

Upper Pine River Fire Protection District

Bayfield - Colorado



Comprehensive Annual Financial Report
For the fiscal year ended December 31, 2012

**UPPER PINE RIVER
FIRE PROTECTION DISTRICT
Bayfield, Colorado
COMPREHENSIVE ANNUAL
FINANCIAL REPORT**
For The Fiscal Year Ended December 31, 2012

Prepared by: Management and the Accounting Department

Bruce Evans, Fire Chief
Mickey Ramsey, District Accountant

Contents

Page

INTRODUCTORY SECTION

Letter Of Transmittal	1 - 6
Organizational Chart	7
District Map.....	8
Names And Titles Of Elected And Appointed Officials	9

FINANCIAL SECTION

Independent Auditors' Report.....	10 - 12
--	----------------

Management's Discussion And Analysis	13 - 17
---	----------------

Basic Financial Statements

Government-Wide Financial Statements	
Statement Of Net Position	18
Statement Of Activities	19

Fund Financial Statements	
Balance Sheet - Governmental Funds.....	20
Reconciliation Of The Balance Sheet Of Governmental Funds To The Statement Of Net Position	21
Statement Of Revenues, Expenditures And Changes In Fund Balances - Governmental Funds	22
Reconciliation Of The Statement Of Revenues, Expenditures And Changes In Fund Balances Of Governmental Funds To The Statement Of Activities.....	23
Statement Of Plan Net Position - Pension Trust Fund	24
Statement Of Changes In Plan Net Position - Pension Trust Fund.....	25

Contents

	Page
Notes To The Financial Statements.....	26 - 45
 Required Supplementary Information	
Schedule Of Revenues, Expenditures And Changes In Fund Balance - Budget And Actual - General Fund	46
Combined Schedule Of Funding Progress And Schedule of Employer Contributions - Volunteer Firemen's Defined Benefit Pension Plan	47
Note To Required Supplementary Information	48 - 49
 Supplementary Information	
Schedule Of Revenues, Expenditures And Changes In Fund Balance - Budget And Actual - Debt Service Fund	50
Schedule Of Changes In Plan Net Position - Budget To Actual - Pension Trust Fund.....	51
 STATISTICAL SECTION	
Table Of Contents.....	52
Net Position By Component.....	53
Changes In Net Position	54
Fund Balances Of Governmental Funds	55
Governmental Funds Changes In Fund Balance.....	56
Assessed Value And Actual Value Of Taxable Property	57
Direct And Overlapping Property Tax Rates	58

Contents

	Page
Principal Property Tax Payers	59
General Fund Property Tax Levies And Collections	60
Ratios Of Outstanding Debt By Type.....	61
Ratios Of General Bonded Debt Outstanding And Legal Debt Margin Information	62
Direct And Overlapping Governmental Activities Debt.....	63
Demographic And Economic Statistics	64
Principal Employers, La Plata County.....	65
Full-Time Equivalent Employees	66
Capital Asset Statistics.....	67
Operational Indicators By Function.....	68
Calls By District	69



July 31, 2013

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 seven 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, 2012.

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. As management, we assert to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The Upper Pine River Fire Protection District's financial statements have been audited once again by Rubin Brown 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, 2012, 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 reasonable basis for rendering an unqualified opinion and that Upper Pine River Fire Protection District's financial statements for the year ended December 31, 2012, 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 formed in 2001 through merger of the Vallecito Fire Department, the Bayfield Volunteer Fire Department and the Forest Lake Metro District Fire Department. 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, wildland 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 southwest Colorado. The District is funded by property taxes, contracts and ambulance revenue.

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 2012 has clearly shown some stabilization and growth within certain areas of the local economy. In 2012 the county had an unemployment rate of 6.9%. Median household income was \$54,820.

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 themselves, 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 LaPlata 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 is \$210,000.

Bayfield is home to approximately 2300 residents 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 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 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 State Route 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.

The Town of Bayfield is serviced by Upper Pine River Fire Station 1 and residents fund the district with a property tax mill levy. The town continues to be optimistic about the future as town sales tax collections for 2012 showed an increase of 5.7% over 2011. Real estate values continue to level off within the town. 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 initiated the 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.

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 50 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 has 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 has begun to sequester monies for replacement the fleet and physical place on appropriate depreciation schedules to ensure timely and cost effective replace 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 \$1.1 million. The district has a plan to refinance and aggressively reduce the lease payments for vehicles.

The District plans to increase the current mill levy to 11 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. An aggressive replace plan will also allow the district to reduce or eliminate the bond service.

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. The small 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 \$936,638 (24%) in 2012 which required the use of \$581,317 from the governmental funds fund balance. Due to a busy wild land fire season, operating revenues increased by \$599,546, and \$581,347 was used from the fund balance to offset expenses. The governmental fund balance at the end of 2012 is \$1,192,076.

Awards and Acknowledgements:

Upper Pine River Fire Protection District is applying to The Government Finance Officers Association of the United States and Canada (GFOA) for a 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 Rubin Brown, 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.

