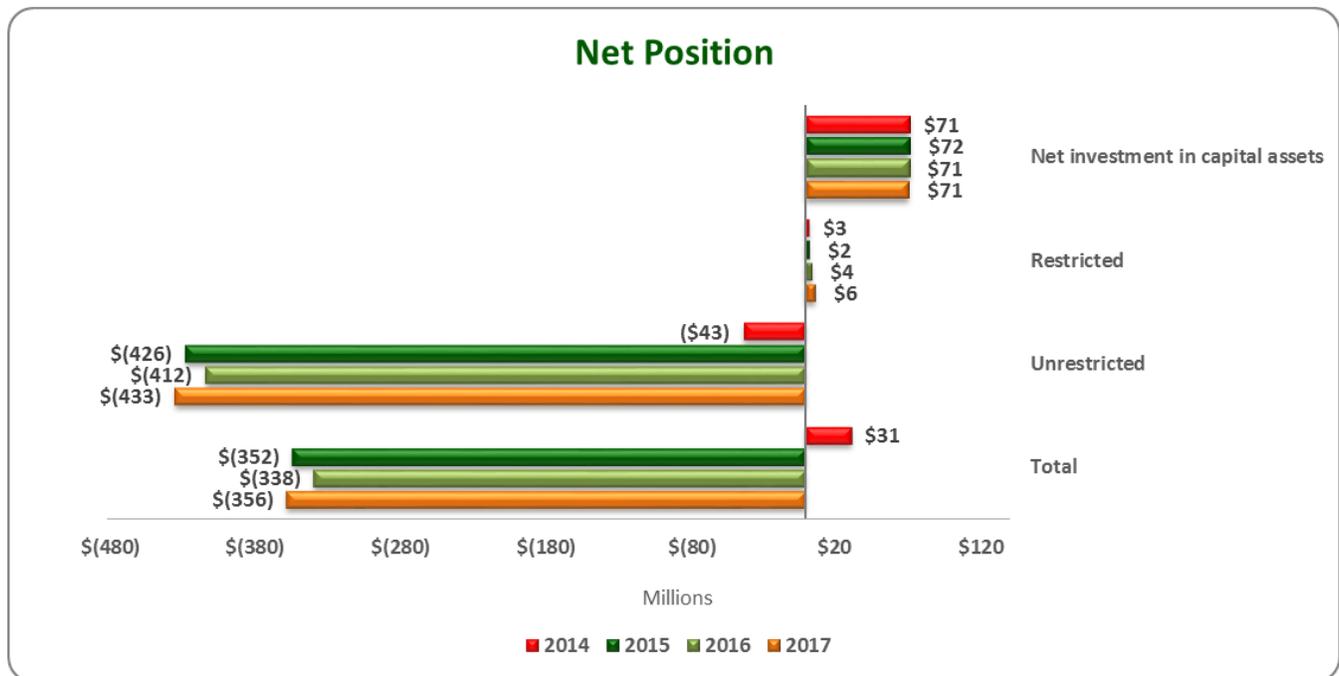
Metro Fire uses capital assets to deliver firefighting and medical services to the citizens and as such these are not available for future spending. Metro Fire's investment in capital assets of \$71 million is shown net of related debt of \$23.5 million. This represents a decrease of \$235 thousand from the prior year mainly due to depreciation. Although reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources since the capital assets themselves cannot be used to repay this debt.

### Restricted Net Position

Restricted net position of \$6 million represents resources that are subject to external restrictions on their use. These resources can be used mainly for capital acquisition, debt payments, and for grant approved expenditures. The increase is mainly due to setting aside of development impact fees collected for the construction of future fire stations.

### Unrestricted Net Position

Unrestricted net position, which can be used to finance day-to-day operations without constraints, is a negative \$433 million, a decrease of \$21 million from the prior year. This deficit is caused mainly by the recognition of the full net pension liability and the related deferrals. Also contributing to this decrease is the recognition of a certain portion of other postemployment benefits obligation (OPEB). Partially offsetting this deficit is positive unrestricted net position in Metro Fire's General Fund.



The graph above shows the dramatic decrease in net position in the past three fiscal years due to the adoption of the new pension accounting standards. Metro Fire's net position for the past ten years is shown on page 70.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

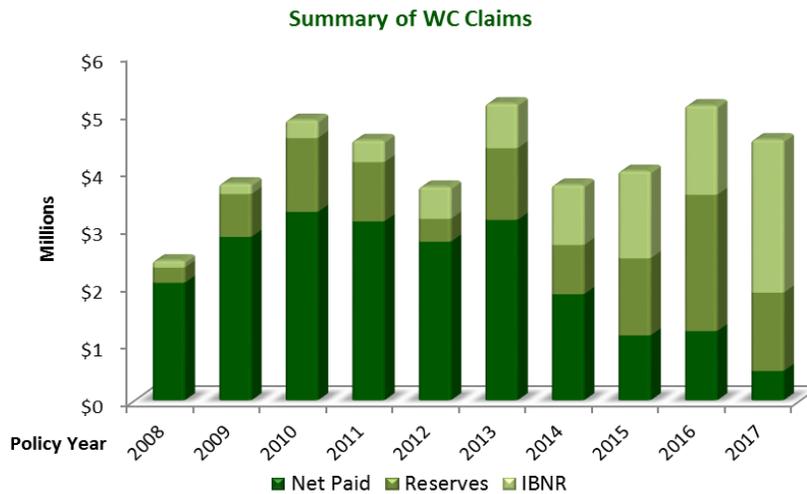
## ASSETS AND LIABILITIES

As shown in Table 3, Metro Fire's total assets showed a relatively small increase of about \$13 million due to unspent proceeds from a new capital lease, increase in amounts set aside from development fees, and positive cash flows from the general fund.

Liabilities on the other hand increased by \$83 million or 16% mainly due to increases in long-term liabilities. These liabilities include capital leases, bonds, compensated absences, workers' compensation liability, OPEB liability, and net pension liability. Capital leases and bonds are discussed in Note 5. A net pension liability of \$400 million was recognized as of June 30, 2017. This represents an increase of \$76 million mainly due to interest on the prior year balance.

Metro Fire also has a liability for other post-employment benefits amounting to \$56 million at the end of the year which is an increase of \$3 million. The increase is mainly due to an initial recognition of an implicit subsidy liability for retiree premiums in the current year. An implicit subsidy liability arises when retirees pay the same premium as active employees that, on average, are younger and healthier. This pooling results in an "implicit subsidy" of retiree premiums by active employee premiums, since the retiree premiums are lower than they would have been if retirees were insured separately. GASB 45 generally requires an implicit subsidy of retiree premium rates be valued as an OPEB liability.

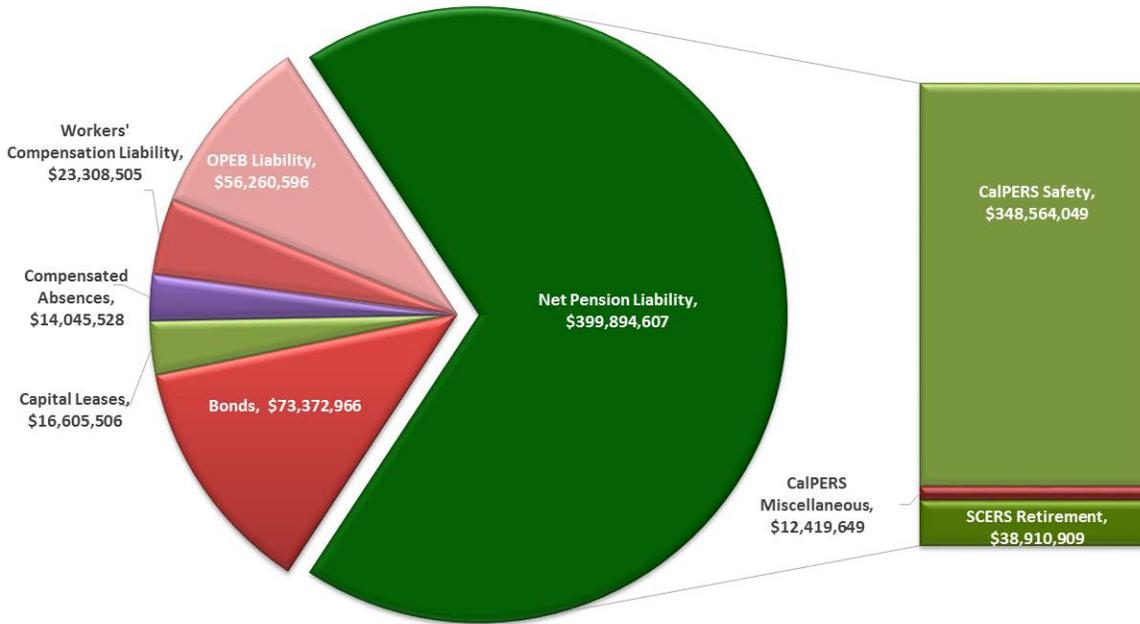
Metro Fire is self-insured for workers' compensation claims and the liability is actuarially determined. Claim liabilities and related expenditures are reported when it is probable that a loss has occurred and the loss amount can be reasonably estimated. The liability for workers' compensation claims on June 30, 2017 was \$23.3 million. Below is a chart depicting Metro Fire's claim losses by policy year since 2006, which also reflects how much remains outstanding for each year (i.e. reserves and incurred but not reported).



In recent years, Metro Fire has restored services eliminated during the recession, resulting in additional time worked. This additional exposure would be expected to increase ultimate losses from worker's compensation claims. However, due to Metro Fire's efforts to emphasize safety on the job, the number of claims and severity of claims being reported were kept in check.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The breakdown of Metro Fire's liabilities is as follows:



### DEFERRED OUTFLOWS & INFLOWS OF RESOURCES

Deferred outflows are not available to pay liabilities in the way assets are available. In the same vein, deferred inflows of resources are not technically liabilities. When all the recognition criteria are met, the deferred outflow of resources will become an expense while the deferred inflow of resources will become revenues. These deferrals relate to the implementation of the accounting standards on pension liability reporting. The majority of the deferred outflows of resources reported resulted from current year contributions to the retirement system which are required to be deferred by GASB 71 while deferred inflows arose from changes in assumptions, actual investment gains in excess of the amount assumed, and other deferred items.

### GOVERNMENTAL FUND BALANCE AND BUDGETARY HIGHLIGHTS

#### GENERAL FUND

The General Fund is the general operating fund of Metro Fire and is generally used to account for all financial resources relative to operations. The major source of revenue for the General Fund is property taxes (\$132 million), which accounts for 66% of Metro Fire's operational funding. Charges for ambulance transport services, deployments, and other services (\$61 million) accounts for 31% of operational funding. General Fund revenues increased by \$15 million or 8% compared to the prior year, mainly due to higher assessed property values resulting in higher tax revenues and changes in the IGT program resulting in a higher amount of available funding for Metro Fire.

General Fund expenditures increased by \$12 million or 7% compared to the prior year. The increase is mainly related to the aforementioned changes in the IGT program which in turn resulted in increased fees (\$5 million). In addition, there were also salary and benefit-related increases in overtime (\$3 million) and workers' compensation (\$1 million).

**GENERAL FUND BUDGETARY HIGHLIGHTS**

Budgetary fund variances are monitored by the Board of Directors during regular Finance and Audit Committee meetings. As necessary, the Board revises the budget when new information is available. The General Fund final *adopted* budget for fiscal year 2016/17 forecasted for a \$965 thousand deficit. For budgeting purposes, Metro Fire accounts for the activities of its leased properties and IGT separately from its other general fund activities. For purposes of this report, those activities have been combined. Actual results had a more favorable \$2.5 million surplus. Comparisons of Metro Fire’s original and final budget as well as the actual governmental fund results for the General Fund and the nonmajor funds appears on pages 26, 63, 67, and 68 of this report. Below is a summary of final budget and actual results for the General Fund for fiscal year ending June 30, 2017:

**Table 5**  
**Condensed Schedule of Revenues and Expenditures**  
**Budget to Actual - General Fund**  
*(in thousands)*

	Final Budget	Actual	Variance
Total Revenues	\$ 198,103	\$ 198,255	\$ 151
Total Expenditures	(194,062)	(190,721)	3,341
Financing Sources (Uses)	(5,006)	(5,022)	(15)
Net Change in Fund Balance	<u>\$ (965)</u>	<u>\$ 2,512</u>	<u>\$ 3,477</u>

Actual revenue was essentially equal to budgeted revenues. Actual expenditures were \$3.3 million lower than budgeted due to the following:

- ❖ \$2.6 million was set aside in anticipation of pension bond retirements which was essentially treated as an expenditure to transfer from our unassigned fund balance to committed fund balance; in the fund financial statements, it is treated as a transfer from cash to investments rather than as an expenditure.
- ❖ The rest of the budget savings resulted from deferral of certain service expenditures into the next fiscal year, lower fuel costs, and various other cost efficiencies.

The final budget and original budget revenues and appropriations remained relatively the same during the year.

**OTHER GOVERNMENTAL FUNDS**

The Capital Facilities Fund is used to account for capital lease proceeds and general operating transfers to fund capital purchases. The final budget projected a deficit of just over \$200 thousand while actual results ended with a more favorable \$2 million surplus due mainly to the deferral of certain capital outlays into the next fiscal year.

The Impact Fee Fund accounts for the proceeds from development impact fees which produced a slightly higher actual surplus when compared to the budget. The surplus is restricted for use on capital outlay relating to construction of future fire stations and acquisition of apparatus to serve new developments.

The Grant Fund is used to account for various types of grants awarded to Metro Fire. Grant activity was significantly higher during the most recent fiscal year due to the award of a two-year SAFER grant which assisted Metro Fire in paying for nine firefighter positions. The remaining fund balances can only be used for purposes authorized in the grant awards.

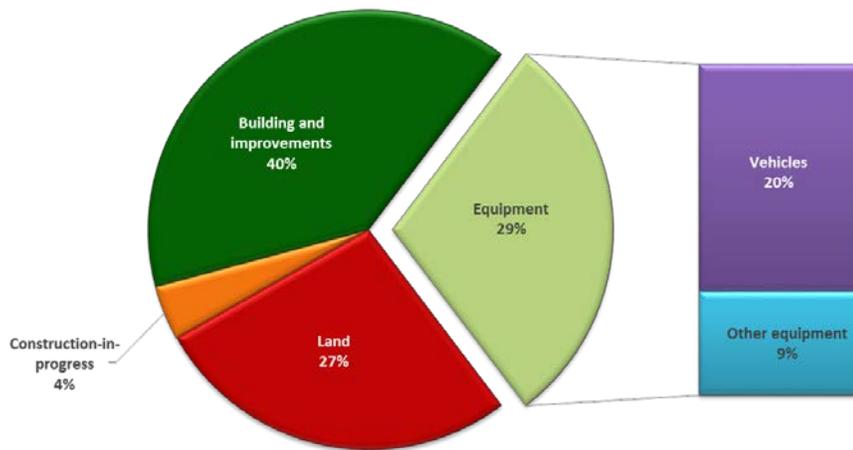
**CAPITAL ASSET AND DEBT ADMINISTRATION**

**CAPITAL ASSETS**

Metro Fire owns 43 fire stations: 41 of which are currently providing fire suppression/EMS responses. Metro Fire also owns its headquarters building, a logistics warehouse building, a training facility, a fleet maintenance building, a radio shop building, and two surplus office buildings. Resources include hundreds of vehicles and equipment consisting of fire engines, fire trucks, ambulances, a hazardous materials unit, heavy rescue units, two firefighting rescue helicopters, two bulldozers, rescue boats, a decontamination unit, and multiple support staff vehicles. Additional detail regarding capital assets is located in Note 3 of the financial statements.

**Table 6**  
**Capital Assets at Year-End**  
**Net of Depreciation**  
*(in thousands)*

	2017	2016	\$ Change	% Change
Land	\$ 25,613	\$ 25,802	\$ (189)	(1%)
Construction-in-progress	3,809	2,181	1,628	75%
Building and improvements	37,265	38,210	(945)	(2%)
Equipment	27,715	25,680	2,035	8%
<b>Totals</b>	<b>\$ 94,402</b>	<b>\$ 91,873</b>	<b>\$ 2,529</b>	<b>3%</b>



Funding for infrastructure has historically come from development fees and property tax revenue; both of which were negatively impacted by the recession. As a result, in order to fund infrastructure and fire service apparatus needs, a combination of lease revenue bond issues and capital lease financing was employed.

At the end of the current fiscal year, Metro Fire had over \$94 million invested in a broad range of capital assets, including buildings, fire stations, and various pieces of equipment. This amount represents an increase of about \$2.5 million, or 3%, from the previous year. During the current year, Metro Fire had put into service about \$5.5 million of capital assets in accordance with its capital replacement plan. This increase was offset by depreciation of \$4.7 million.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### DEBT ADMINISTRATION

The following table summarizes the long-term debt for the last two years:

**Table 7**  
**Outstanding Debt at Year-End**  
*(in thousands)*

	<u>2017</u>	<u>2016</u>	<u>\$ Change</u>	<u>% Change</u>
Pension bonds payable	\$ 63,998	\$ 65,395	\$ (1,397)	(2%)
Lease revenue bonds payable	9,375	9,586	(211)	(2%)
Capital Leases	16,606	13,061	3,545	27%
<b>Totals</b>	<u>\$ 89,979</u>	<u>\$ 88,042</u>	<u>\$ 1,937</u>	<u>2%</u>

Debt payments during the year amounted to \$5.5 million offset by bond accretion of \$1.2 million in one of Metro Fire's pension bond series. In addition, during the year, new capital leases amounting to \$6.2 million were entered into to purchase various pieces of apparatus, ambulances, and other equipment.

Metro Fire's budget includes bi-annual principal and interest payments. In addition, Metro Fire has a policy that requires setting aside of an annual deposit payment for the eventual extinguishment of the Pension Bond Series B and C, in 2025 and 2018, respectively. In conjunction with the pension bond debt, Moody's Investor Service rated Metro Fire's credit as a favorable A2 with a stable outlook, and in conjunction with both the pension bond and lease revenue bond debt, Standard & Poor's rated Metro Fire's credit as AA-. Additional detail regarding long-term debt is located in Note 5 of the financial statements.

### ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

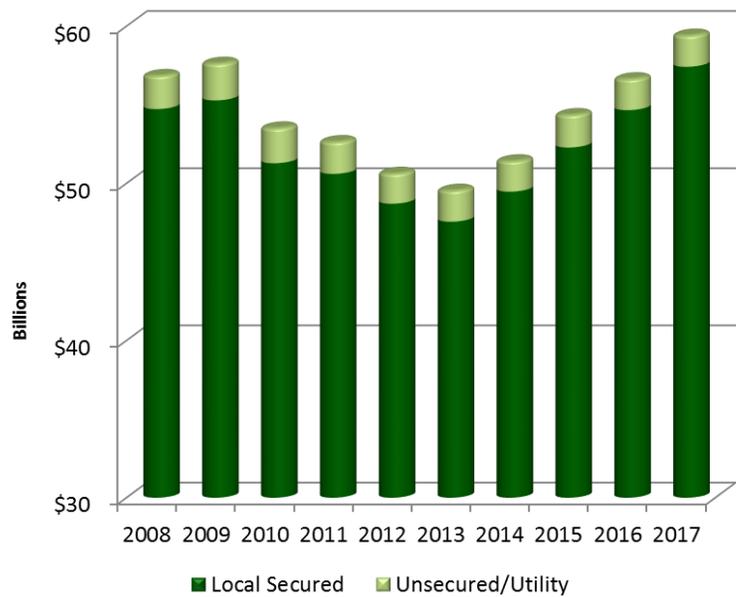
Since 2008, the economy has presented Metro Fire with significant challenges. The Board of Directors, management and employees responded by working together to address both the immediate and long-term fiscal challenges confronting Metro Fire, with the goal of preserving service levels. While fiscal challenges remain, steps have been taken that place Metro Fire on a more predictable and fiscally sustainable path moving forward. As discussed previously, Metro Fire has begun to utilize long-term financial planning tools to help identify fiscal challenges and guide current decision making. These financial planning efforts reflect a shared commitment on the part of the Board, management and employees to provide an exceptionally high level of service within a framework that promotes long-term financial sustainability.

During this time, management and union representatives engaged in a highly collaborative effort to address a structural budget imbalance in the General Fund brought on by the negative impacts of the lingering economic recession; namely, reduced property tax revenue, rising health care costs and rising pension costs caused by significant pension fund investment losses. Labor and management were able to reach agreement on a number of concessions that both achieved operational cost savings and allowed Metro Fire to begin pre-funding retiree medical benefits. Pre-funding retiree medical benefits was identified as a key measure in preserving and reducing the long-term cost of this significant retirement benefit.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The chart to the right provides a history of the assessed value of properties within Metro Fire's jurisdiction in the last 10 fiscal years. Property values have now increased for 4 consecutive years and are projected to grow by 6.2% next fiscal year. The assessed value increase between 2016/17 and 2017/18 is estimated at \$3.7 billion, with the largest share of that amount (approximately \$1.3 billion) resulting from increased assessed value as a result of transfers in ownership.

While the District was forced to reduce service as a result of property tax revenue reductions during the recession, improved revenues in recent years have gradually permitted the restoration of service. The final budget for FY 2017/18 reflects General Fund expenditures essentially equal to current year General Fund revenues, with an overall planned surplus (including leased property and IGT activities) of approximately \$3.6 million. The surplus is due to the anticipated receipt of IGTs covering two separate fiscal years, partially offset by a deficit in leased property activity due to substantial one-time costs related to a new tenant. The final budget provides for increased ongoing spending requirements resulting from labor cost escalation, including salary increases and an increase in required pension contributions, and additional debt service payments resulting from substantial capital replacement and other equipment purchases financed in recent years.



While the final budget for 2017/18 falls short of achieving the Board's goal of establishing an operating reserve of 15%, it does keep Metro Fire on track with respect to addressing the long-term financial obligations associated with the commitment to current employees and retirees to pay medical benefits after retirement by funding the OPEB ARC as well as maintaining the funding plan for the outstanding pension obligation bonds. Establishing and maintaining adequate reserves remains an important goal for Metro Fire.

Management regularly reviews financial projections and makes adjustments based on recent trends in real property value, new commercial and residential development, State of California economic forecasts, and changes adopted by the retirement and healthcare systems under which Metro Fire provides benefits to its employees. District spending choices are prioritized and reflect public values, with service levels balanced against adequate funding to maintain facilities, vehicles and equipment and providing a sustainable level of fair and reasonable employee compensation. These efforts are undertaken with a commitment to sustaining the high level of service Metro Fire currently provides to the community and maintaining its long-term fiscal stability.

### **OBTAINING ADDITIONAL INFORMATION**

These financial reports are intended to provide Metro Fire's elected officials, citizens, investors, and creditors with a general overview of Metro Fire's financial condition and an accounting of the public's money. If you have questions about this report or need more financial information, contact Metro Fire's Chief Financial Officer at 10545 Armstrong Avenue, Mather, CA 95655. More information on Metro Fire's operations can also be found at [www.metrofire.ca.gov](http://www.metrofire.ca.gov).

