

**NORTHERN SAGUACHE COUNTY AMBULANCE DISTRICT**

**FINANCIAL STATEMENTS**

**December 31, 2018**



**Wall,  
Smith,  
Bateman** Inc.  
Certified Public Accountants

**NORTHERN SAGUACHE COUNTY AMBULANCE DISTRICT**  
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**December 31, 2018**

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## INDEPENDENT AUDITORS' REPORT



Wall,  
Smith,  
Bateman Inc.

To the Board of Directors  
Northern Saguache County Ambulance District  
Saguache, Colorado

We have audited the accompanying financial statements of the business-type activities and the major fund of the Northern Saguache County Ambulance District (the District), as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements 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 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 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 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 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 opinions.

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the major fund of the District, as of December 31, 2018, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Certified Public Accountants**

**Other Matters**

*Required Supplementary Information*

Management 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 Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The budgetary comparison information is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The budgetary comparison 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. Such 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 such 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 budgetary comparison information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Wall, Smith, Bateman Inc.*

Wall, Smith, Bateman Inc.  
Alamosa, Colorado

September 04, 2019

**NORTHERN SAGUACHE COUNTY AMBULANCE  
DISTRICT**

**BASIC FINANCIAL STATEMENTS**

**NORTHERN SAGUACHE COUNTY AMBULANCE DISTRICT**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUND**  
**December 31, 2018**

	<b>2018</b>
<b>ASSETS</b>	
<b>Current Assets</b>	
Cash and Cash Equivalents	\$ 298,955
Property Tax Receivable	199,684
Accounts Receivable	39,946
Less: Allowance for Doubtful Accounts	(24,962)
Prepaid Expenses	13,920
<b>Total Current Assets</b>	<b>527,543</b>
<b>Noncurrent Assets</b>	
Capital Assets:	
Land	35,600
Buildings	273,461
Equipment	163,544
Vehicles	198,448
Less: Accumulated Depreciation	(319,468)
<b>Total Noncurrent Assets</b>	<b>351,585</b>
<b>TOTAL ASSETS</b>	<b>879,128</b>
<b>LIABILITIES</b>	
<b>Current Liabilities</b>	
Accounts Payable	(2,067)
<b>Total Current Liabilities</b>	<b>(2,067)</b>
<b>DEFERRED INFLOWS OF RESOURCES - CURRENT</b>	
Unavailable Revenue - Property Taxes	199,684
<b>NET POSITION</b>	
Net Investment in Capital Assets	351,585
Restricted for TABOR	8,000
Unrestricted	321,926
<b>TOTAL NET POSITION</b>	<b>\$ 681,511</b>

The accompanying notes are an integral part of this financial statement.

**NORTHERN SAGUACHE COUNTY AMBULANCE DISTRICT**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**PROPRIETARY FUND**  
**For the Year Ended December 31, 2018**

	<b>2018</b>
<b>OPERATING REVENUES</b>	
Patient Revenue	
Ambulance Fees	\$ 266,193
Less:	
Contractual Adjustments	(158,487)
Bad Debt Expense	(36,959)
	70,747
Net Patient Revenue	70,747
<b>TOTAL OPERATING REVENUES</b>	<b>70,747</b>
<b>OPERATING EXPENSES</b>	
Salaries and Payroll Taxes	173,926
Supplies	14,604
Professional Fees	36,454
Insurance	21,095
Utilities	8,194
Fuel	4,684
Repair & Maintenance	5,283
Mileage	891
Training	10,184
Miscellaneous	6,886
Depreciation Expense	29,031
	311,232
<b>TOTAL OPERATING EXPENSES</b>	<b>311,232</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(240,485)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Tax Revenue	224,863
Grant Revenue	22,302
Other Income	3,101
Interest Income	532
	250,798
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b>250,798</b>
Change in Net Position	10,313
<b>Net Position at beginning of year</b>	<b>671,198</b>
<b>Net Position at end of year</b>	<b>\$ 681,511</b>

The accompanying notes are an integral part of this financial statement.

