

NORTHERN SAGUACHE COUNTY AMBULANCE DISTRICT

FINANCIAL STATEMENTS

December 31, 2020



Wall,
Smith,
Bateman Inc.
Certified Public Accountants

NORTHERN SAGUACHE COUNTY AMBULANCE DISTRICT
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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, 2020, 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, 2020, 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

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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

August 12, 2021

**NORTHERN SAGUACHE COUNTY AMBULANCE
DISTRICT**

BASIC FINANCIAL STATEMENTS

NORTHERN SAGUACHE COUNTY AMBULANCE DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUND
December 31, 2020

	2020
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 386,557
Property Tax Receivable	221,774
Accounts Receivable	43,990
Less: Allowance for Doubtful Accounts	(27,997)
Prepaid Expenses	-
Total Current Assets	624,324
Noncurrent Assets	
Capital Assets:	
Land	35,600
Buildings	273,461
Equipment	201,250
Vehicles	241,562
Less: Accumulated Depreciation	(366,355)
Total Noncurrent Assets	385,518
TOTAL ASSETS	1,009,842
LIABILITIES	
Current Liabilities	
Accounts Payable	(2,067)
Total Current Liabilities	(2,067)
DEFERRED INFLOWS OF RESOURCES - CURRENT	
Unavailable Revenue - Property Taxes	221,774
NET POSITION	
Net Investment in Capital Assets	385,518
Restricted for TABOR	11,000
Unrestricted	393,617
TOTAL NET POSITION	\$ 790,135

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, 2020

	2020
OPERATING REVENUES	
Patient Revenue	
Ambulance Fees	\$ 287,440
Less:	
Contractual Adjustments	(174,603)
Bad Debt Expense	(41,375)
	71,462
Net Patient Revenue	71,462
TOTAL OPERATING REVENUES	71,462
OPERATING EXPENSES	
Salaries and Payroll Taxes	165,879
Supplies	15,576
Professional Fees	15,195
Insurance	19,729
Utilities	6,017
Fuel	3,453
Repair & Maintenance	17,824
Mileage	322
Training	6,512
Miscellaneous	10,230
Depreciation Expense	23,007
	283,744
TOTAL OPERATING EXPENSES	283,744
OPERATING INCOME (LOSS)	(212,282)
NONOPERATING REVENUES (EXPENSES)	
Tax Revenue	270,408
Grant Revenue	11,500
Other Income	3,145
Interest Income	413
	285,466
TOTAL NONOPERATING REVENUES (EXPENSES)	285,466
Change in Net Position	73,184
Net Position at beginning of year	716,951
Net Position at end of year	\$ 790,135

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, 2020

	2020
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Ambulance Fees	\$ 70,394
Cash Paid for Employee's Services	(165,879)
Cash Paid for Other Goods or Services	(94,858)
	(190,343)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Cash Received from Taxes	270,408
Cash Received from Noncapital Grants	14,646
	285,054
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of Equipment	(80,820)
	(80,820)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest Income	413
	413
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	
Net Increase (Decrease) in Cash and Cash Equivalents	14,304
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	372,253
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 386,557
 Operating Income (Loss)	 \$ (212,282)
 Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities	
Depreciation Expense	23,007
Change in Assets and Liabilities	
Decrease (Increase) in:	
Accounts Receivable	5,760
Allowance for Doubtful Accounts	(6,828)
Prepaid Expense	-
(Decrease) Increase in:	
Accounts Payable	-
	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ (190,343)

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

NORTHERN SAGUACHE COUNTY AMBULANCE DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2020

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, 2020

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 2020 property tax levy due January 1, 2021 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, 2020

- *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 2020.

