



UPPER PINE RIVER FIRE PROTECTION DISTRICT Bayfield, Colorado



Comprehensive Financial Audit Report
Fiscal year ending December 31, 2013

**UPPER PINE RIVER
FIRE PROTECTION DISTRICT
Bayfield, Colorado
COMPREHENSIVE ANNUAL
FINANCIAL REPORT**
For The Fiscal Year Ended December 31, 2013

Prepared by: Management and the Accounting Department

Bruce Evans, Fire Chief
Mickey Ramsey, District Accountant

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June 30, 2014

To the Members of the Board of Directors and Citizens of the Upper Pine River Fire Protection District:

State law requires that governmental entities publish within six months of the close of each calendar year (unless such deadline is extended) a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (US GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the Upper Pine River Fire Protection District ("District") for the fiscal year ended December 31, 2013.

This report consists of management's representations concerning the finances of the District. Consequently, management assumes full responsibility for the completeness and reliability for all the information presented in this report. To provide a reasonable basis for making these representations, management of the District has established a comprehensive framework that is designed to protect the government's assets from loss, theft or misuse, and to compile sufficient reliable information for the presentation of the Upper Pine River Fire Protection District's financial statements in conformity with US GAAP. Internal controls have inherent limitations. Because the cost of a control should not exceed the benefits to be derived, the objective is to provide reasonable, rather than absolute assurance, that the financial statements are free of any material misstatements. As management, we assert to the best of our knowledge and belief, this financial report is complete and reliable in all material respects within the definition of reasonable certainty.

The Upper Pine River Fire Protection District's financial statements have been audited once again by RubinBrown LLP, a firm of licensed certified public accountants who regularly audit governmental entities in Colorado. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Upper Pine River Fire Protection District for the fiscal year ended December 31, 2013, are free of material misstatements. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and assessing the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion and that Upper Pine River Fire Protection District's financial statements for the year ended December 31, 2013, are fairly presented in conformity with US GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

Generally accepted accounting principles require that management provide a narrative introduction, overview and analysis to accompany the financial statements in the form of Management's Discussion and Analysis ("MD&A"). This letter of transmittal is designed to complement MD&A and should be read in conjunction with the audit. The Upper Pine River Fire Protection District's MD&A can be found immediately following the report of the independent auditors.



Profile of the District

Upper Pine River Fire Protection District was chartered September 20, 1974 and confirmed in an election on November 19th, 1974 through merger of the Vallecito Fire Department and the Bayfield Volunteer Fire Departments. The Forest Lake Metro District Fire Department merged into the District May 3rd, 1988. During the 2006 calendar year, the District transitioned from a volunteer to a paid fire department. The statistical section of this report reflects the time period the District has been a paid professional fire department. The District provides fire suppression (structural, wild land and vehicle), emergency medical service/ambulance service to include patient transport, rescue (water, ice, low and high angle rope, confined space, vehicle extrication), fire prevention, fire code enforcement, public education, fuels mitigation and hazardous material response.

These services are provided to a fulltime population of approximately 15,000 in 265 square miles of eastern La Plata County in southwest Colorado. The District is funded by property taxes, contracts, ambulance revenue, Federal and State grants.

Upper Pine River Fire Protection District is governed by a five member Board elected to four year terms. The governing Board has fiduciary responsibilities set forth in the IGA. The Board is responsible for hiring the Chief of the Department. The Chief is responsible for carrying out the policies of the Board, for management and supervision of the day-to-day operations of the District, and for managing its employees and members.

The annual budget and budget process serves as the foundation for the Upper Pine River Fire Protection District's financial planning and control. The District Board of Directors holds a public hearing and adopts its final budget no later than December 31st each year.

Appropriations for the budget are adopted on a total fund basis. The Board of Directors may make additional appropriations during the budget year for expenditures required, but not in excess of the amount of actual revenues exceeding budgeted revenues and un-appropriated surplus for the fund. The Chief may transfer any unencumbered appropriation balance or a portion thereof from one classification of expenditure to another within the budget in order to carry out the goals and objectives of the Board of Directors and the District.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective, the specific environment within which the Upper Pine River Fire Protection District operates. The following is a recap of the economic factors impacting the District.

Local Economy

General: The Pine River Valley geographic area is located in the southwestern part of Colorado in the eastern part of La Plata County. The Town of Bayfield, Town of Ignacio and City of Durango make up the Durango "Micropolitan" Area. La Plata County has experienced considerable economic and population growth from the late 1980's to 2008. Like most of the United States the 2009 local economy showed considerable financial declines over previously prosperous years; however 2013 has clearly shown some



stabilization and growth within certain areas of the local economy. In 2013 the county had an unemployment rate of 5.2%. Median household income was \$54,648.

LaPlata County is an ideal location for entrepreneurs and innovative businesses that want to grow and succeed while also enjoying an outstanding quality of life for them, their employees and their families. Few other communities in the Rocky Mountains can offer businesses the resources that La Plata County can:

- Two colleges- Fort Lewis College, a four year liberal arts college with a census of approximately 4,000 students and Pueblo Community College which provides an educated and skilled workforce.
- Customized workforce training to help your employees keep up with technology and new ideas
- A vibrant and growing regional airport with direct service to major international gateways such as Dallas, Denver, and Phoenix
- High speed internet and 4G wireless service capable of serving cloud technology, high-capacity data transfers, and distributed workforce and operations
- Low property taxes and low employee turnover, which reduce your ongoing operating costs
- Local and statewide technical assistance, incentives, loans and equity to help get you started and keep you growing in your new hometown.

Fort Lewis College Department of Economics believes that Durango's present economy is primarily based on tourism, now generating approximately 28% of all activity in La Plata County. The Upper Pine River Fire Protection District incorporate three general planning areas, the Town of Bayfield, the Vallecito Lake recreation area and community and the Forest Lakes Metro District the largest residential subdivision in La Plata County.

The Town of Bayfield:

The Town of Bayfield is a statutory Town located in La Plata County within the Upper Pine River Fire Protection District. The Town sits at an elevation of about 6900 feet, in the beautiful Pine River Valley, with spectacular vistas in all directions. The Town is a bedroom community to the Durango Micropolitan area offering more economical, lower density, and ranch style living. The average home price has elevated to \$335,573. Bayfield and the 20 minutes driving radius has a median household income of \$75,465.

Bayfield is home to approximately 13,366 residents within the town and immediate area and acts as the commercial and cultural center for eastern La Plata County. The anchor business establishments are Lewis True Value Hardware, Southwest Agriculture Supply, Riverside RV Park and Gosney LLC. Bayfield prides itself on our small town atmosphere and long-standing sense of community offering a nostalgic 4th of July Parade and intact main street commerce area known as Mill Street. The Town of Bayfield was incorporated in 1906 when the Bay family and the Schiller family each donated land to create a supply Town near the Pine River. Bayfield was named after Mr. William Bay when he won a coin toss between himself and Mr. Schiller. Had the toss gone the other way, it is said the Town would have been named "Schillerville".



Modern-day Bayfield residents enjoy an ideal four-season climate that averages some 300 days of sunshine every year, together with moderate temperatures and low humidity, year-round. This ideal recreational climate promotes all sorts of outdoor family activities while any type of enthusiast can find what they're looking for. Whether hiking or biking, hunting or fishing, winter skiing or summer water sports, or exploring the cultural histories of Native American ruins and early Pioneer life, all are available within a short drive, and in almost any direction. The Town lies on US Highway 160 which is the main southern transport corridor between the major metropolitan centers in Denver, Pueblo and Colorado Springs. The Town is strategically located between Mesa Verde and Great Sand Dunes National Park. For train enthusiast, it is between two of the most visited tourist railroads the Durango Silverton Narrow Gauge Railroad and the Cumbres and Toltec Railroad.

Bayfield has a strong school district. The Bayfield School District has long been recognized as one of Colorado's finest and was awarded "Colorado School Board of the Year" in 2007. The library was named the Best Small-Town Library in America in 2013. Bayfield also boasts a quaint downtown that has ball fields for youth and adult sports, a regionally renown Fourth of July Celebration, and the ever-popular Bayfield Heritage Days held each September.

The Town of Bayfield is serviced by Upper Pine River Fire Station 1 and residents fund the District with a property tax mill levy. Real estate values are increasing within the area. Housing prices are favorable due to low supply and higher price in Durango. Many of the residents in Bayfield work in the oil and gas industry, public safety, or health care.

Vallecito Lake;

Sheltered in a secluded mountain valley 8,000 feet above sea level, Vallecito Lake is one of the largest and most beautiful bodies of water in Colorado. Vallecito, Spanish for "Little Valley", and ancestral home to many of Colorado's Ute Indians, became the name of the sparkling waters of the lake it surrounded. Located in the Southwestern part of the state just 18 miles from Durango, Vallecito provides a perfect base for enjoying the Four Corners area and its many wonders. The lake attracts Texans and Oklahomans looking to escape the summer heat and to enjoy trophy fishing and hunting in the surrounding mountains and streams. Boating, skiing, and fishing generate seasonal income for the area and it is home to several large ranches and vacation homes.

Forest Lakes Metro District

Forest Lakes is the largest subdivision in southwestern Colorado. This community is located in La Plata County, Colorado and covers 1,865 acres with 1,600 parcels and 764 structures. Forest Lakes is a remote rural community nestled in the mountains of La Plata County, north of Bayfield, Colorado. The community borders BLM and state lands on the north, USFS lands to the east, and private lands to the south. Forest Lakes is home to about 1,800 residents with 75 percent year-round residents and the remainder residing in Forest Lakes seasonally, primarily during the summer months. Many residents commute to Bayfield, Ignacio, and Durango for work, and many are retired. About half of the 1600 parcels have been built on. The average parcel size is 1 acre with some lots as small as 1/4 acre.



Long-term Financial Planning:

The Upper Pine River Fire Protection District Board of Directors developed a Strategic Plan in 2012 to create sustainability and bring an innovative service delivery model to the fire district. As the District has grown or evolved from a volunteer department, sophistication of accounting standard practices reflective of government accounting has been initiated. As part of projecting financial needs a strategic planning process has been implemented. The strategic plan looks to predict and plan for 5, 10 and 20 year increments specifying vehicle replacements and capital projects.

The District operates with certain fee for service events and collects ambulance revenue, response fees and the hazardous materials fees from user of this particular service delivery by the fire district. The ambulance collection rates vary between 53 and 55% which is above the industry average.

The District has implemented partnership and business models to use surplus or excess resources within the District to generate revenue for the fire district. The District recently purchased equipment that is in high demand for regional wildfire assignments and deployed a business model structuring short-term leases for three years or less leaving the remaining 5-7 year life span of the vehicles to generate income.

The Upper Pine River Fire District maintains a significant fleet to support the 8 stations covering the 256 square miles of the fire district. To ensure efficiencies and provide for a long-term vehicle replacement plan, the District began to sequester monies for replacement of the fleet and identified the physical place on appropriate depreciation schedules to ensure timely and cost effective replacement without incurring additional bond initiatives.

The District currently has long-term lease/purchase agreements for the administration building of approximately \$1.5 million and for vehicles and equipment of approximately \$1 million. The District is refinancing and aggressively reducing the lease payments for vehicles and facilities. The District is restructuring debt and leases to take advantage of historically low interest rates. This will also allow the District to reduce lease payments burdening the operating funds and hasten the elimination of the bond service.

The voters granted the District an increase in the current mill levy to 10.9 mills from 4.9 mills in order to compensate for downturns in oil and gas revenue due production cost in the region currently outpacing market values for natural gas. The voter approved initiative has sunset legislation eliminating or calling for a reauthorization in 2024 designed to correspond with the retirement of the bonded debt service.

Refinancing of the bond debt to a lower interest rate resulted in an overall savings of approximately \$25,000 annually. After the economic downturn in late 2008, Upper Pine River Fire Protection District management and board recognized that they would be facing a decline in property valuations which would mean a decline in revenues beginning in 2011. Starting in 2009, management made the decision to keep operating expenses as flat as possible and to reduce capital expenditures to only critical items. Excess revenues were moved into the fund balance with the idea that they would be available to fund operations when revenues declined.

Operating revenues declined by \$181,293 (5%) in 2013 which required the use of \$337,666 from the governmental funds fund balance. The governmental fund balance at the end of 2013 is \$854,410.



Awards and Acknowledgements:

Upper Pine River Fire Protection District received The Government Finance Officers Association of the United States and Canada (GFOA) Certificate of Achievement for Excellence in Financial Reporting for its comprehensive annual financial report for the fiscal year ended December 31, 2012. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

We would like to express our appreciation to RubinBrown LLP, the firm that serves as the District's external auditors. The preparation of the comprehensive annual financial report on a timely basis was made possible by the dedicated service and assistance provided by our accountant, Mickey Ramsey, CPA.

I would like to recognize the District's Board of Directors for their unfailing support for the District, its fiscal responsibility and the highest standards of professionalism in the management of the District's finances.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Bruce Evans".

