



Durango  
Fire & Rescue  
Authority  
Durango, Colorado

Comprehensive Annual Financial Report  
For the year ending December 31<sup>st</sup>, 2010

Prepared by the Management of Durango Fire & Rescue Authority

**DURANGO FIRE & RESCUE AUTHORITY**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**For the Year Ended December 31, 2010**

**TABLE OF CONTENTS**

**INTRODUCTORY SECTION**

Letter of Transmittal .....	4
Organizational Chart .....	8
List of Appointed and Elected Officials .....	9

**FINANCIAL SECTION**

Independent Auditors' Report .....	12
Management's Discussion and Analysis.....	14
Basic Financial Statements	
Fund Financial Statements	
Statement of Net Assets .....	21
Statement of Revenues, Expenses and Changes in Net Assets.....	22
Statement of Cash Flows .....	23
Statement of Fiduciary Net Assets – Fiduciary Fund.....	24
Statement of Changes in Fiduciary Net Assets – Fiduciary Fund .....	24
Notes to Financial Statements .....	25
Required Supplemental Information	
Schedule of Funding Progress – Volunteer Pension Fund.....	36
Other Supplemental Information	
Schedule of Revenues – Budget and Actual .....	38
Schedule of Expenditures – Budget and Actual .....	39
Schedule of Additions & Deletions – Fiduciary Fund – Budget and Actual	41

**STATISTICAL SECTION**

Net Assets by Component .....	43
Changes in Net Assets .....	44
Expenses .....	45
Revenues .....	46
Full-time Equivalent Employees .....	47
Operating Indicators by Function .....	48
2010 Call Locations .....	49

# INTRODUCTORY SECTION



*June 28, 2011*

*To the Members of the Board of Directors, City Council and Citizens of the City of Durango, Animas Fire Protection District and Hermosa Cliff Fire Protection District:*

State law requires that governmental entities publish within seven months of the close of each calendar year (unless such deadline is extended) a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (US GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the Durango Fire & Rescue Authority ("Authority") for the fiscal year ended December 31, 2010.

This report consists of management's representations concerning the finances of the Authority. 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 Authority has established a comprehensive framework that is designed to protect the government's assets from loss, theft or misuse, and to compile sufficient reliable information for the presentation of the Durango Fire & Rescue Authority'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 Durango Fire & Rescue Authority's financial statements have been audited once again by Haynie and Company, 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 Durango Fire & Rescue Authority for the fiscal year ended December 31, 2010, are free of material misstatements. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and assessing the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was reasonable basis for rendering an unqualified opinion and Durango Fire & Rescue Authority's financial statements for the year ended December 31, 2010, are fairly presented in conformity with US GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

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

### ***Profile of the Authority***

Durango Fire & Rescue Authority was formed in 2001 through an Intergovernmental Agreement ("IGA") between the City of Durango, Animas Fire Protection District, Hermosa Cliff Fire Protection District ("Contracting Parties"), and the absorption of the Mercy Paramedic Ambulance system. The Authority's first year of operation began January 2002. The Authority provides fire suppression (structural, wildland and vehicle), emergency medical service/ambulance service to include patient transport, rescue (water, ice, low and high angle rope, confined space, vehicle extrication), fire prevention, fire code enforcement, public education, and hazardous material response. These services are provided to a fulltime population



of approximately 40,000 in 325 square miles of southwest Colorado. The Authority is funded by fees for service from its three Contracting Parties, contracts and ambulance revenue.

Durango Fire & Rescue Authority is governed by a seven member Board made up of two representatives from each of the Contracting Parties and one member selected at large. The governing Board has fiduciary responsibilities set forth in the IGA. The Board is responsible for hiring the Chief of the Department. The Chief is responsible for carrying out the policies of the Board, for management and supervision of the day-to-day operations of the Authority, and for managing its employees and members.

The annual budget and budget process serves as the foundation for the Durango Fire & Rescue Authority's financial planning and control. Following approval of the proposed budget by the three Contracting Parties, the Authority Board of Directors will hold a public hearing and adopt its final budget no later than December 31<sup>st</sup> each year.

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

### ***Factors Affecting Financial Condition***

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective, the specific environment within which the Durango Fire & Rescue Authority operates. The following is a recap of the economic factors impacting the Authority's three funding entities.

### ***Local Economy***

**General:** The diverse geographic Durango area, settled in the 1870's as a mining and commerce center, is located in the southwestern part of Colorado in the County of La Plata. La Plata County has experienced considerable economic and population growth from the late 1980's to 2008. Like most of the United States the 2009 local economy showed considerable financial declines over previously prosperous years.

Durango is also home to Fort Lewis College, a four year liberal arts college with a census of approximately 3,800 students. 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.

**City of Durango:** In 2010, the City provided 36% of the total funding provided by the Contracting Parties (this is exclusive of ambulance or other fee income). The City continues to be optimistic about the future as City sales tax collections for 2010 showed an increase of 4.7% over 2009. Real estate values are leveling off and housing prices and loans remain a challenge for low to moderate income families.

**Animas Fire Protection District:** The District provided 57% of the total funding provided by the Contracting Parties (this is exclusive of ambulance or other fee income). In 2010, 62% of the District's



property tax base was from oil and gas production. The District's heavy dependency on natural gas will subject its property tax base to market fluctuations. While 2010 assessed valuation increased, the forecast for the District's assessed valuation in 2011 may precipitously decline due to a reduction in natural gas cost and production.

**Hermosa Cliff Fire Protection District:** In 2010, the Hermosa Cliff Fire Protection District provided 7% of the total funding provided by the Contracting Parties (this is exclusive of ambulance or other fee income). Hermosa Cliff Fire Protection District's major source of revenues is property taxes. The District's valuation is from rural residential and resort commercial property in northern La Plata County, including the Durango Mountain Resort. The slowdown of construction at Durango Mountain Resort and Glacier Club continued through 2010.

**Cash Management Practices:** Cash that was temporarily idle during the year was invested in money market accounts in a state wide local government investment pool, "Colotrust Plus+". The assets of the Mark Carroll Pension Fund are managed by the Fire and Police Pension Association of Colorado as part of the Members Benefit Investment Fund. The rate of return on the pension fund was 14.26% in 2010. Investment losses include depreciation in the fair value of investments. The five year return for the funds is 4.41%.

#### ***Long-term Financial Planning:***

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

The second question was to fund the District - if funded – which would create one governance over emergency service with a single mill rate on property. The funding question however failed to pass the electorate by a margin of 65%. Without a funding source it was not possible for the Durango Fire Protection District to operate the Authority. Until such time the funding is approved it has been the intent of the Board of Directors to continue operating as an Authority.

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

The current operational funding has struggled to cover more than operating costs as the Authority has not received any capital funding from its partners since 2006. This is unlike the years 2002 through 2006 when the Authority received \$750,000 annually of additional capital allocation funds from all of the Contracting Parties. The Consultant, the Authority Board of Directors and the Chief believe that for sustainability of services the Authority will need a long-term strategic approach to its operations and capital replacement and enhancement program.

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

**Financing Pension Benefit:** A majority of the Authority's employees are covered by one of three different pension plans: two state wide cost sharing multiple-employer defined benefit plans, one administered by the Fire and Police Pension Association - FPPA, and one administered by the Public



Employees Retirement Association – PERA, and a defined contribution plan administered by the International City Managers Association - ICMA. The state wide defined benefit plan (FPPA) that covers the largest number of the Authority’s employees has a funding ratio of 112%. PERA covers some of our administrative staff and part time employees. PERA has a funding ratio of 87% and as such it requires a larger share of employer match.

The Authority also has a State of Colorado Defined Benefit Plan, managed through FPPA to provide volunteers with a pension plan. The Mark Carroll Pension Fund has a new actuarial study with an effective date of January 1, 2009. This actuarial study indicated a 92% funded ratio at the end of 2009. This 92% funded ratio caused FPPA to require an increase in the Authority’s contributions for 2010 and 2011.

***Acknowledgements:***

We would like to express our appreciation to Haynie & Company, the firm that serves as the Authority’s external auditors.

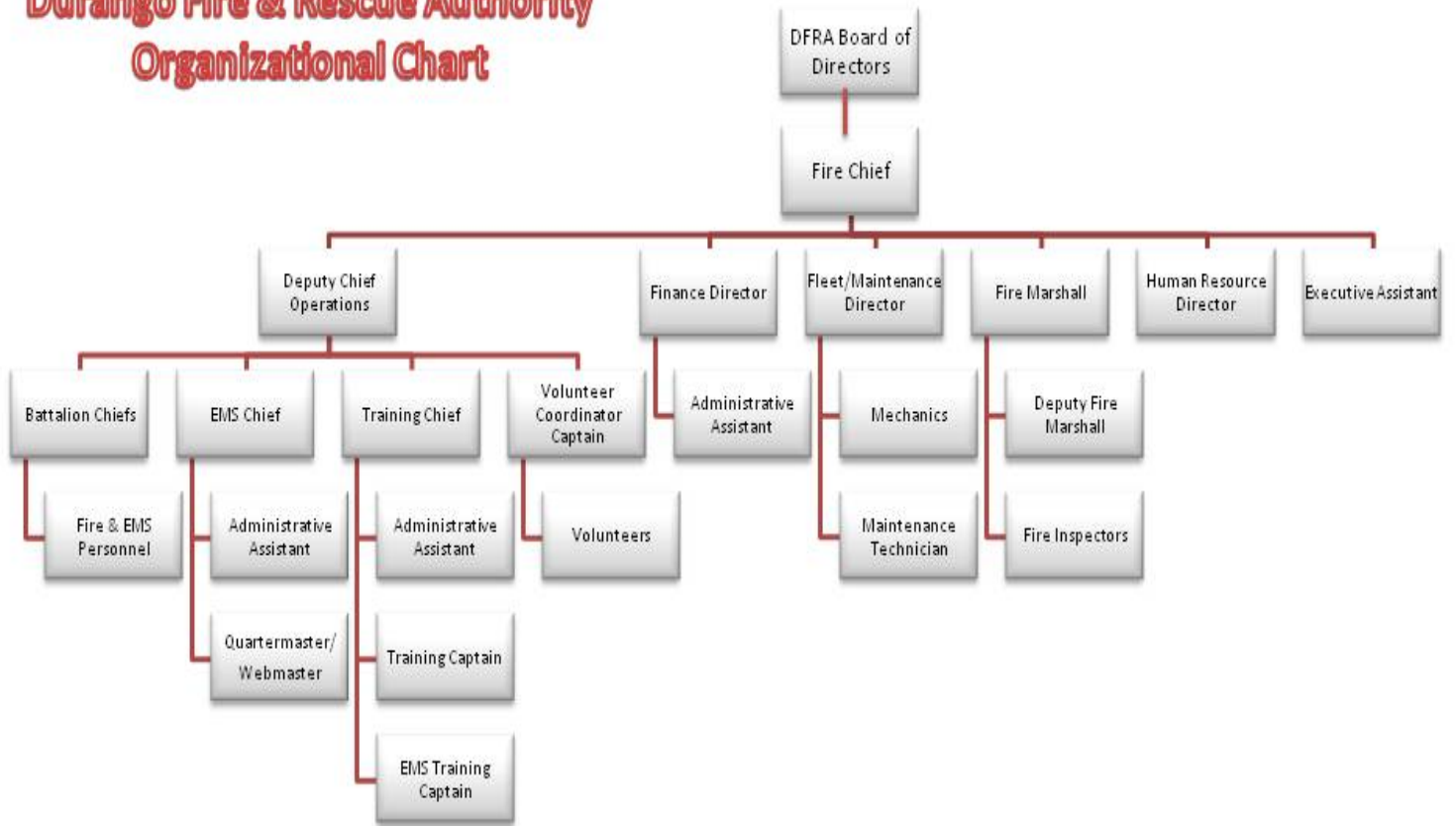
I would like to recognize the Authority’s Board of Directors for their unfailing support for the Authority, its fiscal responsibility and the highest standards of professionalism in the management of the Authority’s finances.

