

2009

Durango Fire & Rescue Authority

Comprehensive Annual Financial Report

Prepared by the Management of Durango Fire & Rescue Authority

DURANGO FIRE & RESCUE AUTHORITY

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Year Ended December 31, 2009**

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INTRODUCTORY SECTION



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, 2009.

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 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, 2009, 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 that the Durango Fire & Rescue Authority’s financial statements for the year ended December 31, 2009, 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 was 2002. The Authority provides fire suppression for buildings, wildland and vehicles, emergency medical services/ambulance service including 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 40,000 in approximately 325 square miles of southwest Colorado. The Authority is funded by fees for service from its three Contracting Parties, contracts and ambulance revenue.

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

The annual budget serves as the foundation for the Durango Fire & Rescue Authority’s financial planning and control. All departments of the Authority are required to submit initial budget requests to the Chief by July 31st of each year. The Chief uses these requests as a draft for developing the proposed budget. The Chief then presents the budget to the Board of Directors for review prior to the fourth week of August (unless such deadline is otherwise extended). The Board of Directors, after a thorough review, will appoint a budget subcommittee to review the draft budget. The budget subcommittee may submit the budget to the three Contracting Parties for their review and approval, prior to September 3rd (unless such deadline is otherwise extended).

Following approval of the proposed budget by the three Contracting Parties (within 45 days or no earlier than November 1st) the Authority Board of Directors will hold a public hearing and adopt its final budget no later than December 31st each year.

Appropriations for the budget are adopted on a total fund basis (Enterprise Fund and a 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 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. The 2009 local economy showed considerable financial declines over the 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 2009, the City provided 37% of the total funding provided by the Contracting Parties (this is exclusive of ambulance or other fee income). The City took a proactive approach to the 2009 economic crisis and reduced their spending. The City continues to be optimistic about the future. City sales tax collections for 2009 showed a decrease of 6.3% over 2008 collections. Through May 2010, city sales tax collections are trending lower and are showing a decrease of 6.4% over 2009. Locally, in 2009 the City saw declines in growth and employment. Real estate values are leveling off and housing prices remain a problem for low to moderate income families.

Animas Fire Protection District: The District provided 55% of the total funding provided by the Contracting Parties (this is exclusive of ambulance or other fee income). The Animas Fire Protection District's major source of revenue is property taxes. In 2009, 62% of the District's property tax base was from oil and gas production. The balance of the District's property tax base is from rural residential and commercial property. The assessed valuation of the District had seen annual growth averaging sixteen percent from 2002 through 2008 due mainly to natural gas. The District's heavy dependency on natural gas price and production will subject its property tax base to market fluctuations. While 2010 assessed valuation increased, the forecast for the District's assessed valuation may decline of 29% due to a reduction in natural gas.

Hermosa Cliff Fire Protection District: In 2009, the Hermosa Cliff Fire Protection District provided 8% of the total funding provided by the Contracting Parties (this is exclusive of ambulance or other fee income). The Hermosa Cliff Fire Protection District's major source of revenues is property taxes. The District's valuation is from agricultural, rural residential and



resort commercial property in northern La Plata County, including the Durango Mountain Resort. The assessed valuation of the District has seen annual growth averaging 9% percent in the previous six years. During 2009 there was a noteworthy slowdown at Durango Mountain Resort and Glacier Club which had both started construction on significant expansion projects.

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 19% in 2009. Investment losses include depreciation in the fair value of investments. The five year return for the funds is 3.22%.

Long-term Financial Planning: The Board of Directors commissioned the completion of a study in 2007 to determine the Authority’s long-term capital needs. The study concluded in 2008 that the Authority will have significant capital needs within the next ten years. The capital needs mainly result from an aging apparatus fleet, the need for replacement and/or rehabilitation of facilities and major equipment, and community growth. The IGA that created the Authority and established a funding methodology to determine the annual funding requirements for the Authority’s operating costs was completely updated and re-written in December of 2009 and January of 2010. The current operational funding has struggled to cover more than operating costs as the Authority has used a pay-as-you-go policy for replacing capital assets. This is unlike the years 2002 through 2006 when the Authority received additional capital allocation funds from all of the Contracting Parties. In 2009, a total of \$2,,851,873 was spent in replacement of fire and EMS apparatus, vehicles, computer equipment, safety equipment and leasehold improvements.

While this method has worked for the short term, the Board of Directors and the Chief believe that for sustainability, the Authority will need a long-term strategic approach to its capital replacement and enhancement plan. To address the Authority’s challenges the Board of Directors developed a service plan in 2006 to create a stand-alone special district, “Durango Fire Protection District”, instead of the Authority.

The service plan was approved by La Plata County and San Juan County Commissioners. It was then placed on the ballot, voted upon and approved in November 2006. As a special district, the department, if funded, would be a single governance with a single property tax. The ballot question on funding however failed to pass the electorate by a margin of 65%. Without a funding source it is not possible for the Durango Fire Protection District to operate and take the reins of the Authority. Until such time the funding is approved it is the intent of the Board of Directors to continue operations of the Authority.

The Board of Directors continue to work towards approval by La Plata County Commissioners and the City of Durango “fire impact fees” on new development within its service area. During



2009 the Authority received \$420,788 in “fire impact fees” most of these coming from the Three Springs Development where a separate impact fee contract has been implemented. It is currently the Board of Directors’ belief to have development assist in paying for impacts created due to the community expansion. “Fire impact fees” will allow the Authority another tool to fund long term capital projects.

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%. The Authority also has a single employer, the 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.

