

Durango Fire Protection District

Durango - Colorado

Comprehensive Annual Financial Report

For the year ending December 31, 2017



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Prepared by the Management of the
Durango Fire Protection District



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Office of the State Auditor

July 11, 2018

**DURANGO FIRE PROTECTION DISTRICT
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 For the Year Ended December 31, 2017**

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INTRODUCTORY SECTION



June 30, 2017

To the Durango Fire Protection District Board of Directors, City Council of Durango and Community.

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 Durango Fire Protection District for the fiscal year ended December 31, 2017.

This report consists of management's representations concerning the finances of the Durango Fire Protection 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 Durango 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. Any system of controls has inherent limitations and the cost of the controls should not exceed the benefits derived. The objective is to provide reasonable, rather than absolute assurance, that the financial statements are free of any material misstatements.

The Durango Fire Protection District's financial statements have been audited by Haynie and Company, a firm of licensed, certified public accountants who regularly audit governmental entities in Colorado. The goal of the independent audit is to provide reasonable assurance that the financial statements of the Durango Fire Protection District for the fiscal year ended December 31, 2017, 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 unmodified opinion and that Durango Fire Protection District's financial statements for the year ended December 31, 2017, 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 Durango Fire



Protection District's MD&A can be found immediately following the report of the independent auditors.

Profile of the Durango Fire Protection District

Durango Fire & Rescue Authority was formed in 2001 through an Intergovernmental Agreement ("IGA") between the City of Durango, Animas Fire Protection District, Hermosa Cliff Fire Protection District (the "Contracting Parties"), and included the absorption of the Mercy Hospital Paramedic Ambulance system.

In 2013, the Boards (Animas, Hermosa) and City Council that make up the Authority -- in the best interest of the community and the emergency service agency that serves them -- decided to create a single fire protection district and a 15 year voter approved contract with the City of Durango. This concept to vastly improve the efficiencies of scale in board leadership, conflicting goals, and financial redundancies was overwhelmingly approved by the voters of the Fire Districts and the City.

2014 was then the *first year that our emergency service became a single district, "Durango Fire Protection District"*, with a 15 year contract to provide emergency services to the municipality of Durango.

The Durango Fire Protection 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, and hazardous material response.

These services are provided to a fulltime population in excess of 40,000 people in 325 square miles of southwest Colorado. The Durango Fire Protection District is funded by a property tax, specific ownership taxes, contract fees for services, ambulance transport service fees, impact fees, wildland firefighting fees and miscellaneous revenue.

Durango Fire Protection District is governed by a seven member Board. The governing Board has fiduciary responsibilities, sets policy and works with the Chief in establishing goals. 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, and for managing its employees and members.

The annual budget and budget process serves as the foundation for the Durango 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 15th each year.

Appropriations for the budget are adopted on a total fund basis (General Fund and Capital Projects Fund). 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 General Fund in order to carry out the goals and objectives of the Board of Directors and the Durango Fire Protection 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 Durango Fire Protection District operates. The following is a recap of the economic factors impacting the Durango Fire Protection District and municipality.

Local Economy

General: The Durango geographic area is located in the southwestern part of Colorado in the County of La Plata. La Plata County has experienced considerable economic and population growth from the late 1980's to 2008. Like most of the United States, the years between 2009 and 2011 showed considerable financial declines and challenges over previously prosperous years.

Durango is also home to Fort Lewis College, a four year liberal arts college with a student body of approximately 3,800 and faculty and staff of 772. Fort Lewis College Department of Economics believes that Durango's present economy is primarily based on tourism, now generating approximately 26% of all activity in La Plata County.

City of Durango: In 2017, the City provided 33% of the total revenue. The City continues to be optimistic about the future as City sales tax collections for 2017 showed an increase of 3% over 2016. Real estate values continue to rapidly increase within the City and days on the market are minimal for those properties. Housing prices and loans remain a challenge for low to moderate income families.

Durango Fire Protection District: In 2017, 67% of total revenue was provided by the District. Property taxes accounted for 31% of total revenue and, 29% of the property tax base was from oil and gas production. The valuation on natural gas will be subject to market fluctuations of revenue.

History of Our Long-term Planning and Finances

Based on the clear success of the Authority from 2002 thru 2005, the Board of Directors developed a Service Plan in 2006 to create a stand-alone special district called the "Durango Fire Protection District", which would operate in place of the current Authority. The plan was placed on the ballot, voted upon and approved in November 2006.



The second question on the November 2006 ballot was whether to fund the District, which if funded would create single governance over emergency services with a mill rate on property. The funding question failed to pass. Without a funding source it was not possible for the Durango Fire Protection District to operate the Agency.

After failure to pass a single funding solution for the newly established Durango Fire Protection District, the Authority Board of Directors commissioned an Operational Analysis in 2007.

The current operational funding has struggled to cover more than operating costs as the Durango Fire Protection District does not receive any separate capital funding. This is unlike the years 2002 through 2006 when the Authority received \$750,000 annually of additional capital allocation funds from all of the Contracting Parties. All of the past Boards, Councils, Consultants, current Board of Directors, and the Chief believe that for the future sustainability of services the Durango Fire Protection District will need a long-term strategic approach to its operations and capital replacement program.

The three resulting tenants of the Operational Analysis were to have single governance for emergency services -- funded through a fair and equitable mill rate for both operations and capital -- and to develop a county wide impact fee to assist in offsetting capital needs.

In 2011, the Durango Fire Protection District put together a Citizens Review Panel. After a thorough five month process the Board unanimously supported going back to the electorate to approve a single mill levy for the District; and with that approval, the support to dissolve all the other Boards. This mill levy election, once again failed at the polls by a margin of 57% to 43%.

The second failure of this legal consolidation effort was analyzed by the Board of Directors, Chief and Legal Counsel. They spent the later portion of 2012 working to craft a resolution that would be rolled out to the community in 2013. The clear goal was to restore the employee, operational and capital health of the department, while providing quality service and safety to our members.

After much effort on behalf of all the Boards, City Council, membership, staff and community, Durango Fire Protection District became a reality as a single emergency agency on January 1, 2014.

In November of 2017, the electorate of the Durango Fire Protection District as well as the citizens of the City of Durango overwhelmingly voted to increase the mill rate for fire protection by 2.5 mills. The mill rate for the property owners in the District increased from 5.7 mills to 8.2 mills.

In 2017, properties were reassessed and a rise in values in residential property was realized, however; this increase was significantly offset by an expected decline in the value of oil and gas due to a decline in gas prices plus the effects of the Gallagher Amendment which caused a



decrease in the assessment rate for residential property from 7.96 to 7.20. Based on current estimates there may be another reduction in the residential assessment rate in 2019 from 7.20 down to 6.10 which would mean a loss in revenue for the Durango Fire Protection District of approximately \$550,000.

Awards and Acknowledgements:

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Durango Fire & Rescue Authority for its comprehensive annual financial report for the fiscal years ended December 31, 2002 – 2006 then in 2010 – 2015. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Durango Fire Protection District for its comprehensive annual financial report for the fiscal years ended December 31, 2016. 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.

A Certificate of Achievement is valid for a period of one year only. 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 Haynie & Company, the firm that serves as the Durango Fire Protection District's external auditors.

I would like to recognize the Durango Fire Protection District's Board of Directors for their unfailing leadership; its fiscal responsibility and dedication is the highest standards of professionalism and management for the District.

Respectfully submitted,

A handwritten signature in cursive script that reads 'Hal Doughty'.

Hal Doughty
Chief
Durango Fire Rescue



Government Finance Officers Association

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

Presented to

**Durango Fire Protection District
Colorado**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2016

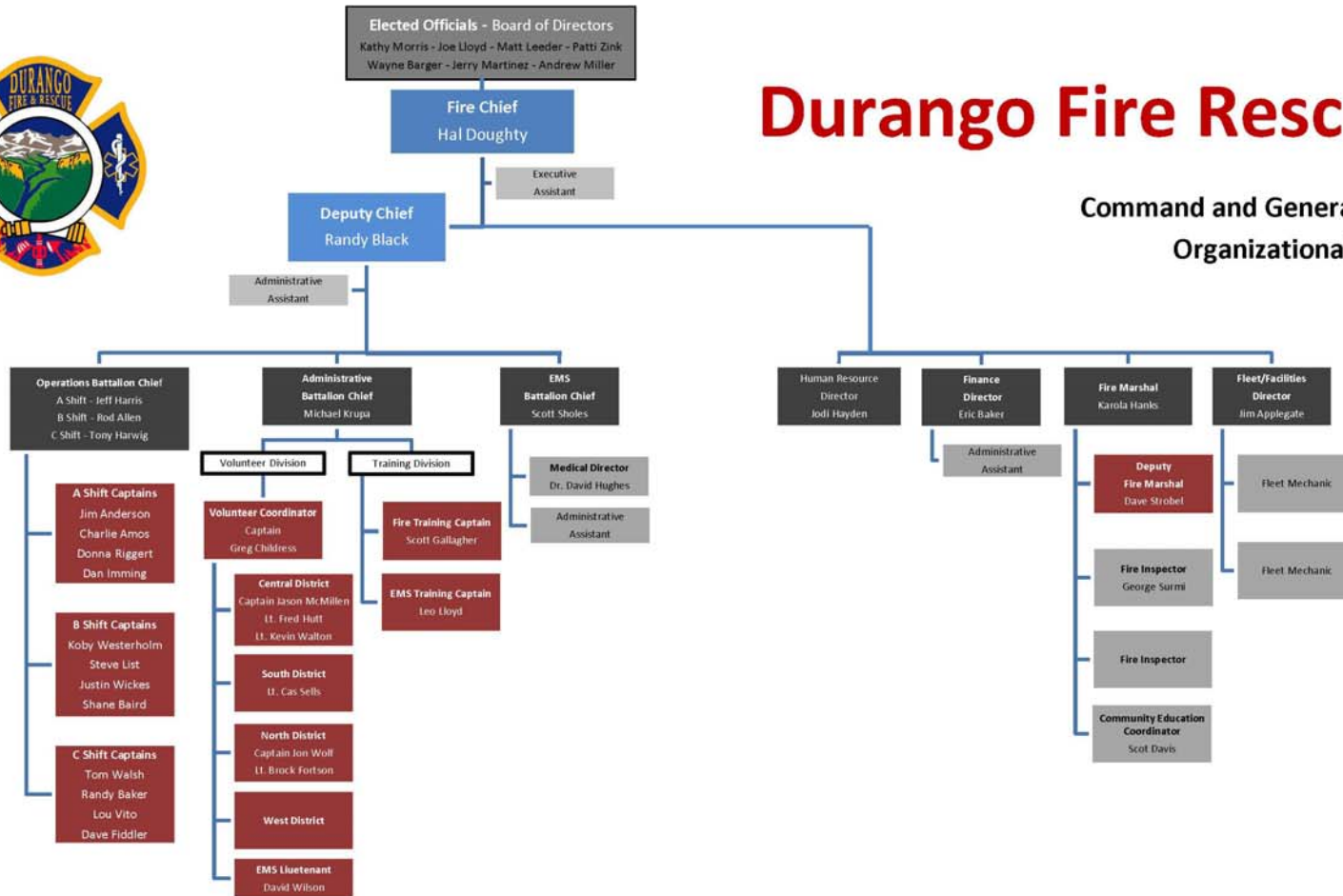
Christopher P. Morill

Executive Director/CEO



Durango Fire Rescue

Command and General Staff Organizational Chart



DURANGO FIRE PROTECTION DISTRICT 2017 ELECTED OFFICIALS

DURANGO FIRE PROTECTION DISTRICT BOARD

Kathy Morris, Chairperson

Wayne Barger

Matt Leeder

Joe Lloyd

Jerry Martinez

Andrew Miller

Patti Zink

DURANGO FIRE PROTECTION PENSION BOARD

Kathy Morris, Chairperson

Don Baker

Wayne Barger

Fred Hutt

Matt Leeder

Joe Lloyd

Jerry Martinez

Andrew Miller

Patti Zink

OUR CONTRACTING PARTNER 2017 ELECTED OFFICIALS

CITY OF DURANGO

Sweetie Marbury , Mayor

Chris Bettin

Dean Brookie

Dick White

Melissa Youssef

FINANCIAL SECTION

DURANGO FIRE PROTECTION DISTRICT
Management Discussion and Analysis
Year Ended December 31, 2017



**Haynie &
Company**

Certified Public Accountants (a professional corporation)
1221 West Mineral Ave, Ste. 202 Littleton, Colorado 80120-4544 (303) 734-4800 Fax (303) 795-3356

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Durango Fire Protection District
Durango, Colorado

We have audited the accompanying financial statements of the governmental activities and each major fund of Durango Fire Protection District as of and for the year ended December 31, 2017 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.

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Durango Fire Protection District as of December 31, 2017, and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.