Respectfully submitted,

A handwritten signature in blue ink that reads "Daniel J Noonan".

Daniel J Noonan

# Durango Fire & Rescue Authority Organizational Chart



# DURANGO FIRE & RESCUE AUTHORITY 2010 APPOINTED OFFICIALS

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## DURANGO FIRE AND RESCUE AUTHORITY BOARD

Bill Webbe, Chairperson

Jim Barrett

Paul Broderick

Kirk Dignum

Greg Drover

Ron LeBlanc

David Woodford

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## DURANGO FIRE AND RESCUE PENSION BOARD

Bill Webbe, Chairperson

Don Baker

Jim Barrett

Greg Drover

Eloy Martinez

Dave Trantum

David Woodford

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## OUR FUNDING PARTNERS ELECTED OFFICIALS

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### ANIMAS FIRE PROTECTION DISTRICT

Greg Drover, Chairperson

Jim Barrett

Bud Deering

David Jackson

Bill Warren

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### CITY OF DURANGO

Michael Rendon, Mayor

Paul Broderick

Joe Colgan

Doug Lyon

Christina Rinderle Thompson

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## **OUR FUNDING PARTNERS 2010 ELECTED OFFICIALS**

(Continued)

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### **HERMOSA CLIFF FIRE PROTECTION DISTRICT**

**Bill Webbe, Chairperson**

**Ed Belt**

**Bill Brown**

**Patric Flinn**

**David Woodford**

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### **DURANGO FIRE PROTECTION DISTRICT**

**Annie Simonson, Chairperson**

**Jim Barrett**

**Phil Bryson**

**Bud Deering**

**Joe Leder**

**Bill Meiers**

**Emil Wanatka**

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# FINANCIAL SECTION



**Haynie &  
Company**

**Certified Public Accountants** (a professional corporation)

1221 West Mineral Ave, Ste. 202 Littleton, Colorado 80120-4544 (303) 734-4800 Fax (303) 795-3356

## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Durango Fire & Rescue Authority  
Durango, Colorado

We have audited the accompanying financial statements of the business-type activities and each major fund of the Durango Fire & Rescue Authority, as of and for the years ended December 31, 2010 and 2009, which collectively comprise the Authority's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Durango Fire & Rescue Authority as of December 31, 2010 and 2009, and the respective changes in financial position and cash flows thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis section as listed in the Table of Contents is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The accompanying required supplemental information as listed in the Table of Contents is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. The accompanying other supplemental information as listed in the Table of Contents is not a required part of the basic financial statements but is other supplementary information. Such information has been subject to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Associate Office At  
1785 West Printers Row  
Salt Lake City, UT 84110  
(801) 972-4800  
Fax (801) 972-8941

Associate Office At  
5974 South Fashion Pointe Dr., Suite 200  
South Ogden, UT 84403  
(801) 479-4800  
Fax (801) 479-8941

Associate Office At  
4910 Campus Drive  
Newport Beach, CA 92660  
(949) 724-1880  
Fax (949) 724-1889

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Durango Fire & Rescue Authority's basic financial statements. The introductory section and statistical tables as listed in the Table of Contents are presented for additional analysis and are not a required part of the basic financial statements. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Haynie & Co.*

Littleton, Colorado  
June 28, 2011

DURANGO FIRE AND RESCUE AUTHORITY  
Management Discussion and Analysis  
Year Ended December 31, 2010 and 2009

As the financial management of the Durango Fire & Rescue Authority (“Authority”), we offer readers of these financial statements this narrative overview and analysis of the financial activities of the Authority for the years ended December 31, 2010 and 2009. This discussion and analysis is designed to assist the reader in focusing on the significant accomplishments, financial issues and activities, and to identify any significant changes in financial position. We encourage readers to consider the information presented here in conjunction with the financial statements as a whole.

***Financial Highlights***

The Durango Fire & Rescue Authority incurred operating income of \$404,143 and \$148,609 for calendar years 2010 and 2009 respectively. Net income produced an increase in net assets of \$501,635 and \$766,384 for the years of 2010 and 2009 respectively. The term “net assets” refers to the difference between assets and liabilities. At the close of 2010, the Authority had net assets of \$12,787,365, an increase of 4% over fiscal year 2009. At the close of 2009 the Authority had net assets of \$12,285,730, an increase of 7% over fiscal year 2008.

***Overview of the Financial Statements***

This discussion and analysis is intended to serve as an introduction to the Authority’s financial statements, which is comprised of the basic financial statements, the notes to the financial statements, and supplementary information presented. Since the Authority operates via an Enterprise Fund and a fiduciary fund (the Mark Carroll Pension Fund), fund level financial statements are not shown. In addition to the basic financial statements, this report also contains other supplementary information pertaining to the Authority’s budget.

***Basic Financial Statements:*** The basic financial statements are designed to provide readers with a broad overview of the Authority’s finances, in a manner similar to a private-sector business.

***Proprietary funds:*** The balance sheet presents information on all of the Authority’s assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial condition of the Authority is improving or deteriorating. Net assets increase when revenues exceed expenses. Increases to assets without a corresponding increase to liabilities results in increased net assets, which indicates an improved financial condition.

The statement of revenues, expenses, and changes in net assets presents information showing how a government’s net assets changed during the fiscal year. All changes in net assets are reported as soon as the underlying event occurs, regardless of 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 unused vacation leave).

***Fiduciary Funds:*** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The Mark Carroll Pension Fund is not reflected in the Enterprise Fund financial statements because the resources of the fiduciary fund are not available to support the Authority’s own programs. The accounting used for the Mark Carroll Pension Fund is much like that used for the Enterprise Fund. The basic financial statement for the Mark Carroll Pension Fund can be found on page 26 of this report.

***Notes to the Financial Statements:*** The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

DURANGO FIRE AND RESCUE AUTHORITY  
Management Discussion and Analysis  
Year Ended December 31, 2010 and 2009

**Other information:** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information pertaining to the Authority's progress in funding its obligation to provide pension benefits to its volunteer firefighters. Required supplementary information can be found on pages 36 and 37 of this report.

Also, this report presents certain supplementary information pertaining to the Authority's budget for demonstrating legal compliance with budgetary control obligations. This supplementary information can be found on pages 38 through 41 of this report.

**Financial Analysis**

Net assets, the excess of assets over liabilities, may serve, over time, as a useful indicator of a government's financial position. In the case of the Authority, assets exceeded liabilities by \$12,787,365 at the close of the most recent fiscal year. This overall net asset increase of \$501,635, (4%) was attributable to operational funding from the Contracting Parties. Investment in capital assets decreased from \$8,641,653 at December 31, 2009 to \$7,932,974 at December 31, 2010. This decrease of \$708,679 (8%) was attributable to depreciation exceeding purchases of capital equipment and leasehold station improvements. Funds restricted (by development agreement or otherwise) for capital projects increased from \$200,000 at December 31, 2009 to \$211,000 at December 31, 2010. This increase of \$11,000 (6%) was a result of the receipt of impact fees under the contract with Edgemont Ranch. All of the restricted assets are reserved for capital improvements at Station 5. Unrestricted net assets increased from \$3,444,077 at December 31, 2009 to \$4,643,391, an increase of \$1,199,314 (35%). This change was the result of management decision to hold costs steady, decrease capital spending, and hold on to excess revenues in order to cover anticipated funding shortfalls in 2011 and 2012.

**Net Assets**

	<u>2010</u>	<u>2009</u>	<u>2008</u>
Current assets	\$ 5,611,446	\$ 4,843,916	\$ 5,555,178
Capital assets	<u>7,932,974</u>	<u>8,641,653</u>	<u>6,994,628</u>
Total assets	13,544,420	13,485,569	12,549,806
Current liabilities	518,301	947,369	810,358
Other long-term liabilities	<u>238,754</u>	<u>252,470</u>	<u>220,102</u>
Total liabilities	757,055	1,199,839	1,030,460
Net assets			
Invested in capital assets, net of related debt	7,932,974	8,641,653	6,994,628
Restricted	211,000	200,000	653,753
Unrestricted	<u>4,643,391</u>	<u>3,444,077</u>	<u>3,870,965</u>
Total net assets	<u>\$ 12,787,365</u>	<u>\$ 12,285,730</u>	<u>\$ 11,519,346</u>

The largest portion of the Authority's net assets is its investment in capital assets (62%). These assets include apparatus, vehicles, leasehold improvements, buildings and equipment. The Authority uses these capital assets to provide service and consequently, these assets are not available to liquidate liabilities or for other spending. The debt incurred by the Animas Fire Protection District and Hermosa Cliff Fire Protection District associated with the purchase of the assets transferred by these entities has not been

DURANGO FIRE AND RESCUE AUTHORITY  
Management Discussion and Analysis  
Year Ended December 31, 2010 and 2009

assumed by the Authority. The responsibility for servicing of this debt has been retained by these two special districts and is serviced by separate bond mil levys. The City of Durango did not incur any debt specifically for the assets that it transferred to the Authority. Real property associated with providing fire and emergency medical services owned by the Contracting Parties was not transferred to the Authority. Instead, the Authority has obtained leases from the Contracting Parties for nominal rates to use, maintain, encumber or unencumber these facilities.

Restricted net assets increased by \$11,000 in 2010 to a total of \$211,000. This increase was a result of impact fees received under the contract with Edgemont Ranch. The entire \$211,000 is restricted for improvements to Animas Fire Protection District's Station 5. The Authority funds fire and emergency medical services with funds received from its three Contracting Parties and patient charges.

**Contributions from Contracting Entities (excluding pension contributions)**

	<b>2010</b>		
	Operations	Capital	Total
City of Durango	\$ 2,869,003	\$ -	\$ 2,869,003
Animas Fire Protection District	4,338,692	-	4,338,692
Hermosa Cliff Fire Protection District	534,893	-	534,893
Total contributions	\$ 7,742,588	\$ -	\$ 7,742,588

	<b>2009</b>		
	Operations	Capital	Total
City of Durango	\$ 2,827,819	\$ -	\$ 2,827,819
Animas Fire Protection District	3,909,636	-	3,909,636
Hermosa Cliff Fire Protection District	488,308	166,155	654,463
Total contributions	\$ 7,225,763	\$ 166,155	\$ 7,391,918

	<b>2008</b>		
	Operations	Capital	Total
City of Durango	\$ 2,745,511	\$ -	\$ 2,745,511
Animas Fire Protection District	3,828,000	-	3,828,000
Hermosa Cliff Fire Protection District	431,624	50,000	481,624
Total contributions	\$ 7,005,135	\$ 50,000	\$ 7,055,135

The Authority's funding from Contracting Parties is derived from the approved funding formula as part of the annual budget process. The Authority's budget and funding from Contracting Parties must be approved by each of the three Contracting Parties.