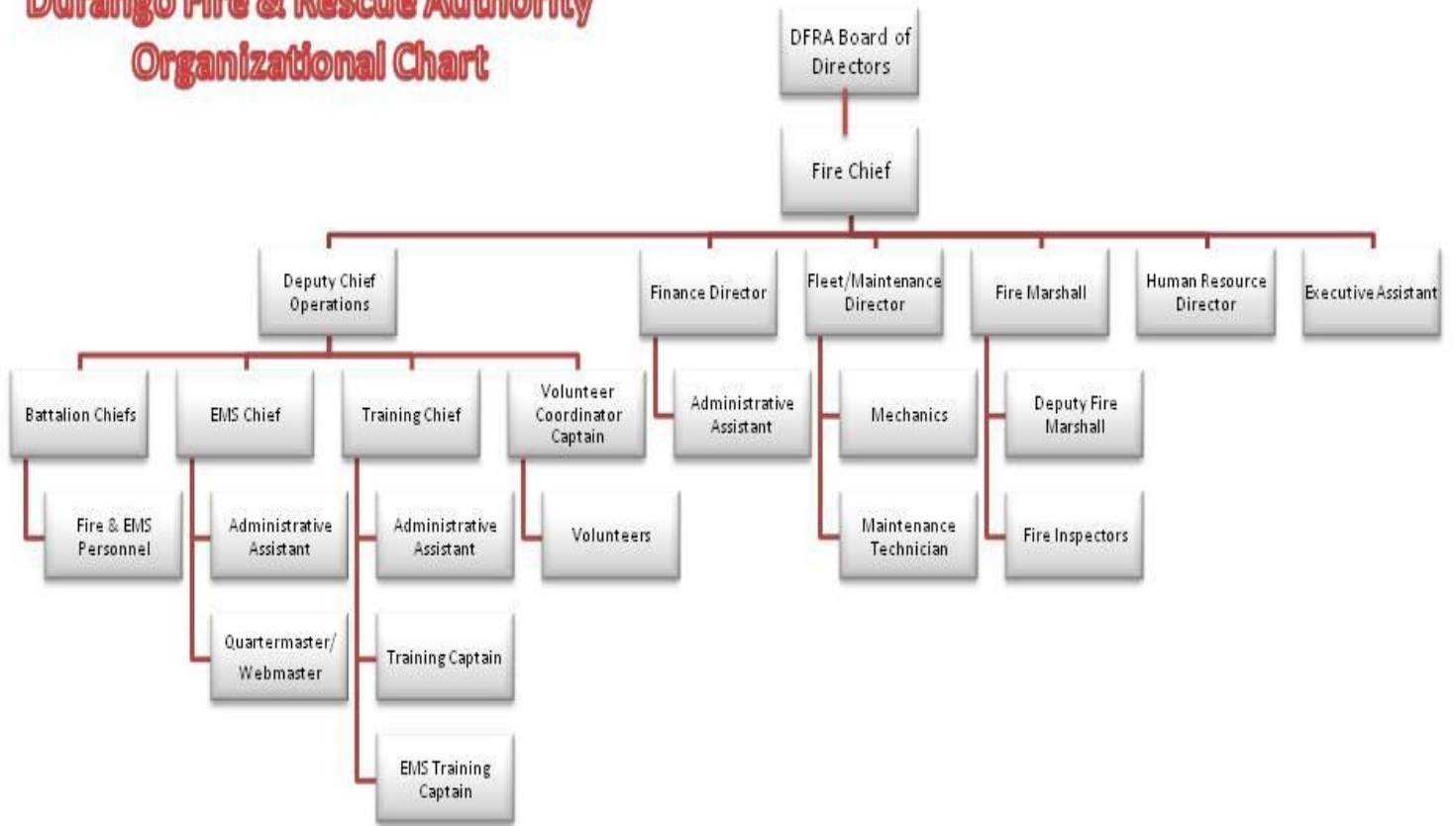
I would like to recognize the Authority’s Board of Directors for their unfailing support for the Authority, its members and our community. Finally, to the Board of Directors’ fiscal responsibility in maintaining the highest standards of professionalism in the management of the Authority’s finances.

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 2009 APPOINTED OFFICIALS

DURANGO FIRE AND RESCUE AUTHORITY BOARD

Bill Webbe, Chairperson

Paul Broderick

Kirk Dignum

Greg Drover

Ron LeBlanc

Ken Nash

David Woodford

DURANGO FIRE AND RESCUE PENSION BOARD

Bill Webbe, Chairperson

Don Baker

Greg Drover

Eloy Martinez

Dave Trantum

Ken Nash

David Woodford

OUR FUNDING PARTNERS ELECTED OFFICIALS

ANIMAS FIRE PROTECTION DISTRICT

Greg Drover, Chairperson

Doug Appel

Bud Deering

Ken Nash

Bill Warren

CITY OF DURANGO

Leigh Meigs, Mayor

Paul Broderick

Doug Lyon

Christina Rinderle Thompson

Michael Rendon

OUR FUNDING PARTNERS 2009 ELECTED OFFICIALS

(Continued)

HERMOSA CLIFF FIRE PROTECTION DISTRICT

Bill Webbe, Chairperson

Ed Belt

Bill Brown

Patric Flinn

David Woodford

DURANGO FIRE PROTECTION DISTRICT

Annie Simonson, Chairperson

Jim Barrett

Phil Bryson

Bud Deering

Jeff Mannix

Bill Meiers

Emil Wanatka

FINANCIAL SECTION



Certified Public Accountants (a professional corporation)

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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, 2009 and 2008, 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, 2009 and 2008, and the respective changes in financial position and, where applicable, 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.

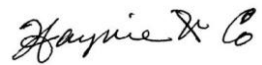


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Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Durango Fire & Rescue Authority's basic financial statements. The introductory section and statistical tables as listed in the Table 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.

A handwritten signature in cursive script, appearing to read "Haynie & Co".

Littleton, Colorado
September 23, 2010

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, 2009 and 2008. 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 \$148,609 and \$281,516 for calendar years 2009 and 2008 respectively. Net income produced an increase in net assets of \$766,384 and \$734,874 for the years of 2009 and 2008 respectively. The term "net assets" refers to the difference between assets and liabilities. At the close of 2009, the Authority had net assets of \$12,285,730, an increase of 7% over fiscal year 2008. At the close of 2008 the Authority had net assets of \$11,519,347, an increase of 7% over fiscal year 2007.

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 and the notes to the financial statements, and supplementary information presented. Since the Authority funds 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.

During 2009, the Authority was informed of a reporting error for the pension fund administered by the Fire and Police Pension Association of Colorado ("FPPA"). For the year ended December 31, 2008, the fair value of investments had decreased \$1,646,292, but the 2008 financial statements incorrectly reported a decrease of \$1,548,709. Therefore, the Authority has restated the 2008 fiduciary funds for the additional \$97,583 decrease in the fair value of investments and corresponding change in net assets.

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.

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 41 and 42 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 43 through 46 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 \$12,285,730 at the close of the most recent fiscal year. This overall net asset increase of \$766,384, (7%) was attributable to operational funding from the Contracting Parties and City contributed impact fees. Investment in capital assets increased from \$6,994,628 at December 31, 2008 to \$8,641,653 at December 31, 2009. This increase of \$1,647,025 (24%) was attributable to purchases of capital equipment and leasehold station improvements. Funds restricted (by development agreement or otherwise) for capital projects decreased from \$653,753 at December 31, 2008 to \$200,000 at December 31, 2009. This decrease of \$453,753 (69%) was a result of purchases for capital equipment and station improvements that met the obligations for the impact fee contracts at Durango Mountain Resort, Edgemont Ranch and Three Springs. Unrestricted net assets decreased from \$3,870,965 at December 31, 2008 to \$3,444,077, a decrease of \$426,888 (11%) in unrestricted net assets. This change was the result of un-restricted cash funds being used for acquiring capital assets.

