

**NORTHERN SAGUACHE COUNTY AMBULANCE DISTRICT  
SAGUACHE, COLORADO**

**FINANCIAL STATEMENTS  
WITH  
INDEPENDENT AUDITORS' REPORT**

**For the Year Ended  
December 31, 2016**



**RECEIVED**

*By the Office of the State Auditor at 9:27 am, Aug 11, 2017*

# Northern Saguache County Ambulance District

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## **FINANCIAL SECTION**

# NORTHERN SAGUACHE COUNTY AMBULANCE DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

### Required Supplementary Information (RSI)

December 31, 2016

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The discussion and analysis of the Northern Saguache County Ambulance District financial performance provides an overall review of the District's financial activities for the year ended December 31, 2016. The intent of this discussion and analysis is to look at the District's financial performance as a whole. Readers should also review the financial statements and the notes to the financial statements to broaden their understanding of the District's financial performance.

#### **Financial Highlights**

The District offers emergency medical services to the northern portion of Saguache County. The District's assets exceeded its liabilities at the close of 2016 by \$531,321 (*net position*), which is an increase of \$38,857 from the prior year. Of this amount \$325,817 (*unrestricted net position*) may be used to meet the District's ongoing obligations to citizens and creditors.

The District imposes a mill levy of 7.5 mills upon each dollar of the total valuation for assessment of all taxable property with the District. The property taxes received from this mill levy for the 2016 year was \$215,555. The district's fund balance is used for upcoming capital projects repairs and replacement of new ambulances.

The District had total revenues of \$292,809 in 2016 versus 2015 revenues of \$274,002. The total decrease in revenues was \$18,807. The majority of this decrease relates to property tax receipts.

The District's total operating revenues decreased in 2016 by \$624. The majority of the operating revenue is from ambulance services.

#### **Using the Basic Financial Statements**

The Basic Financial Statements consists of Management's Discussion and Analysis (this section) and a series of financial statements and notes to those statements. These statements are organized so that the reader can understand the District as an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The first statement, The Statement of Net Position provides long and short-term information about the District's overall financial status.

# NORTHERN SAGUACHE COUNTY AMBULANCE DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

### Required Supplementary Information (RSI)

December 31, 2016

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

The remaining statements are fund financial statements that focus on individual parts of the District's operations in more detail.

The District operates as a proprietary fund. Proprietary Fund statements offer short and long-term financial information about the activities that the District operates as a business enterprise.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

### Government-Wide Financial Statements

#### Business-Type Activities:

The District's business-type activity consists of the ambulance district operations. The District provides emergency medical services using two owned ambulances as well as housing facilities in Saguache for the Northern Saguache County Ambulance District service area. The District's ambulance operations are supported primarily by charges ambulance services along with property taxes received.

### Financial Analysis of the District as a Whole

Net Position increased in 2016 by \$38,856 to \$531,320 and in 2015 increased by \$38,711 to \$492,464. Unrestricted net position represents 128% of operating expenses for the 2016 fiscal year. An increase over the 119% coverage at the end of 2015.

Cash, Cash equivalents and investments of the District at December 31, 2016 totaled \$312,904, which represents 41% of the District's total assets, and at December 31, 2015 totaled \$276,245 which represented 40% of the District's total assets.

Capital assets, net of accumulated depreciation, of the District at December 31, 2016 totaled \$196,504, which represents 26% of the District's total assets; and at December 31, 2015 totaled \$202,208, which represents 29% of the District's total assets.

**NORTHERN SAGUACHE COUNTY AMBULANCE DISTRICT**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**

**Required Supplementary Information (RSI)**

**December 31, 2016**

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**Net position**

A summary of District's net position at December 31, 2016 is as follows:

**Condensed Statement of Net position**

Condensed Statement of Net Position		
	<u>2016</u>	<u>2015</u>
Current Assets	\$ 547,542	\$ 491,385
Non Current Assets		
Capital Assets - Net	<u>196,504</u>	<u>202,208</u>
Total Assets	<u>744,046</u>	<u>693,593</u>
Current Liabilities	27,429	17,729
Deferred Inflows of Financial Resources		
Deferred Property Taxes	185,297	183,400
Net Position		
Net Investment in Capital Assets	196,504	202,208
Restricted	9,000	9,000
Unrestricted	<u>325,816</u>	<u>281,256</u>
Total Net Position	<u>\$ 531,320</u>	<u>\$ 492,464</u>