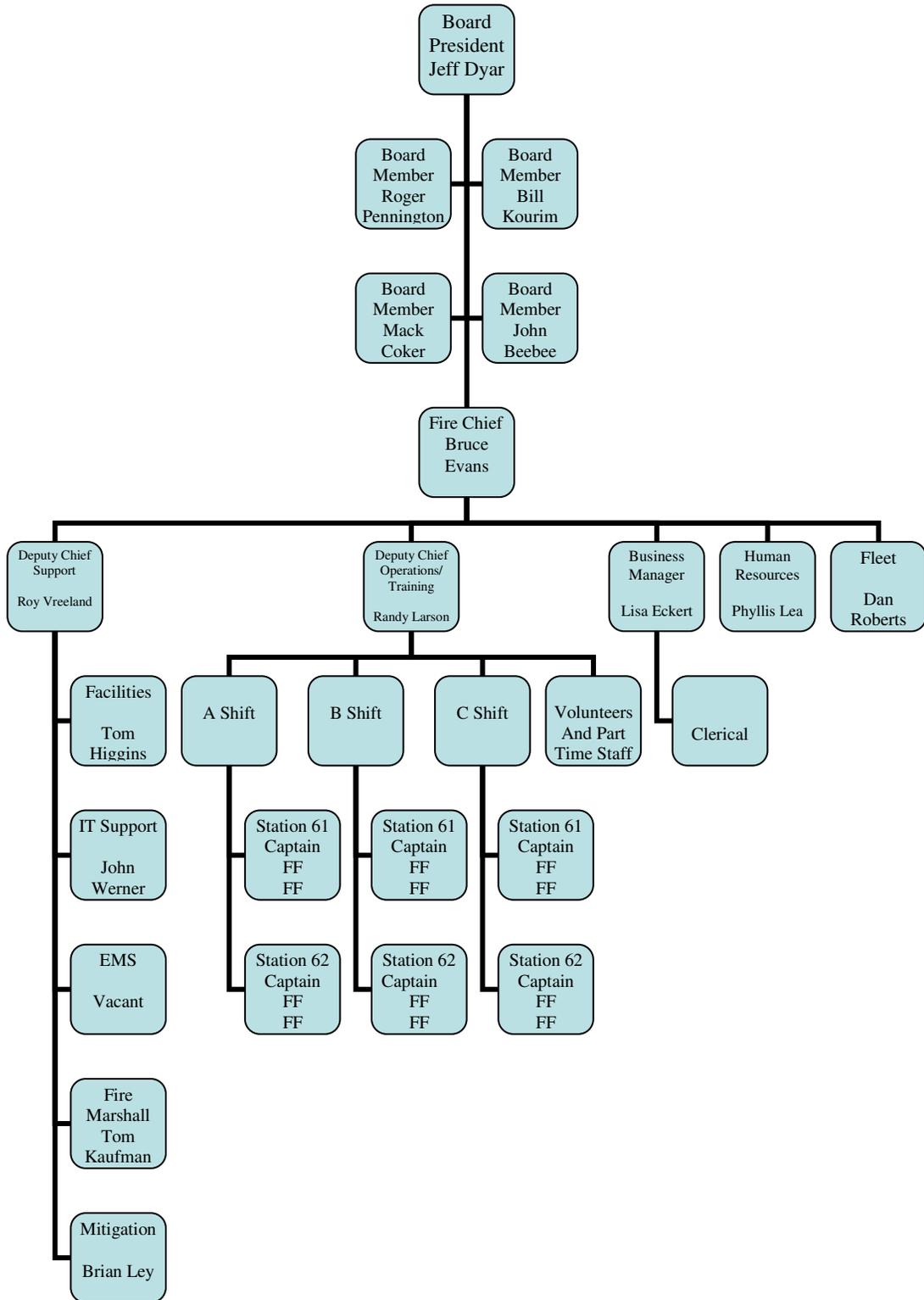
Respectfully submitted,

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

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

UPPER PINE RIVER FIRE PROTECTION DISTRICT

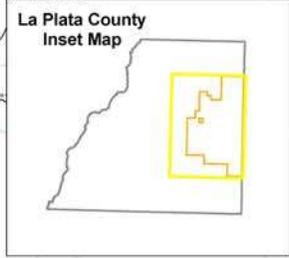
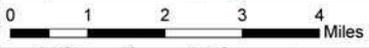
Organizational Chart



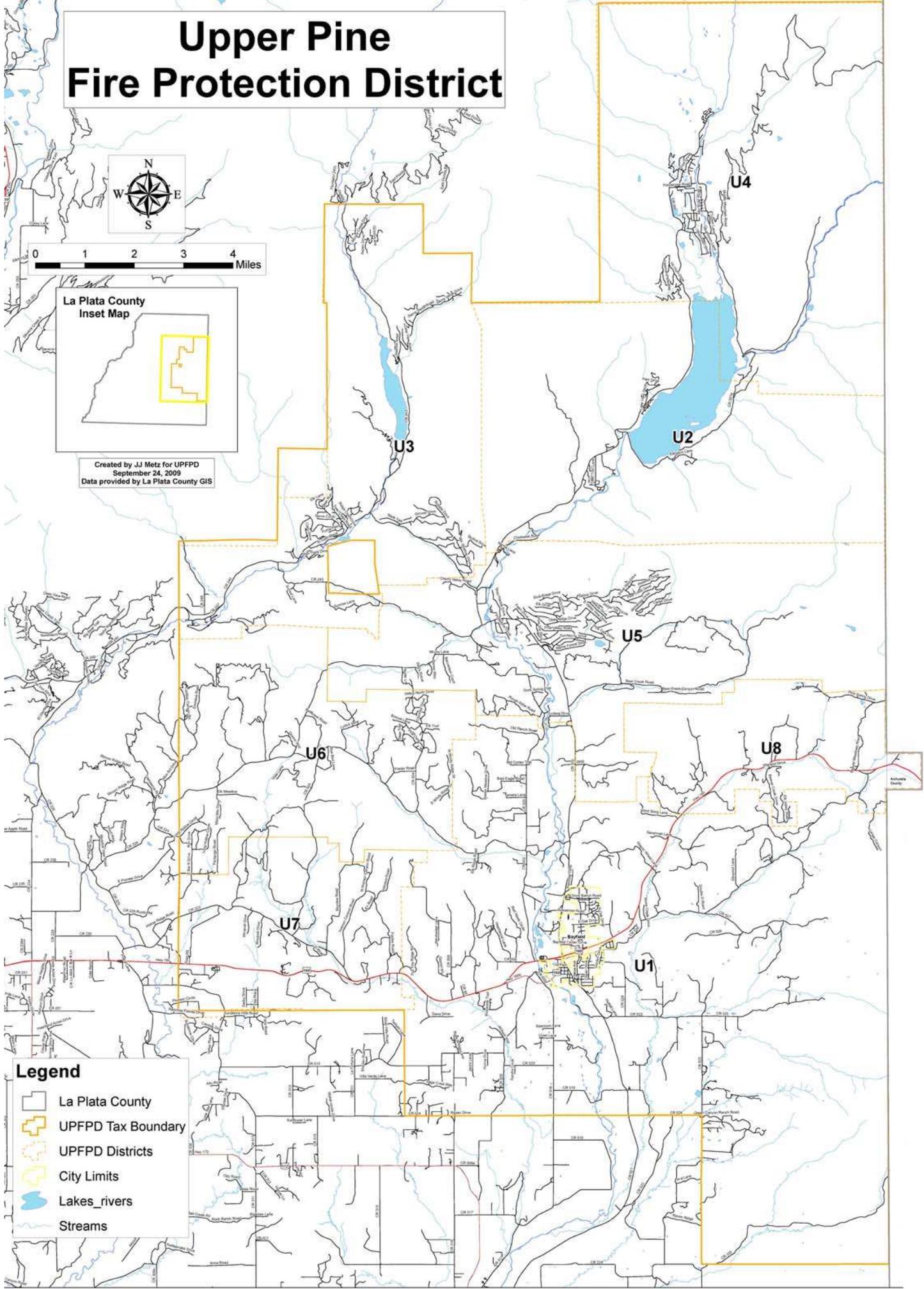
Original: 10/1/2011

Rev: 5/14/2013

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, 2012

Elected Board of Directors

Jeff Dyar, President
Roger Pennington
John Beebe
Mack Coker
Bill Kourim

Appointed Officials

Bruce Evans, Fire Chief



RubinBrown LLP
Certified Public Accountants
& Business Consultants

1900 16th Street
Suite 300
Denver, CO 80202

T 303.698.1883
F 303.777.4458

W rubinbrown.com
E info@rubinbrown.com

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, 2012, 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 the 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, 2012, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 13 through 17 and the budgetary comparison schedule, schedule of funding progress and schedule of employer contributions on pages 46 and 47, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, 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

July, 31, 2013

UPPER PINE RIVER FIRE PROTECTION DISTRICT

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, 2012.

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 2012 is **\$3,175,749** compared to **\$3,762,440** at the end of 2011.
2. Total revenues for the year ended December 31, 2012 were **\$3,630,376** compared to total revenues of **\$2,967,830** in 2011; an increase of 22% 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 and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator 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 18 and 19 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.

UPPER PINE RIVER FIRE PROTECTION DISTRICT

Management's Discussion and Analysis

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 20 through 23 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 24 and 25 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 26 through 45 of this report.

Statement of Net Position

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

	<u>2012</u>	<u>2011</u>
Current and other Assets	\$ 3,505,507	\$ 4,140,096
Capital Assets	<u>\$ 8,199,107</u>	<u>\$ 8,704,704</u>
Total Assets	\$ 11,704,614	\$ 12,844,800
Current Liabilities	\$ 2,588,399	\$ 2,676,181
Long Term liabilities	<u>\$ 5,940,466</u>	<u>\$ 6,406,179</u>
Total Liabilities	\$ 8,528,865	\$ 9,082,360
Net position		
Net investment in capital assets	\$ 1,889,040	\$ 1,890,114
Restricted	\$ 385,819	\$ 427,696
Unrestricted	<u>\$ 900,890</u>	<u>\$ 1,444,630</u>
Total net position	\$ 3,175,749	\$ 3,762,440

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 2012 and 2011.