Emergency medical services patient charges revenue decreased by \$77,509 or 7% between 2010 and 2009 at \$1,006,445 and \$1,083,954 respectively. Most of this decrease was due to a decline in ambulance revenue, although part is due to the adjustment to the allowance for doubtful accounts offset to net patient revenue in 2009. Future revenue increases will be determined by call volume, any change in rate for service charges and contractual write-offs and bad debt.

DURANGO FIRE AND RESCUE AUTHORITY  
Management Discussion and Analysis  
Year Ended December 31, 2010 and 2009

**Revenues by Source**

	<u>2010</u>	<u>2009</u>	<u>2008</u>
Operating revenues			
Fire			
Operation contributions from participating entities	\$ 7,521,705	\$ 6,916,671	\$ 6,695,702
Fire protection fees	41,000	42,500	50,000
Wild land fire fees	243,814	445,926	461,372
Miscellaneous	<u>17,312</u>	<u>29,546</u>	<u>28,256</u>
Total fire revenues	<u>7,823,831</u>	<u>7,434,643</u>	<u>7,235,330</u>
Emergency medical services			
Patient charges, net	1,006,445	1,083,954	1,000,646
Operation contributions from participating entities	360,000	360,000	360,000
Miscellaneous	<u>6,311</u>	<u>3,042</u>	<u>9,544</u>
Total emergency medical services revenues	<u>1,372,756</u>	<u>1,446,996</u>	<u>1,370,190</u>
Total operating revenues	<u>9,196,587</u>	<u>8,881,639</u>	<u>8,605,520</u>
Non-operating revenues			
Grants	77,154	1,246	161,658
Interest income	<u>12,084</u>	<u>19,846</u>	<u>111,067</u>
Total non-operating revenues	<u>89,238</u>	<u>21,092</u>	<u>272,725</u>
Total revenue	<u>\$ 9,285,825</u>	<u>\$ 8,902,731</u>	<u>\$ 8,878,245</u>

In fiscal year 2010, income from operations was \$404,462 which is an increase of \$255,853, as fiscal year 2009 showed income from operations of \$148,609. This increase is primarily due to increased funding from the contracting parties. Funding from the Contracting Parties increased 8.3% from 2009 to 2010. The Authority's salary plan is based upon Colorado average fire and EMS personnel wages. Salary surveys indicate that the Authority's employee scale of wages in 2010 is at 88% of market wages. Only 2% of Authority employees earn wages at market rates; the other 98% are below market wages, regardless of their tenure.

In 2010 Wildland fire fees were \$243,814; this is a decrease of \$202,112 over 2009. This revenue is from a cooperative agreement between the Authority and the State of Colorado where the Authority provides personnel and equipment to assist on national wildland fire incidents.

DURANGO FIRE AND RESCUE AUTHORITY  
Management Discussion and Analysis  
Year Ended December 31, 2010 and 2009

**Expenses**

	<u>2010</u>	<u>2009</u>	<u>2008</u>
Operating expenses			
Fire			
Personnel services	\$ 4,458,295	\$ 4,536,316	\$ 4,252,565
Purchased services	709,629	665,752	700,489
Supplies and equipment	284,283	244,206	337,251
Depreciation	<u>702,600</u>	<u>649,920</u>	<u>536,498</u>
Total fire operating expenses	<u>6,154,807</u>	<u>6,096,194</u>	<u>5,826,803</u>
Emergency medical services			
Personnel services	1,910,698	1,968,317	1,822,528
Purchased services	303,990	285,322	300,209
Supplies and equipment	121,835	104,660	144,536
Depreciation	<u>301,114</u>	<u>278,537</u>	<u>229,928</u>
Total ems operating expenses	<u>2,637,637</u>	<u>2,636,836</u>	<u>2,497,201</u>
Total operating expenses	<u>8,792,444</u>	<u>8,733,030</u>	<u>8,324,004</u>
Non-operating expenses			
Interest expense	-	-	-
Grants expense	<u>-</u>	<u>-</u>	<u>300</u>
Total non-operating expenses	<u>-</u>	<u>-</u>	<u>300</u>
Total expenses	<u>\$ 8,792,444</u>	<u>\$ 8,733,030</u>	<u>\$ 8,324,304</u>

Total operating expenses increased by \$59,414 (0.07%) from \$8,733,030 in 2009 to \$8,792,444 in 2010. Depreciation expense increased by \$75,257, purchased services expense increased by \$62,545, supplies and equipment expense increased by \$57,252; however personnel services expense decreased by \$135,640.

DURANGO FIRE AND RESCUE AUTHORITY  
Management Discussion and Analysis  
Year Ended December 31, 2010 and 2009

**Changes in Net Assets**

	<u>2010</u>	<u>2009</u>	<u>2008</u>
Operating revenues			
Fire operations	\$ 7,823,831	\$ 7,434,643	\$ 7,235,330
EMS operations	<u>1,372,756</u>	<u>1,446,996</u>	<u>1,370,190</u>
Total operating revenue	<u>9,196,587</u>	<u>8,881,639</u>	<u>8,605,520</u>
Operating expenses			
Fire operations	6,154,807	6,096,194	5,826,803
EMS operations	<u>2,637,637</u>	<u>2,636,836</u>	<u>2,497,201</u>
Operating expenses	<u>8,792,444</u>	<u>8,733,030</u>	<u>8,324,004</u>
Income (loss) from operations	<u>404,143</u>	<u>148,609</u>	<u>281,516</u>
Nonoperating revenues (expenses)			
Grants	77,154	1,246	161,658
Interest income	12,084	19,846	111,067
Interest expense	-	-	-
Grant expense	-	-	(300)
Gain (Loss) on disposal of equipment	<u>(2,745)</u>	<u>9,740</u>	<u>-</u>
Net nonoperating revenues (expenses)	<u>86,492</u>	<u>30,832</u>	<u>272,425</u>
Capital contributions and impact fees	<u>11,000</u>	<u>586,943</u>	<u>180,933</u>
Change in net assets	501,635	766,384	734,874
Net assets, beginning of year	<u>12,285,730</u>	<u>11,519,346</u>	<u>10,784,472</u>
Net assets, end of year	<u>\$ 12,787,365</u>	<u>\$ 12,285,730</u>	<u>\$ 11,519,346</u>

**Cash Flows.** Net cash provided by operating activities decreased by \$281,180 to \$1,039,373 between the years ended December 31, 2009 and 2010, due primarily to an increase in payments to vendors. The majority of the increase in payments to vendors during 2010 was related to a decrease in Accounts Payable from December 31, 2009 to December 31 2010. Net cash used in capital and related financing activities decreased from \$1,696,339 used in the year ended December 31, 2009 to \$207,730 in the year ended December 31, 2010. For the year ended December 31, 2010, \$295,884 was spent in capital expenditures.

**Capital Assets and Long-term Debt**

**Capital Assets.** The Authority's investment in capital assets as of December 31, 2010 is \$7,932,974, net of accumulated depreciation. This decrease of \$708,679 (8%) from December 31, 2009 at 8,641,653 is due to depreciation expense exceeding capital expenditures for 2010. Major capital asset events during the current fiscal year included the following:

- Power Pro Ambulance cots
- Portable radios
- Autopulse CPR system

DURANGO FIRE AND RESCUE AUTHORITY  
Management Discussion and Analysis  
Year Ended December 31, 2010 and 2009

- Self-Contained Breathing Apparatus Pak Tracker
- GSA fire shelters

Additional information on the Authority's capital assets can be found in Note 4 on page 29 of this report.

**Long Term Debt.** As of December 31, 2010 and December 31, 2009 the Authority had no long term debt.

***Requests for Information***

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

DURANGO FIRE AND RESCUE AUTHORITY  
Fund Financial Statements  
Year Ended December 31, 2010 and 2009

**DURANGO FIRE AND RESCUE AUTHORITY  
STATEMENT OF NET ASSETS  
December 31, 2010 and 2009**

	<u>2010</u>	<u>2009</u>
Current assets:		
Cash and investments	\$ 5,335,009	\$ 4,491,282
Accounts receivable, net	152,427	189,027
Unbilled ambulance revenue	35,258	113,867
Prepays	24,172	997
Receivable from other governments	64,580	48,743
Total current assets	<u>5,611,446</u>	<u>4,843,916</u>
Noncurrent assets		
Capital assets, net	<u>7,932,974</u>	<u>8,641,653</u>
Total noncurrent assets	<u>7,932,974</u>	<u>8,641,653</u>
Total assets	<u>13,544,420</u>	<u>13,485,569</u>
Current liabilities		
Accounts payable	110,636	550,939
Due to other governments	-	10
Accrued payroll	86,283	65,361
Accrued compensated absences	238,754	252,470
Incurred but unreported claims	82,628	78,589
Total current liabilities	<u>518,301</u>	<u>947,369</u>
Noncurrent liabilities		
Accrued compensated absences	<u>238,754</u>	<u>252,470</u>
Total noncurrent liabilities	<u>238,754</u>	<u>252,470</u>
Total liabilities	<u>757,055</u>	<u>1,199,839</u>
Invested in capital assets	7,932,974	8,641,653
Restricted for:		
Capital projects	211,000	200,000
Unrestricted	<u>4,643,391</u>	<u>3,444,077</u>
Total net assets	<u>\$ 12,787,365</u>	<u>\$ 12,285,730</u>

See accompanying notes.

DURANGO FIRE AND RESCUE AUTHORITY  
Fund Financial Statements  
Year Ended December 31, 2010 and 2009

**DURANGO FIRE AND RESCUE AUTHORITY**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**  
**For the Years Ended December 31, 2010 and 2009**

	<u>2010</u>	<u>2009</u>
Operating revenues		
Fire		
Operation contributions from participating entities	\$ 7,521,705	\$ 6,916,671
Fire protection fees	41,000	42,500
Wild land fire fees	243,814	445,926
Miscellaneous	17,312	29,546
Total fire revenues	<u>7,823,831</u>	<u>7,434,643</u>
Emergency medical services		
Patient charges, net	1,006,445	1,083,954
Operation contributions from participating entities	360,000	360,000
Miscellaneous	6,311	3,042
Total emergency medical services revenues	<u>1,372,756</u>	<u>1,446,996</u>
Total operating revenues	<u>9,196,587</u>	<u>8,881,639</u>
Operating expenses		
Fire		
Personnel services	4,458,295	4,536,316
Purchased services	709,629	665,752
Supplies and equipment	284,283	244,206
Depreciation	702,600	649,920
Total fire operating expenses	<u>6,154,807</u>	<u>6,096,194</u>
Emergency medical services		
Personnel services	1,910,698	1,968,317
Purchased services	303,990	285,322
Supplies and equipment	121,835	104,660
Depreciation	301,114	278,537
Total emergency medical services operating expenses	<u>2,637,637</u>	<u>2,636,836</u>
Total operating expenses	<u>8,792,444</u>	<u>8,733,030</u>
Operating income	<u>404,143</u>	<u>148,609</u>
Non-operating revenue (expense)		
Grants	77,154	1,246
Interest income	12,084	19,846
Disposal of capital assets	(2,745)	9,740
Total non-operating revenue (expense)	<u>86,492</u>	<u>30,832</u>
Increase in net assets, before capital contributions	490,635	179,441
Capital contributions		
Impact fees	11,000	420,788
Contributions from participating entities	-	166,155
Total capital contributions	<u>11,000</u>	<u>586,943</u>
Increase in net assets	501,635	766,384
Net assets at beginning of the year	<u>12,285,730</u>	<u>11,519,346</u>
Net assets at end of the year	<u>12,787,365</u>	<u>12,285,730</u>

See accompanying notes.