Bruce Evans, MPA, NREMT-P
Fire Chief
Upper Pine River Fire Protection District



The Government Finance Officers Association
of the United States and Canada

presents this

AWARD OF FINANCIAL REPORTING ACHIEVEMENT

to

Accounting Department

Upper Pine River Fire Protection District, Colorado

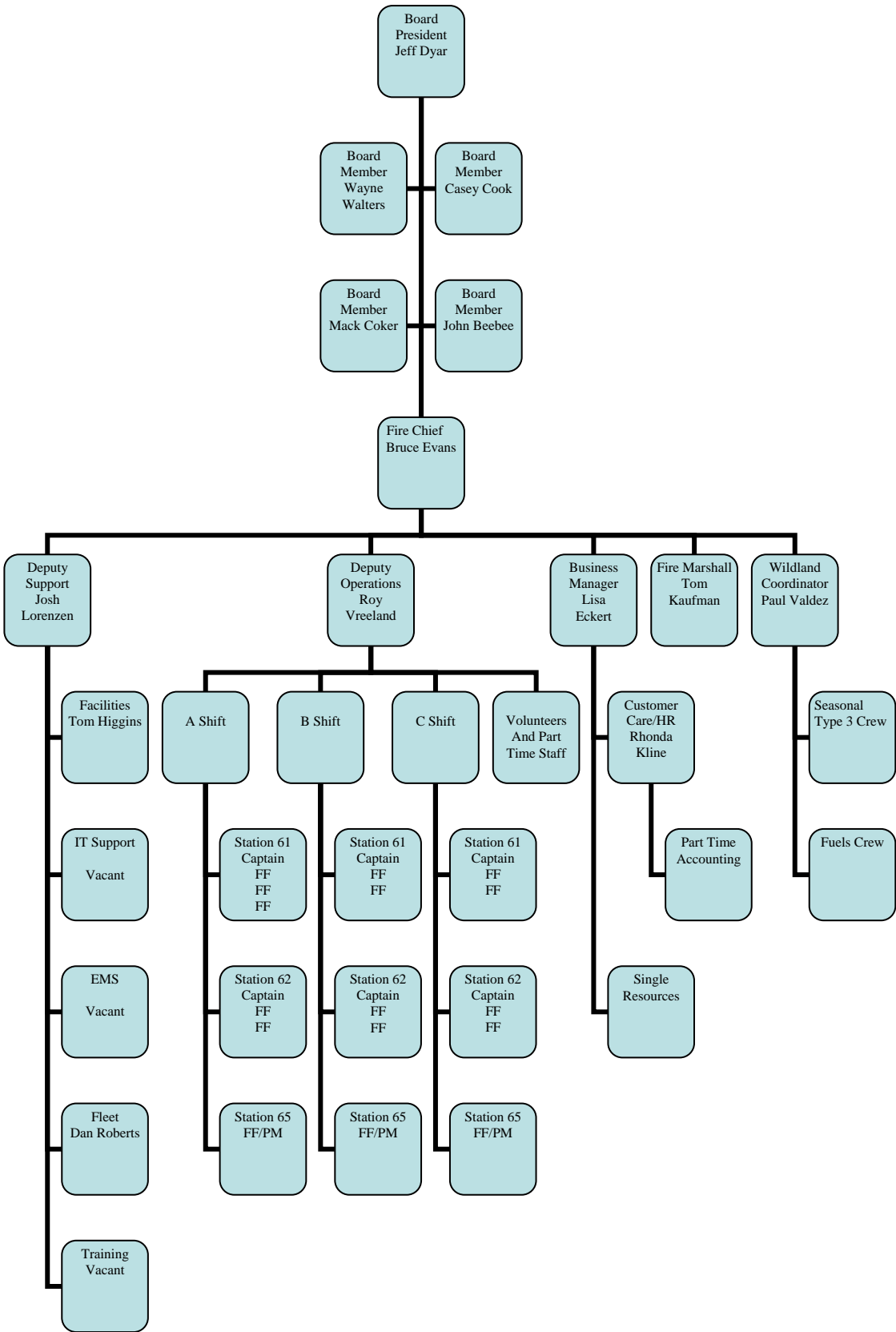


The award of Financial Reporting Achievement is presented by the Government Finance Officers Association to the individual(s) designated as instrumental in their government unit achieving a Certificate of Achievement for Excellence in Financial Reporting. A Certificate of Achievement is presented to those government units whose annual financial reports are judged to adhere to program standards and represents the highest award in government financial reporting.

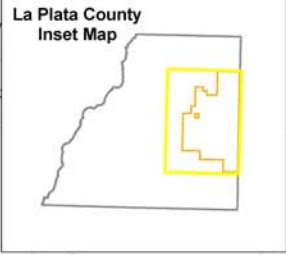
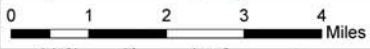
Executive Director

Date March 3, 2014

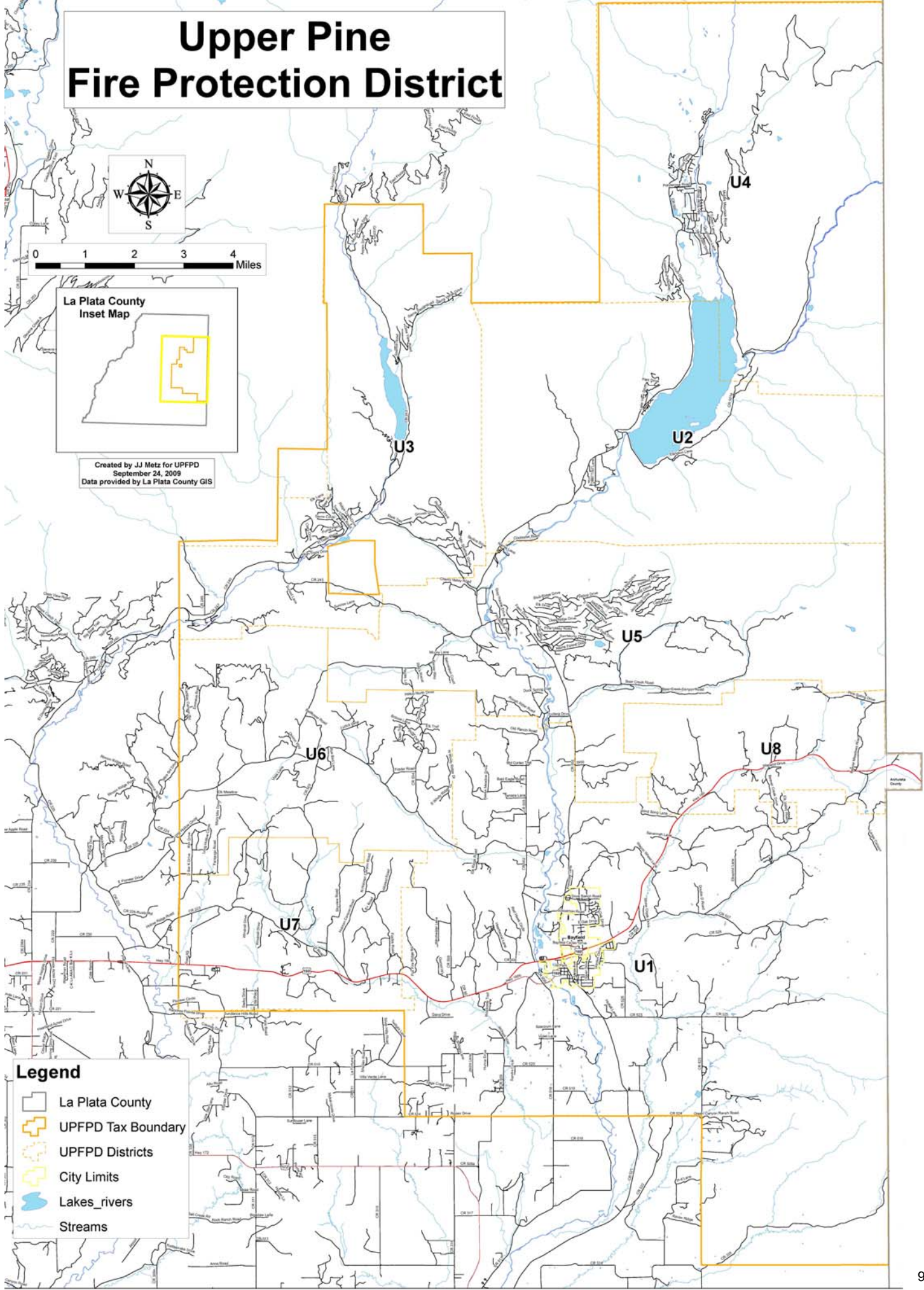
Upper Pine River Fire Protection District Organizational Chart



Upper Pine Fire Protection District



Created by JJ Metz for UPFPD
September 24, 2009
Data provided by La Plata County GIS



Legend

- La Plata County
- UPFPD Tax Boundary
- UPFPD Districts
- City Limits
- Lakes_rivers
- Streams

UPPER PINE RIVER FIRE PROTECTION DISTRICT

NAMES AND TITLES OF ELECTED AND APPOINTED OFFICIALS
As Of December 31, 2013

Elected Board of Directors

Jeff Dyar, President (Term Expires 2016)
John Beebe, Treasurer (Term Expires 2016)
Mack Coker, Director (Term Expires 2016)
Roger Pennington, Director (Term Expires 2014)
Bill Kourim, Director (Term Expires 2014)

Appointed Officials

Bruce Evans, Fire Chief



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Independent Auditors' Report

Board of Directors
Upper Pine River Fire Protection District
Bayfield, Colorado

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 the Upper Pine River Fire Protection District (the District) as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility For The Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the District as of December 31, 2013, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis Of A Matter Regarding Newly Adopted Accounting Standard

As discussed in Note 13, the District adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 65, *Items Previously Reported as Assets and Liabilities*, effective January 1, 2013. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 14 through 18 and the budgetary comparison schedule, schedule of funding progress and schedule of employer contributions on pages 49 and 50, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by GASB, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, individual fund budgetary comparison schedules and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The individual fund budgetary comparison 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 individual fund budgetary comparison schedules are 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.

RubinBrown LLP

June 30, 2014

Management's Discussion and Analysis

As management of Upper Pine River Fire Protection District (the "District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended December 31, 2013.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are composed of three components:

- 1) Government-wide financial statements;
- 2) Fund financial statements;
- 3) Notes to the financial statements.

This report also contains other supplementary information in addition to the basic financial statements themselves. Comparative data is presented when available.

Financial Highlights

1. The District's net position at the end of 2013 is **\$ 2,162,329** compared to **\$ 3,082,364** at the end of 2012.
2. Total revenues for the year ended December 31, 2013 were **\$2,974,746** compared to total revenues of **\$ 3,630,376** in 2012; a decrease of 18% from the prior year.

Government-wide financial statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business. The governmental activity of the District is primarily providing fire protection service for the Town of Bayfield, the Upper Pine River and Upper Florida River Valleys.

The Statement of Net Position presents information on all the District's assets, deferred outflow of resources, liabilities and deferred inflow of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Activities presents information showing how the government'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 in this statement for some items that will only result in cash flows in future fiscal periods. (e.g., earned but not used vacation leave).

The government-wide financial statements can be found on pages 19 and 20 of this report.

Fund financial statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District currently has three funds, the General Fund and Debt Service Funds, which are governmental funds and the Pension Trust Fund, which is a Fiduciary fund.

Governmental funds

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

Because the focus of governmental funds are more narrow 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. A reconciliation of the fund balance as reported in the governmental funds to the net change in fund balance to the change in net position has been provided to facilitate the comparison between governmental funds and governmental activities.

The District adopts an annual appropriated budget for its General, Debt Service and Pension Funds. A budgetary comparison statement has been provided for these funds to demonstrate compliance with this budget.

The governmental fund financial statements are presented on pages 21 through 24 of this report.

Fiduciary funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because resources of those funds are not available to support the District's programs.

The District uses a pension trust fund to account for the accumulation of resources to be used for retirement payments for volunteer firemen.

The fiduciary fund financial statements are presented on pages 25 and 26 of this report.

Notes to the financial statements

The notes provided additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 27- through 48 of this report.

Statement of Net Position

The following is a condensed comparative summary of the District's net position at December 31:

	<u>2013</u>	<u>2012</u>
Current and other Assets	\$ 4,117,706	\$ 3,412,122
Capital Assets	<u>\$ 7,413,291</u>	<u>\$ 8,199,107</u>
Total Assets	\$ 11,530,997	\$ 11,611,229
 Total Deferred Outflow of Resources	 \$ 121,269	 \$ 0
Current Liabilities	\$ 723,162	\$ 691,122
Long Term liabilities	<u>\$ 5,760,797</u>	<u>\$ 5,940,466</u>
Total Liabilities	\$ 6,483,959	\$ 6,631,588
 Total Deferred Inflow of Resources	 \$ 3,005,978	 \$ 1,897,277
 Net Position		
Net Investment in Capital Assets	\$ 1,280,183	\$ 1,889,040
Restricted	\$ 364,674	\$ 385,819
Unrestricted	<u>\$ 517,472</u>	<u>\$ 807,505</u>
Total net position	<u>\$ 2,162,329</u>	<u>\$ 3,082,364</u>

Statement of Activities

The statement of activities reflects the cost of operation and the charges for services and receipt of grants offsetting those services. The following detail reflects the total cost of services supported by operating revenues and property taxes, as well as other general revenues, resulting in the overall change in net position for the fiscal years 2013 and 2012.