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DURANGO FIRE PROTECTION DISTRICT
Management Discussion and Analysis
Year Ended December 31, 2017

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Durango Fire Protection District's financial statements as a whole. The other supplementary information, introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the financial statements. The other supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information as listed in the table of contents is fairly stated, in all material respects, in relation to the 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.



Littleton, Colorado
June 28, 2018

DURANGO FIRE PROTECTION DISTRICT
Management Discussion and Analysis
Year Ended December 31, 2017

As the financial management of the Durango Fire Protection District (the "District"), we offer readers of these financial statements this narrative overview and analysis of the financial activities of the District for the year ended December 31, 2017. This discussion and analysis is designed to assist the reader in focusing on the significant accomplishments, financial issues and activities, and to identify any significant changes in financial position. We encourage readers to consider the information presented here in conjunction with the financial statements as a whole.

Financial Highlights

- The assets of the District exceeded its liabilities and deferred inflows of resources at the close of its fiscal year ended December 31, 2017 by \$13,315,168 (net position). Of this amount \$6,632,838 is unrestricted and may be used to meet the District's ongoing obligations to citizens and creditors in accordance with the District's fiscal policies as more fully described below.
- Total revenues for the year ended December 31, 2017 were \$10,625,109 compared to total revenue of \$10,140,105 in 2016.
- The Fund Balance increased by a total of \$374,174 during 2017 and was \$9,576,761 as of December 31, 2017.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to DFPD's basic financial statements, which are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

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 and emergency services for the Durango Fire Protection District and under contract for the City of Durango.

The statement of net position presents information on all of the District's assets, liabilities, and deferred inflows/outflows with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the District'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.

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

Fund financial statements: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District currently has two funds, the General Fund which is a governmental fund and the Capital Projects Fund which is also a governmental fund.

DURANGO FIRE PROTECTION DISTRICT
Management Discussion and Analysis
Year Ended December 31, 2017

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for 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 Fund and its Capital Projects Fund. A budgetary comparison statement has been provided for these funds to demonstrate compliance with these budgets.

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

Fiduciary Funds: Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The Mark Carroll Pension Fund is not reflected in the government-wide financial statements because the resources of the fiduciary fund are not available to support the District's own programs.

Notes to the Financial Statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 27 through 49 of this report.

Other information: Also, this report presents certain information pertaining to the District's budget for demonstrating legal compliance with budgetary control obligations. This budgetary information can be found on pages 25 and 52 of this report.

Financial Analysis

Statement of net position: Net position, the excess of assets over liabilities, may serve, over time, as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$13,315,168 at the close of the most recent fiscal year. The overall net position decreased by \$1,304,271 (8.9%). Net investment in capital assets decreased from \$6,843,474 at December 31, 2016 to \$6,266,151 at December 31, 2017. Unrestricted net position decreased from \$7,437,295 at December 31, 2016 to \$6,632,838 at December 31, 2017. Restricted net position increased from \$338,671 at December 31, 2016 to \$416,179 at December 31, 2017. The restricted net position, \$416,179 is restricted for emergency reserves.

A large portion of the District's net position is its investment in capital assets. These assets include apparatus, vehicles, leasehold improvements, buildings, land and equipment. The District used these capital assets to provide service and consequently, these assets are not available to liquidate liabilities or for other spending. The debt incurred by the Animas Fire Protection District and Hermosa Cliff Fire Protection District associated with the purchase of the assets transferred by these entities has been

DURANGO FIRE PROTECTION DISTRICT
Management Discussion and Analysis
Year Ended December 31, 2017

retired. Real property associated with providing fire and emergency medical services owned by the Animas and Hermosa was also transferred to the District.

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

	<u>2017</u>	<u>2016</u>
Current assets	\$ 14,569,457	\$ 12,827,115
Capital assets	6,266,151	6,843,474
Net pension assets	<u>-</u>	<u>12,376</u>
Total assets	20,835,608	19,682,965
 Deferred outflows of resources	 2,152,570	 1,934,706
Total assets and deferred outflow of resources	22,988,178	21,617,671
 Current liabilities	 728,759	 680,940
Noncurrent liabilities	<u>4,366,604</u>	<u>3,022,093</u>
Total liabilities	5,095,363	3,703,033
 Deferred inflow of resources	 4,577,647	 3,295,198
 Net position		
Investment in capital assets	6,266,151	6,843,474
Restricted	416,179	338,671
Unrestricted	<u>6,632,838</u>	<u>7,437,295</u>
Total net position	<u>\$ 13,315,168</u>	<u>\$ 14,619,440</u>

Statement of activities: The statement of activities reflects the cost of operation and the charges for services and receipt of grants offsetting those services. The statement of activities for 2017 shows expenses of \$11,929,380 with a net expense (after charges for services and grants) of \$8,317,717. Total general revenues were \$7,013,446, leaving a change in net position of (\$1,304,271).

Statement of revenues, expenditures, and changes in fund balance: In fiscal year 2017, the District had an excess of revenues over expenditures of \$4,216 before other financing sources and uses compared to an excess of \$494,484 in 2016.

In 2017 Wildland fire fees were \$1,099,571 compared to \$620,579 in 2016. This revenue is from a cooperative agreement between the District and the State of Colorado where the District provides personnel and equipment to assist on national wildland fire incidents. The District receives reimbursement for the cost of the personnel including benefits and other expenses incurred plus a small amount toward overhead of around 5%. In addition the District receives a daily fee for the use of equipment.

Impact fees collected for 2017 were \$146,262 up from \$124,035 in 2016. Impact fees are collected as a result of development agreements with four subdivisions within the District's service area – Three Springs

DURANGO FIRE PROTECTION DISTRICT
Management Discussion and Analysis
Year Ended December 31, 2017

and Twin Buttes both of which are located within the City of Durango, and Durango Mountain Resort and Edgemont Highlands which are both located within the Durango Fire Protection District.

Capital Assets and Long-term Debt

Capital Assets. The District's net investment in capital assets as of December 31, 2017 is \$6,226,151. This is a decrease of \$577,323 (8.4%) from December 31, 2016. The decrease is due to depreciation expense and deletions exceeding capital additions. Major capital asset events during the current fiscal year included the following:

- (1) 2018 Ford 350 4X4 Pickup with Boss snowplow
- (1) 2018 Dodge 4500 Life Line Ambulance with Power Pro cot and Life Pak monitor
- (1) Inforcer – Forcible entry simulator
- Sale of land owned jointly with Upper Pine Fire Protection District

Additional information on the District's capital assets can be found in Note 4 on page 32 of this report.

Long Term Debt. As of December 31, 2017 and 2016 the District had no long term debt.

Budget Analysis

Actual revenues exceeded budgeted revenues by \$290,741 and actual expenditures were \$150,856 below budgeted which gave the District a positive variance of \$441,597 for the General Fund. For the Capital Projects Fund actual revenues were below budgeted revenues by \$4,534,283 and actual expenditures were below budgeted expenditures by \$4,680,500 which gave the District a positive variance of \$146,217. The District had planned to issue Certificates of Participation to finance construction on a new downtown fire station, however; negotiations with the City regarding the location of the new station stalled without an agreement on a new location and no construction took place. The District plans to work on remodeling and expanding Station 3 during 2018 with hopes to work on a new downtown station during 2019.

Requests for Information

This financial report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the Fire Chief and the Finance Director, Durango Fire Protection District, 142 Sheppard Drive, Durango, CO 81303.

DURANGO FIRE PROTECTION DISTRICT
Basic Financial Statements
Year Ended December 31, 2017

**DURANGO FIRE PROTECTION DISTRICT
STATEMENT OF NET POSITION
December 31, 2017**

	Governmental Activities
Current Assets	
Cash	\$ 961,938
Investments - ColoTrust	6,978,556
Investments - CDs	998,852
Receivables:	
Due from County Treasurer	29,703
Property taxes receivable	4,545,559
Ambulance receivables, net	708,098
Intergovernmental receivables	308,764
Other receivables	37,987
Total current assets	14,569,457
Noncurrent Assets	
Capital Assets	
Construction in progress	43,312
Land	1,226,106
Vehicles	9,817,959
Equipment	3,198,363
Building	5,056,503
Accumulated depreciation	(13,076,092)
Capital assets, net	6,266,151
Net pension assets	-
Total noncurrent assets	6,266,151
Total assets	20,835,608
Deferred Outflows of Resources	
Deferred outflows related to pension	2,152,570
Total deferred outflows of resources	2,152,570
Total assets and deferred outflows of resources	\$ 22,988,178
Current Liabilities	
Accounts payable	\$ 91,409
Accrued payroll	256,815
Accrued compensated balances	281,622
Incurred but unreported claims	92,955
Other liabilities	5,958
Total current liabilities	728,759
Noncurrent Liabilities	
Net pension liability	4,084,982
Accrued compensated balances	281,622
Total noncurrent liabilities	4,366,604
Total liabilities	5,095,363
Deferred Inflows of Resources	
Deferred property tax revenue	4,545,559
Deferred inflows related to pension	32,088
Total deferred inflows of resources	4,577,647
Net Position	
Investment in capital assets	6,266,151
Restricted for:	
TABOR Amendment	416,179
Unrestricted	6,632,838
Total net position	13,315,168
Total Liabilities Deferred outflows of resources and Net Position	\$ 22,988,178

DURANGO FIRE PROTECTION DISTRICT
Basic Financial Statements
Year Ended December 31, 2017

**DURANGO FIRE PROTECTION DISTRICT
GOVERNMENTAL FUNDS BALANCE SHEET
December 31, 2017**

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
Assets			
Cash and cash equivalents	\$ 961,938	\$ -	\$ 961,938
Investments - ColoTrust	1,607,339	5,371,217	\$ 6,978,556
Investments - CDs	998,852	-	\$ 998,852
Receivables:			
Due from County Treasurer	29,703	-	\$ 29,703
Property taxes receivable	4,545,559	-	\$ 4,545,559
Ambulance receivables, net	708,098	-	\$ 708,098
Intergovernmental receivables	308,764	-	\$ 308,764
Other receivables	<u>37,987</u>	<u>-</u>	<u>\$ 37,987</u>
Total assets	<u>\$ 9,198,240</u>	<u>\$ 5,371,217</u>	<u>\$ 14,569,457</u>
Liabilities			
Accounts payable	\$ 91,409	\$ -	\$ 91,409
Accrued payroll	256,815	-	\$ 256,815
Incurred but unreported claims	92,955	-	\$ 92,955
Other liabilities *	<u>5,958</u>	<u>-</u>	<u>\$ 5,958</u>
Total liabilities	<u>447,137</u>	<u>-</u>	<u>447,137</u>
Deferred Inflows of Resources			
Deferred property tax revenue	<u>4,545,559</u>	<u>-</u>	<u>\$ 4,545,559</u>
Total deferred inflow of resources	<u>4,545,559</u>	<u>-</u>	<u>4,545,559</u>
Fund Equity			
Restricted for:			
Emergency reserves	416,179	-	\$ 416,179
Committed for:			
Capital projects	200,000	5,371,217	\$ 5,571,217
Unassigned	<u>3,589,365</u>	<u>-</u>	<u>\$ 3,589,365</u>
Total fund equity	<u>4,205,544</u>	<u>5,371,217</u>	<u>9,576,761</u>
Total Liabilities, Deferred Inflows of Resources and Fund Equity	<u>\$ 9,198,240</u>	<u>\$ 5,371,217</u>	<u>\$ 14,569,457</u>

See accompanying notes

DURANGO FIRE PROTECTION DISTRICT
 Basic Financial Statements
 Year Ended December 31, 2017

**DURANGO FIRE PROTECTION DISTRICT
 RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
 WITH THE GOVERNMENT-WIDE STATEMENT OF NET POSITION
 December 31, 2017**

Fund Balances - Total Governmental Funds \$ 9,576,761

Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the fund balance sheet. In the statement of net assets, the cost of these assets are capitalized and expensed over their useful lives through annual depreciation.

Governmental capital assets	19,342,243	
Less accumulated depreciation	<u>(13,076,092)</u>	6,266,151

Deferred outflows are not current assets or financial resources; and deferred inflows are not due and payable in the current period and therefore are not reported in the fund balance sheet.

Deferred outflows related to pension		2,152,570
Deferred inflows related to pension		(32,088)

Some liabilities, including net pension liability, net pension asset, and compensated absences are not due and payable in the current period and therefore are not reported in the fund balance sheet.

Net pension liability		(4,084,982)
Net pension asset		-
Compensated absences		(563,244)

Net position of governmental activities \$ 13,315,168

See accompanying notes.