UPPER PINE RIVER FIRE PROTECTION DISTRICT

Management's Discussion and Analysis

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 position</u>
Primary Government						
Governmental Activities:						
Public Safety						
	<u>2012</u>	\$3,897,023	\$ 156,467	\$ 1,073,933	\$ 18,000	\$ (2,648,623)
	2011	\$3,410,140	\$ 200,762	\$ 644,766	\$	\$ (2,564,612)
Interest						
	<u>2012</u>	\$320,044	_____	_____	_____	\$ (320,044)
	2011	\$343,375	_____	_____	_____	\$ (343,375)
Total Governmental Activities:						
	<u>2012</u>	\$4,217,067	\$ 156,467	\$ 1,073,933	\$ 18,000	\$ (2,968,667)
	2011	\$3,753,515	\$ 200,762	\$ 644,766	\$ 0	\$ (2,907,987)

	<u>2012</u>	<u>2011</u>
General Revenues:		
Taxes	\$ 2,180,269	\$2,090,619
Investment Earnings	14,942	21,564
Other	<u>186,765</u>	<u>10,119</u>
Total General Revenues	2,381,976	2,122,302
CHANGE IN NET POSITION	(586,691)	(785,685)
NET POSITION – Beginning	<u>3,762,440</u>	<u>4,548,125</u>
NET POSITION – Ending	<u>\$ 3,175,749</u>	<u>\$ 3,762,440</u>

Financial Analysis

In 2012 our property tax revenues increased slightly due to increased assessed valuation in and oil and gas production from prior year(s) assessments. Certain geographic areas in the Fire District impacted by the house decline have seen decrease in property valuation by as much as 18%. Conversely undeveloped land in the corresponding areas saw increases of 10-15%. Much of the movement in these areas are banks facilitating short sales and clearing undeveloped property to developers setting the stage for a low housing inventory and available land scenario likely to trigger an increase in home sales and construction.

Fire district management was alerted by the LaPlata County Assessor's office that oil and gas values would see a slight decline for fiscal 2013 with a significant decline in 2014 of potentially 50% or more. "Fracking" of oil and gas wells has resulted in oil and gas production in the United States that is reported by U.S. Energy Information Administration (EIA) to be approaching Saudi Arabia's production by 2020. Market forces have driven the price of gas down and the corresponding tax revenues from idled production in the LaPlata County oil and gas fields has impacted the fire districts budget as oil and gas revenues are 40% of the income for the fire district. Recent discovery of the potential to extract from a large shale formation may provide a surplus as those fields come on line in the next 3-5 years.

In preparation for the projected decline in tax revenue 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. Several full time positions (Human resources, clerical, Fire Marshall, and a bookkeeper) were reduced to contract workers with elimination of benefits and more than half the savings of salaries.

An active wild land fire season and continued grant revenues provided the district with close to \$600,000 in additional revenues from the prior year to help offset the reduction in property taxes from the peak in 2010 which has allowed the district to maintain service levels and minimize the impact on reserves.

UPPER PINE RIVER FIRE PROTECTION DISTRICT

Management's Discussion and Analysis

The district is introducing an initiative to the voters to increase the mill levy for the general fund from 4.95 to 11 mills. This increase is necessary to have the general revenues to maintain current service levels and reserve funds. The increase mill levy will afford a vehicle replacement plan and retire debt service.

Governmental Funds

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, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal, the District's governmental funds reported an ending fund balance of **\$1,192,076**, a decrease of **\$581,317** from 2011. Restricted fund balance of **\$93,984** is not available for new spending because it has been reserved by TABOR.

Capital Assets

The District's investment in capital assets for its governmental activities as of December 31, 2012 amount to **\$8,199,107** (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 replacement plans and strategic planning documents will outline schedules to replace equipment in time and cost effective increments as to not incur variations that would require additional debt service.

Long-term Debts

At the end of the year the District had long-term debt outstanding of **\$6,418,068** comprised of capital leases for equipment and the administration building, series 2004 G.O. Bonds and compensated absences. Additional information on the District's debt can be found in Note 8 of the financial statements. The district's long term debt is being restructured and amortization schedules recast to reflect early payments and removal of surplus equipment resulting in a net reduction in lease payment that will be reflected in the 2014 budget. It is the intention of the current leadership of the district to remove long term debt from the district and implement sequestered fund for replacement of major capital projects.

Budget Analysis

In late 2012 the District was able to re-appropriate the General Fund budget due to unanticipated revenues. We were able to increase total General Fund revenues by **\$777,301** and increase expenditures by **\$674,096**. The General Fund revenues were under budgeted amounts by **\$76,901**, while expenditures were over the budget by **\$140,578**.

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 by aggressively pursuing grants and participation in revenue generating functions such as response to wild land fires, ambulance service, and EMS training. These opportunities continue to enhance our capabilities and service delivery. In 2012, the general fund realized gross revenues of **\$3,146,311**. We continue to recover direct costs of personnel, fuel as well as the additional income from rental rates of our equipment.

The district's EMS billing and revenues were down slightly for 2012. Our collection rate remains well above the collection rate average of 55-60% versus national rates of 45-50%. The amount collected helped fund the EMS Operations in the fire district which can be described as vehicles, fuel, medical supplies, insurance and training. Greater efficiencies are due to the implementation of electronic patient care reporting systems that interfaces with area hospitals allowing for exchange of insurance and billing data. The district enjoys a rural modifier adding an additional 22.6% on ambulance transportation involving Medicare recipients due to the frontier and rural provider setting.

Economic Factors, Trends and Future Plans

In 2013 we will experience a slight reduction in tax revenue due to lower assessed valuations of oil and gas production. 2011 and 2012 revenue reductions were due to a severe drop in real property assessed valuations from 2010. We anticipate a slight rebound in residential property values with the 2014 valuation, but overall we expect a severe reduction of revenues with the 2014 valuations due to a significant decrease in oil and gas valuations.

UPPER PINE RIVER FIRE PROTECTION DISTRICT

Management's Discussion and Analysis

Major capital projects are planned for 2013 include a Colorado Department of Local Affairs (DOLA) grant funded station renovation, an EMS vehicle funded by the State EMS system grant money and one vehicle put in service to support our seasonal wildfire hand crew. Long term solutions for house of fire district personnel will be set forth in the strategic plan for the district in 5, 10 and 20 year increments to accommodate changes to ensure a lower insurance service rating for the community and make a more attractive business climate within the district through lower premiums.

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 are estimating \$500,000 in wildfire revenue for 2013. The Fire District was awarded over \$500,000 in grant money to support the seasonal hand crew under a Federal Stevens Grant. That crew functions as a fuel reduction program on private lands under cost share agreements making a large impact on fire protection without incurring cost for staffing under district budgets as the grant fully funds the fuels crews for FY 2013 and 2014. The long term effects of global warming.

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.

Ambulance revenue is expected to increase with the implementation of the Affordable Care Act in January 2014 and the mandatory coverage of uninsured patients. This will theoretically eliminate the 12% of self-pay or indigent medical care the district provides with an expected increase due to the coverage of these patients by Colorado Medicaid.

Recent increases in special use taxes garnered from the sale of recreational vehicles (boats, motorcycles, etc...) indicate a significant increase in disposable income for LaPlata residents. The fire district incorporates a large area of public lands and ideal recreational sites which should see a resulting increase in revenues from the patronage of these areas and to local businesses supporting these activities within the district.

The District continues to be the recipient of "good will" and philanthropy from the local corporate donors receiving substantial donations from oil and gas corporations, employee groups, and the large business owners.