DURANGO FIRE AND RESCUE AUTHORITY  
Fund Financial Statements  
Year Ended December 31, 2010 and 2009

**DURANGO FIRE AND RESCUE AUTHORITY**  
**STATEMENT OF CASH FLOWS**  
**For the Years Ended December 31, 2010 and 2009**

	<u>2010</u>	<u>2009</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers - emergency medical services	\$ 1,040,879	\$ 1,104,965
Receipts from participating entities - fire services	8,163,837	7,874,100
Payments to employees	(6,236,554)	(6,437,568)
Payments to vendors	<u>(1,928,789)</u>	<u>(1,220,944)</u>
Net cash provided by operations	<u>1,039,373</u>	<u>1,320,553</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Proceeds from grants	77,154	161,331
Proceeds from sales of assets	-	9,740
Capital funding from sponsoring governments	-	166,155
Impact fees	11,000	541,916
Purchase of capital equipment and buildings	(295,884)	(2,575,481)
Capital grant pass-throughs	<u>-</u>	<u>-</u>
Net cash provided (used) by capital and related financing activities	<u>(207,730)</u>	<u>(1,696,339)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest	<u>12,084</u>	<u>19,846</u>
Net cash provided by investing activities	<u>12,084</u>	<u>19,846</u>
Net increase in cash	843,727	(355,938)
Balances - beginning of the year	<u>4,491,282</u>	<u>4,847,220</u>
Balances - end of the year	<u>\$ 5,335,009</u>	<u>\$ 4,491,282</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Operating income	\$ 404,143	\$ 148,609
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation expense	1,003,714	928,457
Changes in assets and liabilities		
Receivables, net	(9,367)	198,497
Unbilled ambulance revenue	78,609	(16,589)
Allowance for collection costs	6,053	(107,799)
Incurred but unreported claims	4,039	41,839
Accounts and other payables	(441,306)	306,755
Accrued expenses	<u>(6,511)</u>	<u>(179,216)</u>
Net cash provided by operations	<u>\$ 1,039,373</u>	<u>\$ 1,320,553</u>

See accompanying notes

DURANGO FIRE AND RESCUE AUTHORITY  
Fund Financial Statements  
Year Ended December 31, 2010 and 2009

**DURANGO FIRE AND RESCUE AUTHORITY  
STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS - VOLUNTEER PENSION  
December 31, 2010 and 2009**

	<u>2010</u>	<u>2009</u>
Assets		
Investments in Common Fund of Fire and Police Pension Fund of Colorado, at fair value	\$ 4,803,943	\$ 4,429,356
Total assets	<u>4,803,943</u>	<u>4,429,356</u>
Net Assets		
Held in trust for pension benefits	<u>\$ 4,803,943</u>	<u>\$ 4,429,356</u>

See accompanying notes.

**DURANGO FIRE AND RESCUE AUTHORITY  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUND - VOLUNTEER PENSION  
For the Years Ended December 31, 2010 and 2009**

	<u>2010</u>	<u>2009</u>
Additions		
Contributions:		
Employer	\$ 132,800	\$ 51,847
State of Colorado	<u>38,552</u>	<u>38,535</u>
Total contributions	<u>171,352</u>	<u>90,382</u>
Investment earnings		
Interest, dividends and other	103,686	25,682
Net increase/(decrease) in fair value of investments	<u>501,814</u>	<u>733,349</u>
Total investment earnings	605,500	759,031
Less investment expense	<u>(33,719)</u>	<u>(31,120)</u>
Net investment earnings	<u>571,781</u>	<u>727,911</u>
Total additions	<u>743,133</u>	<u>818,293</u>
Deductions		
Benefits	<u>368,546</u>	<u>334,862</u>
Total deductions	<u>368,546</u>	<u>334,862</u>
Change in net assets	374,587	483,431
Net assets - beginning	<u>4,429,356</u>	<u>3,945,925</u>
Net assets - ending	<u>\$ 4,803,943</u>	<u>\$ 4,429,356</u>

See accompanying notes.

DURANGO FIRE AND RESCUE AUTHORITY  
Notes to the Financial Statements  
Year Ended December 31, 2010 and 2009

**Note 1 - Summary of significant accounting policies**

**Reporting Entity** – Durango Fire & Rescue Authority is an “authority” which is a separate governmental entity formed under the IGA Act (C.R.S. Section 29-1-201, et. Seq.) by the City of Durango, the Animas Fire Protection District and the Hermosa Cliff Fire Protection District (collectively the “Contracting Parties”) to supply fire protection and emergency response services to the Contracting Parties. The Authority is governed by a seven member board made up of two representatives from each of the three Contracting Parties and one member selected at large. For financial reporting purposes, the Authority, an Enterprise (C.R.S Section 20 Article X) is a stand-alone entity; there are no component units included in the accompanying financial statements and the Authority is not considered a component unit of another entity. The Authority began operations on January 1, 2002.

On December 31, 2001, the three Contracting Parties and Mercy Medical Center transferred ownership of their emergency medical service vehicles and equipment to the Authority. The Contracting Parties retained ownership of all real property and leased such property to the Authority for a nominal fee. The Contracting Parties thereby delegated to the Authority the power, duty, and responsibility to maintain, operate, manage, and control all of the fire protection and EMS transport facilities, equipment, resources, and property of the Contracting Parties, including without limitation, all fire stations, land, buildings, and firefighting equipment, and to employ the necessary personnel, and to do any and all other things necessary or desirable to provide continued efficient and economical fire protection services to all persons and property within the Authority service area. In addition, all fire and emergency medical service personnel and volunteers of the Contracting Parties and Mercy Medical Center became employees and volunteers for the Authority.

**Basis of Accounting** – The Authority, prepares its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (US GAAP) for proprietary funds, which are similar to those used for private business enterprises. Accordingly, the requirements of Statement of Governmental Accounting Standards No. 34, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments: Omnibus – an amendment of GASB Statements No. 21 and No. 34 and No. 38, Certain Financial Statement Note Disclosures have been implemented and incorporated in the Authority’s financial statement presentation.

The Authority has elected not to apply Financial Accounting Standards Board statements and interpretations issued after November 30, 1989.

The assets, liabilities, and net assets of the Authority are reported in a self-balancing set of accounts, which include restricted and unrestricted resources, representing funds available for support of the Authority’s programs.

**Operating Revenues and Expenses** – The Authority’s operating revenues and expenses consist of revenues earned and expenses incurred in providing fire protection and emergency medical services. Major sources of operating revenues are fees from the Authority’s three Contracting Parties and ambulance fees.

**Capital Assets – Contributed Equipment** – On December 31, 2001 the Contracting Parties transferred all vehicles and equipment used for fire and emergency medical services to the Authority. These assets have been valued at historical cost less accumulated depreciation at the date of transfer.

DURANGO FIRE AND RESCUE AUTHORITY  
Notes to the Financial Statements  
Year Ended December 31, 2010 and 2009

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

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

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

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

**Restricted Net Assets** – Restricted net assets are comprised of payments received from the Contracting Parties that are restricted for capital purchases.

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

Investments for the Authority are reported at fair value.

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

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

On or before September 3 of each year (unless such deadline is extended) the Authority submits a draft budget to each of the Contracting Parties, setting forth anticipated expenses and revenues necessary to fund the Authority for the following calendar year according to the funding formula. The Authority’s proposed budget specifies the amount of funding, along with the method of calculation and apportionment, sought from each Contracting Party to fund the Authority’s operation.

The Authority submits the budget to the respective governing bodies of the Contracting Parties for review and approval within 45 days of submission. Only after approval of the respective Contracting Parties (or passage of 45 days upon which time approval of a Contracting Party shall be presumed), but not earlier than November 1 of each year, the Board of Directors of the Authority shall consider the budget for final approval. A public hearing on the proposed budget prior to December 31<sup>st</sup> must be held for the Authority before final adoption of the budget.

Appropriations for the budget are adopted on a total fund basis (Enterprise Fund and Mark Carroll Pension Fund). The Board of Directors may make additional appropriations during the budget year for

DURANGO FIRE AND RESCUE AUTHORITY  
Notes to the Financial Statements  
Year Ended December 31, 2010 and 2009

expenditures; however, appropriations may not be in excess of available revenues and beginning fund balance. The Board of Directors made four additional appropriations in 2010.

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

Appropriations lapse at the end of the year.

Non-Operating Revenues and Expenses – The majority of the Authority’s operating revenues and expenses consist of revenues earned and expenses incurred relating to providing fire and emergency medical services. There are instances where the Authority is the recipient of Non-Operating Revenues, i.e. grants, interest income and donations and may incur Non-Operating Expenses related to grant writing.

**Note 2 – Deposits and Investments**

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

At December 31, 2010 and 2009 the Authority’s deposits were as follows:

	<b>2010</b>	
	Bank Balance	Carrying Balance
Petty cash	\$ -	\$ 800
Deposits covered by federal insurance	250,000	250,000
Deposits collateralized in a single institution pool	1,529,884	1,221,176
Totals	\$ 1,779,884	\$ 1,471,976
	<b>2009</b>	
	Bank Balance	Carrying Balance
Petty cash	\$ -	\$ 800
Deposits covered by federal insurance	250,000	250,000
Deposits collateralized in a single institution pool	419,121	385,740
Totals	\$ 669,121	\$ 636,540

**Investments** – At December 31, 2010 and 2009 the Authority had investments of \$4,803,943 and \$4,429,357 respectively of funds of the Mark Carroll Pension Fund held by the Members Benefit Investment Fund of the Fire and Police Pension Association of Colorado, an external investment pool. At December 31, 2010 and 2009 the Authority had investments in a Colotrust Plus+ pool of \$3,863,034 and \$3,854,742 respectively held by Colotrust of Colorado an external investment pool. The reported value of these pools is the same as the fair value of the pools shares. Credit risk and interest risk information is not available for the FPPA Members Benefit Investment Fund external investment pool. The Colotrust Plus+ is rated AAA by Standard and Poor with an average maturity of 35 days.