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, 2020

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 2020 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, 2020, \$146,841 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, 2020, was as follows:

	Balance 12/31/2019	Additions	Deletions	Balance 12/31/2020
<i>Business-type Activities:</i>				
Capital Assets not being depreciated				
Land	\$ 35,600	\$ -	\$ -	\$ 35,600
Total capital assets not being depreciated	<u>35,600</u>	<u>-</u>	<u>-</u>	<u>35,600</u>
Capital assets being depreciated				
Buildings	273,461	-	-	273,461
Vehicles	198,448	43,114	-	241,562
Equipment	163,544	37,706	-	201,250
Total capital assets being depreciated	<u>635,453</u>	<u>80,820</u>	<u>-</u>	<u>716,273</u>
Less accumulated depreciation for:				
Buildings	(53,174)	(5,469)	-	(58,643)
Vehicles	(187,341)	(6,020)	-	(193,361)
Equipment	(102,833)	(11,518)	-	(114,351)
Total accumulated depreciation	<u>(343,348)</u>	<u>(23,007)</u>	<u>-</u>	<u>(366,355)</u>
Total Capital Assets being depreciated, net	<u>292,105</u>	<u>(23,007)</u>	<u>-</u>	<u>349,918</u>
<i>Business-Type Activities</i>				
<i>Capital Assets, Net</i>	<u>\$ 327,705</u>	<u>\$ 57,813</u>	<u>\$ -</u>	<u>\$ 385,518</u>

NORTHERN SAGUACHE COUNTY AMBULANCE DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2020

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.

COVID-19

In March of 2020, the COVID-19 virus was declared a global pandemic. Business continuity throughout the District could be severely impacted for months or more, as significant and unprecedented measures to mitigate the consequences of the pandemic are undertaken. No adjustments have been made to these financial statements as the potential impact is unknown at this time.

**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, 2020

	BUDGET AMOUNTS		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL		FINAL BUDGET
				POSITIVE
				(NEGATIVE)
OPERATING REVENUES				
Patient Revenue				
Ambulance Fees	\$ 70,000	\$ 70,000	\$ 287,440	\$ 217,440
Less:				
Contractual Adjustments	-	-	(174,603)	(174,603)
Bad Debt	-	-	(41,375)	(41,375)
Net Patient Revenue	<u>70,000</u>	<u>70,000</u>	<u>71,462</u>	<u>1,462</u>
TOTAL OPERATING REVENUES	<u>70,000</u>	<u>70,000</u>	<u>71,462</u>	<u>1,462</u>
OPERATING EXPENSES				
Salaries and Payroll Taxes	185,200	185,200	165,879	19,321
Supplies	18,000	18,000	15,576	2,424
Professional Fees	32,000	32,000	15,195	16,805
Insurance	32,000	32,000	19,729	12,271
Utilities	8,000	8,000	6,017	1,983
Fuel	8,000	8,000	3,453	4,547
Repair & Maintenance	56,200	56,200	8,647	47,553
Mileage	5,000	5,000	322	4,678
Training	15,000	15,000	6,512	8,488
Miscellaneous	12,750	12,750	10,230	2,520
Capital Outlay	40,000	40,000	9,177	30,823
Reserves	150,000	150,000	-	150,000
Depreciation	-	-	23,007	(23,007)
TOTAL OPERATING EXPENSES	<u>562,150</u>	<u>562,150</u>	<u>283,744</u>	<u>278,406</u>
OPERATING INCOME (LOSS)	<u>(492,150)</u>	<u>(492,150)</u>	<u>(212,282)</u>	<u>279,868</u>
NONOPERATING REVENUES (EXPENSES)				
Tax Revenue	200,000	200,000	270,408	70,408
Grant Revenue	21,500	21,500	11,500	(10,000)
Other Income	700	700	3,145	2,445
Interest Income	300	300	413	113
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>222,500</u>	<u>222,500</u>	<u>285,466</u>	<u>62,966</u>
Change in Net Position	(269,650)	(269,650)	73,184	342,834
Net Position at beginning of year	<u>289,699</u>	<u>289,699</u>	<u>716,951</u>	<u>427,252</u>
Net Position at end of year	<u>\$ 20,049</u>	<u>\$ 20,049</u>	<u>\$ 790,135</u>	<u>\$ 770,086</u>

Notes to Required Supplementary Information

The basis of budgeting is the same as GAAP.

The schedule is presented on the GAAP basis.