

GILPIN AMBULANCE AUTHORITY

FINANCIAL STATEMENTS

December 31, 2016



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Board of Directors
Gilpin Ambulance Authority
Gilpin County, Colorado

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of the Gilpin Ambulance Authority 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 Gilpin Ambulance Authority, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Gilpin Ambulance Authority as of December 31, 2016, and the changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters (Required Supplementary Information)

The Gilpin Ambulance Authority has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Matters (Supplementary Information)

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



June 28, 2017

BASIC FINANCIAL STATEMENTS

GILPIN AMBULANCE AUTHORITY

STATEMENT OF NET POSITION

December 31, 2016

ASSETS

CURRENT ASSETS

Cash	\$ 286,046
Accounts Receivable, Net of Allowance for Doubtful Accounts	144,876
Grants Receivable	53,288
Prepaid Expenses	171,330
Inventory	<u>9,392</u>

TOTAL CURRENT ASSETS 664,932

NONCURRENT ASSETS

Capital Assets, Net of Accumulated Depreciation	<u>614,915</u>
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TOTAL ASSETS \$ 1,279,847

LIABILITIES

CURRENT LIABILITIES

Accounts Payable	\$ 12,596
Accrued Liabilities	18,783
Accrued Salaries and Benefits	34,595
Compensated Absences Payable	<u>32,859</u>

TOTAL LIABILITIES 98,833

NET POSITION

Net Investment in Capital Assets	614,915
Unrestricted	<u>566,099</u>

TOTAL NET POSITION 1,181,014

TOTAL LIABILITIES AND NET POSITION \$ 1,279,847

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

GILPIN AMBULANCE AUTHORITY

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
 Year Ended December 31, 2016

OPERATING REVENUES	
Member Assessments	\$ 1,143,502
Charges for Services	518,541
Grants	203,523
Other	<u>5,595</u>
TOTAL OPERATING REVENUES	<u>1,871,161</u>
OPERATING EXPENSES	
Personnel	1,445,755
Administrative	32,789
Operations and Maintenance	259,574
Depreciation	<u>99,570</u>
TOTAL OPERATING EXPENSES	<u>1,837,688</u>
NET OPERATING INCOME	33,473
NONOPERATING REVENUES (EXPENSES)	
Loss on Disposal of Capital Assets	<u>(3,700)</u>
NET INCOME BEFORE CAPITAL CONTRIBUTIONS	29,773
CAPITAL CONTRIBUTIONS	
Grants	<u>74,295</u>
CHANGE IN NET POSITION	104,068
NET POSITION, Beginning	<u>1,076,946</u>
NET POSITION, Ending	<u>\$ 1,181,014</u>

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

GILPIN AMBULANCE AUTHORITY

STATEMENT OF CASH FLOWS

Increase (Decrease) in Cash
Year Ended December 31, 2016

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Members	\$ 1,143,502
Cash Received from Customers	530,783
Grant Proceeds	159,469
Other Receipts	5,595
Cash Payments to Employees	(1,107,969)
Cash Payments to Suppliers	<u>(785,574)</u>
Net Cash Provided by Operating Activities	<u>(54,194)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Proceeds from Sale of Capital Assets	9,500
Grant Proceeds	74,295
Acquisition of Capital Assets	<u>(192,133)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(108,338)</u>
NET CHANGE IN CASH	(162,532)
CASH, Beginning	<u>448,578</u>
CASH, Ending	<u>\$ 286,046</u>
RECONCILIATION OF NET OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Net Operating Income	\$ 33,473
Adjustments to Reconcile Change in Net Operating Income to Net Cash Provided by Operating Activities	
Depreciation	99,570
Changes in Assets and Liabilities	
Accounts Receivable	12,242
Grants Receivable	(44,054)
Prepaid Expenses	(166,113)
Inventory	6,511
Accounts Payable	(10,432)
Accrued Liabilities	5,871
Accrued Salaries and Benefits	12,278
Compensated Absences Payable	<u>(3,540)</u>
Net Cash Provided by Operating Activities	<u>\$ (54,194)</u>

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

GILPIN AMBULANCE AUTHORITY

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Gilpin Ambulance Authority (the “Authority”) was formed in 2010 by an establishing contract between Gilpin County, the City of Black Hawk, and the City of Central City in the State of Colorado to provide emergency medical services within these communities.