Management's Discussion and Analysis

Net Assets	<u>2009</u>	<u>2008</u>	<u>2007</u>
Current assets	\$ 4,843,916	\$ 5,555,178	\$ 4,740,350
Capital assets	<u>8,641,653</u>	<u>6,994,628</u>	<u>7,047,927</u>
Total assets	13,485,569	12,549,806	11,788,277
Current liabilities	947,369	810,358	804,781
Other long-term liabilities	<u>252,470</u>	<u>220,102</u>	<u>199,024</u>
Total liabilities	1,199,839	1,030,460	1,003,805
Net assets			
Invested in capital assets, net of related debt	8,641,653	6,994,628	7,047,927
Restricted	200,000	653,753	472,820
Unrestricted	<u>3,444,077</u>	<u>3,870,965</u>	<u>3,263,725</u>
Total net assets	<u>\$ 12,285,730</u>	<u>\$ 11,519,346</u>	<u>\$ 10,784,472</u>

The largest portion of the Authority's net assets is its investment in capital assets (70%). 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 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 assumed by the Authority. The responsibility for servicing of this debt has been retained by these two special districts. 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 decreased by \$453,753 in 2009 to a total of \$200,000. This decrease of \$453,753 was a result of purchases for capital equipment and station improvements that met the obligations of the impact fee contracts at Durango Mountain Resort, Edgemont Ranch and Three Springs. The remaining \$200,000 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

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

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

	2007		
	<u>Operations</u>	<u>Capital</u>	<u>Total</u>
City of Durango	\$ 2,126,340	\$ -	\$ 2,126,340
Animas Fire Protection District	4,069,806	-	4,069,806
Hermosa Cliff Fire Protection District	<u>276,643</u>	<u>-</u>	<u>276,643</u>
Total contributions	<u>\$ 6,472,789</u>	<u>\$ -</u>	<u>\$ 6,472,789</u>

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 increased by \$83,308 or 8.3% between 2009 and 2008 at \$1,083,954 and \$1,000,646 respectively. This increase was due to an adjustment to the allowance for doubtful accounts offset to net patient revenue over the last few years. Future revenue increases will be determined by call volume, any change in rate for service charges and contractual write offs and bad debt.

Management's Discussion and Analysis

Revenues by Source	<u>2009</u>	<u>2008</u>	<u>2007</u>
Operating revenues			
Fire			
Operation contributions from participating entities	\$ 6,916,671	\$ 6,695,702	\$ 6,164,088
Fire protection fees	42,500	50,000	50,000
Wild land fire fees	445,926	461,372	66,681
Miscellaneous	<u>29,546</u>	<u>28,256</u>	<u>33,498</u>
Total fire revenues	<u>7,434,643</u>	<u>7,235,330</u>	<u>6,314,267</u>
Emergency medical services			
Patient charges, net	1,083,954	1,000,646	1,048,221
Operation contributions from participating entities	360,000	360,000	360,000
Miscellaneous	<u>3,042</u>	<u>9,544</u>	<u>1,970</u>
Total emergency medical services revenues	<u>1,446,996</u>	<u>1,370,190</u>	<u>1,410,191</u>
Total operating revenues	<u>8,881,639</u>	<u>8,605,520</u>	<u>7,724,458</u>
Non-operating revenues			
Grants	1,246	161,658	693,299
Interest income	<u>19,846</u>	<u>111,067</u>	<u>197,791</u>
Total non-operating revenues	<u>21,092</u>	<u>272,725</u>	<u>891,090</u>
Total revenue	<u>\$ 8,902,731</u>	<u>\$ 8,878,245</u>	<u>\$ 8,615,548</u>

In fiscal year 2009, income from operations was \$148,609 which is a decrease of \$132,907, as fiscal year 2008 showed income from operations of \$281,516. This decrease is primarily due to increased operational costs. Funding from the Contracting Parties increased 3.3% from 2008 to 2009. 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 2009 is at 88% of market wages. Only 2% of Authority earn wages at market rates; the other 98% are below market wages, regardless of their tenure.

In 2009 wildland fire fees were \$445,926; this is a decrease of \$15,446 over 2008. 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.

Management's Discussion and Analysis

Financial Analysis, continued

Expenses	<u>2009</u>	<u>2008</u>	<u>2007</u>
Operating expenses			
Fire			
Personal services	\$ 4,536,316	\$ 4,252,565	\$ 3,492,412
Purchased services	665,752	700,489	627,348
Supplies and equipment	244,206	337,251	343,625
Depreciation	<u>649,920</u>	<u>536,498</u>	<u>572,501</u>
Total fire operating expenses	<u>6,096,194</u>	<u>5,826,803</u>	<u>5,035,886</u>
Emergency medical services			
Personal services	1,968,317	1,822,528	1,795,290
Purchased services	285,322	300,209	401,110
Supplies and equipment	104,660	144,536	197,039
Depreciation	<u>278,537</u>	<u>229,928</u>	<u>160,627</u>
Total ems operating expenses	<u>2,636,836</u>	<u>2,497,201</u>	<u>2,554,066</u>
Total operating expenses	<u>8,733,030</u>	<u>8,324,004</u>	<u>7,589,952</u>
Non-operating expenses			
Interest expense	-	-	-
Grants expense	<u>-</u>	<u>300</u>	<u>604,565</u>
Total non-operating expenses	<u>-</u>	<u>300</u>	<u>604,565</u>
Total expenses	<u>\$ 8,733,030</u>	<u>\$ 8,324,304</u>	<u>\$ 8,194,517</u>

Management's Discussion and Analysis

Changes in Net Assets

	<u>2009</u>	<u>2008</u>	<u>2007</u>
Operating revenues			
Fire operations	\$ 7,434,643	\$ 7,235,330	\$ 6,314,267
EMS operations	<u>1,446,996</u>	<u>1,370,190</u>	<u>1,410,191</u>
Total operating revenue	<u>8,881,639</u>	<u>8,605,520</u>	<u>7,724,458</u>
Operating expenses			
Fire operations	6,096,194	5,826,803	5,035,886
EMS operations	<u>2,636,836</u>	<u>2,497,201</u>	<u>2,554,066</u>
Operating expenses	<u>8,733,030</u>	<u>8,324,004</u>	<u>7,589,952</u>
Income (loss) from operations	148,609	281,516	134,506
Nonoperating revenues (expenses)			
Grants	1,246	161,658	693,299
Interest income	19,846	111,067	197,791
Interest expense	-	-	-
Grant expense	-	(300)	(604,565)
Gain (Loss) on disposal of equipment	<u>9,740</u>	<u>-</u>	<u>6,410</u>
Net nonoperating revenues (expenses)	<u>30,832</u>	<u>272,425</u>	<u>292,935</u>
Capital contributions and impact fees	<u>586,943</u>	<u>180,933</u>	<u>138,089</u>
Change in net assets	766,384	734,874	565,530
Net assets, beginning of year	<u>11,519,346</u>	<u>10,784,472</u>	<u>10,218,942</u>
Net assets, end of year	<u>\$ 12,285,730</u>	<u>\$ 11,519,346</u>	<u>\$ 10,784,472</u>

Financial Analysis, continued

Cash Flows. Net cash provided by operating activities increased by \$361,783 to \$1,320,553 between the years ended December 31, 2008 and 2009, due primarily to an increase in operational revenues and services. Net cash used in capital and related financing activities increased from \$652,301 used in the year ended December 31, 2008 to \$1,696,339 in the year ended December 31, 2009. This increase was the use of cash reserves that were provided in current and prior year Contracting Parties funding in excess of operational expenses. For the year ended December 31, 2009, \$2,575,481 was spent in capital expenditures.