# Basic Financial Statements

**Sacramento Metropolitan Fire District**  
**Statement of Net Position**  
**June 30, 2017**

<b>ASSETS</b>	
Cash and investments	\$ 51,230,883
Receivables, net of allowance for uncollectibles:	
Medic fees receivable	7,334,279
Taxes receivable	1,300,000
Other receivables	327,769
Due from other governments	6,140,176
Inventory	2,400,572
Prepaid expenses and other assets	5,000
Restricted cash and investments	10,513,264
Capital assets:	
Not being depreciated	29,422,106
Being depreciated, net	64,979,424
Total Assets	<u>173,653,473</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows related to pension	<u>80,217,498</u>
Total Deferred Outflows of Resources	<u>80,217,498</u>
<b>LIABILITIES</b>	
Accounts payable and accrued expenses	8,904,920
Salaries and benefits payable	2,268,063
Accrued interest payable	671,281
Long-term liabilities:	
Due within one year - others	15,390,300
Due in more than one year - OPEB liability	56,260,596
Due in more than one year - net pension liability	399,894,607
Due in more than one year - others	111,942,205
Total Liabilities	<u>595,331,972</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows related to pension	<u>14,967,729</u>
Total Deferred Inflows of Resources	<u>14,967,729</u>
<b>NET POSITION</b>	
Net investment in capital assets	70,896,618
Restricted for:	
Capital acquisition	4,407,621
Debt service	677,824
Grant-approved expenditures	717,430
Other purposes	170,768
Unrestricted	(433,298,991)
Total Net Position	<u>\$ (356,428,730)</u>

The accompanying notes are an integral part of these financial statements.

**Sacramento Metropolitan Fire District**  
**Statement of Activities**  
**For the Year Ended June 30, 2017**

<b>EXPENSES</b>	
Public protection	
Salaries, benefits, services and supplies	\$ 213,096,546
Interest and financing costs	4,270,813
Depreciation	<u>4,721,194</u>
Total Expenses	<u>222,088,553</u>
<b>PROGRAM REVENUES</b>	
Charges for services	
Emergency medical services	49,972,893
Reimbursements from other agencies	4,573,627
Development fees and other charges	9,355,282
Operating grants and contributions	1,037,093
Capital grants and contributions	<u>370,228</u>
Total Program Revenues	<u>65,309,123</u>
Net Program Expense	<u>(156,779,430)</u>
<b>GENERAL REVENUES</b>	
Property taxes	131,875,144
Intergovernmental	4,107,193
Rentals and other income	951,276
Miscellaneous	<u>1,158,208</u>
Net General Revenues	<u>138,091,821</u>
Change in Net Position	(18,687,609)
Net Position, Beginning of Year	<u>(337,741,121)</u>
Net Position, End of Year	<u>\$ (356,428,730)</u>

The accompanying notes are an integral part of these financial statements.

**Sacramento Metropolitan Fire District**  
**Governmental Funds Balance Sheet**  
**June 30, 2017**

	General Fund	Capital Facilities Fund	Total Nonmajor Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and investments	\$ 51,230,883	\$ -	\$ -	\$ 51,230,883
Receivables, net of allowance for uncollectibles:				
Medic fees receivable	7,334,279	-	-	7,334,279
Taxes receivable	1,300,000	-	-	1,300,000
Other receivables	280,138	32,189	15,442	327,769
Due from other governments	6,026,619	-	113,557	6,140,176
Due from other funds	364,031	199,851	-	563,882
Inventory	2,400,572	-	-	2,400,572
Prepaid costs and other assets	5,000	-	-	5,000
Restricted cash and investments	170,768	6,388,037	3,954,459	10,513,264
<b>Total Assets</b>	<b>\$ 69,112,290</b>	<b>\$ 6,620,077</b>	<b>\$ 4,083,458</b>	<b>\$ 79,815,825</b>
<b>LIABILITIES</b>				
Accounts payable and accrued expenditures	\$ 5,678,803	\$ 3,377,944	\$ 17,791	\$ 9,074,538
Salaries and benefits payable	2,223,941	-	44,122	2,268,063
Due to other funds	199,851	-	364,031	563,882
<b>Total Liabilities</b>	<b>8,102,595</b>	<b>3,377,944</b>	<b>425,944</b>	<b>11,906,483</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue	8,441,067	-	-	8,441,067
<b>FUND BALANCES</b>				
Nonspendable	2,406,072	-	-	2,406,072
Restricted	170,768	3,242,133	3,657,514	7,070,415
Committed	26,248,212	-	-	26,248,212
Unassigned	23,743,576	-	-	23,743,576
<b>Total Fund Balances</b>	<b>52,568,628</b>	<b>3,242,133</b>	<b>3,657,514</b>	<b>59,468,275</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 69,112,290</b>	<b>\$ 6,620,077</b>	<b>\$ 4,083,458</b>	<b>\$ 79,815,825</b>

The accompanying notes are an integral part of these financial statements.

**Sacramento Metropolitan Fire District**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**to the Statement of Net Position**  
**June 30, 2017**

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Total fund balances reported on the governmental funds balance sheet	\$	59,468,275
 <u>Capital Assets</u>		
Cost of capital assets used in governmental activities are reported as expenditures in governmental funds. However, the statement of net position includes these as capital assets.		94,401,530
 <u>Deferred Outflows of Resources</u>		
Deferred outflows related to pensions are applicable to future periods and, therefore, are not reported in the funds.		80,217,498
 <u>Long-term Liabilities</u>		
Long-term liabilities applicable to Metro Fire's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the statement of net position.		
Accrued interest payable on long-term debt		(671,281)
Bonds payable		(73,372,966)
Capital lease obligations		(16,605,506)
Compensated absences		(14,028,510)
Workers' compensation liability		(23,155,905)
Liability for other post-employment benefits		(56,260,596)
Net pension liability		(399,894,607)
 <u>Deferred Inflows of Resources</u>		
Certain receivables are not available to pay current period expenditures and therefore are unavailable in the governmental funds.		8,441,067
Deferred inflows related to pensions are applicable to future periods and, therefore, are not reported in the funds.		<u>(14,967,729)</u>
 Net Position of Governmental Activities	 \$	 <u><u>(356,428,730)</u></u>

The accompanying notes are an integral part of these financial statements.

**Sacramento Metropolitan Fire District**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2017**

	General Fund	Capital Facilities Fund	Total Nonmajor Funds	Total Governmental Funds
<b>REVENUES</b>				
Property taxes	\$ 131,575,144	\$ -	\$ -	\$ 131,575,144
Charges for services	60,910,756	-	-	60,910,756
Intergovernmental	4,107,193	-	1,412,321	5,519,514
Development fees	-	-	1,506,440	1,506,440
Use of money and property	937,116	36,265	20,198	993,579
Miscellaneous	724,423	-	-	724,423
Total Revenues	<u>198,254,632</u>	<u>36,265</u>	<u>2,938,959</u>	<u>201,229,856</u>
<b>EXPENDITURES</b>				
Current:				
Public protection	184,547,167	-	1,128,199	185,675,366
Capital outlay	82,615	6,732,979	434,150	7,249,744
Debt service:				
Principal	3,362,255	2,150,550	-	5,512,805
Interest and financing costs	2,728,767	298,221	-	3,026,988
Total Expenditures	<u>190,720,804</u>	<u>9,181,750</u>	<u>1,562,349</u>	<u>201,464,903</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>7,533,828</u>	<u>(9,145,485)</u>	<u>1,376,610</u>	<u>(235,047)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Issuance of capital leases	-	6,207,214	-	6,207,214
Sale of capital assets	-	13,200	-	13,200
Transfers in	-	4,955,716	65,892	5,021,608
Transfers out	(5,021,608)	-	-	(5,021,608)
Total Other Financing Sources (Uses)	<u>(5,021,608)</u>	<u>11,176,130</u>	<u>65,892</u>	<u>6,220,414</u>
Net Change in Fund Balances	2,512,220	2,030,645	1,442,502	5,985,367
Fund Balance, Beginning of Year	<u>50,056,408</u>	<u>1,211,488</u>	<u>2,215,012</u>	<u>53,482,908</u>
Fund Balance, End of Year	<u>\$ 52,568,628</u>	<u>\$ 3,242,133</u>	<u>\$ 3,657,514</u>	<u>\$ 59,468,275</u>

The accompanying notes are an integral part of these financial statements.

**Sacramento Metropolitan Fire District**  
**Reconciliation of the Statement of Revenues, Expenditures,**  
**and Changes in Fund Balances of Governmental Funds**  
**to the Statement of Activities**  
**For the Year Ended June 30, 2017**

Net Change in Fund Balance - Total Governmental Funds \$ 5,985,367

Capital Asset Transactions

Governmental funds report capital outlay as expenditures. However, in the Government-wide Statement of Activities the cost of those assets when completed is allocated over their estimated useful lives as depreciation expense.

Cost of assets capitalized	7,249,744
Depreciation expense	(4,721,194)

Long-term Debt

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities and has no effect on net position. (6,207,214)

Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities and has no effect on net position. 5,512,805

Bond accretion does not require use of current financial resources but decreases net position (1,243,380)

Measurement Focus

The amounts below included in the Statement of Activities do not provide or (require) the use of current financial resources and therefore are not reported as revenue or expenditures in governmental funds (net change):

Change in accrued interest payable, bond premiums and discounts	(445)
Change in compensated absences	(336,635)
Change in other post-employment benefits liability	(3,077,585)
Change in workers' compensation	(468,976)
Change in net pension liability	(75,487,834)
Change in net deferrals relating to pension	51,950,069

Some receivables are unavailable in the Governmental Funds because the amounts do not represent current financial resources that are recognized under the accrual basis in the Statement of Activities. 2,157,669

Change in Net Position of Governmental Activities \$ (18,687,609)

The accompanying notes are an integral part of these financial statements.

**Sacramento Metropolitan Fire District**  
**Statement of Revenues, Expenditures,**  
**and Changes in Fund Balance - Budget and Actual**  
**General Fund**  
**For the Year Ended June 30, 2017**

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>REVENUES</b>				
Property taxes	\$129,428,000	\$130,778,000	\$131,575,144	\$ 797,144
Charges for services	59,421,429	61,924,952	60,910,756	(1,014,196)
Intergovernmental	3,277,500	4,053,500	4,107,193	53,693
Use of money and property	729,990	714,990	937,116	222,126
Miscellaneous	525,209	632,030	724,423	92,393
Total Revenues	<u>193,382,128</u>	<u>198,103,472</u>	<u>198,254,632</u>	<u>151,160</u>
<b>EXPENDITURES</b>				
Current:				
Public protection				
Salaries and benefits	147,520,973	150,425,518	149,963,294	462,224
Services and supplies	30,887,013	32,935,441	32,486,618	448,823
Other	2,200,802	2,174,860	2,097,255	77,605
Capital outlay	174,826	182,863	82,615	100,248
Debt service:				
Principal	5,828,114	5,614,554	3,362,255	2,252,299
Interest and financing costs	2,728,946	2,728,796	2,728,767	29
Total Expenditures	<u>189,340,674</u>	<u>194,062,032</u>	<u>190,720,804</u>	<u>3,341,228</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>4,041,454</u>	<u>4,041,440</u>	<u>7,533,828</u>	<u>3,492,388</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	7,906	-	(7,906)
Transfers out	(4,462,456)	(5,024,275)	(5,021,608)	2,667
Sale of capital assets	10,000	10,000	-	(10,000)
Total Other Financing Sources (Uses)	<u>(4,452,456)</u>	<u>(5,006,369)</u>	<u>(5,021,608)</u>	<u>(15,239)</u>
Net Change in Fund Balance	<u>\$ (411,002)</u>	<u>\$ (964,929)</u>	<u>\$ 2,512,220</u>	<u>\$ 3,477,149</u>

The accompanying notes are an integral part of these financial statements.

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Sacramento Metropolitan Fire District (“Metro Fire”) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for establishing governmental accounting and financial reporting principles. Metro Fire’s significant accounting policies are described below.

### A. SCOPE OF FINANCIAL REPORTING ENTITY

Metro Fire was established under Health & Safety Code Section 13800 on December 1, 2000, as a result of the merger between the American River and Sacramento County Fire Protection Districts. It is governed by a nine member Board of Directors elected by geographic division. Metro Fire’s boundaries cover approximately 359 square miles that include Sacramento and Placer counties with a population exceeding 745,000 residents. Metro Fire provides fire protection services including fire suppression, fire prevention, inspection, plan checking, and public education programs. It also provides emergency medical services, including advanced life support; hazardous materials response; and rescue services. It employs 682 personnel and operates 41 fire stations, an administration building, a supply warehouse, a training facility, a fleet shop, and several other support buildings.

Metro Fire has reviewed criteria to determine whether other entities with activities that benefit Metro Fire should be included within its financial reporting entity. The criteria include, but are not limited to, whether it exercises oversight responsibility (which includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters), the scope of public service, and a special financing relationship. Metro Fire has determined that no outside entity meets the above criteria, and therefore, no agency has been included as a component unit in Metro Fire’s financial statements. In addition, Metro Fire is not aware of any entity that would exercise such oversight responsibility that would result in Metro Fire being considered a component unit of that entity.

#### Joint Powers Authorities or Jointly Governed Organizations

Metro Fire participates in three joint ventures under joint powers agreement (JPAs):

- The California Fire and Rescue training Authority (CFRTA) provides fire, rescue, EMS, and Haz-Mat training,
- Sacramento Regional Fire/EMS Communications Center (SRFECC) serves as Metro Fire’s fire and Emergency Medical Services (EMS) dispatch center,
- Special District Risk management Authority (SDRMA) provides insurance coverage for general and auto liability, errors and omissions, property, boiler and machinery and employee dishonesty.

The JPAs are governed by boards consisting of representatives from member districts. Each board controls the operations of their JPAs, including selection of management and approval of operating budgets independent of any influence by the member districts beyond their representation on the Board. The relationships between Metro Fire and the JPAs are such that the JPAs are not component units of Metro Fire for financial reporting purposes. In the event of the dissolution of CFRTA or SRFECC, Metro Fire will receive a pro-rata share of the assets and liabilities of these organizations. In the event of the dissolution of SDRMA, Metro Fire is only liable for unpaid insurance premiums and is neither entitled to nor obligated for any assets or liabilities of SDRMA. Annual audited financial information can be obtained by contacting each JPA’s management.

During the year, Metro Fire contributed the following amounts: \$3,665,296 to SRFECC, \$500,847 to SDRMA, and \$45,000 to CFRTA. Metro Fire also paid CFRTA \$175,189 for training costs. Metro Fire currently has a ground lease agreement with CFRTA whereby it leased 15.6 acres of land to CFRTA for over 50 years at a minimum rental fee of \$30,000 per year. In addition, Metro Fire leases office space to CFRTA at an annual base rate of \$31,452.

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### B. BASIS OF ACCOUNTING AND PRESENTATION

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

#### Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of Metro Fire and incorporate data from the governmental funds. Metro Fire has only governmental activities, which are supported primarily by taxes, intergovernmental revenues, and charges for services.

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

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 related cash flows. Property taxes are recognized as revenues in the year they are levied. Grants and similar items are recognized as revenue when all eligibility requirements have been met.

#### Fund Financial Statements

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, Metro Fire considers all revenues, except property taxes, to be available if they are collected within 90 days of the end of the current fiscal period. Property taxes are recognized if received within 60 days of the end of the current fiscal period. Property taxes, charges for services, intergovernmental revenues, rental income, and investment earnings associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source. All other revenue items are considered to be measurable and available only when cash is received by Metro Fire.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and workers compensation claims, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The accounts of Metro Fire are organized on the basis of funds. A fund is a separate accounting unit with a self-balancing set of accounts. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. Metro Fire resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent. The emphasis of fund financial statements is on major governmental funds reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor funds.

Metro Fire reports the following major governmental funds:

The *General Fund* is the general operating fund of Metro Fire. It is used to account for all financial resources except those required or designated by the Board of Directors to be accounted for in another fund.

The *Capital Facilities Fund* is a capital projects fund used to account for the acquisition and construction of Metro Fire's major capital facilities. It is primarily funded by capital lease financing and general fund operating transfers.

Metro Fire reports the following nonmajor governmental funds:

The *Grant Fund* is a special revenue fund used to account for the proceeds of federal and state grants that are legally restricted to expenditures for specific purposes.

The *Impact Fee Fund* is a capital projects fund used to account for all resources received from development impact fees. It is used for the construction or acquisition of future fire stations and acquisition of apparatus to serve new developments.

During the course of operations, Metro Fire has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, they are eliminated in the government-wide financial statements. Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, they are eliminated in the government-wide financial statements.

### C. BUDGETARY PRINCIPLES

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund, Grant Fund, Capital Facilities Fund, and Impact Fee Fund. As required by the laws of the State of California, a preliminary and then a final budget are adopted on or before October 1 of each fiscal year. Significant operating changes are addressed by the Board of Directors in their Mid-Year Budget amendment or earlier if necessary. The appropriated budget is prepared by fund, division, and object level. The legal level of budgetary control is at the fund level and then the object level. Each fund will have its own budget for the following items: 1) salaries and benefits, 2) services and supplies, 3) capital outlay, and 4) debt service and other expenditures. The Board must approve amendments or transfers of appropriations between funds or objects.

A Statements of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual is presented for all funds on pages 26, 63, 67, and 68. It is presented at the legal level except for debt service and other expenditures in which *debt service* is presented separately from *other expenditures*. Reclassifications were made in the budgeted amounts to be consistent with the presentation of the actual balances. These reclassifications include transferring budgeted capital outlay to services and supplies for capital expenditures not meeting Metro Fire's capitalization threshold and eliminating intra-fund transfers.

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expected in the next year) are re-appropriated and become part of the subsequent year's budget.

For the year ended June 30, 2017, no instances existed in which expenditures exceeded appropriations.

### **D. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND NET POSITION/FUND BALANCE**

#### **1. Cash and Investments**

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition, including money market mutual funds.

Investments are reported at fair value.

#### **2. Medic Fees Receivable**

The medic fees receivable balance arises from billings to insurance companies and patients for medic services. Metro Fire has a receivable balance of \$7,334,279 which is net of allowance for doubtful accounts of \$8,994,670 at June 30, 2017. The allowance includes an estimate for future uncollectible debt and insurance write-offs.

#### **3. Deferred Outflows and Inflows of Resources**

Pursuant to GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position," Metro Fire recognizes deferred outflows and inflows of resources. In addition to assets, a deferred outflow of resources is reported separately which is defined as a consumption of net position that is applicable to a future reporting period. In addition to liabilities, a deferred inflow of resources is also reported separately and is defined as an acquisition of net position that is applicable to a future reporting period. See Note 6-E for information about deferred outflows and inflows relating to Metro Fire's pension plan.

#### **4. Inventory and Prepaid Items**

Inventories are stated at cost using the weighted average method. Inventories consist of medical and other supplies, vehicle parts, helicopter parts, and fuel. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid costs in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased. Prepaid costs of governmental funds offset nonspendable fund balance to indicate they do not constitute resources available for future appropriation.

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 5. Capital Assets

Capital assets for governmental fund types are not capitalized in the funds used to acquire or construct them. Capital acquisitions are reflected as expenditures in the governmental fund, and the related assets are reported in the government-wide financial statements. Capital assets are defined by Metro Fire as assets with an initial, individual cost of more than \$5,000. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at the acquisition value or the price that would be paid to acquire an asset with equivalent service potential in an orderly market transaction at the acquisition date. For certain older assets, including infrastructure, estimated historical costs are used. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized. Capital assets are depreciated using the straight-line method over the following useful lives:

Asset Class	Years
Buildings and Improvements	25 to 50
Equipment	5 to 25

Costs of assets sold or retired (and related amounts of accumulated depreciation) are eliminated from the accounts in the year of sale or retirement and the resulting gain or loss is included in the operating statement of the related fund. In governmental funds, the sale of general capital assets is included in the statement of revenues, expenditures and changes in fund balances as proceeds from sale.

### 6. Restricted Assets

Metro Fire's restricted assets consist of fees collected to defray the cost of constructing facilities to serve new construction, unspent financing proceeds for capital acquisitions, amounts held for payment of workers' compensation claims, and debt service reserves.

### 7. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable government activities. Issuance costs are expensed as incurred. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

### 8. Other Postemployment Benefits Obligation (OPEB)

Metro Fire accrues a liability for the other postemployment healthcare benefits (OPEB) resulting from underfunding of past annual required contributions (ARC). See Note 7 for additional information.

### 9. Net Position Flow Assumption

Sometimes Metro Fire will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is Metro Fire's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 10. Fund Balance Flow Assumptions

Sometimes Metro Fire will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is Metro Fire's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

## E. REVENUES AND EXPENDITURES/EXPENSES

### 1. Property Taxes

The County of Sacramento is responsible for the collection and allocation of property taxes. Under California law, property taxes are assessed and collected by the County of Sacramento up to 1% of the full assessed value of taxable property, plus other increases approved by the voters and distributed in accordance with statutory formulas. Metro Fire recognizes property taxes when the individual installments are due provided they are collected within 60 days after year-end.

Secured property taxes are levied on or before the first day of November of each year. They become a lien on real property on January 1 preceding the fiscal year for which taxes are levied. These taxes are paid in two equal installments; the first is due November 1 and delinquent with penalties after December 10; the second is due February 1 and delinquent with penalties after April 10. Secured property taxes, which are delinquent and unpaid as of June 30, are declared to be tax defaulted and are subject to redemption penalties, cost, and interest when paid. If the delinquent taxes are not paid at the end of five years, the property is sold at public auction and the proceeds are used to pay the delinquent amounts due. Any excess is remitted, if claimed, to the taxpayer. Additional tax liens are created when there is a change in ownership of property or upon completion of new construction. Tax bills for these new tax liens are issued throughout the fiscal year and contain various payments and delinquent dates, but are generally due within one year. If the new tax liens are lower, the taxpayer receives a tax refund rather than a tax bill. Unsecured personal property taxes are not a lien against real property. These taxes are due on March 1, and become delinquent, if unpaid on August 31.

The County uses the alternative method of property tax apportionment known as the "Teeter Plan." Under this method of property tax apportionment, the County purchases the delinquent secured taxes at June 30 of each fiscal year. These taxes are accrued as intergovernmental receivables; they are recognized as governmental fund revenues only if they are received from the County within 60 days after year-end. For government-wide presentation, they are accrued when earned regardless of the timing of the related cash flows.

### 2. Charges for Services

Charges for services represent various cost reimbursements that Metro Fire obtains in the normal course of its operations. A bulk of these charges comes from cost recoveries for its emergency medical transports. In addition, Metro Fire obtains reimbursements from other agencies for costs associated with deploying strike teams to fight fires. These reimbursements are reflected as revenues and the related costs as expenses.

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Metro Fire participated in a statewide Intergovernmental Transfer (IGT) program in which the federal government provides for federal matching funds for the cost of providing medical assessment and transportation to Medi-Cal managed care beneficiaries. This program required Metro Fire to transfer funds to the State of California, which then received matching funds from the federal government. The State then transferred the funds, less its administrative fees, to the managed care plans which then paid Metro Fire an enhanced base rate for the transport of their Medi-Cal beneficiaries. Metro Fire records the gross amount transferred to the State as expenses and the gross amount received from the plans as revenues.

### 3. Compensated Absences

Regular, full-time Metro Fire employees are granted vacation and sick leave in varying amounts based upon length of service. Any accrued hours, not in excess of the maximum allowable and unused during the current period, are carried forward to following years. Additionally, certain employees are allowed compensated time-off in lieu of overtime compensation and/or from working on holidays. Metro Fire employees may receive up to 40% of accumulated sick leave in cash upon retirement, with the remainder applied as an additional service credit for the purpose of determining pension benefits under the Public Employees' Retirement System.

Compensated absences are accrued in the government-wide financial statements when earned. A liability for compensated absences is reported in governmental funds only if it has matured, for example, as a result of an employee resignation or retirement and is currently payable.

### 4. Pensions

In government-wide financial statements, pensions are required to be recognized and disclosed using the accrual basis of accounting (see Note 6 and the required supplementary information [RSI] section immediately following the Notes to Financial Statements), regardless of the amount recognized as pension expenditures on the governmental fund statements, which use the modified accrual basis of accounting.