**Statement of Changes**

Condensed Statement of Activities		
	<u>2016</u>	<u>2015</u>
Program Revenues:		
Charges for Services	\$ 63,474	\$ 62,851
Operating Grants and Contributions	<u>13,482</u>	<u>10,198</u>
Total Program Revenues	76,956	73,049
General Revenues:		
Taxes	215,555	200,732
Investment Earnings	<u>297</u>	<u>221</u>
Total General Revenues	<u>215,852</u>	<u>200,953</u>
Total Revenues	292,808	274,002
Expenditures:		
Ambulance Services	<u>253,952</u>	<u>235,291</u>
Change in Net Position	38,856	38,711
Net Position, Beginning	<u>492,464</u>	<u>453,753</u>
Net Position, Ending	<u>\$ 531,320</u>	<u>\$ 492,464</u>

# NORTHERN SAGUACHE COUNTY AMBULANCE DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

### Required Supplementary Information (RSI)

December 31, 2016

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Key changes related to revenue were discussed on the financial highlights above. 2016 expenses increased by \$28,346 to \$248,248.

#### **Budget and Actual Comparisons**

Actual operating revenues exceeded budgeted revenues by \$59,759 in 2016. Overall revenues exceeded budgeted revenues by \$15,492 in 2016. Property and specific ownership tax receipts were \$10,079 under budget; however the District's grant receipts were \$52,650 under budget.

Actual expenditures were approximately \$321,636 less than budgeted in 2016. Significant variations to budget are as follows:

- Capital Outlay expenses were approximately \$102,911 less than budgeted in 2016.
- There is a Contingency reserve of \$150,000 that was not used in 2016.

#### **Capital Assets**

##### Replacement Capital

The Ambulance District owns three ambulances. The District recorded depreciation for 2016 on existing assets is \$22,793.

**NORTHERN SAGUACHE COUNTY AMBULANCE DISTRICT**

**MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)**

**Required Supplementary Information (RSI)**

**December 31, 2016**

The following is a summary of capital asset activity:

	<u>Balance</u>			<u>Balance</u>
	<u>12/31/15</u>	<u>Additions</u>	<u>Deletions</u>	<u>12/31/16</u>
<b><u>Business-Type Activities</u></b>				
Capital Assets not being depreciated:				
Land	\$ 34,600	\$ -	\$ -	\$ 34,600
Capital Assets being depreciated:				
Buildings	151,638	-	-	151,638
Vehicles	181,359	17,089	-	198,448
Equipment	86,070	-	-	86,070
Total Capital Assets being depreciated	<u>419,067</u>	<u>17,089</u>	<u>-</u>	<u>436,156</u>
Less: Accumulated Depreciation				
Buildings	(34,953)	(3,033)	-	(37,985)
Vehicles	(150,462)	(11,153)	-	(161,615)
Equipment	(66,044)	(8,607)	-	(74,651)
Total Accumulated Depreciation	<u>(251,459)</u>	<u>(22,793)</u>	<u>-</u>	<u>(274,251)</u>
<b>Net Capital Assets</b>	<b><u>\$ 202,208</u></b>	<b><u>\$ (5,704)</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 196,505</u></b>

**The Future of the District**

The District is in the process of building a second ambulance base in Villa Grove. We were able to do this from a grant we received from the state, called the Energy and Mineral Association Fund. It is our goal to better serve the residents in the Northern part of the District by having the new ambulance base in Villa Grove.

We continue to put a heavy focus on training and staff retention. Our number of part-time EMT’s has doubled this last year, making it possible to have two EMT’s on call most of the time. It is the intention of the District to continue to increase training of staff during 2017 and beyond. We want to provide the best quality of care and transport them safely and quickly to definitive treatment.

We also are planning to begin transfers in 2017. With the increased staff, another ambulance, and working hard to get maximum return on our patient billing, will give us the opportunity to do patient transfers. This addition to our service will provide more jobs and increase revenues, as well as providing a great service to many residents in the San Luis Valley.

