

**Gilpin Ambulance Authority**  
**Financial Statements**  
**with Independent Auditors' Report**  
**December 31, 2017**

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Office of the State Auditor

July 27, 2018



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*Business Advisors*

# Gilpin Ambulance Authority

Table of Contents  
December 31, 2017

<b>Independent Auditors' Report</b> .....	1
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## **Basic Financial Statements**

Statement of Net Position .....	3
Statement of Revenues, Expenses and Changes in Net Position .....	4
Statement of Cash Flows.....	5
Notes to Financial Statements .....	6

## **Supplementary Information**

Budgetary Comparison Schedule .....	11
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## Independent Auditors' Report

Board of Directors  
Gilpin Ambulance Authority  
Gilpin County, Colorado

We have audited the accompanying financial statements of the Gilpin Ambulance Authority as of and for the year ended December 31, 2017, 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, 2017, 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.

***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.

*Hick & Company, PC*

Greenwood Village, Colorado  
July 11, 2018



## **Basic Financial Statements**

# Gilpin Ambulance Authority

## Statement of Net Position

December 31, 2017

### Assets

#### Current Assets

Cash	\$	145,507
Accounts Receivable, <i>Net of Allowance for Doubtful Accounts</i>		204,196
Grants Receivable		75,000
Prepaid Expenses		13,821
Inventory		<u>9,855</u>

Total Current Assets 448,379

#### Noncurrent Assets

Capital Assets, *Net of Accumulated Depreciation* 662,205

Total Assets \$ 1,110,584

### Liabilities

#### Current Liabilities

Accounts Payable	\$	10,404
Accrued Liabilities		20,798
Accrued Salaries and Benefits		31,773
Compensated Absences Payable		<u>23,989</u>

Total Liabilities 86,964

### Net Position

Net Investment in Capital Assets 662,205  
Unrestricted 361,415

Total Net Position 1,023,620

Total Liabilities and Net Position \$ 1,110,584

**Giplin Ambulance Authority**  
Statement of Revenues, Expenses and Changes in Net Position  
Year Ended December 31, 2017

<b>Operating Revenues</b>	
Member Assessments	\$ 952,418
Charges for Services	526,395
Grants	150,725
Other	<u>4,792</u>
Total Operating Revenues	<u>1,634,330</u>
<b>Operating Expenses</b>	
Personnel	1,518,318
Administrative	30,682
Operations and Maintenance	208,284
Depreciation	<u>116,171</u>
Total Operating Expenses	<u>1,873,455</u>
<b>Net Operating Income (Loss)</b>	(239,125)
<b>Capital Contributions</b>	
Grants	<u>81,731</u>
<b>Change in Net Position</b>	(157,394)
<b>Net Position, <i>Beginning of year</i></b>	<u>1,181,014</u>
<b>Net Position, <i>End of year</i></b>	<u><u>\$ 1,023,620</u></u>

**Gilpin Ambulance Authority**  
Statement of Cash Flows  
Year Ended December 31, 2017

<b>Cash Flows From Operating Activities</b>	
Cash Received from Members	\$ 952,418
Cash Received from Customers	467,075
Grant Proceeds	129,013
Other Receipts	4,792
Cash Payments to Employees	(1,168,275)
Cash Payments to Suppliers	<u>(443,832)</u>
Net Cash Provided (Used) by Operating Activities	<u>(58,809)</u>
<b>Cash Flows From Capital and Related Financing Activities</b>	
Grant Proceeds	81,731
Acquisition of Capital Assets	<u>(163,461)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(81,730)</u>
<b>Net Change in Cash</b>	(140,539)
<b>Cash, Beginning of year</b>	<u>286,046</u>
<b>Cash, End of year</b>	<u><u>\$ 145,507</u></u>
<b>Reconciliation of Net Operating Income (Loss) to</b>	
<b>Net Cash Provided (Used) by Operating Activities</b>	
Net Operating Income (Loss)	\$ (239,125)
Adjustments to Reconcile Net Operating Income (Loss) to	
Net Cash Provided (Used) by Operating Activities	
Depreciation	116,171
Changes in Assets and Liabilities	
Accounts Receivable	(59,320)
Grants Receivable	(21,712)
Prepaid Expenses	157,509
Inventory	(463)
Accounts Payable	(2,192)
Accrued Liabilities	2,015
Accrued Salaries and Benefits	(2,822)
Compensated Absences Payable	<u>(8,870)</u>
Net Cash Provided (Used) by Operating Activities	<u><u>\$ (58,809)</u></u>

# Gilpin Ambulance Authority

## Notes to Financial Statements

December 31, 2017

### **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, 2017

## 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***

*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, the maximum accrual is 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, 2017

### **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 expense 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.

#### ***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, 2017

### 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 certain investments to those with specified ratings from 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, 2017.

### Note 4: Capital Assets

Capital asset activity for the year ended December 31, 2017, is summarized below:

	Balance 12/31/2016	Additions	Deletions	Balance 12/31/2017
Capital Assets, being depreciated				
Vehicles	\$ 768,343	\$ 163,461	\$ —	\$ 931,804
Medical Equipment	<u>244,810</u>	<u>—</u>	<u>(11,400)</u>	<u>233,410</u>
Total Capital Assets, being depreciated	<u>1,013,153</u>	<u>163,461</u>	<u>(11,400)</u>	<u>1,165,214</u>
Less Accumulated Depreciation				
Vehicles	(270,806)	(90,980)	—	(361,786)
Medical Equipment	<u>(127,432)</u>	<u>(25,191)</u>	<u>11,400</u>	<u>(141,223)</u>
Total Accumulated Depreciation	<u>(398,238)</u>	<u>(116,171)</u>	<u>11,400</u>	<u>(503,009)</u>
Total Capital Assets, Net	<u>\$ 614,915</u>	<u>\$ 47,290</u>	<u>\$ —</u>	<u>\$ 662,205</u>

### Note 5: Compensated Absences

Changes in compensated absences payable for the year ended December 31, 2017, were as follows.

	Balance 12/31/2016	Additions	Payments	Balance 12/31/2017	Due Within One Year
Compensated Absences	\$ <u>32,859</u>	\$ <u>—</u>	\$ <u>(8,870)</u>	\$ <u>23,989</u>	\$ <u>23,989</u>

# **Gilpin Ambulance Authority**

Notes to Financial Statements

December 31, 2017

## **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, 2017, the Authority contributed \$27,508 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, 2017, 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, 2017

	Original and Final Budget	Actual	Variance <i>Positive</i> <i>(Negative)</i>
<b>Revenues</b>			
Member Assessments	\$ 952,418	\$ 952,418	\$ -
Charges for Services	530,000	526,395	(3,605)
Grants	236,731	232,456	(4,275)
Interest Income	4	-	(4)
Other	-	4,792	4,792
	<u>1,719,153</u>	<u>1,716,061</u>	<u>(3,092)</u>
<b>Expenses</b>			
Personnel	1,538,000	1,518,318	19,682
Administrative	42,850	30,682	12,168
Operations and Maintenance	286,000	208,284	77,716
Capital Outlay	158,786	163,461	(4,675)
	<u>2,025,636</u>	<u>1,920,745</u>	<u>104,891</u>
<b>Change in Net Position, Budgetary Basis</b>	<u>\$ (306,483)</u>	<u>(204,684)</u>	<u>\$ 101,799</u>
Adjustments to GAAP Basis			
Capital Outlay		163,461	
Depreciation		(116,171)	
<b>Change in Net Position, GAAP Basis</b>		<u>\$ (157,394)</u>	