UPPER PINE RIVER FIRE PROTECTION DISTRICT

Bayfield, Colorado

Comprehensive Financial Audit Report
Fiscal year ending December 31, 2018

UPPER PINE RIVER
FIRE PROTECTION DISTRICT
COMPREHENSIVE ANNUAL
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2018

Prepared by: Management and the Accounting Department

Bruce Evans, Fire Chief
Mickey Ramsey, District Accountant

Contents

Page

INTRODUCTORY SECTION

Letter Of Transmittal ..... 1 - 6
Certificate Of Achievement For Excellence
In Financial Reporting 7
Organizational Chart 8
District Map.....9
Names And Titles Of Elected And Appointed Officials 10

FINANCIAL SECTION

Independent Auditors' Report..... 11 - 13

Management's Discussion And Analysis ..... i - v

Basic Financial Statements

Government-Wide Financial Statements
Statement Of Net Position.....14
Statement Of Activities 15

Fund Financial Statements
Balance Sheet - Governmental Funds.....16
Reconciliation Of The Balance Sheet Of Governmental
Funds To The Statement Of Net Position 17
Statement Of Revenues, Expenditures And Changes In
Fund Balances - Governmental Funds 18
Reconciliation Of The Statement Of Revenues, Expenditures
And Changes In Fund Balances Of Governmental Funds
To The Statement Of Activities.....19

Notes To Financial Statements ..... 20 - 47

Contents

Page

Required Supplementary Information

Schedule Of Revenues, Expenditures And Changes In Fund Balance - Budget And Actual - General Fund....48
Schedule Of The District's Proportionate Share Of The Net Pension (Asset) Liability - SWDBP....49
Schedule Of The District's Contributions To The Pension Plan - SWDBP....50
Schedule Of The District's Proportionate Share Of The Net Pension (Asset) Liability - SWHDBP....51
Schedule Of The District's Contributions To The Pension Plan - SWHDBP....52
Note To Required Supplementary Information....53 - 54

Supplementary Information

Schedule Of Revenues, Expenditures And Changes In Fund Balance - Budget And Actual - Debt Service Fund....55

Contents

Page

Statistical Section

Table Of Contents 56
Net Position By Component 57
Changes In Net Position 58
Fund Balances Of Governmental Funds 59
Governmental Funds Changes In Fund Balances 60
Assessed Value And Actual Value Of Taxable Property 61
Direct And Overlapping Property Tax Rates 62
Principal Property Tax Payers 63
General Fund Property Tax Levies And Collections 64
Ratios Of Outstanding Debt By Type 65
Ratios Of General Bonded Debt Outstanding And Legal Debt Margin 66
Direct And Overlapping Governmental Activities Debt 67
Demographic And Economic Statistics - La Plata County 68
Principal Employers In La Plata County 69
Full-Time Equivalent Employees 70
Capital Asset Statistics 71
Operating Indicators By Function 72
Calls By District 73

Introductory Section

Upper Pine River Fire Protection District
515 Sower Drive, Bayfield, CO
Phone: 970 884-9508
Fax: 970 884-2444

June 28, 2019

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

State law requires that governmental entities publish within six months of the close of each calendar year (unless such deadline is extended) a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (US GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the Upper Pine River Fire Protection District ("District") for the fiscal year ended December 31, 2018.

This report consists of management's representations concerning the finances of the District. Consequently, management assumes full responsibility for the completeness and reliability for all the information presented in this report. To provide a reasonable basis for making these representations, management of the District has established a comprehensive framework that is designed to protect the government's assets from loss, theft or misuse, and to compile sufficient reliable information for the presentation of the Upper Pine River Fire Protection District's financial statements in conformity with US GAAP. As management, we assert to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The Upper Pine River Fire Protection District's financial statements have been audited once again by Rubin Brown LLP, a firm of licensed certified public accountants who regularly audit governmental entities in Colorado. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Upper Pine River Fire Protection District for the fiscal year ended December 31, 2018, are free of material mis-statements. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and assessing the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion and that Upper Pine River Fire Protection District's financial statements for the year ended December 31, 2018, are fairly presented in conformity with US GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

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

Profile of the District

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

The district is accredited for the EMS operations through the Committee on Accreditation of Ambulance Services and is the smallest agency in the United States and the only fire based organization in the State

of Colorado to attain this accreditation. It is a district that responds to all hazards with a focus on customer service.

These services are provided to a fulltime population of approximately 15,000 in 285 square miles of eastern La Plata County and Western Archuleta County in southwest Colorado. The District sees a seasonal increase for the summer of up to 30,000 filling vacation homes and campgrounds at Lake Vallecito. The District also has completed annexation several large ranches in Western Archuleta County along Highway 160 that are within the 5 mile insurance service rating of UPRFPD Station 8 to afford homeowners better rates on their property insurance. The District is funded by property taxes, contracts, ambulance revenue, Federal and State grants, wild fire deployments and donations from Corporations and private citizens.

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

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

Appropriations for the budget are adopted on a total fund basis. The Board of Directors may make additional appropriations during the budget year for expenditures required, but not in excess of the amount of actual revenues exceeding budgeted revenues and un-appropriated surplus for the fund. The Chief may transfer any unencumbered appropriation balance or a portion thereof from one classification of expenditure to another within the budget in order to carry out the goals and objectives of the Board of Directors and the District. The district holds reserves in accordance with an Annual Operating Plan with the State of Colorado for potential wildland fire incidents and disasters.

Factors Affecting Financial Condition

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

Local Economy

General*:* The Pine River Valley geographic area is located in the southwestern part of Colorado in the eastern part of La Plata County. The Town of Bayfield, Town of Ignacio and City of Durango make up the

Durango "Micropolitan" Area. La Plata County has experienced considerable economic and population growth from the late 1980's to 2008. Like most of the United States the 2009 local economy showed considerable financial declines over previously prosperous years. The local economy has shown slight but steady gains during the period of 2011-2018. In 2018 the county had an unemployment rate of 2.3% down from last year's 2.6%. The labor force has been flat at 32,039. In LaPlata County significant increases in housing starts and home sales occurred in 2018. New building permits were at 71 in 2018 and there were 209 home sales with an average price of $486,000.

La Plata County is an ideal location for entrepreneurs and innovative businesses that want to grow and succeed. A shortage of highly skilled workers is developing along with a shortage in affordable housing. Much of this is due to a high desire to live in La Plata County which enjoys an outstanding quality of life for them, their employees and their families. Few other communities in the Rocky Mountains can offer businesses the resources that La Plata County can:

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

Fort Lewis College Department of Economics believes that Durango's present economy is primarily based on tourism, now generating approximately 28% of all activity in La Plata County. The Upper Pine River Fire Protection District incorporate three general planning areas, the Town of Bayfield, the Vallecito Lake recreation area and community and the Forest Lakes Metro District, the largest residential subdivision in La Plata County. Most of these planning areas serve as residence for the employers in Durango. Restrictions on new oil and gas permits have hampered revenues from this source into the Fire District's income. A continued change to the residential assessment rates due to the Colorado Gallagher amendment continues to generate lower tax revenue for the district.

The Town of Bayfield:

The Town of Bayfield is a statutory Town located in La Plata County within the Upper Pine River Fire Protection District. The town sits at an elevation of about 6900 feet, in the beautiful Pine River Valley, with spectacular vistas in all directions. The town is a bedroom community to the Durango "Micropolitan" area offering more economical, lower density, and ranch style living. The average home price is $265,000 as compared to Durango at $435,000. Bayfield and the 20 minutes driving radius has a median household income of $59,185, above the National averages.

Bayfield is home to approximately 2,702 residents within the town and another 12,528 in the surrounding area the fire district serves. Bayfield acts as the commercial and cultural center for eastern La Plata County. The anchor business establishments are Lewis True Value Hardware, Southwest Agriculture Supply, Riverside RV Park and Gosney, LLC. Bayfield prides itself on our small town atmosphere and long-standing sense of community offering a nostalgic 4th of July Parade and an intact main street commerce area known as Mill Street. The Town of Bayfield was incorporated in 1906 when the Bay family and the Schiller family each donated land to create a supply Town near the Pine River. Bayfield was named after Mr. William Bay when he won a coin toss between himself and Mr. Schiller. Had the toss gone the other way, it is said the Town would have been named "Schillerville".

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

Bayfield has a strong school district. The Bayfield School District has long been recognized as one of Colorado's finest and was awarded "Colorado School Board of the Year" in 2007. In 2016, the school district passed a mill levy and completed construction of a new elementary school and improvements to the existing primary school. The library was named the Best Small-town Library in American in 2013. Bayfield also boasts a quaint downtown known as Mill Street that has ball fields for youth and adult sports

along with the ever-popular Bayfield Heritage Days held each September. The Bayfield High School Football team took the 2A State Football Championship for 2018.

The Town of Bayfield is serviced by Upper Pine River Fire Station 1 and residents fund the district with a property tax mill levy. Real estate values are increasing within the area and there were numerous new housing starts in 2018. Over 40 new home sites are under construction in a subdivision called Mesa Meadows and the Dove Ranch subdivision was built out in 2018. Housing prices are favorable due to low supply and higher price in Durango. Many of the residents in Bayfield work in the oil and gas industry, public safety, or health care.

Vallecito Lake:

Sheltered in a secluded mountain valley 8,000 feet above sea level, Vallecito Lake is one of the largest and most beautiful bodies of water in Colorado. Vallecito, Spanish for "Little Valley", and ancestral home to many of Colorado's Ute Indians, became the name of the sparkling waters of the lake it surrounded. Located in the Southwestern part of the state just 18 miles from Durango, Vallecito provides a perfect base for enjoying the Four Corners area and its many wonders. The lake attracts Texans and Oklahomans looking to escape the summer heat and to enjoy trophy fishing and hunting in the surrounding mountains and streams. Boating, skiing, and fishing generate seasonal income for the area and it is home to several large ranches and vacation homes. The Vallecito Lake is serviced by Upper Pine River Fire Station 4. In 2018 Vallecito had a significant downward number of visits to the local campgrounds due to wildland fires and poor air quality.

Forest Lakes Metro District:

Forest Lakes is the largest subdivision in southwestern Colorado. This community is located in La Plata County, Colorado and covers 1,865 acres with 1,600 parcels and 764 structures. Forest Lakes is a remote rural community nestled in the mountains of La Plata County, north of Bayfield, Colorado. The community borders BLM and state lands on the north, USFS lands to the east, and private lands to the south. Forest Lakes is home to about 1,800 residents with 75 percent year-round residents and the remainder residing in Forest Lakes seasonally, primarily during the summer months. Many residents commute to Bayfield, Ignacio, and Durango for work, and many are retired. About half of the 1600 parcels have been built on. The average parcel size is 1 acre with some lots as small as 1/4 acre. Forest Lakes is covered by Upper Pine River Fire Station 5 with full time staff.

Long-term Financial Planning*:*

The Upper Pine River Fire Protection District Board of Directors developed a Strategic Plan in 2012 to create sustainability and bring an innovative service delivery model to the fire district. As the district has grown or evolved from a volunteer department, sophistication of accounting standard practices reflective of government accounting has been initiated. As part of projecting financial needs a strategic planning process has been implemented. The strategic plan commences in January 2016 to predict and plan for 5, 10 and 20 year increments specifying vehicle replacements and capital projects. The district has been very successful in grant acquisitions that have allowed for accelerated increases in the reserve funds striving for one year of operating expenses to be held in reserve.

The district operates with certain fees for service events and collects ambulance revenue, response fees and the hazardous materials fees from users of this particular service delivery by the fire district. The ambulance collection rate is 56% which is on par with the industry average.

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

The Upper Pine River Fire District maintains a significant fleet to support the 8 stations covering the 285 square miles of the fire district. To ensure efficiencies and provide for a long term vehicle replacement plan, the district has begun to sequester monies for replacement the fleet and physical place on appropriate depreciation schedules to ensure timely and cost effective replace without incurring additional bond initiatives. Surplus vehicles are being sold and the fleet is being right sized for efficiency of operations and reduced maintenance cost.