Request for information

This financial report is designed to provide a general overview of the District's finances for all those with an 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, 2012

Assets	
Current Assets	
Cash and cash equivalents (Note 3)	\$ 862,570
Cash held with County Treasurer (Note 3)	997
Receivables	
Property taxes	1,897,277
Medical billings (net of allowances for uncollectables) (Note 4)	44,336
Other	415,340
Inventory	3,970
Prepaid items	10,205
Total Current Assets	3,234,695
Other Assets	
Nondepreciable capital assets (Note 6)	750,816
Capital assets - net of accumulated depreciation (Note 6)	7,448,291
Pension asset (Note 9)	177,427
Bond issuance costs (Note 7)	93,385
Total Other Assets	8,469,919
Total Assets	11,704,614
Liabilities	
Current Liabilities	
Accounts payable	86,871
Accrued expenses	58,471
Accrued interest payable	68,178
Unearned revenue	1,897,277
Compensated absences (Note 8)	63,964
Capital leases payable (Note 8)	174,601
Bonds payable (Note 8)	239,037
Total Current Liabilities	2,588,399
Long-Term Liabilities (Note 8)	
Compensated absences	44,037
Capital leases payable	2,394,377
Bonds payable	3,502,052
Total Long-Term Liabilities	5,940,466
Total Liabilities	8,528,865
Net Position	
Net investment in capital assets	1,889,040
Restricted for	
TABOR amendment (Note 10)	93,984
Debt service	291,835
Unrestricted	900,890
Total Net Position	\$ 3,175,749

UPPER PINE RIVER FIRE PROTECTION DISTRICT

STATEMENT OF ACTIVITIES For The Year Ended December 31, 2012

	Expenses	Charges For Services	Operating Grants And Contributions	Capital Grants And Contributions	Net Revenue (Expense) And Change In Net Position
Primary Government					
Governmental activities					
Public safety	\$ 3,897,023	\$ 156,467	\$ 1,073,933	\$ 18,000	\$ (2,648,623)
Interest on long-term debt	320,044	—	—	—	(320,044)
Total Governmental Activities	\$ 4,217,067	\$ 156,467	\$ 1,073,933	\$ 18,000	(2,968,667)
General Revenues					
Property taxes					2,047,052
Specific ownership taxes					133,217
Gain on sale of capital assets					45,000
Earnings on investments					14,942
Other					141,765
Total General Revenues					2,381,976
Change In Net Position					(586,691)
Net Position - Beginning Of Year					3,762,440
Net Position - End Of Year					\$ 3,175,749

UPPER PINE RIVER FIRE PROTECTION DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS

December 31, 2012

	Assets		
	General Fund	Debt Service Fund	Total
Current Assets			
Cash and cash equivalents	\$ 793,282	\$ 69,288	\$ 862,570
Cash held with County Treasurer	804	193	997
Receivables			
Property taxes	1,531,824	365,453	1,897,277
Medical billings, net of allowance for uncollectables	44,336	—	44,336
Interfund	—	222,354	222,354
Other	415,340	—	415,340
Inventory	3,970	—	3,970
Prepaid items	10,205	—	10,205
Total Assets	\$ 2,799,761	\$ 657,288	\$ 3,457,049

Liabilities And Fund Balances			
Liabilities			
Accounts payable	\$ 86,871	\$ —	\$ 86,871
Accrued expenses	58,471	—	58,471
Interfund payable	222,354	—	222,354
Deferred property taxes	1,531,824	365,453	1,897,277
Total Liabilities	1,899,520	365,453	2,264,973

Fund Balances			
Nonspendable			
Inventory	3,970	—	3,970
Prepaid items	10,205	—	10,205
Restricted			
TABOR Amendment	93,984	—	93,984
Debt service	—	291,835	291,835
Unassigned	792,082	—	792,082
Total Fund Balances	900,241	291,835	1,192,076
Total Liabilities And Fund Balances	\$ 2,799,761	\$ 657,288	\$ 3,457,049

UPPER PINE RIVER FIRE PROTECTION DISTRICT

**RECONCILIATION OF THE BALANCE SHEET OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
December 31, 2012**

Fund Balances - Total Governmental Funds		\$ 1,192,076
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	\$ 13,118,708	
Accumulated depreciation	<u>(4,919,601)</u>	8,199,107
Pension assets are not recorded in governmental funds.		
		177,427
Other assets used in governmental activities are not financial resources and therefore are not reported in fund balance in the governmental funds:		
Bond issuance costs	163,588	
Current year amortization	<u>(70,203)</u>	93,385
Liabilities not due and payable in the current period are not reported in the governmental funds:		
Accrued interest payable	(68,178)	
Compensated absences	(108,001)	
Bonds payable	(3,741,089)	
Leases payable	<u>\$ (2,568,978)</u>	<u>(6,486,246)</u>
Net Position Of Governmental Activities		\$ 3,175,749

UPPER PINE RIVER FIRE PROTECTION DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS For The Year Ended December 31, 2012

	General Fund	Debt Service Fund	Total
Revenues			
Property taxes	\$ 1,652,464	\$ 394,588	\$ 2,047,052
Specific ownership taxes	107,538	25,679	133,217
Intergovernmental	881,708	—	881,708
Other local sources			
Medical billings (Net of discounts of \$140,873)	156,467	—	156,467
Earnings on investments	14,209	733	14,942
Grants	192,225	—	192,225
Other	141,700	65	141,765
Total Revenues	3,146,311	421,065	3,567,376
Expenditures			
Current			
General government			
Fire administration	2,669,063	12,245	2,681,308
Fire fighting	268,580	—	268,580
Fire prevention	406	—	406
Fire training	50,609	—	50,609
Fire communications	19,774	—	19,774
Medical services	84,762	—	84,762
Station and grounds	97,493	—	97,493
Capital outlay	164,473	—	164,473
Debt service - principal	224,693	275,793	500,486
Debt service - interest	137,153	188,649	325,802
Total Expenditures	3,717,006	476,687	4,193,693
Deficiency Of Revenues Under Expenditures	(570,695)	(55,622)	(626,317)
Other Financing Sources			
Proceeds from sale of capital assets	45,000	—	45,000
Total Other Financing Sources	45,000	—	45,000
Deficiency Of Revenue And Other Financing Sources Under Expenditures	(525,695)	(55,622)	(581,317)
Fund Balance - Beginning Of Year	1,425,936	347,457	1,773,393
Fund Balance - End Of Year	\$ 900,241	\$ 291,835	\$ 1,192,076

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, 2012

Net Change In Fund Balances - Total Governmental Funds \$ (581,317)

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	\$ 164,473	
Current year depreciation	<u>(688,070)</u>	(523,597)

Donations of capital assets increase net position in the statement activities, but do not appear in the governmental funds because they are not financial resources.	18,000
--	--------

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.	(200)
---	-------

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Compensated absences	(1,679)	
Amortized bond premium	4,037	
Amortized deferred charges for bond issuance costs	(8,179)	
Accrued interest payable	5,758	
Bond principal payments	230,000	
Capital leases principal payments	\$ 270,486	500,423

Change In Net Position Of Governmental Activities **\$ (586,691)**

UPPER PINE RIVER FIRE PROTECTION DISTRICT

**STATEMENT OF PLAN NET POSITION
PENSION TRUST FUND
December 31, 2012**

Assets	
Cash and cash equivalents (Note 3)	\$ 374,725
<hr/>	
Net Position Restricted For Pension Benefits	\$ 374,725
<hr/>	