**NORTHERN SAGUACHE COUNTY AMBULANCE DISTRICT**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**

**Required Supplementary Information (RSI)**

**December 31, 2016**

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**Request for Information**

The financial report is designed to provide information for regulatory reporting to federal and state agencies and those with an interest in the District's finances. Questions concerning this or any additional information should be addressed to Julia Hammel, District Administrator, Northern Saguache County Ambulance District, PO Box 118, Saguache, CO 81149.

# Holscher, Mayberry & Company, LLC

Certified Public Accountants

Member of the American Institute of Certified Public Accountants  
Governmental Audit Quality Center  
and Private Company Practice Section

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Board of Directors  
Northern Saguache County Ambulance District  
Saguache, Colorado

## Independent Auditors' Report

### Report on the Financial Statements

We have audited the accompanying financial statements of the Northern Saguache County Ambulance District, Colorado, as of and for the year ended December 31, 2016, and the related notes to the financial statements which collectively comprise the basic financial statements of the District, as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

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

### *Auditors' Responsibility*

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

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

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

### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Northern Saguache County Ambulance District, Colorado, as of December 31, 2016, and the respective changes in financial position and cash flows, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

**Report on Summarized Comparative Information**

We have previously audited the Northern Saguache County Ambulance District, as of December 31, 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 15, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2015 is consistent, in all material respects, with the audited financial statements from which it has been derived.

**Other Matters**

*Required Supplementary Information – Management Discussion and Analysis - Unaudited*

Accounting principles generally accepted in the United States of America require that the management, discussion and analysis on pages M1 – M6 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Other Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The budgetary comparison schedule listed as other supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements. The information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.



Englewood, Colorado  
June 12, 2017

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## **Basic Financial Statements**

**NORTHERN SAGUACHE COUNTY AMBULANCE DISTRICT**

**Statement of Net Position  
December 31, 2016**

	<b>Proprietary Fund</b>
<b>ASSETS</b>	
Current Assets	
Cash and Investments	\$ 306,678
Cash with Fiscal Agent	6,226
Property Tax Receivable	185,297
Accounts Receivable	33,994
Prepaid Expenses	<u>15,347</u>
Total Current Assets	<u>547,542</u>
Noncurrent Assets	
Capital Assets Not Being Depreciated	34,600
Capital Assets Being Depreciated	<u>161,904</u>
Total Noncurrent Assets	<u>196,504</u>
Total Assets	<u>744,046</u>
<b>LIABILITIES</b>	
Current Liabilities	
Accounts Payable	<u>27,429</u>
<b>DEFERRED INFLOWS OF FINANCIAL RESOURCES</b>	
Unavailable Revenue - Property Taxes	<u>185,297</u>
<b>NET POSITION</b>	
Net Investment in Capital Assets	196,504
Restricted for TABOR Emergencies	9,000
Unrestricted	<u>325,816</u>
Total Net Position	<u>\$ 531,320</u>

The accompanying notes are an integral part of the financial statements.

**NORTHERN SAGUACHE COUNTY AMBULANCE DISTRICT**

**Statement of Revenues, Expenses and Change in Fund Net Position -  
Year Ended December 31, 2016**

	<b>Proprietary Fund</b>
OPERATING REVENUES	
Ambulance Services	\$ 226,462
Less:	
Contract Adjustments	(118,416)
Bad Debt	<u>(44,572)</u>
Net Ambulance Services	63,474
Other Revenues	<u>1,217</u>
Total Operating Revenues	<u>64,691</u>
 OPERATING EXPENSES	
Administration	55,076
Operations	176,083
Depreciation	22,793
Capital Outlay	<u>-</u>
Total Operating Expenses	<u>253,952</u>
 NET INCOME (LOSS) FROM OPERATIONS	 <u>(189,261)</u>
 NONOPERATING REVENUES (EXPENSES)	
Property Taxes	185,221
Specific Ownership Taxes	30,334
Grants	11,850
Donations	415
Investment Earnings	<u>297</u>
Net Nonoperating Revenues (Expenses)	<u>228,117</u>
 CHANGE IN NET POSITION	 38,856
NET POSITION, Beginning	<u>492,464</u>
NET POSITION, Ending	<u><u>\$ 531,320</u></u>

The accompanying notes are an integral part of the financial statements.