The District currently has long term lease/purchase agreements for the administration building and equipment of approximately $1.2 million. The district has restructured the leases to take advantage of historically low interest rates. This has allowed the district to reduce lease payments burdening the operating funds and hasten the elimination of the bond service.

The voters granted the District an increase in the current mill levy to 10.9 mills from 4.95 mills in order to compensate for downturns in oil and gas revenue due production cost in the region currently outpacing market values for natural gas. The voter approved initiative has sunset legislation eliminating or calling for a reauthorization in 2024 designed to correspond with the retirement of the bond service.

Refinancing of the bond debt to a lower interest rate resulted in an overall savings of approximately $25,000 annually. After the economic downturn in late 2008, Upper Pine River Fire Protection District management and board recognized that they would be facing a decline in property valuations which would mean a decline in revenues beginning in 2011. Starting in 2009, management made the decision to keep operating expenses as flat as possible and to reduce capital expenditures to only critical items. Excess revenues were moved into the fund balance with the idea that they would be available to fund operations when revenues declined. Austerity measures have continued through 2018 in order to restore reserve funds to a goal $1.8 million.

Significant wild fire risk plagued the district and Colorado in 2018. In May 2018 a 52 acre fire occurred in the fire district. Suppression costs were approximately $370,000. State of Colorado grants for aviation assets and an insurance settlement with the responsible party allowed the fire district to have no additional impacts to the budget. Over $12 million in property and homes was saved from this fast moving fire at the above mentioned expense demonstrating a significant return on investment.

While the GFOA recommends two months of operating expenses or 17% of the budget set aside for emergencies, due to the nature of the fire district's mission and potential for a significant wildfire cost, the Fire Chief sees one to two years of operating expenses necessary. The District has set as a goal one year of operating expenses assigned to the Reserves for Economic Uncertainty or the category "Unassigned" as designated by GASB 54 in the financial strategic plan.

Awards and Acknowledgements:

Upper Pine River Fire Protection District received The Government Finance Officers Association of the United States and Canada (GFOA) Certificate of Achievement for Excellence in Financial Reporting for its comprehensive annual financial report for the fiscal year ended December 31, 2017. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

I would like to recognize the District's Board of Directors for their support for the District, its fiscal responsibility and the highest standards of professionalism in the management of the District's finances. Three of the Board of Directors were reelected to four year terms. Also, to the citizens and stakeholders

of the Upper Pine River Fire Protection District for entrusting the judicial use of their tax dollars for the greater good of the community and our corporate donors for their generosity and support. Lastly, to the emergency responders and support staff that brings a level of excellence to rural fire and EMS services delivered in the Pine River Valley.

Respectfully submitted,

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

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Upper Pine River Fire Protection District, Colorado

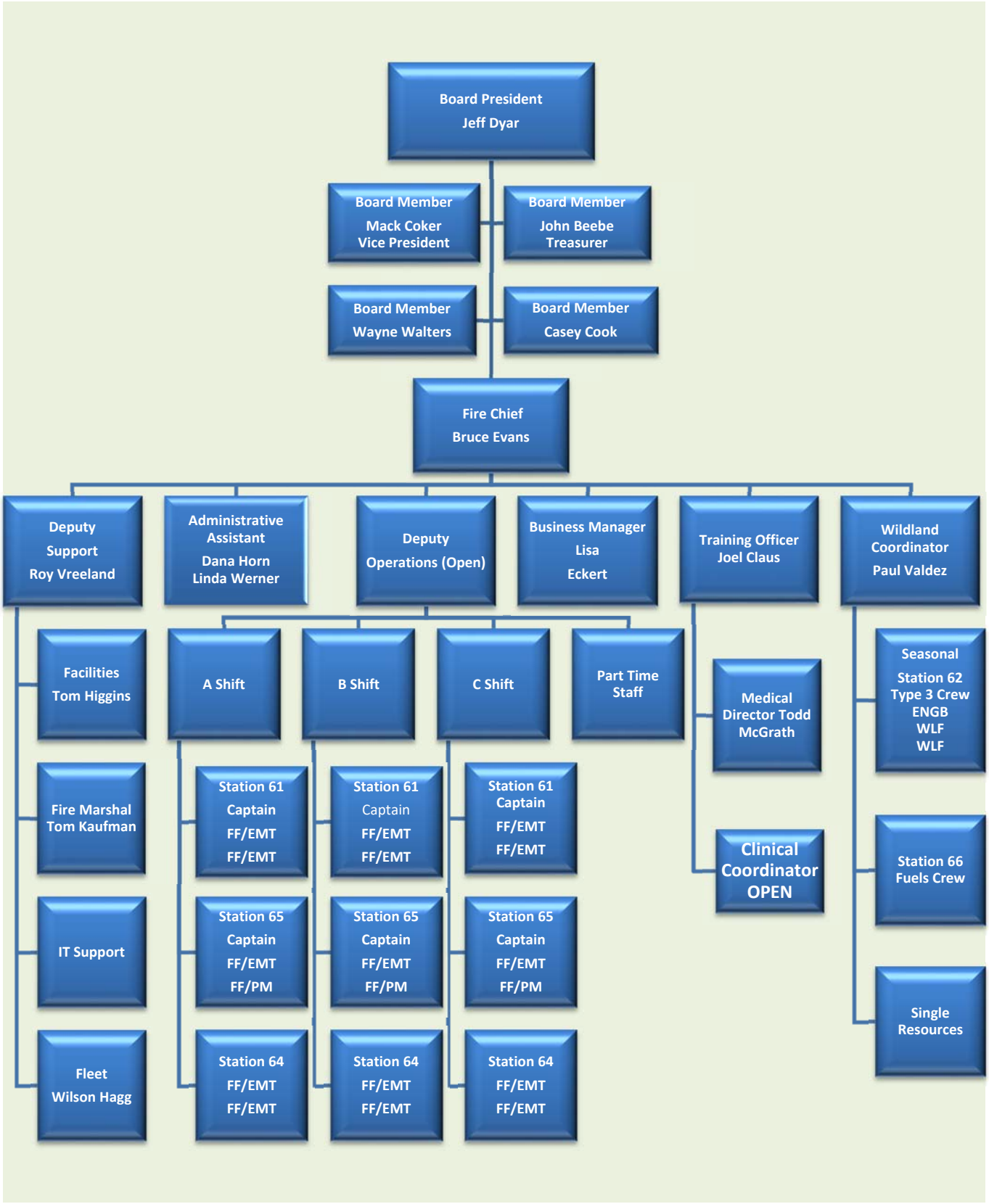
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

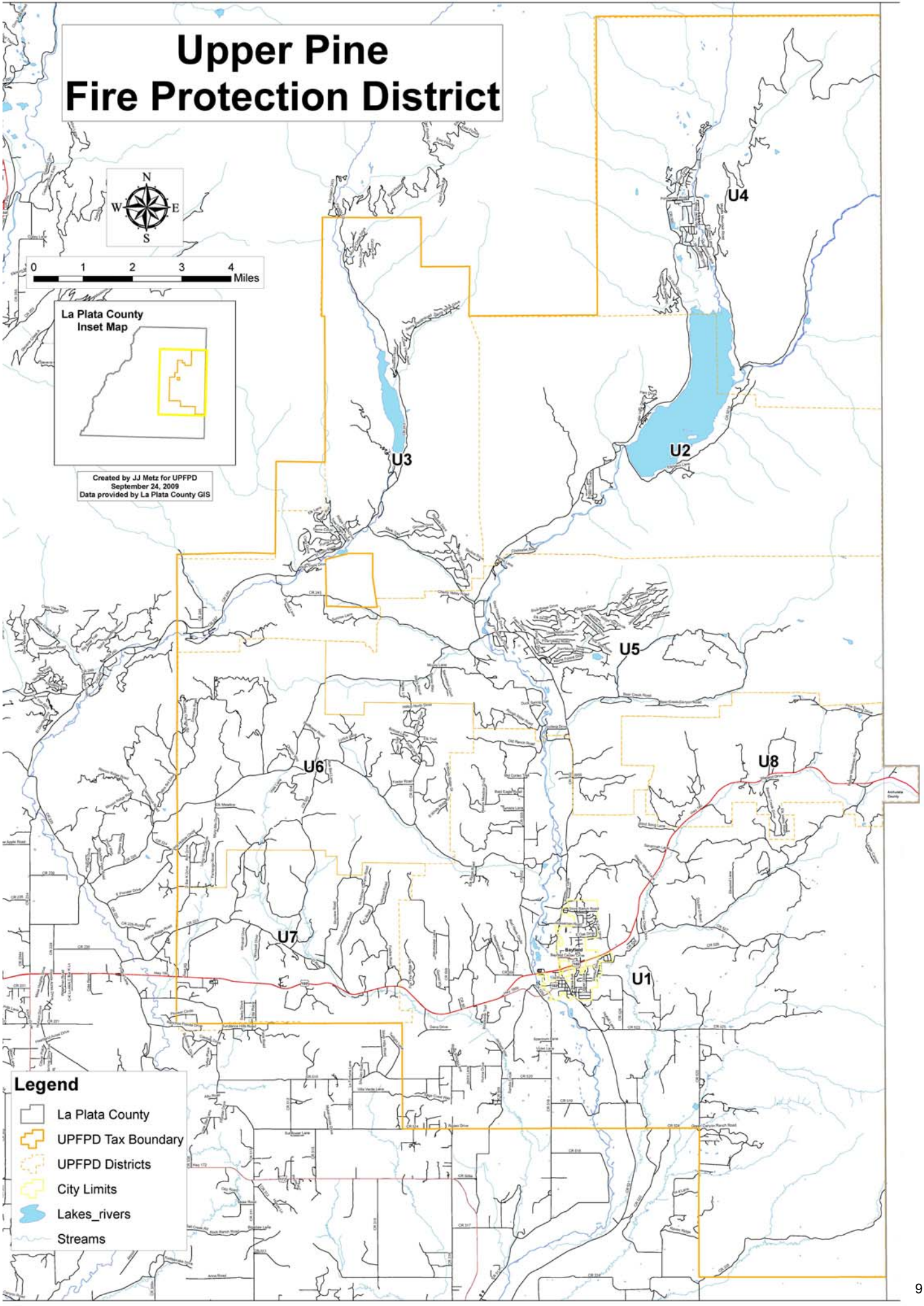
December 31, 2017

Christopher P. Morrill

Executive Director/CEO

Upper Pine River Fire Protection District
Organizational Chart




Upper Pine
Fire Protection District
N
W
E
S
0 1 2 3 4
Miles
La Plata County
Inset Map
Created by JJ Metz for UPFPD
September 24, 2009
Data provided by La Plata County GIS
U1
U2
U3
U4
U5
U6
U7
U8
Legend
La Plata County
UPFPD Tax Boundary
UPFPD Districts
City Limits
Lakes_rivers
Streams

Upper Pine Board Member Roster

Jeff Dyar- President
780 Westview Drive
Bayfield Co 81122

Mack Coker – Vice President
PO Box 919
Bayfield Co 81122

John Beebe- Treasurer
445 Elk Valley Road
Bayfield Co 81122

Casey Cook- Member
135 Pine Ridge Drive
Bayfield Co 81122

Wayne Walters- Member
1315 Main Ave SUITE 106
Durango, CO 81301

Financial Section

RubinBrown LLP
Certified Public Accountants & Business Consultants

1900 Sixteenth Street
Suite 300
Denver, CO 80202

T 303.698.1883
F 303.777.4458

W rubinbrown.com
E info@rubinbrown.com

Independent Auditors' Report

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

Report On The Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Upper Pine River Fire Protection District (the District) as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility For The Financial Statements

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

Auditors' Responsibility

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

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

An independent member of bakertilly INTERNATIONAL

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the District as of December 31, 2018 and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages i through v, the budgetary comparison schedule, schedules of the District's proportionate share of the net pension assets, schedules of the District's contributions to the pension plans and notes to required supplementary information on pages 48 through 54 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The individual fund budgetary comparison schedule 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 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual fund budgetary comparison schedule is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

RubinBrown LLP

June 28, 2019

Management's Discussion and Analysis

As management of Upper Pine River Fire Protection District (the "District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended December 31, 2018.