Following is a condensed comparative summary of the District's revenues and expenses for the year ended December 31:

	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Net (Expense) Revenue and Changes in Net Assets</u>	
Primary Government						
Governmental Activities:						
Public Safety						
	<u>2013</u>	<u>\$3,556,297</u>	<u>\$ 155,704</u>	<u>\$ 704,493</u>	<u>\$ 0</u>	<u>\$ (2,696,100)</u>
	2012	\$3,897,023	\$ 156,467	\$ 1,073,933	\$ 18,000	\$ (2,648,623)
Interest						
	<u>2013</u>	<u>\$338,484</u>	<u>—————</u>	<u>—————</u>	<u>—————</u>	<u>\$ (338,484)</u>
	2012	\$413,429				\$ (413,429)
Total Governmental Activities:						
	<u>2013</u>	<u>\$3,894,781</u>	<u>\$ 155,704</u>	<u>\$ 704,493</u>	<u>\$ 0</u>	<u>\$ (3,034,584)</u>
	2012	\$4,217,067	\$ 156,467	\$ 1,073,933	\$ 18,000	\$ (3,062,052)

	<u>2013</u>	<u>2012</u>
General Revenues:		
Taxes	<u>\$ 2,083,739</u>	\$2,180,269
Investment Earnings	<u>3,433</u>	14,942
Other	<u>27,377</u>	<u>186,765</u>
Total General Revenues	<u>2,114,549</u>	2,381,976
CHANGE IN NET POSITION	<u>(920,035)</u>	(680,076)
NET POSITION – Beginning (Restated)		
	<u>3,082,364</u>	<u>3,762,440</u>
NET POSITION – Ending	<u>\$ 2,162,329</u>	<u>\$ 3,082,364</u>

Governmental Funds Financial Analysis

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the District's financing requirements. In particular, unavailable fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The District has two funds; a general fund and a debt service fund. All of the District's basic services are reported in the general fund, while the principal and interest payments for the 2004 and 2013 refunding series bonds are reported in the debt service fund.

In 2013, General Fund property tax revenues remained flat due to a sequestering of oil and gas production in the region. Fire district management was alerted by the Assessor's office that oil and gas values would see a slight decline for fiscal 2013. In preparation for the projected decline the district committed a majority of the excess

revenue from 2010 to reserves, did not fill several open administrative positions, froze wages and reduced spending where appropriate without reducing services.

In November of 2013 the District presented to the voters a mill levy increase that was approved in the general elections. The current property tax mill levy, set in 1998 was not adequate to continue the current level of emergency services. Tax revenues that support the fire district have been reduced by \$1.175 million (46%) since 2010 due to reduced oil and gas revenue and decreased property values. Despite ongoing efforts to cut costs including staff reductions and sales of equipment, a \$2.3 million contingency reserve fund in 2010 had been reduced where the district would be faced with service cuts after 2013. The mill levy was increased from 4.95 to 10.9 resulting in an estimated maximum dollar amount of tax increase for 2014 of \$1,622,000.00 from \$1,493,772,940.

The District saw a 27% increase in specific use tax indicating a strong financial upward trend in the purchase of taxable personal property.

The continued changes in the global climate have continued to generate an active wild land fire season. Serving as a cooperator to local state and national fires continued grant revenues provided the general fund with \$574,353 in additional revenues.

At the end of the current fiscal, the District's general fund reported an ending fund balance in the general fund of **\$576,795**, a decrease of **\$323,446** from 2012. The decrease was due to year over year reductions of revenues from property taxes, grants and Wildland fire income. Restricted fund balance of **\$87,059** is not available for new spending because it has been restricted by TABOR.

At the end of the current fiscal year, the District's ending fund balance in the debt service fund was **\$277,615**, a decrease of **\$14,220** from 2012. In 2013, the District refunded the 2004 series bonds with the 2013 service refunding bonds to reduce the interest rate. The decrease in fund balance is the result of principal and interest due on the old bonds being higher than the tax revenue collected in 2013.

Capital Assets

The District's investment in capital assets for its governmental activities as of December 31, 2013 amount to **\$7,413,291** (net accumulated depreciation). This investment in capital assets includes, land, buildings, equipment and vehicles. Additional information can be found in Note 6 to the financial statements.

Long-term Debt

At the end of the year the District had long-term debt outstanding of **\$6,342,797** comprised of capital leases for equipment and the administration building, series 2004 G.O. Bonds, series 2013 refunding G.O. Bonds, and compensated absences. Additional information on the District's debt can be found in Note 7 of the financial statements.

Budget Analysis

In 2013, the District re-appropriated the General Fund budget to account for changes in revenues. Tax collections and intergovernmental revenue for Wildland fire were slightly higher, while medical billing collections, investment income and miscellaneous income were down slightly. There was a major increase in revenue from the sale of a ladder truck and other fixed assets totaling **\$312,510**. There was a major adjustment to reduce budgeted grant revenue as work on a large grant was deferred until 2014 (**\$310,000**).

In 2013 the District re-appropriated the General Fund budget due to reduced expenditures, primarily personnel and related expenses. We were able to reduce expenditures by **\$239,504** from the original budget.

Overall, the District was able to re-appropriate the General Fund budget to reflect an overall savings of **\$346,013**.

The Fire District continues to use best practices in managing the finances and assets of the district. We continue to seek opportunities to enhance our revenue stream through aggressively pursuing grants and participation in revenue generating functions such as response to wild land fires. These opportunities continue to enhance our capabilities

and service delivery. In 2013, the general fund realized gross revenues of **\$3,047,666**. We continue to recover direct costs of personnel, fuel as well as the additional income from rental rates of our equipment.

Our EMS billing and revenues were down slightly for 2013 by 2.5%, but our collection rate was up remaining well above the national collection rate average results in flat ambulance revenues. Ambulance rates were increased effective January 2014 to reflect higher fuel prices and cover disposables for EMS. This should result in a 10-15% increase in ambulance revenue for 2014. The amount collected helped fund the EMS Operations which can be described as vehicles, fuel, medical supplies, insurance and training.

Economic Factors, Trends and Future Plans

In 2013 oil and gas production in the District was greatly reduced. While demand nationally was up, supply was also up containing price and tax revenues. 2014 and 2013 tax revenue reductions were also due to a drop in real property assessed valuations from 2011. In 2013 and the first quarter of 2014 housing starts are up in La Plata County. As supply drops and the buildable land in the central part of the county becomes expensive building increases are anticipated in residential property values with the 2015 valuation. New construction in the District saw a jump to \$11,082,359 in 2013.

A major capital project was completed in 2013 with a short-term lease of a Type III wild land fire engine designed to be an enterprise revenue generator over a 3 year period. In 2014, housing quarters will be added to Station 5 with the help of a DOLA grant from the state of Colorado.

Factors that have allowed us to continue to fully operate with no reduction in service have been our continued response to national wildfires. That program brought \$881,708 in gross revenue to the District in 2012. We received \$574,353 in wildfire revenue for 2013. We were also awarded over \$500,000 in grant money to support the seasonal hand crew, \$300,000 from the department of local affairs for station improvement and approximately \$100,000 from two grants for EMS equipment and wild land fire vehicles.

A portion of our reserve funds have been moved to time sensitive US Treasury accounts in response to the low rates of interest for Certificate of Deposit accounts. The District will be refining its investment policies in 2014.

Request for information

This financial report is designed to provide a general overview of the District's finances for all those with and interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Upper Pine River Fire Protection District
Attn: Bruce Evans, Fire Chief
515 Sower Drive
Bayfield, CO 81122
Tel: (970)-884-9508
Fax: (970)-884-2444

UPPER PINE RIVER FIRE PROTECTION DISTRICT

STATEMENT OF NET POSITION

December 31, 2013

	<u>Governmental Activities</u>
Assets	
Cash and cash equivalents (Note 3)	\$ 692,969
Cash held with County Treasurer (Note 3)	12,414
Receivables	
Property taxes	3,005,978
Medical billings (net of allowances for uncollectables) (Note 4)	32,129
Other	129,742
Inventory	6,784
Prepaid items	61,263
Net pension asset (Note 8)	176,427
Nondepreciable capital assets (Note 6)	602,465
Capital assets - net of accumulated depreciation (Note 6)	6,810,826
Total Assets	<u>11,530,997</u>
Deferred Outflows Of Resources	
Deferred charge on refunding	<u>121,269</u>
Liabilities	
Accounts payable	31,329
Accrued expenses	49,562
Accrued interest payable	60,271
Noncurrent liabilities	
Due within one year	582,000
Due in more than one year	5,760,797
Total Liabilities	<u>6,483,959</u>
Deferred Inflows Of Resources	
Unavailable revenue - property taxes	<u>3,005,978</u>
Net Position	
Net investment in capital assets	1,280,183
Restricted for	
TABOR amendment (Note 9)	87,059
Debt service	277,615
Unrestricted	517,472
Total Net Position	<u>\$ 2,162,329</u>

UPPER PINE RIVER FIRE PROTECTION DISTRICT

STATEMENT OF ACTIVITIES For The Year Ended December 31, 2013

	Expenses	Charges For Services	Operating Grants And Contri- butions	Capital Grants And Contri- butions	Net Revenue (Expense) And Change In Net Position
Primary Government					
Governmental activities					
Public safety	\$ 3,556,297	\$ 155,704	\$ 704,493	\$ —	\$ (2,696,100)
Interest on long-term debt	338,484	—	—	—	(338,484)
Total Governmental Activities	\$ 3,894,781	\$ 155,704	\$ 704,493	\$ —	(3,034,584)
General Revenues					
Property taxes					1,915,026
Specific ownership taxes					168,713
Gain on sale of capital assets					13,175
Investment income					3,433
Other					14,202
Total General Revenues					2,114,549
Change In Net Position					(920,035)
Net Position - Beginning Of Year - Restated (Note 13)					3,082,364
Net Position - End Of Year					\$ 2,162,329

UPPER PINE RIVER FIRE PROTECTION DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS

December 31, 2013

	Assets		
	General Fund	Debt Service Fund	Total
Current Assets			
Cash and cash equivalents	\$ 640,102	\$ 52,867	\$ 692,969
Cash held with County Treasurer	10,020	2,394	12,414
Receivables			
Property taxes	2,712,238	293,740	3,005,978
Medical billings, net of allowance for uncollectables	32,129	—	32,129
Interfund	—	222,354	222,354
Other	129,742	—	129,742
Inventory	6,784	—	6,784
Prepaid items	61,263	—	61,263
Total Assets	\$ 3,592,278	\$ 571,355	\$ 4,163,633
Liabilities, Deferred Inflows Of Resources And Fund Balances			
Liabilities			
Accounts payable	\$ 31,329	\$ —	\$ 31,329
Accrued expenses	49,562	—	49,562
Interfund payable	222,354	—	222,354
Total Liabilities	303,245	—	303,245
Deferred Inflows Of Resources			
Unavailable revenue - property taxes	2,712,238	293,740	3,005,978
Fund Balances			
Nonspendable			
Inventory	6,784	—	6,784
Prepaid items	61,263	—	61,263
Restricted			
TABOR Amendment	87,059	—	87,059
Debt service	—	277,615	277,615
Unassigned	421,689	—	421,689
Total Fund Balances	576,795	277,615	854,410
Total Liabilities, Deferred Inflows Of Resources And Fund Balances	\$ 3,592,278	\$ 571,355	\$ 4,163,633

UPPER PINE RIVER FIRE PROTECTION DISTRICT

**RECONCILIATION OF THE BALANCE SHEET OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
December 31, 2013**

Fund Balances - Total Governmental Funds \$ 854,410

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds:

Capital assets	\$ 12,669,054	
Accumulated depreciation	(5,255,763)	7,413,291

Pension assets are not recorded in governmental funds.	176,427
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Charges on advance refunding are not financial resources and, therefore, not reported in the funds. However, in the statement of net position, the amounts are deferred outflows of resources and are amortized over the life of the debt.	121,269
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Liabilities not due and payable in the current period are not reported in the governmental funds:

Accrued interest payable	(60,271)	
Compensated absences	(88,420)	
Bonds payable	(3,685,000)	
Leases payable	\$ (2,569,377)	(6,403,068)

Net Position Of Governmental Activities	\$ 2,162,329
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UPPER PINE RIVER FIRE PROTECTION DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

For The Year Ended December 31, 2013

	General Fund	Debt Service Fund	Total
Revenues			
Property taxes	\$ 1,546,217	\$ 368,809	\$ 1,915,026
Specific ownership taxes	136,213	32,500	168,713
Intergovernmental	574,353	—	574,353
Other local sources			
Medical billings (net of discounts of \$133,920)	155,704	—	155,704
Investment income	3,327	106	3,433
Grants	130,140	—	130,140
Other	14,202	—	14,202
Total Revenues	2,560,156	401,415	2,961,571
Expenditures			
Current			
General government			
Fire administration	2,549,237	11,442	2,560,679
Fire fighting	118,742	—	118,742
Fire prevention	2,095	—	2,095
Fire training	27,119	—	27,119
Fire communications	20,631	—	20,631
Medical services	74,204	—	74,204
Station and grounds	109,941	—	109,941
Capital outlay	178,989	—	178,989
Debt service			
Principal	174,601	235,000	409,601
Interest	115,553	177,313	292,866
Bond issuance cost	—	53,525	53,525
Total Expenditures	3,371,112	477,280	3,848,392
Deficiency Of Revenues Under Expenditures	(810,956)	(75,865)	(886,821)
Other Financing Sources (Uses)			
Refunding bonds issued	—	3,685,000	3,685,000
Proceeds from issuance of capital leases	175,000	—	175,000
Proceeds from sale of capital assets	312,510	—	312,510
Payment to refunded bond escrow	—	(3,623,355)	(3,623,355)
Total Other Financing Sources (Uses)	487,510	61,645	549,155
Net Change In Fund Balances	(323,446)	(14,220)	(337,666)
Fund Balance - Beginning Of Year	900,241	291,835	1,192,076
Fund Balance - End Of Year	\$ 576,795	\$ 277,615	\$ 854,410

UPPER PINE RIVER FIRE PROTECTION 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 December 31, 2013

Net Change In Fund Balances - Total Governmental Funds \$ (337,666)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures.

However, in the statement of activities, the cost of those assets is capitalized and depreciated over their estimated useful lives.