DURANGO FIRE AND RESCUE AUTHORITY  
Notes to the Financial Statements  
Year Ended December 31, 2010 and 2009

**Note 3 – Due From Governmental Agencies**

Due from governmental agencies consists of the following:

	<u>2010</u>	<u>2009</u>
Upper Pine Fire Department	\$ -	\$ 3,868
Firemans Fund	-	(300)
National Wildland Fires	67,854	26,797
State of Colorado	(3,274)	(3,274)
City of Grand Junction	-	180
La Plata County Fire Chiefs Assn.	-	331
Animas Fire Protection District	-	6,303
City of Durango	-	7,000
Signet North America	-	1,166
Hermosa Cliff Fire Protection District	-	6,672
Totals	<u>\$ 64,580</u>	<u>\$ 48,743</u>

DURANGO FIRE AND RESCUE AUTHORITY  
Notes to the Financial Statements  
Year Ended December 31, 2010 and 2009

**Note 4 – Capital Assets**

Capital assets are summarized as follows:

	<u>January 1, 2009</u>	<u>Additions</u>	<u>Retirements</u>	<u>December 31, 2009</u>
Vehicles	\$ 7,695,392	\$ 1,846,128	\$ (154,170)	\$ 9,387,350
Equipment	2,148,002	365,348	-	2,513,350
Buildings and leasehold improvements	833,877	640,397	-	1,474,274
Land	350,000	-	-	350,000
	<u>11,027,271</u>	<u>2,851,873</u>	<u>(154,170)</u>	<u>13,724,974</u>
Accumulated depreciation				
Vehicles	(3,281,340)	(602,000)	150,679	(3,732,661)
Equipment	(958,938)	(289,469)	-	(1,248,407)
Buildings and leasehold improvements	(65,265)	(36,988)	-	(102,253)
	<u>(4,305,543)</u>	<u>(928,457)</u>	<u>150,679</u>	<u>(5,083,321)</u>
Total capital assets	<u>\$ 6,721,728</u>	<u>\$ 1,923,416</u>	<u>\$ (3,491)</u>	<u>\$ 8,641,653</u>
	<u>January 1, 2010</u>	<u>Additions</u>	<u>Retirements</u>	<u>December 31, 2010</u>
Vehicles	\$ 9,387,350	\$ 61,587	\$ (262,425)	\$ 9,186,512
Equipment	2,513,350	265,957	(31,813)	2,747,494
Buildings and leasehold improvements	1,474,274	-	-	1,474,274
Land	350,000	-	-	350,000
	<u>13,724,974</u>	<u>327,544</u>	<u>(294,238)</u>	<u>13,758,280</u>
Accumulated depreciation				
Vehicles	(3,732,661)	(623,153)	229,915	(4,125,899)
Equipment	(1,248,407)	(327,694)	31,813	(1,544,288)
Buildings and leasehold improvements	(102,253)	(52,867)	-	(155,120)
	<u>(5,083,321)</u>	<u>(1,003,714)</u>	<u>261,728</u>	<u>(5,825,306)</u>
Total capital assets	<u>\$ 8,641,653</u>	<u>\$ (676,170)</u>	<u>\$ (32,510)</u>	<u>\$ 7,932,974</u>

The Authority utilizes a capitalization threshold of \$5,000. The Authority gained \$9,740 in 2009 for the sale of assets and lost \$2,745 on the sale of assets in 2010.

**Note 5 – Pensions**

**Defined Benefit Plans -**

**Local Government Division Trust Fund - PERA**

**Plan Description:** The Durango Fire and Rescue Authority contributes to the Local Government Division Trust Fund (“LGDTF”), a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees’ Retirement Association of Colorado (“PERA”). Prior to January 1, 2006, the LGDTF was known as the Municipal Division Trust Fund (“MDTF”). The LGDTF provides retirement and disability, post-retirement annual increases, and death benefits for members or their beneficiaries. All administrative employees and part-time firefighters and part-time paramedics of the Authority are members of the LGDTF. Title 24, Article 51 of the Colorado Revised Statutes (CRS), as amended, assigns the authority to establish benefit provisions to the State Legislature. PERA issues a publicly available annual financial

DURANGO FIRE AND RESCUE AUTHORITY  
Notes to the Financial Statements  
Year Ended December 31, 2010 and 2009

report that includes financial statements and required supplementary information for the LGDTF. That report may be obtained online at [www.copera.org](http://www.copera.org) or by writing to Colorado PERA, 1300 Logan Street, Denver, Colorado 80203 or by calling PERA at 303-832-9550 or 1-800-759-PERA (7372).

**Basis of Accounting for the LGDTF.** The financial statements of the LGDTF are prepared using the accrual basis of accounting. Member and employer contributions are recognized as revenues in the period in which the employer pays compensation to the member and the employer is statutorily committed to pay these contributions to the LGDTF. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. The LGDTF plan investments are presented at fair value except for short-term investments, which are recorded at cost, which approximates fair value.

**Funding Policy:** The Authority is required to contribute member and employer contributions at a rate set by statute. The contribution requirements of plan members and the Authority are established under Title 24, Article 51, Part 4 of the CRS, as amended. The statutory contribution rate for members is 8.0%. The Authority's contribution consists of 1) the statutory contribution rate of 10.00% of covered salary, 2) the Amortized Equalization Disbursement of 2.2% of covered salary, 3) the Supplemental Equalization Disbursement of 1.5% of covered salary, equal to a total annual contribution of 13.7% of covered salary. A portion of the Authority's contribution (1.02% of covered salary) is allocated for the Health Care Trust Fund (See Note 6). If the Authority rehired a PERA retiree as an employee or under any other work arrangement, it is required to report and pay employer contributions on the amounts paid for the retiree, however no member contributions are required. For the years ending December 31, 2008, 2009 and 2010, the Authority's employer contributions to LGDTF were \$118,028, \$127,020, and \$126,978 respectively, equal to the required contributions for each year.

#### **FPPA Statewide Defined Benefit Plan**

**Plan Description.** The Authority contributes to the FPPA Statewide Defined Benefit Plan ("Statewide Plan"), a cost sharing multiple-employer defined benefit plan administered by the Fire and Police Pension Association of Colorado ("FPPA"). The Statewide Plan provides retirement, annual increases, and death benefits for members or their beneficiaries. A portion of firefighters and paramedics of the Authority are members of the Statewide Plan. Colorado Revised Statutes (CRS), as amended, assigns the authority to establish benefit provisions with the Board of Directors of the FPPA. FPPA issues a publicly available annual financial report that includes financial statements and required supplementary information for the Statewide Plan. That report may be obtained by writing to FPPA of Colorado, 5290 DTC Parkway, Suite 100, Greenwood Village, Colorado 80111 or by calling FPPA at 303-770-3772.

**Funding Policy:** Statewide Plan members and the Authority are required to contribute to the Statewide Plan at a rate set by FPPA Board of Directors. The contribution rate for members is 8.0% and for the Authority is 8.0% of covered salary. The Authority's employer contributions to Statewide Plan for the years ending December 31, 2008, 2009 and 2010 were \$201,940, \$217,826, and \$213,837 respectively, equal to their required contributions for each year.

#### **City of Durango Old Hire Plan**

**Plan Description:** The Authority no longer contributes to the City of Durango Old Hire Firemen Plan ("Old Hire Plan") a cost sharing, single employer, defined benefit plan. The City of Durango, Colorado ("City") makes contributions to those certain paid firefighters and policemen hired by the City prior to April 8, 1978 and provides retirement benefits to plan members and their beneficiaries. Cost-of-living adjustments are provided at the discretion of the City Council of the City. The Old Hire Plan is administered by the Fire and Police Pension Association of Colorado ("FPPA") Title 31 of the Colorado

DURANGO FIRE AND RESCUE AUTHORITY  
Notes to the Financial Statements  
Year Ended December 31, 2010 and 2009

Revised Statutes, as amended, assigns the authority to establish and amend benefit provisions of the plan to the City Council with input of the Pension Board. FPPA issues a publicly available annual financial report that includes the assets of the plans and separate biennial actuarial reports for each of the plans. The reports may be obtained by writing to FPPA, 5290 DTC Parkway, Suite 100, Greenwood Village, Colorado, 80111, or by calling FPPA at 1-800-770-3772.

**Funding Policy:** The Authority currently has one fireman that is a member in the Old Hire Plan. The plan received a favorable determination for a Deferred Retirement Option Plan (DROP) amendment from the Internal Revenue Service in December of 2001. The amendment allows active members to elect to have a monthly benefit, along with their current employee contributions to the plan (8%), deposited into a separate account while they continue to be employed. However, they must terminate from the Authority no later than five years after the election. The Authority has no contribution requirement due to this amendment. Member contributions to the Old Hire Plan for the years ended December 31, 2008, 2009 and 2010 were \$0, \$0, and \$0 respectively, equal to the required contributions for each year.

**Mark Carroll Pension Fund**

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

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

**Basis of accounting and valuation of investments:** The financial statements of the plan are prepared using the accrual basis of accounting. The Authority's contributions are recognized when due and a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. The plan is administrated by the Fire and Police Pension Association of Colorado ("FPPA"). All plan investments are reported at fair value.

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

**Funding policy:** The Authority can contribute to the plan an annual amount not to exceed the equivalent of one mill on the total assessed valuation of the Contracting Parties. The Authority is contributing a set dollar amount as outlined in the most recent actuarial valuation effective January 1, 2009.

DURANGO FIRE AND RESCUE AUTHORITY  
Notes to the Financial Statements  
Year Ended December 31, 2010 and 2009

The matching contribution of the State of Colorado is a fixed dollar amount as determined on a yearly basis per a formula set by State statute. The contribution from the State of Colorado is reflected as revenue in the Authority's Enterprise Fund. In 2008, the Authority contributed \$50,000 to the Plan and the State's matching contribution was \$38,535. In 2009, the Authority contributed \$50,908 to the Plan and the State's matching contribution was \$38,535. In 2010, the Authority contributed \$132,800 to the Plan and the State's matching contribution was \$38,552.

**Annual Pension Cost:** For 2010, the Authority's annual pension cost, including State match, was \$171,352. The required contribution for the plan year was \$171,322. The required contribution was determined as part of the January 1, 2009 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 8% investment rate of return and (b) projected inflation of 3.5%. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a three-year period. The plan's actuarial accrued surplus is being amortized as a level amount on an open basis. The remaining amortization period at January 1, 2009, was 20 years, up to a maximum of 40 years.

**Trend Information for the Plan:** For the year ended December 31, 2008, the plan's annual pension cost was \$88,535 which was 100% contributed and the net pension benefit obligation was \$0. For year ended December 31, 2009, the Volunteer Plan's annual pension cost was \$89,443 which was 100% contributed and the net pension benefit obligation was \$0. For year ended December 31, 2010, the plan's annual pension cost was \$171,352 which was 100% contributed and the net pension benefit obligation was \$0. The FPPA Actuarial Valuation effective January 1, 2009 indicates a 92% Funded Ratio and addressed an increase in the Actuarially Required Contribution ("ARC") to \$171,322 beginning in 2010.

#### **Defined Contribution Plans**

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

Employees covered by this plan are eligible to participate from the date of employment. The plan defines the Authority and participant contributions at 10.2 and 8 percent respectively. The Authority's contributions for each participant are fully vested after five years. Authority contributions for, and interest forfeited by, employees who leave employment before five years of service are used to reduce the Authority's obligation to contribute. The contribution to the plan for the year ended December 31, 2008 totaled \$163,205, which consisted of \$71,738 contributed by employees and \$91,467 contributed by the Authority. The contribution to the plan for the year ended December 31, 2009 totaled \$175,605, which consisted of \$77,189 contributed by employees and \$98,416 contributed by the Authority. The contribution to the Money Purchase Plan for the year ended December 31, 2010 totaled \$164,093, which consisted of \$72,128 contributed by employees and \$91,964 contributed by the Authority.

**Note 6 - Postemployment Healthcare Benefits**

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

**Basis of Accounting for the HCTF:** The financial statements of the HCTF are prepared using the accrual basis of accounting. Employer contributions are recognized as revenues in the period in which the employer pays compensation to the member and the employer is statutorily committed to pay these contributions to the HCTF. Benefits are recognized when due and payable in accordance with the terms of the plan. The HCTF plan investments are presented at fair value except for short-term investments, which are recorded at cost, which approximates fair value.