Overview of the Financial Statements

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

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

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

Financial Highlights

1. The District's net position at the end of 2018 is **$4,726,397** compared to **$ 4,380,963** at the end of 2017.
2. Total revenues for the year ended December 31, 2018 were **$4,863,145** compared to total revenues of **$ 4,190,521** in 2017; an increase of $**672,624** due to substantial allocation of resources to wildland firefighting.
3. The District made use of grant monies awarded from State and Federal funding sources in the amount of **$204,739**.

Government-wide financial statements

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

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

The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. (e.g., earned but not used vacation leave).

The government-wide financial statements can be found on pages 14 through 15 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 had two funds in 2018, the General Fund and Debt Service Funds, which are governmental funds.

Governmental funds

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

Because the focus of governmental funds are more narrow than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. A reconciliation of the fund balance as reported in the governmental funds to the net change in fund balance to the change in net position has been provided to facilitate the comparison between governmental funds and governmental activities.

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

The governmental fund financial statements are presented on pages 16 and 18 of this report.

Notes to the financial statements

The notes provided additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 20 through 47 of this report.

Statement of Net Position

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

	2018	**2017**
Current and other Assets	$ 5,893,519	$ 5,371,351
Capital Assets	$ 5,164,213	$ 5,707,716
Total Assets	$ 11,057,732	$ 11,079,067
Deferred Outflows of Resources	$ 791,257	$ 721,007
Current Liabilities	$ 1,060,937	$ 948,024
Long Term liabilities	$ 2,694,228	$ 3,494,375
Total Liabilities	$ 3,755,165	$ 4,442,399
Deferred Inflows of Resources	$ 3,367,427	$ 2,976,712
Net Investment in capital assets	$ 2,315,616	$ 2,179,305
Restricted	$ 175,311	$ 162,322
Unrestricted	$ 2,235,470	$ 2,039,336
Total net position	**$ 4,726,397**	**$ 4,380,963**

Statement of Activities

The statement of activities reflects the cost of operation and the charges for services and receipt of grants offsetting those services. The following detail reflects the total cost of services supported by operating revenues and property taxes, as well as other general revenues, resulting in the overall change in net position for the fiscal years 2018 and 2017.

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

		Expenses	Charges for Services	Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Primary Government					
Governmental Activities:					
Public Safety					
	2018	**$4,483,209**	**$ 272,844**	**$ 1,348,490**	**$ (2,861,875)**
	2017	$4,172,157	$ 274,041	$ 669,330	$ (3,228,786)
Interest					
	2018	**$123,252**			**$ (123,252)**
	2017	$140,498			$ (140,498)
Total Governmental Activities:					
	2018	**$4,606,461**	**$ 272,844**	**$ 1,348,490**	**$ (2,985,127)**
	2017	$4,312,655	$ 274,041	$ 669,330	$ (3,369,284)

	2018	2017
General Revenues:		
Property Taxes	**$2,914,787**	**$2,896,839**
Specific Ownership Tax	**315,218**	**315,516**
Gain on sale of capital assets	**88,750**	**69,083**
Investment Earnings	**(19,375)**	**13,413**
Other	**31,181**	**21,382**
Total General Revenues	**3,330,561**	**3,316,233**
CHANGE IN NET POSITION	**345,434**	**(53,051)**
NET POSITION – Beginning	**4,380,963**	**4,434,014**
NET POSITION – Ending	**$ 4,726,397**	**$ 4,380,963**

Financial Analysis

In 2018 our property tax revenues stabilized from the prior year due to an increase in residential assessments and new construction. Fire district management was alerted by the Assessor's office that oil and gas values would see declines starting in fiscal 2012. In preparation for the projected decline the district committed a majority of the excess revenue from 2010 to reserves, did not fill several open administrative positions, froze wages and reduced spending where appropriate without reducing services.

The District offset property tax decreases with grant monies received including $33,000 for capital projects, $116,000 for staffing and $55,000 for property mitigation. The wildland fire program continued to have a positive impact on the finances of the District as serving as a cooperator to local state and national fires provided the district with **$1,143,751** in additional revenues. These additional revenues allowed the District to increase services to national standards and stabilize the financial positions and cash reserves of the District. In the last several years, the District has increased reserves by over $1,200,000.

Governmental Funds

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

At the end of the current fiscal, the District's governmental funds reported an ending fund balance of **$1,758,058** in the general fund and an ending funding balance of **$57,378**, in the debt service fund**.** Reserved fund balance of **$117,933** is not available for new spending because it has been reserved by TABOR.

Capital Assets

The Districts investment in capital assets for its governmental activities as of December 31, 2018 amounted to **$5,541,966** (net accumulated depreciation). This investment in capital assets includes, land, buildings, equipment and vehicles. Additional information can be found in Note 5 to the financial statements.

Long-term Debt

At the end of the year the District had long-term debt outstanding of **$3,503,316** comprised of capital leases for equipment and the administration building, series 2013 G.O. Bonds and compensated absences. Additional information on the District's debt can be found in Note 6 of the financial statements. In 2013, the 2004 General Obligation Bonds were refunded with the 2013 General Obligation Bonds. The new bonds have an interest rate of 2.67%, compared to a maximum rate of 5.00% with old bonds. The maturity date of the new bonds is the same date as the old bonds. In 2014, the District refinanced two capital leases. The new lease has an interest rate of 2.38% compared to 4.878% and 4.8231% for the old leases. The maturity date of the 2014 lease is December 01, 2021.

Budget Analysis

The Fire District continues to use best practices in managing the finances and assets of the district. We continue to seek opportunities to enhance our revenue stream through aggressively pursuing grants and participation in revenue generating functions such as response to wild land fires. These opportunities continue to enhance our capabilities and service delivery. In 2018, the general fund realized gross revenues of **$4,463,926**. We continue to recover direct costs of personnel, fuel as well as the additional income from rental rates of our equipment.

Our EMS billing and revenues were steady in 2018, and collection rates remain well above the national collection rate. Ambulance rates were increased effective January 2014 to reflect higher fuel prices and cover disposables for EMS. The amount collected helped fund the EMS Operations which can be described as vehicles, fuel, medical supplies, insurance and training.

Economic Factors, Trends and Future Plans

2018 tax revenue increased slightly despite lower assessed values on residential real property from the Gallagher amendment. As supply drops and the buildable land in the central part of the county becomes expensive, continued increases are anticipated in residential property values in the District with the next property valuation.

Buildable lots in the eastern La Plata County are now at a premium which is expected to send property values up significantly as inventory declines. Three large parcels that could result in as many as 300 additional homes are possible in Mesa Meadows, Homestead and a recently acquired parcel on the east side of Bayfield that has an existing master plan. As inventory decreases and pricing elevates it is anticipated that growth in housing will shift to the eastern side of the county in Bayfield and Forrest Lakes.

Factors that have allowed us to continue to fully operate with no reduction in service have been our continued response to national wildfires. That program brought **$1,143,751** in gross revenue to the district in 2018. We were also awarded **$25,000** in grant money to support the seasonal hand crew and approximately **$116,000** from a FEMA grant for staffing.

Request for information

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

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

UPPER PINE RIVER FIRE PROTECTION DISTRICT

STATEMENT OF NET POSITION
December 31, 2018

	Governmental Activities
Assets	
Cash, cash equivalents and investments	$ 1,158,668
Cash held with County Treasurer	27,088
Receivables:	
Property taxes	3,027,636
Medical billings (net of allowances for uncollectables)	135,396
Other	639,990
Inventory	4,392
Prepaid items	94,641
Net pension asset	427,955
Nondepreciable capital assets	377,753
Depreciable capital assets - net of accumulated depreciation	5,164,213
Total Assets	11,057,732
Deferred Outflows Of Resources	
Deferred charges on refundings	97,807
Deferred outflows pension	693,450
Total Deferred Outflows Of Resources	791,257
Liabilities	
Accounts payable	139,178
Accrued expenses	105,562
Accrued interest payable	7,109
Noncurrent liabilities:	
Due within one year	809,088
Due in more than one year	2,694,228
Total Liabilities	3,755,165
Deferred Inflows Of Resources	
Deferred property tax revenue	3,027,635
Deferred inflows pension	339,792
Total Deferred Inflows Of Resources	3,367,427
Net Position	
Net investment in capital assets	2,315,616
Restricted for:	
TABOR	117,933
Debt service	57,378
Unrestricted	2,235,470
Total Net Position	$ 4,726,397

UPPER PINE RIVER FIRE PROTECTION DISTRICT

STATEMENT OF ACTIVITIES
For The Year Ended December 31, 2018

	Expenses	Charges For Services	Operating Grants And Contributions	Net Revenue (Expense) And Change In Net Position
Primary Government				
Governmental activities:				
Public safety	$ 4,483,209	$ 272,844	$ 1,348,490	$ (2,861,875)
Interest on long-term debt	123,252	—	—	(123,252)
Total Governmental Activities	$ 4,606,461	$ 272,844	$ 1,348,490	(2,985,127)
General Revenues				
Property taxes				2,914,787
Specific ownership taxes				315,218
Gain on sale of capital assets				88,750
Investment income				(19,375)
Other				31,181
Total General Revenues				3,330,561
Change In Net Position				345,434
Net Position - Beginning Of Year				4,380,963
Net Position - End Of Year				$ 4,726,397

UPPER PINE RIVER FIRE PROTECTION DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS
December 31, 2018

Assets

	General Fund	Debt Service Fund	Total
Current Assets			
Cash, cash equivalents and investments	$ 1,104,644	$ 54,024	$ 1,158,668
Cash held with County Treasurer	23,734	3,354	27,088
Receivables:			
Property taxes	2,657,689	369,947	3,027,636
Medical billings	135,396	—	135,396
Other accounts receivable	639,990	—	639,990
Inventory	4,392	—	4,392
Prepaid items	94,641	—	94,641
Total Assets	$ 4,660,486	$ 427,325	$ 5,087,811

Liabilities, Deferred Inflows Of Resources And Fund Balances

Liabilities			
Accounts payable	$ 139,178	$ —	$ 139,178
Accrued expenses	105,562	—	105,562
Total Liabilities	244,740	—	244,740
Deferred Inflows Of Resources			
Unavailable revenue - property taxes	2,657,688	369,947	3,027,635
Fund Balances			
Nonspendable:			
Inventory	4,392	—	4,392
Prepaid items	94,641	—	94,641
Restricted:			
TABOR	117,933	—	117,933
Debt service	—	57,378	57,378
Unassigned	1,541,092	—	1,541,092
Total Fund Balances	1,758,058	57,378	1,815,436
Total Liabilities, Deferred Inflows Of Resources And Fund Balances	$ 4,660,486	$ 427,325	$ 5,087,811

UPPER PINE RIVER FIRE PROTECTION DISTRICT

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION

December 31, 2018

Fund Balances - Total Governmental Funds		$ 1,815,436
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds:		
Capital assets	$ 13,436,224	
Accumulated depreciation	(7,894,258)	5,541,966
Pension plan accounts, such as deferred inflows/outflows and net pension assets (liabilities), are not receivable or payable in the current period and, therefore, are not reported in the governmental funds:		
Net pension assets		427,955
Deferred outflows of resources		693,450
Deferred inflows of resources		(339,792)
Charges on advance refunding are not financial resources and, therefore, not reported in the funds. However, in the statement of net position, the amounts are deferred outflows of resources and are amortized over the life of the debt.		97,807
Liabilities not due and payable in the current period are not reported in the governmental funds:		
Accrued interest payable	(7,109)	
Compensated absences	(179,159)	
Bonds payable	(2,137,576)	
Leases payable	(1,186,581)	(3,510,425)
Net Position Of Governmental Activities		$ 4,726,397

UPPER PINE RIVER FIRE PROTECTION DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
For The Year Ended December 31, 2018