DURANGO FIRE PROTECTION DISTRICT
Basic Financial Statements
Year Ended December 31, 2017

**DURANGO FIRE PROTECTION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
For the Year Ended December 31, 2017**

	General Fund	Capital Projects Fund	Total
Revenues			
Property taxes	\$ 3,167,088	\$ -	\$ 3,167,088
Specific ownership taxes	682,648	-	682,648
Contract with City of Durango	3,002,282	-	3,002,282
Other local taxes	55,861	-	55,861
Other revenues		-	-
Ambulance income, net	1,587,072		1,587,072
Fees for services	1,224,046	-	1,224,046
Impact Fees	146,262	-	146,262
Grants	137,938	-	137,938
City of Durango contribution for capital	272,052	-	272,052
Interest Income	58,339	1,259	59,598
Miscellaneous income	45,969	-	45,969
Total revenues	10,379,557	1,259	10,380,816
Expenditures			
General government			
Fire administration	1,465,202	-	1,465,202
Fire fighting	3,984,440	-	3,984,440
Fire prevention	460,514	-	460,514
Fire training	489,601	-	489,601
Fire communications	90,662	-	90,662
Fire repair services	439,859	-	439,859
Emergency medical services	2,834,004	-	2,834,004
Stations and buildings	159,594	-	159,594
Capital outlay	452,724	-	452,724
Contingency	-	-	-
Total Expenditures	10,376,600	-	10,376,600
Excess (deficiency) of revenues over (under) expenditures	2,957	1,259	4,216
Other financing sources and (uses)			
Transfers in (out)	(5,369,958)	5,369,958	-
Sale of assets	369,958	-	369,958
Total other financing sources and (uses)	(5,000,000)	5,369,958	369,958
Net Change in fund balance	(4,997,043)	5,371,217	374,174
Fund balance - Beginning of Year	9,202,587	-	9,202,587
Fund balance - End of Year	\$ 4,205,544	\$ 5,371,217	\$ 9,576,761

See accompanying notes.

DURANGO FIRE PROTECTION DISTRICT
 Basic Financial Statements
 Year Ended December 31, 2017

**DURANGO FIRE PROTECTION DISTRICT
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES
 December 31, 2017**

Net change in fund balance - total governmental funds \$ 374,174

Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Capital outlays and disposals, net	243,282
Depreciation expense	(820,604)

Governmental funds report current year contributions to pension plans as expenditures. In the statement of activities, the cost of contributions are reclassified to deferred outflows of resources and pension expense is reported.

Current year pension contributions	644,716
Pension expense	(1,703,096)

Compensated absences in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental fund.

Liability at December 31, 2017	(563,244)
Liability at December 31, 2016	<u>520,501</u>
Change in liability	(42,743)

Change in net position of governmental activities \$ (1,304,271)

See accompanying notes.

DURANGO FIRE PROTECTION DISTRICT
Basic Financial Statements
Year Ended December 31, 2017

**DURANGO FIRE PROTECTION DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended December 31, 2017**

	Budgeted Amounts		Actual	Variance With
	Original	Final		Final Budget Positive (Negative)
Revenues				
Property taxes	\$ 3,168,838	\$ 3,168,838	\$ 3,167,088	\$ (1,750)
Specific ownership taxes	580,000	580,000	682,648	102,648
Contract with City of Durango	3,002,282	3,002,282	3,002,282	-
Other local taxes	135,000	135,000	55,861	(79,139)
City of Durango capital contribution	272,052	272,052	272,052	-
Other revenues				-
Ambulance income	3,305,000	3,305,000	3,402,101	97,101
Fees for services	419,131	1,139,131	1,224,046	84,915
Impact fees	100,000	100,000	146,262	46,262
Grants	6,000	136,000	137,938	1,938
Interest	25,000	25,000	58,339	33,339
Miscellaneous income	45,500	410,500	415,927	5,427
Total revenues	<u>11,058,803</u>	<u>12,273,803</u>	<u>12,564,544</u>	<u>290,741</u>
Expenditures				
General government				
Fire administration	1,485,505	1,485,505	1,465,202	20,303
Fire fighting	3,412,801	3,712,801	3,984,440	(271,639)
Fire prevention	439,835	439,835	460,514	(20,679)
Fire training	497,619	497,619	489,601	8,018
Fire communications	101,100	101,100	90,662	10,438
Fire repair services	405,061	405,061	439,859	(34,798)
Emergency medical services	4,498,462	4,498,462	4,649,033	(150,571)
Stations and buildings	169,800	169,800	159,594	10,206
Capital outlay	207,260	522,260	452,724	69,536
Contingency	280,000	280,000	-	280,000
Transfer to capital projects fund	5,000,000	5,600,000	5,369,958	230,042
Total Expenditures	<u>16,497,443</u>	<u>17,712,443</u>	<u>17,561,587</u>	<u>150,856</u>
Excess of revenues over (under) expenditures	<u>(5,438,640)</u>	<u>(5,438,640)</u>	<u>(4,997,043)</u>	<u>441,597</u>
Net change in fund balance	<u>(5,438,640)</u>	<u>(5,438,640)</u>	<u>(4,997,043)</u>	<u>441,597</u>
Fund balance - Beginning of Year			9,202,587	
Fund balance - End of Year			<u>\$ 4,205,544</u>	

DURANGO FIRE PROTECTION DISTRICT
Notes to the Financial Statements
Year Ended December 31, 2017

Note 1 - Summary of significant accounting policies

Reporting Entity – The Durango Fire Protection District (DFPD) is a special district formed under the Special District Act (Title 32, article 1, C.R.S.) with the mission to provide fire protection, emergency medical services, rescue, hazardous material mitigation, prevention, public education and public service in the Durango region. DFPD's service area extends mainly along US Highway 550 from the New Mexico state line north into the southern portion of San Juan County and covers the City of Durango and surrounding areas.

Two thousand and fourteen was the first year of service for DFPD as these services were previously provided by the Durango Fire and Rescue Authority (DFRA). DFRA was established by an intergovernmental agreement between the City of Durango, the Animas Fire Protection District and the Hermosa Cliff Fire Protection District in 2002 with the goal of consolidating the fire and emergency services of the three entities. In addition to the fire protection services traditionally provided by these local governments, the authority assumed operation of an ambulance service that was previously part of Mercy Medical Center.

In 2006, with the success of DFRA providing consolidated operations and the goal of creating the most efficient and effective means of providing fire and emergency services; the founding members of the Authority asked the voters to establish a single fire protection district covering the service area of all three (Animas, Hermosa, and the City of Durango).

At an election held on November 7, 2006 the electors of the Authority members approved the formation of the DFPD and an establishing decree was entered by the District Court for La Plata County. Unfortunately, at the same elections the electors failed to approve a mill levy which would provide funding for the operation of the DFPD so fire and emergency services continued to be provided by Durango Fire and Rescue Authority.

In November of 2011 the voters again declined to approve an operating mill levy. The Authority Board Members continued to believe that the consolidation of fire and emergency operations was vastly more beneficial to their constituents than each entity providing services independently, so they spent time polling citizens, determining the main objections to funding DFPD, and developed a new plan for approval of funding.

Since the property owners in the City of Durango would be most negatively impacted by a mill levy for the DFPD, the City filed a Petition for Exclusion to exclude all property within the city from DFPD. This petition was granted by the Court. On November 5, 2013 the voters of the remaining unincorporated areas within the DFPD's boundaries approved an operating mill levy of 5.7 mills. At the same election the voters of the City of Durango approved a fifteen year agreement for DFPD to provide fire and emergency services to the City. Payment is to be made through the City's General Fund rather than by property taxes, and the contractual amount will be determined by multiplying the 5.7 mill levy applied in the unincorporated portion of the District by the assessed valuation of taxable property within the City and a pro-rata share of specific ownership taxes. The effect is that the City pays for fire and emergency services at the same level they would with a mill levy but without the property owners of the City being negatively impacted.

Based on an agreement between the Authority Members (Animas, Hermosa, and the City) and DFRA, outstanding indebtedness of AFD and HCFPD was paid, all assets including reserve fund balances were transferred to DFPD, and DFPD began operations on January 1, 2014. Personnel were moved to DFPD. Animas Fire Protection District, Hermosa Cliff Fire Protection District, and Durango Fire and Rescue Authority were dissolved.

A Board of Directors consisting of seven members elected at large governs the District and the authority over daily operations is delegated to a Fire Chief. The Fire Chief is responsible for carrying out the policies of the Board, overseeing daily operations of the District, and hiring the department heads and other staff members.

Identically to how DFRA operated, the District staffs four stations, 24 hours per day, seven days per week. Station One is located in Bodo Industrial Park, Station Two is located in central Durango, Station

DURANGO FIRE PROTECTION DISTRICT
Notes to the Financial Statements
Year Ended December 31, 2017

Three is located in north Durango on County Road 251, and Station Fifteen is located north of Durango and 4 miles south of the Durango Mountain Resort. Each of the staffed stations has a company that includes from two to seven career members: to include a Captain, Engineer, Firefighters and/or Paramedics. The District operates 13 stations staffed by volunteers; five of which are resident volunteer fire stations.

Government-wide and Fund Financial Statements – The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all activities of the District. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported in a single column.

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation – The District, prepares its government-wide financial statements using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Accordingly, the requirements of Statement of Governmental Accounting Standards No. 34, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments: Omnibus – an amendment of GASB Statements No. 21 and No. 34 and No. 38, Certain Financial Statement Note Disclosures have been implemented and incorporated in the District’s financial statement presentation.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current year or soon enough thereafter to pay liabilities of the current year. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current year. Taxes and intergovernmental revenues associated with the current year are considered to be susceptible to accrual and so have been recognized as revenues of the current year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

In the fund financial statements, the District reports the following major governmental funds:

General Fund – The District’s primary operating fund. It is currently used to account for the general financial activities of the District

Net Position/Fund Balance - In the government-wide and fund financial statements, net position and fund balance are restricted when constraints placed on the use of resources are externally imposed. The District has not established a formal policy for its use of restricted and unrestricted fund balance. However, when an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, the District considers restricted fund balances to have been spent first.

DURANGO FIRE PROTECTION DISTRICT
Notes to the Financial Statements
Year Ended December 31, 2017

Fund Equity - Fund balance for governmental funds should be reported in classifications that comprise a hierarchy based on the extent to which the government is bound to honor constraints on the specific purposes for which spending can occur. Governmental funds report up to five classifications of fund balance: nonspendable, restricted, committed, assigned, and unassigned. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications describe the relative strength of the spending constraints:

- *Nonspendable fund balance*- The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts or inventory) or legally or contractually required to be maintained intact
- *Restricted fund balance* - The portion of fund balance that is constrained to being used for a specific purpose by external parties (such as bondholders), constitutional provisions, or enabling legislation.
- *Committed fund balance*- The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the Board of Directors. The constraint may be removed or changed only through formal action of the Board of Directors.
- *Assigned fund balance* - The portion of fund balance that is constrained by the government's intent to be used for specific purposes, but is neither restricted nor committed. Intent is expressed by the Board of Directors to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.
- *Unassigned fund balance*- The residual portion of fund balance that does not meet any of the criteria described above.

If more than one classification of fund balance is available for use when an expenditure is incurred, it is the District's policy to use the most restrictive classification first.

Operating Revenues and Expenses – The Authority's operating revenues and expenses consist of revenues earned and expenses incurred in providing fire protection and emergency medical services. Major sources of operating revenues are property taxes, specific ownership taxes, fees from the District's contract with the City of Durango, and ambulance fees. Property taxes attach as an enforceable lien on property as of December 31 and are levied on January 1 of the following year. Taxes are payable either in two installments due on the last day of February and June 15, or in full on April 30. La Plata County and San Juan County, through their Treasurer's Offices, bill and collect property taxes for the District.

Capital Assets – Contributed Equipment – On December 31, 2013, Animas Fire Protection District, Durango Fire and Rescue Authority, and Hermosa Cliff Fire Protection District transferred all assets to the District. These assets have been valued at historical cost less accumulated depreciation at the date of transfer.

Capitalization Policy – Costs to acquire additional capital assets, which replace existing assets or otherwise prolong their useful lives, are capitalized for equipment, buildings and other related costs and furniture and equipment. The District utilizes a capitalization threshold of \$5,000.

Depreciation Policy – Depreciation of equipment, building improvements, and furniture and equipment is computed using the straight-line method over the estimated useful lives of the assets as follows:

Heavy vehicles	20 years
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DURANGO FIRE PROTECTION DISTRICT
Notes to the Financial Statements
Year Ended December 31, 2017

Medium vehicles	10 years
Light vehicles	7 years
Equipment	5-7 years
Building improvements	20 years

Accrued Compensated Absences – Accrued compensated absences includes accumulated vacation pay and vested sick leave.

Restricted Net Position – Restricted net position is comprised of emergency reserves required by state TABOR requirements.

Committed Net Position – Committed net position is comprised of impact fee payments received from developers and homebuilders that are restricted for capital purchases, capital contributions from the City of Durango which are restricted by contract for building a new downtown fire station, and funds the Board of Directors has committed for capital projects. Funds are committed either through contracts the Board enters on behalf of the District or by formal motions of the Board of Directors.