**Funding Policy:** The Authority is required to contribute at a rate of 1.02% of covered salary for all PERA members as set by statute. No member contributions are required. The contribution requirements for the Authority are established under Title 24, Article 51, Part 4 of the CRS, as amended. The apportionment of the contribution to the HCTF is established under Title 24, Article 51, Section 208 of the CRS, as amended. For the years ending December 31, 2008, 2009 and 2010, the Authority’s contributions to the HCTF were \$10,560, \$10,998, and \$9,454 respectively, equal to their required contributions for each year.

**Note 7 – Risk Management**

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

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

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

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

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

DURANGO FIRE AND RESCUE AUTHORITY  
Notes to the Financial Statements  
Year Ended December 31, 2010 and 2009

**Employee Medical Insurance** – The Authority has a self insurance program for employee medical claims. The purpose of the program is to pay medical claims of Authority employees and their covered dependents up to certain limits and to minimize the total cost of annual medical insurance to the Authority. The Authority provides employee and dependent coverage. Claims are processed by Group Administrators Ltd. Individual excess risk coverage commences after an individual has incurred \$20,000 of claims in one year. The excess risk coverage for both individual and aggregate claims coverage was provided by third party reinsurers. Settled claims have not exceeded coverage for 2009 or 2010.

The claims liabilities of \$78,589 at December 31, 2009 and \$82,628 at December 31, 2010 were based upon the requirements of GASB Statement No. 10, as amended by Statement No. 30, which require that a liability for claims be reported if information prior to issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The table below presents the changes in the liability for claims and judgments for the years ended December 31, 2010 and 2009.

	<u>2010</u>	<u>2009</u>
Claims liability at beginning of year	\$ 78,589	\$ 36,750
Claims incurred during the year including reinsurance costs	1,949,315	803,588
Payment on claims during the year including reinsurance costs	<u>(1,945,276)</u>	<u>(761,749)</u>
Claims liability end of the year	<u>\$ 82,628</u>	<u>\$ 78,589</u>

**Note 8 – EMS Accounts Receivable**

Revenues for emergency medical services are reported net of allowances and uncollectible amounts. The uncollectible amounts for the year ended December 31, 2009 were \$723,575 on total charges of \$1,807,529. At December 31, 2009 the allowance for uncollectibles was \$178,717 on total receivables of \$393,617. The uncollectible amounts for the year ended December 31, 2010 were \$749,618 on total charges of \$1,756,063. At December 31, 2010 the allowance for uncollectibles was \$185,672 on total receivables of \$367,460.

**Note 9 – Net Assets (GASB 54 implementation)**

Restricted net assets – The IGA that governs the activities of the Authority required annual capital replacement contributions from Contracting Parties. These funds are restricted for capital expenditures. The balances of restricted net assets as of December 31, 2010 and 2009 are \$211,000 and \$200,000 respectively.

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

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

DURANGO FIRE AND RESCUE AUTHORITY  
Notes to the Financial Statements  
Year Ended December 31, 2010 and 2009

**Note 10 – Compensated Absences**

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

	<b>2010</b>	<b>2009</b>
Accrued vacation	\$ 329,366	\$ 337,301
Accrued sick leave	148,141	167,639
	477,507	504,940
Current liability	\$ 238,754	\$ 252,470
Long-term liability	238,754	252,470
	477,507	504,940

**Note 11 – TABOR Amendment**

In November 1992, Colorado voters approved Amendment 1 to the Colorado State Constitution, which is commonly known as the Taxpayer’s Bill of Rights or the “TABOR Amendment”. The amendment applies to all units of local government and limits taxes, spending, and revenue. The amendment does not apply to units of local government that are defined as an “Enterprise.” The Authority qualifies as an “Enterprise,” and is therefore not subject to “TABOR.”

**Note 12 – Related Party Transaction**

The Chairman of the Authority Board of Directors is a shareholder in Group Administrators Ltd., a third party administrator providing health insurance services to the Authority. Payments to Group Administrators during 2010 and 2009 equaled \$381,123 and \$337,739 respectively. The majority of the funds paid to Group Administrators are to cover the cost of the third party reinsurers, accidental death and disability carrier, and the life insurance carrier. Group Administrators fees to process health claims were \$15,155 for 2010 and \$13,861 for 2009. There were no amounts owed to Group Administrators Ltd. on December 31, 2010 or December 31, 2009.

DURANGO FIRE AND RESCUE AUTHORITY  
 Required Supplemental Information  
 Year Ended December 31, 2010 and 2009

SCHEDULE OF FUNDING PROGRESS (ACTUARIAL VALUATION)  
 DURANGO FIRE AND RESCUE AUTHORITY  
 VOLUNTEER FIREFIGHTERS PENSION FUND

	January 1, 2005	January 1, 2007	January 1, 2009
Actuarial Value of Plan Assets	\$ 4,358,143	\$ 5,278,958	\$ 4,735,110
Actuarial Accrued Liability(AAL)	3,337,973	3,783,581	5,133,274
Excess/(Shortfall) of Assets over AAL	1,020,170	1,495,377	(398,164)
Funded Ratio	131%	140%	92%

SCHEDULE OF EMPLOYER CONTRIBUTIONS  
 DURANGO FIRE AND RESCUE AUTHORITY  
 VOLUNTEER FIREFIGHTERS PENSION FUND

Contribution Year	Employer Contribution	State Contribution	Percentage Contributed
2003	50,000	37,571	100%
2004	50,000	37,571	100%
2005	50,000	37,571	100%
2006	50,796	38,535	100%
2007	50,000	38,552	100%
2008	50,000	38,535	100%
2009	50,908	38,535	100%
2010	132,800	38,552	100%

SCHEDULE OF CLASSES  
 DURANGO FIRE AND RESCUE AUTHORITY  
 VOLUNTEER FIREFIGHTERS PENSION FUND

Active	86
Retirees	49
Terminated Vested Members	10
Terminated Members Active in Another Fund	1

DURANGO FIRE AND RESCUE AUTHORITY  
 Required Supplemental Information  
 Year Ended December 31, 2010 and 2009

The amount shown below as “Net Pension Obligation” is a disclosure measure of the difference between the cumulative annual pension costs and employer contributions made to the plan in accordance with Statement No. 25 and No.27 of the Governmental Accounting Standards Board (GASB) for a cost-sharing plan with a special funding situation. January 1, 2009 actuarial assumption adjustments were based on experience studies from 2005 -2008, retirement rates, termination rates and pre-retirement mortality.

Estimated Employer Annual Required Contribution (ARC)                   \$    171,335

*Net Pension Obligation*

Net Pension Obligation January 1, 2010	-0-
Estimated Annual Required Contribution	171,335
Estimated Contribution for Plan Year	171,335
Estimated Net Pension Obligation as of December 31, 2010	-0-

NOTE A - DESCRIPTION

The historical trend information about the Mark Carroll Pension Fund is presented as required supplementary information. This information is intended to help users assess the funding status on a going-concern basis and to assess progress made in accumulating assets to pay benefits when due.

NOTE B - ACTUARIAL ASSUMPTIONS AND METHODS

The information required in the supplementary schedules was determined as part of the actuarial valuations at January 1, 2009. Additional information as of the latest actuarial valuation follows:

Actuarial Cost Method	Entry Age
Amortization Method	Level Dollar Open
Remaining Amortization Period	20 years, up to maximum of 40 years
Asset Valuation Method	Actuarial Value
Investment Rate of Return	8%
Projected Salary Increases	None
Inflation	3.5%
Cost Of Living Adjustments	None

DURANGO FIRE AND RESCUE AUTHORITY  
Other Supplemental Information  
Year Ended December 31, 2010 and 2009

**DURANGO FIRE AND RESCUE AUTHORITY  
SCHEDULE OF REVENUES BUDGET AND ACTUAL  
BUDGETARY BASIS NON-US GAAP  
For the Year Ended December 31, 2010**

	Budgeted Amounts		Actual	Positive (Negative)
	Original	Final		
Local government funding				
Operations				
City of Durango	\$ 2,869,003	\$ 2,869,003	\$ 2,869,003	\$ -
Animas Fire Protection District	4,338,691	4,338,691	4,338,692	1
Hermosa Cliff Fire Protection District	534,893	534,893	534,893	-
Total local government operations funding	<u>7,742,587</u>	<u>7,742,587</u>	<u>7,742,588</u>	<u>1</u>
Volunteer Pension				
Animas Fire Protection District	144,035	144,718	112,500	(32,218)
Hermosa Cliff Fire Protection District	27,300	26,617	26,617	-
Total volunteer pension funding	<u>171,335</u>	<u>171,335</u>	<u>139,117</u>	<u>(32,218)</u>
Long term capital replacement funding				
Current year obligation				
Hermosa Cliff Fire Protection District	-	-	-	-
Total capital funding	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other revenues				
Ambulance income	1,845,400	1,845,400	1,756,063	(89,337)
Impact fees	-	-	11,000	11,000
Special events fees	-	-	6,311	6,311
Wildland fires	363,000	363,000	243,813	(119,187)
Grants	14,000	98,440	77,154	(21,287)
Interest	25,000	25,000	12,084	(12,916)
Miscellaneous income	18,500	18,500	14,862	(3,638)
Donations	-	-	2,450	2,450
CPR Class Fees	-	-	-	-
Discounts Earned	-	-	-	-
Williams Field contract	41,000	41,000	41,000	-
Total other revenues	<u>2,306,900</u>	<u>2,391,340</u>	<u>2,164,736</u>	<u>(226,604)</u>
Total revenues	<u>10,220,822</u>	<u>10,305,262</u>	10,046,441	<u>(258,821)</u>
Reconciliation to US GAAP basis revenue				
Reconciling items				
Bad debts reported net of revenue			(749,618)	
Total revenues			<u>9,296,824</u>	
Operating revenues			9,196,587	
Non-operating revenues			89,238	
Capital contributions			<u>11,000</u>	
			<u>9,296,824</u>	

DURANGO FIRE AND RESCUE AUTHORITY  
Other Supplemental Information  
Year Ended December 31, 2010 and 2009

**DURANGO FIRE AND RESCUE AUTHORITY  
SCHEDULE OF EXPENDITURES BUDGET AND ACTUAL  
BUDGETARY BASIS NON-US GAAP  
For the Year Ended December 31, 2010**