The net pension liability is measured as of Metro Fire's prior fiscal year-end. Changes in the net pension liability are recorded, in the period incurred, as pension expense or as deferred inflows of resources or deferred outflows of resources depending on the nature of the change. The changes in net pension liability that are recorded as deferred inflows of resources or deferred outflows of resources (that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience) are amortized over the weighted average remaining service life of all participants in the respective pension plan and are recorded as a component of pension expense beginning with the period in which they are incurred.

For purposes of measuring the net pension liability and deferred outflows/inflows or resources relating to pensions and pension expense, information about the fiduciary net position of Metro Fire's pension plans with the California Public Employees' Retirement System (CalPERS) and Sacramento County Employees' Retirement System (SCERS) and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS and SCERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefits terms. Investments are reported at fair value. Projected earnings on pension investments are recognized as a component of pension expense. Differences between projected and actual investment earnings are reported as deferred inflows of resources or deferred outflows of resources and amortized as a component of pension expense on a closed basis over a five-year period.

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### F. USE OF ESTIMATES

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

### G. NEW ACCOUNTING PRONOUNCEMENTS

In June 2015, the GASB issued Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures related to postemployment benefits other than pensions (OPEB). The Statement is effective for Metro Fire's fiscal year ending June 30, 2018.

In June 2017, the GASB issued Statement No. 87, Leases. This Statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment of provisions of the contract. It will be effective for Metro Fire's fiscal year ending June 30, 2021.

## NOTE 2 – CASH AND INVESTMENTS

Cash and investments are classified in the accompanying financial statements as of June 30, 2017 as follows:

Cash and cash equivalents	
Cash on hand	\$ 500
Cash in bank	470,100
Money market mutual funds	172,188
Investments	
Sacramento County Pooled Investment Fund	28,512,071
Investments held by U.S. Bank	22,076,024
Total unrestricted cash and investments	<u>51,230,883</u>
Restricted cash and cash equivalents	
Cash in bank	170,768
Money market mutual funds	4,107,167
Restricted investments	
Sacramento County Pooled Investment Fund	6,235,329
Total restricted cash and investments	<u>10,513,264</u>
Total cash and investments	<u>\$ 61,744,147</u>

Cash and investments as of June 30, 2017 consisted of the following:

Cash on hand and in banks	\$ 641,368
Money market mutual funds	4,279,355
Sacramento County Pooled Investment Fund	34,747,400
Commercial Paper	3,489,655
U.S. government issues	18,586,369
Total cash and investments	<u>\$ 61,744,147</u>

## NOTE 2 – CASH AND INVESTMENTS (Continued)

Investments held by U.S. Bank consist of U.S. agency securities committed to the planned early retirement of Metro Fire’s pension bond obligation.

### A. DEPOSIT AND INVESTMENT POLICIES

California statutes authorize special districts to invest idle or surplus funds in a variety of credit instruments as provided for in the California Government Code, Section 53600. The following table identifies the investment types that are authorized for Metro Fire by the California Government Code (or Metro Fire’s investment policy, whichever is more restrictive) that address interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio
U.S. Treasury and Agency Obligations	5 years	None
California Local Agency debt	5 years	80%
Bankers acceptances	180 days	40%
Commercial paper	270 days	40%
Negotiable certificates of deposit	180 days	30%
Medium-term corporate notes	180 days	30%
Collateralized mortgage obligation	180 days	20%
Repurchase agreements	1 year	30%
Reverse repurchase agreements	92 days	20%
Local Agency Investment Fund	N/A	None
Money market mutual funds	N/A	20%

The ultimate maximum maturity of any investment is limited to five years. The dollar-weighted average maturity of all securities shall be equal to or less than three years. Moreover, no more than 80% of the portfolio may be invested in issues other than United States Treasuries and Government Agencies. Metro Fire complied with the provisions of California Government Code and Metro Fire’s investment policy pertaining to the types of investments held, institutions in which deposits were made and security requirements.

### B. INVESTMENT IN POOLED FUNDS

Metro Fire’s investments in the Sacramento County pooled investment fund is managed by the Sacramento County Treasurer and is stated at fair value or amortized cost, which approximates fair value. The total amount invested by all public agencies as of June 30, 2017 was \$3,918,146,360. The investment pool is actively managed with a weighted average maturity of 277 days. Metro Fire’s share of the pool is stated at market value in its financial statements. Sacramento County does not invest in any derivative financial products directly. The value of pooled shares in Sacramento County that may be withdrawn is determined on an amortized cost basis, which is different than the fair value of Metro Fire’s position in the pool. The Sacramento County Treasury Investment Oversight Committee (Committee) has oversight responsibility for the County’s cash and investment pool.

## NOTE 2 – CASH AND INVESTMENTS (Continued)

### C. INTEREST RATE RISK

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

Information about the sensitivity of the fair values of Metro Fire’s investments to market fluctuations is provided by the following table that shows the distribution of its investments by maturity as of year-end:

Type of Investment	Total	Effective Duration		
		< 1 year	1-2 years	3-5 years
Sacramento County pooled investment fund	\$ 34,747,400	\$ 34,747,400	\$ -	\$ -
Money market mutual funds	4,279,355	4,279,355	-	-
Commercial paper	3,489,655	3,489,655	-	-
U.S. government issues	18,586,369	-	-	18,586,369
Total	\$ 61,102,779	\$ 42,516,410	\$ -	\$ 18,586,369

### D. CREDIT RISK

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the instrument. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, and the actual rating as of year-end for each investment:

Type of Investment	Total	Ratings as of Year End			
		AAA/Aaa	AA/Aa2	A-1/P-1	Unrated
Sacramento County pooled investment fund	\$ 34,747,400	\$ -	\$ -	\$ -	\$ 34,747,400
Money market mutual funds	4,279,355	4,279,355	-	-	-
Commercial paper	3,489,655	-	-	3,489,655	-
U.S. government issues	18,586,369	-	18,586,369	-	-
Total	\$ 61,102,779	\$ 4,279,355	\$18,586,369	\$ 3,489,655	\$ 34,747,400

### E. CONCENTRATION OF CREDIT RISK

Metro Fire had no investment policy limiting the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. Investments in any one issuer, other than external investment pools that represent 5% or more of total District-wide investments are as follows:

Issuer	Investment Type	Amount
Federal National Mortgage Association	U.S. government issues	\$ 16,668,432

## NOTE 2 – CASH AND INVESTMENTS (Continued)

### F. CUSTODIAL CREDIT RISK

Custodial risk for deposits is the risk that, in the event of a bank failure, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

The California Government Code and Metro Fire’s investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities must be equal to at least 110% of the total amount deposited by the public agencies. California law allows financial institutions to secure deposits by pledging first trust deed mortgage notes having a value of 150% of the secured deposits.

At June 30, 2017, Metro Fire’s bank balance was \$673,791 and \$457,098 of that amount was covered by federal depository insurance while \$216,693 was collateralized as required by state law.

### G. FAIR VALUE MEASUREMENTS

Metro Fire categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Metro Fire has the following recurring fair value measurements as of June 30, 2017:

	Amount	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Investments by fair value level</b>				
Commercial paper	\$ 3,489,655	\$ -	\$ 3,489,655	\$ -
U.S. government issues	18,586,369	449,473	18,136,896	-
Total investments by fair value	22,076,024	449,473	21,626,551	-
<b>Investments measured at the net asset value (NAV)</b>				
Money market mutual funds	4,279,355			
<b>Investments measured at amortized cost:</b>				
Sacramento County Investment Pool	34,747,400			
Total investments measured at fair value	\$61,102,779			

Debt securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. All securities classified in Level 2 are valued using pricing models based on market data, such as matrix or model pricing from outside pricing services. These valuation techniques include third party benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two sided markets, benchmark securities, bids, offers and reference data including market research publications.

## NOTE 3 – CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2017 was as follows:

	July 1, 2016	Increases	Decreases	Transfers	June 30, 2017
Capital assets, not being depreciated:					
Land and Land Improvements	\$ 25,802,015	\$ -	\$ -	\$ (189,376)	\$ 25,612,639
Construction-in-progress	2,180,965	3,809,466	-	(2,180,964)	3,809,467
Total capital assets, not being depreciated	<u>27,982,980</u>	<u>3,809,466</u>	<u>-</u>	<u>(2,370,340)</u>	<u>29,422,106</u>
Capital assets, being depreciated:					
Buildings and improvements	58,461,566	82,615	-	189,376	58,733,557
Equipment	<u>60,832,944</u>	<u>3,357,663</u>	<u>(30,224)</u>	<u>2,180,964</u>	<u>66,341,347</u>
Total capital assets, being depreciated	<u>119,294,510</u>	<u>3,440,278</u>	<u>(30,224)</u>	<u>2,370,340</u>	<u>125,074,904</u>
Less accumulated depreciation for:					
Buildings and improvements	(20,251,903)	(1,470,657)	-	253,474	(21,469,086)
Equipment	<u>(35,152,607)</u>	<u>(3,250,537)</u>	<u>30,224</u>	<u>(253,474)</u>	<u>(38,626,394)</u>
Total accumulated depreciation	<u>(55,404,510)</u>	<u>(4,721,194)</u>	<u>30,224</u>	<u>-</u>	<u>(60,095,480)</u>
Total capital assets being depreciated, net	<u>63,890,000</u>	<u>(1,280,916)</u>	<u>-</u>	<u>2,370,340</u>	<u>64,979,424</u>
Total capital assets	<u>\$ 91,872,980</u>	<u>\$ 2,528,550</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 94,401,530</u>

Depreciation expense of \$4,721,194 was charged to public protection for the year ended June 30, 2017. As discussed in Note 5-B, Metro Fire issued lease revenue bonds to finance certain capital acquisitions. Three fire stations with a net book value of \$10,325,963 as of June 30, 2017 were used as security for the bonds. In addition, Metro Fire also has several capital lease obligations in which equipment with a total net book value of \$15,939,077 as of June 30, 2017 were pledged as collateral.

## NOTE 4 – INTERFUND TRANSACTIONS

Transactions between funds of Metro Fire are recorded as interfund transfers. The unpaid balances at year-end, as a result of such transactions, are shown as due to and due from other funds. Interfund balances at June 30, 2017 consisted of the following:

Due to	Due from		Total
	General Fund	Grant Fund	
General Fund	\$ -	\$ 364,031	\$ 364,031
Capital Facilities	<u>199,851</u>	<u>-</u>	<u>199,851</u>
	<u>\$ 199,851</u>	<u>\$ 364,031</u>	<u>\$ 563,882</u>

The balance between the General and the Capital Facilities Fund represent an interfund-loan which is not expected to be paid within the next year. All remaining balances resulted from processing certain disbursements by Metro Fire's fiscal agent out of funds other than the intended fund.

## NOTE 4 – INTERFUND TRANSACTIONS (Continued)

Interfund transfers for the fiscal year ended June 30, 2017, consisted of the following amounts:

Transfer to	Transfer from		Total
	General Fund	Grant Fund	
Grant Fund	\$ 65,892	\$ -	\$ 65,892
Capital Facilities Fund	4,955,716	-	4,955,716
Total	<u>\$ 5,021,608</u>	<u>\$ -</u>	<u>\$ 5,021,608</u>

The interfund transfer made by the General Fund to the Capital Facilities Fund was made to pay debt service for capital spending in previous years. The transfer by the General Fund to the Grant Fund was made to fulfill grant matching requirements.

## NOTE 5 – LONG-TERM LIABILITIES

The following is a summary of long-term obligation transactions for the fiscal year ended June 30, 2017:

	Balance	Additions	Reductions	Balance	Amounts Due
	July 1, 2016			June 30, 2017	Within One Year
Pension bonds payable	\$ 65,394,970	\$ 1,243,380	\$ (2,640,000)	\$ 63,998,350	\$ 2,940,000
Lease revenue bonds payable, net of unamortized premiums	9,587,537	-	(212,921)	9,374,616	215,000
Capital leases	13,061,097	6,207,214	(2,662,805)	16,605,506	3,923,026
Compensated absences	13,691,875	4,891,374	(4,537,721)	14,045,528	4,641,018
Workers' compensation liability	22,834,890	3,956,183	(3,482,568)	23,308,505	3,671,256
OPEB Liability	53,183,011	20,471,242	(17,393,657)	56,260,596	-
Net Pension Liability	324,406,773	113,218,577	(37,730,743)	399,894,607	-
	<u>\$ 502,160,153</u>	<u>\$ 149,987,970</u>	<u>\$ (68,660,415)</u>	<u>\$ 583,487,708</u>	<u>\$ 15,390,300</u>

The net pension liability, worker's compensation liability, OPEB liability, and the liability for compensated absences are fully liquidated by the General Fund.

### A. PENSION BONDS PAYABLE

In October 2004, Metro Fire issued taxable pension obligation bonds in three series for the original amount of \$69,998,975. The proceeds were used to reduce the unfunded actuarial liabilities of its pension plans. Series A bonds were issued as fixed rate bonds which require semi-annual payments of interest at a fixed rate of 4.79% with annual principal payments that began on May 15, 2005 until the final maturity date of May 15, 2025. Series B bonds were issued as auction rate securities which initially require semi-annual interest payments at a rate of 5.37% which will reset to auction rates on November 19, 2025 with principal payments beginning on May 15, 2026 until the final maturity date of May 15, 2030. Series C bonds were issued as convertible auction rate securities in the form of zero-coupon bonds that accrete interest at a rate of 5.51% which will reset to auction rates on November 15, 2018 with principal payments beginning on May 15, 2019 until the final maturity date of May 15, 2034.

## NOTE 5 – LONG-TERM LIABILITIES (Continued)

In the following maturity schedule, an interest rate of 5% is assumed at the point in time where the rates change to auction rates. The table below presents pension bonds payable maturities including interest accruing after June 30, 2017 in the amount of \$1,996,650:

Fiscal year ending June 30,	Principal	Interest	Total
2018	\$ 2,940,000	\$ 2,135,788	\$ 5,075,788
2019	2,465,000	2,632,462	5,097,462
2020	2,250,000	3,151,888	5,401,888
2021	2,430,000	3,032,188	5,462,188
2022	2,880,000	2,902,912	5,782,912
2023 - 2027	14,155,000	12,344,114	26,499,114
2028 - 2032	24,925,000	7,483,750	32,408,750
2033 - 2037	13,950,000	1,061,250	15,011,250
	<u>\$ 65,995,000</u>	<u>\$ 34,744,352</u>	<u>\$ 100,739,352</u>

By policy, Metro Fire is setting aside funds annually for the purpose of fully retiring the Series B and Series C bonds on their initial auction dates.

### B. LEASE REVENUE BONDS

On November 15, 2011, Metro Fire sold tax-exempt Lease Revenue Bonds with interest rates ranging from 3% to 5.125% and a face value of \$12,960,000, of which \$11,786,000 was available to replenish reserves for the headquarters building fund, building improvements, purchase of firefighting and computer equipment and to pay off the note payable of \$74,509. The bonds were issued at a premium of \$85,926. Portions of the bonds mature annually until May 15, 2041. Standard & Poor's Rating Agency rated the bonds at AA-. As of June 30, 2017, bonds payable maturities (excluding unamortized premiums/discounts of \$69,616) were as follows:

Fiscal year ending June 30,	Principal	Interest	Total
2018	\$ 215,000	\$ 455,906	\$ 670,906
2019	225,000	447,306	672,306
2020	240,000	436,056	676,056
2021	250,000	424,056	674,056
2022	260,000	411,556	671,556
2023 - 2027	1,480,000	1,891,344	3,371,344
2028 - 2032	1,870,000	1,507,594	3,377,594
2033 - 2037	2,385,000	988,075	3,373,075
2038 - 2042	2,380,000	312,625	2,692,625
	<u>\$ 9,305,000</u>	<u>\$ 6,874,518</u>	<u>\$ 16,179,518</u>

This bond issuance is subject to the arbitrage rebate and yield restriction requirements of the federal tax code. Payments to the Internal Revenue Service are required for rebatable arbitrage, if any, 60 days after every five years from the issuance date of the bonds and on final redemption date or maturity of the bond issue. During the current year, the District performed arbitrage calculations and found that the District had no rebatable arbitrage liability at June 30, 2017.

## NOTE 5 – LONG-TERM LIABILITIES (Continued)

### C. CAPITAL LEASES

Metro Fire has entered into certain capital lease arrangements under which the related leased equipment will become the property of Metro Fire when all terms of the lease agreements are met. Future minimum lease payments under the capital leases are as follows:

Fiscal year ending June 30,	Principal	Interest	Total
2018	\$ 3,923,027	\$ 346,367	\$ 4,269,394
2019	3,880,766	257,607	4,138,373
2020	3,785,933	174,543	3,960,476
2021	3,518,327	93,746	3,612,073
2022	1,497,453	22,281	1,519,734
	<u>\$ 16,605,506</u>	<u>\$ 894,544</u>	<u>\$ 17,500,050</u>

Capital assets acquired under the capital leases consist of equipment with an adjusted cost totaling \$23,970,722 and accumulated depreciation of \$8,031,645 at June 30, 2017. These lease agreements qualify as capital leases and therefore have been recorded at the present value of future minimum lease payments as of the inception date.

## NOTE 6 – RETIREMENT PLANS

### A. PLAN DESCRIPTIONS

Metro Fire provides pension benefits to eligible employees through defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS) and Sacramento County Employees' Retirement System (SCERS), which both act as a common investment and administrative agent for its participating member employers. Benefit provisions and all other requirements for CalPERS are established by State statute and benefit provisions and all other requirements for SCERS are established by Section 31584 of the County Employees Retirement Law of 1937. The establishment and amendment of specific benefit provisions of the plans are authorized by resolutions of the Board.

Metro Fire contributes to the following defined benefit pension plans:

- ❖ The Safety Plan of the Sacramento Metropolitan Fire District (the Safety Plan), an agent multiple-employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS).
- ❖ The Miscellaneous Plan of the Sacramento Metropolitan Fire District (the Miscellaneous Plan), a cost-sharing multiple-employer defined benefit pension plan administered by CalPERS.
- ❖ The Sacramento County Employees Retirement System Safety Tier 1 Plan (the SCERS Plan), a cost-sharing multiple-employer defined benefit pension plan administered by the County of Sacramento.

Only the plans administered by CalPERS are open for new enrollment. SCERS is only responsible for providing benefits to employees or retirees of Metro Fire who were members of SCERS before January 1, 1997. CalPERS issues publicly available financial reports for its plans. Copies of the CalPERS annual financial report and pertinent past trend information may be obtained at <https://www.calpers.ca.gov>. SCERS issues a publicly available financial report for its plans. Copies of the SCERS annual report may be obtained at <http://www.retirement.saccounty.net>.

## NOTE 6 – RETIREMENT PLANS (Continued)

### B. BENEFITS PROVIDED

Each plan provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. The passage of the Public Employees’ Pension Reform Act (“PEPRA”) imposed several restrictions to the pension benefits that may be offered to employees hired on or after January 1, 2013 that were not previously CalPERS members, including increasing minimum retirement ages, increasing the percentage required for member contributions, and excluding certain types of compensation as pensionable. PEPRA has also created limits on pensionable compensation tied to the Social Security taxable wage base. The cumulative effect of these PEPRA changes will ultimately reduce Metro Fire’s retirement costs.

All permanent employees and part-time employees working at least 1,000 hours per year are enrolled in the CalPERS Safety Plan or the Miscellaneous Plan. Safety membership is extended only to those involved in fire suppression, and certain other related classifications, while all other employees are classified as Miscellaneous. Upon retirement, participants are entitled to an annual retirement benefit, payable for life, in an amount equal to a benefit factor multiplied by their service years and by their highest average monthly salary over 12 consecutive months of employment or, in the case of PEPRA employees, 36 consecutive months of employment. The Plans’ provisions and benefits in effect at June 30, 2017, are summarized as follows:

	Safety Plan		Miscellaneous Plan	
	Prior to January 1, 2013	On or after January 1, 2013	Prior to January 1, 2013	On or after January 1, 2013
CalPERS membership date				
Benefit formula (at full retirement)	3.0% @ 50	2.7% @ 57	3.0% @ 60	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life	monthly for life
Retirement age	50 and up	50 and up	50 and up	52 and up
Monthly benefits, as a % of eligible compensation	3.0%	2.0% to 2.7%	2.0% to 3.0%	1.0% to 2.0%

The SCERS Plan provides benefits to employees or retirees of Metro Fire who were members of SCERS before January 1, 1997 (closed to new entrants). It provides retirement, disability, and death benefits based on the employee's years of service prior to January 1, 1997, age and average final compensation. Employees with 5 years of service prior to January 1, 1997 are vested and may receive retirement benefits at age 50.

### C. EMPLOYEES COVERED

The following employees were covered by the benefit terms for the Plans:

	CalPERS		SCERS
	Safety	Miscellaneous	
Inactive or their beneficiaries currently receiving benefits	701	120	110
Inactive entitled to but not yet receiving benefits	198	83	6
Active	602	80	25
Total covered employees	1,501	283	141

The information above was based on the most recent actuarial information available as of June 30, 2016.

## NOTE 6 – RETIREMENT PLANS (Continued)

### D. CONTRIBUTIONS

Section 20814(c) of the California Public Employees’ Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. For each of the CalPERS plans, the contractually required contribution rate for the year ended June 30, 2017, was a specified percent of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year and any unfunded accrued liability for past service.

Contribution rates for the Safety Plan are individually determined for Metro Fire by CalPERS and do not reflect any cost-sharing provisions. Contribution rates for the Miscellaneous Plan are determined with reference to the risk pool to which they belong. Additionally, CalPERS manages a side fund for the Miscellaneous Plan, that was created at the time Metro Fire joined the plan, to reflect the difference between the funded status of Metro Fire’s plan and the funded status of the risk pool. The side fund is invested and is being amortized to reduce the normal required contributions.

Required contributions were made each pay period based on required contribution rates as shown below. In addition to their employee contributions, classic safety employees contribute 3% of their pay towards employer contributions. Effective for new members after January 1, 2013 (PEPRA members), Metro Fire pays none of the employee contributions while the employee pays 50% of the normal cost. Required contributions of active plan members and of Metro Fire for fiscal year ended June 30, 2017 were as follows:

	Safety Plan		Miscellaneous Plan	
	Classic	PEPRA	Classic	PEPRA
Required employer contribution rates <sup>1</sup>	42.008%	42.008%	13.225%	7.022%
Required employee contribution rates	9.000%	10.500%	8.000%	6.750%
Actual employer contributions made	\$ 20,623,754	\$ 4,147,539	\$ 1,167,357	\$ 84,890
Actual employee contributions made	\$ 6,268,457	\$ 1,004,097	\$ 414,692	\$ 82,136

<sup>1</sup> Miscellaneous Classic and PEPRA employer contributions include separate annual lump sum payments of \$468,921 and \$17, respectively.

Metro Fire withdrew from SCERS effective January 1, 1997. As part of its withdrawal from the SCERS Plan, Metro Fire contractually agreed to eliminate its net pension liability by July 1, 2022 or such other date as mutually agreed by SCERS and Metro Fire. Metro Fire contributes annually to the Plan to pay down this liability which is recalculated annually by SCERS’ actuary. For the fiscal year ended June 30, 2017, Metro Fire paid \$2,000,000.