Capital outlay	\$ 178,989	
Depreciation	(665,470)	(486,481)

Net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins and disposals) is to decrease net position. (299,335)

Some revenues/expenses reported in the statement of activities do not provide/require the use of current financial resources and, therefore, are not reported as revenues/expenditures in governmental funds. (1,000)

The issuance of long-term debt (i.e., bonds and leases) provides current financial resources to governmental funds, while the repayment of principle of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are amortized in the statement of activities. The amount is the net effect of these differences in the treatment of long-term debt and related items.

Refunding bonds issued	(3,685,000)	
Refunding payment to escrow agent	3,623,355	
Proceeds from issuance of capital lease	(175,000)	
Compensated absences	19,581	
Amortization of bond premium	4,003	
Accrued interest payable	7,907	
Bond principal payments	235,000	
Capital leases principal payments	\$ 174,601	204,447

Change In Net Position Of Governmental Activities **\$ (920,035)**

UPPER PINE RIVER FIRE PROTECTION DISTRICT

**STATEMENT OF PLAN NET POSITION -
PENSION TRUST FUND
December 31, 2013**

Assets

Cash and cash equivalents (Note 3)

\$ 383,137

Net Position Restricted For Pension Benefits

\$ 383,137

UPPER PINE RIVER FIRE PROTECTION DISTRICT

**STATEMENT OF CHANGES IN PLAN NET POSITION -
PENSION TRUST FUND**

For The Year Ended December 31, 2013

Additions	
Contributions	
State	<u>\$ 9,000</u>
Investment income	
Interest	<u> 1,392</u>
Total Additions	<u> 10,392</u>
Deductions	
Benefits	<u> 1,980</u>
Net Increase In Net Position Held In Trust For Pension Benefits	8,412
Net Position Restricted For Pension Benefits - Beginning Of Year	<u> 374,725</u>
Net Position Restricted For Pension Benefits - End Of Year	<u> \$ 383,137</u>

UPPER PINE RIVER FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

1. Description Of Reporting Entity

The Upper Pine River Fire Protection District (the District) was established on November 26, 1974 as a special district as defined by Colorado state statutes. The District was formed for the purpose of providing fire protection services for the Town of Bayfield and the Upper Pine River and Upper Florida River valleys. The District has its own elected governing board and levies a tax on the property within the District for operations.

The District follows U.S. generally accepted accounting principles (GAAP), including Governmental Accounting Standards Board (GASB) accounting pronouncements that provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. The accompanying comprehensive annual financial report includes the financial activities of the District, the primary government, and its component unit, the Upper Pine River Fire Protection District Volunteer Firefighter Pension Plan (the Plan). Component units are legally separate organizations for which the District is financially accountable or other organizations whose nature and significant relationship with the District are such that exclusion would cause the District's financial statements to be misleading. Financial accountability is defined as the appointment of a voting majority of the component unit's board and (i) either the District's ability to impose its will on the organization or (ii) there is potential for the organization to provide a financial benefit to or impose a financial burden on the District.

The District formed the Plan in accordance with state statutes. The Board of Directors of the District (the Board or District Board) and two members from the fire volunteers constitute the membership of the Board of Trustees for the Plan (the Trustees or Plan Board). The Trustees manage the financial affairs of the Plan through the Upper Pine River Fire Protection Pension Fund (the Fund or the Pension Trust Fund). The Plan is a separate legal entity from the District. Only volunteers of the District are eligible for the Plan. Since the Plan meets the above criteria, it is considered to be a blended component unit of the District and is presented as a fiduciary fund. The Plan does not issue separate financial statements.

The District is not financially accountable for any other organization, nor is the District a component unit of any other primary governmental entity.

UPPER PINE RIVER FIRE PROTECTION DISTRICT

Notes To Financial Statements (*Continued*)

2. Summary Of Significant Accounting Policies

Basis Of Presentation

The District's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities. Fiduciary funds are not included in the government-wide statements. The government-wide financial statements report information for the District as a whole. Individual funds are not displayed at this financial reporting level.

The statement of net position presents the financial position of the governmental activities of the District.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are specifically associated with a function, and therefore clearly identifiable to that particular function. The District does not allocate indirect expenses to functions in the statement of activities.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services, which report fees and other charges to users of the District's services; (2) operating grants and contributions, which finance annual operating activities, including restricted investment income, and (3) capital grants and contributions, which fund the acquisition, construction or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. For identifying to which function program revenue pertains, the determining factor for charges for services is which function generates the revenue. For grants and contributions, the determining factor is to which function the revenues are restricted.

Taxes and other revenue sources not included with program revenues are reported as general revenues of the District. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

Fund financial statements are designed to present financial information of the District at a more detailed level. Fund financial statements are provided for the District's governmental funds.

UPPER PINE RIVER FIRE PROTECTION DISTRICT

Notes To Financial Statements (Continued)

Fund Accounting

The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balance, revenues and expenditures or expenses, as appropriate. The District uses two categories of funds: governmental and fiduciary.

Governmental Funds

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Fund liabilities are assigned to the fund from which they will be liquidated. The District reports the difference between governmental fund assets and deferred outflows of resources and liabilities and deferred inflows of resources as fund balance. The following are the District's major governmental funds:

General Fund - The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, long-term obligation principal, interest and related costs.

Fiduciary Fund

Additionally, the District reports the following fiduciary fund type:

Pension Trust Fund - The Pension Trust Fund accounts for transactions relating to assets held by the District in its capacity of trustee for the Fund.

Measurement Focus And Basis Of Accounting

The government-wide financial statements are prepared using the economic resources measurement focus. All assets, deferred outflows of resources, liabilities and deferred inflows of resources are included on the statement of net position, and the statement of activities reports revenues and expenses.

UPPER PINE RIVER FIRE PROTECTION DISTRICT

Notes To Financial Statements (*Continued*)

All governmental funds are accounted for using a flow of current financial resources measurement focus. Within this measurement focus, only current assets, current liabilities and certain deferred outflows and inflows of resources generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the governmental fund statements.

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. At the fund reporting level, the governmental funds use the modified accrual basis of accounting, and the pension trust fund uses the accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of a deferred outflow of resources and in the presentation of expenses versus expenditures. 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, revenues are considered to be available if they are collected within 60 days of the end of the current fiscal year. Property taxes, specific ownership taxes, grants and intergovernmental receipts and medical billings associated with the current fiscal period are susceptible to accrual and so have been recognized as revenues in the current fiscal period. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

The fiduciary fund is accounted for using the accrual basis of accounting. Revenues are recognized when they are earned, and expenses are recognized when they occur. The fiduciary fund is not reported at the government-wide level.

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 assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

UPPER PINE RIVER FIRE PROTECTION DISTRICT

Notes To Financial Statements (*Continued*)

Budgets And Budgetary Accounting

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

1. In accordance with the state statutes, prior to October 15, the Fire Chief submits to the District Board a proposed operating budget for the calendar year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them for the upcoming year, along with estimates for the current year and actual data for the two preceding years. State statutes require a more detailed line item budget be submitted in summary form. In addition, more detailed line item budgets are included for administrative control.
2. Public hearings are conducted to obtain taxpayer comment.
3. Prior to December 31, the budget is legally enacted through passage of a resolution.
4. Budgets for the governmental or fiduciary funds are adopted on a basis consistent with GAAP.
5. Appropriations lapse at the end of each calendar year.
6. The District Board may authorize supplemental appropriations during the year.

Cash And Cash Equivalents

The District's deposits include amounts that are readily convertible to known amounts of cash, are not subject to significant risk from changes in interest rates and have a maturity of three months or less from the date of acquisition. For deposits, the fair value approximates the carrying value. Deposits include cash in checking and certificates of deposits.

The District's investment policy, in accordance with Colorado law, authorizes investment in obligations of the U.S. Treasury, State of Colorado, Colorado county and school districts, repurchase agreements, financial institutions and local government investment pools. State statutes prohibit investments with a stated maturity date greater than five years, unless allowed by District Charter.

The District's investment policy for the Pension Trust Fund, in accordance with Colorado Revised Statute 31-30-1113, authorizes, in addition to the above, investments in a noninsured trust pension plan with a trust company.

UPPER PINE RIVER FIRE PROTECTION DISTRICT

Notes To Financial Statements (*Continued*)

Investments are stated at fair value. Any differences between the fair value and cost of investments are reflected in investment income.

Interfund Balances

On the fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “interfund receivables/interfund payables.” These amounts are eliminated in the governmental activities column on the statement of net position.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources (uses) in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the government-wide financial statements.

Transfers between governmental funds are eliminated in the government-wide financial statements.

Inventory

Inventory consists of fuel and is recorded at cost, which approximates market value, using the first-in/first-out method. The cost of inventories is recorded as expenditures when used (consumption method).

Property Taxes

Annual property taxes are levied and certified by the County Treasurer in December of the current year. On January 1 of the following year, the County Treasurer bills the property owners, thus establishing an enforceable lien on the property. The County Treasurer collects the property taxes and remits the collections to the District, net of a collection fee, on a monthly basis during the year that follows the levy. Since property taxes are levied in December for the next calendar year’s operations, the total levy is reported as taxes receivable and unavailable revenue.

Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial individual cost of \$5,000 or more and an estimated useful life of more than one year. Capital assets are recorded at historical cost or estimated historical cost if actual historical cost is not available.

UPPER PINE RIVER FIRE PROTECTION DISTRICT

Notes To Financial Statements (Continued)

Donated capital assets are valued at their estimated fair value on the date donated.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable. Property, plant and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Buildings and improvements	20 - 40
Equipment	5 - 10
Vehicles	10 - 15

Compensated Absences

Regularly employed, full-time employees of the District are allowed to accrue vacation time. Employees are considered full-time if they are regularly employed for at least 32 hours per week. Vacation accruals are based on years of service as follows:

6 months of service	5 days
2 to 5 years of service	12 days
6 to 10 years of service	18 days
11 to 20 years of service	24 days

Fire suppression and emergency medical employees assigned to fire suppression duty and working 24-hour shifts accrue vacation time annually, after completing 6 months of service at the following rate:

1 - 12 months of service	96 hours/year
13 - 59 months of service	144 hours/year
60+ months of service	192 hours/year

Employees are also allowed to accrue sick time up to a maximum of 750 hours. Employees are eligible for payment of sick time at the following rate:

0 to 5 years of service	0% paid
6 to 15 years of service	50% paid
16 plus years of service	100% paid

UPPER PINE RIVER FIRE PROTECTION DISTRICT

Notes To Financial Statements (*Continued*)

Long-Term Debt

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. Debt premiums and discounts are amortized over the life of the bonds using the effective interest method.

In the fund financial statements, governmental fund types recognize debt premiums and discounts during the current period. The face amount of 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 are reported as debt service expenditures.

Deferred Outflows/Inflows Of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until that time. The deferred charge on advanced refunding is recorded as a deferred outflow. A deferred charge on advanced refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of net position and governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. Property tax revenue that is related to a future period is recorded as a deferred inflow. These amounts are deferred and will be recognized as an inflow of resources in the period that the amounts become available, at both the governmental fund level and in the period the taxes are levied at the government-wide reporting level.

Fund Balance/Net Position

In the fund financial statements, governmental funds report the following classifications of fund balance:

Nonspendable - includes amounts that cannot be spent because they are either not spendable in form because they will not convert to cash soon enough to affect the current period, and resources that must be maintained intact pursuant to legal or contractual requirements.

UPPER PINE RIVER FIRE PROTECTION DISTRICT

Notes To Financial Statements (*Continued*)

Restricted - includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.

Committed - includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to resolutions passed by the District Board, the District's highest level of decision-making authority. Commitments may be modified or rescinded only through resolutions approved by the District's Board.

Assigned - includes amounts the District intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. The District's adopted policy does not include a specific person designated to assign fund balances.

Unassigned - includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the General Fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance are available, the District considers restricted funds to have been spent first. Although not included in a formal policy, the District considers decreases to fund balance to first reduce committed, then assigned and then unassigned balances, in that order.

Net position represents the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition or construction of improvements on those assets, excluding unspent bond proceeds. Net position is reported as restricted when there are limitations imposed on its use, either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, laws or regulations of other governments. It is the District's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

UPPER PINE RIVER FIRE PROTECTION DISTRICT

Notes To Financial Statements (Continued)

3. Cash And Cash Equivalents

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is specified by PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The State Regulatory Commission for banks is required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

Federal Deposit Insurance Corporation coverage for government accounts is \$250,000 per official custodian. At December 31, 2013, the District's cash deposits had a book balance of \$1,076,106 and a corresponding bank balance of \$1,151,414. The difference between the book and bank balances is due to outstanding checks and deposits not yet processed by the banks. Of the bank balance, \$851,439 was covered by federal depository insurance. The remainder of the bank balance, \$299,975, was collateralized with securities held by the pledging financial institution and covered by eligible collateral as determined by PDPA.

At December 31, 2013, the District's cash and cash equivalents are as follows:

	<u>Book Balance</u>
Cash held with County Treasurer	\$ 12,414
Cash and cash equivalents	692,969
Fiduciary cash and cash equivalents	383,137
Total	\$ 1,088,520

Custodial Credit Risk - Custodial credit risk is the risk that, in the event of bank failure, the District's deposits may not be returned to it. The District's policy requires all deposits to be held in PDPA-approved financial institutions to mitigate this risk.

Credit Risk - Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District is not exposed to credit risk at year-end.

Interest Rate Risk - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District is not exposed to interest rate risk at year-end.

UPPER PINE RIVER FIRE PROTECTION DISTRICT

Notes To Financial Statements (Continued)

Foreign Currency Risk - Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The District is not exposed to foreign currency risk at year-end.