	Budgeted Amounts		Actual	Positive (Negative)
	Original	Final		
<b>Administration</b>				
Office of the Chief				
Salary	\$ 329,900	\$ 329,900	\$ 312,310	\$ 17,590
Benefits	107,700	107,700	109,921	(2,221)
Purchased professional services	265,600	265,600	174,964	90,636
Purchased property services	205,067	205,067	171,682	33,385
Other purchased services	18,100	18,100	15,600	2,500
Supplies	16,400	16,400	10,253	6,147
Capital outlay	20,000	20,000	26,467	(6,467)
Other	171,335	171,335	139,117	32,218
Totals	<u>1,134,102</u>	<u>1,134,102</u>	<u>960,314</u>	<u>173,788</u>
Operations				
Salary	128,000	128,000	127,704	296
Benefits	42,900	42,900	45,985	(3,085)
Totals	<u>170,900</u>	<u>170,900</u>	<u>173,689</u>	<u>(2,789)</u>
Total Administration	<u>1,305,002</u>	<u>1,305,002</u>	<u>1,134,003</u>	<u>170,999</u>
<b>Fire fighting</b>				
Salary	2,482,200	2,482,200	2,179,990	302,210
Benefits	740,700	740,700	736,965	3,735
Purchased professional services	7,400	7,400	6,409	991
Purchased property services	1,000	1,000	2,848	(1,848)
Other purchased services	1,800	1,800	18,423	(16,623)
Supplies	124,900	124,900	107,124	17,776
Capital outlay	80,000	165,322	170,806	(5,484)
Totals	<u>3,438,000</u>	<u>3,523,322</u>	<u>3,222,564</u>	<u>300,758</u>
<b>Fire prevention</b>				
Salary	294,100	294,100	276,818	17,282
Benefits	107,300	107,300	108,639	(1,339)
Purchased professional services	500	500	200	300
Purchased property services	-	-	-	-
Other purchased services	1,500	1,500	621	879
Supplies	19,750	19,750	14,133	5,617
Capital outlay	23,000	23,000	5,665	17,335
Totals	<u>446,150</u>	<u>446,150</u>	<u>406,076</u>	<u>40,074</u>
<b>Fire training</b>				
Salary	234,100	234,100	241,918	(7,818)
Benefits	87,700	87,700	86,900	800
Purchased professional services	95,000	95,000	98,979	(3,979)
Purchased property services	100	100	-	100
Other purchased services	64,400	64,400	65,309	(909)
Supplies	21,360	21,360	20,813	547
Capital outlay	-	6,667	6,666	1
Totals	<u>502,660</u>	<u>509,327</u>	<u>520,586</u>	<u>(11,259)</u>
<b>Fire communications</b>				
Purchased professional services	2,000	2,000	400	1,600
Purchased property services	11,900	11,900	9,643	2,257
Other purchased services	65,900	65,900	63,171	2,729
Supplies	10,000	10,000	9,510	490
Capital outlay	40,000	40,000	40,109	(109)
Totals	<u>129,800</u>	<u>129,800</u>	<u>122,833</u>	<u>6,967</u>

DURANGO FIRE AND RESCUE AUTHORITY  
Other Supplemental Information  
Year Ended December 31, 2010 and 2009

**DURANGO FIRE AND RESCUE AUTHORITY  
SCHEDULE OF EXPENDITURES BUDGET AND ACTUAL  
BUDGETARY BASIS NON-US GAAP  
For the Year Ended December 31, 2010**

	Budgeted Amounts		Actual	Positive (Negative)
	Original	Final		
Fire repair services				
Salary	\$ 213,800	\$ 213,800	\$ 208,347	\$ 5,453
Benefits	90,000	90,000	89,262	738
Purchased professional services	2,750	2,750	160	2,590
Purchased property services	104,800	104,800	96,178	8,622
Other purchased services	1,250	1,250	222	1,028
Supplies	19,580	19,580	22,479	(2,899)
Capital outlay	15,000	15,000	14,784	216
Totals	<u>447,180</u>	<u>447,180</u>	<u>431,432</u>	<u>15,748</u>
EMS				
Salary	1,276,500	1,276,500	1,262,084	14,416
Benefits	442,500	442,500	443,033	(533)
Purchased professional services	139,700	139,700	142,623	(2,923)
Purchased property services	6,400	6,400	6,065	335
Other purchased services	500	500	1,394	(894)
Supplies	105,200	105,200	113,878	(8,678)
Capital outlay	20,000	157,710	156,890	820
Bad debts	867,300	867,300	749,618	117,682
Totals	<u>2,858,100</u>	<u>2,995,810</u>	<u>2,875,584</u>	<u>120,226</u>
Fire stations and buildings				
Purchased property services	156,600	156,600	138,728	17,872
Supplies	10,300	10,300	7,298	3,002
Capital outlay	25,000	25,000	6,788	18,212
Totals	<u>191,900</u>	<u>191,900</u>	<u>152,814</u>	<u>39,086</u>
Contingency	<u>281,916</u>	<u>198,244</u>	<u>2,745</u>	<u>195,499</u>
Total expenditures	<u>9,600,708</u>	<u>9,746,735</u>	8,868,637	<u>878,098</u>
Reconciliation to total expenses				
Reconciling items				
Depreciation expense			1,003,714	
Capital outlay			(327,544)	
Bad debts reported net of revenue			(749,618)	
Total expenses			<u>8,795,189</u>	
Total operating expenses			8,792,444	
Total non-operating expenses			<u>2,745</u>	
Total expenses			<u>8,795,189</u>	

DURANGO FIRE AND RESCUE AUTHORITY  
Other Supplemental Information  
Year Ended December 31, 2010 and 2009

**DURANGO FIRE AND RESCUE AUTHORITY  
SCHEDULE OF ADDITIONS AND DELETIONS - BUDGET AND ACTUAL  
FIDUCIARY FUND  
For the Year Ended December 31, 2010**

	Budgeted Amounts		Actual	Positive (Negative)
	Original	Final		
<b>Additions</b>				
Contributions:				
Employer	\$ 132,800	\$ 132,800	\$ 132,800	\$ -
State of Colorado	38,535	38,535	38,552	17
Total contributions	<u>171,335</u>	<u>171,335</u>	<u>171,352</u>	<u>17</u>
Investment earnings				
Interest, dividends and other	-	-	103,686	103,686
Net increase in fair value of investments	<u>250,000</u>	<u>250,000</u>	<u>501,814</u>	<u>251,814</u>
Total investment earnings	250,000	250,000	605,500	355,500
Less investment expense	<u>(45,000)</u>	<u>(45,000)</u>	<u>(33,719)</u>	<u>11,281</u>
Net investment earnings	<u>205,000</u>	<u>205,000</u>	<u>571,781</u>	<u>366,781</u>
Total additions	<u>376,335</u>	<u>376,335</u>	<u>743,133</u>	<u>366,798</u>
<b>Deductions</b>				
Benefits	<u>325,000</u>	<u>325,000</u>	<u>368,546</u>	<u>43,546</u>
Total deductions	<u>325,000</u>	<u>325,000</u>	<u>368,546</u>	<u>43,546</u>
Change in net assets	51,335	51,335	374,587	323,252
Net assets - beginning	<u>4,429,356</u>	<u>4,429,356</u>	<u>4,429,356</u>	<u>-</u>
Net assets - ending	<u>\$ 4,480,691</u>	<u>\$ 4,480,691</u>	<u>\$ 4,803,943</u>	<u>\$ 323,252</u>

# STATISTICAL SECTION

**Durango Fire and Rescue Authority**  
**Net Assets by Component**  
**2002-2010**

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Business-type activities									
Invested in capital assets, net of related debt	5,502,615	5,447,591	5,608,877	7,519,404	7,161,163	7,047,927	6,994,628	8,641,653	7,932,974
Restricted for capital projects	349,152	737,338	1,514,848	482,211	942,609	472,820	653,753	200,000	211,000
Unrestricted	<u>623,656</u>	<u>693,345</u>	<u>1,078,181</u>	<u>1,641,947</u>	<u>2,115,170</u>	<u>3,263,725</u>	<u>3,870,965</u>	<u>3,444,077</u>	<u>4,643,391</u>
Total Business-type activities net assets	<u>6,475,423</u>	<u>6,878,274</u>	<u>8,201,906</u>	<u>9,643,562</u>	<u>10,218,942</u>	<u>10,784,472</u>	<u>11,519,346</u>	<u>12,285,730</u>	<u>12,787,365</u>

**Durango Fire and Rescue Authority**  
**Changes in Net Assets**  
**2002-2010**

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<b>Expenses</b>									
Business-type activities									
Fire	3,912,112	3,801,674	3,645,746	4,262,185	4,835,291	5,035,886	5,826,803	5,813,544	6,154,807
EMS	<u>1,470,314</u>	<u>1,866,823</u>	<u>2,118,276</u>	<u>2,334,406</u>	<u>2,426,403</u>	<u>2,554,066</u>	<u>2,497,201</u>	<u>2,919,486</u>	<u>2,637,637</u>
Total Business-type activities expenses	<u>5,382,426</u>	<u>5,668,497</u>	<u>5,764,022</u>	<u>6,596,591</u>	<u>7,261,694</u>	<u>7,589,952</u>	<u>8,324,004</u>	<u>8,733,030</u>	<u>8,792,444</u>
<b>Program Revenues</b>									
Business-type activities									
Fire	4,060,493	4,039,336	4,381,601	5,130,197	5,601,396	6,314,267	7,235,330	7,434,643	7,823,831
EMS	<u>1,188,473</u>	<u>1,195,738</u>	<u>1,236,516</u>	<u>1,256,836</u>	<u>1,264,604</u>	<u>1,410,191</u>	<u>1,370,190</u>	<u>1,446,996</u>	<u>1,372,756</u>
Total Business-type activities program revenues	<u>5,248,966</u>	<u>5,235,074</u>	<u>5,618,117</u>	<u>6,387,033</u>	<u>6,866,000</u>	<u>7,724,458</u>	<u>8,605,520</u>	<u>8,881,639</u>	<u>9,196,587</u>
Net (expense)/revenue									
Business-type activities	<u>(133,460)</u>	<u>(433,423)</u>	<u>(145,905)</u>	<u>(209,558)</u>	<u>(395,694)</u>	<u>134,506</u>	<u>281,516</u>	<u>148,609</u>	<u>404,143</u>
<b>General Revenues and Other Changes in Net Assets</b>									
Business-type activities									
Grants	376,053	159,200	1,622,815	1,842,503	405,225	693,299	161,658	1,246	77,154
Interest income	15,454	31,098	45,515	78,304	130,327	197,791	111,067	19,846	12,084
Interest expense	(1,116)	(633)	(363)	-	-	-	-	-	-
Grants expense			(1,091,476)	(1,194,907)	(368,492)	(604,565)	(300)	-	-
Gain (Loss) on disposal of fixed assets	-	(13,391)	66,888	5,000	2,409	6,410	-	9,740	(2,745)
Capital contributions from participating entities & impact fees	<u>530,000</u>	<u>660,000</u>	<u>886,358</u>	<u>920,314</u>	<u>801,605</u>	<u>138,089</u>	<u>180,933</u>	<u>586,943</u>	<u>11,000</u>
Total Business-type activities	<u>920,391</u>	<u>836,274</u>	<u>1,529,737</u>	<u>1,651,214</u>	<u>971,074</u>	<u>431,024</u>	<u>453,358</u>	<u>617,775</u>	<u>97,492</u>
<b>Change in Net Assets</b>	<u>786,931</u>	<u>402,851</u>	<u>1,383,832</u>	<u>1,441,656</u>	<u>575,380</u>	<u>565,530</u>	<u>734,874</u>	<u>766,384</u>	<u>501,635</u>