	General Fund	Debt Service Fund	Total
Revenues			
Property taxes	$ 2,553,951	$ 360,836	$ 2,914,787
Specific ownership taxes	276,873	38,345	315,218
Intergovernmental	1,143,751	—	1,143,751
Other local sources:			
Medical billings (net of contractual allowances of $279,462)	272,844	—	272,844
Investment income (loss)	(19,413)	38	(19,375)
Grants	204,739	—	204,739
Miscellaneous	31,181	—	31,181
Total Revenues	4,463,926	399,219	4,863,145
Expenditures			
Current:			
Public safety:			
Fire administration	3,580,331	10,676	3,591,007
Fire fighting	215,064	—	215,064
Fire prevention	22	—	22
Fire training	55,592	—	55,592
Fire communications	30,286	—	30,286
Medical services	85,174	—	85,174
Station and grounds	140,501	—	140,501
Capital outlay	67,951	—	67,951
Debt service:			
Principal	377,037	324,547	701,584
Interest	37,213	65,739	102,952
Total Expenditures	4,589,171	400,962	4,990,133
Deficiency Of Revenues Under Expenditures	(125,245)	(1,743)	(126,988)
Other Financing Sources			
Proceeds from sale of capital assets	88,750	—	88,750
Net Change In Fund Balances	(36,495)	(1,743)	(38,238)
Fund Balance - Beginning Of Year	1,794,553	59,121	1,853,674
Fund Balance - End Of Year	$ 1,758,058	$ 57,378	$ 1,815,436

UPPER PINE RIVER FIRE PROTECTION DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For The Year Ended December 31, 2018

Net Change In Fund Balances - Total Governmental Funds			$ (38,238)
Amounts reported for governmental activities in the statement of activities are different because:			
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is capitalized and depreciated over their estimated useful lives.			
Capital outlay	$	67,951	
Depreciation		(611,454)	(543,503)
Net effect of other transactions involving capital assets (i.e., sales, trade-ins and disposals) is to decrease net position.			
Proceeds from asset sale		(88,750)	
Gain on sale		88,750	—
Deferred charges on advance refundings are expenditures in the governmental funds, but these amounts are shown as deferred outflows of resources on the statement of net position.			(21,770)
Pension benefit (expense) does not use current financial resources and, therefore, is not reported as income in governmental funds.			283,865
The issuance of long-term debt (i.e., bonds and leases) provides current financial resources to governmental funds, while the repayment of principle of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are amortized in the statement of activities. The amount is the net effect of these differences in the treatment of long-term debt and related items.			
Compensated absences		(37,974)	
Accrued interest payable		1,470	
Bond principal payments		324,547	
Capital leases principal payments		377,037	665,080
Change In Net Position Of Governmental Activities			$ 345,434

1. Description Of Reporting Entity

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

The District follows U.S. generally accepted accounting principles (GAAP), including Governmental Accounting Standards Board (GASB) accounting pronouncements that provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. The accompanying comprehensive annual financial report includes the financial activities of the District as the primary government. The District formed the Upper Pine River Fire Protection District Financial Corporation (the Corporation) on November 10, 2014 for the purpose of acquiring leasehold interest in certain property and leasing the property to the District, and to serve such other purposes as set forth in the Colorado Revised Nonprofit Corporation Act. The District appoints the Board of Directors of the Corporation. The Corporation is included as a blended component unit in the District's financial statements.

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

2. Summary Of Significant Accounting Policies

Basis Of Presentation

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

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

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

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

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

Fund Accounting

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

Governmental Funds

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

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

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

Measurement Focus And Basis Of Accounting

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

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

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

Use Of Estimates

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

Budgets And Budgetary Accounting

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

1. In accordance with the state statutes, prior to October 15, the Fire Chief submits to the Board a proposed operating budget for the calendar year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them for the upcoming year, along with estimates for the current year and actual data for the two preceding years. State statutes require a more detailed line item budget be submitted in summary form. In addition, more detailed line item budgets are included for administrative control.

2. Public hearings are conducted to obtain taxpayer comment.

3. Prior to December 31, the budget is legally enacted through passage of a resolution.

4. Budgets for the governmental funds are adopted on a basis consistent with GAAP.

5. Appropriations lapse at the end of each calendar year.

6. The District Board may authorize supplemental appropriations during the year.

Cash, Cash Equivalents And Investments

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

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

Investments are measured at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*, and GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*.

Interfund Balances

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

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

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

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the financial statements. Prepaid items of the District consist of expenditures related to insurance. Prepaid items are valued at cost and are recorded as expenditures in governmental funds when purchased.

Property Taxes

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

Capital Assets

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

Donated capital assets are recorded at their acquisition value on the date donated.

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

	Years
Buildings and improvements	20 - 40
Equipment	5 - 10
Vehicles	10 - 15

Compensated Absences

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

1 - 12 months of service	5 days
2 - 5 years of service	10 days
6 - 10 years of service	15 days
11 - 20 years of service	24 days

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

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

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

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

Vacation and sick leave benefits are recorded as earned, and a liability is recorded on the government-wide financial statements. For governmental funds purposes, a liability for these amounts is reported only if the amount is due at fiscal year end.

Long-Term Liabilities

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

In the fund financial statements, governmental fund types recognize debt premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs are reported as debt service expenditures.

Deferred Outflows/Inflows Of Resources

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

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

Fund Balance/Net Position

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

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

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

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

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

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

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

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

Pensions

For purposes of measuring the net pension (asset) liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense (benefit), information about the fiduciary net position of the Statewide Defined Benefit Pension Plan (SWDBP) and the Statewide Hybrid Defined Benefit Component Pension Plan (SWHDBP) and additions to/deductions from SWDBP's and SWHDBP's fiduciary net position have been determined on the same basis as they are reported by the plans. 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. The general fund is used to liquidate any pension liabilities.

3. Cash, Cash Equivalents And Investments

Deposits

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

Federal Deposit Insurance Corporation coverage for government accounts is $250,000 per official custodian. At December 31, 2018, the District's cash deposits had a book balance of $972,346 and a corresponding bank balance of $1,020,075. 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, $374,663 was covered by federal depository insurance. The remainder of the bank balance, $645,412 was collateralized with securities held by the pledging financial institution and covered by eligible collateral as determined by PDPA.

At December 31, 2018, the District had the following cash and investments:

	Book Balance
Cash held with County Treasurer	$ 27,088
Cash and cash equivalents	358,686
Money market funds	186,322
Certificates of deposit	613,660
Total	$ 1,185,756

Investments

The District is required to comply with state statutes which specify investment instruments meeting defined rating, maturity and concentration risk criteria in which local governments may invest, which include the following:

- Obligations of the United States and certain U.S. agency securities
- General obligation and revenue bonds of U.S. local government entities
- Bankers' acceptances of certain banks
- Commercial paper
- Certain securities lending agreements
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts
- Local government investment pools

At December 31, 2018, the District had the following investments:

		Investment Maturities (In Years)		
Investment	**Rating**	**Less Than One**	**One to Five**	**Total**
Money market funds	AAA/BB	$ —	$ 186,322	$ 186,322
Certificates of deposit	Not rated	108,814	504,846	613,660
Total		$ 108,814	$ 691,168	$ 799,982

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

Credit Risk **-** Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

Interest Rate Risk **-** Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

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

Fair Value

The District categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District's investment in the money market fund has a Level 1 fair value measurement as of December 31, 2018.

4. Accounts Receivable

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

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

The District estimates that a portion of its medical billings receivable will be uncollectible and a reserve for the uncollectible medical billings has been established. This reserve is examined annually and adjusted if appropriate. Medical billings are adjusted for contractual allowances at the time of billing. The allowance for doubtful accounts at December 31, 2018 is $128,455.

5. Capital Assets

The following is a summary of changes in capital assets for the year ended December 31, 2018:

	Balance January 1, 2018	Additions	Deletions	Balance December 31, 2018
Capital assets not being depreciated:				
Land	$ 377,753	$ —	$ —	$ 377,753
Capital assets being depreciated:				
Building	5,815,947	—	—	5,815,947
Equipment	933,879	36,929	—	970,808
Vehicles	6,449,661	31,022	208,967	6,271,716
Total	13,199,487	67,951	208,967	13,058,471
Accumulated depreciation for:				
Building	(1,575,783)	(150,007)	—	(1,725,790)
Equipment	(641,901)	(68,291)	—	(710,192)
Vehicles	(5,274,087)	(393,156)	208,967	(5,458,276)
Total	(7,491,771)	(611,454)	208,967	(7,894,258)
Capital Assets Being Depreciated - Net	5,707,716	(543,503)	—	5,164,213
Capital Assets - Net	$ 6,085,469	$ (543,503)	$ —	$ 5,541,966

Depreciation expense for the year ended December 31, 2018 was $611,454 and was charged to public safety.

6. Long-Term Liabilities

General Obligation Bonds

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

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

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

The refunding of the Series 2004 bonds resulted in a difference between the reacquisition price of the Series 2013 bonds and the carrying amount of the old debt of $121,269. This difference, reported in the statement of net position as a deferred outflow of resources, is amortized over the new debt's life using the effective interest method. The District achieved a cash flow difference and an deferred loss of approximately $20,509 as a result of the refunding.

On November 26, 2014, the District issued Tax-Exempt Direct Purchase Lease Revenue Bonds, Series 2014, in the amount of $2,600,000, with an interest rate of 2.38%. The bonds were issued to refund prior outstanding 2008 and 2009 capital leases with Pine River Valley Bank and resulted in a deferred loss on refunding of $75,609 in deferred outflows of resources to be amortized over the life of the debt. The net proceeds of $2,286,868 (after payment of $76,097 in underwriting fees and other issuance costs) were used to terminate the 2008 and 2009 leases fully as of November 26, 2014. The agreement also requires that the District meet certain financial covenants.

Debt service requirements are as followed:

Year	Principal	Interest	Total
2019	$ 719,508	$ 85,235	$ 804,743
2020	737,574	67,171	804,745
2021	756,066	48,677	804,743
2022	360,622	29,664	390,286
2023	370,251	20,035	390,286
2024	380,136	10,150	390,286
Total	$ 3,324,157	$ 260,932	$ 3,585,089

The following is a schedule of the changes in long-term debt for 2018:

	Balance January 1, 2018	Additions	Reductions	Balance December 31, 2018	Current Portion
2013 General Obligation Refunding Bonds	$ 2,462,123	$ —	$ (324,547)	$ 2,137,576	$ 333,213
2014 Lease Revenue Refunding Bonds	1,563,618	—	(377,037)	1,186,581	386,295
Total	4,025,741	—	(701,584)	3,324,157	719,508
Compensated Absences	141,185	109,985	(72,011)	179,159	89,580
Total Long-Term Liabilities	$ 4,166,926	$ 109,985	$ (773,595)	$ 3,503,316	$ 809,088

Lease revenue bonds and compensated absence obligations are liquidated through the General Fund and the general obligation refunding bond is liquidated from the Debt Service Fund.

7. Pension Plans

The District maintains the following plans for pension benefits:

- Fire and Police Pensions Association (FPPA) Statewide Defined Benefit Plan (SWDBP)
- FPPA Statewide Hybrid Defined Benefit Plan (SWHDBP)

A summary of pension related items as of December 31, 2018 is presented below.

	Net Pension Asset	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
SWDBP	$ 335,884	$ 614,697	$ 321,223	273,648
SWHDBP	92,071	78,753	18,569	10,217
Total	$ 427,955	$ 693,450	$ 339,792	$ 283,865

FPPA Statewide Cost-Sharing Defined Benefit Pension Plan

Plan Description

Eligible employees of the District are provided with pensions through SWDBP, a cost-sharing multiple-employer defined benefit pension plan administered by the Fire & Police Pension Association of Colorado (FPPA).

Benefits Provided

SWDBP provides retirement and disability, annual increases and death benefits for members or their beneficiaries. A member is eligible for a normal retirement pension once the member has completed 25 years of credited service and has attained the age of 55.