**NORTHERN SAGUACHE COUNTY AMBULANCE DISTRICT**

**Statement of Cash Flows  
Proprietary Fund  
Year Ended December 31, 2016**

	<b>Proprietary Fund</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash Received from Ambulance Fees	\$ 58,648
Cash Received from Other Sources	1,217
Cash Paid for Employee Services	(123,945)
Cash Paid for Other Goods and Services	<u>(110,289)</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b><u>(174,369)</u></b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
County Treasurer Receipts	215,322
Cash from Other Governments	11,850
Cash from Others	<u>415</u>
<b>NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES</b>	<b><u>227,587</u></b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Acquisition of Capital Assets	<u>(17,089)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Investment Earnings	<u>297</u>
<b>CHANGE IN CASH AND EQUIVALENTS</b>	<b>36,426</b>
<b>CASH AND EQUIVALENTS, Beginning</b>	<b><u>270,252</u></b>
<b>CASH AND EQUIVALENTS, Ending</b>	<b><u>\$ 306,678</u></b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO CASH FLOWS     PROVIDED (USED) BY OPERATIONS</b>	
Operating Income (Loss)	\$ (189,261)
Adjustment to Reconcile:	
Depreciation Expense	22,793
Change in Current Assets & Liabilities	
(Increase) Decrease in:	
Accounts Receivable	(4,826)
Prepaid Expenses	(12,775)
Increase (Decrease) in:	
Accounts Payable	<u>9,700</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b><u>\$ (174,369)</u></b>

The accompanying notes are an integral part of the financial statements.

## **NORTHERN SAGUACHE COUNTY AMBULANCE DISTRICT**

### **NOTES TO FINANCIAL STATEMENTS**

**December 31, 2016**

#### **NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Northern Saguache County Ambulance District have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following summary of significant accounting policies is presented to assist the reader in evaluating the District's financial statements.

##### **Reporting Entity**

The Northern Saguache County Ambulance District is a political subdivision of the State of Colorado governed by a five member board of directors. As required by generally accepted accounting principles, these financial statements present the Northern Saguache County Ambulance District (the primary government) and its component units. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable, or other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the District's financial statements to be misleading or incomplete. Based upon the foregoing criteria, there are no component units included in the accompanying financial statements.

##### **Nature of Operations**

The District provides emergency medical services for citizens in and around the northern Saguache County area in Colorado. The District was formed in 2003 as established by Colorado State statutes. Taxes are levied upon all taxable property in the District's boundaries by the County Commissioners. The County Treasurer bills and collects all property taxes for the District.

##### **Basic Financial Statements**

As a special purpose government, basic financial statements are presented at the activity level.

Activity level financial statements focus on the sustainability of the District as an entity and the change in aggregate financial position resulting from the activities of the year. These aggregated statements consist of the Statement of Net Position, the Statement of Change in Fund Net Position, and the Statement of Cash Flow.

As a special purpose government, the District has only one fund, an enterprise/proprietary fund which is also considered its business type activity. The District does not present any other fund or activity information.

# NORTHERN SAGUACHE COUNTY AMBULANCE DISTRICT

## NOTES TO FINANCIAL STATEMENTS December 31, 2016

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### **Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The District's activity is reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as soon as all eligibility requirements imposed by the provider have been met.

Property taxes, grant revenue, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Service revenue is accrued once billed. All other revenue items are considered to be measurable and available only when cash is received by the District. As certain charges are limited under either federal reimbursement provisions or agreed upon rates with insurance companies, the financial statements reflect the gross charges and separately reduces these amounts for the amount of the contract adjustments.

Expenditures are recognized under the accrual basis of accounting when the related fund liability is incurred.

The District reports one enterprise fund. This fund accounts for the financial resources of the District including all revenues and costs related to the emergency medical services that are provided. Principal sources of revenue are service charges, property taxes, intergovernmental revenue and interest. Primary expenditures are for emergency medical services and general administration.

#### **Cash and Investments**

The District's includes cash in bank, certificates of deposit and liquid investments as part of its cash and cash equivalents.

#### **Receivables/Deferred Inflow**

In the business type activity, receivables consist of all revenues earned at year-end and not yet received. At the end of the current year, these receivables consisted of uncollected service fees, net of a \$24,328 allowance for uncollectible fees, and property taxes levied in 2016 and due in 2017. Since the property taxes are not due or payable until 2017 and represent resources to support the 2017 operation, this revenue is deferred until collected and is reflected as a deferred inflow of financial resources.