The Authority is governed by a five-member Board of Directors appointed by the member governments.

The financial statements of the Authority have been prepared in conformity with generally accepted accounting principles (GAAP) as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Authority’s accounting policies are described below.

Reporting Entity

The financial reporting entity consists of the Authority, organizations for which the Authority is financially accountable, and organizations that raise and hold economic resources for the direct benefit of the Authority. All funds, organizations, institutions, agencies, departments and offices that are not legally separate are part of the Authority. Legally separate organizations for which the Authority is financially accountable are considered part of the reporting entity. Financial accountability exists if the Authority appoints a voting majority of the organization’s governing board and is able to impose its will on the organization, or if there is a potential for the organization to provide benefits to, or impose financial burdens on, the Authority.

Based on the application of this criteria, the Authority does not include additional organizations within its reporting entity.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The Authority uses an enterprise fund to account for its operations. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where fees are charged to external users for goods and services.

The financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with ongoing operations. Operating expenses include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

GILPIN AMBULANCE AUTHORITY

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)

When both restricted and unrestricted resources are available for a specific use, it is the Authority's practice to use restricted resources first, and the unrestricted resources as they are needed.

Assets, Liabilities and Net Position

Cash and Investments - For purposes of the statement of cash flows, cash equivalents include investments with an original maturity of three months or less.

Receivables - Receivables are expensed as bad debts at the time they are determined to be uncollectible. Management has established an allowance for doubtful accounts for amounts that may not be collectible in the future.

Prepaid Expenses - Payments to vendors for goods and services which will benefit subsequent years are reported as prepaid expenses.

Inventory - Inventories of medical supplies are valued using the first-in, first-out method, and are reported as expenses when consumed.

Capital Assets - Capital assets, which include ambulances and medical equipment, are recorded at cost. Donated capital assets are recorded at the acquisition value on the date of donation. The Authority capitalizes all assets with an original cost of \$5,000 or more, and a useful life in excess of one year. Depreciation of capital assets is computed using the straight-line method over the following estimated useful lives of the assets.

Vehicles	10 years
Medical Equipment	3 - 7 years

Compensated Absences - Authority employees are allowed to accumulate unused paid time off (PTO). Effective January 1, 2017, employees will be allowed to accumulate a maximum of 320 hours of PTO. Upon termination of employment from the Authority, an employee will be compensated for all accrued PTO. These compensated absences are recognized as a liability in the financial statements when earned.

Net Position - Net position is restricted when constraints placed on the use of resources are externally imposed.

Risk Management

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 Authority carries commercial insurance for these risks of loss.

GILPIN AMBULANCE AUTHORITY

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets

The Authority follows these procedures to establish the budgetary information reflected in the financial statements:

- An annual budget and appropriation resolution is adopted by the Board of Directors in accordance with State statutes. Expenditures may not legally exceed appropriations. Revisions that alter the total appropriations must be approved by the Board of Directors.
- The budget for the Authority is adopted on a non-GAAP budgetary basis. Capital outlay is budgeted as an expenditure and depreciation is not budgeted.
- All appropriations lapse at year end.

NOTE 3: CASH AND INVESTMENTS

Deposits

The Colorado Public Deposit Protection Act (PDPA) requires all local government entities to 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 PDPA allows the financial institution 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 uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. At December 31, 2016, the Authority had bank deposits of \$217,797 collateralized with securities held by the financial institution's agents but not in the Authority's name.

Investments

The Authority is required to comply with State statutes which specify investment instruments meeting defined rating, maturity, and concentration risk criteria in which local governments may invest, which include the following. State statutes do not address custodial risk.

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

GILPIN AMBULANCE AUTHORITY

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 3: CASH AND INVESTMENTS (Continued)

Investments (Continued)

Interest Rate Risk - State statutes generally limit investments to an original maturity of five years unless the governing board authorizes the investment for a period in excess of five years.

Credit Risk - State statutes limit investments to those with certain ratings established by nationally recognized statistical rating organizations, depending on the type of investment.

Concentration of Credit Risk - State statutes do not limit the amount the Authority may invest in a single issuer, except for corporate securities.