Capital Assets and Long-term Debt

Capital Assets. The Authority's investment in capital assets as of December 31, 2009 is \$8,641,653, net of accumulated depreciation. This increase of \$1,647,025 (24%) from December 31, 2008 at 6,994,628 is due to the purchase of capital apparatus and leasehold improvement costs. In 2009, a major enhancement to Hermosa Cliff Fire Protection District's Station 15 was undertaken. Capital assets include vehicles, equipment, furniture and improvements to leased fire stations. Major capital asset events during the current fiscal year included the following:

Management's Discussion and Analysis

- Three – Type 1 Fire Engines
- Improvements to Hermosa Cliff Fire Protection District's Station 15
- Two – Type 3 Engines
- Upgrade of Self-Contained Breathing Apparatus
- One - Ambulance
- Replacement of EMS Chief Vehicle
- Replacement of Fire Chief Vehicle

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

Long Term Debt. As of 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
STATEMENT OF NET ASSETS
December 31, 2009 and 2008

	2009	2008
Current assets:		
Cash and investments	\$ 4,491,282	\$ 4,847,220
Accounts receivable, net	189,027	251,625
Unbilled ambulance revenue	113,867	97,279
Prepays	997	997
Receivable from other governments	48,743	358,057
Total current assets	<u>4,843,916</u>	<u>5,555,178</u>
Noncurrent assets		
Capital assets, net	8,641,653	6,721,728
Construction Work in Progress	-	272,900
Total noncurrent assets	<u>8,641,653</u>	<u>6,994,628</u>
Total assets	<u>13,485,569</u>	<u>12,549,806</u>
Current liabilities		
Accounts payable	550,939	308,929
Due to other governments	10	-
Accrued payroll	65,361	244,577
Accrued compensated absences	252,470	220,102
Incurred but unreported claims	78,589	36,750
Total current liabilities	<u>947,369</u>	<u>810,358</u>
Noncurrent liabilities		
Accrued compensated absences	252,470	220,102
Total noncurrent liabilities	<u>252,470</u>	<u>220,102</u>
Total liabilities	<u>1,199,839</u>	<u>1,030,460</u>
Invested in capital assets	8,641,653	6,994,628
Restricted for:		
Capital projects	200,000	653,753
Unrestricted	3,444,077	3,870,965
Total net assets	<u>\$ 12,285,730</u>	<u>\$ 11,519,346</u>

See accompanying notes.

DURANGO FIRE AND RESCUE AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
For the Years Ended December 31, 2009 and 2008

	2009	2008
Operating revenues		
Fire		
Operation contributions from participating entities	\$ 6,916,671	\$ 6,695,702
Fire protection fees	42,500	50,000
Wildland fire fees	445,926	461,372
Miscellaneous	29,546	28,256
Total fire revenues	<u>7,434,643</u>	<u>7,235,330</u>
Emergency medical services		
Patient charges, net	1,083,954	1,000,646
Operation contributions from participating entities	360,000	360,000
Miscellaneous	3,042	9,544
Total emergency medical services revenues	<u>1,446,996</u>	<u>1,370,190</u>
Total operating revenues	<u>8,881,639</u>	<u>8,605,520</u>
Operating expenses		
Fire		
Personnel services	4,536,316	4,252,565
Purchased services	665,752	700,489
Supplies and equipment	244,206	337,251
Depreciation	649,920	536,498
Total fire operating expenses	<u>6,096,194</u>	<u>5,826,803</u>
Emergency medical services		
Personnel services	1,968,317	1,822,528
Purchased services	285,322	300,209
Supplies and equipment	104,660	144,536
Depreciation	278,537	229,928
Total emergency medical services operating expenses	<u>2,636,836</u>	<u>2,497,201</u>
Total operating expenses	<u>8,733,030</u>	<u>8,324,004</u>
Operating income	<u>148,609</u>	<u>281,516</u>
Non-operating revenue (expense)		
Grants	1,246	161,658
Interest income	19,846	111,067
Grants expense	-	(300)
Gain on Disposal of Capital Assets	9,740	-
Total non-operating revenue (expense)	<u>30,832</u>	<u>272,425</u>
Increase in net assets, before capital contributions	179,441	553,941
Capital contributions		
Impact fees	420,788	130,933
Contributions from participating entities	166,155	50,000
Total capital contributions	<u>586,943</u>	<u>180,933</u>
Increase in net assets	766,384	734,874
Net assets at beginning of the year	<u>11,519,346</u>	<u>10,784,472</u>
Net assets at end of the year	<u>12,285,730</u>	<u>11,519,346</u>

See accompanying notes.

DURANGO FIRE AND RESCUE AUTHORITY
STATEMENT OF CASH FLOWS
For the Years Ended December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers - emergency medical services	1,104,965	\$ 1,358,614
Receipts from Contracting Parties - fire services	7,874,100	7,183,511
Payments to employees	(6,437,568)	(6,012,375)
Payments to vendors	<u>(1,220,944)</u>	<u>(1,570,980)</u>
Net cash provided by operations	<u>1,320,553</u>	<u>958,770</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from grants	161,331	4,916
Proceeds from sales of assets	9,740	-
Capital funding from sponsoring governments	166,155	50,000
Impact fees	541,916	6,210
Purchase of capital equipment and leasehold improvements	(2,575,481)	(713,127)
Capital grant pass-throughs	<u>-</u>	<u>(300)</u>
Net cash provided (used) by capital and related financing activities	<u>(1,696,339)</u>	<u>(652,301)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest	<u>19,846</u>	<u>111,067</u>
Net cash provided by investing activities	<u>19,846</u>	<u>111,067</u>
Net increase(decrease) in cash	(355,938)	417,536
Balances - beginning of the year	<u>4,847,220</u>	<u>4,429,684</u>
Balances - end of the year	<u>\$ 4,491,282</u>	<u>\$ 4,847,220</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	\$ 148,609	\$ 281,516
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation expense	928,457	766,426
Changes in assets and liabilities		
Receivables, net	198,497	(122,980)
Unbilled ambulance revenue	(16,589)	8,453
Allowance for collection costs	(107,799)	(1,301)
Incurred but unreported claims	41,839	(14,215)
Accounts and other payables	306,755	(44,145)
Accrued expenses	<u>(179,216)</u>	<u>85,016</u>
Net cash provided by operations	<u>\$ 1,320,553</u>	<u>\$ 958,770</u>

See accompanying notes

**DURANGO FIRE AND RESCUE AUTHORITY
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS / VOLUNTARY PENSION
December 31, 2009 and 2008 - As Restated**