The District does not have a separate deposit or investment policy that addresses these types of risk; however, the District's deposits and investments are made in accordance with Colorado state statute.

4. Accounts Receivable

No allowance for uncollectible property taxes has been provided because the County Treasurer is empowered to file liens on properties where delinquencies exist. Accordingly, the District believes any delinquencies will eventually be paid.

Other receivables include amounts due from wildland fire billings and mitigation services. All receivables are current and therefore due within one year. Management believes such receivables are fully collectible, and therefore an allowance for doubtful accounts is not recorded.

The District estimates that a portion of its medical billings receivable will be uncollectible, and a reserve for the uncollectible medical billings has been established. This reserve is examined annually and adjusted if appropriate. Medical billings are adjusted for contractual allowances at the time of billing. The allowance for doubtful accounts at December 31, 2013 is \$30,869.

5. Interfund Balances

Interfund balances at December 31, 2013 consisted of the following:

	<u>Due From</u>	<u>Due To</u>
General Fund	\$ —	\$ 222,354
Debt Service Fund	222,354	—
Total	\$ 222,354	\$ 222,354

The interfund balances represent capital outlays paid by the Debt Service Fund for the General Fund.

UPPER PINE RIVER FIRE PROTECTION DISTRICT

Notes To Financial Statements (Continued)

6. Capital Assets

The following is a summary of changes in capital assets for the year ended December 31, 2013:

	Balance January 1, 2013	Additions	Deletions	Balance December 31, 2013
Capital assets not being depreciated				
Land	\$ 598,462	\$ —	\$ —	\$ 598,462
Construction in progress	152,354	4,003	152,354	4,003
Total	750,816	4,003	152,354	602,465
Capital assets being depreciated				
Building	5,278,569	—	—	5,278,569
Equipment	549,998	7,013	—	557,011
Vehicles	6,539,325	320,327	628,643	6,231,009
Total	12,367,892	327,340	628,643	12,066,589
Accumulated depreciation for				
Building	(862,423)	(136,060)	—	(998,483)
Equipment	(400,317)	(36,825)	—	(437,142)
Vehicles	(3,656,861)	(492,585)	(329,308)	(3,820,138)
Total	(4,919,601)	(665,470)	(329,308)	(5,255,763)
Capital Assets Being Depreciated - Net	7,448,291	(338,130)	299,335	6,810,826
Capital Assets - Net	\$ 8,199,107	\$ (334,127)	\$ 451,689	\$ 7,413,291

Depreciation expense for the year ended December 31, 2013 was \$665,470, and was charged to public safety.

7. Long-Term Debt

General Obligation Bonds

The District issued \$5,200,000 of General Obligation Bonds, Series 2004. The bonds were issued on June 1, 2004, with interest payments due June 1 and December 1 of each year, commencing December 1, 2005. The bonds mature in various amounts through 2024 and bear interest from 2.4% to 5.0%. The bonds are general obligations of the District. All of the taxable property within the District is subject to the levy of the general ad valorem property taxes to pay principal and interest of the bonds.

UPPER PINE RIVER FIRE PROTECTION DISTRICT

Notes To Financial Statements (Continued)

The bonds were issued to (a) acquire, construct and equip new fire stations; (b) renovate and remodel existing fire stations; (c) acquire fire trucks and general fire equipment and (d) to refinance the 2002 Wells Fargo Bank Equipment and Building lease. Proceeds of the bonds were used to pay the costs of issuance of the bonds.

On December 27, 2013, the District issued General Obligation Refunding Bonds, Series 2013, in the amount of \$3,685,000, with an interest rate of 2.67%. The bonds were issued to advance refund all of the outstanding Series 2004 general obligation bonds. The net proceeds of \$3,623,355 (after payment of \$53,525 in underwriting fees and other issuance costs) were deposited in an irrevocable trust with an escrow agent to provide funds for the future debt service payments on the refunded bonds. As a result, the 2004 bonds are considered defeased and have been removed from the statement of net position. The outstanding balance of the defeased debt placed in escrow at December 31, 2013 was \$3,623,355.

The advanced refunding resulted in a difference between the reacquisition price and the carrying amount of the old debt of \$121,269. This difference, reported in the statement of net position as a deferred outflow of resources, is amortized over the new debt's life using the effective-interest method. The District achieved a cash flow difference and an economic gain of approximately \$235,994 as a result of the refunding.

Debt service requirements are as followed:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 299,003	\$ 91,283	\$ 390,286
2015	299,880	90,406	390,286
2016	307,887	82,399	390,286
2017	316,107	74,179	390,286
2018	324,547	65,739	390,286
2019 - 2023	1,757,440	193,991	1,951,431
2024	380,136	10,150	390,286
Total	\$ 3,685,000	\$ 608,147	\$ 4,293,147

UPPER PINE RIVER FIRE PROTECTION DISTRICT

Notes To Financial Statements (Continued)

Capital Leases Payable

2008 Pine River Valley Bank - In 2008, the District entered into a capital lease with Pine River Valley Bank totaling \$1,396,189 to pay off construction loans entered into in 2007 and a previous capital lease with Wells Fargo Bank. The interest rate is 4.8%, and the lease term is 15 years, beginning July 31, 2009, and requires annual payments of \$132,461. The lease is collateralized by SCBA equipment and vehicles outlined in the lease agreement. Debt service requirements are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 82,267	\$ 50,194	\$ 132,461
2015	86,280	46,181	132,461
2016	90,490	41,971	132,461
2017	94,904	37,557	132,461
2018	99,534	32,927	132,461
2019 - 2023	517,291	86,884	604,175
Total	\$ 970,766	\$ 295,714	\$ 1,266,480

2009 Pine River Valley Bank - On October 16, 2009, the District entered into a purchase sale agreement with Pine River Valley Bank in the amount of \$1,800,000 for the sale and lease purchase of the administration building. The interest rate is 4.8%, and the lease term is 15 years, beginning July 31, 2010, and requires annual payments of \$170,305 through July 31, 2024. Debt service requirements are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 100,851	\$ 69,454	\$ 170,305
2015	105,771	64,534	170,305
2016	110,931	59,374	170,305
2017	116,342	53,963	170,305
2018	122,018	48,287	170,305
2019 - 2023	705,404	146,121	851,525
2024	162,294	7,922	170,216
Total	\$ 1,423,611	\$ 449,655	\$ 1,873,266

UPPER PINE RIVER FIRE PROTECTION DISTRICT

Notes To Financial Statements (Continued)

2013 First National Bank of Durango Bank - On July 18, 2013, the District entered into a purchase agreement with First National Bank of Durango in the amount of \$175,000 for the lease purchase of a Type III Ladder Truck. The interest rate is 4.5%, and the lease term is three years, with annual payments beginning July 31, 2014, totaling \$63,837 through July 31, 2016. Debt service requirements are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 55,669	\$ 8,168	\$ 63,837
2015	58,467	5,370	63,837
2016	60,864	2,739	63,603
Total	\$ 175,000	\$ 16,277	\$ 191,277

Total assets under these lease agreements, with a cost of \$1,733,863 and accumulated amortization (included with depreciation) of \$772,516 as of December 31, 2013, are recorded in the District's governmental activities.

Capital lease and compensated absence obligations are liquidated through the General Fund and the general obligation refunding bond is liquidated from the Debt Service Fund.

The following is a schedule of the changes in long-term debt for 2013:

	<u>Balance</u> <u>January 1,</u> <u>2013</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>December 31,</u> <u>2013</u>	<u>Current</u> <u>Portion</u>
2008 Pine River Valley Capital Lease	\$ 1,049,207	\$ —	\$ (78,441)	\$ 970,766	\$ 82,267
2009 Pine River Valley Ground Lease	1,519,771	—	(96,160)	1,423,611	100,851
2013 First National Bank Capital Lease	—	175,000	—	175,000	55,669
2004 General Obligation Bonds	3,695,000	—	(3,695,000)	—	—
Premium on bonds	46,089	—	(46,089)	—	—
2013 General Obligation Refunding Bonds	—	3,685,000	—	3,685,000	299,003
Total	6,310,067	3,860,000	(3,915,690)	6,254,377	537,790
Compensated Absences	108,001	72,716	(92,297)	88,420	44,210
Total Long-Term Liabilities	\$ 6,418,068	\$ 3,932,716	\$ (4,007,987)	\$ 6,342,797	\$ 582,000

UPPER PINE RIVER FIRE PROTECTION DISTRICT

Notes To Financial Statements (*Continued*)

8. Pension Plans

Firemen Pension - SDBP

Plan Description - The District's full-time firemen participate in the Fire and Police Pension Association (FPPA) Statewide Defined Benefit Pension Plan (SDBP), a multiple-employer cost-sharing defined benefit plan. FPPA issues a publicly available financial report that may be obtained by contacting FPPA, 5290 DTC Parkway, Suite 100, Englewood, CO 80111-2721, or by calling 1.800.332.3772.

All of the District's full-time employees serving at least 1,600 hours in a calendar year and whose duties are directly involved in fire protection are eligible to participate in SDBP. Former members and beneficiaries of former members who have died or become disabled are also included. The annual normal pension is 2% of the average of the member's highest 3 years' base salary multiplied by the member's years of credited service prior to age 60, not to exceed 25 years, plus 2% of the average for each additional year worked after completing 25 years and reaching age 55 for a maximum additional benefit of 20%. Benefits paid to retired members are evaluated and re-determined on October 1 of each year. Any increase in the level of benefits cannot exceed the lesser of the increase in the CPI or 3%.

Upon retirement, a member may receive additional benefits credited to the member's "Separate Retirement Account" each year beginning January 1, 1998, which are attributable to contributions in excess of the actuarially determined pension cost for SDBP's defined benefits, plus any earnings or losses thereon. Participants do not vest in amounts credited to their accounts until retirement, and SDBP may use such reserve amounts to reduce pension costs in the event such costs exceed contributions. A member is eligible for an early retirement benefit after the completion of 30 years of service or attainment of age 50. The early retirement benefit shall be the normal retirement benefit reduced by $\frac{1}{2}$ of 1% for each month that the benefit commences prior to age 60.

Upon termination, an employee may elect to have all contributions, along with 5% as interest, returned as a lump sum distribution. Alternatively, a member with at least 10 years of accredited service may leave contributions with SDBP and continue to be eligible for a retirement pension at age 55 equal to 2% of the member's highest 3 years' average salary multiplied by the number of service years, not to exceed 25. Colorado Revised Statute, as amended, establishes and amends basic benefit provisions under the plan.

UPPER PINE RIVER FIRE PROTECTION DISTRICT

Notes To Financial Statements (*Continued*)

Funding Policy - The District and members' contributions into SDBP are defined by state statute. A legislative amendment is required to change the contribution rate. The required contribution rate for the member is 8.0%, and for the District, the rate is a matching 8.0% of covered salary. The District's contributions to SDBP for the years ending December 31, 2013, 2012 and 2011, were \$81,817, \$90,938 and \$85,066, respectively, equal to the annual required contribution for each year.

Deferred Compensation Plan

The District participates in a deferred compensation plan (the 457 Plan) as defined under the Internal Revenue Code Section 457, which allows employees to make an elective deferral of a portion of earned compensation to the 457 Plan. The 457 Plan is a multi-employer plan administered by FPPA. Amendments to the 457 Plan may be made by the plan trustee. The District does not match employee contributions to the 457 Plan. For the year ended December 31, 2013, participating employees contributed \$13,625.

Volunteer Pension - Defined Benefit Pension Plan

Plan Description And Basis Of Accounting - On February 19, 2009, the Plan Board of the Plan adopted by-laws creating and providing administration for a single-employer, defined benefit noncontributing pension plan for its volunteer firefighters.

The Plan is administered by the District for the plan year beginning January 1, 2009. The Plan retains its own separate identity and has local control by the Plan Board, which consists of all District Board members and two volunteers. The Plan provides retirement, disability and death benefits to plan members and beneficiaries.

Stand-alone financial statements for the Plan are not issued by the District. The Plan is included in the District's financial statements as a fiduciary fund. These financial statements are prepared using the accrual basis of accounting. Investments are recorded at fair value using quoted market prices. District employer contributions to the Plan are recognized when due, and the District employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

UPPER PINE RIVER FIRE PROTECTION DISTRICT

Notes To Financial Statements (*Continued*)

Contribution And Benefit Information - The District may contribute an annual amount, equal to a tax levy not to exceed one mill on the assessed valuation of the District. The contribution by the State of Colorado has been a fixed dollar amount established by legislature and allocated pro rata to all fire pension funds in the state, which applies state matching funds, based on the amounts contributed by the employee up to a maximum of ½ mill on the assessed valuation or 90% of the District's contributions, whichever is less. Benefit levels of up to \$300 per month are established by the state statute. The District makes contributions based upon District Board-established benefits and funding requirements based on an actuarial study. Amendments to benefits and contributions to the Plan must be approved by District Board vote.

A member's participation in the Plan begins on the date the member becomes an active firefighter. All methods of credited years for firefighting service shall comply in all respects with Colorado Revised Statute Title 31, Article 30. Members must meet the minimum number of qualified training hours under Colorado law and District policy (currently 100 hours of active participation of which 36 hours must be training hours). Otherwise, members who fail to meet all requirements to maintain their status as volunteers under District policy in any year shall not receive credit for that year for the purposes of qualifying for benefits from the Plan.