**Durango Fire and Rescue Authority**  
**Expenses**  
**2002-2010**

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<b>Operating expenses</b>									
<i>Fire</i>									
Personnel services	2,701,522	2,726,329	2,771,121	3,024,923	3,432,824	3,492,412	4,252,565	4,536,316	4,458,295
Purchased services	357,071	374,099	288,766	381,398	561,451	627,348	700,489	665,752	709,629
Supplies and equipment	445,928	294,046	186,687	398,135	286,561	343,625	337,251	244,206	284,283
Depreciation	407,591	407,200	399,172	495,300	554,455	572,501	536,498	649,920	702,600
<i>Total fire operating expenses</i>	<u>3,912,112</u>	<u>3,801,674</u>	<u>3,645,746</u>	<u>4,299,756</u>	<u>4,835,291</u>	<u>5,035,886</u>	<u>5,826,803</u>	<u>6,096,194</u>	<u>6,154,807</u>
<i>Emergency medical services</i>									
Personnel services	1,053,753	1,338,944	1,446,510	1,627,918	1,749,642	1,795,290	1,822,528	1,968,317	1,910,698
Purchased services	257,233	251,377	361,200	361,973	361,173	401,110	300,209	285,322	303,990
Supplies and equipment	70,371	187,581	189,176	213,409	163,378	197,039	144,536	104,660	121,835
Depreciation	88,957	88,921	121,390	131,106	152,210	160,627	229,928	278,537	301,114
<i>Total ems operating expenses</i>	<u>1,470,314</u>	<u>1,866,823</u>	<u>2,118,276</u>	<u>2,334,406</u>	<u>2,426,403</u>	<u>2,554,066</u>	<u>2,497,201</u>	<u>2,636,836</u>	<u>2,637,637</u>
<b>Total operating expenses</b>	<u><b>5,382,426</b></u>	<u><b>5,668,497</b></u>	<u><b>5,764,022</b></u>	<u><b>6,634,162</b></u>	<u><b>7,261,694</b></u>	<u><b>7,589,952</b></u>	<u><b>8,324,004</b></u>	<u><b>8,733,030</b></u>	<u><b>8,792,444</b></u>
<b>Non-operating expenses</b>									
Interest expense	1,116	633	363	-	-	-	-	-	-
Grants expense	-	-	1,091,476	1,842,503	368,492	604,565	300	-	-
Loss on disposal of capital assets	-	13,391	1,135	-	-	-	-	-	(2,745)
<b>Total non operating expenses</b>	<u><b>1,116</b></u>	<u><b>14,024</b></u>	<u><b>1,092,974</b></u>	<u><b>1,842,503</b></u>	<u><b>368,492</b></u>	<u><b>604,565</b></u>	<u><b>300</b></u>	<u><b>-</b></u>	<u><b>(2,745)</b></u>

**Durango Fire and Rescue Authority**  
**Revenues**  
**2002-2010**

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<b>Operating revenues</b>									
<i>Fire</i>									
Operation contributions from partners	\$ 3,509,929	\$ 3,927,581	\$ 4,273,926	\$ 5,036,515	\$ 5,451,608	\$ 6,164,088	6,695,702	\$ 6,916,671	7,521,705
Fire protection fees	51,115	53,748	53,937	50,000	50,000	50,000	50,000	42,500	41,000
Wild land fire fees	479,470	13,020	28,758	11,830	26,946	66,681	461,372	445,926	243,814
Miscellaneous	19,979	44,987	24,980	69,423	72,842	33,498	28,256	29,546	17,312
<i>Total fire operating revenues</i>	<u>4,060,493</u>	<u>4,039,336</u>	<u>4,381,601</u>	<u>5,167,768</u>	<u>5,601,396</u>	<u>6,314,267</u>	<u>7,235,330</u>	<u>7,434,643</u>	<u>7,823,831</u>
<i>Emergency medical services</i>									
Operation contributions from partners	360,000	360,000	360,000	360,000	360,000	360,000	360,000	360,000	360,000
Patient charges, net	817,525	829,389	870,963	892,736	901,551	1,048,221	1,000,646	1,083,954	1,006,445
Miscellaneous	10,948	6,349	5,553	4,100	3,053	1,970	9,544	3,042	6,311
<i>Total ems operating expenses</i>	<u>1,188,473</u>	<u>1,195,738</u>	<u>1,236,516</u>	<u>1,256,836</u>	<u>1,264,604</u>	<u>1,410,191</u>	<u>1,370,190</u>	<u>1,446,996</u>	<u>1,372,756</u>
<b>Total operating revenues</b>	<u>5,248,966</u>	<u>5,235,074</u>	<u>5,618,117</u>	<u>6,424,604</u>	<u>6,866,000</u>	<u>7,724,458</u>	<u>8,605,520</u>	<u>8,881,639</u>	<u>9,196,587</u>
<b>Non-operating revenue</b>									
Interest income	15,454	31,098	45,515	78,304	130,327	197,791	111,067	19,846	12,084
Grants	376,053	159,200	1,622,815	1,842,503	405,225	693,299	161,658	1,246	77,154
Gain on disposal of assets	-	-	6,688	5,000	2,409	6,410	-	9,740	-
<b>Total non operating revenue</b>	<u>\$ 391,507</u>	<u>\$ 190,298</u>	<u>\$ 1,675,018</u>	<u>\$ 1,925,807</u>	<u>\$ 537,961</u>	<u>\$ 897,500</u>	<u>\$ 272,725</u>	<u>\$ 30,832</u>	<u>\$ 89,238</u>

**Durango Fire and Rescue Authority**  
**Full-time Equivalent Employees**  
**2002-2010**

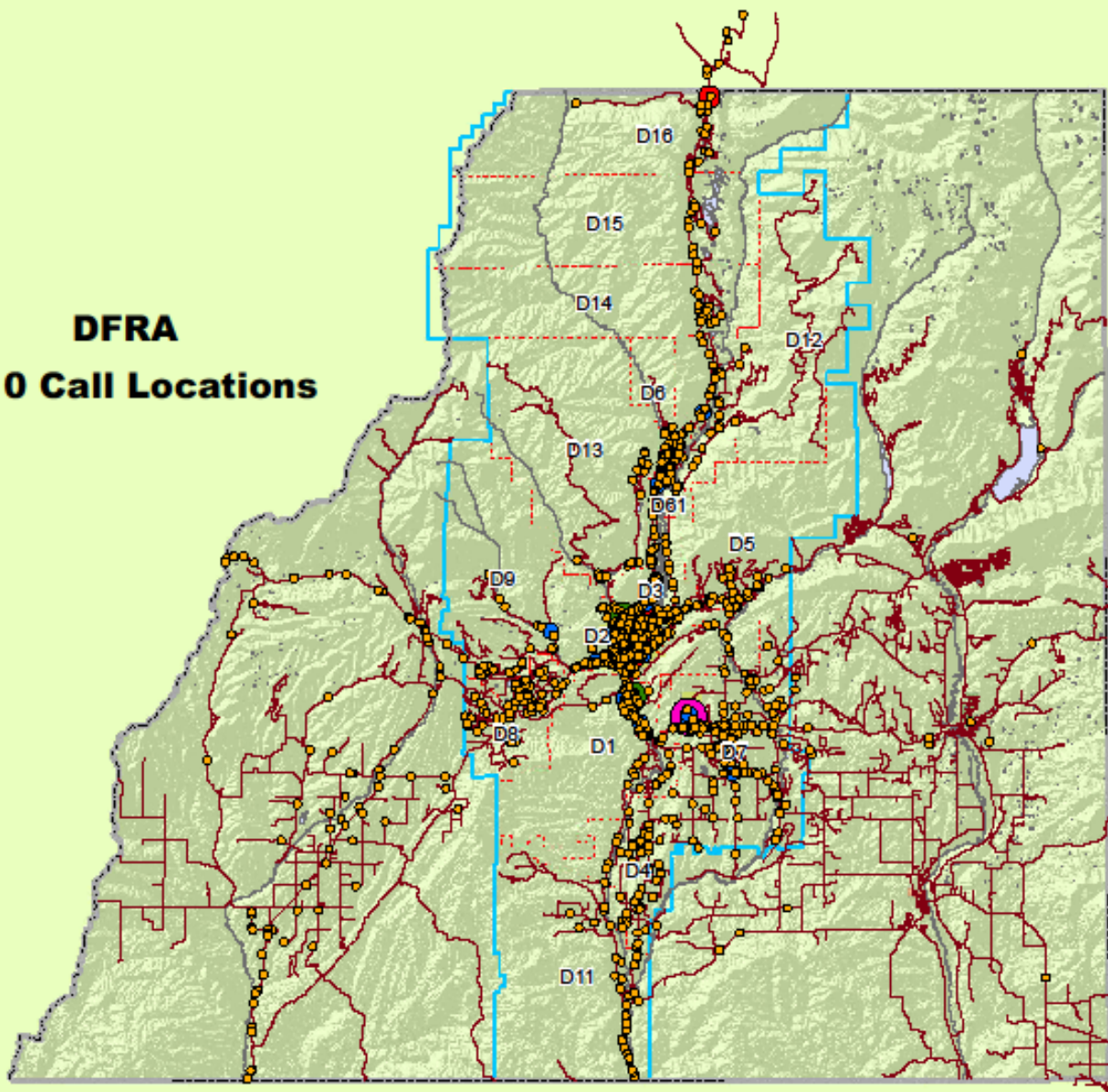
<b>Function</b>	<u><b>2002</b></u>	<u><b>2003</b></u>	<u><b>2004</b></u>	<u><b>2005</b></u>	<u><b>2006</b></u>	<u><b>2007</b></u>	<u><b>2008</b></u>	<u><b>2009</b></u>	<u><b>2010</b></u>
Fire and EMS									
Firefighters and officers	46	48	48	48	48	49	48	48	48
Administrative staff	5	7	7	7	7	7	9	9	9
Operational support staff	9	10	10	14	14	13	13	13	14
<b>Total Fire and EMS Full-time Employees</b>	<u>60</u>	<u>65</u>	<u>65</u>	<u>69</u>	<u>69</u>	<u>69</u>	<u>70</u>	<u>70</u>	<u>71</u>

**Durango Fire and Rescue Authority**  
**Operating Indicators by Function**  
**2002 - 2010**

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<b>Function</b>									
Fire									
Structure and wildland fires	230	174	150	185	308	350	236	193	270
Hazardous conditions	a	a	a	a	133	84	84	117	169
EMS									
Emergency medical	a	1,189	1,160	1,136	1,281	1,324	1,376	1,424	1,348
Motor vehicle and bicycle accidents	a	294	260	246	312	331	251	235	245
Other tramua	a	337	421	428	402	449	402	471	521
Non-emergency transports and assists	a	447	442	471	554	689	521	600	519
EMS Totals	<u>a</u>	<u>2,267</u>	<u>2,283</u>	<u>2,281</u>	<u>2,549</u>	<u>2,793</u>	<u>2,550</u>	<u>2,730</u>	<u>2,633</u>
Public Service Assistance	a	a	a	a	29	46	108	48	37
False Alarms	a	a	a	a	659	622	862	695	509
Total Calls	<u>a</u>	<u>2,441</u>	<u>2,433</u>	<u>2,466</u>	<u>3,678</u>	<u>3,895</u>	<u>3,840</u>	<u>3,783</u>	<u>3,618</u>
Inspections	<u>818</u>	<u>1,490</u>	<u>1,147</u>	<u>500</u>	<u>1,665</u>	<u>2,312</u>	<u>1,364</u>	<u>1,439</u>	<u>1,461</u>

a - information is not available

# DFRA 2010 Call Locations



**Legend**

**2010 calls per location**

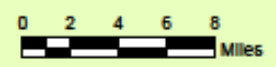
- 1 - 11
- 12 - 38
- 39 - 74
- 75 - 110
- 111 - 296

rds911

La Plata County

DFRA Response Area

DFRA Station Districts



NOTE:  
3501 (90.9%) of 3850 calls used for this analysis.

Produced by DFRA GIS  
June, 2011