	2009	2008
Assets		
Investments in Common Fund of Fire and Police Pension Fund of Colorado, at fair value	\$ 4,429,356	\$ 3,945,925
Total assets	4,429,356	3,945,925
Net Assets		
Held in trust for pension benefits	\$ 4,429,356	\$ 3,945,925

**DURANGO FIRE AND RESCUE AUTHORITY
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUND
For the Years Ended December 31, 2009 and 2008 – As Restated**

	2009	2008
Additions		
Contributions:		
Employer	\$ 51,847	\$ 50,000
State of Colorado	38,535	38,535
Total contributions	<u>90,382</u>	<u>88,535</u>
Investment earnings		
Interest, dividends and other	25,682	36,176
Net increase/(decrease) in fair value of investments	733,349	(1,646,292)
Total investment earnings	759,031	(1,610,116)
Less investment expense	(31,120)	(40,557)
Net investment earnings	<u>727,911</u>	<u>(1,650,673)</u>
Total additions	<u>818,293</u>	<u>(1,562,138)</u>
Deductions		
Benefits	<u>(334,862)</u>	<u>(313,916)</u>
Total deductions	<u>(334,862)</u>	<u>(313,916)</u>
Change in net assets	483,431	(1,876,054)
Net assets - beginning	<u>3,945,925</u>	<u>5,821,979</u>
Net assets - ending	<u>\$ 4,429,356</u>	<u>\$ 3,945,925</u>

See accompanying notes.

DURANGO FIRE AND RESCUE AUTHORITY
Notes to the Financial Statements
Year Ended December 31, 2009 and 2008

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.

During 2009, the Authority was informed of a reporting error for the pension fund administered by the Fire and Police Pension Association of Colorado (“FPPA”). For the year ended December 31, 2008, the fair value of investments had decreased \$1,646,292, but the 2008 financial statements

DURANGO FIRE AND RESCUE AUTHORITY

Notes to the Financial Statements

Year Ended December 31, 2009 and 2008

incorrectly reported a decrease of \$1,548,709. Therefore, the Authority has restated the 2008 fiduciary funds for the additional \$97,583 decrease in the fair value of investments and corresponding change in net assets.

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.

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.

DURANGO FIRE AND RESCUE AUTHORITY
Notes to the Financial Statements
Year Ended December 31, 2009 and 2008

Note 1 – Summary of significant accounting policies - continued

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 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 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 31st 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 expenditures; however, appropriations may not be in excess of available revenues and beginning fund balance. The Board of Directors made three additional appropriations in 2009.

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.

DURANGO FIRE AND RESCUE AUTHORITY

Notes to the Financial Statements

Year Ended December 31, 2009 and 2008

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, 2009 and 2008 the Authority's deposits were as follows:

	2009	
	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

	2008	
	Bank Balance	Carrying Balance
Petty cash	\$ -	\$ 800
Deposits covered by federal insurance	250,000	250,000
Deposits collateralized in a single institution pool	201,013	63,043
Totals	\$ 451,013	\$ 313,843

Investments – At December 31, 2009 and 2008 the Authority had investments of \$4,429,357 and \$3,945,925 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, 2009 and 2008 the Authority had investments in a Colotrust Plus+ pool of \$3,854,742 and \$4,533,377 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, 2009 and 2008

Note 3 – Due From Governmental Agencies

Due from governmental agencies consists of the following:

	<u>2009</u>	<u>2008</u>
Upper Pine River Fire Protection District	\$3,868	\$18,209
Firemans Fund	(300)	50
National Wildland Fires	26,797	51,862
Hazmat Travel	-	212
State of Colorado	(3,274)	161,252
City of Grand Junction	180	-
LaPlata County Fire Chiefs Assn.	331	-
Animas Fire Protection Distrct	6,303	4,618
City of Durango	7,000	113,787
Signet North America	1,166	-
Hermosa Cliff Fire Protection District	6,672	-
Hermosa Cliff Fire Protection District	-	8,067
Totals	<u>\$ 48,743</u>	<u>\$ 358,057</u>

DURANGO FIRE AND RESCUE AUTHORITY
Notes to the Financial Statements
Year Ended December 31, 2009 and 2008

Note 4 – Capital Assets

Capital assets are summarized as follows:

	<u>January 1, 2008</u>	<u>Additions</u>	<u>Retirements</u>	<u>December 31, 2008</u>
Vehicles	\$ 7,630,989	\$ 64,403	\$ -	\$ 7,695,392
Equipment	1,772,178	375,824	-	2,148,002
Buildings and leasehold improvements	833,877	-	-	833,877
Land	350,000	-	-	350,000
	<u>10,587,044</u>	<u>440,227</u>	<u>-</u>	<u>11,027,270</u>
Accumulated depreciation				
Vehicles	(2,774,499)	(506,841)	-	(3,281,340)
Equipment	(720,257)	(238,681)	-	(958,938)
Buildings and leasehold improvements	(44,361)	(20,904)	-	(65,265)
	<u>(3,539,117)</u>	<u>(766,426)</u>	<u>-</u>	<u>(4,305,542)</u>
Total capital assets	<u>\$ 7,047,927</u>	<u>\$ (326,199)</u>	<u>\$ -</u>	<u>\$ 6,721,728</u>

	<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>-</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>

The Authority utilizes a capitalization threshold of \$5,000. The Authority received \$9,740 and \$0 in 2009 and 2008 respectively for the sale of assets.

Note 5 – Pensions

Defined Contribution Plan -

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

DURANGO FIRE AND RESCUE AUTHORITY

Notes to the Financial Statements

Year Ended December 31, 2009 and 2008

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 report that includes financial statements and required supplementary information for the LGDTF. That report may be obtained online at www.copera.org or by writing to Colorado PERA, 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, 2007, 2008 and 2009, the Authority's employer contributions to LGDTF were \$ 66,396, \$118,028 and \$127,020 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.

DURANGO FIRE AND RESCUE AUTHORITY
Notes to the Financial Statements
Year Ended December 31, 2009 and 2008

Note 5 – Pensions - continued

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, 2007, 2008 and 2009 were \$194,101, \$201,940 and \$217,826 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 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, 2007, 2008 and 2009 were \$3,851, \$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 establishment of the Mark Carroll Pension Fund. 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

DURANGO FIRE AND RESCUE AUTHORITY
Notes to the Financial Statements
Year Ended December 31, 2009 and 2008

Note 5 – Pensions - continued

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.

Summary of significant accounting policies – 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 administered by the Fire and Police Pension Association of Colorado ("FPPA"). All plan investments are reported as 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.

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 2007, the Authority contributed \$50,000 to the Plan and the State's matching contribution was \$38,552. 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.