The annual normal retirement benefit is 2% of the average of the member's highest 3 years' base salary for each year of credited service up to 10 years, plus 2.5% for each year of service thereafter. The benefit earned prior to January 1, 2007 for members of affiliated Social Security employers will be reduced by the amount of Social Security income payable to the member annually. Effective January 1, 2007, members currently covered under Social Security will receive half the benefit when compared to SWDBP. Benefits paid to retired members are evaluated and may be re-determined every October 1. The amount of any increase is at the Board's discretion and can range from 0% to the higher of 3% or the Consumer Price Index.

A member is eligible for an early retirement at age 50 with at least 5 years of service or after 30 years of service. The early retirement benefit equals the normal retirement benefit reduced on an actuarially equivalent basis. Upon termination, an employee may elect to have member contributions, along with 5% as interest, returned as a lump sum distribution. Alternatively, a member with at least 5 years of accredited service may leave contributions with SWDBP and remain eligible for a retirement pension at age 55 equal to 2% of the member's average highest 3 years' base salary for each year of credited service up to 10 years, plus 2.5% for each year of service thereafter.

Contributions

The Plan sets contribution rates at a level that enables all benefits to be fully funded at the retirement date of all members. Contribution rates are established by state statute. Employer contribution rates can only be amended by state statute. Member contribution rates can be amended by state statute or election of the membership.

Members of SWDBP and their employers are contributing at the rate of 9.5% and 8%, respectively, of base salary for a total contribution rate of 17.5% in 2017. In 2014, the members elected to increase the member contribution rate to SWDBP beginning in 2015. Member contribution rates will increase 0.5% annually through 2022 to a total of 12% of base salary. Employer contributions will remain at 8.0% resulting in a combined contribution rate of 20% in 2022.

Contributions from members and employers of departments re-entering the system are established by resolution and approved by the FPPA Board of Directors. The re-entry group has a combined contribution rate of 21.5% of base salary through 2017. It is a local decision as to whether the member or employer pays the additional 4% contribution. Per the 2014 member election, the re-entry group could also have their required member contribution rate increase 0.5% annually beginning in 2015 through 2022 for a total combined member and employer contribution rate of 24% in 2022.

The contribution rate for members and employers of affiliated Social Security employers is 4.755% and 4%, respectively, of base salary for a total contribution rate of 8.75% through 2017. Per the 2014 member election, members of the affiliate Social Security group will have their required contribution rate increase 0.25% annually beginning in 2015 through 2022 to a total of 6% of base salary. Employer contributions will remain at 4% resulting in a combined contribution rate of 10% in 2022.

Employer contributions are recognized by SWDBP in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to SWDBP. Employer contributions recognized by SWDBP from the District were $121,708 for the year ended December 31, 2018.

Pension Assets, Pension Benefit, Deferred Outflows Of Resources And Deferred Inflows Of Resources Related To Pensions

At December 31, 2018, the District reported a net pension asset of $335,884 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2017, and the total pension asset was determined by an actuarial valuation as of January 1, 2018. The District's proportion of the net pension asset was based on District contributions to SWDBP for the calendar year 2017 relative to the total contributions of participating employers to SWDBP based upon the January 1, 2017 actuarial valuation.

At December 31, 2017, the District's portion was 0.233470%, which was a decrease of 0.04% from its proportion measured as of December 31, 2016.

For the year ended December 31, 2018, the District recognized pension benefit of $151,940. At December 31, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to SWDBP from the following sources:

Deferred Outflows Of Resources		
Difference between projected and actual earnings on pension plan investments	$	156,068
Changes of assumptions		50,606
Differences between expected and actual experience		242,220
Changes in proportionate share		44,095
Contributions subsequent to measurement date		121,708
Total Deferred Outflows Of Resources	$	614,697
Deferred Inflows Of Resources		
Difference between projected and actual earnings on pension plan investments	$	270,112
Differences between expected and actual experience		3,722
Changes in proportionate share		47,389
Total Deferred Inflows Of Resources	$	321,223

The amount of $121,708 reported as deferred outflows of resources related to SWDBP, resulting from contributions subsequent to the measurement date, will be recognized as an increase of the net pension asset in the year ended December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to SWDBP will be recognized in pension expense as follows:

For The Year Ended December 31,		
2019	$	38,517
2020		33,323
2021		(15,149)
2022		(33,126)
2023		34,402
Thereafter		113,799
Total	$	171,766

Actuarial Assumptions

The actuarial valuations for SWDBP were used to determine the total pension asset and actuarially determined contributions for the fiscal year ending December 31, 2017. The valuation used the following actuarial assumption and other inputs:

	Total Pension Asset	Actuarially Determined Contributions
Valuation date	January 1, 2018	January 1, 2017
Actuarial cost method	Entry age normal	Entry age normal
Amortization method	Level % payroll, open	Level % payroll, open
Remaining amortization period	30 years	30 years
Actuarial assumptions:		
Investment rate of return*	7.5%	7.5%
Projected salary increases*	4.0% - 14.0%	4.0% - 14.0%
Cost of living adjustments	0.0%	0.0%
* Includes inflation at:	2.5%	2.5%

Effective January 1, 2016, the post-retirement mortality tables for nondisabled retirees is a blend of the annuitant and employee generational mortality tables with blue-collar adjustment projected with Scale BB in the *RP-2014 Mortality Tables Report*, published by the Society of Actuaries (RP-2014). The occupationally disabled post-retirement mortality assumption uses the same table as used for healthy annuitants, except there is a 3-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 tables 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 weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation (assumed at 2.5%). 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, 2017 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Rate Of Return
Global equity	37.00%	8.33%
Equity long/short	9.00%	7.15%
Illiquid alternative	24.00%	9.70%
Fixed income	15.00%	3.00%
Absolute return	9.00%	6.46%
Managed futures	4.00%	6.85%
Cash	2.00%	2.26%
Total	100.00%	

Discount Rate

The discount rate used to measure the total pension liability was 7.5%. 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 SWDBP fiduciary net position was projected to be available to make all the 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 asset.

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 projected to be sufficient 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 the 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 and local bonds rate from Federal Reserve statistical release (H.l5)) and the resulting single discount rate is 7.50%.

Sensitivity Of The District's Proportionate Share Of The Net Pension Asset To Changes In The Discount Rate

Regarding the sensitivity of the net pension asset to changes in the single discount rate, the following presents the plan's net pension asset, calculated using a single discount rate of 7.50%, as well as what the plan's net pension (asset) liability would be if it were calculated using a single discount rate that is one percent lower (6.50%) or one percent higher (8.50%):

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Proportionate share of the net pension liability (asset)	$ 365,678	$ (335,884)	$ (918,441)

Pension Plan Fiduciary Net Position

Detailed information about SWDBP's fiduciary net position is available in FPPA's comprehensive annual financial report, which can be obtained on FPPA's website at http://www.fppaco.org.

Subsequent Event

The FPPA Board completed an actuarial experience study and approved changes to the actuarial assumptions effective January 1, 2019. The inflation assumption will remain at 2.5%. The investment return assumption will be reduced from 7.5% to 7.0%, which will increase the cost of pension benefits. The change in the investment return assumption reflects the reduced real return expectations from recent capital market data.

FPPA Statewide Cost-Sharing Hybrid Defined Benefit Plan

Plan Description

Eligible employees of the District are provided with pensions through SWHDBP, a cost-sharing multiple-employer pension plan administered by FPPA. SWHDBP is comprised of two components: defined benefit and money purchase.

Benefits Provided

A member is eligible for a normal retirement pension once the member has completed 25 years of credited service and has attained the age of 55.

The annual normal pension of the Defined Benefit Component is 1.5% of the average of the member's highest three years' base salary for each year of credited service. Benefits paid to retired members are evaluated and may be re-determined every October 1. The amount of any increase is at the Board's discretion and can range from 0% to 3%.

A member is eligible for early retirement within the Defined Benefit Component after completion of 30 years of service or attainment of age 50 with at least 5 years of credited service. The early retirement benefit equals the normal retirement benefit reduced on an actuarially equivalent basis. Upon termination, an employee may elect to have member contributions, along with 5% as interest, returned as a lump sum distribution from the defined benefit component. Alternatively, a member with at least 5 years of accredited service may leave contributions with the defined benefit component of the plan and remain eligible for a retirement pension at age 55 equal to 1.5% of the member's average highest 3 years' base salary for each year of credited service.

Contributions

The plan sets contribution rates at a level that enables all benefits to be fully funded at the retirement date of all members. The members of the SWHDBP plan and their employers are currently each contributing at the rate determined by the individual employer; however, the rate for both employer and members must be at least 8% of the member's base salary. The amount allocated to the Defined Benefit Component is set annually by the FPPA Board of Directors. Excess contributions fund the Money Purchase Component of the plan. The Defined Benefit Component contribution rate from July 1, 2017 through June 30, 2018 was 14.80%. The defined benefit component contribution rate from July 1, 2016 through June 30, 2017 was 13.50%.

Within the Money Purchase Component, members are always fully vested in their own contributions, as well as the earnings on those contributions. Vesting in the employer's contribution within the Money Purchase Component and earnings on those contributions occurs according to the vesting schedule set by the plan document at 20% per year after the first year of service to be 100% vested after five years of service. Employers and member contributions are invested in funds at the discretion of members. Employer contributions recognized by SWHDBP from the District were $7,616 for the year ended December 31, 2018.

Pension Assets, Pension Benefit, Deferred Outflows Of Resources And Deferred Inflows Of Resources Related To Pensions

At December 31, 2018, the District reported a net pension asset of $92,071 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2017, and the total pension asset was determined by an actuarial valuation as of January 1, 2018. The District's proportion of the net pension asset was based on District contributions to SWHDBP for the calendar year 2017 relative to the total contributions of participating employers to SWHDBP based upon the January 1, 2017 actuarial valuation.

At December 31, 2017, the District's portion was 0.470887%, which was a decrease of 0.11% from its proportion measured as of December 31, 2016.

For the year ended December 31, 2018, the District recognized a pension benefit of $2,601. At December 31, 2018, the District reported deferred outflows and inflows of resources related to SWHDBP from the following sources:

Deferred Outflows Of Resources	
Difference between projected and actual earnings on pension plan investments	$ 7,813
Changes of assumptions	1,930
Differences between expected and actual experience	42,758
Changes in proportionate share	18,636
Contributions subsequent to measurement date	7,616
Total Deferred Outflows Of Resources	$ 78,753
Deferred Inflows Of Resources	
Difference between projected and actual earnings on pension plan investments	$ 14,377
Changes in proportionate share	4,192
Total Deferred Inflows Of Resources	$ 18,569

The amount of $7,616 reported as deferred outflows of resources related to SWHDBP, resulting from contributions subsequent to the measurement date, will be recognized as an increase of the net pension asset in the year ended December 31, 2019. Other amounts reported as deferred outflows of resources related to SWHDBP will be recognized in pension expense as follows:

For The Year Ended December 31,		
2019	$	8,059
2020		7,842
2021		5,416
2022		4,502
2023		8,096
Thereafter		18,653
Total	$	52,568

Actuarial Assumptions

The January 1, 2018 actuarial valuation was used to determine the actuarially determined contribution for the fiscal year ending December 31, 2017. The valuation used the following actuarial assumption and other inputs:

Actuarial method	Entry age normal
Amortization method	Level % of payroll, open
Amortization period	30 years
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.50%
Projected salary increase	4.0% - 14.0%
Cost of living adjustments	0.00%
Included inflation	2.50%

Effective January 1, 2016, the post-retirement mortality tables for nondisabled 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 3-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 tables for disabled annuitants, except an additional provision to apply a minimum 3% mortality probability to males and 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 0.02%.