### E. PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS/INFLOWS OF RESOURCES RELATED TO PENSIONS

Net Pension Liability: The net pension liability (NPL) is measured as of June 30, 2016 based on the results of the actuarial calculation performed as of June 30, 2015 for the CalPERS plans and as of June 30, 2016 for the SCERS plan. Fiduciary net position is based on fair value of investments as of June 30, 2016. As of June 30, 2017, Metro Fire reported the following net pension liabilities:

CalPERS Safety Plan	\$ 348,564,049
CalPERS Miscellaneous Plan	12,419,649
SCERS Plan	38,910,909
Total NPL	<u>\$ 399,894,607</u>

## NOTE 6 – RETIREMENT PLANS (Continued)

Metro Fire’s net pension liability for the CalPERS Safety Plan is measured as the Plan’s total pension liability, less the Plan’s fiduciary net position. The changes in the NPL for the Safety Plan is as follows:

CalPERS Safety Plan	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2015	\$ 987,999,287	\$ 704,824,917	\$ 283,174,370
Changes in the year:			
Service cost	16,072,085	-	16,072,085
Interest on the total pension liability	74,892,269	-	74,892,269
Changes in assumptions	-	-	-
Differences between actual and expected experience	8,521,299	-	8,521,299
Contributions from employer	-	18,891,148	(18,891,148)
Contributions from employee	-	12,024,009	(12,024,009)
Net investment income	-	3,609,980	(3,609,980)
Benefit payments, including refunds of employee contributions	(51,145,410)	(51,145,410)	-
Administrative Expense	-	(429,554)	429,554
Plan to plan resource movement	-	391	(391)
Net changes	48,340,243	(17,049,436)	65,389,679
Balance at June 30, 2016	\$ 1,036,339,530	\$ 687,775,481	348,564,049

The net pension liability for CalPERS Miscellaneous Plan is measured as the proportionate share of the collective net pension liability of the Miscellaneous Risk Pool (risk pool) as a whole. In determining an individual rate plan’s proportion of the risk pool’s net pension liability, CalPERS first estimates the total pension liability (TPL) and the fiduciary net position (FNP) for the risk pool as a whole as well as the individual rate plans. The allocated net pension liability represents the difference between the plan’s proportionate share of the TPL and FNP. Metro Fire’s proportionate share of the net pension liability is as follows:

Proportion - June 30, 2015	0.333010%
Proportion - June 30, 2016	0.357520%
Change - Increase (Decrease)	0.024510%

As a withdrawn member, SCERS calculates Metro Fire’s net pension liability in a separate account as contractually agreed. Although a separate study is done to determine Metro Fire’s TPL and FNP, the study uses assumptions based on the combined experience of the risk pool as a whole (e.g. longevity, salary increases, etc.).

Pension Expenses and Deferred Outflows/Inflows of Resources: Pension expense represents the change in the net pension liability during the measurement period, adjusted for actual contributions and the deferred recognition of changes in investment gain/loss, actuarial gain/loss, actuarial assumptions or method, and plan benefits. For the year ended June 30, 2017, Metro Fire recognized pension expense as follows:

CalPERS Safety Plan	\$ 44,460,421
CalPERS Miscellaneous Plan	3,526,428
SCERS Plan	3,919,116
Total Pension Expense	\$ 51,905,965

## NOTE 6 – RETIREMENT PLANS (Continued)

At June 30, 2017, Metro Fire reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows			
	CalPERS Safety	CalPERS Miscellaneous	SCERS	Total
Differences between actual and expected experience	\$ 6,943,281	\$ 28,708	\$ 1,611,122	\$ 8,583,111
Changes in assumptions	-	-	945,588	945,588
Net differences between projected and actual earnings on plan investments	37,675,552	1,413,597	3,003,999	42,093,148
Adjustments due to differences in proportions	-	572,111	-	572,111
Pension contributions subsequent to measurement date	24,771,293	1,252,247	2,000,000	28,023,540
<b>Total</b>	<b>\$ 69,390,126</b>	<b>\$ 3,266,663</b>	<b>\$ 7,560,709</b>	<b>\$ 80,217,498</b>

	Deferred Inflows			
	CalPERS Safety	CalPERS Miscellaneous	SCERS	Total
Differences between actual and expected experience	\$ 2,704,278	\$ 6,578	\$ 49,493	\$ 2,760,349
Changes in assumptions	10,692,295	271,602	-	10,963,897
Adjustments due to differences in proportions	-	1,243,483	-	1,243,483
<b>Total</b>	<b>\$ 13,396,573</b>	<b>\$ 1,521,663</b>	<b>\$ 49,493</b>	<b>\$ 14,967,729</b>

The \$28,023,540 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year ending June 30,	CalPERS Safety	CalPERS Miscellaneous	SCERS	Total
2018	\$ 2,302,608	\$ (203,637)	\$ 1,551,685	\$ 3,650,656
2019	2,302,610	(254,804)	1,312,713	3,360,519
2020	14,520,318	585,057	1,634,848	16,740,223
2021	11,465,517	366,137	1,011,970	12,843,624
2022	631,207	-	-	631,207
	<b>\$ 31,222,260</b>	<b>\$ 492,753</b>	<b>\$ 5,511,216</b>	<b>\$ 37,226,229</b>

## NOTE 6 – RETIREMENT PLANS (Continued)

### F. ACTUARIAL ASSUMPTIONS

The total pension liabilities were determined using the following actuarial methods and assumptions:

	CalPERS Plans	SCERS Plans
Valuation Date	June 30, 2015	June 30, 2016
Measurement Date	June 30, 2016	June 30, 2016
Actuarial Cost Method	Entry Age Normal Cost	Entry Age Actuarial Cost
Amortization Method	Level Percent of Payroll	Level Percent of Payroll
Asset Valuation Method	Market Value	Market Value
Actuarial Assumptions:		
Investment Rate of Return	7.65%	7.50%
Inflation	2.75%	3.25%
Salary Increases	Varies by Entry Age and Service	Varies by Entry Age and Service
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.	Derived using RP-2000 Combined Healthy Mortality Table projected with Scale BB to 2022.

#### Discount Rate

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. These rates of return are net of administrative expenses. The long-term expected rate of return was then set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The table below reflects the expected real rate of return by asset class used in the CalPERS Plans.

Asset Class	Target Allocation	Real Return Years 1 - 10	Real Return Years 11 - 60
Global Equity	47.00 %	5.25 %	5.71 %
Global Fixed Income	19.00	0.99	2.43
Inflation Sensitive	6.00	0.45	3.36
Private Equity	12.00	6.83	6.95
Real Estate	11.00	4.50	5.13
Infrastructure and Forestland	3.00	4.50	5.09
Liquidity	2.00	(0.55)	(1.05)

To produce the long-term expected rate of return, SCERS weighted the expected future real rates of return by the target asset allocation percentage, adding expected inflation and subtracting expected investment expenses and a risk margin.

## NOTE 6 – RETIREMENT PLANS (Continued)

The target allocation and projected real rates of return for each major asset class are as follows:

Asset Class	Allocation	Real Return
U.S. Equity	22.50 %	5.98 %
International Equity	22.50	7.93
Fixed Income	20.00	1.25
Hedge Funds	10.00	3.20
Private Equity	10.00	12.82
Real Assets	15.00	5.64

Sensitivity of the Net Pension Liability to Changes in the Discount Rate: The following presents Metro Fire’s net pension liability for each Plan, calculated using the discount rate for each Plan, as well as what Metro Fire’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

Net Pension Liability	1% decrease	Current Discount Rate (7.65%/7.5%)	1% increase
CalPERS Safety (7.65%)	\$ 488,619,802	\$ 348,564,049	\$ 233,557,464
CalPERS Miscellaneous (7.65%)	20,009,576	12,419,649	6,146,950
SCERS Plan (7.5%)	48,438,811	38,910,909	31,010,889

### G. PENSION PLAN FIDUCIARY NET POSITION

Detailed information about each pension plan’s fiduciary net position is available in the separately issued CalPERS and SCERS financial reports which can be found online at [www.calpers.ca.gov](http://www.calpers.ca.gov) and [www.retirement.saccounty.net](http://www.retirement.saccounty.net).

### H. DEFERRED COMPENSATION PLAN

Metro Fire employees may defer a portion of their compensation under a Metro Fire sponsored Deferred Compensation Plan created in accordance with Internal Revenue Code Section 457. Under this Plan, participants are not taxed on the deferred portion of their compensation until distributed to them; distributions may be made only at termination, retirement, death or in an emergency defined by the Plan. The laws governing deferred compensation plan assets require plan assets to be held by a Trust for the exclusive benefit of plan participants and their beneficiaries. Since the assets held under these plans are not Metro Fire’s assets and are not subject to its control, they have been excluded from these financial statements.

## NOTE 7 – OTHER POSTEMPLOYMENT BENEFITS

### A. PLAN DESCRIPTION

The Sacramento Metropolitan Fire District Retiree Healthcare Plan (“Plan”) is a single-employer defined benefit healthcare plan administered by Metro Fire. The Plan provides healthcare benefits to eligible retirees and their dependents through CalPERS under the Public Employees’ Medical and Hospital Care Act (PEMHCA). This coverage requires the employee to satisfy the requirements for retirement: (a) attainment of age 50 (age 52, for miscellaneous employees who are new to PERS on or after January 1, 2013) with 5 years of State or public agency service or (b) an approved disability retirement. Benefit provisions are established and may be amended through agreements and memorandums of understanding among Metro Fire, its non-represented employees, and the unions for represented Metro Fire employees. The Retiree Healthcare Plan does not issue financial statements.

## NOTE 7 – OTHER POSTEMPLOYMENT BENEFITS (Continued)

As a PEMHCA employer, the District is obligated to contribute toward the cost of retiree medical coverage for the retiree's lifetime or until coverage is discontinued. The District has resolutions with CalPERS defining the level of contribution toward active and retiree medical plan premiums. Benefits fall into one of four categories:

1. For employees hired prior to December 1, 2011, the current resolutions provide that:
  - a. While covered by a Basic or Combination plan, the District will contribute 92% of the medical premium for the retiree and his or her dependents, but not more than 92% of the premium for the 3rd highest Basic or Combination plan rate in the Bay Area region corresponding to the retiree's coverage level, and
  - b. When the retiree and all of his or her covered dependents are covered by Medicare plans, the District will contribute 100% of the medical premium, not to exceed 100% of the 3rd highest Supplemental plan rate in the Bay Area region corresponding to the retiree's coverage level.
2. Employees hired on or after December 1, 2011 in general are covered by a "special" PEMHCA vesting resolution, which provides that the District will pay the benefit described in 1 above, multiplied by a vesting percentage with a minimum service of 5 years getting 25% increasing by intervals of 5% with full vesting to those having 20 years of service.
3. Retirees who retain SCERS medical coverage receive a subsidy, increasing by 5% per year, based on the retiree's years of service with the District. The benefit continues at 50% for surviving spouses of retirees.
4. The District also reimburses the monthly Medicare Part B premiums for former American River Fire District retirees and their spouses.

All retirees eligible for coverage under the District-sponsored medical plans (except those in 3. above) who opt out of CalPERS medical insurance will receive instead up to \$300 per month toward the cost of outside coverage.

### B. FUNDING POLICY

The contribution requirements of the Plan participants and Metro Fire are established by and may be amended pursuant to agreements with its non-represented employees and the union for represented Metro Fire employees. Metro Fire prefunds its obligation by contributing to the California Employer's Retiree Benefit Trust (CERBT) Fund, an irrevocable trust established to fund OPEB. CERBT is administrated by CalPERS, and is managed by an appointed board not under the control of Metro Fire. CERBT is not a component unit of Metro Fire and issues its own publicly available financial report that includes financial statements and required supplementary information which may be obtained from CERBT, P.O. Box 942703, Sacramento, CA 94229.

In accordance with its annual budget, Metro Fire contributes to CERBT an amount that will fully fund the explicit portion of the annual required contribution (ARC) as determined by its actuary and will fund the implicit subsidy liability on a pay-as-you-go basis. An "implicit subsidy" exists when the premiums charged for retiree coverage are lower than the expected retiree claims for that coverage. Pre-Medicare retirees able to continue medical coverage at the same premium rates as are charged for active employees creates an implicit benefit subsidy as defined by GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions (GASB 45).

### C. ANNUAL OPEB COST AND NET OPEB OBLIGATION

Metro Fire's annual other postemployment benefit cost (expense) is calculated based on the annual required contribution (ARC) of the employer. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

## NOTE 7 – OTHER POSTEMPLOYMENT BENEFITS (Continued)

GASB 45 states that the implicit subsidy should be calculated in accordance with Actuarial Standard of Practice (ASOP) No. 6. A new ASOP No. 6, issued in May 2014, requires actuaries to use expected claims to determine liabilities for valuation dates on or after March 31, 2015 whereas previously, actuaries were allowed to use premiums rather than expected claims when an agency participated in a large medical pool like PEMHCA. Because of this change, the actuarial valuation used in calculating this year's OPEB cost and obligation included an implicit subsidy liability. The following table shows the components of Metro Fire's annual OPEB cost, the amount contributed to the Plan, and changes in Metro Fire's Net OPEB obligation for the fiscal year ended June 30, 2017:

<u>Annual OPEB Cost</u>	
Annual required contribution	\$ 20,090,122
Interest on net OPEB obligation	3,855,768
Adjustment to annual required contribution	<u>(3,474,648)</u>
Annual OPEB cost	<u>20,471,242</u>
<u>Contributions Made</u>	
Payments on behalf of retirees	(9,039,803)
Implicit rate subsidy	(3,148,189)
Contributions to OPEB trust	<u>(5,205,665)</u>
Total contributions	<u>(17,393,657)</u>
Increase in net OPEB obligation	3,077,585
Net OPEB Obligation, beginning of year	<u>53,183,011</u>
Net OPEB Obligation, end of year	<u><u>\$ 56,260,596</u></u>

Metro Fire's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for fiscal year ended June 30, 2017 and the two preceding fiscal years were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2015	\$ 14,329,665	95.94%	\$ 52,616,592
June 30, 2016	\$ 14,715,768	96.15%	\$ 53,183,011
June 30, 2017	\$ 20,471,242	84.97%	\$ 56,260,596

### D. FUNDED STATUS AND FUNDING PROGRESS

The funded status of the Plan as of July 1, 2015, the most recent valuation date, was as follows:

Actuarial accrued liability (AAL)	\$ 226,853,972
Actuarial value of Plan assets	<u>13,953,831</u>
Unfunded actuarial accrued liability (UAAL)	<u><u>\$ 212,900,141</u></u>
Funded ratio (actuarial value of Plan assets/AAL)	6.2%
Covered payroll (active Plan participants)	\$ 68,398,652
UAAL as a percentage of covered payroll	311.3%

## NOTE 7 – OTHER POSTEMPLOYMENT BENEFITS (Continued)

Actuarial valuations for OPEB plans involve estimates of the value of expected benefit payments and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information immediately following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

### E. ACTUARIAL METHODS AND ASSUMPTIONS

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan participants) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan participants to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

For the July 1, 2015 actuarial valuation, the entry age normal actuarial cost method and market value asset valuation method was used. The actuarial assumptions included a 7.25% investment rate of return (net of administrative expenses) used in valuing the explicit subsidy while 4% was used in valuing the implicit subsidy liability. Other assumptions included 3.25% annual salary increase and a general inflation rate of 2.75%. Premiums were assumed to increase annually from 7.5% in 2017 with an ultimate rate of 4.5% for 2023 and thereafter. The initial UAAL was amortized as a level percentage of projected payroll over a closed 30-year period. As of June 30, 2017, the remaining period was 26 years.

## NOTE 8 – RISK MANAGEMENT

Metro Fire is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omission, injuries to employees, and natural disasters. Metro Fire manages these risks through various full insurance policies and self-insurance combined with excess insurance policies.

Metro Fire is self-insured for all losses from workers' compensation claims from 2003, when it terminated its excess liability insurance coverage until 2009. Beginning in 2010, Metro Fire obtained excess commercial coverage for losses in excess of \$3,000,000, for each claim up to the statutory limits. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated.

The liability for claims is based on historical cost and/or actuarial estimates of the amounts needed to pay prior and current year claims, and to allow the accrual of estimated incurred but not reported claims and incremental claims expense. Metro Fire's claims liabilities were comprised of the following:

	2017	2016
Claims Reserve	\$ 13,485,591	\$ 12,931,622
Incurred but not reported (IBNR)	9,353,958	9,477,495
Unallocated loss adjustment expenses (ULAE)	468,956	425,773
Total unpaid claims and claim adjustment expenses	<u>\$ 23,308,505</u>	<u>\$ 22,834,890</u>

## NOTE 8 – RISK MANAGEMENT (Continued)

Changes in Metro Fire’s claims liabilities for the fiscal year ended June 30, 2017 and 2016 were as follows:

	<u>2017</u>	<u>2016</u>
Unpaid claims and claim adjustment expenses at beginning of fiscal year	\$ 22,834,890	\$ 22,757,334
Incurred claims and claim adjustment expenses:		
Provision for insured events of current fiscal year	4,532,000	4,523,000
Decreases in provision for insured events of prior fiscal year	(575,817)	(1,951,081)
Total incurred claims and claim adjustment expenses	<u>3,956,183</u>	<u>2,571,919</u>
Payments:		
Claim and claim adjustment expenses attributable to insured events of the current fiscal year	510,034	473,214
Claim and claim adjustment expenses attributable to insured events of the current fiscal year	<u>2,972,534</u>	<u>2,021,149</u>
Total payments	<u>3,482,568</u>	<u>2,494,363</u>
Total unpaid claims and claim adjustment expenses	<u>\$ 23,308,505</u>	<u>\$ 22,834,890</u>

Metro Fire is a member of the Special District Risk Management Authority (SDRMA). The SDRMA is a risk-pooling self-insurance authority, created under the provisions of the California Government Code Sections 6500 et. seq. Its purpose is to provide a full risk management program for California local governments. Metro Fire pays an annual premium to SDRMA for general and auto liability, errors and omissions, property, boiler and machinery and employee dishonesty insurance coverage. Metro Fire’s annual premium is based on its pro-rata share of charges for the pooled risk, claims adjusting and legal costs, and administrative and other costs to operate the SDRMA. Aviation insurance continues to be covered through a commercial insurer.

Metro Fire’s coverage and corresponding deductibles are as follows:

<u>Coverage</u>	<u>Amount</u>	<u>Deductible</u>
General liability	\$ 10,000,000	\$ 500
Auto liability	10,000,000	5,000
Property damage	1,000,000,000	1,000
Boiler and machinery	100,000,000	1,000 to 250,000
Errors and omissions	10,000,000	25,000
Employment practices liability	10,000,000	25,000
Employee dishonesty	1,000,000	-
Aviation	10,000,000	1,000 to 2% of insured value

Metro Fire did not have any claim settlements in excess of the insurance coverage in any of the three prior fiscal years.

## NOTE 9 – NET POSITION AND FUND BALANCES

### A. NET POSITION

The government-wide financial statements report net position. The following are the three categories:

Net investment in capital assets – This category groups all capital assets into one component of net position reduced by accumulated depreciation and the outstanding balances of debt, net of unspent proceeds, which are attributable to the acquisition, construction or improvement of these assets.

Restricted net position – This category presents external restrictions imposed by creditors, grantors, contributors, laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position – This category represents net position of Metro Fire not restricted for any project or other purpose.

### B. FUND BALANCES

In the fund financial statements, governmental funds report fund balances in the following categories:

Nonspendable Funds – Fund balance should be reported as nonspendable when the amounts cannot be spent because they are either not in spendable form, or are legally or contractually required to be maintained intact. Nonspendable balances are not expected to be converted to cash within the next operating cycle, which consist of inventory, pre-paid items and other assets.

Restricted Funds – Fund balance should be reported as restricted when constraints placed on the use of resources are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

*Capital acquisitions* – represents developer and impact fees to mitigate the impact of providing additional fire stations and fire equipment. It also includes unspent bond proceeds.

*Debt service* – represents the amount held by bond trustees for payment of bonds.

*Workers compensation checking account* – represents the amount maintained in the checking account for the payment of workers compensation claims.

*Grant-approved expenditures* - represents amounts restricted for purposes enumerated in the grant agreements.

*Equipment purchases* – represents proceeds from financing restricted for specifically approved equipment.

Committed Funds – Fund balance should be reported as committed when the amounts can only be used for specific purposes pursuant to constraints imposed by formal action (i.e. resolution) of Metro Fire's highest level of decision-making authority, the Board of Directors. These amounts cannot be used for any other purpose unless the Board modifies or removes the fund balance commitment through another resolution.

*Workers compensation claims* – represents the amount adopted by the Board for contingency reserves.

*Pension bond retirement* – to set aside amounts for the retirement of the pension bonds prior to their repricing at auction rates in 2018 and 2025.

## NOTE 9 – NET POSITION AND FUND BALANCES (Continued)

Assigned Funds – Fund balance should be reported as assigned when the amounts are constrained by the government’s intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by the Board of Directors or the Fire Chief and may be changed at their discretion. Unlike commitments, assignments generally exist only temporarily.

Unassigned Funds – Unassigned fund balance is the residual classification of Metro Fire’s funds and includes all spendable amounts that have not been restricted, committed, or assigned to specific purposes. The General Fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

Although the Board has established a contingency reserve for unanticipated or extraordinary expenditures equal to a minimum of 1.8 months of the General Fund Operating Expenditures, this reserve does not meet the definition of a committed fund balance.

The following are components of fund balances as of June 30, 2017:

	General Fund	Capital Facilities Fund	Nonmajor Funds	Total
<b>Nonspendable:</b>				
Inventory	\$ 2,400,572	\$ -	\$ -	\$ 2,400,572
Prepaid items	5,000	-	-	5,000
Petty cash	500	-	-	500
Total nonspendable fund balance	<u>2,406,072</u>	<u>-</u>	<u>-</u>	<u>2,406,072</u>
<b>Restricted for:</b>				
Capital acquisition	-	1,472,537	2,935,084	4,407,621
Debt service reserve	-	677,824	-	677,824
Workers compensation claims	170,768	-	-	170,768
Grant-approved expenditures	-	-	722,430	722,430
Equipment purchases	-	1,091,772	-	1,091,772
Total restricted fund balance	<u>170,768</u>	<u>3,242,133</u>	<u>3,657,514</u>	<u>7,070,415</u>
<b>Committed to:</b>				
Workers compensation claims	4,000,000	-	-	4,000,000
Pension bond retirement	22,248,212	-	-	22,248,212
Total committed fund balance	<u>26,248,212</u>	<u>-</u>	<u>-</u>	<u>26,248,212</u>
Unassigned	<u>23,743,576</u>	<u>-</u>	<u>-</u>	<u>23,743,576</u>
Total fund balance	<u>\$ 52,568,628</u>	<u>\$ 3,242,133</u>	<u>\$ 3,657,514</u>	<u>\$ 59,468,275</u>

As of June 30, 2017, restricted cash and investments amounted to \$10,513,264 while the restricted fund balance is \$7,070,415. The difference of \$3,442,849 represents payables from restricted assets net of government-wide adjustments reported in the Statement of Net Position.

## NOTE 10 – COMMITMENTS AND CONTINGENCIES

### A. COMMITMENTS

Metro Fire has an active project relating to the purchase and installation of new Fire Station Alerting equipment throughout the District. At year-end, Metro Fire paid the contractor \$1,452,071 for the project with a remaining commitment of \$1,034,667. As discussed in Note 1-C, the encumbrances and related appropriation lapse at the end of the year, but are re-appropriated and become part of the subsequent year's budget because performance under the executory contract is expected in the next year.

### B. GRANTS

Metro Fire participates in various federal grant programs, the principal of which are subject to program compliance audits pursuant to the Single Audit Act as amended. Accordingly, Metro Fire's compliance with applicable grant requirements will be established at a future date. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although Metro Fire anticipates such amounts, if any, will be immaterial.