Annual Pension Cost: For 2009, the Authority's annual pension cost, including State match, was \$89,443. The required contribution for the plan year was \$88,552. 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

DURANGO FIRE AND RESCUE AUTHORITY
Notes to the Financial Statements
Year Ended December 31, 2009 and 2008

Note 5 – Pensions - continued

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 year ended December 31, 2007, the plan's annual pension cost was \$88,552 which was 100% contributed and the net pension benefit obligation was \$0. For year ended December 31, 2008, the Volunteer 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 plan's annual pension cost was \$89,443 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 the year ended December 31, 2007 totaled \$166,317, which consisted of \$73,106 contributed by employees and \$93,211 contributed by the Authority. The contribution to the plan the year ended December 31, 2008 totaled \$163,205, which consisted of \$71,738 contributed by employees and contributed \$91,467 by the Authority. The contribution to the Money Purchase Plan the year ended December 31, 2009 totaled \$175,605, which consisted of \$77,189 contributed by employees and \$98,416 contributed by the Authority.

DURANGO FIRE AND RESCUE AUTHORITY
Notes to the Financial Statements
Year Ended December 31, 2009 and 2008

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 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, 2007, 2008 and 2009, the Authority’s contributions to the HCTF were \$6,786, \$10,560 and \$ 10,998.35 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.

DURANGO FIRE AND RESCUE AUTHORITY

Notes to the Financial Statements

Year Ended December 31, 2009 and 2008

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.

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 2008 or 2009.

The claims liabilities of \$36,750 at December 31, 2008 and \$78,589 at December 31, 2009 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, 2009 and 2008.

	<u>2009</u>	<u>2008</u>
Claims liability at beginning of year	\$ 36,750	\$ 50,965
Claims incurred during the year including reinsurance costs	\$ 803,588	1,193,950
Payment on claims during the year including reinsurance costs	\$ (761,749)	(1,208,165)
Claims liability end of the year	<u>\$ 78,589</u>	<u>\$ 36,750</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, 2008 were \$818,597 on total

DURANGO FIRE AND RESCUE AUTHORITY
Notes to the Financial Statements
Year Ended December 31, 2009 and 2008

charges of \$1,819,244. At December 31, 2008 the allowance for uncollectibles was \$287,816 on total receivables of \$519,385. The uncollectible amounts for the year ended December 31, 2009 were \$723,574.68 on total charges of \$1,807,529. At December 31, 2009 the allowance for uncollectibles was \$178,717 on total receivables of \$393,617.

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, 2009 and 2008 are \$200,000 and \$653,753 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 <u>Transferred</u>	2001 <u>Net loss</u>	Accrued <u>Vacation</u>	Accrued <u>Sick Leave</u>	Lease <u>Transferred</u>	<u>Total</u>
City of Durango	\$ 469,322	\$ (15,603)	\$ (97,973)	\$ (60,396)	\$ -	\$ 295,350
Animas Fire Protection District	4,165,369	(1,362)	(31,895)	(14,177)	-	4,117,935
Hermosa Cliff Fire Protection District	1,215,903	(9,362)	(9,778)	(7,730)	(18,365)	1,170,668
Mercy Medical Center	<u>108,276</u>	<u>-</u>	<u>(3,727)</u>	<u>-</u>	<u>-</u>	<u>104,549</u>
Totals	<u>\$ 5,958,870</u>	<u>\$ (26,327)</u>	<u>\$ (143,373)</u>	<u>\$ (82,303)</u>	<u>\$ (18,365)</u>	<u>\$ 5,688,502</u>

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.

	<u>2009</u>	<u>2008</u>
Accrued vacation	\$ 337,301	\$ 309,237
Accrued sick leave	<u>167,639</u>	<u>130,967</u>
	<u>504,940</u>	<u>440,204</u>
Current liability	\$ 252,470	\$ 220,102
Long-term liability	<u>252,470</u>	<u>220,102</u>
	<u>504,940</u>	<u>440,204</u>

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

DURANGO FIRE AND RESCUE AUTHORITY

Notes to the Financial Statements

Year Ended December 31, 2009 and 2008

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 2009 and 2008 equaled \$341,005 and \$337,356 respectively . There were no amounts owed to Group Administrators Ltd. on December 31, 2009 or December 31, 2008.

DURANGO FIRE AND RESCUE AUTHORITY
 REQUIRED SUPPLEMENTAL INFORMATION
 December 31, 2009

SCHEDULE OF FUNDING PROGRESS
 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%

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

December 31, 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 studied from 2005 -2008, retirement rates, termination rates and pre-retirement mortality.

Estimated Employer Annual Required Contribution (ARC) \$ 88,552

Net Pension Obligation

Net Pension Obligation January 1, 2009	-0-
Estimated Annual Required Contribution	88,552
Estimated Contribution for Plan Year	88,552
Estimated Net Pension Obligation as of December 31, 2009	-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
Schedule of Revenues Budget and Actual
Budgetary Basis Non-US GAAP
For the Year Ended December 31, 2009

	Budgeted Amounts		Actual	Positive (Negative)
	Original	Final		
Local government funding				
Operations				
City of Durango	\$ 2,827,819	\$ 2,827,819	\$ 2,827,819	\$ -
Animas Fire Protection District	3,909,631	3,909,631	3,909,636	5
Hermosa Cliff Fire Protection District	<u>488,308</u>	<u>488,308</u>	<u>488,308</u>	<u>-</u>
Total local government operations funding	<u>7,225,758</u>	<u>7,225,758</u>	<u>7,225,763</u>	<u>5</u>
Volunteer Pension				
Animas Fire Protection District	43,000	43,000	43,000	-
Hermosa Cliff Fire Protection District	<u>7,767</u>	<u>7,767</u>	<u>7,910</u>	<u>143</u>
Total volunteer pension funding	<u>50,767</u>	<u>50,767</u>	<u>50,910</u>	<u>143</u>
Long term capital replacement funding				
Current year obligation				
Animas Fire Protection District	517,000	517,000	-	(517,000)
Hermosa Cliff Fire Protection District	<u>147,788</u>	<u>147,788</u>	<u>166,155</u>	<u>18,367</u>
Total capital funding	<u>664,788</u>	<u>664,788</u>	<u>166,155</u>	<u>(498,633)</u>
Other revenues				
Ambulance income	1,845,400	1,845,400	1,807,529	(37,871)
Impact fees	310,000	310,000	420,788	420,788
Special events fees	-	-	3,042	3,042
Wildland fires	63,000	172,429	445,926	273,497
Grants	-	-	1,246	1,246
Interest	60,000	60,000	19,846	(40,154)
Miscellaneous income	18,500	18,500	38,354	(290,146)
Donations	-	-	850	850
CPR Class Fees	-	-	80	80
Discounts Earned	-	-	-	-
Williams Field contract	<u>50,000</u>	<u>50,000</u>	<u>42,500</u>	<u>(7,500)</u>
Total other revenues	<u>2,346,900</u>	<u>2,456,329</u>	<u>2,780,161</u>	<u>323,832</u>
Total revenues	<u>10,288,213</u>	<u>10,397,642</u>	<u>10,222,989</u>	<u>(174,653)</u>
Reconciliation to US GAAP basis revenue				
Reconciling items				
Bad debts reported net with revenue			<u>(723,575)</u>	
Total revenues			<u>9,499,414</u>	
Operating revenues			8,881,639	
Non-operating revenues			30,832	
Capital contributions			<u>586,943</u>	
			<u>9,499,414</u>	