The normal retirement date shall be the date on which the member attains 50 years of age and completes 20 years of service. Members who have completed 20 years of service and are 50 years of age, receive monthly retirement benefits of \$300. Members who have completed a minimum of 10 years of service and are 50 years of age receive monthly retirement benefits of \$150. A member who retires with more than 10 years' service and less than 20 years' service may be paid a prorated pension based on years of service. A member who has achieved the required number of years of service but who is not yet 50 years of age may be granted a leave of absence and may retain the rights to the retirement pension when the member reaches the age of 50. The payment of any retirement benefit shall be subject to a finding by the Plan Board that such payments are actuarially sound, and if necessary, such payments may be adjusted to keep such payments actuarially sound.

UPPER PINE RIVER FIRE PROTECTION DISTRICT

Notes To Financial Statements (Continued)

If a member receiving benefits dies, a one-time funeral benefit of \$600 will be paid to the estate. If any vested member dies before entitlement age, the member's surviving spouse will be paid a monthly benefit equal to 50% of the accrued benefit, with certain limitations. If a member is injured in the line of duty, the Plan Board will authorize payment of short-term disability in an amount not to exceed \$150 per month for a period not to exceed 1 year. Coverage for an injury that causes long-term disability that deprives the volunteer of an earning capacity or that causes death is provided by an insurance policy provided by the District, and as such, the Plan Board determined that no other long-term disability payments or additional payments for a volunteer killed in the line of duty shall be paid from the Plan.

The District has an actuarial valuation performed bi-annually. The most current valuation is as of January 1, 2013. Census information for the fund as of January 1, 2013, is as follows:

Active members	6
Normal retired members	2
Terminated vested and inactive members	<u>0</u>
Total Members	<u>8</u>

Funded Status And Funding Progress - the funded status of the Plan as of January 1, 2013, the most recent actuarial valuation date, is as follows:

<u>Actuarial</u> <u>Valuation Date</u>	<u>Actuarial</u> <u>Value Of</u> <u>Assets</u>	<u>Actuarial</u> <u>Accrued</u> <u>Liability (AAL)</u>	<u>Unfunded</u> <u>(Overfunded)</u> <u>Actuarial</u> <u>Liability</u>	<u>Funded</u> <u>Ratio</u>
January 1, 2013	\$ 374,725	\$ 205,664	\$ (169,061)	182%

The schedule of funding progress, included as required supplementary information following the notes to financial statements, presents multi-year trend information about whether the actuarial value of the Plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

UPPER PINE RIVER FIRE PROTECTION DISTRICT

Notes To Financial Statements (Continued)

Additional information as of the latest actuarial valuation is as follows:

Valuation date	January 1, 2013
Actuarial cost method	Normal Cost
Amortization method	Level Dollar Open
Remaining amortization period years	20 Years
Asset valuation method	Market Value
Actuarial Assumptions	
Investment rate of return	4.5%
Cost of living adjustments	None
Projected salary increases	N/A
Inflation	2.5%

The following table shows the annual required contribution and the actual contributions the District made for the year ended December 31, 2013:

<u>Year Ending</u>	<u>Annual Pension Cost</u>	<u>Percent</u>	<u>Net Pension Obligation (Asset)</u>
December 31, 2011	\$ 22,000	73%	\$ (177,627)
December 31, 2012	29,800	99%	(177,427)
December 31, 2013	9,000	100%	(176,427)

The following table shows the District's net pension obligation (asset) as of December 31, 2013:

Annual required contribution (ARC)	\$ —
Interest and adjustments to ARC	—
Other	10,000
Annual pension cost	10,000
Contributions made	(9,000)
Decrease in net pension asset	1,000
Net pension asset as of January 1, 2013	(177,427)
Net pension asset as of December 31, 2013	<u>\$ (176,427)</u>

UPPER PINE RIVER FIRE PROTECTION DISTRICT

Notes To Financial Statements (*Continued*)

9. Tax, Spending And Debt Limitations

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, otherwise known as the Taxpayer Bill of Rights (TABOR), which has several limitations, including revenue raising, spending abilities and other specific requirements of state and local governments. TABOR is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of TABOR. However, the District has made certain interpretations of TABOR's language in order to determine its compliance. In May 1998, the District voters approved the District to collect, retain and spend all revenues and other funds collected from any source not excluded from fiscal year spending, effective January 1, 1998 and continuing thereafter.

Fund balance in the General Fund in the amount of \$87,059 at December 31, 2013, is restricted in accordance with TABOR.

10. Risk Of Loss

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries and natural disasters. The District carries commercial insurance for all risks of loss, including workers' compensation and employee health and accident insurance. The District retains no risk of loss. There have been no settled claims resulting from these risks that have exceeded commercial insurance coverage in any of the past three fiscal years. There have been no significant reductions in insurance coverage.

11. Related-Party Transactions

A District employee is also employed with a vendor the District retained for fire mitigation services. The total paid to the vendor was \$25,075 for the year ended December 31, 2013.

12. Litigation

From time to time, the District is subject to claims and lawsuits that arise primarily in the ordinary course of its activities. It is the opinion of management that the disposition or ultimate resolution of such claims and lawsuits will not have a material adverse effect on the net position and change in net position of the District. Events could occur that would change this estimate materially in the near term.

UPPER PINE RIVER FIRE PROTECTION DISTRICT

Notes To Financial Statements *(Continued)*

13. Restatement

In 2013 the District adopted GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. As a result, certain amounts in the statement of net position were restated as of January 1, 2013 as follows:

	<u>Governmental Activities</u>
Net position at December 31, 2012 as previously reported	\$ 3,175,749
Elimination of debt issuance costs	<u>(93,385)</u>
Net position at January 1, 2013 as restated	<u>\$ 3,082,364</u>

Required Supplementary Information

UPPER PINE RIVER FIRE PROTECTION DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
For The Year Ended December 31, 2013

	<u>Budgeted Amounts</u>		Actual	Variance With
	Original	Final		Final Budget Favorable (Unfavorable)
Revenues				
Property taxes	\$ 1,531,824	\$ 1,560,824	\$ 1,546,217	\$ (14,607)
Specific ownership taxes	120,000	140,000	136,213	(3,787)
Intergovernmental	500,000	580,000	574,353	(5,647)
Other local sources				
Medical billings	175,000	160,000	155,704	(4,296)
Investment income	10,000	2,500	3,327	827
Grants	525,000	215,000	130,140	(84,860)
Other	16,500	14,000	14,202	202
Total Revenues	2,878,324	2,672,324	2,560,156	(112,168)
Expenditures				
General government				
Fire administration	2,445,780	2,325,130	2,549,237	(224,107)
Fire fighting	105,000	91,500	118,742	(27,242)
Fire prevention	—	—	2,095	(2,095)
Fire training	50,000	23,500	27,119	(3,619)
Fire communications	31,000	23,100	20,631	2,469
Medical services	64,000	79,000	74,204	4,796
Station and grounds	363,754	379,406	109,941	269,465
Capital outlay	—	6,000	178,989	(172,989)
Debt service				
Principal	187,500	174,601	174,601	—
Interest	170,304	115,553	115,553	—
Contingencies and capital replacements	45,955	6,000	—	6,000
Total Expenditures	3,463,293	3,223,790	3,371,112	(147,322)
Excess (Deficiency) Of Revenues				
Over (Under) Expenditures	(584,969)	(551,466)	(810,956)	(259,490)
Other Financing Sources (Uses)				
Proceeds from issuance of capital leases	—	—	175,000	175,000
Proceeds from sale of capital assets	—	312,510	312,510	—
Total Other Financing Sources (Uses)	—	312,510	487,510	175,000
Net Change In Fund Balances	\$ (584,969)	\$ (238,956)	(323,446)	\$ (84,490)
Fund Balance - Beginning Of Year			900,241	
Fund Balance - End Of Year			\$ 576,795	

Note:

The basis of budgeting is the same as GAAP.

This schedule is presented on a GAAP basis.

UPPER PINE RIVER FIRE PROTECTION DISTRICT

**COMBINED SCHEDULE OF FUNDING PROGRESS AND
SCHEDULE OF EMPLOYER CONTRIBUTIONS -
VOLUNTEER FIREMEN'S DEFINED BENEFIT PENSION PLAN
December 31, 2013**

Schedule Of Funding Progress

<p>The following is a schedule of funding progress for the Volunteer Firefighters Pension Fund. The actuarial study used the "Entry Age" method and is based on active members.</p>

Actuarial Valuation Date	Actuarial Value Of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded (Overfunded) AAL (UAAL) (b-a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL As A Percentage Of Covered Payroll ((b - a)/c)
January 1, 2009	\$ 132,000	\$ 165,425	\$ 33,425	80%	N/A	N/A
January 1, 2011	329,313	166,801	(162,512)	197%	N/A	N/A
January 1, 2013	374,725	205,664	(169,061)	182%	N/A	N/A

Schedule Of Employer Contributions

Year Ended December 31,	Annual Required Contribution	Percentage Contributed
2009	**	**
2010	\$ 142,000	231%
2011	30,000	73%
2012	30,000	99%
2013	—	100%

N/A = Information not applicable.

Factors that significantly affect the identification of trends in the amounts reported above (such as changes in benefits provided, the size and composition of the employee groups covered by the Plan or the actuarial methods and assumptions used) did not materially change for the Plan during the year ended December 31, 2013.

** There were no required contributions to the Plan for the year ended December 31, 2009, as the Plan was not effective until 2010.

UPPER PINE RIVER FIRE PROTECTION DISTRICT

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2013

1. Budgets And Budgetary Accounting

The District Board adopts an annual budget for the General Fund, Debt Service Fund and the Pension Trust Fund. Budgeted amounts for all funds are based on legally adopted budgets, including supplemental budget appropriations, if any, which are on a basis consistent with generally accepted accounting principles (GAAP) for each fund type. The Fire Chief is authorized to transfer budgeted amounts within and among departments; however, any revisions that alter total expenditures for any of the funds must be approved by the District Board.

The budgetary comparison schedule included in the required supplementary information presents a comparison of budgetary data to actual results of operations for the General Fund, for which an annual operating budget is legally adopted. This fund utilizes the same basis of accounting for both budgetary purposes and actual results. The General Fund recognizes an expenditure for contingencies and capital replacements in its budget basis expenditures.

Annual budgets are established for all funds of the District as required by Colorado law. Budgets reported in the accompanying financial statements are on the same basis of accounting as described above.

Expenditures may not legally exceed appropriations at the fund level. Budget amounts included in the financial statements are based on the final amended budget. After budget approval, the District Board may approve supplemental appropriations if an occurrence, condition or need exists which was not known at the time the budget was adopted.

For the year ending December 31, 2013, the District's expenditures in the General Fund and Debt Service Fund exceeded appropriations by \$147,322 and \$70,268, respectively. This may be a violation of state statutes.

On or before October 15 of each year, the District's budget officer must prepare and submit a proposed budget to the District Board for the next fiscal year. Thereupon, notice must be published stating, among other things, that the budget is open to inspection by the public and that interested electors may file or register any objection to the budget.

UPPER PINE RIVER FIRE PROTECTION DISTRICT

Note To Required Supplementary Information (*Continued*)

Subject to certain exceptions and exclusions discussed hereafter, the District must submit a request for property tax increases in excess of the statutory limitation to the Division of Local Government (if within TABOR limits) or submit the question of an increased level directly to the electors of the District at a general or special election. State law requires that the District adopt a budget prior to the certification of its mill levy to the County and file a certified copy of its budget with the Division of Local Government within 30 days of such adoption. Failure to do so can result in the County Treasurer's withholding future property tax revenues pending compliance by the District. Budget appropriations lapse at the end of each year. The encumbrance method is not used.

Supplementary Information

UPPER PINE RIVER FIRE PROTECTION DISTRICT

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - DEBT SERVICE FUND
For The Year Ended December 31, 2013**

	Original And Final Budget	Actual	Variance With Final Budget Favorable (Unfavorable)
Revenues			
Property taxes	\$ 365,781	\$ 368,809	\$ 3,028
Specific ownership tax	15,000	32,500	17,500
Investment income	750	106	(644)
Total Revenues	381,531	401,415	19,884
Expenditures			
General government			
Fire administration	11,423	11,442	(19)
Debt service			
Principle	300,000	235,000	65,000
Interest	95,589	177,313	(81,724)
Bond issuance cost	—	53,525	(53,525)
Total Expenditures	407,012	477,280	(70,268)
Excess (Deficiency) Of Revenues Over (Under) Expenditures	(25,481)	(75,865)	(50,384)
Other Financing Sources (Uses)			
Refunding bonds issued	—	3,685,000	3,685,000
Payment to refunded bond escrow	—	(3,623,355)	(3,623,355)
Total Other Financing Sources (Uses)	—	61,645	61,645
Net Change In Fund Balances	\$ (25,481)	(14,220)	\$ 11,261
Fund Balance - Beginning Of Year		291,835	
Fund Balance - End Of Year		\$ 277,615	

UPPER PINE RIVER FIRE PROTECTION DISTRICT

**SCHEDULE OF CHANGES IN PLAN NET POSITION -
BUDGET TO ACTUAL - PENSION TRUST FUND
For The Year Ended December 31, 2013**

	Original And Final Budget	Actual	Variance With Final Budget Favorable (Unfavorable)
Additions			
Contributions	\$ 9,000	\$ 9,000	\$ —
Investment income			
Interest	1,000	1,392	392
Total Additions	10,000	10,392	392
Deductions			
Benefits	3,600	1,980	1,620
Administrative expenses	5,500	—	5,500
Total Deductions	9,100	1,980	7,120
Net Increase In Plan Net Position	<u>\$ 900</u>	8,412	<u>\$ 7,512</u>
Net Position Held In Trust For Pension Benefits			
Beginning Of Year		<u>374,725</u>	
End Of Year		<u>\$ 383,137</u>	

Statistical Section

UPPER PINE RIVER FIRE PROTECTION DISTRICT

Statistical Section TABLE OF CONTENTS

This part of the Upper Pine River Fire Protection District's (District'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 the District's overall financial health.