Deposits and Investments – The District's cash and cash equivalents are considered to be cash on hand, demand deposits, investments in COLOTRUST Plus+ (an external investment pool) and certificates of deposit.

Investments for the Authority are reported at fair value.

Budgets and Budgetary Accounting – The District follows the following procedures as required by Colorado State Statutes in establishing budgetary data:

The Chief directs the preparation of the proposed budget for the year commencing the following January 1 and submits the proposed budget to the District's Board of Directors in a timely manner. The operating budget includes proposed expenditures and the proposed means for paying for such expenditures.

On or before October 15 of each year the District submits a draft budget to the Board of Directors, setting forth anticipated expenses and revenues necessary to fund the District for the following calendar year. The District's proposed budget specifies the amount of funding, along with the method of calculation of fees, sought from the City of Durango to fund the District's operation.

A public hearing on the proposed budget must be held by the District prior to December 15th before final adoption of the budget is required.

Appropriations for the budget are adopted on a total fund basis (General Fund). The Board of Directors may make additional appropriations during the budget year for expenditures; however, appropriations may not be in excess of available revenues and beginning fund balance. The Board of Directors made one additional appropriations in 2016.

The budget is adopted on the modified accrual basis of accounting which is a non-US GAAP basis.

Appropriations lapse at the end of the year.

New Accounting Pronouncements

The GASB has issued Statement No. 82, "Pension Issues – an amendment of GASB Statements

DURANGO FIRE PROTECTION DISTRICT
Notes to the Financial Statements
Year Ended December 31, 2017

No. 67, No. 68, and No. 73”; No. 83, “Certain Asset Retirement Obligations”; No. 84, “Fiduciary Activities”; and No. 85, “Omnibus 2017”. These new Statements do not have a material effect on the District as of 2017.

Note 2 – Deposits and Investment

Deposits – The Colorado Public Deposit Protection Act, (“PDPA”) requires that all units of local government deposit cash in eligible public depositories. State regulators determine eligibility. Amounts deposited in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the 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 uninsured public deposits as a group. The market value of the collateral must be equal to 102% of the aggregate uninsured deposits.

Federal Deposit Insurance Corporation coverage for government accounts is \$250,000 per official custodian. At December 31, 2017, the District’s cash deposits had a book balance of \$961,938 and a corresponding bank balance of \$1,072,804. 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, \$250,000 was covered by federal depository insurance. The remainder of the bank balance, \$822,804, was collateralized with securities held by the pledging financial institution and covered by eligible collateral as determined by PDPA.

Investments – At December 31, 2017 the District had investments of \$5,679,598 in the Mark Carroll Pension Fund held by the Members Benefit Investment Fund of the Fire and Police Pension Association of Colorado, an external investment pool. At December 31, 2017 the District had investments in a Colotrust Plus+ pool of \$6,978,556 held by Colotrust of Colorado an external investment pool. The reported value of these pools is the same as the fair value of the pools shares. Credit risk and interest risk information is not available for the FPPA Members Benefit Investment Fund external investment pool. The Colotrust Plus+ is rated AAAM by Standard and Poor with an average maturity of 35 days.

The District’s investments reported on the financial statements are summarized as follows:

Investment	Less than 1 yr	1 - 5 years	Total	% Portfolio
Certificates of Deposit	\$ -	\$ 998,852.00	\$ 998,852.00	100%

Interest Rate Risk – In order to minimize the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, the District’s investment policy requires the investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity. The policy also emphasizes investing in shorter-term securities, money market mutual funds, or similar investment pools.

DURANGO FIRE PROTECTION DISTRICT
Notes to the Financial Statements
Year Ended December 31, 2017

Note 3 – Due From Governmental Agencies

Due from governmental agencies consists of the following:

	2017
State of Colorado EMS Grant	\$ 129,704
National Wildland Fires	73,169
City of Durango - 4th Qtr 2015 SOT Calculation	105,891
Totals	\$ 308,764

Note 4 – Capital Assets

Capital assets are summarized as follows:

	January 1, 2017	Additions	Retirements	December 31, 2017
Vehicles	\$ 9,565,657	\$ 282,441	\$ (30,139)	\$ 9,817,959
Equipment	3,139,107	59,256	-	3,198,363
Buildings and leasehold improvements	5,056,503	-	-	5,056,503
Land	1,351,771	-	(125,665)	1,226,106
	19,113,038	341,697	(155,804)	19,298,931
Accumulated depreciation				
Vehicles	(6,904,936)	(584,368)	30,139	(7,459,165)
Equipment	(2,828,731)	(93,850)	-	(2,922,581)
Buildings and leasehold improvements	(2,551,960)	(142,386)	-	(2,694,346)
	(12,285,627)	(820,604)	30,139	(13,076,092)
Total capital assets	\$ 6,827,411	\$ (478,907)	\$ (125,665)	\$ 6,222,839

The District utilizes a capitalization threshold of \$5,000. The District gained \$369,958 on sale of assets in 2017.

Note 5 – Pensions

Defined Benefit Plans -

Local Government Division Trust Fund - PERA

Plan Description: The Durango Fire Protection District contributes to the Local Government Division Trust Fund (“LGDTF”), a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees’ Retirement Association of Colorado (“PERA”). The LGDTF provides retirement and disability, post-retirement annual increases, and death benefits for members or their beneficiaries. All administrative employees and part-time firefighters and part-time paramedics of the District are members of the LGDTF. Title 24, Article 51 of the Colorado Revised Statutes (CRS), as amended, assigns the

DURANGO FIRE PROTECTION DISTRICT
Notes to the Financial Statements
Year Ended December 31, 2017

authority to establish benefit provisions to the State Legislature. PERA issues a publicly available annual financial report that includes financial statements and required supplementary information for the LGDTF. That report may be obtained online at www.copera.org or by writing to Colorado PERA, 1301 Pennsylvania Street, Denver, Colorado 80203 or by calling PERA at 303-832-9550 or 1-800-759-PERA (7372).

Basis of Accounting for the LGDTF: The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the LGDTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Funding Policy: The District is required to contribute member and employer' contributions at a rate set by statute. The contribution requirements of plan members and the District are established under Title 24, Article 51, Part 4 of the CRS, as amended. The statutory contribution rate for members is 8.0%. The District's contribution consists of 1) the statutory contribution rate of 10.00% of covered salary, 2) the Amortized Equalization Disbursement of 2.2% of covered salary, 3) the Supplemental Equalization Disbursement of 1.5% of covered salary, equal to a total annual contribution of 13.7% of covered salary. A portion of the District's contribution (1.02% of covered salary) is allocated for the Health Care Trust Fund (See Note 6). If the District rehired a PERA retiree as an employee or under any other work arrangement, it is required to report and pay employer contributions on the amounts paid for the retiree, however no member contributions are required. For the year ending December 31, 2017, the District's employer contributions to LGDTF were \$179,613, equal to the required contributions for the year. The LGDTF currently has a funded ratio of 73.6%.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions: At December 31, 2017, the District reported a liability of \$2,760,940 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At December 31, 2016, the District's proportion was approximately 0.20 percent.

For the year ended December 31, 2017, the District recognized pension expense of \$452,362. At December 31, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual results	5,633	-
Changes of assumptions	24,049	-
Net difference between projected and actual earnings	213,818	-
Current-year contributions	179,613	-
Total	423,113	-

The \$179,613 of deferred outflows of resources resulting from the District's contributions subsequent to the measurement date will be recognized as pension expense in the year ending December 31, 2018.

DURANGO FIRE PROTECTION DISTRICT
Notes to the Financial Statements
Year Ended December 31, 2017

Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year ending December 31,	
2017	\$ 325,063
2018	147,438
2019	92,910
2020	3,153

Actuarial Assumptions: The December 31, 2015 actuarial valuation used the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.80 percent
Real wage growth	1.10 percent
Wage inflation	3.90 percent
Salary increases	3.90 - 10.85 percent, including inflation
Investment rate of return	7.50 percent, net of Plan investment expense, including inflation
Discount rate	7.50 percent
Post-retirement benefit increases	2.00 percent

Based on the 2016 experience analysis and the October 28, 2016 actuarial assumptions workshop, revised economic and demographic assumptions were adopted by PERA's Board on November 18, 2016 and were effective as of December 31, 2016. These revised assumptions shown below were reflected in the roll-forward calculation of the total pension liability from December 31, 2015 to December 31, 2016:

Actuarial cost method	Entry age
Price inflation	2.40 percent
Real wage growth	1.10 percent
Wage inflation	3.50 percent
Salary increases	3.50 - 10.45 percent, including inflation
Investment rate of return	7.25 percent, net of Plan investment expense, including inflation
Discount rate	7.25 percent
Post-retirement benefit increases	2.00 percent

Mortality rates were based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on a projection of Scale AA to 2020 with males set back 1 year, and females set back 2 years. Active member mortality was based upon the same mortality rates but adjusted to 55 percent of the base rate for males and 40 percent of the base rate for females. For disabled retirees, the RP-2000 Disabled Mortality Table (set back 2 years for males and set back 2 years for females) was assumed.

The actuarial assumptions used in the December 31, 2015 valuation were based on the results of an actuarial experience study for the period January 1, 2008 through December 31, 2011, adopted by PERA's Board on November 13, 2012, and an economic assumption study, adopted by PERA's Board on November 15, 2013 and January 17, 2014.

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As a result of the 2016 experience analysis and the October 28, 2016 actuarial assumptions workshop, revised economic and demographic actuarial assumptions including withdrawal rates, retirement rates for early reduced and unreduced retirement, disability rates, administrative expense load, and pre- and post-retirement and disability mortality rates were adopted by PERA's Board on November 18, 2016 to more closely reflect PERA's actual experience. As the revised economic and demographic assumptions are effective as of the measurement date, December 31, 2016, these revised assumptions were reflected in the total pension liability roll-forward procedures.

Healthy mortality assumptions for active members reflect the RP-2014 White Collar Employee Mortality Table, a table specifically developed for actively working people. To allow for an appropriate margin of improved mortality prospectively, the mortality rates incorporate a 70 percent factor applied to males rates and a 55 percent factor applied to female rates.

Healthy, post-retirement mortality assumptions reflect the RP-2014 Healthy Annuitant Mortality Table, adjusted as follows:

- Males: Mortality improvement projected to 2018 using the MP-2015 projection scale, a 73 percent factor applied to rates for ages less than 80, a 108 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.
- Females: Mortality improvement projected to 2020 using the MP-2015 projections scale, a 78 percent factor applied to rates for ages less than 80, a 109 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

For disabled retirees, the mortality assumption was changed to reflect 90 percent of the RP-2014 Disabled Retiree Mortality Table.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four or five years by PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in presentations to PERA's Board on October 28, 2016. As a result of the October 28, 2016 actuarial assumptions workshop and the November 18, 2016 PERA Board meeting, the economic assumptions changed, effective December 31, 2016, as follows:

- Investment rate of return assumption decreased from 7.50 percent per year, compounded annually, net of investment expenses to 7.25 percent per year, compounded annually, net of investment expenses.
- Price inflations decreased from 2.80 percent per year to 2.40 percent per year.
- Real rate of investment return assumption increased from 4.70 percent per year, net of investment expenses, to 4.85 percent per year, net of investment expenses.
- Wage inflation assumption decreased from 3.90 percent per year to 3.50 percent per year.

Several factors were considered in evaluating the long-term rate of return assumption for the LGDTF, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

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As of the November 18, 2016 adoption of the current long-term expected rate of return by the PERA Board, the target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	10 Year Expected Geometric Real Rate of Return
US Equity - Large Cap	21.20%	4.30%
US Equity - Small Cap	7.42%	4.80%
Non US Equity - Developed	18.55%	5.20%
Non US Equity - Emerging	5.83%	5.40%
Core Fixed Income	19.32%	1.20%
High Yield	1.38%	4.30%
Non US Fixed Income - Developed	1.84%	0.60%
Emerging Market Debt	0.46%	3.90%
Core Real Estate	8.50%	4.90%
Opportunity Fund	6.00%	3.80%
Private Equity	8.50%	6.60%
Cash	1.00%	0.20%
Total	100.00%	

In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected rate of return assumption of 7.25 percent.

Discount Rate: The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate applied the actuarial method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

- Updated economic and demographic actuarial assumptions adopted by PERA's Board on November 18, 2016.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50%.
- Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date, including current and estimated future AED and SAED, until the Actuarial Value Funding Ratio reaches 103%, at which point, the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions included reductions for the funding of the AIR and retiree health care benefits. For

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future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.

- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial fiduciary net positions, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. As the ad hoc post-retirement benefit increases financed by the AIR are defined to have a present value at the long-term expected rate of return on plan investments equal to the amount transferred for their future payment, AIR transfers to the fiduciary net position and the subsequent AIR benefit payments have no impact on the Single Equivalent Interest Rate (SEIR) determination process when the timing of AIR cash flows is not a factor (i.e., the plan's fiduciary net position is not projected to be depleted). When AIR cash flow timing is a factor in the SEIR determination process (i.e., the plan's fiduciary net position is projected to be depleted), AIR transfers to the fiduciary net position and the subsequent AIR benefits payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the end of the month.

Based on the above assumptions and methods, the LGDTF's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25 percent

As of the prior measurement date, the long-term expected rate of return of 7.50 percent on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination did not use the municipal bond index rate, and therefore, the discount rate was 7.50 percent.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.25 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.25 percent) or 1 percentage point higher (8.25 percent) than the current rate:

	Discount rate		District's proportionate share of net pension liability
1 % decrease	6.25%	\$	4,070,880
Current discount rate	7.25%	\$	2,760,940
1% increase	8.25%	\$	1,676,167

FPPA Statewide Defined Benefit Plan

Plan Description. The District contributes to the FPPA Statewide Defined Benefit Plan ("Statewide Plan"), a cost sharing multiple-employer defined benefit plan administered by the Fire and Police Pension

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Association of Colorado (“FPPA”). The Statewide Plan provides retirement, annual increases, and death benefits for members or their beneficiaries. A portion of firefighters and paramedics of the District are members of the Statewide Plan. Colorado Revised Statutes (CRS), as amended, assigns the authority to establish benefit provisions with the Board of Directors of the FPPA. FPPA issues a publicly available annual financial report that includes financial statements and required supplementary information for the Statewide Plan. That report may be obtained by writing to FPPA of Colorado, 5290 DTC Parkway, Suite 100, Greenwood Village, Colorado 80111 or by calling FPPA at 303-770-3772. The report is also available online at www.fppaco.org.

Basis of Accounting for the Statewide Plan: The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the Statewide Plan have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Funding Policy: Statewide Plan members and the District are required to contribute to the Statewide Plan at a rate set by FPPA Board of Directors. The contribution rate for members is 9.5% and for the District is 8.0% of covered salary. The District’s employer contributions to the Statewide Plan for the year ending December 31, 2017 was \$302,888, equal to their required contributions for the year. FPPA currently has a funded ratio of 98.2%.

Pension Assets, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions: At December 31, 2017, the District reported a liability of \$259,107 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District’s proportion of the net pension liability was based on a projection of the District’s long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At December 31, 2016, the District’s proportion was approximately 0.72 percent.

For the year ended December 31, 2017, the District recognized pension expense of \$666,909. At December 31, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual results	204,410	11,443
Changes of assumptions	155,570	-
Net difference between projected and actual earnings	480,775	
Current year contributions	302,888	
Total	1,143,642	11,443

The \$302,888 of deferred outflows of resources resulting from the District’s contributions subsequent to the measurement date will be recognized as pension expense in the year ending December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

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2017	\$	266,977
2018		266,977
2019		251,025
2020		102,147
2021		46,935
2022		46,935
Thereafter		113,557

Actuarial Assumptions: The actuarial valuations for the Statewide Defined Benefit Plan were used to determine the total pension liability and actuarially determined contributions for the fiscal year ending December 31, 2016. The valuations used the following actuarial assumption and other inputs:

Actuarial Method	Entry Age Normal
Amortization Method	Level % of Payroll, Open
Amortization Period	30 Years
Investment rate of return	7.50 percent, net of Plan investment expense, including inflation
Projected Salary Increases	4.0 - 14.0 percent
Cost of Living Adjustments	0.0 percent
Inflation	2.5 percent

Effective January 1, 2016, the post-retirement mortality tables for non-disable retirees is a blend of the Annuitant and Employee RP-2014 generational mortality tables with blue collar adjustment projected with Scale BB. The occupationally disabled post-retirement mortality assumption uses the same table as used for healthy annuitants, except there is a three year set-forward, meaning a disabled member age 70 will be valued as if they were a 73 year old healthy retiree. The totally disabled post-retirement mortality assumption uses the RP-2014 generational mortality table for disabled annuitants, except an additional provision to apply a minimum 3% mortality probability to males and a 2% mortality probability for females is included to reflect substantial impairment for this population. The pre-retirement off-duty mortality tables are adjusted to 55% of the RP-2014 mortality tables for active employees. The on-duty mortality rate is 0.00020.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Fund's target asset allocation as of December 31, 2016 are summarized in the following table:

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Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	36.00%	9.25%
Equity Long/Short	10.00%	7.35%
Illiquid Alternatives	23.00%	10.75%
Fixed Income	15.00%	4.10%
Absolute Return	10.00%	6.55%
Managed Futures	4.00%	5.50%
Cash	2.00%	0.00%
Total	100.00%	

Discount Rate: The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the Board's funding policy, which establishes the contractually required rates under Colorado statutes. Based on those assumptions, the SWDB plan fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Projected benefit payments are required to be discounted to their actuarial present values using a Single Discount Rate that reflects (1) a long-term expected rate of return on pension plan investments (to the extent that the plan's fiduciary net position is expected to pay benefits) and 2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the plan's projected fiduciary net position is not sufficient to pay benefits).

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.50%; the municipal bond rate is 3.78% (based on the weekly rate closest to but not later than the measurement date of the "state & local bonds" rate from Federal Reserve statistical release (H.15)); and the resulting Single Discount Rate is 7.50%.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.50 percent) or 1 percentage point higher (8.50 percent) than the current rate:

	Discount rate	District's proportionate share of net pension liability (asset)
1% decrease	6.50%	\$ 2,204,589
Current discount rate	7.50%	\$ 259,170
1% increase	8.50%	\$ (1,356,710)

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City of Durango Old Hire Plan

Plan Description: The District no longer contributes to the City of Durango Old Hire Firemen Plan (“Old Hire Plan”) a cost sharing, multiple-employer, defined benefit plan. The City of Durango, Colorado (“City”) makes contributions to those certain paid firefighters and policemen hired by the City prior to April 8, 1978 and provides retirement benefits to plan members and their beneficiaries. Cost-of-living adjustments are provided at the discretion of the City Council of the City. The Old Hire Plan is administered by the Fire and Police Pension Association of Colorado (“FPPA”) Title 31 of the Colorado Revised Statutes, as amended, assigns the authority to establish and amend benefit provisions of the plan to the City Council with input of the Pension Board. FPPA issues a publicly available annual financial report that includes the assets of the plans and separate biennial actuarial reports for each of the plans. The reports may be obtained by writing to FPPA, 5290 DTC Parkway, Suite 100, Greenwood Village, Colorado, 80111, or by calling FPPA at 1-800-770-3772.

Funding Policy: The District has no employees that are members in the Old Hire Plan. The plan received a favorable determination for a Deferred Retirement Option Plan (DROP) amendment from the Internal Revenue Service in December of 2001. The amendment allows active members to elect to have a monthly benefit, along with their current employee contributions to the plan (8%), deposited into a separate account while they continue to be employed. However, they must terminate from the District no later than five years after the election. The District has no contribution requirement due to this amendment.

Pension Assets, Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions: The City of Durango records the pension liabilities for this pension on their financial statements.

Mark Carroll Pension Fund

Plan Description: On January 1, 2003 the Animas Fire Protection District and the Hermosa Cliff Fire Protection District transferred the assets of their respective volunteer pension plans to the Durango Fire & Rescue Authority and the Mark Carroll Pension Fund was established. The two proceeding volunteer pension plans of the Districts were merged on that date into the Mark Carroll Pension Fund. The funds transferred totaled \$3,569,428, and all pension rights and obligations of the previous plans were assumed by the new plan.

On December 31, 2013 the Durango Fire & Rescue Authority transferred the assets of the Mark Carroll Pension Fund in the amount of \$5,377,387 to the Durango Fire Protection District.

All District volunteer firefighters participate in the Mark Carroll Pension Fund (“Volunteer Plan”) administered by a Board of Trustees composed of members of the Board of Directors and firefighters selected in accordance with State of Colorado Statutes. The plan is a single-employer defined benefit pension plan. The Volunteer Plan provides retirement, disability, and death benefits to plan members and beneficiaries. Colorado Revised Statutes authorize the Board of Trustees to establish and amend all plan provisions. The District issues no stand-alone financial statements for the Volunteer Plan.

Basis of Accounting for the Volunteer Plan: The financial statements of the plan are prepared using the accrual basis of accounting. The District’s contributions are recognized when due and a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. The plan is administered by the Fire and Police Pension Association of Colorado (“FPPA”). All plan investments are reported at fair value.

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All plan investments are invested in the Members Benefit Investment Fund of the FPPA. The FPPA has established a long-range statement of investment objectives and policies for managing and monitoring the fund. The investment policy sets forth the fund's investment objective to provide the greatest long-term benefits to members by maximizing the total rate of return on investments, within prudent parameters of risk. The investment policy also defines the responsibilities of the fiduciaries with respect to the fund, their investment authority under the prudent person rule, the level of acceptable risk for investments, statutory asset allocation restrictions, investment performance objectives, and guidelines within which outside investment managers may operate. Under Colorado Revised Statutes, the FPPA, as trustee of the Members Benefit Investment Fund, has complete discretionary authority to invest and reinvest funds, using the prudent investor rule.

Funding policy: The District can contribute to the plan an annual amount not to exceed the equivalent of one mill on the total assessed valuation of the District and the City of Durango. The District is contributing a set dollar amount as outlined in the most recent actuarial valuation effective January 1, 2015. The matching contribution of the State of Colorado is a fixed dollar amount as determined on a yearly basis per a formula set by State statute. The contribution from the State of Colorado is paid directly to FPPA. In 2017, the District contributed \$162,215 to the Plan and the State's matching contribution was \$38,552.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions: At December 31, 2017, the District reported a liability of \$1,064,935 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. The District is the only participating entity in the pension plan and at December 31, 2016, the District's proportion was 100.00 percent.

For the year ended December 31, 2017, the District recognized pension expense of \$583,825. At December 31, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	14,193	20,645
Changes of assumptions	118,781	-
Net difference between projected and actual earnings	290,626	
Current-year contributions	162,215	
Total	585,815	20,645

The \$162,215 of deferred outflows of resources resulting from the District's contributions subsequent to the measurement date will be recognized as pension expense in the year ending December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

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Year ending December 31,

2018	\$	130,491
2019		151,136
2020		98,002
2021		23,326
Thereafter		-

Actuarial Assumptions: The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applies to all periods included in the measurement:

Actuarial cost method	Entry Age
Amortization method	Level Dollar, Open
Remaining amortization period	20 years
Asset valuation method	5-year smoothed fair value
Inflation	3.0 percent
Salary increases	N/A
Investment rate of return	7.50 percent, net of Plan investment expense, including inflation
Retirement age	50% per year of eligibility until 100% at age 65.

Mortality rates were based on the RP-2000 Combined Mortality Table with Blue Collar Adjustment, projected with Scale AA, 40 percent multiplier for off-duty mortality is used in the valuation for off-duty mortality of active members. The RP-2000 Combined Mortality Table with Blue Collar Adjustment, projected with Scale AA, is used in the projection of post-retirement benefits. The RP-2000 Disabled Mortality Table, projected with Scale AA, is used in the projection of disability benefits.

The assumptions shown above pertain to the actuarial valuation as of January 1, 2015 and the associated Actuarially Determined Contribution for the year ending December 31, 2016. Following a regularly scheduled experience study in 2015, the Board adopted a new assumption set for first use in the January 1, 2016 valuations. Due to the biennial valuation process, the new assumptions will first apply to the January 1, 2017 Volunteer valuations.

The primary changes, which can be observed in the January 1, 2017 valuation, as compared to the assumptions shown are as follows:

- Inflation 2.50 percent
- Pre-retirement Mortality: RP-2014 Mortality Tables for Blue Collar Employees, projected with Scale BB, 55 percent multiplier for off-duty mortality. Increased by 0.00020 for on-duty related Fire and Police experience.
- Post-retirement Mortality: For ages less than 55, RP-2014 Mortality Tables for Blue Collar Employees. For ages 65 and older, RP-2014 Mortality Tables for Blue Collar Healthy Annuitants. For ages 55 through 64, a blend of the previous tables. All tables are projected with Scale BB.
- Disabled Mortality: RP-2014 Disabled Generational Mortality Table generationally projected with Scale BB with a minimum 3% rate for males and 2% rate for females.