Durango Fire and Rescue Authority
Schedule of Expenditures Budget and Actual
Budgetary Basis Non-US GAAP
For the Year Ended December 31, 2009

	Budgeted Amounts		2009	Positive (Negative)
	Original	Final		
Administration				
Office of the Chief				
Salary	\$ 339,800	\$ 425,608	\$ 427,178	\$ (1,570)
Benefits	111,000	111,000	93,749	17,251
Purchased professional services	214,800	214,800	160,665	54,135
Purchased property services	211,100	211,100	190,628	20,472
Other purchased services	23,800	23,800	15,786	8,014
Supplies	16,800	16,800	17,079	(279)
Capital outlay	86,500	110,500	82,390	28,110
Other	50,000	50,000	51,475	(1,475)
Totals	<u>1,053,800</u>	<u>1,163,608</u>	<u>1,038,950</u>	<u>124,658</u>
Operations				
Salary	127,000	127,000	118,147	8,853
Benefits	42,000	42,000	42,357	(357)
Totals	<u>169,000</u>	<u>169,000</u>	<u>160,504</u>	<u>8,496</u>
Total Administration	<u>1,222,800</u>	<u>1,332,608</u>	<u>1,199,454</u>	<u>133,154</u>
Fire fighting				
Salary	2,211,200	2,501,282	2,391,173	110,109
Benefits	760,300	796,465	689,229	107,236
Purchased professional services	8,000	8,000	6,114	1,886
Purchased property services	-	-	200	(200)
Other purchased services	2,300	2,300	513	1,787
Single Resource purchased services	8,000	21,125	21,125	0
Supplies	169,100	169,100	87,375	81,725
Capital outlay	1,152,950	2,443,512	1,966,526	476,986
Totals	<u>4,311,850</u>	<u>5,801,746</u>	<u>5,162,255</u>	<u>639,491</u>
Fire prevention				
Salary	298,500	298,500	304,437	(5,937)
Benefits	105,200	105,200	93,634	11,566
Purchased professional services	500	500	180	320
Other purchased services	1,200	1,200	1,448	(248)
Supplies	25,800	25,800	12,152	13,648
Capital outlay	29,000	29,000	-	-
Totals	<u>460,200</u>	<u>460,200</u>	<u>411,851</u>	<u>48,349</u>
Fire training				
Salary	239,600	239,600	231,004	8,596
Benefits	88,400	88,400	74,535	13,865
Purchased professional services	116,500	84,036	73,002	11,034
Purchased property services	-	-	33	(33)
Other purchased services	65,400	65,400	58,247	7,153
Supplies	26,000	26,000	22,493	3,507
Capital outlay	21,000	53,464	29,824	-
Totals	<u>556,900</u>	<u>556,900</u>	<u>489,138</u>	<u>67,762</u>
Fire communications				
Purchased professional services	-	22,663	24,182	(1,519)
Purchased property services	11,900	11,900	10,396	1,504
Other purchased services	61,500	61,500	51,958	9,542
Supplies	6,000	6,000	3,446	2,554
Capital outlay	40,000	17,337	18,583	(1,246)
Totals	<u>119,400</u>	<u>119,400</u>	<u>108,565</u>	<u>10,835</u>

Durango Fire and Rescue Authority
Schedule of Expenditures Budget and Actual
Budgetary Basis Non-US GAAP
For the Year Ended December 31, 2009

	Budgeted Amounts		Actual	Positive (Negative)
	Original	Final		
Fire repair services				
Salary	\$ 212,500	\$ 212,500	\$ 210,548	\$ 1,952
Benefits	87,500	87,500	86,539	961
Purchased professional services	2,500	2,500	2,059	441
Purchased property services	104,800	110,800	111,740	(940)
Other purchased services	1,000	1,000	697	303
Supplies	26,100	26,100	6,198	19,902
Capital outlay	70,000	70,000	3,823	66,177
Totals	<u>504,400</u>	<u>510,400</u>	<u>421,604</u>	<u>88,796</u>
EMS				
Salary	1,388,300	1,388,300	1,233,759	154,541
Benefits	475,500	475,500	387,633	87,867
Purchased professional services	139,700	144,700	144,331	370
Purchased property services	5,000	5,000	6,677	(1,677)
Other purchased services	400	400	329	71
Supplies	135,900	135,900	99,970	35,930
Capital outlay	25,000	235,000	198,277	36,723
Bad debts	830,400	830,400	723,575	106,825
Totals	<u>3,000,200</u>	<u>3,215,200</u>	<u>2,794,550</u>	<u>420,650</u>
Fire stations and buildings				
Purchased property services	157,900	157,900	134,641	23,259
Supplies	11,700	17,700	13,700	4,000
Capital outlay	1,592,800	1,196,148	371,363	824,785
Totals	<u>1,762,400</u>	<u>1,371,748</u>	<u>519,704</u>	<u>852,044</u>
Contingency	<u>176,500</u>	<u>73,692</u>	<u>-</u>	<u>73,692</u>
Total expenditures	<u>12,114,650</u>	<u>13,581,932</u>	<u>11,107,120</u>	<u>2,474,812</u>
Reconciliation to total expenses				
Reconciling items				
Depreciation expense			928,457	
Capital outlay			(2,578,972)	
Bad debts reported net with revenue			(723,575)	
Total expenses			<u>8,733,030</u>	
Total operating expenses			8,733,030	
Total non-operating expenses			<u>-</u>	
Total expenses			<u>8,733,030</u>	

DURANGO FIRE AND RESCUE AUTHORITY
SCHEDULE OF ADDITIONS AND DELETIONS - BUDGET AND ACTUAL - Volunteer Pension Plan
Budgetary Basis Non-US GAAP
For the Year Ended December 31, 2009

	Budgeted Amounts		2009	Positive (Negative)
	Original	Final		
Additions				
Contributions:				
Employer	\$ 50,000	\$ 50,000	\$ 51,847	\$ 1,847
State of Colorado	<u>38,535</u>	<u>38,535</u>	<u>38,535</u>	<u>-</u>
Total contributions	<u>88,535</u>	<u>88,535</u>	<u>90,382</u>	<u>1,847</u>
Investment earnings				
Interest, dividends and other			25,682	
Net increase in fair value of investments			<u>733,349</u>	
Total investment earnings	250,000	250,000	759,031	509,031
Less investment expense	<u>(45,000)</u>	<u>(45,000)</u>	<u>(31,120)</u>	<u>13,880</u>
Net investment earnings	<u>205,000</u>	<u>205,000</u>	<u>727,911</u>	<u>522,911</u>
Total additions	<u>293,535</u>	<u>293,535</u>	<u>818,293</u>	<u>524,758</u>
Deductions				
Benefits Paid	<u>325,000</u>	<u>325,000</u>	<u>(334,860)</u>	<u>(9,860)</u>
Total deductions	<u>325,000</u>	<u>325,000</u>	<u>(334,860)</u>	<u>(9,860)</u>
Change in net assets	(31,465)	(31,465)	483,432	417,314
Net assets - beginning	<u>4,734,614</u>	<u>4,734,614</u>	<u>3,945,925</u>	<u>(788,689)</u>
Net assets - ending	<u>\$ 4,703,149</u>	<u>\$ 4,703,149</u>	<u>\$ 4,429,356</u>	<u>\$ (273,793)</u>