UPPER PINE RIVER FIRE PROTECTION DISTRICT

STATEMENT OF CHANGES IN PLAN NET POSITION PENSION TRUST FUND

For The Year Ended December 31, 2012

Additions

Contributions		
State	\$	19,800
District		10,000
Total Contributions		29,800

Investment income		
Interest		1,530
Total Additions		31,330

Deductions

Benefits		2,400
Professional fees		5,500
Total Deductions		7,900

Net Increase In Net Position Held In Trust For Pension Benefits		23,430
Net Position Restricted For Pension Benefits - Beginning Of Year		351,295
Net Position Restricted For Pension Benefits - End Of Year	\$	374,725

UPPER PINE RIVER FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2012

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. GASB pronouncements Nos. 14 and 39 set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

The District has formed the Upper Pine River Fire Protection District Volunteer Firefighter Pension Plan (the Plan) in accordance with state statutes. The Board of Directors of the District (Board or District Board) and two members from the fire volunteers constitute the membership of the Board of Trustees for the Plan (Trustees or Plan Board). The Trustees manage the financial affairs of the Plan through the Upper Pine River Fire Protection Pension Fund (the Fund). The Plan is a separate legal entity from the District. Under GAAP, the District exercises oversight responsibility because of the membership of the Trustees. 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 properly 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, liabilities, fund equity, 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 liabilities 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 Volunteer Firemen's Pension Fund.

Measurement Focus And Basis Of Accounting

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the District are included on the statement of net position. 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. With this measurement focus, only current assets and current liabilities 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 deferred revenue 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. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. An exception to this general rule is principal and interest on long-term debt, which is recognized when due.

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 market 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 market 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.

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/Deferred 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 deferred 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 1 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 fixed assets are valued at their estimated fair market 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

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, as well as issuance costs, are deferred and amortized over the life of the bonds using the bonds-outstanding method. Debt issuance costs are reported as deferred charges and amortized over the term of the related debt.

UPPER PINE RIVER FIRE PROTECTION DISTRICT

Notes To Financial Statements (*Continued*)

In the fund financial statements, governmental fund types recognize debt premiums and discounts, as well as issuance costs, 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.

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.

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 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.

UPPER PINE RIVER FIRE PROTECTION DISTRICT

Notes To Financial Statements (*Continued*)

Net position represents the difference between assets and liabilities. 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 their use, either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, laws or regulations of other governments.

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. As part of the Dodd-Frank Wall Street Reform and Customer Protection Act passed by Congress on July 21, 2010, a separate and unlimited deposit insurance coverage is provided for accounts that meet the definition of “noninterest-bearing transaction account,” which is separate from the \$250,000 coverage provided for other types of accounts. This additional coverage is effective through December 31, 2012. At December 31, 2012, the District’s cash deposits had a book balance of \$1,237,295 and a corresponding bank balance of \$1,197,432. 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, \$957,718 was covered by federal depository insurance. The remainder of the bank balance, \$239,714, was collateralized with securities held by the pledging financial institution and covered by eligible collateral as determined by PDPA.

UPPER PINE RIVER FIRE PROTECTION DISTRICT

Notes To Financial Statements (Continued)

At December 31, 2012, the District's cash and cash equivalents are as follows:

	<u>Book Balance</u>
Cash held with County Treasurer	\$ 997
Cash and cash equivalents	862,570
Fiduciary cash and cash equivalents	<u>374,725</u>
Total Deposits	<u>\$ 1,238,292</u>

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.

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 all other receivables are fully collectible, and therefore an allowance for doubtful accounts is not recorded.

UPPER PINE RIVER FIRE PROTECTION DISTRICT

Notes To Financial Statements (Continued)

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, 2012 is \$38,888.

5. Interfund Balances

Interfund balances at December 31, 2012 consisted of the following:

	Due From	Due To
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.

6. Capital Assets

The following is a summary of changes in capital assets for the year ended December 31, 2012:

	Balance January 1, 2012	Additions	Deletions	Balance December 31, 2012
Capital assets not being depreciated				
Land	\$ 598,462	\$ —	\$ —	\$ 598,462
Construction in progress	—	152,354	—	152,354
Total	598,462	152,354	—	750,816
Capital assets being depreciated				
Building	5,278,569	—	—	5,278,569
Equipment	537,879	12,119	—	549,998
Vehicles	6,683,256	18,000	(161,931)	6,539,325
Total	12,499,704	30,119	(161,931)	12,367,892
Accumulated depreciation for				
Building	(726,362)	(136,061)	—	(862,423)
Equipment	(358,668)	(41,649)	—	(400,317)
Vehicles	(3,308,432)	(510,360)	161,931	(3,656,861)
Total	(4,393,462)	(688,070)	161,931	(4,919,601)
Capital Assets Being Depreciated - Net	8,106,242	(657,951)	—	7,448,291
Capital Assets - Net	\$ 8,704,704	\$ (505,597)	\$ —	\$ 8,199,107

Depreciation expense for the year ended December 31, 2012 was \$688,070, charged to public safety.

UPPER PINE RIVER FIRE PROTECTION DISTRICT

Notes To Financial Statements (Continued)

7. Bond Issuance Costs

During 2004, the District issued \$5,200,000 in bonds. Bond issuance costs totaled \$163,588 related to these bonds. These costs are capitalized for the statement of net position and amortized over the life of the bonds. A summary of the activity for the year ended December 31, 2012 is as follows:

	Beginning Balance			Endings Balance
	January 1, 2012	Additions	Reductions	
Bond issuance costs - 2004 bonds	\$ 163,588	\$ —	\$ —	\$ 163,588
Accumulated amortization	(62,024)	(8,179)	—	(70,203)
Bond Costs, Net Of Accumulated Amortization	\$ 101,564	\$ (8,179)	\$ —	\$ 93,385

8. 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.

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. Debt service requirements are as follows:

Year	Principal	Interest	Total
2013	\$ 235,000	\$ 177,313	\$ 412,313
2014	250,000	167,325	417,325
2015	260,000	156,450	416,450
2016	270,000	144,750	414,750
2017	280,000	132,600	412,600
2018 - 2022	1,630,000	445,000	2,075,000
2023 - 2024	770,000	58,250	828,250
Total	\$ 3,695,000	\$ 1,281,688	\$ 4,976,688

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 SCUBA equipment and vehicles outlined in the lease agreement. Issuance of the lease required an additional payment from the District of \$61,154 to pay off the construction loans and remaining lease obligation noted above. Accrued interest of \$54,168 was also paid upon issuance of the lease. Debt service requirements are as follows:

Year	Principal	Interest	Total
2013	\$ 78,441	\$ 54,020	\$ 132,461
2014	82,267	50,193	132,460
2015	86,280	46,180	132,460
2016	90,490	41,971	132,461
2017	94,904	37,557	132,461
2018 - 2022	548,652	113,650	662,302
2023	68,173	6,161	74,334
Total	\$ 1,049,207	\$ 349,732	\$ 1,398,939

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:

Year	Principal	Interest	Total
2013	\$ 96,160	\$ 74,145	\$ 170,305
2014	100,851	69,454	170,305
2015	105,771	64,534	170,305
2016	110,931	59,374	170,305
2017	116,342	53,962	170,304
2018 - 2022	672,592	178,932	851,524
2023 - 2024	317,124	23,397	340,521
Total	\$ 1,519,771	\$ 523,798	\$ 2,043,569

UPPER PINE RIVER FIRE PROTECTION DISTRICT

Notes To Financial Statements (Continued)

2010 First National Bank Of Durango Bank - The District entered into a lease purchase agreement on December 27, 2010 for purchase of an air compressor in the amount of \$55,000 at an interest rate of 6.875%. The transfer of funds and actual receipt of the air compressor did not occur until 2011. The lease requires an initial payment of \$11,134 on or before July 1, 2011 and annual payments of this amount each July 1 through 2016. The District paid this lease off early on June 27, 2012.