The California Governor's Office of Emergency Services (CalOES) has requested the return of \$750,000 of grant funds used in 2011 for the construction of an emergency response simulator. Metro Fire's management disputes the CalOES findings and believes that there is a substantial probability that the matter will be settled in Metro Fire's favor and no return of grant funds will occur; however, the ultimate resolution of the matter is not certain.

### C. LITIGATION

Metro Fire is currently a defendant in a collective action lawsuit filed on behalf of Metro Fire employees alleging that Metro Fire violated the Fair Labor Standards Act (FLSA) when it excluded medical in-lieu pay and holiday leave pay in the calculation of the regular rate of pay upon which overtime was determined. The case is in its infancy and Metro Fire intends to actively defend the case. An estimate of the possible loss cannot be made at this time.

## NOTE 11 – BORROWINGS

Metro Fire has borrowings available from the County of Sacramento equal to 85% of estimated tax revenues for July 1 to December 10 and 42.50% of estimated revenues for December 10 to April 25. These borrowings are permitted until the last Monday of April each year. The amount available as of December 10, 2016 and April 25, 2017 were \$108,198,060 and \$54,099,030, respectively. The interest rate charged is the rate earned by the County investment pool. The schedule below details the changes in short-term borrowings during the year ended June 30, 2017:

<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
\$ -	\$ (110,316,828)	\$ 110,316,828	\$ -

This short-term borrowing serves as a dry-period financing for Metro Fire's operations during the periods before property taxes are received in its accounts, generally in January and April of each year. These amounts are accounted for in the General Fund.

# Required Supplementary Information

## REQUIRED SUPPLEMENTARY INFORMATION

### SACRAMENTO METROPOLITAN FIRE DISTRICT OTHER POST-EMPLOYMENT BENEFITS PLAN SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
July 1, 2012	\$ -	\$ 236,922,598	\$ 236,922,598	0%	\$ 50,121,379	472.7%
July 1, 2013	\$ 2,099,846	\$ 156,358,864	\$ 154,259,018	1.3%	\$ 50,863,948	303.3%
July 1, 2015	\$ 13,953,831	\$ 226,853,972	\$ 212,900,141	6.2%	\$ 68,398,652	311.3%

Refer to Note 7-A for plan description. The Actuarial valuation date of July 1, 2015 is the most recent available information.

## REQUIRED SUPPLEMENTARY INFORMATION

### SACRAMENTO METROPOLITAN FIRE DISTRICT CALPERS SAFETY PLAN (AGENT MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN)

#### SCHEDULE OF CHANGES IN NET PENSION LIABILITY AS OF MEASUREMENT DATE - LAST TEN YEARS\*

(UNAUDITED)

<u>Total Pension Liability</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Service Cost	\$ 16,072,085	\$ 15,837,720	\$ 17,164,358
Interest on total pension liability	74,892,269	71,337,251	68,648,516
Changes in assumptions	-	(17,820,492)	-
Differences between expected and actual experience	8,521,299	(4,507,130)	-
Benefit payments, including refunds of employee contributions	(51,145,410)	(47,539,831)	(43,704,931)
Net change in total pension liability	48,340,243	17,307,518	42,107,943
Total pension liability - beginning	987,999,287	970,691,769	928,583,826
Total pension liability - ending <b>(1)</b>	<u>\$ 1,036,339,530</u>	<u>\$ 987,999,287</u>	<u>\$ 970,691,769</u>
<u>Plan fiduciary net position</u>			
Contributions from employer	\$ 18,891,148	\$ 15,870,191	\$ 14,207,176
Contributions from employee	12,024,009	12,603,971	13,104,801
Net investment income	3,609,980	15,773,470	106,764,514
Benefit payments, including refunds of employee contributions	(51,145,410)	(47,539,831)	(43,704,931)
Administrative expense	(429,554)	(797,878)	-
Plan to plan resource movement	391	33,463	-
Net change in plan fiduciary net position	(17,049,436)	(4,056,614)	90,371,560
Plan fiduciary net position - beginning	704,824,917	708,881,531	618,509,971
Plan fiduciary net position - ending <b>(2)</b>	<u>\$ 687,775,481</u>	<u>\$ 704,824,917</u>	<u>\$ 708,881,531</u>
Net pension liability - ending <b>(1)-(2)</b>	<u>\$ 348,564,049</u>	<u>\$ 283,174,370</u>	<u>\$ 261,810,238</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>66.37%</u>	<u>71.34%</u>	<u>73.03%</u>
Covered-employee payroll	<u>\$ 79,593,547</u>	<u>\$ 84,053,108</u>	<u>\$ 74,082,665</u>
Net pension liability as percentage of covered-employee payroll	<u>437.93%</u>	<u>336.90%</u>	<u>353.40%</u>
Measurement Date	June 30, 2016	June 30, 2015	June 30, 2014

\* This is the third year of implementation, therefore only three years are shown. Additional years will be presented as they become available. Amounts presented above were determined as of June 30. See notes to schedule on page 60. In addition, during the first year, administrative expenses were netted against investment income while in the second year, it was shown separately.

## REQUIRED SUPPLEMENTARY INFORMATION

### SACRAMENTO METROPOLITAN FIRE DISTRICT CALPERS MISCELLANEOUS PLANS AND SCERS PLAN (COST SHARING MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLANS)

#### SCHEDULE OF PLAN'S PROPORTIONATE SHARE OF NET PENSION LIABILITY AS OF MEASUREMENT DATE - LAST TEN YEARS\*

(UNAUDITED)

	CalPERS Miscellaneous Plans		
	2017	2016	2015
District's proportion of the net pension liability	0.35752%	0.33301%	0.31403%
District's proportionate share of the net pension liability	\$ 12,419,649	\$ 9,135,887	\$ 7,761,287
District's covered-employee payroll	\$ 6,437,464	\$ 5,967,598	\$ 5,682,089
District's proportionate share of the Net Pension Liability as a percentage of its covered-employee payroll	192.93%	153.09%	136.59%
District's proportionate share of the fiduciary net position as a Percentage of the District's total pension liability	77.97%	82.95%	84.86%
Measurement Date	June 30, 2016	June 30, 2015	June 30, 2014
	SCERS Plan		
	2017	2016	2015
District's proportion of the net pension liability	2.16878%	2.71553%	3.58479%
District's proportionate share of the net pension liability	\$ 38,910,909	\$ 32,096,516	\$ 28,663,664
District's covered-employee payroll	(a)	(a)	(a)
District's proportionate share of the Net Pension Liability as a percentage of its covered-employee payroll	(a)	(a)	(a)
District's proportionate share of the fiduciary net position as a Percentage of the District's total pension liability	53.23%	58.36%	62.29%
Measurement Date	June 30, 2016	June 30, 2015	June 30, 2014

\* This is the third year of implementation, therefore only three years are shown. Additional years will be presented as they become available. Amounts presented above were determined as of June 30.

(a) Metro Fire withdrew from SCERS effective January 1, 1997. As part of its withdrawal from the SCERS Plan, Metro Fire contractually agreed to eliminate its accrued actuarial unfunded liability by July 1, 2022 or such other date as mutually agreed by SCERS and Metro Fire. As a withdrawn member, SCERS calculates Metro Fire's pension liabilities in an account separate from the rest of the active employers as contractually agreed. A separate study is done to determine Metro Fire's TPL and FNP, the study uses assumptions based on the combined experience of the risk pool as a whole. An amount agreed to be the Metro Fire and SCERS is contributed annually by Metro Fire. As of the measurement date, there are no active employees contributing to the Plan.

## REQUIRED SUPPLEMENTARY INFORMATION

### SACRAMENTO METROPOLITAN FIRE DISTRICT CALPERS AND SCERS PLANS

#### SCHEDULE OF EMPLOYER CONTRIBUTIONS LAST TEN FISCAL YEARS\*

(UNAUDITED)

	2017	2016	2015
<u>CalPERS Safety Plan</u>			
Actuarially determined contribution <sup>(b)</sup>	\$ 24,771,293	\$ 18,891,148	\$ 15,870,191
Contributions in relation to the actuarially determined contributions	24,771,293	18,891,148	15,870,191
Contribution deficiency (excess)	\$ -	\$ -	\$ -
District's Covered - employee payroll	\$ 84,874,556	\$ 79,593,547	\$ 84,053,108
Contributions as a percentage of covered-employee payroll	29.19%	23.73%	18.88%
<u>CalPERS Miscellaneous Plan</u>			
Actuarially determined contribution <sup>(b)</sup>	\$ 1,252,247	\$ 1,034,835	\$ 959,424
Contributions in relation to the actuarially determined contributions	1,252,247	1,034,835	959,424
Contribution deficiency (excess)	\$ -	\$ -	\$ -
District's Covered - employee payroll	\$ 6,682,508	\$ 6,437,464	\$ 5,967,598
Contributions as a percentage of covered-employee payroll	18.74%	16.08%	16.08%
<u>SCERS Plan</u>			
Actuarially determined contribution <sup>(b)</sup>	\$ 2,000,000	\$ 1,136,000	\$ 1,136,000
Contributions in relation to the actuarially determined contributions	2,000,000	1,136,000	1,136,000
Contribution deficiency (excess)	\$ -	\$ -	\$ -
District's Covered - employee payroll	(a)	(a)	(a)
Contributions as a percentage of covered-employee payroll	(a)	(a)	(a)
Valuation Date	June 30, 2014	June 30, 2013	June 30, 2012

\* Ten-year trend information required by GASB Statement 68 will be presented prospectively. Amounts presented above were determined as of June 30.

(a) See note (a) on previous page and notes to schedule on page 60.

(b) Based on employer's fiscal year.

## REQUIRED SUPPLEMENTARY INFORMATION

### NOTES TO SCHEDULE OF CHANGES IN NET PENSION LIABILITY

Change in Benefit Terms: The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2015 valuation date.

Changes in Assumptions: The discount rate was changed from 7.5% (net of administrative expense) to 7.65% in the June 30, 2014 valuation.

### NOTES TO SCHEDULE OF EMPLOYER CONTRIBUTIONS

Below are the methods and assumptions used to calculate the actuarially determined contributions:

	CalPERS Plans	SCERS Plans
Actuarial Cost Method	Entry Age Normal Cost	Entry Age Actuarial Cost
Amortization Method	Level Percent of Payroll	Level Percent of Payroll
Asset Valuation Method	Market Value	Market Value
Actuarial Assumptions:		
Investment Rate of Return	7.50%	7.50%
Inflation	2.75%	3.25%
Salary Increases	Varies by Entry Age and Service	Varies by Entry Age and Service
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.	Derived using RP-2000 Combined Healthy Mortality Table projected with Scale BB to 2022.

# Other Supplementary Information

## Other Major Governmental Funds

The *Capital Facilities Fund* is a capital projects fund used to account for the acquisition and construction of Metro Fire's major capital facilities. It is primarily funded by capital lease financing and general fund operating transfers.

**Sacramento Metropolitan Fire District**  
**Schedule of Revenues, Expenditures,**  
**and Changes in Fund Balance - Budget and Actual**  
**Capital Facilities Fund**  
**For the Year Ended June 30, 2017**

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>REVENUES</b>				
Use of money and property	\$ 1,000	\$ 1,000	\$ 36,265	\$ 35,265
Total Revenues	<u>1,000</u>	<u>1,000</u>	<u>36,265</u>	<u>35,265</u>
<b>EXPENDITURES</b>				
Capital outlay	6,936,341	8,923,981	6,732,979	2,191,002
Debt service:				
Principal	3,093,709	2,150,553	2,150,550	3
Interest and financing costs	456,159	298,223	298,221	2
Total Expenditures	<u>10,486,209</u>	<u>11,372,757</u>	<u>9,181,750</u>	<u>2,191,007</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(10,485,209)</u>	<u>(11,371,757)</u>	<u>(9,145,485)</u>	<u>2,226,272</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Issuance of capital leases	6,061,982	6,207,214	6,207,214	-
Sale of capital assets	-	-	13,200	13,200
Transfers in	4,423,227	4,955,716	4,955,716	-
Total Other Financing Sources (Uses)	<u>10,485,209</u>	<u>11,162,930</u>	<u>11,176,130</u>	<u>13,200</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ (208,827)</u>	<u>\$ 2,030,645</u>	<u>\$ 2,239,472</u>

## Nonmajor Governmental Funds

The *Grant Fund* is a special revenue fund used to account for the proceeds of federal and state grants that are legally restricted to expenditures for specific purposes.

The *Impact Fee Fund* is a capital projects fund used to account for all resources received from development impact fees. It is used for the construction or acquisition of future fire stations and acquisition of apparatus to serve new developments.

**Sacramento Metropolitan Fire District**  
**Combining Balance Sheets**  
**Nonmajor Governmental Funds**  
**June 30, 2017**

	Special Revenue Fund Grant Fund	Capital Projects Fund Impact Fee Fund	Total Nonmajor Funds
<b>ASSETS</b>			
Receivables, net of allowance for uncollectibles:			
Other receivables	\$ 4,489	\$ 10,953	\$ 15,442
Due from other governments	113,557	-	113,557
Restricted cash and investments	<u>1,024,784</u>	<u>2,929,675</u>	<u>3,954,459</u>
 Total Assets	 <u>\$ 1,142,830</u>	 <u>\$ 2,940,628</u>	 <u>\$ 4,083,458</u>
<b>LIABILITIES</b>			
Accounts payable and accrued expenditures	\$ 12,247	\$ 5,544	\$ 17,791
Salaries and benefits payable	44,122	-	44,122
Due to other funds	<u>364,031</u>	<u>-</u>	<u>364,031</u>
Total Liabilities	<u>420,400</u>	<u>5,544</u>	<u>425,944</u>
<b>FUND BALANCES</b>			
Restricted	<u>722,430</u>	<u>2,935,084</u>	<u>3,657,514</u>
Total Fund Balances	<u>722,430</u>	<u>2,935,084</u>	<u>3,657,514</u>
 Total Liabilities, Deferred Inflows of Resources and Fund Balances	 <u>\$ 1,142,830</u>	 <u>\$ 2,940,628</u>	 <u>\$ 4,083,458</u>

**Sacramento Metropolitan Fire District**  
**Combining Statements of Revenues, Expenditures, and**  
**Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2017**

	Special Revenue Fund Grant Funds	Capital Projects Fund Impact Fee Fund	Total Nonmajor Funds
<b>REVENUES</b>			
Intergovernmental	\$ 1,412,321	\$ -	\$ 1,412,321
Development fees	-	1,506,440	1,506,440
Use of money and property	5,130	15,068	20,198
Total Revenues	<u>1,417,451</u>	<u>1,521,508</u>	<u>1,526,638</u>
<b>EXPENDITURES</b>			
Current:			
Public protection	1,048,199	80,000	1,128,199
Capital outlay	434,150	-	434,150
Total Expenditures	<u>1,482,349</u>	<u>80,000</u>	<u>1,562,349</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(64,898)</u>	<u>1,441,508</u>	<u>(35,711)</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in	65,892	-	65,892
Total Other Financing Sources (Uses)	<u>65,892</u>	<u>-</u>	<u>65,892</u>
Net Change in Fund Balances	994	1,441,508	1,442,502
Fund Balance, Beginning of Year	<u>721,436</u>	<u>1,493,576</u>	<u>2,215,012</u>
Fund Balance, End of Year	<u>\$ 722,430</u>	<u>\$ 2,935,084</u>	<u>\$ 3,657,514</u>

**Sacramento Metropolitan Fire District**  
**Schedule of Revenues, Expenditures,**  
**and Changes in Fund Balance - Budget and Actual**  
**Grant Fund**  
**For the Year Ended June 30, 2017**

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>REVENUES</b>				
Intergovernmental	\$ 412,163	\$ 1,557,068	\$ 1,412,321	\$ (144,747)
Use of money and property	-	-	5,130	5,130
Total Revenues	412,163	1,557,068	1,417,451	(139,617)
<b>EXPENDITURES</b>				
Current:				
Public protection				
Salaries and benefits	44,142	1,142,741	1,000,033	142,708
Services and supplies	-	48,736	48,166	570
Capital outlay	407,250	434,150	434,150	-
Total Expenditures	451,392	1,625,627	1,482,349	143,278
Excess (Deficiency) of Revenues Over (Under) Expenditures	(39,229)	(68,559)	(64,898)	3,661
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	39,229	68,559	65,892	(2,667)
Transfers out	-	(7,906)	-	7,906
Total Other Financing Sources (Uses)	39,229	60,653	65,892	5,239
Net Change in Fund Balance	\$ -	\$ (7,906)	\$ 994	\$ 8,900

**Sacramento Metropolitan Fire District**  
**Schedule of Revenues, Expenditures,**  
**and Changes in Fund Balance - Budget and Actual**  
**Impact Fee Fund**  
**For the Year Ended June 30, 2017**

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>REVENUES</b>				
Development Fees	\$ 1,500,000	\$ 1,500,000	\$ 1,506,440	\$ 6,440
Use of money and property	-	-	15,068	15,068
Total Revenues	<u>1,500,000</u>	<u>1,500,000</u>	<u>1,521,508</u>	<u>21,508</u>
<b>EXPENDITURES</b>				
Current:				
Public protection				
Services and supplies	80,000	80,000	80,000	-
Total Expenditures	<u>80,000</u>	<u>80,000</u>	<u>80,000</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,420,000</u>	<u>1,420,000</u>	<u>1,441,508</u>	<u>21,508</u>
Net Change in Fund Balance	<u>\$ 1,420,000</u>	<u>\$ 1,420,000</u>	<u>\$ 1,441,508</u>	<u>\$ 21,508</u>

# Statistical Section

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STATISTICAL SECTION



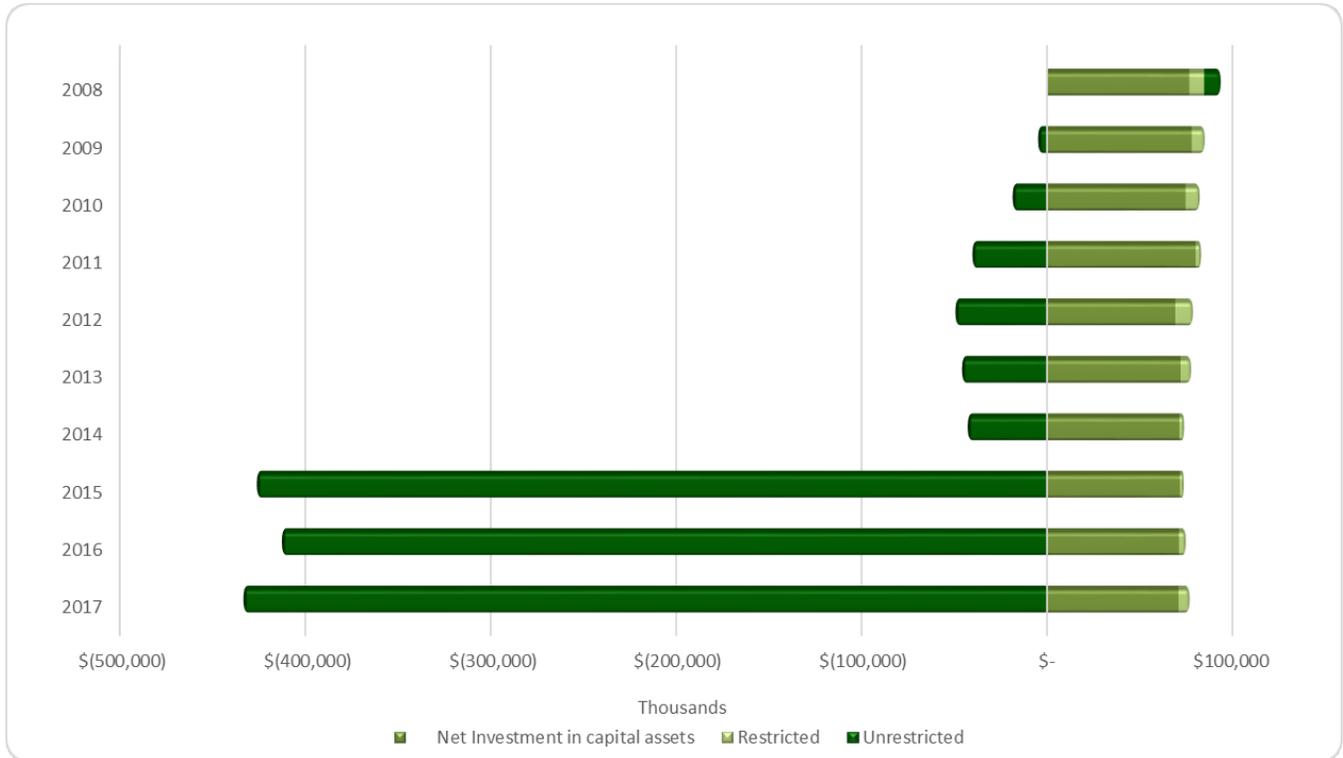


## STATISTICAL SECTION

This part of Metro Fire’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about Metro Fire’s overall financial health.