**NORTHERN SAGUACHE COUNTY AMBULANCE DISTRICT**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND**  
**For the Year Ended December 31, 2018**

	<b>2018</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash Received from Ambulance Fees	\$ 116,645
Cash Paid for Employee's Services	(173,926)
Cash Paid for Other Goods or Services	(128,017)
	(185,298)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Cash Received from Taxes	224,863
Cash Received from Noncapital Grants	25,403
	250,266
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Purchase of Equipment	(52,099)
	532
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest Income	532
	532
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	13,401
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	285,554
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 298,955
 <b>Operating Income (Loss)</b>	 \$ (240,485)
<b>Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>	
Depreciation Expense	29,031
Change in Assets and Liabilities	
Decrease (Increase) in:	
Accounts Receivable	57,611
Allowance for Doubtful Accounts	(11,713)
Prepaid Expense	(11,955)
(Decrease) Increase in:	
Accounts Payable	(7,787)
	(7,787)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	\$ (185,298)

The accompanying notes are an integral part of this financial statement.

**NORTHERN SAGUACHE COUNTY AMBULANCE DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**December 31, 2018**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting and reporting policies of the Northern Saguache County Ambulance District (the District) reflected in the accompanying financial statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments. Accounting principles generally accepted in the United States of America for local governments are those promulgated by the Governmental Accounting Standards Board (GASB) in *Governmental Accounting and Financial Reporting Standards*.

**REPORTING ENTITY**

***Primary Government***

The District was formed in 2003 as established by Colorado State Statute. The purpose of the District is to provide emergency medical services for citizens in and around the Northern Saguache County area in Colorado. The Board consists of five directors. Taxes are levied upon all taxable property within the District's boundaries by the County Commissioners. The County Treasurer bills and collects all property taxes for the District.

***Component Units***

The District's financial statements include the accounts of all District operations. The criteria for including organizations as component units within the District's reporting entity, as set forth in Section 2100 of GASB's *Codification of Governmental Accounting and Financial Reporting Standards*, include whether:

- The organization is legally separate (can sue and be sued in their own name)
- The District holds the corporate powers of the organization
- The District appoints a voting majority of the organization's board
- The District is able to impose its will on the organization
- The organization has the potential to impose a financial benefit/burden on the District
- There is fiscal dependency by the organization on the District
- The organization is financially accountable to the District
- The organization receives or holds funds that are for the benefit of the District; and the District has access to a majority of the funds held; and the funds that are accessible are also significant to the District

Based on the aforementioned criteria, the Northern Saguache County Ambulance District has no component units.

**MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION**

The District's 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 a liability is incurred, regardless of the timing of related cash flows. Grants are recognized as revenue when all applicable eligibility requirements imposed by the provider are met.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The District reports one enterprise fund, accounting for the financial resources of the District including all revenue and expenses related to the emergency medical services that are provided. Principal sources of revenue are service

**NORTHERN SAGUACHE COUNTY AMBULANCE DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**December 31, 2018**

charges, property taxes, intergovernmental revenue and interest. Primary expenses are for emergency medical services and general administration.

**ASSETS, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION**

***Cash and Cash Equivalents***

The District's cash and cash equivalents are considered to be cash in bank, certificates of deposit, and liquid investments with an initial maturity of three months or less from the date of acquisition.

***Property Taxes***

Property taxes are levied on November 1 and attach as an enforceable lien on property as of January 1 each year. The taxes are payable in two installments on February 28 and June 15 or in full on April 30. The Saguache County Treasurer bills and collects all property taxes for the County. Monthly remittances are sent to the Northern Saguache County Ambulance District.

The 2018 property tax levy due January 1, 2019 has been recorded in the financial statements as a receivable and corresponding deferred inflows of resources.

***Capital Assets***

Capital assets include land, buildings, vehicles and equipment. The District defines capital assets as assets with an initial, individual cost of more than \$5,000 and a life of more than one year. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. 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.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Building	50
Machinery & Equipment	5-15
Vehicles	10

***Deferred Inflows of Resources***

In addition to liabilities, the statement of net position reports a separate section of deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time.