Total assets under these lease agreements, with a cost of \$1,413,536 and accumulated amortization (included with depreciation) of \$617,664 as of December 31, 2012, are recorded in the District's governmental activities.

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

The following is a schedule of the changes in long-term debt for 2012.

	Balance			Balance		Current
	January 1, 2012	Additions	Reductions	December 31, 2012	Portion	
2008 Pine River Valley Capital Lease	\$ 1,182,125	\$ —	\$ (132,918)	\$ 1,049,207	\$ 78,441	
2009 Pine River Valley Ground Lease	1,611,546	—	(91,775)	1,519,771	96,160	
2011 First National Bank Capital Lease	45,793	—	(45,793)	—	—	
2004 General Obligation Bonds	3,925,000	—	(230,000)	3,695,000	235,000	
Premium on bonds	50,126	—	(4,037)	46,089	4,037	
Total	6,814,590	—	(504,523)	6,310,067	413,638	
Compensated Absences	106,322	75,282	(73,603)	108,001	63,964	
Total Long-Term Liabilities	\$ 6,920,912	\$ 75,282	\$ (578,126)	\$ 6,418,068	\$ 477,602	

9. Pension Plans

Firemen Pension - Statewide Defined Benefit Pension Plan (SDBP)

Plan Description - The District's full-time firemen participate in the Fire and Police Pension Association (FPPA) New Hire Pension Fund (the Fund), 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.

UPPER PINE RIVER FIRE PROTECTION DISTRICT

Notes To Financial Statements (*Continued*)

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 the plan. 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 the plan's defined benefits, plus any earnings or losses thereon. Participants do not vest in amounts credited to their accounts until retirement, and the plan 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 the Plan 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.

Funding Policy - The District and members' contributions into the plan 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 the Fund for the years ending December 31, 2012, 2011 and 2010, were \$90,938, \$85,066 and \$90,076, respectively.

UPPER PINE RIVER FIRE PROTECTION DISTRICT

Notes To Financial Statements (*Continued*)

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 years ended December 31, 2012 and 2011, participating employees contributed \$10,400 and \$8,670, respectively.

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 non-contributing 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 consist 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 market 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.

Contribution And Benefit Information - The District can contribute an amount equal to or greater than \$0.5 million, but not to exceed \$1 million, on the current assessed valuation for the District. The State of Colorado contributes a matching contribution of 90% of the District's contributions (up to \$1.2 million) to fund benefit levels up to \$300 per month 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.

UPPER PINE RIVER FIRE PROTECTION DISTRICT

Notes To Financial Statements (*Continued*)

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.

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.

UPPER PINE RIVER FIRE PROTECTION DISTRICT

Notes To Financial Statements (Continued)

The District has an actuarial valuation performed bi-annually. The most current valuation is as of January 1, 2011. Census information for the fund as of January 1, 2011, is as follows:

Active members	9
Normal retired members	1
Terminated vested and inactive members	<u>8</u>
Total Members	<u>18</u>

Funded Status And Funding Progress - the funded status of the Plan as of January 1, 2011, the most recent actuarial valuation date, is as follows:

<u>Actuarial Valuation Date</u>	<u>Actuarial Value Of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded (Overfunded) Actuarial Liability</u>	<u>Funded Ratio</u>
January 1, 2011	\$ 329,313	\$ 166,801	\$ (162,512)	197%

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.

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

Valuation date	January 1, 2011
Actuarial cost method	Entry Age Actuarial Cost Method
Amortization method	Level Dollar Open
Remaining amortization period years	20 Years, up to 40 Year Max
Asset valuation method	Market Value
Actuarial Assumptions	
Investment rate of return	6.5%
Cost of living adjustments	None
Projected salary increases	N/A

UPPER PINE RIVER FIRE PROTECTION DISTRICT

Notes To Financial Statements (Continued)

The following table shows the annual required contribution and the actual contributions the District made for the year ended December 31, 2012:

<u>Year Ending</u>	<u>Required Contribution</u>	<u>Actual Contributions</u>	<u>Percent</u>	<u>Obligation (Asset)</u>
December 31, 2010	\$ 142,000	\$ 327,627	231%	\$ (185,627)
December 31, 2011	30,000	22,000	73%	(177,627)
December 31, 2012	30,000	29,800	99%	(177,427)

The following table shows the District's net pension obligation (asset) as of December 31, 2012:

Annual required contribution (ARC)	\$ 30,000
Interest and adjustments to ARC	—
Annual pension cost	30,000
Contributions made	<u>(29,800)</u>
Decrease in net pension asset	200
Net pension asset as of January 1, 2012	<u>(177,627)</u>
Net pension asset as of December 31, 2012	<u>\$ (177,427)</u>

10. 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 \$93,984 at December 31, 2012, is restricted in accordance with TABOR.

UPPER PINE RIVER FIRE PROTECTION DISTRICT

Notes To Financial Statements (*Continued*)

11. 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.

12. 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 \$14,110.

13. 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.

14. Subsequent Event

On July 18, 2013, the District entered into a lease agreement with First National Bank of Durango for the purchase of equipment. The lease amount is \$175,000 plus interest at rate of 4.5% per annum. Annual payments of \$63,837 are due July 31, beginning July 31, 2014 and ending July 31, 2016.

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, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property taxes	\$ 1,629,911	\$ 1,647,912	\$ 1,652,464	\$ 4,552
Specific ownership taxes	150,000	115,000	107,538	(7,462)
Intergovernmental	20,000	870,000	881,708	11,708
Other local sources				
Medical billings	225,000	155,000	156,467	1,467
Earnings on investments	9,000	14,000	14,209	209
Grants	383,000	231,500	192,225	(39,275)
Other	29,000	189,800	141,700	(48,100)
Total Revenues	2,445,911	3,223,212	3,146,311	(76,901)
Expenditures				
General government				
Fire administration	2,170,586	2,656,851	2,669,063	(12,212)
Fire fighting	81,000	243,000	268,580	(25,580)
Fire prevention	—	—	406	(406)
Fire training	43,000	50,000	50,609	(609)
Fire communications	32,500	20,000	19,774	226
Medical services	79,950	76,750	84,762	(8,012)
Station and grounds	115,000	103,500	97,493	6,007
Capital outlay	17,500	8,000	164,473	(156,473)
Debt service - principal	174,456	269,987	224,693	45,294
Debt service - interest	139,443	139,443	137,153	2,290
Contingency and capital reserves	48,897	8,897	—	8,897
Total Expenditures	2,902,332	3,576,428	3,717,006	(140,578)
Excess (Deficiency) Of Revenues				
Over (Under) Expenditures	(456,421)	(353,216)	(570,695)	(217,479)
Other Financing Sources				
Proceeds from sale of capital assets	—	—	45,000	45,000
Total Other Financing Sources	—	—	45,000	45,000
Excess (Deficiency) Of Revenues And Other Financing Sources Over (Under) Expenditures				
	\$ (456,421)	\$ (353,216)	(525,695)	\$ (172,479)
Fund Balance - Beginning Of Year			<u>1,425,936</u>	
Fund Balance - End Of Year			<u><u>\$ 900,241</u></u>	

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, 2012**

Schedule Of Funding Progress

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.

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

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%

N/A = Information not available.

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, 2011.

** There were not 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, 2012

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, with the following exceptions:

The General Fund recognizes an expenditure for the Contingency Reserve in its budget basis expenditure. GAAP treats this as a reserve of fund balance.