<u>Contents</u>	<u>Pages</u>
<b>FINANCIAL TRENDS</b>	70-74
These schedules contain trend information to help the reader understand how Metro Fire’s financial performance and well-being have changed over time.	
<ol style="list-style-type: none"><li>1. Net Position by Component</li><li>2. Changes in Net Position</li><li>3. Fund Balances of Governmental Funds</li><li>4. Changes in Fund Balances of Governmental Funds</li><li>5. Expenditures by Function</li></ol>	
<b>REVENUE CAPACITY</b>	75-80
These schedules contain information to help the reader assess Metro Fire’s most significant local revenue source, the property tax.	
<ol style="list-style-type: none"><li>1. General Revenues by Source</li><li>2. Assessed Value of Taxable Property</li><li>3. Assessed and Estimated Actual Value of Taxable Property</li><li>4. Property Tax Levies and Collections</li><li>5. Direct and Overlapping Property Tax Rates</li><li>6. Principal Property Taxpayers</li></ol>	
<b>DEBT CAPACITY</b>	81-84
These schedules present information to help the reader assess the affordability of Metro Fire’s current level of outstanding debt and its ability to issue additional debt in the future.	
<ol style="list-style-type: none"><li>1. Ratio of Outstanding Debt by Type</li><li>2. Ratio of General Bonded Debt Outstanding</li><li>3. Computation of District and Overlapping Debt</li><li>4. Computation of Legal Bonded Debt Margin</li></ol>	
<b>DEMOGRAPHIC AND ECONOMIC INFORMATION</b>	85-87
These schedules present information to help the reader understand the environment within which Metro Fire’s financial activities take place.	
<ol style="list-style-type: none"><li>1. Demographic Statistics</li><li>2. Demographic and Economic Statistics</li><li>3. Private Sector Principal Employers</li></ol>	
<b>OPERATING INFORMATION</b>	88-95
These schedules contain service and infrastructure data to help the reader understand how the information in Metro Fire’s financial report relates to the services it provides and the activities it performs.	
<ol style="list-style-type: none"><li>1. Summary of District Activities</li><li>2. Total Responses</li><li>3. Emergency Response Detail Analysis</li><li>4. Emergency Response – Percent of Total Response by Type</li><li>5. Service-connected Injury/Illness Report</li><li>6. Staffing Summary</li><li>7. Capital Asset Statistics by Function</li></ol>	

**SACRAMENTO METROPOLITAN FIRE DISTRICT**  
**NET POSITION BY COMPONENT**  
**LAST TEN FISCAL YEARS**  
**(ACCRUAL BASIS OF ACCOUNTING)**



(IN THOUSANDS)

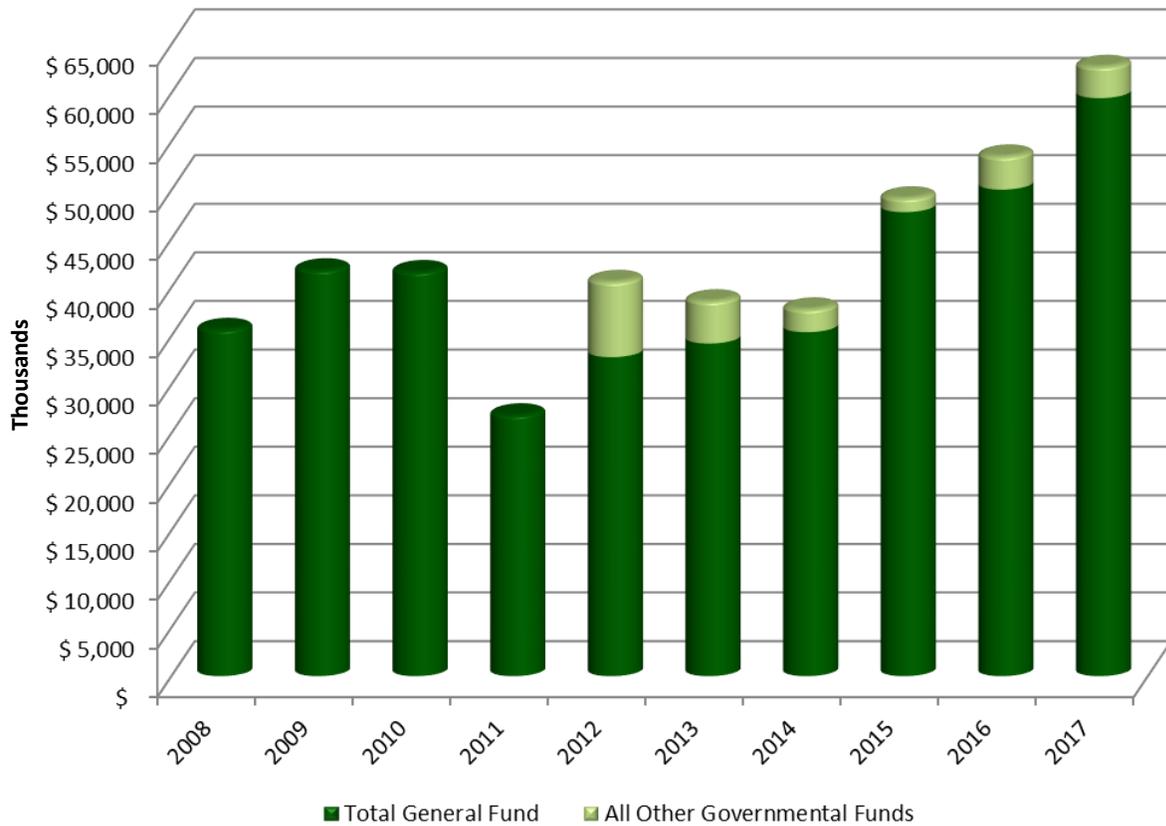
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental Activities										
Net Investment in capital assets	\$ 76,706	\$ 77,964	\$ 74,713	\$ 80,148	\$ 69,132	\$ 71,966	\$ 71,375	\$ 71,615	\$ 71,132	\$ 70,897
Restricted	7,969	7,061	7,609	2,901	9,507	5,698	2,523	2,099	3,673	5,974
Unrestricted	8,981	(4,740)	(18,476)	(40,160)	(49,310)	(45,775)	(42,691)	(426,074)	(412,546)	(433,299)
Total net position	\$93,656	\$80,285	\$63,846	\$42,890	\$29,328	\$31,889	\$31,207	\$ (352,360)	\$ (337,741)	\$ (356,429)

**SACRAMENTO METROPOLITAN FIRE DISTRICT**  
**CHANGES IN NET POSITION**  
**LAST TEN FISCAL YEARS**  
**(ACCRUAL BASIS OF ACCOUNTING)**

(IN THOUSANDS)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>EXPENSES</b>										
Governmental Activities:										
Public Protection	\$ 145,930	\$ 164,474	\$ 152,208	\$ 154,796	\$ 154,206	\$ 147,677	\$ 157,119	\$ 171,186	\$ 160,884	\$ 213,097
Interest on Long-Term Debt	6,593	4,305	3,872	4,139	4,580	4,484	4,412	4,383	4,338	4,271
Depreciation	3,469	3,968	3,841	3,864	3,507	4,461	4,612	3,930	4,070	4,721
Loss on disposal of assets	71	-	-	132	46	448	-	688	448	-
Total Government Activities	156,064	172,747	159,920	162,930	162,339	157,070	166,143	180,186	169,740	222,089
<b>PROGRAM REVENUES</b>										
Governmental Activities:										
Charges for Services	19,992	19,892	19,571	20,356	30,149	39,473	47,286	63,061	53,124	63,902
Operating Grants and Contributions	3,939	4,174	4,288	5,170	5,469	4,007	920	2,737	333	1,037
Capital Grants and Contributions	-	923	83	1,909	-	3,465	1,380	857	206	370
Donated equipment	-	-	-	-	-	475	-	-	-	-
Total Program Revenues	23,931	24,988	23,942	27,435	35,618	47,420	49,586	66,655	53,663	65,309
<b>NET (EXPENSES)/REVENUE</b>										
Total Net Expense	(132,133)	(147,759)	(135,978)	(135,495)	(126,721)	(109,650)	(116,557)	(113,532)	(116,076)	(156,779)
<b>GENERAL REVENUES (EXPENSES)</b>										
Governmental Activities:										
Property Taxes	129,962	126,816	114,845	111,182	108,310	105,260	111,089	119,475	125,343	131,875
Intergovernmental	5,570	5,954	4,171	3,366	3,972	5,545	2,698	3,532	3,554	4,107
Rent and others	4,595	1,157	327	101	718	1,012	985	1,048	1,353	951
Miscellaneous	321	461	197	(109)	158	394	1,103	137	446	1,158
Total General Revenues	140,447	134,388	119,539	114,539	113,159	112,211	115,874	124,192	130,695	138,092
<b>CHANGE IN NET POSITION</b>										
Governmental Activities	8,315	(13,371)	(16,439)	(20,956)	(13,561)	2,560	(682)	10,660	14,619	(18,688)
Net Position	85,341	93,656	80,285	63,846	42,890	29,328	31,889	31,207	(352,360)	(337,741)
Prior period Adjustment	-	-	-	-	-	-	-	(394,227)	-	-
Net Position, Beginning of year-as restated	85,341	93,656	80,285	63,846	42,890	29,328	31,889	(363,020)	(352,360)	(337,741)
Net Position, End of year	\$ 93,656	\$ 80,285	\$ 63,846	\$ 42,890	\$ 29,328	\$ 31,889	\$ 31,207	(352,360)	(337,741)	(356,429)

**SACRAMENTO METROPOLITAN FIRE DISTRICT  
FUND BALANCES OF GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**



(IN THOUSANDS)

	2008	2009	2010	(a) 2011	(b) 2012	2013	2014	2015	2016	2017
<b>GENERAL FUND</b>										
Reserved	\$ 11,426	\$ 9,513	\$ 9,980	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	24,218	32,259	31,620	-	-	-	-	-	-	-
Nonspendable	-	-	-	2,866	2,836	2,710	3,061	3,183	2,914	2,406
Restricted	-	-	-	2,901	1,726	468	113	369	311	171
Committed	-	-	-	13,622	17,050	15,882	19,129	21,031	23,977	26,248
Unassigned	-	-	-	7,470	11,207	15,161	13,084	23,156	22,854	23,744
<b>Total General Fund</b>	<b>\$ 35,644</b>	<b>\$ 41,772</b>	<b>\$ 41,600</b>	<b>\$ 26,858</b>	<b>\$ 32,819</b>	<b>\$ 34,220</b>	<b>\$ 35,387</b>	<b>\$ 47,739</b>	<b>\$ 50,056</b>	<b>\$ 52,569</b>
<b>ALL OTHER GOVERNMENTAL</b>										
Nonspendable					\$ 3	\$ 671	\$ -	\$ -	\$ 17	\$ -
Restricted					7,781	3,920	2,363	1,680	3,409	6,900
Unassigned					(22)	(225)	-	(238)	-	-
<b>Total all other Governmental funds</b>					<b>\$ 7,761</b>	<b>\$ 4,366</b>	<b>\$ 2,363</b>	<b>\$ 1,442</b>	<b>\$ 3,426</b>	<b>\$ 6,900</b>

(a) In fiscal year 2010-2011, Metro Fire adopted GASB 54.

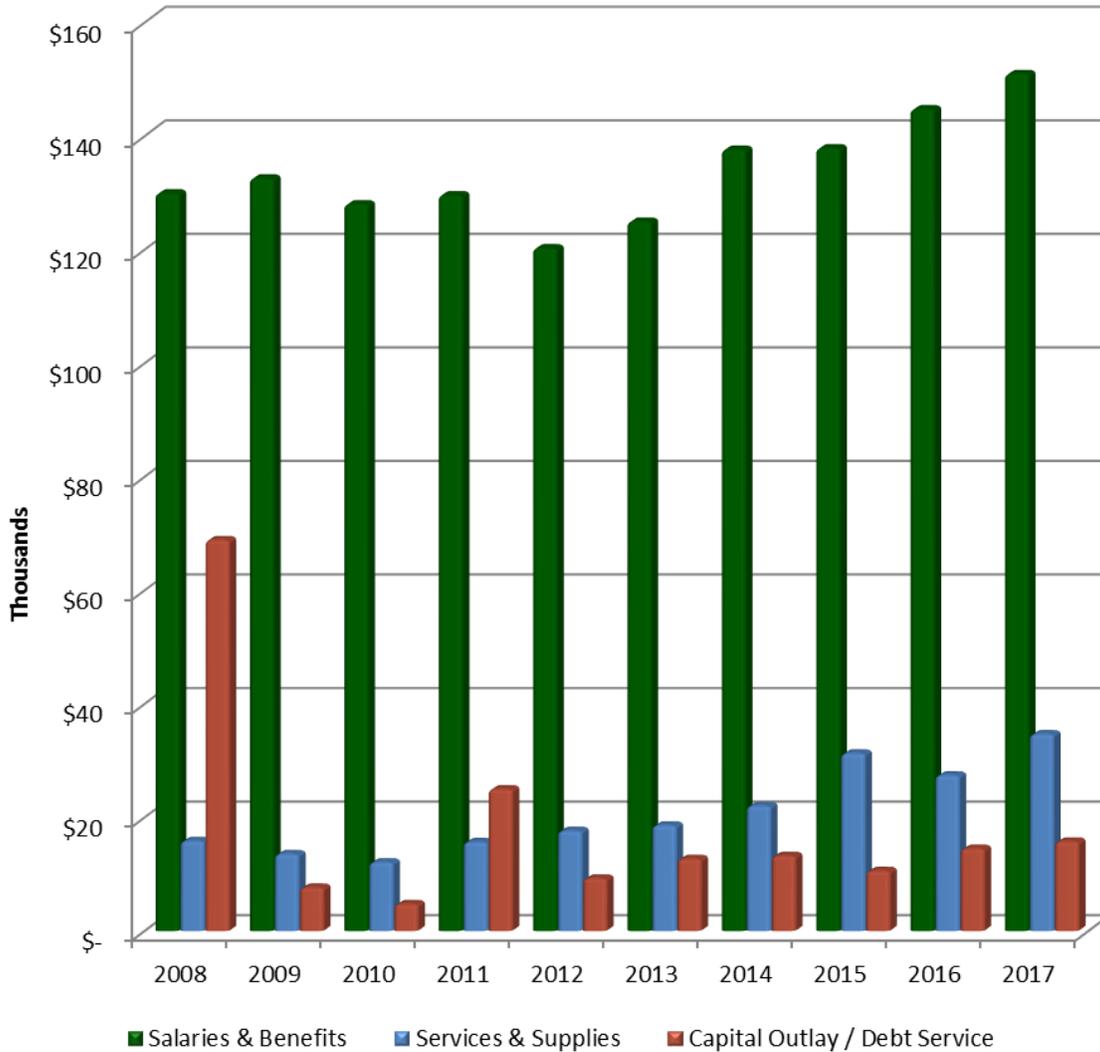
(b) Metro Fire did not start segregating special revenue funds in the fund financial statements until 2012; 2011 and prior amounts for the General Fund include these other funds.

**SACRAMENTO METROPOLITAN FIRE DISTRICT**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**

(IN THOUSANDS)

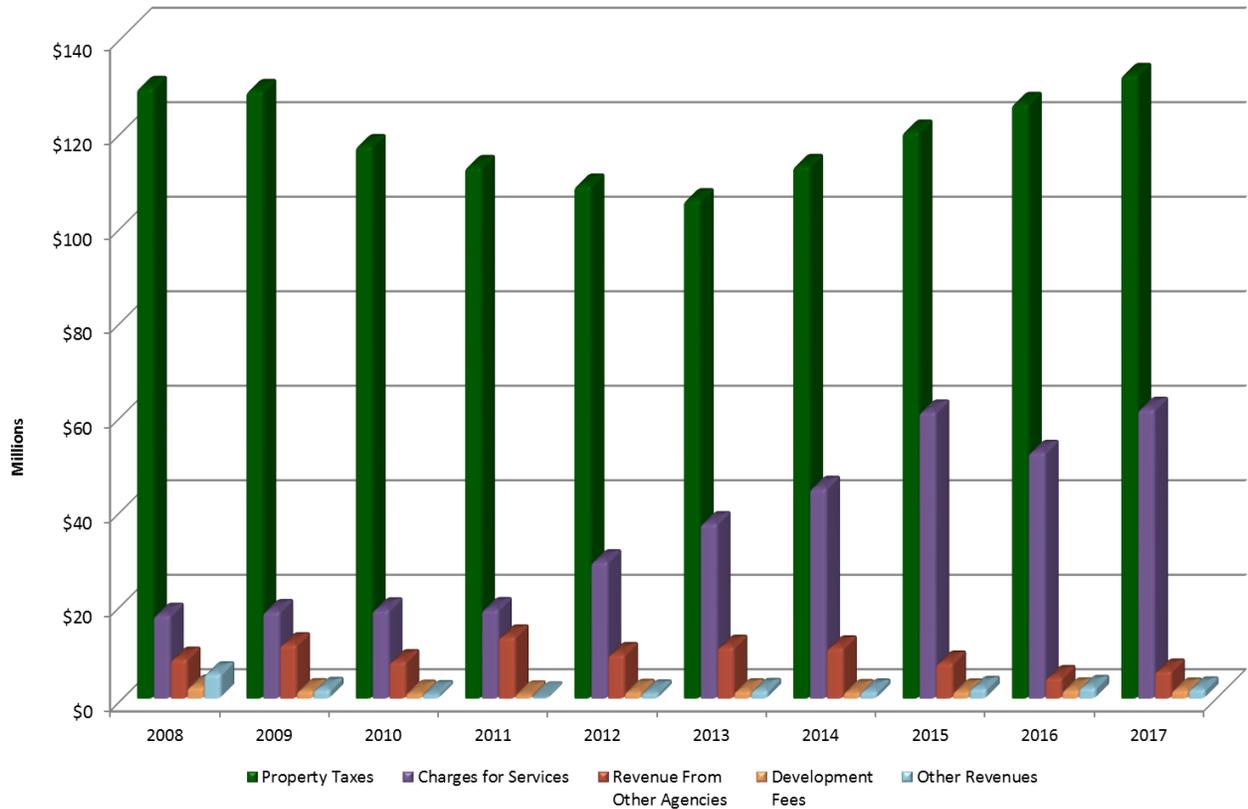
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>REVENUES</b>										
Property taxes	\$ 128,817	\$ 128,170	\$ 116,509	\$ 112,080	\$ 108,149	\$ 105,058	\$ 112,297	\$ 119,575	\$ 125,443	\$ 131,575
Intergovernmental revenues	8,040	11,083	7,503	12,730	9,019	10,562	10,415	7,199	4,141	5,520
Charges for services	17,321	18,104	18,464	18,521	28,646	36,711	44,208	60,343	51,788	60,911
Development Fees	2,156	1,369	893	671	1,153	1,326	1,092	1,257	1,528	1,506
Use of money and property	4,595	1,157	327	101	522	1,015	1,019	1,084	1,433	994
Miscellaneous	335	481	454	159	452	401	234	777	632	724
<b>Total Revenues</b>	<b>161,264</b>	<b>160,363</b>	<b>144,150</b>	<b>144,262</b>	<b>147,940</b>	<b>155,072</b>	<b>169,265</b>	<b>190,235</b>	<b>184,965</b>	<b>201,230</b>
<b>EXPENDITURES</b>										
Current:										
Public protection	145,857	146,191	140,182	145,363	137,989	143,613	159,725	169,216	172,225	185,675
Capital outlay	17,375	3,352	740	20,790	2,735	5,665	5,912	2,593	5,793	7,250
Debt service:										
Principal repayment	45,714	874	1,045	1,236	2,965	3,556	3,964	4,732	5,587	5,513
Interest and fiscal charges	5,795	3,465	2,988	2,974	3,587	3,516	3,380	3,297	3,155	3,027
<b>Total Expenditures</b>	<b>214,741</b>	<b>153,883</b>	<b>144,954</b>	<b>170,362</b>	<b>147,276</b>	<b>156,349</b>	<b>172,982</b>	<b>179,837</b>	<b>186,760</b>	<b>201,465</b>
Excess (deficiency) of revenues over (under) expenditures	(53,477)	6,480	(804)	(26,100)	664	(1,277)	(3,716)	10,398	(1,794)	(235)
<b>OTHER FINANCING SOURCES (USES)</b>										
Proceeds from debt	45,000	-	-	-	13,046	-	-	-	-	-
Issuance of capital leases	-	-	-	11,226	-	-	2,880	849	6,005	6,207
Sale of capital assets	-	512	631	133	13	46	-	184	91	13
Transfers in	-	-	-	-	-	86	504	538	3,266	5,022
Transfers out	-	-	-	-	-	(86)	(504)	(538)	(3,266)	(5,022)
<b>Total other financing sources (uses)</b>	<b>45,000</b>	<b>512</b>	<b>631</b>	<b>11,359</b>	<b>13,059</b>	<b>46</b>	<b>2,880</b>	<b>1,033</b>	<b>6,096</b>	<b>6,220</b>
<b>Net Change in fund balances</b>	<b>\$ (8,477)</b>	<b>\$ 6,992</b>	<b>\$ (173)</b>	<b>\$ (14,741)</b>	<b>\$ 13,722</b>	<b>\$ (1,230)</b>	<b>\$ (836)</b>	<b>\$ 11,431</b>	<b>\$ 4,302</b>	<b>\$ 5,985</b>
Debt service as a percentage of noncapital expenditures	26.1%	2.9%	2.8%	2.8%	4.5%	4.7%	4.4%	4.5%	4.8%	4.4%

**SACRAMENTO METROPOLITAN FIRE DISTRICT**  
**EXPENDITURES BY FUNCTION**  
**LAST TEN FISCAL YEARS**  
**(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**



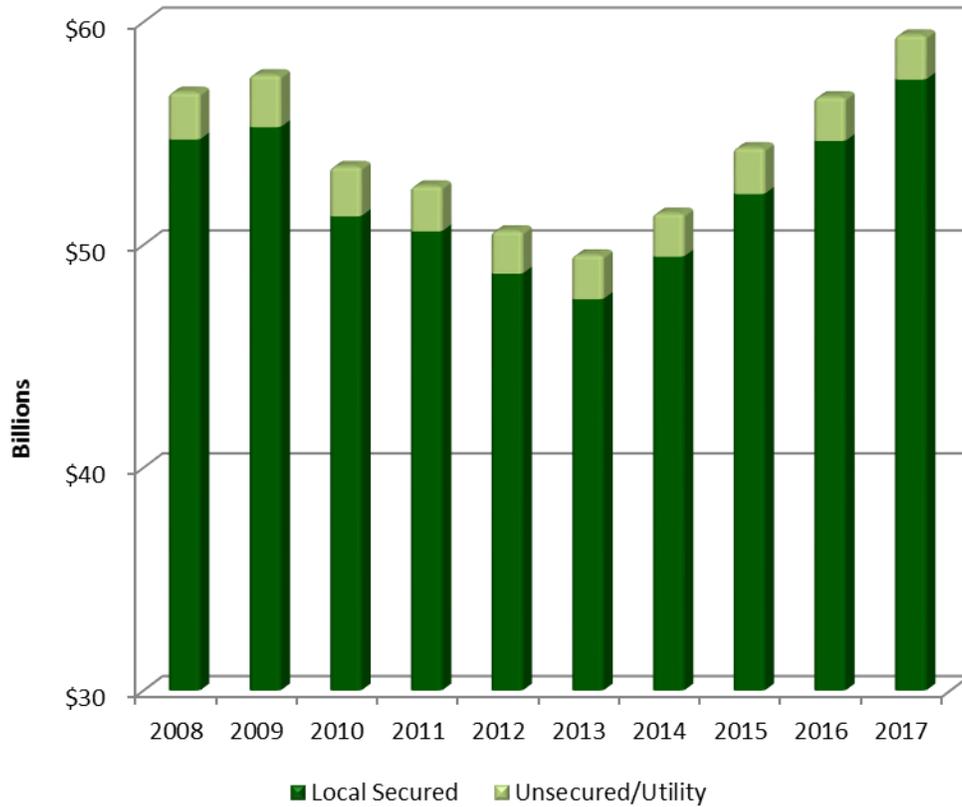
<u>Fiscal Year</u>	<u>Salaries &amp; Benefits</u>	<u>Services &amp; Supplies</u>	<u>Capital Outlay / Debt Service</u>	<u>Total</u>
2008	\$ 129,976,903	\$ 15,879,944	\$ 68,884,063	\$ 214,740,910
2009	132,604,682	13,586,427	7,691,800	153,882,909
2010	128,045,471	12,136,337	4,772,250	144,954,058
2011	129,650,797	15,711,906	24,999,569	170,362,272
2012	120,307,666	17,681,749	9,286,859	147,276,274
2013	124,975,145	18,637,441	12,736,479	156,349,065
2014	137,655,149	22,070,292	13,256,316	172,981,757
2015	137,900,260	31,315,336	10,621,731	179,837,327
2016	144,787,467	27,437,632	14,534,802	186,759,901
2017	150,963,327	34,712,039	15,789,537	201,464,903

**SACRAMENTO METROPOLITAN FIRE DISTRICT  
GENERAL REVENUES BY SOURCE  
ALL GOVERNMENTAL FUND TYPES  
LAST TEN FISCAL YEARS  
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**



Fiscal Year	Property Taxes	Revenue From				Total
		Charges for Services	Other Agencies	Development Fees	Other Revenues	
2008	\$ 128,816,821	\$ 17,321,455	\$ 8,039,820	\$ 2,155,674	\$ 4,930,112	\$ 161,263,882
2009	128,169,834	18,103,703	11,083,485	1,368,581	1,637,805	160,363,408
2010	116,508,904	18,464,189	7,503,415	893,121	780,699	144,150,328
2011	112,080,077	18,521,065	12,730,378	670,997	259,364	144,261,881
2012	108,148,609	28,645,724	9,019,099	1,152,633	973,898	147,939,963
2013	105,058,038	36,710,780	10,561,785	1,326,406	1,415,487	155,072,496
2014	112,297,471	44,207,768	10,415,420	1,092,120	1,252,528	169,265,307
2015	119,575,421	60,343,284	7,198,784	1,257,063	1,860,770	190,235,322
2016	125,442,598	51,788,463	4,141,009	1,528,101	2,065,316	184,965,487
2017	131,575,144	60,910,756	5,519,514	1,506,440	1,718,002	201,229,856