FINANCIAL TRENDS

These schedules contain trend information to help the reader understand how the District's financial performance and fiscal health have changed over time.

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UPPER PINE RIVER FIRE PROTECTION DISTRICT

NET POSITION BY COMPONENT Last Eight Fiscal Years (Unaudited)

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012 (2)</u>	<u>2013</u>
Primary Government:								
Governmental Activities								
Net investment in capital assets	\$ 1,043,169	\$ 1,794,733	\$ 3,296,907	\$ 2,287,809	\$ 2,103,780	\$ 1,890,114	\$ 1,889,040	\$ 1,280,183
Restricted	—	—	68,810	70,239	75,239	427,696	385,819	364,674
Unrestricted	<u>2,375,421</u>	<u>2,334,058</u>	<u>768,200</u>	<u>1,723,147</u>	<u>2,369,106</u>	<u>1,444,630</u>	<u>807,505</u>	<u>517,472</u>
Total governmental activities net position	<u>\$ 3,418,590</u>	<u>\$ 4,128,791</u>	<u>\$ 4,133,917</u>	<u>\$ 4,081,195</u>	<u>\$ 4,548,125</u>	<u>\$ 3,762,440</u>	<u>\$ 3,082,364</u>	<u>\$ 2,162,329</u>
Change	\$ 588,631	\$ 710,201	\$ 5,126	\$ (52,722)	\$ 466,930	\$ (785,685)	\$ (680,076)	\$ (920,035)
	20.80%	20.77%	0.12%	-1.28%	11.44%	-17.27%	-18.08%	-29.85%

(1) Information is provided from the time the District transitioned from a Volunteer to Paid staff

(2) Unrestricted net assets restated for implementation of GASB 65.

UPPER PINE RIVER FIRE PROTECTION DISTRICT

CHANGES IN NET POSITION Last Eight Fiscal Years (Unaudited)

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Expenses								
Governmental activities								
Public Safety	\$ 1,955,069	\$ 2,596,637	\$ 2,960,780	\$ 3,102,775	\$ 3,081,667	\$ 3,410,140	\$ 3,897,023	\$ 3,556,297
Interest on Long-term debt	236,922	255,726	352,540	330,872	355,871	343,375	320,044	338,484
Total governmental activities expenses	<u>2,191,991</u>	<u>2,852,363</u>	<u>3,313,320</u>	<u>3,433,647</u>	<u>3,437,538</u>	<u>3,753,515</u>	<u>4,217,067</u>	<u>3,894,781</u>
Program Revenues								
Governmental activities								
Charges for Services	218,066	170,140	274,301	178,850	131,270	200,762	156,467	155,704
Operating Grants and Contributions	189,995	239,378	189,814	265,204	319,515	644,766	1,073,933	704,493
Capital Grants and Contributions	—	—	—	—	—	—	18,000	—
Total governmental activities program revenues	<u>408,061</u>	<u>409,518</u>	<u>464,115</u>	<u>444,054</u>	<u>450,785</u>	<u>845,528</u>	<u>1,248,400</u>	<u>860,197</u>
Net (expenses) revenue								
Governmental activities	<u>(1,783,930)</u>	<u>(2,442,845)</u>	<u>(2,849,205)</u>	<u>(2,989,593)</u>	<u>(2,986,753)</u>	<u>(2,907,987)</u>	<u>(2,968,667)</u>	<u>(3,034,584)</u>
General Revenues and Other Changes in Net Position								
Taxes	2,220,721	2,736,710	2,711,901	2,804,435	3,152,862	2,090,619	2,180,269	2,083,739
Interest Income	113,983	102,023	90,467	52,005	26,569	21,564	14,942	3,433
Other Income	94,857	371,313	51,963	80,431	274,252	10,119	141,765	14,202
Gain (Loss) on sale of capital assets	—	—	—	—	—	—	45,000	13,175
Transfer to Pension Fund	(57,000)	(57,000)	—	—	—	—	—	—
Total governmental activities program	<u>2,372,561</u>	<u>3,153,046</u>	<u>2,854,331</u>	<u>2,936,871</u>	<u>3,453,683</u>	<u>2,122,302</u>	<u>2,381,976</u>	<u>2,114,549</u>
Change in Net Position	<u>\$ 588,631</u>	<u>\$ 710,201</u>	<u>\$ 5,126</u>	<u>\$ (52,722)</u>	<u>\$ 466,930</u>	<u>\$ (785,685)</u>	<u>\$ (586,691)</u>	<u>\$ (920,035)</u>

(1) Information is provided from the time the District transitioned from a Volunteer to Paid staff

UPPER PINE RIVER FIRE PROTECTION DISTRICT

FUND BALANCES OF GOVERNMENTAL FUNDS

Last Eight Fiscal Years

(Unaudited)

	Fiscal Year							
	2006	2007	2008	2009	2010	2011	2012	2013
General Fund:								
Nonspendable								
Inventory	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 10,012	\$ 3,970	\$ 6,784
Pre-paid Items	136,047	31,933	50,462	98,762	45,617	49,500	10,205	61,263
Restricted								
Emergency Reserve - Tabor	95,631	124,810	68,810	70,239	75,239	80,239	93,984	87,059
Unassigned	1,897,344	2,136,054	1,523,667	1,469,127	1,810,187	1,286,185	792,082	421,689
Total General Fund	\$ 2,129,022	\$ 2,292,797	\$ 1,642,939	\$ 1,638,128	\$ 1,931,043	\$ 1,425,936	\$ 900,241	\$ 576,795
% change from prior year	-8.51%	7.69%	-28.34%	-0.29%	17.88%	-26.16%	-36.87%	-35.93%
Other Governmental Funds:								
Restricted								
Debt Service Fund	\$ —	\$ —	\$ 123,060	\$ 200,682	\$ 378,703	\$ 347,457	\$ 291,835	\$ 277,615
Total Other Governmental Funds	—	—	123,060	200,682	378,703	347,457	291,835	277,615
Total Governmental Funds (2)	\$ 2,129,022	\$ 2,292,797	\$ 1,765,999	\$ 1,838,810	\$ 2,309,746	\$ 1,773,393	\$ 1,192,076	\$ 854,410
% change from prior year	-8.51%	7.69%	-22.98%	4.12%	25.61%	-23.22%	-32.78%	-28.33%

(1)Information is provided from the time the District transitioned from a Volunteer to Paid staff

UPPER PINE RIVER FIRE PROTECTION DISTRICT
GOVERNMENTAL FUNDS CHANGES IN FUND BALANCES
Last Eight Fiscal Years
(Unaudited)

	Fiscal Year							
	2006	2007	2008	2009	2010	2011	2012	2013
REVENUE								
Property Taxes	\$ 2,219,686	\$ 2,736,710	\$ 2,711,901	\$ 2,804,435	\$ 3,152,862	\$ 1,974,398	\$ 2,047,052	\$ 1,915,026
Specific Ownership Taxes	—	—	—	—	—	116,221	133,217	168,713
Intergovernmental	108,844	294,233	177,046	62,204	223,353	414,693	881,708	574,353
Grants	160,500	212,378	12,768	500	96,162	230,073	192,225	130,140
Charges for Services	218,066	170,140	274,301	178,850	131,270	200,762	156,467	155,704
Investment Income	109,946	97,986	90,467	52,005	26,569	21,564	14,942	3,433
Miscellaneous	16,543	103,958	51,963	80,431	274,252	10,119	141,765	14,202
Total Revenues	\$ 2,833,585	\$ 3,615,405	\$ 3,318,446	\$ 3,178,425	\$ 3,904,468	\$ 2,967,830	\$ 3,567,376	\$ 2,961,571
% change from prior year	12.64%	27.59%	-8.21%	-4.22%	22.84%	-23.99%	20.20%	-16.98%
EXPENDITURES								
Current:								
General Government	\$ 1,499,878	\$ 2,194,594	\$ 2,322,035	\$ 2,340,229	\$ 2,511,346	\$ 2,676,576	\$ 3,202,932	\$ 2,913,411
Capital Outlay	1,120,412	1,317,881	2,393,425	1,018,019	205,677	153,051	164,473	178,989
Debt Service:								
Principal Retirement	354,651	406,068	1,143,765	2,074,222	379,028	387,942	500,486	409,601
Interest	239,072	239,101	335,664	314,155	337,481	341,614	325,802	292,866
Bond issuance cost	—	—	—	—	—	—	—	53,525
Total Expenditures	\$ 3,214,013	\$ 4,157,644	\$ 6,194,889	\$ 5,746,625	\$ 3,433,532	\$ 3,559,183	\$ 4,193,693	\$ 3,848,392
% change from prior year	91.40%	29.36%	49.00%	-7.24%	-40.25%	3.66%	17.83%	-8.23%
Excess (Deficiency) of Revenues Over (Under) Expenditures	-380,428	-542,239	-2,876,443	-2,568,200	470,936	-591,353	-626,317	-886,821
OTHER FINANCING SOURCES (USES)								
Proceeds from sale of capital assets	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 45,000	\$ 312,510
Debt Proceeds	227,503	763,014	2,349,645	2,641,011	—	55,000	—	175,000
Refunding Bonds Issued	—	—	—	—	—	—	—	3,685,000
Payment to refunded bond escrow	—	—	—	—	—	—	—	(3,623,355)
Transfers to Other Funds	(57,000)	(57,000)	—	—	—	—	—	—
Total Other Financing Sources (Uses)	170,503	706,014	2,349,645	2,641,011	—	55,000	45,000	549,155
Net Change in Fund Balances	\$ (209,925)	\$ 163,775	\$ (526,798)	\$ 72,811	\$ 470,936	\$ (536,353)	\$ (581,317)	\$ (337,666)
Debt Service Principal & Interest as a Percentage of Non-capital Expenditures	39.58%	29.40%	63.71%	102.06%	28.53%	27.26%	25.80%	25.95%

(1)Information is provided from the time the District transitioned from a Volunteer to Paid staff

UPPER PINE RIVER FIRE PROTECTION DISTRICT
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
Last Seven Fiscal Years
(Unaudited)

Fiscal Year	Vacant Land	Residential	Commercial	Industrial	Agricultural	Natural Resources	Oil and Gas	State Assessed	Exempt	Total Taxable Assessed Value	Taxable Values Percentage of Estimated Acutal Value	Total Estimated Acutal Value	Total Direct Rate (2)
2007	\$ 28,189,540	\$ 80,943,240	\$ 19,618,850	\$ 1,149,970	\$ 2,270,100	\$ 332,880	\$ 274,897,290	\$ 4,367,290	\$ 11,721,930	\$411,769,160	26.34%	\$ 1,563,513,790	6.132
2008	40,632,600	103,473,930	23,296,600	1,119,600	2,203,090	57,610	241,020,010	5,016,620	14,402,870	416,820,060	22.12%	1,884,300,096	6.132
2009	39,217,510	106,901,740	24,447,920	1,242,940	2,207,820	69,120	235,569,280	5,044,830	18,117,180	414,701,160	21.51%	1,927,586,280	6.132
2010	38,871,210	111,802,790	26,101,880	1,452,670	2,181,070	113,350	293,802,590	7,751,540	19,692,740	482,077,100	23.28%	2,071,008,240	6.132
2011	38,280,840	113,669,840	26,302,250	1,065,980	2,211,170	111,860	126,180,730	7,564,490	26,904,580	315,387,160	16.62%	1,897,065,990	6.132
2012	31,525,150	103,405,540	24,584,170	604,260	2,217,480	101,540	157,802,480	8,481,800	28,028,360	328,722,420	18.53%	1,773,940,290	6.132
2013	28,528,760	97,511,820	23,284,480	560,050	2,623,000	112,770	87,270,970	8,556,330	23,414,760	248,448,180	15.47%	1,605,673,370	12.082

Source: La Plata County Treasurer's Office

(1) Information is provided from the time the District transitioned from a Volunteer Department to Paid Department in 2006 (2006 not available)

(2) In 2013, voters approved an increase in the operating mill levy rate to 10.90 mills.