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, 2012, the District's expenditures in the General Fund and Pension Trust Fund exceeded appropriations by \$140,578 and \$5,260, 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, 2012**

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original	Final		
Revenues				
Property taxes	\$ 389,200	\$ 389,200	\$ 394,588	\$ 5,388
Specific ownership tax	10,000	20,000	25,679	5,679
Earnings on investments	2,000	750	733	(17)
Other	—	—	65	65
Total Revenues	401,200	409,950	421,065	11,115
Expenditures				
General government				
Fire administration	12,476	12,776	12,245	531
Capital outlay	9,000	269,938	—	269,938
Debt service - principal	220,000	200,000	275,793	(75,793)
Debt service - interest	195,658	195,658	188,649	7,009
Total Expenditures	437,134	678,372	476,687	201,685
Excess (Deficiency) Of Revenues Over (Under) Expenditures	\$ (35,934)	\$ (268,422)	(55,622)	\$ 212,800
Fund Balance - Beginning Of Year			347,457	
Fund Balance - End Of Year			\$ 291,835	

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, 2012

	Original And Final Budget	Actual	Variance With Final Budget Over (Under)
Additions			
Contributions	\$ 35,600	\$ 10,000	\$ (25,600)
Investment income			
Interest	3,279	1,530	(1,749)
Total Additions	38,879	11,530	(27,349)
Deductions			
Benefits	2,400	2,400	—
Administrative expenses	240	5,500	(5,260)
Total Deductions	2,640	7,900	(5,260)
Net Increase In Plan Net Position	\$ 36,239	3,630	\$ (32,609)
Net Position Held In Trust For Pension Benefits			
Beginning Of Year		<u>351,295</u>	
End Of Year		<u>\$ 354,925</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.

	<u>PAGE(S)</u>
Net Position By Component	53
Changes In Net Position	54
Fund Balances Of Governmental Funds	55
Governmental Funds Changes In Fund Balances	56

REVENUE CAPACITY

These schedules contain information to help the reader assess the District's most significant sources of revenue.

Assessed Value And Actual Value Of Taxable Property	57
Direct And Overlapping Property Tax Rates	58
Principal Property Tax Payers	59
General Fund Property Tax Levies And Collections	60

DEBT CAPACITY

These schedules contain information to help the reader assess the affordability of the District's current level of debt and the District's ability to issue debt in the future.

Ratios Of Outstanding Debt By Type	61
Ratios Of General Bonded Debt Outstanding And Legal Debt Margin	62
Direct And Overlapping Governmental Activities Debt	63

DEMOGRAPHIC AND ECONOMIC INFORMATION

These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.

Demographic And Economic Statistics	64
Principal Employers, La Plata County	65
Full-Time Equivalent Employees	66

OPERATING INFORMATION

This schedule contains information regarding the number of employees in various job categories and types of assets by function/department.

Capital Asset Statistics	67
Operational Indicators By Function	68
Calls By District	69

UPPER PINE RIVER FIRE PROTECTION DISTRICT

NET POSITION BY COMPONENT Last Seven Fiscal Years (Unaudited)

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</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
Restricted	—	—	68,810	70,239	75,239	427,696	385,819
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>900,890</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>\$ 3,175,749</u>
Change	588,631 20.80%	710,201 20.77%	5,126 0.12%	-52,722 -1.28%	466,930 11.44%	-785,685 -17.27%	-586,691 -15.59%

UPPER PINE RIVER FIRE PROTECTION DISTRICT

CHANGES IN NET POSITION Last Seven Fiscal Years (Unaudited)

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</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
Interest on Long-term debt	236,922	255,726	352,540	330,872	355,871	343,375	320,044
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>
Program Revenues							
Governmental activities							
Charges for Services	218,066	170,140	274,301	178,850	131,270	200,762	156,467
Operating Grants and Contributions	189,995	239,378	189,814	265,204	319,515	644,766	1,073,933
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>
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>
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
Interest income	113,983	102,023	90,467	52,005	26,569	21,564	14,942
Other Income	94,857	371,313	51,963	80,431	274,252	10,119	141,765
Gain (Loss) on sale of capital assets	—	—	—	—	—	—	45,000
Transfer to Pension Fund	<u>(57,000)</u>	<u>(57,000)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
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>
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>

*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 Seven Fiscal Years (Unaudited)

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

*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 Seven Fiscal Years
(Unaudited)

	Fiscal Year						
	2006	2007	2008	2009	2010	2011	2012
REVENUE							
Property Taxes	\$ 2,219,686	\$ 2,736,710	\$ 2,711,901	\$ 2,804,435	\$ 3,152,862	\$ 1,974,398	\$ 2,047,052
Specific Ownership Taxes	—	—	—	—	—	116,221	133,217
Intergovernmental	108,844	294,233	177,046	62,204	223,353	414,693	881,708
Grants	160,500	212,378	12,768	500	96,162	230,073	192,225
Charges for Services	218,066	170,140	274,301	178,850	131,270	200,762	156,467
Investment Earnings	109,946	97,986	90,467	52,005	26,569	21,564	14,942
Miscellaneous	16,543	103,958	51,963	80,431	274,252	10,119	141,765
Total Revenues	\$ 2,833,585	\$ 3,615,405	\$ 3,318,446	\$ 3,178,425	\$ 3,904,468	\$ 2,967,830	\$ 3,567,376
% change from prior year	12.64%	27.59%	-8.21%	-4.22%	22.84%	-23.99%	20.20%
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
Capital Outlay	1,120,412	1,317,881	2,393,425	1,018,019	205,677	153,051	164,473
Debt Service:							
Principal Retirement	354,651	406,068	1,143,765	2,074,222	379,028	387,942	500,486
Interest	239,072	239,101	335,664	314,155	337,481	341,614	325,802
Total Expenditures	\$ 3,214,013	\$ 4,157,644	\$ 6,194,889	\$ 5,746,625	\$ 3,433,532	\$ 3,559,183	\$ 4,193,693
% change from prior year	91.40%	29.36%	49.00%	-7.24%	-40.25%	3.66%	17.83%
Excess (Deficiency) of Revenues Over (Under) Expenditures	-380,428	-542,239	-2,876,443	-2,568,200	470,936	-591,353	-626,317
OTHER FINANCING SOURCES (USES)							
Proceeds from sale of capital assets	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 45,000
Debt Proceeds	227,503	763,014	2,349,645	2,641,011	—	55,000	—
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
Net Change in Fund Balances	\$ (209,925)	\$ 163,775	\$ (526,798)	\$ 72,811	\$ 470,936	\$ (536,353)	\$ (581,317)
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%

*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 Six 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 Actual Value	Total Estimated Actual Value
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
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
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
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
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
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

Source: La Plata County Treasurer's Office

*Information is provided from the time the District transitioned from a Volunteer to Paid staff (2006 not available)

UPPER PINE RIVER FIRE PROTECTION DISTRICT

DIRECT AND OVERLAPPING PROPERTY TAX RATES

Last Four Fiscal Years
(Unaudited)

Fiscal Year	Operating Millage	Debt Service Millage	Bayfield Town Millage	Bayfield School Bond Millage	Bayfield School Millage	Forest Lakes Metro Millage	La Plata/Archuleta Water Millage	La Plata County General Millage
2009	4.950	1.182	5.950	5.269	10.545	35.524	0.000	7.563
2010	4.950	1.182	5.950	5.269	11.776	35.524	5.000	7.410
2011	4.950	1.182	5.950	5.269	11.599	35.524	5.000	7.410
2012	4.950	1.182	5.950	5.269	15.950	35.524	5.000	7.410

Fiscal Year	La Plata County Human Services Millage	La Plata County R&B Millage	La Plata County Conservance Millage	Pine River Cemetary Millage	Pine River Libaray Millage	Southwestern Water Conservation Millage	Total Direct 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