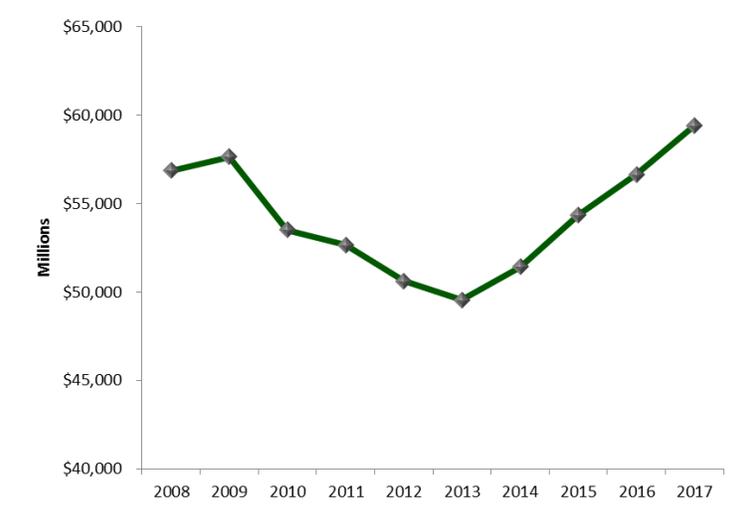
**SACRAMENTO METROPOLITAN FIRE DISTRICT  
ASSESSED VALUE OF TAXABLE PROPERTY  
LAST TEN FISCAL YEARS**



<b>Fiscal Year</b>	<b>Local Secured</b>	<b>Unsecured</b>	<b>Utility</b>	<b>Total Assessed Value</b>
2008	\$54,733,895,432	\$ 2,109,204,925	\$ 2,804,597	\$ 56,845,904,954
2009	55,285,269,256	2,337,740,343	2,935,847	57,625,945,446
2010	51,286,454,165	2,222,237,544	2,935,847	53,511,627,556
2011	50,609,340,722	2,004,513,815	27,666,847	52,641,521,384
2012	48,712,749,798	1,901,522,231	10,268,185	50,624,540,214
2013	47,566,618,901	1,966,760,711	12,397,271	49,545,776,883
2014	49,477,107,848	1,929,129,291	12,293,600	51,418,530,739
2015	52,288,258,939	2,056,903,763	12,374,963	54,357,537,665
2016	54,665,273,502	1,958,102,943	14,281,090	56,637,657,535
2017	57,422,958,579	1,975,992,652	14,666,412	59,413,617,643

Source: Sacramento County Assessor Tax Rolls

**SACRAMENTO METROPOLITAN FIRE DISTRICT  
ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY  
LAST TEN FISCAL YEARS**



**Real Secured Property**

Fiscal Year	Real Secured Property				Total
	Residential Property	Commercial Property	Industrial Property	Other	
2008	\$ 42,663,587,873	\$ 7,582,666,883	\$ 2,260,504,885	\$ 2,229,940,388	\$ 54,736,700,029
2009	42,585,050,528	8,183,861,205	2,356,886,609	2,162,406,761	55,288,205,103
2010	38,267,668,930	8,644,902,951	2,485,846,802	1,890,971,329	51,289,390,012
2011	37,865,205,638	8,547,572,892	2,425,431,997	1,798,797,042	50,637,007,569
2012	36,810,616,937	7,964,084,210	2,437,897,478	1,510,419,358	48,723,017,983
2013	35,881,502,392	7,836,158,353	2,438,471,837	1,422,883,590	47,579,016,172
2014	38,324,932,712	7,457,564,962	2,322,976,102	1,383,927,672	49,489,401,448
2015	41,305,538,059	7,306,871,726	2,239,426,342	1,448,797,775	52,300,633,902
2016	43,266,191,121	7,542,297,469	2,302,158,204	1,568,907,798	54,679,554,592
2017	45,560,923,825	7,865,309,908	2,375,680,303	1,635,710,955	57,437,624,991

**Total Assessed Values**

Fiscal Year	Total Assessed Values		Total Assessed (a)	Estimated Full Market (a)	Total Direct Tax Rate (b)
	Total Real Secured Property	Unsecured Property			
2008	\$ 54,736,700,029	\$ 2,109,204,925	\$ 56,845,904,954	\$ 56,845,904,954	1%
2009	55,288,205,103	2,337,740,343	57,625,945,446	57,625,945,446	1%
2010	51,289,390,012	2,222,237,544	53,511,627,556	53,511,627,556	1%
2011	50,637,007,569	2,004,513,815	52,641,521,384	52,641,521,384	1%
2012	48,723,017,983	1,901,522,231	50,624,540,214	50,624,540,214	1%
2013	47,579,016,172	1,966,760,711	49,545,776,883	49,545,776,883	1%
2014	49,489,401,448	1,929,129,291	51,418,530,739	51,418,530,739	1%
2015	52,300,633,902	2,056,903,763	54,357,537,665	54,357,537,665	1%
2016	54,679,554,592	1,958,102,943	56,637,657,535	56,637,657,535	1%
2017	57,437,624,991	1,975,992,652	59,413,617,643	59,413,617,643	1%

Source: Sacramento County Assessor Tax Rolls

- (a) The State Constitution requires property to be assessed at one hundred percent of the most recent purchase price, plus an increment of no more than two percent annually, plus any local over-rides. These values are considered to be full market values.
- (b) California cities do not set their own direct tax rate. The State Constitution establishes the rate at 1% and allocates a portion of that amount, by an annual calculation, to all the taxing entities within a tax rate area.

## SACRAMENTO METROPOLITAN FIRE DISTRICT PROPERTY TAX LEVIES AND COLLECTIONS LAST TEN FISCAL YEARS



Fiscal Year	Property Taxes	Current Collections	Percentage of Levy Collected <sup>(a)</sup>	Value of Property Subject to Local Tax Rate
2008	\$ 128,816,821	\$ 128,816,821	100%	\$ 56,845,904,954
2009	128,169,834	128,169,834	100%	57,625,945,446
2010	116,508,904	116,508,904	100%	53,511,627,556
2011	112,080,077	112,080,077	100%	52,641,521,384
2012	108,148,609	108,148,609	100%	50,624,540,214
2013	105,058,038	105,058,038	100%	49,545,776,883
2014	112,297,471	112,297,471	100%	51,418,530,739
2015	119,575,421	119,575,421	100%	54,357,537,665
2016	125,442,598	125,442,598	100%	56,637,657,535
2017	131,575,144	131,575,144	100%	59,413,617,643

(a) Metro Fire participates in a Teeter Plan wherein it receives three distributions equal to the actual amount of property taxes collected. Any delinquencies at June 30 are purchased by the County and remitted to Metro Fire. As part of the plan, the County retains the penalties and interest on the delinquent taxes.

Source: Sacramento Metropolitan Fire District Financial Records

**SACRAMENTO METROPOLITAN FIRE DISTRICT  
DIRECT AND OVERLAPPING PROPERTY TAX RATES  
LAST EIGHT FISCAL YEARS**

<u>Fiscal Year</u>	<u>Basic County Wide Levy</u>	<u>Los Rios Community College District</u>	<u>San Juan Unified School District</u>	<u>Total</u>
2010	1.0000 %	0.0124 %	0.0688 %	1.0812 %
2011	1.0000	0.0090	0.0813	1.0903
2012	1.0000	0.0192	0.0948	1.1140
2013	1.0000	0.0193	0.1003	1.1196
2014	1.0000	0.0181	0.1630	1.1811
2015	1.0000	0.0113	0.1509	1.1622
2016	1.0000	0.0091	0.1547	1.1638
2017	1.0000	0.0141	0.1522	1.1663

Note: In 1978, California voters passed Proposition 13 which set the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies within which the subject property resides. In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of any voter approved bonds. Overlapping rates are those of local and county governments that apply to property owners within Metro Fire. Not all overlapping rates apply to all Metro Fire property owners.

Information for fiscal years prior to 2010 is not available.

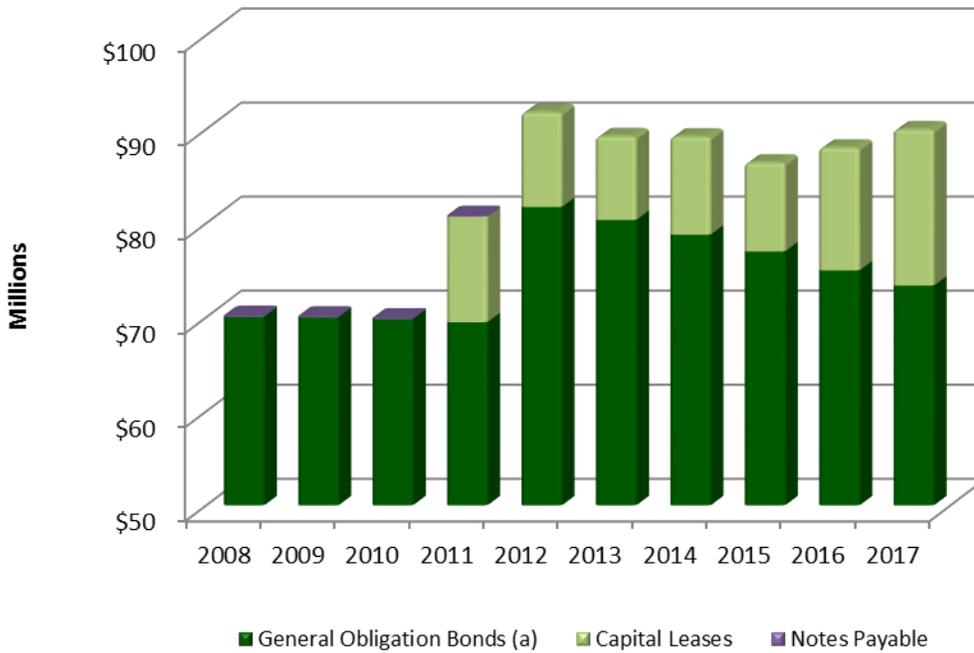
Source: California Municipal Statistics, Inc.

**SACRAMENTO METROPOLITAN FIRE DISTRICT  
PRINCIPAL PROPERTY TAXPAYERS  
CURRENT YEAR AND NINE YEARS AGO**

Taxpayer	2017			2008		
	Taxable Assessed Value	Rank	Percentage of Total Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Assessed Value
Mp Holdings LLC	\$ 211,183,661	1	0.36%	\$ -		-
Wal Mart Stores, Inc./Sam's	197,623,397	2	0.33%	129,301,903	5	0.22%
Aerojet Rocketdyne Inc	182,852,238	3	0.31%	221,169,987	1	0.38%
Ethan Conrad	153,125,912	4	0.26%	-		-
California-American Water Company	124,099,218	5	0.21%	-		-
A Teichert And Son Inc.	100,182,969	6	0.17%	112,662,278	7	0.20%
Oakmont Props	99,732,865	7	0.17%	-		-
Donahue Schriber Realty Group	99,654,545	8	0.17%	165,175,704	4	0.29%
Comcast	92,676,164	9	0.16%	114,984,748	6	0.20%
Ampac Fine Chemicals LLC	82,401,002	10	0.14%	177,842,978	2	0.31%
Xojet Inc	-		-	177,106,377	3	0.31%
PGOCC LLC	-		-	107,062,225	9	0.19%
Ronald A Maureen A Ashley	-		-	106,603,896	10	0.18%
Granite Construction Company	-		-	107,170,640	8	0.19%
	<u>\$ 1,343,531,971</u>		<u>2.26%</u>	<u>\$ 1,419,080,736</u>		<u>2.46%</u>

Source: Sacramento County Assessor 2007/08 and 2016/17 Tax Rolls

**SACRAMENTO METROPOLITAN FIRE DISTRICT  
RATIO OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS**



Fiscal Year	General Obligation Bonds <sup>(a)</sup>	Capital Leases	Notes Payable	Total Primary Government	Percentage of Personal Income <sup>(b)</sup>	Debt per Capita <sup>(b)</sup>
2008	\$ 70,055,305	\$ -	\$ 104,496	\$ 70,159,801	0.25%	\$ 99
2009	69,995,340	-	95,000	70,090,340	0.26%	98
2010	69,810,255	-	85,000	69,895,255	0.26%	97
2011	69,482,600	11,226,000	75,000	80,783,600	0.30%	114
2012	81,734,401	10,076,000	-	91,810,401	0.32%	129
2013	80,356,845	8,895,000	-	89,251,845	0.30%	125
2014	78,790,389	10,430,752	-	89,221,141	0.28%	124
2015	77,002,581	9,447,809	-	86,450,390	0.27%	119
2016	74,982,507	13,061,097	-	88,043,604	0.26%	119
2017	73,372,966	16,605,506	-	89,978,472	0.25%	121

(a) Comprised of Pension Obligation Bonds and Lease Revenue Bonds, net of unamortized premiums/discounts.

(b) See page 85 (Demographic Statistics) for population data and page 86 for personal income.

Sources: Sacramento Metropolitan Fire District Financial Records and the State of California, Department of Finance.

**SACRAMENTO METROPOLITAN FIRE DISTRICT  
RATIO OF GENERAL BONDED DEBT OUTSTANDING  
LAST TEN FISCAL YEARS**

<b>Fiscal Year</b>	<b>General Obligation Bonds<sup>(a)</sup></b>	<b>Less: Amounts Restricted for Debt Service<sup>(b)</sup></b>	<b>Net General Bonded Debt</b>	<b>Ratio of Net General Bonded Debt to Estimated Actual Taxable Value of Property<sup>(c)</sup></b>	<b>Per Capita<sup>(d)</sup></b>
2008	\$ 70,055,305	\$ -	\$ 70,055,305	0.12%	\$ 98
2009	69,995,340	-	69,995,340	0.12%	98
2010	69,810,255	-	69,810,255	0.13%	97
2011	69,482,600	-	69,482,600	0.13%	98
2012	81,734,401	965,066	80,769,336	0.16%	114
2013	80,356,845	954,661	79,402,184	0.16%	111
2014	78,790,389	929,708	77,860,681	0.15%	108
2015	77,002,581	903,043	76,099,538	0.14%	105
2016	74,982,507	874,138	74,108,369	0.13%	100
2017	73,372,966	677,824	72,695,142	0.12%	97

(a) Comprised of Pension Obligation Bonds and Lease Revenue Bonds, net of unamortized premiums/discounts.

(b) This is the amount restricted as debt service reserves.

(c) See the Assessed Value and the Estimated Actual Value of Taxable Property for property value data.

(d) Population data can be found in the Schedule of Demographic and Economic Statistics.

**SACRAMENTO METROPOLITAN FIRE DISTRICT  
COMPUTATION OF DIRECT AND OVERLAPPING DEBT  
JUNE 30, 2017**

2016-17 Assessed Valuation: \$59,243,265,490	Total Debt Outstanding	% Applicable <sup>(1)</sup>	Amount Applicable to Metro Fire
<b>OVERLAPPING TAX AND ASSESSMENT DEBT</b>			
Los Rios Community College District	\$ 340,100,000	32.332%	\$ 109,961,132
Center Joint Unified School District	39,121,451	89.358%	34,958,146
Folsom Cordova USD School Facilities Improvement District Nos. 1, 2, 3 and 4	303,968,302	0.008-100.000%	181,566,747
Sacramento Unified School District	528,757,966	11.056%	58,459,481
San Juan Unified School District	476,114,659	96.433%	459,131,649
Twin Rivers Unified School District (former Grant Joint Union High School District Bonds)	222,604,692	42.886%	95,466,248
Twin Rivers Unified School District (former Elementary School District Bonds)	70,825,553	51.000%	36,121,032
Other School Districts	446,503,762	Various	46,327,786
City of Folsom	825,000	0.732%	6,039
Dry Creek Joint School District Community Facilities District No. 1	8,243,413	100.000%	8,243,413
Elk Grove Unified School District Community Facilities District No. 1	205,377,561	29.226%	60,023,646
City of Rancho Cordova Community Facilities District No. 2003-1 and 2004-1	96,075,000	100.000%	96,075,000
Other Community Facilities Districts	62,950,000	100.000%	62,950,000
1915 Act and Benefit Assessment Bonds	319,939,410	Various	79,841,537
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			\$ 1,329,131,856
<b>DIRECT AND OVERLAPPING GENERAL FUND DEBT</b>			
Sacramento County General Fund Obligations	\$ 235,694,277	41.772%	\$ 98,454,213
Sacramento County Pension Obligation Bonds	944,016,200	41.772%	394,334,447
Sacramento County Board of Education Certificates of Participation	5,675,000	41.772%	2,370,561
Folsom-Cordova Unified School District Certificates of Participation	12,305,000	35.515%	4,370,121
Sacramento USD Certificates of Participation and Pension Obligation Bonds	67,920,000	11.056%	7,509,235
San Juan Unified School District Certificates of Participation	497,741	96.433%	479,987
Twin Rivers Unified School District Certificates of Participation	66,440,000	42.886%	28,493,458
Other School District Certificates of Participation	8,056,386	Various	1,175,560
City of Folsom General Fund Obligations	3,767,131	0.720%	27,123
City of Rancho Cordova Certificates of Participation	16,395,000	100.000%	16,395,000
City of Sacramento Certificates of Participation	778,350,000	0.001%	7,784
<b>Sacramento Metropolitan Fire District Pension Obligation Bonds</b>	<b>63,998,350</b>	<b>100.000%</b>	<b>63,998,350</b>
<b>Sacramento Metropolitan Fire District General Fund Obligations</b>	<b>9,374,616</b>	<b>100.000%</b>	<b>9,374,616</b>
Sunrise Recreation and Park District Certificates of Participation	6,060,000	100.000%	6,060,000
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT			633,050,456
Less: City of Sacramento supported obligations			(5,408)
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT			\$ 633,045,048
<b>OVERLAPPING TAX INCREMENT DEBT</b>			
Successor Agency	\$ 68,900,000	100.00%	\$ 68,900,000
<b>TOTAL DIRECT DEBT</b>			<b>\$ 73,372,966</b>
TOTAL GROSS OVERLAPPING DEBT			\$ 1,957,709,346 <sup>(2)</sup>
TOTAL NET OVERLAPPING DEBT			\$ 1,957,703,938
GROSS COMBINED TOTAL DEBT			\$ 2,031,082,312
NET COMBINED TOTAL DEBT			\$ 2,031,076,904

(1) The percentage of overlapping debt applicable to Metro Fire is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the Metro Fire divided by the overlapping district's total taxable assessed value.

(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

**Ratios to 2016-17 Assessed Valuation:**

Total Overlapping Tax and Assessment Debt	2.24%
Total Direct Debt	<b>0.12%</b>
Gross Combined Total Debt	3.44%
Net Combined Total Debt	3.44%

**Ratios to Redevelopment Successor Agency Incremental Valuation (\$1,805,049,801):**

Total Overlapping Tax Increment Debt	3.82%
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Source: California Municipal Statistics, Inc.

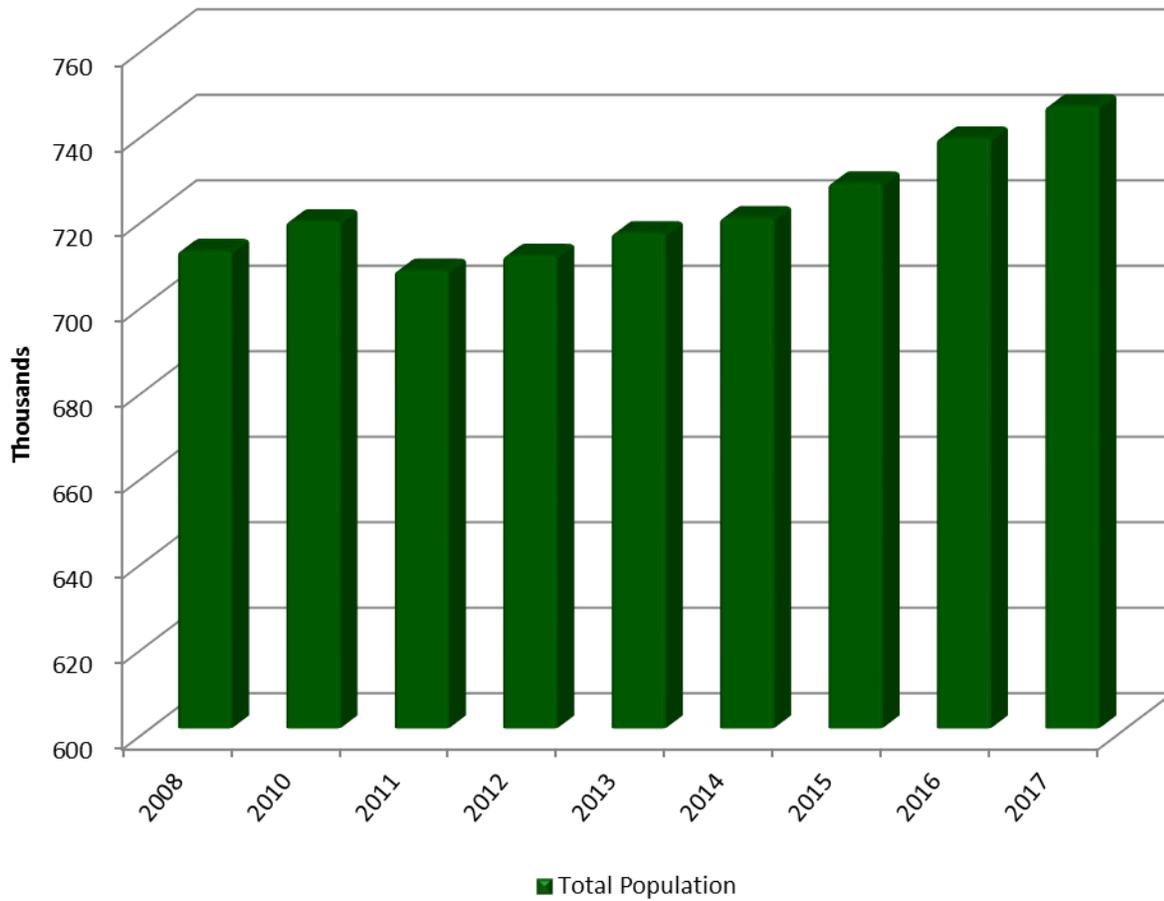
**SACRAMENTO METROPOLITAN FIRE DISTRICT  
COMPUTATION OF LEGAL BONDED DEBT MARGIN  
JUNE 30, 2017**

Assessed Valuation		\$ 59,413,617,643
Debt Margin Ratio <sup>(a)</sup>		2.50%
Bonded Debt Limit		1,485,340,441
Outstanding Debt		
Total Bonded Debt	\$ 73,372,966	
Less Amounts in Sinking Fund	(22,926,036)	
Total Applicable Debt		50,446,930
Legal Debt Margin		\$ 1,434,893,511

<u>Fiscal Year</u>	<u>Debt Limit</u>	<u>Total Net Debt Applicable to Limit</u>	<u>Legal Debt Margin</u>	<u>Percentage of Legal Debt Margin Available</u>
2008	\$ 1,421,147,624	\$ 67,676,525	\$ 1,353,471,099	95.24%
2009	1,440,648,636	63,928,301	1,376,720,335	95.56%
2010	1,337,790,689	62,043,174	1,275,747,514	95.36%
2011	1,316,038,035	61,715,718	1,254,322,317	95.31%
2012	1,265,613,505	71,250,940	1,194,362,566	94.37%
2013	1,238,644,422	67,520,602	1,171,123,820	94.55%
2014	1,285,463,268	62,731,619	1,222,731,649	95.12%
2015	1,358,938,442	59,068,787	1,299,869,655	95.65%
2016	1,415,941,438	54,130,874	1,361,810,564	96.18%
2017	1,485,340,441	50,446,930	1,434,893,511	96.60%

(a) California Health and Safety Code, Section 13937 sets the debt limit at 10%. The Code section was enacted when assessed valuations were based on 25% of full market value. This has since changed to 100% of full market value. Thus, the limit shown is 2.50% (one-fourth the limit of 10%) to account for the adjustment of showing assessed valuation at full market value.