**NORTHERN SAGUACHE COUNTY AMBULANCE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2016**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**  
(Continued)

**Capital Assets**

Capital assets, which include land, machinery and equipment (furniture, vehicles, computers, etc.), are reported as business-type activity non-current assets on the Statement of Net Position. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated or annexed capital assets are recorded at estimated fair value at the date of donation or annexation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Depreciation on exhaustible assets is recorded as an allocated expense in the Statement of Activities with accumulated depreciation reflected in the Statement of Net Position. Depreciation on the remaining capital assets is provided on the straight-line basis over the following estimated useful lives:

Buildings	50 years
Machinery and Equipment	5-15 years
Vehicles	10 years

**Deferred Inflows of Resources**

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises both under the full accrual and modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported in the statement of net position and reports unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Since property tax revenues are collected in arrears during the succeeding year, a receivable and corresponding deferred inflow is recorded at December 31. As the tax is collected in the succeeding year, the deferred inflow is recognized as revenue and the receivable is reduced.

## NORTHERN SAGUACHE COUNTY AMBULANCE DISTRICT

### NOTES TO FINANCIAL STATEMENTS

December 31, 2016

#### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### **Long-Term Obligations**

The District does not have any outstanding debt as of December 31, 2016. The District also does not have any compensated leave liability at year end as the District pays out all unused leave at year end.

##### **Net Position**

Net Position comprises the various net earnings from operating income, nonoperating revenues and expenses, and capital contributions. Net Position is classified in the following three components:

**Net Investment in Capital Assets** - This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

**Restricted** - This component of net position consists of constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

**Unrestricted** - This component of net position consists of fund balances that do not meet the definition of "restricted" or "net investment in capital assets."

##### **Net Position Flow Assumptions**

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of restricted and unrestricted net position). In order to calculate the amounts to report as restricted or unrestricted net position in the proprietary fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted net position to have been depleted before using any of the unrestricted net position, if allowed under the terms of the restriction.

##### **Property Taxes**

Property taxes are levied on November 1 and attach as an enforceable lien on property on January 1. Taxes are payable in full on April 30 or in two installments on February 28 and June 15. The County Treasurer's office collects property taxes and remits to the District on a monthly basis.

**NORTHERN SAGUACHE COUNTY AMBULANCE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2016**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Use of Estimates**

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates that affect amounts reported in the financial statements during the reporting period. Actual results could differ from such estimates.

**NOTE 2: STEWARDSHIP, ACCOUNTABILITY AND COMPLIANCE**

**Budgets**

The District adopts an annual budget for the proprietary fund which is prepared on a modified accrual basis of accounting. The primary difference from full accrual is that the District budgets for capital outlay rather than depreciation to better reflect cash needs. The District may authorize supplemental appropriations during the budget year. All budgetary appropriations lapse at year-end.

Colorado statutes provide the following timetable which is followed in the adoption of budgets:

- (1) Submission of the proposed budget to the local governing body by October 15 of each year.
- (2) Certification of mill levies to the Board of County Commissioners by December 15.
- (3) Final adoption of budget and appropriations by December 31 of each year.
- (4) Property taxes are due by April 30 of each year if paid in full, or in two installments due February 28 and June 15 of each year.
- (5) Liens are placed on property for which taxes are delinquent in November of each year.

The District did not adopt any supplemental budgets during the year.

**Encumbrances**

The District does not utilize encumbrance accounting.

**NOTE 3: CASH AND INVESTMENTS**

The District's cash and investment balance as of December 31, 2016 consisted of checking deposits with a bank balance of \$304,338 and a book balance of \$306,678.

**DEPOSITS**

**Custodial Credit Risk - Deposits**

In the case of deposits, this is the risk that in the event of bank failure, the government's deposits may not be returned to it.

## NORTHERN SAGUACHE COUNTY AMBULANCE DISTRICT

### NOTES TO FINANCIAL STATEMENTS

December 31, 2016

#### NOTE 3: CASH AND INVESTMENTS (Continued)

The District's deposit policy is in accordance with CRS 11-10.5-101, The Colorado Public Deposit Protection Act (PDPA), which governs the investment of public funds. PDPA requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. The financial institution is allowed to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. The institution's internal records identify collateral by depositor and as such, these deposits are considered uninsured but collateralized. The State Regulatory Commissions for banks and financial services are required by statute to monitor the naming of eligible depositories and December 31, 2016, all of the District's deposits were insured by federal depository insurance.