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The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return which eliminates the 2.5% inflation assumption, for each major asset class included in the Fund's target asset allocation as of December 31, 2016 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	36.00%	6.75%
Equity Long/Short	10.00%	4.85%
Illiquid Alternatives	23.00%	8.25%
Fixed Income	15.00%	50.00%
Absolute Return	10.00%	4.05%
Managed Futures	4.00%	3.00%
Cash	2.00%	0.00%
Total	100.00%	

Discount Rate: The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumes that contributions from the District will be made based on the actuarially determined rates. Based on those assumptions, the Volunteer plan fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The discount rate determination does not use the Municipal Bond Index Rate. There was no change in the discount rate from the prior measurement date.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.50 percent) or 1 percentage point higher (8.50 percent) than the current rate:

	Discount rate	District's proportionate share of net pension liability (asset)
1% decrease	6.50%	\$ 1,720,813
Current discount rate	7.50%	\$ 1,064,935
1% increase	8.50%	\$ 512,300

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Schedule of Classes
Durango Fire Protection District
Volunteer Firefighters Pension Fund

Active	65
Retirees	75
Inactive, Non-retired Members	8
Total	148

Defined Contribution Plans

401(a) Money Purchase Plan – Effective January 1, 1988, eligible firemen then employed by the City of Durango, with hire dates on or after April 8, 1978, elected to withdraw from the Colorado Statewide Defined Benefit Plan, a defined benefit plan, administered by the Colorado Fire and Police Pension Association (“FPPA”). The state legislation allowing the withdrawal states that the alternate pension plan must be a money purchase plan. The replacement plan is a 401(a) Money Purchase Plan (“Money Purchase Plan”) administered by the ICMA Retirement Corporation (“ICMA”). Each participant has an individual account with ICMA into which all contributions flow. The participants are offered various investment options through the plan and are allowed to invest all moneys in their account at their own discretion among the options. The District may amend, modify, or terminate the plan, upon approval of such amendment, modification or termination by 65% of the active participants, provided that no amendment or modification shall reduce the account balances of any participant accrued to the date of the change.

Employees covered by this plan are eligible to participate from the date of employment. The plan defines the District and participant contributions at 10.2 and 8 percent respectively. The District’s contributions for each participant are fully vested after five years. District contributions for, and interest forfeited by, employees who leave employment before five years of service are used to reduce the District’s obligation to contribute. The contribution to the plan for the year ended December 31, 2017 totaled \$127,210, which consisted of \$55,916 contributed by employees and \$71,294 contributed by the District.

Note 6 - Postemployment Healthcare Benefits

Plan Description. The District contributes to the Health Care Trust Fund (“HCTF”), a cost-sharing multiple-employer postemployment healthcare plan administered by PERA. The HCTF provides a health care premium subsidy to PERA participating benefit recipients and their eligible beneficiaries. Title 24, Article 51, Part 12 of the CRS, as amended, assigns the authority to establish the HCTF benefit provisions to the State Legislature. PERA issues a publicly available annual financial report that includes financial statements and required supplementary information for the HCTF. That report may be obtained online at www.copera.org or by writing to PERA of Colorado, 1300 Logan Street, Denver, Colorado 80203 or by calling PERA at 303-832-9550 or 1-800-759-PERA (7372).

Basis of Accounting for the HCTF: The financial statements of the HCTF are prepared using the accrual basis of accounting. Employer contributions are recognized as revenues in the period in which the

DURANGO FIRE PROTECTION DISTRICT
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employer pays compensation to the member and the employer is statutorily committed to pay these contributions to the HCTF. Benefits are recognized when due and payable in accordance with the terms of the plan. The HCTF plan investments are presented at fair value except for short-term investments, which are recorded at cost, which approximates fair value.

Funding Policy: The District is required to contribute at a rate of 1.02% of covered salary for all PERA members as set by statute. No member contributions are required. The contribution requirements for the District are established under Title 24, Article 51, Part 4 of the CRS, as amended. The apportionment of the contribution to the HCTF is established under Title 24, Article 51, Section 208 of the CRS, as amended. For the year ending December 31, 2016, the District's contributions to the HCTF was \$12,125, equal to their required contributions for the year.

Note 7 – Risk Management

Property, Casualty and Worker Compensation Insurance - The District is exposed to various risks of loss related to: torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The Colorado Special Districts Property and Liability Pool is a public entity risk pool currently operating as a common risk management and insurance program for special districts in Colorado. The District, as a member of the pool, pays annual premiums to the pool for workers compensation insurance coverage. The by-laws and intergovernmental agreement of the pool states that the pool will provide coverage through pooling of self-insured losses and purchase of stop-loss insurance coverage.

The pool has a legal obligation for claims against its members to the extent that funds are available in its annually established loss fund and amounts are available from insurance providers under excess specific and aggregate insurance contracts. Losses incurred in excess of loss funds and amounts recoverable from excess insurance are direct liabilities of the participating members. The pool has indicated that the amount of any excess losses would be billed to members in proportion to their contributions in the year such excess occurs, although it is not legally required to do so.

Ultimate liability to the District resulting from claims not covered by the pool is not presently determinable. Management and the District's attorney are of the opinion that the final outcome of such claims, if any, will not have a material adverse effect on the District's financial statements.

There were no significant reductions in insurance coverage from the prior year, and there have been no settlements that exceed the District's insurance coverage during the past year.

Employee Medical Insurance – The District has a self-insurance program for employee medical claims. The purpose of the program is to pay medical claims of District employees and their covered dependents up to certain limits and to minimize the total cost of annual medical insurance to the District. The District provides employee and dependent coverage. Claims are processed by Group Administrators Ltd. Individual excess risk coverage commences after an individual has incurred \$40,000 of claims in one year. The excess risk coverage for both individual and aggregate claims coverage was provided by third party reinsurers. Settled claims did not exceed coverage for 2016.

The claims liabilities of \$92,955 at December 31, 2017 were based upon the requirements of GASB Statement No. 10, as amended by Statement No. 30, which require that a liability for claims be reported if information prior to issuance of the financial statements indicates that it is probable that a liability has

DURANGO FIRE PROTECTION DISTRICT
Notes to the Financial Statements
Year Ended December 31, 2017

been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The table below presents the changes in the liability for claims and judgments for the year ended December 31, 2017.

	<u>2017</u>
Claims liability at beginning of year	\$ 65,000
Claims incurred during the year including reinsurance costs	1,162,198
Payment on claims during the year including reinsurance costs	(1,134,243)
Claims liability end of the year	<u>\$ 92,955</u>

Note 8 – EMS Accounts Receivable

Revenues for emergency medical services are reported net of allowances and uncollectible amounts. The uncollectible amounts for the year ended December 31, 2017 were \$1,815,029 on total charges of \$3,402,101. At December 31, 2017 the allowance for uncollectibles was \$228,771 on total gross receivables of \$936,869.

Note 9 – Net Position

Restricted net position – State statutes (TABOR) requires the District restrict 3% of fiscal year spending as an emergency reserve. This reserve can only be spent on a declared emergency which excludes economic conditions, revenue shortfalls, or salary or fringe benefit increases.

Committed net position – The development agreements that allow the District to collect impact fees from several subdivisions require that these funds be restricted for capital expenditures. In addition, the contract for fire and emergency services with the City of Durango requires that the annual capital contribution from the City be used to build a new downtown fire station. The balance of committed net position as of December 31, 2017 is \$5,571,217 which includes \$200,000 committed to improvements on Station 5, \$1,088,208 in capital contributions from the City which are committed to building a new downtown station (Station 2), and \$4,283,009 which to Board committed to capital improvements.

Balance December 31, 2001 – On December 31, 2001 the contracting parties transferred capital assets, a capitalized lease, accrued vacation and accrued sick leave to the Durango Fire & Rescue Authority. The table below (based on December 31, 2001) summarizes those transfers as adjusted:

	Assets <u>Transferred</u>	2001 <u>Net loss</u>	Accrued <u>Vacation</u>	Accrued <u>Sick Leave</u>	Lease <u>Transferred</u>	<u>Total</u>
City of Durango	\$ 469,322	\$ (15,603)	\$ (97,973)	\$ (60,396)	\$ -	\$ 295,350
Animas Fire Protection District	4,165,369	(1,362)	(31,895)	(14,177)	-	4,117,935
Hermosa Cliff Fire Protection District	1,215,903	(9,362)	(9,778)	(7,730)	(18,365)	1,170,668
Mercy Medical Center	<u>108,276</u>	<u>-</u>	<u>(3,727)</u>	<u>-</u>	<u>-</u>	<u>104,549</u>
Totals	<u>\$ 5,958,870</u>	<u>\$ (26,327)</u>	<u>\$ (143,373)</u>	<u>\$ (82,303)</u>	<u>\$ (18,365)</u>	<u>\$ 5,688,502</u>

DURANGO FIRE PROTECTION DISTRICT
Notes to the Financial Statements
Year Ended December 31, 2017

Note 10 – Compensated Absences

It is the District's policy to permit employees to accumulate earned but unused vacation and sick benefits. It is the District's policy to pay all unused vacation when employees separate from service with the District. Also, it is the District's policy to pay up to 240 hours of unused sick leave when employees separate from service with the district provided they qualify to retire.

	Balance December 31, 2016	Increases	Decreases	Balance December 31, 2017	Due in one year
Accrued vacation	460,858	245,914	229,264	477,508	238,754
Accrued sick leave	59,643	173,072	146,979	85,736	42,868
	<u>520,501</u>	<u>418,986</u>	<u>376,243</u>	<u>563,244</u>	<u>281,622</u>

Note 11 – TABOR Amendment

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights (TABOR), contains tax, spending, revenue and debt limitations that apply to the State of Colorado and all local governments.

Spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

The District's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits, will require judicial interpretation.

Note 12 – Related Party Transaction

In prior years the Chairman of the District Board of Directors was a shareholder in Group Administrators Ltd., a third party administrator providing health insurance services to the District. That member of the Board of Directors resigned his position in 2015.

DURANGO FIRE PROTECTION DISTRICT
Required Supplemental Information
Year Ended December 31, 2017

DURANGO FIRE PROTECTION DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND RELATED RATIOS LAST 10 FISCAL YEARS
LOCAL GOVERNMENT DIVISION TRUST FUND - PERA

Measurement period ending December 31,	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Proportion of the Net Pension Liability	0.204%	0.212%	0.188%							
Proportionate Share of the Net Pension Liability (Asset)	\$ 2,760,940	\$ 2,330,363	\$ 866,693							
Actual Covered Member Payroll	\$ 1,239,301	\$ 1,201,424	\$ 952,285							
Net Pension Liability as a Percentage of Covered Payroll	222.78%	193.97%	91.01%							
Fiduciary Net Position as a Percentage of Total Pension Liability	73.60%	76.90%	80.72%							

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

DURANGO FIRE PROTECTION DISTRICT
SCHEDULE OF CONTRIBUTIONS LAST 10 FISCAL YEARS
LOCAL GOVERNMENT DIVISION TRUST FUND - PERA

Fiscal period ending December 31,	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Contractually Required Contribution	\$ 179,613	\$ 157,143	\$ 152,340	\$ 130,463	\$ 150,534	\$ 146,022	\$ 136,584	\$ 117,525	\$ 127,020	\$ 118,028
Actual Contribution	\$ 179,613	\$ 157,143	\$ 152,340	\$ 130,463	\$ 150,534	\$ 146,022	\$ 136,584	\$ 117,525	\$ 127,020	\$ 118,028
Contribution Deficiency (Excess)	-	-	-	-	-	-	-	-	-	-
Covered Payroll	\$ 1,416,506	\$ 1,239,301	\$ 1,201,424	\$ 1,028,887	1,187,179	1,151,594	1,077,165	926,850	1,001,735	1,084,816
Actual Contribution as a % of Covered Payroll	12.68%	12.68%	12.68%	12.68%	12.68%	12.68%	12.68%	12.68%	12.68%	10.88%

Note: Schedule is intended to show information for the last 10 fiscal years. DFPD began operations in 2014. Information for years prior is for Durango Fire & Rescue Authority the predecessor agency.

DURANGO FIRE PROTECTION DISTRICT
Required Supplemental Information
Year Ended December 31, 2017

DURANGO FIRE PROTECTION DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND RELATED RATIOS LAST 10 FISCAL YEARS
FPPA STATEWIDE DEFINED BENEFIT PLAN

Measurement period ending December 31,	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Proportion of the Net Pension Liability	0.717%	0.702%	0.768%							
Proportionate Share of the Net Pension Liability (Asset)	\$ 259,107	\$ (12,376)	\$ (866,693)							
Actual Covered Member Payroll	\$ 3,669,875	\$ 3,403,400	\$ 3,285,750							
Net Pension Liability as a Percentage of Covered Payroll	7.06%	-0.36%	-26.38%							
Fiduciary Net Position as a Percentage of Total Pension Liability	98.21%	100.10%	106.83%							

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

DURANGO FIRE PROTECTION DISTRICT
SCHEDULE OF CONTRIBUTIONS LAST 10 FISCAL YEARS
FPPA STATEWIDE DEFINED BENEFIT PLAN

Fiscal period ending December 31,	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Contractually Required Contribution	\$ 302,888	\$ 293,590	\$ 272,272	\$ 262,860	\$ 254,144	\$ 213,829	\$ 209,337	\$ 213,837	\$ 217,827	\$ 201,940
Actual Contribution	\$ 302,888	\$ 293,590	\$ 272,272	\$ 262,860	\$ 254,144	\$ 213,829	\$ 209,337	\$ 213,837	\$ 217,827	\$ 201,940
Contribution Deficiency (Excess)	-	-	-	-	-	-	-	-	-	-
Covered Payroll	\$ 3,786,100	\$ 3,669,875	\$ 3,403,400	\$ 3,285,750	\$ 3,176,800	\$ 2,672,863	\$ 2,616,713	\$ 2,672,963	\$ 2,722,838	2,524,250
Actual Contribution as a % of Covered Payroll	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%

Note: Schedule is intended to show information for the last 10 fiscal years. DFPD began operations in 2014. Information for years prior is for Durango Fire & Rescue Authority the predecessor agency.