***Net Position***

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net position is displayed in the following three components:

- *Net investment in capital assets* – consists of capital assets, net accumulated depreciation, reduced by the outstanding balances of any borrowings that are attributable to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt should be included in this component of net position.

**NORTHERN SAGUACHE COUNTY AMBULANCE DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**December 31, 2018**

- *Restricted* – consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Restricted assets consist of assets that have limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.
- *Unrestricted* – consists of the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position.

When an expenditure is incurred for purposes for which both restricted and unrestricted net position is available, the District considers restricted funds to be spent first.

***Encumbrances***

The District does not record purchase orders in the accounting system until invoices are ready for payment. Unfulfilled purchase commitments outstanding at the end of the budget year are re-budgeted in the succeeding year.

***Use of Estimates***

The preparation of the financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

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

***Budgets and Budgetary Accounting***

The Northern Saguache County Ambulance District follows the procedures outlined in the Colorado Local Government Budget Law when preparing the annual budget. Budget procedures include:

- 1) Preparation of budget documents by administrative staff shall be submitted to the Board no later than October 15 of each year.
- 2) Publication of a notice stating that the budget is available for public inspection.
- 3) Discussion of the budget in a meeting open to the public.
- 4) Adoption of the budget in a public meeting by appropriate resolution, no later than December 31.

Formal budgetary integration is employed as a management control device for the District. The District prepares their budget following Colorado Statutes. The budget is prepared on a basis of accounting other than in accordance with generally accepted accounting principles (GAAP). The proprietary fund budget is adopted using the same accounting methods as governmental fund types; this procedure follows Colorado State Statute.

The total expenditures for the proprietary fund cannot exceed the budgeted amount unless a supplemental appropriation is adopted. The District did not adopt supplemental appropriations during fiscal year 2018.

All budget amounts presented reflect the original budget and the final amended budget if applicable.

**NORTHERN SAGUACHE COUNTY AMBULANCE DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**December 31, 2018**

**NOTE 3 CASH AND DEPOSITS**

***Cash and Deposits***

Colorado State Statutes govern the District's deposits of cash. The statutes specify eligible depositories for public cash deposits, which must be Colorado institutions and must maintain federal insurance (FDIC) on deposits held.

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized in accordance with the PDPA. PDPA allows the institution to create a single collateral pool for all public funds 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 the aggregate uninsured deposits. All deposits in 2018 were in eligible public depositories, as defined by the Public Deposit Protection Act of 1989.

***Custodial Credit Risk – Deposits***

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. At December 31, 2018, \$65,981 of the District's bank balance was exposed to custodial credit risk. Deposits exposed to credit risk are collateralized with securities held by the pledging financial institutions through PDPA.

**NOTE 4 CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2018, was as follows:

	Balance 12/31/2017	Additions	Deletions	Balance 12/31/2018
<b><i>Business-type Activities:</i></b>				
Capital Assets not being depreciated				
Land	\$ 35,600	\$ -	\$ -	\$ 35,600
Total capital assets not being depreciated	35,600	-	-	35,600
Capital assets being depreciated				
Buildings	273,461	-	-	273,461
Vehicles	198,448	-	-	198,448
Equipment	111,446	52,098	-	163,544
Total capital assets being depreciated	583,355	52,098	-	635,453
Less accumulated depreciation for:				
Buildings	(42,236)	(5,469)	-	(47,705)
Vehicles	(168,474)	(12,008)	-	(180,482)
Equipment	(79,727)	(11,554)	-	(91,281)
Total accumulated depreciation	(290,437)	(29,031)	-	(319,468)
Total Capital Assets being depreciated, net	292,918	(29,031)	-	315,985
<b><i>Business-Type Activities</i></b>				
<b><i>Capital Assets, Net</i></b>	<b>\$ 328,518</b>	<b>\$ 23,067</b>	<b>\$ -</b>	<b>\$ 351,585</b>

**NORTHERN SAGUACHE COUNTY AMBULANCE DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**December 31, 2018**

**NOTE 5 TABOR EMERGENCY RESERVE**

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 governments. The amendment is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of this amendment.