#### **INVESTMENTS**

##### Credit Risk

Colorado statutes specify which instruments units of local government may invest, which include:

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

The District's investment policy limits its investments to those allowed by Colorado Revised Statute 24-75-601.1 as described above.

##### Concentration of Credit Risk

The District places no limit on the amount that may be invested in any one issuer.

##### Interest Rate Risk

Colorado Statutes require that no investment may have a maturity in excess of five years from the date of purchase unless authorized by the local board. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates, other than those contained in state statutes.

**NORTHERN SAGUACHE COUNTY AMBULANCE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2016**

**NOTE 3: CASH AND INVESTMENTS (Continued)**

**INVESTMENTS (Continued)**

Custodial Credit Risk – Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of December 31, 2016, the District did not have any investments requiring safekeeping.

**NOTE 4: CHANGES IN CAPITAL ASSETS**

Capital Asset activity for the year ended December 31, 2016 was as follows:

	<b>Balance</b>			<b>Balance</b>
	<b>12/31/15</b>	<b>Additions</b>	<b>Deletions</b>	<b>12/31/16</b>
<b><u>Business-Type Activities</u></b>				
Capital Assets not being depreciated:				
Land	\$ 34,600	\$ -	\$ -	\$ 34,600
Capital Assets being depreciated:				
Buildings	151,638	-	-	151,638
Vehicles	181,359	17,089	-	198,448
Equipment	86,070	-	-	86,070
Total Capital Assets being depreciated	<u>419,067</u>	<u>17,089</u>	<u>-</u>	<u>436,156</u>
Less: Accumulated Depreciation				
Buildings	(34,953)	(3,033)	-	(37,985)
Vehicles	(150,462)	(11,153)	-	(161,615)
Equipment	(66,044)	(8,607)	-	(74,651)
Total Accumulated Depreciation	<u>(251,459)</u>	<u>(22,793)</u>	<u>-</u>	<u>(274,251)</u>
<b>Net Capital Assets</b>	<b><u>\$ 202,208</u></b>	<b><u>\$ (5,704)</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 196,505</u></b>

## NORTHERN SAGUACHE COUNTY AMBULANCE DISTRICT

### NOTES TO FINANCIAL STATEMENTS

December 31, 2016

#### NOTE 5: NET POSITION RESTRICTIONS/APPROPRIATIONS

##### **Emergency Reserve**

On November 3, 1992, the voters of Colorado approved Amendment 1, commonly known as the TABOR Amendment, which adds a new Section 20 to Article X of the Colorado Constitution. TABOR contains tax, spending, revenue and debt limitations, which apply to the State of Colorado, all local governments, and special districts.

The District's financial activity for the year ended December 31, 2016 will provide the basis for calculation of future limitations adjusted for allowable increases tied to inflation and local growth. Subsequent to December 31, 2016, revenue in excess of the District's "spending limit" must be refunded unless voters approve the retention of such excess revenue. TABOR generally requires voter approval for any new tax, tax increases, and new debt.

In November, 2002, the District's electorate approved a resolution to permit the District to "collect, retain and expend all revenues from any source, including revenues from grants and fundraising activities", notwithstanding Article X, Section 20 of the Colorado Constitution.

TABOR is extremely complex and subject to interpretation. Ultimate implementation may depend upon litigation and legislative guidance.

The District has made the following net position restriction as a result of Article X, Section 20 (TABOR) of the Colorado Constitution:

##### Emergency Reserve

The Article requires an emergency reserve be set aside for 2016 in the amount of 3% or more of its fiscal year spending. At December 31, 2016, the District has restricted \$9,000 for emergencies.

The District believes it is in compliance with the provisions of the TABOR Amendment.

##### **Appropriations**

Ending net position has been appropriated or reserved through adoption of the 2017 budget in order to provide for the anticipated excess of expenses over revenues of \$65,350.