STATISTICAL SECTION

Durango Fire and Rescue Authority
Net Assets by Component
2002-2009

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</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
Restricted for capital projects	349,152	737,338	1,514,848	482,211	942,609	472,820	653,753	200,000
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>
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>

Durango Fire and Rescue Authority
Changes in Net Assets
2002-2009

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Expenses								
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
EMS	1,470,314	1,866,823	2,118,276	2,334,406	2,426,403	2,554,066	2,497,201	2,919,486
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>
Program Revenues								
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
EMS	1,188,473	1,195,738	1,236,516	1,256,836	1,264,604	1,410,191	1,370,190	1,446,996
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>
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>
General Revenues and Other Changes in Net Assets								
Business-type activities								
Grants	376,053	159,200	1,622,815	1,842,503	405,225	693,299	161,658	1,246
Interest income	15,454	31,098	45,515	78,304	130,327	197,791	111,067	19,846
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
Capital contributions from participating entities & impact fees	530,000	660,000	886,358	920,314	801,605	138,089	180,933	586,943
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>
Change in Net Assets	<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>

**Durango Fire and Rescue Authority
Expenses
2002-2009**

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Operating expenses								
<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
Purchased services	357,071	374,099	288,766	381,398	561,451	627,348	700,489	665,752
Supplies and equipment	445,928	294,046	186,687	398,135	286,561	343,625	337,251	244,206
Depreciation	407,591	407,200	399,172	495,300	554,455	572,501	536,498	649,920
<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>
<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
Purchased services	257,233	251,377	361,200	361,973	361,173	401,110	300,209	285,322
Supplies and equipment	70,371	187,581	189,176	213,409	163,378	197,039	144,536	104,660
Depreciation	88,957	88,921	121,390	131,106	152,210	160,627	229,928	278,537
<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>
Total operating expenses	<u>5,382,426</u>	<u>5,668,497</u>	<u>5,764,022</u>	<u>6,634,162</u>	<u>7,261,694</u>	<u>7,589,952</u>	<u>8,324,004</u>	<u>8,733,030</u>
Non-operating expenses								
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	-	-	-	-	-
Total non operating expenses	<u>1,116</u>	<u>14,024</u>	<u>1,092,974</u>	<u>1,842,503</u>	<u>368,492</u>	<u>604,565</u>	<u>300</u>	<u>-</u>

**Durango Fire and Rescue Authority
Revenues
2002-2009**

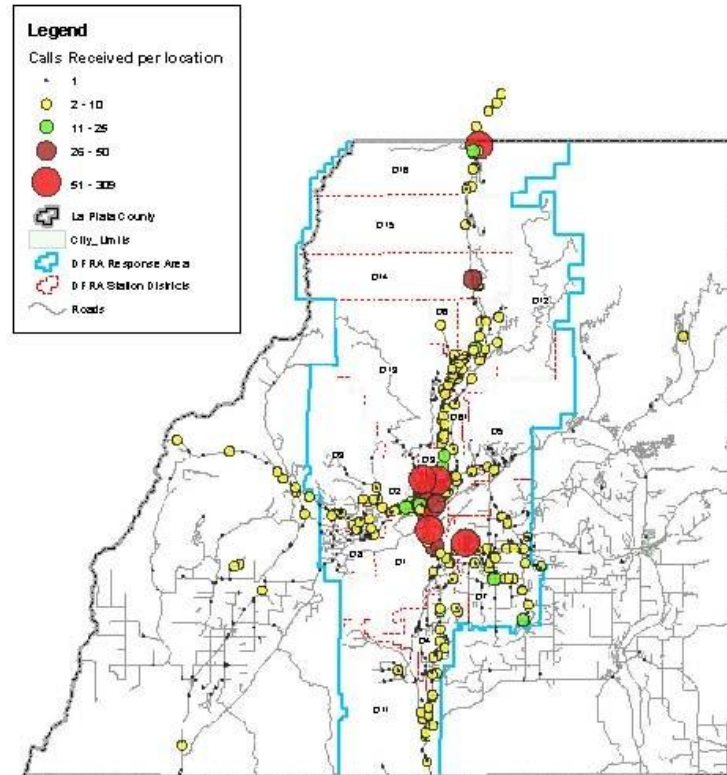
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Operating revenues								
<i>Fire</i>								
Operation contributions from participating partners	\$ 3,509,929	\$ 3,927,581	\$ 4,273,926	\$ 5,036,515	\$ 5,451,608	\$ 6,164,088	6,695,702	6,916,671
Fire protection fees	51,115	53,748	53,937	50,000	50,000	50,000	50,000	42,500
Wild land fire fees	479,470	13,020	28,758	11,830	26,946	66,681	461,372	445,926
Miscellaneous	19,979	44,987	24,980	69,423	72,842	33,498	28,256	29,546
<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>
<i>Emergency medical services</i>								
Operation contributions from participating partners	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
Miscellaneous	10,948	6,349	5,553	4,100	3,053	1,970	9,544	3,042
<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>
Total operating revenues	<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>
Non-operating revenue								
Interest income	15,454	31,098	45,515	78,304	130,327	197,791	111,067	19,846
Grants	376,053	159,200	1,622,815	1,842,503	405,225	693,299	161,658	1,246
Gain on disposal of assets	-	-	6,688	5,000	2,409	6,410	-	9,740
Total non operating revenue	<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>

**Durango Fire and Rescue Authority
Full-time Equivalent Employees
2002-2009**

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

Durango Fire and Rescue Authority					2006	2007	2008	2009
Operating Indicators by Function								
Function								
Fire								
	Structure, wildland & automobile				308	350	236	193
Hazardous Condition								
	Flammable liquid spill, electrical arcing				133	84	84	117
EMS								
	Emergency medical				1281	1324	1376	1424
	Motor vehicle & bicycle accidents				312	331	251	235
	Trauma				402	449	402	471
	Non-emergency transports				528	648	475	537
	Assist Invalid				26	41	46	63
EMS Totals					2549	2793	2550	2730
Public Service Assistance					29	46	108	48
False Alarms					659	622	862	695
Total Calls					3678	3895	3840	3783
Total Inspections					1665	2312	1364	1439

DFRA 2009 Call Locations



Produced by: DFRA GIS
September 24, 2010

NOTE:
3766 (99%) of 3763 calls used for this analysis. Each unique location represented once on the map.