Fiscal year spending and revenue limits are determined based on the prior year's spending adjusted for inflation and local growth. The voters of the District have approved a measure that allows the District to retain and spend revenue in excess of the limit.

In November 2002, the voters of Saguache County passed a ballot issue which stated that the Northern Saguache County Ambulance District shall "be authorized to collect, retain and expend all revenues from any source, including revenues from grants and fund raising activities", notwithstanding Article X, Section 20 of the Colorado Constitution.

The amendment also requires that Emergency Reserves be established. These reserves must be at least three percent of fiscal year spending. The Emergency Reserve has been presented as a restricted net position in the financial statements. The District is not allowed to use the Emergency Reserves to compensate for economic conditions, revenue shortfalls, or salary and benefit increases.

**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 employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. There have been no significant reductions in insurance coverage. Settled claims from these risks have not exceeded commercial insurance coverage for the current year or the three prior years.

**NOTE 7 COMMITMENTS AND CONTINGENCIES**

***Grants***

The District participates in a number of grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the District expects such amounts, if any, to be immaterial.

**NORTHERN SAGUACHE COUNTY AMBULANCE  
DISTRICT**

**SUPPLEMENTARY INFORMATION**

**NORTHERN SAGUACHE COUNTY AMBULANCE DISTRICT**  
**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN**  
**NET POSITION - BUDGET AND ACTUAL**  
**For the Year Ended December 31, 2018**

	<b>BUDGET AMOUNTS</b>		<b>ACTUAL</b>	<b>VARIANCE WITH</b>
	<b>ORIGINAL</b>	<b>FINAL</b>		<b>FINAL BUDGET</b>
				<b>POSITIVE</b>
				<b>(NEGATIVE)</b>
<b>OPERATING REVENUES</b>				
Patient Revenue				
Ambulance Fees	\$ 100,000	\$ 100,000	\$ 266,193	\$ 166,193
Less:				
Contractual Adjustments	-	-	(158,487)	(158,487)
Bad Debt	-	-	(36,959)	(36,959)
Net Patient Revenue	<u>100,000</u>	<u>100,000</u>	<u>70,747</u>	<u>(29,253)</u>
<b>TOTAL OPERATING REVENUES</b>	<u>100,000</u>	<u>100,000</u>	<u>70,747</u>	<u>(29,253)</u>
<b>OPERATING EXPENSES</b>				
Salaries and Payroll Taxes	174,200	174,200	173,926	274
Supplies	18,000	18,000	14,604	3,396
Professional Fees	24,000	24,000	36,454	(12,454)
Insurance	30,000	30,000	21,095	8,905
Utilities	8,500	8,500	8,194	306
Fuel	8,000	8,000	4,684	3,316
Repair & Maintenance	40,000	40,000	5,283	34,717
Mileage	3,000	3,000	891	2,109
Training	10,000	10,000	10,184	(184)
Miscellaneous	11,450	11,450	6,886	4,564
Capital Outlay	73,000	73,000	-	73,000
Reserves	150,000	150,000	-	150,000
Depreciation	-	-	29,031	(29,031)
<b>TOTAL OPERATING EXPENSES</b>	<u>550,150</u>	<u>550,150</u>	<u>311,232</u>	<u>238,918</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(450,150)</u>	<u>(450,150)</u>	<u>(240,485)</u>	<u>209,665</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Tax Revenue	200,000	200,000	224,863	24,863
Grant Revenue	46,000	46,000	22,302	(23,698)
Other Income	400	400	3,101	2,701
Interest Income	200	200	532	332
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<u>246,600</u>	<u>246,600</u>	<u>250,798</u>	<u>4,198</u>
Change in Net Position	(203,550)	(203,550)	10,313	213,863
Net Position at beginning of year	<u>215,967</u>	<u>215,967</u>	<u>671,198</u>	<u>455,231</u>
Net Position at end of year	<u>\$ 12,417</u>	<u>\$ 12,417</u>	<u>\$ 681,511</u>	<u>\$ 669,094</u>

**Notes to Required Supplementary Information**

The basis of budgeting is the same as GAAP.

The schedule is presented on the GAAP basis.