Source: La Plata County Assessor's Office

*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 Six Years Ago (Unaudited)

2012				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	\$ 111,960,720	6.31%	1	\$ 234,088,230	14.97%
2	Samson Resources Company	12,541,380	0.71%	3	8,995,900	0.58%
3	XTO Energy Company	8,555,860	0.48%	2	29,663,300	1.90%
4	La Plata Electric Assn Inc	3,860,420	0.22%	5	1,969,120	0.13%
5	Gosney and Sons Inc	2,281,310	0.13%	4	2,167,430	0.14%
6	Sower Properties LLC	1,341,900	0.08%	8	983,880	0.06%
7	Williams Four Corners LLC	1,272,890	0.07%			
8	Qwest Corporation	1,140,400	0.06%	7	1,098,630	0.07%
9	Tri-State Gen & Transm Assoc	1,126,260	0.06%			
10	Public Service CO of Colorado	932,380	0.05%			
	Bayfield Center Development LLC			6	1,125,230	0.07%
	Red Creek LLC			9	678,860	0.04%
	Mountain States Constructors INC			10	675,130	0.04%
		\$ 145,013,520	8.17%		\$ 281,445,710	18.00%

Source: La Plata County Treasurer's Office

*Information is provided from the time the District transitioned from a Volunteer to Paid staff (2006 not available)

UPPER PINE RIVER FIRE PROTECTION DISTRICT
GENERAL FUND PROPERTY TAX LEVIES AND COLLECTIONS
Last Seven 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%

*Information is provided from the time the District transitioned from a Volunteer to Paid staff

UPPER PINE RIVER FIRE PROTECTION DISTRICT

RATIOS OF OUTSTANDING DEBT BY TYPE Last Seven 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	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

(1) Source: Estimate from US Census

*Information is provided from the time the District transitioned from a Volunteer to Paid staff

UPPER PINE RIVER FIRE PROTECTION DISTRICT

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

	Fiscal Year						
	2012	2011	2010	2009	2008	2007	2006
General Bonded Debt Outstanding							
General Obligation Bonds	\$ 3,741,089	\$ 3,975,126	\$ 4,199,163	\$ 4,413,200	\$ 4,622,237	\$ 4,821,274	\$ 5,015,312
Total	3,741,089	3,975,126	4,199,163	4,413,200	4,622,237	4,821,274	5,015,312
Total Taxable Value	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%	2%
Per Capita Population	249 15,000	273 14,537	292 14,374	306 14,410	326 14,177	347 13,907	367 13,674
Legal Debt Limit - 50% of total assessed value (1)	164,361,210	157,693,580	241,038,550	207,350,580	208,410,030	205,884,580	156,384,375
Total Net Debt Applicable to Debt Limit	3,741,089	3,975,126	4,199,163	4,413,200	4,622,237	4,821,274	5,015,312
Legal Debt Margin	\$ 160,620,121	\$ 153,718,454	\$ 236,839,387	\$ 202,937,380	\$ 203,787,793	\$ 201,063,306	\$ 151,369,063
Legal Debt Margin as a Percentage of the Debt Limit	2%	3%	2%	2%	2%	2%	3%

*Information is provided from the time the District transitioned from a Volunteer to Paid staff

(1) Colorado Revised Statutes

UPPER PINE RIVER FIRE PROTECTION DISTRICT
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
December 31, 2012
(Unaudited)

<u>Jurisdiction</u>	<u>Net Debt Outstanding (1)</u>	<u>Percentage Applicable to Government</u>	<u>Amount Applicable to Government</u>
Direct:			
Upper Pine River Fire Protection District	\$ 6,310,067	100.00%	\$ 4,538,299
Overlapping:			
Bayfield School District Re. J 10 (1)	8,765,978	93.50%	8,196,439
Total	<u>\$ 15,076,045</u>		<u>\$ 12,734,738</u>

(1) Source: Bayfield Re.J 10 2012 audited financial statements and La Plata County abstract of assessment

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

UPPER PINE RIVER FIRE PROTECTION DISTRICT

DEMOGRAPHIC AND ECONOMIC STATISTICS Last Seven Years (Unaudited)

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Population	48,834	49,668	50,633	51,464	51,334	51,917	53,520
Births	564	597	606	593	589	543	536
Deaths	302	280	277	275	270	246	332
Housing units	24,583	25,160	25,719	25,813	25,908	26,130	26,284
Households	19,423	19,758	20,154	20,488	21,141	21,358	21,100
Average household size	2.51	2.51	2.51	2.51	2.43	2.43	2.54
Registered voters	37,124	33,761	37,715	37,185	37,565	38,590	41,516
Employment	29,665	30,356	30,464	29,476	28,344	27,931	28,250
Unemployment	1,029	883	1,132	1,881	2,180	2,116	2,290
Unemployment rate	2.80%	2.90%	4.10%	6.70%	6.90%	6.60%	7.50%
Total personal income (thousands)	\$ 1,833,663	\$ 1,998,215	\$ 2,264,557	\$ 2,082,599	\$ 2,178,381	\$ 2,255,966	Unavailable
Per capita personal income	\$ 37,750	\$ 40,496	\$ 45,029	\$ 40,751	\$ 42,346	\$ 43,453	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.

UPPER PINE RIVER FIRE PROTECTION DISTRICT

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

Employer	2012			2006		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	2006 Percentage of Total County Employment
Southern Ute Indian Tribe	1,500	1	5.3%	791	1	2.7%
Mercy Medical Center	726	2	2.6%	704	3	2.4%
Mercury Payment Systems	637	3	2.3%			
Durango School District 9-R	544	4	1.9%	787	2	2.7%
Fort Lewis College	535	5	1.9%	636	4	2.1%
City of Durango	430	6	1.5%	440	5	1.5%
La Plata County	412	7	1.5%	375	7	1.3%
Durango Mountain Resort	400	8	1.4%	405	6	1.4%
Wal Mart Stores, Inc.	320	9	1.1%	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>5,730</u>		<u>20.3%</u>	<u>4,967</u>		<u>17.5%</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 Seven 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>
Fire and EMS							
Firefighters and officers	10	14	19	24	26	26	26
Administrative staff	1	2	2	2	2	2	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>
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>

*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 Seven 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>
<i>Fire and EMS</i>							
Fire stations							
Staffed stations	2	2	2	2	2	3	3
Volunteer	6	6	6	6	6	5	5
Administrative building	1	1	1	1	1	1	1
Fleet							
Engines	8	8	8	10	10	10	10
Tankers	7	7	7	7	7	7	7
75' aerials	1	1	1	1	1	1	1
Ambulances	2	2	2	4	5	5	5
Brush trucks	3	5	6	6	6	6	6
Rescue trucks	2	2	2	3	2	2	2
Other	6	7	7	7	8	9	10

*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 - 2012
(Unaudited)

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

*Information is provided from the time the District transitioned from a Volunteer to Paid staff

UPPER PINE RIVER FIRE PROTECTION DISTRICT

CALLS BY DISTRICT

2012

(Unaudited)

<u>2012 Calls by District</u>	<u>EMS</u>	<u>False Alarm</u>	<u>Fire</u>	<u>Hazardous Cond.</u>	<u>Public Service</u>	<u>Total</u>
1	258	10	26	13	36	343
2	18	3	6	0	7	34
3	15	3	6	3	13	40
4	17	3	9	4	17	50
5	29	4	17	2	24	76
6	11	0	4	2	8	25
7	29	0	5	4	14	52
8	4	2	5	0	4	15
Out	6	0	13	0	29	48
Total	387	25	91	28	152	683