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 for each major asset class included in the Fund's target asset allocation as of December 31, 2017 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Rate Of Return
Global equity	37.00%	8.33%
Equity long/short	9.00%	7.15%
Illiquid alternative	24.00%	9.70%
Fixed income	15.00%	3.00%
Absolute return	9.00%	6.46%
Managed futures	4.00%	6.85%
Cash	2.00%	2.26%
Total	100.00%	

Discount Rate

The discount rate used to measure the total pension liability was 7.50%. 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 SWHDBP plan fiduciary net position was projected to be available to make all the projected future benefit payments to 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 projected to be sufficient 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 the valuation, the expected rate of return on pension plan investments is 7.50%, the municipal bond rate is 3.31% (based on the weekly rate closest to but not later than the measurement date of the state and local bonds rate from Federal Reserve statistical release (H.l5)) and the resulting single discount rate is 7.50%.

Sensitivity Of The District's Proportionate Share Of The Net Pension Asset To Changes In The Discount Rate

Regarding the sensitivity of the net pension asset to changes in the single discount rate, the following presents the plan's net pension asset, calculated using a single discount rate of 7.50%, as well as what the plan's net pension asset would be if it were calculated using a single discount rate that is one percent lower (6.50%) or one percent higher (8.50%):

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Proportionate share of the net pension asset	$ (65,114)	$ (92,071)	$ (114,758)

Pension Plan Fiduciary Net Position

Detailed information about SWHDBP's fiduciary net position is available in FPPA's comprehensive annual financial report, which can be obtained at http://www.fppaco.org.

Subsequent Event

The FPPA Board completed an actuarial experience study and approved changes to the actuarial assumptions effective January 1, 2019. The inflation assumption will remain at 2.5%. The investment return assumption will be reduced from 7.5% to 7.0%, which will increase the cost of pension benefits. The change in the investment return assumption reflects the reduced real return expectations from recent capital market data.

8. Deferred Compensation Plan

The District participates in a deferred compensation plan (the 457 Plan) as defined under the Internal Revenue Code Section 457, which allows employees to make an elective deferral of a portion of earned compensation to the 457 Plan. The 457 Plan is a multi-employer plan administered by FPPA. Amendments to the 457 Plan may be made by the plan trustee. The District does not match employee contributions to the 457 Plan. For the year ended December 31, 2018, participating employees contributed $37,284 to the 457 Plan.

9. Tax, Spending And Debt Limitations

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

Fund balance in the General Fund in the amount of $117,933 at December 31, 2018 is restricted in accordance with TABOR.

10. Risk Of Loss

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

11. Litigation

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

Required Supplementary Information

UPPER PINE RIVER FIRE PROTECTION DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
For The Year Ended December 31, 2018

	Budgeted Amounts			Variance With Final Budget Favorable
	Original	Final	Actual	(Unfavorable)
Revenues				
Property taxes	$ 2,558,986	$ 2,558,986	$ 2,553,951	$ (5,035)
Specific ownership taxes	280,000	280,000	276,873	(3,127)
Intergovernmental	350,000	900,000	1,143,751	243,751
Other local sources:				
Medical billings	325,000	275,000	272,844	(2,156)
Investment income	15,000	18,000	(19,413)	(37,413)
Grants	237,000	303,000	204,739	(98,261)
Other	—	—	31,181	31,181
Total Revenues	3,765,986	4,334,986	4,463,926	128,940
Expenditures				
General government:				
Fire administration	3,124,870	3,450,370	3,580,331	(129,961)
Fire fighting	107,500	549,500	215,064	334,436
Fire prevention	1,000	1,000	22	978
Fire training	41,000	39,000	55,592	(16,592)
Fire communications	41,000	46,000	30,286	15,714
Medical services	91,500	86,500	85,174	1,326
Station and grounds	124,150	128,150	140,501	(12,351)
Capital outlay	6,500	51,500	67,951	(16,451)
Debt service:				
Principal	385,763	414,458	377,037	37,421
Interest	—	—	37,213	(37,213)
Contingencies and capital replacements	76,770	76,770	—	76,770
Other	14,000	422,000	—	422,000
Total Expenditures	4,014,053	5,265,248	4,589,171	676,077
Deficiency Of Revenues Under Expenditures	(248,067)	(930,262)	(125,245)	805,017
Other Financing Sources				
Proceeds from sale of assets	220,000	100,000	88,750	(11,250)
Net Change In Fund Balance	$ (28,067)	$ (830,262)	(36,495)	$ 793,767
Fund Balance - Beginning Of Year			1,794,553	
Fund Balance - End Of Year			$ 1,758,058	

UPPER PINE RIVER FIRE PROTECTION DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION (ASSET) LIABILITY - SWDBP
For The Year Ended December 31, 2017 (Measurement Date)
Employee Pension Plan
Year Four[1]

	2017	2016	2015	2014
District's portion of the net pension asset (liability)	0.233470409%	0.275712800%	0.255950700%	0.226936500%
District's proportionate share of the net pension asset (liability)	$ 335,884	$ (99,626)	$ 4,512	$ 256,115
District's covered-employee payroll	$ 1,365,638	$ 1,362,308	$ 1,242,945	$ 1,042,849
District's proportionate share of the net pension asset (liability) as a percentage of its covered payroll	25%	(7%)	0%	25%
Plan fiduciary net position as a percentage of the total pension asset (liability)	106.3%	98.2%	100.1%	106.8%

1. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the District is presenting information for those years for which information is available.

UPPER PINE RIVER FIRE PROTECTION DISTRICT

SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS TO THE PENSION PLAN - SWDBP
For The Year Ended December 31, 2018
Employee Pension Plan
Year Four[1]

	2018	2017	2016	2015
Contractually required contribution	$ 121,708	$ 109,251	$ 108,985	$ 99,453
Contributions in relation to the contractually required contribution	121,708	109,251	108,985	99,453
Contribution Deficiency	$ —	$ —	$ —	$ —
District's covered-employee payroll	$ 1,521,342	$ 1,365,638	$ 1,362,308	$ 1,242,945
Contributions as a percentage of covered-employee payroll	8.00%	8.00%	8.00%	8.00%

1. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the District is presenting information for those years for which information is available.

UPPER PINE RIVER FIRE PROTECTION DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION (ASSET) LIABILITY - SWHDBP
For The Year Ended December 31, 2017 (Measurement Date)
Employee Pension Plan
Year Four[1]

	2017	2016	2015	2014
District's portion of the net pension asset (liability)	0.470887387%	0.578180000%	0.543779100%	0.498691900%
District's proportionate share of the net pension asset (liability)	$ 92,071	$ 62,936	$ 57,276	$ 59,143
District's covered-employee payroll	$ 90,000	$ 90,000	$ 90,000	$ 77,163
District's proportionate share of the net pension asset (liability) as a percentage of its covered payroll	102%	70%	64%	77%
Plan fiduciary net position as a percentage of the total pension asset (liability)	138.9%	127.5%	129.4%	140.6%

1. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the District is presenting information for those years for which information is available.

UPPER PINE RIVER FIRE PROTECTION DISTRICT

SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS TO THE PENSION PLAN - SWHDBP For The Year Ended December 31, 2018 Employee Pension Plan Year Four[1]

	2018	2017	2016	2015
Contractually required contribution	$ 7,616	$ 7,200	$ 7,120	$ 7,200
Contributions in relation to the contractually required contribution	7,616	7,200	7,120	7,200
Contribution Deficiency	$ —	$ —	$ —	$ —
District's covered-employee payroll	$ 95,193	$ 90,000	$ 90,000	$ 90,000
Contributions as a percentage of covered-employee payroll	8.00%	8.00%	7.91%	8.00%

1. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the District is presenting information for those years for which information is available.

1. Budgets And Budgetary Accounting

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

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

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

Expenditures may not legally exceed appropriations at the fund level. Budget amounts included in the financial statements are based on the final amended budget. After budget approval, the District Board may approve supplemental appropriations if an occurrence, condition or need exists which was not known at the time the budget was adopted. General Fund expenditures exceeded appropriated amounts primarily related to interest expense, which may be a violation of Colorado Revised Statutes.

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

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

Supplementary Information

UPPER PINE RIVER FIRE PROTECTION DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - DEBT SERVICE FUND

For The Year Ended December 31, 2018

	Original And Final Budget	Actual	Variance With Final Budget Favorable (Unfavorable)
Revenues			
Property taxes	$ 360,184	$ 360,836	$ 652
Specific ownership tax	30,000	38,345	8,345
Investment income	—	38	38
Total Revenues	390,184	399,219	9,035
Expenditures			
General government:			
Fire administration	11,706	10,676	1,030
Debt service:			
Principle	307,887	324,547	(16,660)
Interest	82,399	65,739	16,660
Total Expenditures	401,992	400,962	1,030
Net Change In Fund Balances	$ (11,808)	(1,743)	$ 10,065
Fund Balance - Beginning Of Year		59,121	
Fund Balance - End Of Year		$ 57,378	

Statistical Section

Statistical Section

UPPER PINE RIVER FIRE PROTECTION DISTRICT

Statistical Section
TABLE OF CONTENTS

This part of the Upper Pine River Fire Protection District's (District's) comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

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

	PAGE(S)
Net Position By Component	57
Changes In Net Position	58
Fund Balances Of Governmental Funds	59
Governmental Funds Changes In Fund Balances	60

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

Assessed Value And Actual Value Of Taxable Property	61
Direct And Overlapping Property Tax Rates	62
Principal Property Tax Payers	63
General Fund Property Tax Levies And Collections	64

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

Ratios Of Outstanding Debt By Type	65
Ratios Of General Bonded Debt Outstanding And Legal Debt Margin	66
Direct And Overlapping Governmental Activities Debt	67

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

Demographic And Economic Statistics - La Plata County	68
Principal Employers In La Plata County	69
Full-Time Equivalent Employees	70

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

Capital Asset Statistics	71
Operating Indicators By Function	72
Calls By District	73

UPPER PINE RIVER FIRE PROTECTION DISTRICT

NET POSITION BY COMPONENT
Last Ten Fiscal Years
(Unaudited)

	2009	2010	2011	2012 (1)	2013	2014 (2)	2015	2016	2017	2018
Primary Government:										
Governmental Activities										
Net investment in capital assets	$ 2,287,809	$ 2,103,780	$ 1,890,114	$ 1,889,040	$ 1,280,183	$ 1,443,572	$ 1,749,878	$ 2,059,999	$ 2,179,305	$ 2,315,616
Restricted	70,239	75,239	427,696	385,819	364,674	548,753	509,967	245,201	162,322	175,311
Unrestricted	1,723,147	2,369,106	1,444,630	807,505	517,472	950,051	1,501,248	2,128,814	2,039,336	2,235,470
Total governmental activities net position	$ 4,081,195	$ 4,548,125	$ 3,762,440	$ 3,082,364	$ 2,162,329	$ 2,942,376	$ 3,761,093	$ 4,434,014	$ 4,380,963	$ 4,726,397
Change	-52,722	466,930	-785,685	-680,076	-920,035	780,047	818,717	672,921	-53,051	345,434
	-1.28%	11.44%	-17.27%	-18.08%	-29.85%	36.07%	27.83%	17.89%	-1.20%	7.88%

(1) Unrestricted net assets restated for implemenation of GASB 65
(2) Unrestricted net assets restated for implemenation of GASB 68