UPPER PINE RIVER FIRE PROTECTION DISTRICT

DIRECT AND OVERLAPPING PROPERTY TAX RATES

Last Five Fiscal Years

(Unaudited)

Fiscal Year	Operating Millage	Debt Service Millage	Total Direct Millage	Bayfield Town Millage	Bayfield School Bond Millage	Bayfield School Millage	Forest Lakes Metro Millage	La Plata/Archuleta	La Plata County
								Water Millage	General Millage
2009	4.950	1.182	6.132	5.950	5.269	10.545	35.524		7.563
2010	4.950	1.182	6.132	5.950	5.269	11.776	35.524	5.000	7.410
2011	4.950	1.182	6.132	5.950	5.269	11.599	35.524	5.000	7.410
2012	4.950	1.182	6.132	5.950	5.269	15.950	35.524	5.000	7.410
2013	10.900	1.182	12.082	5.950	5.269	17.953	35.524	5.000	7.410

Fiscal Year	La Plata County	La Plata County	La Plata County	Pine River	Pine River	Southwestern	Total Direct
	Human Services Millage	R&B Millage	Conservance Millage	Cemetary Millage	Libaray Millage	Water Conservatioir Millage	and Overlapping Millage
2009	0.387	0.724	0.295	0.079	2.500	0.200	75.168
2010	0.380	0.710	0.295	0.079	2.500	0.272	81.297
2011	0.380	0.710	0.295	0.075	2.500	0.291	81.135
2012	0.380	0.710	0.295	0.075	2.500	0.307	85.502
2013	0.380	0.710	0.295	0.150	2.500	0.368	93.591

Source: La Plata County Assessor's Office

(1)Information is not available prior to 2009 and will be accumulated over time

UPPER PINE RIVER FIRE PROTECTION DISTRICT

PRINCIPAL PROPERTY TAX PAYERS Current Year and Seven Years Ago (Unaudited)

2013				2006		
Rank	Taxpayer	Taxable Assessed Value	Percentage of Total Assessed Value	Rank	Taxable Assessed Value	Percentage of Total Assessed Value
1	BP America Production Company	\$ 72,577,490	29.21%	1	\$ 234,088,230	74.84%
2	Samson Resources Company	6,764,850	2.72%	3	8,995,900	2.88%
3	XTO Energy Company	5,153,020	2.07%	2	29,663,300	9.48%
4	La Plata Electric Assn Inc	4,005,800	1.61%	5	1,969,120	0.63%
5	Williams Four Corners LLC	1,320,260	0.53%	4	2,167,430	0.69%
6	Sower Properties LLC	1,299,070	0.52%	8	983,880	0.31%
7	Public Service CO of Colorado	1,172,940	0.47%			
8	Qwest Corporation	1,150,200	0.46%	7	1,098,630	0.35%
9	Gosney and Sons Inc	1,097,330	0.44%			
10	Tri-State Gen & Transm Assoc	1,066,640	0.43%			
	Bayfield Center Development LLC			6	1,125,230	0.36%
	Red Creek LLC			9	678,860	0.22%
	Mountain States Constructors INC			10	675,130	0.22%
		\$ 95,607,600	38.48%		\$ 281,445,710	89.99%

Source: La Plata County Treasurer's Office

(1) Information is provided from the time the District transitioned from a Volunteer Department to Paid Department in 2006

UPPER PINE RIVER FIRE PROTECTION DISTRICT
GENERAL FUND PROPERTY TAX LEVIES AND COLLECTIONS
Last Eight Fiscal Years
(Unaudited)

Fiscal Year	Total Tax Levy for Year	Amount Collected	Percentage of Levy	Collections in Subsequent Years	Total Collections	Percentage of Levy
2006	\$ 2,117,444	\$ 2,043,457	96.51%	\$ 73,987	\$ 2,117,444	100.00%
2007	2,524,968	2,441,638	96.70%	83,330	2,524,968	100.00%
2008	2,555,941	2,418,445	94.62%	137,496	2,555,941	100.00%
2009	2,542,948	2,443,268	96.08%	99,680	2,542,948	100.00%
2010	2,956,097	2,888,727	97.72%	67,370	2,956,097	100.00%
2011	1,933,954	1,879,275	97.17%	54,679	1,933,954	100.00%
2012	2,015,726	1,992,374	98.84%	—	1,992,374	98.84%
2013	1,897,277	1,878,830	99.03%	—	1,878,830	99.03%

(1) Information is provided from the time the District transitioned from a Volunteer Department to Paid Department in 2006

UPPER PINE RIVER FIRE PROTECTION DISTRICT

RATIOS OF OUTSTANDING DEBT BY TYPE Last Eight Fiscal Years (Unaudited)

Fiscal Year	Population (1)	General Obligation Bonds	2006 Wells Fargo Capital Lease	2008 Pine River Valley Capital Lease	2009 Pine River Valley Ground Lease	2011 First National Bank Capital Lease	2013 First National Bank Capital Lease	Total Primary Government	Per Capita
2006	13,674	\$ 5,015,312	\$ 227,503	\$ 174,316	\$ —	\$ —	\$ —	\$ 5,417,131	396
2007	13,907	4,821,274	185,751	719,198	43,816	—	—	5,770,039	415
2008	14,177	4,622,237	—	1,396,189	953,456	—	—	6,971,882	492
2009	14,410	4,413,200	—	1,321,434	1,800,000	—	—	7,534,634	523
2010	14,374	4,199,163	—	1,253,438	1,698,968	—	—	7,151,569	498
2011	14,537	3,975,126	—	1,182,125	1,611,546	45,793	—	6,814,590	469
2012	15,000	3,741,089	—	1,049,207	1,519,771	—	—	6,310,067	421
2013	15,000	3,685,000	—	970,766	1,423,611	—	175,000	6,254,377	417

(1) Source: Estimate from US Census

(2) Information is provided from the time the District transitioned from a Volunteer Department to Paid Department in 2006

UPPER PINE RIVER FIRE PROTECTION DISTRICT

RATIOS OF GENERAL BONDED DEBT OUTSTANDING AND LEGAL DEBT MARGIN Last Eight Fiscal Years (Unaudited)

	Fiscal Year							
	2013	2012	2011	2010	2009	2008	2007 (2)	2006 (2)
General Bonded Debt Outstanding								
General Obligation Bonds	\$ 3,685,000	\$ 3,741,089	\$ 3,975,126	\$ 4,199,163	\$ 4,413,200	\$ 4,622,237	\$ 4,821,274	\$ 5,015,312
Total	3,685,000	3,741,089	3,975,126	4,199,163	4,413,200	4,622,237	4,821,274	5,015,312
Total Taxable Value	248,448,180	328,722,420	315,387,160	482,077,100	414,701,160	416,820,060	411,769,160	312,768,750
Percentage of Estimated Actual Property Value	1%	1%	1%	1%	1%	1%	1%	2%
Per Capita Population	246 15,000	249 15,000	273 14,537	292 14,374	306 14,410	326 14,177	347 13,907	367 13,674
Less: Amounts Set Aside to Repay General Debt	277,615	291,835	347,457	378,703	200,682	123,060	—	—
Total Net Debt Applicable to Debt Limit	3,407,385	3,449,254	3,627,669	3,820,460	4,212,518	4,499,177	4,821,274	5,015,312
Legal Debt Limit	5,200,000	5,200,000	5,200,000	5,200,000	5,200,000	5,200,000	5,200,000	5,200,000
Legal Debt Margin	\$ 1,515,000	\$ 1,458,911	\$ 1,224,874	\$ 1,000,837	\$ 786,800	\$ 577,763	\$ 378,726	\$ 184,688
Legal Debt Margin as a Percentage of the Debt Limit	29%	28%	24%	19%	15%	11%	7%	4%

(1) Information is provided from the time the District transitioned from a Volunteer to Paid staff in 2006

(2) Fiscal years 2006 and 2007 debt reserve information is not available.

UPPER PINE RIVER FIRE PROTECTION DISTRICT
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
December 31, 2013
(Unaudited)

<u>Jurisdiction</u>	<u>Net Debt Outstanding (1)</u>	<u>Percentage Applicable to Government (2)</u>	<u>Amount Applicable to Government</u>
Direct:			
Upper Pine River Fire Protection District	\$ 6,342,797	100.00%	\$ 6,342,797
Overlapping:			
Bayfield School District Re. J 10	21,768,357	93.50%	20,353,414
Total	<u>\$ 28,111,154</u>		<u>\$ 26,696,211</u>

(1) Source: Bayfield Re.J 10 2013 audited financial statements

(2) The percentage of overlapping debt applicable is estimated using taxable assessed property values.

UPPER PINE RIVER FIRE PROTECTION DISTRICT

DEMOGRAPHIC AND ECONOMIC STATISTICS

Last Eight Years
(Unaudited)

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Population	48,834	49,668	50,633	51,464	51,334	51,917	53,520	53,284
Births	564	597	606	593	589	543	536	Unavailable
Deaths	302	280	277	275	270	246	332	Unavailable
Housing units	24,583	25,160	25,719	25,813	25,908	26,130	26,284	26,028
Households	19,423	19,758	20,154	20,488	21,145	21,358	21,546	20,956
Average household size	2.40	2.39	2.39	2.38	2.35	2.35	2.35	2.54
Registered voters	37,124	33,761	37,715	37,185	37,565	38,590	41,516	41,516
Employment	29,665	30,356	30,464	29,476	28,344	27,931	28,250	28,898
Unemployment	1,029	883	1,132	1,881	2,180	2,116	2,290	1,703
Unemployment rate	2.80%	2.90%	4.10%	6.70%	6.90%	6.60%	7.50%	5.60%
Total personal income (thousands)	\$ 1,833,663	\$ 1,998,215	\$ 2,264,557	\$ 2,082,599	\$ 2,178,381	\$ 2,255,966	\$ 2,433,876	Unavailable
Per capita personal income	\$ 37,750	\$ 40,496	\$ 45,029	\$ 40,751	\$ 42,346	\$ 43,453	\$ 45,476	Unavailable

Sources: Colorado Division of Local Government, Demographic Section, (1-303-866-4989) in cooperation with the U.S. Bureau of Census
Colorado Secretary of State, Fort Lewis College, School of Business Administration: Office of Business & Economic Research
Durango Chamber of Commerce

(1) Accurate demographic information is not compiled for the District's service area. The District's service area covers a part of La Plata County including the Town of Bayfield. Complete data for 2013 is not available as of this date.

(2) Information is provided from the time the District transitioned from a Volunteer Department to Paid Department in 2006

UPPER PINE RIVER FIRE PROTECTION DISTRICT

PRINCIPAL EMPLOYERS, LA PLATA COUNTY⁽¹⁾ Current Year and Seven Years Ago⁽²⁾ (Unaudited)

Employer	2013			2006		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Southern Ute Indian Tribe	1,500	1	5.2%	791	1	2.7%
Mercy Medical Center	900	2	3.1%	704	3	2.4%
Fort Lewis College	709	3	2.5%	636	4	2.1%
Durango School District 9-R	573	4	2.0%	787	2	2.7%
City of Durango	475	5	1.6%	440	5	1.5%
Mercury Payment Systems	417	6	1.4%			
La Plata County	400	7	1.4%	375	7	1.3%
Durango Mountain Resort	400	8	1.4%	405	6	1.4%
Wal Mart Stores, Inc.	354	9	1.2%	341	8	1.1%
San Juan Basin Health	226	10	0.8%			
Sky Ute Lodge and Casino				300	9	1.0%
Bayfield School District				188	10	0.6%
Total	<u>5,954</u>		<u>20.6%</u>	<u>4,967</u>		<u>16.7%</u>

Source: Durango Chamber of Commerce, Durango, Colorado

(1) Information presented is for La Plata County which includes areas outside of the boundaries of the District.

(2) Information prior to 2006 is unavailable.

UPPER PINE RIVER FIRE PROTECTION DISTRICT

FULL-TIME EQUIVALENT EMPLOYEES

Last Eight Fiscal Years

(Unaudited)

Function	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Fire and EMS								
Firefighters and officers	10	14	19	24	26	26	26	22
Administrative staff	1	2	2	2	2	2	1	1
Operational support staff	<u>1</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>
Total Fire and EMS Full-time Employees	<u>12</u>	<u>18</u>	<u>23</u>	<u>28</u>	<u>31</u>	<u>31</u>	<u>30</u>	<u>26</u>

Source: Upper Pine River Fire Protection District internal records

(1) Information is provided from the time the District transitioned from a Volunteer to Paid staff

UPPER PINE RIVER FIRE PROTECTION DISTRICT

CAPITAL ASSET STATISTICS Last Eight Fiscal Years (Unaudited)

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Function								
<i>Fire and EMS</i>								
Fire stations								
Staffed stations	2	2	2	2	2	3	3	3
Volunteer	6	6	6	6	6	5	5	5
Administrative building	1	1	1	1	1	1	1	1
Fleet								
Engines	8	8	8	10	10	10	10	10
Tankers	7	7	7	7	7	7	7	7
75' aerials	1	1	1	1	1	1	1	—
Ambulances	2	2	2	4	5	5	5	5
Brush trucks	3	5	6	6	6	6	6	7
Rescue trucks	2	2	2	3	2	2	2	2
Other	6	7	7	7	8	9	10	9

Source: Upper Pine River Fire Protection District internal records

(1) Information is provided from the time the District transitioned from a Volunteer to Paid staff

UPPER PINE RIVER FIRE PROTECTION DISTRICT

OPERATING INDICATORS BY FUNCTION 2006 - 2013 (Unaudited)

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Function								
Fire								
Structure and wildland fires	76	93	55	63	64	80	91	81
Hazardous conditions	38	47	48	35	47	29	28	38
EMS								
Emergency medical	2	—	210	352	348	331	344	428
Motor vehicle and bicycle accidents	—	1	46	59	55	49	43	24
EMS Totals	<u>2</u>	<u>1</u>	<u>256</u>	<u>411</u>	<u>403</u>	<u>380</u>	<u>387</u>	<u>452</u>
Public Service Assistance	52	24	72	76	89	99	152	136
False Alarms	31	46	45	48	19	21	25	34
Total Calls	<u>199</u>	<u>211</u>	<u>476</u>	<u>633</u>	<u>622</u>	<u>609</u>	<u>683</u>	<u>741</u>

Source: Upper Pine River Fire Protection District internal records

(1)Information is provided from the time the District transitioned from a Volunteer to Paid staff

UPPER PINE RIVER FIRE PROTECTION DISTRICT

CALLS BY DISTRICT

2013

(Unaudited)

2013 Calls by District	EMS	False Alarm	Fire	Hazardous Cond.	Public Service	Total
1	236	18	42	20	71	387
2	23	2	4	2	7	38
3	29	2	6	2	9	48
4	40	3	7	3	12	65
5	45	3	8	4	14	74
6	13	1	2	1	4	21
7	27	2	5	3	8	45
8	17	1	3	1	5	27
Out	22	2	4	2	6	36
Total	452	34	81	38	136	741

Source: Upper Pine River Fire Protection District internal records