## **NORTHERN SAGUACHE COUNTY AMBULANCE DISTRICT**

### **NOTES TO FINANCIAL STATEMENTS**

**December 31, 2016**

#### **NOTE 6: RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to firemen; and natural disasters. The District purchases commercial insurance for all risks of loss. Settled claims have not exceeded this insurance coverage in any of the past three fiscal years.

#### **NOTE 7: GRANTS**

The District receives financial assistance from various governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audit could become a liability of the District. However, in the opinion of the District, any such disallowed claims will not have a material effect on the financial statements or on the overall financial position of the District at December 31, 2016.

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## **Other Supplementary Information**

NORTHERN SAGUACHE COUNTY AMBULANCE DISTRICT

Schedule of Revenues, Expenses and Change in Fund Net Position - Budget and Actual  
 Year Ended December 31, 2016  
 (With Comparative Totals for the Year Ended December 31, 2015)

	Proprietary Fund			
	Final		Variance	2015
	Budget	Actual	with Budget Pos (Neg)	Actual
<b>OPERATING REVENUES</b>				
Ambulance Services	\$ 49,000	\$ 226,462	\$ 177,462	\$ 163,925
Less:				
Contract Adjustments	-	(118,416)	(118,416)	(74,469)
Bad Debt	-	(44,572)	(44,572)	(26,631)
Net Ambulance Services	49,000	63,474	14,474	62,825
Other Revenues	200	1,217	1,017	26
Total Operating Revenues	<u>49,200</u>	<u>64,691</u>	<u>15,491</u>	<u>62,851</u>
<b>OPERATING EXPENSES</b>				
Administration				
Insurance and Bonds	20,000	17,659	2,341	18,567
Contract Services	1,300	500	800	1,200
Legal and Accounting	17,700	-	17,700	-
Other Professional Fees	1,300	12,033	(10,733)	9,350
Board Expenditures	3,000	2,800	200	2,200
Other Supplies and Expenses	2,600	3,985	(1,385)	2,357
Utilities and Telephone	6,600	4,984	1,616	5,622
Treasurer's Fees	7,300	5,557	1,743	5,192
Travel and Entertainment	2,000	7,558	(5,558)	1,029
Total Administration	<u>61,800</u>	<u>55,076</u>	<u>6,724</u>	<u>45,517</u>
Operations				
Salaries and Wages	127,400	123,945	3,455	124,475
Payroll Taxes	10,300	9,658	642	9,782
Supplies and Expenses	6,000	6,000	-	7,331
Maintenance and Repair	25,000	12,758	12,242	5,138
Fuel and Oil	4,700	2,515	2,185	2,516
Training	4,500	17,384	(12,884)	16,442
Uniforms	1,250	-	1,250	24
Contract Services	3,500	2,850	650	1,600
Other Expense	1,700	973	727	442
Total Operations	<u>184,350</u>	<u>176,083</u>	<u>8,267</u>	<u>167,750</u>
Capital Outlay	<u>120,000</u>	<u>17,089</u>	<u>102,911</u>	<u>6,635</u>
Contingency	<u>150,000</u>	<u>-</u>	<u>150,000</u>	<u>-</u>
Total Operating Expenses	<u>516,150</u>	<u>248,248</u>	<u>267,902</u>	<u>219,902</u>
NET INCOME (LOSS) FROM OPERATIONS	<u>(466,950)</u>	<u>(183,557)</u>	<u>283,393</u>	<u>(157,051)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Property Taxes	195,300	185,221	(10,079)	172,559
Specific Ownership Taxes	-	30,334	30,334	28,173
Grants	64,500	11,850	(52,650)	8,328
Donations	1,000	415	(585)	1,870
Investment Earnings	150	297	147	221
Net Nonoperating Revenues (Expenses)	<u>260,950</u>	<u>228,117</u>	<u>(32,833)</u>	<u>211,151</u>
CHANGE IN NET POSITION - Budget Basis	<u>\$ (206,000)</u>	44,560	<u>\$ 250,560</u>	54,100
Reconciliation of Budget Basis to GAAP Basis				
Capital Outlay		17,089		6,550
Depreciation		(22,793)		(21,939)
CHANGE IN NET POSITION - GAAP Basis		38,856		38,711
NET POSITION, Beginning		<u>492,464</u>		<u>453,753</u>
NET POSITION, Ending		<u>\$ 531,320</u>		<u>\$ 492,464</u>

See accompanying Independent Auditors' Report