UPPER PINE RIVER FIRE PROTECTION DISTRICT

CHANGES IN NET POSITION
Last Ten Fiscal Years
(Unaudited)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses										
Governmental activities										
Public Safety	$ 3,102,775	$ 3,081,667	$ 3,410,140	$ 3,897,023	$ 3,556,297	$ 3,714,824	$ 4,020,759	$ 4,149,920	$ 4,172,157	$ 4,483,209
Interest on Long-term debt	330,872	355,871	343,375	320,044	338,484	261,693	177,768	159,682	140,498	123,252
Total governmental activities expenses	3,433,647	3,437,538	3,753,515	4,217,067	3,894,781	3,976,517	4,198,527	4,309,602	4,312,655	4,606,461
Program Revenues										
Governmental activities										
Charges for Services	178,850	131,270	200,762	156,467	155,704	225,487	228,183	256,478	274,041	272,844
Operating Grants and Contributions	265,204	319,515	644,766	1,073,933	704,493	990,755	856,305	674,166	669,330	1,348,490
Capital Grants and Contributions	—	—	—	18,000	—	—	108,421	—	—	—
Total governmental activities program revenues	444,054	450,785	845,528	1,248,400	860,197	1,216,242	1,192,909	930,644	943,371	1,621,334
Net (expenses) revenue										
Governmetnal activities	(2,989,593)	(2,986,753)	(2,907,987)	(2,968,667)	(3,034,584)	(2,760,275)	(3,005,618)	(3,378,958)	(3,369,284)	(2,985,127)
General Revenues and Other Changes in Net Position										
Taxes	2,804,435	3,152,862	2,090,619	2,180,269	2,083,739	3,308,666	3,615,228	3,976,337	3,212,355	3,230,005
Investment income	52,005	26,569	21,564	14,942	3,433	363	435	477	13,413	(19,375)
Other Income	80,431	274,252	10,119	141,765	14,202	231,293	207,975	14,350	21,382	31,181
Gain (Loss) on sale of capital assets	—	—	—	45,000	13,175	—	—	60,715	69,083	88,750
Transfer to Pension Fund	—	—	—	—	—	—	—	—	—	—
Total governmental activities program	2,936,871	3,453,683	2,122,302	2,381,976	2,114,549	3,540,322	3,823,638	4,051,879	3,316,233	3,330,561
Change in Net Position	$ (52,722)	$ 466,930	$ (785,685)	$ (586,691)	$ (920,035)	$ 780,047	$ 818,020	$ 672,921	$ (53,051)	$ 345,434

UPPER PINE RIVER FIRE PROTECTION DISTRICT

FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(Unaudited)

	Fiscal Year									
	2009	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**
General Fund:										
Nonspendable										
Inventory	$ —	$ —	$ 10,012	$ 3,970	$ 6,784	$ 3,392	$ 3,392	$ 3,392	$ 4,392	$ 4,392
Pre-paid Items	98,762	45,617	49,500	10,205	61,263	40,762	44,565	86,264	40,967	94,641
Restricted										
Emergency Reserve - Tabor	70,239	75,239	80,239	93,984	93,984	85,812	93,685	101,345	103,201	117,933
Debt Service						260,000	260,000		—	—
Unassigned	1,469,127	1,810,187	1,286,185	792,082	414,764	645,560	1,103,254	1,630,809	1,645,993	1,541,092
Total General Fund	$ 1,638,128	$ 1,931,043	$ 1,425,936	$ 900,241	$ 576,795	$ 1,035,526	$ 1,504,896	$ 1,821,810	$ 1,794,553	$ 1,758,058
% change from prior year	-0.29%	17.88%	-26.16%	-36.87%	-35.93%	79.53%	45.33%	21.06%	-1.50%	-2.03%
Other Governmental Funds:										
Restricted										
Debt Service Fund	$ 200,682	$ 378,703	$ 347,457	$ 291,835	$ 277,615	$ 202,941	$ 156,282	$ 143,856	$ 59,121	$ 57,378
Total Other Governmental Funds	200,682	378,703	347,457	291,835	277,615	202,941	156,282	143,856	59,121	57,378
Total Governmental Funds (2)	$ 1,838,810	$ 2,309,746	$ 1,773,393	$ 1,192,076	$ 854,410	$ 1,238,467	$ 1,661,178	$ 1,965,666	$ 1,853,674	$ 1,815,436
% change from prior year	4.12%	25.61%	-23.22%	-32.78%	-28.33%	44.95%	34.13%	18.33%	-5.70%	-2.06%

UPPER PINE RIVER FIRE PROTECTION DISTRICT

GOVERNMENTAL FUNDS CHANGES IN FUND BALANCES
Last Ten Fiscal Years
(Unaudited)

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
REVENUE										
Property Taxes	$ 2,804,435	$ 3,152,862	$ 1,974,398	$ 2,047,052	$ 1,915,026	$ 3,035,367	$ 3,319,218	$ 3,662,638	$ 2,896,839	$ 2,914,787
Specific Ownership Taxes	—	—	116,221	133,217	168,713	273,299	296,010	313,699	315,516	315,218
Intergovernmental	62,204	223,353	414,693	881,708	574,353	282,450	330,671	261,851	510,384	1,143,751
Grants	500	96,162	230,073	192,225	130,140	708,305	634,055	412,315	158,946	204,739
Charges for Services	178,850	131,270	200,762	156,467	155,704	225,487	228,183	256,478	274,041	272,844
Investment Earnings	52,005	26,569	21,564	14,942	3,433	363	435	477	13,413	(19,375)
Miscellaneous	80,431	274,252	10,119	141,765	14,202	20,828	207,975	14,350	21,382	31,181
Total Revenues	$ 3,178,425	$ 3,904,468	$ 2,967,830	$ 3,567,376	$ 2,961,571	$ 4,546,099	$ 5,016,547	$ 4,921,808	$ 4,190,521	$ 4,863,145
% change from prior year	-4.22%	22.84%	-23.99%	20.20%	-16.98%	53.50%	10.35%	-1.89%	-14.86%	16.05%
EXPENDITURES										
Current:										
General Government	$ 2,340,229	$ 2,511,346	$ 2,676,576	$ 3,202,932	$ 2,913,411	$ 3,036,214	$ 3,022,582	$ 3,529,412	$ 3,463,201	$ 4,117,646
Capital Outlay	1,018,019	205,677	153,051	164,473	178,989	605,975	746,392	296,535	332,576	67,951
Debt Service:										
Principal Retirement	2,074,222	379,028	387,942	500,486	409,601	538,083	666,347	728,366	684,581	701,584
Interest	314,155	337,481	341,614	325,802	292,866	218,805	158,515	139,969	120,163	102,952
Bond issuance cost	—	—	—	—	53,525	76,097	—	—	—	—
Total Expenditures	$ 5,746,625	$ 3,433,532	$ 3,559,183	$ 4,193,693	$ 3,848,392	$ 4,475,174	$ 4,593,836	$ 4,694,282	$ 4,600,521	$ 4,990,133
% change from prior year	-7.24%	-40.25%	3.66%	17.83%	-8.23%	16.29%	2.65%	2.19%	-2.00%	8.47%
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,568,200)	470,936	(591,353)	(626,317)	(886,821)	70,925	422,711	227,526	(410,000)	(126,988)
OTHER FINANCING SOURCES (USES)										
Proceeds from sale of capital assets	$ —	$ —	$ —	$ 45,000	$ 312,510	$ —	$ —	$ 76,962	$ 298,008	$ 88,750
Debt Proceeds	2,641,011	—	55,000	—	175,000	—	—	—	—	—
Refunding Bonds Issued	—	—	—	—	3,685,000	2,600,000	—	—	—	—
Payment to refunded bond escrow	—	—	—	—	(3,623,355)	(2,286,868)	—	—	—	—
Transfers to Other Funds	—	—	—	—	—	—	—	—	—	—
Total Other Financing Sources (Uses)	2,641,011	—	55,000	45,000	549,155	313,132	—	76,962	298,008	88,750
Net Change in Fund Balances	$ 72,811	$ 470,936	$ (536,353)	$ (581,317)	$ (337,666)	$ 384,057	$ 422,711	$ 304,488	$ (111,992)	$ (38,238)
Debt Service Principal & Interest as a Percentage of Non-capital Expenditures	50.51%	22.20%	21.42%	20.51%	19.14%	19.56%	21.44%	19.74%	18.86%	16.35%

UPPER PINE RIVER FIRE PROTECTION DISTRICT

ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Vacant Land	Residential	Commercial	Industrial	Agricultural	Natural Resources	Oil and Gas	State Assessed	Exempt	Total Taxable Assessed Value	Taxable Values Percentage of Estimated Acutal Value	Total Estimated Acutal Value	Total Direct Rate (2)
2009	$ 39,217,510	$ 106,901,740	$ 24,447,920	$ 1,242,940	$ 2,207,820	$ 69,120	$ 235,569,280	$ 5,044,830	$ 18,117,180	$ 414,701,160	21.51%	$ 1,927,586,280	6.132
2010	38,871,210	111,802,790	26,101,880	1,452,670	2,181,070	113,350	293,802,590	7,751,540	19,692,740	482,077,100	23.28%	2,071,008,240	6.132
2011	38,280,840	113,669,840	26,302,250	1,065,980	2,211,170	111,860	126,180,730	7,564,490	26,904,580	315,387,160	16.62%	1,897,065,990	6.132
2012	31,525,150	103,405,540	24,584,170	604,260	2,217,480	101,540	157,802,480	8,481,800	28,028,360	328,722,420	18.53%	1,773,940,290	6.132
2013	28,528,760	97,511,820	23,284,480	560,050	2,623,000	112,770	87,270,970	8,556,330	23,414,760	248,448,180	15.47%	1,605,673,370	6.132
2014	28,160,280	98,517,030	23,358,560	629,760	2,660,070	151,140	109,908,330	7,915,680	24,838,580	271,300,850	16.58%	1,636,258,030	12.082
2015	27,190,070	105,622,230	23,452,950	667,160	2,572,370	177,470	132,707,840	8,219,470	25,660,040	300,609,560	17.13%	1,754,924,690	12.082
2016	26,684,540	106,853,370	23,497,810	643,760	2,585,310	116,710	68,854,960	9,138,090	22,323,290	238,374,550	13.58%	1,755,061,490	12.082
2017	27,317,950	105,330,810	24,069,570	702,320	3,057,750	47,930	62,289,670	10,552,630	24,737,000	233,368,630	12.43%	1,877,641,320	12.082
2018	25,669,030	107,197,700	25,433,180	710,060	3,042,910	75,730	71,510,200	9,721,090	27,474,390	243,359,900	12.75%	1,908,813,850	12.420

Source: La Plata County Treasurer's Office

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

UPPER PINE RIVER FIRE PROTECTION DISTRICT

DIRECT AND OVERLAPPING PROPERTY TAX RATES
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Operating Millage	Debt Service Millage	Total Direct Millage	Aspen Trails Metro Millage	Aspen Trails Bond Millage	Bayfield Town Millage	Bayfield School Bond Millage	Bayfield School Millage	Forest Lakes Metro Millage
2009	4.950	1.182	6.132	5.000	5.391	5.950	5.269	10.545	35.524
2010	4.950	1.182	6.132	5.000	5.405	5.950	5.269	11.776	35.524
2011	4.950	1.182	6.132	5.000	5.876	5.950	5.269	11.599	35.524
2012	4.950	1.182	6.132	5.000	5.842	5.950	5.269	15.950	35.524
2013	10.900	1.182	12.082	5.000	6.240	5.950	5.269	17.953	35.524
2014	10.900	1.182	12.082	5.000	6.240	5.950	5.269	16.330	35.524
2015	10.900	1.182	12.082	5.000	6.160	5.950	5.269	15.892	35.524
2016	10.900	1.182	12.082	5.000	6.112	5.950	14.845	17.633	35.524
2017	10.900	1.182	12.082	5.000	6.252	5.950	14.845	17.060	35.524
2018	10.900	1.520	12.420	5.000	6.141	5.950	14.845	16.876	35.524

Fiscal Year	La Plata/Archuleta Water Millage	La Plata County General Millage	La Plata County Human Services Millage	La Plata County R&B Millage	La Plata County Conservance Millage	Pine River Cemetary Millage	Pine River Libaray Millage	Southwestern Water Conservatio Millage	Total Direct and Overlapping Millage
2009		7.563	0.387	0.724	0.295	0.079	2.500	0.200	85.559
2010	5.000	7.410	0.380	0.710	0.295	0.079	2.500	0.272	91.702
2011	5.000	7.410	0.380	0.710	0.295	0.075	2.500	0.291	92.011
2012	5.000	7.410	0.380	0.710	0.295	0.075	2.500	0.307	96.344
2013	5.000	7.410	0.380	0.710	0.295	0.150	2.500	0.368	104.831
2014	5.000	7.410	0.380	0.710	0.295	0.150	2.504	0.362	103.206
2015	5.000	7.410	0.380	0.710	0.295	0.150	2.501	0.340	102.663
2016	5.000	7.375	0.443	0.710	0.295	0.150	2.500	0.395	114.014
2017	5.000	7.348	0.442	0.710	0.295	0.150	2.500	0.407	113.565
2018	5.000	7.348	0.442	0.710	0.295	0.150	2.500	0.407	113.608