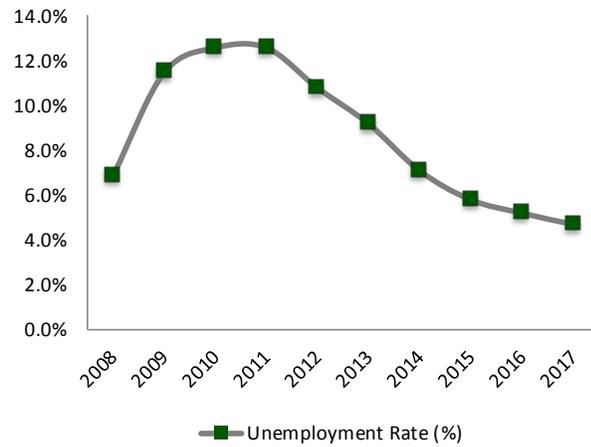
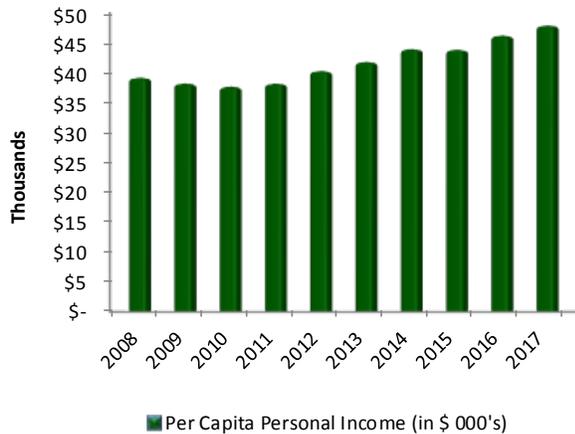
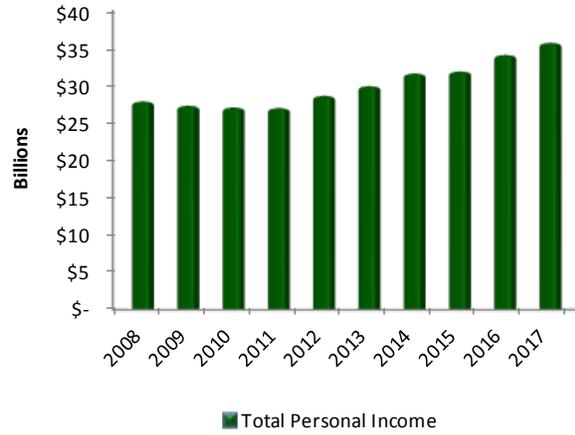
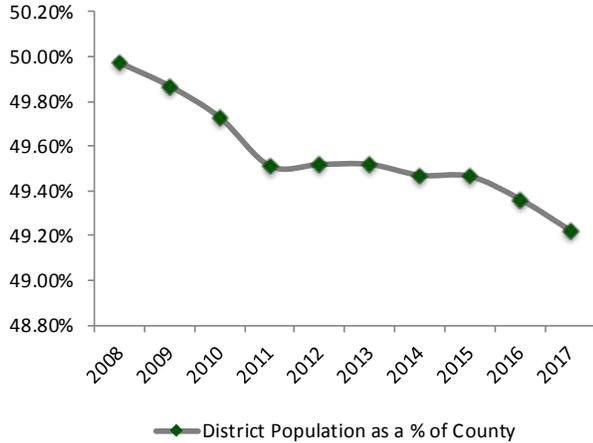
**SACRAMENTO METROPOLITAN FIRE DISTRICT  
DEMOGRAPHIC STATISTICS  
LAST TEN FISCAL YEARS**



<u>Fiscal Year</u>	<u>Citrus Heights</u>	<u>Rancho Cordova</u>	<u>Unincorporated Population</u>	<u>Total Population</u>	<u>% Increase</u>
2008	87,321	60,975	563,514	711,810	0.53%
2009	87,565	61,817	565,309	714,691	0.40%
2010	88,115	62,899	567,700	718,714	0.56%
2011	83,618	65,502	558,061	707,181	-1.60%
2012	83,881	66,093	560,675	710,649	0.49%
2013	84,345	66,927	564,657	715,929	0.74%
2014	84,544	67,839	567,095	719,478	0.50%
2015	85,147	69,112	573,313	727,572	1.12%
2016	86,291	72,203	579,613	738,107	1.45%
2017	87,013	73,872	584,729	745,614	1.02%

Source: State of California, Department of Finance.

## SACRAMENTO METROPOLITAN FIRE DISTRICT DEMOGRAPHIC AND ECONOMIC STATISTICS LAST TEN FISCAL YEARS



Fiscal Year	District Population	Total Personal Income (in \$ 000's)	Per Capita Personal Income (in \$ 000's)	Unemployment Rate (%)	County Population	District Population as a % of County
2008	711,810	\$ 27,893,698	\$ 39	6.9%	1,424,415	49.97%
2009	714,691	27,323,352	38	11.5%	1,433,187	49.87%
2010	718,714	27,095,518	38	12.6%	1,445,327	49.73%
2011	707,181	27,015,729	38	12.6%	1,428,355	49.51%
2012	710,649	28,646,794	40	10.8%	1,435,153	49.52%
2013	715,929	29,947,643	42	9.2%	1,445,806	49.52%
2014	719,478	31,637,020	44	7.1%	1,454,406	49.47%
2015	727,572	31,919,347	44	5.8%	1,470,912	49.46%
2016	738,107	34,120,417	46	5.2%	1,495,297	49.36%
2017	745,614	35,739,291	48	4.7%	1,514,770	49.22%

Note: All data for Sacramento County except District population.

Source: State of California, Employment Development Department.

**SACRAMENTO METROPOLITAN FIRE DISTRICT  
PRIVATE SECTOR PRINCIPAL EMPLOYERS  
CURRENT YEAR AND NINE YEARS AGO**

Employer	2017			2008		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Sutter Health	15,014	1	3.08%	10,405	1	1.59%
Kaiser Permanente	14,368	2	2.94%	9,319	2	1.43%
Dignity Health	7,853	3	1.61%	5,119	6	0.78%
Intel Corporation	6,000	4	1.23%	7,000	4	1.07%
Raley's Inc.	5,597	5	1.15%	7,565	3	1.16%
Apple Inc.	4,000	6	0.82%	-	-	-
Safeway Inc.	3,917	7	0.80%	-	-	-
VSP Global	2,906	8	0.60%	-	-	-
Wells Fargo & Co.	2,891	9	0.59%	3,167	10	0.48%
Health Net of California	2,715	10	0.56%	-	-	-
Hewlett-Packard	-	-	-	3,800	8	0.58%
Target	-	-	-	3,482	9	0.53%
AT&T California	-	-	-	4,828	7	0.74%
University of California, Davis (UCD)	-	-	-	6,404	5	0.98%
Total	65,261		13.37%	61,089		9.34%

Note: Information presented is for the Sacramento region's major county employers since separate data is not available for Metro Fire.

Source: Sacramento Business Journal Annual Book of Lists

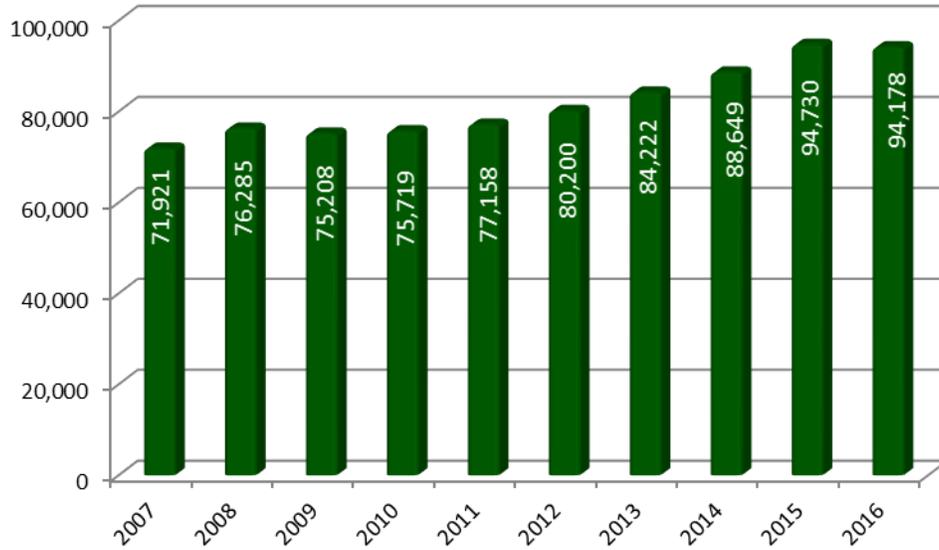
**SACRAMENTO METROPOLITAN FIRE DISTRICT  
SUMMARY OF DISTRICT ACTIVITIES  
FISCAL YEAR 2016-2017**

CATEGORY	TOTAL	% CHANGE
POPULATION	745,614	1.0%
OPERATIONAL FIRE STATIONS	41	0.0%
INCIDENT RESPONSES	101,289	7.1%
TOTAL ACTUAL FULL-TIME EMPLOYEES	659	-3.2%
WORKERS' COMPENSATION CLAIMS		
Premium and Claims Expenditures	\$ 3,486,302	49.4%
LEAVE HOURS (All Personnel)		
Sick Leave Used	50,211	-0.6%
Service Connected Disability Leave	22,778	-8.3%
Vacation Time Used	135,749	9.0%
TRAINING FOR SUPPRESSION PERSONNEL		
Total Training Hours	131,253	-16.0%

Note: % change is the measurement against prior year actuals

Source: Sacramento Metropolitan Fire District Records

## SACRAMENTO METROPOLITAN FIRE DISTRICT TOTAL RESPONSES LAST TEN CALENDAR YEARS



Note: Total incident responses have historically been tracked on a calendar year basis.

Source: Sacramento Metropolitan Fire District Operations Division Records

**SACRAMENTO METROPOLITAN FIRE DISTRICT  
EMERGENCY RESPONSE DETAIL ANALYSIS  
FISCAL YEAR 2016-17  
TOTAL RESPONSES: 101,289**

INCIDENT REPORT SYSTEM CODE	CATEGORY DESCRIPTION	NUMBER OF INCIDENTS
<b>FIRE INCIDENTS</b>		
100	Fire, Other	238
111, 123	Building Fires	358
112	Fire in a structure other than a building	17
113	Cooking Fires	131
114, 115, 116, 117, 118, 120	Fires other than building or transportation	47
121	Mobile home used as a fixed residence	7
131	Passenger vehicle fire	282
122, 130, 132, 133, 134, 135, 136, 137, 138	Transportation fires other than passenger vehicles	82
140, 141, 142, 143	All vegetation fires	575
150, 151, 152, 153, 154, 155	Rubbish and dumpster/trash fires	606
160, 161, 162, 163, 164, 170, 171, 172, 173	Other outside fires	107
<b>TOTAL FIRE INCIDENTS</b>		<b>2,450</b>
<b>OVERPRESSURE RUPTURE &amp; EXPLOSION INCIDENTS</b>		
200, 210, 211, 213, 220, 221, 223, 231	Steam, Air, Gas, or Chemical Rupture	22
240, 241, 242, 243	Fireworks or Bomb Explosion (no fire)	3
251	Excessive heat, scorch burns with no ignition	41
<b>TOTAL OVERPRESSURE &amp; RUPTURE &amp; EXPLOSION</b>		<b>66</b>
<b>EMS &amp; RESCUE INCIDENTS</b>		
300,311,320	Rescue, EMS incident, other	2,120
321	EMS call, excluding vehicle accident with injury	60,912
322, 323, 324	Motor vehicle accidents	4,472
331, 340, 341, 342	Searches	25
350, 351, 352, 353, 354, 355, 356, 357	Extrications of various types	43
360, 361, 363, 365	Water Rescues	41
370, 371	Electrical Rescue / Electrocutation	1
381	EMS Standby	16
<b>TOTAL EMS &amp; RESCUE INCIDENTS</b>		<b>67,630</b>
<b>HAZARDOUS CONDITIONS (No Fire)</b>		
400	Other	178
410, 411, 412, 413	Flammable liquids and gas spills	336
420, 421, 422, 423	Toxics and chemical spills	27
424	Carbon monoxide incidents	32
440, 441, 442, 443, 444, 445	Electrical hazards	409
430, 451	Biological hazards	1
460, 461, 462, 463, 471, 480, 481, 482	Building/vehicle and other hazards	76
<b>TOTAL HAZARDOUS CONDITIONS</b>		<b>1,059</b>

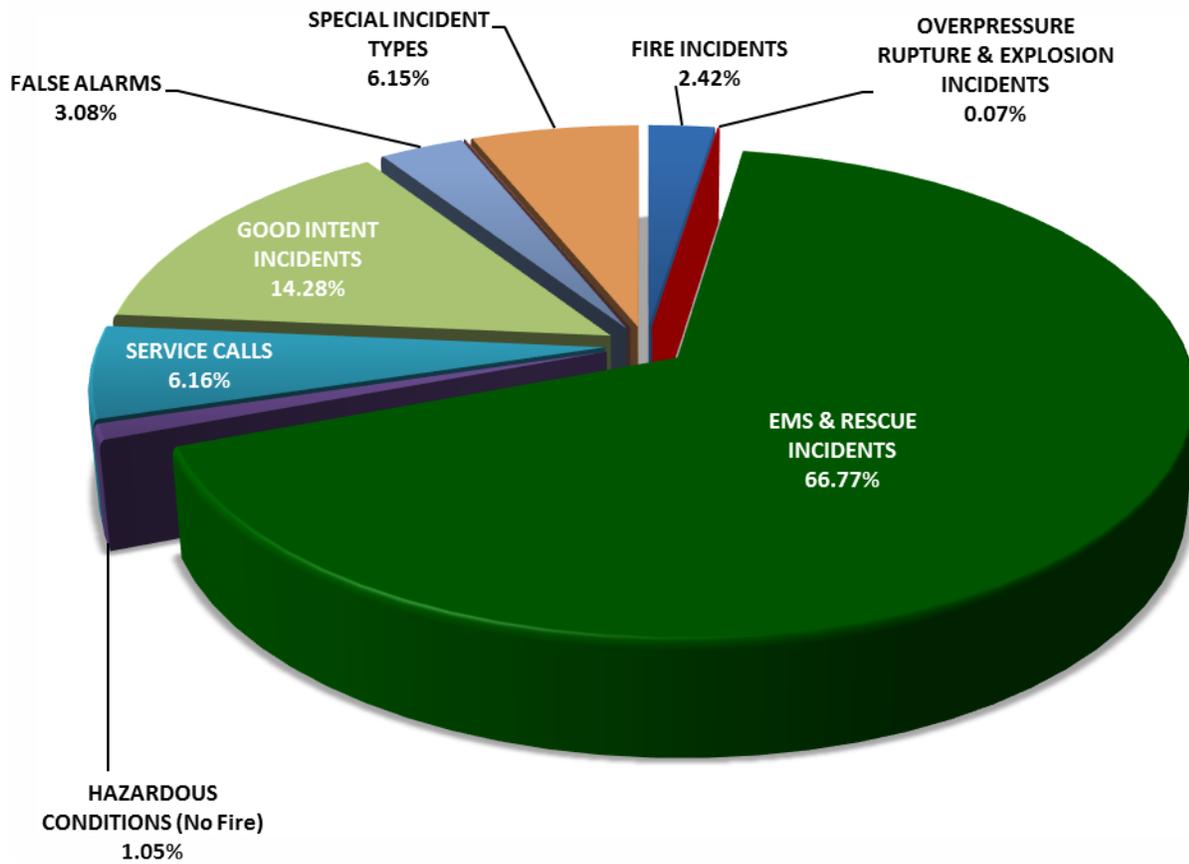
**SACRAMENTO METROPOLITAN FIRE DISTRICT  
EMERGENCY RESPONSE DETAIL ANALYSIS  
FISCAL YEAR 2016-17  
TOTAL RESPONSES: 101,289  
(CONT.)**

FIRE INCIDENT REPORT SYSTEM CODE	CATEGORY DESCRIPTION	NUMBER OF INCIDENTS
<b>SERVICE CALLS</b>		
500	Service calls	653
510, 511, 512	Distress, lock-outs, jewelry removal	952
520, 521, 522	Water incidents	197
531	Smoke removal	219
540, 541, 542	Animal problems	255
550, 553, 554	Public assists	3,411
551, 552	Law assists	404
555, 561, 571	Elevator, unauthorized burning, stand by	151
<b>TOTAL SERVICE CALLS</b>		<b>6,242</b>
<b>GOOD INTENT INCIDENTS</b>		
600	Other	2,363
611, 621, 622	Canceled en route, wrong location	11,859
631, 632, 641, 650, 651, 652, 653	Fire, smoke, or odor	202
661	EMS (PT self-transported)	16
671, 672	Haz-Mat, biological investigations	21
<b>TOTAL GOOD INTENT INCIDENTS</b>		<b>14,461</b>
<b>FALSE ALARMS</b>		
700	Other	664
7001, 7002, 7003, 7401	False alarm residential/school/auto aid	922
710, 711, 712, 713, 714, 715	Malicious, mischievous	112
721	Bomb scare	1
730, 731, 732, 733, 734, 735, 736, 740, 743, 744, 745, 746	System/device malfunction	1,397
741, 742, 751	Sprinkler/extinguishing system activation	26
<b>TOTAL FALSE ALARMS</b>		<b>3,122</b>
<b>SEVERE WEATHER</b>		
800	Other	10
812	Flood assessment	5
813	Wind assessment	10
<b>TOTAL SEVERE WEATHER</b>		<b>25</b>
<b>SPECIAL INCIDENT TYPES</b>		
900	Special type of incident, Other, No code	477
9001	Released from call	3
9002	No Metro units responded	5749
9003	Out of district	0
911	Citizen complaint	5
<b>SPECIAL INCIDENT TYPES</b>		<b>6,234</b>

Note: Total incident responses have been tracked on a calendar year basis in the past years. Data for the current year is being presented on a fiscal year basis.

Source: Sacramento Metropolitan Fire District Operations Division Records

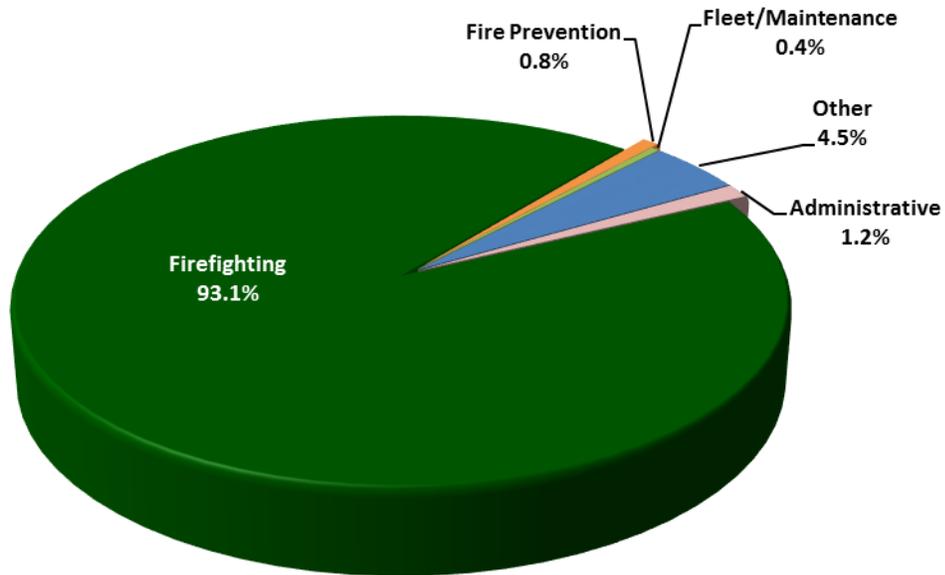
**SACRAMENTO METROPOLITAN FIRE DISTRICT  
EMERGENCY RESPONSE - PERCENT OF TOTAL RESPONSE BY TYPE  
FISCAL YEAR 2016-17**



Source: Sacramento Metropolitan Fire District Operations Division Records

**SACRAMENTO METROPOLITAN FIRE DISTRICT  
SERVICE-CONNECTED INJURY/ILLNESS REPORT  
FISCAL YEAR 2016-17**

INCIDENT ACTIVITY	NUMBER	%
Administrative	3	1.2%
Firefighting/EMS	225	93.1%
Fire Prevention	2	0.8%
Fleet/Maintenance	1	0.4%
Other	11	4.5%
<b>TOTAL NUMBER OF MEDICAL INJURIES</b>	<b>242</b>	



Source: Sacramento Metropolitan Fire District Human Resources Division Records

**SACRAMENTO METROPOLITAN FIRE DISTRICT  
STAFFING SUMMARY  
LAST TEN FISCAL YEARS**

<b>DIVISION</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
Office of the Fire Chief	4	4	7	7	7	9	8	9	10	11
Administration	21	5	4	3	2	2	2	2	2	1
Human Resources	8	9	4	4	3	4	4	5	6	6
Finance	13	16	12	11	10	12	12	13	13	13
Information Technology	11	10	7	8	9	7	7	7	8	8
Operations	6	8	7	7	8	8	8	8	8	8
Fire Suppression	605	605	533	520	525	522	522	522	522	522
Single Role Paramedic Program							65	61	61	61
EMS	5	8	5	7	7	6	6	8	8	8
Training, Safety, Health & Fitness	11	15	6	7	7	7	7	7	8	8
Communications						2	2	2	4	4
Support Services	2	2	2	1	1	1	1	1	1	1
Logistics	12	13	10	10	10	10	10	10	10	11
Facilities	4	6	3	3	4	4	4	4	4	4
Fleet	18	19	14	13	13	13	13	13	13	15
Community Risk Reduction	36	42	18	17	17	20	20	20	31	28
Community Services	8	9	4	2	2	2	2	2	3	3
<b>TOTAL</b>	<b>764</b>	<b>771</b>	<b>636</b>	<b>620</b>	<b>625</b>	<b>629</b>	<b>693</b>	<b>694</b>	<b>712</b>	<b>712</b>

Note: Data above represents authorized positions.

Source: Sacramento Metropolitan Fire District Human Resources Division Records

**SACRAMENTO METROPOLITAN FIRE DISTRICT  
CAPITAL ASSET STATISTICS BY FUNCTION  
LAST FIVE FISCAL YEARS**

<b>Function</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
<b>Public Safety:</b>					
Number of Operational Stations	40	40	40	41	41
Number of Support Buildings	10	10	10	9	9
Equipment:					
Engine	53	53	53	53	55
Wildland Engine	36	40	40	40	40
Pumper/Foam	1	1	1	1	0
Ladder Truck	10	10	10	8	9
Hazmat Truck	1	1	1	1	2
Rescue Truck	2	2	2	2	2
Water Tender	6	6	6	6	5
Aircraft Rescue Firefighting Unit	4	4	4	4	3
Ambulance	51	54	45	50	60
Decontamination Unit	1	1	1	1	1
Dozer	1	2	2	2	2
Rescue Boat	2	2	3	4	4
Helicopter	1	2	2	2	2
Support/Other Vehicles	133	142	175	182	142

Complete information for fiscal years prior to 2013 is not available.

Source: Sacramento Metropolitan Fire District Fleet Division Records



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