DURANGO FIRE PROTECTION DISTRICT
Required Supplemental Information
Year Ended December 31, 2017

DURANGO FIRE PROTECTION DISTRICT
SCHEDULE OF CHANGES IN NET PENSION LIABILITY/(ASSET) AND RELATED RATIOS LAST 10 FISCAL YEARS
MARK CARROLL PENSION FUND (VOLUNTEER PLAN)

Measurement period ending December 31,	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Total Pension Liability										
Service Cost	\$ 106,833	\$ 106,833	\$ 114,246							
Interest on the Total Pension Liability	415,838	411,700	416,539							
Benefit Changes	374,465	-	-							
Difference between Expected and Actual Experience	20,540	-	(164,171)							
Assumption Changes	171,900	-	-							
Benefit Payments	(492,335)	(435,411)	(419,850)							
Net Change in Total Pension Liability	597,241	83,122	(53,236)							
Total Pension Liability - Beginning	5,733,779	5,650,657	5,703,893							
Total Pension Liability - Ending (a)	6,331,020	5,733,779	5,650,657							
Plan Fiduciary Net Position										
Employer Contributions	\$ 156,141	\$ 136,141	\$ 132,800							
Pension Plan Net Investment Income	269,779	97,518	355,301							
Benefit Payments	(492,335)	(435,411)	(419,850)							
Pension Plan Administrative Expense	(8,352)	(10,193)	(8,497)							
State of Colorado supplemental discretionary payment	38,552	38,552	38,552							
Net Change in Plan Fiduciary Net Position	(36,215)	(173,393)	98,306							
Plan Fiduciary Net Position - Beginning	5,302,300	5,475,693	5,377,387							
Plan Fiduciary Net Position - Ending (b)	5,266,085	5,302,300	5,475,693							
Net Pension Liability/(Asset) - Ending (a) - (b)	1,064,935	431,479	174,964							
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	83.18%	92.47%	96.90%							
Covered Employee Payroll	N/A	N/A	N/A							
Net Pension Liability as a Percentage of Covered Employee Payroll	N/A	N/A	N/A							

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

DURANGO FIRE PROTECTION DISTRICT
SCHEDULE OF CONTRIBUTIONS LAST 10 FISCAL YEARS
MARK CARROLL PENSION FUND (VOLUNTEER PLAN)

Fiscal period ending December 31,	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Actuarially Determined Contribution	\$ 174,693	\$ 174,693	\$ 164,607	\$ 164,607	\$ 153,246	\$ 153,246	\$ 171,322	\$ 171,322	\$ 88,552	\$ 88,552
Actual Contribution	\$ 200,767	\$ 194,693	\$ 174,693	\$ 171,352	\$ 171,352	\$ 171,352	\$ 171,352	\$ 171,352	\$ 90,382	\$ 88,535
Contribution Deficiency (Excess)	\$ (26,074)	\$ (20,000)	\$ (10,086)	\$ (6,745)	\$ (18,106)	\$ (18,106)	\$ (30)	\$ (30)	\$ (1,830)	\$ 17
Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Actual Contribution as a % of Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Note: Schedule is intended to show information for the last 10 fiscal years. DFPD began operations in 2014. Information for years prior is for Durango Fire & Rescue Authority the predecessor agency.

DURANGO FIRE PROTECTION DISTRICT
Other Supplemental Information
Year Ended December 31, 2017

**DURANGO FIRE PROTECTION DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - CAPITAL PROJECTS FUND
For the Year Ended December 31, 2017**

	Budgeted Amounts		Actual	Variance With
	Original	Final		Final Budget Positive (Negative)
Revenues				
Transfer from General Fund	\$ 5,000,000	\$ 5,000,000	\$ 5,369,958	\$ 369,958
Sale of Training Site donated by XTO	225,000	225,000	-	(225,000)
Certificates of participation / lease purchases	4,680,500	4,680,500	-	(4,680,500)
Interest	-	-	1,259	1,259
Total revenues	<u>9,905,500</u>	<u>9,905,500</u>	<u>5,371,217</u>	<u>(4,534,283)</u>
Expenditures				
Capital expenditures				
Capital expenditures for Station 2	<u>4,680,500</u>	<u>4,680,500</u>	-	<u>4,680,500</u>
Total Expenditures	<u>4,680,500</u>	<u>4,680,500</u>	-	<u>4,680,500</u>
Excess of revenues over (under) expenditures	<u>5,225,000</u>	<u>5,225,000</u>	<u>5,371,217</u>	<u>146,217</u>
Net change in fund balance	<u>5,225,000</u>	<u>5,225,000</u>	5,371,217	<u>146,217</u>
Fund balance - Beginning of Year			-	
Fund balance - End of Year			<u>\$ 5,371,217</u>	

STATISTICAL SECTION

Statistical Section Comments

The purpose of the statistical portion of the comprehensive annual financial report is to give the reader information to judge the District's economic condition – that is to show not only current economic resources and claims to those resources but to help the reader to understand potential future resources and claims to those future resources. This section has five objectives: 1) provide financial trend data to show how the District's financial position has changed over time. 2) provide information on revenue capacity to show the District's ability to generate revenues. 3) provide information on debt capacity to show the District's debt burden and capacity to issue additional debt. 4) provide demographic and economic information to show the social and economic environment in which the District is operating. and 5) provide operating information to help understand the District's operation and resources used. The financial information presented in this section is prepared on an accrual basis.

Financial Trends: Net position decreased by \$877,487 in 2016 ending the year at \$14,619,440 and then saw a further decline of \$1,304,271 in 2017 ending the year at \$13,315,168. The fund balance increased by \$516,103 in 2016 ending the year at \$9,202,588 with \$7,847,761 unassigned and increased by \$374,174 in 2017 ending the year at \$9,576,761 with \$3,589,365 unassigned.

Revenue Capacity: The District received 31% of its revenue from property taxes in 2017. Total taxable assessed valuations for the District were \$559,459,930 in 2015, \$629,414,660 in 2016, and \$542,666,480 in 2017. The City of Durango contributed 33% of revenues and the City receives most of their revenue from sales taxes. Future revenue capacity from the City of Durango can be judged by reviewing their annual financial reports.

Debt Capacity: The District has no long-term debt.

Demographic and Economic Information: La Plata County has experienced a 13% increase in population from 2007 to 2016 when the US Census calculated the population at 55,697. The number of housing units has increased by 9% during the same time frame. Total personal income experienced strong growth thru 2008 and then saw a 3% decline in 2009 but has increased for the seven years since. Unemployment has been very low for most of the past ten years, however it did increase in 2009 and 2010 reaching 7.1%. It was at 2.90% at the end of 2016 which is below the national average.

Operating Information: The District currently has 75 full-time employees which is one more than DFRA had in 2012 and 2013. Capital assets are even with the level DFRA had since 2010, and the fleet size is consistent with what was operated by DFRA since 2010. EMS calls have increased by 67% from 2008 to 2017 while Fire calls have fluctuated up and down and were above the ten year average of 284 per year in 2017.

Sources: Except where noted, the information in this section comes from the District's comprehensive annual reports. Additional information comes from internal operating reports, the Region 9 Economic District of Southwest Colorado, Colorado Department of Labor–Bureau of Labor Statistics, Colorado Division of Local Government-Demographic Section, Colorado Secretary of State, and the US Department of Commerce-Bureau of Economic Analysis.

**Durango Fire Protection District
Net Position by Component
2013 - 2017**

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Primary Government:					
Governmental Activities					
Net investment in capital assets	8,761,035	8,225,599	7,730,319	6,843,474	6,266,151
Restricted	200,000	322,642	331,827	338,671	416,179
Unrestricted	<u>8,082,898</u>	<u>7,506,384</u>	<u>7,434,781</u>	<u>7,437,295</u>	<u>6,632,838</u>
Total governmental activities net position	<u>17,043,933</u>	<u>16,054,625</u>	<u>15,496,927</u>	<u>14,619,440</u>	<u>13,315,168</u>

Note: Durango Fire Protection District began operations on January 1, 2014. These statistics are available beginning in 2013 and comparison with the predecessor agency was not useful.

**Durango Fire Protection District
Changes in Net Position
2014 - 2017**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Expenses				
Governmental activities				
Public Safety	10,087,650	9,967,548	11,017,592	11,929,380
Total governmental activities expenses	<u>10,087,650</u>	<u>9,967,548</u>	<u>11,017,592</u>	<u>11,929,380</u>
Program Revenues				
Governmental activities				
Charges for services	1,842,659	2,264,658	2,351,618	2,811,118
Operating grants and contributions	301,290	673,624	26,004	8,234
Capital grants and contributions	472,651	416,066	423,097	792,311
Total governmental activities program revenues	<u>2,616,600</u>	<u>3,354,348</u>	<u>2,800,719</u>	<u>3,611,663</u>
Net (expense)/revenue				
Governmental activities	<u>(7,471,050)</u>	<u>(6,613,200)</u>	<u>(8,216,873)</u>	<u>(8,317,717)</u>
General Revenues and Other Changes in Net Position				
Property taxes	3,043,898	3,199,028	3,631,116	3,167,088
Specific ownership taxes	538,938	538,571	562,268	682,648
Contract with City of Durango	2,680,153	2,734,584	2,943,622	3,002,282
Other local taxes	170,650	168,241	101,796	55,861
Interest	8,851	11,135	35,908	59,598
Other	39,252	51,015	64,676	45,969
Total general revenues	<u>6,481,742</u>	<u>6,702,574</u>	<u>7,339,386</u>	<u>7,013,446</u>
Change in Net Position	<u>(989,308)</u>	<u>89,374</u>	<u>(877,487)</u>	<u>(1,304,271)</u>

Note: Durango Fire Protection District began operations on January 1, 2014. These statistics are available beginning in 2013 and comparison with the predecessor agency was not useful.

**Durango Fire Protection District
Fund Balances of Governmental Funds
2014 - 2017**

	2014	2015	2016	2017
General Fund:				
Restricted for:				
Emergency reserves	322,642	331,827	338,671	416,179
Committed for:				
Capital projects	472,052	744,104	1,016,156	5,571,217
Unassigned	<u>7,537,075</u>	<u>7,610,553</u>	<u>7,847,761</u>	<u>3,589,365</u>
Total general fund	<u>8,331,769</u>	<u>8,686,484</u>	<u>9,202,588</u>	<u>9,576,761</u>

Note: Durango Fire Protection District began operations on January 1, 2014. These statistics are available beginning in 2013 and comparison with the predecessor agency was not useful.

**Durango Fire Protection District
Governmental Funds Changes in Fund Balances
2014 - 2017**

	2014	2015	2016	2017
Revenue				
Property taxes	3,043,898	3,199,028	3,631,116	3,167,088
Specific ownership taxes	\$ 538,938	\$ 538,571	\$ 562,268	\$ 682,648
Contract with City of Durango	2,680,153	2,734,584	2,943,622	3,002,282
Other local taxes	170,650	168,241	101,796	55,861
Ambulance income, net	1,248,405	1,409,719	1,629,742	1,587,072
Fees for services	594,254	854,939	721,876	1,224,046
Grants	405,504	643,624	31,396	137,938
Impact fees	96,385	144,014	124,034	146,262
City of Durango contribution for capital	272,052	272,052	272,052	272,052
Interest income	8,851	11,135	35,908	59,598
Miscellaneous income	39,252	51,015	64,676	45,969
Total revenues	9,098,342	10,026,922	10,118,486	10,380,816
Expenditures				
General Government				
Fire administration	1,316,459	1,351,526	1,476,087	1,465,202
Fire fighting	3,468,749	3,766,207	3,556,051	3,984,440
Fire prevention	389,411	378,768	437,881	460,514
Fire training	415,223	351,055	508,162	489,601
Fire communications	82,323	89,980	98,935	90,662
Fire repair services	423,368	355,086	385,788	439,859
Emergency medical services	2,709,358	2,625,223	2,794,090	2,834,004
Stations and building	140,202	159,906	160,432	159,594
Capital outlay	576,796	624,457	206,576	452,724
Total expenditures	9,521,889	9,702,208	9,624,002	10,376,600
Other financing sources and (uses)				
Sale of assets	-	30,000	21,619	369,958
Total other financing sources and (uses)	\$ -	\$ 30,000	\$ 21,619	\$ 369,958
Net change in fund balance	(423,547)	354,714	516,103	374,174

Note: Durango Fire Protection District began operations on January 1, 2014. These statistics are available beginning in 2013 and comparison with the predecessor agency was not useful.