Source: La Plata County Assessor's Office

UPPER PINE RIVER FIRE PROTECTION DISTRICT

PRINCIPAL PROPERTY TAX PAYERS
Current Year (1) and Ten Years Ago
(Unaudited)

		2018			2007	
Rank	Taxpayer	Taxable Assessed Value	Percentage of Total Assessed Value	Rank	Taxable Assessed Value	Percentage of Total Assessed Value
1	BP America Production Company	$ 54,221,650	22.28%	1	$ 234,088,230	74.84%
2	La Plata Electric Assn Inc	4,737,560	1.95%	5	1,969,120	0.63%
3	XTO Energy Company	3,572,990	1.47%	2	29,663,300	9.48%
4	Catamount Energy Partners LLC	1,529,100	0.63%		—	—
5	Black Hills Gas Distribution	1,444,500	0.59%		—	—
6	Sower Properties LLC	1,267,700	0.52%	8	983,880	0.31%
7	Qwest Corporation	1,258,400	0.52%	7	1,098,630	0.35%
8	Bayfield Storage & Office Supply LLC	1,127,700	0.46%		—	—
9	Tri-State Gen & Transm Assoc	1,157,730	0.48%		—	—
10	Red Willow Production CO	1,093,420	0.45%		—	—
	Samson Resources Company	—	0.00%	3	8,995,900	2.88%
	Williams Four Corners LLC	—	0.00%	4	2,167,430	0.69%
	Bayfield Center Development LLC	—	—	6	1,125,230	0.36%
	Red Creek LLC	—	—	9	678,860	0.22%
	Mountain States Constructors INC	—	—	10	675,130	0.22%
		$ 71,410,750	29.34%		$ 281,445,710	89.98%

Source: La Plata County Treasurer's Office

UPPER PINE RIVER FIRE PROTECTION DISTRICT

GENERAL FUND PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Total Tax Levy for Year	Amount Collected	Percentage of Levy	Collections in Subsequent Years	Total Collections	Percentage of Levy
2009	$ 2,542,948	$ 2,443,268	96.08%	99,680	$ 2,542,948	100.00%
2010	2,956,097	2,888,727	97.72%	67,370	2,956,097	100.00%
2011	1,933,954	1,879,275	97.17%	54,679	1,933,954	100.00%
2012	2,015,726	1,992,374	98.84%	4,278	1,996,652	99.05%
2013	1,897,277	1,878,830	99.03%	—	1,878,830	99.03%
2014	2,982,507	2,970,239	99.59%	—	2,970,239	99.59%
2015	3,281,711	3,252,654	99.11%	1,244	3,253,898	99.15%
2016	3,637,492	3,598,883	98.94%	483	3,599,366	98.95%
2017	2,888,950	2,838,955	98.27%	253	2,839,208	98.28%
2018	2,909,720	2,899,467	99.65%	—	2,899,467	99.65%

UPPER PINE RIVER FIRE PROTECTION DISTRICT

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

Fiscal Year	Population (1)	General Obligation Bonds	2008 Pine River Valley Capital Lease	2009 Pine River Valley Ground Lease	2011 First National Bank Capital Lease	2013 First National Bank Capital Lease	2014 Wells Fargo Capital Lease	Total Primary Government	Per Capita
2009	14,410	4,413,200	1,321,434	1,800,000	—	—	—	7,534,634	523
2010	14,374	4,199,163	1,253,438	1,698,968	—	—	—	7,151,569	498
2011	14,537	3,975,126	1,182,125	1,611,546	45,793	—	—	6,814,590	469
2012	15,000	3,741,089	1,049,207	1,519,771	—	—	—	6,310,067	421
2013	15,000	3,685,000	970,766	1,423,611	—	175,000	—	6,254,377	417
2014	15,000	3,385,997	—	—	—	119,038	2,600,000	6,105,035	407
2015	15,000	3,086,117	—	—	—	60,571	2,292,000	5,438,688	363
2016	15,000	2,778,231	—	—	—	—	1,932,092	4,710,323	314
2017	15,000	2,462,123	—	—	—	—	1,563,618	4,025,741	268
2018	15,000	2,137,576	—	—	—	—	1,190,909	3,328,485	222

(1) Source: Estimate from US Census

UPPER PINE RIVER FIRE PROTECTION DISTRICT

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

	Fiscal Year									
	2009	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**
General Bonded Debt Outstanding										
General Obligation Bonds	$ 4,413,200	$ 4,199,163	$ 3,975,126	$ 3,741,089	$ 3,685,000	$ 3,385,997	$ 3,086,117	$ 2,778,231	$ 2,462,123	$ 2,137,576
Total	4,413,200	4,199,163	3,975,126	3,741,089	3,685,000	3,385,997	3,086,117	2,778,231	2,462,123	2,137,576
Total Taxable Value	414,701,160	482,077,100	315,387,160	328,722,420	248,448,180	271,300,850	300,609,560	238,374,550	233,368,630	243,359,900
Percentage of Estimated Actual Property Value	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%
Per Capita	306	292	273	249	246	226	206	185	164	143
Population	14,410	14,374	14,537	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Less: Amounts Set Aside to Repay General Debt (2)	200,682	378,703	347,457	291,835	277,615	462,941	416,282	143,856	59,121	57,378
Total Net Debt Applicable to Debt Limit	4,212,518	3,820,460	3,627,669	3,449,254	3,407,385	2,923,056	2,669,835	2,634,375	2,403,002	2,080,198
Legal Debt Limit	5,200,000	5,200,000	5,200,000	5,200,000	5,200,000	5,200,000	5,200,000	5,200,000	5,200,000	5,200,000
Legal Debt Margin	$ 786,800	$ 1,000,837	$ 1,224,874	$ 1,458,911	$ 1,515,000	$ 1,814,003	$ 2,113,883	$ 2,421,769	$ 2,737,877	$ 3,062,424
Legal Debt Margin as a Percentage of the Debt Limit	15%	19%	24%	28%	29%	35%	41%	47%	53%	59%

UPPER PINE RIVER FIRE PROTECTION DISTRICT

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
December 31, 2018
(Unaudited)

Jurisdiction	Net Debt Outstanding (1)	Percentage Applicable to Government (2)	Amount Applicable to Government
Direct:			
Upper Pine River Fire Protection District	$ 3,328,485	100.00%	$ 3,328,485
Overlapping:			
Bayfield School District Re. J 10	42,690,000	93.50%	39,915,150
Total	$ 46,018,485		$ 43,243,635

(1) Source: Bayfield Re.J 10 2018 audited financial statements

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

UPPER PINE RIVER FIRE PROTECTION DISTRICT

DEMOGRAPHIC AND ECONOMIC STATISTICS - LA PLATA COUNTY
Last Ten Fiscal Years
(Unaudited)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Population	51,464	51,334	51,917	53,520	53,284	53,986	54,907	55,697	55,619	56,310
Births	593	589	543	536	495	552	579	571	503	Not available
Deaths	275	270	246	332	315	300	346	337	353	Not available
Housing units	25,813	25,908	26,130	26,284	26,445	26,724	27,052	27,404	27,527	Not available
Households	20,488	21,141	21,358	21,100	21,853	22,143	22,486	22,851	22,849	Not available
Average household size	2.4	2.4	2.4	2.5	2.4	2.4	2.4	2.4	2.4	Not available
Registered voters	37,185	37,565	38,590	41,516	41,516	40,154	41,117	44,508	43,870	43,811
Employment	29,476	28,344	27,931	28,250	30,344	31,554	29,328	29,842	31,580	32,091
Unemployment	1,881	2,180	2,116	2,290	1,709	1,357	1,012	901	665	971
Unemployment rate	6.70%	6.90%	6.60%	7.50%	4.80%	4.30%	3.30%	2.30%	2.50%	3.00%
Per capita personal income	$ 40,751	$ 42,346	$ 43,453	$ 45,476	$ 46,633	$ 43,796	$ 51,755	$ 51,117	$ 50,336	Not available

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

(1) Accurate demographic information is not compiled for the District's service area. The District's service area covers a part of La Plata County including the Town of Bayfield. Complete data for 2018 is not available as of this date.

UPPER PINE RIVER FIRE PROTECTION DISTRICT

PRINCIPAL EMPLOYERS IN LA PLATA COUNTY[1]
Current Year and Ten Years Ago
(Unaudited)

	Estimate 2018			Estimate 2008		
Employer	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Durango Mountain Resort	1,000	1	4.2%	300	7	1.0%
Mercy Medical Center	860	2	3.6%	750	1	2.5%
Durango School District 9-R	853	3	3.6%	660	2	2.2%
Southern Ute Indian Tribe	795	4	3.4%	419	5	1.4%
Crossfire	705	5	3.0%		N/A	
Fort Lewis College	660	6	2.8%	650	3	2.2%
City of Durango	546	7	2.3%		N/A	
La Plata County	434	8	1.8%	374	6	1.3%
Sky Ute Lodge and Casino	425	9	1.8%	516	4	1.7%
Vantiv Ingegrated Payments	365	10	1.5%		N/A	
Total	6,643		28.1%	3,669		12.9%

Source: Region 9 Economic Development District of SW Colorado

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

UPPER PINE RIVER FIRE PROTECTION DISTRICT

FULL-TIME EQUIVALENT EMPLOYEES
Last Ten Fiscal Years
(Unaudited)

Function	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Fire and EMS										
Firefighters and officers	24	26	26	26	22	23	24	24	24	24
Administrative staff	2	2	2	1	1	1	1	1	1	1
Operational support staff	2	3	3	3	3	2	2	2	2	3
Total Fire and EMS Full-time Employees	28	31	31	30	26	26	27	27	27	28

UPPER PINE RIVER FIRE PROTECTION DISTRICT

CAPITAL ASSET STATISTICS
Last Ten Fiscal Years
(Unaudited)

Function	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Fire and EMS										
Fire stations	8	8	8	8	8	8	8	8	8	8
Staffed stations	2	2	3	3	3	3	3	3	3	3
Volunteer	6	6	5	5	5	5	5	5	5	5
Administrative building	1	1	1	1	1	1	1	1	1	1
Fleet										
Engines	10	10	10	10	10	10	10	10	10	10
Tankers	7	7	7	7	7	7	7	7	7	7
75' aerials	1	1	1	1	—	—	—	—	—	—
Ambulances	4	5	5	5	5	5	5	5	6	6
Brush trucks	6	6	6	6	7	7	7	7	6	5
Rescue trucks	3	2	2	2	2	2	2	2	2	2
Other	7	8	9	10	9	9	9	9	9	10

UPPER PINE RIVER FIRE PROTECTION DISTRICT

OPERATING INDICATORS BY FUNCTION
2009 - 2018
(Unaudited)

Function	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Fire										
Structure and wildland fires	63	64	80	91	81	70	70	43	52	67
Hazardous conditions	35	47	29	28	38	33	31	32	33	36
EMS										
Emergency medical	352	348	331	344	428	469	563	605	565	507
Motor vehicle and bicycle accidents	59	55	49	43	24	32	—	—	—	72
EMS Totals	411	403	380	387	452	501	563	605	565	579
Public Service Assistance	76	89	99	152	136	113	113	141	159	179
False Alarms	48	19	21	25	34	39	28	22	29	52
Total Calls	633	622	609	683	741	756	805	843	838	913

UPPER PINE RIVER FIRE PROTECTION DISTRICT

CALLS BY DISTRICT
2018
(Unaudited)

2018 Calls by District	**Total**
1	443
2	38
3	41
4	78
5	128
6	33
7	50
8	30
Out of District (1)	72
Total	**913**

(1) Represents out of District responses to federal partners,
Los Pinos Fire Protection District,
Archuleta County and Durango Fire & Rescue