The Authority had no investments at December 31, 2016.

NOTE 4: CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2016, is summarized below:

	<u>Balances</u> <u>12/31/15</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balances</u> <u>12/31/16</u>
Capital Assets, Being Depreciated				
Vehicles	\$ 841,384	\$ 231,522	\$ 304,563	\$ 768,343
Medical Equipment	<u>150,667</u>	<u>102,133</u>	<u>7,990</u>	<u>244,810</u>
Total Capital Assets, Being Depreciated	<u>992,051</u>	<u>333,655</u>	<u>312,553</u>	<u>1,013,153</u>
Less Accumulated Depreciation				
Vehicles	346,013	74,634	149,841	270,806
Medical Equipment	<u>110,486</u>	<u>24,936</u>	<u>7,990</u>	<u>127,432</u>
Total Accumulated Depreciation	<u>456,499</u>	<u>99,570</u>	<u>157,831</u>	<u>398,238</u>
Total Capital Assets, Net	<u>\$ 535,552</u>	<u>\$ 234,085</u>	<u>\$ 154,722</u>	<u>\$ 614,915</u>

NOTE 5: COMPENSATED ABSENCES

Changes in compensated absences payable for the year ended December 31, 2016, were as follows.

	<u>Balances</u> <u>12/31/15</u>	<u>Additions</u>	<u>Payments</u>	<u>Balances</u> <u>12/31/16</u>	<u>Due Within</u> <u>One Year</u>
Compensated Absences	<u>\$ 36,399</u>	<u>\$ -</u>	<u>\$ 3,540</u>	<u>\$ 32,859</u>	<u>\$ 32,859</u>

GILPIN AMBULANCE AUTHORITY

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 6: DEFERRED COMPENSATION PLAN

The Authority has established a deferred compensation plan in accordance with Internal Revenue Code Section 457. The plan is available to all employees and permits them to defer a portion of their salary until future years. The Board of Directors determines the Authority's contributions to the plan. Currently, the Authority matches employee contributions up to 3% of base salary. During the year ended December 31, 2016, the Authority contributed \$22,595 to the plan. The plan is administered by Digital Retirement Solutions, Inc., and all plan assets are held in trust for the exclusive benefit of the participants.

NOTE 7: COMMITMENTS AND CONTINGENCIES

Claims and Judgements

The Authority participates in a number of federal, state, and local programs that are fully or partially funded by grants received from other governmental entities. Expenses financed by grants are subject to audit by the appropriate grantor government. If expenses are disallowed due to noncompliance with grant program regulations, the Authority may be required to reimburse the grantor government. At December 31, 2016, certain grant expenses have not been audited, but the Authority believes that subsequent audits will not have a material effect on the overall financial position of the Authority.

Tabor Amendment

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local government. The Amendment is complex and subject to judicial interpretation. However, management believes the Authority is exempt from the provisions of the Amendment.

SUPPLEMENTARY INFORMATION

GILPIN AMBULANCE AUTHORITY

BUDGETARY COMPARISON SCHEDULE

Year Ended December 31, 2016

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES			
Member Assessments	\$ 1,143,502	\$ 1,143,502	\$ -
Charges for Services	524,000	518,541	(5,459)
Grants	270,494	277,818	7,324
Interest Income	10	-	(10)
Other	68,785	5,595	(63,190)
TOTAL REVENUES	<u>2,006,791</u>	<u>1,945,456</u>	<u>(61,335)</u>
EXPENSES			
Personnel	1,474,400	1,445,755	28,645
Administrative	40,850	32,789	8,061
Operations and Maintenance	349,300	259,574	89,726
Capital Outlay	242,786	192,132	50,654
TOTAL EXPENSES	<u>2,107,336</u>	<u>1,930,250</u>	<u>177,086</u>
CHANGE IN NET POSITION, Budgetary Basis	<u>\$ (100,545)</u>	15,206	<u>\$ 115,751</u>
RECONCILIATION TO GAAP BASIS			
Capital Outlay		192,132	
Depreciation		(99,570)	
Loss on Disposal of Capital Assets		<u>(3,700)</u>	
CHANGE IN NET POSITION, GAAP Basis		<u>\$ 104,068</u>	

See the accompanying Independent Auditors' Report.