**Durango Fire Protection District
Assessed Value and Actual Value of Taxable Property
2014 - 2017**

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	Total Direct Rate
2014	68,860,290	245,730,860	52,122,850	5,336,200	4,621,670	277,660	138,238,010	16,320,040	69,835,810	531,507,580	13.67%	3,888,364,640	5.700
2015	66,962,970	250,224,180	51,465,710	5,598,800	4,737,450	603,220	163,321,460	16,545,600	64,557,390	559,459,390	14.15%	3,953,479,400	5.700
2016	69,032,260	283,516,190	56,709,320	6,092,730	4,498,420	821,190	192,144,270	16,600,280	72,380,100	629,414,660	14.20%	4,431,760,080	5.700
2017	69,893,270	284,105,700	62,666,110	9,316,530	5,900,410	1,487,070	91,401,520	17,895,870	58,669,080	542,666,480	11.51%	4,716,357,360	5.700

Source: La Plata County Assessor's Office

Note: Durango Fire Protection District began operations on January 1, 2014. These statistics are available beginning in 2014 and comparison with the predecessor agency was not useful.

**Durango Fire Protection District
Direct and Overlapping Property Tax Rates
2014 - 2017**

Collection Year	2014	2015	2016	2017
Durango Fire Protection District Direct	5.700	5.700	5.700	5.700
Animas La Plata Water Conservancy	0.325	0.333	0.322	0.328
Animas Misquito Control	0.990	0.990	0.990	0.990
Bayfield School District	23.222	21.599	21.161	32.478
Durango Hills Road Improvement District	0.000	0.000	0.000	20.379
Durango School District	19.090	19.090	17.876	19.874
Durango West Metropolitan #1	20.200	20.300	19.460	0.000
Edgemont Ranch Metropolitan	7.874	7.876	7.875	7.880
Edgemont Ranch Metropolitan Bond	3.426	3.600	2.893	2.808
El Ranch Florida Metropolitan Bond	25.333	20.589	21.149	26.110
Florida Mosquito Control	0.700	0.700	0.700	0.700
Florida Water Conservancy	0.073	0.066	0.060	0.060
Ignacio Community Library District	1.500	1.500	1.500	1.500
Ignacio School District	13.173	11.470	12.436	15.535
La Plata Archuleta Water District	5.000	5.000	5.000	5.000
La Plata County General	7.410	7.410	7.410	7.348
La Plata County Human Services	0.380	0.380	0.380	0.443
La Plata County R&B	0.710	0.710	0.710	0.710
La Plata Water Conservancy	0.295	0.295	0.295	0.295
LPC Palo Verde Pub Imp Distr No. 3	8.448	4.840	4.559	32.235
LPC Palo Verde Pub Imp Distr No. 3 Bond	62.934	16.860	13.567	0.000
Pine River Cemetary	0.150	0.150	0.150	0.150
Pine River Library	2.500	2.504	2.501	2.500
Purgatory Metropolitan	27.313	27.313	27.313	27.313
Purgatory Metropolitan Subdistrict	15.000	15.000	15.000	15.000
Southwestern Water Conservancy	0.368	0.362	0.340	0.395
Tamarron Metropolitan District	13.239	13.000	13.000	13.000
Tamarron Metropolitan District Bond	37.000	37.000	37.000	37.000
Total Direct and Overlapping Millages	302.353	244.637	239.347	275.730

Source: La Plata County Assessor's Office

Note: Durango Fire Protection District began operations on January 1, 2014. These statistics are available beginning in 2014 and comparison with the predecessor agency was not useful.

**Durango Fire Protection District
Principal Property Tax Payers
2017**

Rank	Taxpayer	Taxable Assessed Value	Percentage of Total Assessed Value
1	BP America Production Co.	58,297,380	9.26%
2	Conoco Phillips Company	7,296,310	1.16%
3	La Plata Electric Association Inc.	7,112,690	1.13%
4	XTO Energy Inc.	5,970,370	0.95%
5	BP America Production Co.	5,600,090	0.89%
6	Williams Four Corners LLC	3,943,670	0.63%
7	Public Service CO of Colorado (Xcel)	3,828,500	0.61%
8	Glacier Properties Associates LLC	3,765,900	0.60%
9	Purgatory Recreation	3,503,710	0.56%
10	Glacier Properties Associates LLC	<u>1,536,490</u>	<u>0.24%</u>
		100,855,110	16.02%

Note: Durango Fire Protection District began operations on January 1, 2014.

**Durango Fire Protection District
General Fund Property Tax Levies and Collections
2014 - 2017**

Fiscal Year	Total Tax Levy for Year	Amount Collected	Percentage of Levy	Collections in Subsequent Years	Total Collections	Percentage of Levy
2014	3,077,758	3,036,599	98.66%	(122)	3,036,477	98.66%
2015	3,236,060	3,193,747	98.69%	253	3,194,000	98.70%
2016	3,634,503	3,588,243	98.73%		3,588,243	98.73%
2017	3,168,838	3,125,182	98.62%	978	3,126,160	98.65%

Note: Durango Fire Protection District began operations on January 1, 2014. These statistics are available beginning in 2014 and comparison with the predecessor agency was not useful.

**La Plata County, Colorado
Demographic Data
2007 - 2016**

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Population	49,146	50,073	50,759	51,441	51,867	52,457	53,404	53,978	54,857	55,697
Births	597	606	593	589	543	536	495	552	579	571
Deaths	280	277	275	270	246	332	315	300	346	337
Housing units	25,160	25,719	25,813	25,917	26,132	26,283	26,452	26,731	27,048	27,404
Households	19,758	20,154	20,488	21,144	21,323	21,504	21,812	22,107	22,107	22,851
Average household size	2.39	2.39	2.38	2.35	2.35	2.35	2.35	2.35	2.35	2.35
Registered voters	33,761	37,715	37,185	37,565	38,590	41,732	41,785	40,154	41,117	44,828
Employment	30,143	30,294	29,632	27,744	27,408	27,693	27,873	28,634	28,819	30,093
Unemployment	864	1,133	1,685	2,130	2,068	1,970	1,686	1,260	1,029	886
Unemployment rate	2.80%	3.60%	5.40%	7.10%	7.00%	6.60%	5.70%	4.20%	3.40%	2.90%
Total personal income (thousands)	2,021,934	2,213,148	2,084,376	2,083,201	2,193,094	2,406,168	2,686,474	2,909,118	2,834,624	2,843,289
Per capita personal income	40,977	44,007	40,786	40,550	42,348	45,958	50,366	53,991	51,755	51,117

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, Colorado Department of Labor - Bureau of Labor Statistics
US Department of Commerce - Bureau of Economic Analysis

Accurate demographic information is not compiled for the District's service area. The District's service area covers a significant part of La Plata County including the county seat the City of Durango. Complete data for 2017 is not available as of this date.

**Durango Fire Protection District
Principal Employers
2007 - 2016**

Employer	2007 Employees	2008 Employees	2009 Employees	2010 Employees	2011 Employees	2012 Employees	2013 Employees	2014 Employees	2015 Employees	2016 Employees	2016 Percentage of Total County Employment
DSC Purgatory LLC										1,000	3.5%
Mercy Medical Center	724	750	719	625	625	726	900	797	1,200	860	3.0%
Durango School District 9-R	795	823	824	544	544	544	573	601	632	853	3.0%
Southern Ute Indian Tribe Crossfire	744	805	854	1,500	1,500	1,500	970	755	845	795	2.8%
Fort Lewis College	645	655	687	535	535	535	709	636	570	660	2.4%
City of Durango	458	487	501	500	500	430	475	314		546	1.9%
La Plata County	388	400	406	412	412	412	400	326	401	434	1.5%
Sky Ute Lodge and Casino	301	307					430	395	400	425	1.5%
Mercury Payment Systems			222	442	442	637	417	409	630	365	1.3%
Durango Mountain Resort	333	393	295	346	346	400	400	400	479		
BP America									221		
Wal Mart Stores, Inc.	382	303	395	353	353	320	354	365			
San Juan Basin Health			208	226	226	226					
Flint Energy	222	214									
Total	4,770	4,923	5,111	5,483	5,483	5,730	5,628	4,998	5,700	6,643	23.0%

Source: Region 9 Economic Development District of Southwest Colorado

Accurate demographic information is not compiled for the District's service area. The District's service area covers a significant part of La Plata County including the county seat the City of Durango. Complete data for 2017 is not available as of this date.

**Durango Fire Protection District
Full-time Equivalent Employees
2008- 2017**

	2008*	2009*	2010*	2011*	2012*	2013*	2014	2015	2016	2017
Function										
Fire and EMS										
Firefighters and officers	48	48	48	48	54	54	54	54	54	54
Administrative staff	9	9	9	9	9	9	9	9	9	9
Operational support staff	13	13	14	11	11	11	11	11	12	12
Total Fire and EMS Full-time Employees	70	70	71	68	74	74	74	74	75	75

* Numbers for years prior to 2014 are for Durango Fire & Rescue Authority the predecessor agency.

**Durango Fire Protection District
Operating Indicators by Function
2008 - 2017**

	2008*	2009*	2010*	2011*	2012*	2013*	2014	2015	2016	2017
Function										
Fire										
Structure and wildland fires	236	193	270	327	226	302	346	222	364	375
Hazardous conditions	84	117	169	115	126	179	106	116	109	112
EMS										
Emergency medical	1,376	1,424	1,348	1,399	1,454	1,611	2,056	2,818	2,343	2,413
Motor vehicle and bicycle accidents	251	235	245	223	239	240	279	287	357	368
Other tramua	402	471	521	588	551	597	581	20	791	815
Non-emergency transports and assists	521	600	519	503	566	641	528	622	636	655
EMS Totals	2,550	2,730	2,633	2,713	2,810	3,089	3,444	3,747	4,127	4,251
Public Service Assistance	108	48	37	52	44	43	32	29	41	42
False Alarms	862	695	509	484	779	652	656	724	441	454
Total Calls	3,840	3,783	3,618	3,691	3,985	4,265	4,584	4,838	5,082	5,234
Inspections	1,307	1,439	1,461	1,214	885	943	690	809	822	847

* Numbers for years prior to 2014 are for Durango Fire & Rescue Authority the predecessor agency.

**Durango Fire Protection District
Calls by District
2017**

2014 Calls by District	EMS	False Alarm	Fire	Hazardous Cond.	Public Service	Total
DFRA 1 - Bodo	390	52	35	9	6	492
DFRA 2 - Downtown	1,559	116	96	48	11	1,831
DFRA 3 - 32nd Street	734	89	57	19	3	901
DFRA 4 - Sunnyside	63	8	18	4	1	94
DFRA 5 - Edgemont	61	13	15	3	0	93
DFRA 6 - Trimble	145	13	18	3	1	180
DFRA 7 - Elmore's Corner	754	33	37	10	5	839
DFRA 8 - Rafter J	55	12	8	2	0	77
DFRA 9 - Durango West	65	5	13	3	2	89
DFRA 10 - Elkhorn Mountain	0	1	0	0	0	1
DFRA 11 - Bondad	48	10	18	2	0	78
DFRA 12 - Timberline	93	6	16	1	1	117
DFRA 13 - Falls Creek	21	2	2	2	0	27
DFRA 14 - Tamarron	24	4	4	0	0	32
DFRA 15 - Electra Lake	19	9	3	1	0	32
DFRA 16 - Durango Mtn. Resort	106	39	25	3	1	174
Mutual Aid	114	40	10	1	10	176
Total	4,251	454	375	112	42	5,234

**Durango Fire Protection District
Capital Asset Statistics
2008 - 2017**

Function	2008*	2009*	2010*	2011*	2012*	2013*	2014	2015	2016	2017
Fire and EMS										
Fire stations										
Staffed stations	3	3	3	3	4	4	4	4	4	4
Volunteer	13	13	13	13	12	12	12	12	12	12
Administrative building	1	1	1	1	1	1	1	1	1	1
Fleet										
Engines	18	18	18	18	18	18	18	18	18	18
Tankers	9	9	9	9	9	9	9	9	9	9
75' aerials	2	2	2	2	2	2	2	2	2	2
Ambulances	7	6	6	6	6	6	8	8	8	9
Brush trucks	10	10	8	8	8	8	8	8	8	8
Rescue trucks	4	4	3	3	3	3	3	3	3	3
Other	40	40	33	33	33	33	33	33	33	33

* Numbers for years prior to 2014 are for Durango Fire & Rescue Authority the predecessor agency.

